



Sustainability Information

2024



Contents

1	About Us	About Us KEYENCE by the Numbers	6	Social	Respect for Human Rights Human Rights Initiatives Practicing Human Rights Due Diligence Creating a Fulfilling Workplace Human Resources Development KEYENCE FOUNDATION
2	Message	A Message from Our President	7	Governance	Basic Guideline of Corporate Governance Policy on Nomination and Dismissal of Candidates for the Board of Directors Directors' Compensation Building a Disciplined Organization Risk Management
3	Sustainability	Solving Social Issues Using Our Products Helping Reduce Energy and Resource Consumption in Factories Improving Productivity Enhancing Quality Ensuring Safety in the Workplace	8	Supply Chain Management	Our Efforts to Provide Products to Our Customers Procurement Guidelines Green Procurement Efforts toward Responsible Procurement of Minerals (Conflict Minerals) Supply Chain Management
4	Materiality	KEYENCE's Materiality Sustainable Creation of Added Value Product Supply Capacity Business Infrastructure A Rich Lineup of Innovative Products A Broad Customer Base Business Fields A Business Model That Creates High Added Value Global Support Further Expansion	9	Financial Information	Financial Information
5	Environment	Basic Ideal Reducing Our Environmental Impact Through Our Products Environmental Numerical Data Initiatives for Combatting Climate Change			

About Us

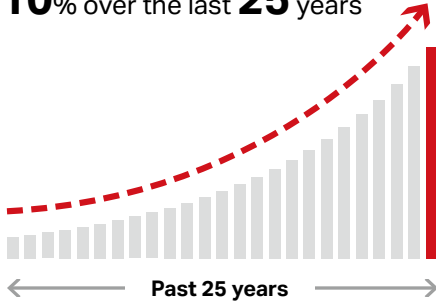
Company Name	KEYENCE CORPORATION
Founded	May 27, 1974
Capital	¥30,637,540,000
Stock Listing	Listed on the Tokyo Stock Exchange Prime Market
Representative	President: Yu Nakata
Consolidated Number of Employees	12,286 (as of March 2024)
Business Contents	Sensors, measurement systems, vision systems, control and measuring instruments, analysis equipment for research and development, business information equipment
Global Headquarters and Research Institute	1-3-14, Higashi-Nakajima, Higashi-Yodogawa-ku, Osaka, 533-8555, Japan



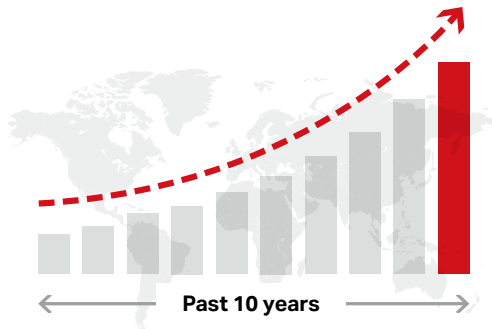
Global Headquarters and Research Institute
2000: Won the Outstanding Structure Award from the International Association for Bridge and Structural Engineering
1995: Won the Osaka Machinami Award from Osaka City

KEYENCE by the Numbers

An average growth rate of over **10%** over the last **25** years



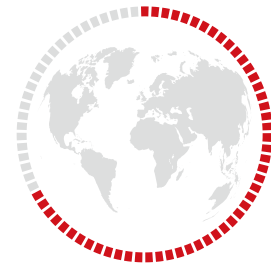
An average overseas growth rate of over **15%** over the last **10** years



Around **350,000** customers worldwide



Overseas business ratio of over **60%**



250 offices in **46** countries



Roughly **70%** of KEYENCE's new products are either world firsts or industry firsts



A Message from Our President

Contributing to Society by Creating Products with High Added Value

Since its founding, KEYENCE has pursued business efficiency together with the creation of added value, based on two concepts: ensuring the long-term success of the company, and achieving maximum added value with minimum capital.

To ensure the long-term success of the company, we believe that it is absolutely essential not only to develop products that are useful to society and that address the issues faced by our customers, but ultimately to be the kind of company that is supported by a society that includes our customers, employees, business partners, and shareholders.

Based on this way of thinking, we aim to achieve sustainable growth and a high level of profitability through the creation of products with a high level of added value and continuous contribution to society, while not only complying with laws and regulations but also showing care for the global environment by means such as reducing energy and resource consumption.

Future Expansions

A high-priority task for KEYENCE's management is the creation of products with a high level of added value.

By gaining a deep understanding of the current state of manufacturing, and predicting future trends, we can create products that offer unique value, solving problems that our customers could not have imagined.

Another major task is increasing our sales ratio outside Japan.

Our current overseas sales ratio frankly does not live up to our potential.

I firmly believe that, in overseas markets where there is significant room for growth, our direct sales business model has the potential to take hold and lead to a major expansion in sales.

All of our employees will continue working together, doing their utmost to provide the greatest possible added value for our customers and society.



Yu Nakata, President

KEYENCE's Sustainability

Solving Social Issues Using Our Products

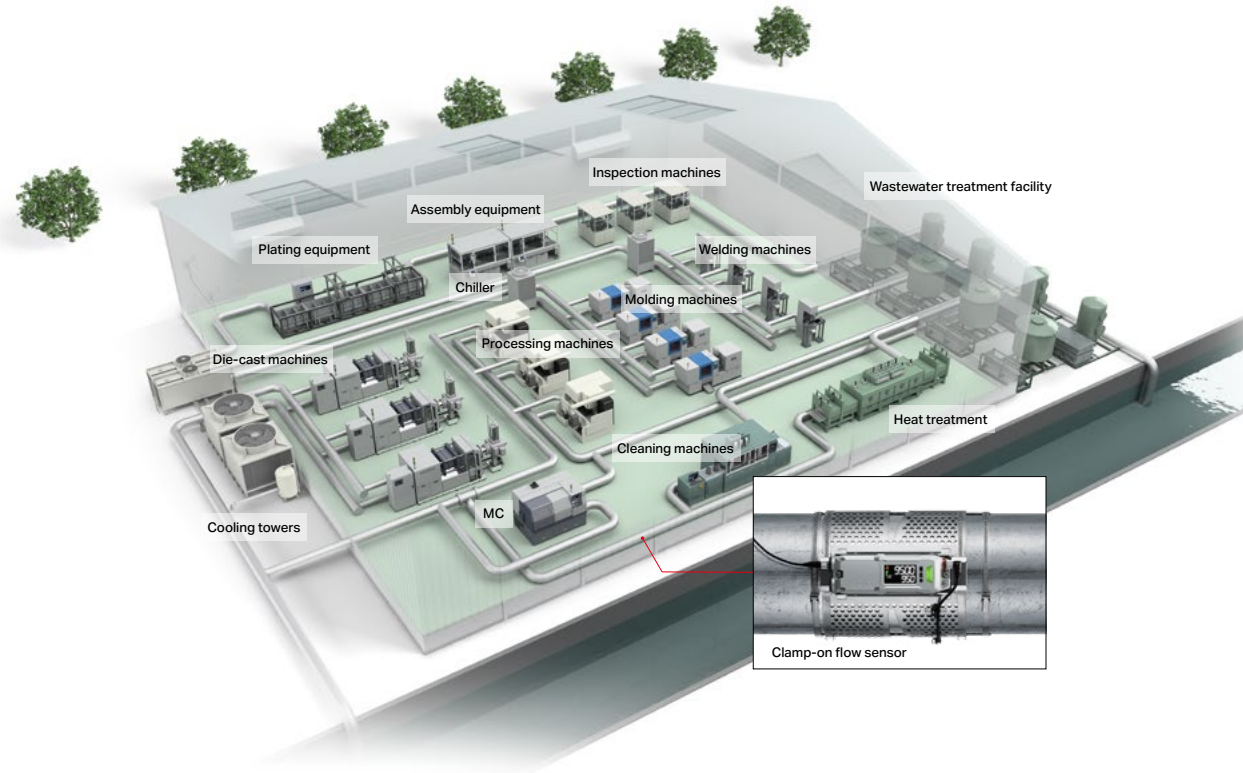
- Helping Reduce Energy and Resource Consumption in Factories
- Improving Productivity
- Enhancing Quality
- Ensuring Safety in the Workplace



Solving Social Issues Using Our Products

Helping Reduce Energy and Resource Consumption in Factories (1)

Environmental issues such as climate change are an urgent problem on a global scale, and year after year the need for measures to conserve energy and resources in factories is growing. KEYENCE, through our products, supports our customers' initiatives to conserve energy and resources.



Solving Social Issues Using Our Products

Helping Reduce Energy and Resource Consumption in Factories (2)

Various liquids and gases—including cutting water, cutting oil, coolant, hydraulic oil, argon gas for welding, air for air blow, and paint for coating—are used during production at factories. These fluids are conveyed through facilities using pumps, fans, and other equipment. The pumps, fans, and compressors that move these fluids use large amounts of electricity while running. Flow sensors play an important role in energy conservation by managing and recording the usage of fluids, so wasteful conveyance is kept to a minimum.



Clamp-on flow sensor for liquids



Clamp-on flow sensor for gases

Solving Social Issues Using Our Products

Helping Reduce Energy and Resource Consumption in Factories (3)

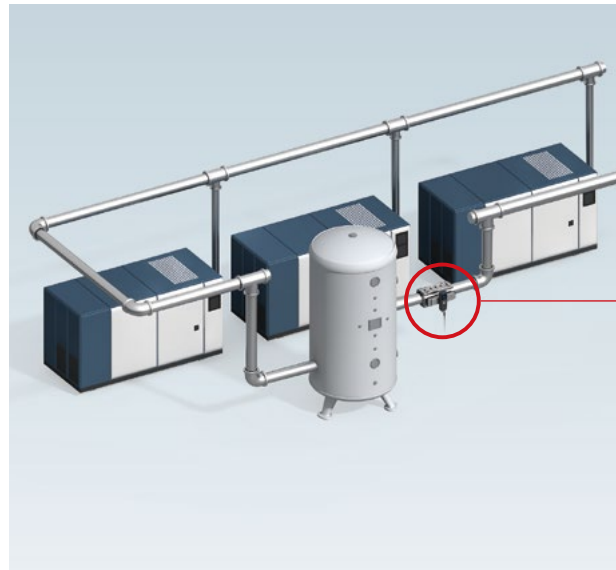
Saving Energy with Flow Sensors

In factories, compressed air is used for air tools, presses, spray guns, and air cylinders that power robots and machine tools. Compressors are used to produce this compressed air, which consume a large amount of electricity. These compressors, which are so important to the operation of factories, tend to leak large amounts of air, which is a major source of losses. Accurately managing the flow of compressed air is very important to prevent losses and save energy. Doing this allows for optimization of the amount of electricity used by the compressor, leading to reduced energy consumption.

Flow sensors allow for monitoring and visualization of the flow of compressed air. This means that air leaks can be detected, making them a highly effective and important part of energy-saving measures, such as lowering the pressure according to usage, using an inverter, or limiting the number of units.

Usage example: Managing use of compressed air

By determining the flow rate from the receiver tank, the amount of compressed air used throughout the factory can be measured.



World's First The multi-function display shows the status, even with just the main unit Conventional models



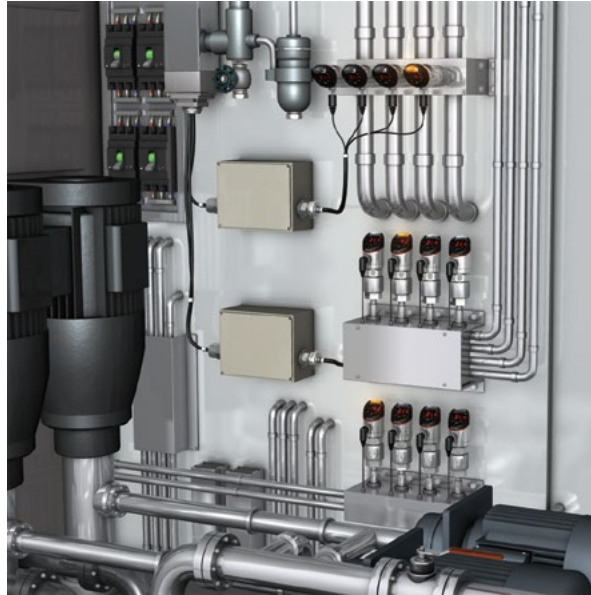
Solving Social Issues Using Our Products

Helping Reduce Energy and Resource Consumption in Factories (4)

Saving Energy with Pressure Sensors

Many machine tools use hydraulic cylinders and hydraulic valves. Oil is used not just to run machines, but also for cleaning and cooling. Conventional tools frequently suffer from insufficient hydraulic management of these processes. When considering energy conservation, it is very important to manage hydraulic pressure and keep unnecessary pressure application to a minimum. The most effective way to accomplish hydraulic management is by using oil pressure sensors. By managing oil pressure at all times, changes can be monitored, and deterioration and leaks of hydraulic oil can be detected easily.

