

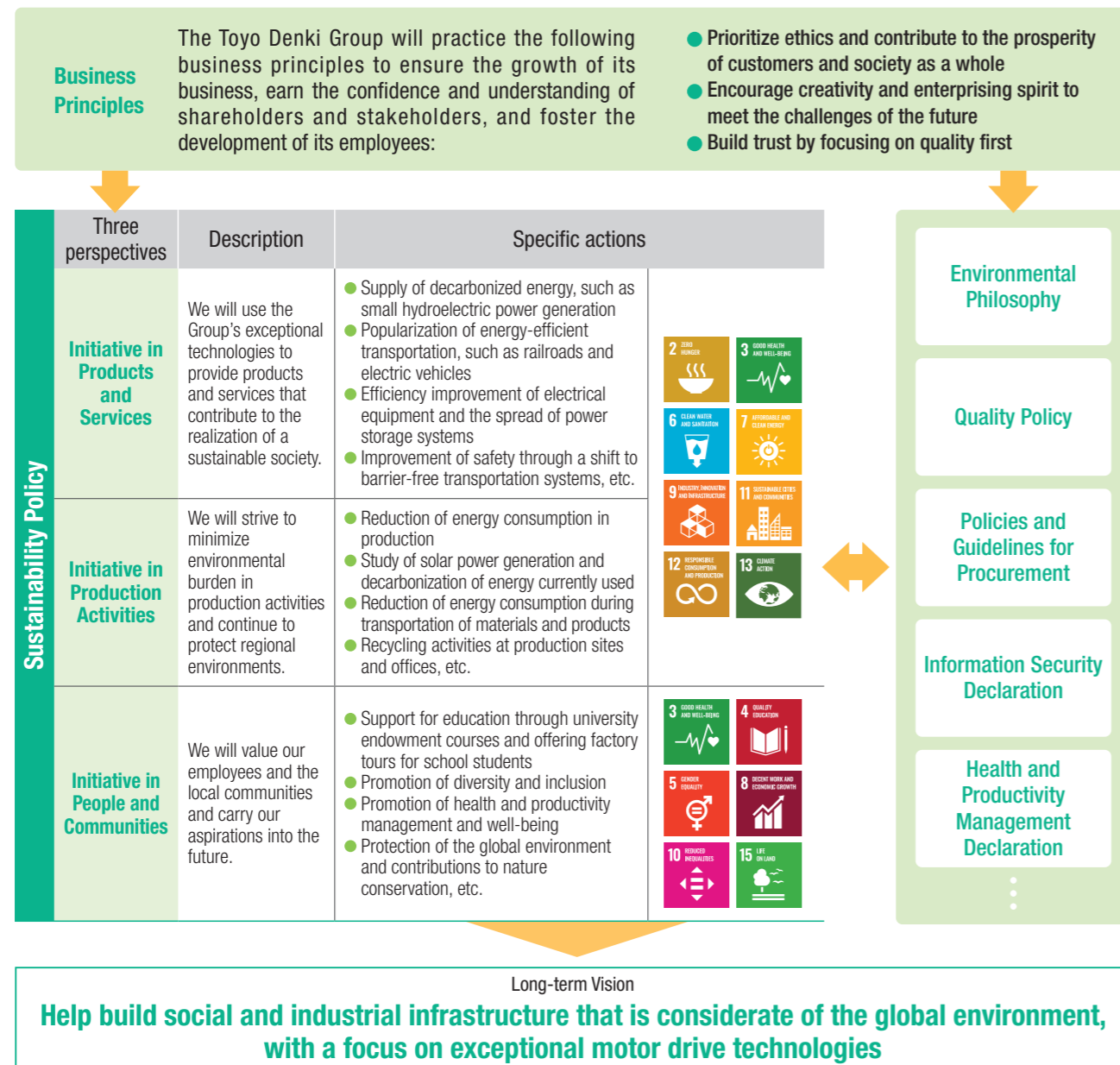
Sustainability Policy

Basic policy on sustainability

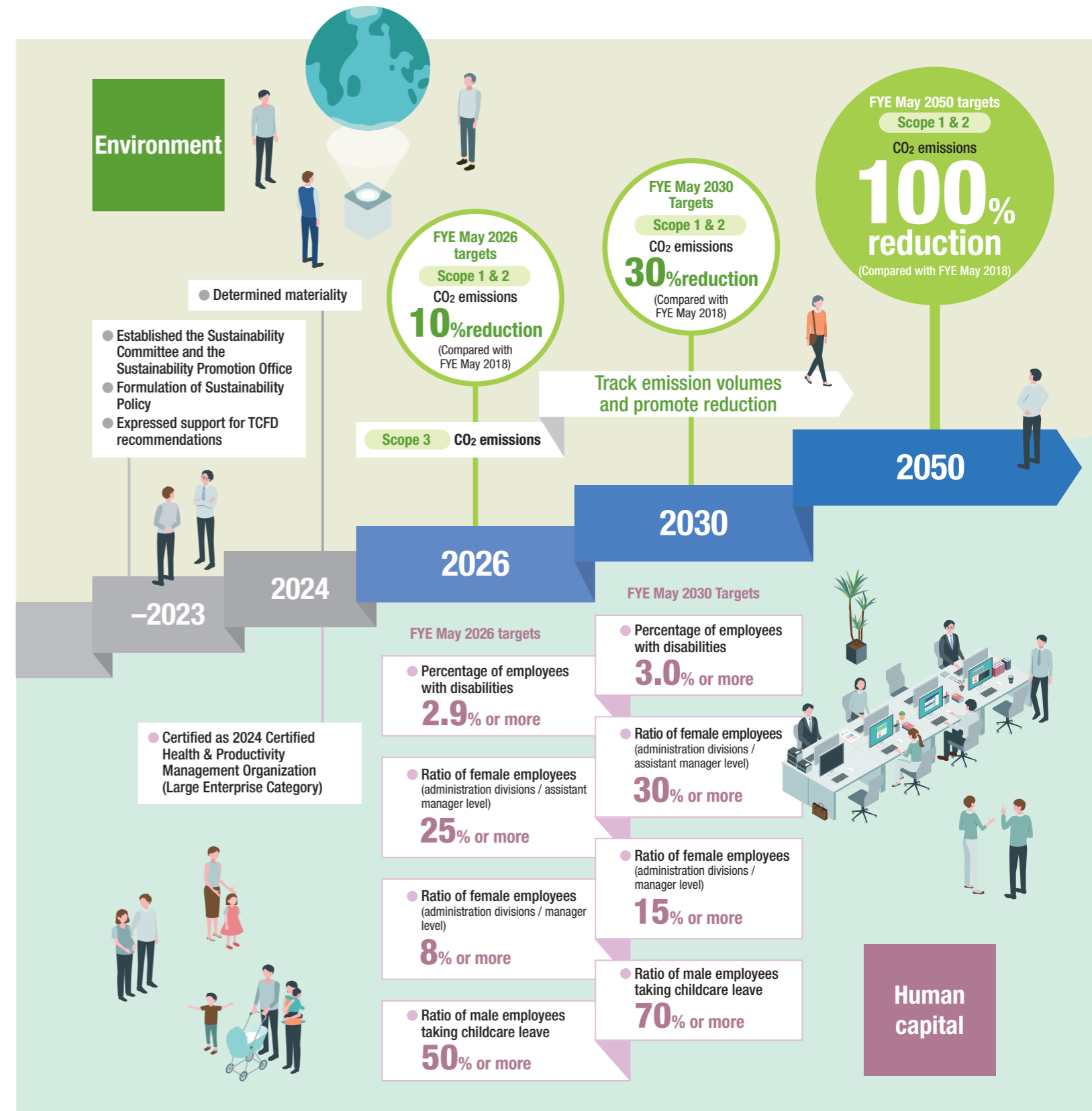
The Toyo Denki Group values contributing to society, customers and shareholders, meeting the challenges of the future, and building trust. To achieve these goals, we have consistently been supplying high-quality products and services globally, leveraging our technologies while responding to the changing needs of the times, over more than 100 years since our founding. While the environment surrounding society will keep changing in the future, we will continue to strive to refine our technologies and quality, contribute to the realization of a sustainable society through manufacturing, and increase corporate value.

Sustainability Policy

We have formulated the Sustainability Policy that organizes the Toyo Denki Group's business activities from three perspectives, with the aim of linking our basic policy to sustainability to specific actions.



Sustainability Roadmap



Disclosure based on the TCFD recommendations

Recognizing that responding to climate change is an important management issue, we expressed our support for the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations in June 2023. We will strive to further implement climate change initiatives and appropriately disclose information as part of our commitment to helping realize a sustainable society.

Governance

In order to promote sustainability management across the Group, we established a Sustainability Committee under the Board of Directors and carry out company-wide initiatives based on our Sustainability Policy. The committee, which generally meets once every quarter, is chaired by the President, Representative Director, and its members comprise mainly Operating Officers. We recognize climate change as a very important challenge and have set numerical targets for the reduction of greenhouse gases. Progress towards these targets is monitored by the committee,

and the content of committee discussions is reported to the Board of Directors for incorporation in the Group's management strategy.

Examples of matters deliberated/reported at Board of Directors meetings

- Revision of the policy on sustainability
- Determination of material issues
- Revision of our environmental philosophy
- Expression of support for the TCFD recommendations and related disclosures
- Formulation of a sustainability roadmap

Anticipated risks and opportunities

		Transition Risks					
Anticipated Risks		Impact				Actions	
		1.5°C / below 2°C		4°C			
		2030	2050	2030	2050		
Transition Risks	Policy & regulation	● Increase in procurement/shipping costs with adoption of carbon tax and more stringent regulations; increase in costs from equipment renewal and technological development	M	L	S	S	● Avoid carbon tax and lower production costs by reducing GHG emissions through renewable energy use and switching to energy-efficient equipment ● Consider adopting ICP
