

TSUBAKI REPORT 2022

Integrated Report



Evolving Motion with Ideas and Technology



Tsubaki's core technologies include winding transmission and conveyance technology, optimizing technology, and mass production technology.

Proactive utilization of IoT, AI, 5G, and

Tsubaki's Accomplishments

The Tsubaki Group celebrated the 105th anniversary of its founding in 2022. Centered on its four businesses of chains, motion control, mobility, and materials handling, the Group has contributed to the development of society as a leading player in the provision of machinery parts, units, modules, and systems that are indispensable to motion.

With an unwavering commitment to creating quality products since our founding, we have refined our winding transmission and conveyance technologies, optimizing technology, and mass production technology to create leading global products of industrial-use steel chains and timing chain systems for automobile engines and numerous leading niche products. These products have helped solve social issues.

The Tsubaki Group does not only stress the importance of the added value of its products and services. As a *monozukuri* (manufacturing) company, we have also proactively promoted activities to develop our human resources and pass on technology and skills. In addition, we have also driven forward production reforms to efficiently create high-value-added products that mitigate environmental impacts.

Where Tsubaki Wants to Be

The Tsubaki Group has established the technological domain of Linked Automation, which is essential to high functionality and high automation, by combining its own core technologies with the Internet of Things (IoT), artificial intelligence (AI), 5G, sensing, and other cutting-edge technologies. Anticipating the social issues that our customers will face in the future, we will use these technologies to accelerate the development of innovative products and the creation of next-generation businesses.

The Tsubaki Group aims to become a corporate group that can contribute to solving the three social issues of creating a people-friendly society, building a safe and secure infrastructure for living, and creating an Earth-friendly society. We will strive to increase both economic value and social value while integrating these growth strategies with our environmental, social, and governance (ESG)-related strategies.

The Tsubaki Group will steadily fulfill its social mission of advancing the "art of moving" beyond expectations.

Contributing to Future Society through Innovative Value Creation



cutting-edge technologies
sensing technologies

Linked Automation that further
develops core technologies

Corporate Philosophy

TSUBAKI SPIRIT

TSUBAKI's
Mission

Advance the "art of moving"
beyond expectations

TSUBAKI's
Aspiration

Monozukuri specialists
taking the craft of manufacturing
to new heights

TSUBAKI's
Code of Conduct

- Innovate and take on challenges with passion and courage
- Take quick action and be responsive to change
- Promote internal and external teamwork for co-creation
- Create flexible ideas through our originality and ingenuity
- Take pride in the Tsubaki brand and make safety and quality our No. 1 priority

Founding Philosophy | Value-discerning open-mindedness and cooperation



Setsuzo Tsubakimoto Founder

With a spirit epitomized by his mottos of "make quality products" and "don't be a follower—blaze your own trail," Setsuzo Tsubakimoto refined Tsubaki's technologies and cultivated its creativity to develop new chains. Through these efforts, Tsubaki's businesses expanded one after another. Our founder's commitment to *monozukuri* and the spirit of taking on challenges has been passed down unbroken to the present day.

Driving the World... and the Future

Becoming a Company That Contributes to the Creation of Sustainable Society

Editorial Policy

The TSUBAKI REPORT aims to present the Tsubaki Group's initiatives for sustainable growth and its medium- to long-term value creation processes in an easy-to-understand format for our shareholders by comprehensively compiling financial and non-financial information (corporate philosophy, business overview, management strategies, technological capabilities, corporate governance, environmental and social contributions, and other areas). In addition, as more detailed information and figures can also be viewed on the Tsubaki Group's website, please refer to it in conjunction with this report.

<https://tsubakimoto.com>



Forward-Looking Statements

Although this report includes information based on estimates and forecasts made by the Tsubaki Group, it does not represent a promise that the Group will attain these estimates and forecasts. In addition, the accuracy of data from external sources, including statistics, is not guaranteed. As a general rule, figures less than one unit have been rounded down to the nearest whole number. Also, unless otherwise specifically stated all numerical values relating to Company performance and its financial position have been calculated on a consolidated basis.

Data Regarding Environmental and Social Initiatives

This report was prepared with reference to the Ministry of the Environment's Environmental Reporting Guidelines 2018 and Environmental Accounting Guidelines 2005, the Global Reporting Initiative (GRI)'s Sustainability Reporting Standards.

Reporting Period: April 1, 2021 to March 31, 2022 (includes some activities after the reporting period)

Scope of Data Collection: Tsubakimoto Chain Co. (Kyotanabe Plant, Saitama Plant, Nagaokakyo Plant, Hyogo Plant, Okayama Plant) and major Group companies in Japan and overseas)

CONTENTS

PROLOGUE

Medium- to Long-Term Growth Story

- 4 Message from the CEO
- 10 Interview with the COO
- 12 Overview of Long-Term Vision 2030 and Mid-Term Management Plan 2025
- 14 Special Feature: Moving Society and the Future

Tsubaki's Value Creation

- 18 Value Creation History
- 20 Supporting Society through Our Products
- 22 Track Record in Value Creation (Financial and Non-Financial Highlights)
- 24 Tsubaki's Value Creation Process
- 26 Risks and Opportunities Arising from Changes in the External Environment and ESG Issues Being Addressed

Tsubaki's Businesses

- 28 Tsubaki's Business Domains
- 30 Power Transmission Operations (Chain Operations and Motion Control Operations)
- 32 Mobility Operations
- 34 Materials Handling Operations
- 36 Source of Value Creation—Tsubaki's Strengths



Tsubaki's ESG-Focused Management

- 38 Messages from Outside Directors
- 40 Sustainability Priority Matters and Progress to Date
- 42 Environmental Management
- 46 Human Resource Management
- 48 Health and Safety Management
- 49 Quality Management
- 50 Supply Chain Management
- 51 Research and Development and Intellectual Property
- 52 Corporate Governance
- 55 Compliance and Risk Management
- 56 Board of Directors, Audit & Supervisory Board Members, and Executive Officers

Supplementary Information (Financial and Non-Financial Data and Corporate Information)

- 58 Eleven-Year Selected Financial Data
- 60 Data by Segment and Region (Consolidated)
- 62 Principal Tsubaki Group Companies
- 63 Corporate Data and Stock Information

Consolidated Financial Statements



Please see our website for financial statements in English.
<https://tsubakimoto.com/ir/library/annual/>

The Passing of Former Chairman and CEO, Representative Director Yasushi Ohara, and Tsubaki's New Management Setup



Yasushi Ohara

Former Tsubakimoto Chain Co. Chairman and CEO, Representative Director Yasushi Ohara, who had been ill for some time, passed away on April 12, 2022. Mr. Ohara developed the Group's businesses as president and COO, representative director from June 2015 and as chairman

and CEO, representative director from June 2021. On his behalf, we would like to express our deepest gratitude to everyone for their support and friendship during his lifetime.

Following the 113th Annual General Meeting of Shareholders held on June 29 and a resolution passed at a meeting of the Board of Directors after the annual general meeting, Kenji Kose became chairman and CEO, representative director and Takatoshi Kimura became president and COO, representative director. Under this new setup, the Tsubaki Group will aim to resolve social issues while achieving its own growth. We humbly request your even greater support and encouragement.

Message from the CEO

STRIVING for a Sweeping Transformation

The Tsubaki Group aims to become a corporate group that contributes to solving social issues by spurring innovation that is a clear departure from its previous development efforts.

The Group has put in place an internal promotional system and implemented upfront investments to strengthen its human and technological foundations in order to realize the vision for where it wants to be that it set out in Long-Term Vision 2030.

At the same time, it is steadily addressing risk factors in the external environment.

The Tsubaki Group will take on the challenge of reforming all aspects of the Group, without exception, to simultaneously achieve the creation of a sustainable society and the expansion of its businesses.

Intentions behind the Formulation of the Ambitious Long-Term Vision

Tsubakimoto Chain was founded in 1917 as a manufacturer of bicycle chains. Today, the Company has established a global network of 81 companies in 26 countries and regions globally as a general manufacturer offering products ranging from parts to systems under a four-business system comprising Chain Operations, Motion Control Operations, Mobility Operations, and Materials Handling Operations. We have grown to be a global company with net sales of ¥215.8 billion (fiscal 2021 performance) and approximately 8,600 employees.

What are the core competences that have underpinned the Tsubaki Group's growth? For me, these are the technological and *monozukuri* (manufacturing) capabilities that have continuously surpassed the expectations of customers and society.

We have developed new products and pioneered new markets in accordance with the five elements of the Code of Conduct we adopted in our corporate philosophy.

These call on us to innovate and take on challenges, take quick action, co-create with internal and external partners, use originality and ingenuity, and make safety and quality our top priorities. However, when reflecting on the importance of adapting to the dramatic changes in the external environment in recent years and the evolution of technology, and quickly solving social issues—of which the most obvious examples include environmental issues, the declining birthrate and aging population, and the food crisis—we cannot expect to grow as a company by carrying out product and technological development in the same way as we have in the past. Based on this approach, I concluded that adopting ambitious targets would help facilitate our transformation into the “New Tsubaki” as professionals in the field of motion.

This approach was the basis for creating Long-Term Vision 2030.

Under Long-Term Vision 2030, we aim to become a



Kenji Kose

Chairman and CEO, Representative Director

corporate group with sales of ¥500.0 billion by spurring innovation that has a direct bearing on solving the three social issues of creating a people-friendly society, building a safe and secure infrastructure for living, and creating an Earth-friendly society through our unique Linked Automation technology.

Achieving our long-term vision will be no easy task amid a striking increase in uncertainties and risk factors in the external environment. Nevertheless, I believe that setting ambitious targets will encourage innovation and the taking on of challenges, thereby revitalizing the Tsubaki Group's DNA.

I am convinced that the Company must use the remarkable changes in the external environment to spur its transformation into the "New Tsubaki".

Long-Term Vision 2030

We aim to become a corporate group that contributes to solving the following three social issues through Linked Automation technology.

Creating a people-friendly society

Building a safe and secure infrastructure for living

Creating an Earth-friendly society

Solving social issues

Linked Automation
(A technology domain that is highly functional and highly automated)

Medium- to Long-Term Growth Story

Message from the CEO

Using the remarkable changes in the external environment as an opportunity to spur our transformation into the “New Tsubaki”, we will work quickly to resolve social issues.

Importance of Addressing Internal Issues

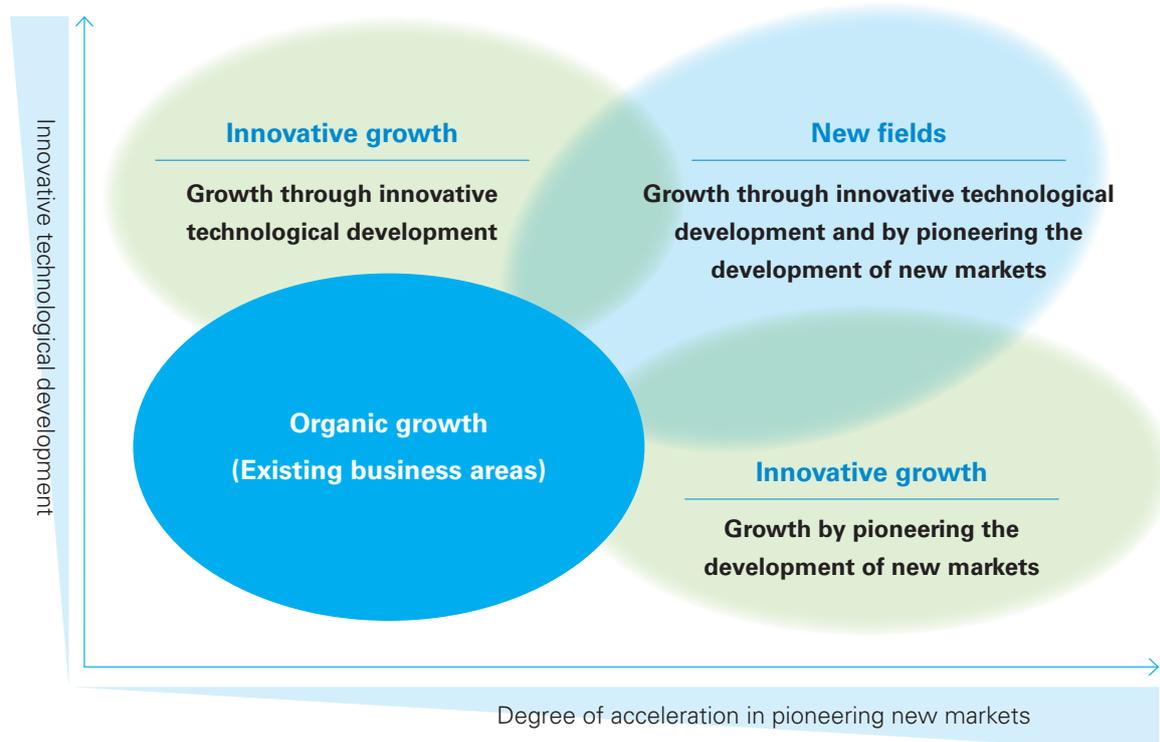
We cannot create a medium- to long-term growth story only by establishing a vision of where we want to be. The key point is to have a solid understanding of the gap between where we want to be and where we are now, and to implement the necessary reforms to bridge the gap.

Two major issues require swift reform to enable us to realize our vision of where we want to be.

The first is to break down the barriers between the

organizational silos resulting from our system of business divisions. Despite being one of the few corporate groups in the world to extensively offer products ranging from parts, units, and modules to systems that are integral to the field of motion, organizational silos resulting from the Tsubaki Group’s system of business divisions are inhibiting its efforts to spur innovation. Customers and society call for solutions in the field of mobility rather than specifying a particular product. Cross-divisional functions

Tsubaki’s Medium- to Long-Term Growth Trajectory



that help create synergies among our businesses are essential to meeting such latent needs.

The second is to implement upfront investments to strengthen our technological foundation and promotional system in order to spur innovation.

Organic growth alone will not facilitate the achievement of Long-Term Vision 2030. Achieving this vision requires two types of innovative growth—growth through innovative technological development, and growth by pioneering the development of new markets, including advancing into the business-to-consumer field—as well as new fields combining both types of growth (please refer to the diagram).

Examples of initiatives for innovative growth through innovative technological development include taking on challenges in regenerative medical care-related businesses in Materials Handling Operations, and the development of new technologies and products for electric vehicles in Mobility Operations. In addition, examples of innovative growth by pioneering the development of new markets include the development of human assistive devices in Motion Control Operations. In terms of new fields, meanwhile, several new business initiatives utilizing our intellectual property are beginning to flourish. Going forward, we will aim to grow them to a level that enables their commercialization.

Innovative growth and new fields do not exist as an extension of our traditional businesses. I think it will be difficult to realize these types of growth simply by utilizing the business foundation (human, organizational, and technological foundations) of the Group's existing businesses. We must implement bold upfront investments in acquiring the human resources, strengthening the research and development (R&D) functions, and maintaining and bolstering the internal

promotional system that will lead such growth.

The Tsubaki Group has carried out the following initiatives to address its two internal issues.

■ Enhancing Cross-Divisional Functions

- Established Power Transmission Operations unifying Chain Operations and Motion Control Operations with the aim of creating synergies between them and promoting marketing reforms.
- Instituted the Maintenance Reform Project within Materials Handling Operations in order to expand the maintenance business of Materials Handling Operations and create synergies with Power Transmission Operations.

■ Strengthening Our System for Promoting Innovative Growth

- Reorganized Mobility Division into Timing Systems (existing business) and e-Mobility (new business), and allocated a large number of personnel to e-Mobility
- Created the Regenerative Medical care Project within Materials Handling Operations, and proactively recruited advanced engineers

■ Bolstering Our System for Promoting New Fields

- Established the New Business Development Department at headquarters, and assigned five employees to work full-time in the department

■ Substantially Enhancing R&D Functions

- Accelerated the recruitment of mid-career advanced engineers and substantially augmented the personnel lineup of the R&D Center in addition to launching initiatives designed to increase R&D efficiency

We will break down the barriers of organizational silos and implement bold upfront investments to spur innovation.

Medium- to Long-Term Growth Story

Message from the CEO

Fresh Initiatives to Create New Businesses

In addition to hiring personnel who specialize in advanced technology fields, we must revitalize and improve engagement with existing personnel.

Based on this belief, we launched a fresh initiative entitled T-Startup, a new business proposal endeavor. T-Startup is a new business proposal system that welcomes submissions from all Group employees, regardless of their position or age. The proviso is that proposals contribute to solving the Group's three social issues. Employees or teams who pass the first stage of screening go on to create a business plan, which they present to officers. Those whose proposals are approved for commercialization are given the opportunity to take on the challenge of commercialization as in-house

entrepreneurs. This is a major point of difference between the previous and the new proposal system.

T-Startup will help boost employee motivation and foster an entrepreneurial mindset by inspiring enthusiasm to tackle new themes and a can-do spirit.



A T-Startup site has been established on the Group intranet.

Further Promotion of ESG-Focused Management

In addition to creating and cultivating products and businesses (SDG-oriented products and businesses) that contribute to solving the three social issues I have described, the Tsubaki Group has identified 13 material issues—including responding to climate change and cultivating human resources—as sustainability priority matters. The Group has established key performance indicators (KPIs) for each of these matters and promotes ESG*-focused management to tackle them.

We have steadily advanced ESG-focused management since fiscal 2021, including through the

enhancement of our promotional system and our participation in initiatives. Details of these efforts are included in *Moving Society and the Future*, a special feature in this report (please refer to page 14).

In addition to fulfilling its social responsibility, the Tsubaki Group's ESG-focused management serves as the driving force behind its efforts to simultaneously create a sustainable society and achieve the expansion and growth of the Group.

*ESG: Environment, Society, and Governance

Steady Adaptation to Uncertainties and Risk Factors in the External Environment

The Tsubaki Group will steadily adapt to uncertainties and risk factors in the external environment. Amid mounting uncertainties and risk factors, we are particularly focused on responding to soaring energy and raw materials prices

and other supply chain risks for materials. We will address these two risks by 1) promoting *monozukuri* reforms, and 2) strengthening our supply chain.

We will adapt to changes in the external environment by reforming our *monozukuri* and strengthening our supply chain.

■ Promoting *Monozukuri* Reforms

The Tsubaki Group has achieved excellent results in raising productivity by deploying a variety of production reform activities in each of its businesses. The key tasks for *monozukuri* reforms going forward are automation of production sites and digital transformation (DX), which encompasses everything from estimates and design to production and product shipment, including indirect operations. Ramping up these activities will mitigate the impact of soaring energy and raw materials prices. In addition, we will improve product yields and product quality through automation and revitalize employees by adding value to their work.

■ Strengthening Our Supply Chain

In fiscal 2021, Chain Operations achieved a record high operating income ratio. Amid disruptions to production among our competitors due to the COVID-19 pandemic, customers discovered new merits in Tsubaki's stable supply capabilities, which led to progress in securing new customers in the North American market in particular.

Going forward, the entire Group will promote further strengthening of its supply chain. The Procurement Department has launched initiatives aimed at diversifying suppliers, including in-house production. In addition, in response to supply shortages of electronic components and other products, we are fundamentally revising product designs and implementing initiatives to raise the ratio of general-purpose items, such as switching from custom-made items to general-purpose ones.

To Our Stakeholders

In fiscal 2021, all four businesses—Chain Operations, Motion Control Operations, Mobility Operations, and Materials Handling Operations—recorded increases in sales and profits, which led to net sales rising 11.6% year on year and operating income doubling (up 100.5%). Although results are continuing to recover from the downturn attributable to the COVID-19 pandemic, the Tsubaki Group will aim to achieve Mid-Term Management Plan 2025 without ever easing its efforts.

The Tsubaki Group is a corporate group that has grown by practicing its corporate philosophy of fearlessly

stepping forward to innovate and take on challenges. We will reawaken this DNA to fulfill our social responsibility of advancing the “art of moving” beyond expectations.

In addition to strengthening our foundations by capturing growth opportunities, we will steadily strengthen our resilience to a range of external risks and uncertainties. Through these initiatives, we will contribute to solving social issues while boosting the sustainability of our business growth. I would like to ask our stakeholders for their ongoing support for and understanding of our efforts.

Interview with the COO



Takatoshi Kimura

President and COO, Representative Director

Career Summary

April 1983	Joined Tsubakimoto Chain Co.
October 2006	General Manager, Overseas, Chain Division
January 2012	Chairman, Tsubakimoto Chain Trading (Shanghai) Co., Ltd.
June 2015	Executive Officer, Chairman, Tsubakimoto Chain (Shanghai) Co., Ltd.
June 2016	Executive Officer, Management Planning Center
April 2018	Executive Officer, Materials Handling Operations
June 2018	Senior Executive Officer, Materials Handling Operations
April 2020	Managing Executive Officer, Materials Handling Operations
June 2021	Director
June 2022	President and COO, Representative Director

Pursuing Management Utilizing Tsubaki's Strengths with "Do It Now and See It Through to the End" as My Motto

After joining Tsubaki, I spent many years in sales of Power Transmission Operations products in Japan. I followed this with periods in overseas sales and as the chairman of the company that controls our operations in China. I then took charge of Corporate Planning (headquarters) and Materials Handling Operations before taking up my current role. I have been in charge of the product lineup for both Power Transmission Operations and Materials Handling Operations and involved in the formulation of Group management strategies at Corporate Planning. Although I do not have experience in Mobility Operations, I will never the less fulfill my duty as chief operations officer (COO) by drawing on my extensive experience and the sense of balance that it has given me.

The most important lesson I have learned from my experience is that barriers between businesses and between the functions of headquarters operations are absolutely inimical to productive business activities. An organization such as the Tsubaki Group, which promotes a wide range of businesses, from parts to

units, modules, and systems, is rare, even on a global level. This is one of our major strengths. At present, however, I don't think we adequately exploit this strength in spurring innovation.

This situation is one of the detrimental effects of organizational silos, for which management is responsible. Although restructuring since fiscal 2021 has strengthened cross-divisional functions, we will make ongoing efforts to tackle this issue.

Amid dramatic changes in its operating environment, spurring innovation that transcends traditional boundaries is essential for the Tsubaki Group to continue to develop. We will start by transforming our organization and human resources in order to create new value.

My motto is "Do it now and see it through to the end." As COO, I will give priority to transforming our organization and human resources development.

MOBILIZING the Front Lines

Strengthening the Tsubaki Group's business foundation will play an integral part in maximizing the Group's collective strengths and the latent potential of each and every one of its employees. As COO, I will first work to strengthen the Group's people and organization as it aims to contribute to solving social issues.

Priority Issues for Creating Synergies

Tsubaki's front lines are my first priority. The front-line divisions range from technology, manufacturing, and sales through to indirect operations, and some of the issues they face can only be appreciated through on-site visits. It will be crucial for the Company to understand frontline issues as well as feedback from those working there, and to steadily reflect these insights in its management. Simply communicating strategies in a top-down manner would hinder implementation instead of mobilizing the organization.

