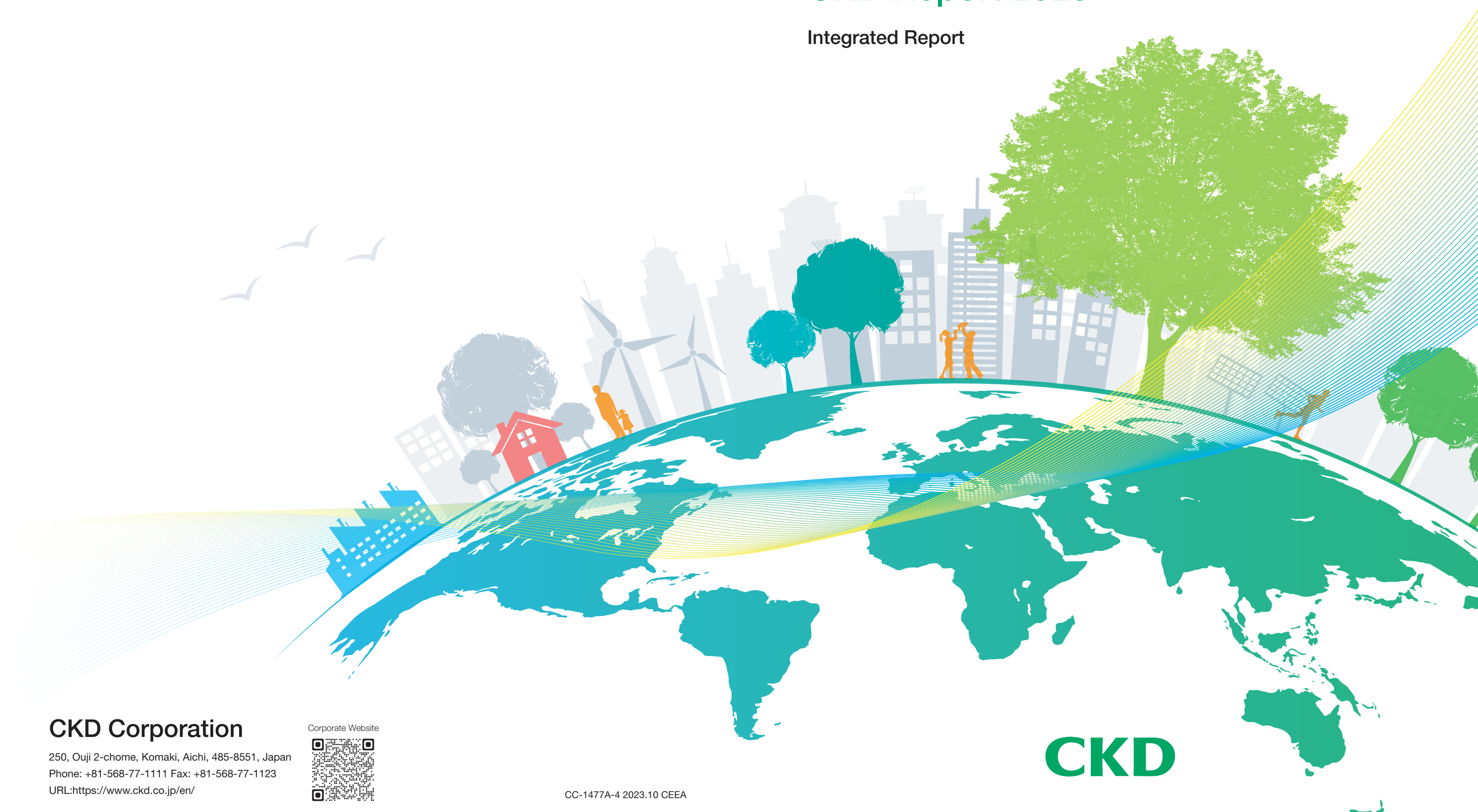


# CKD Report 2023

## Integrated Report



**CKD Corporation**

250, O uji 2-chome, Komaki, Aichi, 485-8551, Japan

Phone: +81-568-77-1111 Fax: +81-568-77-1123

URL:<https://www.ckd.co.jp/en/>

Corporate Website



CONTENTS

01 Contents/Editorial Policy	40 Environment
CKD's Values	
03 CKD's Principles	43 Addressing Climate Change Risks and the TCFD
05 CKD's History "Customer-Oriented Innovation"	45 Human Capital
07 CKD's Business Value that Helps Solve Social Issues	48 Technology and Intellectual Capital
09 Message from the CEO	49 Human Rights
13 Corporate Value Creation Model	50 Supply Chain Management
15 Materiality	
17 Risks and Opportunities	
19 Stakeholder Engagement	
CKD's Growth Strategies	
21 Message from the COO	
24 Medium-Term Management Plan	
27 Message from the CFO	
28 Financial and Capital Strategies	
31 Strategy by Business	
37 DX Strategy	
39 Sustainability Strategy	
	Corporate Governance
	51 Roundtable Discussion with Chairperson and Independent Directors
	55 Corporate Governance
	61 Board of Directors and Audit & Supervisory Board Members
	63 Compliance
	64 Risk Management
	Corporate Data
	65 Financial/Non-Financial Highlights
	67 11-Year Summary
	69 Share Information
	70 Corporate Data

Editorial Policy for CKD Report 2023

Aiming to provide all stakeholders with an understanding of the overall picture at CKD Group, the Company publishes an integrated report that brings together summaries of financial information, such as medium- to long-term management strategies, value creation and business performance as well as non-financial information, including that relating to the environment, society and governance (ESG).

Since the first issue in 2019, we have based our integrated reports on the International Integrated Reporting Framework recommended by the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative sustainability reporting guidelines (GRI Standards). Since 2022, we have also referenced the Guidance for Collaborative Value Creation formulated by the Ministry of Economy, Trade and Industry (METI) as one of the frameworks for preparing this report, and have been working to tell our value creation story based on integrated thinking.

We will use our integrated report, CKD Report, as a tool to facilitate dialogue with our stakeholders as we continue to make efforts to enhance our corporate value.



Positioning of the Integrated Report



**Organization covered:** CKD Group consolidated companies in principle

**Period covered:** In principle, this report covers fiscal 2022 (from April 1, 2022 to March 31, 2023), but also includes some disclosure items and business activities that began in and after April 2023.

**Reference sources**  
This report was prepared with reference to the International Integrated Reporting Framework recommended by the IIRC, WICI and others, the METI's Guidance for Collaborative Value Creation, and the GRI Standards.

**Notes on forward-looking statements**  
The forward-looking statements with regard to the business forecasts contained in this report are based on information currently available to the Company and certain assumption deemed reasonable, and do not constitute a guarantee. Actual results may differ due to various risks, uncertainties, and other factors.

The following information is also available on our website including ESG data and other media.

Item		Website	ESG data	Other media
ESG information	ENVIRONMENT	Quality and Environment · Quality and Environmental Activities · Quality-Environmental Policy · ISO 9001 and ISO 14001 Management System Certificates · The Application of Green Power	○	
		Material Procurement (Supply Chain) · Green Procurement		CKD Green Procurement Guide (Version 3)
		Response to TCFD Recommendations		
	SOCIAL	Human Rights · CKD Group Human Rights Policy · List of Human Rights Risks		
		Material Procurement (Supply Chain) · Purchasing Principles and Fundamental Policy		
		Diversity · Support for Development of Future Generations · Initiatives for Promotion of Women's Participation · Encouragement of Foreign National Employees' Active Performance · Enhancement of Re-employment Schemes	○	
		Initiatives for Health and Productivity Management	○	
		Social Contribution Activities · Basic Policy · Contributing to the Preservation of the Environment · Nurturing the Next Generation · Contributing to Social and Cultural Development		
	GOVERNANCE	Corporate Governance	○	Corporate Governance Report
		Board of Directors' List	○	Notice of the Annual General Meeting of Shareholders
Investor Relations	Basic IR Policy			Consolidated Financial Reports
	IR Calendar			Presentation Materials for Investor Relations Briefings
	Financial and Business Performance Summary (Consolidated)			Securities Report
	Stock Information & Ratings			
Technology	CKD Technical Journal			
Company History	History			
Corporate Information and Data	Corporate Profile		○	



# CKD's Principles

The CKD Group established its new principles, Purpose and Brand Slogan, on April 2, 2023, the 80th anniversary of its founding, and new Values in October.

We at CKD will continue to work toward the realization of a healthy global environment and a prosperous future by sharing these new principles with all employees of the CKD Group.

## Purpose

We will continue to explore and co-create automation technologies to cultivate a healthy global environment and a prosperous future.

## Values

**[C-SHIP]**

~CKD-SHIP~  
CKD-ness

**C**ustomer “Customer first”

**S**ustainability

**H**uman “Human resource”

**I**nnovation

**P**rofessionalism

## Brand Slogan

# Creating Solutions Together

## Road to the completion of our new principles

We launched the CKD Branding Project, which was teamed up by various CKD Group employees, including those from overseas, selected following a call for participants. This project was carried out with the aim of becoming a company that fosters a sense of pride and loyalty in CKD Group employees. While conducting analysis of the Company and future projections, the project team held discussions with upper management over the Purpose and Brand Slogan, and repeatedly worked to refine them. After conducting an internal empathy survey on the drafts, the final version was decided by the votes of all CKD Group employees, including those overseas.

As a social raison d'être and aspiration, our **Purpose** is based on the following philosophy: “To continue to explore and co-create core automation technologies with our customers, business partners, and associates, and to create creative and innovative solutions to environmental and social issues to realize a prosperous future.”

There are five **Values** that each and every CKD Group employee should cherish in order to realize our Purpose.

**C-SHIP**, which stands for **C**ustomer, **S**ustainability, **H**uman, **I**nnovation, and **P**rofessionalism, is an abbreviation of CKD-SHIP and means the “Values to be held by CKD Group employees.”

Our **Brand Slogan** is a concise representation of our thoughts and actions toward the future. The message is to “create solutions to environmental and social issues together with customers, business partners, and associates.”



## Our CKD Brand Site has been launched!

We launched our CKD Brand Site to promote the CKD brand.

The site contains an explanation of our Brand Slogan, Fact Reports that give accounts from the perspective of CKD Group employees, videos, and more. Please check it out.





# CKD's History “Customer-Oriented Innovation”

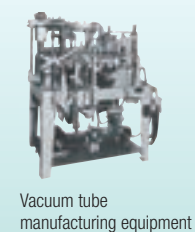
CKD has been engaged in the research and development of automation technology and fluid control technology for 80 years since its establishment in 1943, and has made continued efforts to solve customers' problems. Our lineup of 500,000 products is proof that we have created the same number of products as there are customer needs. These products also contribute to the realization of a world in which people can live safe, secure, and healthy lives.

## Social issues and needs

### Rising need for automation

At a time when consumer equipment and daily necessities were being actively developed and there were few functional units required for the automation equipment on the market, we began manufacturing vacuum tube manufacturing equipment in 1947 as CKD's first automatic machinery. After that, we entered the packaging market with the production of an ampoule filling machine, which we developed from our vacuum tube manufacturing equipment. In 1955, we developed an automatic pharmaceutical packaging machine, a type of strip packaging machines. In 1977, we took on the challenge of electrolytic capacitors manufacturing machines that used our functional components, and developed an electrolytic capacitor element winding machine.

■ Net sales  
(¥ million)  
200,000  
150,000  
100,000  
50,000  
0



Vacuum tube manufacturing equipment



Automatic pharmaceutical packaging machine

### Expansion of automation systems

In 1956, we began manufacturing AC solenoids, a functional component developed for use in automatic machinery. Then in 1960, we developed cell cylinders, the predecessor of our pneumatic cylinders. Many major manufacturers started to produce in-house equipment themselves, resulting in greater demand for pneumatic and other components. In 1963, we developed a pneumatic indexing table combining a barrel cam and an air cylinder. We have developed a wide range of functional equipment related to automation, including solenoid valves used to control all kinds of fluids, as well as air cylinders and other components used in pneumatic systems.



Solenoid valve



AC solenoid



Air cylinder

### Increasing demand for semiconductors

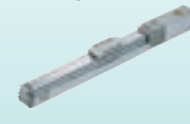
In 1984, we developed fine system components for semiconductor manufacturing equipment. We support the semiconductor industry by providing state-of-the-art process control with a wide variety of products, ranging from supply systems to exhaust systems, for semiconductor and liquid crystal manufacturing equipment, such as chemical liquid, gas, and vacuum control.



Chemical liquid valve

### Acceleration of electrification

In 1990, we developed a small table slider in response to continually evolving equipment, including the robotization of machines. Since then, we have greatly expanded our lineup to meet various needs such as environmental measures and energy conservation. We developed electric actuators that perform actions such as gripping, moving, and rotating with high speed and precision.



Small table slider



Electric gripper

### Advancement of *monozukuri* (manufacturing) backed by growing IoT momentum Use in smart factories

With the spread of automation and IoT in production equipment, we developed sensor components that enable condition monitoring (visualization), contributing to the realization of smart factories. We have been working on image processing technology since the 1970s, and have developed 3D solder paste inspection machines that enable high-speed inspection in 3D. In 2020, we developed Facilea, a programming tool with easy-to-use operations and settings for image processing. We also developed ExiaStudio, a device visual programming tool that can handle functions ranging from information collection to equipment control with a single PC.



3D solder paste inspection machine

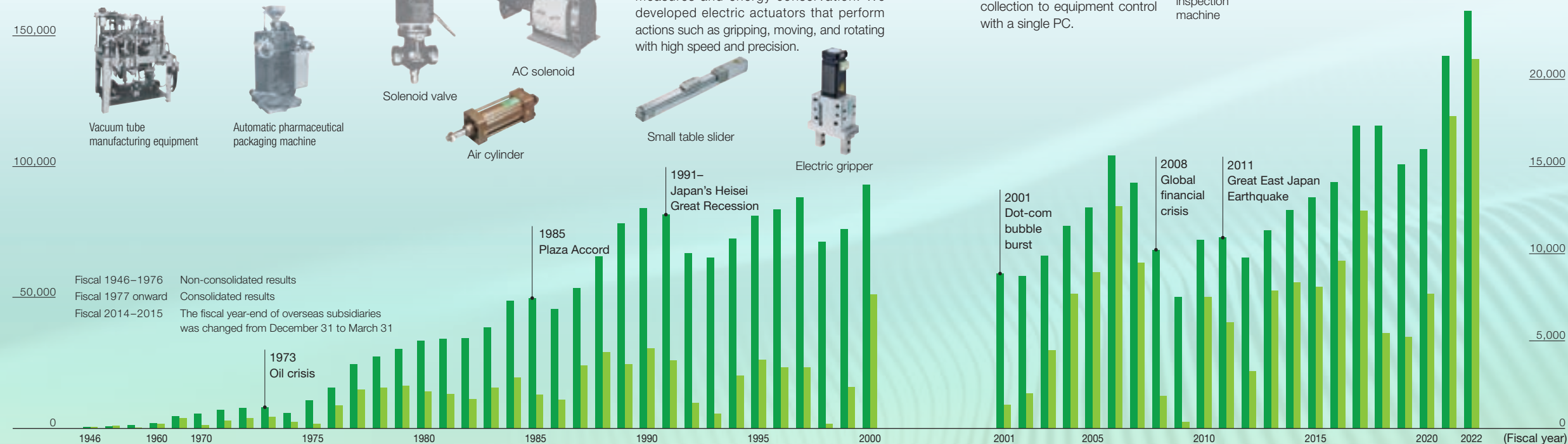
### Proliferation of sustainability (ESG, SDGs)

We promote the development of more eco-friendly products that reduce environmental impact by consciously incorporating targets for environmental burden levels from the product planning and development stages. Based on the concept of “For Workers,” in 2014 we developed PowerArm as a human-friendly product, an assistance device that contributes to the creation of a safe and comfortable work environment for workers of all ages and genders.



PowerArm

■ Operating profit  
(¥ million)  
25,000  
20,000  
15,000  
10,000  
5,000  
0



## History

**1943**  
Established as Japan Aircraft Electric Co., Ltd. in Nagoya City, Aichi Prefecture



**1945**  
Changed its name to Chukyo Electric Co., Ltd.

**1961**  
Relocated its factory to Komaki City, Aichi Prefecture



**1962**  
Listed on the second section of the Nagoya Stock Exchange

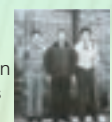
**1971**  
Listed on the first section of the Nagoya Stock Exchange

**1979**  
Changed its name to CKD Corporation  
Listed on the first section of the Tokyo Stock Exchange

**1984**  
Established M-CKD PRECISION SDN. BHD. in Malaysia as our first overseas subsidiary



**1985**  
Established CKD USA CORPORATION in the United States



**1988**  
Established CKD THAI CORPORATION LTD. in Thailand



**1989**  
Established CKD SINGAPORE PTE. LTD. in Singapore

**2001**  
Established CKD (Shanghai) CORPORATION in China

**2002**  
Established CKD KOREA CORPORATION in South Korea

**2003**  
Established CKD (China) CORPORATION in China  
Opened a branch office in the Netherlands

**2007**  
Established TAIWAN CKD CORPORATION in Taiwan

**2011**  
Opened a branch office in Singapore

**2012**  
Changed its name to CKD Corporation (\*change in Japanese name only)  
Established CKD Field Engineering Corporation as a service company for Automatic Machinery

**2013**  
Completed the construction of a new plant at CKD (China) CORPORATION

**2014**  
Established PT CKD TRADING INDONESIA in Indonesia  
Established CKD VIETNAM ENGINEERING CO., LTD. in Vietnam  
Established PT CKD MANUFACTURING INDONESIA in Indonesia

**2015**  
Established CKD MEXICO, S. de R.L. de C.V. in Mexico  
Established CKD India Private Limited in India

**2016**  
Established CKD Europe B.V. in the Netherlands

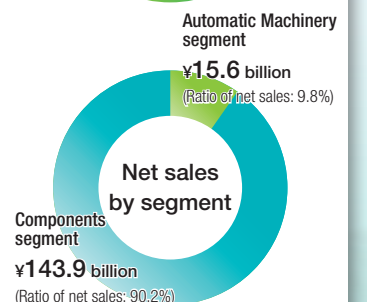
**2017**  
Converted CKD NIKKI DENSO CO., LTD. into a group company

**2018**  
Opened an in-house childcare center “Ohana nursery school” at the Head Office/Komaki Plant

## CKD Now – At a glance –

Net sales  
¥159.5 billion

Operating profit  
¥21.2 billion



Consolidated number of employees  
4,684



# CKD's Business Value that Helps Solve Social Issues

Through its automation and fluid control business domains, CKD has worked on technological innovation and value creation to help resolve various social issues. Going forward, we will remain sincerely committed to achieving SDGs and contribute to realizing a prosperous future, as outlined in our Purpose.

## Fine system components

Semiconductors and liquid crystal used in data center servers and tablet devices. CKD's control components also play active roles in the clean working environment in which these products are manufactured.

## 3D solder paste inspection machines

CKD's technology, which never misses defects in the manufacturing of printed circuit board for smartphones, contributes to the advanced functionality and more compact size of electronic components.

Social issues >

## Development of Digital Infrastructure

Social issues >

## Creating a Safe and Secure Society (Food and Medical Care)

### Automatic food packaging systems/ Food production components

There is a growing number of packaged foods being developed with the aim of improving added value, such as preserving food quality and hygiene. CKD's food packaging technology ensures food safety and delivers peace of mind to people.

### Automatic pharmaceutical packaging systems/ Life science components

CKD's technology is also used in machinery and components for pharmaceutical products and medical devices that support safe medical care, such as packaging for drugs and syringes, oxygen concentrators, analyzing devices, and dental equipment control.

## Lithium-ion battery winding machines/Battery manufacturing components

Lithium-ion batteries are widely used as the latest type of storage battery, particularly in hybrid and electric vehicles. CKD's technology is also used in the manufacturing of these batteries.

## Solar cell components

Solar power generation has been adopted across various fields with the aim of shifting to sustainable energy. CKD products are also used in the solar cell manufacturing process.

Social issues >

## Creating a Decarbonized Society

Social issues >

## Reforming Monozukuri (Manufacturing) Building Smart Factories

### Electric actuators/ Pneumatic cylinders

CKD products include electric actuators and pneumatic cylinders, indispensable in factories where automobiles, daily necessities, and other products are manufactured. Long-life cylinders that help reduce environmental impact are also used in many factories.

### Fluid control components

CKD's technology, which controls all kinds of fluids, is used in a variety of fields that make people's lives more convenient, such as park sprinkler systems and machine tools.

### Programming tool for image processing

Image processing can be achieved easily without the need for specialized vocabulary. It is used for the automation of various visual inspections.



## Message from the CEO

**We strive to contribute to the improvement of employee happiness and the realization of social sustainability through “management that makes the most of people”**



**Kazunori Kajimoto**  
Representative Director,  
Chairperson of the Board of Directors and  
Chief Executive Officer

Reconsidering what needs to be protected and what needs to be changed as we celebrate the 80th anniversary of our founding

CKD celebrated the 80th anniversary of its founding on April 2, 2023. Established in 1943 as a company engaged in the development and manufacture of electrical components for aircraft, the Company has continued to develop its operations while pursuing technological innovation based on automation and fluid control technologies over its 80-year history.

We support *monozukuri* (manufacturing) around the world by facing all the challenges of our customers, and strive to make further social contributions and realize a sustainable society.

There are two phrases that came to mind when looking back at our history. The first is “Rome was not built in a day” and the second is “Time flies like an arrow.” While these two phrases may seem to have completely opposite meanings, the technologies and business foundations built up by our predecessors were not achieved overnight. They are

irreplaceable assets of the Company. However, when questioning whether tradition and history ensure the sustainability of society and companies, just as the common practices of corporate management have changed drastically due to consideration for the environment, clinging to the past can sometimes be a hindrance. Amid environmental changes surrounding our business, which are as rapid as an allow, what should CKD's social *raison d'être* be? How do we address the changes of the times, what should we protect, what should we change, and what should we achieve? In this milestone year, I strongly feel that it is important for each and every employee to ask themselves these questions again.

We saw the 80th anniversary of our founding as an opportunity to renew our philosophy, which is one of our guiding principles, in light of changing global circumstances. We established our new principles, which include Purpose and Values in place of our previous Corporate Philosophy and Corporate Commitment, and Brand Slogan as our corporate statement.

In our Purpose, a *raison d'être* as a company, which is to “continue to explore and co-create automation technologies to cultivate a healthy global environment and a prosperous future,” we incorporated “global environment” and “co-creation,” words that were not included in our previous Corporate Philosophy. We did so to express CKD's determination to continue the exploration and co-creation of automation, our core technology, with all stakeholders, including customers and partner companies, to create solutions to environmental and social issues, and ultimately realize a prosperous future.

“C-SHIP” is an acronym for the five Values that are to be upheld by all employees, standing for “Customer first,” “Sustainability,” “Human resources,” “Innovation,” and “Professionalism.” We aim to use this catchphrase to instill these values throughout the company.

We were also particular in how we established our new principles. We launched the Branding Project, which was teamed up by various employees, including those from overseas, selected following a call for participants. This project team repeatedly worked to refine our principles, and the final version of the Brand Slogan was decided by the votes of all CKD Group employees worldwide. Based on our principles that have been updated by our own employees for the first time in 30 years, we aim to become a company that fosters a sense of pride and loyalty, and one that helps create a prosperous society.

Contributing to the realization of a society where no one is left behind by utilizing our unique product development capabilities

As indicated in the United Nations' 17 Sustainable Development Goals (SDGs), there are many social issues that need to be addressed. In recent years, in addition to energy

and environmental problems, particularly labor shortages due to declining birthrates and aging populations worldwide, diversity promotion, including appointing female and senior employees, have become urgent issues in organizational management.

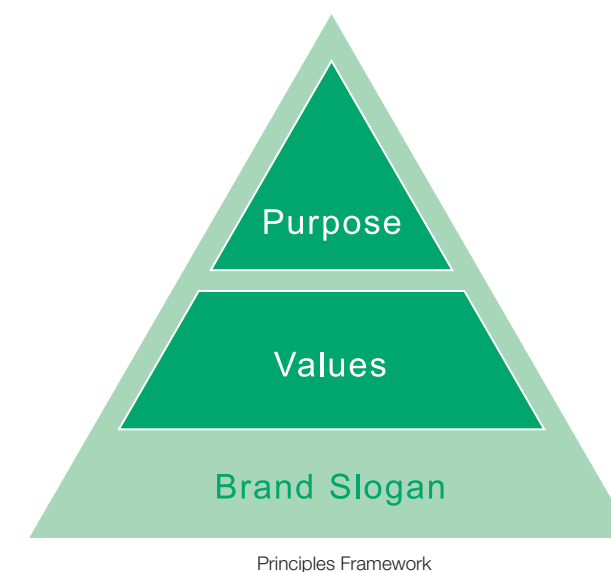
We are working to solve these issues from two main standpoints. The first is the creation of a positive working environment for our employees. We are promoting the creation of an environment and systems in which diverse human resources can play an active role. Efforts on this front include establishing a daycare center at our Head Office, actively promoting senior employees and improving working conditions as part of our lifetime employment program, participating in the Work Happiness Farm, which supports employment for people with disabilities through vegetable farming, and actively hiring non-Japanese employees.

The second is a CKD-style approach in which we tackle issues that arise in the field, including at customers, through product development.

Through our automation and fluid control business domains, we have worked to develop products aimed at solving various social issues, and now have a lineup of more than 500,000 products. One of these products is an assistance device that reduces the workload of workplaces handling heavy objects. It has been well received as a human assistance product that contributes to the creation of a comfortable working environment for workers of all ages and genders.

At the same time, we are developing new offerings such as production support systems, visual programming tools, and remote-control solutions by combining hardware (fluid control/automation) and software (digital technology) to provide total solutions that promote automation and safe and secure working environments.

In addition to providing a broad lineup of products and a wide variety of technologies, doing so at a price range that





## Message from the CEO

SMEs with limited resources can afford, with offerings that are easy to use, is what sets CKD apart from rivals in this field. Since assuming the position of Chairperson in 2021, I have been actively taking on external roles, such as the head of the Komaki Chamber of Commerce and Industry. This has led to many SME consultations about automation as a means of tackling labor shortages.

From the perspective of “leave no one behind,” the central promise of the SDGs, we also plan to contribute to the shared global issues of improving productivity and reducing environmental impact by enabling customers in more countries and regions to use our products, regardless of company size. To this end, we need to hone our technological capabilities, one of our key strengths, while also focusing on marketing and branding in order to enhance the Company's presence.

### New initiatives and external evaluation and awards

The seventh year of the 10-Year VISION: GO CKD!, our long-term management vision, ended in fiscal 2022. Under our basic policies of “Challenge new business activities and

markets” and “Accelerate globalization and expand overseas markets,” we are steadily moving forward with initiatives aimed at achieving our targets for fiscal 2025, the final year of the Vision. Efforts on this front include the development of service businesses utilizing digital transformation (DX), the operation of the plant in the United States, and the expansion of production bases in India, Malaysia, and Thailand.

With regard to long-term social sustainability and consideration for the environment, which I am particularly focusing on as CEO, we are working to achieve net zero CO<sub>2</sub> emissions, our target for fiscal 2050, by expanding the use of renewable energy, such as installing solar power generation facilities at our plants, and thoroughly stepping up the use of green energy and other CO<sub>2</sub>-free energy.

In addition, one sustainable achievement we made that broadly contributes to society and is also related to our basic policy of “Challenge new business activities and markets,” is the practical use of environmentally friendly biomass-based plastic for blister packages, which we developed in collaboration with Astellas Pharma and the Mitsubishi Chemical Group. Said project received the Minister of Environment Award at the 5th Japan Open Innovation Prize in February 2023.

Aiming to promote open innovation in Japan, the prize recognizes highly advanced and creative initiatives with prospects as future role models. We consider this to be a very significant award, following on from the Golden Award of the AICHI Environmental Award we received in 2021, both from the perspective of gaining recognition for our accumulated efforts to develop products that contribute to the environment and society from an early stage, and also in terms of being a first step that embodies the “co-creation” aspect of our Purpose and Brand Slogan. Taking this award as encouragement, we have been working to raise even more our awareness of “further refining our technologies to be useful to society and our customers”, and are also conveying to employees that we want them to carry out co-creation with like-minded “associates,” thereby creating social value.

In the 10-Year VISION, the area that we need to particularly focus on over the remaining three years is “Build a corporate culture with faith in human resources,” which is set forth in our basic policies. The most important issue in achieving sustainable growth of both society and companies through business activities is the development of the human resources that will be responsible for doing so. As society changes, companies will also change. The talent companies seek for will inevitably change as well, both in terms of quantity and quality, therefore making it difficult to train them.

Currently, President Okuoka is leading efforts to cultivate next generation of leaders, global human resources, and digital human resources essential to the growth of the Company, with the aim of implementing “management that makes the most of people.”



India plant under construction (scheduled for completion in 2024)

### The four qualities required of the next generation of leaders that will shoulder the future of CKD

Among the three categories of human resources mentioned above, key to the evolution of the company going forward will be the development of the next generation of leaders that will steer CKD toward its 90th and 100th anniversaries. So, what should our next generation of leaders look like? I believe they should have four key qualities.

The first is having a “driven mindset.” For the future, I want young employees to break away from their previous approach of being a behind-the-scenes supporter that is satisfied with merely making good products for use by people who need them, and instead, become leaders who have the mettle to steer the society with new solutions and services ahead of social changes.

