



PIOLAX Sustainability Report 2024

PIONEER OF ELASTICITY



Contents

03 Piolax Corporate Philosophy

04 Message from the President

06 About Piolax

06 Our Journey with Motorization

07 Business Overview (At a Glance)

09 Business Areas

09 Fasteners Business

10 Open & Close Mechanism Parts Business

11 Powertrain Parts Business

12 Fluid Controls Business

13 New Business Domains (CASE)

15 Production Base (Moka Plant)

16 Medical Device Business

17 Sustainability Management

23 Environment

23 Environmental Management

29 Activities toward Carbon Neutrality

37 Efforts for Environmental Conservation

39 Biodiversity

40 Social

40 Respect for Human Rights

42 Supply Chain Management

44 Message from the CHRO

45 Human Assets

48 Promotion of Diversity

49 Work-Life Balance

51 Health Management

53 Occupational Safety and Health

56 Quality and Product Safety

59 Contribution to Society

62 Governance

62 Corporate Governance

66 Risk Management

67 Compliance

69 Data

69 Environmental Data

71 Social Data

Editorial Policy

This report is published to provide stakeholders with an understanding of the Piolax Group's sustainability efforts to achieve a sustainable society. Through this report, the Group hopes to expand the circle of communication with more stakeholders.

Reporting organizations
 PIOLAX, INC.
 Piolax Group
 (If certain information does not refer to the entire Piolax Group, its scope is indicated separately.)

Period covered
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 * For activities outside the period covered, the year and month are listed.
 * Some photos are taken outside the period covered.

Referenced guidelines
 GRI Sustainability Reporting Standards

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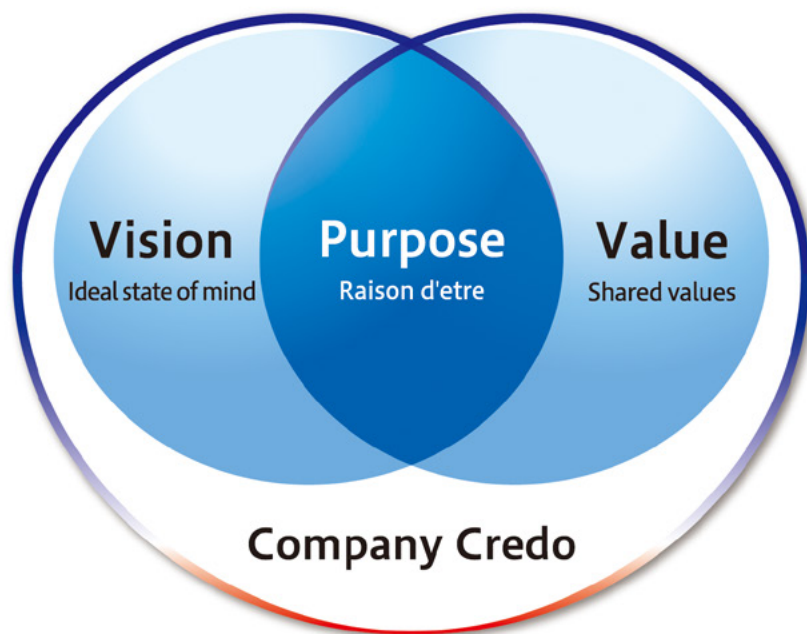
Disclaimer
 This report contains forward-looking statements regarding the Piolax Group's plans, forecasts, strategies and performance. These statements are based on judgments made referring to information available at the time of publication. We thank you for your understanding.

Company Profile

Business name	PIOLAX, INC.	Listed exchange	Tokyo Stock Exchange, Prime Market
Representative	Satoshi Yamada, President	Sales amount	29.1 billion yen (non-consolidated)/ 64.5 billion yen (consolidated) (as of March 31, 2024)
Head office	6-145 Hanasaki-cho, Nishi-ku, Yokohama, Kanagawa, Japan	Business activities	Production and sales of coil springs, flat springs, wire forms, metal/plastic fasteners, and unit assembly parts
Date of establishment	September 1939		
Capital	2,960.97 million yen (as of March 31, 2024)		

Piolax Corporate Philosophy

Our new corporate philosophy, the PIOLAX WAY, serves as a guiding principle for contributing to societal development and realizing a more prosperous, secure, and comfortable future. We aim to achieve this by connecting people from all walks of life through the technology and spirit we have cultivated over the years as a pioneer in elastic technology. By adhering to the PIOLAX WAY, we will pursue management strategies that meet the expectations of all stakeholders, including customers, shareholders, and employees, while continuously enhancing our corporate value.



Purpose

Connect people and society with technology for an exciting future

Vision

Create new value

-As pioneers of elasticity, we will create a next future-

Value

- 1) Pioneer new ideas and open to change
- 2) Strive for excellence with passion and trust
- 3) Respect creativity and free thinking

Company Credo

“Sincerity, Cooperation, and Contribution”

Message from the President

With a 90-year legacy under the principle that “a company should serve the public good,” we are advancing towards the future with our new corporate philosophy, the PIOLAX WAY.

Effective June 2024, Yukihiro Shimazu has assumed the role of Chairman, and Executive Officer Satoshi Yamada has taken on the role of President. As a new leader in this challenging business environment, President Yamada is committed to leading the company to further enhance its corporate value and achieve a sustainable society.



President
Satoshi Yamada

Chairman
Yukihiro Shimazu

Revising Our Raison d’Etre and Corporate Philosophy

Piolax was founded in 1933 as a manufacturer of precision metal springs for automobiles as well as of electrical and telecommunications equipment. Since then, we have continued to grow as a development-focused company, with our core technologies centered around elasticity, of springs and other materials. Having celebrated our 90th anniversary, we uphold our founder’s belief that a company should serve the public good, seamlessly integrating this principle into our ESG management efforts. It is now widely recognized that a company cannot survive if it only pursues its own profit; a social perspective is also essential. And this is precisely what our founder’s mindset alluded to.

With the automotive industry in which we operate undergoing a once-in-a-century transformation, we must respond to the

demands of a drastically changing society while cherishing the spirit of our company’s foundation. In order to achieve this, we revised our corporate philosophy on the occasion of our 90th anniversary in 2023. In that process, we involved the junior employees who will be our future leaders as project members, reevaluated our raison d’etre, and explored our ideal vision for the company. This has culminated in our new philosophy, the PIOLAX WAY.

As pioneers in the field of elasticity, we have cultivated technologies and a particular mindset over the years. Through these, we seek to connect people from all walks of life and thereby realize a more prosperous, secure, and comfortable future. This aspiration is encapsulated by our raison d’etre, or purpose, which is at the core of our philosophy. With this as our basis, we aim to carefully capture societal needs and contribute to societal development.

Responding to Environmental Issues - Turning the EV Shift into a Business Opportunity

To implement our new corporate philosophy, we restructured our organization in July 2024. As part of this, we established the Business Development Department to oversee the planning and carrying out of business strategies for the entire group. In addition, we integrated the separate product development groups from each of our Strategic Business Units (SBUs) into our Product Development Department. This reorganization is expected to facilitate resource sharing among previously independent units and promote sharing of expertise. We need a cross-disciplinary product development system and synergy between different fields to quickly address the increasingly complex needs of society. This new structure enables us to adapt flexibly and swiftly to emerging



Top Message

areas. In recent years, the shift towards the electric vehicle (EV) market has accelerated, highlighting the need for the entire industry to address environmental challenges within the supply chain to achieve carbon neutrality. Developing new products that maintain performance while reducing CO₂ emissions requires significant research and development investment. We have risen to this challenge to consistently advance the development of such products and proactively suggest prototypes to our customers. By leveraging the technology and high flexibility we have cultivated over the years, we will use this period of transformation as a business opportunity. Our goal is to contribute to the reduction of the environmental impacts on society as a whole, alongside the development of the automotive industry.

We announced our Medium-Term Management Plan (FY2024-FY2026) in June. This Plan positions ESG management as the base of our business activities, actively promoting initiatives and investments with a view to a sustainable future. One such initiative is the wholesale renovation of our Moka Plant, aiming at further growth. The new facility will be equipped with advanced technology and will make it easier to meet diverse and increasing needs for environmentally friendly automotive parts. Through its high-level production system, we also aim to improve productivity by 200% by 2030. Additionally, this renovation is expected to help alleviate the industry-wide challenge of labor shortages. We plan to position the Moka Plant as our global “mother plant,” to share our expertise with group companies both in Japan and overseas.

Looking to the future of our company, I recognize that nurturing talent is as crucial as enhancing our physical infrastructure. As a development-focused company, we need passionate engineers to drive our continued progress. We are also facing new challenges in passing down the expertise of our innovators to the next generation. We are therefore intensifying our efforts in human

resource development by revisiting the fundamentals of education in design and development.

Listening to Employees: to Create a Thriving Workplace for All

In recent years, I have noticed a significant increase in requests from overseas business partners to strengthen our human rights initiatives. To ensure that our workplace remains a safe and secure environment for all employees, it is imperative to prioritize not only safety in our manufacturing sites but also the improvement of working conditions and environments. As a first step, we established a subcommittee under our Sustainability Committee and formulated and announced our Human Rights Policy. Currently, this subcommittee is discussing human rights due diligence, including perspectives on the role of improving working conditions under the umbrella of human rights. We are committed to addressing these issues promptly.

A well-developed and rewarding work environment naturally attracts prospective employees. When I was the president of our subsidiary in Mexico, I saw employees working hard and sweating in the hot workplace. To make their work more comfortable, I installed additional air conditioning and made other improvements. As word spread about the comfortable work conditions, more employees joined us, and the factory became more vibrant. While not all situations can be improved in such a straightforward manner, this experience made me deeply aware of the importance of a good work environment.

As president, I always strive to be very accessible to employees. By fostering open dialogue, I can better understand their needs and reflect these in management decisions. The societal role of the company, particularly the office, has shifted from being merely a place to work to being a space for communication. By attentively listening



to employees, I aim to enhance the work environment and improve both the quality and quantity of communication.

Embracing Changes to Remain the Preferred Choice

Since joining the company, I have had a long career in the development field, tackling various challenges from designing and developing products to launching new organizations. Leveraging this experience, I will continue to drive new product development and the transformation of our existing businesses to enhance corporate value. To achieve this, I am sincerely committed to gathering and understanding opinions from all corners. I use this understanding to meet, and even surpass, the expectations of all stakeholders involved in our business activities, from our suppliers on. I will ensure our newly established corporate philosophy is well instilled within the company so that we can contribute to a future that offers happiness and excitement to all.

We have long been in an era of high uncertainty, and I predict that the next decade will not follow the trajectory of the past. In these rapidly changing times, the company will work together as a whole and with sincerity on various initiatives to build a business that can and will continue to be the first choice of our customers.

Our Journey with Motorization

Since its founding in 1933, Piolax has consistently expanded its business, with the elasticity of springs as its core technology, primarily contributing to the development of the automotive industry. Leveraging its expertise in developing and manufacturing products with metals and synthetic resins, Piolax has supported motorization in Japan and overseas from the early days of Japanese car production. This section traces a 90-year journey of its global expansion.



Founding of major automaker predecessors

The predecessors of Japan's current major automakers were established one after another. They laid the foundation for the later era of mass production of passenger cars, while American cars dominated the market and Japanese car production primarily focused on military vehicles.



First company building in Hodogaya-ku, Yokohama City

- 1933**
Founded Kato Hatsujo Seisakusho in Honjo Kikukawa, Tokyo City
- 1936**
Moved headquarters to Iwai-cho, Hodogaya-ku, Yokohama City
- 1937**
Began business with Japan Ford
- 1939**
Incorporated as Kato Hatsujo Co., Ltd.
- 1957**
Built Yokohama Plant in Kariba-cho, Hodogaya-ku, Yokohama City

Blossoming of the Japanese automobile industry

Major Japanese automakers began designing and developing unique models without relying on Western models and created numerous iconic cars. Mass production was further accelerated by rapid economic growth and opening of expressways.

- 1969**
Started manufacturing plastic fasteners

Air pollution from exhaust emissions

Air pollution from automobile exhaust became a serious social issue, particularly in urban areas, leading to stricter emission regulations. This spurred the development of low-pollution engines and other eco-friendly parts and technologies.



Moka plant at the time of its establishment

- 1970**
Established Moka Plant in Tochigi Prefecture

Dramatic advancements in performance

The performance of Japanese cars significantly advanced, with electronic engine control becoming common. Exterior designs also became more stylish. Metal bumpers were replaced with resin ones. Such improvements represented a remarkable leap in both performance and design.

- 1988**
Started production in the US

Significant improvements in safety

Features that are now standard, such as airbags, ABS, and collision safety bodies, began to become widespread, greatly enhancing automobile safety. Driving support systems, such as car navigation, also became commonly installed in vehicles.



Spin-off of the medical device division

- 1995**
Changed company name to PIOLAX, INC.
- 1995-1996**
Established bases in the UK and South Korea
- 1998**
Listed on the Second Section of the Tokyo Stock Exchange
- Established Fuji Plant in Shizuoka Prefecture
- 1999**
Spun off the medical device business

Boom of eco-friendly cars

Growing environmental awareness accelerated the research and development of hybrid cars, electric vehicles (EVs), and fuel cell vehicles. The popularity of eco-cars increased remarkably.



Aerial view of the Thai plant

- 2000**
Established a base in Thailand
- 2003**
Established a base in Dongguan, China
- 2004**
Listed on the First Section of the Tokyo Stock Exchange
- 2009-2012**
Established bases in India, Mexico, Indonesia, and Wuhan, China

Towards further technological innovations

Automakers are focusing on developing not only eco-friendly technologies but also autonomous driving, electrification, and connected technologies that support these advancements. We are entering an era where CASE (Connected, Autonomous, Shared, and Electric) is the central theme.



Transition to the Prime Market

- 2017**
Signed a cooperation agreement with ARaymond (France)
- 2019**
Established a base in Shanghai, China
- 2021**
Converted the Shanghai base into the China headquarters
- 2022**
 - Moved the headquarters from Hodogaya-ku to Nishi-ku, Yokohama City
 - Transitioned from the First Section of the Tokyo Stock Exchange to the Prime Market

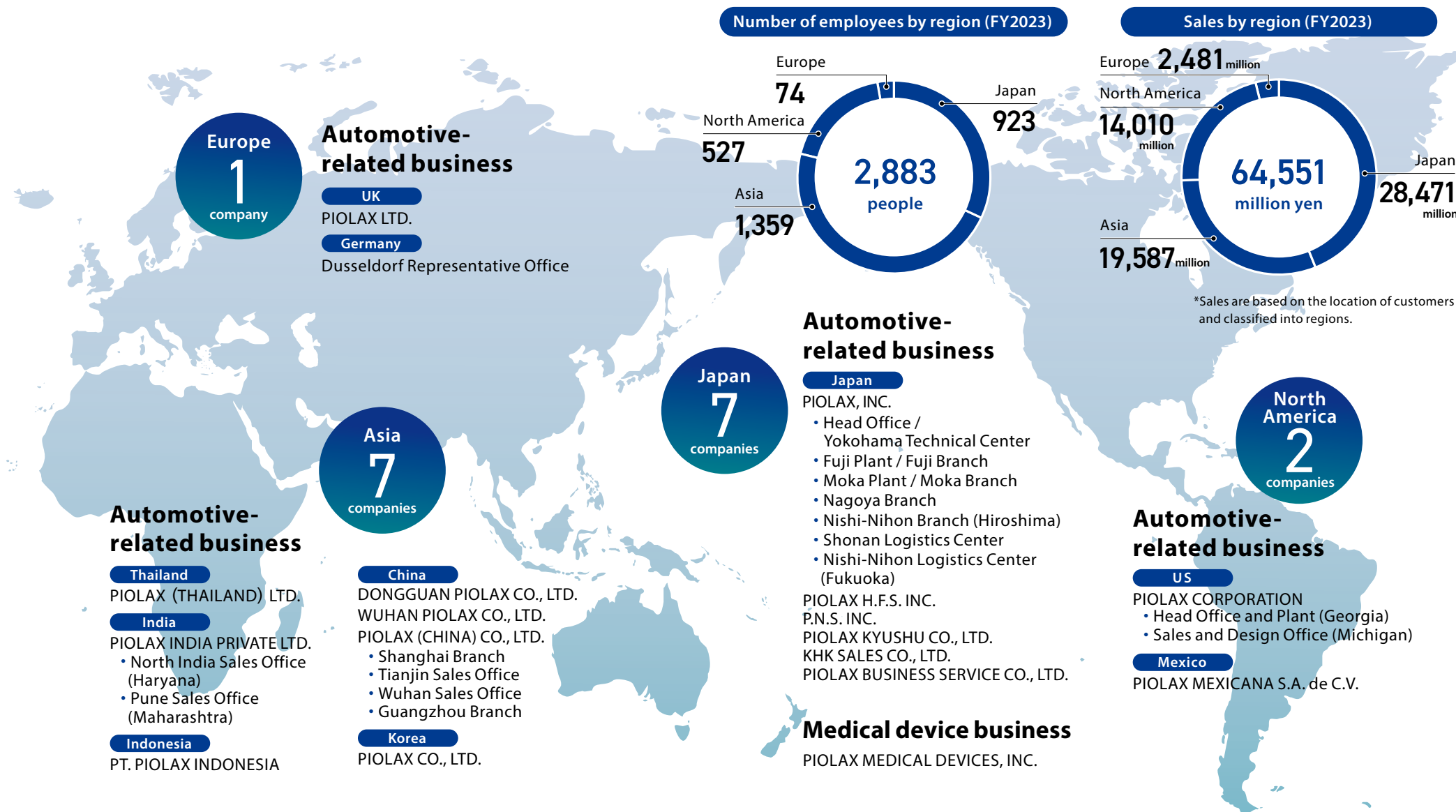
Topic

The future of mobility created through small parts

The prosperity brought by automobiles has also introduced challenges such as environmental issues and traffic accidents. We have strived to improve both environmental and safety standards without compromising on any detail of our small parts. This is because we follow the principle, "God is in the details," even though they are only a fraction of the tens of thousands of automobile components. In the CASE era, we continue to tackle the challenge of creating new value through small parts to realize a sustainable society.

Business Overview (At a Glance)

As of the end of March 2024, the Piolax Group has been in possession of seven group companies in Japan and ten overseas, engaging in extensive transactions primarily with Japanese and international automobile manufacturers.



Business Overview (At a Glance)

Automotive parts

Powertrain parts

Retainer assemblies, snap rings, etc. used in the transmission and other powertrain mechanism.



Open & close mechanism parts

Air dampers, latches, etc. used in the opening and closing mechanism of the glove box.



EV-related parts

Battery and motor related parts such as bus bars and gas vent valves.



Clamps

Hose clamps to fasten pipes and rubber hoses to prevent their separation or leaks.



Harness parts

Band clips, taping clips, etc. to bundle wires and harnesses running in a vehicle like blood vessels and fix them to the vehicle body.



Fasteners

Metal and plastic fasteners like trim clips to fix interior and exterior parts and pipes to the vehicle body.



Fluid control parts

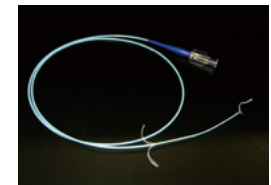
Valves, connectors, filters, etc. to refuel, store and supply fuel safely and reliably.



Medical devices

Endovascular products

Guidewires, catheters and implantable medical devices to treat cancer and vascular lesions. These products reduce the burden on patients' bodies by providing treatment through blood vessels.



Gastrointestinal endoscopy products

Guidewires, stents, and treatment devices for endoscopic procedures and diagnosis, mainly in the biliary and pancreatic regions. These products contribute to more accurate diagnosis and effective treatment.



Neurosurgery products

Plates for fixing skulls removed during surgery, as well as custom-made artificial bones made of titanium. These products contribute to improving patients' recovery and quality of life (QOL).



Abbreviations used in the report have the following meanings.

ICE: Internal Combustion Engine / BEV: Battery Electric Vehicle / HEV: Hybrid Electric Vehicle / PHEV: Plug-in Hybrid Electric Vehicle / FCEV: Fuel Cell Electric Vehicle.



Fasteners Business

The main products in our fasteners business are fasteners that secure interior and exterior automotive parts and piping to vehicle bodies. For interior use, we offer concealed types for better appearance, reusable types for repeated attachment and detachment, and less harmful types with reduced VOCs (Volatile Organic Compounds).

Strengths and Uniqueness

- 1) Reduced VOCs to lessen environmental impact
- 2) Lighter parts and lower running resistance to improve vehicle fuel efficiency and help reduce CO₂ emissions
- 3) Adapting to multi-material body construction (from steel to aluminum and resin)

Utilizing Eco-Friendly Materials and Adapting to Multi-Material Vehicle Construction

The proliferation of electric vehicles (EVs) has created a demand for quietness in vehicles. To meet this need, we are focusing on the development of new materials that absorb vibration and noise. We are also committed to improving energy efficiency through lightweighting, as well as using eco-friendly materials.

Additionally, in response to the shift to multi-material car bodies (use of aluminum and resin) to reduce weight and the number of parts, we are expanding our range of fasteners for each material. We will continue to develop products that respond to changes in vehicles, such as the use of biomass materials and giga casting.

Product Topics

Anti-vibration parts using elastic technology

Unlike conventional internal combustion engines (ICEs), EVs demand a higher level of quietness inside the vehicle. This requires anti-vibration performance to suppress piping vibration. We have incorporated thermoplastic elastomer into our existing piping clip structures, as this material offers excellent processability and anti-vibration properties. We are also re-evaluating the shape of the piping to prevent issues such as floating, tilting, collapsing, and falling.



Main products



Trim clips
Used to secure plastic covers to the vehicle body, designed to allow repeated attachment and detachment.



Piping clips
Used to secure fuel and cooling pipes to the vehicle body.



Garnish clips
Used to secure plastic decorative covers, designed to allow repeated attachment and detachment.



Hose clamps
Used to secure cooling hoses to piping, designed for ease of installation and maintenance.



Anti-vibration clips

Anti-vibration function with thermoplastic elastomers
Thermoplastic elastomer is soft resin with rubber-like elasticity. It becomes soft and pliable when heated. We have long manufactured products with elastomer using injection molding technology, such as hole plugs. Now, we are molding this material into shapes suitable for the structure of piping clips to enhance their anti-vibration functions.



Open & Close Mechanism Parts Business

The main products in our open and close mechanism parts business are latches for glove boxes and console boxes, as well as dampers that ensure storage boxes open softly, providing a sense of luxury. These parts enhance comfort in the vehicle cabin.

Strengths and Uniqueness

- 1) Our dampers hold the No. 1 global market share, and our latches hold the No. 1 market share in Japan*
- 2) Enhancing comfort in vehicle cabins, especially through automotive interior parts
- 3) Local production with locally made molds helps reduce CO₂ emissions during transportation

* Based on data from FY2021. Calculated using our sales volume and global automobile sales.

Safety-First Design for Frequently Touched Parts

Our open and close mechanism parts are often directly touched by users, and we provide added value that improves passenger comfort, such as tactile feeling and soft operation, through the parts. Our design focuses on user safety, such as preventing fingers from being pinched while handling and ensuring that storage boxes do not open upon impact during accidents.

