FOSTER

Sound to Life



Sustainability Report 2022 (English version)

Corporate Philosophy

"Sincerity" has been the Foster Group's corporate creed since its establishment.
By the term "sincerity", we mean the act of treating all concerned parties of the Company with a sincere approach. The concept of CSR, which shares the same basic philosophy as the corporate creed of "sincerity", has always governed the Company's corporate management and business operations since its foundation.
To continue to grow in the coming age, we believe it is important for each member of the Foster Group to act in accordance with the CSR philosophy, or the corporate creed of "sincerity", which we have adhered to since our establishment.

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Corporate Creed

Sincerity

Vision

To make contributions for future society through acoustics

Mission

Through acoustic products or its solutions, a total commitment to help create a comfortable life and pleasure of communication around the world. A truly global enterprise our future society counts on.

Foster Rhythm

"Foster Rhythm" is our guide to ensure we all move in the same direction to achieve our goals and dreams so we always move closer to our inspiring "Vision."
Our "Mission" motivates us to help people achieve new happiness via acoustic technology and our "Values" are guides to filter our choices so that our actions support all stakeholders.
Our "Principles" conduct us to create perfect harmony and achieve the best results together.
Our "Management System" of processes and tools helps us to practice, learn and grow as members of the Foster family, evolving new habits for future success.

- Our Principles and Values -

THE LEADING *Sound to Life** SOLUTION COMPANY

Strive to be number one in the global acoustic fields. Innovate to support ever wider market needs.

1. Trusted: Earn the trust of users and partners
2. Expert: Take pride in our expertise in acoustic technology
3. Inspiring: Add unique value, motivate partners and excite customers

ALWAYS IMPROVING

Create a more efficient, effective, profitable and better place to work. Always seek new market categories and opportunities.

4. Fast and Flexible: Be fast moving and flexible
5. Reliable Quality: Deliver totally reliable quality via ever more efficient systems
6. Proactive: Embrace learning and proactive leadership
7. Steadfast: Show steadfast dedication in going beyond our promised goals

EVER MORE GLOBAL AND INCLUSIVE

Embrace diversity and pursue more global synergy at all management levels.

8. Open-Minded: Be open–minded and inclusive
9. Responsible: Fulfill our duty to protect people and the environment
10. Team: Respect others as part of a team with shared goals

*Sound to Life The slogan where Foster Rhythm strives to achieve. In pursuit of our vision "To make contributions for future society through acoustics", it means "To deliver sounds to life", "To enrich life through Foster acoustics", "Sounds to reach lives and sustain healthy lifestyle".

Corporate Social Responsibility and Promoting ESG Management



Atsushi Narikawa
CEO

The COVID-19 pandemic has changed the face of the world today. People's activities have been restricted and supply chains have been disrupted, greatly affecting people's lives and the economy. However, there have been clear signs that economic activity is recovering due in part to the increase of vaccination and the financial and economic policies of governments all around the world. While the future has been increasingly uncertain due to the elevated geopolitical risks such as the Russian invasion of Ukraine, corporations are subject to scrutiny that is stricter than ever regarding whether they take care of their own employees, contribute to the local community and respond to environmental issues appropriately.

Omi Shonin (merchants from present-day Shiga Prefecture), used to say that in business you should have “three goods”— good for the seller, good for the buyer and good for society. I believe that many corporate entities that have been operating for more than 100 years secure these “three goods” by making reasonable profits and returning them for the good of society. Arguably, these movements are being accelerated globally in response to the pandemic. Securing these “three goods," we also aim to be a centennial company that has a shining presence in the coming new society.

In the medium-term business plan, we set “Zero Emissions” as our environmental target for 2050 and the slogan “Be Happy 80%*” for our employees. In line with moves to enhance initiatives to achieve the 1.5°C target set at COP26, we expressed our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in February 2022, as a participant in this consortium. At the same time, we formulated an action program aimed at reducing CO_2 emissions over the medium to long term, thus building a framework for moving forward toward carbon neutrality on a global scale. In June last year, our excellent ESG activities were highly evaluated by FTSE Russell, a world-leading rating agency, and we were selected as a constituent of the FTSE Blossom Japan Index.

* “Be Happy 80%”: The ideal environment that we would like to achieve company-wide, which was presented by a team of young employees during internal leadership training. "We will achieve a working environment and corporate body where 80% of our employees can feel 80% happiness." It is not 100%, which reflects our consideration of others.

Based on our fundamental principle that employees are at the root of all corporate activities and companies that cannot make their employees happy cannot promote ESG, either, we will continue to actively promote human resource employment worldwide and diversity to cultivate truly global and sophisticated human resources. In addition, by further promoting “work-style reform”, we would like to offer an environment where more employees feel that they can work flexibly and freely, thus cherishing our employees and achieving the goal of “Be Happy 80%*”.

We were selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi in their Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category). We were also awarded the “Kurumin Certification” (Ministry of Health, Labour and Welfare) and the “Certification of Excellent Company in Health: Gold Accreditation” (Tokyo Promotion Council for Healthy Company Declaration), among others. We will continue those efforts in the future. Based on our ESG Management Statement, we will keep the promotion of ESG management at the core of our company policy and continue to foster a healthy corporate climate, further work style reforms, ensure thorough quality control and risk management and work to solve social issues. We will cherish our employees and instill our corporate philosophy further among them to reinforce our corporate foundation.
We will continuously strive to offer satisfaction to our various stakeholders, and to become an enterprise that is loved by society.

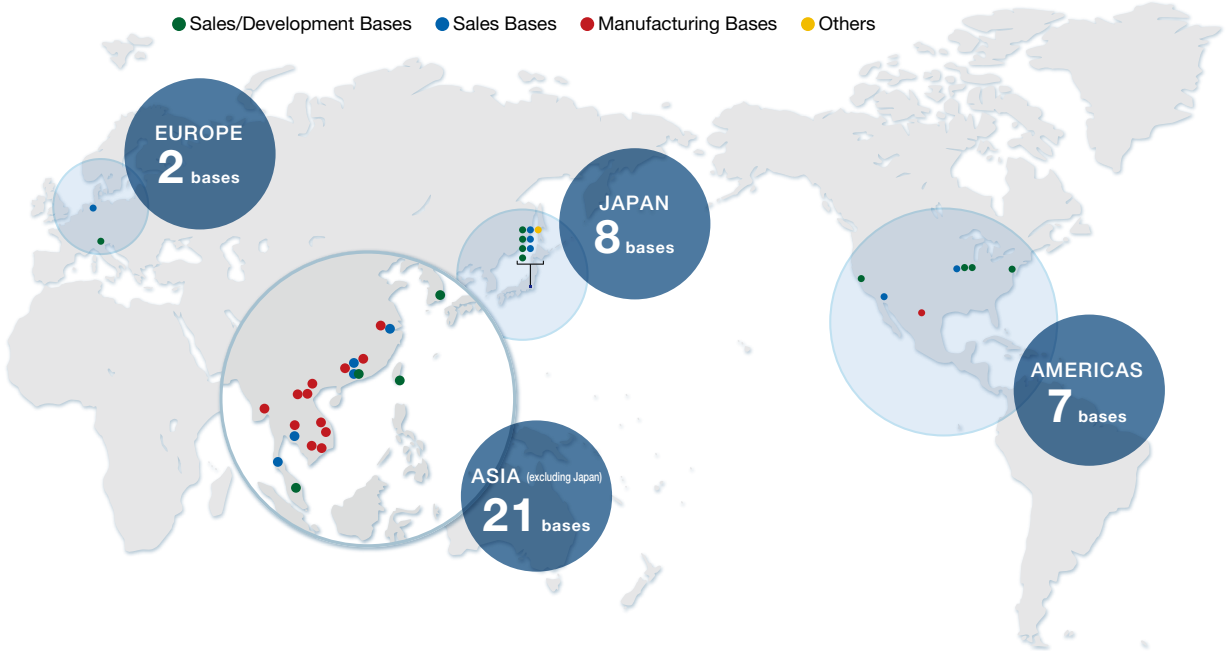
About Foster

Foster Electric was founded as a loudspeaker manufacturer in 1949.
Since that time, we have established ourselves as a specialist in audio technologies, and have provided the audio industry with many products and technologies. Among them, acoustic transducers have become our mainstay products. We have created a wide array of unique technologies and accumulated broad expertise, including in automotive speakers and other automotive audio products, audio equipment (AV speakers) for home entertainment, high-end Hi-Fi speaker systems, headphones and headsets, compact speakers for information equipment, buzzers, and vibration actuators that apply audio technologies. With these technologies and accumulated expertise as our backbone, we provide quality, optimal acoustic experiences that fulfill the expectations of our customers. Products from Foster Electric have been used in many products around the world. They contribute to society by providing audio and vibration solutions through the products of our clients' brands.

Group companies

The Foster Group operates 38 bases in 12 countries and regions worldwide as bases for development, manufacturing and sales.

We have established a sophisticated production system integration processes from components manufacturing to finished goods manufacturing.



Financial Highlights Consolidated Performance for the Fiscal Year ended March 31, 2022

Net sales	Operating loss	Ordinary loss	Net loss attributable to owners of the parent
¥91,106 million	▲¥7,757 million	▲¥7,473 million	▲¥7,017 million
(up 6.9% y-o-y)	(Operating profit of ¥0.7 million in the previous fiscal year)	(Ordinary profit of ¥219 million in the previous fiscal year)	(Net loss of ¥3,363 million in the previous fiscal year)

Overview by Segment
(Consolidated)

Speaker Segment

Net sales ¥69,676 million — 76.0%



Mobile Audio Segment

Net sales ¥14,227 million — 16.0%



Other Segment

Net sales ¥8,330 million — 8.0%



Note: The figure above includes intersegment sales.

Company Information

Company Profile (As of March 31, 2022)

Company Name	Foster Electric Company, Limited
Founded	June 20, 1949
Common Stock	6,770,360,135 yen The Prime Market of the Tokyo Stock Exchange
Headquarters	1-1-109, Tsutsujigaoka, Akishima City, Tokyo, 196-8550 Phone: +81-42-546-2311 (main number)
Number of Employees	17,258 (Number includes our outsourcee in Panyu, China)
URL	https://www.foster-electric.com/

Directors and Corporate Auditors (As of June 24, 2022)

Director and Chairperson	Hiromi Yoshizawa	Senior Executive Officer	Hidetoshi Shirakawa
CEO	Atsushi Narikawa	Senior Executive Officer	Tatsuhito Tanaka
Senior Managing Director	Lu San Tie	Senior Executive Officer	Yasuhide Takahara
Managing Director	Kazuhiro Kishi	Senior Executive Officer and CFO	Akihito Mochizuki
Director	Hiroki Miura	Senior Executive Officer	Naoki Kanai
Independent Director	Minoru Matsumoto	Senior Executive Officer	Hiroyuki Asada
Independent Director	Yasuhiro Goto	Executive Officer	Terushige Nagasawa
Independent Director	Kaoru Chujo	Executive Officer	Yuji Sakuta
Standing Corporate Auditor (Independent)	Satoko Kimoto	Executive Officer	Oh In-Yong
Corporate Auditor	Tsutomu Inokuma	Executive Officer	Nguyen Quan Hoang
Independent Corporate Auditor	Takashi Suzuki	Executive Officer	Tan GuiHai
Independent Corporate Auditor	Aiko Oue	Executive Officer	Wong Wing Chung

Stock Information

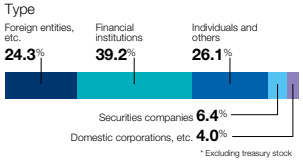
Status of Shares (As of March 31, 2022)

Total number of shares authorized to be issued by the Company
80,000,000 shares

Total number of shares issued
25,000,000 shares

Number of shareholders
7,936

Distribution of Shareholders by Shareholder Type



* Excluding treasury stock

Major Shareholders

Shareholder's Name	Number of Shares Held (thousands)	Ratio of Shares Held (%)
The Master Trust Bank of Japan, Ltd. (trust account)	4,617	20.6
Custody Bank of Japan, Ltd. (trust account)	1,097	4.9
Mizuho Bank, Ltd.	1,016	4.5
MUFG Bank, Ltd.	945	4.2
JPMorgan Securities Japan Co., Ltd.	665	2.9
Mizuho Trust & Banking Co., Ltd.	405	1.8
THE BANK OF NEW YORK MELLON 140042	361	1.6
MSIP CLIENT SECURITIES	345	1.5
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	317	1.4
GOLDMAN SACHS INTERNATIONAL	315	1.4

Treasury stock (2,647,224 shares) is excluded for the calculation of the "Ratio of Shares Held".

Corporate History

1949 S. Nishimura and H. Shinohara established Shinano Onkyo Institute



1955 G-205 Speaker loaded into Japan's first transistor radio



1959 Renamed Foster Electric Co., Ltd.



1973 Fostex Corp. established

FOSTEX

1982 Began supplying car speakers



1986 Merged with Tonegen Co., Ltd.



1988 - 1989 Began production of headphones, microphones, and speakers in Panyu, China



1999 Transferred from the Second Section to the First Section of the Tokyo Stock Exchange



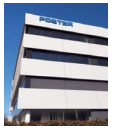
2006 Began production in Vietnam to meet rising demand for headphones and headsets



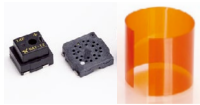
2009
- Converted Korea-based ESTec CORPORATION into a consolidated subsidiary
- Began online sales of custom-made headphones "KOTORI"



2012 Headquarters functions relocated to the current location, Tsutsujigaoka, Akishima City (headquarters relocated in 2013)



2014-2017
- Took over the micro acoustic components business from STAR
- MICRONICS CO., LTD. Acquired shares of SUZUKI KANSHI (THAILAND) CO., LTD.



2019 70th anniversary

FOSTER 70th ANNIVERSARY

2020 Hiromi Yoshizawa was appointed as CEO
Atsushi Narikawa was appointed as COO



Foster's ESG Management and Sustainability

Since our founding in 1949, we have consistently striven to be a sustainable company that is needed by society and that continues to develop under the corporate creed of “Sincerity", vision of “To make contributions for future society through acoustics", and our mission “Through acoustic products or its solutions, a total commitment to help create a comfortable life and pleasure of communication around the world. A truly global enterprise our future society counts on."



Akihito Mochizuki, Sustainability Officer

In March 2021, we established our ESG Management Statement along with the formulation of medium-term business plan, thus announcing Foster’s commitment to management focused on E (environment), S (social), and G (governance) initiatives, both internally and externally. In April 2022, we reorganized the ESG Promotion Department into the Sustainability Promotion Department and enhanced its ability to push forward with ESG management to pursue the medium- to long-term sustainability of Foster and society.

Above all, we position the realization of a decarbonized society as one of the most important business challenges we face and engage in initiatives accordingly. Specifically, we have set a new long-term goal, aim to achieve carbon neutrality by 2050. We have also revised our medium-term goal from the previous "reduce absolute CO_2 emissions 30% by 2030 from a 2018 base-year" to reduce absolute CO_2 emissions 50%, following a decision to accelerate initiatives. We will strive to build a sustainable society with all of the technological capabilities of the Foster Group, improving from our previous "social responsibilities to be fulfilled by a company" to the "source of a differentiating competitive advantage."

Further, in addition to “Environment”, there have been growing social concerns about and requirements related to “Human Rights”, for the realization of a sustainable society. The Foster Group operates globally in Japan, the rest of Asia, the Americas, and Europe. Therefore, we advance initiatives to increase the respect for human rights within the Group and its supply chain, aiming to provide and build workplaces and a society where people with diverse attributes, such as age, gender, nationality, and creed, respect and accept each other as they are.

The Foster Group and all of its employees will continue to push forward with corporate activities with sincerity, our corporate creed that was set based on ESG management, leveraging non-financial capital such as (1) intellectual capital, (2) human capital, (3) manufactured capital, (4) social and relationship capital, and (5) natural capital, and (6) financial capital, which are the strengths of the Foster Group. Thus, we will increase our corporate value and contribute even more greatly to the medium- to long-term sustainability of the Group and also society while responding appropriately to the expectations of and requests from our stakeholders.

ESG Management Statement

In March 2021, we established the Foster Group ESG Management Statement. By positioning “Be happy 80%” (see page 2) for its employees at the root of all corporate activities and by improving their well-being, it expresses in concrete term what we want to be like, which will be the guidepost in promoting ESG management toward the realization of sustainability both for the Group and society.

Foster Group ESG Management Statement

At the Foster Group, our ESG initiatives stem from our corporate creed of “Sincerity”. The “Sincerity”, is defined in Foster Rhythm* as “Always tell the truth, be kind to others as well as the planet, and serve with all your heart”.
Foster believes that its employees play the central role in ESG activities. A company cannot promote ESG if it cannot make its employees, who are at the root of all corporate activities, happy. Based on this idea, we have positioned “Be Happy 80%” for employees as the base point of our ESG activities. We would like to contribute to a future society to fulfill the expectations of all the stakeholders. We believe that 80%, not 100%, is the benchmark for happiness. We have left room to consider the satisfaction of other stakeholders as well as that of our company and ourselves.

* *Foster Rhythm*: Corporate philosophies including the corporate creed of “Sincerity” which were expressed in plain words by our employees, so they will be understood by our global employees

Foster is strongly committed to ESG and aims to achieve the following from a long-term perspective.

