

A world map in a light blue color is centered on the page. Overlaid on the map are several glowing, curved lines that resemble light trails or orbits, emanating from the center and curving outwards towards the edges of the map. The background has a subtle gradient from light blue in the center to a darker blue at the edges.

Topre Group

CSR Report **2022**

Corporate Social Responsibility
(including SDGs)

Topre

CONTENTS

High-level concepts of the Topre Group	2
Overview of the Topre Group	3
Message from the President	5
Topre's CSR (including the SDGs)	7

Environment

Environmental management	11
Development of environmentally-considerate products	13
Conservation of biodiversity	14
Carbon neutrality	15
Reduction of environmentally hazardous substances	19
Environmental issues: 2022 Special feature	20

Society

Products and services	23
Supply chain management	25
Respect for human rights	27
Diversity in human resources	28
Work styles and education	29
Safety and health	31
Social contribution activities	32

Governance

Corporate governance	35
Internal control activities	37
Intellectual property activities	39
Responsibility to shareholders and investors	40

ESG data collection	41
Third party opinion	45
Editorial policy	46

High-level concepts of the Topre Group

Basic Principles

The Topre Group's mission is to create products and services by maximizing its technical expertise in order to contribute positively to the societies in which it conducts business. The Group will not only pursue excellence in its economic performance, but also carry out business activities as a group of international companies with the highest ethical standards, which will promote a Topre Group image that will be acknowledged and respected. This philosophy will guide The Topre Groups domestic and international business actions, while also continuously seeking to enhance the Group's long term prosperity and making positive contributions to the societies in which it is engaged.



Code of Conduct

1. Compliance with law, internal regulations and social morality

- We comply with all laws and regulations applicable to the company's activities.
- We establish and comply with internal regulations for the implementation of fair and transparent corporate activities.
- We observe morals and norms as a member of society.
- We have established an internal reporting window, respond appropriately to violations and prevent and correct them.
- Managers establish a corporate culture with high ethical standards.
- Managers establish internal systems preventing situations that would violate these Action Guidelines.

2. Contributions to society

- We provide products and services that make society safer, more convenient and more comfortable.
- We respect the culture and customs of surrounding communities, engage in activities and contribute to their development.

3. Fair and equitable relationships

- We build fair, equitable, and moderate relationships with stakeholders.
- We maintain transparency in our transactions and do not provide entertainment or exchange gifts that deviate from common sense.
- We have no relationships whatsoever with antisocial forces and respond resolutely and systematically to unreasonable demands.
- We disclose corporate information on the details of management and business activities in a timely and appropriate manner.
- We do not engage in wrongful conduct or acts that lack fairness and impartiality with regard to political and government officials.

4. Respect for human rights and diversity

- We respect human rights and do not tolerate discrimination or harassment based on race, creed, gender, nationality, physical characteristics or any other reason in any case.

5. Environmental protection

- The Topre Group as a whole is working on the protection of the global environment.
- We strive for resource savings by promoting the 3Rs of reduce, reuse and recycle.
- We work positively on the reduction of greenhouse gas emissions.

6. Safety and health

- We give top priority to ensuring the safety and health of employees.
- We eliminate industrial accidents and create safe and healthy work environments.

7. Company assets

- We prohibit the private diversion of company assets and their use for anything other than business purposes.
- We do not leak or use corporate information or assets illegally.
- We acquire, use and dispose of assets by legitimate procedures and not for the interests of any specific person.

8. Information security

- We establish and comply with regulations, etc., on the management and protection of personal and confidential information.

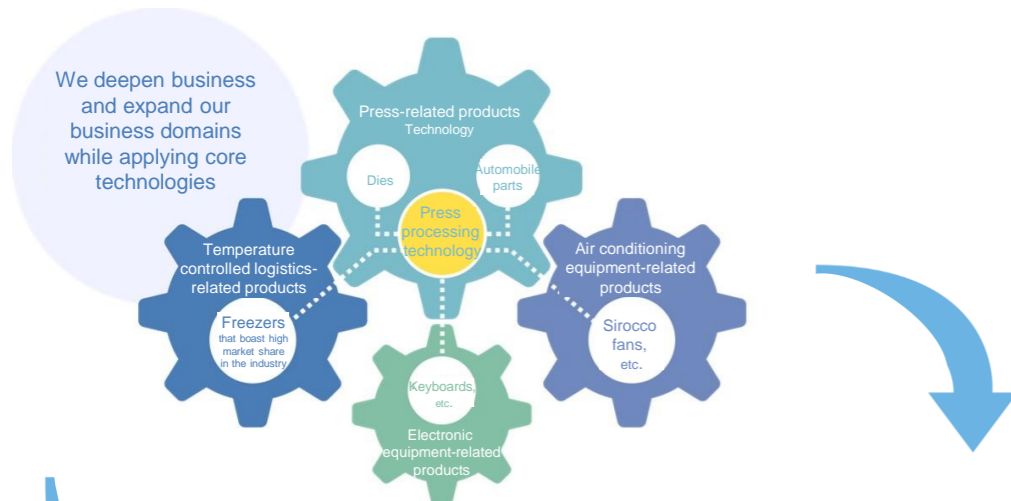
Company profile




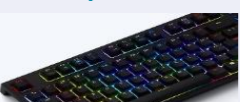
Company name Topre Corporation
 Established April 30, 1935

Capital 5,610 million yen (as of March 31, 2022)
 Stock Listed on the Prime Market of the Tokyo Stock Exchange

Business description
 Press-related products,
 Temperature controlled logistics-related products,
 Air conditioning equipment-related products,
 Electronic equipment-related products

Topre's product group



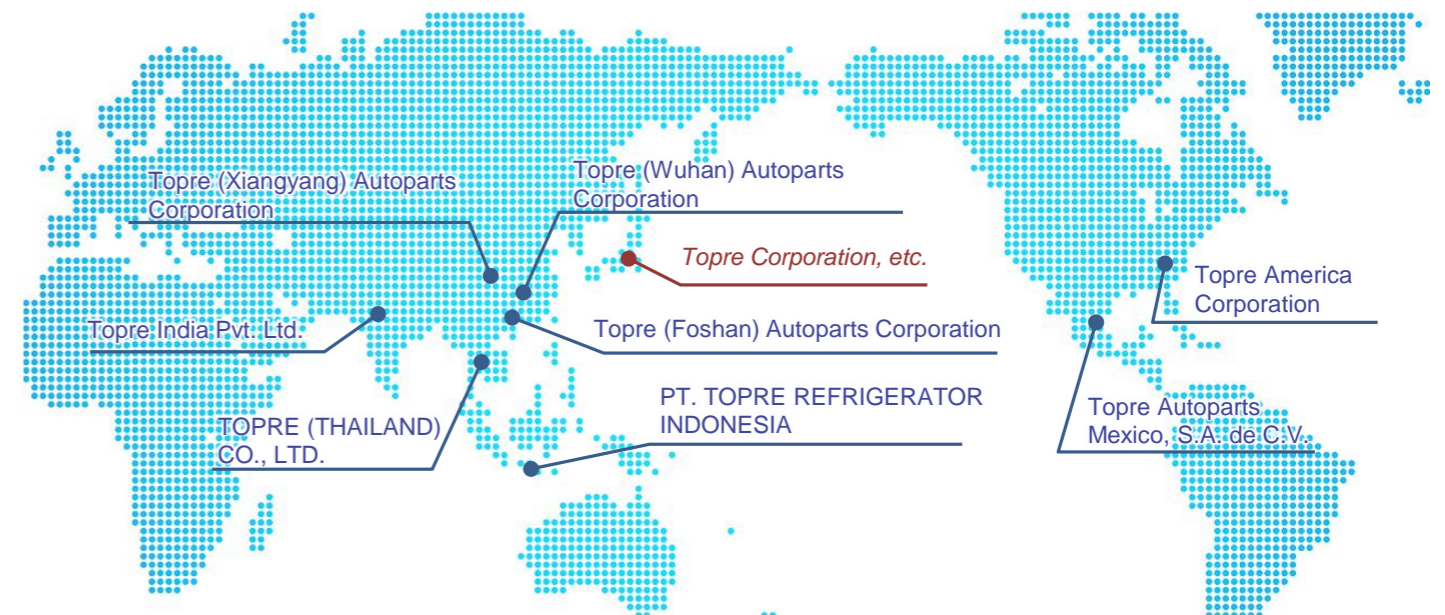
	Main customers	Main products
Press-related products 	Automobile manufacturers	Press products for automobile • Front / center / rear pillars • Door beams • Wheel house
Temperature controlled logistics-related products 	Transportation companies	Refrigerated vehicles • Energy saving direct-connection systems • Power generation systems • Cooling and heating systems • Frozen and refrigerated warehouses • Special containers
Air conditioning equipment-related products 	Air conditioning manufacturers House manufacturers Equipment companies	Residential ventilation systems Fan filter units Medical clean units VAV air conditioning systems Cooling unit for electrical enclosure Desiccant Humidity Control Ventilator
Electronic equipment-related products 	Financial institutions Retailers OEM, etc.	Keyboards Touch panels Card readers PINPAD

Business bases / number of employees

As of March 31, 2022

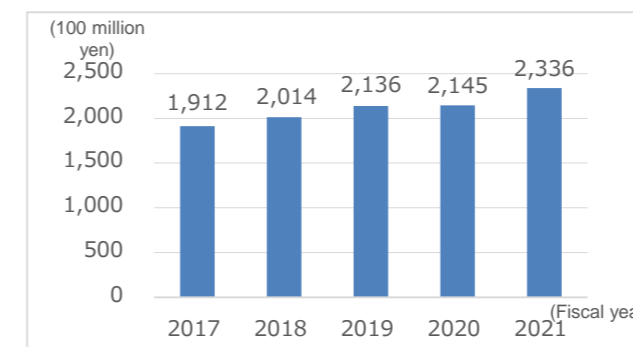
• **Topre Corporation:** Head Office, Sagami-hara Plant, Hiroshima Plant, Tochigi Plant, Gifu Plant, Saitama Plant

Topre Group companies [consolidated: 5,959 people]	
Japan [2,691 people]	Overseas [3,268 people]
• Topre Corporation	• Topre America Corporation
• Toho Transportation Co., Ltd.	• Topre Autoparts Mexico, S.A. de C.V.
• Tokyo Metal Pack Co., Ltd.	• Topre (Foshan) Autoparts Corporation
• Tokyo Kinzoku Co., Ltd.	• Topre (Xiangyang) Autoparts Corporation
• Tokyo Multifastener Co., Ltd.	• Topre (Wuhan) Autoparts Corporation
• Toprec Corporation	• TOPRE (THAILAND) CO., LTD.
• Topre Kyushu Corporation	• Topre India Pvt. Ltd.
• Topre Tokai Corporation	• PT. TOPRE REFRIGERATOR INDONESIA
• Mitsuike Corporation	

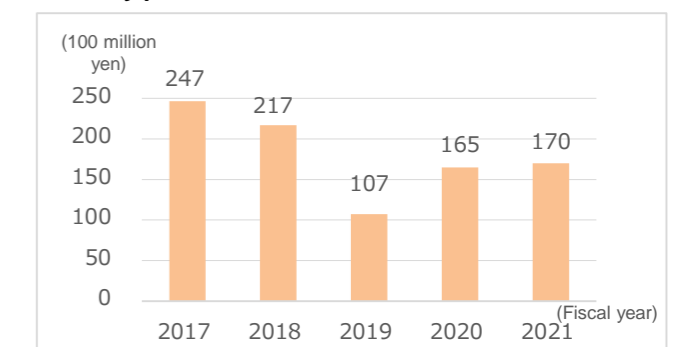


Financial data (consolidated)

Sales



Ordinary profit





~ Aiming to be a company that contributes to society and prospers permanently ~

Topre Corporation
President and Representative Director

Yutaka Yamamoto

Publication of CSR Report

Until now, each division and affiliated company has worked individually on CSR, the SDGs and the reduction of CO₂ emissions due to differences in product areas (sales areas). In addition, in recent years, CSR activities at each base have become time-consuming due to the expansion of automotive equipment-related business in Japan and expansion overseas. However, in promoting sustainable and global management recently, the group has had to work together with a sense of speed on various social issues such as the environment. In particular, countermeasures against climate change (reduction of CO₂ emissions) are essential. Having this idea, we established a group-wide Promotion Division in December last year.

We conduct CSR activities with sustainability (the SDGs) in mind. In order to share and promote the same ideas within the Topre Group both in Japan and overseas, we took this opportunity to reconfirm and review our Basic Philosophy and other high level concepts and basic policies. The company's Basic Philosophy of "Aiming to be a company that contributes to society and prospers permanently" is based on CSR and sustainability, and we intend to instill this high-level concept in each and every employee of the group. First, we are disclosing the CSR-related information that was lacking at the company and give reports having established the details of activities to date and the themes to be emphasized among the SDGs.

I think the world is undergoing significant change, but we will continue to be a company that looks to the future, and move towards truly being a company that contributes to society and prospers permanently.



Concept of sustainability

We are in an age when various risks can occur, such as changes in social values and behavior due to the recent outbreaks of COVID-19, the impact of the situation in Ukraine on resources and the economy, and the great earthquakes that are expected to occur in future. In such circumstances, I think that in order to enhance sustainability in the sense of surviving as a company, we will need to "secure profits and maintain the ability to continue supplying products to customers in future too." In doing so, we will determine how to respond to the sustainability (SDGs) of society as a whole and continue our activities incorporating these efforts into our corporate management. I believe that the continuation of these activities will lead to the improvement of corporate value and growth into a company that is trusted by society.

By strengthening our CSR (SDGs) initiatives, we can enhance the company's resilience and survive the current situation of significant change where we are pressed by various risks. We will take the timing of Topre's new corporate framework as a good opportunity to move forward as a sustainable company that looks towards the future.

Responding to climate change

Each of the four divisions has technologies particular to them and I believe that these will contribute to the reduction of CO₂ emissions. For example, the DesiTop desiccant outdoor air processing unit for buildings is a product that contributes to ZEB (net zero energy buildings) by saving energy while creating a comfortable air conditioning environment. Our automotive high tensile material press processing technology contributes to fuel savings by reducing vehicle weight. The GBS system, which can stop idling in refrigerated vehicles, also saves fuel, and the company's PC keyboards, which have a very long life span, reduce CO₂ emissions by reducing product waste. The company's Development Department is working with the Ministry of Agriculture, Forestry and Fisheries to develop nano-hydroelectric power generation as a renewable energy source.

We announced our CO₂ emission reduction targets at the end of last fiscal year. However, the Intergovernmental Panel on Climate Change (IPCC) has reported that the responses to climate change is still insufficient, and it is also possible that we will have to accelerate the reduction of CO₂ emissions. It is difficult, but we will promote CO₂ reductions, which are very important efforts.

June 2022

CSR policy

Basic way of thinking

Topre contributes to society by giving top priority to the provision of products and services that reduce environmental impacts.

1. As a company, we strive for fairness and transparency by complying thoroughly with laws and regulations.
2. We promote social contribution activities and initiatives for sustainability.
3. The company as a whole responds to environmental problems and implements environmental conservation initiatives positively. In particular, we emphasize efforts to combat climate change (CO₂ reductions).
4. We enhance and develop technologies to provide products and services useful to society through customer satisfaction.
5. We provide safe and healthy work environments for all employees.
6. We promote CSR activities cooperatively through communication with stakeholders.

CSR education

In order to strengthen CSR activities, we reconfirmed and reviewed the Topre Group's high-level concepts and basic policies. We will distribute cards containing these high-level concepts to all group employees and advance CSR activities with a common awareness.



In addition, we also promote understanding of CSR by implementing CSR training in the form of e-learning and transmitting information on CSR through the internal intranet. In fiscal year 2021, we held several explanatory meetings for related divisions and shared recent information on CSR (SDGs, ESG).

Contributions to the SDGs

The Sustainable Development Goals (SDGs), adopted by the United Nations in 2015, are global goals for 2030 addressing social issues such as poverty, employment and the environment.

The company will engage with various issues facing the world and contribute to the realization of a sustainable society, namely the achievement of the SDGs, through its business activities.



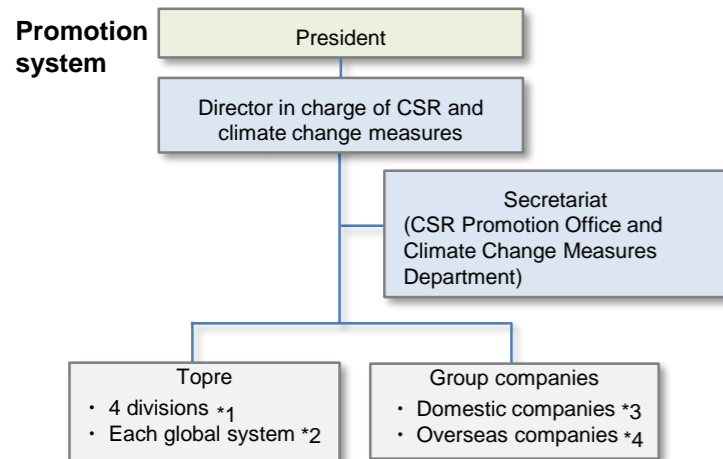
The company strives to raise awareness of initiatives both inside and outside the company by distributing SDGs badges.

