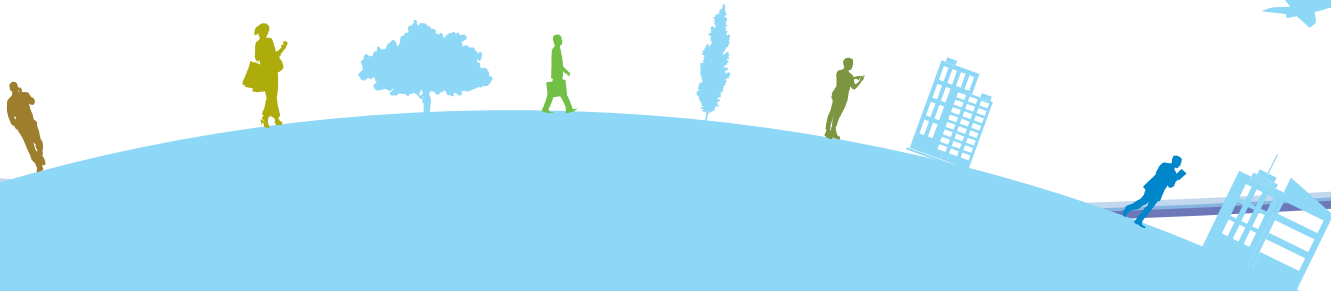




Tokyo Seimitsu
CSR Report 2018



Editorial Policy

The Tokyo Seimitsu Group established the CSR Promotion Department under the direct control of the president in April 2015 to explore the responsibilities and roles to fulfill to "achieve a sustainable society," launching actions for CSR (corporate social responsibility). With the aim to realize solution of social challenges through business activities, creation of social values beyond that and improvement of our corporate economic values, effort for sustainability is positioned as a priority in the mid-term management plan announced in May 2018. This CSR report is intended to disclose the Tokyo Seimitsu Group's corporate activities to all stakeholders, both existing and potential.

We intend to use this report as a tool of communication with our stakeholders to receive feedback and hope to develop our fledgling CSR actions into a more effective initiative.

Scope of This Report

Period covered: In principle, this report covers activities during the period from April 1, 2017 to March 31, 2018. Activities continued from before the period covered, as well as those conducted most recently, are included.

Organizations covered: Tokyo Seimitsu Co., Ltd.
Semiconductor Company, Hachioji Plant (Hachioji City, Tokyo)
Metrology Company, Tsuchiura Plant (Tsuchiura City, Ibaraki)
Administration Company (Hachioji City, Tokyo)
Semiconductor Company, sales offices (3 offices in Japan)
Metrology Company, sales offices (14 offices in Japan)

Affiliated companies: Tosei Engineering Corp. (Tsuchiura City, Ibaraki, and Miyoshi City, Aichi)
Tosei Systems Co., Ltd.
Tosei Box Corp.

In principle, this report pertains to Tokyo Seimitsu Group. When the reported information is confined to one or more specific organizations, the scope of coverage is indicated individually.

Issued: October 2018 (next issuance scheduled for October 2019; last issuance date: October 2017)



For additional information, go to

- ▶ Environmental and Social activities: <http://www.accretech.jp/csr/index.html>
- ▶ Products tab of Tokyo Seimitsu's website: <http://www.accretech.jp/product/index.html>

The following documents can be downloaded.

- ▶ Company information: <http://www.accretech.jp/company/guide.html>
- ▶ Financial data: <https://ir.accretech.jp/ja/index.html>
- ▶ CSR Report: <http://www.accretech.jp/csr/index.html>

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Message from the President



The Tokyo Seimitsu Group is always committed to building a "future full of dreams."

President and CEO

A handwritten signature in black ink that reads "Hitoshi Yoshida".

Corporate Philosophy:

We create the world's No.1 products and grow together to higher level by integrating excellent technology, wisdom, and information available in the world.

MOTTO:

"WIN-WIN RELATIONSHIPS CREATE THE WORLD'S NO.1 PRODUCTS!"

Corporate Brand:

ACCURETECH

The words "Accrete" and "Technology" are combined to coin this term, meaning to "Grow Together."

I would like to take this opportunity to express my utmost gratitude to many business partners for the support they have given us to date since the establishment of the Tokyo Seimitsu Group.

In our "Environmental and Social Report 2015," we declared the compliance with the RBA Code of Conduct (old EICC) that is the Electronic Industry Code of

Conduct. We will continuously and strictly comply with this code.

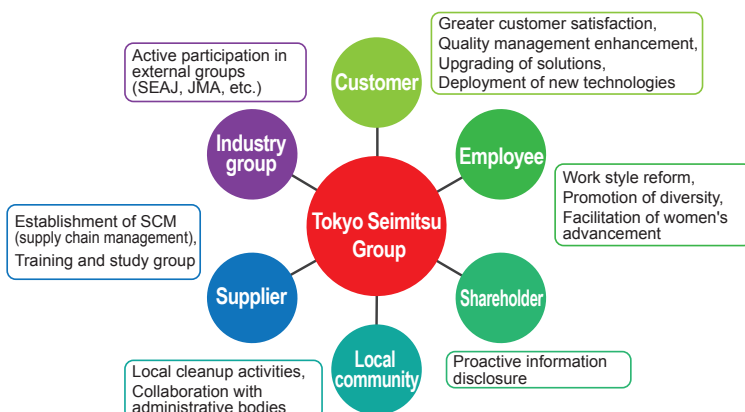
We issue a CSR Report from 2016, and make it public to increase our corporate value by deepening win-win relationships with a wider range of stakeholders and ensure that all stakeholders understand our corporate philosophy, value and social responsibility and role.

Through partnerships with enterprises and individuals with whom we share the goal of "creating the world's No.1 products," we develop innovative new products based on nanotechnology. We are a technology-oriented company committed to nurturing a global and hybrid corporate cultural environment of Tokyo Seimitsu (ACCRETECH) encompassing different cultures and to building a development system for the world's No.1 products, under the motto of "WIN-WIN RELATIONSHIPS CREATE THE WORLD'S NO.1 PRODUCTS," for the purpose of making this collaboration a success.

The corporate brand, "ACCRETECH," introduced in 2001, is a term coined by combining the word "Accrete," meaning "to grow together," and the word "Technology." It represents our corporate philosophy to "create the world's No.1 products and grow significantly with our partners and customers by integrating the excellent technology, wisdom, and information available in the world."

Based on this philosophy, we have provided manufacturers around the world with measuring instruments utilizing the state-of-the-art precision measuring technology as well as semiconductor manufacturing equipment that takes advantage of precision positioning technology. Staying true to the concept of "What cannot be measured cannot be produced" as the basic principle of manufacturing, we will continue our sincere effort to offer valuable technologies and services that are friendly to the global society and environment.

We explained our future ESG initiatives in the financial results briefing in May 2018. The company is proactively engaged in CSR activities to "achieve a sustainable society" and its business activity is made possible by interactions with various stakeholders. Consequently we are determined to take actions in every business process with emphasis on interactive communication.



Relationship with Stakeholders

Environment

- Eco-conscious products: development of environmentally friendly products taking LCA into consideration
- Global warming prevention: CO2 emissions reduction
- Reduction in resource usage: cut in water consumption, higher recycling rate of wastes

Social

- Quality improvement: enhancement of change management process · QMS activity
- Operation safety: accident rate reduction
- Supply chain: intensify and improve ESG activities based on our policy in cooperation with suppliers
- Others: work style reforms (promotion of women's advancement, etc.), compliance, adoption programs in Hachioji / Tsuchiura Cities

Governance

- The Group Code of Conduct: education, permeation and review in all offices
- Compliance: establishment, education and review of compliance system
- Information security enhancement: more rigid in-house management system, inspection system, control education

※★ is attached to the title of policy in addressing ESG issues.

Our Policy in Addressing ESG Issues

We will engage in the following activities to achieve a sustainable society. As described above, our activities were based on ISO26000, while conforming to the RBA Code of Conduct. Going forward, however, we will consider active participation and engagement in the UN Global Compact and associated initiatives.

With enterprises around the world exploring new ways of manufacturing to meet the needs of the international community for healthy, safe, and comfortable livelihood with low environmental impact, we consider it Tokyo Seimitsu's social role to fulfill those needs by providing a means of production that makes the impossible possible with high-quality No.1 products.

Any countries, including emerging or poor countries, have a potential to develop industry. We will help these countries increase their competitiveness by giving them added values that enable many people to demonstrate their ability through cooperation in the field of precision.

Tokyo Seimitsu is a group of engineers devoted to working in unity with customers and suppliers to overcome the hurdles in the creation of new value and will continue to take part in the effort to create "a future full of dreams" as an indispensable member of "manufacturing communities" across the globe. We also continue to provide our shareholders and investors with accurate information on our business performance, financial situation, and business strategy in a timely manner to improve transparency of our activities and governance. By increasing our corporate value and realizing "a future full of dreams," we are going to build long-term relationships with our shareholders and investors so that all of them can achieve gains in asset value safely.

How We See CSR

With philosophy of creating the world's No. 1 products by integrating excellent technology, wisdom and information available in the world, Tokyo Seimitsu will work together with all stakeholders such as manufacturing customers and suppliers to realize sustainable society.

Motto

**WIN-WIN RELATIONSHIPS
CREATE THE WORLD'S NO.1
PRODUCTS!**



Wind power generation

ACCURETECH



Precision Measuring Instruments

Suppliers

Partners we work with to create new value



Electric components



Small components



Materials

Corporate Philosophy

We create the world's No. 1 products and grow together to higher level by integrating excellent technology, wisdom and information available in the world.

Finished Products

Manufacturers
Supported by
Tokyo Seimitsu



Smartphones



Airplanes



Next-generation
robots



Automobiles

Support Manufacturing and Society with Measuring Technology

Achieve a Sustainable Society



Semiconductor Manufacturing Equipment



The Tokyo Seimitsu Group has contributed to enhancing the convenience of society and reducing environmental impact by providing precision measuring instruments that are indispensable for our manufacturing customers' highly efficient production processes and semiconductor manufacturing equipment that helps produce electronic products in an energy- and resource-saving manner. This means that the measuring technologies and products that the Tokyo Seimitsu Group provides support manufacturing activities of customers and that end products produced through those activities support the entire society.

In order for us to continue to provide society with various values through our products, it is essential to grasp the needs of customers and society from a medium- and long-term perspective and collaborate with many suppliers who relate to our corporate philosophy. We are determined to create new technologies based on the win-win relationships with stakeholders and support society through our manufacturing activities that improve the quality of life and preserve and enhance the environment. At the same time, we intend to enter new fields where we can provide security and safety by leveraging our technologies, thus contributing to the development of a sustainable society.

Also, in order to keep growing together with stakeholders, we ensure that human rights are respected in all processes of our business activity and evaluate our impact on the global environment. We strive to fulfill our social role in awareness of the responsibility that we bear. As part of these efforts, the CSR report portrays Tokyo Seimitsu as it is and is intended to promote various forms of communication with stakeholders.



