Zojirushi Corporation
1-20-5, Tenma, Kita-ku, Osaka 530-8511, Japan
TEL: 81-6-6356-2311
URL: https://www.zojirushi.co.jp

ZOJIRUSHI
Inspirations from everyday life

ZOJIRUSHI
Inspirations from everyday life

“Creating a quality of life”



Zojirushi Corporation　Integrated Report 2021

Corporate Philosophy

“Creating a quality of life”

Since our founding, our business has been guided by the mission to provide products for a comfortable and convenient life—products that resonate with many people. Over the years, we have flexibly responded to diversified lifestyles and the changing business environment. A constant in this journey has been our corporate philosophy of “Creating a quality of life.” That vision, an expression of the values at the core of the Zojirushi Group, will remain unchanged as we drive our business forward.

Management Policy

Brand Innovation

Strengthening Zojirushi as a brand of household products and developing it into a food and lifestyle solution brand

Introduction

02 Value Creation History
04 Business Overview
06 Value Creation Process
08 President’s Message

Sustainable Strategy

12 Medium-Term Management Plan “ADAPT Phase II”
16 Domestic Business Strategy
18 Overseas Business Strategy
20 Special Feature The Source of Value Creation
22 ESG Strategy
24 Human Resources Strategy

ESG (Social)

26 Human Resources Development Initiatives
28 Supply Chain Initiatives

ESG (Environment)

30 Environmental Initiatives

ESG (Governance)

34 Message from Outside Director
36 Board of Directors
38 Corporate Governance
44 Risk Management

Financial and Corporate Information

46 Performance Highlights
48 Corporate Information

Value Creation History

More than 100 years ago, two brothers with the dream of making vacuum bottles established the company that would become Zojirushi Corporation. Since then, Zojirushi has continued to create new value while aligning with changing lifestyles, growing as the Zojirushi brand in Japan and around the world.

1918

Ichikawa Brothers Trading Company is established in Osaka



Founders (from left):
Ginzaburo Ichikawa (elder brother) and Kinzaburo Ichikawa (younger brother)

1923

Manufacture and sale of vacuum bottles begin

Elephant is adopted as trademark

1948

Kyowa Manufacturing Co., Ltd. is established

"Pelican Pot," the first postwar product, goes on sale



1953

Company name is changed to Kyowa Vacuum Bottle Co., Inc.

1961

Company name is changed to Zojirushi Corporation



1963

Hi-Pot Z Type thermal carafe is launched

Japan's first automatic bottle production machine is developed

1967

U Pot UA-Model thermal carafe is launched, inspiring a boom in floral patterns

1968

Osaka Factory is completed



1970

Head office building and Shiga Factory are completed

Electric rice warmer is launched



1973

Air pot beverage dispenser is launched

Air pot with *Osudake*, or "Just Push" naming gets a favorable reputation



1980

Electric pot is launched

1981

Stainless-steel vacuum bottles are launched



1983

Mieru Pot and microcomputer-controlled rice cooker are launched

Liner with two openings is developed

1985

Office building in Tokyo is completed

1986

Zojirushi is listed on the Second Section of the Osaka Securities Exchange

Corporate identity activities are launched

Union Zojirushi Co., Ltd. is established in Thailand

1987

Zojirushi America Corporation is established in the USA

1993

Integrated production and sales system goes into operation

1995

Zojirushi-Simatelex Co., Ltd. is established in Hong Kong

1999

Madame Zojirushi TV commercial wins the ACC Grand Prix (Minister of Posts and Telecommunications Award)

ISO 14001 certification is acquired

2001

Mimamori "Watch Over You" Hotline Service is launched

2002

Zojirushi Taiwan Corporation is established in Taiwan

2003

Zojirushi Shanghai Corporation is established in China

2006

My Vacuum Bottle Campaign is launched



2008

Vacuum Bottles & Air Pots Pavilion is established to mark the 90th anniversary of the Company's founding

2010

***Kiwame Hagama* induction heating pressure rice cooker is launched**



2014

Zojirushi SE Asia Corporation Ltd. is established in Thailand

2018

Zojirushi marks the 100th anniversary of its founding

Zojirushi is listed on the First Section of the Tokyo Stock Exchange

Zojirushi Gohan Restaurant, a restaurant that serves rice cooked with the *Embudaki* induction heating pressure rice cooker, is opened



2020

Industry's first stainless-steel vacuum mug with a seamless one-piece lid is launched

2021

Zojirushi Ginpaku Bento lunch-box specialty store is opened at Eki-Marche Shin-Osaka Sotoe

Consideration for the environment and proposal of healthy lifestyles

Diversification and broadening of product range

Acceleration of overseas expansion

Original development of stainless-steel vacuum bottles

Shift from vacuum to electric

1918 1960 1970 1980 1990 2000 2010 2020

Changes in society and lifestyles

Improvement of infrastructure for daily life

- Electric lights and gas become widespread in the 1910s
- Home cooking with earthenware pots and broad-brimmed cooking pots; family life revolves around the *chabudai*, a low table

Electrification, Westernization, and the pursuit of affluence (period of rapid economic growth)

- Life in an apartment complex with a dining room and kitchen
- Instant noodles and instant coffee, prepared by simply adding hot water, become major hits
- Tokaido Shinkansen begins service and Tokyo Olympics is held in 1964
- Emergence of the nuclear family
- Expansion of apparel industry and restaurant industry
- First Oil Shock in 1973
- Second Oil Shock in 1979

Overseas expansion of Japanese companies, bubble economy

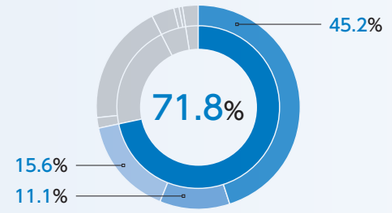
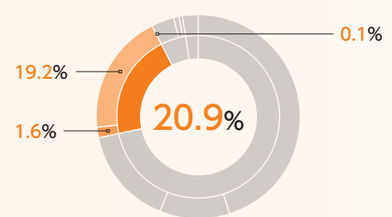
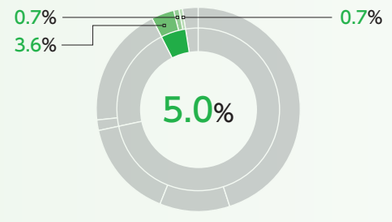
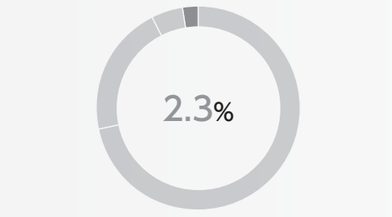
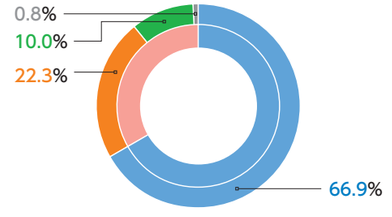
- Gourmet boom; designer and character brand boom
- Shift from "big and heavy" to "small and light"
- Emergence of the "new family," which pursues things differently than others do
- Rise of environmental issues, ecology, and recycling
- Leisure and outdoor activities boom
- Hay fever and sick building syndrome become social problems
- Shift to an aging society

Breaking away from mass consumption, era of diversity

- Widespread use of the Internet
- Intensification of global warming
- Growing concern about food safety
- Spread of smartphones
- Shift to a super-aging society
- Growth of emerging economies
- Japanese cuisine added to UNESCO Intangible Cultural Heritage list in 2013
- COVID-19 pandemic
- Increased adoption of telework and remote meetings
- Shift to new lifestyles

Business Overview

(Fiscal 2021)

By product category	Main products	Net sales	Breakdown of net sales	Summary of financial results
Cooking appliances 	**Rice cooking** Rice cookers/warmers **Water boiling** Electric pots Electric kettles **Electric cooking** Electric griddles Coffee makers Toaster ovens	¥55,806 million Up 2.7% YoY Rice cooking: ¥35,098 million Water boiling: ¥8,612 million Electric cooking: ¥12,095 million		**Japan** Although our top-of-the-line induction heating pressure rice cooker, the *Embudaki* series performed well, overall sales of rice cookers decreased from those of the previous fiscal year due to struggling sales of products in the affordable price range. For electric cooking appliances, sales of products such as electric griddles and coffee makers remained strong due to high demand from people staying at home during the COVID-19 pandemic, and exceeded those of the previous fiscal year. **Overseas** Rice cookers, electric pots, and electric cooking appliances performed well in North America, China, and Southeast Asia. In the North American market, in particular, sales of cooking appliances increased significantly due to increasing demand as a result of stay-at-home consumption.
Household and thermal products 	**Glass vacuum bottles** Glass carafes **Stainless-steel vacuum bottles** Stainless-steel vacuum bottles Stainless-steel tumblers Stainless-steel food jars Thermal lunch boxes Stainless-steel carafes	¥16,222 million Up 5.7% YoY Glass vacuum bottles: ¥1,223 million Stainless-steel vacuum bottles: ¥14,900 million Other household and thermal products: ¥98 million		**Japan** Stainless-steel vacuum bottles drove sales, as our stainless-steel vacuum mugs, which feature the industry's first seamless one-piece lid that integrates the lid and packing performed well, and sales were significantly higher than in the previous fiscal year, which witnessed a significant decline. **Overseas** Overall sales exceeded those of the previous fiscal year due to strong sales of stainless-steel vacuum bottles in our mainstay market of China.
Household appliances 	**Air-conditioning, cooling, and heating** Steam humidifiers Air cleaners **Kitchen housework** Dish dryers **Other household appliances** Bedding dryers	¥3,871 million Up 5.6% YoY Air-conditioning, cooling, and heating: ¥2,762 million Kitchen housework: ¥545 million Other household appliances: ¥563 million		**Japan** Sales of steam humidifiers, bedding dryers, and air cleaners increased from those of the previous fiscal year due to strong sales stemming from growing consumer concern about hygiene.
Others 	Mimamori Hotline Service Food and beverage business (Zojirushi Gohan Restaurant, Zojirushi Ginpaku Bento) Industrial equipment	¥1,772 million Up 9.7% YoY		
By region 	Cooking appliances Household and thermal products Others	Japan ¥51,995 million Down 1.1% YoY Overseas ¥25,677 million Up 14.6% YoY Asia: ¥17,344 million The Americas: ¥7,740 million Other: ¥592 million		We are working to realign our sales structure by concentrating resources on growth markets and channels. We aim to further expand the e-commerce market in China and North America, develop new channels in Taiwan, boost sales channels in Vietnam, Thailand, and Indonesia, and grow the market in South America by developing the e-commerce market. Overseas, sales increased from those of the previous fiscal year in North America, China, and Southeast Asia, where e-commerce remained strong.

Value Creation Process

Even as times change and people's lifestyles diversify, we have continued to adhere to our corporate philosophy of "Creating a quality of life." We have designed products and services that focus on the consumer and reflect the user's standpoint. Under our management policy of Brand Innovation, we will continue to create lifestyles as a solution brand that realizes more comfortable, more convenient, and more fulfilling lifestyles.






External environment

- Rapid evolution of digital technology
- Increase in demand for home-cooked and ready-made meals
- Aging population with low birthrate
- Diversification of values

Corporate philosophy

Creating a quality of life

Competitive advantages

Product development capabilities
Under the slogan "Inspirations from everyday life," we use advanced technology and quality to create products that are safe and easy to use.

Brand power
We have built the Zojirushi brand by providing products of Japanese quality to the world, pursuing the same quality in after-sales service worldwide.

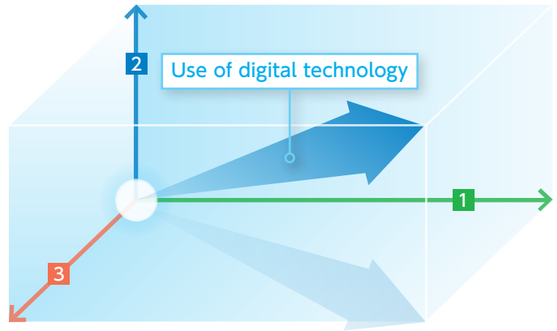
Human resources
The source of our competitiveness lies in the dedication our employees bring to their work every day with their sense of responsibility and pride in our brand.

Management policy

Brand Innovation

Strengthening Zojirushi as a brand of household products and developing it into a food and lifestyle solution brand

Medium-Term Management Plan "ADAPT Phase II"



1 Horizontal expansion of domains
Existing products
Channels
Regions

2 Vertical expansion of domains
New products
New business

3 Stronger management platform
Productivity
Customer base
Supply system
Human resources and organization
Social value

→ Details on page 15

Basic CSR policy

Environment
We will actively work to protect and improve the environment.

Society
We will ensure through our actions that our development as a company aligns with the development of society.

Governance
We will build a corporate culture appreciated by all stakeholders.

Enhancing

Employee value
Social value
Economic value

Financial KPIs (Fiscal 2022)

Consolidated net sales: ¥79.3 billion
Consolidated operating income: ¥4.4 billion
(Operating income to net sales: 5.5%)

*The Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., from fiscal 2022. The above sales and operating income figures differ from the figures announced in the medium-term management plan "ADAPT Phase II" due to the expected decrease in profits resulting from the significant rise in raw material prices and investment in advertising.

Non-financial KPIs (Fiscal 2022)

Environment

Reduce CO_2 emissions	5% reduction compared to that of fiscal 2019
Reduce paper consumption	30% reduction compared to that of fiscal 2019
Promote zero plastic bottle usage	My Vacuum Bottle Campaign

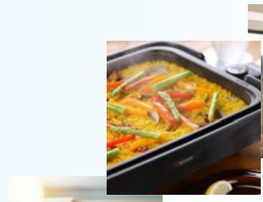
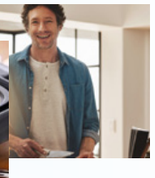
*Fiscal 2019: From October 2018 to September 2019

Society

Improve work environment and develop human resources	Establish telework system Conduct training to strengthen human resources development capabilities
Promote diversity and respect for human rights	Enhance system for supporting women's career advancement Review employment system for older workers Promote employment of people with disabilities

Governance

Enhance management transparency	Strengthen governance by Board of Directors
Ensure strict compliance and risk management	Ensure compliance with laws and regulations Strengthen information security



Realizing comfortable, convenient, and more fulfilling lifestyles as a solution brand










Norio Ichikawa
President & CEO

Looking toward our next 100 years, we have embarked on a new journey to build Zojirushi into a food and lifestyle solution brand.

Recognizing that society has evolved and initiating new value creation

Fiscal 2020, which ended November 20, 2020, was marked by an unprecedented global crisis—the COVID-19 pandemic—and people everywhere faced the consequences of measures to control the spread of infection. My heart goes out to those who fell ill, to individuals and families grieving the loss of loved ones, and to all who have been impacted by the unavoidable interruption or complete shutdown of business activities.

Well aware of the situation, employees throughout the Zojirushi Group followed corporate guidelines and policies to prevent the spread of COVID-19 and paid close attention to their own actions, while division managers made location-specific decisions based on prevailing circumstances to continue business. In the face of an emergency, like nothing experienced before, employees were united across divisional lines and conducted themselves in a very Zojirushi manner. Consequently, COVID-19 did not spread in-house, and the Group was able to maintain the uninterrupted flow of operations, from development and manufacturing to sales, and ensured the delivery of products and the provision of services to customers without delay. As an end to the pandemic is not yet in sight, measures currently in place must be maintained. Together, as a corporate group, we will draw on our collective strengths to clear pandemic-related hurdles and chart new growth in a different world. This is the road map the Group must follow.

Against this backdrop, the Zojirushi Group embraced ADAPT, a three-year medium-term management plan launched in fiscal 2019. Zojirushi celebrated its 100th anniversary in 2018, and ADAPT was positioned as a vital first step for the Company's next 100 years. This was the starting point of a growth strategy aimed at brand innovation—strengthening Zojirushi as a brand of household products and developing it into a food and lifestyle solution brand. Unfortunately, just as the first year of ADAPT ended, the pandemic hit with a vengeance, creating circumstances that severely impacted our business environment. Furthermore, I believed most of the social changes prompted by the pandemic were unlikely to revert to pre-COVID-19 conditions even when the pandemic ended. With this in mind, I led management in formulating ADAPT Phase II, a two-year plan adjusted to meet changes in society through an understanding of prevailing issues and a rethinking of priority activities. The basic strategies initiated in Phase I—that is, vertical and horizontal domain expansion and a stronger management platform to support business development—remain the same. But recent events have caused consumers to become much more aware of health and hygiene. The pandemic has also initiated an accelerating trend toward online shopping, caused by increasing restrictions on movement, which, as a result, led to a broader appreciation of work styles that enable people to work remotely. Such changes go beyond what anyone could have imagined. Consequently, we have to truly understand the new normal and the factors that now characterize society, initiate new value creation that underpins evolving business activities, and build a stronger management platform.

Product categories that contribute to enriching food culture and lifestyles saw growth as people returned to at-home routine

In fiscal 2020, the domestic market saw sizable drops in inbound and leisure activity due to the pandemic, which significantly decreased demand for stainless-steel vacuum bottles and other household and thermal products. However, with people limiting their outside activities and therefore spending more time at home, demand for high-end rice cookers, electric griddles, and other cooking appliances

soared. A similar situation prevailed in North America, with sales of bread machines and coffee makers exceeding fiscal 2019 levels. In addition, consumers were more aware of hygiene, and sales of household appliances such as air cleaners and bedding dryers increased. Consequently, even though Zojirushi recorded a drop in consolidated net sales overall, demand for high-value-added products and successful efforts to control Selling, General and Administrative expenses made up for the decrease in net sales and prevented operating income from falling below the level posted in fiscal 2019.

