

**IWATSU**

IWATSU ELECTRIC CO., LTD.

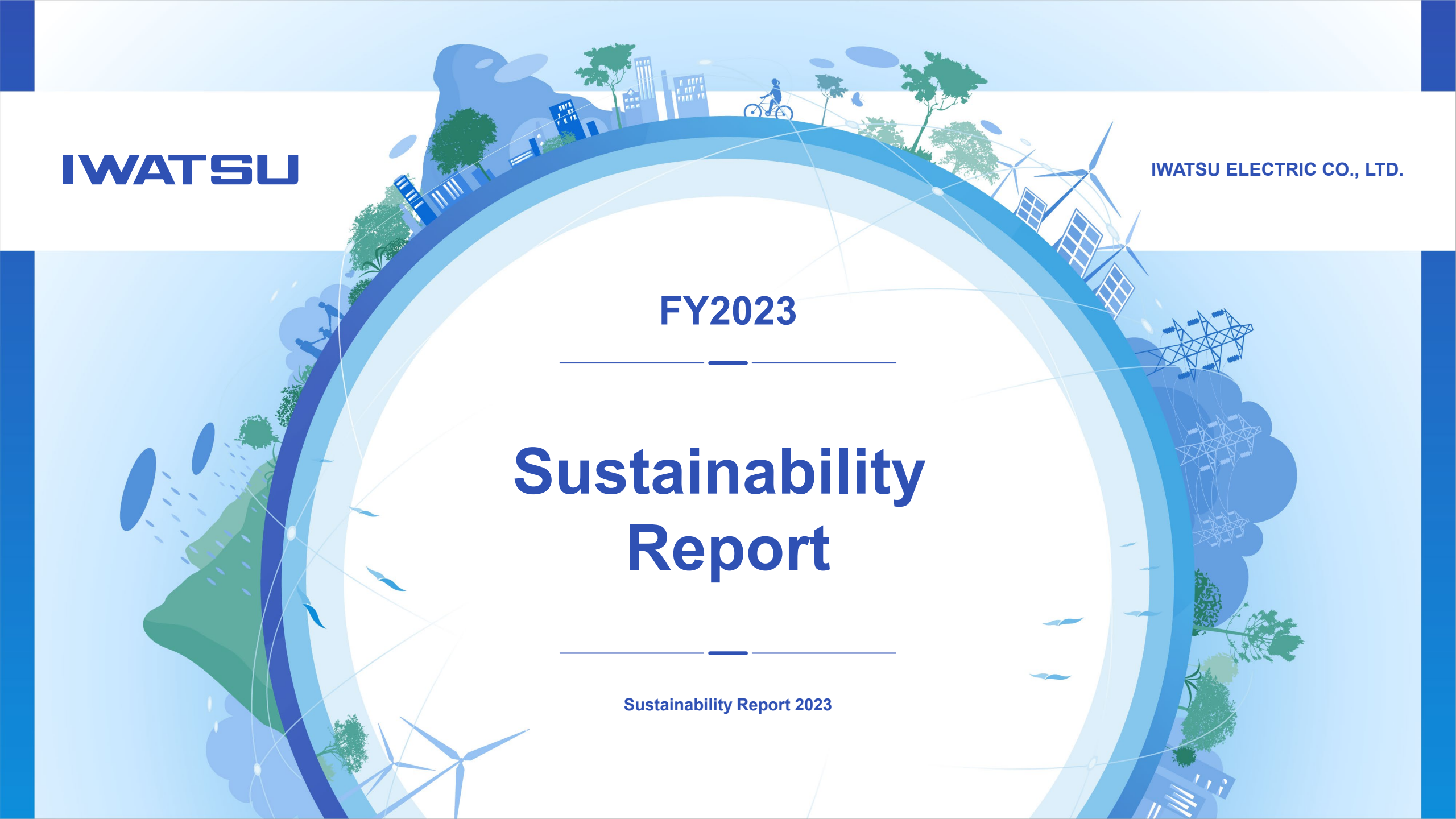
**FY2023**

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# **Sustainability Report**

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Sustainability Report 2023



## Corporate Philosophy

**Contributing to the creation of a society filled with purpose through communication that connects everyone and everything**

### Basic Policy on Sustainability

**Based on our corporate philosophy, we will support the growth and development of companies and the people working at companies through the provision of communication technology that connects people and things, and aim to achieve a sustainable society and enhance corporate value.**

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## Editorial Policy

At the IWATSU Group, we aim to contribute to the establishment of a sustainable society under our Basic Policy on Sustainability and help solve social issues through our business activities.

This report discloses the sustainability initiatives the IWATSU Group is implementing from an ESG perspective to promote communication with stakeholders.

In preparing this report, we referred to the GRI Standards and international guidelines on information disclosure.

### Organizations Covered

In principle, this report covers IWATSU Electric Co., Ltd. and all of its consolidated subsidiaries. Where matters related only to specific organizations are reported, the names of the organizations are stated individually.

### Reporting Period

From April 1, 2022, to March 31, 2023 (fiscal 2022)

- The report includes some information from outside the period of the report.
- FY2022 is the fiscal year ended March 31, 2023, and FY2023 is the fiscal year ending March 31, 2024 (other fiscal years follow this pattern).

### Period of Issuance

September 2023

### Reference Guidelines

GRI Sustainability Reporting Standards (GRI Standards) 2016, 2018, 2019, 2020 and 2021

## Initiatives We Support

### Sustainable Development Goals (SDGs)



### Task Force on Climate-related Financial Disclosures



### Fun to Share, a climate change campaign organized by the Ministry of the Environment Fun to Share



### CDP (Carbon Disclosure Project (Climate Change))



### Climate Change Initiative (Japan Climate Initiative(JCI))



## — Top Message



**Shogo Kimura,**  
President & Chief Executive Officer

木村 彰吾

## Solving social issues with new solutions, aiming to establish sustainable society that is filled with purpose

### ■ Changes related to sustainability and the expectations for IWATSU

The IWATSU Group started its medium-term management plan, REBORN, in May 2022 and expressed its intention to reshape itself and help establish a sustainable society through its business.

However, we feel that social issues related to sustainability remain as serious as before, including the human rights risks and food problems associated with the Ukrainian crisis, the increasingly serious natural disasters attributed to climate change, and COVID-19 which has been reclassified as a class 5 infectious disease but has yet to subside.

Above all, regarding the climate change problem, a once-in-a-century rainfall occurs almost every year with frequent flooding damage, and we must accelerate the reduction of greenhouse gas emissions of the supply chain as a whole and of society.

In addition, the demands and expectations placed on companies are also growing with respect to business and human rights, including human rights risks in supply chains, gender issues and diversity.

Reflecting these changes in society and expectations, the IWATSU Group will push forward with solutions to social issues through actions to address the key sustainability issues that it has identified. And we will contribute to the achievement of the SDGs and the establishment of a sustainable society.

### ■ Sustainability Management Initiatives

I believe that sustainability management means addressing environmental and social issues to build a society that is filled with purpose

At the IWATSU Group, we have begun to institute initiatives to fully address our key sustainability issues in a Group-wide manner, with the ESG Committee playing a central role, to promote management from an ESG perspective.

For example, to tackle the problem of climate change, we have disclosed risks, opportunities, and a greenhouse gas reduction plan in conformance with the SBT certification criteria for information disclosure based on the TCFD recommendations. At the same time, we are promoting initiatives to achieve the 1.5 °C target. We also reviewed our emissions to ensure our Scope 3 emissions reduction target is consistent with the SBT certification criteria with its energy design standard. We will enhance our lineup of products that meet these standards, thus promoting the reduction of greenhouse gas emissions from the use of IWATSU Group products.

In addition, we have established the IWATSU Group Human Rights Policy and Procurement Guidelines and built a framework for promoting sustainability management in our business activities as a whole, including our supply chain. Moving forward, we will work to ensure these guidelines become entrenched among our business partners and request that they comply with the guidelines.

## Top Message

### ■ Growth strategy that solves social issues

The themes of our growth strategy in the medium-term management plan we announced in May 2022 are the growth of the test and measurement equipment business, the growth of the business communication systems business, and the development of new domains.

In the test and measurement equipment business, we are moving forward with the development of high-speed, high-precision measurement equipment for power electronics semiconductors that use SiC or GaN. I believe that we can accelerate the realization of a carbon-neutral society by enabling the IWATSU Group's test and measurement equipment to support the manufacturing of power electronics semiconductors used in EVs and wind power generation.

In business communication systems, we have begun to provide Blue Commpaas, an in-house communication platform. This is a cloud-based solution that provides communication functions and services for contact centers and offices. While means of communication are becoming more diverse, this platform creates a lot of value, such as helping to reduce operators' workloads, mitigating the labor shortage, and improving customer convenience.

Regarding the development of new domains, in October 2022 we established IWATSU Chemical Cross Co., Ltd., whose mainstay business is chemical products. Based on the chemical technologies cultivated in our printing business, we will operate the new business with a focus on conductive polymers, thus expanding the domains where we contribute to society.

In this way, we are achieving the "social progress and development through products and services" that we have set as one of our key sustainability issues.

### ■ Evolving into an organization where we can work energetically and play an even more active role

To provide the driving force needed to promote sustainability management, each employee and office must develop an understanding of, and a sensitivity to, sustainability. At the same time, it is essential that employees work energetically in good health and maximize their qualities.

Based on this idea, we have made the promotion of health and productivity management a key sustainability issue and have set the goal of being selected by the Certified Health & Productivity Management Outstanding Organizations Recognition Program. We are also reforming our workstyles and culture on a number of fronts, including the institutionalization of teleworking, which we introduced to address COVID-19, and the introduction of casual wear in the office.

While the creation of new technologies, business, and value is important in addressing social issues, it is equally important to invest in people continuously and support diverse human resources to facilitate their retention.

We will have highly motivated human resources accelerate the passing down of technologies that are the IWATSU Group's core competencies and the adoption of leading-edge technologies, including 5G, energy, healthcare and materials technologies. We will thus provide new value to customers and society and improve this value based on the feedback that is provided.

Meanwhile, we will continue to strengthen sustainability-related awareness reforms and human resource development, thus activating internal and external communication, improving engagement, and fostering a corporate climate filled with purpose, in which we make Group-wide efforts to resolve key sustainability issues and contribute to achieving the SDGs.

### ■ To Our Stakeholders

At the IWATSU Group, we will strengthen partnerships and drive sustainability management under our medium-term management plan so that we can continue to contribute to building a sustainable society.

I respectfully ask that our stakeholders place their hopes on the future of the IWATSU Group and continue to support us.

### Medium-term management plan

# REBORN



#### Medium-term management plan FY2022–2025

<https://www.iwatsu.co.jp/wp-content/uploads/2022/12/chukei20220513.pdf>

# 1 — Sustainability Management



## Message from the Officer in Charge of Sustainability

### Enhancing our corporate value and achieving a sustainable society by promoting initiatives to address key sustainability issues and disclose information

#### ■ Information Disclosure Based on TCFD Proposal

Climate change, associated with global warming, is identified as a cause of torrential rains, major typhoons, droughts and other disasters. It is a critical social issue that we should address together right now.

Among the seven key sustainability issues that the IWATSU Group identified in its medium-term management plan announced in May 2022, three are related to the climate change problem.

In addition, the importance of the Paris Agreement 1.5 °C target was reconfirmed at the 27th Conference of the Parties of the United Nations Framework to Combat Climate Change (COP27) held in November 2022.

At the IWATSU Group, we have evaluated the risks and opportunities related to climate change in our business activities, keeping in mind the importance of the 1.5 °C target and the resolution of the three key sustainability issues related to climate change. We manage the identified risks and opportunities together with other management risks in an integrated manner. We are implementing measures to reduce risks and take advantage of opportunities under the leadership of senior management.

In February 2023, we disclosed these risks and opportunities and our CO<sub>2</sub> reduction targets in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Moving forward, we will focus our efforts on managing these risks and opportunities and reducing CO<sub>2</sub> emissions.

#### ■ Initiatives for business and human rights

We understand that, due to the recent trend towards the globalization of corporate activities, the risk of companies violating human rights has been increasing.

We must seriously address the human rights risks in not only our business activities but also our supply chain, such as risks related to conflict minerals and child labor.

The term *human rights* appears a few times in the 17 goals and 169 targets of the SDGs. However, the preamble to the 2030 Agenda for Sustainable Development says that all of the goals and targets are related to human rights. We understand that all of the key sustainability issues the IWATSU Group identified with the goal of helping to achieve the SDGs are also human rights initiatives.

At the IWATSU Group, we established the IWATSU Group Human Rights Policy in March 2023. At present, we are identifying and evaluating human rights risks in the IWATSU Group's businesses and supply chain. Guided by this policy, we will implement initiatives for the establishment of a sustainable society where no one will be left behind, a principle of the SDGs.



Director and Executive Officer,  
General Manager of  
the Management Division  
**Hidenori Tokida**

#### ■ Enhanced Disclosure of Non-financial Information

The International Sustainability Standards Board (ISSB) published the IFRS S1 and IFRS S2 international standards for the disclosure of sustainability information. We hear that the final standards will be published in Japan in FY2024.

In this environment, the IWATSU Group began to disclose information about sustainability management. Its first disclosure was via the FY2022 securities report. In addition, we will disclose this information via the sustainability report and the website, thus enhancing communication with our stakeholders.

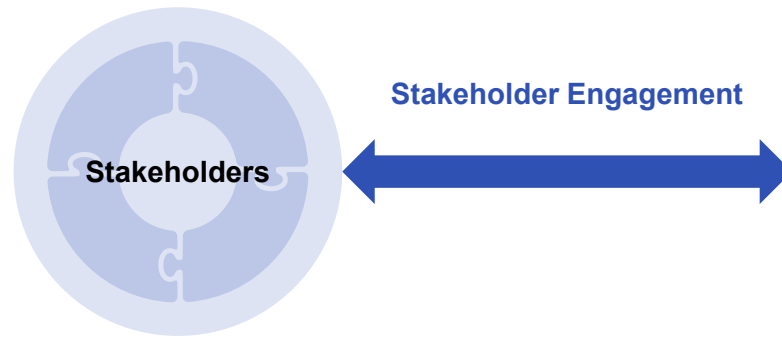
#### ■ Enhancing corporate value with initiatives to address key sustainability issues

It is believed that initiatives to address key sustainability issues which are connected to sustainability management will lead to not only the improvement of non-financial value but also the enhancement of corporate value as a whole, including financial value, over the medium to long term.

As a company oriented toward solutions to social issues, the IWATSU Group will continue to implement initiatives to address key sustainability issues as the main axis of our sustainability management to both enhance our corporate value and establish a sustainable society.



## Sustainability Promotion Structure

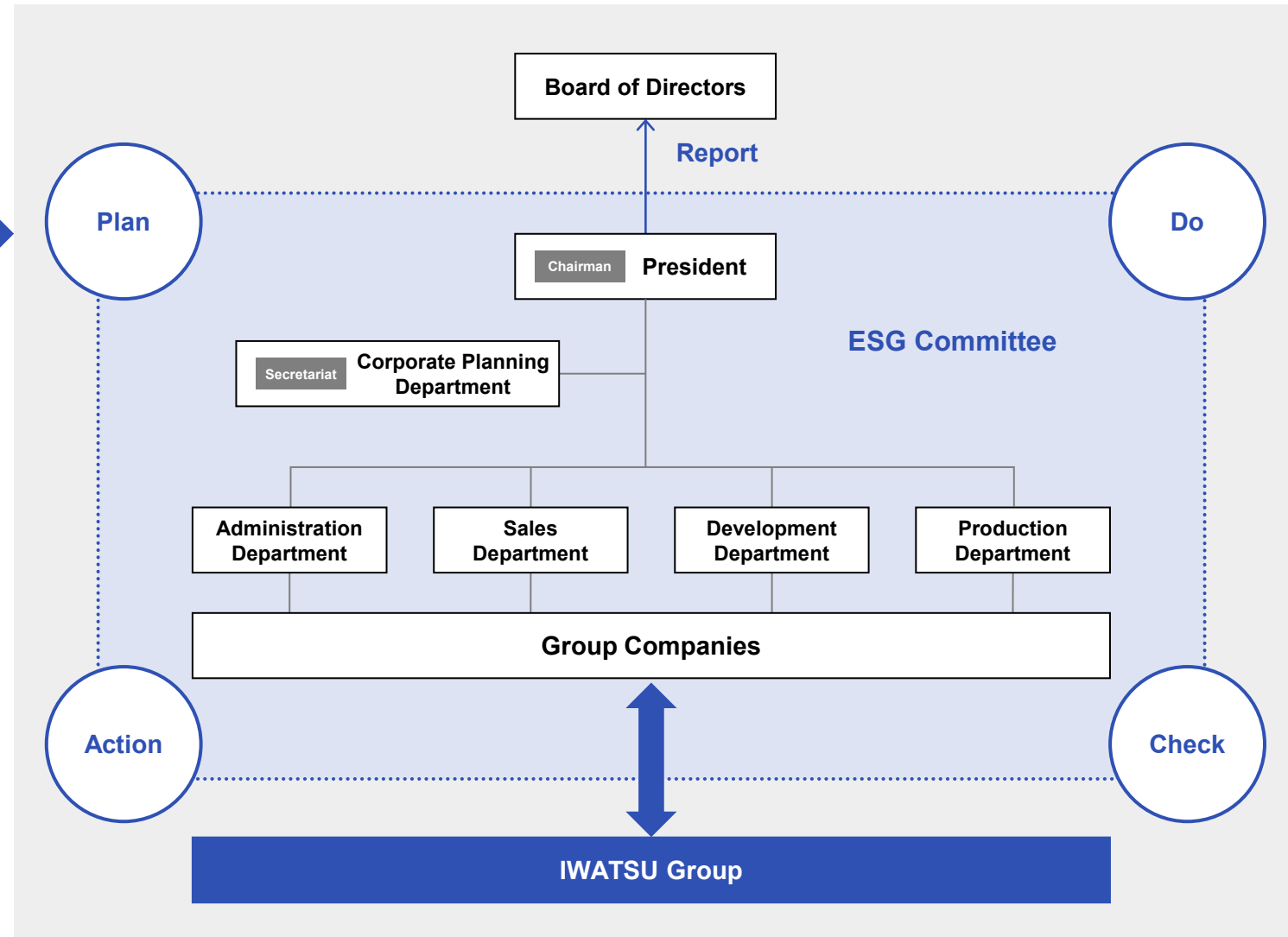


At the IWATSU Group, we have established an ESG Committee with the goals of establishing a sustainable society through our business activities, increasing the transparency and credibility of our management and enhancing our corporate value over the medium to long term based on our Corporate Philosophy and Basic Sustainability Policy.

This committee is pushing forward with sustainability activities by promoting and monitoring activities, deliberating issues, and making decisions, with the aim of resolving the key sustainability issues set forth by the IWATSU Group, led by the officer responsible for promoting sustainability.

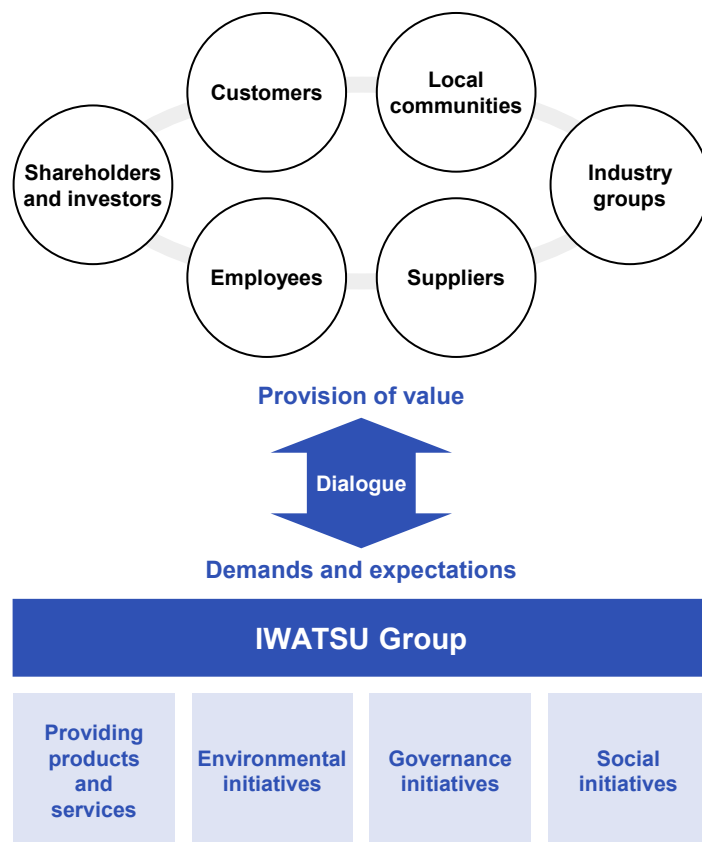
Further, the content of the committee's meetings are reported to the Board of Directors, which confirms the risks and opportunities related to sustainability management and the effectiveness of the activities related to sustainability management.

This sustainability report has also been deliberated by the ESG Committee and reported to the Board of Directors.



# Stakeholder Communication

At the IWATSU Group, we work to ascertain the expectations of society through communication with all stakeholders and promote initiatives aimed at achieving a sustainable society. We also endeavor to build relationships of trust with stakeholders through such communication.



Major stakeholders	Main initiatives	Means of communication
Customers	Creating better services and products, responding to complaints, and disclosing appropriate information related to products and services	Sales activities
		Dealing with Inquiries
		Websites / Social media
Shareholders / Investors	Timely and appropriate information disclosure, appropriate valuation and support from capital markets and reflection of the perspective of shareholders and investors in management	General Meeting of Shareholders
		Financial results briefing
		IR meetings
Suppliers	Creation of fair and neutral trading relationships and smooth information sharing aimed at the creation of better partnerships	Procurement activities
		Questionnaire on the Sustainability Procurement Guidelines
		Holding seminars on materials
Employees	Active utilization of human resources, appropriate benefits, and strengthening of occupational health and safety management systems	Labor-management conferences
		Distributing and sharing information through internal newsletters and the intranet
		Various training programs
		Meetings for dialogue between senior management and employees
Industry groups	Response to laws and regulations in Japan and other countries	Participation in industry bodies (CIAJ and JEMIMA)*
Local communities	Execution of responsibilities as a corporate citizen and participation in regional communities	Contribution to regional communities through our businesses
		Participation in volunteer activities

\*CIAJ: Communications and Information Network Association of Japan, JEMIMA: Japan Electric Measuring Instruments Manufacturers' Association

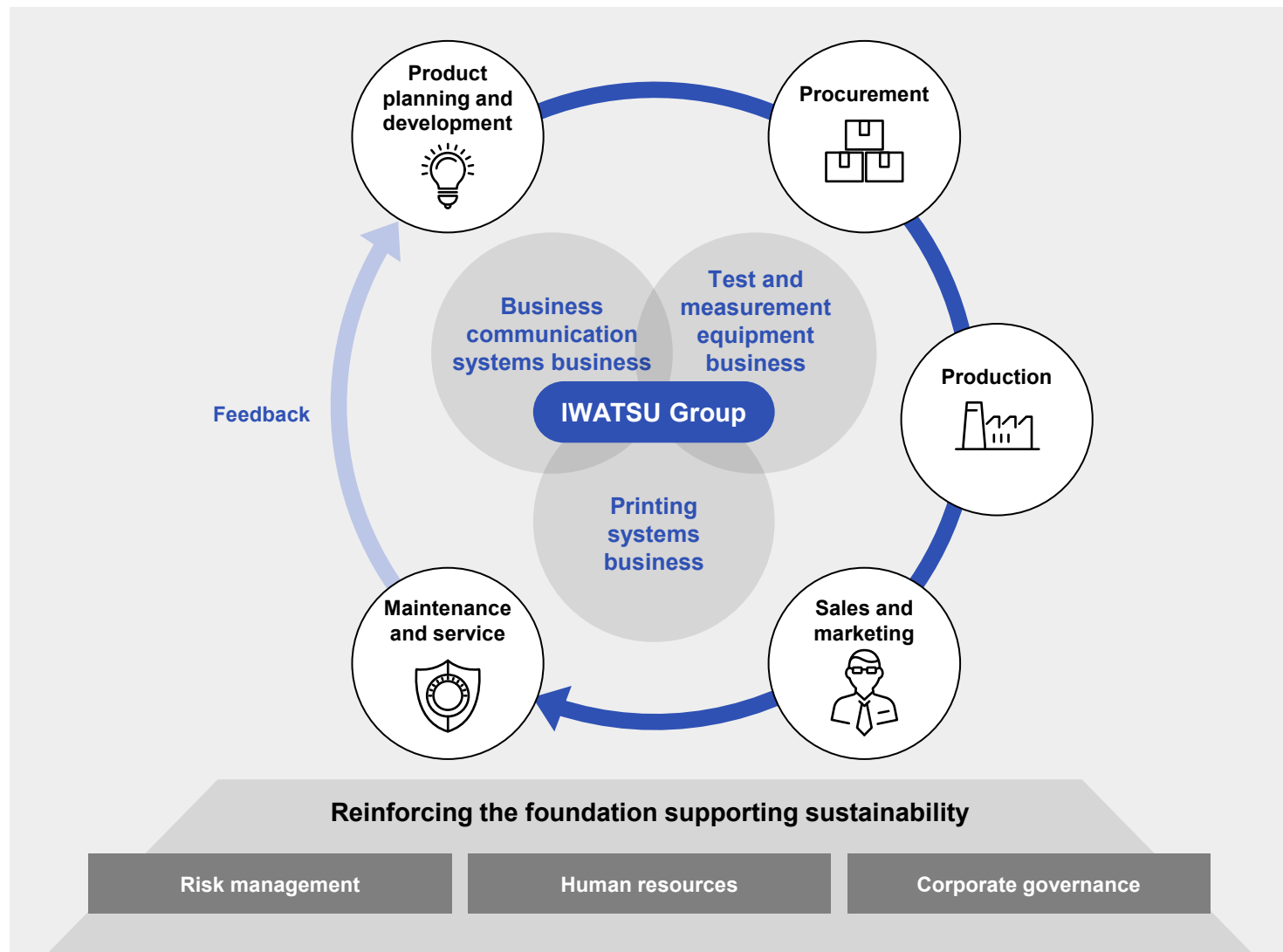
# Value Chain Map

At the IWATSU Group, we aim to provide sustainable value through our engagement with all stakeholders involved with our business activities.

Going forward, we will continue to identify changes in social issues and the environment, as well as problems related to human rights, etc., and work not just by ourselves, but together with a diverse range of stakeholders to solve social issues in the value chain and promote sustainability. By doing so, we will also contribute to increasing the competitiveness and corporate value of the IWATSU Group.

## Initiatives in Our Value Chain

Product planning and development	<ul style="list-style-type: none"> <li>• Energy- and resource-saving design</li> <li>• Limiting the use of harmful chemical substances</li> <li>• Promoting shared architecture</li> </ul>
Procurement	<ul style="list-style-type: none"> <li>• Procurement based on the Sustainability Procurement Guidelines (human rights and labor, safety and health, environment, fair trade and ethics, quality and safety, information security, BCP, etc.)</li> <li>• Promotion of responsible supply chain management</li> </ul>
Production	<ul style="list-style-type: none"> <li>• Improving production efficiency through the digital transformation of plants, etc.</li> <li>• Reducing CO2 emissions</li> <li>• Reducing the use of harmful chemical substances</li> <li>• Promotion of occupational safety and labor hygiene</li> </ul>
Sales and marketing	<ul style="list-style-type: none"> <li>• Improves customer satisfaction</li> <li>• Provision of safe and high-quality products</li> <li>• Enhancing product and service information provided via websites, etc.</li> </ul>
Maintenance and service	<ul style="list-style-type: none"> <li>• Strengthening the support system</li> <li>• Improving the quality of services</li> </ul>



# Key sustainability Issues Map

The external environment is growing more complicated as climate change intensifies, the birth rate declines, the population ages, the digital transformation progresses, and other changes occur. Further, social issues have surfaced and are growing more serious.

