

# Management

## Management Principles

- Contributing to social progress by supplying superior products
- Pursuing the enduring development of the company and the happiness of customers, shareholders, employees, business partners and local communities

## T.RAD's Corporate Vision

1. Reliable Company
2. A proposal-based company producing products that satisfy customers
3. A company contributing to the global environment
4. Company that supports employees' self-fulfillment

## Key Impacts, Risks and Opportunities

Once a year, the President and directors analyze the risks and opportunities relating to the economy, the environment, and society and apply their conclusions to company policy.

<p><b>Working environment (Health and safety)</b></p>  <p>Conscious of the need to improve regional working conditions and respect human rights, we are building an environment where people can work healthily and safely.</p>	<p><b>Development of a robust society</b></p>  <p>Compliance with laws, regulations, and social norms contributes to sound corporate activities and the development of a robust society.</p>	<p><b>Technological progress and sustainable economic development</b></p>  <p>We support technological growth, resource savings, and comfortable lifestyles by supplying high performance and high quality products. We also contribute to sustainable economic development by selling attractive products worldwide.</p>	<p><b>Environmental conservation and pollution prevention</b></p>  <p>Manufacturing and product development with a low environmental burden help prevent global warming and reduce pollution risks.</p>
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## Key Topics and Specific Initiatives

Once a year, management analyzes the economic, environmental, and social risks and opportunities, and identifies the high priority challenges and opportunities for stakeholders and T.RAD, while taking into consideration such factors as requests and expectations from customers and society, industry trends, and international standards.

The main themes are incorporated and developed in our business strategies and annual policy, with specific initiatives implemented through various projects and committees. The stakeholder opinions that we have received during these initiatives are also reflected in our activities. (see pp. 10, 16, 20-22, 24, 28, 45, 46)



## Medium Term Business Plan T.RAD-10 Basic Strategy (FY 2014 to FY 2017)

### I. Reliable Company

Gain the trust of all stakeholders regarding company activities.

1. Achieve targets for health and safety, compliance, quality, environment, and earnings
2. Sincere, fair, and highly transparent business activities
3. Continuous improvement through "3C + S"

\*3C+S: Challenge, Change, Cooperation + Speed

### II. Global Growth

Become a company that can win in global markets.





1. Development and product strategy geared towards T.RAD-11
2. Increase global sales
3. Global personnel training and creation of an international environment

## More Specific Initiatives on the Social & Environment Medium Term Plan and Projects

We are working on concrete initiatives in projects and committees.

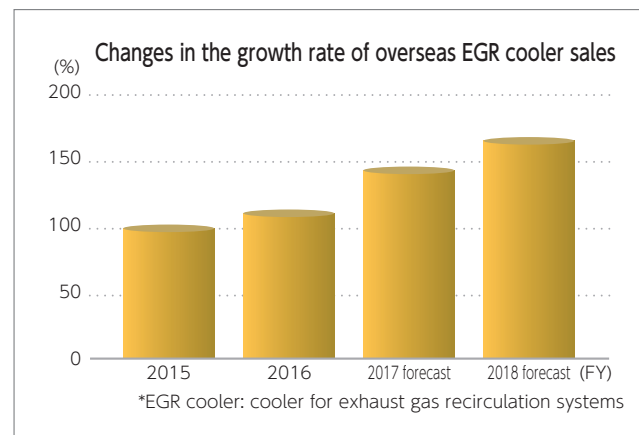
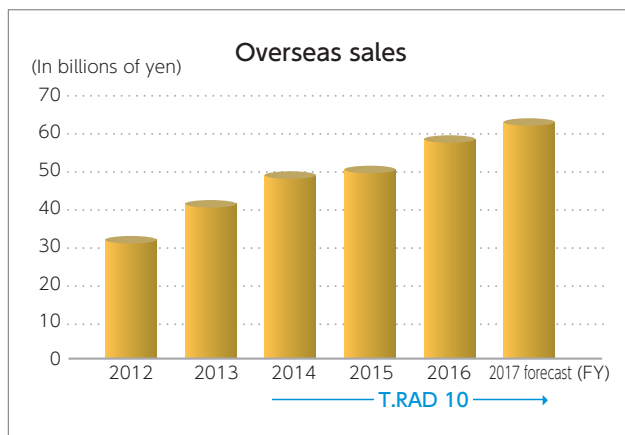
Executives are taking part in projects and their progress is periodically managed in the Management Committee and other committees.