	Technology	● Increase in R&D costs of energy-saving products ● Loss of sales opportunities due to stalled development ● Decrease in demand for existing technologies and products	M	L	S	M	● Enhance design/development systems, including production methods, and increase sophistication of our environmental technologies ● Identify needs for existing technologies/products through customer engagement
	Market	● Decrease in railway product sales due to decline in railway ridership from population shrinkage and due to drop in relative environmental advantage of rail transport stemming from improvements in environmental performance of automobiles ● Stagnation of testing machine business due to delays in responding to the shift to EVs ● Decrease in equipment demand from manufacturers of printing machines, paper, and chemicals due to shift to paperless and plastic-free approaches	L	L	M	M	● Prevent failures through condition-based maintenance and increase value added through personnel cutbacks and labor-saving approaches ● Develop products and systems reflecting the shift to EVs and consider creating alliances with other companies
	Reputation	● Decline in reputation among stakeholders due to delays in responding to climate change ● Exclusion from supply chains; rise in financing costs; difficulty in securing human resources	L	L	M	M	● Enhance disclosure through dialogue with shareholders, investors, suppliers, communities, and other stakeholders
Physical Risks	Acute	● Suspension of operation, damage to production equipment, and stoppage of business site functions due to typhoons, flooding, etc. ● Difficulty in procuring parts and materials due to interruption of supply chain	S	M	M	L	● Reinforce disaster countermeasures of production bases by strengthening business continuity planning (BCP) ● Increase supply chain resilience by establishing multiple channels, using local suppliers, and taking other actions, and transfer risk by purchasing insurance
	Chronic	● Increase in factory energy costs, decline in employee productivity, and increase in incidence of heat stroke due to the temperature rise ● Increase in costs due to tidal flooding countermeasures taken in response to rising sea level ● Occurrence of malfunctions and failures in products and equipment due to the temperature rise	S	M	M	L	

Strategies

We have analyzed the future impact of climate change on the Group's business activities under the 1.5°C/below 2°C and 4°C scenarios, identifying the associated risks and opportunities and calculating the degree of impact in each case. The focus time horizon was long-term (to 2050) and analysis was also done for the medium-term (to 2030) as a transitional point. The degree of financial impact on business activities was defined according to three levels: large (L), medium (M), and small (S).