SUSTAINABLE DEVELOPMENT GOALS



CSR promotion system

The group has established a CSR promotion system headed by top management to implement CSR initiatives. Full meetings will be held twice a year to formulate basic policies and plans on CSR management and annual priority policies for CSR activities.



*1: Automotive Equipment, Refrigeration Equipment, Air Conditioning Equipment, Electronic Equipment

*2: Topre global systems: Internal Control Committee; Operations, Purchasing and Quality Control Headquarters; ISO14001 (Environment) Secretariat; Safety and Health Committee

*3: Domestic companies: Toho Transportation, Toprec, Topre Kyushu, Topre Tokai, Mitsuike

*4: Overseas companies: USA, China (3 companies), Thailand, Mexico, India

Dialogue with stakeholders

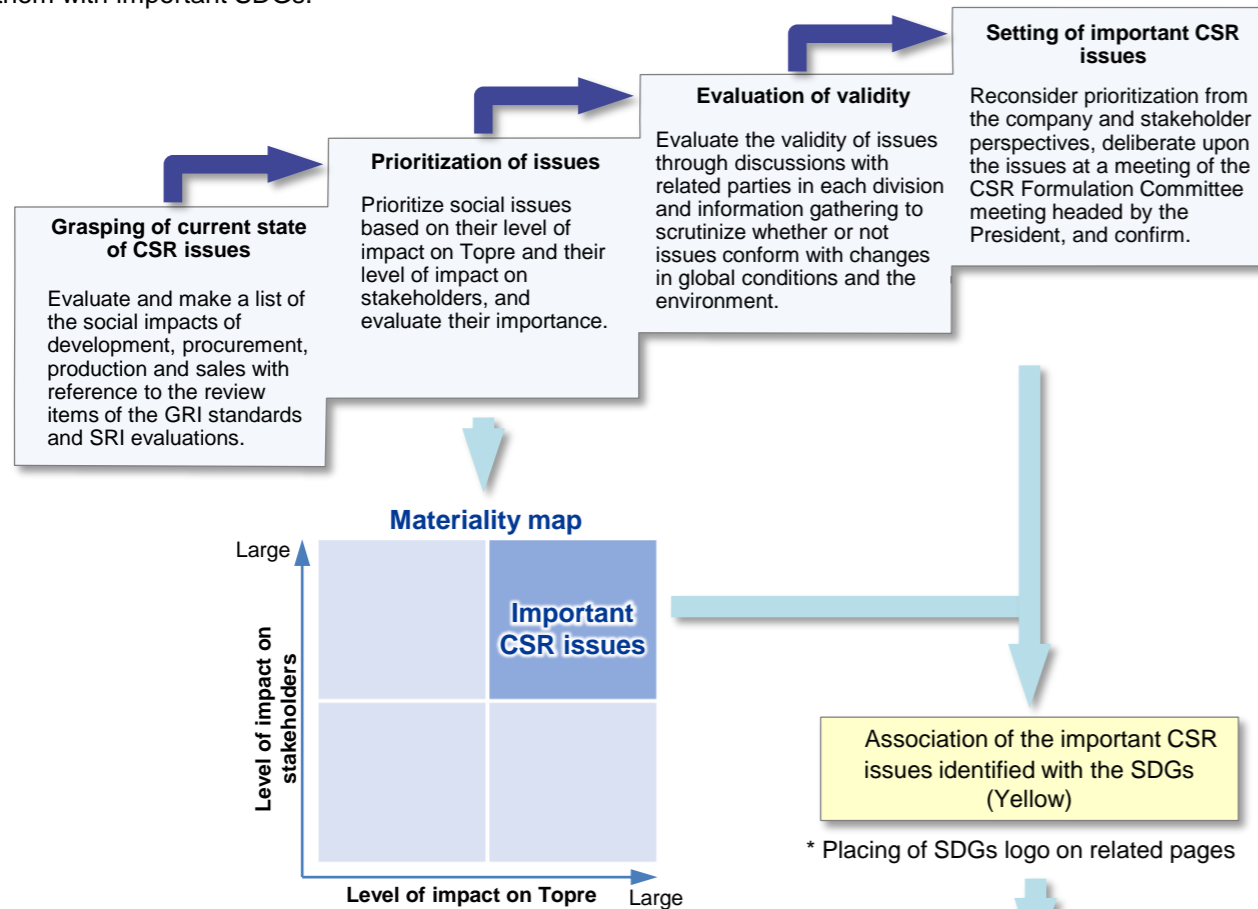
We ensure transparency by disclosing corporate information appropriately to stakeholders, and strive for mutual dialogue and cooperation.

Stakeholders	Main opportunities for dialogue
Customers	<p>We provide customers with high-quality products and services, value communication with them, and strive to meet their trust and expectations.</p> <ul style="list-style-type: none"> • Daily sales activities • Maintenance • Exhibitions • Plant tours • Company website
Business partners	<p>Our business partners are important for us to produce high-quality products, and we believe the establishment of cooperative systems is important. We strive to build relationships of trust with business partners and for understanding and cooperation towards the realization of a sustainable society.</p> <ul style="list-style-type: none"> • Daily purchasing activities • Supplier conference • QC competition presentation • Company website
Shareholders and investors	<p>The company raises management transparency by disclosing accurate and fair information in a timely manner, and strives to build relationships of trust with shareholders and investors through constructive dialogue that leads to understanding of the company's business activities.</p> <ul style="list-style-type: none"> • General meetings of shareholders • Financial results briefings • IR website • Individual interviews with institutional investors
Employees	<p>We respect human rights based on the high-level concepts of the Topre Group, and aim to create an environment in which each and every employee can demonstrate their abilities to the maximum.</p> <ul style="list-style-type: none"> • Plant tours by the president • Labor-management council • Establishment of consultation desks • Industrial physician interviews • Various training and programs • Company newsletter • Intranet
Local society	<p>We are working positively on social contribution activities and environmental conservation in each country and region.</p> <ul style="list-style-type: none"> • Educational support for the next generation • Support for the promotion of sport • Regional exchanges • Plant tours • Cleanup activities

CSR Materiality

The process of identifying important CSR issues and associating them with the SDGs

The company identified CSR Materiality to work on in accordance with the following process, and associated them with important SDGs.



Topre's CSR Materiality

	Items	Main initiatives	Related SDGs (1 to 17)	Page
Environment	Reduction of CO ₂ emissions	Reduction of CO ₂ emissions in production activities	13	P15-18
	Establishment and operation of environmental management	Acquisition of ISO 14001 certification: All domestic and overseas bases Integrated acquisition of ISO 14001 certification: Domestic bases	-	-
	Thorough implementation of chemical substance management	Establishment and operation of internal management rules	12.4	P19
	Development of environmentally-considerate products and technologies	Development of equipment related to renewable energy Proposal of technologies that connect to environmental conservation	7.2, 9.4, 12.2, 13	P13-14 P20-22
	Cooperation with suppliers	Promotion of green procurement	12.4	P25-26
Society	Respect for human rights	Education on human rights and diversity Implementation of human rights due diligence	5, 10.2, 16	P27-30
	Establishment and operation of quality management	Acquisition of IATF 16949 certification: Automotive-related Acquisition of ISO 9001 certification: Product-related	-	-
	Cooperation with suppliers	Promotion of CSR procurement	16.b	P25-26
Governance	Strengthening of corporate governance	Building of group governance	-	-
	IR activities for investors	Publication of CSR reports Enhancement of disclosed information	-	-
	Strengthening of information security	Establishment of an information management system across the group	-	-
	Strengthening of risk management	Review of BCP	11.b	P37-38

CSR-related initiatives and targets

Theme	Items to work on	Main initiatives	Main targets and measures for fiscal year 2023 (The last fiscal year of the 15th medium-term management plan)	Main targets and measures for fiscal year 2030 (Long-term targets)
E Environment	Reduction of CO ₂ emissions	Reduction of CO ₂ emissions in production activities	Promotion of the reduction of CO ₂ emissions in Japan and overseas Integration of CO ₂ reduction items by the Environmental Improvement Committee of each division	30% reduction compared to fiscal year 2020 (scope 1, 2)
	Establishment and operation of environmental management	Acquisition of ISO certification: All domestic and overseas bases Integrated acquisition of ISO certification: Domestic bases	Acquisition of ISO 14001 certification: Saitama Plant (Integration with Sagamihara Plant)	Acquisition of ISO 14001 certification: Head Office, Toho, Toprec, Tokai Promotion of the integrated acquisition of ISO 14001 certification: Domestic
	Thorough implementation of chemical substance management	Establishment and operation of internal management rules	Determination of management rules and application to each division PRTR (class I designated chemical substances) Reduction of the use of specified substances	Continuous operation of management rules Elimination of the use of PRTR specified substances (class I designated chemical substances)
	Development of environmentally-considerate products and technologies	Development of renewable energy-related equipment Proposal of technologies that connect to environmental conservation	Commercialization of nano-hydroelectric power generation Building of a refrigerating machine system for EV and FCV Vehicles Launch of new products (Improvement of humidity-controlling equipment energy saving)	Automotive: Body structure proposals conscious of LCA Refrigerators: Development of a lineup of electric refrigerators (including RH and HP), and introduction of low-GWP refrigerants Air conditioning: Promotion of the switch to heat pump products with low-GWP refrigerants Electronics: Reduction of packing materials (Use of recycled paper / abolition of outer boxes)
	Biodiversity initiatives	At least 1 activity a year at each plant	Continuation of activities	-
	Reduction of water resource consumption	Use of rainwater / reclaimed water	Concrete planning of initiatives	Use at domestic bases (plants / daily life)
	Reduction of waste generation	Suppression and reuse of waste generated	Waste reduction: 4.4% reduction compared to fiscal year 2020	Waste reduction: 20% reduction compared to fiscal year 2020
	Compliance with environmental laws and regulations	Confirmation of compliance: Domestic bases subject to laws and regulations	All bases: At least once a year Compliance rate: 100%	-
	Cooperation with suppliers	Promotion of green procurement	Green procurement evaluation method and start of evaluations	-
	S Safety and health Human rights and labor Social contributions Quality	Safety in the workplace	Promotion of the reduction of industrial accidents	Achievement of targets for accidents not accompanied by lost worktime Accidents accompanied by lost worktime: 0 Implementation of education at each base
Implementation of special medical examinations		Promotion of environmental improvements in hazardous workplaces	Continuation of activities	-
Implementation of stress checks		Follow-up of workplace mental health measures	Continuation of activities	-
Respect for human rights		Education on human rights and diversity Implementation of human rights due diligence	Topre and group companies Implementation rate 100% Topre implementation rate 100%	Roll-out to suppliers 100% Topre Group companies' implementation rate 100%
Activities of diverse human resources		Creation of accepting and diverse workplaces Creation of an organization that allows flexible work styles Human resource development tailored to each individual	Implementation of unconsciousness bias training Employment of more than 110 female employees Compliance with the statutory employment rate for people with disabilities Implementation of work-life balance training Rate of taking childcare leave by male employees wishing to do so 100% Rate of taking of childcare leave by female employees 100% Career plan / design training Establishment of a system that rewards people who take on challenges	Ratio of female managers of at least 5% More than 130 female employees (March 2026 target) Verification of understanding of work-life balance management Completion of roll-out to domestic group companies
Exchanges with and contributions to local society		At least 1 activity a year at each plant	Continuation of activities	-
Establishment and operation of quality management		Acquisition of IATF 16949 certification: Automotive related Acquisition of ISO 9001 certification: Product-related	Acquisition of IATF 16949 certification: Sagamihara (Topre, Metal Pack, Multi), Kyushu	Acquisition of IATF 16949 certification: Tokai, Mitsuike, USA Acquisition of ISO 9001 certification: Toho Transportation, Toprec, Indonesia
Cooperation with suppliers		Promotion of CSR procurement	CSR procurement evaluation method and start of evaluations	-
Strengthening of corporate governance		Building of group governance	Inspection and strengthening of group management system	Zero cases of misconduct
IR activities for investors		Enhancement of disclosed information	Enhancement of non-financial information	100% completion of response to CG code
G Information management Risk management	Strengthening of information security	Establishment of an information management system across the group	Thorough implementation of management rules and maintenance of management tools	Zero serious information security incidents
	Strengthening of risk management	Review of BCP	Response to major earthquakes Response to infections Addition of climate change risk (Response to TCFD)	Completion of response to TCFD

Environmental management

The group aims to be an environmentally friendly company in the execution of corporate activities.

Environmental policy

The company has shared the following policy with the group as a whole and is expanding environmental activities.

In addition, we are working on environmental activities with all-employee participation through the enhancement of awareness of all employees involved in ordering, design, development, production and delivery.

Topre Group environmental policy

< Basic way of thinking >

We promote our business activities while recognizing that conservation of the global environment is the most important issue for all humankind.

We aim to be an environmentally friendly company, strive to save resources by promoting the 3Rs of reduce, reuse, recycle, and work positively on the reduction of greenhouse gas emissions.

1. We have established an environmental management system and each and every employee carries out environmental activities.
2. We promote the development and purchasing of environmentally-friendly technologies and products aimed at the reduction of environmental impacts.
3. We strive for the reduction of greenhouse gas emissions by suppressing energy use and improving efficiency.
4. We promote the efficient use and reuse of resources.
5. We comply with laws, regulations and other requirements and manage chemical substances appropriately.
6. We strive for the prevention of environmental pollution and the protection of the environment by suppressing the use and discharge of harmful substances.
7. We strive to conserve biodiversity through local contribution activities.

Environmental management system

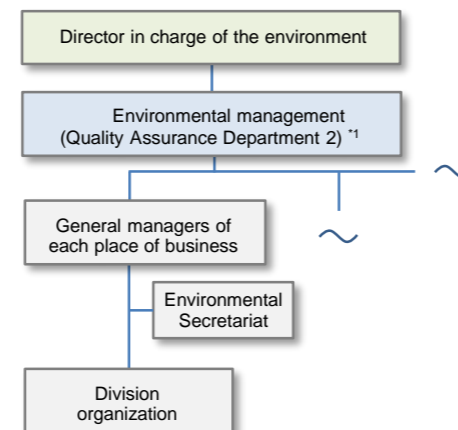
In order to operate our environmental activities properly, we have acquired ISO 14001 certification for each place of business and have established an environmental management system.

Each place of business implements environmental activities for continuous improvement based on the environmental management system.

State of acquisition of ISO 14001 certification at domestic and overseas production bases (acquisition rate 80%)

Acquisition in Japan	Acquisition overseas
Sagamihara Plant	USA
Hiroshima Plant	Mexico
Tochigi Plant	China
Gifu Plant	Thailand
Topre Kyushu	
Mitsuike	

< The Topre Group system >



*1: Climate Change Countermeasures Department is in charge of measures to reduce CO₂ emissions.

In future, we plan to advance the unification of environmental management systems by integrating the environmental management systems that have acquired certification at each place of business successively as the Topre Group.

Environmental audits

We are striving to prevent environmental pollution in our business activities, products and services, and to enable the continuous implementation of environmental conservation activities.

We confirm from an objective standpoint based on internal and external audits whether or not the environmental management plans established in each division conform with the environmental management system and whether environmental management systems are functioning in the operations of each division, and we make continuous environmental improvement while implementing the PDCA cycle.

Environmental risk management

In order to reduce environmental risks, each division extracts environmental risks related to its business activities once a year. In order to prevent or mitigate environmental accidents and emergencies that may occur, or the environmental impacts that may occur along with accidents or emergencies, we have established procedures and make efforts to train employees and maintain those procedures.

Compliance with environmental laws and regulations

We identify and comply thoroughly with applicable environmental laws and regulations. In implementing our environmental management systems, we obtain information on laws and regulations and other requirements related to our business activities and products, identify applicable laws and regulations, and communicate them to related divisions.

If laws and regulations are established or revised, if there is a change in the business environment such as the introduction of new equipment due to the launch of new products, or a request from a stakeholder, we review our systems each time. In addition, we also conduct internal audits on compliance with laws and regulations.

Environmental education

We think that we need to provide all employees with appropriate environmental education in order to operate environmental management systems effectively, and are planning environmental education in each division. Environmental education is divided into three categories: "self-awareness education" in which all employees learn about the deterioration of the global environment and environmental management systems; "education on environmental impacts and work" for employees who have an impact on environmental performance and compliance obligations; and "qualification education" for employees who do work that requires qualifications.

We work on education planning after considering the details of business, our environmental policy and objectives, and clarifying our environmental education needs.

Management and reduction of chemical substances

With newly purchased substances, we obtain a safety data sheet (SDS) from the supplier, ask Environmental Management Division to evaluate the use, toxicity, usage amounts, etc., of the chemical substances they contain, and implement certain, system-based management after the evaluation.