My second priority is on management that energizes people. Going forward, the Tsubaki Group will boldly take on the challenge of creating innovative growth and new businesses. As risks are an unavoidable part of such new challenges, it is essential that we create an environment in which employees can take on challenges without fear of taking risks. To do so, we must first put in place an organization that ensures people will be given further opportunities to take on challenges even if they fail.

Although we have adopted a results-oriented approach in employee evaluation systems, we must reform our systems and culture to recognize the process even if bold challenges end in failure.

I aim to proactively incorporate human resources, technologies, and products from around the world into our operations. My goal in doing so is not simply to shore up the human resources and technologies that will lead next-generation businesses with support from the outside. Rather, exposure to new technologies and interaction with people from other fields revitalizes people and organizations. Accordingly, we will create a global system that enables employees to work enthusiastically while gaining a sense of fulfillment and maximizing their latent potential.

The Tsubaki Group will aim to achieve Mid-Term Management Plan 2025 through ONE TSUBAKI by combining its collective strengths.

Overview of Long-Term Vision 2030 and Mid-Term Management Plan 2025

The Tsubaki Group will strengthen its core technologies and seek out next-generation, new technologies through open innovation while developing its technological domains to encompass Linked Automation technology. These endeavors will allow us to aim to become a corporate group that can contribute to the sustainable growth and development of people, society, and the planet by expanding into next-generation businesses, alongside our existing business domains.

Mid-Term Management Plan 2025

Stage 1 of the Action Plan for Realizing Long-Term Vision 2030

Strengthen profitability of existing businesses and position Stage 1 as a period for planting seeds for new growth to realize the long-term vision

Basic Policy

1. Create next-generation businesses that will enable sustainable growth

- Enter new business fields that address social issues
- Create and develop new products and technologies to solve social issues

2. Further establish market position and strengthen profitability of existing businesses

- Leading global products: Maintain and strengthen competitive advantage
- Leading niche products: Expand sales by improving price competitiveness

3. Strengthen business foundation through manufacturing reform and enhanced human resource development

4. Strengthen ESG initiatives

E: Reduce total CO₂ emissions

S: Enhance social value (creating shared value) through products

G: Strengthen governance and business infrastructure

Major Numerical Targets

Profitability Net sales: **¥300.0 billion–¥320.0 billion**

Operating income ratio: **9%–11%**

Capital efficiency ROE: **8% or more**

Shareholder returns Dividend payout ratio: **Based on 30%**

Reduction of CO₂ emissions **Down 30% from FY2013** (Target: Domestic)

Down 20% or more from FY2018 (Target: Overseas)

Seeding period for new fields

FY2021

FY2025
(plan)

Target sales:
¥ 500.0
 billion

New fields

Expansion of business domains through development of new technologies, M&A, alliances, etc.

Innovative growth

Expansion of conventional business through innovative methods, including M&A

Organic growth

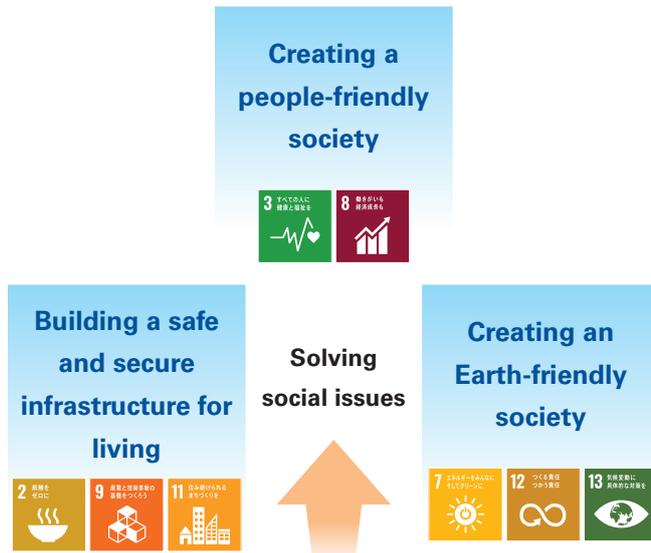
From existing initiatives

FY2030
 (plan)

Long-Term Vision 2030

Vision for Fiscal 2030 (Where We Want to Be)

We aim to become a corporate group that contributes to solving the following three social issues through Linked Automation technology.



Linked Automation

(A technology domain that is highly functional and highly automated)

Solving Social Issues

- 

Human Assist
 Enter automation and support equipment businesses for general consumers
- 

Maintenance
 Strengthen maintenance service structure for systems (things that move) to contribute to stable operation of customer facilities
- 

Agriculture Business
 Expand agriculture business using Linked Automation technology
- 

Life Science
 Participate in the field of regenerative medical care
- 

Energy Infrastructure
 Expand into carbon-neutral-related markets
- 

Mobility
 Transform from internal combustion engine parts to mobility parts

Special Feature:
Moving Society and the Future

Becoming a Corporate Group that Grows with Society



Yasuhiro Akesaka

Executive Officer,
Finance & Accounting,
Corporate Planning, IT, and
New Business Development

Creating Next-Generation Businesses

The Tsubaki Group seeks to achieve innovative growth and growth in new fields by creating next-generation businesses that contribute to the solving three social issues. The Group has embarked on upfront investments with the aim of establishing an internal promotional system and strengthening its technological foundation to achieve this goal. We will strive to increase social and economic value by swiftly creating next-generation businesses.

The Tsubaki Group aims to become a corporate group with net sales of ¥500.0 billion by fiscal 2030 by contributing to solving three social issues of creating a people-friendly society, building a safe and secure infrastructure for living, and creating an Earth-friendly society. A vital key to achieving the goals of Long-Term Vision 2030 is the creation of next-generation businesses. This section provides an overview of our progress in this regard.

Vigorously Advancing Innovative Growth in Business Divisions

Each of the Group’s business divisions is planting seeds for achieving innovative growth by both undertaking new technological developments and entering new markets that are not an extension of their traditional businesses.

In April 2022, we reorganized the Technology and Research Development division into the R&D Center and set up the advanced technology and basic technology departments. The R&D Center, which is under the direct supervision of the CEO and COO, provides vigorous Groupwide support for these endeavors at business level.

We are working to strengthen personnel numbers at the R&D Center from 50 to 100, including through the recruitment of engineers who will lead our cutting-edge technologies. The center will quickly tackle development themes tasked to it by business divisions by evolving our core technologies and acquiring new technologies, including through open innovation with universities.

Headquarters-Led Promoting of New Fields (New Business Development)

In fiscal 2021, the Tsubaki Group analyzed and reevaluated the intellectual property (patents) held by the Group in an effort to identify new businesses while examining the possible introduction of cutting-edge technologies from outside the Group. The New Business Development Department, which has been upgraded to a dedicated organization, is conducting feasibility studies for commercializing the business concepts created through these activities and is advancing the formulation of commercialization plans. The Group has launched activities with the goal of formulating approximately two commercialization plans each year going forward.

Examples of Next-Generation Business Creation That Address the Three Social Issues

Creating a people-friendly society

Human Assist

Enter automation and support equipment businesses for general consumers

Maintenance

Strengthen maintenance service structure for systems (things that move) to contribute to stable operation of customer facilities

Building a safe and secure infrastructure for living

Agriculture Business

Expand agriculture business using Linked Automation technology

Life Science

Participate in the field of regenerative medical care

Creating an Earth-friendly society

Energy Infrastructure

Expand into carbon-neutral-related markets

Mobility

Transform from internal combustion engine parts to mobility parts

Promoting ESG-Focused Management

The Tsubaki Group promotes ESG-focused management with the aim of achieving continuous growth and increasing the transparency of its management. For environment, social, and governance (ESG) issues, we have established material issues (sustainability priority matters) from the dual perspectives of risks and opportunities and implement systematic initiatives to manage these throughout the Group. We are accelerating activities to address unresolved issues while continuously monitoring initiatives using key performance indicators (KPIs).



Nobuaki Haga

Executive Officer,
Quality, Health & Safety, and
Sustainability

The Group is promoting ESG-focused management as an issue that is of equal importance to creating next-generation businesses in order to realize Long-Term Vision 2030. Fiscal 2021 saw the Group accelerate the strengthening of its ESG activities.

Enhancing Corporate Governance

Guided by its Basic Policy on Sustainability, the Tsubaki Group established the Sustainability Committee in January 2022—chaired by the COO—to bolster and accelerate its sustainability activities. The Sustainability Committee oversees and promotes activities for the Group as a whole based on information from various committees, including those pertaining to the environment, quality, and safety, and the Sustainability Promotion Managers Meeting. Each committee and the Human Resources Department is

steadily implementing plan–do–check–act (PDCA) cycles based on KPIs regarding each ESG issue.

The Board of Directors receives regular reports on matters including the items discussed at meetings of the Sustainability Committee and on the progress of efforts toward achieving indicators (status of KPIs) while supervising and reviewing the management of ESG issues, including climate change.

Under such a promotional system, we will strengthen activities from the perspective of our global supply chain while striving to ensure good communication with internal and external stakeholders.

Participating in Initiatives

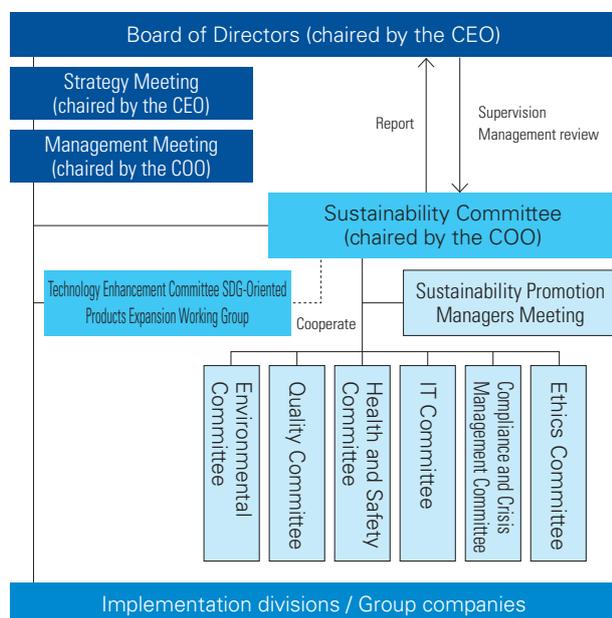
The Group participates in the following initiatives to bolster its sustainability activities and improve information disclosure.

1. United Nations Global Compact (UNGC): Signatory to the UNGC advocated by the UN. We are working to enhance ESG-focused management in support of the 10 principles in the four areas of human rights, labor, the environment, and anti-corruption.

2. Task Force on Climate-related Financial Disclosures (TCFD) recommendations: Supporter of the TCFD recommendations. We are promoting information disclosure based on the recommendations (please refer to page 44 for details).

3. CDP: Responder to the CDP, an international NGO that selects companies with outstanding initiatives and information disclosure in relation to climate change. The Group began responding in 2020 and received a climate change score of B- in fiscal 2021.

Sustainability Promotion System



Working to Achieve Long-Term Vision 2030 on the Front Lines

The Tsubaki Group has embarked on a host of initiatives on each of its front lines to realize the vision for where it wants to be, in accordance with Long-Term Vision 2030.

Launching Full-Fledged Global Efforts to Develop New Mobility Businesses

Tomoya Iwata, Marketing Department, Mobility Division

Structural reforms in April 2022 resulted in the reorganization of the Mobility Division into Timing Systems (internal combustion engines) and e-Mobility (non-internal combustion engines). Timing Systems works exhaustively to refine its products in order to establish a solid position as the world's leading timing systems manufacturer. In addition to the sale of Cam Clutches and Ene-drive Chains in the mobility field—which is undergoing major transformation—e-Mobility leads the development of new unit products and new businesses. The Mobility Division promotes the appeal of its products and technologies to prospective users through efforts that include communicating with customers in various countries and participating in exhibitions in Japan and overseas.

With the revival of in-person exhibitions in 2022, such as the Automotive Engineering Exposition, we have also participated in exhibitions overseas, including in various countries in Europe and in South Korea. Meanwhile, we strengthened cooperation with overseas subsidiaries to launch the full-fledged development of new mainstay products and new businesses continuing on from the timing chain systems of Mobility Operations.



We participated for the first time in EUROBIKE 2022 (Germany) in cooperation with our European subsidiary. Together, we promoted the appeal of Cam Clutches for electric bicycles (e-Bikes).

Sharing Insights and Know-How Gained through LinK2025 Production Reform Activities with Other Divisions

Hirokazu Hirose, Manufacturing Innovation Department, Chain Division

The Chain Division, Tsubaki's founding business, has seen the continuous passing on of activities aimed at achieving high-quality and highly efficient *monozukuri*. At the Kyotanabe Plant, our core plant for chain manufacturing, we are promoting LinK2025 production reform activities to further increase automation. These activities seek to ensure innovative, loss- and waste-free *monozukuri* that eases the burden on employees through the utilization of information from DX and of robots.

To share and draw on such insights and know-how acquired within the Chain Division with other divisions and subsidiaries, we have started a project led by general manager level employees from the manufacturing sections of our four business divisions. In our vertical organization, this project will create synergies and increase the competitiveness of individual businesses by strengthening horizontal connections between them. The expansion of these activities to subsidiaries in Japan and overseas will strengthen our business foundation through manufacturing reform and enhanced human resource development, one of the basic policies of Mid-Term Management Plan 2025.



Through the promotion of DX at the Kyotanabe Plant, we aim to create further synergies by sharing the benefits of DX with other business divisions.

Turning a Difficult Situation into an Opportunity to Make Rapid Progress Using New Marketing Methods

Koji Yamamoto, Tsubakimoto Europe B.V.

In spring 2020, during complete lockdowns due to the COVID-19 pandemic in various countries in Europe, communication among employees became an issue for Tsubakimoto Europe B.V. (TEU), as did strengthening relationships with existing customers and developing new customers. To address these issues, TEU accelerated its switch from traditional sales activities centered on visiting customers to hybrid sales activities leveraging online tools, such as webinars and virtual plant visits. As a result, in addition to building closer relationships with customers, we were able to improve sales efficiency. For example, we succeeded in making a direct approach to the key person of one of our target users, which had previously been difficult, and secured new orders entirely online.

Going forward, we will focus efforts on cultivating new customers and expanding sales by developing this successful experience to utilize marketing automation tools and offer TEU ProService, an optimal, total technological service, to each of our customers.



We took part in the MD-IDEX digital conference of the European Power Transmission Distributors Association, streaming a variety of content from a specially built studio at TEU.

Tsubaki's Value Creation

- 18 Value Creation History
- 20 Supporting Society through Our Products
- 22 Track Record in Value Creation (Financial and Non-Financial Highlights)
- 24 Tsubaki's Value Creation Process
- 26 Risks and Opportunities Arising from Changes in the External Environment and ESG Issues Being Addressed

**Driving the World...
and the Future**

Value Creation History

Since our establishment in 1917, we have developed our businesses by building up our unique technological and product development capabilities, which are our strengths, while anticipating the needs of the times for over a century.

1917

The 1910s Onward

Laying the Foundation for Becoming a Machinery Manufacturer in Step with Japan's Modernization

Tsubaki was founded in 1917 to manufacture bicycle chains. Anticipating the progress of mechanization in Japan, the Company shifted completely to the manufacture of chains for machinery in 1928. We met customer needs by expanding our product lineup from drive chains to include conveyor chains. In 1937, we delivered a large-scale conveyor plant to a cement factory, thereby widening the scope of our businesses to encompass the materials handling domain.



Manufacturing chains at the Minamihama Plant in Osaka, where Tsubaki was founded (around 1930)



C-60 class chain for use at coal faces helped boost coal production (around 1930)



Assembling a chain for use in floodgates (around 1930)



Part of the first large-scale conveyor plant delivered by the Company (1937)

The Mid-1940s Onward

The Mid-1940s Onward

Underpinning Japan's Postwar Reconstruction and High Economic Growth

Tsubaki did much for Japan's postwar reconstruction with the development of chains for public-sector investment projects, such as infrastructure development, and conveyor systems for coal and fertilizer, which were key national industries. During this period of rapid economic growth, the Company developed a succession of world-class chains and handling systems, contributing to Japan's industrial development.

When motorization came to Japan, we began mass production of timing chains for automobile engines in 1957 and branched out into the automotive parts business (currently Mobility Operations). With the development of large chain reducers in 1958, we then expanded our business scope to include a power transmission units and components business (currently Motion Control Operations).



Conveyor system for a chemical fertilizer plant, which was well received for its performance (late 1940s)



Timing chains for automobile engines, for which we began mass production (1957)

The 1970s Onward

The 1970s Onward

Developing Products in Keeping with Drastic Change in the Industrial Structure

To cater to Japan's changing industrial structure, Tsubaki steadily developed highly functional, high-precision chains and factory automation (FA)-related systems. Entering the 1980s, as automobile engine timing chain systems shifted from chains to belts, the Company produced belts while focusing efforts on developing smaller and lighter timing chains. A reappraisal of the durability and environmental performance of our chains led to an expansion in their adoption in new engines in Japan and overseas.

In the late 1980s, we began local production of chains for machinery and timing chain systems in North America.



Development of chain motors, in addition to large chain reducers (1958)



Overhead conveyor, Noman Curve, delivered to an automobile plant (1961)



Automated coil packaging system that contributed to labor savings on packaging lines (1976)



Plastic side roller chain developed for free flow conveyors (1981)



Cathode ray tube coating process system adopted by many electronics manufacturers in Japan and overseas (1982)



Lube-free Lambda Chain, which requires no maintenance and has a long service life (1988)

The 1990s Onward

The 1990s Onward

Building a Global Production System

Amid domestic economic stagnation stemming from the collapse of the bubble economy, Tsubaki worked to raise productivity and reduce fixed costs while expanding its global sales and manufacturing bases. As part of these efforts, the automotive parts business expanded its share of the worldwide market by establishing a globally optimized production system to meet global demand for engines. In 2008, we launched the Zip Chain Lifter® using newly developed zip chains that overturned conventional wisdom on chains.

The 2010s Onward

The 2010s Onward

Promoting Product Development Based on CSV Activities Attuned to Diversifying Social Needs

As awareness of the need to address social and environmental issues grew, Tsubaki accelerated its development of Eco Products (SDG-oriented products) that help customers reduce their environmental impact and improve their economic performance. In addition, products such as distribution systems for mail-order shopping that focus on alleviating labor shortages and reducing human error, and automated sample storage systems for use by research institutions for drug discovery, DNA handling, and other purposes, achieved strong recognition.

At the same time, we also took on the challenge of developing new businesses to lead the next generation of businesses, such as the agricultural business and the V2X bi-directional electric vehicle (EV) charging system. Amid progress in technological innovation for automobiles aimed at achieving carbon neutrality, we strengthened our systems for developing highly functional parts in order to expand our business domain to mobility in general, including EVs.

The 2020s

The 2020s

Accelerating Our Contribution to solving Social Issues

Mid-Term Management Plan 2025, which got underway in fiscal 2021, will accelerate the development of new products and businesses to contribute to solving social issues. We will help realize a sustainable society by deploying our Linked Automation technology to offer solutions that anticipate diversifying customer needs.



Linisort, linear motor drive automated sorting equipment (1992)



Automatic guided vehicle (AGV) paper feeding system, which has contributed to the automation of newspaper roll conveyors and the improvement of operations (1996)



Power Drive Chains for four-wheel drive vehicles, a new automotive parts product (1997)



Zip Chain Lifter, which facilitates high-speed, high-frequency operation and high-precision stopping (2008)



Low-debris CLEANVEYOR, ideal for use in clean rooms (2013)



eLINK, a V2X bi-directional charging system enabling the supply of electricity stored in EVs to buildings and other locations (2013)



Bucket elevator for biomass power plants (2016)



Small Gear Motor IoT-Specification featuring power, temperature, and vibration sensors (2019)



Labostocker 150, a small refrigerated storage system for new drug discovery that is the first in the world capable of storing items at temperatures lower than -150°C (2016)



T-Carry System, a handling and sorting system using small AGVs (2020)

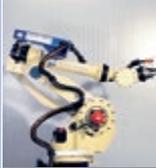


Labo-ALIS, a PCR test pre-processing system (2021)



Auroran Vanguard, an automatic handling system for plant factories (2021)

Supporting Society through Our Products

	General Industrial Applications	Vehicles	Resources / Materials
Chain Operations Motion Control Operations	 <p>Machine part manufacturing equipment RS roller chains, Zip chain actuators, gear reducers, other</p>	 <p>Automotive power sliding doors Cable carriers</p>	 <p>Offshore oilfield platforms Cable carriers</p>
	 <p>Lines manufacturing medical rubber gloves Large-size conveyor chains</p>	 <p>Automobile assembly plants Four-axis Zip Chain Lifter</p>	 <p>Conveyor equipment for coal mines Mining chains</p>
	 <p>Machine tools ATC chains</p>  <p>Robots Cable carriers</p>	 <p>Nursing care vehicles Gear reducers, chains, couplings, cable carriers</p>	 <p>Iron ore unloaders Unloader chains</p>
Materials Handling Operations	 <p>Transporting machine tool swarf Chip conveyors</p>	 <p>Part conveyor equipment for vehicle service plants Autoran Vanguard</p>	 <p>Coil stockyards Coil Robo</p>
	 <p>Press plants Scrap conveyors</p>	 <p>Vehicle painting lines New traverser systems</p>	 <p>Cement plants Bucket elevators</p>
Mobility Operations	 <p>Timing chain systems for automobile engines</p>  <p>Power Drive Chains for four-wheel drive units</p>  <p>One-way clutches for vehicles</p>  <p>EneDrive Chains for powertrains (electric vehicles / hybrid electric vehicles)</p>		
New Businesses			

Food /
Medical care



Sorting machines for apple processing plants
Small-size conveyor chains



Beverage plants
Plastic top chains



CT (computed tomography) scanners
Power cylinders, gear reducers, other



Automatic handling system for plant factories
Autoran Vanguard



Regenerative medicine, etc.
LaboStocker



Equipment for automated PCR testing



Plant factories
Automatic seedling transplanter unit

Infrastructure /
Environment



Passenger boarding bridges for airports
Power cylinders, cable carriers, other



Watertight doors for subways and disaster prevention purposes
Zip chain units



Movable barriers for train station platforms
Brushless motors, timing belts, other



Floodgates
Cable carriers



Biomass power plants
Bucket elevators, conveyor chains



Desulfurization and denitrication devices (steel plants)
PB Pivotveyor, NAB Aprozator



DX Solutions for Manufacturing
Fabrikonect

Consumer /
Entertainment Facilities



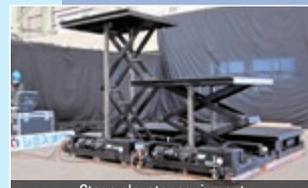
Claw crane arcade games
Cable carriers



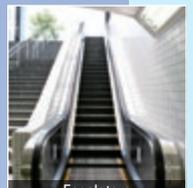
Conveyors for conveyor belt sushi restaurants
Plastic top chains



Devices for opening and closing stadium roofs
Steel cable carrier system



Stage elevator equipment
Zip Chain Lifter®



Escalators
Step chains



Mail-order shopping distribution systems
QuickSort



Bond document management systems
Security Stocker



Newspaper printing plants
Paper-feeding AGV



Mail-order shopping distribution systems
Shipping system using small AGVs



V2X bi-directional EV charging systems
eLINK

Track Record in Value Creation (Financial and Non-Financial Highlights)

The Tsubaki Group will simultaneously expand its financial and non-financial value by increasing the added value of the products it offers through technological innovation while proactively promoting non-financial activities, such as reducing its environmental impact and establishing a favorable working environment.

