

SOCIAL & ENVIRONMENTAL REPORT 2023

For the year ended December 31, 2023

STAR MICRONICS CO., LTD.

INDEX

Top Message	02
Company Profile	03
Business Information	04
Corporate Philosophy	05
Purpose	05
Action Guidelines	06
Sustainability Policy	06

Environment

Responding to Climate Change	07
Responding to Climate Change: Outside Japan Report	10
Star Micronics GB Ltd.	10
Star Micronics GmbH	11
Star Micronics Manufacturing Dalian Co., Ltd.	12
Star Precisions Ltd.	13
Environmentally Friendly Manufacturing(Special Products)	14
Environmentally Friendly Manufacturing(Machine Tools)	16
Promoting Waste Reduction and Recycling Activities	17
Lowering Environmental Contamination Risk	18
Initiatives for Biodiversity Conservation	20

Social

Human Resource Strategy	21
Respect for Human Rights	24
Customer Relations	25
Business Partner Relations	26
Social Contribution Activities	27
Social Contribution Activities: Outside Japan Report	29
Star Micronics America Inc.	29
Star Micronics Europe Ltd.	30
Star Micronics GB Ltd.	31
Star Micronics GmbH	34
Star Micronics Manufacturing (Thailand) Co., Ltd.	35
Labor Relations and Safety and Health Activities	36

Governance

Corporate Governance	40
Compliance	41
Risk Management	42
Shareholder and Investor Relations	43

Top Message

The precision machining, assembly, and software technologies that the Star Micronics Group has cultivated since its founding in 1950 have greatly contributed to the conservation of resources. The biggest feature of the Swiss-type CNC automatic lathe, which is the main product of our Machine Tools business, is to "produce more parts unmanned and using minimal materials." Specifically, it minimizes the chips and waste materials generated when processing bar materials and produces more high-precision parts efficiently in a shorter processing time.

With our POS printers, which are the main product of our Special Products business, we have also made it possible to issue receipts without paper consumption by installing an electronic receipt issuing function, the first of its kind in the world. We have refined the functions of our main products and made them available to customers around the world, thereby attaining resource conservation for steel, paper, and electricity. This has also enabled us to form a business portfolio that will lead to solving environmental issues such as reducing greenhouse gas emissions and attaining a recycling-oriented society. Taking pride and responsibility in our business activities as entities that contribute to the realization of a sustainable society, we set goals for addressing various issues through our Sustainability Committee to contribute further to the sustainable development of society.

Environment

For the Star Micronics Group, which operates globally, protecting the global environment is fundamentally a business continuity strategy. To achieve a sustainable society, we aim for carbon neutrality in collaboration with our supply chain partners. As an intermediate goal towards reducing Scope 1 and 2 emissions by 46% by fiscal year 2030 compared to fiscal year 2013, we achieved a 33% reduction in fiscal year 2023. One of our guiding principles is to "pursue technology." Under the goal of providing new value to society, we have developed new products that consider energy saving and resource recycling through our pursuit and refinement of technology. Additionally, the new factory for our Machine Tools business, scheduled to start construction in 2024, aims to obtain ZEB certification, targeting to be a state-of-the-art sustainable factory.

Society

We have established ourselves as a global niche company with strong teamwork, always respecting others across nationalities, races, and genders. We commit to protecting human rights, valuing diversity, and enhancing our corporate culture of mutual respect to build a resilient, dynamic, and trustworthy corporation. Towards this goal, we focus on developing and utilizing diverse talents, striving to increase the percentage of women in management positions, which is currently lagging in Japan's Machine Tools industry, and enhancing education and training programs for global talent development.

Corporate Governance

We will strengthen our internal controls and protect and enhance our corporate culture to comply with laws, regulations, norms, and other compliance requirements. In addition, we will solidify our management monitoring mechanism to maximize the interests of all stakeholders and increase our corporate value. We aim to further enhance corporate governance by strengthening the supervisory function of the Board of Directors and advancing a transparent governance system through fair, proactive, and appropriate information disclosure.

Based on our corporate philosophy, we will grow together with our employees. We aim to achieve our goals of enhancing corporate value in a sustainable way, contributing to the sustainable development of society, and enriching the lives of employees and their families. We recognize that efforts toward materiality based on the basic sustainability policy are essential for moving closer to these goals. At the same time, there are limits to our ability to take this path alone. The understanding and cooperation of all stakeholders around the world are essential. Through enhancing our corporate value in a sustainable way, the Group will continue to work together to meet everyone's expectations. We ask for your continuing support of the Star Micronics Group.



Representative Director,
President and CEO

Mamoru Sato

Company Profile

Name	STAR MICRONICS CO., LTD.
Founded	February 1947
Established	July 1950
Representative Director, President and CEO	Mamoru Sato
Paid-in Capital	¥12,721 million
Stock Exchange Listings	Prime Market of the Tokyo Stock Exchange
Number of employees	480(Note: Excluding an annual average of 48 contract and other employees)
Head Office	20-10 Nakayoshida, Suruga-ku, Shizuoka 422-8654, Japan
Business Area	1. Special Products(Small Printers) 2. Machine tools(CNC Automatic Lathes and other Machine Tools)

Business Locations

Head Office	
Special Products Division	Head Office Quality Technical Center
Machine Tools Division	Kikugawa Factory Solution Center Tokyo Sales Office Osaka Sales Office Nagoya Sales Office Suwa Sales Office

Japanese Subsidiaries

Star Marketing Japan Co., Ltd.
Star Metal Company
Micro Sapporo Company
Smart Solution Technology, Inc. (SST)
SST Sapporo Technical Center

Overseas Subsidiaries

North America	Star Micronics America Inc.	(U.S.A.)
	Star CNC Machine Tool Corp.	(U.S.A.)
	Star America Holding Inc.	(U.S.A.)
Europe	Star Micronics Europe Ltd.	(U.K.)
	Star Micronics GB Ltd.	(U.K.)
	Star Micronics GmbH	(Germany)
	Star Micronics AG	(Switzerland)
	Star Machine Tool France SAS	(France)
Asia	Star Micronics Manufacturing Dalian Co., Ltd.	(China)
	Shanghai Xingang Machinery Co., Ltd.	(China)
	Star Precisions Ltd.	(Hong Kong)
	Star Micronics (Thailand) Co., Ltd.	(Thailand)
	Star Micronics Southeast Asia Co., Ltd.	(Thailand)
	Star Micronics Manufacturing (Thailand) Co., Ltd.	(Thailand)

Business Information

Star Micronics Group has aimed to create high valued-added products that are universally available under the founding spirit of " Our company has aimed to create high value-added products that are universally available under the founding spirit of " business that creates maximum added value with the least number of materials.

We work to ensure the lives of those who bravely aspire to preserving this spirit are enriched and rewarded. In addition to optimizing planning, development, and sales from a global perspective, we are promoting environmental management activities, fulfilling our social responsibilities, and striving to improve our corporate value.

Special Products

By fusing cutting-edge electronics with precision machining technology that has been cultivated since the company's founding, the company has established its own mechatronics engineering. In recent years, the company has promoted the development of high-value-added products by integrating with services utilizing software and the cloud. This engineering has been utilized in its products and services for the special products, including small printers and electronic journal services. We have also established an overseas production system early on, and now we are pursuing advanced technologies and high quality with a global perspective.



TSP100IV Series Receipt printer



mC-Label3 Series label printer



Star Micronics Cloud Service

Machine Tools

With high performance and precision, our products have won high ratings from around the world as "Machines that users make for users."

Beginning with the export of automatic lathes to the United Kingdom in 1962, Star Micronics has now established a production, sales, and service system in Asia, Europe, and the United States. Star has a line of machines to meet all your machining needs.



Swiss-type CNC automatic lathe
SX-38 type B



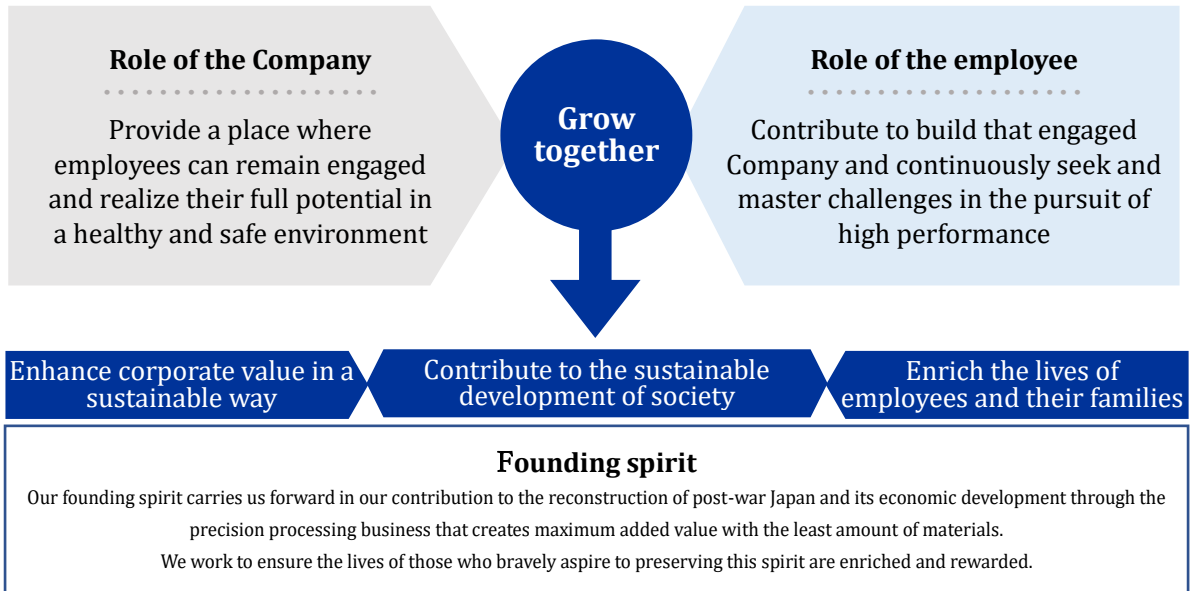
Swiss-type CNC automatic lathe
SP-20



Swiss-type CNC automatic lathe
SD - 26 type S

Corporate Philosophy

A company and its employees must constantly evolve through a process of steady development while also making every effort possible to improve the lives of each individual. This growth must happen together.







Purpose

Contribute to the sustainable development of society as a “leading small and medium-sized enterprise” that seeks to excel on the world stage

As a technology group, Star Micronics strives to provide new value through unique technologies that increase corporate value. At the same time, the Company will enrich the lives of its employees by providing a place where diverse engaged employees can contribute their best. Our goal as a group is to stand at the forefront of Japan’s small and medium-sized enterprises by generating a high level of productivity that rivals large companies as we contribute to the sustainable development of society.

