TATSUTA

TATSUTA Electric Wire & Cable Co., Ltd.

CSR Report 2020

“Connect-Transfer” technologies for a bright future

TATSUTA, an organization characterized by its highly unique research and development efforts, will explore the frontiers of electric wires and electronic materials. We will continue to contribute to the sustainable growth and development of society.

Corporate Principles

Based on our core businesses of electric wire/cable and electronic materials and with overwhelming vitality and speed, TATSUTA will continuously and proactively take up the development of businesses that will lead the next generation. At the same time, we will also promote a consolidated management that is both highly conscientious and transparent, so that we may create sustainable growth and improve long-term corporate value, as well as consider global environmental problems while providing products and services with characteristics that will meet customer needs and thus also contribute to the sustainable growth and development of society.

Corporate Code of Conduct

1. By devoting ourselves to creative and novel ideas and with an indomitable spirit, we shall develop technology and products demanded by society and our customers providing useful, safe, and superior products and services.
2. In every aspect of our business activities, we shall seek to bring harmony between the environment and human life, recognizing that conserving the global environment is one of the most important issues faced by all peoples of the world and thus, must be a basic element of our management approach.
3. We shall respect the character and individuality of our employees, ensuring a safe and comfortable work environment rich in diversity.
4. We shall establish good and sound relations with interested parties outside the company, including stockholders, clients and local communities.
5. We shall observe domestic and international laws, as well as in-house rules, in conducting fair corporate activities according to social norms and morals.
6. We shall appropriately and fairly disclose information related to our corporate activities so as to enhance management transparency.

CSR Report 2020

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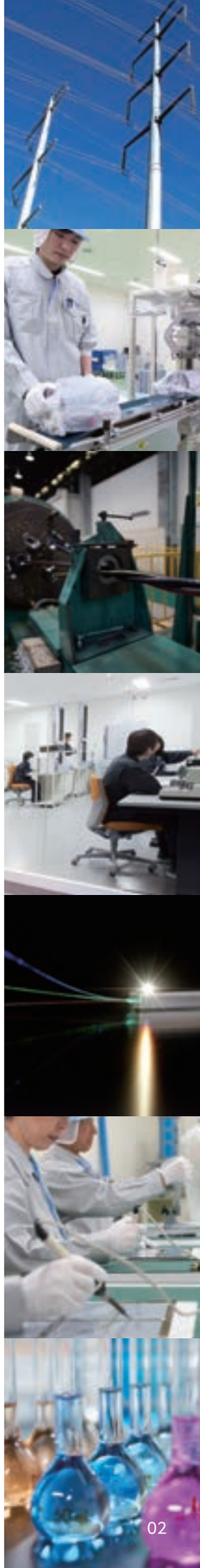
Editor’s Note

Editorial Policy

The CSR Report contains social (S) and governance (G) information in addition to a conventional environmental (E) report, and presents issues of interest to stakeholders and important business activities of the TATSUTA Electric Wire & Cable Group from the three perspectives of ESG, in order to promote understanding of the Group’s corporate stance and value creation initiatives. It has been prepared with reference to the Environmental Reporting Guidelines 2019, published by the Ministry of the Environment.

Scope of the Report

Period covered:	Primarily covers activities during the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020). (Includes some activities in the fiscal year ending March 31, 2021)
Organizations covered:	TATSUTA Electric Wire & Cable Co., Ltd. and its main consolidated subsidiaries, affiliates, etc.
Publication:	September 2020



At a glance

Our businesses

TATSUTA has acquired advanced technical knowhow from its electric wire and cable business, and TATSUTA is now applying this knowhow to contribute to society, through applications in a diverse range of fields, including electronics and electronic materials, as well as photo-electronic products. One of these areas is functional film, a product independently developed by TATSUTA and used by major global manufacturers as an indispensable component of smart phones and tablets. In recent years, TATSUTA has also explored new potential applications within the automotive and medical fields.

Electric Wire and Cable Business

Tatsuta's high-quality electric wires and cables help realize secure, comfortable and convenient living.

Environmental Analysis Business

Tatsuta Environmental Analysis Center leverages its long history of experience and achievements to offer a range of different analysis options, providing flexible support for customers' business activities.

Sensor & Medical Products Business

TATSUTA applies its core technologies, developed over many years, to create new value in sensing and medical devices.

Bonding Wire Business

Utilizing our accumulated wire-drawing technology, we respond to the requirements for miniaturization and higher precision in semiconductors and electronic devices.

Equipment Wire and Cable Business

Industrial devices continue to develop, in the FA (factory automation) industry and elsewhere. The TATSUTA Group works as one to respond to diverse needs.

Functional Films Business

Functional materials developed by Tatsuta's proprietary technique have gained overwhelming support from the cutting-edge mobile device industry.

Functional Paste Business

TATSUTA's functional paste supports the evolution of electronics, and pioneers the future.

This is where you will find TATSUTA products hard at work in everyday life.

For electric appliances and automobile

- Smartphones
- Tablet PCs
- Automobile / Electric Vehicles
- Cameras / Digital cameras
- Computers
- LCD display

For social infrastructure

- Power supply
- Railways
- Buildings
- Factories
- Optical networks
- Power stations

For medical and research institutions

- (Medical) Analytical and diagnostic instruments
- (Industrial) Measuring instruments
- (University) Advanced technology

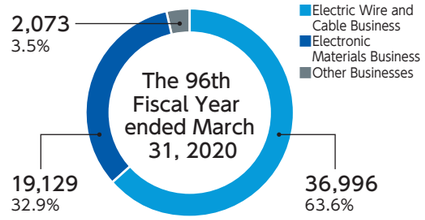
For vending machines and robots

- Vending machines
- Sensor manufacturers
- Robot manufacturers

Summary of the fiscal year ended March 31, 2020

Net sales	Operating income	Number of employees
58.1 billion yen	3.7 billion yen	936 employees

Breakdown of net sales by business (Unit: million yen)



TATSUTA's element technologies

To deliver high value-added items, Tatsuta uses a multitude of technologies derived from the manufacture of electric wires and cables.

Electric wire and cable manufacturing technology

KARUMAGE (KM-CC)

TATSUTA develops electric wire and cable mainly for power company and power plant infrastructure, which are the basis for the electric wire and cable business. The Company also progressively develops new and original products to meet customer needs.

Ultrafine wire technology (bonding wire)

Copper wire

Ultrafine wire and alloy technologies that Tatsuta has accumulated through copper wiredrawing are used to produce various types of wires including gold, silver and copper wires. Custom-made products are also available to meet specific user demand.

Special alloying technology (high tensile alloy)

High-strength cable

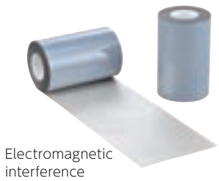
Tatsuta has developed conductors made of a special high-durability alloy that can be used in demanding environments without breakage. Our high value-added conductors precisely meet users' connector termination demand.

Liquid detection sensor technology (Sensor-related products)

Water leakage detection device

TATSUTA uses braiding technology to develop high-reliability fluid detection sensors, protecting valuable assets from the threat of water damage. Through the development of new sensor utilizing its core technologies, TATSUTA is moving into new fields such as build-in sensors in server cables.

Making thin films from functional materials (film)



Electromagnetic interference (EMI) shielding film

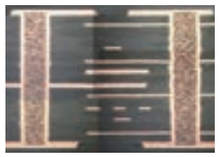
To perform many functions on a thickness scale of as little as a few micrometers, Tatsuta combines plastics, metallic filler, compounding, and film-manufacturing technologies. Our products of outstanding performance have strong track records in the market.

Fiber optics application technology (Photo-electronic related items)

Optical fiber module

TATSUTA leverages its extensive knowledge and experience in optical fiber devices to contribute to the constantly-developing medical and measurement fields. Through its optical fiber device manufacturing and measurement technologies, TATSUTA customizes its products according to customer requirements.

Fine particle dispersion/compounding technologies (functional paste)



Via filling paste

Polymer formulating technology which we developed through our electric wire & cable manufacturing business and various metals are integrated to create our original functional paste. We have been creating opportunities for printed electronics market by our green products.

Environmental analysis technology (TATSUTA Environmental Analysis Center Co., Ltd.)

Environmental analysis

TATSUTA has accumulated a range of analysis technologies for applications including water quality, air, and soil analysis, and further expands their speed and precision.

History of Value Creation

Since its founding in 1947, TATSUTA has tackled a variety of issues for social development amid the changing times, providing the market with products, services and systems linked to resolving these issues. It is a history of TATSUTA consistently creating new value through promoting innovation based on new ideas, while staying quietly beside consumers, companies and society.

History of TATSUTA Electric Wire & Cable

1947
Established an integrated production system for electric wires

TATSUTA Electric Wire & Cable Co., Ltd. was established in 1945 by Usaburo Tatsumi and Ryozo Taya. Over two years since its establishment, the Company took its first step as an electric wire manufacturer, establishing an integrated production system for electric wires, from copper melting to wire drawing.

Electric wire manufacturing in its first years

1953
Constructed the Wakae Works (current Osaka Works)

TATSUTA constructed the Wakae Works (current Osaka Works) to strengthen electric wire production base. Initially, the Works manufactured vinyl-coated wires, cotton and rubber-coated wires, stranded wires, marine wires and telecommunications cables. After manufacturing products to meet the soaring demand in the period of Japan's high economic growth, it remains an important plant today as TATSUTA's electric wire and cable manufacturing base.

Construction commences on Wakae Works

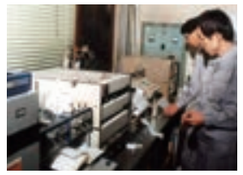
1973
Constructed the Fukuchiyama Works (current Kyoto Works)

TATSUTA constructed the Fukuchiyama Works (current Kyoto Works) as a specialized telecommunications cable plant. From the 1990s, the plant began manufacturing optical fiber cables in addition to telecommunications cables, contributing to the enhancement of economic efficiency and national welfare, as well as the development of the information society.

Fukuchiyama Works under construction

1977
Launched the environmental analysis business

The importance of the environmental measurement business increased, in response to the issue of environmental pollution resulting from Japan's rapid economic growth. TATSUTA launched its environmental analysis business, to contribute to local communities through the concentration measurement of air, water and soil pollution. Tatsuta Environmental Analysis Center, which subsequently took over this business, is engaged in improving the global environment and labor environment through its business activities.



Environmental analysis in its early years

1980s
Expanded into non-electric wire fields such as electronics-related products

TATSUTA expanded into electronics-related fields, in addition to electrics wire and cables. It established the foundations of the current electronic materials & system equipment business, developing products such as water leakage detection devices to prevent water damage to computers, machinery and equipment, bonding wires for use in electronic circuits, and conductive copper paste.

Water leakage detection device in 1980s

Bonding wire in 1980s

Conductive copper paste in 1980s

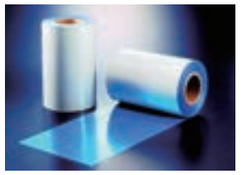
1990s
Developed higher-efficiency production systems for electric wires

In around 1990, TATSUTA installed what was then state-of-the-art electric wire manufacturing equipment. The introduction of this cutting-edge equipment enabled TATSUTA to speed up production and shorten delivery times, while productivity continued to increase in the electric wire business with advances in machine automation. More efficient production systems were built, adding to TATSUTA's competitive advantage.

The new electric wire manufacturing equipment

2000s
Commenced sales of electromagnetic interference (EMI) shielding film

The prevention of noise from electromagnetic interference in electronic circuits became an increasing issue for electronic devices, as electronic technology progressed. TATSUTA developed EMI shielding film, utilizing the outstanding properties of conductive copper paste to counter electromagnetic wave. Today, EMI shielding film has become an indispensable part of high-performance mobile devices such as smartphones.



EMI shielding film in 2000s

2010s
Established new business bases and strengthened the equipment wire and cable group

TATSUTA established the Sendai Works and TATSUTA Technical Center, a base for the electronic materials & system equipment business, engaging in new business development and business continuity planning. In addition, TATSUTA acquired the specialist electronics wire manufacturer Tachii Electric Wire Co., Ltd. (current Tatsuta Tachii Electric Cable Co., Ltd.) as a subsidiary in the equipment wire and cable business, where future development is anticipated.

TATSUTA Technical Center

Sendai Works

Tachii Electric Wire Co., Ltd.

TATSUTA's products to address social issues

Supporting safe and stable electricity supply

Electric wire and cable for power distribution

Electric wire and cable, to make the stable supply of electricity in a safer way. TATSUTA has unwavering confidence in its quality, reliable technology and knowhow gained from many years of engagement in the development, manufacturing and sale of electric wire and cable.

For advanced telecommunications network society

Telecommunications cable

From the telegraph and telephone to other applications, telecommunications cable has been used widely as a means of transmitting information. Until production was terminated in 2012, TATSUTA boasted a wide range of cables, enabling it to adapt to the diverse needs of different systems.

Problems from toxic substances

Environmental analysis

Tatsuta Environmental Analysis Center's environmental analysis covers a wide variety of fields including not only water, air, and soil quality analysis and working environment measurement but also the analysis of toxins such as dioxins and trace PCBs, which are becoming increasingly prominent, and the analysis of products and materials.

Promotion of high-technology industry

Water leakage detection device | Bonding wire | Conductive paste

Water leakage detection device

Water leakage detection devices swiftly detect and report water leaks. Bonding wire connects IC chip to lead frame. Conductive paste was born of polymer mixing technology and metal powder surface treatment technology. TATSUTA has developed a variety of products related to the electronics field.

Smaller and lighter electronic devices

Electromagnetic interference (EMI) shielding film

EMI shielding film protects electronic devices from malfunction due to electromagnetic noise. With the advance of smaller and lighter smartphones and tablet devices, EMI shielding film has become indispensable to protect internal circuits.

Evolution and sophistication in the industrial device and FA industry

FA robot cable

TATSUTA has developed unique high-strength copper alloys, which prove highly effective in environments requiring a range of flexure, such as internal wiring for robots. TATSUTA's Equipment Wire and Cable Group provides equipment wire and cable for a comprehensive range of devices, including industrial devices, FA/robots, video and audio devices, etc.

Hirohito Miyashita
President & Representative Director

We will continue to emphasize relationships of trust with all our stakeholders, and contribute to the sustainable growth and development of society.

I would like to offer my respectful condolences for those who have fallen victim to COVID-19, and my sympathies to those who are currently battling the disease.

I would also like to express my deep respect and gratitude to the healthcare workers and others who are toiling on the front line to prevent the spread of the virus.

Leveraging the strength of our core technologies of metals and plastics to pioneer top niche markets

TATSUTA began its operation in 1945, immediately after the end of the Second World War, and was established as a company in 1947, when it commenced the integrated production of electrical wire. Amid the devastation of post-War Japan, with extremely tight resources, our business began with building a copper melting furnace from scratch, and the manufacture of bare copper wire using copper salvaged from scrap. The management at the time were aware of "the coming of the age of electricity," and had an aspiration to "serve a useful role in society" through manufacturing electric wire, which would become an important part of social infrastructure. This desire is reflected in TATSUTA's Corporate Principles, in the phrase "contribute to the sustainable growth and development of society."

Subsequently, we have provided a variety of different electric wires and cables, in line with the changing needs of society. We have continued to grow, expanding the breadth of our businesses to develop devices and systems such as water leakage detection devices, and a range of electronic materials and functional materials from conductive paste to EMI shielding film, based on the technology acquired through the electric wire business. Our businesses change shape with the times, but the aspiration to serve a useful role in society by making and providing products needed by society has been passed down unchanged from the time of TATSUTA's founding.

Electric wires are made of a metal conductor and a coating, made of plastic resin or other material. TATSUTA's strength lies in its deep understanding, both of metals and of organic materials such as plastic. By fine-tuning our core technologies of metals and plastics in line with the rapid development of electronics since the 1980s, we were not only able to commence the production and sale of bonding wire, but also began production of conductive paste, born of polymer mixing technology and metal powder surface treatment technology.

Since the 2000s, we have also been selling shielding film, which protects electronic devices from malfunction due to electromagnetic noise. We developed shielding film in response to the advent of smaller, lighter, higher-performance electronic devices. It has now become one of our main products.

Establishing the business foundation for further growth in the first period of the 2025 Long-Term Vision

I anticipate the next decade to bring huge social changes. There is no doubt that technological innovation will advance dramatically, in areas such as 5th generation mobile communications systems (5G) and CASE in automotive industry (trends such as autonomous driving), encompassing the Internet of things (IoT) and artificial intelligence (AI). I consider it TATSUTA's mission to provide products and services in time, in line with these dramatic changes in society and technology.

The 2025 Long-Term Vision is a business strategy established in order to achieve this mission. Our goal is to achieve net sales of 100.0 billion yen and operating income of 10.0 billion yen in the final year of the 2025 Long-Term Vision, the fiscal year ending March 31, 2026. We are accelerating our initiatives to explore the frontiers of electric wire and electronic materials, with the aim of becoming a niche top supplier that provides unique cutting-edge parts and materials. Under the Long-Term Vision, we classify TATSUTA's businesses into "for-growth businesses," "for-profit businesses" and "mid- to long-term development businesses," and are pursuing separate strategies for each type.