Net Sales / Ratio of Overseas Sales



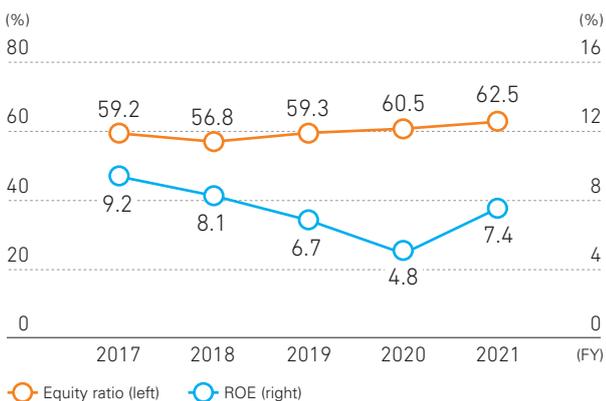
Sales rose in all four businesses and all regions of operation due to the recovery in economic activities. The overseas sales ratio climbed 2.3 percentage points to 59%.

Operating Income / Operating Income Ratio



The operating income ratio increased as the effects of higher sales, cost reductions, price increases for a portion of products, and other factors offset a rise in the cost of raw materials and other overheads.

Equity Ratio / ROE



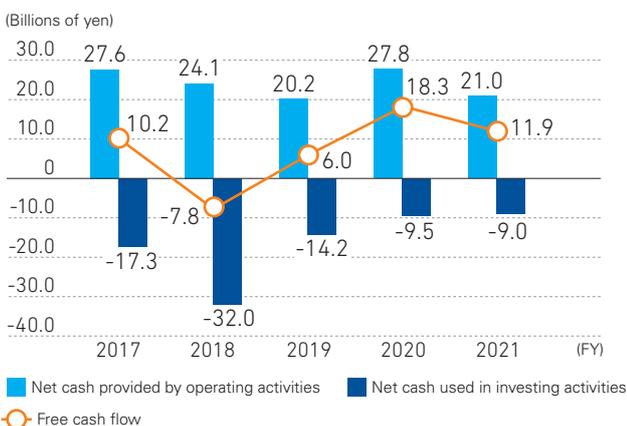
The equity ratio was up 2.0 percentage points on the back of a decline in interest-bearing debt. ROE rose 2.6 percentage points to 7.4%, reflecting an increase in profit attributable to owners of parent.

Net Interest-Bearing Debt / D/E Ratio (Net)



Negative net interest bearing debt grew further due to a decrease in interest-bearing debt and an increase in liquidity on hand. The net D/E ratio stood at -0.07 times.

Cash Flows



The Company continued to generate free cash flow, which has been stable since fiscal 2019. Free cash flow in fiscal 2021 came to ¥11.9 billion.

Dividends per Share*1 / Payout Ratio



Dividends per share in fiscal 2021 amounted to ¥120, up ¥45 from the previous fiscal year. The Company has maintained a dividend payout ratio of over 30% since fiscal 2019.

*1 The Company consolidated common shares at the ratio of five shares to one share on October 1, 2018. The share dividend amount shown for the fiscal year ended fiscal 2018 was calculated based on this share consolidation.

*2 The CO₂ emissions factors for electricity are as follows:

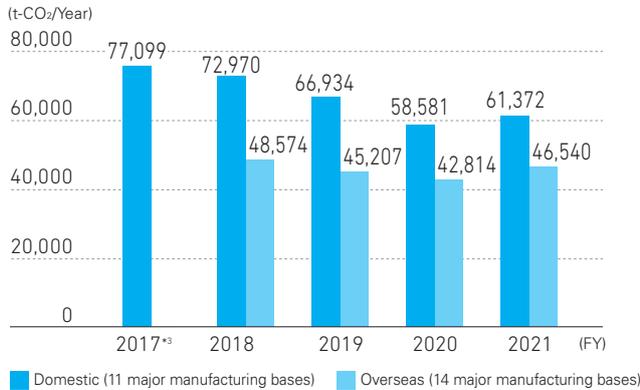
Domestic: "Alternative Values" of Emission Factors by Electricity Supplier, published by the Ministry of the Environment

Overseas: Emissions factors for the fiscal year ended March 31, 2019, as indicated in the International Energy Agency's CO₂ Emissions Factors 2020

*3 As fiscal 2018 is the base year for overseas, data is from fiscal 2018 onward.

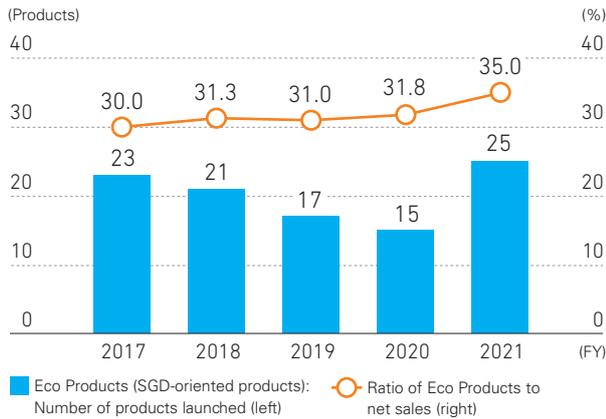
*4 Frequency of industrial accidents = Number of accidents leading to work stoppages ÷ Total number of hours worked × 1,000,000

Total CO₂ Emissions*2



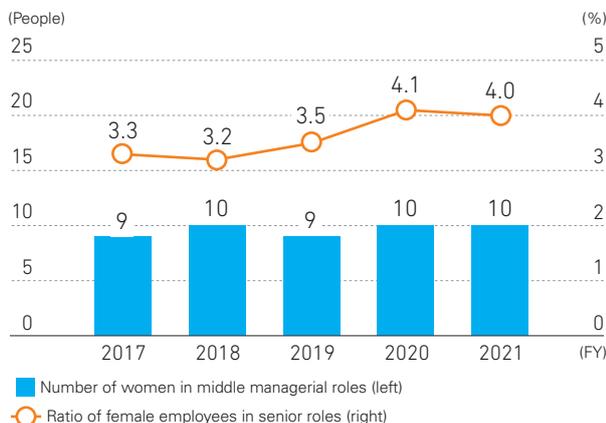
In Japan, we contained the increase in total CO₂ emissions to 4.8% against a 15.3% increase in production compared with the previous fiscal year. Overseas business sites strengthened their activities for reducing CO₂ emissions by establishing reduction targets.

Eco Products (SDG-Oriented Products): Number of Products Launched / Ratio of Net Sales



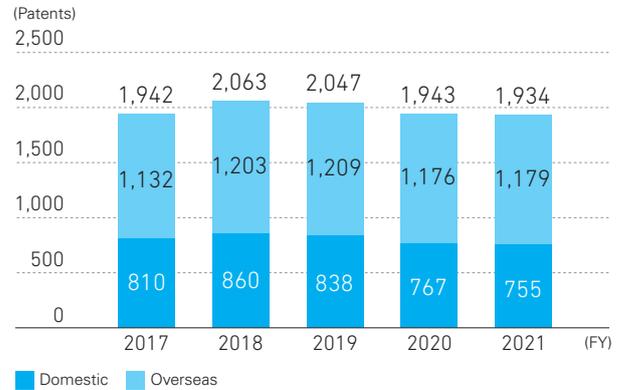
The number of new Eco Products (SDG-oriented products) grew from the previous fiscal year, which led to increases in the ratio of Eco Products and their contribution to net sales.

Number of Female Employees in Managerial Roles / Ratio of Female Employees in Senior Roles (Domestic)



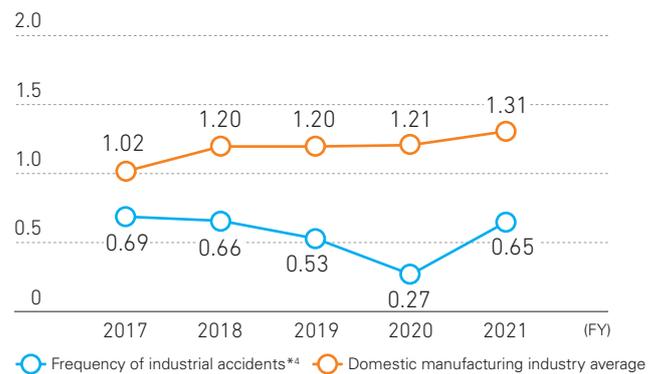
Although awareness-raising activities within the Group prompted an increase in the number of female employees in senior roles in fiscal 2021, this increase did not result in a significant change to the overall ratio of female employees in senior roles

Number of Patents Held



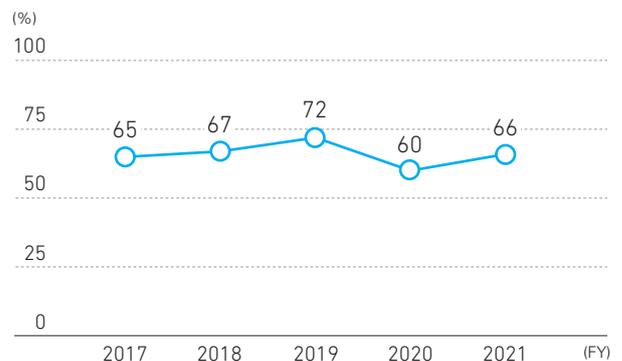
The intellectual property division and related divisions cooperate to promote patent application activities. These divisions continued activities to raise awareness of and establish intellectual property activities, such as holding seminars and issuing guidelines.

Industrial Accident Status (Domestic)



Despite promoting activities for preventing serious accidents as a priority issue, the frequency of industrial accidents rose as the number of accidents leading to work stoppages came to five, up three from the previous fiscal year.

Ratio of Paid Leave Acquisition



The Company implemented various workstyle reform measures and the Labor/Management Joint Committee strengthened initiatives to increase the ratio of paid leave acquisition.

Tsubaki's Value Creation Process

Please refer to pages 26 and 27 for details

Areas of focus in the external environment from the perspective of risks and opportunities

- Climate change
- Recycling-oriented society
- Declining birthrate and aging population/Labor shortages
- Diversifying workstyles
- Human rights and gender issues
- Increasing awareness of safety and security
- Stricter corporate governance and compliance rules

Corporate philosophy **TSUBAKI**

INPUT – Status of Tsubaki's Capitals and Future Direction

Capital Inputs

(As of March 31, 2022)

Financial Capital

Net D/E ratio

-0.07 times (essentially debt free)

Manufactured Capital

Number of manufacturing companies

10 in Japan and 36 overseas

Intellectual Capital

Number of patents held

1,934

Human Capital

Number of employees

8,566 (52% overseas)

Social and Relationship Capital

Global bases

81 companies in 26 countries and regions

Natural Capital

Total CO₂ emissions reduction

19.8% in Japan and 4.2% overseas

(Reduction percentage calculated using base year of fiscal 2013 for Japan and fiscal 2018 for overseas)

Prioritize use of surplus funds to achieve the following goals while maintaining a solid financial foundation and a consolidated dividend payout ratio of 30% (benchmark)

Fortify technological foundation

- Combine Tsubaki's core technologies with external cutting-edge technologies through open innovation

Strengthen manufacturing and human foundations

- Enhance productivity and safety and energize personnel through loss- and waste-free *monozukuri*
- Bolster human and organizational foundations through workstyle reforms and other initiatives

Improve measures to address risks

- Purchase green electricity
- Step up environmental initiatives, such as accelerating CO₂ emissions reductions
- Strengthen corporate governance with the aim of ensuring sound, fair, and transparent business operations

Strategies for Financial and

Basic Strategies of Mid-Term Management Plan 2025

Create next-generation businesses

- Enter new business fields that address social issues
- Create and develop new products and technologies to solve social issues

Strengthen profitability of existing businesses

- Leading global products: Maintain and strengthen competitive advantage
- Leading niche products: Expand sales by improving price competitiveness

Reinforce business foundation

- Implement manufacturing reform and enhance human resource development
- Proactively invest in new businesses

Strengthen ESG initiatives

- Tackle climate change (reduce total CO₂ emissions)
- Enhance social value (creating shared value) through products
- Reinforce business foundation by strengthening governance and minimizing risks

Fiscal 2025 Numerical Targets

Net sales: ¥300.0 billion–¥320.0 billion

Operating income ratio: 9%–11%

ROE: 8% or more

Dividend payout ratio: Based on 30%

The Tsubaki Group will evolve Linked Automation technology that combines its own core technologies in the field of motion with next generation technologies related to artificial intelligence (AI) and the Internet of Things (IoT). Through these efforts, the Group will accelerate the development of products with higher added value and the creation of next-generation businesses in highly functional and highly automated technological domains. At the same time, we will focus on addressing a variety of risks, such as environmental conservation, to balance expansion of economic value and enhancement of social value.

SPIRIT

Non-Financial Activities

Initiatives to Address Sustainability Priority Matters

Please refer to pages 40 and 41 for details

Establish 13 priority matters (material issues)

Manage progress using KPIs and report to Board of Directors

Cooperate

Strengthen initiatives to address remaining issues

Achieve KPIs for addressing the above priority matters

CO₂ emissions

Japan: 30% reduction

(compared with Fiscal 2013)

Overseas: 20% or more reduction

(compared with Fiscal 2018)

OUTPUT/OUTCOME

OUTPUT

Development of products with even higher added value

- High-end products (ultra-miniature, ultra-precision, ultra-high accuracy, etc.)
- Products realized through advanced automation (automated, labor-saving, contactless, etc.)



Creation of next-generation businesses

- Human Assist
- Maintenance
- Agriculture
- Life Science
- Energy Infrastructure
- Mobility



OUTCOME



Resolution of social issues

Contribution to solving the three social issues:

- Creating a people-friendly society
- Building a safe and secure infrastructure for living
- Creating an Earth-friendly society



Creation of economic value

- Expansion of business scale
- Enhancement of profitability and capital efficiency
- Improvement of shareholder returns



Creation of social value

- Tackling of climate change and development of a recycling-oriented society
- Addressing of social issues such as declining birthrate and aging population, labor shortages, diversifying workstyles, human rights and gender issues, and increasing awareness of safety and security
- Pursuit of transparent management

Risks and Opportunities Arising from Changes in the External Environment

Amid a rapidly changing external environment and increasing uncertainties, the Tsubaki Group is promoting a range of initiatives to minimize derived risks and accurately and quickly understand growth opportunities.

Key Changes in the External Environment	Tsubaki's Understanding of Risks and Opportunities
<div style="background-color: #4CAF50; color: white; padding: 5px;">E Environmental</div>  <div style="background-color: white; border-radius: 15px; padding: 5px; margin: 5px 0; text-align: center;">Climate change</div> <div style="background-color: white; border-radius: 15px; padding: 5px; margin: 5px 0; text-align: center;">Recycling-oriented society</div>	<ul style="list-style-type: none"> • Global environmental issues are an urgent priority for the whole world and constitute a major risk. In addition to threatening the existence of the Group's businesses, these issues could also bring about higher costs in a number of ways. Through initiatives aimed at global environmental conservation, we will contribute to mitigating these issues while tackling them as a means to fulfill our social responsibility. • SDG-oriented products (Eco Products) that contribute to energy saving and reducing CO₂ emissions are the source of Tsubaki's competitiveness. We will aim to simultaneously contribute to society and increase economic value by accelerating the development of these value-added products.
<div style="background-color: #00BCD4; color: white; padding: 5px;">S Social</div>  <div style="background-color: white; border-radius: 15px; padding: 5px; margin: 5px 0; text-align: center;">Declining birthrate and aging population/Labor shortages</div> <div style="background-color: white; border-radius: 15px; padding: 5px; margin: 5px 0; text-align: center;">Diversifying workstyles</div> <div style="background-color: white; border-radius: 15px; padding: 5px; margin: 5px 0; text-align: center;">Human rights and gender issues</div> <div style="background-color: white; border-radius: 15px; padding: 5px; margin: 5px 0; text-align: center;">Increasing awareness of safety and security</div>	<ul style="list-style-type: none"> • Labor shortages pose a major risk to the continuity of Tsubaki's businesses. We will secure the necessary human resources to overcome this risk by taking proactive steps that include respecting human rights, addressing gender issues, and creating safe, secure, and comfortable working environments. In this way, we aim to convert this risk into a growth opportunity by strengthening human resources as a foundation for sustainable growth. • Tsubaki specializes in products for labor saving and automation. The increase in awareness of labor shortages, health, safety, and security constitutes a major growth opportunity that will lead to an increase in demand for such products.
<div style="background-color: #3F51B5; color: white; padding: 5px;">G Governance</div>  <div style="background-color: white; border-radius: 15px; padding: 5px; margin: 5px 0; text-align: center;">Rapidly changing external environment and increasing uncertainties</div> <div style="background-color: white; border-radius: 15px; padding: 5px; margin: 5px 0; text-align: center;">Stricter corporate governance and compliance rules</div>	<ul style="list-style-type: none"> • As the business environment changes dramatically and uncertainties increase, Tsubaki must put in place a structure for swift strategy planning and business execution and implement strict risk management if it is to achieve sustainable growth. Also, given that compliance misconduct seriously impacts a company's business continuity potential and viability, the Company believes that promoting initiatives to eliminate misconduct and mitigate risks is of the utmost importance. • Increasing management visualization will help Tsubaki win public trust, while leveraging external knowledge in its management will serve as the driving force that strengthens its growth potential.

and ESG Issues Being Addressed

*1 Science-based targets (SBT) are greenhouse gas emission reduction targets consistent with the 2°C target (1.5°C target) requirements of the Paris Agreement.

*2 The Task Force on Climate-related Financial Disclosures (TCFD) recommends that companies analyze the impact of climate change on their financial status in terms of both risks and business opportunities and disclose climate-related information about their strategies and risk management plans.

*3 The CDP (Carbon Disclosure Project) runs the global information disclosure system for investors, companies, cities, and regions to manage their environmental impacts.

Tsubaki's Initiatives and challenges

- Set reduction targets for total CO₂ emissions as an environmental medium- to long-term target (fiscal 2025 reduction targets: 30% vs. fiscal 2013 in Japan and 20% or more vs. fiscal 2018 overseas)
- Promoting a switch to energy-saving production methods, an expansion of energy-saving equipment such as solar power generation, and the purchase of renewable energy
- In addition to reducing CO₂ emissions, advancing the reduction and reuse of waste, water consumed, and hazardous substances as well as the greening of factories
- Expanding the aforementioned initiatives to overseas Group companies
- Promoting compliance with global disclosure requirements, such as SBT*¹ and the TCFD,*² in addition to CDP,*³ with which we already comply
- Providing support for the development and sale of products that have higher added value through environmental performance, and examining the establishment of KPIs that help quantify environmental contribution to expand the development and sale of such products

- Promoting a variety of measures to help foster an entrepreneurial mindset among employees and enhance their engagement
- Increasing the ratio of female employees and encouraging their appointment to management positions as part of efforts to promote diversity
- Putting in place an environment where older employees can take an active role as core human resources by extending the mandatory retirement age to 65
- Encouraging the taking of paid leave and accommodating diverse workstyles such as remote working and staggered working hours as part of workstyle reforms. Going forward, Tsubaki will work to promote an increase in operational efficiency by making full use of DX (digital transformation)
- Strengthening the passing on of technologies and skills by leveraging the Techno School, Tsubaki's original program, and expanding human resource cultivation programs based on the Companywide educational system to all job categories. Implementing the global trainee system and carrying out overseas foreign language training for new employees with the aim of realizing the early development of globally minded human resources
- Promoting the development and sales expansion of SDG-oriented products (Eco Products) that contribute to labor saving, automation, and the establishment of safe and secure infrastructure for living, and monitoring their progress using KPIs

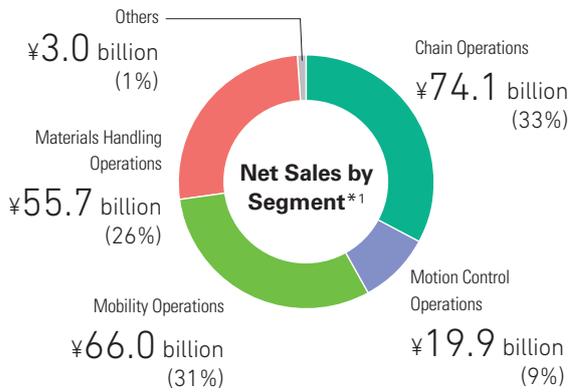
- Separated strategy formulation and supervision (Board of Directors) from business execution (executive officers) and reduced the number of directors to a select few individuals
- Established the Nomination and Remuneration Committee, which is chaired by an outside director
- Clarified the responsibility of directors for improving corporate value and promoted performance incentives including the introduction of a stock-based compensation plan for internal directors
- With outside directors accounting for 50% of all directors as of June 30, 2022, the ratio of outside directors is in line with the level called for in the Corporate Governance Code
- Enhancing the effectiveness of the governance system and strengthening the global risk management system
- Continuously strengthening initiatives designed to prevent and mitigate risks
- Continuously carrying out employee awareness activities in order to ensure thorough compliance with laws and regulations. Also set up internal and external (manned by a legal adviser) Corporate Ethics Hotlines

Tsubaki's Business Domains

The Tsubaki Group's four core businesses are Chain Operations, Motion Control Operations, Mobility Operations, and Materials Handling Operations. With the aim of offering solutions that help solve social issues, we advance motion technologies from machinery parts to automated systems.