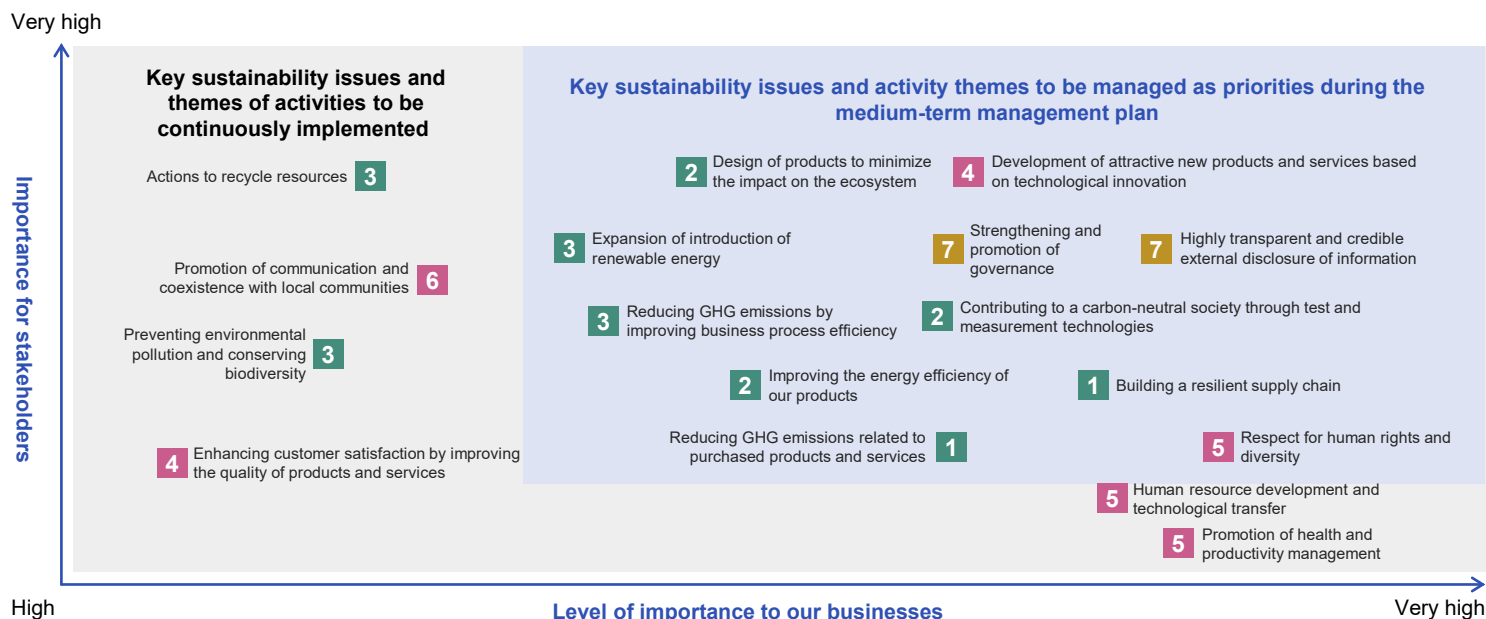
To accelerate sustainability management in response to these social conditions, we at the IWATSU Group have identified, in 2022, key sustainability issues in consideration of IWATSU's strengths and by determining future issues that will impact our businesses and value chain and assessing their importance from the two perspectives of our stakeholders and our businesses.

We will continue to promote activities to resolve social issues through these initiatives, aiming to increase our corporate value over the long term.

## Key sustainability Issues Identification Process



## Key sustainability Issues Map



## Key sustainability issue categories

Environment	Society	Governance
<ul style="list-style-type: none"> <li>1 Promotion of procurement activities that take sustainability into consideration</li> <li>2 Provision of environmentally-friendly products and services</li> <li>3 Reduction of the environmental impact of the activities of business sites</li> </ul>	<ul style="list-style-type: none"> <li>4 Social progress and development through products and services focused on connection, measurement and communication</li> <li>5 Respect for diversity and increase in employee job satisfaction</li> <li>6 Promotion of communication and coexistence with local communities</li> </ul>	<ul style="list-style-type: none"> <li>7 Creation of governance systems that are highly transparent and credible for enhancing corporate value</li> </ul>

# Key sustainability Issues and Our Vision — Environment

## 1. Promotion of procurement activities that take sustainability into consideration

We will continue working to build and operate a supply chain that is resilient to disasters caused by climate change and that considers conflicts and human rights. We will thus promote carbon neutrality and contribute to maintaining and increasing the prosperity of all of the people involved in our supply chain.










## 2. Provision of environmentally-friendly products and services

We will contribute to protecting the global environment by supporting the global development of energy-efficient equipment using our test and measurement technologies.

We will also continue to work to ensure that our products are environmentally friendly and mitigate their impact on the ecosystem to contribute to protecting the environment for our customers, including by addressing climate change issues.

## 3. Reduction of the environmental impact of the activities of business sites

In addition to implementing our existing initiatives to reduce environmental pollution, we will proactively use renewable energy and establish resource recycling systems to reduce the environmental impact of our business activities and contribute to the conservation of the global environment, including protection of natural capital.

	Key sustainability issues	Purpose of activities	Vision for 2030	SDG contributions
1	Promotion of procurement activities that take sustainability into consideration	Building a resilient supply chain	Building and operating a supply chain that is resilient in the face of disasters caused by climate change and that considers conflict and human rights	 
		Reducing GHG emissions related to purchased products and services	Achieving science-based targets for the reduction of Scope 3, Category 1 and 4 emissions	
2	Provide eco-friendly products and services	Contributing to a carbon-neutral society through test and measurement technologies	Contributing to the reduction of GHG emissions by supporting the global development of energy-efficient equipment using power electronics test and measurement technologies	  
		Improving the energy efficiency of our products	Achieving science-based targets for the reduction of Scope 3, Category 11 emissions	
		Design of products to minimize the impact on the ecosystem	Ensuring that 100% of new products comply with our own environmental label certification	
3	Reduction of the environmental impact of the activities of business sites	Reducing GHG emissions by improving business process efficiency	Achieving science-based targets for the reduction of Scope 1 and 2 emissions	   
		Expansion of introduction of renewable energy	The achievement of net zero GHG emissions from business sites by 2050 is in sight due to expansion of the introduction of solar power generation equipment and the introduction of electricity from renewable energy sources.	
		Preventing environmental pollution and conserving biodiversity	Contributing to protecting the environment and biodiversity by reducing chemical emissions, including VOCs and PRTR-regulated chemicals, and complying with standards for emissions into the atmosphere and water areas	
		Resource Recycling	Contributing to a circular economy by establishing recycling schemes for our products and reducing the waste emissions of our business sites	

## — Key sustainability Issues and Our Vision — Society

### 4. Social progress and development leveraging products and services focused on connection, measurement and communication








We will contribute to solving problems faced by customers and society by continuing to innovate to develop technologies that link people and goods with a focus on connection, measurement and communication and through the widespread delivery of increased performance and quality to our customers.

### 5. Respect for diversity and increase in job satisfaction for employees

We will respect the human rights and diversity of employees and provide them with health and productivity management and human resource development opportunities in our efforts to build an environment that enables every employee to fully demonstrate their capabilities and work energetically.

### 6. Promotion of communication and coexistence with local communities

We will continuously promote coexistence with local communities, which support the company, such as by cooperating with local governments and participating proactively in charity events.

	Key sustainability issues	Purpose of activities	Vision for 2030	SDG contributions
4	<b>Social progress and development through products and services focused on connection, measurement and communication</b>	Development of Attractive New Products and Services through Technological Innovation	Contributing to solving social issues with products and services that take advantage of IoT, AI, and measurement technologies for power electronics semiconductors	
		Enhancing customer satisfaction by improving the quality of products and services	Enhancing customer satisfaction by improving product quality continuously, and preventing serious market accidents continuously by ensuring safe design	
5	<b>Respect for diversity and increase in employee job satisfaction</b>	Respect for human rights and diversity	Increasing the percentage of managers that are women to build an organization that enables women to fully demonstrate their capabilities.  Work to achieve the statutory employment rate for people with disabilities	    
		Human resource development and technological transfer	Building a human resource development system for technological innovation as underlying support for the expansion of new businesses  Maintaining our unique technologies through the well-planned transfer of technology	
		Promotion of health and productivity management	Establishing an environment that enables every employee to fully demonstrate their capabilities and work energetically and increasing employee awareness of health and productivity management	
6	<b>Promotion of communication and coexistence with local communities</b>	Promotion of communication and coexistence with local communities	Promoting symbiosis with local communities through activities such as cooperation with local governments, participation in charity events and the promotion of employees' volunteer activities.	

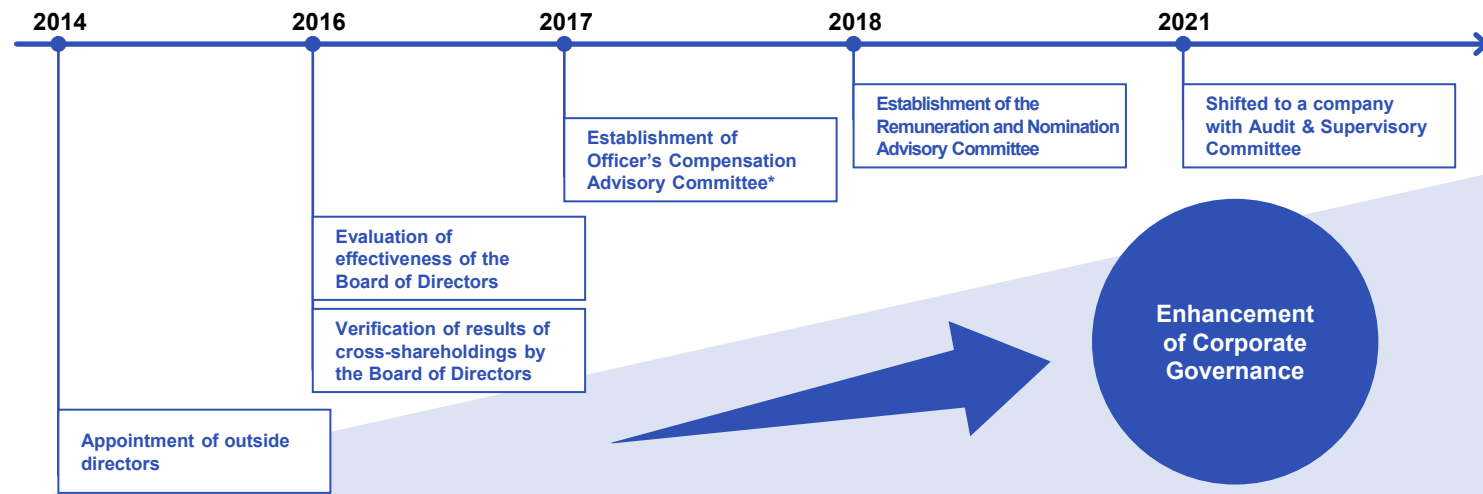
# Key sustainability Issues and Our Vision — Governance

## 7. Creation of governance systems that are highly transparent and credible to enhance corporate value

We will strengthen corporate governance to achieve fair and transparent management that has the trust of society and our stakeholders.

	Key sustainability issues	Purpose of activities	Vision for 2030	SDG contributions
7	Creation of governance systems that are highly transparent and credible for enhancing corporate value	Strengthening and promotion of governance	Continuously promoting more transparent corporate governance	
			Promoting diversity in the appointment of officers (including female officers)	
			Continuously working to prevent major compliance violations	
		Highly transparent and credible external disclosure of information	Appropriately disclosing information through IR, our sustainability report, etc., and promoting dialogue with stakeholders	

In order to enhance corporate value, achieve unending development, and ensure co-prosperity with stakeholders, we will continue promoting stronger governance, under our basic policy of ensuring transparency and incorporating a diverse range of opinions and wide-ranging knowledge.



\*In 2018, the Officer Remuneration Advisory Committee was changed to the Remuneration and Nomination Advisory Committee.

# Responding to Climate Change Risks and Opportunities

## Commitment to global initiatives

### ■ Commitment to SBTi<sup>1</sup> and TCFD<sup>2</sup> recommendations

Climate change, which has occurred due to global warming, is causing a range of abnormal weather events. It has become a critical issue that the international community and companies should work together as one to address.

At the IWATSU Group, we have identified three key sustainability issues for addressing this issue: the promotion of procurement activities that take sustainability into consideration, the provision of environmentally-friendly products and services, and the reduction of the environmental impact of the activities of business sites.

At the IWATSU Group, to accelerate initiatives to address these key sustainability issues, we submitted a commitment letter to the Science Based Targets initiative (SBTi) in December 2021 and expressed our intent to acquire SBT certification within two years.

In addition, in August 2022 we expressed our commitment to the TCFD recommendations, which are aimed at reducing the risk of instability of financial markets caused by climate change. In February 2023, we disclosed information in accordance with the TCFD recommendations.

<sup>1</sup>An initiative of the WWF, CDP, World Resources Institute (WRI) and United Nations Global Compact aimed at encouraging the setting and announcement of science-based GHG emissions reduction targets and actions to achieve the goal of limiting the global temperature rise to well below 2 °C above the pre-industrial level, which was set by the Paris Agreement.

<sup>2</sup>The Task Force on Climate-related Financial Disclosures (TCFD) was established by the G20 and the Financial Stability Board (FSB) with the goal of encouraging the disclosure of information about climate-related risks and the financial impact of climate change.

## Information Disclosure Based on TCFD Proposal

### ■ Governance

WE at the IWATSU Group believe that climate change and the other problems related to the natural environment are important issues in our promotion of sustainability management. Based on this idea, we identified climate change risks and opportunities and determined strategies and countermeasures through the deliberation of our ESG Committee chaired by the President & Chief Executive Officer.

Receiving detailed reports of the committee's meetings, the Board of Directors manages the determined climate change risks and opportunities together with other management risks and makes decisions regarding our responses to these risks and opportunities.

Further, the status of the initiatives to address climate change risks and opportunities are monitored by the ESG Committee.

➔ See page 9 for our governance system.



**Information Disclosure Based on TCFD Proposal**  
<https://www.iwatsu.co.jp/sus/tcfd/>

### ■ Strategy

#### (process of identifying risks and opportunities)

The IWATSU Group has three main businesses: business communication systems, test and measurement equipment and printing systems.

Because the expected risks and opportunities are different for each business and supply chain, we took the following perspectives for each business and stakeholder, identified the climate change risks and opportunities facing the IWATSU Group, and assessed their financial impact as of 2030.

#### Transition risks (1.5°C scenario)

- Policy and legal: Stronger regulations related to GHG emissions
- Market: Changes in energy supply and demand / changes in demand for low-carbon products
- Technology: Development and spread of next-generation technologies
- Reputation: Changes in reputation among stakeholders

#### Physical risks (4.0°C scenario)

- Chronic: Environmental change as a result of global warming
- Acute: Increasing severity of natural disasters



## Column

# Responding to Climate Change Risks and Opportunities

## ■ Strategy (identification and assessment of risks and opportunities and countermeasures)

We identified risks and opportunities using 1.5 °C and 4.0 °C climate change scenarios, narrowed down the list of possible material issues from the perspectives of impact and probability, and evaluated and determined countermeasures after assessing them from the perspectives of feasibility and degree of effect.

## ■ Strategy (expected financial impact)

### 4 °C scenario

- Increasing severity of natural disasters (physical risk (acute))

### 1.5 °C scenario

- Increase in product development expenses for the CO<sub>2</sub> emissions reduction due to stricter regulations related to GHG emissions, as well as the imposition of carbon taxes (transition risk (policy and legal))
- Changes in profitability attributed to the rapid increase of energy prices resulting from changes in energy supply and demand (transition risk (technology))

## Risks and Opportunities Identified in Our Businesses, and Countermeasures

Classification of climate change-related risks and opportunities			Scenario	Expected impact from climate change	Countermeasures
Transition risk	Policy and regulations	Stricter regulations related to GHG emissions	1.5°C	<ul style="list-style-type: none"> <li>• Increase in development costs associated with demand for lower CO<sub>2</sub> emissions among customers and the introduction of carbon pricing</li> <li>• Suspension of trading and loss of business opportunities if we are unable to respond appropriately to customers' demands for lower CO<sub>2</sub> emissions, etc.</li> <li>• Rising cost of energy usage in line with the introduction of carbon taxes</li> </ul>	<ul style="list-style-type: none"> <li>• Capturing of business opportunities from promotion and achievement of energy conservation for our products</li> <li>• Reduction in energy usage from updates to aging facilities and the introduction of the latest equipment</li> </ul>
	Technology	Changes in energy supply and demand		<ul style="list-style-type: none"> <li>• Increase in fuel/electricity expenses owing to rapid increases in fuel prices and an increased proportion of renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of energy conservation and introduction of facilities to generate power from renewable energy</li> </ul>
	Market	Development and spread of next-generation technology		<ul style="list-style-type: none"> <li>• Increases in the procurement prices of components and materials owing to decarbonization measures</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term measures to reduce costs through revisions to procurement methods and designs</li> </ul>
Physical risk	Chronic	Environmental change as a result of global warming	4.0°C	<ul style="list-style-type: none"> <li>• Increase in people suffering from heatstroke, illnesses related to climate change, and in poor physical condition</li> </ul>	<ul style="list-style-type: none"> <li>• Redevelopment of the labor environment, mainly revisions to air-conditioning</li> </ul>
	Acute	Increasing severity of natural disasters		<ul style="list-style-type: none"> <li>• Decline in revenue owing to the suspension of operations or lower utilization rates at plants and business sites as a result of natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of disaster simulations and development of disaster response manuals</li> </ul>
Opportunities	Policy and regulations	Stricter regulations related to GHG emissions	1.5°C	<ul style="list-style-type: none"> <li>• Enhance competitiveness by responding quickly to customers' supply chain guidelines and carbon pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of the development of environmentally-friendly products through the establishment of sustainability procurement guidelines and the strengthening of product assessments</li> </ul>
	Market	Changes in demand for low-carbon products		<ul style="list-style-type: none"> <li>• Increase in demand for power electronics test and measurement equipment as a result of the spread of devices and equipment that use power semiconductors, such as electric vehicles (EVs)</li> <li>• Diverse range of needs as a result of the expansion of the market for power electronics test and measurement equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Performance enhancements and expansion in line-up for the Company's power electronics test and measurement equipment</li> </ul>
		Development and spread of next-generation technology		<ul style="list-style-type: none"> <li>• Establishment and spread of advanced energy-conservation technologies</li> <li>• Improvement in people's views of the Company as a result of the acquisition of SBT certification, for which there is high demand among customers</li> </ul>	<ul style="list-style-type: none"> <li>• Stronger products as a result of the incorporation of new energy-conservation technologies in the Company's products</li> <li>• Acquisition of SBT certification and implementation of measures to achieve CO<sub>2</sub> reduction targets</li> </ul>

# Responding to Climate Change Risks and Opportunities

## GHG reduction targets based on SBT criteria

At the IWATSU Group, we have set specific GHG emissions reduction targets based on the TCFD recommendations in line with the SBT certification policy which that requires targets conform to the levels required by the Paris Agreement.

Having set FY2020 as the baseline year, we set GHG emissions reduction targets toward the target year of FY2030, based on the 1.5 °C-target level for Scope 1 and 2 emissions and the WR2.0 °C-target level for Scope 3 emissions.

We formally applied for SBT certification in December 2022. Currently, SBTi is confirming the details of our application.

### Scope 1 and 2 emission reduction targets

- 42% reduction from the emissions in the baseline year (4.2% reduction per year)
  - We aim to achieve a 42% reduction from the emissions in the baseline year, which were 5,565 t-CO<sub>2</sub>, to 3,228 t-CO<sub>2</sub>.<sup>\*1</sup>

### Scope 3 emission reduction targets

- 25% reduction from the emissions in the baseline year (2.5% reduction per year)
  - We aim to achieve a 25% reduction from the emissions in the baseline year, which were 114,678 t-CO<sub>2</sub>, to 86,009 t-CO<sub>2</sub>.

\*1. The Scope 1 and 2 emissions reduction target was corrected because the target reported in the previous fiscal year was provisional.

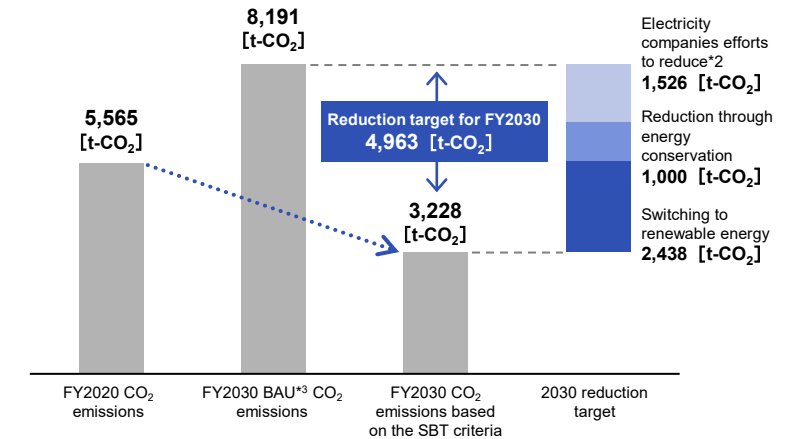
\*2. The reduction was calculated applying the 2030 target CO<sub>2</sub> emission intensity for electricity generated that was set by the Federation of Electric Power Companies of Japan, 0.37/kg-CO<sub>2</sub>. It was set assuming that a 24% reduction from the (actual) CO<sub>2</sub> emission intensity for electricity generated in 2020 will be achieved.

\*3. Where no additional measures are taken (business as usual)

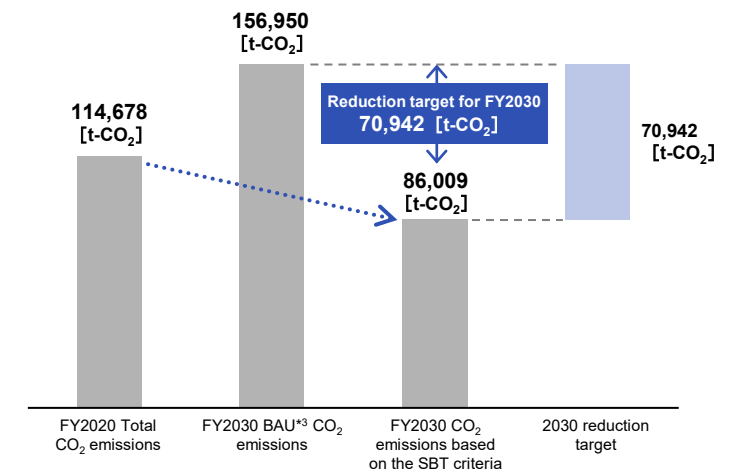
IWATSU Group's Scope 1, 2, and 3 emissions in the baseline year (FY2020)

		[t-CO <sub>2</sub> ]		
	Category	Emissions	Ratio	
<b>Scope1</b>	Direct emissions	1,311	1.1%	
<b>Scope2</b>	Indirect emissions	4,254	3.5%	
<b>Scope3</b>	Other emissions	114,678	95.4%	
	Cat.1	Purchased products and services	65,336	54.3%
	Cat.2	Capital goods	3,218	2.7%
	Cat.3	Energy which is not included in Scope 1 or 2	839	0.7%
	Cat.4	Transportation (upstream)	5,429	4.5%
	Cat.5	Waste	376	0.3%
	Cat.6	Business travel	189	0.2%
	Cat.7	Employee commuting	1,076	0.9%
	Cat.8	Leasing (upstream)	—	0.0%
	Cat.9	Transportation (downstream)	121	0.1%
	Cat.10	Processing of products	—	0.0%
	Cat.11	Use of products	37,819	31.5%
	Cat.12	End-of-life treatment of products	14	0.01%
	Cat.13	Leasing (downstream)	262	0.2%
	Cat.14	Franchises	—	0.0%
	Cat.15	Investments	—	0.0%

IWATSU Group's Scope 1 and 2 emissions reduction target



IWATSU Group's Scope 3 emissions reduction target





Column

# Development of Attractive New Products and Services through Technological Innovation

## Approach to plant DX — Shift to wireless operations and human-robot collaboration —

At the IWATSU Group, we are pushing forward with plant DX solutions aimed at shifting to the wireless operation of infrastructure and human-robot collaboration using our proprietary communication technologies to solve issues faced by plants, including the reduction of the working population which is attributed to a declining birthrate and the aging of the population, in addition to the need to reduce labor.



### Plant DX solutions

Remote operation and control of robots	Real-time control of multiple AGVs*1	Transitioning to a wireless in-plant network
<ul style="list-style-type: none"> <li>• Site checks and remote control using real-time imagery</li> <li>• Reduction of staff deployments using remote teaching</li> </ul>	<ul style="list-style-type: none"> <li>• Controlling multiple AGVs stably without delay</li> <li>• Automated, autonomous supply of parts to high-mix, variable-volume production lines</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of the cost of building networks</li> <li>• Enabling production line layouts to be changed flexibly</li> </ul>
<ul style="list-style-type: none"> <li>• Reduction of labor through automation</li> <li>• Reduction of simple mistakes and quality improvement</li> <li>• Preparation for the aging population and the declining birthrate</li> </ul>	<p><b>Value offered</b></p> <ul style="list-style-type: none"> <li>• Improvement of the efficiency of supplying parts and materials to the production line</li> <li>• Shift to the on-demand automated supply of parts and materials in the plant</li> <li>• Increase in precision of site monitoring and flexible responses</li> </ul>	<ul style="list-style-type: none"> <li>• Conformance to infrastructure standards with increased speed</li> <li>• Advanced coordination with ERP/MES*2 (stable implementation of production action plans)</li> <li>• Increased quality and precision of process control with high-speed data processing</li> </ul>

\*1 Automatic Guided Vehicle  
\*2 Manufacturing Execution System



# Column Development of Attractive New Products and Services through Technological Innovation

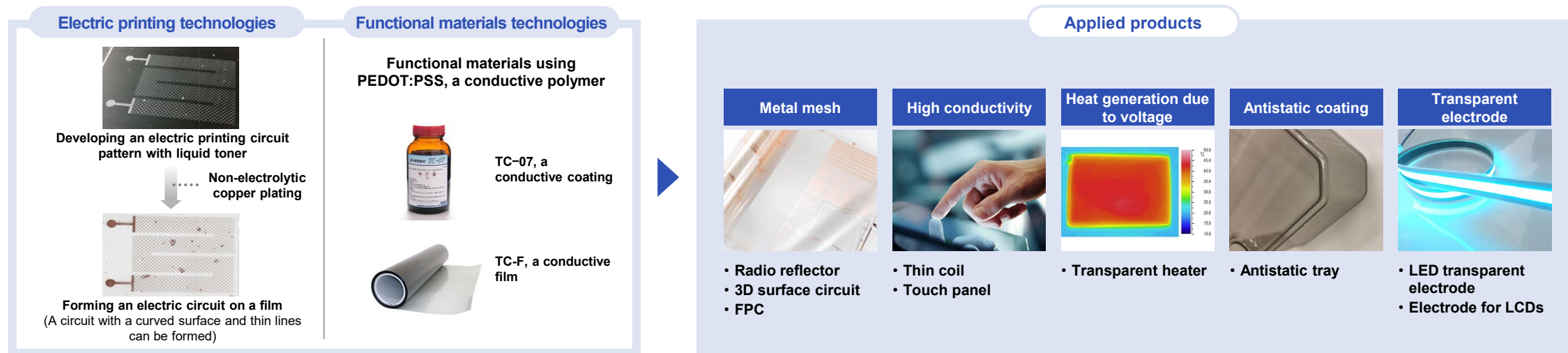
Development of environmentally-friendly products — Applied products featuring the integration of chemical technologies and electronic communication technologies —

At the IWATSU Group, we are proceeding with R&D and the productization of electric printing featuring a small amount of waste and environmental considerations. Electric printing is a technology with excellent environmental features, including the consumption of a smaller amount of copper than the formation of electric circuits using etching and the non-use of harmful substances.

