

The purpose of publishing this Muratec CSR Report 2021 is reporting our social responsibilities at Muratec, as well as our performances through our CSR efforts to our stakeholders.

The information covers all our corporate business divisions. This report describes, in sections arranged by the type of stakeholder such as environment, our customers, our suppliers and vendors, our employees and local communities.

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

**Boundaries/business divisions**

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

**Boundaries/organizations**

We cover our main business places in Japan, as listed below. We have also included information about some of the activities of affiliated companies.

- Muratec Machinery, Ltd.
- [Head Office (Kyoto), Inuyama Plant, Ise Factory, Kaga Factory]
- Muratec Mechatronics Co., Ltd.
- [Shiga Plant, Oita Factory]

**Time period**

In principle, this report includes information corresponding to the period from April 2020 to March 2021. However, information about some activities that have continued from before this period has been reported. Activities that occurred closer to the date of publication have also been included.

**Date published**

2021: Made public on our corporate website  
(July 2022: Next scheduled publication date)

**Reference guidelines**

GRI Guidelines  
Contact for inquiries

**Contact for inquiries**

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Murata Machinery, Ltd.

# Sustainability Report 2021



## Link to the Future

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



## Corporate philosophy

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

## Muratec and its stakeholders

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



## Muratec Code of Conduct

### Products and services

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

### Business transactions

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

### Information disclosures

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

### Personnel, labor management and workplace environment

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

### Environmental issues

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

### Social contribution activities

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

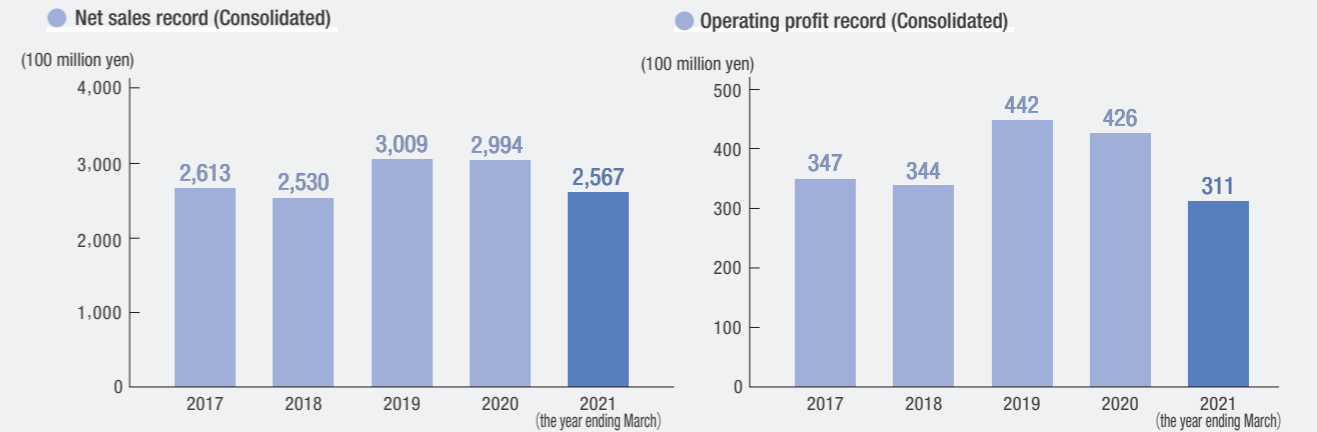
### No connections to anti-social elements

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

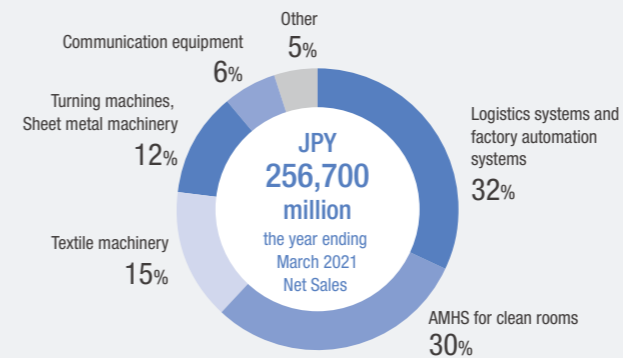
## Company profile

Company name	Muratec Machinery, Ltd.	Business Description	Manufacture and sales of Textile Machinery / Logistics • FA Systems / Clean Transport Systems / Machine Tools / Communication Equipment
Representative	President & C.E.O. Daisuke Murata	Number of employees	3600 [Group; 7800 ](as of April, 2021)
Established	July 1935	Net Sales	Consolidated: JPY 256,700 million; Non-Consolidated: JPY 192,200 million (as of March, 2021)
Capital	JPY 900 million	Head Office	136, Takeda-Mukaishiro-cho, Fushimi-ku, Kyoto 612-8418 Japan

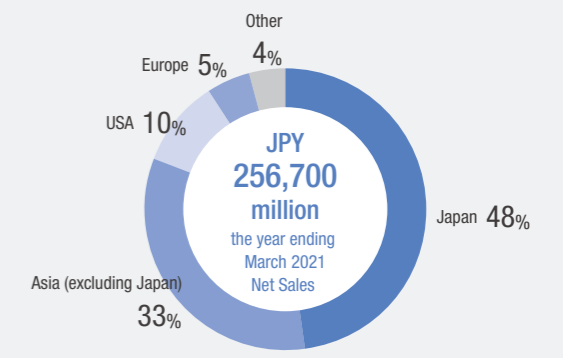
## Financial Results



### Net sales composition by business division (Consolidated)



### Net sales composition by region (Consolidated)



## Global Network

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





## Top Commitment

# Responding to Requests from Society Through Links with the World



### **Our Social Responsibility**

We manufacture machines ranging from industrial machinery to information equipment that help our customers create value. We have pursued people-friendly technologies to "let machines do what machines can do and let humans do what only humans can do." We believe that Muratec's social responsibility is to ensure prosperity for our customers as well as for the society they live in. We fulfill this responsibility through consistent efforts to address challenges facing our customers at their respective workplaces and through unwavering dedication to developing new technologies.

### **Overall Economic Conditions and Progress of Our Businesses**

Today, the impact of COVID-19 still persists. In 2020, the early days of the pandemic, the global economic contraction led to a further decline in capital investment in the automotive and textile industries, which had already been sluggish for some time. Furthermore, travel restrictions caused major disruptions in such on-site activities as construction works and services that require workers to be actually there. As a result, Muratec experienced a lot of difficulties last fiscal year. Finan-

cially, we suffered a decrease in both revenue and profit compared to the year before. Meanwhile, thanks to a rising demand associated with work-from-home arrangements and automated operations, transportation equipment for semiconductor plants and logistics systems enjoyed a robust business, offsetting declining performances in machine tools and textile machinery. This fiscal year, in addition to these demands, we anticipate an enormous rebound in revenue and profit arising from recovery in the entire industrial machinery sector.

### **Three-year Plan**

The rising demand for automation in the real world is both an opportunity and a risk for Muratec. COVID-19 has further accelerated the three challenges that had been facing us for some time: intensifying competition in the global market, including the entry of new players; changes in "monozukuri" (manufacturing) brought about by the rapid progress of information technology; and various social issues such as the environment and energy. Sooner than we expected, we will be fighting in a new environment with new competitors and new weapons. The key to surviving such intensified competition is the "links."

In our current Three-Year Plan, in which this year will be the final year, we have identified three links as our key themes—"links between products," "links between people," and "links with the world (society)." Smarter ways of customization, synergy among businesses, creative interactions among diverse people, and open external relationships rather than closed internal organizations are the common issues shared by many companies including our rivals. In order to address these issues while making the best of our unique characteristics, we have been endeavoring to strengthen our links and explore new links in ways that are different than before. Toward the next three years, we will incorporate the results of these efforts into specific actions, including the introduction of new systems and institutions.

### **Our Corporate Philosophy**

Even if we introduce a system to strengthen the links between products, people, and with the world, we will not be able to produce results unless we act. So far, externally, we have followed the voices of our customers and, internally, we have acted on the orders of our higher-ups and the rules of the

company. Though this way of doing business will remain basically the same, in the coming years when the three challenges will be further accelerated, it will become even more important for each one of us to think and act for ourselves. For that purpose, we have Muratec Corporate Philosophy as a guide, along with the various information shared across the company.

Our corporate philosophy comprises an extremely universal statement. And yet, its most important part is what is not written there, namely how each one of us interprets it. We will take every opportunity to enhance a sense of unity within the company under Muratec Corporate Philosophy, thereby continuing to operate as a company valuable to society.

  
**Daisuke Murata**  
President & C.E.O.



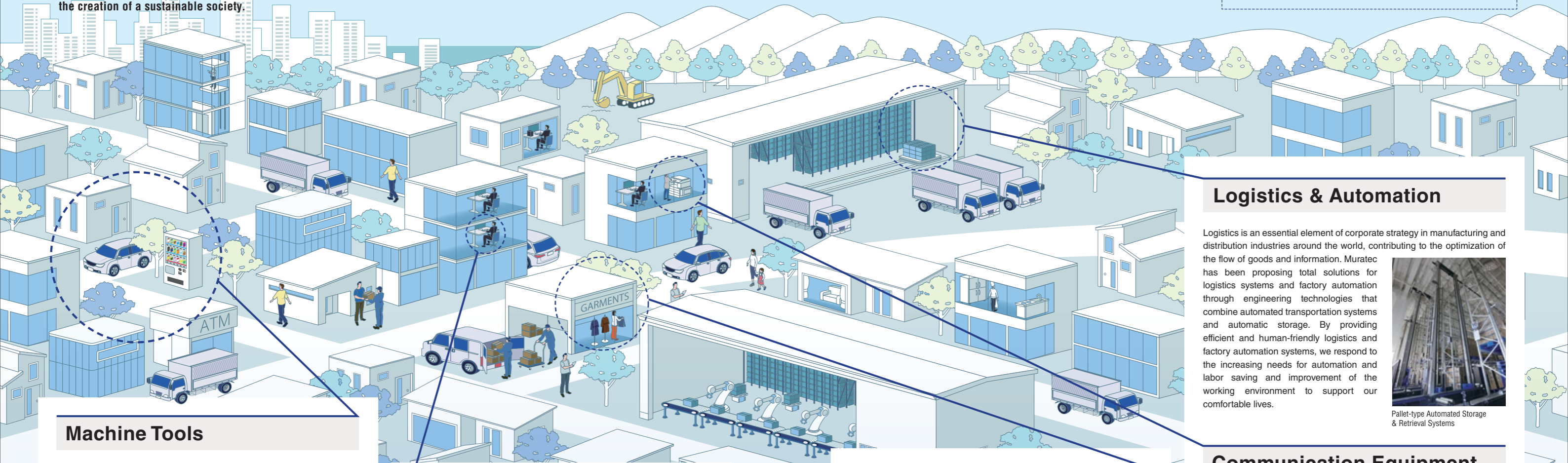
# Providing Values to Society Through Its Business Activities

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

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



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



## Machine Tools

Consumer durables such as automobiles and home appliances, and production goods such as industrial and construction machinery are all manufactured with machine tools. Muratec has provided production systems best-suited to consumer needs by combining a wide variety of peripheral equipment on the basis of high-rigidity and high-precision machines. Along with this, we have established a record of achievement and experience around the world, especially in the automotive parts industry and sheet metal processing, which are indispensable for industrial products. We will continue to support manufacturing all over the world by staying close to manufacturing sites that change with the times.



