Koki Holdings,
moving forward with you
~ Together for Vision ~

We aspire to be a company where all customers are happy to do business with us, and all employees worldwide are proud to be a part of Koki Holdings, with our Corporate Vision of “Koki Holdings, moving forward with you ~ Together for Vision ~.”

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Purpose of Publication

Editorial Policy
Koki Holdings Co., Ltd. (the Company) has published our Corporate Profile/ESG Report, aiming to convey the full range of our ESG activities to stakeholders and communicate with stakeholders in more depth.

This year’s report was prepared by reorganizing our CSR activities, which were previously compiled and reported in accordance with the ISO 26000 structure, from environmental, social, and governance (ESG) perspectives.

To deliver a visually effective report, we have included SDG icons*, which represent Sustainable Development Goals (SDGs) adopted by the United Nations, at the top of each topic.

We hope that the icons will help you better understand how our ESG activities are connected to the sustainability of our society.

*Please see p.12 for details on SDG icons.

Reference Guideline

- ISO 26000
- “Environmental Reporting Guidelines (Fiscal Year 2018 Version)” by Ministry of the Environment

Period
Fiscal 2017 (April 1, 2017 to March 31, 2018)
Some information of other periods also included.

Organization
Koki Holdings Co., Ltd. and certain Group companies

Publication
November 2018
In June 2018, Hitachi Koki Co., Ltd. changed its corporate name to Koki Holdings Co., Ltd., and took its first steps as a global enterprise. Having pioneered numerous innovations throughout its 70-year history, the Company officially began its second act after changing its brand name to “HiKOKI” in October 2018. We endeavor to offer evolving and superior user experiences by starting a cordless innovation through our power and air tools and by driving the development of next-generation technologies, products, services, and trends.

The best way to predict your future is to create it

In June 2018, Hitachi Koki changed its corporate name to Koki Holdings Co., Ltd. and left the Hitachi Group both in name and in substance after many years of association, embarking on its journey as a global enterprise. As a new partner of Kohlberg Kravis Roberts & Co. L.P. (KKR), one of the world’s leading comprehensive asset management firms, the Company is poised to enter a second stage of growth, in which we aim to manage our operations from medium- and long-term perspective and become a global leader.

The rapid decline of the world order centered around the United States in recent years has been accompanied by a range of socioeconomic changes, including the growing size of corporate groups as a result of restructuring and consolidation and the emergence of start-ups associated with the Fourth Industrial Revolution. Peter Drucker—a prominent management scholar who predicted the future by introducing a broad range of concepts, including management, customer creation, management strategy, knowledge society, knowledge worker, and privatization—proposed that the best way to predict the future and survive/succeed in the business environment of the twenty-first century is to create it.

Innovations that create the future—as envisioned by Drucker—are very much part of our DNA, which has been cultivated throughout the history of the Company as the power tool manufacturer of the Hitachi Group.
70 years of history marked by innovations

The history of our company began 70 years ago, in 1948. The year was marked by a series of historic events in the United Kingdom, including the hosting of the London Olympics and the birth of Prince Charles. In the United States, major television networks like ABC and NBC began broadcasting in that year. In Japan, the post-war chaos was finally coming under control, and demand associated with the nation’s recovery and restoration was beginning to increase at a faster pace.

Back then, there were no facsimiles or mobile phones. Nor did we have the Internet, Twitter, e-money, or automated driving technologies. The principal means of communication were letters, telegraphs, wired phones, and telex. Train tickets were checked manually, and the vast majority of cars had manual transmissions. In Japan, however, demand and drive for post-war recovery led to a construction and architecture boom, generating a need for tools that offered outstanding production efficiency in these sectors.

We quickly succeeded in mass producing power tools by applying our technology, development, and manufacturing capabilities cultivated by our predecessor, and developed power drills and stationary cutting and grinding tools. All our products were AC-powered, powerful, durable, and precise. The Company’s products were well received by many customers in Japan, and we steadily increased the number of orders we received. As our business made steady gains domestically, we began providing our products overseas. Starting with exports to Europe, we established local companies in what was then West Germany and Singapore and expanded operations into overseas markets.

As we evolved through the “innovations” of company establishment and overseas expansion and our business expanded steadily over the years, we faced intensifying competition in the Japanese, European, and U.S. markets. In response, we embarked on innovations that anticipated the future needs of our customers in Japan and abroad. Expecting a shift in the market from stationary tools that were in high demand at the time toward portable power tools capable of adapting to changes in manufacturing methods, we began to engage in the research and development of power tools offering power, durability, and precision all at once. Boosted by the synergy generated by association with the Hitachi brand, the power tools developed as a result received a favorable response around the world and allowed us to achieve further growth.

Becoming the No. 1 manufacturer with the “HiKOKI” brand

As we worked to sustain steady growth through a series of innovations, our product lineup became increasingly complex as a result of overemphasis on individual optimization. At the same time, our excessive focus on development distanced us from customer needs. These experiences reaffirmed the importance of targeting market needs in order for us to be recognized as the No. 1 manufacturer.

Consequently, we conducted a complete review of our management strategies, and in April 2017 decided to close the curtains on our 70-year history as a listed company of the Hitachi Group and leave the Group, start all over again, move forward, and further grow all on our own, with KKR as our new partner. After changing our company name in June 2018, in October of the same year we announced the “HiKOKI” brand and our plans to launch new innovative products.

Given the growing share of our overseas business, we have conducted a variety of opinion exchanges and surveys to ascertain the needs and wants of our constantly evolving customers of the future around the world. The results showed that customers put more value on experience. We eventually arrived at the following statement. This is our Brand Promise, or our commitment to customers that all our employees should always keep in mind: We will offer evolving and superior user experiences through our power tools (electric and air tools). This means allowing professional users to “get the job done anywhere.” Our customers need products that are powerful, durable, and precise, while at the same time making it possible to do a high-quality, professional job anywhere.

To share our Brand Promise with a wider audience, we have chosen a tagline that represents who we are: “UNLEASH the NEXT.” To be used in combination with the HiKOKI logo, this tagline expresses the cordless innovation and our DNA representing the 70 years of history passed
on to Koki Holdings. It embodies our commitment to driving the development of next-generation technologies, products, services, and trends and to “offering evolving and superior user experiences through our power and air tools.”

With respect to concrete performance targets, we are aiming for sales of 300.0 billion yen by fiscal 2021. We will promote a growth strategy with an eye on possible mergers and acquisitions with companies that offer superior capabilities in sales, development, procurement, and production technologies both in Japan and abroad.

In addition, we will move forward with research and development with the goal of enabling more customers to experience an innovation that changes their perception of cordless tools through “MULTI VOLT,” a powerful new 36V lithium-ion battery platform. In the life-science business, we are venturing into materials sectors, including paint, ink, cosmetics, and engine oil, in addition to biotechnology, which has been our primary customer base.

**Committed to ESG activities expected of a listed company**

Since we are no longer a listed company, we do not have the obligation to prepare financial statements or conduct audits on internal control measures pursuant to Japan’s Financial Instruments and Exchange Act. However, to ensure the continuity of our business in the future, we will continue to conduct audits that are required of listed companies, including risk assessment and the managing of the Risk Compliance Committee, which aims to prevent wrongdoing and scandals from occurring. Furthermore, we will continue to launch and implement a wide range of social contribution initiatives, including efforts to reduce environmental burden with a focus on our plants, work-style reforms and other workplace improvements, community activities we have organized at our plants and sales bases, and event participation and sponsorship. Our commitment to these activities is driven by our view that, to increase our corporate value, we must not only enhance our performance, but also undertake ESG initiatives aimed at solving social problems.