1. Initiatives to promote “Decarbonized Society”, “Resource Recycling”, and “Harmony with Nature” and tireless efforts to achieve “Zero Emissions”
2. Exciting, unrestricted work styles appropriate for each life stage and goal in life
3. A society where people with diverse attributes, such as age, gender, nationality, and creed, respect each other and accept each other as they are
4. A true expert trusted by customers and business partners
5. Having “Zero Defects” established in various aspects, including product quality and business quality
6. Improving the quality of people’s lives by providing solutions through sound and vibration technologies
7. Implementing strict risk management and enhancing the compliance structure, which contributes to strengthening corporate governance

⇒ **Enriching people’s lives with the power of sound and vibration and delivering happiness and sustainable future to all stakeholders — this is what we desire to do at Foster.**

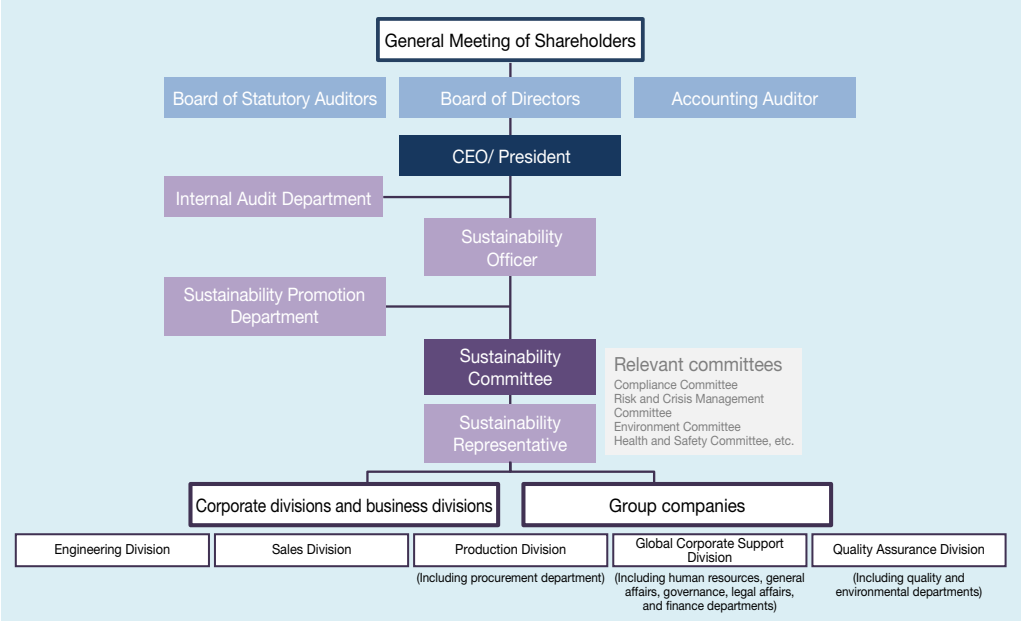
The Foster Group's Promotion of Sustainability

The Foster Group issued the first version of its CSR Charter*1) in 2006, and updated it to pursue global versatility and universality in 2010, by incorporating the EICC*2) Code of Conduct, the CSR standards established by U.S. Electronic Industry Citizenship Coalition, as our basic policy. Items originally set out by the Company have also been added to the Code for reinforcement of the Group's ESG management. In addition to these efforts, we also promote sustainability in compliance with the United Nations Global Compact and the ISO 14001 and ISO 45001 standards, among other global guidelines.

*1) Revised to Sustainability Charter in March 2022
*2) Electronic Industry Citizenship Coalition (renamed Responsible Business Alliance in 2017)

Sustainability Promotion Structure

As shown in the following "Sustainability Promotion Structure", the Foster Group has established the Sustainability Committee with representatives of related sections as core members, at its headquarters. The Sustainability Committee, which meets every month, is chaired by the president. The committee meets via a teleconferencing system and the sustainability officer who is the chair of the committee and the sustainability representatives and staff from the headquarters and each site attend the meetings. They monitor the activities of the Group as a whole for the promotion of sustainability and engage in collaborative activities. Important matters decided on by the Sustainability Committee are deliberated during Board of Directors' meetings which are attended by directors and outside directors.



Sustainability Charter

We established the new Sustainability Charter in March 2022 as a revision of the CSR Charter that we published in 2006. The revised charter clearly states that we will pursue the (medium- to long-term) sustainability of both the Group and society, in addition to continuing to work on corporate social responsibility (CSR). Further, in the supplemental rules of the charter, we state our medium- to long-term goals in the "ESG Management Statement" for practicing management focused on aspects of E (environment), S (social), and G (governance), and we have identified "Materiality" (priority issues), the issues we should specifically address, aiming to achieve sustainability.

Materiality (Priority Issues)

We issued the revised Materiality in March 2021. In identifying Materiality, we conducted backcasting from our ESG Management Statement and medium- to long-term goals under the mid-term business plan and listed the material items (priority issues) that should be addressed first by reflecting expectations of our stakeholders, including customers and external rating companies. Further, the ESG Promotion Task Force, consisting of staff and managers in each ESG field, held discussions, and material items were determined and approved by the Sustainability Committee and the Board of Directors.



Our Approach to Materiality (Priority Issues)

*(1) CFRTP: Carbon Fiber Reinforced Thermo Plastics
*(2) Environmentally responsible speaker: A speaker with any environmentally friendly element, such as light weight, reduced applications of VOCs or solder, and application of dry process

ESG	Materiality	Target (KPI)		Achievements until FY2021	Refer to	Corresponding SDGs
Environment (E)	Decarbonized Society	• Absolute Scope 1, 2 emissions	• FY2025 Target: Reduce by 30% from a FY2018 base-year • FY2030 Target: Reduce by 50% from a FY2018 base-year	Reduced by 32% reduction from a FY2018 base-year	Page 13	
	Resource Recycling	• Weight reduction: Develop element technologies to achieve further weight reduction from conventional car speakers.	FY2025 target: Productize developed products incorporating elemental technologies for speakers weighing less than 100 g.	Technologies developed for weight reduction • Achieved productization of a product developed on our own that incorporates the CFRTP*(1) diaphragm material as a technology for weight reduction to less than 120 g.	Page 14	
		• Increase the ratio of environmentally responsible speakers*(2)	The ratio of environmentally responsible car speakers*(2) (per sales): FY2025 target: 20% • FY2021: 13% • FY2022: 14% • FY2023: 16% • FY2024: 18% • FY2025: 20%	• 14% (as of March 31, 2022)		
	Harmony with Nature	• Reduce the use of VOCs	The ratio of toluene-free new mobile audio products: FY2025 target: 100% • FY2021: 40% • FY2022: 60% • FY2023: 80% • FY2024: 100%	• 44.4% (as of March 31, 2022)	Page 14	
Social (S)	Product Quality and Safety	• The number of failures with a serious social impact (human life, property, environment and so on)	Maintain 0 failures	0 failures	Page 18	
	Supply Chain Management	• SAQ response rate from suppliers	• Existing suppliers: 93% or higher • New suppliers: 100%	93% 100%	Pages 16 - 17	
		• Response rate for the conflict minerals survey collected from suppliers	• Existing suppliers: 99% or higher • New suppliers: 100%	99% 100%	Pages 16 - 17	
	Creation of Exciting Workplace	• Average deviation value of employee satisfaction survey items (headquarters) • Total working hours per employee (headquarters) • Rate of specific health guidance taken (headquarters) • Rate of periodic health examinations taken (headquarters) • Displaced worker due to nursing care (headquarters)	53.0 or more Monthly average of 153 hours or less 80% Maintain 100% Maintain 0%	FY2021: 50.7 151.9 hours 82.4% (including people those who received a post-health checkup interview) Maintained 100% Maintained 0%	Pages 21 - 23	
	Diversity and Inclusion	• Female manager ratio (headquarters) • Ratio of overseas human resources (headquarters) • Employment rate of persons with disabilities (headquarters) • Ratio of males taking childcare leave (headquarters) • Provide training to encourage the development of an organization where diverse people can demonstrate their capabilities (headquarters).	FY2021: 15% FY2025: 30% FY2021: 20% FY2025: 30% More than 2.3% of the legal employment rate 100% Provide training to eliminate unconscious biases which hamper the active participation of women and foreigners, and deepen understanding of SOGI and LGBT issues	13.2% (as of March 31, 2022) 9.8% (as of March 31, 2022) 2.3% (FY2021 average) 57.1% (percentage of special leave for spouse's childbirth taken: 100%) (1) LGBT issues training to make diversity an organizational strength (participation rate: 92%) (2) Training on unconscious bias (participation rate: 91%) (3) Basic knowledge on the prevention of workplace harassment (participation rate: 89%) (4) Basic knowledge regarding mental toughness (participation rate: 87%) (5) Mental health management in the workplace (participation rate: 86%)	Pages 20 - 21	
Governance (G)	Governance Enhancement	• Enhancement of corporate governance	Compliance with the revised Corporate Governance Code: 100%	100%	Pages 27 - 29	
		• Reinforcement of compliance	• Maintain a response rate of 100% to the compliance test and the compliance survey. • Percentage of employees informed of the internal whistleblowing system: 100% • Provide compliance training and maintain the satisfaction level at 4 or higher out of 5.	100% 100% Maintained 4 or higher on average.		
		• Enhancement of risk and crisis management	• Achievement rate of risk profile review: 100% • Achievement rate of monitoring and achieving key items	100% 98%		

Sustainable Development Goals (SDGs)

The Foster Group will continue to promote the Sustainable Development Goals (SDGs), which are proposed by the United Nations, and conduct sustainability activities through the UNGC framework.

Our Actions on SDGs

SDGs	Activities	Business	Social Contribution	In-house	Refer to
1 NO POVERTY	Donation activities for low-income households, assistance with food, clothes, necessities, etc.		●		Page 26
3 GOOD HEALTH AND WELL-BEING	Participation in a blood donation program		●		Page 26
	Implementation of Health Point System and health enhancement seminars			●	Page 22
4 QUALITY EDUCATION	Acceptance of student interns		●		Page 21
5 GENDER EQUALITY	Opening of an intranet on diversity to provide information or supporting women's active participation			●	Page 20
6 CLEAN WATER AND SANITATION	Water risk management	●			Page 13
7 AFFORDABLE AND CLEAN ENERGY	CO_2 reduction	●			Page 13
	Management of environmentally hazardous substances	●			Page 13
8 DECENT WORK AND ECONOMIC GROWTH	Work style reform			●	Pages 21 - 22
	Reduction of scheduled working hours			●	Pages 21 - 22
	Lifting the ban on second jobs			●	Page 22
	Enrichment of holiday/leave programs			●	Page 22
	Personnel system with multiple courses			●	Page 23
	Technical master system			●	Page 23

SDGs	Activities	Business	Social Contribution	In-house	Refer to
10 REDUCED INEQUALITIES	Education on promoting diversity Driving the employment of diverse human resources, regardless of their nationality			●	Pages 20 - 21
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Management of chemical substances	●			Page 13
	Promotion of recycling	●			Page 13
	Environmentally friendly products	●			Page 14
13 CLIMATE ACTION	CO_2 reduction	●			Pages 11 - 13
	Promotion of clean energy use	●			Page 13
	Environmentally friendly products	●			Page 14
15 LIFE ON LAND	Planting activities		●		Page 15
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Basic policy on conflict minerals	●			Page 17
	Governance structure			●	Pages 27 - 31
17 PARTNERSHIPS FOR THE GOALS	CSR assessments and audits	●			Pages 16 - 17
	Responsible procurement	●			Pages 16 - 17

United Nations Global Compact

About United Nations Global Compact

In January 2017, Foster Group signed and joined the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative.
As a company that operates globally, we support the 10 principles of the UNGC of "Human Rights", "Labour," "Environment" and "Anti-Corruption" and conduct activities for compliance, decent work, care for the environment, and sustainability procurement, etc.

Activities as a member of the Global Compact Network Japan (GCNJ)

We are participating in the Human-rights Education Subcommittee, Environmental Management Subcommittee, WEPs Subcommittee, Supply Chain Subcommittee, DRR (Disaster Risk Reduction) Subcommittee, ESG Subcommittee, SDGs Subcommittee, Reporting Study Subcommittee, Subcommittee to Cultivate Awareness of the Global Compact, CSV Subcommittee, and Circular Economy Subcommittee of the GCNJ, which consist of the member companies of the UNGC (as of July 2022). The subcommittees not only share the sustainability-related latest trends and study cases of each company through lecture meetings by influential individuals but also are working to produce various kinds of outputs that support sustainability activities of various companies based on the member companies' experiences in a wide range of industries. In addition, knowledge gained at the subcommittees is reflected in our sustainability activities.

The Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

Believing in the importance of topics related to the environment and climate change, we declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD*) in February 2022. At the same time, we joined the TCFD Consortium, where member companies, financial institutions, and other entities discuss effective information disclosure and appropriate initiatives following the TCFD recommendations.

* *Task Force on Climate-related Financial Disclosures:*
This task force was established in 2015 by the Financial Stability Board (FSB), which comprises central banks, financial authorities, and international organizations from all over the world. It is aimed at considering how to estimate the impact of climate change on business management and how to disclose such information. It recommends that companies and other entities disclose information about climate change-related risks and opportunities.

We will identify our climate change-related risks and opportunities and then continue to drive effective measures by leveraging internal and external knowledge. At the same time, we will disclose information proactively by following the TCFD recommendations.

Response to the TCFD Recommendations

Details of the Foster Group's information disclosure based on the TCFD recommendations are available here (page 11).

Environment

Environmental Philosophy and Policy

Environmental Philosophy

As a global corporation in the acoustic industry, Foster Group contributes to the realization of a sustainable society in all fields of corporate activities by considering the harmony between; The activities under the company vision of “To make contributions for future society through acoustics”, and Environment as one of essential tasks.

Environmental Policy

- Preface -

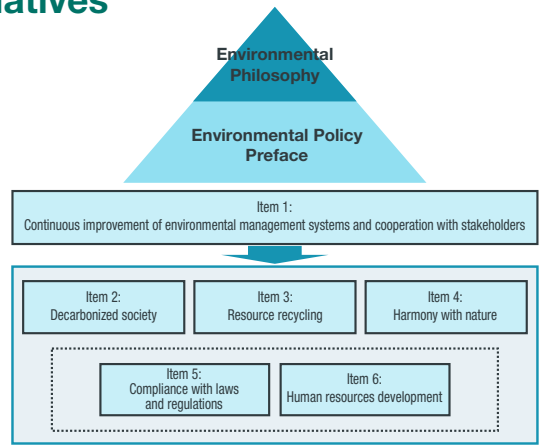
Foster Group aims to contribute for “Decarbonized society”, “Resource recycling” and “Harmony with nature”, by pursuing eco-friendly technologies in the lifecycle of our products, and people of Foster Group act with priority on eco-friendliness.

1. We contribute to the realization of a sustainable society by continually improving our environmental management systems, and by communicating and cooperating with our stakeholders proactively.
2. Realization of “Decarbonized society” We reduce CO_2 emissions throughout our value chain including procurement of raw materials, manufacturing, transportation, selling and disposal of our products.
3. Realization of “Resource recycling” We strive for the waste reduction by promoting effective use of resources in our group-wide activities and product development. We also use water resources responsibly in our manufacturing processes.
4. Realization of “Harmony with nature” We strive for the promotion of activities considering Biodiversity conservation, prevention of pollution and environmental load reduction by chemical substance management.
5. We comply with domestic and international environmental laws and regulations and other requirements related to our group-wide activities.
6. We develop human resources who practice environmental activities through enlightening people involved in group activities and educating employees.

[Issued following the approval by senior management in July 1993. Revised in March 2021.]

Specific Environmental Initiatives

Based on our Environmental Philosophy and Policy, we have set mid-term environmental goals to achieve by 2025 for three issues: decarbonized society, resource recycling, and harmony with nature. We are pursuing specific initiatives to achieve these goals. Further, countermeasures against climate change are globally important tasks, and we need to take long-term initiatives. We are taking action with the aim of achieving carbon neutrality by 2050.



* The Environmental Philosophy shows the goals of our environmental activities while the preface of the Environmental Policy shows the direction of such activities. The six items of Environmental Policy show the prerequisites for achieving the goals, three mid-term environmental goals, and the factors for achieving them, which are reflected in the Foster Group’s environmental management system.

Mid-Term Environmental Goals 2025

To achieve the mid-term environmental goals 2025 that we set in 2020, we continue activities to reduce the environmental load from a lifecycle perspective, by working together with manufacturing sites.

	Goals		2020 - 2025	FY2021 Result
Item 2 of Environmental Policy	Decarbonized society	Reduction of CO_2 emissions (Scope1,2,3)	Scope 1, 2: Reduce absolute CO_2 emissions by 30% from a 2018 base-year	See page 7 of this report.
			Scope 3: Reduce absolute CO_2 emissions by 3% from a 2018 base-year	
Item 3 of Environmental Policy	Resource recycling	Resource saving products	- Establish technology for eco-friendly products	
		Improvement of production process	- Reduce the hazardous waste generated by 5% from a 2018 base-year	
			- Reduce water consumption (Efficient use of water resource)	
Item 4 of Environmental Policy	Harmony with nature	Management of chemical substances	- Build global management system based on the company standards and regulations	
		Biodiversity conservation	- Establish a biodiversity policy and the mid-term action plan	
		Partnership with stakeholders	- Build a cooperative structure and implementation of activities with our suppliers	

* For details of the mid- and long-term CO_2 reduction goals, see "4. Metrics and Targets" (page 12) of "Information Disclosure Based on the TCFD Recommendations."

Information Disclosure Based on the TCFD Recommendations

In February 2022, we declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD*). (*See page 9) We will identify our climate change-related risks and opportunities and then continue to drive effective measures by leveraging internal and external knowledge and contribute to building a sustainable society.

1. Governance

Viewing sustainability as an important theme, we announced our ESG Management Statement and set goals of achieving "a decarbonized society" and "zero emissions in 2050" as part of our materiality (priority issues) in March 2021. These goals and reduction activities have been shared by all employees and are being driven by them.

We have set up the Sustainability Committee (which meets every month), chaired by the president, for the purpose of driving ESG management. This committee meets with the attendance of the sustainability officer, heads of divisions, and persons responsible for the promotion of sustainability activities appointed by departments of the headquarters and overseas bases. It identifies climate change-related issues, deliberates on and determines related policies and measures, and shares and monitors their progress.

The Board of Directors deliberates on and makes decisions on announcements of support and information disclosure related to TCFD concerning management issues, as well as reduction targets, measures, and other matters. It also receives reports on deliberations and progress made by the committee, regularly and as needed, thus supervising the execution of operations by the committee.

Link to related page:
"Sustainability Promotion Structure" under "Foster Group ESG Management" (page 6)

2. Strategy

Under the framework advocated in the TCFD recommendations, we considered changes in the external environment in 2030 and analyzed the impact of climate change on us.

We adopted the 1.5-degree and 4-degree scenarios for analyzing risks and opportunities. Regarding transition risks, we analyzed how policies and markets will be changed for alleviating climate change. Concerning physical risks, we also analyzed how the frequency and impact of climate change-related weather disasters will change.

We reflected the identified risks and opportunities in the medium-term business plan. Moving forward, we will also consider the financial impact on the Company. In the current fiscal year, we are conducting an analysis of the automotive business, which is subject to a significant impact. We will continue the analysis by focusing on other businesses as well.