Scenarios

- 1.5°C / below 2°C scenario**
Worldview: A lower-carbon transition will take place across society and contain the temperature rise to a certain extent. Demand for energy-saving/eco-friendly products will grow. Legal, market, reputational, and other transition risks will increase.
Reference scenarios: SSP1-1.9, SSP1-2.6 (IPCC AR6) / NZE2050 (IEA)
- 4°C scenario**
Worldview: With priority placed on economic growth, the temperature rise will not be contained and the impacts of climate change will worsen. A lower-carbon transition will not be realized, and physical risks such as extreme weather events will increase.
Reference scenarios: SSP5-8.5 (IPCC AR6)

Risk management

A working group made up of working-level employees engages in discussions for advancing a company-wide approach to sustainability challenges. Meanwhile, the Sustainability Committee identifies climate change risks, discusses countermeasures, and monitors progress in implementing those actions. It also tracks the progress of the medium- and long-term sustainability roadmaps formulated by each division.

Indices and targets

















We have set the following targets for reducing CO₂ emissions associated with our business activities to help curb global warming.

Scope 1 & 2 CO ₂ emissions (compared with FYE May 2018)	FYE May 2026 targets	FYE May 2030 Targets	FYE May 2050 targets
	10% reduction	30% reduction	100% reduction

		Opportunities					
Anticipated Opportunities		Impact				Actions	
		1.5°C / below 2°C		4°C			
		2030	2050	2030	2050		
Resource Efficiency	● Increase in maintenance opportunities driven by longer use and recycling of products	L	L	M	M	● Construct advanced production and processing equipment drive systems that capitalize on high-efficiency motors and invertors ● Improve recyclability through environmentally conscious design	
	● Decrease in costs through streamlining of product processes, optimized use of materials, and streamlining of shipping						
Energy Source	● Increase in demand for our products/services with shift to EVs and growth of demand for renewable energy and power storage technologies	L	L	M	M	● Promote battery storage of regenerative power Build new storage systems, such as a superconducting flywheel Railway energy storage system ● Develop and supply testing equipment that supports the shift to EVs	
	● Increase in demand for electrical equipment for railway vehicles driven by greater demand for highly environmentally advantageous railway service						
Products / Services	● Increase in demand for high-efficiency motors and inverters, distributed power supply, and other energy-saving products/systems	L	L	M	M	● Improve environmental friendliness of electrical equipment for railway vehicles by increasing efficiency and reducing size/weight ● Make improvements to motors and inverters that enhance energy efficiency and maintainability of production equipment ● Develop testing systems that support the shift to EVs ● Increase the sophistication of status monitoring, alarm notification, and remote control of generators using IoT remote monitoring systems	
	● Increase in demand for new testing systems that support the shift to EVs						
Market	● Potential for opening up new markets by uncovering demand for power storage systems, small hydroelectric power generation, wave power generation, etc.	L	L	M	M	● Popularize power storage systems, small hydroelectric power generation systems, and biomass generators ● Participate in the demonstration of wave power generation and consider its commercialization ● Increase the sophistication of status monitoring, alarm notification, and remote control of generators using IoT remote monitoring systems	
	● Increase in demand for ICT remote monitoring and automatic control systems to avert climate change-related food shortages and impacts on agricultural and livestock industries						
Resilience	● Popularization of EV-related products					● Contribute to BCP preparation by supplying Emergency power generators for businesses and government offices ● Promote prediction and early detection of natural disasters using IoT remote monitoring systems	
	● Increase in demand for solutions that strengthen resilience and BCP in response to increased severity of natural disasters	L	L	M	M		
Reputation	● Increased trading, improvement of stock price, and securing of human resources made possible by stronger reputation for environmental consciousness	L	L	M	M	● Enhance disclosure through dialogue with shareholders, investors, suppliers, communities, and other stakeholders	

Initiative in Products and Services

We will provide products and services that help build a sustainable society using the exceptional technologies of the Group.