The second quality is also important in this regard, which is maintaining a “positive attitude.” The third is to “think outside the box.” I want employees to think outside the box without focusing on our 80-year history, and have the courage to “break” tradition if they want to make the Company better. The fourth is being “both tough and kind.” I want our employees to

grow into leaders that can be both tough and kind, and deeply devote themselves to training subordinates and junior employees.

The greatest strength of our employees is that they are sincere, honest, and have a willingness to actively address the challenges at hand and overcome them. I believe that they will face leadership role models we set forth with sincerity and strive to fulfill what is required of them.

One of our Values is “Human resources,” and we aim to be “management that makes the most of people” where everyone can play an active role. In order to achieve this, the strengths of each employee are necessary. As such, the Company needs to create an environment where employees work with a high sense of happiness. We believe that “management that makes the most of people” will lead to job satisfaction and the fulfillment of employees' lives, and help develop personnel that consider how to contribute to society through their work.

As the times change, companies will also change. The way we approach management must therefore change flexibly, without clinging to the past. Even after celebrating its 80th anniversary, CKD will continue to make efforts to change while still cherishing its good DNA.

We ask for the continued support and guidance of our stakeholders as we strive to achieve further growth.

### Key qualities for the next generation of leaders

- 1 Driven mindset
- 2 Positive attitude
- 3 Thinking outside the box
- 4 Both tough and kind



CKD's 80th anniversary logo

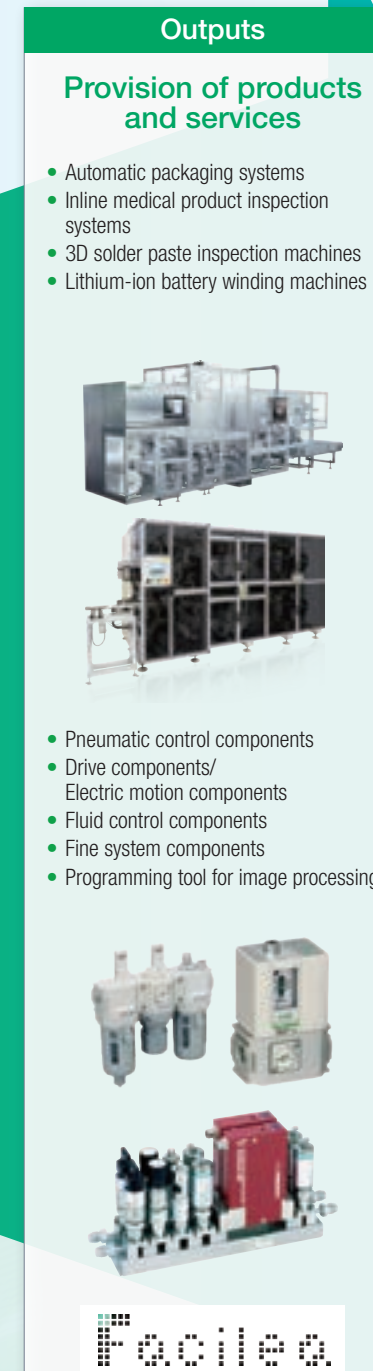
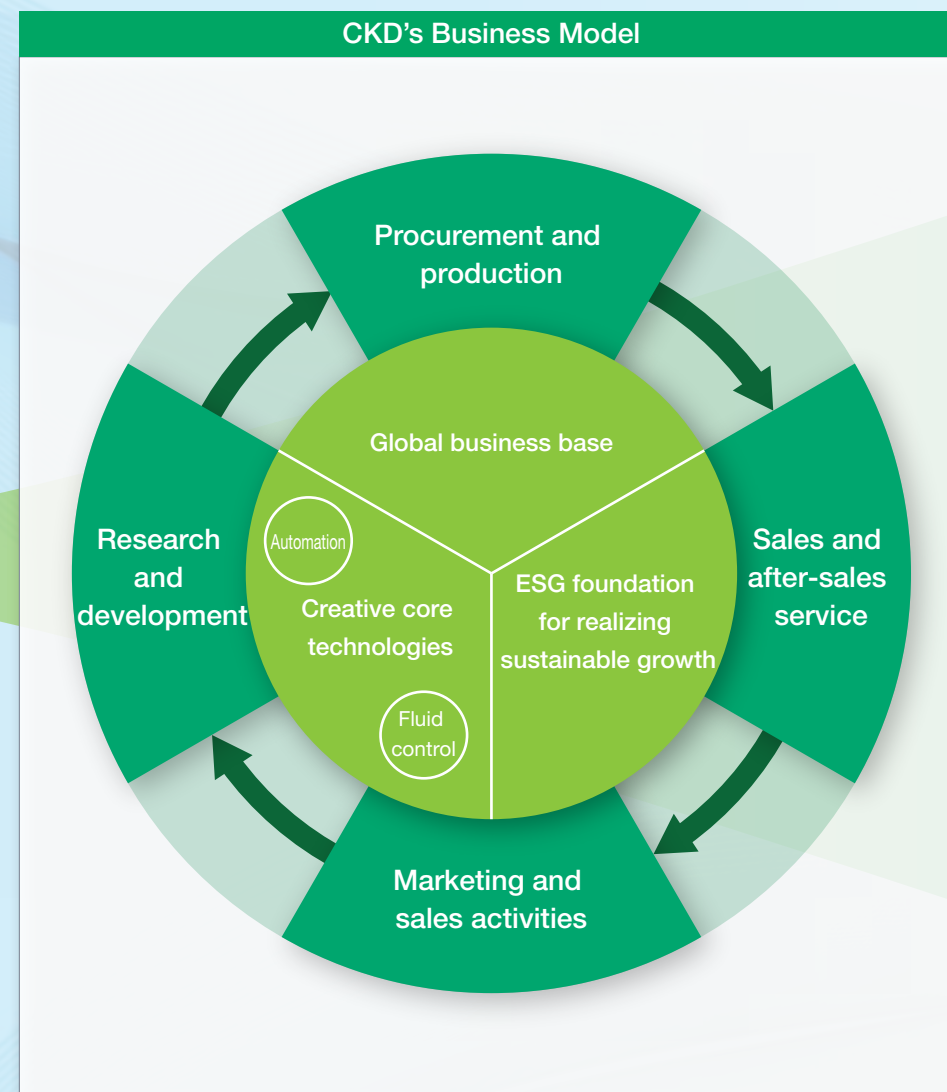


# Corporate Value Creation Model

CKD aims to contribute to achieving the SDGs by investing capital in each focus domain and working on technological innovation and value creation to resolve various social issues through its automation and fluid control business domains.

Going forward, we will continue to explore and co-create automation, our core technology, with the aim of realizing a prosperous future set forth in our Purpose.

Inputs
(All figures are for the fiscal year ended March 31, 2023)
<b>Human capital</b>
▪ Number of employees: <b>4,684</b>
▪ Training costs: <b>¥69 million</b>
<b>Intellectual capital</b>
▪ Research and development expenses: <b>¥3.81 billion</b>
<b>Financial capital</b>
▪ Net assets: <b>¥119.73 billion</b>
▪ Equity ratio: <b>64.5%</b>
<b>Manufacturing capital</b>
▪ Global production bases
Japan: <b>7 bases</b>
Overseas: <b>6 bases</b>
▪ CAPEX: <b>¥11.4 billion</b>
<b>Social capital</b>
▪ Trusting relationship with stakeholders
<b>Natural capital</b>
▪ Water consumption: <b>542,000 m<sup>3</sup></b>
▪ Solar power generation output: <b>5,805 MWh</b>



## Our Long-Term Goal Purpose

We will continue to explore and co-create automation technologies to cultivate a healthy global environment and a prosperous future.

## Outcomes

### Economic value increase

- Increasing net sales and operating profit
- Providing returns to shareholders
- Expanding businesses
- Expanding overseas bases

### Social value creation

- Contributing to *monozukuri* in a society with a shrinking labor force
- Contributing to establishing a decarbonized society through innovation in energy-conservation technology
- Contributing to the safety and long-term preservation of food
- Contributing to a stable supply of medical products
- Making the working environment safer and more secure with devices that assist people—assistance devices

### Negative aspects and efforts to reduce them

- Consuming resources and energy and thereby impacting the environment
- Reducing environmental impact through promoting energy conservation and utilizing recycled resources



Materiality

Sustainable growth and enhancing corporate value

We have identified materiality (key issues) that should be prioritized, in order to cultivate a healthy global environment and a prosperous future, as stated in our Purpose, aiming for sustainable growth hand in hand with society. We will work to resolve these issues through our business activities and strive to enhance our corporate value.

Materiality identification process

We identified the materiality faced by the CKD Group based on the idea that contributing to the resolution of social issues will help both society and the CKD Group achieve sustainable growth, which in turn should increase our corporate value.

In the process of identifying materiality, we first collected a wide range of external information to identify social issues, and then extracted the challenges faced by the CKD Group. We then examined the connection between social issues and the challenges faced by the CKD Group, and used our findings to identify the materiality to be addressed.

We will also constantly review the materiality we identified, and through dialogue with our stakeholders, we plan to recognize the issues facing society and the CKD Group and reflect this in our materiality.

Materiality is identified by initial reviews by the relevant divisions, after which the Sustainability Committee, chaired by the President, regularly deliberates the material issues as well as determines the degree of their impact and importance by linking them to risk management. The material issues are then finally discussed and finalized by the Board of Directors. Therefore, all Directors have a shared awareness of materiality.

(P39 ▶ Sustainability promotion structure)

STEP 1

Extract social issues

Extract social issues with reference to the SDGs, GRI Standards, ISO 26000, etc.

STEP 2

Extract issues of the CKD Group

Extract management issues of the CKD Group

STEP 3

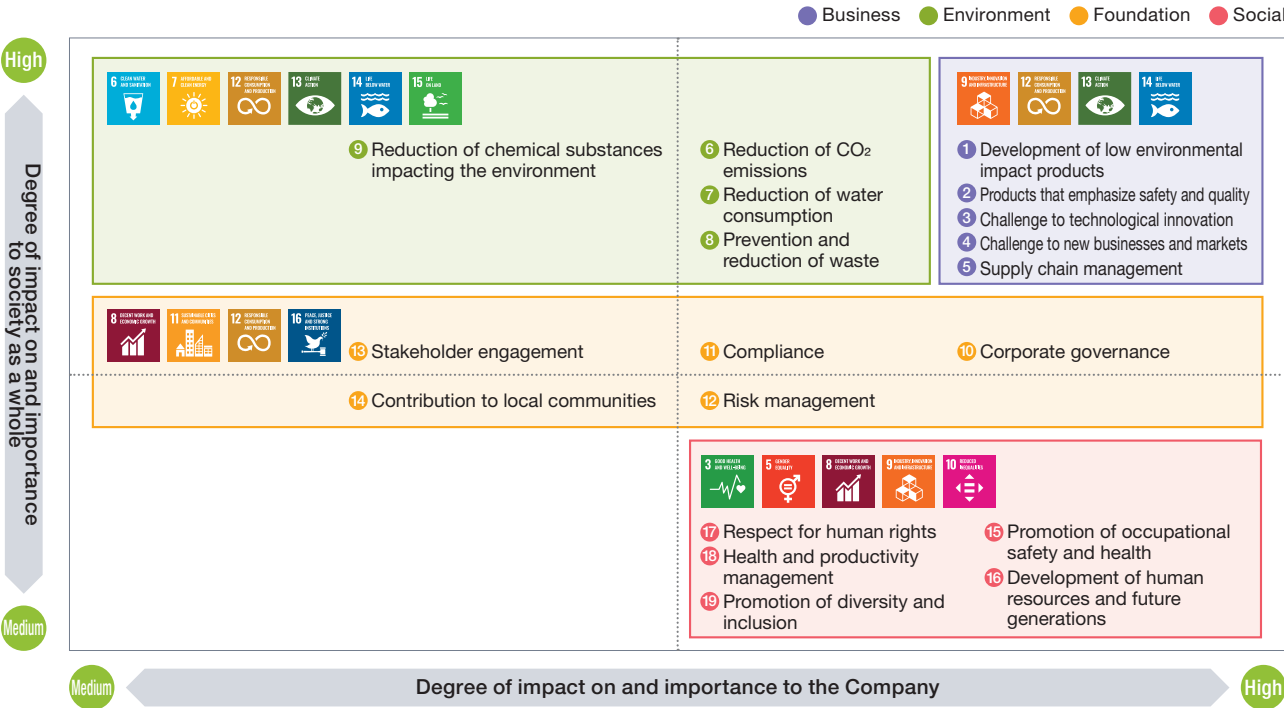
Identify materiality

Identify materiality from the perspective of the CKD Group pursuing sustainable growth with society and enhancing its corporate value.

STEP 4

Hold dialogue with stakeholders

Materiality matrix



Materiality medium-term targets

Materiality	Relevant SDGs	Targets	Relevant page
* The target fiscal year is fiscal 2025 if no target year is stated.			
1 Development of low environmental impact products	12, 13, 14	■ Develop machinery for plastic-free packaging ■ Develop technology to reduce packaging material scraps ■ Optimize environmental impact assessment standards and operations for development evaluation	P40-42 ▶
2 Products that emphasize safety and quality	12	■ Improve product safety and quality by proposing new inspection machines ■ 100% implementation rate of customer safety and product quality enhancement by utilizing quality analysis methods	
3 Challenge to technological innovation	9	■ Develop elemental technologies to improve environment conservation efforts, customer safety, and product quality ■ Accumulate core technologies through technological innovation to contribute to society	
4 Challenge to new businesses and markets	9	■ Expand service businesses ■ Develop new businesses	
5 Supply chain management	12	■ 100% compliance rate of CKD Green Procurement Guide by major suppliers	P50 ▶
6 Reduction of CO <sub>2</sub> emissions	7, 13	■ Reduce CO <sub>2</sub> emissions 50% reduction in total volume by fiscal 2030 (compared to fiscal 2022) 50% reduction per unit of sales by fiscal 2030 (compared to fiscal 2013) Achieve virtually zero by fiscal 2050 ■ Promote environmental investments (systematic introduction of solar power generation and energy-saving equipment)	P40-44 ▶
7 Reduction of water consumption	6	■ 2% reduction compared to the previous fiscal year (per unit of sales, CKD (non-consolidated))	
8 Prevention and reduction of waste	12, 14, 15	■ 2% reduction compared to the previous fiscal year (per unit of sales, CKD (non-consolidated))	
9 Reduction of chemical substances impacting the environment	12, 14, 15	■ 100% of applicable products are RoHS Directive compliant	
10 Corporate governance	12	■ Improve the effectiveness of the Board of Directors (more active discussions, provide more detailed disclosures)	P55-60 ▶
11 Compliance	12, 16	■ Promote compliance throughout the entire Group, including overseas bases	P63 ▶
12 Risk management	12	■ Strengthen the risk management system of the entire Group, including overseas bases	P64 ▶
13 Stakeholder engagement	8	■ Disclose ample information to stakeholders ■ Deviation value of 52 based on external work engagement survey results	P19-20 ▶
14 Contribution to local communities	11	■ Support the development of the future generation, carry out environmental protection activities for rivers and forests	
15 Promotion of occupational safety and health	3, 8	■ Promote occupational safety and health activities	P47 ▶
16 Development of human resources and future generations	9	■ Carry out next-generation leader training for a cumulative total of 81 employees (number of training participants since fiscal 2017) ■ Carry out global talent training for a cumulative total of 65 employees (number of training participants since fiscal 2012) ■ Carry out digital talent training for a cumulative total of 1,000 employees (number of training participants since fiscal 2022)	P45-47 ▶
17 Respect for human rights	5, 8, 10	■ Conduct human rights due diligence once a year	P49 ▶
18 Health and productivity management	3, 8	■ Recognition as a White 500 enterprise ■ Average paid leave usage of at least 65%	P45-47 ▶
19 Promotion of diversity and inclusion	5, 8	■ Send a cumulative total of 23 trainees from overseas to Japan (number of training participants since fiscal 2014) ■ Ratio of employees who took childcare leave: male 70%; female 100% ■ Ratio of female managers: 10% (by fiscal 2030)	P45-47 ▶



Risks and Opportunities

Political conditions and market environments change day by day and the risks that affect corporate activities become more global and diversified every year. We have a system in place that allows us to respond to the risks that may affect our corporate value, and review selected risks as necessary. Risks are not always negative factors; some may become opportunities for further growth of the Company. We will continue to capture such risks as opportunities and take bold actions when appropriate. As we conduct risk management and improve our corporate value through business initiatives, we aim to realize a sustainable society.

Approach to risk

We define risks as uncertain events that may affect corporate value such as achieving management goals and social credibility as a result of changes in the external or internal environment. We view the appropriate management of risk as a vital management issue to expand our business globally, and have a risk management system in place.

Risk factors	Risks	Responses and opportunities	Corresponding materiality
Society/ Economy	· Stagnation of business conditions in key customers' industries due to the prolonged economic downturn, affecting business performance	<div>Responses</div> · Prompt action to address changes in the market environment	<div>12</div> Risk management
Natural hazards	· Impact on production activities due to the suspension of operations at production plants and supply chain disruptions caused by natural disasters such as heavy rain and flooding · Impact on production activities of earthquakes in the Tokai, Tonankai, and Nankai regions	<div>Responses</div> · Establishment of a system enabling local procurement at each production base and decentralization of production bases · Strengthening of response capabilities through our business continuity plans (BCP) and new regulations	<div>12</div> Risk management
Politics	· Impact on the Company's business through semiconductor-related customers in the component products business in the event of restrictions on imports/exports and semiconductor-related transactions due to political factors, such as trade frictions · Impact on production activities due to government regulations and import/export restrictions resulting from heightened geopolitical risks	<div>Responses</div> · Promotion of local procurement of products manufactured overseas, production at multiple bases, and placement of inventory centers in various locations by taking into consideration geopolitical risks <div>Opportunities</div> · Increased demand for new capital investment due to the decentralized siting of customers' semiconductor production bases	<div>12</div> Risk management <div>5</div> Supply chain management
Management and internal controls	· Impact on business performance from unexpected changes in the business environment · Unexpected losses that can arise from inadequacy of management at bases with short history or small-scale locations	<div>Responses</div> · Continuous review of management strategies and the management of annual policies · Support for overseas Group Companies to strengthen governance · Human resource strategy incorporating strengthened in-house education, including implementation of a global-based human resource development plan	<div>4</div> Challenge to new businesses and markets <div>10</div> Corporate governance <div>16</div> Development of human resources and future generations
Legal issues related to business transactions	· Impact of the security export control system · Financial disruption caused by the non-collection of accounts receivable · Impact on production activities stemming from shortages in the supply of materials from suppliers due to business succession issues, etc.	<div>Responses</div> · Thorough company-wide training and rigorous export control · Securing multiple suppliers and conducting evaluation tests of alternative materials · Conducting regular credit checks	<div>5</div> Supply chain management
Products/ Technologies/ Services	· Burden of compensation for damages and loss of customer trust in the event that a product causes personal injury or property damage · Intensified price competition with competitors due to the commodification of some products	<div>Responses</div> · Reinforcement of the quality assurance structure from raw materials to shipping inspections · Development of IoT-related components, preventive maintenance, and long service life products · Development of high-value-added products and launch of price-competitive products <div>Opportunities</div> · Increased demand for high value-added products due to an increase in customers who place emphasis on quality	<div>1</div> Development of low environmental impact products <div>2</div> Products that emphasize safety and quality <div>3</div> Challenge to technological innovation

Risk factors	Risks	Responses and opportunities	Corresponding materiality
Employment	· Impact on production activities due to the difficulty of securing labor in Japan under a declining birthrate · Impact on new businesses and global activities due to shortages of global-based human resources and human resources capable of project planning	<div>Responses</div> · Advanced automation in domestic plants and establishment of production systems that do not rely on human labor · Human resource strategy incorporating strengthened in-house education, including implementation of a global-based human resource development plan <div>Opportunities</div> · Increased demand for automation and labor-saving on production lines due to the difficulty of securing labor in Japan	<div>16</div> Development of human resources and future generations <div>17</div> Respect for human rights <div>19</div> Promotion of diversity and inclusion
Information security	· Dysfunction in internal systems or information leaks due to computer viruses or cyberattacks and associated loss of social credibility · Impact on deliveries to business partners caused by a suspension of production lines and distribution systems · Stagnation in procurement, production, and distribution due to the shutdown of the ERP software system, and the resulting negative impact on business activities · Impact of computer virus infection on important business partners	<div>Responses</div> · Development of information security management policies and other regulations and implementation of employee training and internal audits · Installment and updating of the latest information security equipment and software · Investigation and remediation of information security management at our significant business partners <div>Opportunities</div> · Increased opportunities for dealings with customers by improving social credibility through strengthening information security systems	<div>5</div> Supply chain management <div>12</div> Risk management
Environmental issues	· Impact on business performance due to delays in the development of businesses and products that contribute to the realization of a decarbonized society by the Group · Impact on business activities from tighter regulations on the use and emission of greenhouse gases and under the energy-conservation laws due to worsening global environmental issues · Impact on business activities of stricter regulations on chemical substances in use · Impact on the continuity of the Company's packaging machinery business in the event of delayed response in the packaging business to the global trend toward de-plasticization	<div>Responses</div> · Development of low environmental impact products · Prompt switch away from materials containing regulated substances · Development of packaging machinery adapted to plastic-free packaging materials <div>Opportunities</div> · Sales expansion of low environmental impact products · Expansion of business in packaging machinery adapted to plastic-free packaging materials	<div>1</div> Development of low environmental impact products <div>6</div> Reduction of CO2 emissions <div>7</div> Reduction of water consumption <div>8</div> Prevention and reduction of waste <div>9</div> Reduction of chemical substances impacting the environment
Occupational safety and health	· Impact on business operations from employees being overworked or stressed · Impact on production activities from industrial accidents · Impact on deliveries to business partners caused by a suspension of operations at domestic and overseas plants or at key supplier plants due to the pandemic	<div>Responses</div> · Implementation of regular surveys in the form of mental health checks · Carrying out occupational safety and health training · Strengthening of non-contact support including remote sales and services · Strengthening of development of sensors and image processing technology for remote control and labor-saving <div>Opportunities</div> · Increased demand for automation and labor-saving such as production equipment that does not rely on humans and remote diagnosis and operation of equipment as measures against infectious diseases and other threats	<div>15</div> Promotion of occupational safety and health <div>18</div> Health and productivity management
Facilities/ Equipment	· Impact on production activities from malfunctioning or damaged production equipment	<div>Responses</div> · Keeping equipment running through regular upgrades and maintenance	<div>12</div> Risk management



# Stakeholder Engagement

In order to contribute to the realization of a sustainable society, we strive to understand the expectations of our stakeholders through communication and fulfill our responsibilities.

## Examples of dialogue with stakeholders

### Customers

#### Primary responsibilities and challenges

We consistently engage our customers with a customer-oriented and modest mindset, prioritize safety, quality, and the environment, and offer products and services that satisfy our customers.

#### Primary dialogue opportunities

##### ① Participation in exhibitions

We are increasing opportunities for visitors to see our products by exhibiting at trade shows. We display and demonstrate actual automated machinery and components, and



introduce our biomass film/non-scrap specifications and remote support for environmental friendliness.

##### ② Mobile showroom van tour

In response to requests from customers that are too busy to go to exhibitions but want to check out how our products work in person, we visit customers all over Japan with mobile showrooms containing our products such as the ROBODX Series electric actuators.



### Suppliers

#### Primary responsibilities and challenges

We promote procurement activities to realize a sustainable society in partnership with our suppliers based on our established Purchasing Principles and Fundamental Policy.

#### Primary dialogue opportunities

- Shared procurement policies
  - Production trend briefings
  - Shared quality assurance policies
  - CKD Green Procurement Guide
- For details, see P50 ▶ Supply Chain Management

### Employees/Families

#### Primary responsibilities and challenges

We promote a workforce that makes the best use of its diversity & inclusion and does not discriminate on the basis of gender, nationality, or age. We aim to create workplaces where all employees can work in health with safety and a sense of purpose.

#### Primary dialogue opportunities

##### ① Holding of town hall meetings

We provide opportunities for employees to meet with the President face-to-face and listen to speeches in person, as well as share and hold dialogue on the company's situation, goals, and initiatives.



##### ② Health and Safety Committee

The Occupational Health and Safety Center conducts company-wide *Poketenashi* (five rules for safety improvement) activities and holds conferences. For the company-wide occupational safety and health conference, we have newly established the Excellent Occupational Health and Safety Activities Award. In addition to building an occupational health and safety system, we are also promoting autonomous health and safety activities.



### Shareholders/Investors

#### Primary responsibilities and challenges

We strive to actively disclose information and carry out dialogue in order to ensure transparency. We aim to form an appropriate share price and provide returns that meet the expectations of our shareholders.

#### Primary dialogue opportunities

##### ① Annual general meeting of shareholders

The 103rd Annual General Meeting of Shareholders was held on June 23, 2023. The Q&A session and other related information are available on our website.



### Local society

#### Primary responsibilities and challenges

We aim to be an open company that can contribute to society and local communities.

#### Primary dialogue opportunities

##### ① Dispatch of lecturers to seminars and educational sites

At the iCAD Forum Online, an employee from our Production Engineering Department gave a lecture on the efficiency of starting up production lines using digital 3D technology,



where he discussed utilizing digital technology to prepare for production in the context of capital investments.

##### ② Social contribution activities

In October 2022, employees and their families took part in the Oyama River Clean-up event hosted by Komaki City Office as volunteers. In cooperation with local residents, we cleaned up the Oyama River, a first-class river that flows near our Head Office.



## Evaluation and Awards

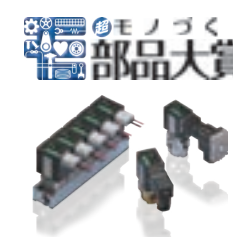
### ① Received the 5th Japan Open Innovation Prize "Minister of Environment Award"

We won the Minister of Environment Award at the 5th Japan Open Innovation Prize sponsored by the Cabinet Office for the practical use of environmentally friendly biomass-based plastic for blister packages, a joint project with Astellas Pharma and Mitsubishi Chemical Group. By switching materials from the conventional petroleum-derived plastic to plant-derived biomass-based plastic used in blister packages, the primary packaging for pharmaceuticals, CO<sub>2</sub> emissions can be reduced by about 40-60% compared to conventional materials.



### ② Received the 2022 Cho-Monodzukuri (super manufacturing) Innovative Parts and Components Award for Machinery and Robotics Parts

Our MULTI-FIT VALVE won the 2022 Cho-Monodzukuri Innovative Parts and Components Award for Machinery and Robotics Parts. The Award was co-sponsored by an economic and industrial organization, Monodzukuri Nippon Conference, and the Nikkan Kogyo Shimbun, Ltd. We have received this award for five consecutive years.



### ③ Recognized as an Outstanding Organization for Health & Productivity Management in 2023

In 2019, we formulated the CKD Health Management Declaration and have been continuously implementing initiatives that enhance health and productivity. Our efforts were recognized and we were certified as an outstanding organization for health and productivity management under the large enterprise category of the Certified Health & Productivity Management Organization



Recognition Program for four consecutive years from 2020. Going forward, we will continue to further enhance the work-life balance of our employees and step up our efforts to promote the health of our employees.

\* Certified Health & Productivity Management Organization Recognition Program: A program operated jointly by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi that gives recognition to organizations carrying out excellent health and productivity management.

### ④ Selection for FTSE Blossom Japan Sector Relative Index

CKD was selected as a constituent of the FTSE Blossom Japan Sector Relative Index for two consecutive years from 2022. This index, constructed by FTSE Russell, is designed to reflect the performance of Japanese companies that relatively demonstrate specific environmental, social and governance (ESG) practices in each sector.



⑤ Selection for MSCI Japan Empowering Women Index (WIN) CKD was selected as a constituent of the MSCI Japan Empowering Women Index (WIN). This index is constructed using the top 700 companies by market capitalization (MSCI Japan IMI Top 700 Index), and represents the performance of companies that are leading within their industries in terms of promoting and maintaining gender diversity.

### ⑥ CDP Climate Change Score of "B"

We received a CDP Climate Change Score of "B." A CDP score measures best practices that demonstrate environmental leadership, including disclosure level, awareness and management of environmental risks, and goal setting. Companies are scored across four levels, with a total of eight scores ranging from A to D-.



### ⑦ Awarded a Kurumin certification



### ⑧ Certified as an Aichi Josei Kagayaki Company



### ⑨ Registered as an Aichi Prefecture Family Friendly Company





## Message from the COO

**Aiming to provide new value that goes beyond the imagination by improving engagement and developing human resources that will lead the future**



**Katsuhito Okuoka**

Representative Director,  
President and Chief  
Operating Officer

### Increased revenues and profits thanks to rising automation needs and higher demand for semiconductors

I have entered my third term as president after being appointed in 2021. Over the past two years, I have witnessed the radical changes in the business environment, while also being able to serve in upper management as COO during CKD's milestone 80th anniversary in 2023. I would like to express my deepest gratitude to our employees and stakeholders who have supported our company during this time. I once again feel the

weight of the responsibility I have to bear to drive the Company toward further growth going forward.

