



## Message From Person in Charge of Sustainability Promotion

Management philosophy is at the basis of formulating materiality, and key issues that need to be prioritized toward realizing the management philosophy are identified.

*Executive Officer, In Charge of Corporate Planning  
and Investor Relations  
(In Charge of the Sustainability Committee Secretariat)*

**Makiko Ono**

### Our management philosophy is the basis of sustainability promotion

As stated in our basic policy of sustainability, the HDS Group's sustainability promotion is based on our management philosophy. In formulating materiality, we have assessed impact on our group business as well as on social sustainability and identified key issues that need to be addressed with priority. We are focused on ensuring consistency of materiality with our management philosophy.

Our management philosophy consists of four pillars, outlined in order of importance. The first pillar is "Respect for the Individual." It is stipulated that HDSI aspires to be a company where the rights of every employee are respected, and where a cultural life and meaningful work can be pursued. HDSI will support employees' independent activities, create an environment where they can maximize their abilities, and be a company where competence and performance are rewarded. Though drafted half a century ago, the management philosophy already emphasized at the time the importance of human capital management. The other three pillars, "A Meaningful Company," "Coexistence and Co-prosperity," and "Contribution to Society," also align with the concept of sustainability management that values multiple stakeholders. Based on this management philosophy, HDSI has grown through sharing Coexistence and Co-prosperity with various stakeholders since its founding. Materiality is positioned for as to realize our management philosophy.

### Basic Policy of Sustainability

As a technologies and skills-based organization in pursuit of Total Motion Control, the HDS Group aims to enhance corporate value and realize a sustainable society by contributing to technological innovation for the betterment of society. We intend to achieve these goals based on our management philosophy comprising four pillars: Respect for the Individual, A Meaningful Company, Coexistence and Co-prosperity, and Contribution to Society.

### Internal sharing and spreading of the management philosophy and basic policy of sustainability

Individuals joining HDSI are given an explanation of the management philosophy at the outset. So that they can be reread at any time, the management philosophy, [charter of corporate behavior](#), and code of conduct are distributed as a booklet to all employed at HDSI. All sustainability study sessions conducted internally begin with a review of the management philosophy and an explanation of the basic policy of sustainability based on the management philosophy. We also strive to share these concepts with the suppliers who make up our supply chain. Given the growing interest among customers in recent years regarding the HDS Group's response to climate change, human rights, and human capital, study sessions are being routinely held for the sales and development divisions. Two young employees from the

Sustainability Committee Secretariat have also taken the lead since December 2020 in contributing articles as sustainability lectures in the "HD.Times," the internal newsletter issued every two months. Beginning with ESG and SDGs, they have explained climate change, biodiversity, human capital, human rights, etc., in relation to topics relevant at the time such as the Olympics or shareholders' meeting. They also communicate concepts surrounding the HDS Group's sustainability and specific relevant initiatives.

### A company is as good as its people - the material issue with the greatest impact on future financial information is "Create a rewarding work environment."

As mentioned at the beginning, HDSI places particular emphasis on people, with "creating a rewarding work environment" positioned first among the five current material issues. The management strategy for realizing the management philosophy and mission is, after all, being carried out by people, or the employees. Creating an appealing work environment where employees can feel rewarded is a priority issue for management. Upskilling and career development are a given, to which initiatives linked with management strategy are needed as human resource strategy going beyond personnel affairs, such as reskilling, optimal positioning, evaluation system, etc. Also, an environment in which employees of the manufacturing division, as successors to skills in the manufacturing industry, can play an active role for a long time is essential.

With half a century having passed since our founding, opportunities to learn directly from our predecessors who embody the history of the HDS Group are diminishing. As such, human resources are needed who possess business development capability without losing their ability to keep thinking, in order to be able to meet the diverse needs of our customers. Growth and development of the HDS Group have been a result of employees boldly taking on challenges, without fear of failure. As we create an environment where human resources who inherit such spirit and are able to forge a new era can play an active role, we believe it is essential for sustainable enhancement of the HDS Group's corporate value to focus on initiatives that maximize the value of human capital.

### Discussions surrounding management strategy taking materiality into account

The latest status of initiatives for sustainability including materiality is reported at executive officer meetings, where directors and corporate auditors are also in attendance. Robust discussions are held in which questions and feedback from various perspectives arise. Being in charge of Corporate Planning and Investor Relations, I am in receipt of questions, advice, and suggestions from domestic and international institutional investors regarding the HDS Group's initiatives on governance, materiality, climate change, human capital, and supply chain management including human rights, and I try to ensure that our discussions take account of the perspectives mentioned above, and also the perspective of the capital market.

### The monitoring of sustainability management by the Board of Directors and activity of the Sustainability Committee

The HDS Group's sustainability management is being carried out by the Sustainability Committee, consisting of five executive directors and chaired by the President and CEO. Corporate Planning and Investor Relations, as the secretariat of the committee, makes recommendations to the committee for addressing key issues, risks, and opportunities related to sustainability. The committee holds discussions accordingly,

mainly focused on integration and consistency of sustainability with management strategy. Matters discussed are routinely reported at Board of Directors' meetings, and there is a system in place for matters such as basic policies to be proposed to the Board of Directors as an agenda item and deliberated on before being approved. Most recently, the current materiality has started to undergo review in line with formulation of the new medium-term management plan set to begin on April 1, 2024. I believe that the opinions received from audit & supervisory members who attend the Board of Directors' meetings, and various matters pointed out by outside directors and outside audit & supervisory board members with expertise on sustainability management, along with discussions held, fully satisfy the monitoring function of the Board of Directors and Audit & Supervisory Board.



### Initiatives on climate change

Climate change initiatives have become an urgent issue for companies, and the HDS Group is aiming for a long-term goal of achieving Net Zero by 2050. We are already making efforts to reduce GHG emissions, and are currently in the process of formulating new measures, including a transition plan, and KPIs. As many customers are declaring net-zero emissions and carbon neutrality, response to climate change by the HDS Group, as a provider of parts, is becoming an extremely important matter from a sales strategy perspective as well. In addition to reducing GHG emissions, we will focus on efforts that are even more effective going forward, such as reinforcing product development so that less environmental burden shouldered by customers can be achieved.

### In closing

Having experience engaging with institutional investors through being in charge of Corporate Planning and Investor Relations, I came to be concurrently responsible for sustainability promotion at HDSI from 2021. Serving concurrently all started with a customer request for response to an external evaluation body. While addressing the request, I came to realize that sustainability is in itself a long-term management strategy. Currently, demands on companies to address biodiversity and a growing obligation for disclosure both in Japan and overseas, such as by dealing with customers regarding these issues, are increasing and accelerating globally. In viewing sustainability as a long-term management strategy, putting laws and regulations aside, I believe the right path is integrating it with the HDS Group's medium- to long-term management strategy, rather than merely responding passively or in response to extraneous pressures. At present, we are undertaking a review of materiality and formulating specific measures and KPIs. We will promote sustainability from the perspective of enhancing corporate value in a sustainable manner, after determining consistency between social demand regarding sustainability and the HDS Group's management strategy.