Business Category	Business Description	Value We Offer	Focus SDGs	Examples
Transportation Business Segment	Electrical equipment for railway vehicles	Contribute to the world's railway infrastructure through the supply of high-quality electrical equipment for railway vehicles	 	<p>[Ongoing actions]</p> <ul style="list-style-type: none"> ● Adoption of Propulsion systems (drive systems such as Propulsion controller and traction motor) that are smaller, lighter, and highly efficient ● Establishment of condition-based maintenance (CBM) with real-time monitoring of product operation status and analysis of accumulated data <p>[Future actions]</p> <ul style="list-style-type: none"> ● Promote the development of autonomous driving technology for the realization of driverless driving ● Establish a new maintenance model using digital twin technology ● Improve recyclability and eliminate specified hazardous substances with promotion of environmentally conscious design
	Railway energy storage system	Contribute to energy-saving and stable railway transportation with the effective use of regenerative power	  	<p>[Ongoing actions]</p> <ul style="list-style-type: none"> ● Battery storage of regenerative power generated by train braking and supply of power to trains in emergencies <p>[Future actions]</p> <ul style="list-style-type: none"> ● Further reduction of energy consumption through adoption of systems combining solar power generation, hydrogen fuel use, etc.
Industry Business	Automobile testing systems	Support the development of next-generation automobile with testing systems that use industry-leading high-performance motors and inverters		<p>[Ongoing actions]</p> <ul style="list-style-type: none"> ● Popularization of next-generation automobile testing systems using in-wheel-well dynamo, which saves space and is quiet, suitable for various driving test evaluations ● Development and supply of testing equipment in response to the shift to automobile electrification, such as ultra-high-speed dynamos and high-capacity battery simulators <p>[Future actions]</p> <ul style="list-style-type: none"> ● Adapt in-wheel-well dynamo to advanced driver-assistance systems (ADAS) and popularize autonomous Propulsion systems
	Production and processing equipment drive systems	Contribute to manufacturing around the world by providing customers with optimal control systems using a wealth of technologies and products	   	<p>[Ongoing actions]</p> <ul style="list-style-type: none"> ● Construction of advanced systems that capitalize on high-efficiency motors and inverters ● Improvement of energy-saving performance and maintainability of production facilities with economical and eco-friendly Eco-Drive Motor (ED motor) <p>[Future actions]</p> <ul style="list-style-type: none"> ● Design products with better recyclability and develop rare-earth-free motors and control systems for them ● Compliance with chemical substance regulations in each country and promotion of reduction of environmental impact
	Power generation and power supply systems	Supply power generation systems for continuous/emergency use and generators using natural energy to support public infrastructure	  	<p>[Ongoing actions]</p> <ul style="list-style-type: none"> ● Establishment of power generation infrastructure by providing continuous-use generators to developing countries ● Popularization of small hydroelectric power generation systems and biomass generators ● Contribution to BCP preparation by supplying Emergency power generators for government offices, financial institutions, etc. <p>[Future actions]</p> <ul style="list-style-type: none"> ● Realize small and highly efficient pumps using Eco-Drive Motor (ED motor) ● Develop Emergency power generators using hydrogen and biofuels ● Popularize distributed power supply systems (mechanism in which power is supplied by small-scale generators distributed near consumption areas) for local production and local consumption of energy ● Participate in the demonstration of wave power generation and consider its commercialization
	Car-mounted electrical equipment	Contribute to the development of electric vehicles (EVs) and hybrid electric vehicles (HEVs) with power electronics technologies		<p>[Ongoing actions]</p> <ul style="list-style-type: none"> ● Supply of car-mounted electrical equipment in response to the shift to electrification, such as for construction machinery <p>[Future actions]</p> <ul style="list-style-type: none"> ● Expansion of the line-up of car-mounted electrical equipment with on-demand motors/inverters
ICT Solution Business	Railway station operating equipment systems	Achieve greater convenience for railway patrons and labor-saving for railway operators by combining advanced ICT and mechatronics	 	<p>[Ongoing actions]</p> <ul style="list-style-type: none"> ● Improvement of rail service convenience through popularization of railway station operating equipment systems (Commuter pass issuing machine and handsets for conductors) <p>[Future actions]</p> <ul style="list-style-type: none"> ● Provide low-price ticketless systems to areas where IC has not yet been introduced, using QR codes, touch payment credit cards, and facial recognition technology
	IoT solutions	Realize monitoring and control of mobile entities and remote facilities in simple and inexpensive way with a variety of IoT solutions	 	<p>[Ongoing and future actions]</p> <ul style="list-style-type: none"> ● Provide train operation information systems and bus location systems to improve the convenience of transportation systems ● Status monitoring, alarm notification, and remote control of generators using IoT remote monitoring systems ● Prediction and early detection of natural disasters (heavy rains, flooding and inundation, landslides) using IoT remote monitoring systems ● Conduct remote monitoring and control of agricultural greenhouses, poultry farms, pig farms, and onshore aquaculture facilities to support stable agricultural production ● Conduct remote monitoring and control of frozen food trucks and refrigerated containers to support safe and stable distribution of foods

Initiative in Production Activities

We will strive to minimize environmental burden in production activities and continue to protect regional environments.

Aiming for Realization of a Sustainable Society

A sustainable society as envisaged by the Company is the combination of a “low-carbon society,” a “recycling-based society” and a “nature-symbiotic society.”

The environmental technologies of the Company have produced numerous products that contribute to energy conservation, including high-efficiency motors and inverters that capitalize on the amalgamation of our outstanding motor drive technology and other state-of-the-art technologies. In the meantime, the Company has been striving to conserve resources through not only the efficient use of energy but also the reduction of the size and weight of its products.

Decarbonized society

Implementation of measures against global warming

- Energy conservation through the Company's technologies and products
- Energy conservation in production activities
- Use of sustainable energy
- Improvement of logistics efficiency
- Proper treatment of wastes
- Reduction of amount of final disposal of wastes
- Proper management of chemical substances
- Cleanup around offices

Recycling-based society

Promotion of 3Rs (reduce, reuse, recycle)

Nature-symbiotic society

Conservation of biodiversity

Environmental Management System

In order to tackle environmental issues on an independent and continuous basis, the Company has developed and operates an environmental management system and thereby obtained ISO 14001 certification. This certification has been acquired for all offices and the production bases Yokohama Plant and Shiga-Ryuo Plant.

Years of ISO 14001 certification

Yokohama Plant	Shiga-Ryuo Plant*	Extended to all offices
2004	2001	2010

*The Shiga Ryuo Plant was the Shiga Factory (Moriyama) when it obtained the certification.

Initiatives to Prevent Global Warming

◆ Initiatives to reduce greenhouse gas (CO₂) emissions

The Company is promoting energy conservation at each of its production bases and offices to reduce its CO₂ emissions. At the production bases in particular, we are promoting power-saving

and streamlining at production facilities. In addition, the Yokohama Plant uses solar power generation for peak shaving of power demands.

◆ Targeted reduction of CO₂ emissions and progress status

The Company's CO₂ reduction targets are as stated in our Sustainability Roadmap (p. 24). With regard to CO₂ emissions per unit of production output in fiscal 2023 at the Yokohama Plant and the Shiga-Ryuo Plant, our manufacturing sites, the former saw a decrease of 18.1% as a result of emission control efforts; however, the latter had an increase of 9.3%, against the target of a 1% reduction year on year. The Company will continue to make efforts to reduce CO₂ emissions per unit of production output by 1% year on year in the next fiscal year.