FY2021 Net Sales (Consolidated)

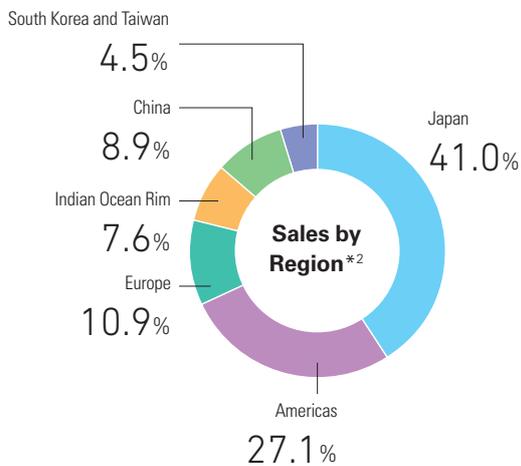
¥215.8 billion



*1 Net sales includes intersegment sales and transfers

Ratio of Overseas Sales

59.0%

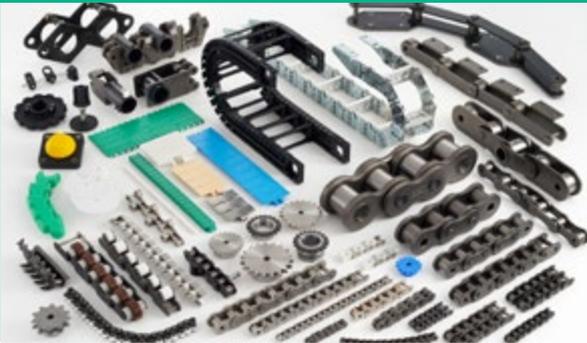


*2 The Company groups sales for countries and regions based on the location of customers.

Chain Operations

Industrial-Use Steel Chains
No. 1 share*³ of the global market

16%



Motion Control Operations (formerly Power Transmission Units and Components Operations)

Power Cylinders
(motorized cylinders)
No. 1 share*³ of the Japanese market

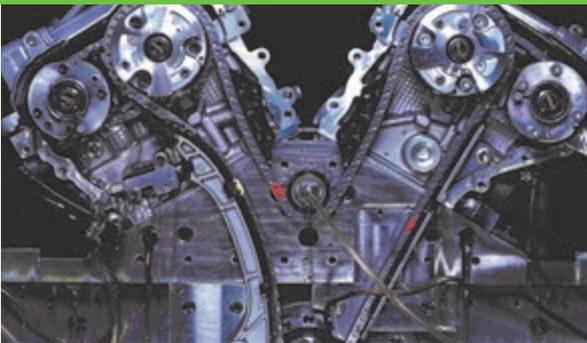
76%



Mobility Operations (formerly Automotive Parts Operations)

Timing Chain Systems
No. 1 share*³ of the global market

38%



Materials Handling Operations

Tilt-Tray Sorter
No. 1 share*³ of the Japanese market

Over 70%



*3 Source: Tsubakimoto Chain Co.



Product Information
<https://www.tsubakimoto.com/products/>

Underpinning All Forms of Motion

Wherever anything is being moved, there are chains. Chain Operations offers a lineup of approximately 20,000 types of chain, including drive chains, conveyor chains, and plastic chains. This business delivers optimal chains of the highest quality that help raise productivity, save energy, and improve the environment for a host of industries, including the machine tool, automobile, steel, LCD/semiconductor, and food industries. Our No.1 share of the global market for steel chains is testament to our reliability.

Proposing Optimal Motion and Control Through an Extensive Product Lineup

In the field of motion and control, Motion Control Operations offers an extensive product lineup, including reducers, linear actuators, clutches, and controllers. Making use of Tsubaki's unique composite technologies, these products precisely control the complex movements of industrial machinery. This business accurately meets motion needs in a wide range of industries, such as automobiles, LCD/semiconductors, food, medical equipment, and machine tools.

Contributing to More Pleasant and Environment-Friendly Mobility

The timing chain systems offered by Mobility Operations that contribute to high-performance and eco-friendly automotive engines are global products with leading worldwide market shares. Tsubaki utilized the power transmission and mass production technologies it had cultivated over many years to develop Cam Clutches for vehicles and the Ene-drive Chain series. In the next-generation mobility field, most notably electric vehicles (EV) and e-Bikes, we aim to contribute to reducing energy loss and CO₂ emissions.

Accurately Managing the Movement of Materials and Information

Materials Handling Operations products accurately and smoothly manage the flow of materials and information by means of conveying, sorting, and storing. In addition to automated sorting equipment for the distribution industry and automated storage systems for the life sciences field, this business offers solutions that help improve the productivity of its customers and reduce their environmental impact, such as through manufacturing lines for the automobile, food, and other industries, and conveyors for biomass power plants and the machine tool industry.

New Businesses

Taking On the Challenge of Creating New Added Value



Systems for plant factories



V2X bi-directional EV charging systems



DX solutions

We have developed products for new domains, such as the agriculture business, power conditioning systems (V2X bi-directional EV charging systems),*⁴ and monitoring systems DX solutions, based on the core technologies (winding transmission and conveyance technologies, optimizing technology, and mass production technology) we have amassed over the course of our history.

Moving forward, we will refine our core technologies and accelerate our efforts to take on challenges in new business domains by making full use of next-generation technologies. With a focus on Linked Automation, we aim to contribute to solving social issues through high functionality and advanced automation (automation, labor saving, contactless, etc.)

*⁴ A bi-directional charging system that connects electric vehicles and plug-in electric vehicles (EVs and PHEVs) with the power grid to enable the mutual supply of power

Power Transmission Operations

(Chain Operations and Motion Control Operations)

Key Points of Our Growth Strategy

Shifting from selling products to selling “ideas” – transforming the way we carry out marketing and *monozukuri* to accelerate innovative value creation in the field of motion

Yasushi Nagai

Managing Executive Officer
Power Transmission Operations



SWOT Analysis (Representative Strengths/Weaknesses/Opportunities for Growth/Threats)

S

Strengths

Chain: Overwhelming superiority in terms of performance and quality and an extensive product lineup
Motion Control: Competitive edge and composite technologies for clutches and electric cylinders

W

Weaknesses

Chain: Incomplete global deployment of optimal supply system
Power Transmission as a whole: Inadequate creation of synergies between the two businesses of Chain Operations and Motion Control Operations

O

Opportunities

- Increase in needs for improved productivity, environment-friendliness, labor savings, automation, etc.
- Greater digital transformation (DX) investment in the manufacturing industry

T

Threats

- Receding appetite for capital investment due to economic deterioration
- Prolongation of component supply shortages and skyrocketing materials and energy prices

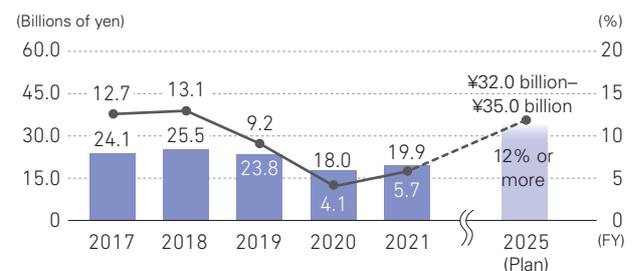
Chain Operations

■ Net sales (left) ● Operating income ratio (right)



Motion Control Operations

■ Net sales (left) ● Operating income ratio (right)



Business Highlights

Chain Operations

Net sales in fiscal 2021 came to ¥74.1 billion, up 21.0% from the previous fiscal year. In addition to robust worldwide demand, this increase also resulted from some major distributors in the North American market changing over certain products in their lineups from those of other companies to Tsubaki's. With other companies experiencing issues in their supply chains, I believe such changeovers reflect strong recognition for our stable supply capabilities.

The operating income ratio hit a record high at 14.8%, increasing 2.0 percentage points from the previous fiscal

year. In addition to higher net sales, the increase in the operating income ratio was also attributable to our success in offsetting the upswing in materials prices by raising our prices and in absorbing the causes of rising costs, such as logistics and personnel costs, through cost reductions stemming from productivity improvements.

Motion Control Operations

Net sales in fiscal 2021 amounted to ¥19.9 billion, an increase of 10.4% from the previous fiscal year. In addition to solid demand from the machine tool and semiconductor industries in Japan, this increase was also supported by a recovery in demand in all regions

overseas, with the exception of the Indian Ocean Rim. Higher net sales led to operating income of ¥1.1 billion, up 51.1% from the previous fiscal year, and an operating income ratio of 5.7%, up 1.6 percentage points.

Fiscal 2021 saw procurement issues for semiconductors, electronic components, and other products intensify globally. The impact of such issues led to the accumulation of a backlog of orders in Motion Control Operations. In response, along with diversifying our suppliers, we launched various measures—such as revising the designs of devices—to raise the ratio of general-purpose items, which are relatively easy to procure. These efforts are steadily mitigating the supply constraint problems.

Medium- to Long-Term Growth Strategies

Tsubaki's power transmission business has core technologies and a product lineup capable of supporting all forms of linear and rotational motion. However, as it has divided its operations vertically by business and product, its efforts to transition to a business selling "ideas"—in other words, a solutions business—have not proceeded smoothly. To address this issue, we established Power Transmission Operations in April 2021 to oversee Chain Operations and Motion Control Operations. With Power Transmission Operations as the driving force, we are moving forward with the transformation of our operational model of marketing and *monozukuri* coupled with the transformation of production development and the development of new businesses from the customer's perspective.

» Transform Our Operational Model

1. Transformation of Marketing

In addition to traditional sales activities, we will proactively and efficiently identify latent needs, such as those of customers for productivity improvements and environmental measures, and promote new marketing activities encompassing the entire product life cycle.

At our sales bases in Japan, we will establish internal sales sections. These sections will respond to customer inquiries and requests in a timely manner, including remotely, and dispatch service engineers as necessary. Going forward, we will consolidate all information at the Tsubaki Global Data Center. Through these measures, we will thoroughly monitor products delivered to customers to promote sustained marketing activities that encompass the life cycles of our products.

2. Transformation of *Monozukuri*

The Kyotanabe Plant is currently promoting LinkK2025 production reform activities based on the concept of "an automated plant linking information and manufacturing." LinkK2025 aims to ease the operational burden of

employees through the utilization of robots on production lines while fully eliminating production losses through increased visualization of processes by making extensive use of the IoT and AI. In addition to production processes, these activities also promote the streamlining of indirect operations by integrating all information, from estimates through to delivery.

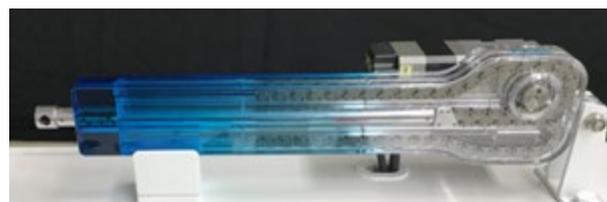
The Motion Control Division has also launched a series of initiatives, including those for enabling visualization, predicting bottlenecks, and coordinating information among processes in order to create smart factories.

» Transform Product Development and Develop New Businesses

We are proactively implementing initiatives aimed at innovative growth and new fields. In developing new products, we anticipate potential inconveniences, problems, and other difficulties experienced in the market using backcasting. Through open innovation, including industry-academia collaboration, we advance the development of parts, machinery, and units that realize ideal and efficient solutions.

For example, in the Chain domain, we have developed ultra-small precision chains with applications that are a clear departure from the past, such as robots, medical equipment, surveillance cameras, and wearable devices. In the Motion Control domain, we are using open innovation, including industry-academia collaboration, to advance the development of small motion units that add object recognition and autonomous control functions to electric cylinders.

In our search for new businesses, which combines new products and new markets, we will take on challenges in domains supporting the mobility of people, including power assist technologies. Mobility issues create inconvenience for people in a variety of situations, and we will combine our core technologies with new technologies to develop products to solve them. In this way, we will steadily implement business strategies to "create a people-friendly society."



Zip cylinders, which are designed as a replacement for air cylinders



Ultra-small precision roller chains

Mobility Operations

Key Points of Our Growth Strategy

Proactively implementing upfront investments in technological development and the strengthening of our people and organizations to reduce costs through *monozukuri* reforms and get eMobility up and running at an early stage



Isao Sato

Senior Executive Officer
Mobility Operations

SWOT Analysis (Representative Strengths/Weaknesses/Opportunities for Growth/Threats)

S Strengths

- Competitive advantages in terms of environmental performance of products for internal combustion engines
- Technological development and proposal capabilities in the mobility domain in general, including electric vehicles (EVs), electric bicycles (e-Bikes), etc.

W Weaknesses

- High dependence on products for internal combustion engines

O Opportunities

- Expansion in demand for innovative parts and systems that contribute to the development of next-generation, environment-friendly vehicles
- Growth in demand for luxury e-Bikes with added value in terms of riding comfort and environmental performance

T Threats

- Increases in cost and time burdens due to the diversifying technological development efforts of parts and systems manufacturers as various options, such as EVs and fuel and cell vehicles (FCVs), are tested



Business Highlights

Net sales in fiscal 2021 came to ¥66.0 billion, an increase of 11.1% from the previous fiscal year, due to the recovery in global automobile production numbers. Tsubaki's global market share for timing chain systems for automobile engines stood at 38%, up 1.0 percentage point from fiscal 2020.

Operating income reached ¥6.5 billion, an increase of 73.6% from the previous fiscal year, while the operating income ratio was 9.9%, up 3.5 percentage points. The

increase in the operating income ratio was attributable to cost reductions resulting from improved productivity and successful efforts in passing on a portion of steel price rises, offsetting cost increases driven by skyrocketing materials prices and personnel costs centered on North America.

While the ratio of EVs continues to rise globally, fiscal 2021 saw relatively brisk activity in new projects for timing chain systems for new engines, such as hybrid vehicles (HVs) and plug-in hybrid vehicles (PHVs). With the adoption of our systems for these new projects, we made progress in securing new customers. This trend is continuing in fiscal 2022. However, rather than becoming complacent, we will further increase our market share for timing chain systems, our existing business, while promoting the launch of parts and unit products for non-internal combustion engines.

In April 2022, we introduced a two-pronged oversight system for the Mobility Division in Japan, with Timing Systems overseeing internal combustion engines, and e-Mobility promoting new business. We also allocated more than 60 personnel to e-Mobility. The rapid shift to EVs in recent years has led an increasing number of

employees to harbor concerns about the growth potential of Mobility Operations. To address these concerns, we are seeking to energize human resources through initiatives such as projects led by young employees. At the same time, we are proactively recruiting engineers who will take the lead in using cutting-edge technologies with the aim of promoting synergies to create new businesses.

Medium- to Long-Term Growth Strategies

» Accelerate the Development of New Products for Non-Internal Combustion Engines

1. Cam Clutches for EVs

Tsubaki has developed a variety of Cam Clutches for EVs, for which it is currently promoting proposal activities to automobile manufacturers. Despite their simple structure, these products help reduce the size and cost and increase the energy savings of customers' devices thanks to their high functionality, high torque, and compactness, advantages not seen in the products of other companies. Meanwhile, we are seeing moves for the adoption of a transmission mechanism in EVs in order to reduce the size of motors. Cam Clutches also have the potential for adoption in such a mechanism.

Tsubaki will exert all of its efforts to promptly launch a clutch business for non-internal combustion engines while leveraging its core technologies for one-way clutches and Cam Clutches cultivated through industrial clutches and its mass-production technologies cultivated through timing chains.



Cam Clutches for EVs

2. Enedrive Chains

In transfer case devices that transmit rear-wheel rotation to the front wheels, changing drive components from traditional gears to chains offers advantages that include a greater degree of design freedom and an improvement in transmission efficiency. Tsubaki is one of the world's leading manufacturers delivering power drive chains for four-wheel-drive vehicles. Drawing on our achievements and technological capabilities, we implemented the development and trial manufacture of Enedrive Chains for EVs. We are now promoting sales activities

introducing these chains to automobile manufacturers and the manufacturers of transfer case devices.

» Capitalize on Clutches for e-Bikes

Currently, most e-Bikes adopt large-sized standardized articles for the drive unit that is installed around the pedals, which restricts the degree of freedom in designing e-Bikes. We are capitalizing on the advantages of our one-way clutches in terms of compactness and high functionality to conquer the high-end market by enhancing their functions for e-Bikes.



Clutch for e-Bikes displayed at an exhibition in Germany

» Promote Monozukuri Reforms

Mobility Operations has continuously promoted *monozukuri* reforms for timing chain systems, achieving significant results in improving quality and raising productivity by extending these reforms to overseas manufacturing bases. In addition, we will absorb factors driving cost increases, such as materials and energy costs as well as personnel costs, by advancing *monozukuri* reforms based on the two major themes of automation and digitalization.

We will particularly target back-office departments for manufacturing, such as those tasked with inspection processes and logistics, in our efforts to advance automation and digitalization. By boosting the productivity of such departments, we will be able to achieve further cost reductions while helping improve yields and quality.



Advancing unmanned operations using small AGVs at our new tensioner factory

Materials Handling Operations

Key Points of Our Growth Strategy

Steadily planting seeds for new business creation while striving to promote solutions for distribution centers and factories and expand the maintenance business



Masafumi Okamoto

Senior Executive Officer
Materials Handling Operations

SWOT Analysis (Representative Strengths/Weaknesses/Opportunities for Growth/Threats)

S

Strengths

- Establishment of business domains that other companies cannot readily enter thanks to our development of original products
- Promotion of activities from the standpoint of selling “ideas” and offering solutions

W

Weaknesses

- Delays in expanding business in Asia
- Variations in the profitability of operating companies

O

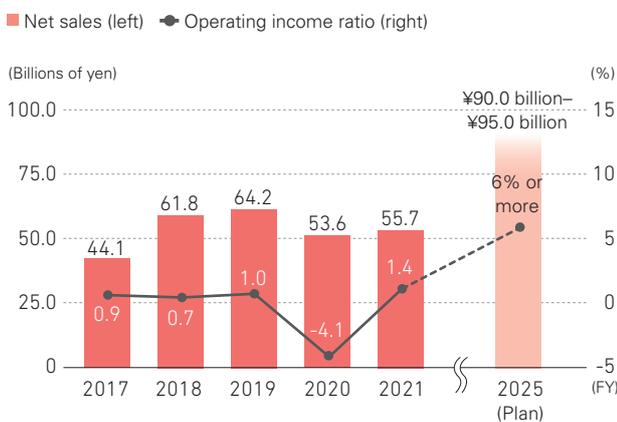
Opportunities

- Increase in labor-saving and automation needs prompted by labor shortages
- Rise in societal awareness of safety and health

T

Threats

- Commodification of our existing products due to technological innovation
- Prolongation of installation periods resulting from delays in the delivery of procured parts



Business Highlights

Net sales in fiscal 2021 amounted to ¥55.7 billion, up 3.9% from the previous fiscal year. In Japan, we registered favorable sales of automated sorting equipment, for which we are able to leverage our advantages in terms of functionality, and our leading niche product of automated storage systems for life sciences. In addition, our maintenance business posted record-high net sales. Tsubakimoto Bulk Systems Corporation, which offers equipment for bulk handling systems equipment, also grew its sales.

Although we recorded an operating loss of ¥2.2 billion in fiscal 2020, we recorded operating income of ¥799.0

million in fiscal 2021. Central Conveyor Company, LLC (CCC), our U.S. subsidiary, had seen a higher-than-expected increase in costs, partly in connection with the prolongation of works periods on an order it received for a large-scale project. Although the increase in costs led to CCC recording large losses, the size of its losses contracted significantly in fiscal 2021. In addition to the reduced losses at CCC, the improvement in profits was also driven by such factors as a decrease in the ratio of selling, general and administrative expenses (SG&A) to net sales, due in part to operational efficiency improvements and curbs on sales expenses centered on Japan during the COVID-19 pandemic, and an increase in sales of high-value-added products.

However, at 1.4%, the level of our operating income ratio remains low. With the completion in fiscal 2021 of the unprofitable projects that had triggered the downturn in its business performance, CCC is now finally able to direct its management resources to securing orders. We will provide unfailing support to return CCC to a normal growth path. Furthermore, we aim to achieve our fiscal 2025 numerical targets of net sales of between ¥90.0 billion and ¥95.0 billion and an operating income ratio of 6% or more by steadily implementing the following medium- to long-term growth strategies.

Medium- to Long-Term Growth Strategies

Expand the System Integration Business

Tsubaki's high-speed automated sorting equipment has achieved a high level of customer satisfaction for functionality and product lineup among systems for the distribution industry. Going forward, we will expand products with multiple functions, including temporary storage, image recognition, and grasping, and the system integration business combining the technologies and products of other companies. In this way, we will meet the expectations for automation and increased efficiency from the distribution industry by building cutting edge distribution systems.

1. Development and Sale of Next-Generation, New Products

The Tsubaki Group developed T-AstroX, a type of automated order sorting system with picking and storage functions, as a new product for distribution centers that underpin e-commerce.

In addition to our previous automated sorting equipment, we will leverage T-AstroX to promote the expansion of our system integration business.

2. Establishment of a Laboratory Facility Designed for Conducting Tests and Demonstrations of Cutting-Edge System Development

The Tsubaki Group, together with Ryutsu Service Co., Ltd., established KISAI BASE, a laboratory facility designed to serve as avenue for cutting-edge systems for the distribution industry and for conducting tests and demonstrations. Utilizing mixed reality (MR) technology, the laboratory can conduct simulations of distribution systems combining a variety of materials handling equipment. The laboratory also functions as a co-creation platform for generating ideas and promoting product development to realize collaborations with various companies.

» Expand the Maintenance Business

The increasing contributions of the maintenance business promises to strengthen our resilience to economic fluctuations and to have a major effect on improving our ability to achieve ongoing growth. While the maintenance business has shown steady growth in recent years, enhanced marketing efficiency utilizing DX is essential to achieving further growth. To this end, we have expanded the functions of the 24-hour on-call service—the main purpose of which has been to respond to customer issues—to enable it to operate as a management center for the maintenance business. Utilizing field service management (FSM) tools, it will efficiently dispatch maintenance personnel by consolidating all forms of customer information in its on-call center. In addition,

we will develop a system that allows us to quickly address maintenance needs by establishing a parts center. In the future, we will seek to create synergies with Power Transmission Operations with the aim of further expanding the maintenance business.

» Take on the Challenge of Offering Smart Factory Solutions

While it has long been offering solutions that contribute to factory automation (FA), the Tsubaki Group will utilize its abundant lineup of products with the goal of quickly addressing production automation needs, which have been increasing continuously in recent years. As part of these efforts, we will promote a shift toward a high-value-added FA business by expanding our range of solutions. Specifically, we will offer total solutions combining storage-related products that help improve productivity, multi-function conveyance systems with sensing and other functions, online monitoring equipment, and other products.

» Foray into the Field of Regenerative Medical Care

Tsubaki has established a leading track record in Japan for the delivery of ultra-low temperature storage units for the departments of institutions conducting research and development into low-molecular to macromolecular drugs. By utilizing the advanced storage and conveyance technologies it cultivated in this field, the Company has in recent years expanded its business into the field of automated processing of biological samples, such as DNA.

