

Sustainability Report 2023



Aiming to achieve 20 billion yen in net sales through ongoing production enhancement with strong focus on sustainable management



President and Representative Director

TAKAHASHI Toshio

■ Reflections on year one of the medium-term management plan

We are now three years into the post-COVID world with our lives slowly returning to normal. Soon after the onset of the pandemic, we predicted supply chain disruptions and promptly secured necessary components and materials. This action minimized the impact of the pandemic on our business during fiscal years 2020 and 2021. However, in 2022, the delayed recovery in electronic component supplies led to production setbacks, significantly affecting our performance. Despite this, by the end of the fiscal year, when supplies started to flow again, we rallied together to restore production and increase revenue. In fiscal 2023, we aim to secure more new orders and get back on track with our medium-term growth plan. With rising costs for parts and materials, electricity rates, and other expenses, we need to focus more on securing profits.

■ Strengthening production and aiming for 20 billion yen in sales

Our ability to weather the COVID-19 storm was due in part to our pre-existing focus on “returning to manufacturing,” which resulted in a strong production system. Despite longer production and delivery times due to extended lead times in component acquisition in 2022, we received a record number of orders. In 2023, we plan to further bolster our production capabilities to outperform our competitors in resuming our production and delivery schedules. We will build up a system of 20 billion yen in sales as soon as possible.

■ Expanding in Japan and exploring new markets

With the growing global momentum toward a carbon-free society, there are plans for new facilities that utilize hydrogen, ammonia, and methane for energy. Land-based fish farming that ensures stable food supply is transitioning from research to commercial-scale operations. We intend to increase our development expenditures to promptly supply products that cater to these emerging markets.

■ Increasing international presence, especially in Southeast Asia

Abroad, we are focusing on business growth in our stable markets in Southeast Asia and India alongside China. In Southeast Asia, we will work with our business partner, HACH, to enhance our brand presence and double our sales. In India, we plan to increase sales of ambient air measurement equipment and take new steps such as strengthening sales agents for environmental water quality meters. We will also seek to develop new channels and secure capital investments from major semiconductor companies as they spread their production bases to other countries.

■ Adopting a proactive stance on sustainability

We are adopting ESG management to realize a sustainable society while ensuring our group's sustainable growth. In March 2023, we developed the “Basic Sustainability Policy,” making it a crucial guiding principle along with the “Management Policy” (see pages 5 and 6). The Sustainability Committee, tasked with implementing this policy, comprises four working groups, including the Climate Change and Decarbonization Response Subcommittee and the Human Capital Management Promotion Subcommittee, focusing on key themes with a sense of urgency.

■ Moving forward to the next stage

The construction of our new production building and the advancement of our core DX project are on track. While it will be challenging to see profit during the construction period, we remain committed to investing for substantial future growth. Fiscal year 2023 marks the 50th anniversary of the founding of DKK-TOA Iwate Corporation and Bionics Instrument Co., Ltd. We aim to make this significant year a leap forward to the next stage.

DKK-TOA responds to the increasing global needs for measurement



Supporting 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, and homes



Providing reliable products for medical facilities

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



Catching and alerting toxic gas leaks

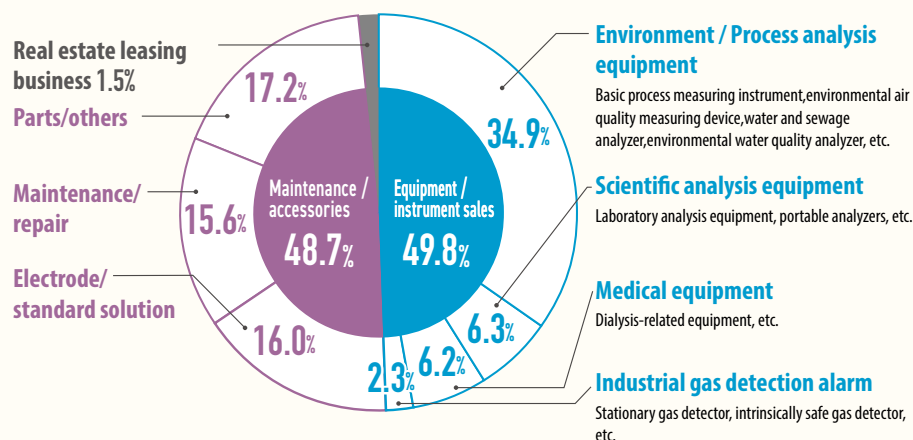
Detects and warns of leaks of toxic gases generated in chemical plants, etc., contributing to workplace safety

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 represents 50% of the total sales. After-sales business such as sales of consumables and parts, maintenance, and repair of these measuring instruments accounts for 49%, playing a key role in supporting our stable business performance.

Sales ratio by field [FY2022 (consolidated)]



CELEBRATION

Honored with 2022 Japan Society for Analytical Chemistry Advanced Analytical Technology Award and JAIMA Instrument Development Award
Behind the scenes with the "Bioluminescent Endotoxin Detection System" Development Team (see page 4)

Collaborative efforts of the development team enabled quick, highly sensitive, and accurate readings in a user-friendly manner

YAWATA Satoshi, Manager, Medical related Devices Sales Section, Medical related Devices Department



Using bioluminescence for fast endotoxin detection

Endotoxins can cause fever and other symptoms when they enter the bloodstream. Its measurement is critical for dialysis treatments, but traditional methods could take anywhere between 30 to 90 minutes. To expedite this, we leveraged the enzyme luciferase, which enables light emission in fireflies and other organisms. Professor KURODA Akio of Hiroshima University, the award recipient for this project, developed a variant of luciferase that emits light ten times brighter than fireflies, and a measurement technology using this enzyme. As our company specializes in dialysis solution dissolution equipment, we began developing a product in partnership with Professor KURODA. By integrating our unique technology, we successfully reduced the measurement time to 10 to 20 minutes.

Developing an easy-to-use product through collaborative efforts

The main challenge in the product commercialization phase was to simplify complex operations. Through collaborative efforts and many iterations, the team successfully created a product that streamlined the operations. We developed a reagent kit and device that allow measurements by simply loading the sample with freeze-dried reagents, with the device mixing the reagents at the right time. This makes it possible for anyone to perform highly accurate and sensitive measurements.

Implementing "luminescence" technology to develop future-oriented products

The product is now widely used in numerous dialysis hospitals and research institutes, and it has been extremely gratifying to receive high customer satisfaction. We are committed

to continually meeting our customers' needs and improving our devices to be even more user-friendly. Looking forward, we hope to contribute to medical advancement and society by developing products capable of detecting abnormalities before they manifest into illnesses, by further enhancing our luminescence technology.

About the Japan Society for Analytical Chemistry Advanced Analytical Technology Award and JAIMA Instrument Development Award

The Advanced Analytical Technology Award and JAIMA Instrument Development Award are bestowed upon individuals or groups that have made remarkable contributions to the development and practical application of cutting-edge analytical technology. This year, the award was given to Professor KURODA Akio of Hiroshima University's Graduate School of Integrated Sciences for Life and six of our employees for their work on the bioluminescent endotoxin detection system.

Corporate information

Management philosophy

With our core principles of “Good Faith, Creativity, and Challenge,” we are committed to protecting the global environment and realizing a prosperous, people-friendly society.

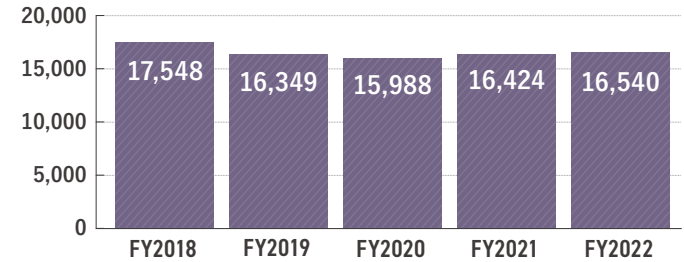
Company profile

Company name	DKK-TOA CORPORATION	
Founded	September 19, 1944	
Capital	1,842,481,000 yen	
Listed exchange	Tokyo Stock Exchange (Securities Code: 6848)	
Head office	1-29-10 Takadanobaba, Shinjuku-ku, Tokyo 169-8648	
Number of employees	569 (consolidated), as of March 31, 2023	
Business description	<ul style="list-style-type: none"> • Manufacture and sales of measuring equipment and 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 Bionics Instrument Co., Ltd.	DKK-TOA Iwate Corporation DKK-TOA Service Corporation

Performance trends (consolidated)

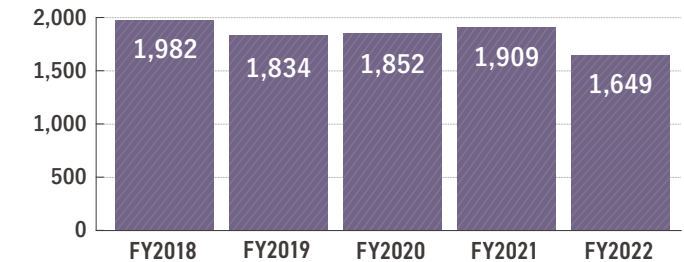
■ Sales

(million yen)



■ Operating income

(million yen)

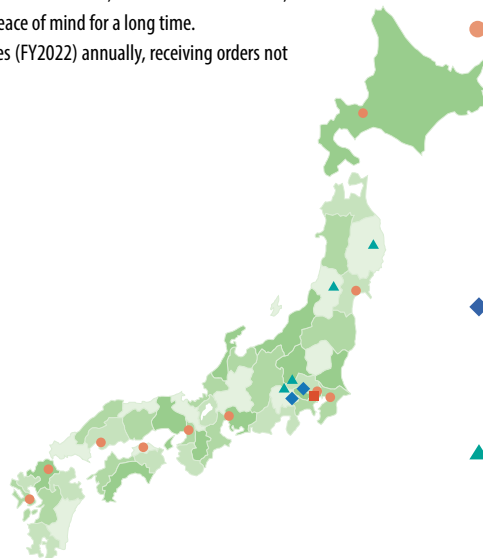


Domestic network and global expansion

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 distributors in 17 countries and a sales record of 37 countries (FY2022) 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

Sapporo Sales Office
Sendai Sales Office
Chiba Sales Office
Nagoya Sales Office
West Japan Sales Department (Osaka)
Hiroshima Sales Office
Shikoku 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

Editorial policy

Our 2023 Sustainability Report is designed to clearly and concisely present the DKK-TOA Group's commitment to and actions regarding sustainability, including a comprehensive perspective on ESG (Environmental, Social, and Governance) matters. We had been releasing the “Environmental and CSR Report” since 2013, but with the establishment of the Basic Sustainability Policy in March 2023, we have transitioned to publishing a “Sustainability Report.” We are committed to utilizing this report as a medium to connect with our stakeholders, and we will continue to refine it in the future, taking into account any feedback from customers.