Action Guidelines

 <p>Act with initiative and courage</p> <p>Take accountability and pride in your work; think, inquire, decide, and then act ethically and with courage</p>	 <p>Continue learning</p> <p>Seek out challenges that will foster personal continuous learning and growth in ways that ultimately improve the Company's value</p>	 <p>Pursue technology</p> <p>Seek to develop and refine technology in ways that bring unrivaled solutions to market</p>	 <p>Focus on team productivity</p> <p>Hold the utmost respect for colleague perspectives. Work collaboratively and decisively to achieve a high level of productivity</p>
--	---	--	---






Sustainability Policy

■ Sustainability Policy

The Star Micronics Group aims to help bring about a sustainable society and enhance corporate value by putting into practice the core concept of the Company and employees growing together and contributing to society

- Guided by a longer-term vision for the Group, we will provide society with new value created using our proprietary technologies.
- We will draw on the global network we have built up over the years to address common issues facing society worldwide.
- We will realize fair and highly transparent management through dialogue and cooperation with all of our stakeholders.

■ Initiatives to Address Material Issues

	Material issues	Targets	SDGs
E Environment	<ul style="list-style-type: none"> • Addressing climate change by reducing CO₂ emissions • Creating environmentally friendly products 	<ul style="list-style-type: none"> • Reducing greenhouse gas emissions • Promoting disclosure under TCFD and other frameworks • Creating new businesses and products leveraging proprietary technologies 	 
S Society	<ul style="list-style-type: none"> • Fostering and utilizing diverse human resources 	<ul style="list-style-type: none"> • Setting targets for women in management and monitoring progress; career training and support • Expanding and sustaining education and training programs for global HR development 	 
G Governance	<ul style="list-style-type: none"> • More rigorous corporate governance 	<ul style="list-style-type: none"> • Building a more fair and transparent governance framework by addressing Corporate Governance Code guidelines 	

Responding to Climate Change

Formulated in February 2022, the Star Micronics Group's Sustainability Policy is based on the concept of the Company and employees growing together and contributing to society. In putting into practice this fundamental concept, we recognize the importance of not only the economic, but also the social and environmental aspects of our business activities as we help bring about a sustainable society and enhance corporate value. As a company that operates in countries and regions throughout the world, we also recognize the critical need to address such issues as climate change. In order as a group to meet the expectations and demands of our stakeholders, we have identified and are promoting initiatives to address climate change by reducing CO₂ emissions and create environmentally friendly products as material priority issues. Against this backdrop, the Star Micronics Group expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in February 2023. With this in mind, we are promoting initiatives to analyze the impact of climate change on our business, together with subsequent risks and opportunities, based on a variety of scenarios. We are then reflecting our findings in business strategies.



Governance

The Group established the Sustainability Committee as a body to make decisions on important matters related to climate change. Chaired by the representative director, president, and CEO, and comprised of full-time directors and executive officers, the Committee identifies material sustainability issues, including climate change, sets targets for the resolution of these issues, and promotes Groupwide initiatives. Details of decisions made by the Sustainability Committee as well as counter and related measures are disseminated to each division and Group company through the subordinate Environmental Sub-committee. The results of activities at each division and Group company are regularly reported to the Sustainability Committee through the Environmental Sub-committee to enhance efficacy and implementation. As a part of the oversight function, the Sustainability Committee reports regularly to the Board of Directors on the performance and progress of activities.

(Environmental Management Framework)



Risk Management

Climate change risks are evaluated and managed by the Sustainability Committee. Information is also shared with the Risk Management Committee as necessary. While climate change risks are identified by the Sustainability Committee, the Environmental Sub-committee evaluates the impact of these risks and considers countermeasures, which are then rolled out to each division and Group company. The results of the Sustainability Committee's deliberations are regularly reported to the Board of Directors, which advises and supervises the Sustainability Committee's efforts.

Strategies

The Star Micronics Group adopts a medium- to long-term approach when conducting scenario analyses to identify climate change risks and opportunities. In this manner, every effort is made to properly reflect the impact of risks and opportunities in strategic plans. In specific terms, the Group refers to scenarios* published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) aimed at achieving the objective put forward under the Paris Agreement of holding the average increase in global temperatures to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C. Accordingly, the Group is conducting two analyses, based on a 1.5°C scenario and a 4°C scenario that assumes greenhouse gas emissions at the current level, to assess the significance of the impact on business activities.

* Main reference scenarios

• 1.5°C scenario: IEA NZE, IPCC 1-1.9

• 4°C scenario : IPCC SSP5-8.5

(Risks and Opportunities Identified)

Classification		Item	Financial Impact		Countermeasures
			1.5°C	4°C	
Transition Risk	Introduction of a carbon tax	Surge in commodity prices and an increase in costs fueled by higher direct and indirect expenses owing to the introduction of a carbon tax	Large	Small	• Switch to energy-saving equipment • Promote operating efficiency
	Tighten GHG emissions regulations	Increase in various costs (including capital expenditures and R&D expenses) in line with efforts to comply with environmental regulations	Large	Small	• Switch to energy-saving equipment
	Change in the energy mix	Increase in energy costs commensurate with a decrease in the share of fossil energy	Medium	Small	• Switch to energy-saving equipment • Promote operating efficiency
	Customer reputation	Decrease in sales due to changes in customer needs and product demand because of fluctuations in the weather	Medium	Small	• Create environmentally friendly products
	Investor reputation	Increase in costs associated with the disclosure of information on efforts to address environmental and other issues	Medium	Small	• Enhance corporate value through the proactive disclosure of ESG information
Physical risks	Increase in average temperatures	Increase in facility management, utility, and other costs associated with rising temperatures	Small	Medium	• Switch to energy-saving equipment • Promote operating efficiency
	Intensification of extreme weather conditions	Decrease in sales and increase in restoration costs due to the shutdown of production plants and supplier damage attributable to floods and torrential rains	Medium	Large	• Strengthen BCP measures
Opportunities	Products and services	Increase in sales owing to the market release of products that comply with regulations and upswing in demand	Large	Small	• Create environmentally friendly products
		Incidence of new component machining needs in line with the shift to EVs; increase in sales on the back of optimal processing machine sales	Large	Small	• Create environmentally friendly products
	Resource efficiency	Decrease in manufacturing costs due to switch to energy-saving equipment and improved operating efficiency	Medium	Small	• Switch to energy-saving equipment • Promote operating efficiency
	Intensification of extreme weather conditions	Increases in demand for air conditioning equipment as well as orders for machine tools from plants producing related parts resulting in higher sales	Small	Medium	• Create environmentally friendly products
		Increase in sales on the back of steps taken to strengthen the service structure and systems and growing reputation among customers for prompt after-sales service	Medium	Large	• Strengthen the service network

Indicators and Targets

Indicators:

The Star Micronics Group uses greenhouse gas emissions as an indicator to manage climate-related risks and opportunities.

Targets:

The Star Micronics Group has set targets for the reduction of scope 1 and 2 GHG emissions of 46% in 2030 compared with 2013 and virtually zero emissions by fiscal 2050. To this end, the Group is promoting reductions in greenhouse gas emissions in a bid to achieve the 1.5°C scenario.

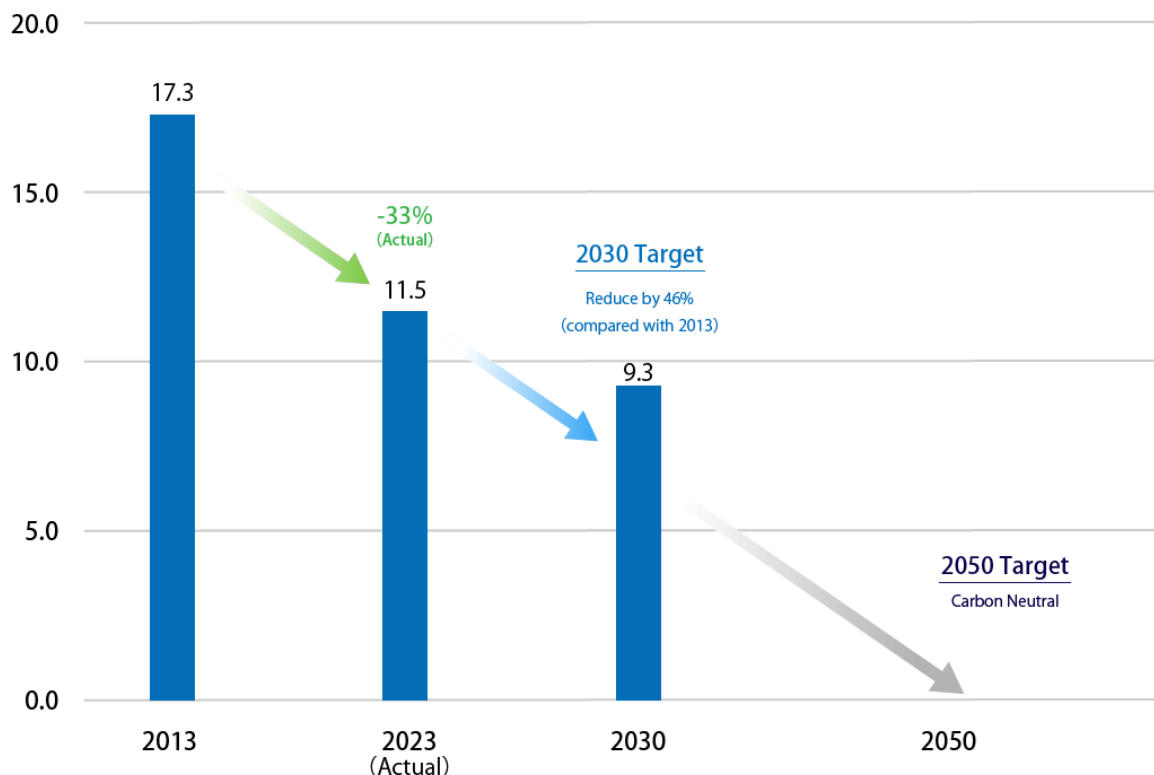
As part of this effort, Star Micronics has been promoting the selection and concentration of its global production base network and is working to improve productivity since 2013. Through these and other means, the Group is endeavoring to reduce GHG emissions.

Looking ahead, plans are in place to renew domestic production bases. The Group is committed to strengthening measures aimed at achieving reduction targets. These efforts include the use of renewable energy while striving to improve production efficiency by introducing energy-saving equipment and promoting DX.

Results:

Results in reducing scope 1 and 2 GHG emissions are presented as follows.

(Thousands of t- CO₂)



* Scope 1 and 2, including non-consolidated and consolidated subsidiaries.

* Taking into consideration such factors as the review of calculation rules in 2023 and subsequent recalculation, including past performance results, published data has been changed.

Responding to Climate Change: Outside Japan Report

Star Micronics GB Ltd. [U.K.]

Star Micronics GB Ltd. is a company distributing machine tools, located in Derby, UK. It is abbreviated as SMGB.



Adoption of Electric and Hybrid Company Vehicles

To reduce our environmental impact, SMGB has transitioned from gasoline vehicles to a fleet of electric and hybrid vehicles.

Full electric: 1 x KIA EV6 | 1 x Tesla Model 3

Plugin hybrid: 4 x BMW 330e | 3 x Cupra Formentor | 1 x Mercedes CLA

New Installation of Electric Vehicle Charging Facilities

SMGB has installed three new charging points to enhance our facility's electric vehicle charging capabilities. Two of these points are equipped with single outlets, supporting the charging of one vehicle each, while one point features dual outlets, allowing two vehicles to be charged at the same time. This addition increases our total number of charging outlets to four.