For the first period of the 2025 Long-Term Vision (fiscal years ending March 31, 2018-2020), we have tackled the management challenge of establishing the business foundation. These efforts have steadily borne fruit, despite some delays due to the impact of issues such as US-China trade friction, with the establishment of more efficient production systems, including the renewal of manufacturing equipment, and enhancements to our lineup of high value-added products.

Top Commitment

Advancing vigorously towards the goal of the 2025 Long-Term Vision

We have designated the functional paste business and medical equipment materials business as for-growth businesses under the 2025 Long-Term Vision, and are investing in R&D and increased production.

For functional paste, we aim to pioneer global niche markets. For example, we expect increasing opportunities to contribute with our metallized paste and package shield paste, as the introduction of 5G around the world from 2020 leads to more sophisticated needs in high-frequency and other applications for base stations, 5G-compatible devices, and semiconductor packages. We will work to strengthen our proposal activities in this field. TATSUTA's strength lies not only in the supply of products to our customers, but also in our ability to provide solutions to meet each customer's manufacturing process, including equipment and manufacturing conditions. We will leverage this strength to further develop our businesses.

At the same time, we are earnestly promoting the development of medical equipment materials. We are developing products such as high-performance tubes with embedded electric wires, leveraging our strength in both metals and organic materials, and proceeding with customer evaluations.

We plan to invest actively in our for-growth businesses, to achieve the early launch and mass-production of new products, and prepare for increased production and revenue contribution from new products in the third period of the 2025 Long-Term Vision.

Our for-profit businesses include the electric wire and cable business, the domestic equipment wire and cable business, the functional films business, the bonding wire business, the sensor business, and the environmental analysis business. In these businesses, we will pursue the maximization of profit earning through the promotion of high value-added product groups and production efficiency enhancements.

Our overseas equipment wire and cable business is designated as a mid- to long-term development business. At present, we are concentrating our efforts on establishing the business foundation, while also promoting the expansion of our sales network in China. We will proceed to develop new customers, both Japanese and non-Japanese companies, and strive to expand the business.

Engaging in digital transformation (DX) for society in the era of COVID-19

The business environment has changed dramatically due to the spread of COVID-19 since the beginning of the year, and TATSUTA's businesses have also been affected. However, thanks to the establishment of the business foundation undertaken during the first period of the 2025 Long-Term Vision, business continuity management systems (BCMS) have functioned appropriately, and we were able to minimize the impact on production activities, while achieving our targeted teleworking ratio of around 70% while the state of emergency was in force. In our sales activities, we endeavored to respond to our customers through Web conferencing and other measures. Concerns remain over the risk of a further spread of infections, but we will work to maintain business activities and the stable supply of products under any circumstances, using the insight gained from our initiatives during the first half of the year.

For society in the era of COVID-19, physical contact with others has become a source of risk, and it is expected that this will further accelerate DX in which products, services and business models are transformed through the utilization of data and digital technology. This crisis has brought adverse conditions, but at the same time, I feel that it has also brought positive effects, such as acceleration of DX initiatives and work style reforms. I would like to seize the opportunity, amid adversity, to accelerate business innovation through measures such as reforming organizational operation and the personnel system to lead us to the future growth, and transforming the business model.

Taking continued climate change countermeasures as a priority issue

ESG and SDGs response are vital for companies' sustainable development. Climate change countermeasures are a particularly crucial issue. In addition to energy-saving initiatives, TATSUTA is committed to providing resource-saving products and products that comply with environmental regulations. Our initiatives to reduce environmental impact through our products include, for example, the use of highly recyclable coating material, and providing smaller-sized electric wire compared to conventional products. We intend to expand our lineup of environmentally-friendly products, such as electric wire and electronic materials that do no emit toxins when incinerated.

Our initiatives to reduce environmental impact through our business operation include reducing the amount of energy used by production equipment, air conditioners, etc., and improving our zero-emission rate. For the fiscal year ended March 31, 2020, we achieved a reduction of 4.6% in the energy consumption rate compared to the previous fiscal year. At the same time, we have continued our efforts to recycle copper and reduce material loss, achieving our target zero-emission rate of under 0.7%. We will continue to do our part to reduce climate change and its impact by achieving our target energy consumption and zero-emission rate.

Working to promote a range of measures related to work style as well as to build relationships of trust with local communities

For TATSUTA to grow sustainably together with society, it must transform into a company that pursues enhanced labor with added value. The need for humans to engage in low value-added routine work will disappear through the use of robotic process automation (RPA), the IoT, and AI. People will change their way of working, shifting to thinking jobs, and jobs that generate added value by transforming existing systems and approaches.

The establishment of a human resources base is vital to ensure sustainable growth in the context of this change. Since 2014, we have implemented "next-generation development education," aimed at unearthing the next generation of leaders, promoting a deeper understanding of management policy, and facilitating a mutual understanding of business issues through interaction between participants. We regard the establishment of strong networks between employees, spanning different divisions and business characteristics as a future challenge. Through this training, we gather employees of the same rank from across each division, to share aims and issues and propose solutions, based on the 2025 Long-Term Vision.

Regarding diversity, we are working to enhance workplace environments to enable all employees to enjoy job satisfaction and make the most of their abilities, by respecting different value perceptions, and diversity of gender, nationality, race, culture, handicaps, etc., providing working styles to match each employee's value perceptions and lifestyle.

We also emphasize social contribution activities, from the perspective of building relationships of trust with local communities in which we do business. In particular, we have been engaged in supporting and employing the disabled for many years. In 2018, we received the Minister's award for outstanding offices for the employment of persons with disabilities from the Ministry of Health, Labour and Welfare, and we will continue to support the employment of disabled people, and contribute to the creation of a society where disabled and non-disabled people can share worthwhile lives.

Committed to ensuring swift decision-making, soundness, and transparency on management

Lastly, I would like to talk about corporate governance. TATSUTA's mission is to focus on creative and novel ideas to provide society with useful, safe and superior products and services. To achieve this mission, in addition to compliance with domestic and international laws and regulations and in-house rules, and fair corporate activities according to social norms and morals, we recognize that we must also engage in appropriate and fair information disclosure. To this end, we have established and published guidelines to ensure swift decision-making, soundness, and transparency on management.

The Board of Directors engages in open and unconstrained discussions, including Outside Directors, on matters designated by law, regulation or the Articles of Incorporation, the Medium-Term Management Plan, management planning including annual budgets, and advisory matters such as those related to the Company's future direction. In the fiscal year ended March 31, 2020, we assessed progress in the Medium-Term Management Plan for the first period of the 2025 Long-Term Vision, and established plans for the second period. TATSUTA has also established the Nomination and Remuneration Advisory Committee, composed of members including Outside Directors and Representative Director, which is consulted and reports back to the Board of Directors on matters including changes in company officers and compensation. We are making meeting procedures more efficient, with information sharing before meetings and the use of meeting systems, etc., to secure sufficient time for discussion.

At the same time, we are working to ensure the appropriate and fair disclosure of information to stakeholders. Where necessary, we engage in voluntary information disclosure in addition to disclosures required by the stock exchange. We are committed to ensuring sound and transparent management.

This fiscal year, we face a harsh business environment due to the economic downturn impacted by COVID-19. We will respond to the expectations of all our stakeholders, managing our businesses with our focus on the safety of employees and society and the stable supply of products to our customers. I look forward to your continued support.

2025 Long-Term Vision

We will identify areas where demand is expected to grow and where the TATSUTA Group can make the most of its strength, and concentrate our combined efforts on these areas.

In order to become a niche top supplier that provides unique cutting-edge parts and materials, we will actively invest in the fields which are expected to achieve market expansion, namely, functional paste and medical equipment materials in pursuit of growth. For other existing business fields, we will implement strategies such as promoting investment to help enhance efficiency and expanding product groups that match customer needs to pursue the optimization of profit earning.

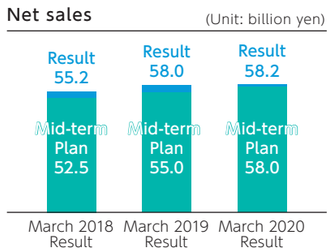
2025 Long-Term Vision
First period: Progress results
Second period: Policies

Roadmap to 2025			
Period	First period (Fiscal years ending March 31, 2018-2020)	Second period (Fiscal years ending March 31, 2021-2023)	Third period (Fiscal years ending March 31, 2024-2026)
Challenge	Establish the business foundation	Shift to mass production of new products	Increase production of new products and contribute to revenue
Investment and lending	21,000 million yen over 3 years (of which 12,000 million yen held in reserve)	24,000 million yen over 3 years (of which 12,000 million yen held in reserve)	28,000 million yen over 3 years (of which 12,000 million yen held in reserve)
Target operating income	Fiscal year ending March 31, 2020: 5,000 million yen	Fiscal year ending March 31, 2023: 7,000 million yen	Fiscal year ending March 31, 2026: 10,000 million yen

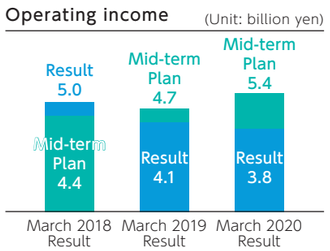
(Note) "Held in reserve" refers to allowances for strategic investment, including M&A investment designated under the Long-Term Vision. These amounts are set for the nine year period from April 1, 2017 to March 31, 2026, within a range that does not compromise balance sheet soundness.

2025 Long-Term Vision
First period: Progress results

Net sales (Unit: billion yen)



Operating income (Unit: billion yen)



2025 Long-Term Vision
Second period: Basic policies

Thoroughly implement measures to prevent the spread of COVID-19, and fulfill our responsibility to maintain supply to our customers, while securing the safety of our employees and society.

For-profit businesses	Maintain and expand sales volume, improve product mix, and maximize revenue through more efficient production.
For-growth businesses	Recover from the delays in new product development in the first period of the Long-Term Vision, in preparation for increasing production and revenue contribution from new products in the third period; launch and commence mass production of new products.
Mid- to long-term development businesses	Establish full-scale sales, and prepare for business expansion in the third period of the Long-Term Vision.

Overview of the 2025 Long-Term Vision

Qualitative objective

TATSUTA will explore the frontiers of electric wire and electronic materials with the aim of becoming a niche top supplier that provides unique cutting-edge parts and materials.

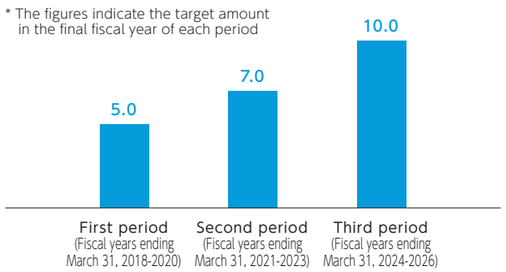
Quantitative objective

While maintaining high profitability, we will grow the scale of the corporate group by another digit (net sales of 100.0 billion yen and operating income of 10.0 billion yen in the fiscal year ending March 31, 2026).

Target operating income

(Unit: billion yen)

* The figures indicate the target amount in the final fiscal year of each period



2025 Long-Term Vision

Business Development			
For-profit businesses	Electric wire and cable business	Electric wire and cable business, domestic equipment wire and cable business	Promote investment to help enhance efficiency and enhance product groups that meet customer needs to pursue the optimization of profit earning.
	Electronic materials business	Functional films business, bonding wire business	
	Other businesses	Sensor business, environmental analysis business	
For-growth businesses	Electronic materials business	Functional paste business	Actively implement investment in business development, production increases, etc. to pursue greater scale and expand revenue.
	Other businesses	Medical equipment materials business	
Mid- to long-term development businesses	Electric wire and cable business	Overseas equipment wire and cable business	Focus on establishing the business foundation at present, and pursue greater scale and expanded revenue in the future.

TATSUTA's Vision for 2025

Requirements for parts and materials, such as electric wire and electronic materials, become more segmented and sophisticated in fields such as the IoT and robotics, in-vehicle equipment, medical equipment, etc.

Qualitative vision

Expand our businesses globally in the fields of electric wire, electronic materials, and related parts and materials. In particular, explore the frontiers of products for the IoT and robotics, in-vehicle equipment, medical equipment, etc., for which needs are expanding and becoming more segmented and sophisticated. Become the top share supplier in multiple advanced, niche fields as a corporate group that customers trust.

Quantitative vision

Become a corporate group with a larger scale by another digit above than now, while maintaining high profitability.

2025 Targets	
Net sales	100.0 billion yen or greater
Operating income	10.0 billion yen or greater

SPECIAL FEATURE

Introducing Our Diversity Roundtable

The Group is engaged in diversity and inclusion (D&I) initiatives, focused on promoting female participation and career advancement as well as the employment of the disabled and elderly. This feature examines roundtable discussions on "work style reforms" held at the Electronic Materials & System Equipment Group. This business group is at the forefront of D&I, implementing initiatives such as the designation of staff responsible for diversity promotion.

The Electronic Materials & System Equipment Group holds roundtable meetings, attended by officers and employees on themes related to diversity. The theme and content of each roundtable are determined through discussion between staff responsible for diversity promotion. Roundtables have been held on the themes shown on the right.

1st Roundtable	About the promotion of female participation and career advancement (Held on October 10, 2017)
2nd Roundtable	Work style reforms - childcare leave, teleworking, long working hours, etc. - (Held on February 22, 2018)
3rd Roundtable	Roundtable on ikumen (men actively involved in raising their children) (Held on May 25, 2018)
4th Roundtable	Utilizing the human resources of operating personnel during off season in manufacturing divisions (Held on September 11, 2018)
5th Roundtable (Continuation of 4th Roundtable)	Initiatives implemented for off season in manufacturing divisions (Held on February 22, 2019)
6th Roundtable	Differences between operation sites (Held on September 20, 2019)

The theme of the 7th Roundtable, held on February 21, 2020, was "work style reforms." Laws and regulations to promote "work style reforms" have taken shape with the amendments to the Labor Standards Act that came into effect in April 2019, making it mandatory for employees to take five days of paid leave per year. This theme was chosen because the Company is also in the process of promoting "work style reforms" initiatives.

The roundtable began with a mini-seminar on the Labor Standards Act amendments from the Administration and Human Resources Department. Participants gained a deeper understanding of the amendments to the law and corresponding amendments to internal company systems.

The staff responsible for diversity promotion then gave an explanation of the results of a survey on work style reforms conducted within the Electronic Materials & System Equipment Group prior to the roundtable. The participants discussed and exchanged opinions by group on pros and cons of introduction, merits, and their concerns regarding two topics that were highly advocated by some survey respondents: (1) a work from home program, and (2) paid leave utilization by the hour.

■ Work from home program

Many participants expressed favorable opinions towards the implementation of working from home, suggesting it would enhance work-life balance and work efficiency: "Working flexibly is possible when a family member is in hospital," or "I'd like to try working from home one or two times a week. Not having to spend so much time commuting would help me use time more effectively, and I may be able to concentrate better at home than in the office." At the same time, there were those who disagreed: "How could I separate work and home life, if I have to work while looking after children and caring for the elderly?" or "Human beings are not so morally strong. Working from home brings the risk that people will incline to choose an easier way of working and their work will suffer."

In addition, some participants expressed concern over the lack of personal interaction: "I think that even now we need more communication, but it would decrease even more if we work from home." The opinions of others showed an awareness of our relationship with production sites as a manufacturer: "Working from home would be really difficult to implement at production sites. The program should be introduced in a way fair enough for on-site staff," or "There are a number of different job types within each facility. It's not right that employees in some jobs can work from home, but others cannot. Employees in technological development and those in manufacturing should be work at office together."

Other participants were concerned that the program should be designed properly: "When the program is introduced, it will also be necessary to create systems to evaluate the results of work. If the program is introduced in the absence of these systems, then the properness of operation management and the status of planning and execution will become ambiguous."

■ Paid leave utilization by the hour

Some participants supported the idea of taking time off work by hour: "I think it would be a significant advantage because we do not have to take the entire half-day paid leave to go to the hospital, or deal with childcare or local government procedures," or "I really hope that our company considers to introduce this system. For divisions working on fixed hours without a flex time system available, being able to take a quarter of a day off would be a great advantage." There were also opinions from the perspective of recruitment: "A system of paid leave utilization by the hour would enable us to secure outstanding personnel who are unable to enter employment elsewhere due to childcare or nursing responsibilities."

On the other hand, some expressed concerns over administration of the system: "Paid leave by the hour would be difficult to implement in the context of workplace shifts," or "It would be hard for the Administration and Human Resources Department to administrate." Some participants also linked the issue with workplace safety: "If employees take paid leave by the hour, then consideration would have to be given to safety, to ensure that the movement of people in and out of the workplace doesn't lead to confusion."

