



Technology & Tai-wa for Tomorrow

KOKUSAI ELECTRIC Group

CORPORATE REPORT 2023

Introduction

Our Core Technologies for Tomorrow

Technology & Tai-wa[®] for Tomorrow

We always pursue advancing “Technology.”
We innovate by fusing our technologies,
refined across multiple fields.

We always value “Tai-wa[®].”
We develop the best solutions
by drilling down to the core of each issue while respecting “Tai-wa[®].”

We consistently lay the foundation for tomorrow
by responding to diverse needs with “Technology” and “Tai-wa[®].”

Thin-film forming through ALD* technology

The Group's proprietary ALD technology integrating deposition, hardware, and software technologies enables the high level of lower-temperature processing and microfabrication required for next-generation semiconductor processing as well as outstanding productivity, benefitting a wide range of users and process applications.

※ALD (Atomic Layer Deposition): We refer to a technique for thin-film deposition at an atomic layer level involving a process of cyclical supply of multiple gases as “ALD.”

Creating new technologies through synergy between deposition and treatment technologies

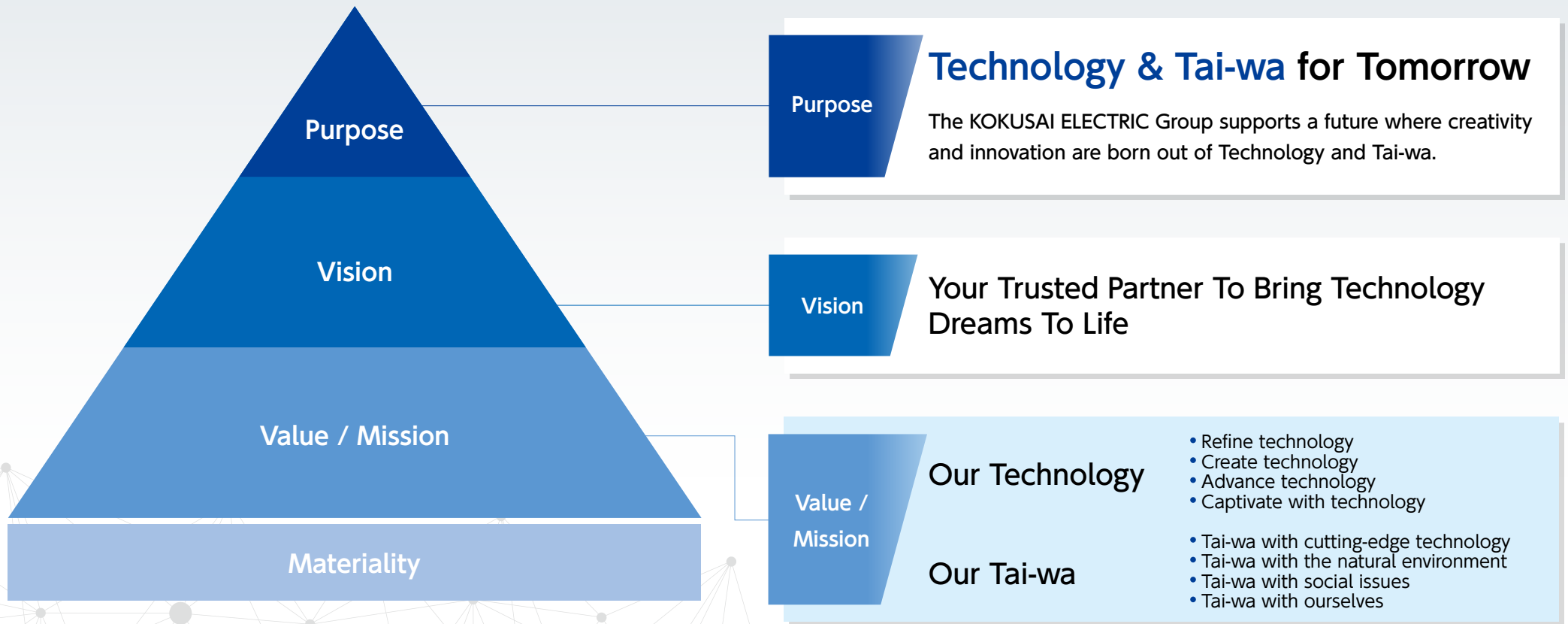
In line with the shift to 3D semiconductor devices, there is growing need for microfabrication and deposition geared to high-aspect-ratio devices. We are developing the cutting-edge deposition technology and equipment that offers uniformity and is suitable for mass production. In addition to deposition, we are also a source of treatment technologies essential for low-temperature processing in which light, plasma, and other forms of energy are applied.

Corporate Philosophy

KOKUSAI ELECTRIC Group's Corporate Philosophy

The Group has established its Corporate Philosophy, the KOKUSAI ELECTRIC Way, to further deepen "Tai-wa" with stakeholders and express its determination to support the future through technology. For a future shaped by creativity and innovation, we aim to be the best partner by responding to the diverse needs of a changing world by applying our accumulated "Technology" and emphasizing "Tai-wa".

KOKUSAI ELECTRIC Way



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Editorial Policy

Under the corporate slogan, "Technology & Tai-wa for Tomorrow," we aim to contribute to achieving the SDGs while concurrently seeking to realize a sustainable society as well as sustainable development of the Group, by pursuing economic value as well as environmental and social value through both business activities and ESG initiatives (resolution of environmental and social issues and strengthening of governance).

The KOKUSAI ELECTRIC Group Corporate Report 2023 presents the Group's policy and reports initiatives in fiscal 2022.

We believe it is important to promote stakeholders' understanding of the Group's initiatives for sustainable development and we also want this report to serve as an opportunity for purposeful "Tai-wa." So, we selectively determine the contents and topics for inclusion and ensure the report is readily understandable, to deepen mutual understanding with our stakeholders. We would appreciate it if you would complete the questionnaire after reading the report to help us enhance the report as a fruitful tool for further "Tai-wa."

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

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)
- ISO (International Organization for Standardization) 26000
- Environmental Reporting Guidelines 2018

Scope of This Report

Period : Fiscal 2022 (from April 1, 2022 to March 31, 2023) (including some information from fiscal 2023)

Companies : The Company and its Group companies

Publication frequency: Once a year

Publication responsibility and contact:

Sustainability Planning Department, Corporate Strategy Division
KOKUSAI ELECTRIC CORPORATION

Contact : KOKUSAI ELECTRIC CORPORATION (<https://www.kokusai-electric.com/en/>)
<https://www.kokusai-electric.com/en/information/>

Published: Issued in December 2023 (English version issued in January 2024)
Next publication: September 2024 (plan)

*Tai-wa in the Corporate Slogan; the product names, AdvancedAce, TSURUGI-C2, MARORA, TANDUO, VERTEX, ZESTONE, QUIXACE, and QUIXACE ULTIMATE; and the 颯 logo are registered trademarks of KOKUSAI ELECTRIC CORPORATION.

Communication Tools

Important information to facilitate understanding of the Group is compiled and included in this report. Information on the Group's business activities, detailed information not included in this report, and content that we want to continuously convey are posted on the Company's website. Please refer to the website and other communication tools for more details.



Website

Corporate information as well as information on sustainability, products, and recruitment is posted on the Company's website.

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



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/sites/default/files/2023-12/KE_Corporateprofile_en_231117.pdf

Top Commitment

As a leader in the field of deposition in the semiconductor manufacturing process, we respond to diverse needs by leveraging our technological advantages and “Tai-wa” unique to the Group and support a future shaped by creativity and innovation.

We greatly appreciate your understanding and support for the business activities of the KOKUSAI ELECTRIC Group.

KOKUSAI ELECTRIC CORPORATION became listed on the Prime Market of the Tokyo Stock Exchange on October 25, 2023. We would like to take this opportunity to express our profound gratitude to all stakeholders for their support and patronage.

Going forward, we will be more acutely conscious of our social responsibility as a listed company, and all our executives and employees will make a concerted effort to respond to society's trust and expectations continually in terms of both business activities and ESG initiatives (initiatives to resolve environmental and social issues and strengthen governance). In all our endeavors, we will greatly appreciate your continued support and understanding.

In fiscal 2022, starting with the establishment of the corporate slogan and the Kokusai Electric Way, we strengthened the foundation for sustainability management, by forming the Sustainability Committee, identifying materiality (key issues to be addressed), and participating in the United Nations Global Compact. We thus transitioned to a phase in which we are enhancing the level of sustainability management throughout the Group.

Although the semiconductor market remains in an adjustment phase, we are vigorously promoting R&D and capital investment for future growth.

On the other hand, the global economic outlook remains uncertain, due to factors such as the protracted Russia-Ukraine conflict, rising resource prices, supply chain disruptions, shortages of parts and materials, and policy rate hikes in various countries to curb inflation. From October 2022 onward, tensions between the U.S. and China have further escalated partly attributed to the U.S. government's tightening of restrictions on exports of semiconductor-related products to China. We must continue to monitor geopolitical risks closely.

Despite the challenging market environment like this, the Group's revenue for fiscal 2022 amounted to ¥245,721 million, up 0.1% year on year, a record high for the third consecutive year, thanks to the synergy between equipment sales and services.

Moreover, adjusted operating profit*1 decreased from the previous year due to increases in R&D expenses for medium- to long-term growth and selling, general and administrative expenses, such as the labor cost, however, amounted to ¥64,251 million, and the adjusted operating profit margin was 26.1%. As a result of initiatives pursued throughout the year, our batch deposition equipment continues to be highly valued by semiconductor manufacturers worldwide. We once again wish to express our appreciation to all stakeholders.

*1 The Group positions adjusted operating profit, which excludes non-recurring expenses, as a key performance indicator to properly understand the trend of operating results for the enhancement of corporate value.



Fumiyuki Kanai

Representative Director,
President and Chief
Executive Officer

Top Commitment

Practicing “Technology” and “Tai-wa” for over 70 years

The Group is a specialized manufacturer of semiconductor manufacturing equipment with a high share of the global market for batch deposition equipment*2 and treatment (film property improvement) equipment*3, with strengths in deposition in the semiconductor manufacturing process and film property improvement.

The Group’s main customers are the world’s foremost semiconductor manufacturers. We have been responding to customer needs through “Technology” and “Tai-wa” for more than 70 years, ever since the Company’s foundation in 1949.

Reflecting an accelerating shift of semiconductor devices to more complex three-dimensional structures, demand has been growing for higher-quality, higher-performance, and higher-productivity semiconductor manufacturing equipment. In addition, effective responses to supply chain risks are strongly demanded.

For us, technology is something that enables us to resolve highly challenging issues and to innovate through constant pursuit, refinement, and fusion across multiple fields in a rapidly changing world. We value Tai-wa, which is a Japanese word meaning dialogue. “Tai-wa” is indispensable in order to identify the essence of the various issues of our stakeholders, sincerely engage with them, and conceive of the best possible solutions. “Tai-wa” has become an integral element of our DNA, the expression of our attitude to everything we do.

We will continue to support a future shaped by creativity and innovation by responding to diverse needs through “Technology” and “Tai-wa”.

*2 Batch deposition equipment: Equipment that performs deposition on a large number of wafers at a time by batch processing.

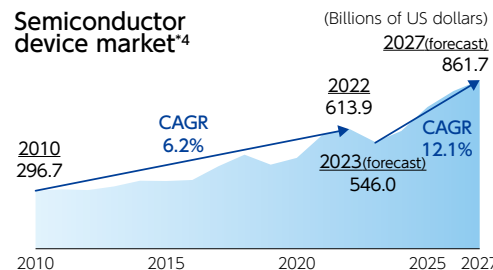
*3 Treatment equipment: Equipment that improves film properties after deposition by single-wafer processing

Despite the current adjustments, demand for semiconductors to further expand over the medium to long term

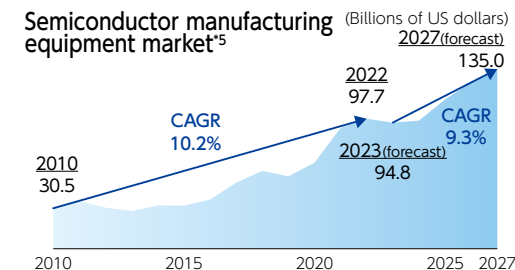
Traditionally, the semiconductor device market has been driven by demand for consumer applications such as smartphones and PCs. In recent years, with the addition of demand from high-growth sectors involving data center utilization, such as 5G, AI, IoT, and digital transformation (DX), the market has greatly expanded. Although the market is currently in a demand adjustment phase due to the deterioration of the global economy, strategic investments in semiconductor device manufacturing are planned in Japan and many other countries. Over the medium to long term, expansion in demand for semiconductor devices is expected to resume, with a CAGR of approximately 12.1% from 2023 through 2027.

As the demand for semiconductor devices grows, so does the demand for semiconductor manufacturing equipment, as semiconductor devices are under pressure to achieve higher performance. In line with the progress of semiconductor devices, the topography of wafer surfaces becomes more complex, and higher-value-added, higher-quality, and higher-performance semiconductor manufacturing equipment is required to form high-quality thin films. Therefore, major semiconductor device manufacturers are planning aggressive capital investments, and despite some adjustments at present, the semiconductor manufacturing equipment market is expected to grow at an average annual rate of about 9.3% from 2023 to 2027.

Semiconductor device market*4



Semiconductor manufacturing equipment market*5



*4 Source: TechInsights Inc. Semiconductor Forecast (September 2023)

*5 Source: TechInsights Inc. “IC Manufacturing Equipment Market History and Forecast (2018 - 2028)” (September 2023)

Expand business centering on batch deposition technology and treatment (film property improvement) technology



In line with the progress of semiconductor devices, device structures have become multilayered, more complex, and three-dimensional, and the wafer surface area that needs to be deposited has increased, requiring more difficult, high-quality deposition. In response, the Group will emphasize sales expansion and R&D of high-value-added products, leveraging batch deposition technology, which achieves both complex film deposition and high productivity, and treatment (film property improvement) technology, which improves the properties of the thin film formed while maintaining high productivity, so as to expand our business. Moreover, we will strive to enhance our services attuned to customer needs throughout the equipment life cycle, including maintenance, repair, parts supply, relocation, and modification. Furthermore, we will emphasize the enhancement of production and development systems to respond to increasing demand while also pursuing productivity improvement by utilizing digital transformation.

Complementary relationship between batch deposition technology and ALD*6 technology

Logical solution to achieve both highly difficult deposition and high productivity



Batch ALD technology capable of realizing both highly difficult deposition and high productivity

Batch deposition equipment	
<p>High Quality & High Performance Thermal Processing System TSURUGI-C²® 颯®</p>	 <ul style="list-style-type: none"> Film deposition performance suitable for next-generation devices and high productivity Compatible with the latest batch ALD technology
<p>High-productivity Batch Processing System AdvancedAce® II</p>	 <ul style="list-style-type: none"> High-quality film deposition performance and high productivity Compatible with both batch ALD technology and batch CVD technology

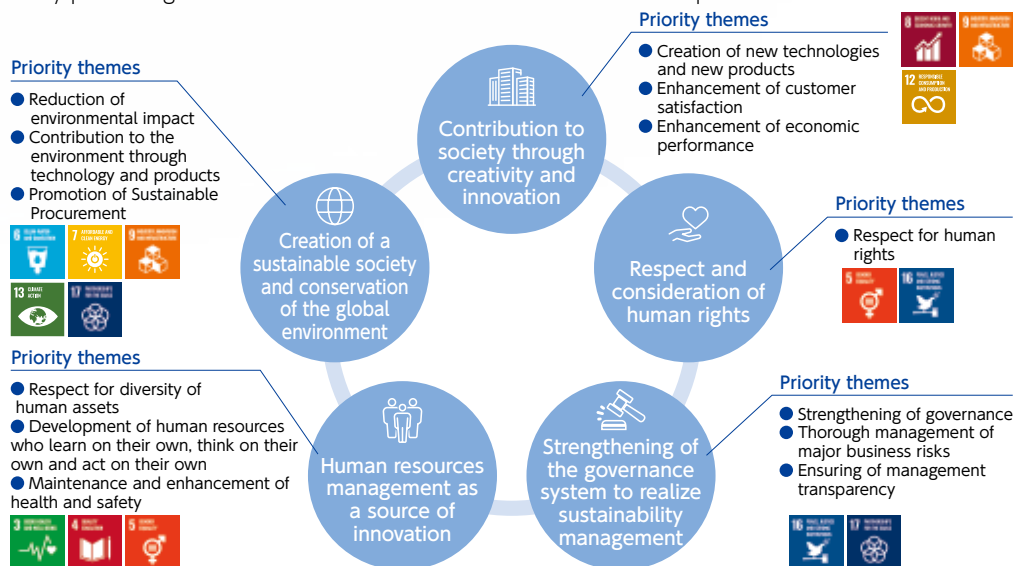
*6 ALD (Atomic Layer Deposition) : We refer to a technique for thin-film deposition at an atomic layer level involving a process of cyclical supply of multiple gases as “ALD.”

Top Commitment

Contributing to the development of industry and society brought about by the progress of semiconductors and the establishment of a sustainable society

We are promoting sustainability management throughout the Group in accordance with the KOKUSAI ELECTRIC Way in order to continue to identify optimal solutions and appropriately respond to the rapidly changing business environment, increasingly sophisticated customer needs, and sustainability-related issues. Specifically, in order to address five key issues identified as materiality, namely, contribution to society through creativity and innovation, creation of a sustainable society and conservation of the global environment, human resources management as a source of innovation, strengthening of the governance system to realize sustainability management, and respect and consideration of human rights, we are executing vigorous investment for growth in terms of both business and ESG and pursuing initiatives, while leveraging "Technology" and "Tai-wa" unique to the Group. The Sustainability Committee discusses and promotes such initiatives.

The Group's stakeholder engagement promotes continuous initiatives that contribute to the development of industry and society brought about by the progress of semiconductors and the establishment of a sustainable society. Through participation in international sustainability-related initiatives such as the United Nations Global Compact (UNGCC) and the Task Force on Climate-related Financial Disclosure (TCFD), we are striving to promote sustainability management while pursuing climate action, work style reform, and strengthening of Group governance. By continuously promoting these initiatives, we will strive to maximize our corporate value.



*Materiality, priority themes, and activity items remain unchanged as confirmed by the Sustainability Committee, which met in February 2023.

▶ For details, please refer to the Group's Sustainability Management on P.15-18.

Lead the industry with vigorous business reforms

In order to continue to anticipate and appropriately respond to the rapidly changing business environment and increasingly sophisticated customer needs, it is essential to achieve vigorous business reforms without being bound by conventional concepts. We will continue to lead the industry by always cultivating new ways to collaborate with stakeholders from new perspectives and creating new value through the Group's unique "Technology" and "Tai-wa".

Most recently, we have been promoting the following initiatives as key measures:

- R&D of new technologies and new products and establishment of new domains
- Enhancement of added value of the equipment business
- Enrichment of production and development systems, enhancement of production efficiency
- Further expansion of the service business
- Entrenchment and promotion of Group governance
- Expansion of the scope of Digital Transformation (DX)
- Realization of sustainability management throughout the Group

Support a better tomorrow of unceasing creativity and innovation

In addition to R&D of semiconductor manufacturing equipment responding to the increasing density and higher performance of semiconductor devices and improvement of productivity, the Group will enhance sustainability management, including reduction of greenhouse gas emissions, creation of a workplace conducive to mental and physical wellbeing, and strengthening of Group governance, thereby contributing to the establishment of a sustainable society.

We believe that sustainability management is essential for sharing initiatives throughout the Group that are not only for the mitigation of environmental and social issues but for a better tomorrow typified by continuous regeneration and enduring prosperity. The Group will not hesitate to invest in critically important types of capital necessary for the enhancement of sustainability management. At the same time, we will enhance internal and external stakeholder engagement in terms of both business and ESG while mounting a concerted effort to tackle challenges. In all these endeavors, we will greatly appreciate your further support and understanding.



Value Creation Process

Our initiatives to realize the KOKUSAI ELECTRIC Way and ESG initiatives (resolution of environmental and social issues and strengthening of corporate governance) constitute the foundation of the Group's sustainability management. Mindful of the key issues to be addressed (materiality) as the starting point, the Group is committed to contributing to development of industry and society and establishment of a sustainable society through the semiconductor manufacturing equipment business and ESG initiatives, making effective use of the Group's management capital. In order to realize this value creation process, we are endeavoring to offer high-quality, high-performance products and high-value-added services.

Continuous improvements to realize the KOKUSAI ELECTRIC Way

Identification of Materiality

Deliberation by the Management Meeting and the Sustainability Committee

INPUT

Important capital x Value/Mission

OUTPUT

Value creation, social contribution initiatives

OUTCOME

Confirmation of the outcomes of the initiatives

FY2022 results

Financial Capital
 • Expansion of high-value-added products sales
 • Expansion of R&D investment

Intellectual Capital
 • Some 400 employees engaged in R&D (in Japan)

Social Capital
 • 21 collaborative projects (with universities, institutions, other companies)

Natural Capital
 • Electricity: 28,622 MWh
 • Fuel oil (heavy oil, kerosene): 160 kL
 • Gas (city gas, LPG): 72 km³
 • Water (tap water, industrial water): 161 km³

Human Capital
 • Number of employees in Japan : 1,273
 • Number of employees overseas : 1,156

Manufactured Capital
 • Global network: Total of 7 companies consisting of 2 companies in Japan and 5 companies overseas

Refine technology

Create technology

Advance technology

Captivate with technology

Tai-wa with cutting-edge technology

Tai-wa with the natural environment

Tai-wa with social issues

Tai-wa with ourselves

- Enhancement of economic performance
- Improvement of business results, investment, etc. and confirmation of the return on investment
- Development of product lines with leading global market shares

- Creation of new technologies and new products
- Development of advanced underlying technologies and promotion of collaborative development with external institutions
- Enhancement of customer satisfaction
- Provision of products, technologies, and services attuned to the voice of the customer

- Reduction of greenhouse gas emissions
- Thorough management of energy
- Thorough management of water and wastewater
- Reduction of waste
- Promotion of sustainable procurement
- Strengthening of supply chain management

- Promotion of diversity & inclusion
- Work style reforms
- Development of global human resources and securing of excellent human resources
- e-learning
- Strengthening of occupational health and safety management
- Strengthening of corporate governance
- Ensuring of management transparency
- Strengthening of governance

FY2022 results

- Number of products shipped (cumulative) : 17,529 units
 - Revenues (consolidated) : ¥245.7 billion
 - Adjusted operating profit(consolidated)* : ¥64.3 billion
- * The Group positions adjusted operating profit, which excludes non-recurring expenses, as an important management indicator in order to appropriately understand trends in business performance in order to improve corporate value.

- Won the 10 BEST SUPPLIERS and THE BEST SUPPLIERS awards in TechInsights's customer satisfaction survey
 ~Won the 10 BEST SUPPLIERS award for the 26th consecutive year~
- Earned Intel Corporation's EPIC Distinguished Supplier Award
- Received the TSMC Excellent Performance Award

- Scope 1 1,037t-CO₂
- Scope 2 19,384t-CO₂
- Scope 3 1,333,351t-CO₂
- Energy use intensity compared to previous year : 111%
- Waste generation intensity improvement rate : 35%
- New suppliers selected based on environmental criteria : 2 companies

- Percentage of female managers : 3.1%
- Percentage of male employees who took childcare leave : 57%
- Percentage of female employees who took childcare leave : 100%
- Number of e-learning courses : 91 courses
- Number of occupational deaths : 0
- Total number of serious legal violations, fines, charges, litigations, etc. : 0

Development of industry and society brought about by progress of semiconductors

- Enable convenient and affluent lifestyles through diverse semiconductor-equipped products
- Enhance productivity and service quality
- Create jobs in the semiconductor and other industries
- Enrich environmentally friendly products and initiatives
- Enhance customer satisfaction

Establishment of a sustainable society

- Reduce greenhouse gas emissions and realize an energy-saving society
- Eliminate human rights issues and environmental issues throughout the supply chain
- Enhance worker satisfaction (job satisfaction and engagement)
- Achieve mutual development and growth based on good relationships with local communities
- Strengthen resilience to various risks

Contribution to society through creativity and innovation

Creation of a sustainable society and conservation of the global environment

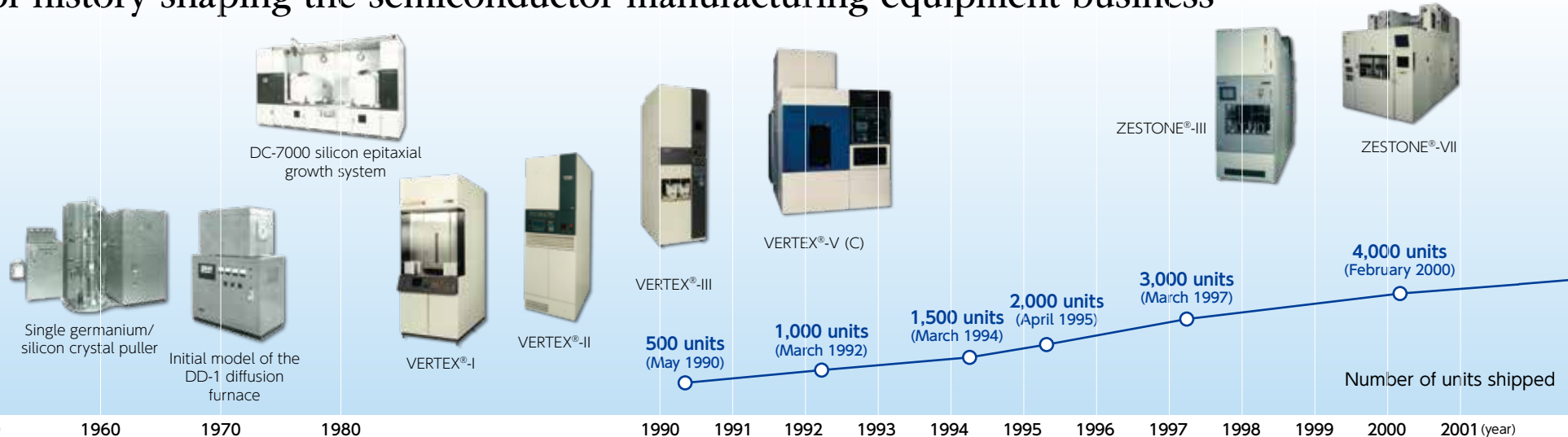
Human resources management as a source of innovation

Strengthening of the governance system to realize sustainability management

Respect and consideration of human rights

History of Value Creation

70 years of history shaping the semiconductor manufacturing equipment business



-1970s

- 1940-1950**
- Focused on research of industrial equipment using radio frequency (1947)
 - Kokusai Electric Co., Ltd. established (1949)
- 1951-1960**
- Began development of semiconductor manufacturing equipment
 - Developed single germanium/silicon crystal puller
- 1961-1970**
- Began research on impurity diffusion in semiconductor manufacturing equipment
 - Developed the initial model of diffusion furnace (DD-1)
 - Sold the site of Komae Works to the Tokyo Metropolitan Government and established Hamura Works (Tokyo)
- 1971-1979**
- Developed CVD system

1980s

- 1980-1989**
- Developed 150 mm wafer-ready silicon epitaxial growth system (DC-7000)
 - Developed vertical CVD system (VERTEX®-I)
 - Implemented a plan to double production output
 - Implemented the second plan to double production output
 - Developed 150 mm wafer-ready vertical CVD system (VERTEX®-II)
 - Relocated the production site from Hamura Works to Toyama Works (Toyama Prefecture) (1989)
 - Developed 200 mm wafer-ready vertical CVD system (VERTEX®-III)
 - Developed load-lock system (VERTEX®-V (C)) that suppresses natural oxide film formation