Report range

Period

FY2022 (April 1, 2022 to March 31, 2023)

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 2023

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**

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 Residual chlorine meter **CL17sc**



Measures the concentration of residual chlorine in tap water and similar sources

We offer this water quality meter from HACH as the exclusive distributor in Japan. It is an affordable, low-maintenance solution that guarantees quick and reliable measurements.



Water Automatic water quality analyzer for tap water **MWB4-72**

Contributes to the supply of safe and clean drinking water (can be used during disasters)

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



Air Microparticulate 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**

Continuously measures 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**

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**

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 Bioluminescent endotoxin analyzer **Luminutes series**

Measures the endotoxin activity value of dialysis water and dialysate

A combination of an instrument, reagents, and 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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Promotion of ESG management

Basic Sustainability Policy

To fulfill our corporate philosophy, we reflect societal concerns and changes in the business landscape in our medium-term management strategy, implementing ESG (Environmental, Social, Governance) management to tackle these issues through our operations. The Sustainability Committee was established in October 2022, and the Basic Sustainability Policy was set in motion in March 2023.

Structure for advancing sustainability

We have set up the Sustainability Committee to encourage a more proactive approach to sustainability across our Group. Headed by the President and Representative Director, the Committee is largely made up of several directors and managers from relevant divisions, creating a cross-organizational structure.

Matters discussed by the Committee are presented and reported to the Executive Committee and the Board of Directors as necessary.

■ Key functions of the Committee

- Discussing sustainability strategies and main initiatives
- Creating subcommittees centered on important subjects such as climate change, decarbonization, and human capital management, and formulating and implementing specific actions
- Fostering communication about sustainability within the organization and to external parties

Implementation of sustainability and SDGs training

We have organized sustainability training sessions for our directors, corporate auditors, and executive officers, facilitated by external specialists. Additionally, we have held workshops for our employees to increase their understanding of the Sustainable Development Goals (SDGs) and to brainstorm ways in which our products can contribute to these goals.



SDGs training (hybrid event)



SDGs workshop

External evaluation: Bronze rating by EcoVadis

We are honored to have received a "Bronze" rating once again in the 2023 Sustainability Assessment by EcoVadis. EcoVadis is a globally respected evaluation organization based in France, rating over 100,000 companies across 175 countries based on four key areas: environment, labor and human rights, ethics, and sustainable procurement. Our "Bronze" rating indicates that we are among the top 50% of all companies evaluated.



Corporate Behavior Charter

We have a Corporate Behavior Charter and Code of Conduct that all members of our group follow to fulfill our social responsibilities based on our corporate philosophy.

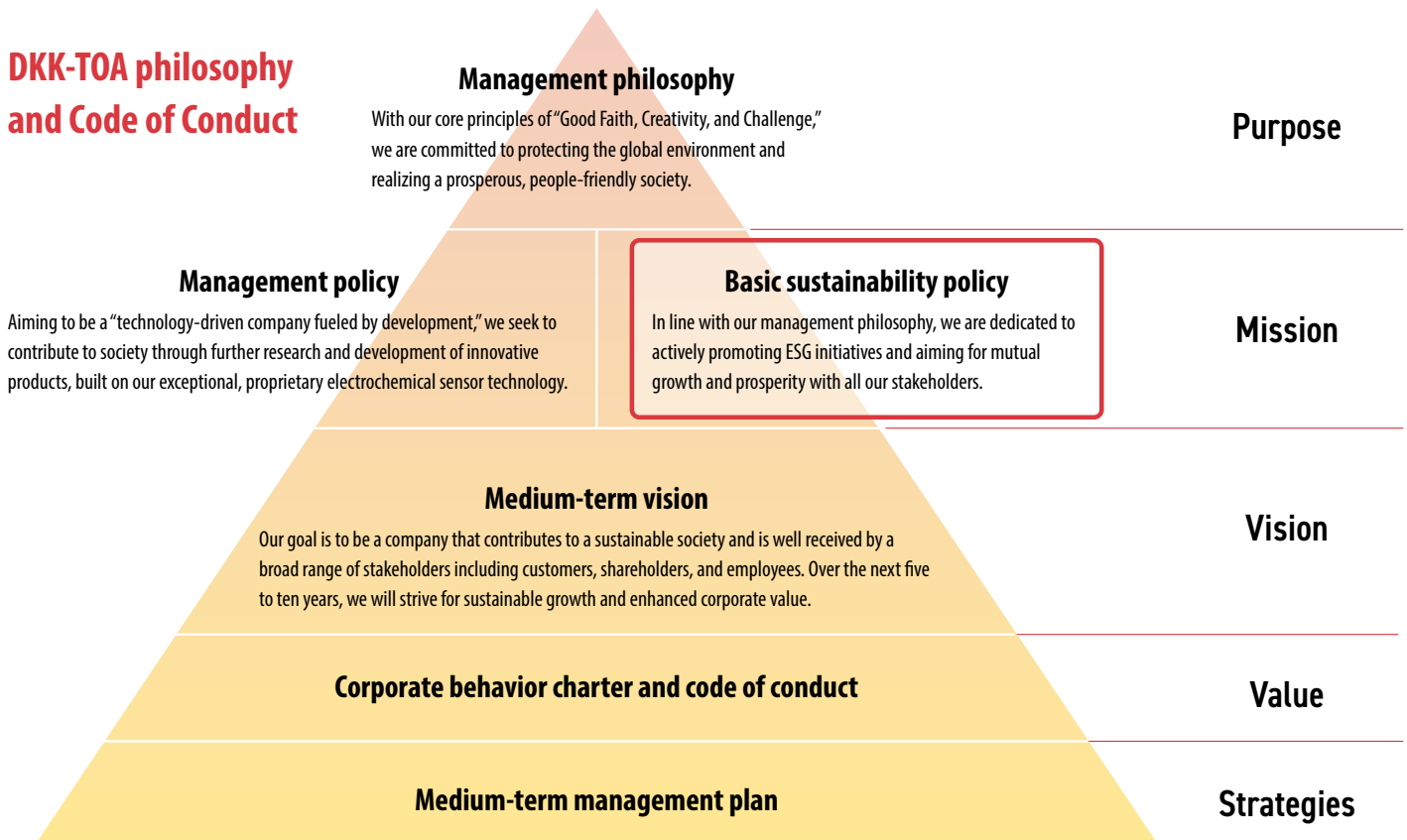
Corporate Behavior Charter

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 prosperous, people-friendly society 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 off any ties with them.

We not only routinely check compliance with our Corporate Behavior Charter and Code of Conduct, but we also update their content as needed to ensure they remain current and relevant.



DKK-TOA philosophy and Code of Conduct



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 information disclosure obligations, demonstrate 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 eco-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 Presenting products on the website National agency meeting Call centers
Business partners	<ul style="list-style-type: none"> Thorough fair and impartial transactions Managing supply chain 	<ul style="list-style-type: none"> Daily procurement activities Supplier meetings
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 counseling
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
Global environment	<ul style="list-style-type: none"> Developing environmentally friendly products Reducing CO2 emissions and waste Managing chemical substances and wastewater properly 	<ul style="list-style-type: none"> Compliance with environmental laws and regulations Publicizing the environmental policy and initiatives
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



Environment

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 an environmental measuring equipment manufacturer provides society with technologies and products that are useful for environmental conservation, while minimizing pollution during the manufacturing processes.

■ Managing the environment

To reduce the environmental footprint of our operations, we have implemented an environmental management system (EMS), conforming to the ISO 14001 standard, which we are certified in. This helps us actively control and reduce the environmental impact of our business activities.



ISO14001 certification obtained

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

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 the environmental impact of our business activities to contribute to environmental conservation.

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

The entire Group addresses environmental conservation in accordance with the environmental management system.

We have acquired the certification of the international standard “ISO14001” for an environmental management system and are working to improve our environmental performance 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 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.

Environmental education / Environmental conservation activity support

Environmental education

We are raising awareness so that each 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 provide them with textbooks for further learning.



Participation in Tokyo Greenship Action

Every year, we participate in 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 2022, 20 employees, majority of which were new hires, participated in removing undergrowth 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

As a shareholder benefit, we offer QUO cards (prepaid cards or gift certificates; see page 16) with a donation function to support the green feather campaign. 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.