Looking back on the past fiscal year, new risk factors emerged and the world became more divided, with energy prices surging, inflation rising due to the prolonged conflict in Russia and Ukraine, and economic friction between the United States and China. Although the global situation remains uncertain, the Automatic Machinery business performed well. This is attributable to increasing demand for automation and labor-saving in the manufacturing industry against a backdrop of labor shortages and soaring labor

costs both in Japan and overseas. In the Component Products business, sales of semiconductor manufacturing equipment increased amid higher demand for semiconductors for data center and automotive applications, and aggressive investments in the semiconductor and battery industries in various countries. Thanks to these tailwinds, in the fiscal year ended March 31, 2023 we achieved record highs in net sales at ¥159.5 billion and operating profit at ¥21.2 billion, and made a strong start to our fifth Medium-Term Management Plan, Exciting CKD 2025, which kicked off in fiscal 2022.

Through this Medium-Term Management Plan, we aim to contribute to society through our businesses operations and create new value that excites both us and our customers over the next four years, which represent the last chapter of our long-term management vision, "10-Year VISION: GO CKD!" We are proceeding with our initiatives by focusing on the three themes of "evolving our earnings and business strategy model," "improving management efficiency," and "strengthening our management foundation," in line with the four basic policies of our 10-year VISION. We have been carrying out initiatives on this front, and began to see exciting results in fiscal 2022. We have also started implementing large-scale investment projects for future growth.

**Investment for growth and reinforcement of the foundation are implemented ahead of schedule to achieve the goals of the Medium-Term Management Plan**

In the Automatic Machinery segment, we launched FBP-600W, a high-end pharmaceutical packaging machine for the Chinese market we had been promoting for some time. Meanwhile, sales of lithium-ion battery winding machines and 3D solder paste inspection machines were also strong, reflecting the global shift to electric vehicles (EVs).

In the Component Products segment, in order to strengthen the electric motion product business, a business of focus that offers high levels of environmental performance, we launched Simple Electric, New Electric and Multi-Axis Controllers that achieve high rigidity and easy adjustability by inheriting the features of pneumatic components. Through sales growth activities utilizing demo machines and mobile showrooms, we offered the Best Mix of both pneumatic components and electric motion products. Following the recent rise in demand for electric motion components, we will advance our proposal activities even further to gain wider uptake of our electric motion components in addition to our pneumatic components, CKD's strength.

In the area of "new businesses" that we are focusing on, we collaborated with two other companies to make practical use of environmentally friendly biomass-based plastic for blister packages, and won the Minister of Environment Award at the Japan Open Innovation Prize in February 2023. In addition, we launched the following as a service business utilizing DX: solutions for manufacturing sites and primary industries such as agriculture, and the visual programming tool ExiaStudio. Going forward, we will continue to ramp up our efforts to actively create new services that benefit our customers through the fusion of hardware and software.



CKD USA Austin Manufacturing

In the overseas markets of the regions we focus on, we started operation of the Austin Plant in North America in October 2022 to strengthen our production and support system for the U.S. market. In addition, in April 2022 we established a local subsidiary in Italy to improve our sales infrastructure, and in fiscal 2023, we started construction of a plant in India, which is scheduled for completion in February 2024. In anticipation of growing demand in the ASEAN region, we also plan to start operation of a new manufacturing plant for component products in Malaysia by the end of 2024. In Japan, the Hokuriku Plant is under construction in Komatsu City, Ishikawa Prefecture.

In terms of capital policy, we are working to improve managerial efficiency while carrying out the growth investments and strengthening the foundations necessary for sustainable growth ahead of schedule. To this end, we are planning total capital investments of ¥60.0 billion over the next four years.

Our outlook for the fiscal year ending March 31, 2024 depicts a steadily rising scenario in which the semiconductor and rechargeable battery markets will expand over the medium to long term, despite the anticipated impact of restrained semiconductor capital investment due to prolonged inventory adjustments and other factors. We are developing a variety of competitive products based on our technological capabilities that allow us to offer precision control and clean environments required in the increasingly intricate semiconductor field.

With demand for lithium-ion battery winding machines remaining high, in order to fully meet customer needs over the long term, we plan to continue to strengthen our foundations, such as addressing the ever-evolving semiconductor manufacturing processes and boosting production capacity to meet increasing demand for rechargeable batteries. Through these moves, we intend to achieve growth over the next two years.

In June 2022, we announced our support for the Task Force on Climate-related Financial Disclosures (TCFD) as a new ESG initiative supporting sustainable growth, one of the themes for strengthening our management foundation. We have also started to disclose Scope 3 greenhouse gas emissions (supply chain emissions), and are working together with our suppliers to achieve our targets. We are also working to reduce CO<sub>2</sub> in products used by our customers from the development stage, and are carrying out activities that enable us to propose optimal solutions.



## Message from the COO



### Also broadly catering to potential customer needs as part of the More Value for Customers policy

Following my “Close to Customers” slogan for fiscal 2022, I set my management policy as President as “More Value for Customers” for fiscal 2023 based on the idea of returning to our starting point as a manufacturer that solves customer problems through technology. In order to put into practice our policy of “sensing customers with all five senses and providing value beyond their imagination,” we aim to provide new value that anticipates and responds to latent needs, not only through verbal communication, but also by sharpening our sensitivity to facial expressions and gestures.

The greatest challenge in fostering this awareness of contributing to customers and society and making social contributions across the entire CKD Group is acquiring and developing human resources and improving engagement. As such, in fiscal 2023 we aim to focus much more on human investments as we work to strengthen our foundations.

In fiscal 2022, we launched the Human Resources Strategy Committee, chaired by myself, and the Future Human Resources Project, led by the General Manager of the Human

Resources Department. Based on our current human resource portfolio and the portfolio we are working toward, we are promoting the development of effective measures and systems to build the “human resources-oriented corporate culture” set forth in the 10-Year VISION through “creation of highly engaging and rewarding workplaces,” “systematic development of future human resources” and “diversity and inclusion.”

We are carrying out initiatives to improve employee engagement. These include the “Innovator Challenge System,” kicked off in fiscal 2022, for gathering ideas that can be turned into new businesses, the Go CKD! Award that recognizes and awards outstanding initiatives, and the promotion of health and productivity management initiatives.

With regard to the systematic development of the next generation of human resources, in order to have employees improve their skills not only in-house but also outside the Company, we plan to offer a variety of programs that will lead to independent learning, including external training to foster next-generation leaders, a system for dispatching trainees to overseas bases for the development of global talent, and online training for the development of digital talent.

In addition, in order to actively listen to the opinions of young employees, I personally visit each workplace once a month, and sometimes hold a round-table discussion where we have lunch together.

In addition to IR information on business performance for investors, we have also started internal IR for our employees. Going forward, we plan to actively hold meetings at overseas bases and strive to improve engagement through dialogue in order to prevent disparity between employees and management.

Just as bamboo grows by forming joints, we see the fiscal year 2023 as a time to settle down and solidify the foundations that will become joints, and we are conveying the importance of this to our employees. In order to strengthen our foundations as we progress toward the next stage of growth, we will work to create new value while expanding the harmony of “co-creation” with our stakeholders, as set forth in our newly established Purpose, Values, and Brand Slogan. I sincerely thank all of our stakeholders for your continued guidance and support.



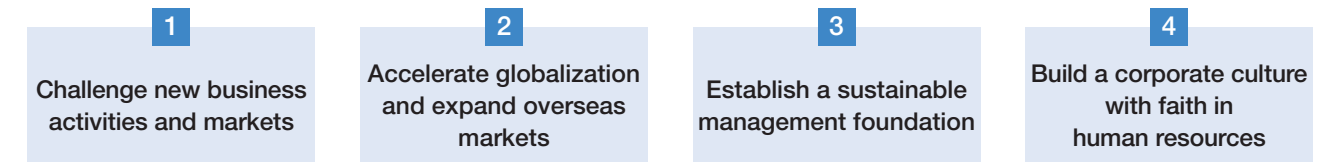
## Medium-Term Management Plan

Sales grew steadily in fiscal 2022, the first year of our new Medium-Term Management Plan: Exciting CKD 2025. We have positioned semiconductors, batteries, the electric motion product business, and new businesses as industries/businesses of focus, and overseas markets as regions of focus. We aim to steadily implement growth investments and ESG initiatives in these areas.

### Medium-Term Management Plan (FY2022–FY2025, four-year plan)

#### Exciting CKD 2025

By contributing to society through our business and creating new value,  
we will get customers further excited,  
accomplish our 10-Year VISION and inspire the next 10 years with excitement



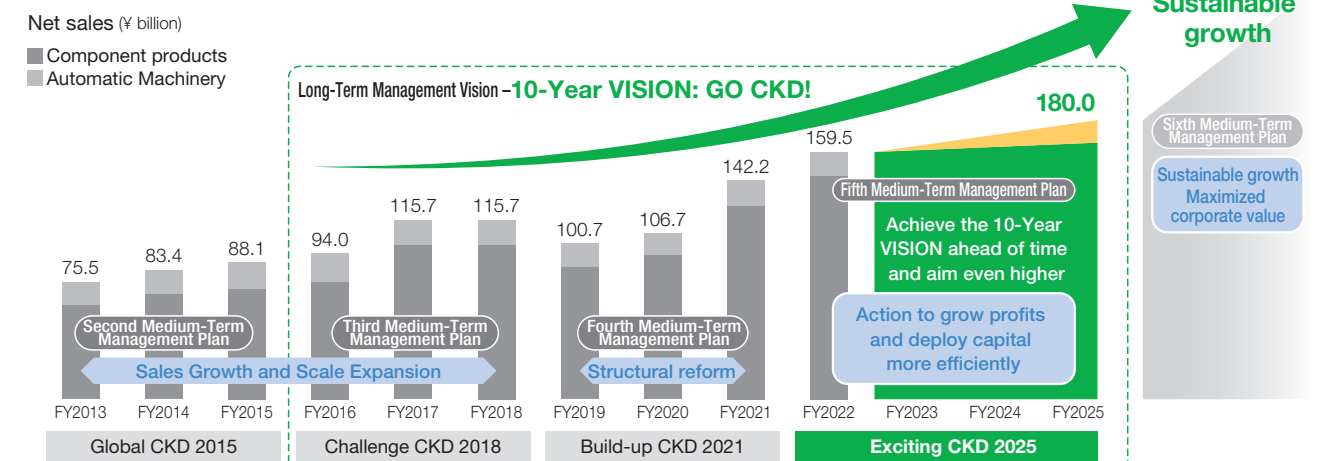
### Management goals

Net sales	¥180.0 billion
ROE	10–13%
Dividend payout ratio	around 40%

KPI	FY2022 results	FY2025 goals
Net sales	¥159.5 billion	¥180.0 billion
Operating profit	¥21.2 billion	¥25.0 billion
ROE	12.9%	10.0–13.0%
Dividend policy	Dividend payout ratio of 40.1%	Dividend payout ratio of around 40%
Share buyback	—	Flexible share buyback considered

### Positioning of the new Medium-Term Management Plan

Building a foundation for achieving “10-Year VISION: GO CKD!” and linking that to our next medium- to long-term management plan





Medium-Term Management Plan

Management policies and key initiatives

1. Evolution of profit and business strategy model

Industries of focus Semiconductors

As digital infrastructure advances, we need to respond to new demands in the areas of data centers, autonomous driving, and industrial electronics, among others. To this end, we will promote to address technological issues in cutting-edge processes, further enhance our market presence, and firmly establish a global follow-up system with an eye to demand growth down the line.

As for the expansion of manufacturing plants, we began operation of the Austin Plant in North America in October 2022. In 2024, we plan to start operation of a No. 2 plant using land adjacent to the Tohoku Plant, as well as the Hokuriku Plant in Ishikawa Prefecture.



Tohoku Plant



Hokuriku Plant

Industries of focus Batteries

Due to the ongoing global trend toward carbon neutrality, the market for rechargeable batteries for EVs is expected to remain on a growth trajectory. We are addressing this by ensuring we have sufficient production capacity and quality to meet growing demand.

In the Automatic Machinery Business segment, we will strive to contribute to productivity improvement through our ultra-high-speed winding machines. The Component Business Division will continue to respond to manufacturing needs with a product lineup of over 100 models for the rechargeable battery manufacturing process, responding to the manufacturing environment of each customer's equipment and contributing to stable equipment operation with long service life.



Lithium-ion battery winding machines

Businesses of focus Electric motion product business

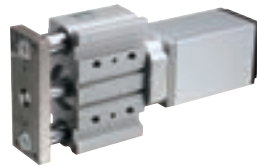
In addition to pneumatic components, we are working to expand the electric motion product business as a new business pillar.

We are expanding our range of electric motion products to meet the needs of our customers. We have launched 14 new models that can be easily adjusted and have excellent rigidity, targeting the niche between pneumatic and conventional electric motion components.

We also launched a series of products compatible with the diversifying environments in which machines are used. In order to propose the ideal mix of pneumatic and electric motion components more quickly, we have started to propose the appropriate selection of components for each manufacturing process, and provide them as systems combined with software.



Electric actuator D series



Electric actuator G series

Businesses of focus New businesses

As a service business, we are making efforts to develop products that can contribute to improving customer productivity and solving their problems.

At manufacturing sites, more facilities are linking PCs, used to collect information, with PLCs, used to control equipment, in order to introduce production management systems and manage traceability. Therefore, in March 2023, we launched a visual programming tool that can handle everything from information collection to equipment control with just a single PC.

Furthermore, we are collaborating with Astellas Pharma and Mitsubishi Chemical Group to develop products that reduce environmental impact. Our joint project is the first in the world to make practical use of biomass-based plastic for blister packages. In February 2023, we received the Minister of the Environment Award at the 5th Japan Open Innovation Prize, as our biomass-based plastic successfully reduced CO<sub>2</sub> emissions by about 40-60% compared to conventional blister packages.



Pharmaceutical packaging machines

Regions of focus Overseas markets

In fiscal 2022, we stepped up our efforts in the U.S., Europe, the ASEAN region, and India in line with the measures set in our Medium-Term Management Plan.

In the U.S., we began operation of the Austin Plant in October 2022 to strengthen our production and support systems for semiconductor manufacturing equipment makers.

In the European market, we have been pushing forward with sales activities under CKD ITALIA after turning EPSITEC, an Italian distributor, into a subsidiary. In India, we are constructing a new plant with the aim of capturing new markets.

In the ASEAN region, we decided to establish a subsidiary in Malaysia and acquire land and buildings for a plant. We did so in order to strengthen our production system with an eye to growth in demand for component products.

As part of efforts to achieve medium- to long-term growth and enhance corporate value, we will continue to make investments in laying a business foundation geared toward future growth.



New plant in Malaysia

2. Improvement of management efficiency

Investing for growth

We secure funds generated from operating activities as investments necessary for sustainable growth, and utilize these funds to make growth investments and strengthen our foundations. In the current fiscal year, in Japan we automated and boosted production capacity at our plants in Tohoku, Kasugai, and Yokkaichi. Overseas, we moved forward with the transfer of production to China and Thailand.

In anticipation of future demand, we are progressing with measures to build a production system ahead of schedule. In Japan, we plan to invest in the construction of the Hokuriku Plant in Ishikawa Prefecture and of a No. 2 plant using land adjacent to the Tohoku Plant. Overseas, we plan to invest in building plants in India and Malaysia.

Key areas	
Growth investment/ Strategic investment	Domestic investment: Invest in semiconductors, batteries, and the electric motion product business
	Overseas investment: Invest in Europe, the U.S., the ASEAN region, and India
Strengthening foundations	Alliances, M&A, launch of new businesses, and business restructurings for business expansion
	Strengthening development capabilities; next-generation, digital, and global talent
	Transforming business model, strengthening core systems both at home and abroad, and reinforcing security
	Installation of solar power generation equipment, co-generation equipment, and energy-saving devices; carbon offsetting
Human investment DX investment Environmental investment Investment in productivity improvement	Raising productivity by upgrading to the latest equipment

3. Enhancement of management foundation

ESG for sustainable growth

With regard to the environment, we have added the target of a 50% reduction in total volume of CO<sub>2</sub> emissions by fiscal 2030 compared to fiscal 2022. In addition, we announced our support for the Task Force on Climate-related Financial Disclosures (TCFD) in June 2022, and have since been working to proactively disclose information.

As for the society, the ratio of female managers is currently 4.0% and the paid leave utilization rate 75.7%. We will continue to raise the health awareness of our employees and strive to create a workplace where they can work vigorously and in good health, both mentally and physically.

With respect to the governance, we have introduced a Corporate Officer System in 2022. The Board of Corporate Officers, which reports directly to the Board of Directors, promotes prompt management decision-making and flexible business execution.



## Message from the CFO

Meeting the expectations of our stakeholders by flexibly implementing timely investments and financial strategies with the aim of reaping the benefits of our investments, thereby enhancing corporate value

**Yusuke Hirako**

Director, Managing Executive Officer and  
Chief Financial Officer (CFO), In charge of Administration

### Policy and coverage areas as CFO

As CFO, I cover a wide range of areas, including our management plan, business portfolio, financial strategies, governance and IR, risk management, IT planning, and internal audit control. As such, my role is to comprehensively manage risk, capital, and profit. I also focus on determining appropriate capital allocation from the three perspectives of ensuring soundness, emphasizing growth potential, and returning profits to shareholders, after taking into account the expectations of stakeholders and the Company's growth potential from multiple perspectives. I am committed to this approach as my basic policy as CFO, and make an effort to always be aware of business risks and capital strength management while considering the balance of offense and defense. I was also appointed the role of providing support for the CEO's management decisions and the COO's business execution and direction, and thus share information in a timely and appropriate manner.

### Strengthening financial and management foundations to enable the execution of investment strategies

As part of our capital and investment strategy that supports growth, we have implemented growth investments in a timely manner and established a flexible financial strategy to support these investments. Under our human capital investment policy of "human resources are the most important capital, and increasing this value and continuing to boost employee engagement will contribute to the enhancement of our fundamental corporate value," we plan to implement measures using the Company's cross-functional Human Resources Strategy Committee as a platform. Furthermore, we believe that ESG initiatives and improvement of non-financial value are issues deeply related to the improvement of profitability and our corporate brand. As such, we will implement measures on this front on a CKD company-wide basis.

As a company listed on the Tokyo Stock Exchange's Prime Market, we will place the highest priority on governance and

strive to strengthen global governance and IT system security by developing and expanding an integrated risk management system.

### Fifth Medium-Term Management Plan: Exciting CKD 2025 Off to a better-than-expected start in the first fiscal year

As CFO, I set quantitative targets for the 5th Medium-Term Management Plan with a focus on creating a virtuous cycle through financial and cash management that contributes to the enhancement of corporate value, and establishing a flexible and robust financial base. In the fiscal year ended March 31, 2023, the first year of said plan, we achieved record high earnings. Operating profit checked in at ¥21.2 billion (up 18% year-on-year), exceeding ¥20.0 billion for the first time, and ROE came to 12.9%, reaching our target level. As for shareholder returns, we hiked our annual dividend by ¥22 year-on-year to ¥89 per share. This translated to a dividend payout ratio of 40.1%, in line with our target of 40%.

Next, in our four-year investment plan, in which we plan to deploy ¥60.0 billion, including for M&As, we secure funds generated from operating activities as investments necessary for sustainable growth, and utilize these funds to make growth investments and strengthen our foundations. In the fiscal year ended March 31, 2023, we invested in ¥11.4 billion to automate and boost production capacity at our domestic plants, and transfer production to overseas plants.

In the fiscal year ending March 31, 2024, we plan to invest ¥23.0 billion, and are establishing a production system ahead of schedule in anticipation of future demand. To this end, we procured the funds to pay for the construction of the Hokuriku Plant, as well as of the Tohoku No. 2 Plant and the new Malaysia plant, which are to be carried out ahead of schedule. We procured and allocated ¥5.0 billion through a sustainability-linked loan in March 2023, and ¥20.0 billion through a syndicated loan in May 2023, both on favorable terms. Also, we have concluded a commitment line agreement of ¥20.0 billion, marking an increase of ¥10.0 billion, to prepare for potential geopolitical risks, such as the Taiwan conflict.

## Financial and Capital Strategies

### Cash allocation and virtuous cycle for growth

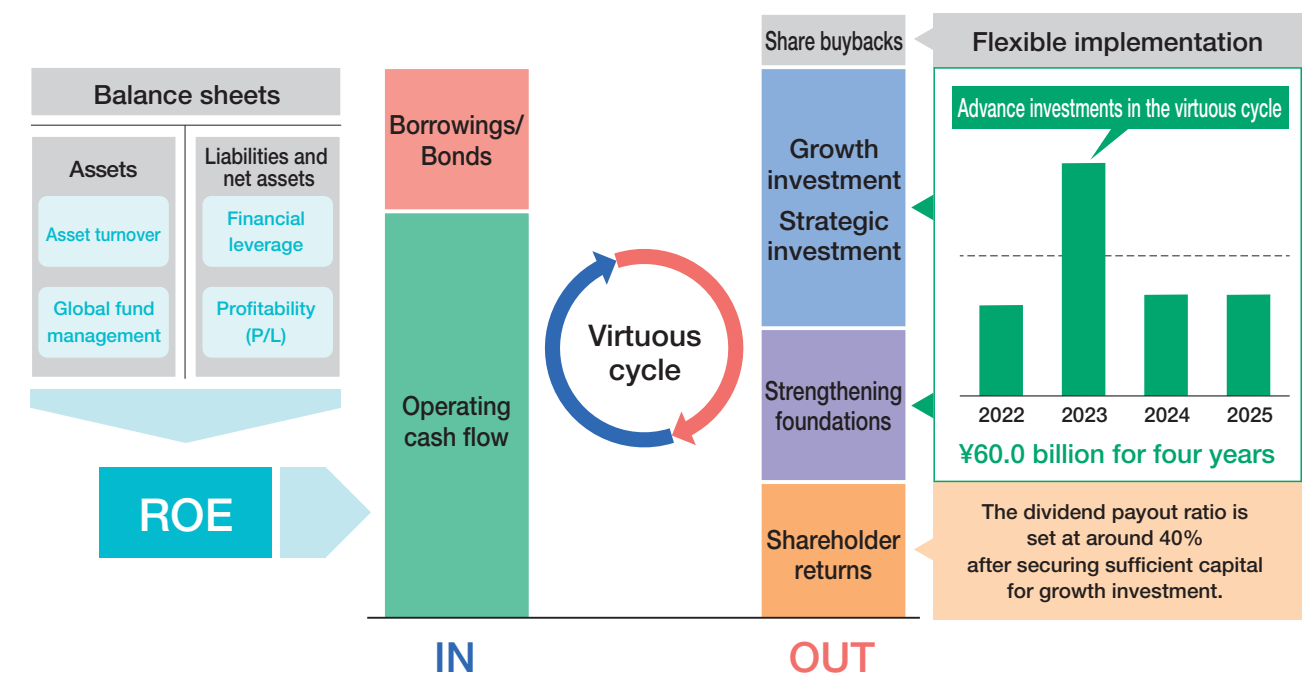
We plan to strategically allocate cash based on our solid cash flow generation capabilities. In order to achieve sustainable growth, we will endeavor to strike a good balance between investments for growth, strengthening our foundations, and shareholder returns.

In principle, we use cash flows from operating activities as the primary source of funds that enable growth, and secure liquidity on hand by flexibly procuring external funds while maintaining our financial soundness.

We focus on ROE as an indicator of corporate value improvement, and strive to conduct well-balanced financial management with an awareness of profitability, asset turnover, and financial leverage. We believe that evaluating the output

from our business activities in terms of financial indicators and using this to simulate the impact on our next initiatives can help us carry out specific activities.

We will improve capital efficiency by allocating cash gained from operating activities to growth investments and strengthening our foundations, while also raising the asset turnover ratio. We will also procure the funds necessary for timely strategic investments, and will allocate these funds to further strengthening our business capabilities. We believe that this virtuous cycle will lead to the sustainable improvement of our corporate value and the enhancement of shareholder returns.



### ESG topics

We are actively promoting ESG activities to maximize corporate value. The main topics for fiscal 2022 are as follows.

#### Major initiatives

- [E] Announced support for the TCFD and started information disclosure, procured funds through sustainability-linked loans
- [S] Started human rights due diligence in the supply chain
- [G] Strengthened our risk management system by establishing the Risk Management Office

#### Major evaluation and awards

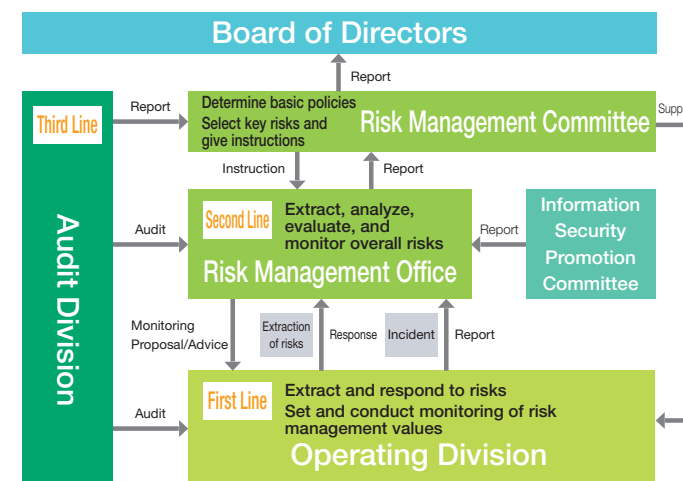
- Selected as a constituent of the FTSE Blossom Japan Sector Relative Index (Since June 2022)
- MSCI Japan Empowering Women Index (WIN) (Since June 2022)
- Awarded a "Kurumin" certification (childcare supporting company) (August 2022)
- CDP Climate Change Score of "B" (December 2022)
- Won the Japan Open Innovation Prize "Minister of Environment Award" (February 2023)
- Recognized as one of the 2023 Certified Health & Productivity Management Outstanding Organizations (the large enterprise category) (Since March 2020)



## Financial and Capital Strategies

## Comprehensive risk management

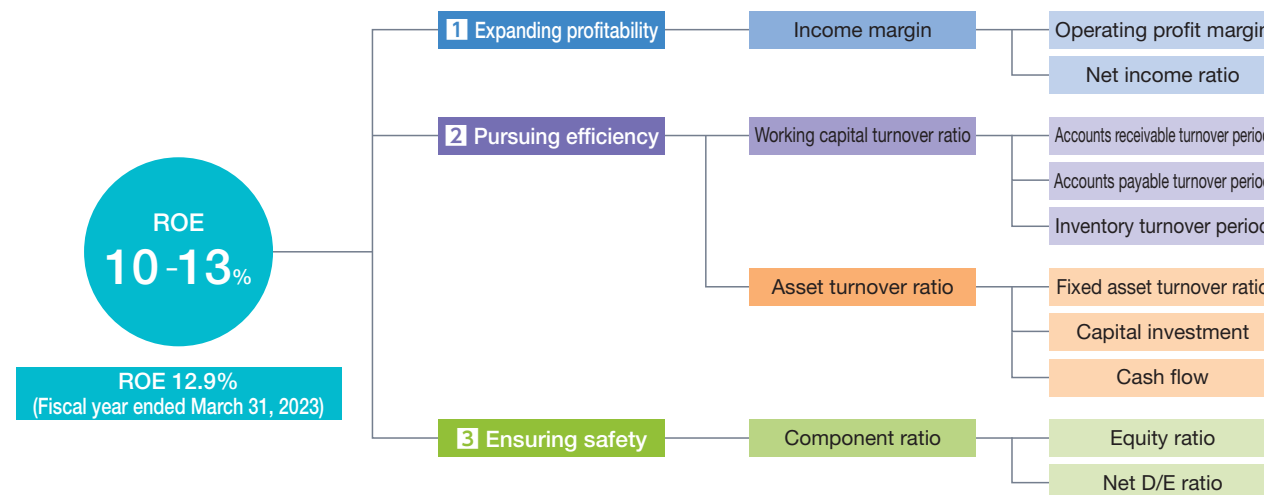
The Risk Management Committee, headed by the CFO, focuses on reducing financial risks overseas and strengthening governance in preparation for global business expansion. Specifically, in order to reduce financial risks, the Risk Management Office works to identify risks at overseas subsidiaries, as well as gain an understanding of the financial situation of each Group company, visualize financial figures and indicators, and enhance monitoring efforts. In addition, we established the Information Security Promotion Committee to continuously implement the measures necessary to tackle internal and external threats and issues. In fiscal 2022, we also established an overseas department in the Internal Audit Division to strengthen governance. We will build a solid management foundation by thoroughly establishing internal rules and conducting business checks.



## Maximizing our corporate value

We monitor and improve our efforts to expand profitability, pursue efficiency, and ensure safety, with a target ROE of 10% to 13%.

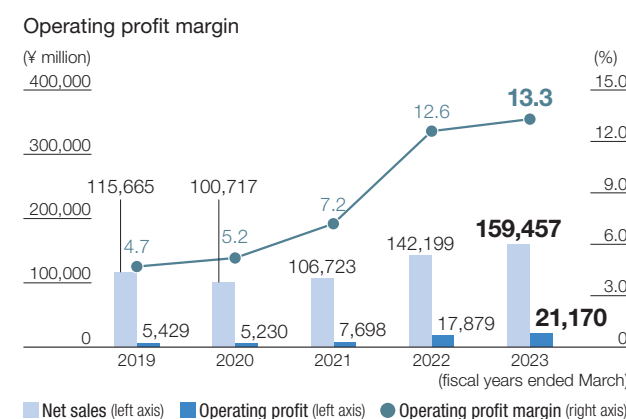
We will pursue balance, paying adequate attention to safety, continuously reducing wasteful costs, executing strategic investments to expand our business, investing aggressively for growth, and exploring possibilities for shareholder returns and flexible share buybacks.



## Expanding profitability

To expand profitability, we focus on the operating profit margin as the most important success factor. As a manufacturer, we are making particular efforts to reduce manufacturing costs. We use our ERP software system to assign appropriate personnel and reduce manufacturing overhead according to production volume.