1990s

- 1990-1999**
- Developed 300 mm wafer-ready vertical diffusion/CVD system (ZESTONE®-III)
 - Developed 300 mm wafer-ready single wafer CVD system (ZESTONE®-VII)
 - Obtained ISO 9001 certification (1995)
 - Obtained ISO 14001 certification (1996)

Social situation

Postwar reconstruction

High economic growth

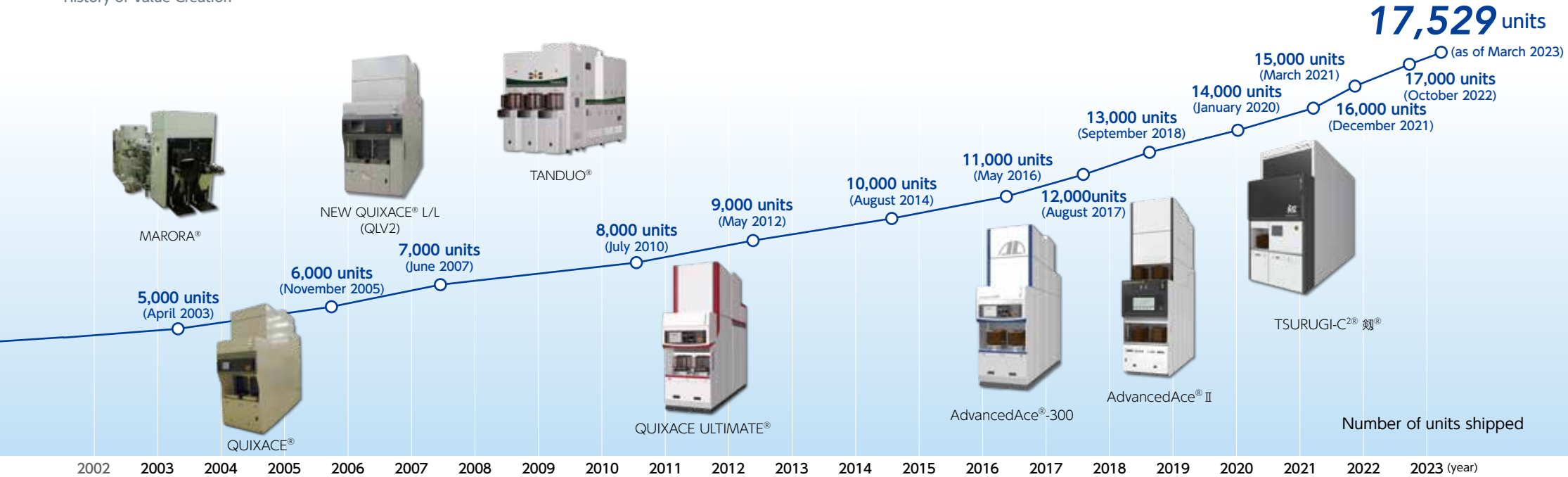
Boom in home appliances and car ownership

Economic bubble

IT bubble

Globalization

History of Value Creation



2000s

2000-2009

- The company name changed to Hitachi Kokusai Electric Inc.
- Developed single wafer plasma nitridation system (MARORA®) suitable for next-generation process
- Developed QUIXACE® incorporating QTAT (quick turnaround time) technology
- Developed NEW QUIXACE® L/L (QLV2)
- A new fab constructed at Toyama Works
- Developed high-productivity ashing/annealing system (TANDUO®)
- Became a consolidated subsidiary of Hitachi, Ltd.
- Obtained OHSAS 18001 certification (Toyama Works) (2001)

2010s

2010-2019

- Developed QUIXACE ULTIMATE®
- Developed AdvancedAce®-300
- Developed AdvancedAce® II
- Developed TSURUGI-C²® 颯
- The company name changed to KOKUSAI ELECTRIC CORPORATION following spinoff of the Deposition Process Solutions business (2018)

2020s-

2020-

- Obtained ISO 45001 certification (Toyama Technology & Manufacturing Center) (2021)
- Endorsed the TCFD recommendations (2021)
- Introduced a solar power generation system at the Toyama Technology & Manufacturing Center (2022)
- Signed the United Nations Global Compact (UNGC) (2022)
- Registered for the TOYAMA SDGs PROJECT (2022)
- Participated in SEMI's Semiconductor Climate Consortium as a founding member (2022)
- Disclosed information in accordance with the TCFD recommendations (2023)

Diffusion of digital devices

Advent of smartphone

Paris Agreement adopted
SDGs adopted

Advent of a society emphasizing sustainability

TCFD recommendations

COVID-19 pandemic
Russia's invasion of Ukraine

At a Glance

Product lines with leading global market shares

Batch deposition equipment



High Quality & High Performance Thermal Processing Equipment TSURUGI-C^{2B} 舜®



High-productivity Batch Processing System AdvancedAce® II

Treatment equipment



Single Wafer Plasma Nitridation/Oxidation System MARORA®

As an equipment manufacturer specializing in the deposition process of the front-end semiconductor manufacturing process, the Group has developed batch deposition equipment and treatment equipment that have high market shares.

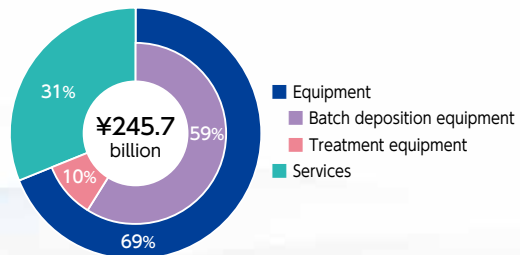
*1 Equipment in the "Tube CVD" segment of Gartner's semiconductor manufacturing equipment (front-end process) classification is defined as "batch deposition equipment."

*2 Equipment in the "RTP and Oxidation/Diffusion" segment of Gartner's semiconductor manufacturing equipment (front-end process) classification is defined as "treatment equipment."

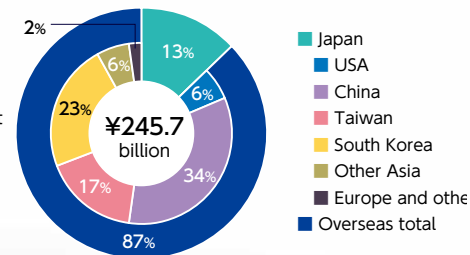
Source : "Gartner", "Market Share: Semiconductor Wafer Fab Equipment, Worldwide, 2022," Bob Johnson, Gaurav Gupta, Menglin Cao, 17 April 2023

Charts/graphics created by KOKUSAI ELECTRIC based on Gartner research, Gartner research. Calculations performed by KOKUSAI ELECTRIC. GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

Revenues by Business (Consolidated)*3

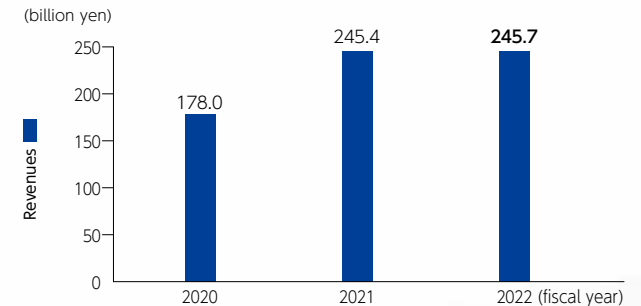


Revenues by Region (Consolidated)*3



Revenues (Consolidated)

¥245.7 billion
Adjusted operating profit (Consolidated)*4
¥64.3 billion



Overview

During the fiscal year under review, the global economy was confronted by the protracted Russia-Ukraine conflict and rising resource prices, as well as supply chain disruptions and shortages of parts and materials, and policy rate increases by various countries to curb inflation, and consequently the outlook remained uncertain.

Owing in part to the uncertain macroeconomic situation, the tempo of the semiconductor market relevant to the Group slowed, though the market had experienced rising demand even during the COVID-19 pandemic. Demand for semiconductors, especially memory, declined because of lower demand for smartphones and personal computers, and some device manufacturers revised their capital investment plans. However, over the medium to long term, growth is anticipated in view of expanding demand for data centers driven by the spread of 5G, AI, IoT, digital transformation (DX), etc., and the shift to electric vehicles (EVs) as green transformation (GX) progresses underpinned by investment aimed at reducing environmental impacts.

*3 The above figures are for the fiscal year ended March 31, 2023, calculated based on customers' locations.

*4 The Group positions adjusted operating profit, which excludes non-recurring expenses, as a key performance indicator to properly understand the trend of operating results for the enhancement of corporate value.

At a Glance

Group network

Japan

2 companies

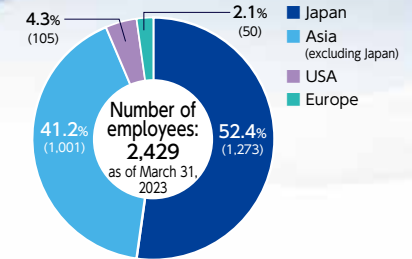
Overseas

5 companies

Global Human Resources (Consolidated)*

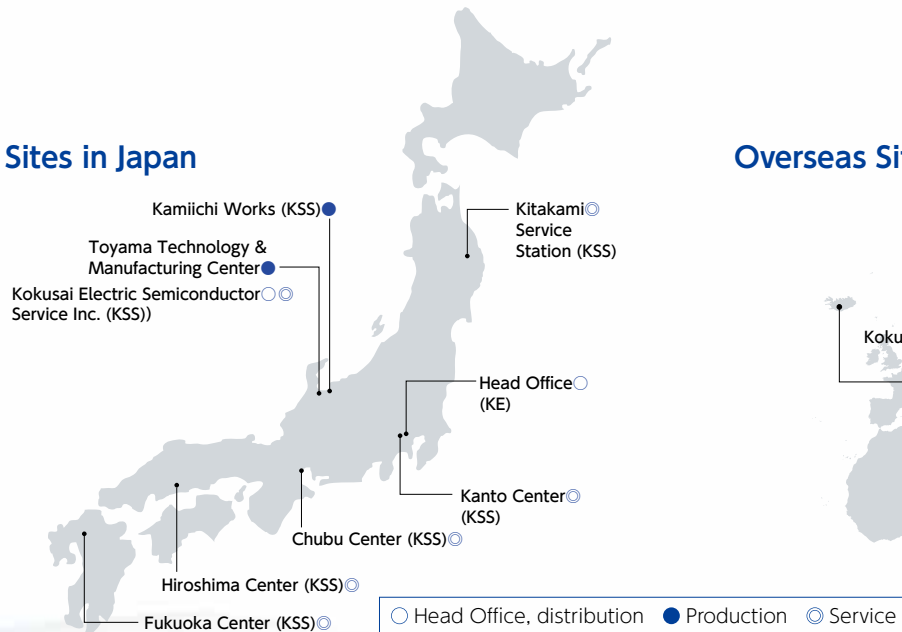
47.6%

Number and Percentage of Personnel by Region (Consolidated)*

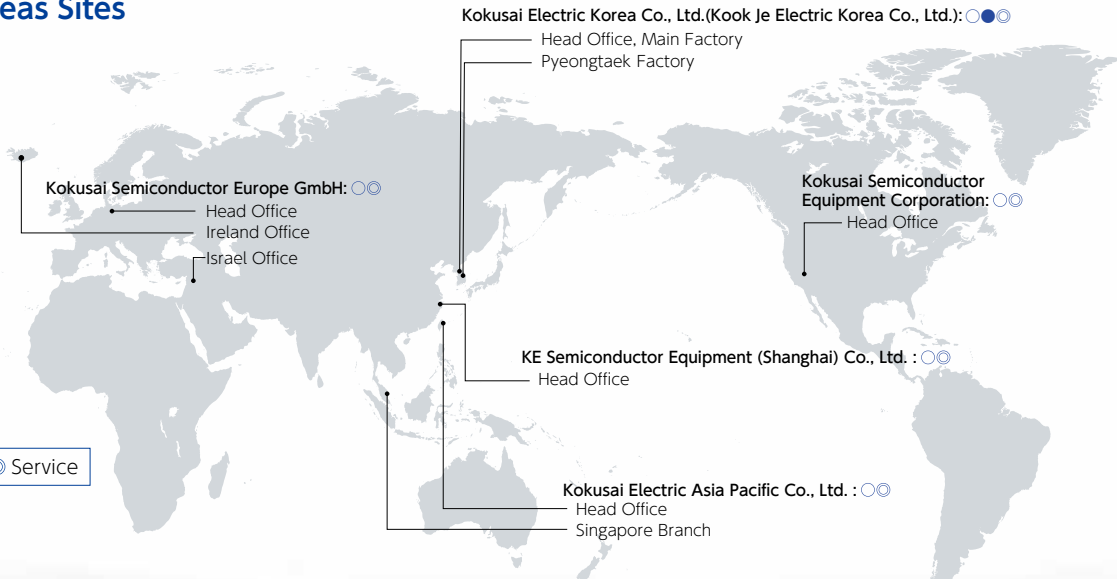


*The number of employees of the Company as of March 31, 2023 was 2,429, of which employees working overseas accounted for 47.6%.
*There are no significant changes in the composition of the personnel.

Sites in Japan



Overseas Sites



Main Centers for Development, Design, and Production

Toyama Technology & Manufacturing Center

Located in Yatsuomachi, 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 100km south of Seoul, the capital of South Korea, Kokusai Electric Korea Co., Ltd. designs, produces, and upgrades semiconductor manufacturing equipment, supplying products mainly to users in South Korea.



Pyeongtaek Factory of Kokusai Electric Korea Co., Ltd.

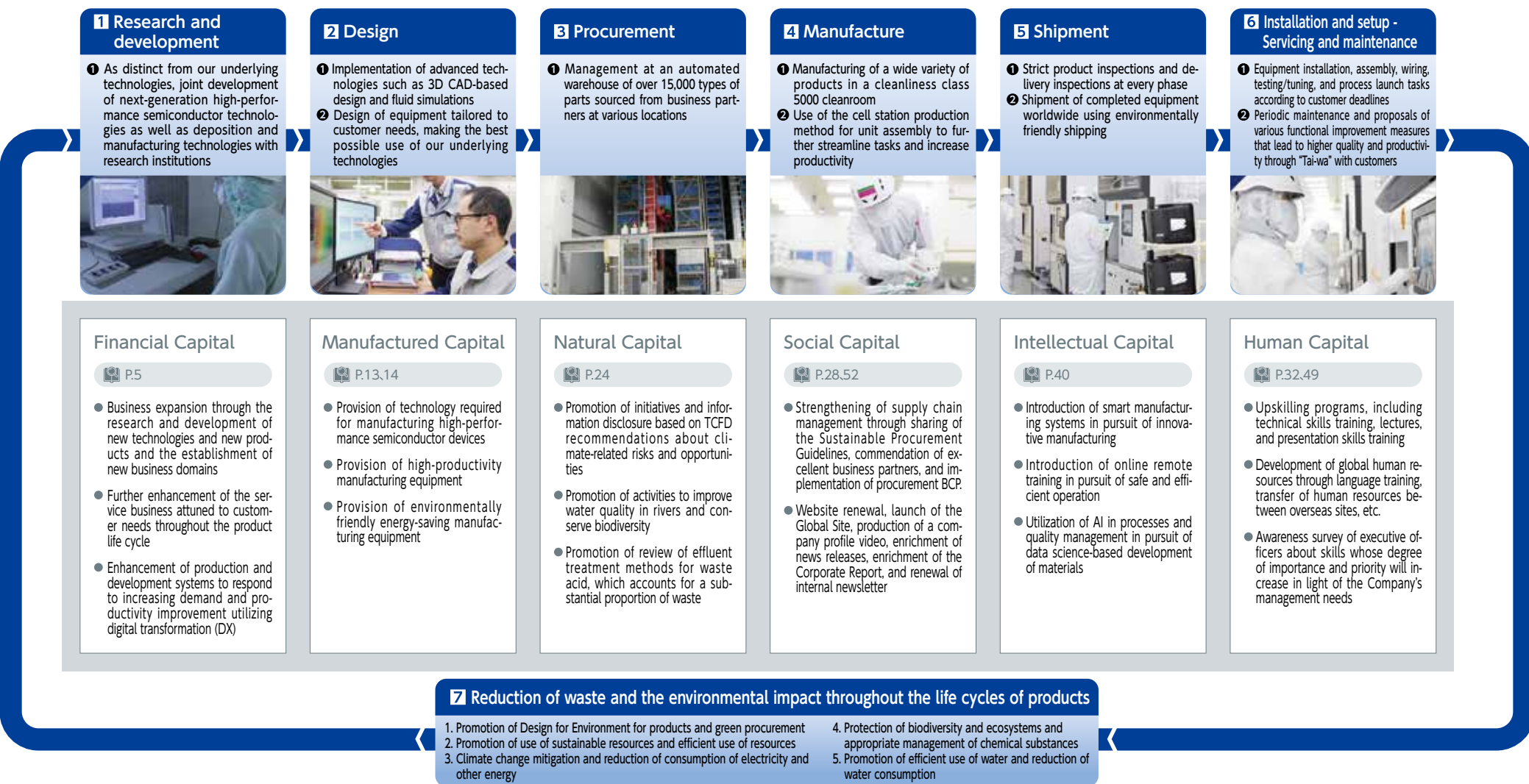
Pyeongtaek in Gyeonggi Province is located to the south of Seoul, the capital of South Korea. As the service base for South Korean users, and also developing the evaluation of semiconductor manufacturing equipment, it meets the needs for advanced technologies and products utilizing local production for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



Value Chain

Promoting continuous improvements to realize the KOKUSAI ELECTRIC Way

The Group believes that the outcome is to have a positive impact on society through the promotion of continuous improvements to realize the KOKUSAI ELECTRIC Way by effectively utilizing six types of capital in the value chain. In addition to the research and development of semiconductor manufacturing equipment targeting world-class deposition, including nanometer-scale microfabrication approaching the physical limit, and productivity improvement, we are promoting environmental protection, creation of a rewarding work environment, strengthening of supply chain management, and other socially beneficial initiatives throughout the whole value chain. We will continue our efforts to provide high-quality, high-performance products and services that embody high added value and establish a sustainable society.



Value Creation Cases

Social Issues Related to the Development of Deposition and Treatment Technologies

1 Promotion of advanced technologies

Semiconductor manufacturing equipment is a source of innovation for the semiconductor industry, enabling the development of high-performance electronic devices and technological innovation in various fields.

2 Creation of jobs

To manufacture semiconductor manufacturing equipment, we employ engineers with high-caliber technological expertise. We have partnerships with many companies in our supply chain and create jobs in our partners' industries.

3 Diffusion of technologies and promotion of education

We are continuously refining technologies related to product development and manufacturing, thereby providing other parties in the industry and research institutions, such as universities, with benefits related to technology diffusion as well as educational opportunities.

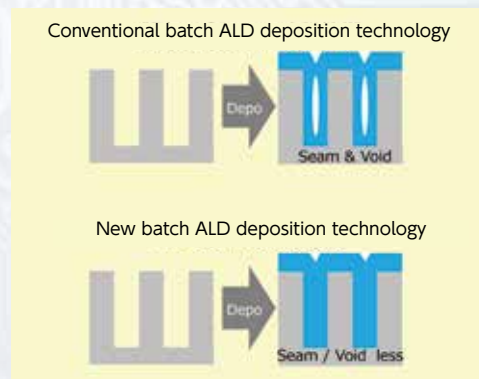
Technological Capabilities to Address Social Issues —Thin Film Forming Technology in Semiconductor Process Development—

High-performance semiconductor devices created using our technology contribute to a wide range of technological fields, including AI, automation, and high-speed communication.

In line with the higher integration and miniaturization required for semiconductor devices, for a three-dimensional structure with large surface areas and complex patterns, high-quality and conformal deposition technology is always needed. In these circumstances, we have been responding to customer needs for various types of film and offering solutions to issues using our batch atomic layer deposition (ALD*) technology.

In order to respond to further changes in semiconductor devices, higher integration, and miniaturization in the future, we have improved the existing batch ALD technology. This has enabled us to provide deposition technology with good uniformity and step coverage even for special stacked structures of several hundred layers with a large device surface area beyond the next generation.

Through our unceasing development of deposition technology, we will continue to support our customers in their development of semiconductor devices.



Case Study

Our molecular simulation team submitted an article on the results of analyses of the gas phase reaction of chlorosilanes used as raw materials for silicon-based film deposition to the Japanese Journal of Applied Physics.

In line with higher integration and the shift to 3D structures of semiconductor devices, there is a need for technology for the deposition of thin films of the order of a few nm in thickness as uniformly as possible on deep hole and groove structures at the μm level.

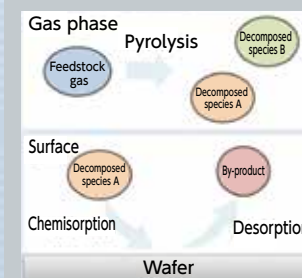
To achieve such extremely difficult deposition technology, it is important to optimize the deposition process based on an understanding of how the feedstock gases used for deposition react in the gas phase and on the surface.

Since it is difficult to elucidate such reaction behavior using only experimental approaches, we use molecular simulations (first-principles calculations) as a theoretical approach in collaboration with universities.

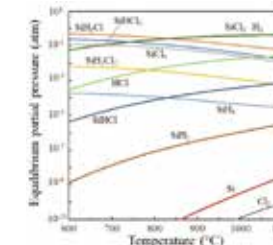
This paper describes a method based on first-principles calculations and thermodynamic calculations that is excellent for predicting and analyzing gas-phase pyrolysis reactions and provides useful insights into our process development.

Going forward, utilizing molecular simulations, we will elucidate reaction behavior and contribute to the improvement of process technology.

Reactions in film deposition



Equilibrium partial pressure of dichlorosilane (SiH₂Cl₂) in the gas phase



Source: Extract from T. Nagahashi et al., Jpn. J. Appl. Phys. 62, 048002 (2023).

VOICE



Hidetoshi Mimura
Engineer,
Module Development Department,
System Development Division

For the past several years, we have been analyzing surface reaction processes in response to temperature and exposure in collaboration with external institutions. At the Japan Society of Applied Physics (JSAP) Autumn Meeting in 2022, I made a presentation on the method of analyzing molecular adsorption states, using machine learning in combination with simulation to assist analysis.

This is an important and challenging field spurring the progress and increasing the efficiency of reaction modeling. Recent results have revealed differences in the controllability of surface reactions and we were able to make a proposal in readiness for a patent application for the combined use of optimization technologies. Although the COVID-19 pandemic slowed the pace of research, I am delighted that we have managed to achieve useful results. We intend to continue enhancing our modeling methods using simulation, machine learning, and optimization.

* ALD (Atomic Layer Deposition): We refer to a technique for thin-film deposition at an atomic layer level involving a process of cyclical supply of multiple gases as "ALD."

Value Creation: Cases and Topics

Social Issues related to Development of Film Forming and Treatment Technologies

 For details, see P.13.

- 1** Promotion of advanced technologies
- 2** Creation of jobs
- 3** Diffusion of technologies and promotion of education

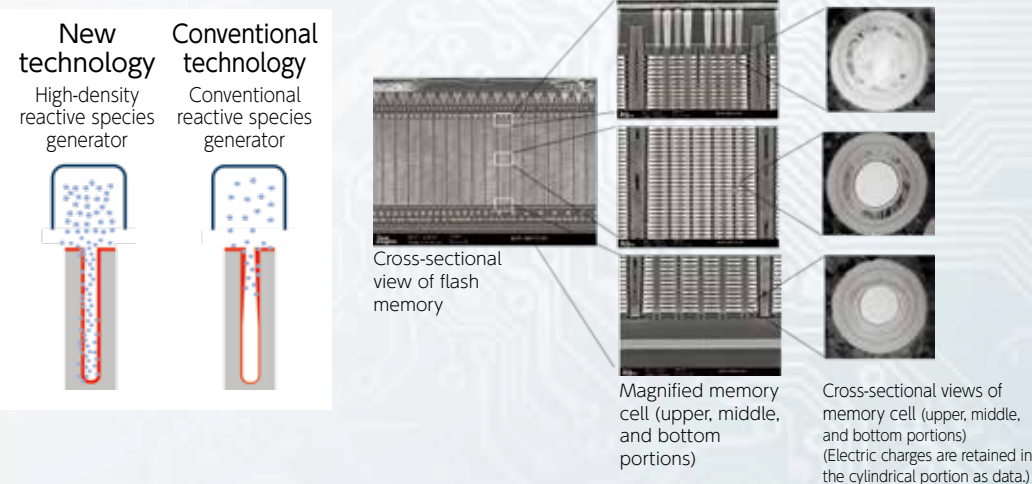
Technological Capabilities to Address Social Issues —Treatment Technologies using New Methods—

The trend toward higher integration is accelerating in order to manufacture high-performance semiconductor devices. Also, efforts are underway to enhance device performance.

In order to achieve higher integration, miniaturization is progressing that involves a shift from planar devices to ones with hundreds of vertically stacked layers. Moreover, three-dimensional structures are being adopted to enhance device performance.

We are emphasizing development of not only thin-film forming technology for miniaturized, multilayered and three-dimensionally structured devices, but also treatment technology to improve film properties.

The latest memory devices have a structure with over 200 layers of memory cells stacked vertically. In order to provide a processing method with sufficient step coverage even in a structure with penetration depth of numerous layers, we have developed a process enabling abundant supply of reactive species, which has been adopted by major memory manufacturers.

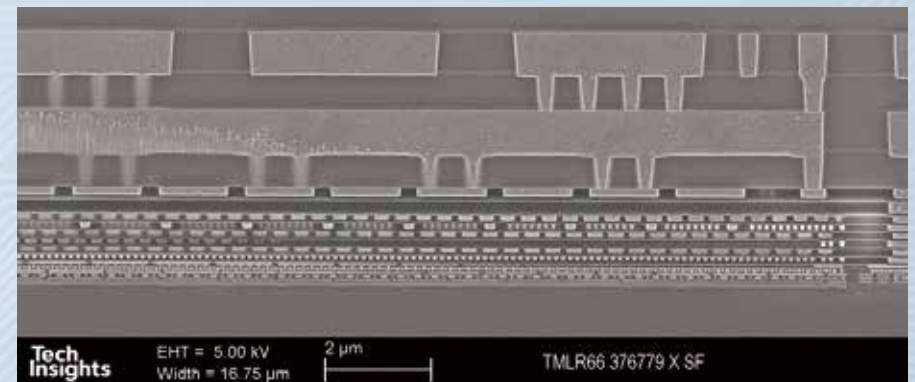


Source: TechInsights Inc

Case Study

In microprocessors, a dozen of wiring layers are stacked to achieve high integration of transistors. In the figure below, the lighter portions are metal wiring and the darker portions are insulated film. Minimizing the metal wiring resistance leads to more energy-efficient microprocessors. Therefore, after forming each wiring layer, a treatment process is applied to each wiring layer to lower the resistance.

We supply the treatment equipment to major semiconductor device manufacturers.



Cross-sectional view of advanced microprocessor

Source: TechInsights Inc

VOICE



Hiroki Kishimoto
Engineer,
Marora Development Project,
Process Development Division

As semiconductor devices progress toward higher integration, the trend toward miniaturization of devices and multilayering is accelerating. In parallel with greater multilayering, enhancement of device performance is pursued, fueling rising demand for treatment equipment that enhances the quality of current films.

As environmental issues have risen to the top of the global agenda in recent years, it is incumbent on companies to minimize their environmental impacts. CO₂ emissions from manufacturing equipment in the semiconductor industry account for a substantial proportion of CO₂ emissions from industry as a whole, and thus the need to reduce CO₂ emissions from such equipment is an issue. For treatment equipment, in terms of process development, we are emphasizing improvement of treatment efficiency through the use of novel gases and optimization of process parameters and recipe steps to shorten the recipe time and improve process performance, thus reducing power consumption and consequently CO₂ emissions.