Release of ESG publication “HOIPPO”

We publish “HOIPPO,” a quarterly magazine aimed at fostering internal communication about key issues in Environment (E), Social (S), and Governance (G) domains. These are important areas that demand conscientious action and responsibility within our corporate functions.





Efforts to combat global warming

The entire Group to switch to 100% renewable energy

In October 2021, we committed ourselves to the RE Action – Declaring 100% Renewable Energy initiative, a pledge for organizations such as businesses, local governments, educational institutions, and medical facilities, to fully transition to renewable energy for their electricity consumption.

By expediting our initiatives towards an early realization of a carbon-neutral society, we have successfully maintained 100% renewable energy usage since fiscal year 2021.



Obtaining renewable energy certificates and renewable energy power contracts

Starting in 2019, the Group began shifting its electricity to renewable sources.

- April 2019: Head Office and Tokyo Engineering Center
- April 2020: Sayama Technical Center
- April 2021: DKK-TOA Yamagata and DKK-TOA Iwate (see page 18)
- February 2022: Bionics Instrument (for high-voltage power section)



Acquisition of carbon credits

For locations such as sales offices where renewable electricity usage is not feasible due to building restrictions, we offset our carbon emissions using CO2 reduction value or “J-Credit” provided by the Sun and Forest Association in Yamagata Prefecture.



A letter of appreciation from Governor Yoshimura of Yamagata Prefecture for our purchase of J-Credit

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 has the capacity to produce 49.5 kW of power output and 48,310 kWh of annual electricity. Our ongoing plans involve expanding our solar power capabilities and introducing storage batteries to enhance our energy efficiency.



Medical Device Center

Energy conservation initiatives

Despite the rising energy demands brought about by business growth and increased ventilation to protect against COVID-19, we are actively pursuing energy conservation. Our efforts include moderating the use of air conditioning and lighting, implementing energy-efficient equipment, encouraging employees to take summer vacation simultaneously, adopting Cool Biz and Warm Biz dress codes, introducing LED lighting, and minimizing peak power usage at facilities such as the Sayama Technical Center and Tokyo Engineering Center. As a result of these initiatives, our total power consumption for fiscal year 2022 dropped to 4,429MWh—a 9.2% decrease from the previous year.

Obtaining environmental certification

Our Medical Equipment Production Building, which proactively employs environmentally friendly and energy-saving equipment, has achieved an 'A' rating from CASBEE. This certification system assesses buildings on their environmental performance across various aspects.



Rooftop greenery

The Research & Development Center has a 107.5 m2 rooftop green space to enhance the heat insulation effect of the rooftop and cut down on air conditioning use.



Working towards greenhouse gas (GHG) emissions reduction

We have effectively reduced our Scope 2 emissions to zero by transitioning to renewable energy sources and purchasing carbon offsets, known as J-Credit. Additionally, since fiscal 2022, we have been actively working to lessen our Scope 1 emissions by tracking our GHG emissions and investigating the root causes. We keep our employees informed and engaged in these efforts by posting on the company's internal network the GHG emissions according to location.

Greenhouse gas (GHG) emissions (in metric tons of CO₂):

Fiscal Year 2022:	
Scope1	331 tons
Scope2	0 tons

Note 1: The Scope data presented here is on a group-wide basis.
 Note 2: The calculation for Scope 2 is based on a market-based method.

Trending topic

Building a new eco-friendly manufacturing facility

We are currently constructing a new production facility at the Sayama Technical Center, equipped with advanced features to accelerate the transition from product development to mass production. Our goal is to achieve a Net Zero Energy Building (ZEB), which minimizes energy consumption and generates its own power through sources such as solar energy.



Rendering of the facility (to be completed in 2024)

Environment

Efforts towards waste minimization

We are actively advocating proper waste sorting to minimize waste generation and boost recycling efficiency.

Waste reduction measures

In addition to being diligent about separating recyclables, we minimize waste by encouraging the use of double-sided and indexed printing and prefer digital data to cut down on paper use. We also donate unused items such as calendars and planners gifted from suppliers to the Shinjuku Social Welfare Conference.



Donation of calendars and planners

Promotion of eco-friendly purchasing

We generally use recycled copy paper that complies with the Act on Promoting Green Purchasing. When procuring office supplies, we do our best to make green purchase decisions by buying products with eco-labels such as the Eco Mark.

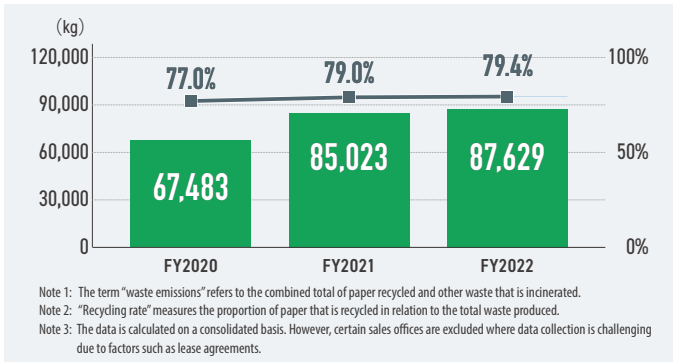
Managing industrial waste

Our industrial waste is disposed of properly in accordance with the Waste Management and Public Cleansing Law (WMPCL). We keep a close eye on waste manifests and conduct regular on-site inspections to ensure proper waste disposal protocols. At major workplaces, we make use of electronic manifests.



Separating industrial waste at Sayama Technical Center

Changes in waste emissions and recycling rate



Efforts towards minimizing environmental impact

Minimizing packaging and carbon footprint

For large-scale transportation, we have made the switch from wooden to paper pallets (made from corrugated fiberboard), which are not only lightweight but also recyclable. Additionally, for the packaging of smaller products, we are phasing out polyurethane foam and replacing it with paper. We are also adopting the use of corrugated boxes certified by the Forest Stewardship Council (FSC)*, which affirms that these products were made following sustainable forest management practices.

* The FSC is an international certification system designed to ensure products are produced under sustainable forest management, aimed at fostering the balanced use and conservation of forests.



Paper pallets



Paper packaging material

Adopting low-emission vehicles

We are steadily transitioning to low-emission vehicles, with hybrid vehicles now constituting 52.5% of our company cars. As a company dedicated to mitigating air pollution, we are registered as a "Clear Sky Supporter" with the Tokyo Metropolitan Government.

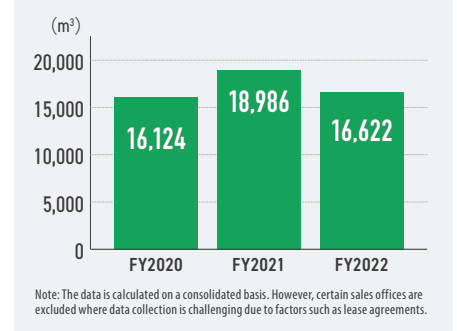


Water consumption and wastewater management

We are taking extra steps to conserve water, which includes installing water-efficient fixtures such as automatic faucets and low-flush toilets. At our R&D Center, we are optimizing water resources by employing rainwater harvesting systems, predominantly for toilets. As for the wastewater from the Sayama Technical Center, we conduct regular inspections of our wastewater treatment facility (pH neutralization facility), calibrate measuring instruments, and carry out water quality assessments periodically.



pH neutralization facility



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 to designing, producing, using, and disposing of products. Our products are produced in collaboration with many suppliers. We have established a Basic 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.

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 10

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 Pollutant Release and Transfer Register Law *1 and Restriction of Hazardous Substances 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.

*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



Seminar on chemical substance handling



Our Group's products contributing to the SDGs in Japan and abroad



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 to monitor the pollution 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.

In June 2022, we achieved a milestone in our sales figures, with over 10,000 units of environmental water quality meters sold.

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 (NO_x) 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 criteria that are indispensable for safe and clean 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)



Supporting the adoption of decarbonization technologies

pH meter transmitter, electric conductivity analyzer, COD analyzer, gas chromatograph, boiler sampling system, etc.

Japan has introduced the "Green Growth Strategy through Achieving Carbon Neutrality in 2050," aiming to reduce carbon emissions. As part of this effort, the country is actively working on developing innovative technologies that eliminate CO₂ emissions. One such technology involves the use of hydrogen and ammonia-based thermal power generation, which are eco-friendly alternatives. Our company specializes in supplying a range of process analysis equipment needed to produce hydrogen, hydrogen power generation, ammonia power generation, biomass power generation, and carbon dioxide capture and storage (CCS) technology. This equipment plays a vital role in enabling these sustainable energy production methods.



Boiler sampling system installed at a biomass power plant

Products related to green growth strategies



Industrial pH meter transmitter (HBM-160B)



Industrial electric conductivity analyzer transmitter (WBM-160)



Automatic COD analyzer (CODR-400)



Process gas chromatograph (5000 series)



Boiler sampling system (BSC)

Our customers (quality / service)

Basic policy / goals regarding quality

Quality policy

Quality activities that exceed customer expectations

We provide excellent products and sincere services that continue to leave an impression on 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 building a corporate culture that prioritizes promises with customers and supporting all employees to acquire the skill sets to achieve the best quality in the best possible way.

Product development

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

Monozukuri

This Japanese term encompassing manufacturing with a broader meaning that implies skill and passion drives us to develop equipment with exclusive production technology to improve the level of quality. In addition, we improve the skills and technical capabilities of our employees, manage the production workplace environment, and work consistently to ensure top quality that complies with international standards.

