

Editorial Policies

The purpose of publishing this Muratec CSR Report 2022 is reporting our social responsibilities at Muratec, as well as our performances through our CSR efforts to our stakeholders. The information covers all our corporate business divisions.

This report describes, in sections arranged by the type of stakeholder such as our customers, our suppliers and vendors, our employees, environment, and local communities.

In editing this report, our objectives have been to achieve “concrete explanations that are easy to understand” and “page layouts that are easy to read”. Furthermore, we have established key performance indicators (KPIs) for our priority issues.

Boundaries/business divisions

Our company undertakes the development, manufacture and sales of textile machinery, logistics systems and factory automation systems, automated material handling systems (AMHS) for clean rooms, machine tools and communication equipment. This report covers our CSR efforts related to these business divisions.

Boundaries/organizations

We cover our main business places in Japan, as listed below. We have also included information about some of the activities of affiliated companies. [Murata Machinery, Ltd.] Head Office (Kyoto), Inuyama Plant, Ise Factory, Kaga Factory, [Muratec Mechatronics Co., Ltd.] Shiga Plant, Oita Factory

Time period

In principle, this report includes information corresponding to the period from April 2021 to March 2022. However, information about some activities that have continued from before this period has been reported. Activities that occurred closer to the date of publication have also been included.

Date published

2022: Made public on our corporate website
(September 2023: Next scheduled publication date)

Reference guidelines

GRI Guidelines

Contact for inquiries

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Murata Machinery, Ltd.

Sustainability Report 2022

Link to the Future

Continually Creating Innovative Technologies
for the Fulfillment of an Affluent Society.



Corporate philosophy

We shall strive to expand the boundaries of technological advancement, provide meaningful products that enrich the lives of our customers, bring prosperity to each of our employees and lead society to a better tomorrow.

Muratec and its stakeholders

What makes Muratec's corporate activities possible is the relationship of trust between its various stakeholders - the customers, suppliers, employees and their families, the global environment, and local communities - as well as with society as a whole. In order to continue functioning as an entity trusted and needed by all our stakeholders, we will endeavor to justify their confidence and expectations in us, and meet the demands society makes through our corporate activities.



Muratec Code of Conduct

Products and services

We will develop and offer products and services useful to society, with sufficient care to safety and the protection of personal information.

Business transactions

We will respect the rights of our company as well as that of other companies including intellectual property rights, and engage in fair, transparent, and free competition and due transactions. Moreover, we will maintain sound and normal relations with political bodies and governmental organizations.

Information disclosures

We will engage in broad communication with society and disclose our corporate information in a timely and appropriate manner.

Personnel, labor management and workplace environment

We will respect our employees' diversity, character, and individuality and secure a safe and employee-friendly workplace environment.

Environmental issues

We will actively engage in environmental issues in our corporate activities as well as through our products and services.

Social contribution activities

We will actively engage in social contribution activities as a "good corporate citizen".

No connections to anti-social elements

We will not engage in activities that benefit anti-social groups and organization that may threaten the order and safety of civil society.

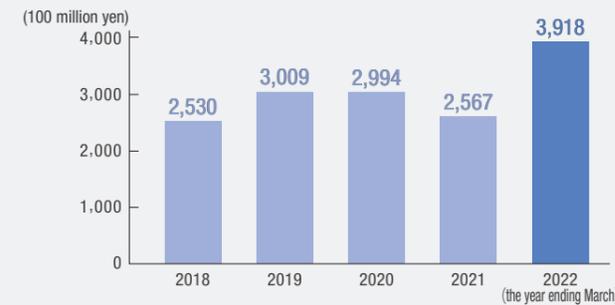
Company profile

Company Name : Murata Machinery, Ltd.
 Representative : President & C.E.O. Daisuke Murata
 Established : July 1935
 Capital : JPY 900 million

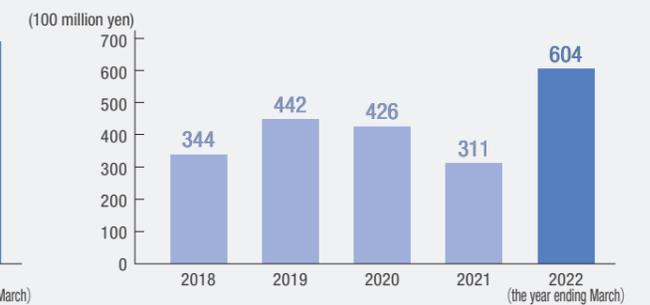
Business Description : Manufacture and sales of Textile Machinery / Logistics ·FA Systems / Automated material handling systems (AMHS) for clean rooms / Machine Tools / Communication Equipment
 Number of employees : 3700 (Group: 8100)(as of April 2022)
 Net Sales : Consolidated: JPY 391,800 million; Non-Consolidated: JPY 304,300 million (as of March 2022)
 Head Office : 136, Takeda-Mukaishiro-cho, Fushimi-ku, Kyoto 612-8418 Japan

Financial Results

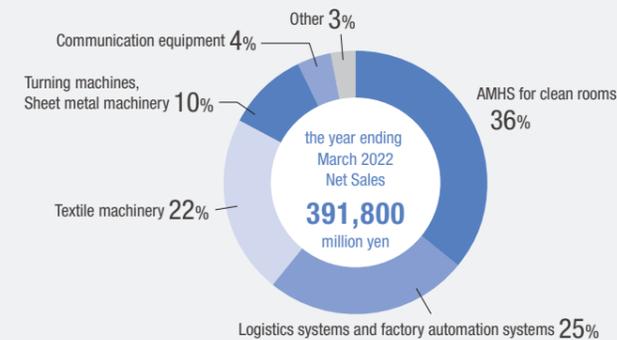
Net sales record (Consolidated)



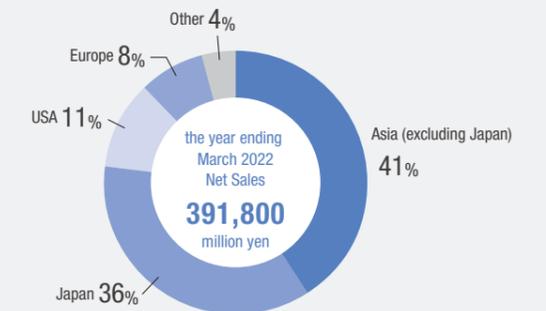
Operating profit record (Consolidated)



Net sales composition by business division (Consolidated)



Net sales composition by region (Consolidated)



Brief report of financial results is available on our website.

Global Network

We want to improve the lives of people around the world through the creation of products. At Muratec, we seek opportunities to do this and expand our business across the globe.

Domestic: 14 companies
 Overseas: 29 companies, 19 countries and regions
 Total: 43 companies in 20 countries and regions (consolidated)
 *On the map, only major locations are shown.





Top Commitment

Giving Form to the Strong Links We Have Developed

Our Social Responsibility

We manufacture machines that help our customers create value in various industries. We have pursued people-friendly technologies to “let machines do what machines can do and let humans do what only humans can do.” We believe that Muratec’s social responsibility is to ensure prosperity for our customers as well as for the society they live in. We fulfill this responsibility through day-to-day efforts to address challenges faced at respective workplaces and through unwavering dedication to developing new technologies.

Overall Economic Conditions and Progress of Our Businesses

In the face of the infectious disease and war, which have also brought about changes in the entire supply chain, the need for automation is becoming more extensive and the importance of information infrastructures that support digital society is increasing even further. Driven by these environmental changes, our business performance has grown substantially. This is especially true in the area of automation equipment for the manufacturing industry, particularly the semiconductor sector, and the distribution industry. Orders for textile machinery have also been robust. Additionally, our machine tool business, which had fallen into the red in the year before last because of changes in the automobile industry’s capital investment policy and other factors, has regained profitability, achieving larger sales and profits last fiscal year from the year before.

Meanwhile, changes underway in the overall supply chain have been posing a challenge to our business. Specifically, over the past year, we have been obliged to extend our delivery times due to tight supplies of electronic and other parts and rising manufacturing costs caused by soaring electricity and material prices. All the same, in the current fiscal year, we will continue to manage both advantages and disadvantages of the ongoing changes and use them as opportunities for growth, thereby increasing our sales and profits even further.

Three-year Plan

In our Three-year Plan that concluded last year, we identified three kinds of links—“links between people,” “links between products,” and “links with the world (society)” —which are essential for both vertical cooperation aimed at business promotion and lateral cooperation across different functions. We have worked to improve the information infrastructure and corporate culture that would support these three links.

Specifically, we have introduced an enterprise resource planning system (ERP) which, instead of relying on a combination of vertical divisions of roles among departments and a lateral division of labor, allows each person to make decisions based on shared data with a view to achieving total optimization, as well as a product lifecycle management system (PLM) that applies the idea of ERP to manufacturing. We have also started building a

system for overseeing the entire group’s human resources information (SuccessFactors).

At the same time, since early 2021, we have been engaged in activities to renew our awareness of our corporate philosophy in order to share our objectives and stance across the entire group in the face of the transformation of society and the diversification of businesses.

By introducing these new systems and ideas, our current Three-year Plan aims to convert the three kinds of links we have developed so far—links between people, links between products, and links with the world—into something more specific and tangible, namely products and services, work procedures, systems, and mechanisms.

Toward the Future

It is over a decade since the term “VUCA”^{*} first came into use in the business community. With regard to the economic environment for the next several years, there is a rising concern over both inflation and recession. Behind these challenges are various reasons and causal relations that one might call VUCA. Our response to these challenges, however, is consistently clear-cut. No matter what environmental changes we may face, we will never come to a standstill or stop thinking. Instead, we will overcome such changes by taking new actions.

The progress of human society has been made possible by technological advancement. In that process, however, technologies themselves have triggered various problems as well. Yet again, we have addressed each such problem with technologies. When Japan suffered a pollution problem in the 1970s, for example, we developed new methods of doing things to address the challenge, instead of just enduring the situation and waiting for the problem to go away by itself. Technology itself is not a panacea. While technology has changed society, it has also continued changing itself in response to the needs of society, thereby ensuring the survival of humankind.

Today, almost 25 years into the 21st century, we are entering an era in which technologies, particularly information and bioengineering technologies, are drastically changing society. At the same time, technology is expected to respond to even more tremendous needs of society. In such an era, there are many things Muratec can and must do. Staying focused on our mission embedded in our corporate philosophy, we will continue creating many more new technologies with a sense of joy and fulfillment.

*VUCA stands for Volatility, Uncertainty, Complexity, and Ambiguity. This term was coined to describe a highly uncertain and unpredictable situation in society and business.

Daisuke Murata

President & C.E.O.
Murata Machinery, Ltd.