Hydraulic management of machine tools



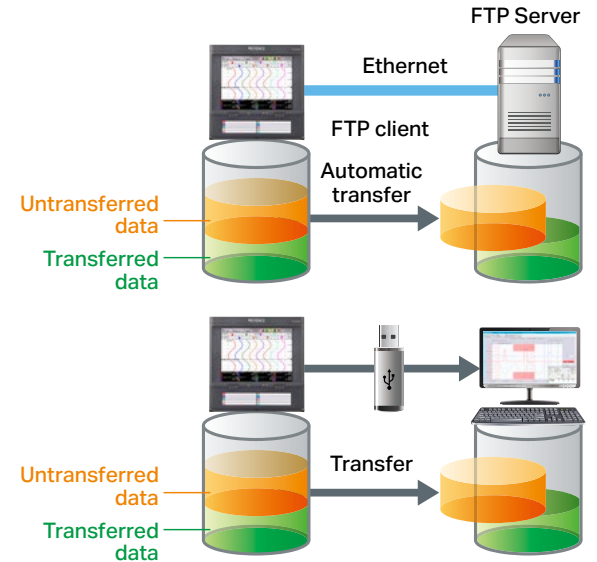
Solving Social Issues Using Our Products

Helping Reduce Energy and Resource Consumption in Factories (5)

Energy-Saving Measures Based on Visualization of Management Values

To implement energy-saving measures in the manufacturing industry, data must be acquired with devices like flow and pressure sensors, which can then be used to visualize how much energy is being used, where it is used, and in what process. The PDCA (Plan-Do-Check-Act) cycle is used to study energy-saving measures based on an understanding of energy use, and to repeat the process of implementation and improvement to continuously improve practical energy-saving measures.

A touch panel recorder that can be connected to a machine tool hydraulic control PC, PLC, or data server

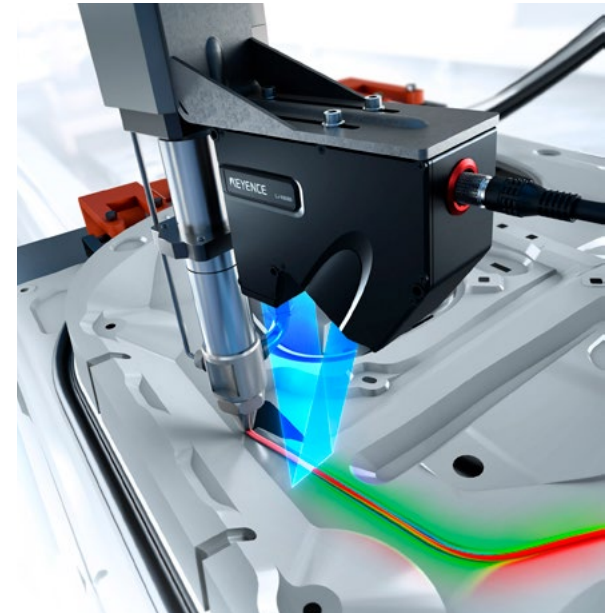
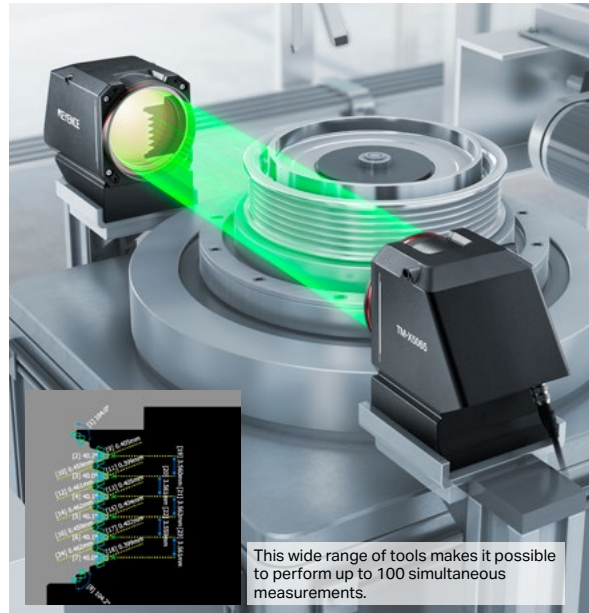


Solving Social Issues Using Our Products

Improving Productivity

Against a backdrop of labor shortages and other social issues, manufacturers are pursuing automation and streamlining as a means to increase productivity. KEYENCE is helping to reduce production time and improve throughput by proposing products and applications that lead to improved manufacturing efficiency.

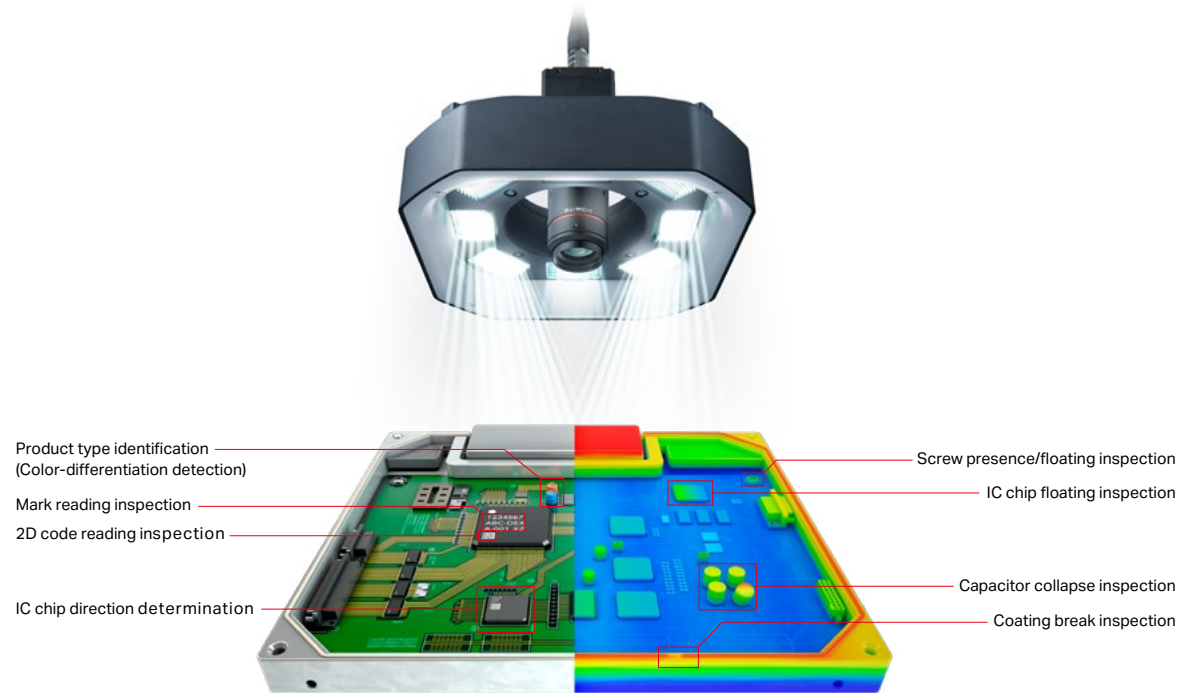
The optical-axis alignment function allows for easy installation.



Solving Social Issues Using Our Products

Enhancing Quality

As the sophistication and miniaturization of products increase thanks to technological innovation, advancements in manufacturing must keep pace. Consumers demand ever higher quality year after year, and a defective product can severely harm a company's brand image and reduce profitability. KEYENCE helps solve the problems these advanced manufacturing sites must grapple with.



Solving Social Issues Using Our Products

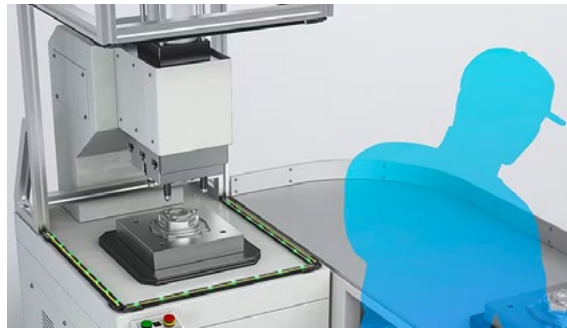
Ensuring Safety in the Workplace (1)

KEYENCE creates products that help ensure safety at manufacturing sites. Specifically, we are promoting the improvement of on-site safety by developing safety equipment that ensures that workers are safe from hazardous elements such as machinery and robots while maintaining a high level of productivity.

SZ-V Series Safety Laser Scanner



GL Series Safety Light Curtain



Solving Social Issues Using Our Products

Ensuring Safety in the Workplace (2)

Safety measures are required in Japan when handling ink and solvents that use organic solvents and alcohols. A risk assessment must be performed to check the harmfulness of ink and solvents when using an industrial inkjet printer. KEYENCE inkjet printers are equipped with various features to prevent health risks.

In the past, separate equipment was required to safely perform maintenance.



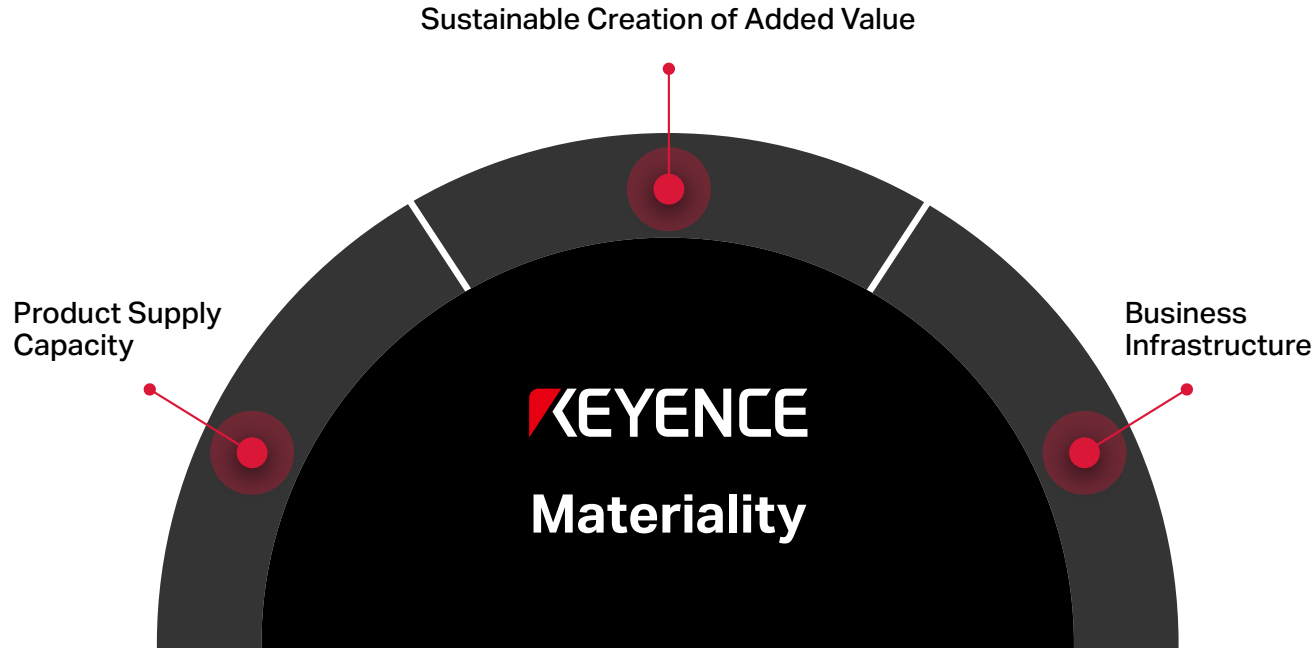
Anyone can perform maintenance of the MK-G Series safely.