For products for vehicles in Europe and North America, we have established an integrated system to locally manage everything from development to delivery, reducing the environmental impact associated with transportation. In addition, by standardizing designs and using resin, we are trying to minimize loss relating to molds to make efficient use of resources. We are also aiming to apply the technologies developed in the automotive field to other fields, contributing to solving social issues.

Product Topics

Resource and energy savings through standardized molds

The shape of glove box differs by vehicle model, and its latch was designed and manufactured with a mold unique to each model. However, by promoting the shared use of components, including appearance, we avoid creating new molds if possible, thereby saving materials and energy consumption for mold fabrication.

Glove box



Main products



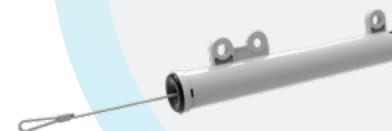
Latches

Used to lock or unlock the glove boxes, console boxes and trays, while ensuring the box surfaces and surrounding components are well aligned.



Spring cushions

This suppresses the rattling of storage box lids. Its functionality is semi-permanent compared to conventional rubber parts, and good feeling when closing the lid lasts longer.



Dampers

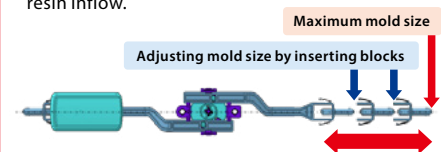
Used to open and close small storage like glove boxes and assist grips. It provides a sense of luxury by ensuring smooth opening and closing motions.



Plastic hinges

These hinges hold lids at any position with clicks. Using resin as the material increases design flexibility and contributes to product lightweighting.

To manufacture multiple products with a single mold, the mold is made to the maximum size (indicated by the red arrows) and a block is placed in an area (indicated by the blue arrows) to stop resin inflow.





Powertrain Parts Business

The main products in our powertrain parts business are metal and resin parts used in automotive transmissions, such as snap rings and coil springs.

Strengths and Uniqueness

- 1) Replacing metal parts with hybrid metal-resin parts reduces overall vehicle weight, contributing to higher fuel efficiency and lower CO₂ emissions
- 2) Developing products that function under extreme temperature conditions, enhancing vehicle reliability

Withstanding Harsh Temperature Conditions and Improving Fuel Efficiency Through Lightweight Resin

Our reduction gear parts for EVs and other types of vehicles with electric motors include detent springs and torsion springs used in parking mechanisms, as well as shims used to select plate thickness for bearing clearance adjustment.

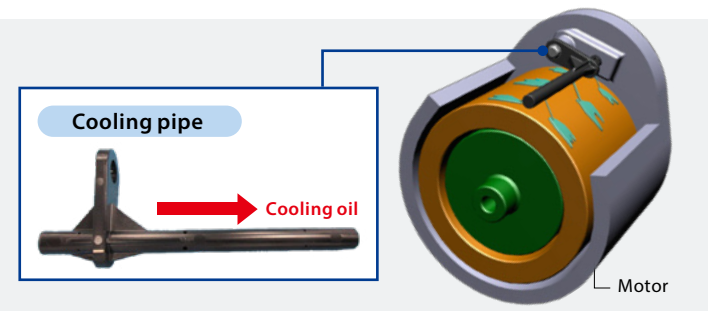
As these parts are used in transmissions that experience significant temperature changes, they must have extremely high durability to withstand temperatures ranging from 170°C to -35°C. In line with the recent transformation in the automotive industry, our powertrain parts business has also evolved, shifting from conventional metal parts to hybrid metal-resin parts that can be used in high-temperature oil. This reduces parts weight, improving vehicle fuel efficiency.

We also focus on enhancing the durability and precision of parts to constantly provide high-quality products. We will continue to pursue products that have a positive impact on environmental preservation by, for example, expanding the use of recycled materials, reducing further parts weight, and developing metal products for EVs.

Product Topics

Cooling pipes to maintain EV motor output

The motor, which is the driving source of EVs, generates a large amount of heat during rotation, resulting in reduced driving output and thermal effects on surrounding parts. To address this issue, cooling pipes are used to cool the motor by circulating cooling oil over it.



Main products

Snap rings

They fit into a groove on a shaft or in a hole to retain their mating part in the axial direction. High-performance types approximate a perfect circle when fitted. Some types have a L-shaped cross section.



Coil springs

They are made by forming spring wire into shapes suitable for various applications and are used inside transmissions, on the interior and exterior of vehicle bodies, and various other places.



Valve assemblies
Hybrid metal-resin parts.

Detent springs

Processed products that combine rollers or bearings with leaf springs. They are used in the range-shift mechanism between parking and driving modes.





Fluid Controls Business

The main products of our Fluid Controls (FC) business are products that control fluids such as air, coolant, and fuel evaporation gases (gasoline vapor)*. These include connectors and joints for connecting pipes through which fluids flow, filters to trap foreign matter, and valves. For EVs, we offer products like cooling pipes that play a crucial role in motor thermal management, as well as pressure-regulating valves.

*Fuel evaporation gases: emissions released into the atmosphere during gasoline refueling and one of the causative agents of PM2.5.

Strengths and Uniqueness

- 1) Our extensive experience in fuel system parts
- 2) Our expertise in fluid control technology
- 3) Flexible adaptation to various environmental regulations

Developing Energy Management Products to Enhance EV Range and Durability

Valves prevent fuel blowback, detect a full tank during refueling, and prevent fuel leak from a tank in case of a rollover. In recent years, the expansion of cabin space and the spread of HEVs have increasingly constrained the capacity and shape of gasoline tanks. By integrating valve functions and improving fluid level control, we help create a spacious and comfortable cabin environment.

The strength of our FC business lies in the integration of fluid control and resin processing technologies. The thermal management of EV batteries and motors affects vehicle range and durability and is crucial for performance improvement. We are focusing on developing products for the thermal management of EVs, applying our expertise accumulated through fuel system parts.

We will further reduce parts weight, improve thermal efficiency, and enhance recyclability. We will also promote product development that addresses new environmental technologies, such as FCEVs.

Product Topics

Quick connector for battery cooling

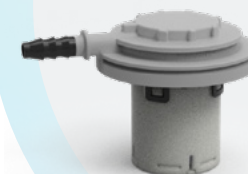
Amid the global trend towards electrification, we are focusing on products related to the cooling function of EV batteries. Our quick connectors, resin joints, and resin tubes are adopted as components in cooling pipe function products by OEMs and their Tier 1 suppliers.

At the same time, we are closely monitoring the trend towards Battery Electric Vehicles (BEVs). During the transition period to BEVs, we continue to develop PHEV-related products that comply with environmental regulations by leveraging conventional internal combustion engine (ICE) technologies. In this way, we contribute to achieving carbon neutrality.

Main products

Connectors

Used to join numerous piping systems in automobiles. Quick connectors provide easy and secure pipe connections.



Valves

Control fuel by adjusting pressure and vapor within a fuel tank and help ensure vehicle safety by preventing fuel leak from a tank in case of a rollover.

Compact filters

Designed to trap foreign matter in fuel, oil, etc. Compact and versatile, it supports vehicle safety.



No conventional clamping or press-fitting into a plastic tube is required; assembly is achieved simply by inserting into the mating part. This not only simplifies assembly but also provides audible clicks to ensure secure attachment in visually inaccessible locations.



New Business Domains (CASE*)

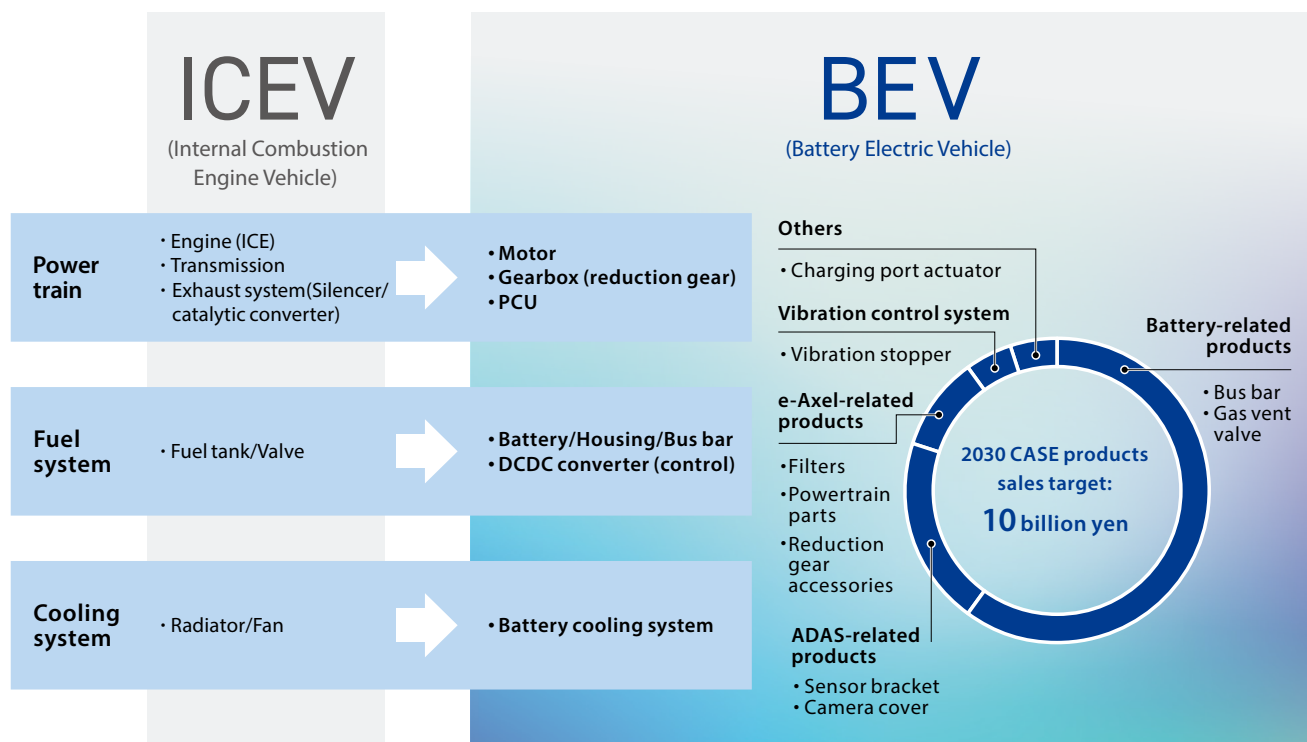
Our challenge in the automotive industry amidst a once-in-a-century transformation

The automotive industry is undergoing technological innovation in new areas known as CASE. As a result, orders for some of our products are expected to decline or disappear. To turn this risk into a business opportunity, we established the e-Products Development Department in April 2022.

*CASE : Connected
Autonomous
Shared & Services
Electric

Shift from Engines to EVs Changes Product Development

The shift from engines to motors entails changing parts; for example, radiators are replaced by battery cooling systems (see the diagram below). We are not only responding to these changes but also developing products in new areas, such as sensor and camera peripherals related to advanced driver assistance systems (ADAS), products related to e-Axle (EV drive motor system), which is said to accelerate electrification, and vibration control products to meet the demand for in-vehicle quietness.

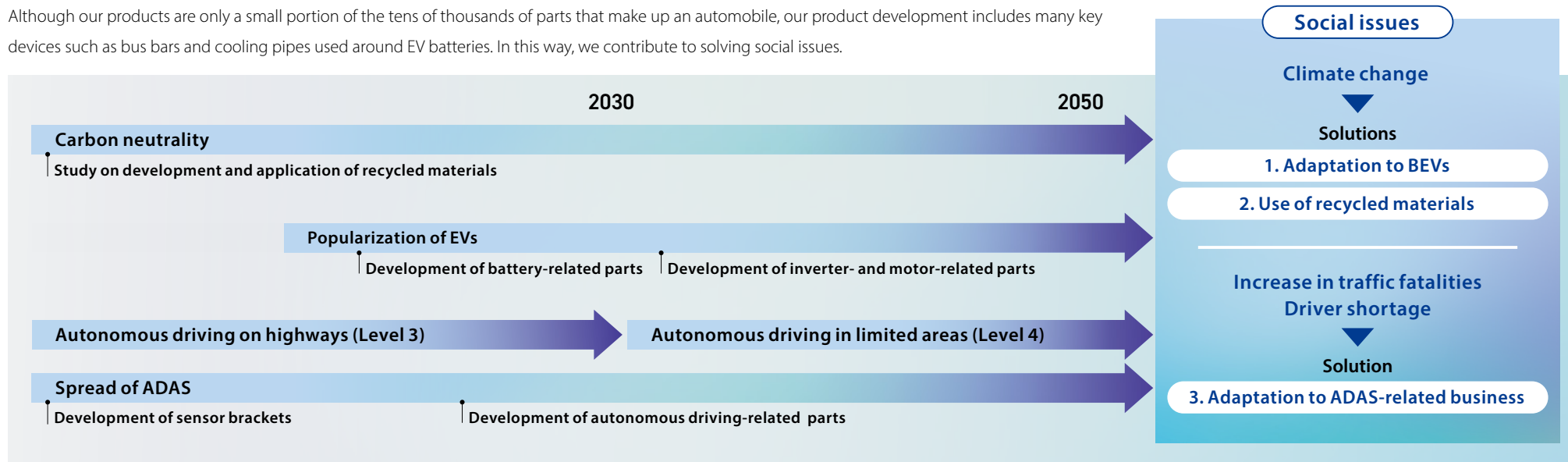




New Business Domains (CASE)

Our Contribution to Solving Social Infrastructure Issues, such as Climate Change, Traffic Fatalities, and Driver Shortage

Although our products are only a small portion of the tens of thousands of parts that make up an automobile, our product development includes many key devices such as bus bars and cooling pipes used around EV batteries. In this way, we contribute to solving social issues.



Solution 1 Adaptation to BEVs

In response to the popularization of BEVs, we are focusing on the development of battery-related parts. One such part is the bus bar, designed to handle higher current of batteries, and we are strengthening our capital investments in this area. Compared to conventional products, our bus bars offer higher wiring flexibility, save more space, improve efficiency, and contribute to vehicle weight reduction.

Additionally, we are working on developing parts for battery cooling systems and cooling pipes for motors and inverters. We will continue to support the proliferation of BEVs and contribute to achieving carbon neutrality.

Solution 2 Use of Recycled Materials

To reduce environmental impact, we actively promote the use of recycled materials. As a member of the Advanced Material Recycle and Innovation Alliance, we are exploring the recycling of difficult-to-recycle materials, the use of packaging materials in automotive parts, and the potential application of biomass materials in automotive parts.

Through these efforts, we are promoting the efficient use of resources and the waste reduction to help achieve a circular society.

Solution 3 Adaptation to ADAS-related Business

As autonomous driving technology advances, we are accelerating the development of ADAS-related parts, with a primary focus on brackets for peripheral devices such as cameras, sensors, and sonars.

The advancement of autonomous driving technology not only enhances vehicle safety and reduces traffic accidents but also addresses the driver shortage in the logistics industry. We will continue to support the realization of a safe and efficient mobility society by providing more precise and reliable ADAS parts.

Production Base (Moka Plant)

Worker-Friendly Plant through Automation and Manpower Saving



- Next-generation equipment and molding lines
- Automated lines with AI/IoT technology
- Efficient production through DX
- Detailed energy management through FEMS

New Moka Plant's Mission

Following the completion of Phase I of construction at a site adjacent to the Moka Plant, the new facility officially began operations in January 2024. Phase II started in FY2024 and is scheduled to finish in FY2025. As a global mother plant, this plant aims to play a central role in the Piolax's medium- to long-term strategy. Its mission is to be a state-of-the-art facility by integrating the following four functions.

Beyond our dream

- 1) Function to support the sustainable growth of the company
- 2) Function to adapt to environmental changes
- 3) Function to tackle new business and technological development
- 4) Function to develop human resources, the core of manufacturing

Investing in Energy-Efficient Equipment

The new Moka Plant is a smart factory with superior energy efficiency, achieving an A rank in the Comprehensive Assessment System for Built Environment Efficiency (CASBEE). It features state-of-the-art equipment that contributes to carbon neutrality,

including solar panels, energy-saving air conditioning systems, and water circulation systems. The plant also utilizes the Factory Energy Management System (FEMS) for integrated data management and efficient operation within the building.

Automation and Manpower Saving to Reduce Worker Burden

At the new Moka Plant, we are driving automation and reducing manpower in tasks such as weighing, bagging, and transporting materials. Reducing human errors is expected to improve production efficiency. Our goal is to achieve 200% productivity by 2030. Rising temperatures due to recent abnormal weather patterns causes some workplaces to become dangerously hot in the summer, putting workers at risk of heat stroke. To avoid

such risk, we are creating a worker-friendly work environment by revising air conditioning systems but also transforming tasks into automated and manpower-saving ones that do not require human intervention.

World-Class Monozukuri Education Center

The new Moka Plant is expected to be a hub for nurturing skills and fostering a sense of accomplishment through the development of new technologies and the transfer of existing ones. We plan to create a "Monozukuri Dojo" (tentative name) within the plant and equip it with appropriate facilities and systems to facilitate technology transfer on a global basis. Additionally, we are considering providing a venue where employees can learn about safety manufacturing through hands-on experiences.



Interior of the new plant



Exterior of the new plant

Medical Device Business

For a Healthy and Enriched Life in the Era of 100-Year Lifespans

Our subsidiary, PIOLAX MEDICAL DEVICES, INC. (PMD), has cultivated the technologies necessary for medical devices by leveraging our expertise in elasticity technology accumulated through automotive parts. It develops, manufactures, and sells medical devices designed for minimally invasive treatments that reduce patient burden. One of its flagship products, the RevoWave series, consists of guidewires for gastrointestinal endoscopy. This series has evolved to meet contemporary needs and is widely used in many medical institutions. By providing medical devices that minimize physical burden, shorten surgery time, enhance treatment accuracy, and thereby make patients smile, PMD contributes to medical advancements and improving the quality of life (QOL) for patients.

Business Areas Targeted by PMD

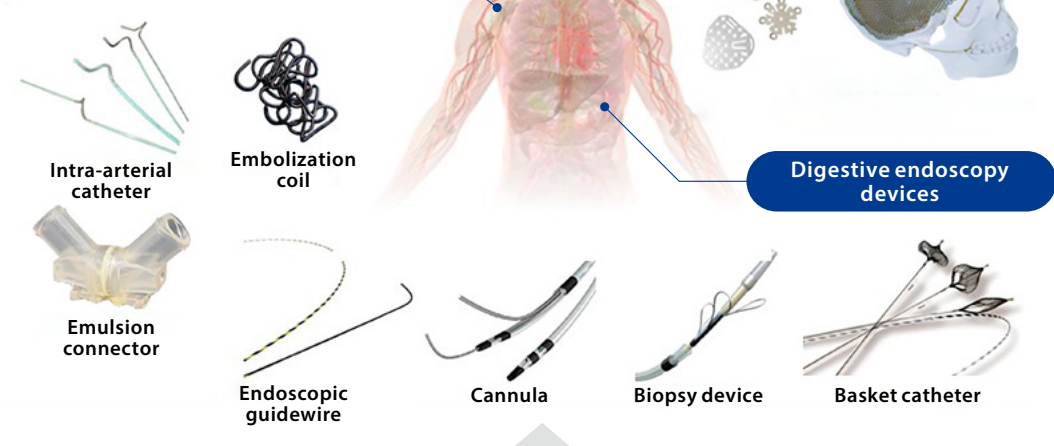
Societal needs	Improved QOL for patients	Addressing an aging society	Shorter hospitalization periods	Lower medical costs
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Bring smiles to patients around the world

Vascular IVR devices

Neurosurgical plates

Digestive endoscopy devices



Technologies	Elasticity application	Material processing	Precision microfabrication	Hydrophilic treatment
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Keyword

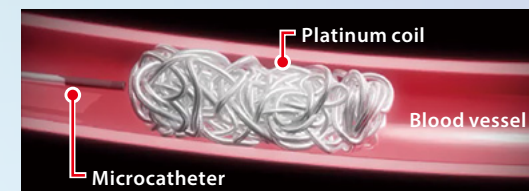
Minimally invasive treatment

This treatment method, which places less burden on patients' bodies, enables the treatment of elderly patients and others who cannot tolerate conventional surgery. It also contributes to shorter hospital stays and reduced medical costs.

Topic

Joint development with a medical institution

Embolization coil C-STOPPER



A platinum coil inserted into a blood vessel through a microcatheter, used in treatments to stop blood flow.

Products that meet both medical and societal needs have longer product life cycles in the market. One such product is the C-STOPPER vascular embolization coil manufactured and sold by PMD, and it continues to increase its market share.

The success of this product stems from the involvement of a doctor who consistently approached clinical and societal challenges with an objective perspective. He had recognized the need to enhance embolization force to maintain long-term vascular occlusion while using preceding overseas products to treat patients. He had also been conscious of the impact on healthcare economics: because increasing the number of coils used in a single treatment would raise treatment costs and pressure healthcare finances, he sought a way to reduce the costs. Through these two approaches, he effectively communicated the product concept that would solve these problems. This bore fruit. PMD drew a product design (specifications) critical to achieving the concept as a hypothesis and repeatedly verified and demonstrated the reproducibility of its effects together with the doctor, resulting in the creation of this long-seller product.

Sustainability Management

Sustainability Management

Piolax Group Sustainability Policy

Based on our purpose statement, “connect people and society with technology for an exciting future,” we, the Piolax Group, have been working towards sustainable growth and the medium- to long-term enhancement of corporate value through the implementation of ESG management.

ESG management initiatives, such as addressing climate change and respecting human rights, are now critical management issues. Considering this situation, we have established a Sustainability Policy to accelerate various initiatives.

Piolax Group Sustainability Policy

We, the Piolax Group, will contribute to the realization of a sustainable society through manufacturing with flexible ideas based on our statement of purpose—“connect people and society with technology for an exciting future”—.

- 1) As a development-oriented company, we will work to solve social issues such as climate change through our business.
- 2) As a global company, we will comply with international rules, laws, and regulations and realize fair and transparent management.
- 3) We will respect the individuality and diversity of our employees and strive to create a safe and secure working environment.
- 4) We will value our relationships with stakeholders and engage in responsible dialogue to build trust.
- 5) The top management will establish an effective governance system to realize the spirit of this Policy and ensure that all group companies are fully aware of it.

Established: December 2021

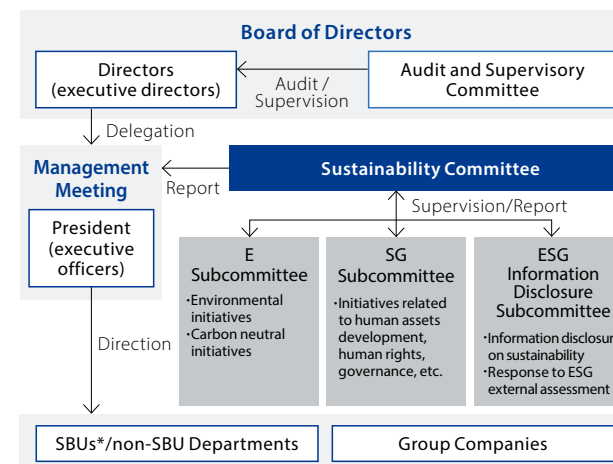
Revised: October 2024

Governance

In December 2021, we established the Sustainability Committee as a body to deliberate on sustainability issues. The Sustainability Committee is chaired by the President and its members mainly consist of Directors.