In addition, a conductive transparent coating developed by the IWATSU Group itself is used for a range of purposes taking advantage of its features as a functional material.



## ■ Solving issues by combining chemical technologies and electronic communication technologies



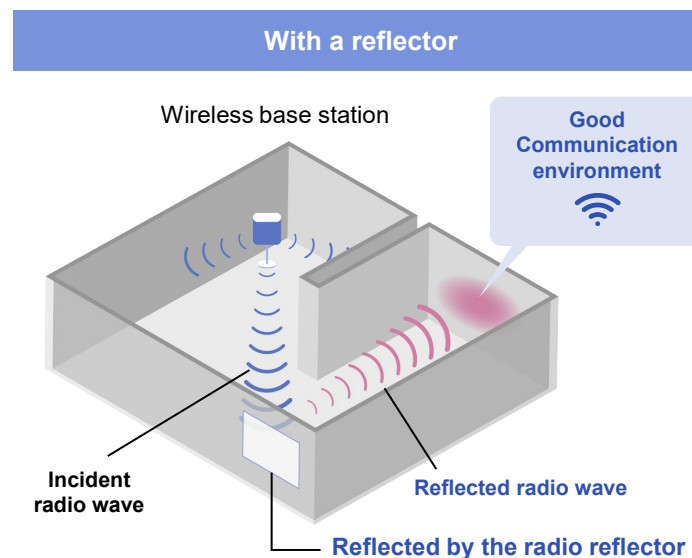
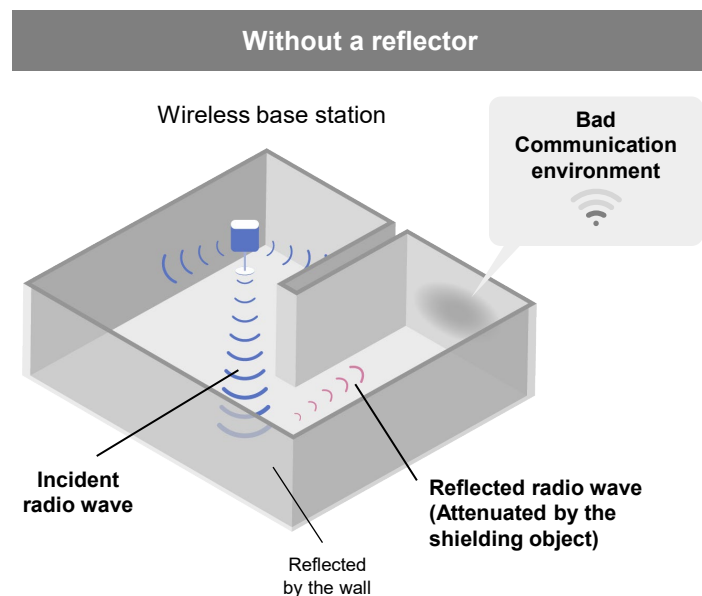


# Column Development of Attractive New Products and Services through Technological Innovation

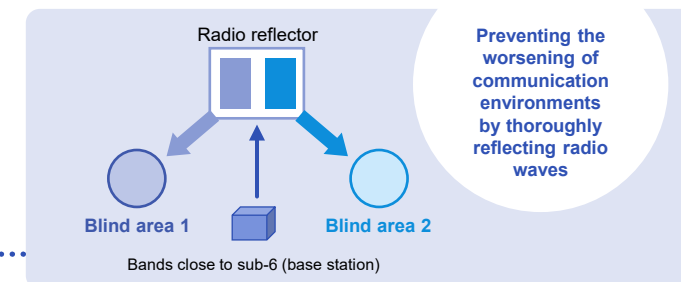
Improving indoor and outdoor wireless communication environments with environmentally friendly products — Development of a transparent radio reflector —

Local 5G and Wi-Fi 6E, etc., which are believed to be promising next-generation wireless technologies, use the sub-6 frequency band and frequency bands close to it. Because of their high frequency, however, there are concerns about the worsening of the communication environment, which may be caused by shielding objects, etc. At the IWATSU Group, we have developed an environmentally friendly radio reflector as a solution to this issue. We will contribute to the creation of business infrastructure environments that are compatible with next-generation wireless communications.

## ■ Role of the radio reflector



- Features**
- Fine patterns and excellent designs with the creation of 3D surface patterns also possible
  - Metasurface (negative refractive index) as a remedy for places where communications are not stable
  - The variable size of the radio reflector flexibly enables remedies to places where communications are not stable.
  - Use of electric printing and positively charged liquid toner technology, which are environmentally friendly manufacturing processes
  - Easy installation with no need for power supply or communication wiring



Column

# Products and Services to Solve Social Issues

## Cloud communications with Blue Commpaas

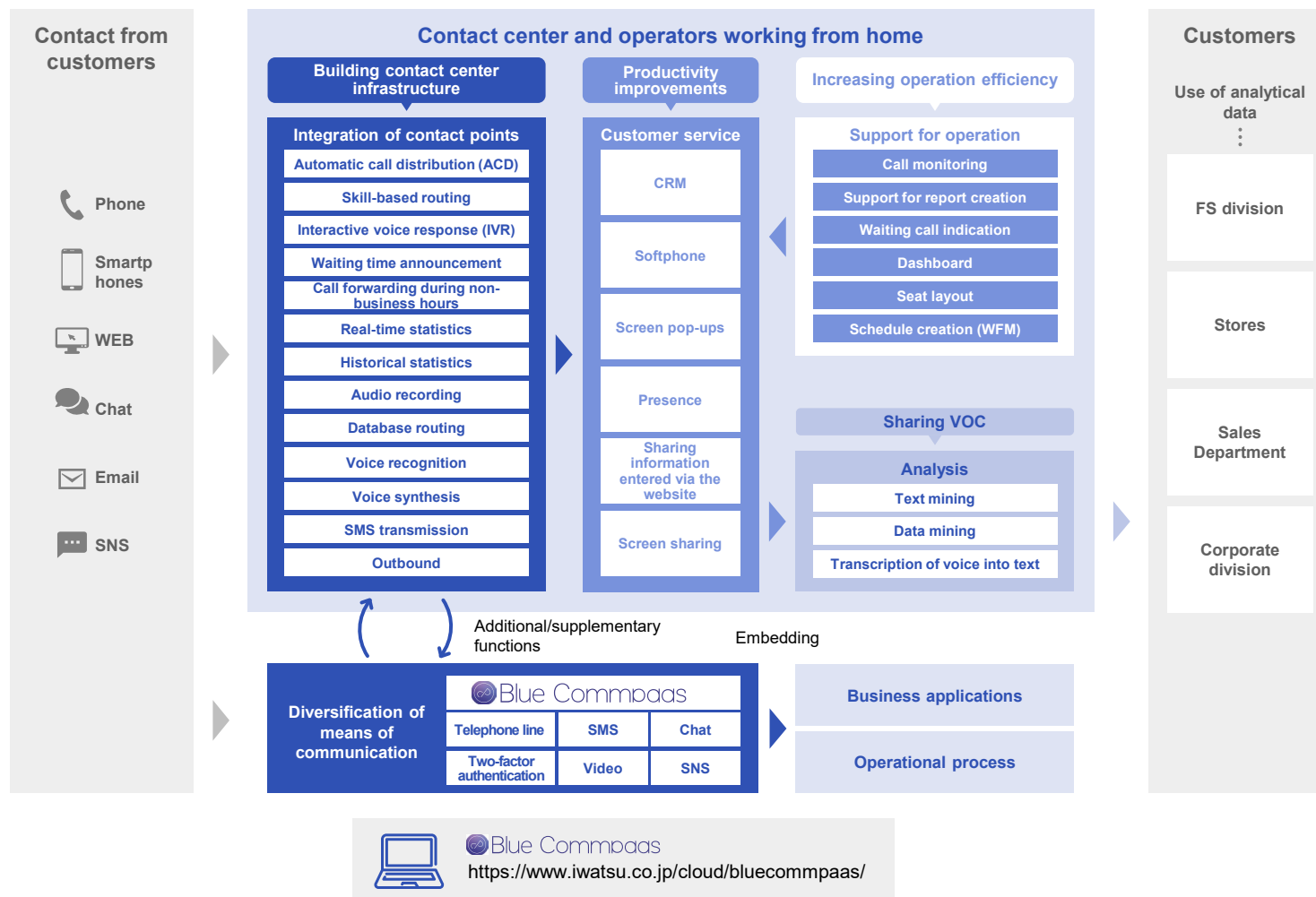
At IWATSU Electric, we help solve customer issues by providing audio communication technologies which we have developed through many years of operation as a communication equipment manufacturer, and a large number of original applications that we have developed based on customer needs.

Going forward, positioning high-level technological capabilities and expertise as our competitive advantages, and creating cloud services and contact center systems that integrate expansive advanced systems in Japan and other countries, we will continue to increase the value we provide to customers.

### ■ The shift of business communications to cloud computing driven by Blue Commpaas

Reflecting the recent volatility of consumer demand, companies must respond promptly to changes and implement automation and efficiency improvements using AI. Further, in light of every service being able to be connected to the internet, IWATSU Electric has released Blue Commpaas, a service that uses an API. This service features diverse channel functions, from telephone line functions to chat and SMS, and we provide a voice chatbot app, a package of these functions, on the cloud.

At IWATSU Electric, we will offer diverse services for supporting DX, including services for small-scale contact centers and AI-related functions.



# Products and Services to Solve Social Issues



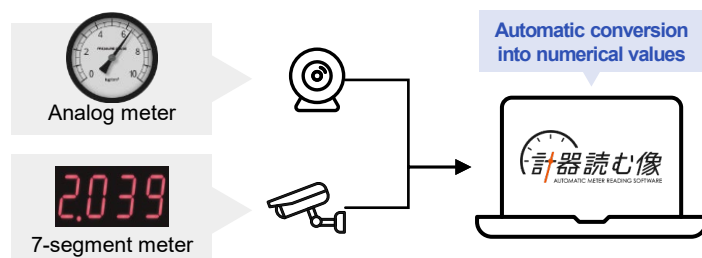
## Keiki Yomuzo, automatic meter reading software

To support the digital transformation of plants in Japan's manufacturing industry, IWATSU Electric provides Keiki Yomuzo which monitors a variety of meters in plants using external cameras and automatically converts the images of the meters into numerical values.

The introduction of Keiki Yomuzo enables companies to automate the task of checking meter numbers, which had been done manually and visually on a regular basis, thus making it an automated task. Users can expect the system to have various effects, including the increase of work efficiency, the reduction of labor costs and the prevention of human error. Further, setting threshold values enables the early detection and handling of equipment abnormalities. Therefore, the software is effective from the viewpoints of the prevention of loss due to the suspension of business and business continuity.


At IWATSU Electric, we provide Keiki Yomuzo to a wide range of customers to help solve many issues, such as the decline in the working population and soaring energy prices.

### System configuration



### Key functions

#### Converting imagery to numerical values

 → 102.9

Converting an image taken by a camera to numerical data

#### Timer function



Measurements are conducted at specified intervals or designated times.

#### Reading multiple meters



Reading multiple meters at the same time

#### E-mail alert



The software sends an e-mail alert if the set threshold value has been exceeded.

#### Saving data and images



Saving data (CSV) and images at the same time

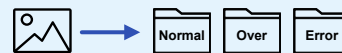
#### Automatic position correction



When the camera has been moved, the software automatically locates the meter to read it.

### New features

#### Sorting read images into folders



The software automatically sorts images into three folders according to the read result. (normal/abnormal/read error)

#### Link to PLC\*



Read results are sent to up to four PLCs.

#### Contact output function



The software sends contact output signals corresponding to the read results. (Linking to external equipment is possible.)

\*Programmable Logic Controller (a device used to control instruments, equipment, etc.)



<https://www.iwatsu.co.jp/iot/meterreading/>

# 2 — Environment

<p><b>Promotion of procurement activities that take sustainability into consideration</b></p>	<ul style="list-style-type: none"> <li>■ Development of Attractive New Products and Services through Technological Innovation</li> <li>■ Reducing GHG emissions related to purchased products and services</li> </ul>	 
<p><b>Provide eco-friendly products and services</b></p>	<ul style="list-style-type: none"> <li>■ Contributing to a carbon-neutral society through test and measurement technologies</li> <li>■ Improving the energy efficiency of our products</li> <li>■ Design of products to minimize the impact on the ecosystem</li> </ul>	  
<p><b>Reduction of the environmental impact of the activities of business sites</b></p>	<ul style="list-style-type: none"> <li>■ Reducing GHG emissions by improving business process efficiency</li> <li>■ Expansion of introduction of renewable energy</li> <li>■ Preventing environmental pollution and conserving biodiversity</li> <li>■ Resource Recycling</li> </ul>	   



# Environmental Management

## Basic Approach

The IWATSU Group considers the resolution of climate change and other environmental issues to be an important factor in achieving a sustainable society, and we are working to reduce the impact of our business activities on the environment under the following environmental policy.

### Environmental Policy

The IWATSU Group will contribute to achieving a sustainable society by working to conserve natural capital through our business activities.

- As specific initiatives against climate change, we will work to reduce Scope 1, 2, and 3 emissions of greenhouse gases. (Achievement of SBT-Certified Reduction Targets)
- We will provide environmentally-friendly products and services, and endeavor to reduce environmental impact over the lifecycle of products and services.
- We will strive to prevent environmental pollution, conserve biodiversity, efficiently use resources, and promote their circulation, thus endeavoring to reduce the environmental impact of the activities of our business sites.
- We will comply with legal and other requirements.
  - Laws and regulations related to the environment
  - Environmental ordinances of regional local governments
  - Other requirements that the IWATSU Group consents to
- We will continuously improve our environmental management systems, and endeavor to enhance environmental performance.

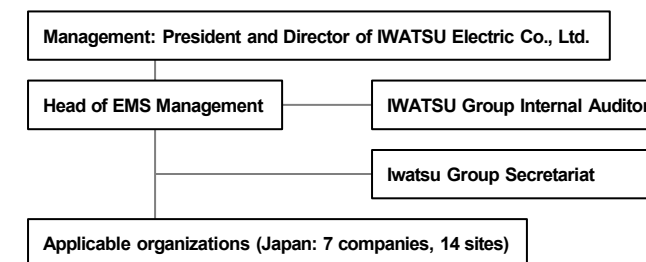
\*The above Environmental Policy applies to the ISO 14001-certified organizations in Japan.

## EMS Promotion System

In the IWATSU Group, we have created an Environmental Management System (EMS) based on ISO 14001, and we are now operating and managing this system as part of our efforts to improve environmental performance.

Under the direction of the manager responsible for the EMS, the Group Secretariat coordinates with each department and internal auditors to monitor environmental performance, the status of compliance with laws and regulations, the effectiveness of our activities, etc., through internal audits and management reviews.

### Environmental management system promotion organization chart



### Status of acquisition of ISO 14001 certification

Company name	Status of acquisition	Certification body / number	Certification application site
IWATSU Electric Co., Ltd.	○	JIC Quality Assurance Ltd. / E1871	Kugayama, Sales Site
Iwatsu Manufacturing Co., Ltd.	○		Aizu, Sukagawa, Izumizaki, Kugayama
IWATSU Chemical Cross Co., Ltd.	○		Kugayama, Tochigi, Nishinohon
IWATSU NETWORK SOLUTION CO., LTD.	○		Kugayama, Hokkaido, Higashinohon, Chiba
IWATSU Business Services Co., Ltd.	○		Kugayama
IWATSU SYSTEM & SOFTWARE CO., LTD.	○		Kugayama
Tohtsu Industry Co., Ltd.	○		Hachioji
Dentsu Service Co., Ltd.	×	—	—
groxi Inc.	×	—	—
Iwatsu (Malaysia) Sdn Bhd	●	Intertek / E126588-2	—

○: Acquired by the head office of IWATSU Electric Co., Ltd. as a group certification. IWATSU Chemical Cross was added to the scope of the certification in FY2023.

●: Acquisition on an individual certification basis Iwatsu (Malaysia) Sdn Bhd operates an EMS promotion system that it has developed separately to the Company's domestic operations

\*As a result of stock transfers, groxi Inc. and Iwatsu (Malaysia) Sdn Bhd were excluded from the consolidated subsidiaries of IWATSU Electric Co., Ltd. in June 2023 and September 2023, respectively.

# Environmental Management

## Environmental Performance

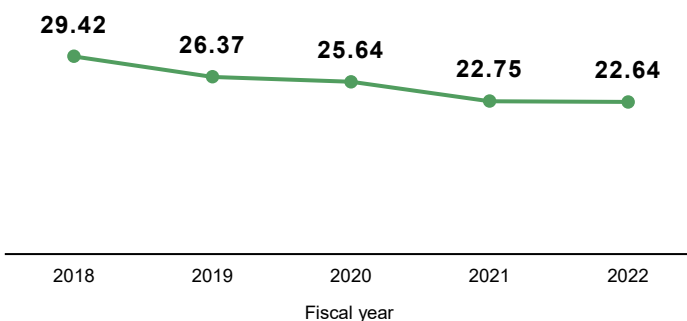
Through such measures as increasing the efficiency of production processes, energy-conservation activities, and resource-conservation activities, the IWATSU Group works to reduce the impact of our production activities on the environment, while also engaging in activities to monitor and improve various types of environmental performance.

The key trend in the environmental performance of the IWATSU Group between fiscal 2018 and fiscal 2022 is shown in the chart on the right.

In fiscal 2022, values related to environmental impact excluding recycling rate, such as total energy input, Scope 1, 2 and 3 emissions, total water resource intake, and total waste output, declined from the previous fiscal year.

Our environmental efficiency index (Scope 1 and 2 emissions per 100 million yen in revenue) for fiscal 2022 was 22.64, an improvement of 0.48% compared with the previous fiscal year, when it was 22.75.

### Environmental Efficiency Index

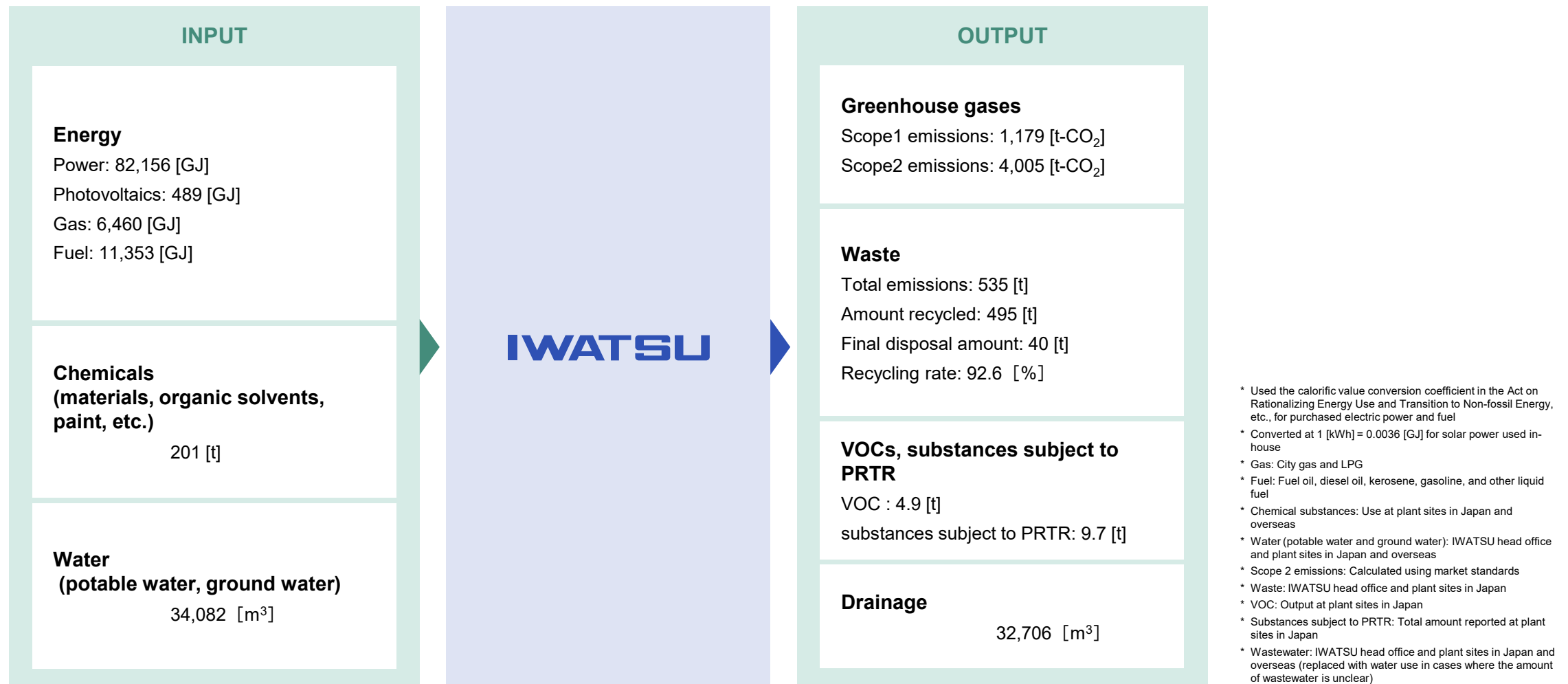


	FY2018	FY2019	FY2020	FY2021	FY2022	Notes	
Capital [million yen]	6,025	6,025	6,025	6,025	6,025	IWATSU Electric Co., Ltd.	
Consolidated revenue [100 million yen]	208.47	222.94	217.06	231.82	229.03	—	
Total energy input	[GJ]	114,055	111,294	107,683	105,599	100,458	Used the calorific value conversion coefficient in the Act on Rationalizing Energy Use and Transition to Non-fossil Energy, etc.
	[MWh]	31,685	30,918	29,914	29,335	27,907	Converted at 1 [GJ] = 0.2778 [MWh]
Sale of electricity generated from solar power [MWh]	2,566	2,452	2,376	2,436	2,276	Electric power generated at Iwatsu Izumizaki Mega Solar Power Plant	
Use of chemical substances [tons]	317	326	232	277	201	Plant sites in Japan and overseas	
Water resource intake [m3]	35,389	34,451	30,487	35,071	34,082	IWATSU head office and plant sites in Japan and overseas	
Sale of key products [tons]	1,319	1,392	1,055	1,168	938	—	
Scope 1 and 2 emissions [tons of CO <sub>2</sub> ]	6,134	5,878	5,565	5,273	5,184	—	
Scope 3 emissions [tons of CO <sub>2</sub> ]	—	—	114,678	104,283	90,984	FY2018 and FY2019 were excluded from the calculation.	
Total wastewater [m3]	33,857	32,980	29,111	33,823	32,706	Head office and plant sites in Japan and overseas	
Substances subject to PRTR	Emissions (tons)	13.4	7.0	7.5	7.2	4.5	Amount reported at plant sites in Japan
	Amount moved [tons]	6.7	7.8	4.7	5.5	5.2	
VOC emissions (tons)	7.9	6.0	4.8	6.3	4.9	Plant sites in Japan	
Total waste output (tons)	610	609	551	567	535	IWATSU head office and plant sites in Japan	
Recycling rate [%]	98.5	98.0	97.5	97.3	92.6	IWATSU head office and plant sites in Japan	
Environmental efficiency indicator	29.42	26.37	25.64	22.75	22.64	CO <sub>2</sub> emissions [t-CO <sub>2</sub> ] / revenue [100 million yen]	

\*The FY2021 value for the use of chemical substances was corrected because of a calculation error.

# Environmental Management

## Environmental impact material balance in the IWATSU Group



# Environmental Management

## Overview of Activities (Organizations with EMS Certification in Japan)

### ■ Internal audits

The IWATSU Group conducts internal audits overseen by the head office of IWATSU Electric once a year, in which we confirm the conformity and effectiveness of our EMS.

[Implementation time] October to December 2022  
 [Subject] 14 sites across seven companies  
 (IWATSU Group, in Japan)  
 [Results] No major non-conforming items

### ■ External inspections

Once a year, the IWATSU Group receives an external inspection of the conformity and effectiveness of our EMS from a certification body. We correct or rectify any non-conforming items within a predetermined period. Each department considers ways to respond to opportunities for improvement, and they are confirmed in internal audits.

[Implementation time] May 2022 (regular inspection)  
 [Certification body] JIC Quality Assurance Ltd.  
 [Results] Non-conforming items: 1;  
 opportunities for improvement: 20

### ■ Management review

Twice a year, the IWATSU Group Secretariat leads management reviews within the Group. Environmental performance, the status of compliance with environmental laws and regulations, points for improvement, and other related matters are reported to senior management.

[Implementation time] April 2022 (summary for the previous fiscal year)  
 January 2023 (internal audit report)

### ■ Environmental education

In order to effectively operate our EMS, we plan and execute environmental education and awareness-raising activities.

#### Status of implementation in fiscal 2022

Name of education or awareness-raising activity	Number of participants (people)
Education for new employees	18
Education for new employees (overview of EMS and SDGs)	123
Advance education for internal audits	65
New internal auditor development education	35

### ■ External communication

We disclose information related to the environment in this sustainability report. We also endeavor to appropriately respond to inquiries, requests, etc., from stakeholders through internal communication with relevant departments.

### ■ Response to environmental laws and regulations

We perform regular checks for amendments to environmental laws and regulations, etc., and endeavor to respond appropriately to obligations related to filings, reports, etc., as well as licensing, permission, and approval requirements, etc.

The status of our compliance with environmental laws and regulations is checked regularly on a site-by-site basis, and the details of our compliance are checked through internal EMS audits.

It was discovered that waste was inappropriately managed by the sales department, so we took corrective actions with a focus on improving awareness.

# Environmental Management

## Management of chemical substances in products and environmentally-friendly products

### ■ Management of chemical substances in products

The IWATSU Group works to reduce harmful chemical substances in our products, through compliance with laws and regulations in Japan, as well as laws and regulations overseas, such as the RoHS Directive and REACH regulation in Europe. Specifically, we clarify substances subject to laws and regulations and voluntary controls, which are covered by internal regulations, and thoroughly manage them.

IWATSU Electric participates in the Joint Article Management Promotion-consortium (JAMP), and conducts surveys of chemicals in products in the supply chain using “chemSHERPA\*,” a survey tool provided by JAMP. We also survey the status of inclusion of five substances controlled under the US TSCA PBT regulations in our products, as part of our endeavor to reduce environmental impact associated with chemical substances.

\*A system that was developed under the leadership of the Ministry of Economy, Trade and Industry (METI) for communicating information related to chemical substances in products in the supply chain. This system succeeds and integrates the former JAMP AIS and JGPSSI systems.

### ■ Environmental assessments

In order to reduce the impact of products designed, manufactured, and sold by the IWATSU Group on the global environment, we perform environmental assessments that take into consideration the product lifecycle of new products.

We also significantly revised the environmental assessment requirements related to our products, aiming to achieve our Scope 3 emissions reduction target which is consistent with the SBT certification criteria, as well as our resource recycling initiatives.

We will apply these requirements when designing and developing products in the future to improve their environmental performance.

#### Environmental assessment items

- |  |  |
|--|--|
| ■ Recyclable rate                              | ■ Consideration of disposal safety               |
| ■ Ease of separation                           | ■ Recycling labeling                             |
| ■ Standardization rate                         | ■ Ease of removal                                |
| ■ Rate of miniaturization and volume reduction | ■ Rate of reduction of plastic materials         |
| ■ Energy reduction rate                        | ■ Consideration for biodiversity                 |
| ■ Classification and material labeling         | ■ Consideration of depletable and rare resources |
| ■ Environmental safety                         | ■ Consideration of reuse                         |
| ■ Degradability assessment                     | ■ LCA  |

### ■ IWATSU Eco Label

We have created the Eco Label as a form of declaration based on our own standards for products designed, manufactured and sold by the IWATSU Group. Products that satisfy the standards are granted the Eco Label.

In line with the revisions to the environmental assessment, we also revised the standards for the granting of the Eco Label. We will contribute to customers' environmental activities by providing products with greater energy efficiency and recyclability.



# Response to Climate Change Problems

## Basic Approach

We are seeing an increase in the severity of natural disasters caused by climate change associated with global warming, such as larger typhoons, frequent torrential rains and flooding, heat waves and droughts.