Materiality

- KEYENCE's Materiality
- Sustainable Creation of Added Value
- Product Supply Capacity
- Business Infrastructure
- A Rich Lineup of Innovative Products
- A Broad Customer Base
- Business Fields
- A Business Model That Creates High Added Value
- Global Support
- Further Expansion

KEYENCE's Materiality



● Sustainable Creation of Added Value

1. Planning and Development Proficiency
2. Customer Proposal Skills

● Product Supply Capacity

3. Global Same-Day Shipping System
4. Supply Chain Management

● Business Infrastructure

5. Risk Management, Corporate Governance, and Compliance
6. Efforts for Global Environmental Protection

Sustainable Creation of Added Value

1. Planning and Development Proficiency

Contributing to customer automation, quality improvement, better R&D efficiency, and higher productivity

Ensuring the lasting survival of the company has been a core management philosophy since the founding of KEYENCE. To ensure lasting survival, a company must both contribute to and be supported by society. It is our mission to accurately grasp the various potential needs at customer sites and deliver solutions through our products. To continue creating novel values is our social contribution, which we believe, will lead to a sustainable creation of added value.

Continuous creation and provision of high-added value products that contribute to solving problems in the world

We accurately identify the potential needs and problems of our customers through direct sales, and using that information we plan and develop world-first and industry-first products, not for specific fields or as custom-made products, but as standard products that are used in a wide range of fields and industries.

2. Customer Proposal Skills

Understanding potential customer needs and making problem-solving proposals for customer sites

In order to present customers with unique products that are world or industry firsts, it is critical that our sales personnel have a deep understanding of the products and applications. Thanks to our system that uses direct sales rather than distributors, our salespeople can propose appropriate and ready-to-implement solutions using our products, based on a direct awareness of the problems and needs of each customer. And building awareness of each customer's potential needs leads to the development of the next innovative product.

Stepping up the Global Direct Sales system

At KEYENCE, we recognize increasing our sales ratio outside Japan as one of our business challenges. Frankly, our current overseas sales ratio does not live up to our potential. We firmly believe that, in overseas markets where there is significant room for growth, our direct sales business model has the potential to take hold and lead to a major expansion in sales.

Product Supply Capacity

3. Global Same-Day Shipping System

Our products are shipped the day they are ordered around the world. This means that our customers don't need to keep extra stock—they can get what they need in their preferred volume when they need it. Customers can select the optimal product without worrying about different delivery dates for individual products, so they have more time to consider specifications.

4. Supply Chain Management

In order to achieve lasting promotion of added value as a company, it is critical to provide a workplace where people respect each other's humanity and have a real sense of fulfillment in their work. Guided by this principle, at KEYENCE we have emphasized the creation of a workplace environment where it is easy to work, both physically and mentally. We have a strong awareness of the importance of conducting business activities with not only legal compliance but also the highest of ethical standards, while paying attention to human rights issues and other challenges that arise with globalization. Based on this awareness, we have implemented a Group-wide Code of Conduct that mandates respect for human rights, such as by eliminating discrimination, child labor, and forced labor. We will continue our efforts for human rights issues in the value chain.

Business Infrastructure

5. Risk Management, Corporate Governance, and Compliance

Only a sound business foundation that supports continued growth will create greater added value. We will build a corporate governance system in which decision-making (execution) and supervision functions work soundly, and further strengthen our risk management and compliance systems to promote business activities based on high ethical standards.

6. Efforts for Global Environmental Protection

To ensure the lasting survival of the company, we believe that it is absolutely essential not only to develop products that are useful to society and that address the issues faced by our customers, but ultimately to be the kind of company that is supported by a society that includes our customers, employees, business partners, and shareholders. We aim to achieve sustainable growth and a high level of profitability through the creation of products with high levels of added value and continuous contribution to society, while not only complying with laws and regulations but also showing care for the global environment by means such as reducing energy and resource consumption.

A Rich Lineup of Innovative Products

One-Stop Product Lineup for Total Support

KEYENCE plans and develops products that are indispensable for manufacturing, and provides proposal-type direct sales to offer the best products to meet each customer's particular needs. This range of products includes a variety of factory automation sensors such as general-use sensors and displacement sensors, measurement systems, PLCs, barcode readers, laser markers, digital microscopes, and 3D printers. Our capability to be a single supplier that can solve a variety of issues is one of the core reasons that KEYENCE is many manufacturers' first choice.



A Broad Customer Base

A Range of Products Used in a Wide Variety of Applications

At KEYENCE, we plan and develop our products based on a grasp of not only the current needs of our customers but their potential future needs as well, so that they can be utilized in a wide range of industries all over the world. By proposing the optimal product application for your industry—whether that industry be automobiles, semiconductors, LCDs, electronic devices, IT equipment, information and telecommunications, steel and other metals, food, medicine, or logistics—we have created a business environment that is not bound by the trends in specific industries or customers. Today, KEYENCE's products are used by more than 300,000 companies around the globe.



Business Fields

Total Support, from R&D to Retail

KEYENCE develops leading-edge products that support our customers' technological innovation, which in turn leads to innovation in manufacturing itself. Our business fields cover all processes, from R&D to manufacturing, assembly, inspection, and logistics.

Research and Development

KEYENCE's products contribute to a wide range of research and development fields—including regenerative medicine applications such as iPS cell analysis—as well as scientific and technological applications such as aerospace manufacturing. These accomplishments are in addition to KEYENCE's contribution to conventional applications in manufacturing R&D.



Factory Automation

We are currently living through the so-called Fourth Industrial Revolution, and the emergence of smart factories is accelerating around the globe. Sensors and measuring instruments play an absolutely vital and ever expanding role in automation and data collection in these facilities. Our rich array of products can contribute to manufacturing by handling applications in a wide range of industrial fields.



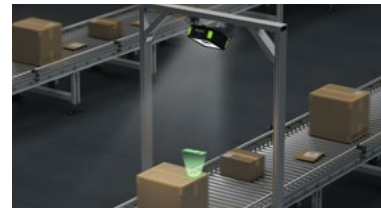
Retail

Keeping track of things like inventory and order quantity at retail stores is critical to improving work efficiency and reducing losses. By improving usability and reading performance, we are contributing to work efficiency.



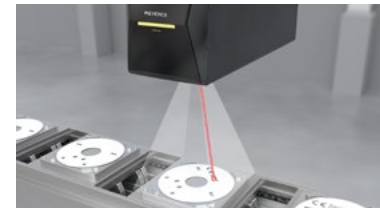
Logistics

With the growing ubiquity of e-commerce and IT, the volume of physical distribution is ever increasing. To meet diverse consumer demand, automated transfer systems, robots, and other methods are being used to construct more efficient logistics systems.



Traceability

KEYENCE products can help implement stringent product management—from raw material procurement to production and shipping—to contribute to the creation of safe, reliable products that bear clear identification of when, where, and by whom they were manufactured.



Quality Management

Manufacturing sites demand production that is both high quality and efficient. With impressive inspection accuracy and processing speeds beyond the limitations of the human eye, KEYENCE products contribute to achieving the highest quality.



A Business Model That Creates High Added Value

The Capacity to Plan and Develop Products That Are Industry and World Firsts

Roughly 70% of KEYENCE's new products are either world firsts or industry firsts.

We accurately identify the potential needs and problems of our customers through direct sales, and using that information we plan and develop world-first and industry-first products, not for specific fields or as custom-made products, but as standard products that are used in a wide range of fields and industries. Instead of commercializing exactly what the customer wants, we determine their unnoticed, latent needs and develop the kind of innovative products that they could not have imagined. This is the source of KEYENCE's high level of added value.



A Business Model That Creates High Added Value

Case Studies: KEYENCE Products Providing New Value to Solve Customer Problems (1)

Case.1

High Accuracy Automated Colony Counter

BC-1000 Series



Before

✗ Conventional problems

Challenges with manually counting colonies

- Time-consuming
High number of colonies means counting takes longer.
Ensuring accuracy means increasing the number of inspections.

- Variations in inspection results
Errors arise due to differences in skill level.

Challenges with automatically counting colonies

- Difficult to set up
Highly trained and experienced operators are required.

After

✓ Solution

Solutions with the BC-1000 Series

- Accurate counts in as little as 1 second
Even large amounts of colonies can be instantly counted.
Accurate and repeatable inspections are possible.
- Reliable inspection results
Results are consistent and do not vary between users.
- Easy to use
Simple "place-and-press" instant counting.

A Business Model That Creates High Added Value

Case Studies: KEYENCE Products Providing New Value to Solve Customer Problems (2)

Case.2

UV Laser Coder

FP-1000 Series



Before

✗ Conventional problems

Faint marks

Conventional ink-based systems transfer ink onto film surfaces. And there is a risk of blurred marking depending on the compatibility with the packaging material or the surface condition.

Down time and replacement costs

Down time and costs due to replacement of ink ribbons or thermal heads are required.

After

✓ Solution

Marking that doesn't fade

With a UV laser, marking is performed by coloring the film, and the mark is not affected by alcohol, oil, powder, water, or other substances on the surface of the film, creating marking that doesn't fade.

No down time

Since downtime that occurs with conventional thermal printers (such as when replacing ink ribbons or thermal heads) is eliminated, more products can be produced in the same amount of time.

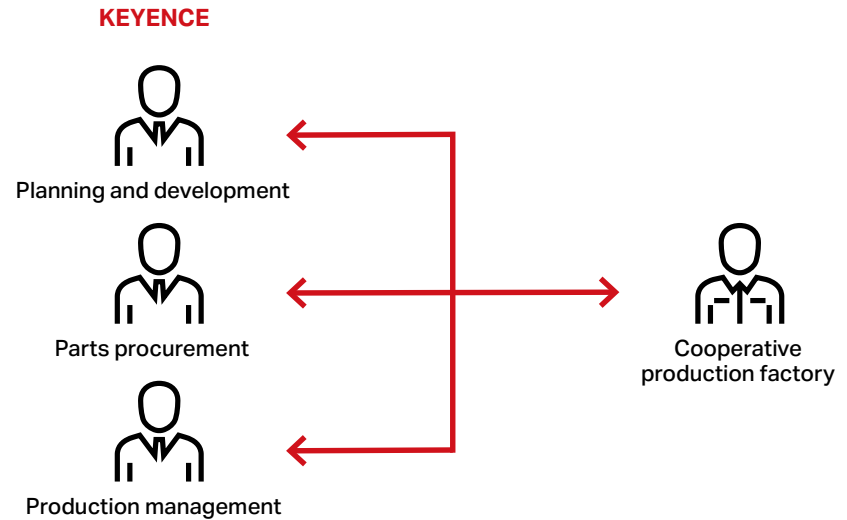
No consumables

With UV laser printers, there is no need to replace the ink ribbon and marking does not easily fade away, so disposal costs can be significantly reduced.

A Business Model That Creates High Added Value

Fables Production

Rather than doing production in-house, we outsource to partner companies both in Japan and abroad. This means that we can control capital investment and select plants with the optimal equipment and technology according to each product's characteristics. The KEYENCE department in charge procures the materials required for product planning, development, design, and production, and the production technology, production planning, and quality control departments are deeply involved in the production of products to build systems for mass-producing quality products while accumulating knowledge and technology related to their production in-house.



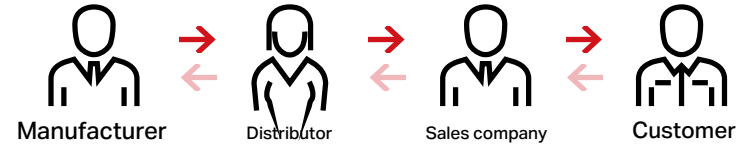
A Business Model That Creates High Added Value

Direct Sales

In order to present customers with unique products that are world or industry firsts, it is critical that sales personnel have a deep understanding of the products and applications. Thanks to our system that uses direct sales rather than distributors, our salespeople can propose appropriate and ready-to-implement solutions using our products, based on a direct awareness of the problems and needs of the customer. And by building awareness of each customer's potential needs, this can lead to the development of the next innovative product. Even for cross-border projects, our system, with sales representatives at 250 offices in 46 countries, makes it possible for us to provide global support for customers' manufacturing.

Conventional sales

Sales are made through distributors and sales companies, so it is difficult to gain a true understanding of customers' actual problems.