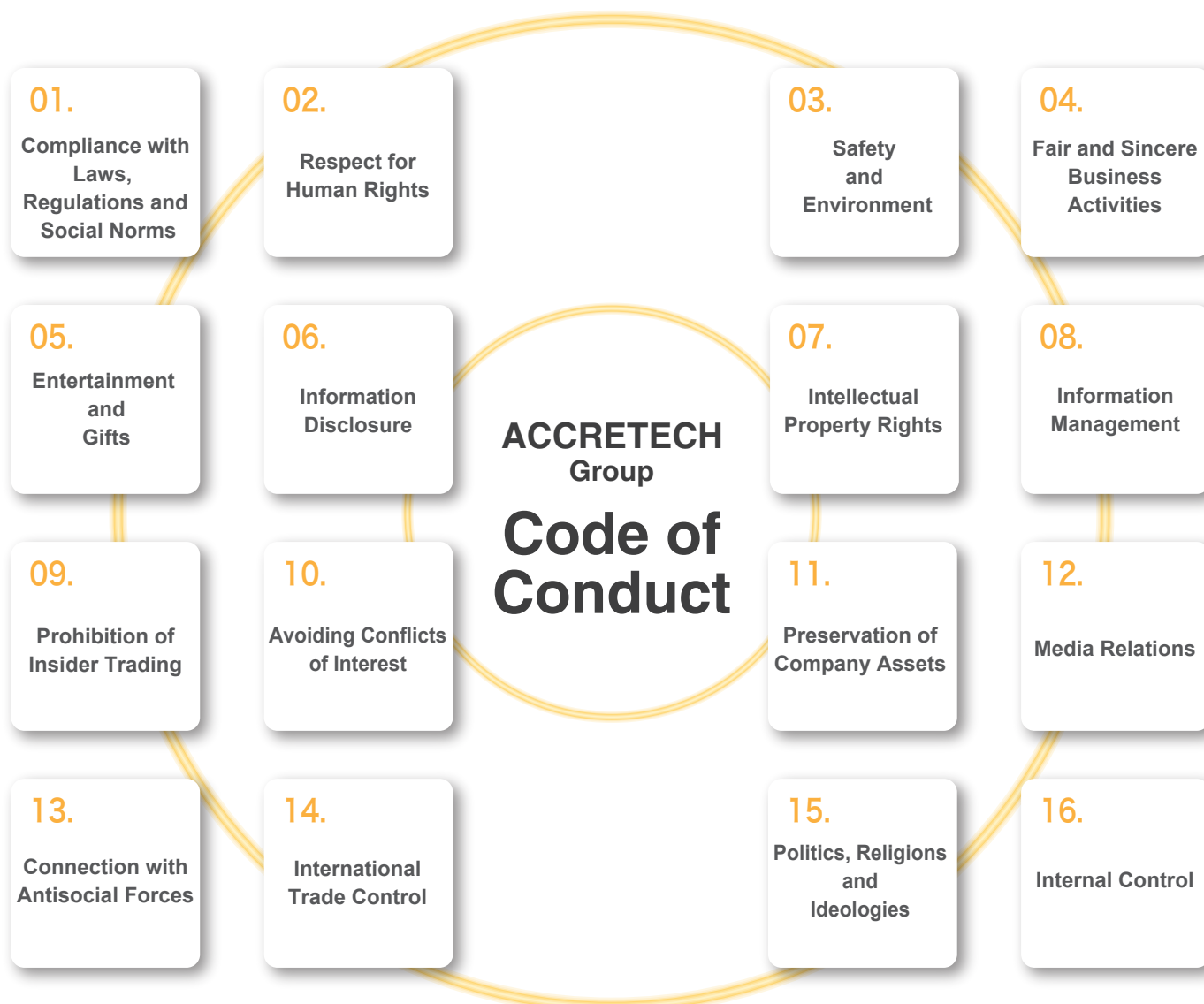
ACCRETECH Group Code of Conduct★

In order to create a WIN-WIN relationship with all stakeholders, including customers, shareholders and investors, suppliers, etc. and to achieve sustainable development both in the long term, the Tokyo Seimitsu Group must take actions that can be accepted by society conducting business activities.

The Group has adopted the ACCRETECH Group Code of Conduct (herein after called the "Group Code of Conduct") to provide a set of guiding principles, such as compliance with laws and internal regulations, respect for human rights, fair and sincere business activities and ethical behavior, which are to be observed by all directors and employees to meet the highest ethical standards and transparency, and to establish and manage compliance promotion systems.

Tokyo Seimitsu Group provides education for the directors and employees on the Group Code of Conduct to improve and raise awareness. The Group also makes sincere efforts to obtain understanding and cooperation from all stakeholders in its compliance activities.

The Group Code of Conduct contains action guidelines on the following items:



Profile of Tokyo Seimitsu



With semiconductor manufacturing equipment and precision measuring instruments as the pillars of its business, Tokyo Seimitsu conducts business activities globally, mainly in Asia but also in other parts of the world including Europe and the Americas. We aim to create the world's No.1 products and continue to grow with our partners and customers by integrating the excellent technology, wisdom and information available in the world.

Outline of Company

Company name	Tokyo Seimitsu Co., Ltd.
Head office	2968-2, Ishikawa-machi, Hachioji-shi, Tokyo
Established	March 28, 1949
President	Hitoshi Yoshida
Paid-in capital	10,561 million yen (as of March 31, 2018)
Exchange listing	Tokyo Stock Exchange 1st Section
Sales amount (consolidated)	88,194 million yen (as of March 31, 2018)
Ordinary profit (consolidated)	17,316 million yen (as of March 31, 2016)
Number of employees (consolidated)	1,933 (as of March 31, 2018)
Operation sites	Hachioji Plant, Tsuchiura Plant, and 17 sales offices in Japan, 66 overseas offices, 5 domestic group companies, etc.

Products



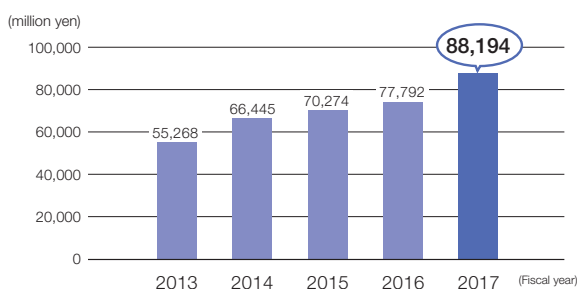
Semiconductor Manufacturing Equipment



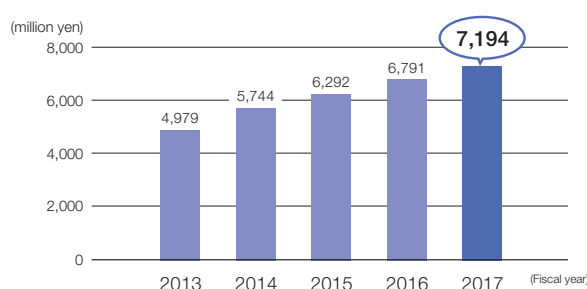
Precision Measuring Instrument

Financial Data (Consolidated)

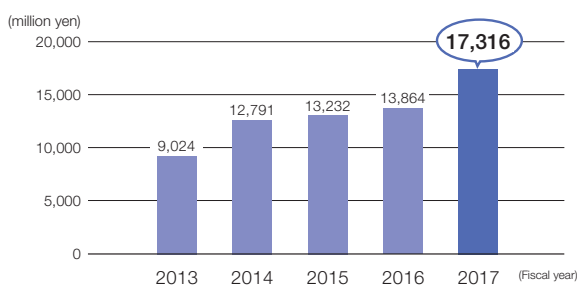
Sales Amount



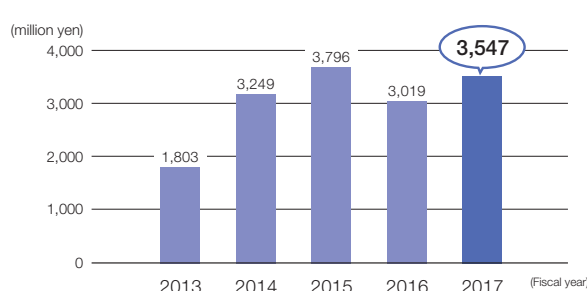
R&D



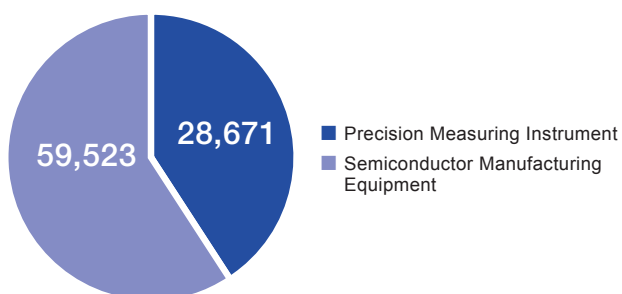
Ordinary Profit



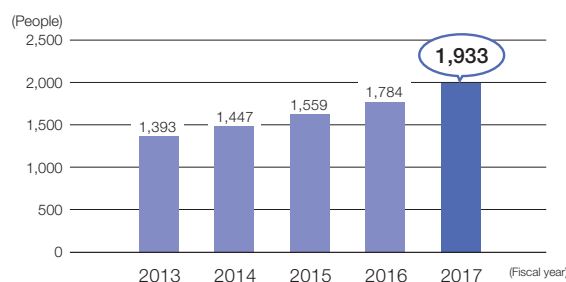
Capital Expenditures



FY2017 Sales Amount by Business (Million yen)



Number of employees



Stance on Internal Controls

We are committed to reinforcing our corporate governance and compliance and ensuring sound and transparent management by establishing internal control systems.

Internal Control System

The Board of Directors has built an effective internal control system and established a structure for complying with laws, regulations and the articles of incorporation to ensure that all business operations are performed appropriately and soundly. The Board of Auditors audits the effectiveness and functions of the internal control system. The Audit Department, established as an organization under the direct control of the president, conducts internal audits to verify that the business operations of Tokyo Seimitsu group are conducted in compliance with relevant laws, regulations, articles of incorporation, and internal rules, as well as to assess the validity of controls. The Audit Department also carries out IT control audits in cooperation with other relevant departments and teams. The Audit Department checks the operation status of internal controls related to financial reporting of the Tokyo Seimitsu Group and evaluates their validity.

If the Audit Department finds any violation of laws, regulations, articles of incorporation, or internal rules, or any risk due to some other reasons, its General Manager immediately notifies the President and the Board of Directors takes actions. Internal audits are conducted according to an annual plan approved by the Board of Directors, and their results are immediately reported to the President as well as at the Board of Directors and Executive Management Meetings. Audit results and suggested improvements are also shared with related sections and divisions.

Compliance★

Compliance Management System

The Tokyo Seimitsu Group has the Compliance Committee as an organization to manage compliance-related efforts. This organization is led by the board directors and executive officers, the other members include directors in charge of production, engineering, and personnel management, presidents of the group companies, etc. The committee formulates the code of corporate ethics and action guidelines, and reports and discusses compliance education, training, and activities. If there is any potential violation or infringement of laws, regulations, rules, or ethics, it takes corrective actions.

Compliance Education

It is important that thorough compliance, all directors and employees should understand applicable laws, regulations, and rules and realize their obligation to comply with them. We provides many education opportunities to raise awareness of compliance and stay highly conscious. In addition to level-specific education programs such as new employee training and training for managers, we have implemented an e-learning training system in Japan. In safety and health training at manufacturing site, emphasis is placed on compliance with relevant laws and regulations, including those related to quality and environmental management.