We will also focus on managing net income, which forms the basis for dividends returned to shareholders.



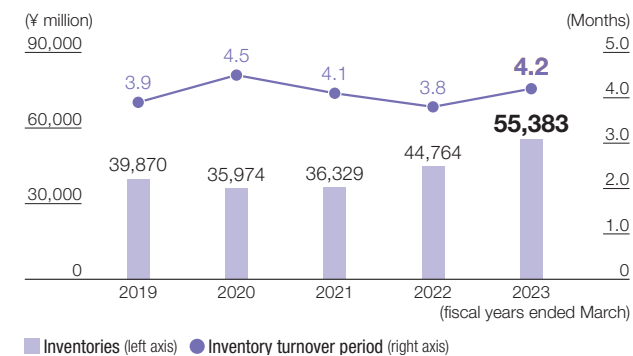
## Pursuing efficiency

## Inventory turnover period

To respond quickly to customer needs, we systematically manage necessary inventories using our ERP software system. At the same time, we respond flexibly according to the volume of orders.

We focus on managing the appropriate amount of inventory and closely monitor its impact on cash flow from operating activities.

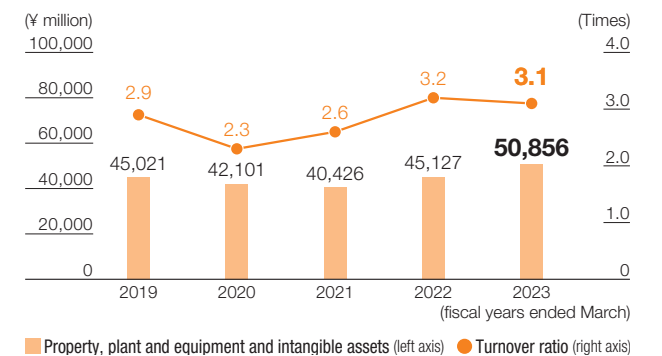
## Inventory turnover period



## Fixed asset turnover ratio

We will make efficient and effective use of existing assets, and implement capital investment necessary for the sustained growth of the Company to improve corporate value after considering the optimal financing methods.

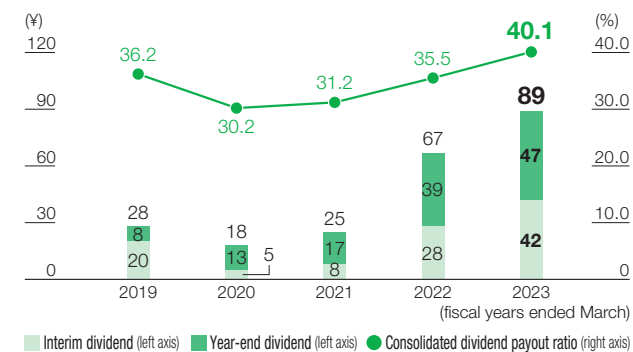
## Fixed asset turnover ratio



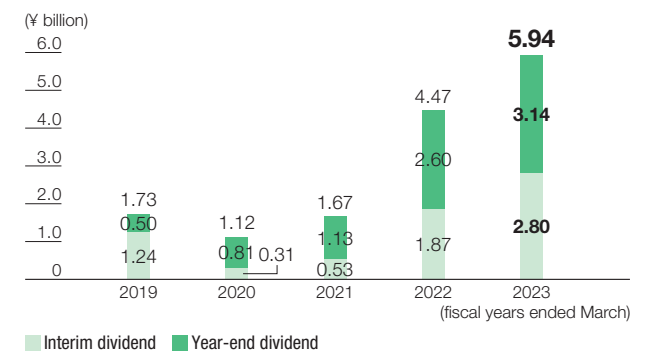
## Shareholder returns

The dividend payout ratio is set at around 40% to allow returns to shareholders after securing sufficient capital for growth investment.

## Dividends per share



## Dividend



## Treasury stock

If sufficient retained earnings are secured, we will flexibly implement share buybacks to return profits to shareholders, while giving due consideration to stability. As a general rule, we will retire repurchased treasury stock, but we may also use them for share exchanges in the event of M&A deals that will enhance shareholder value.

## Ensuring safety



## Establish a flexible and solid financial foundation

We will establish a flexible and solid financial foundation by diversifying funding sources, borrowing at fixed interest rates, staggering repayment periods, securing committed lines of credit, and managing our net D/E ratio.



# Strategy by Business



**Katsunori Hayashida**

Managing Executive Officer, Corporate Officer  
General Manager, Automatic Machinery  
Business Division

## Automatic Machinery Business

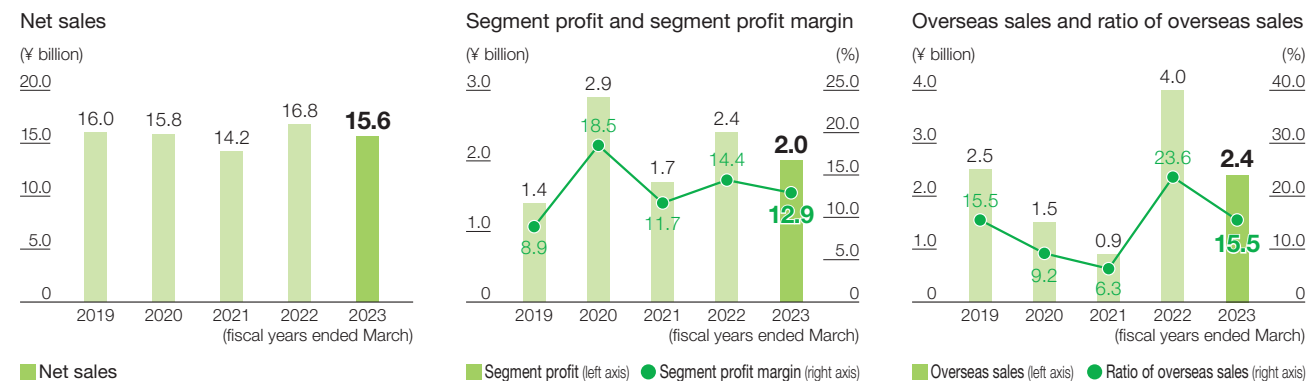
We strive to provide products and services that can respond to major and rapidly changing market needs, such as by improving the production frontline environment through automation and labor-saving that are required in all fields, achieving carbon neutrality, providing environmentally friendly products, and supporting productivity improvements through digital technology. In order to further accelerate this movement without stopping, and to make continuous contributions to society, we will continue to challenge ourselves to transform at a speed that outpaces market changes.

### Business vision

We welcome change and endeavor to evolve automation technology along a multitude of avenues as an organization that continually offers automatic machinery that satisfies customers around the world. We have made this our 10-Year VISION through which we will differentiate ourselves from competitors. We will establish our competitive advantage by sincerely listening to our customers' opinions, bringing latent requests to light, and incorporating them into all automated machinery, and continue to provide safe, high-quality products.

In the packaging machines field, we will work to (1) provide services that improve productivity by linking equipment, ICT tools, and image processing technology, and (2) further improve technology for environmentally-friendly packaging materials.

In the industrial machinery field, we are promoting (1) expanded sales and technological development of lithium-ion battery winding machines that contribute to carbon neutrality, (2) global expansion of 3D solder paste inspection machines, (3) expanded sales of image processing equipment that realizes labor-saving and automation, including transparent object inspection systems.



### Progress in FY2022 and future growth strategy

In fiscal 2022, net sales and segment profit fell below those of the previous fiscal year due to the impact of difficulties in obtaining some parts and other factors. On the other hand, orders increased from the previous fiscal year in both the industrial machinery and packaging machines fields. In the industrial machinery field, net sales of 3D solder paste inspection machines increased due to improved production efficiency and stronger collaboration with distributors. Likewise, we increased sales of lithium-ion battery winding machines as we responded to demand from the electrification of mobility. In the packaging machines field, net sales of pharmaceutical products packaging machines decreased due to the impact of prolonged delivery times for procured parts. However, net sales of food packaging machines increased slightly as we responded to demand for individualized meals.

In order to achieve our sales target of ¥17.0 billion for fiscal 2023, we are steadily building up our order backlog thanks to orders received in fiscal 2022, mainly for pharmaceutical products packaging machines and lithium-ion battery winding machines. We will provide solutions that link ICT tools and image processing technology to equipment, and expand and grow into a service business that is highly valued by our customers for safety, quality, and productivity.

### 1 Packaging Machines

#### Value provided through business

Automatic packaging systems: Contribute to providing safe and secure products, reducing environmental impact by supporting biomass film and reducing packaging scrap, and reducing food loss by extending the shelf life of products.

#### Reflecting on fiscal 2022

In the pharmaceutical packaging field, we not only supported the introduction of equipment to resolve the shortage of market distribution capacity caused by confusion in the pharmaceutical production industry, but also expanded our ICT tools and provided solutions and services that improve productivity and quality, in the Japanese pharmaceutical market. We also promoted the use of biomass film, which contributes to reducing environmental impact, and measures to reduce the amount of packaging scrap. In the Chinese market, we released the FBP-600W, a high-speed model exclusively for the Chinese market, which became a foothold for expanding sales. In the food packaging field, we are promoting the development of new technologies and products that contribute to improving production efficiency, reducing packaging scrap, and reducing food loss.

#### Future growth strategy

In the pharmaceutical packaging field, market needs have shifted even further to improving productivity due to changes in the business environment caused by slowing growth in the domestic pharmaceutical market and revisions to the drug price system. In order to meet this need, we will further refine our automation and labor-saving technologies and contribute to improving our customers' productivity. In addition, CKD Field Engineering Corporation will play a central role in supporting our customers' production activities, so that we can offer solutions such as remote support and production status visualization to help customers make the most of their equipment. We will also strongly promote support for environmentally-friendly packaging materials and link our environmental responsiveness to establishing our market superiority. In addition to establishing a production system at our China Plant, we will strengthen our sales and service capabilities and expand sales.



Pharmaceutical products  
packaging machine  
FBP-600W

### 2 Industrial Machinery

#### Value provided through business

Inline medical product inspection systems: Contributes to providing safe and secure products, automating the inspection process and saving labor, and ensuring the quality of tablets and PTP sheets.  
3D solder paste inspection machines: Contributes to quality assurance and productivity improvement in the printed circuit board mounting process.  
Lithium-ion battery winding machines: Contributes to the promotion of HEV and BEV and carbon neutrality

#### Reflecting on fiscal 2022

In the industrial machinery field, demand for automotive lithium-ion batteries is increasing every year due to the accelerated shift to electric mobility worldwide. We will promptly respond to the demand for equipment caused by the rapid growth of the market, and contribute to reducing CO<sub>2</sub> emissions and achieving carbon neutrality. In 3D solder paste inspection machines, we quickly detect market and sales area trends, and are working to optimize our sales, procurement, and production systems in order to respond to equipment demand in a timely manner.

In the inspection machine field, we are not only identifying the target market for transparent object inspection systems and promote sales expansion activities, but are also conducting activities to create new markets by technical application of medical product inspection systems.

#### Future growth strategy

In response to the explosive increase in demand for lithium-ion batteries required in the mobility market, we will provide high-speed, high-precision lithium-ion battery winding machines and strengthen our production system, so that we can support our customers in improving their productivity and expanding their production capacity.

In 3D solder paste inspection machines, in parallel with the systematic implementation of sales strategies by area, we will build a sales and production system that can provide the optimal equipment for the market.

In the inspection machine field, we will systematically advance sales strategies for each target market to expand sales volume of transparent object inspection systems. At the same time, we will promote sales of inspection systems for new markets created by technical application of medical product inspection systems.



3D solder paste  
inspection machine VP9000

### Topics

#### Production status visualization and remote support systems

We have supported our customers in achieving stable production, by providing PTP blister packaging systems that enable customers in the pharmaceutical packaging market to produce safe and high-quality products, and by building a service system centered on CKD Field Engineering Corporation. The major changes that occurred in the pharmaceutical market over the past few years have led to drug shortage problems and caused customers to face urgent issues of increasing production capacity, improving productivity, and ensuring quality and traceability, bringing significant changes to the business environment as well. This business division is working to expand ICT tools, such as DI support, visualization of production status and remote support, while at the same time, working to resolve customer issues through new services that fully utilize this ICT tool.



## Strategy by Business



**Katsuhiko Niidera**  
Executive Officer, Corporate Officer  
General Manager, Components  
Business Division

## Component Products Business

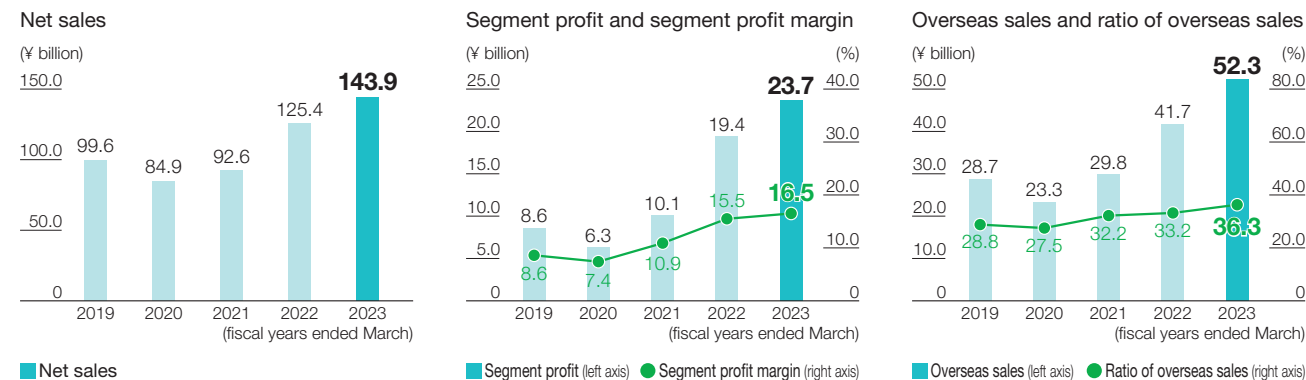
We are planning company-wide growth and strategic investment of approximately ¥60.0 billion over four years, in order to capture markets that will expand over the medium to long term, such as the semiconductor market, rechargeable battery market, environmental measures aimed at reducing CO<sub>2</sub> emissions, and new energy businesses, as well as the automation, sophistication and environmental needs of production.

As a component products business, in order to ride the wave of investment in the semiconductor and rechargeable battery markets, increase our overseas sales ratio to 40%, and achieve our sales target of ¥165.0 billion in fiscal 2025, we will strengthen our domestic and overseas production and sales bases and promote activities not only from current perspectives but from a medium- to long-term perspective to achieve our targets.

### Business vision

With the aim of becoming a supplier needed in the global market, we will put together a broad lineup of products that meet diversifying customer demands, including simple/high precision, small size/high speed/further miniaturization, safety/environmental proposals/digitization, etc., and strive to propose new value and creativity.

Continuing to undertake the challenge of technological innovation, we will develop products, make proposals, provide services that can solve customers' issues, and build a business structure that can meet the needs of customers around the world. In our medium-term plan, we aim to propose optimal solutions by combining the fluid control technology we have cultivated to date with newly strengthened electric power and software.

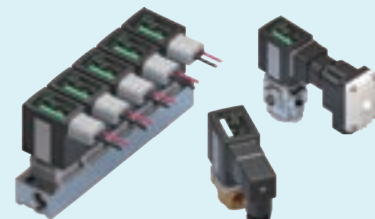


### Topics

#### Direct acting 2, 3-port solenoid MULTI-FIT VALVE

Multi-fit for various fluids. By making functions required for various applications into standard features, we further increase reliability and support a variety of fluids with one series.

Based on the concepts of high reliability, ease of selection, and ease of use, we have consolidated into one body CKD's solenoid valve technology, with which we have a half-century of experience in fluid control. We also contribute to carbon neutrality by reducing waste through longer service life of products and reducing CO<sub>2</sub> emissions through power savings.



### Progress in FY2022 and future growth strategy

In FY2022, we set "Close to Customers" as the policy of the Components Business Division, successfully rode market tailwinds in semiconductors and rechargeable batteries, and achieved record-high orders and sales. In the electric motion products business which we are focused on, we simultaneously released the simple electric motion D Series that allows position adjustment with the pneumatic cylinder SW, and the G Series that allows multi-point positioning, and also released a multi-axis controller as a product to differentiate ourselves from competitors. At the same time, we released the software ExiaStudio and are starting proposals of new solutions that combine hardware and software.



Hokuriku Plant

In our overseas business, we expanded investments in response to demand for semiconductor and rechargeable battery investment, mainly in East Asia, and at the same time, we were able to improve our business performance in India, ASEAN, Europe, and America. As a result, we achieved our KPI for overseas sales ratio of 32%, making a favorable start towards our target of 40% for fiscal 2025.

Furthermore, in production systems, we started full-scale operation of the mass production base for fluid control systems adjacent to the Thailand Plant purchased in fiscal 2021. At the same time, we have begun full-scale mass production at our Austin Plant in the United States, in preparation for future market expansion. We will make a move for the next steps, beginning construction of our India Plant and acquiring real estate for our Malaysia Plant, and will also focus on strengthening infrastructure and governance to support our overseas bases, which are expanding year by year. In Japan, we are launching the Hokuriku Plant and Tohoku No. 2 Plant to meet future demand. The Hokuriku Plant is based on the concept of "a plant that is close to people and in harmony with the environment," and aims to create a workplace that increases employee engagement by introducing environmentally-friendly equipment such as the active use of renewable energy. The Tohoku No. 2 Plant will create a well-balanced production system in cooperation with the existing Kasugai and Tohoku Plants.

As for overseas, in addition to strengthening our existing plants, we will promote local production for local consumption at our India and Malaysia Plants to keep up with global demand.

In sales, we will grow into a higher quality sales style by centralizing information, such as management of inquiry information using digital tools, sharing of market trends, product development requests, etc. In overseas sales, we will expand our global market by adding CKD Italy and establishing a European GLC-HUB.

### 1 Pneumatic Components

#### Value provided through business

For driving air cylinders, hands, and air operated valves, we have a wide lineup of control components that controls air flow, including air conditioning, pressure regulation, switching, and speed control. We are expanding our lineup of components with long service life that contributes to environmental protection, such as communication support and automation technology, and the reduction of CO<sub>2</sub> emissions, and we propose pneumatic technology that is energy-saving and environmentally-friendly.



Pneumatic Valve  
4E Series

#### Reflecting on fiscal 2022

Sales increased compared to the previous fiscal year especially on the back of rising demand in the semiconductor market due to an increase in automation and labor-saving needs both in Japan and overseas. In terms of production, we have bolstered our production capacity and met our customers' delivery deadlines, while enduring the soaring prices of parts and difficulties with their procurement. In particular, we utilized our China Plant to bolster production capacity and promoted production transfer and local procurement. In Japan, we have taken on the challenge of innovative automation using digital technology, and strengthened our automatic assembly line equipment, thereby enabling improved quality, labor-saving, and support for mass production.

In product development, we pursued sliding technology for rubber seals and minimized air leakage, realizing longer service life for a newly-released plug-in valve that achieved even lower wattage. We will contribute to reducing CO<sub>2</sub> emissions through the addition of this new product to the HP series lineup with a long service life. We have also released waterproof remote I/O in response to demand for remote I/O required for equipment DX and eliminating control panels. To improve plant equipment, we released the siloxane ozone remover SFX as a solution for the issue in which air leaks occur in a short period of time due to ozone. We will continue to develop products that contribute to the realization of carbon neutrality.



Remote I/O

#### Future growth strategy

Going forward, we will expand our ability to respond to overseas markets and rationalize our domestic and overseas supply chains. Firstly, we will increase the number of models produced at our China Plant, optimize QCD with quality control, and strongly promote local procurement of components. We will increase production efficiency and supply to the global market by utilizing our inventory centers.

Meanwhile, we will produce mainly high value-added products in our Japanese plants, and take on the challenge of innovative automation of production lines by promoting DX. We will deploy the production technology we have cultivated laterally to our overseas plants and strengthen our global production capacity.

We will also continue to work on developing products that can contribute to energy conservation, visualizing energy usage, and complying with environmental regulations. In the global EV market, semiconductor market, food manufacturing processes, and other areas, we work closely with our customers, sensing their needs with all five senses, identifying their real needs, and taking on the challenge of providing value beyond their imagination.

P35-36 ▶ Continues into: Reflecting on individual products and growth strategy



## Strategy by Business

### 2 Drive Components and Electric Motion Components

#### ● Value provided through business

In addition to pneumatic cylinders used in a wide range of industrial fields and electric actuators that are both highly precise and easy to use, we have launched ExiaStudio, a PC software that enables anyone to easily control various components without requiring any expert knowledge. The software can integrally control the best mix of pneumatic and electric motion components, thereby providing added value for making smart products through DX.

We offer total package solutions tailored to production needs of customers using a variety of actuators and control components, such as assistive devices that contribute to safety and the environment, and expanding the variations of the HP Series, which features a long service life and contributes to carbon neutrality.

#### ● Reflecting on fiscal 2022

Electric motion components are products that contribute to the rise of carbon neutrality, smart factories, and automated and unmanned plants. An increasing number of customers are using different types of pneumatic components and electric motion components for different purposes and processes. The number of electric motion components newly adopted is steadily growing, and recognition and branding in the market are also expanding.

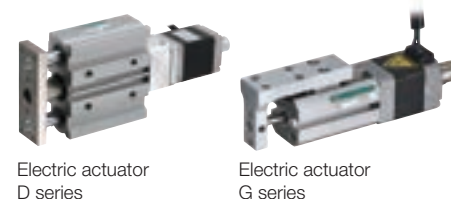
Amid this environment, in terms of product development, we released the simple electric motion D Series which allows two-point position control, as well as the G Series which enables multi-point position control. As a pneumatic cylinder manufacturer, we pursued simplicity and high rigidity with our new electric motion series, which has received high praise from customers for the position setting with a conventional cylinder switch, and the power source that exerts thrust even when the power is not running.

We are proposing new solutions for DX with the ECMG Series, a multi-axis controller that is compact and greatly improved in convenience, and the control PC software ExiaStudio that can control various I/O devices including ROBODEX, and can be linked with the image processing visual programming tool Facilea.

#### ● Future growth strategy

In response to expectations for environmental friendliness in manufacturing production equipment, we will leverage our strengths in handling both pneumatic and electric components to focus on solving customers' issues with the best mix strategy of pneumatics and electric motion components.

Centered on our programming software ExiaStudio and our multi-axis controller, we have formulated a CKD original platform strategy that allows for integrated control of pneumatic pressure, electric motion, and image inspection. Going forward, we will focus on multi-axis controllers and ExiaStudio, and refine our own originality by developing and expanding the variety of control components, thereby increasing customer satisfaction through proposals of total packages that can contribute to the environmental response desired by our customers. We have also received high praise for taking on the challenge of CO<sub>2</sub> reduction proposals using pneumatic-electric motion hybrid products that combine pneumatic thrust and electric motion control. We will also focus on TP (Trial Production) activities to carefully respond to such customer concerns.



### 3 Fluid Control Components

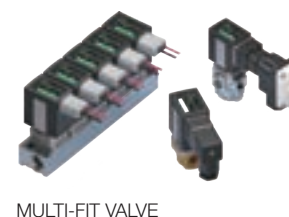
#### ● Value provided through business

Based on the concept of high quality and wide variation, we use a variety of fluid control technologies to create added value by working closely with our customers in a wide range of industries such as semiconductors, mobility, medical/pharmaceuticals, food, water treatment, and gas combustion. We also support new technologies such as gas control with an eye toward new energy.

#### ● Reflecting on fiscal 2022

In Japan, both sales and profits increased over the previous fiscal year due to steady demand for semiconductor manufacturing equipment, medical, food, and general industries. While struggling with rising prices and procurement of parts and materials, we increased production capacity to meet customer needs. We have taken a wide range of measures to increase production capacity, including transferring production to our plants in Thailand and China and promoting local procurement, while placing emphasis on quality. On the other hand, in Japan, we have taken on the challenge of innovative automation using digital technology, which has enabled us to improve quality, reduce labor, and support mass production. Furthermore, with the slogan of making plants that appeal to customers, we are building a plant tour course that incorporates proposals of the use of components and systems that contribute to reducing CO<sub>2</sub> emissions.

In product development, we launched the New Standard MULTI-FIT VALVE, which is equipped as standard with functions that were previously available only as options or custom specifications. It has received praise for its low wattage, long service life, and ease of use.



As products compatible with hydrogen gas combustion aimed at next-generation technology, we have developed products that contribute to the environment, including a lineup of hydrogen solenoid valves.

#### ● Future growth strategy

We aim to further expand sales in the Asian market. In terms of highly versatile products, we will further expand production, procure parts locally, strengthen cooperation between overseas plants, and promote rational use of inventory centers at our plants in Thailand and China, thereby making them our main production bases for overseas markets. Meanwhile, we will produce mainly high value-added products in our Japanese plants, and take on the challenge of expanding innovation and automation by promoting DX. This will further strength our ability to improve quality, save labor, and support mass production. The production technology that we have cultivated here will also be deployed laterally to our overseas factories.

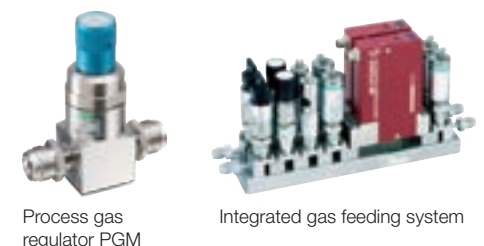
As for product development, we will hold dialogue with customers about their issues and make full use of CKD's core technology. To this end, we will create functional prototypes as quickly as possible, make information more precise, and strengthen our activities to provide solutions to issues in the form of products.

We have received many new development requests for new energy, and we are working on new initiatives through the adoption of our products by our customers for their research and prototyping. We will propose systems based on these component products and contribute to the achievement of SDGs and the realization of carbon neutrality.

### 4 Fine system components

#### ● Value provided through business

Based on the concept of Ultra Fine, we offer a wide range of products that includes chemical liquid components for semiconductor manufacturing and components for high vacuum and special gases. We will realize cutting-edge process control with variations that cover everything from supply systems to exhaust systems of semiconductor manufacturing equipment. We contribute to the enrichment of people's lives by supporting the semiconductor and electronic device industries through our support of state-of-the-art semiconductor processes.



#### ● Reflecting on fiscal 2022

In line with the digitization of society, capital investment in logic semiconductors/foundries was aggressive, mainly overseas. In addition to demand for our mainstay equipment for semiconductor production equipment, demand for equipment for plant facilities also grew significantly, especially in East Asia, and our semiconductor business achieved record-high results for the fiscal year.

In response to the expanding global market, we have strengthened our production capacity by starting operation of the Austin Plant in North America and expanding clean rooms at our plants in China and Korea. In Japan, we began construction of our Hokuriku Plant and acquired real estate adjacent to the Tohoku Plant. We are proactively investing for the future and expanding our production capacity.

As for research and development, we continue to propose solutions using dedicated sales and technology for cutting-edge semiconductor manufacturing equipment. We aim to speed up product development in line with the progress of state-of-the-art semiconductor process technologies, which are becoming more challenging every year. We strive to sustainably improve environmental management and promote activities aimed at creating a sustainable society, such as starting provision of high value-added products that reduce environmental impact to our major customers.

#### ● Future growth strategy

Further growth in global demand for semiconductors is expected due to factors such as increased investment in data centers in line with the transition to a data society, including AI technology, 5G/6G communications, digital transformation, and the metaverse, as well as an increase in the amount of semiconductors installed in automobiles as EV/automated driving becomes more widespread. In addition, semiconductor manufacturing processes are undergoing technological innovation such as further miniaturization, and the technologies to achieve this are highly value-added, so sustainable business growth can be expected.

By establishing a dedicated system, we will strengthen our relations with supply equipment manufacturers, manufacturing equipment manufacturers, and device manufacturers, and quickly identify customer needs, which will lead to the development of technologies and units that will become the core of manufacturing equipment. At the same time, we will propose the best solutions that will lead to technological innovations in the semiconductor manufacturing processes, and by incorporating our specifications into our customers' next-generation development equipment, we aim to further expand our market share.

In production, we will increase our market share by expanding and strengthening our production bases and R&D bases, and contribute to the semiconductor manufacturing industry, which is necessary to advance the digitalization and greening of society.



# DX Strategy



**Yoshiyuki Amano**

Executive Officer  
General Manager,  
Digital Strategy  
Department

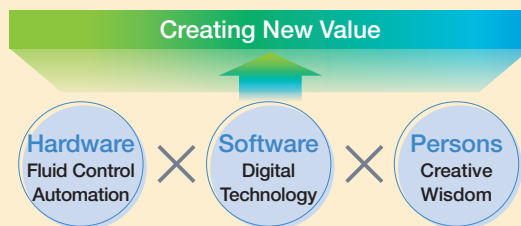
In 2021, we launched the Digital Strategy Department, which utilizes digital technology to promote business model transformation in parallel with internal operational transformation.

In terms of business model transformation, we are working to realize a solutions business that solves the issues faced by customers and society by developing software to realize our DX vision and providing systems in conjunction with hardware. We aim to transform our business model from the traditional “selling products” of stand-alone hardware to “selling solutions” that solve the problems of customers and society, and to realize a recurring model in which solutions are provided as an ongoing service.

For our internal business transformation, we aim to achieve operational excellence by leveraging digital technology to raise the level of business operations to a level that no other company can match.