Effective use of resources

Waste generated from each place of business is sorted fully to ensure appropriate treatment, environmental preservation and the improvement of public health. We sort generated waste into different materials as far as possible to turn waste into resources and reduce its volume. In addition, to make effective use of resources, we improve yield rates during production and reuse detergents.

Development of environmentally-considerate products



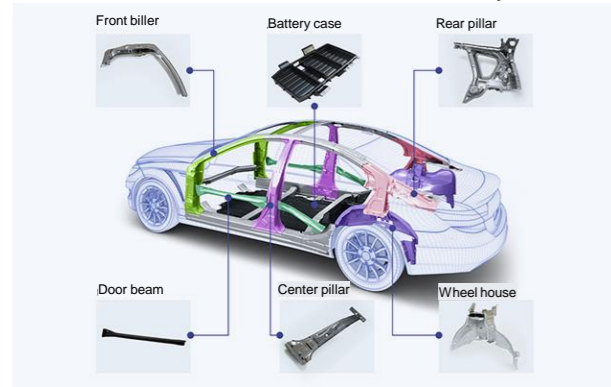
We are working on the development of environmentally-considerate products to reduce the environmental impacts of products throughout their life cycles.

Environmentally-considerate products

● Press-related products

One of the company's major strengths is its high-tensile steel plate processing technology. The company makes products from high-tensile steel, which is particularly strong and extremely difficult to mold, with its advanced technological capabilities.

To support the reduction of CO₂ emissions while ensuring automobile safety, we will pursue further weight reductions and greater strength for each part and provide technologies for the global environment and a new automotive society.



* CO₂ emissions reduction effect 15,455 t-CO₂ / year
 [Gross product weight (980, 1180 MPa high tensile steel)
 x Weight reduction ratio (comparison with 590 MPa high tensile steel)
 x Rate of fuel efficiency improvement rate (reduction of gasoline)
 x Gasoline CO₂ emission coefficient]

● Expansion of application of cold-formed 1,470 MPa material to press parts

We are advancing the development of technology for cold-formed 1,470 MPa press parts, which have the same strength as the hot stamp method with little CO₂ generated, to switch from the hot stamp method, which generates a large amount of CO₂.

● Development and manufacture of battery cases for electric vehicles

With battery cases for electric vehicles, it is important to ensure characteristics such as water-tightness, battery storage capacity and strength, and we are developing technologies that lead to high quality and low cost by making full use of our production technology know-how and structural analysis.

● Temperature controlled logistics-related products

● GBS

GBS, one of the major products of our temperature controlled logistics-related products business, is a refrigeration system equipped with a generator. This enables the refrigerated and frozen vehicles to stop idling, which was previously not possible, and contributes to the reduction of CO₂ emissions by not idling during cargo handling.



* CO₂ emissions reduction effect 4,871 t-CO₂ / year
 [Number of units operating in the GBS market
 x Fuel reduction effect (diesel) x Diesel CO₂ emission coefficient]

● Adoption of low global warming potential refrigerants

We have led the industry in adopting R452A refrigerants (for low temperatures) and R513A refrigerants (for medium temperatures) in refrigerated vehicles. These are replacement refrigerants with a low environmental impact at about half the impact conventional refrigerants have on global warming.



* Global warming potential
 R452A 46% reduction (conventional refrigerant: comparison with R404A)
 R513A 56% reduction (conventional refrigerant: comparison with R134a)

Environmentally-considerate products

● Air conditioning equipment-related products

● DesiTop Desiccant Humidity Control Ventilator for buildings

As part of Japan's energy-saving policies, CO₂ emissions in the commercial and household sectors in 2030 will have to be drastically reduced by about 40% compared to fiscal year 2013. Equipment for greater energy saving will be essential due to the promulgation of the Act on the Improvement of Energy Consumption Performance of Buildings and the future ZEB target.

The company used the technology it has accumulated in heating and cooling, ventilation and air blowing to commercialize the DesiTop outdoor air processing unit, which has energy-saving effects. This product is a heat pump type that does not require a heat source (cold / hot water, outdoor unit). A total heat exchanger, heat pump and desiccant rotor are built in to control indoor humidity in three stages. The system saves energy, of course, and also realizes a comfortable indoor preserving stable humidity. This desiccant system saves about 30% of energy annually compared to conventional systems.



* CO₂ emissions reduction effect (per system) 1.7 t-CO₂ / year
 [Reduced power (comparison with conventional air conditioning system) x CO₂ emission coefficient of electric power]

● Electronic equipment-related products

● Non-contact electrostatic capacitive keyboards

The company's ergonomically-considerate keyboards realize quiet typing and exceptional key touch. In addition, because they minimize fatigue for users, even with extended use, and are highly durable, they are used by various customers as specialized input devices in a range of commercial settings such as financial institutions, data entry at data processing centers, logistics, transportation, medicine, ATMs in convenience stores and broadcasting environments.

The REALFORCE series of keyboards for general sale use the same non-contact electrostatic capacity type system as the business keyboards, which have gained high acclaim in OEM production.



* CO₂ emissions reduction effect 433 t-CO₂ / year
 [High durability (comparison with general keyboards) x Number of units produced x CO₂ emission coefficient of plastic waste]

Conservation of biodiversity

We work on the conservation of biodiversity towards the realization of a sustainable society.

Biodiversity conservation initiatives

The company has been working on the reduction of environmental impacts at each of its bases. Over the past few years, we have not been able to participate in external initiatives due to the COVID-19 pandemic, but we recognize once again that conservation of biodiversity is essential for the realization of a sustainable society, and we will plan and implement initiatives based on the relationships between our business activities and biodiversity.



Participation in mangrove planting activities to maintain a diverse ecosystem (November 2021: Topre Thailand)

Carbon neutrality

We are expanding initiatives towards a decarbonized society.



Responses to climate change

The company established a Climate Change Countermeasures Department in December 2021 to grasp the current state of CO₂ emissions throughout the group and to manage action plans aimed at the reduction of CO₂ emissions.

Responses to climate change, a global-scale issue, is now a necessity. As an initiative towards the achievement of carbon neutrality, the company grasped CO₂ emissions in its production activities and set long-term targets for their reduction. The group as a whole, both in Japan and overseas, will advance reductions step-by-step to achieve “a 30% reduction in CO₂ emissions in fiscal year 2030” and “carbon neutrality in fiscal year 2050,” based on improvements in energy saving, the installation of solar panels, purchasing of renewable electricity, and the trading of CO₂ emissions credits.

The group will fulfill its social responsibilities towards the realization of a sustainable society by implementing various measures.

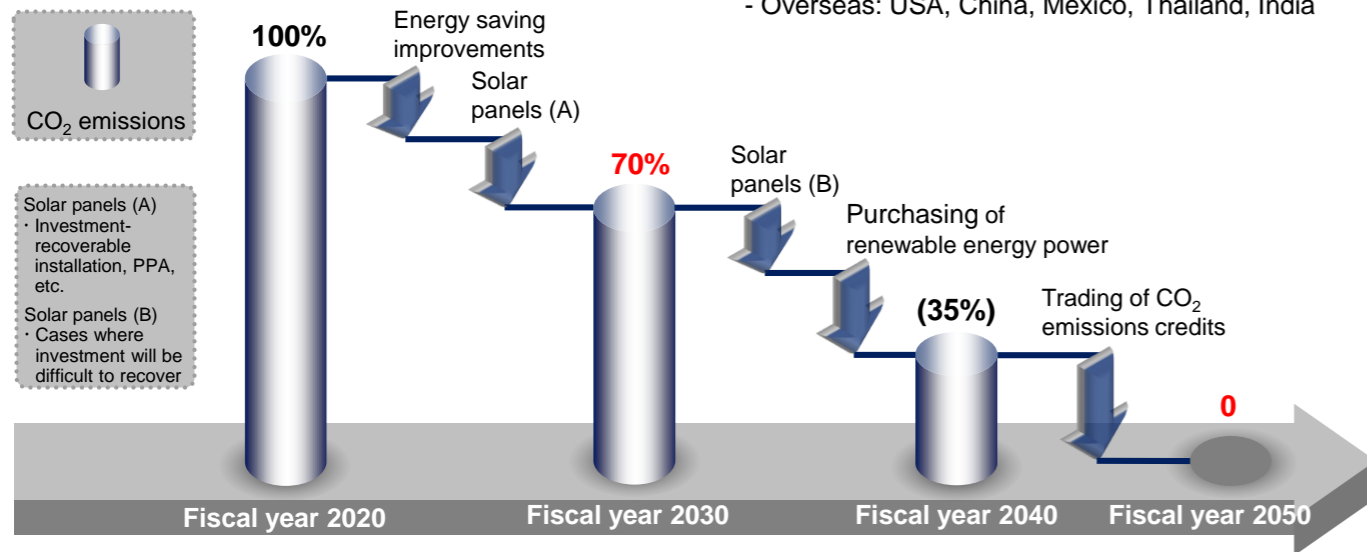
CO₂ emissions reduction targets

We set the target values using fiscal year 2020 as the base year.

- CO₂ emissions in production activities
 - Fiscal year 2030: 30% reduction in emissions
 - Fiscal year 2050: Carbon neutrality

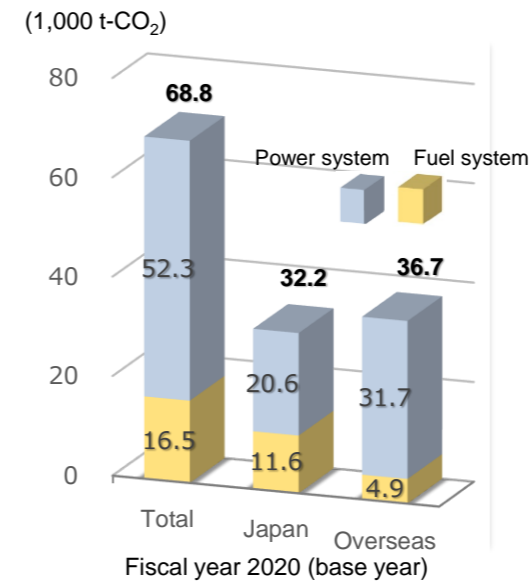
* Base year 2020	Annual target	Fiscal year 2021–2030	Fiscal year 2031–2050	
		3.0%	(3.5%)	
Long-term reduction target		Fiscal year 2030: 30%	(Fiscal year 2040: 65%)	Fiscal year 2050: 100%

- Subject Topre Group companies:
 - Japan: Topre, Toho Transportation, Toprec, Topre Kyushu, Topre Tokai, Mitsuike
 - Overseas: USA, China, Mexico, Thailand, India



CO₂ emissions based on the Topre Group base fiscal year

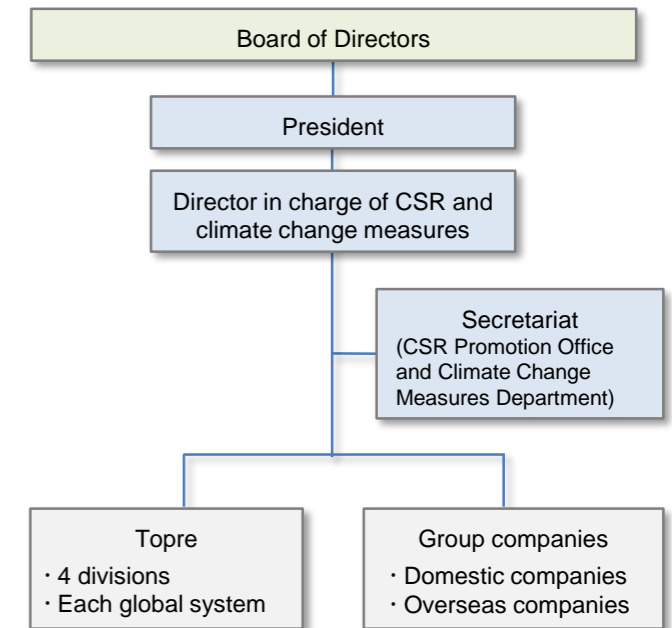
The group's CO₂ emissions associated with fuel consumption and power consumption were about 68,800 tons in the base year, fiscal year 2020. We plan to reduce these emissions in line with the targets.



* We increased the accuracy of calculations of CO₂ emissions so these figures are slightly different from the CO₂ emissions announced on the company website in March 2022.

System of initiatives aimed at the reduction of CO₂ emissions

Aiming for carbon neutrality by 2050, we established a climate change measures system consisting of top management, and are working on this while considering what to do to achieve our goals at all times.



External representations

Details other than the target setting, etc., described here are described below.

- Support for TCFD Recommendations
- While advancing measures against climate change, Topre registered its agreement with the TCFD to express its positive responses to climate change.



TCFD Supporters
<https://www.fsb-tcfid.org/supporters/>

- Release of CDP answers
- Topre has been responding to the CDP questionnaire since 2017. From fiscal year 2022, we will disclose our answers and the results of evaluation, and accelerate our measures and activities against climate change.

Carbon neutrality

We are expanding initiatives towards a decarbonized society.



Activities for the reduction of CO₂ emissions

● Energy saving and CO₂ emissions reduction initiatives

< Lighting >
Switching to LED lights in plants and offices has largely been completed and we are advancing the change from mercury lamps, which consume a lot of electricity, to electricity-saving LED lights. At Tochigi Plant, for example, we reduced electricity consumption by about 70% by switching some lighting from mercury lamps to LED lights.

< Facilities >
We are upgrading to highly efficient power transformers and air conditioners. In addition, we are also working on everyday improvements such as reducing power consumption by adjusting the timing of the turning off of power to air compressors and the heating time of heat source equipment for each season.

< Logistics >
We are conducting activities aimed at the improvement of fuel efficiency by setting annual fuel efficiency targets. In addition, as an initiative to reduce CO₂ emissions associated with manufacturing, we are actively introducing battery-powered forklifts, which can be expected to reduce CO₂ emissions compared to conventional LPG-powered forklifts. Sagamihara Plant has introduced a total of 25 battery-powered forklifts since 2017.

As an initiative for carbon neutrality, we plan to install solar panels in stages on all plant roofs where installation is possible starting in fiscal year 2022.

● Overview of CO₂ emissions reduction plan

- We have formulated a new CO₂ emissions reduction plan for 2022 to 2025.
- We have started activities in each division of Topre and the nine divisions of domestic affiliates.

Overview of considerations

- [1] First, we will thoroughly implement everyday improvements for energy saving and the successive installation of solar panels on rooftops where they can be installed.
- [2] Examples of items for consideration (other than solar panels)
 - Plant air leakage prevention and supply control
 - Switch to highly efficient transformers
 - Change company vehicles to EVs
 - Change to centralized control of air conditioning
 - Upgrade to heat exchange type ventilation systems
 - Adaptation of office buildings, etc. to ZEBs

Example solar panel installation (installation planned in fiscal year 2022)

Topre Kyushu

- Introduction of solar panels in-house
- Advance installation in stages at each plant
- First, install solar panels on the roof of Kurume Plant as step 1.

Reduction of 578 t-CO₂ / year

Topre Gifu Plant

- Installation of solar panels under PPA contracts (PPA: Power Purchase Agreement)
- Installed on part of roof at Gifu Plant

Reduction of 194 t-CO₂ / year

Topre Sagamihara Plant

- Installation of solar panels under PPA contracts
- First start with a plant roof where installation is possible right away
- Install on Press Plant 2 / one room of Saitama Plant

Reduction of 173 t-CO₂ / year

Topre Tochigi Plant

- Installation of solar panels under PPA contracts
- Installation on East Warehouse of Plant 3

Reduction of 155 t-CO₂ / year

● Results of energy saving and CO₂ emissions reduction activities (Japan)

Base		Details of initiatives
Topre	Sagamihara Plant	<ul style="list-style-type: none"> • Reduction of power consumption by switching to LED lighting 2019: Reduction effect 115,249 kWh / year (replaced 624 fluorescent lamps) 2020: Reduction effect 11,259 kWh / year (replaced 147 fluorescent lamps) 2021: Reduction effect 1,608 kWh / year (replaced 21 fluorescent lamps) • Reduction of power consumption by upgrading air conditioners 2019: Reduction effect 11,367 kWh / (upgraded 5 units) 2021: Reduction effect 2,156 kWh / (upgraded 1 unit) • CO₂ reduction by switching to battery-powered forklifts 2019: Reduction effect 22.0 t-CO₂ / year (replaced 4 vehicles) 2020: Reduction effect 24.5 t-CO₂ / year (replaced 8 vehicles) 2021: Reduction effect 25.2 t-CO₂ / year (replaced 7 vehicles)
	Hiroshima Plant	<ul style="list-style-type: none"> • Shortening of compressor operation time Adjustment of heating time for each season
	Tochigi Plant	<ul style="list-style-type: none"> • Reduction of power consumption by switching to LED lighting 2020: Reduction effect 351,852 kWh / year (mercury lamps) • Introduction of environmentally-considerate vehicles 2021: Replaced gasoline-powered company vehicle with hybrid vehicle (1 vehicle)
	Gifu Plant	<ul style="list-style-type: none"> • Reduction of power consumption by upgrading transformers 2021: Changed from 1991 model to 2019 highly efficient models
Topre Tokai		<ul style="list-style-type: none"> • Reduction of power consumption by switching to LED lighting 2020: Reduction effect 279,000 kWh / year (replaced 199 mercury lamps) 2021: Reduction effect 139,000 kWh / year (replaced fluorescent lamps)
Mitsuike		<ul style="list-style-type: none"> • Reduction of power consumption by switching to LED lighting 2019: Reduction effect 219,938 kWh / year (replaced mercury lamps and fluorescent lamps)

Reduction of environmentally hazardous substances

We are implementing initiatives aimed at reducing the use of environmentally hazardous substances in our business activities.