Whistle Blower System

The Tokyo Seimitsu Group has the Compliance Consultation Office as a whistle blower system.

This service is offered through the following channels outside and inside the company: ① Compliance Committee members. ② Personnel Counseling Dept. ③ External lawyers. ④ Outside directors. ⑤ Auditors.

Every effort is made to protect the anonymity and privacy of whistleblowers and shield them from any negative consequences.

Status of Legal Compliance

Results of evaluations and other inspections conducted in internal audits and by external audits show no misconduct, legal violation, or any other problem that affects business activities with regard to the appropriateness of financial statements, the quality of products, and environmental activities in fiscal 2017.

Risk Management

Risk Management System

The Risk Management Committee is in place to manage risk for the Tokyo Seimitsu Group. Headed by the President and CEO, the Committee consists of executive officers from Companies and directors of group company appointed by the Chair. Measures to prevent potential risk are reported from relevant sections to the Committee, which will then report to the Board of Directors as necessary. When risk becomes obvious, the Risk Task Force is established immediately.

Risk Measures

BCP (Business Continuity Plan)

Tokyo Seimitsu, in line with the "business continuity policy," reviews and refines its business continuity plan and BCP in plants. In the managers' training in fiscal 2018, effort by Hachioji Plant toward BCP was reported by the plant manager. The following were explained in detail to managers and reconfirmed: damage estimation in BCP; initial response, execution of BCP and its criteria for judgment; organizational structure; seismic resistance of buildings, complementarity of utilities facilities, enhancement of performance and facilities in each plant and evacuation destinations; BCP in each department including production and sales. Based on this, we will implement in a planned manner further refinement of the business continuity plan and BCP in plants, enrichment of education and desktop training, review of manuals, BCP in each department as well as review of damage estimation. Tsuchiura Plant will continue to take similar measures through collaboration with Hachioji Plant. Tokyo Seimitsu Group has a "safety confirmation system" in place that enables us to check whether employees are safe in the event of a disaster or accident by using cellular phones or smartphones. In order to check its effectiveness and to raise awareness of all employees, we conduct semiannually a "drill to operate the safety confirmation system" and announce its results. We also trace once a month employees whose e-mail address is not registered yet.



Paying sincere attention to customer needs and making improvements continuously day by day, we support manufacturing activities of customers and contribute to the realization of a sustainable society by providing the latest semiconductor manufacturing equipment and precision measuring instruments and related support services.

Commitment to Quality Control

Basic Views on Quality

"Quality" provided by Tokyo Seimitsu consists of 'quality of stable and reliable products' and 'quality of prompt and meticulous support.' We strive to upgrade our "quality" by active use of customer satisfaction surveys to assess the level of satisfaction on both qualities.

We contribute to society by offering customer satisfaction and reliable products and support.

Quality Policy

Hachioji and Tsuchiura Plants collectively received ISO9001 in 1994 and ISO9001:2015 certification was obtained by establishing the following quality policy in April 2018.

Quality Policy of Tokyo Seimitsu Co., Ltd.

Basic Philosophy

WIN-WIN RELATIONSHIPS CREATE THE WORLD'S NO.1 PRODUCTS!
Policy

1. We comply with laws and regulations in products and production, and contribute to society by placing priority on meeting customer requirements.
2. At the beginning of every fiscal year, each Company reviews its quality targets (priority targets) for the previous year, and sets new quality targets for the new year to enhance product quality.
3. We continuously improve the performance and effectiveness of our quality management system.
4. We develop user-friendly products by establishing partnerships with users.
5. We seek to improve quality through total quality control (TQC).
6. We seek to improve quality through partnerships with subcontractors.
7. We enhance customer support in business, technology and services.
8. We build safety, quality, and reliability in each production process to achieve stable supply.
9. The quality management system applies to the activities, products, and services of Semiconductor and Metrology Companies.
10. This quality policy is disclosed internally and externally.

QMS Activity★

Various Activities of QMS

We reviewed our quality system in 2015 in accordance with the revised ISO9001:2015 and started its implementation in fiscal 2017. With this new quality management system, quality policy was revised and quality targets were set by each plant to improve quality performance in order to address the needs of stakeholders, internal and external challenges and control risk. More specifically, each section devises its implementation plan to achieve the quality targets by creating an implementation plan document for quality targets as well as a quality management system program.

Wide-ranging themes for improvement are selected for the quality management system program, for example, by choosing as themes items identified in customer satisfaction questionnaire results as requiring improvement.

Quality Working Group, in its quarterly meetings, confirms achievements of the quality management system program, evaluates progress and examines measures for improvement.

We promoted these activities in fiscal 2017 and received ISO9001:2015 certification in the spring of 2018.

Upgrading of Change Management★

We have strived to eliminate defects by assessing, as a cause of defectives, risk due to changes of design, production and others and by taking measures beforehand.

In fiscal 2017, management standards were updated to be more specific through establishment of change management rules in higher-level standard documents of the company and incorporation of them in lower standard documents in each relevant section. The enhanced management standards further repeated the cycle of actual use and feedback in each relevant section and achieved a higher degree of perfection. By strengthening management standards, we are working to reduce the risk of defects accompanying changes and to prevent problems from occurring.

We plan to accumulate change management results data to use it as a data base of similar change risks and seek speedier and more efficient change management operation.



Global and Attentive Support System

■ Semiconductor Manufacturing Equipment Business Global Service Alliance

Service Division of Customer Engineering Department holds an annual meeting called GSM (Global Service Meeting).

The 6th meeting is scheduled in October this year.

Service engineers from across the globe attend the meeting.

They share updates, undergo training to improve their skills, and hold meetings with staff from relevant sections.

We aim to fill skills gaps among regions through this meeting and to provide standardized services for customers in any part of the world.

Hachioji Parts Center of Customer Engineering Department launched CE Stock Manager System on a full scale.

This is a system to enable confirmation of stocks across the globe from anywhere in the world on the Web.

With the introduction of this system, stocks can now be confirmed immediately, which was not attainable before when Hachioji Office was closed, resulting in dramatically better response to customers in overseas offices.

This system allows confirmation of stocks located not only in Hachioji Plant but anywhere in the world. Consequently overseas offices can accommodate parts to each other and deliver them to customers without relying on Hachioji Plant.

■ Precision Measuring Instrument Business Leading-edge Bases and Support for Accelerating Value Creation for Customers

Under the slogan of "what cannot be measured cannot be produced," Tokyo Seimitsu regards our precision measuring instrument business as "the original point of manufacturing" that provides society with precision and reliability instead of seeing it as mere sale of measuring instruments.

No activity of "manufacturing" is possible without the process of "measurement." Also, measuring accurately is indispensable for our customers to provide reliable products to society. To convey this idea to society on a broader basis, we are committed to the following efforts.

Multilingual Documents

In many countries where we have customers of semiconductor manufacturing equipment, English is spoken as an official language. By contrast, measuring instruments are used by a wide range of customers in various environments and situations. To enable daily inspections and troubleshooting to be performed by customers themselves, we are preparing a troubleshooting manual and procedure documents in languages of the countries concerned. In fiscal 2017 multilingual manuals for new products were created and released.

Metrology Center

Aiming to establish ourselves as a top brand worldwide so that measuring is always associated with Tokyo Seimitsu, "Metrology Center" is opened in Tsuchiura and Hachioji Plants.

Customers who visit this center can have hands-on experiences with various kinds of measuring instruments and techniques that help solve their problems. The center also offers many other services, such as proposing possible solutions and giving opportunities to operate our products for training purposes. We have received positive feedback including "Glad to have visited," "Impressed," and "Definitely want to come back." The centers are successfully contributing to customers' value creation.

In the Center at the Tsuchiura Plant, a Call Center has been established to provide consultation service on metrology, handling of products, and support trouble-shooting. In fiscal 2017, 10,697 cases were handled by the Call Center.

Training for Local Engineers Overseas

The global service department for measuring instruments invites engineers from overseas plants to the Metrology Center at the Tsuchiura Plant for intensive training. Basic training for new engineers and advanced training targeting skilled and experienced engineers are offered. In fiscal 2017 basic training was conducted for 8 participants from 2 countries, while advanced training was carried out for 18 from 11 countries, strengthening the global support system.



► Functions of the Metrology Center

<p>Solution proposal</p>	<p>Through explanations of measuring instruments and methods, training for measuring instrument operation, etc., we propose various solutions to address customers' needs and problems. Also, in cases where customers are unable to conduct measurements internally because they have no measuring instruments or their measuring instruments do not have the necessary measurement function, we offer "consignment measurement" service whereby we conduct measurements for these customers.</p>
<p>Customer support</p>	<p>We provide support to customers who have purchased measuring instruments from us, by offering guidance at the training school that is held regularly, giving advice on a daily basis via call centers, etc. Also, by training service engineers at overseas offices, we ensure that excellent support service can be provided even after the delivery of the measuring instrument, with the goal of developing lifelong relationships with customers.</p>
<p>Opportunities to learn about our products and measurement</p>	<p>For customers who have our measuring instruments, trading companies and dealers that deal with our measuring instruments, universities, high schools, local enterprises, etc., we hold events such as plant tours, product workshops, and metrology seminars in order to deepen their understanding of metrology and help them understand our products through various product exhibits.</p>



Metrology Center (Tsuchiura)

Activities of Application Teams

The application team of Metrology Company provides seminars, lectures, and metrology guidance upon request from various parts of Japan and organizes business fairs and open-houses upon request from customers.

▶ Actual Activities of Application Teams (Fiscal 2017)

- Sessions and metrology guidance at public organizations (8)
- Seminars, lectures, etc. (17)
- Private trade shows, open-houses, etc. (12)
- Training sessions (445)

*The numbers in the parentheses indicate the number of events conducted in fiscal 2017.

Commitment to Customer Satisfaction

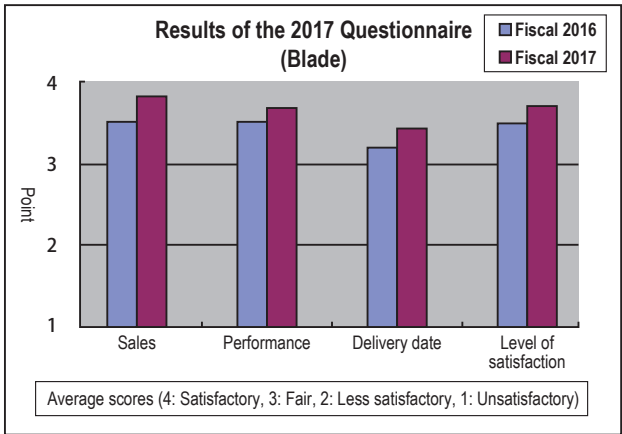
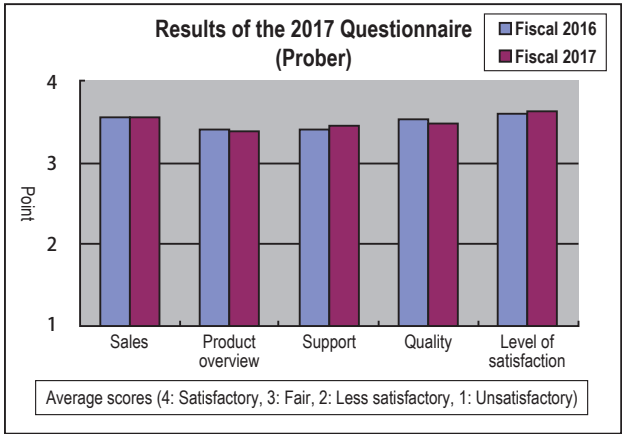
Improvement Activity Based on Questionnaire Surveys

We started questionnaire surveys on the Web this fiscal year (fiscal 2017), seeking to eliminate input errors, improve customer response and make entry easier.