## DX Vision

**Integrating hardware and software to create new value that uses human wisdom to solve issues for customer and the society**



We have set a DX vision that corresponds to the newly established Purpose of CKD. For hardware, we will develop Automatic Machinery and components, which CKD specializes in, and for software, we will utilize digital technology in general, but we will place particular emphasis on software development to create new value that solves problems for our customers and society through the power of people!

## Target

In order to realize our DX Vision, our medium-term plan is to develop solutions that quickly, affordably, and easily achieve automation, visualization, and uninterrupted production that customers in the FA industry require in order to “create customer value.” In terms of solving social issues, we will work on developing solutions that contribute to environmental issues, solutions that contribute to the promotion of DX in companies including small and medium-sized enterprises, and solutions that solve the problems of the primary industry, which is suffering from a declining workforce.

## Progress in fiscal 2022

### Developed device programming tool ExiaStudio

In addition to our existing software products, we have developed and started selling a new device programming tool, ExiaStudio. As with the image processing programming tool Facilea, it features visual programming, allowing users to easily build a control system by connecting multiple electric products and other component products using a PC. Furthermore, compared to conventional control systems, ExiaStudio allows users to significantly reduce the amount of wiring materials and electric motion components, making it possible to save space, reduce costs, and even build facilities that are more environmentally-friendly. With ExiaStudio, it is now possible to offer a variety of solutions to customers by combining the hardware and software of the Components business, Facilea and Rinops, and providing them as a system.

## Topics

### Digital human resource development

**It is “people” who implement DX, and we are focusing on developing digital human resources, including mindset reforms.**

In fiscal 2022, we conducted training for division managers to help them recognize the need for digitalization and training to develop leaders to promote DX. In addition, we held a reskilling seminar (known as the D-Academy) and RPA hands-on training that emphasized practical skills. 446 people participated in the D-Academy's introduction to artificial intelligence, and we also conducted hands-on training in machine learning using open source software to enhance practical skills. In addition, as a way to improve practical data analysis skills, training was held to learn what types of data are disclosed in-house, how to collect them, and how to use analysis tools. Furthermore, we will conduct training on specific data analysis methods in each division.

## DX initiatives in business: Expanding software

We are combining software with hardware to build a solution business that helps improve the productivity of customers and solve social issues.

### Visual programming tool Facilea

Facilea enables its users to automate their visual inspection and prevent the outflow of defective products through an interim inspection at low cost, without the need for technological expertise in image processing. Facilea serves 90 or more functions and is compatible with a variety of devices, thereby enabling customers to flexibly combine these functions and solve their issues.

**Facilea**

### Production support system Rinops

Production support system Rinops is a DX platform designed specifically for improving the efficiency of human work at production sites. By using wearable devices and connecting devices and information within a factory, the users are able to give work instructions and achieve real-time collaboration among workers in an optimal manner.

**Rinops**

### LTE remote controllers

By combining our know-how on equipment control such as solenoid valves and sensors with new IoT/ cloud technologies, we provide easy remote automatic control for the agricultural and aquaculture fields.

Equipped with a scheduling function that can be operated with a smartphone, automatic operation with a sensor monitoring function, accumulation of work records, and an e-mail notification function in the event of an abnormality, the system contributes to solving labor shortages and work burdens.



## DX initiatives in business operations

Aiming to achieve operational excellence, we are leveraging digital technologies to improve productivity, QCDS, and customer experience (CX). Taking the COVID-19 pandemic as an opportunity, we are promoting a company-wide shift to paperless operations and automating operations using RPA and workflow products. As an ERP, the SAP program consolidates order, production, and purchasing data, and we have developed a system to utilize such data and are working on data-driven management, where everyone from

management to the production frontline makes decisions based on data.

Our sales segment is working to improve sales productivity by utilizing digital marketing and SFA, and we have launched efforts to meet customer expectations by sharing customer feedback with technology and production segments. As customer demands are changing, we are striving to make the content of our website as easy to understand as possible, and to enhance them to meet the needs of our customers.

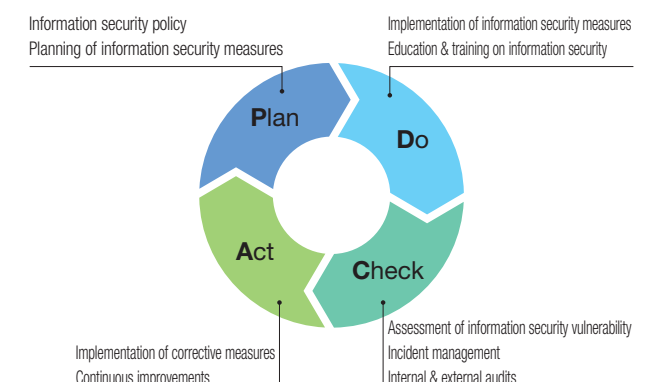
## Information Security

We have also worked to strengthen information security along with the promotion of DX. We clearly state the laws, regulations, and guidelines applicable to information security in relevant procedures, provide education and training to all employees, and conduct internal audits. In particular, we recognize that cyber-attacks are a material risk. In order to reduce the risk of cyber-attacks, we have adopted the latest security equipment and software, and have established a monitoring system run by an external security specialist organization. We also regularly conduct targeted attack e-mail training and information security training aimed at raising employee awareness of the risks of increasingly sophisticated cyber-attacks. In addition to these efforts, we outsource system vulnerability diagnosis to a third-party organization in an effort to reduce the risk of cyber-attacks.

In order to strengthen information security, we hold regular meetings of the Information Security Promotion Committee to

monitor the trends of external threats, the status of company-wide activities, and issues to be addressed, and continuously implement necessary measures.

### Information security management cycle





# Sustainability Strategy



## Basic Policy

Based on our Purpose, we have established the Basic Policy on Sustainability as a basic policy for CKD to grow sustainably into the future. As a sustainability company, CKD is committed to highly transparent management that emphasizes environmental protection, social contribution, and dialogue with stakeholders.

### Basic Policy on Sustainability

CKD Corporation (the "Company"), in keeping with its Purpose, aims to contribute to the creation of a sustainable society and thereby enhance corporate value.

- 1 The Company helps protect the global environment and solve social issues through business activities, pursuing the quality of products and services and focusing on technological innovation.
- 2 The Company achieves fair and highly transparent management, emphasizing dialogue and partnership with stakeholders.

## Sustainability promotion structure

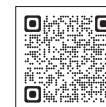
To promote our ESG and SDGs initiatives, and to contribute to the global environment and help enrich society through business activities, we have established the Sustainability Committee and the Sustainability Promotion Department.

The Sustainability Committee, chaired by the President, takes stock of and discusses management issues relating to sustainability. The issues discussed at the Committee are reported to the Board of Directors periodically (i.e. once a year) and as needed.

We will continue efforts to enhance our corporate value, such as the promotion of SDGs initiatives and the dissemination of ESG information to outside the Company.



For more details, please refer to *CKD Environmental/Social Contribution Products Spreading throughout Society—Contributing to SDGs through business activities*, showcasing how we have worked on SDGs initiatives through business activities.



## Topics Financing through sustainability-linked loans

The Company raised funds through a sustainability-linked loan from Sumitomo Mitsui Trust Bank, Limited. By setting sustainability performance targets (hereinafter "SPT") that are linked to sustainability goals and linking procurement conditions and SPT performance, we aim to achieve environmentally and socially sustainable business activities. We have set the following SPT for this project, and we are working to reduce CO<sub>2</sub> emissions in order to realize a decarbonized society.

Loan date	: March 31, 2023	Amount	: ¥5.0 billion	K P I	: CO <sub>2</sub> emissions per unit of sales
Contract period	: 4 years	Usage of funds	: Equipment funds	S P T	: Reduce CO <sub>2</sub> emissions per unit of sales by 38% in fiscal 2025 (compared to fiscal 2013)

# Environment

CKD is engaged in corporate-wide activities to improve the environment, including antipollution measures and compliance with product-based environmental regulations, such as the European RoHS Directive. We recognize that the realization of carbon neutrality is indispensable to meeting the needs of the international society, and believe that not only the business activities that enable harmonious co-existence with the beautiful environment, but also the environmental activities undertaken by each of our employees can produce significant positive results. CKD will continue to contribute to the preservation of the global environment by supplying to our customers environmentally friendly products that comply with relevant laws and regulations, drawing on our years of experience in automation and fluid control technologies.

## Policy

We have established our environmental policy to demonstrate our commitment to ensuring that CKD's business activities, products, and services have adequate consideration for environmental impact, and to striving for ongoing improvement and the prevention of pollution.

We revised the Policy in April 2022, adding a new commitment to achieving carbon neutrality.

### Environmental Policy

- 1 Promote development and sales of low environmental impact products.
- 2 Identify and comply with environmental regulations and their requirements, and promote the realization of carbon neutrality and the prevention of environmental pollution.
  - a) Reduce CO<sub>2</sub> emissions
  - b) Promote resource conservation
  - c) Reduce waste
  - d) Reduce environmental polluting materials

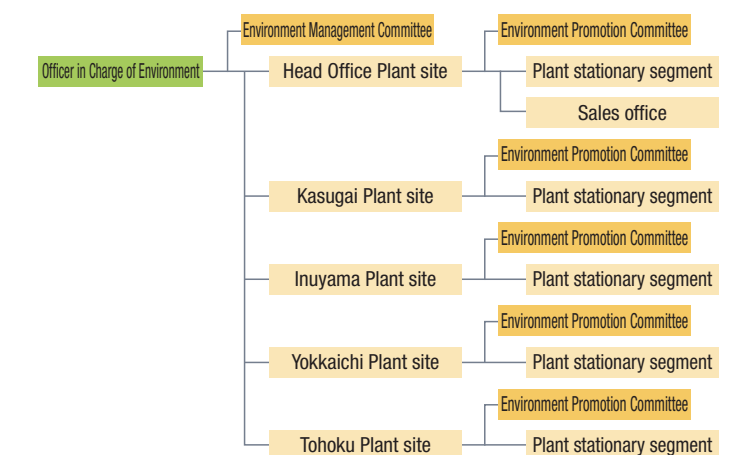
We are developing and expanding sales of low environmental impact products, focusing not only on the conservation of energy and resources, but also on the environmental impact of products throughout their life cycles. While maintaining compliance with all environmental laws and regulations, we have been also working to reduce our environmental burdens as much as possible by conducting our business with our social responsibilities in mind and continually striving to reduce CO<sub>2</sub> emissions and to prevent pollution.

## ISO acquisition

The Company acquired the ISO 14001 certification in 2000, and conducts environmentally-friendly business activities and complies with environmental laws and regulations. The Company identifies risks and opportunities from environmental aspects, internal and external issues, and other information, and carries out activities based on environmental goals or operational management for the matters we have decided to address. Each activity is reported to the Environmental Promotion Committee at each factory site, and overall, to the officer in charge of environment at the Environmental Management Committee. In addition, regarding operational management and compliance with environmental laws and regulations (Water Pollution Prevention Act, Air Pollution Control Act, Act on Rational Use and Appropriate Management of Fluorocarbons, etc.), the status of management and compliance is confirmed through internal audits and compliance evaluations, and reported to the officer in charge of environment through management reviews. As we discovered in fiscal 2022 that industrial waste had been handed over to the industrial waste disposal company prior to the signing of a contract at the building where a sales office was relocated, a report was made to the local government and an instruction document was subsequently issued. To prevent recurrence, we provided education to sales office staff, checked all sales offices in Japan for similar incidents, and confirmed that industrial waste was being handled appropriately.

Acquisition target	Acquired certification	Acquired date
CKD Corporation	ISO9001	June 24, 1994
	ISO14001	December 8, 2000
CKD THAI CORP. LTD.	ISO9001	January 14, 2004
	ISO14001	
CKD CHINA CORPORATION	ISO9001	January 4, 2009
	ISO14001	
CKD NIKKI DENSO CO., LTD.	ISO9001	March 16, 2018
	ISO14001	March 5, 2021

### Environmental management system promotion structure



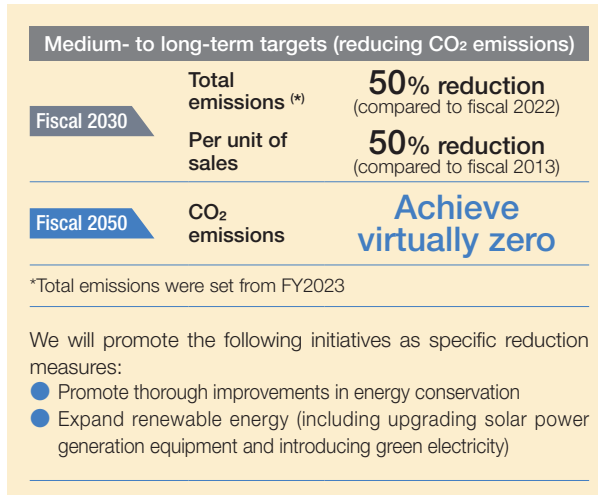


## Environment

Reduce CO<sub>2</sub> emissions

## Medium- to long-term targets

To contribute to the realization of a decarbonized society, the CKD Group has been working to reduce CO<sub>2</sub> emissions by setting the renewed medium- to long-term reduction targets by backcasting based on the target of achieving virtually zero CO<sub>2</sub> emissions in fiscal 2050.



Notes: 1. CO<sub>2</sub> emissions are the total of Scope 1 and 2.  
2. Includes CO<sub>2</sub> emissions offset through the J-credit system and green power certificates.

## Solar power generation systems installed in FY2023

## Head Office Plant

- Start of operation: July 2023
- Power generation (estimate): 110,000 kWh/year

\*Equivalent to approximately 1% of the power used at the Head Office Plant

- CO<sub>2</sub> reduction (estimate): 48 tons/year



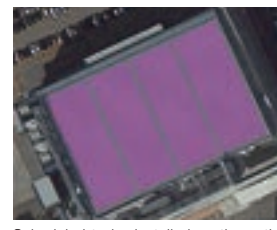
Additional equipment (installed on the roof of the Head Office building)

## Tohoku Plant

- Scheduled operation: December 2023
- Power generation (estimate): 860,000 kWh/year

\*Equivalent to approximately 11% of the electricity used at the Tohoku Plant

- CO<sub>2</sub> reduction (estimate): 427 tons/year



Scheduled to be installed on the entire roof of the Tohoku Plant

\*Calculated according to GHG Protocol

## FY2022 supply chain emissions

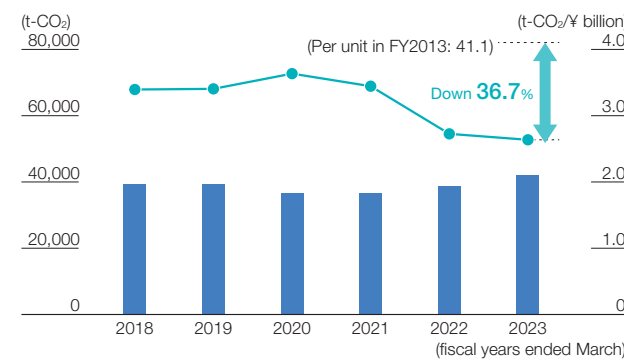
Classification	CO <sub>2</sub> emissions t-CO <sub>2</sub>	Ratio of total emissions
Scope 1	6,395	0.4%
Scope 2	41,312	2.7%
Scope 3	1,509,335	96.9%
Ct 1 Purchased Goods and Services	386,650	24.8%
Ct 2 Capital Goods	35,334	2.3%
Ct 3 Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	5,231	0.3%
Ct 4 Upstream Transportation and Distribution	19,619	1.3%
Ct 5 Waste Generated in Operations	1,458	0.1%
Ct 6 Business Travel	621	0.04%
Ct 7 Employee Commuting	1,970	0.1%

Classification	CO <sub>2</sub> emissions t-CO <sub>2</sub>	Ratio of total emissions
Ct 8 Upstream Leased Assets	-	-
Ct 9 Downstream Transportation and Distribution	-	-
Ct 10 Processing of Sold Products	-	-
Ct 11 Use of Sold Products	1,057,501	67.9%
Ct 12 End-of-Life Treatment of Sold Products	951	0.06%
Ct 13 Downstream Leased Assets	-	-
Ct 14 Franchises	-	-
Ct 15 Investments	-	-
Total	1,557,042	100.0%

Notes: 1. Figures for Scope 1 and 2 are the total of major emissions from CKD Corporation, domestic subsidiaries, and overseas subsidiaries (plants only).  
2. Scope 3 applies to CKD Corporation (domestic, non-consolidated).

CO<sub>2</sub> emissions reduction results (target: excluding overseas sales companies)

\*In fiscal 2022, CO<sub>2</sub> emissions from the energy and company car gasoline of domestic group companies and the Austin Plant in North America are added, and green power certificates and J-credits are offset.

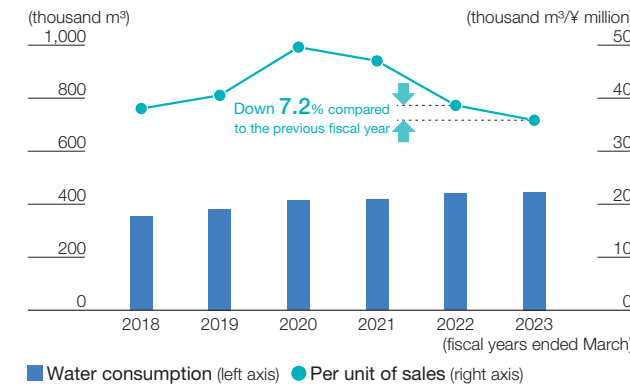


We promote reduction activities by setting internal activity targets for each department and adding points to bonus evaluations according to the degree of target achievement.

Main reduction activities include improving plant air leaks, introducing energy-saving products when replacing equipment, and introducing solar power generation systems.

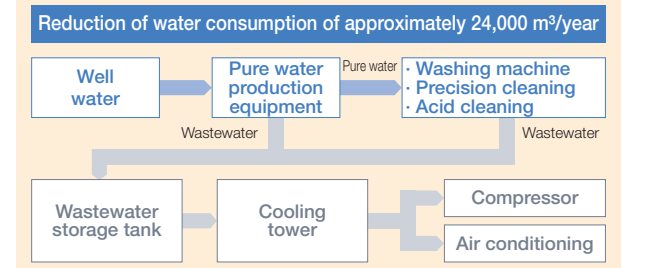
## Reduction of water consumption Target: 2% reduction in per unit of sales compared to the previous fiscal year

## Reduction of water consumption (Target: CKD domestic plants)

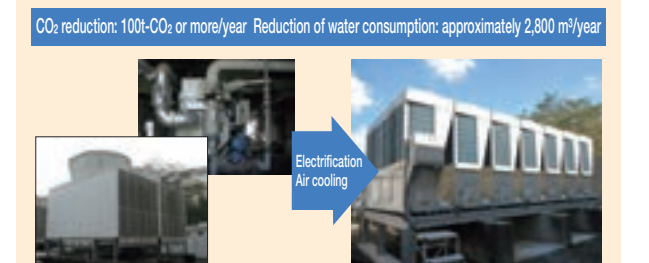


With regard to the water used at each plant, we are working to reduce water consumption by using rainwater, and reusing wastewater from pure water production equipment, washing machines, etc.

## Improvement effects due to wastewater reuse (estimate)

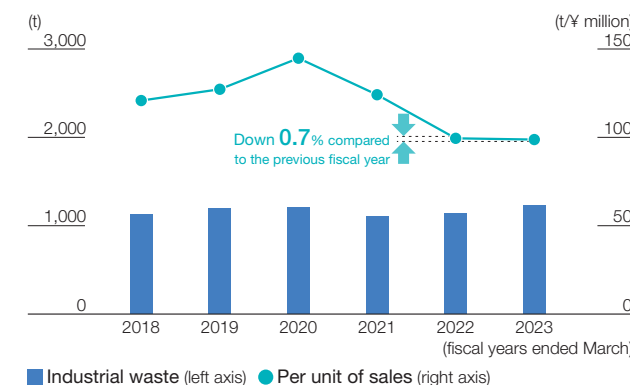


## Improvement effect by replacing absorption type cold/hot water generators (estimate)



## Reduction of industrial waste Target: 2% reduction in per unit of sales of industrial waste compared to the previous fiscal year

## Reduction of industrial waste (Target: CKD domestic plants)



We are working to cut down waste and convert them into valuable resources to reduce waste generated in our business.

Recently, we have been focusing on further recycling plastic, and are working to reduce plastic industrial waste by checking if waste plastic can be recycled.



The amount of plastic industrial waste discharged in fiscal 2022 was 356 tons.

## Management of chemical substances in products

As concerns regarding human health and environmental pollution increase around the world, laws and regulations governing chemical substance management are being enacted and amended in countries around the world. As a member of the global supply chain, we are also required to take various response measures not only for export products but also for non-export products.

In order to ensure the management of environmentally hazardous chemical substances throughout the supply chain, we clarify our requirements in our Green Procurement Guidelines and ask our suppliers to manage them in accordance with the guidelines.

In order to guarantee that CKD products do not contain prohibited substances and disclose information on chemical substances contained in products, we have created a database of environmental substance content data for purchased products and parts.



Addressing Climate Change Risks and the TCFD

Damage caused by extreme weather events such as storms, floods, and droughts is increasing in many parts of the world. In addition, regulations and markets are likely to undergo major changes in the course of the transition to a decarbonized society in the future. Recognizing that the social and economic impacts of climate change are an important management issue that must be addressed in the context of sustainability, we announced our support for the Task Force on Climate-related Financial Disclosures (TCFD) in June 2022. In accordance with the TCFD recommendations, we will strive to proactively disclose information.



Governance structure – Sustainability promotion structure

We have established the Sustainability Committee as an advisory body to the Board of Directors in order to address environmental issues, including climate change, as one of the most important management issues, and to promote our response to these issues in an integrated manner with our management strategy. (P39 ▶ Sustainability Strategy)

Strategy

We have identified potential risks and opportunities associated with climate change throughout our supply chain and analyzed and assessed their impact on our businesses. The analysis is based on the 4°C and below 1.5°C scenarios published by the International Energy Agency (IEA). We have looked into the impact of climate change on the Company as of 2030 in each of these world views.

**4°C Scenario**

The scenario assumes a world in which the global average temperature rises an average of 4°C by 2100 compared to the global average temperature around the time of the Industrial Revolution, and the severity of extreme weather events such as typhoons and heavy rainfall increases.

**Below 1.5°C Scenario**

The scenario assumes a world in which the global temperature rise is controlled to 1.5°C through carbon neutrality measures such as the introduction of a carbon tax and renewable energy policies.

Analysis results

We have identified potential risks and opportunities for each scenario. In the 4°C scenario, the major risk is predicted to be an increase in response costs due to the shutdown of operations and logistics functions as a consequence of more extreme weather events, such as an increase in typhoons and storm surges. On the other hand, under the below 1.5°C scenario, the introduction of a carbon tax and emissions trading, and a sharp rise in the price of fossil fuel-derived electricity due to global decarbonization efforts are expected to pose a major risk of increased operating costs. The Company has measured the impact on our business of the introduction of a carbon tax, a sharp rise in the price of electricity, and changes in metal prices, using the Net Zero Emissions by 2050 (NZE), Sustainable Development (SDS), and Stated Policies (STEPS) scenarios of IEA. We have also measured the impact on our business of physical risks arising in the event of floods and storm surges, based on the RCP8.5 and RCP2.6 scenarios and the Manual for Economic Evaluation of Flood Control Investment.

We have also identified many opportunities as well as risks. Increased demand for EV-related products in line with the development of a decarbonized society and the expansion of hydrogen-related business due to the spread of hydrogen technology are expected to be major opportunities.

List of risks and opportunities related to climate change

Impacts of climate related issues	Timeline	Risks and opportunities (possible events)			Degree of impact	
					4°C	1.5°C
Impacts of the transition to a decarbonized society	Medium- to long-term	Introduction of carbon tax and emissions trading	Risks	· Increase in business costs	Low	High
			Opportunities	· Increase in sales of products that contribute to the environment, such as CO <sub>2</sub> reduction		
	Medium- to long-term	Compliance with GHG emissions regulations	Risks	· Increased costs for the replacement of energy-saving equipment	Low	High
			Opportunities	· Increase in sales of products that emit limited CO <sub>2</sub> during their manufacturing process		
	Medium- to long-term	Renewable Energy Policy/Energy Saving Policy	Risks	· Increase in business costs due to higher renewable energy prices, and increased costs for the replacement of equipment to energy-saving models	Low	High
			Opportunities	· Increase in demand for services that lead to energy savings for customers, and increased new business opportunities in solar, hydro, and biomass power generation		
	Short- to long-term	Advancement of low-carbon technologies	Risks	· Decrease in sales when the Company is unable to respond to rapid demand shifts from pneumatic components to motion components · Increase in R&D costs for developing decarbonization technologies	Low	High
			Opportunities	· Increase in sales of products for rechargeable battery manufacturing processes, products for hydrogen-related businesses, IoT-related components for production facilities, semiconductor-related components, etc., and increasing business opportunities that help expand sales of motion components		

Impacts of climate related issues	Timeline	Risks and opportunities (possible events)			Degree of impact	
					4°C	1.5°C
Physical impacts of climate change	Short- to long-term	Intensification of extreme weather events	Risks	· Production stoppages and impact on business continuity due to damages to production sites and the disruption of supply chains in the wake of disasters · Increased BCP costs	High	Low
			Opportunities	· Increased demand for factory automation equipment backed by capital investments in the relocation and reorganization of production sites and the promotion of manufacturing that does not depend on human resources · Expansion of maintenance business related to reconstruction from disasters		

Risks and opportunities related to climate change and our responses

Impacts of the transition to a decarbonized society	Reducing risks	· Set CO <sub>2</sub> reduction targets for the Group, including subsidiaries
		· Install solar power generation systems
		· Reduce Scope 2 emissions utilizing green electricity
		· Reduce Scope 1 emissions utilizing CO <sub>2</sub> -free city gas
		· Carbon Offsetting through the J-Credit Scheme
	Capturing opportunities	· Enhance sales of pharmaceutical products packaging machines which limit packaging loss
		· Strengthen electric motion products business
		· Strengthen the development of low environmental impact products
		· Launch a series of components for rechargeable batteries
		· Actively disclose information on our contribution to the environment
Physical impacts of climate change	Reducing risks	· Establish disaster prevention management/BCP regulations in preparation for disasters
		· Placement of production bases in various locations
		· Accelerate the replacement of air conditioners to energy-saving models
		· Establish measures against infectious diseases

Risk management

With regard to various important issues for the Group, including CO<sub>2</sub> emission reductions, the Headquarters administration divisions, each business division, and Group companies identify risks and opportunities that may hinder the improvement of corporate value and the achievement of management targets. Based on the findings, the Risk Management Committee evaluates and identifies risks and opportunities according to the level of their importance

assessed based on the frequency of occurrence and the magnitude of impact when they occur. Countermeasures are discussed for the risks and opportunities identified, and then reported to and shared with the Board of Directors.

This way, we comprehensively manage and evaluate risks, including climate change related risks.

(P64 ▶ Risk Management)

Indicators and targets

(1) Key performance indicators

To contribute to the realization of a decarbonized society, the CKD Group is working to reduce CO<sub>2</sub> emissions by setting medium- to long-term reduction targets. From fiscal 2022, we have started calculating Scope 3 CO<sub>2</sub> emissions in addition to Scope 1 and 2.

Key performance indicators	Unit	FY2022 results
CO <sub>2</sub> emissions (before offset) (Notes 1, 2, 3)	t-CO <sub>2</sub>	44,281
CO <sub>2</sub> emissions (after offset) (Note 4)	t-CO <sub>2</sub>	41,506
CO <sub>2</sub> emissions (per unit of sales) (Note 5)	t-CO <sub>2</sub> /¥ billion	2.6
CO <sub>2</sub> emissions reduction rate (per unit of sales, compared to fiscal 2013) (Note 5)	%	36.7

(2) Target

Fiscal 2030	Reduce CO <sub>2</sub> emissions by 50% (total amount, compared to fiscal 2022)
	Reduce CO <sub>2</sub> emissions by 50% (per unit of sales, compared to fiscal 2013)
Fiscal 2050	Achieve virtually zero emissions

\*From fiscal 2023, we have set an additional CO<sub>2</sub> emissions reduction target of 50% reduction in fiscal 2030 (total amount, compared to fiscal 2022).

- Notes: 1. CO<sub>2</sub> emissions are the total of Scope 1 and 2.
2. Scope 1 is the total of major emissions from the Company, domestic subsidiaries, and overseas subsidiaries (plants only), and calculated using emission factors published on the website of the Ministry of the Environment.
3. Scope 2 is the total of major emissions from the Company, domestic subsidiaries, and overseas subsidiaries (plants only), and calculated using basic emission factors published on the website of the Ministry of the Environment. Please note that the sales offices and overseas subsidiaries (plants) of the Company use the same emission factors as the Head Office.
4. The Company offsets CO<sub>2</sub> emissions through the J-credit system and green power certificates.
5. Figures are calculated based on CO<sub>2</sub> emissions (after offset).

For details of our Response to TCFD Recommendations, please refer to our corporate website.



Human Capital

Strategy

In order to build a corporate culture with faith in human resources, we have established a human resource development policy and policy for establishing internal environments.

Human resource development policy

The CKD Group will build a “Corporate Culture with Faith in Human Resources” by creating highly engaging and fulfilling workplaces, systematically developing future human resources, and promoting diversity and inclusion.

Policy for establishing internal environments

In order to realize our human resources development policy, we are promoting effective measures, system development, and awareness reforms for each of the three priority measures.

