

Environment / CSR Report

Corporate Social Responsibility
and Environmental Management

2022



Rebuilding the management base and strengthening production efficiency through large-scale investment. Active development of new business fields and further expansion of overseas market share

■ Looking back at the previous medium-term management plan

FY2021 was the finishing year of the previous medium-term management plan, but as the effects of COVID-19 continued, much of the plan came to a standstill. In this difficult circumstance, though, all the employees shared their ideas to conceive the best solutions, and in sales, they built a new sales style such as expanding Web sales, and succeeded in recovering the decline in orders in one year. The growth in the after-sales business field also contributed to securing stable profits even though overall sales were sluggish. In addition to strengthening our existing development capabilities, we believe that our efforts to improve productivity and cost control have been successful, under the slogan of "better manufacturing" toward a "return to monozukuri"^{*}. Overseas, our sales base is expanding due to the full-scale operation of production in China, capturing demand in Taiwan and other countries with active semiconductor plant investment, and entry into the atmospheric market in India.

* literally means 'production' or 'making of things' in Japanese and is the Japanese term for 'manufacturing'. The broader meaning encompasses a synthesis of technological prowess, know-how and spirit of Japan's manufacturing practices. The spirit includes a sincere attitude towards production with pride, skill and dedication and the pursuit of innovation and perfection.(source: Babu, Venkatesha (April 24, 2016). "Japan's Culture of Craftsmanship". Business Today. Living Media India Limited. Retrieved 28 February 2018.)

■ Major investments implemented in New Mid-Term Business Plan

FY2022 marks the start of a new medium-term management plan (see page 2). While strengthening our management base, we will concentrate our management resources on priority strategic areas to aim for sustainable growth. For the past three years, we have refrained from making new investments and have maintained record high levels of profits, but we will launch large-scale investments in the new medium-term management plan. We will focus on building a corporate structure that can grow steadily without being affected by the external environment.

■ Active promotion of various growth strategies

In the development of new fields, we will double the amount of investment to strengthen the system to quickly provide products required by the times such as decarbonization. We will also change the market field of industrializing agriculture, fisheries, and others. We also provide products and services that save maintenance by maximizing the strengths of the Group, which covers everything from development, manufacturing to maintenance. In overseas markets as well, we will provide products that meet the needs specific to each country and region, and promote market share expansion and strengthening of brand power.

■ Reconstruction of management base by DX

On the software side, we have set up a new organization "DX Promotion Project Office" to build a new system that unifies data from sales arrangements to parts ordering, production, inspection, shipping, and after-sales service. Utilizing IT, we will thoroughly

standardize the current business flow to improve the efficiency over several years. This will increase productivity and create an environment where diverse human resources can concentrate on high-value-added work.

■ Enhanced productivity by a new building with the mother factory function

In terms of production, a new production site will be constructed in the Sayama Technical Center to improve quality, speed up development and manufacturing, expand various kinds and small quantity production, and promote cost reduction (see page 7). The mother factory will play a role to maximize the perfection of developed products and hand them over to the production lines of our production subsidiaries so that we can continue to deliver attractive products that can compete with the world's top companies.

■ Continuing to promote ESG management to be a company supported by stakeholders

Due to the change in the market classification of the Tokyo Stock Exchange, we are classified in the standard market from FY2022. By laying the foundation for the next big growth and increasing corporate value with this new medium-term management plan, we will transform into a company suitable for the prime market. The Group will continue to contribute to the creation of a sustainable global environment and society, and will continue to address issues related to ESG (see page 5), such as environment-friendly management, ensuring diversity of human resources, promoting diverse work styles, and strengthening governance. We will strive to be a company that is supported by our stakeholders.

President, Representative Director
TAKAHASHI Toshio



DKK-TOA responds to the increasing global needs for measurement



Supports water quality management in all fields

Contributes to water quality control and pollution prevention in all water-related situations, from oceans, rivers, and lakes to drinking water and sewage treatment



Measuring various substances in the atmosphere

Monitors PM2.5 and various other air pollutants from factories, automobiles, homes, etc.



Provides reliable products for medical facilities

Supports dialysis treatment with sensor and electronics technologies cultivated over many years



Watches for and notifies of toxic gas leaks

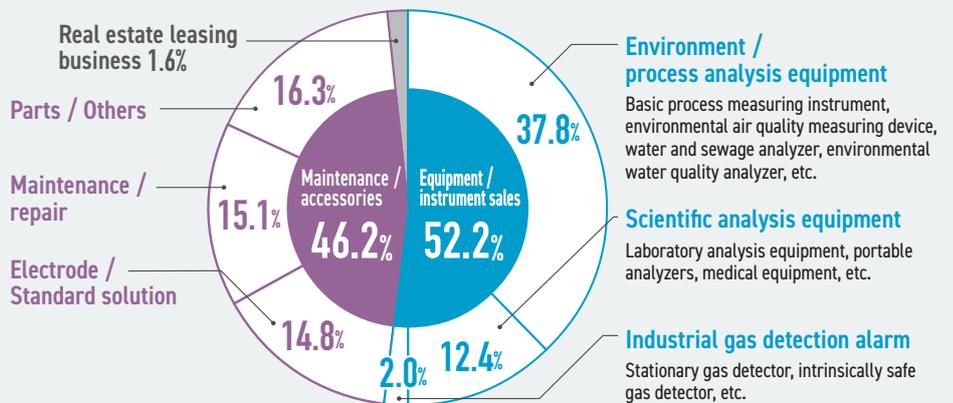
Detects and warns of leaks of toxic gases generated in chemical plants, etc., and thus contributes to workplace safety

DKK-TOA's business

As a comprehensive measuring instrument manufacturer, we support people's lives in a wide range of fields, from environmental measurement to chemical analysis.

The instrument sales in the measuring equipment business occupies 52% of the total sales. After-sales business such as sales of consumables and parts, maintenance and repair of these measuring instruments accounts for 46%, which supports our stable business performance.

Sales ratio by field [FY2021 (consolidated)]



New medium-term management plan (FY2022-2024) formulated

We will continue to contribute to the creation of a sustainable global environment and society, and have formulated a three-year medium-term management plan with the aim of becoming a company that is supported by our stakeholders.

2022-2024

Targets in the medium-term plan

Contribute to society in environmental conservation through initiatives such as de-carbonization and medical-related businesses



Becoming a company that is most selected by customers with high satisfaction



Becoming a company that is suitable for the prime market by further improving corporate value through improving the management base and strengthening profitability



Management index (FY2024)

Sales amount 18,850 million yen
 Overseas sales ratio 21.7%
 Operating income 1,900 million yen

Key points of the medium-term plan

Develop and provide products and services that respond quickly to changes in social trends

Become a company that is the most selected by customers through the provision of highly satisfying products and services

Provide satisfaction to customers in a wider area centered on Asia

Establish a management base and strengthen brand power to achieve high growth

Sustainably make effort in ESG management and foster a corporate culture in which diverse human resources can play an active role and grow

Major investment in the medium term

Construction of a new production building

We will construct a new production building in Sayama Technical Center (Sayama City, Saitama Prefecture) that has a mother factory function to speed up the development of new products to mass production. (Refer to page 7)



New establishment of a DX Promotion Project Office

We will build a new system that unifies data from sales arrangements to parts ordering, production, inspection, shipping, and after-sales service. We have set up a new organization "DX Promotion Project Office" to handle this project.