Quality management

Implementing a company-wide “Quality First declaration” campaign, we make improvements and reforms across all production activities, create mechanisms and systems to manage complaints and prevent recurrence, while aiming for customer-first quality with pre-sales service management.

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 departments across the Group continuously work on quality improvement and preventive measures for quality issues together with the Quality Assurance Department.

Quality management education

We are working to raise quality awareness through quality management education in which employees can acquire knowledge useful for daily work, such as the concept and various methods of quality control as well as the problem-solving process. Related departments are promoting the acquisition of QC KENTEI (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 managing complaints

Customers' opinions and complaints regarding products and services are received by the sales department, maintenance service department, online, and call center. When handling complaints, the sales, manufacturing, development, maintenance service, and quality assurance departments work together to investigate the root cause and take appropriate measures to prevent recurrence and quality issues horizontally.



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 participate in various exhibitions in Japan and abroad to introduce the latest measurement technology. We also hold webinars and distribute product handling instruction videos (in English and Japanese) 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, reinforcing the multilingual tools. In addition to English and Chinese, we have added a function to automatically translate into Korean, Vietnamese, Thai, Indonesian, and Hindi.



India-Japan Environment Week



JASIS 2022 (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. There are 31 distributors in 17 countries to serve the local markets. The DKK-TOA Online Library serves as a valuable resource exclusively available to our international distributors. It offers a wealth of information on productions and sales examples, fostering collaboration to deliver the best possible solutions to end-users.

Partners (procurement and logistics)



Procurement initiatives based on the Basic Procurement Policy

At DKK-TOA Group, we place great importance on CSR (Corporate Social Responsibility) in line with our Basic Procurement Policy. Our aim is to establish fair and ethical purchasing transactions with both domestic and international suppliers. Our Corporate Code of Conduct emphasizes the importance of fair and equitable procurement activities, and we actively foster communication and collaboration with our suppliers.

Selection policy for suppliers

Our supplier selection policy focuses on prioritizing suppliers who meet the following four conditions, both when initiating transactions and when renewing business relationships.

- (1) **Compliance:** Suppliers must demonstrate a strong commitment to adhering to all applicable laws, regulations, and social norms, while placing a significant emphasis on upholding human rights and environmental standards.
- (2) **Sound business practice**
- (3) **Reliability:** Suppliers must be able to consistently provide the required quantities of goods or services within the specified timelines to meet the delivery deadlines and adapt to demand fluctuations while maintaining reasonable prices and quality.
- (4) **Supply chain agility:** Suppliers must have the ability to ensure a stable supply chain and promptly adapt to changes in supply and demand dynamics.

Establishment of Basic Procurement Policy

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

(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 linked to antisocial forces
- Avoiding the use of 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 fulfill 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 a work environment where employees feel safe



Supplier evaluation and monitoring

We conduct annual evaluations to assess our suppliers' management performance in terms of QCD (Quality, Cost, and Delivery). These evaluations consider factors such as company size, financial status, management practices, QCD management, BCP compliance, and environmental management. For significant changes, we visit suppliers and conduct interviews to promptly identify any shifts in their business. This enables us to efficiently address risks and provide support in resolving issues.

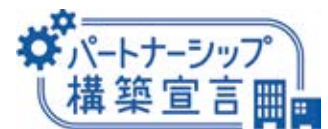


Employee education

To foster transparent, equitable, and ethical procurement practices with our suppliers, we provide annual training to all employees, with a particular focus on those working in procurement-related divisions and at group companies. The training covers essential topics such as the Anti-Monopoly Act, Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (Subcontracting Charges Law), and other relevant laws and regulations applicable to their roles. The comprehensive education ensures that our employees have a thorough understanding of their responsibilities and promotes strict compliance with legal requirements.

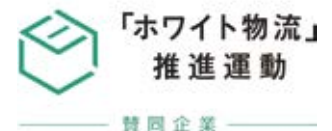
Registration in "Declaration of Partnership Building"

Supporting the initiative 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 have 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 introducing telework for suppliers to promote work style reforms and offering advice on business continuity plan (BCP) formulation to continue operation even in the event of a disaster. We will improve the productivity of the entire supply chain by sharing information and digitizing using IT, complying with fair trading practices, and correcting 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 have 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 responsibilities 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.

Employees (creating a motivating workplace)

Human resource development and workplace improvement

Our company values individuals who embody our corporate philosophy of “Good Faith, Creativity, and Challenge.” We are committed to recruiting, developing, and nurturing individuals with human integrity, fresh ideas and innovation, and determination and drive while continually improving our internal environment to create a motivating workplace.

■ Recruitment and training policies

We aim to attract and train highly skilled and ethically minded individuals who possess creative thinking and autonomy.

[Three key actions]

- Actively recruit and promote capable and motivated personnel, new graduates and experienced workers alike
- Training by expertise, skillset and ranks, as well as passing down knowledge and skills
- Support for self-development (including new skills acquisition) and career development

■ Policy for creating a comfortable work environment

We will promote an internal environment in which human resources with diverse values can fully demonstrate their abilities.

[Three key actions]

- Respect human rights and create a workplace free of discrimination
- Maintain good labor-management relations and create a work environment in which each employee plays an active role
- Further promotion of employee safety and health management

Efforts for human resource development

■ Support for self-development and autonomous career development

At our company, we strongly believe in the power of self-development. To support this, we offer our employees a comprehensive range of training programs, correspondence courses, and incentives for acquiring professional qualifications. Our training opportunities are diverse, covering areas such as onboarding for new hires, specialized training for those who have been promoted, job-specific training, and leadership development for supervisors. Furthermore, we support active learning opportunities by providing incentives for obtaining professional qualifications and waiving course fees for successful completion of correspondence courses. These initiatives ensure that every employee has the means to enhance their skills and knowledge independently.

■ Main training / systems

Training / seminar	<ul style="list-style-type: none"> • New employee training • Young employee follow-up training • Promotional training, job-specific training, leadership development • Technology: Risk assessment education, production technology education • Production: Special process skill training, inspector training, quality management 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 (approximately 100 qualifications) • Employee invention system, etc.

■ In-house award system

In recognition of the achievements and efforts of employees, we have an annual in-house award system to reward outstanding achievements in various categories, including business excellence, qualification acquisition, long-term service, and improvement proposals. This recognition program is closely tied to employee job satisfaction. As an R&D-focused manufacturer, we actively promote patent acquisition among our employees. On a special in-house event called Invention Day, we host a lecture by an intellectual property manager and hold an award ceremony to honor those who have contributed to intellectual property activities.



Soldering workshop



The 18th Invention Day

Respect for human rights

Our Code of Conduct ensures non-discrimination based on race, origin, creed, gender, religion, nationality, or educational background. We respect the personality, human rights, and individuality of all individuals in our business operations.

■ Promoting human rights education

To foster respect for basic human rights, we provide regular group and e-learning training on compliance and harassment prevention to our directors and employees. Our in-house newsletter introduces compliance case studies in cartoons to make it easier to understand.



Compliance bulletin in the in-house magazine

Training history for the past three years

For all Group employees	
Sexual harassment and power harassment prevention e-learning training (Implemented in 2019)	100% participated
Sexual minority training (conducted in February 2023)	66% participated
For general managers, department heads, and presidents of group companies	
Training on anti-harassment measures (implemented in 2020)	77% participated
For line managers	
Harassment prevention training (implemented in 2021)	90% participated



Human rights training (hybrid event)



Training materials on sexual minority

■ Anti-harassment measures (corrective action)

To resolve discrimination and harassment concerns, we have established both internal and external reporting contact points in accordance with our “Internal Reporting Procedure.” Additionally, we provide dedicated counseling to address human rights-related issues. These resources are regularly communicated to all managers and employees through our company newsletter and intranet.

In the event a compliance violation is found, with limiting to the employees related, carefully handling and confirming the facts, we will promptly take corrective actions under the supervision of the compliance manager, including disciplinary measures against the offender, to remedy the situation and prevent recurrence. Creating a safe and respectful work environment is of utmost importance to us.

■ Supply chain efforts

We have developed a “Basic Procurement Policy” (see page 12) that emphasizes respect for human rights, ensuring health and safety, and compliance with laws and regulations. We are committed to ensure its widespread implementation across our supply chain.

Fair treatment

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.

Performance evaluation system

Our company has implemented a target management system, conducting personnel evaluations twice a year. At the start of each fiscal year, employees and their supervisors agree on performance targets, fostering self-motivation and enhancing employee engagement. Evaluation results are communicated at performance reviews, providing valuable feedback. To ensure fairness and transparency, we provide assessment training to managers and supervisors, enabling them to conduct objective and comprehensive personnel evaluations.



Compensation system

Our company strictly adheres to the legal minimum wage requirements and guarantees equal pay for equal work regardless of gender. Our compensation system provides clear stipulations in terms of salary, bonuses, evaluations, and pay raises, ensuring transparency by disclosing this information to all employees.

Employee stock ownership plan

As part of our benefits program, we offer the DKK-TOA Employee Stock Ownership Plan to all employees within our group company. This plan allows employees to contribute to the purchase of shares, with additional incentive funds added to their contributions.

Promoting diversity

Active female employees

Within our entire group, we have 166 female employees, accounting for 29.2% of our workforce. Since 2018, we have been recognized as an excellent company under the “Act on Promotion of Women’s Participation and Advancement in the Workplace” and have received the highest 3-star “Eruboshi (L-Star)” certification.

