

TMEIC

We drive industry

SUSTAINABILITY REPORT 2026

TMEIC Corporation

*Regarding terminology used in this document:
TMEIC: TMEIC Corporation (also referred to as "the Company")
TMEIC Group: TMEIC Corporation and its subsidiaries (also referred to as "the Group")
Consolidated: TMEIC Corporation and companies included in its consolidation scope

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Editorial Policy

This report is an annual publication summarizing the TMEIC Group's approach, structure and performance regarding sustainability. For fiscal 2024, TMEIC has identified four key material issues and presents a comprehensive overview of the TMEIC Group's sustainability initiatives, focusing on related case examples. For details on the identified material issues, please refer to "Sustainability Management" on P.12. The content of this report has been prepared with reference to domestic and international guidelines and aims to respond to the information needs of all stakeholders.

Scope of the Report

The report covers activities centered on TMEIC Corporation, and as applicable key affiliated companies both in Japan and overseas. The scope of data collection is indicated for each dataset.

Reporting Period

The report primarily covers activities from April 1, 2025 to March 31, 2026 (fiscal 2025) and also includes certain initiatives prior to this period as well as the most recent activities.

Publication

November 2026 (Previous edition: September 2025)

Reference Guidelines (Domestic and International)

- Sustainability Standards Board (Japan, SSBJ) Standards
- Global Reporting Initiative (GRI) Standards
- Corporate Sustainability Reporting Directive (CSRD)
- ISO 26000 – Guidance on Social Responsibility
- Task Force on Climate-related Financial Disclosures (TCFD)

Notes Regarding This Report

This report may include descriptions not only of the TMEIC Group's sustainability initiatives but also of future performance, plans, management objectives and strategies. These statements are based on current expectations and are subject to risks and uncertainties, so actual results may differ. In addition, the contents of this report may be changed without notice.

Contact for Inquiries Regarding This Report

Inquiry page: https://www.tmeic.co.jp/contact/

About the Cover

TMEIC has entered into a Gold Partner agreement with the Paralym Art Executive Office, Shougaisha Jiritsu Suishin Kikou Association. The association's philosophy is to "Create a world where people with disabilities can fulfill their dreams through art" and aims to promote the independence of persons with disabilities through the sustained support of private companies and individuals, without relying on social welfare funding. Supporting this philosophy, TMEIC held an art competition for the cover of the fiscal 2026 Sustainability Report under the theme "Leading the World to the Next Level." The winning entry is featured on the cover.



Title: A Circle of Light Nurturing the Future
Artist: RIE

<Artist's Comment>

I created this artwork with the theme "Leading the World to the Next Level," expressing a bright and hopeful vision of the future. The small sprout at the center symbolizes the future, while the circle surrounding it connects the many fields that support society, including nature, energy, manufacturing, transportation, welfare, the arts and agriculture. Although each individual's contribution may be small, I wanted to convey the idea that, by supporting one another and continuing to create and build together, we can move toward a brighter future for the world.



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Message from the President

Accelerating Value Creation and Growth toward a Carbon-Neutral Society

President & Chief Executive Officer Akira Kawaguchi

I would like to express my sincere appreciation for your continued understanding and support of the TMEIC Group's activities. As an industrial systems integrator, the TMEIC Group has contributed to the development of society and industry while building strong relationships of trust with our customers. Today, the environment surrounding us is becoming increasingly complex, driven by challenges related to climate change, energy and changes in social and industrial structures. Under these circumstances, we believe that realizing a sustainable carbon-neutral society is one of the most important issues that must be addressed with sincerity. Leveraging the technologies, products and solutions that we have cultivated over many years, we will continue to contribute to the decarbonization of society and industry. At the same time, we will work to create new value that supports a sustainable future.

Accelerating "Growth 20" and Business Expansion

The TMEIC Group is committed to accelerating the achievement of the Growth 20 targets by expanding its business scale, strengthening production capacity and further enhancing profitability. Under its growth strategy, the Group is advancing three key pillars: expansion of global business, development of new businesses and steady growth of core businesses. In addition, as part of efforts to strengthen its management foundation, the Group is pursuing four transformations: transformation into a global company, transformation toward a profit-oriented organization, transformation toward next-generation manufacturing and business transformation. At the same time, the Group will steadily strengthen its management foundation, including its implementation and governance frameworks, to support these growth initiatives and achieve sustainable growth and enhanced corporate value.

In fiscal 2025, consolidated orders exceeded ¥500 billion, while consolidated net sales surpassed ¥400 billion for the first time. The business environment remained generally favorable, supported by the global transition toward decarbonization, continuing demand for equipment replacement and expanding investment in data centers. Demand remained strong across the manufacturing, renewable energy and UPS markets. In Japan, capital investment by manufacturers remained resilient, while demand related to energy storage systems continued to expand in the renewable energy sector. Overseas, particularly in North America, construction of solar power plants and large-scale data centers continued to grow, sustaining strong demand for power electronics equipment.

From a management foundation perspective, we steadily strengthened governance through the introduction of formal consolidated financial reporting for fiscal 2025 and the establishment of the Corporate Audit Division in April 2025. We also renewed our Sustainability Report and enhanced our disclosures by organizing our sustainability activities and developing related indicators while taking into account international regulations and guidelines. Furthermore, through initiatives such as strengthening IT infrastructure, enhancing cybersecurity measures, renovating office environments and promoting occupational health and safety programs, we worked to improve corporate value, including employee engagement, while building the foundation to support future growth.

Creating Value through Social and Industrial Transformation

We believe that sustainability itself is a growth strategy that supports social and industrial transformation while creating new value. As social issues become increasingly complex and industrial structures continue to evolve, companies are expected not only to provide products but also to offer solutions to the fundamental challenges faced by customers and society.

Building on the technologies, products and solutions that we have cultivated over many years, the TMEIC Group will continue to contribute to industrial advancement and social development. We are pursuing growth initiatives centered on three pillars: expansion of global business, development of new businesses and steady growth of core businesses. At the same time, we are strengthening our ability to develop products tailored to regional needs and enhancing our global development capabilities.

Addressing social challenges and achieving corporate growth are not mutually exclusive. We believe that creating value through addressing social challenges is itself the driving force behind sustainable corporate growth. Creating this virtuous cycle is the future that the TMEIC Group seeks to achieve.

Looking ahead, we will continue to anticipate change and accelerate value creation that contributes to the future of society and industry.

Sustainable Growth through Investment in People and Strengthening Management Foundations

To achieve sustainable growth, it is essential not only to execute business strategies but also to strengthen the people and management foundations that support them.

Recognizing that people are the source of corporate value creation, the TMEIC Group is securing the talent necessary for growth while investing in people through a variety of training programs and development opportunities tailored to individual employees. Through these efforts, we support the growth and development of each employee.

We are also promoting well-being initiatives, workstyle reform and the active utilization of diverse talent, while creating an environment in which each individual can thrive autonomously.

At the same time, as part of our sustainability efforts, we have identified the environment, human rights, procurement and social contribution as key focus areas and are advancing initiatives across the Group. In addition, we continue to enhance our disclosures and strengthen corporate governance.

By continuously strengthening our people, operational capabilities and fair and sincere management foundations as an integrated whole, we strive to remain a company trusted by society and our customers.



To Our Stakeholders

The TMEIC Group will continue to contribute to the creation of a sustainable future by turning social challenges into opportunities and driving transformation and growth.

We believe that this journey will create even greater value through dialogue and collaboration with our customers, business partners, local communities, employees and all other stakeholders.

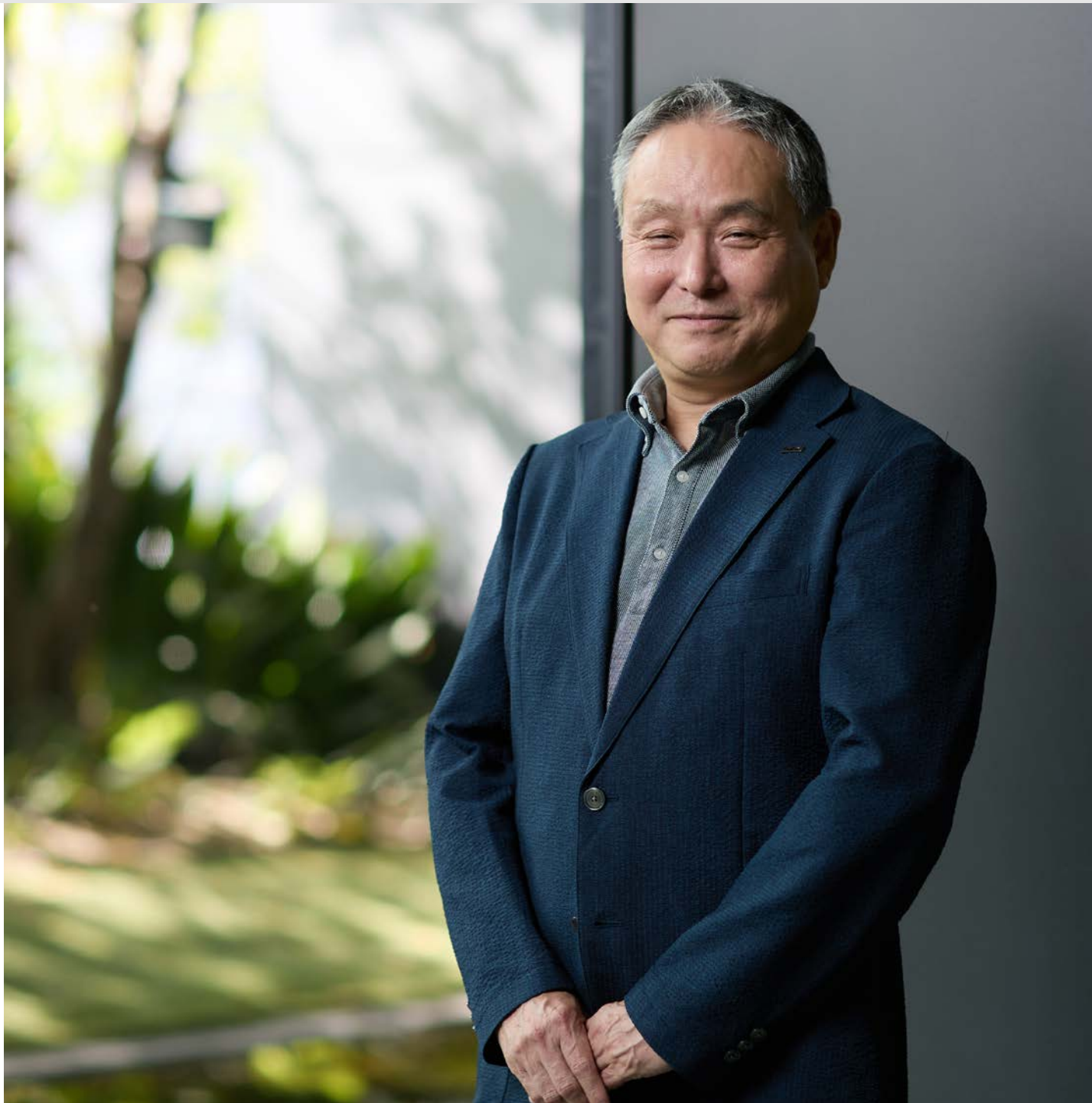
Together with our stakeholders, we will continue to move steadily toward a better future.

Message from the Executive Officer in Charge of Sustainability

Promoting Sustainability Management to Support Corporate Value

Corporate Senior Vice President, Senior Executive Officer,
General Manager of Corporate Planning Division

Taira Nishihara



Deepening Efforts to Embed Sustainability Management

We regard sustainability management not only as a corporate social responsibility but also as a source of sustainable growth. The concept of balancing corporate management with environmental, social, governance and economic sustainability is closely aligned with the TMEIC Group's corporate values. Based on this philosophy, we believe that sustainable corporate growth is achieved by establishing management systems and initiatives that meet the expectations of our business partners and society.

In fiscal 2024, the TMEIC Group redefined its materiality and systematically organized its sustainability initiatives. In fiscal 2025, we focused on embedding these concepts and frameworks into our business activities and governance.

Progress in Fiscal 2025

Sustainability initiatives are becoming steadily embedded within the organization through ongoing discussions at Sustainability Committee meetings, which are held quarterly. We believe that what is important is not simply to accumulate sustainability-related activities, but to embed sustainability thinking naturally into management decision-making and day-to-day operations. The following are the principal new initiatives undertaken in fiscal 2025.

In the environmental area, we conducted climate scenario analysis based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (see p.24). This represents an important step toward incorporating climate-related considerations into management decision-making. We also obtained third-party verification for our greenhouse gas (GHG) emissions data to enhance their reliability and transparency. These data are used as indicators for GHG reduction activities and serve as objective emissions data for TCFD disclosures, external evaluations such as CDP and responses to customer requests.

In the social area, the Human Rights Subcommittee and the Sustainable Procurement Subcommittee continued to identify and address issues related to business activities and the supply chain. In particular, in the procurement area, we have promoted initiatives such as incorporating sustainability-related clauses into basic purchasing agreements and requesting cooperation from suppliers based on the revised Sustainable Procurement Guidelines, which were updated in response to recent societal expectations. Through these concrete initiatives, we aim to foster sustainability awareness throughout the supply chain.

We also continued our efforts to respond to external evaluations. In fiscal 2025, the TMEIC Group was awarded an EcoVadis Bronze Medal and received a B Score (Management Level) in CDP's 2025 Climate Change assessment. Through these evaluations, we objectively assess the progress and challenges of our initiatives and use the results to drive continuous improvement and further enhance our sustainability activities.

Toward More Advanced Sustainability Management

Sustainability management cannot be completed in a short period of time. As society and the business environment continue to evolve, the TMEIC Group must continue to examine what it values most and what kind of value it should provide, while continuously evolving and adapting.

In recent years, frameworks related to sustainability have continued to develop in Japan, including the publication of disclosure standards by the Sustainability Standards Board of Japan (SSBJ). In light of these developments, we believe it is important to incorporate the TMEIC Group's approach to sustainability into management and governance in a manner appropriate to our scale and business characteristics. We will continue to advance our efforts while carefully identifying those initiatives that are fundamentally necessary for the TMEIC Group.

The TMEIC Group will continue to address social challenges with sincerity and conduct its business with integrity. We hope that this report will deepen understanding of the TMEIC Group's initiatives and further strengthen our relationships of trust with all stakeholders.



TMEIC Group Philosophy

Corporate Philosophy

We, the TMEIC Group, will build relationships of trust with customers and contribute to the sustainable development of a global society as an industrial systems integrator.

Management Principles

1. As a fundamental principle of management, promote "a comprehensive, practical approach" internally and externally.
2. Develop technologies from a customer perspective that will enhance "client success."
3. Provide value-added and high quality systems, products and services.
4. Set a high value on each and every employee's ability, uncompromising spirit and willingness to take on challenges.
5. Observe compliance with social norms as a good corporate citizen.

TMEIC Group Code of Conduct (COC)

As the TMEIC Group strives to be an enterprise trusted by society, we have adopted a corporate vision of contributing to customers and to the sustainable development of society by providing high value-added and high-quality products, systems, technologies and services.

Relationship between the Company and Employees

1. Respect for Human Rights
2. Maintaining a Fair Working Environment
3. Information Security and Personal Data Protection
4. Protection of Company Assets and Prohibition of Conflicts of Interest

Business Activities

5. Respect for Customers
6. Fair Procurement
7. Manufacturing and Technical Activities, and Quality Assurance
8. Sales Activities
9. Fair Competition
10. Prohibition of Bribery
11. Export Control
12. Criminal Enterprises and Sanctions
13. Intellectual Property Protection
14. Proper Accounting

Relationship between the Company and Society

15. Environmental Activities
16. Corporate Communications
17. Advertising
18. Respect for Society

＊In April 2026, the TMEIC Group Standards of Conduct (SOC) was revised and renamed the TMEIC Group Code of Conduct. Throughout this report, the term "TMEIC Group Code of Conduct" is used consistently, including when referring to performance in previous years.

About the TMEIC Brand

1. Brand Message

TMEIC will grow together with customers as a global partner in industrial systems and become the driving force for society with high quality advanced products, technology and engineering.

2. Brand Value for Customers

TMEIC provides overall solutions and engineering for Production Technology and Management of the Environment, as well as specific high-quality products and systems to meet customers' needs. For this purpose, TMEIC will:

- focus on Industrial markets (Focused),
- bring innovations to industry (Inventive),
- take positive and constructive approaches (Constructive), and
- continuously evolve with customers (Sustained).

TMEIC
We drive industry

3. Brand Mark and Tagline

The concept of the brand mark is an "ARROW." The strong intention in our heart and soul is to drive industry to another level. The design motif expresses TMEIC's commitment for the tireless pursuit of actualization, passion to overcome new challenges, and rigorous pursuit for the future.

The tagline "We drive industry" communicates that TMEIC is committed to lead industry and to become the driving progressive force for the world.

4. Key Initiatives for TMEIC Brand Strategy

- Reinforce customer-oriented and on-site oriented approaches as a well-grounded solutions partner.
- Accelerate innovation in engineering capability and motor and drive technology, which are the core components of our business.
- Enhance the TMEIC global support structure by expanding the TMEIC global network and improving collaboration within the TMEIC Group.

TMEIC Group Overview

Since its establishment in 2003, TMEIC has contributed to the development of industry and social infrastructure through the sales and engineering of industrial and renewable energy systems, as well as the development and manufacturing of power electronics equipment and rotating machinery, including motors and generators.



Consolidated Net Sales

¥422.7 billion

Number of Employees (Consolidated)

5,293

Number of Group Companies

22

(including 2 in Japan)

Number of Group Manufacturing Sites

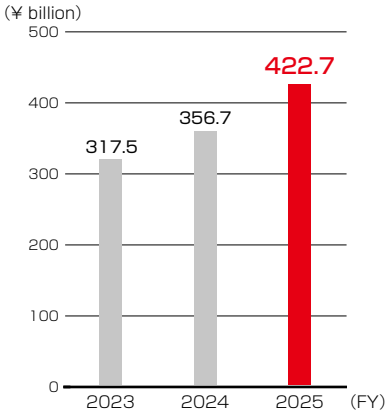
12

(including 6 in Japan)

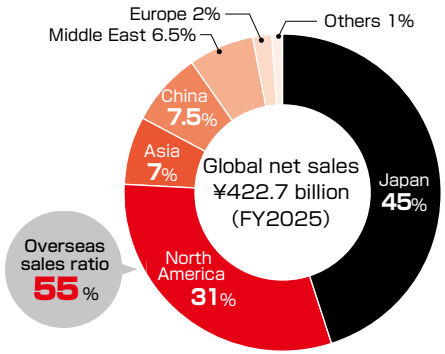
∗ As of March 31, 2026

Consolidated Financial Highlights

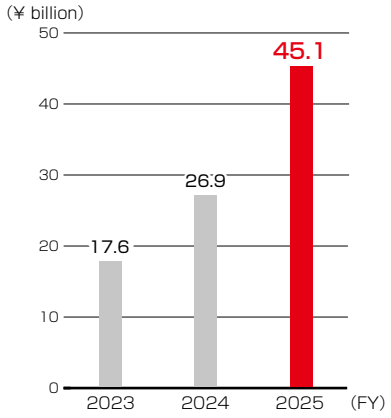
▸ Net Sales



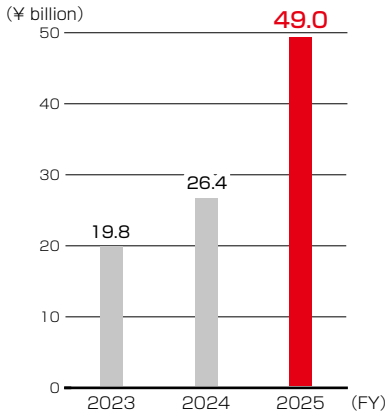
▸ Sales Ratio by Country and Region of Delivery



▸ Operating Profit



▸ Profit Before Tax



Value Creation Story

The TMEIC Group operates globally, focusing on general industries with stable growth, as well as high-growth sectors driven by hydrogen, electrification, semiconductors, and defense. We also provide solutions for power and social infrastructure through partnerships with Toshiba and Mitsubishi Electric. By delivering diverse solutions, we build trust with customers and contribute to sustainable development and corporate value.

Corporate Philosophy

We, the TMEIC Group, will build relationships of trust with customers and contribute to the sustainable development of a global society as an industrial systems integrator.

Input / Invested Capital

Financial capital
- Strong financial foundation (stable cash flow)

Manufacturing capital
- Number of sites: 12 locations in Japan, the U.S., China and India

Corporate Information

Intellectual capital
- World-class motor and power electronics product lineup
- Group R&D Expenditures: ¥12.0 billion (FY2025)

Human capital
- Expert engineers for R&D, Design, Production, installation and full lifecycle support
- Number of employees (Consolidated): 5,293 (as of March 31, 2026)

Natural capital
- Initiatives to reduce environmental impact
- Total energy input (TMEIC): 276,194 GJ (FY2025)

Social capital
- Customer base built on trust
- Collaboration with Toshiba and Mitsubishi Electric supply chains

Output / Business Activities

Driving Industry Forward toward a Carbon-Neutral Future across Diverse Markets

Renewable Energy | Metals | Oil & Gas / Chemicals | Automotive / Machinery | Electronics / Semiconductor | Paper / Others | Ports & Terminals | Power / Social Infrastructure

Outstanding Engineering Capabilities—Meeting Industrial/Societal Needs and Customer Expectations

Industrial Plant Solutions
Enabling automation, digitalization and on-site execution through system engineering powered by plant operation expertise and advanced project management

Power System Solutions
Driving diversification and decentralization to meet diverse energy and power system needs

Advanced Tech Solutions

Carbon Neutral Solutions
Advancing carbon neutrality, energy efficiency and electrification for smarter energy use

Lifecycle Solutions
Ensuring optimal performance of systems throughout their lifecycle

High-Share Product Lineup for Efficient Power and Energy

Monitoring and Control Systems
Efficiency through Smart Control

Power Electronics Equipment
High-Efficiency Power Conversion and Control for Carbon Neutrality
- Drive systems
- Power converters
- PCS
- UPS
- Rectifiers for hydrogen production

Rotating Machinery
World-Class Motor Efficiency for CO_2 Reduction and Energy Savings
- Motors
- Small- to medium-capacity generators

Supply Chain
Optimal Solutions From In-House and Partners
- Substation and power distribution equipment

TMEIC's materiality
Innovation and Development in Industry and Society | Sustainability in Global Environment | Respect and Empowerment for All People | Integrity in Management

Outcomes

Financial Targets
Growth 20 (FY2030)
- Consolidated Net Sales: ¥600 billion

Financial Value (FY2025 Performance)
- Consolidated Net Sales: ¥422.7 billion
- Overseas Sales Ratio: 55%

Non-Financial Value (FY2025)
Avoided emissions from products and services
- Contribution from PCS systems for solar power generation: 73.87 million tons of CO_2 (partial contribution)
- Contribution from high-efficiency products: 6.61 million tons of CO_2

Sustainability Management

Under the corporate philosophy to "build relationships of trust with customers and contribute to the sustainable development of a global society as an industrial systems integrator," the TMEIC Group places sustainability at the core of its management and business activities. Challenges facing modern society, such as climate change, resource constraints and energy transition, are becoming increasingly complex. In response to these challenges, the Group is committed to contributing to the realization of a sustainable society through technological innovation and value creation. Guided by this mission, the Group promotes cross-organizational sustainability management, starting with the identification of material issues and the setting of targets. This includes building a company-wide implementation structure, providing education and training for employees and engaging in dialogue with stakeholders. Through these initiatives, the Group seeks to earn trust from society and contribute to the realization of a sustainable future.

Materiality

Based on our policy of conducting business activities with a strong focus on sustainability, TMEIC identified material issues with reference to domestic and international guidelines, including the Sustainability Standards Board (Japan, SSBJ) Standards and Global Reporting Initiative (GRI) Standards. We adopted a four-step process that integrates quantitative data and multiple perspectives, placing emphasis on both comprehensiveness and validity.

STEP 1 Identification of Social Issues and Requests

Based on domestic and international guidelines,
social issues and requests were compiled into a long list.
Domestic and international guidelines include:
- SSBJ: Sustainability Standards Board Japan
- CSRD: Corporate Sustainability Reporting Directive
- TCFD: Task Force on Climate-related Financial Disclosures
- Global Reporting Initiative (GRI) Standards
- ISO 26000
- ESG rating agencies

STEP 2 Prioritization of Issues

Issues were prioritized based on disclosure requirements under laws and regulations, the weighting of industry-specific issues by ESG rating agencies and recent incidents that occurred in similar companies.

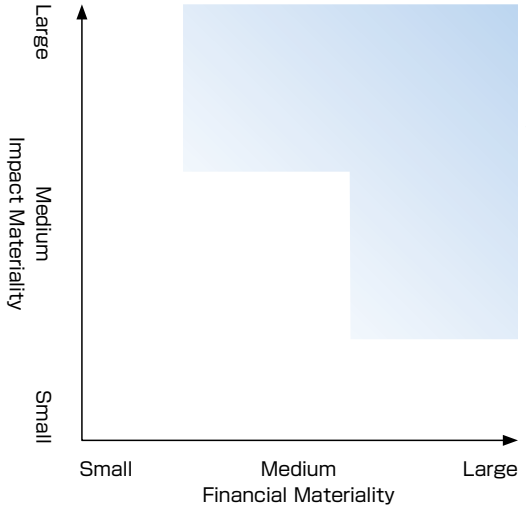
STEP 3 Impact Assessment

Each candidate material issue was evaluated using a two-axis approach: "Impact on the Environment and Society" and "Financial Impact on the Company," which is also required by domestic and international guidelines such as the SSBJ Standards (double materiality).

STEP 4 Validation

In addition to Steps 1–3, TMEIC added any material issues it considers important and verified their validity through review by top management.