Questionnaires can now be filled in simply by a click, shortening the time required to complete.

As a result, the number of responses to questionnaires this fiscal year more than tripled compared to the previous time. Totalling the results has also become easier. Here are two examples of the results of this year's questionnaire, probers and blades.

We will continue to improve user-friendliness of the system based on customers' feedback.



Relationship with Suppliers



In order to deepen win-win relationships with all suppliers, we aim to build a supply chain focused on social responsibility and work with them to achieve sustainable growth.

Basic Stance on Procurement

Suppliers provide the materials, components, and services that are necessary for us to deliver high-performance and high-quality products to customers, and we consider all of them our valued partners. In order to build win-win relationships with these suppliers, it is essential to have a supply chain that fulfills all social responsibilities including not only quality but the environment, industrial health and safety, and ethics.

We expect every supplier to act voluntarily as a responsible enterprise committed to meeting the needs of the international community and work together with us so that we can turn our entire supply chain into a robust value chain and promote value-added manufacturing.

Supply Chain Enhancement★

Tokyo Seimitsu has declared compliance with RBA (Responsible Business Alliance: old EICC). We ask suppliers for cooperation to comply with international standards so that our entire supply chain can meet demands of the environment and global community.

■ Formulation of CSR Guidelines for Suppliers and Request for Cooperation

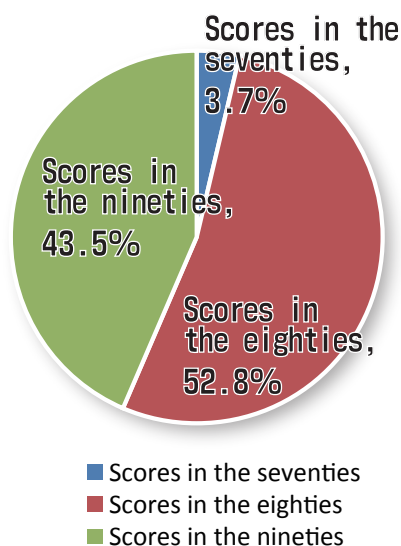
In order to fulfill expectations of RBA and the global community, we have created "Tokyo Seimitsu CSR Guidelines for Suppliers" which state the 'procurement policy' and stipulate guidelines for suppliers in 'human rights and labor,' 'safety and health,' 'the environment,' 'ethics,' 'safety and quality' as well as 'information security.' We ask for suppliers' understanding of the guidelines and cooperation in promoting sustainable procurement.

■ Establishment of Supplier Survey System

As a study into suppliers' state with CSR, Tokyo Seimitsu started a survey in fiscal 2016 using an "SCM check sheet." The results show the average score is 88.4 (out of the maximum of 100) and that more than 90% of the suppliers scored 80 or higher. Items with lower scores were "promotion of women's advancement," "biodiversity" and "business continuity plans in the event of an emergency." We are undertaking improvements on these items in cooperation with suppliers.

We also visit our suppliers, inquire how they work on CSR as well as their difficulties and discuss ways to assist them in overcoming challenges. We are advancing collaboration in order to have our entire supply chain fulfill social responsibilities by deepening close cooperation with suppliers.

Questionnaire on CSR



Workshops and other events for suppliers

The "ACCRETECH Cooperation Group" organizes workshops. In workshops information is provided and exchanged with regard to industry trends as well as market and societal needs.

- In the workshop in fiscal 2015, we presented the concept of CSR, explained about consideration for human rights such as elimination of child labor and forced labor as well as for the environment and requested for cooperation in fulfilling CSR for the entire supply chain.

- In the workshop in fiscal 2016, we asked for further cooperation for CSR activities including participation in the survey with the "SCM check sheet."
- In the fiscal 2017 workshop, after describing "the trend in CSR," we commented on the survey results from the previous fiscal year and shared what Tokyo Seimitsu did for "promotion of women's advancement," the area with slower progress. We also conducted a "training session to learn from the lessons of Kumamoto Earthquake."



Workshop for suppliers

Relationships with Employees



To enable our employees to work lively, we strive to enrich the work environment where each individual worker remains mentally and physically healthy and safe and can exercise their full potential and we also promote human resources development.

Employment and Human resource development

Basic Views on Employment and Human resource development

We seek to have diversity and respect different viewpoints and values in order to create new values through synergy effects. We promote diversity, expand responsibilities for women and people with disability, expand global job opportunities, and exclude discriminate based on races, religion, nationality, or disability. We promote the work-life-balance, create a healthy and safe work environment, and encourage employees to fulfil their life both at work and home.

Various types of participative training programs are provided to employees to encourage awareness and e-learning that combines mandatory and elective subjects to create an environment for sustainable growth through innovation by diverse people.

Promotion of Work Style Reforms★

We are improving the environment of culture and systems that encourage employees to understand different lifestyles and values each other and accept diversity.

Particular focus is placed on the employment of women, and various activities are conducted to advance women such as expansion of their job responsibilities, career plan guidance, and flexible work systems for their life events.

Women's Advancement : WG (Working Group) Activity

For creation of a work environment that facilitates advancement of female employees, a women's working group was formed in February 2018 to formulate a proposal from the perspective of women themselves and the group carried out the task for about

5. Provide training aimed at encouraging female employees to raise their awareness of career building, and ensure that superiors motivate female subordinates.
6. Ensure that each employee creates her own career plan in consultation with her superior and is developed from a mid- and long-term perspective.
7. Raise the awareness of managers about the development of female subordinates.
8. Raise the awareness of managers about the work-life balance and diversity management.

six months. Nine members were selected from a wide range of generations and with different family structures to collect opinions impartially. The members conducted in-house questionnaire surveys, took a course by a social insurance consultant to the company, researched cases of other companies and attended seminars, while holding regular meetings and vigorous discussions. A presentation was made in August to the management, who commented that the views from the female perspective helped them build deeper awareness and expressed their support to the proposal. Efforts are underway for implementation.



Presentation to the management

Current Status of Employment of Women

The ratio of female new graduate applicants slightly increased, while the ratio of women hired decreased as a result of an increase in new male employees in production and in technical jobs. The ratio of women on the payroll is increasing. We will continuously make more efforts in recruitment and aim to achieve higher ratios of women both in hiring and on the payroll.

Hiring of New Graduates

	Ratio of female job applicants [30%]	Ratio of women hired [20%]
as of March 2017	22.4%	15.6%
as of March 2018	22.9%	11.6%

The figures in square brackets are the goals.

Action Plan for Promoting Employment and Careers of Women

● Goals

1. Ensure that women account for 30% or more of new graduate job applicants.
2. Ensure that female regular employees account for 20% or more of the total number of employees (numbers of hired college and high school graduates and mid-career workers combined).

● Action Plan

1. Set a policy and goals for increasing the ratios of female job applicants and hired women.
2. Examine the possibility of assigning female employees to divisions where no women have been hired or assigned before, and consider assigning female employees to divisions and jobs to which no or few women have been assigned before.
3. Explore active public relations approaches for new graduate recruitment planning for each fiscal year.
4. Review application requirements and recruitment standards that are difficult for women to meet (to make the selection process just and fair for all applicants regardless of sex).



Employment of the Disabled

Tokyo Seimitsu is committed to creating a work environment where people with disability can be socially independent and actively play their roles. As part of such efforts, we are upgrading facilities to make them barrier-free and creating workplaces and jobs for the disabled. We also collaborate with public job centers (known as Hello Work), employment support centers for the disabled as well as special needs schools in identifying positions suitable for individuals' aptitude at the time of hiring and also in providing support after they join the company. Simultaneously, prospective workplaces for the disabled receive in-house training on support for and communication with workers with disability in an effort to create a working environment friendly to the disabled. The employment rate has increased to 1.9% (June 2018) from 1.7% in the previous fiscal year. We will continue our efforts to achieve the mandatory employment rate (2.2%).

Measures to Reduce Working Hours

The regular annual working hours at Tokyo Seimitsu in fiscal 2017 are 1855.4 hours (with 127 holidays a year in fiscal 2017), approximately 3% lower than the regular annual working hours in fiscal 2017* reported in the "2017 Comprehensive Survey on Working Hours."

To manage working hours, a system was introduced to record the time when employees enter and leave the gate in Hachioji and Tsuchiura Plants. Differences between the time of arrival and departure reported by employees and the time recorded in this system are checked to understand the reality of their working hours. As a concrete step to reduce working hours, every Wednesday and bonus payment days are marked as the day to leave the office at the end of office hours. We try to ensure that employees take a substitute day off when they must work on a holiday. The section in charge also monitors the utilization of the long vacation system and uses the information to promote higher usage. As a result of these measures overtime work is decreasing. (5% reduction from the previous fiscal year)

We will continuously and actively work to reduce annual working hours and to encourage employees to take vacations.

*The regular annual working hours in fiscal 2017 reported in the Institute of Labor Administration Report No.3938, "2017 Comprehensive Survey on Working Hours," are 1908 hours with 119.7 holidays a year.

Family Leave Systems

Tokyo Seimitsu has its own family leave systems which go well beyond the statutory standards to fully support employees with such tasks as childcare and nursing care of family as well as those who are ill or injured.

Parental leave can be taken until the child becomes three years of age and the company pays 20% of the pay to employees on childcare leave while the child is younger than two years old. The short-time working hours for parents allows a reduction of three hours a day until the child enrolls in a junior high school, proving to be helpful to working parents.

Employees who handle work as well as nursing care are also

supported. They are paid 20% of the pay while on nursing care leave, in the same manner as in childcare leave, and they can reduce working hours by up to three hours a day.

We also have a compensation system that allows employees a maximum of two years and a half for long-term sick or injury leave to ensure that they can concentrate on treatment without anxiety.

Long Vacation System

We have adopted a system to allow a "long vacation" of five consecutive business days at any given time every year in accordance with a life plan of individual employees or their family, contributing to achieving a work-life balance.

Human Resources Development

Human Resources Development Policy

The new human resources development scheme was introduced in April 2018, enhancing development of human resources from the medium- to long-term point of view.

With "customer satisfaction" as our basic philosophy and compliance as a given, Tokyo Seimitsu regards the education and training system as "an important measure to bring out strength and competence of employees" from the viewpoints of "diversity" as a result of progressing globalization and of continuous "development of professionals."

The system is structured based on the notions that "an environment and an opportunity (platform) are offered where each and every employee can spontaneously participate in training and education" and that "the company provides assistance to gain necessary knowledge synchronizing with employees' growth stage."

It is essential that outcomes of training are utilized in work. The system is based on the premise that a training plan is designed to also include "an opportunity" (assignment) to actually utilize the knowledge to be learned in the training and that the trainee and the superior build consensus on the training.

