

FOSTER

Sound to Life












Corporate Philosophy

"Sincerity" has been the Foster Group's corporate creed since its establishment. By the term "Sincerity", we mean the act of treating all concerned parties of the Company with a sincere approach. The concept of CSR, which shares the same basic philosophy as the corporate creed of "Sincerity", has always governed the Company's corporate management and business operations since its foundation.

To continue to grow in the coming age, we believe it is important for each member of the Foster Group to act in accordance with the CSR philosophy, or the corporate creed of "Sincerity", which we have adhered to since our establishment.

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Corporate Creed Sincerity

Vision

To make contributions for future society through acoustics

Mission

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



Foster Rhythm

"Foster Rhythm" is our guide to ensure we all move in the same direction to achieve our goals and dreams so we always move closer to our inspiring "Vision".

Our "Mission" motivates us to help people achieve new happiness via acoustic technology and our "Values" are guides to filter our choices so our actions support all stakeholders.

Our "Principles" conduct us to create perfect harmony and achieve the best results together.

Our "Management System" of processes and tools helps us to practice, learn and grow as members of the Foster family, evolving new habits for future success.

- Our Principles and Values -

THE LEADING Sound to Life* SOLUTION COMPANY

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

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

ALWAYS IMPROVING

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

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

EVER MORE GLOBAL AND INCLUSIVE

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

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

*Sound to Life

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





CEO

Hiromi Yoshizawa

COO

Atsushi Narikawa

Corporate Social Responsibility and Promoting ESG Management

The novel coronavirus (COVID 19) has changed the face of today's world. People are forced to restrict movements, business activities are impaired, and logistic movements have been stagnated. Under such conditions, corporations are subject to severe scrutiny on whether they take care of their own employees, contribute to local community, or respond to environmental issues.

Foster Group celebrated 70th anniversary in 2019, and have wished to be a corporate citizen that is relied on and loved by our various stakeholders. We seek to do this by maintaining the consistent spirit of doing business for society and people based on our corporate creed of "Sincerity".

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

Society is currently experiencing major changes, and the innovations that fundamentally change our way of life are progressing at a pace that far exceeds anything that we anticipated. We must make major changes as we move forward while continuing to uphold the basic philosophy of "Sincerity" that Foster has adhered to since its founding.

We announced our medium-term business plan last year, under which we set a medium-term goal, "Elevate position from OEM/ODM supplier to strategic partner" and a long-term goal, "World's No.1 'acoustic' solution partner". At the same time, as ESG initiatives, we set "Zero Emissions" as our environmental target for 2050 and the slogan "Be Happy 80%*" for our employees. This slogan is based on our belief that employees are at the root of all corporate activities and companies that cannot make their employees happy cannot promote ESG, either. We will continue to actively promote human resource employment worldwide and diversity to cultivate truly global and sophisticated human re-

sources. In addition, by further promoting "work-style reform", we would like to offer an environment where more employees feel that they can work flexibly and freely, thus cherishing our employees and achieving the goal of "Be Happy 80%*".

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

Recognized for such efforts, we were selected as an outstanding enterprise under the "New Diversity Management Selection 100", "Health and Productivity Management Outstanding Organization (White 500; Large Enterprise Category)" by the Ministry of Economy, Trade and Industry, and "Top 100 Telework Pioneers" by the Ministry of Internal Affairs and Communications. We were also awarded the "Kurumin Certification" (Ministry of Health, Labour and Welfare) and the "Certification of Excellent Company in Health: Gold Accreditation" (Tokyo Promotion Council for Healthy Company Declaration), among others. We will continue those efforts in the future.

Foster Group has signed the "United Nations Global Compact" since 2017. This year, we joined the Japan Climate Initiative, where enterprises and organizations actively involved in activities to address climate change provide information and exchange opinions. Further, the foster Group announced its ESG Management Statement in March this year. We vowed to keep the promotion of ESG management at the core of our company policy and declared Foster's commitment to fostering a healthy corporate climate, driving further work style reform, ensuring thorough quality control and risk management, and working to solve social issues.

We will cherish our employees and instill our corporate philosophy further among them to reinforce our corporate foundation.

We will continuously strive to offer satisfaction to our various stakeholders, and to become an enterprise that is loved by society.



Top Message

About Foster

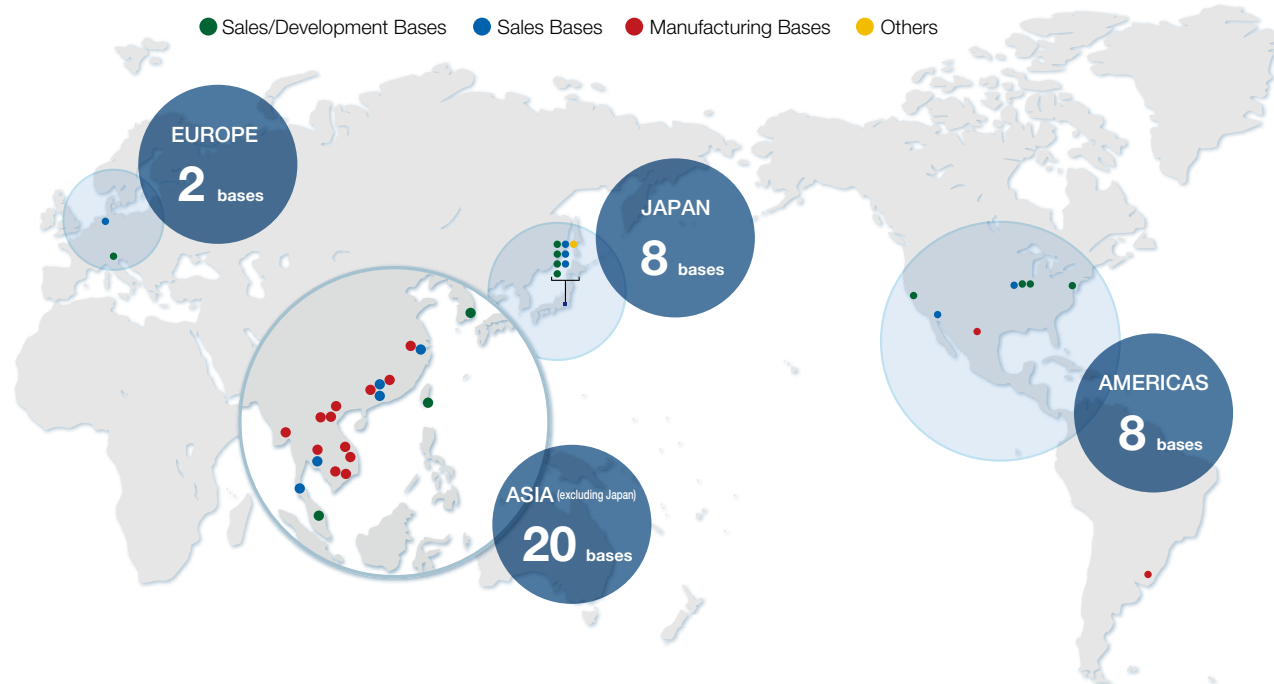
Foster Electric was founded as a loudspeaker manufacturer in 1949.

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

Group companies

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

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



Financial Highlights Consolidated Performance for the Fiscal Year ended March 31, 2021

Net sales
¥85,220 million
(down 20.6% y-o-y) 📉

Operating income
¥0.7 million
(down 100.0% y-o-y) 📉

Ordinary income
¥219 million
(down 91.6% y-o-y) 📉

Net loss attributable to owners of the parent
-¥3,363 million
(Net income of ¥1,565 million in the previous fiscal year.) 📉

Overview by Segment (Consolidated)

Speaker Segment
Net sales **¥56,736** million **66.5%**



Mobile Audio Segment
Net sales **¥21,574** million **25.3%**



Other Segment
Net sales **¥7,244** million **8.2%**



Note: The figure above includes intersegment sales.

Company Information

Company Profile (As of March 31, 2021)

Company Name	Foster Electric Company, Limited
Founded	June 20, 1949
Common Stock	¥6,770,360,135 Listed on the First Section of the Tokyo Stock Exchange
Headquarters	1-1-109, Tsutsujigaoka, Akishima City, Tokyo, 196-8550, Japan Phone: +81-42-546-2311 (main number)
Number of Employees	18,611 (Number includes our outsourcee in Panyu, China)
URL	https://www.foster-electric.com/

Directors and Corporate Auditors (As of June 23, 2021)

CEO	Hiroshi Yoshizawa	Senior Executive Officer	Hidetoshi Shirakawa
COO	Atsushi Narikawa	Senior Executive Officer	Tatsuhito Tanaka
Senior Managing Director	Lu San Tie	Senior Executive Officer	Yasuhide Takahara
Managing Director	Kazuhiro Kishi	Senior Executive Officer	Akihito Mochizuki
Director	Hiroki Miura	Executive Officer	Terushige Nagasawa
Independent Director	Minoru Matsumoto	Executive Officer	Naoki Kanai
Independent Director	Yasuhiro Goto	Executive Officer	Yuji Harada
Independent Director	Kaoru Chujo	Executive Officer	Yuji Sakuta
Independent Corporate Auditor (Standing Corporate Auditor)	Satoko Kimoto	Executive Officer	Hirofumi Asada
Corporate Auditor (Part-time)	Tsutomu Inokuma	Executive Officer	Oh In-Yong
Independent Corporate Auditor	Takuma Ino	Executive Officer	Nguyen Quan Hoang
Independent Corporate Auditor	Takashi Suzuki	Executive Officer	Tan Guihai
		Executive Officer	Wong Wing Chung

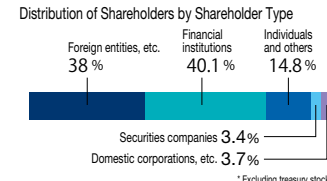
Stock Information

Status of Shares (As of March 31, 2021)

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

Total number of shares issued
25,000,000 shares

Number of shareholders
5,755

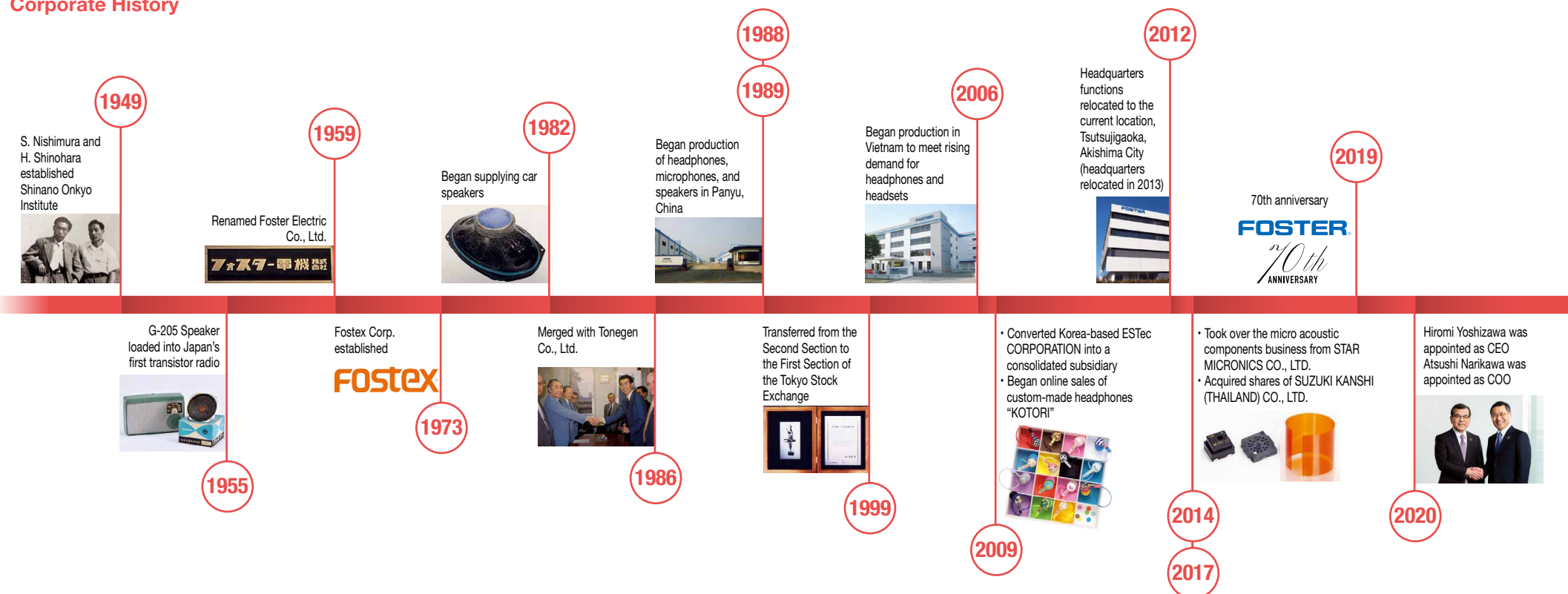


Major Shareholders

Shareholder's Name	Number of Shares Held (thousands)	Ratio of Shares Held (%)
The Master Trust Bank of Japan, Ltd. (trust account)	2,643	11.8
Custody Bank of Japan, Ltd. (trust account)	1,037	4.6
Mizuho Bank, Ltd.	1,016	4.5
MUFG Bank, Ltd.	945	4.2
Custody Bank of Japan, Ltd. (trust account 9)	857	3.8
State Street Bank and Trust Client Omnibus Account OM02 505002	606	2.7
The Bank of New York Mellon 140042	478	2.1
Mizuho Trust & Banking Co., Ltd.	405	1.8
The Bank of New York Mellon 140044	388	1.7
State Street Bank and Trust Company 505001	336	1.5

Treasury stock (2,645,024 shares) is excluded for the calculation of the "Ratio of Shares Held".

Corporate History



Foster Group ESG Management

Since its founding in 1949, the Foster Group has aimed to become indispensable to society, and has continued to grow and develop under its corporate philosophy of “Sincerity”.

Celebrating 70th anniversary in 2019, and further “aiming to be a centennial company”, the Group will continue to adhere to management based on “Sincerity”, that is, “always convey the truth and offer human- and environmentally friendly products and services to all stakeholders with cordiality”.

We established our ESG Management Statement along with the formulation of medium-term business plan, thus announcing Foster’s commitment to promoting ESG, both internally and externally. We reorganized the CSR Committee and renamed it the Sustainability Committee, thus sharing the targets we should aim to achieve company-wide and clarifying the company-wide structure for working to achieve them.