Illustration of Double Materiality



1. Energy
2. Climate change
3. General pollution
4. Raw materials, chemicals and waste
5. Human rights
6. Working conditions
7. Career management and education
8. Diversity, equity & inclusion (DE&I)
9. Occupational health and safety
10. Data protection and privacy
11. Anti-competitive practices
12. Responsible information management
13. Anti-corruption
14. Respect for intellectual property (including that of other companies)
15. Responsible procurement
16. Management of supplier relationships, including payment practices
17. Quality and customer safety and health
18. Product, service information and accessibility

▸ Identified Material Issues

To address the material issues identified by TMEIC, eight sub-material issues have been established as policies and initiatives. Targets and key performance indicators (KPIs) are set for each sub-material issues to guide and advance these efforts.

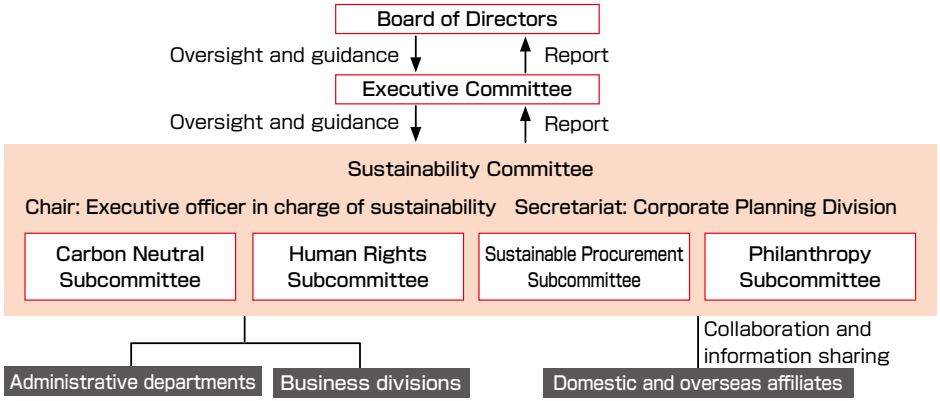
Material Issues Desired social and industrial outcomes	Sub-material Issues TMEIC policies and initiatives to address the material issues	Related SDGs	Targets	Progress (FY2025)
Innovation and Development in Industry and Society	Value Creation in Industrial and Social Infrastructure by Driving Innovation		• Revenue from Global business (Group)* for FY2026: ¥225.0 billion *Total revenue of overseas affiliates (after intercompany adjustments)	• ¥199.0 billion
			• Revenue from new products and services (Group) for FY2026: ¥136.0 billion	• ¥138.0 billion
			• Research and development expenses (Group) for FY2026: ¥17.0 billion	• ¥12.0 billion
Sustainability in Global Environment	Contribution to a Carbon-Neutral Society		• Reduction of greenhouse gas emissions across Scope 1, 2 and 3 (base year: 2020) • Scope 1 and Scope 2: 42% reduction by 2030 (total emissions basis) • Scope 3: 52.56% reduction by 2030 (value-added basis) • Reduction of energy consumption in business activities (long-term target: average annual reduction of more than 1% in energy consumption intensity)	• Environmental data (P.71)
	Resource Circulation and Reduction of Environmental Impact		• Thorough management in line with laws and regulations such as the Waste Management and Public Cleansing Act	• Data on waste treatment and generation (P.72)
Respect and Empowerment for All People	Respect for Human Rights		• Establishment of human rights due diligence in accordance with international standards	• Implementation rate of human rights due diligence: 100%
			• Ongoing human rights education for employees	• Participation rate in human rights education: 100%
	Workplace Safety and Enhancing Motivation		• Ensure employee safety and peace of mind; zero serious accidents	• Fatal work-related accidents: 0 • Lost-time accidents: 0
			• Continued investment in human capital (strengthening recruitment, leveraging global talent and enhancing training)	• Training hours per employee: 7.4 • Education and training costs per employee: ¥51,800
			• Positive employee engagement response rate* (FY2028): 70% *Based on four response categories: (1) highly engaged, (2) engaged, (3) somewhat engaged, (4) not engaged; percentage of responses in categories (1)-(3)	• 63%
Integrity in Management	Strengthening Governance and Ensuring Compliance		• Establishment of new risk management practices • Ongoing compliance training	• Participation rate in general export control training: 100% • Participation rate in sales compliance training: 100% • Participation rate in TMEIC Group's Code of Conduct training: 100% Promotion of Responsible Procurement
	Promotion of Responsible Procurement		• Agreement to TMEIC Group Sustainable Procurement Guidelines (FY2025): 100%	• 94.7%
			• Completion of self-assessment questionnaire (SAQ) (FY2025): 100%	• 91%
	Ensuring Quality, Reliability and Safety		• Implementation of quality assurance activities in line with the Quality Policy	• Company-wide Quality Policy (P.68)

Sustainability Promotion System

Sustainability Committee

The TMEIC Group has established a Sustainability Committee to promote sustainability initiatives across the entire organization. The committee is chaired by the executive officer in charge of sustainability, with the Corporate Planning Division serving as the secretariat and is composed of designated members. To strengthen initiatives in key focus areas, the Sustainability Committee oversees four subcommittees: the Carbon Neutral Subcommittee, the Human Rights Subcommittee, the Sustainable Procurement Subcommittee and the Philanthropy Subcommittee. Activities are primarily driven by the responsible corporate divisions of TMEIC.

The committee generally meets once per quarter to receive reports, deliberate on and approve the basic sustainability policy, revisions to the sustainability report and subcommittee activity reports. In addition, the chair reports important matters discussed by the committee to the Executive Committee and the Board of Directors once a year, receiving oversight and guidance from senior management.



Subcommittee	Main Agenda
Carbon Neutral Subcommittee	Promote initiatives related to carbon neutrality across the TMEIC Group
Human Rights Subcommittee	Promote initiatives to respect human rights across the TMEIC Group
Sustainable Procurement Subcommittee	Promote initiatives related to sustainable procurement across the TMEIC Group
Philanthropy Subcommittee	Promote social contribution activities across the TMEIC Group

Employee Engagement

Initiatives to Raise Employee Awareness of Sustainability

To ensure that employees fully understand the TMEIC Group's approach to sustainability, as defined in the corporate philosophy and TMEIC Group's Code of Conduct, TMEIC conducts training programs to encourage proactive engagement. At company-wide management policy briefings held every six months, sustainability initiatives — including contributions to a carbon-neutral society — are presented as key measures for enhancing corporate value. In addition, understanding is reinforced through targeted training for different employee groups, including senior management and new hires.



Stakeholder Engagement

Stakeholder Engagement

The TMEIC Group identifies key stakeholders, including customers and suppliers, local communities, government agencies, shareholders, employees and academic and research institutions, as those with significant influence on its business activities. We engage in regular or as-needed communication and actively promotes dialogue with these stakeholders. In addition, each division and responsible staff member has clearly defined roles, responsibilities and authority. Rules are also established regarding donations and participation in external organizations.

Stakeholders	Key issues	Main contact departments	Communication methods
Customers	· Improve customer satisfaction · Ensure product safety and quality · Enable customer response and support	· Sales · Quality control	Sales activities, websites, exhibitions, inquiry windows, media and commercials
Suppliers	· Ensure fair and equitable transactions	· Materials	Procurement activities, supplier briefings, explanations on sustainability in procurement
Local community	· Contribute to local communities and promote exchange	· General affairs	Contribution through core business, volunteer activities (contribution to local community, donations, participation in NPO activities), conducting lessons at university, factory tours
Government	· Comply with regulations	· Operations · General affairs	Participation in activities of industry and economic groups, opinion exchange sessions with government agencies
Shareholder	· Disclose information in a timely and appropriate manner · Enhance corporate value	· Corporate planning · Accounting · Legal	General Meeting of Shareholders, business strategy briefings
Employee	· Promote occupational health and safety · Respect for human rights · Develop human resources	· Human resources · Legal	Intranet, company newsletter, training, employee survey, dialogue sessions with labor unions, risk consultation hotline
Academic and research institutions	· Understand and adopt the latest technology trends	· Operations	Sponsorship of and regular participation in international academic conferences

External Recognition

Awards and Certifications

Evaluation Organization	Overview
Climate Change Assessment by CDP: "B" Score (Management Level)	In CDP's 2025 Climate Change assessment, TMEIC received a "B" score (Management Level). CDP is a global non-profit organization that promotes environmental disclosure on climate change, water security, forests and other environmental issues, and evaluates companies on an eight-level scale based on their environmental management and disclosure practices. A "B" score indicates that a company has identified environmental risks and is taking concrete actions to manage and address them.
Sustainability Assessment by EcoVadis: Overall Score 66 points (74th percentile)	In the EcoVadis sustainability assessment conducted in December 2025, the TMEIC Group was awarded a Bronze Medal. EcoVadis is an international assessment organization used by companies worldwide that evaluates corporate initiatives across four areas: Environment, Labor & Human Rights, Ethics and Sustainable Procurement. The Bronze Medal is awarded to companies in the top 35% of those assessed and indicates that a certain level of progress has been made in these areas. EcoVadis recognition page : https://recognition.ecovadis.com/_HMlMiKJ2EyYDMp_h7TnkA
Business Activities in LEED-Certified Buildings	TMEIC Corporation Americas and its subsidiary, TMEIC Port Technologies, S.L.U., prioritize sustainability and operate from LEED-certified headquarters buildings.

Participating Initiatives

Participating Initiatives	Overview
SBTi	In October 2023, the TMEIC Group received certification from the Science Based Targets initiative (SBTi) for its greenhouse gas (GHG) emission reduction targets.
GX Future Consortium	TMEIC joined the GX League in April 2024 and joined the TCFD Consortium in March 2025, expressing support for the TCFD recommendations. Following the integration of these two initiatives, TMEIC has participated in the GX Future Consortium since April 2026.

Awards and Certifications

Evaluation Organization	Overview
MUFG ESG rating: "A" (especially advanced ESG management)	The TMEIC Group's sustainability initiatives have also been recognized by domestic organizations. In October 2024, the Group received an "A" rating in the MUFG ESG evaluation, indicating particularly advanced ESG management. Top management commitment, provision of environmentally harmonious products, establishment of human rights policies and strengthening of corporate governance were highly evaluated across the environmental, social and governance dimensions.

Innovation and Development in Industry and Society

The TMEIC Group, as an industrial system integrator, positions contributing to the development of social infrastructure as a fundamental corporate mission. Initiatives aimed at addressing social challenges through technological innovation, centered on the Growth 20 strategy for 2030 are highlighted herein. These activities form part of the value creation that supports the sustainability of industry and society and represent a core pillar of the TMEIC Group's approach to sustainability management.

Creating Value in Industrial and Social Infrastructure through Innovation

Contributing to Industry and Society through Business

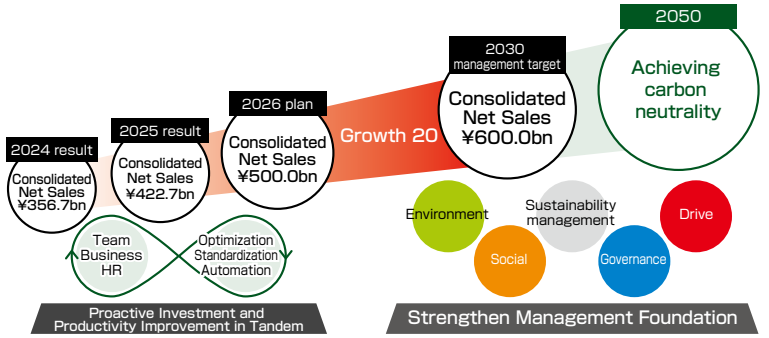
TMEIC established Growth 20, its management vision for the next decade, on the occasion of its 20th anniversary in fiscal 2021.

Growth 20 is a growth strategy targeting 2030. It initially set a financial goal of achieving ¥500 billion in consolidated net sales by fiscal 2030 on a Group basis. However, in light of continued strong market demand and the steady progress of initiatives aligned with the Growth 20 strategy, whose results have exceeded the original plan, the target has been revised upward to ¥600 billion.

To achieve these management objectives, we are pursuing three growth strategies: Global Business Expansion, New Business Acceleration and Stable Growth of Core Businesses. In addition, while balancing proactive investment with productivity improvement, TMEIC will actively invest and allocate resources for growth, accelerate innovation and continue strengthening its management foundation by advancing sustainability management centered on its four materiality themes.

The medium-term plan established in fiscal 2026 has been formulated on the foundation of the revised Growth 20 framework, with updates and enhancements to individual initiatives reflecting the latest business environment and progress on various strategic action plans. Under this plan, TMEIC aims to achieve the original Growth 20 target of ¥500 billion in consolidated net sales in fiscal 2026, four years ahead of schedule.

Through the initiatives of Growth 20 and the achievement of its management objectives, the TMEIC Group aims to create value in industrial and social infrastructure and contribute to the innovation and development of industry and society.



Global Business Expansion

Since its foundation, TMEIC has focused on promoting its global business.

We have continued to develop products and systems tailored to the market environment and demand in each region, while establishing sales and manufacturing bases in major markets worldwide. This approach enables local production for local consumption and builds a structure capable of responding rapidly to regional needs.

As a result, the number of overseas affiliated companies has grown from three at the time of establishment to 20 as of the end of fiscal 2025. Overseas sales, including exports, have consistently accounted for more than 50% of total Group sales. This demonstrates steady progress in strengthening global business operations across sales, engineering and manufacturing, which has translated into tangible results.

In fiscal 2025, the TMEIC Group continued to perform steadily on a global basis, particularly in North America and the Middle East, further strengthening its global business foundation. Going forward, as a key pillar of the Growth 20 strategy aimed at achieving management objectives, the TMEIC Group will continue to focus on expanding its global business and contribute to the development of industry and society worldwide through innovative technologies and outstanding products and services.

New Business Acceleration

Around the world, various initiatives are being promoted to achieve a sustainable society and realize a carbon-neutral society.

In the field of electrical energy, which is within the TMEIC Group's technological domain, demand is rising for new systems and solutions that address areas such as high-efficiency and energy-saving power utilization, the expansion of renewable energy, power grid solutions for distributed and remote power sources, and AI- and DX-related solutions.

Against this backdrop, the TMEIC Group has been steadily delivering results, including securing orders in emerging demand areas that are expected to drive future business growth.

The TMEIC Group will continue to advance the development of systems and solutions that address these emerging market needs and accelerate their growth as new businesses, thereby contributing to solutions for new industrial and societal challenges.

Stable Growth of Core Businesses

The TMEIC Group has long provided a diverse range of products and systems to a wide variety of end markets, including industrial businesses, environmental businesses and power and social infrastructure businesses through Toshiba and Mitsubishi Electric.

Through these business activities, the Group has continuously pursued innovation, resulting in world-class product technologies and outstanding system and solution capabilities. The quality and reliability of these products and solutions have enabled TMEIC to build strong relationships of trust with its customers.

These businesses form the foundation that supports the TMEIC Group's management. In fiscal 2025, our core businesses also remained strong, supported by robust market demand, and continued to contribute to the Group's growth.

The TMEIC Group will continue to focus on its core businesses, pursuing sustainable growth and stable profitability while further strengthening relationships of trust with customers.

Strengthening Initiatives in Service Businesses

The TMEIC Group provides comprehensive support even after products and systems are delivered, responding swiftly and reliably to diverse customer needs and contributing to the stable operation of plants and facilities.

By combining the latest products, systems and digitalization technologies, we provide solutions that enhance value across the entire equipment lifecycle. Strengthening initiatives in service businesses not only creates new value for customers but also contributes to the stability and expansion of the TMEIC Group's profitability base.

Pursuing Innovation for Additional Value Creation

In today's rapidly changing economic and environmental landscape, the TMEIC Group is strengthening efforts to promote innovation across all aspects of our business to overcome various future challenges. From sales and technology development to production and management infrastructure, we drive innovation in every domain. By delivering high-added-value products and services and positioning itself as an indispensable partner for customers and society, the TMEIC Group enhances corporate value across the Group.

Promoting the Development of High-Value-Added Products and Services

The TMEIC Group leverages its core technologies to provide systems and products that deliver optimal solutions for customers. In recent years, we have also begun offering high-value-added products and services that utilize IoT and AI and continue to strengthen these offerings through ongoing research and development.

TMEIC holds a leading market share in Japan, particularly in the field of electrical equipment for manufacturing plants. Globally, we aim to achieve top market share by enhancing product quality, performance and efficiency, expanding regional product lineups, and introducing products that comply with local standards and meet regional energy and electrical requirements. Service and support capabilities are also being reinforced with R&D initiatives designed to surpass competitors.

In addition, TMEIC is advancing innovation in its own production processes as part of improving product quality through the smart digital factory initiative. This includes the introduction of robots for automated assembly and shipment inspection, as well as the development of strategic logistics hubs.

Strengthening the Global Research and Development Structure

TMEIC has established company-wide regulations, such as the Regulations on Research and Development Operations, and formulates an annual company-wide development policy to guide and manage R&D activities. Each business division then develops technical policies based on a future vision and direction, taking into account the priority strategies and management objectives outlined in the company-wide development policy, and implements R&D plans accordingly. In addition, an annual company-wide R&D results briefing is held to share development information. Particular focus is placed on R&D for high-value-added initiatives related to carbon neutrality, service businesses and DX.

Within the TMEIC Group, efforts are underway to strengthen global collaboration and optimize the use of R&D resources. In addition to short-term development projects, we are identifying long-term research themes and have invested more than ¥10 billion annually in global R&D since fiscal 2024. The Group plans to continue this level of investment from fiscal 2026 onward.

▸ Global Research and Development Sites

	Research and Development Sites
Domestic	· TMEIC Corporation (Scope: Head Office, Fuchu Works, Keihin Works, Kobe Works, Nagasaki Works, Ako Works, KTC [Kobe Technology Center])
Overseas	· TMEIC Corporation Americas · TMEIC China Corporation · TMEIC Industrial Systems India Private Ltd. · TMEIC Process Technology Application Centre Pty Ltd.

▸ R&D Categories

1. Development of elemental technology
2. Creation and development of new markets
3. Development of new business
4. Development of next-generation technology
5. Strengthening competitiveness
6. Development of production innovation technology
7. Development of products that contribute to carbon neutrality

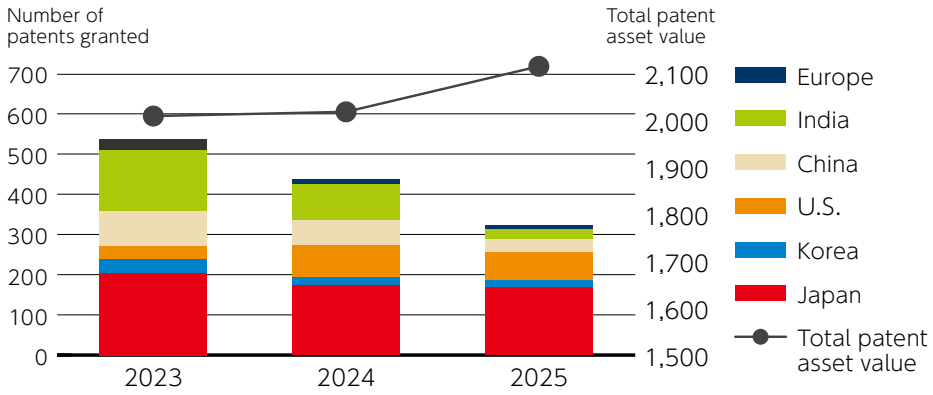
Intellectual Property

In managing its intellectual property, TMEIC is conscious of: (1) complying with laws and regulations concerning intellectual property rights; (2) actively protecting and utilizing the results of intellectual activities; and (3) respecting the intellectual property rights of other companies. These provisions are also stipulated in the TMEIC Group Code of Conduct.

In addition, TMEIC focuses on strengthening intellectual property capabilities overseas in line with the rapid growth of overseas business in recent times. In order to protect our technology in the areas of the world in which we operate, we are striving to secure intellectual property globally for the TMEIC Group. This includes not only filing overseas for patents acquired in Japan but also increasing the number of patent applications by local subsidiaries. TMEIC uses the Patent Asset Index (PAI)* as an indicator to objectively evaluate the competitive advantage and overall value of its patent portfolio.

* PAI is an integrated indicator that evaluates the quantity and quality of valid existing patents.

▸ Patent Registrations by Region and Total Patent Asset Value



The total patent asset value is evaluated using the patent analysis tool LexisNexis® PatentSight+™ by calculating PAI.

TMEIC Products, Systems and Solutions Contributing to Innovation and Development of Industry and Society

Product Lineup for Industry and Plants

https://www.tmeic.com/products/

▸ High-Efficiency Motors



TMEIC's IE4 induction motors achieve Super Premium Efficiency without the use of permanent magnets, delivering world-class energy efficiency. They reduce motor losses by up to 50% compared with conventional TMEIC standard motors. TMEIC's product lineup also includes reluctance motors that achieve IE5 efficiency levels. In addition, TMEIC already offers high-efficiency high-voltage and explosion-proof motors, which are not subject to efficiency regulations.

In January 2018, TMEIC won the Minister of Economy, Trade and Industry Award, the highest distinction in the fiscal 2017 Energy Conservation Grand Prize, in recognition of these energy-efficiency initiatives.

▸ Motor Drive System



This system contributes to the energy optimization of the entire factory or plant by improving the energy efficiency of the motor itself on the back of cutting-edge power electronics technology and development capabilities. It can also be customized to fit the needs of the customer. For example, autonomous control functions (voltage and frequency stabilization, power factor and output power control, etc.) make it possible to respond to sudden power load changes, which not only improves the operational efficiency of the facility but also contributes to the reduction of energy consumption.

▸ UPS Systems



Uninterruptible power supply (UPS) systems ensure that critical equipment, which cannot afford to stop even during a power outage, continues to operate. In the event of a power failure, the UPS supplies electricity from its batteries — charged under normal conditions from commercial power — for a set period, enabling the safe shutdown of equipment, backup operations and data protection.

▸ Photovoltaic Power Conditioning System (PV-PCS)



This modular power conditioning system builds on TMEIC's technologies for achieving world-class conversion efficiency and one of the world's largest single-unit capacities. By connecting multiple PCS modules, the system can be configured with an optimal capacity to meet specific site requirements, while also allowing for easy future capacity expansion.

▸ Large-Capacity Battery Energy Storage System



This battery system was developed to support a variety of applications, with careful consideration of optimal battery capacity, efficiency, safety, battery life and stable operation. When integrated with renewable energy sources such as solar or wind power, it stabilizes variable power output and enables effective use of power generation via solar and wind energy during disasters or power outages.

▸Voltage Sourced Rectifier for Hydrogen Production



TMEIC's voltage sourced rectifier for hydrogen production is an innovative device that achieves advanced harmonic suppression, low ripple, high power factor and reactive power control, which were challenging with conventional thyristor rectifiers. This rectifier significantly contributes to stable hydrogen production in hydrogen manufacturing plants and exhibits excellent compatibility with renewable energy sources, essential for green hydrogen production. Compared to conventional thyristor rectifiers, this model can enhance the stability of the input power supply.

▸Ozone Generation Systems



Insulating films are essential in semiconductor manufacturing, and ozone gas is a critical material in their production. TMEIC has developed an ozone generation system that produces ozone without using nitrogen, which can compromise the quality of the insulating film. Since its launch in 2004, this system has been adopted by semiconductor factories worldwide, contributing to the production of high-quality semiconductors.

Carbon-Neutral Systems and Solutions

https://www.tmeic.com/products/





▸Industrial Automation Systems

The TMEIC Group's industrial automation systems integrate cutting-edge technologies with deep operational know-how and advanced project management capabilities. These systems enable highly efficient and precise plant control and smart operations.

By designing and implementing comprehensive control systems, including automation, digitalization and on-site engineering, we deliver end-to-end solutions across industries. These solutions address key societal challenges such as carbon neutrality, energy conservation and electrification.

Leveraging operational data, our systems support early anomaly detection and optimized maintenance planning. This contributes to improved production efficiency, enhanced product quality and stable operations, ultimately maximizing the lifecycle value of industrial assets.

▸Ports and Terminals Solutions



Efficient logistics and decarbonization are key challenges for ports. Through gate management, crane drive systems, automation solutions and other technologies, TMEIC contributes to achieving carbon neutrality by enhancing the stability and efficiency of port operations and promoting clean energy and digital transformation.

▸Electric Arc Furnace Power Solutions

Electric arc furnaces (EAFs) emit approximately one-fourth of CO_2 compared to blast furnaces, making them a key focus in the era of decarbonization. However, EAF operations involve complex power quality challenges, such as flicker, three-phase imbalance, harmonics and reduced power factor, caused by load fluctuations, thereby requiring careful specification and operation of electrical equipment.

Building on the long-standing expertise of its predecessor companies, TMEIC draws on decades of experience in supplying electrical equipment and power systems for electric arc furnaces, enabling us to meet a wide range of customer needs. In collaboration with JP Steel Plantech Co., Ltd., TMEIC has developed CleanArc, which leverages advanced power electronics technology to address challenges from both power quality and productivity perspectives. These efforts contribute to the realization of a carbon-neutral society.

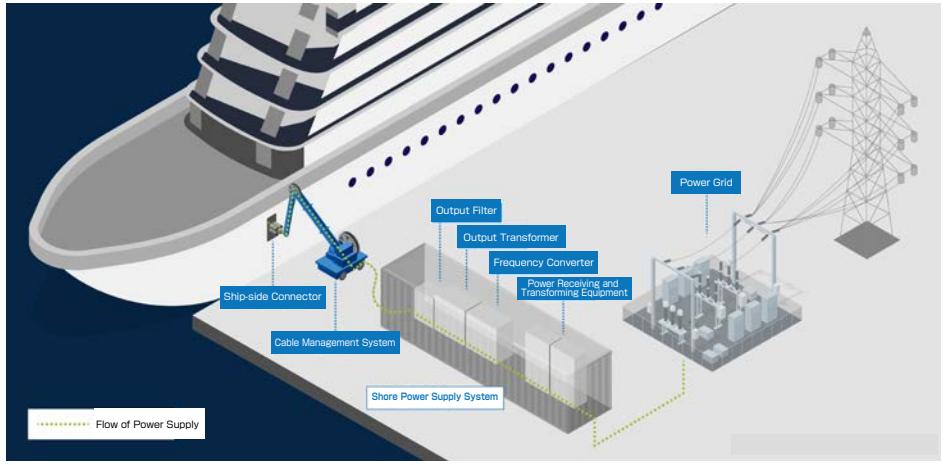
▸ Electric Propulsion Systems for Ships

In the maritime industry, efforts are being made to reduce CO_2 emissions by promoting the electrification and hybridization of propulsion systems. TMEIC has started selling motors and drive systems for ships, contributing to decarbonization in the maritime sector.