Management philosophy

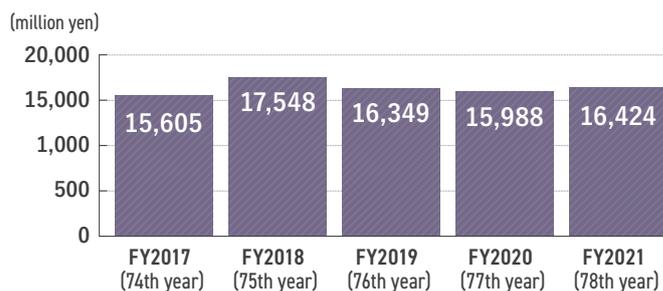
With our mottoes "Honesty, Creativity, Challenge",
we are committed to the protection of the global environment
and the realization of prosperous and people-friendly social environment

Company profile

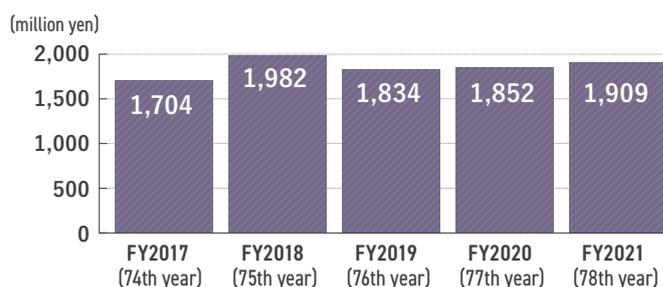
Company name	DKK-TOA CORPORATION
Founded	September 19, 1944
Capital	1,842,481,000 yen
Listed exchange	Tokyo Stock Exchange Standard Market (Securities Code: 6848)
Head office	1-29-10 Takadanobaba, Shinjuku-ku, Tokyo 169-8648 TEL: +81 3 3202 0211 FAX: +81 3 3202 0220
Number of employees	349 [558 (consolidated), as of March 31, 2022]
Business description	<ul style="list-style-type: none"> • Manufacture and sales of measuring equipment (environment / process analysis equipment, scientific analysis equipment) • Manufacture and sales of medical equipment • Sales of measuring instrument parts and consumables • Maintenance and repair of measuring equipment • Real estate leasing business
Technical / R&D Centers	Sayama Technical Center / Research & Development Center Medical Devices Center (Sayama City, Saitama Prefecture) Tokyo Engineering Center (Higashiyamato City, Tokyo)
Group companies	DKK-TOA Yamagata Corporation DKK-TOA Iwate Corporation Bionics Instrument Co., Ltd. DKK-TOA Service Corporation

Performance trends (consolidated)

Sales



Operating income



Domestic network and global expansion

In Japan, we have established an integrated system from development, manufacturing, sales to after-sales service in order to respond promptly and reliably to customer requests. We provide attentive after-sales service through our sales offices, technical service centers, and related service companies nationwide so that our customers can use our products with peace of mind for a long time. In addition, we have 31 overseas sales agents in 17 countries and a sales record of 40 countries (FY2021) annually, receiving orders not only from Asia but also from many countries in Europe, North and South America.

Overseas agents



- **Head office**
East Japan Sales Department
Tokyo Sales Department
- **Sales bases**
West Japan Sales Department (Osaka)
Sapporo Sales Office
Sendai Sales Office
Chiba Sales Office
Nagoya Sales Office
Shikoku Sales Office
Hiroshima Sales Office
Kyushu Sales Office
Nagasaki Sales Office
- ◆ **Locations**
Sayama Technical Center
Research & Development Center
Medical Device Center
Tokyo Engineering Center
- ▲ **Group companies**
DKK-TOA Yamagata Corporation
DKK-TOA Iwate Corporation
Bionics Instrument Co., Ltd.
DKK-TOA Service Corporation

Report overview

Editing policy

The Environment and CSR Report 2022 aims to report to stakeholders the attitudes and activities of the DKK-TOA Group regarding environmental conservation and CSR. The Group's philosophy is to contribute to the realization of a human-friendly social environment as a manufacturer of measuring instruments by sending out technologies and products that are useful for environmental conservation. In this report, we provide an easy-to-understand explanation for a wide range of stakeholders to understand the various initiatives based on this philosophy, their progress and results. We will continue to improve environmental conservation and CSR activities and strive for highly transparent information disclosure.

Report range

- Period** FY2021 (April 1, 2021 to March 31, 2022)
Some activities and information before and after this period are also included.
- Organization** DKK-TOA and Group companies
*If the report subject organization changes depending on the event, it is indicated individually.
- Publication date** June 2022
- Person responsible for publication** General Manager of Corporate Strategy Department

Product introduction



DKK-TOA provides “safe and secure” measurement instruments that contribute to social prosperity and environmental conservation

Water Portable water quality meter P40 Series Mylana

The series features three models of multi-water quality meters suitable for field measurement.

The products use a digital probe that can automatically identify probe information such as pH and electrical conductivity. The slim design has improved operability.



Water Desktop water quality analyzer X Series

Laboratory analyzer with a large touch panel for improved visibility and operability

Desktop water quality meter of the main model. Equipped with a large color touch panel, visibility, operability, and maintainability have been improved, and usability has also been considered.



Water Automatic water quality analyzer for tap water MWB4-72

Water quality meter that contributes to the supply of safe and tasty drinking water (can be used during disasters)

Installed in public places such as parks, it continuously monitors seven items of drinking water quality. In combination with a battery, measurement for 72 hours is possible even during a power outage.



Air Fine particulate matter measuring device FPM-377C

Air pollution analyzer that continuously monitors microparticulate matter (PM2.5)

PM2.5 penetrates deep into the lungs and adversely affects health. This device continuously monitors PM2.5 and contributes to maintaining people's health.



Air Atmospheric ozone analyzer GUX-353B

Continuous measurement of trace amounts of ozone concentration in the atmosphere by the ultraviolet absorption method

This device enables an accurate, stable, and continuous measurement of ozone which may cause photochemical smog leading to health hazards.



Gas Flue gas hydrogen chloride analyzer GNC-224-1

This product monitors the concentration of hydrogen chloride gas in exhaust gas from garbage incinerators, etc.

In the refuse incinerators treating plastics, this device monitors the concentration of hydrogen chloride that may cause corrosion of equipment and emission of harmful dioxin.



Healthcare Powder type dialysis agent dissolving device

A solvent dissolver AHI-701 B solvent dissolver BHI-701

Dissolution device that dissolves the dialysis agent supplied as powder and adjusts it to an appropriate concentration.

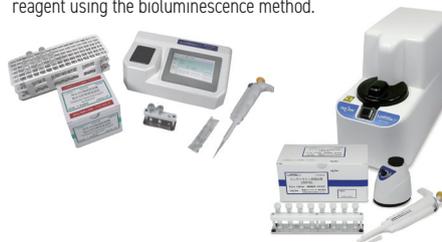
We make full use of our electrical conductivity measurement technology to stably adjust the dialysate concentration. We support dialysis treatment at dialysis facilities nationwide.