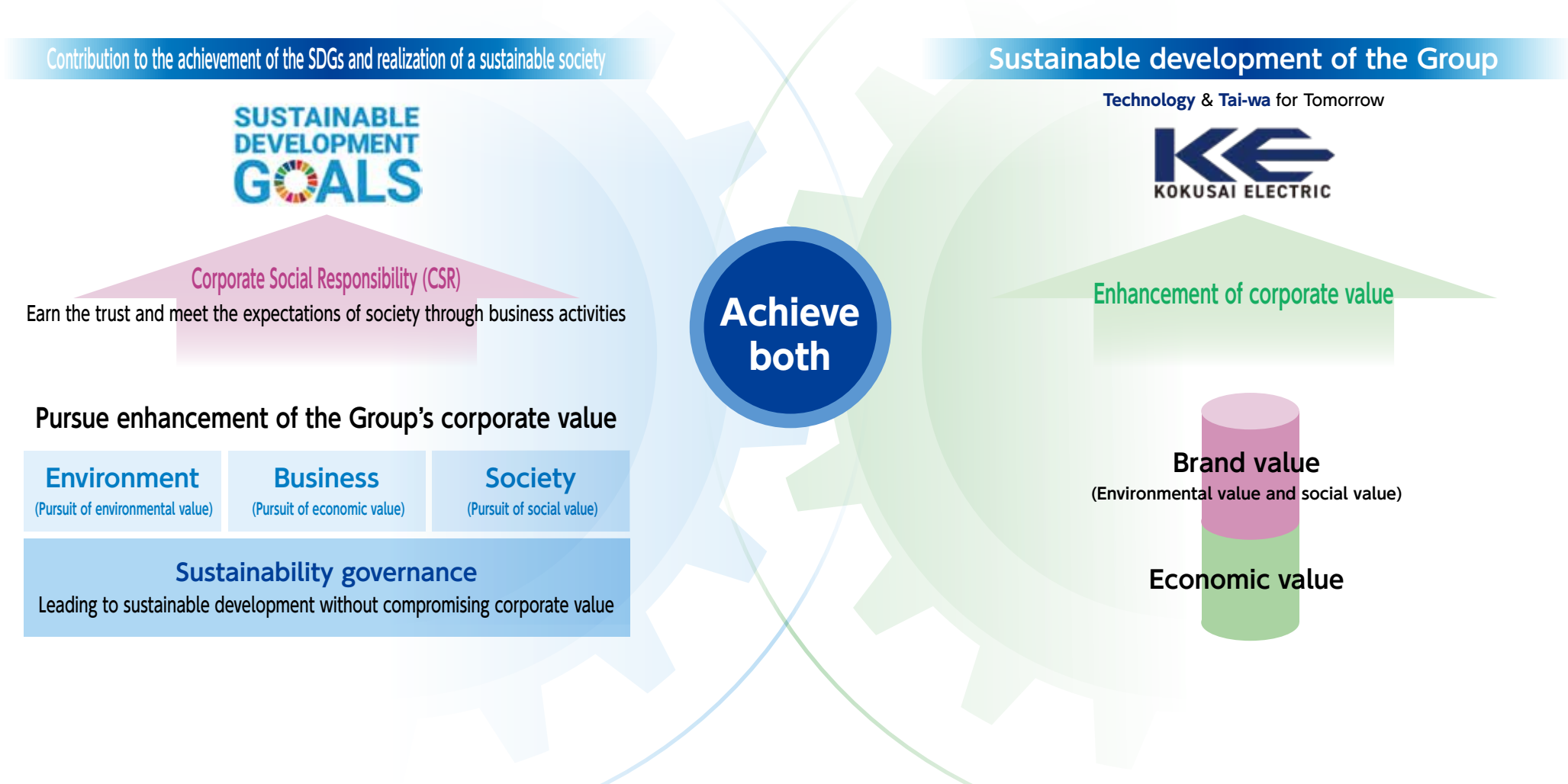
The Group's Sustainability Management

The Group's Approach to CSR and Sustainability Management

At the KOKUSAI ELECTRIC Group, we believe it is our corporate social responsibility to earn the trust and meet the expectations of society through our business activities. Based on full awareness of this social responsibility, within the framework of sustainability management, by pursuing economic value as well as environmental and social value through both business activities and ESG initiatives (resolution of environmental and social issues and strengthening of governance), we aim to contribute to the achievement of the SDGs while concurrently seeking to realize a sustainable society as well as sustainable development of the Group.

In promoting sustainability management, the Group is strengthening the foundation of its activities by reviewing the Corporate Philosophy, identifying materiality (key issues), establishing a dedicated committee, and participating in international initiatives.

We disclose these activities in this report and on our website with a view to broadly engaging in "Tai-wa" about our sustainability management with stakeholders.



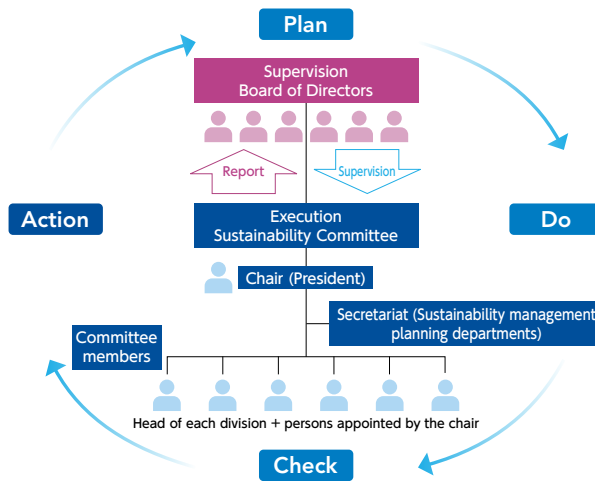
The Group's Sustainability Management

Sustainability Committee

We have established and operate the Sustainability Committee, chaired by the President, as a dedicated meeting body to drive our sustainability activities.

The Sustainability Committee is composed of members with the expertise necessary to address various social and business issues. Matters to be deliberated on by the committee are determined in consideration of materiality, external requirements, opinions of external consultants, etc. The statuses of sustainability activities led by the committee are regularly reported to the Board of Directors and communicated to the internal parties.

We disclose our sustainability activities in this report and on our website with a view to broadly engaging in "Tai-wa" about our business management with stakeholders.



Registration for the TOYAMA SDGs PROJECT

The "TOYAMA SDGs PROJECT" is Toyama Prefecture's approach to promoting initiatives for the SDGs. Participating companies and organizations located in Toyama Prefecture declare their engagement with the SDGs and disseminate information on their initiatives for the SDGs by posting the information on the website of Toyama Prefecture. The objective is to motivate other companies and organizations across Toyama to engage in the SDGs and facilitate collaboration between companies and organizations and the prefectural and municipal governments. The Group has several sites in Toyama Prefecture. As a group with a presence in the prefecture, the registration for the TOYAMA SDGs PROJECT and dissemination of information have helped us strengthen our awareness of our social responsibility and leadership role and we will vigorously engage in various activities.

TOYAMA SDGs PROJECT (in Japanese) | <https://www.sdgs-toyama.jp/>



Participation in International Initiatives

We participate in the following international initiatives in order to keep abreast of social trends, identify our own issues, and properly promote measures for the resolution of the issues and monitoring of their implementation, and are promoting sustainability management.

United Nations Global Compact (UNGC)



We became a signatory to the UNGC*1 in June 2022 and are promoting activities in accordance with the Ten Principles concerning the protection of human rights, the elimination of unfair labor practices, response to environmental problems, and the prevention of corruption.

We are also a member of GCNJ*2, which serves as a contact point for UNGC, and are promoting activities.

*1 United Nations Global Compact: In the UNGC, which is the world's largest corporate sustainability initiative, the United Nations and the private sector (companies and organizations) collaborate to build a sound global society. It is a voluntary initiative by companies and organizations, acting as good members of society, to achieve sustainable growth by demonstrating responsible leadership.

*2 Global Compact Network Japan: GCNJ is a platform where companies and organizations that have signed and joined the UNGC promote sustainability together.

Task Force on Climate-related Financial Disclosures (TCFD)

In August 2021, we announced our endorsement of the TCFD*. While promoting initiatives in line with TCFD recommendations on the disclosure of risks and opportunities related to climate change, we have disclosed information in line with TCFD recommendations.

We also participate in the TCFD Consortium, which is a forum where organizations that endorse TCFD recommendations engage in further discussion on effective information disclosure, and the Japan Climate Initiative, which is a network of diverse companies, local governments, organizations, NGOs, and others.



*Task Force on Climate-related Financial Disclosures: Framework for promoting disclosure of information on the impacts of climate change on the operations of companies and institutions and their actions to address these impacts

Disclosure in Line with TCFD Recommendations | KOKUSAI ELECTRIC CORPORATION (<https://www.kokusai-electric.com/en/>) <https://www.kokusai-electric.com/en/csr/environment/tcfid>

Materiality

Materiality Identification Process

The Group has identified as materiality those priority issues that are to be addressed in order for the Group to contribute to the achievement of the SDGs and achieve sustainable development. We extracted and organized materiality candidates based on international requirements and the Group's sustainability management issues, and shortlisted them by identifying items with a high degree of importance to both stakeholders and the Group based on matrix evaluation. In fiscal 2022, the Board of Directors confirmed the consistency of those items having a high degree of importance with the Company's initiatives and strategies, and identified five items as materiality and 13 priority themes.

Following the identification of materiality comprising five items, we have specified priority themes and activity items and are managing their progress by setting KPIs. Progress statuses are monitored by the Sustainability Committee, which meets semiannually, and the Board of Directors. We will vigorously disclose the materiality identification process and the situation of internal promotion activities in the Corporate Report as well as on our website and promote "Tai-wa" with our stakeholders.

Identification process (1) : Extract and organize materiality candidates

◇ Organize external requirements

We extract and organize social issues and requirements that may have an impact on the Group's business activities based on the recommendations of international ESG information disclosure guidelines, the evaluation items of ESG management evaluation bodies, and the advocacy of the SDGs.

◇ Organize the Group's sustainability management issues

Based on the Group's business environment, earnings opportunities, and various assumed risks, we extract and organize issues necessary for strengthening sustainability management.

Identification process (2) : Evaluate the degree of importance of materiality candidates (prioritization)

◇ For the materiality candidates extracted and organized in the identification process (1), we score the degree of importance from both subjective and objective evaluations, and prioritize them using matrix evaluation, shortlisting the items with a high degree of importance as materiality of the Group.

Identification process (3) : Confirm validity and identify materiality

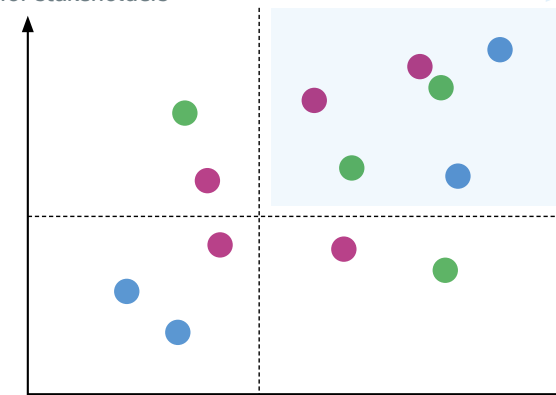
◇ For the items shortlisted as materiality in the identification process (2), the Sustainability Committee and the Board of Directors confirm the consistency with the Company's initiatives and strategies and identify materiality.

◇ Under the corporate slogan "Technology & Tai-wa for Tomorrow," the Group aims to contribute to the achievement of the SDGs while concurrently seeking to realize a sustainable society as well as sustainable development of the Group, by pursuing economic value as well as environmental and social value through both business and ESG initiatives (resolution of environmental and social issues and strengthening of governance).

Accordingly, we identified five key issues as materiality.

Matrix evaluation (image)

Degree of importance
for stakeholders













Shortlisting
of materiality
candidates

Degree of importance
for the Group

Materiality

KOKUSAI ELECTRIC's Five Key Issues (Materiality)

Materiality	Priority themes	Activity items
 <p>Contribution to society through creativity and innovation</p> 	<p>Creation of new technologies and new products</p> <p>Enhancement of customer satisfaction</p> <p>Enhancement of economic performance</p>	<p>Development of advanced underlying technologies and promotion of joint development with external institutions</p> <p>Provision of products, technologies, and services attuned to the VOC* *VOC: Voice Of Customer</p> <p>Improvement of business results, investment, etc., and confirmation of the return on investment</p>
 <p>Creation of a sustainable society and conservation of the global environment</p> 	<p>Reduction of environmental impact</p> <p>Contribution to the environment through technology and products</p> <p>Promotion of sustainable procurement</p>	<p>Reduction of greenhouse gas emissions</p> <p>Thorough management of energy</p> <p>Thorough management of waste and hazardous substances</p> <p>Thorough management of water and wastewater</p> <p>Development of environmentally friendly products</p> <p>Strengthening of supply chain management</p>
 <p>Human resources management as a source of innovation</p> 	<p>Respect for diversity of human assets</p> <p>Development of human resources who learn on their own, think on their own, and act on their own</p> <p>Maintenance and enhancement of health and safety</p>	<p>Promotion of Diversity & Inclusion</p> <p>Development of global human resources and securing of excellent human resources</p> <p>Strengthening of occupational health and safety management</p>
 <p>Strengthening of the governance system to realize sustainability management</p> 	<p>Strengthening of governance</p> <p>Thorough management of major business risks</p> <p>Ensuring of management transparency</p>	<p>Strengthening of corporate governance</p> <p>Thorough compliance</p> <p>Strengthening of SCR*/CR risk countermeasures and BCP *SCR: Super Clean Room</p> <p>Strengthening of information security risk countermeasures and BCP</p> <p>Timely and appropriate disclosure to internal and external parties</p>
 <p>Respect and consideration of human rights</p> 	<p>Respect for human rights</p>	<p>Promotion of the understanding and awareness of employees about human rights</p>

*Materiality, priority themes, and activity items remain unchanged as confirmed by the Sustainability Committee, which met in February 2023.

Environmental

Creation of a Sustainable Society and Conservation of the Global Environment

The greenhouse gases generated by the Group's business activities, as well as the energy and resources the Group uses, may have a serious impact on the global environment. We have a responsibility to be more environmentally conscious in order to pass on a beautiful natural environment to future generations.

We are promoting the creation of a sustainable society and conservation of the global environment by maintaining and improving our environmental management systems (ISO 14001) in accordance with the Action Guidelines for Environmental Conservation. The Group's initiatives for the environment are also disclosed on our website.

[Initiatives for the environment | https://www.kokusai-electric.com/en/csr/environment](https://www.kokusai-electric.com/en/csr/environment)

Eco-mindset and Global Environmental Management

▶ KOKUSAI ELECTRIC Group Action Guidelines for Environmental Conservation

These are action guidelines for tackling environmental conservation in the course of business activities in accordance with the KOKUSAI ELECTRIC Way. The guidelines apply to all operations conducted by all executives, employees, etc. of the Company and its Group companies.

▶ Purpose

In order to realize an environmentally harmonious and sustainable society through the provision of products and services, the KOKUSAI ELECTRIC Group 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 The executive officer responsible for production will drive forward appropriate environmental conservation activities. The executive officer responsible for production will instruct the departments he/she oversees to establish relevant rules and set targets to reduce environmental impacts and facilitate environmental conservation activities. He/she will confirm that the 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 throughout the life cycle — 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 measures to reduce environmental impacts, such as the introduction of technology and materials with properties that contribute greatly to protecting the environment, including energy saving, conservation of resources, recycling, management of chemical substances, and consideration of ecosystems.
 - 6 We will work to protect the environment by not only complying with international environmental regulations and the environmental regulations of individual countries and local governments, but also by formulating our own standards as needed.
 - 7 When carrying out global manufacturing activities, we will consider the impact on each region's environment and strive to meet the needs of the community.
 - 8 We will educate our executives and employees on compliance with environmental laws, raising their environmental awareness, and environmental conservation activities from a broad perspective with an eye to society at large, and encourage them to translate that into action.
 - 9 We will assess the risk of the occurrence of environmental problems and work to prevent such occurrences. 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.
- In order to achieve the objectives specified above, the Group shall establish, maintain, and improve environmental management systems (ISO 14001, etc.). KOKUSAI ELECTRIC shall provide appropriate education and guidance to ensure that the Group will conduct all activities in accordance with the guidelines.

Environmental

ISO 14001 Certification

KOKUSAI ELECTRIC 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, work to achieve them, and make continuous improvements to activities by following a PDCA cycle.

Certifying organization: Management Systems Sector, Japan Quality Assurance Organization (JQA)
Registration number of the certifying organization: JQA-EM7390

Specific information on ISO certification of the Group's individual sites in Japan can be found on the website ("Search for certified organizations") of the Japan Accreditation Board (JAB).

Japan Accreditation Board | <https://www.jab.or.jp/en/>



Promotion and Evaluation of Environmental Management

Promotion of Environmental Management

We have established an environmental management system in accordance with the KOKUSAI ELECTRIC Group 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.

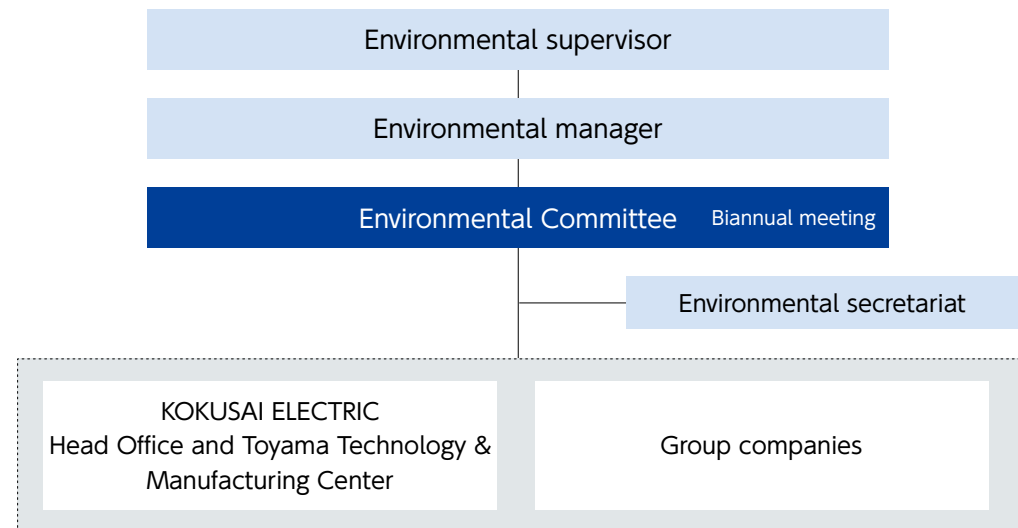
Environmental activities comprise three categories, consisting mainly of the following activities.

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

Eco-product : Compliance with Japanese and overseas product-related laws and regulations, management of chemical substances contained in products, and practice of Design for the Environment

Eco-factory : Reduction of energy use and waste generation

Environmental Management System



Evaluation of Environmental Management

◇ Toyama Prefecture Recycling Certification System

The Toyama Technology & Manufacturing Center was granted an Eco Business Certificate from Toyama Prefecture in March 2020. The certificate is valid until March 31, 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 center has been granted the certificate continuously since 2010.

We believe this certification is in recognition of our 3Rs waste management efforts to reduce the final waste disposal volume, gaining 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.



富山県認定
工口事業所

















Environmental

Environment Action Targets and Results for Fiscal 2022 (Toyama Technology & Manufacturing Center)

The results and evaluation of the environmental action plan for fiscal 2022 are as follows.

Fiscal 2022 was the first year of the medium-term plan with targets for the period from fiscal 2022 to fiscal 2024.

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

Category	Action goal	SDGs	Index		Fiscal 2022		Evaluation	
					Target	Result		
Eco-management	Nurture an environmental mindset in all employees		Participation rate in environmental education		100%	100%		
			Development of "eco people*1"		71	88		
	Ecosystem Preservation	Number of ecosystem preservation activities implemented		New	Implementation	4	4	
				Ongoing	Ongoing activities	27	23	
Collaboration with Stakeholders for the Environment	Number of environment-related social contribution activities implemented*2		Number of activities implemented		3	3		
Eco-product	Environmental design assessment		Assessment rate		100%	100%		
Eco-factory	Global Warming Prevention		Rate of energy use intensity (compared to previous year or 5-year average)		99% or below	94%		
			Transportation energy intensity (production base) (reference year 2019)		15% or above	22%		
	Effective Use of Resources	Waste and valuables generation intensity	 	Waste and valuables generation intensity improvement rate (reference year 2019)		25% or above	35%	

*1 Person who passed the Certification Test for Environmental Specialists (Eco Test) of the Tokyo Chamber of Commerce and Industry

*2 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.

Environmental

Reduction of Environmental Impact

Reduction of greenhouse gas emissions

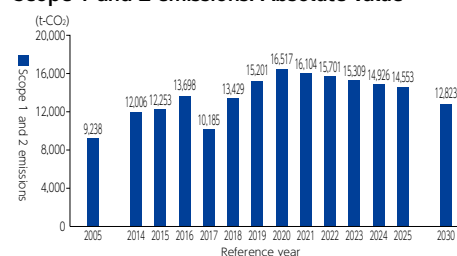
Approach to Address Climate Change

To cope with global warming, a two-pronged approach is required. One prong is mitigation, which involves reducing greenhouse gas emissions, the principal causative agent of global warming. The other is adaptation, which involves reducing the adverse impact of climate change by adjusting natural ecosystems and social and economic systems in response to climate change.

For mitigation, we are promoting the use of renewable energy, in addition to the reduction of energy used in production (reduction of electricity consumption, energy saving, etc.), which we have been promoting. A solar power generation system has been in operation at the Toyama Technology & Manufacturing Center since April 2022. We will continue with the installation of facilities and the procurement of renewable energy.

Regarding adaptation, it would be better if the adverse impact of climate change could be avoided, but if it cannot be avoided even with maximum mitigation, it is necessary to minimize the damage. This involves implementing measures to reduce the occurrence of natural disasters and ensure business continuity in any eventuality. We will promote initiatives in cooperation with our supply chain, in addition to our own efforts.

Scope 1 and 2 emissions: Absolute value



Efforts to Address Climate Change

The 2015 Paris Agreement set out long-term, concrete initiatives to address global warming.

Recently in August 2021, the IPCC*¹ announced its prediction that the global average temperature increase will reach 1.5°C above pre-industrial levels between 2021 and 2040. It is important that countries and companies around the world strengthen their initiatives to address climate change and balance anthropogenic greenhouse gas (GHG) emissions and absorption in the second half of this century.

We have been implementing initiatives designed to achieve progress toward a low-carbon society. However, we recognize the need for further initiatives and will promote environmental investment as part of our social responsibility.

Having announced our endorsement of the TCFD*² in August 2021, we are promoting initiatives in line with TCFD recommendations on disclosures of risks and opportunities related to climate change and are continuing information disclosure. We received a "B-" rating for the CDP*³ Climate Change 2022 and aim to further improve our rating.

We are also considering setting science-based reduction targets for GHG emissions (SBT*⁴). We will set our long-term and medium-term targets based on methods widely used internationally to promote GHG reduction activities.

*1 IPCC: Intergovernmental Panel on Climate Change

*2 TCFD: Task Force on Climate-related Financial Disclosures

*3 CDP: Formerly the Carbon Disclosure Project. CDP is a non-profit organization operated collaboratively by institutional investors.

*4 SBT: Science Based Targets (Science-based GHG emissions reduction targets)

Status of Response to TCFD Recommendations

Having announced our endorsement of the TCFD in August 2021, we are promoting initiatives in line with TCFD recommendations on disclosures of risks and opportunities related to climate change and are continuing information disclosure.

Governance

The Sustainability Committee, which is chaired by the President and meets regularly, discusses, decides, and reports on activities to address climate change to the Board of Directors. The Board of Directors ensures the effectiveness of the process by overseeing the execution based on reports by the Sustainability Committee.

Strategy

For scenario analysis in line with TCFD recommendations, we refer to the Shared Socio-economic Pathways (SSP) 1-1.9 and SSP 5-8.5 of the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) and the data in the World Energy Outlook 2020 of the International Energy Agency (IEA), and use them in forecasting. In considering the 1.5oC scenario and the 4oC scenario, we identify the risks expected to arise by 2050 that could have particularly major financial impacts on business, including the value chain.

Risk management

We identify risk factors that could have a major impact on business management and consider countermeasures. We analyze and assess urgent risks related to climate change and possible future risk factors, determine measures to mitigate the risks, and incorporate them into our business plans.

Metrics and targets

In addition to promoting energy saving and the introduction of renewable energy, we operate a system that certifies products that excel in reducing environmental impact as environmentally acceptable products. We endeavor to achieve the following targets in order to contribute to the reduction of CO₂ emissions in society.

- Reduction target for CO₂ emissions as a result of own energy use (Scope 1 & 2 targets)**
Target: 50% reduction of CO₂ emissions by the end of fiscal 2030 (compared with fiscal 2021)
- Reduction target for CO₂ emissions through products and services (Scope 3 target)**
Target: 30% reduction of CO₂ emissions per wafer by the end of fiscal 2030 (compared with fiscal 2021)

Environmental

Thorough Energy Management / Waste and Hazardous Substance Management

Approach to Save Resources

Despite progress in sorting and recycling, the impact of waste on the environment has not been eliminated. We conduct a detailed check to ensure proper disposal methods that mitigate the impact on the environment as much as possible and strive for more effective use of resources.

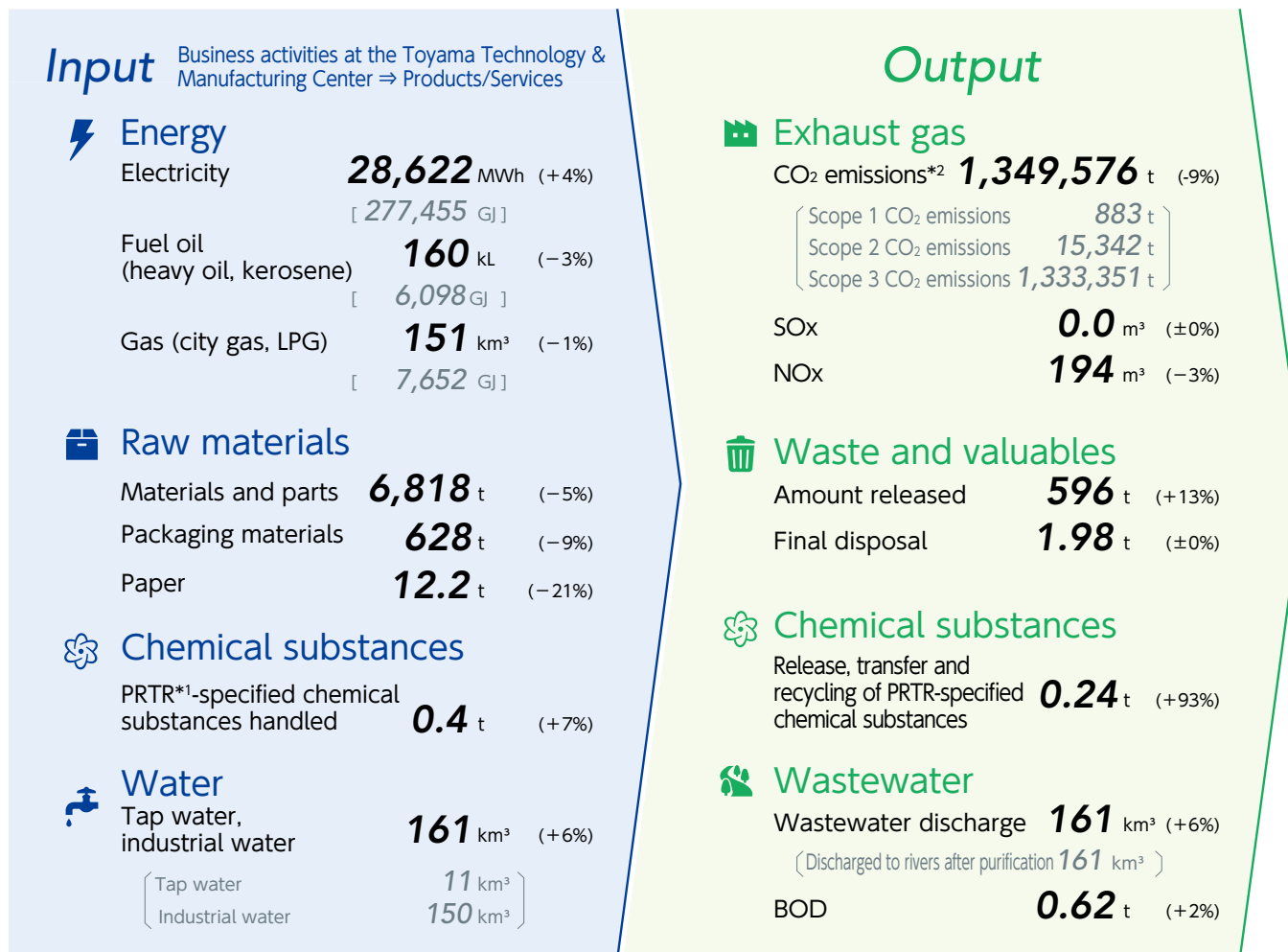
We are also working on activities to reduce landfill waste in order to achieve zero emissions and promoting recycling of waste at the final disposal stage. Based on the recognition that proper sorting of waste is an effective approach, we provide education for all employees on the issue of waste twice a year to raise every employee's awareness of the importance of waste reduction and efficient use of resources.