▸ Onshore Power Supply Systems for Ships

The introduction of equipment that reduces CO_2 emissions by supplying power from land to ships instead of using onboard generators while they are berthed is being promoted. TMEIC has developed a frequency conversion device that converts the frequency of electricity supplied by power companies to match the frequency on the ship and has delivered it to the Port of Yokohama.

Source: Created based on the NEDO-commissioned project "Survey on hydrogen utilization system for developing a carbon-neutral port at the Port of Yokohama" (March 2023, commissioned to Yokohama Kawasaki International Port Corporation, City of Yokohama and Yokohama Port Corporation)





Environment

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Environmental Management

Preserving the global environment is a critically important issue shared by all of humanity, and the TMEIC Group has identified "Sustainability in Global Environment" as a material issue. We have developed a roadmap aimed at achieving a carbon-neutral society and implement a wide range of initiatives based on this roadmap. At the same time, efforts are made to reduce environmental impact by promoting the circular use of finite resources and properly managing chemical substances and waste. From the perspective of environmental management, a comprehensive overview of initiatives that are common to the two sub-material issues — "Contribution to a Carbon-Neutral Society" and "Resource Circulation and Reduction of Environmental Impact" — is provided as follows.

Environmental Management

Basic Environmental Policy

Environmental issues such as climate change, resource depletion, chemical pollution and biodiversity loss are becoming increasingly serious. Recognizing that it is a fundamental responsibility as a member of society to pass on the "irreplaceable Earth" to future generations in a healthy state, TMEIC has established its Basic Environmental Policy. The policy commits us to contributing to sustainable societal development by reducing environmental impact in business activities and providing products and systems that help mitigate global environmental burdens. The entire Company works to implement this policy.

Basic Environmental Policy

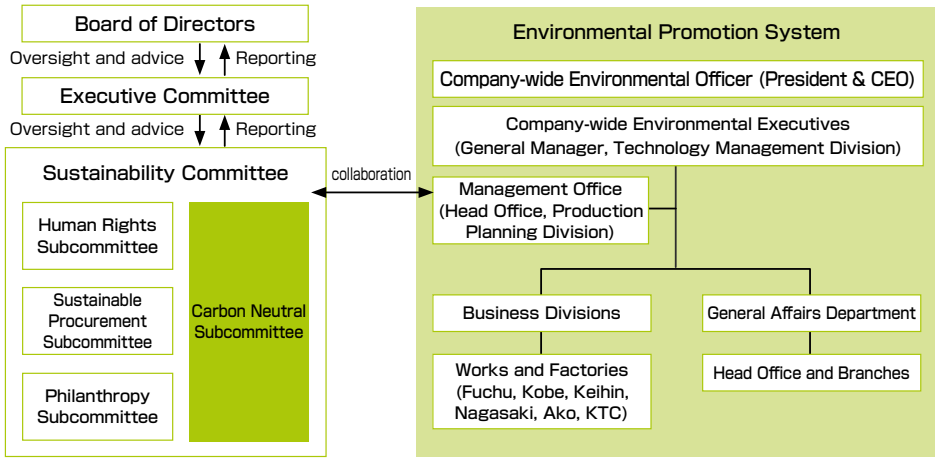
As a professional organization supporting industrial system integration, TMEIC promotes the development and provision of environmentally friendly products while reducing environmental impact across all business activities, including services. Through these efforts, we contribute to the advancement of a sustainable society and the preservation and improvement of the environment.

Environmental Management System

In promoting company-wide environmental activities, the President, who serves as the company-wide environmental officer, leads efforts toward an all-employee participatory approach to environmental management. In addition, four domestic worksites and factories have obtained ISO 14001 certification (Environmental Management System), incorporating organizational frameworks to protect the environment and respond to changes.

In reducing environmental impact in business activities, we focus on CO_2 emission reductions in production processes, management of regulated chemical substances and green procurement, with compliance as the foundation. Regarding products and systems that contribute to reducing global environmental impact, TMEIC develops solutions that improve energy efficiency and promote the use of renewable energy. In particular, areas closely related to TMEIC Group products—energy management, effective resource utilization and climate change response—are recognized as key priorities and are addressed with focused efforts.

▸ Environmental Management Structure



Environmental Education

At each manufacturing site, TMEIC conducts environmental education on topics such as climate change, along with understanding assessments, once a year (participation rate in fiscal 2025: 100%). Awareness and engagement of all employees are also promoted through the display of posters outlining energy-saving initiatives and related policies.

▸ISO 14001 Certified Sites

	Certified Sites
Japan	TMEIC Corporation · Fuchu Works · Keihin Works · Kobe Works · Nagasaki Works
Overseas	· TMEIC Corporation Americas (Scope: Katy Factory and Westport Factory) · TMEIC China Corporation (Scope: Kunshan Factory and other facilities) · TMEIC Industrial Systems India Private Limited (Scope: Factory) · Guangzhou TMEIC Baiyun Power Electronics Company, Limited

Contribution to a Carbon-Neutral Society

Disclosure in Line with TCFD Recommendations

In March 2025, TMEIC joined the TCFD Consortium and expressed support for the Task Force on Climate-related Financial Disclosures (TCFD). In April 2026, TMEIC also joined the GX Future Consortium, which has continued the activities of the TCFD Consortium. We have organized our climate change initiatives in line with the TCFD recommendations, while strengthening our governance and risk management systems and identifying climate-related risks and opportunities that are material to the TMEIC Group. Going forward, TMEIC will continue to promote climate change initiatives toward the realization of its materiality theme, "Sustainability in Global Environment."

Governance

In fiscal 2025, the TMEIC Group identified "Sustainability in Global Environment" as a material issue, setting "Contribution to a Carbon-Neutral Society" and "Resource Circulation and Reduction of Environmental Impact" as sub-material issues—policies and initiatives to realize this material issue. Addressing climate change is a key management theme for achieving this material issue and is managed within the overall sustainability governance system.

The TMEIC Group has established a Sustainability Committee, chaired by the executive officer responsible for sustainability, with the Corporate Planning Division serving as the secretariat. The committee formulates basic sustainability policies, develops and implements specific initiatives and discusses climate-related risks, opportunities, indicators and targets. Initiatives to promote carbon neutrality are carried out under the Carbon Neutral Subcommittee, which reports its deliberations to the Sustainability Committee.

The Sustainability Committee reports at least once a year to the Executive Committee and the Board of Directors on committee activities, including important climate-related matters and on the disclosure of sustainability-related information. The Board of Directors monitors progress based on these reports and oversees all climate-related initiatives. Reporting to senior management is conducted via the Executive Committee and the Board of Directors, which provide oversight and guidance. Responsibility for climate-related matters and the achievement of associated targets rests with the President, in line with the company-wide Environmental Promotion system. Climate-related information, including greenhouse gas emissions, is shared with relevant internal stakeholders through the company-wide Environmental Meetings.

For more details on oversight and promotion by the Board of Directors and Sustainability Committee, see Sustainability Promotion System (P.13).

Strategy: Climate Change Risk Assessment

▸ Overview

The TMEIC Group views the transition toward a carbon-neutral society not only as a risk but also as an opportunity for business expansion. Based on this recognition, in fiscal 2026, TMEIC conducted a scenario analysis in line with the TCFD recommendations to understand the potential impacts of climate change on the TMEIC Group's businesses. Using multiple climate scenarios, TMEIC analyzed how changes in the business environment could affect the TMEIC Group's businesses and continues to consider appropriate strategies.

▸ Scenario Setting

This analysis refers to internationally recognized climate scenarios published by organizations such as the IEA and IPCC and evaluates differences in the impacts associated with climate change. Specifically, two scenarios were established to assess potential business impacts: a 1.5°C scenario (IEA Net Zero Emissions by 2050), in which decarbonization advances worldwide and policies and market structures undergo significant change; and a 4°C scenario (IPCC RCP8.5), in which climate action remains limited and physical risks materialize.

▸ Scenario Analysis Results: External Environment in 2050

Item	1.5℃ Scenario (A World Advancing Decarbonization)	4℃ Scenario (A World with Limited Climate Action)
Worldview (External Environment)	· Higher raw material procurement and operating costs due to the introduction of carbon taxes and tighter climate regulations in various countries · Greater adoption of low-carbon technologies, including renewable energy and electrification, supported by government policies and increased private investment	· Continued dependence on oil, coal, natural gas and other fossil fuels, with limited transition to renewable energy and other decarbonization technologies · More frequent and severe weather-related disasters, including sea-level rise and flooding caused by rising temperatures

▸ Assessment of Financial Impacts

In fiscal 2024, based on the TCFD classifications of risks and opportunities, TMEIC qualitatively assessed potential impacts on the TMEIC Group's businesses and identified climate-related risks and opportunities. In fiscal 2025, TMEIC reviewed the risks and opportunities identified in the previous fiscal year by quantitatively assessing their potential business impacts based on estimates of financial impacts under the selected scenarios and certain assumptions. For items for which estimating financial impacts was difficult, TMEIC assessed the potential business impacts qualitatively. In assessing financial impacts, TMEIC considered the specific impacts of each risk and opportunity across the TMEIC Group and the time frames in which those impacts could materialize.

<Time Frame Definitions>

Short term: 2027 (end of the medium-term management plan)

Medium term: 2030 (target year for greenhouse gas emission reduction)

Long term: 2050 (target year for achieving carbon neutrality across the entire value chain)

<Business Impact Definitions>

Small: Financial impact of less than ¥100 million, or potential impact that does not reach the "Medium" level

Medium: Financial impact of ¥100 million or more but less than ¥1 billion, or potential impact on certain businesses or parts of the business

Large: Financial impact of ¥1 billion or more, or potential impact across the entire Company

▸Identified Key Climate-Related Risks and Opportunities

The key climate-related risks and opportunities identified are shown below. The TMEIC Group will periodically review these material risks and opportunities and promote initiatives to mitigate the identified risks and leverage the identified opportunities.

<Identified Key Climate-Related Risks>

Category	Type	Risk	Scenario	Short term	Medium term	Long term	Business impact	Response measures
Transition risk	Policy & legal risk	Increase in production costs during operations and in raw material/procurement costs due to the introduction of a carbon tax	1.5℃	○	○	○	Medium*	· Accelerate and strengthen initiatives in response to trends in carbon tax-related laws and regulations, including investment in carbon-neutral technologies · Promote decarbonization across all operating processes, including production, procurement and logistics, and advance GHG emission reductions in line with SBTi targets
	Policy & legal risk	Penalties, deterioration of corporate image and decline in sales due to failure to comply with laws or customer requirements	1.5℃	-	○	○	Large	· Monitor legal revisions and requirement trends and respond immediately · Consider reputation risk measures in advance and respond immediately
	Technology risk / Market risk	Decrease in sales of carbon-neutral products due to delays in technology development	1.5℃	-	○	○	Large*	· Secure technology development resources, including expanded recruitment and use of global resources, and shorten and streamline development periods · Pursue superiority, differentiation and uniqueness of related products by accurately reflecting market needs and technology seeds
	Market risk	Increase in energy costs for raw materials and production due to changes in the energy mix and higher renewable energy purchase costs	1.5℃	○	○	○	Medium*	· Promote energy conservation and the introduction of high-efficiency energy equipment · Promote the introduction of photovoltaic power generation equipment for on-site consumption
	Market risk	Increase in transportation costs for aircraft, ships and other modes of transport due to decarbonization measures	1.5℃	○	○	○	Large*	· Promote localization, including local development of products for local markets
	Reputation risk	Deterioration of corporate image due to failure to achieve environmental targets	1.5℃	○	○	○	Large	· Conduct periodic progress evaluations of initiatives and deploy countermeasures in cases of delay, including the use of external organizations · Develop reputation risk measures in advance and respond immediately
Physical risk	Acute risk	Disruption of supply chains and operational stoppages due to extreme weather	4℃	○	○	○	Medium	· Strengthen BCP measures to enhance response capabilities for extreme weather and ensure continuity of operations · Secure stable procurement and diversify risk through transactions with multiple suppliers
	Chronic risk	Reduced production efficiency due to an increase in heatstroke cases associated with rising average temperatures	4℃	○	○	○	Small*	· Improve the working environment, thoroughly manage worker health and improve work efficiency through automation and other measures
	Chronic risk	Factory damage caused by sea-level rise and resulting production stoppages at certain sites	4℃	○	○	○	Large*	· Consider the potential for flooding and related risks when establishing or relocating sites · Improve production flexibility across plants in Japan and overseas

* Items without an asterisk are based on qualitative assessments.

<Identified Key Climate-Related Opportunities>

Type	Opportunity	Scenario	Short term	Medium term	Long term	Business impact	TMEIC Group Initiatives
Energy sources	Increase in sales of related products and services driven by growing demand for renewable energy	1.5℃	○	○	○	Large*	· Accelerate the development and business expansion of renewable energy-related products and services, such as power conditioners and storage systems for solar power generation systems
Products/ Services	Increase in sales of related products and services due to growing carbon-neutral demand	1.5℃	○	○	○	Large*	· Accelerate the development and business expansion of renewable energy-related products and services, such as power conditioners and storage systems for solar power generation systems · Accelerate the development and business expansion of products and services that contribute to electrification, such as electric-arc furnace power supply solutions and electric propulsion systems for ships · Accelerate the development and business expansion of products and services that contribute to energy savings, such as high-efficiency motors, inverters and energy management systems
	Expansion of demand for stable water supply due to water resource constraints driven by climate change	4℃	○	○	○	Large	· Accelerate the development and business expansion of products and services that contribute to stable water supply, such as seawater desalination plants
Market	Increase in sales of carbon-neutral products through subsidies for the production of climate change-related products	1.5℃	○	○	○	Medium	· Increase production of products that contribute to climate change mitigation · Strengthen development and accelerate market launch of carbon-neutral products
Resilience	Increase in sales of products and services that contribute to measures against natural disasters caused by climate change	4℃	○	○	○	Large*	· Accelerate the development and business expansion of products and services such as uninterruptible power supply (UPS) systems and multiple power compensators (MPC), driven by growing demand for BCP measures · Provide products and services that support disaster prevention and mitigation, such as air-cooled water-resistant motor-integrated pumps

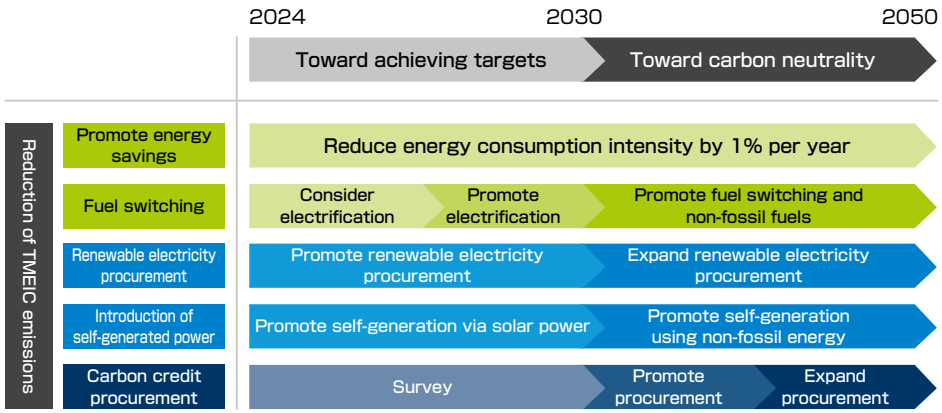
* Items without an asterisk are based on qualitative assessments.

▸ Roadmap toward 2050 Carbon Neutrality

In response to climate change, the TMEIC Group aims to achieve carbon neutrality across the entire value chain by 2050 and will promote the reduction of GHG emissions. The roadmap for reducing our own emissions is as follows. Specifically, we aim to reduce emissions through (1) energy-saving initiatives, (2) fuel switching and electrification, (3) procurement of renewable electricity, (4) introduction of self-generated power and (5) procurement of carbon credits.

Since 2024, TMEIC has also participated in the GX League, an initiative led by the Ministry of Economy, Trade and Industry to promote Green Transformation (GX). In April 2026, TMEIC joined the GX Future Consortium, which has continued the activities of the GX League.

Beyond efforts to reduce its own emissions, TMEIC collaborates with stakeholders and civil society, leveraging the Group's technological capabilities, products and services, as well as initiatives in next-generation fields, to contribute to achieving carbon neutrality across society.



Risk Management

The TMEIC Group considers environmental factors within the classification of company-wide management risks. Under the Group-wide risk management system, each division identifies critical risks, conducts self-assessments of their potential impact and likelihood, reviews the latest risk status and implements countermeasures. With regard to climate-related risks, the relevant departments identify those deemed particularly important, and these risks are managed under the company-wide risk management system.

Metrics and Targets

As part of its response to climate change, the TMEIC Group aims to achieve carbon neutrality across its entire value chain by 2050 and promotes reductions in GHG emissions. As a medium-term target, we have established a GHG emission reduction goal for fiscal 2030.

To achieve the GHG emission reduction target, emissions across the value chain (Scope 1, 2 and 3) are calculated. In doing so, we refer to the GHG Protocol and the Act on Promotion of Global Warming Countermeasures' system for calculating, reporting and disclosing GHG emissions.

▸GHG Emission Reduction Targets

In October 2023, the TMEIC Group obtained certification for its GHG emission reduction targets from the international initiative Science Based Targets initiative (SBTi).

For Scope 1 and Scope 2, we aim to reduce emissions through further promotion of energy conservation and the introduction of renewable electricity. For Scope 3, we seek to reduce emissions across the entire supply chain by promoting the development and sales of low-emission products within both our own operations and our supply chain.

(Scope: TMEIC Group)

	Base year	Target year	Target value	Base year (2020) GHG emissions
Scope 1 and Scope 2	2020	2030	42% reduction (total emissions basis)	Scope 1: 2.03kt-CO_2 Scope 2: 13.78kt-CO_2
Scope 3	2020	2030	52.56% reduction (value-added basis)	23,430kt-CO_2

<Monitoring of Target Progress>

The TMEIC Group calculates GHG emissions annually and monitors progress toward its targets. For the latest greenhouse gas emission results, see the "Environmental Data (P. 71)" at the end of this report.

<Reduction of Energy Consumption in Business Activities>

TMEIC promotes energy conservation in business activities to contribute to climate change mitigation and adaptation. Based on our environmental policy, we establish structures and responsibilities and pursue two activity policies: "company-wide participatory energy-saving activities" and "energy-saving activities through improved operation and management of equipment." Under the Act on Rationalizing Energy Use, the target is to achieve an average annual reduction of 1% or more in energy consumption intensity over the medium to long term.

Reduction of Energy Consumption Intensity in TMEIC Business Activities (Scope: TMEIC)

	FY2023	FY2024	FY2025
Reduction rate of energy consumption intensity (%)	-1.2	-5.3	-0.3
Business classification evaluation	S Class	S Class	A Class

∗ Overview of the Business Classification Evaluation System (Agency for Natural Resources and Energy website):
https://www.enecho.meti.go.jp/category/saving_and_new/saving/enterprise/overview/institution/

<Utilization of Renewable Energy>

The TMEIC Group is promoting the introduction of electricity from renewable energy sources and increasing the adoption rate of renewable energy.

Utilization of Renewable Energy in the TMEIC Group (Scope: TMEIC Group)

	FY2023	FY2024	FY2025
Share of renewable energy in total electricity consumption	17%	20%	37%

∗ For details on energy use, see the "Environmental Data (P. 71)" at the end of this report.

Contribution to a Carbon-Neutral Society through Products and Services

As global action on climate change becomes increasingly urgent, the role of corporations is growing ever more important. The TMEIC Group contributes to the realization of a carbon-neutral society by developing and providing products and solutions through advanced technological capabilities. This section highlights how the Group's products, systems and solutions help reduce greenhouse gas emissions, focusing on Renewable Energy, Energy Efficiency and Electrification.

▸ The TMEIC Group's Areas of Contribution

Category		Main Products and Systems of the TMEIC Group Contributing to Carbon Neutrality	Contribution Details
Renewable Energy	Contributing to the transition from fossil fuel-based power by enabling electricity supply from renewable energy sources	Power Conditioning Systems (PCS) for Solar Power Generation	A core device that converts the direct current (DC) electricity generated by solar panels into alternating current (AC) for stable supply to the power grid. Through highly efficient power conversion and output control, it contributes to expanding solar power adoption and reducing transmission losses.
		Power Stabilization Systems for Renewable Energy (including energy storage, substations and monitoring & control systems)	Mitigates fluctuations in output from renewable energy sources such as solar, wind and biomass and reduces their impact on the power grid to support stable electricity supply. By adjusting and complementing the interface between generation facilities and the power grid, these systems contribute to broader renewable energy adoption and improved overall grid reliability.
		Rectifier Systems for Hydrogen Production	High-efficiency rectifiers required for the process of producing hydrogen by electrolyzing water using renewable electricity. By supporting green hydrogen production, these systems contribute to the transition away from fossil fuel-derived hydrogen.
Energy Efficiency	Contributing to reduced electricity consumption and associated greenhouse gas emissions through technologies that enhance the operational efficiency of existing equipment	High-Efficiency Motors and Power Electronics Products	High-efficiency motors with lower power losses compared to conventional models and the drive systems that control them. By improving equipment operating efficiency, these products directly contribute to reducing electricity consumption and greenhouse gas emissions.
		Motors and Drive Systems for Industrial Plants	Motor speed control via inverters enables optimal operation according to load. By transitioning from conventional fixed-speed and mechanical control methods, unnecessary electricity consumption is minimized, delivering effective energy savings.
Electrification	Contributing to the carbon neutrality of energy sources through technologies that convert industrial processes previously powered by fossil fuels to electric power	Power Supply Systems for Electric Furnaces	Power supply and control systems that support the transition in steel production from conventional blast furnaces (using fossil fuels) to electric furnaces (using electricity). By electrifying industrial processes, these systems contribute to reducing greenhouse gas emissions.
		Electric Propulsion Systems for Ships	Motors, drives and energy management systems that support the transition from diesel propulsion to electric propulsion. By electrifying ships, fuel consumption and emissions are reduced, contributing to the decarbonization of the maritime industry.

Avoided emissions

The TMEIC Group is working to calculate avoided emissions as part of its efforts to quantitatively demonstrate its contribution to achieving a carbon-neutral society. This metric indicates the amount of CO_2 emissions reduced across society through the adoption of the TMEIC Group's products, systems and solutions. Unlike emissions at the product usage stage (Scope 3, Category 11), it visualizes the contribution to the societal impact of emission reductions. The following examples from the previously discussed contribution areas where the TMEIC Group can assess avoided emissions are presented as follows. Going forward, the TMEIC Group will continue to advance the assessment of avoided emissions alongside the evolution of its products and technologies, further clarifying its role in achieving a carbon-neutral society.

▸ Power Conditioning Systems (PCS) for Solar Power Generation

<Overview>

The TMEIC Group's PCS for solar power generation systems is a core device that converts the direct current (DC) electricity generated by solar panels into alternating current (AC) for stable supply to the power grid. By ensuring highly efficient power conversion and precise output control, it supports the wider adoption of solar power and reduces energy losses. As a technology supporting the expansion of renewable energy, it enables a shift away from fossil fuel-based electricity, contributing to the reduction of greenhouse gas emissions across society.

<Target Product>

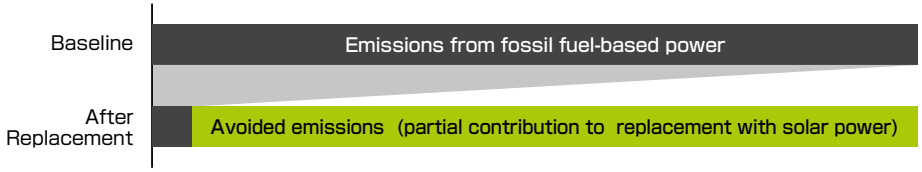
Power Conditioning Systems (PCS) for Solar Power Generation



<Calculation Method>

Avoided emissions = Annual delivered capacity × Country-specific capacity factor × Country-specific emission factor × Service life

TMEIC Group FY2025 Avoided Emissions: 73.87 million tons of CO_2 (partial contribution)



▸ High-Efficiency Motors and Power Electronics Products

<Overview>

The TMEIC Group's high-efficiency motors and power electronics products are designed to minimize power losses compared with conventional models, enabling a reduction in the electricity required for equipment operation. This directly contributes to the reduction of greenhouse gas emissions during the product usage stage.

<Target Product>

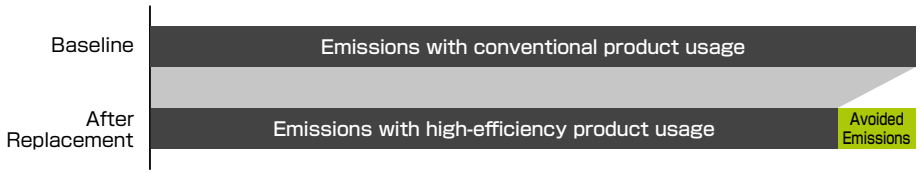
Motors and generators, drive systems, power converters and uninterruptible power supply (UPS) systems



<Calculation Method>

Avoided emissions = Annual delivered capacity × (Conventional power consumption − High-efficiency product power consumption) × Annual operating hours × Country-specific emission factor × Service life

TMEIC Group FY2025 Avoided Emissions: 6.61 million tons of CO_2



Estimated using the following data and internal calculation factors: · Country-specific emission factors: IEA Emissions Factors
· Service life: The Japan Electrical Manufacturers'Association"Physically Stable Service Period"
· Equipment utilization rates: Agency for Natural Resources and Energy (Japan), U.S. Energy Information Administration International Renewable Energy Agency

Resource Circulation and Reduction of Environmental Impact

Water

Policy

Under the Environmental Management Regulations, TMEIC targets the prevention of water pollution, prevention of soil and groundwater contamination and effective use of water resources, in compliance with environmental laws and regulations as a guiding principle.