Chemical substance management

● Initiatives to reduce environmentally hazardous substances

We are working on the management and reduction of chemical substances that lead to environmental impacts in products designed by the company. We are promoting initiatives aimed mainly at the reduction of chemical substances subject to the PRTR Act and the management of chemical substances contained in products.

• Temperature controlled logistics-related products

We are working on the reduction of toluene, xylene, and methylbenzene, whose emissions are particularly high in manufacturing.

• Air conditioning equipment-related products

The paint used in the blower product production process was subject to the PRTR Act, but we carried out testing and evaluations, and after obtaining customer approval, switched to a paint that is not subject to the PRTR Act. Due to this initiative, we were able to consider the health of workers and management became easier too as we were able to unify three kinds of paint into one.

• Electronic equipment-related products

We have introduced a dedicated management system for information on chemical substances contained in products and parts. Due to this initiative, we have become able to handle survey requests from customers and the work of providing answers smoothly, as well as searches specifying laws and regulations based on information on contained substances tabulated at the product, intermediate material and part levels. By managing information on chemical substances contained in products positively, it becomes possible to obtain good evaluations from customers.

Chemical substances for automotive parts are controlled using the automotive industry's IMDS system*1.

We have stipulated chemical substance management rules based on ISO 14001 for our various purchased items, and are implementing chemical substance management. We have also stipulated a "List of Controlled Chemical Substances," a management standard, and ask suppliers to manage the chemical substances in the products they deliver with that and to deliver products managed under the same thinking as that of the company.

(Included in the "Topre Group Green Procurement Guidelines")

With purchased electronic products, we manage chemical substances using chemSHERPA*2.



List of Controlled Chemical Substances

*1 IMDS: A supply chain environmental information transmission system developed by the Verband der Automobilindustrie (VDA) of Germany with the ELV Directive in mind.

*2 chemSHERPA: A data creation support tool led by the Ministry of Economy, Trade and Industry for the proper management of information on chemical substances contained in products throughout the supply chain, from upstream companies to downstream companies

Environmental issues: 2022 Special feature



Development of pipeline-type nano-hydroelectric power generation system

Aiming for a recycling-oriented society

At present, in order to contribute to the realization of a decarbonized society, we are developing a pipeline-type nano-hydroelectric power generation system that uses unused energy (energy creation) in industry-academia cooperation, making full use of the company's plastic processing, control and fluid technology.

What is nano-hydroelectric power generation?

While the use of renewable energy is advancing worldwide, hydroelectric power is expected to be a stable power source unlike solar and wind power, but large-scale dam development leads to environmental destruction and new development is not progressing. On the other hand, although the amount of electricity generated is small, nano-hydroelectric power generation (less than 10 kW), which has been overlooked until now, is attracting attention as a system that can generate electricity using waterways such as agricultural water, which is abundant in rural areas, and wastewater from factories.

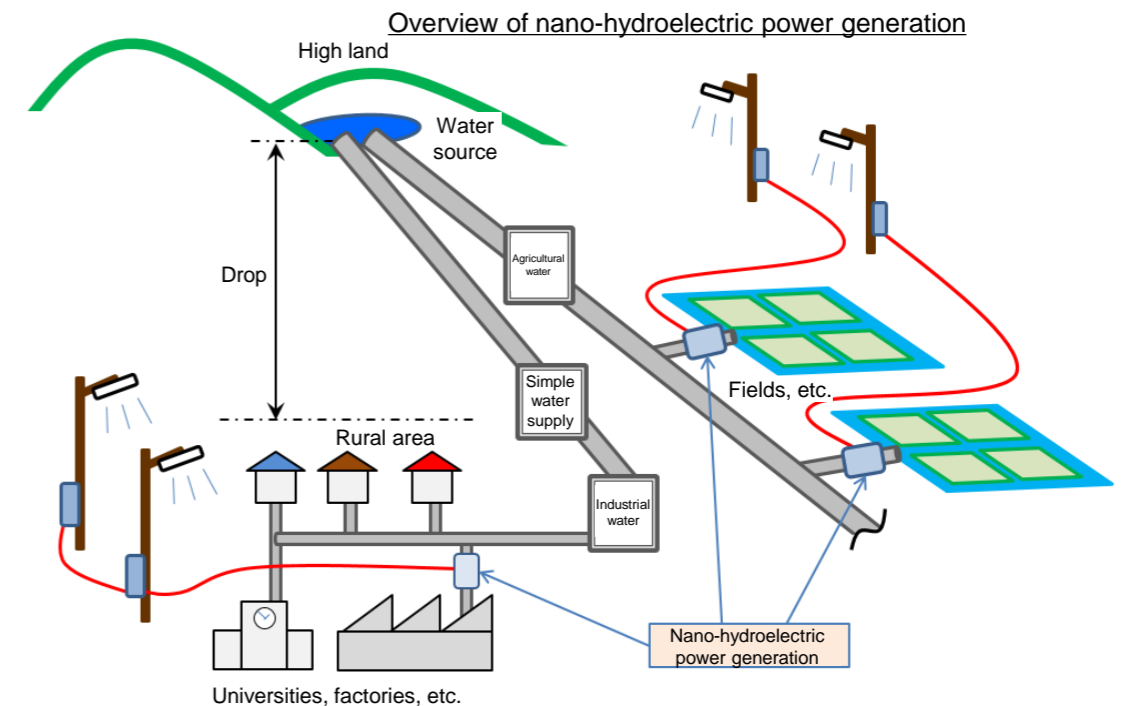
Further, these systems are characterized by their energy resilience as they can be built independently of existing large-scale power transmission systems and can supply electricity without being affected by large-scale power outages (blackouts).

Development initiatives

Focusing on pipeline-type waterways, we are aiming to create a nano-hydroelectric power generation system that can be installed simply and is easy to use. In addition, Development Department is playing a central role in product development through a public-private partnership with the Ministry of Agriculture, Forestry and Fisheries, and collaboration with Tokushima University, Kanazawa Institute of Technology and others.

We are currently conducting field verification towards commercialization. In addition to laboratory experiments using our own experimental facilities, in collaboration with Tokushima University and Kanazawa Institute of Technology, we are extracting issues and taking measures towards practical application, assuming actual operating environments.

The plan from now on, through a public-private partnership project with the Ministry of Agriculture, Forestry and Fisheries, is to propose deregulation, system development and standardization, implement a roll-out to expand the market and establish a production and quality system in fiscal year 2022, and to develop products for commercialization by the end of fiscal year 2023.

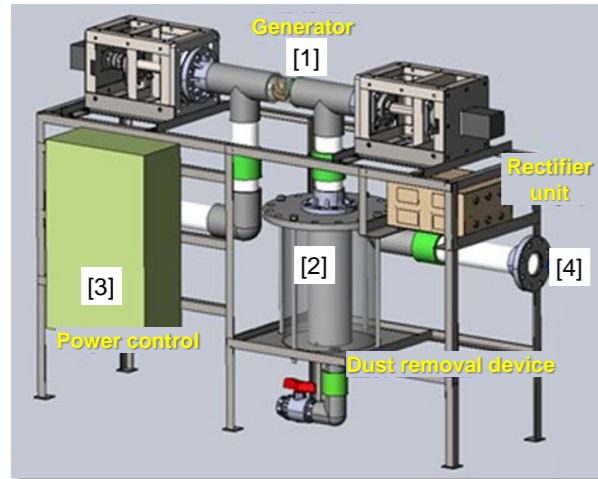


Environmental issues: 2022 Special feature



Features of the nano-hydroelectric power generation system under development

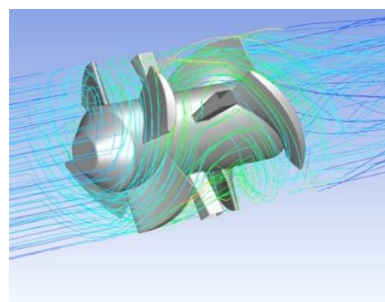
Nano-hydroelectric power generation has four main features.



Configuration of power generation system under trial

[1] Development of small, high-efficiency turbines

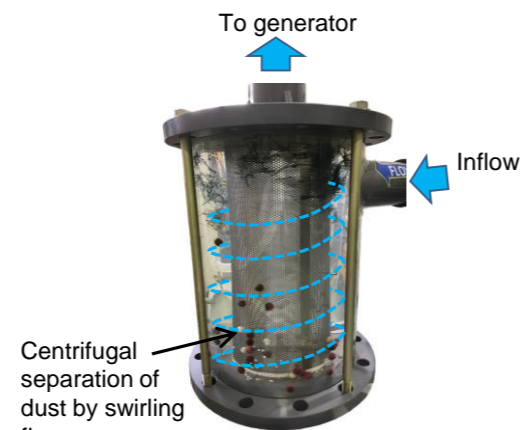
For the core turbine in hydroelectric power generation we adopted a phase inversion dual micro turbine developed jointly with Tokushima University. Because it is small and highly efficient, it can be used with piped agricultural water facilities. The turbine is a shape that applies the company's fluid analysis technology and fluid control technology, with the rear turbine offsetting the swirling flow generated by the front turbine by reversing it, enabling highly efficient power generation.



Small, highly efficient turbine under trial

[2] Device for the removal of dust that affects power generation

The biggest issue for small hydropower generation is measures against clogging caused by dust. Because ordinary bar screens often become clogged and interfere with stable operation, we have developed a unique, unpowered, pipeline-type dust removal mechanism and have been able to confirm that stable power generation is possible in field verification.



Dust removal device under trial

[3] Multiple connection operation (micro grid)

Although the potential for power generation is small at each of the water taps built for agricultural use, we are developing a system that can connect electrically and operate at multiple points, because a lot of power can be generated by connecting multiple nano-hydroelectric systems.

[4] Simple construction using one package

The weighting of civil engineering work is high in the costs of introducing hydroelectric power generation, and the lower the amount of power generated, the harder it becomes to introduce hydroelectric power. This is why use of hydroelectric power generation is not spreading. Therefore, we are aiming for a system that is easy to install, featuring a single package that can generate electricity by simply connecting pipes such as agricultural water use facilities.

Field verification with Tokushima University
We are conducting field verification at a landlocked trout aquaculture farm in Mima City, Tokushima Prefecture. We installed the developed product at the pipeline terminals that supply water for aquaculture and are verifying the system assuming that the electricity generated will be used as a power source for the campground and management facilities.



Example of the use of lighting in a campground kitchen

Field verification with Kanazawa Institute of Technology

We are conducting field verification using agricultural water in Hakusan City, Ishikawa Prefecture. Aiming at being able to maximize use of the power generation potential of the region, we installed multiple connected power generation systems to a single agricultural pipeline and are verifying whether it is possible to generate power efficiently.



Verification of connected operation with an agricultural waterway

Future development

From now on, we will advance development using the plastic processing, control and fluid technologies that are the company's strengths, and in fiscal year 2022, through a public-private partnership with the Ministry of Agriculture, Forestry and Fisheries, we will propose deregulation, system development and standardization and establish a production and quality system while conducting activities towards market expansion to become able to provide the system as an energy creation product that can contribute to society. We will advance plans for commercialization by the end of fiscal 2023.

Products and services

We provide products and services of a quality that can make all customers feel at ease to establish the “Topre quality” that our customers recognize.

Quality Policy

At Topre, we are conscious of our quality assurance philosophy in all processes and at all bases, and in order to unify and improve the Topre brand, we have formulated the Group Quality Policy to be worked on and have rolled it out to related divisions.

In addition, every year, each plant and related division prepares a Quality Activity Plan based on the Medium-Term Management Plan, the Quality Policy, and the Quality Management Policy, and engages in quality activities.

Topre Group Quality Policy

< Basic way of thinking >

We provide products and services of a quality that can make all customers feel at ease to establish the “Topre quality” that our customers recognize.

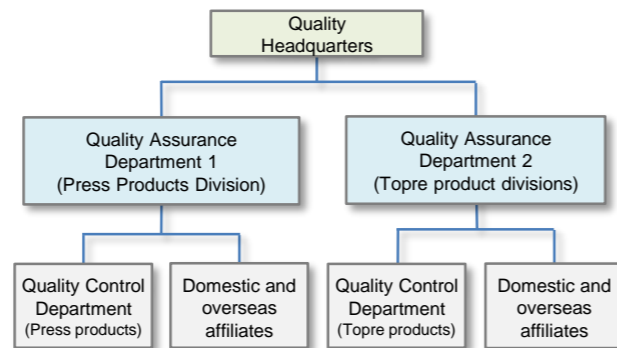
1. We have established a quality management system and each and every employee carries out quality assurance activities.
2. We take on the challenge of improving quality in work at all times, from development to production and sales.
3. We identify market needs and trends accurately, and provide customers with optimal products, services and information.
4. We develop human resources through education and training in order to maintain quality activities.
5. We strive to ensure quality and safety while complying with customer requirements and laws and regulations.
6. We follow the PDCA cycle at all times to make continuous improvements.
7. We maintain good relations with cooperating manufacturers and strive to improve quality.

Quality management system

The company’s plants, global subsidiaries and suppliers have standardized their quality assurance systems based on the standard requirements of ISO 9001 or IATF 16949, customer requirements and legal requirements, and built quality management systems that they now operate and manage. The Topre Group has built a global system with Quality Headquarters positioned at the top of the organization.

In addition, Quality Assurance Department 1 is responsible for maintaining and managing the quality system for press-related products produced at the Topre Group and suppliers, and Quality Assurance Department 2 is responsible for maintaining and managing the quality system for company products related to temperature controlled logistics, air conditioning equipment, and electronic equipment.

Quality control system



Consistent quality control

The company is striving to create products that can satisfy customers by strengthening product development and technologies from a customer perspective in order to respond to diversifying needs.

Further, in cooperation with affiliated companies, we are making efforts to improve customer satisfaction by feeding back information on customer needs and problems to products quickly.

Quality assurance in the planning and development stages

At the initial stage of product planning and development, the company designs the standards, regulations and laws that apply to products from the perspective of environmental considerations and lifecycle, and conducts design verification through analysis, verification of safety using prototypes and testing assuming various environments of use to ensure product quality.

Initiatives for QC activities

Continuing since 1970, the company has held a total of 64 QC competitions as of 2021. This was the seventh holding of a competition to which QC circles from overseas bases were invited. In 2020 and 2021, we held these events as video competitions with the results of QC activities recorded on video due to countermeasures against COVID-19. At the QC competition in 2019, prior to the COVID-19 pandemic, a total of 16 QC circles from 13 bases in Japan and overseas took part after passing through qualifying at their respective bases, including seven circles from America, China, Thailand and Mexico, watched over by an audience of more than 300 people. At the circle presentations at overseas bases, greetings were exchanged in Japanese before presentations were given on daily improvement efforts that took advantage of the features of each base. They were all well received. The company’s QC activities are an opportunity for us to deepen our friendships with overseas members, with whom we usually have little interaction, and to stimulate each other. We will continue to work on improvements through QC activities.



2019 QC competition (when the competition was held normally)

Information provision and quality labeling

Topre is striving to provide appropriate information on how to use its products in order for customers to use the company’s products safely for a long period of time.

We have prepared product labels and instruction manuals so that customers can operate products, carry out daily maintenance and handle errors safely. In order to prevent misjudgment and misreading, we do not only use text information embellished with fonts and written expressions, but combine that with illustrations, giving consideration also to ease of reading and understandability.

Initiatives for the improvement of maintenance quality

We have established a dedicated department and a system for staff with product knowledge to respond quickly to customer inquiries about product explanations, repairs and replacements. In addition, we have established a service system that can be deployed nationwide through a system of cooperation with other companies. By sharing maintenance and service information, we maintain uniform maintenance quality nationwide.

In general, with products of high quality, maintenance is easy to understand and consideration is also given to making it easy and safe. We are advancing efforts to improve product quality in newly developed product designs by giving feedback on points for improvement obtained from customers to Design Division and reflecting that in designs, thereby improving the future quality of maintenance.