Advanced Hybrid Laser



Twin Spindle CNC Chucker + CNC Turning Center

## Clean FA

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



semiconductor fab. OHT

## Textile Machinery

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



VORTEX Spinning Machine

## Logistics & Automation

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



Pallet-type Automated Storage & Retrieval Systems

## Communication Equipment

Muratec has played an integral role in office communication with MFPs and unique network products as a pioneer in Japan's facsimile machine market. With the increasing reliance on network technology, our information and communication solutions are spreading from the office to a variety of industries. We will continue to contribute to the advanced information society by providing diverse, speedy and secure communication solutions based on the development of conventional MFPs.



Digital multifunctional office equipment



Network Storage with built-in UTM



# Wide Range of Automation "Products" Change the "World", Lead to Meeting New "People"

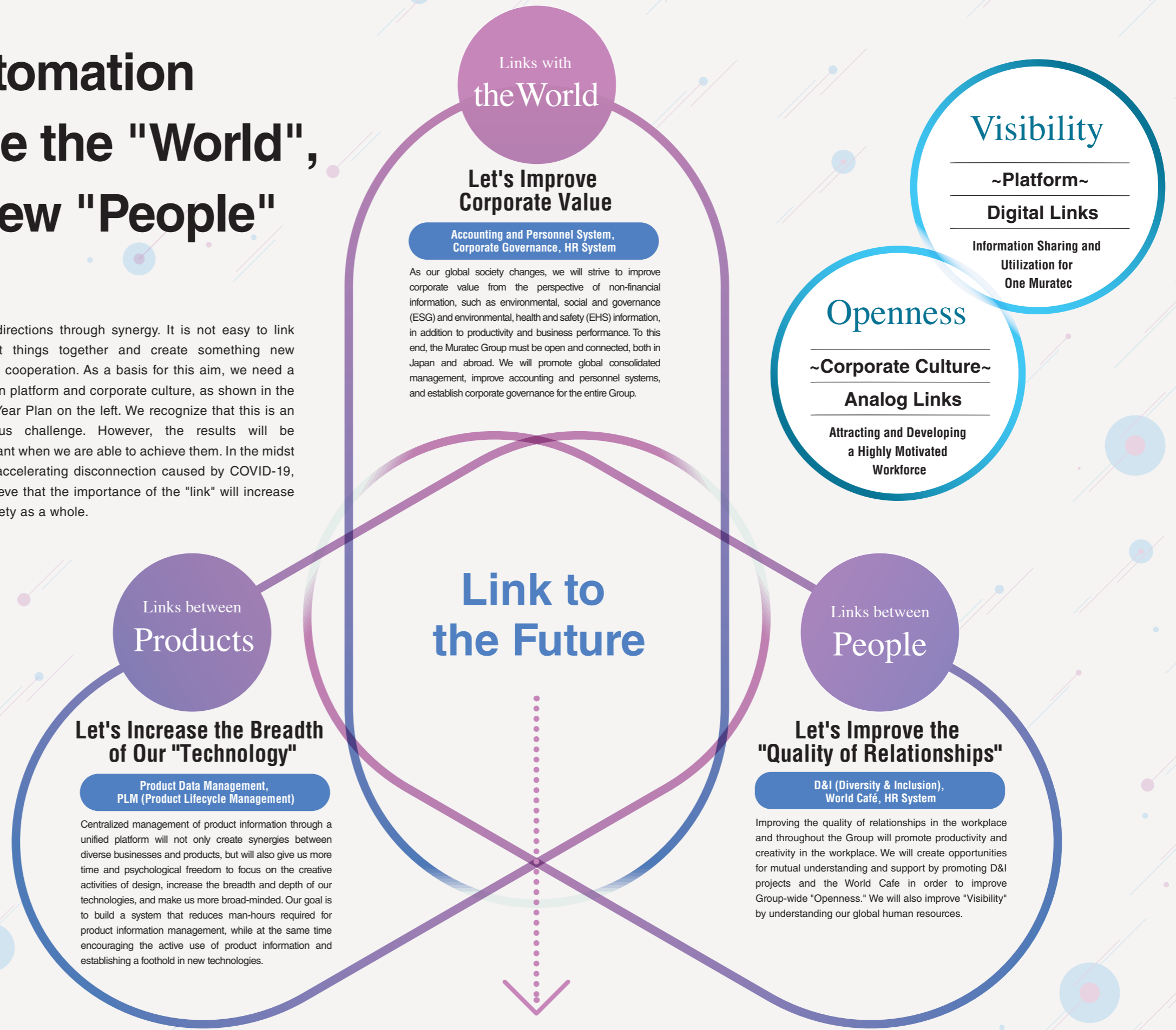
## Three-year Plan April 2019-March 2022

We are in the midst of radical changes of the business environment in a broad sense, including changes of the competitive environment in the global market and changes of the manufacturing industry due to the rapid development of information technology. The current Three-Year Plan was launched in the year ending March 2020 to prepare for possible threats in light of these major changes in global society. In order to see change as an opportunity, we put an interpretation of our corporate message into the plan from the perspectives of "people", "products", and the "world". We see three links as our theme: "links between people" to improve the quality of relationships between people in our organization; "links between products" to increase the breadth and depth of our technologies by leveraging our strengths as a company engaged in diverse businesses along a long value chain; and "links with the world" to ensure that we continue to be needed and empathize with people around the world. We believe that all of these links support and improve each other like a triangle. In order to reinforce these links, we will develop an information platform and promote digital transformation (DX) in a broad sense as "Visibility." At the same time, we will strive to cultivate a healthy corporate culture which improves communication through "Openness" at work.

## Muratec's Vision

Our aim of "Link to the Future" means valuing the diverse people, technologies and businesses that exist today as a result of our past, making the most of them, and finding

future directions through synergy. It is not easy to link different things together and create something new through cooperation. As a basis for this aim, we need a common platform and corporate culture, as shown in the Three-Year Plan on the left. We recognize that this is an ambitious challenge. However, the results will be significant when we are able to achieve them. In the midst of the accelerating disconnection caused by COVID-19, we believe that the importance of the "link" will increase for society as a whole.



# Social coexistence



# Thinking about sustainability through yarn

## How spinning machine "VORTEX" can contribute to SDGs

The VORTEX spinning machine is the latest model of our air jet spinning machine. While the VORTEX has features that lead to improved productivity, such as high-speed production and shortened processes, the "yarn" produced by the VORTEX spinning machine itself has many elements that are tied to sustainability, and there continue to be more and more opportunities to appeal to these elements. The following is a statement from a product manager of the VORTEX spinning machine, speaking on how VORTEX yarn contributes to sustainability.

### Growing Interest in SDGs from the Textile Industry

With the aim of solving social issues through our business, each division of Muratec continues to make consistent efforts to provide value to society via technology and creativity. This time, we will focus on the "VORTEX spinning machine" developed by the Textile Machinery Division. The VORTEX spinning machine (hereinafter referred to as "VORTEX") is a machine that twists fibers into yarn using the power of compressed air and is generally referred to as an air jet spinning machine. The Textile Machinery Division has been developing products based on this technology since the early 1980s and has continued to refine its performance since it was launched. Reducing the amount of electricity and compressed air used during VORTEX operation has traditionally been a theme of development in the division, and we are continuing to make improvements with the aim of improving environmentally friendly performance. While the VORTEX has features that lead to improved productivity in the spinning process, such as high-speed production and shortened processes, the "yarn" produced by the VORTEX also has many features that lead to sustainability, and in recent years, opportunities to appeal to these features have been increasing.

### Social Issues Related to Clothing from an Environmental Perspective

"It is hard to imagine living in a world without textiles." Opening

with this remark, the Ellen MacArthur Foundation's report<sup>\*1</sup>, "A New Textiles Economy: Redesigning Fashion's Future," explains how the textile industry works: "Large amounts of non-renewable resources are extracted to produce clothes that are often used for only a short time, after which the materials are mostly sent to landfill or incinerated." Due to the mass-production and mass-disposal system, the waste problem accounts for a large part of the social issues arising from clothing. Other issues include the environmental impact of using natural resources as raw materials for clothing, the use of energy in the production and disposal processes, the leakage of microplastics from clothing waste, and the use of large amounts of water and chemicals in the dyeing process.

### Sustainability Proposal Points for VORTEX Spinning Machine

Mori, who is currently the VORTEX product manager, recalls, "It was in the dyeing and finishing fields that we first became strongly aware of sustainability in the textile industry." There were many reports at the time that much of the energy, water, and chemicals used in the textile process were used in the fabric dyeing and finishing process. Although there is nothing new in the measures that deal with mass production and disposal, which are characteristic challenges of the textile industry, as well as the various environmental problems associated with the measures, we believe that it is still necessary to ensure the following points. Essentially, it is a matter of course effort to 1) efficiently produce as

\*1 "A New Textiles Economy: Redesigning fashion's future"

much as needed and deliver it to consumers in a timely manner, 2) reduce the environmental impact of the production process, and 3) reduce the amount of waste by using products for as long as possible (without strain or endurance).

We believe that our VORTEX can contribute to the above efforts with the machine's hidden properties and the performance of the yarn produced from it. The figure below shows a rough summary of the contributions. For example, in addition to the energy-saving features of the machine itself, VORTEX can shorten the kneading<sup>\*2</sup> process as well as processes beyond that. The ability to finish a package of yarn in fewer steps leads to increased productivity. Furthermore, VORTEX is highly versatile, as a single machine can handle a variety of yarn thicknesses, saving time in the preparation process. This can be a positive factor for productivity as well.

The most distinctive feature of VORTEX yarn is its "anti-pilling property" brought about by the structure of the yarn. The structure of these yarns is not described in detail here, but since they are resistant to pilling, cloth or clothing knitted / woven from these yarns basically has a long life. Therefore, we believe that this could be one of the solutions to the problem of mass disposal.

This anti-pilling aspect, in particular, provides environmentally friendly performance during and even after the process of it becoming cloth. In the knitting process, the frequency of cleaning of the knitting machine is reduced by suppressing the generation of windpipes<sup>\*3</sup>. In the weaving process, the amount of gluing to control fluff can be reduced, which leads to easier removal of glues and a reduced load during water treatment. In the dyeing process, less pilling leads to deeper colors and the fluffing is suppressed even after washing, so the color of the garment will "show up" for a long time. The longer you can use your product, the less waste you will have. (The high water absorbency, another feature of VORTEX yarn, also boosts dye penetration.) Finally, in the field of printing on fabrics, which has been increasing due to the recent diversification of designs and the need for small-lot production and quick delivery, the low fluff content enables clear and precise designs to be vividly expressed on fabrics. The widespread use of printing which encourages small-lot and high-mix production, may even create a breakthrough in the textile industry's trend toward mass production and mass disposal.

### Next Possibilities and Challenges

We have introduced the potential of VORTEX for sustainability through the characteristics of both the machine and yarn. We believe that this potential will be further developed by building and

\*2 Kneading process: The carding process is a process in which raw cotton and various other material fibers are made into thin sheets and then rolled into rope-like shapes. After that, the rounded bundles of raw material are further stretched by drawing several strands together in order to minimize variation, which is called the kneading process. Up until the kneading process (preparation process), all spinning methods have this in common.

\*3 Windpipes: Fine cotton waste generated by the rubbing of yarns against each other, or the rubbing of yarns against the machine in the process of spinning yarns or making cloth (knitting, weaving, etc.). When a spinning machine is in operation, cotton fly is subject to periodic cleaning because it accumulates around the machine.

deepening partnerships with various textile manufacturers. On the other hand, we are facing a challenge: the use of recycled fibers by VORTEX. If we can recycle polyester raw materials, mainly from used PET bottles, into high-quality yarn packages, we can also reduce the amount of clothing-derived waste in the disposal process. In order to contribute to the sustainability of the textile industry by moving up another gear, I also believe that it is our mission to expand our field of activities to include intravenous logistics of clothing<sup>\*4</sup>.