Going forward, Koki Holdings will aim to become a global enterprise that shares values with society by integrating the Company’s management and business strategies with CSR and ESG initiatives based on our Corporate Philosophy “Contribute to our society through outstanding technologies, products and services.” To create new corporate value, we will not only enhance the diversity of human resources, but also dedicate ourselves, as an organization and business, to be a comprehensive power tool manufacturer in end markets around the world and become the No. 1 choice for our customers.

We would like to continue to count on the support of all our stakeholders as we strive for technological innovation and meet new challenges.
Corporate Profile

Corporate name: Koki Holdings Co., Ltd.
Founded: December 18, 1948
Headquarters: Shinagawa Intercity Tower A, 20th Floor, 15-1, Konan 2-chome, Minato-ku, Tokyo 108-6020, Japan
Tel: +81-3-5783-0601
Representative: Osami Maehara, President & Representative Director
Capital: ¥17,800 million (as of March 31, 2018)
Employees: Consolidated basis: 6,446 (as of March 31, 2018)

History of Company and Products

1940’s
- Founded with capital of ¥30 million
- Produced coal mining tools and power tools (*)

1949
- Listed on the Tokyo Stock Exchange and Osaka Securities Exchange
- Production begun for Chemical Instruments products (currently Life-Science Instruments)

1954
- Production begun for Chemical Instruments products (currently Life-Science Instruments)

1963
- Production begun for printers (line printers for large-frame computers)

1978
- The first overseas sales subsidiary established in Germany
- The first overseas manufacturing subsidiary established in Singapore

1979
- Overseas sales subsidiary established in the U.S.
- Overseas manufacturing subsidiary established in China

1980
- Received Promotion Foundation for Electrical Science and Engineering Award (former OHM Technology Award) for the development of quick charge control technology
- Received Japan Society for the Promotion of Machine Industry Award for the development of a small-sized centrifuge for particle separation, the highest speed machine of its kind in the world

1985
- Printer business transferred to Hitachi, Ltd.
- Hitachi, Ltd. becomes the parent company of Hitachi Koki Co., Ltd.

1994
- Acquired Metabo, a German power tool manufacturer

1997
- HK Holdings Co., Ltd. (established by KKR) acquires Hitachi Koki Co., Ltd. from Hitachi, Ltd., making Hitachi Koki a wholly-owned subsidiary of KKR

2002
- The company name was changed to Koki Holdings Co., Ltd. (June)
- The main brand of power tools was changed to “HiKOKI” (Oct)

2009
- For DIY and gardening

1940’s/1950’s/1960’s/1970’s

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For DIY and gardening

- DIY Kit
- Garden Tool

Enriched the lineup of metalworking tools for factories and shipbuilding

- Drill LLI (1948)
- Disc Grinder PB-DRH (1967)
- Impact Drill BLAV-CDN (1966)
- Hammer PH-4D (1969)
- Impact Wrench EW-22 (1972)

Enriched the lineup of special tools for buildings and steel construction

- Planer BUF (1958)
- Nailer NH-65 (1966)
- Automatic Planing Machine F-S30 (1969)

Enriched the lineup of woodworking tools for increase in housing construction

- Circular Saw DS-10 (1948)
- Bench Grinder GBT (1948)
- Coal Pick HCA-8 (1948)
- The first domestically produced centrifuge 40P (1955)
- Super Home Kit K-11 (1957)
- Engine Brush-cutter KB-25 (1965)
### Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues (Unit: 120 million yen)</th>
</tr>
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<tbody>
<tr>
<td>FY2013</td>
<td>1,333</td>
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<tr>
<td>FY2014</td>
<td>1,358</td>
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<tr>
<td>FY2015</td>
<td>1,416</td>
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<tr>
<td>FY2016</td>
<td>1,788</td>
</tr>
<tr>
<td>FY2017</td>
<td>1,912</td>
</tr>
</tbody>
</table>

### 1980’s, 1990’s
- **1980**: Overseas sales subsidiary established in the U.S.
- **1985**: Overseas manufacturing subsidiary established in China
- **1994**: Received Promotion Foundation for Electrical Science and Engineering Award (former OHM Technology Award) for the development of quick charge control technology
- **1997**: Received Japan Society for the Promotion of Machine Industry Award for the development of a small-sized centrifuge for particle separation, the highest speed machine of its kind in the world

### 2000’s, 2010’s
- **2002**: Printer business transferred to Hitachi, Ltd.
- **2009**: Hitachi, Ltd. becomes the parent company of Hitachi Koki Co., Ltd.
- **2016**: Acquired Metabo, a German power tool manufacturer
- **2017**: HK Holdings Co., Ltd. (established by KKR) acquires Hitachi Koki Co., Ltd. from Hitachi, Ltd., making Hitachi Koki a wholly-owned subsidiary of KKR
- **2018**: The company name was changed to Koki Holdings Co., Ltd. (June)
  The main brand of power tools was changed to “HiKOKI” (Oct)

### Improved weight, speed, handling
- **Microprocessor-controlled Impact Drill DV20VA (1982)**
- **Slide Compound Miter Saw C3FB (1985)**
- **Automatic Screw Driver WF4AH (1998)**

### Continue to evolve (brushless motor + lithium-ion battery)
- **IF Design Award Low-vibration Rotary Hammer DH40MR/Y (2002/2006)**
- **Aluminum Body Housing + AC Brushless Motor (high durability, double insulation) Rotary Hammer DH40MEY (2014)**
- **Lithium-ion Battery-operated Impact Driver WH14DL (2016)**
- **AC Brushless Motor Impact Driver WH12VE (2011)**
- **Brushless + Air Spring Cordless Finish Nailer NT18DSMSL (2017)**

### Full-scale Launch of Engine Tools
- **Engine Chain Saw ECV345 (2007)**
- **Large-Scale Continuous Flow Ultracentrifuge for vaccine purification CC40NX (2011)**

### Enriched the Lineup of Support Tools
- **Cordless Driver Drill DRC-6 (1979)**
- **Automatic Screw Driver WF4AH (1998)**
- **Micro Ultracentrifuge CS150GX (1998) with the world’s highest speed of 150,000 min⁻¹ CS150GX (1998)**

### Introduction of Innovative MULTI VOLT Battery
- **Cordless TV with Radio UR18DSML (2017)**
- **Cordless Cleaner RH18DSML (2016)**
- **Cordless Disc Grinder 03610DA (2017)**
- **Cordless Circular Saw C360EDA (2017)**
- **Cordless Rotary Hammer DHR18DSMA (2018)**
Main Products: Metalworking power tools, woodworking power tools, cordless power tools, construction power tools, air tools (nailers, screwdrivers and compressors for nailers), woodworking machines, engine tools, gardening tools, household power tools, dust collectors, line lasers, accessories (diamond tools and consumable parts)

Using power tools of various types, depending on the application and work environment, reduces the burden on users and improves the efficiency and accuracy of work. The Company offers approximately 1,300 product lines. We also have a comprehensive lineup of electric (AC, batteries), pneumatic, and engine tools, enabling us to respond to all applications.

An Abundant Lineup of Power Tools

Much progress has been made in developing higher-capacity, higher-power lithium-ion batteries, which are used to operate our power tools, and our diverse range of cordless power tools has earned a favorable reputation among our customers. We also have an abundant lineup of convenient products suitable for home use, including our new Cordless TV with Radio, and Cooling and Warming Cup Holder.

I’m in charge of power tool development. To develop new products that will be appreciated by our customers, I set high product development goals (e.g., enhance performance, improve usability) and try to come up with new ideas wherever and whenever possible.