We provide customers with highly marketable products and easy-to-understand instruction manuals and maintenance explanations. Internally, for staff and service personnel, we will enhance product education and maintenance manuals that are easy-to-understand through the use of photos and videos. In addition, we will also work on the further improvement of maintenance quality by establishing a system that enables us to respond quickly and correctly to newly developed products as well.

Supply chain management



We build fair, impartial and moderate relationships with the people related to the Topre Group. We maintain highly transparent transactions with business partners, cooperating businesses and suppliers.

Purchasing policy

Topre Group Purchasing Policy

< Basic way of thinking >

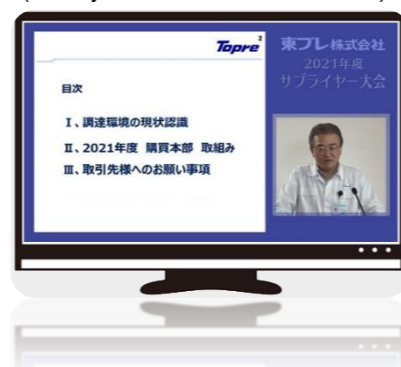
The company has shared the following policy with the Topre Group as a whole for the procurement of materials. We build relationships of trust with business partners, promote procurement emphasizing CSR and environmental conservation, and roll-out initiatives towards the development of a sustainable society.

1. Compliance with law, regulations and social morality
We promote fair and transparent purchasing activities in compliance with related laws and regulations as well as social morality and norms.
2. Environmental protection
We implement purchasing activities that lead to environmental conservation activities based on our environmental policy, and promote "green procurement activities."
3. Fair and equitable transactions
We provide open, fair and equitable entry opportunities regardless of nationality, company size or whether or not we have a track record of business.
4. Selection of business partners
We select based on comprehensive consideration of quality, cost, technology, delivery time and other capabilities, as well as management attitudes and systems. In addition, we strengthen cooperation among each division, domestic and overseas bases and affiliated companies to ensure the optimal procurement of materials by using the mass benefits of centralized purchasing.
5. Building of relationships of trust
We build relationships of trust with business partners through fair and transparent transactions, and promote mutual development. By strengthening trust with suppliers, we realize flexible and timely parts provision to customers.
6. Information protection
We manage confidential information properly and do not disclose it without mutual approval.

Strengthening of partnerships with business partners

Our business partners are important for us to produce high-quality products, and we believe the building of cooperative systems is important. The company holds a supplier conference once a year to explain the group's current situation, strategies, purchasing policy and Topre initiatives. In fiscal year 2021, we held the conference in web format in June with 153 business partners participating. In future, we will promote procurement that emphasizes CSR and the environment, strive to build relationships of trust with business partners throughout the group, and aim to contribute to the realization of a sustainable society. At QC circle competitions, we share information on quality and manufacturing processes and consider issues. We also ask business partners to present examples of their quality improvements and work with them to raise awareness of quality. Moreover, the company's Parts Acceptance Division visits suppliers regularly to conduct on-site audits of manufacturing processes, provide advice on improvements, and propose improvements to the work environment.

Supplier conference (fiscal year 2021: held on the web)



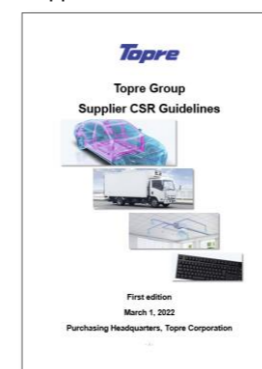
CSR procurement

In March 2022, we formulated the "Topre Group Supplier CSR Guidelines" for the further promotion of CSR procurement. Under the Basic Philosophy of "contributing to society through the creation of products and services using its outstanding technologies," the Topre Group clarifies its approach to CSR as well as requirements for business partners concerning human rights, labor, health and safety, anti-corruption measures and consideration for the environment, and promotes CSR initiatives across the supply chain together with business partners.

Initiatives for the promotion of CSR procurement

In fiscal year 2022, in the publication of the "Topre Group Supplier CSR Guidelines," we will roll out guidelines to existing business partners for them to understand CSR activities centered on quality, human rights, the environment and compliance with laws and regulations, and ask for the diffusion and spread of CSR initiatives. In addition, we will work on the promotion of sustainable procurement in cooperation with business partners by asking them to fill out a "Confirmation of Agreement," including matters such as cooperation with each guideline.

Supplier CSR Guidelines



Supplier CSR Guidelines
https://www.topre.co.jp/en/sustainability/social/files/en_csr_guideline.pdf

Green Procurement Guidelines



Green procurement

In March 2022, the company formulated the "Topre Group Green Procurement Guidelines" as its basic way of thinking on consideration for the environment in procurement activities. These describe the way of thinking of the Topre Group on carbon neutrality and ask business partners to reduce CO₂ emissions. In addition, as an initiative at the procurement stage, we promote "green procurement," with which we procure from business partners who cooperate in environmental improvement activities materials, parts and units considerate of the environment.

Business partner hotline

In order to maintain fair, impartial, and highly transparent transactions with related business partners, the group has established a contact point for business partners to report. This contact point has been established in a division independent of Purchasing Division. If we receive a report, we investigate the facts and take appropriate measures.

Purchasing personnel

The group provides education to employees towards the thorough implementation of fair and transparent transactions and the promotion of CSR throughout the supply chain, and provides regular education and training for procurement personnel. In recent years, these efforts have led to an increase in the skills and knowledge of personnel in charge of subcontracting, compliance, CSR procurement and other areas of particular importance. In addition, we also provide education and guidance on their attitude as employees and buyers.

Respect for human rights

We respect human rights and do not tolerate discrimination or harassment based on race, creed, gender, nationality, physical characteristics or any other reason in any case.



Basic policy on respect for human rights

Topre Group basic policy on respect for human rights

< Basic way of thinking >

In conducting business activities, we fulfill our responsibility to respect human rights, which are fundamental human rights. We raise “respect for human rights” in the Topre Group Action Guidelines, which is the standard for employee behavior, and are implementing initiatives for human rights and labor having clarified in the Action Guidelines that “In order to respect human rights and accept diversity in the conduct of business activities, the company will not discriminate or harass on grounds of race, creed, gender, nationality, physical characteristics or any other reason.”

Through this policy, we will build a system for the respect of human rights and handle this appropriately. This policy applies to all officers and employees of the Topre Group.

1. Respect for human rights
 - In order to respect human rights and accept diversity, we respect the diverse abilities, individuality and sense of value of each and every employee.
 - We do not tolerate discrimination based on race, creed, gender, nationality, physical characteristics or any other reason, or any harassment that harms human rights or somebody's personality.
 - We do not tolerate child labor, forced labor or human trafficking.
2. Responses to human rights risks

We apprehend human rights violations as a human rights risk and build and manage appropriately processes to identify, mitigate and prevent human rights risks.
3. Protection and relief of human rights

We will strive for the protection and relief of human rights if a human rights violation is made clear.
4. Appropriate labor management

We comply with laws and regulations concerning labor that are applicable in each country and region, and provide and manage appropriate work environments for employees.
5. Education and enlightenment

We implement appropriate education and enlightenment activities for all officers and employees.
6. Business partners

We ask all business partners to understand this policy, and to respect and not violate human rights.
7. Information disclosure

We disclose the state of implementation of our initiatives for the respect of human rights to the general public.

Responses to human rights risks

The group defines human rights risks as “risks that could infringe on the human rights of people related to the Topre Group and its business partners.” In order to ensure thorough respect for human rights throughout the supply chain, we have established items on respect for human rights in the “Topre Group Supplier CSR Guidelines,” and are working with business partners to promote initiatives towards compliance with those items. In fiscal year 2021, there were no cases involving child labor or forced labor.

Improvement of awareness of human rights

The company is making efforts for the improvement of employee awareness of human rights, including the prohibition of discrimination and the prevention of harassment. In fiscal year 2021, we implemented training for employees in Japan and other compliance education aimed at the prevention of harassment.

Consultation on human rights

Aimed at preventing harassment in the workplace, we have set up a dedicated consultation desk to raise awareness not only among general employees, but the entire workplace, including managers. The methods for consultation are by e-mail, telephone or letter, and matters will be accepted even if anonymous. Human Resources Planning Department investigates information on harassment from people seeking consultation and if a case of harassment is found, considers measures to be taken against the offender and for the person seeking consultation. The department follows up with the offender and the person seeking consultation while giving full consideration to further harassment by the offender.

Diversity in human resources

We respect diversity and support the potential of people who take on challenges.



Promotion of diversity

We aim to create an environment in which each and every employee, regardless of race, creed, gender, nationality, age or disability, can work actively, demonstrating their abilities to the maximum.

● Promotion of female participation

Based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace, the company has formulated an action plan to increase the number of female employees and create an employment environment in which women can participate, and is implementing initiatives towards its achievement.

Action plan targets for the promotion of female participation and advancement (April 1, 2021 to March 31, 2026)

- Target
 - Employ at least 130 full-time female employees
- Support measures
 - (1) Secure substitute personnel during childcare leave, and review the details of work and work systems
 - (2) Implement initiatives to improve the abilities of employees after childcare leave
 - (3) Promote the use of a shorter work hours system and flexible work hours system for employees after childcare leave

● Rehiring of seniors

With regard to the employment of the elderly, we have introduced an ongoing employment system based on the Act on Stabilization of Employment of Elderly Persons. In anticipation of the raising of the mandatory retirement age in the future, we are making efforts to improve the treatment of rehired retired employees by raising the wage level of retired employees and developing work systems considerate of individual circumstances such as nursing care.

Even if they are above 65 years old, we will continue to employ employees in an environment where they can continue to work in accordance with their wishes and aptitudes.

● Hiring of foreign employees

Regardless of race or nationality, the company selects people in accordance with their experience and skills. We do not implement special selection for foreign nationals as we conduct recruitment activities with an awareness of equal employment for all applicants.

When the employment of foreign nationals in Japan is decided, we support them in the acquisition of a work visa, provision of a place of residence, and through the various procedures. In addition, we accept foreign technical trainees positively, which leads to the invigoration of the company through the realization of diversity and acceptance.

As of November 2021, foreign employees from six countries of North America and East Asia are working actively at the company.

● Employment of people with disabilities

There are currently people with various disabilities working actively at the company. Rather than take the simpler tasks of daily work and promote the hiring of people with disabilities only as a “quota for hiring disabled people,” we establish work roles in accordance with people's characteristics such as their personality, experience and skills. Our goal is not to hire people with disabilities, but to create a work environment in which people can continue to work actively for a long time in cooperation with each division that accepts them. In addition, from January 2022, we began using a farm, part of a social farm, and started on an initiative to create a new point of contact for the employment of people with disabilities.

In future, we will continue to create a work environment so that people with disabilities can play active roles, and will promote the employment of people with disabilities positively.



Social farm
(We grow vegetables including komatsuna, mizuna and radishes.)

Work styles and education



Work-life balance

The company is striving to enhance leave systems and welfare programs so that each and every employee can enjoy their daily work and life comfortably.

● **Support for flexible work styles**

The company is supporting flexible work styles by introducing a flextime system that matches the workload and nature of each employee. In addition, if COVID-19 infections occur, we recommend employees work from home or work in staggered hours in accordance with the type of work they do to prevent infections.

● **Balancing support systems**

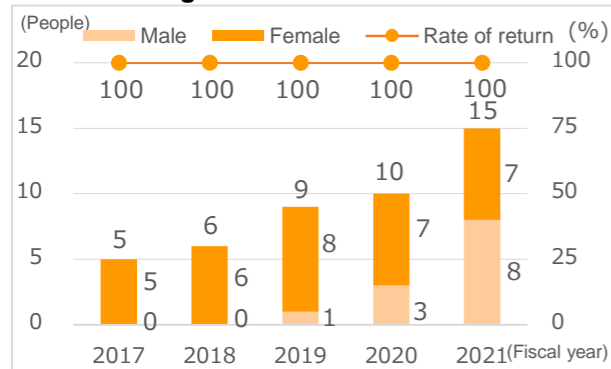
Balancing work and childcare

Based on the Act on Advancement of Measures to Support Raising Next-Generation Children, the company formulated and is implementing an action plan to enable employees to balance work and the raising of children and allow all employees to demonstrate their abilities to the full.

Action plan targets for the promotion of measures to support the development of the next generation
(April 1, 2021 to March 31, 2026)

- Male employees ... More than 30 employees take childcare leave during the plan period
- Female employees ... Maintain 100% taking of childcare leave during the plan period

State of taking of childcare leave



Balancing of work and nursing care

We have a system under which employees can use nursing care leave up to three times within a total of 93 days for each family member who needs nursing care, and a short work hours system for employees to provide nursing care for family members who need it.

● **Initiatives for overtime work**

Based on the enforcement of the revised Labor Standards Act, the company raises “understanding of actual working hours,” the major premise in the management of overtime, as the most important matter. At present, all of society is paying attention to “overtime cap regulations,” but if we make efforts towards “work style reforms” without knowing the workload of each and every employee, work methods and unreasonable, wasteful and redundant work, it could lead to the rampant unpaid “service overtime” of yesteryear. Recognizing that “work style reform” cannot be achieved overnight, and believing that such a situation should be avoided, the company is making efforts to grasp the current situation and gather opinions. It is conceivable that it may take time to realize this goal, but we are striving to raise awareness among all employees, also including managers.

Human resource development

The company’s human resource policy is to cultivate “human resources who are independent in everything, always have a bird’s-eye view of the situation, and work logically.”

With the globalization of economic activities and the declining birthrate and aging population of Japan, we are at a stage where we need to rethink past practices and ad hoc work methods.

It is not easy to educate adults whose personalities have formed as “individuals,” but we are making efforts towards the development of human resources who grasp situations objectively and act logically towards their goals.

● **Development of global human resources**

The company implements overseas training centered on young employees aimed at the development of the human resources who will support our global system in the future. By experiencing and learning about overseas realities and practices, we are aiming to cultivate an international sense and improve the quality of employees so that they can respond to the expansion of our global system in the future with a broad international perspective and free thinking.

● **Development of employees who have acquired skills**

We are making efforts towards the development of employees who have acquired skills such as education on the “Topre way of manufacturing” for the certain transfer of manufacturing knowledge and skills to occur, “superior education for section managers, plant managers and leaders by rank” and “education on practical improvement methods” aimed at the improvement of productivity.

● **Initiatives towards career formation**

In addition to implementing our human resources policy thoroughly and ensuring proper understanding of employees’ own responsibilities, we make efforts aimed at the acquisition of the knowledge, technology, skills, planning ability and judgment required to perform duties accurately and promptly, and the development of broad

Career training

The company has three main training systems, which can be divided into “education by division,” “hierarchical education” and “education by function” based on the aim of the training. We clarify the education required for each division’s work, including specialized knowledge and skills, and promote the drafting of educational plans. Training courses include: “divisional education,” which provides education and training on the knowledge and skills required for work by division; “hierarchical education,” which provides education on the knowledge, technology, skills, management, etc., required at each level from new employees to mid-level employees, core employees and managers; and “education by function,” which provides education on the knowledge, technology, and skills required for manufacturing, quality control, compliance, etc.

Policies for human resource development and internal environment development
https://www.topre.co.jp/en/sustainability/social/policy/human_resources.html

Labor practices

● **Fair evaluations and treatment**

The company uses a human resources evaluation system that evaluates the processes and results of employees’ roles and reflects these in compensation through salary increases, promotions and bonuses. For general positions, the system as a whole is divided into 10 grades, and the system is such that the higher the grade, the more important the results evaluation is. There is no gender gap at the same level, and we implement appropriate evaluations of clearly defined roles. In particular, we ensure transparency by holding feedback interviews with direct supervisors in each evaluation, and by engaging in dialogue on matters such as the reasons for evaluation results and future growth issues. For managers, targets are set at the beginning of each fiscal year in accordance with the three grade levels,

and we have introduced a target management system that evaluates managers based on their own evaluations. We implement clear evaluations based on results in the same way as general positions, with managers confirming target progress and their level of achievement through feedback interviews.

In addition, we do not handle wages, work conditions, transfers, education, etc., in a discriminatory manner based on reasons such as nationality, creed, external status, race, gender, religion or age.

● **Good relations with the labor union**

The company and the Topre Labor Union respect each other’s differences of position and ways of thinking, emphasize communication and strive for the maintenance and strengthening of sound labor-management relations. We hold labor-management meetings twice a year at plants and overall to discuss issues in matters such as work conditions and production and to communicate with each other.

● **The creation of rewarding workplaces**

Implementation of employee awareness surveys

The company conducts “employee satisfaction surveys” and “potential assessments” in some divisions aimed at the creation of rewarding workplaces.

Enhancement of the remote work environment

Topre has created a remote work environment that allows employees to work without having to go to the company. We are promoting various work styles in conjunction with the “work from home system.”

The creation of opportunities for meetings with employees

The company provides opportunities mainly for young employees to meet with Human Resources Division personnel. During these meetings, employees are asked about their physical and mental condition, which connects to handling such as daily follow-up, and leads to understanding of the capabilities and levels of each individual, and to the implementation of appropriate “hierarchical education” and “education by function.”

