



KOKUSAI ELECTRIC Group

Corporate Report 2021

For the next big step in nano-tech

PROCESSES FOR SUCCESS

For the next big step in nano-tech

Film forming and thermal processes are the most important of the many hundreds of processes involved in forming semiconductors. KOKUSAI ELECTRIC Group ("the Group") develops and produces semiconductor manufacturing equipment based on world-class film forming technology, which we deliver to the world's top semiconductor manufacturers. We are supporting the increasingly high functionality and high performance of semiconductors. Our mission is to accommodate the changing needs of customers in the continuously growing semiconductor market with the leading-edge technology based on our film forming technology and to be an industry leader in the field of film forming.



KOKUSAI ELECTRIC's Philosophy

Corporate Statement

The KOKUSAI ELECTRIC Group strives to create value through technology and dialogue to realize a sustainable society that is safe, comfortable and vibrant.

KOKUSAI ELECTRIC Way

KOKUSAI ELECTRIC Group

— Striving for Social Issues —

By pursuing *Monozukuri*, the KOKUSAI ELECTRIC Group creates value to contribute to the resolution of social issues jointly with customers.

— Optimization by Collaboration —

By collaborating with stakeholders, it develops and creates ecosystems as a world pioneer with the aim of creating an affluent and sustainable future.

— Human Assets —

It respects the diversity of its human resources and provides them with the opportunity and environment to enhance and perform their abilities.

— Basics and Ethics —

It respects human rights, observes laws and ethics and establishes a clean corporate culture that is admired by society.

Note: *Monozukuri* is defined as all creative activities carried out by the KOKUSAI ELECTRIC Group, including the development and provision of products and services, among others.

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Editorial Policy

We believe it is important for all stakeholders to have a correct understanding and we also want this report to serve as an opportunity for purposeful dialogue as an initiative for the Group's sustained growth. So, we selectively determine the contents and topics for inclusion and ensure the report remains readable and easy to understand, to deepen mutual understanding with – and encourage the engagement of – our stakeholders.

Referenced Guidelines

- GRI (Global Reporting Initiative) Standards
- International Integrated Reporting Council (IIRC) Integrated Reporting Framework
- Ministry of Economy, Trade and Industry Guidance for Collaborative Value Creation (Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation)
- ISO26000

Scope of This Report

Period: Fiscal 2020 (from April 1, 2020 to March 31, 2021)
(including some information from fiscal 2021)
Companies: The Company and its Group companies

Communication Tools

Very important information that will help with understanding the Group is collected and posted in this report. We post information about the Group's business activities, detailed information not included in this report and content that we want to continuously convey on the Company's website. Please refer to the website and other Communication Tools for more details.



Website

We post information for customers, corporate information, CSR information and recruitment information on our website.

<https://www.kokusai-electric.com/en/>

KOKUSAI ELECTRIC



Corporate Profile

We have published a Corporate Profile that provides an outline of the Group and posted this on our website. We will promptly update this if the content changes.

https://www.kokusai-electric.com/en/assets/file/company/corporate_profile_en_202110.pdf

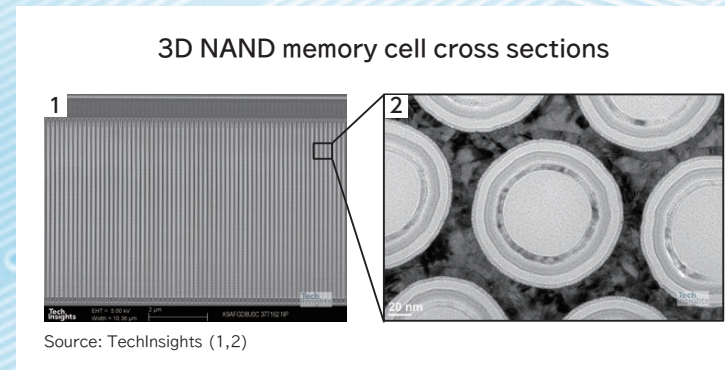
At a Glance

Development and production of high-quality semiconductor manufacturing equipment with proprietary film forming technology and treatment technology

1. Thin film forming through BCD® (Balance Controlled Deposition) technology

The Company's proprietary BCD® technology enables high-quality thin film forming with excellent step coverage and composition ratio control relative to the high aspect ratio.

Note: BCD is a registered trademark of KOKUSAI ELECTRIC CORPORATION in Japan.



2. Treatment through new energy sources

We have adopted oxidation and film quality improvement technology compatible with high aspect ratios and high added value treatment technology through the use of various energies such as light and plasma.

Main Products

Batch Processing System



High-productivity Batch Processing System
AdvancedAce®-300



High Quality & High Performance Thermal Processing System
TSURUGI-C² 鈎



Batch Thermal Processing System for 200mm Wafers

Single Wafer Processing System



Single Wafer Plasma Nitridation/Oxidation System
MARORA®



Single Wafer Annealing System
TANDUO®



Dry Resist Strip System
Lambda300

Note: TSURUGI-C², the 鈎 logo, AdvancedAce, MARORA and TANDUO are registered trademarks of KOKUSAI ELECTRIC CORPORATION.

Our global network contributes to the development of the world's semiconductors

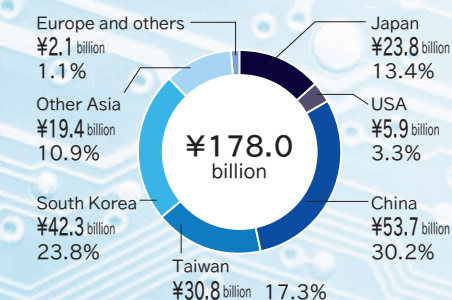
Revenues (Consolidated)

¥178.0 billion

Operating profit (Consolidated)

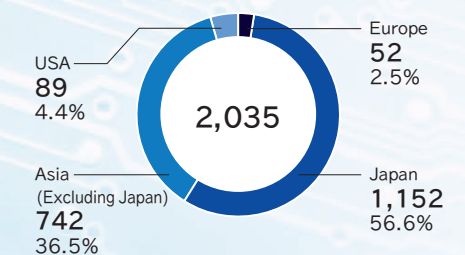
¥60.0 billion

Revenues by region (Consolidated)



Note: The above figures are for the term ended March 2021. Figures are calculated based on the customer location.

Number and Percentage of Personnel by Region (Consolidated)



* As of March 31, 2021

Main Centers for Development, Design, and Production

Toyama Technology & Manufacturing Center

Located in Yatsuo-machi, Toyama, with a view of the Tateyama mountain range, this factory has special-purpose clean rooms where semiconductor manufacturing equipment for next-generation processes is developed, designed, and produced to meet the demanding needs of major users worldwide.



Kamiichi Works of Kokusai Electric Semiconductor Service Inc.

Located amid a rich natural environment in Toyama Prefecture's Kamiichi Town at the foot of Mt. Tsurugidake in Japan's Northern Alps, the factory develops, designs, and produces ultrasonic cleaning machines and resistivity measurement systems. It also produces controllers for semiconductor manufacturing equipment. These products are supplied to users across the world.



Cheonan-si Head Office and Main Factory of Kokusai Electric Korea Co., Ltd.

Located in Cheonan-si, Chungnam, about 100 km south of Seoul, the capital of South Korea, Kokusai Electric Korea Co., Ltd. designs, produces, and upgrade semiconductor manufacturing systems, supplying products mainly to users in South Korea.



Pyeongtaek Factory of Kokusai Electric Korea Co., Ltd.

Pyeongtaek in Gyeonggi Province is located to the south of Seoul, the capital of South Korea. As the service base for South Korean users, and also developing the evaluation of semiconductor manufacturing equipment, it meets the needs for advanced technologies and products utilizing local production for local consumption.



Value Creation Process

Value creation through business

KOKUSAI ELECTRIC Group provides innovative technologies, highly productive products, environmental-ly-friendly products and services with high added value through activities in the entire value chain. The semiconductors produced by our customers are installed in various devices such as information and communications technology (ICT) equipment and mobility equipment, performing a central role in the accelerating data society, including Internet of Things (IoT), artificial intelligence (AI), electric vehicles

(EV), automated driving, ultra-high speed communications (5G), and digital transformation (DX), and building a more convenient and affluent society. The Group is resolving and advancing social issues through its business and contributing to the achievement of SDGs.

Social issues that KOKUSAI ELECTRIC should resolve

Support a comprehensive and sustainable ecosystem involving the manufacture of semiconductors

Research and development to create ground-breaking products and services

Substantially improve the productivity of products and services

Improve resource utilization in production such as through improvement in energy efficiency and the water utilization ratio
Reduce the environmental impact

Reduce waste and the environmental impact throughout the life cycle of products

Management operations and corporate governance necessary for a sustainable company

Positive collaboration with stakeholders such as customers and suppliers

A production and service provision that considers health and safety, climate change and reduction of the environmental impact

Work Style Reforms
Diversity

Compliance with all countries' laws and regulations
Appropriate risk management through information disclosure, etc.

KOKUSAI ELECTRIC's initiatives

Technology Development

- Enhance the research and development structure
- Product marketing
- Intellectual property management
- Enhance quality management system

Production and Quality Control

- Enhance quality management system
- Group network
- Enhance the services support structure
- Promote CSR procurement and procurement BCP
- Collaboration with suppliers
- Respect human rights and diversity (business development and production base)

Environmental Management

- Enhance environmental management system
- Action Guidelines for Environmental Conservation
- Environmental management system
- Environmental accounting
- Prevention of global warming and energy saving
- Climate change initiatives
- Reduction of waste
- Reduction of the environmental impact in the product life cycle

Human Resources Management

- Promotion of female empowerment in the workplace
- Support for balancing work and family life
- Human resources training
- Work style reforms and work-life balance
- Respecting human rights and diversity (recruitment and human resources)
- Promote health management
- Enhance work Occupational Health and Safety Management System

Management Foundations

- Enhance corporate governance
- Business risk management
- Information security measures
- Collaboration with stakeholders
- Work style reforms
- Respect human rights and diversity (business development)
- Promote health management

Collaboration with Communities

- Donation for disaster relief
- Service activities in the community
- Hosting an intern
- Volunteer activities
- Support for regional traditional arts
- Sponsorship of professional soccer team

The Company's Products



High Quality & High Performance Thermal Processing System
TSURUGI-C²® 鋳®



High-productivity Batch Processing System
AdvancedAce[®]-300



Batch Thermal Processing System for 200mm Wafers



Single Wafer Plasma Nitridation/Oxidation System
MARORA[®]



Single Wafer Annealing System
TANDUO[®]



Dry Resist Strip System
Lambda300

Semiconductor manufacturers

Provide value to customers and society

Devices equipped with semiconductors

Mobile

- Smart phone
- Smart watch

ICT equipment

- Media services

Mobility

- Connected vehicle

IoT

- IoT household appliances
- Smart home

AI

- Financial system
- Disaster management system

Build infrastructure

- Renewable energy equipment

Contribute to development and resolving issues for society and industry

Achieve the KOKUSAI ELECTRIC Way

SUSTAINABLE DEVELOPMENT GOALS

Top Commitment



Fumiyuki Kanai

Representative Director,
President and Chief Executive Officer

We will create value through technology and dialogue to build the foundations of an affluent sustainable society and to evolve into a resilient corporate group.

We greatly appreciate your understanding and support for the business activities of KOKUSAI ELECTRIC CORPORATION ("the Company"). We extend our sincere condolences to those who have lost their lives due to COVID-19 and natural disasters.

We also extend our heartfelt sympathy to all who have suffered and hope for a rapid recovery. In this report, we want to show the value creation strategies of the Group, which is striving to realize an affluent and sustainable society, and report the progress made with the strategies with an eye to having even more in-depth dialogue with our stakeholders and opening up new horizons in our business.