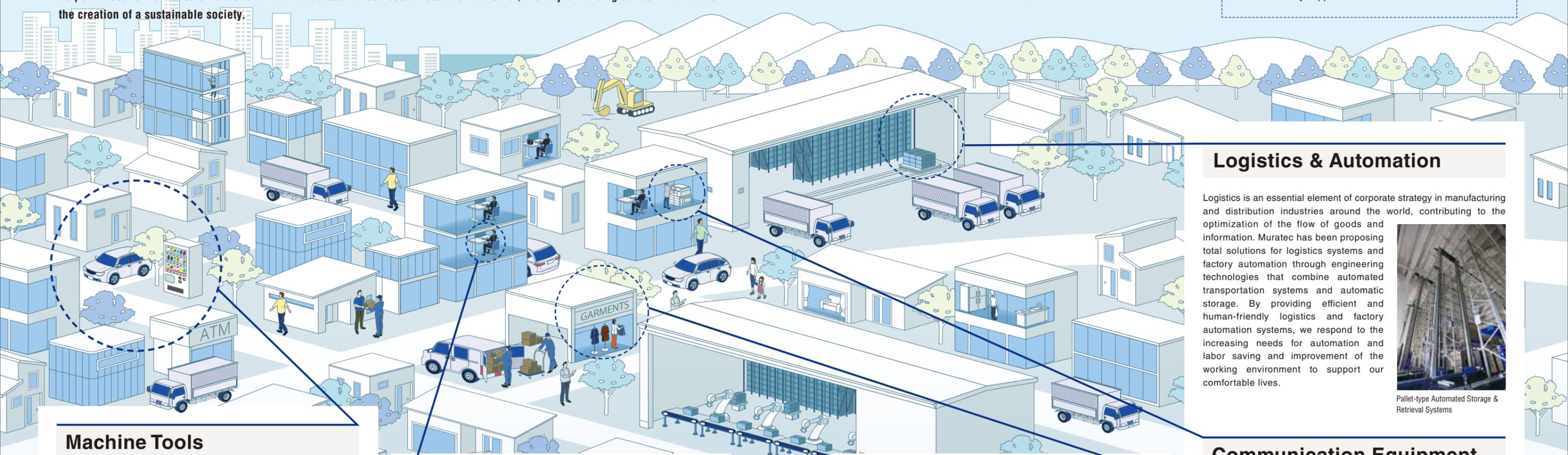
Providing Values to Society Through Its Business Activities

In recent years, we witness the worsening of global-level social issues. To resolve these issues, it is increasingly important for us to work together with all the partners of Muratec and its businesses.

In this context, we support and pursue the SDGs (Sustainable Development Goals) adopted by the United Nations in 2015 as the major objectives that will lead the world. We hereby declare that, through our business activities, we will seek to increase our corporate economic values on the one hand and address various social issues on the other, thereby enhancing our commitment to the creation of a sustainable society.

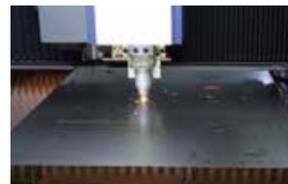


SDGs: The 2030 Agenda for Sustainable Development was adopted at a UN Summit in September 2015. The Agenda aims to eliminate extreme poverty, inequality and injustice and to protect our planet over the next 15 years in order to create a better future. The Agenda contains "Sustainable Development Goals (SDGs)." Muratec fully supports what SDGs seek to achieve.



Machine Tools

The origin of industrial products that support society, including automobiles and industrial machinery, is the "machine tool," the mother machine for creating machines. Muratec has provided production systems best-suited to consumer needs by combining a wide variety of peripheral equipment on the basis of high-rigidity and high-precision machines. Along with this, we have established a record of achievement and experience around the world, especially in the automotive parts industry and sheet metal processing, which are indispensable for industrial products. We will continue to support manufacturing all over the world by staying close to manufacturing sites that change with the times.



Advanced Hybrid Laser



Twin Spindle CNC Chucker + CNC Turning Center

Clean FA

Semiconductors are used in almost all electronic devices and have become an indispensable part of modern society. The manufacturing of semiconductors consists of hundreds of processes, and the efficiency with which a work-in-process is transferred between these processes has a significant impact on productivity. Muratec has been providing clean transport systems that prevent dust generation and achieve absolute reliability in highly automated production processes. Muratec's automation technology supports the efficiency and the low-carbon society that has accompanied innovations in semiconductor technology.



Semiconductor fab. OHT

Textile Machinery

In the textile machinery business, which is the root of Muratec, we have provided a variety of products for the spinning industry which respond to consumers' diverse needs. In particular, the technology developed by our company which uses the power of air to connect yarns, has spread around the world and greatly expanded the possibilities of textile products. Our products contribute to the "yarn making" of various textile products around us, such as fashion and interior design. As one of the world's top manufacturers, we offer a wide range of proposals that contribute to energy conservation and efficiency, including not only machinery but also IT-based operation management.



VORTEX Spinning Machine

Logistics & Automation

Logistics is an essential element of corporate strategy in manufacturing and distribution industries around the world, contributing to the optimization of the flow of goods and information. Muratec has been proposing total solutions for logistics systems and factory automation through engineering technologies that combine automated transportation systems and automatic storage. By providing efficient and human-friendly logistics and factory automation systems, we respond to the increasing needs for automation and labor saving and improvement of the working environment to support our comfortable lives.



Pallet-type Automated Storage & Retrieval Systems

Communication Equipment

Starting as a pioneer of facsimile machines in Japan, the Communication Equipment provides flexible and diverse solutions that respond to changes in the ever-accelerating business environment in both the office and factory fields. In the office field, we play a role in the informatization of the office with digital multifunctional copiers, security equipment, and unique network-compatible products. For the manufacturing industry, which faces challenges such as improving productivity and quality, we offer production management software that realizes smart factories.



Network Storage with built-in UTM



Molding Plant Production Control System

Wide Range of Automation “Products” Change the “World”, Lead to Meeting New “People”

Link to the Future

As a global manufacturer of diverse products and services, we face three important challenges. These present both opportunities and risks.

Despite geopolitical fissures, the digitally connected global marketplace will continue to develop over the long term. In this huge market, large, dedicated companies will become increasingly powerful, while start-ups will have more opportunities to enter the market. In competing with both, we cannot win simply by doing the same thing in the same place over and over again. It is essential that we continue to create distinctive technologies. The first challenge for us is the changing competitive environment in these global markets.

The second challenge stems from the rapid development of information technology, which is also the root cause of this global market. Information processing and communication technologies have transformed every industry. Manufacturing is no exception. The process of creating an actual product from an idea, the product life cycle process from materials to production, installation, service, and recycling, has gained speed, depth, and flexibility like never before thanks to IT. That evolution will continue to accelerate. We are in the midst of these radical changes in manufacturing.

The third challenge is to address social issues as symbolized by the SDGs. Among these, resource and environmental issues are extremely important to us as a manufacturer. We have no choice but to solve the problems of goods, which cannot be solved by information alone, with goods. We must fulfill our responsibility to contribute to overcoming these issues in our own manufacturing activities and through the workings of the products we provide.

When we celebrated our 80th anniversary in 2015, we established the corporate message “Link to the Future” to address these three issues over the next 10 years while leveraging our existing people, technologies, and businesses. The Three-year Plan that has been in place since then, up to the year 2025, is based on this theme.

Three-year Plan

In our Three-year Plan for 2019-2022, which reached its final year in the last fiscal year, we have been working to achieve this goal, especially from the perspectives of “links between people”, “links between products”, and “links with the world (society)”.

“Links between people” to improve the quality of relationships between people in an organization. “Links between products” to pursue the breadth and depth of our technology by leveraging our unique characteristics of operating diverse businesses in a long value chain. “Links with the world (society)” to be a company that continues to be needed and sympathized with by people around the world. These three elements form a triangle in which they mutually support and enhance each other.

In the Three-year Plan up to the last fiscal year, we have been working to strengthen the connection between these three elements by putting in place a digital system, expressed in terms of “visibility”, and an analogue corporate culture, expressed in terms of “openness”. With regard to “visibility”, we have embarked on digital transformation (DX) to consistently manage product information over a long lifecycle and to build a common platform among our diverse businesses. Product Lifecycle Management (PLM) is at the center of this effort. In addition, we have begun implementing the management system (ERP) and human resources information system (SuccessFactors) mentioned in the top commitment at the beginning of this report. At the same time, we have been striving to improve “openness” through D&I initiatives and activities to reaffirm our corporate philosophy.

Although the Three-year Plan through last fiscal year has been completed, these activities will continue in the future. And as a result, crystallizing each of these connections into concrete products, systems, behavioral changes, and other forms will be the theme of the Three-year Plan from this fiscal year through March 2025. Although the external environment is uncertain, we hope to produce results in our five business units that will enable us to meet the growing demand for automation technology.

Links with
the World

Visibility

~Platform~

Digital Links

Information Sharing
and Utilization for
One Muratec

Openness

~Corporate Culture~

Analog Links

Attracting and Developing
a Highly Motivated
Workforce

Let's Improve
Corporate Value

Accounting and Personnel System,
Corporate Governance, HR System

As our global society changes, we will strive to improve corporate value from the perspective of non-financial information, such as environmental, social and governance (ESG) and environmental, health and safety (EHS) information, in addition to productivity and business performance. To this end, the Muratec Group must be open and connected, both in Japan and abroad. We will promote global consolidated management, improve accounting and personnel systems, and establish corporate governance for the entire Group.

Let's Increase
the Breadth of
Our “Technology”

Product Data Management, PLM
(Product Lifecycle Management)

Centralized management of product information through a unified platform will not only create synergies between diverse businesses and products, but will also give us more time and psychological freedom to focus on the creative activities of design, increase the breadth and depth of our technologies, and make us more broad-minded. Our goal is to build a system that reduces man-hours required for product information management, while at the same time encouraging the active use of product information and establishing a foothold in new technologies.

Link to
the Future

Let's Improve
the “Quality
of Relationships”

D&I (Diversity & Inclusion),
World Café, HR System

Improving the quality of relationships in the workplace and throughout the Group will promote productivity and creativity in the workplace. We will create opportunities for mutual understanding and support by promoting D&I projects and the World Cafe in order to improve Group-wide “Openness”. We will also improve “Visibility” by understanding our global human resources.

Links between
Products

Links between
People

Social coexistence

Holding Corporate Philosophy World Café

The connection between our corporate philosophy and our own actions, and what each of us can do to create an ideal workplace.

Last year, our company held the Corporate Philosophy World Café online with the aim of reaffirming our corporate philosophy in light of our daily actions, and to think about and share what each of us can do to put our corporate philosophy into practice.

Track record of holding Corporate Philosophy World Café
 ● Total number of participants: 86 ● Number of times conducted: 5 times



Coffee Corporate Philosophy

Corporate Philosophy

We shall strive to expand the boundaries of technological advancement, provide meaningful products that enrich the lives of our customers, bring prosperity to each of our employees and lead society to a better tomorrow.

discuss the connection between the corporate philosophy and their own actions, and what each of them can do to create an ideal workplace. The World Café* was held with the aim of bringing back new insights, true thoughts and convictions from the dialogue, and to encourage employees to proactively take the next step forward with these thoughts in mind.