It’s not easy developing new products that feature new ideas. But it brings me great joy when I finally succeed in developing a new product after tackling the project from multiple angles and finding a solution through hard work and perseverance.

I will continue to work hard on my development activities so that we can develop even better products in the future.

Masaru Hirano  Technology Research Laboratory  Research and Development Division
**Life-Science Instruments**

**Main Products:** Ultracentrifuges, refrigerated centrifuges, micro centrifuges and large-scale continuous flow ultracentrifuges

Developed using our high-speed rotation, ultraprecise processing and electronic control technologies, our life-science instruments are contributing to the advancement of research worldwide in a wide range of fields, including biotechnology. Unique and unrivaled in the Japanese market*, Koki Holdings’ life-science instruments include ultracentrifuges with the world’s fastest rotation speed (150,000 rpm) on the market and continuous flow ultracentrifuges essential to the production of influenza vaccines. Recently, our products have also earned recognition as a new separation method for nanotechnology applications.

*Based on Company research, March 2018

**CLOSE UP**

**Expanding Use of Centrifugal Force**

Centrifuges are used in a broad range of fields, with applications in basic research in biotechnology and applied research in pharmaceutical and food sciences, as well as in laboratory testing and other medical procedures. Recent years have seen a further increase in the use of centrifugal force in advanced sciences including regenerative medicine and nanotechnology.

**Prior to centrifugation**
- Sample: 400μL
- 5% sucrose solution: 1.5mL
- 10% sucrose solution: 1.5mL
- 20% sucrose solution: 1.5mL

**10 min after centrifugation**
- 52,000rpm
- 20nm
- 50nm
- 100nm
- 150nm

**Message from Employee**

I’m engaged in the development and design of centrifuges. Centrifuges play an important role in vaccine and pharmaceutical production, and they are expected to perform centrifugation on customers’ valuable samples quickly and safely. To deliver products that meet customer needs, I’m currently working on the development of high-performance motors and the design of systems for controlling sample temperature and ensuring safety.

I work in the Life-Science Instrument Division, which has the manufacturing capabilities to deliver world-class products including the world’s fastest ultracentrifuges and large-scale continuous flow ultracentrifuges used for the production of influenza vaccines. As a member of the Division, I will continue to work hard to further enhance our manufacturing capabilities and create products that will satisfy our customers.

**Mamoru Kanehama**, Design Department, Life-Science Instrument Division
Koki Holdings’ power tools continue to be the tools of choice for professional users around the world. Underpinning this success is our rich lineup of products of proven quality and a locally rooted sales network that is capable of responding to customer needs.

**Enhanced system for sales and services**

Our Group has established companies and branches in 37 countries including Japan. We will endeavor to enhance the scale of our business operations by accurately grasping the economic trends and country risks around the world and implementing a range of marketing and sales strategies including the exploration and cultivation of sales channels in a proactive and timely manner. We also deliver peace of mind to our customers even after purchase through our enhanced after-sales service network.
Establishment of a New Location in Europe: Koki Holdings Europe GmbH

In Europe, a strategically important region for Koki Holdings, we established Koki Holdings Europe GmbH to oversee our operations in the region. The move reflected the Company’s expanding business with European customers and the need to provide local and expeditious support, so as to realize speedy, service-driven management practices.

Regional characteristics

In North America, where DIY is hugely popular, power tools are in great demand among professionals and non-professionals alike. Demand for nailers and other air tools is particularly high due to the prevalence of wood-framed houses, and we are aggressively expanding sales of these products.

Message from Employee

I’m engaged in sales in South Africa, Israel, and Thailand. My responsibilities include proposing new products and marketing strategies to expand sales in those overseas markets.

Working in Overseas Sales, I’ve had opportunities to tackle a wide range of projects since I was still a junior employee, and I find my work both challenging and rewarding.

Sometimes I get frustrated dealing with various problems. But we have an amazing work environment where superiors and senior employees are always ready to offer a hand, so I can focus on my work with peace of mind.

I give my all to my daily tasks and try to gain new knowledge and skills, as I hope to work at an overseas Group company in the future and bring our outstanding technology to the world.

Junya Kato  Asia Sales Department
The “KOKI Way” shows the fundamental principles of how all executives and employees of the Koki Holdings Group should think and act in their day-to-day business activities, through the structure of “Corporate Philosophy,” “Corporate Vision” and “Conduct Guidelines/Codes of Conduct” of the Koki Holdings Group.

**Corporate Philosophy**
Contribute to our society through outstanding technologies, products and services

The Koki Holdings Group is committed to contributing to society by globally providing innovative, high performance, high quality and high customer satisfaction products and services which are suited to users’ needs.

In addition, we fully recognize that every company is a member of society and make it a principle not only to engage in fair and transparent conduct, but also to exert our best efforts to achieve a prosperous society through harmonization with the environment and involvement in philanthropic activities.

**Corporate Vision**
Koki Holdings, moving forward with you ~ Together for Vision ~

We aspire to be a company where all customers are happy to do business with us, and all of our world-wide employees are proud to be a part of Koki Holdings.

In addition to thinking and acting from the customers’ standpoint and fully implementing “the operation ABC” (“Do All the things that go without saying, don’t Brush them off as if they don’t matter, and do them Completely”), every employee who works in the Koki Holdings Group achieves self-improvement through challenging work, and grows together with Koki Holdings.

**Conduct Guidelines/Codes of Conduct**

The “Koki Holdings Group Conduct Guidelines/Codes of Conduct” show the attitude that every employee of the Koki Holdings Group should possess and the actions that he or she should take in order to achieve the Group’s philosophy and vision.

The “5 Principles of Action” are an easy-to-understand expression of the Conduct Guidelines and Codes of Conduct.

1. **A Member of Society with Common Sense (Compliance)**
   - Employees of the Koki Holdings Group will be aware that each of us is a member of society, even before we are members of a company, and observe all laws and social rules properly as individuals with social common sense. Employees of the Group will also adopt good manners (for example, greetings and politeness) and will act sincerely and fairly at all times.

2. **Respect for Human Rights**
   - Employees of the Koki Holdings Group will respect the human rights of every individual, and will not discriminate on the basis of gender, age, nationality, race, ethnicity, philosophy, religion, position in society, family status or lineage, illness or disability, etc. In addition, employees of the Group will not act in any way that harms the dignity of individuals, such as any types of workplace harassment (sexual harassment, abusive behaviors at the hands of superiors etc.), violence, invasion of privacy or the like.

3. **Customer Satisfaction**
   - Thinking and acting from the customers’ standpoint, and earning the trust of the customers, are of the utmost importance. The Koki Holdings Group is committed to supplying products and services that fully satisfy our customers, and to conducting all corporate activities with our business partners and members of the supply chain with a high sense of ethics.

4. **Challenge**
   - In today’s rapidly changing business environment, the Koki Holdings Group will create new value and be growing by taking on new challenges continuously. We will also strive to create a workplace where each individual employee can work with satisfaction in his or her work.

5. **Environment and Safety/Security**
   - As a good corporate citizen in global society, the Koki Holdings Group will continue to strive to achieve harmony with the environment and ensure safety and security. “Safety and security” includes product safety, human safety, information security and the security of society.
Based on the Corporate Philosophy “Contribute to our society through outstanding technologies, products and services,” the Koki Holdings Group aims to become a global enterprise which shares values with society by steadily implementing management and business strategies that take Environmental, Social, and Governance (ESG) issues into consideration.

**ESG Initiatives**

Putting harmony with the environment as one of the high-priority tasks of management, the Company has been engaging in unison with Group companies and supplier companies in environmental protection activities. Interacting with society and stakeholders with common sense and sincerity at all times is of the highest importance for a “going concern.”