\*4 intravenous logistics: The reversed distribution of the flow of goods and/or products from the production side to the consumption side. In the context of this publication, it refers to the flow of goods related to the reuse and recycling of clothing-derived waste.

MESSAGE

## The future as seen through textile machinery

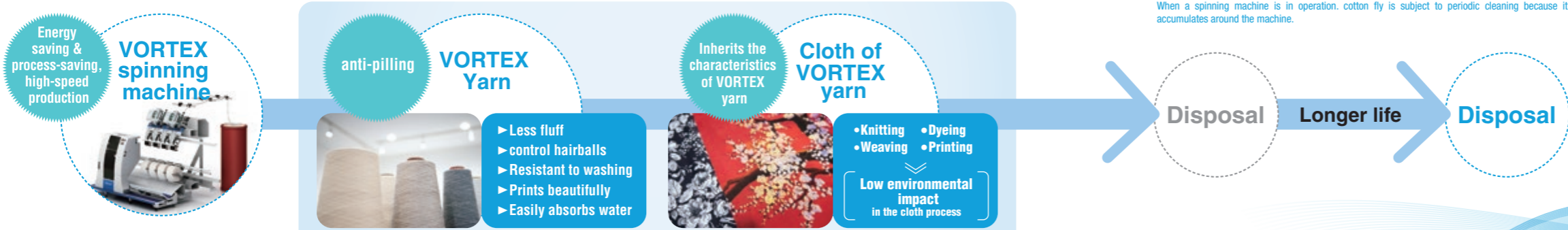
The still rampant COVID-19 and global warming which is believed to be a cause of the recent abnormal weather conditions such as record-breaking heavy rainfall and super typhoons. The major changes in the environment around us have reached a level that threatens people's basic livelihoods; with that, I feel that these threats are raising people's level of concern for a sustainable society higher than ever before. Looking at the current state of the textile industry, interested consumers are demanding more reasons to choose, and producers are beginning to meet more diverse needs than ever before; not only in terms of design, quality and functionality, but also in terms of more variety, more quantity and faster delivery. If this trend is further supported by the growing popularity of e-commerce, the industry will have to be prepared to change its traditional value creation process. Production under these restrictions will have to be done in small quantities, and costs will have to be relatively high. However, if small-lot, high-mix production takes root, we can expect to see a shift away from the traditional volume-based price competition and a reevaluation of the value of the product itself. This will lead to further sustainability throughout the lifecycle of the textile industry, either by reducing waste in the production process or by reducing waste as a result of extending the life of the garment, coupled with improved functionality of the fiber. Furthermore, if this trend accelerates, there is a possibility that traditional cost-seeking globalization will be halted, and the industry will shift to a so-called "local production for local consumption" type. We believe that such a path is the embodiment of the SDGs that we will map into the future through our product offerings.

Muratec Machinery, Ltd.  
Textile Machinery Division,  
Sales Department  
VORTEX Product Manager

**Akitsugu Mori**



## VORTEX Yarn and Fabric Properties





# Promoting Workplace Health and Safety

Creating a safe and comfortable work environment



Traffic safety

Improving physical and mental health

Preventing occupational injuries

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

## Health and Productivity Management

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

In addition, since poor health and illness among employees can lead to lower productivity and motivation, we have set "diet," "exercise," "sleep," "smoking," and "mental health" as our priority activity areas and are working on continuous improvement with a mid-term goal set for 2023.



## Muratec Health and Productivity Management Priority Items



## Efforts to promote health

We hold seminars on health every year, selecting themes from among the priority areas of health and productivity management that are particularly requested by our employees. Last year, with the aim of alleviating the lack of exercise among people affected by COVID-19, we held an online seminar featuring lectures and practical exercise by RIZAP trainers, which was attended by approximately 240 people. In the past, health seminars were only held at major locations, but by holding the seminars online, we were able to reach a large number of applicants without dependency on a specific location. In recognition of our efforts to protect the safety and health of our employees from the perspective of health and productivity management, we have been recognized as a "2020 Health and Productivity Management Organization (Large Enterprise Category)" by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi (Japan Health Council). In addition, our company's club activities, athletic events, and other sports initiatives to promote the health of our employees have been highly evaluated, and we have been certified as a "Sports Yell Company 2021" by the Sports Agency. We

will continue to implement further improvement measures and strive to maintain this certification.

## Mental Health Initiatives

Muratec Group conducts stress checks once a year for all employees with the aim of preventing mental health problems among employees. The results of the stress check are used to analyze stress trends and causes in each workplace. Based on the feedback from the analysis results, the managers of each organization will implement action plans to improve the workplace environment. Last year, we also conducted e-learning for young employees as self-care, and labor management briefings for managers as line care (supervisory mental health care).

Since last year, we have also added a question to the stress check item to measure "engagement," or energy, enthusiasm, and immersion in work. We aim to create a resilient organization that is resistant to stress by increasing employee engagement and preparing the workplace so that each individual can feel more fulfilled in their work.

## TOPICS

### Inuyama Safety and Health Site\*1 acquired ISO 45001 certification.

Our Inuyama Safety and Health Site has been working to obtain the ISO 45001 certification since October 2019, an international standard for occupational safety and health management systems, and finally received it in March 2021. By deepening safety and health activities within a unified activity frame in line with our standards, we aim to take our efforts to the next level by adding related departments to the scope of activities, focusing on the safety and health activities of existing business sites.

This is due in part to the strong will of President Murata and other top management, as well as the management policy of placing the highest priority on "safety, security, and health" as a manufacturing company. Based on this policy, we have been working on safety and health activities at all our business sites. Unfortunately, however, we have not been able to achieve our goal of "zero occupational accidents," and more drastic measures are needed.

To date, the Inuyama Plant has pursued and promoted safety and health activities that are considered optimal in accordance with the risks required in the business. In addition, certain business units have partially strengthened their health and safety initiatives by acquiring OHSAS 18001\*2, the occupational health and safety standard predecessor of ISO 45001 and utilizing its management frame in a way that partially strengthened the health and safety efforts. However, at the same office, the health and safety activities of the business unit "in accordance with the standards" of OHSAS 18001 were mixed with the health and safety

activities as the office even though they shared the same goal of "zero accidents."

In acquiring the ISO 45001 certification this time, we have completely eliminated this situation where the two health and safety activities were mixed and covered the entire Inuyama Plant under the scope of this certification. In addition, taking into account the characteristics of the business and of geographical cooperation, the Ise and Toyohashi offices were included in the scope of activities as well, and succeeded in obtaining their certification. Under a single certification, a system has been established to promote activities in accordance with uniform health and safety standards.

Unlike other management systems, health and safety initiatives are specifically life-threatening and cannot be reversed after an accident has occurred, so we are rebuilding our system to focus on prevention rather than recurrence. Certification also requires understanding not only the "challenges (i.e., risks)," but also the "needs and expectations (i.e., opportunities) of workers and other stakeholders." In addition to risk countermeasures, we also aim to create a better work environment by introducing "beneficial things" (i.e., opportunities) for workers, such as the horizontal deployment of good practices.

\*1 Inuyama Safety and Health Site: Inuyama Plant, Ise Plant, and Toyohashi Plant

\*2 Only the L&A Division and Clean FA Division of Inuyama, Ise, and Toyohashi Plant acquired OHSAS18001, the predecessor of ISO45001.

## Voice of the staff

### To improve company-wide integrated safety and health activities

During process of obtaining the ISO 45001 certification at the Inuyama Health and Safety Site, it was very difficult to understand the requirements of the standard. At the time of the kick-off of the certification project, I still remember that I was very much bewildered by the standard's unique wording and difficult expressions. In addition, it was very difficult to obtain the cooperation of the many departments and offices involved in the preparation for certification while still taking into consideration their positions, but we were able to obtain certification with the warm cooperation of each department.

Although certification has been obtained, there are still differences in the level of activities and awareness of initiatives among departments. For example, the level of implementation of risk assessments and the results of the assessments are varied, so we will continue to provide training to improve the skills of those involved equally in order to prevent industrial accidents.

From year ending March 2022, we will further promote the horizontal deployment of the standard, and affiliated companies in the Inuyama Plant and Murata Tool -- an affiliated company in nearby Minokamo -- will also

be included in the scope of the application of ISO 45001. All departments will work together to raise the level of company-wide health and safety activities, aiming to embody "One Muratec" in health and safety.



Business Support Division, Inuyama General Affairs Group  
Tips for Section Chief Katsuhiko Yasue (right) Shota Sugimoto (left)

# With employees

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



## ■ Career Growth and Development

Career growth and development that links individual growth to organizational growth

We have introduced a "Management by Objectives (MBO)" system as a tool for career growth and development to link the improvement of individual capabilities to the improvement of organizational performance. Through the MBO, each employee can challenge high goals and strive to achieve them, which can be expected to improve individual abilities and further enhance individual performance. In addition, by linking individual goals to higher-level goals, we have created a system in which improved individual results lead to improved organizational results.

We also emphasize other feedback interviews as an opportunity for supervisors and subordinates to reflect on the results of their work evaluations. In the interviews, supervisors tell their subordinates what they like and what they need to improve, and subordinates tell them their problems and hopes, which leads to further overall growth and improvement of their motivation.

### Overview of Muratec's Personnel System

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



### Muratec Business College (MBC)

Our company implements Muratec Business College (MBC) as a training program to develop human resources who will be responsible for the management of the Company in the future. In the training, participants will systematically learn management, finance, marketing, and other business management skills in hands

on training, as well as other knowledge and skills that will help them solve problems as leaders. In last year's 6th MBC, 24 mid-career employees selected from each division participated. At the culmination of the year-long training, the participants are expected to make proposals for change in their business units to the president, and division heads and receive feedback to deepen their understanding of what they have learned and how to put it into practice in their own workplaces.

## ■ Promoting Work-Life Balance

Telework System

In principle, employees who have been with the company for three years or more can telework up to five days per month from 2018. By enacting flexible work styles, we aim to improve the work-life balance and time management skills of each employee. It is also used for business continuity in the event of a disaster, as it makes it possible to work outside the office such as at home.

In the current COVID-19, we have eliminated the upper limit of acquisition as a temporary measure, allowing employees to work from home regardless of their length of service, and we are working on infection prevention measures such as adjusting workdays by department to avoid close contact in the workplace. We will continue to review our systems as necessary to create a workplace environment that responds to changes in the world.

### Supporting work-life balance

Muratec has established a system to support employees in balancing work and family life so that they can fully demonstrate their abilities at various stages of their lives. Specific systems for supporting childcare and nursing care include reduced / staggered working hours and interviews with supervisors before and after leave.

In addition, from 2019, we have started initiatives to support the balancing of work and medical treatment. By providing support for employees with illnesses so that they can continue to work with peace of mind, we are supporting the activities of human resources with the will to work.

## ■ Promoting Diversity and Inclusion (D&I)

D&I Promotion Project

Since 2007, we have been focusing on the advancement of female employees, and since 2017, we have been working on fostering an organizational culture

that recognizes and embraces diversity (inclusion). In particular, the "D&I Promotion Project," which is composed of members from different departments and job categories, has been promoting various initiatives under each department by absorbing the diverse opinions of employees.



Diversity & Inclusion

In last year's fourth promotion project, the members consisted of managers from the head office to understand the essence and necessity of D&I promotion: during which they set the "ideal state of their own organization in two years" and formulated action plans to address the issues. The themes were diverse, including the activities of women and veteran employees, the promotion of diverse work styles, and the creation of innovation. By steadily implementing these action plans, we hope to promote the creation of an organization where diverse human resources can work with vitality.