June 2018 – A fresh start as a pure play manufacturer of semiconductor manufacturing systems

More than 70 years have passed since the Company was founded in 1949 as Kokusai Electric Co., Ltd. for the main purpose of manufacture and sales of telecommunications equipment and high-frequency equipment. In 2000, the Company merged with Hitachi Denshi, Ltd. and Yagi Antenna Co., Ltd. and changed its name to Hitachi Kokusai Electric Inc., which was the predecessor for the film forming process solutions business.

There has been rapid technological innovation since that time, and the Company has supplied semiconductor

manufacturing systems to meet customer needs while making upfront investment in development amid severe competition in the development, necessary to capture the market needs for technologically complex semiconductor devices.

In recent years, in addition to improving the quality of batch film forming technology and making advances in the product life cycle business, the Company has developed treatment technology that improves post film forming film quality and enhanced this as a new business field.

In 2018, KOKUSAI ELECTRIC embarked on a fresh start as a pure play manufacturer of semiconductor manufacturing systems following a series of reorganizations

that included a TOB from USA investment fund Kohlberg Kravis Roberts & Co. L.P. ("KKR") in 2017. We are now in our fourth year.

Social and economic trends, trends in the business environment and market conditions since 2020 and earnings for the fiscal year ended March 31, 2021

In addition to the restrictions on various activities of people imposed by the global spread of COVID-19, many natural disasters (torrential rains, hurricanes, forest fires, etc.) have occurred in Japan and abroad that are attributed to climate change, which have been major factors dampening economic recovery. The situation represents a mix of uncertainty for the outlook caused by numerous concerns such as the spread of various strains of the virus, trade frictions, regional conflicts and human rights problems, together with the hopes for an economic recovery based on the global rollout of the COVID-19 vaccines. Under such circumstances, there were also concerns about the impact that the COVID-19 pandemic would have on the semiconductor-related business environment, but the market for semiconductor manufacturing equipment has expanded in parallel with further

growth in the semiconductor market due to the forecast explosive demand for data given the rapid evolution of the infrastructure environment with the Internet of Things (IoT), artificial intelligence (AI), electric vehicles (EV), automated driving, ultra-high speed communications (5G), and digital transformation (DX), as well as the popularity of remote work and e-commerce.

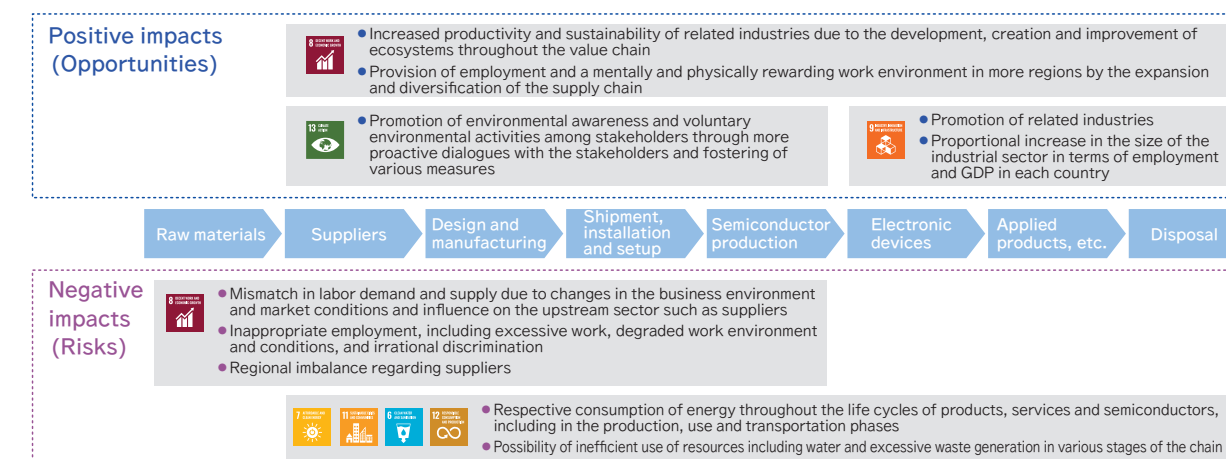
Amid the Company's expanding business environment, in addition to memory such as NAND flash memory, plant/equipment investment for foundries is also firm. The Group's earnings for the current fiscal year exceeded initial plans with revenue of ¥178,023 million and operating profit of ¥60,037 million, both record highs. We once again extend our appreciation to all stakeholders.

We formulated the medium-term management plan with analysis of the risks and opportunities in the semiconductor value chain

The life cycle of semiconductors created by the Group's products offers tremendous opportunities for the sustainable development of our society, but may also pose risks that can have negative impacts. The Company is committed to ensuring the right direction for our business, always appropriately capturing the risks and opportunities by contributing to the development and evolution of a range of

advanced products, through collaboration and engagement with our stakeholders.

We will steadily foster our business in line with sustainability management and manage our progress based on our newly formulated medium-term management plan, aiming to achieve the predefined numerical targets.



Note: The Sustainable Development Goals (SDGs) are composed of the 17 goals and 169 targets to be attained by 2030, for which governments and companies are expected to take measures immediately.

Top Commitment

Proposing products, technologies and services that support a sustainable future

The Company's basic policy is to provide customers with value that conforms to trends in increasingly diversified, advanced and complex semiconductor devices.

Research and development is the Company's number one priority, and we aim to provide technologies and products with added values that respond to customer needs by accelerating research through the allocation of sufficient personnel and funds to the key Toyama Technology & Manufacturing Center and others.

We also actively promote enhancements to advanced research and development through cooperative operations with universities and outside institutions and collaborations with other companies.

In addition to developing technologies that address the increasingly high functionality and high density of devices, we promote research and development of highly-functional film forming technology that adapts to three-dimensional (3D) multilayer devices and treatment, and curing technology.

In highly-functional film forming technology, our key product is batch system and we promote the development of technology for large batch furnaces that can be applied at lower costs and for mini batch furnaces that can achieve higher functional film forming with precise control.

However, for treatment and curing technology, we promote the development of various applications making free use of revitalization technologies such as plasma.

In addition to the development of these processes and platforms, we promote elemental development of various components such as temperature control, supply systems and exhaust systems, and material development through cooperative operations with material manufacturers, while achieving efficient development through active utilization of simulation technology.

In recent years, the Company has proposed BCD® (Balance Controlled Deposition), a proprietary film forming technology based on a batch furnace, which has produced major outcomes.

While making a major contribution to the realization of 3D-NAND devices with excellent step coverage, we have hopes that this will also address the shift to 3D Logic and DRAM in the future.

In addition, in terms of reducing the environmental impact from products and services, we are investigating and assessing environmentally-friendly design to reduce CO₂ emissions, waste and the use of resources in all processes. We are promoting the development, design and *Monozukuri* for products and services with lower power consumption and greater conservation of resources than traditional products. We also strive to propose products and services with high added value to customers, to realize a low carbon society through environmentally-friendly products.

Note: BCD is a registered trademark of KOKUSAI ELECTRIC CORPORATION in Japan.

Promoting SDGs-based business reforms

The Company defines what our role should be in the Corporate Statement "strives to create value through technology and dialogue to realize a sustainable society that is safe, comfortable and vibrant."

With the clarification of various social issues in Japan and overseas, the Group has created opportunities to rethink the Group's significance of existence and mission in society and how we can contribute to addressing these social issues.

We have delved into the details of the Group's risks and opportunities based on SDGs and extracted the

issues that we should address. The Company has examined the direction to be taken and the framework of the business reforms to be made to this end.

Moreover, in order to evaluate the progress made with the reforms and set specific targets, we have identified key performance indicators (KPIs) as quantitative indices. We will use these for progress management and proactively disclose the related information as much as possible through this report and other media.

2030 – Achievement of the SDGs-related targets together with business reforms

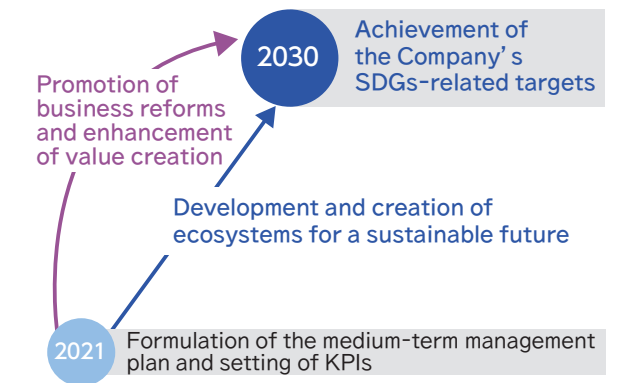
We decided on the direction of the Group's value creation from the SDGs targets to realize a sustainable society by 2030 and we are initiating business reforms as the backbone of our medium- to long-term business strategies.

The Company believes it is particularly important to reduce our environmental impact, respect human rights, recruit and train diverse human resources and enhance our compliance and governance structures. These are expressed as part of the Company's

KOKUSAI ELECTRIC Way and in our Guidelines and Commitments, with the aim of spreading this within the Group and throughout the Company's supply chain.

We have also enhanced the promotion structure, such as with the establishment of a specialist committee within the Company as a forum to discuss the promotion of sustainability management.

Roadmap to Achieve the SDGs through Business Reforms



To become a truly leading company and a creator and a collaborator in the field of film forming.

The Group will do everything possible to establish a system to develop and propose solutions that are useful for the evolving needs of customers and to continuously pursue the long-term future direction.

In addition, we will build a resilient structure able to withstand intensified competition through our accumulated technology and speedy business operations, based on sustainability management, to become a truly leading company and a creator and a collaborator in the field of film forming.

The Company is in its fourth year since its spinoff and launch as a new company, but its staff and

predecessors, with support from all concerned, have been engaged in the development of semiconductor manufacturing equipment for more than 70 years, contributing to the growth of the global semiconductor industry. Their experience and pride have been passed down to the Group. Going forward, we will leverage this corporate DNA in the rapidly changing business environment and bring a fresh perspective to working with all our stakeholders.

We look forward to your continued support and understanding.



Value Creation: Cases and Topics

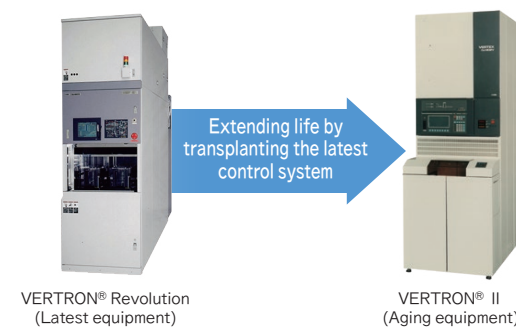
Promoting the development of the product life cycle business and eco-products through collaboration with customers to support a sustainable future.

Contribute to SDGs through retrofitting to prolong the life of aging equipment (KOKUSAI ELECTRIC CORPORATION)

The batch processing system that the Company sold in the 1990s is still being actively used 30 years on. Production has already ceased for many components and maintenance has expired. However, customers also have strong needs for ongoing use, so we consider the possible technical responses and take action to the greatest extent possible. In 2021, we have been transplanting the control system installed in the latest equipment (VERTRON® Revolution) into aging equipment through retrofit proposals aimed at prolonging the life of equipment, which have been well received by customers.

These initiatives also lead to saving resources and reducing waste, so they contribute to the realization of SDGs while also complying with the Company's statement for "sustained growth of the product life cycle business."

Note: VERTRON is a registered trademark of KOKUSAI ELECTRIC CORPORATION.



Providing total solutions and upgrade functions able to produce the latest devices (Kokusai Electric Korea Co., Ltd.)

The use of semiconductor devices is increasing in our entire society in association with technological developments. We anticipate that use will continue to increase in various fields such as AI, IoT, cloud services, automated driving, and EV. Furthermore, semiconductor devices are thriving products for alternating generations through high aggregation and the application of new processes. Therefore, it is an industry that requires ongoing investment into cutting-edge equipment able to install new technologies.