Impact on Business Related to Climate Change Risks and Opportunities

Climate-related risks/ opportunities		Impact on business activities	Assessment
Transition risks	Policies and regulations	• Increase in business costs for responding to climate change-related regulations (including carbon tax, investments in additional equipment for saving energy and using renewable energy, and the purchase of green energy certificates) • Increase in cost, which is expected if regulations related to recycling and the use of recycled materials are tightened	Large
	Technologies	• Risk that market share may be decreased due to a delay in technology development toward a decarbonized society	Large
	Market	• The impact that is expected if we fail to respond to business partners' requests to take environmental measures (such as introduction of renewable energy and use of recycled materials) • Intensification of competition resulting from an increase in new entrants to the electric vehicle market, which is expected to expand	Large
	Reputation	• Decrease in business opportunities resulting from insufficient initiatives to tackle climate change • Risk of a decline in corporate value that may result from lower ESG ratings by customers and rating agencies	Large
Physical risks	Acute	• Suspension of factory operations and supply chain disruptions resulting from damage from a disaster caused by climate change	Medium
	Chronic	• Increase in energy consumption for the use of air conditioners and other equipment • Depletion of water resources and restrictions on water intake • Risk of factory inundation resulting from rising sea levels	Small
Opportunities	Resource effectiveness	• Reduction of CO_2 to be achieved by promoting local production for local consumption • Increase in sales opportunities resulting from manufacturing appropriate for a recycling-oriented society	Medium
	Energy sources	• Decrease in energy costs resulting from the introduction of energy-saving equipment and technologies	Large
	Products and services	• Increase in sales opportunities achieved by driving the development of technologies for low-carbon products • Growth in demand for ADAS-compatible products resulting from the expansion of markets related to electric vehicles (development of a function that sends alerts with sounds and vibrations)	Medium

• Target business: Automotive as the Company's main business
• Level of impact on business activities: Evaluated on a three-point scale of Large, Medium, and Small

[Scenarios that were used]
Transition risks: International Energy Agency (IEA)(*1
• World Energy Outlook 2021: SDS(*2, STEPS(*3
• Net Zero Emissions by 2050 Scenario(*4

Physical risks: Intergovernmental Panel on Climate Change (IPCC) (*5
• 6th Report: SSP1-1.9, SSP5-8.5 (*6

*1. IEA: International Energy Agency
*2. SDS: Sustainable Development Scenario
*3. STEPS: Stated Policies Scenario
*4. NZE: Net Zero Emissions by 2050 Scenario
*5. IPCC: Intergovernmental Panel on Climate Change
*6. SSP: Shared socioeconomic pathways

3. Risk Management

We have established the Risk and Crisis Management Committee, which is chaired by the president, to ensure that risks which may affect business management are addressed promptly and appropriately. This committee evaluates and manages company-wide risks and devises and implements measures to address them.
Climate change-related risks are positioned among the top risks in the committee's total risk assessment. The Sustainability Committee identifies and evaluates such risks, implements measures to tackle them, and takes other initiatives to improve the effectiveness of risk management.
Information about the statuses of risk management and measures is also shared with the Board of Directors, which supervises and monitors risk and crisis management of the overall company and tries to ensure consistency between risk management and materiality analysis, thus enhancing the total risk management in the entire company.

4. Metrics and Targets

Toward the achievement of sustainability, we have established the Foster Group ESG Management Statement, under which we aim for "Decarbonized Society" and "tireless efforts to achieve Zero Emissions" in the medium and long run. Under this Statement, we have revised our mid-term environmental goals for 2030 (Scope 1, 2) in line with the 1.5-degree goal of the Paris Agreement. We have also set a new long-term goal for 2050.

(1) Mid-Term Reduction Goals for 2030

- Scope 1, 2: Reduce absolute CO_2 emissions 50% by 2030 from a 2018 base-year
- Scope 3: Reduce absolute CO_2 emissions 15% by 2030 from a 2018 base-year

(2) Long-Term Reduction Goal for 2050

- Aim to achieve carbon neutrality by 2050

To achieve this goal, we have developed the CO_2 Reduction Action Program [Ver. 2022]. The headquarters and the other sites will work together in accelerating CO_2 reduction activities in a group-wide manner.

Link to related page: Our Approach to Materiality (Priority Issues) (page 7)

(3) Specific Reduction Measures

1. Our own power-saving efforts (steady efforts and innovative activities)
   [Steady efforts]
   Specific measures:
   - Operational improvements: Improvements of operation, maintenance, heat retention, heat insulation, etc.
   - Introduction of energy-saving equipment: Remodeling or replacing equipment

   [Innovative activities]
   Activities:
   - Studying and introducing new manufacturing methods and design specifications

   Specific measures:
   - Developing innovative technologies through a next-generation speaker project, etc.
2. Renewable energy procurement
   - Switching electricity purchased from electric power companies to an option with 100% renewable energy sources
3. In-house power generation from renewable energy sources
   - Introducing equipment for in-house solar power generation
   - Introducing off-site corporate PPA
4. Purchasing green energy certificates for offsetting (shortfalls)

(4) Specific KPIs

- Setting "Power consumption ÷ Net sales" at each site as a KPI for power-saving activities
- Having each site set a goal of building a framework, which makes it possible to post the same amount of net sales with 38% less power consumption than the actual power consumption in fiscal 2020, by the end of 2024. We will achieve the interim goal for fiscal 2025 (30% reduction from a 2018 base-year), aiming to surely achieve the fiscal 2030 goal (50% reduction from a 2018 base-year).

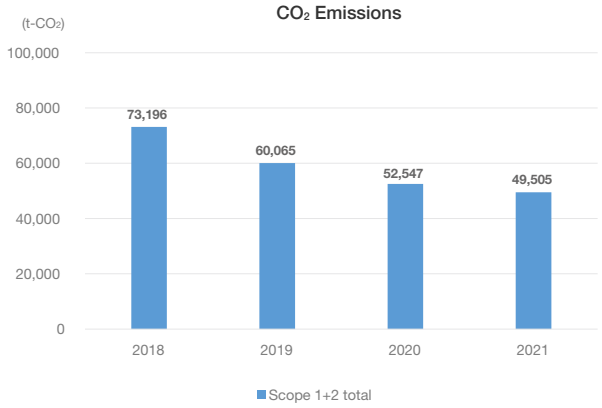
Environment Management System and ISO 14001 Certification

We have obtained ISO 14001 certification at headquarters and all overseas manufacturing sites and embody the Foster Group's Environmental Philosophy and mid-term environmental goals.
At headquarters, we monitor the activities conducted at each site and check their results. We have expanded the scope of application to the Head Office of Foster Electric (1-1-109 Tsutsujigaoka, Akishima City, Tokyo) and its Shizuoka Office (6-12-2 Toro, Suruga Ward, Shizuoka City, Shizuoka) while maintaining the environment management system. We present the ISO 14001 certification at the request of stakeholders.

Environmental Activities

CO_2 Reduction (Scope 1, 2)

The Foster Group's absolute CO_2 emissions in fiscal 2021 were 6% less than the previous fiscal year and 32% below the fiscal 2018 level, partly reflecting restrictions on production activities amid the COVID-19 pandemic. For Scope 3 emissions, the data can be found in the Data Table at the end of this report.



Water Risk Management

Each site manages water withdrawal and discharge by setting their standards based on local laws and regulations. The headquarters uses "AQUEDUCT", a water risk assessment tool of the World Resources Institute (WRI), to understand the local water risks at each site. Since 2020, we have been addressing water risks by including "Reduce water consumption" in the mid-term environmental plan.

External Communications

Decarbonization Management Promotion Network
We participate in the Decarbonization Management Promotion Network, which is part of the Program for Enhancing Corporate Value through Decarbonized Management being run by the Ministry of the Environment, as a target-setting member. (The following site is in Japanese.)
URL: https://www.env.go.jp/earth/ondanka/supply_chain/gvc/

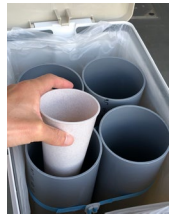
Japan Climate Initiative (JCI)
In 2020, we joined the Japan Climate Initiative (JCI) by agreeing to its declaration of "Joining the front line of the global push for decarbonization from Japan".
URL: https://japanclimate.org/

Chemical Substance Management

The Group has set forth its autonomous management standard, which reflects the applicable laws and regulations of countries, including the RoHS Directive and REACH regulations, and customers' requests for handling environmentally hazardous substances contained in its products to minimize their impact on the environment. We eliminate any controlled substances from our products by managing applicable parts and/or materials purchased. Based on the aforementioned scheme, we have established an optimum management system for the efficient search and collection of information about chemical substances that are contained in parts and materials and precise communication of information necessary in the supply chain.
In addition, to ensure communications of related information, we provide our suppliers with briefing meetings every year primarily at our overseas sites.

Environmental Consideration at Headquarters

Our headquarters employs environmental load reduction technologies such as lighting control by daytime sunlight, air conditioning by outside air, ice thermal storage air conditioning system, and double-skin facade. Electricity consumption is controlled further by limiting maximum power consumption during the day, promoting Cool Biz and Warm Biz campaigns, turning off all the lights in the building for lunch breaks, and having employees work from home in response to the COVID-19 pandemic. The headquarters strongly promotes active participation in climate control measures by procuring clean energy prior to the other sites in the Group. In addition, as part of ESG activities, we use reusable cups for beverages sold at the cafeteria. (Disposable plastics and paper cups have been abolished). This initiative was introduced in a special cable TV program on reuse business, which was presented by the Ministry of the Environment.



Reusable cup

Initiatives to Achieve Zero Waste Emissions

At headquarters we are engaged in the recycling of waste (waste that contains recyclable elements) through the sorting and separation of regular waste, plastics and industrial waste, together with comprehensive awareness raising activities.
Assembled products and parts are being recycled into raw materials through professional recycling, as part of our continuing activities aiming to achieve zero waste emissions from our business activities.


Recycled materials being carried out

Environmentally Friendly Products

Speakers

We are accelerating moves to develop basic technologies for next-generation speakers for eco-friendly vehicles and to introduce such technologies to commercial products.
[Development of lightweight speakers] We are developing on our own and productizing speakers incorporating technologies enabling lighter weight, by taking measures including optimization of resin and metal components, which are made with optimization design using CAE analysis, and studies of carbon fiber reinforced thermoplastics (CFRTP) as a new material. At present, we continue to develop element technologies for lightweight speakers, aiming to reduce the weight of 6.5" lightweight speaker, which is approx. 200 g, to 100 g or less by 2025.
[VOC reduction] As initiatives to reduce the volume of VOCs remaining at production sites and in the passenger cabins of vehicles, we have cut the use of organic solvent adhesives for bonding parts and drive the development and adoption for commercial products of an adhesive with a reduced solvent content. We are also committed to the development of bonding methods which do not use adhesives, such as ultrasonic welding.
[Reduction of CO_2 emissions] We are undertaking design development activities for reducing power consumed in manufacturing speakers to cut CO_2 emissions. We are making development efforts to achieve the medium-term CO_2 emissions reduction target, by improving and changing methods of bonding parts and by reducing the use of a drying furnace in stages.

* We will continue development and introduction with a target of achieving 30% as the ratio (to sales) of commercialized car speakers incorporating these environmental technologies.
  2021 result: 14%
  2025 target: 20% or higher
  2030 target: 30% or higher



Speakers developed with weight reduction technologies

Actuators

We proactively apply environmentally friendly design to haptic vibration actuator devices, which are a part of new user interfaces for CASE*, VR, AR, and other technologies. In consideration of VOC emissions, we have adopted adhesives that do not contain harmful solvents. To reduce the labor necessary to manufacture products, we have realized quick curing using UV radiation and pulse heat soldering. In addition, to reduce solder consumption, we have developed resistance welding, etc. and put it to practical use. We will maintain our status of using adhesives that 100% do not contain harmful solvents.



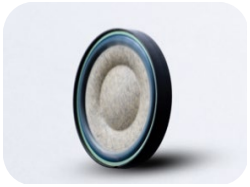
* CASE: Connected, Autonomous, Shared, Electric

Headphones and Headsets

For headphones and headsets, we have been active in incorporating environmental considerations in our product and/or process design. In reducing environmentally hazardous substances in our products, we address the most up-to-date information regarding country-specific legal requirements and the RoHS2, and propose to our customers. As a way of reducing waste volume, we have also been keen on minimizing waste materials, reusing raw materials by introducing new equipment, and developing products made of natural materials. For products with electronic circuits, we have adopted power-saving parts in our efforts to develop products with low power consumption.
For microspeakers used for headphones or headsets, we are working towards environmentally friendly product manufacturing by introducing adhesives that do not contain toluene for new microspeakers in order to reduce VOCs (replacing the parts that use solvent adhesives).

[Development target and result for toluene-free products]
- Target for 2025: The ratio of products using toluene-free adhesives to be 100% by 2025.
- FY2021 Result: The ratio of products using toluene-free adhesives: 44%

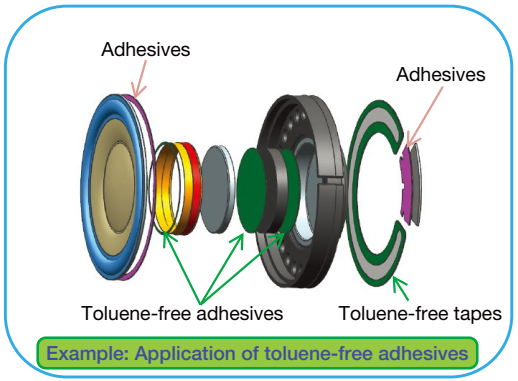
[Plans for achieving targets]
- Make confirmations based on requirements on the use of toluene in the development and design stage.
- Continue to study alternative adhesives to achieve 100% as the ratio of products using toluene-free adhesives.



Example: Environmentally friendly microspeaker
(microspeaker with a 35 mm diameter for headphones)



Example: Product developed by using power-saving parts
(Bluetooth wireless earphones)



Example: Application of toluene-free adhesives

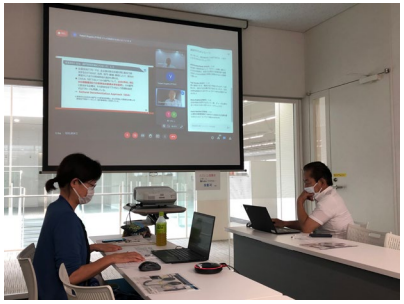
Environment Month Activities (Headquarters)

Environment Lecture Presentation

We invited an outside expert to speak on decarbonization management leading to corporate value to our officers, department heads, and group leaders (in the form of a Web conference). The lecture served as an opportunity to think about issues that we should address.

Other activities

We solicited photos of the immediate natural environment and environmental slogans, thus created catalysts to be in close contact with the natural environment and think about environmental initiatives from different positions.



Environment Lecture Presentation

Akishima City Cleanup Movement (Mini-Clean Activities)

We prepare an annual plan to carry out monthly mini-clean activities of clearing the footpaths and sidewalks around our headquarters. We are working towards the beautification of our local area (biodiversity protection), in which all departments including the members of the Environment Committee can participate. Although many of those activities were postponed or cancelled due to the COVID-19 pandemic, the annual number of participants increased by as much as 75% from the previous fiscal year, to 113 (participation rate: 22.3%). The total weight of waste increased to 37 kg. This fiscal year, we will also participate in the city cleanup movement of Akishima City.





Mini-clean activities

Environment Month Activities (Overseas)

China

We performed cleanup activities around each plant to raise employees' awareness on environmental protection.







City cleanup activities

Vietnam

We performed cleanup activities around each plant. We also undertook planting activities and provided environmental training, internally at each plant.



Internal training



Planting activities



City cleanup activities

Myanmar

We performed cleanup activities around the plant. We further performed planting activities and held an environmental competition to raise environmental awareness internally.



City cleanup activities



Planting activities



Environmental competition

Social

Sustainability Promotion in the Supply Chain

Driving sustainability activities is not limited within a company or group companies alone, but is to be managed by the entire supply chain including customers/suppliers. We are proactive in responding to sustainability-related requests from customers, driving sustainability activities within the Foster Group, and implementing responsible procurement activities for suppliers.

Customer Audit and Questionnaire

We respond to various sustainability-related requests from over 60 corporate customers. We have received a total of 2 CSR audits from 2 corporate customers from April 2021 through March 2022. In addition, we responded to a total of 38 sustainability-related surveys by 19 corporate customers in the past year. We will organize issues identified in this process, make improvements, and improve our sustainability initiatives further.
We would like to continue driving sustainability-based manufacturing to respond sincerely to sustainability-related requests.

Internal Audit on Sustainability

We conduct internal audit on sustainability to check the status of our sustainability activities and to maintain a sound framework for driving such activities. We conducted a total of 23 sustainability-related internal audits at target sites during April 2021 to March 2022. The standards and guidelines for these audits were based on local laws, in principle, and we also applied RBA code of conduct, RBA-VAP (Validated Assessment Program), ISO 14001, ISO 45001, SA8000, as well as customer standards.

Responsible Procurement

In our global expansion, we have developed the “Basic Principles of Procurement” for the supply chain, including ourselves and our suppliers, based on which we build fair and healthy relationships.

Basic Principles of Procurement

We will deal with all of our suppliers in good faith.

1. Compliance with laws and ordinances
   We will comply with the laws, ordinances and regulations in the countries and regions where we conduct business activities, and will conduct purchasing duties in accordance with social ethics. We will not accept any gifts or entertainment that violates laws or social ethics.
2. Fairness and impartiality
   We will keep our doors open and provide equal opportunities to all businesses, and will evaluate and select suppliers with impartiality based on reasonable criteria.
3. Sustainable procurement
   We will promote clean and green procurement based on the Foster Group Supplier Sustainability Code of Conduct.
4. Partnerships
   We will endeavor to deepen mutual understanding with our suppliers and build bonds of trust with them.
5. Confidentialit
   We will strictly manage confidential information that comes into our knowledge in doing business.

Clean Procurement

The Foster Group Code of Conduct for Staff stipulates that we shall comply with laws and internal rules related to entertainment and gifts to and from customers and suppliers, and prohibits us from providing and accepting profits in violation of such laws and rules. Specifically, we have set strict rules on transactions, including the provision and acceptance of money and coupons, acceptance of gifts, provision of goods as gifts, and provision and acceptance of entertainment.

Representatives and Structures

The Procurement Department belongs to the Production Division and performs activities under the head of the division (Executive Officer) as the representative. Each manufacturing site and business division has a procurement department. We are enhancing sustainability activities in cooperation with each manufacturing site and business division. We check the PDCA cycle, share future issues, and take appropriate actions at Sustainability Committee Meeting (held monthly), Global Procurement Meeting held by the representatives of the Procurement Department from all sites (held biannually), and the Supplier Procurement Conference, in which suppliers and our president and other directors participate (held once every two years).