At the IWATSU Group, we have identified three key sustainability issues related to the environment, recognizing that actions to address the climate change problem are important tasks for the establishment of a sustainable society. We have also determined six themes for our activities related to these areas of key sustainability issues.

To achieve our goals in the activity themes, we will promote initiatives to reduce the GHG\*1 emissions of our value chain, including energy-saving activities at business sites, consideration of the introduction of renewable energy, the reduction of the energy our products consume and collaborations with business partners, thus contributing to the achievement of carbon neutrality by 2050, a goal set by the Japanese government.

We will also pay close attention to the newest information, policies and industry trends related to the climate change problem, ensure that the IWATSU Group's strategies reflects them, and use them to increase awareness internally, thus increasing the feasibility of our measures.

\*1. Greenhouse gas

\*2. An international environmental NGO established in the UK in 2000. It sends a questionnaire related to climate change, water security and forests to companies around the world and discloses the information obtained through the questionnaire to institutional investors, etc.

## Actions to address climate change initiatives

At the IWATSU Group, we are pushing forward with measures to reduce GHG emissions in support of international initiatives related to climate change, in our efforts to address the climate change problem.

### ■ Information Disclosure Based on TCFD Proposal

The IWATSU Group expressed our support for the TCFD recommendations in August 2022 and disclosed information based on the TCFD recommendations in February 2023.

We have identified stronger regulations related to GHG emissions, changes in energy supply and demand, and development and spread of next-generation technologies as transition risks in the 1.5 °C scenario, and environmental change as a result of global warming and increasing severity of natural disasters as physical risks in the 4 °C scenario.

We have identified stronger regulations related to GHG emissions, changes in demand for low-carbon products, and development and spread of next-generation technologies as climate change opportunities and are taking actions accordingly.



➔ See page 16 for more information about our disclosures based on the TCFD recommendations.

### ■ GHG reduction targets in line with SBT certification

At the IWATSU Group, we submitted a commitment letter to the SBTi in December 2021, stating that we aimed to acquire certification within two years.

We also set reduction targets, with 2020 as the baseline year, and submitted a formal application for SBT certification in December 2022. These targets conform to the levels required by the Paris Agreement (limiting the global temperature rise to 1.5 °C over the pre-industrial level).

➔ See page 18 for details of the reduction targets based on the SBT certification criteria.

### ■ Response to the CDP\*2 climate change questionnaire

At the IWATSU Group, we respond to the CDP's climate change questionnaire as a means of disclosing information to institutional investors.

We received a score of C (awareness) for our response to the the CDP Climate Change 2022 Questionnaire, which was conducted in 2022.

We will respond to the TCFD recommendations, continue to implement initiatives aimed at achieving the reduction targets conforming to the SBT certification criteria, and improve our information disclosure.



# Response to Climate Change Problems

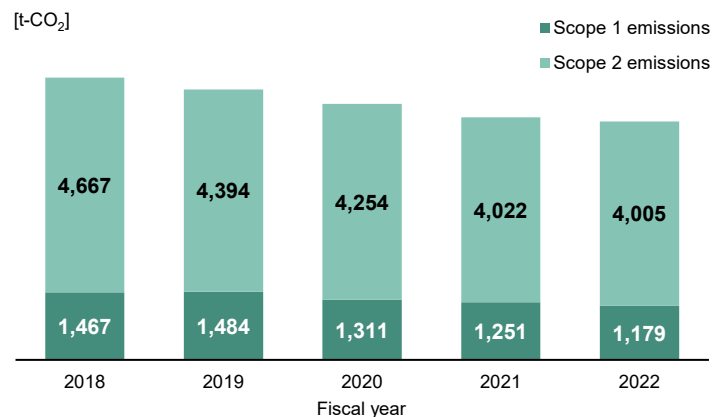
## Changes in CO2 emissions

### ■ Scope 1, 2 emissions (direct and indirect emissions)

Trends in the Scope 1 and 2 emissions of the IWATSU Group between fiscal 2018 and 2021 are as follows.

Note, when calculating emissions for Malaysia using the location standard, emissions factors have been replaced with those for Japan.

#### Changes in Scope 1 and 2 emissions (Market standard)



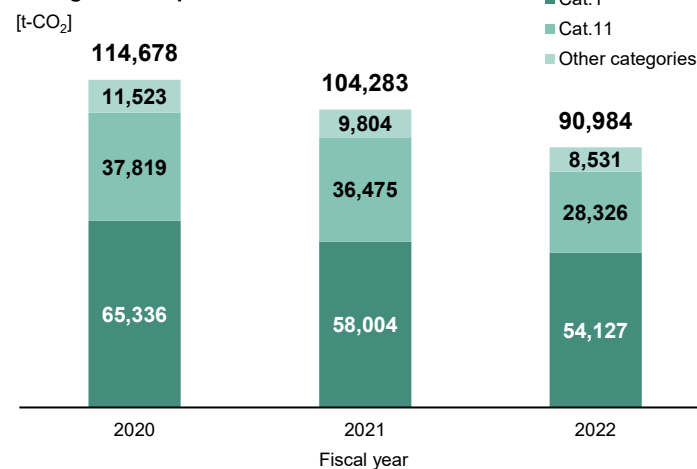
Classification		FY2018	FY2019	FY2020	FY2021	FY2022
Scope 1 emissions		1,467	1,484	1,311	1,251	1,179
Scope 2 emissions	Market standard	4,667	4,394	4,254	4,022	4,005
	Location standard	4,587	4,304	4,090	3,895	3,634

### ■ Scope 3 emissions (Other indirect emissions aside from those covered by Scopes 1 and 2)

The changes in the IWATSU Group's Scope 3 emissions from fiscal 2020 to fiscal 2022 are as follows.

The majority of Scope 3 emissions are Category 1 (purchased goods and services) and Category 11 (use of sold products) emissions.

#### Changes in Scope 3 emissions

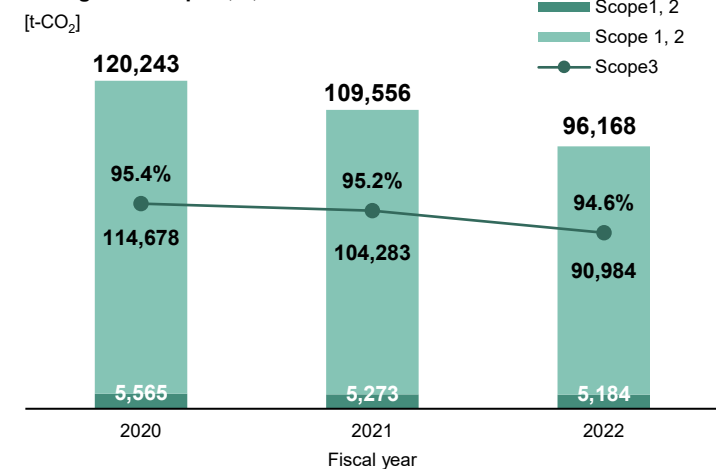


### ■ Changes in Scope 1, 2, and 3 emissions overall

The IWATSU Group's Scope 1, 2, and 3 emissions from fiscal 2020 to fiscal 2022 and the the percentage of emissions that are Scope 3 emissions are as follows.

Scope 3 emissions are approx. 95% of the IWATSU Group's CO<sub>2</sub> emissions.

#### Changes in Scope 1, 2, and 3 emissions



# Response to Climate Change Problems

## Breakdown and sources of GHGs

### Actual Scope 1, 2, and 3 emissions

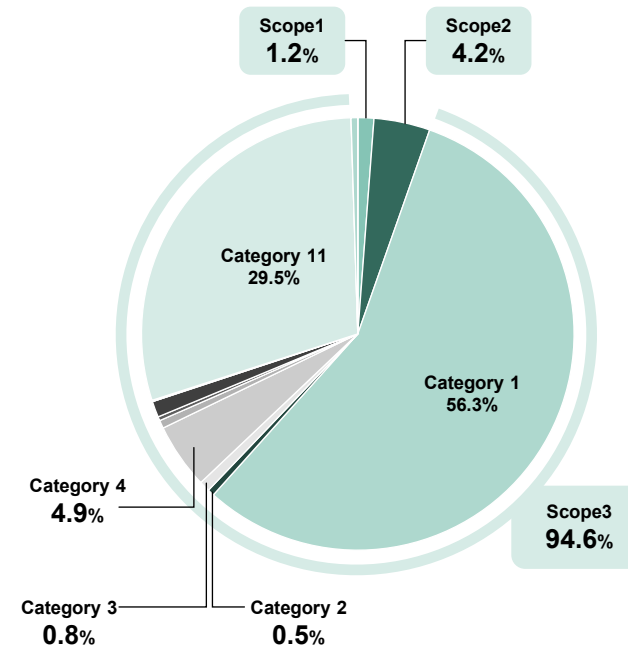
[t-CO<sub>2</sub>]

Category		FY2020	FY2021	FY2022
Total CO <sub>2</sub> emissions (Scope1, 2, 3)		120,243	109,555	96,168
Scope1	Direct emissions	1,311	1,251	1,179
Scope2	Indirect emissions	4,254	4,022	4,005
Scope3	Other emissions	114,678	104,283	90,984
Cat.1	Purchased products and services	65,336	58,004	54,127
Cat.2	Capital goods	3,218	1,175	441
Cat.3	Energy which is not included in Scope 1 or 2	839	814	779
Cat.4	Transportation (upstream)	5,429	5,311	4,685
Cat.5	Waste	376	458	546
Cat.6	Business travel	189	242	319
Cat.7	Employee commuting	1,076	1,313	1,246
Cat.8	Leasing (upstream)	—	—	—
Cat.9	Transportation (downstream)	121	154	110
Cat.10	Processing of products	—	—	—
Cat.11	Use of products	37,819	36,475	28,326
Cat.12	End-of-life treatment of products	14	15	14
Cat.13	Leasing (downstream)	262	321	491
Cat.14	Franchises	—	—	—
Cat.15	Investments	—	—	—

### Breakdown of CO<sub>2</sub> emissions in FY2022

The majority of the IWATSU Group's CO<sub>2</sub> emissions in fiscal 2022 were Scope 3, Category 1 emissions (purchased goods and services), Category 11 (use of sold products) emissions and the CO<sub>2</sub> emitted from business sites was approx. 5% of total emissions.

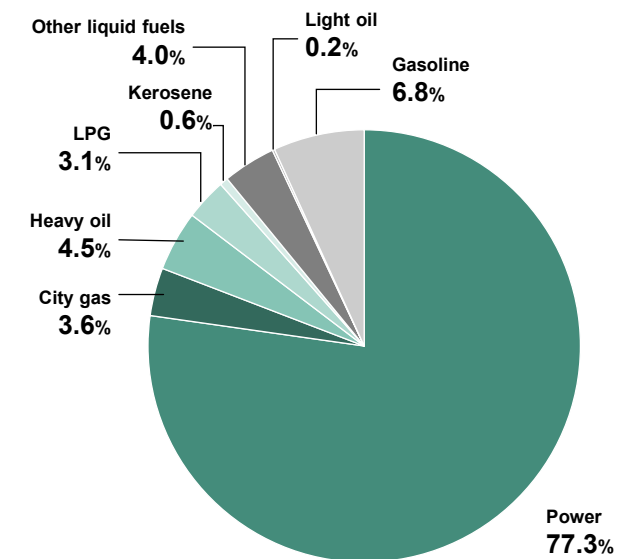
Breakdown of Scope 1, 2 and 3 emissions (FY2022)



### Sources of CO<sub>2</sub> in Scope 1 and 2 emissions

Sources of CO<sub>2</sub> emissions by the IWATSU Group include electric power, gas, fuel (fuel oil, diesel oil, kerosene, and gasoline), and other types of fuel. Other liquid fuel includes organic solvents abated by combustion with VOC abatement systems.\*

Breakdown of sources of Scope 1 and 2 emissions (FY2022)



\*Heat storage-type deodorizing systems



# Response to Climate Change Problems

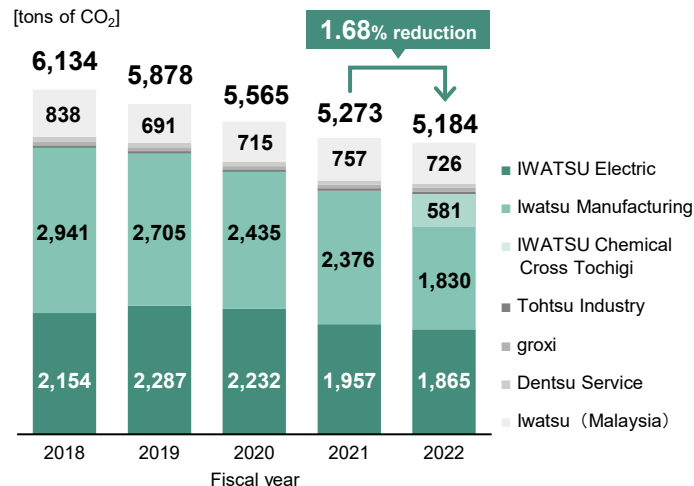
## Initiatives to reduce CO2 emissions

### ■ Initiatives to reduce Scope 1 and 2 emissions

At the IWATSU Group, we implement initiatives to reduce CO<sub>2</sub> emissions, such as the reduction of power consumption during peak hours, the use of air conditioners at appropriate temperature settings, the programming of lights to automatically turn off lights in areas without people in them, and efforts to turn off electrical equipment that is not being used. In fiscal 2022, we reduced our CO<sub>2</sub> emissions 89 tons (1.68%) from the previous fiscal year.

### Changes in the CO2 emissions of IWATSU Group companies

[tons of CO<sub>2</sub>]



\*Emissions from the Kugayama site include emissions associated with company cars belonging to the sales office of IWATSU Electric Co., Ltd., as well as the emissions of IWATSU Business Services Co., Ltd., IWATSU System & Software Co., Ltd., the head office of IWATSU Network Solution Co., Ltd. (since fiscal 2021) and the head office of IWATSU Chemical Cross Co., Ltd. (since fiscal 2022).

\*Emissions from sales sites include emissions from the branches and sales offices of IWATSU Network Solution Co., Ltd. and IWATSU Chemical Cross Co., Ltd.

\*The Tochigi Business Site of Iwatsu Manufacturing Co., Ltd. was changed to the Tochigi Business Site of IWATSU Chemical Cross Co., Ltd. in October 2022.

In addition, we monitor our CO<sub>2</sub> emissions per 100 million yen of revenue as our environmental efficiency indicator to pursue efficiency in both environmental and economic terms.

Our environmental efficiency indicator for fiscal 2022 was 22.64, an improvement of 0.48% from fiscal 2021.

[tons of CO<sub>2</sub>]

Company name	Site	FY2018	FY2019	FY2020	FY2021	FY2022
IWATSU Electric Co., Ltd.	Kugayama	2,074	2,212	2,157	1,883	1,797
	Sales sites	81	75	76	74	68
	<b>Subtotal</b>	<b>2,154</b>	<b>2,287</b>	<b>2,232</b>	<b>1,957</b>	<b>1,865</b>
Iwatsu Manufacturing Co., Ltd.	Aizu	70	69	73	68	69
	Sukagawa	1,068	1,001	860	834	901
	Izumizaki	1,014	947	952	879	859
	Tochigi	789	688	550	594	—
	<b>Subtotal</b>	<b>2,941</b>	<b>2,705</b>	<b>2,435</b>	<b>2,376</b>	<b>1,830</b>
IWATSU Chemical Cross Co., Ltd.	Tochigi	—	—	—	—	581
Tohtsu Industry Co., Ltd.	Hachioji	48	45	45	47	47
groxi Inc.		68	70	61	61	65
Dentsu Service Co., Ltd.		84	80	77	75	72
Iwatsu (Malaysia) Sdn Bhd		838	691	715	757	726
<b>IWATSU Group total</b>		<b>6,134</b>	<b>5,878</b>	<b>5,565</b>	<b>5,273</b>	<b>5,184</b>
<b>Environmental efficiency indicator: CO<sub>2</sub> emissions [t-CO<sub>2</sub>] / revenue [100 million yen]</b>		<b>29.42</b>	<b>26.37</b>	<b>25.64</b>	<b>22.75</b>	<b>22.64</b>

\*As a result of stock transfers, groxi Inc. and Iwatsu (Malaysia) Sdn Bhd were excluded from the consolidated subsidiaries of IWATSU Electric Co., Ltd. in June 2023 and September 2023, respectively.

# Response to Climate Change Problems

## Initiatives to reduce CO2 emissions

### ■ Introduce renewable energy

Solar panels with outputs of 20 kW and 100 kW are installed on roofs of the head office of IWATSU Electric Co., Ltd. (Kugayama site) and the Sukagawa Business Site of Iwatsu Manufacturing Co., Ltd. (Sukagawa site), respectively.

The electricity generated by these solar panels, a renewable energy source, is used at the sites.

In fiscal 2022, the total amount of electricity generated by the solar panels at these two sites was 136 MWh, equivalent to a 60-ton reduction of CO<sub>2</sub> emissions.\*

Site	Power generated [MWh]	Reduction in CO <sub>2</sub> emissions [tons of CO <sub>2</sub> ]
Kugayama site	24	10.4
Sukagawa site	112	49.4
<b>Total</b>	<b>136</b>	<b>59.8</b>

### ■ Reduction of Scope 3 emissions

The majority of the IWATSU Group's Scope 3 emissions are Category 1 (purchased goods and services) and Category 11 (use of sold products) emissions.

To reduce Category 1 emissions, it is necessary to collaborate with suppliers. Therefore, the IWATSU Group established its Sustainability Procurement Guidelines in January 2023 and it requests that its suppliers identify, reduce and disclose their Scope 1, 2, and 3 emissions.

Further, regarding Category 11 emissions, we revised product assessment criteria and environmental labels related to our products and set energy efficiency standards in consideration of the IWATSU Group's Scope 3 emissions reduction target (a 25% reduction from the baseline year).

Moving forward, we will promote the reduction of Scope 3 emissions by prioritizing procurement from suppliers that meet the Sustainability Procurement Guidelines and by providing products and services which satisfy our energy efficiency standards.



#### IWATSU Group Sustainability Procurement Guidelines

[https://www.iwatsu.co.jp/company-data/other/sustainability\\_procurement.pdf](https://www.iwatsu.co.jp/company-data/other/sustainability_procurement.pdf)

### ■ Iwatsu Izumizaki Mega Solar Power Plant

At the IWATSU Group, we operate the Iwatsu Izumizaki Mega Solar Power Plant. The installation's area is approx. 34,500 m<sup>2</sup> and its power generation capacity is approx. 2 MW. It was established on the Izumizaki site as a measure to reduce CO<sub>2</sub> emissions other than Scope 1, 2, and 3 emissions. We supply the power generated by these solar panels, which are a renewable source of energy.

This power plant began operating in October 2013, and we contribute to reducing CO<sub>2</sub> emissions from the local community by selling the generated power to electric power companies using the feed-in tariff scheme for renewable energy.

In fiscal 2022, the plant generated 2,276 MWh, equivalent to a 1,004-ton reduction of CO<sub>2</sub> emissions.\*

#### Izumizaki Mega Solar Power Plant



\*Calculated using the replacement values for emissions factors for each electricity company (actual data for fiscal 2021)

# Response to Climate Change Problems

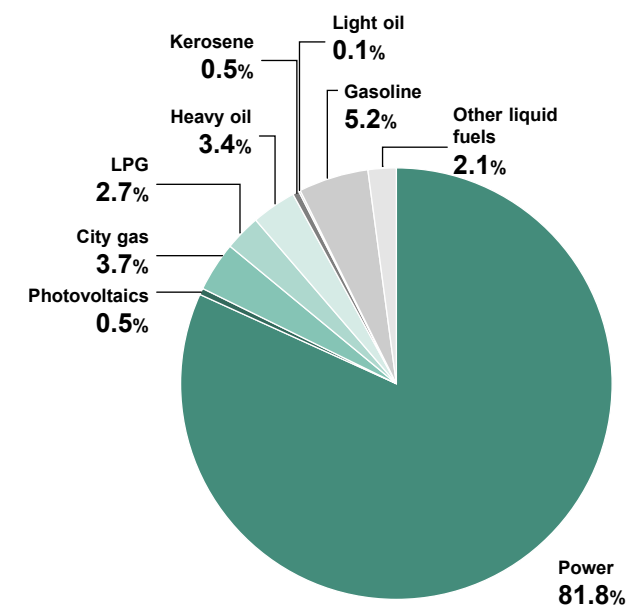
## Actual Energy Usage

The energy usage of the IWATSU Group between fiscal 2018 and 2022 is as follows.  
In fiscal 2022, we reduced energy usage by 5,141 GJ (1,428 MWh) compared with the previous fiscal year.

[GJ]

By type of energy	FY2018	FY2019	FY2020	FY2021	FY2022
Purchased electric power	91,469	87,933	86,765	85,654	82,156
In-house consumption of solar power	501	486	489	492	489
<b>Subtotal (electric power)</b>	<b>91,970</b>	<b>88,419</b>	<b>87,254</b>	<b>86,146</b>	<b>82,645</b>
City gas	4,925	5,920	6,122	3,937	3,739
LPG	2,998	3,111	2,366	2,801	2,721
Heavy oil	4,497	4,271	3,635	3,836	3,367
Kerosene	318	330	454	478	478
Light oil	209	165	153	161	127
Gasoline	5,805	6,405	5,523	5,372	5,263
Other liquid fuels	3,333	2,673	2,175	2,867	2,119
<b>Subtotal (fuel)</b>	<b>22,086</b>	<b>22,875</b>	<b>20,429</b>	<b>19,453</b>	<b>17,813</b>
<b>Total</b>	<b>[GJ]</b>	<b>114,055</b>	<b>111,294</b>	<b>107,683</b>	<b>105,599</b>
	<b>[MWh]</b>	<b>31,685</b>	<b>30,918</b>	<b>29,914</b>	<b>27,907</b>

Breakdown of energy usage in fiscal 2022



\*Used the calorific value conversion coefficient in the Act on Rationalizing Energy Use and Transition to Non-fossil Energy, etc., for purchased electric power and fuel

\*Converted at 1 [kWh] = 0.0036 [GJ] for solar power used in-house

\*Fiscal 2022: Energy consumption in Japan = 88,132 [GJ], energy consumption outside Japan = 12,326 [GJ]

\*Converted at 1 [GJ] = 0.2778 [MWh]

\*Other liquid fuel refers to organic solvents combusted with VOC abatement systems (heat storage-type deodorizing systems).

# Response to Climate Change Problems

## Energy used for heating, steam, and cooling

The IWATSU Group uses heating, steam, and cooling generated from fuel for the following applications.

### ■ Examples of applications

- Heating: Heating spaces, kitchens, company cars, drying furnaces
- Steam: Drying furnaces, steam boilers, humidification
- Cooling: Air-conditioning (hot and cold water generators)

Fuel used by the IWATSU Group for heating, steam, and cooling in fiscal 2022 was as follows.

### Heat generation

Fuel	Calorific value [GJ]	Calorific value [MWh]
Kerosene	478	133
Light oil	127	35
Gasoline	5,263	1,462
City gas	114	32
LPG	498	138
<b>Total</b>	<b>6,480</b>	<b>1,800</b>

### Steam generation

Fuel	Calorific value [GJ]	Calorific value [MWh]
City gas	859	239
LPG	2,222	617
Other liquid fuels	2,119	5894
<b>Total</b>	<b>5,201</b>	<b>1,445</b>

### Cooling

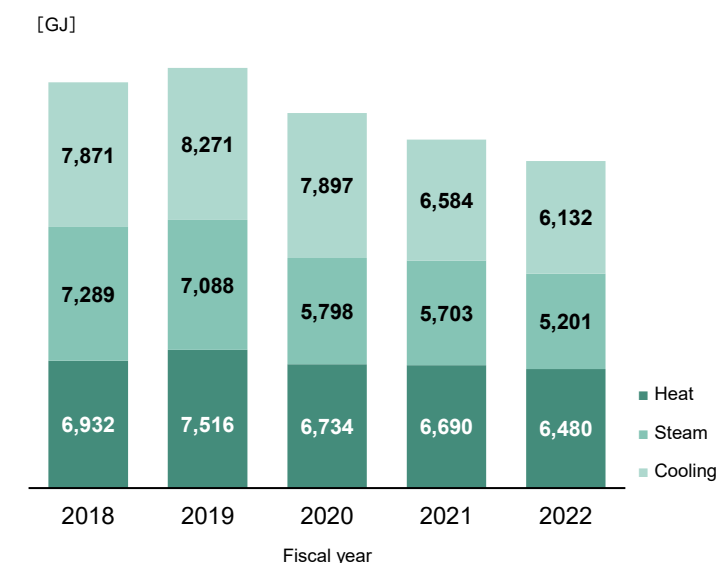
Fuel	Calorific value [GJ]	Calorific value [MWh]
City gas	2,766	768
Heavy oil	3,422	951
<b>Total</b>	<b>6,188</b>	<b>1,719</b>

\*Used the calorific value conversion coefficient in the Act on Rationalizing Energy Use and Transition to Non-fossil Energy, etc.

\*Converted at 1 [GJ] = 0.2778 [MWh]

\*Other liquid fuel refers to organic solvents combusted with VOC abatement systems (heat storage-type deodorizing systems).

### Energy used for heating, steam, and cooling



# Chemical Substance Management

## ■ Management of Use of Chemical Substances

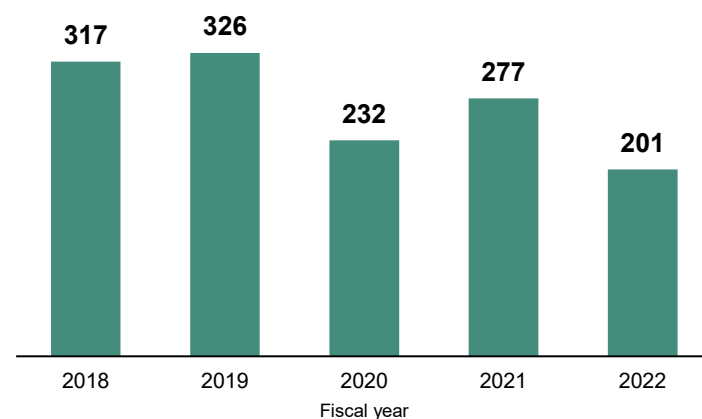
The IWATSU Group uses chemical substances such as solder, organic solvents, and paint as auxiliary materials for manufacturing business telephones, test and measurement equipment, and printing systems devices.

Supplies for printing systems devices supplied by the Company are also chemical products, and approximately 90% of the chemical substances used by the IWATSU Group are used when manufacturing these products.

The IWATSU Group uses chemical substance management records to ascertain and manage the amounts of chemical substances used, etc.

### Use of chemical substances

[Tons]



\*This data aggregates chemical substances used in manufacturing and repair processes. The following four companies are covered.  
 - Iwatsu Manufacturing Co., Ltd. - IWATSU Chemical Cross Co., Ltd.  
 - Tohtsu Industry Co., Ltd. - Iwatsu (Malaysia) Sdn Bhd

\*The FY2021 value for the use of chemical substances was corrected because of a calculation error.

## ■ Notification of Substances Subject to PRTR

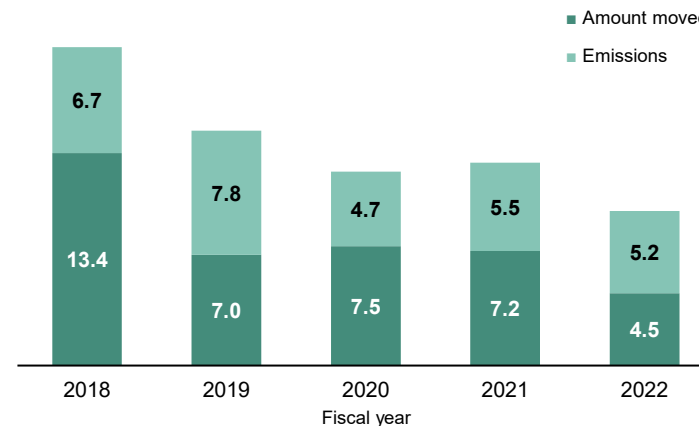
As part of our response to the Act on the Assessment Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement, the IWATSU Group monitors and manages the amounts of class I designated chemical substances handled, output, moved, etc.