The high manufacturing costs of regenerative and cell therapies, which have attracted attention as next-generation medical treatments, have been cited as a barrier to their popularization. Tsubaki believes that promoting automation and labor saving in the manufacture and distribution of regenerative medical care-related products will help save the lives and improve the quality of the lives of a greater number of people by making regenerative medical care an accessible option.

Based on such views, Materials Handling Operations will expand its recruitment of technical experts in the biotechnology field while proactively implementing upfront investments, including in establishing and strengthening a business promotion organization.



T-AstroX, a 3D automated order sorting system developed by Tsubaki

Source of Value Creation – Tsubaki's Strengths

The Tsubaki Group has underpinned the development of industries globally by capitalizing on its four strengths of solution proposal capabilities, product development capabilities, manufacturing capabilities, and global responsiveness, on top of a solid financial foundation that is essentially debt free.

Under Long-Term Vision 2030 and Mid-Term Management Plan 2025, the Group will contribute to solving social issues of the future for its customers by further accelerating innovation in the field of motion to create innovative new products and solutions beyond expectations.

The Tsubaki Group – Underpinning Industries Globally



Solution Proposal Capabilities	Product Development Capabilities	Manufacturing Capabilities	Global Responsiveness
<ul style="list-style-type: none"> Abundant examples of solutions tailored to customer needs Record of supplying the world's leading manufacturers 	<ul style="list-style-type: none"> Products with leading global market shares Provision of Eco Products (SDG-oriented products) 	<ul style="list-style-type: none"> Passing on of skills and know-how cultivated through more than a century of manufacturing Provision of safe, reliable, and superior quality products 	<ul style="list-style-type: none"> Establishment of a global network of 81 companies in 26 countries and regions

Solid Financial Foundation

Tsubaki's ESG-Focused Management

- 38 Messages from Outside Directors
- 40 Sustainability Priority Matters and Progress to Date
- 42 Environmental Management
- 46 Human Resource Management
- 48 Health and Safety Management
- 49 Quality Management
- 50 Supply Chain Management
- 51 Research and Development and Intellectual Property
- 52 Corporate Governance
- 55 Compliance and Risk Management
- 56 Board of Directors, Audit & Supervisory Board
Members, and Executive Officers

**Driving the World...
and the Future**

Messages from Outside Directors

With the aims of enhancing its competitiveness and ensuring legal compliance, efficiency, and transparency in its management amid dramatic changes in the operating environment, the Tsubaki Group appoints outside directors with the necessary experience, specialist knowledge, and expertise to realize these aims.



Shuji Abe

Outside Director

My Expectations of the New Management Setup

New CEO Kenji Kose is a businessman well-versed in manufacturing and technology, which are the essentials of *monozukuri*. In contrast, new COO Takatoshi Kimura is a businessman with a deep knowledge of sales and marketing who can lead the Tsubaki Group's switch to a customer-oriented business. These differing backgrounds make for a well-balanced CEO and COO setup.

The most important element in spurring cutting-edge innovation is a company's human foundation. Accordingly, I hope that CEO Kose and COO Kimura will make the strengthening of its human foundation the highest priority task for the Tsubaki Group.

Key Reforms Necessary to Achieving Long-Term Vision 2030

The Tsubaki Group is a professional company in the field of motion. However, I think that it has been over-dependent on growth centered on the technological innovation of hardware. While refining products and creating added value are important, the Group must shift to selling "ideas" as it moves forward. Put simply, this means combining the Group's own core technologies and know-how to propose revolutionary motion. I have high hopes for the results of the bold restructuring and upfront investments focused on technology and people that the Group has implemented in order to strengthen its business of selling "ideas."



Keiichi Ando

Outside Director

Challenges to Achieving Ongoing Growth

While the Tsubaki Group must realize the new growth, innovative growth, and organic growth outlined in Long-Term Vision 2030 in a well-balanced manner, the creation of next-generation businesses is a particularly urgent task. Issues including the conservation of the planet, the utilization of artificial intelligence (AI) and the Internet of Things (IoT), and the expansion of advanced health care needs represent major growth opportunities for the Tsubaki Group. I hope that the Group will steadily capture these growth opportunities and use them to create next-generation businesses by strengthening its research and development and technological development capabilities while jointly promoting open innovation, including cooperation with external entities, rather than relying solely on its own foundations.

Toward Further Improvement of Corporate Value

The Tsubaki Group has a solid financial foundation that is essentially debt free. The Group also has strong free cash flow generating capabilities, leaving ample scope for it to implement strategic investments. I believe that exploiting this advantage through well-timed and aggressive investments in expanding its global production and sales bases, entering new business fields, including M&A partnerships, acquiring cutting-edge technologies and the human resources to utilize them, and other priority areas holds the key to enhancing the Group's growth potential.



Hisae Kitayama

Outside Director

The Tsubaki Group's Strengths and Challenges

The Tsubaki Group has created products tailored to customer and market needs by continuously and earnestly innovating and taking on challenges aimed at advancing the “art of moving.” Going forward, I hope that the Group will work to reinforce its business foundation while developing new products and creating new businesses that help resolve social issues for society as a whole, offering solutions that transcend the boundaries of *monozukuri* to promote innovative value creation that surpasses society’s expectations. Along with creating both economic and social value to contribute to the realization of a sustainable society, I expect that innovating and taking on challenges swiftly and boldly will enable the Tsubaki Group to achieve ongoing growth.

My Expectations of the Shift to ESG-Focused Management

Environmental issues are an urgent priority for the whole world and constitute a major risk. Addressing sustainability-related issues is a crucial management task that not only mitigates risk but also leads to earnings opportunities. My hope is that the Group will swiftly and proactively take on the challenge of addressing sustainability-related issues. Putting in place a workplace environment that enables a diverse range of human resources to work enthusiastically is also vital. I hope that the Group will tackle the development of human resources who are able to adapt to a rapidly changing and uncertain operating environment to spur innovation as well as human resources who will underpin its businesses going forward. I also believe that strengthening its global risk management system and enhancing its governance system will help the Group to achieve ongoing growth.

Skills Matrix of the Board of Directors

	Rank and Area of Responsibility	Corporate Management	Global Experience	Technology/ Development/ Production	Sales/ Marketing	Finance/ Accounting	Legal Affairs/ Compliance	Risk Management
Kenji Kose	Chairman	●		●	●			
Takatoshi Kimura	President	●	●		●			
Masaki Miyaji	Director	●	●	●				
Shuji Abe	Outside Director	●	●	●				
Keiichi Ando	Outside Director	●	●			●		
Hisae Kitayama	Outside Director	●				●		●

Note: The above table indicates a maximum of three of the main skills possessed by each director rather than representing all of their skills.

Sustainability Priority Matters and Progress to Date



Please refer to our website to view our Basic Policy on Sustainability and other detailed information.
<https://tsubakimoto.com/sustainability/plan/>

Material Issues (Priority Matters)		Contribution to the SDGs	KPIs	Targets and Results			
				Scope	Target Figure	Year of Achievement	FY2021 Results
E Environment	Climate change	 	Total reduction in CO ₂ emissions (FY2013 standard)	Domestic	30% 46%	FY2025 FY2030	19.8%
			Total reduction in CO ₂ emissions (FY2018 standard)	Overseas	20% or more 30% or more	FY2025 FY2030	4.2%
			Ratio of renewable energy consumption	Domestic	30% or more	FY2025	1.6%
			CDP climate change score	Global	A-	FY2023	B-
	Recycling-oriented society	 	Waste recycling rate	Domestic	99% or more	FY2030	96.8%
			PRTR-substance emissions	Domestic	130.9t or less	FY2030	121.8t
			Number of violations of environmental laws and regulations	Global	0	Annually	0
S Society	Respect for human rights / Promotion of diversity	 	Number of companies implementing ethics education	Domestic	12	Annually	11
			Number of companies implementing due diligence regarding respect for human rights	Global	31	FY2022	5
			Ratio of employees with disabilities	Non-consolidated	2.5%	FY2025	2.35%
			Ratio of companies meeting legally required employment ratios for people with disabilities	Domestic	100%	FY2025	44.4%
			Number of non-Japanese employees	Non-consolidated	85	FY2030	26
			Ratio of senior female employees	Domestic	10%	FY2030	4.0%
	Cultivation of human resources / Workstyle reforms	 	Education plan implementation rate	Non-consolidated	100%	Annually	97.9%
			Ratio of paid leave acquisition	Non-consolidated	85%	FY2025	66%
			Ratio of maternity and childcare leave-takers who have returned to work	Non-consolidated	—	—	100%
			Ratio of employees with high level of stress	Non-consolidated	5.0%	FY2025	6.5%
	Health and safety	 	Number of lost time accidents	Domestic	0	Annually	5
	Quality assurance	 	Number of major quality issue occurrences	Global	0	Annually	2
	Contributions to local communities		—	—	—	—	
	Sustainable procurement		Number of companies to which we have delivered webinars on reducing CO ₂ emissions	Domestic	200 or more	Implementing in FY2021 only	237
Ratio of companies implementing status surveys of CO ₂ emission reductions initiatives			Domestic	95% or more	Implementing every three years (plan)	90.3%	
Number of sustainability guidelines issued			Domestic	900 or more	Annually	941	
—			—	—	—		
—			—	—	—		
G Governance	 	Compliance	Number of serious violations of Company regulations	Global	0	Annually	0
		Disaster resilience / Business continuity planning / Crisis management	Number of companies participating in Corporate Ethics Awareness Month	Global	51	Annually	32
			Ratio of business sites implementing disaster prevention and evacuation drills	Domestic	100%	Annually	100%
		Information security	Number of business sites revising their business continuity plans (BCPs)	Domestic	17	FY2023	Implementing from FY2022
			Number of serious system incident occurrences	Domestic	0	Annually	0
			Number of information security accident occurrences	Global	0	Annually	1
		Information disclosure	—	—	—	—	
Management of intellectual property	Number of valid warnings received claiming infringement of intellectual property rights	Global	0	Annually	0		

Guided by its Basic Policy on Sustainability, the Tsubaki Group has determined material issues (sustainability priority matters) and key performance indicators (KPIs) for each environmental, social, and governance (ESG) category. In fiscal 2021, our activities progressed as set out in the table below. In March 2022, meanwhile, we declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and became a signatory to the United Nations Global Compact (UNGC).

Progress to Date	Remaining Issues and Direction of Future Initiatives
<ul style="list-style-type: none"> In addition to various energy-saving and related activities implemented within plants to date, launched just-in-time (JIT) initiatives for energy at model factories; Decided to purchase green electricity from FY2022 	<ul style="list-style-type: none"> Extend energy-saving activities at model factories to other business sites Begin purchasing green electricity at business sites in accordance with green electricity purchasing plans
<ul style="list-style-type: none"> Set CO₂ emissions reduction targets for overseas business sites and raised their awareness of the targets 	<ul style="list-style-type: none"> Investigate the conditions in countries where overseas business sites are located to formulate CO₂ emissions reduction plans specific to each country
<ul style="list-style-type: none"> Formulated a policy in FY2021 for purchasing renewable energy (for domestic business sites) in FY2022 	<ul style="list-style-type: none"> Examine the possibility of planned purchases of renewable energy in accordance with the policy and extending the policy for purchases by overseas business sites
<ul style="list-style-type: none"> In the three years leading up to FY2020, focused on expanding the CDP reporting boundary and implementing activities for reducing Scope 1 and Scope 2 CO₂ emissions at domestic business sites In addition to the CDP, examined and formulated TCFD-recommended disclosures and formally declared support for the TCFD and its recommendations Revised the Group committee system within the Group to strengthen environmental governance, establishing the Sustainability Committee as a committee higher in rank than the Environment Committee and placing it under the supervision of the Board of Directors 	<ul style="list-style-type: none"> Steadily increase the CDP climate change score by enhancing response content, such as explanations on scenario analyses and low-carbon products and initiatives aimed at reducing Scope 3 emissions Ascertain Scope 3 emissions with a view to obtaining certification from the Science Based Targets initiative (SBTi) and make preparations for setting reduction targets (placing particular emphasis on Category 1 and Category 11 emissions)
<ul style="list-style-type: none"> Introduced the EcoFactory Certification System in FY2018 for domestic business sites, subsequently implementing continuous efforts to raise environmental awareness through the visualization of waste volumes and recycling rates for each business site Examined further recycling measures and created improvement plans for business sites with low recycling rates Strengthened the legal compliance process in the ISO 14001 system for each business site 	<ul style="list-style-type: none"> Formulate a specific improvement plan to boost the recycling rate in Japan with the aim of earning EcoFactory certification for all business sites Introduce the EcoFactory Certification System for overseas business sites and promote appropriate information disclosure
<ul style="list-style-type: none"> Designated a Corporate Ethics Awareness Month to implement activities raising awareness of compliance in Japan and overseas Carried out a preliminary survey of major overseas Group companies on human rights violations, with no major issues identified 	<ul style="list-style-type: none"> Maintain initiatives pursued thus far and make planned improvements to them Implement due diligence regarding respect for human rights at major overseas Group companies
<ul style="list-style-type: none"> Established a special subsidiary to promote the employment of people with disabilities in FY2020; Advanced improvements of the workplace environment and expanded the scope of duties of employees with disabilities to achieve FY2025 KPI target (ratio of employees with disabilities of 2.5%) 	<ul style="list-style-type: none"> Provide support for the efforts of domestic Group companies to meet legally required employment ratios for people with disabilities
<ul style="list-style-type: none"> Increased the number of women among senior employees in FY2021 by promoting awareness-raising activities within the Group Despite stepped-up efforts to recruit non-Japanese employees, the impact of the COVID-19 pandemic has meant these efforts have not produced results 	<ul style="list-style-type: none"> Create comprehensive leaflets on maternity and childcare leave and use them to carry out awareness-raising activities within the Company to advance the creation of workplaces where all employees can take an active role, irrespective of their gender or living environment Work proactively to increase the number of non-Japanese employees by diversifying types of employment status
<ul style="list-style-type: none"> Endeavored to maintain the education plan implementation rate by moving ahead with a switch to remote training; Upgraded the content of themes in need of strengthening by implementing training and other activities through dispatches of employees to external agencies and the use of external lecturers 	<ul style="list-style-type: none"> Continue proactively to work on human resource education, including Companywide education through Tsubaki's own three schools, divisional education, and global human resource education, including dispatching trainees overseas
<ul style="list-style-type: none"> Promoted remote working, staggered working hours, and other innovations as part of workstyle reforms and pushed on with corresponding revisions of workflows and office layouts Though helped by the impact of special paid leave for COVID-19 vaccinations and infections, the ratio of paid leave acquisition in FY2021 increased from the previous fiscal year 	<ul style="list-style-type: none"> Continue designing systems and revising workflows to facilitate diverse workstyles Encourage employees to make use of paid leave in a planned manner
<ul style="list-style-type: none"> Implemented mental health education on a regular basis and established an internal consultation service operated by dedicated personnel 	<ul style="list-style-type: none"> Maintain efforts to reduce the number of long-term absentees and employees with high levels of stress by enhancing care by line supervisors and encouraging self-care
<ul style="list-style-type: none"> Completed the Safe-Person Manual, thereby concluding the documentation of the three pillars of the Tsubaki Group's health and safety activities together with the Risk Assessment Guidelines and the Machinery and Equipment Safety Guidelines 	<ul style="list-style-type: none"> Promote health and safety activities from soft and hard perspectives using the Safe-Person Manual and the Machinery and Equipment Safety Guidelines; Work to share information with global bases on serious accidents
<ul style="list-style-type: none"> Extended actions (comprehensive inspections and implementation of countermeasures) in response to quality problems that occurred in FY2020 to manufacturing bases in Japan and overseas to prevent recurrences 	<ul style="list-style-type: none"> Continue to conduct internal audits from a third-party perspective in tandem with quality assurance activities in each division; Strengthen quality assurance by focusing in FY2022 on the management of changes, which causes bottlenecks in addressing quality problems
<ul style="list-style-type: none"> Canceled all events, such as the Cherry Blossom Festival and Summer Vacation Parent-Child Plant Tour, planned at various plants for FY2020 and FY2021 to prevent the spread of COVID-19 Donated one eLINK to Hanno City Hall, Saitama Prefecture, in April 2021 to support the strengthening of its disaster preparedness system 	<ul style="list-style-type: none"> Hold events to the extent possible in accordance with COVID-19 infection conditions and examine the possibility of virtual events to reflect changes in the social environment Verify the implementation status of the social contribution activities of domestic Group companies to examine the possibility of holding joint events
<ul style="list-style-type: none"> Completely revised the Green Procurement Guidelines in FY2019 and carried out a basic survey in relation to the environment Held a webinar in FY2021 for major domestic suppliers on carbon neutrality initiatives; Investigated the current status of each supplier's CO₂ emission reduction activities Established Supplier Sustainability Guidelines and distributed them to major domestic suppliers and overseas Group companies 	<ul style="list-style-type: none"> Taking into account the results of status surveys of the CO₂ emissions reduction activities of major suppliers, offer educational support corresponding to the level of activities to help improve the activities of each such supplier Establish a system for regularly reporting actual emissions (CO₂ emissions at the time of the manufacture of products supplied to Tsubaki) equivalent to the Company's Scope 3, Category 1 emissions to key suppliers
<ul style="list-style-type: none"> Established the Basic Procurement Policy to promote fair business transactions; Carried out activities to realize sustainable procurement that included annual procurement policy briefings and chemical substance surveys 	<ul style="list-style-type: none"> Advance the creation and publication of sustainability guidelines for suppliers at overseas Group companies Promote the procurement from multiple sources of materials, parts, and other products that cannot be substituted and the diversification of suppliers through the sharing of supplier information within the Group in order to mitigate the supply chain risks that have become evident due to the global spread of COVID-19 and the deterioration of the situation in Ukraine Strengthen JIT and value analysis activities for energy to reduce energy and raw materials costs; Endeavor to realize purchase and sales prices corresponding to the conditions of the times by negotiating with both suppliers and customers
<ul style="list-style-type: none"> Raised employee awareness of compliance and thoroughly familiarized personnel with corporate ethics through the Corporate Ethics Awareness Month and a range of training programs 	<ul style="list-style-type: none"> Ensure thorough compliance by maintaining activities to data and making continuous improvements
<ul style="list-style-type: none"> Based on the Tsubaki Group Basic BCP Strategy, carried out various disaster preparedness activities, including disaster preparedness drills, drills using a safety confirmation system, and stockpiling of disaster preparedness items Focused in particular in FY2021 on creating basic rules on initial responses in the event of a large-scale disaster and BCP activity flows for the first three hours after such a disaster at major domestic business sites Revised the Electronic Information Security Policy and thoroughly familiarized Group companies in Japan and overseas with the policy Completed the installation of endpoint detection and response (EDR), a security tool that quickly detects and eliminates threats when computer systems are penetrated by malware (malicious software programs) Responded (also communicating proactively on voluntary disclosure matters) in cooperation with related departments on a case-by-case basis in accordance with the Tokyo Stock Exchange's guidelines on disclosure standards Continued promoting activities to entrench intellectual property awareness by continuously holding seminars (level-specific seminars for engineers, seminars on various intellectual property systems, etc.) and issuing a broad array of guidelines (compensation and incentive guidelines and trademark guidelines) 	<ul style="list-style-type: none"> Create BCPs at each division and company and implement crisis response drills for top management Implement fire, disaster, and crime prevention audits at domestic Group companies Investigate the property and casualty insurance status of overseas Group companies and create and publicize Property and Casualty Insurance Guidelines
<ul style="list-style-type: none"> Completed the installation of endpoint detection and response (EDR), a security tool that quickly detects and eliminates threats when computer systems are penetrated by malware (malicious software programs) 	<ul style="list-style-type: none"> Promote the bolstering of email security measures to enhance the response capabilities of email recipients by continuously implementing targeted e-mail attack drills and security education
<ul style="list-style-type: none"> Responded (also communicating proactively on voluntary disclosure matters) in cooperation with related departments on a case-by-case basis in accordance with the Tokyo Stock Exchange's guidelines on disclosure standards 	<ul style="list-style-type: none"> Strengthen the Group's efforts to disclose sustainability-related information
<ul style="list-style-type: none"> Continued promoting activities to entrench intellectual property awareness by continuously holding seminars (level-specific seminars for engineers, seminars on various intellectual property systems, etc.) and issuing a broad array of guidelines (compensation and incentive guidelines and trademark guidelines) 	<ul style="list-style-type: none"> Continue making an inventory of the Company's trademarks (corporate products); Implement intellectual property training on an ongoing basis, create written documents explaining patent surveys, and publicize trademark guidelines

E Environmental Management

In order to contribute to the development of a sustainable society, the Tsubaki Group has established an Environmental Philosophy and a Basic Environmental Policy, based on which it is working to reduce its environmental impact from a medium- to long-term perspective while proactively developing and offering new products targeting the eco (SDGs) market. In particular, we will address the issue of climate change, which we view as a priority issue of the utmost urgency, by closely monitoring international standards and market and customer trends.



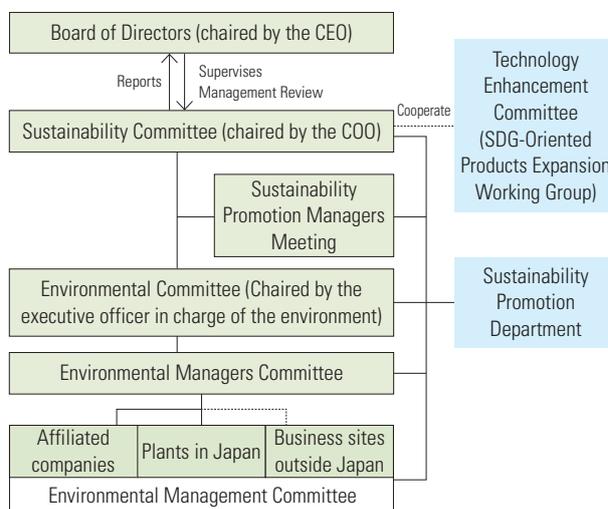
Please refer to our website for details on our environmental management.
<https://tsubakimoto.com/sustainability/environment/>

Environmental Activity Initiatives

Environmental Management System

Under the Sustainability Committee, which is chaired by the COO, the Environmental Committee takes the lead in promoting the Group's environmental management. Chaired by the executive officer in charge of the environment for Tsubakimoto Chain, the Environmental Committee comprises the general managers of each of Tsubakimoto Chain's business segments and representatives of each domestic Group manufacturing company. The committee addresses the Group's environmental issues, including climate change, from a medium- to long-term perspective. In addition, overseas business sites appoint staff to promote the environment who communicate with the Tsubakimoto Chain Sustainability Department (Group Environmental Secretariat).