The Sustainability Committee meets four times a year and identifies potential risks and opportunities through committee and subcommittee activities, reviews materiality and portfolio, and discusses sustainable management goals. After deliberation by the Sustainability Committee, these matters were discussed at the Management Meeting to ensure alignment and consistency with the management strategy, and then approved by the Board of Directors. The President participates in the Management Meeting discussions and executes the measures decided by the Board throughout the Group.

Sustainability Promotion System



*SBU: Strategic Business Unit



Sustainability Management

Strategy

Piolax ESG Vision 2030

To address sustainability challenges, we have established the Piolax ESG Vision 2030 with a focus on the year 2030. We have defined key strategies and set KPIs for each to ensure continuous action. ESG management is not only essential for fulfilling corporate responsibility towards achieving a sustainable society, but also a crucial strategy for our company's growth. Therefore, we will steadily implement it with a mid- to long-term perspective.

Materiality

• Identification of Materiality

With the use of the "materiality matrix," Piolax has organized issues to be addressed from two perspectives, the Piolax Group and its stakeholders, to clarify the importance and positioning of the issues. We have identified the issues by the process outlined below.

Step 1 Identification of social issues

Referring to 34 aspects of the triple bottom line (environmental, social, and economic aspects) reflected in the GRI Standards, our

Sustainability Committee identified social issues surrounding the Piolax Group which our stakeholders value or focus on when evaluating the Group.

Step 2 Prioritization

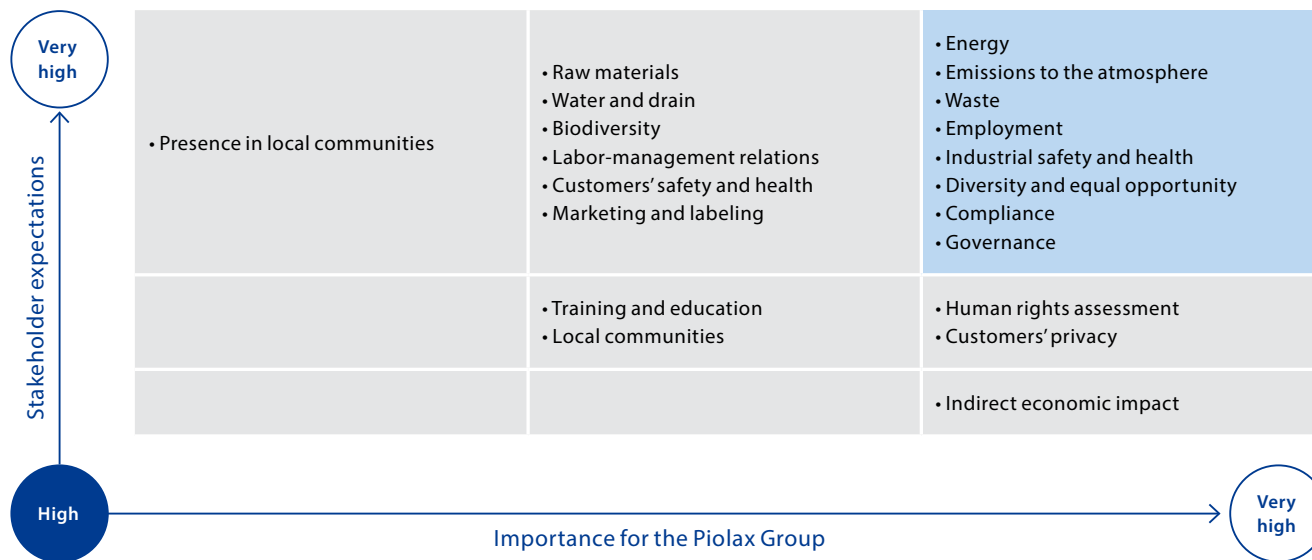
The issues identified in Step 1 were prioritized based on the following.

- (1) Three items in terms of stakeholder expectations
 - GRI Standard requirements
 - Customer requirements
 - General requirements (e.g., shareholders, employees, local communities)
- (2) Three items in terms of the importance of the Piolax Group
 - The Group's policies: President's policies, code of conduct, environmental policies, etc.
 - In-house activities: committee activities (sales, production, quality, design and administration), company-wide environmental activities, etc.
 - Legal requirements: environment, job security, political measures, Tokyo Stock Exchange regulations, etc.

Step 3 Validation

The issues identified in Step 2 were examined for their appropriateness in light of the Medium-Term Management Plan and management strategies of the Group and were approved by the Management Meeting and the Board of Directors. The identified key issues are incorporated into a business plan of each department and linked to its activities.

Materiality Matrix





Sustainability Management

Materiality of the Piolax Group

	Materiality	Piolax ESG Vision 2030	Materiality (Key activities)	Reference page	Major related SDGs issues
E Environment	Energy Emissions to the atmosphere Waste	Corporate activities aimed at a decarbonized society and a recycling-oriented society	Thorough efforts to conserve energy	P. 36	
			Efforts to reduce waste	P. 37	
			Effective use of resources	P. 37	
S Society	Employment Occupational health & safety Diversity & equal opportunity	Creating a vibrant workplace where employees can work with peace of mind	Promote health management	P. 51	
			Work-life balance	P. 49	
			Diversity	P. 48	
			Human assets development	P. 45	
			Respect for human rights	P. 40	
	Enhancing fair and equitable businesses and trust relationships	P. 42			
G Governance	Governance Compliance	Stable organizational management by strengthening governance	Corporate governance	P. 62	
			Risk management	P. 66	

Risk Management

The Sustainability Committee implements comprehensive company-wide management of various risks and opportunities. It identifies risks and opportunities that could impact our Group's business activities, develops response plans based on their significance, and monitors progress.



Sustainability Management

Indicators, Targets and Results

Piolax has established its ESG vision for FY2030 as "Piolax ESG Vision 2030." Based on this, we set targets for FY2023 and implemented activities. Items not achieved in FY2023 are reflected in the FY2024 ESG Activity Targets and the 8th Medium-Term Environmental Goals to continue our efforts.

ESG Activity Targets

Materiality	Key activities	KPIs	FY2023 targets	FY2023 results	FY2024 targets		
Energy Emissions to the atmosphere Waste	Thorough efforts to conserve energy Activities toward carbon neutrality	Indirect energy consumption (Electricity)	Greenhouse gas: reducing CO ₂ emissions	13% reduction (from FY2019)	38% reduction	○	17% reduction (from FY2019)
			Reduce energy consumption per unit of production	1% reduction (from FY2022)	3.2% reduction	○	2% reduction (from FY2022)
	Efforts to reduce waste	Reduce total waste emissions per unit of production	2% reduction (from FY2022)	0.3% increase	×	4% reduction (from FY2022)	
	Effective use of resources	Improve recycling rate	80% (from FY22)	81%	○	80% (from FY22)	
Employment Occupational health & safety Diversity & equal opportunity	Promote health management	Score employee engagement	Consider scoring	Implementation of condition survey	○	Selection of indicators	
	Work-life balance	Reduce overtime work	10% reduction (from FY2022)	17% increase	×	10% reduction (from FY2023)	
		Increase rate of paid holidays taken	60%	71%	○	More than FY2023 result	
		Rate of female employees taking childcare leave	100%	100%	○	100%	
		Rate of male employees taking childcare leave	More than FY2022 result	60%	○	More than FY2023 result	
	Diversity	Number of industrial accidents	0 accident	0 accident	○	0 accident	
		Rate of female managers	5% or more	5.2%	○	More than FY2023 result	
		Rate of female new graduate hires	30% or more	22.7%	×	More than FY2023 result	
Number of foreign employee hires		2 or more people	1 person	×	More than FY2023 result		
	Rate of employees with disabilities	2.3% or more	2.34%	○	More than legal requirement (2.50%)		

Entity to work on: CO₂ emissions reduction is addressed by the Piolax Group; reduction of the energy consumption per unit of production, reduction of the total waste emissions per unit of production, and improvement of recycling rate are tackled by Piolax and its group companies in Japan; the other targets are for Piolax alone.



Sustainability Management

Materiality	Key activities	KPIs	FY2023 targets	FY2023 results		FY2024 targets
Employment Occupational health & safety Diversity & equal opportunity	Human assets development	Improve human assets development	Develop training system Improve training quality	Enhance job level-based training	○	Steady implementation
	Respect for human rights	Education on the Piolax Human Rights Policy	Implementation	Implementation	○	Implementation
		Education on harassment prevention	Implementation	85%	○	Implementation
	Improve CSR procurement	Confirm suppliers' CSR compliance status (Response rate of agreement on the Supplier CSR Guidelines)	100%	100%	○	100%
		Support suppliers' ESG management promotion	Investigate activities	100%	○	Investigate activities
		Respond to conflict mineral problems (Survey response rate)	95% or more	90%	×	95% or more
Governance Compliance	Corporate governance	Comply with the Corporate Governance Code	Enhance compliance with the Corporate Governance Code	Continued compliance with all principles	○	Enhance compliance with the Corporate Governance Code
		Increase stakeholder engagement	Timely disclosure	Implementation	○	Timely disclosure
		Enhance compliance system	In-house training	Implementation 1,456 people attended for a total of 364 hours	○	In-house training
	Risk management	Strengthen information security	Email training Expand usage of EDR system	Implementation	○	Email training Expand usage of EDR system
		Set up a system for disaster measures	Maintenance of manuals	Implementation	○	Maintenance of manuals

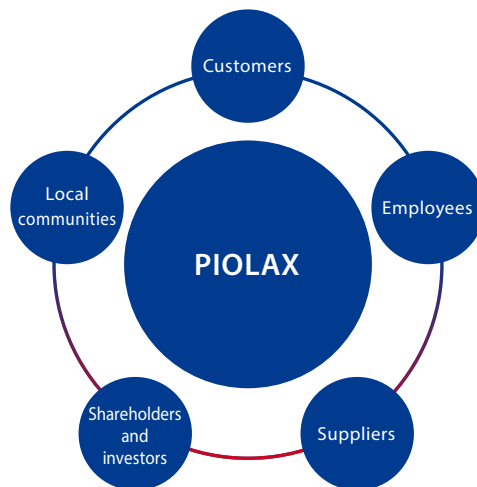
Entity to work on: Enhancing the compliance system is addressed by the Piolax Group; all other targets are for Piolax alone.



Sustainability Management

Stakeholder Engagement

We prioritize dialogue with stakeholders to meet the diverse demands and expectations of various stakeholders, aiming to build trust. We strive to enhance our corporate value by addressing issues identified through stakeholder engagement and incorporating them into our goal-setting and activities.



Stakeholders	Our responsibilities and challenges	Main communication measures	
Customers	Provide safe, secure, and reliable products through improved partnerships	<ul style="list-style-type: none"> Daily sales operations Quality assurance support 	<ul style="list-style-type: none"> Plant visits Co-creation of technologies
Employees	Create an environment where employees can demonstrate their abilities and individuality	<ul style="list-style-type: none"> Human assets development and personnel evaluation Promotion of diversity Labor-management council Safety and health Incentives for improvements and inventions (Global Small Group Activity Competition, New Product and New Technology Report Meeting) 	<ul style="list-style-type: none"> Whistle-blowing system Stress check Regular transmission of messages from top management Visits of production bases by top management
Suppliers	Build fair and equitable transactions and relationships of trust	<ul style="list-style-type: none"> Information exchange through visits Purchase policy guidance 	<ul style="list-style-type: none"> Award system
Shareholders/Investors	Increase corporate value and disclose information appropriately	<ul style="list-style-type: none"> Shareholders' meetings Financial results briefings Interviews 	<ul style="list-style-type: none"> Website Shareholder questionnaires
Local communities	Contribute to local community development	<ul style="list-style-type: none"> Voluntary community service Plant tours for local elementary school students 	<ul style="list-style-type: none"> Participation in industry associations Company information sessions for students and acceptance of interns

External Evaluation

CDP Evaluation

In the 2023 survey conducted by CDP, an international non-profit organization, Piolax obtained rating of "Climate Change B" and "Water Security C." We will continue to enhance our efforts to address environmental issues aiming to obtain higher scores.



CDP <https://japan.cdp.net/>

Continued Selection for ESG Investment Index

Piolax has been selected for the FTSE Blossom Japan Sector Relative Index for three consecutive years. This index was constructed by the global index provider FTSE Russell.



FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Sector Relative Index <https://www.lseg.com/ja/ftse-russell/indices/blossom-japan>

Certified as a 2023 Certified KIH Outstanding Organization

Piolax has been certified as a 2023 Certified KENKO Investment for Health (KIH) Outstanding Organization in the large enterprise category of the 2023 Certified KIH Outstanding Organizations Recognition Program, co-sponsored by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. This certification recognizes that Piolax is a corporation that strategically addresses employee health management from a managerial perspective.





Environment

Environmental Management

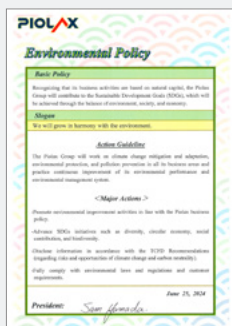
Piolax Global Environmental Policy

The Piolax Group updates its Global Environmental Policy every three years to ensure that it reflects environmental trends. In January 2023, we created a new environmental policy, clarifying that our business activities contribute to natural capital and the SDGs.

Its Action Guidelines refer to risks and opportunities based on the TCFD Recommendations, which we support as a framework for ESG information disclosure, as well as our efforts for carbon neutrality. We will comply with environmental

laws and regulations and work to minimize the impact of our corporate activities on the global environment.

June 25, 2024
Satoshi Yamada, President



Targets, Results and KPIs

The Piolax Group identifies energy, emissions to the atmosphere, and waste as critical environmental issues. We are committed to the 3Rs (Reduce, Reuse, Recycle) in our business operations to achieve our reduction targets for greenhouse gases (GHG*) and waste across the entire supply chain. Our goal is to mitigate and adapt to climate change and to make effective use of resources, including water.

In 2021, we created a roadmap for achieving carbon neutrality by 2050 within our business areas in Japan. In 2024, we expanded the target areas to include overseas business operations, setting medium- to long-term greenhouse gas reduction goals for the entire Group to drive our business activities forward.

Medium- to Long-Term Goals and Roadmap for Carbon Neutrality

Carbon neutrality goals and achievements

Long-term goal

Achieve carbon neutrality for Scope 1 and 2 CO₂ emissions by FY2050.

Medium-term goal

Reduce Scope 1 and 2 CO₂ emissions by 46% from FY2019 by FY2030.

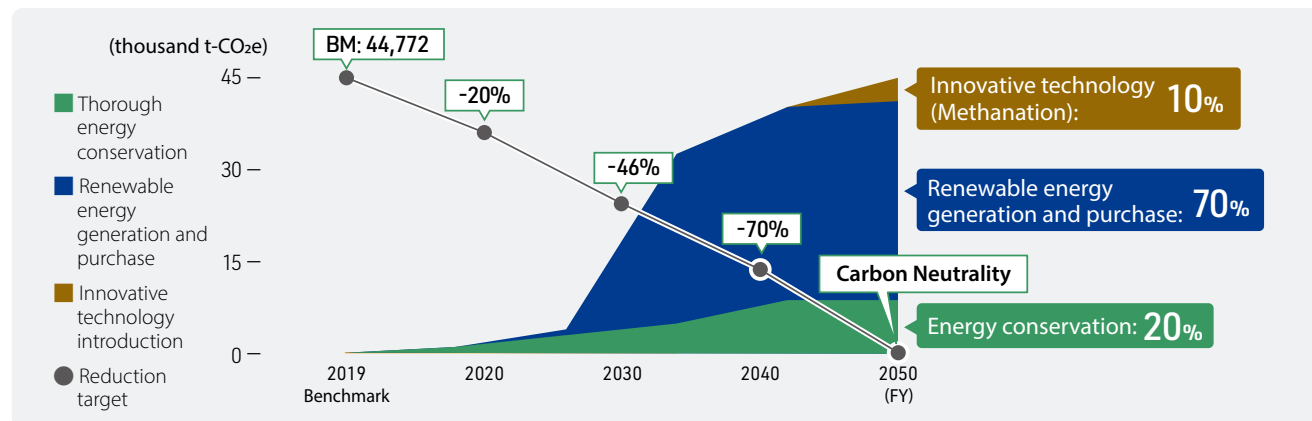
Entity to work on: Piolax Group

Our medium- to long-term goals are to reduce Scope 1 and 2 emissions from Japanese and international business operations by 46% by FY2030 and achieve 100% reduction by 2050, using the FY2019 emission's level as the benchmark (BM). We plan to achieve this through energy-saving initiatives, the introduction of renewable energy, and the accumulation of innovative technologies. In FY2023, we achieved a 38% reduction in emissions compared to FY2019 (Scope 2: market-based criteria), meeting our target.

We will consider reducing Scope 3 emissions across the supply chain in the future.

Environmental Management

Roadmap for Carbon Neutrality



Entity to work on: Piolax Group

➔ P.29 Activities toward Carbon Neutrality

Medium-Term Environmental Targets and KPIs

As a group, we have set the 8th Medium-Term Environmental Targets for a three-year period starting in 2023. These targets apply to Piolax and its subsidiaries in Japan.

➔ P.34 Progress in GHG Reduction in Business Activities

➔ P.37 Total Waste Discharge and Recycling Rate

➔ P.37 Effective Use of Resources

8th Medium-Term Environmental Targets

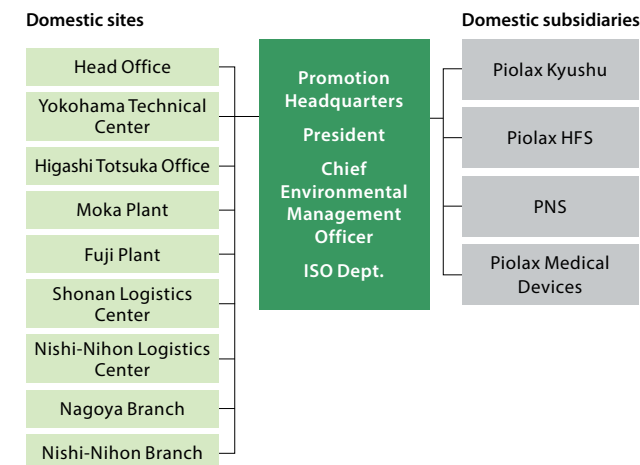
Priority activities	KPIs	Targets by 2025
Thorough energy conservation	Reduction in Scope 1 and 2 emissions	20% reduction (from FY2019)
Activities toward carbon neutrality		
Improvement rate of energy efficiency and efficient use of natural resources	Reduction of electricity consumption per unit production	3% reduction (from FY2022)
Adaptation to a circular society	Reduction of waste emissions	6% reduction (from FY2022)
Waste reduction		
Adaptation to a circular society	Improvement of recycling rate	80%

Entity to work on: Piolax and its subsidiaries in Japan

Environmental Promotion System

Each of our offices and subsidiaries in Japan has a meeting structure led by a person responsible for environment and secretariats to promote environmental measures. This meeting structure oversees and operates the management system.

Environmental Promotion System in Japan



Operation of Environmental Management Based on ISO14001

We operate an environmental management system based on ISO14001, conducting regular internal audits and third-party reviews, with the results reported to management through management reviews.

Piolax obtained ISO14001 certification in April 2002. Since then, as of April 2024, 13 out of our 15 manufacturing sites in Japan and overseas, or 87%, have been certified. We plan to further expand this coverage in the future.



Environmental Management

ISO14001 Certification Status

	As of April 2024
Total number of manufacturing sites	15
Number of ISO14001 certified sites	13
Coverage rate	87%

Organizations Registered for International Certification
<https://www.piolax.co.jp/en/company/touroku/>

Environmental Patrols

The Piolax Group conducts environmental patrols led by environmental management officers at sites where there have been significant changes in environmental impact. In FY2024, we plan to conduct patrols of the new Plastic Building, which has commenced operations at the Moka Plant.

Environmental Education

We conduct training and e-learning sessions for all employees to deepen their understanding of business activities and environmental issues. This initiative aims to achieve our environmental goals as a united group.

Environmental Education

Types of training	Target audience	Overview
SDGs	New employees	Group discussions and other training centered on "Our Role in SDGs"
Sustainability	Employees of Piolax and its subsidiaries in Japan	E-learning education on trends in sustainability and our company's initiatives
Environmental awareness	All employees	Awareness raising of environmental policies and each site's environmental activity plans
Biodiversity awareness	Employees of Piolax and its subsidiaries in Japan	Classroom-style education on biodiversity and its impact on business activities

Compliance with Environmental Laws and Regulations

In 2022, one of our subsidiaries in China received a notice from the Dongguan Environmental Protection Bureau regarding the reporting of the disposal amount of metal container waste. A fine of 190,000 yuan was paid following the administrative penalty notice. The issue was promptly corrected, and the reporting is now being handled appropriately. Apart from this incident, there have been no significant legal violations, fines, penalties, or spills at our business sites in Japan or overseas in the past three years. No legal complaints regarding environmental issues have been filed against us.

We will continue to ensure strict compliance with environmental laws and regulations.

Green Procurement

Our Group's Green Procurement Guidelines are intended to reduce environmental impact throughout the entire product lifecycle, from

raw material procurement to manufacturing, sales, use, disposal, and recycling. We promote the procurement of environmentally friendly products, components, raw materials, and auxiliary materials.

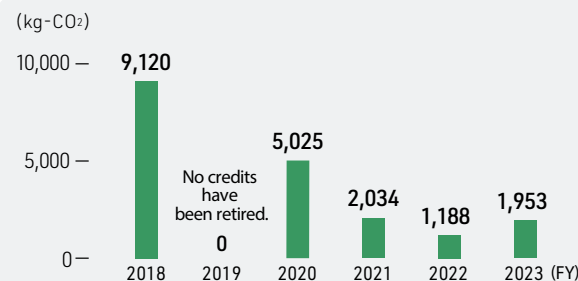
Outline of Green Procurement Guidelines

- 1) Procure products that comply with the laws and regulations of the countries and regions where we operate as well as the Piolax Environmental Policy.
- 2) Procure products with low environmental impact.
- 3) Prioritize procurement from companies that actively engage in environmental considerations.

Green Procurement Guidelines
https://www.piolax.co.jp/resources/pdf/csr/green_guideline_2024.pdf

In recent years, we have been purchasing carbon offset uniforms. The carbon credits for this purchase in FY2023 were generated by the fuel cell project of Green Linkage Club, an entity commissioned by the Ministry of Economy, Trade and Industry.

Carbon Offset Amount for Uniforms



Environmental Management

Collaboration with External Organizations

As part of our efforts to reduce CO₂ emissions, we are exploring the use of biomass materials and expanding the recycling of resin materials. Food packaging bags and detergent containers, which have a silver aluminum inner layer and a plastic outer layer, have been posing a significant recycling challenge to the industry due to the difficulty in separating the metal from the plastic.

The Advanced Material Recycle and Innovation Alliance was established in 2022 as a joint industry-government-academia effort to find solutions to such difficult-to-recycle plastic materials and implement them in society.