Recycling Initiatives

- SMGB's offices and kitchens are equipped with dedicated recycling bins for separating waste materials such as cardboard, plastic, glass, paper, and metal. Once full, these bins are transferred to larger industrial-sized bins outside the warehouse, where they are collected for recycling by the Derby City Council.
- Our office also has dedicated bins for used printer ink cartridges. These cartridges are collected and recycled in an environmentally friendly manner by Aurora Managed Services Ltd., with whom SMGB has a contractual agreement.
- Used batteries are regularly collected and disposed of in an environmentally responsible way by Valpak Limited, a company offering free battery collection services to all businesses in the UK.



a) RecycleBins



b) PrintRecycle



c) BatteryBin

Star Micronics GmbH [Germany]

Star Micronics GmbH is a company distributing machine tools, located in Neuenbürg, Germany. It is abbreviated as SMGH.



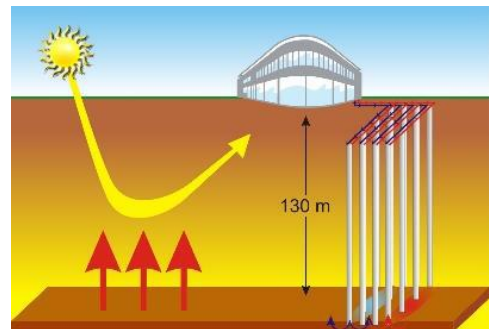
Transition to a Paperless Office

Through this initiative, we have successfully reduced our consumption of paper and toner by 60%. This significant reduction not only contributes to conserving natural resources but also exemplifies our commitment to sustainable business practices.

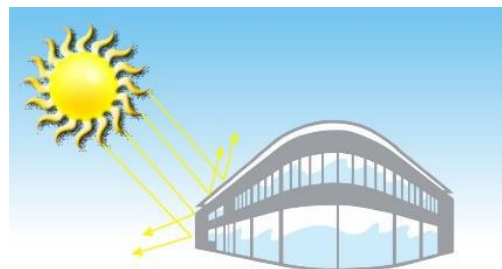


Introduction of Environmentally Friendly Facilities

Utilization of Geothermal Energy: For heating and cooling our building, we leverage geothermal energy. This method offers a 40% savings compared to traditional oil/gas heating systems and is not subject to the fluctuations in gas and oil prices. Geothermal energy, alongside solar, wind, hydro, and biomass, is recognized as a renewable energy source that does not emit greenhouse gases, thus playing a crucial role in our efforts to combat climate change.



Use of Insulated Glazing: Our building features windows equipped with insulated glazing. This technology significantly reduces the transfer of heat between the building's interior and exterior, maintaining a consistent internal temperature and, consequently, improving the efficiency of our heating and cooling systems. The overall energy efficiency of our building has been enhanced, furthering our commitment to environmental sustainability.



Star Micronics Manufacturing Dalian Co., Ltd. [China]

Star Micronics Manufacturing Dalian Co., Ltd., is a company manufacturing machine tools, located in Dalian, China. It is referred to as the Dalian Plant.



Activities to Reduce CO₂ Emissions

Support for EARTH HOUR: Under the theme of "Turn off the lights and light a lamp of hope for the future of the Earth," 427 employees participated (participation rate of 100%). From March 25th to 27th, 2023, lights were turned off for one hour starting at 8:30 PM local time to express our desire to "stop global warming" and "protect the Earth's environment."



Banners and signs calling for one hour of lights out during Earth Hour

Implementation of a No Car Day: A No Car Day was held on September 22, 2023. Approximately 20% of employees use private cars for commuting.



Posters promoting No Car Day were displayed on the premises, encouraging the use of walking, bicycling, and public transportation.

Star Precisions Ltd. [Hong Kong]

Star Precisions Ltd. is a company manufacturing special products, located in Hong Kong.



Activities to Reduce CO₂ Emissions

To contribute to our materiality of "Responding to Climate Change through CO₂ Emission Reduction," Star Precisions Ltd. is undertaking various initiatives.

Energy Saving and Air Conditioning Temperature Settings

During Lunchtime: We have initiated an activity to turn off some of the lights in the office corridors during lunchtime from 12:30 PM to 1:30 PM. Additionally, we have set and are maintaining the office air conditioning temperature at 27°C.



The appearance of the corridor with the lights turned off.

Implementation of No Car Days: We are encouraging the use of public transportation instead of private cars for commuting.



Recycling Activities

When disposing of PET bottles, empty cans, and paper materials such as newspapers, we ensure that they are properly separated and disposed of in designated recycling boxes..



The collection machines and recycling boxes located in the lobby.

Environmentally Friendly Manufacturing (Special Products)

Star offers a lineup of printers that have implemented product manufacturing considering the environment.

Smaller size and lighter weight design for product and packaging

- Keeping the same convenience yet, a stylish and compact design enables it to be smaller size and lighter weight.
- By reducing the packaging size, it allows to improve approximately 20-30% loading efficiency and reduce CO2 emissions on material disposal.



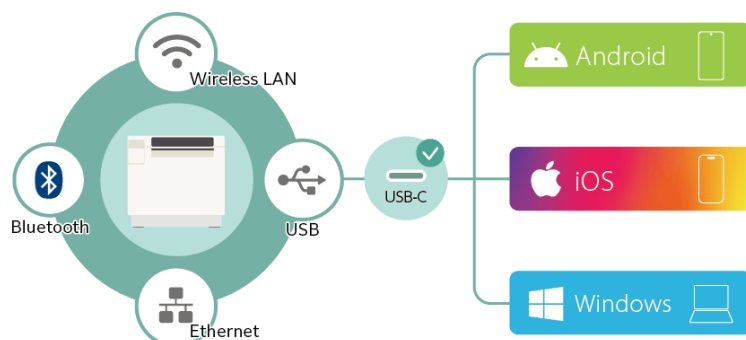
Environmentally friendly packaging materials

- By promoting plastic reduction, we aim to address the issues of plastic waste and disposal and mitigating the risks of related ocean pollution.
- By using pulp molds made from 100% recycled paper as cushioning materials, we contribute to the realization of a Recycling Society.



Initiatives for the reduction of electronics waste (E-waste)

Alongside the spread of mobile POS (mPOS) systems, a variety of connecting methods between devices are available other than wired cables. Globally, there is a direction toward standardization of USB protocols, which could be able to improve user convenience and reduce E-waste. In response to this trend, new models incorporate USB Type-C functionality, allowing customers to use their existing cables. This reduces unnecessary cable disposal, contributing to the reduction of E-waste, which is an international social problem.



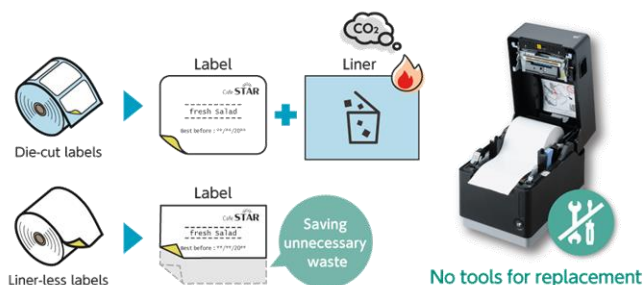
Liner less Label Printer "mC-Label@3"

Liner less Label Printer Features:

- No mount for labels
Since there is no mount for the label, we have saved resources, and CO₂ generated when the mount is incinerated can be eliminated.
- You can change the length of the label according to the printed content.
Unlike die-cut labels (labels with mounts that are cut out to a fixed length), liner-less labels can change the length of the label to match the printed content. For that reason, you can print information efficiently and won't use excess amounts of paper.

Easy maintenance design that is environmentally friendly and gentle on people:

- "mC-Label@3" can replace parts that have been worn out by use over many years, so the printer can continue to be used for a long time.
- "mC-Label@3" does not require a tool for part replacement. "Easy maintenance design" allows customers easily to replace parts themselves.
- The easy maintenance design reduces the number of shipments required for repairs. For that reason, this contributes to the reduction of CO₂ emissions.



Efforts to addressing environmental issues relating to receipt paper

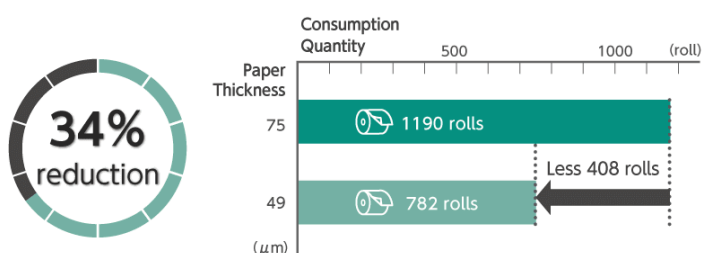
Paper-saving function:

Reduced the amount of paper used for receipts through paper-saving functions including shrunk printing and reduced margins.



Addressing thermal paper with a low environmental impact:

- Contributes to reducing environmental impact by supporting thin thermal receipt papers, and BPA (bisphenol A) free thermal receipt paper complied with European regulations.
- Through compatibility with chemical-free recyclable paper, our products contribute to reduce environmental burden.



*Assumption : 300 receipts (15cm) per day for 365 days per year over 5 years.



Environmentally Friendly Manufacturing (Machine Tools)

In our machine tools business, we implemented thorough research not only in the planning and design processes that determine product performance, but also in the procurement of parts and the manufacturing process, so that we can respond optimally to environmental considerations throughout the life cycle of our products.

Support for customer initiatives for the environment

Reduction of waste

It is possible to switch between the guide bushing and the non-guide bushing according to the overall length dimension of the workpiece. This makes it possible to minimize the length of the remaining waste material. Furthermore, high cutter rigidity attains high productivity and ensures long tool service life.

Reduced power consumption

Star Motion Control:

With our proprietary technology that ensures optimal shaft movement, non-cutting times are greatly reduced, and power consumption per component is reduced.

Step Cycle Pro: Splitting chips by swinging shaft movements and achieving long-term continuous operation reduces machine downtime and reduces power consumption.

Operation Monitoring Software SMOOSS-i: We help our customers improve their productivity by visualizing the state of the machine. Also, it is possible to confirm power consumption for each component unit of the product using the power consumption display screen. This assists our customers in their efforts to conserve power.

Eco Mode: Reduced power consumption while the machine is idling.

Initiatives in the company

- Disuse of hazardous chemicals
- Proactive replacement to eco-friendly equipment
- Renewal to a smart factory that reduces its impact on the environmental
- Procurement of eco-friendly parts and materials

Next-generation eco-machines "Swiss-type CNC automatic lathe SD-26"

The SD-26 is capable of accommodating a broad range of workpieces with outer diameters from $\phi 8\text{mm}$ to $\phi 26\text{mm}$, allowing for selection from four types depending on the processing application. This enables machining of all kinds of workpieces for automobiles, hydraulics, pneumatic equipment, and medical-related devices. By consolidating various workpieces into a single machine, it significantly improves customer equipment efficiency. The accessibility of the spindle, guide bush, and tool post has been greatly improved compared to conventional models, thereby reducing operator workload.

Furthermore, productivity is enhanced by reducing setup times, and power consumption is also diminished. Equipped with Star Motion Control and Step Cycle Pro, along with the newly developed "Eco Mode" feature, power consumption is reduced when the machine is idle. Pursuing improvements in productivity and power consumption reduction on both hardware and software fronts, the SD-26 stands as a next-generation eco-machine.