1

Creating a highly engaging and fulfilling workplace

- Measures for employee self-fulfillment, such as the innovator challenge system and internal job posting system
- Holding the GO CKD! Award as an opportunity to recognize outstanding initiatives
- Health and productivity management initiatives

2

Systematic development of future human resources

- External training for systematic development of next-generation leaders
- Trainee dispatch system to overseas bases to develop global human resources
- Training for developing digital human resources

3

Promotion of diversity and inclusion

- Trainee dispatch system from overseas bases to Japan
- Establishing a working environment in which employees feel free to take childcare leave
- Promoting women's career advancement
- Promoting career advancement of seniors (age 60 and over)
- Workplace development for people with disabilities

Key performance indicators and targets

Key performance indicators and targets for priority measures

Priority measures	Key performance indicators	FY2025 goals		FY2022 results
Creating a highly engaging and fulfilling workplace	Work engagement*1	52		47.9
	Health and productivity management	Recognition as a White 500 enterprise		Outstanding Organization 2023
Systematic development of future human resources	Developing next-generation leaders*2	Cumulative total	81 persons	Cumulative total 42 persons
	Developing global human resources*3	Cumulative total	65 persons	Cumulative total 50 persons
	Digital human resource development*4	Cumulative total	1,000 persons	Cumulative total 446 persons
Diversity and inclusion	Trainees from overseas to Japan*5	Cumulative total	23 persons	Cumulative total 19 persons
	Ratio of employees who took childcare leave by gender	Male	70.0%	Male 54.4%
		Female	100.0%	Female 100.0%
	Ratio of female managers	10.00% (FY2030 goal)		4.01%

\*1. Deviation value based on external survey results  
\*2. Introduced from FY2017  
\*3. Introduced from FY2012  
\*4. Introduced from FY2022  
\*5. Introduced from FY2014

Promotion structure

We have established the Human Resources Strategy Committee to promote management that utilizes the most of all people in the CKD Group. In order to create a company and workplace where all employees can work vigorously, we have launched the Future Human Resources Project as a subordinate organization of the Human Resources Strategy Committee, with the aim of envisioning our vision and promoting ideal human resources strategies.

Major initiatives

Priority measure 1 Creating a highly engaging and fulfilling workplace

Introduction of the Innovator Challenge System

In fiscal 2022, we introduced the innovator challenge system in which employees propose compelling themes for launching new businesses. In the first year, we received 18 applications from 17 people, and there were many proposals based on new ideas, such as proposals that utilize the Company's core technologies and proposals that help respond to social issues. We are currently developing specific plans for commercialization of the selected themes.



Holding of the GO CKD! Awards

The GO CKD! Award is a system that evaluates activities that contribute to society and the Company from among initiatives aimed at achieving the 10-Year VISION, which is our long-term management goal.

In fiscal 2022, 15 projects were selected from 298 applications and advanced to the main screening, from which the theme that would excite our customers and us was awarded the Grand Prize.

Health and productivity management

CKD Health and Productivity Management Declaration

We regard employee health as one of the most important management issues and hereby declare that we will promote “Health and Productivity Management” by raising employee health awareness in cooperation with health insurance unions and labor unions, and by working to create a workplace where employees can work vigorously and in good health, both mentally and physically.

KPI (health management strategy map)

In order to promote health management, we have set absenteeism\*1, presenteeism\*2, and work engagement\*3 as KPIs. We believe we can achieve sustainable growth for CKD if all employees are healthy both physically and mentally and work vigorously.

\*1 Absenteeism: The average number of days taken by all employees to be absent from work or leave due to personal injury or illness.  
\*2 Presenteeism: Percentage of productivity loss due to health problems (calculated by WHO-HPQ)  
\*3 Work engagement: Awareness and behavior toward work (deviation value based on external survey results)

Introduction of the internal job posting system

Since fiscal 2021, we have introduced an internal job posting system as a means to support our employees with their career planning. The system is designed to encourage employees to take on a new challenge in the position they pursued on their own. By working in the position that helps unlock their growth potential, we expect that they will become more motivated, make the most of their abilities, and achieve greater results.

Key initiatives

1

Work-life balance (workstyle reforms, management of time spent working)

2

Prevention of lifestyle-related diseases (promoting improvement of diet, sleep, and exercise habits, prevention of passive smoking, and smoking cessation)

3

Creating a comfortable working environment (promoting mental health, improving the working environment, and supporting employees with balancing medical treatment and work)

KPI	FY2020	FY2021	FY2022
Absenteeism	0.77 days	1.54 days	1.22 days
Presenteeism	—	—	37.3%
Work engagement	48	48	47.9

Priority measure 2 Systematic development of future human resources

External training for systematic development of next-generation leaders

With the aim of learning practical knowledge about innovation management and developing the next generation of leaders who can lead the Company, we systematically dispatch employees to a graduate school of management of technology (“MOT”) as well as to various external training programs to learn MBA and MOT fields in a short-term intensive manner.

Developing global human resources

To promote the development of global human resources who will play an active role on the world stage, we have established two types of trainee programs. One is the overseas trainee system, a program where Japanese employees go to overseas bases to gain work experience in overseas businesses. Another is the overseas subsidiary trainee system which allows the employees of overseas subsidiaries to visit Japan and deepen their understanding of Japan and the Company.

Digital human resources For details, see P37 Digital human resource development



## Human Capital

## Opinions of Employees

**Learning at the Department of Management of Technology (MOT), Graduate School of Management, Tokyo University of Science**  
**Practical learning to acquire strategies to thrive 10 or 20 years from now**

Just having theories and frameworks in your head as knowledge will not allow you to utilize them in practice. In order to put this into practice, you have to think for yourself. I believe that the Tokyo University of Science MOT was an opportunity to receive training for this purpose, and to cultivate the ability to think. I boldly discussed topics outside of my field of expertise with working students from a variety of industries and work backgrounds, including not only engineers but also managers and salespeople. I heard a lot of eye-opening opinions and realized the real thrill of competing against people from different fields. Thus, I naturally gained a variety of perspectives and knowledge. In the manufacturing industry, which is undergoing a transition due to the Fourth Industrial Revolution, I believe I have acquired the "power to think," a weapon that will enable us to survive 10 to 20 years into the future.



**Toshikazu Tsuruga**  
New Business Development Office

**Priority measure 3 Diversity and inclusion**

We value the potential of each of our diverse employees, regardless of gender, nationality, or age, and have focused on promoting the creation of workplace environments and systems so that each worker with different strengths can make the most of his or her abilities.

**Initiatives for promoting women's career advancement**

- 1 Establishment of an in-house day-care center and systems such as shorter working hours and exemption from overtime work for employees with children up to the sixth grade of elementary school.
- 2 Training for managers and introduction of case studies of male employees who have taken childcare leave through in-house newsletters in order to increase the ratio of male employees taking childcare leave.
- 3 In order to increase the ratio of female employees, we set a target value for the ratio of female new graduates hired in the action plan and carry out recruitment activities.



In-house childcare center  
'Ohana nursery school'

**Specific measures to increase the ratio of female workers in managerial positions to 10% in FY2030 from the current situation**

- 1 Implement systematic promotions and promote appointment to managerial positions, etc. to achieve the Company's target for ratio of female workers in managerial positions
- 2 Conduct training for female employees to foster their mindset toward promotion and managerial positions

**Workplace development for people with disabilities**

In October 2022, we hired six new people with disabilities at the Social Farm Waku Happiness Farm. The purpose of this farm is for people with disabilities to grow and harvest crops by themselves, allowing them to be employed long-term while experiencing the joy of working, a sense of responsibility, and a sense of fulfillment in their work. We will continue to promote the creation of workplaces where people with disabilities can play active roles and strive to expand employment.

**Occupational Health and Safety**

The Occupational Health and Safety Center was established in July 2021 to promote company-wide occupational health and safety activities, including those of our overseas subsidiaries.

Specific activities include (1) promoting Company-wide risk assessments, (2) developing Company-wide *Poketenashi* (five rules for safety improvement) activities, and (3) holding Company-wide occupational health and safety conferences.

We are determined to build a safety-first corporate culture by raising awareness of safety and health, aiming for no accidents, engaging in health and safety activities with the participation of all our employees.

**Basic Philosophy**

We place the greatest emphasis on safety and manufacture products in the right way.  
From a safe and healthy workplace, we will provide our customers with products that they can use with peace of mind.

**Policy**

- 1 We will maintain healthy minds and bodies.
- 2 We will act with safety first and raise safety awareness among all employees.
- 3 We will observe laws, company rules, and work procedures.
- 4 We make every effort to foresee potential dangers.
- 5 We will manufacture safe and reliable products

## Technology and Intellectual Capital

Maintaining departments that specialize in intellectual property, CKD works to further improve corporate value by managing intellectual property for all CKD Group companies and implementing intellectual property strategies. Our intellectual property strategies involve implementing detailed measures that reflect CKD business strategies based on close collaboration between intellectual property departments and development and technology departments.

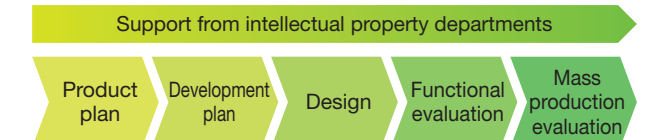
**System**

We carry out new product development by gathering specialists from various departments to form a product development team under our development project system. By dedicating a small but elite group to the task, we enhance development quality.

The intellectual property departments conduct



research and analysis of intellectual property at each stage of product/development planning, design, and evaluation, and provide the latest technical information for projects.

**Development process**

**Major initiatives**

Focusing on new businesses, new markets, and the environment in the Medium-Term Management Plan, we offer a variety of intellectual property support such as providing patent maps and invention consultations from intellectual property departments to technology departments.

**Excellent Patent Award**

We have established a patent reward system with the aim of increasing employees' aspiration to invent and promote the creation of better inventions. The Patent Achievement



Evaluation Committee selects outstanding inventions and awards employees.

In fiscal 2022, we selected one patent from vacuum equipment for an excellent patent award, two from pharmaceutical products packaging machines for outstanding patent awards, and one each from pneumatic components, control components, and electric motion components.

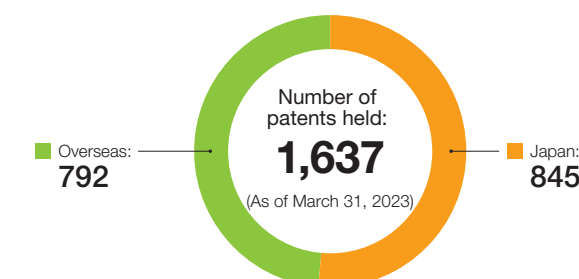
**Employee education**

We conduct intellectual property education for new employees every year, providing general education on intellectual property rights and explanations about our intellectual property management system, in order to facilitate a better understanding of intellectual property.

Regarding education within the Intellectual Property Department, education is provided in accordance with the basic education program after being assigned to the department, and the employees acquire skills to execute patents, designs, and trademarks in Japan and abroad.

**Number of patents held**

Recognizing the intellectual capital created through research and development activities as an important asset of the Company, we are actively acquiring intellectual property rights such as patents in Japan and overseas. As of the end of March 2023, we hold 1,637 patents in Japan and overseas.


**Topics**
**Publishing of the CKD Technical Journal**

Please refer to the CKD Technical Journal, published and posted on our website, which introduces technical information on challenges to innovate automation, problem-solving technologies, and research and development results that we have accumulated over many years.



# Human Rights

The Group is committed to respecting human rights as an important management issue. We recognize considering human rights in our corporate activities is vital for the sustainable development of businesses and of society. Throughout our actions, we aim to ensure respect for the human rights of everyone involved in our business activities. To this end, we continuously conduct human rights due diligence based on the CKD Group Human Rights Policy established in April 2022.

For the full text of our Human Rights Policy and a list of human rights risks, please refer to "Sustainability" on our website.



## CKD Group Human Rights Policy

The Group has established the CKD Group Human Rights Policy. It is based on the Guiding Principles on Business and Human Rights and the International Bill of Human Rights of the United Nations, which are international norms related to human rights, the ILO Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO), and the human rights guidelines formulated by the Japanese government, etc.

### CKD Group Human Rights Policy

- |                                    |                              |
|------------------------------------|------------------------------|
| 1 Scope of application             | 5 Training                   |
| 2 Respect for human rights         | 6 Information disclosure     |
| 3 Human rights due diligence       | 7 Dialogue with stakeholders |
| 4 Corrective and remedial measures |                              |

## System

The Sustainability Committee, chaired by the President, reports on and discusses the status of efforts to respect human rights. (P39 ▶ Sustainability promotion structure)

## Human rights due diligence

To ensure that the CKD Group Human Rights Policy is put into practice through concrete actions, we work to understand any negative impacts on human rights. We have put in place a flow for preventing and addressing such issues, which we implement on a regular basis.



### Identification and evaluation of human rights infringement risks

We identify and assess the risk of infringement of human rights that could occur in the supply chain in areas such as working conditions, working environment, discrimination, harassment, privacy, and environmental pollution.

### Surveys

We conduct surveys of CKD Group companies and major suppliers on the status of their response to the human rights risk items we have identified and evaluated. We analyze the survey results and implement countermeasures if there is a risk of negative impact.

## Major initiatives relating to human rights

### Employee education on human rights

We provide new hires with education on human rights each year.



### Dissemination of Purchasing Principles and Fundamental Policy

Respect for human rights is clearly stated in our Purchasing Fundamental Policy and communicated to our suppliers. We hold briefings among other activities as we work to promote respect for human rights throughout the supply chain.

### Establishment of a whistleblower contact point (whistleblower system)

We have established a whistleblower helpline as a mechanism through which employees and others who work in the CKD Group can make reports. (P63 ▶ Compliance)

### Establishment of a harassment consultation contact

On top of the whistleblower contact, we have set up a harassment consultation contact to facilitate the correct understanding of harassment and to provide consultation.

# Supply Chain Management

We renewed our Purchasing Principles and Fundamental Policy in April 2022. We see all our suppliers as important partners, and will continue to deepen communication as we build our global supply chain.

Based on nine requests for our suppliers, we are promoting procurement activities that consider overall CSR in addition to the quality and delivery time requirements that we use to consistently provide products that satisfy our customers.

For details of this page, please refer to "Material Procurement" on our website.



### Purchasing Principles

We contribute to realizing a sustainable society through our global supply chain by mutually developing with our suppliers

### Fundamental Policy

- 1 We value the trust and mutual development with our partners.
- 2 We conduct fair and just transactions by complying with related laws, regulations, and social norms and thoroughly protecting confidential information.
- 3 We contribute to the conservation of the global environment and the reduction of environmental loads.
- 4 We respect human rights, aim to eliminate discrimination and unfair labor practices, and improve the working environment.
- 5 We contribute to the resolution of social issues with our suppliers who have high technological capabilities on a global scale.

### Requests for Business Partners

- 1 Sound business management
- 2 Observance of laws and social norms
- 3 Consideration for the environment
- 4 Improvement of human rights and the working environment
- 5 Stable supply of materials and optimal quality
- 6 Improvement of technical capabilities and technical proposals
- 7 Development of the management system
- 8 Confirming the status of initiatives
- 9 Handling of conflict minerals

## Risk assessment for CSR and ESG procurement

We aim to mutually develop with our suppliers while helping to build a sustainable society. To this end, we regularly conduct surveys on the promotion of CSR and ESG procurement and related efforts at our suppliers.

In 2022, we conducted a questionnaire on the environment and quality. From fiscal 2023 onwards, we will proceed with efforts aimed at improvements based on these results. We will also continue to conduct BCP surveys and questionnaires on initiatives in the areas such as labor, safety and health, and human rights, working on risk assessment through close communication.

## Green procurement

CKD has a longstanding commitment to voluntary environmental conservation activities. However, the environmental problems that face the planet today cannot be solved by the efforts of one company alone. In addition to the conventional "quality, price, and delivery time," our Purchasing Department has set "environment" as a key word, and we are committed to green procurement activities that consider the environment from the procurement stage.

## Holding briefings

We regularly hold briefings on production trends and purchasing policy, quality briefings, exhibitions, and technical exchange meetings, inviting all of our suppliers to participate. We contribute to realizing a sustainable society through our global supply chain by mutually developing with our suppliers.





# Roundtable Discussion with Chairperson and Independent Directors

Aiming to become a true global leader, we will first make

changes at our “headquarters” to achieve further growth



Facilitator  
**Kazunori Kajimoto**  
Chairperson of the Board



**Stefan Sacré**  
Independent Director



**Koichi Hayashi**  
Independent Director



**Hiroko Shimada**  
Independent Director

CKD has successfully expanded its global business by leveraging its abundant technological capabilities and diverse product lineup, contributing to the resolution of social challenges in the realms of Automatic Machinery and Components. But what are CKD's strengths and what challenges does it face as it strives to further enhance its social impact? In this roundtable discussion, facilitated by Chairperson Kajimoto, the three Independent Directors will provide their insights to illuminate these crucial matters.

## Pursuing a more open Board: introducing the Corporate Officer System in 2022

**Kajimoto:** For over nearly 80 years, CKD has remained dedicated to addressing customer and societal issues through our core businesses of Automatic Machinery and Components. We have built an extensive portfolio of factory automation products. Today, we seek to explore CKD's competitive advantages and identify areas that demand further attention to elevate our corporate value. To achieve this, we value the input of various stakeholders, and thus, we invite the three Independent Directors to share their opinions and recommendations. To start, we would like to hear your perspectives on the role of Independent Directors and your assessment of the Board of Directors' effectiveness and governance.

**Hayashi:** Including my time as an auditor, I have been a board member of the board of directors for a long time. In addition to my expertise as a certified public accountant, my experience in domestic and international M&A at a global consulting firm has allowed me to offer comprehensive management support to CKD.

Looking back on the period from my appointment as an outside director to the present, I think it coincides with the time when CKD has been expanding its manufacturing bases and business domains through M&A and other means, both in Japan and overseas.

As one of the longest-serving board members, I have witnessed significant progress in the Board's effectiveness, fairness, and transparency, notably enhanced by the introduction of the Corporate Officer System.

**Sacré:** With extensive experience managing manufacturing companies in Japan and abroad, particularly European firms involved in the same industrial sector as CKD, I contribute insights based on global industry trends and technical aspects as CKD expands its overseas operations. Now in my third year as a board member, I appreciate CKD's emphasis on fostering an open atmosphere, where opinions flow freely, and we actively follow up and implement improvements.

**Shimada:** With 33 years of experience at the National Personnel Authority and the Ministry of Foreign Affairs of Japan, where I developed policies and laws related to human resources, I have shifted my focus to nurturing public value-driven human resources at my alma mater, the School of

Public Policy, since 2019. Now, as an Independent Director, despite my lack of corporate management experience, I recognize the commonalities between the public and private sectors today, such as optimizing human resources, accountability to society, and creating social value. I intend to offer proposals from this perspective.

## Embracing customer proximity and the power of diversity

**Kajimoto:** Thank you for your valuable insights. When appointing Independent Directors, we seek a well-balanced skills matrix, encompassing expertise, background, and personal qualities. Your diverse experiences enrich our discussions with perspectives from the public sector during this transformative era of corporate management.

Moving forward, we would appreciate your honest evaluation of our company's strengths and challenges, the focal point of this gathering. Mr. Sacré, as an industry expert, we eagerly await your views.

**Sacré:** CKD's robust growth in recent years can be attributed to two significant factors: First, as Chairperson Kajimoto highlighted earlier, our diverse product lineup addresses various social challenges, with each offering its unique competitive edge. Second, target industries like semiconductors and rechargeable batteries are expected to flourish due to long-term megatrends. These advantages have been instrumental in our growth.

However, we must acknowledge the challenges. Presently, the uncertainty in the semiconductor market stemming from U.S.-China economic friction and other factors is a notable challenge. Additionally, the acquisition of top-tier talent presents a long-term challenge. Our ability to attract exceptional individuals hinges on the kind of company we aspire to become. Hence, to progress further, we must concentrate on accelerating globalization and expanding into overseas markets, as outlined in our long-term management vision.

From a slightly pragmatic perspective, I perceive that while our global factories and bases in the U.S., Europe, India, ASEAN, and beyond have flourished, there are still areas where we can truly embody a global company in terms of human resources and corporate culture. An essential step lies in transforming our head office. This entails initiating a process that reexamines internal rules, relationships between the head office and overseas offices, and overall culture.

**Hayashi:** I wholeheartedly concur with Mr. Sacré's perspective on globalization. CKD's progress thus far has been fueled by our genuine commitment to developing and delivering high-quality products to our customers, driven by the collective effort of our employees aligned towards a common goal. This sincerity and dedication represent invaluable assets that should be cherished.

Nonetheless, if we are to expand our global business, we must engage with individuals possessing diverse values. To foster an environment that thrives on diversity, irrespective of

## Roundtable Discussion with Chairperson and Independent Directors

generational, gender, or national differences, we must establish a system that leverages the strength of diverse individuals.

Introducing SAP as a global standard core system in 2018 was a pivotal step towards achieving this objective, facilitating swift data sharing and analysis. However, the crux of change lies in the human mindset. Our head office must spearhead the creation of new rules tailored to the era of young leaders returning from overseas bases. For instance, adopting English as the primary language for internal communication could expedite interactions with overseas companies. Such incremental changes pave the way for CKD to evolve into a truly global leader, enhancing our worldwide presence.

### Aiming for growth and value creation Valuing the “Philosophy” behind numerical targets

**Shimada:** Strengthening human capital is crucial, and while it's essential to disclose various indicators and targets, the mere numerical values are not the sole focus. Instead, we should concentrate on bridging the gap between the philosophy and goals behind these targets and their actual realization.

For instance, the existence of a daycare center on the CKD premises is reassuring for balancing childcare and work. However, to truly enhance human capital, we must shift our approach to women and older employees from merely “protecting employment” to valuing their active involvement as integral members who contribute value.

**Kajimoto:** I appreciate your valuable feedback and highlighting areas for change.

As we celebrate our Company's 80th anniversary, we recognize the significance of preserving our core values while embracing change for improvement. Empowering the next



generation of leaders to embrace innovation is crucial. We must contemplate what should be transformed and what merits preservation, connecting these decisions to our subsequent milestones like the 90th and 100th anniversaries.

Regarding globalization, as Mr. Sacré pointed out, we have made progress in expanding our markets worldwide. Still, we acknowledge that achieving true globalization requires time, dedication, and nurturing human resources who will be the future leaders of CKD. As we explore this path, we value the input of our overseas-trained leaders, and we shall initiate globalization from our head office while firmly moving forward.

To develop future human resources, we have prioritized the cultivation of global and digital talent, along with the next-generation leaders. Under the “Human Resources Strategy Committee” and “Future Human Resources Project,” led by President Okuoka, we aim for a management approach that maximizes the potential of our workforce. We eagerly anticipate your feedback as we progress with these initiatives.

### Capture potential needs through “technology x marketing”



**Sacré:** The challenges of globalization and diversity are not unique to Japanese companies; also Japanese subsidiaries of foreign firms encounter similar obstacles. Addressing these issues requires continuous effort rather than quick fixes. By collaborating on projects with other companies, we can foster a corporate culture that values diversity.

**Kajimoto:** Indeed, the concept of “Co-creation” in our newly established corporate “Purpose” highlights the importance of incorporating external perspectives into our corporate culture.

Building upon our abundant technological capabilities and product range, we should further promote collaboration among various technologies, leveraging diversity to create our strengths.

Encouraging horizontal cooperation among departments and projects, and nurturing talents capable of comprehensive collaboration ideas will lead to the development of innovative products based on new and combined technologies.

**Hayashi:** This plan holds great potential. By integrating a marketing function that assesses customer needs into our technology-driven initiatives, we can expand our proposals and access untapped markets.



**Sacré:** While CKD's technological capabilities are undoubtedly a core strength, I wonder how we can effectively connect hardware, applications, and marketing fields to create new value. I am eager to witness the developments that lie ahead.

**Kajimoto:** Promoting technological collaboration will be entrusted to President Okuoka, and I look forward to witnessing its fruition. In conclusion, we welcome your opinions and expectations for CKD's future.

**Shimada:** Over the past decade, the roles of private companies and public offices have gradually converged.

CKD, since its inception, has expanded its business by providing technological solutions to customers. As we venture into an era where companies must create social value, we must ponder the specific social value CKD aims to achieve. Additionally, every employee must reflect on the social value they wish to contribute through their work. Sharing these thoughts and ideas will create a powerful synergy, fostering growth among human resources both in Japan and overseas.

Considering the shifting attitudes of the younger generation, who aspire to create shared value through business, we envision a future where talented individuals, passionate about contributing to resolving societal issues, will join CKD. In this endeavor, I aspire to act as a bridge between the two worlds.



**Hayashi:** A strong organization necessitates “having it all” concerning people and multiple encounters. CKD is well on its way in this regard.

Our recent aggressive investments and expansion into overseas markets have further strengthened our global presence. Operating new factories and bases allows us to attract the human resources we seek, broadening our contribution to solving social issues.

**Sacré:** CKD's foundation lies in its technology, products, manufacturing traditions, and a corporate culture centered on earnest customer service. These irreplaceable values make CKD a “good company.” Communicating this brand value more widely in the market will be crucial. My expectations for CKD are high.

**Kajimoto:** Thank you all for your valuable insights. As we embark on the eighth year of our “10-Year VISION” with minor modifications to adapt to changing times, we approach the second year of the four-year Fifth Mid-Term Management Plan, the culmination of our “10-Year VISION.”

Our ongoing mission revolves around simultaneously establishing a strong foundation and driving growth. The next two and a half years are pivotal for CKD's future.

We eagerly anticipate your continued feedback as we strive to realize our vision of a workplace where employees find fulfillment and contribute positively to society. I extend my heartfelt gratitude to all of you for partaking in this invaluable exchange of opinions.



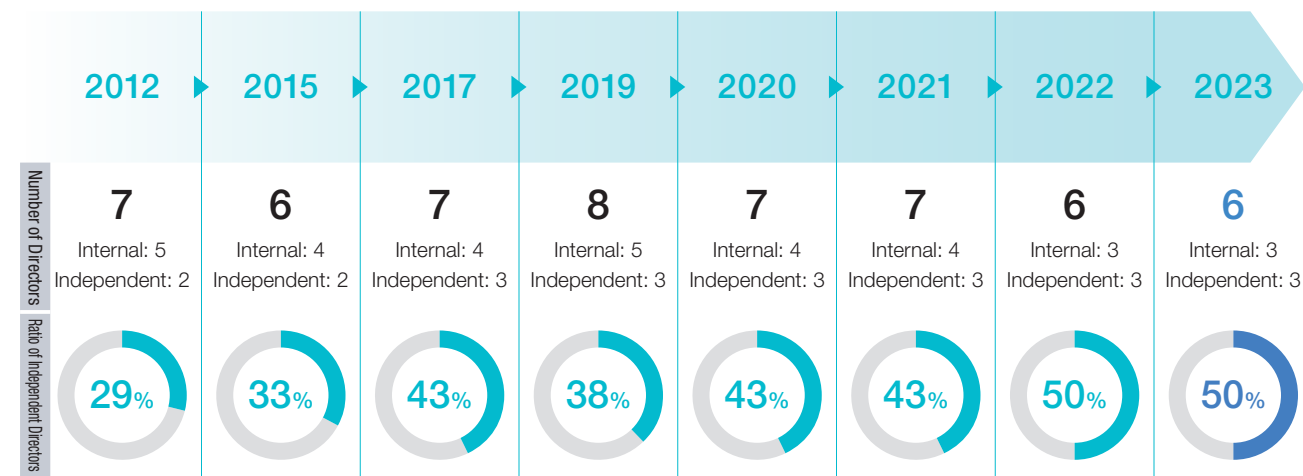
# Corporate Governance

We strive to ensure and strengthen the feasibility of corporate governance from the perspectives of *ensuring transparent, healthy management*, and *appropriate cooperation with stakeholders* to realize a greater level of sustainable corporate value.

## Approach

Corporate governance in the Company is based on our Values. To build good relationships with stakeholders with whom we have various interests and become a company that continues to be trusted, we believe it is essential to build a system that functions to enhance management transparency and fairness to enable prompt decision making that leads to sustainable growth and increased corporate value.