Piolax is participating in this project and considering the use of factory waste as packing materials for daily necessities (PIR^{*1}). We are also considering the use of recycled materials from discarded automobiles (PCR^{*2}). To realize a resource recycling society, we will continue our research in collaborating with other industries.

*1 PIR (Post-Industrial Recycle): Recycling and reusing materials generated in the manufacturing process of products before they are released on the market

*2 PCR (Post-Consumer Recycle): Recycling and reusing products or materials discarded by consumers after use.



Prototypes utilizing waste materials from packaging manufacturing process

Environmentally Friendly Products

The Yokohama Technical Center plays a central role in developing products that contribute to the environment. Our criteria for eco-friendly products include "light weight, reduced number of components, integration, and selecting materials that are compatible with a recycling-oriented society."

We are advancing initiatives aimed at realizing a sustainable society across all processes, including reducing CO₂ emissions during the manufacturing process, reducing work load during part installation, and designing for easier disassembly.

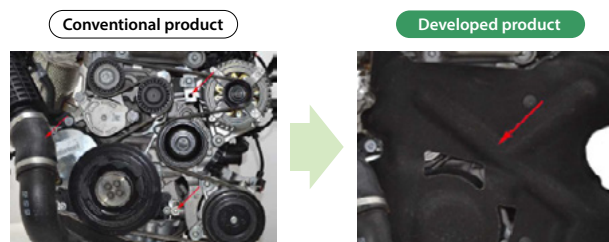
Development of Fasteners

Insulator Clip for New Exterior Noise Regulations

To encourage product recycling, we are reviewing the materials we use to select easy-to-recycle ones.

A loud noise is generated by the rotation of a belt and pulleys, and insulators compliant with the new exterior noise regulations are used to control the noise. We have developed clips to attach such insulators to irregular-shaped engines. They use recycling-promoting materials and are designed for easy disassembly.

We will continue to promote a recycling-oriented society from the material level.

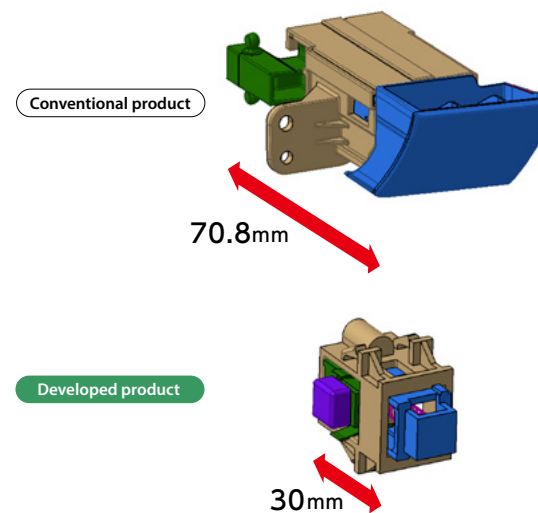


Development of Open & Close Mechanism Parts

Downsizing of Open-Close Operation Parts (Saving Resources Through Reducing Size, Weight and Workload, as Well as Through Components Standardization)

This part is used to open and close storage boxes, such as glove boxes. The conventional product size was 70.8 mm, but we have developed a new product that is 30 mm, less than half the size. Additionally, standardizing components eliminated the need to produce molds with slightly different shapes, leading to resource savings. The product can also be attached with a single touch. This product reduces size, weight, and workload.

Schematic

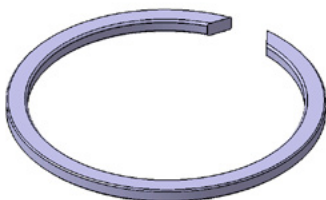


Environmental Management

Development of Powertrain Parts 1

Snap Ring (Reducing Material Waste)

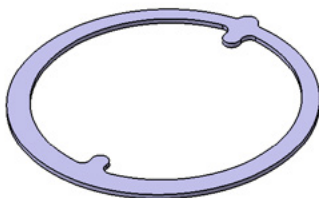
Snap rings used in reduction gears were conventionally manufactured by pressing. However, a change to a coiling production method, along with an adjustment of the part specifications, was proposed and adopted. This eliminated scrap, resulting in an 80% reduction in material waste.



Development of Powertrain Parts 2

Shim (Reducing CO₂ Emissions)

Shims used in reduction gears were conventionally made of spring steel. Instead, the use of high-tensile steel plate was proposed after adjusting the part specifications. This proposal is expected to undergo some testing before it is adopted. Switching to steel plates will eliminate the heat treatment process, contributing to a reduction in CO₂ emissions.

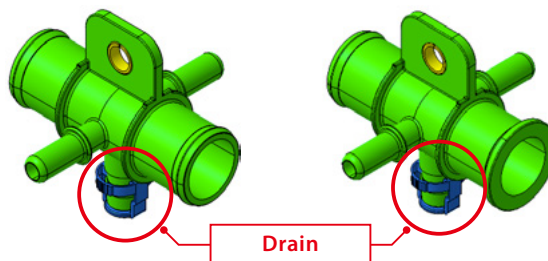


Development of Fluid Control Parts

Drain-Equipped Joint for Battery Cooling Pipes (Reducing Weight and Workload)

We replaced conventional heavy metal pipe fittings with resin ones, ensuring the required strength and optimizing the thickness for productivity. This resulted in weight reduction.

The conventional metal screw cap of the internal coolant drain mechanism for maintenance was replaced with a plastic quick connector. This has not only reduced weight but also improved operational efficiency. Multiple shapes can be molded with a single mold by replacing components, reducing the use of mold materials.



CASE Products

Light weight

Damping Stopper

Our efforts to create new value pursuing weight saving are not limited to our product level. We are making such proposals to customers at the “vehicle level,” too.

As a solution for muffled noise in the low-frequency band in vehicles, we are developing a damping stopper which uses a material with a damping function.

Using materials with damping functions in the stopper rubber, this product will make the dynamic damper unnecessary, achieving a weight reduction of 0.3 kg to 1.8 kg per vehicle.



CASE Products

Reducing material waste

Bus Bar

Recent mobility devices, including EVs, use many electronic and electrical units. Bus bars are attracting attention as conductive functional parts for these units. Compared to conventional wire harnesses, they are believed to be space-saving and highly efficient.

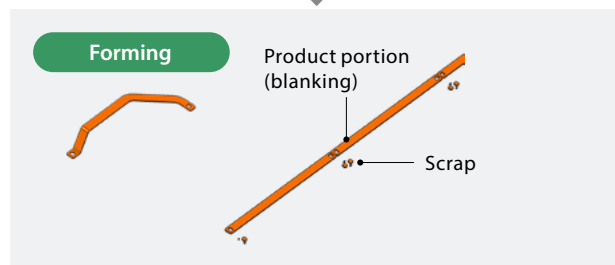
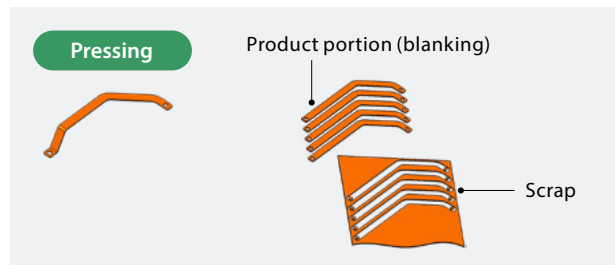
Bus bars are primarily made of copper due to its excellent conductivity. However, most bus bars are punched out from copper plates using a press, generating a significant amount of scrap. To use materials thoroughly, we have started producing them with forming machines.

By bending plates in the direction of the plate width, which

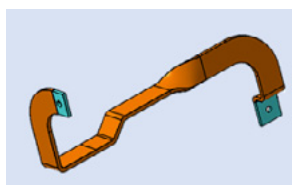
Environmental Management

would be impossible with a press, we have successfully reduced the scrap generated from the base material to less than 5%.

Forming Bus Bars



Bus bars produced with a forming machine



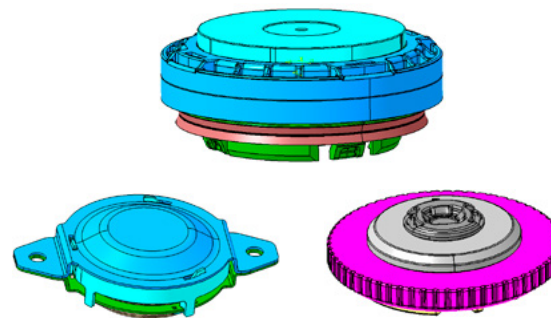
CASE Products

Light weight / Simplified assembly

Gas Vent Valve for EV Battery

In the rapidly expanding EV market, automobile manufacturers are paying close attention to battery safety and researching safety devices.

To meet this demand, we have developed gas vent valves for EVs, leveraging our long-cultivated fuel valve technology. Conventional valves are bolted to the battery casing, but our new valves can be installed without bolts, reducing weight and simplifying assembly work. Additionally, we are developing variations that will withstand higher gas flow and higher temperatures, to meet various needs.



Gas vent valves for battery



Activities toward Carbon Neutrality

Basic Approach

As the Piolax Group, we recognize that climate change is such a serious social issue that it is our responsibility to address this global problem through collaboration with suppliers and customers. We work to mitigate and adapt to climate change, protect the environment, and prevent environmental pollution in all our business areas. We are committed to improving environmental performance and continuously enhancing our environmental management system.

Response to TCFD Recommendations

In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we conducted scenario analyses for Japan, North America including Mexico, China, and the medical device business. Our business strategies are based on various scenarios for future climate change predictions.

Recognizing the uncertainties in each scenario due to changes in various factors, we believe that clarifying the risks and opportunities of each scenario will enable sustainable corporate management. We have clearly articulated our strategy towards the electrification of the automotive industry. We are working on infrastructure development to enhance the resilience of our business sites and are trying to reduce risks and create opportunities for further product development.



Overview of Our Efforts on Each TCFD Recommendation

Requirements of TCFD Recommendations and Piolax's Responses

	Governance	Strategy	Risk management	Metrics and targets
Requirements of TCFD Recommendations	The organization's governance around climate related-risks and opportunities	The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	How the organization identifies, assesses, and manages climate-related risks	The metrics and targets used to assess and manage relevant climate-related risks and opportunities
Piolax's responses	<ul style="list-style-type: none"> The Sustainability Committee, chaired by the President and composed primarily of Directors, deliberates on sustainability issues, including responses to climate change. After deliberation, the company-wide policies and objectives, as well as specific measures to address the risks and opportunities related to climate change, are finalized by the Board of Directors. 	<ul style="list-style-type: none"> We identified risks and opportunities for our core business related to automobiles on a timeline extending to 2050. We announced goals for achieving carbon neutrality by 2050 within our business areas in Japan and overseas. 	<ul style="list-style-type: none"> The Sustainability Committee identifies risks and opportunities related to climate change that may impact our business activities, formulates response plans based on their significance, and monitors progress. We work to manage risks and opportunities related to climate change appropriately by considering and constantly reviewing medium- to long-term response plans. 	<ul style="list-style-type: none"> We aim to achieve carbon neutrality for Scope 1 and 2 CO₂ emissions by FY2050. We will reduce Scope 1 and 2 CO₂ emissions by 46% compared to FY2019 levels by FY2030. Our reduction targets for Scope 3 emissions are under consideration. (Entity to work on: Piolax and its subsidiaries in Japan and overseas)

Information Disclosure Based on the Recommendation of TCFD (Updated on April 23, 2024)
https://www.piolax.co.jp/resources/pdf/csr/PIOLAX_TCFD_2024_EN.pdf



Activities toward Carbon Neutrality

Scenario Analysis and Risks/Opportunities

Automotive Parts

Category	Procurement				Manufacturing and logistics				Development and sales						
	Impact on business		Impact	Time frame	Impact on business		Impact	Time frame	Impact on business		Impact	Time frame			
Transition risks	• Soaring raw material and transportation costs due to the introduction of carbon taxes and energy conversion at suppliers		1.5°C	Large	Medium to long term (China: short to medium)	• Rise in capital investment and improvement cost related to manufacturing process decarbonization		1.5°C	Medium to large	Short to medium	• Review of product development and sales strategies in response to rapid electrification		1.5°C	Large	Medium to long (China: short to medium)
	• Loss of market due to non-eco raw materials					• Rise in energy cost with review of heat sources for manufacturing process decarbonization and use of green electricity					• Drop in orders for existing products with increased electrification				
	• Drop in demand for materials for existing products with increased electrification, rise in material cost and difficulty in procurement					• Rise in wastewater and waste treatment costs with stricter environment-related regulations (US, China)					• Rise in new product development cost and capital investment to address CASE				
						• Increased response costs due to strengthened or changed government environmental policies					• Drop in sales with reduced new car sales due to domestic population decrease and spread of MaaS				

Degree of impact Large: A failure to respond has a great impact on the survival and growth of the company and its businesses.
 Medium: A failure to respond poses a limited impact and does not affect the survival and growth of the company and its businesses.

Medical Devices

Category	Procurement				Manufacturing and logistics				Development and sales						
	Impact on business		Impact	Time frame	Impact on business		Impact	Time frame	Impact on business		Impact	Time frame			
Transition risks	• Soaring raw material and transportation costs due to the introduction of carbon taxes and energy conversion at suppliers		1.5°C	Large	Medium to long term	• Increased capital investment and improvement costs related to decarbonization of manufacturing processes		1.5°C	Large	Short to medium	• Increase in R&D and commercialization costs for a recycling-oriented society		1.5°C	Large	Medium to long
	• Increased costs associated with purchasing restrictions and securing procurement routes due to restrictions on raw materials used					• Increased cost of reforming hydrophilic treatment due to set targets for reducing chemical use					• Review of sales strategies to meet customer demands for environmental responsiveness				
	• Material cost increase and procurement difficulties due to raw material change in response to resource recycling										• Damage to brand image due to delays in climate change action				

Degree of impact (on our medical device business, not on the entire Group)
 Large: A failure to respond has a great impact on the survival and growth of the company and its businesses.
 Medium: A failure to respond poses a limited impact and does not affect the survival and growth of the company and its businesses.



Activities toward Carbon Neutrality

Automotive Parts

Category	Procurement	Manufacturing and logistics	Development and sales
Opportunities	<ul style="list-style-type: none"> Review raw materials (change to eco-friendly or recycled materials), suppliers, product designs, and others to strengthen our response to decarbonization and resource recycling, thereby differentiating ourselves from our competitors. (US, China) Increase local procurement of raw materials to strengthen competitiveness. (Realize cost reduction and stable procurement.) 	<ul style="list-style-type: none"> Accelerate efforts to improve productivity through factory automation and decarbonize domestic facilities. 	<ul style="list-style-type: none"> Promote and accelerate co-creation activities with customers to increase sales of products for CASE. (US, China) Strengthen sales expansion to non-Japanese OEMs and increase market share focusing on fastener parts, etc., which are less affected by electrification
Measures	<ul style="list-style-type: none"> Resin materials: Use of bioplastics Metal materials: Replacement with low-CO₂ materials Cost reduction through procurement of locally produced goods Reduction of energy used for transport Purchase of decarbonized energy sources 	<ul style="list-style-type: none"> Moka Plant renewal to improve productivity Thorough energy conservation Reduction of energy consumption by replacing utility system Improvement of thermal efficiency of injection molding machines Gas replacement in heat treatment furnace (LPG → LNG) 	<ul style="list-style-type: none"> Development and sales of new products for CASE Increase of existing market share mainly in fuel and powertrain system components (Short-term response to demand for ICE vehicles)

[→ P.24 Roadmap for Carbon Neutrality](#)

[→ P.13 Case Initiatives](#)

Medical Devices

Category	Procurement	Manufacturing and logistics	Development and sales
Opportunities	<ul style="list-style-type: none"> Review raw materials (change to eco-friendly or recycled materials), suppliers, and others to strengthen our response to decarbonization and resource recycling, thereby differentiating ourselves from our competitors. 	<ul style="list-style-type: none"> Shift operations and manufacturing sites to more eco-friendly practices quickly to improve competitiveness. 	<ul style="list-style-type: none"> Develop and market eco-friendly products that capture the growing environmental awareness of customers, thereby improving competitiveness and differentiating ourselves from our competitors.
Measures	<ul style="list-style-type: none"> Select and secure manufacturers to sustainably procure raw materials and supplies for eco-friendly products. 	<ul style="list-style-type: none"> Shift to renewable energy. Create synergies through co-creation activities with companies that lead the way in environmental responsiveness. 	<ul style="list-style-type: none"> Promote the development and design of packing materials that reduce waste (smaller, thinner, optimized shape) and new products that do not use regulated materials. Develop innovative products that, for example, can shorten procedure time and reduce the burden on patients as well as energy consumption in the medical setting. Develop high value-added products that contribute to “standardize procedures,” which directly relates to the success rate of surgery.



Activities toward Carbon Neutrality

Automotive Parts

Category	Chronic risk			Acute risk		
	Impact on business	Impact	Time frame	Impact on business	Impact	Time frame
Physical risks	Rise in air conditioning cost with temperature rise and health hazards to employees	Medium (China: medium to large)	Long term (Mexico: short)	Delays in responding to increased disruptions in the transportation process Impact on plant operations due to supply chain disruptions caused by increased natural disasters	Medium (US: large)	Short to medium
	Degradation of raw material and product quality with temperature and humidity rise			Decrease in orders due to delay in responding to changes in performance requirements from automakers as a result of rising temperatures Market shrinking and decrease in orders due to new pandemic-related behavioral restrictions		
	Shutdown of operations and vessels due to inundation of coastal sites by rising sea levels			Delay in reviewing procured materials in response to performance requirements from automakers due to rising temperatures Increased procurement/logistics costs due to increased natural disasters		
	Suspension of operations due to decrease in available water resources caused by rapid drop (or depletion) of groundwater level	Medium (Mexico: large)	Shutdown of plants and warehouses due to abnormal weather and increase in repair cost Destabilization of energy supply due to abnormal weather	Medium to large	Medium to long	
Measures	<ul style="list-style-type: none"> Infrastructure development to strengthen plant and warehouse resilience Improvement of work and material storage environment through thermal management (room temperature and humidity) Introduction of water circulation system through water management Review of risk assessment with BCP database including supply chain 			<ul style="list-style-type: none"> Reduction of inventory cost through increased use of locally produced goods Stable procurement through supply chain diversification and raw material standardization Infrastructure development to strengthen plant and warehouse resilience (US, China) Promote local production and consumption, and enhance cooperation with business partners in view of geopolitical risks. 		



Activities toward Carbon Neutrality

Medical Devices

Category	Chronic risks				Acute risks						
	Impact on business		Impact	Time frame	Impact on business		Impact	Time frame			
Physical risks	<ul style="list-style-type: none"> Rise in air conditioning cost with temperature rise and health hazards to employees 		4°C	Medium	Long term	<ul style="list-style-type: none"> Delays in responding to increased disruptions in the transportation process Impact on plant operations due to supply chain disruptions and traffic infrastructure disruptions as well as difficulty in securing labor force, caused by increased natural disasters 		Large	Short to medium		
	<ul style="list-style-type: none"> Degradation of raw material and product quality with temperature and humidity rise 					<ul style="list-style-type: none"> Market shrinking and decrease in orders due to new pandemic-related behavioral restrictions 				Medium	
Measures	<ul style="list-style-type: none"> Infrastructure development to strengthen plant and warehouse resilience Maintenance of work environment through thermal management 				<ul style="list-style-type: none"> Increased procurement/logistics costs due to increased natural disasters 				4°C	Middle to large	Medium to long
					<ul style="list-style-type: none"> Shutdown of plants and warehouses due to abnormal weather and increase in repair cost 						
					<ul style="list-style-type: none"> Destabilization of energy supply due to abnormal weather 						
				<ul style="list-style-type: none"> Reduction of inventory cost through increased use of locally produced goods Stable procurement through supply chain diversification and raw material standardization Infrastructure maintenance and improvement to strengthen the resilience of plants and warehouses, including private power generation Formulation, maintenance, and management of BCP (including its training) Strengthen logistics in product transportation (improve efficiency, consider alternative routes in case of disaster and secure them in advance) 							

[➔ P.66 Preparation for Disaster Risks](#)



Activities toward Carbon Neutrality

GHG Emission Reduction Targets and Results in Business Activities

To achieve carbon neutrality in Scope 1 and 2 emissions within our business areas, we aim to reduce CO₂ emissions by 46% by FY2030 and 100% by FY2050, using FY2019 as a benchmark.

As an intermediate step, we are implementing measures to achieve zero Scope 2 CO₂ emissions by 2030 for our Japanese Group and by 2040 for our overseas Group.

To increase our use of renewable energy, in addition to introducing solar panel power generation, we switched to carbon-free electricity contracts at our manufacturing sites in Japan. Furthermore, we have initiated carbon offsetting through green power certificates at three overseas bases (India, Indonesia, and Mexico), expanding our use of renewable energy to 29,371 MWh. As a result, we achieved a 38% reduction in CO₂ emissions for FY2023, surpassing our target of a 13% reduction. Additionally, we are undergoing third-party verification to assess the validity of our Scope 1, Scope 2, and renewable energy quantities.

Notably, since FY2022, we have reported non-energy GHG emissions separately in Scope 1.

As part of our activities towards carbon neutrality, we set a target of a 13% reduction in CO₂ emissions in our 8th Medium-Term Environmental Targets for our business areas in Japan, yet we achieved a 60% reduction. Additionally, we achieved a 3.2% reduction in energy consumption per unit production, surpassing the target of a 1% reduction. We will continue to accelerate our efforts towards carbon neutrality.

Carbon Neutrality Targets

Medium- to long-term targets	FY2023 results
We will achieve carbon neutrality for Scope 1 and 2 CO ₂ emissions by FY2050.	38% reduction (from FY2019)
We will reduce Scope 1 and 2 CO ₂ emissions by 46% compared to FY2019 levels by FY2030.	

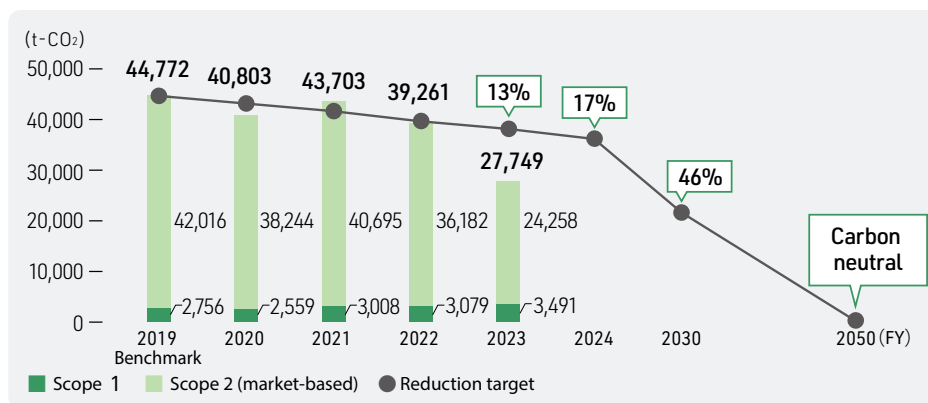
Entity to work on: the Piolax Group

8th Medium-Term Environmental Targets

KPIs	Targets by FY2023	FY2023 results
Emission reduction in Scopes 1 and 2	13% reduction (from FY2019)	60% reduction (from FY2019)
Reduction of electricity consumption per unit production	1% reduction (from FY2022)	3.2% reduction (from FY2022)

Entity to work on: Piolax and its subsidiaries in Japan

Changes in Scope 1 and 2 Emissions



(Unit: t-CO₂)

	FY2019	FY2020	FY2021	FY2022	FY2023
Scope 1¹¹					
Energy-origin emissions	2,756	2,559	3,008	3,064	3,118
Non energy-origin emissions	-	-	-	15	373
Scope 2¹²					
Location-based	45,016	40,389	40,676	34,707	37,800
Market-based	42,016	38,244	40,695	36,182	24,258
Total of Scopes 1 and 2					
Market-based	44,772	40,803	43,703	39,261	27,749

Entity to work on: Piolax Group

*1 Scope 1: GHG emissions directly emitted by the Piolax Group's corporate activities, as defined by the GHG Protocol. Since FY2022, data from non-energy sources has been included in the calculation. The scope of calculation for FY2023 was reviewed. The emission factors for FY2023 were calculated based on the GHG Emissions Calculation and Reporting Manual (Ver 5.0) and the Act on the Rational Use of Energy.