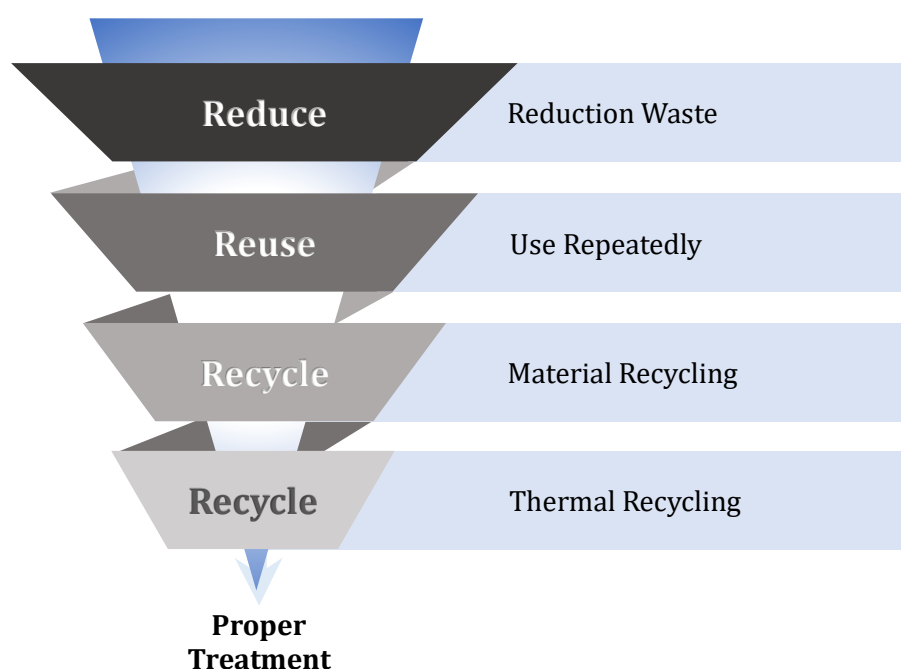


Promoting Waste Reduction and Recycling Activities

Star Micronics Group*¹ has created and operates "Waste Management Regulations" to promote proper treatment and voluntary activities based on the "Waste Disposal Act", for waste that is discarded because of corporate activities.

Activities to Reduce Waste to Zero

Recycling rate*²: Target 99.0%



Note*¹: The scope includes three domestic companies in Japan (Star Micronics Co., Ltd., Star Metal Company, Micro Sapporo Company).

Note*²: Recycling rate (%) = (Amount recycled ÷ Total waste emissions) × 100

Recycling

Company uniforms use plastic bottles as the raw material.

Also, used uniforms are recycled into residential insulation and cleaning mops.

Lowering Environmental Contamination Risk

Managing Chemical Substances

Star Micronics Group* has created and implemented internal regulations for the management of harmful substances and dangerous materials handled by the company to ensure proper and safe management of chemical substances. These internal regulations, based on relevant laws and statutory regulations, are designed to ensure that the environment is considered in the purchasing, storage, use, and disposal of such substances.

Note*: The term "Star Micronics Group" refers to the target companies within the group that are specifically involved in this initiative. The scope includes three domestic companies in Japan (Star Micronics Co., Ltd., Star Metal Company, Micro Sapporo Company) and two overseas companies (Star Micronics Manufacturing Dalian Co., Ltd., Star Micronics Manufacturing (Thailand) Co., Ltd.).

Response to PRTR* Law

In line with the PRTR (Pollutant Release and Transfer Register) Law, we have been fulfilling our obligations to submit notifications regarding the emission and transfer volumes of Class 1 Designated Chemical Substances. The annual handling volume of these substances has markedly decreased due to the adoption of powder coatings that do not contain organic solvents (including substances subject to PRTR) and the shift to alternative materials. Despite the reduced usage of these substances, we continue to diligently collect data on both emission and transfer volumes, adhering to the principles of proper chemical substance management.

Note*: The PRTR (Pollutant Release and Transfer Register) Law, established to enhance transparency and public awareness regarding environmental impacts, requires businesses to report their handling, emission, and transfer of specific hazardous chemical substances. This system assists in environmental preservation efforts and promotes safer chemical management practices.

Reduced VOC Emissions (Powder Coating)

Initiatives of Subsidiary Star Metal Company

Our subsidiary Star Metal Company uses powder coating that does not contain organic solvents (including PRTR-targeted substances) in the coating work of sheet metal parts on our company's machining tools. This reduces environmental impacts during manufacturing processes. As an environmental effect, it has been possible to significantly reduce emissions of air pollutants (VOCs) and reduce industrial waste by one-third.

Initiatives of Subsidiary Star Micronics Manufacturing Dalian Co.,Ltd

At our overseas production base, Star Micronics Manufacturing Dalian Co., Ltd., Star has improved the processing efficiency of organic exhaust gases by 90% or more by adding a ventilation system to the paint site VOC purification equipment and renovating the washing site. This has reduced exhaust gas-air pollution. At the assembly site, activated carbon adsorption boxes were installed to enhance the treatment of exhaust gases at the washing site and to reduce air pollution. This has also improved the working environment for workers.

Soil Pollution Countermeasures

Star Micronics Group* has created and operates "Soil Pollution Prevention Regulations" to prevent and properly manage soil contamination of land that is owned and used, and newly purchased land.

Note*: The scope includes three domestic companies in Japan (Star Micronics Co., Ltd., Star Metal Company, Micro Sapporo Company)

Noise and Vibration Countermeasures

Star Micronics Group* has created and operates "Noise and Vibration Management Regulations" to measure and manage noise and vibration in compliance with legal requirements.

Note*: The scope includes three domestic companies in Japan (Star Micronics Co., Ltd., Star Metal Company, Micro Sapporo Company).

Response to EU Environmental Regulations

Environmental regulations in the European Union (EU) have had a significant impact not only within the EU region but also in various countries around the world, forcing many Japanese manufacturing industries to respond. At Star Micronics Co., Ltd., we operate based on our internal regulations for managing substances that burden the environment and on green purchasing guidelines for products that fall under the WEEE*¹ and RoHS*² directives. Additionally, for REACH*³ Regulations, we implement sequential surveys to determine whether our products include any SVHCs*⁴, which are added every year.

Note*1: WEEE Directive (Waste Electrical and Electronic Equipment Directive): This law mandates producers to appropriately collect and recycle waste electrical and electronic equipment to improve environmental damage caused by illegal disposal.

Note*2: RoHS Directive (Restriction of Hazardous Substances Directive): This law mandates producers to limit the use of specific substances like lead, mercury, and cadmium to protect human health and the environment from the harmful effects of waste electrical and electronic equipment. Producers are also required to affix the "CE mark" to demonstrate RoHS compliance.

Note*3: REACH Regulation (Registration, Evaluation, Authorization, and Restriction of Chemicals): This regulation requires producers and importers manufacturing or importing chemicals within the EU to register and evaluate them. For substances of very high concern (SVHCs), authorities may impose authorization or even ban their use.

Note*4: SVHC (Substances of Very High Concern): Under the REACH Regulation, SVHCs are defined as substances that are carcinogenic, mutagenic, toxic to reproduction, or substances that are considered to have long-term adverse effects on the environment. The use of SVHCs is subject to strict regulations within the EU under specific conditions.

Asbestos Countermeasures

It was found that some purchased components (packing and brake material) assembled into our products produced in the past contained asbestos. However, these asbestos-containing materials are sealed or contained in resin, posing no risk of release into the environment and no harmful effects on the human body during use. Furthermore, our products currently in production no longer contain asbestos.

Initiatives for Biodiversity Conservation

At Star Micronics, we participate in forest and coastal cleanup activities at each of our offices and make great efforts in our environmental conservation activities.

Activities to conserve forests

STAR MICRONICS CO., LTD.

Shizuoka Prefecture, where Star is headquartered, is one region that is rich with mountain forest assets, but if mankind does not give attention to artificially planted forests including Japanese cedar trees or the like, they will become devastated. Well-thought-out logging helps keep forests healthy and protects biodiversity. By sponsoring the Fuji-no-Kuku Forest Township Association, a forest-protection activity promoted by the prefecture, and purchasing printed paper through that association, Star is promoting the use of paper using harvested wood.

Star Micronics Manufacturing Dalian Co., Ltd

At our overseas subsidiary, Star Micronics Manufacturing Dalian Co., Ltd., located in Dalian City, China, we conducted a garbage cleanup activity for forest conservation at the Xiaoheishan National Forest Park on June 10, 2023. A total of 186 employees (44% participation rate) took part in the activity.



Group photo of all participants



Snapshot of the activities in the forest

Coastal plastic problem

STAR MICRONICS CO., LTD.

Plastic waste has an enormous impact on marine ecosystems. At our head office, we invite employees and their families to cooperate and participate in the Miho-Masaki Coastal Cleaning Service Activities sponsored by Shizuoka City, Shizuoka Prefecture. Although the 2023 event was unfortunately canceled due to the impact of a typhoon, we are committed to continuing this initiative in the future.

Star Micronics Manufacturing Dalian Co., Ltd

June 5th marks World Environment Day. On this occasion, our overseas subsidiary, Star Micronics Manufacturing Dalian Co., Ltd., located in Dalian City, China, conducted awareness campaigns for all employees with the theme of "Reducing the Use of Plastic Products and Picking Up Discarded Plastic Waste." The campaign included promotional education through materials and e-learning, achieving a 100% participation rate.



Environment Day Poster On-site



Guidance for e-learning

Human Resource Strategy

Human Resource Strategy Goals

Building an environment in which all employees can maximize their potential regardless of gender, age, or race.

Human Resource Development Policy

As a technology group, Star Micronics strives to provide new value through unique technologies that increase corporate value. At the same time, the Company will enrich the lives of its employees by providing a place where diverse engaged employees can contribute their best. Our goal as a group is to stand at the forefront of Japan's small and medium-sized enterprises by generating a high level of productivity that rivals large companies as we contribute to the sustainable development of society. We actively promote the establishment of a system and environment for cultivating and evaluating such human resources by implementing the action guidelines for every employee to act with initiative and courage, to continue learning, to pursue technology, and to focus on team productivity.

Human Resource Training

Star conducts a variety of training according to the objectives.

Officer Training

Training Name	Target	Purpose
Executive Manager Training	Executive Manager Level	Gradually acquire the skills and mindset required of top management personnel who lead companies to sustainable growth volatile changes to the business environment.
Manager Training	Manager Level	<ul style="list-style-type: none"> Acquire the management skills and company-wide view required of business leaders. Strengthen logical thinking skills and learn from the basics of management up to its practice.
Appraiser Training	New Officer Training	Understand the basic significance of the personnel evaluation system and clarify the criteria for selecting evaluation items and determining the stages of evaluation.