In line with this law, we have developed a voluntary action plan to foster gender diversity. Our goals include increasing the percentage of female employees to over 30% (both new graduates and mid-career hires) and raising the annual paid leave utilization rate to 70% or higher to prevent valuable employees from leaving their jobs due to life events. To encourage diversity in work styles, we have implemented measures to increase the number of managers and candidates for management positions, regardless of gender. Our objective is to create an inclusive environment that attracts, retains, and develops talent. We firmly believe that, by embracing diverse perspectives and supporting work-life balance, we can foster a stronger, more innovative workforce and drive the success of our organization.



Employment of retirees

Retirees bring valuable expertise, knowledge, and skills that they have cultivated over the years, making them valuable resources for passing down knowledge to the next generation. Our commitment to promoting the active participation of seniors at Sayama Technical Center has earned us the certification from Saitama Prefecture as a company dedicated to this cause.



Certification from Saitama Prefecture

Labor-management cooperation

In our Corporate Code of Conduct, we emphasize the recognition of workers' rights and the importance of effective communication between labor and management. Through collective bargaining with labor representatives and regular consultation opportunities, we foster dialogue and collaboration at the administrative level.

Furthermore, we have established a union shop agreement with the DKK-TOA labor union, enabling us to share information on corporate activities and engage in discussions regarding work style reforms, safety and health initiatives, and welfare programs. Additionally, we have a labor agreement in place that outlines working conditions and accident compensation, ensuring a unified approach to addressing labor-related matters.



Promoting work-life balance

We prioritize work-life balance by actively reducing overtime and encouraging employees to take their paid leave. In fiscal year 2021, we introduced a flexible paid leave system, allowing employees to take leave in hourly increments. Our commitment to accommodating diverse work styles and fostering work-life balance has been recognized, as see in the platinum rank certification awarded to Sayama Technical Center by Saitama Prefecture.



Support for childcare and nursing care

System	Main contents
Childcare leave	Until the child becomes 1 year old (maximum 2 years old)
Shorter working hours for childcare	Until the child enrolls in elementary school
Family medical leave for childbirth	3 days as special leave
Child nursing care leave	5 days for one child before elementary school, 10 days for two or more children before elementary school*
Nursing care leave	Up to a total of 124 days
Shortened working hours for nursing care	Up to 3 years per person
Nursing care leave	5 days* per family member in need of nursing care

* Lapsed annual paid leave can also be used. However, priority shall be given to childcare leave regulations and nursing care leave regulations.

Personnel-related data: FY2022 results (non-consolidated)

Item	Results
Percentage of women in management positions	16.0%
Percentage of mid-career hires	50%
Percentage of annual paid leave taken	81.2%
Average overtime hours	8.5 hours/person/month
Percentage of employees taking childcare leave	Female: 100%, Male: 50%
Percentage of employees returning to work after taking childcare leave	100%
Length of service	Male: 16.6 years Female: 18.0 years

Employees (occupational health and safety)



Occupational safety and hygiene

We prioritize the well-being of our employees by implementing “Safety and Health Management Regulations” and establishing Safety and Health Committee at each business site in compliance with the Industrial Safety and Health Act. Our goal is to provide a workplace environment that supports both the mental and physical health of our employees.

■ Safety and Health Committee

The Safety and Health Committee collaborates with both labor and management to develop an annual plan encompassing safety patrols, risk assessments, and safety and health education. Monthly meetings are held to assess plan implementation, address employee feedback, and proactively resolve issues. This ongoing process ensures a continuous enhancement of safety and health practices. Meeting minutes are shared on the company intranet to keep employees informed.

Additionally, industrial physicians participate in committee meetings, delivering lectures on health management and workplace health, with relevant materials shared on the intranet for employee reference. Together, these efforts promote a safe and healthy working environment for all.

■ Preventing occupational accidents

To prevent occupational accidents, we conduct regular inspections of machinery and equipment and enforce the use of appropriate protective gear (such as protective glasses, masks, clothing, and gloves) based on the nature of the work and chemicals involved. Furthermore, we conduct periodic risk assessments of tools, machinery, work methods, and workplaces that involve handling chemical substances. These measures are implemented to minimize risks and ensure a safe working environment for our employees.



■ Safety and health education

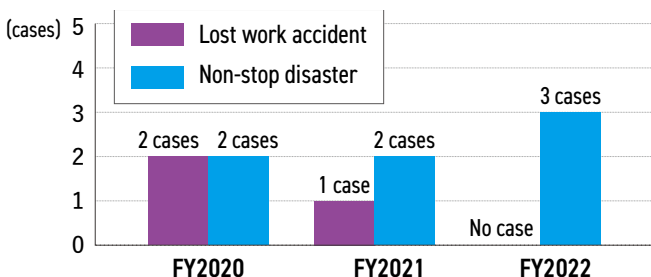
To maintain and improve employee safety awareness and knowledge, we have prepared a “Safety Guide” and distributed one handbook to every employee of the Group. The content is periodically revised as needed. The Guide describes the basics of safety, such as how to wear protective equipment, how to handle hazardous substances, and how to respond in the event of an accident or disaster.



■ Preventing 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 safety by reviewing past driving records using Telematics (drive recorder with a built-in communication system).

■ Number of occupational accidents (for the entire Group)



(Reference) In FY2022, the frequency rate of occupational accidents was 0 and the severity rate was 0.

Frequency rate: Number of casualties / total number of working hours × 1,000,000
 Intensity rate: Number of lost workdays ÷ total number of working hours × 1,000

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 provide support to promote the health and awareness of employees based on the health management promotion plan.

■ Acquiring “Silver Certification” for excellence in health management

In 2018, we announced the “Health Company Declaration” and were awarded the “Silver Certification” (Kengin No. 907) in the following year by the Tokyo Federation of Health Insurance Associations for achieving excellence in health management. 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 passion and enthusiasm.

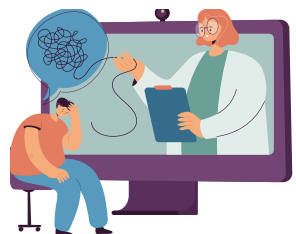
■ Certified as sports promoting company for five consecutive years

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 one of sports cheering companies by the Japan Sports Agency for five years in a row.



■ Periodic health examinations and stress checks

As required by the Industrial Safety and Health Act, we conduct annual periodic health checkups for all employees. Employees handling hazardous substances undergo additional special health checkups. Furthermore, we perform annual stress checks for all employees, ensuring a high examination rate of over 95%. These measures contribute to maintaining the well-being and overall health of our workforce.



■ Mental health measures

As part of our stress check program, we offer employees e-learning courses on mental health and encourage their participation. We also provide various courses on mental and physical health management through correspondence training, raising awareness and supporting employee well-being. In fiscal year 2022, we conducted line care training for managers, specifically section managers.

Moreover, we have established the “Return to Work Support Program” to systematically assist employees on leave due to mental health issues or other personal injuries, ensuring a smooth transition back to work. These efforts demonstrate our continued commitment to supporting employees’ mental well-being and overall health.

■ Infectious disease countermeasures

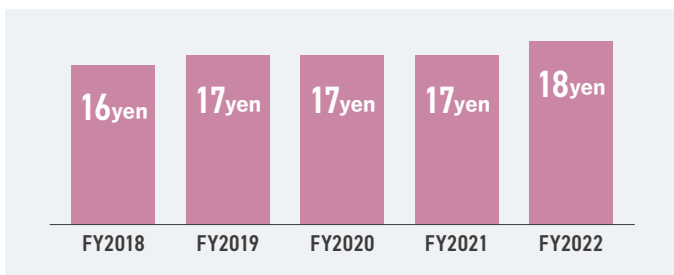
We have long been focusing on infectious disease control, and carry out group vaccination for influenza every year at our major sites. For COVID-19, we have made it our top priority to prevent the spread, taken measures such as remote work and staggered work hours, and given special leave to those who wish to get vaccinated.



Investor relations

Dividend policy

Our dividend policy aims to maintain stable and appropriate dividends aligned with our business performance, considering future growth and internal reserves. In fiscal year 2022, the dividend was set at 18 yen per share.



Shareholder benefit program

As a token of gratitude to our shareholders and to enhance the appeal of our shares for long-term investors, we have introduced a special benefit program.

Shareholders listed in our shareholders' register by the end of September each year, holding 100 or more shares, are eligible to receive QUO Cards with a donation function (Green Fund*). The donations contribute to forest maintenance, greening projects, and human resource development related to forests both in Japan and overseas.

*The Green Fund promoted by National Land Afforestation Promotion Organization utilizes the donations for initiatives focused on preserving forests and promoting sustainable practices domestically or overseas.



Promoting information transparency

To foster trust with our stakeholders, we adhere to applicable laws and regulations, ensuring the fair, timely, and appropriate disclosure of vital information. Our Disclosure Policy, which outlines disclosure standards and methods, is readily available on our website. By prioritizing information transparency, we aim to maintain an open and reliable relationship with our stakeholders.

Early disclosure and enhanced visual presentation of general meetings

To provide ample time for shareholders to review meeting agendas, we disclose the notice of convocation at least three weeks prior to the scheduled date, both on the Tokyo Stock Exchange and our website. In addition to written voting, we are improving the voting rights process by enabling shareholders to exercise their voting rights online.

During the General Meeting of Shareholders, we not only present mandatory business reports as per the Companies Act but also offer clear and visually enhanced presentations, accompanied by narrations. These efforts aim to deepen shareholders' comprehension of our management strategies and future performance outlook.