COVID-19 was present throughout fiscal 2020, taking a huge toll on business results. But we were able to ride out bumpy market conditions with a good product mix, maximizing solid demand for household appliances and cooking appliances, for example, to offset sluggish demand for household and thermal products, and we achieved performance stability. There is an expression in Japanese—*hare to ke*—which essentially refers to the balance between routine activities (*ke*) and special moments (*hare*) like festivals, celebrations, or notable events. Nearly all the products offered by the Zojirushi Group fall into the *ke* category of everyday life. These products are a huge component of our business, and with greater demand for them paralleling pandemic restrictions requiring people to stay home or close to home, there were more opportunities for us, as a corporate group, to support customers' lifestyles.

One of the most monumental recent changes has been to work styles. At Zojirushi, we had already prioritized work-style reform in our medium-term management plan, but we implemented new approaches sooner than scheduled, in fiscal 2020, expediting progress especially in telework and remote meetings. In addition, in-person meetings with customers and business associates were avoided and business trips became a rarity. With more streamlined processes in place, we bridged whatever gap might have opened up in business activities and communication due to the required physical distance between customers, business associates, and Zojirushi. Also noteworthy is that although the digital wave was coming anyway, it surged forward at greater speed because of the pandemic and accelerated the digital transformation of society. Digital transformation goes beyond work styles, however, extending to *monozukuri* manufacturing—manufacturing with a craftmanship quality—and marketing as well.

To apply all these underlying developments to the next round of business and product strategies, we established a new structure. Advertising activities, which had been handled by the Public Relations Department, and sales promotion activities, which had been handled by the Sales Department, were integrated in November 2020 into a new Marketing Department under the Domestic Sales Headquarters to centralize and reinforce digital marketing capabilities and strengthen communication with consumers.

Also in November 2020, we launched our first online, direct-sales channel—Zojirushi Direct. This portal is an access point for sales, of course, but it also gives us a direct line of communication with customers. Today, communication hinging solely on television commercials is insufficient to reach a wide market base, and we have expanded our marketing perspective to utilize various channels, including social media and the direct-sales channel.

Promoting measures to address ESG issues and working to strengthen nonfinancial management platform

The Zojirushi Group traces its beginnings back to a glass-lined vacuum bottle. Applying vacuum insulation—breakthrough technology of the day—to keep contents warm without using electricity or gas from an external source, our early product developers created household products intended to make life pleasant, convenient, and more comfortable. From its earliest days, Zojirushi has been a company conscious of the need to address social issues. The starting point of *monozukuri* at Zojirushi is to "Take a consumer perspective with an emphasis on what consumers can feel in their daily lives. Then develop products that consumers love wholeheartedly." This concept has remained unchanged since the day the Company was founded.

A consumer perspective is also the lens through which we can measure social changes. With the graying of society, more seniors are living on their own. To support these older persons in their later years, we began in 2001 the Mimamori Hotline Service, a precursor to the Internet of Things (IoT) technology, which was not as ubiquitous then as it is now. The service has been repeatedly improved over the years and is used by many of our customers. In 2006, we started the My Vacuum Bottle Campaign, which involved various companies and organizations in joint activities. In 2019, we signed environmental partnership agreements with four municipalities—the prefectures of Osaka, Kyoto, and Shiga and the Union of Kansai Governments.

ADAPT Phase II also highlights steps to address ESG issues as a principal component of a stronger management platform. In addition to a record of activities undertaken Groupwide, we have identified issues related to the environment, society, and governance. We aim to achieve our targets by enhancing activities from two sides—from a business perspective, that is, from procurement and production to sales, as well as from access to products and services. From the perspective of Sustainable Development Goals (SDGs), we will strive to contribute to realizing environmental targets, with an emphasis on measures to address climate change and protect the riches of the ocean and the land, and realizing social targets, namely, gender equality and job satisfaction.

A strong human resources platform is also indispensable if we are to reach our goal of brand innovation and make sustainable growth possible. Since long before, Zojirushi has emphasized a positive workplace environment characterized by a corporate culture that respects the diverse values of diverse human resources. To ensure that this good corporate atmosphere translates into organizational power, I myself meet with each and every employee to understand their perspectives. The discussions are being conducted remotely, with the most recent one my third experience since I assumed the position of president. Direct input from employees about work environments and job issues that they themselves are experiencing enables management to identify overall organizational issues. We then rank issues in order of priority and strive to find solutions. It is important to balance a sense of responsibility for the brand—a sentiment firmly rooted in the minds of employees—with individual enthusiasm for the job. Then, as a united team, we can work toward the targets set out in our medium-term management plan.

Another of our priorities is to strengthen corporate governance. Toward this end, we transitioned to a company with an Audit and Supervisory Committee in February 2020. At the same time, the Board of Directors underwent a review, culminating in the establishment of the Executive Committee, and Zojirushi moved forward on the separation of supervisory and business execution duties. During fiscal 2020, the Board of Directors met remotely, considered multifaceted comments from outside directors, and held extremely animated discussions, albeit online. Going forward, we will continue to refine and reshape the Board of Directors into the best structure possible.

The driving force behind brand innovation is the foundation of trust we have built

As expressed in the corporate philosophy "Creating a quality of life," Zojirushi has been doing business for more than 100 years because, more than anything else, the Company has built a brand intrinsically linked to people's lives. When we defined the kind of company we wanted to be as we were looking ahead to the next chapter of our corporate history from year 101, we embraced brand innovation, based on the concept of contributing more extensively to customers' lives. We want our brand to evolve from that of a specialized *monozukuri* manufacturer to that of a company offering food and lifestyle solutions.

A development that symbolizes the Group's new direction is Zojirushi Gohan Restaurant, a restaurant in the Namba area of Osaka that serves dishes featuring *Embudaki* rice (rice cooked in a high-performance Zojirushi rice cooker that brings out the full flavor of every grain). The idea for Zojirushi Gohan Restaurant was kindled by successful limited-time operations of pop-up restaurants to raise awareness of delicious rice cooked in Zojirushi rice cookers. We had two locations, one in Tokyo and one in Osaka, open for 10 days for lunch only. Long lines of customers formed at both locations, far beyond our expectations. Such scenes made us realize how customers felt about Zojirushi—the quality that makes our brand unique—and we were amazed. If we meet customer expectations, we can turn this into a business. We assigned a female employee to lead the project and produce the restaurant format, and the result was the first Zojirushi Gohan Restaurant. In March 2021, we opened a sister shop—Zojirushi Ginpaku Bento—at Shin-Osaka Station, given growing demand during the pandemic for ready-made meals purchased in-store and taken home to eat. Both the restaurant and the shop enjoyed incredibly good starts, definitely a reflection of customer interest as well as the support of excellent partner companies.

When we attempt something new, like the restaurant business, our success is driven by stakeholders who trust the Zojirushi brand. Without a doubt, the driving force behind the brand innovation that we seek is this foundation of trust. Therefore, it is the mission of management—of me, as president—to protect this trust and polish the reputation built on this trust to an even higher degree.

Today, issues such as climate change and COVID-19 are creating a noticeably different social landscape. In turn, the responsibilities that Zojirushi must fulfill are larger. Against this backdrop, we have embarked on a journey toward becoming not just a manufacturer but rather a provider of solutions from many perspectives to all stakeholders. You can expect great things from us. I ask for your continued support as we explore new opportunities together.

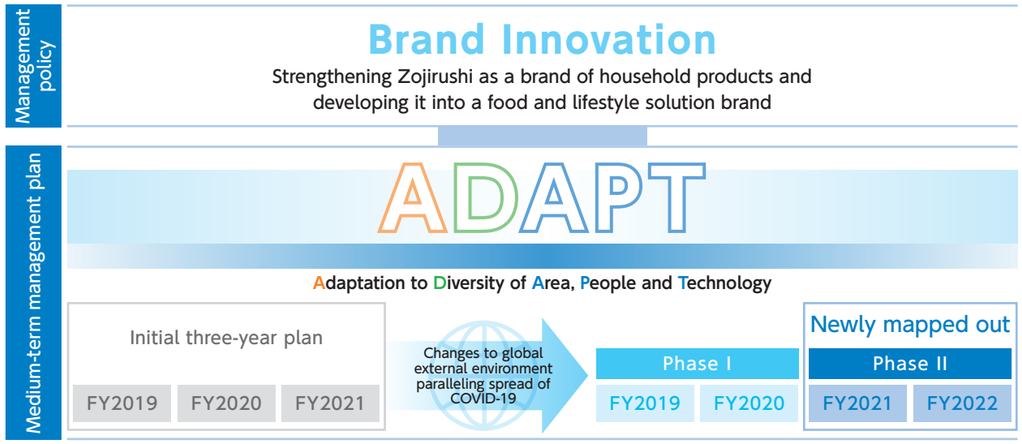
September 2021

Norio Ichikawa
President & CEO

Medium-Term Management Plan “ADAPT Phase II”

Medium-term management plan to realize management policy

Fiscal 2019 marked Zojirushi’s 101st anniversary and the start of ADAPT, a three-year medium-term management plan guiding the Group it leads toward a new corporate ideal, with the management policy for the next century of operations aimed at Brand Innovation. The plan aims to strengthen Zojirushi as a brand of household products and develop it into a food and lifestyle solution brand. Unfortunately, COVID-19, which began spreading globally in 2020, created conditions far different from what management had assumed the business environment would be at home and abroad. Consequently, management revised its strategies, matched to the new normal, and reframed the medium-term management plan into the two-year ADAPT Phase II, effective from fiscal 2021.



Looking back on medium-term management plan ADAPT Phase I

ADAPT Phase I, the medium-term management plan launched in fiscal 2019, charted a path that would lead to brand innovation, presenting Zojirushi as a solution brand for food and lifestyles—the image that Zojirushi wanted to portray—and underpin efforts to adapt to diversity in business domains, sales channels, stakeholder composition, and technology. Toward this end, the emphasis was on expanding market presence, both vertically and horizontally, with horizontal expansion driven by efforts to enhance existing products and cultivate sales channels and geographical areas, and vertical expansion fueled by the development of new products and the creation of new businesses. Zojirushi complemented this with a third set of measures aimed at strengthening the management platform paralleling vertical and horizontal expansion of business activities.

ADAPT Phase I Key Achievements

Horizontal expansion

Domestic
- Increased sales of *Embudaki* and raised share of rice cooker market
- Introduced STAN. series
- Launched Zojirushi Direct online sales site

Overseas
- Cultivated market for baby-use products in China and strengthened cross-border e-commerce
- Set up booth at Ambiente, a European trade fair

Vertical expansion
- Invited employees to submit ideas for new products, and embarked on product development
- Promoted food and beverage business centered around cooking rice

Stronger management platform
- Boosted product development efficiency through outsourcing and investment in labor-saving processes
- Trimmed costs by improving productivity at Union Zojirushi Co., Ltd.
- Rapidly rolled out workstyle reform amid the COVID-19 pandemic
- Started owner service for customers who register their purchases, and steadily increased number of registrations
- Started small-lot shipments using Thailand warehouse
- Established CSR Promotion Committee, and promoted zero plastic bottle usage in-house
- Enhanced governance through transition to company with an audit and supervisory committee

ADAPT Phase II: Understanding business environment and priority issues

In formulating ADAPT Phase II, management updated the assumed business environment to include consumer perceptions and behavior prompted by pandemic responses as well as changes on the corporate front, such as new workstyles, the economic situation, industry status, and advances in technology. For example, in daily life, people became more conscious of health and hygiene, from the perspective of preventing infection from COVID-19, and eagerly pursued lifestyles offering greater safety and security. More time stuck at home drove an increasing number of people toward digital consumerism. The pandemic also spurred progress on workstyle reform and accelerated the trend toward telework and remote meetings.

Some aspects of change are likely to stay, and some will evolve, but going forward, value perceptions will become more diverse than before the COVID-19 pandemic. With these factors in mind, management identified seven priority issues that the Zojirushi Group will tackle over the next two years from fiscal 2021, broke down these issues in line with the management policy of Brand Innovation, and set them as priority actions.

The Group will address diverse value perceptions and expansion of a diverse society and provide different kinds of value to all stakeholders.

Environment and priority issues in after-COVID-19 era (2021 onward)

After COVID-19 (2021 onward)

Consumers
- Heightened awareness of health and hygiene
- Pursuit of safe, secure lifestyles
- Accelerated trend toward digital consumerism
- Return to preparing meals at home, increase in ready-made meals
- Popularity of domestic leisure activities, gradual recovery in overseas travel

Workstyles
- Increase in teleworking, attention on job-based employment
- Wider use of remote meetings (business negotiations)
- e-approvals, trend toward paperless operations
- Easing of urban concentration

Economy/Industry
- Increase in bankruptcies and unemployment rate
- Decline in consumer sentiment
- Gradual recovery in inbound demand
- Reorganizing supply chains

Technology
- Rapid advance of digital technology (communications technology, sensors, robots, AR/VR, etc.)

Diverse value perceptions, expansion of diverse society

Understanding priority issues

1 **Issues recognized through telework experience**
- Improve ICT environment and enhance operating efficiency, build business continuity structure
- Review personnel evaluation system matched to changes in workstyle

2 **Adapting to consumers’ diverse value perceptions under new normal**
- Promote *monozukuri* manufacturing, matching trend toward eating at home and purchasing ready-made meals, and heightened awareness of health and hygiene
- Strengthen digital marketing approach to meet e-commerce and online trends

3 **Responses to business conditions and demand trends, including impact from COVID-19**
- Reinforce profitability of mainstay products, and recapture share of stainless steel vacuum bottles
- Respond to market preference for lower prices, paralleling economic recession

4 **Growth driven by progress in business diversification, and associated risk diversification**
- Develop new businesses and new products, and accelerate cultivating new markets and new marketing channels
- Formulate measures to hedge risk associated with procurement of core products and components

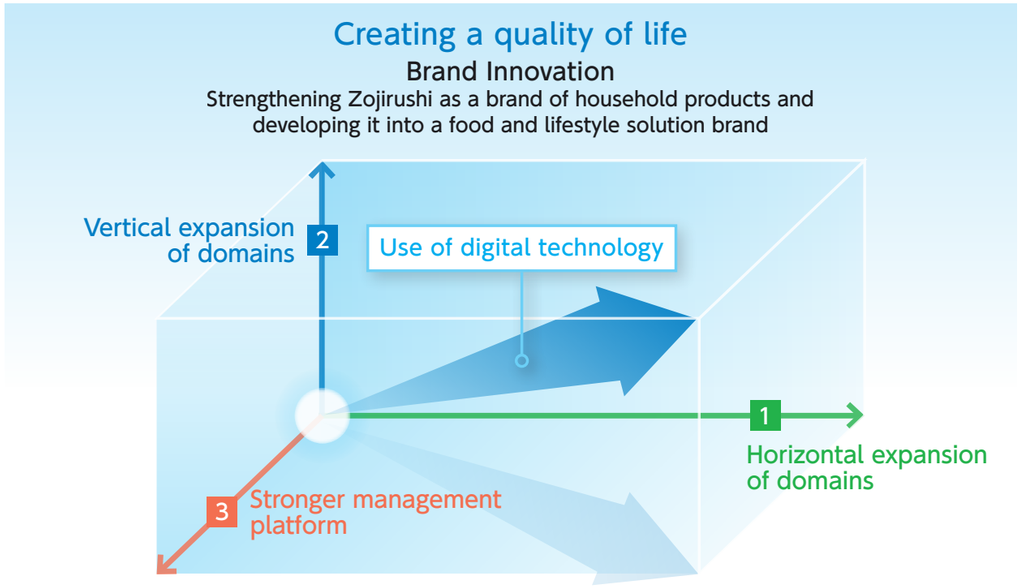
5 **Returning overseas business to growth trajectory**
- Respond to rapid shift toward e-commerce in Asian markets
- Accelerate growth in key ASEAN markets (Vietnam, Thailand, Indonesia)

6 **Strengthening points of contact with consumers, and develop segment of new—and ultimately, loyal—customers**
- Create solid base of loyal customers through after-sales services, including owner service
- Attract consumers in their 20s and 30s through STAN. and develop the segment into a loyal customer base

7 **Strengthening relationship with stakeholders**
- Sort through issues from an ESG perspective, then put measures into place, and reinforce investor and stakeholder relations

ADAPT Phase II growth strategies hinging on three points

In line with the basic concept of Brand Innovation, Zojirushi created a list of priority actions, underpinned by three-dimensional expansion comprising horizontal expansion of domains, vertical expansion of domains, and a stronger management platform.



Priority actions

Underlying concept in management policy provided basis for breaking down seven priority issues into priority actions.

1 Horizontal expansion of domains	Domestic business	■ Seek optimal balance between profit and market share
	Overseas business	■ Return overseas business to growth trajectory
2 Vertical expansion of domains	New products	■ Create new sales ■ Meet needs specific to overseas markets
	New businesses	■ Develop business with a focus on delicious rice
	Peripheral businesses	■ Revitalize the Mimamori Hotline Service
3 Stronger management platform	Productivity	■ Improve business efficiency ■ Improve development efficiency
	Business continuity	■ Build business continuity structure
	Customer base	■ Reinforce consumer points of contact ■ Capture new loyal customers and expand base
	Supply system	■ Reorganize supply chain ■ Sharpen price competitiveness
	Human resources/ organization	■ Enhance human resource base ■ Build structure to promote implementation of ADAPT Phase II
	Social value	■ Promote initiatives to address ESG issues

Use of digital technology

1 Horizontal expansion of domains

We will expand our business domain with an emphasis on efforts to extend our existing product lineup, improve added value through model changes, and carve out new sales channels and geographical areas.