Hierarchical Training

Training Name	Target	Purpose
Assistant Manager Training	Person Promoted to Assistant Manager	<ul style="list-style-type: none"> Master the leadership process that leads to action. Raise awareness and perspectives as a leader responsible for organizational reform.
Chief Training	Person Promoted to Chief	<ul style="list-style-type: none"> Improve problem-solving abilities to take independent actions. Improve communication skills required for the surrounding work.
Second-year Follow-up Training	Second Year Employees	Look back upon the first year of working life, reaffirm your own role, identify challenges and problems in the workplace, and formulate future action plans.
New Employee Training	New Employees	Acquire the basics of business manners, work methods, and cultivate awareness as a member of society.
		During the first six months of being assigned in the company, training personnel (OJT leaders) will be assigned for training these employees in a planned and phased manner.

Language and Global Skills

Training Name	Target	Purpose
Global Leader Training	Young Employees	Training the next generation of leaders who can play an active role in Japan and overseas.
Young Employee English Language Training	Young Employees	Improvement of language skills (English) focusing on young employees.
TOEIC Examination Fee Subsidy TOEICIP Testing	All Employees	Improve employee ability with English and foster a global mindset.
Language Training Before Appointment	Overseas Loaned Employees	Acquisition of the language skills required to perform work at a local corporation overseas.
Pre-appointment Training	Overseas Loaned Employees	Acquisition of the business skills (intercultural understanding, human resources, labor management, accounting, taxation, and others) required to perform work at a local corporation overseas.

Business Skills

Training Name	Target	Purpose
Business Skill Training for People Who are Promoted	Chief and Higher	Acquire business knowledge of people, things, money, and thinking required in each hierarchy.
OJT Leader Training	OJT Leaders	Acquisition of knowledge required of an OJT leader to support the development of new employees.

Training By Purpose

Training Name	Target	Purpose
Compliance Training	New Employees	Foster compliance awareness and improve related knowledge.
Officer Harassment Training	New Officer Training	Foster an awareness to prevent harassment and improve related knowledge.
Life-plan Seminar	Employees in their late 40s	Acquisition of know-how in understanding the HR system, health management, and life-long living design.
Senior Life Seminar	Employees who are Retiring	Acquisition of know-how on life plans after retirement.

Self-development Support

Training Name	Target	Purpose
Support for telecommunications training	All Employees	A wide range of courses are available, ranging from English language and technical skills to business skills and general training. Depending on the theme of the course (considering the relevance to work), 90% to 50% of the tuition fee is paid as a subsidy by the company.
Incentive system for obtaining qualifications, and the like	All Employees	In company-designated qualifications, bonuses are paid to employees who pass examinations and to those who attain a score at a predetermined level.
Technician Qualification Reward System	All Employees	A bonus is paid to employees who have passed a skill test (machining, machine maintenance, machine inspection, finishing, and others) which is under a national examination system.

Internal Environmental Policies

We strive for building an environment where all employees, regardless of their gender, age, or race, can attain their full potential. In addition to building a new human resources system, we are implementing a flexible and diverse way of working. Also, by conducting regular engagement surveys, we visualize employee engagement and the actual situation of each workplace. By conducting dialogs based on the survey results, we are committed to fostering a better corporate culture and creating a rewarding work environment by helping to improve activities and strengthen management on various topics.

Enhancing Diversity

Promoting the Activities of Women

Our company plans to organize various environments (promoting flexible and diverse work styles) and reform consciousness (management training, and the like) with the goal of achieving a female management ratio of 10% or more by 2030.

Support to enable childrearing, and care for the elderly

We promote the creation of an environment where employees who have had children and require giving childcare can leave work with confidence and return to work smoothly to demonstrate their abilities offering them balanced work and family life.

- Short working hours
- Childcare leave
- Remote working
- Medical leave

Promote male employees taking childcare leave

We support our male employees to take their childcare leave. We are deepening the understanding of the workplace so that our people can use our childcare leave system. Employees who have informed the company that their spouse is pregnant or giving birth will be explained our childcare leave system and confirmed whether they will use it.

Employment of Persons with Disabilities

Star will move forward with preparing a working environment and strive to promote employment of persons with disabilities, who are increasingly being subject to social demands, by implementing professional management for employing persons with disabilities, and by opening occupational areas to suit each person's own characteristics. The expectations from local regions, including the government, are very high. Star believes that the contributions to local regions is one of the things that the company can do to fulfill our social responsibility.

Reemployment System

Star has set up a "Regulations for the Employment of the Elderly" that corresponds to the "Amended Employment Security Act for Senior Citizens" that makes it mandatory to provide continuous employment opportunities until the age of 65. Based on this, Star has set up a re-employment system that guarantees continued employment of all applicants until the age of 65, for the employment of full-time employees after the age of 60.

Respect for Human Rights

Respect for Human Rights and Non-discrimination

To ensure Respect for Human Rights and Non-discrimination at all times, Star has established compliance with the Star Micronics Group • Sustainability Code of Conduct and has informed all our officers and employees.

Human rights and labor (from the Star Micronics Group • Sustainability Code of Conduct)

1. We do not use labor derived from coercion, detention, inhumane prison labor, slavery, or human trafficking. We also protect the right of employees to quit or terminate their employment voluntarily without forcing them to work.
2. Children under the minimum working age are not allowed to work. Further, we will not allow young workers to engage in hazardous work that may impair their health and safety.
3. We will not allow working beyond the limits prescribed by the laws and regulations of the region where one works. We will also appropriately manage working hours and holidays.
4. We will comply with the laws and regulations of the region where one works and compensate them appropriately.
5. We respect human rights and do not engage in inhuman treatment such as mental and physical abuse, coercion, or harassment.
6. Religious practices will be given due consideration.
7. While complying with the laws and regulations of the region where one works, we will respect worker's right to organize as a means of achieving labor-management consultations on issues such as working environment and wage standards.
8. We do not discriminate irrationally based on birth, nationality, race, ethnicity, skin color, creed, religion, gender, sexual orientation, age, disability, educational background, etc.
9. We will not use status in the company or position to pressure or coerce others.

Customer Relations

Product Quality

Quality Control

High quality is what supports the growth of the Star brand making it able to win in global competition. In addition to obtaining the international standard ISO9001 for management systems, Star has also obtained the international standard ISO14001 certification for environmental management systems at its domestic offices in Japan and its group subsidiaries. In the special products, Star has switched to the international standard ISO27001 for Information Security Management Systems (ISMS) from May 2019, declaring ourselves compliant, and has thoroughly implemented internal management. Star always strives for the highest levels of quality and has established global standards.

Correspondence to ISO

	ISO9001:2015	ISO14001:2015	ISO27001:2013
Special Products Division	◎	○	○
Machine Tools Division	◎	◎	—
General Administration Headquarters	—	○	—

◎: Obtaining certification by external review agency

○: Self-conformance declaration

Passing on Skills and Technology

To deliver high-quality products to our customers, it is indispensable to develop human resources who possess the necessary skills and engineering knowledge. In the manufacture of machine tools, "craftsmanship" called "hand scraping" is required. This is detailed work that requires skill to improve machine performance. This work cannot be replaced by machines. This relies on the ability of a person. Therefore, the transfer of technology from veterans to young workers is an important factor.



craftsmanship "hand scraping"

Protection of Personal Information

Company has set up "Personal Information Management Regulations" and "Specific Personal Information Handling Regulations" for the management of personal information such as customer information, business partner information, shareholder information, employee information, and others.

To ensure Protection of Personal Information at all times, Star has established compliance with the Star Micronics Group Sustainability Code of Conduct and has informed all of our officers and employees. Furthermore, specific warnings are being issued through internal communication documents, such as the "company-owned mobile phone management guidelines" and "measures to prevent information."

Business Partner Relations

Fair Trading

To ensure fair and appropriate trading with all of our suppliers at all times, Star has established compliance with the Star Micronics Group • Sustainability Code of Conduct and has informed all of our officers and employees.

Fair Business with Suppliers and Subcontractors (Star Micronics Group • Sustainability Code of Conduct)

1. We will do fair and equitable business with our suppliers and subcontractors.
2. We will do a fair and equitable selection of suppliers and subcontractors in view of objective criteria such as quality, price, delivery, technology, environmental consciousness, and awareness of social responsibility.
3. We never offer a preference treatment to a particular supplier by making use of an advantageous position or influence over suppliers' selection and evaluation.
4. As an individual, I will never receive a rebate, commission, or reward from any supplier or subcontractor.

Social Contribution Activities

New Initiatives in Community Contribution through Sports by STAR MICRONICS CO., LTD.

Starting in 2023, Star Micronics Co., Ltd. has begun sponsoring three professional sports teams based in Shizuoka Prefecture: SHIZUOKA Blue Revs (rugby), SHIMIZU S-PULSE (football), and VELTEX SHIZUOKA (basketball). These teams contribute to the community beyond the realm of sports by supporting the healthy development of children through sports, organizing events for regional revitalization, and raising awareness about social issues. Shizuoka Prefecture, blessed with Mount Fuji and a warm climate, is a region rich in nature with a community that loves sports. As part of this community, we are committed to contributing to the sustainable development of the local society alongside these professional sports teams.



Collection Volunteers

Social contribution organizations such as NGOs and NPOs help fund their activities by collecting income from membership fees and donations from corporations and individuals that support those activities, as well as collecting used stamps and the like.

As a close volunteer who can participate in our company, with the cooperation of our employees, Star collects used stamps, foreign coins, and the like, and donates them to UNICEF, JOICFP, the Prefectural Volunteer Association, and others. Also, the company provides a certain amount of support with a matching gift for these donations.

Setup of Fundraising Type Vending Machines

Star has set up fundraising beverage vending machines from which part of the purchase price is donated to a designated organization for fundraising. The headquarters vending machines are used for welfare activities in Shizuoka Prefecture as joint fundraising for the Central Community Chest of Japan.

Blood Donation Supporters

As blood essential for sustaining life cannot yet be artificially produced or stored for long periods, the medical needs for blood are met through voluntary donations. STAR MICRONICS CO., LTD. is registered as a blood donation supporter with the Japanese Red Cross and collaborates twice a year in blood donation drives organized by the Japanese Red Cross. This initiative is also undertaken by our group companies, Star Metal Company, and Micro Sapporo Company.

In 2023, the total number of employees who donated blood within the domestic companies is as follows:

STAR MICRONICS CO., LTD. (including Star Metal Company)	63 people
Micro Sapporo Company	29 people
Total:	92 people

Implementation of Ordinary Life-saving Training

In addition to installing AEDs internally, our "Ordinary Life-saving Training" is held annually with the cooperation of a local fire department. This course includes simulations and practical skills such as giving first aid, handling bleeding, resuscitation methods during a cardiopulmonary arrest, and the use of AEDs and the like. All employees can take courses to be prepared for times when they may need to use those skills.

Donation to the Japan Guide Dog Association

The Special Equipment Division of STAR MICRONICS CO., LTD. voluntarily organized a fundraising campaign for the Japan Guide Dog Association, with 22 employees participating and raising a total of 69,400 yen. The donations will be used to support the training of guide dogs, aiding in the social participation and independence of visually impaired individuals.

Social Contribution Activities: Outside Japan Report

Star Micronics America Inc. [U.S.A.]

Star Micronics America Inc. is a sales company for Special Products located in the U.S.A. It is abbreviated as SMA.



Volunteer and Charity Activities

In September 2023, five employees from our California office volunteered at the Second Harvest Food Bank, loading over 19 bins of watermelons onto trucks for distribution to community food banks throughout Orange County, CA. They also participated in tasks such as sorting and packing donated food items, organizing inventory, and preparing care packages for distribution.