Management System

We strive to trade with suppliers who not only provide excellent technologies, quality, delivery dates, and suchlike, but also take sustainability initiatives regarding human rights, labor, safety, the environment, compliance, information security, and others. We believe the Procurement Department’s promotion of sustainability to be an important business policy and conduct management review on a regular basis. Our suppliers conduct CSR self-assessments for us, and we include CSR requirements in the basic transaction agreements that we enter into with them. Further, we conduct CSR audits of our suppliers and request that they take corrective actions to improve based on the results of the CSR self-assessment and of the regular audits on quality (ISO, VDA, and IATF), the environment (hazardous substance management and ISO 14001), and CSR (status of CSR activities) and other evaluations regarding delivery dates, services, and other aspects of the relationships. We take measures to address the problem of conflict minerals that adhere to the OECD Conflict Minerals Due Diligence Guide.

Education

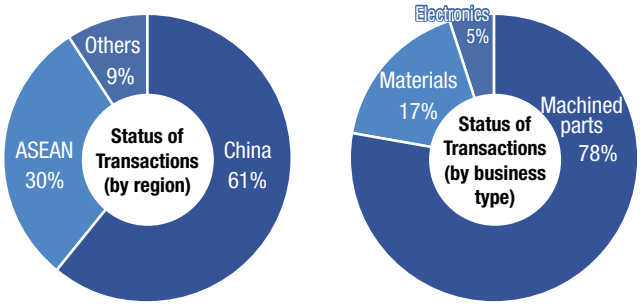
The Procurement Department implements an education and training plan covering an extensive choice of programs for acquiring a wide array of necessary skills, including ones on sustainability operations. In 2021, a total of 576 employees received training online in 92 courses, mainly those on overall sustainability matters, legal affairs (contracts and intellectual property), the environment (management of controlled substances, environmental measurement, and ISO 14001), quality (ISO, VDA, IATF), QMS, EMS (auditor training), the Subcontract Act, product technologies, and raw materials and components. These training courses are aimed at improving skills to solve problems at work sites. We provided the training for overseas sites by using a video conferencing system and LMS, thus developing human resources who will fulfill social responsibilities in procurement operations. Further, in 2021, we held an environmental briefing remotely for 400 people from all of our 257 supplier companies and informed them fully of controlled substances and regulatory requirements that have been added, the time when they would come into effect, and other matters.

Sustainable Procurement

To promote sustainable procurement activities, we established the Foster Group Supplier Sustainability Code of Conduct in 2016 and have been driving such activities since then. We first developed related internal rules and documents. In 2018, we started requesting suppliers to sign the agreement with the Foster Group Supplier Sustainability Code of Conduct, perform self-assessment, and take corrective actions. In 2020, we conducted SAQ (Self-Assessment Questionnaire) of approximately 250 suppliers, and where necessary, requested them to take corrective actions and performed on-site audit, in our efforts to build a sound supply chain. Moving forward, we will establish initiatives by working together with suppliers in identifying issues to address.

Overview of Our Supplier Partners

We trade with approximately 300 suppliers, 58% of which are in China. The machined parts industry accounts for 77% of all business sectors. We work on sustainability initiatives throughout the entire supply chain and drive responsible procurement activities with Group companies and suppliers.



Supplier Selection and Evaluation

The Foster Group sets the implementation of sustainability activities as a business condition when selecting suppliers. We ask new suppliers to agree to the Foster Group Supplier Sustainability Code of Conduct and reply to the SAQ (Self-Assessment Questionnaire). We conclude a basic transaction agreement containing CSR requirements with suppliers before starting trade with them. From among our existing suppliers, we identify important suppliers who together constitute the top 80% or so in terms of the amount of purchases in the previous fiscal year, with a focus on those from whom we purchase important raw materials or irreplaceable items, and ask them to reply to the SAQ. Based on the results of the SAQ, we conduct audits, give instructions on corrective and improvement actions, and provide educational activities for them.

Initiatives for Tier-2 and Lower-Tier Suppliers

Through our Tier-1 suppliers, we request that our Tier-2 and lower-tier suppliers comply with the Foster Group Supplier Sustainability Code of Conduct. Specific initiatives include requesting that Tier-1 suppliers distribute the Code of Conduct to their own suppliers and require that they comply with it, in addition to asking Tier-1 suppliers themselves to understand the Code of Conduct, share it internally, and conduct self-assessments to ensure their compliance with it.

CSR Self-Assessments and Supplier Audits

In fiscal 2018, we began having our suppliers conduct CSR self-assessments concerning their initiatives addressing human rights, labor, safety, the environment, compliance, and information security. Based on the results of the self-assessment, we visit suppliers to inspect their work sites and interview them as necessary. In fiscal 2021, we had approximately 250 suppliers conduct self-assessments. Based on their results, we audited six of the companies, which needed corrections, and audited two of them again to check if they have taken countermeasures. We created corrective action plans by sharing specific points needing improvement in the on-site audits and requested the suppliers to take corrective actions proactively. We will continue to request that suppliers conduct self-assessments regularly and take corrective action immediately if any problems are identified, in our efforts to build a sound supply chain.

Intra-Industry Collaboration (Engagement)

Since fiscal 2016, we have been a member of the Global Compact Network Japan (GCNJ), a network of the United Nations Global Compact (UNGC), and have engaged in the activities of the Supply Chain Subcommittee of the GCNJ. In this subcommittee, we have discussed the latest global supply chain trends, beyond the boundaries between industries, and the practical issues regarding sustainable procurement that are faced by each industry and company. We work on tasks such as the creation of deliverables for solving the above practical issues as well as the consideration and revision of CSR self-assessments, among others. In addition, because the numbers of minerals designated as conflict minerals are increasing, we participate in the Outreach Meeting hosted by the Responsible Business Alliance (RBA) and explanatory meetings on conflict minerals hosted by the Japan Electronics and Information Technology Industries Association (JEITA), to ensure that information is shared regarding the latest trends and to develop intra-industry collaborations that raise awareness in the supply chain and improve the efficiency of investigations into conflict minerals.

Supply Chain Subcommittee of the GCNJ

CSR Procurement Self-Assessment Tool Set

(The following site is in Japanese)

https://www.ungcjn.org/activities/topics/detail.php?id=357

Connecting with Our Business Partners in Environmental Burden Reduction

We have established the “Green Procurement Standard” for chemical substances contained in the procured parts, and connect with our business partners to reduce environmental burdens.

Responsible Minerals Sourcing

Illegal mining and smuggling of minerals by armed forces/groups in the Democratic Republic of the Congo, its surrounding countries, and high-risk regions not only provide a source of funding for these groups, but also lead to human-rights violation such as child labor, poor working conditions, environmental destruction, and other issues. In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act in the U.S. established in July 2010, we promote responsible minerals sourcing for the entire supply chain to fulfill social responsibility in procurement activities.

Our Approach to Due Diligence

We promote responsible minerals sourcing for the entire supply chain by communicating our policies to our business partners. We use standard investigation tools and materials as it requires cooperation from all the business partners including smelters. As for tools, we refer to Conflict Minerals Reporting Template (CMRT) issued by the Responsible Minerals Initiative (RMI). We also attend the inquiry briefings held by JEITA Responsible Minerals Trade Working Group and use investigation manuals/guidance commonly shared with automotive manufacturers and Japan Auto Parts Industries Association.

Conflict Minerals Investigations

In fiscal 2021, we achieved a 99% response rate for investigations into conflict minerals carried out on approximately 300 suppliers. We conducted risk analysis and evaluation from collected CMRT and requested further examination according to the risk levels by each supplier. Among the smelters that we identified, 80% have passed the conformant smelters audits (RMI). In fiscal 2018, we started investigating cobalt and mica according to the due diligence guidance by OECD. We will continue to conduct investigations for tantalum, tin, tungsten, and gold (3TG) because the refinery certification status continues changing for these minerals. If any sourcing of a mineral involving a risk is identified, we will take appropriate actions by working together with the supplier.

Conflict Minerals Policy

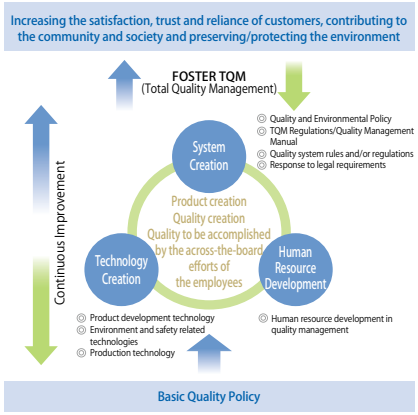
https://www.foster-electric.com/procurement/csr.html

Quality and Safety Assurance

The Foster Group is promoting and deploying quality assurance activities based on the FOSTER TQM (Total Quality Management).

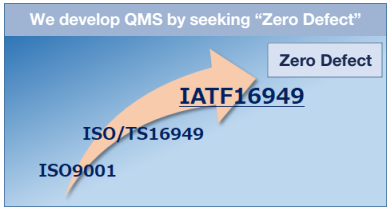
Our Quality Assurance Policies and Actions

Under our customer-focused philosophy, the Foster Group considers the delivery of safe, eco-friendly products of reliable quality by fulfilling customers' expectations and social requirements as the basics of our quality assurance.
In addition, under the Basic Quality Policy, we globally promote comprehensive quality assurance activities to ensure that our products are of high quality.
Safety, reliability, and management of environmentally hazardous substances are taken into account on our products and components at all times during the processes (product/process design, purchase, and manufacturing) supported by our high-level technologies.





TQM and QMS* at FOSTER



Our QMS is based on the development of quality assurance and management activities under its customer-focused philosophy.

- ▲ In 1975, we formulated the Total Quality Control (TQC) Regulations, which was upgraded to Total Quality Management (TQM) Regulations in May 2006.
- ▲ Since 1998, all the Group companies have successfully acquired the QS9000 certification (including ISO 9001: 1994).
- ▲ In 2004, all the Group companies successfully acquired the ISO/TS 16949 certification.
- ▲ In 2017, we switched to ISO 9001: 2015 and IATF 16949: 2016 standards company-wide and have continued to comply with them.

* QMS: Quality Management System

Global Quality Assurance Structure

The Group has developed global quality assurance systems, connecting the headquarters, overseas factories and sales companies to improve the quality of our products to be supplied worldwide.



Enhancing Quality Awareness and Developing Human Resources in Quality Management

We drive training in a company-wide manner for developing quality specialists in each job class. We have also made November the Quality Month and hold a variety of events by involving overseas sites to improve quality awareness.

■ Quality-related events held by involving overseas sites



- **Quality improvement case exhibition**
  We hold this exhibition online by collecting cases of quality-related improvement and know-how we should share from headquarters and all overseas sites, and summarizing them in documents and videos.
- **Quality lecture presentation**
  We have an activity of inviting a speaker from another company, selecting a quality-related theme which can be told as an attractive story, sharing our cases and problematic points with the speaker, and then enhancing employees' quality awareness through a comparison and discussion of contents and frameworks of activities.
- **Global QC Circle Convention**
  More than 100 circle teams are conducting activities at overseas sites under the theme of quality improvement. Among them, teams that won the QC Circle Convention at each factory give presentations of their achievements at the company-wide convention.

■ Developing quality specialists

We plan training on quality-related standard requirements and tools, which not only provides knowledge but also includes cases and key points for practical operations, thus driving the development of quality specialists with levels of skills that can be applied for practical operations and on site.

Holding the Global Quality Meeting (GQM)

At this meeting, senior management from headquarters and overseas factories and sales companies share priority measures and issues faced by each division and site and determine commitments for the next fiscal year, thus unifying the overall company's direction and awareness regarding quality.

Customer Satisfaction

Foster Group Sales Department

Policies

The Foster Group Sales Department mainly sells speakers and headphones for cars and audio devices.
To realize our vision “To make contributions for future society through acoustics”, we are working every day to create good sounds that can impress people across the world through our products and parts. One thing we must do to achieve this mission is to “create a customer”, as a wise person once said. (Needless to say, the creation of a customer can be achieved by continuously satisfying someone’s needs.) Based on this idea, we believe that customer satisfaction is the principle of all our activities.

Structure

We have sales offices in Japan (headquarters), the U.S., Europe, and other Asian countries/regions. This tetrapolar structure is the base of the framework that enables our flexible responses not only based on the local time and languages, but also a deep understanding of business customs and cultures. In addition, through personnel interchanges among regions, we have established a structure to develop global human resources as true cosmopolitans, regardless of where they were born, and deliver our quality sounds to people all over the world.

Activities

The current economies and corporate activities are connected around the world and do not stop. Through our tetrapolar structure described above, we have realized a 24-hour response system globally and are conducting activities to quickly respond to every customer.

Future Plan

- We provide our products in the fields of cars, entertainment, and communications and deliver happiness to people around the world through our sound.
- With new markets for cars, entertainment, and communications growing at an accelerated pace, with surrounding areas becoming involved, the markets are being integrated into a comprehensive lifestyle field. Under these circumstances, we strive to provide new products that meet changing needs and deliver greater satisfaction to customers around the world.

Fostex Company

Policies

The Fostex Company provides high quality products at appropriate prices to deliver an enriched and comfortable life to customers who purchase those products. In addition, the Company seeks to develop products that lead to the peace of mind and satisfaction of the customers who select and own them. In its after-sales services, the Company also pursues customer satisfaction by always promptly providing services from the customers’ perspective.

Structure

We always listen to our customers’ comments and seek what they need so that we offer products that our customers can use with satisfaction and peace of mind. As such, we have established a project promotion structure across our sales and technical units. In addition to the domestic market, we also understand global needs to develop products specific to each region.

Activities

We share information with the dealers who are constantly in contact with our customers and also make efforts to listen to as many customers’ voices as possible at exhibitions and trial listening events. As part of our educational activities for audio equipment, we offer lectures on working principles of speakers and speaker craft classes at universities or vocational schools.

Future Plan

We will continue to supply products of our trusted original brand, FOSTEX, to introduce our high technical competences and the high competitiveness of our products. In fiscal 2021, we will continue to develop products that can deliver greater listening pleasure to our customers through sound, focusing on the expansion of high-end full-range speakers, a strength of Fostex, and its peripheral devices such as power amplifiers.

Initiatives to Improve Employee Wellbeing

We are engaged in initiatives to improve diverse aspects of employee wellbeing, including as this relates to diversity, labor affairs, human resource development, and health and safety, so that every employee can work with enthusiasm in good physical and mental health balancing work and their personal lives using diverse workstyles.

Human Rights Protection

Policies

In 2003, we established the “Foster Group Corporate Action Guidelines” and the “Foster Group Code of Conduct for Staff”, which define our respect for human rights in compliance with all laws and regulations, international rules and their spirits and concepts. We have also requested our business partners in the value chain to show a similar respect for human rights. An outline is provided below.

Respect for Employees’ Humanity

Under our labor-management mutual trust and responsibility, we seek to create safe and work friendly worksites, aiming to help our employees enjoy comfortable and affluent lives. We also respect our employees’ human rights, personalities, individuality, and abilities. In addition, we do not support any form of forced labor and child labor.

Respect for Human Rights and Anti-discrimination

We do not engage in irrational discrimination based on birthplace, nationality, race, origin, creed, religion, gender, age, disability of various kinds, hobby, academic background, skin color, sexual preference, gender identity disorder, pregnancy, political belief, participation to associations, marital status, hometown, etc.
We do not conduct any actions that might lead to human rights violations such as violence, ridicule, defamation, slander, forcible working by threat, bondage (including by liabilities), human trafficking, or bullying.

Sexual Harassment

We do not engage in any act of sexual harassment or any act that could be misconstrued by others as sexual harassment.
We do not engage in any sexual speech or acts that are offensive to another person and prevent other persons from engaging in such acts.

Protection of Personal Information and Privacy

With respect to personal information and privacy, we only use the personal information for the work and control it strictly. We control it strictly in compliance with related laws and regulations, so that it will not be divulged outside the Company.

Worksite Health and Safety

We give priority to the provision of safety and health, endeavor to maintain a safe and healthy workplace environment, understand the laws and orders concerning work-related safety and health and comply with them. If any work-related disaster arises under any circumstance, Foster Group directors and staff strive to carry out the prescribed procedures such as the creation of an immediate report in order to minimize and prevent the recurrence of such accident in a reliable manner.

Compliance with Labor-related Laws

We comply with the labor-related laws and endeavor to maintain a comfortable and healthy workplace environment.
In order to ensure that the working conditions stay within the limit set forth in the "Labor Standards Act" and the related laws and regulations of each country, we strictly control working days and working hours. We do not force labor that compels excessive work or over-time work and so on.
Managers take into consideration the condition of the physical and mental health of subordinates at all times.

Activity Promotion Structure

We have established the Sustainability Committee and Compliance Committee to promote all relevant Foster Group initiatives.
In addition, we have established the Compliance Hotline and the Harassment Helpline as contacts for consultation and reporting and provide advice to various stakeholders.

1. Diversity

Policies

The Foster Group seeks to create systems and environments in which a diverse workforce of different genders, ages, nationalities and backgrounds as well as employees who work while raising children or providing nursing care can work actively according to their respective lives.
Through those activities, we aim to build a “Win-Win relationship between the company and its employees” and create synergies with the realization of enjoyable personal lives for each employee, the creation of new value, and improvement in the company’s creativity and competitiveness.

Activity Promotion Structure

We have established the Diversity Management Section as a special organization in the Human Resources Department and are involved in multifarious activities.

Main Activities (Headquarters)

<Supporting Employees Raising Children and Providing Nursing Care>

To promote a working environment where employees who are raising young children or providing nursing care can work at ease, we have improved our system to support the balance between work and child care or nursing care. Since April 2018, we have extended the childcare leave period to three years maximum and the nursing care leave period to 183 days maximum. We have also expanded the range of employees eligible for sick/injured childcare leave from the those stipulated by law to all who are raising children who are junior high school students or younger. In addition, we have signed a joint use agreement with company-led childcare centers, which offers preferred benefits such as the right to the early nursery applications.

<Promoting Women’s Active Participation>

By providing female employees with planned cultivation and supporting their career development, we are aiming to have female managers represent 30% of all managers by 2025.

<Educational Activities on Diversity>

We have set up a special website on diversity on our internal intranet, where we provide information to foster a better understanding of the fact that active participation of diverse human resources will lead to new value creation by the company. We also conduct awareness-raising activities for consciously eliminating unconscious prejudice and preconceptions (Unconscious Bias). In fiscal 2021, more than 90% of employees received training (e-learning) to increase knowledge about unconscious biases.