◆ Yokohama Plant initiatives

① Installation of a solar power generation system

We installed a solar power generation system (500 kW) on the roof of the Yokohama Plant in 2012. In recent years, the system has generated 600,000 to 650,000 kWh of electricity annually, all of which is consumed internally. This contributes to reducing greenhouse gas emissions (equivalent to approximately 300 tons of CO₂ per year) and curbing global warming. We are considering adding solar panels to further reduce CO₂ emissions.

② Modal shift in logistics

The plant is expanding its shift of some outgoing customer shipments from truck transport to railway container transport, which places a smaller burden on the environment.

◆ Shiga-Ryuo Plant initiatives

① Contribution to a low-carbon society

We promoted effective use of energy by reviewing facility operations. (Crude oil equivalent: down 92.8 kl compared with fiscal 2018)

② Contribution to a recycling-based society

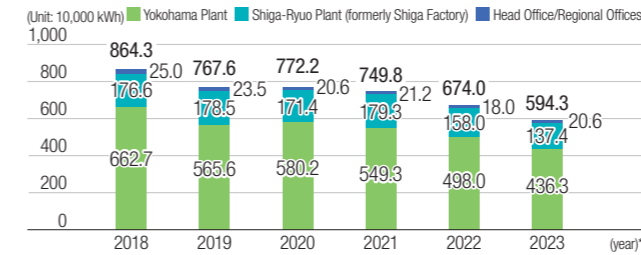
We promoted the sorting of wastes to improve the recycling rate of wastes.

③ Contribution to a nature-symbiotic society

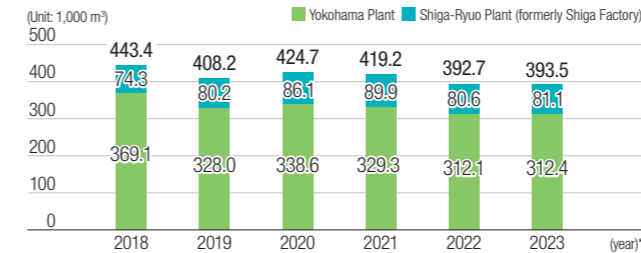
We implemented initiatives to reduce environmental burden through those for the Shiga Biodiversity Initiative Certification System. (Obtained a two-star certification)



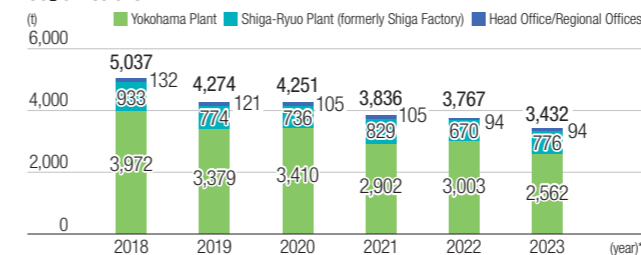
Total energy input (electricity)



Total energy input (gas)



CO₂ emissions

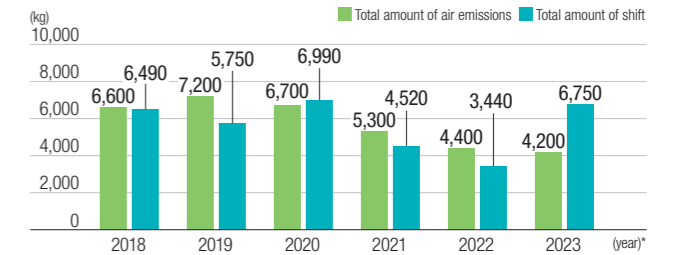


Initiatives for Control over Chemical Substances

Volatile organic compounds (VOCs) emitted as a result of our business activities are adequately controlled and the amount of emission is monitored under the Pollutant Release and Transfer Register (PRTR). We will further engage in the reduction of waste through such measures including using non-VOC materials and implementing recovery and reuse of solvents. PCB waste is also subject to adequate control, storage and disposal in accordance with Japan's Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes.

*The fiscal year is from April to March of the following year *Figures for the Shiga-Ryuo Plant include those of TD. Drive Mfg. Co., Ltd. from fiscal 2018

Notification volume for Pollutant Release and Transfer Register (PRTR) substances

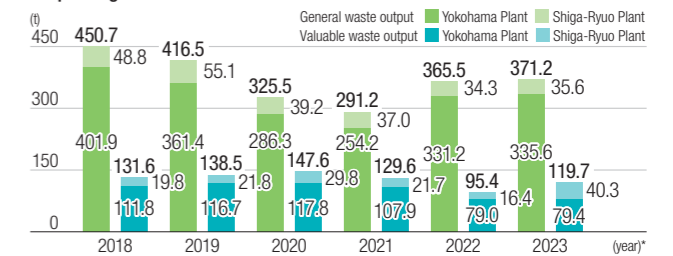


Initiatives for Reducing Disposed Waste as Well as Recycling

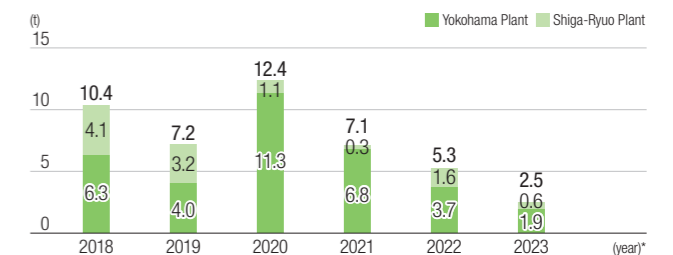
◆ Main actions

The Company has been thoroughly implementing waste processing rules, sorting metal waste, and recycling paper resources. As a result, its landfill waste volume rate in fiscal 2023 was 0.5%, the lowest level ever.

Output of general and valuable waste



Volume of landfill waste



VOICE

The work site for control system assembly and testing at the Yokohama Plant used outdated, low-efficiency lighting fixtures. In addition, it was lit with higher illuminance than required. We conducted a lighting optimization test with the cooperation of the relevant departments, to adopt LED lighting and select and renew to lighting fixtures with optimum illuminance. This resulted in a reduction of 69.8 MWh in annual power consumption. We will continue to promote energy-saving at our work sites.