Participants expressed their opinions freely and openly, and were able to experience both the usefulness and difficulty of "diversity" and "inclusion" first-hand.

Lastly, General Manager (the title was as of the date of the Roundtable) Tsuji of the Electronic Materials & System Equipment Group presented his comments to close the roundtable. "The aim of the recent legal amendments is to realize a society that enables the choice between diverse work styles. We should change internal systems flexibly in accordance with this aim. As a company, we need to consider the introduction of systems that are suited to our circumstances, based on the issues and concerns raised today."

Hiroshi Maeyama
Officer in charge of the Administration and Human Resources Department

I would like to express my thanks to the Electronic Materials & System Equipment Group for hosting the diversity roundtable, and to the participants for their valuable opinions, which will serve as reference in future consideration of work style reforms.

The promotion of D&I and work style reforms is vital for TATSUTA's sustainable growth and development. The work from home program is an important part of implementing diverse work styles. The program was one of the measures implemented to prevent the spread of COVID-19. It was an emergency response under the circumstances, but we launched the program in March 2020. I think that there were more than a few people whose first reaction was "You can do it if you try." However, as some expressed in the roundtable discussion, and as we have found through actual operation of the program, there are still issues and problems to be resolved. We aim to make it more efficient and effective.

We will continue our initiatives to make Tatsuta an appealing company, where officers and employees can work vigorously with job satisfaction.

TATSUTA's CSR

To realize its Corporate Principles, TATSUTA continues to engage in CSR activities under its Corporate Code of Conduct and Quality and Environment Policy, responding to the expectations of stakeholders and contributing to the sustainable and stable development of society.

Corporate Principles	Based on our core businesses of electric wire/cable and electronic materials and with overwhelming vitality and speed, TATSUTA will continuously and proactively take up the development of businesses that will lead the next generation. At the same time, we will also promote a consolidated management that is both highly conscientious and transparent, so that we may create sustainable growth and improve long-term corporate value, as well as consider global environmental problems while providing products and services with characteristics that will meet customer needs and thus also contribute to the sustainable growth and development of society.
Corporate Code of Conduct	1. By devoting ourselves to creative and novel ideas and with an indomitable spirit, we shall develop technology and products demanded by society and our customers providing useful, safe, and superior products and services. 2. In every aspect of our business activities, we shall seek to bring harmony between the environment and human life, recognizing that conserving the global environment is one of the most important issues faced by all peoples of the world and thus, must be a basic element of our management approach. 3. We shall respect the character and individuality of our employees, ensuring a safe and comfortable work environment rich in diversity. 4. We shall establish good and sound relations with interested parties outside the company, including stockholders, clients and local communities. 5. We shall observe domestic and international laws, as well as in-house rules, in conducting fair corporate activities according to social norms and morals. 6. We shall appropriately and fairly disclose information related to our corporate activities so as to enhance management transparency.
Quality and Environment Policy	1. In order to ensure that the Corporate Principles are upheld and in line with our Corporate Code of Conduct, we will implement initiatives that continuously and appropriately improve the business process, improve products and services, and promote environmental preservation. 2. Based on the requirements for the ISO standards, we will build quality / environment management systems and by implementing these systems, comply with applicable laws and customer requirements. 3. TATSUTA will identify risks which must be addressed and by responding to them, take up initiatives that will improve quality, prevent pollution, and preserve the environment. 4. TATSUTA will maintain its quality and environment management systems and continuously work to improve performance through the PDCA (Plan-Do-Check-Action) cycle.

CSR concept

Contribute to the sustainable and stable development of society

SUSTAINABLE DEVELOPMENT GOALS

Sustainable Development Goals (SDGs)

The SDGs are 17 international goals for 2030 to realize sustainable, diverse and inclusive societies where "no one will be left behind," adopted unanimously at the UN summit held in September 2015.

The TATSUTA Group is engaged in addressing the SDGs through its business activities in order to contribute to the sustainable and stable development of society.

Relationship with the SDGs

	CSR Main Themes	Social Issues	Specific Initiatives	Related SDGs
Environmental	● Reduce environmental impact ● Establishment of a recycling-based society ● Establishment of a low-carbon society	● Energy ● Resource recycle ● Climate change ● Biodiversity	● Reduce the environmental impact of products and services ● Promote recycling ● Promote energy saving ● Prevent global warming = reduce CO_2 emissions	7 8 9 11 12 13 15
Social	● Occupational safety and health ● Product quality assurance ● Prosperous coexistence with local communities ● Rewarding workplaces ● Human resource development	● Hunger and poverty ● Health and welfare ● Education ● Gender ● Peace and justice	● Promote measures for safety and health ● Strengthen quality assurance systems ● Promote diversity ● Maintain good communication ● Contribute to local communities through sports ● Promote work style reforms ● Nurture human resources to drive sustainable growth and development	3 4 5 8 9 10 11 12
Governance	● Stronger corporate governance ● Thorough compliance	● Fair corporate activities ● Prevention of damage to corporate value through scandals ● Timely and appropriate information disclosure by companies	● Strengthen education and training on compliance ● Implement an internal hotline system	10 16

Related SDGs

Environmental Management

Environmental management structures

The TATSUTA Group's structures for promoting environmental management systems (EMS) are composed of three main parts, with each part taking assigned roles according to the level of importance.

Structure			Main roles
1	Top Management Committee	• President • General Managers, etc. • Environmental Management Administrator	Determine basic EMS matters; determine and review Environment Policy and approve environmental targets; check and review EMS operating status, etc.
Secretariat: ISO Office			
2	Environmental Management Promotion Committee	• Personnel responsible for environmental management • Personnel responsible for environmental management promotion	Establish and maintain EMS; assess the status of implementation and operation; establish, review and manage environmental targets, etc.
Secretariat: Environment & Safety Administration Department			
3	Districts, offices, etc.	• Personnel responsible for environmental management promotion	Establish action plans to reduce environmental impact within each group, and implement activities in accordance with these plans, etc.

TATSUTA is also actively engaged in environmental conservation activities through structures for EMS that are integrated with the TATSUTA Environmental Analysis Center, TATSUTA Welfare Service, and Tatsuta Tachii Electric Cable, which are located in the same site with TATSUTA Electric Wire & Cable.

Management Reviews

Management Reviews are held once every half year.

Management Reviews (MRs) are stratified into business group MRs and company-wide MRs, the latter being composed of Top Management Committee members (senior management).

The PDCA cycle is utilized at each stratum, with the participants assessing progress on initiatives and results for each half year, and the persons responsible on each stratum delivering directions and comments for the next half year to their subordinates.

Business group MR

Company-wide MR

Emergency response

For equipment and facilities with the potential to affect the environment, the managing department carries out daily inspections, and works to prevent unexpected accidents.

Emergency response training, designed in accordance with each facility's situation, is also carried out annually. For example, a training may involve a hypothetical hazardous substance leak to explain the seriousness of consequences from environmental pollution, confirm response procedures and their effectiveness, and prepare for the contingent event of an accident.

Training in the Osaka district

Compliance with environmental laws and regulations

TATSUTA maintains voluntary standards as well as reports and notifications to administrative bodies in order to ensure compliance with laws and regulations related to the environment.

Regular audits, measurements and evaluations are carried out in accordance with the activity items in order to ascertain the status of environmental conservation. For the fiscal year ended March 31, 2020, the results of audit, measurement and evaluation for items subject to law or regulation indicated no items exceeding regulation levels.

Some complaints were received however, regarding noise and vibration from equipment operation and product transport at the Head Office, Osaka Works.

In response to these complaints, the cause was promptly investigated and identified, and measures were taken to prevent recurrence, such as changing the problem transport route.

We will continue to pay even greater attention to environmental conservation.

■ Number of directives and complaints received (cases)

	March 2016	March 2017	March 2018	March 2019	March 2020
Directives	0	0	0	0	0
Complaints	3	2	3	4	2

* No complaints have arisen regarding the Kyoto Works, TATSUTA Technical Center, or Sendai Works.

Disposal of equipment containing PCBs

Decommissioned equipment using polychlorinated biphenyls (PCBs) are stored and managed internally as specially controlled industrial waste, and systematically disposed of as planned in accordance with disposal methods stipulated by the government of Japan.

For equipment containing a high concentration of PCBs, waste disposal applications to Japan Environmental Storage & Safety Corporation (JESCO) have been completed. Meanwhile, 115 sets of equipment with low-concentration PCBs have already been disposed of.

■ Number in storage

Type	Stabilizers	Neon transformers	Lighting capacitors
Number	965	37	237

Disposal of equipment containing low-concentration PCBs

Disposal of equipment containing low-concentration PCBs

Environmental education

TATSUTA implements environmental education for all its employees in order to deepen their understanding of environmental conservation activities and thoroughly embed activity rules.

Education for new recruits

New recruits receive introductory training to familiarize themselves with Quality and Environment Policy, environmental conservation initiatives such as energy conservation and waste reduction, and related rules.

The training and a practice session on separating waste

Specialist education

Specialized education is carried out whenever appropriate for employees engaged in specific activities such as those subject to laws and regulations, including specially controlled industrial waste managers.

Participation in external seminars on the environment

Employees participate whenever appropriate in external lectures and seminars, such as symposiums on environmental conservation and recent international trends, in order to bring back information on environmental conservation including laws, regulations, technologies and new initiatives to the Group.

In the Osaka district, the Environmental Management Promotion Committee implements workshops on SDGs.

General education and awareness programs

Education is implemented for all employees on the Quality and Environment Policy, laws, regulations and bylaws relating to environmental targets and environmental conservation activities, as well as environmental issues that relate to TATSUTA's businesses such as the handling of chemicals.

For example, various initiatives are implemented every year in June, Japan's Environment Month, to raise awareness of measures for energy saving. These include inviting employees of all Group companies to submit suggestions for an energy-saving awareness slogan, or inviting employees at the Kyoto Works to submit energy-saving proposals based on the theme of the month and educating them on the Quality and Environment Policy.


Employees who submit an outstanding energy-saving awareness slogan receiving an award

Education for internal audit personnel

Internal audit personnel are educated through external training or by internal instructors.

Audit personnel who acquire internal qualifications are given hands-on training through participation in actual internal audits with the aim of enhancing their abilities.

During the fiscal year ended March 31, 2020, we continued to make efforts to increase the number of audit personnel qualified in both EMS (environmental management systems) and QMS (quality management systems).

Environmental audits

In addition to undergoing ISO 14001 management systems inspections by the Japan Quality Assurance Organization and external audits organized by customers, TATSUTA also engages in regular "internal audits," environmental investigations into raw materials suppliers and waste treatment contractors, and environmental patrols of operating sites, with the aim of maintaining and improving relevant systems.

Internal audits

Regular and special audits are executed every half year, based on the Internal Audit Regulations, in order to confirm whether environmental activities are being carried out effectively to achieve environmental targets, and efforts are made to maintain and improve environmental management systems.

External audits

TATSUTA has implemented external environmental audits, including the examination of documents, in order to receive confirmation of whether environmental management systems satisfy the standards required by customers and the ISO.

Renewal audit by the certification body (top management interview)

Environmental patrols

TATSUTA works to prevent environmental damage occurring through environmental patrols, in which the status of environmental conservation initiatives and energy-saving initiatives including legal and regulatory compliance are confirmed on-site as appropriate.

Investigation of suppliers and contractors

Regular visits and investigations are carried out into our partner companies such as raw materials suppliers and waste treatment contractors, to confirm their environmental conservation initiatives and corporate conditions, etc., based on green procurement guidelines and internal rules.


Investigation at a waste treatment contractor

Environmental Targets and Performance

Environmental targets and performance for the fiscal year ended March 31, 2020

For the fiscal year ended March 31, 2020, we established specific targets for environmental goals and promoted environmental conservation activities.

The results are shown below.

We will continue to work towards improvement in the fiscal year ending March 31, 2021, and promote proactive conservation activities to achieve our targets.

* Evaluation code (○: Achieved △: In progress ×: Not achieved)

Aim	Targets	Results	Evaluation	Reference
Reduce the environmental impact of products and services	Develop environmentally-friendly products ◇ Shift to non-halogen products ◇ Response to the RoHS Directive, etc.	Commercialized	○	P21-P23
Promote recycling	Zero-emission rate of less than 1% (Including copper and aluminum)	0.60%	○	P27
Promote energy saving	Reduction in energy consumption rate compared to the previous fiscal year: 1 percentage point or greater	Reduced by 5.9 percentage points (Note 1) (Reference) Total energy consumption increased by 2.1%	○	P28
Prevent global warming [Reduce CO_2 emissions]	Head Office, Osaka Works Reduction plan period: Fiscal years ending March 31, 2019-2021 Final fiscal year reduction rate is evaluated against the fiscal year ended March 31, 2018 [Reduction target] Reduction in energy consumption rate per unit of 3.2 percentage points or greater (Submitted to Osaka Prefecture)	Energy consumption rate per unit (Note 2) Reduction of 12.2 percentage points compared to the base year	△	
	TATSUTA Technical Center and Kyoto Works Reduction plan period: Fiscal years ended March 31, 2018-2020 Final fiscal year reduction rate is evaluated against the average for the previous period [Reduction target] Total reduction of 3 percentage points or greater (Submitted to Kyoto Prefecture)	Evaluated emission volumes (Note 3) Reduction of 6.7 percentage points compared to the base year	○	
	Sendai Works Voluntary reduction plan, compared to the previous fiscal year [Reduction target] Reduction in energy consumption rate per unit of 1 percentage point or greater	Energy consumption rate per unit Increase of 3.4 percentage points compared to the previous fiscal year	×	
	Reduce the environmental impact of logistics ・Enhance transport efficiency and loading efficiency ・Continue to promote modal shift (Note 4)	Continued with the selection of transport routes, etc.	○	P29
		Continued usage of rail transport for cargo from Higashiosaka to Saga Continued usage of coastal cargo vessels from Higashiosaka to Hokkaido (Reduction in CO_2 emissions: 230t/year)	○	
Environmental audit	・Environmental investigation of suppliers and contractors	Audited 2 companies	○	P19

(Note 1) Reduction targets for energy consumption rate were achieved as a result of efforts to make production systems more efficient.
However, total usage increased as a result of fluctuations in plant operating times due to demand trends.

(Note 2) Energy consumption rate reductions exceeding the target levels were maintained during the middle year of the plan as a result of efforts to make production systems more efficient.

(Note 3) Total emission reductions exceeding the target levels were maintained during the final year of the plan as a result of efforts to make production more efficient.

(Note 4) Operated jointly with SUMIDEN HITACHI CABLE Ltd. and DYDEN CORPORATION.

Reducing Environmental Impact

At TATSUTA, we are striving to develop new and improved environmentally-friendly products in order to effectively reduce environmental impact.

Through the business activities of the TATSUTA Environmental Analysis Center, we also work to reduce substances that burden the environment.

Electric wire and cable business: Environmentally-friendly products

Eco-friendly electric wire and cable

Coating material used for electric wires and cables mostly ends up as industrial waste. In particular, there is concern over the harmful substances released by vinyl chloride coatings when they are incinerated.

Eco-friendly electric wire and cable boasts the same level of fire resistance as conventional vinyl chloride-coated products but is environmentally-friendly, utilizing highly-recyclable coatings and containing absolutely no halogen elements, lead or other heavy metals.

Features of environmentally-friendly products

Safe to dispose of by incineration

There is no risk of harmful dioxins being emitted during incineration. They do not produce acid gases such as chlorine gas and do not corrode the incinerator.

Fire-resistant and low-fuming

These products boast the same self-extinguishing properties as vinyl cable, and are flame-retardant. They also produce little smoke, helping to ensure visibility in the case of fire.

Recyclable

These products can be recycled through material recycling or thermal recycling using heat energy generated through incineration.

Chemical-resistant

The use of polyethylene-based coatings provides outstanding chemical-resistant properties.

<KARUMAGE (KM-CC)> 600V fire-resistant flexible crosslinked polyethylene eco-friendly cable

With halogen-free and environmentally-friendly specifications, these electric wires and cables maintain a smoke density of 150 or less, and use highly-recyclable coatings.

Features of KARUMAGE (KM-CC)

1. Using 0.45mm element wires, KM-CC is extremely easy to handle and contributes to enhancing productivity, particularly for wiring in narrow places.
2. No substances under RoHS 2 (10 substances) are intentionally included.

New Slat Cable

Until now, “vinyl” has been the main material used in insulators for drop cables.

The New Slat Cable uses environmentally-friendly “black crosslinked polyethylene” insulator instead, which contains no chlorine.

Features of New Slat Cable

1. New Slat Cable contains less vinyl material which may have a negative impact on the environment when incinerated.
2. With enhanced weather-resistant characteristics when laid, the cable is more resilient against the effects of temperature changes, water, etc.
3. Enhanced heat-resistance when applying electricity has enabled the cable to be down-sized.

[FIT Series]

The new FIT Series features products responding to diverse customer requests for NETSU Tough-115, TLFC and GT-Lead. Utilizing a small-diameter conductor to achieve both flexibility and formability, it is designed to save resources.