4th D&I Debriefing Session

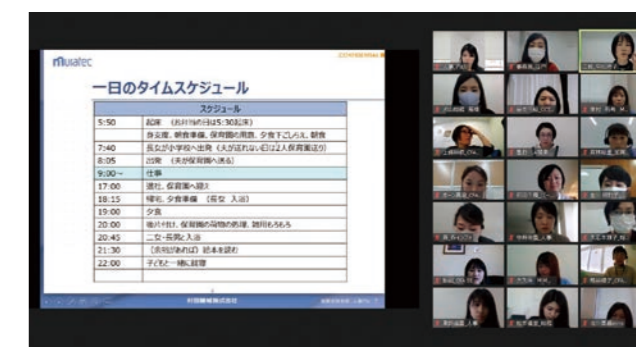
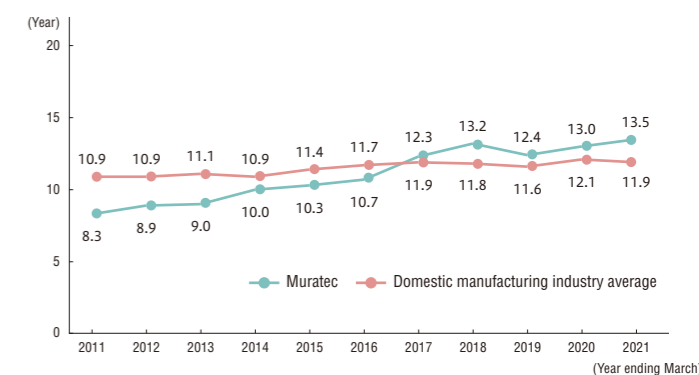
### Promoting career development of female employees

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

in their careers and revitalizes the workplace by encouraging them to review their work and working styles.

Last year, we held an online "Work and Childcare Balance Support Seminar" for employees who have been on childcare leave for less than a year to help female employees build a positive career while also balancing work and childcare. At the seminar, we referred to information exchanging among participants, lectures by role models, and the key points of balancing work and in-house system and family life, we created an action plan for what we want to be and what we will do tomorrow at work and at home.

### ■ Increase in the number of years of service by women



Work and Childcare Balance Support Seminar

## TOPICS

### Start of activities to promote understanding of LGBTQ\*1

In line with our top message on D&I, we aim to become an "organization where diverse employees can work with enthusiasm." In consideration of human rights, we are working to deepen the correct understanding of sexual minorities and create a work environment where we can respect each other.

Last year, we conducted an e-learning program for all employees to ensure that each and every one of them has a proper understanding of LGBTQ issues, and to promote the understanding that gender is ambiguous, diverse, and a spectrum.

In addition, we have created original Ally stickers to show that we understand and support LGBTQ people and distribute them to employees who request them. In the future, we will continue to expand Ally and study the nature of our benefits and systems in order to create an environment where the people concerned can work with peace of mind.



\*1 LGBTQ: An acronym for Lesbian, Gay, Bisexual, Transgender, and Questioning. It is a generic term for all sexual minorities, not just the aforementioned five types.



# Working with Suppliers

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



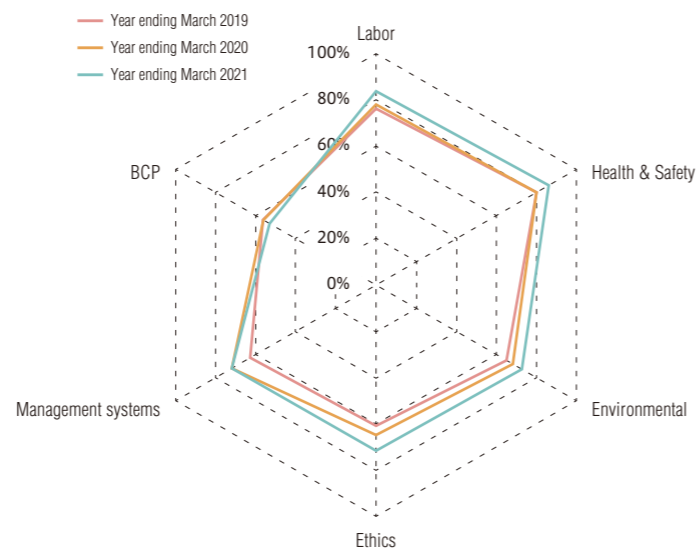
## Promoting sustainability in the supply chains

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

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

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

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



## Results of supplier survey

Major items	Year ending March 2019	Year ending March 2020	Year ending March 2021	
Number of responses	92 companies	117 companies	106 companies	
RBA Code of Conduct comprehension (average)	63 points	65 points	69 points	
Percentage of suppliers with a commitment level of 70 points or more	Labor	77%	79%	84%
	Health & Safety	80%	80%	86%
	Environmental	65%	68%	72%
	Ethics	61%	65%	71%
	Management systems	63%	72%	73%
	BCP	56%	56%	53%

Providing valuable products and services

Strengthening supply chains

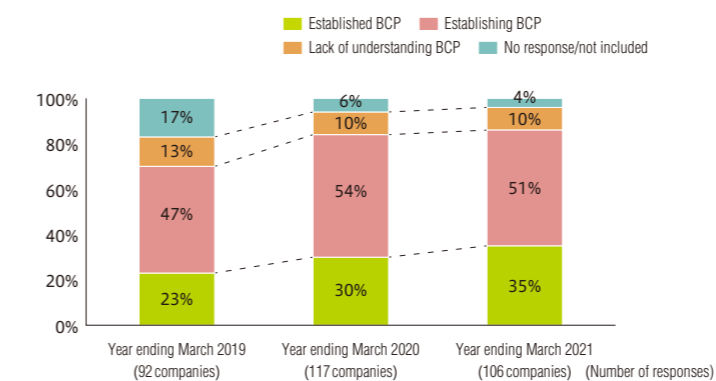
Dedication to transparent and fair transactions

## BCP Seminar Held for Suppliers

In order to help suppliers build their BCPs, we have been holding seminars on BCPs and conducting individual visits since 2018. Last year, we held an online BCP seminar for suppliers with a total score of 60 or less on the supplier questionnaire.

At the seminar, we gave an overview of BCP based on risks such as earthquakes, floods, and infectious diseases, our company's BCP initiatives, and what we would like to ask of our suppliers. Based on the results of the questionnaire, we will continue to place emphasis on opportunities for dialogue with suppliers, such as individual visits, with the aim of improving the level of BCP establishment throughout the supply chain.

## Supplier survey (level of BCP establishment)



## RBA Code of Conduct Seminar Held for Suppliers

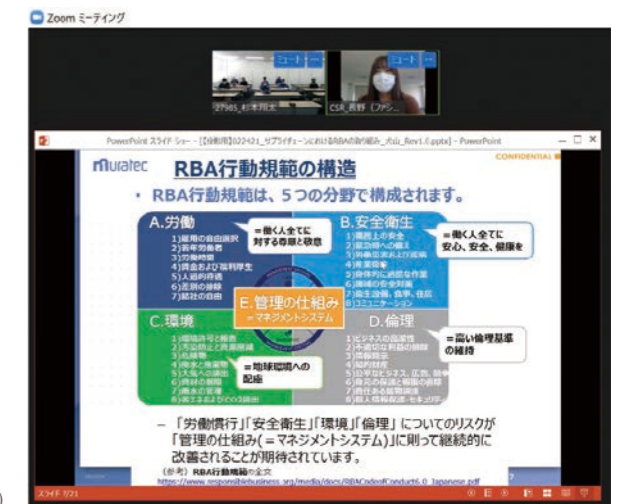
Since 2016, we have held the RBA Code of Conduct Seminar every year as an opportunity to ask our suppliers to comply with the RBA Code of Conduct, or to deepen our mutual understanding and trust in each other's positions with our suppliers through interactive communication.

Last year, the COVID-19 caused a switch from face-to-face training to online training, with 47 suppliers from 42 companies participating. Focusing on the "ethics" part, which received a low score overall from the supplier survey, our materials staff served as lecturers and introduced case studies using our "Muratec Code of Ethics and Conduct for Materials." The participants also learned about the human rights violations and labor risks of foreign technical interns, which have become an issue in recent years, and therefore deepened their understanding of the importance of respecting human rights and ethics. This helped give deeper consideration to the working and living environment via examples of our company's efforts.



## RBA Code of Conduct Seminar Held for Contractors

We have held a series of discussions with contractors, called RBA seminars since 2016, for the purpose of deepening our onsite contractors' understanding of the RBA Code of Conduct. Last year's theme was "Health and Safety," and 12 contractors participated in the event. The participants deepened their dialogue in groups of two or three about the state of the workplace environment and what each of them can do in the future about "Creating a Safe, Secure, and Healthy Workplace Environment." Attendees took home many lessons and insights from the exchange of opinions.



## Strengthening Diversity in the Supply Chain

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

We have been keeping track of the number of transactions with diverse suppliers every year, and last year we focused on collecting information on the parts and materials that are incorporated into our products. As part of this effort, we had our first online opportunity to match suppliers with our needs last year.

## Establishment of a "Supplier Reporting Desk"

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

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

# Working with Customers

Muratec seeks to increase customer satisfaction by improving the quality of its products and services and by responding rapidly to quality issues.

To achieve these objectives, we have established Muratec Quality Policy as our fundamental approach to quality improvement.

Each and every one of us takes this policy as our own responsibility, and by putting it into practice, we hope to improve a corporate culture that places the highest priority on assuring safety and quality.

Maintenance and improvement of quality assurance system

Improving quality

Improving customer satisfaction



## Quality Assurance Initiatives of the Clean FA Division

The Clean FA Division's (hereinafter referred to as the "CFA Division") "ceiling-mounted automatic guided vehicles" have been introduced as the core equipment in semiconductor manufacturing plants, and in large-scale semiconductor plants, more than 2,000 of our ceiling-mounted automatic guided vehicles automatically transport semiconductors to support semiconductor production. The production of semiconductors takes place in clean rooms that operate continuously 24 hours a day, 365 days a year, and our products must be of extremely high quality in order to withstand full operation in this environment. The Quality Assurance Department of the CFA Division (hereinafter referred to as the "Quality Assurance Department") aims to improve not only product quality but also management quality and operational quality as a trinity in order to achieve quality that satisfies our customers, including the provision of unstoppable machines and reliable support to ensure that they can be used for five to ten years.



from the Quality Assurance Department and each department, verifies the risks associated with changes in advance and deliberates on whether or not to make changes. We have established a system in which changes cannot be made without approval, and we are thoroughly preventing product defects.

## Strengthen the quality assurance system in the supply chain

The cooperation of our suppliers is essential for improving the quality of our products. Based on its own evaluation criteria, the Quality Assurance Department has the opportunity to conduct audits for quality improvement with the cooperation of domestic and overseas suppliers. We conduct a wide range of audits, including management systems at the manufacturing and design stages, as well as management systems for the quality status of secondary suppliers. In addition to items that pose a high risk to quality, we inform them of points that can lead to improvements and ask them to draft and implement improvement plans. We will continue to build good relationships with our suppliers, aiming to maintain and improve the quality control system throughout our supply chain.