<Our Activities for LGBT (Sexual Minority)>

Currently, the Human Resources and Sustainability departments are carrying out activities to deepen understanding of LGBT and increase the number of allies (those who show understanding and support for LGBT people). In fiscal 2021, more than 90% of employees received training on LGBT issues (e-learning). The goal of the program was to change diversity into an organizational strength and increase employee understanding of LGBT issues.

<Promoting Student Internships>

We have accepted student interns since 2012. In addition to the work programs for learning acoustic technologies and sales activities, we provide a program for learning ESG, a program for experiencing speaker assembly, a program for planning new products, and various other courses. We have received positive feedback from the participants, who said that they were able to experience the sound development of Foster. In fiscal 2021, we hired interns online because of COVID-19, and 93 people participated in the internship program.

<Global Human Resource Employment>

The Foster Group employs a variety of human resources regardless of their nationalities, and is actively promoting international communications in the Group to cultivate human resources and enhance the functionalities.

* With our activities recognized as a company that leads diversity promotion to its management, we were selected as the “New Diversity Management Selections 100 (2017)” by the Ministry of Economy, Trade and Industry. We will continue to create a working environment that makes the most of the employees’ diversity with various backgrounds.

■ Website of the Ministry of Economy, Trade and Industry:
New Diversity Management Selections 100 (2017) Companies (The following site is in Japanese)
https://www.meti.go.jp/policy/economy/jinzai/diversity/kigyo100sen/practice/pdf/H29_diversity_ichiran.pdf

Best Practices in Fiscal 2017 (The following site is in Japanese)
https://www.meti.go.jp/policy/economy/jinzai/diversity/kigyo100sen/practice/pdf/H29_diversity_bestpractice.pdf

Future Plan

- Female manager ratio (at headquarters): To increase the ratio to 30% by 2025.
- Ratio of overseas human resources (at headquarters): To increase the ratio to 30% by 2025.
- Employment rate of persons with disabilities (at headquarters): To keep the rate above the mandatory rate required by law.
- Displaced worker for nursing care (at headquarters): To maintain 0% for displaced worker due to nursing care and enhance the nursing care leave system.

2. Labor (Labor Practices and Decent Work)

Policies

We put a high value on creating an environment in which each employee can grow through work and display their capabilities in a rewarding work. To realize this, we believe it is important to create a “workfriendly” environment where employees with various backgrounds support each other spontaneously through daily communications and give ideas to each other. Under labor-management trust and mutual cooperation, we seek to create an organizational culture and develop various institutions, aiming to create an environment where employees with various lifestyles and aspirations can work in the style that suits their situation.

Activity Promotion Structure

In addition to the promotion activities led by the Diversity Management Section, we have established the innovative working style project, which is involved in a wide range of activities with cooperation between labor and management.

Main Activities (Headquarters)

<Work-Style Reforms>

Since September 2016, we have established the systems and culture that satisfy a variety of work-style to promote diversity and realize a work-life balance. In fiscal 2017, we applied the flex time system to all employees and introduced the work-at-home program. As for the work-at-home program, we introduced it at full scale without limiting the targets, and were selected as one of the “Top 100 Telework Pioneers” by the Ministry of Internal Affairs and Communications for its telework initiatives in 2018. In fiscal 2020, we took the opportunity of our 70th anniversary to reduce scheduled working hours per day by 15 minutes, to 7 hours and 30 minutes. At the same time, we enabled all employees to work using the flex time system without core time. We have engaged in creating a work environment where employees can work flexibly to suit their lifestyles regardless of "time" or "place" by utilizing ICT. In fiscal 2021, we eliminated distance constraints to give employees more freedom to choose their place of residence. We will continue to work on work-style reform to become a company that can offer a more desirable work environment and fulfilling career.

<Removal of Ban on Second Jobs>

On September 1, 2020, we removed the ban on second jobs. This reflects our belief that a wide variety of experience gained outside the company will increase opportunities to demonstrate one's capabilities in new domains and achieve personal development, thus helping to increase the breadth and depth of career development of individuals. At present, more than ten employees have second jobs.

<Enhancement of the Leave System and the Leave of Absence System>

In October 2020, we officially introduced an hourly paid leave system, which utilizes unused paid leave, in addition to the volunteer leave system and systems that grant a leave of absence to employees desiring to pursue further education and those who desire to accompany their spouses on overseas assignment. We have also increased the maximum number of days of such unused paid leave from 20 to 22 and increased the purposes for which use of the hourly paid leave is permitted, so that it can be used for nursing care of families as well.

<Health Enhancement>

Mental and physical health is essential for employees to feel job satisfaction and have a fulfilling career. We position employees' health as an important management issue and are taking various initiatives.

To raise the awareness of enhancement of employees' health, we implement the "Health Point System," in which we give points and provide health incentives to employees. In fiscal 2021, we held online seminars about health problems specific to women and training (e-learning) for the acquisition of basic knowledge about mental health issues. More than 80% of employees participated in these seminars.

Our initiatives for improving employee health were evaluated and we received a "Certification of Excellent Company in Health: Gold Accreditation" from the Tokyo Promotion Council for Healthy Company Declaration in December 2018. (This certification was renewed on January 1, 2022.) In addition, in March 2022, we received recognition for a certified "Health & Productivity Management Outstanding Organization (Large Enterprise Category)" by the Ministry of Economy, Trade and Industry.

健康優良企業
Certification Number: 10-(3)

2022
健康経営優良法人
Health and productivity

Future Plan

Target for fiscal 2022:

- Total working hours (at headquarters): Average 153 hours or less per month
- Rate of periodic health examinations taken (at headquarters): Maintain 100%, and achieve 80% for re-examination rate
- Rate of specific health guidance taken (at headquarters): 80%

3. Human Resources Development

Policies

Our human resource development is based on "continuous performance by linking various personnel systems with individual development goals determined by mid/long term business strategy and individual personality (strength/ weakness)". The ideal for human resource development is as follows:

- Personnel who embody our corporate philosophies and corporate creed through their duties and who have a "strong will" and "activity" to work toward their realization.
- Personnel who do not remain complacent about the current situation but utilize every opportunity to improve their own abilities and grow with ingenious attempts and efforts.
- Professional personnel who use their expertise to play a key part in strategy formulation and implementation and who can create value continuously.
- Self-directing personnel who are conscious about their expected and assigned roles and missions and who can take responsibility for their own actions and results.

Activity Promotion Structure

Those human resource development measures are driven mainly by the Human Resources Department. In addition, through the "Foster Rhythm Project," which introduces our corporate philosophy penetration activities globally, we are striving to develop human resources who can embody those corporate philosophies and create a lively organizational environment.

Main Activities, Measures, and Development

- To promote philosophy-focused management (Way Management), enhance the power of human resources and organization, and transform the organization, the Foster Group developed the action guidelines by redefining “the ideal company”. We summarized those into the “Foster Rhythm Guidebook” and “Foster Rhythm Card” and distributed them to our employees across the world. We are also continually providing workshops and various kinds of education programs.
- As part of our long-term strategies of developing managerial personnel with a view to becoming a centennial company in 2049, we implement the Global Leadership Development Program (GLDP) to foster reform-minded human resources for the next and future generations globally. GLDP is a program where we select three different talent categories based on the job and experience levels—Next Leaders, Future Leaders and Rising Suns—and implement the most suitable talent development according to each category.
- We make use of new employee training, training for newly promoted employees, manager training, lectures by senior management, and other opportunities to improve inter-cultural communication skills, promote diversity, and foster and enhance the global mind of our employees. We have also introduced the Global-eye Program, a overseas training program for young employees, to promote the planned and continuous development of the next-generation of global leaders.
- Since April 2018, we have introduced a new personnel system (personnel system with multiple courses) aiming to make the transition to a more flexible personnel system with a wider range of selections according to each employee’s career plan, life stage, and work-life balance. At the same time, we are also working to promote the development of engineers by providing life career design training and introducing the “Technical Master System”.
- To promote localization of overseas site management, we are also actively working on the development of the local managing staff at each site. Specifically, we ran the Global Leader’s Training and facilitated human resources exchange by the Overseas Trainee Program and the international employee reassignment within Group companies, etc. to develop human resources globally.

Future Plan

- Formulating the Personnel Grand Design by viewing recruitment, development, utilization, assessment, and treatment organically and in an integrated manner, and building a Personnel Framework that enables every employee to demonstrate their capabilities with pride and job satisfaction
- Promoting human resource development aimed at forming a solid foundation of human resources to be the next-generation leaders of Foster
- Realizing a portfolio of diverse human resources by eliminating every form of discrimination based on age, gender, nationality, creed, or other attributes, based on the belief that a truly diverse and inclusive organization enables high productivity
- Promoting true work-style reforms by offering diverse options to cater to the career-planning and work style needs of each one employee
- Establishing a corporate climate which enables all employees to feel pride as a professional and the pleasure of working for Foster and to positively impact on all the stakeholders

4. Safety and health

Policies

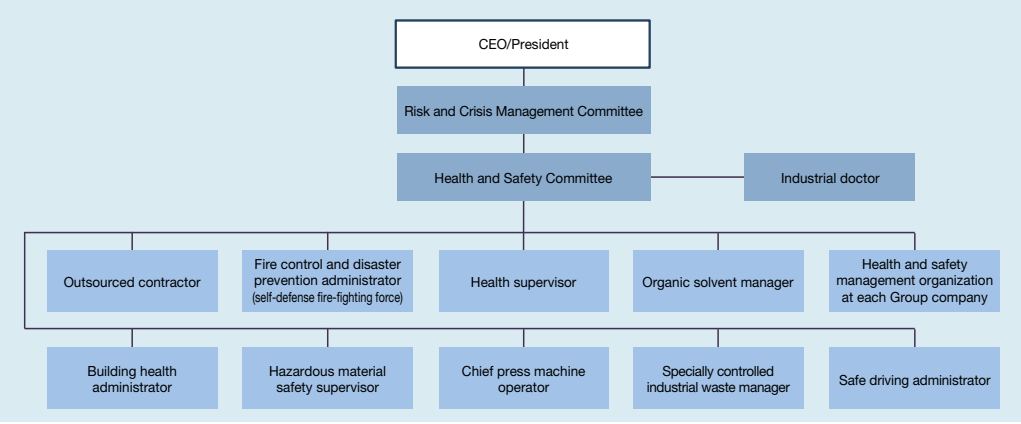
Foster Electric has established a rule to prioritize health and safety, and endeavors to create a safe and healthy working environment. Based on this rule, we are advancing redressing activities, which are carried out mainly by the Health and Safety Committee that governs health and safety, and the health and safety management organizations at respective sites.

Abstract from the “Code of Conduct”

1. Understand laws and orders concerning work-related safety and health and comply with them. And minimize and prevent a recurrence of an accident in a reliable manner.
2. Employee exposure to potential safety hazards is to be controlled through the proper design, engineering and administrative controls, preventative maintenance and safe work procedures.
3. Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness.
4. Employee exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled.
5. Employee exposure to the hazards of physically demanding tasks is to be identified, evaluated and controlled.
6. Production and other machinery is to be evaluated for safety hazards.
7. Employees are to be provided with ready access to clean toilet facilities, canteen with suitable drinking and eating environment.

Activity Promotion Structure

The health and safety activities carried out by Foster Electric are operated by the Health and Safety Committee at headquarters in cooperation with industrial doctors, under the supervision of its upper-level organization, the Risk and Crisis Management Committee. By sharing information among the health and safety management organizations at each site, the Group is working as one to create an appropriate working environment.



Main Activities

Every year, we implement health and safety education, which is the basis of occupational activities. Further we tackle “group-wide issues” based around the Risk and Crisis Management Committee at headquarters. As part of the activities based on the “Health and Safety Management Regulations”, the health and safety management organization, which consists of representative workers and management, discusses site specific issues, legal inspection, risk assessment, and so on at each site to prevent accidents and eliminate risks.

With regard to the group-wide issues, we take initiatives to resolve occupational health and safety issues for all employees based on the “Foster Group Corporate Action Guidelines” and the “Foster Group Code of Conduct for Staff”. This year, the Health and Safety Committee took the lead to implement prevention measures to cope with threats from COVID-19 as they did last year. The headquarters continued to work on the plan based on the policy of the Health and Safety Committee, “Globally reduce risks and make provisions against the occurrence of crises”, as an initiative to address individual issues. This includes the distribution of a video instructing easy stretching exercises that can be done at home and provision of instructions on healthy diet in the form of e-learning, which are aimed at supporting health management by employees working remotely in the COVID-19 pandemic, as well as actions to reduce the use of VOCs from the product development stage and activities to promote good health among all employees. These initiatives were evaluated and we received “Certification of Excellent Company in Health: Gold Accreditation” from the Tokyo Promotion Council for Healthy Company Declaration in December 2018, which was later renewed on January 1, 2022.

Measures to Tackle COVID-19

We took thorough measures to prevent the spread of COVID-19 infections, including basic measures at our manufacturing sites (such as body temperature checks, wearing masks, hand washing, and sterilization), the promotion of vaccination, and testing. We will maintain a safe, secure production system. At our development facilities, including headquarters, we will continue to effectively use the work-from-home system, treat time taken off for vaccination as work hours, and prohibit conversation during meals. Thus, we will continue striving to reduce the risk of infections to keep our development efforts unaffected.



Bicycle Safety

Our employees' safe use of bicycles and our traffic accident prevention activities were evaluated by the Japan Traffic Management Technology Association, and we were certified as a Model Company for National Bicycle Safety in February 2017, with our activities being seen as making us a role model. The certification was again renewed this year in recognition of our continuing activities.



Model Company for Bicycle Safety plaque

Initiatives at Overseas Sites

We improve health and safety related matters through the Management Systems.

The Bac Ninh Plant in Vietnam and the Panyu and Heyuan Plants in China obtained ISO 45001 certification in 2019. The plants have continued to renew their certification since then. In 2022, the Binh Duong Plant in Vietnam also obtained this certification.

Future Plan

We will examine our global BCP structure by assuming disasters affecting our overseas plants, enhancing the management of our fire protection framework, and pushing forward with the development of systems for responding flexibly to a range of risks such as COVID-19, and the Health and Safety Committee will continue to promote information sharing.

Social Contribution

Policies

With our mission “Through acoustic products or its solutions, a total commitment to help create a comfortable life and pleasure of communication around the world. A truly global enterprise our future society counts on.”, the Foster Group will seek to earn greater trust from the community through business activities in which we evolve together with local residents.

Code of Conduct

We actively participate in social contribution activities as a good corporate citizen to contribute to the development of society. We continuously perform social contribution activities such as support for culture and the arts, cooperation with local communities, participation in volunteer activities and contributions to international communities to play the role of a corporate citizen.

Main Activities《Headquarters》

<Communicating with the Local Community>

Since April, 2014, we have had the naming rights contract with Akishima City regarding Akishima Community Hall, which is known locally as KOTORI Hall by the citizens of Akishima City. We will continue to pursue activities to win the affection of the local community.

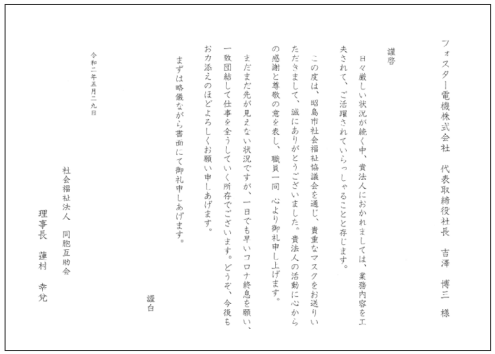




We continued to participate in Akishima City’s Environmentally Friendly Business Operator Network, which carries out environmental activities with businesses in the city, as a lead member. However, various annual events hosted by this organization were again cancelled this year due to the COVID-19 pandemic.

In addition, Foster is promoting activities to enable people to encounter local traditional cultures through Akishima Showa No Mori Organization and Akishima Tourism & City Planning Association, in which we participate. Foster is also deepening communications with the local community through efforts such as cooperation with the Akishima Location Service to engage in activities for revitalizing the local area. In the field of welfare, we have continued to make donations to the Social Welfare Council.

In May 2020, we donated nonwoven fabric masks and received a certificate of gratitude for this activity.



謹啓

日々厳しい状況が続く中、貴法人におかれましては、業務内容を工夫されて、ご活躍されていらっしゃることと存じます。

この度は、昭島市社会福祉協議会を通じ、貴重なマスクをお送りいただきまして、誠にありがとうございました。貴法人の活動に心からの感謝と尊敬の意を表し、職員一同、心より御礼申し上げます。

まだまだ先が見えない状況ですが、一日でも早いコロナ終息を願い、一致団結して仕事を全うしていく所存でございます。どうぞ、今後もお力添えのほどよろしくお願い申しあげます。

まずは略儀ながら書中にて御礼申しあげます。

謹白

令和二年五月二九日

社会福祉法人　同胞互助会

理事長　藤村　幸光

フォスター電機株式会社　代表取締役社長　吉澤　博二　様

In addition, in Ukraine, battles have intensified in various areas resulting in civilian casualties and damage to infrastructure. Many citizens of the country have been forced to evacuate to surrounding countries. To provide support for people in this situation, we worked to raise funds internally and donate them to the Japan Red Cross Society's relief fund for people affected by the humanitarian crisis in Ukraine.

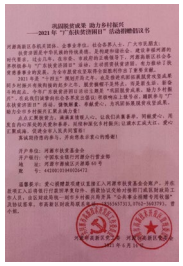
Main Activities《Overseas sites》

Foster Group's overseas sites provide active support for regional volunteering and donation activities, activities to support victims and those who are economically disadvantaged, and other initiatives each year.

China

June 2021: Our employees made a donation on Poverty Eradication Day in Guangdong Province.





July 2021: Our employee volunteers participated in a blood donation program implemented at the Cultural Center in Panyu District, Guangzhou City.



August 2021: Our employee volunteers participated in a blood donation program implemented at the Central Blood Donation Station in Heyuan City.





March 2022: We sent sympathy money to employees suffering from diseases and former employees' bereaved families facing financial difficulties.





Korea

September 2021 and January 2022: Charity funds for neighbors raised by officers and employees of ESTec Corporation, a Group company in South Korea, were donated to those in need of support in Yangsan City through the inhabitant life support office of the city government.





April 2021: We raised funds to donate to the Gyeongnam branch of the Republic of Korea National Red Cross, in support of the fund for sharing hope to strengthen the safety nets of local communities.



Vietnam

January 2022: We made donations for local people facing financial difficulties from Cam Le district and Hòa Vang district of Da Nang.