Shareholder questionnaire

In 2021, we conducted a "Shareholder Survey" with a response rate of 38.0%, receiving feedback from 1,390 shareholders. We value this input and will incorporate it into our future management and investor relations (IR) endeavors.

Regular investor briefings

We conduct semi-annual briefings specifically for institutional investors and securities analysts. Additionally, we provide individual interviews as necessary for further discussions. To enhance engagement with individual investors, we participate in IR seminars hosted by the Security Analysts Association of Japan in Tokyo and Osaka. These seminars serve as valuable opportunities for individual investors to gain a comprehensive understanding of our business activities.



Briefing for institutional investors and securities analysts



Briefing session for individual investors

Publication of business reports

We print business reports in Japanese twice a year (June and December) to offer shareholders and investors up-to-date information about the Company's performance and operations.



Interim Business Report for the fiscal year ending March 31, 2023 (79th business period)

Information disclosure on IR website

Our IR website goes beyond providing PDF versions of printed materials and offers timely disclosure of financial results, supplementary materials, securities reports, quarterly reports, and investor meeting materials. The availability of these documents is restricted to Japanese only.



The responsive design makes it easy to view on smartphones.

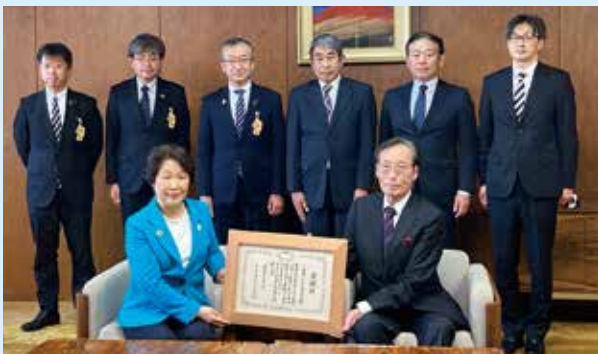
Efforts to prevent insider trading

To prevent insider trading, our company follows the "Regulations Concerning Management of Internal Information and Regulation of Internal Transactions." These regulations cover the handling of undisclosed material facts (insider information) and transactions such as stock trading by officers and employees. We conduct internal training and distribute newsletters to raise awareness and prevent insider trading within our organization.

Community relations

■ A Letter of Appreciation from Yamagata Prefecture for Regional Revitalization Taxation

In December 2022, we donated to the Establishment Promotion Project of Tohoku Agricultural and Forestry Vocational College (tentative name) as part of the “Yamagata Prefecture Town, People, and Work Creation Promotion Plan.” Our contribution was made through the “Corporate Version of Hometown Tax” system. The university aims to establish a “Department of Forestry Management (tentative name)” to train forestry managers and revive forests to ensure a sustainable supply of safe water. Yamagata Prefecture expressed their appreciation for our donation.



Front left: Governor Yoshimura

■ Supporting the J2 soccer club “Montedio Yamagata”

To foster friendly relations with Yamagata Prefecture and contribute to community revitalization, we support the professional soccer team “Montedio Yamagata” by becoming official members. This is part of our ongoing efforts to maintain and promote a strong connection with the local community.



©MONTEUDIO YAMAGATA

■ Donation of sodium hypochlorite activated water (activated water)

We regularly donate our highly effective activated water, which is used for disinfection and sterilization purposes, to elementary and junior high schools in Sayama City, Saitama Prefecture as well as the Japan Braille Library located near our head office. This activated water is produced by safely diluting and combining sodium hypochlorite and acetic acid using our sodium hypochlorite activator.



Sodium hypochlorite activator

■ Participation in JAIMA Summer Science School

In July 2022, the JAIMA Summer Science School took place at Miraikan after a three-year hiatus. We had the opportunity to lead practical training sessions on ion chromatography for 33 junior and senior high school students from the Tokyo metropolitan area. During the sessions, the students gained hands-on experience operating the analyzer using everyday samples such as fruit juices and soy sauce. The event was lively, with everyone attentively listening to the explanations.



Overseas support

■ Donation of portable multi-parameter water quality analyzers to universities in Indonesia and Thailand

We donated two sets of our advanced portable multi-parameter water quality meter (WQC-40) to Bandung Institute of Technology in Indonesia and Chulalongkorn University in Thailand. Our aim is to support practical training for students at these esteemed universities, enhance brand recognition, and contribute to environmental conservation in both countries. To strengthen our relationship, we will collaborate with our local distributors to provide ongoing support, including timely performance checks and the replenishment of supplementary supplies for accurate measurements.



Donation ceremony at Chulalongkorn University

■ Educational support for children in Asia

Capitalizing on our business presence in India, we help the Educational Support for Asia (ESA) Association, a non-profit organization dedicated to aiding the education of children in Bangladesh and India, by facilitating the distribution of curry and chai spices. In fiscal year 2022, our company ordered a total of 336 bags. Thanks to this initiative, we were able to contribute enough funds to cover the educational expenses of 14 children for an entire year.



■ TABLE FOR TWO vending machine installed

The Sayama Technical Center has recently set up seven TABLE FOR TWO (TFT) vending machines through donations. These machines aim to support school lunches in developing countries. TFT is an initiative originating from Japan that addresses two pressing issues simultaneously: hunger in developing nations and the rise of obesity and lifestyle-related diseases in developed countries.



Regions (group companies)

DKK-TOA Yamagata initiatives

Company Profile

Year of establishment	1990
Capital	10 million yen
Number of employees	84 employees
Location	Shinjo City, Yamagata Prefecture, Japan

DKK-TOA Yamagata operates an integrated system for manufacturing a wide range of measuring instruments. This system includes parts assembly, processing, adjustment, final inspection, and shipping. The company places great importance on work-life balance and has garnered numerous awards and certifications. Notably, it has been recognized as an outstanding Supporting Company for Child Rearing Environment in Yamagata.

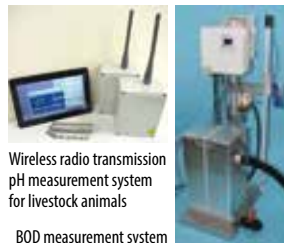


New product development

Although our primary focus is manufacturing measuring instruments, our Development Engineering Department is dedicated to designing applied products and innovating new ones. In recent years, we have successfully developed and introduced new products tailored to the livestock industry. Notably, we collaborated with Iwate University to create the novel wireless radio transmission pH measurement system for livestock animals and partnered with the National Agriculture and Food Research Organization to bring forth the "BOD*" measurement system."

* BOD (biochemical oxygen demand) is a parameter for assessing water quality

Our commitment to quality management led us to obtain ISO9001 certification back in 1996.



Wireless radio transmission pH measurement system for livestock animals
BOD measurement system

Fostering a positive work environment

■ Acquiring "Silver Certification" for excellence in health management

In 2019, DKK-TOA Yamagata announced the "Healthy Company Declaration" initiated by the Tokyo Federation of Health Insurance Associations. In 2021, it was awarded the prestigious "Silver Certification" for achieving excellence in health management.



■ Organizing high-pressure gas safety seminars

To ensure the safety of our employees, we regularly conduct high-pressure gas safety seminars. During these sessions, experts from gas manufacturing and distribution companies go over the High-Pressure Gas Safety Act as well as essential topics such as gas classification, container and valve structures, and the potential hazards associated with high-pressure gases.



Internship opportunities

At our company, we provide valuable internship opportunities for students from various educational institutions. Recently, we welcomed students from Yamagata University, Shinjokumuro-Industrial High School, and Mamurogawa Junior High School to offer hands-on experience in parts assembly. Additionally, we arranged a company tour for 24 students from the Department of Systems Innovation Engineering, Faculty of Engineering, Yamagata University.



Environmental consciousness

To promote sustainability, we have adopted hydroelectric power generation through the "Yamagata Hydroelectric Premium"* program. This enables us to prioritize local production and consumption of renewable energy. By utilizing this eco-friendly power source, our electricity consumption produces virtually zero CO₂ emissions.

* Yamagata Hydroelectric Premium is a brand of electric power supply offered by Tohoku Electric Power Company, Inc. in collaboration with Yamagata Prefecture. It involves a contract to receive renewable energy from the hydroelectric power plant operated by the Yamagata Prefectural Enterprise Bureau.



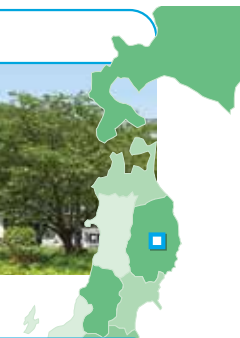
CO₂ free certificate

DKK-TOA Iwate initiatives

Company Profile

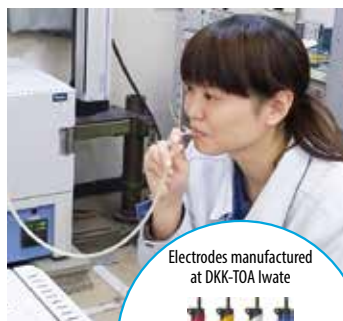
Year of establishment	1973
Capital	10 million yen
Number of employees	36 employees
Location	Tono City, Iwate Prefecture, Japan

DKK-TOA Iwate is dedicated to the comprehensive manufacturing of glass electrodes used in sensor components for water quality measuring instruments and more. Its expertise spans from glass processing to final inspection. Notably, DKK-TOA Iwate takes pride in its leading-edge technology in Japan for precision manual work in the field of glass processing.