TMEIC sets the goal of "thorough management based on legal trends such as the Waste Management and Public Cleansing Law" and implements environmental pollution prevention and eco-conscious initiatives to prevent environmental pollution caused by business activities.

By reducing regulated chemical substances generated during the manufacturing process and improving environmental equipment, TMEIC works to prevent water pollution (compliance with regulatory concentrations) and soil and groundwater contamination, aiming to conserve water resources.

<Water Usage> (Unit: 1,000 m³, Scope: TMEIC)

Target	FY2023	FY2024	FY2025
Thorough management based on legal trends such as the Waste Management and Public Cleansing Law	78	74	80

Raw Materials, Chemical Substances and Waste

Policy

In its Environmental Management Regulations, TMEIC sets forth the reduction of chemical substance emissions, management of ozone-depleting substances and volatile organic compounds (VOC), prevention of air pollution, reduction of noise, vibration and odor, management of polychlorinated biphenyls (PCB), promotion of green procurement, reduction of total waste generation, expansion of recycling of used products and the provision of Environmentally Conscious Products (ECP) as priority items. Guided by the principle of reducing environmental impact, TMEIC sets a goal of "thorough management based on legal trends such as the Waste Management and Public Cleansing Law." In product development and design, TMEIC works on substitution of regulated substances and improving decomposability to facilitate easier waste disposal, as well as on reducing regulated chemical substances and upgrading environmental management equipment.

Initiatives Related to Waste

TMEIC concludes consignment contracts in advance with licensed contractors for the collection, transportation and disposal of industrial waste arising from its business activities and ensures proper treatment in compliance with regulations. When handing over industrial waste to contractors, TMEIC issues industrial waste management manifests to track and manage the waste.

Initiatives Related to Hazardous Substances

To prevent chemical leaks in advance, TMEIC has established its own installation and structural standards for chemical warehouses and small storage facilities, in addition to the standards set by relevant laws, ordinances and agreements. Based on these standards, each works and factory implements concrete countermeasures.

Initiatives Related to Emergencies

To prepare for emergencies such as violations of environmental laws, incidents requiring reporting to administrative authorities or other comparable situations, TMEIC has established at each division and works a management system that stipulates reporting procedures, countermeasures including containment and training. In the event of an emergency, responses are taken in accordance with these procedures and the responsible business site or division reports the incident to the relevant local government. Reporting to central government agencies is handled by the Company-wide Environmental Executives or their Deputies, or by the Environmental Executives of the respective works.

<Total Waste Volume> (Scope: TMEIC)

Target	FY2023	FY2024	FY2025
Thorough management based on legal trends such as the Waste Management and Public Cleansing Law	2,279t	2,304t	2,902t

▸ Local Production for Local Consumption Initiatives in India


India Factory

TMEIC established a motor factory in 2016 and a power electronics factory in 2017 in India to promote local production for local consumption in the Indian market. Both factories have a high rate of local procurement of components and create approximately 500 jobs locally. Solar power systems have also been installed, supplying most of the electricity for the power electronics factory. This enables the realization of a next-generation "energy-circulating factory" where the energy required for product manufacturing is also sourced locally. This initiative not only promotes efficient use of finite resources but also enhances responsiveness to local standards, regulations and customer requirements, while reducing logistics costs and energy consumption in transportation.

Initiatives to Reduce Plastic Usage

The increasing volume of plastic waste is causing problems as improperly disposed plastics flow into the oceans. The TMEIC Group has launched global initiatives to reduce plastic usage.

▸ Initiatives at TMEIC Industrial Systems India Private Limited

At our India site, plastics and vinyl wraps used in product packaging are being replaced with paper and cardboard. Efforts are also underway to reduce cushioning materials and to reuse component covers as bags for packaging. These initiatives have reduced approximately 69.4kg of plastic waste per month.

Activity	Overview	Monthly reduction amount
Review of packaging methods	Introduced paper-based packaging for busbars instead of plastic covers.	Approx. 16kg (vinyl wrap)
Reuse of component covers	Reused small component covers as bags when packaging UPS.	Approx. 2.4kg (plastic waste)
Packaging improvement with overseas suppliers	Reduced the use of cushioning (sponge) materials through packaging review.	Approx. 21kg (sponge material)
Use of cardboard boxes	Used cardboard boxes instead of vinyl wrap for equipment packaging.	Approx. 30kg (vinyl wrap)

▸ Internal Awareness

The plastic reduction initiatives by TMEIC Industrial Systems India Private Limited, which include practical improvement activities such as identifying waste generation sources, generating reduction ideas and collaborating with suppliers, were shared at the Global Sourcing Meeting, where procurement managers and staff of the TMEIC Group gather. These initiatives have been positioned as best practices within the Group, helping to raise employees' awareness of environmental issues across different sites, while also serving as a catalyst for strengthening the Group's overall environmental response and promoting organizational improvement activities.



Social

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Respect for Human Rights

We believe that protecting the human rights of all stakeholders is a corporate responsibility. TMEIC has established the TMEIC Group Human Rights Policy, identifies human rights risks through human rights due diligence and implements measures based on the results. In addition, we place strong emphasis on employee education and have established grievance mechanisms for both employees and suppliers.

Approach to Respecting Human Rights

Policy on Respecting Human Rights

In aiming to provide customers with high-quality products and services and to contribute to the sustainable development of society, companies are required to conduct business activities while respecting the human rights of all people involved in their operations, as a response to societal expectations.

The TMEIC Group, based on its corporate philosophy and management policies, has established a human rights policy and seeks to embed respect for human rights into its business activities by taking into account internationally agreed human rights norms.

TMEIC Group Human Rights Policy

The TMEIC Group's corporate philosophy is to build relationships of trust with customers and contribute to the sustainable development of a global society as an industrial systems integrator. In developing business activities to realize this philosophy, the TMEIC Group recognizes respect for human rights as a social responsibility required of companies and promotes initiatives to respect the human rights of all stakeholders, including employees.

1. Based on this policy, the TMEIC Group respects the human rights set forth in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. We declare our commitment to business activities that respect human rights, including the elimination of discrimination, the prohibition of child labor and forced labor, compliance with labor-related laws and regulations and the establishment of safe and healthy working environments. In addition, the TMEIC Group incorporates initiatives for respecting human rights into its business activities in line with the United Nations Guiding Principles on Business and Human Rights.
2. The TMEIC Group complies with the laws and regulations of the countries and regions where it conducts business. In the event of any inconsistency between international human rights standards and local laws, we seek ways to respect international human rights standards.
3. The TMEIC Group strives to ensure that all executives and employees respect human rights in accordance with this policy. We also require suppliers and business partners, such as material procurement sources, to respect human rights.
4. Through our human rights due diligence initiatives, the TMEIC Group identifies negative impacts on human rights arising from its business activities and works to prevent and mitigate such impacts. Furthermore, by operating reporting channels inside and outside the Group, we promptly identify risks that our business activities may cause or contribute to adverse impacts on human rights. When such risks materialize, we endeavor to take appropriate remedial measure.
5. The TMEIC Group engages in dialogue with relevant stakeholders on human rights issues within the Group, deepens its initiatives for respecting human rights and revises this policy as necessary.
6. The TMEIC Group conducts appropriate awareness-raising activities so that executives and employees can understand this policy and put it into practice in their respective business activities.
7. The TMEIC Group discloses information appropriately on the status of initiatives related to respect for human rights.

Established: February 27, 2023

* The TMEIC Group Human Rights Policy has been adopted by TMEIC and its domestic and overseas subsidiaries, all of which are subject to human rights due diligence.

Promotion System

Within the Sustainability Committee, TMEIC has established the Human Rights Subcommittee, composed of members from the Corporate Planning, General Affairs, Sourcing and Legal divisions. This subcommittee advances initiatives to respect human rights for employees of TMEIC and its domestic and overseas subsidiaries, as well as for suppliers.



* Efforts related to sustainable procurement and conflict minerals are carried out in collaboration with the Sustainable Procurement Subcommittee.
* For important matters, such as the adoption of the Human Rights Policy and reporting on the implementation of TMEIC's human rights due diligence, the head of the Legal Division, who coordinates the Human Rights Subcommittee, submits resolutions or reports to the Executive Committee and the Board of Directors.

Activity Schedule

TMEIC aims to establish initiatives to respect human rights based on international standards across the TMEIC Group by fiscal 2030. The past activities, current challenges and target state are as follows:

Past activities	Current challenges	Target state
・Adoption of the Human Rights Policy (FY2022: TMEIC and domestic/overseas subsidiaries) ・Implementation of human rights due diligence (FY2023–2024: TMEIC and domestic/overseas subsidiaries) ・Identification and assessment of human rights risks (FY2023–2024: 100% of TMEIC and domestic/overseas subsidiaries) ・Formulation and implementation of risk mitigation measures (FY2024: TMEIC) ・Dialogue with stakeholders (employees, suppliers) (from FY2023: TMEIC) ・Consultation with external experts (lawyers) (from FY2023: TMEIC) ・Education on initiatives to respect human rights (FY2023: TMEIC) ・Commencement of site visits to overseas manufacturing facilities by the Occupational Safety and Health Department (FY2025: the North American manufacturing facility (TMCA) and the China manufacturing facility (GTMBU)) ・Dialogue on human rights risks with major overseas subsidiaries conducted by the Human Resources and General Affairs Departments (FY2025) ・Revision of the Sustainable Procurement Guidelines by the Procurement Department (FY2025) ・Introduction of sustainability-related clauses into Basic Purchasing Agreements (FY2025)	・Formulation and implementation of risk mitigation measures (domestic/overseas subsidiaries) ・Continuation of risk mitigation implementation and review according to internal and external environmental changes (TMEIC) ・Development of evaluation indicators for risk mitigation measures (TMEIC and domestic/overseas subsidiaries) ・Enhancement of disclosure regarding initiatives to respect human rights (TMEIC and domestic/overseas subsidiaries) ・Continued implementation of education on initiatives to respect human rights (TMEIC and domestic/overseas subsidiaries)	・Establishment of a PDCA cycle for human rights due diligence ・Consolidation of understanding regarding initiatives to respect human rights

Implementation of Human Rights Due Diligence

Initiatives for Mitigating Human Rights Risks

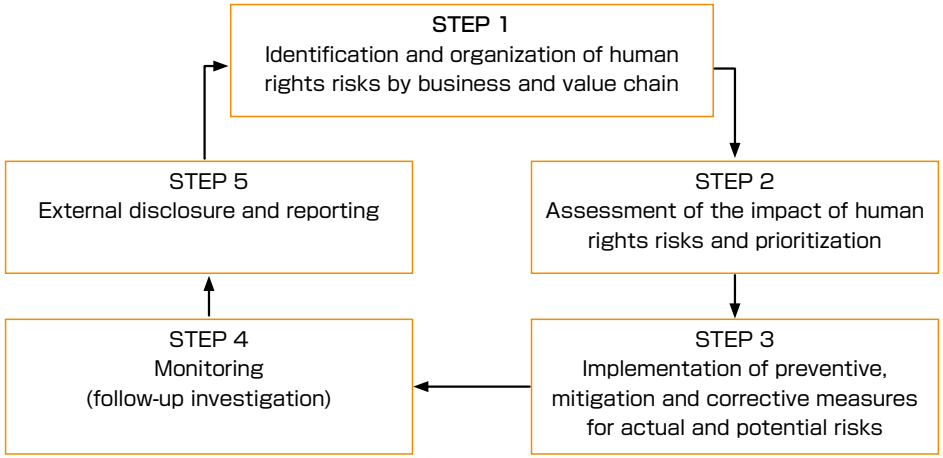
The TMEIC Group conducts human rights due diligence in accordance with the Reference Material on Practical Approaches for Business Enterprises to Respect Human Rights in Responsible Supply Chains formulated by the Ministry of Economy, Trade and Industry in April 2023. The due diligence aims to operate the PDCA cycle shown in Steps 1–5 in the diagram at right.

Human rights issues span a wide range and it is necessary to proceed gradually while considering relationships with internal and external stakeholders. TMEIC adopts a risk-based approach, prioritizing the implementation of mitigation measures for human rights risks assessed as having particularly significant negative impacts on stakeholders.

For monitoring, TMEIC engages in annual dialogue with stakeholders (union executives, suppliers) to receive feedback on risk identification and mitigation measures. Additionally, TMEIC obtains advice through exchanges with external experts (lawyers) to incorporate the latest domestic and international discussions and trends from other companies. Indicators for evaluating the effectiveness of risk mitigation measures are also planned to be established.

The status of these activities will continue to be disclosed through the Sustainability Report.

▶ Overview of the Human Rights Due Diligence Process: PDCA Cycle



Prepared by OH-EBASHI LPC & PARTNERS

Identification and Assessment of Human Rights Risks

In fiscal 2023, TMEIC and subsequently in fiscal 2024, its domestic and overseas subsidiaries conducted human rights due diligence and identified the following issues as priority areas for the TMEIC Group (right).

(1) Occupational health and safety
(2) Risk of personal information leakage (information security)
(3) Prevention of long working hours
(4) Prevention of discrimination and harassment
(5) Prevention of forced labor and child labor

Formulation and Implementation of Risk Mitigation Measures

For the identified issues, TMEIC and its domestic and overseas subsidiaries have taken the following actions.

Item	Risk mitigation measures (TMEIC)	Risk mitigation measures (domestic and overseas subsidiaries)
Occupational health and safety	· Continuous implementation of regular and irregular safety patrols, including executive safety inspections · Continued implementation of the "Special Safety Day" safety meeting · Ongoing safety education · Implementation of safety meetings to minimize industrial accidents at construction sites, including contractors (from FY2024)	· Interviews with domestic and overseas subsidiaries, identification of specific issues and discussions on activity plans for the following fiscal year (conducted in FY2025) · Site visits to overseas subsidiaries, including the North American manufacturing facility (TMCA) and the China manufacturing facility (GTMBU) (conducted in FY2025)
Risk of personal information leakage (information security)	· Ongoing implementation of personal information protection education · Ongoing implementation of information security inspections	· Distribution of questionnaires to domestic and overseas subsidiaries, development of subsidiary checklists and discussions on plans for enhancing legal compliance, internal rules and management systems (conducted in FY2025)
Prevention of long working hours	· Ongoing education for managers on working hours management · Ongoing distribution of monthly reminder emails to all employees	· Information-sharing meetings between TMEIC and major subsidiaries to review the current situation and discuss activity plans for the following fiscal year (conducted in FY2025)
Prevention of discrimination and harassment	· Ongoing awareness of the internal reporting system (Risk Management Hotline) · Ongoing harassment prevention education · Ongoing awareness that customer harassment cases are included in the internal reporting system (from FY2024) · Response to the new Freelance Law (transaction status survey, revision of related company regulations, preparation of contract templates in FY2024) · Education to promote retention of employees with disabilities (from FY2024)	· Information-sharing meetings between TMEIC and major subsidiaries to review the current situation and discuss activity plans for the following fiscal year (conducted in FY2025)
Prevention of forced labor and child labor	· Ongoing questions regarding the prohibition of forced labor and child labor using a self-assessment questionnaire (SAQ) for suppliers · Ongoing ad hoc conflict minerals surveys in response to customer requests	· Distribution of questionnaires to major subsidiaries and information-sharing meetings between TMEIC and major subsidiaries to review the current situation and discuss activity plans for the following fiscal year (conducted in FY2025)

Monitoring and Disclosure

In parallel with promoting the formulation and implementation of risk mitigation measures at TMEIC and its domestic and overseas subsidiaries, qualitative and quantitative targets and KPIs will be considered. The status of initiatives to respect human rights will be continuously and appropriately disclosed through the Sustainability Report.

Education on Respect for Human Rights

TMEIC conducts education in various settings to foster an understanding of initiatives to respect human rights. In fiscal 2023, following the adoption of the Human Rights Policy, human rights education was provided in Japan. In parallel, annual training on the TMEIC Group Code of Conduct and harassment prevention continues, ensuring ongoing awareness of discrimination and harassment prevention.

Education	Scope	Overview
Human rights education	All TMEIC officers and employees	Explained the background of the Human Rights Policy adoption and the activity guidelines for initiatives to respect human rights. Conducted in fiscal 2023, with 2,828 participants (100% participation rate). Educational materials were prepared in English and Chinese and shared with domestic and overseas subsidiaries in the same fiscal year.
Education of the TMEIC Group Code of Conduct	All TMEIC officers and employees	Explanation of the TMEIC Group Code of Conduct, including a chapter on preventing discrimination and harassment, illustrated with concrete examples. An internal reporting hotline for counseling on risk-related matters is also explained. Conducted annually, with 3,091 participants in fiscal 2025 (100% participation rate).
Harassment prevention education	TMEIC managers and employees	Provides knowledge and case studies on preventing workplace harassment, including sexual harassment and abuse of power. Conducted annually, with 2,824 participants in fiscal 2025.

Grievance Mechanism

TMEIC has established an internal reporting system that includes a hotline for counseling on risk-related matters, which is available to TMEIC employees (including contract and re-employed staff), secondees, temporary staff and former employees within one year of leaving TMEIC. The system allows reporting of actions considered problematic under laws, social norms, corporate ethics, the TMEIC Group Code of Conduct and internal rules and regulations.

TMEIC has established two reporting channels for whistleblowing: an internal contact point and an external contact point, either of which can be freely selected by the reporter. Reported cases are investigated and the results are communicated to the reporter, with corrective actions taken as necessary. These reporting channels are available for employees in Japan.

For suppliers, a separate reporting channel is provided in Japan. Details are available through the TMEIC website, which is in Japanese only. Staff handling reports are required to maintain confidentiality and are prohibited from taking any retaliatory actions.

Overseas subsidiaries have implemented reporting systems tailored to their regions.

Workplace Safety and Enhancing Motivation

To drive sustainable growth, it is essential to create a work environment where employees can work safely and feel a sense of purpose. Ensuring safety, respecting diversity and enhancing engagement are directly linked to corporate competitiveness. The TMEIC Group places the highest priority on investment in people, based on its management vision "Growth 20." Through securing and developing talent and providing diverse training programs, we enhance employee skills while continuously working to maintain a safe and comfortable workplace environment.

Basic Policy for Human Resources and General Affairs

Human Resource Management Policy

To enable all Group companies and employees worldwide to work together under a shared philosophy and common direction toward value creation, the TMEIC Group established the Global HR Management Policy on April 1, 2026, as a guiding policy for human resources management, including HR and general affairs matters, across the Group. Based on this policy, the TMEIC Group will continue to promote a fair and vibrant workplace where diverse employees can maximize their capabilities, with safety and compliance as its foundation. Through these efforts, the Group aims to achieve sustainable growth and strengthen its competitiveness worldwide.

Global HR Management Policy

This policy has been established to ensure a shared understanding among all executives and employees of the TMEIC Group. TMEIC Group companies promote specific initiatives to implement this policy in the countries and regions where they operate, while the TMEIC Human Resources Group works to facilitate and support these efforts.

Policy

Rooted in safety and compliance, we unlock the potential of diverse talent in an inclusive and vibrant workplace to foster innovation and sustainable growth, ensuring fairness and equity. By implementing a strategic human resources approach, we enhance competitiveness through embracing global challenges and promoting collaboration.

Guiding Principles

1. Executive Leadership	Demonstrate strong leadership, a clear strategic vision, integrity, and excellent communication skills — including active listening — to inspire and guide the organization forward.
2. Talent Acquisition	Continuously recruit top talent through fair and non-discriminatory practices to strengthen and expand technical expertise and commercial capabilities.
3. Talent Placement	Strategically place talent based on skills and capabilities, leveraging diversity, with clear expectations for outstanding performance.
4. Performance Evaluation & Career Growth	Conduct timely and fair assessments to recognize employees who demonstrate commitment and deliver outstanding results as well as provide constructive feedback to support growth. Identify high potential talent and provide broader career opportunities.
5. Compensation & Rewards	Offer competitive, performance-based compensation aligned with industry benchmarks to attract and retain top talent.
6. Work Practices	Act with an awareness of team productivity through flexible work arrangements that meet business needs while collaborating and taking responsibility.
7. Information Flow & Transparency	Communicate strategic direction, priorities, and challenges promptly, clearly, and consistently across all organizational levels.
8. Continuous Learning Culture	Foster a culture of lifelong learning for all employees, regardless of age, supported by structured programs and tools to continuously enhance skills and performance.
9. Compliance & Integrity	Embed "Always Act with Integrity" as a core value across all operations, ensuring compliance with all applicable laws, regulations, and internal rules.
10. Safety	Safety is fundamental to our business. Act proactively and pause work when necessary to protect our people and ensure a safe workplace. In emergencies, confirm the safety of all employees and focus all efforts on recovery.

Occupational Health and Safety

Occupational Health and Safety Management System

Aiming to create a workplace that prevents occupational accidents and health hazards, TMEIC obtained certification for the international occupational health and safety management system standard OHSAS 18001 in fiscal 2011 and completed the transition to ISO 45001: 2018 in fiscal 2019.

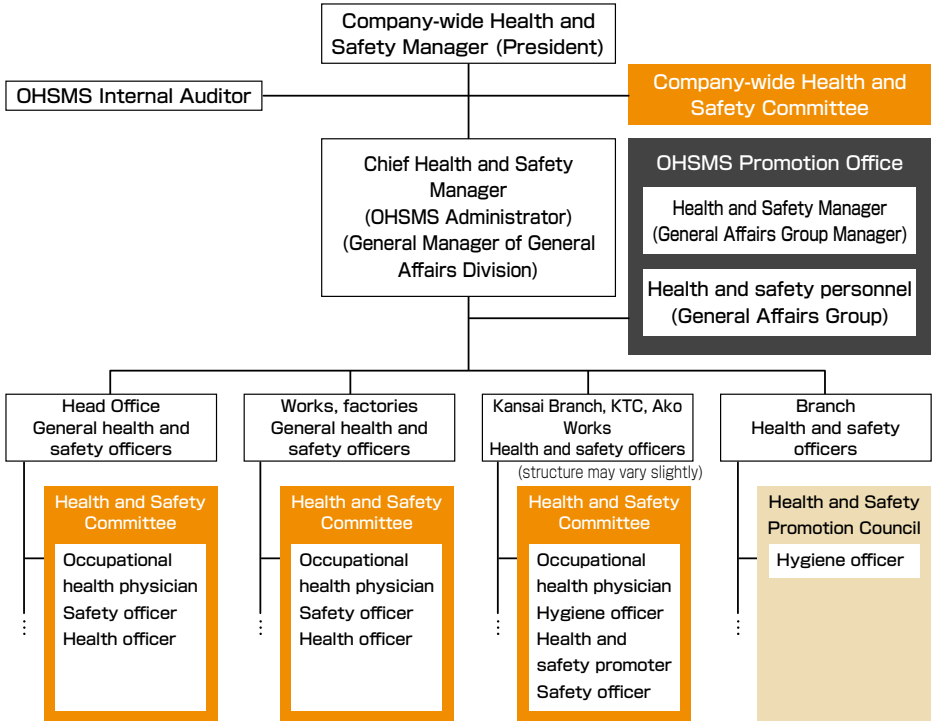
TMEIC's occupational health and safety management system designates the President as the chief safety and health officer for the entire Company, with each site appointing its own chief safety and health officer to implement the system at the site level. At the end of each fiscal year, a company-wide safety and health committee is held to review the basic safety and health policies, objectives and goals, promoting the prevention of occupational accidents and the maintenance and improvement of employee health.

Specifically, all TMEIC employees conduct risk assessments based on work processes and environments and implement measures corresponding to identified risks. Health-related lectures and events are also organized. In addition, TMEIC provides education and guidance to both its employees and those of business partners to enhance safety knowledge and awareness.

▸ISO 45001 Certified Sites

	Certified Sites
Japan	TMEIC Corporation (Scope: Head Office, works and factories, sales offices and branches, KTC [Kobe Technology Center])
Overseas	· TMEIC Corporation Americas (Scope: Katy Factory and Westport Factory) · TMEIC China Corporation (Scope: Kunshan Factory and other facilities) · TMEIC Industrial Systems India Private Limited (Scope: Factory) · Guangzhou TMEIC Baiyun Power Electronics Company, Limited

▸Occupational Health and Safety Management System



FY2026 Company-wide Health and Safety Policy

Basic Philosophy

We place the highest priority on human life, safety and compliance in all of our business activities based on the philosophy of "Respect People." With this in mind, we create and promote a more safe and pleasant workplace environment to ensure our employees' health tailored to the characteristics of each generation.

Policies

As an industrial system integrator, our main business line is developing, designing, producing and installing electric machinery systems and control systems for manufacturing factories. The work environment, where heavy objects and high voltages are handled, has inherent sources of serious hazards, including falling, being caught between objects or in a machine, electric shock and contact with hazardous substances. All our employees must be aware of these factors and comply with safety and health laws, regulations and requirements related to our company to promote positive safety and health activities against inherent hazard sources. At the same time, we will establish the safety and health management system by setting necessary targets and making continuous improvement through autonomous actions toward eliminating labor accidents and occupational diseases.

Guidelines

1. To secure safety and health in our workplaces, we will engage in prevention activities through risk assessments based on fully recognizing the characteristics of heavy material handling, high voltages and chemical substances at manufacturing sites. In particular, we will identify hazard sources and harmful factors in many situations, including 3H work (*Hajimete*: first time, *Henkou*: change, *Hisashiburi*: long interval) and seasonal factors. We will aim to ensure essential safety by actively investing resources in identified hazardous sources.
2. We will work to create an environment that allows the smooth sharing of information with workers of all generations in the workplace and other related parties, including subcontractors, through two-way communication. We will create a workplace climate that protects fellow employees by pointing out unsafe conditions and behaviors to each other rather than tolerating them. In order to achieve this, we will promote the creation of an environment in which the entire workplace can actively engage, led by the initiative and example of supervisors.
3. We will aim to create a rewarding work environment where workers are healthy in mind and body and can experience a sense of fulfillment and happiness in their lives. In addition, as a company, we will actively participate in health education and guidance. We will foster a healthy culture in which workers think about maintaining and promoting their physical and mental health, including preventing passive smoking.
4. We will provide necessary training to our employees as appropriate to increase their awareness of the roles required of them.