Features of the FIT Series

1. Use less coating material than previous products by achieving a smaller diameter.
2. Wiring and terminal processing workability is improved.

<NETSU Tough-115> Special heat-resistant vinyl-insulated electric wire for electric devices

NETSU Tough-115 features insulating material with an increased heat-resistant temperature. It enables to make the size of electric wires smaller compared to previous products, leading to resource savings.

Features of NETSU Tough-115

1. With a higher allowable current for its size, it requires only a smaller size of conductor for the same allowable current, reducing the amount of copper used.
2. By utilizing a conductor of smaller size, it enables a reduction in the amount of insulation material used.
3. As a result of 1. and 2. above, it facilitates the efficient use of wiring space.
4. No substances under RoHS 2 (10 substances) are intentionally included.

<GT-Lead> High-durability lead wire for plating barrels

GT-Lead uses a flex-type conductor and uses a special urethane in the protective layer to enhance durability, with the aim of saving resources.

Features of GT-Lead

1. More than twice as durable as previous products*, due to the use of a special urethane in the protective layer. (* Compared in-house)
2. Reduces production line stoppages to replace damaged lead lines, enabling productivity enhancements and total cost reductions.
3. Flexibility has been improved through the use of a flexible-type conductor.
4. No substances under RoHS 2 (10 substances) are intentionally included.

<DOKOSAN-MIHARU> Acid leakage sensor

Regular inspections of places that cannot be inspected visually are required under the Water Pollution Prevention Act. DOKOSAN-MIHARU enables swift detection of the position of acid leakages, even for locations that cannot be seen.

Features of DOKOSAN-MIHARU

1. Sulfuric acid, hydrochloric acid, and nitric acid: A diverse lineup for every application.
2. Can be installed on existing equipment.
3. Separate wiring for the power source. Can be jointed using a connector, facilitating easy laying and maintenance.
4. Senses leaks in around 4 minutes. * When 98% concentration of sulfuric acid is dripping (25℃)
5. Can be installed outside.

<EM-TLFC110> Eco-friendly fire-resistant flexible crosslinked polyethylene insulated electric wire, heat resistant to 110℃

EM-TLFC110 is a flexible electric wire using highly-recyclable coating material. It has outstanding heat tolerance, with smaller sized electric wires than the IV or KIV, leading to resource savings.

Features of the EM-TLFC110

1. EM-TLFC110 uses eco-friendly, fire-resistant, crosslinked polyethylene material.
2. By making the size of conductor smaller, it enables a reduction in the amount of copper and insulation material used.
3. As a result of 1. and 2. above, it facilitates the efficient use of wiring space.
4. Box packaging enables storage space savings.
5. No substances under RoHS 2 (10 substances) are intentionally included.

Electronic materials & system equipment business: Environmentally-friendly products

Enhanced environmental compatibility of electronic materials

Halogen-free

Containing no halogens such as chlorine, there is no concern for these materials emitting dioxins and toxic gases when burned.

RoHS

They do not contain hazardous substances designated by RoHS which has a negative impact on the environment and human body: lead, cadmium, mercury, hexavalent chromium, the designated bromine-based flame retardants polybrominated biphenyls (PBB) and polybrominated diphenyl ethers (PBDE), and four phthalates.

UL

UL94 is a United States testing standard. VTM-0 tests the vertical flammability of thin plastics, and V-0 tests vertical flammability.

Both tests are graded at three levels, V-0 to V-2, from least to most flammable. The tests assess features such as whether the material will suppress the spread of flame and help to extinguish the fire.

Lead-free reflow soldering

Lead-free solder is a vital part of RoHS compliance for electronic circuits. While soldering to mount components onto the printed circuit board is difficult through the mainstream reflow processing, this material is compatible with lead-free soldering.

SF-PC8900-C High-frequency-compatible thin EMI shielding film

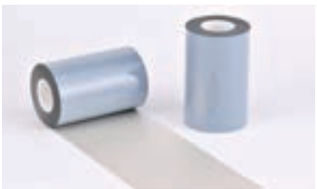
By retaining the structure of the previous model’s thin electromagnetic interference EMI shielding film (the SF-PC5900-C) while increasing the thickness of the shield layer, we achieved the productization of a thin EMI shielding film that enhances electric characteristics in the high-frequency range. This range is vital for 5G communications, which are forecast to spread extensively in the future.

In addition to providing high-performance shielding in the high-frequency range, the SF-PC8900-C also demonstrates higher performance than previous products in terms of mechanical characteristics such as crease performance. It is thus considered increasingly for a possible use in flexible printed circuit boards for components of displays, camera modules, hinges, etc.

In terms of the environment, the SF-PC8900-C has attained UL94 flammability class VTM-0, while also being halogen-free. It also complies with RoHS.

Features of SF-PC8900-C

1. Halogen-free, and attained UL94 VTM-0. Also complies with RoHS.
2. With a total thickness of 8μm, it achieves high-performance shielding in the high-frequency range.
3. Outstanding mechanical characteristics such as crease performance.



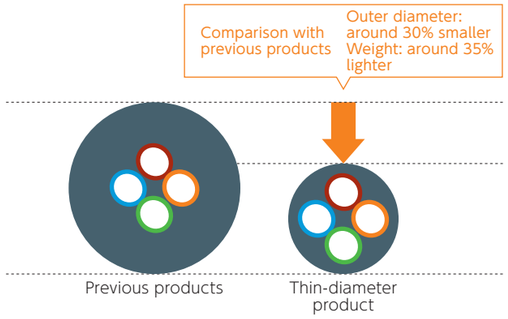
Equipment wire and cable business: Environmentally-friendly products

FA robot cable - thin-diameter high-strength cable

We have been providing "high-strength cable," using a high-strength copper alloy conductor to enable usage in harsh environments where complicated movement is required, such as in industrial robots and FA equipment. We are also developing thin-diameter high-strength cable, suited for use in space-saving wiring applications such as equipment miniaturization, robots with limited wiring space, cableveyor, etc.

This enables wiring space reductions, flexible wiring and layout while retaining the outstanding flex durability of previous products.

These features facilitate weight reductions, miniaturization and space savings in robots and other applications, and also contribute to resource savings through longer product life, which is a characteristic of high-strength cables.



Features of the equipment wire and cable business

Maintain superior flex and twist durability with slim body and surprising durability

Flex and twist durability are the same or higher than previous high-strength cables. (Based on in-house test data)

Excellent terminal workability

Workability of connector and wire harness assemblies improved by limiting use of filler and binding wherever possible inside the cable.

Superior space-saving properties

Thinner cable made possible by reducing the outer diameter by approximately 30% and the cross-section area by approximately 50%. (Compared to previous products)

Agreable electric cable for agricultural applications

Agreable, a next-generation cable for agricultural applications, embodies requests from the front line of agriculture. This product supports automation and labor saving in next-generation agriculture, and is a cable suitable for all weather conditions. It has outstanding tolerance to weather, cold and heat. It is also lighter-weight, contributing to higher workability.

* To be exhibited at the "4th AGRI WEEK OSAKA" during February 24-26, 2021!!

Features of Agreable

1. Exceptional weather resistance: no hardening or cracking, even after around ten years of outdoor exposure (UV exposure).
2. Outstanding tolerance to heat and cold: thermal performance withstanding temperatures -50℃ to 90℃ .
   Performs outstandingly even in cold regions and vinyl greenhouses where temperatures can soar in summer.
3. Stress-free ultra-lightweight electric cable for maximum workability: achieves a 10-30% weight reduction compared to VCT/2PNCT with excellent flexibility.

Flat cable with flex durability and flexibility

Flat cable is a space-saving product with outstanding flex durability and flexibility.

It does not shift or twist even in the case of multi-core cable, reducing the frequency of disconnection. Durability has been enhanced to facilitate resource-saving.

This flat cable is used in a variety of applications, including feed for large machinery at steelworks and wharfs, power supply for stage lights, and feed and operational applications for mobile equipment at unmanned or automated facilities such as automated warehouses and vertical parking lots.

Features of flat cable

1. It does not shift or twist, reducing the frequency of disconnection.
2. It is very flexible and capable of being bent to small radius, allowing space-saving in the cable housing.
3. In applications such as feed for large machinery at steelworks and wharfs in particular, cables can be wound on a specialized flat cable reel in a single-row and multiple layers, reducing the occurrence of "undulation."
4. Flat cable can be specially designed and customized to match each usage environment.
   (Example) Heat tolerance, cold tolerance (cold storage automated warehouses), oil resistance, tension resistance, explosion-proof property, explosion resistance, etc.

TATSUTA Environmental Analysis Center's environmental analysis business

TATSUTA Environmental Analysis Center leverages a diverse range of analysis technologies to monitor and protect the environment, not only for water, air, soil, and working environments, but also for harmful substances such as dioxins and trace PCBs, which are becoming increasingly prominent.

Dioxins analysis

Providing highly-reliable analysis through strict quality control in as little as three days

Dioxins are extremely toxic and harmful substances. A precision control system and advanced technical capabilities for ultra-trace analysis are required to analyze them. At TATSUTA, we have strived to enhance our capabilities with a full range of the latest devices, and can complete an analysis in as little as three days.

High-resolution gas chromatograph mass spectrometer (HRGC/HRMS)

Working environment measurement

Providing one-stop services for integrated working environment management from regular measurement to workplace improvement proposals

For indoor workplaces that manufacture or handle harmful substances subject to laws or regulations such as the Industrial Safety and Health Act, it is necessary to implement regular measurement and evaluation of the working environment, and appropriate improvements based on the results. At TATSUTA, we are engaged in working environment management from evaluation to improvement of working environments together with our customers.

Negative ion chemical ionization - gas chromatograph mass spectrometer (GC/NICI-MS)

PCB analysis

Providing broad-scope PCB analysis based on a proven track record

In addition to trace PCBs in transformer oil, insulation oil, pressure sensitive paper and film, we also have the capability to analyze PCBs in water, air and soil, as well as cloth, tools and containers.

Gas chromatograph - hydrogen flame ionization-type detector (GC-FID) and auto-sampler

Soil contamination investigation

Fully utilizing our accumulated technologies, experience and expertise to accurately determine levels of contamination with heavy metals, volatile organic compounds, etc.

Investigations based on the Soil Contamination Countermeasures Act are required for redevelopment or land sales involving former plant sites, etc. As a certified Designated Investigation Institution, we collect accurate data on factors such as the concentration and distribution of contaminating substances, and evaluate the degree of contamination, playing an important role in the effective use of land.

Analysis of products and materials

Responding to diverse needs through services including the analysis of substances that impact the environment, such as substances subject to RoHS (Restriction of the Use of Certain Hazardous Substances), and materials composition analysis

We make full use of multiple analysis techniques and insights gained through extensive experience, including morphological observation, composition analysis, and evaluation of material characteristics, to solve a range of issues related to products, components, and materials.

Pyrolytic gas chromatograph mass spectrometer (Py-GC/MS)

Promotion of green procurement

We began operation in accordance with Green Procurement Guidelines from March 2007, prioritizing the purchase of raw materials, etc. with low environmental impact, with the aim of realizing a sustainable recycling-based society by "providing environmentally-friendly products." Since then, we have been promoting green procurement in cooperation with our business partners.

Specifically, we require our business partners to ensure that they provide materials and products that do not contain substances subject to usage restrictions under the EU's RoHS Directive, REACH regulations, or other laws or regulations in Japan or overseas, such as lead or hexavalent chromium, or those forbidden due to customer requirements or our proprietary designation.

We also promote initiatives for environmental conservation, requiring that business partners obtain ISO 14001 or an equivalent external certification for environmental management systems, or are engaged in systematic and effective environmental conservation activities.

Management of chemical substances

While chemical substances enrich our lives and provide more convenience, some can have a negative impact when they are released into the environment. When using these chemical substances, we are careful to use only as much as is necessary, and endeavor to reduce the amount that ends up as waste. When we dispose of these chemicals, we ensure that they are handled carefully and appropriately in order to avoid environmental risk.

In addition, the amounts of substances subject to PRTR law (Class I Designated Chemical Substances) in our products or handled during the course of manufacture, through which the amount handled, emitted or transferred exceeds one ton, are as described in the Environmental Conservation Data.

Reducing volatile organic compounds (VOCs)

We are engaged in reducing emissions of VOCs, which are one factor contributing to the occurrence of photochemical smog. This effort of ours includes treating the VOCs contained in dry exhaust gas emitted from processes such as printing or painting, through incineration in a burner or absorption recovery with an activated carbon filter. In addition, we continue to implement measures such as switching to water-based paints.

Material flow and environmental impact

Our environmental impact results are as follows, including the energy and resources used in manufacturing activities and the amounts of CO_2 and waste emitted, at the Head Office, Osaka Works, Kyoto Works, TATSUTA Technical Center, and Sendai Works.

■ Results for the fiscal year ended March 31, 2020 * Data is rounded to two significant digits

INPUT

Energy (crude oil equivalent)	Water	Raw materials (weight equivalent)
12 thousand kL	320 thousand kL	42 thousand t

Head Office, Osaka Works

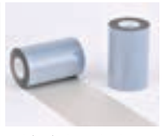
TATSUTA Technical Center

Kyoto Works

Sendai Works

OUTPUT

Main products (weight equivalent)



Electric wires and cables, electronic materials, devices, circuits, etc.

38 thousand t

Atmospheric	・CO_2	20 thousand t
	・NOx	2.4t
Water-related	・Wastewater	260 thousand t
Waste & valuable materials	・Valuable materials	3,400t
	・Industrial waste	830t
	・General waste (landfill)	26t

Biodiversity

What we can do to maintain biodiversity

In order to maintain biodiversity, we avoid using raw materials containing chemical substances harmful to living creatures as much as possible in our products. At the same time, we also regard it as important for our employees to feel a connection with living creatures and nature through their everyday work and corporate activities.

At TATSUTA, we are doing what we can to ensure that the blessing of biodiversity is passed on to future generations.

We Protect (connection with living creatures, nature, people and culture)

Participating in the activities of the IKOMA no MORI Forest Consortium

The IKOMA no MORI Forest Consortium, in which we also participate, is engaged in forest conservation works at Yakkanba Forest (the name given to the location of the Consortium's activities), thinning the densely-growing trees to allow sunlight to penetrate and improve airflow.

The IKOMA no MORI Forest Consortium is composed of companies, universities, NPOs and administrative bodies in Higashiosaka City, and aims to revitalize forests of Mt. Ikoma that have degenerated due to a lack of maintenance by the people, and make them rich forests again.

Forest thinning works

We Eat (enjoying the taste of each season with locally-produced foods)

Local production for local consumption at the TATSUTA Technical Center and Kyoto Works

We have requested the cooperation of the contractor providing lunch at the employee cafeteria to create menus using local ingredients such as vegetables. The quality and availability of ingredients depends on weather conditions, but employees are enjoying the taste of the blessings of nature and the foods of the season.

The salad bar at TATSUTA Technical Center featuring locally produced vegetables

We Communicate (the magnificence of nature and the changing of the seasons)

Planting sunflowers, violas and moss phloxes

The Kyoto Works began planting sunflowers from seeds received for the repose of the victims of earthquake. Subsequently, Sendai Works also began to raise sunflowers, and last year switched to raise violas and moss phloxes.

Employees at both works carefully looked after the plants, watering them daily and looking forward to the beautiful flowers changing with the seasons. Their hard work has paid off, with the magnificent blooms shown in the photographs.

Sunflowers and seed planting at the Kyoto Works

Violas at Sendai Works

A worker tending the violas at Sendai Works

Moss phloxes, rosemary and lemon cypresses

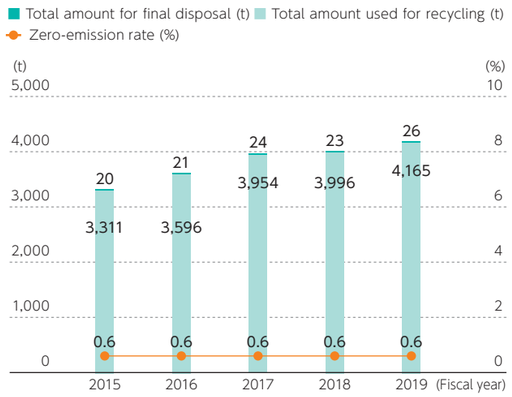
Establishment of a Recycling-Based Society

TATSUTA has produced results from its initiatives, since the fiscal year ended March 31, 2006, to recycle both general waste and industrial waste, aiming to reduce the volume of waste for final disposal. We have set our target zero-emission rate, an indicator of the reduction of final disposal of waste, to less than 1.0%.

In the fiscal year ended March 31, 2020, we continued to engage in recycling and the effective utilization of waste, by collecting and recycling gold, silver and copper which we use as raw materials as well as by converting mixed waste of metal and plastic to valuable materials. As a result, we achieved our target for the second consecutive year, with a zero-emission rate of 0.6%.