KEYENCE's direct sales

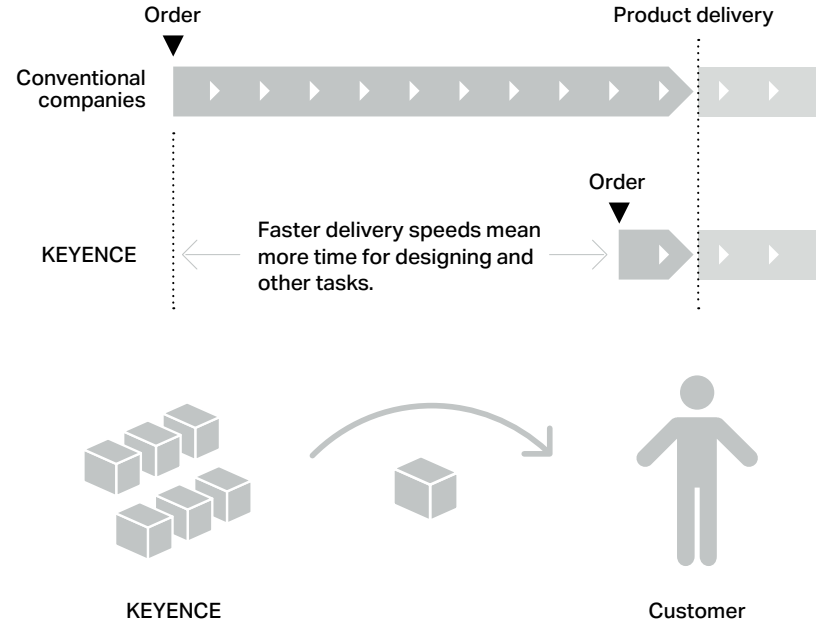
The direct sales system allows direct understanding of the problems of the customer, and proposal of the optimal solutions.



A Business Model That Creates High Added Value

Same-Day Shipping

We offer same-day shipping on our products, worldwide. This means that our customers don't need to prepare extra stock to have what they need on hand, in the volume they need, when they need it. Customers can select the optimal product without worrying about different delivery dates for individual products, so they have more time to consider specifications. Roughly 70% of new products are world-first or industry-first, and our global direct sales allow us to accurately identify the potential needs of our customers, which enables the planning and development of products that become standard use in a wide range of industries. The fact that we don't perform build-to-order manufacturing is another factor that allows us to offer same-day shipping.



Global Support

Providing the Same Direct Support All over the World

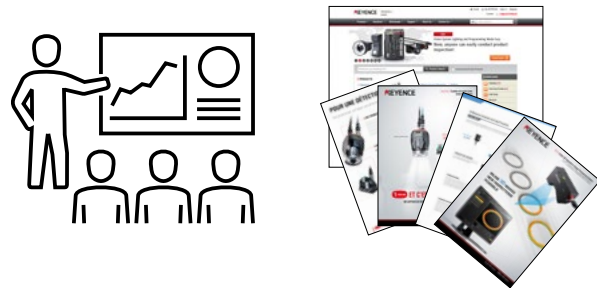
We believe that, in order to support global manufacturing, it is important to become a borderless company. To this end we have developed a system that allows us to provide high-quality service and support all over the world.



Global Support

Training Programs for Local Staff

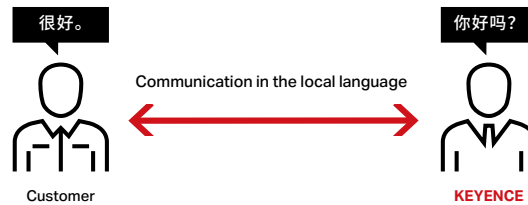
KEYENCE holds technical training seminars on the use of sensors, measurement instruments, and other topics for the local staff of our customers. By providing technical support based on the circumstances in each country, we deepen our connection to our customers.



We also have a wide range of manuals and technical guides translated into local languages.

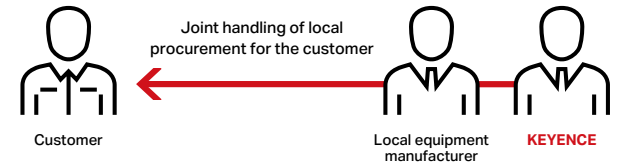
Communication Handled by Local Staff

KEYENCE provides its local sales personnel overseas with the same level of technical training as in Japan. We perform sales activities that are rooted locally in each country.



Collaboration with Local Equipment Manufacturers

For companies engaged in global manufacturing, a major challenge is local procurement of equipment and parts. At KEYENCE, we provide a service that introduces local manufacturers of various types of equipment. This supports the smooth installation of equipment, no matter where the site is located.



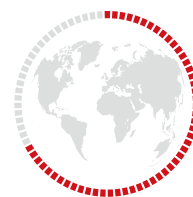
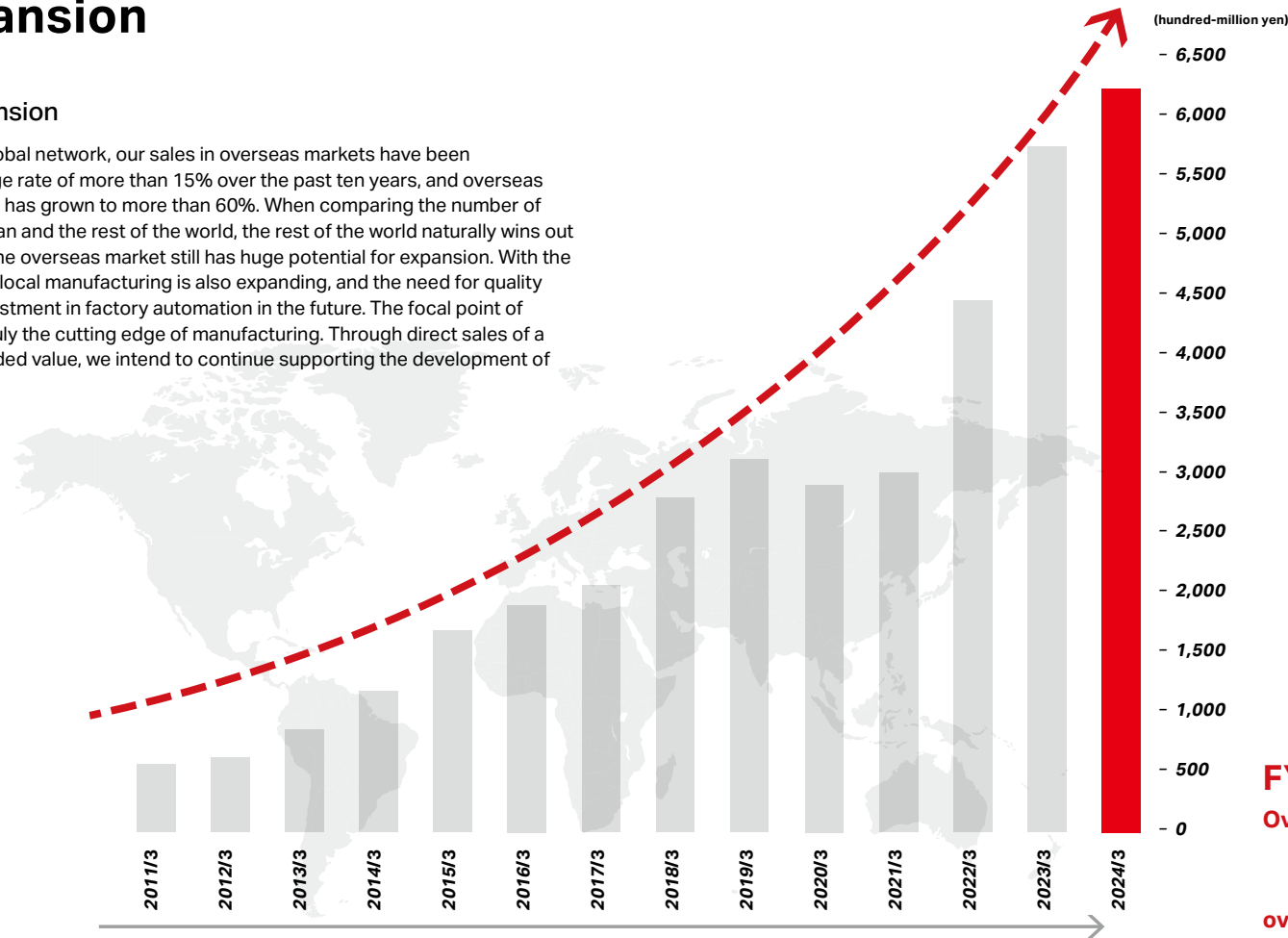
Further Expansion

Accelerated Global Expansion

Thanks to the expansion of our global network, our sales in overseas markets have been continuously growing at an average rate of more than 15% over the past ten years, and overseas markets' share of our overall sales has grown to more than 60%. When comparing the number of manufacturing sites between Japan and the rest of the world, the rest of the world naturally wins out by an incredibly large margin, so the overseas market still has huge potential for expansion. With the growth of developing economies, local manufacturing is also expanding, and the need for quality and safety will lead to greater investment in factory automation in the future. The focal point of KEYENCE's business domain is truly the cutting edge of manufacturing. Through direct sales of a line of products that have high added value, we intend to continue supporting the development of manufacturing the world over.



FY2011 ending March
Overseas sales ratio
over **30%**



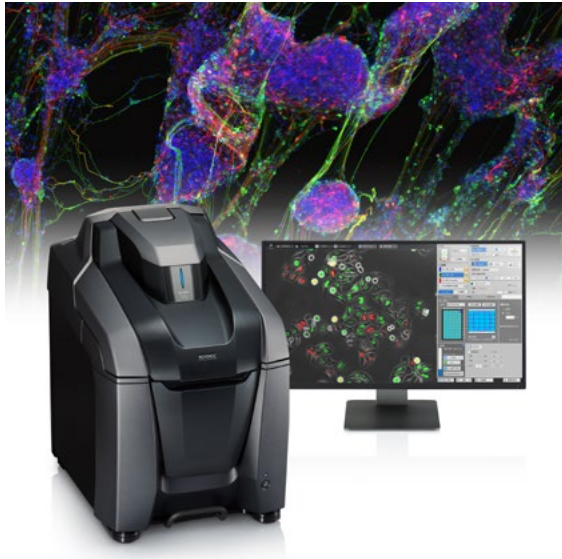
FY2024 ending March
Overseas sales ratio
over **60%**

Further Expansion

Expansion of Business Fields

KEYENCE has utilized know-how and development strength cultivated in the factory automation market to expand our business in R&D, logistics, retail, and other fields. Going forward, we hope to develop more novel products to open up new markets, and to change the way the world works.

An all-in-one fluorescence microscope that contributes to research in biochemistry and medicine



A code reader that contributes to improved productivity at distribution centers



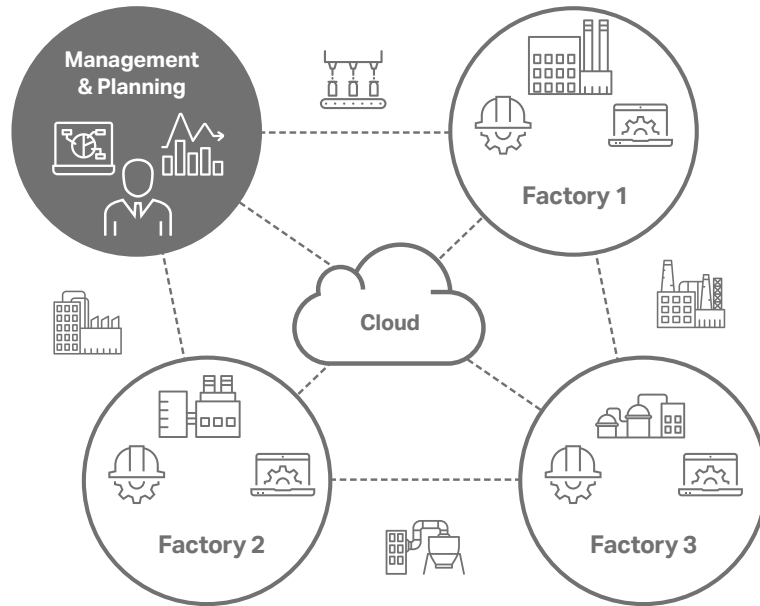
Handheld computers improve efficiency in any situation



Further Expansion

Accelerating Advances in Manufacturing

In addition to improving productivity and product quality at manufacturing sites, technological innovation is bringing about a variety of other reforms. Manufacturing is truly evolving on a global scale, whether it is electrification in the automotive industry, greater sophistication in smartphones, or the digital transformation (DX) that digital technology has promoted at production sites. By producing innovative products that predict potential needs, we are supporting the evolution of manufacturing.