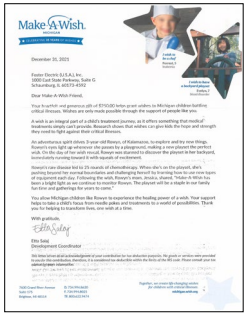






United States

December 2021: Every year, we raise funds and donate them to Make-A-Wish Michigan, which engages in activities to make the dreams of children fighting critical illnesses come true.



Governance

Corporate Governance

Policies

To maximize our corporate and shareholder values, we recognize the importance of establishing a fair and sound corporate management system and a managerial structure that enables quick and accurate decision making to accommodate an ever-changing business environment, and the execution of legitimate and appropriate business operations. To that end, we are currently working to improve and enhance our approach to corporate governance.

Corporate Governance Structure

Board of Directors

The Board of Directors meetings are held regularly on a monthly basis, in principle, and whenever necessary to discuss and decide important agenda items and the execution of important business concerning the Group's management policies and strategies. It also supervises the management from an independent and objective standpoint.

Board of Managing Directors

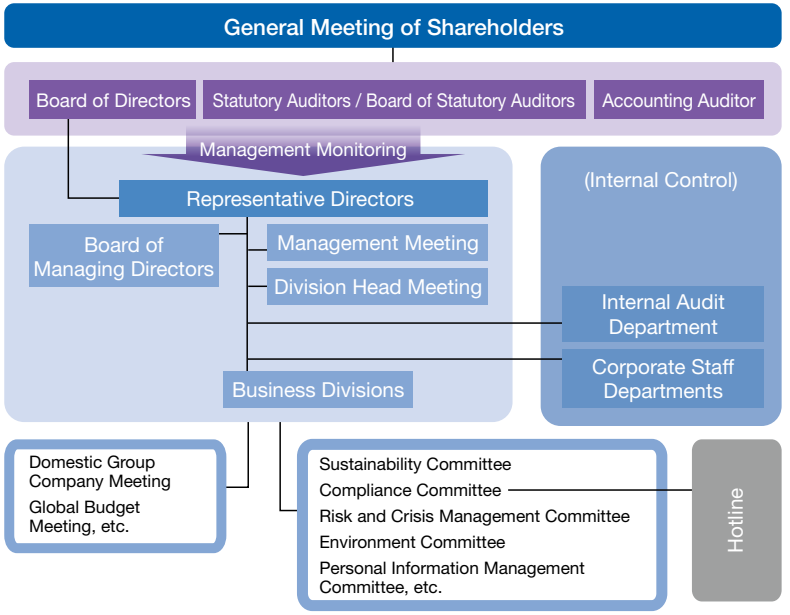
The Board of Managing Directors mainly consists of representative directors, managing directors, executive directors, senior executive officers and statutory auditor. They hold discussions at the meetings before making decisions on the execution of business operations.

Management Meeting, etc.

Mainly comprising the president and the head of the Company's business divisions (including those who serve concurrently as director or executive officer), the Management Meetings and the Division Head Meetings are held to report and discuss matters concerning the execution of businesses at the business divisions, in order to expedite decision making processes and ensure that unified decisions are reached. On a Group-wide level, twice a year, in order to facilitate consolidated management within the Group, the Domestic Group Company Meeting is held by the top executives responsible for the management of the domestic Group companies; the Global Budget Meeting is held by the top executives of the overseas Group companies to discuss their budgets; and the Global Strategy Meeting is held to discuss global strategies with regard to sales, technology, quality control and manufacturing. Through these meetings, we share and reaffirm the direction in which the entire Foster Group is heading, and reinforce collaborative efforts within the Group.

Nominating Committee and Remuneration Committee

The Company has established Nominating and Remuneration committees as advisory organizations offering voluntary advice to the Board of Directors. These committees are designed to enhance fairness and transparency in selecting and appointing people to managerial positions, and in determining the details of their remuneration, etc. The Nominating Committee consists of representative directors, managing directors, directors, standing statutory auditor, and statutory auditors, including independent officers (currently a total of six members). The Remuneration Committee consists of representative directors, managing directors, and directors, including independent officers (currently a total of five members, with attendance of the standing statutory auditor). Chairperson and vice chairperson are selected from independent directors for both of these committees.



Corporate Governance Guidelines

The Foster Group has established Corporate Governance Guidelines that express our basic way of thinking and framework with regard to corporate governance. (The following site is in Japanese)
https://www.foster.co.jp/csr/governance/pdf/corporate_governance_guidelines.pdf

Corporate Governance Report

The Foster Group publishes a report that describes the concept and structure of our corporate governance in accordance with the regulations of the Japanese stock exchange.

Foster Group Corporate Action Guidelines

The Foster Group has established Corporate Action Guidelines that express our actions with public decency in compliance with laws and regulations inside and outside Japan, international rules, and their spirit and intent as well as corporate ethics.

■ Foster Group Corporate Action Guidelines:
https://www.foster-electric.com/csr/governance/pdf/corporate_action_guideline.pdf

Compliance

Policies

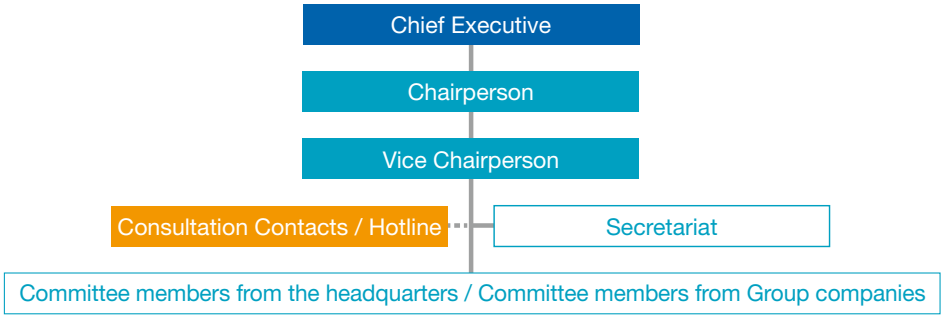
The Foster Group emphasizes compliance (with laws, regulations and corporate ethics) as a core element of its CSR philosophy and promotes a compliance program—setting internal rules and building a structure for management—to all Group companies.

Compliance Structure

The Foster Group places emphasis on the internal whistleblowing system to promote compliance.
Such system is under operation through the “Compliance Hotline” and “Harassment Helpline” that connects whistleblowers to external corporate lawyers available for 24 hours by email. Internally, the highly independent internal audit office and HR representative act as a window to early detect violations of compliance. The whistleblowing hotline is extensively available to employees and officers of the entire Group as well as to their families and the employees of business associates. We also hold briefings on the Compliance Hotline and Harassment Helpline for employees, to ensure that they are fully informed of the internal whistleblowing system.
For the protection of whistleblowers, the internal reporting regulations are established and disseminated to ensure that they are treated fairly or not involved in any trouble as a result of the their actions.

Organization of the Compliance Committee

(The same applies to the Risk and Crisis Management Committee)



Compliance Committee

The Foster Group’s compliance programs are led by the Compliance Committee with the president as a chief executive.
In fiscal 2021, we conducted a compliance test and a questionnaire on overall compliance matters, including the “Foster Group Code of Conduct for Staff”. We also gave all employees online compliance training related to contracts, the Subcontract Act, secret management, and export management and took other measures in our efforts to raise their awareness of compliance.

Future Plan

The Foster Group will continue to promote activities such as the enrichment of internal trainings and provision of information on related laws and regulations, which are led by the Compliance Committee, established based on the “Foster Group Code of Conduct for Staff”, to enhance and improve the compliance structure.

Risk Management

Policies

The Foster Group is focused on predicting risks and taking preventive measures so that such risks will not materialize. They also focus on minimizing damage to the Company should a risk develop and materialize, resulting in the occurrence of danger. Specifically, we are working to make the risk control matrix (RCM) framework more sophisticated and to reinforce our structure for managing and sharing information under the basic operating policy of "being prepared for forward-looking risk and crisis management."

Risk Management Structure

As the foundations for the Foster Group’s risk management structure, we have established the “Rules on Risk and Crisis Management” and the Risk and Crisis Management Committee with the president as the chairman to identify risks using a checklist, analyze such risks and promote preventive measures on a Group-wide basis.
In the event of any incidents or accidents, we will set up a task force, mainly consisting of the Risk and Crisis Management Committee members, and take prompt measures to minimize damage, ensuring restoration of the original state as early as possible and preventing any recurrences.

Risk and Crisis Management Committee

The Committee identifies and evaluates risks based on the result of risk reexamination conducted by respective department each year. From among those risks, the Committee selects important risk items that it needs to control. Specific measures which have been taken to address such risk items are monitored through regular meetings of the Committee, which are held every three months. The risk evaluation result is also referenced during the business policy planning. The Committee reports the status of its operation, risks faced by the Group, and measures that have been taken to tackle those risks to the Board of Directors as appropriate. The Board of Directors fulfills its function of supervising risk management, such as by giving advice and instructions based on specialized knowledge of outside officers. Our important risk items that were reviewed in fiscal 2021 included suppliers' business continuity management, increase in ocean freight cost, BCP structure building, and information security management system.
The Risk and Crisis Management Committee held weekly meetings, separately from its regular meetings, because the future of the economy remained uncertain due to factors including the spread of the highly infectious COVID-19 variant, lockdowns in Vietnam and China, and the rising tensions in Ukraine. At the weekly meetings of the Committee, departments and sites collected and shared customer information, supplier information, and other information, identified top risks from among various materialized risks, and clarified the responsible department and action policy for each of such risks, thus handling them in an appropriate, timely, flexible manner.

Future Plan

In addition to monitoring important risk items at its regular meetings, the Risk and Crisis Management Committee will continue to meet every week and update the top risks as needed, thus reinforcing the structure for immediate response amid the growing uncertainty. In addition, in operating this Committee, we will conduct forward-looking risk communication, improve risk analysis capability, create more sophisticated frameworks for optimizing RCM, identifying residual risks, and others, and take other measures to strengthen the risk management system.

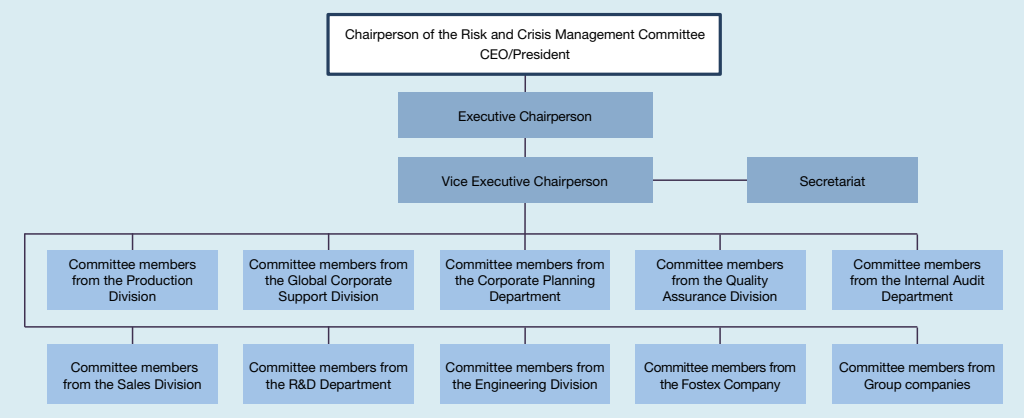
Business Continuity Plan (BCP)

Policies

The Foster Group is taking steps to prevent and avoid various business risks and crises as risk/ crisis control and to minimize the damage to the Company and avoid inconvenience to customers should a risk occur or be embodied, with the highest priority given to preventing the recurrence of risks/crises.

Activity Promotion Structure

The Foster Group promotes business continuity through the function recovery activities undertaken by each function department of headquarters and through collaboration with the task forces at each site in accordance with the decisions made by the Risk and Crisis Management Committee consisting of its senior management.



Main Activities and Measures

Operation of the Emergency-Contact Network (Safety Confirmation System)

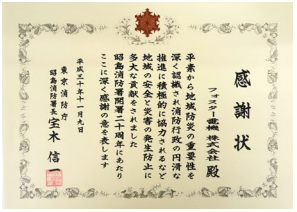
To keep the headquarters functional in the event of an earthquake, disaster, or other emergency, the Foster Group has introduced a safety confirmation system using mobile phones that allow headquarters to issue an emergency notice to confirm the safety of its employees and their families and ensure prompt initial response.

Disaster-Prevention Activities

Our daily disaster prevention activities and regional disaster prevention activities were recognized, and we received a letter of gratitude from the Akishima Fire Department. In future, we will continue to work to be a company that is needed in the community. In October, we gave initial response training to the headquarters' task force by assuming the Tokyo Inland Earthquake in Japan. We will make improvements based on problems found through this training, as part of our efforts to enhance our business continuity plan.



A letter of gratitude for our fire prevention and life safety measures



Certificate of gratitude for regional safety and disaster prevention

Enhancing Measures to Tackle COVID-19

At overseas manufacturing sites, we continue to take basic measures -- that is, body temperature checks, hand washing, sterilization, and use of masks -- and drive vaccination and testing to control the spread of infection thoroughly. We will maintain a safe, secure production system.





Our measures to tackle COVID-19 (Myanmar and Vietnam)

Disaster Drills at Overseas Sites

The Foster Group appoints a person in charge of BCP for each overseas site, and implements disaster drills on a regular basis to improve our employees' awareness of disaster prevention.





Evacuation drill and firefighting drill (China)



A training session on fire prevention equipment (Myanmar)

Future Plan

In addition to drawing up and executing a business continuity plan (BCP) to tackle the threat of COVID-19, which has yet to show a sign of abating, we will aim to build a BCP system that will allow us to respond flexibly even to such an international emergency. We will aim to be a company which is trusted and seen as reliable by our stakeholders.

Our Stance on Tax Matters

Basic Stance

The Foster Group works to maintain and improve tax compliance and perform proper filing and payment of taxes in accordance with the local tax-related laws and international rules based on its business and sustainable development strategies.

Governance

The Foster Group has established the global tax department within the Finance and Accounting Department of the Global Corporate Support Division at headquarters, so as to manage and monitor tax risks. Critical issues are reported to the top management including Board of Directors for their directions.

Dealings Between Affiliated Companies

The Foster Group determines prices for dealings between its affiliated companies based on the principles of pricing between independent companies.

Relationship with Tax Authorities

The Foster Group works to reduce tax uncertainty by responding in good faith to information disclosure to tax authorities. In addition, it uses the Advance Pricing Agreement (APA) to obtain prior agreement with tax authorities.

Transparency

The Foster Group prepares and discloses its financial statements in compliance with the Financial Instruments and Exchange Act and related laws. It also discloses tax information in the financial statements based on the related laws and regulations.

The Group also understands OECD's initiatives related to the BEPS (Base Erosion and Profit Shifting) 1.0 to address the aggressive tax planning and responds appropriately to documentation obligation and suchlike.

It also watches for and will respond appropriately to moves to revise the taxation system based on BEPS 2.0, which requires countries to introduce new taxation rules such as the minimum tax rate system.

Information Security and Personal Information Protection

Policies

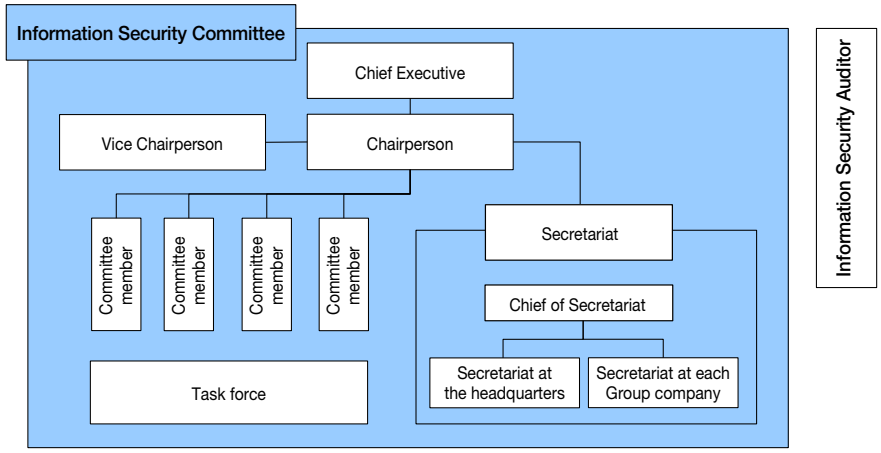
We recognize the importance of securing the trust of our customers, suppliers, shareholders, employees and other stakeholders based on our corporate creed of “Sincerity." We also understand that appropriate management of information assets is an important part of the management agenda.
To appropriately protect and handle the information assets possessed by the Group, we define the information security policies as follows:

- Information security management system
- Development of internal regulations regarding information security
- Implementation of information security measures
- Provision of information security education
- Implementation of continuous improvement activities

■ Information Security Policies:
https://www.foster-electric.com/security/index.html

Activity Promotion Structure

For protection and appropriate management of all information assets possessed by the Group, it has established the Information Security Committee, which mainly consists of management, to maintain the system for understanding the management status of information security and prompt implementation of required security measures according to the risk analysis results.



Main Activities and Measures

The Group takes appropriate measures as organizational, human, physical and technical safety management initiatives against security threats, which change daily, to prevent unauthorized access, damage, leakage, falsification and other accidents involving information assets.

Mid-term Plan

- Penetration of the infrastructure for information protection and management on a global basis.
- Conduct of risk analyses and plan of concrete preventive measures based on the Business Continuity Plans (BCPs).
- Assurance of the awareness of the information security policies and respective regulations

External Recognition

[Japan]

New Diversity Management Selection 100 (fiscal 2017)
March 2018: Recognized for our activities to promote diversity and achieve work-life balance, we were selected as one of the winners of the New Diversity Management Selection 100 (fiscal 2017) by the Ministry of Economy, Trade and Industry.

Top 100 Telework Pioneers (fiscal 2018)
November 2018: To realize a flexible workstyle using ICT that fits individuals' lifestyles and is free from restrictions such as time and place, we have introduced the work-at-home program and implemented initiatives to establish the environment. Evaluated for such activities, we were selected as one of the winners of the Top 100 Telework Pioneers (fiscal 2018) by the Ministry of Internal Affairs and Communications.

"Kurumin" Certification (obtained in 2021)
January 2021: We have been working to enhance programs for helping employees balance work and family life. These efforts are aimed at creating an environment where employees with small children can work with peace of mind, in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children. Because of these initiatives, we were granted the "Kurumin" Certification by the Minister of Health, Labour and Welfare in January 2021, recognized as a company supporting childcare. We received this certification for the second time following 2014.