We have also clearly stated “Be Happy 80%” for employees as our ESG initiative. This is because the COVID-19 pandemic had a negative impact on the world in 2020 and companies’ attitudes toward their social responsibilities, which they are required to fulfill, are being put to the test. This has led us to think that now is the time to position employees, who actually carry out the ESG activities, and their happiness at the heart of our corporate activities. “Be Happy 80%” reflects the feelings of Foster employees, who are considerate of others and attach importance to team spirit. We would like to cherish these feelings in our management all the more because the world is said to be increasingly divided.

In 2016, the Group established the “Foster Rhythm”, which was formed to make its corporate philosophies easier-to-understand, and distributed it internally. It was created and promoted by the employees themselves, who recognizes the increasing importance of the future corporate activities that our global employees empathize and embody its corporate philosophies.

It contains not only the corporate philosophies but also the strong “desire” and “wish” its employees truly want to achieve, such as, “a workplace full of team spirit where employees can work freely”, and “pride as a professional, which people always desire”.

The Foster Group and all of its directors, officers and employees hereby declare that we will engage in “corporate activities with sincerity” in accordance with the ESG Management Statement below. We will also continue to enhance corporate value by appropriately addressing the expectations and needs of our stakeholders.



Atsushi Narikawa, COO

ESG Management Statement

In March 2021, we established the Foster Group ESG Management Statement. It expresses in concrete terms what we want to be like toward the achievement of sustainability, which will be the guidepost for our promotion of ESG management.

Foster Group ESG Management Statement

At the Foster Group, our ESG initiatives stem from our corporate creed of “Sincerity”. The “Sincerity”, is defined in Foster Rhythm* as “Always tell the truth, be kind to others as well as the planet, and serve with all your heart”.

Foster believes that its employees play the central role in ESG activities. A company cannot promote ESG if it cannot make its employees, who are at the root of all corporate activities, happy. Based on this idea, we have positioned “Be Happy 80%” for employees as the base point of our ESG activities. We would like to contribute to a future society to fulfill the expectations of all the stakeholders. We believe that 80%, not 100%, is the benchmark for happiness. We have left room to consider the satisfaction of other stakeholders as well as that of our company and ourselves.

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

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

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

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

Promoting ESG Management in Foster Group

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

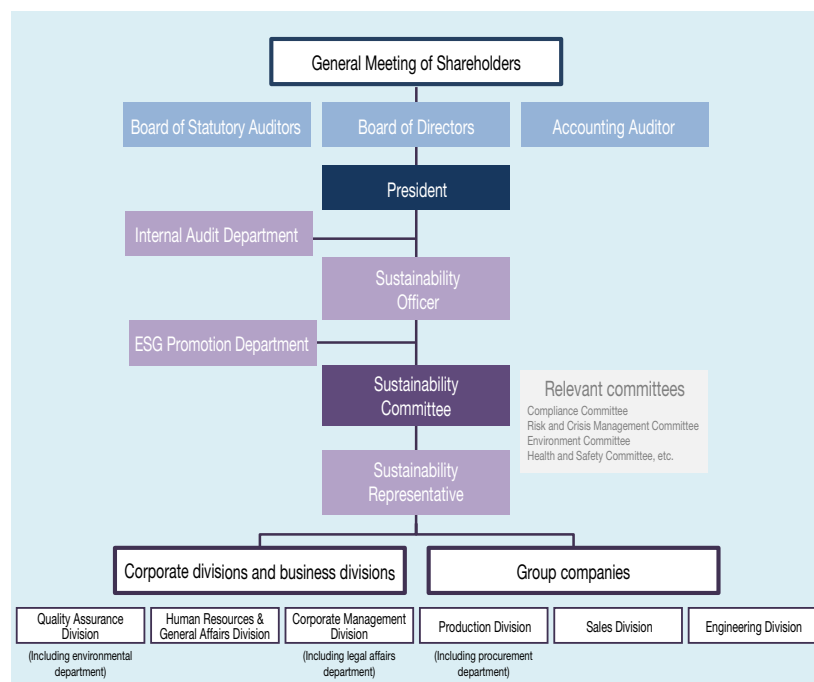
* Electronic Industry Citizenship Coalition (renamed Responsible Business Alliance in 2017)

Foster Group ESG Management System

As shown in the following "ESG Management System", the Foster Group has established the Sustainability Committee (*) with representatives of related sections as core members, at its headquarters.

Sustainability Committee meetings are held monthly with the attendance of sustainability officers from the headquarters as well as staff at overseas bases via video conferencing to ensure the monitoring and collaborative promotion of ESG management on a group-wide basis, including overseas business locations, each of which has an appointed person responsible for the promotion of sustainability activities.

* CSR Committee was renamed "Sustainability Committee" in June 2020.



Global Sustainability Communication Meetings













We held Global Sustainability Communication Meetings at Japan headquarters and overseas group companies of six major regions during Nov-Dec., 2020, attended by the sustainability officer from headquarters, sustainability representatives and staff from each site via TV conference system. By directly exchanging information and opinions on our global activities including supply chains, we aim to strengthen our ESG management system.

Materiality (Priority Issues)

We reviewed our materiality (priority issues), which we developed in 2017, and revised them in March 2021. In developing materiality items, we conducted backcasting from our ESG Management Statement and medium- to long-term goals under the mid-term business plan and listed the items (priority issues) that should be addressed first by reflecting expectations of our stakeholders, including customers and external rating companies. Further, the ESG Promotion Task Force, consisting of staff and managers in each ESG field, held discussions, and materiality items were determined and approved by the Sustainability Committee and the Board of Directors.



Our Approach to Materiality (Priority Issues)

ESG	Materiality	Target		Achievements until FY2020	Refer to	Corresponding SDGs	
Environment (E)	GHG (greenhouse gas) Reduction	Reduce CO ₂ emissions (Scope 1 and 2)	Absolute CO ₂ emissions: Reduce by 1% from the previous fiscal year (Yr 2025 target: Reduce 30% from a FY2018 base-year, Yr 2030 target: Reduce 50% from a FY2018 base-year)	Absolute CO ₂ emissions: Reduced by 12%	Page 11	  	
	Environmentally Friendly Products	Development of environmentally responsible products	Reduce the weight of speakers Develop element technologies to achieve further weight reduction	Technologies developed for weight reduction Number of technologies: 2 - New frame material - Magnetic circuit structure	Page 12		
			Reduce the use of VOCs The ratio of toluene-free new mobile audio products: FY2020 target: 25% (FY2025 target: 100%)	25% (as of March 31, 2021)			
			Increase the ratio of environmentally responsible speakers* The ratio of environmentally responsible car speakers (per sales): FY2020 target: 12% (Yr 2025 target: 20%)	12% (as of March 31, 2021) * Environmentally responsible speaker: A speaker with any environmentally friendly element, such as light weight and reduced applications of VOC or solder			
Social (S)	Penetration of Corporate Philosophy	Penetration of corporate philosophy is growing even more important than before while work style reforms are greatly accelerating and the method of communication between employees is changing markedly in response to the COVID-19 pandemic. Promote events and measures to play a role in redefining the new communication and a sense of unity.		<ul style="list-style-type: none">• Held workshops for new employees and mid-career employees.• Held get-together sessions of new employees, executives, and senior employees (from new/future leaders programs).• Promoted communication by holding interim feedbacks.• Held town hall meetings (basic and practical lessons on mid-term plan).	<ul style="list-style-type: none">• Introduced an executive mentor program (one-on-one mentoring of young employees).• Lectures were given by executives to mid-career employees.• Held workshops on production of speakers.• Conducted a stress check and an employee satisfaction (engagement) survey.	Pages 20 - 21	
	Diversity	<ul style="list-style-type: none">• Female manager ratio (headquarters)• Ratio of overseas human resources (headquarters)• Employment rate of persons with disabilities (headquarters)	30% by Yr 2021 30% by Yr 2024 More than 2.3% of the legal employment rate	12.6% (as of April 1, 2021) 10.3% (as of March 31, 2021) 2.2% (as of March 31, 2021) • We implemented our first summer internship program for English-speaking human resources with an MBA. This did not result in employment but helped attract overseas human resources.		Pages 18 - 19	 
	Decent Work	<ul style="list-style-type: none">• Rate of paid holidays taken (headquarters)• Total working hours (headquarters)• Rate of specific health guidance taken (headquarters)• Rate of periodic health examinations taken (headquarters)• Displaced worker due to nursing care (headquarters)• Promote the creation of systems and an environment that permit flexible, diverse work styles and enhance the nursing care leave system.	FY2020 Target: 83% Monthly average of 153 hours or below and the return of profits obtained by reducing overtime work 80% Maintain 100% Maintain 0%	50.0% (FY2020 result) Monthly average of 139.4 hours (FY2020 result) * Rate of paid holidays taken and total working hours decreased significantly because of the group-wide holidays in the COVID-19 pandemic. 63.3% 100% (FY2020 result) 0% (FY2020 result) - Took the COVID-19 pandemic as an opportunity to rapidly accelerate work style reforms. - Built an environment for working from home with initiatives such as lending mobile Wi-Fi routers, introducing a work from home allowance, and improving the VPN environment. - Launched Shigoto Rakuraku Project (easy work project). Promoted the scrapping of the seal-stamping system, the use of Google drive, introduction of super-flexible working hours without core time, and efficiency improvements of meetings, among other initiatives.		Pages 19 - 20	 
	Sustainable Supply Chain	SAQ response rate from suppliers	<ul style="list-style-type: none">• Existing suppliers: 91% or higher• New suppliers: 100%	93% 100%	99% 100%	Pages 14 - 15	 
		Response rate for the conflict mineral survey collected from suppliers	<ul style="list-style-type: none">• Existing suppliers: 99% or higher• New suppliers: 100%				
	Quality (Product Safety and Reliability)	The number of failures with a serious social impact (human life, property, environment and so on)	Maintain 0 failures	0 failures		Page 16	
	Governance (G)	Governance Enhancement	Enhancement of corporate governance		<ul style="list-style-type: none">• Increased the number of Independent Directors by 1 and appointed a new Independent Corporate Auditor (female) to strengthen management and promote diversity.• Enhanced business execution reporting and increased time for discussing management issues.• Developed and announced a mid-term business plan by reflecting the advice given by independent officers proactively based on their knowledge.	Pages 26 - 27	
Reinforcement of compliance			<ul style="list-style-type: none">• Implemented a compliance test (response rate: 100%) and a compliance survey (response rate: 100%).• Held "Compliance Hotline" and "Harassment Helpline" briefing sessions for employees to make sure that they fully understand the internal whistleblowing system.• Held compliance training on the Subcontract Act and export management.				
Enhancement of risk and crisis management			<ul style="list-style-type: none">• Monitored BCP reviews, supplier BCP building, and information security management system reviews, etc. as key risk items.• Held meetings of the Risk and Crisis Management Committee on a weekly basis and built a structure for a prompt response that gives top priority to the safety and security of employees, as measures to tackle COVID-19.• Departments and business locations collected and shared information about customers and suppliers etc. and responded to risks in timely, appropriate, flexible manners.				



United Nations Global Compact (UNGC)

About United Nations Global Compact

The Foster Group signed and joined the “United Nations Global Compact (UNGC)”, the world’s largest corporate sustainability initiative promoted by the United Nations, on January 19, 2017.

As a company that operates globally, we support the 10 principles of the UNGC of “Human Rights”, “Labour”, “Environment” and “Anti-Corruption” and conduct activities for compliance, decent work, care for the environment, and CSR procurement, etc.

WE SUPPORT



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

We are participating in the “Human-rights Education Subcommittee”, “Environmental Management Subcommittee”, “WEPs Subcommittee”, “Supply Chain Subcommittee”, “DRR (Disaster Risk Reduction) Subcommittee”, “ESG Subcommittee”, “SDGs Subcommittee”, “Reporting Study Subcommittee”, “Subcommittee to Cultivate Awareness of the Global Compact”, “CSV Subcommittee”, and “Circular Economy Subcommittee” of the GCNJ, which are composed of the member companies of the UNGC (as of July 2021). The subcommittees not only share the CSR-related latest trends and study cases of each company through lecture meetings by influential individuals but also are working to produce various kinds of outputs that support CSR activities of various companies based on the member companies’ experiences in a wide range of industries. In addition, the knowledge obtained through the subcommittees is reflected in our CSR activities.

Sustainable Development Goals (SDGs)

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

What Are Sustainable Development Goals (SDGs)?

In 2015, “United Nations Sustainable Development Summit” was held at the United Nations Headquarters. With more than 150 leaders from member countries participating, “Transforming Our World: the 2030 Agenda for Sustainable Development” was adopted as its resolution. The Agenda made declarations and set goals as an action plan for people, the planet and prosperity. They are known as “Sustainable Development Goals (SDGs)”, which consist of 17 goals and 169 targets.

Source: United Nations Information Centre website








United Nations Information Centre: Sustainable Development Goals (SDGs)



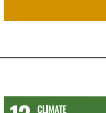



<https://www.un.org/sustainabledevelopment/>

SUSTAINABLE DEVELOPMENT GOALS



Our Actions on SDGs

SDGs	Activities	Business	Social Contribution	In-house	Refer to
	Donation activities for low-income households, assistance with food, clothes, necessities, etc.		●		Pages 23 - 24
	Participation in a blood donation program		●		Pages 23 - 24
	Implementation of the "Health Point System" and "Smoking Cessation Support Program"			●	Page 20
	Acceptance of student interns		●		Page 19
	Donation of scholarship		●		Pages 23 - 24
	Opening of an intranet on diversity to provide information or supporting women's active participation			●	Page 19
	Water risk management	●			Page 11
	CO ₂ reduction	●			Page 11
	Management of environmentally hazardous substances	●			Page 11
	Work style reform project			●	Pages 19 - 20
	Reduction of scheduled working hours			●	Page 19
	Enrichment of holiday/leave programs			●	Page 20
	Lifting the ban on second jobs			●	Page 20
	Personnel system with multiple courses			●	Page 21
	Technical master system			●	Page 21

SDGs	Activities	Business	Social Contribution	In-house	Refer to
	Education on promoting diversity Implementation of intercultural communication trainings			●	Page 19
	Management of chemical substances	●			Page 11
	Promotion of recycling	●			Page 11
	Environmentally friendly products	●			Page 12
	CO ₂ reduction	●			Page 11
	Promotion of clean energy use	●			Page 11
	Environmentally friendly products	●			Page 12
	Planting activities		●		Page 13
	Basic policy on conflict minerals	●			Page 15
	Governance structure			●	Pages 25 - 29
	CSR assessments and audits	●			Page 14
	Responsible procurement	●			Pages 14 - 15



Environment

Environmental Philosophy and Policy

Environmental Philosophy

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

Environmental Policy

- Preface -

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

1. We contribute to the realization of a sustainable society by continually improving our environmental management systems, and by communicating and cooperating with our stakeholders proactively.
2. Realization of “Decarbonized society”
We reduce CO₂ emissions throughout our value chain including procurement of raw materials, manufacturing, transportation, selling and disposal of our products.
3. Realization of “Resource recycling”
We strive for the waste reduction by promoting effective use of resources in our group-wide activities and product development. We also use water resources responsibly in our manufacturing processes.
4. Realization of “Harmony with nature”
We strive for the promotion of activities considering Biodiversity conservation, prevention of pollution and environmental load reduction by chemical substance management.
5. We comply with domestic and international environmental laws and regulations and other requirements related to our group-wide activities.
6. We develop human resources who practice environmental activities through enlightening people involved in group activities and educating employees.