In domestic business, we will revitalize the household and thermal products business by launching new products matched to changes in society, daily routines, and value, and by strengthening a proposal-type sales approach designed to achieve the optimal balance between profit and market share. This will be accomplished through a higher ratio of e-commerce sales along with sales channels better positioned to capitalize on latent demand.

In overseas business, we will strive to capture market share in key regions, especially China and North America, where the COVID-19 pandemic has led to growth in e-commerce shopping. In addition, in Southeast Asia, where economic growth is expected, we aim to build a better sales structure, reinforce product lines, and extend sales channels, and we will pursue growth investment to underpin these goals.

2 Vertical expansion of domains

We will debut new category products that address complaints, inconveniences, and problems related to food and lifestyle, which were selected from ideas from employees. In addition, we will apply existing technology to product development on our own but also team up with other companies on the development of products that present challenges if undertaken alone. Furthermore, we will take a regional approach overseas and introduce products fine-tuned to the specific food culture and local needs of consumers in those markets.

As a follow-up to business development hinging on the idea of delicious rice, we will go beyond development of rice cookers to nurture new businesses, such as those that utilize technology and know-how related to cooking rice and can be applied to meet the needs of ready-made meals and eating out.

To revitalize peripheral businesses, we will revamp the Mimamori Hotline Service and work to increase the number of contracts for this service by rolling out new promotional activities.

3 Stronger management platform

We will improve product development efficiency to accelerate the development process and bring new products to market more quickly. In addition, given how the COVID-19 pandemic highlighted the impact of risks that affect business continuity and procurement, we are keen to build a structure that enables us to maintain business safely and securely even in the event of a natural disaster, such as an earthquake or flood, or the spread of an infectious disease, or disasters, such as a fire or widespread power outages. At the same time, we will emphasize approaches to upgrade our supply chain, including efforts to promote procurement of core components from multiple companies, and sharpen our price competitiveness. We will also seek to balance quality, cost, delivery, and risk diversification.

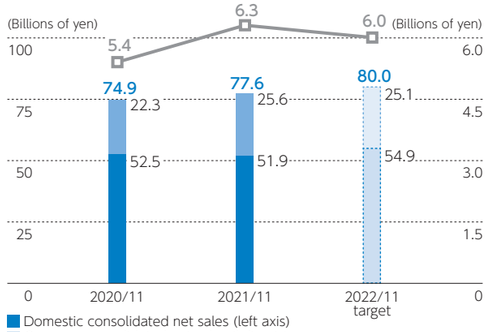
Complementing these efforts, we will reinforce points of contact with consumers, attract new—and ultimately, loyal—customers and expand this customer base, strengthen our human resource base, build a structure to underpin ADAPT Phase II strategies, and promote initiatives to address ESG issues.

ADAPT Phase II performance targets and policy on return to shareholders

Medium-term performance targets

We will strive to maintain higher sales and higher income in fiscal 2021 and fiscal 2022, which will put us on a sustainable growth trajectory.

Consolidated net sales: ¥80.0 billion
Consolidated operating income: ¥6.0 billion
(Operating income to net sales: 7.5%)

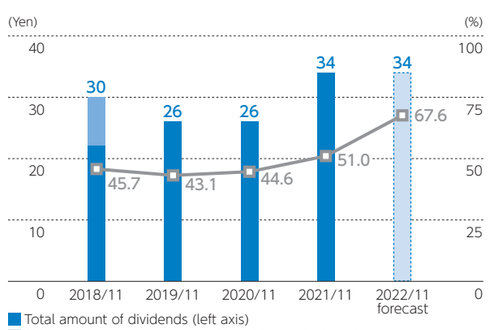


*The Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., from fiscal 2022. Due to the expected decrease in profits resulting from the significant rise in raw material prices and investment in advertising, the Company forecasts consolidated net sales of ¥79.3 billion, consolidated operating income of ¥4.4 billion and an operating income margin of 5.5% for fiscal 2022.

Policy on return to shareholders

We seek to enrich return to shareholders by providing a stable dividend targeting a consolidated dividend payout ratio of 50% or higher.

Enriched return to shareholders
Stable dividend targeting consolidated dividend payout ratio of 50% or higher



Domestic Business Strategy



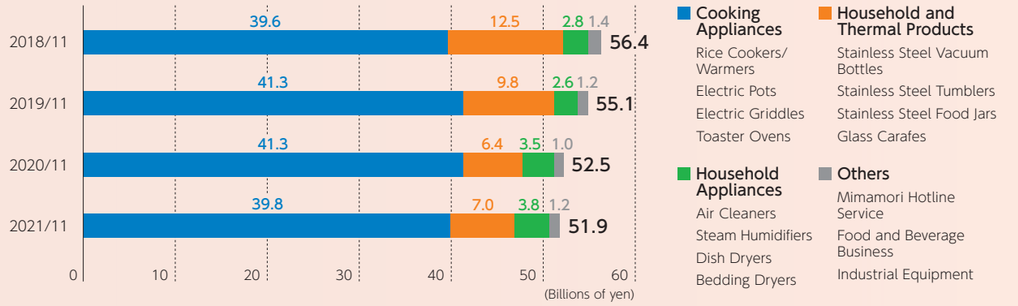
Basic Strategy

- Launch new products aligned with social and lifestyle trends.
- Pursue a proposal-type sales approach that balances profitability with growth in market share, while preparing for post-pandemic stagnation of demand.
- Continuously approach and strengthen potential growth channels by using existing channels as pillars.

Competitive Advantage

Our greatest strength is the trust and brand power that we have built with our customers and business partners in Japan by providing unique values based on “Zojirushiness”: inspirations from everyday life, the pursuit of delicious rice, trust based on quality, and satisfaction after every purchase.

Domestic Net Sales





Tatsunori Matsumoto
Director, Corporate Officer
Chief Domestic Sales Officer
and General Manager,
Sales Department

Assessment of Domestic Business Environment and Priority Issues

Market and Distribution

- Most of our core products are mature products whose markets are on a gradual decline as Japan’s population decreases. However, they can be revitalized by popular trends and lifestyle changes (such as home-based consumption or “nesting” during the COVID-19 pandemic).
- Markets for household appliances such as air cleaners and steam humidifiers are expanding due to increased awareness of hygiene.
- General supermarkets are shifting their sales floors toward lifestyle proposals.
- Among home electronics mass retailers, suburban stores have gained prominence amid a shift in buying behavior as shoppers avoid crowded areas.
- Store-less retail (e-commerce) has seen rapid growth driven by the pandemic, with sustainable growth expected to continue.

With this view of the business environment, our domestic business will focus on the following priority issues of ADAPT Phase II.

1. Adapting to the diverse values of consumers is the new normal.
2. Responding to economic and demand trends, including the impact of the COVID-19 pandemic.
3. Achieving sustainable growth by promoting business diversification.
4. Strengthening consumer contact points and developing a new fan base.

Strategy 1

Launch New Products Aligned to Social and Lifestyle Trends —Horizontal Expansion—

We will work to revitalize existing category products by actively pursuing model changes and expanding our lineup.

In cooking appliances, we will introduce high-value-added products, pursuing perfection in rice cooking through the further evolution of our *Embudaki* technology, expanding the STAN. series, and remodeling long-selling products.

In household and thermal products, we aim to increase our market share by expanding our range of seamless one-piece lid models with items that match consumer needs (easy to use and easy to wash) and by renewing our lineup of products for children.

In household appliances, we will work to improve our brand and expand our business in the home appliance market, with steam humidifiers at the core.

Strategy 2

Pursue a Proposal-type Sales Approach that Balances Profitability with Growth in Market Share

We will work to maximize profits and expand market share. With an emphasis on profitability, we will maintain existing channels as much as possible and follow a proposal-type sales approach that is not price dependent.

To achieve these goals, we will enhance the functions of our headquarters, review and strengthen our area sales structure, improve the skills of sales representatives, secure personnel for business negotiations at our headquarters, and review and strengthen our business negotiation and marketing tools.

In addition, we will promote “360-degree sales,” a sales style with a multifaceted perspective and an awareness of new sales methods and new products. We will also work to adopt a sales style that embraces new challenges without being bound by common-sense assumptions of the past.

Strategy 3

Strengthen New and Underdeveloped Channels

The e-commerce channel is growing in terms of market share. However, rather than switching from existing channels to the e-commerce channel, we plan to increase sales from e-commerce itself while maintaining existing channels as much as possible. Our basic stance will be to strengthen and expand our business through a proposal-type sales approach that is not price dependent. We will pursue a range of initiatives, including strengthening sales promotion and business negotiations, enhancing product differentiation from that of home electronics mass retailers, and developing and enhancing video content. In terms of new business development, we will continue to sequentially target untapped channels, such as drugstores and supermarkets, that are well suited to sales of stainless-steel bottles and have growth potential.

Strategy 4

Create New Category Products and New Businesses —Vertical Expansion—

To expand sales, we will actively engage in joint development with other companies and introduce new category products.

In new businesses, we will cultivate new customers and increase satisfaction with the Zojirushi brand by focusing on areas that align well with our brand personality and are close to our existing businesses. For example, in addition to our food and beverage business, which centers around cooking delicious rice, we are developing adjacent businesses such as sales of sterilizing wet wipes containing fermented alcohol (ethanol) made from leftover rice in rice cooking tests, and rental services of our products.

Launch new category products and create new businesses



TOPICS Closer to Consumers. Winning New Zojirushi Fans.

We have expanded our customer self-service capabilities with tools such as web-based diagnosis and repair navigation, a chatbot, and active support on Twitter. These tools have increased our points of contact with customers, enabling easier and smoother communication. We have also connected the Zojirushi Owner Service with Zojirushi Direct to support consumers with enhanced services. With the STAN. brand, we aim to attract a new fan base by proposing a lifestyle for young people.



STAN. series



Overseas Business Strategy

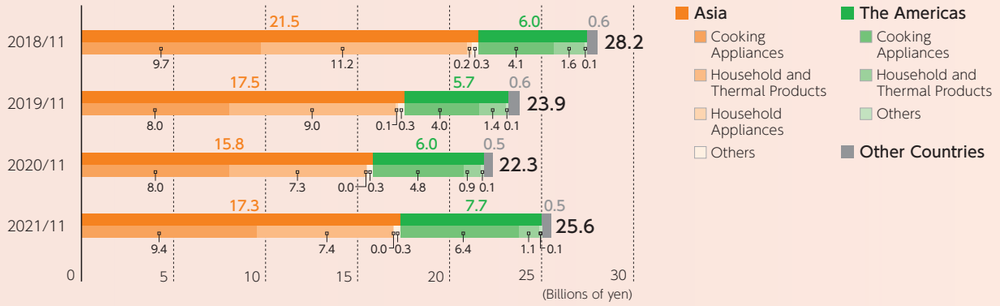
Basic Strategy

- Robust strategies to target e-commerce markets in major regions
- Accelerated development of new channels
- Priority allocation of resources to growth regions (Vietnam, Thailand, Indonesia)
- Restructuring of sales structure to align with development of growth markets

Competitive Advantage

Zojirushi is recognized as a high-value-added brand with advanced technology and quality in our main markets of the U.S., China, Taiwan, and elsewhere. Zojirushi Shanghai Corporation (China) has locations in Shanghai, Guangzhou, Beijing, and Chengdu as a network that spans the east, west, south, and north of China.

Overseas Net Sales by Region





Yoshihiko Miyakoshi
Director, Corporate Officer
Chief International Sales Officer
and General Manager,
International Department

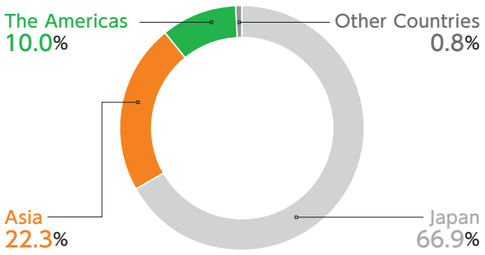
Assessment of Overseas Business Environment and Priority Issues

Market and Distribution

- Global shift from in-store retail to e-commerce accelerated by people limiting their outside activities and by temporary closures during the COVID-19 pandemic.
- China's economy is recovering from the pandemic faster than other countries' economies and is expected to maintain high growth in the future.
- ASEAN countries are also expected to grow in the medium to long term, despite a temporary slowdown.

From this assessment of our business environment, we have positioned the return of our overseas business to a growth trajectory as our top priority. We will develop strategies in each region and focus on responding to the rapid shift to e-commerce in the Asian market and accelerating growth in key ASEAN countries (Vietnam, Thailand, and Indonesia).

Net Sales Ratio by Region (Fiscal 2021)



Business Strategy

Zojirushi Shanghai Corporation (China)

1 Change distribution policy
We will shift from a regional to a channel-based approach, realigning our sales companies' sales structures (personnel, assignments, etc.) accordingly.

2 Expand sales through e-commerce channels
We aim to further increase sales by optimizing our e-commerce business, including changes in our distribution policy, and by strengthening online events and content such as live demonstrations.

3 Develop sales channels for baby products
In addition to expanding the number of stores that handle our products, we will introduce products jointly developed with specialized manufacturers.

Zojirushi SE Asia Corporation Ltd. (Thailand)

1 Strengthen sales promotion in priority markets
We will adapt to the characteristics of each priority market as we introduce new products, develop sales channels, and strengthen support for our distributors.

2 Increase e-commerce sales ratio
We aim to increase sales through the e-commerce channel in Hong Kong and ASEAN countries by introducing and deploying horizontally the methods and best practices used in other regions and countries.

3 Develop a sales system that considers growth potential and regional characteristics
We aim to establish bases close to growth markets and create a system that enables us to optimize our sales support for each area.

Zojirushi America Corporation (USA)

1 Expand sales through e-commerce channels
We will work to strengthen our sales structure and sales promotion support for e-commerce channels, aggressively promoting our products to existing clients and new clients.

2 Develop sales channels in neighboring countries
We will provide sales promotion support such as Spanish language assistance and work to develop e-commerce channels in major countries of Latin America.



Dedicated Zojirushi page in China's largest online shopping mall

Zojirushi Taiwan Corporation (Taiwan)

1 Develop new channels
We will work to develop new sales channels by introducing products, including original offerings, suited to the characteristics of each channel.

2 Improve brand value
We will further enhance the brand value by introducing flagship models such as our *Embudaki* and STAN. series.

3 Strengthen e-commerce channel initiatives
We will build a sales structure and sales promotion support system specializing in the EC channel and strengthen cooperation with our clients, including specialized e-commerce vendors.



A cooking video from Zojirushi Boutique streamed as an online event

TOPICS Stainless-steel Insulated Cup for Babies Released in China.

Together with Pigeon Corporation, we co-developed a stainless-steel insulated cup for babies and launched it in the Chinese market in July 2021.

Under the medium-term management plan ADAPT Phase II, we are aggressively promoting product development in collaboration with other companies. We aim to expand our business domain by developing new products and creating new businesses. The development of sales channels for baby products in the Chinese market and the commercialization of the stainless-steel insulated cup for babies were made possible through collaboration that combined the expertise of each company: Zojirushi's vacuum bottle manufacturing technology, which enables superior heat and cold retention, and Pigeon Corporation's knowledge of how babies can learn to drink by themselves.



Stainless-steel insulated cup for babies

Special Feature The Source of Value Creation

With a Passion for Challenges Starting from Scratch —Value Creation by Zojirushi—



The Zojirushi Group has been an integral part of people's changing lifestyles for 100 years, making the daily routine more convenient and comfortable and providing products that match personal preferences. The source of this value creation is a true passion that has endured from our earliest days to create a quality of life.

Dream of Ichikawa brothers to develop glass-lined vacuum bottle

Ichikawa Brothers Trading Company, the precursor of today's Zojirushi Corporation, was established in 1918 by Kinzaburo Ichikawa, who created a glass vacuum liner of his own design, and his older brother Ginzaburo. Production ceased during World War II but resumed after the war using the elephant trademark. In 1948, anticipating a change in lifestyle in the postwar era, the company debuted the Pelican Pot, which became a best seller.

Zojirushi grew, becoming a leading manufacturer in the industry by introducing hit products, including thermal carafes with floral designs that brightened people's daily lives, and the industry's first electric rice warmer in 1970. Behind this rapid growth was the belief that people take great pleasure in having a hot cup of tea or enjoying a delicious bowl of rice whenever they want, an idea passed down by the Ichikawa brothers to other developers at Zojirushi.



Product development structure imbued with founders' philosophy and passion

Current product development is the responsibility of four R&D departments in the Production & Development Headquarters, the Technical Innovation Section, and the Design Section, involving more than 200 employees.

Newly hired development personnel spend approximately their first three months in special training to gain a thorough understanding of R&D at Zojirushi and take advantage of opportunities to learn computer-aided design, other development techniques, and marketing methods. The goal is to help developers acquire a broad perspective. Core technologies in the Zojirushi Group portfolio are vacuum insulation technology, used to make vacuum bottles, and temperature control technology, used for products such as rice cookers and warmers. The aim is not just to achieve technological innovation, but to create products that customers need and want. This thinking is a strength of monumental proportions, supporting the Zojirushi brand.

Cross-organizational development project hinging on inspirations from everyday life

At Zojirushi, the development departments are not the only source of new products. For large-scale planning in particular, projects unfold across the organization with participation from product development and sales teams as well as the Customer Satisfaction Department, the Marketing Department, the Public Relations Department, and manufacturing departments. The development process also draws on comments collected directly from customers by the Customer Consultation Section and from our sales front lines that propose ideas for new products or new features.