## Efforts on Global Environment



### Basic Policy on Global Environmental Initiatives

Deeply aware of our corporate social responsibility regarding the global environment, the HDS Group is committed to implementing global environmental protection policies. Through our business objective of pursuing total motion control, we provide society with superior technologies and services that will slow the pace of the destruction of nature.

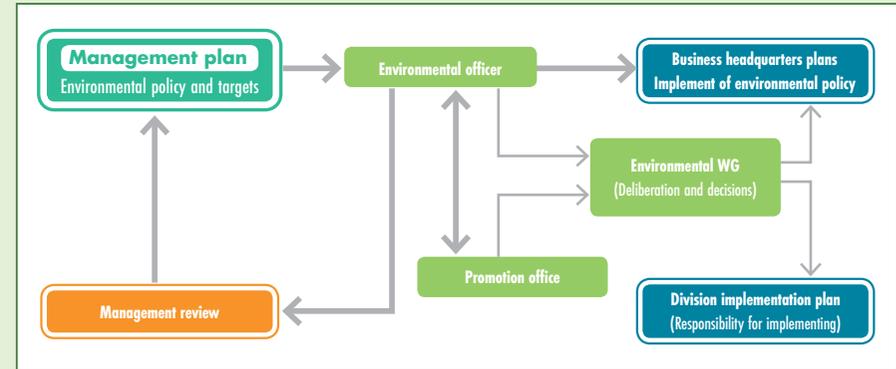
### Environmental Policy

1. By assessing the environmental impact of all production processes from development to recovery and disposal, and by working to develop technologies that will act as a brake on environmental destruction, we create and provide products in harmony with the environment.
2. By observing laws and ordinances related to the environment, setting our own voluntary management targets, and reviewing our environmental action plans, we continue to raise our level of environmental management.
3. We aim to reduce the environmental impact of our products and activities through more efficient use of resources and energy and by reducing and recycling wastes and discharges.
4. We make sure our environmental policy is known to employees as well as to our affiliates and partners.
5. We take part in the environmental protection efforts of local communities and endeavor to coexist with them.

### Environmental Management Organization

Based on our environmental policy, every fiscal year we set areas of focus and targets to be achieved by each division and develop a management program, thereby encouraging each organization to carry out its own environmental actions and making operation of the environmental management system more efficient.

### Environmental Management Organization chart



### ISO 14001 Certification Status

We have established ISO 14001 certification for environmental management systems, in order to fulfill our corporate social responsibility regarding the environment. Recognizing protection of the global environment to be an important part of our business management, we are working to achieve further improvements.

#### ISO 14001 Certification Status (as of March 31, 2023)

Name	Location	
Harmonic Drive Systems Inc.	Head Office	Shinagawa-ku, Tokyo, Japan
	Hotaka Factory	Azumino-shi, Nagano, Japan
	Ariake Factory	Azumino-shi, Nagano, Japan
	Tokyo Office	Shinagawa-ku, Tokyo, Japan
	Kohshin Office	Azumino-shi, Nagano, Japan
	Chubu Office	Nagoya-shi, Aichi, Japan
	Kansai Office	Osaka-shi, Osaka, Japan
	Kyushu Office	Fukuoka-shi, Fukuoka, Japan
	Harmonic Precision Inc.	Head Office Factory
Kanbayashi Factory		Matsumoto-shi, Nagano, Japan
Harmonic AD, Inc.	Azumino-shi, Nagano, Japan	
Harmonic Winbel Inc.	Komagane-shi, Nagano, Japan	

Note: Changed the company name from Winbell Co., Ltd. to Harmonic Winbell Inc. as of April 1, 2023.

### Measures to Address Water Security

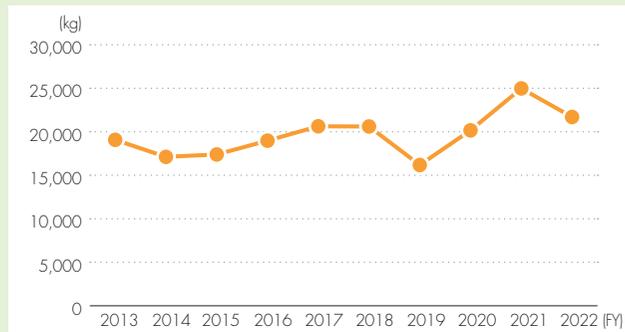
In recent years, with droughts and large-scaled flooding stemming from global climate change, a growing population, changes in consumption patterns, prospective increase in demand for freshwater in line with economic growth, etc., the impact of water security has on the HDS Group's business activities cannot be ignored. In Japan, impact on both procurement and sales of materials in particular is growing, such as with breaks in the supply chain due to typhoons, heavy rains, and flooding, decreased production capacity resulting from damage to production facilities, and effects of confusion within the value chain on delivery and sales. Water security is thus being seen as a serious environmental issue that companies need to address along with climate change.

Since FY2022, the HDS Group has been making efforts to reduce water withdrawal and wastewater amounts by setting specific targets. Water risk analysis is also being conducted at each site using water risk assessment tools AQUEDUCT, provided by the World Resources Institute, and Flood Navi from the Ministry of Land, Infrastructure, Transport and Tourism, and steps taken when there are risks.

### Reduction of Industrial Waste and Promotion of Recycling

The total amount of waste (intensity) in FY2022 was 21,699 kg, a 13.2% reduction compared to the previous year. The recycling rate improved by 0.5 points from the previous fiscal year to 99.8%, achieving the annual target of a recycling rate of 99% or higher. (Coverage: Hotaka Factory, Harmonic Drive Systems)

Total amount of waste (intensity)



Note: Recyclable materials = scrap metal and chips, discarded motor parts, electrical wire scraps, electronic parts, office machines, development prototypes, etc.  
Waste = wood chips, plastic waste, magnetic powder, etc.

Break down

99.8% (FY2022)

0.2% (FY2022)

### Water withdrawal and water discharge

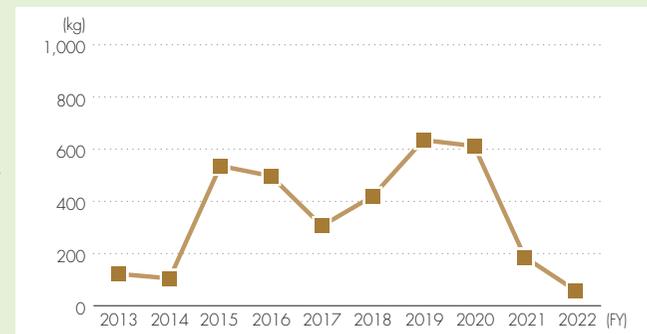
Items	Water withdrawal / wastewater location	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Unit	Scope covered
Total water withdrawal	Water supply	23	31	ML (megaliters)	Consolidated
	Groundwater, etc.	0	0		
	Total	23	31		
Total water discharge	Sewage	23	31	ML (megaliters)	Consolidated
	Rivers, etc.	0	0		
	Total	23	31		

Note: Scope covered in fiscal year ended March 31, 2022 is on a non-consolidated basis

### Recycling



### Waste



## Measures to Address Climate Change

### Information Disclosure Based on the TCFD Framework

The HDS Group recognizes the impact climate change has on society, and Net Zero by 2050 has been set as a long-term goal that must be addressed as a serious social issue for management.