- **Environmental Policy Initiatives**
- **Promoting Eco-Products**
- **To Make a Sustainable Society Come True**

Aiming to establish a framework for rapid and accurate management decision making and operational performance, as well as to enhance the function for the supervision of management, Koki Holdings, as one of the most important management issues, is working to strengthen the structure of corporate governance.

- **Corporate Governance**
- **Compliance**

**Initiatives for SDGs**

SDGs stand for Sustainable Development Goals adopted by more than 150 United Nations member states. SDGs consist of 17 goals and 169 targets to be achieved by 2030. The “2030 Agenda,” an action plan for people, planet, and prosperity, urges governments, enterprises, and citizens to take action on a global scale. Koki Holdings is engaging in ESG initiatives based on these SDGs.
Extended-life Battery

Hand-held cordless power tools primarily use lithium-ion batteries, which are compact, lightweight and provide highly-concentrated energy, meeting market demand for size and weight reduction. Our lithium-ion batteries have been equipped with a proprietary multi-protection circuit since we first began using them for our products. The circuit monitors individual battery cells and safeguards them from overload, over-discharge, and overcharge. This function ensures the safety of batteries and increases the number of times they can be charged and discharged, thereby extending battery life.

By extending the life of batteries made of lithium, a limited resource, we seek to promote the effective use of resources and contribute to a sustainable society.

A Big Revolution Started by a Small Battery

In August 2017, Koki Holdings released the MULTI VOLT series, a cordless tool series equipped with the BSL36A18 MULTI VOLT Battery, a new 36V lithium-ion battery that is the smallest and lightest* of its kind in the industry.

By using high-output cells, the MULTI VOLT series delivers a power capability that rivals an AC100V power source. The new series changes the perception of cordless tools by delivering portability and power, which were difficult to integrate in cordless tools until now. In May of this year, Koki Holdings expanded the series by launching the high-output, high-capacity BSL36B18 MULTI VOLT Battery.

*As of 2017, among 36V lithium-ion batteries made by leading power tool manufacturers in Japan. (Survey by Koki Holdings)

Battery Information Management System

With the goal of enhancing customer satisfaction using IoT, we officially introduced our Battery Information Management System, which gathers and collectively manages a wide range of information from batteries.

Collective management of customers’ usage information (only in Japan)

The system reads customers’ usage data and error information retrieved from the batteries brought into our repair centers located across Japan. By accumulating and collectively managing the gathered information using IoT, we aim to not only improve the performance of our future products, but also provide easy-to-use, durable, and high-quality products.

Prompt and effective after-sales services

By assessing and analyzing battery usage patterns based on the information collected using our Battery Information Management System, we can quickly determine the causes of product failure. The system also allows us to effectively advise our customers on how to use our products and allow them to enjoy them longer.
Brushless Motors

Amid growing demand for energy-efficient motors, our next-generation “brushless motors” using the Company’s proprietary technology have been developed. They are designed to meet workplace needs for high durability, long life and high efficiency.

Our new motors help conserve energy by causing less electrical loss than conventional motors and by significantly reducing the amount of power used during operations through high-efficiency performance. The motors also have a longer service life and eliminate the need for carbon brush, a consumable material, thereby conserving resources.

We are expanding our lineup of environmentally-friendly products by equipping many of our products with brushless motors.

Using Automated Technology to Realize Labor Savings in Healthcare

In cancer screening, samples prepared using specimens collected from patients are observed under a microscope to determine the presence of cancer cells.

Liquid-based cytology (LBC)*, which produces more accurate results, is gradually replacing the conventional direct smear as the primary sampling method. In the United States, the LBC method has a market penetration rate of 95%.

However, adopting the LBC method requires laboratories to invest in a high-cost, fully-automated sample preparation device for the preliminary sampling procedure or manually perform a complicated “cell washing” procedure. As a result, the penetration rate of LBC remains at approximately 20% in Japan.

Our newly-developed automated cell washing centrifuge, the MC480L BC, has simplified this complex, taxing process by automating the cell washing process, which has been an impediment to the spread of the LBC method, and by keeping the cost of the device down. This product is expected to increase the number of healthcare institutions adopting the LBC method and lead to the widespread adoption of the highly-accurate cancer screening method.

*LBC method: A method of preparing samples in which the collected specimen is deposited in an LBC fixing preservative solution to remove impurities, and the sample is smeared on a slide after a uniform state is obtained. The method produces more accurate results since the samples contain fewer impurities than when the conventional direct smear is used.
Environmental Policy Initiatives

Putting harmony with the environment as one of the high-priority tasks of management, the Company has been engaging in unison with Group companies and supplier companies in environmental protection activities. More specifically, we have formulated “Environmental Action Plan” and are working to develop and produce environmentally-sound products.

Environmental Policy

The Koki Holdings Group established the following environmental policies, and continuously engages in the activities, aiming to promote pro-environmental behavior.

Environmental Policy (excerpt)

The Koki Holdings Group promotes pro-environmental behavior, which is a major issue shared by all humankind, in every aspect of corporate activities under the slogan of “Green, Pleasant Lands of the Earth for Future Generations.” On the basis of the fact that we design, manufacture, sell and service power tools, engine power tools, life-science instruments, diamond tools, etc., we conduct the activities related to environmental maintenance and improvement.

For more detailed data:

URL
Koki Holdings Co., Ltd. website
"Environmental Protection Activities"
https://www.koki-holdings.co.jp/environment/

ISO 14001 Environmental Management System

Since 1996, our domestic production sites have acquired certification under ISO 14001, the international standard on environmental management systems. Today, all our domestic production sites (totaling 73 sites owned by Koki Holdings and three Group companies) are operated and managed under the same standard. Five overseas plants in China and other Asian countries have each acquired certification and are implementing and managing their environmental practices.

(All sites have acquired certification under ISO 14001:2015 as of October 2017)

ISO 14001 acquisition status
(As of October 2018)

<table>
<thead>
<tr>
<th>Certified sites</th>
<th>Japan</th>
<th>Overseas</th>
</tr>
</thead>
</table>

Performance results and assessment of FY2017 Environmental Action Plan are as follows:

Assessment = ☒ no achievement, ☐ slight achievement, ☐ ☐ ☐ good achievement, — N/A

<table>
<thead>
<tr>
<th>Activity</th>
<th>Target</th>
<th>FY2017</th>
<th>Final fiscal year</th>
<th>Performance results</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Improvement of Activity Level</td>
<td>☐ Transition to ISO 14001:2015</td>
<td>☐ Passing of transition audit/implementation</td>
<td>☐ Passing of transition audit/implementation</td>
<td>FY2017</td>
<td>Passed transition audit/implemented the system</td>
</tr>
<tr>
<td>Enhancement of Environmental Education</td>
<td>☐ Implementation of departmental education/expansion and training of internal auditors</td>
<td>☐ Acquisition of internal auditor certification under ISO 14001:2015</td>
<td>☐ Implementation</td>
<td>Continued</td>
<td>6 internal auditors certified</td>
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<tr>
<td>Products and Services</td>
<td>☐ Implementation of assessment of environmentally-friendly design</td>
<td>☐ Implementation rate (No. of products on which assessment was performed in the fiscal year/No. of products subject to assessment in the fiscal year)</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td>Factories and Offices</td>
<td>☐ Implementation of assessment of environmentally-friendly design</td>
<td>☐ Implementation rate (No. of products on which assessment was performed in the fiscal year/No. of products subject to assessment in the fiscal year)</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td>Energy Saving Initiatives</td>
<td>☐ Reduction of energy use</td>
<td>☐ (1) Reduction of electric power/production (domestic manufacturing plants)</td>
<td>☐ (2) Reduction of energy (oil equivalent)/production (domestic offices)</td>
<td>☐ (based on FY2016 basis)</td>
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<td>☐ (based on FY2016 basis)</td>
</tr>
<tr>
<td>Cylindrical Use of Resources</td>
<td>☐ Reduction of waste</td>
<td>☐ Reduction of discharge/production (domestic plants)</td>
<td>☐ Reduction of discharge/production (overseas plants)</td>
<td>☐ (based on FY2016 basis)</td>
<td>☐ (based on FY2016 basis)</td>
</tr>
<tr>
<td>Preservation of Ecosystems</td>
<td>☐ No. of initiatives implemented to preserve ecosystems</td>
<td>☐ Continued</td>
<td>☐ Continued</td>
<td>FY2030</td>
<td>12 cases</td>
</tr>
<tr>
<td>Collaboration with Stakeholders</td>
<td>☐ Koki Holdings Group Implementation of the 5-year plan for environmental and social contribution activities (2016-2020)</td>
<td>☐ 13 cases</td>
<td>☐ 13 cases</td>
<td>FY2020</td>
<td>15 cases</td>
</tr>
</tbody>
</table>
Promoting Eco-Products