Healthcare Bio-luminescent endotoxin analyzer Luminutes series

Device that measures the endotoxin activity value of dialysis water and dialysate.

A combination of an instrument, reagents, and a software measures the endotoxin activity value in the dialysate. The endotoxin value is measured quickly and accurately with the reagent using the bioluminescence method.



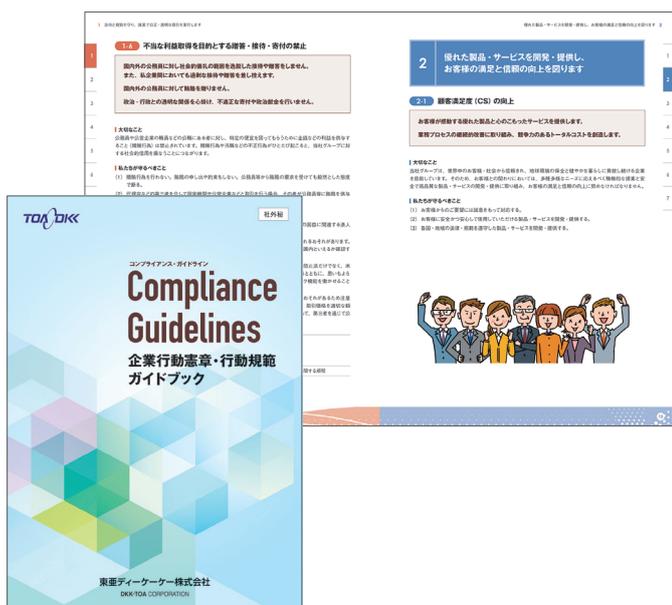
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Promoting ESG (environment, social, and governance) management

In order to realize our management philosophy, our group reflects social issues and changes in the business environment in the medium-term management plan, and works to resolve these issues through our business activities.

We have established a Corporate Behavior Charter and a Corporate Code of Conduct, and strives to fulfill our social responsibility rooted in our management philosophy by every one of our group complying with and implementing the principles of the Charter.



Corporate Behavior Charter

1. We comply with laws and regulations and conduct honest, fair and transparent transactions.
2. We develop and provide excellent products and services to improve customer satisfaction and trust.
3. We will contribute to the preservation of the global environment and the realization of enriched and human-friendly social environment through environmental and medical measurement.
4. We emphasize transparency and disclose necessary corporate information to stakeholders in a timely manner.
5. While respecting the personality and individuality of employees, we will ensure a comfortable working environment with consideration for health and safety.
6. As a member of the global economies, we will respect the customs and cultures of other countries and contribute to their development.
7. We will adopt a firm stance against antisocial forces and organizations and cut of any relationship with them.

External evaluation: Awarded EcoVadis bronze medal

Received a "Bronze" rating in the 2021 sustainability assessment by EcoVadis*. Bronze medals are awarded to companies that meet the top 50% scoring criteria.

* An evaluation organization for corporate ESG-related efforts. It evaluates four areas: environment, labor and human rights, ethics, and sustainable procurement.



Relationship with stakeholders

The Group believes that incorporating the demands and expectations of stakeholders into our business activities is important for promoting sustainable management. We strive to fulfill our information disclosure and accountability and build good relationships while enhancing communication with our stakeholders.

Stakeholders	Main issues	Main communication methods
Customers (including agents)	<ul style="list-style-type: none"> • Providing high-quality products and services • Promoting environment-friendly design • Providing appropriate information on products and services • Responding to opinions and complaints 	<ul style="list-style-type: none"> • Daily sales activities • Exhibiting at trade exhibitions such as JASIS • Presenting product on the website • National agency meeting • Call center
Business partners	Thorough fair and impartial transactions	Daily procurement activities
Shareholders / Investors	<ul style="list-style-type: none"> • Highly transparent management • Timely and appropriate information disclosure • Appropriate and stable dividends • Sustainable improvement of corporate value 	<ul style="list-style-type: none"> • General meeting of shareholders, briefing sessions for investors • Disclosure of information on IR sites • Issuance of business reports • Shareholder questionnaire
Employees	<ul style="list-style-type: none"> • Development and utilization of human resources • Respect for diverse human resources and work styles • Consideration for occupational safety and hygiene and health • Respect for human rights 	<ul style="list-style-type: none"> • Human resources development programs, various trainings • Consultation with the labor union • In-house newsletter, intranet • Harassment consultation desk
Community / society / administration	<ul style="list-style-type: none"> • Activities contributing to local communities • Compliance with laws and regulations, response to law revisions 	<ul style="list-style-type: none"> • Various volunteer activities • Participation in industry groups • Compliance with environmental regulations





Environmental conservation efforts

Conservation of the global environment is an issue of top priority in modern society. In order to protect the global environment and pass it on to the next generation, our Group as environmental measuring equipment manufacturer provides society with technologies and products that are useful for environmental conservation, while paying close attention not to pollute the environment during the manufacturing processes.

Environmental policy

Recognizing the impact of our business activities on the environment, the Group has set up the following environmental policy in implementing development, design, procurement, production, sales, and services related to environment / process analyzers, scientific analyzers, and medical equipment.

Promoting environmentally friendly business activities

• We are committed to reducing environmental impact of our business activities to contribute to environmental conservation

We ensure optimized environment on the premises and work on the reduction of environmental impact by separating waste for recycling.

• We address environmental conservation in accordance with the environmental management system.

We have acquired the certification of the international standard "ISO14001" for environmental management systems and are working on it in a progressive manner.

Providing environmentally friendly products and services

We comply with laws and regulations regarding restrictions on the use of harmful substances and handling of chemical substances.

We aim to develop products that limit the use of harmful chemical substances such as lead-free design of products to help reduce the environmental impact. In addition, we comply with relevant laws and regulations for the storage, movement, transportation, consumption, disposal, etc. of chemical substances such as reagents in handling them properly.

ISO14001 certification received

Date of certification / certification number
October 6, 2000 / JQA-EM1031
Registered entities
DKK-TOA Corporation (Headquarters, Sayama Technical Center / Research & Development Center, Tokyo Engineering Center)
DKK-TOA Service Corporation

Four perspectives of efforts

1 Prevention of global warming

- CO₂ emission reduction
- Energy conservation
- Utilization of renewable energy



3 Product environment / pollution prevention

- Environmentally friendly and safe design
- Prevention of environmental pollution
- Management of chemical substances



2 Waste reduction / resource recycling

- Reduction of waste emissions
- Effective use of resources
- Water saving



4 Environmental education / Environmental conservation activity support

- Employee education
- Information sharing
- Conservation of forests and satoyama*

* a Japanese term applied to the border zone or area between mountain foothills and arable flat land. Literally, sato (里) means village, and yama (山) means hill or mountain. Satoyama have been developed through centuries of small-scale agricultural and forestry use.

Environment

1 Prevention of global warming

| The entire Group to go 100% renewable energy

Participating in the government initiative "RE Action - Declaring 100% Renewable Energy"

Since April 2019, the Group has gradually switched to 100% renewable energy-derived electricity^{*1}. For local sales offices that cannot switch due to the tenant situation, carbon offset will be implemented using the CO₂ reduction value (J-credit) by the "Yamagata Sun and Forest Association" in Yamagata Prefecture, so that CO₂ emitted by the group will be virtually eliminated. In October 2021, we participated in the "Re-Energy 100 Declaration RE Action"^{*2} and announced that "the CO₂ generated from the power consumption of the Group will be virtually eliminated by the end of FY2022." This will be achieved as planned.