Development Scheme and Training Systems

Tokyo Seimitsu has various training systems in place for employees to develop their capabilities, which are incorporated in the human resources development scheme. "Level-specific training" is offered for each level of employees' careers, "common training" is to learn basic business skills and others,

▶ Main Training Systems

Type of training	Contents
Level-specific training	Training in line with requirements of positions for executives, managers and newly promoted employees, including personnel management training, harassment training and others
Common training	Company-wide and cross-sectional training, such as training for new employees, logical thinking training, training to promote women's advancement, compliance training, etc.
Department-specific training	Training to gain expertise required in each department, such as basic development and design training, basic QC training, patent training, etc.



and "department-specific training" is for employees to acquire expertise required by duties of each department. We have introduced an e-learning system and also encourage employees to actively attend seminars outside the company. A full program is in place to enable self-development for each employee.



Training for managers in women's advancement

Industrial Health and Safety

Basic Views on Industrial Health and Safety

We promote safety, health, and disaster prevention activities, giving top priority to the "physical and mental health and safety of employees." In fiscal 2016, we started to conduct stress checks on all employees and group analyses to identify workplace tendencies. We intend to promote our effort to create a work environment where employees can work safely and actively in a healthy condition both physically and mentally.

Promotion of Work Safety★

Reduction in Accident Rate (KYT Activity)

Major causes of disasters and accidents involving general machinery in manufacturing are "getting caught or cut, reaction to action and actions unreasonable or by force."

In Tokyo Seimitsu all the employees devise and implement thorough measures to prevent recurrence in an effort to reduce the accident rate.

We also deploy KYT activities as a preventive measure and strive to lower the accident rate. (A total of 95 activities have been conducted since fiscal 2017.)

Safety and Health Promotion

Activities of the Health and Safety Committee

Each plant has a Health and Safety Committee, led by the plant manager. The Committee is responsible for industrial safety related to the environment, machinery, and work, industrial health related to infection, food poisoning, mental health, chemicals, and disaster prevention and mitigation such as fire fighting, traffic safety and emergency aid, based on an annual plan approved by the Board of Directors. Internal audits are

conducted twice a year and the results are submitted to Audit Department and reported to Board of Directors. The committee is subject to auditing by Audit Department.

Industrial Safety Activities

In addition to work environment risk assessment through safety patrol and risk assessment when new machines are introduced or work procedures are changed, education and training on machine operation, heavy machine and wiring work are provided as necessary to avoid danger.

Besides in-house training, employees are encouraged to actively attend industrial safety training sessions relevant to their work in external educational institutions.

>Activities performed in fiscal 2018

Hachioji Plant :

- Safety and health education training for new employees (when they were hired) 44 employees
- Forklift operating skills training 1 employee
- Slings skills training, Special training in crane operation 5 employees
- Special training in crane operation 5 employees
- Training for forepersons and safety and health managers 2 employees
- Training for chief workers handling organic solvents 8 employees
- Training for chief workers handling specified chemical substances, tetraalkyllead, etc. 7 employees
- Special education for workers exposed to dust 8 employees
- High-pressure gas safety training 22 employees

Tsuchiura Plant :

- Forklift and crane safety operation training attended 34 employees



High-pressure gas safety training (at Hachioji Plant)

Industrial Health Activities

Workplace and 5S Patrols

Weekly patrol by the health supervisor and regular 5S patrol are conducted to keep workplace clean and in order. In fiscal 2017, we started a scoring system to recognize high-performing workplace.

Eight sections have been recognized and each section is further intensifying its effort toward 5S.

Separately from audits conducted by public organizations such as healthcare centers, employees patrol the kitchen for the employee cafeteria to improve the hygiene of the workplace.



Handling of Chemicals

Sections to control or use chemicals are obligated to conduct regular inspection and quantity check. Internal audits are regularly performed by qualified internal auditors per ISO14001. The Regulated Substance Control Committee under the Safety and Health Committee patrolled storages a total of seven times in fiscal 2017 including follow-up patrol.

In fiscal 2016, risk assessment of chemical became mandatory. In that year, 22 risk (total 33) assessments were conducted at the two plants, including new adopted chemicals and reviews for chemicals been used.

We have also strictly reviewed handling of regulated substances to create strict handling standards, and in fiscal 2017 we established 11 (Total 59) new handling standards.

Efforts to Create Healthy Workplace

If an employee has mental or physical disorders, it may affect negative impact of employees and their families, also the workplace and company. We provide health support such as regular consultations with an industrial physician and have prepared system in place to respond to sudden circumstances and support employees. We regard results of annual stress checks as important information from the systematized health management's point of view. By creating circumstances to encourage employees to undergo the check, the rate of employees who take the check is higher (92% in fiscal 2018) in our company than the rate publicized by Ministry of Health, labour and Welfare.* Systematic analysis is performed based on check results to take measures for mitigation of workplace stresses.

We are now creating a Plan to "Maintain Mental Health" and a "Return-to-Work Program" to take health support measures.

*78% according to Industrial Health Division of Ministry of Health, Labour and Welfare (publicized in July 2017)

Disaster Prevention and Mitigation with Fire Brigades

Each plant has its own fire brigade and conducts regular training as well as an annual fire or earthquake evacuation drill. In line with the annual plan we equip the fire fighting team, a unit of the fire brigade, with digital CB radio to enable appropriate fire fighting and communication even in an emergency (power failure). We also conduct drills once or twice a month in addition to drills on the assumption of a leak accident to enhance our disaster response capacity.

▶ Exercise of the fire fighting team during an evacuation drill



Tsuchiura Plant conducts an annual drill for prevention of cleaning chemicals splash as a drill on the assumption of an emergency. 81 employees from factory and technical departments which use cleaning chemicals participated in the drill and learned how to mop up splashed chemicals and dispose them.



Traffic Safety and Emergency Aid

At both plants, company car users (including permitted drivers) and those who drive to work (including motorcyclists) are required to attend traffic safety programs. Every year, several employees attend emergency aid training to raise our emergency response capacity.

>Activities performed in fiscal 2018

Hachioiji Plant : Traffic safety training by the Hachioiji Police Station, attended by 115 employees.

Advanced emergency aid training, attended by one employee

Tsuchiura Plant : Traffic safety training by the Tsuchiura Police Station, attended by 200 employees

Standard emergency aid training, attended by three employees



Traffic safety training

New record for no-accident continues at Tsuchiura Plant

Tsuchiura plant has maintained a high standard of safety and hygiene environment, and created workplace where employees can work safely. As of December 31 of 2017, the Plant made a new record of no accidents for 27 years in row. This record is still counting now. The Plant received an award as a No-Accident Plant from the Kandatsu Industrial Council of Tsuchiura City.



We are committed to implementing transparent, proactive IR activities to ensure that shareholders and investors gain a deeper understanding of Tokyo Seimitsu.

Stance on Information Disclosure to Shareholders and Investors

We make efforts to enhance transparency and build long-term relationships with our shareholders and investors by providing accurate information on our business results, financial situation, and business strategy in a timely, fair, and easy-to-understand manner.

Given the growing ESG investment globally, particularly in Europe, and the introduction of the Japanese version of stewardship code, we have decided to issue the "CSR Report" with the focus on disclosure of nonfinancial information. ESG goals are included in the mid-term management plan starting in fiscal 2018. Our future goal is to provide an "integrated report" that explains the relationship between financial information and non-financial information in an easy-to-understand manner.

Proactive IR Activities

Shareholders' Meeting

In June every year, we hold a regular shareholders' meeting in Hachioji where our headquarters are located. To ensure that it is attended by as many shareholders as possible, we hold our meeting on a day outside the period during which many other companies hold their shareholders' meetings.

According to the articles of incorporation, the president chairs the shareholders' meeting and explains business results, the market status, the Tokyo Seimitsu Group's business strategy, earnings forecast, etc. We also have a session where we receive opinions and questions from shareholders, which enables direct communication between shareholders and management and allows shareholders to gain a deeper understanding of the Tokyo Seimitsu Group.

A shareholders' meeting was held on June 25, 2018, which was attended by 119 shareholders.

We received questions about our strengths, current demand situation, compliance education for employees, etc. The discussion was highly productive.

Shareholder Newsletter

We send a "shareholder newsletter" to shareholders twice a year to inform them of our business results, latest topics, and new products.

2017 July shareholder newsletter consists of four pages: two conventional pages and two pages reporting the results of the shareholder questionnaire survey (conducted from Dec 2016 to Jan 2017).

The survey results are also available on our website.

https://ir.accretech.jp/ja/stock/general_meeting.html

Business Results Briefing

We hold a business results briefing for institutional investors and security analysts on days around the dates of announcement of interim and full-year financial statements. At this briefing, the president explains the consolidated business results, outlook, the Tokyo Seimitsu Group's business strategy, etc.

Briefing for Individual Investors

We also hold a briefing for individual investors. It was held in March 2018 where the market situation and management policy including CSR policy was explained. We received many individual investors and the talk by the president was also well attended.

Information Disclosure

Tokyo Seimitsu is listed on the first section of the Tokyo Stock Exchange. According to law and regulations of the Stock Exchange, the following information is disclosed. From fiscal 2017, English translated Financial Result is disclosed on the English website of the Tokyo Stock Exchange.

- Information on consolidated statement (Financial result, summary presentation, etc.)
- Securities report
- Corporate governance report
- Internal control report
- Information on business, management, and performance that may seriously affect the decision on investment, such as notice of independent directors, stock options, and changes in directorship.

Relationship with the Global Environment



We make all-out efforts to reduce the environmental impact of our entire value chain, including the life cycle of our products, achieve a sustainable society, and keep the global environment.

Basic Stance on the Environment

Core Environmental Philosophy

Based on the concept of "Manufacturing is possible only when the global environment is preserved," we formulated the "Core Environmental Philosophy" in 1997.

The "Company Environmental Policy" reflects this core

philosophy, and the "Environmental Policy" defines the actions that all employees are required to take in their business activities. We conduct all business activities based on this philosophy and policy.

Core Environmental Philosophy

Recognizing global environmental protection as a critical issue shared by the entire human race, Tokyo Seimitsu makes environmental protection an integral element of all the areas of product development, design, manufacturing, and service activities.

Company Environmental Policy

In all business activities, from manufacturing of semiconductor manufacturing equipment and precision measuring instruments to the provision of services, all employees of Tokyo Seimitsu must work in an environmentally responsible manner to minimize our environmental impact.

Environmental Action Guideline

1. We will resolutely conduct environmental protection activities based on a company-wide environmental management system that is overseen by the Environmental Management Committee.
2. We will prevent pollution and protect the environment by complying with environmental laws, regulations, agreements, and the Tokyo Seimitsu environmental policy, as well as by establishing voluntary goals.
3. We will develop and improve environmentally responsible products (reductions in energy and resource consumption and non-use of harmful substances).
4. We will establish environmental objectives and targets for the following measures concerning the environmental impact of our business activities, make improvements continuously to achieve greater environmental performance, and perform internal audits and take other measures to make necessary changes.
 - 1) Effective use of natural resources by lowering energy and resource consumption, reducing waste materials, and increasing recycling
 - 2) Proper management of harmful substances, reduction in their use, and adoption of alternative substances
 - 3) Prevention of global warming through greenhouse gas emissions control
5. We will conduct training programs for all employees to raise awareness of environmental protection. We will also ask for the understanding and cooperation of suppliers in the execution of environmental protection activities.
6. We will promote the environmental protection activities, such as use of sustainable resources, climate change measures, and biodiversity conservation, through each business operation to realize a better global environment and contribute to social development.
7. The environmental management system is applicable to the activities of the Semiconductor Company and Metrology Company, as well as to the environmental protection activities of the plants related to products, services, and business activities.
8. We will disclose this environmental policy to the public and make all employees aware of this policy.