Akira Yasunaga
Production Engineering Division
Production Engineering Department

Quality Control – Providing Safe and High-Quality Products

◆ Quality Policy

The Company's electrical equipment for railway vehicles is installed in many rail vehicles. These extremely important products play a direct role in ensuring the safety of human life and property during rail transportation. In the Industry Business and ICT Solution Business as well, the Company's products and services are used in customers' production facilities, development sites and in the field of social infrastructure, and they form the foundation supporting the sustainable development of a society that is safe and comfortable to live in.

In order to ensure the high quality of our products and services, the Company has established a quality policy, which is deployed across the Group as we strive to maintain and improve our human resources education, compliance with rules, and our facilities.

Quality Policy (excerpts)

Based on our commitment to making quality our top priority, we will contribute to society by reliably providing safe and high-quality products and services that satisfy our customers.

*For details of the Quality Policy, please see the Company's website. https://www.toyodenki.co.jp/company/quality_policy.php

◆ Promotion framework

With regard to quality control, each fiscal year the Company develops policies and the promotion framework aimed at further maintaining and improving quality in each business unit, along with specific policies pertaining to the reduction of flaws and other issues.

The Company's Corporate Quality Control Division works together with the quality control department or the quality assurance department in each business unit to put together a report on the status of quality control and results in each unit. The report is delivered to top management at the monthly Operating Officer Liaison Meeting where measures are debated and decided.

Furthermore, in the event that a flaw is discovered after a product has been shipped, the necessary steps are swiftly taken, mainly by the quality assurance division in each business unit, while at the same time the causes that led to the flaw and its mechanism are investigated, and this information is put into a database so that the information can be shared in-house in an effort to prevent recurrence.

Quality Management System

The Company has created and operates a quality management system and has obtained ISO 9001 certification, including at its production bases, the Yokohama Plant and the Shiga-Ryuo Plant.

Year ISO 9001 certification obtained

Yokohama Plant	Shiga-Ryuo Plant*	Extended to all offices
1997	2000	2005

*The Shiga Ryuo Plant was the Shiga Factory (Moriyama) when it obtained the certification.

◆ Acquisition of Railway-related Standards

High level of safety is essential for rail vehicles. UNIFE, the Association of European Rail Industry, established the International Railway Industry Standard (IRIS) in 2007 to ensure the quality of railway vehicles. In 2013, we became the first company in Japan to obtain an IRIS certification (current international standard: ISO 22163) for auxiliary power supply.

In 2014, we were also accredited to the China Railway Certification Center's (CRCC) certification for driving gear units. It is necessary to obtain this certification to sell high-speed rail products in China. We will continue to acquire international standards and further expand our business globally.

Towards Just and Fair Procurement

◆ Communication with suppliers

The Company's products possess distinctive characteristics such as being individually built-to-order, manufactured in multi-product small lots, and demanding high reliability. Therefore, the Company can be affected by issues such as delays in supply due to fluctuations in production quantity or delays in processing due to the quality of products procured. In order to reduce these risks, the Company carries out instruction and support related to quality, technology, and skills for our suppliers, as well as guidance for improvement of production sites, in order to ensure stable procurement of even better quality products. In addition, we actively promote information sharing through the "Toyo Denki Seizo Cooperation Association" to which our leading suppliers belong.

Policies and Guidelines for Procurement

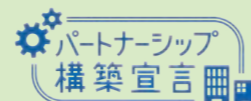
The Toyo Denki Group will, in its procurement of raw materials, services, etc. for the products that it supplies to customers, engage in practices mindful of society's expectations concerning human rights and the environment, and in doing so will advance sustainability initiatives and will work together with suppliers to help realize a sustainable society.

*For details of the Policies and Guidelines for Procurement, please see the Company's website. <https://www.toyodenki.co.jp/procurement/>

Partnership Development Declaration

The Company announced the "Partnership Development Declaration" in order to build new partnerships by promoting collaboration and harmonious mutual prosperity with its supply chain partners and business operators seeking value creation.

*For details of the Partnership Development Declaration, please see the Company's website. <https://www.toyodenki.co.jp/procurement/>



Initiative in Valuing People and Communities

We will value our employees and the local communities and carry our aspirations into the future.

● With Our Employees

Ensuring diversity

◆ Female empowerment

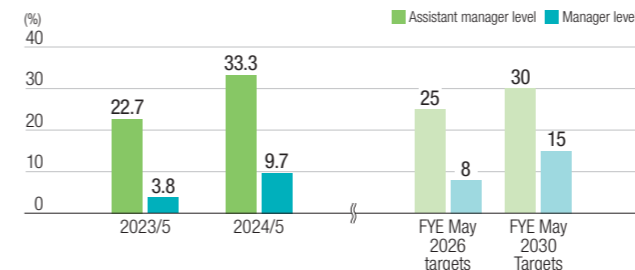
We have 791 employees, and women make up 2.8% of our managers. Further, women make up 8.7% of our permanent employees, and work needs to be done to raise female representation across the board.

As part of our new graduate recruitment activities, we host company briefings for female students that provide the opportunity for them to speak with female employees and gain a better idea of what it is like to work for Toyo Denki. We further strive to recruit diverse talent through mid-career hiring and a program that enables fixed-term employees to switch to permanent employment.

In addition, we implemented a training program for executives and managers to support female empowerment and a career training program for female employees. We will make ongoing efforts to foster awareness and provide support for our female employees to be more positive and active in their own ways than ever before.