Flow of cross-organizational development projects (e.g. rice cookers/warmers)

Recruit project members Share goal of final product, identify tasks	→ Market research Study competitors and users' needs	→ Consider content of product plans Set goals for built-in features, target and marketing	→ Develop in-product features, build prototype Market research on preform (finished prototype prior to mass production), evaluate, and obtain feedback	→ Draft sales and promotion strategies Deliver and share information inside and outside Company	→ Debut new product Distribute to stores nationwide

Revolution in delicious rice for the Japanese kitchen table

Milestones in development of rice cookers/warmers

White rice is central to food culture in Japan, being, quite simply, a source of happiness in the daily routine. Since Zojirushi introduced the first electric rice warmer in 1970, a feeling of responsibility—a sense of duty—to provide products to make delicious rice has permeated employee consciousness. This has been the driving force behind new product development.

Leaving behind 40 years of technology to start from scratch on developing *Kiwame Hagama* rice cooker/warmer

In 2010, despite a decrease in domestic rice consumption, demand for high-end rice cookers/warmers grew because of a heightened preference among consumers for delicious rice. A comment frequently heard from customers was that rice cooked the old way, over an open-flame cooking stove—*kamado* in Japanese—was more flavorful, but the technological hurdle was extremely high, too high for any manufacturer to clear.

In January 2009, Zojirushi formed the Rice Cooker/Warmer Project, with 14 people—mostly young employees—from various departments across the divisional structure. Rice cooker/warmer expertise and technology amassed over some 40 years temporarily took a backseat with the decision to start from scratch and design an electric rice cooker/warmer that could reproduce the *kamado* flavor. The first step was to visit close to 20 well-known restaurants across Japan where rice was cooked with a *kamado* and sample the cooked rice. That's when the team met Tsutomu Murashima, owner of Ginshariya Gekotei in Sakai, Osaka Prefecture, who cooked the ideal rice. Mr. Murashima is famous for his dedication to serving up the perfect *kamado*-made rice. Seeking to reproduce this most excellent rice in a household-use rice cooker/warmer, project members measured the temperature at 15 different points inside the pot while rice was cooking and analyzed the data. The results revealed that temperatures were largely constant within the pot—hardly any variation—and all areas of the rice cooked evenly. With such detailed information on cooking conditions, project participants embarked on developing a cooker and came up with a prototype featuring a wide but shallow, rimmed inner pot, unlike anything seen before. The initial prototype underwent improvements, and on the third try, Mr. Murashima gave the rice his stamp of approval—"Delicious." Development then transitioned to a mass-production test. A total of one ton of rice was cooked at the test stage. After a year and nine months of hard work and ingenuity, the *Kiwame Hagama* rice cooker/warmer debuted on the market.



Measuring temperatures inside pot

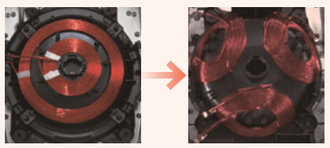


Tsutomu Murashima, owner of Ginshariya Gekotei, taste-tested rice made in prototype unit on several occasions

Embudaki—Three years and eight months in the making, with three tons of rice used in testing

Eight years had passed since the debut of *Kiwame Hagama*, credited with kicking off a new era in the electric rice cooker/warmer business. Japan had become a superaged society with an increasing number of single-occupant households. Against this backdrop, consumers were looking for a compact yet full-function electric rice cooker/warmer.

At the end of 2014, Zojirushi took up a new challenge. Once again, past successes were pushed aside to focus on careful verification of *kamado*. This time, the approach highlighted a flickering flame and a strong flame. Jun Misaki, responsible for constituent technology, zeroed in on the IH (induction heating) structure at the bottom of the rice cooker body, a component that had not changed since it was introduced 26 years earlier. Encouraged by management in the Production & Development Headquarters, he came up with a completely new structure comprising three coils, which raised the intensity of convection in a smaller inner pot. Takuma Tokuoka, responsible for product design, knew that the delicious taste of rice cooked in the prototype model was the ultimate key to product marketability. Tetsuo Funakoshi, responsible for the three-coil IH controller, spent about six months on verification tests, cooking up three tons of rice in the process. This truly innovative electric rice cooker/warmer, featuring rotation IH structure technology and an inner pot of iron between aluminum and stainless steel, debuted the year that Zojirushi marked its 100th anniversary.



Conventional IH structure → *Embudaki* IH structure

Developers involved in *Embudaki* project, biggest in Zojirushi history

- I've been wanting to do major work on rice cookers/warmers for ages, so I'm thrilled that the prototype I had a hand in creating has turned into this high-level finished product. (Misaki)
- When I saw the prototype I helped create, I knew it would be a hit with consumers. I was very excited about it. (Tokuoka)
- I wanted to create a rice cooker/warmer that would make the most delicious rice in Japan, so I was eager to be on this team. I was absolutely delighted to hear everyone say the rice was tasty. (Funakoshi)



From left: Jun Misaki, Tetsuo Funakoshi, Takuma Tokuoka

ESG Strategy

Establishment of Basic CSR Policy

Since its founding, the Zojirushi Group has closely aligned its business activities with its customers' lifestyles, guided by its corporate philosophy of "Creating a quality of life." Zojirushi celebrated the 100th anniversary of its founding in 2018. We believe our Group's mission is to contribute to the development of society and to continue playing a vital role for the next 100 years. As we do this, we must look at our accumulated management resources and maintain what is worth keeping and change what needs changing. With this in mind, we have revised our previous Management Stance as the Basic CSR Policy.

We have defined our CSR in terms of two kinds of activities. "Fulfilling responsibilities" covers actions essential for Zojirushi as a company. "Meeting expectations" covers actions that demonstrate "Zojirushiness" with the aim of continuing to be a company needed by society. To implement these activities, we have created a CSR manual that sets forth specific actions. In this way, we are working to ensure that all executives and employees understand our CSR policy.

Basic CSR Policy

1 Fulfilling responsibilities

1. We will comply with laws and regulations, respect social norms, and act with decency.
2. We will understand and respect the importance of human rights, eliminate all forms of discrimination, and build an appropriate working environment.
3. We will engage in fair and free competition and conduct our business activities properly.
4. We will enhance our transparency as a company by disclosing information swiftly and accurately.
5. We will exercise the utmost care in managing personal information.
6. We will strive to improve our corporate ethics and maintain strict self-discipline.
7. We will take a firm stance against antisocial forces.

2 Meeting expectations

1. We will help enrich our customers' lives through the quality of our products and services.
2. We will constantly work to increase the value of our Company for society.
3. We will actively promote social contribution activities in the fields of food and health, the environment, and education.
4. We will actively work to protect and improve the environment.
5. We will build a corporate culture appreciated by all stakeholders.
6. We will ensure through our actions that our development as a company aligns with the development of society.

CSR Promotion System

We have established the CSR Promotion Committee, chaired by the President and CEO and composed of the directors. We have also established four other committees and eight supervisory departments as subordinate organizations for promoting CSR activities.

CSR Promotion System (as of November 2021)

Terms in parentheses indicate secretariats or supervisory departments.



*1 Customer Satisfaction *2 After-sales Service

ESG Initiatives under Medium-Term Management Plan, ADAPT Phase II

In our medium-term management plan, ADAPT Phase II, we are promoting initiatives to address ESG issues producing increased public concern in recent years. We have identified environmental issues such as the prevention of global warming and the reduction of marine plastic, social issues such as improving our work environment, promoting diversity, and respecting human rights, and governance issues such as enhancing management transparency and compliance and risk management. We have set specific targets for these issues and introduced robust measures to address them.

Along with these activities, we will continue to promote the CSR activities that the Group has been continuously pursuing and contribute to achieving the SDGs.

	Our measures	Targets	Target year	Relevance to SDGs
Environment				
Address environmental pollution and biodiversity	■ Reduce CO_2 emissions	■ 5% reduction compared to that of fiscal 2019	Fiscal 2022	
	■ Reduce paper consumption	■ 30% reduction compared to that of fiscal 2019	Fiscal 2022	
	■ Promote zero plastic bottle usage	—	—	
Society				
Improve work environment and develop human resources	■ Establish telework system	■ Establish system	Fiscal 2021	
	■ Conduct training to strengthen human resources development capabilities	■ Implement new specialized training	Fiscal 2021	
Promote diversity and respect for human rights	■ Enhance system for supporting women's career advancement	■ Percentage of management positions held by women: 6% or more	Fiscal 2023	
	■ Review employment system for older workers	■ Re-employment rate of older workers: 90% or more	Every year	
	■ Promote employment of people with disabilities	■ Ensure mandatory employment rate is met	Fiscal 2025	
Governance				
Enhance management transparency	■ Strengthen governance by Board of Directors	—	—	—
Ensure strict compliance and risk management	■ Ensure compliance with laws and regulations	■ Serious violations of laws or regulations: 0	Every year	
	■ Strengthen information security	■ Acquisition of ISMS	Fiscal 2021	

*Fiscal 2019: From October 2018 to September 2019

Ongoing Social Contribution Activities

Mimamori Hotline Service	This service makes it possible to remotely keep an eye on elderly family members who live far away by using the "i-pot," an electric pot installed with a wireless communication device. Since the launch of the service in 2001, the number of subscribers has exceeded 10,000.
Ricemile Project	An initiative by Zojirushi Corporation, a company with a passion for rice, to encourage more people to love rice. The project involves activities such as providing information on how to cook delicious rice and having employees hold rice-planting events.
Necchuouendan	An awareness-raising initiative that highlights the need for children to have an appropriate intake of water, salt, and sugar while engaging in sports and everyday activities. Also, involving participation by parents, the project aims to support children so they can thrive and enjoy every day to the fullest.
"Dream Instructors" Program	Sponsored the "JFA Kokorono Project" of the Japan Football Association. Current and former athletes from various sports are sent to elementary schools as "Dream Instructors" to teach children the importance of having dreams.
TABLE FOR TWO Onigiri Action	Sponsored the Onigiri Action Program of TABLE FOR TWO, an NPO that uses meal sharing to address global food and health issues. Supports activities to deliver lunches to needy schoolchildren in Africa and Asia.
Rice Cookers/Warmers for Children's Cafeterias	Through the Kodomo Shokudo (Children's Cafeteria) Network, we donate rice cookers/warmers to children's cafeterias throughout Japan.
Pink Ribbon Activities	Zojirushi SE Asia Corporation Ltd. is the main sponsor of the Pink Ribbon Revolution, an initiative in Hong Kong that aims to eradicate breast cancer. Zojirushi SE Asia also sells products in pink in line with the campaign color, donating a portion of the sales to this cause.
Visiting Dance Class by OSK Nippon Revue Company	Supported "Dance with OSK! Dream on a Dance," a project in which members of a professional dance troupe visit elementary, junior high and high schools in the Kansai area to introduce school children to the joy of dance.

Human Resources Strategy



The challenges of human resources management continue to evolve. We are working to respond to the changing times, strengthening our human resources base to support brand innovation.

Osamu Sanada
Director, Corporate Officer,
Chief Administrative Officer

Human resources management approach

Our employees support our brand and their sense of responsibility and pride supports our competitiveness

At the Zojirushi Group, we view our employees' growth as the Company's growth. We respect the diversity, personalities, and individuality of our employees. We are working to create a safe, hygienic, and comfortable work environment and to develop internal systems that empower each employee to work independently. As stated in the human resources development policy for fiscal 2021, "The source of our business activities is human resources." A company is driven by people. Therefore, we believe that our most important management resource is human resources. Our medium-term management plan ADAPT Phase II includes a range of measures to strengthen our human resources base, which is the priority for our growth strategy.

The strength of the Zojirushi Group lies in the Zojirushi brand. This vital asset is in turn supported by the individual strengths of all employees, who are highly aware of the importance of the brand. Across all departments, our employees bring to their work a sense of responsibility and pride in the brand. That is the foundation of our competitiveness.

Strengthening our human resources base

Corporate value
Sustainable growth through Brand Innovation

Organization value
Revitalizing the organization by appropriately deploying diverse human resources
Implementation of medium-term strategy and maximization of output

Employee value
Increase sense of fulfillment and employee engagement

As the first step toward the next 100 years, we will pursue innovation in the Zojirushi brand. This will involve strengthening Zojirushi as a brand of household products and developing it into a food and lifestyle solution brand.

Human resources development at Zojirushi

Going beyond mere training to create a thoughtful, company-wide approach to human resources development

In our human resources development, we approach the training of each employee from a company-wide perspective, using a standardized training system that includes training by job level, training by objective, e-learning programs, and on-the-job training.

For example, the President and CEO attends the main training programs to give lectures on the brand, answer questions, and engage in dialogue with employees. His presence has helped cultivate a sense of loyalty to the brand among our employees. In particular, since employees from all departments participate in training by job level, the programs promote communication across departments, giving employees the opportunity to broaden their perspectives. In addition, executives from each department collaborate in departmental training programs. This approach enables participants to gain specialized knowledge and skills in areas such as engineering and sales.

For on-the-job training, we have achieved excellent results in employee development through internal projects in addition to regular on-the-job training. Our Company has many large-scale projects launched with members from many departments, such as new product launches, the development of new businesses, and the establishment of internal systems. By participating in such projects as team members, employees have the opportunity to network with colleagues from different careers and departments, providing valuable experience and enabling them to learn about a wide range of perspectives and ways of working.

We conduct our personnel evaluation system with individual interviews between supervisors and subordinates in the form of goal setting, interim follow-up, and evaluation. This approach provides a mechanism not only for evaluation but also for human resources development as it supports the growth of individual employees. We have designed our system and method of operation to enhance job satisfaction and motivation for growth. During the interviews, supervisors and subordinates engage in a wide-ranging conversation that deepens mutual understanding. Sharing their expectations for the future, they exchange insights on how to achieve their personal visions.

By involving the President and many employees in the human resources development process, we enable employees to acquire early in their careers an understanding of the Company's direction, the entire value chain, and brand awareness, while allowing them to demonstrate their unique abilities.

New graduate hires (Number of persons)

Fiscal year	2017	2018	2019	2020	2021
Total	16	20	18	19	20
Women	4	5	5	5	5
Percentages	25.0%	25.0%	27.8%	26.3%	25.0%

Retention rates of new graduates for three years (as of March 31, 2021)

Retention rate	93% (men: 92.9%, women: 93.3%, hired in fiscal 2018–2020: 42 men and 15 women)

Respecting individuality

Aligning career paths with personalities and abilities

Our approach to training and on-the-job training also applies to job rotation. We conduct our human resources development based on a medium- to long-term career development policy. With this approach, we consider the individuality and capabilities of all employees, rather than expecting them to be bound by a uniform career path. Specifically, we have started a new practice in which the chief officers of each department gather for a job rotation meeting and draw up employees' career paths based on declaration sheets submitted by the employees while producing a consensus for each department. We aim to establish a unique system that will make the most of the diversity and individuality of our human resources.

Strengthening our human resources base under medium-term management plan ADAPT

Linking diversity to innovation

The theme of our medium-term management plan ADAPT is adapting to diversity. Our human resources strategy focuses on adapting to diverse values and strengthening our human resources base to enable innovation that will support sustainable growth. Systems and frameworks related to work styles and employment must be constantly reviewed and optimized according to the times. One area that we have been working on for a particularly long time—and one that we must continue to address going forward—is the development and promotion of female employees. We have expanded our support measures for balancing work and childcare each year. The rate of female employees taking childcare leave has remained at 100%. Three male employees availed themselves of this system in fiscal 2021, and we will continue to promote it. In fiscal 2020, in response to the COVID-19 pandemic, we made rapid progress in developing a work environment and systems that allow for telework and diverse work styles. This arrangement makes it easier for employees to return to work after taking leave, since the environment has become more conducive to balancing work and childcare, even for those in managerial positions. We expect this to have a synergistic effect on the advancement of women.

We are also developing a plan to improve conditions for older employees to better utilize their experience and energy. Building on this, we will also consider adopting a system that allows employees to work after age 65.

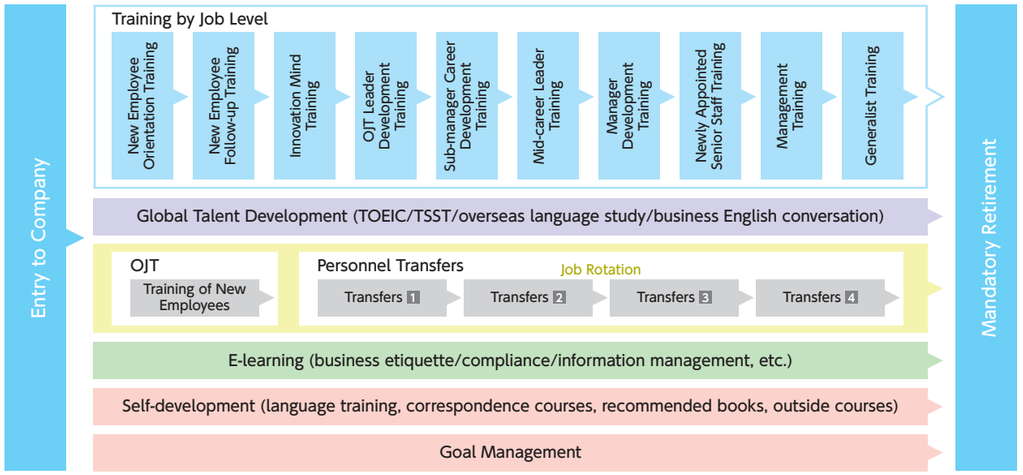
In addition, we are aggressively hiring specialist employees in key focus areas. From fiscal 2020 to fiscal 2021, we hired new foreign employees, personnel with extensive overseas experience, and personnel specializing in creative fields such as digital marketing, design, and design development.