DX is expected to massively improve productivity in the manufacturing industry going forward. Data utilization at factories starts with the connection of sensors and other devices to networks and collection of data. With the wide range of products KEYENCE offers, we will continue to contribute to the evolution of manufacturing sites brought about by the digital revolution.



Environment

- Basic Ideal
- Reducing Our Environmental Impact Through Our Products
- Environmental Numerical Data
- Initiatives for Combatting Climate Change

Basic Ideal

We recognize that global climate change prevention and environmental preservation are of paramount importance to our planet, and we consistently act with consideration toward the preservation and improvement of the global environment in all areas of our corporate activities.

Environmental Policy

Based on the following policy, we are making efforts to reduce our environmental impact through the development, manufacture, and sales of automatic control equipment, measurement equipment, information equipment and related electronic application equipment, optoelectronic equipment, and systems for these.

1. We will make an effort to protect the environment by complying with environmental laws and regulations, as well as other requirements recognized by the company, and by establishing voluntary management standards.
2. To reduce our environmental impact, we will establish and maintain an environmental management system, make continuous improvements, and promote the prevention of environmental pollution.
3. We will focus our efforts on the following environmental impact items related to our activities, products, and services.
 - Establish and maintain a chemical substance management system that includes eliminating and preventing the use of harmful chemical substances in consideration of globalization.
 - Establish and promote a system for the management of electricity consumption, in order to curb/reduce our carbon footprint.
 - Promote efforts to reduce waste, save energy, and recycle to make more effective use of resources.
 - Promote the design and development of products that are mindful of environmental burden reduction activities on the part of our customers.
 - Promote activities that are mindful of biodiversity.



Environmental Management System

We have constructed and are operating an environmental management system in accordance with the ISO 14001 international standard for environmental management. By doing so, we are promoting sustainable improvement of our environmental conservation measures such as a reduction of our environmental impact. Under the leadership of the president, who is responsible for our company-wide environmental management system, the environmental departments, in coordination with other relevant parties such as the various divisions of KEYENCE and our trading partners, are proactively striving to achieve our environmental goals, by means such as setting environmental tasks from product planning to development, production, shipping, and repair.

Internal Environmental Audits

We have established an environmental management system, overseen by the president, in accordance with the ISO 14001 international standard. In addition to periodic audits by ISO certification bodies, we also implement regular internal audits. This is done to confirm that the environmental management system is maintained effectively and is in compliance with the relevant laws, as well as to implement continuous improvements to the management system and our environmental performance.



ISO14001

Reducing Our Environmental Impact Through Our Products

Contributing to Global Environmental Conservation

KEYENCE contributes to the environment not only by creating products with the environment in mind, but also by reducing environmental impact at locations where customers use our products, as well as in society as a whole where our customers use these products and services. That is what KEYENCE means when we say environmental contribution. We create high-added-value products with a minimal input of energy and resources, contributing to improved productivity and reduced environmental impact at manufacturing sites. Our constant pursuit of greater added value will lead to environmental contributions.



Vision System with Built-in AI
VS Series

KEYENCE's Environmental Contribution

Climate change measures

- Reducing our carbon footprint and saving energy

Global environmental protection

- Reducing hazardous substances and achieving zero emissions

- Environmental contributions using our products
- Reducing our environmental impact during manufacturing

Further contribute to reducing costs and improving profit for customers

Reducing Our Environmental Impact Through Our Products

Developing Products with Low Environmental Impact

Smaller

– Reduction of parts used –



Photoelectric Sensor PR Series

By using our own hybrid construction, we have increased shock resistance by five times while reducing the size by 81% over conventional models.

The result is a photoelectric sensor that is the smallest in its class with significantly improved sensor functionality.

Stronger

– Using longer lasting materials –



Safety Light Curtain GL-R Series

We achieved an overall durable design that minimizes the need for replacement parts in response to damage. In addition to protecting the optical surface, which is subject to the most damage, the design uses a twin bumper construction to protect the display, achieving a robustness with high shock resistance even for the mounting bracket.

More efficient

– Using less energy –



Handheld Mobile Computer BT Series

Using a battery degradation control algorithm extends battery life.

The battery degradation control algorithm improves battery life drastically, resulting in less-frequent battery replacement.

Reducing Our Environmental Impact Through Our Products

Products That Assist in Efforts Toward the Reduction of CO₂

We are contributing to CO₂ reduction activities through our products.

From entire facilities to individual devices:
Easy monitoring of energy usage to achieve energy savings throughout factories

Gas flow meter that requires no pipe modification



Clamp-on Gas Flow Meter
FD-G Series

Flow rate

Visualizing equipment energy consumption to reduce energy use



Energy-saving Unit
MP-F Series

Flow rate Pressure Electric power Temperature Humidity

First-in-class! Clamp-on sensor easily visualizes air flows



Ultra-compact flow sensor for gases
FD-E Series

Flow rate Pressure

Visualizing leaks in factory pipes

Easy clamp-on installation on pipe sizes up to 200 A

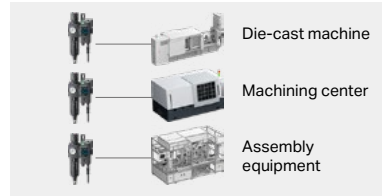


Total amount of compressed air used

Compressor discharge amount

Energy saving achieved by just installing the unit

Shutoff valve reduces wasted air



Die-cast machine

Machining center

Assembly equipment

Optimizing the amount of air used at system terminals

No clogging or pressure loss



NG removal

welding

Reducing Our Environmental Impact Through Our Products

Products That Contribute to Reduction of Waste and Energy Savings in Marking Processes

FP-1000 Series UV Laser Coder,
a product that changes common conceptions about packaging marking



Best before

20XX.09.21
+A01/M8

No faded marking

Marking that isn't affected by water, oil, or powder on the surface and is resistant to rubbing with alcohol.



No downtime

KEYENCE's UV laser coder eliminates downtime for replacing ink ribbons and thermal heads.



No consumables

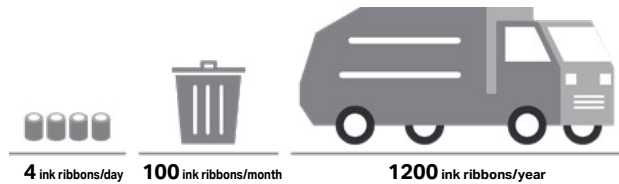
Say goodbye to costly consumables, maintenance, and inspections.

Eliminating CO₂ Emissions from Ink Ribbon Disposal

Because conventional thermal printers use ink ribbons, CO₂ is emitted when disposing of used ink ribbons. UV laser coders do not use ink ribbons, so these conventional CO₂ emissions are eliminated.

Disposal loss simulation

Assume that 4 ink ribbons are replaced each day at a factory that operates for 25 days each month. The result is that 1200 ink ribbons must be disposed of each year. If 1 ink ribbon weighs 500 grams (17.65 oz), 1200 ink ribbons will weigh 600 kilograms (1322.76 lb), which converts to approximately 1.2 tons of CO₂ emissions during the disposal of these ribbons. UV laser coders do not use ink ribbons, so these conventional CO₂ emissions are eliminated.



Using UV laser coders eliminates approximately 1.2 tons of CO₂ emissions stemming from ink ribbon disposal.

*These are representative values.

Reducing Our Environmental Impact Through Our Products

Management of Chemical Substances Contained in Products

More and more regulations are being applied to the chemical substances contained in electrical and electronic products around the globe.

KEYENCE promotes green procurement of components and materials that we use in our products while sharing the various standards related to chemical substances in products with our suppliers. We are also working to fully comply with the various national and regional regulations on chemical substances as represented by the RoHS Directive and REACH regulation in the EU.

Efforts to Provide Safe Products

Ensuring product safety is the premise to advocating quality improvement. We are working to further reduce risk during product design, development and manufacturing while complying with laws and regulations on product safety.

Efforts Regarding the EU's RoHS Directive

In order to contribute to both the health of the human race and the conservation of our global environment, we are working to eliminate heavy metals and other harmful substances from our products. We are also continuously working for compliance with the RoHS Directive, the most prominent of the regulations on chemical substances contained in products.

RoHS Directive (2011/65/EU)

Electrical and electronic equipment placed on the EU market must not contain restricted substances under the RoHS Directive.

Restricted substances under the RoHS Directive

Lead, Mercury, Cadmium, Hexavalent chromium, Polybrominated biphenyls, Polybrominated diphenyl ethers, Bis(2-ethylhexyl) phthalate*¹, Butyl benzyl phthalate*¹, Dibutyl phthalate*¹, Diisobutyl phthalate*¹

*¹ The specific phthalates which added by (EU) 2015/863. Most KEYENCE products are subject to the regulation from July 22, 2021.

Reducing Our Environmental Impact Through Our Products

Reducing Our Environmental Impact Through Business Activities

● Efforts Toward Collection and Recycling

Paper recycling

We also conduct thorough collection and management of paper materials. In addition to efforts to digitize application forms that used paper in the past, we have installed recycling containers on each floor of our office. Paper is collected by a used paper company for delivery to a paper manufacturer. Through this recycling process, the paper can be reused for the production of cardboard boxes and other products.

● Replacing AC Equipment with High-Efficiency Equivalents

By switching to energy-saving air conditioner models with lower power consumption and compact models that use less resources, KEYENCE is employing environmentally friendly technology that will reduce its carbon footprint.

● Efforts Toward the Reduction of Waste at Distribution Locations

In the past, because packaging boxes were prepared for each product size, it was necessary to use cushioning material to fill the extra space. Through the use of automatic packaging equipment, we have cut down on the wasted space inside packaging. This has allowed us to reduce the amount of cushioning material that is required. It also contributes to the unification of packaging and allows us to run facilities with a smaller investment of resources and space.

● Efforts Toward the Reduction of CO₂

Switching to LED lighting

As part of our efforts to reduce our environmental impact, we are reducing our carbon footprint by switching to LED lighting at our head office building and all distribution locations. LED lighting reduces carbon dioxide emissions by approximately 64% compared to conventional lighting.

● Adoption of Environmentally Friendly Vehicles

To further reduce its environmental impact, KEYENCE is gradually changing its fleet of commercial vehicles in Japan to environmentally friendly models.

● Acquisition of ISO 9001/14001 Certification

KEYENCE has acquired ISO 9001/14001 certification for its efforts to contribute to the environment through business activities and products.



ISO9001

ISO14001

Environmental Numerical Data

We are consciously working to create maximum added value with minimum environmental load.