The Company conducts a business that provides total solutions to support new processes in both hardware and software and upgrade functions able to produce the latest devices with existing equipment. The life of equipment can be substantially extended through this business and customers are able to effectively utilize investment costs through the use of existing equipment. We will explore ways to expand the development region for this business through collaboration with each Group company.

New product: Development of resistivity measurement equipment VR300DH Series (Kokusai Electric Semiconductor Service Inc.)

Demand for electric vehicles is growing as we head towards a carbon-neutral future and there is also a rapid expansion of demand for semiconductors incorporated in electric vehicles such as power devices and MEMS sensors.

The Company has developed new products with the best cost performance for the production of these legacy semiconductors with the Resistivity Measurement equipment VR300DH Series. This equipment can measure below 200mm and 300mm wafers with high precision and at high speed, which can be used for open cassettes as well as SMIF (Standard Mechanical Interface for port transfer of 200mm wafer cassettes) Indexer and FOUP specifications. This equipment can measure ultrathin wafers required for the production of IGBT (motor driving power semiconductor), and its features include the ability to reduce the traditional footprint by 40% and reduce power consumption by 25%.



Appearance of development equipment

CSR Management

KOKUSAI ELECTRIC Group's Social Responsibility (CSR)

The Company believes we have a corporate social responsibility (CSR) to meet the trust and expectations of society through our business activities in cooperation with our Group companies.

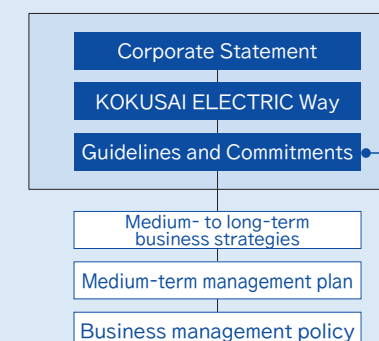
By discussing what society expects from us and what is important for the management of the Group, we have established the Corporate Statement, which describes how our Group should function and the significance of its existence, the KOKUSAI ELECTRIC Way, which describes basics of the corporate management, the will and value of the Group, and the Guidelines and Commitments, which indicate what we consider to be important in conducting business activities.

We will implement the basic principles described in the Corporate Statement and the KOKUSAI ELECTRIC Way by continuing to act in accordance with the Guidelines and Commitments, regarding them as our CSR policy.

Based on our medium- to long-term business strategies, we establish the medium-term management plan and set KPIs to manage progress with the plan. We also share our priority measures and approach across the Group based on our annual business management policy.

We disclose our CSR activities and the results in this report and on our website with a view to broadly engaging in dialogue about our business management with all stakeholders.

In addition, in order to help achieve a sustainable society from a long-term viewpoint, we deem it important to reduce our environmental impact, respect human rights, pursue diversity in our hiring and HR development, comply with laws and regulations, and establish a clean corporate culture based on the globally recognized ISO26000 guidelines on corporate social responsibility. Accordingly, we make commitments to doing these in the KOKUSAI ELECTRIC Way and the Guidelines and Commitments and make sure all members of the Group are aware of these commitments. Moreover, we are establishing an in-house system to fulfill them.



KOKUSAI ELECTRIC Group's Guidelines and Commitments

For the purpose of implementing the Corporate Statement, in accordance with the KOKUSAI ELECTRIC Way, the KOKUSAI ELECTRIC Group pledges to the dissemination of the following Guidelines and Commitments and to the establishment of effective corporate governance.

1. Through innovations, develop and provide socially useful products and services in which the emphasis is on safety, quality and environmental soundness, thereby promoting business and solving social issues.
2. Engage in fair and free competition, business activities that are based on a commitment to high ethical standards, and responsible procurement, and observe the spirit as well as the letter of international rules and national laws and regulations.
3. Realize work practices that provide employees with opportunities for further training and growth, and that respect their diversity, character and individuality, and provide a mentally and physically rewarding, safe and healthy work environment.
4. Disclose corporate information and information related to products and services proactively, effectively, fairly and sincerely, and engage in constructive dialogue with a wide range of stakeholders of the KOKUSAI ELECTRIC Group for the creation and expansion of corporate value.
5. Regard environmental problems as issues affecting all people and endeavor to protect the global environment, local living environments and biodiversity as a precondition to continuing business activities.
6. Conduct business that respects the human rights of all persons.
7. As a good corporate citizen, engage in community proactively and contribute to its development.
8. Protect and manage business technology information, individual and customer information and other confidential information in a strict manner, and conduct thorough and organized crisis management by making preparations against terrorism, cyber attacks, actions taken by antisocial forces and natural disasters.
9. Comply with trade-related laws and regulations in order to contribute to the maintenance of international peace and security.
10. Encourage behavior based on these Guidelines and Commitments within the Group's supply chain. Should a situation arise that runs counter to these Guidelines and Commitments and causes the Group to lose the trust of society, the top management shall fulfill their responsibility by endeavoring to resolve the matter, establish the cause and take steps to prevent a reoccurrence.

Foundations for Sustained Development

Enhancements to corporate governance as the foundation for transitioning to a company with an audit and supervisory committee

Basic approach to corporate governance

Following the approval at the 6th General Meeting of Shareholders held on June 30, 2021, the Company transitioned from a company with a board of corporate auditors to a company with an audit and supervisory committee for the purpose of further enhancing the Board of Directors' supervision of executive officers and to improve corporate governance. We aim to separate management and execution with the appointment of multiple outside directors who are not themselves involved in business execution. The Board of Directors supervises overall management through decision-making on important business execution, including the election of executive officers, while the Audit and Supervisory Committee conducts lawful and suitable audits of the management and execution, which is thought to enable the realization of sustained improvement in corporate value. In addition, the Company has voluntarily established as consultation organizations for the Board of Directors, the Nomination and Compensation Committee, which clarifies the policies concerning executive personnel matters and compensation and to ensure transparency in the decision-making process, and the Transactions with Controlling Shareholders Committee, which deliberates on important transactions and behavior where there is conflict of interest between controlling shareholders and minority shareholders.

Board of Directors

The Board of Directors comprises nine directors: Fumiya Kanai (Representative Director, President and Chief Executive Officer) as chair, with Yuji Kamiya (Director, Executive Vice President and Executive Officer), Noriko Sakai (Outside Director), Masaaki Tsuruta (Outside Director), Hirofumi Hirano (Outside Director), Masaki Nakamura (Director), Toshiyuki Uchino (Audit and Supervisory Committee Member), Hitoshi Kumagai (Audit and Supervisory Committee Member, Outside Director), and Hirohito Nakada (Audit and Supervisory Committee Member, Outside Director). In principle, the Board of Directors meets once a month and at other times as necessary. The Board of Directors deliberates and determines matters prescribed by laws and the articles of incorporation as well as important matters concerning business execution, and also supervises overall management, including the execution of duties by executive officers. To ensure decision-making from a wide-ranging viewpoint and the objective supervision of business execution, five of the nine directors on the Board of Directors are Outside Directors.

Audit and Supervisory Committee

The Audit and Supervisory Committee comprises three Directors who are Audit and Supervisory Committee Members (of which two are Outside Directors) including full-time member Toshiyuki Uchino (Director) as chair, and Hitoshi Kumagai (Outside Director) and Hirohito Nakada (Outside Director). In principle, the Audit and Supervisory Committee meets once a month and at other times as necessary. The Audit and Supervisory Committee, comprised of these Directors who are Audit and Supervisory Committee Members, cooperates with the Independent Auditor and the Audit Office and strives to ensure the integrity of management.

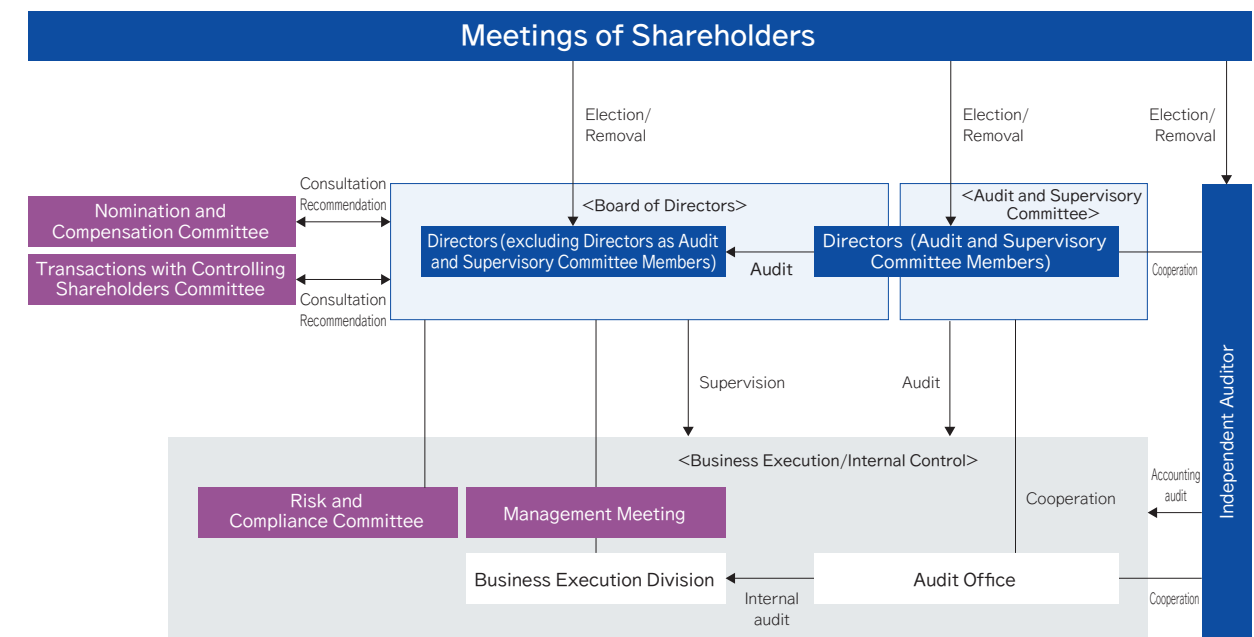
Executive Officer System and Management Meeting

The Company has introduced an executive officer system and the Representative Director, President and Chief Executive Officer controls the operations as the chief person responsible for business execution. The Management Meeting comprises the Representative Director, President and Chief Executive Officer as chair and all executive officers. In principle, the Management Meeting meets twice a month. The Management Meeting deliberates and determines important matters concerning business execution other than matters to be resolved by the Board of Directors as prescribed by laws and the articles of incorporation or otherwise.

Outside Directors/Independent Directors

The Company's Board of Directors comprises nine directors including one woman, two executive officers and concurrent Directors and one Director who have extensive experience and advanced expertise as well as being knowledgeable about semiconductor-related businesses, and six Outside Directors, including independent directors who support and supervise management from an objective standpoint. Outside Director Hirofumi Hirano has been involved in investment proposals and alliance business in multiple business areas over many years, and he has contributed his opinions and suggestions on expansion of the Company's business areas. Four Directors meet the independence criteria of the Companies Act, the Regulation for Enforcement of the Companies Act and the Tokyo Stock Exchange. These are independent directors Noriko Sakai (Lawyer), Masaaki Tsuruta (former Representative Director of Samsung Japan Corporation) and Audit and Supervisory Committee Members Hitoshi Kumagai (Certified Public Accountant) and Hirohito Nakada (Lawyer). They provide honest and lively constructive opinions at the Board of Directors based on their respective extensive knowledge and experience in various fields such as in corporate management from a fair and neutral standpoint. They fulfill their role and obligations as independent directors.

■ Organizations required under the Companies Act in Japan
■ Voluntarily established organizations



Internal Controls

The Company is aiming to maintain and enhance the Group's internal control system by establishing the Basic Policy on Internal Control Systems, which includes the fulfillment of reliable financial reporting and the realization of prompt and appropriate decision makings, improving the internal control system to ensure appropriate and efficient execution of the Group's operations, while also establishing an Internal Control Committee (which convenes twice a year) chaired by an executive officer who is in charge of finance and accounting.