* 1 Already achieved 100% renewable as follows:
 April 2019 Head Office / Tokyo Engineering Center
 April 2020 Sayama Technical Center
 April 2021 DKK-TOA Tamagata / DKK-TOA Iwate

* 2 A framework in which companies, local governments, educational institutions, medical institutions, etc. express the goal to convert 100% of their energy consumption to renewable energy by 2050 and take action toward the goal.



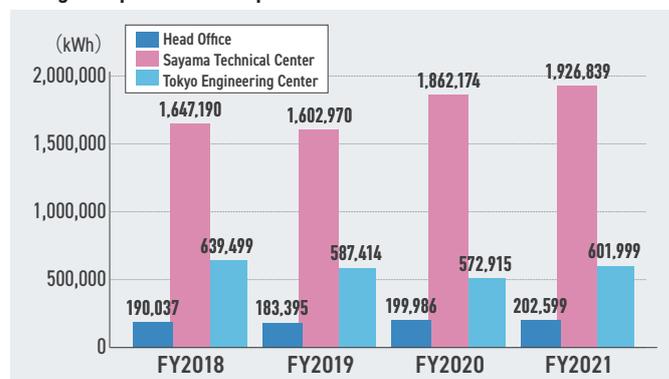
A dashboard "zeroboard" image
 (Source: zeroboard official website:
<https://zeroboard.jp>)

| To further energy saving and CO₂ reduction

In recent years, our power consumption tends to increase due to business expansion and ventilation required for COVID-19 measures, although the peak electricity consumption has been suppressed at the Sayama Technical Center and Tokyo Engineering Center. Therefore, from FY2022, in addition to the net zero energy building (ZEB) design of the new Sayama building, we will consider promoting the increase of solar power generation, construction of energy management system (EMS), and introduction of electric vehicles (EVs) to advance energy saving and CO₂ reduction emitted by our business activities (Scope1). As a first step, we will officially introduce the decarbonization platform "zeroboard"^{*} in FY2022 to visualize the CO₂ emissions generated by the business activities of the entire Group, analyze the causes of the emissions to reduce them.

* A cloud service developed by zeroboard Inc. that calculates the amount of CO₂ emitted by corporate activities to visualize Scope 1 and 2 in the international standard GHG protocol.

Changes in power consumption (kWh)



| Others: Environmentally friendly architecture of Sayama Technical Center

Solar power generation system

The Research & Development Center is capable of producing 15 kW of power output and approximately 15,000 kWh of annual electricity. The Medical Devices Center is capable of producing 49.5 kW of power output and 48,310 kWh of annual electricity.



Medical Devices Center

Rooftop greening

The Research & Development Center has a 107.5 m² rooftop greening space to enhance the heat insulation effect of the rooftop and contribute to the reduction of air conditioning power.



Research & Development Center

Topics

Construction of a new production building with mother factory function

We will construct a new production building in Sayama Technical Center that has a mother factory function to speed up the development of new products to mass production. Not only the production will be expanded, but the design and

manufacturing functions of the applied analyzer will be relocated from the Tokyo Engineering Center (Higashiyamato, Tokyo) and integrated there, and a high-performance logistics facility will be developed as well to immediately deliver

after-sales services and e-commerce products and parts. The site will be a net zero energy building (ZEB) with energy saving features and power generation by solar and other systems.

Overview

Location	613 Kitairiso, Sayama City, Saitama Prefecture
Building overview	Total floor area: approx. 8,200m ² , 4 stories above ground, steel frame structure
Main equipment	Multipurpose production line, new product mass production prototype line, test equipment, automated warehouse
Start / completion	Scheduled for March 2022 / February 2024
Investment amount	Approximately 2.7 billion yen
Environmental measures	Net zero energy building (ZEB)



CG image of the completed building



2 Waste reduction / resource recycling

Efforts to reduce waste and recycle

Office paper reduction and green procurement promotion

To reduce the amount of paper used, we are promoting the reduction of handouts at internal meetings and the digitization of documents in business processes. As for office consumables, we preferentially purchase items with environmental labels such as Eco Mark.

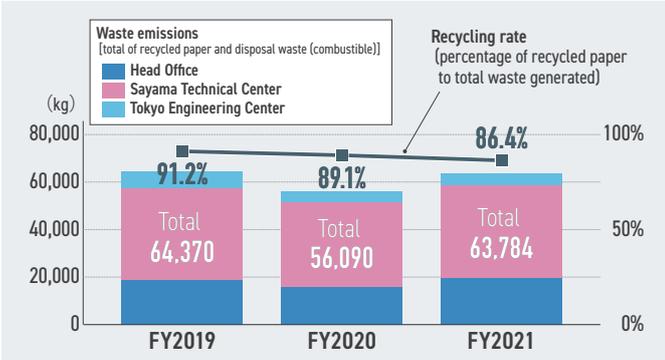


Donation of calendars and yearly book planners

We donated calendars, yearly book planners, and others offered by our partners that exceeded our needs to the Shinjuku Social Welfare Conference.



Changes in waste emissions and recycling rate



Reduction of environmental impact in packaging and transportation

We also consider the environment in the process of delivering products to our customers. The material of pallets^{*1} used for mass transportation has been changed to lightweight, recyclable paper (corrugated cardboard) from the conventional wood. As for the cushioning material for small products, we are gradually replacing the conventional polyurethane foam with paper. For cardboard boxes, as well, we are switching to two FSC-certified^{*2} products.

*1 Cargo handling platforms on which packages are placed for efficient transportation

*2 An international system that certifies products produced under "appropriate forest management" for the purpose of sustainable forest utilization and conservation



Paper pallet



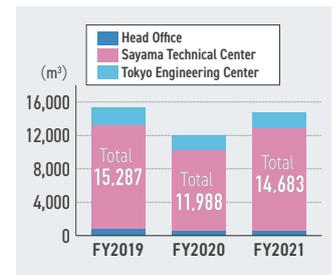
Paper cushioning material



FSC certified cardboard box

Water usage management

We are taking water-saving measures such as introducing water-saving equipment (automatic faucets, water-saving toilets). In addition, the Research & Development Center is working to make effective use of water resources by incorporating a system that uses rainwater mainly into toilet cleaning.



3 Product environment / Pollution prevention

Environmentally friendly manufacturing

One of the greatest social contributions that manufacturers can make is to produce products with consideration of the environmental impact over the entire life cycle of products : from purchasing parts / materials, designing, producing, using, and disposing of products. Our products are produced in collaboration with many suppliers. We have established a basic material procurement policy, and when selecting suppliers, we prioritize transactions with companies that understand and cooperate with our environmental policy, and promote green procurement. In addition, when developing new products or expanding the functions of conventional products, we carry out "environmental conformity assessments" by eight criteria of weight reduction, long-term usability, reuse / recycling, ease of processing, environmental protection, packaging materials, information provision, and energy saving, and thus promote environmental consideration in manufacturing.