*2 Scope 2: GHG emissions indirectly emitted by the Piolax Group's corporate activities, as defined by the GHG Protocol. For indirect emissions from electricity, we have adopted the market-based approach. FY2023 emission factor in Japan: Calculated using emission factors by electricity suppliers (for calculating GHG emissions of specific emitters). The FY2022 result is based on the Ministry of the Environment and the Ministry of Economy, Trade and Industry's publication on December 22, 2023, and adjusted emission factors by contracted electricity suppliers. FY2023 emission factors in overseas: Calculated using the latest emission factors confirmed in each country. For regions where obtaining these factors is difficult, the location-based approach is used (IGES, carbon footprint, 中华人民共和国生态环境部政府信息公开 环办气候函 [2023]43, Thailand Greenhouse Gas Management Organization Emission Factor).



Activities toward Carbon Neutrality

Changes in Scope 3 ^{*1} Emissions

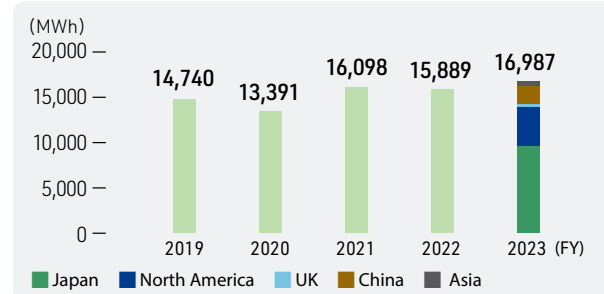
(Unit: t-CO₂)

Category	Content		FY2022	FY2023
Scope 3			82,350	131,047
Category 1	Purchased products and services	Materials procured: Piolax Group Others: Excluding overseas bases	62,708	104,478
Category 2	Capital goods	Equipment and mold investment: Piolax Group	14,552	19,546
Category 3	Activities related to fuel and energy not included in Scope 1 or 2	Electricity, gas, and kerosene: Piolax Group	94	97
Category 4	Transportation and delivery (Upstream)	(Ton-kilometer method): excluding overseas bases	1,049	1,332
Category 5	Waste from business operations	Industrial and general waste: excluding overseas bases	234	1,459
Category 6	Business trips	Excluding overseas bases	136	127
Category 7	Employee commuting	Excluding overseas bases	443	443
Category 8	Lease assets (Upstream)	Contract warehouses for production plants in Japan	865	731
Category 9	Transportation and delivery (Downstream)	(Ton-kilometer method): excluding overseas bases	2,249	2,834
Category 10	Processing of products sold	Related but not calculated	NA	NA
Category 11	Use of products sold	Related but not calculated	NA	NA
Category 12	Disposal of products sold	Related but not calculated	NA	NA
Category 13	Lease assets (Downstream)	1F of the Head Office ^{*2}	19	0
Category 14	Franchise	Not applicable	NA	NA
Category 15	Investment	NA	NA	NA

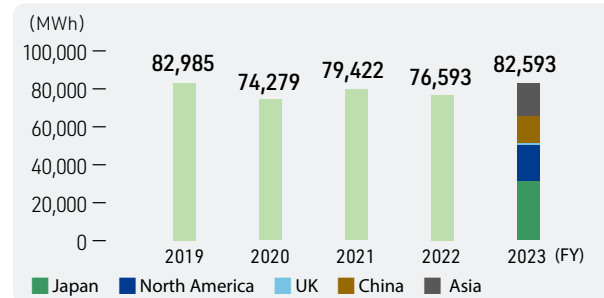
*1 Scope 3: The basic guidelines for calculating GHG emissions through the supply chain (ver. 2.5) are referred to. For emission factors in Japan, the emissions basic unit database (ver. 3.3) provided by the Ministry of the Environment for calculating an organization's GHG emissions through the supply chain, is referred to. See Emission Intensity Database (Ver. 3.3). LCI database IDEAv2 (for calculating GHG emissions from the supply chain).

*2 Does not apply after FY2023

Changes in Direct Energy Use



Changes in Indirect Energy Use



Entity to work on: Piolax Group

Activities toward Carbon Neutrality

● Introduction of Renewable Energy

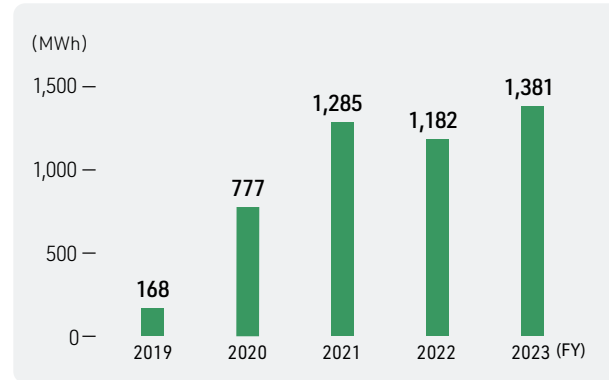
Following the introduction of solar panel power generation at Piolax LTD. (UK) in 2017, PIOLAX (THAILAND) LTD. began similar initiatives in 2020. In 2022, Piolax UK expanded solar panels, and in 2023, the first phase of the solar power installation plan at Piolax Corporation (US) was completed. The US project consists of five phases aimed at completion by 2030, with the second phase starting in 2024 and scheduled to be operational by 2025.

In Japan, the installation of solar panels at our new Moka Plant in Tochigi Prefecture was completed at the end of 2023, and power generation began in 2024. The renewable energy generation in FY2023 amounted to 1,381 MWh.



Solar panels at the new Moka Plant

■ Usage of Renewable Energy (Solar Power Generation)



Solar panels in the US



Solar panels in the UK

● Energy-Saving Activities

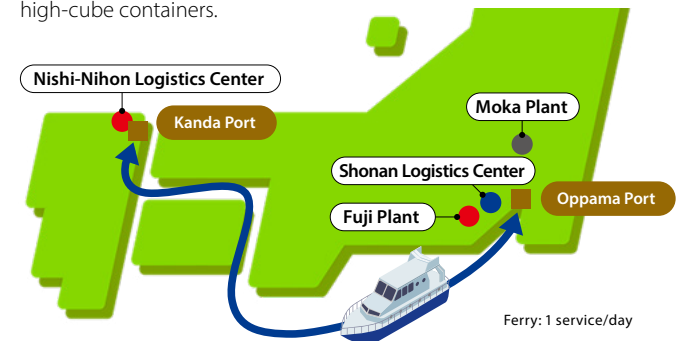
We, including our subsidiaries in and outside of Japan, are engaged in activities to improve energy saving. For example, we have adopted LED lighting, high-efficiency motors and inverter control at our plant facilities and manufacturing equipment.



Energy saving in heating cylinders of injection machines

● Logistics Department Initiatives (Modal Shift)

As part of our efforts to reduce GHG emissions generated during the transportation of products to customers, we have introduced modal shift transportation by ferry in the logistics between our production plants in Honshu and customers in the Chugoku and Kyushu regions. This resulted in a reduction of 425 tons of CO₂ in FY2023. Additionally, we have reduced the number of cargo containers (and thus the number of transport trips) by increasing filling rate of product containers and cargo containers, and by using high-cube containers.



Distance
Kanto → Kyushu Approx. 1,100km

Cargo volume
Kanto → Kyushu Approx. 28,900 boxes/month (Approx. 790 m³/month)
Kyushu → Kanto Approx. 5,500 boxes/month (Approx. 1,175 m³/month)

Ferry: 1 service/day

Efforts for Environmental Conservation

Medium-Term Environmental Targets and Results

The 8th Medium-Term Environmental Targets state that Piolax and its subsidiaries in Japan will reduce waste and improve recycling rate aiming to contribute to the creation of a circular society. In FY2023, the total amount of waste generated increased by 0.3% compared to FY2022, falling short of the target. However, the recycling rate reached 81% compared to FY2022, meeting the target.

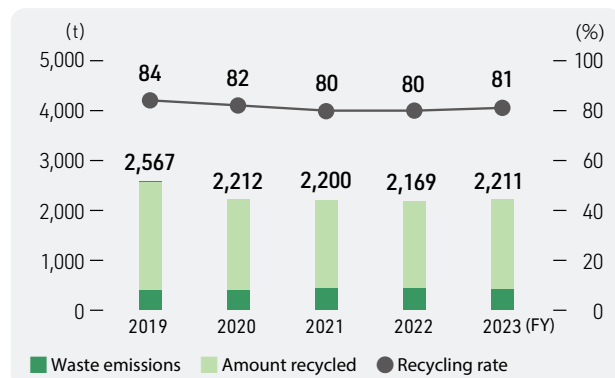
Targets and Results

KPIs	FY2023 targets	FY2023 results
Total waste emissions per unit of production	-2% (from FY2022)	0.3%
Improving recycling rate	80% (from FY2022)	81%

Entity to work on: Piolax and its subsidiaries in Japan

Waste Emissions and Recycling Rate

Waste Emissions (Including Recycled Waste)



Entity to work on: Piolax and its subsidiaries in Japan

Main Initiatives

We have set and are tracking a KPI for reducing total waste emissions as one of our key activities.

We are studying the possibility of monitoring the amount and proportion of recyclable materials within our waste to help us meet future reduction targets.

Handling Hazardous Waste and Air Pollution Prevention

In February 2024, we absorbed and merged with P.M.T. INC., our mold manufacturing and sales subsidiary, and subsequently demolished its building. The asbestos (28 m³) used in the building was properly disposed of as specially controlled industrial waste. We will continue to strictly comply with environmental laws and regulations.



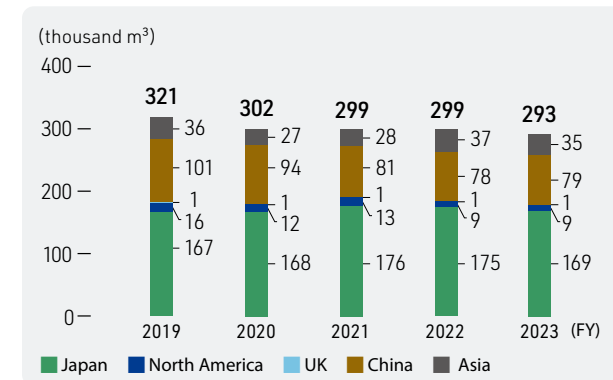
Appearance of P.M.T. INC.

Water Use Management

The Piolax Group monitors water intake data for each water source. The total water intake for FY2023 was 293,000 m³, a decrease of 2.1% from the previous fiscal year.

The percentage of water intake from third-party water sources and renewable groundwater is approximately 50% each. In FY2024, the scope of water intake data monitoring will be expanded to include our supply chain. Additionally, the water intake data has been subject to third-party verification to assess its validity since FY2023.

Water Withdrawal



Scope: Piolax Group

Water Risks

We assess water risks related to water stress and river flood using both the WRI's Aqueduct Water Risk Atlas (hereinafter referred to as "Aqueduct") and Japan's hazard maps. These assessments are also applied as inputs for physical risks in risk management disclosures based on the TCFD Recommendations.

According to the Aqueduct, our production base in India is in an area with extremely high water stress. Its water intake is limited to industrial water from the industrial park. In FY2023 it took 1,450 m³ of water, accounting for only 0.005% of the state government's water allocation for the region. The impact was negligible.

Overseas, we have identified high river flood risks at our production bases in India and Indonesia. Accordingly, we have assessed the distance and elevation difference from the nearest rivers. In Japan, the hazard maps indicate risks at the Fuji Plant, which faces the banks of the Fuji River. In light of recent extreme weather events, we are working on measures to mitigate flood risks at these locations.

Efforts for Environmental Conservation

Results of Water Risk Assessment at Production Bases

		Aqueduct		Hazard maps
		Water stress	River flood risks	Estimation of maximum flood depth
Japan	Head Office, Technical Center	M-H	L-M	0.5m
	Moka Plant	M-H	L	No data
	Fuji Plant	M-H	L-M	5-10m
	Piolax Medical Devices	M-H	L-M	No data
	Piolax Kyushu	L-M	M-H	No data
	Piolax H.F.S.	M-H	L	No data
	P.N.S.	L-M	L-M	0.5m
US		H	L	
UK		L	L	
Mexico		H	M-H	
China	Dongguan	L	M-H	
	Wuhan	L	H	
Korea		M-H	L-M	
Thailand		H	L-M	
Indonesia		H	EH	
India		EH	EH	

L: Low
 L-M: Low-Medium
 M-H: Medium-high
 H: High
 EH: Extremely high

Efforts to Prevent Water Pollution

Proper Wastewater Treatment (Moka Plant)

As a Group, we recognize the potential impact of our corporate activities on water resources. All of our production bases in Japan and overseas monitor water intake and comply with environmental assessment laws and regulations in each country, including treatment and discharge of wastewater.

At Moka Plant, we upgraded our wastewater treatment facility in response to the environmental standard for nitrate nitrogen contained in wastewater from heat treatment. The facility now employs a biological denitrification process, using microorganisms to remove nitrogen compounds, instead of the previous acid-alkali wastewater treatment.

This saves approximately 170 m³ of water a day and contributes to environmental protection and biodiversity in the Kinugawa River basin, where the plant is located.



Moka Plant: biological denitrification wastewater treatment

Management of Environmentally Hazardous Substances

Initiatives to Reduce Environmental Impact of Chemical Substances

Piolax and its Japanese subsidiaries are actively working to monitor and report the emissions and transfer of substances regulated under the PRTR (Pollutant Release and Transfer Register) system of the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Chemical Substances Control Law), in order to reduce these emissions and transfers.

Emergency Measures

As part of our Environmental Management System, we, as a Group, have established the Regulations for Emergency Preparedness and Response. Based on these regulations, each department that handles chemical substances prepares response manuals to adequately address the risk of environmental pollution from chemical leaks or spills. They also conduct regular drills to ensure swift and proper action in case of such an emergency.



Biodiversity

The Piolax Group thinks that minimizing environmental impact of its products and corporate activities is the greatest contribution to biodiversity conservation and has set “contribution to the Sustainable Development Goals (SDGs)” as one of the key themes of the Piolax Global Environmental Policy.

Biodiversity Risk Assessment

We recognize the importance of understanding the environmental impact of our business activities on the surrounding areas. We use the Integrated Biodiversity Assessment Tool (IBAT)* to assess the impact on biodiversity of flora and fauna within a 50-kilometer radius of all our production bases, headquarters, and technical center in Japan and abroad (16 locations across nine countries).

We use three layers of data: the IUCN Red List of Threatened Species, the World Database on Protected Areas’ Protected Planet, and Key Biodiversity Areas (KBA). We confirm the number of species classified by the IUCN as Critically Endangered (CR), Endangered (EN), and Vulnerable (VU). With Protected Planet, we identify areas designated as UNESCO World Heritage Sites, Ramsar Wetlands, and UNESCO Man and the Biosphere (MAB) reserves. With KBA, we spot Important Bird and Biodiversity Areas (IBA) and Alliance for Zero Extinction (AZE) sites.

We incorporate this information into our risk and impact assessments of our business activities to ensure appropriate biodiversity conservation efforts.

*Integrated Biodiversity Assessment Tool (IBAT) is a tool to assess biodiversity risks, developed and provided by BirdLife International, Conservation International, International Union for Conservation of Nature (IUCN) and United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC).

Biodiversity Impact Study of Areas Surrounding Our Business Sites

		IUCN Red List of Threatened Species			Protected Planet			KBA	
		CR	EN	VU	World Heritage	Ramsar	MAB	IBA	AZE
Japan	Head Office, Yokohama Technical Center	11	49	88	0	2	0	2	1
	Moka Plant	2	8	13	0	2	0	1	1
	Fuji Plant	10	51	93	0	0	1	2	0
	Piolax Medical Devices	11	49	88	0	1	0	2	1
	Piolax Kyushu	11	54	96	0	0	0	5	0
	Piolax H.F.S.	1	6	17	0	1	2	2	1
	P.N.S.	0	11	17	0	0	0	1	0
US		4	17	20	0	0	1	0	0
UK		9	16	53	0	5	0	6	0
Mexico		4	11	20	0	0	1	1	1
China	Dongguan	29	64	94	0	1	0	3	1
	Wuhan	3	6	18	0	1	0	1	0
South Korea		6	41	50	0	3	0	11	0
Thailand		28	62	105	0	0	0	0	0
Indonesia		27	78	244	0	0	0	6	1
India		27	46	71	0	0	0	2	0

Protected Planet: protected areas / World Heritage: UNESCO World Heritage Sites / Ramsar: Ramsar Wetlands / MAB: UNESCO Man and the Biosphere
KBA: Key Biodiversity Areas / IBA: Important Bird and Biodiversity Areas / AZE: Alliance for Zero Extinction

Activities

When conducting business activities, we recognize that emissions of greenhouse gases and pollutants are the main factors harming biodiversity. We are also aware that waste, land use, and water use can also impact biodiversity. Therefore, we practice the rational use of energy, the sustainable and effective utilization of resources, and the 3Rs (Reduce, Reuse, Recycle) in line with a circular economy.

Social



Respect for Human Rights

Respect for Human Rights

As a Group we support and respect international human rights norms, including the United Nations' International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations' Guiding Principles on Business and Human Rights. We recognize the importance of considering the human rights of everyone involved in our business activities.

We update the Piolax Human Rights Policy as needed according to social demands and changes in laws and regulations. Every revision is promptly communicated to all our group companies. We are committed to respecting human rights globally to promote proper working environments. Additionally, this Policy is a key topic in our compliance training programs, ensuring thorough awareness and adherence.

Piolax Human Rights Policy
https://www.piolax.co.jp/resources/pdf/csr/human_rights_policy_EN_2024.pdf

Piolax Human Rights Policy (excerpt)

Since our founding in 1933, Piolax has continuously striven to contribute to society by basing our operations on the company credo: "Sincerity, Cooperation, and Contribution." Our statement of purpose—"connect people and society with technology for an exciting future"—expresses our desire to use our technology to serve not only people but also society as a whole.

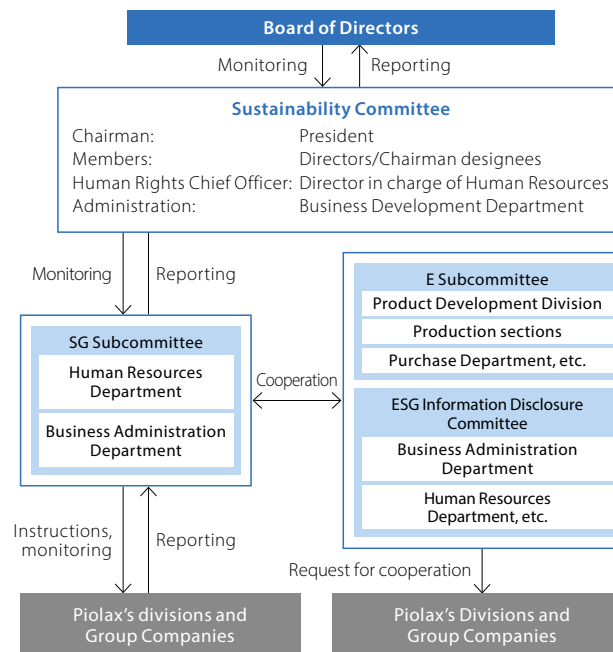
In order for Piolax to be such a company, we recognize that it is essential to respect the human rights of stakeholders affected by our corporate activities, and have established the Piolax Human Rights Policy (hereinafter referred to as the "Policy") to fulfill our corporate responsibility in this area.

1. Commitment to Respect Human Rights
2. Scope
3. Governance
4. Human Rights Due Diligence
5. Redress
6. Engagement with Stakeholders
7. Education
8. Disclosure

Human Rights Promotion System

As a Group, we manage a system for promoting human rights, with the Director in charge of Human Resources serving as the chief officer. Under the Sustainability Committee, the SG Subcommittee reviews the Human Rights Policy and undertakes human rights due diligence initiatives. Based on policies decided by the SG Subcommittee, the Human Resources Department promotes various measures among our Group's employees, while the Purchase Department applies those measures to suppliers. Discussions held by the Sustainability Committee and the SG Subcommittee are reported to the Board of Directors as necessary.

Human Rights Promotion System





Respect for Human Rights

Human Rights Due Diligence

In FY2023, our SG Subcommittee identified and detailed the human rights items that we need to address, based on the Japanese government's Guidelines on Respect for Human Rights in Responsible Supply Chains.

As a Group, we recognize the significant human rights implications of workplace safety at manufacturing sites and the working conditions of foreign Technical Intern Training Program (TITP) interns. We plan to conduct human rights due diligence on these and other high-impact issues.

Major Initiatives for Human Rights

Prevention of Child Labor

We strictly prohibit the employment of children under the legal working age within our Group, in accordance with the laws and regulations of each country. During the hiring process, we verify the age of all candidates with official identification documents to ensure that no child labor is involved.

Prevention of Forced Labor

Our Fuji plant accepts foreign TITP interns from Indonesia with the expectation that they will eventually work as full-time employees at our Group's plant in Indonesia. To prevent any human rights violations against these interns, we ensure that employment contracts are based on mutually agreed working conditions, that fair wages are paid, and that the Company does not retain the interns' official identification documents.

Respect for Human Rights in the Supply Chain

We provide our suppliers with the Piolax Supplier CSR Guidelines, which prohibit discrimination and harassment based on race, ethnicity, nationality, religion, or gender, as well as child labor and forced labor.

The guidelines also require compliance with laws and regulations regarding wages, holidays, and paid leaves in each country and region. Additionally, the guidelines mandate engaging in dialogue and consultation with employees, ensuring freedom of association, maintaining workplace safety and health, preventing accidents and disasters, and handling conflict minerals appropriately.

We require suppliers to agree to these guidelines to promote respect for human rights throughout our entire supply chain.

Piolax Supplier CSR Guideline
https://www.piolax.co.jp/resources/pdf/csr/supplier_csr_guidelines_2024.pdf

Raising Awareness on Human Rights

It is essential that employees have a deep understanding of human rights and translate their understanding into action. Therefore, we undertake the following human rights awareness activities.