Prioritizing human resource development

To excel in the intricate art of glass processing, which demands exceptional craftsmanship, we have implemented our own technical certification system and placed emphasis on training young engineers. At our head office's Sensor Technology Section within the Development Technology Division, we conduct study sessions as necessary to enhance skills and maintain quality standards. We also support skill development through outside seminars. In 1995, we obtained ISO 9001 certification for our robust quality management system. Notably, our pH electrodes are meticulously assembled in a controlled clean room environment to ensure consistently high quality.



Electrodes manufactured at DKK-TOA Iwate



Fostering a positive work environment

■ Acquiring "Silver Certification" for excellence in health management

In 2019, DKK-TOA Iwate announced the "Healthy Company Declaration" initiated by the Tokyo Federation of Health Insurance Associations. In 2021, it was awarded the prestigious "Silver Certification" for achieving excellence in health management.



Environmental consciousness

To promote sustainability, we have adopted hydroelectric power generation through the "Iwate Reconstruction Power Hydroelectric Premium"* program. This enables us to prioritize local production and consumption of renewable energy. By utilizing this eco-friendly power source, our electricity consumption produces virtually zero CO₂ emissions.

*Contract with Tohoku Electric Power Co., Inc. to receive renewable energy from the hydroelectric power plant operated by the Iwate Prefecture Enterprise Bureau



CO₂ free certificate

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 sustainable growth and enhancement of corporate value. We are also working to ensure management efficiency and fairness by complying with the Group’s management philosophy and Corporate Behavior Charter and building a solid supervisory system to ensure thorough compliance.

System outline

We have adopted a company structure 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.

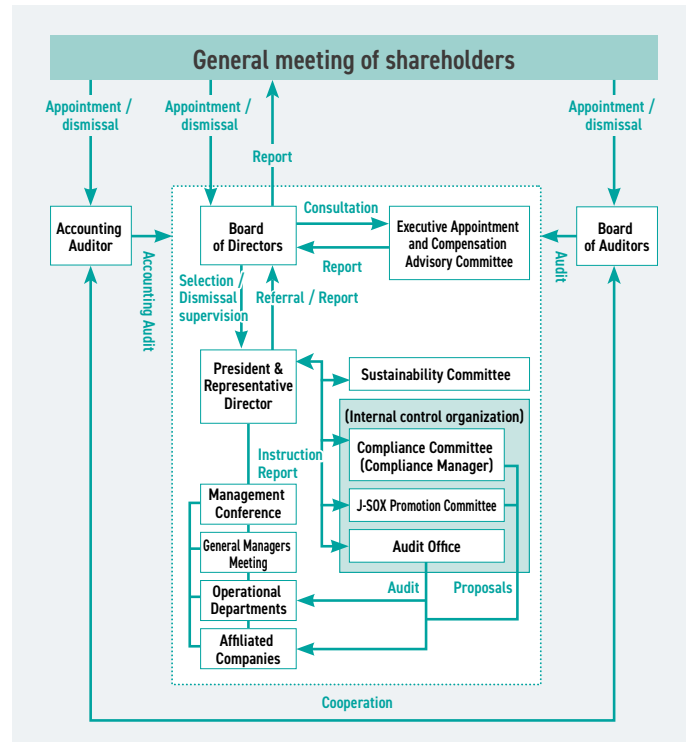


■ Board of Directors

The Board of Directors consists of 12 directors (including two outside directors). The regular Board of Directors generally meets once a month to make decisions on basic management matters and important business matters, and to supervise the business execution status of each director. The term of office for directors is one year to ensure that the management system 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 reports 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.

Director skills matrix

Our board composition is determined by the skills, insights, and expertise possessed by each individual director. Our fundamental policy is to foster diversity and maintain a balanced board, ensuring that each member makes a valuable contribution to enhance our corporate value. While the skills matrix on the right does not list the complete range of skills possessed by each director, it serves as a guide outlining the specific areas in which the Company expects each director to bring to the board table based on their knowledge and experience.

	Principal positions & responsibilities at the company	Corporate management	Sales & marketing	Manufacturing, engineering and development	Global	Finance & accounting	Legal & risk management
TAKAHASHI Toshio	President & Representative Director	●	●	●			
YAMAMORI Yasuo	Chairman	●		●	●		
SHOJI Masao	Senior Managing Director & Sales Supervisor	●	●		●		
NAKAJIMA Nobuhisa	Managing Director & General Manager of Production Div.	●	●	●			
TAKASHIMA Kazuyuki	Managing Director & General Manager of Development & Technology Div.	●	●	●			
TANIYAMA Susumu	Director & General Manager of Domestic Sales Div.	●	●				
KOSAKA Toru	Director & General Manager of Administrative Div.	●	●			●	●
NISHIZAWA Takashi	Director & Deputy General Manager of Development & Technology Div.	●		●			
MARU Sadakatsu	Director	●	●		●		
Mudassir Fajandar	Director	●	●		●	●	
AZUMA Nozomi	Outside director						●
IGARASHI Jinichi	Outside director	●		●			

Improving the Board of Directors' effectiveness

To address concerns related to the structure and functioning of the Board of Directors and to enhance its effectiveness, a comprehensive questionnaire is distributed to all directors and corporate auditors. The aggregated responses are used as a basis for discussion within the Board, focusing on identifying key issues and formulating future initiatives.



■ Evaluation results and key issues for FY2022

The Board of Directors has made notable strides in improving operational quality and fostering robust discussions, leveraging the valuable input and guidance of external directors, consistent with fiscal year 2021. However, in the pursuit of further enhancing the Board's effectiveness, the following critical issues have been identified:

- Strengthening discussions on human resource development, human resource strategy, medium- to long-term management strategy, and sustainability
- Promoting greater diversity within the Board through the appointment of female directors and other measures

Our Board of Directors remains committed to addressing these challenges head-on, driving continuous improvements and advancements in line with the identified issues.

■ Efforts to enhance the Board of Directors' effectiveness

We are implementing initiatives to bolster our support system, enabling outside directors to develop a comprehensive understanding of the DKK-TOA Group's business operations and make informed judgments. Upon their appointment, we promptly provide detailed explanations regarding the Group's business and financial conditions. To facilitate productive discussions and meaningful exchanges of opinions during Board of Directors meetings, we distribute meeting materials well in advance and offer pre-meeting briefings to outside directors as needed. These measures aim to foster efficient and effective decision-making processes within our Board of Directors.

Remuneration for directors and corporate auditors

Our company follows a fundamental policy that aligns director remuneration with shareholder value, aiming to establish clear management accountability and enhance long-term corporate value. Executive compensation comprises three components: "fixed compensation" (monetary), "performance-based compensation" (monetary), and "restricted stock compensation" (non-monetary)*, which serves as a medium- to long-term incentive. Independent outside directors and corporate auditors, who maintain independence from day-to-day business operations, receive only fixed remuneration. To ensure objectivity and transparency in the decision-making process regarding compensation, the Advisory Committee on Personnel and Compensation for Directors and Corporate Auditors, an independent advisory body, has been established to provide guidance to the Board of Directors.

* During the 79th Ordinary General Meeting of Shareholders held on June 27, 2023, a resolution was passed to introduce a new restricted stock compensation plan.

FY2022 Results (millions of yen)

Classification of officers	Total amount of compensation	Breakdown		Number of persons paid
		Fixed	Performance-based	
Directors (of which, outside directors)	166 (13)	136 (13)	30 (-)	12 persons (3 persons)
Audit & supervisory board members (of which, outside directors)	37 (24)	37 (24)	-	4 persons (3 persons)

Note 1: A portion of the fixed remuneration is allocated to the Directors' Shareholding Association, which allows directors to consistently acquire the company's shares. The acquired shares are held by the respective director throughout their term in office.

Note 2: The count of remunerated directors includes two individuals who retired during the fiscal year under review. Conversely, it excludes two directors who did not receive any form of remuneration.

Internal control

In 2006, the Board of Directors implemented the "Basic Policy for Internal Control System" in accordance with the requirements of the Companies Act and the Ordinance for Enforcement of the Companies Act. This policy has been periodically revised as needed. Building upon this foundation, the company has established a robust system to ensure that directors' duties are carried out in compliance with applicable laws, regulations, and the Articles of Incorporation. Additionally, the company has implemented a system to uphold the appropriateness of operations across the entire company group.

■ Internal control reporting for financial reporting

To ensure the reliability of financial reporting in line with the Financial Instruments and Exchange Law, we have established the J-SOX Promotion Committee. This committee is responsible for developing a comprehensive system to maintain and enhance the effectiveness of financial reporting controls. Our ongoing efforts focus on continual improvement and strengthening of these controls.

Message from outside director

Aiming to enhance governance and strengthen the management foundation



AZUMA Nozomi
Outside director

Our strength lies in our management philosophy grounded in corporate social responsibility awareness.

We strive to contribute to global environmental conservation and the creation of a prosperous, people-friendly society through our provision of measuring instruments. As sustainability becomes increasingly vital, we take pride in our longstanding commitment to corporate social responsibility.

Medium-term management plan: Seeking stakeholder support

Aligned with our management philosophy, we have prioritized strengthening our corporate governance system and fostering a fair and transparent management foundation. Our medium-term management plan, which commenced last fiscal year, focuses on becoming a company supported by stakeholders five to ten years from now. Our goal is to achieve continuous growth and enhance corporate value as we contribute to the realization of a sustainable society. In pursuit of this vision, we have established a Sustainability Committee, formulated a Basic Sustainability Policy, and adopted ESG management practices. These initiatives aim to improve long-term corporate value and foster a sustainable society by reforming our executive compensation system.