## Thorough change management to thoroughly prevent problems

Changes are required due to a variety of factors, such as product safety and functionality improvements, as well as changes in the production location of parts, model changes, and defect responses. However, they can also be a risk factor that has a significant impact on quality. In fact, our analysis of the causes of product failures shows that artificial change procedures often lead to quality failures, and the CFA Division puts special emphasis on change management, working carefully and steadily. For example, in the implementation of change management, the Change Management Committee, consisting of representatives

Voice of the staff

### Improve quality awareness of each engineer

The CFA Division is promoting the creation of a Quality Culture (higher quality culture). In order to meet the quality requirements of our customers, it is essential that each and every one of our engineers has a high awareness of quality and acts accordingly. This is because we believe that only 80% of quality can be achieved by regulations, and the remaining 20% depends on the choices of each individual involved in the supply of

products. In addition to education on change management, we provide repeated education throughout the year to relevant personnel, including training on the "7 Steps", a method for preventing recurrence, and training on "variation-aware design" through the application of statistics.

Clean FA Division  
Quality Assurance Department, Section Chief  
Tadamasa Tominaga



# Environmental Activities

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

Realization of a sustainable society

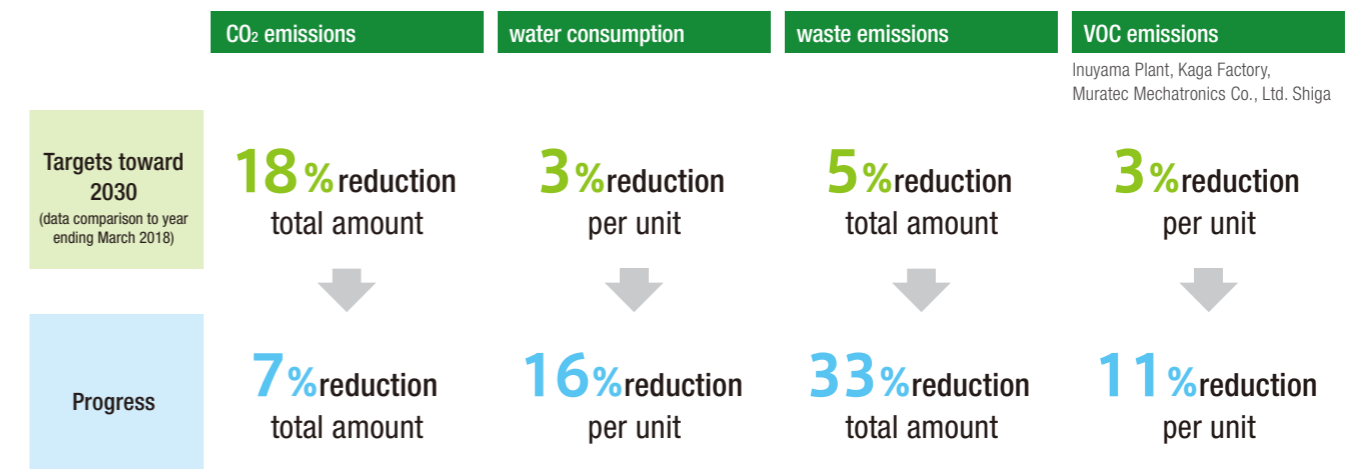


Developing and supplying ecofriendly products

Business activities

## Target toward 2030

With 2030 as our mid-term goal, we are working to reduce our environmental impact by reducing CO<sub>2</sub> emissions, water consumption, total waste emissions, and VOC emissions, all of which are subject to management under our environmental management system.

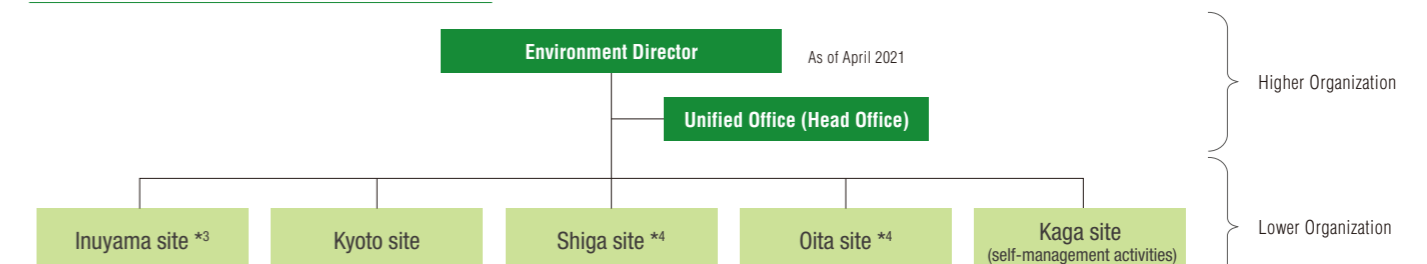


CO<sub>2</sub> emissions from our business activities are generated from the use of electricity, which provides most of the energy used in the operation of our plants, and from the use of gasoline and other fuels. Total emissions from reporting sites (total emissions) have been on a consistent downward trend. We believe that our energy-saving activities to date have helped us maintain the trend of reducing electricity consumption, especially at the Inuyama Plant, which accounts for about 60% of total emissions. On the other hand, the per unit production based on year ending March 2018 has been on an increasing trend for two consecutive years. This is because the production value has been on a downward trend since the year before last, and last year we made production adjustments due to COVID-19.

In contrast, the total amount of waste generated has been maintained at a basic unit despite the decrease in production value. This can be attributed to the fact that the Inuyama Plant, which also accounts for about 70% of the total waste generated, has seen a decrease in production due to COVID-19.

VOC emissions have been reduced by a certain amount year after year. The main reason for this is that we are sequentially switching our coating lines to powder coating, which is steadily reducing the amount of paint used. We are also working on switching to solvents that contain less PRTR substances (low content products). We aim to further reduce our environmental impact by updating our facilities in a timely manner.

## Environmental Management Promotion System



\*3 Ise Factory is included in Inuyama site. \*4 Shiga site and Oita site is for Shiga and Oita factories of Muratec Mechatronics Co., Ltd.



# Corporate Governance

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



## Compliance

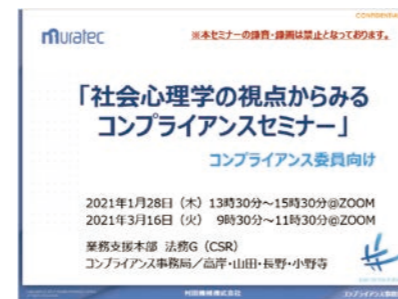
### Compliance System

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

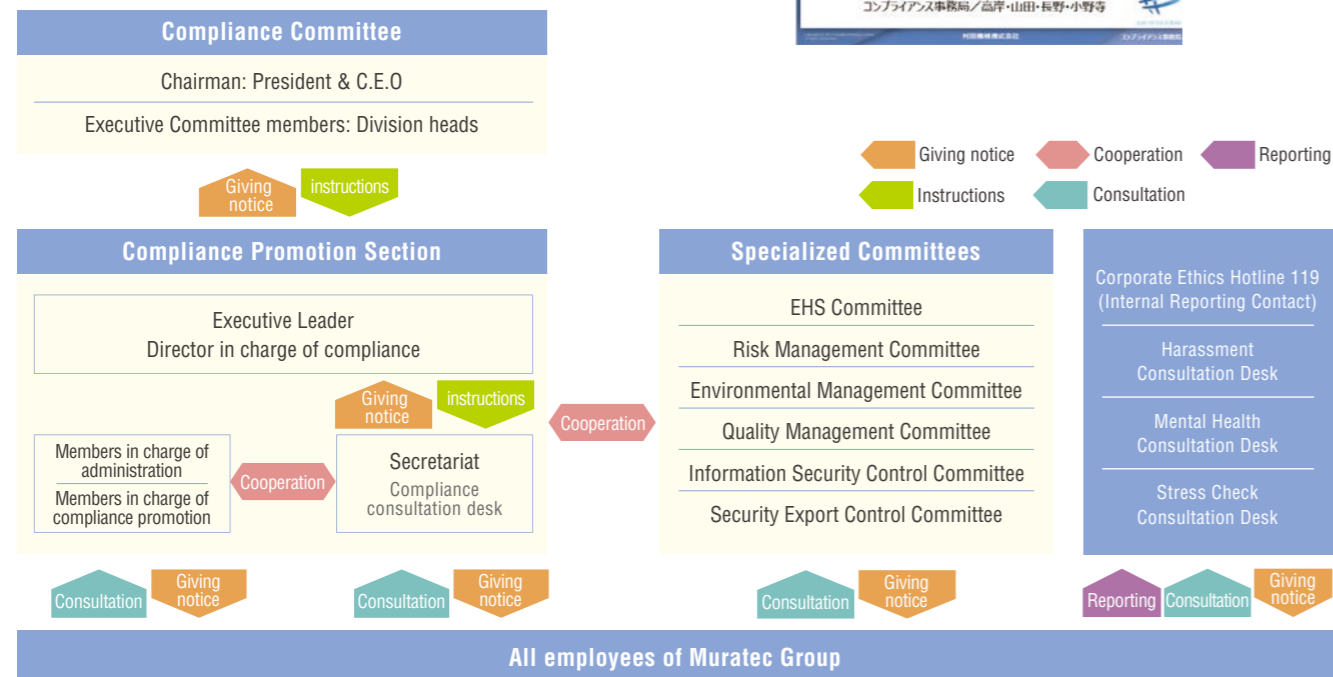
We have also set up internal and external consultation services as a system for early detection and prevention of compliance risks. This system also functions as a receptacle for the opinions of stakeholders, enabling prompt correction within the company and leading to opportunities for introspective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

### Compliance and Ethics Training

Muratec continuously implements various training programs to develop each employee's awareness and commitment to compliance and risk management. Last year, we conducted an online seminar for Compliance Committee members with the aim of revitalizing the Compliance Committee and reaffirming that the Committee members themselves are close advisors in the workplace. The seminar provided an opportunity to understand the human psychology behind non-compliance, such as the tendency to turn a blind eye due to "diffusion of responsibility" in group organizations, and to consider appropriate measures to take in the workplace.



### Compliance Activity Promotion Structure As of April 2021



## Risk Management

### Muratec Business Continuity Plan (BCP)

We have established, and continue to operate and improve, a BCP to prepare for risks such as natural disasters, accidents, and pandemics.

Last year, in order to cope with the spread of COVID-19, we improved our systems by expanding the application of telecommuting and staggered work hours, and implemented hardware measures, such as installing splash-proof dividers and disinfectants in the workplace. In addition, by reflecting the lessons learned and experiences gained from these responses in the existing "Infectious Disease Countermeasures Regulations," we are preparing for possible pandemics in the future by keeping them as an active document that can withstand practical use in

the event that risks materialize.

As part of our efforts to spread and horizontally deploy the BCP across Group companies, we introduced the BCP at the Kisshoin Plant last year. We held regular meetings every month to listen to the opinions of each department to create manuals, etc., and conducted e-learning and desk drills (compact drills) to disseminate these goals throughout the office. In order to strengthen our ability to respond to all kinds of risks in the future, we will continue to build a BCP system and strengthen its effectiveness through education and training all of our employees.



Employee cafeteria dividers installed (Head Office)



desk drill (Kisshoin Office)

### TOPICS

### BCP activities to link offices

In the event of a major earthquake, we conduct desk drills called "Cross-Office Drills" to ensure the maintenance of the chain of command among offices, information sharing, and smooth cooperation and coordination in the event of an emergency, and confirm information sharing and support systems between affected and non-affected offices.

Last year, we conducted a cross-office drill assuming that the Inuyama Plant was affected by a disaster. The Disaster Countermeasures Headquarters collected reports from each department on the safety of employees and the status of damage in the plant and shared them with the Head Office and Ise Office via satellite phone and web conference tools. This time, the drill was conducted under COVID-19, but we attempted to conduct damage reports from each department online, which had been done face-to-face until now, while taking infection control measures such as installing splash-proof dividers on the desks of the Disaster Countermeasures Headquarters.