Greenhouse gas (GHG) emissions	2017 / 3 (Standard Year)	2021 / 3	2022 / 3	2023 / 3	2024 / 3
Scope1.2 (t-CO ₂)*1	4,225	3,268	4,000	3,791	3,330
Gross profit per 1 t (10-thousand yen)	7,890	13,493	15,530	19,909	24,097
Scope3 (t-CO ₂)*2	-	-	1,278,948	1,545,190	1,239,243

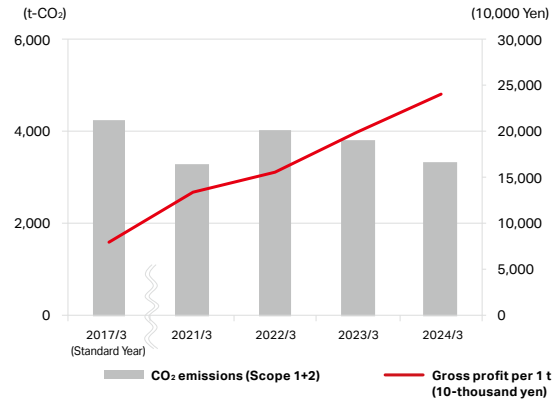
	2020 / 3	2021 / 3	2022 / 3	2023 / 3	2024 / 3
Water consumption (m ³)*1	26,052	24,364	25,835	27,174	27,688
Gross profit per 1m ³ (10-thousand yen)	1,280	1,810	2,404	2,777	2,898
Electricity consumption (MWh)*1	8,005	7,610	7,910	8,076	8,214
Gross profit per 1 MWh (10-thousand yen)	4,164	5,793	7,853	9,346	9,770
Industrial waste (t)*1	113	136	152	170	143
Gross profit per 1 t (1 million yen)	2,952	3,237	4,084	4,429	5,610

*1) Subjects of calculation: KEYENCE Head Office, Quality Lab, Takatsuki Logistics Center, Production Control Center, and Takatsuki Office

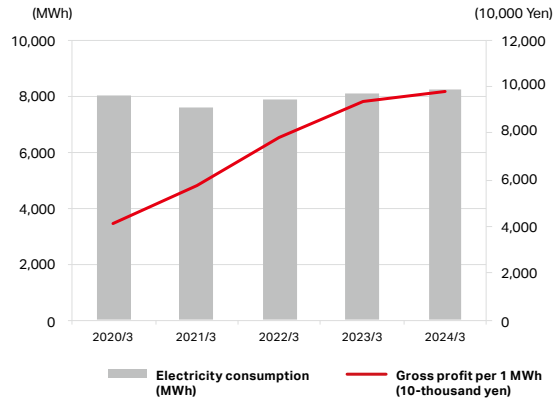
*2) Subjects of calculation: KEYENCE stand-alone activities in Japan

Environmental Numerical Data

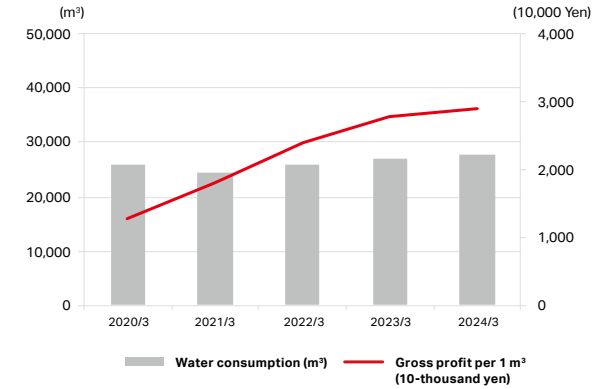
CO₂ emissions



Electricity consumption



Water consumption



Industrial waste



Initiatives for Combatting Climate Change

Through careful consideration of the risks and opportunities climate change poses to operations, and in line with the final TCFD report, KEYENCE will continue sharing relevant information based on four topics: Governance, Strategy, Risk management, and Indicators and targets.

Strategy

At KEYENCE, our business goal is to use products to solve the various challenges facing the manufacturing field. Going forward, the nature of manufacturing will continue to change dramatically. To address these changes and the accelerated evolution of the industry, we define our social contribution through continuous creation of new value the likes of which have never been offered before. Through our business activities and products, KEYENCE is dedicated to the fulfillment of our social responsibilities, particularly environmental conservation. In addition to reducing the environmental impact of KEYENCE products—including through reducing product size and promoting energy savings—we will continue to promote measures to prevent climate change and to preserve the global environment by helping our customers to reduce their environmental impact through our products.

Risks

- Depending on the severity of the natural disaster (including tsunamis, floods, torrential rains, and lightning strikes), the suspension of production, shipments, and other business activities may be necessary.
- Higher average temperatures can result in increased material and energy costs.

Opportunities

- Climate change gives KEYENCE the opportunity to promote customer energy and resource conservation efforts (contributing to customer energy conservation activities through KEYENCE products).
- Climate change awareness highlights the importance of renewing KEYENCE product specifications such as reducing product size and increasing energy savings.
- Environmentally friendly products expand the company's consulting sales opportunities.

Governance

We recognize that climate change is one of the most pressing challenges to ensuring the sustainability of KEYENCE—one of the company's core management principles. Climate change initiatives are often promoted at Management Committee meetings and meetings where division managers are in attendance. The Board of Directors is responsible for overseeing the details of those initiatives.

Risk Management

- At KEYENCE, we regularly gather information on climate change regulations and risk factors that may affect business.
- In addition to comprehensively evaluating and determining relevant risks and potential impacts on business at Management Committee meetings and meetings where division managers are in attendance, we consider available countermeasures. The results of reviews and the policies determined for addressing problems are then reported to the Board of Directors.

Indicators and Targets

- KEYENCE is dedicated to the planning and development of products that contribute to reducing our environmental impact.
- We strive to help customers reduce their own environmental impact through our products.
- We intend to reduce greenhouse gas emissions from business activities (Scope 1 + 2) by 43% in FY 2030 compared to FY 2016 levels.



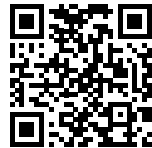
Social

- Respect for Human Rights
- Human Rights Initiatives
- Practicing Human Rights Due Diligence
- Creating a Fulfilling Workplace
- Human Resources Development
- KEYENCE FOUNDATION

Respect for Human Rights

Basic Concept

The KEYENCE Group recognizes the importance of respecting human rights as a company, not only in compliance with the laws and regulations of the countries in which the Group does business, but also in pursuit of high ethical standards. Since its establishment, KEYENCE has been dedicated to contributing to society through the creation of added value. KEYENCE recognizes that respect for human rights for anyone who supports the Company's business activities is essential for sustaining the Company and allowing the Company to fulfill its social responsibilities. Based on this idea, and adhering to international norms such as the United Nations Guiding Principles on Business and Human Rights as well as the International Bill of Human Rights.



*You can check the KEYENCE human rights policy by clicking on this QR code.



Human Rights Initiatives

Code of Conduct

The KEYENCE Group publishes its Code of Conduct on our official website. In the Code of Conduct, we explicitly lay out our respect for human rights and prohibition of child and forced labor. All officers and employees in the KEYENCE Group are required to understand and comply with the Code of Conduct in all business activities. Compliance with the Code of Conduct is also required for all suppliers (including subcontractors) and partner companies.

Human Rights Initiatives and Promotional System

The organization managed by the officer who has responsibility and control over sustainability efforts works in collaboration with Human Resource, Legal Affairs, Material, and Production Management divisions to prevent and reduce human rights risks. As human rights initiatives, KEYENCE will: (1) Formulate and review the human rights policy, (2) Identify and assess human rights risks, (3) Deliberate and implement appropriate measures, (4) Conduct monitoring, and (5) Disclose information and promote supplier engagement. When necessary, we will also seek external experts' advice as reference.

Management Review

Details of efforts concerning sustainability, including human rights issues, are reported to the Board of Executives and the Board of Directors by the responsible officer every year.

Practicing Human Rights Due Diligence

In respect for the United Nation's Guiding Principles on Business and Human Rights (UNGPs), KEYENCE identifies significant human rights risks to identify and assess any negative human rights impact of business activities, including the supply chain. KEYENCE uses (1) self-assessment, (2) risk assessment, and (3) impact assessment procedures to assess human rights impacts, considering severity and possibility of impact. Risk information of peripheral countries is also considered in the assessment of human rights risks, along with risk information by region.

(1) Identification and assessment of human rights risks

Of the human rights risks that may arise in KEYENCE's business activities, we identified child and forced labor, slavery, and bonded labor as significant human rights risks. For the purpose of sharing our views with our suppliers, we established guidelines for suppliers to require our suppliers to develop an environment that respects humanity to the fullest extent, including respecting human rights and eliminating forced or slave-like labor and discriminatory treatment.

(2) Deliberation and implementation of appropriate measures

In addition to on-site inspections of partner factories, to ensure that supplier workplaces also show respect for human rights, KEYENCE checked with major suppliers about their compliance with our procurement guidelines, which includes the prohibition of forced and child labor, verifying that there are no gross human rights risk violations. We will continue our efforts in understanding human rights risks in the supply chain.

(3) Monitoring

Understanding the current state We will continue to monitor compliance with our procurement and production guidelines.

Frequency of surveys We conduct surveys at least once every three years for major suppliers and every year for any other business partner that is found to be of concern for human rights risks as a result of our risk assessment.

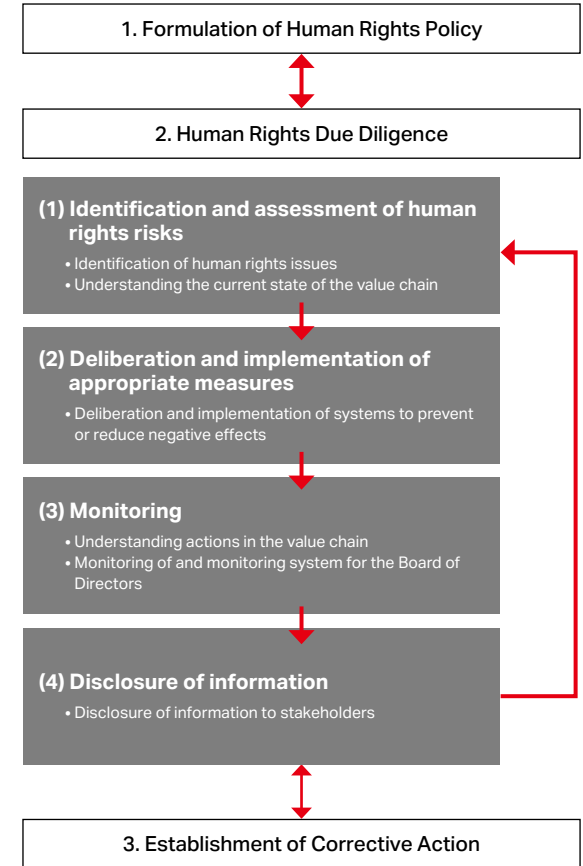
(4) Disclosure of information

We report our human rights efforts on our website and in our sustainability documents that we prepare every year.

Establishment of Corrective Action

Remedial mechanism • Supplier hotline • In-house consultation and contact desk

Overall View of Human Rights Initiatives



Compliance with the UK Modern Slavery Act 2015

KEYENCE CORPORATION has issued the statement in accordance with Section 54 of the UK Modern Slavery Act 2015.

Internal Compliance and Education

KEYENCE respects humanity, and with the aim to create a fulfilling workplace, has valued a corporate culture that does not emphasize hierarchical relationships. Based on the business guidelines that define the Code of Conduct for employees, we ensure that no discrimination, abuse, or harassment occurs based on an individual's race, gender, nationality, belief, age, disabilities, sexual orientation, or gender identity, and that no behavior is based on differences in roles or job positions.

A copy of the Code of Conduct is distributed to each of our employees for their reference and review in order to improve their awareness of and promote their understanding of compliance. For further permeation of the Code of Conduct at overseas affiliates, KEYENCE has translated versions of the Code of Conduct and a system in place to support everyone's understanding of the Code of Conduct, likewise in Japan.

Efforts to Prevent Harassment

To deter sexual and power harassment, KEYENCE conducts activities with the aim of raising awareness of harassment through internal training and publishing information on the corporate intranet.

In the training program for new officers, KEYENCE offers opportunities to discuss points of caution for each workplace regarding harassment in addition to providing education on preventing harassment and taking proper action against harassment cases.

To make it easier for employees to get assistance regarding harassment, KEYENCE has a system in place where employees can communicate in person or via e-mail, telephone, or the corporate intranet to receive consultation. All consultations are confidential, protecting the privacy of both the person seeking consultation and the person whose actions are cause for the consultation. KEYENCE guarantees that the person seeking consultation and the employees that cooperate with fact-finding are not disadvantaged and ensures their privacy.

Creating a Fulfilling Workplace

Creating high added value starts with our employees. We are putting effort into creating a workplace culture of mutual respect and an environment that facilitates open collaboration and teamwork.

Creating a Workplace with Respect

Our policy is to create a fulfilling workplace in which people respect one another and a workplace that encourages productivity.

We are engaged in corporate activities with a strong sense of ethics. We follow rules and regulations in order to remain fair and consistent, and we do not discriminate or slander based on race, gender, nationality, creed, age or disability. We work to ensure that we do not harm each other in any way and that no one uses their role or position in a coercive manner.



A Work Environment with Open Discussion

We make efforts to create a workplace that fosters open communication and contribution from all members of our organization. We put emphasis on what was said, not who said it. For example, in meetings employees should address each other with mutual respect and without regard to the job title. Our employees will sit amongst each other in meetings which creates a culture of open communication and collaboration regardless of tenure, position, or title.

In addition, we create open workspaces without communication barriers. For example, we do not have cubicles in our offices. All employees sit in an open floor which makes it easy to approach and communicate with everyone.



Creating a Fulfilling Workplace

Creating high added value starts with our employees. We are putting effort into creating a workplace culture of mutual respect and an environment that facilitates open collaboration and teamwork.