【Issued following the approval by senior management in July 1993. Revised in March 2021.】

Environment Management System and ISO 14001 Certification

We have obtained ISO 14001 certification at headquarters and all overseas manufacturing sites and embody the Foster Group’s Environmental Philosophy and mid-term environmental goals. At the headquarters, we monitor the activities conducted at each site and check their results.

The headquarters defines the Head Office of Foster Electric (1-1-109, Tsutsujigaoka, Akishima City, Tokyo, Japan) as a registered organization and promote activities while maintaining the environment management system.

We present the ISO 14001 certification at the request of stakeholders.

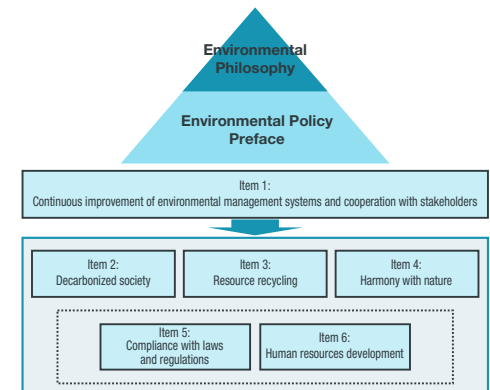
Revision of Environmental Philosophy and Policy

We have been engaged in environmental activities under our Environmental Philosophy and Environmental Policy since 1993. In 2009, we set our global CO₂ reduction goal, under which we have continued activities to reduce CO₂ emissions. In 2020, we set our mid-term environmental goals for 2025.

And in March 2021, we revised the Foster Group’s Environmental Philosophy as well as the preface and six items of its Environmental Policy, so as to clarify the long-term direction of environmental issues and the mid-term environmental goals for 2025, which Foster aims to follow.

The Environmental Philosophy shows the goals of our environmental activities while the preface of the Environmental Policy shows the direction of such activities.

The six items of Environmental Policy show the prerequisites for achieving the goals, three mid-term environmental goals, and the factors for achieving them, which are reflected in the Foster Group’s environmental management system.



Mid-Term Environmental Goals 2025

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

	Goals		2020 - 2025	FY2020 result
Item 2 of Environmental Policy	Decarbonized society	CO ₂ emissions reduction (Scope 1, 2, 3)	Scope 1, 2: Reduce absolute CO ₂ emissions by 30%* from a 2018 base-year	See page 7 of this report.
			Scope 3: Reduce absolute CO ₂ emissions by 3% from a 2018 base-year	
Item 3 of Environmental Policy	Resource recycling	Resource saving products	- Establish technology for eco-friendly products	
		Improvement of production process	- Reduce the hazardous waste generated by 5% from a 2018 base-year - Reduce water consumption (Efficient use of water resource)	
Item 4 of Environmental Policy	Harmony with nature	Management of chemical substances	- Build global management system based on the company standards and regulations	
		Biodiversity conservation	- Establish a biodiversity policy and the mid-term action plan	
		Partnership with stakeholders	- Build a cooperative structure and implementation of activities with our suppliers	

* We revised the 2025 reduction target of Scope 1 and 2 emissions, reflecting the revised mid- and long-term CO₂ reduction goals for 2030 (page 11).

Environmental Activities

Setting Mid- and Long-Term CO₂ Reduction Goals

The Foster Group revised its mid-term environmental goals for 2030 (Scope 1, 2) in line with the 1.5-degree goal of the Paris Agreement, aiming to build a decarbonized society. We have also set a new long-term goal for 2050. We aim to achieve carbon neutrality on CO₂ reductions as part of zero emissions initiatives under the ESG Management Statement (page 5).

<Mid-Term Reduction Goals for 2030>

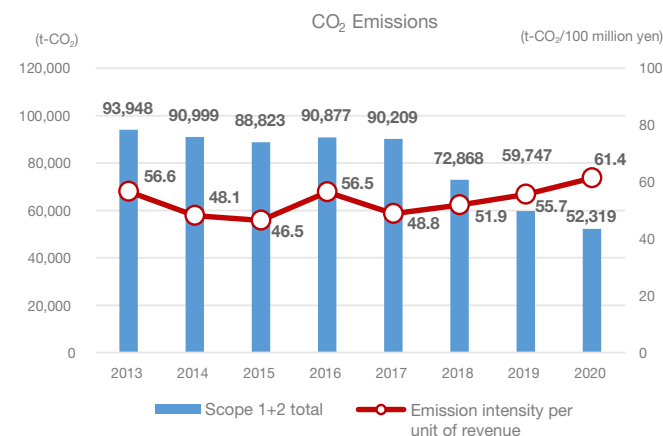
- Scope 1, 2: Reduce absolute CO₂ emissions 50% by 2030 from a 2018 base-year
- Scope 3: Reduce absolute CO₂ emissions 15% by 2030 from a 2018 base-year

<Long-Term Reduction Goal for 2050>

- Aim to achieve carbon neutrality by 2050

CO₂ Reduction (Scope 1, 2)

The Foster Group's absolute CO₂ emissions in FY2020 were 12% less than the previous fiscal year, partly reflecting restrictions on production activities amid the COVID-19 pandemic. However, emissions intensity per unit of revenue increased 10% year on year. For Scope 3 emissions, the data can be found in the Data Table at the end of this report.



Water Risk Management

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

External Communications

Decarbonization Management Promotion Network

We participate in the "Decarbonization Management Promotion Network", which is a part of the "Program for Enhancing Corporate Value through Decarbonized Management" promoted by the Ministry of the Environment, as a target-setting member. (The following site is in Japanese.)

URL: https://www.env.go.jp/earth/ondanka/supply_chain/gvc/

Japan Climate Initiative (JCI)

Last year, we joined the Japan Climate Initiative (JCI) by agreeing to its declaration of "Joining the front line of the global push for decarbonization from Japan". (The following site is in Japanese.)

URL: <https://japanclimate.org/>

Chemical Substance Management

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

Environmental Consideration at Headquarters

Our headquarters employs environmental load reduction technologies such as lighting control by daytime sunlight, air conditioning by outside air, ice thermal storage air conditioning system, and double-skin façade. Electricity consumption is controlled further by limiting maximum power consumption during the day, promoting Cool Biz and Warm Biz campaigns, turning off all the lights in the building for lunch breaks, and having employees work from home in response to the COVID-19 pandemic. The headquarters strongly promotes active participation in climate control measures by procuring clean energy prior to the other sites in the Group.

We have also renewed the design of the reusable cup for coffee and other drinks offered at the coffee shop. (Disposable plastics and paper cups have been abolished). Thus, we have continued to tackle the marine micro plastic problem and save resources.



New reusable cup

Initiatives to Achieve Zero Waste Emissions

At headquarters we are engaged in the recycling of waste (waste that contains recyclable elements) through the sorting and separation of regular waste, plastics and industrial waste, together with comprehensive awareness raising activities.

Assembled products and parts are being recycled into raw materials through professional recycling (14 tons/year), as part of our continuing activities aiming to achieve zero waste emissions from our business activities.



Recycled materials being carried out

Environmentally Friendly Products

Speakers

We develop element technologies for speakers for next-generation environmentally friendly vehicles. [Development of lightweight speakers] We are developing on our own and productizing speakers incorporating technologies enabling lighter weight, by taking measures including optimization of resin and metal components, which are made with optimization design using CAE analysis, and studies of carbon fiber reinforced thermo plastics (CFRTP) as a new material. At present, we continue to develop element technologies for lightweight speakers, aiming to reduce the weight of 6.5" lightweight speaker, which is approx. 200 g, to 100 g or less by 2025.

[VOC reduction] As initiatives to reduce the volume of VOC remaining at production sites and in the passenger cabins of vehicles, we have cut the use of organic solvent adhesives for bonding parts, developed an adhesive which does not contain solvents, and adopted it for commercialized products.

[Reduction of electricity consumption] As a part of our environmental activities, we have developed and commercialized speakers with features including reduced solder applications, reduced processes, and reduced use of drying furnace, which reduces electricity consumption during the manufacturing process.

* We will continue development efforts with a target of achieving 20% as the ratio (to sales) of commercialized car speakers incorporating these environmental technologies.

2020 result: 12%
2025 target: 20%



Lightweight car speaker

Actuators

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

* CASE: Connected, Autonomous, Shared, Electric



Headphones and Headsets

For headphones and headsets, we have been active in incorporating environmental considerations in our product and/or process design. In reducing environmentally hazardous substances in our products, we address the most up-to-date information regarding country-specific legal requirements and the RoHS2, and propose to our customers. As a way of reducing waste volume, we have also been keen on minimizing waste materials, reusing raw materials by introducing new equipment, and developing products made of natural materials. For products with electronic circuits, we have adopted power-saving parts in our efforts to develop products with low power consumption.

For microspeakers used for headphones or headsets, we are working towards environmentally friendly product manufacturing by introducing adhesives that do not contain toluene for new microspeakers in order to reduce VOC (replacing the parts that use solvent adhesives).

【Development target and result for toluene-free products】

Target for 2025: The ratio of products using toluene-free adhesives to be 100% by 2025.

<FY2019 Result>

The ratio of new mobile audio products using toluene-free adhesives at least partially was 100%.

<FY2020 Result>

The ratio of products using toluene-free adhesives: 25%

【Plans for Achieving Targets】

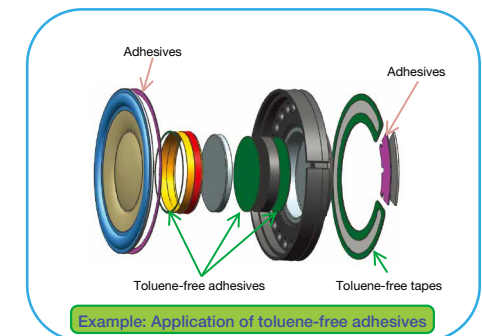
- Make confirmations based on requirements on the use of toluene in the development and design stage.
- Continue to study alternative adhesives to achieve 100% as the ratio of products using toluene-free adhesives.



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



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



Example: Application of toluene-free adhesives

Environment Month Activities (Headquarters)

Environment Lecture Presentation

We invited an outside expert to speak on the marine plastic pollution to our officers, department heads, and group leaders (in the form of a Web conference). The lecture served as an opportunity to think about the relationship between pollution and our activities.

Other activities

We held a flea market, solicited for ideas on waste reduction, and took other initiatives as opportunities to think about waste reduction measures as employees or individuals.



Environment lecture presentation

Akishima City Cleanup Movement (Mini-Clean Activities)

As part of our CSR activities, we prepare an annual plan to carry out monthly mini-clean activities of clearing the footpaths and sidewalks around our headquarters. We also actively participate in the Akishima Cleanup movement, and are working towards the beautification of our local area (biodiversity protection), in which all departments including the members of the Environment Committee can participate. Many of those activities were postponed or cancelled due to the COVID-19 pandemic, with the annual number of participants falling by 58.3% from the previous fiscal year, to 67 (participation rate: 12.7%). The total waste weighed 16 kg. In the current fiscal year, we are also considering new measures.



Mini-clean activities



Environment Month Activities (Overseas)

China

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



City cleanup activities

Vietnam

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



Internal training



Planting activities



City cleanup activities

Myanmar

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



City cleanup activities



Planting activities



Environmental slogan competition

Social

CSR Management in Supply Chain

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

Customer Audit and Questionnaire

The Group respond to various CSR requests from over 50 corporate customers. We have received a total of 3 CSR audits from 2 corporate customers from April 2020 through March 2021. In addition, we received and responded to 24 CSR self-assessment questionnaires from 11 corporate customers in the past year. We will continue to drive CSR-based manufacturing and sincerely respond to such requests.

CSR Internal Audit

We check CSR activities status and conduct internal audit to maintain sound CSR management system. We conducted 18 CSR internal audits from April 2020 through March 2021 at our overseas sites. The standards and guidelines for these audits were based on local laws, in principle, and we also applied RBA code of conduct, RBA-VAP (Validated Assessment Program), ISO 14001, OHSAS 18001, ISO 45001, SA8000, as well as customer standards.

Responsible Procurement

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

Basic Principles of Procurement

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

1. Compliance with laws and ordinances

We will comply with the laws, ordinances and regulations in the countries and regions where we conduct business activities, and will conduct purchasing duties in accordance with social ethics. We will not accept any gifts or entertainment that violates laws or social ethics.

2. Fairness and impartiality

We will keep our doors open and provide equal opportunities to all businesses, and will evaluate and select suppliers with impartiality based on reasonable criteria.

3. CSR Procurement

We will promote clean and green procurement based on the Foster Group Supplier CSR Code of Conduct.

4. Partnerships

We will endeavor to deepen mutual understanding with our suppliers and build bonds of trust with them.

5. Confidentiality

We will strictly manage confidential information that comes into our knowledge in doing business.

Clean Procurement

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

Representatives and Structures

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

Management System

We strive to trade with suppliers who not only provide excellent technologies, quality, delivery dates, and suchlike, but also fulfill their responsibilities regarding human rights, labor, safety, the environment, compliance, information security, and other social responsibilities. We believe the Procurement Department's promotion of CSR to be an important business policy and conduct management review on a regular basis. Our suppliers conduct CSR self-assessments for us, and we include CSR requirements in the basic transaction agreements

that we enter into with them. Further, we conduct CSR audits of our suppliers and request that they take corrective actions to improve based on the results of the CSR self-assessment and of the regular audits on quality (ISO, VDA, and IATF), the environment (hazardous substance management and ISO 14001), and CSR (status of CSR activities) and other evaluations regarding delivery dates, services, and other aspects of the relationships. We take measures to address the problem of conflict minerals that adhere to the OECD Conflict Minerals Due Diligence Guide.