Business Activities and Environmental Impact

The Toyama Technology & Manufacturing Center emits CO₂ and waste as a consequence of expending resources and energy in order to make and provide products. It monitors their input and output, and works to reduce the use of hazardous chemical substances in R&D and increase energy efficiency.

For information on efforts to reduce the environmental impact of products, see the "Provision of Environmentally Friendly Products" page.

The values in parentheses show the change from fiscal 2021.



*1 PRTR: Pollutant Release and Transfer Register

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

Environmental

Prevention of Global Warming and Energy Saving

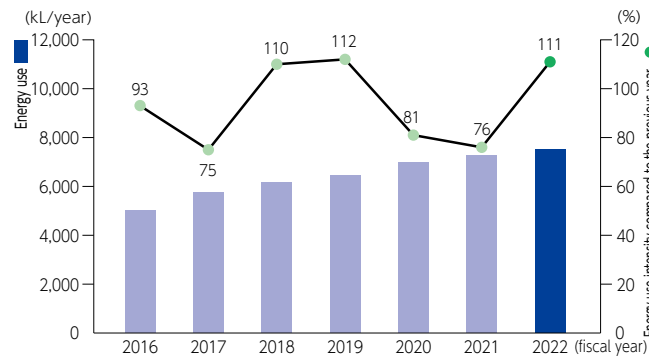
Much of the energy consumed by the Toyama Technology & Manufacturing Center is used for operating the evaluation equipment used for process development. Therefore, in order to lower the environmental impact of the equipment, we make every effort to use electricity more efficiently, such as reducing wasted electricity.

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 also promote the use of renewable energy through solar power generation (solar panels).

Since October 2022, the Center has been utilizing the electricity generated by the hydroelectric power stations operated by Toyama Prefecture (Toyama Mizuno Sato Denki). The CO₂ emission factor corresponding to the use of hydroelectric power is zero. Although hydroelectric power accounts for 10% of the electricity purchased at present, we intend to increase the proportion.

With regard to operations, in support of preventing global warming, we implement “Cool Biz” and “Warm Biz” campaigns to promote comfort and environmental friendliness. Furthermore, twice per year we have a “lights-off” day where we turn off the lights in the 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.

Energy use and intensity compared to the previous year

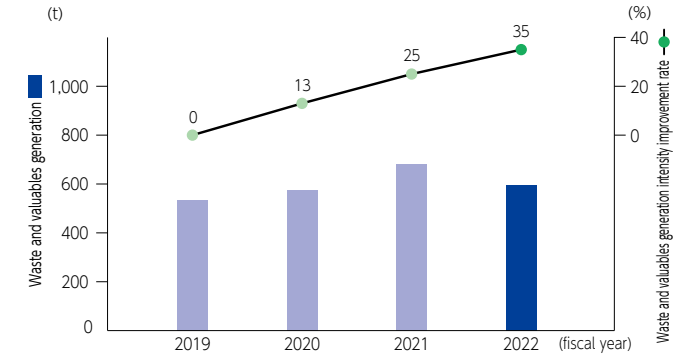


Reduction of Waste

The amount of waste and valuables generation has been increasing along with the expansion of our operations. We are implementing various measures to curb waste and valuables generation. Waste acid, which accounts for a substantial proportion of the waste, was reduced by reviewing effluent treatment methods. We are constantly considering

ways to reduce the amount of waste generated, including through the company-wide reuse of waste such as packaging materials for product parts and materials procured. As a result, the waste generation intensity improvement rate has been constantly improving. It was 3.5% in fiscal 2022 relative to fiscal 2019 (reference year).

Waste and valuables generation and intensity improvement rate



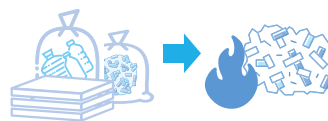
Proper Disposal of Waste

The Toyama Technology & Manufacturing Center recycles much of the waste it discharges. Previously most plastic waste packaging materials underwent thermal recycling, but thanks to enhancing material and color sorting, we can now carry out material recycling of a portion of that waste. Wafers are also recycled after being polished and wafers that cannot be reprocessed or that are cracked are used as additives for aluminum ingots.

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. Besides legal compliance, we also view environmental conservation as a priority and make every effort to ensure environmental pollution does not occur due to improper disposal.

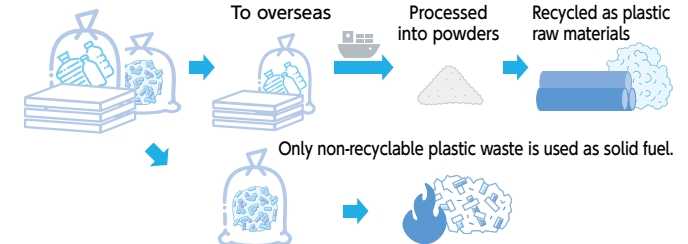
Previously

Most plastic waste was used as solid fuel.



After improvement

After sorting, much of the plastic waste is recycled as plastic raw materials.



Environmental

Management of Air Pollutants

Sources of NOx, SOx, and soot are two small boilers for heating.

After periodic inspections of the small boilers, we measure NOx, SOx, and soot. Measurements and calculations are outsourced to specialist companies.

Results

	Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
SOx	m ³ /year	0	0	0
NOx	m ³ /year	313	200	194
Soot and dust	t/year	0	0	0

Thorough Management of Water and Discharge

Management of Water

Water Resource Conservation Initiatives

Water, the source of life and essential to our business activities, is a vitally important resource. Today, climate change due to global warming, urbanization, changes in industrial structure, deforestation, and other factors are causing changes in the water cycle, resulting in various problems such as drought, water pollution, and degradation of the ecosystem. There is a need to maintain and restore good water circulation in rivers.

As part of our environmental and CSR activities, we will continue to participate in local activities such as river cleanups to improve the water quality of rivers, which are a source of water, and biodiversity while striving to improve the environmental mindset of our employees.

Assessment of Water Risk

Climate change is causing droughts and regional heavy rainfall around the world. If temperatures further increase from now on, extreme climate events and water shortages will be exacerbated. To grasp the status of water risk, we first conducted a water risk assessment of all the Group's business sites using the Aqueduct water risk assessment tool provided by the World Resources Institute (WRI). As a result, we confirmed that the level of water stress, sinking risk, and flood risk are at the "low" or "low to medium" risk level. Nevertheless, we recognize the importance of reducing water consumption globally.

The Toyama Technology & Manufacturing Center believes that setting a target for reducing water consumption and making continuous efforts will lead to the conservation of rivers, which are a source of water. Moreover, we strive to improve the efficiency of water use throughout the entire life cycle (procurement, manufacturing, use, etc.) in product development.

Appropriate Wastewater Treatment

Toyama Technology & Manufacturing Center has an abundant source of water, namely, snowmelt from the Northern Alps, which is high-quality, uncontaminated water in swift-flowing rivers. Special gases and chemical substances are used in the process evaluation of our products. Industrial water used for waste gas treatment for detoxifying and wafer cleaning is properly treated at effluent treatment facilities. Tap water used in the cafeteria and sanitation facilities is treated as domestic wastewater in a septic tank and discharged into the river. The Center has facilities specified by the Water Pollution Prevention Act, and the team responsible for the facilities is dedicated to their proper operation and management, and inspection. Moreover, the Center has established a pollution prevention organization that monitors wastewater measurements. To ensure that wastewater does not exceed the maximum permissible levels stipulated in the national and local standards for the area set by water-related laws and regulations, we have established stricter voluntary standards and conduct regular monitoring to ensure the appropriate discharge of wastewater. The measurement results are regularly reported to the local government, and we also respond to annual on-site inspections by the local government to ensure compliance with such laws and regulations.

Environmental

Water Withdrawal and Drainage

Amount of water withdrawal = Amount of drainage for management purposes	
Water withdrawal:	Total of tap water (waterworks bureau) and industrial water (contract within the Toyama Yatsuo Core Industrial Park)
Drainage:	Total of domestic drainage + drainage from manufacturing processes + other wastewater

Industrial water, which is part of water withdrawal, is supplied by Yatsuo-machi (within the industrial park). The industrial water is stored in a water tank within the Company's site before use. There is a limit to the total supply of this water and excess use is not possible.

Wastewater from manufacturing processes is managed based on the amount of effluent treated and discharged, domestic wastewater is managed based on septic tank wastewater pumping capacity and operating hours, and other wastewater is managed based on the subtraction of wastewater from manufacturing processes and domestic water from the water withdrawal.

Results

		Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022
Water withdrawal	Tap water	m ³ /year	11,768	12,116	10,958
	Industrial water		135,031	140,423	150,036
	Total		146,799	152,539	160,994
Wastewater discharge	Domestic wastewater	m ³ /year	13,819	14,752	15,167
	Wastewater from manufacturing processes		98,185	104,385	111,058
	Other wastewater		34,795	33,402	34,769
	Total		146,799	152,539	160,994

Contribution to the Environment
through Technology and Products

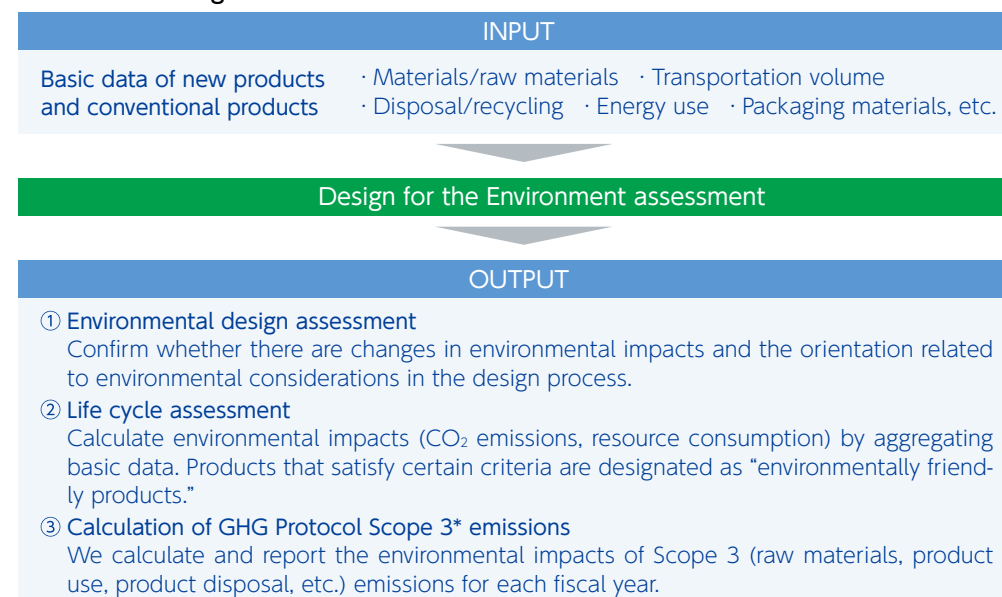
Environmentally Friendly Products

Approach to Development of Environmentally Friendly Products

In order to realize an environmentally harmonious and sustainable society through the provision of products and services, the Company strives to reduce the environmental impacts of products throughout their entire life cycles and promote efficient use of finite resources, thereby contributing to environmental conservation and providing customers with environmentally friendly products. When developing new products and whenever there are changes in production activities and laws and regulations, we conduct a Design for the Environment assessment comprising environmental design assessment and life cycle assessment.

With the aim of enhancing our employees' capabilities to conduct Design for the Environment assessment, we provided e-learning for which a 100% attendance rate was achieved.

Structure of Design for the Environment Assessment



*GHG Protocol: International standards for calculating and reporting greenhouse gas emissions

Scope 1: Direct GHG emissions that occur from sources that are controlled or owned by an organization

Scope 2: Indirect GHG emissions associated with the use of electricity and heat purchased from other companies

Scope 3: Indirect GHG emissions other than Scope 1 and 2

Environmental

Appropriate Management of Chemical Substances Contained in Products

Compliance with Laws and Regulations

Throughout the Group, we strive to properly manage chemical substances contained in our products in compliance with Japanese and overseas environmental laws and regulations related to products in order to prevent environmental contamination caused by the products we ship.

We share information on environmental laws and regulations related to our products throughout our business sites and with our business partners, and report on the status of compliance at biannual meetings attended by the general managers of business sites. No issues have arisen in fiscal 2022 with respect to compliance with laws and regulations.

Regarding harmful chemical substances, we have identified banned and restricted substances based on laws and regulations and confirmed that the chemical substances contained in our products satisfy the criteria of the respective laws and regulations. Moreover, from January 5, 2021, the EU Waste Framework Directive requires companies to register SVHCs*1 on the SCIP database, and we have registered our product information accordingly.

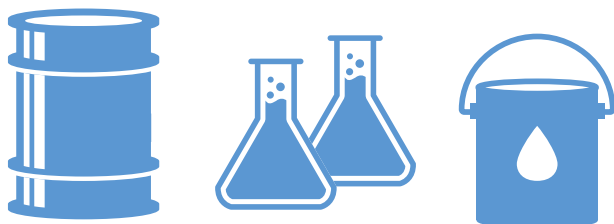
Management of Purchased Items

We make every effort to manage chemical substances contained in purchased parts. As a tool for surveying chemical substances contained in items purchased from business partners, we use chemSHERPA®*2 (a scheme for communicating information on chemical substances contained in products) to collect information on chemical substances contained in products and obtain certificates declaring that a product does not contain banned substances.

For the management of processed products, a system to mitigate the risk of processed products containing banned or restricted substances is in place. We research the chemical substances of auxiliary materials used in the manufacturing processes of our business partners through the chemical substance management certification program.

*1 SVHC (substances of very high concern) are substances in the Candidate List for eventual inclusion in Annex XIV of the REACH regulation.

*2 chemSHERPA is a registered trademark of the Japan Environmental Management Association for Industry (JEMAI).



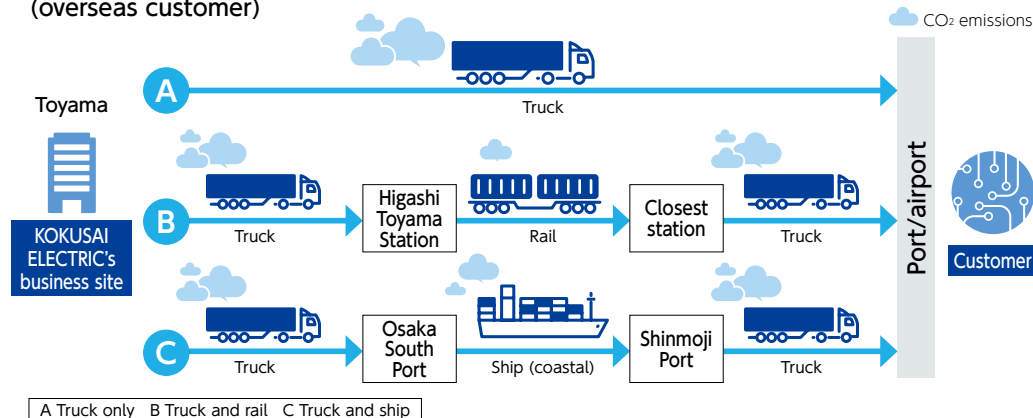
Contribution to a Clean World by Enhancing Product Quality

Reducing Energy Use in Transportation

For the physical distribution of our products in Japan, we have been continuing a modal shift. We have also been working to improve various distribution methods to further reduce environmental impacts.

- 1 Monitoring of CO₂ emissions reduction
Implementation of measures to reduce energy use in transportation and calculation and cutback of the rate of transportation energy intensity improvement rate
- 2 Stacking of truck cargo
Effective use of the empty space above cargo where items previously could not be stacked due to differences in size and number of pieces
- 3 Modal shift
Greater shift from truck transportation we have used so far to coastal shipping and rail transportation
- 4 Overseas shipments of products
Switch to the use of nearby ports of entry and airports to cut costs and shorten distances in transportation
- 5 Use of returnable boxes
Use of returnable boxes for some parts when shipping to customers in Japan
- 6 Cardboard packaging
Switch from wooden crate packaging to simple packaging made with light and high-quality corrugated cardboard

Example of modal shift from truck transportation to rail and marine transportation (overseas customer)



Promotion of Sustainable Procurement

Strengthening of supply chain management

Approach to Promotion of Sustainable Procurement

For supply chain management, we have established the Procurement Policy and the Sustainable Procurement Guidelines in compliance with the international code of conduct to ensure compliance with respect to labor, occupational health and safety, the environment, ethics, etc., thereby benefiting society. We are working with our business partners to take steps to entrench sustainable procurement activities.

► KOKUSAI ELECTRIC Group Procurement Policy

The KOKUSAI ELECTRIC Group is committed to supply chain management with sustainability in mind under the slogan "Technology & Tai-wa for Tomorrow" as stated in the KOKUSAI ELECTRIC Way, the Group's Corporate Philosophy. This policy expresses the Group's basic policy on supply chain management and standards of conduct to be observed in supply chain management. The objective is to ensure compliance throughout the supply chain and to achieve sustainable procurement activities in cooperation with suppliers, thereby contributing to society through business activities and fulfilling the Group's social responsibility.

1 Compliance with laws and regulations, social norms, and other requirements

The Group shall comply with the laws and regulations of countries and regions, the Group's Corporate Philosophy, rules and regulations, social norms, and other requirements, and conduct procurement activities with integrity based on corporate ethics. Moreover, having established the KOKUSAI ELECTRIC Group Sustainable Procurement Guidelines in accordance with the Code of Conduct of the Responsible Business Alliance (RBA), we request that our suppliers comply with such supply-chain-related laws and regulations, social norms, and other requirements.

2 Prioritization of the environment

The Group shall conduct procurement activities with full consideration for the conservation of the global environment and reduction of environmental impact in order to realize a sustainable society in harmony with the environment through business activities. In accordance with the Group's Sustainable Procurement Guidelines and the Green Procurement Guidelines, we request that our suppliers

make efforts to protect the environment, including through the use and production of parts and materials with less environmental impact.

3 Partnerships

We believe that emphasizing sustainability in business activities will foster the mutual prosperity of both our suppliers and the Group. Based on that belief, to build better partnerships and strong relationships of trust with all our suppliers, we shall deepen mutual understanding through "Tai-wa" and implement initiatives including the following.

We shall deal fairly with all our suppliers and will not treat any particular supplier favorably or unfavorably.

We shall respect fair business relationships with our suppliers and not impose disadvantages on them through actions that are unfair in light of normal business practices.

We shall strictly manage the trade secrets of our suppliers obtained in the course of business transactions and endeavor to maintain confidentiality.

4 Open door

We shall conduct the best possible and fair business transactions, both in Japan and overseas, based on the principles of free competition with respect to all transactions. We shall respond in good faith to requests for new business transactions and disclose information on transaction items, etc. Suppliers will be selected after a thorough assessment based on appropriate procedures in terms of quality, prices, delivery dates, reliability of management, technological development capabilities, and fulfillment of social responsibility (fair and transparent information disclosure, compliance with laws and regulations and social norms, respect for human rights, elimination of discrimination in employment and occupational matters, elimination of child labor and forced labor, environmental conservation activities, social contribution activities, creation of a comfortable workplace, and sharing of awareness about social

responsibility with suppliers, etc.). Moreover, regarding ongoing transactions, we shall periodically review the assessment of our suppliers.

5 Responsible procurement of minerals

The Group shall engage in responsible procurement activities to avoid procuring parts and materials containing conflict minerals (tin, tantalum, tungsten, and gold), cobalt, and other minerals that may be implicated in the support of armed groups, child labor and other human rights abuses, corruption, and environmental degradation in conflict areas and high-risk areas.

Specifically, we shall strive to understand social issues in the countries of origin of minerals and the roles expected of companies. Moreover, respecting the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, we shall continue investigating our supply chain and pursuing initiatives based on the OECD Guidance. We also request that our suppliers survey their supply chains, including identification of the country of origin of minerals and the locations of smelters, by using internationally recognized tools, such as the Conflict Minerals Reporting Template (CMRT) provided by the Responsible Minerals Initiative (RMI). We also request that they procure from Responsible Minerals Assurance Process (RMAP) conformant smelters.

6 Provision of information and maintenance of confidentiality

The Group shall respond in good faith to all suppliers' requests and do its utmost to provide them with the information deemed necessary for transactions. At the same time, the Group requests suppliers to provide useful information deemed necessary for achieving sustainable procurement activities. The Group shall, on its own responsibility, strictly manage such information provided by suppliers and maintain confidentiality.

Environmental

CSR-Oriented Procurement Activities

We are strengthening supply chain management based on the RBA*1 Code of Conduct and aim to share CSR awareness with our business partners. We request each of our business partners to confirm its adherence to the Group's Procurement Policy and Sustainable Procurement Guidelines, in addition to the Green Procurement Guidelines*2, in order to ensure their thorough implementation throughout the supply chain.

*1 Responsible Business Alliance: An international initiative. RBA proposes a code of conduct to which RBA members and their supply chains should commit.

*2 Requests to be shared about the Group's approach to green procurement, survey of chemical substances and high-risk minerals contained in deliverables, list of substances under voluntary control, and other policies.

KOKUSAI ELECTRIC Group Sustainable Procurement Guidelines | <https://www.kokusai-electric.com/en/csr/social/supply-chain>

Reinforcement of Partnerships

The Company held business partner meetings (BPMs) and the New Year reception even during the COVID-19 pandemic, albeit in an online format, to reinforce partnerships. At the New Year reception, we shared our medium- and long-term business policies with our business partners, and commended excellent partners. In BPMs, we brief attendees on our business policies and trends as well as our procurement, production, quality, and CSR measures. Through these opportunities, we strive to strengthen mutually beneficial "win-win" relationships with our business partners. In response to global supply chain disruptions, we have doubled the frequency of BPMs to four times a year to strengthen collaboration with our business partners.

VOICE



Mr. Tsuguhiro Nomoto
Tokyo Technological Labo Co., Ltd.
President and Representative Director

We would like to express our profound gratitude for the precious Best Business Partner of the Year award. We deeply appreciate the support and guidance that we have received from KOKUSAI ELECTRIC, other business partners, and many other parties.

At the start of transactions, we lacked sufficient production capacity to fully satisfy your company's production volume. However, thanks to the dispatch of advisers and the comprehensive guidance we received as part of KOKUSAI ELECTRIC's initiatives to strengthen partnerships with suppliers, we were able to establish a stable supply system.

Moreover, the sharing of information through periodic partner meetings and regular individual meetings with your Procurement Department has enabled us to procure parts and materials based on forecasts and ensure stable supply.

Going forward, we will work with redoubled efforts, and we will greatly appreciate your continuing support.

Promotion of Globalization

We share procurement strategies with our overseas production bases to strengthen the procurement capabilities of the entire Group. We will work to standardize rules and management to strengthen control of integrated global procurement.

Deployment of Procurement BCP*

We are strengthening the deployment of procurement BCP in view of the impact of supply chain disruptions caused by earthquakes, meteorological disasters, and regional conflicts.

*Procurement BCP: Procurement Business Continuity Plan. We have formulated and put in place a procurement BCP, including thorough promotion of standardization, consideration of alternative materials, creation of a database of production bases for procurement items, vigorous promotion of multi-sourcing, etc.

Measures against the Issue of Conflict Minerals*

Regarding conflict minerals, we are strengthening initiatives by promoting information sharing with our business partners in order to ensure that our procurement activities across our supply chain do not benefit armed groups that violate human rights.

*Conflict minerals: Tin, tantalum, tungsten, gold (collectively "3TG") as well as cobalt from the Democratic Republic of the Congo (DRC) and adjoining countries are designated as conflict minerals.

Selection of New Suppliers based on Environmental Criteria

Before engaging in business with new suppliers, we ensure they are aware of our environmental policy and screen them using the environmental management assessment questionnaire. The questionnaire consists of 10 items, including ownership of facilities with pollution loads, record of administrative guidance, and status of environmental management system certification. In fiscal 2022, two new suppliers of production goods responded to the questionnaire, and no suppliers were identified as posing significant environmental risks.

Results

	Fiscal 2020	Fiscal 2021	Fiscal 2022
Number of suppliers assessed	4 suppliers	3 suppliers	2 suppliers
Cumulative number of new suppliers	559 suppliers	575 suppliers	568 suppliers

Social

Human Resources Management as a Source of Innovation

We recognize that people are the source of the Group's business activities. Diversification of human resources and work styles, individuals' growth through daily efforts, and maintenance and improvement of health and safety are essential for the sustainable development of a company.

We will continue to promote initiatives for diversity & inclusion, the development of human resources capable of coping with the rapid pace of globalization, and health & productivity management to strengthen the foundation for innovation.

Securing Diverse Human Resources

Promotion of Diversity & Inclusion

Approach to Diversity & Inclusion

The social environment is changing drastically due to factors such as a rapidly declining birthrate and population aging. For us to achieve sustainable growth and development, we need to create new value by leveraging the diversity of our employees. In order to advance boldly in the global arena, we will make full use of the diversity of our employees, who have different backgrounds, perspectives, and values, and link it to corporate growth, thus cultivating an environment in which motivated employees can enjoy taking on challenges and becoming increasingly active on the world stage.

Promoting Employment of Diverse Human Resources

The Company actively hires global human resources and people with disabilities to create a diverse workforce. In particular, since a large proportion of job-seekers with disabilities seek employment in the Kanto area, we consider additional departments to which we can assign them, depending on the type of work, to promote the assignment of employees with disabilities to the head office.

Efforts to Promote Female Empowerment in the Workplace

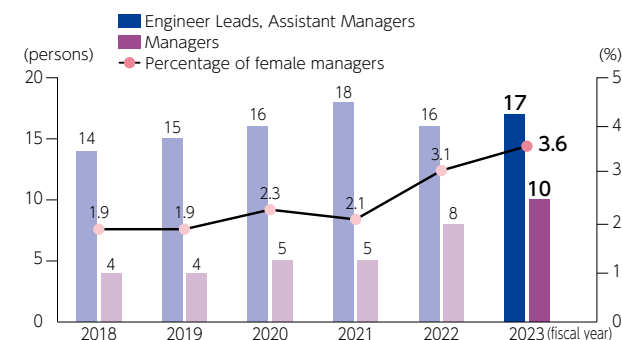
The Company's basic policy is to promote the active participation of people in the workplace without gender bias. We will facilitate corporate growth by securing employees with different backgrounds, points of view, and values without bias and taking full advantage of diversity. With regard to empowering women, we have formulated an action plan as one aspect of affirmative action (proactive measures to correct inequality) to promote female empowerment in the workplace.