In fiscal 2022, the IWATSU Group used 17 substances categorized as class I designated chemical substances under this law.

We submitted notifications for the following class I designated chemical substances: 1-bromopropane, toluene, xylene, and ethylbenzene (Izumizaki site), and toluene and xylene (Tochigi site).

### Notification amounts for substances subject to PRTR

[Tons]



## ■ SDS for supplies for printing systems devices

For supplies used in printing systems devices, the IWATSU Group endeavors to provide safety information to customers through GHS labels, precautions at the time of use and disposal, etc., by publishing Safety Data Sheets (SDSs) on the IWATSU website.

We revised our SDSs to comply with the revised Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., which came into force in April 2023.

\*Globally Harmonized System of Classification and Labelling of Chemicals (GHS) refers to the harmonizing of classification standards, labels, and Safety Data Sheets for each type of chemical hazard, and the provision of this information as unified global rules



### Information about printing-related devices

<https://www.iwatsu.co.jp/icc/support/datasheet.html>

# Prevention of Environmental Pollution

## ■ Initiatives to prevent air pollution

The IWATSU Group endeavors to control the emission of volatile organic compounds (VOCs), which are contributors to photochemical smog and suspended particulate matter (SPM).

Among IWATSU Group facilities, coater dryers at our Tochigi site are specified facilities subject to controls on the emission of VOCs.

These coater dryers have heat storage-type deodorizing systems installed, which use heat to decompose VOCs emitted and detoxify them before emission.

IWATSU Group companies in Japan also participate in the “Continuous Survey on the Status of VOC Emissions by Four Electrical Machinery and Electronics Organizations,” and endeavor to monitor and control emissions of 20 applicable VOC substances.

VOC abatement system in the Tochigi site



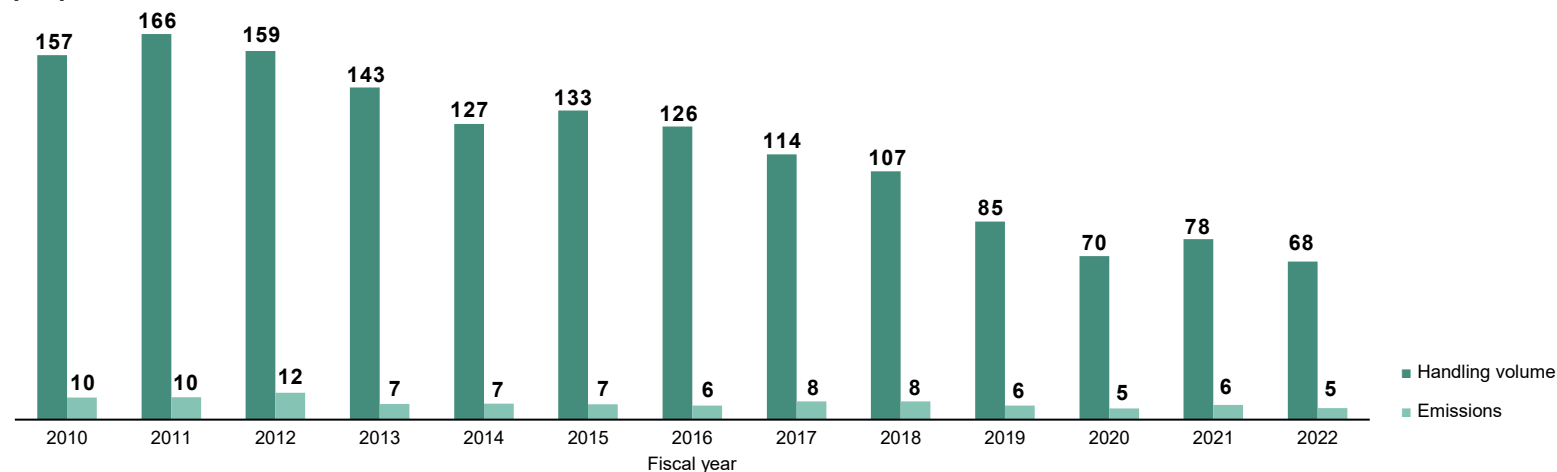
[ppmC]

	FY2018	FY2019	FY2020	FY2021	FY2022
Emissions concentration	350	370	430	350	500

\*Emissions standard concentration: 600 [ppmC]

Amount of VOCs handled and emitted

[Tons]



## ■ Initiatives to prevent soil pollution

The IWATSU Group does not have any specified facilities under the Soil Contamination Countermeasures Act. At our Izumizaki and Tochigi sites, however, we have underground tanks where we store fuel oil and organic solvents.

At our Sukagawa, Izumizaki, and Tochigi sites, we also have outside storage facilities for type IV hazardous materials.

We designate any leaks of hazardous materials from these underground tanks and outside storage facilities as emergencies and prepare for such emergencies by holding emergency response drills at each site.

## ■ Initiatives to prevent water contamination

We have installed purification tanks at our Aizu, Sukagawa, and Izumizaki sites, and we perform regular inspections of purification tanks, while also monitoring water quality at final discharge points.

When inspecting water quality at final discharge points, we check that hydrogen ion concentration and biological oxygen demand (BOD), etc., are below reference levels.

# Water Resource Management

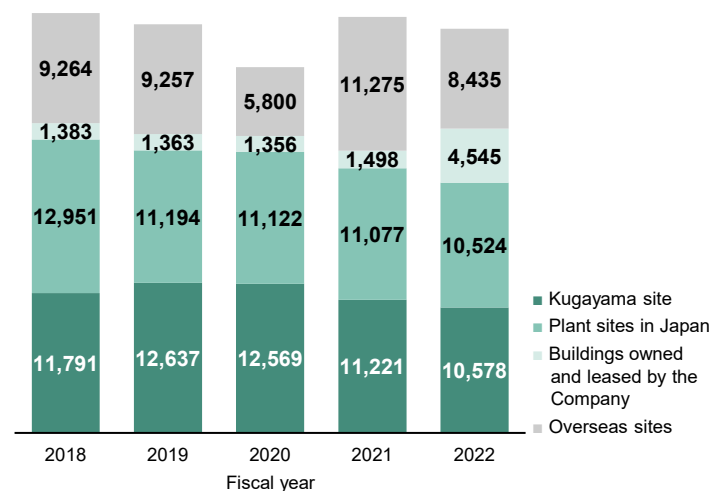
## ■ Initiatives to conserve water resources

The IWATSU Group uses both potable water and ground water in our business activities.

At each site, we take steps to reduce water resource intake on an ongoing basis, through measures such as the control of the water consumption of air-conditioning systems using appropriate temperature settings and the water conservation activities of individuals.

### Changes in water resource intake

[m<sup>3</sup>]



\*For sites where the amount of wastewater is unclear, we have used the amount of water intake as the amount of wastewater.

\*Buildings owned and leased by the IWATSU Group refer to rental properties owned by IWATSU Electric.

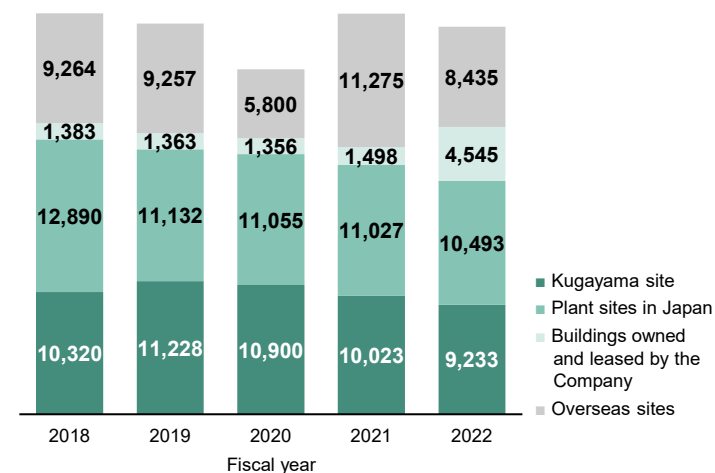
\*Overseas sites refer to Iwatsu (Malaysia) Sdn Bhd.

In fiscal 2022, the IWATSU Group took in 34,082 m<sup>3</sup> of water resources, a decrease of 989 m<sup>3</sup> from fiscal 2021.

Water consumption decreased at the Kugayama site, the Sukagawa site, the Tochigi site and at Iwatsu (Malaysia), but the number of buildings owned and leased by the IWATSU Group increased by two, resulting in the decrease above.

### Changes in the amount of wastewater

[m<sup>3</sup>]



## ■ Water risk assessment

The IWATSU Group uses the “Aqueduct Water Risk Atlas” to assess water risk at the IWATSU head office and plant sites where water intake is high.

In our assessment, we confirmed that the region where the IWATSU Group engages in business activities does not face a high level of water stress.

As part of efforts to ascertain the level of flooding risk, we also checked hazard maps for each site.

\*Aqueduct Water Risk Atlas

Aqueduct Water Risk Atlas An information tool provided free of charge by the World Resources Institute (WRI) that maps global water risk. The current version is 3.0 (released in 2019)

# Biodiversity and Forest Conservation

## ■ Direct impact of business activities on biodiversity

We have not identified any IWATSU Group business activities that have a significant direct impact on biodiversity.

We believe, however, that we have an indirect impact on biodiversity in areas such as rising temperatures caused by the emission of greenhouse gases, ocean acidification, droughts, harmful chemical substances and industrial waste output by our business activities, and the problem of plastic waste, which has attracted attention as a major environmental issue in recent years. Under this belief, we are engaged in the following activities, which we believe contribute to conserving biodiversity.

### Initiatives related to conserving biodiversity

1. Climate change initiatives (reduction of greenhouse gases)
2. Reduction in use of harmful chemical substances such as VOCs, PRTR substances, and RoHS substances
3. Compliance with reference levels for emission into the air and water
4. Reduction in waste by promoting resource circulation

## ■ Initiatives aimed at the sustainable use of forest resources

The IWATSU Group offers some types of Master Paper used in reprographic devices, one of our printing system products, as products that use FSC-certified materials and managed materials, as we obtained FSC®-CoC certification for these products in September 2016. The applicable Master Paper is manufactured at the Tochigi Business Site of IWATSU Chemical Cross Co., Ltd.

In the procurement stage, we confirm that the paper is made from materials from appropriately managed FSC-certified forests, recycled resources, or other managed supply sources. We also manage materials by identifying them clearly so that paper made from wood from non-managed forests will not be mixed in during the Master Paper production process, enabling us to deliver Master Paper to customers as an FSC-certified product.

\*IWATSU Group business sites with FSC® Certification:  
IWATSU Chemical Cross Co., Ltd. [FSC®C131860] (Main Site)  
IWATSU Chemical Cross Tochigi Business Site (Sub Site)

\*FSC®: Forest Stewardship Council®  
FSC® is an international non-governmental organization established to promote responsible management of forests in the world.  
FSC® certification is an international certification system for identifying responsibly managed forests and products made from forestry products produced in these forests, recycled resources and raw materials from other managed supply sources, which are appropriate from the viewpoint of environmental protection, consistent with social benefits and economically sustainable. There are two types of certification: forest management (FM) certification and chain of custody (CoC) certification.  
Consumers can indirectly support the preservation of forests around the world by purchasing products with FSC labels.

## ■ Internal systems related to social contribution activities

The IWATSU Group has created a multi-purpose special leave system, which employees can use when participating in forest volunteering and other social contribution activities aimed at environmental conservation.



# Resource Circulation

## ■ Recycling designs for IWATSU products

In product assessments related to products developed by IWATSU, the IWATSU Group sets and assesses the following criteria related to recycling.

Under our product assessment criteria revised in April 2023, products developed by IWATSU must satisfy the following criteria related to recycling.

- Recyclable rate
- Unification of materials
- Ease of separation
- Classification and material labeling
- Degradability
- Recycling labeling for secondary batteries
- Ease of removal of secondary batteries
- Considerations to enable reuse (packaging materials)
- Rate of reduction of plastic materials (packaging materials)
- Creation of explanatory materials regarding recycling and disposal

## ■ Promotion of recycling of portable rechargeable batteries

IWATSU Electric and Tohtsu Industry are contributing to resource recycling based on the Act on the Promotion of Effective Utilization of Resources, by participating in JBRC, Inc. and collecting and recycling portable rechargeable batteries under the recycling scheme operated by JBRC.

The batteries collected under this scheme include the following batteries used in products such as IWATSU-manufactured on-premises PHS systems.

- Nickel cadmium batteries (Ni-Cd)
- Nickel metal hydride batteries (Ni-MH)
- Lithium-ion batteries (Li-ion)

\*JBRC, Inc.

A body that conducts joint recycling activities for portable rechargeable batteries sold and provided by its members (manufacturers of portable rechargeable batteries and the devices that use those batteries, importers, etc.), based on the "Act on the Promotion of Effective Utilization of Resources."

## ■ Heat recovery with VOC abatement system

At our Tochigi site, in order to remove volatile organic compounds (VOCs), we recover generated heat with heat storage-type deodorizing systems attached to our coater dryers, and reuse it as a heat source for our boilers.

In fiscal 2022, we actually used 44 tons of LPG (butane), compared with the 56 tons that would have been required if we had not recovered this heat, thus successfully reducing LPG usage by 12 tons.

## ■ Distillation and reuse of organic solvents

We have installed a distillation and recovery system at our Tochigi site to enable us to reuse organic solvents such as toluene, which are used to clean manufacturing equipment. Using this equipment allowed us to reuse 8,540 liters of organic solvents in fiscal 2022.

## Resource Circulation

### ■ Heat recovery with VOC abatement system

Waste output and recycling rates at IWATSU Electric (Kugayama site) and our plant sites in Japan in fiscal 2022 were as follows.

#### Waste output

Site	Target	Actual	Assessment
Kugayama	200	89	○
Aizu	4.9	2.3	○
Sukagawa	44.9	46.8	×
Izumizaki	280	282	×
Tochigi	118	108	○
Hachioji	7.7	7.6	○
Total	655.5	534.8	○

#### Recycling rate

Site	Target	Actual	Assessment
Kugayama	98%+	99.4%	○
Aizu	75%+	66.7%	×
Sukagawa	90.2%+	78.2%	×
Izumizaki	99.7%+	90.0%	×
Tochigi	99%+	99.9%	○
Hachioji	99%+	99.9%	○
Total	93.5%+	92.6%	×

#### Total output, total amount recycled, final disposal amount [Tons]

Total output	Total amount recycled	Final disposal amount
535	495	40

In fiscal 2022, we were able to reduce the total output, which was 567 tons in fiscal 2021, to 535 tons. However, output increased at some plant sites due to the completion of the disposal of PCB waste.

The target total recycling rate was not achieved because some sites fell short of targets due to changes in the industrial waste treatment process. For example, plastic container and packaging materials that were previously recyclable are now handled as industrial waste.

The recycling rate also includes thermal recycling. Increasing the quality of recycling, through changing to material recycling, etc., is an issue for the IWATSU Group.

### ■ Appropriate management of PCB waste

Among the IWATSU Group companies, IWATSU Electric (Kugayama) and Iwatsu Manufacturing (Aizu, Sukagawa and Izumizaki) have PCB waste.

The two companies manage stored PCB waste appropriately and disposed of it in a well-planned manner.

#### PCB waste managed by the IWATSU Group

Type	Concentration	Storage site
Fluorescent light stabilizers	High concentration	Kugayama, Sukagawa
Transformers	Low concentration	Kugayama, Aizu, Sukagawa, Izumizaki
Capacitors	High and low concentration	Kugayama, Sukagawa
Reactors	Low concentration	Kugayama

The disposal of the high-concentration PCB waste that was discovered at the Kugayama site in fiscal 2022 (fluorescent light stabilizers and capacitors), excluding fluorescent light stabilizers, was completed by the Japan Environmental Storage & Safety Corporation (JESCO) by January 2023. The disposal of low-concentration PCB waste was also completed at licensed facilities by October 2022.

The disposal of the newly discovered fluorescent light stabilizers (high-concentration PCB waste) was completed by JESCO in June 2023.

\*JESCO (Japan Environmental Storage & Safety Corporation)

A special company fully funded by the national government that processes PCB waste, which was previously performed by intermediary storage operators contracted by the national government, etc., and the former Japan Environmental Safety Corporation

# 3 — Society

<p><b>Social progress and development through products and services focused on connection, measurement and communication</b></p>	<ul style="list-style-type: none"> <li>■ Development of Attractive New Products and Services through Technological Innovation</li> <li>■ Enhancing customer satisfaction by improving the quality of products and services</li> </ul> 
<p><b>Respect for diversity and increase in employee job satisfaction</b></p>	<ul style="list-style-type: none"> <li>■ Respect for human rights and diversity</li> <li>■ Human resource development and technological transfer</li> <li>■ Promotion of health and productivity management</li> </ul>     
<p><b>Promotion of communication and coexistence with local communities</b></p>	<ul style="list-style-type: none"> <li>■ Promotion of communication and coexistence with local communities</li> </ul> 

# Respect for human rights and diversity

## Basic Approach to Respect for Human Rights

### ■ Establishment of the IWATSU Group Human Rights Policy

At the IWATSU Group, based on our belief that the human rights of all of the people involved in our business activities should be respected in the management of our business, we have been advancing initiatives guided by our Corporate Philosophy, Contributing to the creation of a society filled with purpose through communication that connects everyone and everything. In March 2023, we established the IWATSU Group Human Rights Policy to ensure our businesses reflect the consideration of human rights, whose importance has been increasing in recent years.

We established and published this policy after it was approved by the Board of Directors of IWATSU Electric. We are striving to comply with the policy while also working to increase people inside and outside the Group's awareness of the policy.

#### Iwatsu Group Human Rights Policy

At the IWATSU Group (IWATSU Electric Co., Ltd. and Group companies), we believe that respect for human rights of all the people involved in our business activities forms the basis of our business management and it a responsibility we have as a corporate citizen aiming to establish a sustainable society. To fulfill this responsibility, we will sincerely address the various human rights risks involved in our business activities and strive to mitigate these risks.

#### Initiatives based on the Human Rights Policy

1. We respect international guiding principles including the International Bill of Human Rights (the Universal Declaration of Human Rights and the International Covenants), the ILO Declaration on Fundamental Principles and Rights at Work and the UN Guiding Principles on Business and Human Rights. We also comply with the laws and regulations of the countries and regions where the IWATSU Group engages in activities.
2. We identify human rights risks which could occur in our business activities and strive to reduce and prevent risks to not violate human rights and not encourage the infringement of human rights.
3. Where human rights infringement has been caused or encouraged by our business activities, we will take appropriate measures and make efforts to correct the situation.
4. We implement training and awareness-raising activities related to respect for human rights, with the goal of ensuring that this policy and human rights are understood deeply and actions are taken accordingly.
5. The policy applies to officers and employees of the IWATSU Group, and we also encourage the Group's business partners to observe it.
6. We will regularly disclose our initiatives on respect for human rights based on this policy.



#### Iwatsu Group Human Rights Policy

<https://www.iwatsu.co.jp/wp-content/uploads/2023/03/humanrightspolicy.pdf>

### ■ Human rights areas to respect and consider

At the IWATSU Group, we believe that internationally recognized human rights, such as the human rights stated in the International Bill of Human Rights and the principles related to fundamental rights that are presented in the ILO Declaration on Fundamental Principles and Rights at Work, should be respected in our business activities.

In addition, we understand that procurement activities that consider human rights risks, such as conflict minerals, forced labor and child labor, are necessary in our supply chain. We also believe that it is essential to consider and respect human rights related to new technologies, including AI, which has been developing remarkably in recent years, as well as information security, climate change and other environmental problems and gender and sexual minorities.

# Respect for human rights and diversity

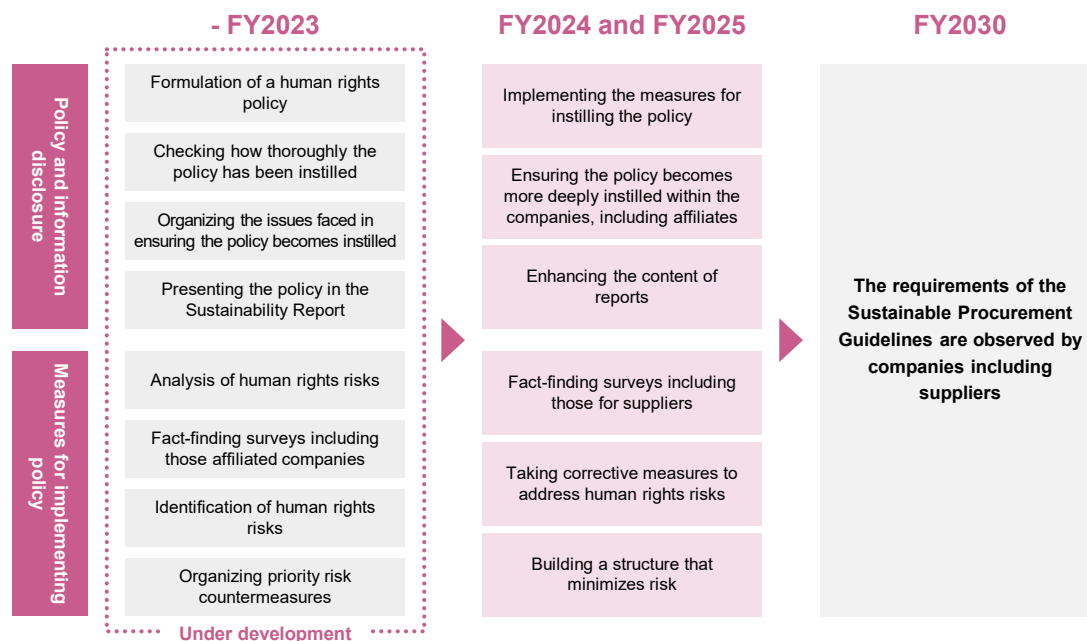
## Overview of Activities Related to Respect for Human Rights

### Action plan on respect for human rights

Based on the IWATSU Group Human Rights Policy established in March 2023, the IWATSU Group aims to ensure that human rights are thoroughly respected in our value chain, including by suppliers, by fiscal 2030.

Following the formulation of the Human Rights Policy in fiscal 2022, in fiscal 2023 we are organizing issues regarding the action plan for specific initiatives in fiscal 2024 and the establishment of the Human Rights Policy, in addition to clarifying and identifying human rights risks.

### Action plan for the period until FY2030

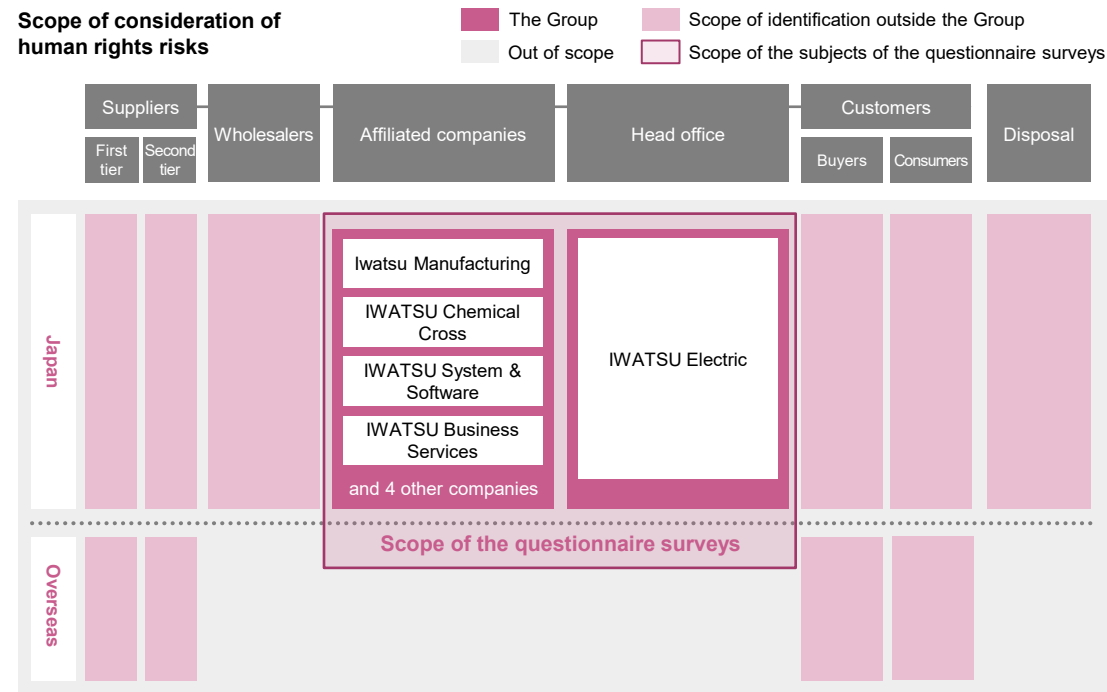


### Scope of consideration of the IWATSU Group's human rights risks

We identify human rights risks by targeting not only the IWATSU Group but its entire value chain, including suppliers and customers in Japan and other countries.

In addition, we conduct fact-finding questionnaire surveys of IWATSU Electric and its affiliates to learn about their awareness of human rights to respect human rights and consider their human rights policies.

### Scope of consideration of human rights risks



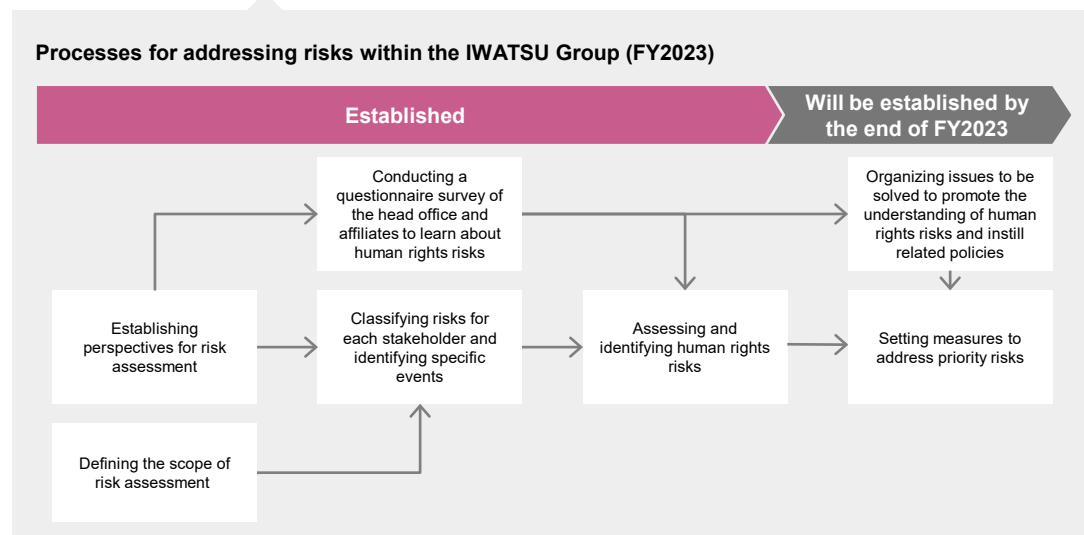
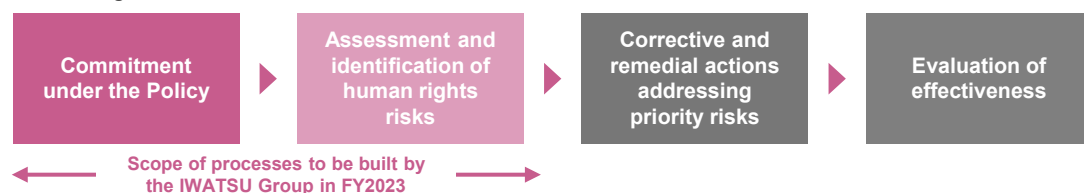
# Respect for human rights and diversity

## Process of identifying human rights risks

At the IWATSU Group, we are assessing and identifying human rights risks in accordance with the processes shown in the Guiding Principles on Business and Human Rights established by the United Nations, under a structure centered on the ESG Committee, which has been joined by the ESG Network and the Human Rights Working Team.