April 1, 2026

TMEIC Corporation
President and CEO Akira Kawaguchi

Initiatives on Occupational Safety and Health

▸Overview of Occupational Safety and Health Risk Assessment

To protect the health and safety of workers, visitors and nearby residents involved in our operations, occupational safety and health risks are evaluated through risk assessments based on a wide range of hazard sources. In addition to periodic risk assessments conducted at each site in line with the Occupational Safety and Health Promotion Plan, temporary risk assessments are also carried out in accordance with internal regulations. Assessment results are recorded in a departmental occupational safety and health risk evaluation and registration table and the results of risk assessments across the Company are reviewed quarterly to monitor hazard identification and progress on improvements.

▸Safety and Emergency Response Plan

Manuals have been prepared and shared with employees to respond to emergencies such as earthquakes and fires.

▸Regular inspection and Testing of Equipment

To prevent accidents, equipment such as overhead cranes is regularly inspected and tested.

▸Measures to Prevent Exposure to Chemical Substances

To prevent exposure to chemical substances, countermeasures are implemented using tools such as risk assessment rules.

▸Regular Health Checkups

TMEIC conducts annual health checkups for all employees. From fiscal 2023 to 2025, the participation rate has been 100% each year.

▸Mental Health Initiatives

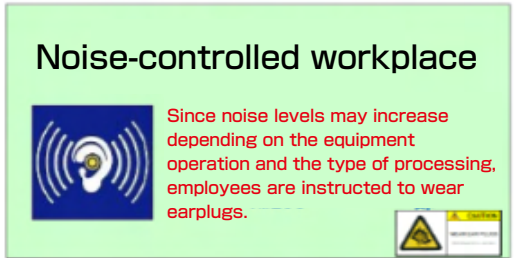
TMEIC recognizes that employees' mental health is essential for a vibrant workplace and actively works to prevent mental health issues. Specifically, regular training is provided for managers on their responsibilities and a system is in place for employees to consult with occupational health professionals. In addition, TMEIC has formulated a "Mental Health Promotion Plan" to clarify responsibilities and promote mental health measures for employees. Preventive measures for mental health issues are implemented based on national guidelines,

▸Use of Power Lifters

At our works, power lifters are introduced with established usage standards to reduce muscle, tendon and nerve strain, as well as discomfort caused by repetitive movements or physical exertion. This ensures safer operation and lessens the physical burden on workers.

▸Noise Management

To prevent noise-related hazards at our sites, we have established workplace noise management regulations. In accordance with these regulations, noise levels are measured in high-noise areas and appropriate measures—such as using protective equipment, displaying warning signs and conducting health checkups—are implemented based on the results.



▸Procedures for Handling Occupational Safety and Health Complaints

When a serious occupational safety and health complaint is raised by stakeholders, including employees, immediate countermeasures are taken as necessary, followed by reporting to the relevant supervisor and implementing corrective actions. Complaints are recorded and reported using the prescribed format under TMEIC's Occupational Safety and Health Management System. The process then proceeds with identifying the root cause, evaluating appropriateness through risk assessment, implementing corrective measures and establishing, communicating and training on recurrence prevention measures. The effectiveness of these actions is verified and shared with relevant parties. All procedures are documented and maintained as part of continuous improvement, providing valuable information to enhance occupational safety and health.

▸Safety and Health Education

TMEIC has established an Occupational Safety and Health Manual and conducts training such as "Health and Safety Standards Training" and "Specialized Safety Training," in addition to offering various educational programs tailored to positions and job functions. To prevent occupational accidents caused by human error, safety-related training is also provided to on-site partner companies as needed. Furthermore, August 25 is designated as TMEIC's "Special Safety Day," when a special safety assembly is held annually to encourage employees to seriously engage with safety and review their own standards of conduct.

▸Occupational Accident Status

＜Number of Fatal and Lost-time Accidents＞ (Scope: TMEIC)

Target		FY2023	FY2024	FY2025
Zero major accidents	Fatal accidents	0	0	0
	Lost-time accidents	1	2	0

＜Occupational Accident Severity Rate＞ (Scope: TMEIC)

	FY2023	FY2024	FY2025
Occupational accident severity rate	0.06	0.06	0.06

∗Severity rate: indicates the "weight" or seriousness of occupational accidents
Calculation formula: (Total lost workdays × 1,000) ÷ Total actual working hours

▸Occupational Safety and Health Training Conducted at TMEIC

Category	Implementation					
	Applicable Training by Target Group		Responsible Party	Training Content	Training Materials	Timing
General awareness training	Site Managers: (1)–(5), (7)		Safety and Health Officer (OHSMS Secretariat)	(1) Safety and Health Trends (2) Relevant Laws and Regulations (Compliance Evaluation Methods) (3) General Overview of OHSMS (4) OHS Policy (5) Importance of OHSAS Standard Requirements and System Conformity (6) Significant Hazards and Improvements (7) Management Structure, Roles and Responsibilities (8) Consequences of Deviations from Procedures (9) Management of Hazardous Facilities, etc. (10) General Duty of Care for Safety ∗ In accordance with applicable laws and regulations	・OHS Policy ・Occupational Safety and Health Objectives and Targets ・Annual Promotion Plan ・Manuals and Regulations ・Work Procedures, etc. ∗ In accordance with applicable laws and regulations	Once per Year or as Required However, personnel who have previously engaged in occupational safety and health duties may be deemed competent. Training upon hiring should be conducted as soon as possible after joining the Company.
	Managers: (10), including training conducted by other departments		Persons designated by the Site Manager, Safety Coordinator or Department Head			
	Training upon hiring, training upon changes in work content and retraining: (2), (6), (7), (8), (9) Training upon changes in work content, retraining and supervisor training (∗)					
	Safety Coordinators: (1)–(10)		Safety and Health Officer (OHSMS Secretariat)			
	Personnel Engaged in Statutory Work Training for safety managers, health managers, safety and health promoters, and other personnel engaged in duties to prevent occupational accidents (competency-enhancement training indicated in relevant guidelines, etc.)		External Instructors or Persons with Relevant Expertise in the Training Subject	In Accordance with Applicable Laws and Regulations	In Accordance with Applicable Laws and Regulations	As Required
	Significant Risk Training Training concerning work identified through risk assessment as presenting a significant risk		Persons designated by the Site Manager, Safety Coordinator, or Department Head	(1) Improvement Measures and Their Management (2) Consequences of Deviations from Procedures (3) Applicable Work Procedures (4) Emergency Response (5) Knowledge Required for the Relevant Work	・Risk Assessment Form ・Work Procedures ・Applicable Emergency Response Procedures, etc.	Without Delay After Risk Assessment Measures Have Been Determined
Specialized training	Internal Auditors	Initial Training	Safety and Health Officer (OHSMS Secretariat)	(1) Overview of OHSMS (2) OHSAS Standard Requirements (3) Applicable Laws and Regulations (4) Internal Audit Procedures (5) Others	・Special Training Materials	As Appropriate
		Skill Development Training		(1) Risk Assessment Methods (2) Audit Procedures (3) Others	・Occupational Safety and Health Risk Assessment and Registration Form ・Manuals and Regulations ・Internal Audit Checklist ・Others	Before Internal Audits
	Risk Assessors	Initial Training	Safety and Health Officer (OHSMS Secretariat) or Safety Coordinator	(1) Overview of OHSMS (2) OHSMS Standard Requirements (Limited to Risk Assessment) (3) Applicable Laws and Regulations (4) Risk Assessment Methods and Procedures	・Manuals ・Risk Assessment Regulations	As Appropriate
		Skill Development Training		Risk Assessment Methods, etc.	Same as Above	As Appropriate

Creating a Rewarding Workplace

Basic Policy

TMEIC was established in 2003 through the integration of certain business divisions of Toshiba and Mitsubishi Electric. At the time of its founding, various systems, working conditions and treatment policies were formulated with reference to the systems of both companies. More than 20 years have passed since TMEIC's establishment and during this period, systems have been continuously revised in line with legal amendments, social environment changes and trends in human resources management.

In particular, during the spring labor-management negotiations in Japan, the labor union presents employees' (union members') feedback to TMEIC, making requests such as revisions to various regulations and base pay increases. We address each item sincerely to arrive at the most appropriate solutions. As a result, base pay in Japan has been increased for 13 consecutive years through fiscal 2026. By reflecting TMEIC's performance in employee treatment, we aim to maintain and enhance employee motivation.

Human Resources and Personnel System

TMEIC's human resources and personnel system is designed to help employees maximize their potential by fostering talent through individual challenges and fair evaluations and by considering appropriate placement and treatment according to ability and performance. Performance evaluations comprehensively assess achievement of target metrics derived from organizational goals, as well as initiatives, work activities and processes. The evaluation system and criteria are disclosed internally to enhance transparency, understanding and employee satisfaction.

Initiatives for Working Hours and Styles

Efforts on working hours and work styles at TMEIC are designed to allow employees to fully demonstrate their respective abilities through efficient and balanced work. This approach supports work–life balance and opportunities for refreshment, promotes high-value work, improves productivity and contributes to the Company's sustainable growth. In addition to improving productivity, business processes are standardized and streamlined, online meeting facilities are enhanced and company-wide paperless initiatives are promoted, enabling employees to focus on higher value-added tasks and pursue a more rewarding work style.

From an IT perspective, TMEIC strengthens cybersecurity and communication infrastructure, enhances the IT help desk, conducts internal training on generative AI use and expands smart digital workspaces. Furthermore, each year, workplace discussions are held at all sites in Japan, allowing managers to hear employees' opinions and questions, identify challenges, implement improvements and enhance workplace communication and operational efficiency. Specific initiatives are determined based on results from employee engagement surveys and other relevant feedback.

Initiatives for Improving the Work Environment

To enhance the work environment, renovations have been carried out at the Head Office and works and branch and sales offices have been relocated. At the Head Office, the office layout and facilities were renewed to enable ABW (Activity-Based Working) in combination with telework, creating an environment where employees can work in the most suitable location according to the nature and purpose of their tasks. This allows employees to choose optimal spaces for focused work, collaboration or small meetings and online meetings, improving both the quality and speed of work. By eliminating fixed desks and switching to flexible use as needed, office space can also be utilized more efficiently.





Renovated Head Office

Mechanisms Supporting Flexible Work Styles

TMEIC has introduced various work systems in Japan to promote work-life balance and enhance productivity. Examples include flexible working hours, reduced working hours and telework up to three days per week, allowing employees to work in ways that suit their individual circumstances.

TMEIC's childcare leave system allows leave until the end of April following the child's second birthday, exceeding the statutory requirement to support employees who wish to return to work. Similarly, while the statutory short-time work system for childcare applies to employees raising children under three years old, TMEIC extends eligibility to employees raising children up to elementary school graduation. These enhanced provisions create a more supportive environment, enabling employees with childcare responsibilities to work more comfortably and effectively.

As part of its employee benefits program in Japan, TMEIC introduced the Select Plan system in fiscal 2021. Under this system, employees are granted a certain number of points at the beginning of the fiscal year, which they can use to select the support options they need based on their life stage or lifestyle. The available options cover a wide range, including "living support," "childbirth and childcare," "nursing care" and "self-development." The Company and employee representatives review the need for revisions to the program menu each year, and updates are made as necessary to reflect employee needs.

▶ Annual Leave Utilization

(Scope: TMEIC)

	FY2023	FY2024	FY2025
Average annual leave days taken	16.9	16.7	16.9
Average annual leave utilization rate	66.0%	68.5%	69.3%

▶ Childcare Leave Utilization Rate

(Scope: TMEIC)

	Utilization rate
Total	73.3%
Men	71.6%
Women	100.0%

▶ Starting Monthly Salary (By Graduation Category)

(Scope: TMEIC)

	FY2026 starting salary	Year-on-year change
High school graduate	¥226,000	+¥18,000
Technical college graduate	¥263,000	+¥17,500
University graduate	¥288,000	+¥18,000
Graduate school graduate	¥316,000	+¥18,000

Enhancing Employee Engagement

TMEIC conducts an Employee Engagement Survey every three years to drive organizational improvements based on employee feedback. In fiscal 2025, the survey was conducted among 3,078 employees, and 2,902 responses were received, resulting in a response rate of 94%.

The survey results showed that employee engagement reached 63%, representing an increase of 9 percentage points compared with the previous survey and meeting the fiscal 2025 target of 56% or higher. Employees gave particularly positive evaluations to areas related to teamwork, empowerment and autonomy, and productivity. Improvements were also observed across many areas, including these categories, indicating progress toward creating an organization that values initiative and collaboration.

In addition, favorable evaluations were received regarding flexible work styles, improved compensation levels in line with the Company's growth and enhanced employee benefits, all of which have become important strengths of TMEIC in creating an attractive workplace.

At the same time, TMEIC recognizes opportunities for further improvement. Based on the survey results, findings were shared and analyzed by management and each division. In addition to company-wide initiatives, improvement measures tailored to the specific challenges of each organization will continue to be implemented and communicated to employees. Furthermore, TMEIC will promote company-wide improvement by sharing initiatives and best practices across divisions.

TMEIC will continue to foster an organization that enhances both employee engagement and productivity through continuous improvement initiatives driven by employee feedback.

(Scope: TMEIC)

Target	FY2019	FY2022	FY2025	FY2028 target
Increase in positive responses to the Employee Engagement Survey*	56%	54%	63% (+9 pts)	70%

*Based on four response categories: (1) highly engaged, (2) engaged, (3) somewhat engaged, (4) not engaged; percentage of responses in categories (1)–(3).

▸ Engagement Factors

＊As various factors influence employee engagement, this survey also measures employee satisfaction with each engagement factor.



Brand
- Employer brand

Performance
- Career opportunities
- Learning and self-development
- Evaluation system
- Subordinate management
- Total rewards and recognition

Leadership
- Executive management

Company systems
- Customer orientation
- Diversity
- Productivity [Organization]
- Productivity [Information sharing]
- Productivity [Processes and systems]
- Talent utilization and placement

Quality of life
- Work-life balance

Work
- Teamwork
- Delegation/autonomy
- Productivity [Awareness]
- Productivity [Collaboration/relationships]
- Work

Compared with the previous survey, all 19 engagement factors showed improvement.

Labor-Management Relations

Policy on Labor-Management Relations

Under the union shop agreement in Japan, all TMEIC employees are generally required to be union members, with the exception of certain personnel such as managers. The Company maintains good labor-management relations and actively communicates with the union through forums such as the biannual Labor-Management Council and spring labor negotiations, aiming to ensure the Company's sound development and the maintenance and improvement of employees' economic and social status.

TMEIC's labor agreements with the union stipulate that the union must be promptly notified when TMEIC employee transfers are made. In particular, for large-scale transfers, job changes, overseas assignments or secondments, the agreements require consultation with the union regarding the basic details of such actions.

▸ Union Membership Ratio

(Scope: TMEIC)

Male	Female	Total
66.4%	65.6%	66.3%

Career Management and Education

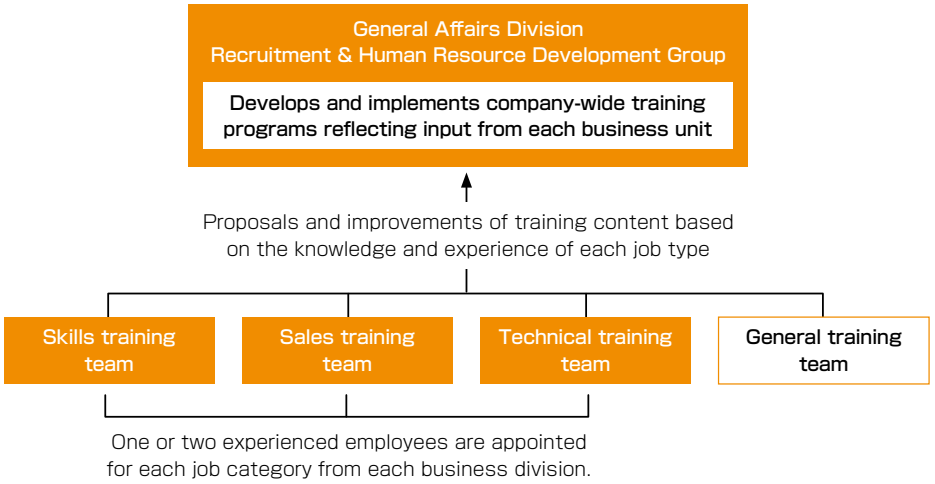
Policy on Career Management and Education

TMEIC provides all employees with opportunities for skill development and self-fulfillment. To support appropriate career development tailored to each employee's aptitude and interests, training programs are offered according to individual needs, while a workplace environment is fostered in which employees can teach and learn from one another to enhance their abilities.

Structure for Promoting Career Management and Education

In addition to the internal education team, business unit engineers and sales staff are also actively involved in evaluating and improving training content. By incorporating perspectives from the field, TMEIC provides practical training programs that effectively support employees' skill development.

▸ Structure for Promoting Education

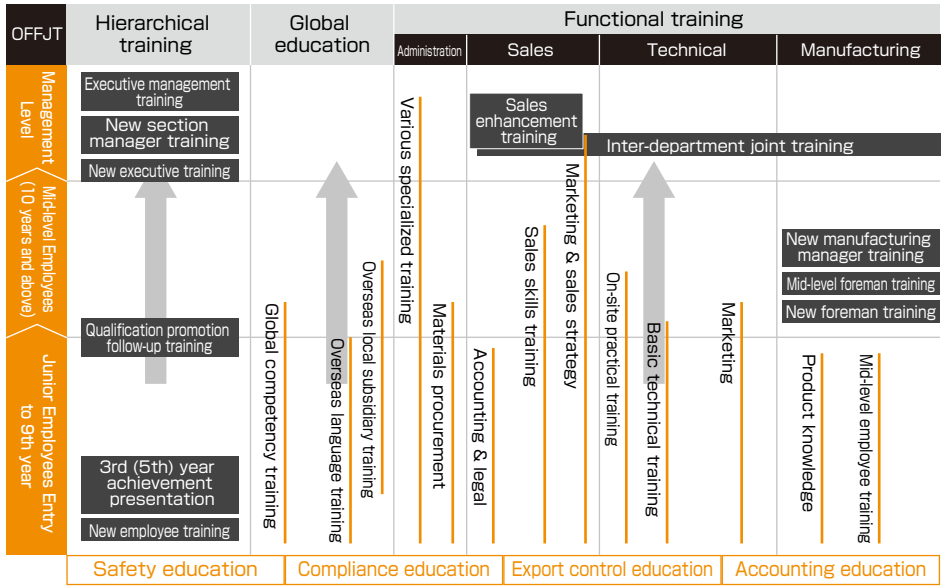


Initiatives on Career Management and Education

TMEIC has developed a skill map that clearly defines the required skills and knowledge for each HR qualification. This map forms the basis for annual and qualification-based training, which is regularly maintained and updated. TMEIC has also prepared a training guidebook detailing the training framework and various programs. For individual skill development, we cover costs for self-development under the Select Plan system, providing support for proactive skill enhancement from a welfare perspective.

In addition, TMEIC conducts personnel transfers considering both business plans and individual employee development, enabling the Company to strengthen its business while systematically cultivating future executives and in-house specialists.

▸ Education Framework



(Scope: TMEIC)

	FY2023	FY2024	FY2025
Training hours per employee	8.9	8.9	7.4
Training and seminar costs per employee	¥64,900	¥65,800	¥51,800

In fiscal 2025, TMEIC introduced a new Learning Management System (LMS). By providing an environment and database that allow employees to routinely review their training history, TMEIC aims to foster motivation for self-directed learning. In addition, we have established the following self-development support programs to assist employees seeking to enhance their skills.

- Language self-development subsidy program
- Professional certification incentive program
- TOEIC exam fee assistance

In addition, the Recruitment and Human Resource Development Group holds biannual training review meetings to discuss improvements and planning for training programs.



July 2024 regular training review meeting

▸Development of Global Talent, Engineers and Skilled Workers

TMEIC operates business sites around the world. With overseas business growing rapidly in recent years, international sales now account for over 50% of total revenue, making the development of global talent an urgent priority. To increase the number of employees capable of taking on leadership roles in overseas operations, TMEIC has enhanced its education and training programs. Specifically, programs include the Overseas OJT Training System, which sends trainees to local subsidiaries for six months, and the Overseas Language Training Program, which sends employees to language schools in English-speaking countries. In addition, beginning in fiscal 2026, TMEIC has established a structured English learning program that offers training courses tailored to employees' TOEIC scores. The program encourages voluntary participation and supports employees' career development. It consists of a combination of domestic and overseas opportunities, in-person and online learning, and various forms of training, practical exercises and proficiency testing. For the transfer of technical skills, each business division provides education on the technologies and skills required for its operations, supporting skill development. In addition, initiatives such as developing operational support systems that incorporate the expertise of seasoned employees are also implemented.

< Global Training Programs >

Training system	Details
Overseas OJT Training System	This program sends trainees to TMEIC's overseas local subsidiaries for a six-month period. Each trainee is assigned an individual training theme and is responsible for actual tasks at the local subsidiary based on that theme (practical on-the-job training). The program aims not only to improve language skills but also to develop business skills in English or Chinese and enhance global adaptability.
Overseas Language Training Program	This program sends employees to language schools in English-speaking countries for either a four-week or ten-week course, with the purpose of intensively improving their English skills. The curriculum is semi-customized according to the participant's language level and includes options ranging from one-on-one lessons to small classes of 4–6 students, with a wide range of difficulty levels available.
Language Self-Development Subsidy Program	This program provides partial financial support for employees who take company-approved English conversation courses as part of their self-development. Some employee groups use this program to hold small English conversation classes after work in company meeting rooms, inviting foreign instructors for in-person lessons.



Overseas Language Training Program
Participants stay with local host families, gaining practical English skills and experiencing everyday life in the host country.



Mentor Education
During the first three years after joining, each employee receives guidance and development support from a dedicated mentor (Elder).



New Employee Training
A two-month foundational training program is provided for new hires to develop essential skills.

▸Mid-Career Hire Training*1

(Scope: TMEIC)

	FY2023	FY2024	FY2025
Target number	108	103	99
Number of participants (participation rate)	177(164%)*2	103(100%)	99(100%)

*1 All career hires in each fiscal year are designated as participants. The career hire training program was newly established in FY2023.
*2 In the first fiscal year, employees who joined in the previous fiscal year were also optionally eligible, which resulted in a much higher number of participants in FY2023.

▸Career Management and Education

(Scope: TMEIC)

		FY2023	FY2024	FY2025
For managers	Newly appointed manager training – actual participants Follow-up training – actual participants	121*1	69	42
	Next-generation leader development training – number of participants (external cross-industry training)	8	8	7
For career hires	Number of participants in onboarding training	177*2 (164%)	103 (100%)	99 (100%)
	Target: All mid-career hires	108	103	99

*1 Follow-up training for managers and executives was newly introduced for employees in the second year after promotion. In the first fiscal year, it also covered employees promoted in the previous three years, which is why the number of participants in FY2023 was unusually high.
*2 The mid-career hire training program was newly established in FY2023. In the first fiscal year, employees hired in previous years were also optionally eligible, which increased the number of participants in FY2023.

Diversity, Equity and Inclusion (DE&I)

Policy on DE&I

TMEIC, as part of the TMEIC Group's fundamental policy on respecting human rights, is committed to respecting basic human rights and prohibiting discriminatory treatment. In the event of any violation of basic human rights, appropriate measures will be taken. Based on this fundamental policy, TMEIC Group executives and employees are also required to refrain from actions that violate individual dignity, including discriminatory remarks or behavior related to race, religion, gender, nationality, physical or mental disability, age or sexual orientation; acts of violence; sexual harassment; and abuse of power (workplace bullying or harassment). Guided by these policies and behavioral standards, TMEIC aims to be a company where people with diverse values can coexist.

Initiatives on DE&I (Japan)

▸ Women's Empowerment (Japan)

Although women currently account for only about 10% of TMEIC's workforce in Japan, TMEIC has set a target under the Act on Promotion of Women's Participation and Advancement in the Workplace: at least 15% of newly hired technical graduates should be women. Efforts to create a supportive work environment, such as implementing telework and short-time work systems, are being actively pursued to promote female recruitment. There is no gender-based wage gap in the base salary for employees at the same grade or qualification level.

< Initiatives under the Act on Promotion of Women's Participation and Advancement in the Workplace >

(Scope: TMEIC)

Targets under the Act	Most recent results
(1) Ratio of women among new technical graduates hired – target: 15% or higher	11.4%
(2) Average annual paid leave acquisition rate – target: 60% or higher	69.3%

< Ratio of Female Employees and Female Managers > (Scope: TMEIC)

Item	FY2023	FY2024	FY2025
Ratio of female employees	11.3%	11.5%	11.2%
Ratio of female managers	0.8%	1.7%	2.1%

▸ Initiatives in Recruitment Activities (Japan)

In recruitment activities, applicants' fundamental human rights are respected and selection is conducted solely based on their aptitude and abilities. Questions that could lead to employment discrimination such as those regarding family or household circumstances, personal beliefs, religion or friendships are not asked, ensuring fair and impartial selection. To prevent discrimination during the recruitment process, manuals have been prepared and interviewers are provided with guidance.

▸ Employment of Persons with Disabilities (Japan)

At TMEIC, employees with disabilities are engaged in regular work according to their individual abilities, rather than being limited to specific tasks. As of August 2025, 51 employees with disabilities are actively contributing in their respective workplaces at TMEIC.

TMEIC emphasizes the acceptance and respect of diversity and is committed to creating a workplace where all employees can work vibrantly, regardless of disability status. Beginning in the second half of fiscal 2024, TMEIC has provided e-learning on the employment of people with disabilities to general employees and managers to raise awareness and understanding. In addition, disability counselors selected from among TMEIC employees provide support concerning employees' working lives, including their job duties and work environments.

Although TMEIC's employment rate of people with disabilities was below the statutory employment rate as of the end of fiscal 2025, partly due to an increase in the number of regular employees, the Company has since worked with Hello Work to increase recruitment and selection opportunities for people with disabilities and actively promote recruitment. Beginning in fiscal 2026, TMEIC also plans to provide disability awareness orientation for departments receiving newly hired employees with disabilities as part of its efforts to improve employee retention.