To make a sustainable society come true, we provide products of less environmental burden.

**Cordless Disc Grinder G3610DA**
Enhanced work efficiency
By equipping the product with a compact, lightweight, and high-power MULTI VOLT battery and a brushless motor, we enhanced the cutting speed to approximately 1.6 times the previous level.

**Cordless Circular Saw C3606DA**
Enhanced work efficiency
By equipping the product with a compact, lightweight, and high-power MULTI VOLT battery and a brushless motor, we nearly doubled the cutting speed and overload capacity.

**Cordless Rotary Hammer DH36DPA**
Conservation of resources
By equipping the product with a compact, lightweight, and high-power MULTI VOLT battery and a brushless motor, we achieved a performance comparable to that of the AC100V product while reducing the weight by approximately 18%.

**Cordless Impact Driver WH36DA**
Enhanced work efficiency
By equipping the product with a brushless motor, an active control system, and a compact, lightweight, and high-power MULTI VOLT battery, we improved the fastening speed by approximately 10%.

**Cordless Impact Wrench WR36DA**
Conservation of resources
By equipping the product with a smaller impact mechanism, a brushless motor, and a compact, lightweight, and high-power MULTI VOLT battery, we achieved a performance comparable to that of a AC100V product while keeping the weight approximately 4kg less than the AC100V product.

**Cordless Reciprocating Saw CR36DA**
Enhanced work efficiency
We improved the cutting speed to approximately 2.6 times the previous level by equipping the product with a twin rotation counterweight system and an orbital mechanism and combining them with a brushless motor and a compact, lightweight, and high-power MULTI VOLT battery.

**Cordless Blower RB36DA**
Enhanced work efficiency
By equipping the product with a brushless motor and an axial fan, we achieved a powerful air flow comparable to that of an engine blower despite the product’s cordless design. A compact, lightweight, and high-power MULTI VOLT battery enhances the runtime by approximately 20% per charge.

**High Pressure Coil Nailer NV50HR**
Energy conservation
We reduced the air consumption by approximately 30% by equipping the product with a power switching mechanism.

**High-speed Refrigerated Centrifuge CR30NX**
Enhanced work efficiency, Energy conservation, and Improved work environment
By reducing the pressure of the rotation chamber, we (1) reduced the centrifugation time by as much as 50% by increasing the maximum rotation speed by 36% and the maximum centrifugation acceleration rate by approximately 100%; (2) decreased the energy consumption by 55%; and (3) lessened the noise level by approximately 6dB (A).
To Make a Sustainable Society Come True

To help develop a sustainable society, Koki Holdings is working on reducing the environmental burden in our plants and offices and is undertaking initiatives to promote the effective use of resources and to preserve biodiversity.

Material Balance (Input and Output into the Environment)

Koki Holdings Group’s environmental performance results in fiscal 2017 are as follows.

Prevention of Global Warming (Improvement in CO₂ emission per unit of production)

By fiscal 2017, we had reduced our CO₂ emissions intensity to 78% of fiscal 2009 at plants in Japan, and to 53% of fiscal 2009 at overseas plants. We are striving to improve the efficiency by introducing high efficiency lighting and air-conditioning equipment, changing and repairing aging pipes, curtailing the operating time of equipment, and implementing workplace integration. Moreover, we are globally expanding Group-wide activities such as “Light Down Campaign” and various environmental events. We will endeavor to further reduce CO₂ emissions and improve the index per unit of production with continuous efforts.

CO₂ emissions at domestic plants and index per unit of production

CO₂ emissions at overseas plants and index per unit of production

Koki Holdings Co., Ltd. Corporate Profile/ESG Report 2018
Achieving Zero Emissions

We have promoted initiatives to maintain “zero emissions”* of waste at our plants in Japan.

In fiscal 2017, we continued to reuse plastics, sludge containing useful metals, and lead-acid batteries as valuable resources and began reusing pallets. As a result of these initiatives, the final disposal rate of waste was 0.13% and we achieved the goal (0.2% or less).

We will continuously commit to further reduction to reach the goal of zero emissions in fiscal 2018 and later years.

*Final disposal rate (final disposal volume/discharge) of 0.2% or less

Our Commitment to Ecosystem Preservation

Katsuta Plant/Sawa Plant

So far, we have undertaken a limited number of initiatives to protect the environment, including maintaining trees and observing wild birds on factory premises.

However, in line with our belief that companies must take action to protect biodiversity and ecosystems with an eye to the future, we began conducting a fact-finding investigation on factory premises. In the first phase of the investigation, we conducted a vegetation survey of the natural forest at the Katsuta Plant site in May 2016, and in the second phase, a vegetation survey of the nature conservation area at the Sawa Plant site in May 2018.

Going forward, we will continue with the fact-finding investigation based on the “Guidelines for Preservation of Biodiversity” we have established this fiscal year, while exploring our future goals and visions.

We also seek to raise awareness among our employees, and extend our efforts beyond the Company and take part in and contribute to environmental efforts in the local community.

Tree Planting in China

At Fujian HiKOKI, employees take part in volunteer activities each year. In fiscal 2017, 53 employees participated in a tree-planting project in Fuzhou, Fujian.

Focusing on the theme of “raising our awareness for the environment and enhancing our understanding of the importance of protecting the environment through environmental initiatives,” employees planted 106 native camellia trees.
For Customers

With regard to product quality assurance, based on our basic policy of “manufacturing products trusted by customers,” the Company is promoting the activities for improvement of customer satisfaction. We have compiled the Action Guidelines regarding product safety, and strive to assure safety of products that the Koki Holdings Group manufactures and sells by conducting activities in line with the Action Guidelines.

Product Safety Action Guidelines

The Koki Holdings Group upholds the concepts of “respecting customers” and “ensuring product safety” as part of their basic management policy and shall endeavor to ensure the safety of the products that the Group manufacture and sell based on the action guidelines prescribed below.

1. Compliance to relevant laws and regulations
   The Koki Holdings Group shall endeavor to comply with laws and regulations, company rules relating to product safety, and these action guidelines and to ensure the safety of the products that the Group manufacture and sell.

2. Endeavors to ensure product safety
   The Group shall endeavor to make continuous improvements in product safety by identifying and assessing risks throughout all the stages from product development/design to the procurement of raw materials and parts, manufacture, inspection, shipment, distribution, use and disposal of the product, and by feeding back the results of such efforts to the products, parts, warning labels, instruction manuals, etc. Where an incident involving our product has occurred or is likely to occur, the Group shall, in good faith, respond promptly, while making efforts to thoroughly examine the cause, to prevent the recurrence of such an incident and to ensure the safety of the customers.