An example: improvement in the production process of the model NPW-160H*, the automatic all-nitrogen / all-phosphorus measuring device for China

Reagent usage	Compared to the conventional model: 3/5 (40% reduction) Compared to manual analysis by JIS (Japan Industrial Standards) : Approximately 1/20 (94% reduction)
Pure water usage	Compared to the conventional model: 17.5L reduction per year
Waste liquid amount	Compared to the conventional model: 27.3L reduction per year
Power consumption (average)	Compared to the conventional model: 25% reduction (200W→150W)

*See page 9

Management of chemical substances

We have established our "safety regulations for analyzers for dangerous chemical substances manufactured and sold by our company" and are making efforts to minimize the impact on the environment through proper management of chemical substances and reduction of emissions. In order to respond to the tightening of domestic and overseas chemical substance regulations such as the PRTR Law^{*1} and RoHS Directive^{*2}, we have established a chemical substance safety management committee to share information, study countermeasures, hold seminars on chemical substance handling, and so on.



Chemical substance handling seminar

*1 Act on confirmation, etc. of release amounts of specific chemical substances in the environment and promotion of improvements to the management

*2 Directive on expiration date of specified hazardous substances in electronic and electrical equipment in EU

Prevention of air pollution

As a company working to improve air pollution, we have been registered as a "Clear Sky Supporter"^{*} of the Prefecture of Tokyo. We have introduced low-emission vehicles (hybrid vehicles) in 37.5% of company vehicles, including executive vehicles and regular trucks, and are gradually switching to them. We are also promoting eco-driving that saves fuel and reduces repair costs.

* A system in which the Tokyo Metropolitan Government Bureau of Environment registers businesses working to reduce nitrogen oxides (NOx) and volatile organic compounds (VOC), which are the causative substances of air pollution.





4 Environmental education / Environmental conservation activity support

Environmental education

We are raising awareness so that each and every employee is conscious of and feels responsible for reducing the environmental impact. Environmental education is included in the training for new employees, where we show videos on global warming (produced by the Ministry of the Environment) and give lectures on the importance of water and our environmental efforts. In addition, we encourage our employees to take the Certification Test for Environmental Specialists (Eco Test) sponsored by the Tokyo Chamber of Commerce and Industry and support them by providing textbooks and others.



Participation in Tokyo Greenship Action

Every year, we participate in the "Tokyo Greenship Action," a natural environment conservation activity sponsored by the Tokyo Metropolitan Government Bureau of Environment in collaboration with businesses, non-profit organizations (NPOs), and the government. In 2021, 14 people, mainly new employees, participated in cutting undergrowth and thinning with the cooperation of volunteer groups and NPOs Midori Support Hachioji and Hachidai Ryokuyukai that engage in satoyama conservation activities in the Hachioji Otani Ryokuchi Conservation Area.



Supporting Green Feather Campaign

We adopt QUO cards (prepaid cards or gift certificates) with donations for the green feather campaign as a shareholder benefit. The green feather campaign is a fund-raising activity run by the National Land Afforestation Promotion Organization, and the collected donations are used for forest maintenance, greening promotion projects, and human resource development related to forests in Japan and overseas.



Group products that contribute to sustainable development goals (SDGs) in Japan and overseas



Monitoring water pollution

(Discharged water monitoring)

Total nitrogen / total phosphorus automatic measuring equipment



We provide equipment to monitor the environmental water quality of closed water areas such as Tokyo Bay, Ise Bay, and the Seto Inland Sea. Our business has also been deployed in China for more than 10 years, and the number of units sold is on the rise, and our products are used for pollution monitoring of rivers in China. In 2019, we acquired the Chinese national certification for a new model of all-nitrogen and all-phosphorus automatic measuring device for environmental water quality monitoring developed for China, established a local production system, and are providing a stable supply.

Automatic all-nitrogen / all-phosphorus measuring device for China NPW-160H



Air pollution monitoring

Ambient air measuring equipment

Our ambient air measuring equipment boasts the top market share in Japan and the sales is expanding to overseas markets. In 2016, we obtained the Korean national certification for PM2.5 measuring equipment in South Korea, and it was adopted in subway premises and Incheon International Airport. Also in India, which is facing serious air pollution, we are working to expand sales of ambient air monitoring systems that monitor air pollutants such as sulfur dioxide (SO2) and nitrogen oxides (NOx) and equipment installed in ambient air measurement vehicles.



PM2.5 measuring device for Korea FPM-388



Inspecting tap water

Automatic water quality analyzer for tap water



Our automated meter for tap water is installed in public places such as parks and continuously monitors seven inspection items that are indispensable for safe and tasty water. In Japan, the system is used in major cities such as Tokyo and Osaka. In South Korea, it has been adopted by the Seoul Metropolitan Waterworks Bureau and is responsible for monitoring water quality at more than 300 locations.



Installed in Seoul (Korea)



Ambient air measurement vehicle (India)

Basic policy / goals regarding quality

Quality policy

Quality activities that exceed customer expectations

We provide excellent products and sincere services that continue to impress our customers.

We propose "monozukuri" that accurately grasps the needs and changes of customers and society, and considers everything from receiving orders to production, service, and disposal.

We create a corporate culture that can continuously improve, develop and execute business processes.

Quality goals

Improving customer reliability

We aim to improve reliability by acquiring a corporate nature that prioritizes promises with customers and the skills that all employees create by themselves in the best way to achieve the best quality.

Product development

We propose new products to our customers with our unique technology and strive to create products that are useful to the world. We also develop environmentally friendly products that can contribute to society.

Monozukuri

We develop equipment with our own production technology and improve the level of quality. In addition, we improve the skills and technical capabilities of our employees, manage the environment of the production workplace, and work consistently to create attractive quality that complies with international standards.

Quality management

We deploy a company-wide "Quality First declaration" campaign, implement improvements and reforms throughout production activities, create mechanisms and systems to prevent complaints and recurrence, and at the same time aim for a before sales service management quality close to our customers.

Quality management

The Group has established a quality management system based on ISO 9001, and each company manages a quality system in accordance with its business content. The quality control department of each company reports directly to the president of the company, thus ensuring independence. Furthermore, regarding cross-group issues, all group and departments are working on continuous quality improvement and preventive measures for quality problems through the Quality Assurance Department.

Quality education

We are working to raise awareness of quality through quality education in order to acquire knowledge useful for daily work, such as the concept of quality control, various methods, and how to proceed with problem solving. Related departments are promoting the acquisition of QC KENETI (Quality Management and Quality Control Examination) grades*.

* A system sponsored by the Japanese Standards Association and the Union of Japanese Scientists and Engineers to objectively judge how much quality control knowledge you have and give certification.

Responding to opinions and complaints

Customers' opinions and complaints regarding products and services are accepted at the sales department, maintenance service department, website, and call center. Especially for complaints, the sales, manufacturing, development, maintenance service, and quality assurance departments cooperate to investigate the cause and take countermeasures and strive to prevent recurrence and prevent quality problems by horizontal deployment.

Quality management system

With "Quality First" as one of our management policies, we have obtained the international standard "ISO9001" certification for quality management systems and "ISO13485" for medical devices, striving company-wide for comprehensive quality management to provide customers with the world's highest level of quality and services.