Human Rights Awareness Activities

Activity	Target	Details
Familiarization with the Human Rights Policy	All Group employees	Inform employees of every revision of the Human Rights Policy.
Distribution of the Piolax Group Harassment Guidebook	Group employees in Japan	- Distribute the Guidebook and read it in each department. - Conduct a test to check the level of understanding every year.
Education on human rights and harassment in compliance training	Group employees in Japan	Training on human rights and harassment

Remediation and Redress of Human Rights Violations

We have an internal reporting system for human rights violations. Reports can be made online or by phone. If a violation is confirmed through fact-checking, we analyze the cause, implement corrective actions, take measures to prevent recurrence, and ensure that the reporter is informed of the action taken and provided with remedies.

Any employee found to have committed a human rights violation is subject to a stern warning or sanction by the Disciplinary Committee. The reporting system is available in eight languages for use by overseas employees.

P.67 Compliance Whistle-Blowing System



Supply Chain Management

▲ Piolax Group Procurement Policies

Our Piolax Group Procurement Policies are based on the concept of “fair and free competition and transparent relations” as specified in the Piolax Code of Conduct. We will continue to conduct procurement activities in cooperation with our suppliers to achieve high-quality manufacturing and a sustainable society.

Piolax Group Procurement Policies

In its all procurement activities, the Piolax Group complies with applicable laws and regulations in Japan and abroad and makes fair and open transactions considering the impact on the environment and society. The Piolax Group also builds trust relationships with its suppliers and vendors aiming for mutual prosperity.

1) Conduct fair and open transactions

The Piolax Group provides fair and open opportunities to all suppliers and vendors based on the principle of free competition.

2) Build mutual trust with business partners

The Piolax Group establishes trust relationships with its suppliers and vendors and strives for mutual development.

3) Operate CSR procurement

The Piolax Group promotes CSR procurement in view of compliance with laws, occupational safety and health, respect for human rights, environmental conservation, and corporate ethics

Established: July 2021

▲ Supplier CSR Guidelines

In 2021, our Group established the Supplier CSR Guidelines to promote sustainable procurement activities considering environmental and social impacts. We inform our suppliers of these guidelines, request their compliance, and require them to submit a signed agreement to this effect. We request and collect this agreement from suppliers of products and materials. The collection rate of agreements in FY2023 was 100%.

Additionally, our basic contracts include provisions that require our suppliers to consider environmental issues. They are signed by both parties in due process.

Supplier CSR Guidelines
https://www.piolax.co.jp/resources/pdf/csr/supplier_csr_guidelines_2024.pdf

Green Procurement Guidelines

In September 2021, we created the Green Procurement Guidelines and shared them with our suppliers. Through these guidelines, we aim to promote an understanding of our green procurement practices and seek cooperation in reducing environmentally hazardous substances.

Green Procurement Guidelines
https://www.piolax.co.jp/resources/pdf/csr/green_guideline_2024.pdf

▲ Carbon Neutrality Survey for Suppliers

In 2023, the E Subcommittee of our Sustainability Committee took the lead in conducting a survey on CO₂ emissions from our product and raw material suppliers. Based on the survey results, we conducted briefings and surveys regarding energy conservation to the top 19 companies in CO₂ emissions, which account for 80% of the total emissions among our suppliers.

Contents of the briefings

- The background of our carbon neutrality efforts
- Survey results on CO₂ emissions from product suppliers
- Key points for advancing CO₂ reduction through energy conservation
- Introduction of energy-saving items
- Methods for measuring power consumption
- Introduction to energy-saving diagnostics

▲ Efforts in Cooperation with Suppliers

Supplier Meetings

Each year, we hold an Annual Policy Meeting and First Half Review Meeting with our product and material suppliers.

These meetings serve as a platform for discussing our business policies, procurement policies, and quality lectures, thereby facilitating dialogue on the annual activity plans and medium-term progress. This helps strengthen our mutual trust.

During the Annual Policy Meeting, we also hold an award ceremony based on the annual QCD evaluation system.*

*Evaluation of suppliers based on the three indicators of Quality, Cost, and Delivery.



Supply Chain Management

<p>FY2023 Annual Policy Meeting</p>	<p>Number of participants: 54 companies Themes: Business policy, trends in the automobile industry, Purchase Department’s annual policy, quality lecture, awards ceremony, fire prevention activities, carbon neutral initiatives</p>
<p>FY2023 First Half Review Meeting</p>	<p>Number of participants: 57 companies Themes: Results of the first half, topics, trends in the automotive industry, interim report on Purchase Department Policy, quality lecture, status of the Purchase Department, changes in asset plates, status of carbon neutrality initiatives</p>

Quantifying and Reducing Suppliers’ CO₂ Emissions

Since FY2021, we have conducted annual surveys on CO₂ emissions from our product suppliers. We also performed assessments in 2022 and 2024 to measure CO₂ emissions per material type (g-CO₂/kg) from our material suppliers.

In FY2023, our representatives from the Purchase Department, the person in charge of Facility Maintenance, and the person in charge of the ISO Department visited four suppliers that requested advice. They provided on-site advice on energy-saving points and alternative energy-saving items.

In FY2024 we also planned visits to continue these efforts. By September, we had already visited three companies.

Cooperation with Suppliers to Handle Environmental Regulations and Conflict Minerals

We annually distribute the latest version of the Piolax Engineering Standard (P-ES), which compiles our requirements for environmentally hazardous substances, to our suppliers.

We conduct surveys on the environmentally hazardous substances and conflict minerals related to supplied materials and components to ensure that our products do not contain any hazardous substances prohibited by law or against customer requirements. The survey results are reported to our customers in a timely fashion through the International Material Data System (IMDS)*.

We work with our suppliers to improve the response rate and accuracy of the conflict minerals survey.

*International Material Data System (IMDS): Material data system for the automotive industry



Message from the CHRO



Masaaki Kaji
Director in charge of Human Resources

Diversified Values Drive Innovation to Address Societal Challenges

Diverse Perspectives for Social Problem Solutions

For a research and development company like Piolax, innovative talent with different values is indispensable. This is because diverse and broad perspectives are essential to developing products that help our direct customers, automakers and suppliers to address the societal challenges they face, such as the environmental impact of CO₂ emissions and the prevention of road accidents. Additionally,

there is an increasing demand for groundbreaking innovations that challenge conventional thinking.

Teamwork is our top priority. Our business involves close collaboration between departments with specialized expertise, such as sales, development, manufacturing, and management, to develop products that meet our customers' needs. This collaborative nature of our work allows us to leverage diverse perspectives and build an organization that performs effectively as a team.

Agile Organizational Reform Enabled by Small Scale

As a small-scale company with 700-800 employees, we have flexibility and agility to create an adaptable organization.

Previously, we prioritized business efficiency by adopting a product group-based organizational structure (SBU system). However, as customer needs and social challenges have become more complex, the need for cross-functional exchange of knowledge has increased.

In response to these societal trends, we have established the Product Development Division. The goal of this move is to lower barriers between departments, encourage employee interaction, and expand opportunities for tackling new tasks. One initiative in this direction is the open recruitment system for projects,

which provides employees with opportunities to take on new challenges voluntarily. This is expected to encourage their initiatives and foster an organizational culture that nurtures transformative talent.

Transforming Cultural Differences into Strengths: Developing Global Talent

Over the past decade, our Group's overseas sales ratio has surpassed sales ratio in Japan, making the establishment of a cooperative framework across national and cultural boundaries an urgent priority for us as a global company.

As part of our basic policy for developing global talent, we aim not only to improve employees' language skills but also to achieve true cross-cultural understanding and acceptance of diversity. To this end, we regularly hold group-wide meetings and training sessions, including our overseas bases. Specifically, we conduct global meetings twice a year, quarterly regional quality meetings, and monthly design study sessions. These events provide opportunities not only for information sharing but also for employees to experience different cultures and values.

Japanese employees learn about overseas practices, and our overseas employees learn about Japan and other countries. Cultural differences are not barriers but sources of new value. By learning and stimulating each other reciprocally, we foster innovation.



Human Assets

Basic Human Assets Policy

Developing human assets that can make a broad contribution to industry and society is positioned as a key management issue for our Group in order to enhance corporate value. The human resources we seek are defined in the Basic Human Assets Policy of Piolax Group.

We are actively investing in creating a work environment where employees can work with peace of mind and demonstrate their abilities. This includes respecting human rights, developing talents, promoting diversity, improving the workplace environment, and promoting health management. Through these efforts, we aim to achieve sustainable growth for our Group.

Basic Human Assets Policy of Piolax Group

The Piolax Group considers its employees to be the company's important managerial resources and unmatched assets, so as to refer to them as human assets rather than human resources.

Under the corporate vision to "broadly contribute to industry and society as a pioneer in creating elasticity technologies," the Group esteems its employees' individuality and strives to foster a corporate culture where each employee can demonstrate diverse abilities and eventually contribute to the company's growth as well as the social development.

The Group aims to develop human assets who are geared up to;

- share the Group's corporate philosophy/visions, value individuality and diversity, and work diligently as a team;
- show a high level of creativity, expertise and leadership to take on new challenges;
- own global/critical perspectives and an innovative mindset; and
- maintain high aspirations backed by a solid sense of integrity and fairness.

Human Asset Education System

We help each employee develop their abilities and enhance their knowledge and skills while fostering talent that can contribute to society. Specifically, in addition to rank-based training according to job positions, we provide language education and other programs to develop global human assets capable of adapting to changes in

the business environment.

Our goal for FY2023 was to improve our education system and quality. We expanded rank-based education. For example, we introduced training programs for young employees in their fourth year with the company.

The average training time per employee in FY2023 was 2.9 hours.

Education System

Training by job level	Language training	Skills / Technologies	Others	Self-development
Directors / Executive Officers Management training	Overseas training / Global human assets development	Production engineering / design development	Internal control, confidentiality, safety and health, quality, environment	Business law
Department Heads New department head training				
Managers New manager training				
Assistant Managers / Assistant Chiefs New supervisor training				
Young employees Balance support / Career support training				
New employees Newcomer training, plant training, follow-up training				
		External training		Correspondence course, skills, language

Education system

Programs for new employees (including plant training), follow-up, QC, language, harassment prevention, etc.

Training by job level

Training according to positions such as officer, department head, manager, assistant manager, and assistant chief, with the aim of acquiring necessary knowledge and skills.

Language training

Conversation programs of English and other languages to enhance language skills necessary for Piolax's global expansion. Those who wish can continue to receive language training after their overseas assignment.

Other training

Programs to eliminate harassment (power, sexual, maternity, LGBT, etc.). New employees take the Japan Business Law Examination Level 3 to acquire basic knowledge of business law.



Human Assets



New employee training

Global Human Assets Development

We are committed to developing global human assets as a crucial foundation for promoting our global business expansion. In addition to language education, we train employees to naturally accept the perspectives and values of their colleagues working in different countries by actively facilitating employee transfers between Japan and overseas bases. Frequent meetings with overseas bases also serve as a conducive environment for cross-cultural understanding in their daily lives.

These efforts contribute to instilling ONE PIOLAX, the common value that enables all Piolax Group employees to embody our Corporate Philosophy of the PIOLAX WAY.

Fair Evaluation System

The Piolax Group always respects human rights and does not tolerate any practices that lead to discrimination based on race, ethnicity, national origin, religion, gender, disability, sexual orientation, or gender identity. We do not have any discriminatory recruitment or employment conditions based on gender, age, or other factors.

Each year, our management team conducts 360-degree multifaceted evaluations to objectively review, analyze, and

enhance their day-to-day management skills. In personnel assessments, we objectively and fairly evaluate each employee's performance and achievements, providing appropriate rewards and positions based on these evaluations. This process also contributes to the development and effective use of employees' skills.

Conducting Employee Awareness Surveys

Piolax and its domestic subsidiaries interview with employees and feed back the survey results to the heads of each department in order to understand issues such as employees' expectations for their jobs and work environment. By conducting the survey every year, the heads grasp issues within their department and work to resolve them, leading to improvements in employee satisfaction and job motivation.

Formulating Human Asset Development Plans

We have formulated human asset development plans aimed at nurturing future executives. Development plans for employees at different stages (3-5 years, 10 years, 15 years after joining) serve as the basis for implementing systematic development programs for all employees. We seek to create an attractive environment and introduce various initiatives so that employees feel motivated and wish to work for us for a long time.

Additionally, we have set up a system that provides regular opportunities for employees to formulate and review their career plans, share them with their supervisors, and receive advice. As part of our support structure, we have established a career consultation office staffed with career consultants certified by the Ministry of Health, Labour and Welfare and members of the Human Resources Department. This assists employees in smoothly creating their

career plans.

We will continue to review and improve our system to encourage proactive dialogue between subordinates and supervisors about future goals, self-analysis of current skills, career plans, and skills they want to strengthen.

Employment and Labor Relations

Fair Pay

We comply with laws and regulations regarding equal pay for equal work. There is no difference in basic salary and total compensation between male and female employees of the same grade.

Wage Disparities between Male and Female Employees^{*1} (FY2023)

(Unit: %)

Training name	Wage disparities between male and female employees
Regular employees ^{**3}	81.0
Non-regular employees	51.2
Total	67.2

*1 The wage disparities between male and female employees is calculated as (average annual wage of female employees ÷ average annual wage of male employees) × 100%.

The average annual wage is computed as the total wages ÷ the average number of employees.

The total wages include bonuses and non-standard wages.

*2 Regular employees do not include those seconded from or to other companies.

*3 The wage disparity between male and female regular employees in Piolax's management positions is 103.9%.

Enhanced Employee Benefits

Our Group offers a variety of benefits to improve the lives and health of our employees and their families.

One of our employee benefits is an employee stock ownership plan to support the long-term asset formation of our employees.



Human Assets

Starting in FY2023, the company's contribution to the stock ownership plan increased from 3% to 10%.

In response to recent price increases, a uniform inflation allowance of 50,000 yen was provided to Group employees in Japan in January 2023. In this way, we set and revise policies to reflect social conditions.

Labor-Management Relations

We respect our employees' freedom of association, the right to organize, and the right to collective bargaining. We engage in active discussions with the Piolax Labor Union to improve working conditions and workplace environment issues.

The union operates under a union shop system, with 100% membership from employees, excluding management, employees rehired after their official retirement age, contract employees, part-timers, and temporary workers. It is affiliated with the Federation of All Nissan and General Workers' Unions.

Piolax and the Piolax Labor Union work together as equal partners to fulfill their respective responsibilities, establishing a healthy labor-management relationship and collaborating to improve productivity. Both parties have concluded a labor agreement aimed at the company's sustainable development, employee job stability, and improvement of their living conditions. The labor agreement is renewed annually, with any amendments requiring notice three months before the expiration date.

 **P.71** Employee Data

Promotion of Diversity

Policy

Because we believe that enabling everyone to leverage their unique traits and abilities contributes to both corporate growth and personal happiness, we do not tolerate discrimination based on race, ethnicity, nationality, religion, gender, or any other characteristics in any employment situation in the Piolax Group.

We actively promote diversity initiatives to create a workplace where diverse human assets respect each other as valued partners and thrive together.

Structure

Our SG Subcommittee under the Sustainability Committee, together with Human Resources and other related departments, is taking the lead in proactively setting and monitoring diversity-related goals and reviewing related policies. The activities are regularly reported to the Board of Directors, reflecting our ongoing commitment to creating a workplace where diverse human assets can thrive.

Promoting Women's Participation

Piolax is working to create an environment where female employees can play an active role, reviewing childcare-related systems and promoting understanding among supervisors and colleagues.

As part of its efforts to "promote diversity," we received the highest Eruboshi rank (three stars) in FY2021 as an excellent company



certification based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace. Our goal in FY2023 was to increase the percentage of women in management positions to 5% or more, and the results are shown in the table below.

Data on Women's Participation

	FY2021	FY2022	FY2023	
Percentage of female employees hired (%)	33.3	24.5	22.2	
Percentage of female employees (%)	18.8	19.6	20.0	
Percentage of women in management positions (%)	3.5	3.8	5.2	
Percentage of women in director positions (%)	11.1	20.0	20.0	
Average years of service	Men	15.6	15.2	16.0
	Women	17.6	17.6	17.7

Scope: PIOLAX, INC.

As part of our efforts to promote women's participation, we hold discussion meetings with other companies and conduct various internal seminars. Our recruitment policy ensures equal employment opportunity based on individual qualities and abilities, regardless of gender.

Our goal for FY2024 is to increase the proportion of women in management positions compared to the previous fiscal year. In the medium to long term, we aim to increase the proportion of female managers to 20% by 2030.

Active Engagement of Non-Japanese Employees

We actively recruit non-Japanese employees, believing that diverse values and viewpoints are crucial in business. Their diversified perspectives play an essential role not only in our global expansion but also in creating and nurturing new businesses.

As of the end of FY2023, we have 12 non-Japanese employees. Our goal for FY2023 was to hire at least two non-Japanese employees, and we hired one.

Employment of People with Disabilities

The Piolax's target of employment rate of people with disabilities in FY2023 was 2.3% or more, and the result was 2.34%. We will continue to actively recruit people with disabilities to improve their employment opportunities.

Data on Employment of People with Disabilities

(Unit: %)

	FY2021	FY2022	FY2023
Employment rate of people with disabilities	2.24	2.37	2.34

Scope: PIOLAX, INC.

Activities of Senior Human Assets

We have a continued employment system, allowing employees to work until the age of 65. We rehire 100% of employees who wish to continue working after reaching the official retirement age of 60.



Work-Life Balance

Policy

Piolax aims to create a vibrant workplace where employees can work with peace of mind, and strives to improve work-life balance by promoting support systems for balancing work and private life as well as flexible and diverse work styles.

To address and achieve our health management strategy of “improving the physical and mental health of all employees and their families, and ensuring work-life balance,” we have developed a strategic map. This map visualizes our health management strategy and communicates it to both internal and external stakeholders.

Support Systems for Diverse Work Styles

Piolax’s goal is to create a vibrant workplace where employees can work with peace of mind. We have prepared systems that help employees balance work and private life and encourage flexible and diverse work styles.

For example, in our childcare support system, we have extended the support period from birth to the third grade of elementary school to the sixth grade. We have also improved our telecommuting system, allowing employees to work from home up to four days a week. These systems have been revised and improved to reflect current trends.

As a result of these initiatives, in November 2023, we obtained the Kurumin Certification, from the Ministry of Health, Labour and Welfare, which recognizes us as a company that supports parenting. During the review period for certification, we set and met the goals to 1) promote paternity leave for male employees, 2) reduce



overtime, and 3) expand internship opportunities. These efforts were highly commended.

System for Work-Life Balance

Item	Contents
No-overtime days	Every Wednesday and Friday
Paid leave reserve	Up to 5 days per year from unused paid holidays (up to 30 days in total)
Anniversary leave	Twice a year on anniversaries
Refreshment leave	3 consecutive days off once a year
Telecommuting	Up to 4 days per week upon application and permit
Childcare support	- Up to 3 hours less per day from the date of birth to the 6th grade - Childcare leave up to 2 years old
Condition survey	4 times a year (physical condition, work environment, engagement)
Health maintenance and promotion	Health promotion support (centralized management of health checkup data, distribution of health app and body composition analyzers)
Asset building seminar	For 50-year-old employees

Scope: PIOLAX, INC.

Reducing Long Working Hours

We are committed to accurately tracking and managing working hours and reducing long working hours. Every Wednesday and Friday is a no overtime day. This has taken root and helped maintain average overtime hours low.

Specifically, we have enabled our time clock system to display compliance status. This allows each employee and their supervisor to visualize their overtime work in relation to the 36 Agreement standards. Additionally, the system issues alerts when their overtime is approaching the thresholds. In January 2024, we distributed a seminar video on labor time management to reiterate the rules for managing overtime and the details of the 36 Agreement.

In FY2023, the average overtime was 15.2 hours, a 17% increase from FY2022. This increase is mainly due to the recovery of sales and the corresponding increase in workload following the end of the COVID-19 pandemic.

Promoting the Use of Paid Leave

Our company’s annual paid leave is granted based on the number of years of service. We work to improve the rate of paid leave utilization each year compared to the previous year by creating an environment where employees can easily take leave.

For example, we encourage the following types of leave: five consecutive days of refresher leave (three-day leave plus a weekend) once a year; two days of anniversary leave per year; and half-day paid leave up to 24 times a year. Unused paid leave can be accumulated up to a maximum of 30 days, with a limit of five days per year. This can be used as sick leave for illnesses lasting more than a week.

In FY2023, our paid leave utilization rate was 71%, achieving our goal.



Work-Life Balance

Childcare and Family Care Support Systems

We have systems to support employees in balancing work with childcare or family care responsibilities, ensuring that each employee can work with peace of mind even when their life stage changes.

Promoting Childcare Leave

We promote childcare leave for both male and female employees. Our goal is for the male childcare leave utilization rate to exceed the previous year's results (55.6% in FY2022). To achieve this, we are proactively making necessary changes to comply with the revised Childcare and Family Care Leave Act and reminding supervisors of the importance of this initiative.

In FY2023, the childcare leave acquisition rate for male employees reached 60%, meeting our goal. Female employees achieved a 100% acquisition rate.

Return-to-Work Rate After Childcare Leave

In FY2023, our return-to-work rate after childcare leave remains as high as 100%. We work to create a supportive environment for employees returning to work after having a baby. For example, we have their supervisors stay in touch with them to address their concerns about juggling childcare and work.

Short- to Long-Term Family Care Leave

In compliance with legal requirements, we grant shorter working hours and long leave for family care. Employees can reduce working hours in hourly increments and also take long-term leave with a maximum of three times and up to a total of 93 days.

In FY2023, there were no instances of long-term family care

leave taken, while two employees utilized short-term leave.

Overview of Short- to Long-Term Family Care Leave

Item	Contents
Long-term family care leave	Total of 93 days (may be taken in up to 3 installments)
Family care support	<ul style="list-style-type: none"> Reduced working hours by up to 3 hours per day Request for exemption from overtime work Exemption from night shifts
Short-term family care leave	<ul style="list-style-type: none"> Five days of special unpaid leave per year If there are two or more family members in need of care, ten days of special unpaid leave per year

Scope: PIOLAX, INC.



Health Management

Health Management Declaration

Piolax considers promoting physical and mental health of all employees as one of the most important management issues and established the “Health Management Declaration” in June 2021, expanding the scope of the declaration to all domestic subsidiaries in September 2022. Employees are valuable assets to the company. We will actively engage in health management so that each and every employee can continue to work vigorously and in good health, both physically and mentally.

Piolax Group Health Management Declaration

Since its founding in 1933, the Piolax Group has expanded its business globally based on the corporate philosophy “Pioneer in creating elasticity technologies.” Toward the 100th anniversary in 2033, we will continue to strive to create a business environment that will realize the sustainable development and growth of the Group under the slogan of “ONE PIOLAX.”

The source of vitality to achieve such a business environment is “human assets” i.e. our employees and their families. Promoting physical and mental health of our employees and ensuring a work-life balance are the key elements of our management goals.

Under the leadership of top management, we value our employees’ mutual communication and engagement, and declare to implement the following eight specific yet achievable health management measures by actively coworking with healthcare-related professionals/institutions.