#### 1. Governance

The HDS Group's governance on climate change is incorporated into the governance for sustainability overall. Please refer to the message from the person in charge of sustainability promotion (pages 35 to 36).

#### 2. Strategy

Risks and opportunities related to climate change that could potentially affect the HDS Group's business were identified, then a scenario analysis was conducted to analyze the degree of impact and timeframe for conceivable emergence of each risk and opportunity on a medium- to long-term timeline.

Based on the results of this scenario analysis, we will promote efforts for opportunity creation and risk mitigation.

#### 3. Risk Management

HDSI has established a system to be able to identify, assess, and respond to risks and opportunities related to climate change in accordance with the "Crisis and Risk Management Regulations." Risks are categorized into company-wide risks and risks by business process, with risk assessment conducted once a year.

The Executive Office in Charge of Corporate Planning and the corporate planning division grasp, analyze, and assess company-wide risks, while each of the divisions extracts and identifies risks by business process. The Internal Control and Audit Office conducts risk assessment with a short-, medium-, and long-term timeline from the perspective of frequency and scale of damage, and formulates policies from the perspective of law and of human life. In addition, comprehensive risk assessment is conducted putting all of the above together, and the Executive Officer in Charge of Human Resources and Administration, who is in charge of risk management, prioritizes them based on assessment results, for the President and CEO to approve. Risk mitigation activity is conducted based on policies formulated from the perspectives of legal compliance and prioritizing human life, with division leaders setting management targets for each of the risks and determining the response such as avoid, accept, mitigate, and transfer, according to the risk. Progress of such activity being conducted is reviewed by the Executive Officer in Charge of Human Resources and Administration annually. Based on such review, the President and CEO decides on policy for the following fiscal year, which is deployed to the divisions.

### 4. Metrics and Targets

The HDS Group has set Net Zero by 2050 as a long-term goal in relation to climate change. Specific short- to medium-term targets for reducing GHG emissions are currently being set taking into consideration the HDS Group's management strategy, business expansion, etc.

#### GHG emissions

##### Scope 1 and 2 emissions

(t-CO<sub>2</sub>)

Country/region	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
	Scope 1	Scope 2	Scope 1	Scope 2
Japan	80	13,394	81	15,418
Asia	16	416	14	264
Europe	197	2,349	47	2,494
US	205	783	145	474
<b>Total</b>	<b>498</b>	<b>16,942</b>	<b>286</b>	<b>18,650</b>

Note: Scope 2 is location-based emissions

##### Scope 3 emissions

(t-CO<sub>2</sub>)

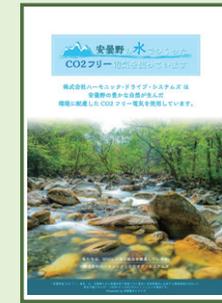
Category	Category name	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
1	Purchased goods and services	198,899	358,792
2	Capital goods	17,054	11,237
3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	899	18,329
4	Upstream transportation and distribution	3,951	8,466
5	Waste generated in operations	455	1,322
6	Business travel	104	702
7	Employee commuting	212	613
8	Upstream leased assets	0	0
9	Downstream transportation and distribution	-	3,837
10	Processing of sold products	-	0
11	Use of sold products	-	6,190,129
12	End-of-life treatment of sold products	-	1,398
13	Downstream leased assets	-	23
14	Franchises	-	0
15	Investments	-	0
16	Other (upstream)	-	0
17	Other (downstream)	-	0
	<b>Total</b>	<b>221,574</b>	<b>6,594,846</b>

Note 1: Range covered in Categories 1, 4, 5, 6, and 7 in fiscal year ended March 31, 2022 is on a non-consolidated basis

Note 2: Categories 9, 11, 12, and 13 are newly calculated for data in fiscal year ended March 31, 2023

### Main activity and results for reducing GHG emissions in FY2022

- ① Switched power source to 100% renewable energy at HDSI Ariake Factory and German subsidiary
- ② Introduction of renewable energy at a rate of 28.2% (as of the end of FY2022)
- ③ Renewable energy utilized in FY2022 was 12,412,718 kWh, achieving an annual CO<sub>2</sub> reduction of 5,299.8 tons
- ④ Switched company cars at domestic group companies to EVs
- ⑤ Reduced electricity consumption with air leak inspections at production facilities, use of low pressure in compressors, operating air conditioning at energy-saving settings, and switching to energy-efficient production facilities
- ⑥ Discontinued use of aging compressors, improved operating efficiency of air conditioning by performing maintenance



### Scenario analysis Referenced scenarios: IEA NZE2050 (1.5°C scenario), RCP 8.5 (4.0°C scenario) Timeline definitions: short-term 0-3 years, medium-term 3-10 years, long-term 10-30 years