Developing human resources to take on the challenge of Brand Innovation



Human Resources Development Initiatives

Development System Diagram



Human Resources Development System

We have established a human resources development system to strengthen our employees' capabilities to realize our management policy Brand Innovation. As part of our training program by job level, we provide "innovation mind training" for employees in their third year of employment. This program teaches the importance of acting independently without being bound by preconceived notions, helping employees develop the ability devise new business and product ideas and give them shape. In addition, to support our global operations by developing personnel who can contribute to our business overseas, we give annual in-house TOEIC and TSST (Test of Spoken English) examinations and provide incentives according to the TOEIC score obtained. We also offer various learning opportunities such as an advanced language training program of business English and an overseas language study program, a four-week study abroad program in the Philippines for employees who attain certain TOEIC and TSST scores.

Initiatives to Enhance the Value of our Human Resources

To achieve sustainable growth through Brand Innovation, we must first increase our employees' sense of job satisfaction and engagement. We need to maximize output and revitalize the organization by placing highly motivated and diverse talent in the right positions.

In our medium-term management plan ADAPT Phase II, we have set targets and are promoting them with a focus on work environment improvement, human resources development, diversity, and respect for human rights.

Addressing ESG Issues

	Overview	Our measures	Targets	Target year
	Improve work environment and develop human resources	Establish telework system	Establish system	Fiscal 2021
		Conduct training to strengthen human resources development capabilities	Implement new specialized training	Fiscal 2021
	Promote diversity and respect for human rights	Enhance system for supporting women's career advancement	Percentage of management positions held by women: 6% or more	Fiscal 2023
		Review employment system for older workers	Re-employment rate of older workers: 90% or more	Every year
		Promote employment of people with disabilities	Ensure mandatory employment rate is met	Fiscal 2025

Work-style Reform and Digital Transformation

As part of our strategy of the medium-term management plan ADAPT, the Zojirushi Group started collaborating with the labor union in fiscal 2019 to reform the way we work. From early fiscal 2020, we implemented rapid reforms in response to the spread of COVID-19, putting in place new rules to facilitate teleworking. Our aims were to improve productivity through more efficient work practices based on reduced commute time and digital transformation and to ensure business continuity in emergencies. These changes enabled us to maintain business continuity through Japan's state of emergency declarations from fiscal 2020 to fiscal 2021. We will continue to seek ways to make work easier and more productive.

Work-style Reform Project: Results of Past Activities and Future Initiatives (July 2021 interim report)

	Main tasks	Examples of initiatives
1	Promote operational efficiency by improving and enhancing ICT environment	■ Established Companywide Wi-Fi environment ■ Enhanced remote meeting facilities ■ Expanded adoption of mobile devices
2	Promote business efficiency with optimized working hours	■ May 2020 Introduced Companywide flextime system ■ November 2020 Established telework system
3	Expand equipment of production and development departments	■ Installed 3-D scanners and durability-testing equipment ■ Conducted training for effective use of equipment
4	Promote paperless operations	■ Adopted digital seal system, examining use of digital contracts ■ Promoted transition to systemization of various operations ■ Switched from fax data to electronic data in ordering operations

We will continue our activities under the banner of the Work-style Reform Project to protect the health of all our employees, enabling work flexibility and work-life balance. We will address new issues by identifying the effects of the COVID-19 pandemic—changes in mindsets, work environments, work styles, and lifestyle circumstances.

Promoting Diversity

The Group aims to create a workplace where the abilities of diverse personnel can be utilized to the fullest. To promote the advancement of women, in April 2016, we set a goal to increase the percentage of new graduates who are women to 25% or more. We achieved this goal for six straight years through fiscal 2021. We are currently expanding our environment and systems to reach our target of 6% or more of management positions held by women. In addition, our re-employment rate of retired employees has reached 100%. We will continue to review conditions for re-employed employees to enhance their job satisfaction. We will also consider employment systems to enable employees to continue to work after age 65. For promoting the employment of people with disabilities, we will aim to meet the new mandatory employment rate by systematically hiring new employees every year.

Respect for Human Rights

The Group's Basic CSR Policy states, "We will understand and respect the importance of human rights, eliminate all forms of discrimination, and build an appropriate working environment." In addition, the Company has declared that it will not engage in any unfair discrimination based on factors such as birth, gender, age, nationality, race, ethnicity, creed, religion, sexual orientation, disability, hobby, or educational background, nor will it engage in any act that harms the dignity of individuals. Following this policy, we are working to prevent and eradicate forced labor and child labor, to create a work environment free of discrimination and harassment, and to comply with labor-related laws and regulations. In addition, we have established a whistle-blowing system that enables employees to report human rights violations and illegal activities, and have in place a consultation desk for handling such issues.

We have incorporated education about human rights issues into our training by job level and we regularly conduct activities to increase our employees' awareness of human rights. We have established a Human Rights Promotion Committee that includes Group companies that meets twice a year. We also invite outside lecturers to provide training on related topics.

Occupational Health and Safety

We implement various measures aimed at eliminating occupational accidents. In addition to implementing the 5S method ("sort," "set in order," "shine," "standardize," and "sustain"), we established the Health and Safety Committee to patrol workplaces to identify and eliminate potential safety hazards. We conduct fire and disaster prevention drills every year.

Data on Occupational Accidents (manufacturing departments)

	Fiscal 2018	Fiscal 2019	Fiscal 2020
Lost-time injury	2 cases	4 cases	5 cases
Non-lost-time injury	13 cases	7 cases	6 cases
Frequency*1	1.92	4.11	5.33
Severity*2	0.01	0.20	0.14

*1 Frequency: Number of casualties due to occupational accidents per 1 million total actual working hours. Indicates the frequency of occupational accidents.
*2 Severity: Number of workdays lost per 1,000 total actual working hours. Indicates the degree of severity of occupational accidents.

Maintaining Physical and Mental Health

The Group is strengthening efforts to support the health of employees. In the follow-up process after the results of health checkups, the department head directly checks in with employees eligible for a secondary checkup to ensure that they receive it. We are also working to increase employees' health awareness through interviews with industrial physicians and the setting of health goals for individuals and departments. For mental health, we are working to reduce mental health problems through stress diagnosis and a 24-hour telephone consultation service.

Working with the Labor Union

The Group respects the rights of its employees to form unions and bargain collectively. The Zojirushi Corporation Labor Union has adopted a union shop system. In labor-management council meetings, we have constructive discussions on various issues, including work styles, reform of personnel and labor systems, work-life balance, and working conditions.

Supply Chain Initiatives

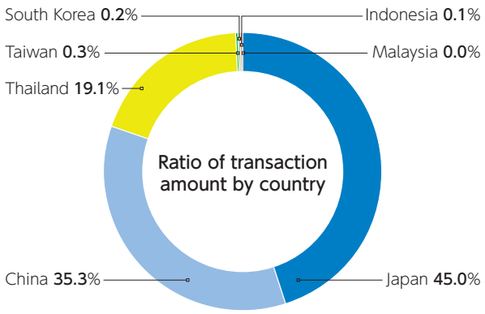
Supply Chain Policy and Basic Approach

The Zojirushi Group procures products, parts, and materials from approximately 220 suppliers across six countries. As well as complying with the Subcontract Act, we always aim to treat our suppliers fairly and impartially after entering into contracts. We act with goodwill and in good faith toward our suppliers, fostering good relationships with a view toward mutual growth.

Procurement Policy

In November 2021, the Group established a new procurement policy consisting of four items: compliance with laws and social norms, fair and equitable trade, promotion of CSR procurement, and co-existence and co-prosperity. From fiscal 2022, we will share this procurement policy with our suppliers and work to ensure that it is understood.

Overview of Transactions



Procurement Policy

The Zojirushi Group (“the Company”) conducts business based on the corporate philosophy of “Creating a quality of life.” To continue applying this philosophy by developing and manufacturing products, it is essential that we share our values with our suppliers and work together with them.

The following is an outline of our procurement policy, which is based on our corporate philosophy. We request that our suppliers, as partners in implementing our corporate philosophy, understand our procurement policy.

1 Compliance with laws and social norms

The Company will comply with laws, regulations, and social norms related to business transactions and conduct procurement activities in good faith.

2 Fair and equitable trade

We will provide our suppliers with opportunities for fair and equitable trade. When selecting suppliers, we emphasize the following points:

1. Alignment with our corporate philosophy
2. Compliance with laws, regulations, and social norms
3. Sound business conditions and the capability of continuing to do business with the Company
4. Appropriate quality, price, and delivery date of products and materials to be supplied
5. Stability and flexibility in supply capacity

3 Promotion of CSR procurement

To fulfill our corporate social responsibility (CSR), the Company requests our suppliers to follow the Supplier Guidelines, which are detailed separately.

4 Co-existence and co-prosperity

The Company will strive to build relationships of mutual understanding and trust with our suppliers and to grow together.

November 21, 2021
Masao Uwa
Chief Production & Development Officer
Zojirushi Corporation

Promotion of CSR Procurement

To fulfill our corporate social responsibility, we aim to ensure responsible procurement throughout the supply chain. We therefore ask our suppliers to observe the points stipulated in our Supplier Guidelines.

Main Content of the Supplier Guidelines

1 Business ethics

- Compliance with transaction-related laws, regulations, and social norms
- Respect for free and fair trade
- Implementation of proper accounting procedures. Prohibition of untruthful reporting
- Prohibition of bribery, illegal political contributions, giving, or receiving entertainment or gifts
- Prevention of the leakage of business secrets
- Information security measures and thorough information management
- Exclusion of antisocial forces
- Respect for intellectual property rights
- Prohibition of the use of conflict minerals

2 Work environment

- Maintaining and improving a safe, healthy, and comfortable work environment
- Respect for human rights and elimination of discrimination
- Prohibition of forced and compulsory labor and child labor
- Compliance with labor laws, regulations, and minimum wages
- Guarantees of employees’ freedom of association and right to collective bargaining

3 Environmental protection

- Proactive introduction and continuation of global warming countermeasures
- Control of hazardous substances and compliance with emission standards
- Water resource use management
- Wastewater management and regulatory compliance
- Promotion of green procurement
- Promotion of 3Rs, effective use of resources, waste reduction

4 Management

- Establishment of PDCA cycle
- Management of own risks and disclosure to stakeholders

Conducting Supplier Surveys

The Group conducts regular voluntary assessments of its suppliers, requesting that they confirm the status of their implementation of each item in our Supplier Guidelines. Following the results of this survey, we conduct questionnaires and hearings as necessary. If an area for improvement is found, both parties take immediate improvement measures to build a sounder supply chain.

Zojirushi Kyoei Business Association

The Zojirushi Kyoei Business Association is made up of our suppliers in Japan. This organization provides opportunities to interact and deepen our friendship four times a year, including a general meeting and a year-end party that our President and related officers attend.

*In fiscal 2020 and 2021, we refrained from holding such events.

Enhancing Work Efficiency with Web EDI

From May 2017, to enhance work efficiency, the Group switched from fax data to electronic data, using Web EDI for exchanging documents with suppliers. By reducing manual work, we can decrease our suppliers’ workloads. The switch to paperless processes has also reduced our environmental impact.

COLUMN Meeting with Suppliers to Show our Appreciation

Once a year, the Group announces its new products at new product planning and business meetings in Tokyo, Osaka, Nagoya, Fukuoka, Sapporo, and Okinawa. We invite around 300 companies to the events, which provide an opportunity to express our gratitude to suppliers who helped complete our products.

The development of our products depends on the cooperation of many suppliers. We will continue to maintain this sense of appreciation of our suppliers as we work to offer better products.

*In fiscal 2020 and 2021, we refrained from holding such events.



New product planning and business meetings

Environmental Initiatives

Environmental Policy and Basic Approach

The Zojirushi Group recognizes that the earth's environment is irreplaceable. Its preservation is ultimately a condition essential for the existence and activities of the Company. We see it as our responsibility to pass on a better environment to future generations. With this in mind, we have been voluntarily and proactively addressing environmental issues. Our Basic CSR Policy states, "We will actively work to protect and improve the environment." We consider the environmental impact of our business activities and have set targets by which we conduct improvement activities to protect the environment.

Environmental Communication

In addition to conducting environment-related social contribution activities for communities, we disclose complaints and environmental information in accordance with the communication management rules of environmental standards. The general affairs departments serve as the points of contact for complaints and comments and respond to them promptly. No incidents requiring public reporting occurred in the past year.

ISO 14001 Certification and Environmental Audits

In February 1999, the Zojirushi Group acquired ISO 14001 certification for its environmental management systems at the Production & Development Headquarters and at Zojirushi Factory Japan Co., Ltd. In March 2017, we shifted to the 2015 version of the standard, holding an operational briefing for managers and departments. Two of our five manufacturing sites have acquired ISO 14001 certification for an acquisition rate of 40.0%.

We also hold ISO 14001 internal auditor training. In fiscal 2020, 15 people, including employees of Zojirushi Factory Japan, participated.

Implementation of Environmental Education (ISO 14001)

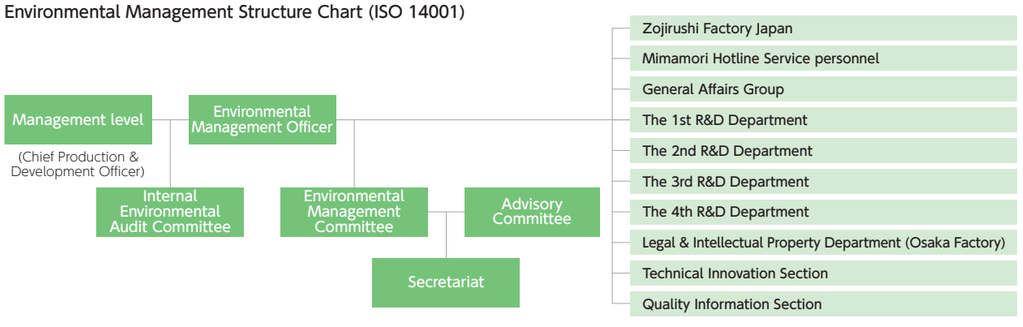
At the beginning of each fiscal year, we hold an "Environment ISO Management Review" for the Directors and personnel in charge of departments responsible for reporting the results of the previous fiscal year and explaining the targets for the current fiscal year. In addition, we hold study sessions for the internal audit leaders of each division to explain internal environmental audits and how to proceed with them. We also continue to hold study sessions to develop Environmental Internal Audit Committee members. In fiscal 2020, the environmental ISO promoters of each division held a study session for all division employees. The session focused on "increased awareness" of the goals of the 20 Aichi Targets.

In addition, to promote a broad awareness of the environment, each department prepares and distributes information cards outlining the environmental goals and policies of the workplace.

Environmental Management Structure (ISO 14001)

The Group has established an environmental management structure, headed by the Chief Production & Development Officer, to implement environmental policies based on the Basic CSR Policy.

Environmental Management Structure Chart (ISO 14001)



Environmental Targets

Action Plan	Target/Numerical Target	Target Year	Progress in Fiscal 2020
Reduce CO_2 emissions	5% reduction compared to that of fiscal 2019	Fiscal 2022	○
Reduce paper consumption	30% reduction compared to that of fiscal 2019	Fiscal 2022	○
Promote zero plastic bottle usage	Continue	—	—

*Fiscal 2019: From October 2018 to September 2019

Addressing Climate Change Issues

Responsibility in Climate Change Issues

Interest in climate change issues continued to mount in 2020, illustrated by countries around the world setting the goal of carbon neutrality by 2050. The Japanese government has also made this declaration. Guided by our corporate philosophy of "Creating a quality of life," the Zojirushi Group recognizes that we have a responsibility to help achieve decarbonization in people's lifestyles and in society as a whole.

Zojirushi's Activities to Prevent Global Warming

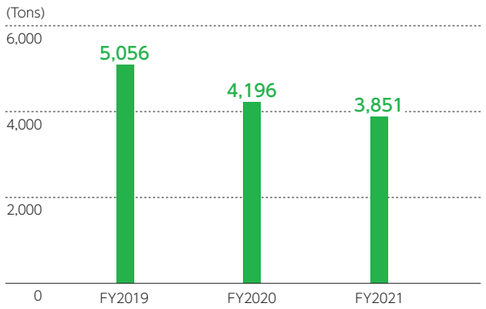
In line with the environmental targets that Zojirushi has set in its medium-term management plan ADAPT Phase II, we have been working to prevent global warming by reducing greenhouse gas emissions and creating environmentally friendly products. However, we believe that we must accelerate these activities, given that global warming is clearly continuing to worsen, as indicated by the increasingly frequent occurrence of abnormal weather patterns and natural disasters.

Identification and Analysis of Climate Change Risks

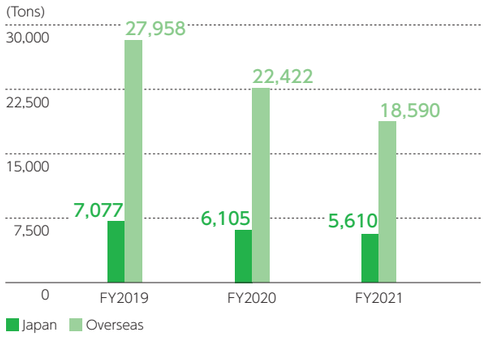
Starting in fiscal 2022, the CSR Promotion Committee will identify and analyze climate change risks in the Company's overall business activities. The committee will consider ways to improve our contribution to addressing climate change issues, including the use of our core vacuum insulation technology.