Safety and health

We make securing safety and health our top priority and create safe and healthy workplace environments.

Occupational safety and health

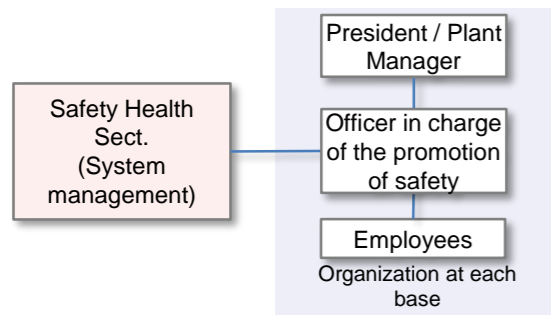
● Basic way of thinking on safety and health

The company has enacted Safety and Health Management Regulations, establishes the matters required for safety and health management, and carries out continuous occupational safety and health management independently to reduce the potential danger of industrial accidents, promote the health of all employees, promote comfortable work environments and improve the level of safety and health at all plants.

Formulation of a safety standard systems

The Topre Group has formulated a group-wide safety standard system to promote and implement intrinsic safety based on the principle of respect for people - "prioritize safety in everything." Based on this safety standard system, we promote safety activities and establish safety rules to protect the safety of employees. We are aiming for the realization of zero hazards from zero accidents.

Safety and health systems



● Occupational safety and health activities

Topre employees definitely receive safety training when entering the company, and the company distributes safety guidance to all employees, has established and uses a safety experience room where employees can experience simulations of the dangers of equipment, etc., and conducts risk assessments aimed at the creation of workplaces where employees can work with peace of mind. In addition, we also install easy-to-understand stickers on sidewalks to raise awareness of safety.



Safety experience room

● Holding of meetings of Safety and Health Committees

The company has established a Safety and Health Committee at all plants, regardless of the number of employees, and they hold meetings once a month. The committees implement surveys and hold deliberations on matters related to safety and health management, report on the safety and health of employees, and consider and implement specific measures to address the problems raised.

● Holding of lifesaving training sessions

AEDs (automated external defibrillators) are installed in workplaces and Fire Department personnel visit once a year to hold training sessions for employees to learn about cardiopulmonary resuscitation and how to use AEDs aimed at providing appropriate first aid and minimizing employee health damage when responding to an accident or emergency in the workplace.



Lifesaving training session

Health management and promotion initiatives

In order to create safe and secure work environments, the company promotes better health through the cooperation of the company, labor union, health insurance union, employees and their families.

● Implementation of medical examinations

We are focusing on initiatives towards the health of each and every employee based on the regular implementation of medical examinations and special medical examinations. Industrial physicians and public health nurses hold meetings with employees at health risk and provide health guidance, such as recommending medical examinations and reviews of lifestyle habits, to promote health improvements.

● Responses to mental health care for employees

Clinical psychologists and other mental health counselors provide mental health counseling by telephone and face-to-face. In March 2021, we were recognized as a "2022 Certified Health & Productivity Management Outstanding Organization" in the large corporation category of the "Certified Health & Productivity Management Outstanding Organizations Recognition Program" run by the Ministry of Economy, Trade and Industry.



Social contribution activities

Aiming for the harmony and development of corporate and social interests, we implement social contribution activities positively.

Training support for the next generation

● Acceptance of internships (work experience)

The company offers summer internships for university students and various kinds of work experience in actual workplaces. In addition, as part of our cooperation with university curriculums, we provide opportunities for practical training and research for the preparation of graduation theses, and we accept long-term internships for about five months. We are making efforts to create better places for practical training by arranging employees and training environments that provide support matched to themes.

● Plant tours

We have currently suspended implementation of this program from the perspective of measures against COVID-19, but we are implementing plant tours for local residents and students at some of the production bases of the group. Through plant tours, we are deepening the understanding by local residents of the group's manufacturing and we are also making efforts as part of our support for the education of the children who will lead the future.

● Blood donation activities

While the number of blood donation participants has decreased due to the spread of COVID-19, we are cooperating positively with the Red Cross Blood Center to eliminate blood shortages. Tochigi Plant holds blood donation activities three times a year, and about 60 employees participate each time.

Other social contribution activities

● Local cleanup activities

As part of our workplace environment improvements and local contribution activities, we carry out cleanup activities in the area around each base.

・ Hiroshima Plant

About 50 employees participate in cleanup activities around the plant once a month.



・ Gifu Plant

Plant employees clean up the neighborhood on 6th, 16th and 26th each month. They carry out activities in rotation, in four groups, each with about 15 employees participating each time.



・ Toho Transportation Co., Ltd.

Company employees clean around the plant on Monday and Friday each week.



● Provision of hometown tax payment goods to Sagami-hara City

The company's REALFORCE keyboards have been available as hometown tax payment goods from Sagami-hara City, where Electronic Equipment Department is based, since February 2020, and we have been getting a response.

● Support for sport

Sagami-hara Plant and Toprec sponsor SC Sagami-hara, which is based in Sagami-hara City, aimed at invigorating local society.

● Donations to healthcare professionals

・ Topre Kyushu

The company donated 1 million yen to the "Fukuoka Prefecture COVID-19 Health Care Workers Fund" as support for the health care workers struggling with measures against COVID-19 infections.

・ Topre Tokai

The company donated 1 million yen to Toin Town to support countermeasures against COVID-19 infections. In addition, the company donated 1 million yen to Mie Prefecture's "Love' Fundraising to Support Mie in Overcoming COVID-19."

● Donation to the Japan Traffic Safety Association

Toho Transportation Co., Ltd., donated 1.2 million yen to the Japan Traffic Safety Association, which carries out activities aimed at the "realization of a safe and secure community with no traffic accidents."

Social contribution activities

Other social contribution activities

● List of social contribution activities

Base		Details of initiatives
Topre	Sagamihara Plant	<ul style="list-style-type: none"> • Plant tours: Due to the spread of COVID-19 infections, this program has been suspended, but we will consider starting again based on the state of COVID-19 infections in fiscal year 2022. • Local cleanup activities: We clean the area around the plant and the nearest station in May and December. • Holding of events: We hold a summer festival in July, but it is currently suspended due to the spread of COVID-19 infections.
	Hiroshima Plant	<ul style="list-style-type: none"> • Local cleanup activities About 50 employees clean the area around the plant once a month.
	Tochigi Plant	<ul style="list-style-type: none"> • Plant tours: Plant tours by local elementary school students: Around November (once a year) Plant tours by the local technical high school: Around March (irregular) • Cooperation with blood donations: We cooperate positively with blood donations in response to requests from the blood center, which sends out a blood donation bus. (Implemented 3 times a year in April, July and November with about 60 people donating blood each time)
	Gifu Plant	<ul style="list-style-type: none"> • Local cleanup activities: As part of our 6S activities, we clean the neighborhood on the 6th, 16th and 26th of each month.
Toho Transportation		<ul style="list-style-type: none"> • Local cleanup activities: Every Monday and Friday, we clean about 100 meters of sidewalk to the north and east of Sagamihara office.
Toprec		<ul style="list-style-type: none"> • Support for sport Aimed at the local invigoration of Sagamihara, a place familiar to the Topre Group, we have agreed a contract with SC Sagamihara as a pitch signboard sponsor. • Local cooperation activities: Atsugi Service Center participates in mass cleanups and summer festivals sponsored by the Regional Promotion Association.

● List of social contribution activities

Base	Details of initiatives
Topre Kyushu	<ul style="list-style-type: none"> • Plant tours: We hold plant tours as needed to build relationships of understanding and trust with regard to manufacturing. • Local cleanup activities: Six technical interns and specified skill employees participated in activities and were able to build trust by interacting with local residents.
Topre Tokai	<ul style="list-style-type: none"> • Local cleanup activities: We participated in the Toin Town Cleanup Campaign, which aims to "create an environment in which garbage is difficult to throw out" and for "enlightenment through cleaning activities."

Corporate governance

We share our Basic Philosophy and act looking for contributions to society and the permanent prosperity of the company.

Corporate governance

● Basic way of thinking

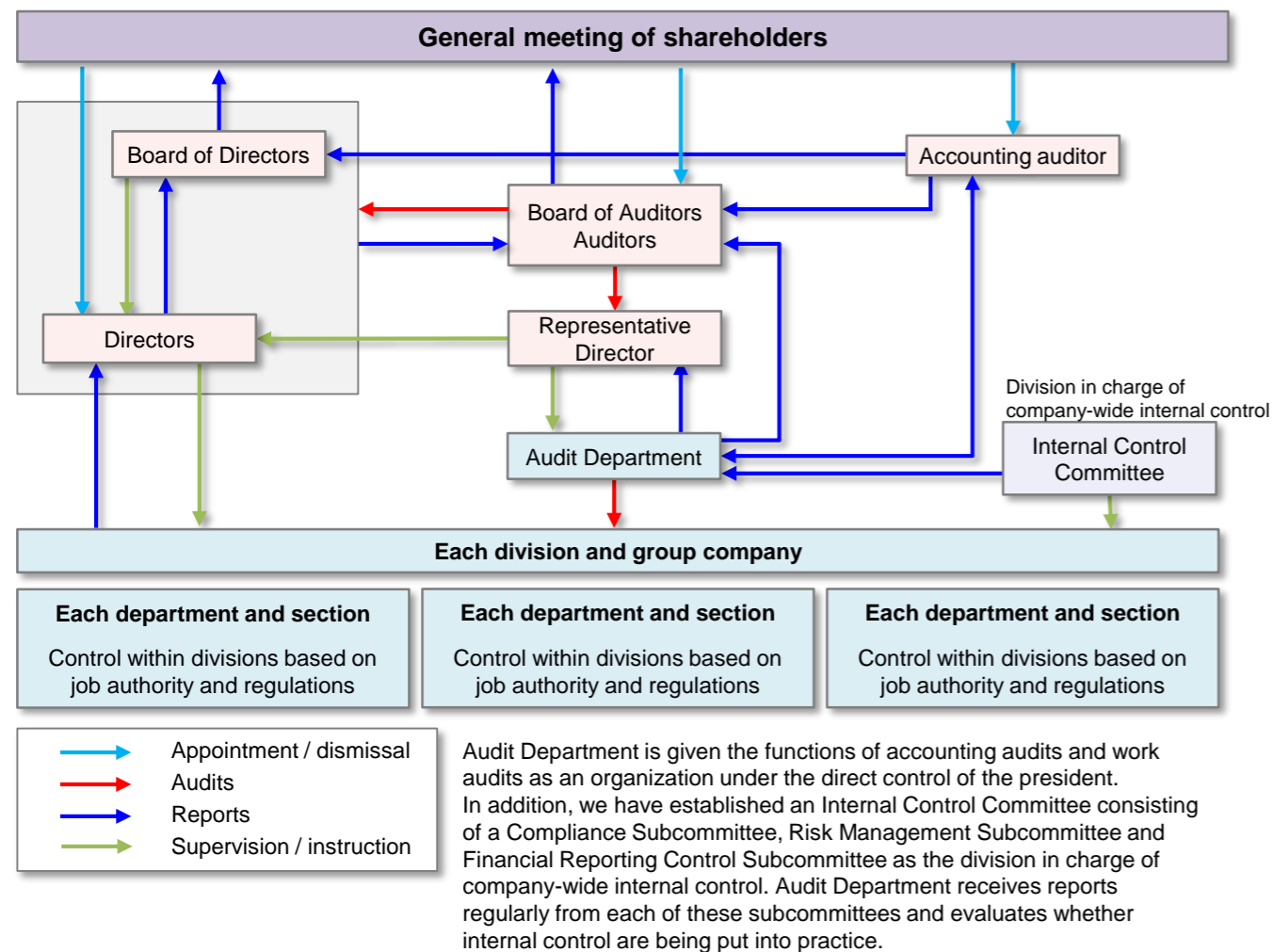
The mission of the Topre Group is to contribute to society through the creation of products and services using its outstanding technologies. In addition to pursuing economic results, we conduct business activities with high ethical standards and good sense as a company that is required and respected by society as an international company. The employees of the Topre Group working around the world share this philosophy and strive to enhance the system of corporate governance aimed at contributing to society and the permanent prosperity of the company.

● Basic policy on corporate governance

1. We strive to ensure the rights and equality of shareholders.
2. We strive for appropriate cooperation with stakeholders other than shareholders.
3. We strive to ensure appropriate information disclosure and transparency.
4. We make transparent, fair, prompt and decisive decisions, fulfill our management responsibilities and responsibilities to make decisions on and supervise the execution of business as the duties and roles of the Board of Directors.
5. We strive for constructive dialogue with shareholders.

Corporate governance report
https://www.topre.co.jp/en/sustainability/pdf/sustainability-co_governance-governance.pdf

Corporate governance system



● Corporate governance system

Board of Directors

The system at the company sees the Board of Directors cooperate to assume responsibility for management and business execution. At meetings of the Board of Directors held each month, basic management policies are determined and deliberations on business execution and specific plans take place. In addition to meetings of the Board of Directors, we hold monthly meetings to determine and have intensive discussions on themes for each division. Positive deliberations and considerations take place at these meetings, and we have a management system that enables quick and accurate decision-making, and flexible and effective management.

Board of Auditors

We have adopted an auditor system as our corporate management monitoring system. The Board of Auditors is comprised of three people in total, one full-time Auditor, and one legal expert and one accounting expert as External Auditors, all of whom are men. The Board of Auditors attends important meetings such as meetings of the Board of Directors so we have a system that fully monitors the execution of business by the Board of Directors.

Internal audits

We established Internal Audit Department as an organization under the direct control of the President to implement accounting and work audits and report to the President and the Board of Auditors. The company has increased the transparency of the Board of Auditors by appointing two External Auditors with expert knowledge and it fulfills the functions of monitoring and supervising management. In addition, while maintaining its independence, the Board of Auditors meets regularly with the accounting auditor to further enhance the effectiveness of audits, and confirms the audit policy, accounting system and other key matters that reflect changes. Moreover, it also exchanges opinions positively on the results of audits and strengthens its management monitoring function.

Accounting audits

The company appoints an external auditing firm as its accounting auditor and enters into an audit contract for audits based on the Companies Act and the Financial Instruments and Exchange Act. In addition, the assistants in accounting audits number 22 people including five certified public accountants.

External Directors and External Auditors

We strive for External Directors and External Auditors to grasp the details of business in full through the Board of Directors and the Board of Auditors. In addition, full-time auditors also communicate directly with External Auditors as required to communicate information and provide materials.

● Executive compensation

The company has established the following policies regarding the determination of the amounts of compensation for officers.

- 1) A compensation system that motivates directors to perform their duties
- 2) A compensation system linked to business results
- 3) A compensation system suitable for the roles and responsibilities of directors

Based on these policies, the compensation system for directors consists of basic compensation, short-term results-linked compensation and medium to long-term results-linked compensation. The Board of Directors delegates compensation for Directors to the Compensation Committee (including External Directors), which is an optional decision-making body, aimed at enhancing objectivity and appropriateness. The Compensation Committee determines the amounts of monthly compensation and bonuses for each Director based on regulations and within the total amount of remuneration approved at the General Meeting of Shareholders, excluding stock remuneration.

Compensation system

- Basic compensation
Monthly compensation is determined for each Director based on the discussions of the Compensation Committee.
- Short-term results-linked compensation
Bonuses linked to results for a single fiscal year are determined based on the discussions of the Compensation Committee taking into consideration each Director's contribution to results.
- Medium to long-term results-linked compensation
The company provides its own shares, etc., based on the cumulative number of points granted in accordance with the degree of achievement of management indicators for each fiscal year. The compensation system for Auditors includes only basic compensation.

Internal control activities

In order to build a corporate culture “that does not violate laws and regulations” and “a system that does not violate laws and regulations” based on the Basic Philosophy and Action Guidelines of the Topre Group, we established a basic policy on the development of an internal control system and are striving for proper and efficient business execution.



Internal Control Committee

The obligation of management to establish an internal control system to prevent legal violations and losses was clarified by the Companies Act. Based on the “Basic Philosophy,” the Internal Control Committee, which includes the representatives of each group company, has established “Action Guidelines” that each individual must keep in mind so that everybody can understand the direction that the Topre Group is aiming for. We have established regulations, manuals, etc., to embody the Action Guidelines so that we can promote work efficiently.

Internal control system

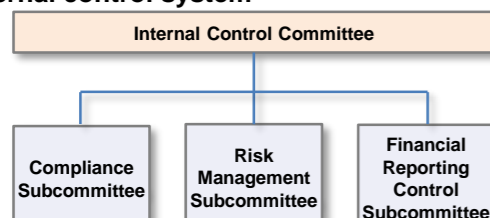
The internal control system ensures

- The effectiveness and efficiency of business
- The reliability of financial reporting
- Compliance with laws and regulations concerning business activities

The processes that are incorporated into work and executed by all employees in order to ensure the above constitute the internal control system. In order to promote work efficiently and comply with laws and regulations, we have established a “corporate culture that does not violate laws and regulations,” “a system that does not violate laws and regulations” and “a system for preparing correct accounting documents,” and carry out activities that evaluate and correct the current situation continuously.

