

























# Tsubaki's Sustainability

## Materiality and KPI / Progress to Data

	ESG Category	Material Issues (Priority Matters)	KPIs	Targets and Results					Progress to Date	Remaining Issues and Direction of Future Initiatives	Contribution to the SDGs	
				Scope	Target Figure	Year of Achievement	FY2018 Actual Results	FY2019 Actual Results				FY2020 Actual Results
<b>E</b> Environment	Environmental conservation Climate change countermeasures	Climate change mitigation measures (CO <sub>2</sub> emission reductions) and other environmental conservation	Total CO <sub>2</sub> emission reductions (FY2013 as base year for comparison)	Domestic	30%	FY2025	6.6%	15.2%	23.5%	<ul style="list-style-type: none"> <li>Made progress with a range of efforts, such as installing solar power equipment, converting to the use of liquefied natural gas (LNG) fuel, switching to LED lighting, and conducting various energy-saving activities in production processes*</li> <li>Implemented activities centered on energy saving as voluntary activities in each of our countries of operation and at each of our business sites</li> <li>In FY2020, expanded the scope of business sites eligible to participate in the CDP to 11 in Japan and 15 overseas</li> <li>In the three years leading up to FY2020, focused on expanding the CDP reporting boundary (overseas Group companies) and implementing activities for reducing CO<sub>2</sub> emissions at domestic business sites</li> <li>In FY2018, energized environmental activities by introducing the EcoFactory Certification System to raise awareness through visualization at each business site. Promoted activities based on a comprehensive environmental management indicator system that adds reducing greenhouse gas emissions caused by climate change as a management indicator to KPIs for environmental conservation</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and accelerate initiatives for reducing CO<sub>2</sub> emissions at each business site. Monitor the progress of initiatives on a monthly basis at the environmental management committee meetings of each business site.</li> <li>Establish uniform targets for overseas business sites from FY2021 and strengthen their CO<sub>2</sub> emissions reduction activities</li> <li>Expand the scope of overseas business sites eligible to participate in the CDP by two (scheduled)</li> <li>In addition to the CDP, prepare to announce support for the recommendations of the TCFD and submit application for SBT certification</li> <li>Implement CO<sub>2</sub> emission reduction activities in a planned manner in accordance with the Group's carbon neutrality response plan</li> <li>Steadily increase CDP climate change score by enhancing the content of responses in the CDP climate change questionnaire</li> <li>With a focus on improving the recycling rate at domestic business sites, aim to achieve EcoFactory certification for all business sites</li> <li>Realize the early establishment of the EcoFactory Certification System overseas and focus efforts on appropriate information disclosure</li> </ul>	    
			Total CO <sub>2</sub> emission reductions (FY2018 as base year for comparison)	Overseas	20% or more 30% or more	FY2025 FY2030	—	—	9.0%			
			CDP climate change response boundary rate	Global	95% or more	FY2021	40.5%	92.6%	95.7%			
			CDP climate change score	Global	A-	FY2023	—	—	B-			
			Waste recycling rate	Domestic	99% or more	FY2030	97.9%	97.6%	96.7%			
			PRTR-substance emissions	Domestic	Less than 130.9 t	FY2030	152t	117t	125.2t			
<b>S</b> Society	Safe and rewarding workplaces Cultivation of human resources Ensuring employee safety and well-being Provision of safe and reliable products Sustainable procurement Development and provision of SDG-oriented products	Respect for human rights Promotion of diversity Workstyle reforms (improve motivation and operational efficiency) Cultivation of human resources Ensuring employee safety and well-being Quality assurance Cooperation with suppliers Creating an Earth-friendly society Creating a people-friendly society Building a safe and secure infrastructure for living	Number of companies implementing ethics education	Domestic	12 companies	FY2020	12 companies	12 companies	12 companies	<ul style="list-style-type: none"> <li>Designated a Corporate Ethics Awareness Month each year to carry out activities for raising awareness of the importance of compliance with laws and regulations in Japan and overseas</li> <li>Codified a basic human rights policy and set up a helpline. Also conducted harassment prevention activities</li> <li>Developed workplace environments accessible to people with disabilities and established a special subsidiary to promote their employment (in FY2020, the