In recent years, the waste recycling environment is becoming ever more challenging, due to measures in line with environmental conservation policies to ban imports of plastic materials for recycling implemented by countries that had previously imported them, in addition to the withdrawal of businesses from the recycling industry in Japan and the soaring recycling costs. We will continue to strive to suppress waste production and reduce the final volume of waste.

The volume of waste generated and zero-emission rate



(Note) Definition of zero-emission rate

The zero-emission rate was calculated as below, regarding disposal of waste as landfill, such as waste plastics, as final disposal.

$$\text{Zero-emission rate} = \frac{\text{Amount for final disposal (Directly disposed of as landfill)}}{\text{Waste generated (Total for recycling and final disposal)}} \times 100$$

*Total amount used for recycling: the amount of waste recycled or reused as resources.

* Total amount for final disposal: the amount of waste not suitable for recycling and disposed of as landfill.
* Zero-emission rate: an indicator of the proportion of the total waste generated that is directed to final disposal. The lower the better.

Establishment of a Low-Carbon Society

In addition to energy saving activities, TATSUTA works to suppress the emission of CO_2, and promotes initiatives aimed at preventing global warming and establishing a low-carbon society.

Specifically, we maintain and promote energy-saving activities targeting a reduction in energy consumption rate per unit of 1 percentage point* compared to the previous fiscal year.

* Where appropriate, we may choose to establish a target for total energy usage reductions

Energy saving

We promote energy-saving activities targeting a reduction in energy consumption rate per unit of 1 percentage point compared to the previous fiscal year.

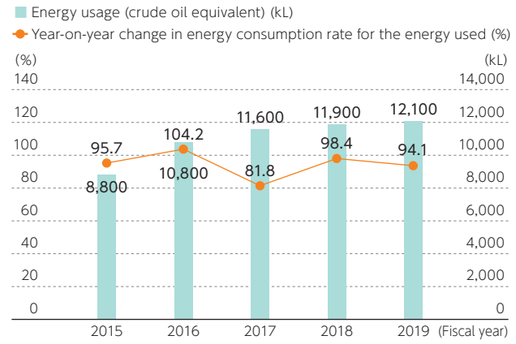
In addition to working to maintain efficient production systems principally in manufacturing divisions, we have engaged in a range of efforts for improvements, including replacing light fittings with more energy-efficient models and changing compressors to invertor-run models.

As a result, energy consumption rate per unit for the fiscal year ended March 31, 2020 was 94.1% of the previous fiscal year, and the weighted average for the past five years was 94.5%, achieving our target reduction of 1 percentage point or greater over both time frames.

In the fiscal year ended March 31, 2020, we again cleared the criteria for an "S" class rating on the Business Operator Classification Evaluation System (SABC Evaluation System), a method for assessing energy-saving activities, by achieving an annual reduction in energy consumption rate per unit of 1 percentage point for five years, etc. This will be the sixth consecutive year that we achieve an "S" class rating since the fiscal year ended March 31, 2015.

Energy saving initiatives

(Energy usage and year-on-year change in energy consumption rate)



* Fiscal year ended March 31, 2017: Sendai Works began operation

Reduction in CO_2 emissions

* Criteria for data evaluation differ for each reduction plan period. There is therefore no continuity between reduction plan periods.

The Head Office and Osaka Works are working towards a target reduction in energy consumption rate against the base year of 3.2 percentage points or greater for the final year of the reduction plan (the fiscal years ending March 31, 2019-2021). Total emissions have increased against a backdrop of strong demand, but the result for the middle year of the plan period was a 12.2 percentage points reduction, and reductions continue to exceed the plan's targets.

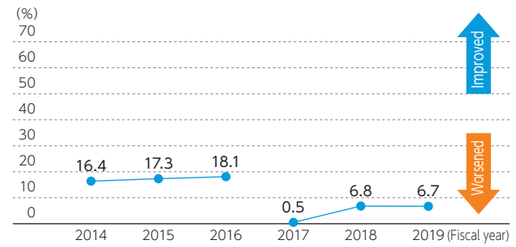
TATSUTA Technical Center and Kyoto Works worked towards a target reduction in total emissions against the base year of 3 percentage points or greater for the final year of the reduction plan (the fiscal years ended March 31, 2018-2020). The result for the final year of the plan period was a reduction of 6.7 percentage points, roughly the same amount as for previous year, achieving the reduction target.

Sendai Works* also established a target reduction in energy consumption rate per unit against the previous year of 1 percentage point or greater under a voluntary reduction plan. Despite efforts at efficient manufacturing, energy consumption rate increased 3.4 percentage points year-on-year due to a significant impact from fixed energy-consuming facilities.

* Data for the fiscal year ended March 31, 2020 was reedited after a review of equivalent production volume.

CO_2 emission reduction results (three-year plan based on Kyoto Prefecture ordinance)

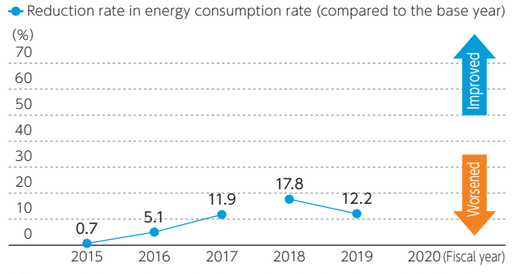
CO_2 emission reduction rate results: TATSUTA Technical Center and Kyoto Works



* The graph shows the results for each reduction plan period: Fiscal years ended March 31, 2015-2017 and fiscal years ended March 31, 2018-2020 TATSUTA Technical Center was included in the reduction plan target from the fiscal year ended March 31, 2018

CO_2 emission reduction results (three-year plan based on Osaka Prefecture ordinance)

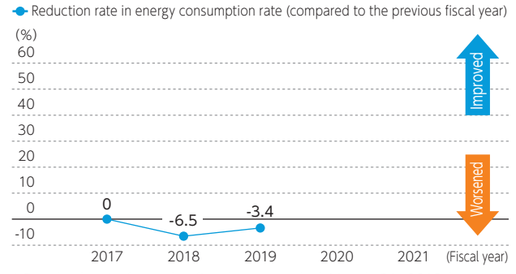
CO_2 emission reduction rate results: Head Office, Osaka Works



* The graph shows the results for each reduction plan period: Fiscal years ended March 31, 2016-2018 and fiscal years ending March 31, 2019-2021

CO_2 emission reduction results (based on a voluntary plan established by Sendai Works)

CO_2 emission reduction rate results: Sendai Works



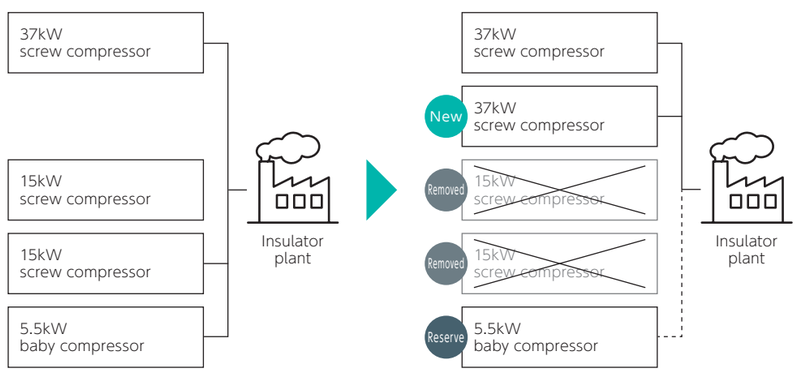
* Results begin from the fiscal year ended March 31, 2018 because Sendai Works was completed in November 2016

Main energy saving improvements for the fiscal year ended March 31, 2020 and their estimated effect

The Head Office and Osaka Works implemented renovation works for production equipment and light fittings from the perspective of enhancing efficiency and energy savings. As a result, the facilities reduced annual electricity usage by around 70,000kWh, achieving total reduction effects from the initiative equivalent to around 21kL of crude oil.

At Kyoto Works, we carried out energy saving renovations, including the switch to an inverter system air conditioner at the time of replacement. As a result, the facility reduced annual electricity usage by 49,000kWh, achieving energy savings equivalent to around 12kL of crude oil.

■ Energy saving through the integration of air compressors at the insulator plant (Osaka district)



Compressor

Renewal of the plant air-conditioning units to invertor control (control panel) system

Saving energy by generating electricity using solar power modules (Reduction in carbon dioxide (CO_2) emissions)

At TATSUTA Technical Center (TTC), we have installed solar power modules on the plant building. The modules generated 216,000kWh (equivalent to around 54kL of crude oil) over the past year, which was equivalent to roughly 6% of TTC's energy usage and contributed to energy saving.

The electricity generated is also equivalent to 76t of CO_2, providing a boost for emissions reduction.

The solar power modules installed on TATSUTA Technical Center's plant building

Activities to reduce transport energy usage

We are implementing initiatives to enhance loading efficiency and promote modal shift, with the aim of reducing energy (fuel) consumption at the time of transportation.

Enhancing loading efficiency and transport efficiency

We are working to enhance loading efficiency by combining deliveries to multiple locations into a single vehicle trip in the case of short-distance deliveries, and utilizing delivery centers such as relay stockyards to combine deliveries in the same direction in the case of medium- and long-distance deliveries.

We are also working to save energy through improved transport methods, such as the selection of efficient delivery routes to shorten travelling distances and times.

Promoting modal shift

When transporting products to distant locations over 500km away, such as Hokkaido or Okinawa, we utilize JR containers and marine transport, which are more environmentally-friendly than truck transport.

For regularly scheduled product transport to the Kyushu region, we continued to utilize rail cargo transport (between Higashiosaka and Saga, operated jointly with SUMIDEN HITACHI CABLE Ltd. and DYDEN CORPORATION) with 31ft containers, which have a load capacity approximately equivalent to a 10t truck. As a result, in the fiscal year ended March 31, 2020, we were able to achieve an annual energy saving equivalent to around 48kL of crude oil, and a reduction in CO_2 emissions of around 138t.

For product transport to the Hokkaido region, we utilized coastal cargo vessels, achieving an annual energy saving compared to truck transport equivalent to around 35kL of crude oil, and a reduction in CO_2 emissions of around 92t.

Loading products into a 12ft container

Product transport to the Hokkaido region utilizing marine cargo containers

Environmental Conservation Data

Environmental conservation data for the Head Office, Osaka Works, Kyoto Works, TATSUTA Technical Center, and Sendai Works are as follows.

■ Head Office, Osaka Works

1. Atmospheric and water-related (data for the fiscal year ended March 31, 2020)

	Facility name	Item	Unit	Regulation level	Measured value (maximum)
Atmospheric	Natural gas boiler	NOx concentration	ppm	150 or lower	40
		NOx emissions	kg	—	1,010
		Particulate matter	g/Nm³	0.05 or lower	0.002
Water	Sewage	pH (Note)	—	More than 5.7 and less than 8.7	7.1-8.6
		BOD	mg/L	Less than 300	160
		n-hexane extraction (mineral oils)	mg/L	5 or lower	4

(Note) pH indicates a range

* The Regulation level for water is in accordance with the Higashiosaka City Sewage ordinance

2. Results of PRTR investigation (the fiscal year ended March 31, 2020; chemical substances for which the amount handled by the facility exceeded 1t)

No. (PRTR Law)	Substance name	Amount emitted [t]	Amount transported [t]
Class I - 31	Antimony and its compounds	0	1
Class I - 300	Organic tin compounds	0	0.04
Class I - 305	Lead compounds	0	0.13
Class I - 330	Dicumyl peroxide	0	0.41
Class I - 355	DOP (bis (2-ethylhexyl) phthalate)	0	17

■ Kyoto Works

1. Water-related (data for the fiscal year ended March 31, 2020)

	Facility name	Item	Unit	Regulation level	Measured value (maximum)
Water	Sewage	pH	—	More than 5.7 and less than 8.7	7.3
		COD	mg/L	300 or lower	3
		n-hexane extraction (mineral oils)	mg/L	5.0 or lower	Less than 1

* There is no boiler at the Kyoto Works and substances such as NOx are not measured or monitored.

2. Results of PRTR investigation (the fiscal year ended March 31, 2020; chemical substances for which the amount handled by the facility exceeded 1t)

No. (PRTR Law)	Substance name	Amount emitted [t]	Amount transported [t]
Class I - 82	Silver and its water-soluble compounds	0	0
Class I - 300	Toluene	0	0.6

■ TATSUTA Technical Center

1. Water-related (data for the fiscal year ended March 31, 2020)

	Facility name	Item	Unit	Regulation level	Measured value (maximum)
Water	Sewage	pH	—	More than 5 and less than 9	8.6-8.7
		BOD	mg/L	Less than 3,000	69
		n-hexane extraction (mineral oils)	mg/L	5.0 or lower	Less than 1

* There is no boiler at the TATSUTA Technical Center, and substances such as NOx are not measured or monitored.

2. Results of PRTR investigation (the fiscal year ended March 31, 2020; chemical substances for which the amount handled by the facility exceeded 1t)

No. (PRTR Law)	Substance name	Amount emitted [t]	Amount transported [t]
Class I - 82	Silver and its water-soluble compounds	0	0
Class I - 300	Toluene	0	2.1

■ Sendai Works

1. Atmospheric and water-related (data for the fiscal year ended March 31, 2020, self-measured)

	Facility name	Item	Unit	Regulation level	Measured value (maximum)
Atmospheric	Natural gas boiler	NOx concentration	ppm	150 or lower	72
		NOx emissions	kg	—	1,100
		Particulate matter	g/Nm³	0.1 or lower	Less than 0.03
Water	Sewage	pH	—	More than 5 and less than 9	8.5
		BOD	mg/L	Less than 600	280
		n-hexane extraction (mineral oils)	mg/L	5.0 or lower	Less than 1

2. Results of PRTR investigation (the fiscal year ended March 31, 2020; chemical substances for which the amount handled by the facility exceeded 1t)

No. (PRTR Law)	Substance name	Amount emitted [t]	Amount transported [t]
Class I - 82	Silver and its water-soluble compounds	0	0
Class I - 300	Toluene	0	17

Related SDGs

Ensuring Occupational Safety and Health

Initiatives for safety and health

Basic Policy on Safety and Health

At TATSUTA, we promote various measures for safety and health, in accordance with our view that safety and health form the foundations upon which businesses are built, and the mental and physical health of each individual employee of the entire Group is at the core of all management measures.

Specific policies	Set aside the budget necessary to improve safety and health.
	Establish key initiatives for safety and health activities.
	Engage in activities to foster a culture of safety.
	Comply with safety and health-related laws, regulations, and other necessary provisions.

■ Safety and health targets and results (results are for the TATSUTA Group)

Fiscal year ended March 31, 2019		Target	Results
Safety	Accidents resulting in lost workdays	0	2
	Accidents not resulting in lost workdays	0	7
Health	Cases of occupational illness	0	0
	Rate of absence due to illness outside work	0.2% or lower	0.52%
	Uptake rate of medical check-up	100%	100%

Fiscal year ended March 31, 2020		Target	Results
Safety	Accidents resulting in lost workdays	0	4
	Accidents not resulting in lost workdays	0	11
Health	Cases of occupational illness	0	0
	Rate of absence due to illness outside work	0.2% or lower	0.65%
	Uptake rate of medical check-up	100%	100%

Figures for the fiscal year ended March 31, 2020 increased compared to the previous fiscal year, with the exception of cases of occupational illness and the uptake rate of medical check-up.

In view of this result, we will promote the following key initiatives for safety and health in the fiscal year ending March 31, 2021.

1. Safety-related

1. Prevent the occurrence of serious accidents (expand and deepen risk assessment activities, increase machinery safety)
2. Foster a culture of safety (enhance communication within workplaces, strengthen safety education (such as risk simulation training) for new recruits and workers with limited experience)
3. Strengthen training for forklift and platter operation

2. Health-related

1. Implement thorough working hours management and regular health checks for employees who engage in substantial overtime work
2. Implement stress checks and expand of mental health initiatives
3. Maintain and enhance working environments (implement working environment measurement and improvement)
4. Promote measures to prevent infection with novel viruses, influenza, etc.

3. Traffic safety-related

1. Enhance education and guidance related to traffic accident prevention (traffic safety seminars)
2. Adhere to traffic rules (both on public roads and within plants)

Safety

The TATSUTA Group holds a safety lecture

On February 12, 2020, the TATSUTA Group held its first safety lecture. The theme of the lecture was "Safety, Quality and Environment are the Foundations of Corporate Activities: They Are Management Itself" and featured the guest lecturer Noboru Furusawa, Representative of Safety and Personal Development Support.

This lecture was attended by Officers and managers, and Mr. Furusawa spoke passionately based on his personal experience about the role of senior management, managers and supervisors in safety management. He explained how "the strong will and action of senior management is vital," "there can be no safety without personal development" and "the issue and the solution are both on the factory floor," etc.

We plan to implement the various practical safety activities introduced in this lecture within the TATSUTA Group, to "achieve zero accidents."