In the process of identifying human rights risks, we conduct a human rights questionnaire survey of the IWATSU Group, in addition to discussion by the working team, and its results are reflected in risk assessments.

### Processes addressing the human rights risks specified in the UN Guiding Principles on Business and Human Rights



## Human rights risks that have been identified

We organize the human rights risks identified through the aforementioned process by classifying them into the risks where the IWATSU Group may directly impact human rights, where the Group may indirectly impact human rights, and where the impact to human rights may be spread across the value chain.

The human rights risks that have been identified are as follows.

### List of human rights risks

	Suppliers First tier Second tier	Wholesalers	IWATSU Group Affiliated companies Head office		Customers Buyers Consumers	Disposal
Risks where the IWATSU Group may directly impact human rights			Occupational health and safety Various types of harassment			
Risks where the IWATSU Group may indirectly impact human rights	Insufficient or unpaid wages, and a living wage Occupational health and safety Access to social security Forced labor					
Risks where the impact to human rights may be spread across the value chain.			Privacy rights Gender-related human rights problems Human rights issues in supply chains		Human rights issues related to the environment and climate change	

## Respect for human rights and diversity

### Education or awareness-raising activities related to human rights

IWATSU Group believes that it is necessary to deepen understanding of human rights and a diverse range of values, and is taking steps to enhance related education and efforts to raise awareness.

Regarding the various types of harassment that are human rights problems in workplaces, we have formulated the Basic Policy on the Prevention of Harassment and provide employees in each job class with harassment prevention training. We have also established the Rules on the Prevention of Workplace Harassment, which include rules on establishing contacts for consultation and measures to prevent recurrence.

We provide new employee human rights training on harassment and the importance of human rights in business as part of the new employee training that we provide immediately after people join the company.

In fiscal 2022, along with the establishment of the IWATSU Group Human Rights Policy, we inform employees and increased their awareness of the disclosure of the general human rights policy, the IWATSU Group Human Rights Policy, and human rights due diligence via internal newsletters. In June 2023, we provided all employees with an e-learning program on business and human rights.

#### e-learning attendance rate

	Rate in June 2023
IWATSU Electric	95.9%
IWATSU Group	97.0%

### Cooperation between labor and management

Labor unions have been formed at IWATSU Electric and Iwatsu Manufacturing.

Our basic stance is to respect the ILO Core Labor Standards and address various issues through dialogue between labor and management. Specifically, we exchange views and form agreements through discussions between labor and management, etc., on various issues related to management issues, personnel systems, workstyles, etc.

For companies in the IWATSU Group that do not have labor unions, we have selected labor representatives, who participate in dialogue between labor and management and have entered into agreements.

#### Proportion of unionized workers\*1

(%)

	FY2018	FY2019	FY2020	FY2021	FY2022
IWATSU Electric*2	54.3	54.3	52.9	54.1	58.6
Iwatsu Manufacturing*2	77.8	79.4	78.9	79.1	81.8

\*1. As of March 31 of each fiscal year

\*2. Adopted union shop systems. Indicates the proportion of union members among full-time employees, including those in management positions.

### Formulation of the IWATSU Group Procurement Guidelines

At the IWATSU Group, we established the IWATSU Group Sustainable Procurement Guidelines in January 2023 with the goal of addressing human rights risks in the procurement process, including forced labor, which is labor that is forced under pressure including threats and violence, as well as discrimination based on race or gender.

We have posted these guidelines on our website to express them and ensure that people know our policies and positions, both internally and externally.



#### IWATSU Group Sustainability Procurement Guidelines

[https://www.iwatsu.co.jp/company-data/other/sustainability\\_procurement.pdf](https://www.iwatsu.co.jp/company-data/other/sustainability_procurement.pdf)

➔ See page 59 for more information about our supply chain management, including the procurement guidelines.

# Respect for human rights and diversity

## Basic Approach to Respect for Diversity

At the IWATSU Group, we believe that striving for and developing a diverse range of human resources will contribute to enhancing corporate value over the medium and long term. Based on this belief, we recruit excellent motivated human resources with future potential and promote their active participation by respecting their diverse personal qualities and human rights, regardless of nationality, race, gender, age, creed, religion, sexual orientation, educational background, disability or other attribute.

Above all, we believe that an environment that enables people to balance life events and their careers, which are different for people of different ages and experience, is necessary to help employees balance their family life and work regardless of gender. Therefore, we are working to establish a range of systems for realizing flexible workstyles, such as teleworking, staggered working hours and shortened working hours.

## Overview of Activities Related to Respect for Diversity

### ■ Promotion of the active participation of women

IWATSU Electric proactively recruits women, with a focus on new graduates, aiming to increase the percentage of its new hires that are women to around 30%. We also aim to achieve at least 10% of our managers being women by 2030.

#### Proportion of women in new employees\* (IWATSU Electric) (%)

FY2018	FY2019	FY2020	FY2021	FY2022
22.2	30.0	36.4	27.8	46.1

#### Proportion of female employees in management roles\* (IWATSU Electric) (%)

FY2018	FY2019	FY2020	FY2021	FY2022
2.70	2.75	2.50	2.70	3.40

### ■ Hiring of experienced talent

IWATSU Electric proactively recruits experienced talented people while considering its personnel composition, so that these human resources are 30% to 50% of all new hires.

#### Percentage of all new hires that are experienced workers\* (IWATSU Electric) (%)

FY2018	FY2019	FY2020	FY2021	FY2022
50.0	30.8	50.0	18.2	33.3

### ■ Hiring of disabled people

IWATSU Electric is focusing on hiring activities for disabled people, as well as efforts to support the retention of disabled employees after they join the Company. In this way, we are taking steps to stabilize and promote employment for disabled people.

#### Hiring rate of people with disabilities\* (%)

	FY2018	FY2019	FY2020	FY2021	FY2022
Statutory employment rate	2.2			2.3	
IWATSU Electric	1.2	1.3	1.7	2.4	2.5

### ■ Hiring of foreign nationals

IWATSU Electric is strengthening hiring activities with the aim of securing human resources from a diverse range of cultural backgrounds, and is also endeavoring to enhance the internal environment and systems.

### ■ Promoting active participation by senior employees

At IWATSU Electric, we have introduced a rehiring system for employees who retire upon reaching retirement age, enabling us to provide a workplace where ambitious and skilled human resources can continue to actively participate. Senior employees are essential human resources from the perspective of handing down technical expertise, so we will continue working to create opportunities and an environment that enables them to actively participate over the long term.

\*The values in the overview of activities are as of March 31 of each fiscal year.



# Respect for human rights and diversity

## ■ Data related to personnel, etc.

### Proportion of men and women by age group\*<sup>1</sup>

(%)

	Age group	Gender	FY2018	FY2019	FY2020	FY2021	FY2022
IWATSU Electric	Younger than 30 years old	Male	8.6	7.9	7.3	8.3	7.1
		Female	1.8	1.8	2.4	3.7	4.1
	30~ 50 years old	Male	36.4	35.6	33.6	31.3	26.4
		Female	5.3	4.3	4.0	3.9	3.9
	50 years old or older	Male	43.9	45.6	47.6	47.9	45.2
		Female	4.0	4.8	5.1	4.9	4.5
IWATSU Group	Younger than 30 years old	Male	9.0	8.8	8.5	9.5	8.2
		Female	6.4	7.2	7.1	8.3	8.0
	30~ 50 years old	Male	32.1	30.8	29.4	27.5	26.2
		Female	14.1	13.3	14.4	13.0	14.4
	50 years old or older	Male	26.6	27.8	28.5	29.5	30.3
		Female	11.8	12.1	12.1	12.2	12.9

\*1. As of March 31 of each fiscal year

\*2. The ratio of the average annual wage of female workers to that of male workers was calculated.

\*3. Excluding IWATSU Malaysia

### Percentage of managers that are women\*<sup>1</sup>

(%)

	FY2018	FY2019	FY2020	FY2021	FY2022
IWATSU Electric	2.7	2.8	2.5	2.7	3.4
IWATSU Group	4.4	3.6	3.6	3.4	3.3

### Wage gap between men and women\*<sup>1</sup> and <sup>2</sup>

(%)

	FY2018	FY2019	FY2020	FY2021	FY2022	
IWATSU Electric	All employees	70.3	71.7	71.9	71.8	74.1
	Regular employees included in the above	72.9	73.2	72.9	72.5	73.2
	Non-regular employees included in the above	57.8	62.9	66.1	57.4	60.3
IWATSU Group * <sup>3</sup>	All employees	-	-	-	-	57.9
	Regular employees included in the above	-	-	-	-	69.2
	Non-regular employees included in the above	-	-	-	-	48.2

# Respect for human rights and diversity

## ■ Data related to personnel, etc.

### Employee composition (head office)\*

(number of people)

	FY2018		FY2019		FY2020		FY2021		FY2022		
	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage	
Male	Regular employees	385	85.0%	369	83.7%	368	81.8%	344	79.6%	289	73.0%
	Non-regular employees	18	4.0%	24	5.4%	30	6.7%	34	7.9%	54	13.6%
Female	Regular employees	44	9.7%	43	9.8%	46	10.2%	49	11.3%	49	12.4%
	Non-regular employees	6	1.3%	5	1.1%	6	1.3%	5	1.2%	4	1.0%
Total		453	100.0%	441	100.0%	450	100.0%	432	100.0%	396	100.0%

### Employee composition (IWATSU Group)\*

(number of people)

	FY2018		FY2019		FY2020		FY2021		FY2022		
	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage	
Male	Regular employees	836	63.2%	805	62.8%	802	61.5%	795	61.0%	745	58.4%
	Non-regular employees	59	4.5%	59	4.6%	64	4.9%	69	5.3%	80	6.3%
Female	Regular employees	271	20.5%	275	21.5%	298	22.9%	301	23.2%	317	24.8%
	Non-regular employees	156	11.8%	143	11.2%	140	10.7%	135	10.4%	134	10.5%
Total		1,322	100.0%	1,282	100.0%	1,304	100.0%	1,300	100.0%	1,276	100.0%

\*As of March 31 of each fiscal year

# Human Resources Development

## Basic Approach

At the IWATSU Group, we believe that people are an asset and the growth of each and every employee will contribute to the growth of the Group. Based on this belief, we have listed "human resource development and technology transfer" as one of the themes of our activities based on our material issues and we aim to enable the continued growth of the Group together with its employees.

The core competence that is required of us has been changing due to the decrease of the working population associated with the declining birthrate and the aging of the population in recent years, the development of AI and the development of advanced technologies including IoT and robots.

IWATSU Group companies have established training systems and strive to enable employees to improve their skills and acquire knowledge so that they can provide new added value to customers and society leveraging the strengths of each individual employee.

## Overview of Activities

### ■ Overview of human resource development measures

IWATSU Electric provides tiered training, which is designed for each stage of employees' development, specialized training related to operations in each department, training related to management systems and sustainability and other training programs, to promote the development of the human resources who will contribute to the achievement of business targets. We have also established a qualification acquisition support system and a system for supporting participation in training provided by external institutions, aiming to support the career development of each individual employee.

### ■ Number of training hours per employee

At the IWATSU Group, the number of training hours per employee is one of the monitoring indicators used in human resource development.

Moving forward, we will work on human resource development to increase the number of training hours per employee year on year, through efforts such as improving the work skills of young employees and enhancing the measures to enable them to gain knowledge.

	FY2020	FY2021	FY2022
Number of training hours per employee*	7.2h	9.7h	13.3h

\*Excluding OJT

### Training system chart

Qualification class	Role	Tiered training	Skills development		
Grade 9	Department manager level Assistant general manager level	Training for developing next-generation leaders	Qualification-obtaining support system	System for supporting participation in training provided by external institutions	Specialized training, etc.
Grade 8		Mid-level executive training			
Grade 7		New executive training			
Grade 6	Executive candidates Workplace leaders	Training for developing workplace leaders			
Grade 5		Mid-level employee training			
Grade 4		Year 3 training			
Grade 3					
Grade 2					
Grade 1	New employee training				
Trainee					

# Human Resources Development

## ■ System for supporting participation in training by external institutions

System for supporting participation in training provided by external institutions enables all IWATSU Electric employees to attend seminars and e-learning courses on business skills, etc. organized by partner organizations whenever they desire.

Face-to-face group seminars, which were suspended due to the COVID-19 pandemic, were resumed in fiscal 2023. We use these seminars together with seminars held online.

### Number of courses taken

(number of times the system for supporting participation in training provided by external institutions was used)

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of courses taken	79	106	59*	94	147

\*The number of courses taken fell because group events were cancelled as a result of the COVID-19 pandemic.

### External training and seminars (fields)

- Corporate planning
- Personnel and labor
- Accounting, finance, and taxation
- General affairs, legal affairs, audits
- Sales and marketing
- Trade and logistics
- Digital transformation (DX)
- Business skills (logical thinking, negotiating, business manners, communication, PC skills, etc.), etc.

## ■ Specialist education

IWATSU Electric plans and implements specialist education and training related to operations in administrative, development, sales and marketing, and production management departments.

### Examples of education in fiscal 2022

- Design-related training (circuit design, structural design, software design, wireless technologies, product assessment, etc. )
- New product education (sales, maintenance services, etc.)
- Quality management, product safety standards, training on risks related to product accidents
- Workplace-related training (waste management, chemical substance management and SDSs)
- Trade management education
- Information systems-related education
- Digital transformation (DX) education
- Intellectual property-related education
- JIS Q 9100-related education

## ■ Training on management system

We plan and provide training on ISO 9001 (QMS), ISO 14001 (EMS), ISO/IEC 27001 (ISMS), and JIS Q 15001 (PMS), with the principal role played by the administrative office of each IWATSU Group company that has acquired the certifications.

- Environmental Management System (EMS) - P28
- Quality Management System (QMS) - P61
- Information Security Management System (ISMS) - P70
- Protection of Personal Information Management System (PMS) - P72

## ■ Sustainability-related education

The IWATSU Group provides the latest sustainability-related information and training related to various issues, aiming to raise awareness of sustainability and strengthen engagement.

### Examples of education in fiscal 2022

- ESG management and the SDGs
- Business and human rights  
— Why business enterprises are required to take human rights measures —
- Learning about ESG management (a column in the internal newsletter)

## ■ Development of human resources involved in manufacturing processes

Iwatsu Manufacturing plans and conducts education to support the acquisition of necessary knowledge and skills for manufacturing processes and the development of human resources who will contribute to improving operations and enhancing productivity.

At a training center established within the company, Iwatsu Manufacturing provides education and training on specific themes, as part of efforts to enhance the skills and knowledge of employees.

### Examples of education at the training center in fiscal 2022

- TWI training (how to teach and improve work)
- Solder knowledge
- Soldering skill acquisition
- Quality management education
- General work rules education
- Shipping operations basic rules and precautions
- Interruption and resumption of work, etc.

# Health and Productivity Management and Work-Life Balance

## Basic Approach

Sound physical and mental health is important for enabling each and every employee to fully demonstrate their capabilities and work energetically.

At the IWATSU Group, we have developed systems for supporting the physical and mental health of employees and enabling them to balance work and fulfilling personal lives. Through this, we are also implementing measures to enhance our corporate value.

### ■ Health and Productivity Management Policy

The IWATSU Group established the IWATSU Group Health and Productivity Management Policy in July 2023.

Guided by this policy, we have developed a range of measures across the Group to increase health awareness and encourage activities for maintaining and promoting good health, aiming to make health and productivity management a reality.

### IWATSU Group Health and Productivity Management Policy

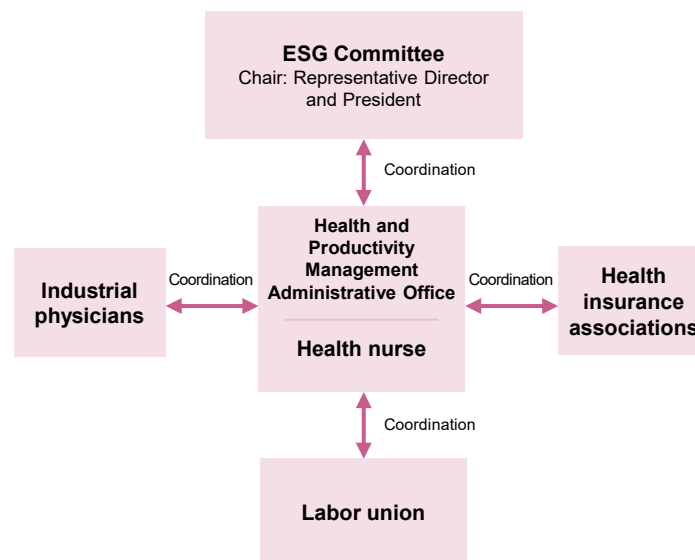
We believe that, for the IWATSU Group to remain a corporate entity that contributes to society, every employee must be able to work energetically in good health and demonstrate their qualities to the full. By implementing various measures to increase employees' health awareness and maintain and promote good health, thereby realizing health and productivity management, we will provide more value to our stakeholders and contribute to the advancement and development of society.

## Promotion system

### ■ Health management implementation system

At the IWATSU Group, we have built a system for promoting health and productivity management with the Health and Productivity Management Administrative Office (General Affairs Department of IWATSU Electric) playing the leading role in these efforts. With the above department serving as an administrative body, initiatives related to health and productivity management are advanced in cooperation with the ESG Committee, which is chaired by the President & Chief Executive Officer, as well as occupational health physicians, health insurance associations and labor unions.

### Structure for promoting Health and Productivity Management



## Overview of activities related to health and productivity management

### ■ Improving the health awareness

In fiscal 2023, we began to provide all Group employees with online training related to diet, exercise, drinking, sleep, smoking, mental health and other health issues. We also hold events to improve diet with guidance from a national registered dietitian, aiming to reduce the number of employees with hyperlipidemia, which is one of the health issues faced by the Group.

Developing a culture of mutual understanding and support for health problems specific to women, which is an issue that impacts both genders, is important for promoting the active participation of women. Therefore, we increase employee awareness with video training programs, etc.

### ■ Encouragement of exercise

Working together with health insurance associations, the IWATSU Group implements various measures to encourage exercise to prevent lifestyle-related diseases.

#### Various measures to encourage exercise

- Walking event
- Planning sports events and subsidizing participation in these events
- Subsidizing the use of external sports clubs

#### Number of walking event participants (IWATSU Group\*)

	FY2020	FY2021	FY2022
Number of participants	19	59	104

\*Excluding Iwatsu (Malaysia) and groxi

# Health and Productivity Management and Work-Life Balance

## Measures to promote smoking cessation

We implement various measures to promote smoking cessation jointly with health insurance associations to reduce the number of smokers at the IWATSU Group.

### Measures to promote smoking cessation

- Distribution of free smoking-cessation pipes and gum
- Subsidies for employees receiving smoking cessation outpatient services
- Implementation of an online smoking cessation program

## Rate of employees who smoke\*1

(%)

		FY2018	FY2019	FY2020	FY2021	FY2022
IWATSU Electric	Male	32.5	31.1	30.4	28.6	26.9
	Female	4.9	7.5	7.5	6.8	4.0
IWATSU Group <sup>2</sup>	Male	34.8	33.7	33.4	31.7	29.6
	Female	22.2	20.3	17.2	17.4	18.7

## Support for giving birth, raising children, and nursing care

For employees who are giving birth, raising children, or caring for relatives, IWATSU Electric has created leave systems, shortened working hour systems, and offset shift systems that employees can use regardless of whether they are male or female, in addition to statutory leave systems. In this way, we are supporting the balance between home and work.

### Systems to support employees giving birth, raising children, or caring for relatives

- Morning sickness leave system
- Shortened working hours during pregnancy system
- Maternity leave (pre- and post-pregnancy)
- Childcare leave and temporary suspension of work system
- Offset shift system for childcare
- Shortened working hour system for childcare and nursing care (can also be acquired in half-day and hourly units)
- Nursing leave for children until they graduate from elementary school (can also be acquired in half-day and hourly units)
- Multi-purpose leave system for participation in school events and cases when children's schools are closed, which is available until they graduate from elementary school (This system can also be used when caring for spouses during their pregnancy and participating in learning sessions about pregnancy, childbirth and childcare, such as parenting classes.)
- Relative nursing care leave
- Nursing care temporary suspension of work system (can also be acquired in half-day and hourly units)

## Number of employees who took time off work for childcare\*1

(Number of persons who took leave / eligible persons)

		FY2018	FY2019	FY2020	FY2021	FY2022
IWATSU Electric	Male	2/6	1/8	0/3	2/4	1/1
	Female	0/0	0/0	1/1	1/1	1/1
IWATSU Group	Male	4/10	2/13	0/5	7/10	3/3
	Female	7/7	8/10	9/9	5/6	8/8

## Rate of employees returning to work after time off for childcare\*1

(%)

	FY2018	FY2019	FY2020	FY2021	FY2022
IWATSU Electric	100	100	—	100	100
IWATSU Group	57.1	50.0	62.5	40.0	42.9

\*1. As of March 31 of each fiscal year or actual results

\*2. Excluding IWATSU Malaysia and groxi

# Health and Productivity Management and Work-Life Balance

## Overview of activities related to the improvement of job satisfaction

At the IWATSU Group, we believe that provision of environment where every employee is able to work energetically and have job satisfaction leads to more energetic workplaces and to increased corporate value. Based on this belief, we promote new workstyles and flexible workstyles that support our diverse human resources.

### ■ Measures to prevent long working hours

At the IWATSU Group, we proactively implement measures to prevent long working hours in consideration of employees' health, including prevention of mental health problems, brain disease and cardiovascular disease.

Specifically, we have set days when all employees leave work at the same time<sup>\*1</sup> to avoid unnecessary overtime work and encourage them to work in a well-balanced manner. For business sites with labor unions, we have made it mandatory<sup>\*2</sup> for employees working long hours to be interviewed by general affairs departments, labor unions, etc. and undergo a medical interview by an occupational health physician.

### Average overtime working hours<sup>\*3</sup>

(Hours)

	FY2018	FY2019	FY2020	FY2021	FY2022
IWATSU Electric	12.7	12.6	12.0	10.8	10.7
IWATSU Group <sup>*4</sup>	10.8	9.6	8.8	9.5	9.8

### ■ Enhancing various types of leave system

IWATSU Electric decided to expand the use of the hourly paid leave system, which was introduced in fiscal 2021, to special leave (for caring sick or injured children and providing nursing care to family members) in fiscal 2022. In addition, the scope of employees that are eligible for the refresher leave system, which grants paid leave based on years of service, was enhanced in fiscal 2023.

#### Main systems and measures

- Refresher leave system
- Multi-purpose leave (available for public volunteer activities and volunteer activities related to raising the next generation, such as schools and local communications)
- Paid leave uptake campaign (June)
- Days with company-wide finishing times (second and fourth Friday of every month)

### Average number of days of paid leave taken

(day)

	FY2018	FY2019	FY2020	FY2021	FY2022
IWATSU Electric	11.0	11.0	12.0	12.4	12.9
IWATSU Group <sup>*4</sup>	11.0	11.4	11.2	11.2	12.0

### ■ Establishment of a remote work environment

IWATSU Electric has distributed notebook PCs and developed an environment that enables employees to remotely access the internal network to build a work environment where employees can choose to work remotely in accordance with their individual workstyle.

We also promote the use of satellite offices to support remote working.

### ■ Abolishment of dress code<sup>\*5</sup>

IWATSU Electric has abolished its dress code, permitting employees to wear whatever they want, in principle, so that they can work in attire that suits their individual workstyle.

Starting with this new system, we aim to create a workplace environment where diversity is respected and develop a corporate climate that enables people to create new value and ideas with a flexible mindset.

\*1. At different IWATSU Group companies, there are differences in the availability of the system and rules on the days when all employees leave work at the same time.

\*2. At subsidiaries without labor unions, measures are taken in accordance with laws

\*3. Monthly average overtime work

\*4. Excluding IWATSU Malaysia and groxi

\*5. There is a rule requiring work clothes to be worn during experiments and research, etc. to ensure safety.

# Occupational health and safety

## Basic Approach

At the IWATSU Group, we believe that a state where every employee works with peace of mind and demonstrates their capabilities leads to energetic workplaces and the improvement of productivity.

To make this a reality, it is important to develop occupational health and safety in the workplace and maintain and enhance it by minimizing risks and harms regarding occupational health and safety.

At the IWATSU Group, we are promoting the creation of a safe, healthy workplace environment that meets employees' needs from social, psychological and physical perspectives by working to prevent employees from contracting illnesses being injured at work or while commuting, addressing the causes of stress which impacts their mental health, and taking measures to prevent incidents, etc.

When workplace or commuting injuries are predicted due to a typhoon, heavy snowfall or similar event, we encourage employees to work remotely or return home early and take other initiatives in our efforts to prevent accidents.

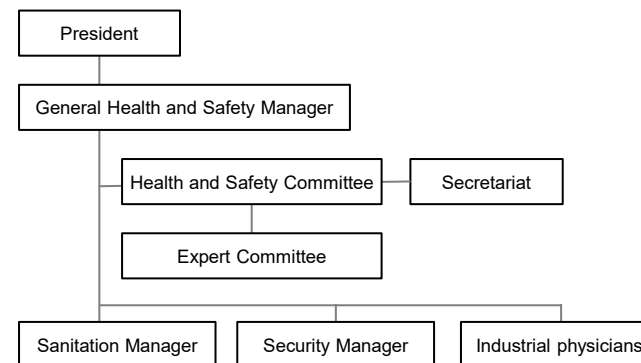
## Promotion system

IWATSU Group has established systems to manage health and safety, in order to prevent occupational injury and promote the creation of a comfortable workplace environment.

### ■ Health and Safety Committee

IWATSU Electric has established a Health and Safety Committee, whose members include the Manager Responsible for General Health and Safety, occupational health physicians, representatives of labor unions and the administrative office. Representatives of health insurance associations also participate as observers. The Company endeavors to share and enhance awareness of the content of this committee's deliberations and reports among employees, through internal newsletters and the intranet, as necessary.

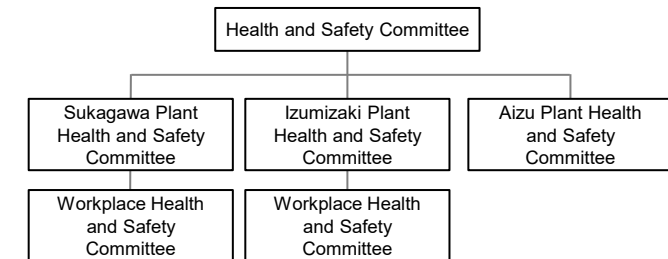
#### Health and safety management organization chart (IWATSU Electric)



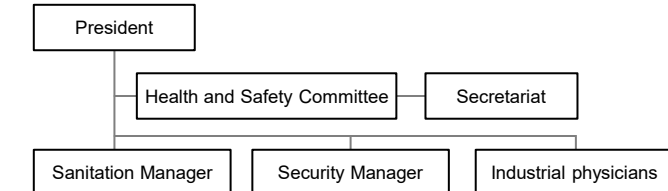
Iwatsu Manufacturing has established Health and Safety Committees at each business site. The members of these committees consist of safety managers, sanitation managers, occupational health physicians, representatives of labor unions, and the Administrative Office. Iwatsu Manufacturing has also established Workplace Health and Safety Committees at two business sites, and the members of these committees play an active role.

Further, a Health and Safety Committee has also been established at the Tochigi Business Site of IWATSU Chemical Cross, which was spun off from Iwatsu Manufacturing in October 2022.

#### Health and safety management organization chart (Iwatsu Manufacturing)



#### Health and safety management organization chart (Tochigi Business Site of IWATSU Chemical Cross)





# Occupational health and safety

## Overview of Activities

### ■ Initiatives to prevent fire and disaster

At the IWATSU Group, we hold a fire and disaster drill once a year to ensure appropriate actions are taken in the event of a disaster, such as evacuation during a major earthquake or self-implemented firefighting, including initial responses in the event of a fire.