Value chain	Scenario	Risk / opportunity	Relevant business activity	Risk / opportunity factor	Details	Timeframe in which it may emerge	Probability of occurrence	Magnitude of impact
Upstream	4.0°C	Risk	Procurement/Transportation and distribution	Flooding, heavy rains, etc.	Supply chain disruptions due to more intense and frequent natural disasters (typhoons, heavy rains, etc.) cause delays and halt in procurement of raw materials	Short-term	Medium	Medium
		Opportunity	Procurement/Transportation and distribution	Reputation	Gain greater trust from customers with transport and distribution more resilient to natural disasters by diversifying suppliers	Short-term	Low	High
Direct		Risk	Technology / Production	Water shortage	Changes in precipitation patterns cause a decline in available water. Restricted water withdrawal, etc. cause halt in operations Increase in production costs due to surge in water prices	Medium- to long-term	Low	Medium
		Risk	Technology / Production	Flooding, heavy rains, etc.	Increase in flooding damage at coastal operation sites due to elevation in sea level	Extremely long-term	Low	Low
		Risk	Technology / Production	Flooding, heavy rains, etc.	Damage to operating sites, halt in operations, and lower production amounts occur due to more intense and frequent natural disasters	Short-term	Medium	Medium
		Risk	Technology / Production	Rising temperatures	Labor productivity falls due to rising temperatures	Medium-term	Low	Low
		Risk	Technology / Production	Rising temperatures	Costs increase to add / replace air conditioning equipment at operating sites and their running costs increase due to rising temperatures	Medium-term	Medium	High
Downstream		Opportunity	Procurement/Transportation and distribution	Reputation	Gain greater trust from customers with transport and distribution more resilient to natural disasters by dispersing manufacturing sites	Short-term	Low	High
Upstream	1.5°C	Risk	Procurement/Transportation and distribution	Surge in energy prices	Surge in energy prices due to introduction of renewable energy	Short-term	Low	Medium
		Risk	Procurement/Transportation and distribution	Surge in raw material prices	Surge in raw material prices for electrification and decarbonization (steel materials, aluminum, steel, rare earth elements, etc.)	Medium-term	Low	High
Direct		Risk	Technology / Production	Development of low-carbon technology	If the competition to develop low-carbon products intensifies and the response is delayed, the competitiveness of products will be reduced	Medium-term	Low	High
		Risk	Technology / Production	Tightening regulations	Increase in burden to respond to broadening and stricter regulations related to sustainability, and possibility of failure to comply resulting in restriction on transactions and penalties	Short-term	Medium	High
		Risk	Technology / Production	Spread of energy-saving technology	Increase in burden of capital investment to reduce emissions and of energy-saving measures	Short-term	Medium	High
		Risk	Technology / Production	Tightening regulations	Increase in expenditure with carbon pricing for emissions (tax)	Medium-term	High	High
		Risk	Technology / Production	Development of low-carbon technology	Increase in costs for technology development to switch to low-carbon materials (green materials, recycled materials)	Short- to medium-term	Low	High
		Opportunity	Technology / Production	Spread of energy-saving technology	Reduced energy costs and lower burden of carbon taxes as a result of switch to low emission facilities	Medium-term	Medium	High
		Opportunity	Technology / Production	Spread of low-carbon technology	Increase in sales related to low-carbon products (EVs, etc.) due to promotion of low-carbon trend in society	Medium-term	High	High
		Opportunity	Technology / Production	Development of low-carbon technology	Increase in demand for low-carbon materials	Medium-term	High	High
		Risk	Technology / Production	Decrease in demand for existing technologies	Decline in sales of products for applications related to petroleum, natural gas, and paper due to decrease in demand for such material	Medium-term	Low	Low
		Risk / Opportunity	Sales/ Reputation	Reputation	Reputational risk of response to climate change being deemed inadequate (society, consumers, employees)	Medium-term	Medium	High

## Provision of Products and Services That Meet Customer Expectations



A shift in the source of power for industrial machinery, from hydraulics to electrification, has triggered a rapid expansion of applications for HarmonicDrive® into new fields, such as machine tools, industrial robots, semiconductor manufacturing equipment, and surgical assistance robots. We believe such expansion for new applications is a major result of the HDS Group's rapid adaptability to the dynamic business environment and our continued provision of products and services that meet customer expectations.

### Five strengths of the HDS Group that serve in meeting customer expectations

#### (1) Accumulated technologies and skills related to HarmonicDrive®

Prompted by our fateful encounter with HarmonicDrive®, we have been pursuing the endlessly expanding potential of speed reducers for more than 50 years, since our company was founded. Development technologies, production technologies, processing and assembly technologies and skills, and production systems that we have built up over time are irreplaceable assets of the HDS Group, and we believe they are also our greatest strength.

#### (2) A product lineup providing compact size, light weight, and high accuracy

The mechatronics products and speed reducers we manufacture and sell are being chosen by customers who seek advanced levels of motion control and more compact, lightweight

equipment. Among these products, the HarmonicDrive®, with its compact size, light weight, and high precision, has won a high worldwide market share as a speed reducer built into the joints of industrial robots, which are used in manufacturing processes of automobiles, digital equipment, semiconductor wafers, and flat panel displays. Moreover, in wide-ranging applications such as machine tools, measuring and test equipment, space satellites, advanced medical equipment, and in vehicles, it is providing differentiated added value that would be difficult to achieve with any other mechanism.

#### (3) Core technology enabling the provision of total motion control

The HDS Group has built up total motion control technologies and skills through R&D and production of mechatronics products that integrate speed reducers, motors, sensors, drivers, controllers, and other system elements. The resulting tangible and intangible technologies and skills related to core technology are essential for providing the advanced motion control our customers demand, and are the source of the competitive advantage of the HDS Group.

#### (4) Business operations integrating sales, manufacturing, and development

In order to reflect customer needs in our product development and manufacturing, in the HDS Group's business operations the sales, manufacturing, engineering, and development divisions work closely together. For example, these main functions are

concentrated in Azumino City, Nagano Prefecture; and a speedy and efficient workflow operates from the initial contacts with customers to technical reviews, prototyping, order-taking, manufacturing, and shipment. A strength of the HDS Group is the system in place to quickly reflect customer needs and ideas of engineers in production and to provide products that meet customer expectations.

#### (5) Global business expansion

The HDS Group has operation sites in Japan, Germany, the US, South Korea, China, and Taiwan. Business strategies that conform to characteristics of each region are promoted and each site mutually cooperates to provide optimal products and services to customers around the world.

### Providing QCDS+S with an awareness of the HDS Group's role in the industry

We provide QCDS+S as part of our business policy to improve customer satisfaction. Q stands for quality, and we strive to achieve quality reform for zero non-conformances and "Sigma Zero." D is for delivery. We are working to maintain stable production capacity, while improving accuracy of delivery timelines by monitoring the manufacturing progress status in real time.

### Customer testimonials

#### Naka Manufacturing Division, Hitachi High-Tech Corporation

##### Certificate of Appreciation (2022)

We were presented with a certificate of appreciation for working to ensure a stable supply of products amidst difficulties in procuring raw materials and parts, and helping to keep effects on production to a minimum.

#### ULVAC, Inc.

##### Certificate of Appreciation (2022)

We were presented with a certificate of appreciation for working to ensure a stable supply of products amidst difficulties in procuring semiconductor-related parts.

#### Semiconductor Lithography Systems, Nikon Corporation

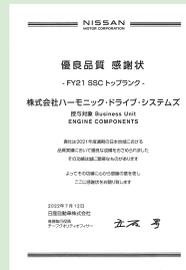
##### Award of Excellence - Outstanding Supplier (2023)

We were recognized for our high level of technology in addition to continued delivery of products during supply chain disruptions that began around 2020.

#### Nissan Motor Corporation

##### Certificate of Appreciation - Outstanding Quality (2021)

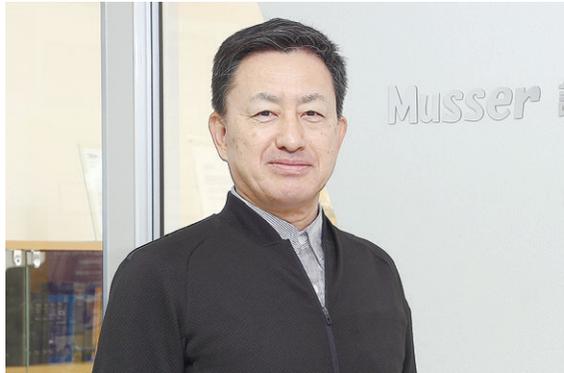
We were presented with the certificate in appreciation for reaching all quality target scores (Japan Region) for engine component products set in the Supplier Scorecard (SSC) for Japan in FY2021.