In fiscal 2022, we vigorously hired female employees, signed the Women's Empowerment Principles (WEPs),* and provided female employees with opportunities inside and outside the Company to think about their career development through exchanges of opinions. Going forward, we plan to offer various career models to support and promote the active participation of individual female employees.

*A set of seven principles established by the United Nations Global Compact and the United Nations Development Fund for Women (UNIFEM), which is currently the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women).

Number of female managers

(the Company, as of June 1 of each year)



Social

Consultation Counter for Persons with Disabilities

Based on the Revised Act on the Promotion of the Employment of Disabled Persons 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 various inquiries from employees with disabilities and workplaces and also provides advice to workplaces regarding reasonable accommodations to meet their needs.

“Tai-wa” 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 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.

VOICE



Masamichi Yachi

Executive Chairperson,
KOKUSAI ELECTRIC Labor Union

<Career summary at the union>

Fiscal 2012
Executive member of Toyama Branch
Fiscal 2013-2015
General Secretary of Toyama Branch
Fiscal 2016-2019
Vice Chairperson, KE Branch, Toyama
Fiscal 2020-2022
Executive Chairperson, KE Labor Union

At labor-management conferences, which are held once every six months of each fiscal year, the heads of divisions and members of the union's executive committee engage in a dialogue with management to create a desirable workplace. At the meetings, we confirm workloads and staffing based on the forecasts of financial results and each division's budget.

In addition, the Long Overtime Reduction Committee has found out from departments that have employees with overtime exceeding 60 hours per month the reasons for exceeding 6.0 hours, the prospective workload and measures for balancing the workload, and the state of annual leave consumption. Moreover, the meetings of union executives discuss the state of annual leave consumption and questions, opinions, and requests from workplaces, which are shared between labor and management, and how to make improvements.

Every year, the union conducts a questionnaire survey of the living conditions of workers, and the results of the survey are shared between labor and management through wage negotiations. Labor and management exchange opinions on how to improve the workplace environment and discuss revisions to the collective agreement.

Work Style Reforms

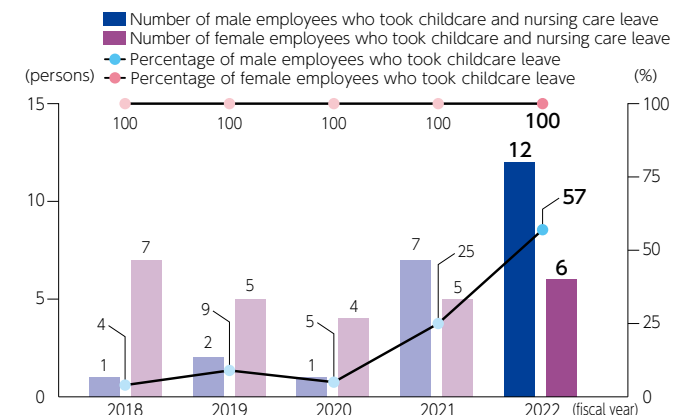
Approach for Work-life Balance

As Japan faces a declining birthrate and population aging, the needs of people who balance work with family responsibilities such as child-rearing and nursing care have become more diverse. Thus, 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 has become an important issue for companies. The Company supports a work-life balance with various measures.

Support for Balancing Work and Family Life

Recognizing the importance of achieving a good balance between rewarding and fulfilling work and a sound and comfortable life, the Company has been working to develop and enrich programs that help workers realize a good balance between work and family responsibilities such as child-rearing and nursing care. The CEO conveys a message about our efforts to address the Act on Advancement of Measures to Support Raising Next-Generation Children. We also share information on childcare leave for male employees by posting examples in internal newsletters and on the intranet. In addition, we implement e-learning for managers in accordance with the revision of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members to deepen understanding at workplaces. As a result, the percentage of male employees who took childcare leave increased to 57% in fiscal 2022.

Number of employees who took childcare and nursing care leave and the percentage of employees who took childcare leave



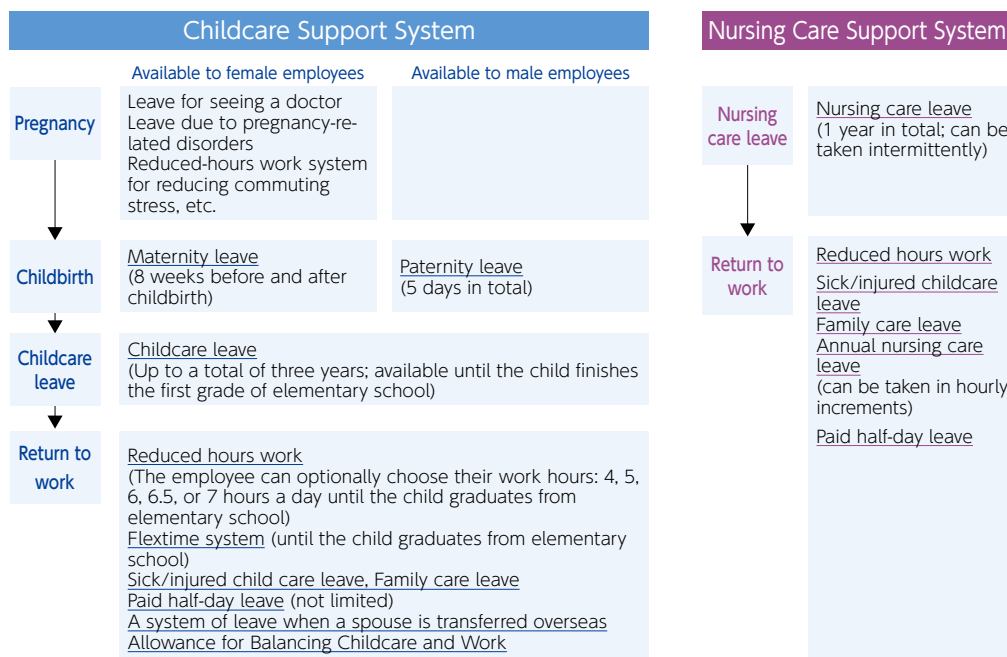
Social

Allowance for Balancing Childcare 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 Childcare and Work" program on April 1, 2017. This program provides employees who are raising a child or children before completion of the third grade of elementary school, whether in a dual-income household or as a single parent, with financial assistance to cover childrearing expenses, such as preschool fees and fees for after-school childcare facilities.

Moreover, in fiscal 2022, the eligibility for sick/injured child care leave was extended from preschool children to children before graduation from elementary school. The Company also discussed working from home for childcare and nursing care reasons and established a system for working from home in April 2023.

Systems for supporting childcare and nursing care



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

Development of Human Resources Who “Learn on Their Own, Think on Their Own and Act on Their Own”

Development of global human resources and securing of excellent human resources

Approach for Development of Next-generation Human Resources

Our philosophy for human resources development is to develop human resources who “learn on their own, think on their own and act on their own.” We provide training programs for employees, regardless of whether they are new graduates or mid-career hires, to help them improve their knowledge and skills and for their career development from the time they join KOKUSAI ELECTRIC. The programs we offer include training by instructors from within and outside the Company that enable trainees to master the necessary technology and gain the necessary knowledge for work, technical lectures on open innovation, language training to develop global human resources, and presentation training including practical tips for effective presentations. In particular, with regard to the development of global human resources, we are taking measures such as strengthening language training programs, dispatching employees to overseas sites from the perspective of long-term human resources development, and providing cross-cultural management training. From the viewpoint of human resources development at overseas sites, we have also established a system to promote transfers between sites.

The Company conducts interviews for evaluation of management by objective with all employees twice a year, and gender has no bearing on the evaluation.

Main education and training

Category	Name
Basic technology	Basic Technology Course
Advanced Technology and New Fields	Technical Lectures
Position-based education	Training for Newly Appointed Technicians
	Training for Newly Appointed Monthly Salaried Workers
	Patent Training (beginner and intermediate level)
	Presentation Training
Company-wide Education	Compliance
	Quality Incident Case Study
Safety	Mental Health
	High-pressure Gas Safety Training
	Safe Driving Training

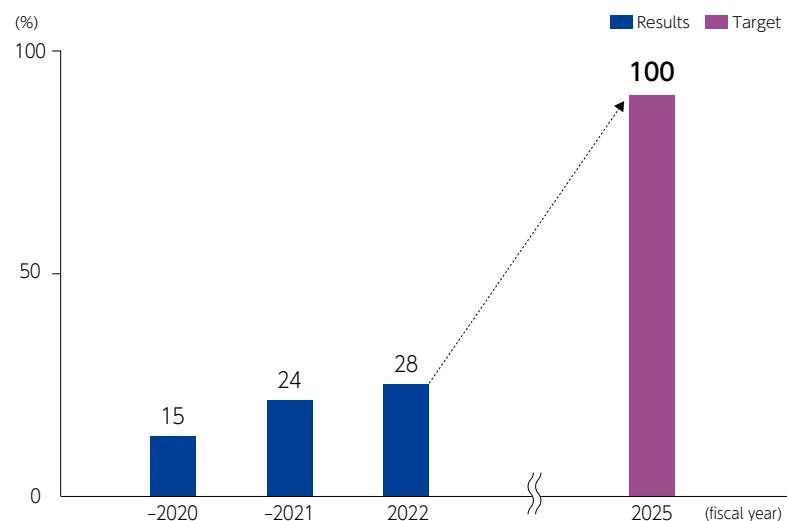
Social

Development of eco people

Toward the realization of an environmentally harmonious and sustainable society through the provision of products and services, we are developing eco people* to deepen the basic knowledge and understanding of the concepts necessary for all employees.

* Persons who passed the Certification Test for Environmental Specialists (Eco Test) of the Tokyo Chamber of Commerce and Industry

Percentage of employees who obtained the eco people certification



e-learning

The Group regularly offers various e-learning programs. In fiscal 2022, 91 e-learning programs were offered to improve specialized skills required in business operations and ESG literacy. We are also expanding e-learning content, such as the use of animation, to encourage trainees to take ownership of each topic.

Examples of major e-learning programs for all employees

Program name	Frequency
Occupational safety	Monthly
Quality	Monthly
Specialized Technology	Monthly
Information Security	Every six-months
Environmental Laws and Regulations Related to Products	Once a year
Waste	Once a year
Eco-mind	Once a year
Encouragement to Take Childcare Leave	Once a year
Appropriate Forms of Dispatch and Contracting	Once a year
Harassment	Once a year
Compliance	Once a year
Import Customs Clearance	Once a year
Sustainability	Once a year

Maintenance and Enhancement of Health and Safety

Strengthening Occupational Health and Safety Management

▶ Health & Productivity Management Declaration

In order to realize the corporate slogan, “Technology & Tai-wa for Tomorrow,” the KOKUSAI ELECTRIC Group’s 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 create workplaces where every employee can work with ambition and vigor without mental or physical anxiety, and actively work to improve the health of our employees and their families.

July 28, 2023 **Fumiyuki Kanai**

Representative Director, President and Chief Executive Officer

Health & Productivity Management

Promoting health & productivity management

In order to promote a workplace where every employee is motivated and works with vitality without mental or physical anxiety, we are strengthening initiatives for “physical health,” “mental health,” and “creating a rewarding working environment.”

Physical health

As part of efforts to prevent and ameliorate lifestyle-related diseases, we are implementing preventive and remedial measures using a health management system, such as supporting employees to receive health checkups, recommending additional examinations, and providing health guidance.

We are also strengthening initiatives to raise health awareness and change behavior by holding events related to dietary habits and offering education that encourages smokers to quit smoking.

Mental health

As part of efforts to early detect and respond to employees with mental health issues, we conduct training of supervisors by an industrial physician (psychiatrist) and engage in efforts to improve the workplace environment based on the results of group analyses of employee stress checks.

Moreover, industrial physicians, public health nurses, and nurses collaborate to conduct regular counseling sessions between an industrial physician and employees with mental health issues and to help employees on leave recuperate and return to work without anxiety.

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.

(persons)

Number of employees taking leave	Fiscal 2019	Fiscal 2020	Fiscal 2022	Fiscal 2022
Domestic Group total	11	8	14	23

Creating a Rewarding Working Environment

We measure the degree of employee satisfaction by category through regular employee satisfaction surveys, including those of employees of Group companies in Japan and overseas. Based on the results, each department formulates and implements an action plan for improvement. Moreover, we engage in efforts to vitalize workplaces, such as by creating opportunities for dialogue among employees, throughout the Group.

Social

Philosophy on Safe Workplace Environments

The Toyama Technology & Manufacturing Center, our production base in Japan, and Kokusai Electric Korea Co., Ltd., have 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. Regarding the prevention of infectious diseases, our main objective is to prevent clusters of cases from occurring within the Company, and our efforts are designed to keep employees safe and healthy.

Occupational Health and Safety Policy

Based on the Corporate Philosophy, "The KOKUSAI ELECTRIC Group strives to create value through "Technology" and "Tai-wa" 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, the Group is working to create safe and healthy workplaces.

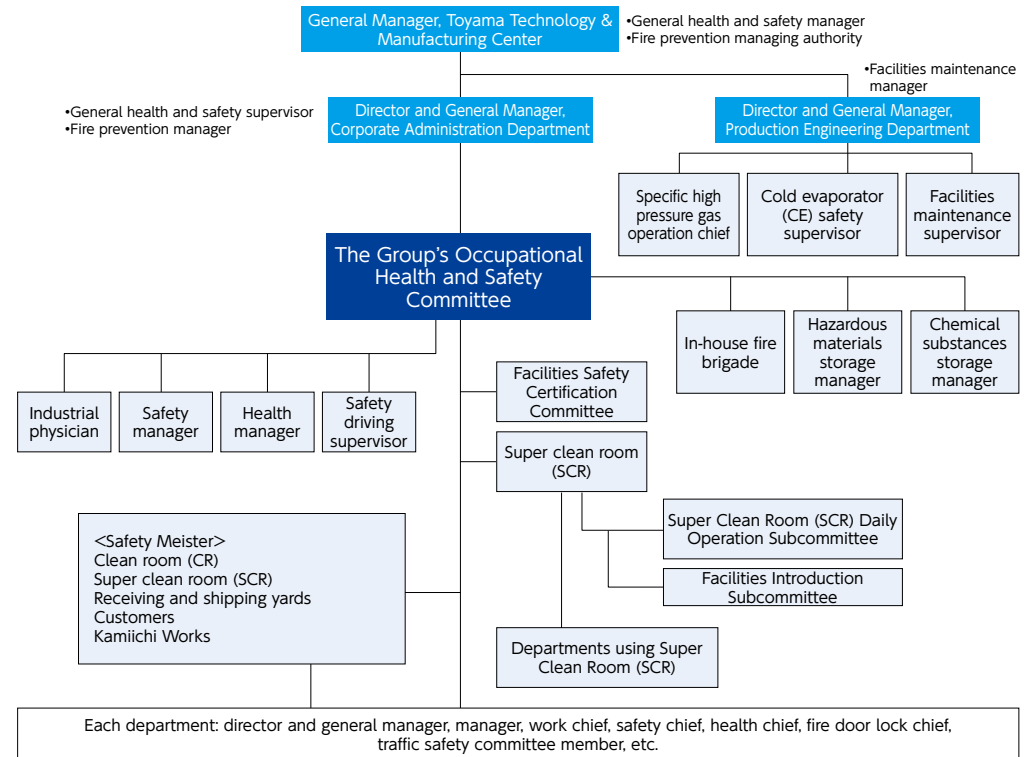
- 1 Positioning health and safety as one of the most important management issues, we will engage in health and safety activities with a concerted effort by the entire Group to attain a higher level.
- 2 We will comply with applicable laws and regulations as well as our voluntary standards and carry out health and safety activities in accordance with fundamental principles.
- 3 Each employee will vigorously engage in health and safety activities, making a concerted effort to create a comfortable workplace and foster a culture of safety.
- 4 We will strive to strengthen collaboration with affiliated companies, etc., and work to ensure the health and safety of everyone involved in our business activities.
- 5 We will contribute to the realization of a safe and comfortable society in the course of all our business activities, which are based on our basic philosophy that gives the high-priority to health and safety.

Health and Safety Management

Regarding the Company's health and safety management systems, each organization has established a system and engages in safety activities. At our main site, Toyama Technology & Manufacturing Center, individual organizations collaborate and manage health and safety under the leadership of the General Manager of the Center.

The main cause of work accidents (accidents with no lost time) in fiscal 2022 was COVID-19 infection during overseas business trips. There were also work accidents involving backache and cuts. The Occupational Health and Safety Committee investigates the cause and implements corrective measures and monitors their effectiveness.

Health and Safety Management Organizational Structure



Health and Safety Initiatives

- 1 Measures to eliminate work accidents
 1. On-site risk management
 - Risk identification and corrective measures through safety patrols
 - Risk management and risk level reduction measures through risk assessment
 2. Review of work procedure manual
 3. Implementation of safety education
 - Safety training for new workers, change of personnel, and reminders
- 2 Enhancement of safety awareness
 1. Measures for employees with less than 3 years of work experience
 - Appointment as a safety patrol member to enhance safety awareness
- 3 Legal compliance
 1. Responding to legal revisions
 2. Confirmation of compliance with legal requirements

Social

Number of work accidents (domestic Group employees and temporary workers)

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

(persons)

Calendar year	2020	2021	2022
No lost time	3	6	16
Lost time	1	0	1
Total	4	6	17

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 *Excluding commuting accidents

Calendar year

2020	2021	2022
0.09	0.00	0.27

Number of occupational deaths (the Group, by region)

(persons)

Calendar year	2020	2021	2022
Japan	0	0	0
Asia (excluding Japan)	0	0	0
Americas, Europe, and others	0	0	0
Total	0	0	0

VOICE

**Yoshitaka
Kamida**

Manager,
Corporate Administration
Department,
Human Resources & Corporate
Administration Division

Protecting the health and safety of our employees is our top priority. The Toyama Technology & Manufacturing Center has obtained ISO 45001 certification for its occupational health and safety management systems, and the Occupational Health and Safety Committee is stepping up efforts to achieve the goal of eliminating lost-time accidents (eliminating rule violations and similar accidents).

As part of our measures to eliminate work accidents, we have created a safety risk management schedule. This includes education to enhance safety awareness of employees with less than three years of work experience, education on compliance with safety-related laws and regulations for all employees, including those at Group companies, and regular physical exercise sessions. In addition, we have established and put into practice the "Ten Safety Rules," and departments, such as those responsible for the clean room (CR) and the shipping and receiving yards, have also established their own "Five rules for Safe Work" and are executing safety activities.

▶ **Ten Safety Rules** (common edition)

- ① **Dress properly.**
<Wear footwear that protects your toes and heels and wear footwear properly without stepping on the shoe heels.>
- ② **Greet and do radio exercises.**
- ③ **Confirm health and safety by calling out to co-workers.**
<Check one another first thing in the morning.>
- ④ **Comply with on-site traffic rules.**
<Walk on the right side of the aisles. Do not walk with both hands occupied with burden, with your hands in your pockets, or while using a mobile phone.>
- ⑤ **Pay attention to your feet and head when walking or working**
<Wear appropriate protective equipment when working and observe expiration dates.>
- ⑥ **Follow safety rules established for each operation and area.**
- ⑦ **Do not make judgments about things you don't understand. Report, Communication, and Consultation.**
- ⑧ **Warn each other about any unsafe actions or rule violations.**
- ⑨ **Proactively make suggestions about near-miss cases.**
- ⑩ **Check actions to be taken in the event of an emergency in advance and prepare for disasters.**

Respect and Consideration of Human Rights

In order to build a society in which people can enjoy a safe, secure, and happy life, all human rights must be respected and none infringed.

As well as raising awareness of our employees about human rights, as a signatory to the United Nations Global Compact, we are striving to resolve issues concerning human rights and labor practices at a higher level to fulfill our responsibility to respect human rights.

Respect for Human Rights

Promotion of the Understanding and Awareness of Employees about Human Rights

Training to Increase Awareness about Human Rights

- In addition to a program designed to raise employees' human rights awareness in order to prevent discrimination, we provide training on respect for the human rights of all people.
- We provide employees with harassment prevention education, using sexual harassment, abuse of authority, and pregnancy discrimination as examples. The program is designed to ensure trainees are aware of the nature of harassment defined in law and the importance of preventing harassment and understanding the types of conduct that may constitute harassment, and how to behave and prepare oneself so as not to engage in harassment, not to let others do so, and not to overlook it.

Participation in the United Nations Global Compact

In June 2022, we joined the UN Global Compact as well as the Global Compact Network Japan, which is comprised of Japanese signatories to the UN Global Compact.

Signatories to the UN Global Compact are required to commit to complying with the Ten Principles covering four fields, namely, human rights, labor practices, the environment, and anti-corruption, and implementing those principles. As a signatory to this international initiative, we will strive to resolve issues in the human rights and labor fields at a higher level.

Human Rights Policy

In order to build a society in which people can enjoy a safe, secure, and happy life, all human rights must be respected and none infringed.

As well as raising awareness of our employees about human rights, as a signatory to the United Nations Global Compact, we are striving to resolve issues concerning human rights and labor practices at a higher level to fulfill our responsibility to respect human rights.

The KOKUSAI ELECTRIC Group is helping to realize a society where human rights are respected in its efforts to create value through “Technology” and “Tai-wa” for tomorrow to realize a sustainable society that is safe, comfortable and vibrant. As a precondition for this, the Group strives to fulfill its responsibility to respect human rights.

▶ Responsibility to Respect Human Rights

The Group strives to meet its responsibility to respect human rights by not infringing on human rights and addressing negative human rights impacts with which the Group may be involved through its operations and business relationships.

In particular, we consider the following items of human rights material.

- **Prohibition of child labor, forced labor, and human trafficking**
We shall never tolerate any form of child labor, forced labor, or human trafficking.
- **Prohibition of discrimination and equal opportunity**
We shall never discriminate based on ethnicity, religion, gender, age, sexual orientation, disability, nationality nor on any other grounds. Furthermore, we shall never engage in any harassment or any other conduct that offends individual dignity.
- **Equal pay for equal work**
We shall respect and observe applicable local laws and regulations regarding equal pay for equal work.
- **Freedom of association**
We shall respect the right of our employees to freely form and join associations. We shall also respect the

right of our employees to engage in voluntary discussions and negotiations about their relationships with their employers, and the right of our employees to refrain from those activities.

Responsibility to respect human rights applies to all officers and employees of the Group. We shall also require all our suppliers and business partners to observe this policy. Furthermore, even if the Group is not directly contributing to negative human rights impacts, the Group expects its business partners and other parties whose own impacts may be directly linked to the Group'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 the Group's values and policies

The Group 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 KE's Corporate Philosophy, the KOKUSAI ELECTRIC Way, and Guidelines and Commitments.

▶ Exercising the Responsibility to Respect Human Rights

The Group is committed to meeting the responsibility to respect human rights through implementing the United

Nations Guiding Principles on Business and Human Rights. Moreover, we shall support and respect human rights codes of conduct as defined by the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Convention on the Rights of the Child, the OECD Guidelines for Multinational Enterprises, The Responsible Business Alliance (RBA), and Ten Principles of the United Nations Global Compact.

To this end, KE has established a human rights due diligence internal system based on the United Nations Guiding Principles on Businesses and Human Rights, continues to implement and improve this system by identifying and assessing potential and actual impacts on human rights, and takes appropriate measures to prevent or mitigate risks. Where the Group 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.

The Group adheres to national law and regulation in each market in which it operates. Where the Group faces conflicts between internationally recognized human rights and national laws, the KOKUSAI ELECTRIC Group will pursue ways to respect the principles of international human rights.

The KOKUSAI ELECTRIC Group will provide appropriate training and capacity building in order to embed this policy commitment throughout the Group. The Group is committed to engaging in “Tai-wa” with relevant external stakeholders and consulting with them to determine how best to address potential and actual human rights impacts. The Group will disclose its efforts to respect human rights on its website and by other means of communication.

Contribution to Society through Creativity and Innovation

We believe that a wonderful future will emerge through creativity and innovation around the world, shaped by people's dreams, ideals, expectations, and needs. Semiconductors are an integral part of a scene that brings about such creativity and innovation.

We will continue to create and innovate through our semiconductor manufacturing equipment business so that higher quality semiconductor devices and groundbreaking applications using semiconductors will be created and a wonderful future will emerge.

Creation of New Technologies and New Products

▶ R&D Policy

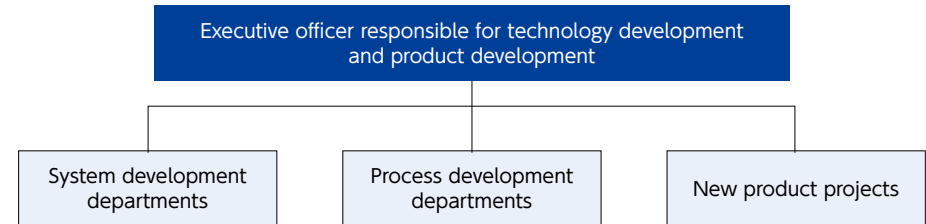
The Company develops semiconductor manufacturing equipment leveraging the top deposition technologies in the world.

In addition to providing underlying deposition technology, we are striving to overcome physical limitations with miniaturization through joint development with research institutes, universities, raw material manufacturers, and device manufacturers. We are also vigorously promoting the development of advanced elements that adapt to changes in device structures and materials. Our deposition technology and treatment technology are used by the world's top device manufacturers, and greatly improve the functionality and performance of semiconductors. Through digital transformation and the use of IT tools, we are accelerating development to provide superior deposition technology to our customers. Semiconductors that utilize our deposition 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 in Japan and overseas 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 system that can continue to overcome difficult problems by leveraging our own technology and collaborating with consortiums, universities, and development partners around the world.

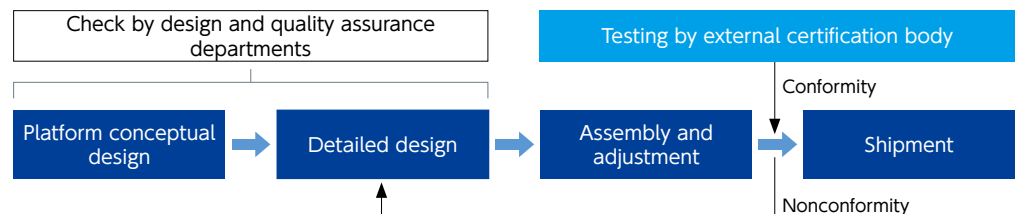
Organizational Structure



／ Securing Safety of Products and Services

The development and design of the Company's semiconductor manufacturing equipment comply with the SEMI standards.

To ensure compliance with the SEMI standards, design and quality assurance departments conduct checks from the platform planning phase through the detailed design of each unit and component based on a checklist. Ultimately, we only provide products that have undergone SEMI testing by external certification bodies and have been certified for conformity, thereby ensuring the safety of products and services required by the world's leading device manufacturers.