Participants were recruited from across the company and included employees from a variety of departments, occupations, and ages. They were divided into groups of three or four and freely exchanged opinions online on the theme. President Murata participated in the entire event and engaged in dialogue with all group members, each listening intently to the other's stories.

*What is the World Café?

A method of conference discussion developed and advocated by Juanita Brown and David Isaacs in 1995. Small groups of four to five people, with varying combinations of participating members, engage in a relaxed, theme-focused dialogue in an atmosphere similar to that of a real café. The objective is to deepen awareness through dialogue, which leads to changes in individual behavior.

The corporate philosophy consists largely of the first half and the second half. The first half asks the means, "How do we conduct our business activities?" "What is Muratec's character?" The second half describes the purpose of Muratec, "What is the purpose of Muratec in the first place?"

The word "corporate philosophy" can mean many different things to different people, with different perspectives and opinions. Employees with diverse ways of thinking come together to freely

Coffee Theme — Subjects discussed on the day —

- 1 What do you value and keep in mind in your daily work?
Are these actions and thoughts connected to the corporate philosophy?
What are the benefits of being connected to the corporate philosophy?
- 2 What is important to realize a workplace where the corporate philosophy is rooted in everyday work?
- 3 What can each of us do to create an ideal workplace?

Coffee Top Message

To continue to achieve the prosperity of society and the happiness of employees

The content of technology, the methods of creation and provision, and the paths of purpose have all changed with the times in response to changes in resource and environmental issues and other problems facing society, and the specific forms of social affluence and employee happiness, which are our goals, have become increasingly complex and diverse in recent years.

It will not remain the same in the future. Especially now, when the company is expanding in size and the market and society surrounding the company are changing drastically, what is Muratec's originality and what is the purpose of Muratec in the first place? We planned the Corporate Philosophy World Café because we believe that we are required to unravel our corporate philosophy and refamiliarize ourselves with it to see if our purposes and means are in line with our corporate philosophy and if our daily actions are in line with our corporate philosophy.



President & C.E.O.
Daisuke Murata

Coffee Voice — Participants' Comments —

Since corporate philosophy is abstract, it was good to be able to think about it again in relation to my own work, as I did this time.

Whenever I wonder whether my decisions and objectives at work are correct, I am reassured by the fact that the corporate philosophy is there, unwavering like a ship's anchor, and I am reminded of the importance of positively imagining that what I am doing is connected to my own happiness and the happiness of others. I would like to start with actions such as greeting and thanking others to convey my happiness to them.

I realized that different teams, departments, and divisions have different atmospheres, ways of relating to each other, and ways of thinking. I felt that it is important to work with a common sense of corporate philosophy, because by working together as one organization, Murata Machinery can achieve great results and make a greater contribution to society.

I felt that it is important to wish happiness to each employee and to each other, and that daily greetings and expressions of gratitude are also sufficient embodiments of happiness. I also realized that when all employees are able to do such things, they are able to implement the corporate philosophy of happiness for each and every employee, and I will try to do this on a daily basis on an individual level.

Promoting Workplace Health and Safety

Based on the “Muratec Health and Safety Philosophy and Policy,” we place one of our highest management priorities on protecting the safety, security and health of our employees and continuing to provide a comfortable work environment. Therefore, in addition to the health and safety activities put into place at each office, Muratec Group as a whole is promoting occupational safety and health activities under the leadership of the “All-Muratec Health and Safety Committee.” The secretariat of this committee is based in the Head Office, and is working to continuously improve the results and performance of these activities.

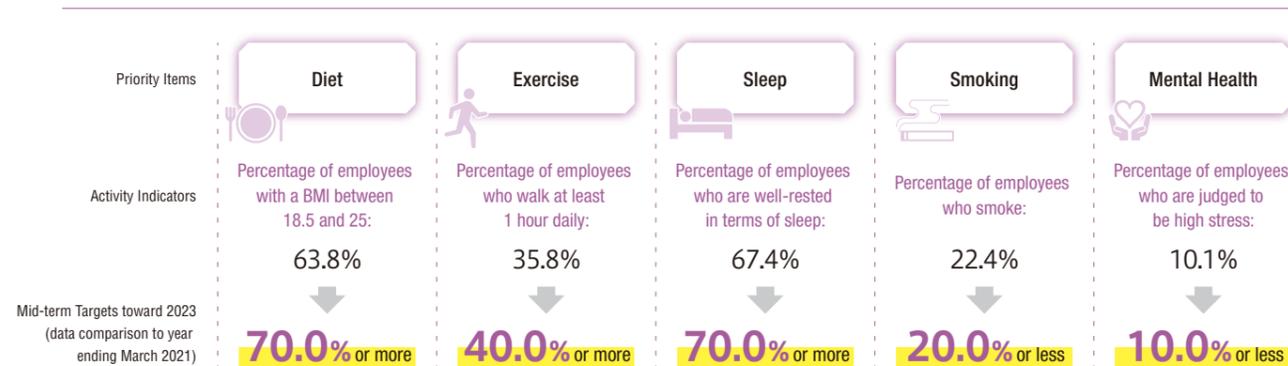


Health and Productivity Management

Muratec Group believes that the mental and physical health of each and every one of its employees is crucial to bringing “prosperity to each of our employees” and leading “society to a better tomorrow” set forth in its corporate philosophy. We are working to create a workplace environment and enhance systems that enable

employees to play a more active role and grow in a healthy manner. In addition, since poor health and illness among employees can lead to lower productivity and motivation, we have set “diet,” “exercise,” “sleep,” “smoking,” and “mental health” as our priority activity areas and are working on continuous improvement with a mid-term goal set for 2023.

Muratec Health and Productivity Management Priority Items



Efforts to promote health

Introduced CaloMama Plus health application

As part of our efforts in health management, we started a corporate contract for the health application “CaloMama Plus” last fiscal year to provide employees with opportunities to visualize and review their own lifestyle habits, and have started its use by those who wish to use it. This application is a tool that allows users to enter information about their own diet, exercise, and lifestyle (sleep and mood), and the AI will analyse their health status and provide advice. Users have reported that they have actually seen improvements in their lifestyles along with graphs, and we will continue to verify the effectiveness of the program in promoting health as an organization. In addition, we hold ranking events in which participants compete for health scores and number of steps to promote health and wellness while having fun.



Implementation of the Ascore smoking cessation program

To help smokers quit, a six-month smoking cessation program was implemented last October for those who wanted to quit. Program participants took on the challenge of quitting smoking through online support from qualified medical instructors, the use of a special support app developed by a physician, and the provision of smoking cessation aids. A participant commented, “With the various support I received, I succeeded in quitting smoking after 15 years. After quitting smoking, I enjoy eating better, and I am glad that I quit smoking”. We also held an online seminar on smoking cessation as an opportunity for not only smokers but also those around smokers to learn about smoking cessation. In the seminar, he explained the effects of tobacco on the human body, tips on how to continue smoking cessation, and approaches to encourage smokers to quit, based on a wealth of data and real-life examples. We will continue to work with those around smokers to expand our support for smoking cessation.



Mental Health Initiatives

Once a year, the Muratec Group conducts stress checks at all offices and sites, including small sites with fewer than 50 employees, with the aim of preventing mental health problems among employees. Based on the results of the stress check, we analyze the tendency and causes of stress in each workplace, provide feedback to managers, and ask them to formulate and implement action plans to improve the workplace environment. Approximately six months later, follow-up training is held to review the action plan and provide an opportunity to confirm that the action plan is being implemented as planned. In addition, we offer mental health e-learning for young employees as a self-care program and labor management briefings for managers as a line care program.

Obtaining External Certifications

In recognition of our efforts in health management, we have been certified as one of the health and productivity management corporations 2022 (large enterprise category) selected by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi [Japan Health Council]. In addition, our other sports initiatives to promote employee health, such as our club activities and athletic meets, were recognized by the Sports Agency, which awarded us the Sports Yell Company 2022 certification. We will continue to implement further improvement measures to maintain this certification.



TOPICS

New coronavirus vaccine job vaccinations were administered.

In order to reduce the risk of infection by the new coronavirus among employees, prevent mass infection, and reduce the burden on local governments, we have been offering vaccination at our head office and the Inuyama and Ise Plants since last year.

The target group included Muratec Group employees and temporary employees, employees of partner companies, family members over 18 years old living with the employee (only at the head office and Inuyama Plant), and employees of suppliers and neighboring companies (only at the head office); a total of approximately 3,500 people were vaccinated in the first round of job vaccinations.

Despite the unprecedented large-scale mass workplace vaccination, we persistently gathered information and secured the vaccine while exploring various possibilities from an early stage, and worked with industrial physicians to prepare for the vaccination. In addition, we worked to prevent infection by organizing the vaccination applicants, setting up the venue, and preparing for the day's operation in an extremely short period of time.



A view of the venue (Inuyama Plant)

Extension of ISO 45001 Scope of Certification at the Inuyama Health and Safety Site

In March 2021, our Inuyama Health and Safety Site*1, with the Inuyama Plant as its main office, obtained ISO 45001 certification, the international standard for occupational health and safety management systems. In the last fiscal year, we further promoted horizontal development of the standard and expanded the scope of certification in March 2022 to include all affiliates*2 within the Inuyama Plant and Murata Tool, an affiliate that continues to operate in the nearby city of Minokamo.

Until now, organizations at the same workplace have differed in the content and extent of their health and safety activities depending on whether they are certified or not. In order to resolve the issue of differences among organizations, we have unified the health and safety management system across all business sites, including affiliated companies, which are

included in the scope of certification, and raised the level of initiatives through specific opportunities such as introductory training, internal audits, and management review implementation.

Not content with certification, the Inuyama Health and Safety Site will work as one to steadily improve occupational health and safety performance and eliminate occupational accidents through a system based on continual improvement.

*1 Inuyama Health and Safety Site: Inuyama Plant (including affiliated companies), Ise Plant, Toyohashi Plant, Murata Tool Gifu Factory

*2 Affiliated companies in Inuyama Plant: Murata Systems, Murata Engineering, Muratec Sales, Techno Advance, Muratec CCS (logistics), Murata Tool

With employees

Muratec recognizes that employees are the most important of all company resources. As such, we believe it essential to provide our employees with opportunities and an environment that helps them achieve the best possible performance. With this in mind, the company is focusing on the following three areas: Career Growth and Development, Promoting Work-Life Balance, and Promoting Diversity and Inclusion (D&I). By making continuous improvements within each area, we aim to create a working environment in which every employee can work with a real sense of fulfillment.