A view of the safety lecture

Risk assessment case study

When installing new equipment, a joint team composed of members from the Company and the labor union conduct a risk assessment of potential dangers and hazards. Based on the result of this assessment, we implement the necessary measures, and strive to prevent occupational accidents arising from equipment and machinery. We also conduct risk assessments for chemical substances whenever appropriate.

A risk assessment being carried out

Initiatives to prevent accidents

Employees, primarily managers and section heads within manufacturing divisions and members of the Environment & Safety Administration Department, carry out patrols inside and around plant buildings, including safety patrols for disaster and accident eradication and traffic patrols of major intersections. We also hold forklift safety seminars, and work to further enhance safety awareness.

A safety patrol for disaster and accident eradication (Inside plant buildings, at intersections, etc.)

A forklift safety seminar

Health

Mental health initiatives

Stress checks

Mental wellbeing has recently become a social issue, and we have expanded our mental health initiatives accordingly. We endeavor to promote employees' awareness through annual stress checks, and identify improvements in workplace environments that will reduce sources of stress through group analysis. During the fiscal year ended March 31, 2020, we conducted Workplace Harassment Prevention Training for managers.

Workplace Harassment Prevention Training

Consultations with industrial physicians and counselors

[Industrial physician consultations]

Industrial physicians conduct consultations for employees at each major facility, including post-health check interviews, medical consultations, consultations regarding leave, return to work, and stress check responses. In particular, in order to prevent health disorders resulting from excessive workload, industrial physicians carry out interviews and guidance for employees who engage in overtime work exceeding a designated level.

[Mental Wellbeing Counseling Room]

We opened a Mental Wellbeing Counseling Room in 2011, where counselors provide consultations and guidance to prevent the occurrence of mental health disorders, and support employees returning to work after illness. Another Mental Wellbeing Counseling Room was opened at the Sendai Works in April 2020.

Strengthening Quality Assurance Systems

Quality assurance system

The TATSUTA Group has constructed and utilizes quality management system (QMS) based on ISO 9001 to provide our customers with useful, safe, and superior products. We work to promote information exchange regarding decisions on corporate policy and quality targets as well as issues and initiatives related to quality through management review (MR), meetings, etc. We also audit the operation of QMS within business groups and TATSUTA Group companies.

Initiatives for quality enhancement

We strive to achieve the quality goals of (1) reducing defective products, (2) strengthening cost competitiveness, improving productivity, and adhering to production plans, (3) shortening lead times, and (4) enhancing product lineup and customer support.

Electric Wire & Cable Group

All information on process abnormalities is aggregated into the Quality Assurance Department, through which we have established and implemented systems to autonomously improve the standards that form the basis for quality. By continuing repetition of this process, we aim to confirm the validity of our quality standards, review control items and enhance our quality management. These activities have led to a constant improvement of standards at each workplace, and steady improvements in quality.

From the fiscal year ending March 31, 2021 onwards, we will continue to implement efforts through these systems to autonomously improve the standards that form the basis for quality. We will also work on the planned development of new quality control system construction (such as operational status monitoring and materials management systems).

Inspection and data management through the introduction of advanced devices

We have progressively introduced operational status monitoring and management systems to manage by using data on the condition of major factors (temperature, pressure, number of rotations, etc.) in production lines for electric wire and cable manufacturing. By continuously monitoring changes in operational status and the occurrence of any abnormalities, we implement thorough quality control.

In addition to inspections by personnel using measurement devices, we also implement accurate inspections using automated measurement devices. For example, by using an image measuring device in structural inspections, we are able to conduct speedy and precise inspections at the point of finishing production without a margin of error, facilitating a process control through statistics management.

Process control

If an abnormality should occur within a process, in addition to quality checks by the Quality Assurance Department, we prevent the outflow of defective products through the use of process abnormality control systems, which record details and appropriate handling of the abnormality.

Finished product inspections

TATSUTA's qualified quality inspection personnel carry out thorough quality inspections to confirm that finished products meet the specifications agreed with customers, undertaking structural tests, voltage endurance tests, and other tests based on the specifications form.

Improving quality and enhancing customer satisfaction (CS)

Customer quality claims and defects are primarily addressed by the Quality Assurance Department, which thoroughly investigates to find out the true cause, whereby formulating and implementing appropriate measures to prevent recurrence.

It also regularly confirms the effectiveness of measures implemented to prevent recurrence, which contributes to the prevention of defects from occurring again.

Appliance Wiring Group

At Tatsuta Tachii Electric Cable, the basic policy is to "provide products that satisfy customers and match the required quality," and the quality improvement has been achieved through review of work standards and inspection systems.

From the fiscal year ending March 31, 2021 onwards, we will also engage in further quality enhancements while working to transition to high-efficiency production systems.

At Chugoku Electric Wire & Cable, each division planned and implemented initiatives for more flexible production systems through multi-skill human resources development, and engaged in activities to promote customer satisfaction.

From the fiscal year ending March 31, 2021 onwards, we will work to build revenue as well as to maintain and enhance quality through measures including strengthening production base and demonstrating greater flexibility in fine cable manufacturing.

Ensuring quality in coordination with Group companies

The equipment wire and cable business combines the exclusive technologies of each Group company, pivoting on high-strength copper alloying technologies, to deliver products that contribute to industry. We engage in quality control based on TATSUTA's quality policy in accordance with each Group company's quality policy and fiscal year targets. In terms of ensuring quality and passing on manufacturing expertise and techniques, we focus on the "standardization" of manufacturing processes. We promote initiatives in coordination with each Group company based on the management standards for electric wire and cable business, while reflecting the specific characteristics of cable products and terminal-compatible products.

Responding to sophisticated and precise product needs

As products have become thinner in diameter and more sophisticated in performance, enhanced precision is required in manufacturing processes. The precise product requirement is especially common in the equipment wire and cable business field, in which cables are often individually customized and manufactured with high workability. We therefore thoroughly implement product inspections at each production site to ensure that they meet the customer's specifications.

Using flex properties data to predict product lifespan

Superior flex and twist durability are required for movable cables, such as FA robot cables. We have built a database utilizing the accumulated data on past testing requests from customers and developmental product evaluations, which allows us to more accurately predict cable deterioration and lifespan.

In addition, we are progressively testing systems that utilize web cameras and networks to enable remote monitoring of testing status in real time.

Flexibility evaluation using a cableveyor testing device

Providing highly-durable and lifecycle-focused products

We will continue to provide environmentally-friendly products that meet user needs, such as Agreable cable and rubber cabtire cable.

Electronic Materials & System Equipment Group

As an expansion of business revenue requires new and different products and an expansion of supply chain is predicted, we strive to achieve optimal quality assurance and management. We are also implementing measures to enhance manufacturing efficiency and quality levels.

From the fiscal year ending March 31, 2021 onwards, we will continue to work on achieving optimal quality assurance and management to support new products and expansion of the supply chain for the business revenue development. We will also continue with measures to enhance manufacturing efficiency and quality levels.

Stringent quality inspections by the Quality Assurance Department

The Quality Assurance Department undertakes stringent inspections of the products in each division and judges whether or not they are satisfactory in order to fulfill our mission of delivering safe and secure products.

These inspections begin with audits of the suppliers involved in raw materials procurement, and extend to checks in the manufacturing process from the dual perspectives of people and machinery. In the shipping inspection, qualified quality inspection personnel certified by TATSUTA carries out thorough external visual inspections, mechanical property tests, and electrical property tests to ensure TATSUTA's quality.

QC Circle Activities

"QC Circle Activities" are on-site quality improvement activities. Teams of participants engage in a variety of themes, such as reducing manufacturing time, reducing defective items, and enhancing skills, and have commenced new improvement activities from different perspectives since the fiscal year ended March 31, 2020.

Developing groundbreaking products

TATSUTA's strength in research and development is widely recognized, which is the result from our development of core technologies acquired through electric wire and cable manufacturing to pursue effective applications for society.

The Electronic Materials & System Equipment Group takes on these advanced domains to deliver highly original products, such as the functional materials in which it boasts a global share. We engage in repeated design reviews and prototype evaluation (experiments and testing) to arrive at the final product, and work to further reduce quality risk through stringent validation by the Quality Assurance Department and all other relevant departments.

We are also in the process of obtaining additional permits, including those for the development of products in the medical devices field, a focus area for TATSUTA in the future.

Quality management education

Education on quality for all Group employees

The purpose of the quality management education conducted at Technical Education and Training Center is to facilitate understanding in TATSUTA's quality policy and raise awareness toward quality, which improves each production site's ability to produce and operate. At the Electric Wire & Cable Group, each business group takes its own initiatives to strengthen the quality management system, such as establishing an in-house certification for operation of testing instruments used in each manufacturing process.

Improvement proposal program

TATSUTA has established an improvement proposal program in order to encourage employees to take specific actions for improvement in product quality, cost, operational process, etc. The improvement proposal program evaluates details of the proposals and rewards employees with a cash prize according to the evaluation result.

Excellent proposals are re-evaluated semi-annually to honor Gold, Silver and Bronze award winners.

Creating Rewarding Workplaces

Basic approach to human resources

Based on the idea that corporate growth is supported by human resources, "we shall respect the character and individuality of our employees, ensuring a safe and comfortable work environment rich in diversity." (From the third paragraph of TATSUTA's Corporate Code of Conduct.)

Promoting diversity & inclusion

The TATSUTA Group engages in various measures to promote diversity & inclusion for sustainable growth and development, creating vigorous workplaces where diverse human resources can work energetically to make the most of their abilities, with an ideal match between personnel and positions.

In the fiscal year ended March 31, 2020, 24.5% of all recruits were female, and 3.90% were persons with disabilities. In addition, we engaged in improving working environments in accordance with the enforcement of the Act on the Arrangement of Related Acts to Promote Work Style Reform.

In the fiscal year ending March 31, 2021, we will strive to promote work style reforms, primarily reviews of work systems such as flex time, staggered working times, and working from home.

Specific targets	Percentage of new recruits who are female: 25%
	Maintain the current employment rate of persons with disabilities, and promote employment among the Group
	Create workplace environments where all employees can enjoy job satisfaction, and make the most of their abilities

Employment of persons with disabilities

We are focusing on employing persons with disabilities, and striving to create environments that are work-friendly for each person based on his or her characteristics. We have been assessed as an outstanding facility due to our extremely high employee retention rate, and the large number of employment opportunities we provide.

In the fiscal year ended March 31, 2020, Sendai Works welcomed students from a disabled persons support school, who engaged in outdoor tree planting activities and cleaning duties inside the plant buildings. The students who participated in these activities have been recruited as employees in the fiscal year ending March 31, 2021, and now work at the Sendai Works.

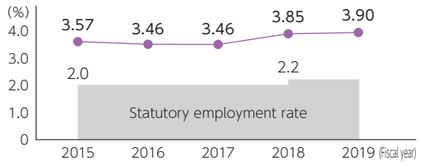
Initiatives at each facility	Head Office, Osaka Works	Welcoming workplace trainees; tours of TATSUTA's workplaces by support centers
	TATSUTA Technical Center	Welcoming disabled persons as trial employees
	Kyoto Works	Tours of TATSUTA's workplaces by local government bodies

■ Number of disabled persons employed

(Unit: persons)

Fiscal year	Physically disabled persons	Intellectually disabled persons	Mentally disabled persons	Total
2015	7	7	1	15
2016	4	9	2	15
2017	4	9	3	16
2018	6	8	3	17
2019	7	8	4	19

■ Employment rate of disabled persons

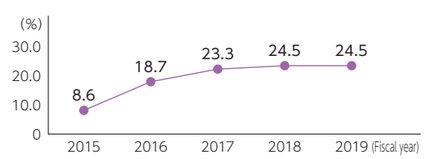


Promotion of female participation and career advancement

We established our Basic Policy on Female Participation and Career Advancement in April 2016 as part of diversity management. We are working on initiatives such as the enhancement of internal workplace environments and support for balancing work and family.

We target a female recruitment rate of at least 25%, and promote the proactive recruitment of female employees (both new graduates and mid-career recruits). The female recruitment rate in the fiscal year ended March 31, 2020 was 24.5%. As of the fiscal year ended March 31, 2020, 13.4% of our employees are female. Female employees are also expected to contribute across an increasingly broad range of fields, such as sales and technical jobs.

■ Female recruitment rate



Creating work-friendly workplaces

We have established unique standards to support harmony of work and lifestyle (work-life balance). We provide workplace environments that are work-friendly for all where employees can work for many years to come, through measures such as enhanced systems to support childcare, nursing and care for the aged, changes to the Article 36 Agreement (concerning overtime work and work on rest days) based on the Act on the Arrangement of Related Acts to Promote Work Style Reform, the introduction of flexible working-hour system (3-team 2-shift working time system rotating in 3-month units,) and the designation of five paid leave promotion days. In addition, we hold meetings of a specialist committee on working hours composed of company and employee representatives, and deepen dialogue to develop systems that will be utilized for improvement in the future.

Childcare

- Measures to shorten regular working hours for childcare (until the end of the fiscal year when the child turns 12)
- Review of childcare leave allowance
- Review of the maximum subsidy for the use of nurseries, etc.

Nursing and care for the aged

- Nursing care leave / Shortened working-hour system / Other forms of leave
- Establishment of nursing care leave allowance

Other

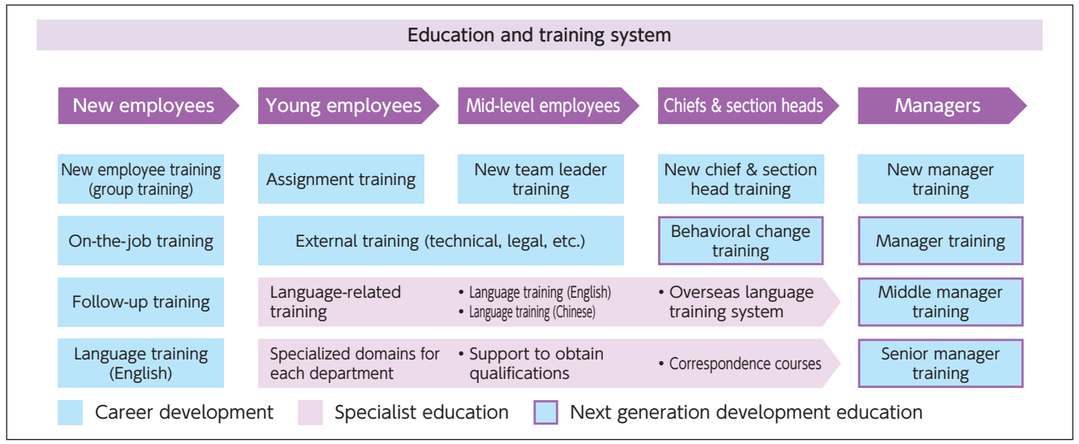
- Review of remuneration for re-employed employees

Human Resource Development

Basic approach to human resource development

We have established a unique training system to pass on expertise and techniques developed by TATSUTA to the next generation, expand on them, and develop personnel into valuable "human resources," including specialized technical education, graded education, correspondence courses, external training, etc. We will implement effective training based on human resource development plans.

Education and training system



Career development support

In the behavioral change training in preparation for promotion to a management position, employees acquire management skills in human resources and technology utilization. We intend to strengthen initiatives to develop young managers and potential managers who will lead TATSUTA in the future, by expanding the scope of eligible employees to include those in their mid-30s, and reviewing training to focus on behavioral change.

Technical training

At the Electric Wire & Cable Group, the Production Coordination Department and Technical Education and Training Center play a central part in guiding young employees. We also cultivate the necessary technical capabilities within each workplace through on-the-job training. Meanwhile, at the Electronic Materials & System Equipment Group, we are engaged in joint research with partners including the Nara Institute of Science and Technology, in order to acquire advanced technologies and enhance our specialized technologies. In addition, we are focusing on language training necessary for global business, and have launched initiatives including overseas study support.

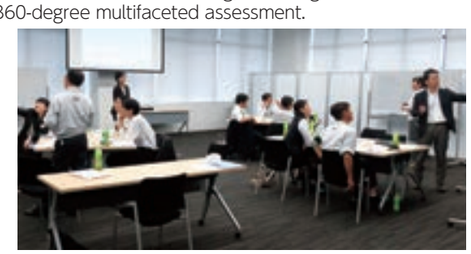
Next generation development education

Since September 2014, we have implemented the next-generation development education, primarily aimed at unearthing the next generation of leaders, promoting a deeper understanding of management policy, and a mutual understanding of business issues through interaction between participants.

We select around 10 participants for each training, which is held over four months (a total of eight times). Consultants at our partner education providers assess participants through discussions on each theme of the training (organizational management, marketing, accounting, etc.) and presentations on issues designated by the participants themselves. The results of the assessment are reported back to the individual participants and their supervisors, and we endeavor to gain a good understanding of the abilities and challenges of each participant.