1. Publicize this Health Management Declaration both internally and externally to clarify the Group’s commitment to its employees’ and their families’ health.
2. Encourage all employees to foster a health management mindset and set their own health goals to maintain physical and mental soundness.
3. Fully comply with related laws and regulations.
4. Assign devoted staff to promote the Group’s physical and mental health.
5. Ensure the regular medical checkup rate of 100% and make the results available upon each employee’s demand.
6. Identify the Group employees’ health issues and devise measures to solve them.
7. Build/redesign organizational units to practice health management.
8. Standardize/enhance the telecommuting system to envision the ideal work style now and in the future.

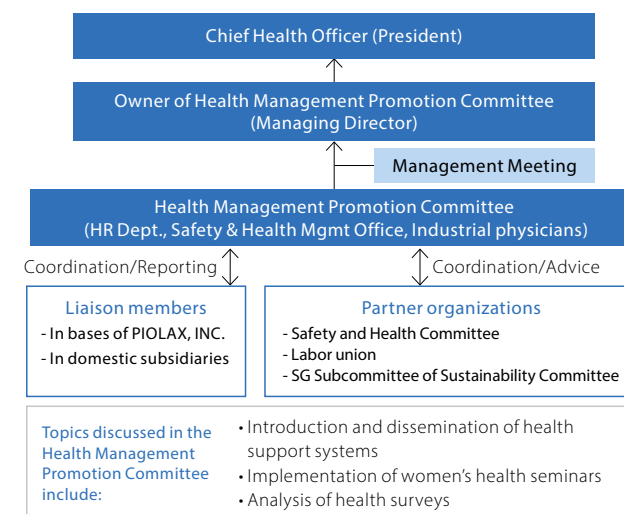
Health Management Promotion System

We aim to promote the health of all employees through company-wide implementation of measures outlined in our Health Management Declaration. This initiative supports the development of a sustainable management environment.

The Health Management Promotion Committee (established in 2021) expanded its oversight to include Piolax and its subsidiaries in Japan in FY2022, thereby strengthening our health management promotion system.

This Committee studies and proposes health management activities and measures. These matters are submitted to management meetings as necessary and reported to the Chief Health Officer (President) and to the Owner of the Health Management Promotion Committee (Managing Director) through the Committee.

Organization for Health Management Promotion



Health Management

Periodic Health Checkups

To monitor employees' health status and facilitate early detection and treatment, we conduct annual health checkups, as well as special health checkups depending on the nature of the job duties, as required by law. We also have a subsidy system for out-of-pocket examination costs, such as various cancer screenings. Additionally, employees with abnormal findings or those who are interested can see an industrial physician for advice.

In FY2024, 99.1% of employees at Piolax and its subsidiaries in Japan underwent periodic health checkups.

The centralized health checkup data management system is available for Piolax and its subsidiaries in Japan. This system allows employees to access their health checkup results and past trends from the website. It also facilitates information sharing between the Safety and Health Management Office and industrial physicians.

Encouraging Behavioral Changes to Improve Health

Since FY2022, we have distributed health support apps and body composition analyzers to all employees of Piolax and its subsidiaries in Japan.

We are encouraging behavioral changes to improve health. For example, in FY2023, we organized step-count rankings using the app and walking events with volunteer participants. We also provided female employees with e-learning about diseases specific to women.

Mental Health Measures

In addition to annual statutory stress check, we conduct a pulse survey (simple stress check) on a regular basis to monitor employees' work performance decline due to mental and physical health issues (presenteeism), job satisfaction (work engagement), and eNPS (attachment to the company) at a near real-time frequency.

For mental health issues, in-house consultation service is available, and industrial physicians and public health nurses support employees.

Certified as an Excellent Health Management Corporation

As a result of our proactive efforts in health management, we obtained a certification of "Excellent Health Management Corporation 2022" (large corporation division) in March 2022, which was renewed to include domestic subsidiaries in March 2024.





Occupational Safety and Health

Approach to Safety and Health

A source of vitality that supports Piolax’s business environment is our human assets, namely our employees and their families, and promoting the safety and health of our employees is one of our most important management goals.

In our business activities, we adhere to the Piolax Safety and Health Policy to create a safe and comfortable workplace free from occupational accidents, traffic accidents, and occupational diseases. Additionally, we request our partner companies to prioritize the safety and health of their employees and prevent accidents and disasters, as outlined in our Supplier CSR Guidelines.

Piolax Safety and Health Policy

< Slogan >

Safety and health are the top priority in our business activities.

In order to protect the safety and health of our employees, the Piolax Group will put priority on creating a “safety culture” and a “safe workplace” in which all employees will comply with safety and health-related laws and regulations, respect each other, and actively communicate so that they will continue to work safely and comfortably, both physically and mentally.

< Action Guidelines >

1. The management, employees, and industrial physicians will work together to promote the creation of a safe, secure, and vibrant workplace.
2. We will comply with laws, regulations, rules, and defined work procedures related to occupational safety and health as well as wear protective equipment.
3. In order to prevent occupational accidents, we will continue to carry out activities related to occupational safety and health and improve the workplace environment.
4. We will understand emergency responses and immediately report any accidents and safety concerns to our supervisors and safety managers in the workplace.
5. Through daily communication in the workplace, we will try to understand the physical and mental health of our employees and also foster an open-minded corporate culture and identify potential problems.
6. We will conduct regular safety and health training to improve the knowledge and skills of our employees.
7. We will encourage employees of temporary staffing agencies and partner companies working in our workplace to understand this Policy.
8. We will take pre-emptive measures against risks related to chemicals and equipment, assuming emergency situations.

Established on October 15, 2024

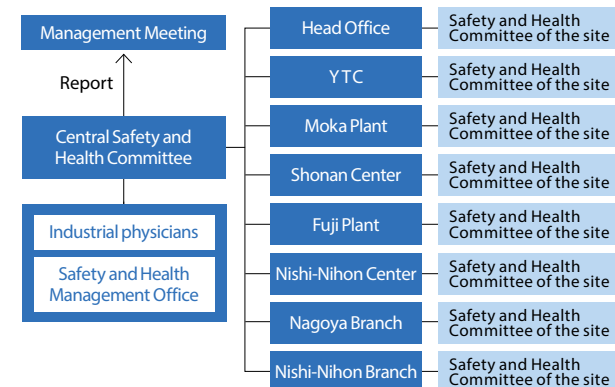
Occupational Safety and Health System

We operate our own occupational safety and health system based on Japan’s safety-related laws and guidelines. The Central Safety and Health Committee collaborates with the safety and health committees at various business bases and factories, with monthly deliberations reported to the Management Meeting.

The Central Safety and Health Committee, chaired by the President, meets twice a year. Its members include representatives from the bases’ safety and health committees, industrial physicians, labor union representatives, and other suitable personnel, with an equal number of labor and management representatives. They work together to create a healthy and safe work environment that unites labor and management.

In addition, procedures to be complied with are stipulated in the Safety and Health Management Rules and are shared with employees to ensure workplace safety and health, smoother business operations and improved productivity. We are also focusing on training specially qualified personnel.

Occupational Safety and Health System





Occupational Safety and Health

Risk Assessment for Occupational Safety and Health

We conduct risk assessments to investigate and identify potential hazards and risks related to employees' work. Risks are weighted by scoring locations predicted to experience an accident or disaster according to their frequency, likelihood of occurrence, and severity.

Each year, a total of approximately 500 points of our business bases and plants in Japan are subject to risk assessment. Findings are reported to the biannual Central Safety and Health Committee meetings. Identified risks are systematically addressed with mitigation and countermeasures to prevent occupational accidents.

When introducing new equipment or processes, we have a cross-departmental system to assess risks related to quality, production, and development. In addition, each plant conducts regular on-site patrols and presents monthly improvement activities and risk assessment reports.

Examples of Identified Risks and Countermeasures

Identified risks	Countermeasures
Uneven floor at the factory entrance (Possible trip and fall or wrist injury when moving heavy items with a cart)	The unevenness was eliminated by installing a ramp.
A broken fence in the aisle of automated storage and retrieval system	The fence was repaired with PP bands.
Scissor part of scissor lifts for product box (risk of entrapment)	Bellow covers were installed.

Safety and Health Performance and Initiatives (Work Time Loss Frequency Rate, Accident Severity Rate)

Our goal is to have zero serious accidents and fewer work-related accidents than in the previous fiscal year. Work-related accidents and related information are reported and discussed at the monthly Management Meetings and secretariat meetings attended by representatives from each business base. The head of each site is responsible for ensuring that their subordinates are fully informed about the decisions and that countermeasures are implemented to prevent similar accidents. This is how we work to improve.

In FY2023, we had zero major accidents and reported 25 work-related accidents, an increase of three from the previous year. Many of these accidents involved employees who had been with us for less than five years. Notably, there were three worker injuries involving the use of utility knives.

We will reinforce training on compliance with work procedures and the use of protective equipment for all employees and contractors.

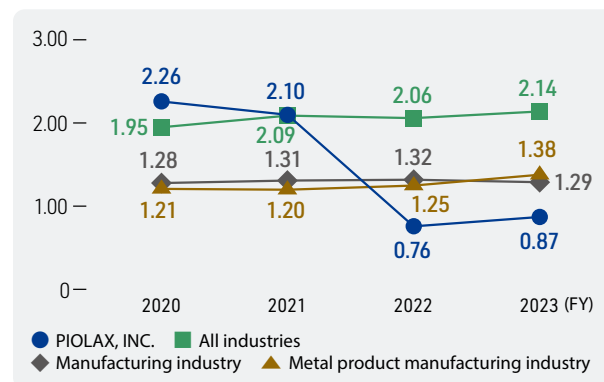
Work-Related Accidents

	FY2020	FY2021	FY2022	FY2023
Serious accidents*1 (cases)	0	0	0	0
Serious accidents*1 (cases)	11	19	22	25
Number of days lost*2 (days)	39	131	33	0
Total hours worked*2 (hours)	1,329,475	1,427,293	1,314,931	1,320,077

*1 Scope: Piolax Group (100% coverage)

*2 Scope: PIOLAX, INC. (20% coverage)

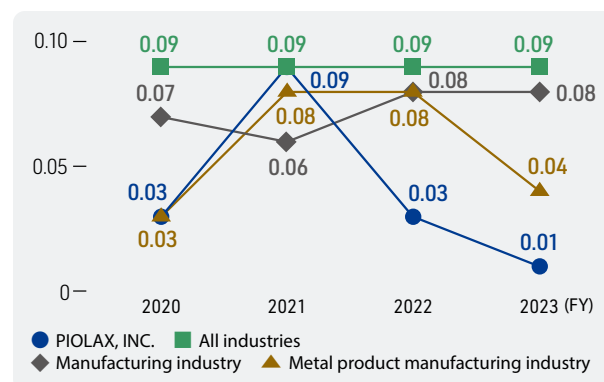
Trends in Rate of Lost-Worktime Injuries



Scope: FY2020–FY2022: PIOLAX, INC. (Coverage rate 20%)
 FY2023: Piolax Group (Coverage rate 100%)

Rate of lost-worktime injuries = Number of employees absent due to labor accidents ÷ Total working hours × 1,000,000

Trends in Accident Severity Rate



Scope: FY2020–FY2022: PIOLAX, INC. (Coverage rate 20%)
 FY2023: Piolax Group (Coverage rate 100%)

Accident severity rate = Total lost working days ÷ Total working hours × 1,000



Occupational Safety and Health

Principal Initiatives

● Heatstroke Prevention

Each summer, we implement measures to prevent heatstroke in the workplace. We stock oral rehydration solutions and cold packs. Generators are prepared in case of power outages, which would stop air conditioners and other electrical equipment. Additionally, employees working in hot plants have designated breaks to cool down in air-conditioned rest areas.

● Automation of Resin Material Transport

The materials used by our Group are heavy, posing a risk of physical strain during transportation from receipt to shipping. At our new Moka Plant, automation of transport tasks has been considered from the architectural design stage, aiming to eliminate human intervention. Full-scale automation of transport is planned to be implemented by 2028.

● Emergency Drill

Each of our business bases conducts at least one emergency drill a year, simulating scenarios such as earthquakes and fires, in collaboration with local fire departments. These drills include lectures on disaster preparedness and first aid training for bleeding and heatstroke.

In conjunction with the drills, the internal fire-fighting team at each base conducts fire-fighting training. Emergency resuscitation training using Automated External Defibrillators (AEDs) installed at all bases in Japan has also been implemented. These training sessions aim to equip more employees with the skills needed to use AEDs. During emergencies, our AEDs are available for nearby residents.



Emergency drill



Emergency resuscitation training

Provision of Protective Equipment

To protect the safety and health of our employees, our standard operating procedures require the provision and use of protective equipment in any manufacturing process with a potential risk of harm or danger. Following these procedures helps mitigate risks.

The standard operating procedures are reviewed regularly in order to ensure that the updated versions are always implemented.

Safety and Health Education in the Plants

We place strong emphasis on safety education to deepen understanding of safety and health matters.

All newly hired employees undergo a comprehensive training session on occupational safety (lasting 1 to 1.5 hours). Additionally, they receive practical training where they should identify risks by observing photos of actual workplaces.

For mid-career hires and seconded workers, safety education is provided on their first day of assignment to the plant. This training varies depending on the equipment they will handle. It aims to raise their safety awareness through video explanations and consideration of the reasons for answers from safety-related FAQ.

● Forklift Safety Education in the Plants

Annual forklift safety education is conducted by external instructors for employees engaged in forklift operations within the plants. The training includes a review of the previous year's activities and case studies of accidents, presented in a quiz format.

● Automobile Safety Training and Safety Device Measures

Since FY2014, we have held annual traffic safety education sessions with external instructors from police departments and insurance companies to prevent accidents.

In FY2023, we conducted automobile safety education through video streaming, including our subsidiaries in Japan.

Our company vehicles are equipped with safety devices such as drive recorders and automatic brakes. Additionally, we comply with regulations by conducting alcohol checks before vehicle operation.



Quality and Product Safety

▲ Piolax Global Quality Policy

The Piolax Group will strive for stable manufacturing throughout the Group to further increase customer satisfaction and corporate value.

Basic policy

Deliver quality of the greatest satisfaction to customers.

Action guidelines

Seven action guidelines are set in order of major manufacturing processes from design development to production.

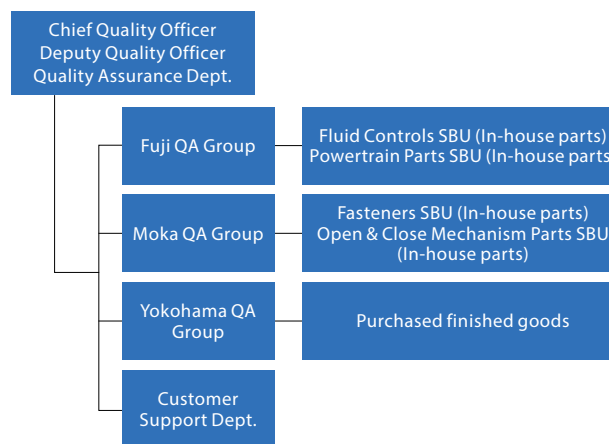
1. Meet customer needs by achieving robust design.
2. Build high quality process to secure design quality.
3. Enforce 5S and create a clean and safe work environment.
4. Making quality products 100% is secured by following work standards and procedures.
5. Quality check is mandatory when any trouble or change occurs.
6. Train operators to be keen and alert to "quality."
7. Continue to improve quality by all employees.

▲ Quality Management System

As shown in the following diagram, Piolax and its domestic subsidiaries have established a quality management system under the supervision of the Chief Quality Officer (Director in charge of quality), the Deputy Quality Officer, and the Quality Assurance Department. Moka and Fuji Plants, Product SBUs, and the Purchase Department in Piolax as well as its production subsidiaries practice quality management using their expertise in product characteristics.

We have a consistent quality assurance system from production to delivery, including the Customer Support Department that make deliveries to our customers.

■ Piolax Domestic Quality Assurance System



▲ International Standard Certifications for Quality Management Systems

Since obtaining the QS 9000 certification in 2001, we have been continuously acquiring international quality standard certifications, including ISO 9001 and ISO/TS 16949. In 2017, we obtained IATF 16949:2016. As of the end of March 2024, nine of our overseas subsidiaries have IATF 16949:2016 certification.

As for our manufacturing subsidiaries in Japan, Piolax Kyushu, Piolax HFS, and PNS have obtained ISO 9001:2015 certifications.

Piolax Medical Devices has acquired an ISO 13485:2016 certification for medical device quality management systems.

Organizations with International Certifications
<https://www.piolax.co.jp/en/company/touroku/>

▲ Establishment of Quality Control Standards

The Quality Assurance Department provides our suppliers with the Quality Evaluation Standards for Suppliers, which reflects the IATF 16949:2016 standard requirements to clarify our quality control standards. We also operate a certification system for our suppliers' inspectors involved in the final shipment inspections to enhance product assurance.

Some suppliers may have lost inspectors who were certified in the previous fiscal year or earlier due to retirements and transfers and may want new hires to be certified. In FY2023, we responded to their needs in a flexible and timely manner by certifying seven additional inspectors.

▲ Key Initiatives for Quality Improvement

Global Quality Meeting

The Quality Assurance Department holds Global Quality Meetings and Quality Liaison Meetings to enhance the quality assurance operations of our overseas subsidiaries. Through these meetings, we gather concerns from each subsidiary, provide problem-solving support, and share know-how.

Global Engineering Standards and Engineering Standard Committee

In 2006, we established the Piolax Engineering Standard (P-ES) to build and document technical know-how.

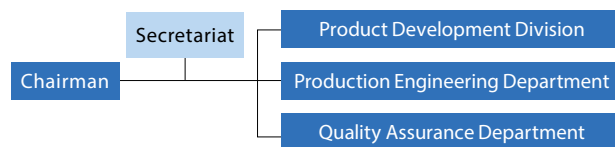
To accurately share constantly evolving technologies within the Group, our Engineering Standard Committee establishes and reviews our standards. This committee is chaired by the Senior General Manager of the Product Development Division and

Quality and Product Safety

composed of various technical departments.

To date, the committee has formulated 149 standards. It also conducts annual reviews, including the creation of new standards. By ensuring that all engineers, including those at overseas subsidiaries, refer to the latest standards, we maintain consistent quality globally.

Piolax Engineering Standard Committee



Education for Next-Generation Engineers

The entire Product Development Division is involved in creating an educational curriculum and holding monthly study sessions to develop young engineers in all product-related areas. The contents are diverse, including design support tools, quality engineering, automotive structures, environmentally hazardous substances, latest automotive technologies, and laws and regulations.

In FY2023, 12 sessions were provided in both in-person and online formats, with a total of approximately 750 participants from Japan and overseas. The total number of course hours was 1,217.



Design training

Production and Quality Improvement Activities

The “Yamabiko Kaizen Activity” is our production and quality improvement activity that we have been conducting at the Moka and Fuji Plants continuously on a monthly basis since 2007. The name “Yamabiko” (mountain echo in Japanese) was chosen to ensure that calls for improvement echo and that improvements are made as quickly as the speed of sound.

In this activity, employees report improvements and production management status at their shops, and the Chief Quality Officer, the Deputy Quality Officer, and the Director in charge review such report, thereby ensuring quick and appropriate feedback and boosting their motivation.

This activity has now expanded to domestic and overseas subsidiaries, which is improving their capabilities and quality. In FY2023, this was held in a hybrid manner, combining on-site and online participation for our production sites in Japan.



Yamabiko Kaizen Activity (improvement progress report)



Yamabiko Kaizen Activity (verification of improvements at the production site)

Global Production Meeting

The Piolax Group holds a technical exchange meeting every year for manufacturing sections of domestic and overseas production bases. It aims to increase the level of quality and technologies through activities such as providing advice for equipment design in terms of labor saving and automation, giving on-site guidance for process improvement methods, and conducting injection molding skill tests.

In June 2023, the meeting was held online with approximately 70 participants. The meeting included activity reports from each overseas subsidiary and improvement activity reports from departments in Japan, facilitating the exchange of technical knowledge.

Global Small Group Activity Competition

Piolax has been holding report meetings for workplace-based improvement activities (Small Group Activity) since 1979. Employees’ reporting of their activities directly to the management encourages their improvement awareness and growth.

Since 2012 when overseas subsidiaries have joined, the meeting has been renamed the Global Small Group Activity Competition. This gives overseas participants meaningful opportunities; they learn about “kaizen” cases in Japan and bring them back to their workplaces for further “kaizen.”

Supplier Engagement

The Annual Policy Meeting and the First Half Review Meeting are held for our suppliers of products and materials, where the Piolax Business Policies and Purchasing Policies are explained and quality lectures are given. They are good opportunities for discussing the annual plan and its progress and reinforcing relationships of trust. In the Annual Policy Meeting, excellent suppliers are awarded based



Quality and Product Safety

on our QCD evaluation system.

In FY2023, the Annual Policy Meeting was held online in March, with 54 suppliers participating, and the First Half Review Meeting online in December, with 57 suppliers participating.

As part of improvement activities, we organized the third “Yamabiko Activity Report Meeting” online in November 2023 for the Kappatsu Cooperative Association, and 23 member companies of the association joined. The Kappatsu Cooperative Association consists of Piolax and its suppliers. They exchange information and conduct training sessions for mutual development and friendship. The name of the association “Kappatsu” is derived from the abbreviation of our former company name “Kato Hatsujo.” (“Kappatsu” also means “active” in Japanese)

In addition, since 2021, we have been implementing a fire prevention initiative for our suppliers in collaboration with our plant divisions. Suppliers conduct self-assessments using fire prevention checklists, and we provide advice on their efforts based on these checklists.

Furthermore, in 2023, as part of our carbon neutrality efforts, we visited suppliers, reviewed their manufacturing facilities, and supported their energy-saving initiatives by providing information on energy-saving measures and items.

Product Safety Assurance

Handling Product Defects

If any defects are discovered during the production or product inspection process, we adhere to the principle of bad news first and fast, or promptly reporting any issues to prevent defective products from reaching customers.

When defects are identified in a customer’s process, we verify the actual issues on-site and investigate the root cause. After that,

we discuss the effectiveness of countermeasures with experts and apply similar measures to related products and processes.

This entire process is part of our recurrence prevention activities, which are reported and discussed monthly in the Quality Council.

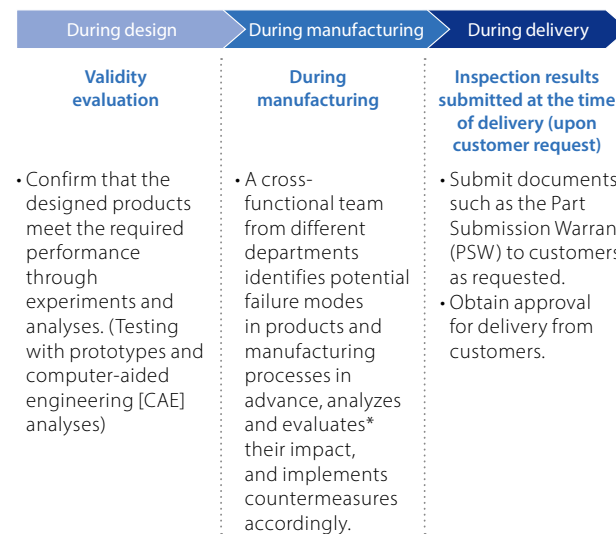
Management of Chemical Substances in Products

We uniformly manage information related to chemical substances contained in our products through an internal database. We also conduct appropriate research on chemical substances in products throughout the supply chain.