■ Career Growth and Development

Career growth and development that links individual growth to organizational growth

In order to maximize the value of human resources, our key management capital, we encourage the growth of each and every employee in a variety of ways. Under the "Management by Objectives (MBO) System", each employee sets high goals and strives to achieve them, with the aim of improving individual abilities and results. In addition, by linking individual goals to higher goals set by the department, we have established a system whereby improvement in individual abilities and results leads to improvement in organizational results. We also emphasize other feedback interviews as an opportunity for supervisors and subordinates to reflect on the results of their work evaluations. In the interviews, supervisors tell their subordinates what they like and what they need to improve, and subordinates tell them their problems and hopes, which leads to further overall growth and improvement of their motivation.

Overview of Muratec's Personnel System

Turning the improvement cycle to become a company constantly generating high profits.



Training programs that encourage personal growth

Our company offers various training programs, including selective training and rank-based training. As an example, new employee training (engineering) allows new employees to experience a series of manufacturing processes and learn the basic concepts and work procedures as engineers. We are also working to raise the level of English proficiency through English conversation programs and in-house TOEIC offerings. An example of a selective training program is the Muratec Business College (MBC). The program is designed for employees in

their late 20s and 30s selected from each division to acquire knowledge and deepen their self-understanding in management, accounting, marketing, etc. The program builds a cross-divisional human network and cultivates the ability to judge things from multiple perspectives, thereby developing human resources who will be the future of Muratec.



Manufacturing Training

■ Promoting Work-Life Balance

Telework System

Our company has been utilizing a telework work system that allows employees to work from home or other non-business locations since the fiscal year of 2018. The flexible work environment is intended to improve work productivity and employee work-life balance, enhance business continuity in the event of an emergency disaster, and is also used as an infection prevention measure under the current COVID-19. Based on the operation under COVID-19, the telework work system was revised in January 2022 to remove restrictions on the number of days of use and relax the work location. We will continue to create a work environment that responds to changes in the world.

Support for balancing work, family, and medical treatment

We have various support systems in place as part of our efforts to assist employees at various stages of their lives. Specific systems for supporting childcare and nursing care include reduced working hours and interviews with supervisors before and after leave.

In addition, we support the continued success of employees with illnesses who are willing to work by offering employees that require medical treatment the option of using saved paid leave for hospital visits, etc., under certain conditions, or by applying for reduced working hours.

Expansion of staggered workday system coverage

While staggered working hours for childcare and nursing care reasons have been available in the past, we have expanded the scope of application to all employees effective January 2022. As a result, it is now possible to work more in accordance with individual circumstances than ever before.

■ Promoting Diversity and Inclusion (D&I)

D&I Promotion Project

Since 2007, we have been focusing on the advancement of female employees, and since 2017, we have been working on fostering an organizational culture that recognizes and embraces diversity (inclusion). In particular, the "D&I Promotion Project," which is composed of members from different departments and job categories, has been promoting various initiatives under each department by absorbing the diverse opinions of employees.

Last fiscal year, the third (FY 2019) and fourth (FY 2020) term members held activity debriefings with the participation of over 100 people, including division leaders and general managers. Members introduced such activities as online lunch meetings to increase interest in D&I and communication, sharing the experiences of male employees who took maternity leave, and efforts to improve the skills of younger employees with respect to the transfer of skills of veteran employees. We will continue to promote the creation of an organization in which diverse human resources can work vigorously throughout the group.



Diversity & Inclusion



Activity debriefing session



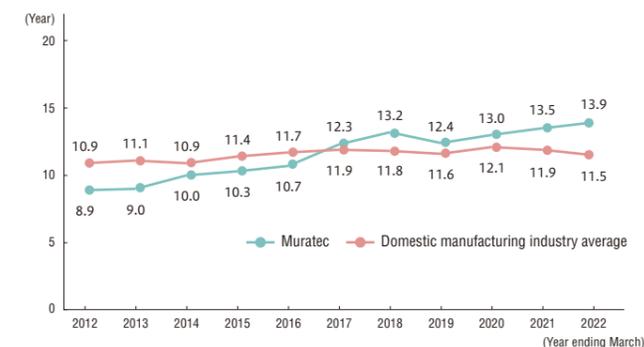
Some of the materials presented on the day

Promoting career development of female employees

The number of years of service of our female employees exceeded the average number of years of service of female employees in the domestic manufacturing industry in 2016 and has remained at that level since then. Many of them are still active after childbirth, and their presence serves as a role model for future women in their careers and revitalizes the workplace by encouraging them to review their work and working styles.

Follow-up training was provided to approximately 50 participants in the Women's Leadership Development Program (WLP) last fiscal year. The WLP is a program to develop women who recognize their own potential and become active as leaders, and has been implemented since FY2015. The training provided an opportunity for participants to reflect on the program, update their own visions and action plans, and build vertical and horizontal networks.

■ Increase in the number of years of service by women



TOPICS

PRIDE Index* awarded Bronze.

We have been recognized as a Bronze company in the PRIDE Index 2021, a measure of our commitment to LGBTQ and other sexual minorities in the workplace. We aim to create a workplace where everyone can work as they are, regardless of sexual orientation or gender identity, by implementing e-learning programs for all employees to ensure that each employee has correct knowledge about LGBTQ issues, and by establishing an LGBTQ consultation service. These efforts were highly evaluated.

*PRIDE Index: Japan's first evaluation index established by the voluntary organization "work with Pride" that defines efforts to address sexual minorities in the workplace.



Working with Suppliers

Through fair and impartial purchasing activities and the development of global supply chains that can flexibly respond to changes in the environment, we strive with our suppliers and vendors to provide the world with valuable products and services.



Promoting sustainability in the supply chains

Compliance with the Responsible Business Alliance (RBA)*1 Code of Conduct

To ensure a safe working environment, respect the dignity of workers and treat them with respect, and conduct our business ethically with environmental responsibility, we declare that we will support the Responsible Business Alliance (RBA) Code of Conduct and actively promote compliance with the Code and its standards. In promoting this initiative, we are working with all of our suppliers to improve the sustainability of our supply chain.

*1 The Responsible Business Alliance (RBA) is a non-profit organization that supports the rights and well-being of workers and communities in the global supply chain. The RBA has established a common code of conduct in the areas of labor, environment, health & safety, and ethics with the goal of improving risk management and sustainability in the corporate supply chain.

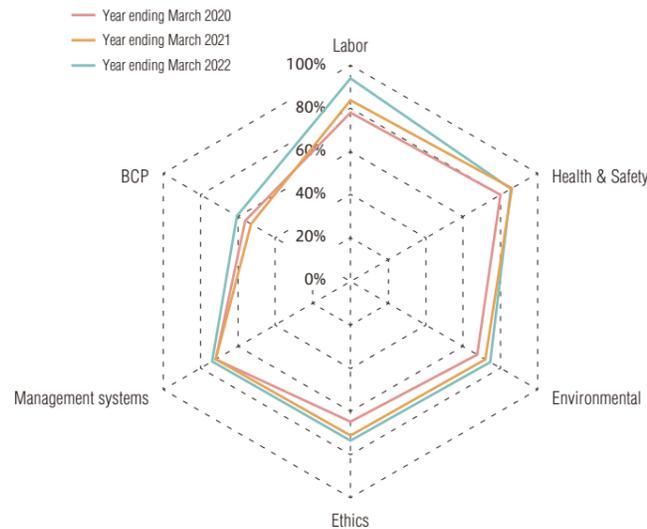
Supplier survey

Every year we ask our major suppliers to comply with the RBA Code of Conduct, and we also conduct a survey to understand their efforts to meet the main RBA requirements and their level of risk management in their business continuity plans (BCP). The level of understanding and commitment to each of the main sections showed an increase in score from the previous year except for health and safety. Going forward, we will continue to improve awareness of the RBA Code of Conduct in order to foster a shared sense of values and promote understanding. We will also continue to provide our suppliers with information that will help them learn and provide opportunities to deepen their understanding of the behaviors and conditions expected of them throughout the supply chain.

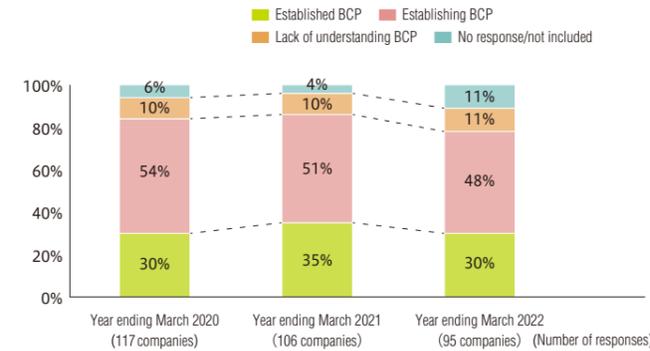
Results of supplier surveys

Major items	Year ending March 2020	Year ending March 2021	Year ending March 2022	
Number of responses	117 companies	106 companies	95 companies	
RBA Code of Conduct comprehension (average)	65 points	69 points	71 points	
Percentage of suppliers with a commitment level of 70 points or more	Labor	79%	84%	94%
	Health & Safety	80%	86%	85%
	Environmental	68%	72%	75%
	Ethics	65%	71%	73%
	Management systems	72%	73%	74%
	BCP	56%	53%	61%

Percentage of suppliers with a commitment level of 70 points or more



Supplier survey (level of BCP establishment)



Declaration of Partnership Building is released

In October last year, our company released a Declaration of Partnership Building in support of the aims of the Council on Promoting Partnership Building for Cultivating the Future promoted by the Cabinet Office, the Small and Medium Enterprise Agency, and other organizations.

The Declaration of Partnership Building is a declaration of our thoughts on the coexistence and co-prosperity of the entire supply chain, a new framework for collaboration that transcends business scale and affiliations, and compliance with desirable business practices between parent companies and subcontractors, in order to build a sustainable supply chain. In posting our declaration, we have worked to optimize pricing decisions, improve payment terms, and clarify mold management contracts and storage standards to ensure proper management of molds and jigs*2.

Our company will use the release of this declaration as an opportunity to build even better relationships with our suppliers in order to improve the sustainability and QCD*3 of our entire supply chain.



*2 Jig: An auxiliary tool for guiding, positioning, and fixing parts and tools during machining and assembly.

*3 QCD: Quality, Cost, Delivery

Support for suppliers in developing BCP

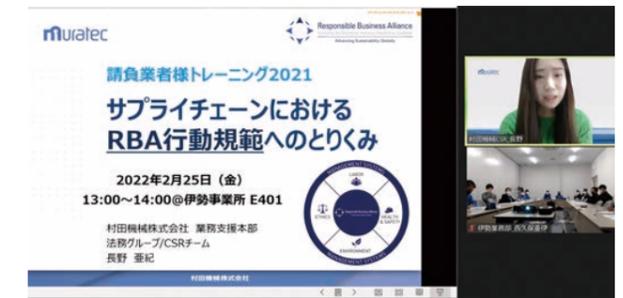
The Declaration of Partnership Building also declares that from the perspective of business continuity in the event of a disaster, we will promote support such as advising suppliers on BCP development and conducting operations tailored to diverse circumstances, environments, and conditions.