All employees wear a badge to share awareness in the company

ISO9001 certification acquisition status

Acquisition date	Registration number	Registered entities
September 8, 1995	JQA-0971	DKK-TOA (Head Office, Sayama Technical Center, Tokyo Engineering Center), DKK-TOA Iwate
December 13, 1996	JQA-1491	DKK-TOA Yamagata
November 21, 2003	JQA-QMA10678	DKK-TOA Service Corporation

ISO13485 certification acquisition status

Acquisition date	Registration number	Registered entities
April 28, 2022	JQA-MD0180	DKK-TOA (Sayama Technical Center, Head Office, Tokyo Engineering Center)

We also have a full range of test equipment to verify safety and reliability for quality improvement.



EMC test equipment



Large environmental test room

Providing services and information to our customers

Exhibitions, seminars, websites

We exhibit at various exhibitions in Japan and overseas and introduce the latest measurement technology. We also hold webinars and distribute product handling instruction videos (Japanese and English) on YouTube so that our customers can make effective use of measuring instruments. In addition, we are continuously enhancing our website, especially for overseas markets, for example, with reinforcing the multilingual tools. Besides the language options of English and Chinese, we have added a function to automatically translate into Korean, Vietnamese, Thai, Indonesian, and Hindi



CIEPEC 2021 (China)



JASIS 2021 (Japan)

Domestic and overseas service network

We have sales offices and technical service centers nationwide to provide high-quality products and prompt and multi-layer services so that our customers can use our products for a long time with peace of mind. Overseas, 31 distributors in 17 countries are available locally.

Promotion of CSR procurement based on the material procurement basic policy

The Group procures materials from Japan and overseas. Under the Corporate Behavior Charter stipulating "honest, fair and transparent transactions," we strive to enhance communication with business partners for fair and impartial procurement activities. We also provide regular in-house training to ensure compliance with the Subcontract Act.

Establishment of "Material Procurement Basic Policy"

We work on sustainable procurement activities with the understanding and cooperation of our business partners regarding the following contents.

1 Compliance with laws and social norms

- Thorough compliance with related laws and regulations (antitrust law, commercial law, subcontracting law, foreign exchange law, personal information protection law, etc.)
- Elimination of relationship with companies related to antisocial forces
- Not using conflict minerals

2 Environmental consideration

- Promoting green procurement in consideration of the global environment and reducing environmental impact throughout the product life cycle

3 Ensuring excellent quality

- Striving to maintain and improve quality, meet our requirements, and provide safe, secure and reliable products and services to meet our customers' needs

4 Securing delivery time and establishing stable supply system

- Establishing a stable and flexible supply system of materials and services to continuously supply products to customers and respond to supply and demand fluctuations

5 Maintaining and improving employees' health by creating work environment where employees feel supported

Registration in "Declaration of Partnership Building"

In support of the aims of the "Council on Promoting Partnership Building for Cultivating the Future" promoted by the Cabinet Office, the Small and Medium Enterprise Agency, and others, we announced the "Declaration of Partnership Building." With the aim of building new partnerships by promoting cooperation, coexistence, and co-prosperity with suppliers, we provide support such as introduction of telework for suppliers and advice on business continuity plan (BCP) formulation from the perspective of business continuity in the event of a disaster and work style reform. We will improve the productivity of the entire supply chain by sharing information and digitizing using IT, comply with desirable trading practices, and correct trading and/or business practices that hinder partnership building.



Participation in the "White Logistics" movement

In support of the "White Logistics" initiative promoted by the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, and the Ministry of Agriculture, Forestry and Fisheries, we submitted a declaration of voluntary action. Through the following eight action items, we will promote work style reforms such as reducing truck drivers' workload and improving efficiency in collaboration with the industry.



1. Logistics improvement proposals and cooperation
2. Advance provision of receipt / shipment information from the shipper
3. Separation of work parts other than driving
4. Extension of lead time
5. Use of the highway
6. Promotion of documented transportation contracts
7. Consideration of legal compliance situations when selecting a contractor
8. Cancellation / interruption of operation due to abnormal weather, etc.



Efforts for human resource development

Support for self-development and autonomous career development

We support the autonomous capacity development of employees through training, correspondence education, and qualification acquisition incentive systems. In the seminars, we provide various learning opportunities such as training for new employees, training for promoted employees, training by function, and workshop for leaders from different industries. In addition, we support active learning opportunities where each person can choose and learn the skills they need, such as providing incentives to those who have acquired professional qualifications and exemption from tuition fees for those who have completed correspondence education.

Main training / systems

Training / Seminar	<ul style="list-style-type: none"> • New employee training • Young employee follow-up training • Promotional training, training by function • Technology: Risk assessment education, production technology education • Production: Special process skill education, inspector education • Sales: Sales education, product education • Compliance, risk management training, etc.
System	<ul style="list-style-type: none"> • Correspondence education support system (150 courses) • Qualification acquisition incentive system (about 100 qualifications) • Employee invention system, etc.

In-house award system

In recognition of the achievements and/or efforts of employees, awards are given once a year (business achievement awards, qualification acquisition awards, long-term service awards, improvement proposal awards) to motivate them for work. We are also encouraging the acquisition of patents as we are a manufacturer valuing research and development. We have an in-house event called "Invention Day," when lectures are given by the person in charge of intellectual property, and an award ceremony is held for employees who have contributed to intellectual property activities.



Soldering workshop



Award ceremony for the largest number of patent applications in the 17th "Invention Day."

Promotion of diversity

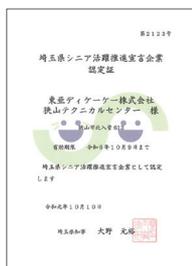
Active female employees

There are 102 female employees, and the ratio of female employees is 29.2% (For the entire Group, 164 employees, 29.4%). We are certified as an excellent company with "Eruboshi or L star (3 stars)" by the Minister of Health, Labor and Welfare based on the "Act on Promotion of Women's Participation and Advancement in the Workplace."



Employment of retirees

Re-employed employees are playing valuable roles with expertise cultivated through their long experience, knowledge, and skills obtained thus far which are to be passed down to the next generation. Sayama Technical Center has been certified as a "senior career promotion declaration Company" by Saitama Prefecture.



Respect for human rights and fair / impartial treatment

Our Corporate Code of Conduct stipulates "We do not discriminate against any employee on the basis of race, origin, creed, gender, religion, nationality, educational background, etc. We respect the personality, human rights, and individuality of all people as we develop our business. In addition, in order to promote CSR in the entire supply chain, we have formulated the "Material Procurement Basic Policy" (see page 11), stipulating respect for human rights, ensuring safety and health, and legal compliance, and are committed to ensuring that this policy is respected throughout the supply chain.



Recruitment selection

We fairly judge the abilities and aptitudes of applicants and hire them without discrimination or prejudice. We have also established a fair recruitment selection system by appointing / registering a fair recruitment and human rights awareness promoter. At recruitment, we confirm that the applicant has reached the legal minimum working age to prevent child labor.

Personnel evaluation system

We have introduced a goal management system and conduct personnel evaluations twice a year. At the beginning of the term, employees and their superiors set job goals through interview. In the evaluation, we assess the results, achievements and attitude toward work for the goals and challenges and explain the evaluation results to the person through the feedback interview. We encourage spontaneous efforts for the job to increase motivation.