3. Collection and disclosure of information on product incidents, etc.
   The Group shall endeavor to proactively collect information on incidents involving our products, etc. (product defects and malfunctions, product complaints, incidents of similar product, etc.) from their customers and business partners, and to disclose such information in a prompt, timely fashion.

4. Educating employees regarding relevant laws and regulations
   The Group, in order to educate the employees regarding the importance of ensuring product safety, shall conduct appropriate education on the laws and regulations, company rules and systems relating to product safety and other necessary matters.

5. Monitoring
   The Group shall endeavor to conduct monitoring through internal audits and other means on the compliance with laws and regulations, company rules relating to product safety and these action guidelines and to maintain and improve the system to ensure product safety.

Initiative to Acquire ISO Certification

Starting with acquisition of the certification of international standard for quality management system by Katsuta Plant and Sawa Plant in 1995, individual Koki Holdings Group production sites including overseas plants have acquired ISO 9001 certification, and have been working to improve quality management throughout the Group.

ISO 9001 acquisition status (as of October 2018)

<table>
<thead>
<tr>
<th>Certified sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
</tr>
<tr>
<td>Koki Holdings Co., Ltd.: Katsuta Plant</td>
</tr>
<tr>
<td>Sawa Plant</td>
</tr>
<tr>
<td>Sankyo Diamond Industrial Co., Ltd.</td>
</tr>
<tr>
<td>Overseas</td>
</tr>
<tr>
<td>HIKOKI (Malaysia) Sdn. Bhd.</td>
</tr>
<tr>
<td>Guang Dong HIKOKI Co., Ltd.</td>
</tr>
<tr>
<td>Fujian HIKOKI Co., Ltd.</td>
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<tr>
<td>Guangzhou HIKOKI Co., Ltd.</td>
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<tr>
<td>Taiwan HIKOKI Co., Ltd.</td>
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<tr>
<td>Metabowerke GmbH</td>
</tr>
<tr>
<td>Metabo Powertools (China) Co., Ltd.</td>
</tr>
</tbody>
</table>

Message from Employee

Information gathered from our business partners and customers includes a wide range of feedback and requests, including compliments for our products and information related to defects and malfunctions.

Since any information, no matter how insignificant it seems, could relate to major problems and product accidents, we carefully review all the information we receive daily and take action as quickly as possible.

In addition, the valuable information we receive is shared not just within the Quality Assurance Department, but also with other related departments, so that we can tackle problems from different perspectives and make further improvements to our products and services.

The intangible and immeasurable nature of “quality” makes it all the more imperative that we put our customers first and take on our work with a sense of responsibility.

Junpei Sato  
CS Promotion & Quality Assurance Department  
CS Promotion & Quality Assurance Division
Quality Assurance Action Guideline

The Company puts “Koki Holdings Corporate Code of Conduct” and “Koki Holdings Group Codes of Conduct” into practice as basis of all activities. In particular, the Company has established “Koki Holdings Quality Assurance Action Guideline” for thorough quality assurance. Under the spirit of acting from the customer’s viewpoint as the basic idea, the Guideline clarifies the basic policies and mindset that all officers and employees of the Company must adhere to.

Quality Assurance Action Guideline (excerpt of major parts)

Basis Policy
Create products trusted by customers

Mindset
(1) Think and act from customer viewpoint
(2) Build and assure quality by ourselves
(3) Adhere to promises and decisions made by ourselves

Response to Product Accidents

We conduct our corporate activities in accordance with all applicable laws and regulations, and promptly submit necessary reports when an accident related to our products occurs.

Keeping in mind the requirement to provide a report to the Company’s management executives and to notify the Consumer Affairs Agency within 10 days in the event of an accident causing injury or death, fire, or other emergency event, we have an internal system in place so that employees can properly communicate information without making arbitrary judgment on their own based on the circumstances of the accident.

Obtaining information on accident by employees of the Company
Within ten days after obtaining the information on accident

Obtaining information on accident by employees of affiliated company
Within ten days after obtaining the information on accident

Conveying information to sales departments of the Company
Within five days after obtaining the information on accident

Conveying information to quality assurance department of affiliated company
Within ten days after obtaining the information on accident

Making judgment on necessary measures in cooperation with related departments
Within five days after obtaining the information on accident

Reporting to management executives
Within ten days after obtaining the information on accident

Filing report to Japan’s Consumer Affairs Agency

Customers’ Voice

Mr. Takashi Jin
President & CEO
GOKO-YAMAHIKO Co., Ltd.

While HiKOKI motors have always enjoyed a solid reputation, I’m quite excited about their cordless products following the introduction of the MULTI VOLT series. The MULTI VOLT batteries are compatible with 18V products, so we can market the new cordless tools to the professional users who felt the 18V products were lacking in power. Our best-selling HiKOKI products include electric disc grinders, band saws, and reciprocating saws, and the G10SH5 Electric Disc Grinder has particularly been a perennial favorite. In addition, we are aggressively marketing the G10BYE Electric Disc Grinder, with its unique, built-in brushless motor and kickback reduction system that make it an attractive product. We hope that the HiKOKI brand will expand its reach so that it will become the “go-to” brand for power tools.

Customers’ Voice

Kanji Kubota
Chairman
Yugen Kaisha Kobayashiya

Our best-selling HiKOKI products are the MULTI VOLT WH36DA Cordless Impact Driver and DS36DA Driver Drill. We are aggressively marketing the MULTI VOLT series given their popularity and high quality. HiKOKI air tools such as nailers and automatic screw drivers also have a good reputation.

In particular, HiKOKI’s automatic screw drivers are popular for their usability and many people specifically ask for the brand. HiKOKI products are the preferred choice of professionals because the products are made with real craftsmanship and attention to the smallest detail. Aside from the high-quality products, I think the Company’s personable and big-hearted sales representatives attest to its family-like corporate culture. Even after switching to the new brand, I hope the Company will continue to provide products that professionals love using.
For Business Partners

Regarding suppliers as equal partners, we are working to strengthen competitiveness from a long-term perspective, and pursuing fairness in business transactions with an open-door policy.

Guidelines on Conduct Concerning Procurement

The Company has formulated “Koki Holdings Guidelines on Conduct Concerning Procurement” that stipulates behavior guidelines for officers and employees of the Company in procurement of materials, products, services and information required for business operation of the Company from outside suppliers. All officers and employees of the Company will adhere to the “Koki Holdings Corporate Code of Conduct” and “Koki Holdings Group Codes of Conduct,” as a basis of all activities.

Enhancement of Transparency of the Supply Chain

To deliver environmentally-sound products to our customers, Koki Holdings is asking suppliers for understanding and collaboration in actively carrying out environmental protection activities and supplying materials and components having reduced environmental burden. Furthermore, we will try to improve the quality of procured items, aiming to save resources and reduce environmental burden.

For instance, as for cadmium contact switches that are not currently subject to restriction, we have proactively proceeded with elimination of cadmium usage and completed switching over from a viewpoint of reducing environmental burden. In addition, with regard to banned substances, which Koki Holdings voluntarily manages, we are proceeding with the collection of guarantees of non-inclusion from trading partners, and at the same time we are proceeding with countermeasures against items that contain banned substances.

In November 2017, we hosted the Suppliers’ Day in all the regions where our production sites are located. We invited all our principal suppliers, and the Company’s president and other members of management executives explained the brand change and initiatives aimed at future growth.