Fairness

An essential rule to ensure impartiality and fairness for the proper conduct of corporate activities is that we do not allow people within three degrees of current officers or employees to join the company, nor do we condone the accepting of entertainment or gifts during business transactions.

Furthermore, to promote impartiality and fairness, we prohibit the use by employees of their role or position for their own benefit.



Separating Work and Private Lives

We ask that our employees refrain from bringing non-business related matters to the table when making decisions or receiving personal benefits during business hours. We do not tolerate the personal use of corporate assets, including company equipment, vehicles, mobile phones, fixtures, furniture, machinery, tools or office supplies in addition to personal use of e-mail and the Internet during business hours.



Creating a Fulfilling Workplace

Creating high added value starts with our employees. We are putting effort into creating a workplace culture of mutual respect and an environment that facilitates open collaboration and teamwork.

Hotline

We have established an anonymous hotline accessible to all employees, where they can directly consult with us about any offensive behavior in the workplace or any conduct that makes the work environment inappropriate. Upon receiving a consultation, we will immediately investigate and respond to the matter, giving full consideration to privacy.



Ensuring Occupational Safety

- We implement safety measures based on production equipment risk assessment and regular surveys.
- We promote automatic equipment with the goal of reducing the burden on and increasing the safety of workers.
- For dangerous work, we require the use of goggles at production sites and masks at solvent work sites.



Human Resources Development

Basic Guideline on Human Resources Development

KEYENCE prioritizes efforts to train its employees in order to contribute to the added value of the company, while aiming to create a workplace with a positive impact on society.

Basic Policy on People Development

- Give employees ownership and accountability for both their actions and results
- On-the-job training as a core component of the training program
- Promote comprehensive skill development through continuous training programs

On-the-job Training Program Examples

Sales Joint action

1. New employees accompany senior employees on sales visits in order to learn sales techniques and industry knowledge.
2. Senior employees accompany new employees during sales visits and offer tangible business advice.

Development Project lead

New employees participate in development projects two months after joining the company. We promote growth and development by giving significant project ownership to new employees.

Programs for Promoting On-the-job Training Personal coach program

This program promotes growth by allowing new employees to receive general work advice directly from senior employees.

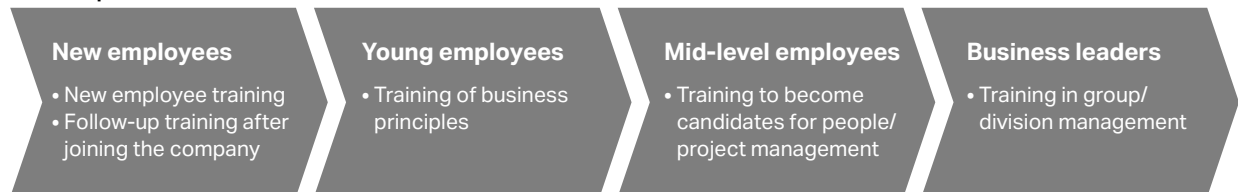
Mentoring program

This program differs from the personal coach system in that it allows experienced employees to mentor new employees and address their detailed questions and concerns.

Training System for Skills Development

In addition to practical skills training, we plan and develop a multifaceted training program. We also have various systems in place to allow employees to take appropriate courses as needed.

Development Timeline



Human Resources Development

Training Programs

MDP

Management Development Program

This training program cultivates next-generation leaders by granting trial management responsibilities for a certain period of time. This program not only encourages growth, but is also effective in developing leadership candidates and helps to maintain an active organization.

CDP

Career Development Program

This program allows employees to move to another section of the company for a certain period of time to work in a new role. Experiencing various types of work outside of their specialties cultivates broad skill set and promotes development of new capacities. Recently, there has been an increase in "overseas CDP", in which Japanese workers are assigned to overseas subsidiaries to further this goal.

Multi Assessment

To foster the development of managers, this program gives employees the opportunity to complete an evaluation (survey) of management. The purpose is to periodically and openly share strengths and improvement areas to improve management quality.

Practical Training

Practical Skills Seminars

Acquisition of skills required by each division for practical work.

Seminars for New Managers

To acquire the necessary knowledge of labor management, company regulations as a responsible person.

External Training

Language Lessons

As part of self-development, language lessons are available at discounted rates through corporate contracts.

E-Learning and Correspondence Education



The company subsidizes the full cost of the course if the degree of usefulness to the job is high and the course is completed within a specified period of time.

KEYENCE FOUNDATION

We want to be a great support for the young people who are the future of Japan.

KEYENCE established the KEYENCE FOUNDATION in 2018 for the purpose of “contributing to the development of human resources who will contribute to society”. The environment to support young people is still inadequate. This led us to the idea of providing financial support by offering scholarships that do not need to be repaid to talented students with a bright future.

Scholarship Overview

	 Scholarships for new first-year students	 Support benefits for new 2nd, 3rd, and 4th year students
Who is eligible to apply	New first-year students at four-year universities in Japan	New 2nd, 3rd, and 4th year students of 4-year universities in Japan
Amount of benefit	100,000 JPY per month (total benefit for 4 years is 4.8 million yen)	300,000 JPY (lump-sum payment)
Number of applicants	Approx. 600 students (Students to admit in April 2025)	Approx. 1,500 students (Students to advance in April 2025)



Governance

- Basic Guideline of Corporate Governance
- Policy on Nomination and Dismissal of Candidates for the Board of Directors
- Directors' Compensation
- Building a Disciplined Organization
- Risk Management

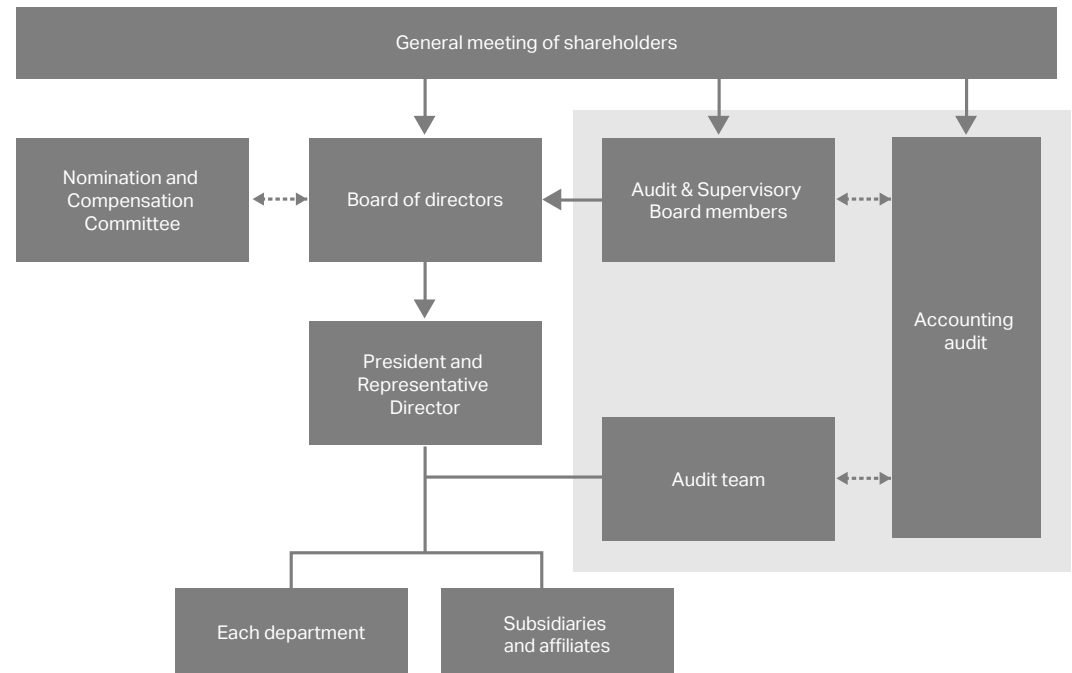
Basic Guideline of Corporate Governance

To ensure lasting and sustainable growth of the company, the Group places importance on making swift and appropriate management decisions based on the corporate management philosophy and action guidelines, and strives to further enhance corporate governance continuously.

Corporate Governance System

Our corporate governance system uses an auditor system with three outside auditors. The corporate auditors do not have any full-time KEYENCE staff. The audit team works together and the corporate auditors attend various important company meetings. Meanwhile, the number of directors is nine, including three outside directors, which enables quick and thorough information exchange to achieve both supervision and execution.

We are building an internal control system where on-site audits are performed by a special department, information is quickly transmitted and a check function is implemented. The following is an overview of the corporate governance system and the business management organization for management decision-making, execution and supervision.



Policy on Nomination and Dismissal of Candidates for the Board of Directors

In nominating candidates for directors and corporate auditors, we require that candidates for directors be able to make sound and rational judgments, have high ethical standards, and be law-abiding, the internal director candidates must have a wealth of knowledge and experience in the company's business operations and excellent foresight. The external director candidates must have a wealth of knowledge and experience in their home fields and the qualifications to advise and supervise the execution of management's duties from an independent and objective standpoint. The candidate for corporate auditor should have a wide range of knowledge in accounting, finance, and legal matters, and should be able to conduct audits from a neutral and objective perspective, thereby contributing to ensuring sound management. Nominations of candidates for directors and corporate auditors are deliberated by the Nomination and Compensation Committee in light of this policy, and are approved by the Board of Directors after receiving the committee's report. In dismissing a director who is not performing their functions adequately, the Board of Directors will make a comprehensive decision on the proposed dismissal based on the opinion of the Nomination and Compensation Committee. Dismissal of directors and corporate auditors shall be conducted in accordance with the provisions of the Companies Act and other relevant laws.

Directors' Compensation

Basic Approach to Compensation

KEYENCE's basic approach to the compensation of directors (excluding that of outside directors) is as indicated below.

- It should clarify the management team's responsibility for management, with the goal of improving corporate value.
- It contributes to incentives to improve company performance.
- The process for determining compensation should be both transparent and objective.

Method of Determining Compensation and Policies

We have laid out a policy whereby the amount of compensation, etc., and the method of calculating such amount, are determined based on the internal regulations on director compensation, over which the Board of Directors has decision-making authority. The Board of Directors determines the amount of compensation, etc. within the limits on compensation amounts deliberated upon at the General Meeting of Shareholders. The compensation amount is calculated based on a reference value equivalent to the annual salary of an employee (an officer responsible for an organization) in the previous fiscal year. The level of compensation is determined by multiplying this reference value by a coefficient of no greater than 3.0, in consideration of the balance with the salaries of KEYENCE employees. The annual salary of an employee in the previous fiscal year that is used as a reference value is tied with company performance (operating income), and the responsibility to increase profits is thus made clear. The ratio of the performance-linked portion of the reference value is generally 60–70%. The compensation amount for each individual director is, based on a resolution of the Board of Directors, first entrusted to the President and Representative Director, who then determines the apportionment of compensation in accordance with the internal regulations on director compensation, and then the determined amount of compensation is paid out to each director as a monthly salary. The compensation for outside directors, in order to ensure their independence, is not connected to company performance, and consists of a set value.

Building a Disciplined Organization

Employee Code of Conduct

To maintain an organization that is less prone to fraud and harassment, we have built and operate a system where all employees regularly review the corporate policies and business guidelines that form our code of conduct. In addition, by actively using this code of conduct as the judgment criteria in our daily business, we are working to ensure thorough compliance and improve compliance awareness.

Internal Audit Team

An appointed audit team has been formed to conduct internal audits. The audit team conducts internal audits focusing on the appropriateness and effectiveness of business operations at locations in Japan and overseas. The audit results and other information are reported regularly and as required by the president.

Risk Management

Risk Management System

With regard to risks relating to compliance, the environment, natural disasters, quality control, and management of exports, the individual departments responsible for these matters establish rules and guidelines as required and designate individuals in charge of managing those risks. In addition to this, they organize training sessions and produce/distribute manuals. In the event of a need to address newly emerging risks, the individuals responsible for the relevant departments will make a report to the Board of Directors, and the risk management system will be amended.

Information Security

At KEYENCE, we handle important, confidential information, including customer information and information on our product development. Damage to the company and the loss of social credibility due to information leaks or illegal use of information pose a major risk. We are therefore doing our utmost to prevent these from occurring. We have established an information security policy and continue to strengthen both our ability to prevent external leaks of confidential information and our response to cyber attacks.