In the post-training review, the following issues were raised: "Online damage reporting was as effective as face-to-face reporting," and "How should non-affected offices accurately communicate and understand the urgency of damage to affected offices?" In the future, we will continue to hold such drills and improve the issues identified during the drills one by one, so that we will be prepared to deal with complex disasters such as earthquakes and pandemics in the future.



Cross-Office Drills (among Inuyama Plant, Head Office, and Ise Office)

# Connections with Local Communities

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

promoting culture, education, and sports

supporting the development of the next generation through our business

as a good corporate citizen

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

Last year, 60 students from the Frontier Science and Mathematics Department of Kyoto Kogakuin High School (Fushimi-ku, Kyoto) visited our main office. The program was designed in line with the school's idea that "it is important to find something that satisfies both your intellectual curiosity and something you want to explore" in order to independently plan your own career as you prepare for higher education or employment.

On the day of the event, after observing our products in action, participants discussed their dreams and the future with our young employees under the title of "Camp for Future Dreams and Future Catalysts". Through dialogue with senior colleagues who had entered the workforce one step ahead of them, the participants left with insights and information about what they can do in their remaining time in high school. After the program, the principal said, "It was a very valuable experience (asset) for the students from the viewpoint of thinking about their own careers. Although the time was limited, I could feel the students' growth."



The "Camp for the Future: Dreams for the Future Katariba".

## CSR lecture at Ryukoku University (Kyoto)

Our company is participating as a lecturer in the "Practical Exercise of Corporate CSR" (in charge: Prof. Takafumi Nakamori) offered by the Faculty of Policy Science, Ryukoku University. This class is jointly organized by Kyoto CSR Network 1 and Ryukoku University with the aim of fostering human resources who can contribute to the sustainable development of society. As one of the member companies of the Kyoto CSR Network, we will introduce our own CSR activities and the significance and motivation behind them in a lecture format. After, the students will analyze the strengths and weaknesses of the activities of the companies in charge through interviews with the companies and receive suggestions for improvement.

Last fiscal year, we identified an issue of internal penetration of our CSR activities. As a solution to that problem, we received a proposal to create a place for each employee to think about whether our CSR activities are connected to the "employee happiness" in our corporate philosophy. In response to this suggestion, this year's CSR training for new employees included work on what it means to realize "employee happiness" and a "prosperous society" through our core business.



Corporate CSR Practice Exercise Lecture (online)

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

### TOPICS

## A letter of appreciation from the Chairman of the Board of Education of Kyoto City

We accept company visits from high schools in the vicinity of our business sites in the hope that "students will become interested in and experience manufacturing work" and "will think about their own careers". Since 2016, we have been accepting students from Kyoto Municipal Tonan High School and received a letter of appreciation from the Chairman of the Board of Education of Kyoto City.

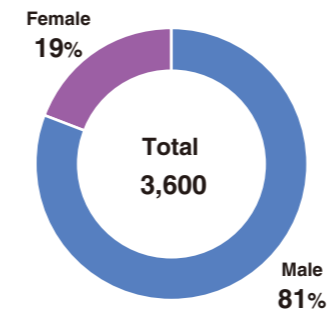


(Left) Mr. Ono, Principal of Tanan High School / (Right) Mr. Takeda, Director/General Manager of Corporate Administration Department

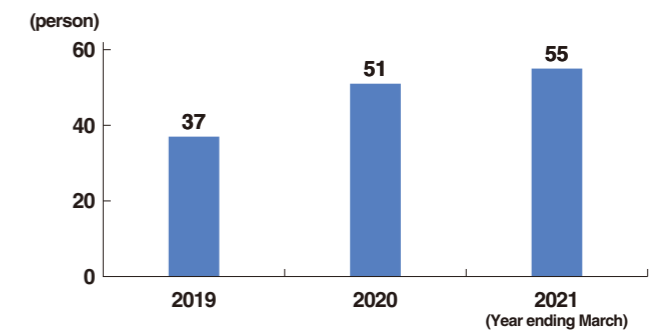
## K P I S Muratec in Numbers

### Employee (non-consolidated)

#### Workforce by gender (As of April 2021)

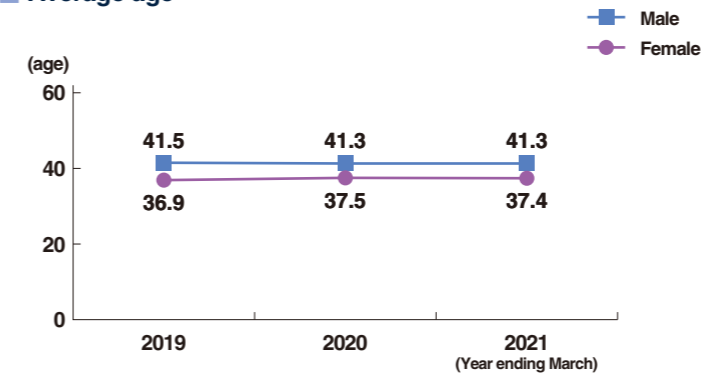


#### Number of foreign employees<sup>※1</sup>

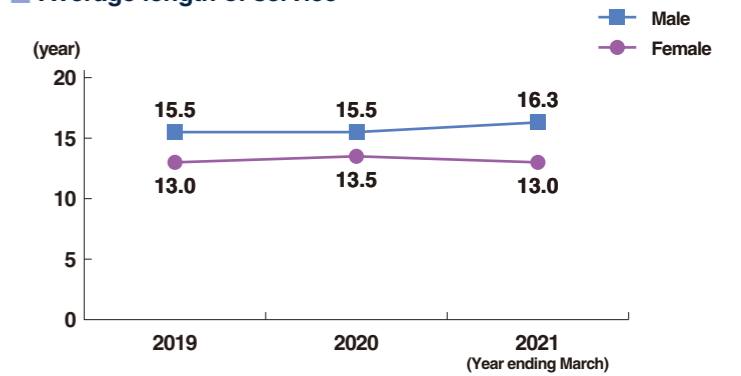


※1 Number of those other than Japanese nationals

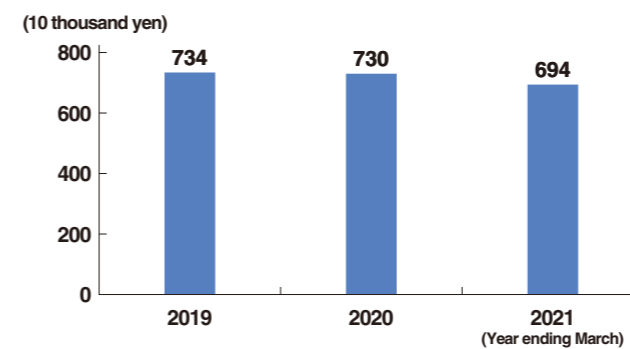
#### Average age



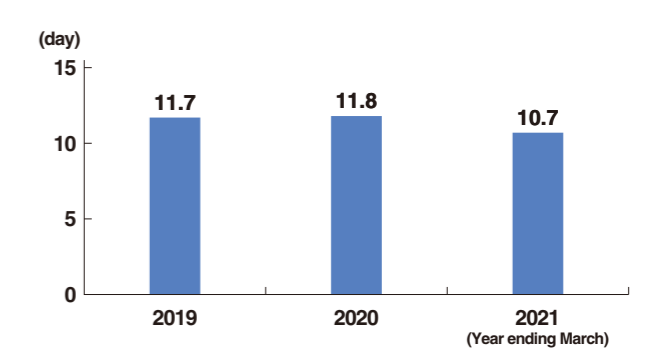
#### Average length of service



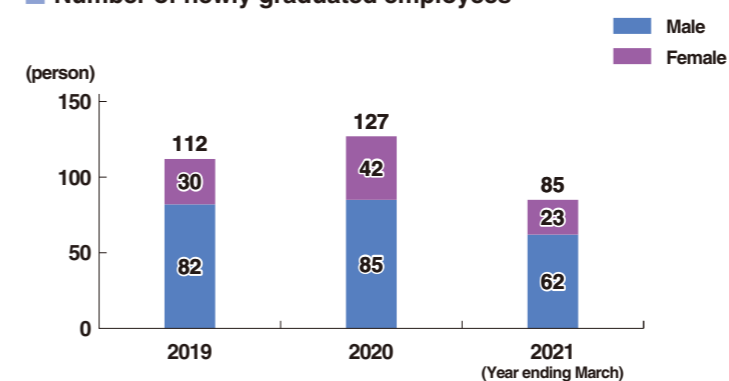
#### Average annual salary



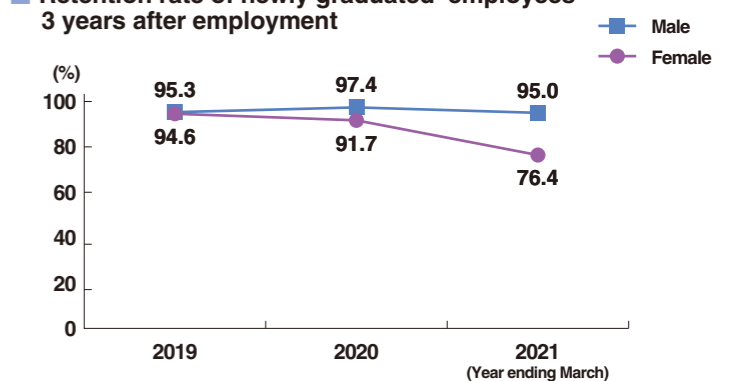
#### Average paid leave days taken



#### Number of newly graduated employees



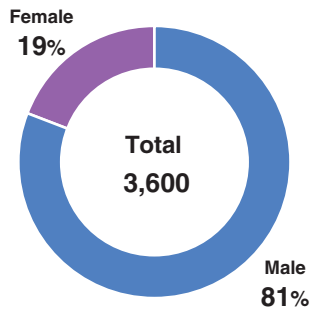
#### Retention rate of newly graduated employees 3 years after employment



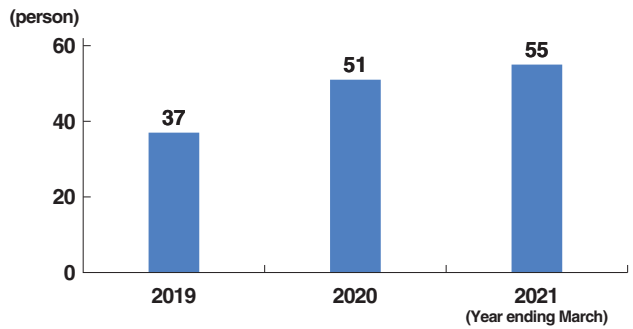


● Employee (non-consolidated)

■ Workforce by gender (As of April 2021)