### I. Embodying a Reliable Company

	Objectives of the Medium Term Business Plan 2017	Key measures	Progress in FY 2016	Page no.
<b>Health and safety</b> 	<ul style="list-style-type: none"> <li>Zero work accidents</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of risk assessment</li> <li>Promotion of daily activities</li> <li>Continued implementation and overseas introduction of safety training</li> </ul>	Work accidents requiring time off work Work accident requiring 4 or more days off work <b>0</b>	P.25
<b>Compliance</b> 	<ul style="list-style-type: none"> <li>Zero compliance violations</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of compliance training</li> <li>Building of a company-wide legal compliance audit system</li> </ul>	Violations (incomplete submissions to govt. bodies, etc.) <b>4</b> Already corrected	P.13
<b>Quality</b> 	<ul style="list-style-type: none"> <li>80% reduction in delivery defects compared to 2012</li> <li>Improvement of global quality management</li> </ul>	<ul style="list-style-type: none"> <li>Preemptive measures against troubles at the design stage</li> <li>Preparation of case studies of past problems and their application to measures taken</li> <li>Strengthening of global support (training, audits, etc.)</li> </ul>	Delivery defects fell by <b>17%</b> compared to FY 2012	P.19
<b>Environment</b> 	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions 10.0% reduction compared to FY 2013</li> <li>CO<sub>2</sub> emissions reduced through Environmentally Friendly Products (EFPs) by 21,400 tonnes</li> <li>EFP sales ratio of 40%</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of energy-saving furnaces and compact lines</li> <li>Increase in EFPs</li> </ul>	<b>5.5% reduction</b> <b>19,900 tCO<sub>2</sub></b> <b>39%</b>	P.29-

### II. Actualization of Global Growth

We are focusing on developing products that are competitive in international markets.



## FY 2017 Company-Wide Policy

### I. Reliable Company ⇒ Reform to Produce a System That Does Things Decisively

- 1. Health and safety**  
Zero accidents
- 2. Compliance**  
Zero violations of laws and regulations  
Strengthen the company's compliance structure
- 3. Quality**  
Zero relapses  
Continue "First of all to stop lines" activities to ensure defect-free process completion
- 4. Earnings**  
Cost reduction (manufacturing innovation)  
Increase indirect efficiency

### II. Global Growth ⇒ Expansion in Global Markets

- 1. Global strategy**
  - Deployment of a priority-based business strategy
  - Development capable of producing profits (selection and concentration)
- 2. Building of a global structure**
  - Training of global personnel
  - Strengthening of collaboration with overseas sites

# Corporate Governance

Guided by one of our management principles - "Pursuing the enduring development of the company and the happiness of customers, shareholders, employees, business partners and local communities," we will strengthen and enhance our corporate governance, with the aim of fulfilling our corporate vision of becoming a "reliable company."

We have also prioritized legal and regulatory compliance as a prerequisite for corporate governance.

## Corporate Governance System

As the highest decision-making body, the board of directors meet once a month, in accordance with the board's regulations, and discuss basic management policy and any legally required items, as well as other key management-related issues.

In order to separate management-monitoring function from executive functions, an executive officer system was introduced. The board of directors is given the functions of making management decisions about basic policy and of monitoring business execution.

In order to monitor business execution from an objective viewpoint, one of the six directors on the board shall be an outside director.