### Providing QCDS+S with an awareness of the HDS Group's role in the industry

- Q** ● Improvement in product reliability ● Quality reform (Sigma Zero)
- C** ● Comprehensive price strategy
- D** ● Stable production capacity ● Strategic inventory control
- S** ● Improvement in delivery date management based on monitoring the manufacturing progress status in real time
- Initiatives that place customers first
- Recognize challenges customers face in a timely manner, and provide solutions quickly (ER response)





Managing Executive Officer  
General Manager of Supply Chain

Minoru Asano

### Specific initiatives toward Creation of Stable Systems for Procurement and Supply

A sustainable procurement policy was formulated in FY2022 for us to work together with our suppliers in realizing a sustainable society and enhancing corporate value. Based on this policy, we as the supply chain headquarters are working on three priority measures. The first measure is building and strengthening a system for stable supply, the second is comprehensively enhancing the capability of the supply chain overall, and the third is human resource development.

For **building and strengthening a system for stable supply**, we believe it important to maintain a close relationship with the HDS Cooperative Association which is made up of tier 1 suppliers. We are also focused on finding new suppliers, and are working to build and strengthen a system for stable supply while striving for Coexistence and Co-prosperity with suppliers. To achieve responsible procurement, we have revised the supplier assessment criteria based on the sustainable procurement policy. Suppliers are requested to agree to the sustainable procurement guidelines we provide and respond to a self-assessment survey, which allows us to confirm their implementation of the guidelines. We have also created a supply chain chart to strengthen resilience against geopolitical risks of procuring regions, and are preparing a structure allowing us to take prompt measures

## Message From Officer in Charge of Supply Chains

Establishing a system for stable procurement is the important first step in seizing business opportunities. We will develop procurement activities to always be one step ahead so as not to overlook emerging risks.

### Sustainable Procurement Policy

1. Fair and Equitable Transactions
2. Compliance with Laws and Social Norms
3. Respect for Human Rights and Work Environment
4. Consideration for the Global Environment
5. Coexistence and Co-prosperity with Suppliers

[HDSI website / Sustainable Procurement Policy](#)

in times of emergency.

As initiatives to **strengthen comprehensive capability of the supply chain as a whole**, we ask for the understanding of our suppliers for improvement to QCDS, which is our business policy, and request enhancement of their ability to issues of quality and delivery deadlines. We are also focused on supply chain DX, and have switched from analog methods such as paper and PDF formats to a uniform electronic system for the quotation process. This has made lead times significantly shorter for the process from quotation request to receipt and enabled detailed cost analysis, contributing largely to efficiency in operations. By becoming paperless with requests and responses for over 34,000 quotations annually, we have achieved a reduction in environmental burden as a supply chain overall.

For **human resource development**, OJT is fundamental. We believe the foundation of developing personnel is through direct visits to sites of not only tier 1 suppliers, but also tier 2 and tier 3 suppliers, to fully understand the overall picture of the production process for the parts we procure. We encourage our employees with experience to acquire knowledge regarding finance and labor through eLearning and correspondence courses to be able to fully address management issues faced by our suppliers. We believe that attempting to resolve issues through the same perspective as the management team of our suppliers will lead to practicing the HDSI management

philosophy of Coexistence and Co-prosperity.

### Risks and opportunities in supply chain management

We believe the heightened geopolitical risks will become normalized, and we need to anticipate a situation in which material procurement rapidly becomes difficult due to a chain reaction of country risks. To address such risks in procurement, we have accurately understood the situation of tier 2 and tier 3 suppliers using the supply chain chart, and established a system to constantly monitor potential risks. When risk management is weak, supply may suddenly be disrupted and negatively affect production activities, resulting in major inconvenience caused to customers.

In handling overseas procurement risks, we place emphasis on coordination with our group companies in Germany, the US, and China. By strengthening our global network, we are able to identify causes of bottlenecks in procurement at an early stage, allowing us to respond quickly. Centralized purchasing may help reduce costs in normal times, but when considering geopolitical risks, it can be said to increase vulnerabilities. Therefore, strategic measures are needed such as decentralized purchasing and advance stocking of inventory.

With a decline in the workforce globally, application of the HDS Group's products is expanding from robots for automation to humanoid robots, etc. Stable procurement of materials and parts is essential in definitively capturing new business opportunities. Establishing a system for stable procurement is the important first step in seizing business opportunities, as procurement is positioned first among the processes of production. We will look ahead with a broad perspective and undertake procurement activities that are one step ahead so as not to overlook emerging risks.



## Interview With Officer in Charge of Human Resources

I believe individuals willing to take on challenges who are interested in a wide range of matters, not just their specialized fields or work to which they are assigned, can play an active role.

*Executive Officer  
General Manager of Human Resources and Administration*

**Osamu Asakura**

**Please talk about the kind of personnel needed in realizing our mission of contributing to the mission of the technological innovation of society with motion control technology, and the measures to obtain such personnel.**

With the commercialization of Clarence Walton Musser's invention, the HarmonicDrive®, HDSI has been meeting the needs of various fields and applications that require precision positioning. Thus far, we have paid close attention to the opinions and needs of customers, refined our technologies, and provided new value, and will continue to do so moving forward. To continue realizing HDSI's mission, we will need to ceaselessly pursue and propose ideal motion control that will expand over time, without being confined by fixed ideas. Roughly 160 engineers currently make up our team, mainly consisting of those in the R&D and production engineering divisions, which is hardly a large number for a company providing products globally. To continue working on reducing the size and weight of HarmonicDrive® while enhancing areas related to controllers, sensors, etc., I believe individuals willing to take on challenges who are interested in a wide range of matters, not just their specialized fields thus far or work to which they are assigned, can play an active role.

**Type of individuals the HDS Group seeks**

1. People who think for themselves and act with the ambition to take on new challenges
2. People who act with the spirit of cooperation needed in an organization
3. People who are richly individual and draw on their creativity
4. People who correctly see the direction of changes in the environment and can adapt to them
5. People who possess cultural and human breadth

In recent years, we employ roughly 30 or so new graduates and mid-career hires annually, with most being engineering-related employees. We recruit with a good balance between those who have just graduated, to whom we teach HDSI's technology from scratch, and those who can upgrade our technologies utilizing skills from their previous employment. We aim to increase the number of personnel who can improve technologies and skills for not only the technological field of machinery but also for related fields such as electrical, communications, lubricants, materials, etc. and are able to advance product development systematically.

**Please tell us about specific measures and initiatives to realize the material issue of "creating a rewarding work environment."**

The HDSI management philosophy begins with "Respect for the Individual." It is clearly stated that HDSI aspires to be a company where the rights of every individual employee are respected and where individuals can pursue a meaningful, culturally rich and purposeful life. Further, it also states that we will make HDSI a company that believes in each employee's aspirations, supports autonomous activities, and creates an environment where employees can achieve their potential through work, and where skills and performance are rewarded. The management philosophy is an unchanging goal that each of us as employees wishes to achieve, and I believe that goal cannot be achieved unless each of us is respected and at the same time respects others. I feel that if a corporate culture instilling respect for each other is fostered, it will lead to creating a safe, secure, and rewarding work environment.