Promotion of work-life balance

We are actively working on to reduce overtime hours and encourage employees to take paid leave. In FY2021, we introduced an hourly paid leave system. We are also developing a system that enables diverse work styles. Sayama Technical Center has been certified as a platinum rank (highest) by Saitama Prefecture as a "company that practices diverse work styles".



Related data: FY2021 results (non-consolidated)

Item	Result
Length of service	Male 17.2 years Female 18.4 years
Annual paid leave acquisition rate	73.2%
Average overtime hours	6.9 hours / person / month
Childcare leave acquisition rate	Female: Not applicable, Male: 16.7% (1 person)
Return to work rate after taking childcare leave	66.7% (2 out of 3 returned to work)
Proportion of women in managerial positions	11.5%

Occupational safety and hygiene

The Group always prioritizes the safety and health of employees. We established a Safety and Health Committee according to the Industrial Safety and Health Act. The committee formulates an annual plan including safety patrols, risk assessments, safety and health education, etc. for each business site, and confirms the implementation status on a monthly basis. The committee also listens to the voices of employees and steadily solves problems to continuously improve the level of safety and health activities.

Deterrence of occupational accidents

As proactive prevention measures for occupational accidents, in addition to regular inspections of machines and equipment, obligation to use appropriate protective equipment (protective glasses, dust masks, protective clothing, protective gloves, etc.) is stipulated according to the properties of the chemical substances handled and the nature of work. In order to reduce risks, regular risk assessments are also conducted for tools, machinery and equipment, work methods, and the condition of workplace where chemical substances are handled.

Safety and health education

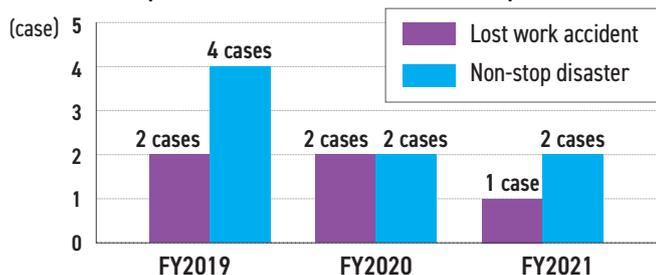
For the purpose of maintaining and improving employee safety awareness and knowledge, we have prepared a "Safety Guide" and distributed one to every employee of the Group as a text while reviewing the content as required. The Guide describes the basics of safety, such as how to wear protective equipment, how to handle hazardous substances, and how to respond in the event of an accident or disaster.



Prevention of traffic accidents

We often use a car when visiting a site such as a customer's factory. In addition to holding regular safety driving seminars, we strive to ensure safe driving by reviewing past driving records using Telematics (drive recorder with communication function).

Number of occupational accidents (for the entire Group)



Labor-management cooperation

Our Corporate Code of Conduct stipulates that we recognize the rights of workers and have the opportunity to bargain collectively with the representatives of workers, as well as discussions and dialogues at the working level, in order to communicate the intentions of both labor and management. Thus, we have concluded a union-shop agreement with the DKK-TOA Labor Union. We are actively engaged in information sharing and discussions with the labor side for solving problems together regarding general corporate activities such as "work style reform," "safety and health," and "welfare benefits." We have also signed a collective agreement regarding labor-related conditions.



Promotion of health management

We have established the "Declaration of Health" to promote sound corporate management focused on the physical and mental health of employees and their families. We implement various initiatives and supports to promote the health and awareness of employees based on the health management promotion plan.

The Group promotes health management to be awarded "Silver Certification" of the Tokyo Federation of Health Insurance Associations

In 2018, we announced the "Health Company Declaration", and in 2019, we obtained the "Silver Certification" (Kengin No. 907), as excellent health company from the Tokyo Federation of Health Insurance Associations. Major group companies have also obtained this certification.



DKK-TOA Health Declaration

We hold the Corporate Behavior Charter "respecting the personality and individuality of employees and ensure a comfortable working environment with consideration for health and safety." Following the Charter, we will endeavor to create such environment where every employee's physical and mental health is protected and each can work with passions and enthusiasm.

Certified as sports promoting company for four consecutive years

We support club activities and host step count competitions to improve employee health and promote communication. In recognition of these efforts, we have been certified as a "Sports Cheering Company" by the Japan Sports Agency for four consecutive years.



Regular health check and stress check

Based on the Industrial Safety and Health Act, we carry out regular health examinations once a year, and we also carry out special health examinations for employees who handle harmful substances. We also conduct stress checks for all employees every year with an examination rate of 95% or higher. In addition to providing e-learning on mental health as part of stress checks and encouraging attendance, we also offer a variety of correspondence courses on mental and physical health management to raise awareness and support for health promotion.



A measurement session held at the Head Office of vascular age and "Veggie Check®" (vegetable intake sufficiency) to measure the amount of skin carotenoids

Infectious disease countermeasures

We have long been focusing on infectious disease control, and for influenza vaccination, we carry out mass vaccination every year at our major sites. For COVID-19, we have placed top priority on infection prevention and infection spread prevention, and taken measures such as staggered work hours and work-from-home, and have given special leave for vaccination to those who wish.

Corporate governance

Our basic principle

We have implemented a corporate governance system as shown in the chart in order to build and improve a management system that can quickly respond to changes in the business environment. Also, we have established and disclosed the "DKK-TOA Corporate Governance Guidelines" with the aim of fulfilling our social responsibilities to our stakeholders and achieving our sustainable growth and enhancement of corporate value. At the same time, we are working to ensure management efficiency and fairness by complying with the Group's management philosophy and Corporate Behavior Charter and building an appropriate supervisory system to ensure thorough compliance.

System outline

We have adopted the system of a company with board of corporate auditors, where the board of directors decides basic management policies, matters stipulated by law, and other important management issues, while directors mutually supervise business execution, and corporate auditors strictly play their roles. In addition, we have set up a voluntary advisory committee chaired by an independent outside director to ensure the fairness, transparency and objectivity of management decisions.



Board of Directors

The board of directors consists of 12 directors (including two outside directors). As a general rule, the regular Board of Directors meets once a month to make decisions on basic management matters and important business execution, and to supervise the business execution status of each director. The term of office for directors is one year for the purposes including building a management system that can respond quickly to changes in the business environment.

Board of Auditors

Composed of four corporate auditors (including three independent outside auditors), the board of auditors holds a regular monthly meeting in principle. Auditors attend meetings of the Board of Directors and other important meetings and audit the status of execution of duties by full-time directors and others from an independent standpoint.