Enhancing governance and management foundation with a focus on our management philosophy

Moving forward, it is crucial to further strengthen our governance structure and solidify our management foundation. We recognize the importance of cultivating a diverse and talented workforce. Our company's essence lies in our commitment to making the greatest possible contributions to the realization of a sustainable society. This is the true path to enhancing our corporate value. With this principle in mind, we will continue to conduct our business operations from an external perspective, ensuring that our decisions and actions align with our management philosophy.

Compliance

Promoting compliance

To ensure adherence to ethical practices, we have implemented the Corporate Behavior Charter, Code of Conduct, and Compliance Management Regulations. To oversee compliance efforts, we have established the Compliance Committee, which comprises the director responsible for the Administration Division, division general managers, and presidents of Group companies. The Committee actively discusses critical compliance issues, facilitates information sharing, and promotes awareness and education. Furthermore, designated compliance managers within the divisions under the Committee's control regularly monitor and assess compliance promotion initiatives across the entire Group. By fostering a culture of compliance, we prioritize upholding ethical standards throughout our organization.



Compliance reporting system

To deal with a violation or potential violation of law, regulation, or policy, we have established a reporting desk where employees can seek guidance from our internal compliance managers and external legal advisors at any time. Additionally, counseling is available to those that need to speak to someone about harassment or discrimination. In fiscal year 2022, there were three cases within the Group that were brought to attention. In each instance, we responded promptly and appropriately in collaboration with the relevant departments, ensuring that no significant violations occurred. We remain committed to maintaining a transparent reporting system and fostering a culture of compliance throughout the organization.

Addressing compliance violations

In the event that a compliance violation is found after a thorough investigation of a complaint or report, we will take immediate action to rectify the situation and implement preventive measures. These corrective actions extend beyond the specific department involved, encompassing the entire Group to ensure non-recurrence.

Compliance awareness survey

In 2021, we conducted an anonymous compliance awareness survey for all Group employees (98.8% responded) to assess their level of understanding and gauge the effectiveness of our initiatives. The analysis of the survey results is utilized for future planning and implementation of compliance measures, ensuring continuous improvement in our practices.

Compliance legal education

Aligned with our annually formulated compliance promotion plan, we provide comprehensive training for all employees and share easy-to-understand compliance case studies in our internal newsletter. Here are some other compliance-related efforts we make:

- Job specific training
New employees and mid-career hires receive training to familiarize themselves with the Corporate Code of Conduct. Promoted employees undergo position-specific training, which includes going over examples of harassment.
- Specialized education on laws and regulations
We offer specialized training on various topics, such as antitrust law, subcontracting law, anti-corruption measures such as bribery regulations, and labor management. This training ensures a deep understanding of legal requirements and fosters compliance across the organization.

Fair business transactions

Compliance with antitrust and competition laws

Our Corporate Code of Conduct underscores our commitment to upholding laws and regulations, promoting honest, fair, and transparent business transactions. We strictly prohibit any actions that contravene the competition laws in each jurisdiction. To prevent cartel or suspected cartel activities, we have implemented measures such as prior notification, approval, and recording of communication with other companies in the same industry, depending on the nature of the interaction. In FY2022, no legal actions were taken for our Group due to anti-competitive, anti-trust, or monopolistic practices.

Anti-bribery initiatives

Our Corporate Code of Conduct explicitly prohibits offering gifts, entertainment, or donations with the intention of securing improper advantages, such as improper benefits to public officials, and entertainment or gift-giving to clients and suppliers. In fiscal year 2022, there were no instances of bribery violations. Consequently, no disciplinary actions or internal interventions were necessary.



[Key initiatives]

- Incorporating anti-bribery clauses in annual contracts with domestic distributors and other parties
- Ensuring compliance with laws and regulations by conducting confirmation and verification processes for overseas distributors, who are required to sign annual written pledges to promote compliance
- Implementing stricter approval processes for entertainment expenses and maintaining thorough transaction records
- Conducting annual assessments through the Audit Office to evaluate the effectiveness and adequacy of internal controls in preventing bribery and corruption
- Holding regular training sessions, primarily for the sales and marketing departments, to enhance awareness and understanding of compliance practices

Exclusion of antisocial forces

The company strictly adheres to the "Regulations for Eliminating Antisocial Forces" and maintains a strong stance against any association with organized crime groups or other antisocial forces. We have implemented measures to prevent our products and services from being utilized in financial crimes or money laundering activities.

[Key initiatives]

- Inclusion of provisions in transaction contracts to eliminate any involvement with antisocial forces
- Conducting thorough checks on business partners to ensure they are not affiliated with antisocial forces
- Generally prohibiting payments to third countries and third parties, unless specific exceptions apply



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" based on 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

Risk management system

We have established a robust risk management system guided by our “Risk Management Regulations.” The Compliance Committee plays a central role in regularly assessing and reviewing the system. Annually, we conduct a comprehensive analysis of company-wide risks, taking into account the nature of our business and changes in the external environment. This helps us identify and evaluate potential risks and create a risk map. For critical risks, the Management Committee confirms appropriate countermeasures. Our entire group actively works to mitigate risks and devise contingency plans.

To ensure effective risk management, the Audit Office conducts individual interviews with departments and affiliated companies. The findings are then reported to the Executive Committee and the Board of Directors. This process enables us to monitor and ensure the proper management of risks across the organization.

Risk classification	Examples of risk items	
External environment	Industry trends	Competition, technological innovation
	Political/social factors	Modification of laws and regulations
	Exchange rate fluctuations	Increase in purchase price
	Financial institutions/investors	Capital raising, market expectations
	Job seekers	Talent acquisition
	Supply chain	Stagnant or rising supply of parts/materials, logistics
	Business continuity	Natural disasters, infectious diseases, country risk
Operation	Business strategy	Policy/management strategy
	Sales/services	Customer satisfaction, product labeling/advertising, management/guidance of contract stores
	Research & development	Product development, technology transfer
	Production/quality	Quality control, product liability, deterioration and breakdown of equipment/machinery
	Real estate leasing	Tenant eviction
	Human resources/labor	Human rights, occupational accidents, human resources development
	Business functions	Intellectual property, accounts receivable collection, information disclosure, information security, legal affairs (contracts/litigation)
Governance	Business alliances	Alliance with HACH Inc.
	Compliance/internal control	Violation of antitrust law/subcontract law, bribery, forgery, misconduct, export control, infringement of intellectual property rights, information communication

Business Continuity Plan (BCP)

Our group recognizes the critical role our measuring instruments play in lifeline needs, including water supply, electricity, and medical care. In the event of a major disaster or accident, such as a large-scale earthquake or fire, society could be significantly impacted if these supplies are disrupted. To mitigate such risks and minimize the effects of a disaster, we have implemented an emergency communication network and are actively developing our BCP.

[Key initiatives]

- Establishing regulations and manuals to expedite business resumption after a disaster
- Stockpiling essential supplies such as water and food, and implementing measures to prevent equipment damage
- Implementing a system for promptly verifying the safety of our employees
- Establishing alternative procurement methods, including a dual-supplier purchasing system for materials and parts
- Developing an alternative production system
- Relocating our major internal system servers to a data center that could withstand a seismic intensity scale of 6

Recognized by Tokyo Metropolitan Government for promoting “Stay for Safety”

As per the “Ordinance on Measures for Stranded Persons” by the Tokyo Metropolitan Government, we actively support its “Stay for Safety” policy aiming to prevent employees from heading home all at once. This policy encourages employees to remain in safe locations, such as their offices, during disasters instead of immediately attempting to get back home. To ensure employee safety, we have implemented various measures, including disaster prevention cards to be carried by employees at all times, a safety confirmation system, and a stockpile of supplies enough for up to four days. In recognition of our commitment, we have been certified by the Tokyo Metropolitan Government as a company promoting the “Stay for Safety” policy since fiscal year 2020.



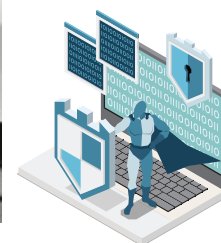
Information security

Regarding the handling of confidential information, we have established the “Document Management Regulations” to manage it in accordance with the standards for storage, archiving, and disposal of documents. To protect personal information, we have established our “Privacy Policy” based on the “Act on the Protection of Personal Information.” We have also established rules that stipulate detailed guidelines regarding the Internet, intranet, e-mail, use of portable storage media, and others. Furthermore, we 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. We have taken multi-layered, technical measures such as preventing unauthorized access from the outside and preventing computer viruses. No major security incidents, such as personal data leaks, were reported within the Group during fiscal year 2022.

Object	Measures
Disseminating rules and regulations / raising awareness	<ul style="list-style-type: none"> • Establishing regulations related to information security • Offering e-learning to executives (100% attended in 2020) • Organizing briefing sessions on the rules and regulations
Countermeasures against fraudulent use	<ul style="list-style-type: none"> • Encrypting information terminal data • Activating information terminal through biometric and password authentication • Mandatory regular password reset • Access management by user authentication • Entry/exit management to priority areas • Automatic encryption of email attachments • Restricting the use of devices such as USB flash drives
Countermeasures against external threats	<ul style="list-style-type: none"> • Antivirus • Web filtering • Anti-spam mail measures • Enabling remote access with FIDO2 authentication • Monitoring unauthorized communication of network-connected devices



Briefing session on information security rules and regulations (hybrid event)





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