CO_2 Emissions

Japan*1



All offices



*1 Total of three factories of Zojirushi Factory Japan Co., Ltd.
*2 FY: From October of the previous year to September of the current year

Initiative Highlights

CO_2 Reduction Activities at Production Sites

The Osaka Factory of Zojirushi Factory Japan has eliminated all mercury lamps from its floodlights, replacing them with long-life, energy-efficient LEDs. We are also transitioning to LEDs for regular lighting. In addition, at our factories, we aim to achieve maximum productivity while minimizing energy consumption. For example, some of our factory buildings have roofs coated with heat-insulating properties, and we use renewable energy sources for a portion of our energy consumption by purchasing non-fossil fuel energy certificates.



Preventing Pollution

Conserving Water Resources

Due to the nature of our products, the Group does not have processes that use large amounts of water. However, we manage and control the use of water with environmental conservation in mind. Since our industrial water is discharged into the sewerage system, we manage water quality in accordance with the Sewerage Act.

Managing Chemical Substances

In accordance with the PCB Special Measures Law, the general affairs departments serve as the main executive office and store ballasts and condensers that were used in equipment such as fluorescent lamps. In addition, Zojirushi Factory Japan manages chromium and its compounds, nickel, and molybdenum and its compounds, and reports on these to the Ministry of Economy, Trade and Industry in accordance with the PRTR Law.

Developing Environmentally Friendly Products

The history of our Group started with products that retain heat without using energy. We continue that heritage to this day by evaluating our progress in improving environmental considerations. We maintain product assessment standards and compare new products with standard products to assess their energy saving, resource saving, and recycling.

Product Assessment Standards

1. Reducing mass or volume
2. Using recycled resources or recycled parts
3. Improving the possibility of recycling
4. Supporting long-term use
5. Simplifying collection and transportation
6. Simplifying manual dismantling and sorting
7. Simplifying crushing and sorting processes
8. Packaging
9. Safety
10. Environmental protection
11. Energy and resource saving, etc., during product usage
12. Providing information
13. Reducing environmental impact at the manufacturing stage
14. Other environmental considerations

Initiative Highlights

Wet Wipes Containing Alcohol Fermented from Rice Used in Rice Cooking Tests Used for Sanitizing

In an effort toward realizing a circular economy for a sustainable society, we refined alcohol (ethanol) fermented from rice cooked in cooking tests during the development of rice cookers/warmers. We then commercialized this as wet wipes made from rice, with 99% naturally occurring ingredients, used for sanitizing. As well as being sold at the Zojirushi Direct e-commerce site, the Zojirushi Gohan Restaurant, and the Zojirushi Ginpaku Bento lunch-box specialty store, we will also sell the wipes to companies that wish to use them to demonstrate their commitment to the SDGs.



A Hit Product for Telework: Stainless Steel Tumbler with High Heat and Cold Retention

Released in December 2020, the SX-FA45 stainless steel tumbler has a double stainless-steel vacuum insulation with high heat and cold retention and a lid as standard equipment to increase temperature retention capacity. With this product, we have developed a tumbler that neither gets hot on the outside even when filled with hot drinks nor produces condensation when filled with cold drinks. According to our survey, people's top complaints about using beverage containers while teleworking were that the drinks get cold or warm too quickly, that there is no lid, or that condensation occurs. This product has solved these problems and is enjoying a good reputation.



My Vacuum Bottle Campaign Helps Reduce Marine Plastic Waste

Japan's annual plastic waste is 9 million tons, the second-largest amount in the world after that of the United States. It is estimated that 20 billion plastic bottles are used in Japan every year. The Zojirushi Group started the My Vacuum Bottle Campaign in 2006, aiming to contribute to the reduction of plastic bottle emissions and plastic waste discharged into oceans.

Source: The Council for PET Bottle Recycling, Ministry of the Environment (data as of 2019)

Initiative Highlights

MY BOTTLE IS A BATON
—Nationwide Campaign—

In 2006, the Group launched drink-refilling spots, which are used by stores and cafes to supply drinks in their customers' own bottles instead of in plastic containers or PET bottles. In addition, we have started drink-refilling activities by setting up booths at events. Since 2011, we have co-sponsored the Fuji Rock Festival, which attracts more than 100,000 visitors. In 2019, we provided stainless-steel vacuum bottles to the G20 Summit in Osaka to promote the zero plastic bottle campaign. In addition, we are promoting activities in cooperation with various local governments, including Osaka and Kyoto prefectures.

Drink-refilling spot at Fuji Rock Festival



Signing ceremony of cooperation agreement between Osaka prefecture and Zojirushi

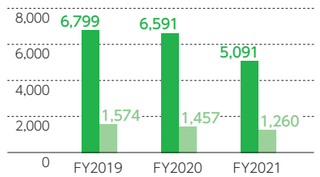
Zero Plastic Bottle Movement
—Internal Campaign—

At Zojirushi, a manufacturer of stainless-steel vacuum bottles, we are accustomed to using our own bottles in the workplace. In June 2019, to encourage employees to take matters into their own hands more than ever, we completely banned the use of plastic bottles on Company premises. We have eliminated bottled drinks from our vending machines and installed water dispensers. We completed the elimination of plastic bottles from all our Japan and overseas locations in 2020.

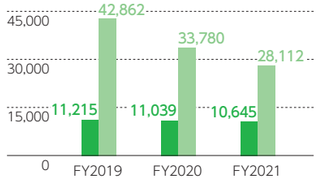


Environmental Data

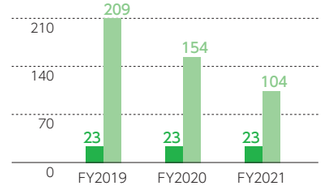
Paper consumption
(Thousand sheets)



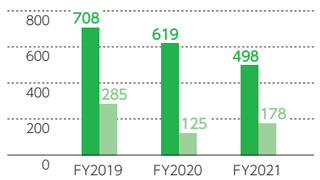
Electricity consumption
(MWh)



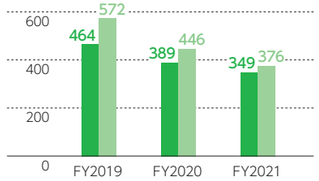
Water consumption*1
(Thousand tons)



Amount of waste*1
(Tons)



Amount of resources recycled*1
(Tons)



Japan Overseas

*1 Production factories

*2 FY: From October of the previous year to September of the current year

Message from Outside Director



An open, positive corporate culture at Zojirushi cultivates the diverse capabilities of employees, underpinning growth that meets stakeholder expectations.

Naoki Takagishi
Outside Director

Role of outside directors ever-more important for achieving corporate growth amid challenging environment

In 2005, Zojirushi appointed me as an outside corporate auditor, and in 2015, I assumed the role of an outside director. One of the most important functions of an outside director is to determine the level of risk assumed by the directors responsible for executing operations. Risk is inherent in business and conducting the business activities that shareholders expect, will be difficult if company policy is to actively avoid risk. The goal, then, is to seek business growth while assuming an acceptable level of risk and strive to boost corporate value.

Inside directors have cultivated a certain level of specialization about the Company's operations, but the experience they have gained is based on their assignments inside the Company. In contrast, outside directors have accumulated diverse experience outside the Company and can therefore offer opinions from a wider perspective shaped by their experience. When a company is taking risks to grow its business, management needs input from a broader range of assessment. This is another key role that outside directors play.

In my case, as a certified tax accountant, I have provided direction, such as business strategy. Also, as a professor and a lecturer at universities, I specialized in business-related law, such as the Companies Act, conducted research, and gave lectures from the perspective of management with a stakeholder emphasis. Because I have been directly involved in real corporate management scenarios, I can provide the Board of Directors with input based on accumulated insight, particularly for preparing medium- and long-term management plans and creating new business.

Zojirushi is a company with history and extensive experience, which is an extremely valuable corporate asset. However, management must realize that the business environment in the upcoming 100 years, especially the next 10 years, will be completely different from the past. People tend to judge things from their own experience. Unfortunately, management in today's world requires more than just that single experience. Management has to look into the future, make predictions and assumptions about situations that might arise from a certain approach and add them to management decisions. Understanding the range of these assumptions is extremely important. This issue is not exclusive to Zojirushi, but one facing all companies in Japan. A business will not remain viable if the company relies exclusively on domestic demand and perpetuates defensive management practices. Management must seek business expansion by successfully identifying which risks to take and which to avoid. Failure to do so will lead to corporate decline.

Zojirushi provides products that are an integral part of daily life. That said, if the goal is to expand business overseas, the Company has to provide value in markets where lifestyles are significantly different from the daily routines of people in Japan. Presenting Japanese traditions and food culture to people of other cultures is important, of course, but if Zojirushi does not fully appreciate local cuisine and culture and offer products that acknowledge such factors, the Company will not achieve true success in that market. However, the opportunity to build a market presence accompanies risks. Zojirushi needs to narrow down its choice of target markets, pinpoint inherent risks, and introduce products in each market with the utmost confidence.

The Board of Directors set up a decision-making framework for building this kind of medium-term management plan, that is, deciding the perspective from which future growth strategies and business plans are thoroughly discussed.

Board of Directors' effectiveness noticeably improved thanks to separation of business supervision and execution functions

Corporate governance has reached a major turning point for Japanese companies. Zojirushi is no exception, and the Company is working to reinforce governance and make the Board of Directors a more effective structure. In February 2020, Zojirushi transitioned to a company with an Audit and Supervisory Committee. The Board of Directors confirms issues to be resolved and reported prior to a meeting, seeks to instill a common awareness of problems, and spends considerable time discussing management strategies and specific measures. I feel that recent reforms have dramatically changed the way discussions unfold and their content. Outside directors, including myself, watch over all business activities and offer opinions on what we see. We engage inside directors in dialogue to shape decisions. This is how our role has evolved.

In addition, the career backgrounds of Zojirushi's outside directors are varied and well balanced. Ms. Hiromi Izumi has been concerned with keeping alive Japan's traditional culture and food culture for future generations. Mr. Shingo Torii has been involved at the management level in companies operating in some of the same domains as Zojirushi, acquiring extensive, international insights about business pursuits. Each agenda item garners comments from diverse perspectives, fueling extremely meaningful discussion.

Also, from my visits to offices all over the country as an outside corporate auditor, I feel that Zojirushi is a company with an incredibly positive, open atmosphere. The workplace culture allows people in managerial positions, whether a branch manager or a division manager, and employees to communicate casually yet with required courtesy. The Company has embraced communication practices that remove barriers, exemplified by the president's own efforts to interview employees directly. I have observed conditions at all sorts of companies, and no other company comes close to Zojirushi in terms of openness. This welcoming, accommodating atmosphere extends to the Board of Directors as well. A corporate culture such as this also firmly supports the Company's corporate governance.

Society is increasingly interested in the stance management takes on ESG and concrete activities to address ESG issues. Like any company, Zojirushi must respond to these social demands. There is a mountain of issues that must be dealt with, including the relationship between business activities and the problem of climate change, issues of gender inequality at work, diversity in human resources, and governance reform primed for innovation. Nevertheless, I believe a flexible, open corporate culture leads to diverse employee capabilities and facilitates, not only creative manufacturing, but also fosters brand innovation through new services. Going forward, I will do my utmost to fulfill my responsibilities as an outside director, and I look forward to great things from Zojirushi.

Board of Directors

(As of November 20, 2021)



Norio Ichikawa

Representative Director,
President and Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1981 Joined the Company
Feb. 1997 General Manager, The 1st Product Development Department
Feb. 1998 Director; General Manager, The 1st Product Development Department
Feb. 2001 President
Feb. 2005 Chairman, Zojirushi-Simatelex Co., Ltd. (to present)
Feb. 2010 President and Chief Sales Officer
Nov. 2012 President
Feb. 2020 Representative Director, President and Corporate Officer (to present)



Tatsunori Matsumoto

Director and Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1984 Joined the Company
Nov. 2007 Corporate Officer; General Manager, Sales Department
Nov. 2009 Corporate Officer; Deputy Chief Sales Officer and General Manager, Sales Department
Feb. 2010 Director; Deputy Chief Sales Officer and General Manager, Sales Department
Nov. 2012 Director; Chief Domestic Sales Officer and General Manager, Sales Department
Feb. 2020 Director; Corporate Officer; Chief Domestic Sales Officer and General Manager, Sales Department (to present)



Yoshihiko Miyakoshi

Director and Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1984 Joined the Company
Nov. 2008 Corporate Officer; Assistant General Manager, International Department
Nov. 2009 Corporate Officer; General Manager, International Department
Nov. 2009 Chairman of the Board, Zojirushi America Corporation (to present)
Nov. 2011 Corporate Officer; Deputy Chief Sales Officer and General Manager, International Department
Feb. 2012 Director; Deputy Chief Sales Officer and General Manager, International Department
Nov. 2012 Director; Chief International Sales Officer and General Manager, International Department
Feb. 2020 Director; Corporate Officer; Chief International Sales Officer and General Manager, International Department (to present)



Osamu Sanada

Director and Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr 1984 Joined the Company
Nov. 2012 Corporate Officer; General Manager, Accounting Department
Nov. 2014 Corporate Officer; General Manager, Personnel Department and General Manager, Accounting Department
May 2016 Corporate Officer; Deputy Chief Administrative Officer, General Manager, Personnel Department, and General Manager, Accounting Department
Feb. 2017 Corporate Officer; Chief Administrative Officer
Feb. 2018 Director; Chief Administrative Officer
Feb. 2020 Director; Corporate Officer and Chief Administrative Officer (to present)



Eiji Soda

Director and Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1990 Joined the Company
Nov. 2016 General Manager, Business Planning Department
Nov. 2017 Corporate Officer; General Manager, Business Planning Department
Nov. 2018 Corporate Officer; General Manager, Business Planning Department and General Manager, New Business Creating Department
Feb. 2019 Director; General Manager, Business Planning Department and General Manager, New Business Creating Department
Feb. 2020 Director; Corporate Officer; General Manager, Business Planning Department and General Manager, New Business Creating Department (to present)



Masao Uwa

Director and Corporate Officer

Attendance at Board of Directors meetings
10 out of 10 meetings

Apr. 1982 Joined the Company
Nov. 2009 General Manager, Business Planning Department
Nov. 2010 Corporate Officer; General Manager, Business Planning Department
May 2016 Corporate Officer; Deputy Chief Administrative Officer, and General Manager, Business Planning Department
Nov. 2016 Corporate Officer; Deputy Chief Production & Development Officer and General Manager, The 2nd R&D Department
Nov. 2018 Corporate Officer; Deputy Chief Production & Development Officer
Nov. 2019 Corporate Officer; Chief Production & Development Officer
Feb. 2020 Director; Corporate Officer and Chief Production & Development Officer (to present)



Hiroaki Jikyo

Director

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1982 Joined the Company
Nov. 2009 Corporate Officer; Deputy Chief Production & Development Officer
Jun. 2010 Corporate Officer; Deputy Chief Production & Development Officer and General Manager, The 1st R&D Department
Nov. 2010 Corporate Officer; Deputy Chief Production & Development Officer
Feb. 2011 Director; Deputy Chief Production & Development Officer
Nov. 2012 Director; Chief Production & Development Officer
Nov. 2019 Director (to present)
Nov. 2019 Senior Managing Director, Zojirushi Factory Japan Co., Ltd.
Jan. 2020 President, Zojirushi Factory Japan Co., Ltd. (to present)



Naoki Takagishi

[Independent]
[Outside]

Outside Director

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1992 Joined Shunji Takagishi Certified Tax Accountant Office (currently Shunji Takagishi and Naoki Takagishi Certified Tax Accountants Office) (to present)
Feb. 1998 Registered as certified tax accountant (to present)
Feb. 2005 Corporate Auditor, the Company
Apr. 2007 Part-time Lecturer (Commercial Law), Distant Learning Division, Nihon University
Apr. 2008 Part-time Lecturer (Commercial Law), Faculty of Law, Daito Bunka University
Apr. 2011 Part-time Lecturer (Commercial Law), Faculty of Regional Policy, Takasaki City University of Economics
Apr. 2014 Part-time Lecturer (Commercial Law), School of Management, Tokyo University of Science (to present)
Feb. 2015 Director, the Company (to present)
Apr. 2016 Associate Professor (Business Law), Faculty of International Politics and Economics, Nishogakusha University
Apr. 2021 Professor (Business Law), Faculty of International Politics and Economics, Nishogakusha University (to present)



Hiromi Izumi

[Independent]
[Outside]

Outside Director

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 2003 Chairman and Representative Director, Millieme Co., Ltd.
Jan. 2004 Chairman of the Board of Trustees, Wanogakko Non-profit Organization (to present)
Apr. 2013 Councilor, Konnichian Foundation (to present)
Feb. 2016 Director, the Company (to present)
Apr. 2017 Chairman and Director, Millieme Co., Ltd. (to present)



Yoshitsugu Hirai

Director
(Standing Audit and Supervisory Committee Member)

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1980 Joined the Company
Nov. 2011 Branch Manager, Fukuoka Branch
Feb. 2015 Branch Manager, Osaka Branch
Nov. 2016 Deputy General Manager, Auditing Department
Feb. 2017 Standing Corporate Auditor
Feb. 2020 Director (Standing Audit and Supervisory Committee Member) (to present)



Hitoshi Utsunomiya

[Independent]
[Outside]

Outside Director
(Audit and Supervisory Committee Member)

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1995 Joined Nissho Iwai Corporation (currently Sojitz Corporation)
Oct. 2004 Registered as attorney-at-law (to present)
Oct. 2004 Joined Seiwa Law Office
Jan. 2011 Partner, Seiwa Law Office (to present)
Feb. 2019 Corporate Auditor, the Company
Feb. 2020 Director (Audit and Supervisory Committee Member) (to present)



Shingo Torii

[Independent]
[Outside]

Outside Director

Attendance at Board of Directors meetings
10 out of 10 meetings

Apr. 1980 Joined ITOCHU Corporation
Jun. 1983 Joined Suntory Limited (currently Suntory Holdings Limited)
Mar. 1992 Director of the Board, Suntory Limited
Mar. 1999 Managing Director, Suntory Limited
Mar. 2001 Senior Managing Director, Representative Director of the Board, Suntory Limited
Mar. 2003 Senior Executive Vice President, Representative Director of the Board, Suntory Limited
Feb. 2009 Representative Director, Executive Vice President, Suntory Holdings Limited
May 2014 Director, Beam Suntory Inc. (to present)
Oct. 2014 Representative Director, Vice Chairman of the Board, Suntory Holdings Limited (to present)
Jun. 2015 Outside Director, ROHTO PHARMACEUTICAL CO., LTD. (to present)
Feb. 2020 Director, the Company (to present)
Jun. 2020 Outside Director, DAIKIN INDUSTRIES, LTD. (to present)



Kanae Shiono

[Independent]
[Outside]

Outside Director
(Audit and Supervisory Committee Member)

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1984 Joined Taiyo-Kobe Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
Aug. 1986 Joined Osaka Branch, Irving Bank (currently The Bank of New York Mellon)
Mar. 1995 Joined Takashi Shiono Law Office
Jan. 1996 Joined Sumio Ikegami Certified Tax Accountant Office
Mar. 1998 Registered as certified tax accountant (to present)
Apr. 2000 Opened Shiono Kanae Certified Public Tax Accountant Office Representative (to present)
Feb. 2018 Corporate Auditor, the Company
Feb. 2020 Director (Audit and Supervisory Committee Member) (to present)

Corporate Governance

Basic Views on Corporate Governance

The Company recognizes the enhancement of corporate governance as a key management issue in securing the trust of its stakeholders and ensuring the sustained improvement of corporate value.