The establishment of a cycle of bottom-up proposals through presentations to senior management, assessment, and feedback; and the facilitation of horizontal coordination between participants; are significant achievements from this training so far. At the same time, we consider that the establishment of a firm basis to link employees together across different divisions and business specializations is a challenge for the future. Since the fiscal year ended March 31, 2019, we have been engaged in reviewing the points we need to strengthen for each level of training in tandem with our 2025 Long-Term Vision.

Since the fiscal year ended March 31, 2020, we have changed the name of our manager candidate training to behavioral change training, and implemented a review of the contents of the training, including the introduction of 360-degree multifaceted assessment.



Manager training

Prosperous Coexistence with Local Communities

Basic approach to social contribution

TATSUTA regards social contribution activities as an important role of companies. We share the challenges and needs of local communities, and promote activities that contribute to their sustainable development and fulfilling lifestyles for all people in fields including local contribution, welfare, education, and environment.

Our social contribution activities in the fiscal year ended March 31, 2020 included local contribution using the new gymnasium in the Osaka district, support for the disabled such as donations to sports events for disabled people in the Kizugawa district, and support for local government administration through the conclusion of a disaster prevention agreement in the Sendai district.

Local contribution

Local contribution utilizing a gymnasium

We are aiming to further interaction with local residents and promote local sports activities by welcoming residents to use the gymnasium attached to our Head Office.

In the fiscal year ended March 31, 2020, the gymnasium hosted an athletic festival for a nearby nursery school, and soccer classes run by Higashiosaka's local soccer team, FC Osaka.

An athletic festival for a local nursery school

A soccer class run by FC Osaka

Concluding an agreement on the use of electric vehicles in the event of a disaster

TATSUTA also promotes support for local government.

On January 9, 2020, we concluded an agreement with Taiwa-cho, Miyagi Prefecture, where the Sendai Works are located, regarding the use of electric vehicles, etc., in the event of a disaster.

Based on the agreement, when there is a power blackout or a risk of blackout due to earthquake, wind or water damage, the Sendai Works will charge electric vehicles by using its gas co-generation system designed to respond to power blackouts, and deploy them to evacuation shelters as emergency power supplies.

Mayor Asano of Taiwa-cho (right) and Director Morimoto (left) holding the agreement

Electric vehicles to be used in the event of a disaster

Welfare

Initiatives to support self-reliance for disabled persons

TATSUTA leverages its many years of experience in the employment of disabled persons to support their self-reliance.

Donating prizes for the Kizugawa City Disabled Children and Adults' Sports Day

TATSUTA donated towels to Kizugawa City to be used as participation prizes for the Kizugawa City Disabled Children and Adults' Sports Day held on November 2, 2019. The towels were donated at the Kizugawa city hall before the Sports Day on October 31, and TATSUTA received a certificate of appreciation from Noriko Kawai, Mayor of Kizugawa City.

We will continue to strive to support local welfare work in coordination with local government bodies.

Commemorative photograph with Mayor Kawai (second from right) at the donation ceremony

Implementation of disabled persons employment awareness activities

TATSUTA carries out awareness activities to encourage other companies to utilize our experience gained over many years employing disabled persons.

One of the people responsible for the practical operation of disabled employment at TATSUTA was invited to lecture at the Training Course for Work Supporters for Persons with Mental or Developmental Disabilities held on July 16, 2019, and gave a presentation on the measures implemented and challenges faced in employing persons with disabilities.

The lecture and participants

Education

Welcoming overseas students (graduate students) from Myanmar on plant visits

On September 18, 2019, the Osaka Works welcomed four overseas students from Myanmar and one supervising professor on a plant visit. The students are studying in Japan through The Project for Human Resource Development Scholarship (JDS), one of programs for overseas students run by the Japanese government, and are studying electricity systems at the graduate school of the University of Miyazaki.

This plant visit was aimed at enabling the students who will play an important part in Myanmar's future to learn about Japanese electric wire manufacturers.

The students listening to an explanation during the plant visit

Cooperation with university courses

TATSUTA cooperates with university courses in response to requests from nearby universities.

In the fiscal year ended March 31, 2020, students from the Osaka University of Commerce visited to view initiatives for the employment of disabled persons as part of their study of corporate CSR activities.

We also cooperated with interviews conducted by students from Kansai Gaidai University as part of their problem-solving course on transmitting the attraction of manufacturing companies in Osaka.

An interview conducted by students of Kansai Gaidai University

Local environment

Beautification activities around plants

We engage in regular beautification activities, such as picking up litter and removing weeds, mainly along the roads around our Head Office, Osaka Works, TATSUTA Technical Center, Kyoto Works and Sendai Works.

Beautification activities around the Head Office and Osaka Works

ECOCAP movement

We collect plastic bottle caps by installing collection boxes positioned around our facilities. We were able to collect 248kg of bottle caps company-wide in the fiscal year ended March 31, 2020.

We also promote a variety of other recycling activities.

Corporate Governance

Basic approach to corporate governance

TATSUTA's mission is to focus on creative and novel ideas to provide useful, safe and superior products and services that merit the trust of society. We recognize that to achieve this mission, it is imperative to engage in appropriate and fair information disclosure as we comply with domestic and international laws and regulations and in-house rules, and carry out corporate activities in accordance with social norms and morals.

Based on this recognition, in the context of substantial changes in the business environment, we are endeavoring to strengthen corporate governance in order to achieve sustainable growth and enhance corporate value in the medium and long term, while ensuring swift decision-making as well as sound and transparent management.

Corporate governance structure

Overview of the corporate governance structure

TATSUTA's management boards such as Board of Directors and Board of Managing Officers make decisions on important matters, etc.

In view of TATSUTA's scale and other factors, the Board of Directors is currently composed of a total of 12 Directors, of whom four are Audit and Supervisory Committee Members, and eight are not Audit and Supervisory Committee Members.

The Board of Directors is responsible for promoting TATSUTA's sustainable growth and medium- and long-term corporate value enhancement and endeavoring to improve earning ability and capital efficiency, based on its fiduciary duty and accountability to shareholders.

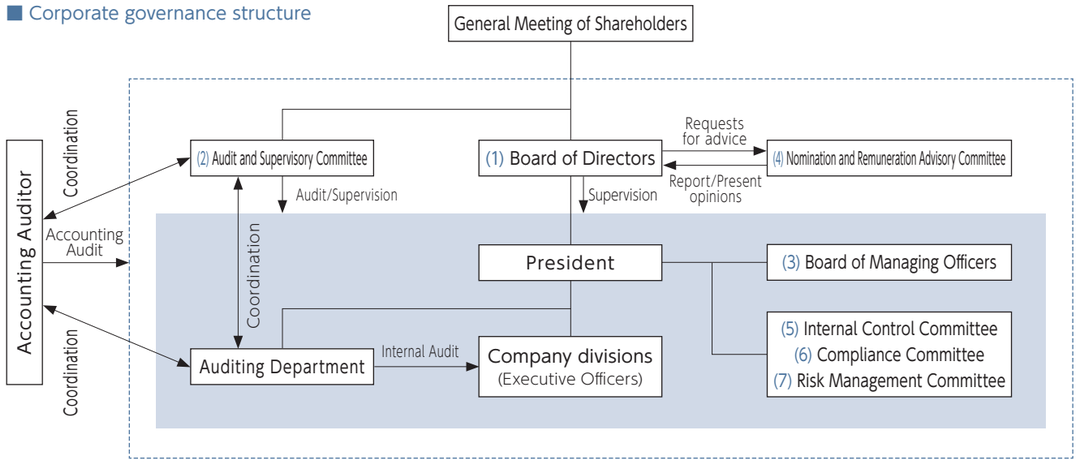
In order to fulfill these duties, in addition to deciding on matters designated by laws, regulations or the Articles of Incorporation, the Board of Directors formulates medium-term management plans and other plans such as fiscal year budgets, manages differences between plans and results and instructs Executive Officers in countermeasures, as necessary. Furthermore, the Board is also responsible for creating an environment to support appropriate risk-taking by Executive Officers, and supervising the execution of duties by Directors and Executive Officers.

■ Overview of corporate governance (as of June 19, 2020)

Organizational form	Company with an Audit and Supervisory Committee
Chair of the Board of Directors	President
Number of members of the Board of Directors	12
Of whom, number of Outside Directors	4
Number of independent officers	3
Adoption of an Executive Officer system	Yes
Non-statutory advisory bodies to the Board of Directors	Nomination and Remuneration Advisory Committee

Related SDGs

■ Corporate governance structure



Meeting bodies and committees

(1) Board of Directors

The Board of Directors is responsible for promoting TATSUTA's sustainable growth and medium- and long-term corporate value enhancement and endeavoring to improve earning ability and capital efficiency, based on its fiduciary duty and accountability to shareholders. In order to fulfill these duties, in addition to deciding on matters designated by laws, regulations or the Articles of Incorporation, the Board of Directors formulates medium-term management plans and other plans such as fiscal year budgets, manages differences between plans and results and instructs Executive Officers in countermeasures, as necessary. Furthermore, the Board is also responsible for creating an environment to support appropriate risk-taking by Executive Officers, and supervising the execution of duties by Directors and Executive Officers.

(2) Audit and Supervisory Committee

The Audit and Supervisory Committee fulfills a vital supervisory function. By properly executing its duties as an independent statutory body commissioned by shareholders to audit the execution of duties by Representative Directors and other Executive Directors, it monitors and verifies the construction and operational status of internal control systems, audits the execution of duties by Directors, and fulfills its duties designated under laws, regulations and the Articles of Incorporation, in order to ensure that TATSUTA and the TATSUTA Group give full regard to interests of various stakeholders, strive to work in cooperation with them, achieve sound and sustainable growth, generate medium- to long-term corporate value, and establish a good corporate governance system to respond to social trust.

(3) Board of Managing Officers

The Board of Managing Officers is a body established to conduct prior consultation on matters to be discussed by the Board of Directors, and engage in deliberations, reporting, contact, adjustment, etc. of important matters in the execution of duties, as well as discuss other important matters, for the purpose of enhancing debate by the Board of Directors aimed at deciding on management strategy and management plans, and fulfilling its supervisory function. The Board of Managing Officers is composed of Directors who are not Audit and Supervisory Committee Members or Outside Directors, and Executive Officers nominated by the President.

(4) Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee is composed of all of the Outside Directors, the Representative Directors and the Director in charge of the human resources division. The majority of members are Outside Directors. In addition to responding and reporting back to requests for advice by the Board of Directors on matters including the nomination of candidates for position of Director, the appointment and dismissal of officers, succession plans and officers' remuneration, the Committee presents opinions to the Board of Directors regarding other matters of corporate governance, as necessary.

(5) Internal Control Committee

The Internal Control Committee has been established for the purpose of ensuring the appropriate operation of TATSUTA Group, based on the Companies Act, the Financial Instruments and Exchange Act, and the TATSUTA Group Operational Guidelines. In addition to confirming and reviewing the completeness and operational status of the Group's internal control systems, the Committee engages in discussion and reporting in response to requests for advice by the President, as necessary.

(6) Compliance Committee

The Compliance Committee has been established for the purpose of ensuring thorough compliance throughout the TATSUTA Group based on the Corporate Code of Conduct. In addition to consultation and reporting on matters related to compliance in the Group, the Committee shares information about compliance in each company.

(7) Risk Management Committee

The Risk Management Committee has been established for the purpose of managing risks in the TATSUTA Group. In addition to engaging in the regular identification and assessment of risks related to the overall operation of the Group, the Committee is structured to hold meetings whenever necessary.

Policy on training for Directors

TATSUTA has established opportunities for Directors to acquire knowledge regarding their roles and duties (including legal responsibilities) at the time of their appointment. In particular, it has established opportunities for Outside Directors to learn about the businesses, finances, organization, and other factors of the TATSUTA Group, and provide further opportunities for them to acquire knowledge as necessary after their appointment.

In addition, the Board of Directors confirms the status of training with individual Directors annually in the course of evaluating the effectiveness of the Board, and provides additional training opportunities where necessary.

Outside Directors

Through the appointment of four Outside Directors among the 12 Directors on the Board of Directors, TATSUTA strengthens corporate governance and ensures that objective perspectives and extensive experience and knowledge are reflected in management. Moreover, three of the all four Outside Directors are designated independent officers.

Criteria for determining the independence of Outside Directors

TATSUTA appoints at least two independent Outside Directors, based on comprehensive consideration of its business operations, scale, institutional design, etc.

The Board of Directors has established and disclosed criteria for determining the independence of Outside Directors, with a focus on ensuring the substantive independence of those appointed as independent Outside Directors. Moreover, we endeavor to select candidates for the position of independent Outside Director, who can be expected to contribute to frank, lively and constructive debate by the Board of Directors.

Status of the establishment of non-statutory committees, their composition, and attributes of the Committee Chairs (Chairpersons)

The Board of Directors has established the Nomination and Remuneration Advisory Committee as directly subordinate body, to respond to requests for advice by the Board regarding the appointment and dismissal of officers and decisions on officers' remuneration for the purpose of ensuring objectivity, appropriate timing and transparency in these processes.

The Nomination and Remuneration Advisory Committee reports to the Board of Directors in response to requests for advice on the following matters, as well as autonomously presenting opinions as necessary.

■ Matters for consultation

1	Nomination of candidates for Director, as well as the appointment and dismissal of Representative Directors, Directors with special titles, Executive Officers with special titles and Executive Officers
2	Decisions on officers' remuneration
3	Formulation and operation of officer succession plans
4	Other matters related to corporate governance, on which the Board of Directors requests advice, or which the Nomination and Remuneration Advisory Committee deems necessary

■ Composition and attributes of the Committee Chair (Chairperson) of the Nomination and Remuneration Advisory Committee (as of June 19, 2020)

All Committee Members	6
Standing Committee Members	3
Internal Directors	2
Outside Directors	4
External experts	0
Other	0
Committee Chair (Chairperson)	Internal Director

Director appointment process

The Board of Directors requests advice from the Nomination and Remuneration Advisory Committee on the nomination of candidates for Director, as well as the appointment and dismissal of Representative Directors, Directors with special titles, Executive Officers with special titles and Executive Officers. Then it engages in thorough deliberation and decision on these matters after receiving the Committee's report, or the autonomous presentation of opinions by the Committee, with due consideration to the said report or opinions.

Analysis and evaluation of the effectiveness of the Board of Directors as a whole

TATSUTA carries out an annual analysis and evaluation of the effectiveness of the Board of Directors based on self-evaluation by each individual Director, and endeavors to enhance the function of the Board.

The following is a summary of the process and results of the effectiveness evaluation of the Board of Directors carried out in the fiscal year ended March 31, 2020.

Evaluation process

The effectiveness evaluation of the Board of Directors for the fiscal year ended March 31, 2020 followed the steps below:

○ A survey was conducted of all Directors in April 2020

○ The results of the survey were analyzed and summarized by the Representative Directors (the President and the Chairman) and the Outside Directors

Based on these steps, the Board of Directors then deliberated and confirmed its evaluation of present effectiveness and measures to improve effectiveness in the future.

Results of the evaluation

○ The Board of Directors evaluated that it had ensured effectiveness during the fiscal year ended March 31, 2020 in areas such as indicating the direction of corporate strategy, creating an environment to support appropriate risk-taking, and engaging in effective supervision of management.

○ The Board of Directors was made more vigorous and efficient in the fiscal year ended March 31, 2020 by the following factors in particular.

- Evaluation of the progress of the 2017-2019 Medium-Term Management Plan for the 2025 Long-Term Vision, and formulation of the 2020-2022 Medium-Term Management Plan in response.
- Utilization of the Nomination and Remuneration Advisory Committee as a forum for discussion between Outside Directors and Representative Directors regarding the nomination and development of senior management.
- Regular consultation with, and utilization of reports from internal departments in the formulation of policy in response to specific management issues.
- Introduction and utilization of a Web meeting system.

The Board will continue to engage in improvement regarding the following issues.

- Expansion of broad-based discussion regarding management strategy, corporate governance, etc.
- Swift, accurate and strategic response to changes in the business environment.
- Unearthing and promoting risk-taking projects, including M&A, in order to expand the breadth of the business.
- Presenting policies and enhancing the environment for the promotion of workstyle reforms and digital transformation.
- Enhancement of evaluation systems for senior management.
- Securing gender and other diversity, and strengthening development programs for management succession.
- Expediting the preparation and distribution of materials for meetings of the Board of Directors.

Decision policy on the amount and calculation method for officers' remuneration

■ Officers' remuneration for the fiscal year ended March 31, 2020

Officer class	Total amount of remuneration (millions of yen)	Amount of remuneration by type (millions of yen)		Number of eligible officers (名)
		Fixed remuneration (固定報酬)	Bonuses (performance-linked remuneration)	
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	278	211	66	12
Directors (Audit and Supervisory Committee Members, excluding Outside Directors)	—	—	—	—
Outside officers	55	51	4	5

(Note) At the 91st Annual General Meeting of Shareholders held on June 26, 2015, it has been resolved that the annual remuneration for Directors who are not Audit and Supervisory Committee Members shall not exceed 360 million yen (not including the amount of remuneration paid as salary to employees to Directors who concurrently serve as employees,) and the annual remuneration for Directors who are Audit and Supervisory Committee Members shall not exceed 56 million yen.