Executive Appointment and Compensation Advisory Committee

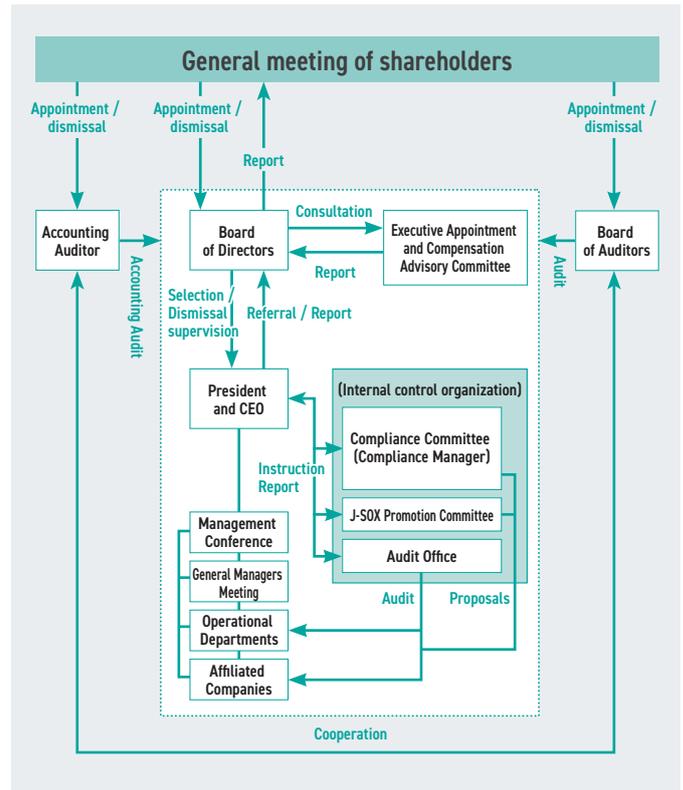
As an advisory body to the Board of Directors, we have established the "Executive Appointment and Compensation Advisory Committee" chaired by an independent outside director. The committee deliberates on matters related to the appointment and dismissal of directors, corporate auditors and executive officers, compensation for directors and executive officers, etc., and report to the Board of Directors.

Management Conference

The Management Conference is composed of the president, directors with title, and persons appointed by the president, and is held at least once a month. The Conference deliberates on individual issues related to business execution from a practical perspective and make swift and decisive decisions.

Internal audit

We have set up an Audit Office that reports directly to the president and cooperates mutually with corporate and accounting auditors.



Evaluation of the effectiveness of the Board of Directors

We conduct questionnaires to all directors and auditors to analyze and evaluate the effectiveness of the Board of Directors with the aim of discovering issues related to the structure and operation of the Board of Directors and enhancing the effectiveness of the Board of Directors. The directors exchange opinions on the analysis results, and the Board of Directors in FY2021 confirmed its effectiveness after a free and active exchange of opinions under appropriate proceedings. On the other hand, "sustainability", "human resources development", and others were recognized as future issues that require further discussions.

Compensation of directors

We have a basic policy that the compensation of directors should be closely related to shareholder value to contribute to the clarification of management responsibilities and the enhancement of corporate value over the medium to long term. Specifically, it consists of fixed remuneration and bonuses determined depending on annual performance, etc. In order to enhance the linkage with shareholder value and further clarify the management responsibility for the company's business performance, a certain amount of fixed remuneration is contributed to the directors' shareholding association to continuously acquire the Company's shares, and the acquired shares will be held by the directors for the duration of their term of office (share acquisition-type remuneration). However, outside directors receive fixed remuneration only to ensure their independence.

Compliance and risk management

Compliance assurance

We have established the "Corporate Behavior Charter", "Code of Conduct" and "Compliance Management Regulations" and set up a Compliance Committee. The committee, with the director in charge of the Administration Division as the compliance management supervisor and the general managers of the Head Office and presidents of subsidiaries as its members, discusses important compliance matters, exchanges information, and promotes awareness and education. In addition, the department heads under the control of the committee members are designated as compliance promotion managers, and they regularly check the status of compliance in their respective departments and subsidiaries.

Compliance education

We are working to ensure that compliance is well known to various employees such as new recruits, promoted employees, and officers. We provide e-learning programs for all Group employees and the "Sexual Harassment and Power Harassment Prevention" course implemented in 2019 and "Information Security" course implemented in 2020 recorded the attendance rate of 100%. In 2021, a harassment prevention course was provided for line managers. Besides, the company newsletter uses manga to introduce compliance cases in an easy-to-understand manner.



Whistleblowing desk

We have set up a reporting desk where employees can consult within the company (compliance manager) and outside the company (lawyer) at any time if they discover an act that violates or may violate laws and regulations. We also have a consultation desk dedicated to harassment.

Implementation of compliance awareness survey

In FY2021, we conducted a compliance awareness survey of all Group employees with a response rate of 98.8%. The survey gave us the insight on the actual state of compliance awareness including the understanding level of the Management Philosophy. We fed back the analysis results to each organization and formulated specific action plans that are currently implemented.

Fair business practices

Elimination of antisocial forces

With our "Countermeasures against Antisocial Forces" set up, we adhere to our basic policy to block all relationships with antisocial forces such as gangsters. In addition to incorporating antisocial forces exclusion clauses in contracts with business partners, we also carry out antisocial checks on them every year.

Efforts to prevent bribery

Our Corporate Code of Conduct stipulates that "we will comply with laws and regulations and carry out honest, fair and transparent transactions" and "prohibit any gifts, entertainment and donations for the purpose of obtaining unfair profits." The annually renewed contracts with distributors and others in Japan include a ban on bribery clauses. For overseas, based on the "Rules for Confirmation and Verification of Legal Compliance Status at Overseas Agents", we request and receive a pledge of compliance promotion status from all of our overseas distributors once a year. We also provide regular training mainly to the sales department.



Transparency of relationships with medical institutions, etc.

Cooperation with medical institutions, research institutes, medical personnel, etc. is indispensable for the development and manufacture of medical equipment. Since there is a risk of conflicts of interest in such industry-academia collaboration, we have set out our "Guidelines for Transparency of Relationship with Medical Institution" on the basis of the "Transparency Guidelines for the Medical Device Industry and its Relationships with Medical Institutions and Other Organizations" of the Japan Federation of Medical Devices Associations, and thereby disclose information on the provision of funds to medical institutions.

Risk management

We have built a risk management system based on our "Risk Management Regulations", and the Compliance Committee plays a central role in conducting continuous verification and review. Every year, based on the characteristics of the business and changes in the external environment, we comprehensively identify management risks, evaluate their impact and frequency of occurrence, and create a risk map. For particularly critical risks, we confirm countermeasures at the Management Conference, work to reduce risks throughout the Group, and prepare various measures in the event of an occurrence.

Information security

Regarding the handling of confidential information, we have established the "Document Management Regulations" and manage it in accordance with the standards for storage, archiving and disposal of documents. Regarding personal information, we have established our "Personal Information Protection Regulations" based on the "Act on the Protection of Personal Information" to protect them appropriately. We have also established regulations that stipulate detailed rules regarding the Internet, intranet, e-mail, use of portable storage media, and others. We also strive to raise awareness and vigilance among all officers and employees through e-learning, etc., and confirm the status of compliance through internal control audits. Technically, we have implemented multi-layered measures such as a mechanism to prevent unauthorized access from the outside and a mechanism to prevent computer viruses.

Object	Measures
Disseminating rules and regulations / raising awareness	Establishing regulations related to information security
	Providing e-learning and briefing sessions for officers and employees
Countermeasures against fraudulent use	Encrypting information terminal data
	Activating information terminal by password authentication
	Mandatory regular password reset
	Access management by user authentication
	Entry / exit management to priority areas
	Automatic encryption of email attachments
Countermeasures against external threats	Restricting the use of devices such as USB memory
	Antivirus
	Web filtering
	Spam mail measures
	Use of VPN
	Monitoring unauthorized communication of network-connected devices



Briefing session on regulations related to information security





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