To quickly respond to drastic changes in the business environment, and to improve and develop its corporate value, the Company strives to strengthen its corporate structure, improve management efficiency while reinforcing its auditing and control functions, and enhance corporate governance by ensuring speedy, sound, and transparent management.

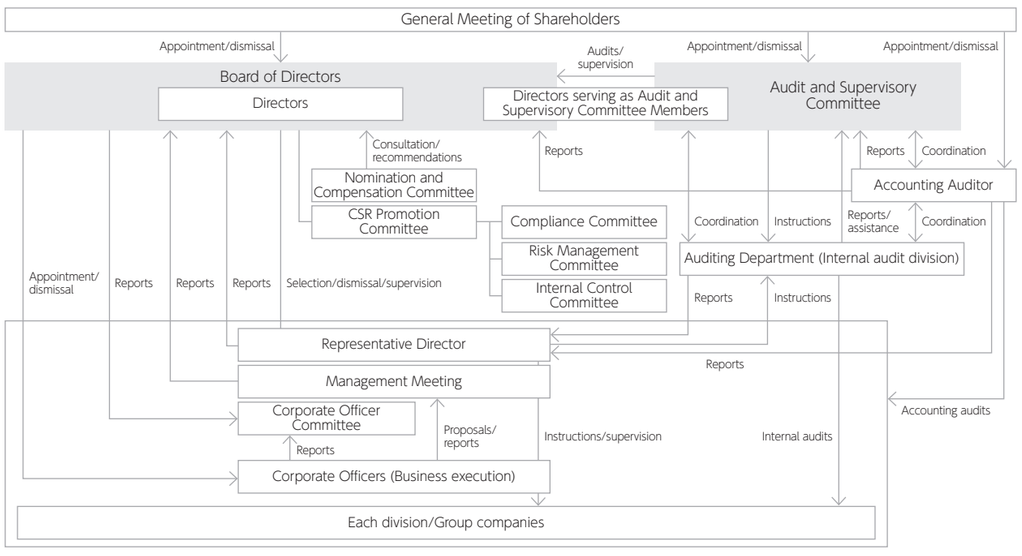
Overview of the Corporate Governance Structure

Main items	Details
Organizational structure	Company with an Audit and Supervisory Committee
Number/term of office of Directors (excluding Directors serving as Audit and Supervisory Committee Members)	10 persons/One year
Number/term of office of Directors serving as Audit and Supervisory Committee Members	Three persons/Two years
Number of Outside Directors	Five persons
Voluntary committees	Nomination and Compensation Committee
Number of Outside Directors designated as Independent Directors	Five persons
Auditing firm	KPMG AZSA LLC

Initiatives to Strengthen Corporate Governance

1986	Listed on the Second Section of the Osaka Securities Exchange
2007	Shortened the term of office of Directors (from 2 years to 1 year) Abolished the retirement benefits system for Directors and Corporate Auditors
2013	Listed on the Second Section of the Tokyo Stock Exchange
2015	Strengthened the supervision function of the Board of Directors (Election of one Outside Director)
2016	Increased the number of Outside Directors from one to two (one of whom is a female Director)
2017	Conducted an evaluation of the effectiveness of the Board of Directors
2018	Listed on the First Section of the Tokyo Stock Exchange Adopted the restricted stock compensation system Increased the number of female Outside Directors (from one to two) to reinforce diversity
2020	Transitioned to a company with an Audit and Supervisory Committee Established a Nomination and Compensation Committee Increased the number of Independent Outside Directors (from four to five; ratio of Outside Directors to all Directors: 38.5%)

Corporate Governance Structure Chart



Board of Directors

The Board of Directors comprises ten Directors (excluding Directors serving as Audit and Supervisory Committee Members) and three Directors serving as Audit and Supervisory Committee Members, a total of 13 Directors (of whom five are Outside Directors), and meets once per month, in principle, to discuss and determine statutory matters and important management matters, such as basic management policies and medium- to long-term management strategies, and to supervise and report on the status of business execution. In addition, the Company promotes the separation of the business execution and supervision functions by delegating a portion of the Board of Directors' authority to Directors, to decide business execution, and also by transitioning to a company with an Audit and Supervisory Committee and revising the Corporate Officer system, to further expedite decision making and business execution.

Management Meeting

The Management Meeting, which mainly comprises the President among the Corporate Officers and the Chief Officers of each department, meets once per week, in principle, to discuss and determine matters related to the execution policy based on the basic management policies determined by the Board of Directors, matters delegated to the Corporate Directors, and other important matters, to promote timely management activities.

Audit and Supervisory Committee

The Audit and Supervisory Committee comprises three members (two of whom are Outside Directors). By electing Audit and Supervisory Committee Members who are knowledgeable in finance and accounting, as well as appointing a Standing Audit and Supervisory Committee Member to reinforce its information gathering capabilities, etc., the Company has been enhancing the effectiveness of audits. The Audit and Supervisory Committee meets once per month, in principle, to determine audit policies and audit plans, and to report on the status of execution of duties. The Standing Audit and Supervisory Committee Member also endeavors to strengthen oversight over management by attending important meetings such as the Management Meeting, and sharing information among the Audit and Supervisory Committee Members through the meetings of

Skill Sets of Directors

Name	Corporate management/ management planning	Knowledge of the Company's business	International experience	Sales/ marketing	Product planning/ production/ technology/ R&D	Governance/ risk management/ legal affairs	Finance/taxation/ accounting/ financial matters
Norio Ichikawa	○	○	○	○	○		
Tatsunori Matsumoto	○	○		○	○		
Yoshihiko Miyakoshi	○	○	○	○			
Osamu Sanada	○	○				○	○
Eiji Soda	○	○	○			○	○
Masao Uwa	○	○		○	○		
Hiroaki Jikyo	○	○			○		
Naoki Takagishi	○			○		○	○
Hiromi Izumi	○			○			
Shingo Torii	○		○	○	○	○	
Yoshitsugu Hirai (Audit and Supervisory Committee Member)		○		○			
Kanae Shiono (Audit and Supervisory Committee Member)	○						○
Hitoshi Utsunomiya (Audit and Supervisory Committee Member)						○	

the Audit and Supervisory Committee, etc. The functions of the Audit and Supervisory Committee have also been strengthened through enhanced coordination with the internal audit division, such as through the receipt of reports and the provision of instructions, as necessary.

Nomination and Compensation Committee

The Nomination and Compensation Committee has been established to strengthen the independence, objectivity, and accountability of board functions, through the appropriate engagement and advice of Independent Outside Directors regarding the nomination and compensation of Directors and other executives.

The Nomination and Compensation Committee comprises three Directors, the majority of whom are Independent Outside Directors, and its chairperson is elected from the members who are Independent Outside Directors, to ensure its independence.

The Nomination and Compensation Committee, in accordance with the authority delegated by the Board of Directors, is responsible for drafting, discussing, and determining proposals regarding board composition, the appointment and dismissal of Directors and their compensation, succession plans and other matters, as well as making recommendations to the Board of Directors.

Evaluation of the Effectiveness of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors once per year. This year, the results based on self-evaluations by each Director were reported to the Board of Directors and future initiatives were discussed, an overview of which is as follows.

The Company's transition to a company with an Audit and Supervisory Committee on February 19, 2020, as well as a reexamination of the operation of the Board of Directors and Management Meeting and the establishment of new structures such as the Nomination and Compensation Committee, have resulted in a strengthening of the functions of the Board of Directors. The Company has confirmed that, going forward, it will promote initiatives to further enhance deliberations, extensive discussions regarding medium- to long-term themes, and initiatives to elect female Directors.

CEO Succession Plan

With regard to the succession plan of the Representative Director, President and Corporate Officer, the Nomination and Compensation Committee formulates a vision of the ideal President, and drafts, discusses, and determines the overall succession plan. In addition, the Committee also selects successor candidates, and discusses and determines individual succession plans.

Members and Attendance Rates of Main Meeting Bodies

(◎ indicates chairperson)

Title	Name	Board of Directors	Audit and Supervisory Committee	Nomination and Compensation Committee
Representative Director, President and Corporate Officer	Norio Ichikawa	100%(◎)		100%
Director and Corporate Officer	Tatsunori Matsumoto	100%		
Director and Corporate Officer	Yoshihiko Miyakoshi	100%		
Director and Corporate Officer	Osamu Sanada	100%		
Director and Corporate Officer	Eiji Soda	100%		
Director and Corporate Officer	Masao Uwa	100%		
Director	Hiroaki Jikyo	100%		
Outside Director	Naoki Takagishi	100%		100%(◎)
Outside Director	Hiromi Izumi	100%		
Outside Director	Shingo Torii	100%		100%
Director, Standing Audit and Supervisory Committee Member	Yoshitsugu Hirai	100%	100%(◎)	
Outside Director, Audit and Supervisory Committee Member	Kanae Shiono	100%	100%	
Outside Director, Audit and Supervisory Committee Member	Hitoshi Utsunomiya	100%	100%	

Outside Directors

There are no human, capital, or business relationships, or any other conflicts of interest between the Outside Directors and the Company. Outside Directors serve the function and role of improving the effectiveness of corporate governance and the corporate value of the Company, by providing supervision, audits, and instructions, as necessary, from an objective and neutral standpoint based on their professional knowledge and extensive experience. To this end, the Company, upon examining their character and knowledge, elects talent regardless of age, gender, nationality, etc., who possess professional knowledge in law, taxation, finance, accounting, and other areas, as well as extensive experience or management experience at other companies, and who are capable of fulfilling their roles and responsibilities from an objective and neutral perspective, and also makes its selections on the basis of maintaining diversity and a balance of knowledge, experience, and capabilities. The Company also elects Outside Directors in accordance with its Independence Criteria for Outside Directors, which has been formulated by referring to the independence standards of the Tokyo Stock Exchange.

Executive Compensation

1 Composition, etc., of Compensation for Directors

Compensation, etc., for Directors (excluding Outside Directors and Directors serving as Audit and Supervisory Committee Members) comprises the base salary and performance-based compensation in the form of monetary compensation and restricted stock compensation. Compensation, etc., for Outside Directors and Directors serving as Audit and Supervisory Committee Members exclusively comprises the base salary, as these Directors are not eligible for performance-based compensation in the form of monetary compensation and restricted stock compensation. Further, compensation, etc., to Directors serving as Audit and Supervisory Committee Members is determined upon deliberation by the Directors serving as Audit and Supervisory Committee Members.

The base salary is fixed monetary compensation paid once per month in a fixed amount, with the amount of such compensation determined in accordance with internal rules specifying the amount of compensation, etc., for each position, depending on the proportion of responsibilities.

Monetary compensation, among performance-based compensation aims to enhance business performance, and is designed as an incentive, based on the business performance for a single fiscal year.

Restricted stock compensation aims at an improvement of corporate value in the next several years, and is designed as an incentive to be granted for each fiscal year, while promoting the further sharing of value with the shareholders.

Reason for Election as Outside Director and Status of Activities

Name	Reason for Election	Status of Activity
Naoki Takagishi	In addition to professional knowledge and experience as a certified tax accountant, Mr. Naoki Takagishi also has academic insight on the Companies Act as an associate professor and a lecturer at universities. The Company elected him as an Outside Director so that he can supervise management from an objective and neutral standpoint, based on his extensive experience and insight.	Board of Directors Attended 14 out of 14 meetings
Hiromi Izumi	Ms. Hiromi Izumi has extensive experience through the management of companies and corporations that communicate and disseminate information on Japan's traditional culture and traditional industries to both adults and children in Japan and abroad. The Company elected her as an Outside Director so that she can utilize her multifaceted perspective and female perspective for the Company's management, from an objective and neutral standpoint.	Board of Directors Attended 14 out of 14 meetings
Shingo Torii	Mr. Shingo Torii has broad experience, extensive insight, and an international perspective as a corporate manager, and currently serves as an Outside Director at other companies, as well. In order to increase the Company's corporate value, the Company elected him as an Outside Director so that he can engage in management from a global perspective, and supervise management from an objective and neutral standpoint.	Board of Directors Attended 10 out of 10 meetings
Kanae Shiono	In addition to professional knowledge and experience as a certified tax accountant, Ms. Kanae Shiono also has significant knowledge in finance and accounting, including business experience at financial institutions. The Company elected her as an Outside Director serving as an Audit and Supervisory Committee Member, so that she can utilize her extensive experience and professional knowledge to strengthen the audit and supervisory system of the Company.	Board of Directors Attended 14 out of 14 meetings
Hitoshi Utsunomiya	In addition to professional knowledge and experience as an attorney-at-law, Mr. Hitoshi Utsunomiya also has business experience at the legal affairs department of a company. The Company elected him as an Outside Director serving as an Audit and Supervisory Committee Member, so that he can utilize his extensive experience and professional knowledge to strengthen the audit and supervisory system of the Company.	Board of Directors Attended 14 out of 14 meetings

2 Policy to Determine the Percentages of Compensation Paid as Performance-based Compensation and Non-performance-based Compensation

The percentage of each type of compensation paid is, in principle, the same regardless of the position of the Director, and is set by taking into account factors such as the levels of other companies and the positioning of the different types of compensation. In an effort to further promote the sharing of value with the shareholders, the Nomination and Compensation Committee recommended raising the percentage of restricted stock compensation. Accordingly, the Board of Directors revised this percentage from fiscal 2021. As a result, while the actual percentage will fluctuate depending on business performance, the percentage of compensation paid to Directors was set as approximately 59% base salary (fixed monetary compensation), and performance-based compensation in the form of monetary compensation of approximately 29% and restricted stock compensation of approximately 12%.

3 Targets and Results of Indicators for Performance-based Compensation, Reasons for the Selection of These Indicators, and the Methods for Determining the Amounts of Performance-based Compensation

The resources for monetary compensation, among performance-based compensation are calculated using the profit attributable to owners of parent on a consolidated basis for each fiscal year as an indicator, to ensure that improved profits are reflected in a more direct manner.

Given that restricted stock compensation targets the improvement of business performance as one of the means of enhancing corporate value, its resources are also calculated using the profit attributable to owners of parent on a consolidated basis for each fiscal year as an indicator, by taking into account factors such as stock prices and the percentage of each type of compensation paid. The number of shares to be granted is then determined based on the calculation standards prescribed for each position, before being granted. Currently, the Company is considering a revision of the payment standards for restricted stock compensation, so that they align with the degree of achievement of medium-term management targets, including ESG issues.

As for the method of determining the amounts, prior to the resolution by the Board of Directors, the Nomination and Compensation Committee, in accordance with the internal rules set forth by the Board of Directors, is consulted regarding the specific amounts of compensation calculated according to the internal rules for each fiscal year, and the Board of Directors determines the amounts based on the Committee's recommendation.

4 Matter Resolved by the General Meeting of Shareholders Regarding Executive Compensation, etc.

The 75th Annual General Meeting of Shareholders held on February 19, 2020 resolved the Company's transition to a company with an Audit and Supervisory Committee, and resolved to set the amount of compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members) to be within ¥450 million per year (within ¥50 million per year for Outside Directors) and the amount of compensation for Directors serving as Audit and Supervisory Committee Members to be within ¥80 million per year. At the time of the resolution, the number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) was ten (including three Outside Directors), and the number of Directors serving as Audit and Supervisory Committee Members was three.

Furthermore, the total amount of monetary compensation related to the granting of restricted stock was resolved to be within ¥80 million per year, separate from the above amount.