The events were joined by many suppliers totaling 209 companies (99 in Japan, 27 in Taiwan, 37 in Fujian, China, and 46 in Guangdong, China), reflecting the strong interest and expectations toward us.

By having members of top management personally provide explanations, we were able to show the participants our commitment to the new brand and to build a collaborative relationship with them to accelerate the growth of our businesses.

Response to the Conflict Minerals Issue

The Koki Holdings Group has no intention of, directly or indirectly, abetting the human rights violations identified in countries where conflict minerals are determined to be financing armed groups. To continue our responsible procurement practices, we are working with Group companies and suppliers to strengthen supply chain transparency and to ensure that the minerals we procure do not finance or benefit armed groups committing human rights violations.

Specifically, we conducted the conflict minerals survey targeting around 1,000 suppliers and confirmed that conflict minerals were not contained in the products of the Company. At present the recovery rate is 92%, and we will continue our survey in this area.

Suppliers’ Day in Japan and overseas
For Local Communities

The Koki Holdings Group is committed to various activities, aiming at contribution to local communities where our offices are located. By implementing social contribution activities, the Group will aim to be a respected and trusted global enterprise of the 21st century.

Cleaning Activity in Local Communities

At our plants (Katsuta Plant, Sawa Plant, etc.), cleaning around the plant is carried out as part of global environment beautification activities. We also join a beach clean campaign held by the local municipality.

Bamboo Grove Maintenance Volunteer

The forest of the City of Hitachinaka brings us a peace of mind and blessings from this precious greenery. However, the maintenance of forest with many hillsides is not easy, and the propagation of Japanese wisteria and bamboo are destroying other kinds of trees that grow there. Every year, we join the activity led by a local NPO to maintain and thin the bamboo grove and contribute to the conservation of greenery.

Plant Tours and Experience Learning

At Sawa Plant, we conduct social studies tours for elementary school students, welcome middle school students for experience learning about the workplace, and host high school students for experience learning about work and company tours as part of our activities to contribute to the local community.

This fiscal year, we welcomed 204 elementary school students, 13 middle school students, and 47 high school students from neighboring communities, and they deepened their understanding of “monozukuri” (craftsmanship).

We received many questions from the elementary school students who toured the product assembly, inspection, and packaging operations. The middle school students assembled nailer components and attached labels on product cases, working on their tasks with determined expressions on their faces.

The high school students, who will be looking for jobs in the near future, performed cutting work using lathes and coated silicon on electronic substrates, and expressed their appreciation with a thank-you letter.

Overseas Cases

Spain
Supporting Hockey League for Athletes with Disabilities

Hikoki Power Tools Ibérica, S.A. supports three hockey teams of athletes with disabilities playing in a Spanish hockey league. To help eliminate prejudice against persons with disabilities, teams play in this league under the same rules as their abled-bodied counterparts.

During an event sponsored by Koki Holdings last year, a hockey class was held for people with disabilities.

India
Support for School Meal Project

Hikoki Power Tools India Private Ltd. supports a school meal project organized by an NPO in India. We are proud to be able to contribute to this project, which provides free meals to as many as 1.6 million schoolchildren every day.
At Koki Holdings, employees continue to pursue self-improvement through challenging work. In line with our belief that a company can grow only when individual employees have the opportunity to grow and develop, we have launched initiatives that promote diversity and support employee development. We help our employees develop their skills and expertise through work and achieve personal growth.

### Human Rights Policy

The Koki Holdings Group will support realization of society where human rights are respected, while responding with innovation to social issues faced, and contributing to our society through outstanding technologies, products and services. We will strive to fulfill our responsibilities to respect human rights as a foundation for such endeavors. In addition, we have established as our corporate regulations a Human Rights Policy that supplements Koki Holdings Group Codes of Conduct, and have pledged to fulfill responsibility of respecting human rights through implementation of the UN Guiding Principles on Business and Human Rights.

### Promotion of Diversity

We recognize that in order to fulfill the corporate vision and corporate philosophy of Koki Holdings, it is essential that we secure a variety of human resources and respect their various individual characteristics, and we are conducting various initiatives to that end.

**Advancement of Women:** We aim to create a workplace where women can work comfortably and for a long time. They can take a longer childcare leave than the period stipulated in the statutory period, and working hours can be reduced until the child enrolls in primary school (the statutory period is until the child turns three). In addition, the average length of employment for full-time female employees is over 20 years, and going forward we aim to continue increasing comprehensive work positions for women.

**Employment of People with Disabilities:** We actively promote the employment of people with disabilities by accepting and hiring students referred to us by employment support facilities for persons with disabilities, as well as interns from schools.

**Employment of Elderly People:** We want experienced employees who know the history of the Company well and possess rich skills and expertise to work for as long as possible, and to pass on their experience to their successors. We reemploy about 90% of employees who wish to continue working after retirement age.

### Creating the Ideal Workplace

The Company set “Safety Day” in April, on which the entire Group carries out safety check and 5S check (Sort, Set in order, Shine, Standardize, Sustain). Furthermore, we are enhancing systems to enable the employees to continue working in safety and with peace of mind without worrying and to demonstrate their fullest potential.

**Support system for nursing care:** The Company offers systems such as short-time working system and family care leave to enable employees to work with peace of mind when they are required to provide nursing care for their family members.

**Promoting utilization of paid leave, shortening working hours:** We help employees to raise their level of motivation by providing a system where employees are granted refreshment leave when they complete certain years of employment (10, 15, 20, 25, 30 and 35 full years). As for working hours, we have set Wednesday as day of leaving work on time, and introduced “No overtime day,” etc., and are working to promote our business efficiency by enabling employees to work in a well-balanced manner.

**Mental health care:** To enhance mental health of employees, in Katsuta Plant, regular medical care (once a month) and counseling (once a month) are offered by industrial physicians specialized in mental health and clinical psychologists, respectively. In addition, for employees working at Shinagawa office and sales branches, we have established a health counseling room to provide health counseling (once a month) by industrial physicians, and offer health counseling by e-mail at any time.

**Issuance of Koki News:** The Company publishes “Koki News,” an internal newsletter for the entire Koki Holdings Group quarterly. In “Koki News,” we feature voices from employees, including those in Group companies overseas, in both Japanese and English, as we strive to foster a global sense of unity.

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**Message from Employee**

I have taken maternity and childcare leave three times, and I’m still working fewer hours so that I can look after my children. Each period of maternity and childcare leave lasted for about a year. It was quite hectic returning to work and going on leave again only a year later, but luckily I had the support and understanding of my colleagues. During my leave I was able to focus on raising my children and spending my days with peace of mind, watching them grow. When I was choosing a day care, I had ample time to do preliminary research by visiting several day cares, etc., and I was able to pick a facility where I felt comfortable leaving my children.

Sometimes I worried about what my life would be like after returning to work. But I was able to transition smoothly back to work. Also, my colleagues are very supportive when I have to miss work when my kids are sick or because of school events. Thanks to their support I manage to balance work and family life.

I am very grateful to be part of a workplace with these employee benefits.

Yumiko Komuro  IT Promotion Department  SCM & IT Promotion Division
Employee Benefits

Koki Holdings provides employees with a living environment and programs that allow them to work comfortably and with peace of mind.

The expansive site of the Katsuta Plant (285,630m²), our main factory, can fit about six Tokyo Domes. The site is lined with many trees, including some of the most spectacular cherry blossoms in the city, offering employees a space for escape and healing amongst the lush greenery. The site also has a spacious grass area where employees are often seen relaxing and playing catch during lunch breaks.