Internal Environmental Audits

Periodical internal environmental audits are conducted twice a year to check the implementation of action as prescribed in the environmental management manual. An audit team is formed

with two or three members including a chief auditor as the team leader and they audit based on the checklist made of findings of every year.



Eco-products★

We are committed to efforts to reduce the environmental impact of our products and contribute to the development of a sustainable society by developing environmentally friendly products in compliance with the Tokyo Seimitsu Engineering Standard*¹ (TES*²). In developing products, we give top priority to high precision and high quality. Our measures to curb environmental impact include reduction in the environmental impact resulting from the use of products (energy conservation and reduction in water consumption), measures for chemical substances contained in products, and reduction in the amount of materials used. To realize environmentally friendly products, not only direct departments, such as development, design, purchasing, production, manufacturing, and shipping, but also indirect departments, such as planning, sales, administration, and services, work together. Collaboration with suppliers and other external partners is also vital. We continue to raise the awareness of the environment by providing internal environmental training and other education programs and bolster the collaboration with external partners.

*¹ Tokyo Seimitsu Engineering Standard (TES) :
A set of basic rules that apply to development, design, manufacturing, production management, quality control, services, and environmental management pertaining to production activities. It refers to binding and mandatory rules, standards, criteria, and guidelines.

*² TES configuration : 1. General Standards, 2. Product Standards, 3. Management Standards, 4. Design Standards, 5. Equipment Standards, 6. Work Standards

■ Environmentally Friendly Products: Life Cycle Assessment (LCA) on Product Development Stage

Being aware of our responsibilities for environmental impact in the entire life cycle of our products, Tokyo Seimitsu in 2016 standardized the assessment criteria for environmental impact in each stage from production to disposal of products and made them mandatory items for assessment in the product development stage. Simultaneously, we perform life cycle assessment (LCA) of existing products in production and strive to improve their assessment in comparison to what it was before and mitigate environmental impact.

Products of Tokyo Seimitsu, due to the nature of production equipment, have long hours of operation and a long life. Consequently, when converted into CO₂ emissions, power consumption from usage of products accounts for a good deal of total emissions over the life cycle. This has prompted us to focus on developing and designing products with lower power consumption.

Life cycle assessment (LCA) is a technique to quantitatively assess environmental impacts associated with all the stages of the life of a product or service (procurement, manufacture, distribution, sale, use, disposal, and re-use).



▶ Environmentally Friendly Products

Semiconductor Manufacturing Equipment

Dicing Machines AL300P



This is a laser patterning machine and needs no pure water which conventional dicing blades required in processing.

Dicing Machines AD3000T-PLUS



A 30% saving in materials used compared to A-WD-300TX and a 20% saving in installation space contribute to reduction in resources used.

Precision measuring instrument

SURFACE TEXTURE MEASURING INSTRUMENT SURFCOM TOUCH 550



The moving speed has more than tripled compared to the previous type. Cycle time of measurement has dramatically improved. The product is greatly conducive to reduction in operating time and man-hours in a factory.



Eco-factory

Tokyo Seimitsu is a machinery manufacturer which also processes precision parts in-house. More than 99% of our energy consumption is power used in production plants and we also use a fair amount of water for cutting. Production of products that use water to process semiconductors is increasing and we continue to make efforts to reduce power and water consumption.

Many paper drawings for parts processing and assembly are used due to a high number of mechanical parts in equipment and we are committed to reduction in paper purchase as a priority measure to cut resource consumption. We also strive to recycle as much as possible scrap metal and waste fluid from processing.

Efforts to Prevent Global Warming★

Most of CO₂ emissions by Tokyo Seimitsu is conversion from electricity purchased for operating plants in Hachioji and Tsuchiura and our priority in implementing global warming prevention measures is to save power. Measures such as replacement of air-conditioning and compressors by energy-saving types, control of power efficiency balance and installation of LED lighting and motion sensors have been implemented to achieve higher efficiency in power consumption. As a result, despite increased production volume and plant expansion, we succeeded in power consumption reduction in basic production unit*¹ in the medium term.

Solar power generation was started in Hachioji Plant No.5 in fiscal 2015 and in Hachioji Plant No.6 in fiscal 2016. The total output in fiscal 2017 was more than 450,000kWh. This is equivalent to annual reduction of more than 220t-CO₂ in emissions. We are determined to continue our efforts to curb global warming through power-saving production and expansion of renewable energy usage.

Hachioji Plant consumes approximately three times more electricity than Tsuchiura Plant and thus conducts every year third-party verification to verify these initiatives.

*¹ basic production unit: power consumption (water used and paper purchased) / plant production volume (one million yen) (Electricity, resources, etc. used for production of one million yen)

Target for CO₂ Emissions Reduction : 5% reduction in basic production unit by fiscal 2019 compared to fiscal 2014

	Results from fiscal 2014	Results from fiscal 2015	Results from fiscal 2016	Results from fiscal 2017	Targets for fiscal 2019
Power consumption (kWh/million yen)	384.8	367.7	416.3	370.2	365.6 or less
Conversion (to CO ₂ emissions) (t-CO ₂ /million yen)	0.205	0.187	0.204	0.181	0.195 or less

Promotion of Resource Saving★

Water consumption is increasing year by year due to rapid rise in production of semiconductor manufacturing equipment that uses water. Improving the recovery rate of pure water into filtration equipment and reusing temporary cooling water are being examined as reduction measures.

We have gradually taken steps to reduce paper usage such as decreasing drawings for outsourced parts processing and databasing in-house work procedure sheets to be used on a tablet. As a result, volume of paper purchased is steadily declining. We will continue to identify work instructions and drawings on paper that can be substituted and constantly make efforts for reduction.

Target for Water Usage Reduction : 5% reduction in basic production unit by fiscal 2019 compared to fiscal 2014

	Results from fiscal 2014	Results from fiscal 2015	Results from fiscal 2016	Results from fiscal 2017	Targets for fiscal 2019
Water usage (m ³ /million yen)	2.00	2.01	2.08	2.19	1.90 or less

Target for Volume of Paper Purchased : 5% reduction in basic production unit by fiscal 2019 compared to fiscal 2014

	Results from fiscal 2014	Results from fiscal 2015	Results from fiscal 2016	Results from fiscal 2017	Targets for fiscal 2019
Volume of paper purchased (kg/million yen)	0.562	0.532	0.520	0.460	0.534 or less

Recycling of Wastes★

We try to reduce the amount of wastes, for example, by using reusable plastic boxes instead of cardboard boxes.

All of the wastes from Hachioji Plant are recycled including thermal recycling.

Target for Recycling of Wastes : Recycling rate of 95% or higher

	Results from fiscal 2014	Results from fiscal 2015	Results from fiscal 2016	Results from fiscal 2017	Targets for fiscal 2019
Recycling rate	91.3%	96.3%	96.2%	98.3%	95% or higher



Chemical Substances Management

In regard to chemical substances we use and those contained in parts, we are committed to minimizing impact on the environment and people by not only observing laws and regulations in Japan and in export destinations but also managing non-regulated chemical substances based on voluntary standards.

Chemical Substances Management Based on Voluntary Standards

We apply internal company regulations which specify substances with the potential to pollute the environment. When these substances are used, the responsible person for environmental management must be notified. The amount of each substance used, the storage location, and the maximum storage amount are identified. SDS* and emergency tools are made available and regular contingency drills are conducted.

*SDS : SDS stands for Safety Data Sheet. Information on the name of the chemical substance, the manufacturer, handling methods, the nature of the hazard and type of toxicity, physical properties, impact on the environment, safety measures, emergency measures, and actions in the event of an emergency are recorded on this sheet for each chemical substance. The PRTR Law requires that manufacturers and other companies compile data on the amount of chemical substances discharged and the amount of waste materials transferred, which must be reported to the national government via local governments. The SDS must also be attached to this report.

Specified Chemical Substances Management

Among the chemical substances we handle, the report has been submitted for the two substances that exceed the reference amount specified in the PRTR. Hachioji Plant also handles five substances designated as requiring special management in the Nature Protection Ordinance of the Tokyo Metropolitan Government. The report has been submitted on these substances.

Control of Chemical Substances Contained in Products

In fiscal 2016 we launched a new cloud-based system to control chemical substances contained in product parts and engage in investigation regarding the RoHS Directive, the REACH regulation and others. More than 400 suppliers so far attended the explanatory meetings and were requested to strictly control and report chemical substances contained in parts procured. Our precision measuring instruments have been compliant with the RoHS Directive since July 2017.

Semiconductor manufacturing equipment is exempt from RoHS since it is a large-scale stationary industrial tool, but we are taking steps to be compliant.