System for Promoting the Environment



Mid-Term Management Plan 2025 and Environmental Activities

As climate change progresses, the Group recognizes that reducing total CO₂ emissions is a key social issue. Setting out carbon neutral initiatives as priority matters, Mid-Term Management Plan 2025 promotes specific initiatives based on our environmental action plan, which is guided by our long-term environmental target of reducing our total domestic CO₂ emissions by 46% by fiscal 2030 (with fiscal 2013 as the base year) in Japan.



Proactively adopting solar power and energy-saving production methods at our new factories

Targets for Reducing Total CO₂ Emissions

	2025	2030 (FY)
Domestic business sites (compared to FY2013)	30%	46%
Overseas business sites (compared to FY2018)	20% or more	30% or more

Initiatives for Reducing Total CO₂ Emissions in Mid-Term Management Plan 2025

- 1. Reduce CO₂ emissions through production reform**
 - Increase energy efficiency by switching to energy-saving production methods and investing in equipment
 - Expand solar power generation
 - Purchase optimal amount of renewable energy
 - Apply insulating paint coatings and convert to liquefied natural gas (LNG) fuel
- 2. Develop and promote products with reduced environmental impact**
 - Develop and expand sales of new products that contribute to reduction of environmental impact throughout product life cycles

Initiatives for Creating a Recycling-Oriented Society

The Tsubaki Group takes a proactive approach to reducing and recycling waste. In fiscal 2021, the combined total amount of industrial and general waste emissions was 5,120 tons, representing an increase of 10.2% year-on-year. The recycling rate remained high at an annual average of 96.8% for the fiscal year.

The Tsubaki Group surveys emissions of chemical substances specified by the Pollutant Release and Transfer Law (PRTR Law) and works continuously to

reduce the use of such substances and promote the transition to less-hazardous substances in its production processes. In fiscal 2021, the Group's annual PRTR report discovered the presence of such substances in seven plants at four companies. The Tsubaki Group has adopted PRTR control as a management indicator under the Eco-Factory Certification System and is also reducing the use of strictly controlled substances at plants that are not required to report under this system.

Creation of SDG-Oriented Products (CSV*)

The Tsubaki Group has created many unique products that are environment-friendly, such as those offering an extended service life, energy-efficient features, and compact designs. In 2011, we started the Eco Products system with the aim of bolstering product development that helps customers reduce their environmental impact and improve their economic performance.

Under Long-Term Vision 2030, we have strengthened these activities from the perspective of sustainability (of the environment, society, and economy) and expanded the scope of the previous Eco Products to SDG-oriented products. The Tsubaki Group is working to create SDG-oriented products (CSV) by focusing on the three social issues it must solve.

*CSV: Creating Shared Value

SDG-Oriented Products for Solving the Three Social Issues

(1) Creating an Earth-friendly society

Providing Eco Products that contribute to the global environment and conserve resources and energy

(2) Creating a people-friendly society

Providing equipment that contributes to medical care, health, and aging

(3) Building a safe and secure infrastructure for living

Providing products that contribute to infrastructure construction, disaster preparedness, and urban development



Please refer to our website for details on SDG-oriented products.

<https://tsubakimoto.com/sustainability/eco-products/>

Relationship between the SDGs and the three social issues



Classification of SDG-oriented products

KPI

Products that contribute to the SDGs (excluding Eco Products)	<ul style="list-style-type: none"> ● Number of new registrations per year ● Ratio of SDG-contributing products to total sales in each business division
Environmental products (Eco Products)	<ul style="list-style-type: none"> ● Number of new registrations per year ● Environmental contribution (CO₂ emissions reduction: t-CO₂)

Compliance with the Task Force on Climate-related Financial Disclosures

Climate change presents major physical risks that include rising temperatures and more intense natural disasters. From a business perspective, while the transition to decarbonization poses a risk that could have a significant impact on the Group's business operations, business domains, and product concepts, we recognize that the implementation of appropriate countermeasures will provide opportunities to strengthen our corporate structure, improve competitiveness, and develop new markets and business opportunities.

In recognition of these circumstances, in March 2022, the Tsubaki Group announced its support of the Task

Force on Climate-related Financial Disclosures (TCFD). Utilizing the information disclosure framework recommended by the TCFD, which includes the risks and opportunities posed by climate change, we will identify and evaluate our own risks and opportunities and reflect the relevant countermeasures in our business strategies. Moreover, we will proactively disclose all relevant information related to these initiatives.



The TCFD was established by the Financial Stability Board in response to a request from the G20 Meeting of Finance Ministers and Central Bank Governors

Climate Change-Related Governance System

The Sustainability Committee conducts risk assessments and assessments of the importance of material issues regarding climate change and other environmental issues, identifies important risks and opportunities for the Tsubaki Group, sets KPIs and targets, and comprehensively manages the progress of these initiatives.

The Board of Directors receives regular reports from the Sustainability Committee on the status of initiatives and key performance indicators (KPIs) and other matters. This

system enables the Board of Directors to provide supervision.

Regarding specific initiatives, we have formulated an action plan in accordance with the Mid-term Management Plan for Carbon Neutrality and the CO₂ Emissions Reduction Road Map formulated by the Environmental Committee. Centered on the Environmental Committee, the entire Group implements the plan-do-check-act (PDCA) cycle with respect to all initiatives.

Measures in Response to Risks and Opportunities

With regard to the risks and opportunities identified in the scenario analysis, we have summarized the magnitude of the risks and our measures in response to them as follows. For opportunities in particular, we have identified factors and examined response measures based on Long-term Vision 2030 in terms of the three factors of improving the profitability of existing businesses, achieving business expansion through innovative growth, and achieving new growth (new businesses).

■ Responding to and Addressing Risks

	Categories		Response Measures		Magnitude of Risk	
	Sub-Categories	Risk/Opportunity Categories	Companywide Management Systems	Business (Plant) Operation	1.5°C	4°C
Transition Risks	Government policies, laws, and regulations	Rising carbon prices Carbon emission targets Energy-saving policies Subsidies for renewable energy	<ul style="list-style-type: none"> CO₂ emissions reduction target setting and reduction activities according to the Paris Agreement Compliance with SBTi and setting of targets and promotion of reduction initiatives for Scope 3 Collecting and responding to information on carbon-neutral policies inside and outside Japan Consideration of an internal carbon pricing system 	<ul style="list-style-type: none"> Construction of a smart factory (improved productivity and efficiency, and zero loss) Strengthened energy management Implementation of Scope 3 emissions reduction initiatives from a life cycle assessment (LCA) perspective Monitoring and complying with climate-change-related laws and regulations in all countries and regions Promotion of green procurement 	High	Medium/ Low
	Market trends	Changes to energy mix Transition to a decarbonized society	<ul style="list-style-type: none"> Upfront investment in improvements and development of new products for realizing carbon neutrality Planned introduction of renewable energy (in-house power generation, purchasing of carbon-free power) 	<ul style="list-style-type: none"> Monitoring and considering the introduction of alternative energy technologies (hydrogen and storage batteries and the like) Increase in the market share of existing products for hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicle (PHEVs) as transitional technologies Development of a heat treatment technology (using hydrocarbon-free gas) that does not emit CO₂ Development and sale of chains incorporating materials requiring no heat treatment 	High	Medium/ Low
	Technological development	Technologies for energy saving and decarbonization	<ul style="list-style-type: none"> Promotion of development of energy-saving and decarbonization technologies (strengthening organization, upfront investment) 	<ul style="list-style-type: none"> Research on new decarbonizing technologies and new materials through close monitoring of the energy industry 	High	Low
	Evaluation and assessment	Changes in evaluations from stakeholders	<ul style="list-style-type: none"> Enhancing information disclosure to evaluation organizations such as the CDP climate change program Enhancing disclosure of scenario analysis as part of TCFD recommendations Balancing of ESG management practices with an assured minimum dividend payout ratio of 30% 	<ul style="list-style-type: none"> Improving customer satisfaction by strengthening initiatives from the LCA perspective of each customer Strengthening communication with customers to achieve faster identification of needs 	Medium	Low
Physical Risks	Chronic damage	Rising temperatures	<ul style="list-style-type: none"> Considering the introduction of daylight saving time 	<ul style="list-style-type: none"> Enhancing heat stroke countermeasures by installing air conditioning in plants and offices Actively investing upfront in workplace and workstyle reforms 	Medium	High
		Rising sea levels	<ul style="list-style-type: none"> Reflecting the risk of sea levels rise in the evaluation of location conditions for new business establishments 	—		
	Acute damage	Abnormal weather (wind and flood damage)	<ul style="list-style-type: none"> Controlling spending in response to emergencies by strengthening measures for adapting to natural disasters (business continuity planning for production and the supply chain) 	<ul style="list-style-type: none"> Consideration of measures for international business sites with high flood risk Improving adaptability of plants and service sites, strengthening business continuity planning, securing appropriate inventory, engaging in joint purchases with multiple companies 	Medium	High

Strategy (Scenario Analysis)

Classifying the impacts of climate change into transition risks and physical risks, we have assessed the importance of each of the anticipated risks and opportunities in terms of the magnitude and duration of the impacts.

We have also analyzed the impact on the Group's financial indicators by assuming a society in 2030 based on two scenarios: one in which the temperature rise is limited to within 1.5°C through a transition to a decarbonized society; and a scenario in which the temperature rise reaches 4°C.

Both scenarios involve numerous risks and opportunities associated with climate change, which will impact net sales and profits both positively and negatively. The single most important issue for us could be considered to be how to minimize the risks and maximize the opportunities. To this end, we have formulated the following measures in response to risks and opportunities.

Risk Management

The Sustainability Committee will periodically verify and review the assessments of the importance of material issues related to ESG-related issues. In addition, efforts to address each issue through the PDCA cycle are implemented within each committee organization.

The Group revised its Basic Environmental Policy in March 2021. In response to climate change issues, we have committed to raising CO₂ reduction targets in accordance with the guidelines of the Paris Agreement and implementing reduction initiatives. Going forward, the Environmental Committee will continue to verify the demands of stakeholders and the progress of the Company's initiatives and periodically evaluate the importance of environmental issues, including climate change. The Environmental Committee submits important matters to the Sustainability Committee for consideration.

Indicators and Targets

Type	Indicators	Scope	Base Year	Medium-Term Targets (FY2025)	Long-Term Targets (FY2030)	FY2050 Targets
Quantitative Goals	Scopes 1 and 2 Total emissions reduction rate	In Japan	FY2013	30%	46%	Net-zero
		Globally	FY2018	20% or more	30% or more	
	Scope 3 Emissions reduction rate A-	Globally		Currently preparing to apply for SBTi* validation (plan to disclose after applying to SBTi)		
Qualitative Goals	Ratio of renewable energy	In Japan	FY2013	Minimum of 30% of power consumption	To be determined when Mid-Term Management Plan 2030 is formulated	100% of power consumption
	CDP climate change score	Globally	—	A-	A	—

* The Science Based Targets initiative (SBTi), is an international initiative that serves as an indicator of greenhouse gas emission reduction targets adopted by companies. Companies that are members of the SBTi set greenhouse gas reduction targets for Scopes 1, 2, and 3 to meet the certification criteria set by the SBTi. They may be certified by the SBTi once their criteria are recognized.

Responding to and Addressing Opportunities

	Categories		Response Measures		
	Sub-Categories	Risk/Opportunity Categories	Identifying Measures to Improve Profitability of Existing Businesses	Identifying Measures to Achieve Business Expansion through Innovative Growth	Direction of New Growth (New Businesses)
Transition Opportunities	Government policies, laws, and regulations	Rising carbon prices Carbon emission targets Energy-saving policies Subsidies for renewable energy	<ul style="list-style-type: none"> Reducing costs through thorough energy-saving activities (JIT energy supply) Reducing costs of materials, parts, energy, processing, transportation, etc. through Scope 3 emissions reduction initiatives Considering the efficient use of renewable energy subsidy systems in locations around the world 	<ul style="list-style-type: none"> Transforming into a Linked Automation plant that fully employs advanced IT technology 	<p>Social issues to be addressed under Long-term Vision 2030 and direction of new business development for solving the issues</p> <p>(1) Creating a people-friendly society for living</p> <ul style="list-style-type: none"> Medical care, health, and aging Building infrastructure <p>(2) Building a safe and secure infrastructure for living</p> <ul style="list-style-type: none"> Sustainable economic growth Disaster prevention and urban development <p>(3) Creating an earth-friendly society</p> <ul style="list-style-type: none"> Global environment Resources and energy
	Market trends	Changes to energy mix	<ul style="list-style-type: none"> Expansion of the renewable energy infrastructure business Developing and gaining market share for improved environment-friendly products (compact, lightweight, and low friction) Expanding sales of linear actuators as part of equipment electrification amid the transition away from hydraulic and pneumatic systems Expanding sales of V2X bi-directional EV charging systems (eLINK) 	<ul style="list-style-type: none"> Increasing sales through continuous development of SDG-oriented and carbon-neutral products Development and market launch of ICE-compatible new fuel products (e-fuel, hydrogen, etc.) Development and market launch of new personal mobility products Development and market launch of in-vehicle products for electric vehicles Development of Smart Motion Units Providing solutions for new automobile manufacturing plants Developing environment-friendly plastics and incorporating them in products 	
	Technological development	Transition to a decarbonized society	<ul style="list-style-type: none"> Engaging in external public relations regarding improvement of the work environment and workstyle reforms Engaging in public relations regarding the workplace environment through automation of production process and remote operation Expanding sales of products for seawalls and waterproof doors in response to rising sea levels 	<ul style="list-style-type: none"> Streamlining sales activities by introducing digital marketing Promoting technical collaborations for the development and acquisition of new technologies 	
	Evaluation and assessment	Technologies for energy saving and decarbonization	<ul style="list-style-type: none"> Increasing market share and improving profitability by steadily improving the Quality, Cost, Delivery, Safety, and Engagement (QCDS) elements of existing businesses Engendering trust by achieving climate change-related goals Improving external evaluations and trust from stakeholders through appropriate information disclosure 	<ul style="list-style-type: none"> Development of agricultural technologies resilient to climate change (automation, plant factories) 	
Physical Opportunities	Chronic damage	Changes in evaluations from stakeholders	<ul style="list-style-type: none"> Engaging in external public relations regarding improvement of the work environment and workstyle reforms Engaging in public relations regarding the workplace environment through automation of production process and remote operation Expanding sales of products for seawalls and waterproof doors in response to rising sea levels 	—	
	Acute damage	Rising temperatures Rising sea levels Abnormal weather (wind and flood damage)	<ul style="list-style-type: none"> Expansion of sales in the disaster preparedness market 	<ul style="list-style-type: none"> Development of agricultural technologies resilient to climate change (automation, plant factories) 	

S Human Resource Management

The Tsubaki Group views human resources as the most vital component of its management base. Accordingly, the Group advances the establishment of an environment where people from various backgrounds can work positively and vigorously and strives to cultivate the human resources who will support its business growth going forward. In addition, we have expressed our support for the Universal Declaration on Human Rights by becoming a signatory to the United Nations Global Compact* and respect human rights as one of our responsibilities to society.

* The Tsubaki Group was registered as a participating company on March 31, 2022.



Please refer to our website for details on our human resource management.

<https://tsubakimoto.com/sustainability/society/employees/>

Respect for Human Rights

To ensure that nobody involved in its businesses is subject to any form of discrimination or harassment that violates individual dignity including on the grounds of race, ethnic group, nationality, social status, origin, gender, disability, health status, thoughts and beliefs, sexual orientation, or difference of job type or employment status—the Group has established the Basic Human Rights Policy and implements measures to enhance ethics awareness among employees.

In fiscal 2021, we conducted a preliminary human rights

due diligence survey of five overseas subsidiaries. In the survey, we confirmed that no major human rights concerns existed at the subsidiaries and conducted interviews on the status of their human rights initiatives. We have also established a Corporate Ethics Hotline and assigned employees to engage in consultations on any topic and handle routine matters in addition to risk-related compliance. Through these efforts, we are promoting the creation of a safe and comfortable workplace environment.

Initiatives for Cultivating Human Resources

The drivers of the Tsubaki Group's growth are the technological capabilities and technical skills it has continuously refined as a manufacturer since its founding. With the aim of passing on expertise to the next generation and reinforcing technical skills, we launched the Tsubaki Techno School in April 1998 for young engineers. Subsequently, we expanded the school's curriculum to include technical and sales categories. By combining training by function, as exemplified by the Tsubaki Techno School, with level-specific training across all job categories, we have generated a positive cycle in which we increase the awareness of employees and enhance their levels of technological and technical expertise.

Cultivation of Engineers

We conduct beginner-level training courses at the Tsubaki Techno School on the mechanical and processing technologies, electricity, and control required to carry on Tsubaki's *monozukuri*. Intermediate courses focus on practical training, with a technical course for trainees to learn specialist skills

according to their business division and a business course for acquiring skills and knowledge on a variety of topics common to engineers, such as problem-solving capabilities, presentation skills, intellectual property, and trademarks. We are also devoting efforts to developing human resources to promote digital transformation (DX) by incorporating new technological fields into the school's curriculum.

Besides such training, we hold the Tsubaki Technology Forum at which departments present their latest technologies. The forum provides opportunities for employees to share ideas, interact, and engage in co-creation that transcends departments. We also dispatch young and mid-career engineers to outside seminars to learn about advanced technologies and technology management while interacting with engineers from outside the Company as a way to provide them with growth opportunities. In fiscal 2021, 40 such employees participated in six seminars and conferences.



Online training (carefully avoiding closed spaces, crowded places, and close-contact settings)



Overseas trainee (United States)



The Tsubaki Skills Olympics, which aims to facilitate enhanced technical skills and interactions between departments

Initiatives for Reforming Workstyles

Since 2018, Tsubakimoto Chain has been promoting workstyle reforms to enable a diverse range of employees to perform to the best of their individual abilities. Under these reforms, we have been pursuing a variety of measures to realize efficient and flexible workstyles. As part of these measures, we have expanded opportunities for employees to telecommute from the head office and branch offices to each plant. We are continuing to review the office layout to

improve both communication and work efficiency by introducing a “free address” unassigned seating system, creating a more casual atmosphere in meeting spaces, and renovating our refresh spaces to provide a “glamping” experience. In addition, at the Labor/Management Joint Committee labor and management are collaborating to implement initiatives to reduce excessively long work hours and promote the utilization of paid vacation time.

Promotion of Diversity

The Tsubaki Group is building on its traditional work-focused emphasis on roles and results to promote reforms of its personnel system with a focus on diversity. With these reforms, the Group is working to develop a workplace environment where a variety of people can work positively and vigorously and with peace of mind while being fairly evaluated without regard to nationality, gender, or age.

Active Participation of Women

To promote the active participation of women, we have adopted the target of increasing the percentage of female employees on a non-consolidated basis to 10% (the percentage was 8.9% as of April 1, 2022), and are actively encouraging applications from various high schools and universities. In addition, we are advancing the promotion of women to management positions by proactively providing opportunities for promotion to outstanding employees,

irrespective of gender. Moreover, with the rate of return to work among maternity/childcare leave-takers at 100% in the past two years, we have clearly created a workplace environment that is also comfortable for women after giving birth.

Promotion of the Employment of People with Disabilities

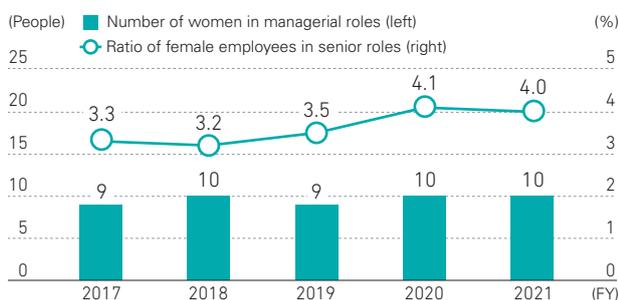
We are striving to expand the employment of people with disabilities in a wide range of fields, including at manufacturing worksites and in administrative work and health management, by developing a workplace environment that allows them to engage in work that makes use of their individual talents and aptitudes. In fiscal 2020, we established a special subsidiary that succeeded in promoting further employment of people with disabilities to ensure legally compliant employment rates at Tsubakimoto Chain. Going forward, we will aim to further expand the employment of people with disabilities.

Active Participation of Older Employees

In April 2020, we introduced the Age 65 Retirement System, extending the mandatory retirement age from 60 to 65 years old. Together with the introduction of the Age 65 Retirement System, we have also improved our treatment of older employees. As a result, we have maintained a rate of continuous employment of around 90% since the introduction of the system.

We have also enhanced career training for employees when they are 50 years old. We revised the training content to encourage such employees to maintain their desire to work and continue learning until they reach 65 years old, in an effort to help them adjust their outlook.

Number of Women in Managerial Roles / Ratio of Female Employees in Senior Roles (Domestic)



TOPICS

Publication of the Tsubaki Maternity and Childcare Leave Handbook

The Human Resources Department published the Maternity and Childcare Leave Handbook to ensure that the Group's maternity and childcare leave systems are properly understood and widely utilized. In response to requests from female employees, the department also held a workplace orientation session which was attended by maternity and childcare leave takers. We are seeing an increase in the utilization of such leave. For example, nine male employees have taken childcare leave of at least one month in the past three years. Having a variety of people taking childcare leave has led to revisions of work procedures and workstyles and the establishment of mutually supportive relationships within the workplace.



S Health and Safety Management

As a *monozukuri* company, the Tsubaki Group has adopted "Take pride in the Tsubaki brand and make safety and quality our No.1 priority" in its Code of Conduct. Guided by Basic Health and Safety Policies and Basic Policy on Health Promotion Activities, it is working to prevent work-related accidents and maintain and enhance the health of its employees.



Please refer to our website for details on our health and safety management.

<https://tsubakimoto.com/sustainability/society/employees/health/>

Health and Safety Management System

The Group has established the Health and Safety Committee to supervise health and safety activities for the Group as a whole. Based on the Health and Safety Activities Plan, the committee confirms the progress status of safety activities at business sites.

Specifically, the committee promotes ongoing safety activities based on the following three pillars.

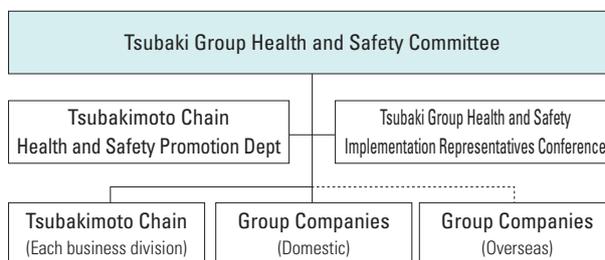
(1) Risk management: Promotion of risk assessment activities to prevent serious accidents

(2) Equipment and work environment maintenance:

Application of machinery and equipment safety guidelines that aim to realize the fundamental safety of machinery

(3) Employee development: Cultivation of safety-oriented personnel who understand and follow basic safety protocol at all times

System for Health and Safety Management System



Initiatives to Prevent Serious Accidents

In fiscal 2021, we promoted health and safety activities with the prevention of serious accidents as the top priority.