Education

The Procurement Department implements an education and training plan covering an extensive choice of programs for acquiring a wide array of necessary skills, including ones on CSR operations. Training courses in 2020 were given mainly online due to the COVID-19 pandemic. A total of 160 employees received training in 60 courses, mainly those on CSR (ESG), legal affairs (contracts and intellectual property), the environment (management of controlled substances, environmental measurement, and ISO 14001), quality (ISO, VDA, IATF), QMS, EMS (auditor training), the Subcontract Act, product technologies, and raw materials and components. These training courses are aimed at improving skills to solve problems at work sites. We also provided the training for overseas sites by using a video conferencing system and LMS, thus developing human resources who will fulfill social responsibilities in procurement operations. Further, in 2020, we held an environmental briefing remotely for 400 people from all of our approximately 200 supplier companies and informed them fully of controlled substances and regulatory requirements that have been added, the time when they would come into effect, and other matters.

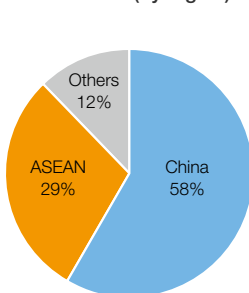
Sustainable Procurement

To promote CSR procurement activities, we established CSR guidelines for suppliers in 2011 and have been driving such activities since then. We first consolidated related internal rules and documents. In 2012, we began to distribute them internally and to Group companies, asking for CSR procurement. In 2014, we began to give requests to suppliers. In 2016, we started requesting them to sign the agreement with the Foster Group Supplier CSR Code of Conduct, perform self-assessment, and take corrective actions. In 2020, we conducted SAQ (Self-Assessment Questionnaire) of approximately 300 suppliers, and where necessary, requested them to take corrective actions and performed on-site audit, in our efforts to build a sound supply chain. Moving forward, we will establish initiatives by working together with suppliers in identifying issues to address.

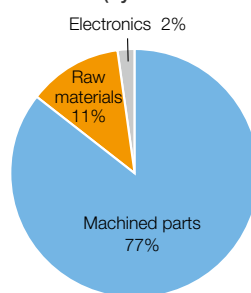
Overview of Our Supplier Partners

We trade with approximately 300 suppliers, 58% of which are in China. The machined parts industry accounts for 77% of all business sectors. Companies in the Foster Group promote CSR procurement in cooperation with the suppliers.

Trade status (by region)



Trade status (by business sector)



Supplier Selection and Evaluation

The Foster Group sets the implementation of CSR activities as a business condition when selecting suppliers. We ask suppliers to agree to the “Foster Group Supplier CSR Code of Conduct” and reply to the SAQ (Self-Assessment Questionnaire). We conclude a basic transaction agreement containing CSR requirements with suppliers before starting trade with them. We also conduct SAQs for the existing suppliers, check the implementation status of corrective and improvement actions and provide educational activities for them.

Initiatives for Tier-2 and Lower-Tier Suppliers

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

CSR Self-Assessments and Supplier Audits

In fiscal 2016, we began having our suppliers conduct CSR self-assessments concerning their initiatives addressing human rights, labor, safety, the environment, compliance, and information security. Based on the results of the self-assessment, we visit suppliers to inspect their work sites and interview them as necessary. In fiscal 2020, we had approximately 300 suppliers conduct self-assessments. Based on their results, we audited four of the companies, which needed corrections, and audited two of them again to check if they have taken countermeasures. We created corrective action plans by sharing specific points needing improvement in the on-site audits and requested the suppliers to take corrective actions proactively. We will continue to request that suppliers conduct self-assessments regularly and take corrective action immediately if any problems are identified, in our efforts to build a sound supply chain.

Intra-Industry Collaboration (Engagement)

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

Supply Chain Subcommittee of the GCNJ CSR Procurement Self-Assessment Tool Set (The following site is in Japanese)

<https://www.ungcnj.org/activities/topics/detail.php?id=357>

Connecting with Our Business Partners in Environmental Burden Reduction

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

Responsible Minerals Sourcing

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

Our Approach to Due Diligence

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

Conflict Minerals Investigations

In fiscal 2020, we achieved a 99% response rate for investigations into conflict minerals carried out on approximately 300 suppliers. We conducted risk analysis and evaluation from collected CMRT and requested further examination according to the risk levels by each supplier. Among the smelters that we identified, 90% have passed the conformant smelters audits (RMI). In fiscal 2018, we started investigating cobalt and mica according to the due diligence guidance by OECD. We will continue to conduct investigations for tantalum, tin, tungsten, and gold (3TG) because the refinery certification status continues changing for these minerals. If any sourcing of a mineral involving a risk is identified, we will take appropriate actions by working together with the supplier.

Conflict Minerals Policy

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

Quality and Safety Assurance

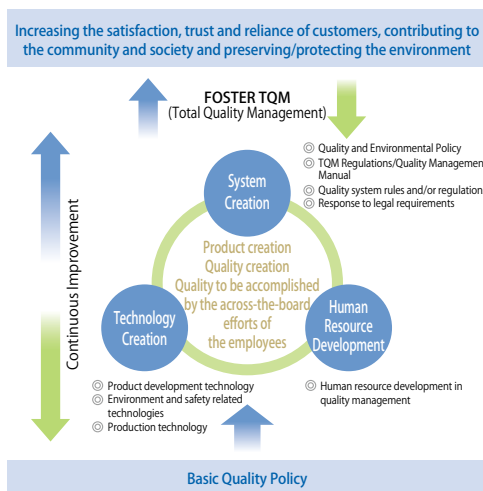
The Foster Group is undertaking quality assurance activities based on the FOSTER TQM (Total Quality Management).

Our Quality Assurance Policies and Actions

Under our customer-focused philosophy, the Foster Group considers the delivery of safe, eco-friendly products of reliable quality by fulfilling customers' expectations and social requirements as the basics of our quality assurance.

In addition, under the Basic Quality Policy, we globally promote comprehensive quality assurance activities to ensure that our products are of high quality.

Safety, reliability, and management of environmentally hazardous substances are taken into account on our products and components at all times during the processes (product/process design, purchase, and manufacturing) supported by our high-level technologies.



● Our Quality Assurance Activity System (Main Process) and Mechanism
Quality Assurance Activities based on APQP (Advanced Product Quality Planning)



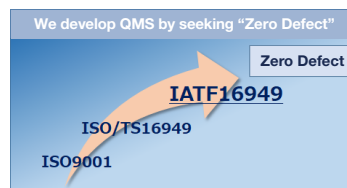
Note) DR-0: Product feasibility review, DV: Product design validation, DR1/2: Product design review

TQM and QMS* at FOSTER

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

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

* QMS: Quality Management System



Global Quality Assurance Structure

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

Enhancing Quality Awareness

Our headquarters has made November the "Quality Month" and holds a variety of events to improve quality awareness.

Main Events Held Last Fiscal Year

■ Holding a quality improvement case exhibition

We hold exhibitions at headquarters and overseas sites to share detailed information on the improvements. Last fiscal year, we did not hold the exhibition at the headquarters due to the COVID-19 pandemic. Instead, we made the exhibits freely available for viewing on our website.



Exhibition at the headquarters: The exhibits were made available for viewing on our website.



Exhibition at Guangzhou plant in China



Exhibition at Thilawa plant in Myanmar

■ Seeking ideas for a quality slogan

We seek ideas for a quality slogan from each division every year. Compiled in a booklet, all of our employees carry at all times.



■ Holding the Global QC Circle Convention

Through the QC Circle activities, opinions from overseas production sites are valued and used to improve product quality.

Each year, more than 100 circle teams are conducting activities. Among them, teams that won the QC Circle Convention at each factory gave presentations of their achievements. Usually, such teams gather at the headquarters to give the presentations. Last fiscal year, however, the presentations were given online due to the COVID-19 pandemic.



Global QC Circle Convention held online (Minimum number of people including juries gathered at the venue.)

Future Plan

We will continue to enrich its contents and promote its global extension, aiming to mature our quality-focused corporate culture.

Customer Satisfaction

Foster Group Sales Department

Policies

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

Structure

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

Activities

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

Future Plan

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

Fostex Company

Policies

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

Structure

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

Activities

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

Future Plan

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



Human Rights Protection

Policies

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

Respect for Employees’ Humanity

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

Respect for Human Rights and Anti-discrimination

We do not engage in irrational discrimination based on birthplace, nationality, race, origin, creed, religion, gender, age, disability of various kinds, hobby, academic background, skin color, sexual preference, gender identity disorder, pregnancy, political belief, participation to associations, marital status, hometown, etc.

We do not conduct any actions that might lead to human rights violations such as violence, ridicule, defamation, slander, forcible working by threat, bondage (including by liabilities), human trafficking, or bullying.

Sexual Harassment

We do not engage in any act of sexual harassment or any act that could be misconstrued by others as sexual harassment.

We do not engage in any sexual speech or acts that are offensive to another person and prevent other persons from engaging in such acts.

Protection of Personal Information and Privacy

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

Worksite Health and Safety

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

Compliance with Labor-related Laws

We comply with the labor-related laws and endeavor to maintain a comfortable and healthy workplace environment.

In order to ensure that the working conditions stay within the limit set forth in the “Labor Standards Act”, we strictly control working days and working hours. We do not force labor that compels excessive work or over-time work and so on.

Managers take into consideration the condition of the physical and mental health of subordinates at all times.

Activity Promotion Structure

We have established the Sustainability Committee and Compliance Committee to promote all relevant Foster Group initiatives.

In addition, we have established the Compliance Hotline and the Harassment Helpline as contacts for consultation and reporting and provide advice to various stakeholders.

Diversity

Policies

The Foster Group seeks to create systems and environments in which a diverse workforce of different genders, ages, nationalities and backgrounds as well as employees who work while raising children or providing nursing care can work actively according to their respective lives.

Through those activities, we aim to build a “Win-Win relationship between the company and its employees” and create synergies with the realization of enjoyable personal lives for each employee, the creation of new value, and improvement in the company’s creativity and competitiveness.

Activity Promotion Structure

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

Main Activities (Headquarters)

<Supporting Employees Raising Children and Providing Nursing Care>

To promote a working environment where employees who are raising young children and providing nursing care can work at ease, we have improved our system to support the balance between work and child/nursing care. Since April 2018, we have extended the childcare leave period to three years maximum and the nursing care leave period to 183 days maximum. In addition, we have signed a joint use agreement with company-led childcare centers, which offers preferred benefits such as the right to the early nursery applications.

<Promoting Women’s Active Participation>

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



<Educational Activities on Diversity>

We have set up a special website on diversity on our internal intranet, where we provide information to foster a better understanding of the fact that active participation of diverse human resources will lead to new value creation by the company. We will also continue awareness-raising activities for consciously eliminating unconscious prejudice and preconceptions (Unconscious Bias) by using manager training and other opportunities.

<Our Activities for LGBT (Sexual Minority)>

Currently, the Human Resources and CSR departments are carrying out activities to deepen understanding of LGBT and increase the number of allies (those who show understanding and support for LGBT people). We will continue to increase allies company-wide through activities designed to foster understanding of LGBT.

<Promoting Student Internships>

We have accepted student interns since 2012. In addition to the work programs for learning acoustic technologies and sales activities, we provide a program for learning CSR, a program for experiencing acoustic quality evaluation, a program for overseas students, and various other courses. We have received positive feedback from the participants, who said that they were able to experience the sound development of Foster. In fiscal 2020, a total of 71 interns participated in them.

<Global Human Resource Employment>

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

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



■ Website of the Ministry of Economy, Trade and Industry:

New Diversity Management Selections 100 (2017) Companies (The following site is in Japanese.)

https://www.meti.go.jp/policy/economy/jinzai/diversity/kigyo100sen/practice/pdf/H29_diversity_ichiran.pdf

Best Practices in Fiscal 2017 (The following site is in Japanese.)

https://www.meti.go.jp/policy/economy/jinzai/diversity/kigyo100sen/practice/pdf/H29_diversity_bestpractice.pdf

Future Plan

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

Labor (Labor Practices and Decent Work)**Policies**

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

Activity Promotion Structure

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

Main Activities (Headquarters)**<Work-Style Reforms>**

Since September 2016, we have established the systems and culture that satisfy a variety of work-style to promote diversity and realize a work-life balance.

In fiscal 2017, we applied the flex time system to all employees and introduced the work-at-home program. As for the work-at-home program, we introduced it at full scale without limiting the targets, and have been selected as one of the “Top 100 Telework Pioneers” by the Ministry of Internal Affairs and Communications for its telework initiatives. We have engaged in creating a work environment where employees can work flexibly to suit their lifestyles regardless of “time” or “place” by utilizing ICT. We will continue work-style reform to become a company that can offer a more desirable work environment and fulfilling career.

**<Reduction of Scheduled Working Hours>**

We took our 70th anniversary as an opportunity to reduce scheduled working hours by 15 minutes, to 7 hours and 30 minutes, effective on April 11, 2020. We will continue to improve operational efficiency, review the length of time needed for business execution, and improve the productivity per hour, in our efforts to achieve a highly efficient work-style.



<Removal of Ban on Second Jobs>

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

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

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

<Health Enhancement>

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

For example, to raise the awareness of employees' health, we implement the "Health Point System", in which we give points and provide health incentives to employees, and a "Smoking Cessation Support Program", which subsidizes the expenses paid to medical institutes to the employees who wish to quit smoking.

These initiatives were evaluated and we received a "Certification of Excellent Company in Health: Gold Accreditation" from the Tokyo Promotion Council for Healthy Company Declaration. (This certification was renewed on January 1, 2021.) In addition, in March 2021, we received recognition for a certified "Health & Productivity Management Outstanding Organization (Large Enterprise Category)" by the Ministry of Economy, Trade and Industry.