<Initiatives on Employment of Persons with Disabilities> (Scope: TMEIC)

	FY2023-end	FY2024-end	FY2025-end
Employment rate at TMEIC	2.47%	2.26%	2.36%
Statutory employment rate	2.30%	2.50%	2.50%

▸Employment of Non-Japanese Workers (Japan)

The TMEIC Group is expanding its business globally and, to support this growth, actively recruits and develops talented global personnel and engineers in various countries and regions. In addition to hiring locally at overseas subsidiaries, TMEIC also employs non-Japanese professionals at its Head Office.

▸Contributions of Veteran Employees (Japan)

Amid Japan's declining birthrate and aging population, TMEIC is actively creating an environment where veteran employees can continue to thrive beyond the age of 60, serving as valuable contributors and mentors for passing on advanced skills and expertise. At TMEIC, all employees who wish to continue working after retirement are re-employed and systems are in place to accommodate their individual workstyle preferences, skills and capabilities. As a result, many employees in Japan remain actively engaged even after reaching retirement age.

Initiatives to Raise Awareness

TMEIC promotes women's advancement by working not only to strengthen recruitment and workplace systems, but also to raise awareness among employees. In addition to promoting flexible work arrangements and improving the workplace environment, TMEIC provides employees with opportunities to learn about diverse career perspectives.



Seminar on Women's Advancement, November 2025

As part of these efforts, TMEIC invited an external corporate executive to deliver a seminar on career development and ways of working. Drawing on the speaker's own experience, the seminar covered topics such as career progression and approaches to decision-making, providing employees with an opportunity to learn about diverse role models. The seminar was held in a hybrid format, both in person and online, as an initiative aimed at raising awareness of women's advancement, and was attended by 357 employees.

Social Contribution Activities

Structure and Policy

Based on the material issue of "Respect and Empowerment for All People," the TMEIC Group promotes social contribution activities as part of its sustainability initiatives. To strengthen this structure, the Philanthropy Subcommittee was established in 2024 under the Sustainability Committee. The term philanthropy originates from the ancient Greek word *philanthropia*, which combines *philos* (love) and *anthropos* (humankind). In modern usage, it refers to "charitable activities based on love for humanity" — actions undertaken by individuals or organizations to address social issues. This meaning reflects the intent behind the subcommittee's name. In May 2026, TMEIC conducted its second employee survey on philanthropy activities. The survey identified "support for children" and "community contribution" as the areas of greatest interest among employees. Going forward, TMEIC plans to use this feedback to organize the direction and priority areas of its activities, and to consider initiatives that employees can readily support and participate in, as well as ways to strengthen efforts in priority areas, with the aim of further developing its social contribution activities.

Sponsorship of Sports, Arts and Culture, and Disability Inclusion Initiatives

Rugby (Sports promotion, community contribution)

Related SDGs



Since 2021, TMEIC has held a partnership agreement with Toshiba Brave Lupus Musashi, active in JAPAN RUGBY LEAGUE ONE, supporting the team's activities. TMEIC's Fuchu Works is located adjacent to Toshiba's Fuchu Complex, where the team's practice facilities are situated and contributes to revitalizing the local community through rugby.

Golf (Sports promotion)

Related SDGs



Since 2023, TMEIC has held a sub-sponsorship agreement with professional female golfer Kagetsu Tsuruse. Through this agreement, TMEIC supports her activities and contributes to the promotion and development of professional golf.

Music (Culture and Arts Promotion, Community Contribution)

Related SDGs

In late September 2025, TMEIC sponsored the Le Pont International Music Festival 2025 Ako & Himeji, held in Ako City and Himeji City, Hyogo Prefecture. The festival has been held since 2007 based on music director Daishin Kashimoto's vision. As described by the organizers, "The name of the festival embodies music director Daishin Kashimoto's wish to 'create a peaceful and happy world and to cherish the bonds between people by using music as a bridge.'" TMEIC operates the Ako Works in Ako City. Through its sponsorship of this festival, TMEIC contributes to the promotion of civic culture and the revitalization of local communities through the arts.

Support of the Radio Charity Campaign (Support for People with Disabilities)

Related SDGs

TMEIC continued its sponsorship of the Radio Charity Musicthon, a charity campaign organized by Nippon Broadcasting System, Inc. in 2025, following its sponsorship in 2024. The campaign aims to create an environment in which people with visual impairments can walk safely in their communities by supporting the installation of audible traffic signals and related initiatives. The campaign has made a long-standing contribution to society through these initiatives. Through its sponsorship of the campaign, TMEIC contributes to promoting an inclusive society in which everyone can live with peace of mind.

Community Contribution and Other Social Contribution Activities in Japan

Social Contribution Proposal Competition for New Employees

Related SDGs



As part of the onboarding program for employees who joined TMEIC in April 2025, TMEIC held a proposal competition under the theme of "new social contribution activities that TMEIC could undertake." The competition aimed to improve participants' presentation skills and provide them with an opportunity to consider the connections between TMEIC's business activities and social issues. Fourteen teams participated and delivered presentations after approximately one month of preparation. The winning team proposed an educational program designed to introduce TMEIC's core motor technology to children in an engaging, hands-on and easy-to-understand manner. The program aims to help children understand how energy works and why it is important, stimulate their interest in science education, and raise their awareness of energy conservation and environmental issues. The Philanthropy Subcommittee decided to consider the proposal as a potential theme for future activities. Subsequently, TMEIC participated in a motor-making workshop based on themes shared with the proposal, namely children, motors and manufacturing, and conducted a social contribution activity aimed at fostering the next generation.

Donation of Used School Bags and Stationery

Related SDGs

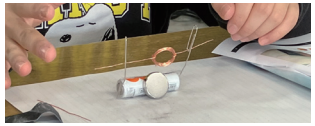


TMEIC conducted a donation drive for used school bags collected from employees through the certified non-profit organization Second Life. In addition, surplus company stationery resulting from office renovations was collected for donation. This initiative began as a grassroots effort led by employee volunteers and was made possible through the goodwill and cooperation of many employees. TMEIC has been informed that the donated school bags were delivered to children on Caohagan Island in the Philippines, while the stationery was provided to an elementary school in Tanzania. The goodwill of everyone involved has brought smiles to children far away and helped foster opportunities for and enjoyment of learning. TMEIC will continue to support employee-led social contribution activities.

Booth Exhibition for a Clip Motor-Making Workshop

Related SDGs

In November 2025, TMEIC exhibited a booth for a "Clip Motor-Making Workshop" for children at the industrial exhibition held as part of "Chokomatsuri," the cultural festival of Nagasaki Technical High School. This initiative was conducted as part of the "Win-Win Project for Discovering Future Industrial Talent," a collaboration between five technical high schools in Nagasaki Prefecture and local companies. The project aims to introduce children to the enjoyment of manufacturing and encourage future career choices in industrial and engineering fields. Many employees at TMEIC's Nagasaki Works are graduates of technical high schools. In support of the project's objectives, TMEIC participated in the event by exhibiting the workshop booth.

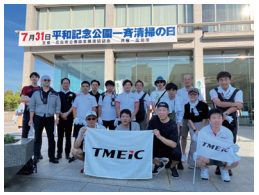




Participation in Community Cleanup Activities

Related SDGs

TMEIC regularly conducts community cleanup activities at its various locations. Through employee-led efforts to beautify the areas surrounding its works and offices, TMEIC values its ties with local communities and contributes to the development of sustainable communities.



Community Contribution and Other Social Contribution Activities Outside Japan

India

Related SDGs

TMEIC India actively participated in the development of a new building for a primary school in Nelahal village, Tumakuru district, Karnataka, from the planning stage, which was completed in August 2025. TMIND also contributed to the construction funding.

Located near TMIND's factories, the village school was established in 1943 but had long operated under challenging conditions due to inadequate infrastructure, affecting the learning environment of over 250 students.

In collaboration with the Rotary Club of Bengaluru, the new school building was constructed on approximately 1.5 acres of land provided by the government. The facility includes modern, well-ventilated classrooms with improved lighting, sanitation facilities, safe drinking water systems and kitchen and dining facilities for the mid-day meal program. These improvements have created a safer, healthier and more engaging learning environment for students and teachers.

This initiative reflects TMIND's belief that investing in education creates long-lasting social value. TMIND will continue to contribute to community development by strengthening educational infrastructure and helping build a better future for the next generation.






United States

Related SDGs

TMEIC Americas promotes community contribution activities at its key sites in Houston, Texas, and Roanoke, Virginia, including providing engineering scholarships, supporting STEM robotics teams, participating in an economic development program in rural Virginia and delivering volunteer services to local NGOs through employee engagement.

In fiscal 2025, a total of $109,000 was contributed through the employee donation matching program. These efforts, together with contributions to job creation and significant capital investment, were recognized by Waller County, Texas, with the Foundation Appreciation Award.



Europe

Related SDGs

TMEIC Europe through its Environmental Committee, promotes community support activities, including employee fundraising initiatives for "Wear It Pink" (breast cancer awareness) and Save the Children, as well as food donations for those in need in Bari, Italy, and Uxbridge, UK.

In addition, through participation in the Toshiba "How Green are You" initiative, TMEIC Europe actively promotes waste reduction and recycling, raises mental health awareness and engages in community cleanup activities in collaboration with local organizations.



China

Related SDGs

TMEIC China conducted an internal event for female employees in celebration of International Women's Day. The company provided opportunities for tea breaks and informal interaction, fostering an inclusive and supportive workplace environment as part of its commitment to promoting DE&I.



ASEAN

Related SDGs

TMEIC Asia held a friendly football tournament, the "TMEIC Cup," bringing together employees, business partners and customers. The event served as an opportunity to promote sports and healthy lifestyles, while strengthening community interaction and building closer relationships among participants.





Governance

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Strengthening Governance and Ensuring Compliance

The TMEIC Group regards high standards of corporate ethics and compliance as fundamental to its management and promotes fair and transparent business activities. As a management foundation supporting sustainable growth and the enhancement of corporate value, the Group conducts its business under an appropriate governance framework, while strengthening its ability to respond to the various risks surrounding its business. Through these efforts, the Group aims to remain a company trusted by society.

Corporate Governance

Board of Directors and Audit & Supervisory Board

TMEIC conducts its business activities under a governance structure in which the Board of Directors, which determines important matters and management policies, and the Audit & Supervisory Board, which audits the execution of duties by Directors, function as mutual checks and balances.

TMEIC has adopted an executive officer system. The Board of Directors, comprising both full-time and part-time Directors and chaired by the President & CEO, delegates authority and responsibility for business execution to the President and Executive Officers. This structure separates decision-making from supervision in business execution, enabling swift decision-making and efficient management operations.

The Board of Directors deliberates and makes decisions on management issues affecting the entire TMEIC Group, while also supervising the business execution of the Representative Director, Executive Officers and each Group company. Audit & Supervisory Board Members also attend Board meetings and express their views as appropriate, thereby fulfilling their role in auditing and overseeing the execution of duties by Directors.

As a general rule, Board meetings are held quarterly, with additional meetings convened as necessary. At each meeting, Executive Officers report on the execution of their respective duties, including the status of significant incidents related to economic, environmental and social matters. The President & CEO provides an overall summary of these reports to the Board. In addition to reports from Executive Officers, Directors and Audit & Supervisory Board Members review materials related to agenda items and individual reports in advance, conduct evaluations and raise questions regarding necessary measures as appropriate.

An annual Business Report is prepared to describe, among other matters, the status of the operation of systems established to ensure the proper conduct of business activities. This report also includes details such as the number of Board meetings held during the fiscal year. Following deliberation, the Business Report is approved by resolution of the Board of Directors and reported at the Annual General Meeting of Shareholders held in June.

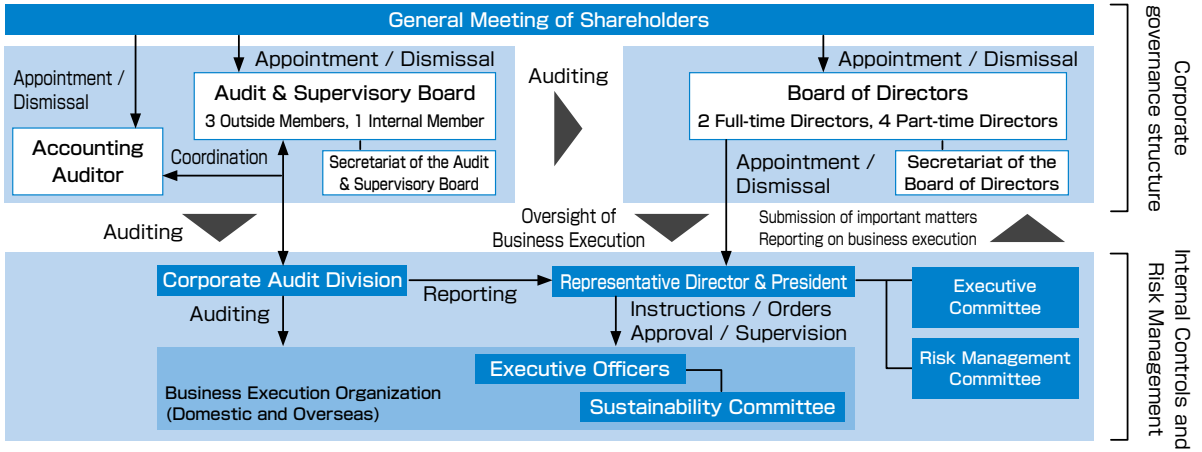
In appointing Directors and Audit & Supervisory Board Members, TMEIC engages in dialogue with shareholders and selects candidates based on their specialized knowledge in areas such as corporate management, technology and finance, as well as their experience in business and administrative divisions within the Company and in external organizations. In the selection process, TMEIC also places importance on ensuring diversity and independence by appointing two or more part-time Directors and ensuring that at least half of the Audit & Supervisory Board Members are outside members. Proposals for appointment are prepared, deliberated by the Board of Directors and subsequently submitted to the General Meeting of Shareholders for approval.

With regard to transactions involving competition or conflicts of interest between TMEIC and its Directors or Executive Officers, prior approval from the Board of Directors is required in accordance with applicable laws and internal regulations, including the Rules of the Board of Directors and the Rules for Executive Officers. In addition, the Audit & Supervisory Board, which includes outside members, functions as an independent body that audits the execution of duties by Directors and evaluates the effectiveness of the Board of Directors.

To share management information among Directors and Audit & Supervisory Board Members, regular information exchange meetings are held with the participation of the President, Executive Vice Presidents, full-time Audit & Supervisory Board Members and outside Audit & Supervisory Board Members. In addition, a Management Liaison Meeting, attended by the President, Executive Vice Presidents, heads of administrative and business divisions (including Executive Officers) and full-time Audit & Supervisory Board Members, is generally convened on a monthly basis.

In addition, compliance training for executives is conducted on a regular basis for Corporate Senior Vice Presidents, full-time Audit & Supervisory Board Members and Executive Officers.

▸ Internal Control and Corporate Governance Structure



Risk Management

TMEIC has established the Basic Rules for Risk Management and Compliance, which define matters related to the establishment, promotion and maintenance of the risk management framework.

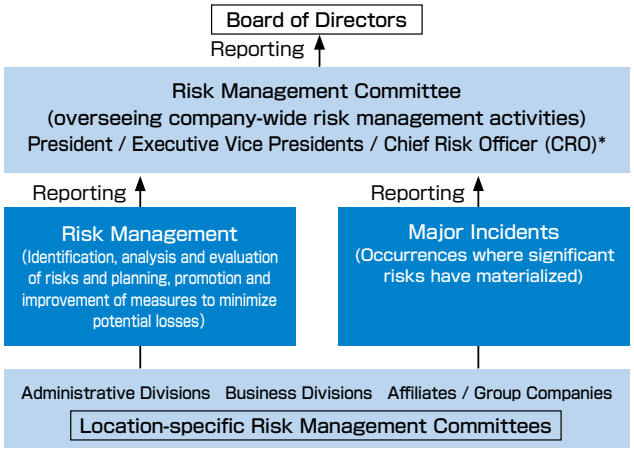
Each division identifies significant management risks, assesses their potential impact and likelihood, and implements measures to address those risks in its day-to-day operations.

In addition, under the supervision of the Chief Risk Officer (CRO), who is responsible for company-wide risk management and compliance, Risk Management Committees are held semiannually at the corporate level as well as at individual works, factories and branch offices. At overseas subsidiaries, the promotion and follow-up of Group-wide risk management activities are conducted through their management meetings.

The company-wide Risk Management Committee is attended by the President, Executive Vice Presidents, the CRO, full-time Audit & Supervisory Board Members, heads of corporate staff functions and business division managers. The committee reviews significant incidents, activity reports, risk heat maps and key initiatives from each division, while promoting and monitoring the implementation of company-wide risk management activities.

A reporting system is also in place to ensure that when a significant incident occurs, or when the possibility of such an incident is identified, the matter is immediately reported to the President, Executive Vice Presidents, the CRO and the relevant departments.

▸ Risk Management Structure



* Responsible for company-wide risk management and compliance

Internal Audit

The Corporate Audit Division, which reports directly to the President, conducts audits of TMEIC divisions and subsidiaries in accordance with the internal audit plan. Audit results are reported to the President and, as necessary, shared with the Board of Directors and Audit & Supervisory Board Members. The Corporate Audit Division also follows up on the implementation of improvements.

Group Governance

Through governance of its domestic and overseas subsidiaries, TMEIC seeks to unify management policies and decision-making while pursuing synergies and promotes effective communication between TMEIC and its affiliates through the affiliates' boards of directors and various regular meetings. As a guideline for group governance, TMEIC has established "Communication Rules" between TMEIC and its affiliates. Compliance with these rules is periodically reviewed by the Corporate Audit Division.

TMEIC also reinforces Group-wide alignment on management policies and strategies by holding regular meetings, including medium-term management plan and progress follow-up meetings with the heads of overseas affiliates, as well as global meetings organized by business division.

Compliance

Rules on Compliance



For a company to be recognized as a responsible member of society and to continue sustainable growth, it is essential that every officer and employee not only complies with laws and regulations, but also conducts business activities fairly and sincerely, guided by high ethical standards and integrity, in order to earn trust.

TMEIC has established and operated the TMEIC Group Code of Conduct and various company regulations related to compliance to ensure that all officers and employees understand the roles and responsibilities of TMEIC and can use these standards as a guide for their daily business activities.

To promote compliance awareness throughout the Company, TMEIC provides compliance education to all officers and employees through e-learning and other training programs. The training covers topics such as the TMEIC Group Code of Conduct, export controls, the Act on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment, accounting and other compliance-related subjects.

Education on the TMEIC Group Code of Conduct includes case studies covering issues such as compliance with antitrust laws, prevention of bribery and other relevant risk scenarios. This training is provided annually to employees at all TMEIC locations, and 100% of eligible employees throughout the Company completed the training.

In addition, to regularly verify compliance with various laws and regulations across all divisions and locations, TMEIC conducts annual legal compliance self-checks covering not only headquarters but also all branch offices, works and factories. These activities are supplemented by independent audits conducted by the Corporate Audit Division.

Commitment to Free Competition and Fair Trade

The TMEIC Group Code of Conduct sets forth principles including Fair Competition and the prohibition of bribery.

To ensure compliance with antitrust laws and the prevention of bribery, TMEIC has established and operates company regulations such as the Antitrust Compliance Program and the Anti-Bribery Compliance Program, which define in detail the obligations of officers and employees as well as the internal procedures they are required to follow. Through these programs, TMEIC strives to ensure not only compliance with applicable laws and regulations in each country and region, but also free and fair competition based on sound business practices and social norms.

TMEIC continuously provides education on topics including compliance with antitrust laws and the prohibition of bribery. In fiscal 2025, 2,813 employees, representing 100% of eligible participants across the Company, completed the e-learning program.

▸ Antitrust Compliance Program

The Antitrust Compliance Program, established based on the TMEIC Group Code of Conduct, applies to all business activities, with a focus on sales, procurement and technology-related operations. Overall responsibility for the program rests with the General Manager of the Legal & Compliance Department. Heads of corporate staff functions, business division managers, branch managers, works managers and plant managers serve as implementation leaders within their respective organizations and promote the implementation of the program throughout the Company.

(Scope: TMEIC)

Theme	Objective		FY2023	FY2024	FY2025
Awareness of Antitrust Compliance Program	Maintain 100% e-learning completion rate	Sales compliance training completion rate	100%	100%	100%
		TMEIC Group Code of Conduct training completion rate	100%	100%	100%

Proper Accounting

The TMEIC Group Code of Conduct includes a commitment to proper accounting, which contributes to enhancing tax transparency. We comply with the laws and regulations of each country in which our Group companies operate, ensure appropriate tax payments and strive to maintain good relationships with tax authorities in each jurisdiction.

Proper Tax Payment	TMEIC has established a group tax governance framework, with the executive officer in charge of the Finance & Accounting Division serving as the responsible officer, to ensure proper management of tax matters. Specifically, risks and concerns identified through Group-level tax risk management are addressed through semiannual e-learning sessions on accounting compliance, led by the Finance & Accounting Division and provided to all employees. These sessions communicate appropriate measures and help reinforce awareness of tax compliance throughout the Company. Risks and concerns identified to date are reported to the Finance & Accounting Division and addressed through e-learning as necessary. The effectiveness of tax governance is evaluated with reference to the latest tax knowledge, including updates to tax laws, international taxation and intra-group transactions overseas and with advice from external experts such as certified public accountants and tax advisors. TMEIC complies with relevant laws and standards in each country or region where it operates, including rules on transfer pricing, OECD guidelines and local regulations. While available tax incentives or exemptions may be applied, TMEIC does not engage in tax planning that is inconsistent with the substance of its business activities. Transactions for the purpose of tax avoidance, such as those involving tax havens, are not conducted and appropriate tax payments are made in accordance with the actual business operations.
Tax Risk Management	TMEIC considers tax compliance an integral part of business operations and ensures thorough management of tax risks in promoting the activities of Group companies. We strive to appropriately identify tax risks at the Group level and, when significant tax risks are identified, seek advice from external experts such as certified public accountants or tax advisors as needed.
Relationship with Tax Authorities	TMEIC responds to requests from government and tax authorities in a timely and appropriate manner, providing information related to taxes with integrity, and works to build and maintain ongoing trust-based relationships.
Country-by-Country Reporting	TMEIC strictly refrains from tax avoidance through tax havens and does not engage in tax planning that contravenes the Base Erosion and Profit Shifting (BEPS) Action Plan. We ensure compliance with the tax laws of each country in which the Company operates.

Response to Anti-Social Forces

The TMEIC Group Code of Conduct includes a commitment to eliminating anti-social forces. We have established basic rules, manuals and other guidance to ensure that all executive officers and employees are informed and prepared to respond appropriately in the event of any incidents. Training on responding to anti-social forces is conducted on a continuous basis. In fiscal 2024, e-learning training was provided to 2,803 employees, representing 100% of all eligible participants.

TMEIC has also implemented an anti-social risk monitoring tool to detect and address potential risks proactively.

Internal Reporting System

TMEIC has established the "Risk Consultation Hotline," an internal reporting system, to enable the early detection and prevention of compliance violations. Officers and employees are encouraged to report any matters they suspect may constitute a compliance violation, and the system is widely communicated throughout the Company.

The reporting system consists of both internal channels, managed by TMEIC's Legal Group, General Affairs Group and Human Resources Group, and an external channel operated through an independent third-party law firm. Anonymous reporting is also accepted.

In addition, TMEIC's internal regulations stipulate that officers and employees who make a report will not be subjected to any disadvantageous treatment or retaliation as a result of their reporting. Overseas subsidiaries have implemented whistleblowing systems tailored to their regions.

Export Control

The TMEIC Group has established an Export Control Compliance Program to contribute to the maintenance of international peace and security and strictly ensures compliance with export control laws and regulations in all countries and regions where it conducts business.

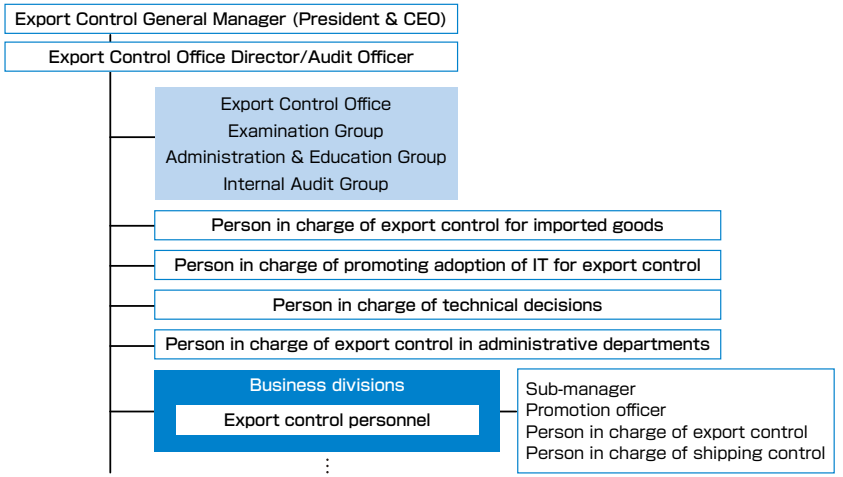
In the export control structure, the president serves as the overall responsible officer and the head of the Export Control Office serves as the review officer. For classification of goods and technology, each business division and factory designates responsible officers, while administrative divisions provide export control coordinators and business divisions provide export control team members. Multiple personnel who are well-versed in product specifications and performance conduct thorough checks, creating a rigorous review and approval system.

In addition, TMEIC has established internal export control regulations. As evidence of strict compliance with requirements under laws such as the Foreign Exchange and Foreign Trade Act, TMEIC has obtained a Special General Bulk Export License from the Ministry of Economy, Trade and Industry for the export of controlled goods and technology.

▸ Export Control Education

To raise awareness of the importance of export control and ensure thorough understanding of the TMEIC Group Code of Conduct and the export control regulations, the Export Control Office provides annual training for personnel responsible for export control, as well as export control education for all employees through e-learning and other methods. The e-learning completion rate for all employees was 100% for fiscal 2022 through 2025.