To **promote development of skills**, we provide various learning opportunities for employees who are motivated to grow. These include open-call training programs for language training overseas, training dispatch to overseas group companies, and acquisition of PhD, MBA (Master of Business Administration), and MOT (Management of Technology). Employees can also use self-declaration forms to

ask the personnel division directly for a transfer for the purpose of upgrading skills. Systems are also available for self-learning through e-learning and correspondence courses. Through such systems, we provide opportunities for active skills development.

As **an initiative to create a safe and secure work environment**, the Well-Being Center was set up in FY2020 to work toward promoting the mental and physical health of employees. A dedicated occupational health nurse is employed full-time at the Hotaka Factory, and employees can freely request consultations on health matters. Yoga classes and the like are also held for maintaining health. There is also a system in place for employees, when they feel unwell, to be able to receive online medical support from a contract industrial physician. Ensuring psychological safety in the workplace is also a focus, and those in managerial positions are required or encouraged to attend group training or take e-learning courses on harassment prevention as well as developing and dealing with subordinates and juniors.

For improvement of occupational health in production locations, the Safety and Health Committees of each factory coordinate activities aiming to reduce occupational accidents to zero. Activities surrounding the improvement suggestion system and improvement circles are also robust. More than 1,000 suggestions for improvements are submitted each year, not only for improvements in operations, but also ideas on contributing to SDGs and to occupational health and safety



in the workplace. Outstanding suggestions are chosen and fulfilled as company-wide initiatives. There are also over 50 active improvement circles that collect wisdom of their members to make even greater improvements to operations. Outstanding suggestions and actual cases are shared quarterly through the intranet and morning meetings, with presentation of a top award for excellence annually.

Flexible working is being promoted so that women will want to continue working after marriage and childbirth, with initiatives being carried out such as the implementation of a remote work system and encouraging male employees to take childcare leave. With regard to gender balance, the proportion of new employees hired for engineering-related jobs is high, but we receive few applications from women for these roles. It is therefore a matter that cannot be resolved in a short period of time; however, we hope to first garner more interest in HDSI among female students of science by providing visiting lectures at high schools and technical colleges. It may take some time, but we believe such efforts will lead to an increase in the ratio of female employees, and also an increase in women playing an active role in management and as officers. We also believe participation by the elderly group is important, and have raised the retirement age to 70. We hope those with physical fitness and vitality will play a role, utilizing the experience and knowledge they have accumulated.

### Establishing an environment to create new standards that define the next 50 years through outside-the-box thinking

HDSI marked its 50th anniversary in 2020, and has just started its new voyage toward the next 50 years. To make even greater strides over the next 50 years, we believe it is important to continue development and research for our proprietary technologies, while also not confining ourselves to an ivory tower, and instead listen to the needs and voices of our customers, respond accordingly, and bring to the forefront a “greedness” inherent in HDSI. To do so, we need human resources who can take issues and needs that customers want addressed, and use their creativity to think deeply about

how a solution can be reached even when conditions are technologically difficult. I hope such a perspective can be used to develop human resources over the next 50 years. Specifically, to focus on developing human resources we will address fostering personnel who possess high levels of sensibility and strong passion and who are in constant contact with the outside world, by promoting mechanisms to further increase contact between engineers and customers, rotate personnel internally, and undergo personnel exchanges among group companies including those overseas.

### Promoting the health of each and every employee is the first step in creating a safe and secure work environment.

We offer various forms of support so that all employees can engage in work in a healthy mental and physical state. Follow-ups for regular health checkups, complete medical exams, and stress checks are encouraged, along with educational activities to promote health, mental health consultations on-site at factories, consultations to check the health of employees working long hours, and online consultations. We also recommend exercising 10 minutes longer than the current target for health promotion, with the theme “Let’s start now! Quick exercise.” We are putting into practice the idea that promoting the health of each and every employee is the first step in creating a safe and secure work environment.



Well-Being Center

Manager

Toshiaki Shimizu

Public health nurse and nurse

Masae Hotaka

## Employee Roundtable Discussion

### Working style at HDSI as perceived by young employees

The HDS Group advocates “Create a rewarding work environment” as one of its materiality issues. Seven young employees, consisting of both male and female employees from different departments, gathered to discuss topics such as whether a comfortable working environment is provided, whether the Company’s organization operates in a rewarding manner, whether opportunities for challenges are offered, and any issues or requests they may have.

[Venue: TRIAD IIDA-KAN, Date: Nov. 22, 2023]

Attendees (from top left)

- **Ryohei Takeuchi** (Procurement Dept., Supply Chain Div.)
- **Taishi Chikada** (Head Office Sales Dept., Domestic Sales Div.)
- **Shunsuke Mimura** (MT Production Dept., First Production Div.)
- **Ryuhō Nakanishi** (Designing Dept., Development & Engineering Div.)  
(from bottom left)
- **Hua Jin** (Overseas Sales Dept., Overseas Sales Div.)
- **Marina Yamaya** (Quality Assurance Dept., Quality Assurance Div.)
- **Aoi Ando** (Corporate Planning & Investor Relations Office, Corporate Planning Div.)



**Ando:** I am Ando, acting as moderator. This year marks my fifth year with the Company. I primarily handle tasks related to financial reporting, such as analyzing IR data and updating the IR website, in the Corporate Planning & Investor Relations Office, Corporate Planning Division. I have also been concurrently responsible for duties associated with sustainability since 2022.

**Mimura:** I am Mimura from the Mechatronics Production Department. I am in my seventh year with the Company. Currently, I am engaged in the business transfer of mechatronics products to our group company, Harmonic Winbel.

**Yamaya:** I am Yamaya from the Quality Assurance Division. I joined the Company in 2020 and, currently, I am working in the Quality Assurance Group, where I am responsible for ensuring product quality, creating meeting minutes, and managing the progress of various projects, among other duties.

**Takeuchi:** I am Takeuchi from the Supply Chain Division. After completing my initial training upon joining the Company, I was assigned to the Procurement Department. This year marks my fifth year with the Company. In addition to the procurement of materials and procurement cost reduction, I am also collaborating with our partner companies to improve quality.

**Nakanishi:** I am Nakanishi, in charge of design role in the Development & Engineering Division. I joined the Company in the same year as Chikada-san, Ando-san and Takeuchi-san. So, I am also in my fifth year. I am responsible for tasks such as registering new product part numbers and making revisions to drawings.

**Chikada:** I am Chikada from the Domestic Sales Division. I joined the Company as a new graduate in 2019 and was assigned to the Domestic Sales Division in 2020. It is my fifth year with the Company. I am primarily engaged in sales proposals and technical support, mainly for customers in Nagano Prefecture.

**Jin:** I am Jin. I entered the Company as a mid-career hire in February 2018. I am responsible for clients in South Korea and parts of China within the Overseas Sales Department. My previous position involved sales at a trading company specializing in machine tools. I decided to join this Company due to my interest in the future prospects of automation and robotics.