**Future Plan**

Target for fiscal 2021:

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

Human Resource Development**Policies**

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

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

Activity Promotion Structure

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

Main Activities, Measures, and Development

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

Future Plan

- Promoting human resource development aimed at forming a solid foundation of human resources to be the next-generation leaders of Foster
- Building a portfolio of diverse human resources by eliminating every form of discrimination based on age, gender, nationality, creed, or other attributes, based on the belief that a truly diverse and inclusive organization enables high productivity
- Promoting true work-style reforms by offering diverse options to cater to the career-planning and work style needs of each one employee
- Establishing a corporate climate which enables all employees to feel pride as a professional and the pleasure of working for Foster and to positively impact on all the stakeholders

Health and Safety

Policies

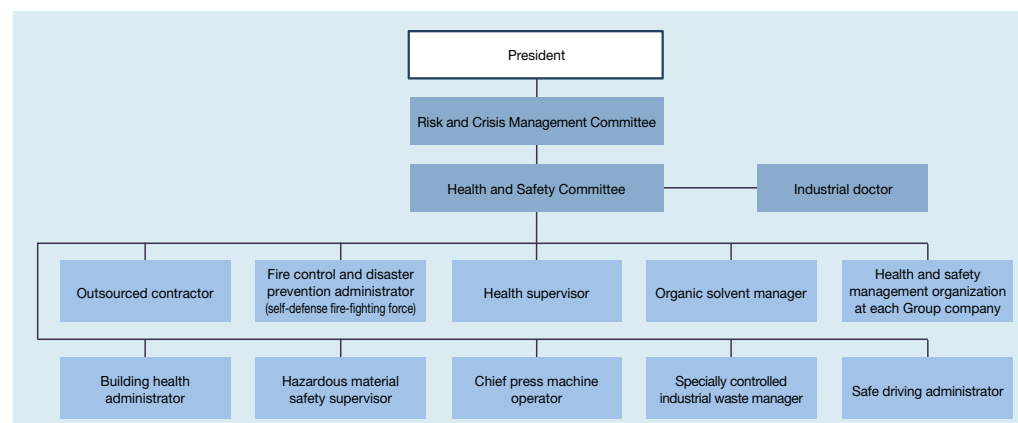
Foster Electric has established a rule to prioritize health and safety, and endeavors to create a safe and healthy working environment. Based on this rule, we are advancing redressing activities, which are carried out mainly by the Health and Safety Committee that governs health and safety, and the health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

Abstract from the “Code of Conduct”

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

Activity Promotion Structure

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



Main Activities

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

With regard to the group-wide issues, we take initiatives to resolve occupational health and safety issues for all employees based on the “Foster Group Corporate Action Guidelines” and the “Foster Group Code of Conduct for Staff”. This year, the Health and Safety Committee took the lead to implement prevention measures to cope with threats from COVID-19 as they did last year. The headquarters continued to work on the plan based on the policy of the Health and Safety Committee, “Globally reduce risks and make provisions against the occurrence of crises”, as an initiative to address individual issues. As measures to support health management by employees working remotely in the COVID-19 pandemic, we distributed a video instructing easy stretching exercises that can be done at home and gave instructions on healthy diet in the form of e-learning. We also continued to drive actions to reduce the use of VOC from the product development stage and activities to promote good health among all employees, aiming to eliminate risks possibly leading to serious consequences. These initiatives were evaluated and we received “Certification of Excellent Company in Health: Gold Accreditation” from the Tokyo Promotion Council for Healthy Company Declaration in December 2018, which was later renewed on January 1, 2021.

Measures to Tackle COVID-19

We have continued manufacturing by taking comprehensive measures to control COVID-19 infections at our manufacturing sites (such as body temperature checks, wearing masks, hand washing, and sterilization). At our development facilities, including headquarters, we have introduced a work-from-home system and a special leave program for employees receiving vaccines. Thus, we will continue striving to reduce the risk of infections to keep our development efforts unaffected.

Bicycle Safety

Some employees working at headquarters use bicycles for their work or commute, and their safe use of bicycles and our traffic accident prevention activities were evaluated by the Japan Traffic Management Technology Association. We were certified as a “Model Company for Bicycle Safety” in February 2017, with our activities being seen as a role model.



Award ceremony for the “Model Company for Bicycle Safety”

Initiatives at Overseas Sites

At our overseas manufacturing sites, we improve health and safety related matters through the Management Systems.

Following the OHSAS 18001 certification obtained by Nanning Plant in China in July 2018, Bac Ninh Plant in Vietnam and Panyu and Heyuan Plants in China obtained the ISO 45001 certification during October to December 2019.

Future Plan

Following the previous year, we will build a global structure based on ISO 45001-Occupational Health and Safety Management System, reinforce our system for responding flexibly to events such as COVID-19, and promote information sharing by the Health and Safety Committee.



Social Contribution

Policies

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

Code of Conduct

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

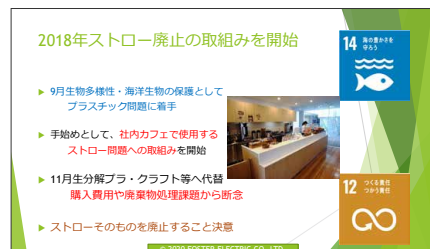
Main Activities 《Headquarters》

<Communicating with the Local Community>

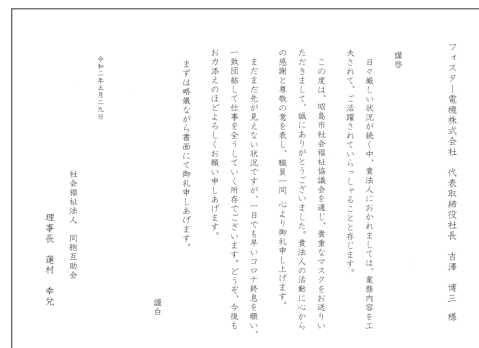
Since April, 2014, we have had the naming rights contract with Akishima City regarding Akishima Community Hall, which is known locally as KOTORI Hall by the citizens of Akishima City. We will continue to pursue activities to win the affection of the local community.



We continued to participate in Akishima City's Environmentally Friendly Business Operator Network, which carries out environmental activities with businesses in the city, as a lead member. However, various annual events hosted by this organization were cancelled due to the COVID-19 pandemic. We also took part in a briefing on reusable cups for offices, which was hosted by the Ministry of the Environment, and gave a presentation on our reusable cups with cooperation from other business operators belonging to the above organization.



In addition, Foster is promoting activities to enable people to encounter local traditional cultures through Akishima Showa No Mori Organization and Akishima Tourism & City Planning Association, in which we participate. Foster is also deepening communications with the local community through efforts such as cooperation with the Akishima Location Service to engage in activities for revitalizing the local area and donations to the Social Welfare Council to contribute to welfare in the local community. In May 2020, we donated nonwoven fabric masks and received a certificate of gratitude for this activity.



Main Activities 《Overseas sites》

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

China

June 2020: Our employee volunteers participated in a blood donation program organized by the blood bank of Heyuan City, Guangdong Province.



Korea

January, September, and November 2020: Charity funds for neighbors raised by officers and employees of ESTec Corporation, a Group company in South Korea, were donated to those in need of support in Yangsan City through the inhabitant life support office of the city government and to students in the city through the education office.



December 2020: All our employees worked together to pickle 200 boxes of kimchi for consumption in winter (approximately 1,500 kg) and sent them to elderly living alone, people with serious disabilities, and households with a child acting as the head of household, through the Yangsan Volunteer Center. This “Kimchi sharing with love” event has been carried out every year since 2010.



Vietnam

April 2020: The company and employee union gave donations for livelihood support to the family of a former employee who passed away in a traffic accident.



April 2020: We sent gifts to employees who support children with congenital disabilities.



June 2020: We donated essential goods to hospitals and isolation facilities in the Cam Le district of Da Nang, which was facing difficult circumstances due to COVID-19.



July 2020: We participated in a humanitarian blood donation program.



September 2020: We carried out support activities in an impoverished community in Daklak Province.



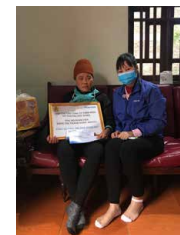
November 2020: In Quang Ngai Province and Quang Nam Province, we gave donations to people who were affected by flooding.



December 2020: At the annual employee conference, the company and employee union gave monetary donations to employees having difficulty in making a living.



January 2021: We visited and gave monetary support to employees suffering from occupational injuries or serious diseases.



Myanmar

November 2020: We gave a donation for supporting the fight against COVID-19 to South Okkalapa General Hospital in Yangon City.



Vietnamese Prime Minister Nguyen Xuan Phuc paid a visit to Foster Bac Ninh Plant.

May 2020: In the labor month of Vietnam, Prime Minister Nguyen Xuan Phuc paid a visit to Foster Bac Ninh Plant for safety and health inspection and had an opportunity to interact directly with our employees.



Governance

Corporate Governance

Policies

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

Corporate Governance Structure

Board of Directors

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

Board of Managing Directors

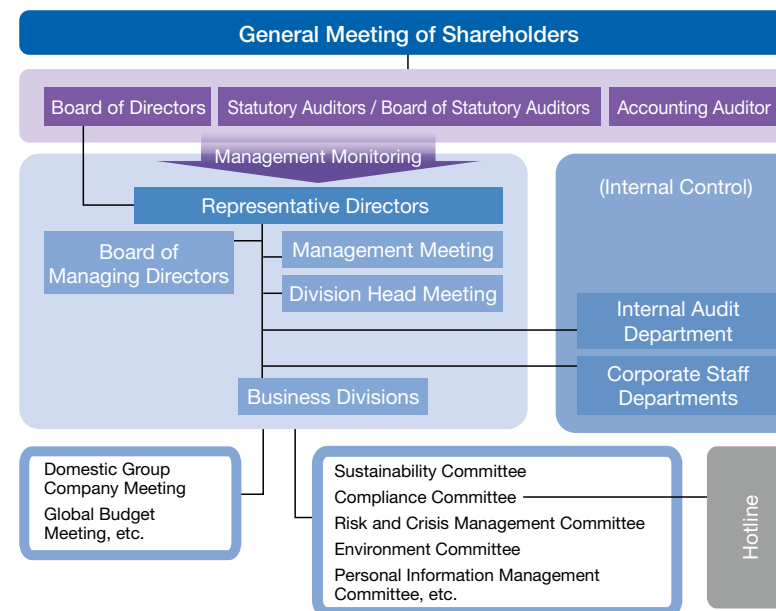
The Board of Managing Directors mainly consists of representative directors, managing directors, executive directors, senior executive officers and statutory auditor. They hold discussions at the meetings before making decisions on the execution of business operations.

Management Meeting, etc.

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

Nominating Committee and Remuneration Committee

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



Corporate Governance Guidelines

The Foster Group has established Corporate Governance Guidelines that express our basic way of thinking and framework with regard to corporate governance.

https://www.foster.co.jp/csr/foster_group/pdf/20160401_corporate_governance_guideline.pdf (In Japanese)

Corporate Governance Report

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

Foster Group Corporate Action Guidelines

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

■ Foster Group Corporate Action Guidelines:

https://www.foster-electric.com/csr/governance/pdf/corporate_action_guideline.pdf

Compliance

Policies

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

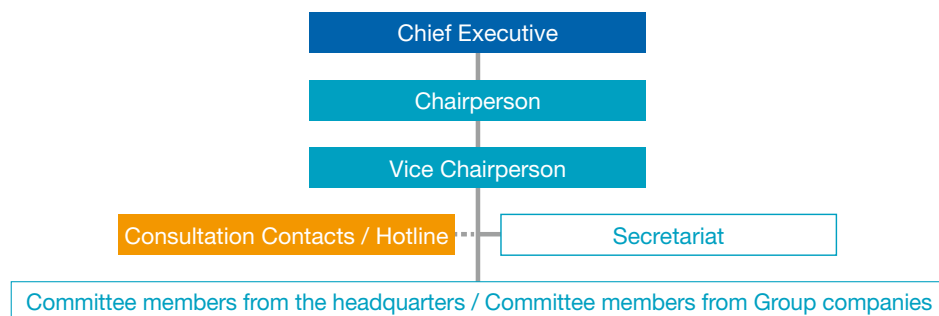
Compliance Structure

The Foster Group places emphasis on the internal whistleblowing system to promote compliance. Such system is under operation through the “Compliance Hotline” and “Harassment Helpline” that connects whistleblowers to external corporate lawyers available for 24 hours by email. Internally, the highly independent internal audit office and HR representative act as a window to early detect violations of compliance. The whistleblowing hotline is extensively available to employees and officers of the entire Group as well as to their families and the employees of business associates. We also hold briefings on the Compliance Hotline and Harassment Helpline for employees, to ensure that they are fully informed of the internal whistleblowing system.

For the protection of whistleblowers, the internal reporting regulations are established and disseminated to ensure that they are treated fairly or not involved in any trouble as a result of the their actions.

Organization of the Compliance Committee

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



Compliance Committee

The Foster Group's compliance programs are led by the Compliance Committee with the president as a chief executive.

In fiscal 2020, we conducted a compliance test and a questionnaire on overall compliance matters, including the “Foster Group Code of Conduct for Staff”. We also held online compliance training for all employees and took other initiatives to raise compliance awareness.

Future Plan

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

Risk Management

Policies

The Foster Group is focused on predicting risks and taking preventive measures so that such risks will not materialize. They also focus on minimizing damage to the Company should a risk develop and materialize, resulting in the occurrence of danger. Specifically, with a basic operating policy of building a resilient structure for managing risks and crises under the new normal, we strive to assess the impact of risks and our vulnerability to them in the COVID-19 crisis, establish and strengthen countermeasures, reinforce our structure for managing and sharing information under the new normal, and review our risk profile.

Risk Management Structure

As the foundations for the Foster Group's risk management structure, we have established the “Rules on Risk and Crisis Management” and the Risk and Crisis Management Committee with the president as the chairman to identify risks using a checklist, analyze such risks and promote preventive measures on a Group-wide basis.

In the event of any incidents or accidents, we will set up a task force, mainly consisting of the Risk and Crisis Management Committee members, and take prompt measures to minimize damage, ensuring restoration of the original state as early as possible and preventing any recurrences.

Risk and Crisis Management Committee

The Committee identifies and evaluates risks based on the result of risk reexamination conducted by respective department each year. From among those risks, the Committee selects important risk items that it needs to control. Specific measures which have been taken to address such risk items are monitored through regular meetings of the Committee. The risk evaluation result is also referenced during the business policy planning. The Committee reports the status of its operation, risks faced by the Group, and measures that have been taken to tackle those risks to the Board of Directors as appropriate. The Board of Directors fulfills its function of supervising risk management, such as by giving advice and instructions based on specialized knowledge of outside officers. Our important risk items that were reviewed in fiscal 2020 included the business continuity plan (BCP), supplier BCP structure building, and information security management system.