<Export Control Structure>



Business Continuity Plan (BCP)

Business Continuity Plan (BCP)

TMEIC provides numerous products and services for infrastructure that supports overall social and economic activities, including lifelines such as electricity, transportation systems and production lines for key industries. Accordingly, we have established BCP regulations to minimize the impact on society and economic activities and ensure rapid recovery in the event of emergencies such as natural disasters, large-scale fires, pandemics or terrorist attacks.

Under these regulations, the BCP Administrative Office has been established, with the Corporate Planning Division and the General Affairs Division as core members and other staff departments participating as needed, to formulate and manage the BCP. In the event of significant damage at the Head Office or domestic sales and manufacturing sites, a BCP Response Headquarters has been set up, led by the President, to coordinate response efforts in conjunction with the BCP Administrative Office.

▸ BCP Response Headquarters Organization

BCP Response Headquarters	Head / Deputy Head: President / Executive Vice President Members: General Managers of Corporate Staff Divisions, Vice Presidents of Business Divisions, Senior Managers of Business Planning Divisions
BCP Administrative Office	Corporate Planning Division, General Affairs Division

In addition, TMEIC identifies the critical operations that must be maintained during emergencies for each division and administrative department and prepares critical operations selection sheets, checklists and timelines. By thoroughly communicating these tools to all employees, we ensure that essential operations can be carried out smoothly even in emergency situations.

Prohibition of Bribery

Policy and Promotion System for Prohibition of Bribery

The TMEIC Group Code of Conduct prohibits bribery and other improper expenditures in all countries and regions where TMEIC conducts business.

Based on this policy, TMEIC has established and operates an Anti-Bribery Compliance Program and strives to prevent corruption.

▸ Anti-Bribery Compliance Program Organization

Chief Officer (Head of Corporate Legal & Compliance Division)
Overall responsibility for implementing the Anti-Bribery Compliance Program

Deputy Chief Officers (General Manager of Corporate Planning Division, Sourcing Division and Technology Management Division)
Assist the chief officer and are responsible for implementation in sales, procurement and technical activities

Office (Legal Group)

Responsible Officers (General Managers of Corporate Staff Divisions, Vice Presidents of Business Divisions, General Managers of Branch Offices, General Managers of Works)
Responsible for implementation within their respective departments

Initiatives for Prohibition of Bribery

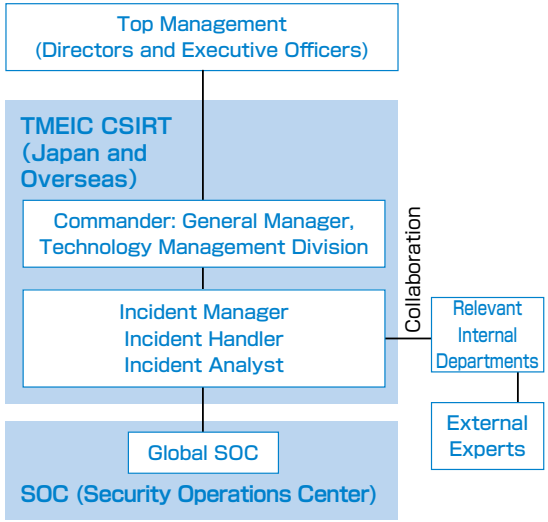
TMEIC implements an Anti-Bribery Compliance Program, guidelines and related procedures based on the understanding that providing improper benefits to domestic or foreign public officials and private individuals not only constitutes illegal bribery but also unfairly distorts competitive conditions in domestic and international business. To prevent bribery and corruption, TMEIC has established pre- and post-approval procedures for entertainment and meeting expenses, prior application and notification procedures for the entertainment of foreign public officials, and anti-corruption due diligence before commencing business relationships with agents in countries with a high risk of corruption.

Information Security

Policy and Promotion System for Information Security

TMEIC recognizes the value of all information handled in the course of its business operations, including personal information, information concerning customers, suppliers and other third parties, as well as the Company's own information. The TMEIC Group Code of Conduct establishes the proper management and protection of such company information as confidential information as a fundamental policy. Based on this policy, TMEIC has established a Group-wide Computer Security Incident Response Team (CSIRT) and a Security Operations Center (SOC) to address information security risks and respond promptly to computer security incidents. The CSIRT and SOC monitor and analyze security logs 24 hours a day, 365 days a year, and take prompt action as necessary to prevent damage from increasingly sophisticated and diverse cyberattacks. In addition, TMEIC has established a system under which significant information security incidents are promptly reported by the CSIRT to senior management. Based on the impact of the incident and the status of response measures, management makes decisions regarding business continuity and external communications, while working to minimize damage and ensure rapid recovery.

▸CSIRT / SOC Organizational Structure



Initiatives in Information Security

▸Measures to Prevent Information Security Breaches

TMEIC conducts audits of control procedures to prevent information security breaches. To protect personal information, we implement a records retention schedule and handle, share and store confidential information only with the consent of the individuals concerned.

In addition, we have established regulations for responding to computer security incidents to properly manage confidential information. By clearly defining procedures for detecting breaches, responding to incidents, mitigating impacts, minimizing damage and ensuring rapid recovery, we work to strengthen information security.

▸Regulations for Responding to Computer Security Incidents

To minimize damage from computer security incidents, including information leaks, system downtime or malfunctions and financial fraud resulting from cyberattacks, TMEIC has established regulations for responding to computer security incidents. These regulations are implemented and managed primarily by CSIRT.

	Anticipated major attack methods (examples)	Potential impacts (examples)
1	Malware infection (spear-phishing, ransomware)	Information leakage
2	Unauthorized access (data theft)	
3	Distributed denial-of-service (DDoS) attacks	System downtime or malfunction caused by cyberattacks
4	Unauthorized access (data tampering)	
5	Business email compromise (BEC)	Financial fraud/theft
6	Other targeted attacks, etc.	When many details are unclear but one or more of items 1–5 may be involved

▸Cybersecurity Training

To prevent incidents caused by user error, TMEIC provides cybersecurity training based on the concept of zero trust security. This includes training for new employees, training for mid-career hires and an annual e-learning program for executives and employees that outlines the actions staff should take to continue their work safely and securely.



▸Suspicious Email Response Training

To help each employee develop the skills to identify suspicious emails, TMEIC sends simulated phishing emails at irregular intervals. Responses are monitored and refresher training is provided as needed to enhance awareness and reduce risk.

Promotion of Responsible Procurement

With the globalization of business, risks related to human rights, the environment and legal compliance throughout supply chains are becoming increasingly complex. To address these challenges, TMEIC has established the TMEIC Group Procurement Policy and the TMEIC Group Sustainable Procurement Guidelines. TMEIC promotes sustainable procurement through a broad range of initiatives, including risk assessments, training, audits and reporting systems, while emphasizing partnerships with suppliers.

Procurement Policy and Structure

TMEIC Group Procurement Policy

1. Compliance with Applicable Laws and Regulations in Force in Japan and Overseas
   TMEIC's procurement activities are carried out in strict compliance with laws, regulations and social norms governing any country or region where it procures goods and services.

2. Promotion of Fair and Open Transactions
   Whether at home or abroad, TMEIC ensures fair opportunities for transactions with suppliers and procures materials based on impartial evaluations.

3. Strengthening of Ties with Procurement Partners
   TMEIC endeavors to create and develop ideal partnerships with its suppliers at home and abroad based on mutual understanding and trust.

4. Promotion of Sustainable Procurement.
   To help realize a sustainable society, we promote procurement practices that contribute to reducing environmental impact, including efforts toward carbon neutrality and that give due consideration to human rights and labor practices.

TMEIC Group Sustainable Procurement Guidelines

TMEIC believes that promoting sustainable procurement is essential for fulfilling its corporate social responsibility and has established the TMEIC Group Sustainable Procurement Guidelines*.

These guidelines identify six priority areas for action across the supply chain: Human Rights and Labor, Health and Safety, Environment, Fair Business Practices and Ethics, Information Security and Management System. They comprehensively set out the matters that suppliers are expected to observe in accordance with the TMEIC Group Procurement Policy and the RBA Code of Conduct.

In addition, the guidelines also serve as a communication tool for conveying to suppliers the TMEIC Group's initiatives to develop a sustainable society and sustainable businesses.

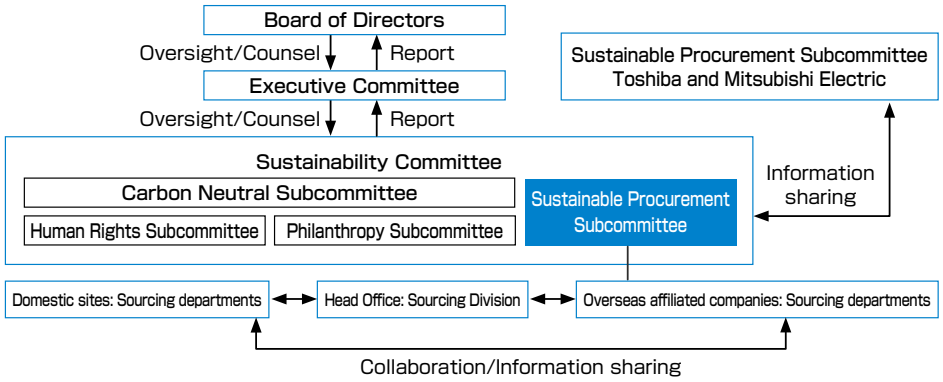


* In response to growing societal expectations regarding sustainable procurement, the TMEIC CSR Procurement Guidelines were revised in January 2026 and renamed the TMEIC Group Sustainable Procurement Guidelines. The TMEIC Group Procurement Policy and the TMEIC Group Sustainable Procurement Guidelines are also available on the Company's website.

* Throughout this report, the name "TMEIC Group Sustainable Procurement Guidelines" is used consistently, including when referring to performance in previous years.

Promotion of Supply Chain Management Structure in Procurement

Within the TMEIC Group, a Sustainable Procurement Subcommittee has been established under the Sustainability Committee. Led by the Head Office Sourcing Division and working in collaboration with domestic and overseas sites as well as the procurement divisions of our parent companies, the subcommittee promotes the strengthening of supply chain management. Decisions made by the Sustainable Procurement Subcommittee are reviewed by the Sustainability Committee and then reported to the Board of Directors via the Executive Committee.



Promoting Sustainable Procurement

Selection of New Suppliers

When selecting new suppliers, in addition to basic requirements such as the business domain and characteristics of supplied materials, TMEIC requires the conclusion of a master purchase agreement incorporating ESG (E: Environment, S: Social, G: Governance) provisions as sustainable procurement requirements. Suppliers are also required to agree to the TMEIC Group Sustainable Procurement Guidelines.

(Scope: TMEIC)

	FY2023	FY2024	FY2025
New Suppliers	34	28	48
Rate of Master Purchase Agreement Conclusion	100%	100%	100%

Risk Assessment in the Supply Chain

For major first-tier suppliers considered strategically important and with significant procurement volumes (131 companies), TMEIC annually verifies the submission rate of agreements to the TMEIC Group Sustainable Procurement Guidelines. The results are reported to senior management, including the President, through the Medium-term Management Plan Committee.

In addition, TMEIC conducts regular written surveys based on the TMEIC Group Sustainable Procurement Guidelines to assess suppliers' sustainability initiatives. For key first-tier suppliers, we evaluate and analyze risks using assessment items from the Self-Assessment Questionnaire (SAQ) of Global Compact Network Japan (GCNJ). Suppliers identified as presenting risks are engaged in dialogue and support and monitoring are provided to assist them in implementing corrective actions. In fiscal 2025, on-site audits were conducted for 8 suppliers, including detailed hearings on responses to individual assessment items.

Suppliers whose efforts to meet or improve according to the requirements of the TMEIC Group Procurement Policy and the TMEIC Group Sustainable Procurement Guidelines that are deemed insufficient may have their business relationship terminated.

▸ Status of Agreement to the TMEIC Group Sustainable Procurement Guidelines.

(Scope: TMEIC)

	FY2023	FY2024	FY2025
Target	80%	100%	100%
Result	83.4%	94.7%	94.7%

▸ Self-Assessment Questionnaire (SAQ) Submission Status (Scope: TMEIC)

	FY2023	FY2024	FY2025
Target	90%	100%	100%
Result	-	94.6%	91.0%
On-site audit rate	-	1.9% (4 suppliers)	9.9%(8 suppliers)

Communication with Suppliers

To promote understanding of and support for the principles of the TMEIC Group Procurement Policy and the TMEIC Group Sustainable Procurement Guidelines, TMEIC holds annual production briefings at each production site (Fuchu, Keihin, Kobe and Nagasaki). In addition to sharing future production trends, these briefings encourage supplier cooperation in promoting sustainable procurement activities, including support for Business Continuity Plan (BCP), compliance with environmental and chemical substance regulations, human rights initiatives and compliance with laws and regulations, export controls and information security management. Beginning in fiscal 2026, the briefings also include information on greenhouse gas emissions reduction as part of TMEIC's technical support for suppliers. Through these initiatives, TMEIC seeks to strengthen collaboration with suppliers, promote decarbonization throughout the supply chain and expand opportunities for practical collaboration. Following each briefing, TMEIC conducts a survey of participating suppliers to deepen mutual understanding.



Information Session at Keihin Works

▶ Number of Companies in Production Briefings (Scope: TMEIC)

	FY2023	FY2024	FY2025
Fuchu Works	99	107	137
Keihin Works	53	67	72
Kobe Works	82	99	98
Nagasaki Works	80	76	74

Value Analysis (VA) Activities and Incentives with the Supply Chain

TMEIC works together with suppliers on activities aimed at cost reduction, quality improvement through Value Analysis (VA), maintaining delivery schedules and reducing environmental impact and GHG emissions through measures such as material recycling and reducing material consumption.

In addition, TMEIC has established an awards program to recognize suppliers that have made outstanding contributions. Recipients are selected based on one year of actual performance (VA results) and internally defined quantitative criteria relating to the monetary value of the effects achieved. Certificates of appreciation are presented directly by the head of the Sourcing Division. In fiscal 2025, TMEIC presented an award to one metal processing supplier in recognition of its initiatives to reduce greenhouse gas emissions. By strengthening relationships of trust with suppliers, TMEIC will continue to work together with them toward the realization of a sustainable society.

Award name	Award criteria
VA Excellence Award	Presented to suppliers who contributed to TMEIC through VA results.
VA Effort Award	
Certificate of Commendation	Presented to suppliers who contributed to TMEIC through original profit-and-loss improvement activities or sustainability-related initiatives.
Certificate of Appreciation	Presented to suppliers who contributed to TMEIC through cooperation in price, quality or delivery performance.



Presentation of a Certificate of Appreciation

Promotion of Internal Education

Since 2022, TMEIC has conducted in-person recurrent training for all domestic employees engaged in procurement operations. The training aims to reinforce understanding of the procurement process, ensure compliance with relevant laws and regulations (including the Antimonopoly Act, the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises and the Customs Act), strengthen sustainable procurement initiatives and promote overall compliance. Guidance and education are provided on an ongoing basis to ensure thorough adherence.

▶ Training in the Sourcing Division (Scope: TMEIC)

	FY2023	FY2024	FY2025
Participation rate	100%	98.6%	100%

In addition, we hold an annual meeting for sourcing managers at each overseas site. During the meeting, a session on sustainable procurement is conducted to share information on activities and guidance from each site, aiming to raise awareness of sustainable procurement among employees across the entire TMEIC Group.

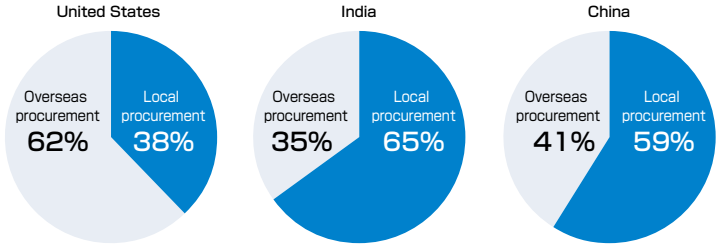


Global Sustainable Procurement Meeting

Strengthening Global Partnerships

With the global expansion of our business, our suppliers are also becoming increasingly global. In collaboration with the sourcing divisions of our overseas subsidiaries, the TMEIC Group promotes the optimization of local and international procurement, while also contributing to local communities through a "local production for local consumption" approach.

▸Local Procurement Ratio in Major Regions (FY2025)



Based on data collected from local entities, showing the share of procurement spend by supplier location. This is not a product-level origin or "content %" metric used for compliance.

Initiatives for Responsible Mineral Procurement

Establishing a Policy and Structure for Responsible Mineral Procurement

TMEIC recognizes serious issues such as human rights violations and environmental destruction caused by armed groups in the Democratic Republic of the Congo and surrounding countries, as well as other conflict-affected and high-risk areas (CAHRAs).*1 To ensure that our mineral procurement does not contribute to or support such inhumane activities, we have established a reporting and management system and are committed to responsible mineral sourcing.

Referencing the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, we utilize internationally recognized tools such as the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) provided by the Responsible Minerals Initiative (RMI) to request suppliers to investigate their supply chains, including the origin of relevant minerals*2 and identification of refiners. Investigation results are appropriately disclosed.

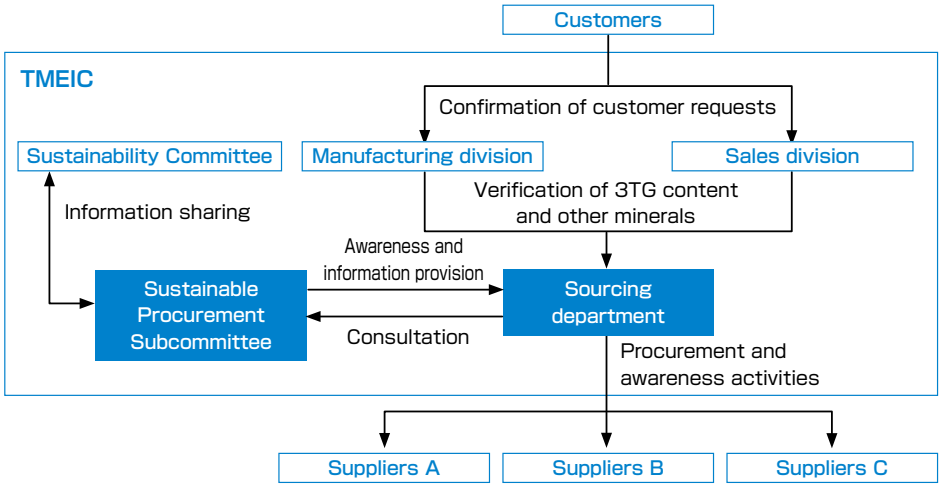
For suppliers whose responses indicate procurement from high-risk refiners, we request corrective measures, such as switching to RMAP*3-certified refiners, and may request additional investigation. Suppliers who do not comply with corrective measures may be subject to transaction suspension, thereby promoting supply chain transparency.

We also deepen understanding of this policy and request initiatives to improve investigation accuracy through production briefings and other communications with suppliers.

∗1 CAHRAs: Conflict-Affected High-Risk Areas
∗2 Relevant minerals: gold, tin, tantalum, tungsten, cobalt, mica and others mined in these regions
∗3 RMAP: Responsible Minerals Assurance Process, a system established by the RMI to certify responsible mineral sourcing

▸Mineral Procurement Management Structure

TMEIC has established a structure to promote responsible mineral procurement. Under this structure, the Sourcing Division takes the lead in verifying, through supplier investigations, that there are no issues with the origin of minerals. It also undertakes initiatives such as calling for the removal of problematic smelters from the supply chain and identifying procured components. Measures for responsible mineral procurement are included in the Sourcing Division's operations manual and ongoing training is provided to all members of the division.



Identification and Assessment of Conflict Mineral Risks

In accordance with the TMEIC Group's Responsible Minerals Sourcing Policy, TMEIC identifies and assesses conflict mineral risks using internationally recognized tools such as the CMRT and EMRT provided by the Responsible Minerals Initiative (RMI). In fiscal 2025, TMEIC achieved a 100% response rate for all target minerals: gold, tin, tantalum, tungsten, cobalt and mica. Beginning in fiscal 2026, TMEIC plans to transition to a risk-based survey approach focusing on key suppliers selected based on procurement risk and transaction volume. As fiscal 2025 served as the transition period for this change, the number of surveyed suppliers was lower than in the previous year. Going forward, TMEIC will adopt a risk-based approach and conduct focused reviews in higher-priority areas. Based on the analysis of supplier responses, corrective measures, such as requesting suppliers to switch smelters, will be implemented where risks are identified in order to reduce supply chain risks.

▶ CMRT (Scope: TMEIC)

	FY2023	FY2024	FY2025
Surveyed suppliers	79	111	15
Response rate	83.5%	84.7%	100%
Number of identified refiners	235	647	517

∗ Target minerals: gold, tin, tantalum, tungsten

▶ EMRT (Scope: TMEIC)

	FY2023	FY2024	FY2025
Surveyed suppliers	11	19	15
Response rate	81.8%	100%	100%
Number of identified refiners	77	102	112

∗ Target minerals: cobalt, mica

Business Continuity Planning in the Supply Chain

As part of sustainable procurement, TMEIC is strengthening measures to address procurement risks arising from natural disasters and other events. In recent years, geographic and environmental uncertainties have increased, making the establishment of Business Continuity Planning (BCP) in the supply chain increasingly important.

In response, the Sourcing Division is promoting multi-sourcing, establishing communication networks with suppliers, diversifying manufacturing sites, maintaining strategic inventories and exploring alternative materials. Suppliers are also continuously asked to strengthen their manufacturing BCP and to promptly report any impacts in the event of a disaster.

We will continue to promote sustainable procurement by further developing these systems and enhancing our initiatives to ensure stable supply.

Supplier Reporting System

TMEIC has established the Supplier Reporting System to allow suppliers to report any cases, or suspected cases, in which officers or employees of TMEIC deviate from laws and regulations, the TMEIC Group Code of Conduct, TMEIC Procurement Policy, the TMEIC Group Sustainable Procurement Guidelines, or individual agreements with suppliers or corporate ethics in relation to procurement and other transactions.

Reports can be submitted via the Supplier Reporting Form (https://www.tmeic.co.jp/contact7/ , available only on the Japanese website) or by telephone (available in Japanese only). The reporting form is available 24 hours a day, 365 days a year. Reports are received by a department that is not involved in normal procurement transactions. As a general rule, the reporter is contacted by email or phone within five business days regarding the progress of fact-finding. If corrective measures are required based on the investigation, prompt action is taken. Reports are generally expected to include the reporter's real name, but anonymous reporting is also accepted.

In accordance with the Whistleblower Protection Act and other relevant laws, personal information of reporters will not be disclosed outside the Supplier Reporting System office without the reporter's consent. Reports are handled strictly and no disadvantages will be imposed on the reporter or their employer as a result of reporting.

In addition, staff in charge of the reporting office are required to undergo training in accordance with the Whistleblower Protection Act.

Ensuring Quality, Reliability and Safety

The quality, safety and reliability of products and services form the foundation for the TMEIC Group to earn trust from society and achieve sustainable growth. Under the company-wide quality policy, TMEIC promotes continuous quality improvement and product safety measures, aligning its initiatives with international standards, including ISO 9001 certification.

Quality Management

TMEIC is fully committed to improving quality from the customer's perspective. We have established the company-wide quality policy and are building and operating a quality management system in which the President serves as chief executive officer and the Chief Technology Officer (CTO) is responsible for implementation of the system. Company-wide targets for quality are set twice a year based on the aforementioned policy and each division formulates clear goals and plans in line with these targets that it works towards. The results of activities are evaluated at management review meetings held twice a year as a means to make improvements. We also hold company-wide technology and quality meetings every month to strengthen information sharing internally. In terms of product safety, we have established CPL* based regulations. The internal division that receives a report about a CPL-related accident regarding a product or service from a user, for instance, provides the necessary information and takes appropriate measures such as issuing a product recall, raising caution or displaying warnings.

* CPL is an abbreviation combining CL (contractual liability) and PL (product liability).

Company-wide Quality Policy

1. Promote activities by giving top priority to compliance in quality.
2. Enhance customer satisfaction (customer experience (CX) improvement).
3. Ensure safety and reliability throughout the product and service lifecycle by creating quality through full-employee participation.
4. Continue striving to improve technology and operational processes with the aim of providing the best systems, products and services.
5. Seek the root cause of any quality-related problems that arise and make essential improvements.
6. Develop simple and effective quality assurance activities.