Fireworks Fundraiser

In the first half of 2023, two employees from our California office volunteered at Grace Social and Medical Services, a non-profit church organization in Mountain View, CA, participating in a fundraising event through the sale of fireworks.

Operation SANTA PAWS*

In December 2023, the New Jersey office conducted "Operation SANTA PAWS," initiated by one of our employees to benefit "NJ Misfits K9 Rescue," in Somerset County, NJ, a dog, and cat rescue organization.

Many employees from the New Jersey office participated. They collected a large bin full of dog and cat food, treats, bathing products, heartworm preventatives and treatments, and toys. The estimated retail value of the collected goods exceeded \$400.

Note*: Operation SANTA PAWS

This name is a play on words combining "Santa Claus" and "paws," focusing on charity and rescue activities for pets, especially dogs and cats. It expands the traditional narrative of Santa Claus delivering presents to children to also include providing necessary care and love to animals, embodying a heartwarming activity.



Star Micronics Europe Ltd. [U.K.]

Star Micronics Europe Ltd. is a company that distributes special products, located in High Wycombe, UK. It is abbreviated as SME.



Donation to the Disaster Emergency Committee (DEC)*

At SME, making a donation to DEC in December is an annual tradition as part of our social contribution activities. In 2023, we donated £2,500 to aid the victims of the earthquakes that occurred in Turkey and Syria.

Note*: The Disaster Emergency Committee (DEC)

The Disaster Emergency Committee (DEC) is an organization aimed at quickly deploying relief efforts in the event of major disasters.



Thank you **Tanazzam**

Your donation of £2500.00 will make a real difference for the millions of people affected by the earthquakes in Turkey and Syria.

Below is an image of the donation confirmation email from DEC.

Star Micronics GB Ltd. [U.K.]

Star Micronics GB Ltd. is a company distributing machine tools, located in Derby, UK. It is abbreviated as SMGB.



Donation of £1,000 to Sheffield Children's Hospital on Christmas Jumper Day*¹

SMGB's Christmas Raffle*², thanks to cooperation from our suppliers and an additional donation, raised £1,000 for Sheffield Children's Hospital to buy medical equipment and build new facilities, reinforcing our community support.

Note*¹: Christmas Jumper Day is an event where participants wear Christmas-themed sweaters, featuring designs like Santa or reindeer, and specifically aim to support charitable organizations through modest donations.

Note*²: Christmas Raffle is a charity event where various prizes can be won through a lottery. Prizes are donated by companies and local stores, and participants purchase raffle tickets, with the proceeds going to charity.



SMGB staff and families in Christmas jumpers at charity event

Donation of £1,250 to Sheffield Children's Hospital through Sponsor a Snowflake*

SMGB supported Sheffield Children's Hospital with a £1,250 donation by joining the "Sponsor a Snowflake" charity event, which aims to improve care for children and their families.

Note*: "Sponsor a Snowflake" is a charity illumination event in South Yorkshire during Christmas, where sponsors fund snowflake lights to support medical services and facility investments.



Snowflake illumination sponsored by SMGB.



Supporting Animal Protection and Children's Hospice through Golf Event

SMGB's golf event raised £2,000 for Holly Hedge Animal Sanctuary and Bluebell Wood Children's Hospice, involving employees and guests in a charity competition.



SMGB staff in charity golf event

Supporting Youth through Golf: The Mark Cueto Charity Event

Stephen Totty of Star GB participated in a charity golf event hosted by rugby legend Mark Cueto MBE, to support the Lancashire Association of Boys & Girls Clubs*. This event provided participants with the opportunity to enjoy a prestigious golf course while also contributing to society. A raffle was part of the event, and to enhance the charity's impact, Star GB donated a voucher for a four-ball play at the JCB Golf & Country Club.

Note* : The Lancashire Association of Boys & Girls Clubs supports underprivileged children, helping them grow into responsible, self-respecting members of society.

Supporting Children's Air Ambulance through Charity Sweets Initiative

Star GB supports the "Charity Sweets" initiative led by the "Sweet Cause" charity organization, aimed at assisting children's air ambulance services. Variety boxes filled with sweets are available within the company premises, and employees and visitors can purchase them for £1.20 each. The proceeds are donated to children's air ambulance services. The variety boxes for charity are restocked monthly. This initiative has successfully raised over £2 million across the UK.



Variety box of snacks placed in the office

British Turned Parts Manufacturers Association (BTMA)*1 Charity Auction

SMGB actively participated in the British Turned Parts Manufacturers Association (BTMA)'s charity auction, held during its prestigious Annual Evening Dinner. By donating a variety of raffle prizes and gifts, SMGB joined forces with other BTMA members to champion a noble cause. The auction was a resounding success, raising a total of £3,000 for the Motor Neurone Disease Association*2, a charity dedicated to aiding those affected by this challenging condition. This contribution not only highlights SMGB's commitment to supporting meaningful causes but also reinforces the company's role in fostering a spirit of generosity within the manufacturing community.

Note*1 : British Turned Parts Manufacturers Association (BTMA): BTMA is a trade association representing the interests of companies involved in the production and supply of precision turned and machined components within the UK. It aims to promote and support the turned parts manufacturing industry.

Note*2 : Motor Neurone Disease Association: The Motor Neurone Disease Association is dedicated to providing support and care to those affected by Motor Neurone Disease (MND), a progressive neurological condition that affects the brain and nerves. The association also funds research into understanding and finding a cure for the disease.



Help Us Help Campaign: Donating £400 in Supplies

We raised £400 to support the "Help Us Help" campaign, led by a local charity organization aimed at providing essential services and supplies to those in economically challenging situations and in need of social support. The funds were used to purchase necessities such as sleeping bags and clothing to improve the lives of those in need.



Susannah's Challenge: "I Want to Support Those Struggling with Mental Health Issues"

Susannah Allsop, who is of SMGB participated in the Solihull Half Marathon in the UK to support "Mind," a charity organization for mental health. Despite the challenging conditions of a 31°C heatwave, she completed the marathon in an impressive time of 2 hours, 24 minutes, and 46 seconds, a testament to her hard work and dedication. She was very pleased that her challenge not only raised awareness for the charity but also garnered financial support from her family, friends, and colleagues at SMGB, resulting in a total of £895 in donations.



John Wheatcroft Participates in 10km Run, Raises £1,000 for Treetops Hospice Care

John Wheatcroft of SMGB participated in a 10km run to support Treetops Hospice Care, a hospice dedicated to providing psychological support to individuals suffering from serious illnesses or grieving the loss of loved ones. Thanks to financial support from friends, family, and colleagues at SMGB, he was able to raise £1,000. Running was by no means an easy feat for him; it required significant effort. He is grateful for the incredible support from his peers and feels proud to have taken part in such a meaningful activity.



Star Micronics GmbH [Germany]

Star Micronics GmbH is a company distributing machine tools, located in Neuenbürg, Germany. It is abbreviated as SMGH.



The THW - Technical Relief

THW utilizes technology and expertise to assist people during emergencies and disasters both domestically and internationally. At SMGH, we have two employees who participate in THW as volunteers. Should they be called upon by THW during work hours, they are released from their duties at SMGH to prioritize THW's activities.



Volunteer Fire Brigade

The public fire brigade, composed of volunteers, primarily engages in rescue, recovery, firefighting, and protection. It assists individuals facing difficulties or dangers, conducts firefighting operations, and protects people's property. We also have two employees participating as volunteers here, who are released from their duties in emergencies to prioritize firefighting activities.



Donations to Various Organizations

Our annual total donation amounts to €25,000. In 2023, SMGH has donated a total of €25,000 to the following organizations.

Doctors Without Borders: An international medical humanitarian organization founded in France in 1971. It sends doctors, nurses, and other medical staff to conflict zones, disaster-stricken areas, and places with disease outbreaks worldwide, providing medical assistance.

Mercy Ship: A nonprofit international charity that offers high-quality medical services for free, particularly to countries in Africa, by traveling to developing countries around the world with its hospital ship.

SOS Children's Villages (sponsoring 6 children): An international nonprofit organization that provides a stable family environment for orphans and children who must live away from their parents.

Sterneninsel (Children's Hospice): A children's hospice that supports children with terminal illnesses or severe conditions and their families.



Star Micronics Manufacturing (Thailand) Co., Ltd. [Thailand]

Star Micronics Manufacturing (Thailand) Co., Ltd. is a company manufacturing machine tools, located in Nakhon Ratchasima, Thailand. It is abbreviated as SMMT.



Blood Donation Volunteerism

SMMT collaborated with the Thai Red Cross Society on a blood donation drive on September 29, 2023. The event was conducted with a blood donation bus visiting the premises, and 80 people participated. Blood donation, as a lifesaving gift, is a vital initiative for the sustainable development of society in response to medical needs during emergencies. We will continue our efforts to encourage more employees to participate in the future.

Donation to the Kathina Robe Offering Ceremony*

SMMT made a donation of 1,000 baht to the Kathina Robe Offering Ceremony on November 11, 2023. The ceremony was hosted by the Department of Alternative Energy Development and Efficiency and took place at Wat Nak Klang Waraviharn in Bangkok.

Note*: The Kathina Robe Offering Ceremony is a religious event in Thailand. During the rainy season, monks refrain from leaving their monasteries and dedicate themselves to meditation and other religious practices. This period is known as the rainy retreat. After the end of the rainy retreat, monks actively engage in religious activities and interactions with the outside world. The Kathina Robe Offering Ceremony celebrates the end of the rainy retreat, showing support and gratitude towards the monks by offering them robes and other essential items for their livelihood.

Donation of Office Chairs to Schools

SMMT donated 100 surplus office chairs, distributing 20 chairs to each of five schools in Nakhon Ratchasima (commonly known as Korat), Thailand, on December 25, 2023.

Labor Relations and Safety and Health Activities

Employee Health Promotion Initiatives

At STAR MICRONICS CO., LTD., we believe that enriching the lives of our employees and ensuring their physical and mental well-being contributes to both personal happiness and the growth of our company. To this end, we have implemented various health promotion activities:

Walking & BBQ Event

As an annual tradition, we hold a "Walking & BBQ Event" in both spring and autumn. This event aims to promote health and foster camaraderie, providing a valuable opportunity for new and existing employees to interact in nature and develop a sense of unity.



Stretching scene at the walking event

Health Seminars

To improve health literacy, we regularly organize health seminars led by company doctors and external speakers for executives, employees, and their families as needed.

Implemented in 2023:

- Seminar on perspectives on life and death by a palliative care physician
- Thai yoga (Rusie Datton) classes
- Bone density measurement event

Mental Health Seminars and Mindfulness

We actively address mental health through self-care, including hosting annual mindfulness seminars led by a yoga instructor. These seminars teach coping strategies for the increasing stress of modern society and methods to maintain mental peace. To ensure broad participation, we offer online attendance, allowing employees in different offices or on overseas business trips to join easily.

Health Consultations & Newsletter Distribution by Industrial Health Staff

Health Consultations with a Company Doctor: Held monthly at the headquarters and Kikugawa factory, these consultations allow employees to seek advice from a company doctor regarding post-health checkup measures and health concerns.