The Audit Office was established under the direct control of the President on January 18, 2021. It conducts internal audits of all departments including subsidiaries in Japan and overseas and evaluates matters such as the effectiveness of management and operations, compliance, and the reliability of financial reports from a standpoint that is independent from business execution. The results of the audit are reported to the President, with regular exchange of opinions with the Audit and Supervisory Committee and the external auditors. We strive to increase the effectiveness of monitoring activities in the respective roles.

Compliance

The Group has defined matters concerning risk management for business activities in our Basic Rules for

Risk and Compliance. We aim to prevent the materialization of risk or minimize losses in the event that such risks materialize. In addition, by prescribing the basic policies, the structure and management methods for compliance relating to business activities in line with our "Corporate Statement, KOKUSAI ELECTRIC Way and Guidelines and Commitments," we, first of all, observe relevant laws and regulations in our business execution and conduct ourselves in a manner to ensure highly transparent management that conforms with social norms and corporate ethics.

Risk Management

The Group classifies the various risks in Japan and overseas surrounding its business operations into categories such as managed risk, disaster and accident risk, and social risk and regularly reviews the risk levels and measures taking account of the level of impact on business continuity. Recently, we have revised the response to COVID-19, a global-scale risk, and the response to natural disasters such as abnormal weather and major earthquakes. We continue to identify new risks and implement measures.

Foundations for Sustained Development

Collaboration with Stakeholders

The Group promotes positive dialogue with all stakeholders, including customers, builds relationships based on mutual trust, and engages them in value creation to the greatest extent possible even during the COVID-19 pandemic.

Stakeholders	Our commitment to stakeholders	Examples of dialogue	Response Departments
Customers	Create value to contribute to the resolution of social issues jointly with customers	Technology exchange meetings, joint development projects, customer satisfaction surveys	Sales departments Quality assurance departments
Employees	Give opportunities for further training and growth and provide a mentally and physically rewarding, safe and healthy work environment	Various training, labor-management conference, health guidance, sharing of employee survey results and follow-up activities, use of intranet	Human resources and corporate administration departments
Business partners	Engage in fair and free competition, appropriate business transactions that are legally compliant and consistent with social norms, and responsible procurement activities	Business partner meetings, various business negotiations and meetings	Procurement departments
Communities	Engage in community proactively to contribute to its development	Participation in local activities, support for maintaining and developing traditional arts, joint disaster drills with local fire stations, sponsorship of professional soccer team	Human resources and corporate administration departments
Shareholders/Investors	Engage in constructive dialogue with a range of stakeholders for the creation and expansion of corporate value	General Meeting of Shareholders	Legal departments Finance & accounting departments Public relations & IR departments

Messages from Outside Directors

Striving to ensure integrity and transparency as an organization

I have been an Outside Director (independent director) since March 31, 2021. Since then, my impression has been that the Company has high technological capabilities, which it combines with its integrity. It is a company that does not spare any effort to realize its Corporate Statement: strives to create value through technology and dialogue to realize a sustainable society that is safe, comfortable and vibrant.

Amid the unstable environment caused by COVID-19, the Company has increased its earnings backed by factors such as expansion of the semiconductor manufacturing systems market. At the same time, to enhance corporate governance, the Company has continuously strived to ensure integrity and transparency as an organization by transitioning to a company with an audit and supervisory committee, and establishing voluntary committees such as the Nomination and Compensation Committee. I also utilize my practical experience in corporate law as an international attorney, and appropriately express my opinions to ensure integrity and transparency as an organization.

Noriko Sakai
Outside Director

Contributing to the improvement in corporate value such as management efficiency and business expansion

I believe the Company has very unique and sophisticated technical capabilities in the semiconductor equipment industry. The Company tops the list of such industry which leads the world. It has maintained amazing earnings amid the strong demand for semiconductors. It always needs to strive for ongoing growth in both of technological capabilities and management figures, and maintain good performance even during stormy times to be the excellent company. As an independent director, I mainly provide advice on areas such as management efficiency and direction for business expansion. I would like to contribute to the improving the Company's value together with employees.

Masaaki Tsuruta
Outside Director

Executives

Directors (Excluding Directors who are Audit and Supervisory Committee Members)



Fumiyuki Kanai
Representative Director

Career Summary

April 1981 Hitachi, Ltd.
April 2003 Renesas Technology Corp.
April 2016 Senior Vice President and Executive Officer and General Manager, Semiconductor Process Engineering Division, Hitachi Kokusai Electric Inc.
June 2018 Representative Director, President and Chief Executive Officer, the Company (Current position)



Yuji Kamiya
Director

Career Summary

April 1981 Hitachi, Ltd.
June 2015 Executive Officer and General Manager of Finance & Accounting Division, Hitachi Kokusai Electric Inc.
June 2018 Director, Executive Vice President and Executive Officer, the Company (Current position)



Noriko Sakai
Outside Director

Career Summary

April 1997 Nagashima & Ohno (Now, Nagashima Ohno & Tsunematsu)
December 2005 O'Melveny & Myers gaikokuho kyodogijyo horitsujimusho
February 2008 Partner, O'Melveny & Myers gaikokuho kyodogijyo horitsujimusho
January 2017 Partner, Hirakawa International Law Office (Current position)
March 2021 Outside Director, the Company (Current position)



Masaaki Tsuruta
Outside Director

Career Summary

April 1979 Sony Corporation
January 2013 Representative Director, Samsung Japan Corporation
January 2019 Representative Director and President, Future Domain Co., Ltd. (Current position)
June 2021 Outside Director, the Company (Current position)



Masaki Nakamura
Director

Career Summary

April 2010 McKinsey & Company
February 2014 KKR Japan
February 2017 Director, HKE Holdings Co., Ltd. (Now, the Company) (Current position)
January 2021 Director, KKR Japan (Current position)



Hirofumi Hirano
Outside Director

Career Summary

April 1983 The Nikko Securities Co., Ltd.
January 2010 Japan Representative, AlixPartners Asia LLC
April 2013 Chief Executive Officer, KKR Japan (Current position)
March 2021 Outside Director, the Company (Current position)

Directors who are Audit and Supervisory Committee Members



Toshiyuki Uchino
Director (Full-time Audit and Supervisory Committee Member)

Career Summary

April 1984 Hitachi, Ltd.
April 2003 Renesas Technology Corp.
June 2018 Corporate Officer, General Manager - Global Services Unit
January 2021 Corporate Auditor, the Company
June 2021 Director (Appointed Audit and Supervisory Committee Member), the Company (Current position)



Hitoshi Kumagai
Outside Director (Audit and Supervisory Committee Member)

Career Summary

December 1997 Audit Department, KPMG LLP New York Office
October 2002 Transaction Services Department, KPMG FAS Co., Ltd.
October 2006 Representative Partner, Trustees FAS Co., Ltd. (Current position)
January 2021 Corporate Auditor, the Company
June 2021 Outside Director (Audit and Supervisory Committee Member), the Company (Current position)



Hirohito Nakada
Outside Director (Audit and Supervisory Committee Member)

Career Summary

December 2001 Nagashima Ohno & Tsunematsu
July 2007 Kirkland & Ellis LLP (Chicago)
February 2014 Co-founder and partner, Shibata, Suzuki & Nakada (Current position)
March 2021 Corporate Auditor, the Company
June 2021 Outside Director (Audit and Supervisory Committee Member), the Company (Current position)

Note: Career Summaries are partial excerpts.

Aiming to be a Company Trusted by Society

Promoting the development of partnerships, while observing appropriate procurement from the global markets

Basic Policy for Material Procurement

The KOKUSAI ELECTRIC Group procures materials, commodities and services necessary for production and supply from global markets, ensuring appropriate prices, delivery dates and quality, while observing CSR, in order to provide its customers with products that are valuable and satisfactory.

The Group also emphasizes strict compliance with laws and environmental considerations, engages in fair and open transactions, and promotes the cultivation and strengthening of partnerships with its suppliers through appropriate management of confidential information.

CSR-Oriented Procurement Activities

As business operations become increasingly global, the possibility that a procurement risk in the supply chain may cause a management problem to the Company is increasing. The Company is strengthening the promotion of CSR supply chain management based on the RBA Code of Conduct, and aim to share CSR awareness with our suppliers.

We select suppliers through appropriate procedures, considering material quality, delivery dates, prices, and the technological development capabilities of the suppliers, as well as confirming whether they are fulfilling their social responsibilities regarding human rights, labor practices, ethics, and legal compliance.

Note: RBA stands for Responsible Business Alliance, which is a federation established by the electronics industry in 2004. A total of 120 companies, mainly from the U.S., have joined the federation, including retailers, automakers and toy manufacturers. Since it was formed largely for the fulfillment of social responsibilities, the RBA has been promoting the Code of Conduct that it formulated, which includes suppliers in its target.

Reinforcement of Partnerships

The Company promotes the development of reciprocal relationships with business partners.

By holding business partner meetings (BPMs) and the New Year reception in an online format even during the COVID-19 pandemic, we work to maintain fair trade relations and reinforce partnerships through information sharing.

In the New Year reception held in January, we share our medium- to long-term business policies with executives of our business partners and give commendations to excellent partners. In the biannual BPM, we brief attendees on our business policies and trends as well as our procurement, production, quality and CSR measures. Through proactive communication, we strive to strengthen mutually beneficial "win-win" relationships with our business partners.

Promotion of Globalization

As global procurement measures, we share procurement strategies with overseas production bases, and the procurement staff members from the Company are strengthening links to promote local-production-for-local-consumption-oriented global procurement and develop and train local staff. We will continue to work in close cooperation with our local procurement bases in South Korea and the U.S. and promote integrated global procurement.

Deployment of Procurement BCP

If a business partner with whom we cooperate is affected by a natural disaster, such as a large-scale earthquake, it could have a major impact not only on our own business operations and those of our partners, but also on the broader society. To minimize such an impact, we have been formulating a Procurement Business Continuity Plan ("BCP") (thorough promotion of multi-sourcing, consideration of alternative materials, creation of a database of production bases for procurement products, and standardization, etc.).

Measures against the Issue of Conflict Minerals

The Company is strengthening its initiatives with our business partners to fulfill its social responsibility by conducting procurement activities for tin, tantalum, tungsten, gold (collectively "3TG") as well as cobalt (conflict minerals) from the Democratic Republic of the Congo (DRC) and adjoining countries so that they do not benefit armed groups that encroach upon human rights across the Company's supply chain.

We respect human rights prescribed by the United Nations, and establish a clean corporate culture that is admired globally.

KOKUSAI ELECTRIC Group Human Rights Policy

The KOKUSAI ELECTRIC Group strives to create value through technology and dialogue to realize a sustainable society that is safe, comfortable and vibrant now and in the future. Accordingly, we will support the creation of a society where human rights are respected. As a prerequisite to this, KOKUSAI ELECTRIC (including its Group companies; the same hereinafter in this policy statement) seeks to meet its responsibility to respect human rights.

The Responsibility to Respect Human Rights

KOKUSAI ELECTRIC strives to meet its responsibility to respect human rights by not infringing on human rights and addressing negative human rights impacts with which KOKUSAI ELECTRIC may be involved through its operations and businesses relationships. KOKUSAI ELECTRIC understands human rights to be, at a minimum, those outlined in the International Bill of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. Responsibility to respect human rights applies to all officers and employees of KOKUSAI ELECTRIC CORPORATION and its consolidated group companies.

KOKUSAI ELECTRIC expects its business partners and other parties whose own impacts may be directly linked to KOKUSAI ELECTRIC's operations, products or services to respect and not infringe upon human rights, and will respond appropriately where they are not respecting human rights.