Supply Chain Management

- Our Efforts to Provide Products to Our Customers
- Procurement Guidelines
- Green Procurement
- Efforts toward Responsible Procurement of Minerals (Conflict Minerals)
- Supply Chain Management

Our Efforts to Provide Products to Our Customers

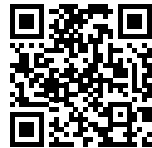
Although KEYENCE manufactures products using a fables system in which we outsource much of our production to subcontract plants, we procure materials required for product planning, development, design and production. Production is handled at subcontract plants around Japan, and our production technology, production planning and quality control departments cooperate with these plants and are building a system to manufacture quality products by being deeply involved with production such as by providing assembly drawings and supplying materials. Produced goods are supplied from logistics centers in Japan directly to domestic customers as well as to overseas customers via distribution locations.



Procurement Guidelines

In order to ensure a workplace that takes human rights into consideration, we have established procurement guidelines for our supply chain, which include prohibition of forced labor and child labor and elimination of discriminatory treatment, and direct our suppliers comply with the Guideline.

In addition, as part of our basic business contract, we request that these suppliers make efforts to reduce their environmental impact and prevent environmental pollution for the purpose of environmental protection, improve the occupational safety and health environment, and respect human rights.



*You can check the KEYENCE procurement guidelines by clicking on this QR code.



Green Procurement

The following efforts are being made to promote green procurement:

- We have established rules for environmental management and materials management and ask that our suppliers comply with these rules.
- We provide guidance on environmental management systems and confirm compliance through on-site audit and interviews with questionnaires.
- We request the submission of non-inclusion certificates for each component and the provision of information on substances contained in components using standard industry formats.
- We hold workshops on the environment as part of environmental education for our employees.
- We have built an environmental management system based on ISO 14001, and we are certified by a third-party organization.



Efforts toward Responsible Procurement of Minerals (Conflict Minerals)

Minerals mined in the Democratic Republic of the Congo or in adjoining countries (Neighboring countries to the DRC) may be sources of human rights violations such as child labor, environmental destruction, and funding for armed groups, and may even contribute to the conflict itself.

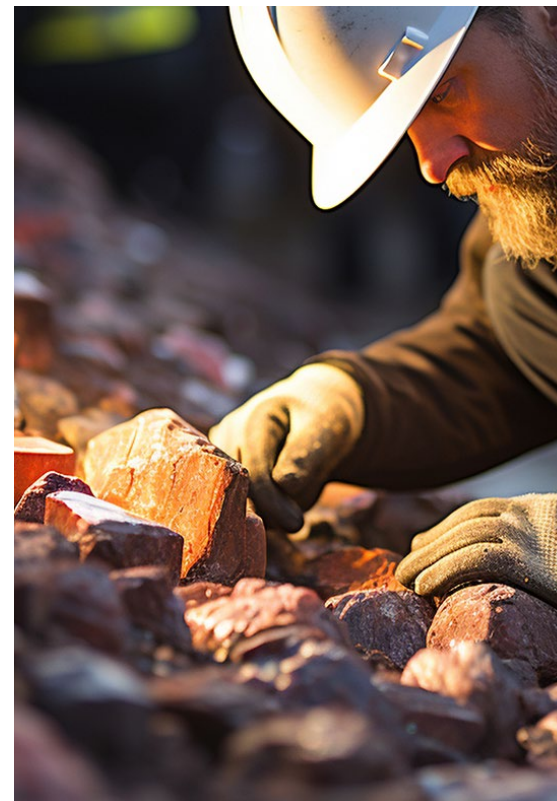
Our basic policy (*1) is to refrain from purchasing those minerals that have been illegally mined. In addition, the department in charge engages in working on risk reduction with the procurement department, such as conducting annual surveys with suppliers using the tools CMRT (Conflict Minerals Reporting Template) provided by the RMI (Responsible Minerals Initiative), which is an organization that promotes responsible mineral procurement.

The survey we conducted found 318 smelters in our supply chain being on the Standard Smelter list of RMI, and 201 out of the 318 smelters (63%) are Conformant Smelters, who passed the RMI audit.

We will respect the OECD Due Diligence Guidance and continue to analyze and evaluate risks in the supply chain and carry out further investigations depending on the risks.

*1 KEYENCE's responsible minerals procurement policy Minerals such as tin, tantalum, tungsten, gold and cobalt mined in the Conflict-Affected and High-Risk Areas, such as the Democratic Republic of the Congo or in adjoining countries (Neighboring countries to the DRC), may be sources of human rights violations such as child labor and environmental destruction, funding for armed groups and may even contribute to the conflict itself. Based on OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, KEYENCE is engaging efforts to eliminate such minerals illegally mined for electronic components contained in our products. The risk-reduction actions we will promote with our suppliers' respect for our basic policy are as follows.

- We will continue to engage in the survey of the supply chain annually, using the tools CMRT (Conflict Minerals Reporting Template) provided by RMI (Responsible Minerals Initiative), which is an organization that promotes responsible mineral procurement.
- We will reduce the risk of the procurement of minerals from the point of view of the social responsibility, by confirming whether it is a Conformant Smelter that has passed the RMI audit in the list of RMI standard smelters.



Supply Chain Management

We share and confirm our basic policy and rules with each subcontractor prior to outsourcing the manufacture of products, and request that they comply with the following items. In addition, we conduct on-site inspection at subcontractors annually to check the status of compliance with the following items, and engage to ascertain the circumstances of manufacturing site and the improvements.

- Fair trade in compliance with the law
- Prohibiting forced labor (prohibition of forced labor against the will of workers, prohibition of collecting money (fee, deposit, etc.) when concluding a labor contract, etc.)
- Prohibiting child labor
- Prohibiting discriminatory treatment and harassment using one's status or position
- Protection of the right to freedom of association and collective bargaining
- Maintaining confidentiality
- Protecting the work environment
- Safety management
- Complying with local rules and regulations
- Complying with and maintaining standards and making efforts to achieve environmental policies
- Creating a workplace environment that ensure the greatest respect for human rights

We require our subcontractors to respect human rights and monitor their suppliers for compliance to our policies. We may terminate the relationship with any supplier if a breach is found, and if the breach is not rectified within a reasonable period.



Financial Information

Consolidated Statement of Income

Unit: 1,000,000 yen

	Previous consolidated fiscal year (March 21, 2022 – March 20, 2023)	Current consolidated fiscal year (March 21, 2023 – March 20, 2024)
Sales	922,422	967,288
Cost of goods sold	167,690	164,782
Gross profit	754,732	802,505
Selling, general and administrative expenses	255,817	307,491
Operating income	498,914	495,014
Non-operating income		
Interest received	2,033	5,358
Equity in earnings of unconsolidated subsidiaries and affiliates	5,624	5,371
Foreign exchange gains	5,262	12,833
Miscellaneous income	1,245	1,405
Total non-operating income	14,166	24,969
Non-operating expenses		
Miscellaneous losses	251	688
Total non-operating expenses	251	688
Ordinary income	512,830	519,295
Net income for the current fiscal year before adjusting for taxes, etc.	512,830	519,295
Corporate tax, residence tax, and business tax	149,682	145,455
Income taxes-deferred	183	4,197
Total income taxes	149,866	149,653
Net income for the current fiscal year	362,963	369,642
Net income for the current fiscal year attributable to owners of the parent	362,963	369,642

Consolidated Statement of Comprehensive Income

Unit: 1,000,000 yen

	Previous consolidated fiscal year (March 21, 2022 – March 20, 2023)	Current consolidated fiscal year (March 21, 2023 – March 20, 2024)
Net income for the current fiscal year	362,963	369,642
Other comprehensive income (loss)		
Valuation difference of other marketable securities	(1,150)	(2,018)
Foreign currency conversion adjustments	17,182	19,751
Share of other comprehensive income (loss) in associates by equity method	(6)	(35)
Total other comprehensive income (loss)	16,026	17,697
Comprehensive income	378,990	387,339
(Breakdown)		
Comprehensive income attributable to owners of the parent	378,990	387,339

Consolidated Statement of Cash Flows

Unit: 1,000,000 yen

	Previous consolidated fiscal year (March 21, 2022 – March 20, 2023)	Current consolidated fiscal year (March 21, 2023 – March 20, 2024)
Cash flow from sales activities		
Income before income taxes	512,830	519,295
Depreciation expenses	11,523	13,767
Interest and dividend income received	(2,129)	(5,459)
Foreign exchange losses (gains)	(140)	(462)
Equity in losses (gains) of unconsolidated subsidiaries and affiliates	(5,624)	(5,371)
Decrease (increase) in notes and accounts receivable	(36,742)	4,709
Decrease (increase) in inventory assets	(23,961)	11,280
Increase (decrease) in notes and accounts payable	2,358	(4,643)
Increase (decrease) in bonus reserves	638	485
Other	(1,730)	4,508
Subtotal	457,021	538,108
Amount of interest and dividend income received	2,490	5,606
Income taxes paid	(156,884)	(155,798)
Cash flow from sales activities	302,628	387,916
Cash flow from investment activities		
Decrease (increase) in time deposits	(12,659)	(16,099)
Decrease (increase) in marketable securities	(229,974)	(211,264)
Payments for acquisition of tangible fixed assets	(39,345)	(12,492)
Other	(1,507)	(2,935)
Cash flow from investment activities	(283,487)	(242,792)
Cash flow from financial activities		
Decrease (increase) in treasury stock	(10)	(23)
Dividends paid	(60,631)	(72,757)
Other	(3,024)	(3,525)
Cash flow from financial activities	(63,666)	(76,306)
Effect of exchange rate changes on cash and cash equivalents	(7,636)	(6,754)
Increase (decrease) in cash and cash equivalents	(52,162)	62,062
Cash and cash equivalents carried over at the beginning of the year	396,165	344,002
Cash and cash equivalents carried over at the end of the year	344,002	406,065

Balance Sheet

Unit: 1,000,000 yen

	Previous fiscal year (March 20, 2023)	Current fiscal year (March 20, 2024)
Assets		
Current assets		
Cash on hand and in banks	433,656	520,356
Bills receivable and accounts receivable	297,785	307,526
Marketable securities	506,802	612,420
Inventory	87,389	77,613
Other	11,619	15,294
Allowance for doubtful accounts	(1,155)	(1,383)
Total current assets	1,336,098	1,531,827
Fixed assets		
Tangible fixed assets		
Buildings and structures	26,660	29,991
Accumulated depreciation	(18,659)	(20,675)
Buildings and structures (net amount)	8,000	9,315
Tools, furniture, and fixtures	54,100	61,765
Accumulated depreciation	(43,869)	(50,028)
Tools, furniture, and fixtures (net amount)	10,231	11,736
Land	35,662	35,662
Other	22,014	33,256
Accumulated depreciation	(8,602)	(14,100)
Other (net amount)	13,411	19,156
Total tangible fixed assets	67,305	75,870
Intangible fixed assets		
Other	3,692	4,792
Total intangible fixed assets	3,692	4,792
Investments and other assets		
Investments in securities	1,206,730	1,314,220
Long-term time deposits	15,907	17,957
Deferred tax assets	12,562	9,480
Other	8,195	10,704
Allowance for doubtful accounts	(61)	(60)
Total investments and other assets	1,243,333	1,352,302
Total fixed assets	1,314,331	1,432,965
Total assets	2,650,429	2,964,792

Unit: 1,000,000 yen

	Previous fiscal year (March 20, 2023)	Current fiscal year (March 20, 2024)
Liabilities		
Current liabilities		
Bills payable and accounts payable	18,381	13,725
Income taxes payable	81,713	71,229
Allowance for bonuses	15,697	16,841
Other	33,468	43,566
Total current liabilities	149,261	145,362
Fixed liabilities		
Other	9,533	13,236
Total fixed liabilities	9,533	13,236
Total liabilities	158,795	158,599
Net assets		
Shareholder equity		
Capital	30,637	30,637
Capital surplus	30,541	30,541
Retained earnings	2,403,814	2,700,699
Treasury stock	(3,796)	(3,819)
Total shareholder equity	2,461,196	2,758,058
Other accumulated comprehensive income		
Valuation difference of other marketable securities	2,278	261
Foreign currency conversion adjustments	28,161	47,876
Accumulated adjustments for retirement benefits	(2)	(2)
Total other accumulated comprehensive income	30,437	48,135
Total net assets	2,491,634	2,806,193
Total liabilities and net assets	2,650,429	2,964,792

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