On-site Industrial Nurses: An industrial nurse is stationed at both the headquarters and Kikugawa factory, offering consultations on daily health and stress-related issues. We also distribute a monthly health newsletter on our company intranet, sharing timely health information with employees.

Industrial Counselor: Every two months, an industrial counselor visits to provide industrial counseling, including mental health and career development consultations.

Subsidies for Medical Examinations and Introduction of Health Tools

Workplace Flu Vaccinations: As an infection control measure and to achieve herd immunity, we conduct workplace flu vaccinations around November each year. The company subsidizes the vaccination cost.

Subsidized Comprehensive Medical Examination Costs: STAR MICRONICS CO., LTD. supports employees in leading healthy lives by understanding their health status. Annually, in spring, we offer regular health checkups with the option to add age-appropriate additional tests (subsidized by the company). Employees aged 35 and over can opt for a comprehensive medical examination. Subsidies are also available for cancer screenings, including comprehensive medical exams and gynecological exams, creating an environment where medical checks are easily accessible.

Health Apps & Health Management Systems: We have introduced a health app that allows employees to read health articles, participate in walking rallies, and take part in weight measurement challenges, earning points for their activities. We also have a health management system that stores and allows employees to check their health examination data and other health-related information.

Health Metrics & Goals

At STAR MICRONICS CO., LTD., we are clarifying specific figures for the following metrics and setting target values, with the aim of making improvements.

Content	FY2021	FY2022	FY2023	Target Values
Annual Health Checkup Participation Rate	100.0%	100.0%	100.0%	100.0%
Specific Health Guidance Implementation Rate	69.0%	59.0%	52.5%	75.0%
Stress Check Response Rate	98.9%	100.0%	95.7%	98.0%
Metabolic Syndrome Prevalence Rate	7.8%	9.4%	7.6%	8.0%
Pre-Metabolic Syndrome Prevalence Rate	12.0%	10.0%	5.5%	10.0%
Appropriate Weight Maintenance Rate (Individuals with a BMI of 18.5 to less than 25)	70.0%	67.5%	74.3%	75.0%
Smoking Rate	15.6%	14.3%	12.5%	12.2%
Exercise Habit Ratio (Percentage of people who exercise for 30 minutes or more twice a week)	39.0%	26.1%	22.2%	50.0%
"People who get sufficient rest through sleep" Ratio	59.7%	54.7%	63.2%	75.0%
Drinking Habit Rate (Percentage of people who drink occasionally or daily, and whose daily alcohol consumption is equivalent to two or more go of sake)	5.5%	15.3%	12.3%	5.0%
Blood Pressure Risk Rate (Percentage of people with a systolic blood pressure of 180 mmHg or higher, or diastolic blood pressure of 110 mmHg or higher)	0.0%	0.3%	0.6%	0.0%
Blood Sugar Risk Ratio (Percentage of people with fasting blood glucose levels of 200 mg/dl or higher)	0.6%	0.3%	0.0%	0.0%
Poor Diabetes Management Rate (Percentage of people with HbA1c levels of 8.0% or higher)	0.1%	1.0%	0.6%	0.0%
Breast Cancer Screening (Mammography or Breast Ultrasound)	61.9%	36.0%	50.9%	50.0%
Cervical Cancer Screening	35.4%	31.5%	42.2%	50.0%
Detailed Examination Participation Rate	73.1%	78.0%	82.4%	100.0%
Absenteeism*	0.72days	0.29days	0.43days	0.5days
Annual Leave of One Month or More Due to Mental Health Issues	3people	2people	2people	0 people

* Absenteeism:

Average number of days taken under the injury and sickness absence system for all employees. The number of paid leave days taken due to injury or illness is unknown.

Occupational Safety and Health Initiatives

Prevention of Work-Related Accidents (Safety and Health Management)

To elevate the safety and health awareness of our employees and aim for the prevention of accidents and diseases, we have established "Safety and Health Committees" at each workplace. These committees meet once a month to engage in activities aimed at improving safety and health, including guidance and education on daily safety and health matters and patrols within the factory premises.

Prevention of Traffic Accidents

By ensuring that employees adhere to a policy of no accidents or violations, we contribute to the development of the workplace, the safety of drivers, and traffic safety in the community. At STAR MICRONICS CO., LTD., employees who drive company vehicles during work are required to obtain an "internal driver's license," and we conduct driving aptitude tests for eligible individuals.

Work-Life Balance & Welfare Benefits

Leave System

We have a full weekend off policy on Saturdays, Sundays, and public holidays. Long vacations are provided four times a year: Golden Week, summer, Obon, and the year-end/New Year holidays, with a total of 131 annual holidays in the fiscal year 2023. This includes five days of mandatory paid leave. Paid leave can be taken in full-day, half-day, or hourly increments (up to 40 hours), and the leave acquisition rate typically ranges between 70 to 80% annually. In addition to paid leave, we also offer the following types of special leave:

Special Leave

Content	Number of Leave Days
For personal marriage	up to 6 days
When a child, sibling gets married	1 day on the day of the wedding
When a spouse gives birth	up to 6 days
Medical support leave (for infertility treatments or long-term outpatient/inpatient care due to illness or injury)	up to 20 days per year

Special Leave (Targeted at Female Employees)

Content	Number of Leave Days
Prenatal and postnatal leave	6 weeks before birth, 8 weeks after birth
Leave for morning sickness	up to a total of 7 days
Menstrual leave	days of menstruation
Prenatal appointment leave (Leave for prenatal appointments depending on the week of pregnancy)	Up to 23 weeks of pregnancy: 1 day every 4 weeks, up to 35 weeks: 2 days every 4 weeks, from 36 weeks onwards: 4 days every 4 weeks

Childcare and Work-Life Balance Initiatives

At STAR MICRONICS CO., LTD., we have established systems to support the balancing of childcare and work, in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children. In 2020, we were certified as a "Childcare Support Company" and awarded the special recognition "Kurumin mark."*

Note*: Kurumin mark

A certification mark awarded by the Japanese Ministry of Health, Labour and Welfare to companies actively supporting the balance between childcare and work, based on the Act on Advancement of Measures to Support Raising Next-Generation Children. It symbolizes the company's commitment to enhancing childcare support measures and providing a friendly working environment, and is widely recognized in society.



Childcare Leave: Employees, excluding those in their probationary period, who are raising children under the age of one are eligible for childcare leave. The leave period lasts until the child reaches the age of one as a general rule. However, the leave can be extended until the child turns two under certain circumstances, such as inability to find a spot in daycare, or if the spouse dies, is injured, or falls ill, making childcare difficult.

Nursing Care Leave for Children: Employees raising children who have not yet started elementary school can take nursing care leave to care for a child who is injured or ill, or to accompany a child to vaccinations or health check-ups. Leave can be taken up to five days per year for one child, or up to ten days per year for two or more children.

Support Systems for Caregiving

Caregiving Leave: Employees, excluding those in their probationary period, who have family members in need of care can take caregiving leave. The total leave period for caregiving is up to 365 days for each family member in need.

Reduced Working Hours for Caregiving: Employees with family members in need of care can reduce their daily working hours by up to two hours.

Company Housing and Dormitories

At STAR MICRONICS CO., LTD., we offer dormitory housing for single employees up to the age of 32 if commuting from their parental home is difficult. We rent general rental properties (studio or 1DK apartments) and provide them as dormitories. The rent charged to the employees is 3,000 yen per month.

Remote Work and Flextime Systems

STAR MICRONICS CO., LTD. has implemented a remote work system that can be chosen up to eight times per month and a flextime system with core hours from 10:15 to 15:00. By allowing flexible work styles that are not constrained by location or time, we support the improvement of work-life balance and the active participation of a diverse workforce.

Labor-Management Relations

At STAR MICRONICS CO., LTD., we have established the Management-Labor Council (Central Management-Labor Council & Branch Management-Labor Council) as a forum for the labor union and management to regularly negotiate and discuss labor conditions and personnel systems, building a labor-management relationship based on mutual trust.

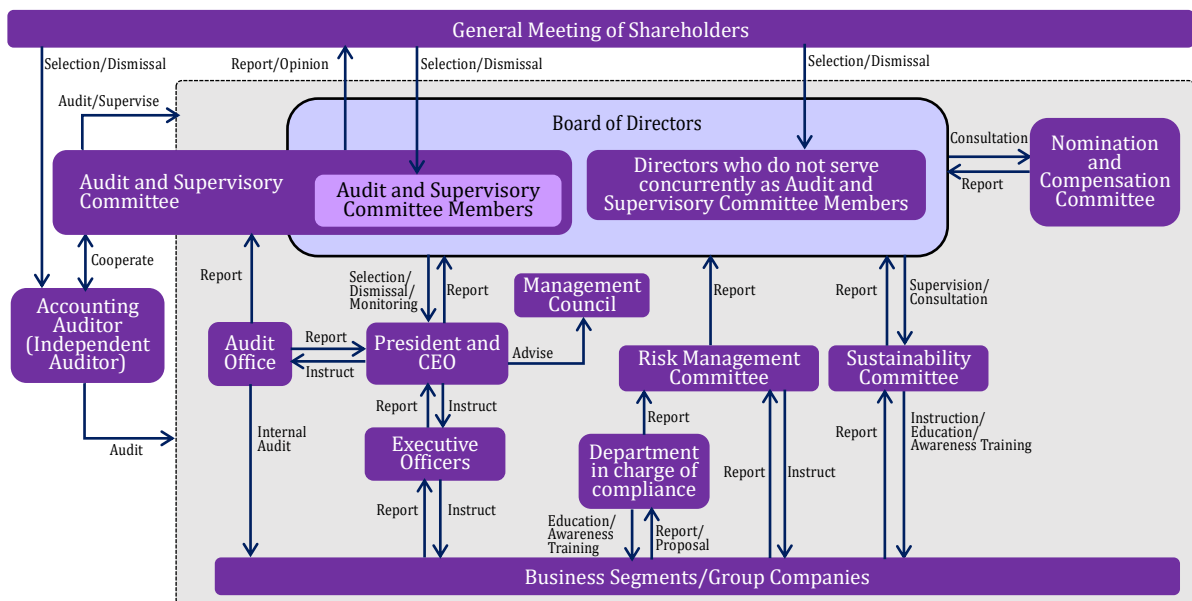
Corporate Governance

At STAR MICRONICS CO., LTD., we believe that striving for proper and efficient management aimed at the "sustainable enhancement of corporate value" and the "realization of a sustainable society," and appropriately distributing the outcomes to stakeholders, including shareholders, represents our social responsibility expected as a corporation and forms the basis of our corporate governance.