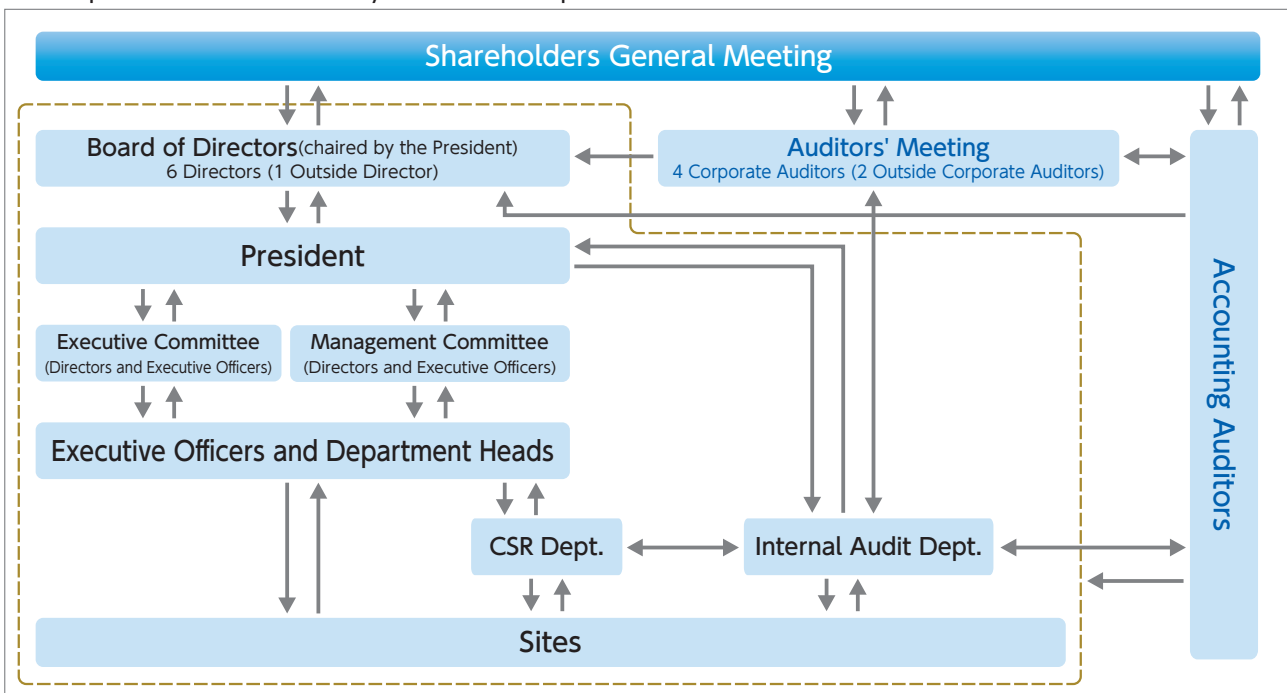
The corporate auditors also receive reports on compliance, management strategy, business risks, and the financial situation from the directors at board meetings. Also, by liaising closely with the CSR Department and the Internal Audit Department, the corporate auditors have created a system that ensures their timely receipt of information required to monitor internal controls and allows them to discuss any problems.

Furthermore, two of the four corporate auditors shall be outside corporate auditors in order to ensure independent and fair auditing.

We are also working to improve management efficiency by holding Management Committee meetings (once a month) and Executive Committee meetings (once a month), as part of a meeting structure that will implement major company-wide policies and measures and report the information required for business management, with the aim of promoting agile management decision-making (See the Corporate Governance System diagram).

We also set strategies and targets while attaching weight to the discussions at the shareholders general meeting and the Central Labor-Management Round-Table Conference, as well as taking into account the economic, environmental (see p. 31), and social (see p. 10) trends that come to light in various types of meetings under the leadership of executive officers. Executive officers are involved in the approval of performance review and brief financial reports (4 times a year) to ensure a responsible management system.

### ■ Corporate Governance System (as of April 1, 2017)



(Note) At the 115th Ordinary Shareholders General Meeting held on June 28, 2017, the decision was made to strengthen governance by appointing two external directors.

## Internal Controls

Internal controls are intended to maintain and improve the quality of management in areas such as corporate governance and CSR activities, so could also be described as management principles in their own right. The internal control system that support corporate governance is being deployed not just in T.RAD itself, but also in our group subsidiaries and partners, in order to ensure that our actions remain legal and rational, as well as efficient.

Established independently from operating departments as the department in charge of internal controls, the Internal Audit Department verifies whether or not our operations comply with laws and internal regulations, and reports its results to the board of directors.