Establishment of RoHS Analysis Room

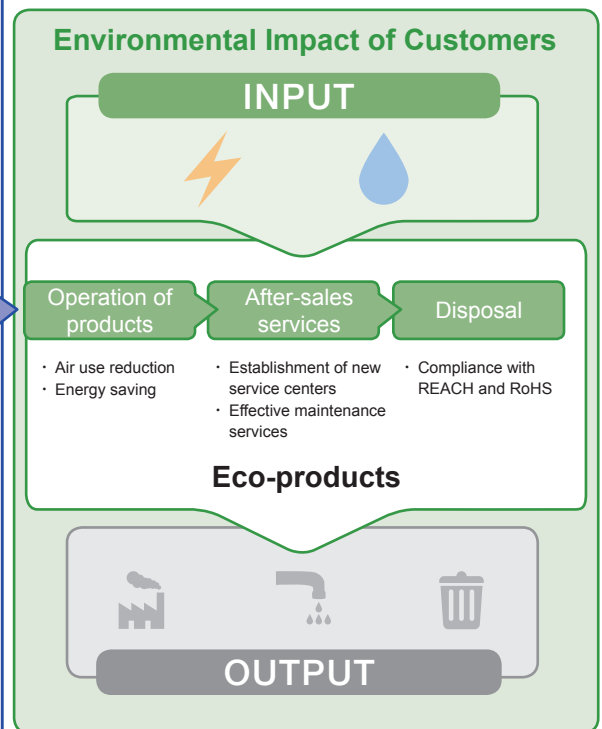
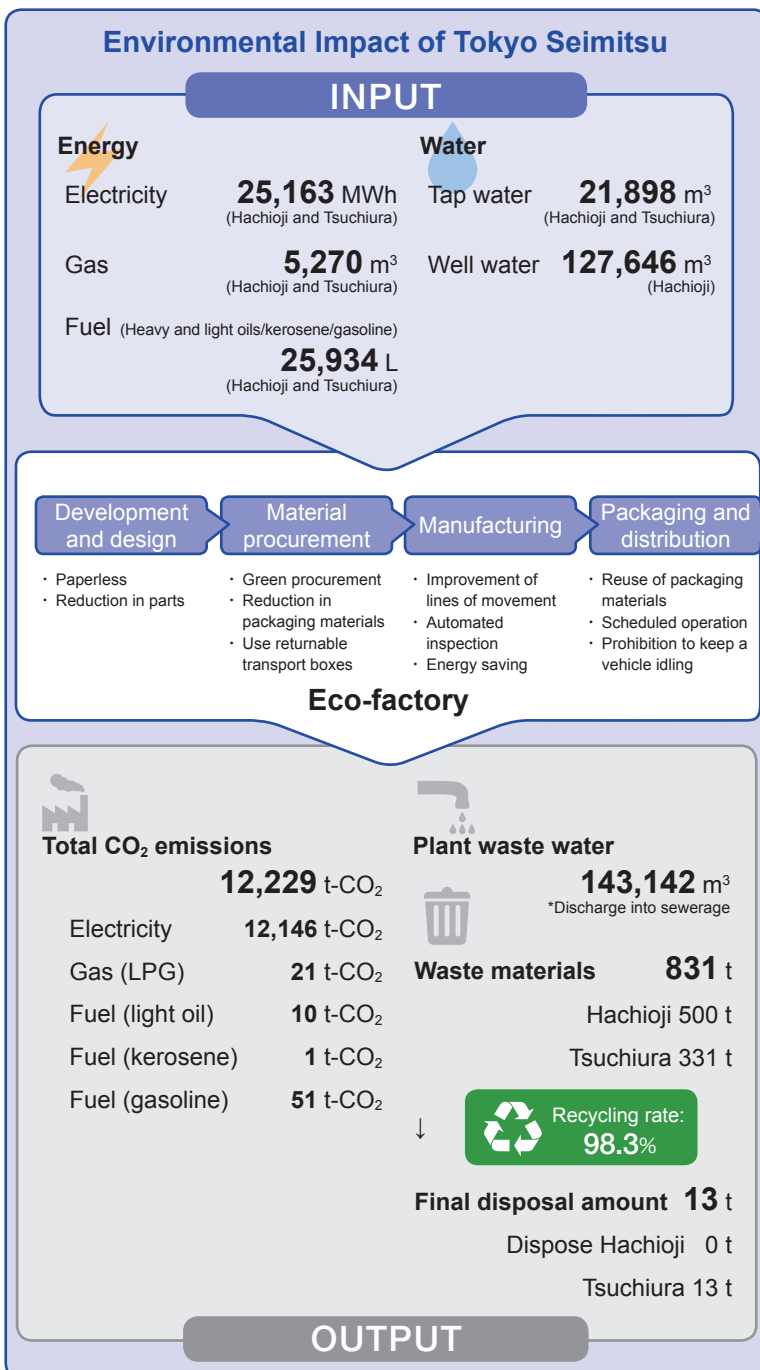
We set up RoHS Analysis Room in fiscal 2018 and engage in analysis by installing equipment to analyze chemical substances contained in parts.





Overview of Environmental Impact

► Overview of Environmental Impact in fiscal 2017



Target: Tokyo Seimitsu Hachioji Plant and Tsuchiura Plant
 Calculated using 0.489 as the power CO₂ emission factor (factor for fiscal 2017).



History of Environmental Protection Activities

1996 Jul Started education and training on environmental protection activities.
Sep Established the Environmental Committee.

1997 Feb Started environmental impact investigations in Hachioji and Tsuchiura Plants as well as in the divisions.
May Created the Environmental Management Manual.

1998 Mar Obtained ISO 14001 certification for the two plants simultaneously
Sep Formulated the "Motto (Action Guideline)."

1999 Nov Stopped the waste material incinerator and later removed it (Semiconductor Company).

2000 Mar Started the operation of waste water treatment facilities discharged from such as CMP systems and back grinders (Semiconductor Company).
May Removed the heating facilities using heavy oil boilers and underground heavy oil tanks (Semiconductor Company).

2001 Apr Renewed ISO 14001 certification.
May Opened the new main building at Hachioji Plant.

2002 Mar Scrapped privately owned incinerators (Metrology Company).

2003 Mar Established the "ACCRETECH Green Procurement Guidelines."

2004 Feb Updated air conditioners from heavy oil boilers to electrically powered devices (Metrology Company).
Aug Formulated the "ACCRETECH Group Code of Conduct."
Sep Issued the Environmental Report.

2005 Feb Closed specified facilities of Tsuchiura Plant.
Apr Received an award from the Ibaraki Labor Bureau for our commitment to office safety.
Apr Started operation at the new plants in Hachioji and Tsuchiura.
Jun Obtained ISO 14001 certification (2004 version).
Jul Held supplier briefings on hexavalent chrome-free materials.

2006 Jan Started the Hexavalent Chrome-free Project.
Apr Completed the removal of all halon fire extinguishers.
Jun Started the "Cool Biz" project.
Oct Started production using lead-free solder for new products (Semiconductor Company).

2007 Feb Received the Japan Machinery Federation President's Award for our laser dicing machines, under the award system for superior energy-saving products.

2008 Mar Received a letter of commendation from the Fire Chief.

2009 Nov Renewed the "approval of the excellent fire prevention property" for Hachioji Plant.

2010 Aug Received an award from the Tokyo Metropolitan Government for the "Adopt-a-Road Program."

2011 Jun Completed the No. 5 Plant in Hachioji.
Nov Revised the environmental policy.

2012 Jul Launched the cutting and grinding tool business.

2013 Mar Obtained ISO14001 certification, including cutting and grinding tools.

2015 Jun Installed and began operation of photovoltaic generation facilities at Plant No. 5.

2016 May Began operation of Plant No. 6.
Dec Installed and began operation of photovoltaic generation facilities at Plant No. 6.

2017 Jun Obtained ISO14001:2015 certification.



Solar panels at Plant No. 6



We are committed not only to contributing to society through business activities but also to identifying the issues and needs of the individual areas through the dialogue with communities and driving social contribution activities for addressing those issues and needs in order to help create a sound, sustainable society as a corporate citizen.

Environmental Volunteer Activities in Local Community

Activities in the Tsuchiura Area

● Eco-partner Agreement

Tsuchiura City has the Tsuchiura Eco-partner program in place whereby the city government forms a close partnership with business operators to address the issues of global warming, energy, and waste and work together to create a low-carbon, recycling-based society with the goal of passing down a better environment to children of future generations. Agreeing with this idea, we signed an agreement with Tsuchiura City at the end of March 2016. In April every year we summarize our activities over the past fiscal year in an implementation report and submit it along with an implementation plan for the current fiscal year. The information is disclosed on the website of Tsuchiura City Government.



Reference:
Tsuchiura City Government's Website
Eco-partner Agreement
<http://www.city.tsuchiura.lg.jp/page/page004517.html>

● Protection of Kasumigaura

In the neighborhood of Tsuchiura Plant, there is a famous sightseeing spot of Ibaraki Prefecture called Kasumigaura. To keep Kasumigaura Lake clean and beautiful, Tsuchiura City asks neighboring companies to submit their pollution prevention plans. As a company operating in Tsuchiura City, we submit our plan to the city government and promote water quality conservation activities based on the plan.

● Local Cleanup Activities*

Tsuchiura Plant conducts monthly joint cleaning with neighboring companies around the Nakanuki Park.

From 2006, on every Monday, assigned sections from Tsuchiura Plant cleans the park in turn, and in fiscal 2017, an accumulated number of employees participating in cleaning exceeded 100.

Our cleaning activity over many years has raised the awareness of local people. In the past, the roads around the park were filled with trash, but recently it has been improved significantly. Nevertheless, still some truck drivers who park their truck illegally at night throw trash on the roads. We will continue to keep the environment around the park clean and continue to help improve social manners.



Local Cleanup Activities

VOICE

Comment from an Employee Who Participated in the Activities



Metrology Company
Tsuchiura
General Affairs
Section

Kazuhisa
Koike

I had paid little attention to Nakanuki Park in Tsuchiura City as I had never used or walked around the park. However, after I joined the company on December 11 last year, I started cleaning the park. I have cleaned a few times, but each time I felt there was really no end to people tossing away trash and cigarettes.

I am afraid those who illegally park their car on the street or use the park have low morals and I feel ashamed as a fellow citizen of Ibaraki Prefecture.

After consultation with Tsuchiura City Government about this, signboards of no littering were increased as a caution, but so far it does not seem very effective, which is a little disappointing. However, I am going to do what little I can to collaborate with people in the community and cooperate in creating a better environment where visitors to the park can relax even a little by continuing the cleaning activity.

Activities in the Hachioji Area

Cooperation with the Local Government



Semiconductor
Company General
Affairs Dept.
General Affairs
Section

Masao Yato

I am a member of the safety association of hazardous items and the society for fire control study, two of the four collaborating organizations for fire fighting in Hachioji and involved in local fire management administration. I serve as vice chairman of the society for fire control study and in March this year I was given a testimonial letter in recognition of my long years of contribution to fire management administration on the occasion of Tokyo Fire Department's 70th anniversary of establishment.



Participation in the Adopt-a-Road Program*

Since 2004, Hachioji Plant has been involved in the Adopt-a-Road Program launched by Hachioji City. We have adopted a rotary road on the east side of JR Kita-Hachioji Station and are making efforts to keep the road clean by picking trash on a daily basis and taking care of plants on a regular basis. Every year in April, one-month new employee training is conducted at Hachioji Plant, and the curriculum contains cleaning, planting, pruning and weeding around the area in front of the station.



Hachioji City Government Website (on the Adopt-a-Road Program)

<http://www.city.hachioji.tokyo.jp/kurashi/life/001/001/016/p006890.html>

VOICE

Comment from an Employee Who Participated in the Activities



Administration
Company
Human Resources
Dept.

Yui Kameya

I participated in the Adopt-a-Road activity the other day. When I took a fresh look at the area in front of Kita-Hachioji Station, I realized there were many small trash, cigarette butts and weeds which I never noticed when using the station without paying much attention. However, when I looked around after the activity, I saw that the area was remarkably cleaner as if it were a different place and that brightened me up very much. Kita-Hachioji Station is used by many people besides Tokyo Seimitsu's employees. I was reminded of the significance of the Adopt-a-Road activity in making the station a pleasant place for these people to use. I hope to join the activity regularly going forward.

Relationship with Industry Groups

We not only mind our business alone but share our know-how and information with other industry groups to help the industry prosper further.

SEAJ (Semiconductor Equipment Association of Japan)

SEAJ is engaged in a wide range of activities, from statistical surveys and researches on the industry's issues and new technologies to seminars, workshops, and promotion of standardization, to promote the sound development of the semiconductor manufacturing equipment industry and other related industries. Several employees from our company participate in the organization and cooperate in the development of the semiconductor manufacturing equipment industry.

Participation in the ISO Technical Committee

The International Organization for Standardization was established to conduct international trade with the same standards and rules. Over 20,000 international standards have been established. Its Secretariat is located in Geneva, Switzerland and there are more than 300 Technical Committees to deal with different categories of products. Our products are related to TC213, dimensional and geometrical product specifications and verification, under which several working groups have been established to discuss various subjects such as standards for length, expression of drawing dimensions, specifications for measuring instruments, and inspection methods. Three of our employees as committee members representing Japan participate in working groups for standards for 3D coordinate measuring machines, roundness measuring machines, surface texture/filters, and measurement uncertainty. TC213 holds regular sessions twice a year in different venues in different countries to discuss new standards and revision of existing standards.

Japan Society for Precision Engineering

This organization has significantly contributed to the development of the industrial society and improvement of production technologies, and holds academic lectures, workshops, symposiums, and plant tours as well as issue journals. Tokyo Seimitsu participates in the Intellectual Nano Measurement Committee, and serves its accounting auditor for fiscal 2018. For the 2018 Spring Convention, we participated as a counselor.