ratio of employees with disabilities reached 2.3%, exceeding the target of 2.2%)</li> <li>In 2020, increased the number of female employees in senior positions by nine through the promotion of awareness raising activities within the Group</li> <li>Proactively hired non-Japanese employees but fell short of increasing the number of non-Japanese employees due to the COVID-19 pandemic in FY2020</li> <li>Liberalized working practices, such as introducing remote working and staggered working hours as a facet of workstyle reforms and promoted corresponding revisions of workflows</li> <li>Despite promoting paid leave acquisition, the ratio of acquisition declined 12.6% due to remote working and an increase in the number of non-business days</li> <li>Although efforts were made to implement activities in accordance with the educational plan, including remote training, the implementation rate was sluggish due to factors including the COVID-19 pandemic. However, the Company enhanced content for themes that required strengthening, through training and other activities with external experts</li> <li>Despite continuously conducting risk assessments and accident-prevention activities, in FY2020 an accident resulting in absence from work occurred when attending to an equipment error</li> <li>Implemented mental health education on a regular basis and established a consultation service operated by dedicated personnel</li> <li>Carried out stress checks for all employees (ongoing since FY2016)</li> <li>In addition to traditional quality control assurance activities in each division, we conducted audits from a third-party perspective, established Group quality guidelines, and implemented cross-organizational activities to improve quality</li> <li>Completely revised Green Procurement Guidelines in FY2019 and carried out a basic survey to gain an accurate picture of procurement matters related to the environment. Performed additional checks and onsite inspections of suppliers deemed to warrant additional investigation</li> <li>Issued new supplier sustainability guidelines. Notified suppliers of the new guidelines and posted them on the Company website</li> <li>Each business division developed eco-friendly products, such as those for reducing CO<sub>2</sub> emissions or power consumption, which were certified internally as Eco Products</li> <li>Products such as those by Power Transmission Operations for computed tomography (CT) scan systems, ultra-low temperature storage units for regenerative medicine and new drug research, and automated seedling transplanting units for plant factories, contributed to the medicine and welfare fields</li> <li>Also developed and offered a large number of products that contributed to labor saving</li> <li>Offered products that help build safe and secure infrastructure for living, including a drive system for sliding barriers on station platforms to prevent falls and various Power Transmission Operations products for sewage-related systems</li> </ul>	<ul style="list-style-type: none"> <li>Maintain initiatives pursued thus far</li> <li>Set a new FY2025 target for further raising the ratio of employees with disabilities</li> <li>Continue promoting and raising awareness of the recruitment of women</li> <li>Work proactively to increase the number of non-Japanese employees by diversifying types of employment status</li> <li>Continue designing systems and revising workflows to facilitate diverse workstyles</li> <li>Encourage employees to make use of paid leave</li> <li>Proactively work to increase opportunities for human resource education, including Companywide education through our own three schools, divisional education, and various training programs, including those for dispatching trainees overseas</li> <li>Strictly apply the Machinery and Equipment Safety Guidelines and introduce an indicator to visualize global safety</li> <li>Continue working on mental health education and providing support on an individual basis</li> <li>Share information globally across the entire organization on the two major quality issues that arose in FY2020, rather than only at the plants where they occurred, and implement Group quality audits with an emphasis on processes</li> <li>In FY2021, begin the implementation of climate change countermeasures throughout the supply chain. As a first step, provide an explanation to major suppliers in Japan on the background and goal of initiatives, as well as on the procedures and policies for activities, and request their participation in the activities</li> <li>Accelerate the development of innovative next-generation products that contribute to the global environment, people, and infrastructure for living based on Linked Automation technology (a technology domain that is highly functional and highly automated) set out in Long-Term Vision 2030 (please refer to pages 8-9 for details). In addition to the current two KPIs, prepare to establish a new KPI to measure the effect of these products on reducing CO<sub>2</sub> emissions throughout the product lifecycle to serve as a KPI for determining their contribution to the progress of activities for creating social value</li> </ul>	               