2022 Health & Productivity Management Outstanding Organization (Large Enterprise Category)
March 2022: Recognized for our initiatives that consider employee's health from the management perspective and practice it strategically, we were certified as one of the winners of the 2022 Health & Productivity Management Outstanding Organizations (Large Enterprise Category) by the Ministry of Economy, Trade and Industry and Japan Health Council.
We were certified for the third time following 2020 and 2021. (Certified as White 500 in 2019)

Certification of Excellent Company in Health: Gold Accreditation
January 2022: Highly evaluated for our active initiatives to realize health and productivity management, we received the Certification of Excellent Company in Health: Gold Accreditation from the Tokyo Promotion Council for Healthy Company Declaration in December 2018. The certification was renewed again in 2022, following 2021.

Selected as a constituent of S&P/JPX Carbon Efficient Index
We have been selected as a constituent of the S&P/JPX Carbon Efficient Index (evaluated based on the disclosure status and results of CO_2 emissions data), an ESG index which was adopted by the Government Pension Investment Fund (GPIF) in 2018.

Selected as a constituent of SOMPO Sustainability Index (fiscal 2021)
March 2022: We have been selected as a constituent of the SOMPO Sustainability Index, which is operated by Sompo Asset Management Co., Ltd., for the sixth consecutive year. The index places weight on the ESG evaluation by rating firms.

[Overseas sites]

Global

Selected as a constituent of FTSE Blossom Japan Index
June 2021: In recognition of our excellent environmental, social and governance (ESG) practices, we were selected for the first time as a constituent of FTSE Blossom Japan Index, an ESG investment index created by FTSE Russell, which is a global index provider. This index provides a performance benchmark and tool for the creation of index-tracking investments, financial instruments or fund products focused on sustainable investment.
Details of the FTSE Blossom Japan Index are available here.

CDP
December 2021: We received "B-: Management Level" both for Climate Change and Water Security category for the 2021 survey by CDP, a British non-profit organization that evaluates and discloses information on organization's environmental management. (CDP applies an eight-point scale consisting of A, A-, B, B-, C, C-, D, and D-.)

EcoVadis
February 2019: We received a Silver ranking (=top 30%, we ranked top 10%) from EcoVadis, France for the CSR assessment to evaluate suppliers based on the following categories: "Environmental", "Labor & Human Rights", "Ethics", and "Sustainable Procurement".

Vietnam

FOSTER ELECTRIC (VIETNAM) CO., LTD.



Awarded by the Social Insurance Agency of Binh Duong Province for having spread and operating excellent insurance systems
June 2021: We were recognized with an award by the Social Insurance Agency of Binh Duong Province for having promoted and operated an excellent insurance systems related to social insurance, health insurance, employment insurance, and others.

FOSTER ELECTRIC (BAC NINH) CO., LTD.



Granted a distinguished service award by the People's Committee of Bac Ninh Province
July 2021: We were granted a distinguished service award by the People's Committee of Bac Ninh Province for our contribution to the national budget.



Awarded by Bac Ninh Trade Union in gratitude for our "efforts on the treatment of employees"
January 2022: We were awarded by Bac Ninh Trade Union in recognition of our treatment of employees.

FOSTER ELECTRIC (DANANG) CO., LTD.



Awarded for proactive labor movements and strong labor union by the Trade Union Federation of Da Nang Industrial Zone
February 2022: We were awarded by the Trade Union Federation of Da Nang Industrial Zone in recognition of our proactive labor movements and activities for building a strong labor union.

FOSTER ELECTRIC (QUANG NGAI) CO., LTD.



Granted a distinguished service award by the board of management of Quang Ngai Industrial Park
May 2021: We were granted a distinguished service award by the board of management of Quang Ngai Industrial Park in recognition of our contribution to the Dung Quat Economic Zone.



Awarded for employees' labor movements by the Labor Confederation of Quang Ngai Province
December 2021: We were recognized with an award by the Labor Confederation of Quang Ngai Province for our employees' excellent labor movements and activities to build a strong labor union.

[Surveys from External Organizations]

The Foster Group responds sincerely to the CSR and ESG surveys received from external investigatory bodies.
In fiscal 2021, we responded to a total of nine surveys, including those on SDGs, CSR, ESG, and SRI. Notably, as a result of the "Toyo Keizai CSR Ranking," which ranks trusted companies in Japan in terms of both sustainability initiatives based on corporate social responsibility (CSR) and the financial aspect, we were ranked 276th (out of 1,631 companies in total). We will continue to respond to survey requests from external investigatory bodies with sincerity.

Data Table

Economic Data

201-2 Financial implications and other risks and opportunities due to climate change

Costs for measures taken to manage risks and opportunities - total environmental protection expenditures and investments by category

Location		Environmental preservation cost (classified by business operations)				
		Category		Key activity and the outcome	Investment (Unit: one thousand yen)	Cost (Unit: one thousand yen)
Japan	FOSTER ELECTRIC CO., LTD. (Headquarters)	(1) Business area cost			0	28,599
		Breakdown	(1)-1 Pollution prevention costs	Air and water control-related prevention countermeasures	0	6,971
			(1)-2 Global environmental conservation costs	Prevention of global warming and energy-saving measures	0	3,479
			(1)-3 Resource circulation costs	Waste disposal and recycling	0	18,149
		(2) Upstream/ downstream cost	Green purchasing expenses		0	0
		(3) Administration costs	Environmental education, EMS construction expenses etc.		0	12,486
		(4) R&D costs	Research and development etc.		0	1,597,994
		(5) Social activity costs		Tree planting etc.	0	342
		(6) Environmental damage handling costs			0	0
		Total			0	1,639,421

* "Investment" refers to equipment investments for the purpose of environmental conservation. "Cost" refers to personnel and miscellaneous expenses/costs incurred for environmental conservation activities.

202-1 Ratios of standard entry level wage by gender compared to local minimum wage

Location*1		Percentage (%) The same ratio for male and female
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	108
Asia	FOSTER ELECTRIC CO., (HONG KONG) LTD. and group companies	113
	FOSTER ELECTRIC (SINGAPORE) PTE. LTD. and group companies	N/A
	FOSTER ELECTRIC (VIETNAM) CO., LTD. and group companies	119
	ESTec CORPORATION and group companies	118
North America	FOSTER ELECTRIC (U.S.A.), INC. and group companies	114
Europe	FOSTER ELECTRIC (EUROPE) GmbH and group companies	116

*1 Significant locations of operations: The headquarters and 9 main sites that are checked based on J-SOX internal control framework.

202-2 Proportion of senior management hired from the local community

Location*3		Percentage (%) of senior management*1 hired from the local community*2
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	100
Asia	FOSTER ELECTRIC CO., (HONG KONG) LTD. and group companies	76
	FOSTER ELECTRIC (SINGAPORE) PTE. LTD. and group companies	100
	FOSTER ELECTRIC (VIETNAM) CO., LTD. and group companies	72
	ESTec CORPORATION and group companies	90
North America	FOSTER ELECTRIC (U.S.A.), INC. and group companies	100
Europe	FOSTER ELECTRIC (EUROPE) GmbH and group companies	100

*1 Senior management: Department managers or higher, excluding directors.
*2 Local community: The country and region to which each site above belong.
*3 Significant locations of operations: The headquarters and 9 main sites that are checked based on J-SOX internal control framework.

204-1 Proportion of spending on local suppliers

Location*1	Category	Percentage*2 (%)
All procurement sites in China	Local procurement rate of materials in China	90
All procurement sites in ASEAN	Local procurement rate of materials in Vietnam and Myanmar	70

*1 Local / Significant locations of operation: The above-mentioned areas where Foster's manufacturing sites reside.
*2 Indicates the percentage in transaction amount for material procurement with corporations in above sites.

205-1 Operations assessed for risks related to corruption

Location		Total number of operations	Percentage (%)
Domestic and overseas companies	Domestic and overseas locations of operations	13	72

There were no significant risks related to corruption identified by the risk assessment.

205-2 Communication and training about anticorruption policies and procedures

Location		Total number and percentage of notifications on anticorruption related organizations policies and procedures.	
		Governance body members	
		Total	Percentage (%)
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	27	100
Overseas	All overseas sites	88	84

Environmental Data

301-2 Recycled input materials used

Location		Percentage (%)
Overseas	All procurement sites (China/Vietnam/Myanmar)	7

* Percentage of recycled materials among all the resin materials purchased.

302-1 Energy consumption within the organization

Location		Purchased Electricity (MWh)	Kerosene (liter)*	Gasoline (liter)	Diesel Fuel (liter)	LPG (liter)	Natural Gas (liter)	City Gas (m^3)	Total Fuel Consumption in the Organization (MWh)
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	2,594	6,532	38,049	0	0	0	10,813	3,160
Asia	GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY (*outsourcee)	27,870	0	33,453	917	0	0	0	28,201
	FOSTER ELECTRIC CO., (NANNING) LTD.	4,105	0	12,988	0	0	0	0	4,230
	FOSTER ELECTRIC CO., (HEYUAN) LTD.	16,966	0	39,326	0	0	56,248	0	18,085
	FOSTER ELECTRIC CO., (TAIWAN) LTD.	12	0	1,101	5,879	0	0	0	22
	FOSTER ELECTRIC (VIETNAM) CO., LTD.	8,896	0	8,092	3,880	13,291	0	0	9,202
	FOSTER ELECTRIC (DA NANG) CO., LTD.	4,573	0	4,567	3,598	13,520	0	0	4,846
	FOSTER ELECTRIC (QUANG NGAI) CO., LTD.	2,048	0	4,254	75	3,929	0	0	2,145
	FOSTER ELECTRIC (BAC NINH) CO., LTD.	17,062	0	29,951	11,010	57,464	0	0	18,276
	FOSTER ELECTRIC (THILAWA) CO., LTD.	6,909	3,024	4,595	2,878	0	0	0	7,014
North America	FOSTER ELECTRIC (U.S.A.), INC. (EL PASO OPERATIONS)	735	0	1,236	0	57	95,486	0	1,902
Europe	FOSTER ELECTRIC (EUROPE) GmbH and group companies	57	0	1,274	1,905	0	0	0	89
Total		91,826	9,556	178,885	30,142	88,261	151,734	10,813	97,172

* Calorific Value (Fuel): Japan/Overseas: Factor based on the "Greenhouse gas emissions calculation and report manual" released by the Ministry of the Environment, Ministry of Economy, Trade and Industry.
* The scope of sites was changed in FY2021.

302-3 Energy intensity / 302-4 Reduction of energy consumption / 305-1 Direct (Scope 1) GHG emissions
305-2 Energy indirect (Scope 2) GHG emissions / 305-4 GHG emissions intensity
305-5 Reduction of GHG emissions

Category		FY2018	FY2019	FY2020	FY2021
Scope 1 (Direct greenhouse gas emission from business activities)	(Unit: t-CO_2)	1,953	1,501	1,214	1,152
Scope 2 (Indirect greenhouse gas emission due to energy usage from business activities)	(Unit: t-CO_2)	71,243	58,564	51,333	48,354
Scope1+2 total	(Unit: t-CO_2)	73,196	60,065	52,547	49,505
Sales (JPY)	(100 million yen)	1,205	876	674	594
Per sales unit (JPY)	(Unit: t-CO_2 / 100 million yen)	60.7	68.6	78.0	83.3

Scope — Japan: FOSTER ELECTRIC CO., LTD. (Headquarters, Shizuoka Office, Osaka Office, Iga Logistics Center), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.
Overseas: 9 plants and 2 offices
CO_2 conversion factor (Electric) — Japan: Ministry of the Environment, 2018 factor based on CO_2 conversion factor of electric power supplier (2020)
Overseas: Fiscal 2018 factor based on IEA CO_2 Emissions Factors 2020
CO_2 conversion factor (Fuel) — Japan/overseas: Factor based on the "Greenhouse gas emissions calculation and report manual" released by the Ministry of the Environment, Ministry of Economy, Trade and Industry.
Global warming potential — Incorporated 100 year value of IPCC Fifth Assessment Report (AR5)
We have set a medium-term target of re-ducing 50% from a FY2018 base-year by 2030 based on the 1.5-degree target of Science Based Targets.
Net sales — Amount of consolidated net sales excluding ESTec CORPORATION
* The scope of sites, actual sales and per sales unit for FY2018 and thereafter were corrected reflecting revisions of targets and data.

GHG (greenhouse gas)	Unit (t-CO_2)
	FY2021
Carbon dioxide (CO_2)	49,505
Methane (CH_4)	0.023
Dinitrogen monoxide (N_2O)	0.048

305-3 Other indirect (Scope 3) GHG emissions

Category		Emissions (t-CO_2)	
		FY2020	FY2021
Upstream categories	1. Purchased products and services	186,672	138,699
	2. Capital goods	371	3,914
	3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	6,764	6,460
	4. Upstream transportation and distribution	16,640	20,597
	5. Waste generated from operation	2,189	1,251
	6. Business trip	352	321
	7. Employee commute	3,562	3,066
Downstream categories	9. Downstream transportation and distribution	2,237	2,809
	11. Use of sold products	155,887	160,565
	12. Disposal of sold products	9,095	2,843
Total		383,769	340,525

Scope: Japan: FOSTER ELECTRIC CO., LTD. (Headquarters, Shizuoka Office, Osaka Office, Iga Logistics Center), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.
Overseas: 9 factories and 2 offices
* Results for FY2020 and thereafter were corrected reflecting the revision of the calculation method.

303-3 Water withdrawal / 303-4 Water discharge / 303-5 Water consumption / 306-1 Water discharge by quality and destination

Location		Water withdrawal (Unit: m³)	Water discharge (Unit: m³)	Total water consumption (Unit: m³)
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	8,828	8,387	441
Asia	GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY (*outsourcee)	431,981	345,585	86,396
	FOSTER ELECTRIC CO., (NANNING) LTD.	26,601	21,281	5,320
	FOSTER ELECTRIC CO., (HEYUAN) LTD.	147,210	117,768	29,442
	FOSTER ELECTRIC CO., (TAIWAN) LTD.	118	112	6
	FOSTER ELECTRIC (VIETNAM) CO., LTD.	58,050	46,440	11,610
	FOSTER ELECTRIC (DA NANG) CO., LTD.	46,212	36,970	9,242
	FOSTER ELECTRIC (QUANG NGAI) CO., LTD.	37,730	30,184	7,546
	FOSTER ELECTRIC (BAC NINH) CO., LTD.	87,747	70,198	17,549
	FOSTER ELECTRIC (THILAWA) CO., LTD.	108,245	86,596	21,649
North America	FOSTER ELECTRIC (U.S.A.), INC. (EL PASO OPERATIONS)	1,741	1,393	348
Europe	FOSTER ELECTRIC (EUROPE) GmbH and group companies	12	11	1
Total		954,475	764,924	189,551

* The scope of sites was changed in FY2021.

Category	Water withdrawal (Unit: m³)	Water discharge (Unit: m³)	Total water consumption (Unit: m³)
Surface water	-	-	-
Groundwater	-	-	-
Seawater	-	-	-
Produced water	-	-	-
Third-party water	954,475	764,924	189,551
Total	954,475	764,924	189,551

306-2 Waste by type and disposal method

Location		Hazardous waste (Unit: ton)		
		Total waste	Recycling	Landfill
Japan	FOSTER ELECTRIC CO., LTD. (Headquarters)	0.65	0.00	0.65
Asia	GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY (*outsourcee)	61.50	0.00	61.50
	FOSTER ELECTRIC CO., (NANNING) LTD.	8.58	0.00	8.58
	FOSTER ELECTRIC CO., (HEYUAN) LTD.	50.61	0.00	50.61
	FOSTER ELECTRIC (VIETNAM) CO., LTD.	15.83	4.67	11.16
	FOSTER ELECTRIC (DA NANG) CO., LTD.	52.03	0.07	51.96
	FOSTER ELECTRIC (QUANG NGAI) CO., LTD.	7.03	0.00	7.03
	FOSTER ELECTRIC (BAC NINH) CO., LTD.	71.05	48.50	22.55
	FOSTER ELECTRIC (THILAWA) CO., LTD.	6.01	0.00	6.01
North America	FOSTER ELECTRIC (U.S.A.), INC. (EL PASO OPERATIONS)	0.00	0.00	0.00
Total		273.29	53.24	220.05

Location		Non-hazardous waste (Unit: ton)		
		Total waste	Recycling	Landfill
Japan	FOSTER ELECTRIC CO., LTD. (Headquarters)	40.08	35.29	4.79
Asia	GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY (*outsourcee)	626.00	576.00	50.00
	FOSTER ELECTRIC CO., (NANNING) LTD.	77.99	32.55	45.44
	FOSTER ELECTRIC CO., (HEYUAN) LTD.	271.53	221.80	49.73
	FOSTER ELECTRIC (VIETNAM) CO., LTD.	322.18	214.46	107.72
	FOSTER ELECTRIC (DA NANG) CO., LTD.	120.96	77.67	43.29
	FOSTER ELECTRIC (QUANG NGAI) CO., LTD.	64.14	13.77	50.37
	FOSTER ELECTRIC (BAC NINH) CO., LTD.	1,161.30	756.10	405.20
	FOSTER ELECTRIC (THILAWA) CO., LTD.	184.24	18.00	166.24
North America	FOSTER ELECTRIC (U.S.A.), INC. (EL PASO OPERATIONS)	477.17	273.71	203.46
Total		3,345.59	2,219.35	1,126.24

308-1 New suppliers that were screened using environmental criteria

Percentage of new suppliers that were screened based on the environmental criteria

Location		Percentage (%)
Domestic and overseas companies	All procurement sites (Japan/China/Vietnam/Myanmar)	100

* We distribute our environmental regulations to all the suppliers, update them and obtain environment-related materials.

Social Data

401-1 New employee hires and employee turnover

Location		New employee hires (person)						
		By gender			By age group			
		Male	Female	Total	Under 30	30 - 50	Over 50	Total
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	12	6	18	8	7	3	18
Overseas	All overseas sites	2,037	5,757	7,794	5,172	2,571	51	7,794
Total		2,049	5,763	7,812	5,180	2,578	54	7,812

Location		Employee turnover (person)						
		By gender			By age group			
		Male	Female	Total	Under 30	30 - 50	Over 50	Total
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	22	4	26	3	18	5	26
Overseas	All overseas sites	1,945	7,484	9,429	5,134	4,151	144	9,429
Total		1,967	7,488	9,455	5,137	4,169	149	9,455

Location		New employee hires rate*1 (%)						
		By gender			By age group			
		Male	Female	Total	Under 30	30 - 50	Over 50	Total
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters)	2	4	3	13	2	1	3

Location		Employee turnover rate*2 (%)						
		By gender			By age group			
		Male	Female	Total	Under 30	30 - 50	Over 50	Total
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters)	4	2	3	5	5	0	3

*1 Rate of new employee hires in the reporting period to the number of employees in the first month of the same reporting period (fiscal year)
*2 Rate of the *number of employees who left the company for their own reasons during the reporting period* to the number of employees in the first month of the same reporting period (fiscal year)

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

Location*1		Contents
Japan	FOSTER ELECTRIC CO., LTD. (Headquarters)	Retirement allowance
Overseas	9 Significant locations of operations	Life insurance, disability and illness compensation, medical insurance, parental leave, retirement allowance, etc.