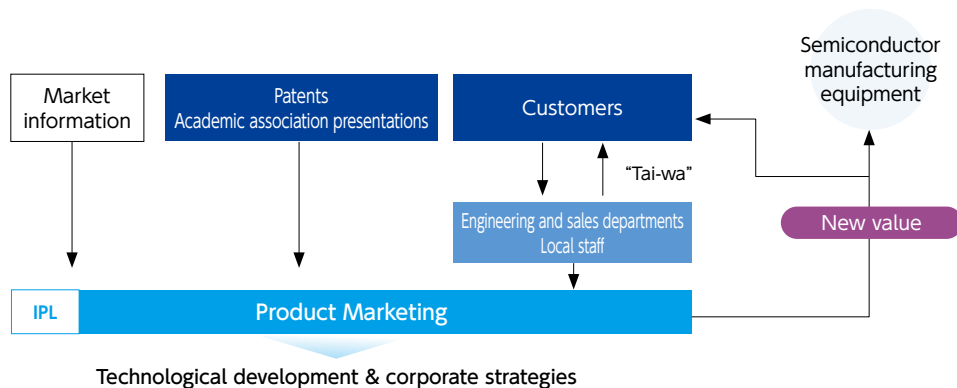


Social

Enhancement of Customer Satisfaction

Product Marketing

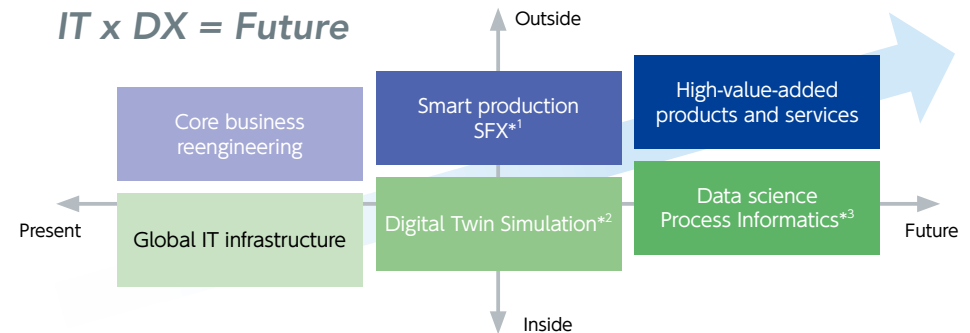
In order to improve our products and provide high value to customers, our engineering and sales departments and local staff engage in “Tai-wa” with customers and share customers’ views within the company. We also strive to create new value Group-wide by driving forward proposals that lead to new technological developments and corporate strategies, through an initiative called “intellectual property landscape” (IPL) that provides an overview and comprehensive analysis of academic association information, patents, and market information.



Promoting Digital Transformation (DX)

In the pursuit of core business reengineering that makes full use of advanced digital technology and the development of high-value-added products and services, we aim to achieve differentiation through digital transformation (DX). While striving to achieve sustainable growth in the drastically changing semiconductor equipment industry through DX, we will provide products and services offering a high degree of customer satisfaction.

Our DX initiatives include the establishment of global IT infrastructure and business control, productivity improvement through smart production SFX^{*1}, Digital Twin Simulation^{*2} without actual equipment, and pursuit of data science and Process Informatics^{*3} by applying AI and machine learning.



*1 SFX: Smart Factory Transformation

It refers to the transformation of manufacturing to enhance productivity and safety by applying digital technology. SFX pursues unprecedented innovative manufacturing by introducing IoT sensors and robotics into parts transport and supply, assembly testing, assembly position information, and worker movement.

*2 Digital Twin Simulation

By integrating virtual and real space using digital technology, a digital twin (virtual equipment) allows the simulation of safe and efficient operation without actual equipment (semiconductor manufacturing equipment).

*3 Process Informatics

It refers to data science technology (a method introduced to materials development (semiconductor deposition process development)) that synthesizes previously unattainable semiconductor materials and derives deposition procedures and deposition conditions for semiconductor materials.

Pursuing Quality

In accordance with the Quality Policy and the spirit of “Technology” and “Tai-wa,” we are committed to establishing technologies helpful for solving issues of our business partners and society and offering top-level quality that supports them. In doing so, we aim to realize an environmentally harmonious and sustainable society and earn the trust and confidence of our customers. To this end, we are engaged in business process transformation and product and service quality reform throughout the Group.

Social

Quality Policy

To accurately grasp customers' expectations and implement quality assurance activities to achieve quality that satisfies customers, we formulated the Quality Policy.

▶ **Quality Policy**

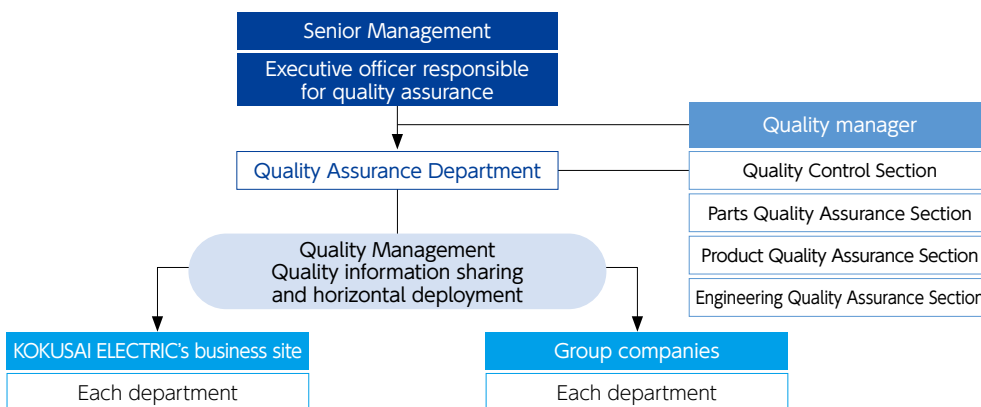
The Group aims to be the top company in customer satisfaction by developing and producing equipment that exceeds customers' expectations and contributes to customers' profits.

- (1) Achieve quality that earns customer trust and satisfaction.
- (2) Provide competitive products and services to our customers on time.

To this end, all employees shall perform their duties with sincerity, in accordance with the basics and ethics, and shall think and act on their own initiative from customers' viewpoints and strive for continuous improvement.

Ensuring Quality

Quality Assurance System



Policy to Address Quality Problems

When a defect is discovered, in addition to corrective actions and horizontal deployment based on investigation of the direct technological cause, we cooperate with the relevant departments to identify the motivational factor that lies behind it. As such, we take more effective preventive measures.

Moreover, we hold the Quality Meeting where responsible departments share information with management and relevant departments so that recurrence preventive measures and preventive measures are thoroughly communicated to improve quality.

Furthermore, with the aim of improving the quality and reliability of our products and services, we are working with our design and manufacturing departments and external business partners to further improve the degree of completion of equipment by strengthening the verification of quality risks at each manufacturing process.

Approach to Quality Management

We promote internal audits to maintain, manage, and improve the quality management system (QMS).

We also monitor the occurrence of external accidents and internal defects, analyzing them using statistical methods to detect abnormalities at an early stage, and minimize unevenness in quality.

In addition, we provide case study training on quality to all employees and plan various initiatives to raise quality awareness.

Approach to Parts Quality

We check parts and units delivered to us to ensure that no parts or units that should be rejected are incorporated into our products. We also evaluate the quality aspects of suppliers with the aim of improving built-in quality. We conduct quality audits and provide guidance to suppliers that manufacture critical parts and units.

Approach to Product Quality

To ensure product quality, we inspect, check, and maintain records of all processes from the manufacturing of products in-house through shipping and delivery to customers.

Approach to Design Quality

To ensure that any defects are eradicated in product development and design, the personnel responsible for quality assurance participate in design reviews and other activities, point out quality issues, etc., and confirm the effectiveness of measures implemented.

Moreover, as an effort to improve quality, we use FMEA*1 to predict and identify potential accidents and failures at the design phase to prevent damage.

*1 FMEA: Failure Mode and Effects Analysis. FMEA is a technique for analyzing the failure modes of components and their effects on items at higher levels by evaluating possible failures in products and potential risks in the manufacturing process up to the completion of products. It is a method to mitigate risks.

ISO 9001 Certification and Establishment and Maintenance of Quality Management System

The Group's production sites have acquired ISO 9001 certification. We have built a quality management system (QMS) based on a PDCA cycle using a process approach, and continuously make improvements.

Social

Enhancement of Customer Satisfaction (CS) Worldwide

We have been conducting our own annual CS survey on our products and services covering customers worldwide, jointly with Group companies. After the responses are compiled and analyzed, the results are conveyed internally and shared with Group companies to make improvements and enhance customer satisfaction.

We strive to promptly analyze customer complaints and requests (voice of customer), share them internally, and respond to them.

Awarded "10 BEST Suppliers" and "THE BEST Suppliers" in the TechInsights Customer Satisfaction Survey: "10 BEST Suppliers" Award Achieved for the 26th Consecutive Year

We have received two titles in the TechInsights 2023 Customer Satisfaction Survey: the "10 BEST Suppliers" and "THE BEST Suppliers" awards. TechInsights Inc. (hereinafter referred to as "TechInsights"), which conducted this survey, is engaged in consulting on technology and intellectual property in the microelectronics industry. The "10 BEST Suppliers" awards*1 acknowledge the top 10 semiconductor production equipment suppliers highly rated by their customers, and "THE BEST Suppliers" awards*2 pay tribute to outstanding semiconductor production equipment suppliers categorized by product type.

We are proud to have won the "10 BEST Suppliers" award for the 26th consecutive year.

This year's TechInsights Customer Satisfaction Survey received 25,489 responses, representing over 60% of the chip market and 66% of the subsystem customers. Participants were asked to rate equipment suppliers based on three key factors: supplier performance, customer service, and product performance. Our group has been highly rated for exceptional product performance and uptime, which has secured our position as one of "THE BEST Suppliers." By delivering excellent product performance and uptime tailored to customer requirements, we have significantly contributed to enhancing productivity, culminating in this award.

Based on our corporate slogan "Technology & Tai-wa for Tomorrow," we will continue to pursue economic value and environmental and social values from both business and ESG initiatives (resolution of environmental and social issues and strengthening of governance) perspectives, thereby contributing to the achievement of the SDGs as well as achieving both a sustainable society and sustainable growth of our Group.

*1 The "10 BEST Suppliers" awards acknowledge the top 10 semiconductor production equipment suppliers that have received high ratings from their customers, regardless of product type.

*2 "THE BEST Suppliers" awards acknowledge semiconductor production equipment suppliers, categorized by product type such as production and test equipment, which have received high ratings from their customers.



KOKUSAI ELECTRIC CORPORATION Earns Intel's 2023 EPIC Distinguished Supplier Award -KOKUSAI ELECTRIC is one of only 22 Distinguished Award recipients across Intel's global supply chain-

It has earned Intel's EPIC Distinguished Supplier Award. Through its dedication to Excellence, Partnership, Inclusion, and Continuous (EPIC) quality improvement, KOKUSAI ELEC-

TRIC has achieved a level of performance that consistently exceeds Intel's expectations.

"As one of only 22 Distinguished Supplier Award recipients across the Intel global supply chain, KOKUSAI ELECTRIC stands out among suppliers in the semiconductor industry," said Keyvan Esfarjani, chief global operations officer at Intel. "Their customer orientation and commitment to excellence is a testament to their dedication and serves as a global benchmark for others to follow."

The Intel EPIC Distinguished Supplier Award recognizes a consistent level of strong performance across all performance criteria. Of the thousands of Intel suppliers around the world, only a few hundred qualify to participate in the EPIC Supplier Program. The EPIC Distinguished Award is the second-highest honor a supplier can achieve. In 2023, only 22 suppliers in the Intel supply chain network earned this award.

To qualify for an Intel EPIC Distinguished Supplier Award, suppliers must exceed expectations, meet aggressive performance goals, and score 80 percent or higher in performance assessments throughout the year. Suppliers must also meet 80 percent or more of their improvement plan deliverables and demonstrate formidable quality and business systems.



Received the 2022 TSMC Excellent Performance Award

We were received the Excellent Performance Award by Taiwan Semiconductor Manufacturing Co., Ltd. (hereinafter referred to as "TSMC").

The Excellent Performance Award is presented to suppliers which have made great contributions to TSMC's business through the supply of equipment, facilities services, and raw materials. Among the 18 suppliers that won the 2022 Excellent Performance Award, we received the "Excellent Production Support" award.

We were commended for providing semiconductor manufacturing equipment and supply chain management which meet the need of producing cutting-edge semiconductors with higher density and performance, as well as timely and proactive technical support for TSMC's production and development.

Under the corporate slogan: "Technology & Tai-wa for Tomorrow," the KOKUSAI ELECTRIC Group will continue to strive to maintain a trustworthy relationship with customers and business partners, enhance the quality and performance of products and expand services, and realize a safe, comfortable, vibrant and sustainable society from both business and ESG aspects.

Social

Labeling related to Safety etc. of Products and Services

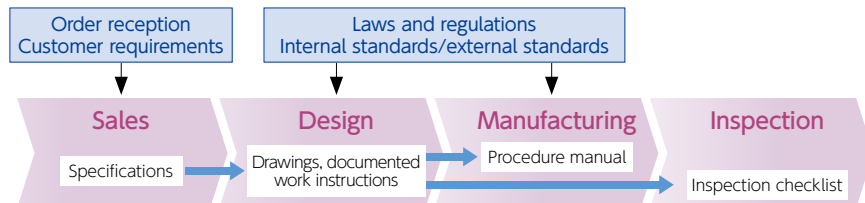
We comply with laws and regulations and various standards from the product design and development phase onward and ensure thorough compliance.

In particular, we design products in accordance with SEMI S2 (Environmental, Health, and Safety Guideline for Semiconductor Manufacturing Equipment), the safety guidelines established by SEMI*1, to ensure the safety of our products and enable customers to operate them with a sense of security. Moreover, our products have safety labels in compliance with SEMI S1 (Safety Guideline for Equipment Safety Labels).

We also comply with the safety performance standards required by export destination countries, and display labels such as Europe's CE Marking*2 and South Korea's KC Mark*3 and KCs Mark*4 certifications.

Furthermore, in order to protect the global environment, when shipping equipment, we apply the International Standard for Phytosanitary Measures (ISPM)*5 No.15 and use packaging materials that are stamped with the IPPC*6 mark.

We have confirmed that such labeling is implemented and operated correctly in our quality management system.



*1 SEMI standards: Standards established by SEMI (Semiconductor Equipment and Materials International), an international industry association for semiconductor manufacturing equipment manufacturers, material manufacturers, etc., with the aim of unifying international industrial standards for the semiconductor industry.

*2 CE Marking: Marking affixed to products that satisfy the standards of all European Union (EU) member countries.

*3 KC Mark: Mark affixed to products certified by a certification body designated by the Korean Agency for Technology and Standards (KATS) for electrical and electronic equipment, household products, wireless equipment, broadcasting equipment, information equipment, industrial equipment, etc. used in South Korea.

*4 KCs Mark: A compulsory certification system operated by the Korea Occupational Safety and Health Agency (KOSHA) for 11 types of industrial machinery used in South Korea.

*5 ISPM (International Standards for Phytosanitary Measures): Regulatory guidelines for wooden packaging materials in international trade

*6 IPPC (International Plant Protection Convention): IPPC's activities include the development of ISPM, implementation of technical cooperation, and exchange of information on pests and diseases.

Efforts to Enhance the Global Network

We are working on a global level to improve the skills of field engineers who visit our customers' factories to provide support for installation, setup, maintenance, and service.

We have strengthened the training of engineers of overseas Group companies and promoted standardization of work certification standards. In 2022, almost 90% of delivery and setup was performed by engineers of overseas Group companies.

In addition, we have established a defect database for sharing information on past troubles and deployed it globally to enhance support for engineers.

Service Support

The Group ensures a stable supply of spare parts and technical services by our experienced field engineers so that customers can use our equipment with a sense of security.

Maintenance

As a consequence of device miniaturization, the structure of our equipment is becoming more complex. We offer service package plans that cover all of the troublesome parts procurement and maintenance work. Please take advantage of the package plans.

Upgrading

We offer options such as upgrade kits and energy-saving parts that suit customers' operating methods. Please feel free to contact us with any questions you may have.

Used equipment/renovation

We handle used equipment of various models and process film types.

We also offer renovation plans for customers who have been using the equipment for a long time and wish to replace it with the latest unit.

Training Center

With the spread of COVID-19, we have been expanding online training. We are applying virtual training that utilizes the latest digital technologies (xR, smart glasses, etc.) to more equipment models and enhance the contents. Training materials and methods are shared with our overseas training centers, and we constantly strive to improve the content and quality of the training we offer.

The second training center in the United States was opened in 2023. As a result, we now have 10 training centers around the world and are increasing the number of trainers and upskilling them.

We will continue to provide high-quality training to ensure customers use our equipment safely, securely, and effectively.



Community Contribution Activities and Efforts to Coexist with Local Communities

Contributing to the development of local communities to achieve mutual growth by cherishing the environment and people.

Having good relationships with society and local communities is indispensable for our business activities. Our awareness that values connections with local communities has become even stronger. We will vigorously engage in various activities so that we can continue to develop and grow in harmony with the natural environment and the residents of all the communities where we operate.

Support for Traditional Performing Arts

Every year the 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."

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.

These festivals were canceled or scaled down during the COVID-19 pandemic from 2020 to 2022, but in 2023 they resumed their pre-COVID-19 style, with tourists once again coming to enjoy the festivals. They are the biggest festivals in Toyama Prefecture. A portion of the donations is used to help bequeath the prefecture's traditional culture to the next generation.

Sponsor of KATALLER TOYAMA

The Company has concluded an official partner agreement with Toyama-based KATALLER TOYAMA, a member of the J3 League of the Japan Professional Football League, for the fifth consecutive year since 2019. Since we share KATALLER TOYAMA's philosophy expressed in its "Making Toyama a thriving city" management policy, we are contributing to the sustainable development of Toyama Prefecture and regional revitalization through sports.

Sponsorship of Kids Sports Camp in Toyama

An annual sports camp featuring top athletes has been held in Toyama Prefecture for elementary school children. The Company endorses the camp's theme, "All people involved grow together," and has been sponsoring the camp since 2022, thereby contributing to the sustainable development of Toyama Prefecture and regional revitalization through sports.



©Toyama Tourism Organization (a public interest incorporated association)



Cleanup Activities on the Banks of the Ida River

Forty people—comprising employees of the Toyama Technology & Manufacturing Center and Group companies as well as family members—participated in the Ida Riverbank Cleanup Campaign on June 4, 2022, organized by the Yatsuo/Yasuuchi District Community Development Association. This was the first participation in the cleanup after a two-year gap due to the COVID-19 pandemic.

It was pleasant doing the cleanup in the refreshing early morning air.

Through these activities, we are raising employees' awareness of the importance of community contributions and promoting harmony with the local environment and people.



TABLE FOR TWO (TFT) Activities

In an endorsement of the activities of the non-profit organization TABLE FOR TWO International, the Toyama Technology & Manufacturing Center offers a different TFT menu each day at its canteen, Mountain View Cafeteria. A donation of 20 yen is raised for each TFT meal bought to provide school meals 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 developing countries and obesity in developed countries.

As part of the TFT program, the Company has installed a total of eight beverage vending machines in the Group's premises such as its head office and the Toyama Technology & Manufacturing Center. These efforts in 2022 led to the Company's recent certification as a 2023 Silver Partner. The Toyama Technology & Manufacturing Center introduced the TFT program in 2015.

Green Fund Vending Machines

The Toyama Technology & Manufacturing Center endorses the Toyama Afforestation Promotion Organization's Green Fund campaign whose objective is to promote forest maintenance and afforestation in order to contribute to the conservation of Toyama Prefecture's land blessed with water and greenery, enrichment of prefectural residents' lives, and prefectural administration and international cooperation. Thus, the Center has installed charity vending machines. In addition, the Center has installed several donation-type vending machines to support various organizations such as TFT, Pink Ribbon, and Gold Ribbon.

Community Contribution Activities and Efforts to Coexist with Local Communities

Support for the Navigator Dash Campaign

Kokusai Semiconductor Equipment Corporation (KSEC) in the U.S. donated 1,000 US dollars to Columbia Valley Elementary School on March 3, 2023.

The donation will help support more than 400 children from the kindergarten to the fifth grade. This is part of the school's annual Navigator Dash campaign. All the donations will be used for classroom materials, PE equipment, library books, music supplies, after-school activities, and free family events. We at KSEC are delighted to be supporting children in the local community.



Fire Scene Restoration Support

Eight employees of Kokusai Electric Korea Co., Ltd. (Kook Je Electric Korea Co., Ltd.) in South Korea participated in the fire scene restoration support organized by SEPAS, a voluntary service organization of a partner company of Kokusai Electric Korea's customer (Samsung) on December 10, 2022. A fire at a multi-household residence in Suwon, Gyeonggi-do on September 1, 2022, caused fatalities and, in the aftermath of the fire, vulnerable people continued to live there in a poor environment with debris and garbage. Some 40 participants, including employees of Kokusai Electric Korea and members of a voluntary service organization, removed various types of garbage, including plywood, lumber, roof tiles, wallpaper, and household waste, and cleaned up the residence. We pray that the affected people will overcome the hardship caused by the fire and resume their normal lives as soon as possible.



Work Experience and Internship Programs for Students

Kokusai Electric Asia Pacific Co., Ltd. (KAP) in Taiwan offered a practical training program on October 3 and October 11, 2022, to support university students in their job search and to help them improve their career development skills, competitiveness in the workplace, and ability to integrate smoothly into the workplace. At the same time, through this project, Kokusai Electric Asia Pacific has concluded an agreement with a university on student internship programs to diversify recruitment.



① Introduction of the company and the industry

Date: October 3 and October 11, 2022

Lecturers: Michael Hou, Vice President, Equipment Sales Dept.

Leo Liu, Senior Manager, Human Resources & General Affairs Dept.

Location: Chung Hua University

② Students' Work Experience

Date: From January 13 to February 10, 2023

Participating departments and persons:

Engineering Dept.: 2 persons

Administration Dept.: 1 person

Place: KAP

Participating in a Customer's Voluntary Environmental Protection Activity

Date: March 9, 2023 Participants: 13 Place: Nankan River

Employee volunteers of Kokusai Electric Asia Pacific Co., Ltd. (Taiwan) participated in a customer's voluntary environmental protection activity on March 9, 2023. They picked up garbage along the Nankan River to protect the river's ecosystem from garbage flowing into it. Through this activity, the participants deepened their understanding of the impact that humans can have on the environment. Garbage not only pollutes rivers but is also likely to be swept away and end up in the ocean by typhoons, heavy rains, and floods, affecting the entire marine ecosystem. Through these activities, KAP is deepening employees' understanding of the importance of environmental protection.



Governance

Strengthening of the Governance System to Realize Sustainability Management

By pursuing the enhancement of corporate value through business activities and ESG initiatives, our sustainability management aims to contribute to the achievement of the SDGs while seeking to realize a sustainable society as well as sustainable development of the Group.

To achieve sustainability management, we have established a robust governance structure to ensure the sustainable development of the Group without compromising the Group's corporate value and aim to remain a clean enterprise that earns the trust of society.

Strengthening of Governance

Enhancement of governance

2018

June

- › Succeeded to the Deposition Process Solutions business of Hitachi Kokusai Electric Inc. by a company split and changed the company name to KOKUSAI ELECTRIC CORPORATION
- › Company with a board of directors and a board of auditors
- › Introduced an executive officer system

August

- › Introduced a compliance whistleblower system

December

- › Appointed an Independent Auditor

2021

January

- › Transitioned to a company with a board of auditors

March

- › Appointed a female Outside Director

April

- › Established the Compliance Committee

2021

June

- › Transitioned to a company with an audit and supervisory committee (Outside Directors constituting a majority)
- › Established the Nomination and Compensation Committee and the Transactions with Controlling Shareholders Committee as consultation organizations for the Board of Directors

July

- › Changed the Compliance Committee to the Risk-Compliance Committee

October

- › Appointed a shareholder registry administrator

2022

April

- › Established the Corporate Slogan
- › Evaluated the effectiveness of the Board of Directors for fiscal 2021

July

- › Established the Sustainability Committee

December

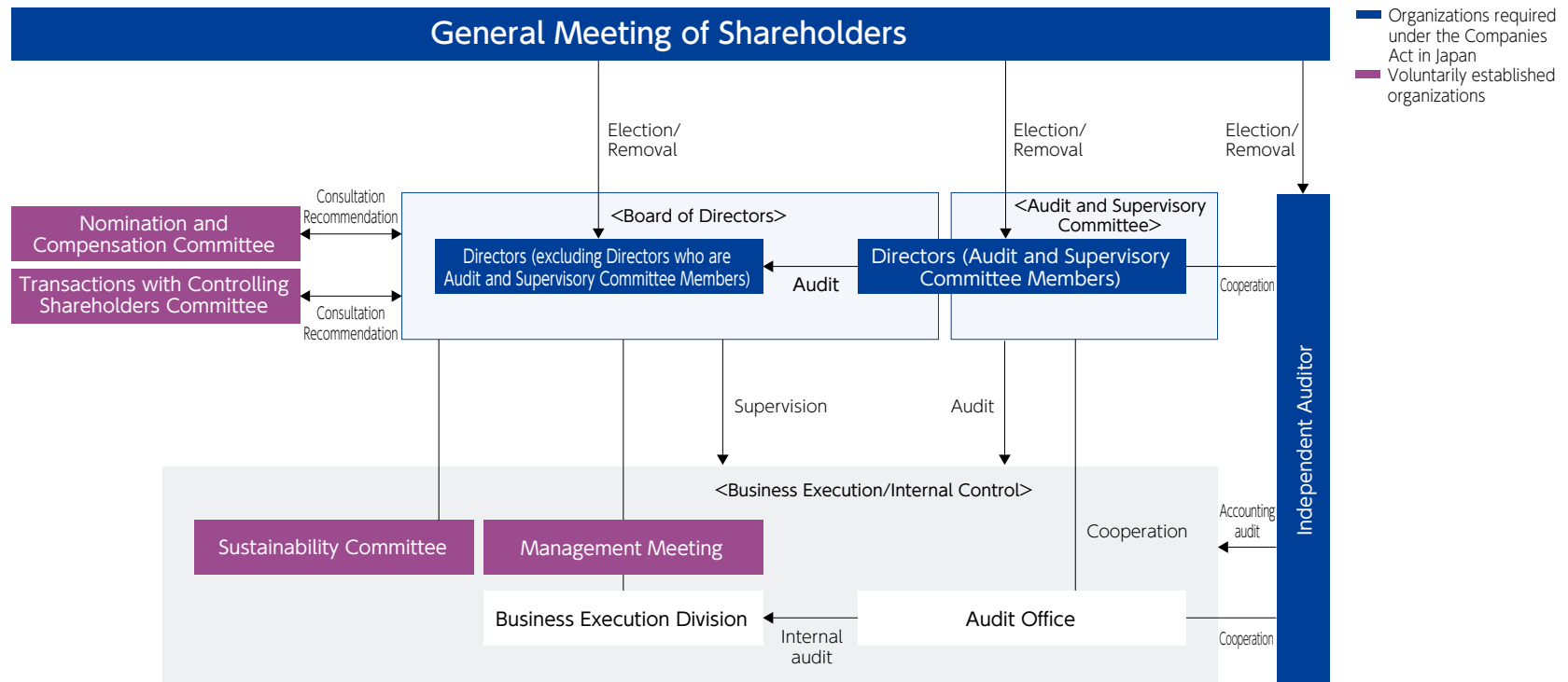
- › Established the KOKUSAI ELECTRIC Way
- › Identified materiality (key issues to be addressed)

Governance

Basic Approach to Corporate Governance

In accordance with the Corporate Philosophy, "supporting a future where creativity and innovation are born out of Technology and Tai-wa," the Group is continuously working to enhance corporate governance enabling fast and decisive decision-making based on appropriate risk-taking in order to enhance the trust of stakeholders, including shareholders, investors, business partners, and employees. To strengthen the supervisory function of the Board of Directors and ensure flexible decision-making by the management team, the Company has adopted a company with an audit and supervisory committee system. In addition, half of the members of the Board of Directors are independent Outside Directors with extensive expertise, and Executive officers, who constitute the management team, execute business in accordance with the basic policies and other matters re-

solved by the Board of Directors. In this way, management's supervisory function and executive function are segregated to the extent possible. Moreover, from the viewpoint of ensuring the effectiveness of corporate governance and transparency of procedures, decisions on the appointment and dismissal of Directors and executive officers, succession planning, and compensation require consultation in advance with the Nomination and Compensation Committee, the majority of whose members are independent Outside Directors. Furthermore, transactions with controlling shareholders and other parties require consultation in advance with the Transactions with Controlling Shareholders Committee, whose members consist solely of independent Outside Directors, in order to confirm in advance the appropriateness of such transactions.