Relationship to KOKUSAI ELECTRIC's Values and Policies

KOKUSAI ELECTRIC is aware that as a business enterprise it is a member of society and can contribute to

creating an environment in which human rights are respected. We believe that meeting the responsibility to respect human rights is key to operating as a responsible business, and should be expected of all companies. This human rights policy is an expression of our commitment to fulfilling these responsibilities based on KOKUSAI ELECTRIC's Corporate Statement, KOKUSAI ELECTRIC Way, and Guidelines and Commitments.

Exercising the Responsibility to Respect Human Rights

KOKUSAI ELECTRIC is committed to meeting the responsibility to respect human rights through implementing the United Nations Guiding Principles on Business and Human Rights. KOKUSAI ELECTRIC will identify and assess potential and actual impacts on human rights and take appropriate measures to prevent or mitigate risks. Where KOKUSAI ELECTRIC identifies that it has caused or contributed to a negative human rights impact, it will carry out appropriate internal and external processes to provide remediation. KOKUSAI ELECTRIC adheres to national law and regulation in each market in which it operates. Where KOKUSAI ELECTRIC faces conflicts between internationally recognized human rights and national laws, KOKUSAI ELECTRIC will follow processes that seek ways to honor the principles of international human rights.

KOKUSAI ELECTRIC will provide appropriate training and capacity building in order to embed this policy commitment throughout KOKUSAI ELECTRIC CORPORATION and all its consolidated Group companies. KOKUSAI ELECTRIC is committed to engaging in dialogue with and consulting relevant external stakeholders about addressing potential and actual human rights impacts.

Giving Consideration to Human Rights in the Expansion of Business

When acquiring a company or establishing a new one, we have a system in place to share the KOKUSAI ELECTRIC Way and Guidelines and Commitments, which include our policy to respect human rights, as well as the KOKUSAI ELECTRIC Group Human Rights Policy, with local executives of the acquired/new company, and evaluate/address the related risks.

Training to Increase Awareness around Human Rights

In our annual training program for new employees, we promote awareness of human rights to prevent discrimination based on race, ethnicity, nationality, gender, age, or disability, and encourage them to respect the human rights of all people.

Respect of Basic Rights at Work

Considering the laws, regulations, and labor practices in each nation and region, the Group will respect the basic rights of employees presented in the principles of

the United Nations Global Compact and strive to have employees and managers better understand each other's problems and resolve issues jointly through genuine and constructive dialog.

Consideration of Human Rights in Assuring Security and Safety of Assets and People

Personnel who are in charge of the safety of customers and employees or responsible for preventing loss of company equipment and assets risk carrying out actions that could unintentionally affect human rights in the performance of their duties. Therefore, we ensure that all employees with such duties consider human rights and take appropriate action.

Compliance with International Code of Conduct

KOKUSAI ELECTRIC complies with the international RBA Code of Conduct (Responsible Business Alliance) which specifies standards for human rights, labor, health and safety, and more, and strives to meet its responsibility to respect human rights in international community.

Aiming to be a Company Trusted by Society

We have built an R&D system that meets the rigorous demands for technological innovation, focusing on high performance, diversity, and market expansion.

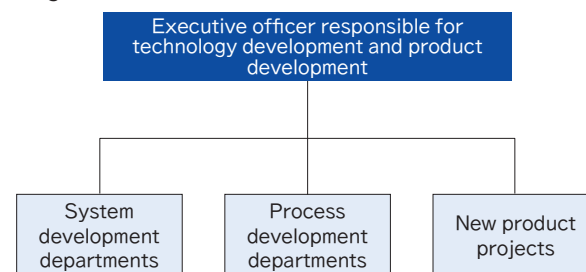
R&D Policy

The Company develops semiconductor manufacturing equipment leveraging among the top film forming technologies in the world. In addition to providing underlying film forming technology, we are also striving to overcome physical limitations with miniaturization through joint development with research institutes, raw material manufacturers, and device manufacturers. Our film forming technology is used by the world's top device manufacturers, and greatly improves the functionality and performance of semiconductors. Semiconductors that utilize our film forming technology are found in electronic devices around the globe and contribute to making people's lives safer and more comfortable.

R&D System

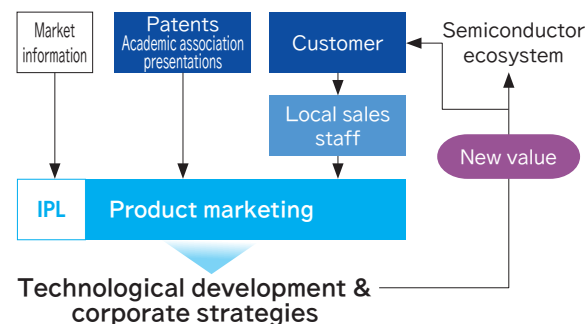
Semiconductor device development is advancing around the globe. We have research institutes worldwide and have established a comprehensive research system. Since it requires technology from a wide range of fields — including machinery, electronics, heating, fluids, physics, chemistry, AI, and machine learning — we have assembled a team of experts representing each one. Our aim is to create an R&D team and continues to overcome difficult problems by leveraging our own technology and collaborating with consortiums, universities, and development partners around the world.

Organizational Structure



Product Marketing

In order to improve our products and provide high value to customers, our sales division and local staff obtain feedback from customers and share it within the company. We also strive to create new value company-wide by driving forward proposals that lead to new technological developments and corporate strategies, through an initiative called "intellectual property landscape" (IPL) that provides a comprehensive overview and analysis of academic association information, patents, and market information.



Intellectual Property Management

The Company recognizes the importance of various intellectual property initiatives in business operations from the perspective of strengthening the competitiveness of our technology and products. Therefore, we are actively working to protect our technology and products with intellectual property rights efforts such as acquiring patent rights, design rights, trademark rights, and other intellectual property rights for combinations of products, product design, manufacturing processes, software, and so on in Japan and other countries. We are also working to strengthen our global patent applications.

Global patent application rate

93.1%
(2018)

Patent grant rate

95.1%
(2018: Japan)

We aim to be the top company in customer satisfaction by developing and producing equipment that exceeds customers' expectations and contributes to customers' profits.

Pursuing Quality

Based on our mindset to think and act from the customer's point of view, we devote ourselves to *Monozukuri* on a customer-first principle and develop and provide products and services in which emphasis is placed on safety, quality, and environmental soundness, in order to earn the trust and confidence of our customers and society.

When a defect is discovered, we search thoroughly for the technological cause and the motivational factor that lies behind it, and work to prevent recurrence. We also actively take preventative measures to apply the results to other products.

Moreover, we strive to improve the quality of products and services by creating training programs to boost each employee's quality assurance skills, carrying out company-wide activities to foster awareness on quality, and exchanging personnel involved in quality assurance and supporting their activities, which includes group companies and business partners.

Since 2004 we have been distributing annual customer satisfaction questionnaires on our products and services to customers worldwide. After the responses are totaled and analyzed, the results are conveyed internally to improve customer satisfaction.

Quality Management System

The Group's production sites have acquired ISO 9001 (Quality Management System) certification. We have built a quality management system based on a PDCA cycle using a process approach, and continuously make improvements. Furthermore, we are also strengthening D-FMEA and P-FMEA activities to improve the quality of work. Through these efforts we provide products and services that meet customers' needs.

Note: D-FMEA (Design Failure Mode and Effect Analysis): Method to predict and prevent potential failures and accidents in the design stage by identifying failure modes simplified for each component and unit that make up a product, and forecasting the impact the failure modes would have on the product
 Note: P-FMEA (Process Failure Mode and Effect Analysis): Method to improve production process through extracting the mode to cause each of the failures/mistakes over the entire process, evaluating the effect of the mode, and thereby designing the measures to prevent failures

Quality Management System (QMS)



Aiming to be a Company Trusted by Society

Policy to Address Quality Problems

We conduct a series of review and recurrence prevention activities based on thinking and acting from the customer's point of view. These activities help us identify the direct technical causes of problems and the motivational factors that led to those causes and involve work to prevent recurrence and verify similar products in an attempt to prevent problems.

Efforts to Enhance the Global Network

We work to improve the quality of products and services even further by exchanging personnel involved in quality assurance and supporting their activities across Group companies, including those outside Japan.

Service Support

The Company helps ensure that equipment runs stably by leveraging its worldwide service network to make on-site visits and provide remote online support (e.g. remote maintenance through use of smart glass). We are also moving forward with enhancing local on-site support, which includes carrying out upgrades to extend the life of equipment, making renovation proposals to improve functionality, conducting regular maintenance inspections, repairing parts, and expanding overhaul items. Through these support services, we contribute to reducing waste, raw material use, and CO₂ emissions throughout the product life cycle.

Training Center

The Company has established training centers in six main areas worldwide, which provide a variety of training courses to customers to ensure safe and efficient operation of equipment. Since the mobility of people has been restricted due to the global COVID-19 pandemic in recent years, we started an online training course to continue to provide effective training. The online courses make use of videos of equipment and remote operation technology to teach participants how to operate equipment systems and conduct maintenance, to maximize effectiveness under the current restricted environment. We will continue working to provide high-quality training to ensure customers use our equipment safely, effectively, and with peace of mind.

News

PQS Award Received from Intel Corporation

We received the 2020 Preferred Quality Supplier (PQS) Award from Intel Corporation. "KOKUSAI ELECTRIC has been vital to our success, especially during this uniquely challenging year," said Dr. Randhir Thakur, chief supply chain officer at Intel Corporation. "They provided standout service in a critical area of the Intel supply chain and met or exceeded their annual improvement goals. Earning this award represents years of hard work, continuous improvement and truly exceptional performance."

The PQS Award recognizes success in the Intel Supplier Continuous Quality Improvement (SCQI) Program. It is the second-highest honor in the program Intel suppliers can achieve. Only 26 particularly high-performing suppliers out of the several thousand in Intel's global supply chain earned the award.

Note: Intel and the Intel logo are trademarks of the Intel Corporation in the US and other countries.



Earned VLSI Research Annual Customer Satisfaction Survey Awards for 24 Consecutive Years

In July 2021, the Company won the "10 BEST Large Suppliers of Chip Making Equipment" award for the 24th consecutive year and "THE BEST Suppliers of Fab Equipment" award in the VLSI Research annual Customer Satisfaction Survey. We will strive to achieve even higher targets in the future.



Note: The official logos for the Awards won are registered trademarks or trademarks of VLSI Research Inc.

Together with Our Employees

We respect the diversity of human resources, and develop and enhance their abilities. And we focus efforts on reforming work styles to promote safety and health.

Workplace Diversity

The Company actively hires foreign nationals and people with disabilities to create a diverse workforce. There are many job-seekers with disabilities in the Kanto area, so we will consider new divisions we can assign them to, depending on the type of work, accept people with disabilities not only in the Toyama Technology & Manufacturing Center but also in the head office, and have established a comfortable working environment for disabled people.

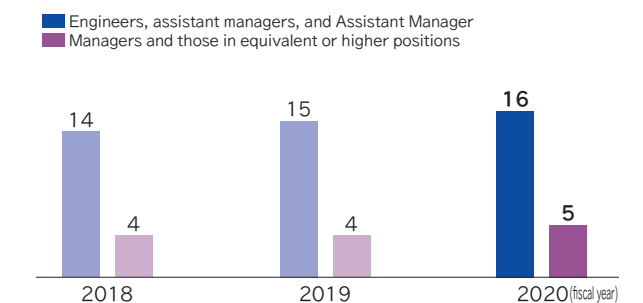
Efforts to Promote Female Empowerment in the Workplace

The Company's basic policy is to promote the active participation of people in the workplace without gender bias. We have formulated an action plan and carry out efforts to promote female empowerment in the workplace to contribute to corporate growth by taking full advantage of diverse employees representing different backgrounds, points of view, and values. In fiscal 2021, the CEO conveyed a message about our efforts to address the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on the Promotion of Female Participation and Career Advancement in the Workplace. We also started an online seminar for all female employees given by external experts on "female health measures," which all group companies recognize as an important issue, and are considering holding one for management in the future.