			Ratio of employees with disabilities	Non-consolidated	2.5%	FY2025	1.62%	1.49%	2.34%			
			Ratio of companies meeting legally required employment ratios for people with disabilities	Domestic	100%	FY2025	22.2%	22.2%	44.4%			
			Number of non-Japanese employees	Non-consolidated	85 people	FY2030	26 people	25 people	27 people			
			Ratio of senior female employees	Domestic	10%	FY2030	3.2%	3.5%	4.1%			
			Ratio of paid leave acquisition	Non-consolidated	85%	FY2025	67%	72%	60%			
			Education plan implementation rate	Non-consolidated	100%	Annually	—	—	96.0%			
			Number of accidents resulting in absence from work	Domestic	0	Annually	5	4	2			
			Ratio of highly stressed employees	Non-consolidated	5.0%	FY2025	6.9%	6.4%	5.9%			
			Number of major quality issue occurrences	Global	0	Annually	2	4	2			
			Number of companies streaming the CO <sub>2</sub> emission reductions webinar	Domestic	200 companies or more	Implementing in FY2021 only	—	—	—			
			Ratio of companies implementing CO <sub>2</sub> emission reduction status surveys	Domestic	95% or more	Implementing every three years (plan)	—	—	Implementing from FY2021			
			Number of sustainability guidelines issued	Domestic	900 guidelines or more	FY2020	—	—	941			
<b>G</b> Governance	Sound, fair, and transparent business operations	Thorough compliance Crisis response and Business Continuity Plan Information security Prevention of intellectual property infringement	Number of serious violations of Company regulations	Global	0	Annually	1	0	0	<ul style="list-style-type: none"> <li>Guided by our Corporate Work Ethics, raised employee consciousness and familiarized them with corporate ethics through Corporate Ethics Awareness Month and a range of training programs</li> <li>Based on the Tsubaki Group Basic BCP Strategy, carried out various disaster preparedness activities, including disaster preparedness drills, drills using a safety confirmation system, and stockpiling of disaster preparedness items</li> <li>Revised the Tsubaki Electronic Information Security Policy and disseminated it at Group companies in Japan and overseas</li> <li>Despite introducing a multifactor authentication method for user authentication, FY2020 saw four cases of computers being infected by viruses</li> <li>Improved knowledge and promoted awareness among employees (including managers) of intellectual property rights infringement through intellectual property seminars and other efforts, and avoided potential infringements by carrying out investigations before applications</li> </ul>	<ul style="list-style-type: none"> <li>Ensure thorough compliance by maintaining activities to date and making continuous improvements</li> <li>Strengthen the risk management system by not only implementing disaster preparedness activities but also anticipating risks related to business continuity, such as large-scale natural disasters, new infectious diseases, and environmental pollution</li> <li>Install endpoint detection and response (EDR), a security tool that quickly detects and eliminates threats when computer systems are penetrated by malware (malicious programs). Endeavor to prevent such threats and minimize potential damage</li> <li>Continue to share information and promote awareness regarding intellectual property infringements at seminars and the Techno School, thoroughly implement investigations before making applications, and maintain and enhance the ongoing awareness of avoiding infringements on the part of those engaged in such work</li> </ul>	  
			Number of companies that participated in Strengthening Corporate Ethics Awareness Month	Global	51 companies	FY2020	51 companies	51 companies	24 companies			
			Ratio of companies implementing disaster preparedness and evacuation drills	Domestic	100%	Annually	87.5%	93.7%	100%			
			Number of serious system incident occurrences	Domestic	0	Annually	0	0	0			
Number of information security accident occurrences	Global	0	Annually	0	0	4						
Number of warnings received due to infringement of other companies' rights	Global	0	Annually	0	0	0						

\* The reduction (ratio) for FY2020 is given for reference purposes only, as the ratio includes the impact of the decrease in production volume associated with the deterioration in the business environment in that fiscal year