Measures for Addressing COVID-19

The COVID-19 pandemic has continued to have a major impact throughout the fiscal year. The Group held meetings of the Risk and Crisis Management Committee each week and built a system for immediate response by giving top priority to the safety and peace of mind of employees. In addition, departments and business locations collected and shared information about customers and suppliers and other information and responded to risks in timely, appropriate, flexible manners.

[Major Responses]

- Having correct understanding of customers' situations and addressing their problems
- Checking the operational status of each plant and performing appropriate inventory control
- Maintaining a correct understanding of supply chain situations and addressing relevant problems
 - * Above all, when a lockdown was imposed in Europe, the United States, and other countries/regions, which resulted in shutdowns of customers' plants, the Foster Group addressed the risk of supply chain disruptions by taking measures such as checking the prospect of a resumption of the plants' operation and the status of material suppliers.
- Safety and health measures, etc.
- At headquarters, we worked on building work styles under the new normal. We had employees work from home with a target percentage of those working from home at 70% under a state of COVID-19 emergency and 50% in other periods. We are taking steps to establish new work styles, such as the promotion of remote working, provision of support for health management to employees working from home as an unfamiliar workplace, support for tackling the lack of communication, and the provision of training on performance-oriented personnel evaluations.

Future Plan

We will continue to improve the structure for prompt responses to an accident or incident in the event of its occurrence and conduct periodic monitoring of important items at the Risk and Crisis Management Committee to further enhance the risk and crisis management structure.

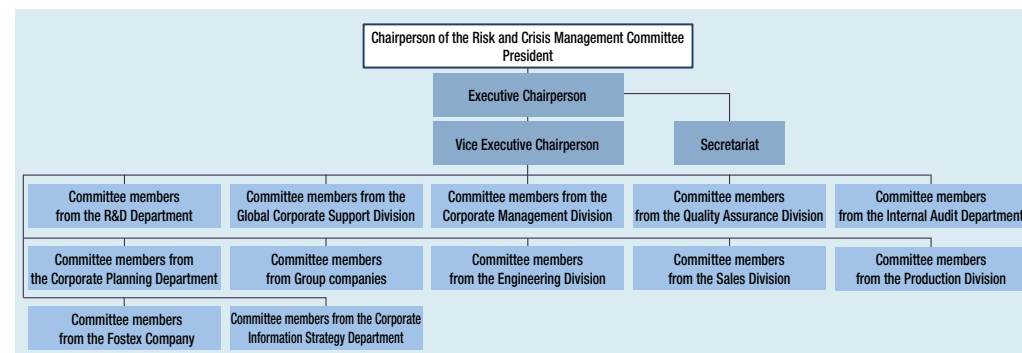
Business Continuity Plan (BCP)

Policies

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

Activity Promotion Structure

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



Main Activities and Measures

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

To keep the headquarters functional, the Foster Group has introduced a safety confirmation system using mobile phones that allow headquarters to issue an emergency notice to confirm the safety of its employees and their families when an earthquake, disaster, or other emergency occurs. In April, we conducted roll call training by assuming a major disaster, as a disaster drill for employees working at home during the COVID-19 pandemic.

Disaster-Prevention Activities

The headquarters is certified as an Excellent Fire Prevention Property. Our daily disaster prevention activities and regional disaster prevention activities were recognized, and we received a letter of gratitude from the Akishima Fire Department. In future, we will continue to work to be a company that is needed in the community.



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



Certificate of gratitude for regional safety and disaster prevention



Enhancing Measures to Tackle COVID-19

At overseas manufacturing sites, we take comprehensive measures to prevent infection, including body temperature checks at the entrance, hand washing, sterilization, and installation of partitions. In doing so, we will keep our production sites safe and secure.



Our measures to tackle COVID-19 (Overseas manufacturing sites)

Disaster Drills at Overseas Sites

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



Firefighting drill (China)

Water discharge drill (Myanmar)

Life-saving drill (Vietnam)

Future Plan

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

Our Stance on Tax Matters

Basic Stance

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

Governance

The Foster Group has established the global tax department within the Corporate Management Division at headquarters to manage and monitor tax risks. Critical issues are reported to the top management including Board of Directors for their directions.

Dealings Between Affiliated Companies

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

Relationship with Tax Authorities

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

Transparency

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

The Group also understands that the BEPS (Base Erosion and Profit Shifting) project by OECD is essential to prevent international tax avoidance and abusive tax planning and to secure the transparency of taxes through the disclosure of tax information. As such, the Group follows proper reporting procedures to CbCR (Country-by-Country Reporting).

Information Security and Personal Information Protection

Policies

Foster Electric Co., Ltd. and its subsidiaries (“the Group”) recognize the importance of securing the trust of customers, suppliers, shareholders, employees and other stakeholders based on its corporate creed of “Sincerity”. Appropriate management of information assets is an important part of the management agenda.

To appropriately protect and handle the information assets possessed by the Group, we define the information security policies as follows:

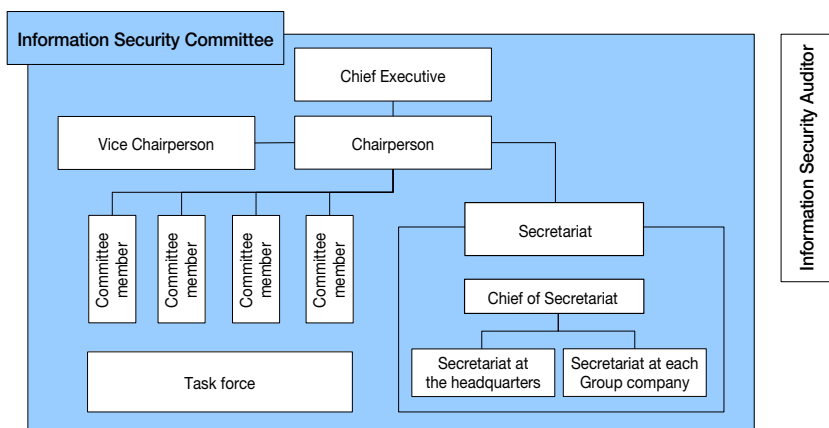
- Information security management system
- Development of internal regulations regarding information security
- Implementation of information security measures
- Provision of information security education
- Implementation of continuous improvement activities

■ Information Security Policies:

<https://www.foster-electric.com/security/index.html>

Activity Promotion Structure

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



Main Activities and Measures

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

Mid-term Plan

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

External Recognition

[Japan]

New Diversity Management Selection 100 (fiscal 2017)

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



Top 100 Telework Pioneers (fiscal 2018)

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



"Kurumin" Certification (obtained in 2021)

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



2021 Health & Productivity Management Outstanding Organization (Large Enterprise Category)

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



Certification of Excellent Company in Health: Gold Accreditation

January 2021: Highly evaluated for our active initiatives to realize health and productivity management, we received the Certification of Excellent Company in Health: Gold Accreditation from the Tokyo Promotion Council for Healthy Company Declaration in December 2018. The certification was renewed again in 2021, following 2020.



Selected as a constituent of the S&P/JPX Carbon Efficient Indices by the Government Pension Investment Fund (GPIF)

We have been selected as a constituent of the S&P/JPX Carbon Efficient Index (evaluated based on the disclosure status and results of CO₂ emissions data), an ESG index which was adopted by the GPIF since 2018.



Selected as a constituent of SOMPO Sustainability Index (fiscal 2020)

March 2021: We have been selected as a constituent of the SOMPO Sustainability Index for the fifth consecutive year. The index was originally launched by Sompo Japan Nipponkoa Asset Management (SNAM) in August 2012, and places weight on the ESG evaluation by rating firms.



[Overseas sites]

Global

Selected as a constituent of FTSE Blossom Japan Index

June 2021: Created by FTSE Russell, which is a global index provider, the FTSE Blossom Japan Index is designed to measure the performance of Japanese companies that demonstrate strong environmental, social and governance (ESG) practices. The ESG index provides a performance benchmark and tool for the creation of index-tracking investments, financial instruments or fund products focused on sustainable investment. Details of the FTSE Blossom Japan Index are available [here](#).



CDP

December 2021: We received "B-: Management Level" both for Climate Change and Water Security category for the 2020 survey by CDP, a British non-profit organization that evaluates and discloses information on organization's environmental management. (CDP applies an eight-point scale consisting of A, A-, B, B-, C, C-, D, and D-.)



EcoVadis

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

Vietnam

FOSTER ELECTRIC (BAC NINH) CO., LTD.

Awarded for tax policy and legal compliance by Bac Ninh Tax Department

October 2020: We were awarded by the director-general of Bac Ninh Tax Department in recognition of our tax policy and legal compliance in fiscal 2019.

Awarded for our activities as model workers and our labor union by the Vietnam Trade Union

January 2021: We were awarded by the Vietnam Trade Union in recognition of our excellent activities as model workers and the establishment of our robust trade union.

Awarded by Bac Ninh Trade Union in gratitude for our "efforts on the treatment of employees"

January 2021: In fiscal 2020, we were awarded by Bac Ninh Trade Union in gratitude for our "efforts on the treatment of employees".

FOSTER ELECTRIC (DANANG) CO., LTD.

Recognized for our excellent occupational safety activities by the Labor Safety Department

April 2021: We were recognized by the director-general of the Labor Safety Department with an award for outstanding achievements from our labor safety activities in fiscal 2019.

Awarded for donations and contributions by the Red Cross Society of Cam Le district, Da Nang

January 2021: We were granted the "Golden Heart Award" by the Red Cross Society of Cam Le district in recognition of our donation and contribution activities for impoverished people and people affected by residues of Agent Orange that was used in the Vietnam War.

Granted a distinguished service award by the People's Committee of Cam Le district, Da Nang as a leading role model in Red Cross activities

July 2021: We were granted the award by the chairman of the People's Committee of Cam Le district in recognition of our activities as a leading role model in Red Cross activities during 2015 to 2020.

Korea

ESTEC CORPORATION

Granted an "Award for Distinguished Services with Neighborly Love" in recognition of our proactive fund-raising activities

September 2020: We were granted an "Award for Distinguished Services with Neighborly Love" by the Gyeongnam Social Welfare Community Fund in recognition of our proactive fund-raising activities.

[Surveys from External Organizations]

The Foster Group responds sincerely to the CSR surveys received from external investigatory bodies.

In fiscal 2020, we responded to a total of nine surveys, including those on SDGs, CSR, ESG, and SRI. Notably, as a result of the "Toyo Keizai CSR Ranking", which we have set as a KPI for our CSR initiatives, we were ranked 255th (out of 1,614 companies in total). We will continue to respond to survey requests from external investigatory bodies with sincerity.



Data Table

Economic Data

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

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

Location		Environmental preservation cost (classified by business operations)			
		Category	Key activity and the outcome	Investment (Unit: one thousand yen)	Cost (Unit: one thousand yen)
Japan	FOSTER ELECTRIC CO., LTD. (Headquarters)	(1) Business area cost		0	18,131
		Breakdown	(1)-1 Pollution prevention costs	0	1,894
			(1)-2 Global environmental conservation costs	0	2,114
			(1)-3 Resource circulation costs	0	14,122
		(2) Upstream/downstream cost	Green purchasing expenses	0	0
		(3) Administration costs	Environmental education, EMS construction expenses etc.	0	9,685
		(4) R&D costs	Research and development, etc.	0	1,554,511
		(5) Social activity costs	Tree planting, etc.	0	207
		(6) Environmental damage handling costs		0	0
		Total		0	1,582,533

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

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

Location ¹		Ratio (%) The same ratio for male and female
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	107
Asia	FOSTER ELECTRIC CO., (HONG KONG) LTD. and group companies	102
	FOSTER ELECTRIC (SINGAPORE) PTE. LTD. and group companies	N/A
	FOSTER ELECTRIC (VIETNAM) CO., LTD. and group companies	109
	ESTec CORPORATION and group companies	124
North America	FOSTER ELECTRIC (U.S.A.), INC. and group companies	100
Europe	FOSTER ELECTRIC (EUROPE) GmbH and group companies	116

*1 Significant locations of operations: The headquarters and 17 main sites that are checked based on J-SOX internal control framework.

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

Location ³		Percentage (%) of senior management ¹ hired from the local community ²
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	100
Asia	FOSTER ELECTRIC CO., (HONG KONG) LTD. and group companies	78
	FOSTER ELECTRIC (SINGAPORE) PTE. LTD. and group companies	100
	FOSTER ELECTRIC (VIETNAM) CO., LTD. and group companies	78
	ESTec CORPORATION and group companies	88
North America	FOSTER ELECTRIC (U.S.A.), INC. and group companies	100
Europe	FOSTER ELECTRIC (EUROPE) GmbH and group companies	100

*1 Senior management: Department managers or higher, excluding directors.

*2 Local community: The country and region to which each site above belong.

*3 Significant locations of operations: The headquarters and 17 main sites that are checked based on J-SOX internal control framework.

204-1 Proportion of spending on local suppliers

Location ¹	Content	Percentage ² (%)
All procurement sites in China	Local procurement rate of materials in China	89
All procurement sites in ASEAN	Local procurement rate of materials in Vietnam and Myanmar	65

*1 Local / Significant locations of operation: The above-mentioned areas where Foster's manufacturing sites reside.

*2 Indicates the percentage in transaction amount for material procurement with corporations in above sites.