Therefore, we provided support for BCP establishment to one supplier in November last year, using the BCP establishment score from the previous supplier survey as a reference. We confirmed the status of the supplier's BCP, provided information and forms related to our BCP, and exchanged opinions on the BCP. We will continue to increase the number of suppliers to whom we

provide BCP establishment support, and through individual visits to suppliers and continuous provision of information and support for improvement, we aim to improve the degree of BCP establishment throughout the supply chain.

RBA Code of Conduct Seminar Held for Contractors

We have held a series of discussions with contractors, called RBA seminars since 2016, for the purpose of deepening our onsite contractors' understanding of the RBA Code of Conduct. Last year's theme was Ethics and Compliance, and 26 people from 19 companies participated in the event. We explained the basic concept of ethics and compliance in the RBA Code of Conduct, along with an overview of the RBA Code of Conduct and items to be observed. They also learned that in order to prevent compliance violations from occurring in the first place, it is important to have a work environment where employees feel comfortable discussing any issues. The participants deepened their dialogue in groups of two or three about "what each of us can do to realize such a work environment". The attendees took home many lessons and insights from the exchange of opinions.



RBA Code of Conduct Seminar

Strengthening Diversity in the Supply Chain

We are working to create opportunities to do business with companies owned by women, sexual minorities, people with disabilities, and others in support of the idea that increasing the diversity of companies in the supply chain will lead to different and new values, perspectives, and possibilities. As this idea of "supplier diversity" spreads through the supply chain, we hope that the result will be to inspire innovation and healthy competition for development, discovering new seeds, and the value they bring to the supply chain as a whole to improve its sustainability.

Establishment of a "Supplier Reporting Desk"

In order to enhance the transparency and fairness of transactions between us and our suppliers, and to build a deeper relationship of trust, we established a "Supplier Reporting Desk" on our corporate website.

If any of our employees violates or is suspected of violating the Muratec Code of Conduct, contracts, or laws and regulations in their dealings with suppliers, we ask them to report the matter to us, and we will confirm the facts and investigate the matter in order to resolve the problem. Last year, two cases were reported, both of which were resolved.

Working with Customers

Muratec seeks to increase customer satisfaction by improving the quality of its products and services and by responding rapidly to quality issues. To achieve these objectives, we have established Muratec Quality Policy as our fundamental approach to quality improvement. Each and every one of us takes this policy as our own responsibility, and by putting it into practice, we hope to improve a corporate culture that places the highest priority on assuring safety and quality.



Quality Assurance Initiatives in the Machine Tool Division

The Machine Tool Division's strength is turnkey solutions

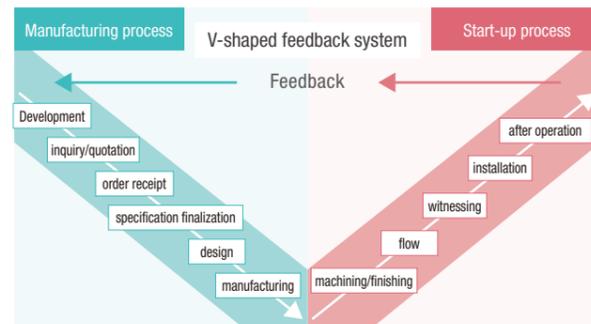
Our machine tools, mainly turning machines for turning metal, support our customers' manufacturing as mother machines used in the machining of parts for automobiles and various other industrial products. The strength of our machine tool business is turnkey solutions. We customize machine tools, peripheral equipment, and automated conveyance of pre- and post-processes to meet the production requirements of the materials, machining content, machining time, and budget of the parts to be machined by our customers, and propose optimal production lines that improve production efficiency throughout the process. The delivered production line is ready to realize processing as requested by the customer by turning the start key (turnkey). The strength of the division is that each department, including sales, system engineers, design, and manufacturing, can work together to make turnkey proposals that lead to solutions to customer issues.

V-shaped feedback system

Accurate, prompt, and smooth communication throughout the process is important in customizing products to meet customer requirements and delivering them to the customer within a predetermined delivery time. The Quality Assurance Department plays the role of connecting processes across departments, sharing the constant efforts for quality improvement at each process with all process members, and achieving high quality in a consistent process flow.

For example, when a defect occurs, a meeting is immediately set up for members of each process to gather and discuss it. At this meeting, the entire process is reviewed based on the concept of the "V-shaped process," the true problem of the defect is analyzed, and feedback is provided to the manufacturing process

until the product is finished. By steadily improving the entire manufacturing process, we aim to create a system that prevents defects from occurring, prevent recurrence, and speedily provide products that meet the production requirements of our customers.



Building in the process, shaping the connection

Maintain and improve product quality. In order to realize this in the process, it is important for each department, from the design stage of engineers and procurement of parts and materials to manufacturing, to complete what they need to do and pass it on to the next department, and for the connections between the departments to be strong, so that they can move and cooperate along the V-shaped process of manufacturing. For this reason, training is repeated thoroughly throughout the year to imbue the body with the essence of ISO 9001 and other thoughts on managing quality. However, many things happen in the field. In addition to theory, our enthusiasm is used as lubricants, and the ability of each department to form connections and work together is what gives us the strength to overcome even the most unforeseen circumstances.



Utilization of VR (Virtual Reality)* systems

The Machine Tools Division uses a VR system at the design stage to introduce a design method in which maintenance and operability verification work involving humans is checked in a VR space prior to actual production. In the past, it was difficult to get a real feel for maintenance and operability in the review stage without actual equipment, and rework due to points raised after the actual equipment was built would lengthen the development period. By utilizing the VR system, we are now able to check the project at full scale even in the study phase during the design process. The system is helping us to quickly build in quality from the customer's perspective and shorten the development period.

*VR (Virtual Reality): A system that allows users to simulate the experience of a virtual space created by a computer as if it were reality.



Quality Assurance Department
Machine Tools Division,
Akira Maeda



Environmental Activities

We will contribute to realizing a sustainable society by innovating to create products that are better for the environment and by reducing the environmental impact of our business activities.



Target toward 2030

With 2030 as our mid-term goal, we are working to reduce our environmental impact by reducing CO₂ emissions, water consumption, total waste emissions,

and VOC emissions, all of which are subject to management under our environmental management system.

	CO ₂ emissions	Water consumption	Waste emissions	VOC emissions
Targets toward 2030 (data comparison to year ending March 2018)	18% reduction total amount	3% reduction per unit*1	5% reduction total amount	3% reduction per unit
Progress	11% increase total amount	10% reduction per unit	5% increase total amount	21% reduction per unit

Inuyama Plant, Kaga Factory, Muratec Mechatronics Co., Ltd. Shiga

*1 per unit: Environmental impact per unit of output or employee activity.

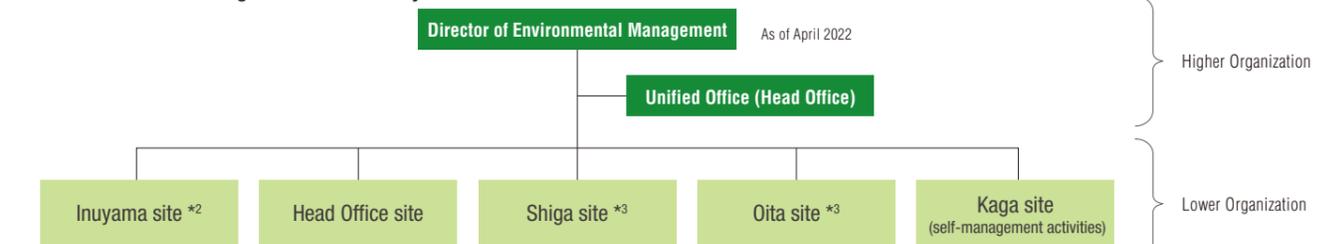
CO₂ emissions from our business activities are generated from the use of electricity, which provides most of the energy used in the operation of our plants, and from the use of gasoline and other fuels. In the fiscal year ending March 31, 2022, demand for automation was driven by the perspective of infection control, which led to an increase in production volume for our products. The accompanying increase in operating hours at each manufacturing site resulted in an increase in total emissions (total emissions). On the other hand, the value of production was on a declining trend due to production adjustments caused by the effects of infectious diseases in the fiscal year before last, but the value of per unit decreased significantly due to an increase in the value of production last fiscal year. In order to sustainably reduce emissions regardless of the increase in production volume, we will continue our efforts to maintain the reduction trend in electricity consumption in addition to continuing our previous energy-saving activities. Similarly, the total amount of waste emissions has been increasing with the

increase in production volume, while the intensity has been decreasing with the increase in production value. In particular, the significant increase in production at the Inuyama Plant, which accounts for about 50% of total waste discharge, and the Kaga Factory, which accounts for 30% of total waste discharge, are thought to have contributed to this increase.

VOC emissions have been on a trend toward reduction by switching to powder coating on the painting line and switching to solvents that do not contain much PRTR reportable substances (low-containing products), but in the last fiscal year the total amount increased due to increased production volume and the per unit remained flat.

Water consumption has increased in terms of both total volume and per unit consumption due to an increase in operating hours of painting facilities at the Kaga Factory, which accounts for 25% of total water consumption, as well as new painting facilities and wastewater treatment facilities.

Environmental Management Promotion System



*2 Ise Plant is included in Inuyama site. *3 Shiga site and Oita site are for Shiga Plant and Oita Factory of Muratec Mechatronics Co., Ltd.

Corporate Governance

In order to continue to be a company that is trusted by society, we have positioned compliance with laws and regulations as well as meeting the expectations of our stakeholders as our most important priority and are working to strengthen corporate governance and internal controls throughout the Group.