In terms of facilities, we have dormitory accommodations for single employees and company housing at two locations in Hitachinaka City, Ibaraki Prefecture, and Yachiyo City, Chiba Prefecture. (In other areas, we use rental properties and lease them as company housing and dormitories.) The dormitory and company housing in Hitachinaka are only about a 10-minute bicycle ride from the Katsuta Plant, allowing their residents to avoid the stress of morning commutes on crowded trains altogether. Along with the private rooms, the facilities in the single occupant dormitories include a large common bath, shower stalls on every floor, and a parking lot. The company housing buildings are located close to primary and middle schools, and adjacent to a large park, offering an optimum environment for raising children. In addition, both the Katsuta and Sawa Plants have a brightly lit cafeteria for employees with a rich variety of affordable meals.

To help employees achieve a work-life balance, we offer them a “refresh vacation” every five years after 10 years of employment with the Company, along with 127 days of holidays (fiscal 2018) and paid vacation days per year. We also offer a savings scheme for employees and asset-building incentives, as well as a group life insurance policy, group medical insurance, scholarship funds, and a disaster allowance to prepare for emergencies, so that employees can work with peace of mind.

Education and Training Programs

We have established “Systematic Development of Globally Competitive Human Resources and Promotion of a Corporate Culture Appropriate for a Global Enterprise” as our educational policy.

More specifically, we promote and implement education programs aimed at “developing global human resources and cultivating a corporate culture conducive to global development” by designing rank-based curriculums with an emphasis on (1) the development of the next generation of global leaders; (2) the improvement of individual skills for competing on a global level; and (3) awareness education (e.g., corporate philosophy, compliance).

Through on-the-job training, which forms the basis of our educational programs, employees will gain the knowledge, skills, and expertise necessary for their jobs in a hands-on and step-by-step fashion. Thus, we offer a broad range of education programs to all employees through skills development training.

System for training in overseas operations: The Company is systematically fostering employees who are capable of leading global business. Specifically, we transfer the employees, who are expected to be assigned overseas in the future, to overseas companies in principle for one year to provide them with training in operations, aiming to offer motivation and chance to grow.

Message from Employee

Since October 2017, I have been taking part in on-the-job training in the sales department of our Austrian sales company.

Here, we cover an extensive area in Central and Eastern Europe, including the Balkans, under the leadership of four subsidiaries, and I’m working with many staff members to expand our sales. There is still a lot of room to expand our sales in these areas, so we are trying to raise our presence in the market mainly through product demonstrations. I am learning about the subtle differences in language, culture, and business practices, and I often get frustrated trying to fulfill requests in each country. But I look forward to developing communication and other versatile skills through this training program and applying them to overseas work in the future.

Shoya Araki  |  Sales Department  |  European Operations Division
Corporate Governance

Koki Holdings established respective Managing Executive Officers under the President & Representative Director, who also serves as CEO. The authority of business execution is delegated appropriately to improve management mobility. At the same time, the Company elects Outside Board Directors and Auditors who are independent from the Company and the parent company to ensure the effectiveness of the supervision of management.

Internal Control

The Koki Holdings Group has implemented an internal control system to perform evaluation in accordance with the requirements of Japan's Financial Instruments and Exchange Act. In particular, to ensure the reliability of Group-wide financial reporting, the Group has established a department dedicated to the promotion of internal control, based on decision of policy by the Internal Control Committee, where activities from companywide control to operation control are documented, in cooperation with related departments.

As for the evaluation, Internal Auditing Office, as a department for monitoring, regularly conducts independent evaluation on the result of assessment test on the status of maintenance and operation of internal control, which is regularly conducted by internal departments and affiliated companies, thereby verifying the effectiveness of internal control on a consolidated basis.

Information Security

1. Protecting Personal Information
The Company regards protection and management of personal information acquired as obligation under laws and regulations and important responsibilities directly connected to the trust of the Company.

Specifically, we established “Personal Information Protection Policy” and “Regulations concerning Personal Information Management,” and are properly managing personal information by conducting various information security measures and continuous education by the related department.

In addition, we are working to establish and operate the data protection and management system required by the EU General Data Protection Regulation (GDPR), which was enacted in May 2018.

2. Preventing Information Leaks
The Company recognizes that avoidance and prevention of information leaks are extremely important for the continuation and development of business, and also a company’s social responsibility.

In particular, we are actively working on information security activities for protection of personal and corporate information, including prevention measures for cyber-attacks.

Business Continuity Plan (BCP)

The Company has formulated “Conduct Standards for Earthquake and Disaster Prevention” in order to prevent disaster, fire and pollution from occurring and minimize damage by prescribing actions to be taken in times of large earthquakes and other natural disasters.

In the event that natural disasters occur, managers and supervisors will strive to quickly gather information related to phone service disruption, blackouts caused by broken electrical cables, traffic paralysis, structural collapses, and other damage in accordance with the standards, so that they can give appropriate instructions and take other necessary actions.

Following the instructions of managers and supervisors, each individual must stay calm and make appropriate decisions to secure his or her own safety.
Compliance

The Koki Holdings Group is working to strengthen compliance and steadfastly uphold corporate ethics throughout Group businesses, with the goal of being a socially trusted enterprise.

Compliance Concept

Recognizing compliance as one of the management’s top priority, in corporate regulations “Koki Holdings Corporate Code of Conduct” and “Koki Holdings Group Codes of Conduct,” we pledged to conduct business activities based on legal compliance and corporate ethics.

We have established the Compliance Office dedicated to conducting promotion, audit, guidance, education and enlightenment of compliance for the Company under the Chief Administrative Officer (CAO) and also Compliance Promoters for every department, in order to strengthen the compliance system of the companies within and outside Japan.

Furthermore, as an internal committee, the Company has also established Risk Compliance Committee to enhance and comprehensively implement compliance by evaluating the effectiveness of the system of preventing misconducts, etc., as well as making examinations and proposals on the system.

In addition, the Company has instituted the Compliance Reporting System, a whistleblowing system, where reports go directly to the Compliance Office or external lawyer in the event that illegal or improper activities are discovered. Through this system, the Company is making efforts to prevent illegal or improper activities, to promptly address infractions, and to enhance our ability to self-regulate, thereby conducting corporate activities with a high ethical viewpoint.

Risk Compliance Committee

Aiming to evaluate management-related risks and prevent wrongdoing and scandals from occurring, the Company has the Risk Compliance Committee in place as an internal committee.

The Risk Compliance Committee is made up of one Chairman, one Vice-Chairman, twelve committee members and three secretaries, and holds a semiannual committee meeting, where they discuss (1) identifying and evaluating management-related risks, (2) raising awareness of wrongdoing and scandals inside the Company, (3) evaluating the effectiveness of system of preventing misconducts, etc., and (4) measures for preventing recurrence of scandals in the event that scandals occur, in order to enhance and ensure compliance.

Compliance Reporting System (Whistleblowing System)

The Company has a “Compliance Reporting System,” and all employees of the Koki Holdings Group are informed on the objectives of the system and method of reporting in both Japanese and English.

Aiming at ensuring effectiveness of the system, contact points include an external lawyer in addition to the internal department (Compliance Office), and reports can be sent by post, email, etc. In case of affiliated companies, reporting can be made by email, etc., directly to outside Officers dispatched by the Headquarters.

Compliance System

President & Representative Director

Chief Administrative Officer (CAO)

Individual who is ultimately responsible for making decisions related to human resources and general affairs, legal affairs, and risk management

Compliance Office

Promotion, audit, guidance, education and enlightenment of compliance for the Company and affiliated companies

Compliance Promoter

Adoption of compliance measures in each department

Reporting Route

Whistle-blower

Mail/ Internal mail/ E-mail

Compliance Office

External lawyer

Mail/ E-mail

Compliance Reporting System (Whistleblowing System)