205-1 Operations assessed for risks related to corruption

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

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

205-2 Communication and training about anticorruption policies and procedures

Location		Total number and percentage of notifications on anticorruption related organizations policies and procedures.	
		Governance body members	
		Total	Percentage (%)
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	26	100
Overseas	All overseas sites	81	88

Environmental Data

301-2 Recycled input materials used

Location		Percentage (%)
Overseas	All procurement sites (China/Vietnam/Myanmar)	8

* Percentage of recycled materials among all the resin materials purchased

302-1 Energy consumption within the organization

Location		Purchased Electricity (MWh)	Gasoline (liter)	Diesel Fuel (liter)	LPG (liter)	Natural Gas (liter)	City Gas (m³)	Total Fuel Consumption in the Organization (MWh)
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	1,981	75,419	0	0	0	10,334	2,834
Asia	GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY (*outsourcee)	29,397	37,407	821	0	0	0	29,765
	FOSTER ELECTRIC CO., (NANNING) LTD.	8,963	24,407	786	0	0	0	9,206
	FOSTER ELECTRIC CO., (HEYUAN) LTD.	16,293	39,874	5,271	0	56,990	0	17,420
	FOSTER ELECTRIC CO., (TAIWAN) LTD.	12	2,006	0	0	0	0	31
	FOSTER ELECTRIC (VIETNAM) CO., LTD.	9,691	13,676	3,880	11,955	0	0	10,032
	FOSTER ELECTRIC (DA NANG) CO., LTD.	4,173	8,239	5,031	13,168	0	0	4,491
	FOSTER ELECTRIC (QUANG NGAI) CO., LTD.	977	2,989	110	4,961	0	0	1,077
	FOSTER ELECTRIC (BAC NINH) CO., LTD.	17,212	29,571	14,356	47,765	0	0	18,321
	FOSTER ELECTRIC (THILAWA) CO., LTD.	6,460	4,132	2,998	0	0	0	6,531
North America	FOSTER ELECTRIC (U.S.A.), INC. (EL PASO OPERATIONS)	690	2,778	0	0	76,331	0	1,639
Europe	FOSTER ELECTRIC (EUROPE) GmbH and group companies	68	1,560	1,812	0	0	0	102
Total		95,917	242,058	35,065	77,849	133,321	10,334	101,449

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

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

Category		2012	2013	2014	2015	2016	2017	2018	2019	2020
Scope 1 (Direct greenhouse gas emission from business activities)	(Unit: t-CO ₂)	2,198	2,403	2,431	2,155	2,549	2,381	1,745	1,290	1,026
Scope 2 (Indirect greenhouse gas emission due to energy usage from business activities)	(Unit: t-CO ₂)	87,232	91,545	88,568	86,668	88,328	87,828	71,122	58,457	51,293
Scope1+2 total	(Unit: t-CO ₂)	89,430	93,948	90,999	88,823	90,877	90,209	72,868	59,747	52,319
Sales (JPY)	(100 million yen)	1,436	1,660	1,891	1,910	1,611	1,849	1,403	1,073	852
Per sales unit (JPY)	(Unit: t-CO ₂ / 100 million yen)	62.3	56.6	48.1	46.5	56.4	48.8	51.9	55.7	61.4

Scope Standards used for the calculation FOSTER ELECTRIC CO., LTD. (Headquarters), 2 domestic and 11 overseas sites "Greenhouse gas emissions calculation and report manual" from the Ministry of the Environment and the Ministry of Economy, Trade and Industry, and "Corporate Standard", "Corporate Value Chain (Scope 3) Standard", "Scope 2 Guidance", and "Scope 3 Calculation Guidance" from GHG Protocol

CO₂ conversion factor (Electric) Japan: Ministry of the Environment, 2018 factor based on CO₂ conversion factor of electric power supplier (2020)

Overseas: Fiscal 2018 factor based on IEA Emissions Factors 2020

CO₂ conversion factor (Fuel) Japan/overseas: Factor based on the "Greenhouse gas emissions calculation and report manual" released by the Ministry of the Environment, Ministry of Economy, Trade and Industry.

Global warming potential Incorporated 100 year value of IPCC Fifth Assessment Report (AR5)

Based on the "Low Carbon Action Plan" for Japanese Electrical and Electronics Industries, we have set the mid-term target for 2020 to reduce by an annual average of 1% per sales unit from a 2012 base-year.

	Category (CO ₂ equivalent)	Unit	2020
GHG (greenhouse gas)	Carbon dioxide (CO ₂)	t-CO ₂	52,547
	Methane (CH ₄)	t-CO ₂	0.022
	Dinitrogen monoxide (N ₂ O)	t-CO ₂	0.045

305-3 Other indirect (Scope 3) GHG emissions

Category		Emissions (t-CO ₂)
Upstream categories	1. Purchased goods and services	186,672
	2. Capital goods	371
	3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	6,764
	4. Upstream transportation and distribution	16,640
	5. Waste generated in operations	2,189
	6. Business travel	352
	7. Employee commuting	3,562
Downstream categories	9. Downstream transportation and distribution	2,237
	11. Use of sold products	155,887
	12. End-of-life treatment of sold products	9,095
Total		383,769

Scope: FOSTER ELECTRIC CO., LTD. (Headquarters), 2 domestic and 11 overseas sites

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

Location		Water withdrawal (Unit: m³)	Water discharge (Unit: m³)	Total water consumption (Unit: m³)
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	7,635	7,253	382
Asia	GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY (*outsourcee)	425,327	340,262	85,065
	FOSTER ELECTRIC CO., (NANNING) LTD.	45,719	36,575	9,144
	FOSTER ELECTRIC CO., (HEYUAN) LTD.	148,908	119,126	29,782
	FOSTER ELECTRIC CO., (TAIWAN) LTD.	120	114	6
	FOSTER ELECTRIC (VIETNAM) CO., LTD.	66,625	53,300	13,325
	FOSTER ELECTRIC (DA NANG) CO., LTD.	35,812	28,650	7,162
	FOSTER ELECTRIC (QUANG NGAI) CO., LTD.	4,169	3,335	834
	FOSTER ELECTRIC (BAC NINH) CO., LTD.	68,771	55,017	13,754
	FOSTER ELECTRIC (THILAWA) CO., LTD.	95,629	76,503	19,126
North America	FOSTER ELECTRIC (U.S.A.), INC. (EL PASO OPERATIONS)	1,586	1,269	317
Europe	FOSTER ELECTRIC (EUROPE) GmbH and group companies	12	11	1
Total		900,313	721,415	178,898

Category	Water withdrawal (Unit: m³)	Water discharge (Unit: m³)	Total water consumption (Unit: m³)
Surface water	-	-	-
Groundwater	-	-	-
Seawater	-	-	-
Produced water	-	-	-
Third-party water	900,313	721,415	178,898
Total	900,313	721,415	178,898

306-2 Waste by type and disposal method

Location		Hazardous waste (Unit: ton)		
		Total waste	Recycling	Landfill
Japan	FOSTER ELECTRIC CO., LTD. (Headquarters)	0.66	0.00	0.66
Asia	GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY (*outsourcee)	70.30	0.00	70.30
	FOSTER ELECTRIC CO., (NANNING) LTD.	19.17	0.00	19.17
	FOSTER ELECTRIC CO., (HEYUAN) LTD.	42.40	0.00	42.40
	FOSTER ELECTRIC (VIETNAM) CO., LTD.	33.56	5.88	27.68
	FOSTER ELECTRIC (DA NANG) CO., LTD.	54.66	0.27	54.39
	FOSTER ELECTRIC (QUANG NGAI) CO., LTD.	9.12	0.00	9.12
	FOSTER ELECTRIC (BAC NINH) CO., LTD.	79.04	54.49	24.55
	FOSTER ELECTRIC (THILAWA) CO., LTD.	14.94	0.00	14.94
North America	FOSTER ELECTRIC (U.S.A.), INC. (EL PASO OPERATIONS)	0.00	0.00	0.00
Total		323.85	60.64	263.21

Location		Non-hazardous waste (Unit: ton)		
		Total waste	Recycling	Landfill
Japan	FOSTER ELECTRIC CO., LTD. (Headquarters)	58.90	54.00	4.90
Asia	GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY (*outsourcee)	741.00	679.00	62.00
	FOSTER ELECTRIC CO., (NANNING) LTD.	109.82	0.00	109.82
	FOSTER ELECTRIC CO., (HEYUAN) LTD.	269.77	219.85	49.92
	FOSTER ELECTRIC (VIETNAM) CO., LTD.	499.98	355.05	144.93
	FOSTER ELECTRIC (DA NANG) CO., LTD.	136.09	89.11	46.98
	FOSTER ELECTRIC (QUANG NGAI) CO., LTD.	38.19	25.70	12.49
	FOSTER ELECTRIC (BAC NINH) CO., LTD.	977.71	609.61	368.10
	FOSTER ELECTRIC (THILAWA) CO., LTD.	161.12	16.50	144.62
North America	FOSTER ELECTRIC (U.S.A.), INC. (EL PASO OPERATIONS)	397.22	239.72	157.50
Total		3,389.80	2,288.54	1,101.26

308-1 New suppliers that were screened using environmental criteria

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

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

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

Social Data

401-1 New employee hires and employee turnover

Location		New employee hires						
		By gender			By age group			
		Male	Female	Total	Under 30	30 - 50	Over 50	Total
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	25	8	33	20	11	2	33
Overseas	All overseas sites	1,252	5,236	6,488	4,620	1,835	33	6,488

Location		Employee turnover						
		By gender			By age group			
		Male	Female	Total	Under 30	30 - 50	Over 50	Total
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	31	9	40	8	13	19	40
Overseas	All overseas sites	1,924	5,754	7,678	4,536	3,040	102	7,678

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

Location* ¹		Contents
Japan	FOSTER ELECTRIC CO., LTD. (Headquarters)	Sales activity allowance (sales personnel only), retirement allowance
Overseas	11 Significant locations of operations	Life insurance, medical insurance, retirement allowance, disability and illness compensation, parental leave, etc.

*1 Significant locations of operations: The headquarters and 17 main sites that are checked based on J-SOX internal control framework.

401-3 Parental leave

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

Location		Total number of employees that were entitled to parental leave* ¹			Total number of employees that took parental leave* ²		
		Male	Female	Total	Male	Female	Total
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	507	159	666	3	9	12
Overseas	All overseas sites	3,169	13,464	16,633	171	994	1,165

Return to work rate / Retention rate

Location		Total number of employees due to and did return to work after parental leave			Return to work rate for employees due to return to work after taking parental leave (%)		
		Male	Female	Total	Male	Female	Total
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	3	4	7	100	100	100
Overseas	All overseas sites	170	859	1,029	99	92	93

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

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

Location		Total number of employees retained 12 months after returning to work following a period of parental leave (in the prior reporting period)			12 months retention rate of employees returning from parental leave (in the prior reporting period) (%)		
		Male	Female	Total	Male	Female	Total
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	7	5	12	100	100	100
Overseas	All overseas sites	165	892	1,057	81	61	63

403-9 Work-related injuries

Location		Employee Category	i. The number and rate of fatalities as a result of work-related injury					
			Fatalities			Rate ¹		
			FY2018	FY2019	FY2020	FY2018	FY2019	FY2020
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	a. For all employees	0	0	0	0.00	0.00	0.00
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	0	0	0	0.00	0.00	0.00
Over-seas	All overseas sites	a. For all employees	0	0	1	0.00	0.00	0.03
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	0	0	0	0.00	0.00	0.00
iv. The main types of work-related injury					Traffic accident which occurred while commuting			

Location		Employee Category	ii. The number and rate of high-consequence work-related injuries (excluding fatalities)					
			Injuries			Rate ²		
			FY2018	FY2019	FY2020	FY2018	FY2019	FY2020
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	a. For all employees	0	0	1	0.00	0.00	0.82
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	0	0	0	0.00	0.00	0.00
Over-seas	All overseas sites	a. For all employees	0	1	0	0.00	0.02	0.00
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	0	0	0	0.00	0.00	0.00
iv. The main types of work-related injury					Bone fracture			

Location			Employee Category	iii. The number and rate of recordable work-related injuries					
				Injuries			Rate ³		
				FY2018	FY2019	FY2020	FY2018	FY2019	FY2020
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	a. For all employees	0	1	0	0.00	0.79	0.00	
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	2	0	0	1.61	0.00	0.00	
Over-seas	All overseas sites	a. For all employees	0	46	28	0.00	1.02	0.74	
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization	84	0	2	1.58	0.00	2.13	
iv. The main types of work-related injury			Lower back pain, cutting, sprain, bruise, bone fracture	Bone fracture, cutting, bruise, sprain, etc.	Bone fracture, cutting, bruise, sprain, etc.				

Location		Employee Category	v. The number of hours worked		
			FY2018	FY2019	FY2020
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	a. For all employees	1,244,382	1,268,573	1,213,116
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization		86,077	96,217
Over-seas	All overseas sites	a. For all employees	53,053,768	45,128,065	37,869,378
		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization		470,658	938,802

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

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

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

403-10 Work-related ill health

Location		a. For all employees					
		i. The number of fatalities as a result of work-related ill health			ii. The number of cases of recordable work-related ill health		
		FY2018	FY2019	FY2020	FY2018	FY2019	FY2020
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	0	0	0	0	0	0
Over-seas	All overseas sites	0	0	0	0	0	0
iii. The work-related hazards that pose a risk of ill health							

Location		b. For all workers who are not employees but whose work and/or workplace is controlled by the organization					
		i. The number of fatalities as a result of work-related ill health			ii. The number of cases of recordable work-related ill health		
		FY2018	FY2019	FY2020	FY2018	FY2019	FY2020
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	0	0	0	0	0	0
Over-seas	All overseas sites	0	0	0	0	0	0
iii. The work-related hazards that pose a risk of ill health							

404-1 Average hours of training per year per employee

Location		Average hours of training (hours)				
		Male	Female	Male/Female Total	Management	General
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	11	13	11	11	11
Overseas	All overseas sites	22	16	17	37	17

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

Location		Percentage (%)				
		Male	Female	Male/Female Total	Management	General
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	86	79	84	94	82
Overseas	All overseas sites	63	55	56	82	55

405-1 Diversity of governance bodies and employees

Governance bodies (by gender/age)

Location		Percentage (%)				
		Male	Female	Under 30	30 - 50	Over 50
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	91	9	0	3	97
Overseas	All overseas sites	93	7	0	26	74

Employee (by gender/age)

Location		Percentage (%)				
		Male	Female	Under 30	30 - 50	Over 50
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	76	24	9	48	43
Overseas	All overseas sites	19	81	35	62	2

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

Ratio of the basic salary and remuneration of women to men

Location ¹		Ratio (%) ²	
		Management	General
Japan	FOSTER ELECTRIC CO., LTD. (Headquarters)	100	100
Overseas	17 significant locations of operations	100	100

*1 Significant locations of operations: The headquarters and 17 main sites that are checked based on J-SOX internal control framework.

*2 Ratio of the amount paid to men when the amount paid to women is set at 100.

Ratio of remuneration of women to men

Location ¹		Ratio (%) ²	
		Management	General
Japan	FOSTER ELECTRIC CO., LTD. (Headquarters)	107	114
Overseas	17 significant locations of operations	107	133

*1 Significant locations of operations: The headquarters and 17 main sites that are checked based on J-SOX internal control framework.

*2 Ratio of the amount paid to men when the amount paid to women is set at 100.

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

Location		Security personnel		
		Total personnel	Trained personnel	Percentage (%)
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	3	3	100
Overseas	All overseas sites	162	159	98

* The above includes employees from third party organizations.