Compliance

Compliance System

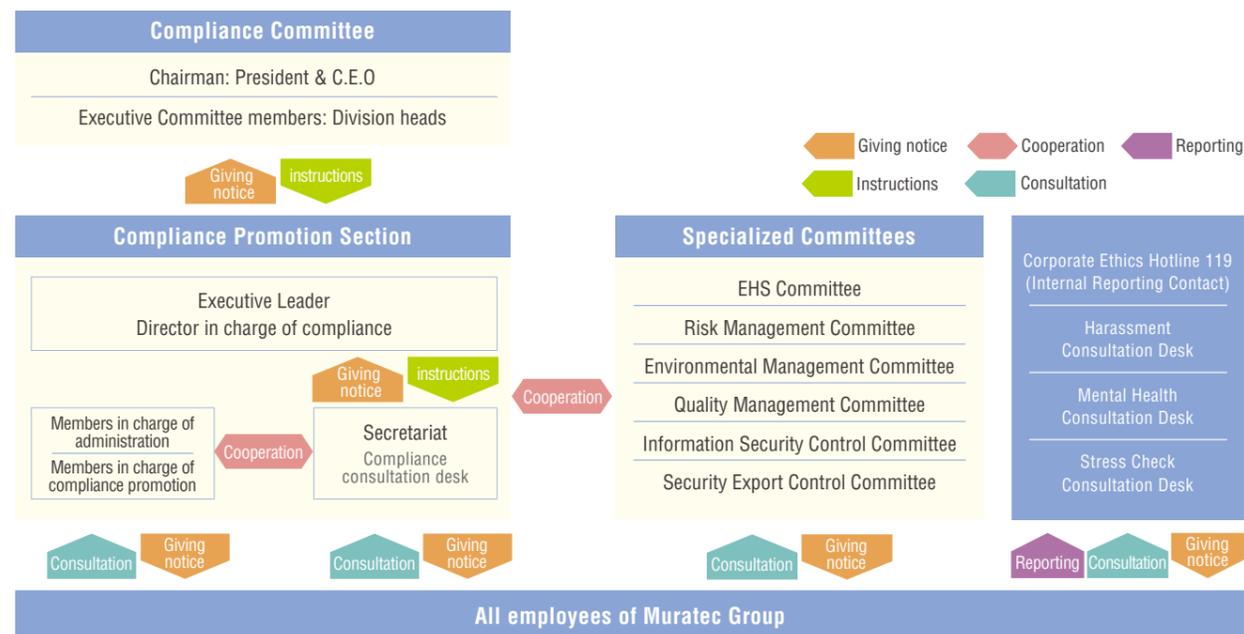
Muratec has established a "Compliance Committee" as an organization for promoting implementation of internal control for the entire Muratec Group. With division heads and group company representatives serving as activity promotion members, the committee enhances each department's compliance awareness and practice. At the same time, we aim to have committee members serve as close advisors to their respective departments.

We have also set up internal and external consultation services as a system for early detection and prevention of compliance risks. This system also functions as a receptacle for the opinions of stakeholders, enabling prompt correction within the company and leading to opportunities for introspective communication, all from the perspective of compliance.

Compliance and Ethics Training

Muratec continuously implements various training programs to develop each employee's awareness and commitment to compliance and risk management. Last fiscal year, in addition to regular education using e-learning, we conducted an interactive online seminar to think about compliance for our group company Nippon Shooter Ltd. This seminar is designed to enable participants to think and act independently on compliance, rather than just cramming knowledge into a lecture. The secretariat, which is in charge of the lectures, poses questions to the participants, who then deepen their awareness through dialogue on the subject of the questions. We will continue to provide preventative training to prevent noncompliance in the future.

Compliance Activity Promotion Structure As of April 2022



Voice of the staff



Director of Business Support Division
Nippon Shooter Ltd.,
Atsushi Nakamura

We believe it is necessary to further raise the compliance awareness of each and every one of our employees, and we have planned this training program by taking advantage of the connections among our group companies. During the implementation period, a total of 13 seminars were held, and by including directors among the participants, the message that compliance is one of the most important issues in management was conveyed and deployed as a company-wide initiative. We have received many comments that their understanding of compliance has deepened through the dialogue at the seminar, and we feel that this is a positive response. We hope to continue to establish and build on our compliance awareness in the future.

Risk Management

Muratec Business Continuity Plan (BCP)

Our company continues to operate a Business Continuity Plan (BCP) to fulfill our responsibility to supply products in the event of natural disasters, accidents, the spread of infectious diseases, and other events, and to achieve rapid business recovery with minimal impact on our stakeholders. In terms of infection control measures, as the outbreak of the new coronavirus continues, soft measures such as expanding the scope of coverage for telecommuting and staggered work hours are being implemented in parallel with hard measures such as the installation of partition boards and disinfectant solutions to prevent infection. In addition, we aimed to make the BCP useful to all stakeholders by promptly and meticulously issuing relevant notifications in response to infection situations.

As part of efforts to disseminate and raise the level of BCP across the Group

companies, training was conducted last fiscal year under the title of "More Effective BCP and Company-Wide BCM*". The drills were conducted to imagine more concretely how the situation would change after the event, and to immediately consider the response required at that moment in each phase while faithfully incorporating them into the training scenarios, as well as to conduct cross-drills for recovery in cooperation among major business sites. We recognize that our future challenge is to increase the menu of possible risks and improve the effectiveness of each of them, rather than taking a reactive approach of considering countermeasures after the occurrence of an event.

*BCM: Business Continuity Management

To prepare for the occurrence of a situation that threatens the survival of a company or business, a business continuity plan should be formulated, and the plan should be revised periodically, and education and training should be conducted so that the plan can be accurately implemented.



Cross-site drill (Inuyama Plant)



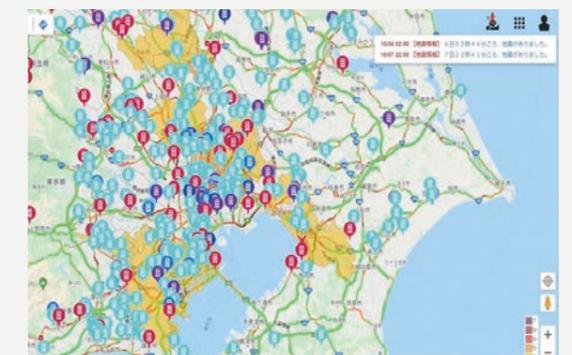
Cross-site drill (Head Office)

TOPICS

Confirmation of supplier safety in the event of a disaster

Our company considers it important for business continuity to be able to continue stable procurement from suppliers even in the event of various events. In the event of disasters such as earthquakes and floods, our company will confirm the safety of our suppliers in parallel with internal safety confirmation. As a tool for this safety confirmation, we have improved the "Sky Navigator" system for suppliers, which was developed internally by our service department to provide support to customers, and began operating the system in October of last year.

The system displays the component production sites of thousands of suppliers on a map and automatically highlights areas affected by earthquakes and other disasters based on disaster information from the Japan Meteorological Agency. The system allows for instantaneous identification of affected locations, enabling prompt safety confirmation



Sky Navigator

for suppliers, whereas in the past we had to rely on the addresses of suppliers' production sites to determine their locations. The system also allows us to quickly ascertain the extent of the impact on our production and promptly report the results to our customers.

Connections with Local Communities

As a good corporate citizen, we will contribute to the community under the two activity policies: One of supporting the development of the next generation through our business and another of promoting culture, education, and sports through interaction with the host community.



CSR lecture at Ryukoku University (Kyoto)

Our company is participating as a lecturer in the "Practical Exercise of Corporate CSR" (in charge: Prof. Takafumi Nakamori) offered by the Faculty of Policy Science, Ryukoku University. This class is jointly organized by Kyoto CSR Network* and Ryukoku University with the aim of fostering human resources who can contribute to the sustainable development of society.

As one of the member companies of the Kyoto CSR Network, we will introduce our own CSR activities and the significance and motivation behind them in a lecture format. After, the students will analyze the strengths and weaknesses of the activities of the companies in charge through interviews with the companies and receive suggestions for improvement.

During last year's company visit, in response to the students' request to see a robot, they were able to touch our Digital Signage Autonomous Robot equipped with our Autonomous Mobile Running Control System.

We aim to incorporate suggestions for improvement from students as much as possible, and by providing them with the experience of seeing their suggestions utilized in corporate activities, we support learning with a greater sense of



Visit to our company

realism. In the past, we have received suggestions for improving internal and external recognition of our CSR activities and for linking biodiversity initiatives to internal interactions, which we are now developing as part of our activities.

*Kyoto CSR Network: A network of corporate CSR officers and government officials with offices in Kyoto Prefecture that transcends organizational boundaries to exchange information, provide opportunities to learn, and create opportunities for collaboration. (From the Kyoto Prefecture Website)

Kyoto Kogakuin High School "Camp for the Future" held (Kyoto)

Since FY2020, our company has been cooperating with the "Camp for the Future" held at Kyoto Kogakuin High School (Fushimi-ku, Kyoto). The program was offered online last year for students in the Frontier Science and Mathematics Department. This program is offered as a part of career design before going on to higher education or finding a job, and the program was designed in line with the school's idea that "it is important to find something that satisfies both your intellectual curiosity and something you want to explore".

After an overview of the company and an introduction of its products and services, a specially produced video was projected to show an employee actually operating an autonomous robot from the R&D Headquarters while explaining its operation, allowing visitors to experience cutting-edge technology. After that, we provided an opportunity to discuss dreams and the future with our young employees in the Dreams and Futures Talking Place session. The participants had the opportunity to discuss their dreams and futures with young employees in the Dreams and Futures Workshop. The participants discussed themes that are rarely touched upon in the classroom, but are very important to each of them, such as "What are the first steps to take to realize your dreams and future?" Referring to the experiences of young employees, students commented that it provided them with an opportunity to think concretely about their actions toward the realization of their own dreams.



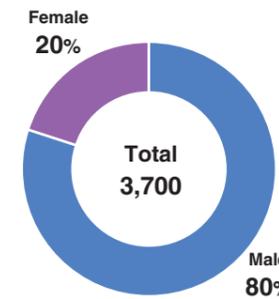
Dreams and Futures Talking Place

KPIs

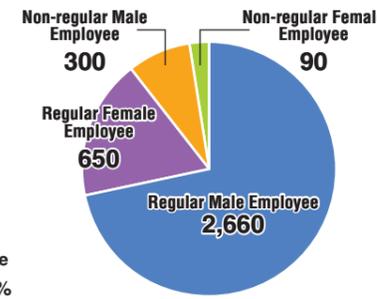
Muratec in Numbers

Employee (non-consolidated)

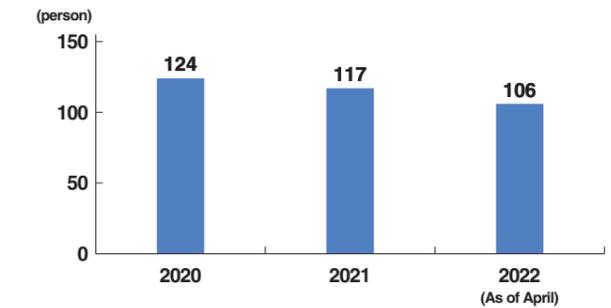
Workforce by gender (As of April 2022)



Number of Employees by Employment Type (As of April 2022)

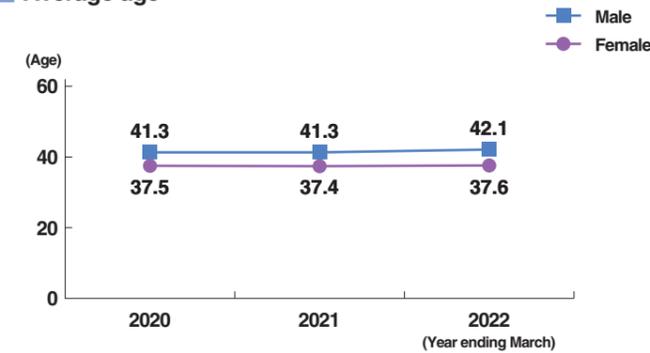


Number of non Japanese employees *1

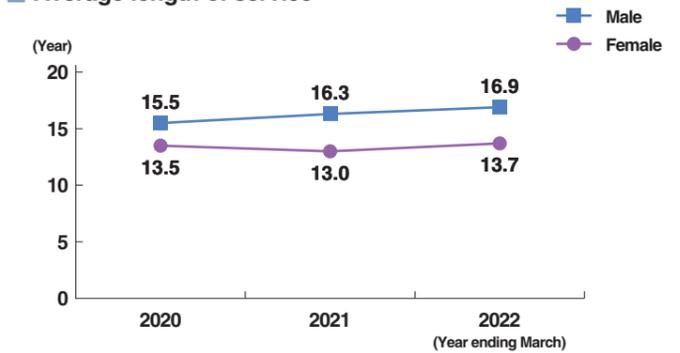


*1 Change to include technical intern trainees retroactive to the year ending March 31, 2020.