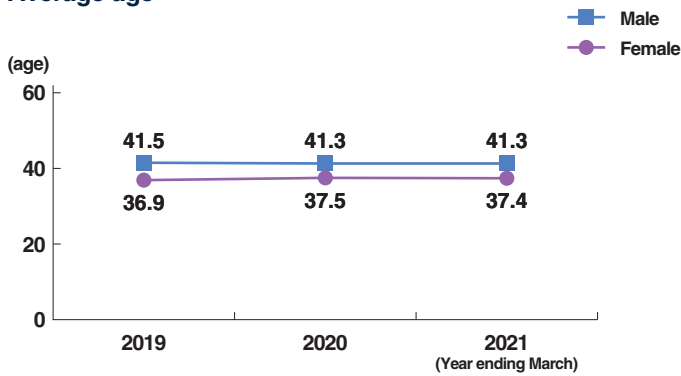


■ Number of foreign employees \*1

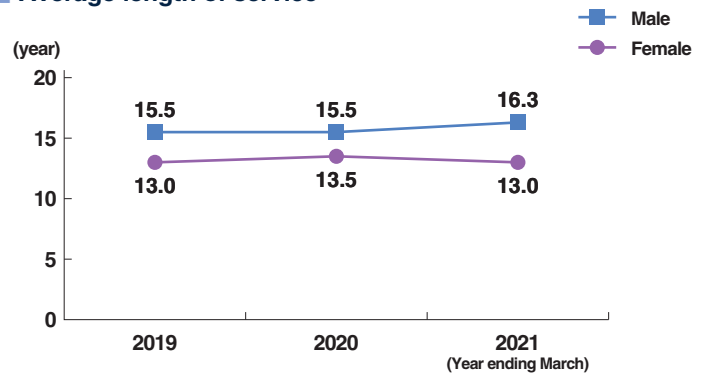


\*1 Number of those other than Japanese nationals

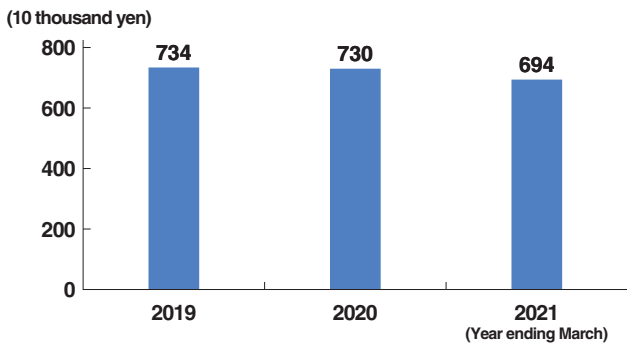
■ Average age



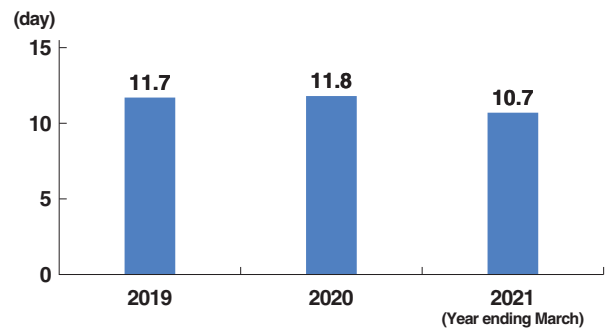
■ Average length of service



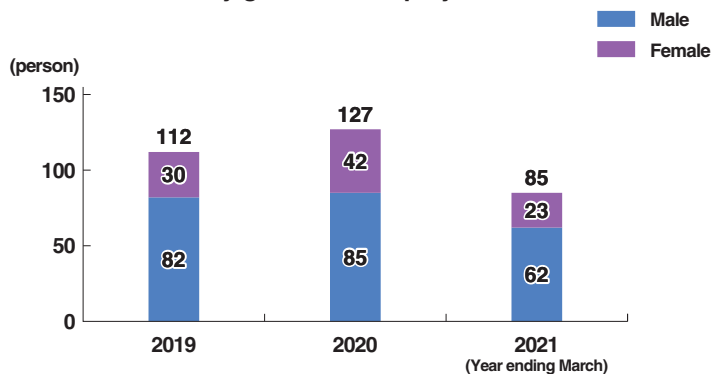
■ Average annual salary



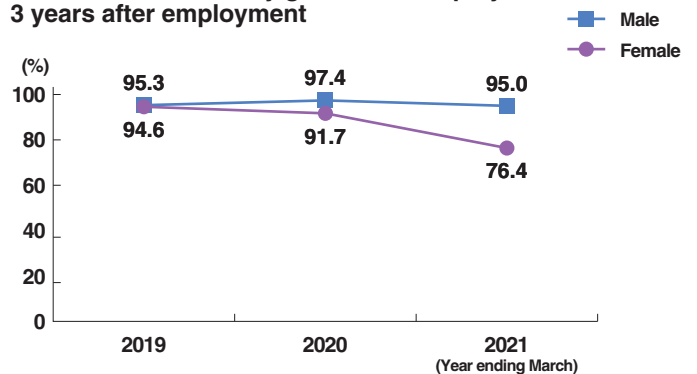
■ Average paid leave days taken



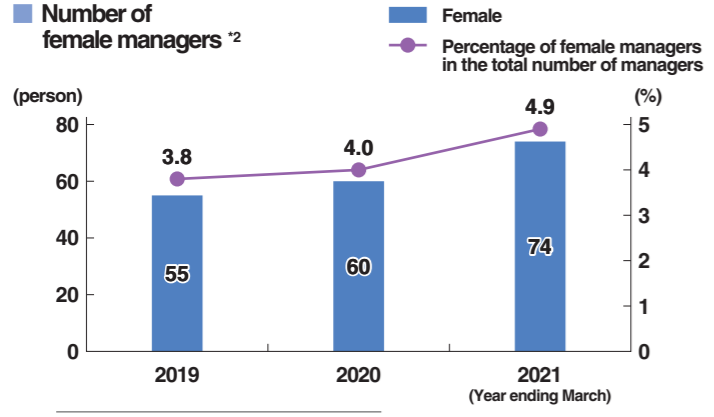
■ Number of newly graduated employees



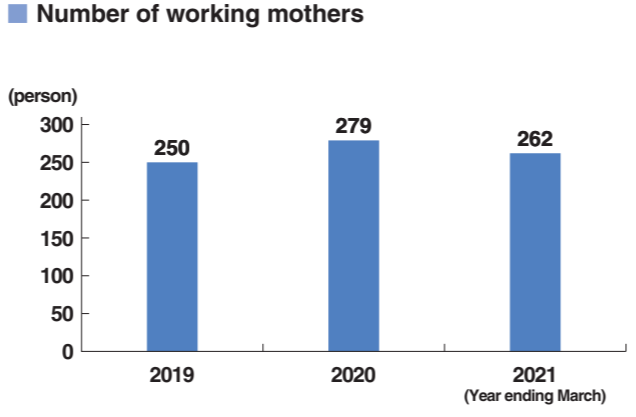
■ Retention rate of newly graduated employees 3 years after employment



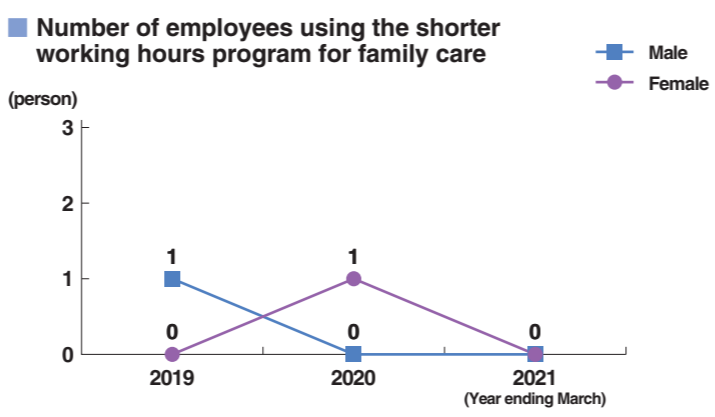
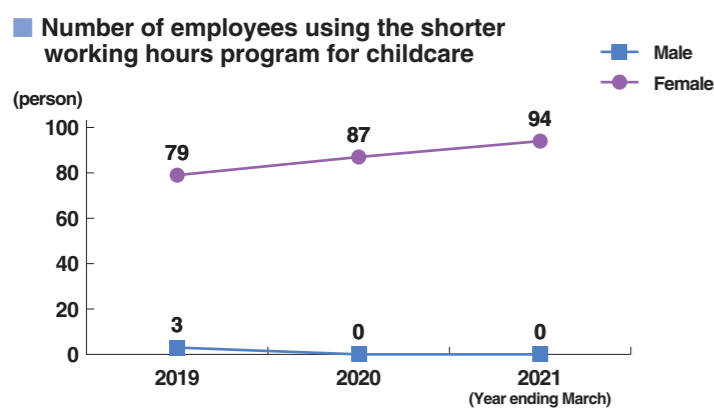
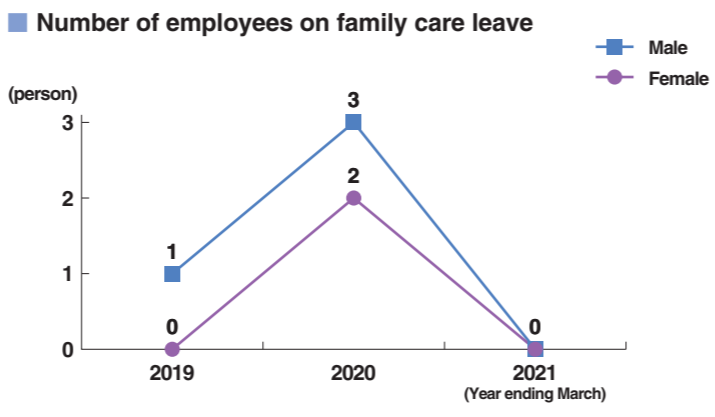
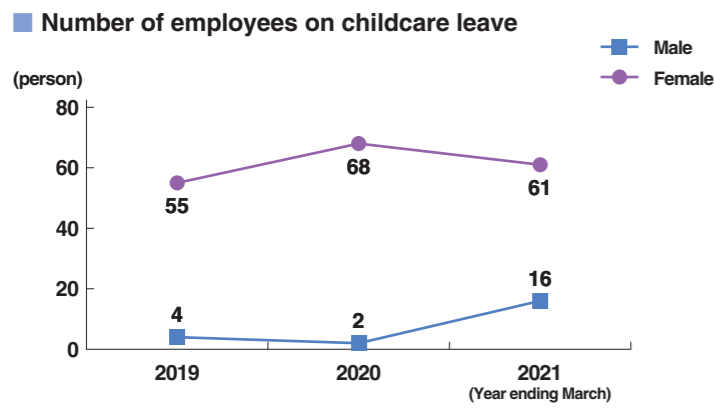
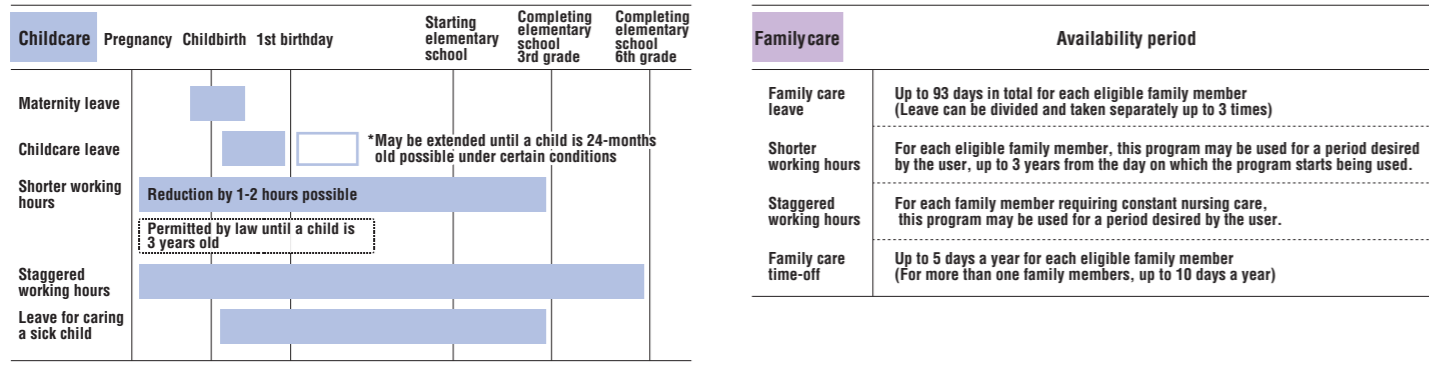
● Employee (non-consolidated)