*1 Significant locations of operations: The headquarters and 9 main sites that are checked based on J-SOX internal control framework.

401-3 Parental leave

Total number of employees that were entitled to / took parental leave

Location		Total number of employees that were entitled to parental leave*1 (person)			Total number of employees that took parental leave*2 (person)		
		Male	Female	Total	Male	Female	Total
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	445	150	595	6	9	15
Overseas	All overseas sites	2,974	12,727	15,701	103	863	966
Total		3,419	12,877	16,296	109	872	981

*1 Total number of employees that were entitled to parental leave during the reporting period
*2 Total number of employees that were entitled to and took parental leave during the reporting period

Return to work rate / Retention rate

Location		Total number of employees due to and did return to work after parental leave (person)			Return to work rate for employees due to return to work after taking parental leave (%)		
		Male	Female	Total	Male	Female	Total
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	5	1	6	100	100	100
Overseas	All overseas sites	102	788	890	99	94	95
Total		107	789	896	99	94	95

Location		Total number of employees retained 12 months after returning to work following a period of parental leave in the prior reporting period (person)			12 months retention rate of employees returning from parental leave (in the prior reporting period) (%)		
		Male	Female	Total	Male	Female	Total
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	3	3	6	100	75	86
Overseas	All overseas sites	143	654	797	91	74	76
Total		146	657	803	91	74	76

403-9 Work-related injuries

Location		Employee Category	i. The number and rate of fatalities as a result of work-related injury					
			Fatalities (person)			Rate*2		
			FY2019	FY2020	FY2021*1	FY2019	FY2020	FY2021
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	a. For all employees	0	0	0	0.00	0.00	0.00
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	0	0	0	0.00	0.00	0.00
Overseas	All overseas sites	a. For all employees	0	1	0	0.00	0.03	0.00
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	0	0	0	0.00	0.00	0.00
Total		a. For all employees	0	1	0	0.00	0.03	0.00
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	0	0	0	0.00	0.00	0.00
iv. The main types of work-related injury				Traffic accident which occurred while commuting				

Location		Employee Category	iii. The number and rate of recordable work-related injuries					
			Injuries (person)			Rate*4		
			FY2019	FY2020	FY2021	FY2019	FY2020	FY2021
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	a. For all employees	1	0	0	0.79	0.00	0.00
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	0	0	0	0.00	0.00	0.00
Overseas	All overseas sites	a. For all employees	46	28	43	1.02	0.74	1.48
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	0	2	3	0.00	2.13	3.54
Total		a. For all employees	47	28	43	1.01	0.72	1.42
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	0	2	3	0.00	1.93	3.21
iv. The main types of work-related injury			Bone fracture, cutting, bruise, sprain, etc.	Bone fracture, cutting, bruise, sprain, etc.	Cutting, bruise, sprain, burn, etc.			

Location		Employee Category	ii. The number and rate of high-consequence work-related injuries (excluding fatalities)					
			Injuries (person)			Rate*3		
			FY2019	FY2020	FY2021	FY2019	FY2020	FY2021
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	a. For all employees	0	1	0	0.00	0.82	0.00
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	0	0	0	0.00	0.00	0.00
Overseas	All overseas sites	a. For all employees	1	0	0	0.02	0.00	0.00
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	0	0	0	0.00	0.00	0.00
Total		a. For all employees	1	1	0	0.00	0.03	0.00
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	0	0	0	0.00	0.00	0.00
iv. The main types of work-related injury				Bone fracture				

Location		Employee Category	v. The number of hours worked (hour)		
			FY2019	FY2020	FY2021
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	a. For all employees	1,268,573	1,213,116	1,122,304
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	86,077	96,217	89,321
Overseas	All overseas sites	a. For all employees	45,128,065	37,869,378	29,123,722
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	470,658	938,802	846,306
Total		a. For all employees	46,396,637	39,082,494	30,246,026
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	556,734	1,035,019	935,627

*1 Injuries caused during commuting began to be excluded in FY2021.

*2 Rate of fatalities as a result of work-related injury = $\frac{\text{Number of fatalities as a result of work-related injury} \times 1{,}000{,}000}{\text{Number of hours worked}}$

*3 The rate of high-consequence work-related injuries (excluding fatalities) = $\frac{\text{Number of high-consequence work-related injuries (excluding fatalities)} \times 1{,}000{,}000}{\text{Number of hours worked}}$

*4 Rate of recordable work-related injuries = $\frac{\text{Number of recordable work-related injuries} \times 1{,}000{,}000}{\text{Number of hours worked}}$

403-10 Work-related ill health

Location		a. For all employees					
		i. The number of fatalities as a result of work-related ill health			ii. The number of cases of recordable work-related ill health		
		FY2019	FY2020	FY2021	FY2019	FY2020	FY2021
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	0	0	0	0	0	0
Overseas	All overseas sites	0	0	0	0	0	0
Total		0	0	0	0	0	0
iii. The work-related hazards that pose a risk of ill health							

Location		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization					
		i. The number of fatalities as a result of work-related ill health			ii. The number of cases of recordable work-related ill health		
		FY2019	FY2020	FY2021	FY2019	FY2020	FY2021
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	0	0	0	0	0	0
Overseas	All overseas sites	0	0	0	0	0	0
Total		0	0	0	0	0	0
iii. The work-related hazards that pose a risk of ill health							

404-1 Average hours of training per year per employee

Location		Average hours of training (hour)					
		Male	Female	Total	Management	General	Total
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	10	9	10	9	10	10
Overseas	All overseas sites	17	17	17	37	16	17
Total		16	17	17	31	16	17

404-3 Percentage of employees receiving regular performance and career development reviews

Location		Percentage (%)					
		Male	Female	Total	Management	General	Total
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	89	76	86	98	83	86
Overseas	All overseas sites	67	48	58	95	51	52
Total		70	49	53	95	52	53

405-1 Diversity of governance bodies and employees

Governance bodies (by gender/age)

Location		Percentage (%)				
		Male	Female	Under 30	30 - 50	Over 50
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	85	15	0	3	97
Overseas	All overseas sites	90	10	0	32	68
Total		88	12	0	24	76

Employee (by gender/age)

Location		Percentage (%)				
		Male	Female	Under 30	30 - 50	Over 50
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	75	25	9	48	43
Overseas	All overseas sites	19	81	37	61	2
Total		21	79	36	60	4

405-2 Ratio of basic salary and remuneration of women to men

Ratio of the basic salary and remuneration of women to men

Location*1		Percentage (%)*2	
		Management	General
Japan	FOSTER ELECTRIC CO., LTD. (Headquarters)	100	100
Overseas	9 significant locations of operations	100	100
Total		100	100

*1 Significant locations of operations: The headquarters and 9 main sites that are checked based on J-SOX internal control framework.
*2 Ratio of the amount paid to men when the amount paid to women is set at 100.

Ratio of remuneration of women to men

Location*1		Percentage (%)*2	
		Management	General
Japan	FOSTER ELECTRIC CO., LTD. (Headquarters)	107	116
Overseas	9 significant locations of operations	102	100
Total		103	103

*1 Significant locations of operations: The headquarters and 9 main sites that are checked based on J-SOX internal control framework.
*2 Ratio of the amount paid to men when the amount paid to women is set at 100.

410-1 Security personnel trained in human rights policies or procedures

Location		Security personnel		
		Total personnel (person)	Trained personnel (person)	Percentage (%)
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	4	4	100
Overseas	All overseas sites	155	152	98
Total		159	156	98

* The above includes employees from third party organizations.

412-2 Employee training on human rights policies or procedures

Location		Employee training	
		Total hours (hours)	Employee percentage (%)
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER BUSINESS SERVICE LTD., FOSTER ELECTRONICS LTD.	1,121	89
Overseas	All overseas sites	65,473	95
Total		66,594	95

414-1 New suppliers that were screened using social criteria

Percentage of new suppliers that agreed to the sustainable procurement criteria

Location		Percentage (%)
Domestic and overseas companies	All procurement sites	100

* Percentage of new suppliers that agreed to ideas based on the Foster Group Supplier Sustainability Code of Conduct

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

Location		Total number of substantiated complaints received concerning breaches of customer privacy		Total number of identified leaks, thefts, or losses of customer data
		Complaints received from outside parties and substantiated by the organization	Complaints from regulatory bodies	
Domestic and overseas companies	All the domestic and overseas companies	0	0	0

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	102-2	Activities, brands, products, and services	P3-4 -	Corporate profile and financial information ▸ Securities report (available in Japanese)
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	102-34	Nature and total number of critical concerns	-	Not applicable
	102-35	Remuneration policies	-	▸ Securities report (available in Japanese)
	102-36	Process for determining remuneration	-	▸ Securities report (available in Japanese)
	102-37	Stakeholders' involvement in remuneration	-	▸ Securities report (available in Japanese)
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Management Approach	GRI Standard No.	Disclosure	Page Number / URL	
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	201-2	Financial implications and other risks and opportunities due to climate change	P33-39	Data table
	201-3	Defined benefit plan obligations and other retirement plans	-	▸ Securities report (available in Japanese)
	201-4	Financial assistance received from government	-	201-4-a, 201-4-b ii. Subsidies Total amount of employment adjustment subsidy and other subsidies received at sites in Japan, the United States, China and South Korea: ¥351 million (Japan: ¥102 million, US: ¥91 million, China: ¥149 million, South Korea: ¥6 million)
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	P33-39	Data table
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GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	P33-39	Data table
	205-2	Communication and training about anti-corruption policies and procedures	P33-39	Data table
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	-	Not applicable
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	Not applicable

Economy Topics	GRI Standard No.	Disclosure	Page Number / URL	
GRI 207: Tax	207-1	Approach to tax	-	N/A (Confidentiality constraints)
	207-2	Tax governance, control, and risk management	-	N/A (Confidentiality constraints)
	207-3	Stakeholder engagement and management of concerns related to tax	-	N/A (Confidentiality constraints)
	207-4	Country-by-country reporting	-	N/A (Confidentiality constraints)

Environmental Topics	GRI Standard No.	Disclosure	Page Number / URL	
GRI 301: Materials	301-1	Materials used by weight or volume	-	N/A (Information unavailable)
	301-2	Recycled input materials used	P33-39	Data table
	301-3	Reclaimed products and their packaging materials	-	N/A (Information unavailable)
GRI 302: Energy	302-1	Energy consumption within the organization	P33-39	Data table
	302-2	Energy consumption outside of the organization	-	N/A (Information unavailable)
	302-3	Energy intensity	P33-39	Data table
	302-4	Reduction of energy consumption	P33-39	Data table
	302-5	Reductions in energy requirements of products and services	P14 P33-39	Environmentally Friendly Products Data table
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	P13	Environmental Activities
	303-2	Management of water discharge-related impacts	P13	Environmental Activities
	303-3	Water withdrawal	P33-39	Data table
	303-4	Water discharge	P33-39	Data table
	303-5	Water consumption	P33-39	Data table
GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	Not applicable
	304-2	Significant impacts of activities, products, and services on biodiversity	-	N/A (Information unavailable)
	304-3	Habitats protected or restored	-	Not applicable
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	N/A (Information unavailable)
GRI 305: Emissions	305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	P33-39	Data table
	305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	P33-39	Data table
	305-3	Other indirect (Scope 3) GHG emissions	P33-39	Data table
	305-4	GHG emissions intensity	P33-39	Data table
	305-5	Reduction of GHG emissions	P33-39	Data table
	305-6	Emissions of ozone-depleting substances (ODS)	-	Not applicable
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	Not applicable

Environmental Topics	GRI Standard No.	Disclosure	Page Number / URL	
GRI 306: Effluents and Waste	306-1	Water discharge by quality and destination	P33-39	Data table
	306-2	Waste by type and disposal method	P33-39	Data table
	306-3	Significant spills	-	Not applicable
	306-4	Transport of hazardous waste	-	Not applicable
	306-5	Water bodies affected by water discharges and/or runoff	-	N/A (Information unavailable)
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	-	Not applicable
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	P33-39	Data table
	308-2	Negative environmental impacts in the supply chain and actions taken	-	No “negative environmental impacts in the supply chain and actions taken”, according to the SAQ result containing these questions.

Social Topics	GRI Standard No.	Disclosure	Page Number / URL	
GRI 401: Management Approach Disclosures	401-1	New employee hires and employee turnover	P33-39	Data table
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P33-39	Data table
	401-3	Parental leave	P33-39	Data table
GRI 402: Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	-	The minimum notices are given according to the law of the countries / regions.
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	P23-24	Health and Safety
	403-2	Hazard identification, risk assessment, and incident investigation	P23-24	Health and Safety
	403-3	Occupational health services	P23-24	Health and Safety
	403-4	Worker participation, consultation, and communication on occupational health and safety	P23-24	Health and Safety
	403-5	Worker training on occupational health and safety	P23-24	Health and Safety
	403-6	Promotion of worker health	P23-24	Health and Safety
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P23-24	Health and Safety
	403-8	Workers covered by an occupational health and safety management system	P23-24	Health and Safety
	403-9	Work-related injuries	P23-24 P33-39	Health and Safety Data table
	403-10	Work-related ill health	P23-24 P33-39	Health and Safety Data table
GRI 404: Training and Education	404-1	Average hours of training per year per employee	P33-39	Data table
	404-2	Programs for upgrading employee skills and transition assistance programs	P22-23	Human Resource Development
	404-3	Percentage of employees receiving regular performance and career development reviews	P33-39	Data table
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	P33-39	Data table
	405-2	Ratio of basic salary and remuneration of women to men	P33-39	Data table

Social Topics	GRI Standard No.	Disclosure	Page Number / URL	
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	-	Not applicable
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	No “Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk”, according to the SAQ result containing these questions.
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	-	No “Operations and suppliers at significant risk for incidents of child labor”, according to the SAQ result containing these ques-tions.
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	No “Operations and suppliers at significant risk for incidents of forced or compulsory labor”, according to the SAQ result contain-ing these questions.
GRI 410: Security	410-1	Security personnel trained in human rights policies or procedures	P33-39	Data table
GRI 411: Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	-	Not applicable
GRI 412: Human Rights Assessment	412-1	Operations that have been subject to hu-man rights reviews or impact assessments	-	N/A (Information unavailable)
	412-2	Employee training on human rights policies or procedures	P33-39	Data table
	412-3	Significant investment agreements and con-tracts that include human rights clauses or that underwent human rights screening	-	N/A (Information unavailable)
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	P25-26	Social Contribution
	413-2	Operations with significant actual and potential negative impacts on local communities	-	Not applicable
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	P33-39	Data table
	414-2	Negative social impacts in the supply chain and actions taken	-	No “Negative social impacts in the supply chain and actions taken”, according to the SAQ result containing these questions.
GRI 415: Public Policy	415-1	Political contributions	-	Not applicable
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	-	N/A (Information unavailable)
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	N/A (Information unavailable)
GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	-	N/A (Information unavailable)
	417-2	Incidents of non-compliance concerning product and service information and labeling	-	N/A (Information unavailable)
	417-3	Incidents of non-compliance concerning marketing communications	-	Not applicable
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	P33-39	Data table
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	-	Not applicable

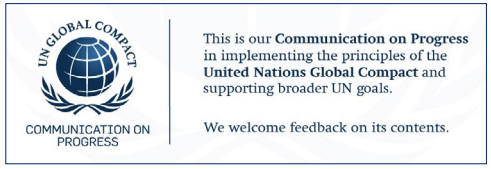
Provision of Information Regarding Sustainability

Our View on Disclosure

Information on the Foster Group's sustainability is provided with a view to increasing the transparency of the Foster Group and conveying the activities for Foster Group's sustainability and their results to our stakeholders. This information is provided in accordance with the GRI (Global Reporting Initiative) and other international reporting standards and guidelines. We disclose the information on the Foster Group's activities and achievements that meet the needs of society such as the ten principles of the United Nations Global Compact and RBA (Responsible Business Alliance), together with the system for appropriate disclosure of the decision-making processes and the soundness of PDCA and its operation. The information is provided via our sustainability report and corporate website.

Contents Reported in Sustainability Report 2022

- About this report
  The Sustainability Report 2022 was prepared to report the Foster Group's environmental, social, and governance (ESG) activities during the fiscal year ended March 31, 2022 (fiscal 2021) for our stakeholders in a way that is easy to understand. With regard to our ESG activities, your valued opinion would be greatly appreciated to help us fulfill our corporate social responsibilities in the years to come. We hope this report will help you better understand the sustainability activities of the Foster Group.
- Reporting scope
  Unless specifically indicated, the reporting scope includes the activities of the Foster Group, which consists of Foster Electric Company, Limited, and its consolidated subsidiaries in Japan and overseas.
- The reporting period of the Report 2022
  The reporting period of the Report 2022 is from April 1, 2021, to March 31, 2022 (fiscal 2021). The Report also includes statements concerning activities outside the reporting period, including those in fiscal 2022.
- Referenced standards and guidelines
  This report has been prepared in accordance with the GRI Standards: Comprehensive option. The Environmental Reporting Guidelines 2012 by the Ministry of the Environment were also referred to when preparing the Report.
- Month of issue: July 2022
- Reporting to the United Nations Global Compact
  As a company that has signed the United Nations Global Compact, we have announced this report as the "Communication on Progress (COP)" for the four fields and ten principles to our stakeholders.



- Provision of the sustainability information on our corporate website
  https://www.foster-electric.com/csr/index.html
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The illustration on the cover of this report represents our mission, "Through acoustic products or its solutions, a total commitment to help create a comfortable life and pleasure of communication around the world. A truly global enterprise our future society counts on," with our key automotive business depicted at the center. The illustration also reflects our desire to enrich people's lives with the power of sound and vibration and deliver happiness and sustainable future to all stakeholders, based on the ESG Management Statement that we established in March 2021. The left side of the illustration features a selection of icons for technologies related to our acoustic and vibration products, including speakers, headphones, and actuators. The right side shows icons for our environmental initiatives that we work on as material issues, such as "Decarbonized Society" and "Resource Recycling".