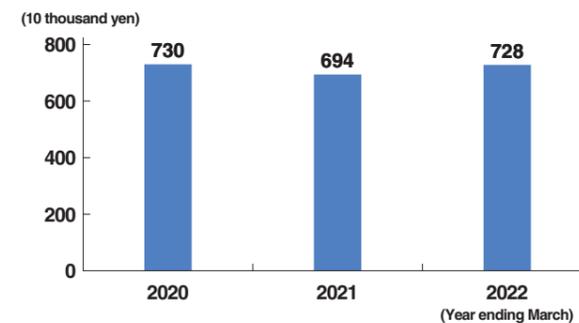
Average age



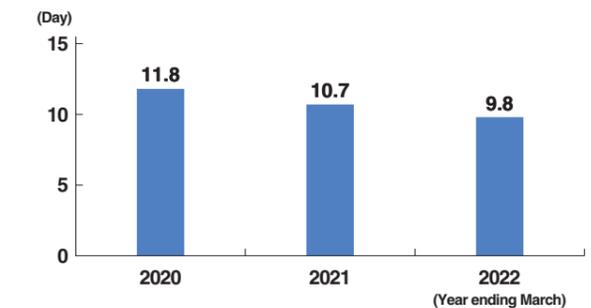
Average length of service



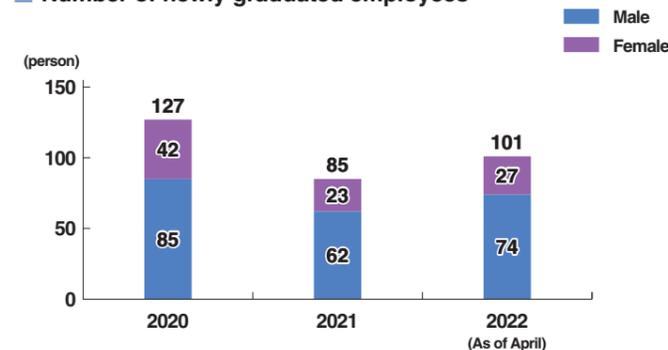
Average annual salary



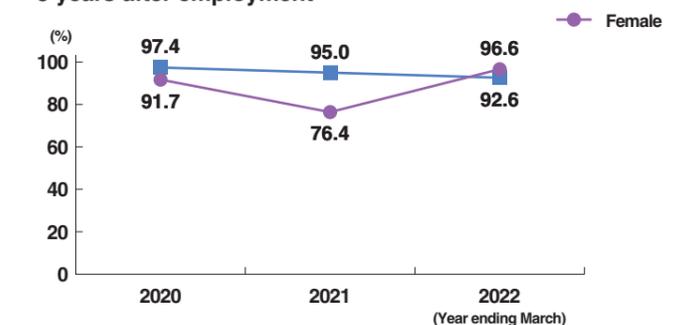
Average paid leave days taken



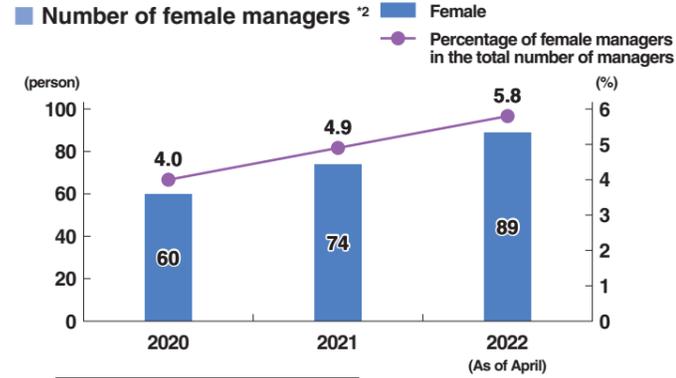
Number of newly graduated employees



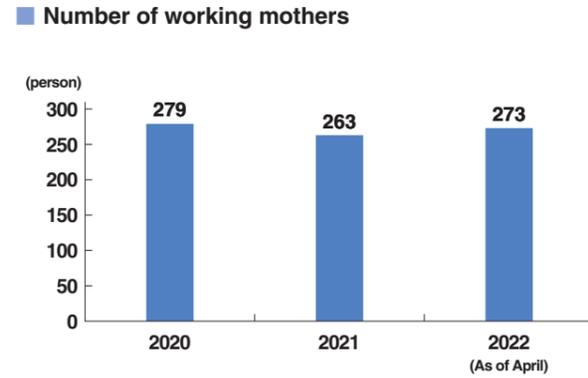
Retention rate of newly graduated employees 3 years after employment



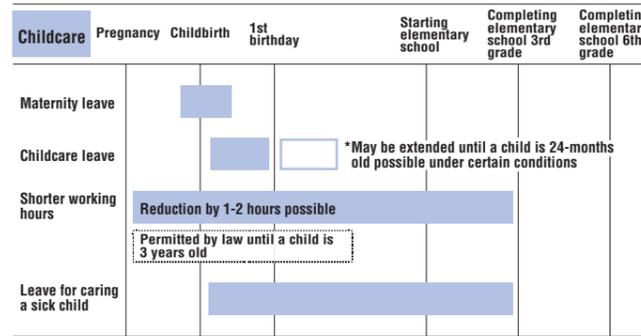
● Employee (non-consolidated)



*2 The term "manager" refers to a section chief or higher.

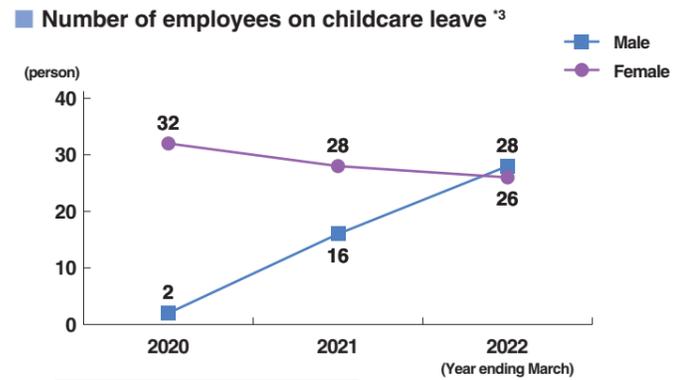


■ Overview of the systems for promoting a work and family life balance

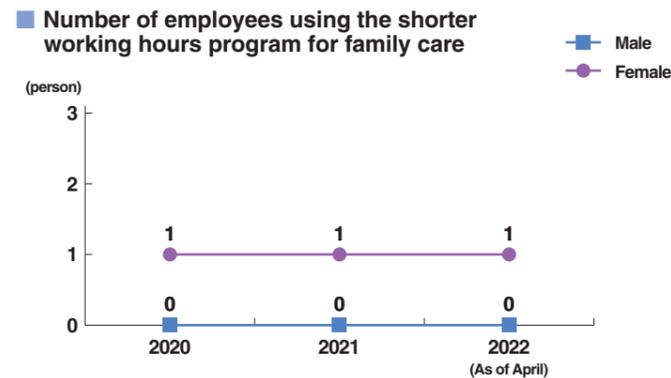
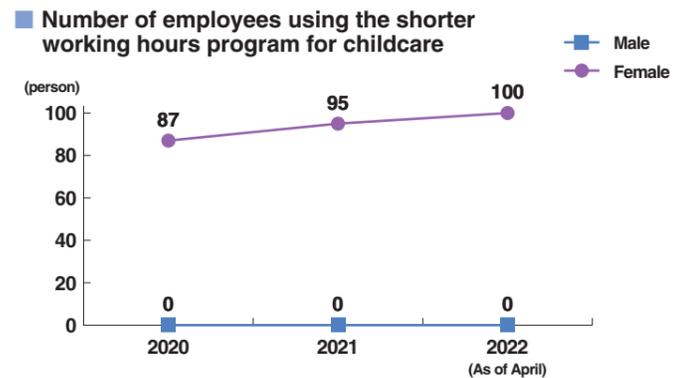
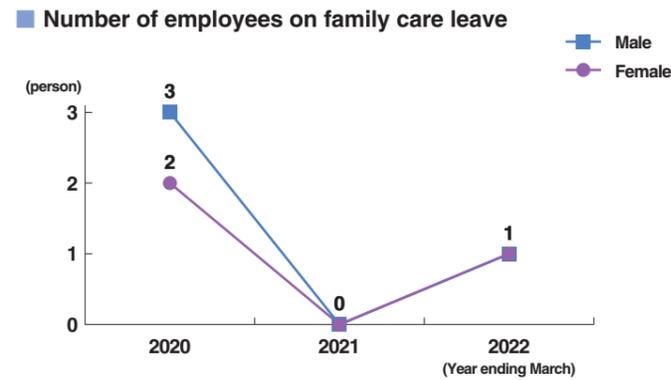


Family care	Availability period
Family care leave	Up to 93 days in total for each eligible family member (Leave can be divided and taken separately up to 3 times)
Shorter working hours	For each eligible family member, this program may be used for a period desired by the user, up to 3 years from the day on which the program starts being used.
Family care time-off	Up to 5 days a year for each eligible family member (For more than one family members, up to 10 days a year)

*Staggered working hours are available regardless of reasons such as childcare or nursing care.