412-2 Employee training on human rights policies or procedures

Location		Employee training	
		Total hours (hours)	Employee percentage (%)
Japan	Domestic Companies: FOSTER ELECTRIC CO., LTD. (Headquarters), FOSTER TRANSPORTATIONS LTD., FOSTER ELECTRONICS LTD.	115	88
Overseas	All overseas sites	103,678	96

414-1 New suppliers that were screened using social criteria

Percentage of new suppliers that agreed to Foster's CSR procurement criteria

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

Percentage of replies received from new suppliers that agreed to CSR procurement based on the Foster's Code of Conduct

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

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

GRI Content Index

General Disclosures	GRI Standard No.	Disclosure	Page Number / URL
Organizational Profile	102-1	Name of the organization	P3-4 - Corporate profile and financial information ▶ Securities report (available in Japanese)
	102-2	Activities, brands, products, and services	P3-4 - Corporate profile and financial information ▶ Securities report (available in Japanese)
	102-3	Location of headquarters	P3-4 - Corporate profile and financial information ▶ Securities report (available in Japanese)
	102-4	Location of operations	P3-4 - Corporate profile and financial information ▶ Securities report (available in Japanese)
	102-5	Ownership and legal form	P3-4 - Corporate profile and financial information ▶ Securities report (available in Japanese)
	102-6	Markets served	P3-4 - Corporate profile and financial information ▶ Securities report (available in Japanese)
	102-7	Scale of the organization	P3-4 - Corporate profile and financial information ▶ Securities report (available in Japanese)
	102-8	Information on employees and other workers	P3-4 - Corporate profile and financial information ▶ Securities report (available in Japanese)
	102-9	Supply chain	- ▶ Securities report (available in Japanese)
	102-10	Significant changes to the organization and its supply chain	- ▶ Securities report (available in Japanese)
	102-11	Precautionary principle or approach	P10-13 P14-24 P25-29 - Environment Social Governance ▶ Securities report (available in Japanese)
	102-12	External initiatives	P5-9 P8 Foster group ESG management United Nations Global Compact
	102-13	Membership of associations	P8 United Nations Global Compact
Strategy	102-14	Statement from senior decision-maker	P2 Top message
	102-15	Key impacts, risks, and opportunities	P2 - Top message ▶ Securities report (available in Japanese)
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	P1 - Corporate Philosophy ▶ Corporate Action Guidelines ▶ Code of conduct for staff
	102-17	Mechanisms for advice and concerns about ethics	P25-29 Governance
Governance	102-18	Governance structure	- ▶ Corporate governance guidelines (available in Japanese)
	102-19	Delegating authority	P25-29 - Governance ▶ Corporate governance guidelines (available in Japanese)
	102-20	Executive-level responsibility for economic, environmental, and social topics	P5-9 Foster Group ESG Management
	102-21	Consulting stakeholders on economic, environmental, and social topics	P5-9 Foster Group ESG Management
	102-22	Composition of the highest governance body and its committees	- - ▶ Securities report (available in Japanese) ▶ Corporate governance guidelines (available in Japanese)
	102-23	Chair of the highest governance body	- ▶ Securities report (available in Japanese)
	102-24	Nominating and selecting the highest governance body	- ▶ Securities report (available in Japanese)
	102-25	Conflicts of interest	- ▶ Corporate governance guidelines (available in Japanese)

General Disclosures	GRI Standard No.	Disclosure	Page Number / URL
Governance	102-26	Role of highest governance body in setting purpose, values, and strategy	P5-9 Foster Group ESG Management
	102-27	Collective knowledge of highest governance body	P5-9 Foster Group ESG Management
	102-28	Evaluating the highest governance body's performance	P10-13 P14-24 P25-29 - Environment Social Governance ▶ Securities report (available in Japanese)
	102-29	Identifying and managing economic, environmental, and social impacts	P5-9 Foster Group ESG Management
	102-30	Effectiveness of risk management processes	P5-9 Foster Group ESG Management
	102-31	Review of economic, environmental, and social topics	P5-9 Foster Group ESG Management
	102-32	Highest governance body's role in sustainability reporting	P5-9 Foster Group ESG Management
	102-33	Communicating critical concerns	P25-29 Governance
	102-34	Nature and total number of critical concerns	- Not applicable
	102-35	Remuneration policies	- ▶ Securities report (available in Japanese)
	102-36	Process for determining remuneration	- ▶ Securities report (available in Japanese)
	102-37	Stakeholders' involvement in remuneration	- ▶ Securities report (available in Japanese)
	102-38	Annual total compensation ratio	- ▶ Securities report (available in Japanese)
	102-39	Percentage increase in annual total compensation ratio	- ▶ Securities report (available in Japanese)
Stakeholder engagement	102-40	List of stakeholder groups	- - ▶ General meeting of shareholders P30 ▶ Financial result briefing External Recognition
	102-41	Collective bargaining agreements	- ▶ Securities report (available in Japanese)
	102-42	Identifying and selecting stakeholders	P5-9 P25-29 Foster Group ESG Management Governance
	102-43	Approach to stakeholder engagement	P5-9 P25-29 Foster Group ESG Management Governance
	102-44	Key topics and concerns raised	P5-9 Foster Group ESG Management
Reporting practice	102-45	Entities included in the consolidated financial statements	P3-4 - Corporate profile and financial information ▶ Securities report (available in Japanese)
	102-46	Defining report content and topic boundaries	P5-9 Foster Group ESG Management
	102-47	List of material topics	P5-9 Foster Group ESG Management
	102-48	Restatements of information	- No restatement of information
	102-49	Changes in reporting	- No significant changes in reporting
	102-50	Reporting period	P40 Provision of information regarding sustainability
	102-51	Date of most recent report	P40 Provision of information regarding sustainability
	102-52	Reporting cycle	P40 Provision of information regarding sustainability
	102-53	Contact point for questions regarding the report	P40 Provision of information regarding sustainability
	102-54	Claims of reporting in accordance with the GRI Standards	P40 Provision of information regarding sustainability
	102-55	GRI Content Index	P37-39 GRI content index
	102-56	External assurance	- Not applicable

Management Approach	GRI Standard No.	Disclosure	Page Number / URL	
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	P5-9	Foster Group ESG Management
	103-2	The management approach and its components	P5-9 P10-13 P14-24 P25-29	Foster Group ESG Management Environment Social Governance
	103-3	Management approach	P5-9 P10-13 P14-24 P25-29	Foster Group ESG Management Environment Social Governance

Economy Topics	GRI Standard No.	Disclosure	Page Number / URL	
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	-	▶ Securities report (available in Japanese)
	201-2	Financial implications and other risks and opportunities due to climate change	P31-36	Data table
	201-3	Defined benefit plan obligations and other retirement plans	-	▶ Securities report (available in Japanese)
	201-4	Financial assistance received from government	-	201-4-a, 201-4-b ii. Subsidies Total amount of employment adjustment subsidy and other subsidies received at sites in Japan, the United States, and China: ¥735 million (Japan: ¥157 million, US: ¥157 million, China: ¥420 million)
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	P31-36	Data table
	202-2	Proportion of senior management hired from the local community	P31-36	Data table
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	P23-24	Social Contribution
	203-2	Significant indirect economic impacts	-	Not applicable
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	P31-36	Data table
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	P31-36	Data table
	205-2	Communication and training about anti-corruption policies and procedures	P31-36	Data table
	205-3	Confirmed incidents of corruption and actions taken	-	Not applicable
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	Not applicable

Environmental Topics	GRI Standard No.	Disclosure	Page Number / URL	
GRI 207: Tax	207-1	Approach to tax	-	N/A (Confidentiality constraints)
	207-2	Tax governance, control, and risk management	-	N/A (Confidentiality constraints)
	207-3	Stakeholder engagement and management of concerns related to tax	-	N/A (Confidentiality constraints)
	207-4	Country-by-country reporting	-	N/A (Confidentiality constraints)
GRI 301: Materials	301-1	Materials used by weight or volume	-	N/A (Information unavailable)
	301-2	Recycled input materials used	P31-36	Data table
	301-3	Reclaimed products and their packaging materials	-	N/A (Information unavailable)
GRI 302: Energy	302-1	Energy consumption within the organization	P31-36	Data table
	302-2	Energy consumption outside of the organization	-	N/A (Information unavailable)
	302-3	Energy intensity	P31-36	Data table
	302-4	Reduction of energy consumption	P31-36	Data table
	302-5	Reductions in energy requirements of products and services	P12 P31-36	Environmentally Friendly Products Data table
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	P11	Environmental Activities
	303-2	Management of water discharge-related impacts	P11	Environmental Activities
	303-3	Water withdrawal	P31-36	Data table
	303-4	Water discharge	P31-36	Data table
	303-5	Water consumption	P31-36	Data table
GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	Not applicable
	304-2	Significant impacts of activities, products, and services on biodiversity	-	N/A (Information unavailable)
	304-3	Habitats protected or restored	-	Not applicable
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	N/A (Information unavailable)
GRI 305: Emissions	305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	P31-36	Data table
	305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	P31-36	Data table
	305-3	Other indirect (Scope 3) GHG emissions	P31-36	Data table
	305-4	GHG emissions intensity	P31-36	Data table
	305-5	Reduction of GHG emissions	P31-36	Data table
	305-6	Emissions of ozone-depleting substances (ODS)	-	Not applicable
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	Not applicable
GRI 306: Effluents and Waste	306-1	Water discharge by quality and destination	P31-36	Data table
	306-2	Waste by type and disposal method	P31-36	Data table
	306-3	Significant spills	-	Not applicable
	306-4	Transport of hazardous waste	-	Not applicable
	306-5	Water bodies affected by water discharges and/or runoff	-	N/A (Information unavailable)

Environmental Topics	GRI Standard No.	Disclosure	Page Number / URL	
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	-	Not applicable
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	P31-36	Data table
	308-2	Negative environmental impacts in the supply chain and actions taken	-	No "negative environmental impacts in the supply chain and actions taken", according to the SAQ result containing these questions.

Social Topics	GRI Standard No.	Disclosure	Page Number / URL	
GRI 401: Management Approach Disclosures	401-1	New employee hires and employee turnover	P31-36	Data table
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P31-36	Data table
	401-3	Parental leave	P31-36	Data table
GRI 402: Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	-	The minimum notices are given according to the law of the countries / regions.
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	P21-22	Health and Safety
	403-2	Hazard identification, risk assessment, and incident investigation	P21-22	Health and Safety
	403-3	Occupational health services	P21-22	Health and Safety
	403-4	Worker participation, consultation, and communication on occupational health and safety	P21-22	Health and Safety
	403-5	Worker training on occupational health and safety	P21-22	Health and Safety
	403-6	Promotion of worker health	P21-22	Health and Safety
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P21-22	Health and Safety
	403-8	Workers covered by an occupational health and safety management system	P21-22	Health and Safety
	403-9	Work-related injuries	P21-22 P31-36	Health and Safety Data table
	403-10	Work-related ill health	P21-22 P31-36	Health and Safety Data table
GRI 404: Training and Education	404-1	Average hours of training per year per employee	P31-36	Data table
	404-2	Programs for upgrading employee skills and transition assistance programs	P20-21	Human Resource Development
	404-3	Percentage of employees receiving regular performance and career development reviews	P31-36	Data table
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	P31-36	Data table
	405-2	Ratio of basic salary and remuneration of women to men	P31-36	Data table

Social Topics	GRI Standard No.	Disclosure	Page Number / URL	
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	-	Not applicable
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	No "Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk", according to the SAQ result containing these questions.
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	-	No "Operations and suppliers at significant risk for incidents of child labor", according to the SAQ result containing these questions.
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	No "Operations and suppliers at significant risk for incidents of forced or compulsory labor", according to the SAQ result containing these questions.
GRI 410: Security	410-1	Security personnel trained in human rights policies or procedures	P31-36	Data table
GRI 411: Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	-	Not applicable
GRI 412: Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	-	N/A (Information unavailable)
	412-2	Employee training on human rights policies or procedures	P31-36	Data table
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-	N/A (Information unavailable)
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	P23-24	Social Contribution
	413-2	Operations with significant actual and potential negative impacts on local communities	-	Not applicable
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	P31-36	Data table
	414-2	Negative social impacts in the supply chain and actions taken	-	No "Negative social impacts in the supply chain and actions taken", according to the SAQ result containing these questions.
GRI 415: Public Policy	415-1	Political contributions	-	Not applicable
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	-	N/A (Information unavailable)
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	N/A (Information unavailable)
GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	-	N/A (Information unavailable)
	417-2	Incidents of non-compliance concerning product and service information and labeling	-	N/A (Information unavailable)
	417-3	Incidents of non-compliance concerning marketing communications	-	Not applicable
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	P31-36	Data table
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	-	Not applicable

Provision of Information Regarding Sustainability

Our View on Disclosure

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

Contents Reported in Sustainability Report 2021

- About this report

The Sustainability Report 2021 was prepared to report the Foster Group's environmental, social, and governance (ESG) activities during the fiscal year ended March 31, 2021 (fiscal 2020) for our stakeholders in a way that is easy to understand. With regard to our ESG activities, your valued opinion would be greatly appreciated to help us fulfill our corporate social responsibilities in the years to come. We hope this report will help you better understand the CSR activities of the Foster Group.

- Reporting scope

Unless specifically indicated, the reporting scope includes the activities of the Foster Group, which consists of Foster Electric Company, Limited, and its consolidated subsidiaries in Japan and overseas.

- The reporting period

The reporting period of the Report 2021 is from April 1, 2020, to March 31, 2021 (fiscal 2020). The Report also includes statements concerning activities outside the reporting period, including those in fiscal 2021.

- Referenced standards and guidelines

This report has been prepared in accordance with the GRI Standards: Comprehensive option. The Environmental Reporting Guidelines 2012 by the Ministry of the Environment were also referred to when preparing the Report 2021.

- Month of issue: July 2021

- Reporting to the United Nations Global Compact

As a company that has signed the United Nations Global Compact, we have announced this report as the "Communication on Progress (COP)" for the four fields and ten principles to our stakeholders.



- Provision of the sustainability information on our corporate website

<https://www.foster-electric.com/csr/index.html>

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The illustration on the cover of this report represents Foster Electric operating globally as a strategic partner that provides solutions with technologies on sound and vibration in its key automotive business. The lower hemisphere is our speaker while the upper hemisphere is themed on exciting workplace, decarbonized society, harmony with nature, and our other goals, with the base point being "Be Happy 80%", the ideal environment stated in the ESG Management Statement that we established in March 2021. The illustration also features a selection of icons for technologies related to our acoustic and vibration products, including speakers, headphones, and vibration actuators.

July 2021 Edited in Japan