## Corporate governance evolution



### 2017

- The number of Independent Directors increased from two to three
- Evaluation of the effectiveness of the Board of Directors initiated by a third-party organization

### 2018

- Nomination & Remuneration Advisory Committee established
- Information Disclosure Committee established
- Restricted stock remuneration introduced as a remuneration system for Directors (excluding Independent Directors)

### 2020

- Compliance Committee (renamed from the Good Value Promotion Committee) established
- Opinions exchanged between the Representative Directors, Independent Directors, and External Audit & Supervisory Board Members

### 2021

- Sustainability Committee established
- Opinions exchanged between Independent Directors and External Audit & Supervisory Board Members

### 2022

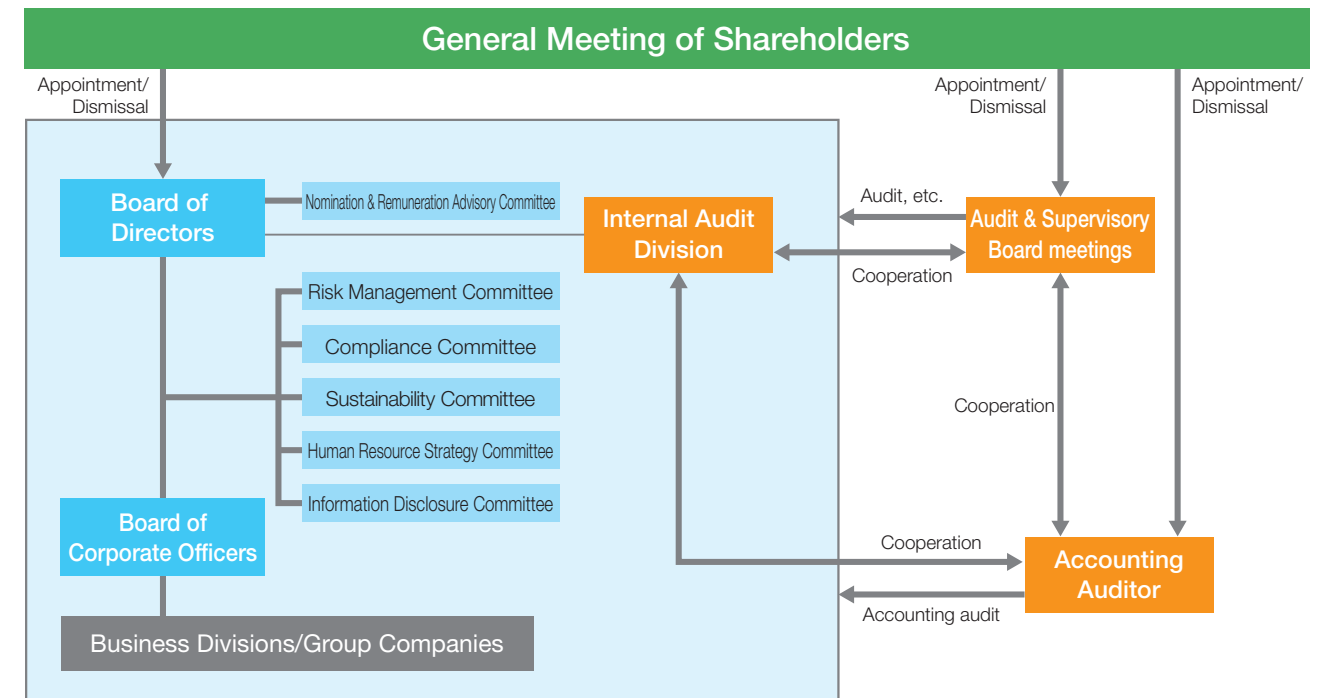
- Proportion of Independent Directors: 50%
- Corporate Officer System introduced

## Promotion structure

The Board of Directors is positioned as an entity that determines basic policies and important matters concerning management as well as those required by laws and regulations.

Currently, the Board of Directors consists of six Directors, including one non-Japanese Director and one female Director, and the proportion of Independent Directors is set to be 50%. In addition, the Board of Corporate Officers, which reports directly to the Board of Directors, promotes prompt management decision-making and flexible business execution. It aims to achieve both short-term and medium- to long-term performance targets and further enhance corporate value. We have also established the Nomination & Remuneration Advisory Committee as a voluntary advisory body to the Board of Directors. The purpose of establishing the committee is to ensure objectivity and transparency in the decision-making process regarding the nomination of Directors and Audit & Supervisory Board Members and the remuneration for Directors and further strengthen the corporate governance system. The committee consists of three members: two Independent Directors and one Representative Director. The Independent Director chairs the committee and the committee members are selected by mutual vote.

## Corporate governance structure



## Auditing functions

The Company has adopted an Audit & Supervisory Board system, and the Audit & Supervisory Board consists of four Audit & Supervisory Board Members, including three External Audit & Supervisory Board Members. Each Audit & Supervisory Board Member audits the execution of duties by Directors by attending meetings of the Board of Directors and other important meetings, and by examining the status of operations and assets, in accordance with the audit policy and audit plan formulated by the Audit & Supervisory Board. Audit & Supervisory Board Members cooperate with the Internal Control Audit Office and the Accounting Auditor by exchanging information regularly.

The standing Audit & Supervisory Board Member also attends important meetings such as Board of Corporate Officers meetings to deliberate on the management matters of each business division, analyze the business environment, and work to understand the status of business planning progress to provide appropriate audits.

Accounting audits are conducted under an audit contract with an Accounting Auditor for Companies Act audits and Financial Instruments and Exchange Act audits. We request fair and unbiased accounting audits.

Corporate Governance

Boards and committees

Name	Details
Board of Directors	<b>Outline</b> In the Regulations for the Board of Directors, the Company stipulates that the matters stipulated by laws, regulations, and the Articles of Incorporation, and other matters related to important businesses shall be decided by resolution of the Board of Directors. The Board delegates decision-making authority for the execution of other businesses to the Board of Corporate Officers in accordance with internal regulations that clarify decision-making authority.
	<b>Main activities</b> ・ The Board of Directors meetings provide a forum for more extensive discussions of important cases as matters to be discussed in addition to matters to be resolved and reported. ・ Conduct regular reports on the status of business execution from Executive Officers. ・ Exchange opinions between the Representative Directors, Independent Directors, and External Audit & Supervisory Board Members. ・ Exchange opinions between Independent Directors and External Audit & Supervisory Board Members.
Nomination & Remuneration Advisory Committee	<b>Outline</b> The committee has been established to ensure objectivity and transparency in the decision-making process regarding the nomination of Directors and Audit & Supervisory Board Members and the remuneration system for Directors and further strengthen the corporate governance system.
	<b>Main activities</b> ・ The committee is chaired by an Independent Director. A majority of the committee members are Independent Directors. Meetings are held about four times a year. ・ Appointment of candidates for Directors is determined in light of the appointment criteria. ・ The committee determines policies on remuneration for Directors and the amount of individual remuneration, deliberates on the establishment and revision of the remuneration system, and determines the specific details of the stock remuneration.
Board of Corporate Officers	<b>Outline</b> The board promotes prompt management decision-making and flexible business execution to achieve company-wide management goals.
	<b>Main activities</b> In principle, the board meetings are held twice a month. Directors, Audit & Supervisory Board Members, and Corporate Officers attend the meetings to discuss matters to be reported and deliberated from each division, which lead to prompt management decision-making and flexible business execution.
Risk Management Committee	<b>Outline</b> As part of business management, the committee establishes basic matters necessary to identify and comprehensively manage risks surrounding the Company and conducts risk management.
	<b>Main activities</b> ・ The committee meetings are held every three months in principle. However, they are held as needed at the chairperson's discretion for risks that need to be addressed immediately. ・ Individual themes are selected from key risks. The status of each activity is regularly checked with instructions. ・ In fiscal 2022, the committee promoted initiatives to promote information security, responses to climate change and BCP, and activities to increase engagement.
Compliance Committee	<b>Outline</b> The committee ensures that all employees are fully aware of legal compliance and business ethics and promotes compliance with the CKD Group. It also conducts activities to prevent compliance violations within the Company, acts as a contact point in the event of compliance violations, investigate the causes and establishes measures to prevent a recurrence. The committee acts as a contact point for whistleblowing, conducts investigations in cooperation with each division within the Company, reviews necessary corrective measures, and takes immediate action.
	<b>Main activities</b> ・ Hold the meetings every six months in principle. ・ Review disciplinary action proposals. ・ Report the results of the harassment consultation contact. ・ Report the results of compliance inspections (conducted in fiscal 2022). ・ Report the results of reporting and recommendations to internal and external reporting contact points. ・ Review harassment prevention measures. ・ Report to the Board of Directors.
Sustainability Committee	<b>Outline</b> The committee consists of the President as chairperson and relevant officers and division heads as committee members. It deliberates on key issues to promote our ESG and SDGs initiatives, contribute to the global environment, and help enrich society through our business activities.
	<b>Main activities</b> ・ Hold the meetings every six months in principle. ・ Extract key issues. ・ Review and deliberate on the progress of responses. ・ Report to the Board of Directors. ・ Formulate response policies and plans. ・ Disseminate policies and plans to related divisions and the entire Company.
Information Disclosure Committee	<b>Outline</b> The committee determines the materiality of information and the appropriateness of disclosure content in statutory and timely disclosure and works to establish a fair and reliable information disclosure system.
	<b>Main activities</b> ・ The committee meetings are held every three months, after the settlement date of accounts, in principle. However, they are held as needed at the chairperson's discretion for cases that need to be addressed immediately. ・ Confirm the status of disclosure in IR, general meetings of shareholders, and business results. Review and determine the method of disclosure of matters to be added. ・ Review and respond with corrective actions when concerns are identified in disclosing information subject to the Fair Disclosure Rules. ・ Monitor decisions made by the Information Disclosure Committee. ・ Report to the Board of Directors.

Skill set matrix

	Name	Job title	Gender	Age*	Years in office	Significant concurrent positions		Committee affiliations	Expertise and experience								
						The number of companies	Of which, the number of listed companies		Corporate management	Manufacturing, technology, research and development	Quality and safety	Sales and marketing	Finance and accounting	Legal affairs and risk management	DX and IT	Sustainability and environment	International experience
Internal	Kazunori Kajimoto	Representative Director Chairperson of the Board of Directors and Chief Executive Officer	Male	66	19												
Internal	Katsuhito Okuoka	President and Chief Operating Officer	Male	55	7												
Internal	Yusuke Hirako	Director Managing Executive Officer	Male	60	1												
External (Independent)	Stefan Sacré	Independent Director	Male	60	2	2											
External (Independent)	Koichi Hayashi	Independent Director	Male	58	1	2	1	Chair									
External (Independent)	Hiroko Shimada	Independent Director	Female	59	(New election)	2	1										
Internal	Masafumi Kokubo	Standing Audit & Supervisory Board Member	Male	62	3												
External (Independent)	Shuzo Hashimoto	External Audit & Supervisory Board Member	Male	67	3	1											
External (Independent)	Kiyoshi Miura	External Audit & Supervisory Board Member	Male	65	1												
External (Independent)	Tsuyoshi Takeuchi	External Audit & Supervisory Board Member	Male	64	1	2											

\* As of June 23, 2023

Corporate management	Experience and knowledge of corporate management and business operation, which are necessary to fulfill medium- to long-term business goals, practice its Purpose of "cultivating a healthy global environment and a prosperous future," and grow together with society sustainably	Legal affairs and risk management	Experience and knowledge of legal affairs and risk management, which are necessary to develop a foundation for sustainable corporate value enhancement by establishing a governance system, improving compliance, and thoroughly managing risks
Manufacturing, technology, research and development	Experience and knowledge of manufacturing, technology, research, and development, which are necessary to engage in R&D of automation and fluid control technologies and manufacture products that contribute to solving challenges faced by society	DX and IT	Experience and knowledge of DX and IT, which are necessary to promote the creation of new value, such as improving operational efficiency and optimizing business processes by utilizing introduced core systems and integrating digital technologies and data
Quality and safety	Experience and knowledge of quality and safety, which are necessary to deliver high-quality and safe products to society and create a work environment that gives due consideration to occupational safety and health within the organization	Sustainability and environment	Experience and knowledge of sustainability and environment to actively promote sustainability and environmental initiatives to realize a sustainable society, which are essential for the Company's medium- to long-term development as a company that contributes to society
Sales and marketing	Experience and knowledge of sales and marketing, which are necessary to develop marketing activities that satisfy customers, strengthen sales capabilities and respond to customers' needs to become the company of choice	International experience	Experience and knowledge of overseas businesses, management, culture, etc., which are necessary to accelerate globalization and fulfill management strategies for expanding overseas markets
Finance and accounting	Experience and knowledge of finance and accounting, which are necessary to disclose financial information, raise finance properly and aim to increase the Company's corporate value that satisfies both investing in growth and returning profits to shareholders based on the sound financial standing		



Corporate Governance

Evaluating the effectiveness of the Board of Directors

Toward sustainable growth and increased corporate value, the Company regularly conducts evaluation of the effectiveness of the Board of Directors by a third-party organization, so that the Board of Directors properly fulfills its roles and responsibilities.

The results of the survey confirmed that the Board of Directors conducts free, open, and constructive discussions and exchanges views, that information necessary for Directors and Audit & Supervisory Board Members to execute their duties is being provided appropriately, and that the Board's overall effectiveness is secured. Overall, the evaluation showed that the results were generally improved compared to the previous evaluation result.

Going forward, we will create opportunities to discuss management strategies and management plans, while ensuring sufficient supervision of the operation status of internal control system. As we carry out these and other efforts, we will also further enhance discussions on human capital investment, ESG, and SDGs.

The Company aims to further increase the effectiveness of the Board of Directors referring to these evaluation results.

Main contents of the survey	
● Respondents	All members of the Board of Directors (Six Directors and four Audit & Supervisory Board Members)
● Evaluation method	Anonymous questionnaire
● Summary of questions	Composition of the Board of Directors Management of the Board of Directors meetings Discussion at the Board of Directors meetings Monitoring function of the Board of Directors Training Dialogue with shareholders (investors) Self-improvement
● Aggregation of results	Outsourced to a third-party organization to ensure objectivity

Cross-shareholdings

In principle, the Company does not hold cross-shareholdings, except in cases where the Company judges that it will contribute to the enhancement of its corporate value from the perspective of business strategies, business alliances with business partners, and the maintenance and strengthening of business relationships.

If the significance of the shares held by the Company has diminished, the Company will sell them in a phased manner, taking into account the circumstances of the company concerned. If the Company determines that it is necessary to hold shares, the Board of Directors examines the objectives and rationale for holding the shares by examining the stock

every year to determine the need for business strategies, business alliances, and the maintenance and strengthening of business relationships. When exercising voting rights pertaining to these shares, the Company will consider whether or not the exercise of voting rights will lead to an increase in the corporate value of the issuing company and shareholder value, for example, by opposing any proposal in the event where the financial health of the issuing company is adversely affected or if an illegal act occurs.

In the event that a company holding shares of the Company indicates its intention to sell the shares, the Company will not prevent such sale.

Officer remuneration

The Nomination & Remuneration Advisory Committee has been established to ensure objectivity and transparency in the decision-making process regarding the remuneration system for Directors and further strengthen the corporate governance system.

■ **Determination process and details**

Remuneration for Directors consists of basic remuneration, performance-linked remuneration, and stock remuneration. At the same time, Independent Directors, who are responsible for the oversight function, are paid only basic remuneration considering their role.

The ratio of Directors' remuneration by type is designed so that the higher a person's position, the more significant the proportion of performance-linked remuneration. The Board of Directors determines the amount of remuneration for officers based on consultation of the Nomination & Remuneration Advisory Committee, which is chaired by an Independent Director and the majority of which members are Independent Directors, within the range approved by the General Meeting

Policy on determining the remuneration for Directors	
Basic Policy	
1	Design the system to motivate Directors to contribute to the enhancement of corporate value
2	Ensure the appropriateness of the method for determining the remuneration and distribution
3	Design the system to allow Directors to share their interests with shareholders through stock ownership

of Shareholders. The Board of Directors also determines the determination policy based on consultation with the Nomination & Remuneration Advisory Committee.

The achievement rate for each of the performance indicators for performance-linked remuneration ranged from 40% to 60% of the evaluation indicators, i.e. consolidated net sales, consolidated operating profit, ROE, development investment, environmental initiatives, and initiatives toward health and productivity management for the previous fiscal year, which are linked to the Medium-Term Management Plan.

Type of remuneration (composition ratio)	Remuneration details
Basic remuneration (about 30 to 70%)*	● The amount is fixed by position according to responsibilities determined upon careful consideration while referring to employees' salaries and remuneration levels at other companies.
Performance-linked remuneration (about 20 to 40%)*	● The performance-linked remuneration is paid in cash in an amount reflecting the results of the performance indicator in the previous fiscal year to raise awareness on improving performance each fiscal year. ● The target performance indicator and its amount are consulted with the Nomination & Remuneration Advisory Committee as necessary in accordance with environmental changes and are reviewed based on its recommendations. ● Officers other than those with titles are eligible for bonuses, to be paid at a specific time each year in an amount obtained reflecting the degree of targets achieved for each individual.
Restricted stock remuneration (about 5 to 20%)*	● Restricted stock remuneration consists of restricted stock intended to raise further motivation to sustainably improve corporate value and shareholder value over the medium- to long-term within the range approved at the General Meeting of Shareholders. ● The number of shares to be granted to Directors is resolved by the Board of Directors. ● The restrictions on shares are lifted when the Director retires.

\* If there is a pronounced decline in performance, performance-linked remuneration and stock remuneration may fall below the stated range. Therefore, basic remuneration may surpass the stated range.

Proportion of basic remuneration, performance-linked remuneration, and restricted stock remuneration

Internal Directors	Basic remuneration (30 to 70%)	Performance-linked remuneration (20 to 40%)	Restricted stock remuneration (5 to 20%)
Independent Directors and Audit & Supervisory Board Members	Basic remuneration (100%)		

Remuneration for Audit & Supervisory Board Members

Remuneration for Audit & Supervisory Board Members is determined by the Audit & Supervisory Board within the range approved at the general meeting of shareholders.

The total amount of remuneration, etc., by officer category, the total amount of remuneration, etc., by type, and number of eligible officers in fiscal 2022

Category	Total amount of remuneration, etc.	Total amount of remuneration by type			Number of eligible officers (Persons)
		Basic remuneration	Performance-linked remuneration	Restricted stock remuneration	
Directors	238	132	80	26	9
Audit & Supervisory Board Members	49	49	—	—	6
Total	287	181	80	26	15

\*1 Of the amount paid above, the total remuneration for four Independent Directors and five External Audit & Supervisory Board Members is ¥52 million.  
\*2 As of March 31, 2023, there are six Directors (including three Independent Directors) and four Audit & Supervisory Board Members (including three External Audit & Supervisory Board Members).

Criteria for judging independence

The Company deems an Independent Director or a candidate for Independent Director to be independent of the Company if the Director or the candidate is judged to have no risk of generating conflicts of interest with ordinary shareholders of the Company.

\* For details of our Criteria for Judging Independence, please refer to "Corporate Governance" on our website.

# Board of Directors and Audit & Supervisory Board Members

## Directors



**Kazunori Kajimoto**  
Representative Director,  
Chairperson of the Board of  
Directors, Corporate Officer, and  
Chief Executive Officer (CEO)

83 thousand shares

100% (12/12)

- Apr. 1980 Joined the Company
- Jun. 2004 Director & Executive Officer  
General Manager, Sales, and Marketing Division
- Jun. 2005 Director & Managing Executive Officer
- Jun. 2008 President
- Jun. 2021 Representative Director, Chairperson of the Board of Directors and Chief Executive Officer (CEO) (to present)

**Reason for appointment**  
Mr. Kazunori Kajimoto has long experience in overseeing sales divisions, as well as abundant experience and broad insight as a corporate executive. We have appointed him as we believe that he will contribute to our management by utilizing the above.



**Katsuhito Okuoka**  
Representative Director, President,  
Corporate Officer, and  
Chief Operating Officer (COO)

32 thousand shares

100% (12/12)

- Apr. 1991 Joined the Company
- Jun. 2015 Executive Officer, General Manager, Components Business Division
- Jun. 2016 Director & Executive Officer
- Jun. 2018 Director & Managing Executive Officer
- Jun. 2019 Representative Director and Senior Managing Executive Officer
- Jun. 2020 Representative Director and Senior Managing Executive Officer,  
General Manager, Corporate Planning Department
- Jun. 2021 President and Chief Operating Officer (COO)
- Jun. 2022 President and Chief Operating Officer (COO)  
(job title changed in Japanese only) (to present)

**Reason for appointment**  
Mr. Katsuhito Okuoka has long experience in overseeing production divisions, as well as abundant experience and broad insight as a manager. We have appointed him as we believe that he will contribute to our management by utilizing the above.



**Yusuke Hirako**  
Director, Managing Executive  
Officer, Corporate Officer, and  
Chief Financial Officer (CFO)

12 thousand shares

100% (10/10)

- Apr. 1986 Joined The Mitsui Bank, Limited
- Apr. 2015 Executive Officer, General Manager, Tokyo Banking Department VII, Sumitomo Mitsui Banking Corporation
- Apr. 2017 Executive Officer, General Manager, Eastern Japan Corporate Banking Division IV
- Jan. 2018 Managing Executive Officer, General Manager, Nagoya Corporate Banking Division, in charge of Nagoya Banking Department, Nagoya Banking Division
- Apr. 2020 Managing Executive Officer, Sumitomo Mitsui Financial Group, Inc.  
Managing Executive Officer, Sumitomo Mitsui Banking Corporation
- Jan. 2022 Advisor, the Company
- Jun. 2022 Director & Managing Executive Officer and Chief Financial Officer (CFO) (to present)

**Reason for appointment**  
Mr. Yusuke Hirako has extensive experience developed over the years in financial institutions and broad insight into finance and accounting. We have appointed him as we believe that he will contribute to our management by utilizing the above.




**Stefan Sacré**  
Independent Director

0 shares

100% (12/12)

- May 1991 Received Ph. D (Engineering) from the Technical University of Berlin
- Aug. 1998 Representative Director, SICK Optic-Electronic K.K. (Japan)
- Jan. 2006 President, Bosch Rexroth Corporation (Japan)
- Jan. 2011 CEO, EagleBurgmann Germany GmbH & Co. KG
- Jan. 2017 President and Representative Director, Carl ZEISS Co., Ltd. (Japan) (to present)  
President and Representative Director, Carl Zeiss Meditec Co., Ltd. (to present)
- Jun. 2021 Director, the Company (to present)

**Reason for appointment**  
Mr. Stefan Sacré appropriately performs his duties as an Independent Director by making critical managerial decisions and overseeing business execution independently and impartially. Furthermore, he has high academic knowledge as a Doctor of Engineering and abundant experience as a manager in the manufacturing sector in Japan and overseas. We have appointed him as we expect that he will oversee all aspects of the Company's operations and offer advice and opinions from broad management perspectives.



**Koichi Hayashi**  
Independent Director


0 shares

100% (12/12)

100% (2/2)

- Oct. 1990 Joined KPMG LLP, New York Office
- Apr. 1997 Registered as a certified public accountant
- Mar. 2008 Representative Director, Attax Co., Ltd. (to present)
- Jun. 2010 Audit & Supervisory Board Member, the Company
- Jun. 2013 External Audit & Supervisory Board Member, Plaza Create Co., Ltd.
- Jun. 2018 External Director, Plaza Create Co., Ltd. (to present)
- Jun. 2022 Director, the Company (to present)

**Reason for appointment**  
Mr. Koichi Hayashi appropriately performs his duties as an Independent Director by making critical managerial decisions and overseeing business execution independently and impartially. Furthermore, he has professional knowledge as a certified public accountant and abundant experience as a manager. We have appointed him as we expect that he will oversee all aspects of the Company's operations and offer advice and opinions from broad management perspectives.



**Hiroko Shimada**  
Independent Director


0 shares

—

- Apr. 1986 Joined National Personnel Authority
- Jun. 1990 Long-term overseas researcher in the United Kingdom (University of Oxford)
- Apr. 2000 First Secretary, The Permanent Mission of Japan in Geneva, Ministry of Foreign Affairs of Japan
- Apr. 2017 First Deputy Director General, Remuneration Bureau, National Personnel Authority
- Apr. 2018 Deputy Director General, Human Resources Bureau, National Personnel Authority
- Apr. 2019 Professor, School of Government, Kyoto University (to present)
- Mar. 2023 External Director, SPACE CO., LTD. (to present)
- Jun. 2023 Director, the Company (to present)

**Reason for appointment**  
Ms. Hiroko Shimada has abundant domestic and international experience in human resources policies, laws and regulations, mainly in recruitment and development, diversity, work style reform, and labor-related matters at the National Personnel Authority and the Ministry of Foreign Affairs of Japan. We have appointed her as we expect that she will oversee all aspects of the Company's operations and offer advice and opinions from broad perspectives.

## Audit & Supervisory Board Members



**Masafumi Kokubo**  
Standing Audit & Supervisory  
Board Member

19 thousand shares

100% (12/12)

100% (12/12)

- Apr. 1983 Joined the Company
- Oct. 2008 Chairman and President, TAIWAN CKD CORPORATION
- Jun. 2015 Executive Officer, General Manager, Corporate Planning Department
- Jun. 2018 Director & Executive Officer
- Jun. 2019 Director & Managing Executive Officer
- Jun. 2020 Standing Audit & Supervisory Board Member (to present)

**Reason for appointment**  
Mr. Masafumi Kokubo has abundant experience in overseeing sales divisions, including those overseas, and the Corporate Planning Department. We have appointed him as we believe that he will appropriately audit management based on such experience and insight.



**Shuzo Hashimoto**  
External Audit & Supervisory  
Board Member

0 shares

100% (12/12)

100% (12/12)

- Apr. 1987 Registered as attorney-at-law, Joined Oguri Law Office
- Apr. 1992 Director, Hashimoto Law Firm (to present)
- Apr. 2004 Vice Chairman, Nagoya Bar Association (currently Aichi Bar Association)
- Jun. 2020 Audit & Supervisory Board Member, the Company (to present)

**Reason for appointment**  
Mr. Shuzo Hashimoto has abundant experience and broad insight as a lawyer. We have appointed him as we believe that he will apply such experience and insight to the Company's audit.



**Kiyoshi Miura**  
External Audit & Supervisory  
Board Member


0 shares

100% (10/10)

100% (10/10)

- Apr. 1980 Joined Sumitomo Bank
- Apr. 2010 Executive Officer, General Manager, North Osaka Corporate Banking Division, Sumitomo Mitsui Banking Corporation
- Apr. 2012 Managing Executive Officer secondarily responsible for Corporate Divisions, In charge of Western Japan Region
- Jun. 2014 Representative Director and Executive Deputy President, Kansai Urban Banking Corporation
- Apr. 2019 Representative Director and Executive Deputy President, Kansai Mirai Bank, Limited
- Apr. 2020 Director, Chairperson of the Board of Directors, SMBC Human Career, Co., Ltd.
- Jun. 2022 Audit & Supervisory Board Member, the Company (to present)

**Reason for appointment**  
Mr. Kiyoshi Miura has experience developed over the years in financial institutions as well as abundant experience and broad insight as a corporate manager. We have appointed him as we believe that he will apply such experience and insight to the Company's audit.



**Tsuyoshi Takeuchi**  
External Audit & Supervisory  
Board Member

0 shares

100% (10/10)

100% (10/10)

- Oct. 1983 Joined Peat Marwick Mitchell, Osaka Office (currently KPMG)
- Apr. 1988 Registered as a certified public accountant
- Sept.1993 Head of ASEAN Japan Center, KPMG Singapore Office
- Jun. 1999 Representative Partner, Century Audit Corporation
- Jun. 2003 Representative Partner, Azsa Audit Corporation
- Jul. 2021 Representative Director, PM Business Solutions Inc. (to present)
- Jun. 2022 Audit & Supervisory Board Member, the Company (to present)
- Dec. 2022 Principal, Takeuchi Tsuyoshi Certified Public Accountant Office (to present)
- Jun. 2023 Outside Auditor, Chugai Ro Co., Ltd. (to present)

**Reason for appointment**  
Mr. Tsuyoshi Takeuchi has professional knowledge as a certified public accountant and abundant overseas experience. We have appointed him as we believe that he will apply such experience and insight to the Company's audit.

Number of shares of the Company held

Status of attendance at Board of Directors meetings (Fiscal 2022)

Status of attendance at Audit & Supervisory Board meetings (Fiscal 2022)



# Compliance

In our compliance regulations and Standards of Conduct, we make our legal compliance approach clear. We are pursuing a variety of initiatives with the aim of raising awareness of compliance throughout the entire group, including overseas.

## Approach

We will fulfill our social responsibilities by ensuring every employee adheres to laws, regulations, and business ethics.

## Thoroughly enforcing Standards of Conduct

Our Standards of Conduct clearly outline our thorough policy regarding legal compliance and business ethics, comprehensively covering topics including fair transactions, preventing harassment, bribery and illicit benefit sharing, and other dishonest and corrupt acts. Additionally, in order to communicate this policy widely throughout the Company, we provide all employees with a CKD Standards of Conduct Manual, implement internal level-specific compliance training, share legal compliance information with overseas bases, and have new employees submit a written pledge on service rules (including employees hired on part-time basis).



## Handling risk of compliance violations

The status of handling matters related to legal compliance as stipulated in the Standards of Conduct is covered under risk assessments of business operations carried out by the Risk Management Committee under the supervision of the Board of Directors. Procedures for handling these matters are considered in accordance with the importance and priority of the risk involved. When dealing with customers and suppliers who may become business partners, we carry out due diligence as necessary, including screening before any transaction is carried out and confirming whether there have been any instances of inappropriate transactions, fraud or corruption.

Furthermore, our approach to compliance is clearly stated through means such as the Requests for Business Partners posted on our corporate website, and business partners are informed of this approach.

In fiscal 2022, one case of non-compliance was found at an overseas subsidiary, and one employee was disciplined at the subsidiary. We will continue to handle such matters strictly and make efforts to prevent recurrence.



Standards of Conduct



Requests for Business Partners



## Whistleblower system

We have established a whistleblower helpline as a mechanism through which employees and others who work in the CKD Group can make reports. In addition to the internal whistleblower hotline, we have established an external helpline staffed by an independent lawyer to ensure anonymity and confidentiality of whistleblowers and to protect them as well as to detect and correct compliance violations as early as possible. Reports can be made regarding a wide range of compliance violations, including violations of the Antimonopoly Act, such as cartels, and violations of criminal laws, such as bribery, corruption, and embezzlement.