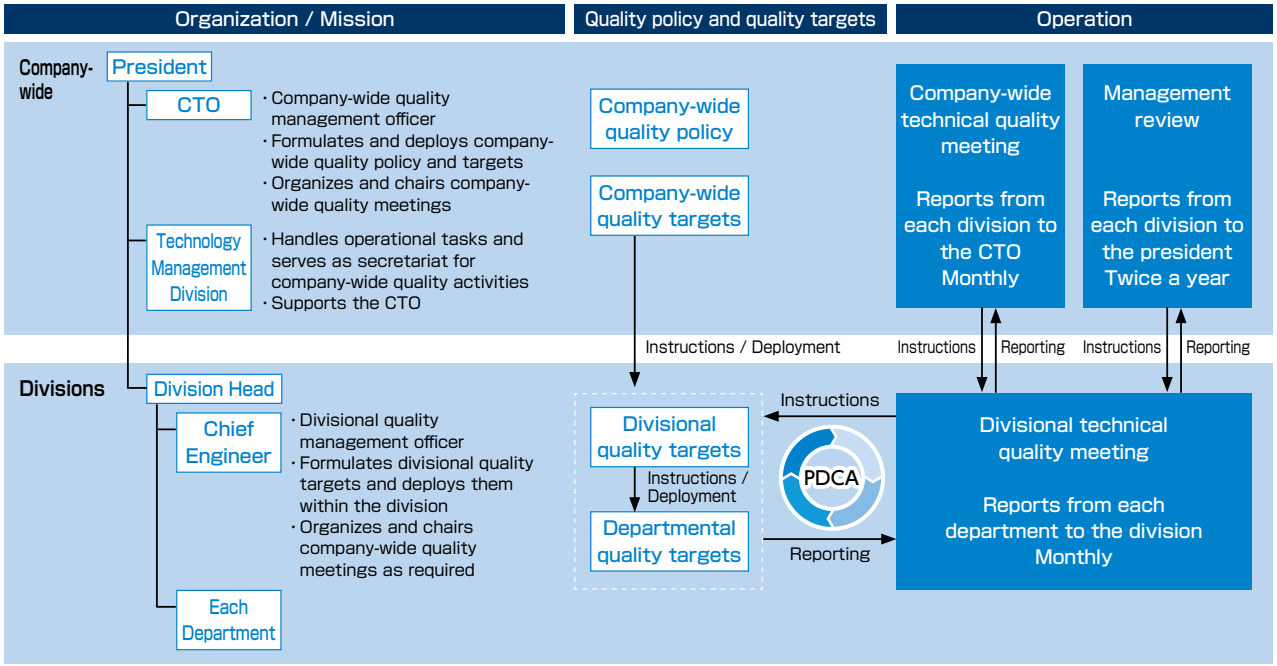
▸List of ISO 9001 Certified Sites

	Certified Sites
Domestic	TMEIC Corporation (Scope: Head Office, Fuchu Works, Keihin Works, Kobe Works, Nagasaki Works, Ako Works, KTC [Kobe Technology Center])
Overseas	· TMEIC Corporation Americas (Scope: Katy Factory and Westport Factory) · TMEIC China Corporation (Scope: Kunshan Factory and other facilities) · TMEIC Industrial Systems India Private Limited (Scope: Factory) · Guangzhou TMEIC Baiyun Power Electronics Company, Limited

Regulations for Implementation of Quality Policy and Targets

TMEIC has established regulations for the implementation of the quality policy and key quality initiatives to identify and eliminate causes of nonconformities and prevent their occurrence. Based on the quality policy and the evaluation and analysis of each division's quality activities and status in the previous term, the Chief Technology Officer (CTO) formulates TMEIC's term-specific quality targets (quality assurance activity targets) and communicates them to each division. Department heads monitor the progress and achievement of these targets through regular reports at division quality meetings and report the results to the division head at the division quality review meetings. Progress and achievement are also verified and followed up through internal quality audits and other monitoring activities.

▸Relationship Between TMEIC and Divisional Quality Policies and Targets



Improving Customer Satisfaction

TMEIC aims to improve customer satisfaction by providing safe and useful products, systems and services that meet increasingly diverse needs. To respond to requests such as rapid recovery support for equipment troubles and after-sales service, we have established a call center handling solar power conditioners, motors and motor drive systems and power reception and transformation equipment.

Moreover, we have set up a system to respond promptly to customer needs, including global remote services, technical training courses for motors, drives and control systems and a members-only service portal providing preventive maintenance videos.

Going forward, we will continue to develop and enhance service menus tailored to customers and product characteristics, aiming to further enrich customer services.

Initiatives for Customer Health and Safety

TMEIC actively collects domestic and overseas information on nonconforming products and services, with the quality department manager of each business division serving as the point of contact. Upon receiving such information, appropriate measures are taken in accordance with internal regulations. We also investigate potential health impacts of respective products and services to ensure safety.

Data



Environmental Data

Greenhouse Gas (GHG)

▸ Targets

(Scope: TMEIC Group)

	Base Year	Target Year	Target Value	GHG Emissions in Base Year (2020)
Scope 1 and Scope 2	2020	2030	42% reduction (total emissions basis)	Scope 1: 2.03kt-CO_2 Scope 2: 13.78kt-CO_2
Scope 3	2020	2030	52.56% reduction (value-added basis)	23,430kt-CO_2

▸ Performance

(Unit: kt-CO_2, Scope: TMEIC Group)

GHG Emissions*1	FY2023	FY2024	FY2025
Scope 1 (Direct GHG emissions from operations)	1.9	1.6	1.7
Scope 2 (Indirect emissions from purchased electricity, heat and steam)*2	15	15	14
Scope 1 + Scope 2 total	17	17	15
Scope 3 (Other indirect emissions beyond Scope 1 and 2)			
Category 1: Purchased goods and services	1,236	1,157	1,384
Category 2: Capital goods	7.9	15	20
Category 3: Fuel- and energy-related activities	4.6	5.2	3.7
Category 4: Upstream transportation and distribution	(included in Category 1)		
Category 5: Waste generated from operations	0.9	0.7	1.1
Category 6: Business travel	5.0	5.3	3.8
Category 7: Employee commuting	1.6	1.6	2.7
Category 8: Upstream leased assets	1.2	1.1	0.0
Category 9: Downstream transportation and distribution	44	53	26
Category 10: Processing of sold products*3	-	-	-
Category 11: Use of sold products	31,403	26,901	28,823
Category 12: End-of-life treatment of sold products	2.3	3.6	4.4
Category 13: Downstream leased assets*3	-	-	-
Category 14: Franchises*3	-	-	-
Category 15: Investments	0.0	0.0	0.0
Scope 3 total	32,706	28,143	30,269
Scope 3 total (value-added basis)	0.47	0.34	0.29

The fiscal 2024 GHG emissions data have been subject to third-party verification by the Japan Quality Assurance Organization (JQA) to enhance their reliability and transparency. The scope of verification covers Scope 1, Scope 2 (location-based and market-based) and Scope 3 (Category 1 and 11). Limited assurance was provided for the verified data.

＊1 Calculated using the financial control approach ＊2 Market-based method ＊3 Not applicable

Energy

▸ Energy Overview

	Scope	FY2023	FY2024	FY2025
Electricity consumption	Group	36,833MWh	37,568MWh	41,106MWh
City gas consumption	TMEIC	840,000m³	701,000m³	709,000m³
LPG consumption	Group	5t	2t	1t
Oil fuel consumption	Group	24kl	39kl	58kl
Steam and chilled water consumption	Group	3,625GJ	17,094GJ	17,632GJ
Total energy input	TMEIC	263,740GJ	284,768GJ	276,194GJ
Energy intensity reduction rate	TMEIC	-1.2	-5.3	-0.3
Business operator classification*	TMEIC	S class	S class	A class

＊Overview of the Business Classification Evaluation System (Agency for Natural Resources and Energy website):
https://www.enecho.meti.go.jp/category/saving_and_new/saving/enterprise/overview/institution

▸ Renewable Energy

(Scope: TMEIC Group)

	FY2023	FY2024	FY2025
Total Consumption	6,134MWh	7,345MWh	15,021MWh
Self-generated (solar power)	1,344MWh	1,287MWh	1,851MWh
Purchased	4,790MWh	6,058MWh	13,170MWh
Percentage of renewable energy*	17%	20%	37%

＊Percentage of renewable energy in total electricity consumption of the TMEIC Group

Water

(Unit: 1,000m³, Scope: TMEIC Group)

	FY2023	FY2024	FY2025
Water Consumption	78	74	80

Chemical Substances and Waste

(Scope: TMEIC)

	FY2023	FY2024	FY2025
Total waste generated	2,279t	2,304t	2,902t
Total hazardous waste	27t	17t	34t
Total non-hazardous waste	2,252t	2,287t	2,868t
Total recovered and recycled waste	498t	486t	482t
Sludge generated	10t	9t	13t
Waste oil generated	146t	135t	266t
Waste acids and alkalis generated	137t	61t	77t
Waste plastics generated	228t	270t	230t
Paper and wood waste generated	839t	809t	680t
Metals generated	740t	667t	1,559t

Environmental Management

(Scope: TMEIC)

	FY2023	FY2024	FY2025
Number of environmental complaints	0	0	0
Number of environmental communication activities (briefings, exchange meetings, lectures, etc.)	15	15	15

Social Data

Employee Composition

▶ Employee Composition, Hiring and Turnover

(Scope: TMEIC)

		FY2023	FY2024	FY2025
Regular employees	Total	2,426	2,526	2,620
	Male	2,209	2,290	2,377
	Female	217	236	243
Fixed-term employees	Total	466	486	509
	Male	356	375	403
	Female	110	111	106
Average age	Total	40.5 years old	40.1 years old	39.9 years old
	Male	40.3 years old	40.0 years old	39.6 years old
	Female	41.8 years old	41.1 years old	42.1 years old
Average length of service	Total	13.9 years	13.2 years	12.7 years
	Male	14.1 years	13.5 years	12.9 years
	Female	10.9 years	10.7 years	10.7 years
Turnover rate	Total	9.5%	12.4%	1.8%
	Male	6.9%	12.5%	2.0%
	Female	25.0%	11.1%	0%
Number of mid-career hires		113	119	107

▶ Number of New Graduate Hires by Entry Year

(Scope: TMEIC)

		FY2024	FY2025	FY2026
New graduate hires (administrative)	Total	21	24	23
	Male	15	19	16
	Female	6	5	7
New graduate hires (technical)	Total	42	41	78
	Male	37	39	70
	Female	5	2	8
New graduate hires (skilled)	Total	21	24	40
	Male	20	22	40
	Female	1	2	0

Human Rights

▸ Initiatives (Scope: TMEIC)

	FY2023	FY2024	FY2025
Number of reported cases of discrimination and harassment	5	9	8

▸ Number of Employees Who Completed Human Rights Training (Scope: TMEIC)

	FY2023	FY2024	FY2025
Number of human rights training participants (participation rate)	2,828 (100%)	-	-

∗ The Human Rights Policy was adopted in fiscal 2022 and training is conducted internally for awareness-raising purposes.

Occupational Health and Safety

▸ Status of Occupational Accidents (Scope: TMEIC)

	FY2023	FY2024	FY2025
Loss days due to work-related injuries, fatalities and illnesses (Lost Time Injury Frequency Rate / LTIFR)	0.06	0.06	0.06
Number of occupational accidents	1	2	3
Number of business sites where employee safety and health risk assessments were conducted	11	11	11
Number of fatal accidents	0	0	0
Number of fatalities	0	0	0
Number of lost-time accidents	1	2	0
Lost-time injury frequency rate	0.65	0.32	0
Lost-time injury severity rate	0.06	0.06	0.06

▸ Employee Health Status (Scope: TMEIC)

	FY2023	FY2024	FY2025
Health checkup participation rate	100%	100%	100%
Smoking rate*	-	22.1%	20.6%
Implementation rate of specific health guidance	96.3%	94.1%	94.4%
Number of safety patrols conducted at off-site electrical equipment installation works	70	71	64

∗ Monitoring began in fiscal 2024.

▸ Number of Employees Who Completed Health and Safety Standards Training (Scope: TMEIC)

	FY2023	FY2024	FY2025
Newly appointed safety and health officers	0	3	0
Newly appointed industrial physicians, public health nurses, etc.	2	2	2
General employees	313	332	363
Newly appointed managers	23	32	23
Health and safety standards training (Safety Committee sessions): 5 sessions	5	5	5

▸ Number of Employees Who Completed Specialized Safety Training (Scope: TMEIC)

	FY2023	FY2024	FY2025
Executive management	11	11	11
Safety officers	2	3	2

Working Conditions

▸ Annual Paid Leave Usage (Scope: TMEIC)

	FY2023	FY2024	FY2025
Average number of days taken per year	16.9	16.7	16.9
Average utilization rate	66.0%	68.5%	69.3%

▸ Starting Salaries per Month (By Education Level) (Scope: TMEIC)

	FY2024	FY2025	FY2026
High school graduates	¥190,000	¥208,000	¥226,000
Technical college graduates	¥226,000	¥245,500	¥263,000
University graduates	¥251,000	¥270,000	¥288,000
Graduate school graduates	¥279,000	¥298,000	¥316,000

∗ Data are collected as of April 1 each year; figures for fiscal 2024 through 2026 are presented.

Labor-Management Relations

▸ Union Membership (Scope: TMEIC)

	FY2023	FY2024	FY2025
Union membership rate (total)	61.5%	64.1%	66.3%
Union membership rate (male)	61.5%	64.3%	66.4%
Union membership rate (female)	62.0%	63.0%	65.6%

DE&I

▸ Achievement Rate of Targets under the Act on Promotion of Women's Participation and Advancement in the Workplace

<Initiatives under the Act on Promotion of Women's Participation and Advancement in the Workplace>

(Scope: TMEIC)

Targets	Performance in most recent fiscal year
(1) Women to account for 15% or more of new graduate hires in technical positions	11.4%
(2) Average annual paid leave utilization rate of 60% or higher among employees	69.3%

<Proportion of Female Employees and Female Managers> (Scope: TMEIC)

	FY2023	FY2024	FY2025
Proportion of female employees	11.3%	11.5%	11.2%
Proportion of female employees among managers	0.8%	1.7%	2.1%

▸ Parental Leave

(Scope: TMEIC)

		FY2023	FY2024	FY2025
Employees with newborn children	Total	59	93	86
	Male	54	91	81
	Female	5	2	5
Number of employees who took parental leave (Includes employees taking leave for childcare purposes)	Total	47	73	63
	Male	42	71	58
	Female	5	2	5
Parental leave uptake rate	Total	79.7%	78.5%	73.3%
	Male	77.8%	78.0%	71.6%
	Female	100%	100%	100%

∗ The uptake rate for male employees includes those taking leave for childcare purposes.

▸ Employment of Persons with Disabilities

(Scope: TMEIC)

	FY2023	FY2024	FY2025
Employment rate at TMEIC	2.47%	2.26%	2.36%
Statutory employment rate	2.30%	2.50%	2.50%

▸ Education on Workplace Diversity, Discrimination and Harassment

(Scope: TMEIC)

	FY2023	FY2024	FY2025
Participation rate	100%	100%	100%

Career Management and Training

▸ Training for Mid-Career Hires*1

(Scope: TMEIC)

	FY2023	FY2024	FY2025
Target number	108	103	99
Number of participants (participation rate)	177*2 (164%)	103 (100%)	99 (100%)

∗ 1 All mid-career hires in each fiscal year are designated as training participants. Training for mid-career hires was newly introduced in fiscal 2023.

∗ 2 In the first year, employees who joined in the previous fiscal year were also eligible on a voluntary basis, resulting in a higher number of participants in fiscal 2023.

▸ Career Management and Training

(Scope: TMEIC)

		FY2023	FY2024	FY2025
For managers	Number of participants in newly appointed manager training Number of participants in follow-up training	121*1	69	42
	Number of participants in next-generation leader development training (External cross-industry training)	8	8	7
For mid-career hires	Number of participants in onboarding training	177*2 (164%)	103 (100%)	99 (100%)
	Target: all mid-career hires	108	103	99
Number of participants in management training (for managers)		129	77	49
Training hours per employee		8.9	8.9	7.4
Education and training expenses per employee		¥64,900	¥65,800	¥51,800

∗ 1 A follow-up training program for managers and executives in their second year after promotion was newly introduced. In the first year, employees promoted over the past three years were also eligible, resulting in a higher number of participants in fiscal 2023 only.

∗ 2 Training for mid-career hires was newly introduced in fiscal 2023. In the first year, employees who joined in previous years were also eligible on a voluntary basis, increasing the number of participants in fiscal 2023.

Employee Engagement

(Scope: TMEIC)

	FY2019	FY2022	FY2025
Engagement index	56%	54%	63%

∗ The score is based on six questions from the triennial "Employee Awareness Survey" ("Willingness to recommend," "Pride in working at the Company," "Intention to leave," "Intention to change jobs," "Desire to contribute" and "Job satisfaction"), showing the proportion of positive responses.

∗ Based on four response categories: (1) highly engaged, (2) engaged, (3) somewhat engaged, (4) not engaged; percentage of responses in categories (1)–(3).

Governance Data

Governance

▸ Board of Directors

(Scope: TMEIC)

	FY2023	FY2024	FY2025
Number of members (including outside auditors)	10 (3)	10 (3)	10 (3)
Number of meetings held	8	12	10
Number of executive officers	13	11	11

Compliance

▸ Compliance Training

(Scope: TMEIC)

	FY2023	FY2024	FY2025
Sales compliance training Number of participants (participation rate)	2,554 (100%)	2,649 (100%)	2,813 (100%)
Number of participants in Risk Consultation Hotline training (participation rate)	2,554 (100%)	2,649 (100%)	2,813 (100%)
Number of participants in general export control training (participation rate)	2,283 (100%)	2,605 (100%)	2,694 (100%)
Number of participants in TMEIC Group Code of Conduct training (participation rate)	2,843 (100%)	2,940 (100%)	3,091 (100%)

▸ Whistleblower Reports

(Scope: TMEIC)

	FY2023	FY2024	FY2025
Number of internal reports	9	12	17

▸ Number of Incidents

(Scope: TMEIC)

	FY2023	FY2024	FY2025
Number of serious antitrust or bribery incidents	0	0	0
Number of legal violations	0	0	0

Information Security

▸ e-Learning Training

(Scope: TMEIC)

			FY2023	FY2024	FY2025
Number of participants in cybersecurity training (participation rate)			2,651 (100%)	2,568 (100%)	2,891 (100%)
Suspicious email response training	First half	Number of trainees	3,719	3,877	4,120
		Number of participants*	85	183	146
		Training implementation rate	100%	100%	100%
	Second half	Number of trainees	3,727	3,924	4,132
		Number of participants*	41	176	140
		Training implementation rate	100%	100%	100%

* Participants are those who clicked on URLs in suspicious emails. The response training is conducted twice a year (March and September).

Responsible Procurement

▸ Rate of Concluded Sales and Purchase Agreement

(Scope: TMEIC)

	FY2023	FY2024	FY2025
New suppliers	34	28	48
Rate of concluded sales and purchase agreement	100%	100%	100%

▸ TMEIC Group Sustainable Procurement Guidelines Agreement Status

(Scope: TMEIC)

	FY2023	FY2024	FY2025
Target	90%	100%	100%
Performance	83.4%	94.7%	94.7%

▸ Self-Assessment Questionnaire (SAQ) Submission Status

(Scope: TMEIC)

	FY2023	FY2024	FY2025
Target	90%	100%	100%
Actual performance	-	94.6%	91.0%
On-site audit performance	-	1.9% (4 suppliers)	9.9% (8 suppliers)

▶ Number of Companies Participating in Production Briefings (Scope: TMEIC)

	FY2023	FY2024	FY2025
Fuchu Works	99	107	137
Keihin Works	53	67	72
Kobe Works	82	99	98
Nagasaki Works	80	76	74

▶ Training for Sourcing Division Staff (Scope: TMEIC)

	FY2023	FY2024	FY2025
Participation rate	100%	98.6%	100%

▶ Performance of Identification and Assessment of Conflict Mineral Risks (Scope: TMEIC)

		FY2023	FY2024	FY2025
CMRT*1	Number of companies surveyed	79	111	15
	Response rate	83.5%	84.7%	100%
	Number of identified smelters/refiners	235	647	517
EMRT*2	Number of companies surveyed	11	19	15
	Response rate	81.8%	100%	100%
	Number of identified smelters/refiners	77	102	112

*1 Target minerals: gold, tin, tantalum, tungsten
*2 Target minerals: cobalt, mica

Corporate Information (As of March 31, 2026)

Company Overview

Company Name:	TMEIC Corporation
Head Office:	Tokyo Square Garden, 3-1-1 Kyobashi, Chuo-ku, Tokyo 104-0031, Japan
President:	Akira Kawaguchi
Start of Operations:	October 1, 2003
Capital:	¥15 billion
Equity Stake:	Toshiba 50%, Mitsubishi Electric 50%
Consolidated Net Sales:	¥422.7 billion
Number of Employees: (Consolidated)	5,293

Business Description

- Sales of industrial systems and electric equipment mainly for manufacturing plants, green energy systems including renewable energy systems and engineering, installation and servicing.
- Development and manufacturing of monitoring control systems for manufacturing plants and renewable energy plants, as well as power electronic equipment and rotating machinery.

The main products, technologies and services are as follows:

(1) Industrial Systems and Products (automation systems, motor and drive systems and power distribution systems)

(2) Renewable Energy Systems (photovoltaic power generation / wind power generation / energy storage, etc.)

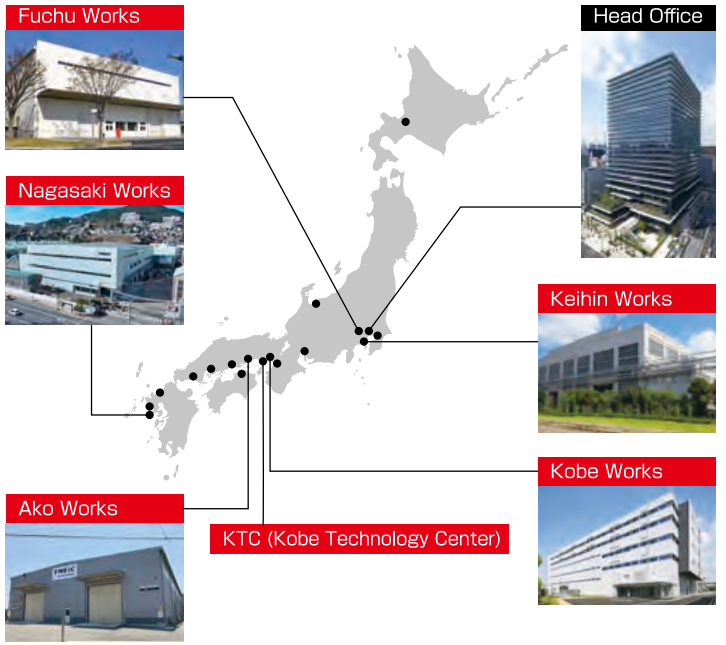
(3) Power Electronics Systems (drive systems, uninterruptible power supplies (UPS), power converters, inverters)

(4) Rotating Machinery Systems (large-capacity motors and small- and medium-capacity generators)

Domestic Sites

Name
Head Office
Hokkaido Sales Office
Chiba Sales Office
Hokuriku Sales Office
Chubu Branch
Kansai Branch
Okayama Sales Office
Chu-Shikoku Branch
Yamaguchi Sales Office
Shikoku Sales Office
Kyushu Branch
Nagasaki Sales Office
Fuchu Works
Keihin Works
Kobe Works
Nagasaki Works
KTC (Kobe Technology Center)
Ako Works

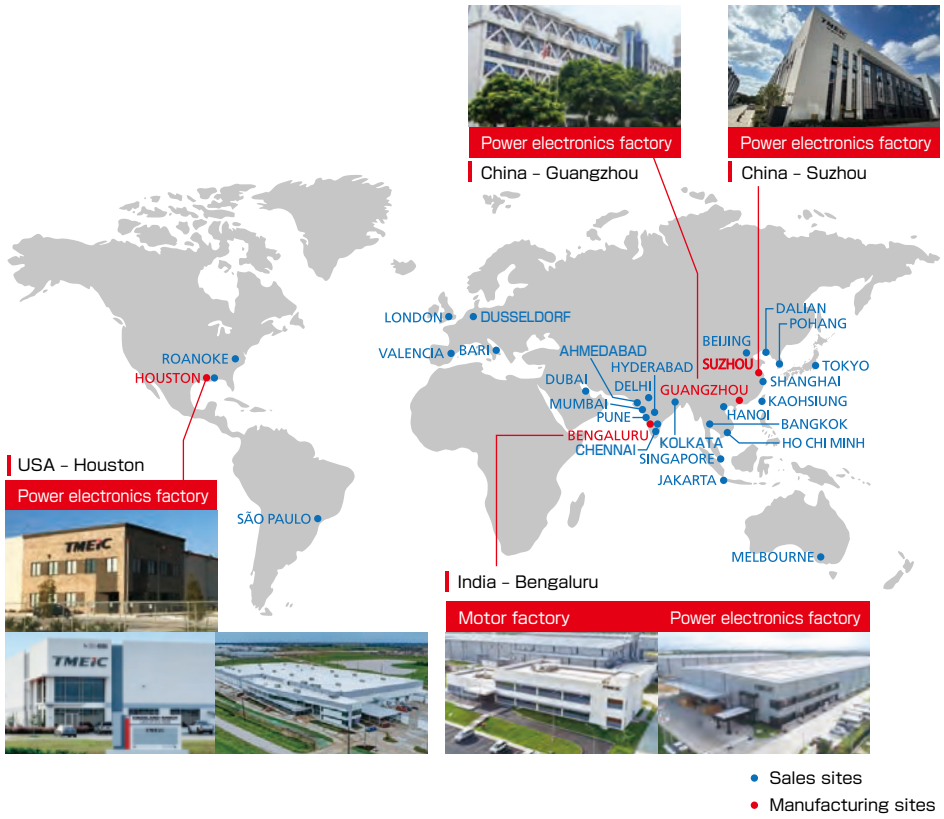
Domestic Network



Overseas Network

	Company Name	Location
North America	TMEIC Corporation Americas	Houston, USA
South America	TMEIC Sistemas Industriais da América do Sul Ltda.	São Paulo, Brazil
Europe	TMEIC Europe Ltd.	London, UK
	TMEIC Europe Italia S.r.l.	Bari, Italy
	TMEIC Europe Germany GmbH	Düsseldorf, Germany
	TMEIC Port Technologies, S.L.U.	Valencia, Spain
China	TMEIC China Corporation	Beijing, China
	TMEIC (Jiangsu) Motor Engineering Corporation	Jiangsu, China
	Guangzhou TMEIC Baiyun Power Electronics Co., Ltd.	Guangzhou, China
	ASIIC-TMEIC Industrial Systems (Dalian) Co., Ltd.	Dalian, China
South Korea	TMK Co., Ltd.	Pohang, South Korea
Asia	TMEIC Asia Pte. Ltd.	Singapore
	PT. TMEIC Asia Indonesia	Jakarta, Indonesia
	TMEIC Asia (Thailand) Co., Ltd.	Bangkok, Thailand
	TMEIC Asia (Vietnam) Co., Ltd.	Ho Chi Minh City, Vietnam
	TMEIC Industrial Systems India Private Ltd.	Bengaluru, India
Australia	TMEIC Process Technology Application Centre Pty Ltd.	Melbourne, Australia
Middle East	TMEIC Middle East Branch	Dubai, United Arab Emirates

As of March 31, 2026



TMEIC Corporation

https://tmeic.com/