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



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



● Data on Health Management

■ Achievements and targets related to health and productivity management

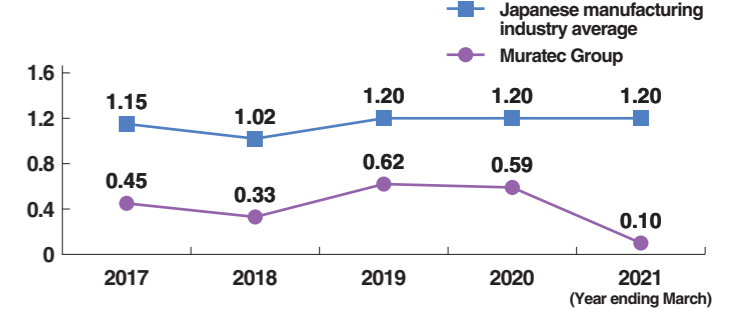
item	indicator	achievement			Target (-year ending March 2024)
		Year ending March 2019	Year ending March 2020	Year ending March 2021	
diet	Percentage of employees with a BMI between 18.5 and 25	65.5%	64.7%	63.8%	More than 70.0%
	Percentage of employees who skip breakfast at least 3 times a week	21.9%	21.6%	21.1%	Less than 15.0%
exercise	Percentage of employees who exercise at least 2 days a week	19.1%	18.5%	19.8%	More than 25.0%
	Percentage of employees who walk at least one hour every day	33.6%	36.1%	35.8%	More than 40.0%
sleep	Percentage of employees who are well-rested through sleep	61.8%	63.0%	67.4%	More than 70.0%
smoking	Percentage of employees who smoke	24.4%	23.9%	22.4%	Less than 20.0%
mental health	Percentage of employees who underwent a stress check	94.4%	95.0%	94.5%	100.0%
	Percentage of employees identified as high-stress individuals in stress checks	7.9%	7.4%	6.5%	Less than 6.0%
health checkup	Percentage of employees who underwent periodic health checkups	100.0%	100.0%	100.0%	100.0%
	Percentage of employees who submitted a medical examination report among those with abnormal findings	85.7%	84.6%	87.4%	More than 90.0%

● Safety and Health

■ Number of Occupational Injuries \*3

Injury category (LTI/NLTI)	Lost-time injury (LTI: Lost time one day or longer)	Non-lost-time injury (NLTI: Lost time less than one day)
Year ending March 2017	4	13
Year ending March 2018	3	12
Year ending March 2019	6	8
Year ending March 2020	6	12
Year ending March 2021	1	13

■ Trend of Occupational Injury Frequency Rate \*4



\*3 Target offices and plants: Head Office, Inuyama, Ise, Kaga, and the Shiga and Oita of Muratec Mechatronics Co., Ltd. (employees including temporary dispatched workers, but not contract workers)

\*4 Occupational injury frequency rate is the frequency of the occurrence of disaster presented by the number of casualties caused by occupational injuries per a total of 1 million hours worked.

■ Overview of safety & health seminar

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

■ Safety & health e-learning courses and attendance

courses	offices and divisions	Year ending March 2019	Year ending March 2020	Year ending March 2021
Safety & health awareness raising	Head Office	95%	97%	-
Safety & health awareness raising	Inuyama	96%	91%	-
health awareness raising	All Muratec	-	-	95%
Stress management (for employees in their second year with Muratec)	All Muratec	100%	97%	96%
Risks of chemical substances	L/C Manufacturing Department at the Inuyama and Ise *5	100%	100%	100%
Need to use protective gear	L/C Manufacturing Department at the Inuyama and Ise *5	100%	100%	100%
How to use tools	L/C Manufacturing Department at the Inuyama and Ise *5	100%	100%	100%

\*5 L/C Manufacturing Department: A common manufacturing department for L&A Division and Clean FA Division

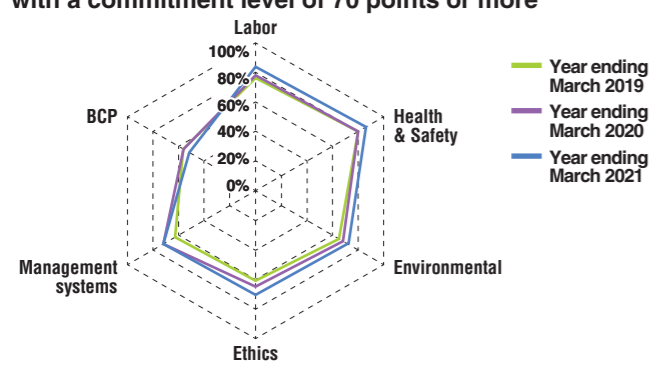


## Supply chains

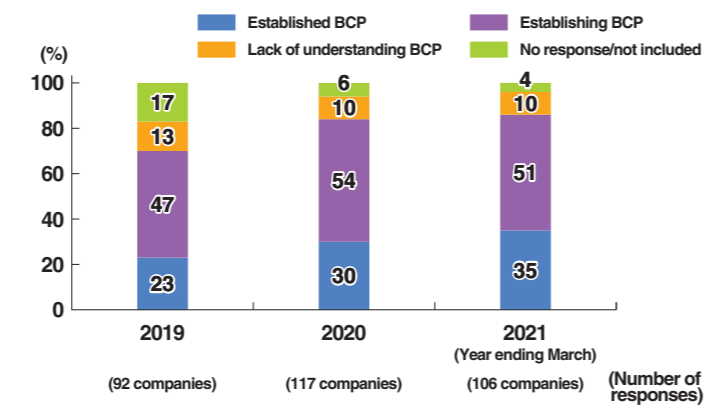
### Results of supplier surveys

Major items	Year ending March 2019	Year ending March 2020	Year ending March 2021	
Number of responses	92 companies	117 companies	106 companies	
RBA Code of Conduct comprehension (average)	63 points	65 points	69 points	
Percentage of suppliers with a commitment level of 70 points or more	Labor	77%	79%	84%
	Health & Safety	80%	80%	86%
	Environmental	65%	68%	72%
	Ethics	61%	65%	71%
	Management systems	63%	72%	73%
	BCP	56%	56%	53%

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



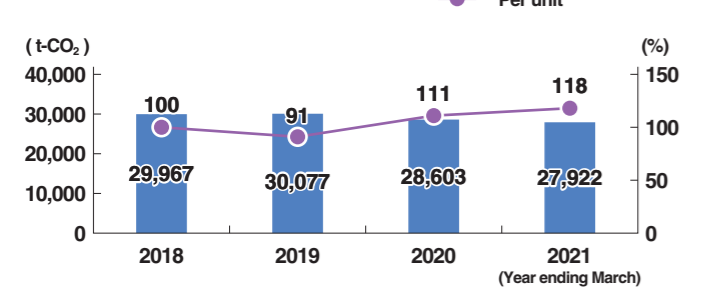
### Supplier survey (level of BCP establishment)



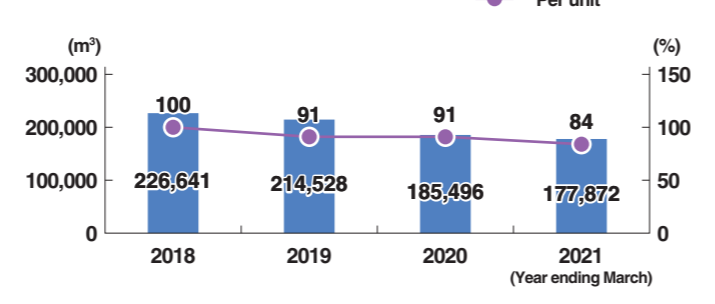
## Environment (2030 Targets based on the data of year ending March 2018)

### Environmental Performance

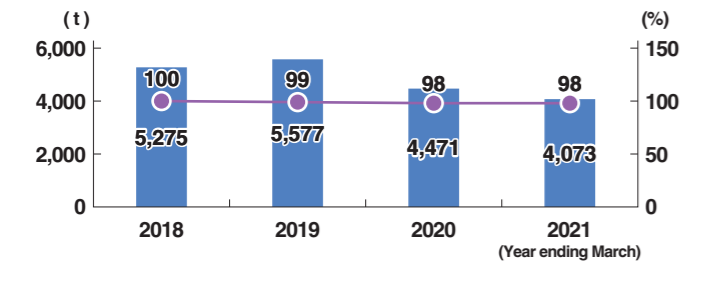
#### Responses to climate change



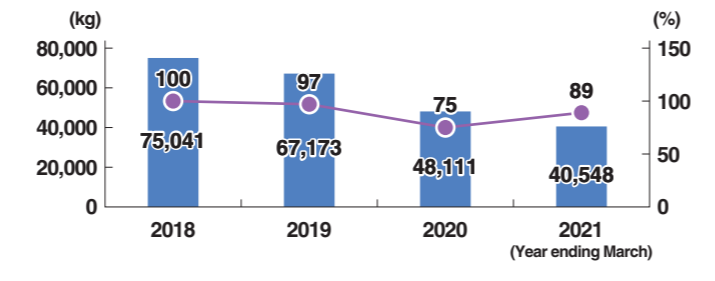
#### Sustainable use of water resources



#### Contributing to a recycling-oriented society



#### Management of Chemical Risks in Workplaces



\*6 Boundaries/organizations  
 Head Office, Inuyama Plant, Ise Factory, Kaga Factory, Shiga Factory of Muratec Mechatronics Co., Ltd. and Oita Factory  
 (VOC includes data of Inuyama Plant, Kaga Factory and Shiga Factory of Muratec Mechatronics Co., Ltd.)

## Corporate Governance

### Overview of compliance seminar

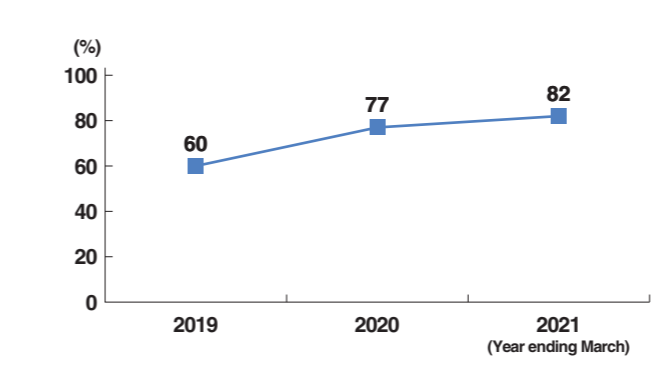
• Compliance seminar	• Basic Course on Electronic Contracts	• Business Risk Training
• Basic Contract Course	• Security Export Control Training Course	

### e-learning on compliance courses and attendance

courses	offices/divisions	Year ending March 2019	Year ending March 2020	Year ending March 2021
Compliance awareness raising	All Muratec	88%	91%	87%
Information security	All Muratec	93%	94%	97%
Information security (for managers)	All Muratec	-	100%	95%
Addressing cartel risks	All Muratec	85%	84%	-
Harassment prevention	All Muratec	94%	94%	96%
Harassment prevention (for managers)	All Muratec	99%	99%	89%
BCP	Head Office, Inuyama, Ise	94%	94%	90%
Secret information control	Target employees of the CFA and L/C Divisions	100%	100%	100%
How to handle highly confidential customer information	Target employees of the CFA and L/C Divisions	100%	100%	100%
RBA Code of Conduct *7	Target employees of the CFA and L/C Divisions	100%	100%	100%

\*7 Expanded education items to be implemented from the year ending March 2021 (formerly: corruption and bribery prevention)

### Awareness of Advance Consultation Desk



### Number of cases brought to the Advance Consultation Desk