**Ando:** Do you think that a comfortable work environment is provided and that the organizational management fosters “a sense of fulfillment” in your day to day work?

**Mimura:** In my department, we are promoting multi-skilling, where one worker handles multiple tasks. By eliminating the system where work depends on a specific individual, it becomes easier to provide backup for employees taking vacations, thus promoting an environment where taking time off is easier. Additionally, when there were delays in product delivery due to

the business transfer, we were able to achieve early resolution with support from other departments. Networking with other departments has provided a great opportunity to gain new knowledge and experience, different from what we've had before, and it has also been helpful in resolving workplace challenges.

**Yamaya:** I work in a department with a small team of seven members. Working closely with my supervisor allows me to promptly seek advice on any uncertainties, enabling me to focus on my duties with peace of mind. I feel that my workplace environment permits excellent communication and openness.



Yamaya

**Takeuchi:** The Procurement Department requires close coordination with partner companies and also communication with various departments within the Company. When I exchange opinions with my superiors, senior colleagues, and colleagues from other departments, I find everyone to be approachable and supportive, making the work environment comfortable. Additionally, during regular work performance appraisals, I do such things as conducting progress checks, confirming challenges, and setting goals, all together with my supervisor. Having my performance evaluated fairly motivates me.

**Nakanishi:** In an environment where I feel comfortable asking questions to my superiors and senior colleagues, I am feeling that I am moving forwards in personal growth in steady steps. The design section has seen an increase in young employees, creating a fresh work environment. Lately, I've also been providing guidance to younger colleagues. As I've gained experience, I've come to share more work with other departments. I feel comfortable and motivated to work because everyone is willing to listen in a supportive manner.

**Chikada:** The sales section is seeing an increase in employees hired through mid-career recruitment. The Company has a unique culture where we share our previous job experiences and insights, absorbing each other's experiences. (lol) While the sales team at machinery manufacturers may have traditionally been seen as a "male-dominated workplace," our Company has many female employees who choose to work as sales persons, showcasing a trend toward diversification. Furthermore, our supervisors respect individual opinions such as by asking "how do you want to proceed with our work?" which minimizes the

feeling of workload burden and creates a comfortable working environment.

**Jin:** After taking a year and a half off for marriage and childbirth, I returned to work in April last year. I am now handling the same responsibilities as before taking maternity and childcare leave. Due to having a young child, I also utilize telecommuting, and when my child isn't feeling well, I can take an hour off from work and return later, allowing for a flexible work arrangement. Previously, I used to go on overseas business trips, but now someone else goes in my place. This allows me to work at my own pace, and I feel that it's a very comfortable working environment.



Jin

**Ando:** Do you think that opportunities for self-realization are provided, and that fair evaluations (such as remunerations and promotions) are conducted?

**Jin:** My boss respects my need for a manageable work pace that gives priority to my childcare responsibilities. I have no complaints about my current evaluation. Young motivated employees around me are getting promoted, and I also feel that I am being fairly evaluated. It seems like the company is paying attention to the employees' "motivation."

**Chikada:** I attend around five correspondence courses or seminars every year. I don't have experience or knowledge in development and design, and honestly, I feel that the solution-based selling business is a high hurdle for me. However, by studying various devices and logistics related to my work through correspondence courses, I feel that I am broadening and deepening my understanding of my job.



Chikada

**Nakanishi:** In our Company, we create goal management sheets and have twice-yearly interviews with our superior. Discussing such topics as performance evaluations and the setting of goals for the next half-year, and receiving feedback from my superior allow me to resolve challenges and improve my abilities or skills. I also believe that my contributions are fairly evaluated in this process. Moreover, by undertaking correspondence courses

outside my area of expertise, I am acquiring a broad range of knowledge, which in turn contributes to my confidence and personal growth.

**Takeuchi:** I have opportunities granted to participate in both on-the-job training (OJT) and off-the-job training (Off-JT). In Off-JT, my peers have the opportunity to participate in overseas training, and I also have the chance to join training sessions. This demonstrates that opportunities for talent development are proactively provided. The personnel appraisal process involves the department-wide implementation of a management program that incorporates various pieces of advice aimed at improving work performance levels specified by superiors. This system allows for evaluation of the entire department's performance. The process is transparent, ensuring fair evaluations.



Takeuchi

**Yamaya:** In my department, we have the opportunity to work with our supervisors in establishing goals and receive various pieces of advice. I feel that I am receiving thoughtful guidance and being fairly evaluated. In the Quality Assurance Department, we hold department head-led study sessions once a week, covering various fields, as part of our capacity building initiatives. Studying subjects like mechanical engineering, which I didn't specialize in, during these study sessions enables me to apply this knowledge directly to my work, leading to a "sense of fulfillment."

**Mimura:** We also hold study sessions in the Mechatronics Production Department, and I always look forward to them as opportunities for new discoveries. The Company covers the tuition fees for correspondence courses upon completion, and receiving an award for excellence also comes with a bonus, which motivates me to excel. Furthermore, through twice-yearly meetings with the department head and manager, I have the opportunity to discuss my performance evaluation, set future goals, and receive advice on how to achieve them. Being able to consult with them in a supportive manner boosts my motivation.

**Ando:** What do you think about career advancement, including departmental transfers?

**Mimura:** The manufacture of actuators in the Mechatronics Production Department is closed once the business transfer to Harmonic Winbel is completed. I have been given the opportunity to discuss with my boss my preferences for future departments. We conduct semiannual interviews with the department head regarding performance evaluations. Additionally, I have the opportunity to speak with the general manager, and it's reassuring to know that they care about the career advancement of employees on the front lines.



Mimura

**Jin:** I'm concerned about whether I'll be able to go on overseas business trips as my child grows up. Since I handle clients in South Korea and parts of China, if I can't go on business trips, I might need to consider transitioning to a regional position. I'm worried about whether I may not go on business trips while in an overseas sales position, whether there is a regional position available, and if there is a position available when I apply for it. I'm also concerned about the relationship with career advancement.

**Nakanishi:** I do not wish to be transferred, but I believe that the knowledge and experience I have gained in design work can be utilized in other departments such as development, contributing to my personal growth and to the Company. Indeed, it takes courage to volunteer for a change. So, it would be helpful if the Company asks something like, "Are there any employees interested in proactive department transfers?" This would make it easier for employees to raise their hands. I believe that a few months of job support-oriented transfers would be beneficial as it would contribute positively to the current initiative to foster multi-skilled workers.



Nakanishi

**Yamaya:** I think a rotation-based transfer system aimed at promoting proactive transfers would be effective, rather than moving due to dissatisfaction with current duties. Indeed, I think experiencing various tasks and departments can lead to new discoveries and personal growth.

**Takeuchi:** The Company's website states that it actively promotes job rotation, but I have never heard from anyone who has actually been transferred for job rotation. As Nakanishi-san also mentioned, there may be individuals who feel hesitant to express their desire for a transfer.