In addition to the on-site drill, IWATSU Electric conducted an online drill for all employees including the employees of branches and sales offices as a new fire prevention and disaster control initiative.

The online drill and on-site drill conducted in parallel have enabled more employees to receive training.

#### Online training

- Initial actions to be taken in the event of an earthquake
- How to use a fire extinguisher
- Evacuation in the event of a fire, etc.

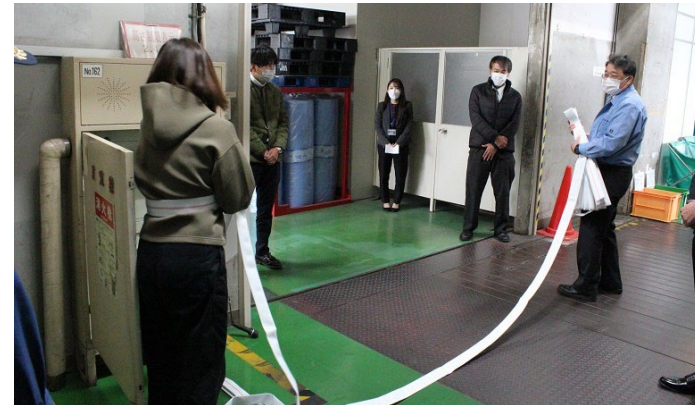
#### On-site drill (instructions given by the Ogikubo fire department)

- Training on initial firefighting given to in-house fire brigades, etc.

#### Training on the use of fire extinguishers



#### On-site training on the use of fire hydrants



Both of the above were provided at IWATSU Electric.

### ■ Stress checks

As part of measures to address mental health, IWATSU Group holds stress checks for employees once a year. We notify employees of the results of the stress checks, helping them to identify the situations causing them stress.

Due consideration is also given to privacy, to ensure that the Company does not obtain the results of stress checks without the subject's consent.

Percentage of employees undergoing stress checks	FY2018	FY2019	FY2020	FY2021	FY2022
IWATSU Electric Co., Ltd.	96.1%	91.0%	97.0%	98.1%	97.3%
Iwatsu Manufacturing Co., Ltd.	100%	100%	100%	100%	100%

\*Because IWATSU Chemical Cross was established in October 2022, the statistics of this company for fiscal 2022 and earlier are included in the Iwatsu Manufacturing statistics.

# Occupational health and safety

## Overview of Activities

### ■ Risk assessment for chemical substances

Once a year, IWATSU Electric performs chemical substance risk assessments for departments that use solder, chemical solvents, and other chemical substances.

Chemical substances are mainly used in design and development. Assessments conducted in July 2022 showed that no highly harmful substances are in use, and the amounts used of chemical substances are also low. As a result, no workplaces were found to present a high risk to health.

Similar assessments are also conducted at Group companies which use chemical substances for manufacturing, repair and other purposes. Protective equipment is introduced and equipment is improved based on the results of the assessments to reduce the use of hazardous chemical substances in the manufacturing process and the risk of exposure to these substances.

In addition, the Industrial Safety and Health Act was partially amended in May 2022 and new chemicals regulations began in April 2023. The IWATSU Group responded to these new regulations in advance of their implementation. We are also responding to the regulations that will come into effect in April 2024.

### ■ Prevention of occupational and commuting injuries

Iwatsu Manufacturing, which has production plants, places the utmost priority on the safety of employees, and ensures that there are inspections before work starts and safety patrols. This company also endeavors to increase awareness of safety and prevent occupational injury by providing education on the safe use of production equipment and chemical substances.

IWATSU Electric holds a safe driving session once a year to protect the safety of employees who drive cars, motorcycles, bicycles and other vehicles for commuting and work and to promote traffic safety.

In fiscal 2022, an online lecture on the occurrence and prevention of traffic accidents was given by an external lecturer, with approx. 200 people from the head office, branches, sales offices, Group companies and others attending.

### ■ Alcohol checks before and after driving

IWATSU Electric checks if the people driving cars for work are under the influence of alcohol, before and after driving, and keeps records of the results.

Regarding the use of an alcohol detector for the check, which has been postponed, preparations are underway to respond to the requirement to use the detector for the alcohol checks, which will begin in December 2023.

### Number of occupational and commuting injuries\*

		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
IWATSU Electric Co., Ltd.	Occupational injury	1	1	1	0	1
	Commuting injuries	0	1	1	1	1
Iwatsu Manufacturing Co., Ltd.	Occupational injury	2	4	1	4	1
	Commuting injuries	0	0	0	0	0
IWATSU Chemical Cross Co., Ltd.	Occupational injury	-	-	-	-	0
	Commuting injuries	-	-	-	-	0

\*Includes minor incidents that resulted in less than one day of work lost. Between fiscal 2018 and 2022, only one occupational injury requiring compensation for time off work occurred at Iwatsu Manufacturing, in fiscal 2021.

\*Because IWATSU Chemical Cross was established in October 2022, the number of injuries at this company for the period until September 2022 are included in the statistics of Iwatsu Manufacturing.

# Supply Chain Management

## Basic Approach

In the corporate environment of our time, globalization has accelerated, making it important to address global issues including issues related to human rights, the environment, pandemics and the increasing severity of natural disasters associated with climate change.

At the IWATSU Group, we respond to social requirements by working together with all of the trading partners involved in our supply chain, including in the procurement of parts and materials, development, production, sales, services and recycling, aiming to build a sustainable society and increase our competitiveness.

### Sustainable Material Procurement Guidelines

1. We will conduct business in good faith with all trading partners in Japan and overseas by fairly providing them with opportunities and observing related laws, regulations and contracts from a position of equality with them.
2. We will conduct procurement prioritizing trading partners who agree to and comply with the IWATSU Group Sustainable Procurement Guidelines.
3. We will procure competitive products and services based on economic efficiency by comprehensively judging the quality, ability to observe delivery dates and ensuring stable supply, price, technological and service skills and corporate stances to improve capabilities in these areas.
4. We will take thorough information security measures to protect trading partners' personal information and confidential information that we obtain in the course of business.
5. We will deepen mutual understanding and build relationships of trust with all trading partners and act together with them to contribute to the establishment of a sustainable society.

## Overview of Activities

### ■ IWATSU Group supply chain management

Almost all products offered by the IWATSU Group are manufactured at one of five production sites (four in Japan and one overseas), with materials procured from numerous trading partners in Japan and overseas.

Under our Sustainable Material Procurement Policy, we inform our trading partners of our Sustainable Procurement Guidelines, request that they implement initiatives accordingly, and audit their plants to manage the quality of the procured goods, thus promoting supply chain management.

#### Main procured items at production sites

- Electronic components
- PCBs
- Molded resin products
- Sheet metal materials and processed sheet metal products
- Chemicals

### ■ Materials seminars

At the IWATSU Group, we hold yearly materials seminars to share our business policies and approach to new business development and procurement with trading partners and to promote business activities together with them.

We began to hold the seminars online in fiscal 2020 in response to the COVID-19 pandemic. In fiscal 2022, we held the seminar in October.

\*In July 2023, we held the seminar in-person for the first time in four years at Iwatsu Manufacturing, with the participation of our trading partners.

### ■ Establishment of Sustainable Procurement Guidelines and Green Procurement Standards

At the IWATSU Group, we established the IWATSU Group Sustainable Procurement Guidelines and the IWATSU Group Green Procurement Standards which supplement the guidelines in January 2023 in light of the social situations related to sustainable procurement in recent years.

We prioritize trading partners who agree to and comply with these guidelines, in our efforts to ensure sustainable procurement.



#### IWATSU Group Sustainability Procurement Guidelines

[https://www.iwatsu.co.jp/company-data/other/sustainability\\_procurement.pdf](https://www.iwatsu.co.jp/company-data/other/sustainability_procurement.pdf)



#### IWATSU Group Green Procurement Guidelines

[https://www.iwatsu.co.jp/company-data/other/green\\_procurement.pdf](https://www.iwatsu.co.jp/company-data/other/green_procurement.pdf)

### ■ Initiatives targeting conflict minerals

In accordance with the Sustainable Procurement Guidelines, IWATSU Electric requests that its trading partners not deliver parts or materials connected to conflict minerals.

We respond to customers' surveys concerning conflict minerals after checking with our trading partners in Japan and overseas.

# Quality Management

## Basic Approach

At the IWATSU Group, we believe that it is important to contribute to building a sustainable society by solving social issues with products and services that are of excellent quality and safety. Based on this belief, we have established the Quality Policy that guides us in our work to improve the quality of our products and services and customer satisfaction.

### Quality Policy

The IWATSU Group will contribute to social progress and development by offering high-quality products and services centered on “connecting,” “measuring,” and “communicating.”

1. We will strive for technological innovation, to enable us to develop attractive products and services, and fulfill the needs of society and our customers.
2. We will endeavor to increase customer satisfaction through improvements to the quality of our products and services.
3. We will endeavor to achieve efficient business management and improvements in management indicators by improving the quality of our operations.
4. We will endeavor to develop human resources, in order to achieve technological innovation and enhance the quality of our products, services, and operations.
5. We will improve our quality management system on an ongoing basis, in accordance with the requirements of standards, our customers, and other requirements.

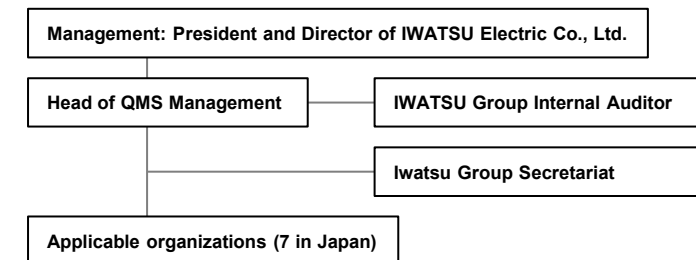
\*The above Quality Policy applies to ISO 14001-certified organizations in Japan.

## QMS Promotion System

In the IWATSU Group, we have created a quality management system (QMS) based on ISO 9001, and we are now operating and managing this system as part of our efforts to ensure quality and enhance customer satisfaction.

Under the direction of the manager responsible for the QMS, the Group Secretariat coordinates with each department and internal auditors to promote continuous performance improvements through internal audits, management reviews, and other measures.

### Structure for promoting Quality Management System (QMS)



### Status of acquisition of ISO 9001

Company name	Status of acquisition	Certification body / number
IWATSU Electric. Co., Ltd.*	○	JIC Quality Assurance Ltd. / 3773
Iwatsu Manufacturing Co., Ltd.	○	
IWATSU Chemical Cross Co., Ltd. *1	○	
IWATSU Network Solution Co., Ltd. *1	○	
IWATSU Business Services Co., Ltd.	○	
IWATSU SYSTEM & SOFTWARE CO., LTD.	○	
Tohtsu Industry Co., Ltd.	○	
Dentsu Service Co., Ltd.	×	—
groxi Inc. *2	×	—
Iwatsu (Malaysia) Sdn Bhd*2	●	SIRIM/QMS 02860

\*1. Including sales sites

\*2. As a result of the share transfers, groxi Inc. and Iwatsu (Malaysia) Sdn Bhd were excluded from the list of consolidated subsidiaries of IWATSU Electric Co., Ltd. in June 2023 and September 2023, respectively.

○: Acquired as a group certification by the head office of IWATSU Electric

●: Acquired individually Iwatsu (Malaysia) Sdn Bhd has developed and operates a separate QMS promotion system to that of our operations in Japan

# Quality Management

## Overview of activities (organizations which the QMS certification in Japan applies to)

### ■ Internal audits

Once a year, the head office of IWATSU Electric leads a review of the conformity and effectiveness of the IWATSU Group's QMS.

[Implementation time] October to December 2022\*  
 [Subject] 14 sites across seven companies  
 (IWATSU Group, in Japan)  
 [Results] No major non-conforming items

### ■ External inspections

Once a year, the IWATSU Group receives an external inspection of the conformity and effectiveness of our QMS from a certification body. We correct or rectify any non-conforming items within a predetermined period. Each department addresses opportunities for improvement, and the status of their response is confirmed in internal audits.

[Implementation time] January 2023 (renewal inspection)  
 [Certification body] JIC Quality Assurance Ltd.  
 [Results] Non-conforming items: 1;  
 opportunities for improvement: 39

### ■ Management review

Twice a year, the IWATSU Group Secretariat leads management reviews within the Group. Senior management receives reports on matters such as the status of achievement of quality targets, the monitoring of customer satisfaction, and points for improvement related to the QMS.

[Implementation time] April 2022  
 (summary for the previous fiscal year<sup>\*2</sup>)  
 January 2023 (internal audit report<sup>\*2</sup>)

### ■ Initiatives targeting quality improvements

The Quality Satisfaction Dept. of the head office of IWATSU Electric leads efforts to reduce product defects and enhance process quality, in coordination with plant quality departments and manufacturing departments.

Senior management receives direct reports on the status of market quality and process quality at regular meetings of the Quality Committee, as part of efforts to appropriately share information and respond promptly.

### ■ Prevention of product accidents

The IWATSU Group has put in place internal regulations that we have developed to enable us to respond promptly and appropriately to any major accidents or emergencies related to our products. In addition to spreading awareness of whistleblowing rules through pages on the internal intranet, we also use education to promote the thorough implementation of these rules.

We also endeavor to provide timely and appropriate disclosure and information concerning product recalls on our website.

In fiscal 2022, there were no quality accidents that had any significant impact on the assets of our customers.

### ■ Prevention of violation of laws and regulations

We assess the status of compliance with laws and regulations related to our products through design inspections and verification by engineering departments, as well as checks of validity by quality satisfaction departments.

### ■ Quality education

In order to effectively operate our QMS, the IWATSU Group plans and executes education and awareness-raising activities for quality month.

#### Status of implementation in fiscal 2022

Name of education or awareness-raising activity	Number of participants (people)
New employee training (overview of QMS)	18
Quality month training (human error considered from the perspective of the mechanism of human behavior)	59
Advance education for internal audits	65
New internal auditor development education	35
QKM e-learning <sup>*3</sup> provided by the CIAJ QMS Committee	14

### ■ Customer satisfaction surveys by sales departments

Each sales department in IWATSU Electric gathers information on the views and desires of customers and sales agents regarding IWATSU products and services, and reflects them in its business activities. The company uses analysis of these views, etc., to improve the performance of products, quality, and level of service.

\*1. Implemented as an integrated audit together with the EMS

\*2. Implemented as an integrated report together with the EMS

\*3. An ISO 9001 and quality management-related e-learning service provided by the QMS Committee of the Communications and Information Network Association of Japan (CIAJ)

## Community Contribution Activities

Each and every member of the IWATSU Group promotes coexistence and communication with local communities by actively engaging in regional and social contribution activities as a good corporate citizen.

### ■ Examples of IWATSU Electric activities (Suginami-ku, Tokyo)

IWATSU Electric engages proactively in community-based activities mainly in Suginami-ku, where the head office is located.

- Participation in regional bodies  
Takaido Police Relations Society, Takaido Police Safe Driving Managers Association, Ogikubo Hazardous Materials and Disaster Prevention Association, Ogikubo Fire Prevention Society, etc.
- Installation of temperature monitoring system for COVID-19 vaccine freezers in community vaccination centers under the jurisdiction of Suginami City Office
- Provision of emergency materials support sites for disasters (Suginami-ku disaster support plan)
- Sponsor of Suginami Charity Walk
- Support for Kugayama Firefly Festival
- Cooperation in the annual festival of Kugayama Inari Shrine
- Cooperation in an event held at a neighboring childcare facility.
- Support for spring / fall nationwide traffic safety campaigns, etc.

### ■ Leave system for volunteer activities

IWATSU Electric has established a multi-purpose leave system for public volunteer activities and ones related to the development of the next generation, including activities at schools and ones in local communities, thus supporting employees' volunteer activities.

### Kugayama Firefly Festival



IWATSU Electric supports the management of this event as a member of the community. On the day of the Firefly Festival, we offer a part of the company's parking area as a bicycle-parking space.

During the Kugayama Firefly Festival held in June every year, the Tamagawa Josui waterway adjacent to the head office of IWATSU Electric is used as a venue for watching fireflies. Kugayama is a bustling place with approx. 30,000 visitors over the period of the festival.

### Suginami Charity Walk



Suginami Charity Walk is a charity event held by the local government, residents and companies who are co-sponsoring partners under the slogan, "Tanoshiku Aruite Volunteer (enjoy walking for volunteers)." A participation fee collected from participants is used to subsidize activities supporting volunteer groups and NPOs committed to the sound development of children.

As a member of the executive committee, IWATSU Electric participates in the planning of the event and the management of it on the day.

\*A meeting to plan the event in November 2023 (planned date).



## Community Contribution Activities

### Event at a neighboring childcare facility



At the Halloween event at a neighboring childcare facility, costumed employees help distribute sweets to children.



### Nationwide traffic safety campaigns



During the nationwide traffic safety campaign, we engage in traffic safety activities at the crossroads in front of Kugayama Station.

### Annual autumn festival of Kugayama Inari Shrine



For the annual autumn festival of Kugayama Inari Shrine, we offer sweets to be distributed to children who participate in the festival. In 2022, this festival was held after a three-year hiatus and it attracted a large number of local children.

# Community Contribution Activities

## ■ Example Group company activities

### The Sukagawa and Izumizaki Business Sites of Iwatsu Manufacturing

(Sukagawa-shi and Izumizaki-mura, Nishi Shirakawa-gun, Fukushima)

- Participation in regional bodies  
Sukagawa Zone & Shirakawa Zone Police Supporters Association, Sukagawa Regional Fire Fighting and Disaster Prevention Society, Sukagawa Business Association for Safe Driving Management, Shirakawa Zone Fire Fighting Management and Liaison Council, etc.
- Participation in Taimatsu Akashi (one of the three great fire festivals of Japan)
- Participation in the Tsuburaya Memorial Marathon
- Flower-planting and beautification activities around plants
- Eco cap activities
- Support for blood donations in the workplace

### Participation in the Tsuburaya Memorial Marathon



In fiscal 2022, we participated in this event after a three-year hiatus. Eight people from Iwatsu Manufacturing, including employee family members, and four people from IWATSU Electric participated in the event as runners. We cheered for the runners on the sidelines.

### Participation in Taimatsu Akashi



Taimatsu Akashi, which is one of the three major fire festivals in Japan, is a traditional event that has been held for more than 430 years in Sukagawa-shi, Fukushima.

A total of 50 people from Iwatsu Manufacturing, which has its business site in the city, participated in the processes of cutting bamboo (September), collecting thatch (October), creating torches (November), and installing the torches (the day before the event) and they also participated on the day of the event.

### Flower-planting activities



### Beautification activities



Thirty-one participants cleaned the area around the business site.



# Community Contribution Activities

## ■ Example Group company activities

### Tochigi Business Site, IWATSU Chemical Cross (Shimotsuke-shi, Tochigi)

- Participation in Tochigi prefectural citizens' environmental beautification activities



We engaged in beautification activities, such as cleaning up the area around the plant, as activities for cleaning up the area around the Tochigi Business Site.



### Tohtsu Industry (Hachioji-shi, Tokyo)

- Co-sponsoring the Hachioji Matsuri



The Hachioji Matsuri is the largest festival in the city of Hachioji. Tohtsu Industry, which has its head office in the city, co-sponsored the Hachioji Matsuri by making hand-held fans using recycled paper.



Back



Front

# 4 — Governance

**Creation of governance systems that are highly transparent and credible for enhancing corporate value**

- Strengthening and promotion of governance
- Highly transparent and credible external disclosure of information



# Corporate Governance System

## Basic policy

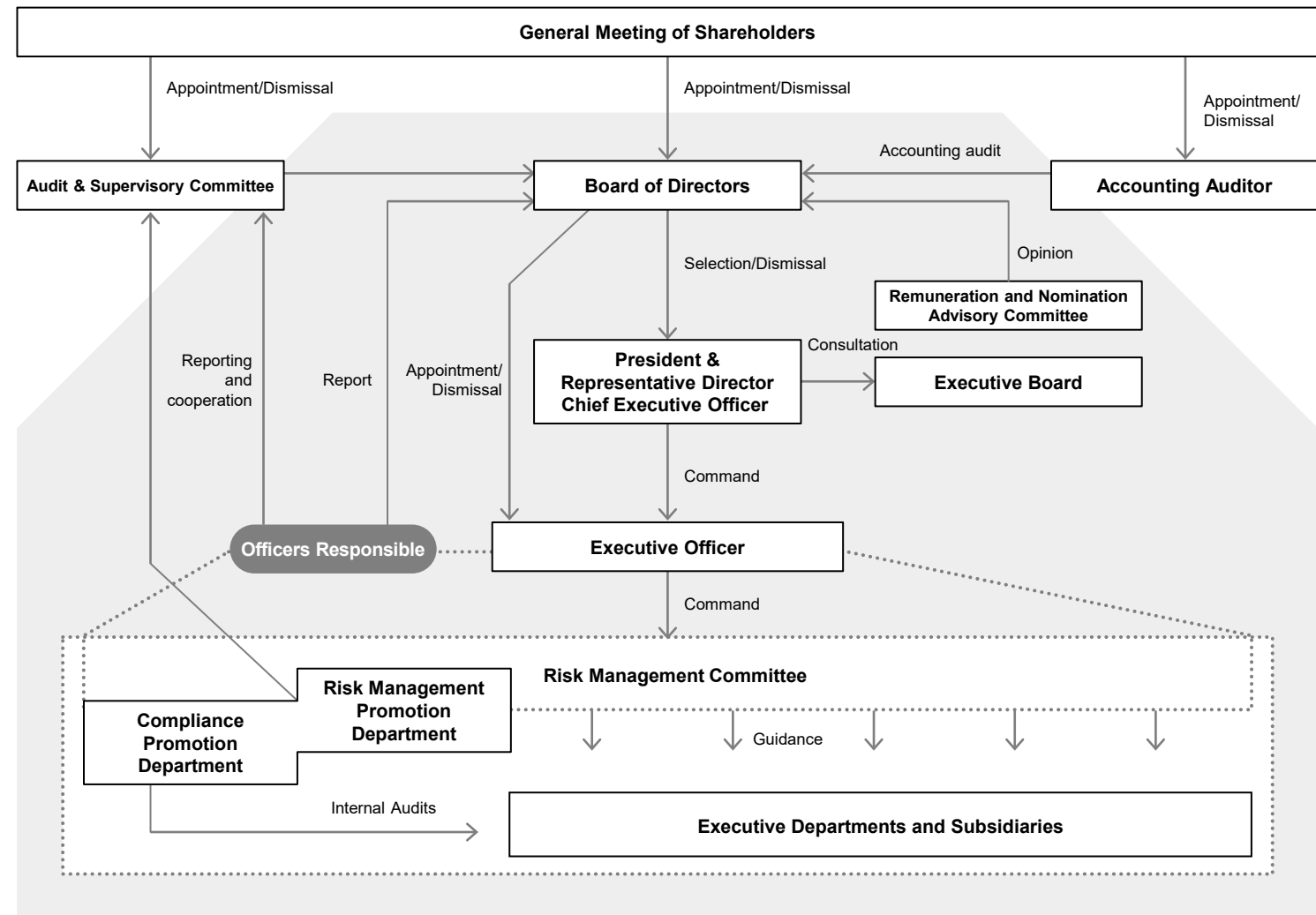
The IWATSU Group has set a basic policy on corporate governance of ensuring transparency and incorporating a diverse range of opinions and wide-ranging knowledge, in order to enhance corporate value, achieve unending development, and ensure co-prosperity with stakeholders.

## Governance system

As a company with an audit and supervisory committee, IWATSU Electric has established a General Meeting of Shareholders, Board of Directors, Audit & Supervisory Committee, and Financial Auditor, as well as the Senior Executives Meeting, Risk Management Committee, and Remuneration and Nomination Advisory Committee. The Company has also introduced an executive officer system, with the intention of separating executive and supervisory roles.

In relation to decision-making and the execution of business operations, the Board of Directors engages in correct and efficient decision-making and supervision/monitoring, by electing Outside Directors to incorporate a third-party standpoint, and utilizing the executive officer system. The Company has also strengthened control functions, through coordination between the Audit & Supervisory Committee, whose members include Outside Audit & Supervisory Committee Members, and the Financial Auditor, to ensure an appropriate monitoring system. The Company has adopted the current system because these measures ensure that management monitoring functions are sufficiently objective and neutral.

Organization Chart



Corporate Governance Report  
<https://www.iwatsu.co.jp/ir/cg/>

# Internal Controls and Risk Management

## Basic Approach

At IWATSU Group, we believe that internal controls contribute to enhancing the efficiency and effectiveness of management and protecting and increasing assets, by ensuring compliance with laws, regulations, etc., related to our business activities and an awareness of ideals and ethics in our actions. As a result, we believe that internal controls also serve as the foundation for relationships of trust with investors and other stakeholders.

Based on this belief, the Group has established processes for decision-making and business execution that maintain an awareness of promoting compliance and risk management. The Board of Directors also regularly confirms the effectiveness of these processes and the operational status of our internal control systems. Going forward, we will continue strengthening our initiatives on a company-wide and ongoing basis.

### Operational status of the internal control system in relation to finance

In fiscal 2022 again, we assessed the status by concurrently using remote audits through an online conferencing system, etc. in consideration of the status of community spread of COVID-19. As a result, there were no matters classed as “material deficiencies that require disclosure.” The final results of the assessment were reported in the “Report on Internal Controls” in June 2023.

## Overview of Activities

### ■ Promotion of compliance

The IWATSU Group recognizes that it is only possible for a company to maintain ceaseless development by appropriately increasing profit amid fair competition. Based on this understanding, we prioritize compliance with laws and regulations, standards, and rules, as well as consistently considering our social and moral responsibility in our actions, as “compliance.”

### ■ Development of internal reporting (whistleblowing) system

Ensuring compliance is a precondition for our continuation as a company. Accordingly, it is essential that we have a system for timely communication to senior management and prompt rectification in the event of any possibility of a violation in laws, regulations, etc. The IWATSU Group works to spread awareness of and operate our internal reporting (whistleblowing) system, which we have established in the “IWATSU Group Internal Reporting Management and Operating Regulations.”

### ■ Operation of Risk Management Committee

IWATSU Electric considers all possible obstructions to the IWATSU Group's achievement of its objectives and all possible causes of material losses, including natural disasters, accidents, changes in the external environment, and misconduct, as risks and performs risk management so that such risks will not be overlooked.

Specifically, the Risk Management Committee of IWATSU Electric identifies risks exhaustively, assesses them to select those to address intensively, and has built a process of confirming and evaluating how the risks are addressed.

This committee is chaired by the officer responsible for risk management, and its members consist of the President & Chief Executive Officer, full-time Directors, full-time Audit & Supervisory Committee Members, and Executive Officers.

### Fiscal 2022 Main items discussed by the Risk Management Committee

- Review of risk calculation method and risks
- Matters related to internal controls (internal control audit plans, internal control audit progress status, and internal control reports, etc.)
- BCM drills
- Findings in ISO 9001/14001 inspections
- Appropriate management of industrial waste

# Information Security Management

## Basic Approach

IWATSU Electric contributes to the progress and development of society as a solutions vendor offering hardware and software and providing operational support for systems, primarily in the business communication systems business.

Reliability related to information security is important for continuing to contribute to society through business activities.

Based on this belief, we have formulated an Information Security Policy, established an information security management system (ISMS), and will operate, monitor, maintain, and improve ISMS to foster a culture of attaching importance to information security.