Japan Precision Measuring Instruments Association

The Japan Precision Measuring Instruments Association holds comprehensive trade shows related to measurement and metrology in general, promotes standardization to help improvement in technology and quality, and organizes joint workshops with other groups. Through these and other activities, it has significantly contributed to the promotion of Japan's precision measuring instrument industry. We actively participate in many of its working groups and committees as well as the management of trade shows, thus making enormous contribution to the development of the precision measuring instrument industry. In fiscal 2016, we planned and organized a seminar under CMM Working Group at JIMTOF 2016. We will also organize a seminar in JIMTOF2018, an event held every other year. We are also engaged in editing of the JIS guidebook under CMM Working Group.

Group Companies

Companies of the Tokyo Seimitsu Group are shown below.

Tosei Engineering Corp.

Company Overview

- Establishment: April 15, 1969
- Headquarters: 4-6 Nakanuki-cho, Tsuchiura-shi, Ibaraki
- President: Kazuhiro Tago
- Sales: 14,232 million (for the period ending in March 2018)
- Employees: 474 (as of March 31, 2018)
(Note) The number of employees excludes those seconded to other companies and includes those seconded from other companies.
- URL: <http://www.toseieng.co.jp/company/>
- Hubs: 4 plants and 13 service bases in Japan and 11 bases overseas



CSR Activity Example 1

• Compliance and internal regulations

To become a company that can gain trust from all stakeholders, Tosei Engineering seeks to enhance corporate governance and compliance, and ensure healthy and transparent management. Right decision making will achieve sustainable growth and increase corporate value in a medium to long term. To communicate the ACCRETECH Group Code of Conduct, and other internal rules and regulations to employees, there is a system where they can view these rules over the company's Intranet at any time and efforts are made to raise their understanding.

CSR Activity Example 3

• Industrial Health and Safety

The Safety and Health Committee at each office holds a meeting every month. We strive to ensure employees' safety at workplace and to provide comfortable work environment in addition to being compliant with Industrial Safety and Health Act and other laws and regulations. Members of the Safety and Health Committee patrol inside the plant regularly to ensure safety. Another effort for industrial safety and health is to hold regular traffic safety training for all the employees at Tsuchiura and Kandatsu Plants. It serves as a good opportunity for each employee to gain knowledge of and raise awareness about safe driving.



Major business lines

The company was established in 1969 as a subsidiary of Tokyo Seimitsu to provide services for Tokyo Seimitsu's products and develop and manufacture automation and energy-saving equipment for measurement. Since establishment, based on the concept of "What cannot be measured cannot be produced," it has accumulated technology and expanded its business by providing various precision measuring instruments and services for these instruments. The company has been exclusively developing and manufacturing automatic measuring instruments for production lines of automobiles, bearings, electric appliances and electronic products. With its precision technology as the foundation, it advanced into the field of semiconductor manufacturing, which is now one of its major business areas. It will make efforts to continuously provide world's No. 1 products and sophisticated service support based on the Tokyo Seimitsu Group's motto of "win-win relationships create the world's No. 1 products" in the fields of automatic measuring instruments and semiconductor manufacturing equipment.

CSR Activities

As a group company, Tosei Engineering shares the corporate philosophy of Tokyo Seimitsu that we create the world's No.1 products and grow significantly with our partners and customers by integrating the excellent technology, wisdom, and information available in the world. By implementing this philosophy, the company seeks to achieve sustainable growth and increase its value. Under the Board of Directors, the CSR Promotion Committee and other committees conduct a wide range of CSR activities.

CSR Activity Example 2

• Promotion of work-and-life balance

Various flexible work systems have been introduced such as parental and nursing leaves to help employees take a good balance between work and private life. With enforcement of the Act on Advancement of Measures to Support Raising Next-Generation Children, its work systems are reviewed and work-life-balance is sought for all employees, both men and women (including non-regular employees). In addition, as part of long-term labor reduction, we plan to set up a fixed-time leave day once a week and prepare a workable environment for employees so that we can improve both work and private life.

CSR Activity Example 4

• Contribution to Local Community

(Promotion of Sport & Emergency Safe Place for Children)

We make our parking lot available to users of Kandatsu Baseball Field near Kandatsu Plant on Saturdays, Sundays and national holidays. We will continue to collaborate with Tsuchiura City Government and try to cooperate in promoting relaxation and sport for people in the community. Our Kandatsu Plant is registered as an emergency safe place for children (for evacuation and protection) in the Kandatsu area. The company will continue to take measures to contribute to the safety of the community.

Tosei Systems Co., Ltd.

Company Overview

- Establishment: October 1, 1985
- Headquarters: In the Plant of Tokyo Seimitsu at 2968-2 Ishikawa-machi, Hachioji-shi, Tokyo
- President: Koichi Kawamura
- Sales: 1,825 million (for the period ending in March 2018)
- Employees: 119 (as of March 31, 2018)
- URL: <http://www.toseisys.co.jp/>
- Hubs: Two locations in Japan



Internship

Our internship for students offers a basic program of embedded software, using an educational drone, to operate something and to do other things and is well-received by students.

Major business lines

Tosei Systems is a 100%-owned subsidiary that supports product development of Tokyo Seimitsu in the field of software. It is engaged in development of software to be embedded into semiconductor manufacturing equipment or precision measuring instruments for control and measurement in the unit of micron, software for the operational screen to operate the machine, application software to compile and visualize data in micron collected by measuring instruments and software for key work for Tokyo Seimitsu. Exploiting this experience of developing software for key work, we actively participate in the work related to replacement of the main system of Tokyo Seimitsu, playing an important role as a group company. We seek aptitude for software in job applicants and hire them regardless of faculty or gender. New employees, immediately after joining the company, undergo two-month external training of "embedded software" in accordance with development procedures followed by in-house training for another month before being assigned to their post. Each prospective employee starts to be mentored after receiving a job offer, a system designed to dispel their anxiety. We also encourage employees already in work to attend external training to acquire knowledge necessary for their work as well as to visit trade shows to check trends of new technology.

ISO27001 Certification

Our activities this year focused on sustained actions in the sections which already obtained the certification and on efforts to have General Affairs Department newly certified. In August a surveillance visit and an extension to the scope audit were performed and the scope of ISO27001 certification was extended to General Affairs Department. Continuous efforts will be made to extend the certification to other departments and certainly to prevent information leaks.

Tosei Box Corp.

Company Overview

- Establishment: September 1, 2001
- Headquarters: 2968-2 Ishikawa-machi, Hachioji-shi, Tokyo
- President: Hideaki Takano
- Sales: 808 million (for the period ending in March 2018)
- Employees: 37 (as of March 31, 2018)
- URL: <http://www.toseibox.com>
- Hubs: Four locations in Japan



TA Series



TR Series



Major business lines

With "Safety, Comfort and Relief" as a motto, we would like to contribute to society, providing a more affluent housing environment through delivery boxes that can be used with a sense of security. Delivery lockers allow customers to receive packages during absence. The opportunity to use the delivery lockers has increased, as internet shopping becoming more popular leading the distribution of delivery to increase and also due to changes in customer's lifestyle.

The company provides various types of lockers with different colors with improved security, usability and of different materials such as steel to match the interior of the building. In addition to non-contact IC card and fingerprint authentication systems, an automatic open type system has been introduced. The company is committed to supplying better products and services and promoting CSR activities in order to contribute to society. As a specific CSR activity, we had all the employees take courses through e-learning about the code of conduct and information security and built awareness. We plan to provide harassment education. We also reviewed management of maintenance contract documents and enhanced the management system.



*Tosei Systems and Tosei Box conduct together CSR activities of Tokyo Seimitsu.

ISO 26000 Correspondence Table

In publishing the CSR Report, we summarize our CSR efforts in line with the core themes of ISO 26000 and strive to improve these efforts and the report.

ISO 26000 Core Themes	Issues	Our Efforts
Governance	1. Governance	<ul style="list-style-type: none"> ● Message from the President ● How We See CSR ● ACCRETECH Group Code of Conduct ● Corporate Governance <ul style="list-style-type: none"> • Corporate Governance • Compliance and Risk Management
Human rights	2. Due diligence	<ul style="list-style-type: none"> ● ACCRETECH Group Code of Conduct ● Relationship with Suppliers ● Relationships with Employees <ul style="list-style-type: none"> • Employment and Use of Human Resources
	3. Human rights risk situations	
	4. Avoidance of complicity	
	5. Resolving grievances	
	6. Discrimination and vulnerable	
	7. Civil and political rights	
	8. Economic, social, and cultural rights	
Labor practices	9. Fundamental principles and rights at work	<ul style="list-style-type: none"> ● ACCRETECH Group Code of Conduct ● Relationships with Employees <ul style="list-style-type: none"> • Employment and Use of Human Resources • Industrial Health and Safety
	10. Employment and employment relationships	
	11. Conditions of work and social protection	
	12. Social dialogue	
	13. Health and safety at work	
Environment	14. Human resource development and training at work	<ul style="list-style-type: none"> ● ACCRETECH Group Code of Conduct ● Relationship with the Global Environment <ul style="list-style-type: none"> • Basic Stance on the Environment • Eco-factory • Eco-products ● Relationship with Society <ul style="list-style-type: none"> • Environmental Volunteer Activities in Local Community
	15. Prevention of pollution	
	16. Sustainable resource use	
	17. Mitigation of and adaptation to climate change	
Fair business practices	18. Environmental preservation, biodiversity, and recovery of natural habitats	<ul style="list-style-type: none"> ● ACCRETECH Group Code of Conduct ● Corporate Governance <ul style="list-style-type: none"> • Compliance • Risk Management System ● Relationship with Suppliers <ul style="list-style-type: none"> • Supply Chain Enhancement ● Relationships with Shareholders and Investors
	19. Prevention of corruption	
	20. Responsible political involvement	
	21. Fair competition	
	22. Promotion of social responsibility in the value chain	
Consumer issues	23. Respect for property rights	<ul style="list-style-type: none"> ● ACCRETECH Group Code of Conduct ● Corporate Governance <ul style="list-style-type: none"> • Commitment to Customer Satisfaction ● Relationship with Suppliers <ul style="list-style-type: none"> • Supply Chain Enhancement ● Relationship with the Global Environment <ul style="list-style-type: none"> • Eco-products
	24. Fair marketing, information, and contractual practices	
	25. Protection of health and safety of consumers	
	26. Sustainable consumption	
	27. Consumer services, support, resolution of complaints and grievances	
	28. Consumer data protection and privacy	
	29. Access to essential services	
30. Education and raising awareness		
Community development	31. Participation in the community	<ul style="list-style-type: none"> ● ACCRETECH Group Code of Conduct ● Relationships with Employees <ul style="list-style-type: none"> • Employment and Use of Human Resources ● Relationship with Society <ul style="list-style-type: none"> • Environmental Volunteer Activities in Local Community • Relationship with Industry Groups
	32. Education and culture	
	33. Job creation and skill development	
	34. Technology development and access	
	35. Creation of wealth and income	
	36. Health	
	37. Social investment	



Hachioji and Tsuchiura Plants obtained ISO 9001 and ISO 14001 certifications simultaneously.

Tokyo Seimitsu Co., Ltd.

CSR Promotion Committee

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