Going forward, we will plan a career advancement seminar for new and mid-level female employees based on the results of surveys on the company's internal needs. This will give them the opportunity to

think about their career development and medium- to long-term career paths through discussions and exchanges of opinions with female managers who play an active role in the company, thereby promoting empowerment through creating role models across departments and providing continuous support with mentor-like figures.

Number of female managers (The Company, as of June 1 every year)



Consultation Counter for Persons with Disabilities

Based on the Revised Act on the Promotion of the Employment of Disabled Persons, which took effect in April 2016, and the subsequent partial revision, we have established a system for supporting both employees with disabilities and their workplaces, setting up a consultation counter in order to respond appropriately to their needs and concerns. The consultation counter responds to both inquiries from employees with disabilities and inquiries from workplaces regarding issues associated with the employment of persons with disabilities. The consultation counter also provides advice and assistance to workplaces regarding reasonable accommodations.

Dialogue with the Union

The Company has concluded an agreement with the KOKUSAI ELECTRIC Labor Union, under which labor-management conferences are held regularly to discuss labor conditions and personnel systems, how to activate employees, and other issues. Through these conferences, labor and management work together to establish disciplinary rules for the workplace and maintain and improve the workplace environment. The labor agreement specifies that the Company and union hold such labor management conferences regularly to facilitate two-way communication, ensure smooth business operations and growth, and improve the working conditions of employees. In this way, labor and management exchange opinions constructively in regard to various issues such as "management policies" and business operations, thereby establishing healthy and stable relations between workers and management.

Together with Our Employees

Basic Philosophy on Human Resource Development

Our basic philosophy is to train workers who “learn on their own, think on their own and act on their own.” We aim to develop individuals who are always eager to explore and learn, enjoy overcoming challenges, and continue to evolve every day.

Training of Global Human Resources

With the aim of developing people who can contribute to expanding global business, we have continued to implement the following training programs.

Training young employees to have a global mindset

In order to foster a global mindset among new employees, we provide various types of training in our introductory training for new employees, including seminars on how to study English and sessions for learning about different cultures. We also support personal development by offering TOEIC® tests online to enable people to continue to take the tests during the COVID-19 pandemic and providing English learning tools such as correspondence courses.

Note: TOEIC is a registered trademark of Educational Testing Service (ETS) in the US.

Work Style Reforms

As Japan faces a declining birthrate and increasing aged population, the needs of people who balance work with family responsibilities such as child-rearing and nursing care have become more diverse. Establishing an environment that expands work opportunities and enables workers to fully realize their ambitions and utilize their skills to improve productivity and achieve work-life balance in response has become an important issue for companies. The Company supports a work-life balance with the following measures.

Support for Balancing Work and Family Life

Recognizing the importance of achieving a good balance between a sound and comfortable life and rewarding and fulfilling work, the Company has been working to make work style reforms and to develop and enrich programs that help workers realize a good balance between work and family responsibilities such as child-rearing and nursing care, as indicated in the table below.

Systems for supporting childcare and nursing care

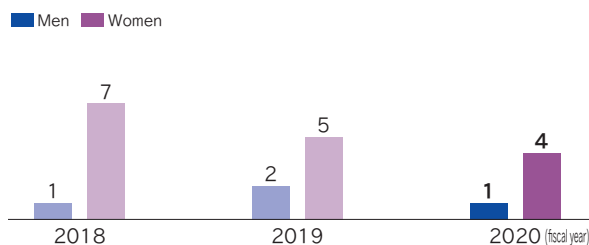
Childcare Support System		Nursing Care Support System
Available to female employees	Available to male employees	
Pregnancy Leave for seeing a doctor Leave due to pregnancy-related disorders Reduced-hours work system for reducing commuting stress		Nursing care leave Nursing care leave (1 year in total; can be taken intermittently)
Childbirth Maternity leave (8 weeks before and after childbirth)	Paternity leave (5 days in total)	Return to work Reduced hours work Sick/injured childcare leave Family care leave Annual nursing care leave (can be taken in hourly increments) Paid half-day leave
Childcare leave Childcare leave (Up to a total of three years; available until the child finishes the first grade of elementary school)		
Return to work Reduced hours work (The employee can optionally choose their work hours: 4, 5, 6, 6.5, or 7 hours a day until the child graduates from elementary school) Flextime system (until the child graduates from elementary school) Sick/injured child care leave, Family care leave Paid half-day leave (not limited) A system of leave when a spouse is transferred overseas. Allowance for Balancing Child Care and Work		

(Underlining indicates where the contents of a system or a system itself exceeds the legal obligations.)

Allowance for Balancing Child Care and Work Program

As part of efforts to create an environment where employees rearing children can continue to make a full contribution at work, the Company introduced the “Allowance for Balancing Child Care and Work” program on April 1, 2017. This program provides employees who are raising a preschool-aged child or children, whether in a dual-income household or as a single parent, with financial assistance to cover child-rearing expenses, such as preschool fees and babysitting costs.

Number of employees who took childcare and nursing care leave (The Company)



KOKUSAI ELECTRIC CORPORATION Health Declaration

Based on the Corporate Statement, “The KOKUSAI ELECTRIC Group strives to create value through technology and dialogue to realize a sustainable society that is safe, comfortable and vibrant,” our unchanging basic principle is to prioritize health and safety in all of our business activities. In line with this principle, we declare that we will actively work to improve the mental and physical health of our employees.

October 22, 2021 **Yuji Kamiya** Director, Executive Vice President and Executive Officer

Corporate Health Management

Promoting corporate health

Based on the Health Declaration, the Company strives to go beyond merely complying with laws and providing standard healthcare. Our goal is to maintain and improve the health of employees as a strategic labor investment for the future.

We are also engaging in efforts to be recognized as a “Certified Health & Productivity Management Outstanding Organization” (large enterprise category).

Infectious disease risk prevention measures

We have established a workplace environment and take measures to ensure employees can work without worry of infection from COVID-19, influenza, or other disease.

Physical health

We work to ensure the early discovery and prevention of disease by following up when employees’ health checkup results call for additional testing, such as

providing consultation and encouraging employees to see the doctor.

Mental health

We offer courses on self-care and train supervisors to notice potential mental health problems in employees. We also engage in efforts to improve the workplace environment based on the results of group analyses of employee stress checks.

We also hold regular counseling sessions by an occupational psychologist to help those with mental wellbeing issues.

Number of employees taking leave for mental illness (domestic Group employees)

Number of those who were absent for seven or more days per month. If the same employee takes multiple leaves of absence within the fiscal year, they are counted as one person.

2018	2019	2020
7	7	5

Philosophy on Safe Workplace Environments

Toyama Technology & Manufacturing Center, our production base in Japan, and Kokusai Electric Korea Co., Ltd., has acquired ISO 45001, which specifies requirements for an occupational health and safety management system. Both are working to build and maintain workplace environments where employees and customers can work safely worldwide. Furthermore, as part of our efforts to combat the COVID-19, we have established a Novel Coronavirus Response Headquarters which is headed by the president. We have also formulated our own disease prevention rules that are even more rigorous than the “New Lifestyle” measures advocated by the Japanese government for the main purpose of preventing clusters of COVID-19 cases from occurring within the company, and engage in efforts to keep employees safe and healthy.

Safety Management

Disaster Management

The Group carries out systematic disaster management activities to ensure every employee is safe in the event of an emergency.

The fiscal 2020 comprehensive evacuation drill was conducted during the COVID-19 pandemic, but since a disaster can occur even in a pandemic, we carried out the drill considering evacuation methods that incorporate measures to prevent infection.

The first ones to respond in an emergency are local fire brigades. Around 100 employees from Toyama Technology & Manufacturing Center and about 20 from the Tokyo head office are active members of the local fire brigade.

All new employees at Toyama Technology & Manufacturing Center are expected to join the fire brigade. They learn what to do to prepare for and respond to disasters through monthly drills, and are trained to play an active role in disaster response measures outside the company as well, which includes assisting in evacuations, fire-fighting, first-aid, and calling for help.

Number of work accidents

(domestic Group employees and temporary workers)

Lost-time work accidents: 4 or more days of missed work

Note: This does not include commuting accidents.

Calendar year	2018	2019	2020
No lost time	3	4	3
Lost time	4	1	1
Total	7	5	4

Frequency rate of work accidents

(domestic Group employees and temporary workers)

Number of work accidents resulting in one or more lost days of work / Total number of working hours x 1 million hours

Note: This does not include commuting accidents.

2018	2019	2020
1.72	0.51	0.09

Number of occupational deaths (the Group, by region)

Calendar year	2018	2019	2020
Japan	0	0	0
Asia (excluding Japan)	0	0	0
Americas, Europe, and others	0	0	0
Total	0	0	0

Initiatives for Social Contribution Activities and Living Together with Communities

We strive to build good relations with local communities by understanding the local environments and people.

Support for Traditional Performing Arts

Every year Toyama Technology & Manufacturing Center donates to the Owara Kaze-no-Bon and Hikiyama festivals to maintain friendly relations with the community where the center is located and help promote the community.

Owara Kaze-no-Bon is a festival held every year from September 1 to 3 in the town of Yatsuo, located in Toyama City, Toyama. Eleven neighborhoods in the center of Yatsuo participate, each one performing dances to the mournful tune of the folk song "Ecchu Owara Bushi." In the autumn of 2020, the Company donated traditional Japanese *yukata* robes, *obi* sashes, *zori* sandals, and *kasa* hats to neighborhoods where we have single employee dormitories.

The Hikiyama Festival is held every year on May 3 in Yatsuo. A spring festival of Yatsuo Hachiman Shrine dating back to the middle of the Edo Period, it consists of participants moving six lavishly decorated wooden floats through the hilly streets of the town. Crowds gather from all over to see the festival. Unfortunately, due to the COVID-19 pandemic, Owara Kaze-no-Bon was canceled in 2020 and 2021, and the Hikiyama Festival was scaled down in 2021. They are the biggest festivals in Toyama Prefecture, and a portion of the donations help pass on the prefecture's traditional culture.



Toyama Tourism Organization
(a public interest incorporated association)

Donations of dressing gowns to medical facility where a cluster occurred

In mid-April 2020, a COVID-19 cluster occurred at a nursing home in Toyama City. Hearing that they had a shortage of necessities such as clothes for residents, we donated dressing gowns we had been using as sleepwear at our single employee dormitories. Due to outbreaks among caregivers at the facility, the staff

of 60 was reduced to six, so they lacked the people to assist residents in eating and getting dressed. It was only a small amount of help, but it brought smiles to the faces of the caregivers. This experience of overcoming a difficulty brought us joy and reaffirmed the need to meet the expectations of society.

Sponsor of KATALLER TOYAMA

KOKUSAI ELECTRIC contributes to the development of the community, cultivation of youth, and promotion of sports by sponsoring the Toyama-based Kataller Toyama, a member of the J3 League of the Japan Professional Football League. In the 2021 season,

we also cosponsored a big campaign to return the team to the J2 League. Together we are bringing cheer to Toyama.



TABLE FOR TWO Activities

In endorsement of the activities of the non-profit organization TABLE FOR TWO International, KOKUSAI ELECTRIC provides a daily changing TFT menu at the Toyama Technology & Manufacturing Center employee cafeteria, Mountain View Cafeteria. When someone orders from the healthy menu, 20 yen per meal goes to provide school lunches for children in developing countries. Items on the TFT menu are healthy, low-calorie, and well-balanced, so employees understand that it contributes both to eliminating hunger in developed countries and obesity in developed countries.