Total Amount of Compensation, etc., by Director Category, Total Amounts by Type of Compensation, and the Number of Eligible Directors

Director Category	Total Amount of Compensation, etc.	Total Amounts by Type of Compensation, etc.			Number of Eligible Directors
		Base Salary (Fixed Monetary Compensation)	Performance-based Compensation		
			Monetary Compensation	Restricted Stock Compensation	
Directors (Excluding Directors Serving as Audit and Supervisory Committee Members and Outside Directors)	¥255 million	¥160 million	¥78 million	¥16 million	9
Audit and Supervisory Committee Members (Excluding Outside Directors)	¥13 million	¥13 million	–	–	1
Corporate Auditors (Excluding Outside Corporate Auditors)	¥4 million	¥4 million	–	–	1
Outside Directors	¥27 million	¥27 million	–	–	5

Note: Effective February 19, 2020, the Company transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee.

Internal Control Systems

The Company's Board of Directors formulates the medium-term management plan. In accordance with the annual plans based on the medium-term management plan, the Company and its subsidiaries set specific annual targets and budgets, while also practicing monthly and quarterly performance management on a regular and daily basis. Furthermore, the Management Meeting, which meets once per week, in principle, discusses and decides on various important matters that involve the Company and the entire Group, with the aim of early resolution and implementation. The Management Meeting is also attended by the Standing Audit and Supervisory Committee Member, which allows him/her to oversee the business execution of the Directors and Corporate Officers.

Compliance Structure

The Company has been building, maintaining, and improving the compliance structure for the entire Group, by establishing the Compliance Regulations and a Compliance Committee as part of the compliance structure, while adopting a whistle-blower system, and carrying out educational and enlightenment activities including the establishment of the Basic CSR Policy, which contains a code of conduct to be observed by all officers and employees. Furthermore, to ensure the reliability of financial reporting, the Company has established internal controls related to financial reporting centered around the Internal Control Committee, and periodically assesses the establishment and operating status of the control structure, and makes efforts to ensure its maintenance and improvement.

Internal Audits and Audits by the Audit and Supervisory Committee

The Company has established the Auditing Department (with four members) as an internal audit division, and periodically conducts internal audits of the status of business execution, etc., by the Company and its Group companies based on the audit plan. The Auditing Department also conducts tasks related to internal controls, including an assessment of the establishment and operating status of internal control systems. When appropriate, the internal audit division reports to, and shares information and opinions with the Audit and Supervisory Committee and the Accounting Auditor regarding the status of maintenance, and other important matters concerning the internal control systems.

The Outside Directors serving as Audit and Supervisory Committee Members attend audit briefings and witness field audits with the internal audit division and the Accounting Auditor, in addition to exchanging information and opinions with the Accounting Auditor and the internal audit division, when appropriate. Furthermore, the Standing Audit and Supervisory Committee Member is making efforts to strengthen the coordination between the relevant parties, by sharing information that is shared and exchanged with the internal audit division and the Accounting Auditor, through the meetings of the Audit and Supervisory Committee, etc.

System of Timely Disclosures

The Information Officer aggregates the important corporate information of the Company and the Group companies, coordinates with the Personnel & General Affairs Department, and deliberates on the necessity of disclosing such information based on the Timely Disclosure Rules of the Tokyo Stock Exchange.

Regarding matters that have already been decided, among the information deemed to require timely disclosures, the Personnel & General Affairs Department and the Accounting & Finance Department prepare the materials to be disclosed. The contents of these materials are then confirmed by the Information Officer and approved by the Board of Directors, after which they are promptly disclosed by the Information Officer. With regard to events and facts, the Personnel & General Affairs Department and the Accounting & Finance Department prepare the materials to be disclosed. The contents of these materials are then confirmed by the Information Officer and reported to the Representative Director, President and Corporate Officer, after which they are promptly disclosed. As for financial information, the Accounting & Finance Department, the Personnel & General Affairs Department, and the Business Planning Department share the responsibilities for preparing the materials to be disclosed. The contents of these materials are then confirmed by the Information Officer and approved by the Board of Directors, after which they are promptly disclosed. Until such information has been disclosed, the Company ensures the prevention of insider trading and thorough information control based on internal rules.

Furthermore, in terms of the method of timely disclosure, the Company is registered on the Tokyo Stock Exchange's TDnet (Timely Disclosure network), allowing it to widely disseminate information by holding press conferences when necessary, and distributing disclosure materials at the press clubs of the Osaka Securities Exchange, The Osaka Chamber of Commerce and Industry, and The Tokyo Chamber of Commerce and Industry. The Company also posts the disclosed information on its website, immediately following disclosure on TDnet.

Risk Management

With the aim of reinforcing the risk management system, the Company has established the Basic Rules of Risk Management as well as a Risk Management Committee to respond to the various risks that arise in the course of the Group's business, through the identification and assessment of possible risks, the organization and deliberation of responses, the sharing of information among the relevant departments and Group companies, and when necessary, the provision of advice. In addition, the Company has also established the Basic Rules of Crisis Management as subordinate rules of the Basic Rules of Risk Management, while also putting a system in place to minimize damage by quickly and systematically implementing responses based on the response manual, in the unlikely event that a crisis materializes.

The major risks that may impact the operating results and financial condition, etc., of the Group are as follows.

1. New Product Development

The Group aims to develop high-value-added and cost-competitive products that are in line with market needs. However, the Group is not always able to accurately predict which new products or new technologies will be favored by the market, and should the sales of these products fail, future growth may slow and profitability may decline, and the Group's performance and financial conditions could be impacted.

2. Declining Product Prices

The Group makes efforts to maintain and raise product prices by means such as launching competitive new products. However, pressure to lower market prices and demands for rebates are becoming increasingly stronger. Should the Group become subject to a greater-than-expected and protracted decline in prices, the Group's performance and financial conditions could be impacted.

3. Competition from Competitors

The Group's core products compete with the products of manufacturers of home appliances, etc., and some of these competitors have far greater research, development, manufacturing, and sales resources than the Group. While the Group, under such circumstances, has been able to maintain a stable market share, should competition intensify in the future and its market share decline, the Group's performance and financial conditions could be impacted.

4. Fluctuating Raw Material Prices

The prices of the major raw materials used in the Group's products, namely stainless steel, plastic resin, copper, etc., are heavily affected by international market conditions. The Group's performance and financial conditions could be impacted by a rise in raw material prices, as a result of a rise in crude oil prices, etc.

5. Impact of Fluctuating Exchange Rates

With regard to local currency-denominated assets, etc., of the Group's overseas businesses, prices after conversion into Japanese yen could be impacted due to the exchange rates at the time of conversion. Products and components imported from overseas are also settled in currencies other than the Japanese yen. Accordingly, in situations such as a greater-than-expected depreciation of the Japanese yen, the Group's performance and financial conditions could be impacted.

To minimize such risks, the Group allocates the US dollars received in exports to payments and hedges a portion of the shortfall with forward exchange contracts, in accordance with the risk management policy. However, should a greater-than-expected appreciation of the Japanese yen occur, foreign exchange losses may be incurred, and the Group's performance and financial conditions could be impacted.

6. Product Liability

While the Group aims to provide high-quality products and manufactures various products in accordance with strict quality control standards, it has enrolled in insurance to prepare for product liability claims in the unlikely event of a product defect or other such events to fulfill its liability as a manufacturer. However, should large-scale product defects or recalls occur, the Group's performance and financial conditions could be impacted.

7. Protection of Intellectual Property Rights

To ensure its business advantage, the Group strives to protect the intellectual property rights associated with the development of its products and technologies. However, in certain regions, sufficient protection may not be available. In addition, the Group may also become subject to claims that the Group's products violate the intellectual property rights of third parties. In such cases, if the Group's arguments are not accepted, it could incur losses including damages and the payment of royalties, etc., and the Group's performance and financial conditions could be impacted.

8. The Appearance of Counterfeit Products

The Group recognizes that branding is crucial, and aims to enhance the value of its brand both in Japan and abroad. While the Group has made applications for, and registered its trademark both in Japan and abroad, and has also taken anti-counterfeiting measures, should counterfeits of its brand appear on the market, its brand value could be damaged, and the Group's performance and financial conditions could be impacted.

9. Seasonal Fluctuations in Performance

Due to factors such as the particular characteristics of the Group's products and the holiday selling seasons in Japan and abroad, product shipments to its business partners tend to be concentrated from the beginning of fall to early spring. Accordingly, the Group's performance tends to be dependent on the first quarter.

10. Information Security

The Group obtains and retains personal information and confidential information on customers and business partners in the course of its business activities. The Group strives to maintain the confidentiality of such information on both the systems and operational fronts, by promoting the reinforcement of its system security measures, surveillance system, and risk management structure, and by acquiring ISMS certification and implementing thorough employee education. However, in the unlikely event that such information is leaked due to cyberattacks, unauthorized access, computer virus intrusions, etc., or important data is destroyed or falsified, or system failures, etc., occur, confidence in the Group could deteriorate, and the Group's performance and financial conditions could be impacted.

11. Occurrence of Disasters

While the Group is engaged in production and sales activities in Japan and abroad, should earthquakes, floods, typhoons, fires, wars, pandemics, etc., occur in these regions, and the Group or its business partners suffer damage due to these disasters, its business activities could be impeded, and the Group's performance and financial conditions could be impacted.

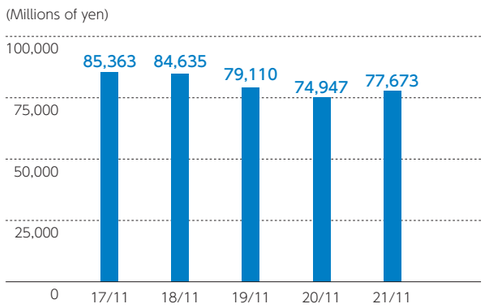
12. COVID-19 Pandemic

The Group has been conducting its business activities while making efforts to prevent the further spread of COVID-19, by having the Risk Management Committee communicate action guidelines to employees regarding telework, staggered working hours, recommending remote meetings, whether to hold events, etc., that reflect the status of the spread of COVID-19. Going forward, although the situation is expected to make a mild recovery with the expanded rollout of vaccines, the outlook remains uncertain as to when the pandemic will be contained. Sales are expected to decline as people continue to refrain from going out, and decreasing demand as well as restricted sales activities overseas are also expected, and accordingly, the Group's performance and financial conditions could be impacted. Although it is difficult to predict whether this risk will materialize, the Group is enforcing thorough infection prevention measures and striving to supply products based on its stable production structure.

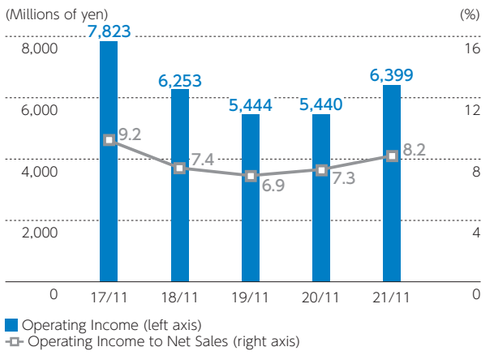
Performance Highlights

Financial Information

Net Sales



Operating Income/Operating Income to Net Sales



Profit Attributable to Owners of Parent/ROE

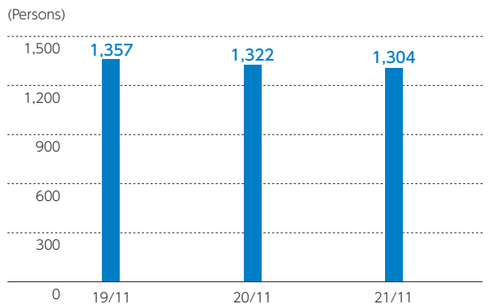
Profit per Share/Dividend Payout Ratio

Total Assets/Net Assets

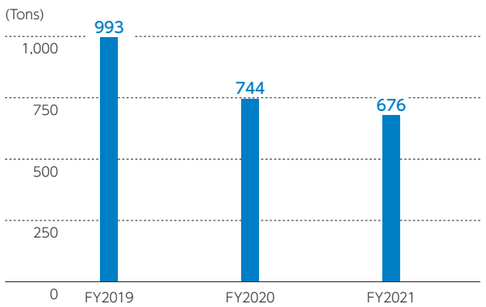
R&D Expenses/R&D Expenses to Net Sales

Non-Financial Information

Number of Employees (Consolidated)



Amount of Waste*1



*1 Production factories
*2 FY: From October of the previous year to September of the current year

Rate of Taking Paid Leave

CO_2 Emissions

*FY: From October of the previous year to September of the current year

Overtime Work (Monthly average per employee)

Water Consumption*1

*1 Production factories
*2 FY: From October of the previous year to September of the current year

Corporate Information

(As of November 20, 2021)

Corporate Data

Company Name: Zojirushi Corporation

Headquarters: 1-20-5, Tenma, Kita-ku,
Osaka 530-8511, Japan
TEL: 81-6-6356-2311
URL: https://www.zojirushi.co.jp

Year of Incorporation: 1918

Year of Establishment: 1948

Paid-in Capital: ¥4,022,950,000

Number of Employees: 1,304 (Consolidated)

Business Activities: Manufacturing, marketing, and other activities related to cooking appliances, household appliances, household and thermal products, and other products for living

Group Companies:
Zojirushi Fresco Co., Ltd.
Zojirushi Tokuhan Co., Ltd.
Zojirushi America Corporation
Zojirushi Taiwan Corporation
Zojirushi Shanghai Corporation
Zojirushi SE Asia Corporation Ltd.
Zojirushi Factory Japan Co., Ltd.
Zojirushi-Simatelex Co., Ltd.
Union Zojirushi Co., Ltd.
Zojirushi You Service Co., Ltd.

Stock Information

Status of Shares:
Total number of shares authorized to be issued: 240,000,000 shares
Number of shares issued and outstanding: 72,600,000 shares
Number of shareholders: 6,653

Listed Stock Exchange: Tokyo Stock Exchange

Securities Code: 7965

Administrator of Shareholders Registry and Special Account Management Institution: Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan

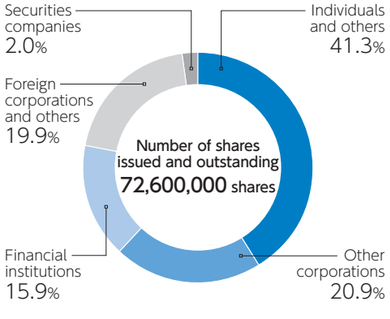
Major Shareholders

Name of shareholder	Number of shares owned (thousand shares)	Percentage of shares owned (%)
CLEARSTREAM BANKING S.A.	10,166	15.03
Norio Ichikawa	8,395	12.41
The Master Trust Bank of Japan, Ltd. (Trust account)	4,954	7.33
Wako Co., Ltd.	4,196	6.20
Zojirushi Supplier Stock Ownership Association	2,209	3.27
Ichikawa International Scholarship Foundation	1,650	2.44
Mitsubishi UFJ Trust and Banking Corporation	1,552	2.30
River City Co., Ltd.	1,544	2.28
Houei Shoji Co., Ltd.	1,425	2.11
Yoshitaka Ichikawa	1,309	1.94

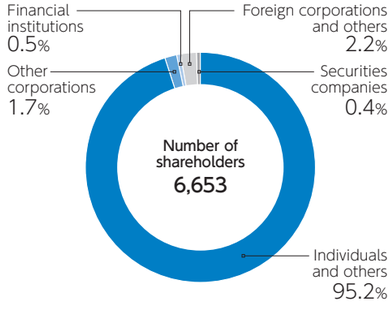
* The percentage of shares owned has been calculated after deducting treasury stock (4,968 thousand shares)

Stock Distribution Status

Ratio of Number of Shares

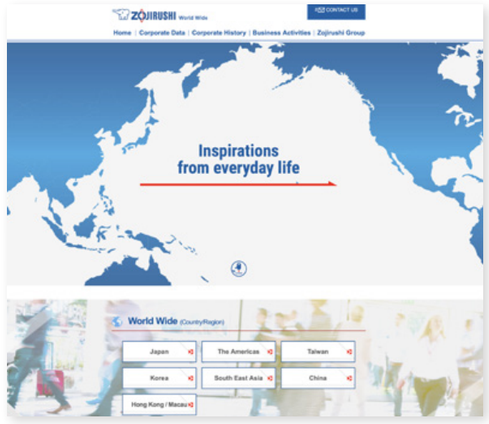


Ratio of Number of Shareholders



Our Website

For the latest update and performance-related materials, etc., of Zojirushi, please visit our corporate site and the shareholder and investor information page on the site.



https://www.zojirushi-world.com/



https://www.zojirushi.co.jp/corp/ir/
(Japanese only)

Editorial Policy

This report aims to provide shareholders, investors, and other stakeholders with a deeper understanding of how we create value by integrating non-financial information on issues including the environment, society, and governance with financial information. To this end, the report has been prepared referencing the "International Integrated Reporting Framework," published by the International Integrated Reporting Council (IIRC) in December 2013, and the "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation," compiled by the Ministry of Economy, Trade and Industry on May 29, 2017.

Environment Social Governance
Guidance for Collaborative Value Creation

Notes on Forward-looking Statements

This report contains statements with respect to outlooks based on current plans, estimates, strategies, and beliefs of Zojirushi Corporation (the "Company"); all statements that are not historical facts are forward-looking statements regarding the future performances of the Company. These statements represent the judgments and assumptions of the Company's management based on the information available at the time of release of this report.
Actual future performance may differ significantly from these statements. Accordingly, there is no assurance that the forward-looking statements in this report will prove to be accurate.