Corporate Governance System

The Star Micronics Group has adopted the structure of a company with an audit and supervisory committee with the aim of enhancing the supervisory function of the Board of Directors and enriching corporate governance. Furthermore, with the goal of accelerating decision-making and further improving the efficiency of business execution, we have introduced an executive officer system. We believe this system ensures the capability for prompt and rational decisions and dynamic business execution. The Board of Directors consists of four Directors* (excluding those serving as Audit and Supervisory Committee Members, one of whom is an independent Outside Director) and three Directors who serve as Audit and Supervisory Committee Members (all of whom are independent Outside Directors) and is responsible for making appropriate and efficient management decisions while supervising the execution of duties by Directors from an independent standpoint. The Audit and Supervisory Committee is composed of three independent Outside Directors. In addition to auditing the conduct of Directors in their execution of duties, the Committee is responsible for auditing financial statements and related documents and preparing audit reports in accordance with audit policies and plans determined by the Audit and Supervisory Committee. The Committee also conducts audits in collaboration with accounting auditors and the internal audit department. Moreover, to increase the transparency and objectivity of the procedures related to the nomination and remuneration of Directors and Executive Officers, the Company has established a Nomination and Compensation Committee as a voluntary advisory body to the Board of Directors. The Nomination and Compensation Committee consists of five Directors (four of whom are independent Outside Directors) selected by a resolution of the Board of Directors. The Committee deliberates and advises the Board of Directors on matters related to the appointment, dismissal, and remuneration of Directors and Executive Officers in response to consultations from the Board of Directors.

Note*: The number of Directors is based on those newly appointed at the 99th Annual General Meeting of Shareholders held on March 28, 2024.



Internal Control System

Star Micronics strives to maintain an internal control system that will enable proper and efficient management to drive a continuous increase in corporate value. As far as its compliance structure and systems are concerned, in addition to formulating the Star Micronics Group Sustainability Code of Conduct, the Company is working to ensure thoroughgoing compliance through various measures. This includes putting in place rules and organizations. In addition, a department dedicated to promoting corporate social responsibility (CSR) spearheads our compliance activities. This department plays a central role in providing reminders and education on compliance to the Group's directors, executives and employees, and is charged with holding periodic committee meetings and monitoring the status regarding to the Group's adherence with all relevant laws and regulations. Star Micronics also has an appropriate internal control and whistleblower system for ensuring the reliability of its financial reporting, as stipulated in the Financial Instruments and Exchange Law of Japan.

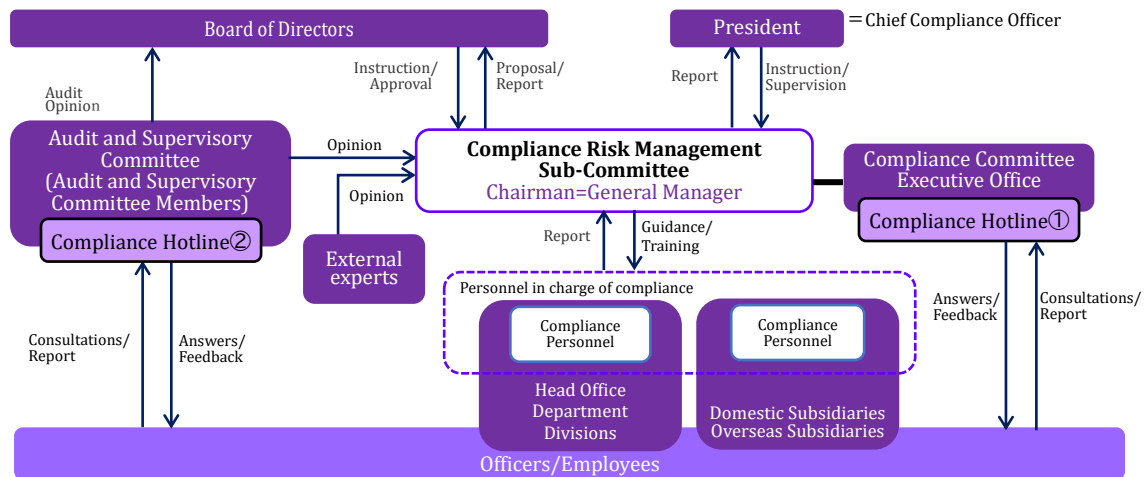
Compliance

Dissemination of the Star Micronics Group Sustainability Code of Conduct

The “Star Micronics Group Sustainability Code of Conduct” is based on our corporate philosophy and basic sustainability policy to ensure that our Group conducts fair and appropriate management in harmony with society. We will follow the three guidelines for growth in our corporate philosophy: “Enhance corporate value in a sustainable way,” “Contribution to sustainable development of society” and “Enrich the lives of employees and their families”. We will set standards in accordance with each guideline as a norm that each executive and employee should stand by in their daily actions.

In addition to domestic officers and employees including those at our subsidiaries, Star Micronics also translated these into vet languages, namely English, French, German, Chinese, and Thai, and are making these known to our overseas subsidiaries. The executives and employees of our Group shall understand the contents of this Code of Conduct well, comply with the laws and regulations, respect social norms and act in good faith with common sense and responsibility.

Compliance Promotion System



Basic Policy of the Compliance Regulations (from the Compliance Regulations)

- 1.The company fully recognizes that non-compliance can shake the company's management foundation, and positions thorough compliance as a basic principle of management.
- 2.The company promotes business with a world-class compliance system in its global business activities.
- 3.The company will develop the compliance activities set forth in the preceding paragraph. With this, the company will be highly appreciated by shareholders, customers, and all localities, will gain trust from the public and will establish it as one that will not lose.

Compliance Consultation Desk System

In order promptly to recognize that the organization, or an individual has conducted fraudulent, violating, or anti-ethical acts, and quickly respond thereto, the company has established a system for "Regulations for the Compliance Consultation Desk" and determined the operation of the consultation desk. The Compliance Consultation Desk is operated by two people. The Compliance Committee Secretariat and the Audit Committee at the company headquarters. They receive consultations and reports on non-compliance from group officers and employees and temporary employees and respond to questions and concerns. The compliance committee and a consultation desk have also been set up to make it easier for local staff at Star Micronics Manufacturing Dalian Co., Ltd., and Star Micronics Manufacturing (Thailand) Co., Ltd. which are major overseas production bases. Consultation methods include telephone calls, email, letters, interviews, or the like, thereby creating an environment that makes it easy for users to consult with the committee. Star strives to strengthen the compliance system so that each employee has high ethical standards.

Compliance Questionnaires

Each year, we conduct Compliance Questionnaires for employees, including those of our overseas subsidiaries, to ascertain the status within the Group and to maintain and improve corporate compliance awareness.

Risk Management

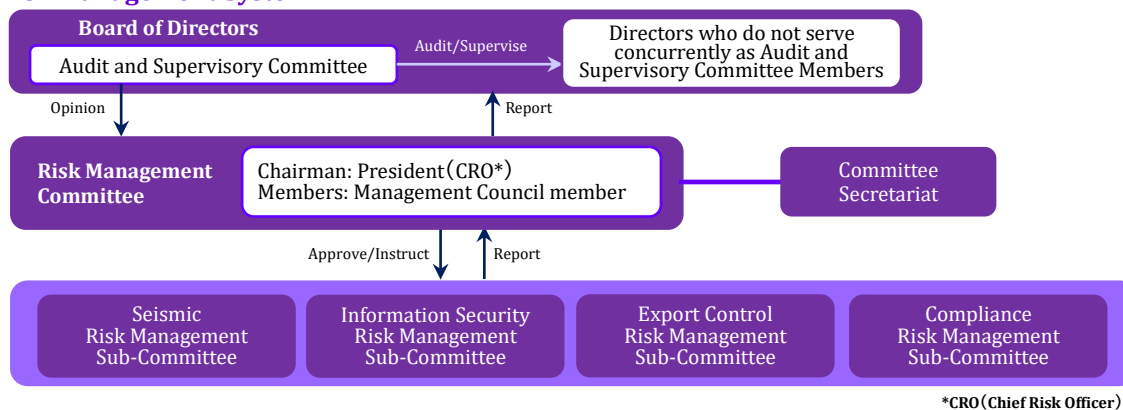
The company must be able to anticipate all the risks facing the business, conduct routine prevention activities, and prepare for and implement contingency measures in advance. The company has established "Risk Management Regulations" that combine both those daily prevention activities and emergency responses, defining the company's internal risk management system as shown in the figure below.

Basic Policy of Risk Management (Source: Risk Management Regulations)

To ensure the soundness of management and the reliability of corporate value, the company positions risk management as an important issue for management and implements the following matters.

1. Recognize various management risks, prevent the occurrence of crises, and take reasonable and appropriate measures in advance to minimize any damage caused by a crisis and any impact on society.
2. Establish a management policy for each risk and maintain a continuous management cycle with an organizational system.
3. In the event of a major incident, the company will do its utmost to fulfill our corporate social responsibility by preserving the company's assets and quickly recovering its business, putting people's safety first.

Risk Management System



Seismic Risk Management

Based in a region where Nankai trough earthquakes are predicted to occur, the "Earthquake Risk Task Force" is moving forward to respond to earthquake risks. The headquarters building is a base-isolation structure. The company is also reinforcing buildings and fastening all types of equipment, based on seismic diagnoses of other offices. In addition, Star is also strengthening measures in the software field, such as formulating and promoting a BCP (Business Continuity Plan). Furthermore, for the purpose of confirming the safety of our employees in the event of a major earthquake and ensuring the implementation of BCP, Star has introduced a "safety confirmation system" to prepare for rapid response in the event of an emergency.

Information Security Management

Media reports of information leaks and loss of personal information are more prevalent now; deficiencies in information security management are becoming a major trust issue. To ensure that the information and systems we possess are managed accurately and safely, Star has formulated an "Information Security Management Regulation" that defines a general security management policy for our information assets, and an "Information Security Risk Management Group," a sub-organization of the Risk Management Committee, is strengthening the security of our corporate systems to respond to the continually growing network risks.

Export Control Risk Management

The company has set up a security export-control system, and for the purpose of maintaining international peace and security, exports of controlled cargo (related materials and equipment that contribute to the development and manufacture of weapons, weapons of mass destruction, and the like, and general-purpose items related to conventional weapons), and related technologies are implemented based on the "Security Export-control Regulations." Also, Star works to deepen its employees' understanding by informing its employees of relevant information through basic training at the company-wide level and through the company's website.

Shareholder and Investor Relations

Disclosure Policy

In accordance with the timely disclosure rules established by the Tokyo Stock Exchange, Star has made timely and appropriate disclosures of information. Furthermore, even if the information does not fall under the timely disclosure rules, Star actively discloses the information that the company believes is useful to shareholders and investors to understand the company.

IR Activities

Star Micronics Co., Ltd. is proactively developing IR activities, including biannual financial results briefings for analysts and individual meetings with institutional investors. Additionally, to disclose timely and accurate management information, we have various tools in place, such as the “Annual Report (in English)” and “Annual Securities Report.” Particularly, we recognize that making disclosures on our official website is an important means of ensuring fair disclosures of information and promptly post such information in the Investor Information section of our website.

2023 Performance:

One-on-One Meetings: 145 times

Earnings Briefings: 2 sessions (with 74 participants)

General Meeting of Shareholders

In addition to company efforts for early sending of notices that a general meeting of shareholders will be held, and offering a pre-mailing disclosure on the company's homepage, Star strives fully to understand the content of proposals when exercising voting rights, such as responding to the exercising of voting rights on the Internet, participating in the electronic voting exercise platforms for institutional investors, and posting the English-language version of the summary of the notice of convening the general meeting on the Company website.

Shareholder Returns

Star has positioned the return of profits to shareholders as one of the company's important management measures, and the company's goal is to achieve a consolidated total return of more than 50%, including the acquisition of treasury shares.