**Information Security Policy**  
<https://www.iwatsu.co.jp/isms/>

### Group companies with information security management system certification

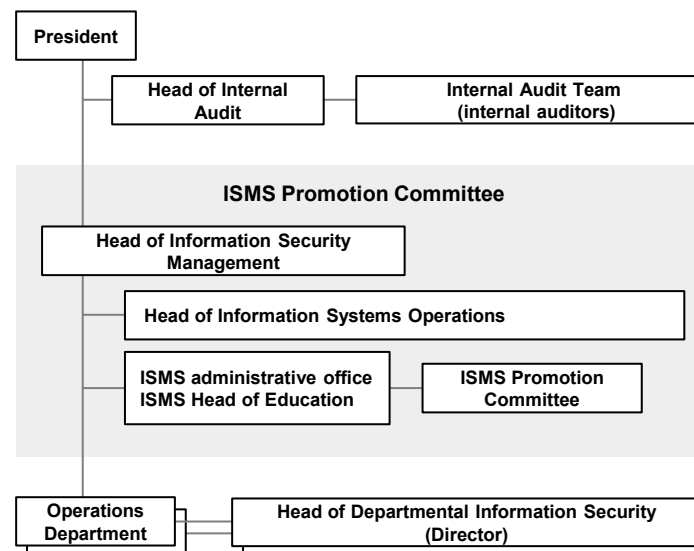
Company name	Certification body / number	Department to which certification applies
IWATSU Electric Co., Ltd.	JIC Quality Assurance Ltd. / 1296	Cloud Solution Sales Dept., Information Systems Dept.
IWATSU SYSTEM & SOFTWARE CO., LTD.	JIC Quality Assurance Ltd. / 1286	
groxi Inc.*	J-VAC Co., Ltd. IM0033	

## ISMS Promotion System

The ISMS Promotion Committee takes the lead in operating IWATSU Electric's information security management system.

Every year, the ISMS administrative office of this committee coordinates with the Personal Information Protection administrative office of IWATSU Electric to perform internal audits and management reviews of the personal information protection management system (PMS) and the ISMS, as part of measures to address information security.

### Information security management system promotion organization chart



### ■ System for management through the Computer Security Incident Response Team

The IWATSU Group has set up the Computer Security Incident Response Team (CSIRT), believing that information security management of the overall Group, including non-ISMS-certified Group companies, is important.

To strengthen information security management across the Group as a whole, we receive analyses of security information from external institutions, work to raise awareness internally, share information about information security incidents, and respond to such incidents.

### ■ Social media management systems

IWATSU Electric has developed “Guidelines for the Use of Social Media” as basic etiquette that applies when using social media in business operations, and we use these guidelines as a set of rules for operating social media.

\*As a result of share transfer, groxi Inc. was excluded from consolidated subsidiaries of IWATSU Electric Co., Ltd. in June 2023.

# Information Security Management

## Overview of Activities (IWATSU Electric Departments Subject to the ISMS)

### ■ Internal audits

IWATSU Electric performs internal ISMS audits once a year. In addition to checking the status of achievement of information security objectives and conformity with related laws and regulations, these audits also check matters such as whether or not the ISMS is being operated in accordance with the ISMS Manual and management regulations.

[Implementation time] June to August 2022  
[Results] No major non-conforming items

### ■ External inspections

Once a year, IWATSU Electric receives an external inspection of the conformity and effectiveness of the ISMS from a certification body. We correct or rectify any non-conforming items within a predetermined period. Each department considers ways to respond to opportunities for improvement, and they are confirmed in internal audits.

[Implementation time] November 2022 (renewal inspection)  
[Certification body] JIC Quality Assurance Ltd.  
[Results] Non-conforming items: 1;  
opportunities for improvement: 20

### ■ Management review

Once a year, the ISMS administrative office and the Personal Information Protection administrative office of IWATSU Electric coordinate to perform management reviews of IWATSU Electric's PMS and ISMS. In fiscal 2022, we conducted a management review in November, and senior management received reports on matters such as the operational status of these systems, including the results of internal audits, the status of compliance with laws and regulations, and points for improvement.

### ■ Response to information security incidents

IWATSU Electric manages information security incidents by classifying them into three levels from the viewpoints of their severity and level of impact.

We also identify small incidents proactively and take appropriate actions in our efforts to minimize their impact. We also use case examples of actual incidents in our internal training, so as to improve the level of our information security.

### ■ Checks of the status of compliance with laws, regulations, etc.

We perform regular checks for amendments to laws and regulations, and reflect the results in our ISMS activities and make revisions as necessary, in order to prevent any violations to our legal, regulatory, or contractual obligations or violations of requirements from a security perspective.

### ■ Security training and drills

In order to effectively operate our ISMS, we plan and provide employee training and drills related to information security, including response to ransomware that has been causing increasingly serious damage in recent years.

We also have a system in place that enables teleworking employees to participate through e-learning.

#### Status of implementation in fiscal 2022

Name of training or drill	Number of participants (people)
General ISMS training (increase awareness of security)	62
Security training (cybersecurity countermeasures)	<ul style="list-style-type: none"> <li>• 831 (September 2022)</li> <li>• 811 (February 2023)</li> </ul>
Promotion committee and internal auditor training	1
Trainings for persons responsible for information systems	6
Targeted attack email drills*	<ul style="list-style-type: none"> <li>• 1,064 (June 2022)</li> <li>• 1,094 (January 2023)</li> </ul>
ISMS business continuity and emergency drills	63

\*Conducted twice a year for IWATSU Group employees

# Personal Information Protection Management

## Basic Approach

At the IWATSU Group, we view the protection of personal information as one of the important basic matters in business activities, and at the same time, as one of the human rights risks involved in businesses. We understand that addressing such risks is our important social responsibility.

Based on this understanding, four Group companies including IWATSU Electric have adopted a Personal Information Protection Policy, established a personal information protection management system (PMS), and take measures to protect personal information.

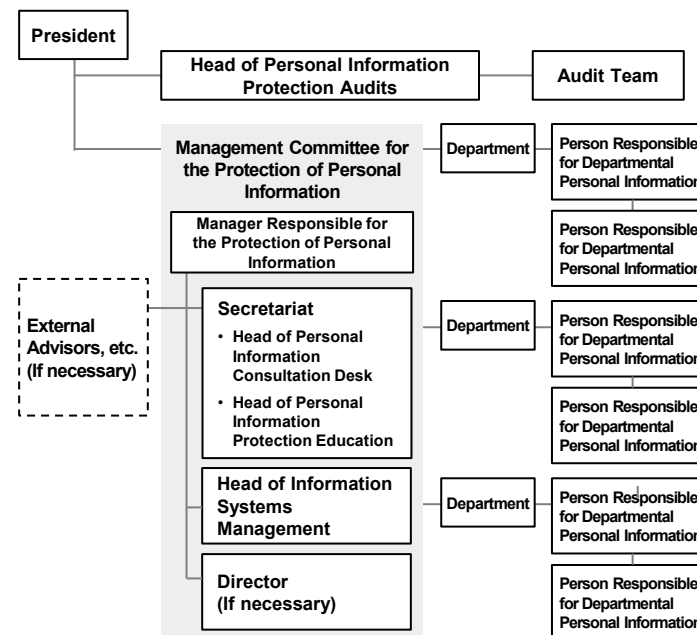


**Personal Information Protection Policy**  
<https://www.iwatsu.co.jp/security/>

## PMS Promotion System

The administrative office established under the Personal Information Protection Management Committee takes the lead in operating IWATSU Electric's PMS. This team plans and implements revisions to regulations concerning the protection of personal information, directions concerning operational inspections for departments, internal audits, external inspections, trainings for the Company as a whole and responsible employees, etc.

**Personal information protection management system promotion organization chart**



### ■ PrivacyMark implementation

Four companies in the IWATSU Group have acquired and implement the PrivacyMark. IWATSU Electric and three other companies take steps to share information and coordinate activities related to personal information.

Companies in the IWATSU Group that have not acquired the PrivacyMark engage in business activities in accordance with the Act on the Protection of Personal Information and other related laws and regulations. These companies also receive information on activities from companies within the Group that have acquired the PrivacyMark, as part of efforts to enhance the level of our competency in this area across the IWATSU Group as a whole.

### Status of PrivacyMark acquisition

Company name	Certification body	Registration number
IWATSU Electric Co., Ltd.	Japan Data Communications Association	21000556
IWATSU SYSTEM & SOFTWARE CO., LTD.	Japan Information Technology Services Industry Association	11820489
IWATSU NETWORK SOLUTION CO., LTD.	Japan Data Communications Association	21000561
IWATSU Business Services Co., Ltd.	Japan Data Communications Association	21004785

# Personal Information Protection Management

## Overview of Activities

### Internal audits

IWATSU Electric performs internal PMS audits once a year.\*1 In addition to checking the status of the protection of personal information and conformity with related laws and regulations, these audits also check matters such as the status of compliance and implementation of PMS-related regulations.

[Implementation time] June to August 2022  
[Results] No major non-conforming items

\*1. Implemented as an integrated audit together with the ISMS

### External inspections

Once every two years, IWATSU Electric receives a renewal inspection of the conformity and effectiveness of our PMS from a certification body.

In fiscal 2022, we received an external inspection in September. We corrected and rectified non-conforming items pointed out in the inspection, and in November 2022, it was decided that we will remain certified.

### Management review

Once a year, the Personal Information Protection administrative office and the ISMS administrative office of IWATSU Electric coordinate to perform management reviews of the PMS and ISMS. In fiscal 2022, we conducted a management review in November, and senior management received reports on matters such as the operational status of these systems, including the results of internal audits, the status of compliance with laws and regulations, and points for improvement.

### Education

Once every six months, IWATSU Electric provides regular education concerning all aspects of the PMS for all employees, including senior management. We also promote the appropriate protection of personal information through monthly company-wide education.

We also take steps to increase awareness of the protection of personal information among new employees, mid-career hires, and persons seconded from business partners, as part of initial training and acceptance education after joining the IWATSU Group.

#### Status of implementation in fiscal 2021

Classification	Name of training	Target
Regular	First company-wide PMS training in 1H	IWATSU Electric
	Second company-wide PMS training in 2H	IWATSU Electric
Alternate months	Company-wide PMS training in April	All Group members
	Company-wide PMS training in August	Group companies only*2
	Company-wide PMS training in January	All Group members
	Company-wide PMS training in March	Group companies only*2

\*2. The content overlaps with IWATSU Electric's regular training, so this training is only for "Group companies."

### Incident management

IWATSU Electric manages any incidents that occur, surveys the possibility of personal information leaks, and works to prevent recurrence. Between fiscal 2018 and fiscal 2022, there were losses of digital devices, etc., but the devices, etc., were quickly discovered in all cases, and there were no leaks of information.

In March 2023, an incident involving unauthorized access to an internet service from another company, which is used by IWATSU Electric, was revealed. In response, we reported it to the Personal Information Protection Commission and took corrective action.

As of September 2023, no report about personal information leaks related to this incident has been submitted from customers or trading partners of IWATSU Electric.

#### Status of occurrence of incidents

Fiscal year	Details of incidents (number of incidents)
2022	Loss of smartphone (one incident), unauthorized access to an internet service from another company, which is used by IWATSU Electric (one incident)
2021	Loss of laptop computer (one incident)*3
2020	Loss of smartphone (two incidents), loss of business card holder (one incident), loss of laptop computer (one incident)
2019	Loss of smartphone (three incidents), loss of employee ID and insurance card (one incident)
2018	Loss of smartphone (two incidents), loss of business card holder (one incident)

\*3. One incident, which occurred in fiscal 2021, was missing, so a correction has been made.



# Business Continuity Planning (BCP)

## Basic Approach

At the IWATSU Group, we believe it important to respond to a crisis threatening civil life or corporate activities by continuing business as much as possible while engaging in activities to aid affected people and contribute to local communities, and if business has been discontinued, to strive to resume it as soon as possible and supply products and services stably.

Based on this belief, IWATSU Electric has built a system for responding to crises and risks promptly, appropriately, and in a cross-sectoral manner to be able to continue business. We have also developed internal regulations related to business continuity.

### Examples of expected crises and risks

- Natural disasters
- Major infectious diseases
- Large-scale man-made disasters
- Danger to employees' lives
- Human rights violations in the supply chain
- Major damage to customers and related institutions
- Harm by antisocial forces
- Hostile purchases of the Company's shares
- External leaks of important or personal information
- Damage from ransomware or targeted email attacks
- Major violations of laws and regulations
- Major occupational injuries

## Crisis Taskforce System

Where a crisis has occurred or is likely to occur, the IWATSU Group sets up a Crisis Taskforce as necessary and focuses on ensuring business continuity.

### Role of the Crisis Taskforce

1. To collect information on the relevant crisis.
2. To make decisions concerning policies for responding to the crisis, etc.
3. To convene stakeholders and hold meetings to discuss countermeasures, as necessary.
4. To provide information to public administration and trading partners.
5. To take other necessary actions to respond to the crisis.

### Structure of the Crisis Taskforce

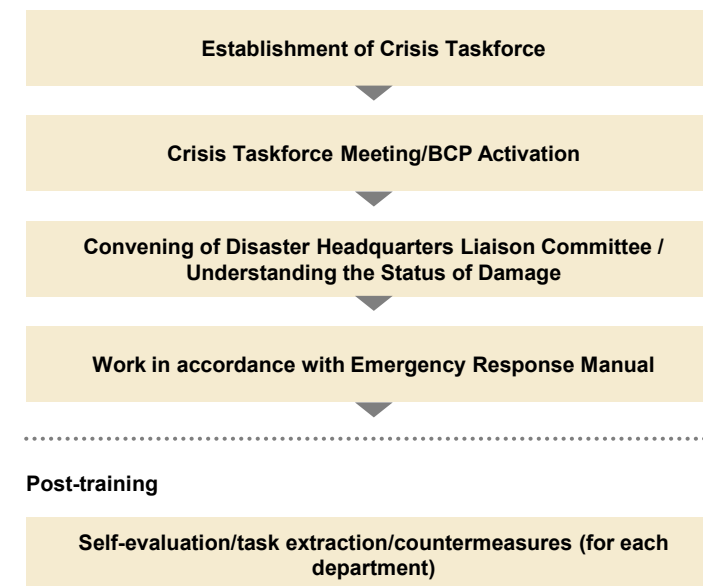
	Role	Member
General Manager	Control of the taskforce and direction/supervision of taskforce members	President
Deputy General Manager	Assistant and deputy for the General Manager	All officers with special titles
General Manager of the administrative office	Control of administrative matters of the taskforce	Officer responsible for the Management Division
Members of the taskforce	Collection of information, implementation of countermeasures, and spreading of knowledge among stakeholders	Officers and employees of the Company or Group companies nominated by the General Manager

## Details of Activities

In fiscal 2022, we performed emergency response drills based on the scenario of an earthquake directly underneath Tokyo.

[Implementation time] November 2022  
 [Subject] All IWATSU Group companies  
 [Scenario] An earthquake with a seismic intensity of just over 6  
 Shutdown of information systems within the Group  
 Percentage of employees who can come into work at 30%, etc.

### Flow of training



# 5 — Appendix



# Appendix: GRI Standards Content Index

## ■ GRI Sustainability Reporting Standards Index

This report was created with reference to the GRI Sustainability Reporting Standards and contains the following disclosed information.

ID	Reporting Requirements	Refer to
<b>General Disclosures</b>		
<b>GRI2: General Disclosures 2021</b>		
<b>1. Organization and its sustainability reporting practices</b>		
2-1	Organizational details	78
2-2	Entities included in the organization's sustainability reporting	4
2-3	Reporting period, frequency and contact point	4、79
2-4	Restatements of information	18、26、37、72
2-5	External assurance	-
<b>2. Activities and workers</b>		
2-6	Activities, value chain and other business relationships	11、78
2-7	Employees	49~50
2-8	Workers who are not employees	50
<b>3. Governance</b>		
2-9	Governance structure and composition	9、25、60、67、69、71、73
2-10	Nomination and selection of the highest governance body	67
2-11	Chair of the highest governance body	9、67
2-12	Role of the highest governance body in overseeing the management of impacts	9
2-13	Delegation of responsibility for managing impacts	9
2-14	Role of the highest governance body in sustainability reporting	9
2-15	Conflicts of interest	67
2-16	Communication of critical concerns	9、16、67~68
2-17	Collective knowledge of highest governance body	-
2-18	Evaluation of the performance of the highest governance body	67
2-19	Remuneration policies	Report on the 114th Annual Securities Report, etc.
2-20	Process to determine remuneration	Report on the 114th Annual Securities Report, etc.
2-21	Annual compensation ratio	Report on the 114th Annual Securities Report, etc.

ID	Reporting Requirements	Refer to
<b>4. Strategy, policies and practices</b>		
2-22	Statement on sustainable development strategy	2、5~6、8
2-23	Policy commitments	44、59
2-24	Embedding policy commitments	9、11、45~47、59
2-25	Processes to remediate negative impacts	47
2-26	Mechanisms for seeking advice and raising concerns	44、68
2-27	Compliance with laws and regulations	28、38
2-28	Membership associations	10
<b>5. Stakeholder engagement</b>		
2-29	Approach to stakeholder engagement	10
2-30	Collective bargaining agreements	47
<b>GRI3: Material topics 2021</b>		
3-1	Process to determine material topics	12
3-2	List of material topics	12
3-3	Management of material topics	13~15
<b>Standards by topic 200: Economic</b>		
<b>GRI 201: Economic Performance 2016</b>		
201-1	Direct economic value generated and distributed	Report on the 114th Annual Securities Report, etc.
201-2	Financial implications and other risks and opportunities due to climate change	17
201-3	Defined benefit plan obligations and other retirement plans	Report on the 114th Annual Securities Report, etc.
201-4	Financial assistance received from government	Report on the 114th Annual Securities Report, etc.
<b>GRI 202: Market Presence 2016</b>		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-
202-2	Proportion of senior management hired from the local community	-
<b>GRI 203: Indirect Economic Impacts 2016</b>		
203-1	Infrastructure investments and services supported	19~23
203-2	Significant indirect economic impacts	19~23

## Appendix: GRI Standards Content Index

ID	Reporting Requirements	Refer to
<b>GRI 204: Procurement Practices 2016</b>		
204-1	Proportion of spending on local suppliers	-
<b>GRI 205: Anti-corruption 2016</b>		
205-1	Operations assessed for risks related to corruption	68
205-2	Communication and training on anti-corruption policies and procedures.	68
205-3	Confirmed incidents of corruption and actions taken	-
<b>GRI 206: Anticompetitive Behavior 2016</b>		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-
<b>GRI 207: Tax 2019</b>		
207-1	Approach to tax	-
207-2	Tax governance, control, and risk management	-
207-3	Stakeholder engagement and management of concerns related to tax	-
207-4	Country-by-country reporting	-
<b>Standards by topic 300: Environmental</b>		
<b>GRI 301: Materials 2016</b>		
301-1	Materials used by weight or volume	27
301-2	Recycled input materials used	-
301-3	Reclaimed products and their packaging materials	-
<b>GRI 302: Energy 2016</b>		
302-1	Energy consumption within the organization	26~27、35~36
302-2	Energy consumption outside of the organization	-
302-3	Energy intensity	-
302-4	Reduction of energy consumption	35~36
302-5	Reductions in energy requirements of products and services	29
<b>GRI 303: Water and Effluents 2018</b>		
303-1	Interactions with water as a shared resource	27、39
303-2	Management of water discharge-related impacts	39
303-3	Water withdrawal	26~27、39
303-4	Drainage	26~27、39
303-5	Water consumption	39

ID	Reporting Requirements	Refer to
<b>GRI 304: Biodiversity 2016</b>		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-
304-2	Significant impacts of activities, products, and services on biodiversity	29、37、40
304-3	Habitats protected or restored	-
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-
<b>GRI 305: Emissions 2016</b>		
305-1	Direct (Scope 1) GHG emissions	18、26~27、31~32
305-2	Indirect (Scope 2) GHG emissions	18、26~27、31~32
305-3	Other indirect (Scope 3) GHG emissions	18、26、31~32
305-4	GHG emissions intensity	26、33
305-5	Reduction of GHG emissions	18、30、33~34
305-6	Emissions of ozone-depleting substances (ODS)	-
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	38
<b>GRI 306: Waste 2020</b>		
306-1	Waste generation and significant waste-related impacts	20~21、40~41
306-2	Management of significant waste-related impacts	29、41~42
306-3	Waste generated	26~27、42
306-4	Waste diverted from disposal	26~27、42
306-5	Waste directed to disposal	27、42
<b>GRI 308: Supplier Environmental Assessment 2016</b>		
308-1	New suppliers that were screened using environmental criteria	-
308-2	Negative environmental impacts in the supply chain and actions taken	59
<b>Standards by topic 400: Social</b>		
<b>GRI 401: Management Approach Disclosures 2016</b>		
401-1	New employee hires and employee turnover	-
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	-
401-3	Parental Leave	54

## Appendix: GRI Standards Content Index

ID	Reporting Requirements	Refer to
<b>GRI 402: Labor/ Management Relations 2016</b>		
402-1	Minimum notice periods regarding operational changes	-
<b>GRI 403: Occupational Health and Safety 2018</b>		
403-1	Occupational health and safety management system	53、 56
403-2	Hazard identification, risk assessment, and incident investigation	55、 57~58
403-3	Occupational health services	54、 57~58
403-4	Worker participation, consultation, and communication on occupational health and safety	56
403-5	Worker training on occupational health and safety	57~58
403-6	Promotion of worker health	53~54
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	58
403-8	Workers covered by an occupational health and safety management system	-
403-9	Work-related injuries	55、 58
403-10	Work-related ill health	58
<b>GRI 404: Training and Education 2016</b>		
404-1	Average hours of training per year per employee	51
404-2	Programs for upgrading employee skills and transition assistance programs	51~52
404-3	Percentage of employees receiving regular performance and career development reviews	-
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
405-1	Diversity of governance bodies and employees	48~50
405-2	Ratio of basic salary and remuneration of women to men	49
<b>GRI 406: Non-discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	47、 59
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	47、 59
<b>GRI 408: Child Labor 2016</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	47、 59
<b>GRI 409: Forced or Compulsory Labor 2016</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	47、 59
<b>GRI 410: Security 2016</b>		
410-1	Security personnel trained in human rights policies or procedures	-

ID	Reporting Requirements	Refer to
<b>GRI 411: Rights of Indigenous Peoples 2016</b>		
411-1	Incidents of violations involving rights of indigenous peoples	-
<b>GRI 413: Local Communities 2016</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	62~65
413-2	Operations with significant actual and potential negative impacts on local communities	-
<b>GRI 414: Supplier Social Assessment 2016</b>		
414-1	New suppliers that were screened using social criteria	59
414-2	Negative social impacts in the supply chain and actions taken	59
<b>GRI 415: Public Policy 2016</b>		
415-1	Political contributions	-
<b>GRI 416: Customer Health and Safety 2016</b>		
416-1	Assessment of the health and safety impacts of product and service categories	61
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	61
<b>GRI 417: Marketing and Labeling 2016</b>		
417-1	Requirements for product and service information and labeling	29、 37、 61
417-2	Incidents of non-compliance concerning product and service information and labeling	-
417-3	Incidents of non-compliance concerning marketing communications	-
<b>GRI 418: Customer Privacy 2016</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	70、 72

# Corporate Profile

<b>Company name</b>	IWATSU ELECTRIC CO., LTD.
<b>English name</b>	IWATSU Electric Co., Ltd.
<b>Representative Director and President</b>	Shogo Kimura
<b>Established</b>	August 14, 1938
<b>Headquarters</b>	1-7-41 Kugayama, Suginami-ku, Tokyo, 168-8501 Japan
<b>Business description</b>	<ul style="list-style-type: none"> <li>Development, manufacture, sale, and provision of services in areas related to business communication systems, printing systems, and test and measurement equipment</li> <li>Real estate rental and other businesses</li> </ul>
<b>Share Capital</b>	6.0 billion yen
<b>Net sales</b>	22.9 billion yen (consolidated, FY2022)
<b>Number of employees</b>	Non-consolidated: 410 / Consolidated: 1,220

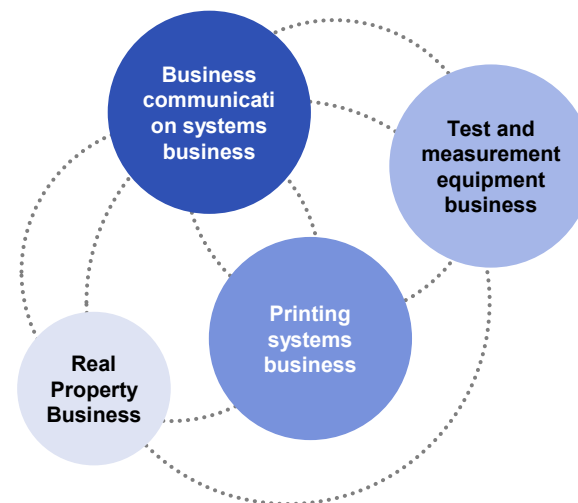
\*As of March 31, 2023

## Group Companies

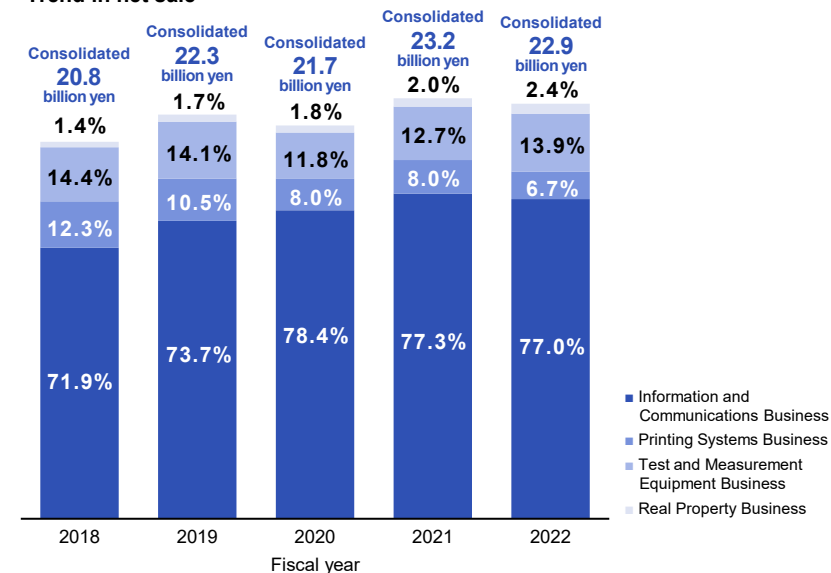
- Iwatsu Manufacturing Co., Ltd.
- IWATSU NETWORK SOLUTION CO., LTD.
- Dentsu Service Co., Ltd.
- IWATSU SYSTEM & SOFTWARE CO., LTD.
- IWATSU Business Services Co., Ltd.
- Tohtsu Industry Co., Ltd.
- IWATSU Chemical Cross Co., Ltd.

\*All shares in groxi Inc. were transferred to ELECOM Co., Ltd. on June 30, 2023, and all shares in Iwatsu (Malaysia) Sdn Bhd were transferred to Silitech Technology Corporation in September 2023.

## IWATSU Group's businesses



## Trend in net sale



## IWATSU Group's Main Business Lines

<b>Business communication systems business</b>	Business phones, PBX, on-premise personal handy-phone systems, smartphone-linked solutions, paging systems, telephones, network-related equipment, contact center solutions, CRM solutions, system operation and monitoring services, data center services, data analysis solutions, security solutions, asset management solutions, BCP solutions, wireless authentication systems, emergency notification systems, LED light dimmer systems, energy management systems, solar power generation monitoring systems, remote systems for monitoring remaining amount, online communication tools, and factory IoT solutions
<b>Printing systems business</b>	Digital platemakers, business card cutters, label printers, inkjet printers, mailing-related equipment, relevant consumables, and sanitizing products
<b>Test and measurement equipment business</b>	Digital oscilloscopes, various probes, digital multimeters, universal counters, signal generators, training kits, thermal conductivity measuring devices, positioning and displacement meters, non-contact displacement meters, non-contact thickness meters, radiation dose monitors, isolation systems, semiconductor curve tracers, high-voltage CV measurement systems, devices for measuring magnetic material properties, pattern generators, power analyzers, frequency response and impedance analyzers, amplifiers, aerospace equipment systems, electronic components (connectors, switches, and harnesses), and infrared thermography
<b>Real Property Business</b>	Real estate rental and other businesses

# IWATSU

**IWATSU ELECTRIC CO., LTD.**

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