**Chikada:** I believe job rotation is beneficial for both individuals and the Company. When I joined the Company, I expressed a desire to work in the development section. However, when I mentioned that I would like to be a technology-savvy salesperson, I was immediately assigned to the sales headquarters! (lol) Given my history, I can't help but feel hesitant about transferring to the development or technical departments now as it might inconvenience others. However, if a transfer were possible, I believe it would allow for deeper absorption of knowledge and for the ability to develop products that meet customer needs by understanding both sides.

**Ando:** Please let us know if there are any issues or requests, including those related to the workplace environment and personnel system, that you would like to address.

**Chikada:** In our sales business, we propose customized products. So OJT is crucial. However, differences in projects and industries handled can lead to qualitative variations in OJT, often resulting in disparities in sales representatives' knowledge and experience levels. Currently, I am based in a sales office within a factory, and so it's feasible for me to directly approach the design and quality assurance departments for inquiries. However, I believe it would be physically difficult to do so in local sales offices. Therefore, I would appreciate the implementation of mechanisms within the organization aimed at uplifting the skill levels of personnel in charge, such as providing education through operations manuals.

**Takeuchi:** The Procurement Department experiences a significant increase in overtime hours during busy periods. We are striving to streamline our operations to minimize overtime hours as much as possible, but there are some tasks that cannot be rationalized. Multi-skilling in the production process is important, but I believe that streamlining tasks through the introduction of digital transformation (DX) and information and communication technology (ICT) is also necessary for reducing work hours.

**Yamaya:** I would be pleased to see more options for work arrangements in place. Employees with childcare responsibilities or other personal circumstances are allowed the flexibility to

choose alternative working styles. I believe it would also be valuable for individuals who do not have such commitments to have the freedom to choose their working arrangements. Indeed, there are various institutional frameworks and regulations in place aimed at workstyle reform, but it seems that they are not widely utilized. I would appreciate improvements to make them more accessible and user-friendly.

**Nakanishi:** Actually, there was a time when I conducted remote work while hospitalized. However, in the design business, there is a process where supervisors review printed drawings on paper, and it was challenging to do so remotely, posing a problem for me. In the case of 3D design, I sometimes feel that the specifications of my PC are insufficient. Due to the impact of the COVID-19 pandemic, I have recently felt a lack of communication between departments. I would appreciate it if the Company could arrange employee trips and other opportunities for us to get to know each other better.

**Jin:** I currently have my working hours reduced by one hour to pick up my child, which has been incredibly helpful. I've heard that some companies offer a system where employees with children in the lower grades of elementary school can work remotely for shorter hours. I would be grateful if the Company continues to adopt work systems permitting flexible working styles in accordance with the lifestyle of each employee.

**Mimura:** In our Company, there are extremely large fluctuations in orders taken. We are happy to receive orders, but orders that exceed our facility's capacity require human intervention, leading to increased overtime. We hope that the ongoing automation of equipment and implementation of planned production will lead to reductions in overtime hours and improvements in production efficiency.

**Ando:** I have been impressed by everyone's greater-than-expected sense of job satisfaction and your dedication to daily tasks. With our Company subject to significant fluctuations in orders received, I think that by promoting multi-skilling and ensuring flexibility in our personnel system, both employees and the Company can aim for further growth. Thank you very much for sharing your valuable insights today.



Ando



## Interview With Officer in Charge of Public Relations

We aim to realize our Management Philosophy by conveying the HDS Group's diverse social initiatives to both internal and external stakeholders, thereby further enhancing the awareness of our employees.

Executive Officer in Charge of Public Relations  
**Tetsuo Ikuta**

### What do you think about our involvement with local communities?

Our Management Philosophy advocate "Coexistence and Co-prosperity" and "Contribution to Society." To ensure the further survival and development of HDSI, it is explicitly stated that we must make our best efforts to build relationships that satisfy all stakeholders, that we broadly contribute to society through our products and services, and that we aspire to be a company that helps to improve the environment and the quality of communities where we are located.

Our company established the current Toyoshina Factory in Azumino City, Nagano Prefecture, in 1970, and commenced production of the Harmonic Drive®. Subsequently, the Hotaka Factory, Ariake Factory, Matsumoto Factory (Harmonic Precision), and Komagane Factory (Harmonic Winbel) were added and the HDS Group has grown and expanded based in Nagano Prefecture. Moreover, many of our suppliers who form our supply chain and partner companies that handle component processing and other tasks are also engaged in business activities in the same region, fostering close relationships. From the perspective of securing human resources and ensuring the procurement and sourcing of materials, these local communities are extremely important to HDSI.

At present, the General Affairs Department of the Hotaka Factory is taking the lead in engaging in various local contribution activities in these communities. Our subsidiaries in Germany and the United States are planning and executing their own unique local contribution activities rooted in their communities. We aim

to communicate these activities both internally and externally, thereby enhancing employee awareness and contributing to the realization of our Management Philosophy.

### Please tell us about specific initiatives for future generations and local communities.

The Human Resources Department and Public Relations Office collaborate to conduct periodic outreach classes at national technical colleges and high schools in Nagano Prefecture. These classes involve explaining the principles of Harmonic Drive® and providing practical examples of its applications. We also conducted science lectures at a national technical college in Tochigi Prefecture, which has once won the grand prize at the National Technical College Robot Contest (ROBOCON). We would like to continue collaborating with educational institutions



Outreach Classes at National Technical Colleges in Nagano

to contribute to the development of young talent supporting Japan's manufacturing industry.

At the 9th Shinshu Azumino Half Marathon, HDSI sponsored the event as a Gold Partner. Our executives and employees also participated in the race, completing it alongside participants from both inside and outside the prefecture, enjoying the nature of Azumino. We hope that sports will contribute to the revitalization of local communities, and we aim to continue the active involvement of our employees alongside sustained sponsorship.

As part of our commitment to community contribution, we support the annual "Harmonic Concert" and "Harmonic Lecture" held by the Harmonic Ito Foundation in Azumino City and Matsumoto City, respectively, through sponsorship. Since it was first held, all proceeds from the Harmonic Concert have been donated to Azumino City for the purchase of library books for elementary and junior high schools.

### How are you going to advance initiatives for society, including future generations?

We believe that the greatest social contribution we can make is enriching society by fulfilling our responsibility to supply our products reliably, and this belief is firmly rooted within our organization. We believe that contributions to the local community, centered around Azumino City, where our production base is located, will be reflected in future corporate value through improvements in employee satisfaction and hiring of local people.

As a new initiative, we are aligning policies regarding contributions to society and future generations with our overseas group companies, and considering how to develop as a global corporation in this regard. In Europe and North America, matured philosophy regarding the relationship between businesses and society is deeply rooted, and companies in these regions are engaged in their own unique contribution activities, often involving employee participation. Currently, we are not only communicating our Company's philosophy and initiatives to our overseas group companies but also promoting information sharing by featuring their activities in our internal publications, and through other means.