Governance

Board of Directors

The Company's Board of Directors comprises ten Directors: Fumiyouki Kanai (Representative Director, President and Chief Executive Officer) as chair, with Yuji Kamiya (Director, Executive Vice President and Executive Officer), Unryu Ogawa (Director, Executive Vice President and Executive Officer), Masaki Nakamura (Director), Noriko Sakai (Outside Director), Masaaki Tsuruta (Outside Director), Hirofumi Hirano (Outside 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). To ensure decision-making from a wider viewpoint and the objective supervision of business execution, half of the members of the Board of Directors are Outside Directors. In principle, the Board of Directors meets at least 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 specified by the Board of Directors Regulations, such as the basic policy on Group management, basic strategies, and the medium-term management plan. Moreover, the Board of Directors supervises the execution of duties by executive officers in accordance with the basic policy and the basic strategies determined by the Board of Directors. We analyze and evaluate the effectiveness of the Board of Directors every fiscal year in order to improve its functions. Such evaluation and analysis are conducted regarding the composition of the Board of Directors, its functions, and discussions based on self-evaluation by all Directors and evaluation by an external third party with expertise. It is judged that the effectiveness of the Board of Directors has been ensured in fiscal 2022. The Company will continue striving to continuously enhance the effectiveness of the Board of Directors by addressing the issues identified in such evaluation and analysis.

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 at least 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 at least twice a month. The Management Meeting deliberates and determines important matters concerning business execution in accordance with laws, articles of incorporation, and internal rules and regulations.

Outside Directors/Independent Directors

The Company's Board of Directors comprises ten Directors including one female Director, of whom five Directors have extensive experience and advanced expertise as well as being knowledgeable about semiconductor-related businesses, and five Directors are 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.

Nomination and Compensation Committee

The Company voluntarily established the Nomination and Compensation Committee in June 2021 to clarify the Company's policy on executive assignment and compensation and to ensure transparency in the decision-making process. The committee is chaired by an Outside Director and consists of three Outside Directors and two Internal Directors for a total of five members. Regarding nomination, the committee deliberates on the basic policy on the nomination of candidates for Representative Directors, Directors, and executive officers (hereinafter "Executives of the Company"), proposals for their appointment and dismissal, training for the Executives of the Company, successor development planning, and other matters. Regarding compensation, the committee deliberates on the policy on the determination of the details of compensation, etc. for individual Executives of the Company (excluding Directors who are Audit and Supervisory Committee Members), as well as on the details thereof. The results of deliberations by the Nomination and Compensation Committee are reported to the Board of Directors, which makes the final decision. In fiscal 2022, the committee met eight times, and all committee members, including Outside Directors, attended all meetings.

Governance

Skills Matrix

Outside : Outside Director Independent : Independent Directors

		Directors							Directors (Audit and Supervisory Committee Members)			Executive Officers						
		Fumiya Kanai	Yuji Kamiya	Unryu Ogawa	Masaki Nakamura	Noriko Sakai <small>Outside Independent</small>	Masaaki Tsuruta <small>Outside Independent</small>	Hirofumi Hirano <small>Outside</small>	Toshiyuki Uchino	Hitoshi Kumagai <small>Outside Independent</small>	Hirohito Nakada <small>Outside Independent</small>	Hidehiro Yanagawa	Kazunori Tsukada	Masayuki Yamada	Yoshitaka Kawakami	Kenji Kanayama	Naotoshi Yamamine	Masami Miyamoto
Enhancement of corporate value	Corporate management	●	●	●	●		●	●		●		●	●					
	Finance/accounting		●		●			●		●				●				
	Internal control/corporate governance	●	●	●	●	●	●	●	●	●	●	●		●	●		●	
	Legal affairs/risk management		●			●					●							
	Human resources	●	●															
Company's sustainable growth	Knowledge of the semiconductor industry	●	●	●	●		●	●	●		●	●	●	●	●	●	●	●
	R&D/design	●		●			●		●		●		●		●			
	Global	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Business strategy	●					●		●			●	●					
	Service strategy	●							●			●	●				●	
Business promotion	Production/quality assurance/ supply chain management	●							●			●		●			●	
	Sales											●	●					●
	DX/IT											●	●		●			

Reasons for Selection of Skills Matrix Items

The Company conducted an awareness survey of executive officers regarding the skills whose importance and priority for the Company's management are considered to increase in view of the Company's organizational and functional structure. The survey results were organized in terms of "enhancement of corporate value," "the Company's sustainable growth," and "business promotion," and the knowledge, experience, and abilities required and expected of each Director and executive officer are listed in the skills matrix.

Governance

Promotion of Group Governance

We launched the Group Governance Project in fiscal 2022. In order to achieve Group governance, Group Functional Teams (GFTs), which are Group-wide teams organized according to functions, are developing rules and regulations, have set key performance indicators (KPIs) for Group activities, and are following up progress. Going forward, the framework will be modified in order to ensure compliance and achieve Group governance so as to contribute to the improvement of the financial performance of the Group as a whole.

Internal Controls

The Group strives to maintain its internal control system by establishing the Basic Policy on Internal Control Systems, improving the system to ensure appropriate execution of the Group's operations, while also establishing an Internal Control Committee (which convenes twice a year) chaired by an executive officer responsible for finance and accounting.

The Audit Office, under the direct control of the President, 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 a 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 recognizes its approach to compliance that ensuring compliance with laws and regulations and the Articles of Incorporation is mandatory and indispensable. Accordingly, we are demonstrating our commitment to acting properly in light of corporate ethics as an enterprise and as individuals who earn the trust of society.

The Group considers compliance initiatives as an important measure and has established the Compliance Standards, the Basic Rules for Compliance, and the Compliance Committee Rules, as well as the Compliance Committee, in accordance with these rules. The Compliance Committee monitors various types of compliance related to the Company's business, and discusses and implements policies and measures, such as training programs for compliance.

In fiscal 2023, the Group began operating a whistleblower system available to all stakeholders of the Group, and has conducted compliance training in local languages and in accordance with revised laws in order to raise the compliance awareness of executives and employees of the Group.

Tax Policy

The Group complies with the laws and regulations of countries and regions, and properly files tax returns and pays taxes in accordance with the standards issued by international organizations, such as the OECD Transfer Pricing Guidelines*1 and the BEPS Action Plan*2.

In addition, the Group shall strengthen tax-related governance and ensure tax transparency by fair and timely disclosure of financial conditions. Furthermore, by enhancing transparency, we strive to establish, maintain, and develop sincere and sound cooperative relationships with tax authorities of countries and regions.

*1 OECD Transfer Pricing Guidelines: Guidance on transfer pricing for multinational enterprises and tax administrations

*2 BEPS : The abbreviation of Base Erosion and Profit Shifting.

Anti-corruption

In order to ensure compliance throughout the Group, the Company has established the KOKUSAI ELECTRIC Group Anti-corruption Policy to be observed by all executives, employees, etc. of the Group, and has declared that we will not, under any circumstances, engage in any conduct that violates the laws and regulations of the country in question, the Group's rules and regulations, social norms, and corporate ethics, or in any corrupt practices, etc. (including all improper conduct that may fall within the scope of these items) in connection with our business activities. Based on this policy, the Company regularly conducts e-learning and other educational programs in multiple languages on the prevention of corrupt practices, etc. for executives involved in business execution and employees of the Group. In addition, the Company conducts compliance-related training, including on the prevention of corrupt practices, etc., for all executives of the Company. Furthermore, in order to reduce the risk of corrupt practices, etc. in the Group's business activities, the Company screens all new business partners for overall risks, including corrupt practices, etc., before commencing business with them.

Initiatives for Security Export Control

1. Ensure compliance with applicable laws and regulations

In Japan, the Foreign Exchange and the Foreign Trade Act (FEFTA) and various laws and regulations based on FEFTA have been established to regulate exports detrimental to the maintenance of international peace and security. The law requires exporters to implement appropriate control. Given that the majority of our customers are located overseas and that some of the products and parts we export include regulated items, we have made it our corporate policy to ensure compliance with the above laws and regulations and are implementing this policy. Specifically, the Company has established an export control organization in which the President serves as the Chief Export Control Officer and the executive officer in charge of legal affairs serves as the Transaction Screening Officer. The Company

Governance

has also established internal rules and determined division of roles regarding procedures for classification and transaction screening and is implementing the procedures.

Moreover, the Company has described such internal export control system in the Company's rules and notified the Ministry of Economy, Trade and Industry.

2. Implement appropriate self-control

The Group operates business in cooperation with Group companies located in various regions of the world, and these Group companies also export to customers and other Group companies on a daily basis. Exporting from foreign countries is primarily governed by the export control laws and regulations of the countries in question. While ensuring compliance with these laws and regulations, we have established separate global rules applicable to all Group companies in order to ensure that the required standards stipulated by Japanese laws and regulations are satisfied. Moreover, a person in charge of export control is assigned to each Group company and Group companies are implementing export control on their own initiatives. As export control is an important matter directly related to international security, in view of the legislative spirit behind such laws and regulations, our global rules include control items in addition to the contents stipulated in Japanese laws and regulations in order to prevent any actions that may result in a loss of confidence in our corporate brand.

Implementation of ISO Governance and Management Standards


Approach to ISO Governance

The Group's production sites, Toyama Technology & Manufacturing Center and the Cheonan Factory of Kook Je Electric Korea Co., Ltd. (Kokusai Electric Korea Co., Ltd.), shall maintain ISO 9001 (quality), ISO 14001 (environment), and ISO 45001 (occupational health and safety) certifications. Each of them shall provide highly reliable, safe, and environmentally friendly products and services incorporating cutting-edge technology through total management based on the linkage of management systems.

Continuous improvement in equipment development, sales activities, and overall processes from design to manufacturing, installation and setup, and after-sales service shall be pursued not only to ensure compliance with the requirements of each standard but also to improve effectiveness.

Internal auditors with qualifications for three types of management systems (quality, environment, and occupational health and safety) shall be fostered. Internal audits of the management systems, which are conducted once a year, shall be performed jointly by the internal auditors with the qualifications for the three types of management systems. Audit findings and correction details shall be shared and efforts shall be made to achieve total optimization rather than improvement of individual items.

VOICE



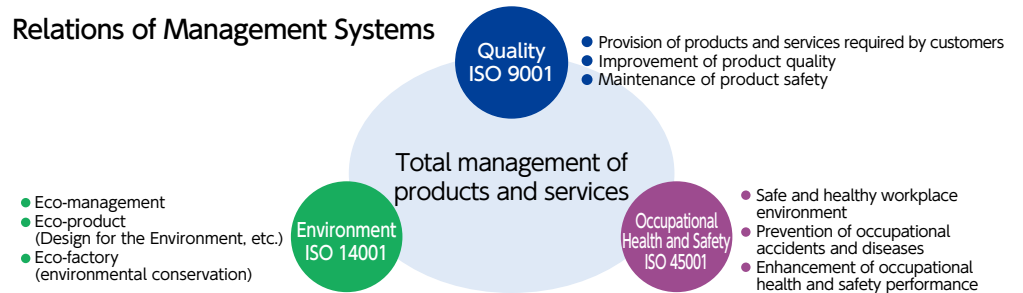
Satomi Matenokoji
Senior Manager, Quality Assurance Department

Since obtaining ISO 9001 certification in 1995, we have conducted internal audits of management systems at least once a year. The 46th internal quality audit was conducted in 2023. Some of the employees have been engaged in internal audits for a long time. In recent years, with an emphasis on refreshing the knowledge and improving the competence of internal auditors, we have held training to review the standards and seminars on auditing methods (process, approach, etc.) with the participation of invited external lecturers.

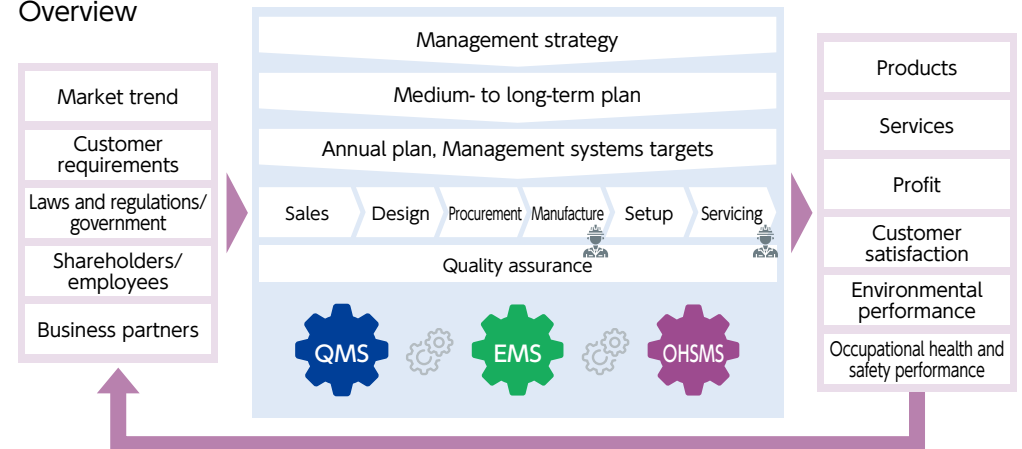
We are also training new internal auditors and working to increase the number of those who have a detailed understanding of management systems.

The objectives of internal audits are not limited to confirming compliance with the requirements of ISO standards and making improvements based on findings. Internal auditors can gain knowledge through involvement in audits of other departments and reflect best practices in improvement activities of their own departments, thereby promoting continuous improvement.

Relations of Management Systems



Overview



Governance

Thorough Management of Major Business Risks

Risk Management

As well as reviewing the impact of each identified risk on business continuity and the effectiveness of countermeasures, we conduct regular risk assessments in all departments to identify new risks that may arise as social situations and the business environment change. The results of risk assessments are discussed by the Sustainability Committee, which reports its findings to the Board of Directors. We are continuously striving to strengthen risk countermeasures and business continuity plans to ensure that they are thorough.

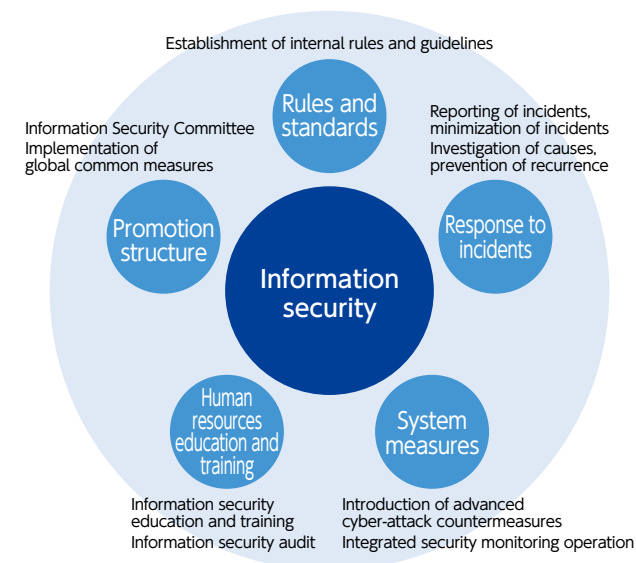
Major risks and countermeasures

No.	Risk classification	Possible situation	Initiatives for risks
1	Politics and economy	Restrictions on business activities due to the impact of policies of countries and regions on economy, industry, security, etc.	<ul style="list-style-type: none"> Monitoring of information on policies of countries and regions Prior consideration of alternative measures for sales, production, import/export, services, etc., and division of labor to ensure preparedness for various possible restrictions
2	Pandemics	Stagnation of business activities due to clusters of infections within the Company, travel restrictions to other countries and regions, etc.	<ul style="list-style-type: none"> Operation of a countermeasure council chaired by the President Thorough implementation of infection prevention measures at each business site Consideration of alternative measures to ensure preparedness for possible restrictions on business activities
3	Market needs	Long-term market stagnation or poor financial performance of the Company due to inability to keep up with rapid changes (increase or decrease) in demand	<ul style="list-style-type: none"> Identification of market and customer trends Periodic review and consideration of countermeasures at executive meetings, etc.
4	Products and quality	Failures of customers' products due to defects of the Company's products; deterioration of trust due to the occurrence of safety or environmental incidents	<ul style="list-style-type: none"> Investigation of causes of defects and thorough implementation of activities to prevent recurrence Promotion of product safety design and product quality improvement measures
5	Intellectual property	<ul style="list-style-type: none"> Infringement of the Group's intellectual property rights by third parties Infringement of intellectual property rights of third parties 	Collaboration among various departments led by the intellectual property strategy department and with external experts and responses
6	Response to environmental issues	<ul style="list-style-type: none"> Deterioration of social credibility due to the occurrence of environmental contamination incidents Stagnation due to inadequate compliance with environmental laws and regulations of countries and regions 	<ul style="list-style-type: none"> Thorough management, inspection, etc. based on ISO 14001 Grasping of laws, regulations, and ordinances of countries and regions
7	Procurement and production	Stagnation of production activities and delivery delays, cancellation of orders received, etc. due to delays or stoppages of the supply of procured parts	Preparation of alternative measures by strengthening daily collaboration with customers and business partners; shift to procurement from multiple vendors
8	R&D	Decline in product competitiveness and poor financial performance due to the inability to lead or keep up with competition in technological development	<ul style="list-style-type: none"> Aggressive and effective R&D investment Promotion of joint research with external research institutions
9	Compliance	Administrative penalties due to non-compliance with laws and regulations of countries and regions, need to pay compensation for damage, and deterioration of reputation and trust in society	Regular monitoring by the Compliance Committee and internal audits, etc.; establishment of points of contact for consultation with external experts
10	Human resources	Stagnation in securing and developing human resources; decline in competitiveness due to outflow (retirement) of excellent human resources	<ul style="list-style-type: none"> Promotion of creation of safe and mentally and physically rewarding workplaces and health & productivity management Expansion of in-house training programs
11	Large-scale disaster	Stagnation of production and parts supply due to damage to the Group's production sites and business partners	<ul style="list-style-type: none"> Formulation of production BCP and a manual for large-scale disaster countermeasures Establishment of alternative production systems and strengthening of collaboration with suppliers
12	Information security	System shutdown and information leakage due to cyber-attacks and unauthorized access, resulting in business stagnation and deterioration of social credibility	Continuous improvement led by the Information Security Committee in terms of both employee awareness and countermeasures for systems

Information Security

In order to contribute to a digital society that is sustainable and rich in diversity and creativity, the Group will upgrade its information security measures in pursuit of both the promotion of data utilization and data security measures.

We believe that it is our social mission to handle information assets securely and appropriately and we act accordingly. Moreover, in order to protect the entire global business environment from cyber-attacks, we will reinforce vulnerability countermeasures through multi-layered defense.



Cleanrooms

Flooding, including typhoons and torrential rain, has accounted for the majority of natural disasters in recent years, in terms of the number of natural disasters. However, in considering BCP measures, earthquakes are significant in terms of the degree of damage because of the risk of equipment collapse and fires occurring at the same time. BCP measures include strengthening the resistance of equipment and facilities in cleanrooms and implementing measures for energy supply facilities from the viewpoint of early recovery in the event of such natural disasters. We will implement concrete measures to minimize damage caused by natural disasters and resume production and R&D as soon as possible.

Governance

“Tai-wa” with Stakeholders

Collaboration with Stakeholders

The Group promotes vigorous collaboration with all stakeholders, including customers, builds relationships based on mutual trust, and engages them in value creation to the greatest extent possible.

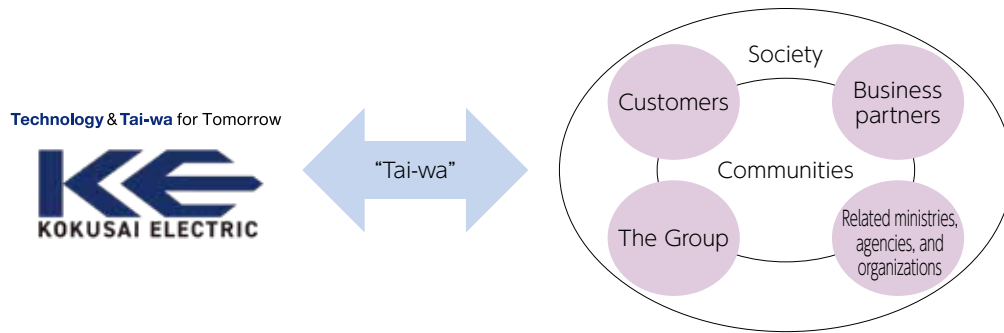
Collaboration with stakeholders (examples)

Stakeholders	Our commitment to stakeholders	Collaboration and departments in charge (examples)	
Customers	Create value to contribute to the resolution of social issues jointly with customers	Technology exchange meetings, joint development projects, customer satisfaction surveys, various negotiations and meetings	Sales departments, Design/development departments, Field engineering 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 conferences, occupational health and safety committee, employee survey, stress checks, health guidance, internal communication, awareness raising	Human resources and corporate administration departments, Public relations & IR 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 communities proactively to contribute to their development	Support for maintaining and developing traditional arts, participation in volunteering activities, sponsorship of professional soccer team, direct exchanges with local residents and companies in the neighborhood	Sustainability planning department, Human resources and corporate administration departments, Environmental management departments
Shareholders/ Investors	Engage in constructive “Tai-wa” with stakeholders based on vigorous dissemination of information and share their views in the company for the creation and expansion of corporate value	Dissemination of information and response to inquiries through the website etc.; response to interviews with institutional investors, securities firms, and the press; General Meeting of Shareholders	Public relations & IR departments, Legal departments, Finance & accounting departments
Relevant organizations of which the Company is a member	Collaborate with various organizations and continue our efforts to resolve issues related to human rights, labor, the environment, anti-corruption, and business	Vigorous participation in events organized by the organizations of which the Company is a member; disclosure of information on our initiatives through the website, corporate report, and other media	Business planning departments, Sustainability planning departments, Environmental management departments

Governance

Information Disclosure to Stakeholders

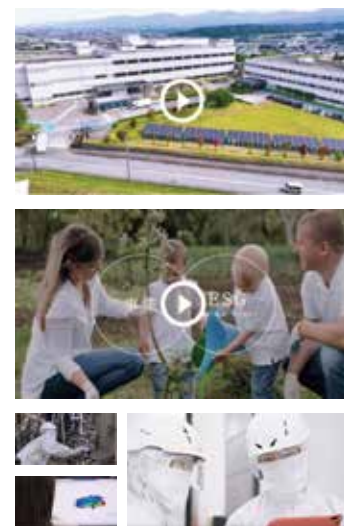
As an enterprise involved in semiconductors, which are indispensable to society, the Group considers enhancing management transparency to be one of its most important responsibilities. Based on this belief, we disclose corporate information to our stakeholders in a fair, impartial, timely, and appropriate manner and vigorously engage in dialogue with stakeholders to ensure highly transparent and reliable management and fulfill our corporate social responsibility.



Website, Global Site



Company profile video



News releases



CORPORATE REPORT



Internal newsletters, One Kokusai News



Roundtable talk between Outside Directors



KOKUSAI ELECTRIC's Governance System: Preparing to Go Public

KOKUSAI ELECTRIC is promoting corporate governance reforms for sustainable growth and value creation in preparation for going public and is vigorously incorporating objective external perspectives into management. Two Outside Directors discuss KOKUSAI ELECTRIC's current situation, issues, and future direction.

Noriko Sakai

Outside Director (Chairperson of the
Nomination and Compensation Committee)

Masaaki Tsuruta

Outside Director (Member of the
Nomination and Compensation Committee)



Q. Board of Directors meetings with frank and lively discussions

Sakai As a lawyer at law firms in Japan and overseas, I have dealt with diverse issues mainly corporate legal affairs. In 2021, I heard that KOKUSAI ELECTRIC was introducing an outside director system. In an interview with KOKUSAI ELECTRIC's management team, we had a frank exchange of opinions. Having listened to their explanation of the Company's policy of respecting the opinions of Outside Directors, I decided to take the position.

Tsuruta In the course of more than 30 years working for an electronics manufacturer, I was responsible for system development for consumer-use video cameras, televisions, games, and other products. This involved the development of key custom semiconductors as well as the associated software, and enabled me to cultivate enduring relationships in the semiconductor industry and acquire knowledge. Subsequently, I served as the president of a Japanese subsidiary of a foreign semiconductor company. Similar to you I had an interview with KOKUSAI ELECTRIC's executive team when the Company was promoting corporate governance reforms with the aim of going public. I was appointed to the position of Outside Director in 2021.

Sakai I was impressed by KOKUSAI ELECTRIC's evident seriousness and sincerity. At Board of Directors meetings where we, Outside Directors, speak frankly and freely, the management team always listens to our opinions attentively and respectfully.

Tsuruta I completely agree. I think those qualities are also reflected in KOKUSAI ELECTRIC's management policies. In terms of the focus of top management, whereas Japanese companies generally emphasize revenue, foreign companies tend to pursue profit. I recognize the difference between Japanese and foreign companies regarding the setting of profit margins for products, efforts to increase profit, negotiations, and so on. Considering how foreign companies operate, I often feel that KOKUSAI ELECTRIC could publicize more, given its technological capabilities. Nevertheless, my impression is that simplicity and fortitude have taken root and are reflected in the Company's management and that the employees are committed to modesty, integrity, and resilience.

Q. The Nomination and Compensation Committee steadily contributing to the development of the governance system

Tsuruta I think you as a lawyer, naturally speaks primarily from a legal perspective. As for me, I tend to state opinions drawing on information and observations rooted in my knowledge of semiconductors and the relationships I have cultivated over the years, as well as my managerial experience at a foreign company. I have also been endeavoring to ensure that my comments contribute to substantive discussions at Board of Directors meetings. In light of these discussions, identified areas of improvement and correction are being continually addressed. Indeed, it is evident to me that the Company's governance functions have been enhanced.

Sakai I fundamentally feel the same way. Although my background is quite different from that of you I believe that opinions and questions should be expressed from different perspectives when considering the role of the Board of Directors, and it is noteworthy that this is what is happening. The Company is responding promptly to our requests, such as for early distribution of meeting materials, expressed in responses to the questionnaire survey on the effectiveness of the Board of Directors conducted by the Company.

Tsuruta Yes. In order for us Outside Directors to express our opinions and point out issues in the limited time available at Board of Directors meetings, we wanted to have meeting materials in advance so that we could be prepared. Discussions at the Nomination and Compensation Committee have also steadily produced results.

Sakai That's true. We are proceeding with our deliberations on nomination and compensation, respectively, step by step. As regards nomination, CEO succession planning is the topic of our discussion. We are also using external consultants and identifying the human resources needed and the training that candidates for executive positions require. On compensation, we had discussions, taking into consideration performance and the market, and from the perspective of whether the compensation scheme can maintain competitiveness globally. The results of these discussions are reflected in the compensation plan.

Governance

Roundtable talk between Outside Directors



Tsuruta Though operating globally, KOKUSAI ELECTRIC may not need personnel evaluation standards as stringent as those of foreign companies. But as the Company intends to go public, it would be a good idea to improve the system, including a review of the personnel compensation system. If the Company is going to introduce a personnel compensation system and an evaluation system, similar to those of foreign companies, I am ready to provide various data, drawing on my experience at a foreign company.

Sakai I think your advice is always illuminating. Please continue to give us useful advice.

Q. Established the corporate slogan suggesting a future

Sakai KOKUSAI ELECTRIC has established the corporate slogan, "Technology & Tai-wa for Tomorrow." I think this slogan is succinct, deep, and powerful, combining "Technology," "Tai-wa," and "Tomorrow." The Company develops, manufactures, and sells semiconductor manufacturing equipment, and at the core is "Technology." Positioning "Tai-wa" with a significance equal to that of "Technology," the Company clearly states that it is engaged in a holistic dialogue comprising "Tai-wa with cutting-edge technology," "Tai-wa with the natural environment," "Tai-wa with social issues," and "Tai-wa with ourselves." These values are incorporated in the corporate slogan articulating the Company's determination to be a vital member of the sustainable society of the future.