Remuneration for Directors is designed to reflect business results in each fiscal year, and is composed of two types of remuneration: fixed remuneration paid monthly in accordance with each Director's role, and performance-linked bonuses which vary depending on the TATSUTA's consolidated ordinary income.

The fixed remuneration for each Director is determined based on factors such as previous payments, TATSUTA's current performance, and the situation at other companies in the industry and other listed companies of a similar scale.

For Directors who are not Audit and Supervisory Committee Members, part of the fixed remuneration is paid in the form of remuneration for share acquisition as a form of remuneration linked to medium- to long-term performance. These Directors pay-in part of the monthly fixed remuneration to officers' shareholding association of the Company, in return for shares of TATSUTA, which they continue to hold throughout their terms of office.

Strategic shareholdings

Policy on strategic shareholdings

TATSUTA's policy on strategic shareholdings, and the exercise of voting rights pertaining thereto, is described below.

○ In the case of listed shares, TATSUTA may hold (1) shares of affiliated companies, (2) shares held purely for investment purposes, and (3) shares held for the purpose of seeking business opportunities, maintaining or expanding business relationships, etc. (strategic shareholdings), but may not enter into so-called "cross-shareholdings," where shares are held for purposes such as shareholder stabilization.

○ Regarding strategic shareholdings, the Board of Directors evaluates the necessity for each individual shareholding after the close of each fiscal year, based on factors such as its acquisition price, valuation at the end of the fiscal year, dividends, record and outlook for businesses transactions as well as evaluating its risk and return, and whether these are commensurate with the cost of capital, etc., and decides on whether or not to continue to hold the shares in question. If the Board decides not to continue holding the shares, then they are promptly disposed of by sale or other means after due consideration for factors including the economic climate, and profit or loss on the sale.

○ Regarding the exercise of voting rights pertaining to strategic shareholdings, the judgement of the Board of Directors of the issuing company is respected as a rule, except in the case of proposals deemed detrimental to the purpose of the strategic shareholding.

○ Even where another company that holds TATSUTA's shares expresses an intention to sell or otherwise dispose of this shareholding, TATSUTA makes it a rule not to hinder this action in any way, for example by hinting at a reduction in business transactions.

○ TATSUTA makes it a rule not to engage in any transactions that would damage its interests or the common interests of its shareholders, such as continuing to engage in transactions with a company that holds TATSUTA's shares, or a company in which TATSUTA holds a strategic shareholding, without thoroughly verifying the economic rationale of these transactions.

Status and verification of strategic shareholdings for the fiscal year ended March 31, 2020

TATSUTA sold its shareholdings in three companies during the fiscal year ended March 31, 2020, and maintained strategic shareholdings in a total of 18 companies as of March 31, 2020. The Board of Directors verified the rationale of strategic shareholdings at its meeting held on May 13, 2020, and determined to maintain all such shareholdings held as of March 31, 2020.

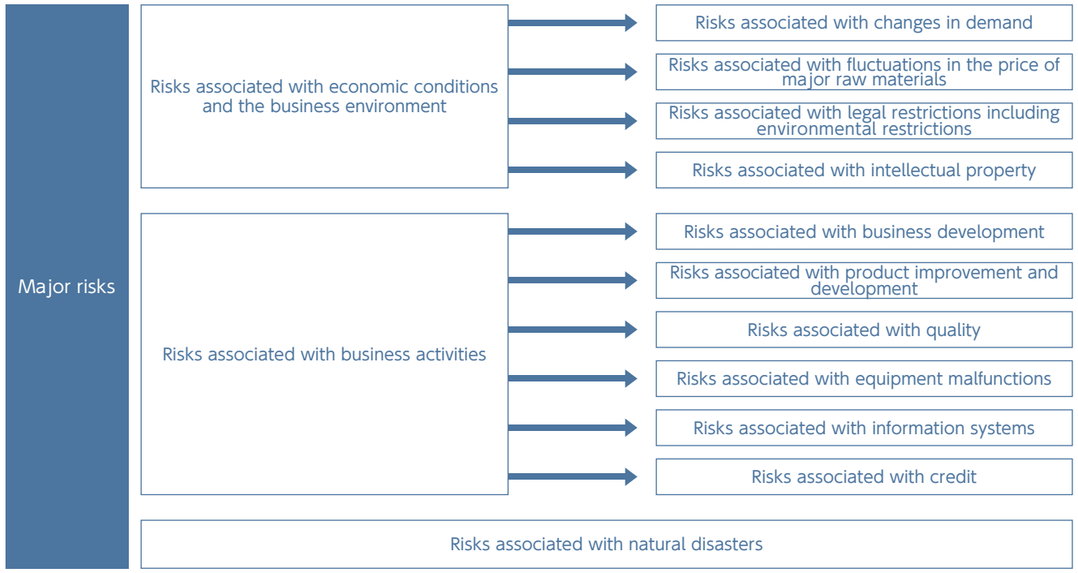
Risk Management

Basic approach to risk management

Some of the various risks faced by the TATSUTA Group have the potential to exert a serious impact on the Group's financial condition, business performance, cash flow, or medium- to long-term management strategy, depending on the scale on which they manifest and the periods for which they persist. We have constructed and operate Group-wide systems to identify, analyze, and respond appropriately to these risks, as well as to minimize the impact of their manifestation and prevent recurrence.

Promotion system

The TATSUTA Group has established the Risk Management Committee, chaired by the President. At the start of each fiscal year, the Risk Management Committee evaluates the risks faced by the Group in the fiscal year to come and in the future, establishes risk countermeasures and risk management policy, and makes a report to the Board of Managing Officers and the Board of Directors. The Board of Managing Officers and the Board of Directors monitor risks through monthly revenue and expenditure outlooks, business execution status reports, etc., and supervise risk response. In this way, we strive to avoid risks manifesting and respond swiftly if they emerge.



Compliance

Basic approach to compliance

Compliance (with laws, regulations, in-house rules, social norms and ethics) forms one tenet of TATSUTA's Corporate Code of Conduct. In order to achieve thorough compliance, we have strengthened audit and supervisory functions through the Board of Directors and Audit and Supervisory Committee, while the Compliance Committee shares compliance-related information across the Group and consults on reporting related to compliance promotion activities.

We disseminate in-house rules that indicate TATSUTA's vision and direction to all employees, including the Corporate Code of Conduct and Compliance Guidelines, through the corporate intranet and other means. For Group companies, we have established the TATSUTA Group Operational Guidelines, which specifies internal control systems within the Group. The Operational Guidelines are posted on the Group intranet and disseminated among all employees of each Group company so that compliance is thoroughly enforced.

In the fiscal year ended March 31, 2019, we produced pamphlets containing the Compliance Guidelines and distributed them to all employees in the TATSUTA Group to further promote awareness.

Promotion system

Compliance education

Employee training

We conduct compliance training based on our education plan for employees at each stage of their career path, from education for new recruits, to new chief & section head training, new manager training, etc. We have also established Compliance Guidelines, compiled them into pamphlets, and distributed them to all employees in order to promote widespread understanding of compliance, its necessity and importance.

Training for Directors

We conduct training for Directors and other officers as appropriate based on our policy on training for Directors. In addition to providing opportunities for Directors to acquire knowledge regarding their roles and duties (including legal responsibilities) at the time of their appointment, we confirm the status of training with individual Directors in the course of annual evaluation of the effectiveness of the Board of Directors. We provide further opportunities for knowledge acquisition, as necessary.

TATSUTA Electric Wire & Cable Group Helpline

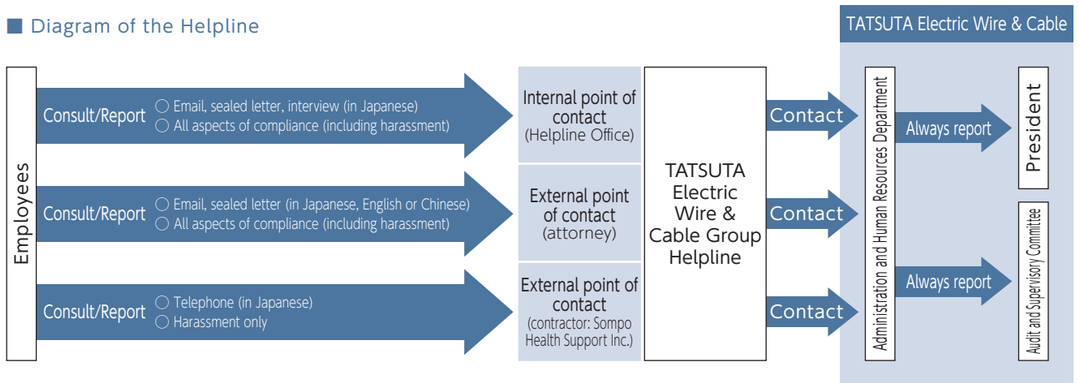
TATSUTA has established the TATSUTA Electric Wire & Cable Group Helpline, with the aim of ensuring the prompt discovery, correction and prevention of actions that violate laws, regulations or other rules.

Three points of contact have been established for the Helpline, including external attorneys and specialists independent from the Group, and the internal TATSUTA Electric Wire & Cable Group Helpline Office.

Those eligible to use the Helpline include TATSUTA's officers, persons party to labor contracts with companies in the TATSUTA Group regardless of whether they are referred to as employees or otherwise, and all persons engaged in the business of TATSUTA Group companies.

The actual operation of the Helpline is shown in the diagram below.

■ Diagram of the Helpline



TOPIC Preventing harassment

The TATSUTA Group respects basic human rights, and aims to prevent harassment and create good workplace environments and working environments.

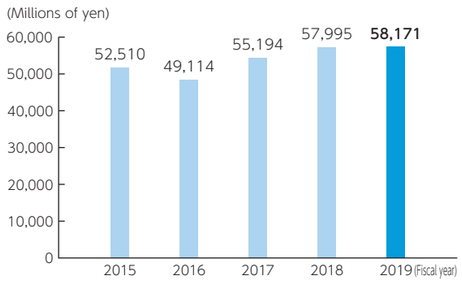
With this aim, we have amended in-house rules, which were previously designed only to prevent specific kinds of harassment such as sexual harassment and maternity harassment, to create and operate in-house rules to prevent all forms of harassment, not limited to specific types.

Under the new in-house rules, we indicate examples of the specific actions that constitute the most prominent forms of harassment, including sexual harassment and power harassment, and create an environment that makes it easier for employees to prevent harassment.

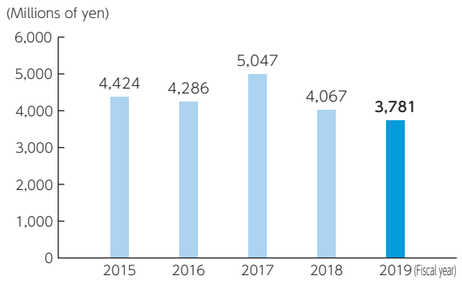
Consolidated Financial Highlights

Performance (financial data)

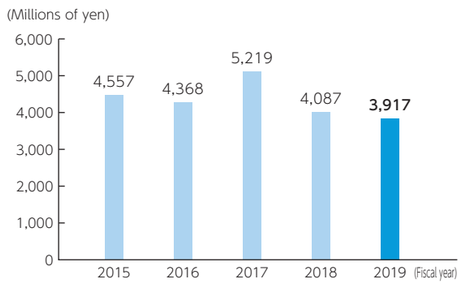
■ Net sales



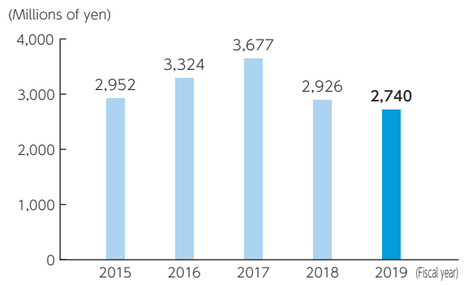
■ Operating income



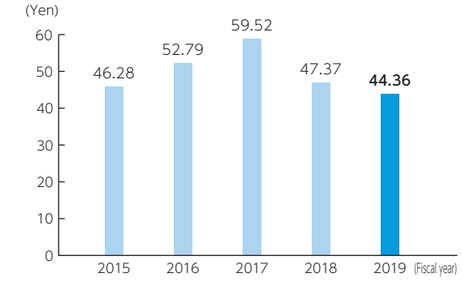
■ Ordinary income



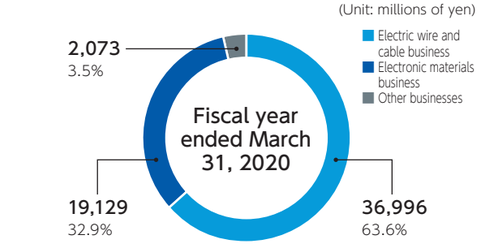
■ Profit attributable to owners of parent



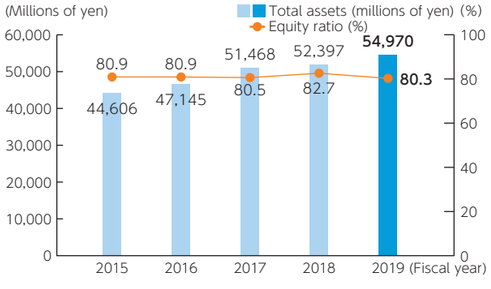
■ Basic earnings per share



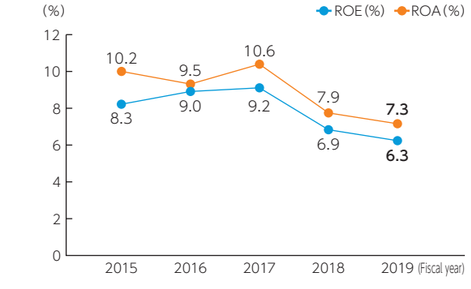
■ Breakdown of net sales by business



■ Capital structure



■ Return on equity (ROE) and return on assets (ROA)



Corporate Overview

Company name: TATSUTA Electric Wire & Cable Co., Ltd.
Established : September 28, 1945
Head Office : 2-3-1 Iwata-cho, Higashiosaka City, Osaka, Japan
Capital : 6,676 million yen (as of March 2020)
Listings : Tokyo Stock Exchange (First Section)
Main products : Electric wire/cable, Electronic materials, Sensor & Medical Products
Net sales : Fiscal year ended March 31, 2020
Consolidated: 58,171 million yen
As a single entity: 52,408 million yen
Employees : Fiscal year ended March 31, 2020
Consolidated: 936
As a single entity: 558

Main business sites

Operational sites

Head Office, Osaka Works	2-3-1 Iwata-cho, Higashiosaka City, Osaka 575-8585 Head Office: TEL: +81-6-6721-3331 (reception) Osaka Works TEL: +81-6-6721-3337
TATSUTA Technical Center	6-5-1 Kunimidai, Kizugawa City, Kyoto 619-0216 Technical Center Building TEL: +81-774-66-5550 Functional Film Plant TEL: +81-774-66-5552
Kyoto Works	3-17 Osadano-cho, Fukuchiyama City, Kyoto 620-0853 TEL: +81-773-27-3331
Sendai Works	2-1 Technohills, Taiwa-cho, Kurokawa-gun, Miyagi 981-3629 TEL: +81-22-346-1126

Branches and sales offices

Tokyo Branch Office	2-13-4 Shiba, Minato-ku, Tokyo 105-0014 (Sumitomo Fudosan Shiba Bldg. No. 4, 10F) TEL: +81-3-5439-4925
Nagoya Branch Office	5-5-22 Meieki, Nakamura-ku, Nagoya City 450-0002 (Meieki DH Bldg., 6F) TEL: +81-52-586-4131
Hiroshima Branch Office	2-8-1 Otemachi, Naka-ku, Hiroshima City 730-0051 (Otemachi Square 8F) TEL: +81-82-248-0436
Fukuoka Branch Office	1-13-8 Yakuin, Chuo-ku, Fukuoka City 810-0022 (Kyuden Fudosan Bldg.) TEL: +81-92-771-3646
Sapporo Sales Office	18-1-26 Odorinishi, Chuo-ku, Sapporo City 060-0042 (Sankyo Odori Bldg., Annex 501) TEL: +81-11-640-3377

Affiliated companies

Chugoku Electric Wire & Cable Co., Ltd.
Tatsuta Tachii Electric Cable Co., Ltd.
TATSUTA Environmental Analysis Center Co., Ltd.
TATSUTA Welfare Service Co., Ltd.
Changzhou TATSUTA Chugoku Electric Wire & Cable Co., Ltd.
Shanghai TATSUTA Co., Ltd.
TATSUTA Electronic Materials Malaysia Sdn. Bhd.
TATSUTA USA, Inc.

TATSUTA

Easy to read universal design fonts are used.