◆ Ratio of female employees

Administration divisions



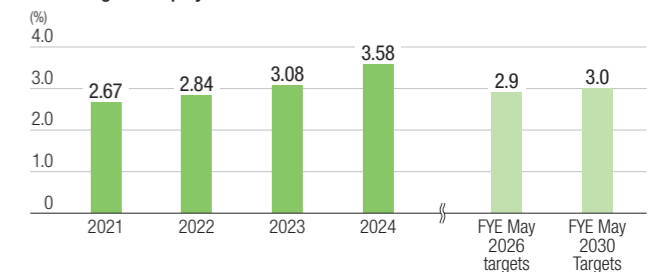
*As noted above, women make up 8.7% of our permanent employees, and work needs to be done to raise female representation across the board. We are initially targeting administration divisions in our efforts to increase the ratio of female managers.

◆ Employment of the disabled

Aiming to be a company where both the disabled and nondisabled work together in a lively way, the Company makes improvements to the workplace environment and carries out workplace training. We have promoted the hiring of people with disability by offering hands-on workplace training opportunities in collaboration with local special-needs schools and support organizations. We will continue pursuing efforts to be a company where everyone can work vibrantly.

◆ Percentage of employees with disabilities

Percentage of employees with disabilities



*Figures are as of June 1

Improvement of working environment

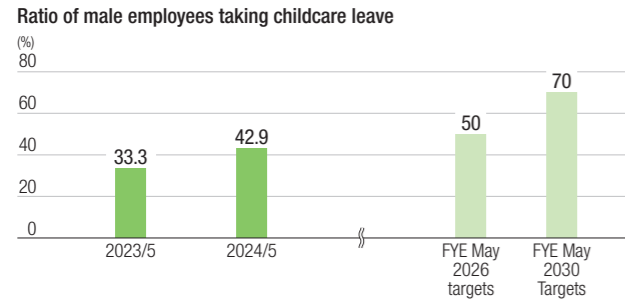
◆ Supporting work-life balance

We are expanding our systems supporting flexible workstyles in order to help employees achieve a good work-life balance. In 2014, we were certified as a "company that supports child-rearing" and received the "Kurumin" certification logo from the Tokyo Labor Bureau. Since then, we have also implemented various support systems, including for rehiring former employees who had to leave their jobs due to reasons such as childbirth, child-rearing, family care, or their spouse's reassignment; limiting the working location of employees caring for children or other family members to a defined region; offering diverse options for reduced working hours for treatment of non-occupational injuries and diseases; and providing annual leave on an hourly basis.

Our efforts to encourage more male employees to take childcare leave include providing information to those who are expecting a child. Specifically, we created and distribute a guidebook on childbirth and childcare, and a collection of employees' personal stories about their experiences in taking childcare leave.



◆ Ratio of male employees taking childcare leave



*The above ratios were calculated for childcare leave, etc. as prescribed in Article 71-4, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), pursuant to the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

*The ratio of female employees taking childcare leave is 100%, and we will strive to maintain that level by further working to support the work-life balance of women.

◆ Initiatives on organizational climate reform

Roundtable meetings have been held regularly since December 2022 to share values between the President, Representative Director and employees and to practice management that listens to employees' opinions. The President, Representative Director has visited each of our domestic bases and held the meetings 20 times so far, with a total of 94 employees participating. We will continue to place importance on two-way communication with employees. We also launched an engagement survey in March 2024 and began to work on improving employee engagement.

Health management

◆ Promotion of "health and productivity management"

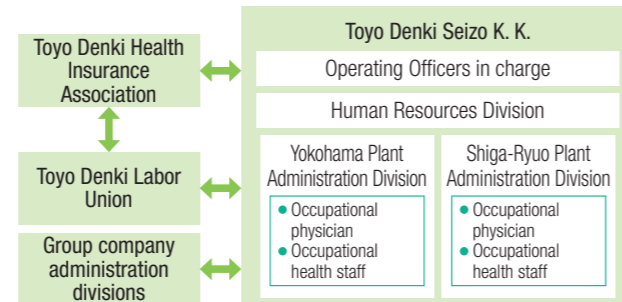
We promote health and productivity management with the health insurance association and labor union, with the aim of being a company where employees can play active roles in good physical and mental health. With the "Health and Productivity Management Declaration" also in place, our efforts focus on the following six priority items.



Health and Productivity Management Declaration

The Toyo Denki Group expresses in its business principles its commitment to "ensuring the growth of its business, earning the confidence and understanding of shareholders and stakeholders, and fostering the development of its employees." Recognizing that the realization of the commitment involves each employee to be physically and mentally healthy and able to play an active role with enthusiasm, the Company will support its employees to achieve good health.

Health and productivity management promotion framework



Promotion framework members meet twice a year

Six priority items

1 Disease prevention, prevention of illness aggravation

We will maintain a 100% participation rate for regular health checkups, improve the take-up rate for specific health guidance aimed at preventing lifestyle diseases, and support the attendance of follow-up examinations.

2 Work-life balance

In order to enable diverse employees to achieve work-life balance and continue to work vibrantly, the Company has established a "no overtime" day, provides annual paid leave more than statutorily required, and sets minimum rest periods between shifts, in addition to the efforts described in the "Supporting work-life balance" section on the previous page. Believing that improved productivity of each and every employee through those efforts will lead to the enhancement of technologies and value we provide to customers, we will continue to work on the development of an environment where employees can work with peace of mind while balancing their jobs with family life, through such means as expanding the scope of application of our flextime program and introducing a remote work program.

3 Promotion of health and safety activities and realization of a comfortable working environment

To secure a safe working environment and achieve zero occupational accidents, we have in place the "Company-Wide Safety and Hygiene Management Policy," and the Safety and Hygiene Committee at each office each month addresses any issues at workplace. Information on the committees' actions is shared at the Company-Wide Safety and Hygiene Committee, which convenes quarterly, in order to raise the level of health and safety activities at each office. Two of the quarterly meetings are also attended by our Group companies to share information on health and safety activities.

4 Improvement of employee health, communication promotion and support

We conduct annual training on self-care and women-specific health issues with the aim of improving employees' health literacy to encourage their voluntary health maintenance and improvement

efforts, as well as holding health events together with the health insurance association and labor union. In addition, we support internal club activities, and social events at each workplace, to promote communication among the employees.