The company established an Internal Control Committee and the following three subcommittees in order to develop and promote this internal control system.

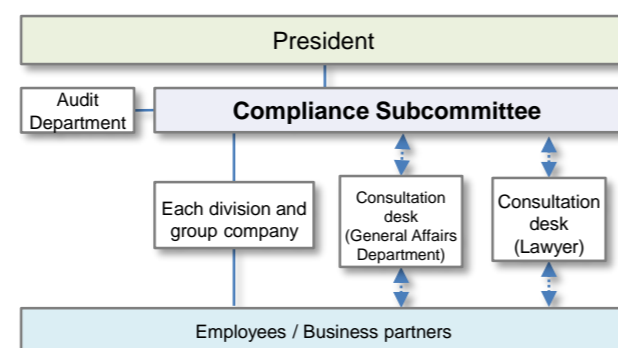
Internal control system



Compliance Subcommittee

For the strengthening of compliance management throughout the Topre Group, we hold meetings of the Compliance Subcommittee to diffuse awareness of compliance further among officers and employees.

Compliance system



● Compliance education

The company implements compliance education and raises awareness through regularly held hierarchical education.

● Establishment of an internal reporting system

The Topre Group has established an internal reporting system and consultation desks for all group companies, and is making efforts to familiarize employees with the system and establish the environment for its use.

● Corruption prevention initiatives

The company has established its “Basic Philosophy” and “Action Guidelines” and to ensure that all employees are aware of and comply with them, apart from e-learning and DVD training, issues internal newsletters regularly to provide information on laws and regulations related to business, and compliance, and aims for the thorough prevention of corruption.

Basic policy of the Topre Group on the prevention of corruption
https://www.topre.co.jp/en/sustainability/governance/policy/anti_corruption.html

● Initiatives for the protection of personal information

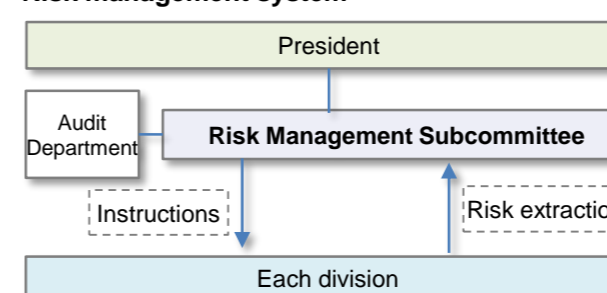
From the perspective of respect for human rights, we think that personal information should be handled with care, and are striving to ensure the proper handling of the personal information held by the company.

Topre Group privacy policy
<https://www.topre.co.jp/en/sustainability/governance/policy/privacypolicy.html>

Risk Management Subcommittee

We hold meetings of the Risk Management Subcommittee, which conducts surveys of the risks of natural disasters and accidents, and risks at overseas sites, and reviews their management systems. Each group company re-extracts and re-evaluates the risks assumed for each division and formulates countermeasures.

Risk management system



● Risk identification process

Each division identifies all risks in its business and submits them to the Risk Management Subcommittee. Risks are evaluated based on the two points of “magnitude of impact” and “frequency of occurrence” and summarized on a risk map. Risks that should be addressed with priority are selected and measures established for risk avoidance or mitigation.

● Handling of emergencies

The company has formulated a business continuity plan (BCP) with the highest priorities of “protecting and rescuing human life” and “restoring and maintaining production and services” in response to “major risks that have a particularly large impact on the company” such as earthquakes, storms and flooding, and is working on the handling of emergencies.

Topre Group basic policy on BCP
<https://www.topre.co.jp/en/sustainability/governance/policy/bcp.html>

● Information security management system

The company has established the Topre Group Information Security Policy to manage and protect information assets acquired in business activities appropriately, has built an information security system and strives for the continuous strengthening of security.

• Organizational safety management measures

The company complies with laws, regulations and guidelines on the protection of personal information, and strives to protect specific personal information through all of its business activities. Departments that handle personal information appoint a responsible person who manages and supervises that information and provides education and training on its handling.

• Technical safety management measures

We are making efforts to strengthen information security by managing PCs that can connect to internal networks, introducing systems that prevent unauthorized intrusion, and restricting external storage devices based on the control of devices.

• Physical safety management measures

We are striving to prevent information leaks by limiting the number of employees who can enter server rooms and by managing records of entry based on electronic locking.

• Human safety management measures

In order to prevent information leaks, we are striving to raise awareness of information security by disseminating information security policies and rules, and providing education on information management and the prevention of leaks.

• management of information security incidents

We have established a system to mitigate damage and prevent reoccurrence if an incident related to information security occurs, such as an information leak, unauthorized access or virus infection.

Topre Group information security policy
https://www.topre.co.jp/en/sustainability/governance/policy/i_security.html

Financial Reporting Control Subcommittee

The Financial Reporting Control Subcommittee conducts regular evaluations of the asset management and accounting of the group as a whole to ensure the appropriateness of financial affairs.

The group holds Accounting Division global training sessions to ensure the accuracy and consistency of work related to accounting, costs and finance of the group as a whole.

Intellectual property activities

We create intellectual property and are working on the acquisition and effective use of rights.

Intellectual property activities

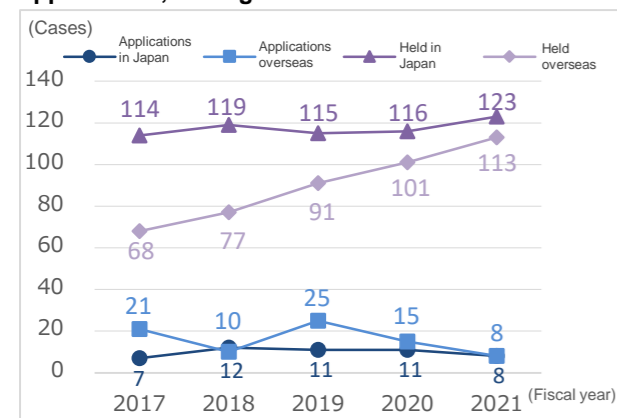
● Basic way of thinking

The company promotes the creation of intellectual property in Japan and overseas and the acquisition of intellectual property rights and uses them effectively in business. At the same time, the company conducts activities to avoid patent disputes and other risks, and to contribute to the strengthening of its development and sales capabilities.

● Activities that contribute to business

Intellectual Property Division participates regularly in meetings of divisions related to intellectual property, such as Development Division and Technology Division, to discuss invention-finding activities and application strategies to promote business superiority. It also conducts intellectual property activities linked with business activities. In addition, to create effective patents at an early stage, the division uses patent maps that digitize and visualize patent information to understand the state of applications and development directions in specific fields and create patent strategies. The division lists patents related to business regularly and shares information with related departments to consider matters such as patent applications and the use of patents.

Numbers of patent, utility model and design applications, and rights held



● Development of human resources for intellectual property

There are many situations in which knowledge of intellectual property rights is required in corporate activities, and we provide education as part of compliance education, as well as education for Development Division and Technology Division to increase their basic knowledge of intellectual property and awareness of applications. For Intellectual Property Division, we plan human resource development programs by external organizations, and we are enabling human resource development at each stage in order to enhance expertise in such areas as support for the creation of intellectual property and the planning of intellectual property strategies. In addition, in order to encourage inventors to produce inventions, we have enhanced our employee invention incentive system, which provides incentive payments to inventors in accordance with their applications, registrations and results for inventions, as an encouragement for inventions worthy of future application.

Responsibility to shareholders and investors

We strive for the proper disclosure of information to stakeholders and for mutual dialogue and cooperation.

Thinking on information disclosure and constructive dialogue

The company's corporate information is concentrated in General Affairs Department, the department responsible for the handling of information. General Affairs Department judges the necessity of information disclosure. When it does so, it judges the appropriateness of disclosure not only in accordance with the Timely Disclosure Rules of the Tokyo Stock Exchange, but also from the perspective of building and maintaining relationships of trust with the stakeholders surrounding the company.

1. Information on decisions and financial reports
The Board of Directors discusses important facts about the company and its decisions are communicated promptly to General Affairs Department (the department responsible for the handling of information) via the Secretary's Office, the secretariat of the Board of Directors. In addition, information on financial reports is communicated to General Affairs Department by Accounting Department.
2. Information on the facts of occurrence
Each division sends information to General Affairs Department.
3. Strengthening of disclosure systems at subsidiaries
We are explaining the timely disclosure of corporate information relating to subsidiaries again to each subsidiary in order to promote understanding of the Timely Disclosure Rules in regard to important facts, and the company is also involved positively in information collection.

General meetings of shareholders

The company holds an ordinary annual general meeting of shareholders in June each year. We believe that general meetings of shareholders are a valuable forum for dialogue with shareholders and are making efforts to invigorate general meetings of shareholders and facilitate the exercise of voting rights. Examples of our main initiatives are as follows.

- Early sending of the "Notice of Convocation of the General Meeting of Shareholders"
- Setting of general meetings of shareholders avoiding days when such meetings are concentrated
- Exercise of voting rights by electromagnetic means
- Provision of an English version of the Notice of Convocation (summary)

Dialogue with shareholders and investors

● Relationships with individual investors

We are making efforts to have the company known among individual investors. Twice a year, we send shareholder newsletters to shareholders to deepen their understanding of the company.

● Relationships with institutional investors

We hold financial results briefings twice a year for institutional investors and securities analysts, giving them overviews of results, and explaining business reports and our future prospects. In addition, we also hold individual interviews and teleconferences throughout the year and make efforts to promote understanding of the company among institutional investors.



A financial results briefing

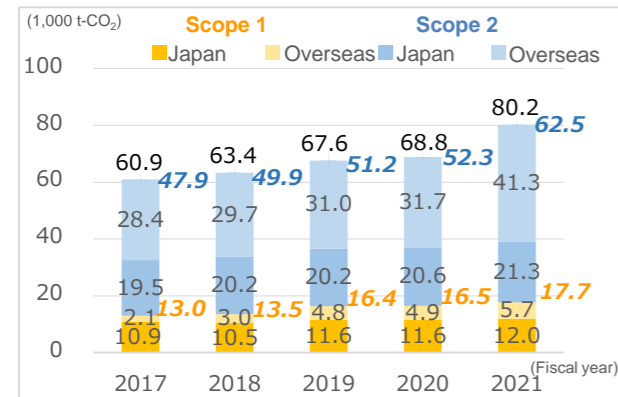
● Information disclosure on the website

We have set up dedicated pages on the company website for shareholders and investors that provide the latest information such as information on financial reports and press releases. The company discloses materials concerning quarterly financial reports, shareholder newsletters and other materials, and carries out activities aimed at promoting understanding of the company.

ESG data collection

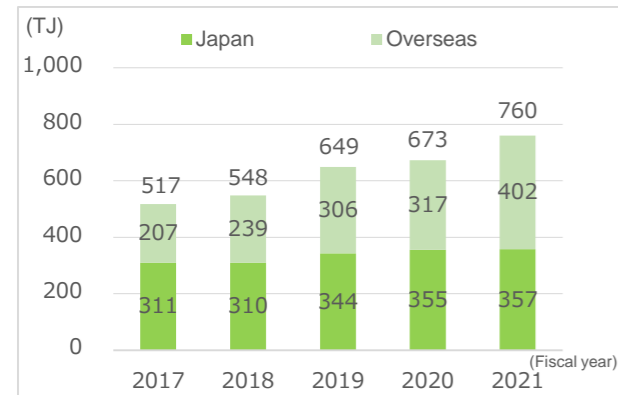
Environment

CO₂ emissions [Scope 1 + 2] (global)

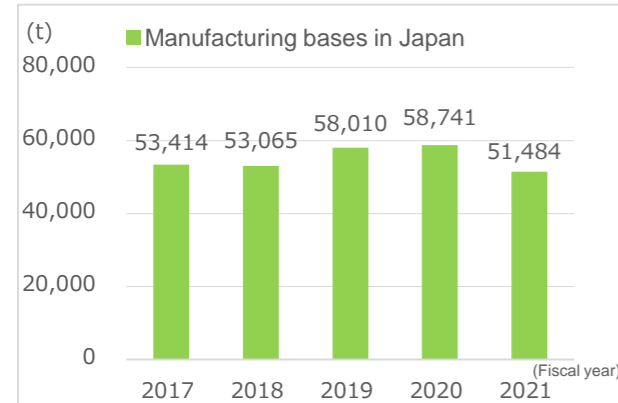


* CO₂ emissions were revised due to improvements in calculation accuracy.

Energy consumption (global)



Water consumption (Japan)



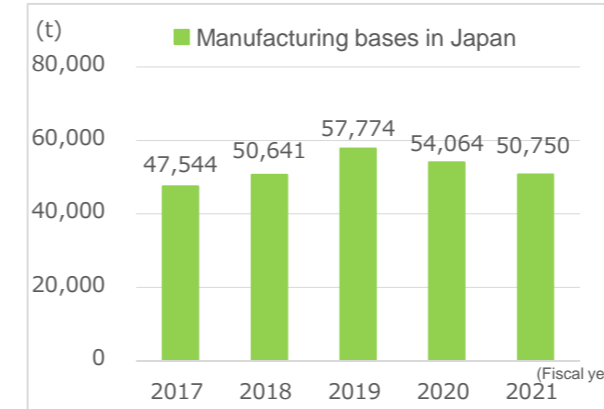
CO₂ emissions [Scope 3] (Japan)

Unit: 1,000 t-CO₂

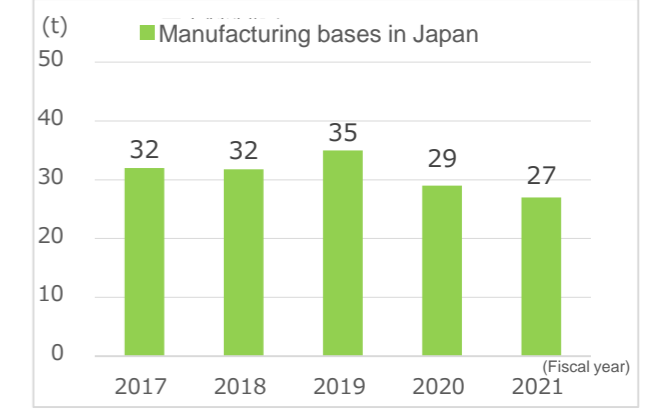
Scope 3 _ Categories 1-15	Fiscal year 2020	Fiscal year 2021
Total	2,436.2	2,417.0
1 Purchased goods and services	829.7	893.8
2 Capital goods	59.8	41.4
3 Fuel- and energy-related activities (not included in scope 1 or scope 2)	5.2	5.2
4 Upstream transportation and distribution	60.5	29.9
5 Waste generated in operations	1.2	1.1
6 Business travel	0.4	0.4
7 Employee commuting	4.3	4.1
8 Upstream leased assets	Excluded from calculation ^{*1}	
9 Downstream transportation and Distribution	Excluded from calculation ^{*2}	
10 Processing of sold products	Excluded from calculation ^{*3}	
11 Use of sold products	1,425.4 ^{*4}	1,412.9 ^{*4}
12 End-of-life treatment of sold products	12.0	11.9
13 Downstream leased assets	Excluded from calculation ^{*5}	
14 Franchises	Excluded from calculation ^{*6}	
15 Investment	37.7	16.4

*1: Recorded under Scope 1 and 2
 *2, *3: Reasonable calculation is not possible
 *4: Calculation only of internal products (products designed internally)
 *5: There is no external leasing of assets
 *6: There is no franchising
 * Overseas surveys are scheduled for fiscal year 2022.