Pink Ribbon & Gold Ribbon Vending Machines

In support of Pink Ribbon activities to raise awareness of the importance of early detection, diagnosis, and treatment of breast cancer, and Gold Ribbon activities to raise awareness on supporting and promoting understanding of childhood cancer, we have installed several charity vending machines. When someone buys a drink from one of these machines, a portion of the money goes to the JAPAN CANCER SOCIETY's "Ho-hoemi Fund" to eradicate breast cancer and the NPO Gold Ribbon Network. We hope that this initiative helps save someone from grief and suffering.



Rainforest Alliance Certified Coffee

Toyama Technology & Manufacturing Center offers coffee made with 100% coffee beans that have been produced by Rainforest Alliance certified farms at its employee cafeteria in partnership with AIM SERVICES CO., LTD., which operates the cafeteria.

By considering our impact on the environment and human rights, we will contribute to achieving a sustainable society.

Note: The Rainforest Alliance is an organization that carries out activities to preserve wildlife and protects the rights and social circumstances of workers and communities in forest regions by certifying agricultural businesses to protect the world's forests. Through the Rainforest Alliance certification program, we also work to achieve SDGs.



Donations to Neighboring Junior High School

We helped raise funds for constructing the new Toyama City Municipal Yatsuo Junior High School building, which opens next spring.

Many of our employees' children go to the school. The donations will contribute to enhancing education and research in the community and help cultivate future leaders.

Community Contribution Activities by Kokusai Electric Korea Co., Ltd.

On December 3, 2020, employees of the company's factory in Cheonan helped pick up trash and fallen leaves at the industrial complex where it is located as part of its activities to clean up the complex and the environment. In fiscal 2020, the company conducted fewer community contribution activities due to the COVID-19 pandemic, but it plans to carry out as many social contribution activities as possible in accordance with the state of the pandemic.



For the Global Environment

We have established an environmental management system in accordance with our Action Guidelines for Environmental Conservation, and work to cultivate an “eco-mindset.”

KOKUSAI ELECTRIC Action Guidelines for Environmental Conservation

In accordance with KOKUSAI ELECTRIC's Corporate Statement, KOKUSAI ELECTRIC Way, and Guidelines and Commitments, we have established action guidelines for tackling environmental conservation in our business activities. In order to ensure the aims of the guidelines are achieved, we will continue following and making improvements to them through the ISO 14001 environmental management system.

Purpose

In order to realize an environmentally harmonious and sustainable society through the provision of products and services, KOKUSAI ELECTRIC is committed to meeting its social responsibilities by promoting globally applicable *Monozukuri* aimed at reducing the environmental impacts of products throughout their entire life cycles, thereby ensuring global environmental conservation.

Action Guidelines

1. Recognizing environmental conservation to be an important issue for all of humanity, we will fulfill our social responsibilities by working to realize an environmentally harmonious and sustainable society as a top business priority.
2. We will accurately identify needs related to preventing global warming, recycling and reusing resources, and preserving ecosystems, and strive to contribute to society by developing sophisticated and highly reliable technology and products that meet those needs.
3. Our manufacturing and environmental conservation will drive forward appropriate environmental conservation activities. Through the divisions they oversee, they will facilitate environmental conservation activities through measures such as establishing relevant rules and setting targets to reduce environmental impacts, confirm that said activities are being properly carried out, and make every effort to maintain and improve them.
4. We will operate a global manufacturing system that aims to identify and reduce environmental impacts at every stage — from product R&D and design to production, distribution, sales, usage, and disposal.
5. We will research and review the impact our manufacturing activities have on the environment, and implement technology and materials with properties that contribute greatly to protecting the environment by mitigating environmental impacts through saving energy, conserving resources, recycling, managing chemical substances, considering ecosystems, and other measures.
6. We will work to protect the environment by not only complying with international environmental regulations and the environmental regulations of individual countries and municipalities, but also by formulating our own standards as needed.
7. When carrying out global manufacturing activities, we will strive to implement measures that consider the impact on each region's environment and meet the needs of the community.
8. We will educate employees on wide-ranging environmental conservation activities and compliance with environmental laws, raise their environmental awareness, foster their interest in society at large, and encourage them to translate that into action.
9. We will assess the risk of environmental problems and work to prevent them. In the event an environmental problem does occur, we will take appropriate measures to minimize its impact on the environment.
10. We will make every effort to disclose information and proactively communicate with stakeholders about our environmental conservation activities, and work to enhance mutual understanding and cooperation.

Formulated June 1, 2018; updated March 30, 2021

ISO 14001 Certification

The Company has established an environmental management system based on the international standard ISO 14001 to contribute to mitigating environmental impacts and protecting the environment. Through this system, we have put in place an organizational structure to facilitate environmental activities, provide environmental education, set objectives and targets for specific activities, and work to achieve them, and make continuous improvements to activities by following a PDCA cycle.

Specific information on ISO certification of individual KOKUSAI ELECTRIC Group locations in Japan can be found on the website of the Japan Accreditation Board (JAB).

<http://www.jab.or.jp/>

Certifying organization

Japan Quality Assurance Organization

Registration number of certifying organization

JQA-EM7390

Promotion and Evaluation of Environmental Management

Promotion of Environmental Management

We have established an environmental management system in accordance with the KOKUSAI ELECTRIC Action Guidelines for Environmental Conservation, and work to cultivate an “eco-mindset.”

Environmental Management System

The environmental supervisor sets the environmental policies, and the environmental committee composed of the environmental supervisor, environmental manager, and the heads of each division promotes environmental conservation activities across the Group.

Environmental activities comprise three categories, consisting mainly of the following activities.

Eco-management

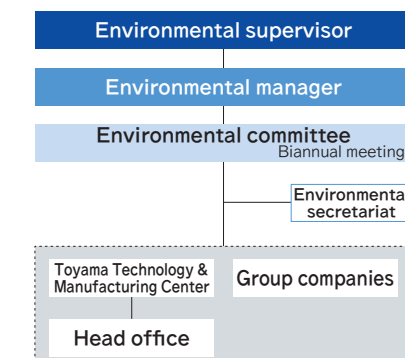
Promotion of environmental education, improvement activities conducted under the departments' environmental management programs, and environmental volunteer activities

Eco-product

Compliance with overseas product-related laws and regulations, management of chemical substances used in products, and eco-friendly product design

Eco-factory

Reduction of energy use and waste generation



Evaluation of Environmental Management

Toyama Prefecture Recycling Certification System

Toyama Technology & Manufacturing Center was granted an Eco Business Certificate from Toyama Prefecture in March 2020. The certification will last until the end of March 2025. An “Eco Business” is defined as a “place of business that proactively engages in efforts such as curbing the generation of waste, recycling, and environmentally friendly business activities.” The Company has received the certification consecutively since 2010.

We believe this certification is in recognition of our 3Rs waste management efforts to reduce the final waste disposal volume, acquisition of ISO 14001 Environmental Management System certification, and environmentally friendly business activities such as reducing CO₂ in transportation to and from our business sites in Japan.



For the Global Environment

Targets and Results of Environment Actions in Fiscal 2020

The results and evaluation of the environmental action targets in fiscal 2020 are as follows.

Since fiscal 2019, we have been vigorously promoting environmental activities toward the targets set for 2021, which is the second year of the medium-term plan.

Category	Action goal	SDGs	Index			Fiscal 2020		Evaluation	
						Target	Results		
Eco-management	Nurture an environmental mindset in all employees		Participation rate in environmental education			100%	100%		
			Training of “Eco People”: Certification test not given due to measures to prevent the spread of COVID-19			20	0		
	Ecosystem Perseveration	Number of ecosystem preservation activities implemented		Number of activities implemented	New	Implementation	5	5	
					Ongoing	Ongoing activities	30	30	
	Collaboration with Stakeholders for the Environment	Number of environment-related social contribution activities implemented		Number of activities implemented			2	2	
Eco-product		Environmental design assessment		Assessment rate			100%	100%	
Eco-factory	Global Warming Prevention	Improve energy use per unit		Rate of Energy Use per Unit (compared to previous year or 5-year average)			99% or below	81%	
		Reduce transportation energy per unit		Rate of Transportation Energy Used per Unit of Production (reference year 2006)			50% or above	57%	
	Effective Use of Resources	Improve waste and valuables generation pre unit	 	Rate of Waste and Valuables Generation per Unit (reference year 2005)			54% or above	54%	

Note: Number of activities implemented in such areas as environmental education, information exchange, community contribution through cleanup projects, etc., lights-off campaigns, and community energy-saving activities.

Evaluation criteria 🌳🌳🌳 Achieved 100% 🌳🌳 Achieved 80% or more 🌳 Achieved less than 80%

Environmental Accounting (The Company)

The Company practices environmental accounting based on the Ministry of the Environment's Environmental Accounting Guidelines 2005.

Environmental conservation costs consist mainly of business area costs to reduce environmental impacts that occur in business activities and management activity costs for efforts that contribute indirectly to the reduction of environmental impacts that occur with business activities. Due to the increase in business area costs such as facility maintenance expenses and the increase in management activity costs such as environmental management system expenses, environmental conservation costs were higher than the previous year. Investments in environmental conservation have decreased slightly.

There was an increase in the economic effects of environmental conservation compared to last year, which are determined based on profits from the sale of recycled items, expenditure reduction through investments in energy-saving equipment, etc.

We are working to improve environmental return on investment taking these results into consideration.

Environmental conservation cost

Expenses (in millions of yen)

Item	FY				Overview
	2017	2018	2019	2020	
Business area cost	307.4	310.9	332.8	372.2	Costs of maintenance of equipment with low environmental impact, depreciation, etc.
Upstream/downstream costs	0.0	0.0	0.0	0.0	Costs for green procurement and recycling
Management activity costs	38.5	45.6	39.5	44.3	Environmental management personnel expenditures, environmental management system costs
Research and development costs	0.0	0.0	0.0	0.0	Expenses for R&D and product design to reduce the environmental impact caused by products and production processes
Social activity costs	0.2	0.3	0.0	0.0	Environmental improvements such as afforestation and beautification, PR and publicity expenses
Environmental damage costs	0.0	0.0	0.0	0.0	Environment-related measures to over costs of environmental damages, contributions and levies
Total	346.2	356.8	372.3	416.5	

Investments (in millions of yen)

Item	FY				Overview
	2017	2018	2019	2020	
Investments in environmental conservation	65.6	153.8	77.6	58.4	Investments in facilities that directly reduce environmental impacts such as energy conserving facilities

Economic effects of environmental conservation

Economic effects (in millions of yen)

Item	FY				Overview
	2017	2018	2019	2020	
Net income effects	17.0	17.0	13.5	20.9	Profit on sale of recycled waste, etc.
Expenditure reduction	5.3	7.1	1.7	7.4	Cost-saving effects, etc. with energy conserving facilities
Total	22.3	24.1	15.2	28.3	

For the Global Environment

We work to improve the entire product production process to prevent climate change and reduce environmental impacts and waste.









Operations and Environmental Impact

The Toyama Technology & Manufacturing Center discharges CO₂ and waste from expending resources and energy in order to make and provide products. It monitors their input and output, and works to reduce hazardous chemical substances and increase energy efficiency. For information on efforts to reduce the environmental impact of products, see the “Environmentally friendly products” page.

Efforts to Address Climate Change

Climate change is said to be due to global warming caused by greenhouse gases (mainly CO₂). As our own economic activities increase, our Scope 1-3 emissions increase year by year. In order to fulfill our responsibility as a company that operates businesses globally, we are working to reduce the impact of our business activities on the environment. Specifically, we carry out energy-saving initiatives and are moving forward in deliberations to implement renewable energy from non-fossil fuels for the electricity used by our business bases. And as concern for the long-term effects of climate change on corporate financial performance and business has grown, we plan to actively disclose information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In the area of ESG investment, the Carbon Disclosure Project (CDP) is one of the most influential organizations in the world and their data is among the most referenced worldwide. As a member, we disclose climate-related information of interest to institutional investors to the CDP, which they provide to customers on the supply chain upon request.