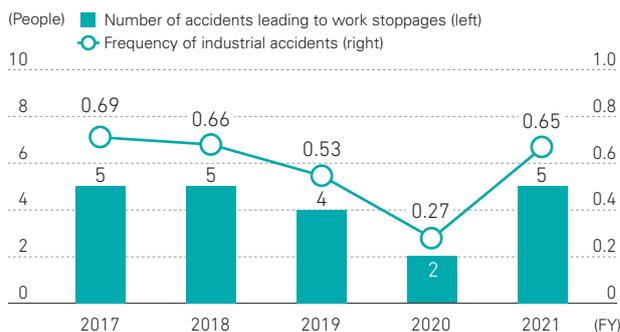
(1) Application of the Machinery and Equipment Safety Guidelines:

On-site workers, production engineers, and safety personnel conduct regular safety checks from the equipment installation planning stage with the aim of ensuring all machinery and equipment is inherently safe.

(2) Publication of a Safe-Person Manual: As serious accidents tend to occur when people interact with machinery, we have also published a Safe-Person Manual with the aim of developing safety-minded employees. This publication includes an analysis of past accidents that have occurred at the Tsubaki Group, defining those operations associated with the most accidents as "Tsubaki STOP 9."

Moving forward, we will increase awareness of knowledge for preventing recurrences and of key points of behavior in order to strengthen the human aspect of safety.

Industrial Accidents (Domestic)



Promotion of Health and Productivity Management

The Tsubaki Group promotes health and productivity management based on its recognition that people are the most vital component of its management base.

In August 2022, the Group formulated its Health and Productivity Management Declaration and Basic Policy on Health and Productivity Management in an effort to strengthen activities in this regard in light of changes in the internal and external environment. We aim to become a company that enables employees to work positively and vigorously and demonstrate their initiative and creativity (a

pleasant work environment) by promoting health and productivity management that also encompasses the families of employees from the two perspectives of individual health and organizational health. Going forward, in addition to health and productivity management activities, such as following up on the results of health checks, improving lifestyle habits, and offering mental health care, we will establish a Health Month to strengthen activities for increasing health awareness among employees.

S Quality Management

With its founder's words of "make quality products" as its starting point, the Tsubaki Group strives to maintain and improve the Tsubaki brand by pursuing high quality and thorough quality control.



Please refer to our website for details on our quality management.

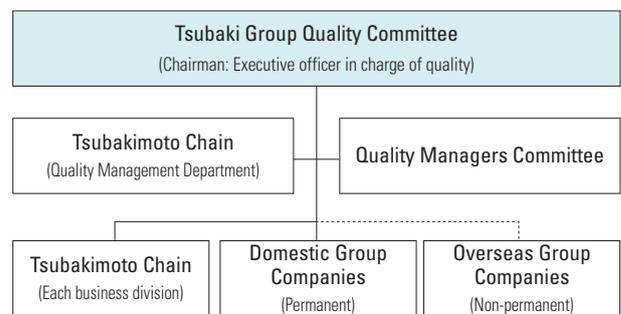
<https://tsubakimoto.com/sustainability/society/products/>

System for Promoting Quality Management

We have established a system for promoting quality management led by the Tsubaki Group Quality Committee. In April 2018, to further ensure the effectiveness of these efforts, we established the Quality and Environmental Promotion Department (Quality Management Department) as a headquarters operation that oversees the entire Group, and with the Quality Managers Committee as a cross-organizational implementation body. In addition to traditional quality control assurance activities in each division, the Company conducts audits from a third-party perspective, formulates Group quality guidelines, and implements cross-organizational activities to improve quality. Through such methods, we aim not only for zero defects in quality but also to strengthen our system and

adhere to our promises to our customers. In doing so, we are strengthening the governance of quality management while maintaining and improving the Tsubaki brand.

System for Promoting Quality Management



Initiatives for Providing Safe and Reliable Products

The Group aims to improve quality management skills by developing level-specific education on quality and improvement in its Companywide educational system. The Quality Management Department implements a variety of measures to cultivate quality management specialists. These include providing technical education, such as statistical methodology, nurturing lecturers, promoting the acquisition of quality control examination certificates, and providing fieldwork for quality training participants from Group companies for a period of one or two years. At the same time, we are introducing "individual quality targets"

and "quality model factory" systems aimed at raising quality awareness among all employees.



Quality audit at an overseas subsidiary (Shanghai, China)

TOPICS

Our North American Subsidiary Receives the Customer Value Leadership Award from a Major U.S. Research Firm

In October 2021, U.S. Tsubaki Power Transmission, LLC, our North American subsidiary, received the Customer Value Leadership Award from research and consulting firm, Frost & Sullivan. This award recognizes companies who provide products and services that demonstrate overall superiority in terms of price, performance, and quality. The award was given in recognition of factors including the company's nearly 50-year track record in the North American roller chain market, the reputation of its brand for high quality, and its technical capabilities that allow flexible customization to meet customer needs.



Staff at U.S. Tsubaki's Holyoke Plant, United States

S Supply Chain Management

In order to realize high-quality manufacturing and a sustainable society, we conduct procurement activities in cooperation with partner companies (suppliers).



Please refer to our website for details on our supply chain management.

<https://tsubakimoto.com/sustainability/society/supplier/>

Initiatives for Sustainable Procurement

The Tsubaki Group has fulfilled its social responsibilities as a company while simultaneously working to strengthen its response to a variety of business continuity risks and solving social issues through technological innovation. Going forward, we will solve social issues through our business activities in pursuit of our even higher goal of contributing to the creation of a sustainable society.

Cooperation with our suppliers is essential to achieving this goal. To promote such cooperation, we have established the Tsubaki Group Supplier Sustainability Guidelines, in which we ask suppliers to undertake

proactive initiatives with the aim of achieving sustainability.

Regarding conflict minerals, the guidelines clearly express our Basic Procurement Policy to “implement measures to ensure the transparency of the supply chain of mineral resources used in materials and components to avoid the use of disputed minerals that might fund armed groups.” In accordance with guidance manuals on investigating conflict minerals, we request the suppliers concerned to carry out an investigation and complete and publish a Conflict Minerals Reporting Template.

Promotion of Green Procurement

The Tsubaki Group established the Green Procurement Guidelines in 2006, based on which it has worked together with suppliers to promote activities for purchasing materials and components with low environmental impact. In April 2019, we revised these guidelines to more proactively advance efforts to reduce CO₂ emissions.

We also carry out surveys on the current environmental performance of major suppliers and work to make ongoing improvements through such measures as conducting additional surveys and local inspections of suppliers as necessary.

Requests to Business Partners

Requests/Orders		Raw materials, parts, packaging materials, sub-materials, etc.	Jigs, tools, production equipment, etc.
Prerequisite	(1) Compliance with environment-related laws on products and business activities	Required	Required
	(2) Management of hazardous chemical substances		Recommended*
What we ask of business partners	(1) Establishment of an environmental management system	Recommended	Recommended
	(2) Reduction of greenhouse gas emissions		
	(3) Promotion of resource recycling		
	(4) Effective use of water resources	Optional	Optional
	(5) Environment-friendly design and product proposals	Recommended	Recommended

* Management of hazardous chemical substances is required in the event of hazardous chemical substances scattering or falling from equipment onto products or in the event of hazardous chemical substances becoming attached to or transferred onto products through contact with equipment.

Cooperation with Suppliers

The Tsubaki Group has been implementing carbon neutral initiatives throughout its supply chain since fiscal 2021.

In the first year of these initiatives, we presented our major suppliers with an online seminar on carbon neutrality. The seminar highlighted trends regarding carbon neutrality in Japan and around the world as well as the Group's policies, targets, and methods of reducing CO₂ emissions. We also conducted a written survey to ascertain the state of CO₂ reduction initiatives among our suppliers.

In the future, we will ask our suppliers to calculate their CO₂ emissions and strengthen their emissions reduction efforts according to their activity levels. We will also work to achieve carbon neutrality throughout our supply chain. Ultimately, we will incorporate the risks and opportunities related to climate change into our supply chain management with the aim of constructing a sustainable and resilient supply chain.

S Research and Development (R&D) and Intellectual Property

The Tsubaki Group aims to strengthen its technological base and create new products and businesses in order to establish Linked Automation, a technology domain that is highly functional and highly automated.



Please refer to our website for details on research and development and intellectual property.
<https://tsubakimoto.com/company/tech/develop/>

The Tsubaki Group's Research and Development System

Amid the remarkable speed of progress in technological innovation, the Research & Development Center plays a central role in the Tsubaki Group's technological development.

Under a basic policy of creating an exciting future, the center promotes Tsubaki's original technological development with the aim of strengthening its core technologies and quickly creating new products and technologies through cooperation with business divisions. Proactively introducing cutting-edge technologies through open innovation, the center works to quickly create new products and technologies by combining advanced technologies with Tsubaki's core technologies, free from the need to focus on existing domains. In addition, by locating development bases close to business divisions, we are working to strengthen and speed up collaboration with business divisions.

To this end, strengthening our organizational capabilities is a vital issue. Accordingly, we are promoting unique

activities, such as our original training programs and communication reforms, including industry-academia cooperation and dispatches to external entities, to cultivate and strengthen human resources and make work more rewarding for them.

Functions of the Research & Development Center

(1) Strengthening of Tsubaki's basic technologies:

Strengthen basic technologies, such as materials, surface treatment, processing, lubrication, control, evaluation, and analysis technologies

(2) Development of advanced and applied technologies:

Acquire and utilize cutting-edge technologies, such as those for AI, IoT, DX, and tribology

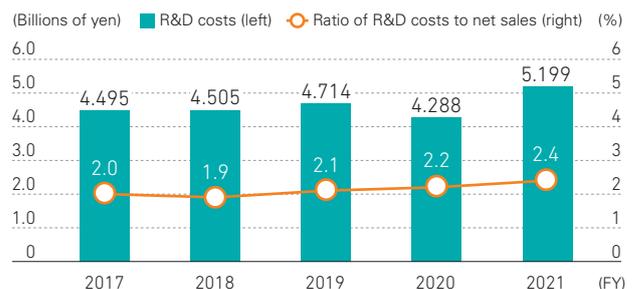
(3) Cooperation with business divisions:

Develop themes tasked by business divisions that require efforts with a medium- to long-term perspective and extend advanced and other technologies across the Group



The Tsubaki Technology Forum for presentations on the technologies of divisions and opportunities for interaction among and the cultivation of human resources

R&D Costs and Ratio of R&D Costs to Net Sales



Global Intellectual Property Strategies

The Tsubaki Group strives to create industrial property rights and appropriately acquire, utilize, manage, and maintain such rights to strengthen the competitiveness of its products.

In particular, we make inventories of our rights while proactively acquiring rights in the necessary countries and regions to support the globalization of the Group. The Intellectual Property Department and business divisions strive to bolster business competitiveness by working together to utilize industrial property rights strategically, such as avoiding the infringing of the rights of others by the

Company and responding aggressively to infringements of the Company's rights by others.

Number of Patents Held



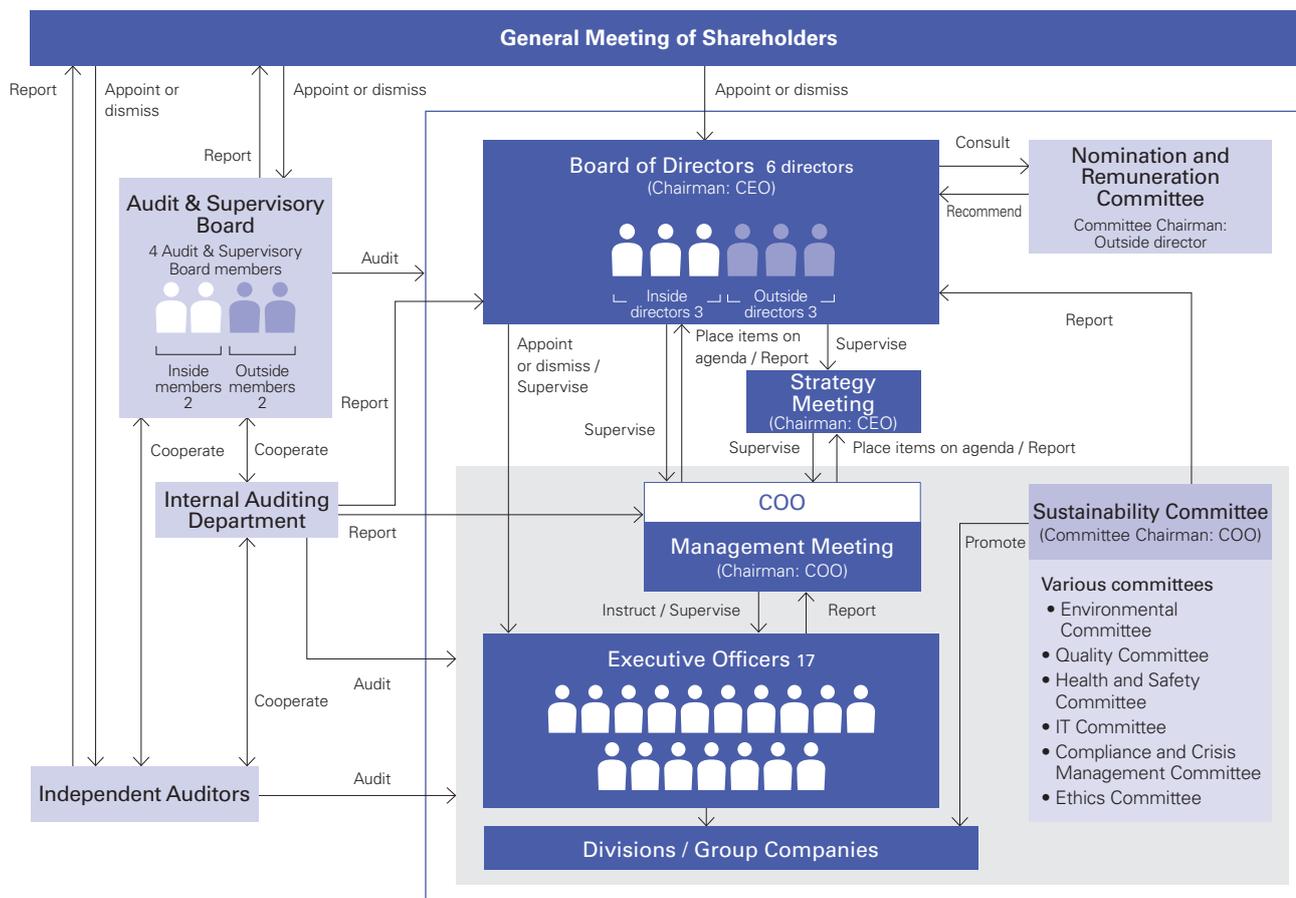
G Corporate Governance

The Company regards enhancing corporate governance as one of the most important management tasks for creating value for customers and contributing to society. The Group has thus formulated its approach into a Basic Corporate Governance Policy and strives to improve its corporate governance.



Please refer to our website for details on our Basic Corporate Governance Policy and other governance-related matters.
<https://tsubakimoto.com/sustainability/governance/corporate/>

■ Corporate Governance Structure



■ Overview of Corporate Governance Structure

Organizational structure	Company with Auditors
Number of directors	6 (of which 3 are outside directors)
Term of office of directors	1 year
Chairman of the Board of Directors	Chief Executive Officer (CEO)
Number of Audit & Supervisory Board members	4 (of which 2 are outside Audit & Supervisory Board members)

Number of independent Board members	3 outside directors and 2 outside Audit & Supervisory Board members
Number of meetings of the Board of Directors	15 (fiscal year ended March 31, 2022)
Number of meetings of the Audit & Supervisory Board	17 (fiscal year ended March 31, 2022)
Number of meetings of the Nomination and Remuneration Committee	4 (fiscal year ended March 31, 2022)

System for Promoting Strategy Formulation and Supervision and Execution of Business

The Company makes a clear distinction between strategy formulation and oversight of the Group by the Board of Directors and business execution by the COO and the executive officers, who are also members of the Management Meeting. Furthermore, the Company holds

the Strategy Meeting, which is positioned as the second-highest decision-making body in the Company after the Board of Directors, to ensure transparency and flexibility in management.

Systems to Ensure Management Transparency and Flexibility

We are striving to enhance the independence of the Board of Directors through the appointment of outside directors and outside Audit & Supervisory Board

members while strengthening the management supervision function and improving management transparency to increase our corporate value.

Reasons for Appointing Outside Directors (Independent Board Members) and Status of Attendance at Meetings of the Board of Directors

Name	Reason for Appointment	Attendance at Meetings of the Board of Directors in the Fiscal Year Ended March 31, 2022
Shuji Abe	The Company appointed Mr. Abe in order to receive his objective advice concerning its focus on the three core areas of technologies, development, and manufacturing based on his wealth of knowledge and experience as the manager of a manufacturing company.	Attended all 15 meetings
Keiichi Ando	The Company appointed Mr. Ando in order to receive his objective advice on such fields as finance and corporate governance based on his wealth of knowledge and experience as a director of financial and other institutions.	Attended all 15 meetings
Hisae Kitayama	The Company appointed Ms. Kitayama in order to receive her objective advice on such fields as finance and accounting based on her high level of expertise regarding corporate accounting, reflecting her wealth of experience at an auditing firm as a certified public accountant.	Attended all 15 meetings

Reasons for Appointing Outside Audit & Supervisory Board Members (Independent Board Members) and Status of Attendance at Meetings of the Board of Directors and the Audit & Supervisory Board

Name	Reason for Appointment	Attendance at Meetings of the Board of Directors and the Audit & Supervisory Board in the Fiscal Year Ended March 31, 2022	
		Board of Directors	Audit & Supervisory Board
Shozo Seki	The Company appointed Mr. Seki so that its audit system could benefit from his wealth of experience as an attorney and his high level of expertise regarding corporate legal affairs.	Attended all 15 meetings	Attended all 17 meetings
Hidefumi Naito	The Company appointed Mr. Naito so that its audit system could benefit from his wealth of experience as an attorney and his high level of expertise regarding corporate legal affairs.	Attended all 15 meetings	Attended all 17 meetings

Evaluation of the Effectiveness of the Board of Directors

We have been evaluating the effectiveness of the Board of Directors since 2018 in order to improve its performance. The Company requires all of its directors and Audit & Supervisory Board members to complete a questionnaire on matters including the Board of Directors' structure, operation, and agenda items. Based on an analysis and evaluation of the questionnaire results, we have determined that the Board of Directors is functioning effectively.

Taking into account the results of the previous evaluation, we provide information through a variety of meetings, including Board of Directors information exchange meetings, opinion exchange meetings and Mid-term Management Plan progress report meetings. We also reviewed the committee structure to ensure that the necessary reports are correctly prepared for the

Board of Directors meetings, and to enhance further discussions on medium-and long-term management policies and strategies at Board of Directors meetings, As a result, some participants commented that it had been beneficial to share information on business activities, business performance, management policies, and management issues.

Nevertheless, we received many more meaningful opinions than in the past, indicating that we should further enhance discussions on medium- and long-term management resource allocation policies and global management personnel training policies. We will continue to consider improvements to further enhance the Board's effectiveness.

Executive Compensation

The Board of Directors passed a resolution on the policy for determining the method for calculating compensation after deliberations and reporting by the Nomination and Remuneration Committee, a voluntary advisory body to the Board of Directors comprising a majority of outside directors.

Inside Directors

So that compensation for internal directors provides an effective incentive for realizing sustainable improvements in corporate value over the long term, the Company has adopted a compensation system that focuses on the link between business performance and shareholder profit. Specifically, this system comprises fixed compensation and performance-based compensation, which are monetary

compensation, and restricted stock compensation, which is non-monetary compensation.

Outside Directors

Given that they perform the role of carrying out management supervision from an objective and neutral standpoint, compensation for outside directors comprises only fixed compensation, which is monetary compensation.

Audit & Supervisory Board Members

Given that they perform the role of carrying out management supervision from an objective and neutral standpoint, compensation for Audit & Supervisory Board members comprises only fixed compensation, which is monetary compensation.

Executive Category	Total Compensation Amount (Millions of Yen)*1	Total Amount of Each Type of Compensation (Millions of Yen)*1			Number of Applicable Personnel*2
		Fixed Compensation	Performance-Based Compensation	Non-Monetary Compensation (Restricted Stock Compensation)	
Directors (Outside directors)	232 (25)	168 (25)	46	16	9 (3)
Audit & Supervisory Board members (Outside Audit & Supervisory Board members)	58 (11)	58 (11)	—	—	4 (2)

*1 Numbers less than one million yen have been truncated.

*2 The above amounts include two directors whose terms of service concluded at the 112th Annual General Meeting of Shareholders held on June 29, 2021.

Internal Control System

Along with establishing the Internal Control Regulations in accordance with its Basic Policy on Internal Control, the Group has set up a department responsible for promoting internal control to carry out the following organizational and ongoing activities with the participation of all employees by maintaining a system for the promotion of internal control.

1. Internal control initiatives stipulated by the Companies Act

We have established an emergency contact system on a global scale to enable information on risks that occur within the Group to be promptly communicated to senior management. We also implement annual risk management status surveys of major subsidiaries in Japan and overseas to ascertain the status of their risk management and follow up on their activities.

2. Internal control initiatives described in the Financial Instruments and Exchange Act

Based on the Financial Instruments and Exchange Act, the Group has established internal control initiatives to ensure the appropriateness of the preparation process for its consolidated financial statements. As overseas sales have increased, the number of overseas subsidiaries covered by

these initiatives has increased. For this reason, with the aim of quickly introducing these initiatives at overseas subsidiaries, we are taking steps toward establishing related materials for, and the sharing of expertise with, overseas subsidiaries while concentrating efforts on enhancing the efficiency and accuracy of evaluations.

3. Internal control initiatives conducted by the Group on a voluntary basis

The Group is advancing Tsubaki Internal Control Operation (TICO) initiatives for documenting the procedures of important work in each department. As activities that ensure the appropriateness of controls of risks for each type of work and allow us to observe inefficiencies or waste through the visualization of important processes, the TICO activities play a valuable role in the Group's important internal control initiatives.



Internal control meeting at an overseas subsidiary

G Compliance and Risk Management

The Tsubaki Group has formulated the Corporate Work Ethics, a code of conduct based on compliance with laws and regulations, ethics, and company rules, and works to raise awareness of and spread information on these matters through activities, training, and other initiatives to strengthen ethics. Activities in relation to compliance are also reported to the Board of Directors on a regular basis.

At the same time, fulfilling our social responsibility and appropriately managing the various risks that may arise in our business activities is essential if we are to continuously maintain and expand our businesses.

Accordingly, guided by our Risk Management Policy, we strive to prevent the actualization of risks and minimize possible losses by identifying and understanding risk factors regarding a host of risks that could have a significant impact on our businesses.