5 Prevention of mental health problems and support for returning to work

We annually carry out employee stress checks and analyze stress-related conditions of each organization to prevent and detect mental health problems at an early stage. In addition, we provide line care training for managers so that they recognize the importance of communication and promptly coordinate with occupational health staff at each office. Also, we have set up in-house and external mental health consultation services to further support mental health care for our employees.

6 Health management of employees at overseas posts

In addition to properly conducting health checkups before and after overseas postings, we manage employee health during those assignments by utilizing external healthcare services to provide access to medical care, including for emergencies.

(3) To provide a variety of educational opportunities in order to promote personal development, with emphasis on a self-directed approach to study and growth.

◆ Education and training system

To help its employees play an active role, the Company provides learning opportunities and support according to the various roles required of each employee. For example, we provide provisional hire training for those who have received provisional job offers, level-specific training that develops the skills needed for each year, individual training according to job types and roles, a support program aimed at helping employees to obtain academic degrees and official qualifications, and division education conducted by each division.

Furthermore, new employees in technical positions receive lectures and practical training at the Technical Training Center for one year to equip them with basic and specialized technical skills before their assignment to a workplace.

◆ Skill transfer

In line with our business principles focusing on quality first, we encourage our employees to acquire official certifications. Employees with exceptional manufacturing skills or expertise are also recognized as "Technical Meister" and assigned to instruct and train younger employees. Three employees of the Company have accepted Contemporary Master Craftsman awards from the Minister of Health, Labour and Welfare, and two have been awarded to the Medal with Yellow Ribbon by the Japanese government. Moreover, a large number of employees have become certified as special-grade skilled workers.

Human resources development

Human resources development policy

Guided by the following policy, we strive to be a company that continuously develops the competencies of its employees so that everyone can make the most of their talents as professionals.

- (1) To develop human resources who understand and practice our business principles and code of conduct and who are of value both as company employees and as members of society.
- (2) To develop human resources who are professionals, each possessing a high degree of specialized expertise, by enhancing the knowledge, techniques, and skills they need to carry out their duties.

Workforce data (at Toyo Denki Seizo K.K.)*

*Number of permanent employees including Operating Officers, and number of special employees, temporary employees, contract employees and staff on loan from other companies, etc.

Item	Unit	FYE May 2020	FYE May 2021	FYE May 2022	FYE May 2023	FYE May 2024
Number of employees	Total	841	847	830	792	791
	Men	773	766	746	708	701
	Women	68	81	84	84	90
Ratio of female employees	%	8.1	9.6	10.1	10.6	11.4
Number of administrative professionals	Total	136	139	134	133	143
	Men	133	136	132	131	139
	Women	3	3	2	2	4
Ratio of female administrative professionals	%	2.2	2.2	1.5	1.5	2.8
Average age	Overall	41.0	41.7	42.3	42.6	42.9
	Men	40.9	41.6	42.2	42.5	42.9
	Women	41.7	42.8	43.0	43.5	42.8
Average years of employment	Overall	15.4	16.0	16.5	16.9	17.0
	Men	15.5	16.2	16.7	17.2	17.4
	Women	14.1	13.9	14.0	14.2	13.5

● Contributions to Local Communities

To Convey the Mission and Appeal of Toyo Denki

◆ Receiving interns

We are committed to activities that raise awareness and appreciation of our manufacturing expertise by accepting interns from local technical high schools and providing them with hands-on experience at manufacturing sites. This internship system serves as an effective means of recruiting outstanding technical staff on a consistent basis as some students from these schools apply for positions at the Company.

◆ Yokohama Plant internships for people with disabilities

The Yokohama Plant provides internships for students of local special-needs schools as another initiative for promoting the employment of disabled people.

◆ Certification under the Shiga Businesses Supporting Facilities for People with Disabilities program

The Shiga-Ryuo Plant's support for the employment of people with disabilities includes outsourcing site landscaping and other work to an agency that employs disabled people. This and other contributions were recognized in 2023 with the plant's certification under the Shiga Businesses Supporting Facilities for People with Disabilities program.

◆ Factory tours

We conduct "factory tours" that enable the public to gain a deeper understanding about the business operations of the Company. During these tours, we inform the participants of our products as well as our actions for environmental protection.



◆ Participation in university endowment courses and hands-on courses

We conduct lectures leveraging the know-how fostered through operations and our business activities in on-site training courses held by educational institutions including universities. This year, we continued to participate in endowment courses sponsored by the Yokohama Green Purchasing Network so that participants can deepen their knowledge on history of railway and the environment through our business activities.

◆ Conducting cleanup activities

As part of our "initiative in valuing people and communities," employees at the Yokohama Plant and the Shiga-Ryuo Plant conduct community cleanup activities.

The Shiga-Ryuo Plant also expressed its endorsement of Shiga Prefecture's Mother Lake Goals (MLGs) and carries out river cleanup operations near Lake Biwa in cooperation with local communities.



◆ Donation to Yokohama Kyodo no Mori Fund

Our Yokohama Plant cooperates in small woodlands conservation activities led mainly by the city of Yokohama by donating part of the proceeds from its vending machines to the Yokohama Kyodo no Mori Fund.

◆ Donations to Omi Victim Support Center

As part of its activities for giving back to the community, our Shiga-Ryuo Plant donates a portion of the proceeds from charity-purpose vending machines to the Omi Victim Support Center.

VOICE

As part of its sustainability efforts, the Company aims to realize a working environment where everyone, regardless of age or gender, can make the most of their individuality and capabilities.

To drive this effort, we first conducted female empowerment support training that focused on support for female employees, targeting executives and all managers, to raise awareness of the organization.

We have also dispatched female employees to external training programs as an opportunity to foster positive awareness and support career development.

We will continue to strive to realize a working environment in which a diverse range of talented people can play an active role.



Izumi Asai

Human Resources Department,
Human Resources Division