The values in parentheses show the change from fiscal 2019.

Input	Business activities at the Toyama Technology & Manufacturing Center	Products/Services	Output
	Energy		
Electricity	26,464 MWh (+7%) [256,703 GJ]		CO ₂ emissions 12,224 t (+9%) [Direct CO ₂ emissions 871 t Indirect CO ₂ emissions 11,353 t]
Fuel oil (heavy oil, kerosene)	173 kL (+57%) [6,596 GJ]		SOx 0.0 Nm³ (0%)
Gas (city gas, LPG)	139,000 m³ (+11%) [7,061 GJ]		NOx 313 Nm³ (+160%)
	Raw materials		
Materials and parts	4,581 t (+48%)		Waste and valuables
Packaging materials	515 t (+29%)		Amount released 577 t (+7%)
Paper	17 t (+49%)		Final disposal 2 t (−9%)
	Chemical substances		
PRTR-specified chemical substances handled	3.3 t (+54%)		Chemical substances
			Release, transfer and recycling of PRTR-specified chemical substances 0.5 t (+2%)
	Water		
Tap water, industrial water	147,000 m³ (−9%) [Tap water 12,000 m ³ Industrial water 135,000 m ³]		Drainage
			Amount of drainage 147,000 m³ (−9%) [Discharged to rivers after purification 147,000 m ³]
			BOD 0.5 t (−18%)

Note: PRTR: Pollutant Release and Transfer Register

Note: CO₂ emissions: Emissions were calculated based on the 2005 emission coefficients for electric power by country published by the International Energy Agency (IEA).

Prevention of Global Warming and Energy Saving

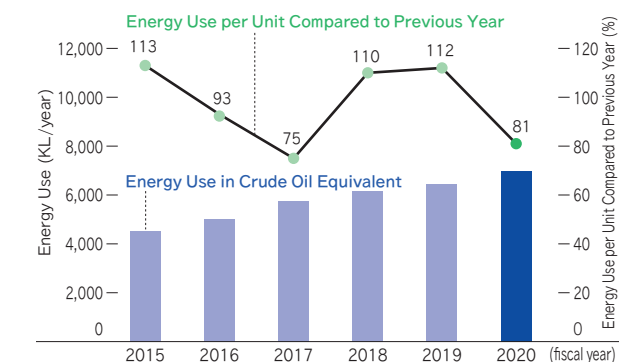
Much of the energy consumed by the Toyama Technology & Manufacturing Center goes toward operating the evaluation equipment used for process development. We therefore work to not use more electricity than necessary to lower the environmental impact of the equipment.

To save energy used by facilities, we carry out regular replacement of equipment, which includes upgrading to environmentally friendly air-conditioning equipment and switching to LED lighting. We are also working to ensure facilities run optimally through measures such as automatically collecting data by digitally measuring room temperature management data and installing an industrial water recycling system to increase energy use efficiency.

With regard to operations, in support of the national campaign against global warming promoted by the government since 2005, we implemented “Cool Biz” and “Warm Biz” campaigns. Furthermore, twice per year we have a “lights-off” day where we turn off the lights in Toyama Technology & Manufacturing Center

for a certain period of time so employees can gain a renewed understanding of the importance of the environment and experience first-hand the path toward achieving a low carbon society.

Improvement in energy use and in the per-unit use index

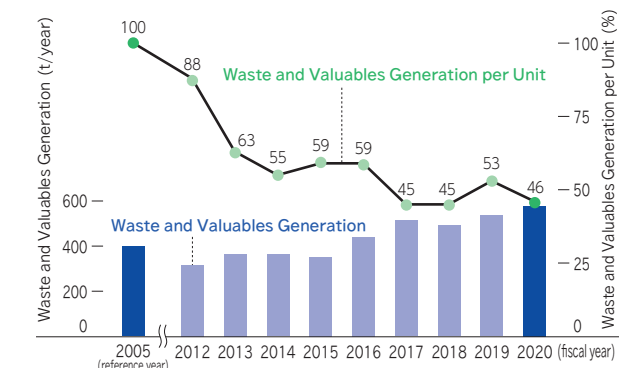


Reduction of Waste

To curb waste generation, the Toyama Technology & Manufacturing Center works to reduce Waste and Valuables Generation per Unit.

In fiscal 2020, this per-unit generation index showed an improvement from the previous year. Specifically, it came to 46, an improvement of 54% relative to fiscal 2005. We are also carrying out activities to reduce landfill waste for zero emissions. And in addition to efforts to recycle waste at the final disposal stage, twice per year we provide waste education to all employees to raise their awareness on waste reduction and the efficient use of resources.

Improvement in the generation of waste and valuables and in the per-unit generation index



Proper Disposal of Waste

Much of the waste discharged from the Toyama Technology & Manufacturing Center is recycled. Previously most of the recycling of plastic waste produced from packaging materials was done via thermal recycling, but thanks to enhancing material and color sorting, we can now carry out material recycling of a portion of that waste. And to mitigate the impact on the environment as much as possible, we will conduct due diligence on proper disposal methods and utilize resources effectively.

We also make it a rule to visit the sites of waste treatment companies to confirm that our waste, which includes industrial waste, general waste and waste sold as valuables, is treated appropriately throughout the process from collection and transportation to disposal. And as we view legal compliance and environmental conservation as top priorities, we make every effort to ensure environmental pollution does not occur due to improper disposal.

For the Global Environment

We also focus efforts on next-generation products that are environmentally friendly throughout the product life cycle.

Environmentally friendly products

Eco-products

The Company carries out Design for the Environment assessments to reduce the impact its products and services have on the environment, and produces products and services that consume less energy and resources than conventional products.

Furthermore, we work to contribute to the realization of a low carbon society by proposing environmentally friendly products in our offerings of products and services to customers.

Appropriate Management of Chemical Substances Used in Products

In accordance with its environmental policies, the Company manufactures products by appropriately managing the use of chemical substances in the products to ensure safety based on the international rules and on both domestic and overseas environmental laws and regulations in order to prevent environmental pollution. We collect the latest information about environmental regulations enforced in each country and share that information with employees and business partners.

With purchased products (catalogue products), we make every effort to properly manage chemical substances by obtaining information and Certificate declaring that a product does not contain banned substances through chemSHERPA® (an information communication scheme for chemical substances used in products). Furthermore, since January 5, 2021, companies have been required to register SVHCs on the SCIP database in accordance with the EU Waste Framework Directive, and we have registered our product information accordingly. For processed products, we research the chemical substances of auxiliary materials used in the manufacturing process of our business partners through the chemical substance management certification program, and have built and operate a system to mitigate the risk of processed products containing prohibited substances specified as voluntarily controlled substances by the Japanese government.

Note: chemSHERPA is a registered trademark of Joint Article Management Promotion-consortium.

Note: SVHC (substances of very high concern), substances in the Candidate List for eventual inclusion in Annex XIV of the REACH regulation.

Reducing Energy Use in Transportation

We work to reduce the environmental impact of the distribution of our products in Japan.

1. Monitoring of CO₂ emissions reduction: We carry out a variety of measures to reduce energy in transportation, and drive forward measures to calculate and reduce the rate of transportation energy used per unit.
2. Stacking of truck cargo: We effectively utilize the empty space above cargo that could not be stacked due to differences in size and number of pieces.
3. Modal shift: We are increasing our efforts to shift from truck transportation we have used so far to coastal shipping and rail transportation.
4. Overseas shipments of products: We have switched to using nearby ports of entry and airports to cut costs and shorten distances in transportation.
5. Using returnable boxes: We use returnable boxes for some parts when shipping to customers in Japan.
6. Cardboard packaging: We have switched from using wooden crate packaging to simple packaging made with light and high-quality corrugated cardboard.

Corporate Data

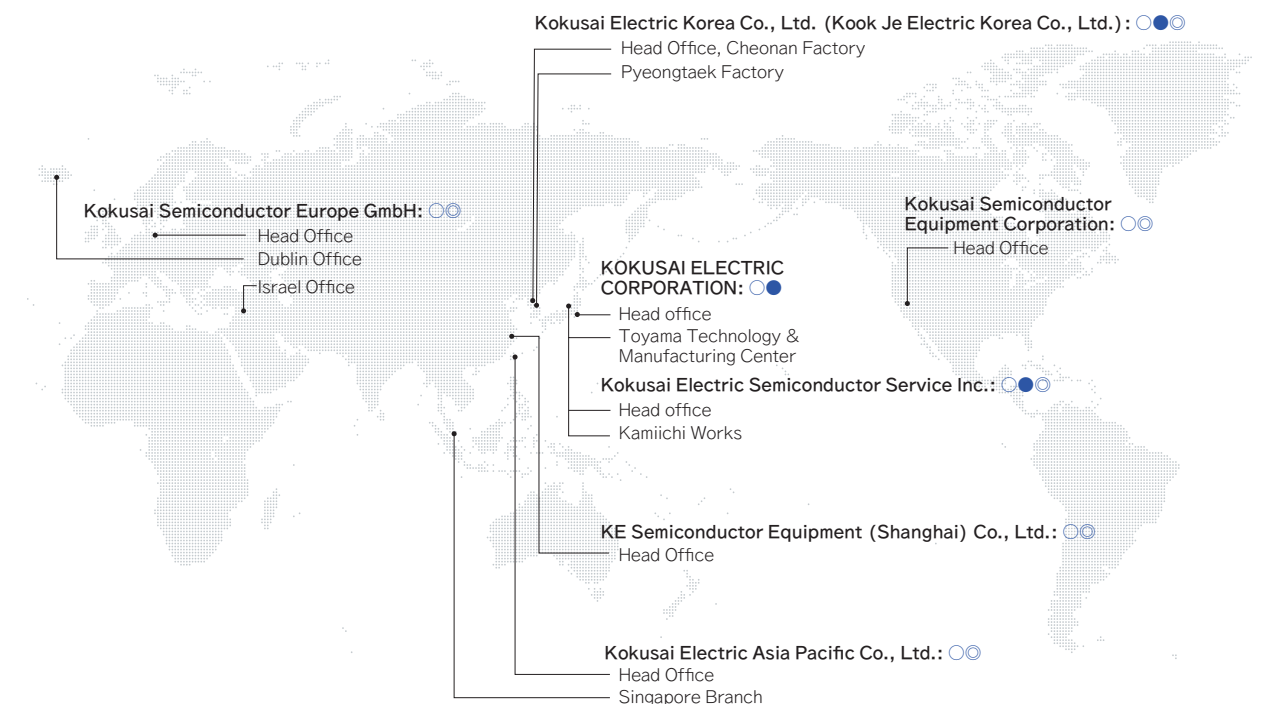
Company Outline (as of March 31, 2021)



Name	KOKUSAI ELECTRIC CORPORATION
Address of Head office	3-4 Kandakaji-cho, Chiyoda-ku, Tokyo 101-0045, Japan
Established	February 2, 2017
Paid-in Capital	¥10 billion (as of September 30, 2021)
Number of employees	2,035 (consolidated)

Group Network (as of April 1, 2021)

○Head office, distribution ●Production ○Service



KOKUSAI ELECTRIC CORPORATION (the Company) Group Companies: 6 in total with 1 in Japan and 5 overseas. In addition to the above, each company operates several business bases with a focus on services.



For more information on group companies such as details of business bases not shown on the map, see their individual websites.

Kokusai Electric Semiconductor Service Inc.
<https://www.kokusai-electric.com/kss/>

Kokusai Electric Semiconductor Service Search

Kokusai Electric Korea Co., Ltd.
(Kook Je Electric Korea Co., Ltd.)
<http://www.kekorea.co.kr/eng/>

Kokusai Semiconductor Equipment Corporation
<http://www.ksec.com/>

Kokusai Electric Asia Pacific Co., Ltd.
<https://www.kap.com.tw/>

Kokusai Semiconductor Europe GmbH
<https://kokusai-se.com>



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