Please refer to our website for details on compliance and risk management.

<https://tsubakimoto.com/sustainability/governance/>

Implementation and Spread of Compliance

The Company promotes compliance through its Corporate Ethics Awareness Month program and other systemic training.

Corporate Ethics Awareness Month

We have designated February of every year as our Corporate Ethics Awareness Month, in which Group companies in Japan and overseas take part. In fiscal 2021, the number of participating companies was limited by the COVID-19 pandemic to 32 out of 51, as we responded to the conditions outside of Japan. We carried out educational activities on ethics awareness centered on e-learning in Japan and remote learning overseas.

We also publish the Tsubaki Corporate Ethics Handbook as a means to instill the Corporate Work Ethics in employees and we hold systematic ethics training sessions throughout the year.

Number of Companies That Participated in Corporate Ethics Awareness Month

					(FY)
2017	2018	2019	2020	2021	
51	51	51	24	32	

Note: Including participants in the e-Learning program from fiscal 2020

Consultation and Reporting Hotline

As a whistleblowing system, the Group facilitates anonymous reporting through a Corporate Ethics Hotline, which provides both an internal (operated by the employee in charge of corporate ethics) and an external (operated by a legal adviser) consultation service. The Corporate Ethics Hotline deals not only with the Corporate Work Ethics and violations of laws, regulations, and internal rules but also with personal concerns.

Risk Management Activities

The Tsubaki Group regularly assesses the status of risks surrounding each Group company and the status of response measures regarding such risks. Based on the results of these assessments, Environmental, Quality, Health and Safety, IT, Compliance and Crisis Management, and Ethics committees—undertake specific risk management initiatives in their respective areas.

In fiscal 2021, we addressed three key risks common to the Group: information security, quality control, and human rights violations. These activities have been reported to the Sustainability Committee and necessary instructions have been provided at appropriate intervals.

Meanwhile, in response to the COVID-19 pandemic,

we established our Emergency Response Headquarters in February 2020 under the leadership of the president and COO, based on the guidelines for countermeasures against new infectious diseases. Since then, we have implemented various countermeasures, always keeping an eye on the changing circumstances and giving top priority to the safety and health of our customers, our employees and their families, and all other stakeholders. We are continuing to maintain a reduced rate of commuting to work, by means such as encouraging employees to work from home, and we have otherwise been continuously working to stop the spread of COVID-19, including through the introduction of vaccination leave.

G Board of Directors, Audit & Supervisory Board Members, and Executive Officers

(As of June 29, 2022)

Board of Directors



Kenji Kose

Chairman and CEO
Representative Director



Takatoshi Kimura

President and COO
Representative Director



Masaki Miyaji

Director



Shuji Abe

Outside Director



Keiichi Ando

Outside Director



Hisae Kitayama

Outside Director

Audit & Supervisory Board Members



Koji Tanaka

(Standing)



Kazuya Kawasaki

(Standing)



Shozo Seki

(Outside)



Hidefumi Naito

(Outside)

Executive Officers

■ Managing Executive Officers

Yasushi Nagai
Kazutomo Nakamura

■ Senior Executive Officers

Kevin Richard Powers
Toshihiro Ageta
Hiromi Ishida
Kozo Inoue
Masafumi Okamoto
Isao Sato
Hisao Nishii

■ Executive Officers

Nobuaki Haga
Atsushi Kumakura
Futoshi Tanyama
Yasuhiro Akesaka
Osamu Kawakami
Takao Maeda
Masayoshi Fujimura
Katsuya Nakakubo

Supplementary Information (Financial and Non-Financial Data and Corporate Information)

- 58 Eleven-Year Selected Financial Data
- 60 Data by Segment and Region (Consolidated)
- 62 Principal Tsubaki Group Companies
- 63 Corporate Data and Stock Information

Driving the World... and the Future

Please see our website for financial statements in English.
<https://tsubakimoto.com/ir/library/annual/>



Eleven-Year Selected Financial Data

For the Year (Millions of yen)	FY2011	FY2012	FY2013
Net sales	144,896	150,002	178,022
Operating income	12,081	12,579	17,354
Ordinary income	12,140	12,813	17,993
Profit attributable to owners of parent	6,814	7,428	10,213
Capital expenditures	9,518	11,833	11,372
Depreciation and amortization	7,403	7,360	8,745
R&D costs	4,231	4,319	4,061
Net cash provided by operating activities	11,626	15,350	19,761
Net cash used in investing activities	(10,487)	(18,401)	(17,166)
Net cash (used in) provided by financing activities	(5,460)	6,325	(3,196)
Cash and cash equivalents at end of the year	13,916	20,194	21,291

At year-end (Millions of yen)	FY2011	FY2012	FY2013
Total assets	191,766	215,837	228,840
Shareholders' equity	89,923	102,019	118,433
Interest-bearing debt	27,405	36,507	36,538
Net interest-bearing debt	13,488	16,312	15,246

Indexes

Operating income ratio (%)	8.3	8.4	9.7
ROE* ¹ (%)	7.9	7.7	9.3
Equity ratio * ² (%)	46.9	47.3	51.8
D/E ratio (net)* ³ (Times)	0.15	0.16	0.13
Profit attributable to owners of parent per share * ⁴ (Yen)	36.60	39.69	54.58
Net assets per share* ⁴ (Yen)	480.46	545.14	632.94
Dividends per share (annual)	7	7	10
Dividend payout ratio (consolidated)	19.1%	17.6%	18.3%
Overseas sales ratio (%)	39.3	43.6	53.2
Total CO ₂ emissions (t-CO ₂ / year)* ^{5, 6}	79,321	74,873	76,536
CO ₂ emissions (t-CO ₂) (Per million yen of output)* ^{5, 6}	0.918	0.896	0.912
Employees* ⁷	6,160	6,792	7,068

Amounts less than one million yen have been truncated.

*¹ ROE = Profit attributable to owners of parent ÷ Average shareholders' equity

*² Equity ratio = Shareholders' equity ÷ Total assets

*³ D/E ratio (net) = Net interest-bearing debt ÷ Shareholders' equity

*⁴ Consolidated common shares at the ratio of five shares to one share on October 1, 2018. Profit attributable to owners of parent per share and net assets per share are calculated based on the assumption that the share consolidation was conducted at the beginning of the fiscal year ended March 31, 2018.

*⁵ The scope of calculation is the Group's 11 major manufacturing bases in Japan

*⁶ The CO₂ emission factor for electric power uses the "Alternative Values" of Emission Factors by Electric Utility Operator published by the Ministry of the Environment.

*⁷ Including contracted staff and temporary staff, etc.

FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
196,738	203,976	198,762	215,716	238,515	226,423	193,399	215,879
21,427	21,570	21,647	20,694	21,789	16,146	8,896	17,842
22,263	22,109	22,004	21,743	21,621	16,698	11,026	20,045
14,153	12,766	14,596	14,666	13,779	11,576	8,706	14,543
10,466	15,677	13,995	18,116	15,765	14,388	8,290	8,591
9,476	10,402	10,342	11,005	12,366	12,739	12,682	12,694
4,048	4,300	4,341	4,495	4,505	4,714	4,288	5,199
22,189	19,090	25,434	27,657	24,197	20,275	27,890	21,000
(14,306)	(13,593)	(13,420)	(17,389)	(32,088)	(14,241)	(9,560)	(9,075)
(2,647)	(5,476)	(4,084)	(13,191)	12,679	(10,385)	(4,354)	(7,780)
27,360	26,422	34,142	31,712	36,087	31,378	46,084	52,888
258,742	254,106	267,215	283,574	305,916	294,098	307,332	332,620
140,439	142,041	152,473	167,916	173,734	174,360	185,791	207,756
36,907	34,817	34,634	26,581	43,772	41,509	41,168	37,869
9,547	8,394	493	(5,131)	7,685	10,130	(4,916)	(15,018)
10.9	10.6	10.9	9.6	9.1	7.1	4.6	8.3
10.9	9.0	9.9	9.2	8.1	6.7	4.8	7.4
54.3	55.9	57.1	59.2	56.8	59.3	60.5	62.5
0.07	0.06	0.00	(0.03)	0.04	0.06	(0.03)	(0.07)
75.65	68.24	78.03	387.44	364.03	308.71	235.23	392.88
750.63	759.27	815.10	4,435.96	4,590.06	4,711.34	5,019.35	5,612.28
16	20	24	24	120	120	75	120
21.2%	29.3%	30.8%	31.0%	33.0%	38.9%	31.9%	30.5%
54.0	54.5	54.9	55.5	59.4	57.4	56.7	59.0
79,133	83,028	84,889	77,099	72,970	66,934	58,581	61,372
0.873	0.906	0.941	0.808	0.764	0.759	0.782	0.704
7,398	7,579	7,886	8,358	8,818	8,733	8,535	8,566

Data by Segment and Region (Consolidated)

Performance by Business Segment (Millions of yen)		FY2011	FY2012	FY2013
Chain Operations	Order acceptance	50,584	48,236	54,788
	Backlog	7,105	6,697	7,409
	Net sales* ¹	51,692	50,250	55,828
	Operating income	3,462	3,586	3,763
	Operating income ratio (%)	6.7	7.1	6.7
Motion Control Operations * ³	Order acceptance	20,996	18,906	22,025
	Backlog	2,699	2,320	3,072
	Net sales* ¹	21,364	19,664	21,612
	Operating income	2,512	1,955	2,273
	Operating income ratio (%)	11.8	9.9	10.5
Mobility Operations * ⁴	Order acceptance	43,353	49,555	60,785
	Backlog	597	755	867
	Net sales* ¹	43,509	49,397	60,674
	Operating income	4,846	6,494	10,119
	Operating income ratio (%)	11.1	13.1	16.7
Materials Handling Operations	Order acceptance	27,054	29,652	40,194
	Backlog	10,717	15,993	18,023
	Net sales* ¹	27,977	30,246	39,565
	Operating income	878	531	1,192
	Operating income ratio (%)	3.1	1.8	3.0
Others * ²	Order acceptance	1,978	2,054	1,895
	Backlog	115	227	167
	Net sales* ¹	2,911	2,846	2,719
	Operating income	170	143	63
	Operating income ratio (%)	5.9	5.0	2.3
Total	Order acceptance	143,968	148,405	179,689
	Backlog	21,235	25,994	29,540
	Net sales* ¹	144,896	150,002	178,022
	Operating income	12,081	12,579	17,354
	Operating income ratio (%)	8.3	8.4	9.7

Performance by Geographic Segment (Millions of yen)

Japan	Net sales* ¹	112,940	110,183	110,585
	Operating income	9,165	8,570	9,234
Americas	Net sales* ¹	—	—	43,551
	Operating income	—	—	3,964
Europe	Net sales* ¹	12,335	14,566	22,056
	Operating income	242	429	471
Asia/Oceania * ⁵	Net sales* ¹	13,910	17,027	—
	Operating income	1,419	1,417	—
Indian Ocean Rim	Net sales* ¹	—	—	9,741
	Operating income	—	—	1,384
China	Net sales* ¹	—	—	11,044
	Operating income	—	—	954
South Korea and Taiwan	Net sales* ¹	—	—	5,011
	Operating income	—	—	372

*1 Sales figures include internal sales and transfers between segments.

*2 Not included in reported segments, it includes building maintenance, insurance agency business, and other businesses.

*3 Power Transmission Units and Components Operations has been renamed Motion Control Operations from the fiscal year ending March 31, 2022.

*4 Automotive Parts Operations has been renamed Mobility Operations from the fiscal year ending March 31, 2022.

*5 We have divided Asia/Oceania into the Indian Ocean Rim, China, and South Korea and Taiwan since the fiscal year ended March 31, 2014.

FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
60,530	63,168	60,999	69,728	68,198	65,055	61,529	81,301
7,932	8,215	9,789	13,546	11,427	10,619	12,966	23,177
61,721	63,998	60,600	67,338	72,023	67,526	61,312	74,174
5,002	6,172	7,102	8,502	10,292	8,406	7,862	11,005
8.1	9.6	11.7	12.6	14.3	12.4	12.8	14.8
22,389	21,745	21,576	25,043	25,251	22,665	19,290	22,853
3,361	3,464	3,732	5,148	5,277	4,628	4,594	7,788
22,557	21,975	21,563	24,156	25,591	23,813	18,024	19,906
2,400	2,428	2,218	3,060	3,340	2,189	747	1,129
10.6	11.0	10.3	12.7	13.1	9.2	4.1	5.7
66,279	74,235	75,197	79,377	78,940	70,895	57,787	66,199
169	931	982	814	762	707	717	1,319
66,978	73,473	75,147	79,545	78,992	70,949	59,450	66,027
11,916	12,258	12,385	10,258	8,734	5,791	3,782	6,568
17.8	16.7	16.5	12.9	11.1	8.2	6.4	9.9
44,627	43,460	42,826	46,770	59,054	67,968	48,256	59,279
17,926	16,876	18,716	22,044	27,631	31,457	26,446	30,973
45,169	44,354	41,043	44,187	61,827	64,212	53,618	55,728
1,940	659	706	416	402	647	-2,202	799
4.3	1.5	1.7	0.9	0.7	1	—	1.4
2,258	2,165	2,455	2,826	2,751	2,810	3,012	2,905
265	88	163	181	313	346	121	627
2,968	3,186	3,001	3,331	3,548	3,542	3,941	3,074
123	84	(1)	(41)	(43)	20	(330)	(442)
4.2	2.6	—	—	—	0.6	—	—
196,086	204,776	203,056	223,747	234,196	229,394	189,875	232,540
29,655	29,576	33,385	41,735	45,413	47,760	44,846	63,885
196,738	203,976	198,762	215,716	238,515	226,423	193,399	215,879
21,427	21,570	21,647	20,694	21,789	16,146	8,896	17,842
10.9	10.6	10.9	9.6	9.1	7.1	4.6	8.3
119,349	121,347	117,795	125,380	127,439	120,621	104,416	118,089
12,694	12,621	11,351	12,231	12,702	9,224	4,577	8,772
48,749	51,671	50,830	52,862	67,462	63,371	53,473	59,484
4,162	4,496	4,853	3,034	2,664	1,719	(666)	3,026
26,545	24,219	23,181	25,620	27,779	25,321	20,267	24,409
890	531	687	176	187	-77	897	1,255
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
10,718	12,626	12,763	14,850	17,488	16,639	12,752	16,539
1,385	1,680	1,744	2,138	2,837	1,961	1,215	1,970
14,062	16,494	18,186	22,251	22,946	20,523	19,682	22,311
1,008	273	925	864	1,175	1,069	1,280	1,686
7,115	8,578	8,378	9,684	9,440	9,661	8,054	10,019
258	405	273	471	314	400	(47)	312

Principal Tsubaki Group Companies

(As of March 31, 2022)

Japan

Tsubakimoto Custom Chain Co.
 Tsubakimoto Sprocket Co.
 Tsubaki Yamakyu Chain Co.
 Tsubakimoto Iron Casting Co.
 Tsubakimoto Machinery Co.
 Tsubakimoto Bulk Systems Corp.
 Tsubakimoto Mayfran Inc.
 Tsubaki Support Center Co.

6 other companies

Americas

U.S. Tsubaki Holdings, Inc.
 U.S. Tsubaki Power Transmission, LLC
 U.S. Tsubaki Automotive, LLC
 U.S. Tsubaki Industrial, LLC
 Tsubaki Kabelschlepp America, Inc.
 Tsubaki Brasil Equipamentos Industriais Ltda.
 Central Conveyor Company, LLC
 Central Process Engineering, LLC
 Electrical Insights, LLC
 KCI, Incorporated
 Tsubaki of Canada Limited
 Mayfran International, Incorporated
 Conergics International LLC
 Press Room Techniques Co.
 Tsubakimoto Automotive Mexico S.A. de C.V.

2 other companies

Europe

Tsubakimoto Europe B.V.
 Tsubakimoto UK Ltd.
 Tsubaki Deutschland GmbH
 Tsubaki Automotive Czech Republic s.r.o.
 Tsubaki Ibérica Power Transmission S.L.
 Tsubaki Kabelschlepp GmbH
 Kabelschlepp GmbH-Hünsborn
 Kabelschlepp Italia S.R.L.
 Metool Products Limited
 Kabelschlepp France S.A.R.L.
 Kabelschlepp Systemtechnik spol. s.r.o.
 Mayfran U.K. Limited
 Mayfran GmbH
 Mayfran Limburg B.V.
 Mayfran International B.V.
 Mayfran France S.A.R.L.

2 other companies

Indian Ocean Rim

Tsubakimoto Singapore Pte. Ltd.
 PT. Tsubaki Indonesia Manufacturing
 PT. Tsubaki Indonesia Trading
 Tsubaki Power Transmission (Malaysia) Sdn. Bhd.
 Tsubakimoto (Thailand) Co., Ltd.
 Tsubaki India Power Transmission Private Limited
 Tsubaki Conveyor Systems India Private Limited
 Tsubakimoto Vietnam Co., Ltd.
 Tsubakimoto Philippines Corporation
 Tsubaki Australia Pty. Limited
 Tsubakimoto Automotive (Thailand) Co., Ltd.
 Tsubaki Motion Control (Thailand) Co., Ltd.
 Kabelschlepp India Private Limited

1 other company

China

Tsubakimoto Chain (Shanghai) Co., Ltd.
 Tsubaki Motion Control (Shanghai) Co., Ltd.
 Tsubakimoto Automotive (Shanghai) Co., Ltd.
 Tsubaki Everbest Gear (Tianjin) Co., Ltd.
 Tsubakimoto Chain (Tianjin) Co., Ltd.
 Tsubakimoto Bulk Systems (Shanghai) Corp.
 Kabelschlepp China Co., Ltd.
 Tianjin Tsubakimoto Conveyor Systems Co., Ltd.
 Tsubakimoto Mayfran Conveyor (Shanghai) Co., Ltd.
 Tsubaki CAPT Power Transmission (Shijiazhuang) Co., Ltd.

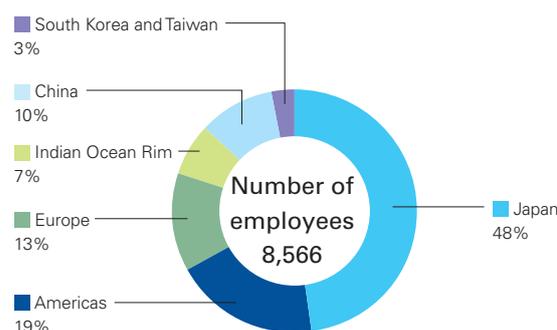
2 other companies

South Korea and Taiwan

Taiwan Tsubakimoto Co.
 Taiwan Tsubakimoto Trading Co., Ltd.
 Tsubakimoto Automotive Korea Co., Ltd.
 Tsubakimoto Korea Co., Ltd.

1 other company

Employee Distribution Ratio by Region



Corporate Data and Stock Information

(As of March 31, 2022)

Corporate Data

Company Name	Tsubakimoto Chain Co.	Number of Consolidated Subsidiaries	64
Date of Foundation	December 1917	Number of Unconsolidated Subsidiaries	9
Date of Incorporation	January 31, 1941	Number of Affiliates	8 (including 2 equity-method affiliates)
Paid-In Capital	¥17,076 million	Number of Employees* (Consolidated)	8,566
Headquarters	3-3-3, Nakanoshima, Kita-ku, Osaka 530-0005, Japan	Manufacturing Facilities	Kyotanabe, Saitama, Nagaokakyo, Hyogo, Okayama
Phone	+81 (6) 6441-0011 (Reception)	Branch Offices	Tokyo, Nagoya, Osaka
Fiscal Year-End	March 31	Sales Offices	Omiya, Toyota, North Osaka, Hiroshima, Kyushu

* Including contracted staff and temporary staff, etc.

Stock Information

Shareholder Register	Sumitomo Mitsui Trust Bank, Limited
Stock Listing	Tokyo Stock Exchange (Prime Market)
Common Stock	
Authorized:	59,800,000 shares
Issued:	38,281,393 shares
Number of Shareholders	10,025

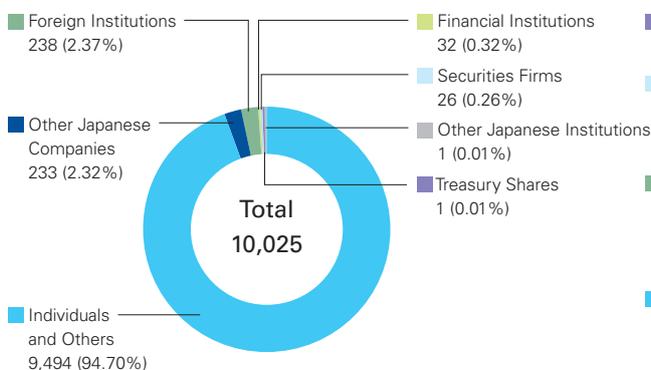
Major Shareholders (Top 10)

Name	Number of Shares Held (Thousands)	Percentage of Total Shares Issued (%)
The Master Trust Bank of Japan, Ltd.(Trust account)	4,835	13.06
Taiyo Life Insurance Company	3,559	9.61
Nippon Life Insurance Company	1,773	4.78
Kyoeikai Members Stock Ownership Association	1,563	4.22
Custody Bank of Japan, Ltd.(Trust account)	1,526	4.12
Tsubakimoto Kogyo Co., Ltd.	1,158	3.13
Sumitomo Mitsui Banking Corporation	1,000	2.70
Sumitomo Mitsui Trust Bank, Limited	849	2.29
Resona Bank, Limited	667	1.80
MUFG Bank, Ltd.	641	1.73

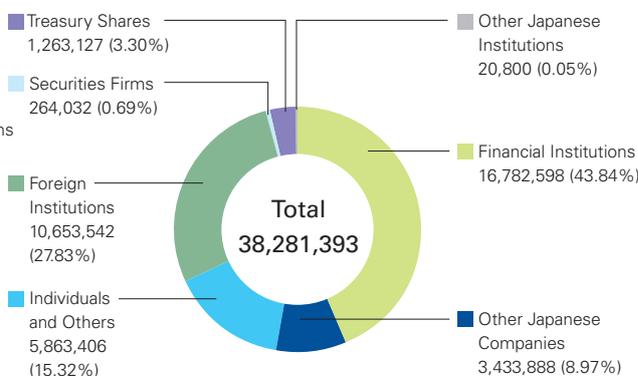
(Notes) 1. Numbers less than 1,000 have been rounded down.
 2. Although the Company holds treasury stock of 1,263,127 shares, it is not included in the above list of major shareholders.
 3. Percentage of total shares issued has been calculated excluding the treasury stock of 1,263,127shares.

Shareholder Composition

Number of Shareholders



Number of Shares Held



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TSUBAKIMOTO CHAIN CO.

<https://tsubakimoto.com>