We continuously work to make employees aware of this whistleblower system, and we are making progress on creating a structure which enables reports to be made by overseas-based employees by developing our ability to handle reports in English and other multiple languages. The details of reports are presented to Representative Directors (or External Audit & Supervisory Board Members, depending on the nature of the case) without delay, and matters are investigated and deliberated on by the Compliance Committee. We take action to correct any problems and ensure that they do not reoccur.

# Risk Management

CKD considers risk management as an important operational activity to be a company that continues to earn the trust of society and develops a structure to that end. At the same time, the Company strives to mitigate material risks and minimize loss that results from risk.

## Approach

CKD identifies various risks ancillary to business activities so as to ensure business continuity and to raise corporate value, and based upon the proper assessment of such risks, undertakes efficient and effective management activities.

## Risk management system

The Risk Management Committee has been established as an organization under the direct control of the Board of Directors. It reports the progress and results of its activities to the Board of Directors regularly to promote risk management.

We established a Risk Management Office as a subordinate organization of the Risk Management Committee and a monitoring system by the Audit Division to strengthen our risk management system.

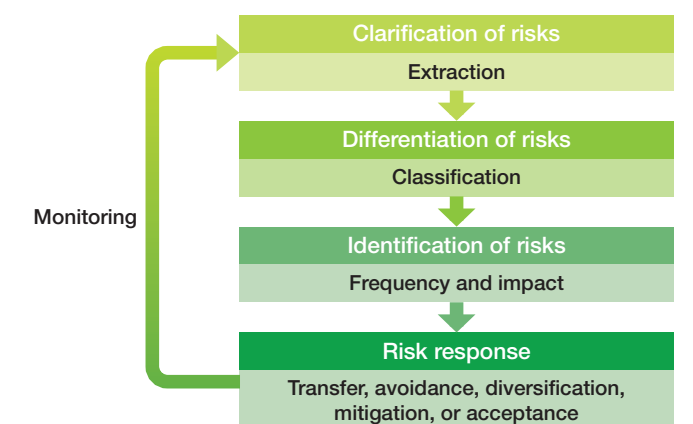
Specifically, the Risk Management Office comprehensively identifies and analyzes the risks for CKD as a whole, checks the status of the Operating Division's efforts to address each risk, and encourages improvements as necessary. It regularly reports to the Risk Management Committee.

The Audit Division, the third line of risk management, monitors the appropriateness of functions of the Operating Division, the first line of risk management, and the Risk Management Office, the second line.



## Risk identification process

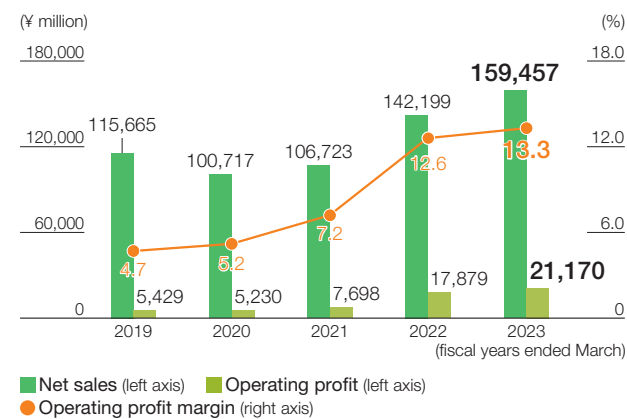
Each of the business divisions, Group companies, and the Head Office administration divisions identifies risks that may hinder the improvement of corporate value and the achievement of management goals and their countermeasures. Risks are differentiated, and then evaluated and identified based on the frequency and degree of impact when they occur. Identified risks are reported to and shared at the Board of Directors.



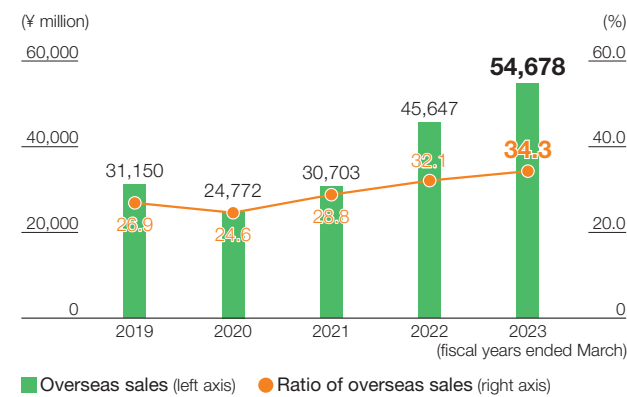
# Financial/Non-Financial Highlights

## Financial highlights

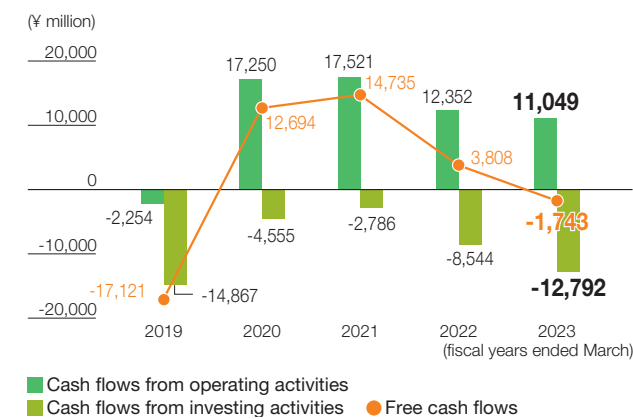
Net sales **¥159,457 million**  
Ordinary profit **¥21,170 million**



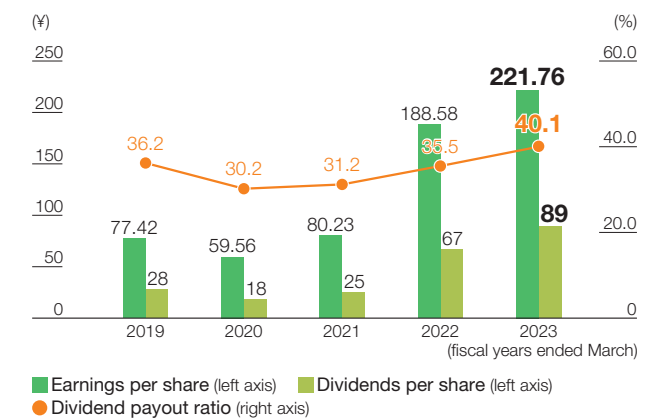
Overseas sales **¥54,678 million**  
Ratio of overseas sales **34.3%**



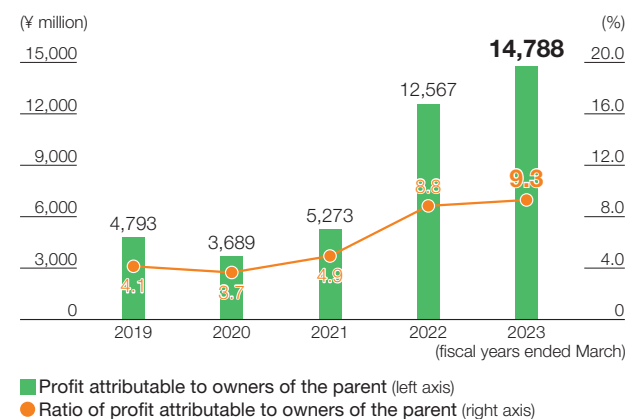
Free cash flows **¥-1,743 million**



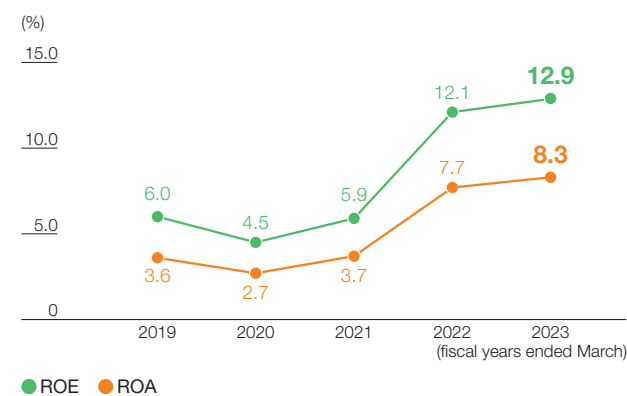
Earnings per share (EPS) **¥221.76** Dividends per share **¥89**



Profit attributable to owners of the parent  
**¥14,788 million**

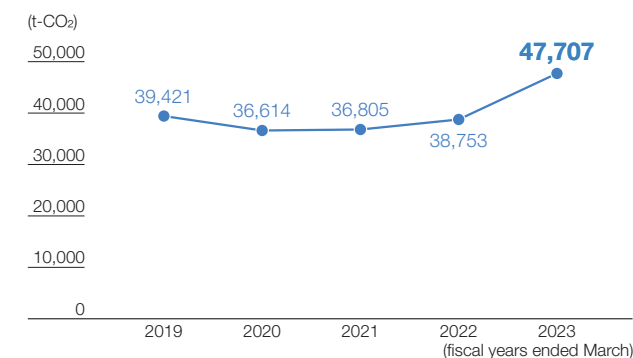


ROE **12.9%** ROA **8.3%**



## Non-financial highlights

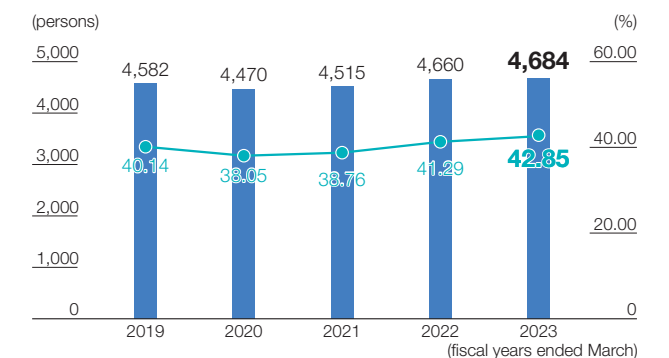
CO<sub>2</sub> emissions (Scope 1 and 2) **47,707 t-CO<sub>2</sub>**



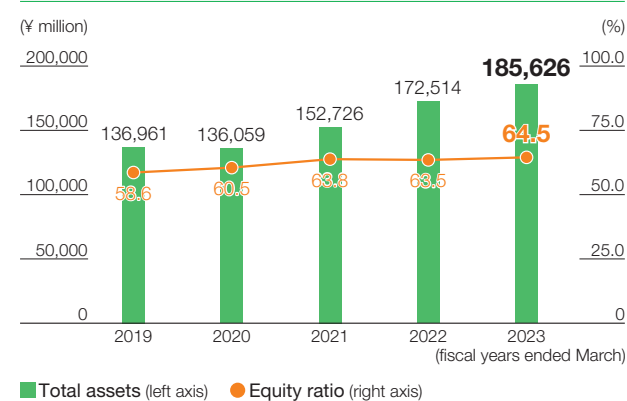
### CO<sub>2</sub> emissions

\* Scope of aggregation: Total of domestic plants (excluding those of domestic Group companies) and overseas plants (using domestic emission factors) for the fiscal years ended March 31, 2019 through March 31, 2022. The Group companies and energy (excluding overseas sales companies) included in the scope were expanded from the fiscal year ended March 31, 2023. CO<sub>2</sub> emissions before offsetting by green energy, etc.  
\* Emission factors: From the fiscal year ended March 31, 2023, market-based emission factors (adjusted emission factors) are used in Japan, and location-based emission factors are used overseas.

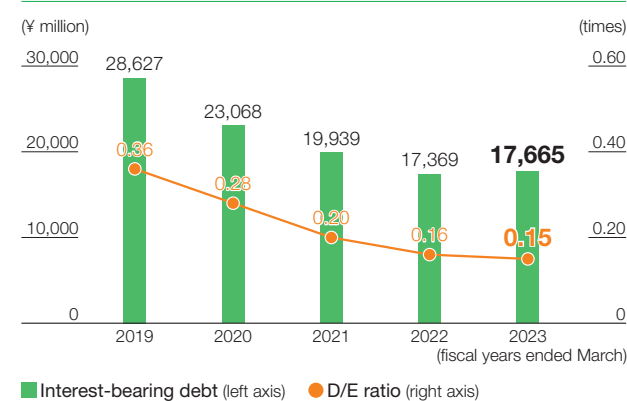
Employees **4,684** Ratio of overseas employees **42.85%**



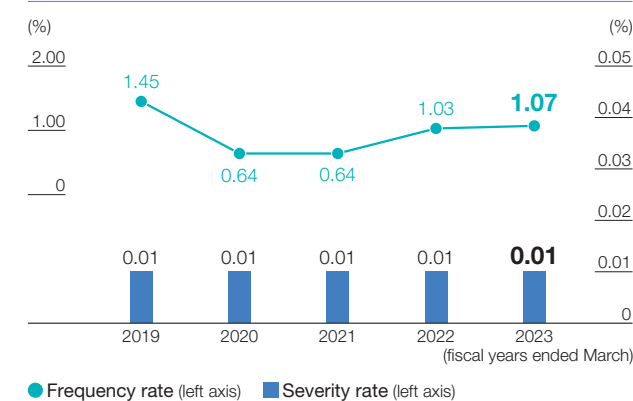
Total assets **¥185,626 million**  
Equity ratio **64.5%**



Interest-bearing debt **¥17,665 million**  
D/E ratio **0.15 times**

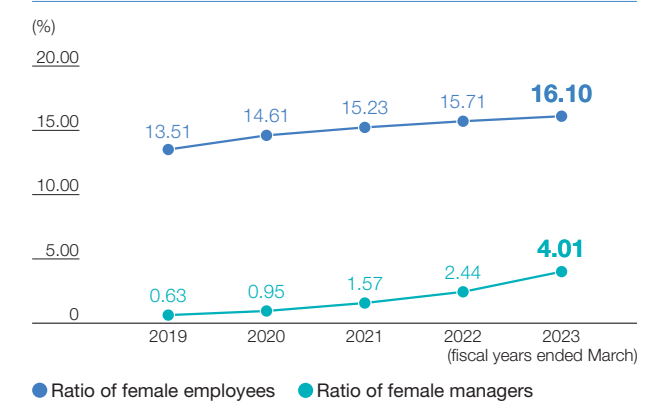


Frequency rate<sup>\*1</sup> **1.07%** Severity rate<sup>\*2</sup> **0.01%**



\*1 Frequency rate: The frequency with which accidents occurred, indicated by the number of casualties through industrial accidents per one million hours worked.  
\*2 Severity rate: The severity of accidents, indicated by the total number of working days lost per one thousand hours worked.  
\* Scope of aggregation: Total of domestic (excluding domestic Group companies)

Ratio of female employees **16.10%**  
Ratio of female managers **4.01%**



\* Scope of aggregation: Total of domestic (excluding domestic Group companies)



# 11-Year Summary

10-Year VISION

GO CKD!

Medium-Term Management Plan

NEW CKD 2012

GLOBAL CKD 2015

Challenge CKD 2018

Build-up CKD 2021

Exciting CKD 2025

(fiscal years ended March)

	(Unit)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Financial summary</b>												
<b>Business results</b>												
Net sales	¥ million	65,031	75,491	83,379	88,117	94,012	115,700	115,665	100,717	106,723	142,199	159,457
Operating profit	¥ million	3,244	7,883	8,363	8,107	9,580	12,472	5,429	5,230	7,698	17,879	21,170
Ordinary profit	¥ million	3,517	8,136	8,735	8,094	9,771	12,469	5,425	5,374	7,823	18,043	21,181
Profit attributable to owners of the parent	¥ million	2,452	5,456	6,010	5,459	6,958	9,142	4,793	3,689	5,273	12,567	14,788
<b>Cash flow</b>												
Cash flows from operating activities	¥ million	7,008	9,754	6,226	8,027	10,163	5,542	(2,254)	17,250	17,521	12,352	11,049
Cash flows from investing activities	¥ million	(5,017)	(6,224)	(4,755)	(6,183)	(4,081)	(7,273)	(14,867)	(4,555)	(2,786)	(8,544)	(12,792)
Cash flows from financing activities	¥ million	(57)	(2,330)	618	(3,329)	(2,505)	2,559	14,374	(6,022)	2,423	(6,264)	(5,743)
Free cash flows	¥ million	1,990	3,530	1,471	1,844	6,081	(1,730)	(17,121)	12,694	14,735	3,808	(1,743)
<b>Financial position</b>												
Total assets	¥ million	71,742	86,711	96,018	96,412	106,361	130,887	136,961	136,059	152,726	172,514	185,626
Net assets	¥ million	50,852	57,712	65,555	66,419	70,957	80,058	80,444	82,465	97,617	109,571	119,730
Cash and cash equivalents	¥ million	8,180	9,831	12,290	10,342	13,905	14,799	12,028	18,409	35,913	34,027	26,654
Interest-bearing debt	¥ million	5,070	3,446	5,411	4,391	3,602	11,684	28,627	23,068	19,939	17,369	17,665
<b>Investment</b>												
Depreciation	¥ million	2,619	2,485	3,188	4,060	3,964	4,230	5,173	5,822	5,507	5,910	6,626
Capital investment	¥ million	2,710	5,800	5,454	7,801	4,864	9,422	14,843	3,060	3,620	9,596	11,447
Research and development expenses	¥ million	2,336	2,709	2,927	2,857	3,348	4,330	3,637	3,383	3,578	3,639	3,808
<b>Per share information</b>												
Earnings per share (EPS)	¥	38.99	87.36	96.25	87.99	112.38	147.65	77.42	59.56	80.23	188.58	221.76
Dividends per share	¥	10	18	24	26	30	37	28	18	25	67	89
Book-value (net assets) per share (BPS)	¥	814.25	924.09	1,049.70	1,072.72	1,146.02	1,291.26	1,296.94	1,321.28	1,463.15	1,643.36	1,794.44
<b>Key performance indicators</b>												
ROE	%	4.9	10.1	9.8	8.3	10.1	12.1	6.0	4.5	5.9	12.1	12.9
ROA	%	3.5	6.9	6.6	5.7	6.9	7.6	3.6	2.7	3.7	7.7	8.3
Equity ratio	%	70.9	66.6	68.3	68.9	66.7	61.1	58.6	60.5	63.8	63.5	64.5
<b>Non-financial summary</b>												
<b>Governance</b>												
Number of directors	Persons	7	7	7	6	6	7	7	8	7	7	6
Number of independent directors	Persons	2	2	2	2	2	3	3	3	3	3	3
Ratio of independent directors	%	29	29	29	33	33	43	43	38	43	43	50
<b>Society</b>												
Number of employees	Persons	3,273	3,166	3,294	3,594	3,719	4,284	4,582	4,470	4,515	4,660	4,684
Number of female employees	Persons	778	773	821	897	939	1,090	1,197	1,183	1,232	1,313	1,332
Ratio of female employees	%	23.77	24.42	24.92	24.96	25.25	25.44	26.12	26.47	27.29	28.18	28.44
Number of overseas employees	Persons	1,261	1,109	1,188	1,460	1,526	1,768	1,839	1,701	1,750	1,924	2,007
Ratio of overseas employees	%	38.53	35.03	36.07	40.62	41.03	41.27	40.14	38.05	38.76	41.29	42.85
<b>Environment</b>												
CO <sub>2</sub> emissions: Scope 1 and 2	t-CO <sub>2</sub>	—	24,597	25,295	24,147	40,123	39,345	39,421	36,614	36,805	38,753	47,707
CO <sub>2</sub> emissions: Scope 3	t-CO <sub>2</sub>	—	—	—	—	—	—	—	—	—	—	1,509,335
Water consumption	1,000 m <sup>3</sup>	—	338	309	336	392	413	464	479	496	535	542
Industrial waste	t	—	951	1,077	1,015	1,243	1,341	1,455	1,453	1,353	1,566	1,638

\*1 Figures have been revised for the fiscal year ended March 31, 2018 to reflect changes in accounting policies from April 1, 2018.

\*2 Figures for CO<sub>2</sub> emissions, water consumption, and industrial waste for the fiscal years ended March 31, 2014 through March 31, 2016 do not include the figures of overseas bases.

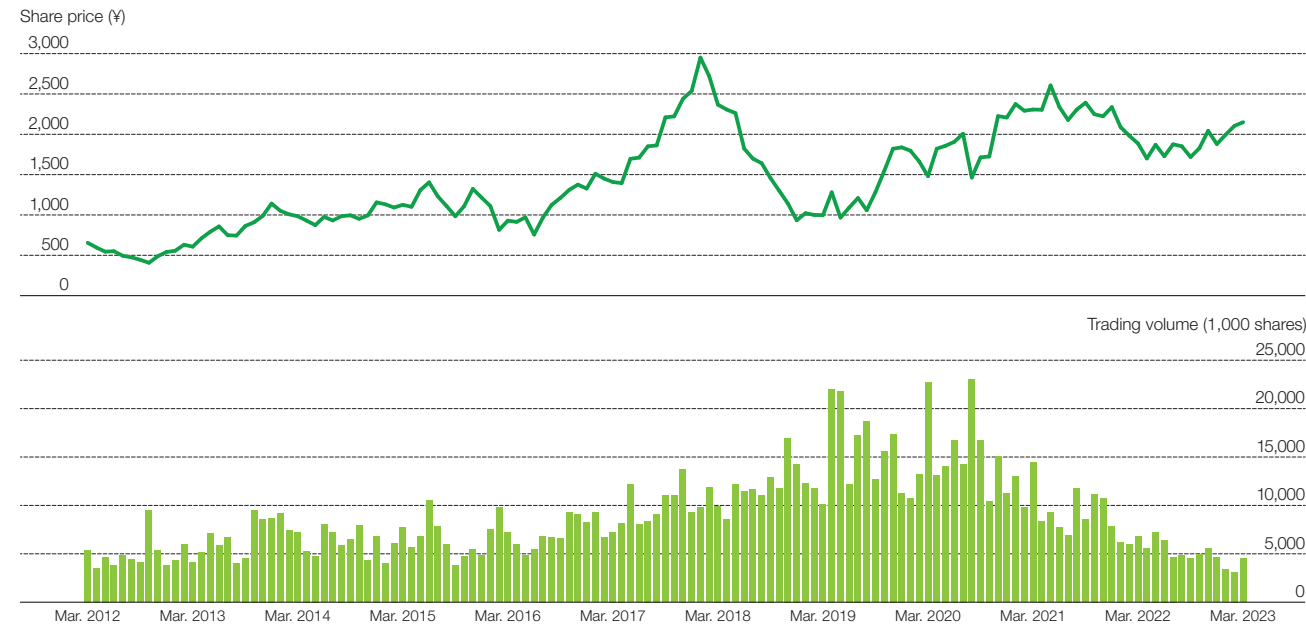
\*3 CO<sub>2</sub> emissions (Scope 1 and 2) are CO<sub>2</sub> emissions before offsetting by green energy, etc. The Group companies and energy (excluding overseas sales companies) included in the scope were expanded from the fiscal year ended March 31, 2023. From the fiscal year ended March 31, 2023, market-based emission factors (adjusted emission factors) are used in Japan, and location-based emission factors are used overseas. CO<sub>2</sub> emissions (Scope 3) are domestic (excluding domestic Group companies) CO<sub>2</sub> emissions.

\*4 Water consumption is the total of domestic plants (excluding domestic Group companies) and overseas plants.

\*5 Waste emissions are the total of industrial waste from domestic plants (excluding domestic Group companies) and overseas plants (excluding the Austin Plant in North America).

# Share Information

## Share price trend



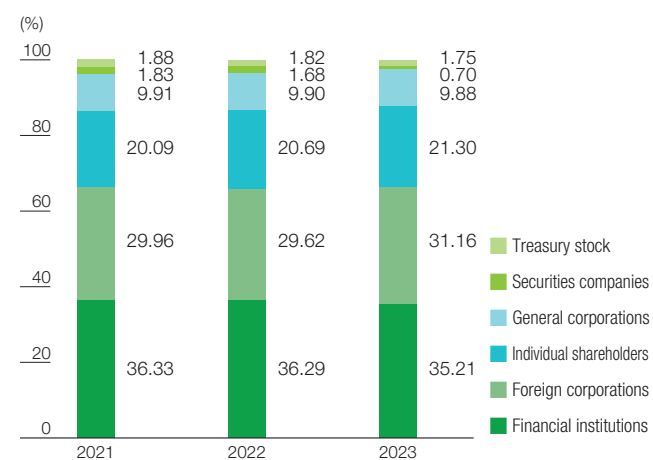
## Stock status (As of March 31, 2023)

Total number of authorized shares	233,000,000 shares
Total number of issued shares	67,909,449 shares
Number of shareholders	15,784 persons

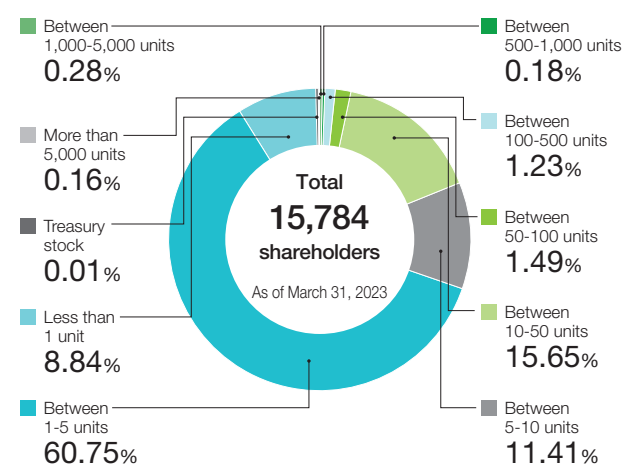
## Dividends and dividend payout ratio (fiscal years ended March)

	Dividends (¥)	Dividend payout ratio (%)
2023	89	40.1
2022	67	35.5
2021	25	31.2
2020	18	30.2
2019	28	36.2
2018	37	25.1
2017	30	26.7
2016	26	29.5
2015	24	24.9
2014	18	20.6
2013	10	25.6

## Shareholder status (As of March 31)



## Shareholder ratio by number of shares held (Unit: 100 shares)



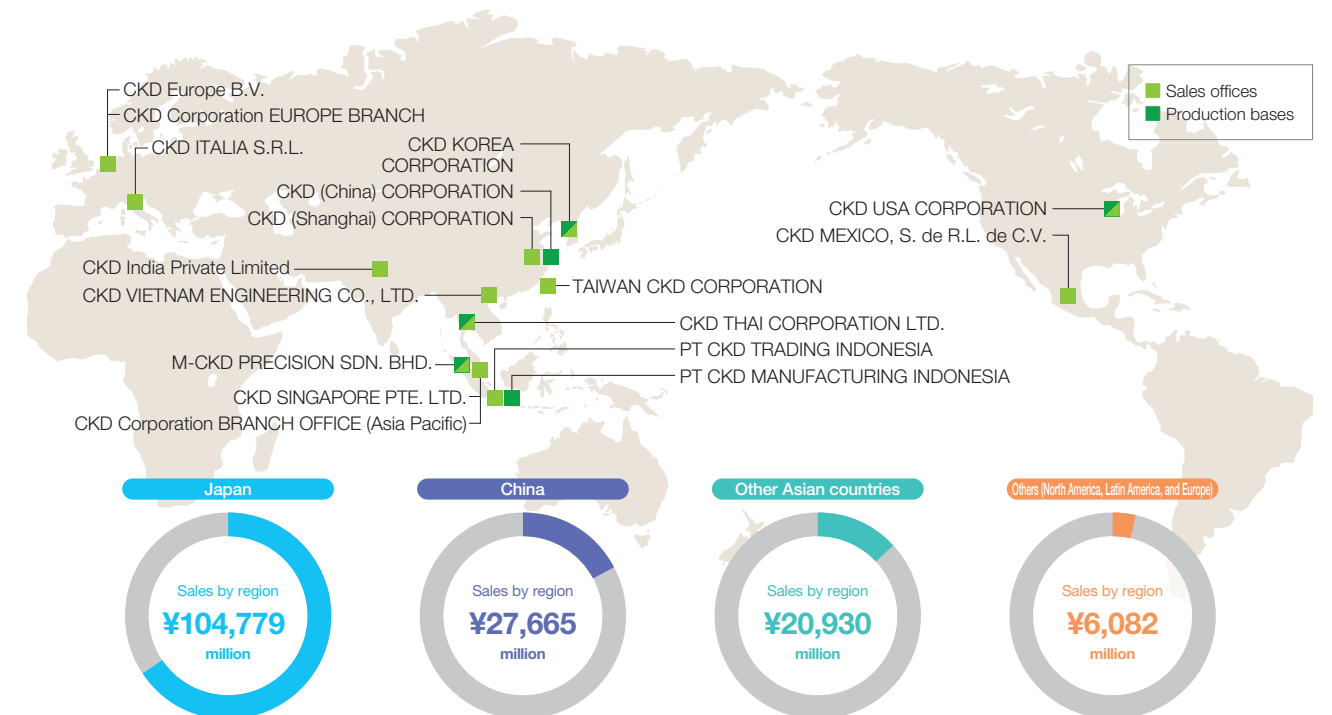
# Corporate Data

## Corporate profile

Company name	CKD Corporation
Establishment	April 2, 1943
Paid-in capital	¥11,016 million
Net sales	¥159.5 billion (Fiscal year ended March 31, 2023)
Listed on	Tokyo Stock Exchange (Prime Market), Nagoya Stock Exchange (Premier Market)
Securities code	6407

Lines of business	Development, manufacturing, sales, and export of functional equipment such as automatic machinery, and components such as drive units, pneumatic control, pneumatic related and fluid control
Head office	250 Uji 2-chome, Komaki, Aichi 485-8551, Japan Telephone: +81-568-77-1111

## Key overseas business facilities and overseas subsidiaries



## Production bases and sales offices in Japan