Amount of waste discharged [including valuable resources] (Japan)

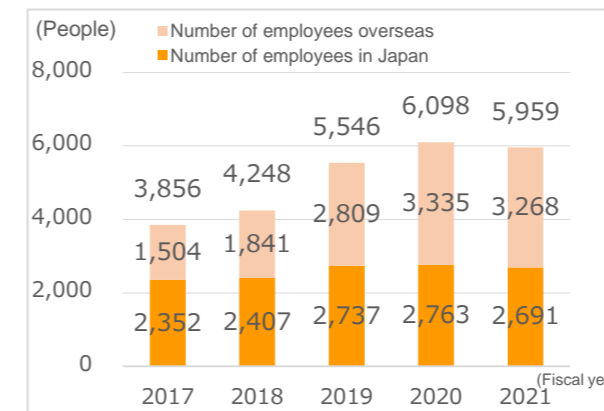


Quantity of substances subject to PRTR handled (Japan)

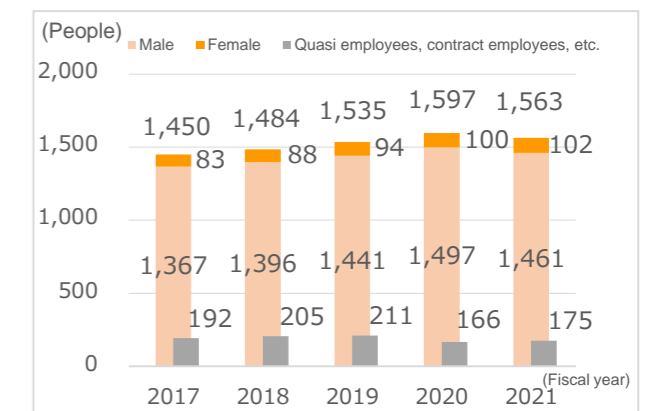


Human resources

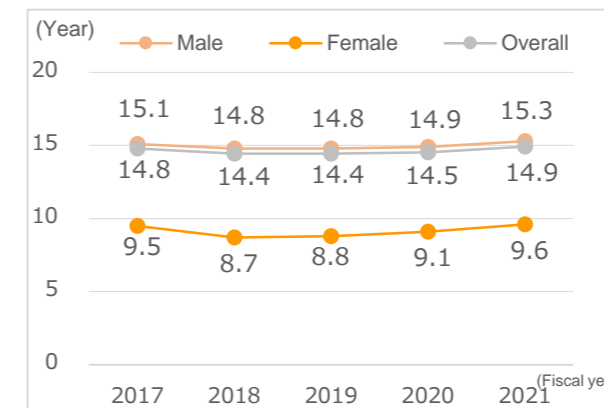
Number of employees (global)



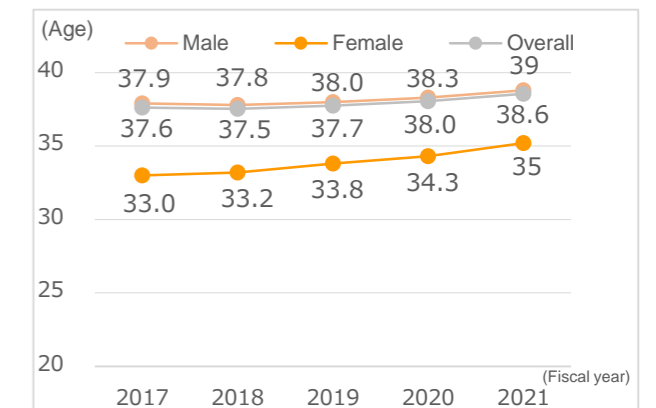
Number of employees (non-consolidated)



Average years of service (non-consolidated)



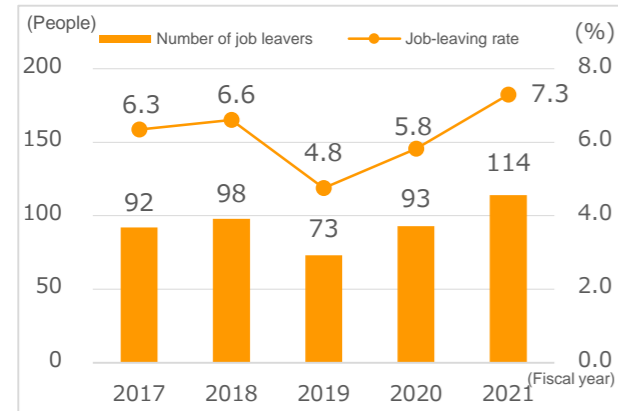
Average age (non-consolidated)



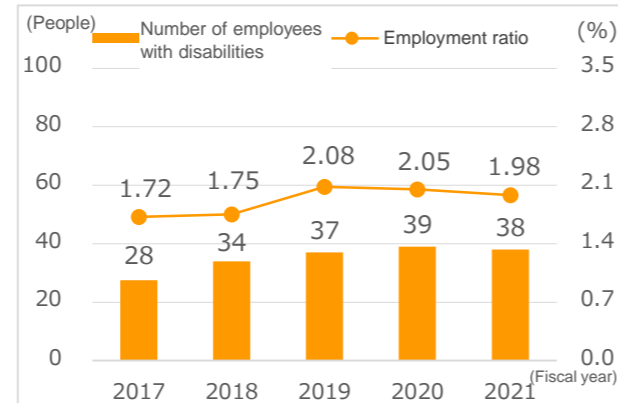
ESG data collection

Human resources

Number of job leavers and job-leaving rate (non-consolidated)

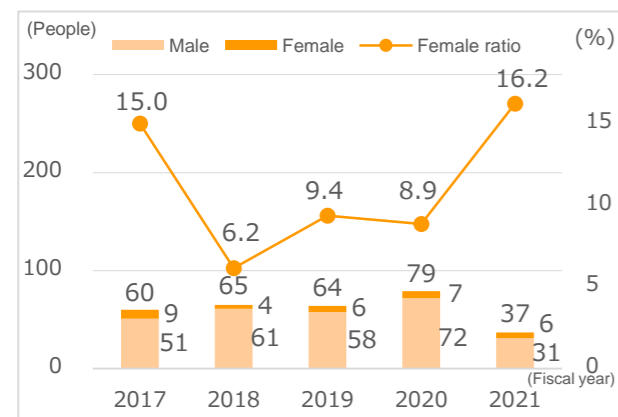


Number of employees with disabilities and employment ratio (non-consolidated)

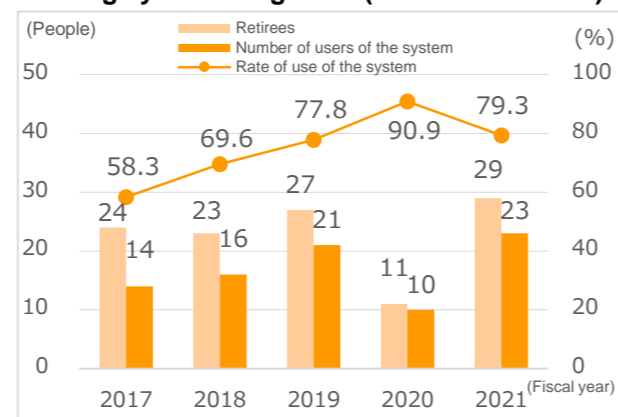


* These figures are in accordance with the Ministry of Health, Labour and Welfare's "Employment rate system for persons with disabilities."

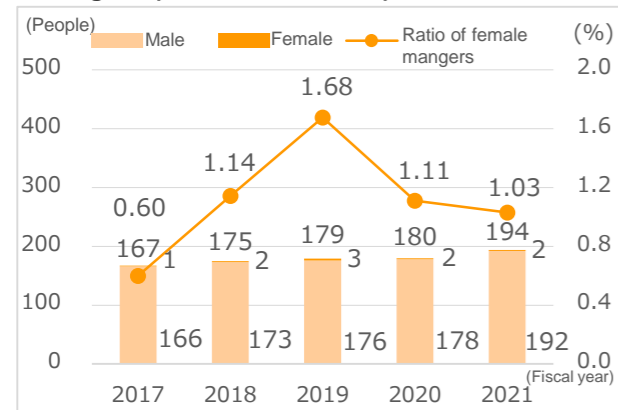
Number of new graduate employees and female ratio (non-consolidated)



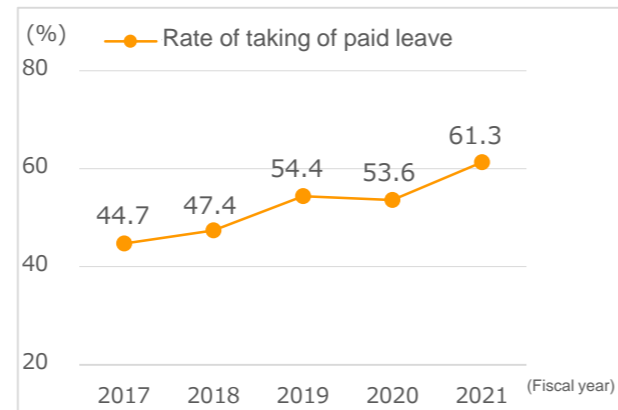
Number of users of rehiring system and rehiring system usage rate (non-consolidated)



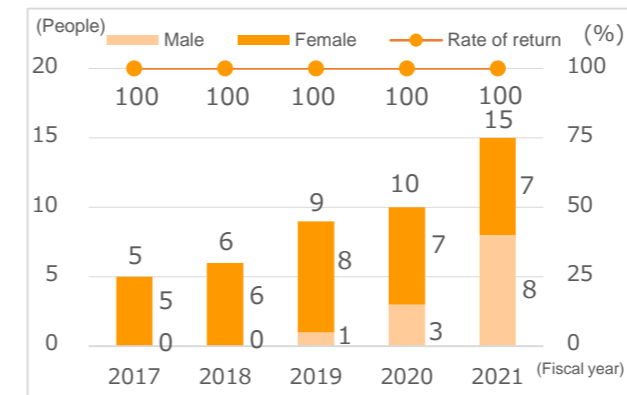
Number of managers and ratio of female managers (non-consolidated)



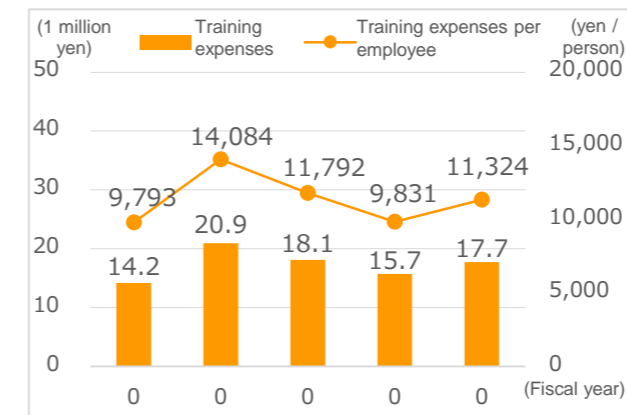
Rate of taking of paid leave (non-consolidated)



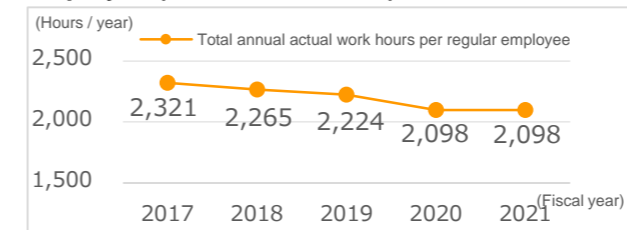
Number of employees taking childcare leave and rate of return from childcare leave (non-consolidated)



Training expenses (non-consolidated)



Total annual hours worked per regular employee (non-consolidated)

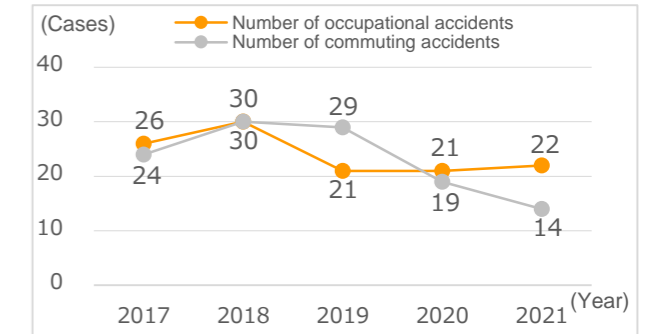


Labor union membership as a percentage of all employees (non-consolidated)



Safety and health

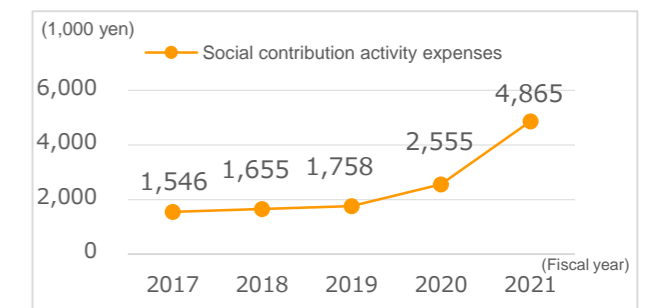
Number of occupational accidents and commuting accidents (Japan)



* The value for each year is the number of occurrences from January 1 to December 31.

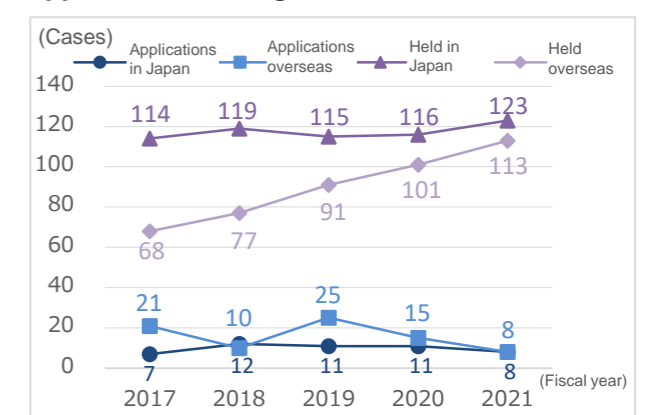
Social contribution activities

Social contribution activities (Japan)



Intellectual property activities

Numbers of patent, utility model and design applications, and rights held



Third party opinion

~ CSR activities of Topre Group ~



E-Square Inc.
President and
Representative Director
Hiro Motoki

In the first CSR Report of the Topre Group, CSR activities across the entire group have been reported in the context of ESG (Environmental, Social and Governance). As historical background, the trend for institutional investors to emphasize ESG is accelerating, and expectations of and requests for initiatives that pursue the sustainability of society and companies are increasing. As President Yamamoto said in his Message from the President, a sense of speed across the group as a whole will be essential for sustainable, global management.

The basic philosophy of “Aiming to be a company that contributes to society and prospers permanently” represents the essence of CSR management. That is because from a medium to long-term perspective, it means contributing to all stakeholders in order to realize the sustainability of society, and management that pursues the simultaneous realization of permanent prosperity for the company.

I think that the disclosure of the process of identification of important CSR issues (materialities) and the results of selection is excellent. From an ESG perspective, you have set medium-term targets and long-term targets for 2030, while arranging your materialities, main initiatives and their related SDGs.

In addition, your stance of focusing on initiatives concerning climate change in particular among other materialities has been made clear. This report has presented a long-term roadmap of the measures you intend to adopt while setting interim targets for 2030 and 2040 towards the realization of carbon neutrality in 2050.

The targets for CO₂ reductions are for scopes 1 and 2, but the ESG data collection also discloses the aggregate results for scope 3. As this is an area where there are high expectations of companies, we expect that this will be developed in conjunction with business opportunities as well as risks.

As for future improvements, one of the most emphasized parts of a CSR Report is the Message from the President. The enthusiasm of President Yamamoto, who was appointed President this year, can be felt in the content of his message, but I hope that he will talk more at length about his ideas from next fiscal year. This is also related to the identification of materialities, but what kind of environmental and social issues may the company's value chain face in the short, medium, and long term, and what kinds of impacts may those external environments have on the company? By talking from a management perspective about his understanding of how to connect to the improvement of corporate value by taking measures to address issues, he will send a message to group employees and present a sense of the direction of corporate management to stakeholders, including business partners and investors.

Also, when viewed as a communication medium, the CSR Report has not been linked to the website yet. Since the matters identified as materialities are at the core of implementation of CSR management, it would be good if the CSR Report was structured around the identified materialities and they were explained carefully, including your understanding of the background to them. It would also be good if the detailed ESG information required by investors could be linked, such as disclosing it on your website.

I think that issuing CSR Reports will create a new dialogue with stakeholders. Based on feedback from outside the company, I have strong expectations that CSR activities will be transformed as something integrated with business strategy.

Response to the third-party opinion

Thank you very much for your valuable opinions, Mr. Motoki. I recognized once again that our responses to the environmental and social issues you pointed out will lead to increased corporate value. I think that the approaches to CSR activities are slightly different between the company's Automotive Equipment Division and Products Division, which differ greatly in the products they handle, but we will work together on the direction we should advance in as the Topre Group. In addition, with regard to initiatives for climate change, which you raised as a good point, we will further improve our shared awareness of the reduction of CO₂ emissions and move forward so that we can achieve our targets.

From now on, we will continue to promote CSR initiatives and enhance information disclosure. We will also consider a linkage between the report and the website, as you pointed out, to obtain the understanding of stakeholders.



Officer in charge of
CSR, Topre Group
Yoshinori Tsuyuki

Editorial policy

The Topre Group published this CSR Report aimed at having all stakeholders understand its initiatives for sustainability and ESG. There are still some gaps in the content of the report, but we will accelerate activities from now on.

Organizations subject to the report

Japan: 6 companies, Overseas: 7 companies
(Same as the organizations subject to the reduction of CO₂ emissions: see p.15)

Period subject to the report

Fiscal year 2021 (April 1, 2021 to March 31, 2022)
(Some information from April 2021 on is also included)

Time of issue

June 2022

Editorial reference

GRI “Sustainability Reporting Standard 2016”
Ministry of the Environment “Environmental Reporting Guidelines” (2018 edition)

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Please visit the Topre website.