*3 Calculation method changed due to legal revision in April 2022. (Number of employees who started taking childcare leave during the current fiscal year)



● Health and productivity management

■ Achievements and targets related to health and productivity management

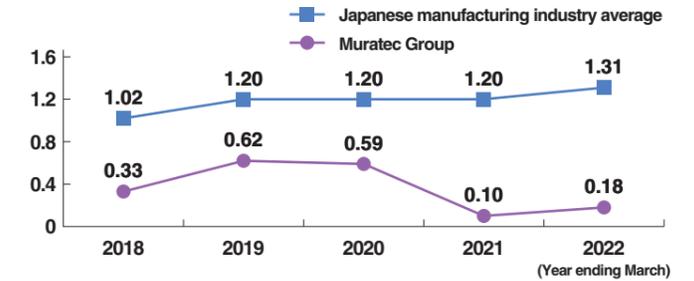
Item	Indicator	Achievement			Target (~year ending March 2024)
		Year ending March 2020	Year ending March 2021	Year ending March 2022	
Diet	Percentage of employees with a BMI between 18.5 and 25	64.7%	63.8%	64.6%	More than 70.0%
	Percentage of employees who skip breakfast at least 3 times a week	21.6%	21.1%	22.3%	Less than 15.0%
Exercise	Percentage of employees who exercise at least 2 days a week	18.5%	19.8%	21.4%	More than 25.0%
	Percentage of employees who walk at least one hour every day	36.1%	35.8%	36.8%	More than 40.0%
Sleep	Percentage of employees who are well-rested through sleep	63.0%	67.4%	65.1%	More than 70.0%
Smoking	Percentage of employees who smoke	23.9%	22.4%	20.5%	Less than 20.0%
	Percentage of employees who underwent a stress check	95.0%	94.5%	91.7%	100.0%
Mental health	Percentage of employees identified as high-stress individuals in stress checks	11.0%	10.1%	13.1%	Less than 10.0%
	Percentage of employees who underwent periodic health checkups	100.0%	100.0%	100.0%	100.0%
Health checkup	Percentage of employees who submitted a medical examination report among those with abnormal findings	84.6%	87.4%	88.0%	More than 90.0 %

● Health and Safety

■ Number of Occupational Injuries *4

Injury category (LTI/NLTI)	Lost-time injury (LTI: Lost time one day or longer)	Non-lost-time injury (NLTI: Lost time less than one day)
Year ending March 2018	3	12
Year ending March 2019	6	8
Year ending March 2020	6	12
Year ending March 2021	1	13
Year ending March 2022	2	14

■ Trend of Occupational Injury Frequency Rate *5



*4 Target offices and plants: Head Office, Inuyama, Ise, Kaga, and the Shiga and Oita of Muratec Mechatronics Co., Ltd. (employees including temporary dispatched workers, but not contract workers)

*5 Occupational injury frequency rate is the number of deaths and injuries due to occupational accidents per million total working hours, and represents the frequency of accidents.

■ Overview of Health & Safety seminar

- Health & Safety lectures (for new employees)
- Health & Safety training programs planned in the health and safety activities of each office
- Experiencing simulated dangerous situations at "Safety Training Camp"
- Health & Safety training before entering customers' work sites (mainly construction sites)
- ISO45001 introductory training (only for certified divisions)
- Traffic safety seminar
- Health seminar
- Mental health seminar
- "Refresh" training for EHS Daily Audit

■ Health & Safety e-learning courses and attendance

Courses	Target	Year ending March 2020	Year ending March 2021	Year ending March 2022
Health awareness raising	All employees	-	95%	89%
Stress management	First-year employees	97%	96%	91%
Risks of chemical substances	L/C Manufacturing Department at the Inuyama and Ise *6	100%	100%	100%
Need to use protective gear	L/C Manufacturing Department at the Inuyama and Ise *6	100%	100%	100%
How to use tools	L/C Manufacturing Department at the Inuyama and Ise *6	100%	100%	100%

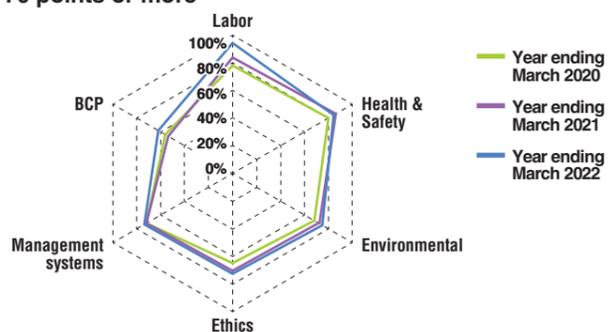
*6 L/C Manufacturing Department: A common manufacturing department for L&A Division and Clean FA Division

Supply chains

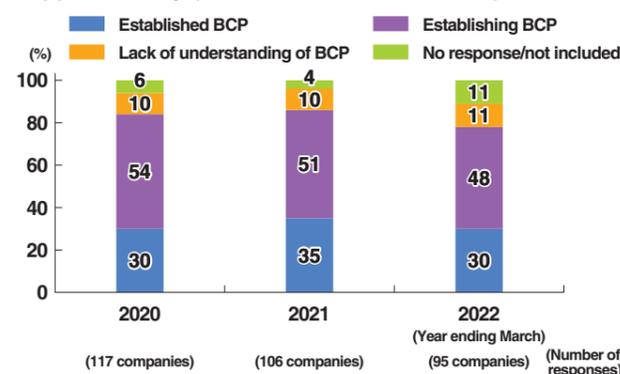
Results of supplier surveys

Major items	Year ending March 2020	Year ending March 2021	Year ending March 2022	
Number of responses	117 companies	106 companies	95 companies	
RBA Code of Conduct comprehension (average)	65 points	69 points	71 points	
Percentage of suppliers with a commitment level of 70 points or more	Labor	79%	84%	94%
	Health & Safety	80%	86%	85%
	Environmental	68%	72%	75%
	Ethics	65%	71%	73%
	Management systems	72%	73%	74%
BCP	56%	53%	61%	

Percentage of suppliers with a commitment level of 70 points or more



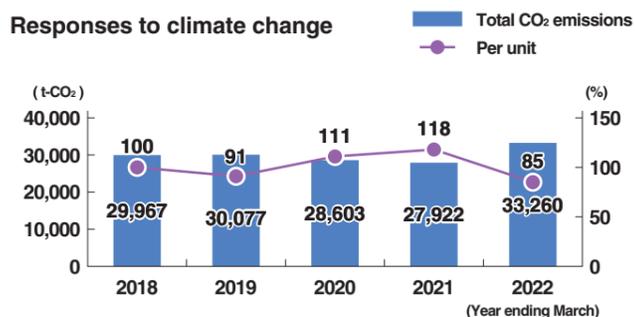
Supplier survey (level of BCP establishment)



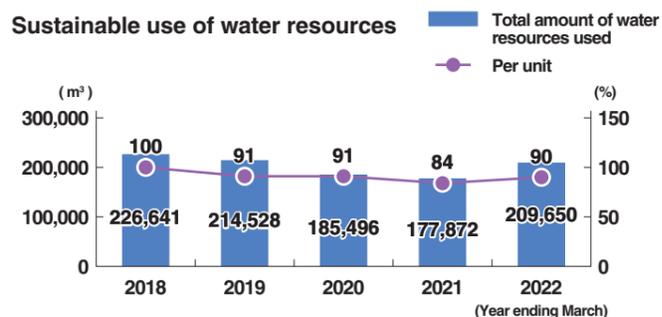
Environment (2030 Targets based on the data of year ending March 2018) *7 *8 *9

Environmental Performance

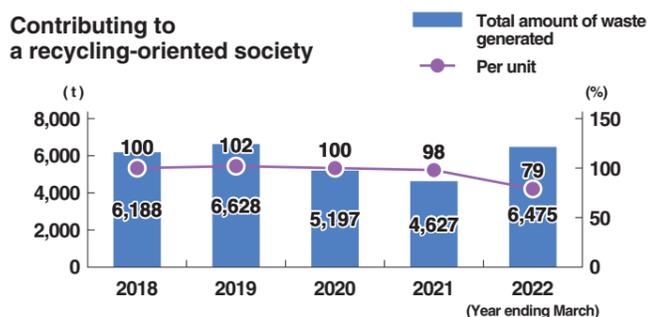
Responses to climate change



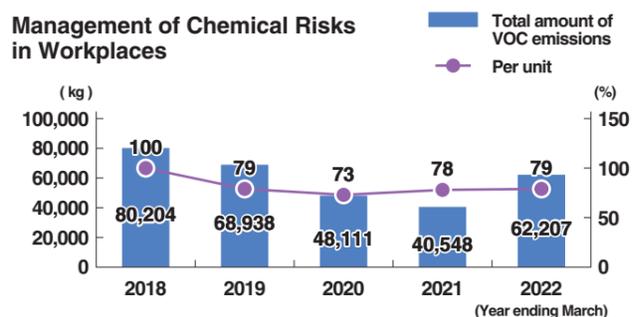
Sustainable use of water resources



Contributing to a recycling-oriented society



Management of Chemical Risks in Workplaces



*7 Boundaries/organizations

Head Office, Inuyama Plant, Ise Plant, Kaga Factory, Shiga Factory of Muratec Mechatronics Co., Ltd. and Oita Factory

(VOC includes data of Inuyama Plant, Kaga Factory and Shiga Factory of Muratec Mechatronics Co., Ltd.)

*8 Contributing to a recycling-oriented society includes general waste emissions from the Kaga Factory dating back to the base year (year ended March 2018)

*9 Management of Chemical Risks in Workplaces is calculated by supplementing the figures due to some missing data from year ending March 2018 to year ending March 2019.

Corporate Governance

Overview of compliance seminar

- Compliance seminar
- Basic Course on Electronic Contracts
- Business Risk Training
- Basic Contract Course
- Security Export Control Training Course

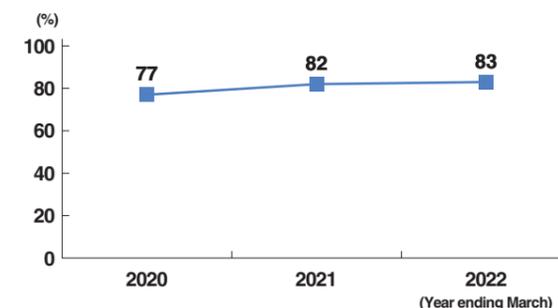
e-learning on compliance courses and attendance

Courses	Target	Year ending March 2020	Year ending March 2021	Year ending March 2022
Compliance awareness raising	All employees	91%	87%	91%
Information security	All employees	94%	97%	93%
Information security (for managers)	Managers	100%	95%	100%
Addressing cartel risks	All employees	84%	-	90%
Harassment prevention	First-year employees *11	94%	96%	95%
Harassment prevention (for managers)	Managers	99%	89%	98%
BCP (Business Continuity Plan)	Employees at Head Office, Inuyama, Ise, Kaga, MMC Shiga, MMC Oita, Kichijoin, and Minokamo	94%	90%	90%
Secret information control	Target employees of the CFA and L/C Divisions	100%	100%	100%
How to handle highly confidential customer information	Target employees of the CFA and L/C Divisions	100%	100%	100%
RBA Code of Conduct *10	Target employees of the CFA and L/C Divisions	100%	100%	100%

*10 Expanded education items to be implemented from the year ending March 2021 (formerly: corruption and bribery prevention)

*11 For all employees until the year ending March 2021

Awareness of Advance Consultation Desk



Number of cases brought to the Advance Consultation Desk