Tsuruta I agree. The corporate slogan was created in-house based on "Technology" and "Tai-wa." Ultimately, the Board of Directors passed the resolution on the corporate slogan unanimously. Initial ideas for the corporate slogan were rather abstract. As it prepares to go public, the Company now has a corporate slogan that conveys the corporate identity and its ambitions as a commercial enterprise. The Company's materiality identified also has a holistic appeal. In identifying materiality, the awards the Company has been receiving every year and environmental factors were also taken into consideration.

Sakai That's true. The linkage of materiality to the realization of the corporate slogan has also been clarified. Participation in international initiatives, such as joining the United Nations Global Compact and endorsing the TCFD, as well as gaining certification as a 2023 Silver Partner of TABLE FOR TWO International, are concrete metrics of sustainability activities concerning materiality. In terms of disclosure to stakeholders, I think the goal of the Company's sustainability activities also became very clear.

Tsuruta For environmental management, top-down and bottom-up approaches have both been working effectively. The Company adopted a top-down approach to chart a course as an enterprise that emphasizes ESG initiatives. Based on this policy, specific activities, for example, which departments should get involved in which awards and initiatives, were proposed and determined through a bottom-up approach. In this way, company-wide ESG initiatives are being implemented.

Q. Becoming an industry leader

Sakai KOKUSAI ELECTRIC has made progress with investment in human capital, as indicated by recognition as a 2023 Certified Health & Productivity Management Outstanding Organization and signing the Women's Empowerment Principles (WEPs). Signing the WEPs is noteworthy as an expression of the Company's commitment to helping accelerate women's advancement.

Tsuruta Basically, I believe there should be no distinction or discrimination regarding employees. Japanese companies tend to have fewer female managers and female executives compared to foreign companies. I don't think just barely keeping up with the standards set by the government is appropriate. In fact, I would like KOKUSAI ELECTRIC to be proactive in disseminating information about gender equality. I would like to see the Company move ahead of the rest of the industry in proactively communicating information about diversity, equity, and inclusion, including for people with disabilities and all demographics.

Sakai I agree. As a manufacturer of semiconductor manufacturing equipment, it will be essential for KOKUSAI ELECTRIC to develop technologies and new products in response to the frequent generational changes in semiconductors. No matter what industry you are in, new product development comes with risks. In order to develop a system that can take such risks, it is important to have a firm foundation consisting of sufficient human capital and sound governance. With this in mind, I think an important mission for us as Outside Directors is to create a system that enables monitoring, while making necessary improvements to the current system launched in 2021.

Tsuruta I have been involved in the semiconductor industry for a long time. So I will provide information on technology and product trends and offer my opinions and advice, reflecting my experience at a foreign company, with a focus on schemes and points to bear in mind to improve management efficiency.

Sakai Globally, stakeholders are increasingly paying attention to non-financial aspects. Overseas, there are cases in which messages and information disclosed on companies' websites related to non-financial aspects have led to lawsuits as well as a decline in stock prices in the event of a scandal. I would like to share this understanding with the management team as well.

Tsuruta That is an excellent suggestion. I think KOKUSAI ELECTRIC is one of the leading companies in the semiconductor manufacturing equipment industry. Personally, I believe that the Company should also aspire to a leading role in the industry. For the time being, we should focus our efforts on clearing the big hurdle of going public, but after that, I think the Company should also be vigorously involved in the various issues facing the semiconductor industry. By combining my experience in the semiconductor industry and your knowledge of international legal affairs, we will be able to provide the Board of Directors with advice that will help KOKUSAI ELECTRIC's management steer the Company toward the attainment of its aspirations. I look forward to continuing to work with you.

Sakai I fully reciprocate your generous sentiment.



Governance

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. (Now, Renesas Electronics Corporation)
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)

**Unryu Ogawa**
Director

Career Summary

April 1997 Kokusai Electric Co., Ltd. (Now, Hitachi Kokusai Electric Inc.)
April 2016 Executive Officer and Deputy General Manager, Semiconductor Process Engineering Division, Hitachi Kokusai Electric Inc.
June 2018 Senior Vice President and Executive Officer, the Company
April 2021 Executive Vice President and Executive Officer, the Company
June 2022 Director, Executive Vice President and Executive Officer, the Company (Current position)

**Masaki Nakamura**
Director

Career Summary

April 2010 McKinsey & Company
February 2014 KKR Capstone Japan Limited
February 2017 Director, HKE Holdings LLC
December 2017 Director, HKE Holdings Co., Ltd. (Now, the Company) (Current position)
January 2021 Director, KKR Japan Limited
January 2024 Managing Director, KKR Japan Limited (Current position)

**Noriko Sakai**
Outside Director

Career Summary

April 1997 Nagashima & Ohno (Now, Nagashima Ohno & Tsunematsu)
December 2005 O'Melveny & Myers gaikokuho kyodogyo horitsujimusho
February 2008 Partner, O'Melveny & Myers gaikokuho kyodogyo horitsujimusho
January 2017 Partner, Hiramawa 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)

**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 Limited (Current position)
March 2021 Outside Director, the Company (Current position)
April 2022 Part-time Director, KJR Management (Current position)

**Toshiyuki Uchino**

Director (Full-time Audit and Supervisory Committee Member)

Career Summary

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

**Hitoshi Kumagai**

Outside Director (Audit and Supervisory Committee Member)

Career Summary

December 1997 New York Office, KPMG Peat Marwick LLP (Now, KPMG LLP)
October 2002 KPMG FAS Co., Ltd.
October 2006 Representative Director, Integrated Advisory Co., Ltd. (Now, Trustees FAS Co., Ltd.) (Current position)
January 2021 Outside 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 Outside Corporate Auditor, the Company
June 2021 Outside Director (Audit and Supervisory Committee Member), the Company (Current position)

Directors who are Audit and Supervisory Committee Members

Governance

Executive Officers

**Fumiyuki Kanai**

Representative Director, President and Chief Executive Officer

Career Summary

April 1981 Hitachi, Ltd.
April 2003 Renesas Technology Corp. (Now, Renesas Electronics Corporation)
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, Executive Vice President and Executive Officer

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)

**Unryu Ogawa**

Director, Executive Vice President and Executive Officer

Career Summary

April 1997 Kokusai Electric Co., Ltd. (Now, Hitachi Kokusai Electric Inc.)
April 2016 Executive Officer and Deputy General Manager, Semiconductor Process Engineering Division, Hitachi Kokusai Electric Inc.
June 2018 Senior Vice President and Executive Officer, the Company
April 2021 Executive Vice President and Executive Officer, the Company
June 2022 Director, Executive Vice President and Executive Officer, the Company (Current position)

**Hidehiro Yanagawa**

Executive Vice President and Executive Officer

Career Summary

April 1988 Kokusai Electric Co., Ltd. (Now, Hitachi Kokusai Electric Inc.)
April 2018 Executive Officer and General Manager - Volume Manufacturing & Engineering Unit, Semiconductor Process Engineering Division, Hitachi Kokusai Electric Inc.
June 2018 Corporate Vice President and Executive Officer, Vice President - Volume Manufacturing & Engineering Unit; Vice President - Volume Manufacturing Design Division, the Company
April 2021 Senior Vice President and Executive Officer, the Company
April 2023 Executive Vice President and Executive Officer, the Company (Current position)

**Kazunori Tsukada**

Senior Vice President and Executive Officer

Career Summary

April 1986 Kokusai Electric Co., Ltd. (Now, Hitachi Kokusai Electric Inc.)
June 2018 Corporate Officer, Vice President, Sales Division, the Company
April 2019 Corporate Vice President and Executive Officer, Vice President, Sales Division, the Company
April 2022 Senior Vice President and Executive Officer, the Company (Current position)

**Masayuki Yamada**

Senior Vice President and Executive Officer

Career Summary

April 1983 Kokusai Electric Co., Ltd. (Now, Hitachi Kokusai Electric Inc.)
June 2018 Corporate Officer, Vice President, Production Division, Volume Manufacturing & Engineering Unit, the Company
April 2021 Corporate Vice President and Executive Officer, Vice President, Production Division, the Company
April 2022 Senior Vice President and Executive Officer, Vice President, Production Division, the Company (Current position)

**Yoshitaka Kawakami**

Corporate Vice President and Executive Officer

Career Summary

November 1988 Kokusai Electric Co., Ltd. (Now, Hitachi Kokusai Electric Inc.)
June 2018 Director and General Manager, Finance & Accounting Department, Corporate Management Division, the Company
April 2022 Corporate Vice President and Executive Officer, Vice President, Finance & Accounting Division, the Company (Current position)

**Kenji Kanayama**

Corporate Vice President and Executive Officer

Career Summary

November 1991 Kokusai Electric Co., Ltd. (Now, Hitachi Kokusai Electric Inc.)
June 2018 Corporate Officer, Vice President, Technology Development Division, Strategic Business Development Unit, the Company
April 2022 Corporate Vice President and Executive Officer, Vice President, Process Development Division, the Company (Current position)

**Naotoshi Yamamine**

Corporate Vice President and Executive Officer

Career Summary

April 1990 Kokusai Electric Co., Ltd. (Now, Hitachi Kokusai Electric Inc.)
June 2018 Vice President, Strategic Service Business Development Division, Global Services Unit, the Company
April 2022 Corporate Vice President and Executive Officer, Vice President, Global Services Division, the Company (Current position)

**Masami Miyamoto**

Corporate Vice President and Executive Officer

Career Summary

April 1990 Kokusai Electric Co., Ltd. (Now, Hitachi Kokusai Electric Inc.)
June 2018 Director and General Manager, North America & Europe Sales Department, Sales Division, the Company
April 2021 Vice President, Sales Division, the Company
April 2023 Corporate Vice President and Executive Officer, Vice President, Sales Division, the Company (Current position)

Information

Company Outline (as of March 31, 2023)

Company 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 ¥10.005 billion



Group Network (as of April 1, 2023)

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



Georg Birkmaier
President & Managing Director

Career Summary

Jan 1986 Siemens Semiconductor Munich. Equipment Engineer PVD and Metal CVD
Dec 1988 Applied Materials; Vacuum Engineer/Endura PVD Design Team, Account Manager
Central Europe, Business Development Manager
Metal Deposition, Product Manager Electro Plating
Mar 2001 Wind River, Regional Director EMEA
Mar 2004 Novellus Systems, President Europe Operations
Oct 2018 GlobalFoundries, Managing Director, Region Head EMEA Sales
Apr 2022 Kokusai Semiconductor Europe GmbH, President & Managing Director (Current position)

Head Office
Ireland Office
Israel Office

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



Yong-Sung Park
President & CEO

Career Summary

Mar 1990 Samsung Electronics co., Ltd
Aug 1993 Kokusai Electric Korea co., Ltd
Apr 2016 Senior Vice president, Design & Manufacturing Division
Apr 2023 President & CEO (Current position)

Head Office, Main Factory
Pyeongtaek Factory

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



Dale Jones
President & CEO

Career Summary

Jan 1984 U.S. Naval Officer
Dec 1988 KLA-Tencor; GM Micron Strategic Business
Nov 2015 Applied Materials: VP N.A. Field Operations
Jan 2022 Kokusai Semiconductor Equipment Corporation, Vice President
Apr 2022 President & COO
Apr 2023 President & CEO (Current position)

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



Yi-Ming Wu
Chairman & President

Career Summary

Jun 1995 Kokusai Electric Asia Pacific Co., Ltd
Apr 2016 Director, Technical Dept.
Oct 2018 Director, Logistics Dept.
Apr 2021 Director, Logistics and Accountant and Human Resource & General Affairs Dept.
Jan 2022 Vice President, Logistics and Accountant and Human Resource & General Affairs Dept.
Oct 2022 President
Apr 2023 Chairman & President (Current position)

Head Office
Singapore Branch

KOKUSAI ELECTRIC CORPORATION: ○●
Head Office
Toyama Technology & Manufacturing Center

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



Minoru Tanaka
President & CEO

Career Summary

July 1983 Shinmeidaikogyo Inc.
July 2012 Kokusai Electric Semiconductor Service Inc. Deputy General Manager, Applied Electronics Division
April 2013 General Manager, Applied Electronics Division
April 2018 Director (Current position), General Manager, Applied Electronics Division
April 2022 President & CEO (Current position)

Head Office / Kamiichi Works

KE Semiconductor Equipment (Shanghai) Co., Ltd.: ○○



Ruosong Xu
Chairman & President

Career Summary

Jul 1997 Baosteel Group
Jan 2001 Applied Materials
May 2017 Chairman and GM, Cymer (an ASML company) China
May 2022 KE Semiconductor Equipment (Shanghai) Co., Ltd., President
Apr 2023 Chairman & President (Current position)

Head Office

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, please see their individual websites.

Information

Sustainability Data

1. The State of KOKUSAI ELECTRIC

(fiscal year)

Category	Scope	Unit	2018	2019	2020	2021	2022
Revenues*1	KOKUSAI ELECTRIC Group (including outside Japan)*2	Billion yen	160.9	132.6	178.0	245.4	245.7
Employees	Group companies in Japan*3	Persons	1,102	1,108	1,152	1,200	1,273
	Overseas group companies*4	Persons	786	827	883	902	1,156
Number and percentage of personnel by region	Japan	%	58.4	57.3	56.6	53.4	52.4
	Asia (excluding Japan)	%	33.6	35.1	36.5	40.2	41.2
	USA	%	5.2	4.8	4.4	4.2	4.3
	Europe	%	2.8	2.8	2.5	2.3	2.1

2. Environment

(fiscal year)

Category	Scope	Unit	2020	2021	2022	
Input	Electricity use	Toyama Technology & Manufacturing Center*5	MWh	26,464	27,546	28,622
	Heavy oil and kerosene use	Toyama Technology & Manufacturing Center*5	kL	173	164	160
	City gas and LPG use	Toyama Technology & Manufacturing Center*5	km ³	139	152	151
	Materials and parts use	Toyama Technology & Manufacturing Center*5	t	4,581	7,144	6,818
	Packaging materials use	Toyama Technology & Manufacturing Center*5	t	515	691	628
	Paper consumption	Toyama Technology & Manufacturing Center*5	t	17.0	16.0	12.2
	PRTR-specified chemical use	Toyama Technology & Manufacturing Center*5	t	0.3	0.4	0.4
	Tap water use	Toyama Technology & Manufacturing Center*5	km ³	12	12	11
	Industrial water use	Toyama Technology & Manufacturing Center*5	km ³	135	140	150
Output	GHG emissions (Scope 1)*6	KOKUSAI ELECTRIC Group (including outside Japan)*2	t-CO ₂	969	1,029	1,037
	GHG emissions (Scope 2)*6 Market-based	KOKUSAI ELECTRIC Group (including outside Japan)*2	t-CO ₂	18,682	18,781	19,384
	GHG emissions (Scope 2)*6 Location-based	KOKUSAI ELECTRIC Group (including outside Japan)*2	t-CO ₂	17,049	17,732	18,321
	GHG emissions (Scope 3)*6	Toyama Technology & Manufacturing Center*5	t-CO ₂	1,171,047	1,460,452	1,333,351
	SOx emissions	Toyama Technology & Manufacturing Center*5	m ³	0.0	0.0	0.0
	NOx emissions	Toyama Technology & Manufacturing Center*5	m ³	313	200	194
	Particulate matter	Toyama Technology & Manufacturing Center*5	t	0.0	0.0	0.0
	Waste and valuables	Toyama Technology & Manufacturing Center*5	t	577	682	596
	Final disposal	Toyama Technology & Manufacturing Center*5	t	2	2	1.98
	Release, transfer and recycling of PRTR-specified chemical substances	Toyama Technology & Manufacturing Center*5	t	0.2	0.1	0.24
	Drainage	Toyama Technology & Manufacturing Center*5	km ³	147	153	161
BOD	Toyama Technology & Manufacturing Center*5	t	0.48	0.61	0.62	

Category	Scope	Unit	2020	2021	2022	
Energy use	Crude oil equivalent	Toyama Technology & Manufacturing Center*5	kL/year	6,975	7,252	7,513
	Intensity compared to previous year	Toyama Technology & Manufacturing Center*5	%	81	76	111
Waste and valuables generation	Waste and valuables generation intensity improvement rate *10	Toyama Technology & Manufacturing Center*5	%	13	25	35
Water use	Water use intensity improvement rate*7	Toyama Technology & Manufacturing Center*5	%	—	—	4.5

Information

3. Social and Governance

(fiscal year)

Category		Scope	Unit	2018	2019	2020	2021	2022
Number of female managers	Engineer Leads, Assistant Managers	Group companies in Japan*3	Persons	14	15	16	18	16
	Managers and those in equivalent or higher positions	Group companies in Japan*3	Persons	4	4	5	5	8
Percentage of female managers		Group companies in Japan*3	%	1.9	1.9	2.3	2.1	3.1
Number of employees who took childcare and nursing care leave	Men	Group companies in Japan*3	Persons	1	2	1	7	12
	Women	Group companies in Japan*3	Persons	7	5	4	5	6
Percentage of employees who took childcare leave	Men	Group companies in Japan*3	%	4	9	5	25	57
	Women	Group companies in Japan*3	%	100	100	100	100	100
Percentage of employees who obtained the eco people certification		Group companies in Japan*3	%	—	—	15	24	28
Number of employees taking leave for mental illness*8		Group companies in Japan*3	Persons	—*9	11	8	14	23
Number of work accidents*8	No lost time	Group companies in Japan*3	Cases	—*9	4	3	6	16
	Lost time	Group companies in Japan*3	Cases	—*9	1	1	0	1
Frequency rate of work accidents*8		Group companies in Japan*3	Cases	—*9	0.51	0.09	0.00	0.27
Number of occupational deaths*8		Group companies in Japan*3	Persons	—*9	0	0	0	0
Total number of serious legal violations, fines, charges, litigations, etc.	Environment	KOKUSAI ELECTRIC Group (including outside Japan)*2	Cases	0	0	0	0	0
	Occupational health and safety	Group companies in Japan*3	Cases	0	0	0	0	0
	Human rights	Group companies in Japan*3	Cases	0	0	0	0	0
	Corruption	KOKUSAI ELECTRIC Group (including outside Japan)*2	Cases	0	0	0	0	0
	Information security	KOKUSAI ELECTRIC Group (including outside Japan)*2	Cases	0	0	0	0	0
	Tax	Group companies in Japan*3	Cases	0	0	0	0	0
	Antisocial behavior, antitrust, monopolistic practices	KOKUSAI ELECTRIC Group (including outside Japan)*2	Cases	0	0	0	0	0
	Discrimination, harassment	Group companies in Japan*3	Cases	0	0	0	0	0
	Product/service information and labeling	KOKUSAI ELECTRIC Group (including outside Japan)*2	Cases	0	0	0	0	0
	Marketing and communication (e.g., advertising, publicity, sponsorship activities)	KOKUSAI ELECTRIC Group (including outside Japan)*2	Cases	0	0	0	0	0
Customer privacy violations, loss of customer data	KOKUSAI ELECTRIC Group (including outside Japan)*2	Cases	0	0	0	0	0	
Political donations	Group companies in Japan*3	Million yen	0	0	0	0	0	
Financial assistance from the government (including tax exemptions)	Group companies in Japan*3	Million yen	48	156	20	1,136	1,341	

*1 Revenues: Calculated and notated in accordance with International Financial Reporting Standards (IFRS). Values presented are reference values before auditing.

*2 KOKUSAI ELECTRIC Group (including outside Japan): KOKUSAI ELECTRIC CORPORATION, Kokusai Electric Semiconductor Service Inc., Kokusai Semiconductor Equipment Corporation, Kokusai Semiconductor Europe GmbH, KE Semiconductor Equipment (Shanghai) Co., Ltd., Kokusai Electric Asia Pacific Co., Ltd., Kook Je Electric Korea Co., Ltd. (Kokusai Electric Korea Co., Ltd.)
Kokusai Semiconductor Europe GmbH, KE Semiconductor Equipment (Shanghai) Co., Ltd., Kokusai Electric Asia Pacific Co., Ltd.
Kook Je Electric Korea Co., Ltd. (Kokusai Electric Korea Co., Ltd.)

*3 KOKUSAI ELECTRIC Group companies in Japan: KOKUSAI ELECTRIC CORPORATION, Kokusai Electric Semiconductor Service Inc.

*4 KOKUSAI ELECTRIC Group companies overseas: Kokusai Semiconductor Equipment Corporation, Kokusai Semiconductor Europe GmbH, KE Semiconductor Equipment (Shanghai) Co., Ltd., Kokusai Electric Asia Pacific Co., Ltd., Kook Je Electric Korea Co., Ltd. (Kokusai Electric Korea Co., Ltd.)
Kook Je Electric Korea Co., Ltd. (Kokusai Electric Korea Co., Ltd.)

*5 Toyama Technology & Manufacturing Center: Limited to business activities at Toyama Technology & Manufacturing Center, among Group companies in Japan

*6 Referred to the Ministry of the Environment's "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain"

*Electricity emission factor in Japan: Uses the Ministry of the Environment's emission factor by electric utility operator (for calculating GHG emissions of specified emitters)

*Electricity emission factor for Group overseas companies: Uses emission factor released by relevant country or grid emission factor by country released by IGES

*7 water use intensity improvement rate: Reference year 2021 (2005 baseline up to last year revised in 2022)

*8 Number of work accidents, frequency rate of work accidents, and number of occupational deaths: calculated from Jan. 1 - Dec. 31

*9 2018 data for number of employees taking leave for mental illness, number of work accidents, frequency rate of work accidents, and number of occupational deaths: Data for 2018 have not been calculated as it is difficult to calculate the data accurately due to splitting off from the Hitachi Kokusai Electric Group (June 1, 2018).

*10 Waste and valuables generation intensity improvement rate: Reference year 2019

Glossary

1 Terms related to technology

Term	Explanation	Page
Batch deposition equipment	Equipment that performs film deposition by batch processing of a large number of wafers	P.4
Treatment equipment	Equipment that improves film properties after deposition by single-wafer processing	P.5
CVD	Abbreviation of Chemical Vapor Deposition	P.5

2 Terms related to products

Term	Explanation	Page
TSURUGI-C ² [®]	Name of a short cycle batch cluster (SCBC) platform. Equipped with two furnaces for deposition of 25-50 wafers	P.5
AdvancedAce [®]	High-throughput equipment for thermal process	P.5
VERTEX [®]	Name of our equipment for sub-200 mm wafers. Named "Vertex," meaning the highest point, expressing the wish that this series will sell well worldwide	P.8
ZESTONE [®]	Equipment for 300 mm wafers	P.8
MARORA [®]	Name of a single wafer plasma nitridation/oxidation system. MARORA is a word coined from the modified magnetron type (MMT) plasma generation method and aurora, a plasma phenomenon that occurs in nature.	P.9
QUIXACE [®]	Name of a vertical batch thermal processing system offering quick turnaround time (Q-TAT). QUIXACE employs comprehensively upgraded core technologies, including temperature control, wafer handling, replacement, cooling, and deposition.	P.9
QUIXACE ULTIMATE [®]	Platform with high productivity, energy-saving control, and improved process quality in view of the cost of ownership.	P.9
TANDUO [®]	The successor to our Lambda series of single wafer dry resist strip systems. TANDUO is a word coined from "tandem" and "duo."	P.9

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3 Terms related to sustainability

Term	Explanation	Page
United Nations Global Compact (UNGC)	In the UNGC, which is the world's largest corporate sustainability initiative, the United Nations and the private sector (companies and organizations) collaborate to build a sound global society. It is a voluntary initiative by companies and organizations, acting as good members of society, to achieve sustainable growth by demonstrating responsible leadership	P.4
eco people	Persons who passed the Certification Test for Environmental Specialists (Eco Test) of the Tokyo Chamber of Commerce and Industry	P.21
IPCC	Abbreviation of Intergovernmental Panel on Climate Change. Intergovernmental body that provides assessments by international experts of research findings on climate change in the scientific papers that it gathers.	P.22
GHG Protocol	International standards for calculating and reporting greenhouse gas emissions	P.26
SVHC	Abbreviation of Substances of Very High Concern. Substances in the Candidate List for eventual inclusion in Annex XIV of the REACH regulation	P.27
chemSHERPA [®]	Common scheme for information handling for appropriate management of chemical substances in products in order to continuously respond to expanding regulations. chemSHERPA is a registered trademark of the Japan Environmental Management Association for Industry (JEMAI).	P.27

Glossary

Term	Explanation	Page
TCFD	Abbreviation of Task Force on Climate-related Financial Disclosures. Framework for disclosure of financial information on companies' actions to mitigate climate change and their impacts	P.6
Diversity & inclusion	Empowering people by respecting and appreciating individuals' differences	P.7
TechInsights customer satisfaction survey	Questionnaire survey covering the chip market and subsystems customers. The survey participants were asked to rate equipment suppliers in 14 categories based on 3 key factors: supplier performance, customer service, and product performance.	P.7
BCP	Abbreviation of Business Continuity Plan. BCPs are plans that define how to minimize damage such as business interruption and achieve quick recovery and ensure business continuity in the event that business continuity is jeopardized, such as by a large-scale natural disaster or an outbreak of infectious disease.	P.12
CDP	Formerly known as the Carbon Disclosure Project, CDP is a non-governmental organization (NGO). CDP conducts questionnaire surveys of companies and municipalities on their actions regarding climate change, water resources, and deforestation, and publishes the scoring results.	P.22
SBT	Abbreviation of Science Based Targets (Science-based greenhouse gas emissions reduction targets). The Science Based Targets initiative (SBTi) assists companies in the setting of science-based greenhouse gas emissions reduction targets and their achievement with the aim of limiting global warming to well below 2°C above pre-industrial levels.	P.22
PRTR	Abbreviation of Pollutant Release and Transfer Register. The PRTR system requires businesses handling chemical substances potentially hazardous to human health and the ecosystem to monitor and report the amounts of chemical substances released into the environment and transferred in waste to the government, which then compiles the amounts released and transferred based on reports from businesses and estimates made using statistical data and makes the results public.	P.23
Thermal recycling	Recycling method to recover and utilize the thermal energy generated when incinerating waste	P.24
Material recycling	Method to reuse waste as materials for new products	P.24
RBA Code of Conduct	Abbreviation of Responsible Business Alliance. A set of standards for the electronics industry and other industries to ensure throughout the supply chain that the working environment is safe, workers are treated with respect and dignity, the manufacturing process is responsible for its environmental impact, and so on.	P.28
Conflict minerals	Tin, tantalum, tungsten, gold (collectively "3TG") as well as cobalt from the Democratic Republic of the Congo (DRC) and adjoining countries. Minerals that may be used to finance armed groups involved in civil wars and conflicts that cause major human rights abuses.	P.28
TABLE FOR TWO Activities	Under this program, for each meal purchased in a developed country, a donation is made to provide one meal in a developing country. This program contributes both to eliminating hunger in developing countries and obesity in developed countries.	P.44
OECD Transfer Pricing Guidelines	Guidance on transfer pricing for multinational enterprises and tax authorities	P.50
BEPS Action Plan.	BEPS is an abbreviation of Base Erosion and Profit Shifting. An action plan to address base erosion and profit shifting.	P.50
Certified Health & Productivity Management Outstanding Organizations Recognition Program	This program recognizes outstanding large enterprises and small and medium-sized enterprises implementing health & productivity management based on initiatives attuned to regional health issues and health-promoting initiatives of the Nippon Kenko Kaigi. The aim is to develop an environment in which such enterprises are able to gain enhanced recognition in society as enterprises strategically implementing initiatives that lead to maintenance and promotion of health of employees from a business management perspective.	P.56
WEPS	Abbreviation of Women's Empowerment Principles	P.56

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