At the Yokohama Technical Center, we keep track of updates to laws, regulations, and customer requirements concerning environmentally hazardous substances, and integrate this information into our database for use by product development and production engineering departments. When requested by customers, we prepare and submit compliance inspection results.

By implementing appropriate management of chemical substances in products at each stage—from design and raw material procurement to manufacturing and delivery to customers—we strive to provide safe products.

Product Safety Process



* Design FMEA (Failure Mode and Effects Analysis) is conducted at the drawing review stage, while Process FMEA is performed at the manufacturing process review stage. Both types of FMEA are addressed by cross-functional teams that include various departments. Design FMEA is to predict potential product defects (failure modes), analyze their impact and causes, and implement countermeasures into the product. Process FMEA is to predict potential process defects (failure modes), analyze their impact and causes, and implement countermeasures into the process (molds, equipment, and work methods).

Contribution to Society

As a member of the community, the Piolax Group is actively involved in local communities and contributes to their development through a variety of social activities in Japan and overseas.

Environmental Conservation

Piolax Forest

Head office

As part of the 90th anniversary celebration of our founding, we supported and donated to the Reforestation Partnership Program of Kanagawa Prefecture, where our Head Office is located. The donation will be used for forest conservation activities. Additionally, we obtained the naming rights to an 11.6-hectare forest area near Lake Tanzawa in the same prefecture and named it "Piolax Forest."



Cleaning Activities

Each of our business bases conducts community clean-up activities. At our subsidiary in Thailand, 29 employees participated in a clean-up event at Tien Talay Beach, a sea turtle nesting site, guided by local volunteers. The team focused on collecting plastic items, such as plastic bags and straws, which negatively impact marine ecosystems, and successfully removed 300 kg of trash.



Beach cleanup (Thailand)



Local cleanup (Fuji Plant)



Employees who participated in the cleanup activity (China)

Investment in ESG Bonds and Green Bonds

Head office

We purchase Kanagawa Prefecture's third series of public bonds (green bonds), which are issued to address environmental issues such as global warming and climate change.

Welfare Activities

As a Group, we work to support people in need in their daily lives. In FY2023, we actively engaged in various activities at our business bases, including: a raffle fundraising event in the US; a charity event supporting breast cancer patients in the UK; donation of hygiene products to the parents of children in hospitals in Mexico; donation of emergency food supplies nearing their expiration date to food banks in Japan; and commissioning the Moka Plant's landscaping to disabled people as part of outdoor activities aimed at preparing them for mainstream employment.



Breast cancer charity (UK)

Contribution to Society

Gifts for Orphans

Indonesia

In Indonesia, the Islamic holy month of fasting (Ramadan) is observed. Our Indonesian subsidiary celebrates the end of Ramadan every year by inviting children from an orphanage in Karawang City, where the industrial park is located, to a meal. In FY2023, 15 children participated and enjoyed a delightful time.



Dinner party after the fast

Donating Supplies to Support Schools for Children

Thailand

Our subsidiary in Thailand collected donations within the company amounting to 15,168 THB (Thai Baht). With these funds, they purchased supplies such as rice, food, water, milk, daily necessities, and towels, and donated them to a private school that assists children without access to education and children without parents.



Donated materials

Donation to NPO MUST Ministries

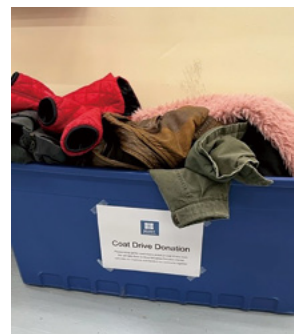
US

Our subsidiary in the US is a partner of MUST Ministries, a non-profit organization that provides minimal needs related to food, clothing and shelter to the needy and homeless.

In FY2023, the company participated in the Summer Lunch Program. This program supports meals during the summer vacation for children who usually receive free lunch on school days. The company provided a week's worth of breakfast and lunch kits to 105 children. Further, its employees cooperated to collect approximately 100 winter coats for children and adults for donation.



Donation to MUST Industries



Regional Revitalization

Our business bases are engaged in activities to vitalize their community. For instance, Fuji Plant participates as a supporting member in the "Oguruma Sakura Guardian", a group established to maintain and manage Kawazu cherry trees planted in the district where the plant locates. The Plant also sponsored "Fujikawa Summer Festival Fireworks Display" and "Fujikawa Kiwi Marathon." The Head Office sponsored the Kanagawa Philharmonic Orchestra."

Factory Tours for Local Residents

Piolax Medical Devices

We hold a factory tour to foster mutual understanding with local residents. In FY2023, more than 20 individuals from various age groups, ranging from young children to the elderly, visited our facilities. The tours sparked significant interest. A visitor said, "I never knew there was a medical factory in my neighborhood."



Factory tour

Contribution to Society

Nurturing the Next Generation

STEM Family Night

US

Our US subsidiary partners with Hasty Elementary School through a local school support program. The company provided necessary materials and had its employees assist two extracurricular events to encourage children’s interest in STEM (Science, Technology, Engineering, and Mathematics).



Participating employees

Providing Workplace Experience

Korea

Our subsidiary in Korea has participated in the CSR Activity Support Program for Japanese companies in Korea organized by the Japan-Korea Industrial Technology Cooperation Foundation since 2021.

This program intends to give university students in Korea one-month internship opportunities at Japanese companies. Its purpose is to deepen their understanding of Japan by learning about work processes and thinking of Japanese companies, as well as to improve their abilities. In FY2023, the company accepted two local students.

Hosting Local High School Students for Internships

Moka Plant

The Moka Plant accepts local high school students for internships every year. In FY 2023, it hosted nine students.



Internship



Corporate Governance

Basic Approach to Corporate Governance

The Piolax Group positions corporate governance as a management priority. We are committed to sustainable growth and development as well as fair and transparent management through compliance with laws and ethics, the execution of key corporate strategies led by the Board of Directors, and the implementation of appropriate internal control and risk management systems.

We are also committed to building relationships of trust with investors and other stakeholders through timely and appropriate information disclosure and dialogue of financial and non-financial information.

Corporate Governance System

We believe that realizing a monitoring board by strengthening the Board's audit and supervisory functions will contribute to the sustainable growth of the Group and increase its corporate value over the medium to long term. As a company with an Audit and Supervisory Committee, we are striving to reinforce our corporate governance system. Additionally, we have implemented an Executive Officer system and delegated part of the Board's executive authority to the Management Meeting to expedite decision-making.

Furthermore, we recognize that addressing sustainability is a critical management issue. We have a Sustainability Committee, chaired by the President, which meets four times a year. We also have our own Sustainability Policy. This committee, primarily composed of Directors, reviews policies, sets targets, and monitors progress related to sustainability and ESG management. Specific measures are discussed in this committee, then reviewed by the Management Meeting, and finally decided by the Board of Directors.

Sustainability Policy https://www.piolax.co.jp/resources/pdf/csr/Sustainability_Policy_EN_2024.pdf

History of Corporate Governance

2016	Piolax became a company with an Audit and Supervisory Committee
2017	A stock compensation plan for directors was introduced
2018	At least one third of the directors were independent outside directors
2019	The Nomination and Compensation Advisory Committee was established
2020	A female director was appointed
2021	Piolax responded to the Corporate Governance Code for the companies listed on the Prime Market of the Tokyo Stock Exchange
2022	The number of outside directors and female directors was increased
2023	A performance-related element was introduced in the compensation of the Board of Directors. This was also applied to the compensation of the executive officers

Board of Directors

The Board of Directors meets, in principle, once a month to make decisions on important management policies, management objectives, management strategies, and other matters. The Board is presided by the Chairman. As of June 25, 2024, it consists of nine Directors, four of whom are Outside Directors.

Audit and Supervisory Committee

This committee audits duty execution by Directors and overall management of group companies. It is chaired by the committee head. As of June 25, 2024, it consists of three Directors (One full-time Director and two part-time Outside Directors).

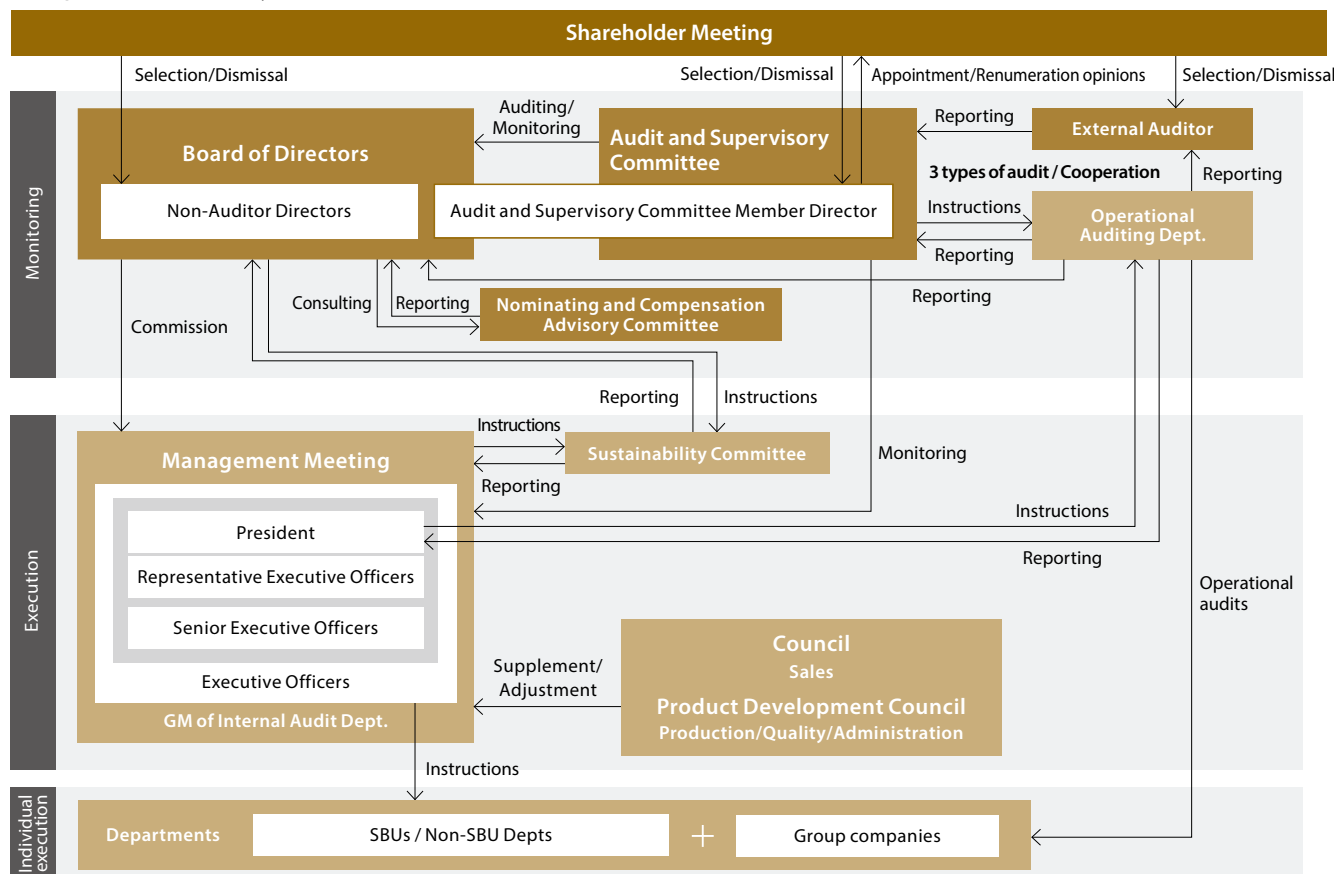


Corporate Governance

Nominating and Compensation Advisory Committee

This committee is set up as a voluntary advisory body to the Board of Directors with a view to making fair decisions on selection and dismissal of Directors and their compensation. The committee is chaired by an Independent Outside Director. As of June 25, 2024, it consists of six Directors, including four Outside Directors.

Corporate Governance System (as of June 25, 2024)



Management Meeting

This body meets on a monthly basis. It makes decisions for executing specific operations based on management policies decided at the Board of Directors. It is chaired by the President and consists of Representative Executive Officers and Senior Executive Officers.

Corporate Governance Overview (as of June 25, 2024)

Form of institutional design	Company with Audit and Supervisory Committee
Number of Directors who are not Audit and Supervisory Committee Members (Number of Independent Outside Directors)	6 people (2)
Number of Directors who are Audit and Supervisory Committee Members (Number of Independent Outside Directors)	3 people (2)
Total number of Directors (Number of Independent Outside Directors)	9 people (4)
Ratio of Independent Outside Directors	44%
Ratio of Female Directors	22%
Term of office of Directors who are not Audit and Supervisory Committee Members	1 year
Term of office of Directors who are Audit and Supervisory Committee Members	2 years
Adoption of executive officer system	Yes
Accounting Auditor	Ernst & Young ShinNihon LLC



Corporate Governance

Directors and Their Activities

Position	Name	Sex	Term of office (At the end of the GSM in June 2024)	Attendance (FY2023)		
				Board of Directors	Audit and Supervisory Committee	Nominating and Compensation Advisory Committee
Chairman / Chairman of the Board of Directors	Yukihiko Shimazu	Male	19 years	18/18	-	
President / Chairman of the Management Meeting	Satoshi Yamada	Male	Newly appointed	-	-	
Managing Director	Masaaki Kaji	Male	2 years	18/18	-	
Director	Shigeru Masuda	Male	3 years and 10 months	18/18	-	
Director / Chairman of the Nominating and Compensation Advisory Committee	Hiroyuki Ochiai Outside, Independent	Male	2 years	18/18	-	11/11
Director	Makiko Akabane Outside, Independent	Female	2 years	18/18	-	11/11
Director / Full-time Audit and Supervisory Committee Member / Chairman of the Audit and Supervisory Committee	Genichi Ishikawa	Male	2 years	18/18	12/12	11/11
Director / Audit and Supervisory Committee Member	Sakae Komiyama Outside, Independent	Female	3 years and 10 months	18/18	12/12	11/11
Director / Audit and Supervisory Committee Member	Tetsu Hirowatari Outside, Independent	Male	Newly appointed	-	-	-

* Covering the meetings of the Board of Directors, the Audit and Supervisory Committee, and the Nominating and Compensation Advisory Committee held after the inauguration on June 27, 2023.

Director Skill Matrix (as of 25 June, 2024)

Position	Name	Corporate management	Sales/Marketing	Technology/Development	Manufacture/Quality	Finance/Accounting	Legal/Risk management	Global business	ESG/Sustainability	DX/IT	Innovation/New business
Chairman	Yukihiko Shimazu	●	●					●	●		●
President	Satoshi Yamada	●		●				●		●	●
Managing Director	Masaaki Kaji	●				●		●		●	
Director	Shigeru Masuda			●	●					●	
Outside Director	Hiroyuki Ochiai	●			●			●	●		
Outside Director	Makiko Akabane	●						●	●		
Director / Full-time Audit and Supervisory Committee Member	Genichi Ishikawa	●				●		●			
Director / Audit and Supervisory Committee Member	Sakae Komiyama					●					
Director / Audit and Supervisory Committee Member	Tetsu Hirowatari						●				



Corporate Governance

Implementation of Corporate Governance Measures

Our Board of Directors holds regular meetings once a month to decide on basic management policies and important matters, as well as to supervise the execution of Directors' duties. The Board of Directors and Management Meetings share management information to ensure thorough implementation of operational policies and to increase sensitivity to management risks.

In terms of risk management, each department head identifies their department's risks and establishes and operates regulations and manuals accordingly.

The Internal Audit Department monitors the implementation status through internal audits.

Evaluation of the Effectiveness of the Board of Directors

In order to objectively evaluate whether the Board of Directors is fulfilling its expected role, we conduct an annual survey of all Directors engaged in the composition, operation, and agenda of the Board.


Additionally, we assess the effectiveness of the Audit and Supervisory Committee.


To enhance the objectivity of these evaluations, we seek external (third-party) advice every three years on the appropriateness of the survey questions and action plans, considering recent discussions by the Board of Directors and the Audit and Supervisory Committee, as well as revisions to the Corporate Governance Code.

Internal Control System

In accordance with our Basic Policy on Internal Control System and Basic Policy for Internal Control System concerning Financial Reporting, we continue activities that ensure the soundness, efficiency, and fairness of corporate governance, under the leadership of the President. These activities include building and operating our Group's internal control system and evaluating its effectiveness every year.

For example, our internal control systems encompass the following areas: company-wide internal control, internal control over business processes, internal control over financial reporting, and internal control over IT. For each process, we create and maintain checklists, duty segregation tables, business descriptions, business flow charts, risk control matrices, and other documents. These documents are used for evaluation.

 **Corporate Governance Report**
https://www.piolax.co.jp/en/csr/governance/corporate_governance/

 **Basic Policy on Internal Control System, Basic Policy for Internal Control System concerning Financial Reporting**
https://www.piolax.co.jp/en/csr/governance/internal_control/



Risk Management

Basic Approach to Risk Management

Piolax works to prevent possible risks in its business activities. In the event of a risk, we strive to minimize the impact on our business and company. The Sustainability Committee identifies various risks and opportunities, including climate change, and implements measures and monitors progress according to the assessment of materiality.

Risk Management System

Our internal regulations require each department, subsidiary, committee and council to identify risks on a daily basis and report them to the Board of Directors or the Management Meeting, depending on their significance, financial impact, and other factors.

Any event that significantly deviates from the business plan or medium-term plan of each department or subsidiary is considered a risk that could have a major financial or strategic impact. Such an event is reported to the Board of Directors or the Management Meeting, in accordance with the above-mentioned internal regulations, for deliberation to minimize the risk.

Risk Management

To manage our company's risks, each department head follows regulations and manuals to identify risks within their respective departments and implement measures to prevent and mitigate losses that these risks may cause. The implementation status is verified through internal audits conducted by the Internal Audit Department.

Principal Risks and Countermeasures

Business risks, etc.	Impact on our Group	Countermeasures
Economic and market risks	<ul style="list-style-type: none"> The impact of vehicle electrification on our sales 	<ul style="list-style-type: none"> Develop and expand sales of new products such as CASE products Explore new non-automotive business opportunities
Major catastrophe risks	<ul style="list-style-type: none"> Delays or interruptions in procurement and business activities 	<ul style="list-style-type: none"> Formulate a BCP Establish a system to prevent risks
Product quality risks	<ul style="list-style-type: none"> Increased costs due to product recalls, damages, etc. Decrease in public confidence 	<ul style="list-style-type: none"> Build a quality assurance system in line with the Quality Management System
Information security risks	<ul style="list-style-type: none"> Delays or interruptions in business activities Decrease in public confidence 	<ul style="list-style-type: none"> Improve the level of information security
Environmental risks	<ul style="list-style-type: none"> Increased costs of complying with regulations such as carbon taxes Delays or interruptions in procurement and business activities due to catastrophes Increased customer demand for GHG emission reductions 	<ul style="list-style-type: none"> Risk and opportunity analysis in line with the TCFD Reduce CO₂ emissions following the Carbon Neutral Roadmap Work with suppliers to address climate change risks

Information Security System

We vigorously protect our information assets against the risk of confidential information leaks by taking fundamental and effective measures in accordance with our Guidelines for Prevention of Confidential Information Outflow. Based on these guidelines, we are improving our information security and confidential information management system to ensure the proper management of company information.

To counter increasingly sophisticated cyber-attacks, we conduct

internal education and email attack drills globally. Additionally, to streamline our response to incidents, we have implemented an EDR (Endpoint Detection and Response) system for endpoints, such as computers and servers. By continuing to address cybersecurity risks, we will improve business continuity and reduce management risks.

Personal Information Management System

The Personal Information Management Committee has been established to develop and administer rules in response to the Act on the Protection of Personal Information and other laws and to build a system for handling personal information.

Business Continuity Plan (BCP)

Preparation for Disaster Risks

In the event of a large-scale disaster, Piolax has formulated a business continuity plan (BCP), developed a safety confirmation system and emergency contact network, and deployed stockpiles so that it can promptly assess the damage and quickly restore operations. We conduct company-wide BCP drills on a continuous basis that simulate the occurrence of natural disasters and infectious diseases to improve proficiency.

Disaster Response

All employees are provided with a Disaster Response Manual that outlines action guidelines for ensuring their own safety, confirming the safety of family members, and reporting their situation to the company during a disaster.

If a disaster occurs in the area where our bases or suppliers are located, safety confirmation emails will be automatically sent to quickly gather safety information and prevent delivery delays.



Compliance

Basic Approach to Compliance

Aligned with our purpose statement, "Connect people and society with technology for an exciting future," we strive to create new value as a pioneer of elasticity in the automotive and medical fields.

Our Code of Conduct provides a foundation for each officer and employee to conduct business with high ethical standards as a conscientious employee and citizen. Based on this Code, we regularly educate and train them to enhance compliance awareness.

Piolax Code of Conduct

The Piolax Group establishes a basic code of conduct so that all directors and employees in the group perform daily operations with high ethics as sensible workers and members of society.

1. Compliance
2. Respect of human rights
3. Customer confidence
4. Fair and free competition and transparent relation
5. Proper accounting and sufficient information disclosure
6. Respect of intellectual property and information management
7. Ideal and challenging work environment
8. Environmental preservation
9. Contribution to community

Piolax Code of Conduct
https://www.piolax.co.jp/resources/pdf/en/090319code_conduct.pdf

Compliance System

The Piolax Group's Compliance Committee, chaired by the President, oversees overall compliance. This committee includes the Director in charge of administration, members of the Audit and Supervisory Committee, the General Manager of the Internal Audit Department, the General Manager of the Business Administration Department, the General Manager of the Human Resources Department, and other individuals appointed by the chair.

The committee is structured to promote compliance management in accordance with laws, regulations, the company's Articles of Incorporation, and the Group's management policies. Matters executed or resolved by the committee are reported or proposed to the Board of Directors as necessary, and the Board makes decisions on these proposals.

Internal Audits to Ensure Compliance

The Internal Audit Department, which operates independently from the business execution departments, formulates an annual internal audit plan to ensure the effectiveness of compliance-related measures and the status of internal control operations, including adherence to laws, regulations, and our Group's rules. Then, with the approval of the President, this department conducts internal audits of all business bases and departments, including group companies in Japan and overseas.

Regular internal audits involve interviews with employees, verification of evidence, review of specific operational practices, identification of issues and areas for improvement, and evaluation of the effectiveness of past measures.

The results of these audits are reported to the President on each occasion and are also presented to the Board of Directors and the Audit and Supervisory Committee on a quarterly basis.

Whistleblower System

To quickly detect and address compliance issues, we have established a multilingual whistleblower hotline. Officers and employees of the Piolax Group can anonymously report compliance-related issues to the hotline operated by a third-party. Retaliation, such as dismissal, salary reduction, or other adverse actions based on reporting, as well as the disclosure of information that could identify the reporter, is strictly prohibited.

The hotline reports the content of whistleblowing to the Compliance Committee, which verifies the facts, analyzes the causes, and implements corrective and preventive measures for recognized violations. The reporter is provided with feedback. The number of reports and the content of consultations are reported to the Board of Directors.

Overview of the Whistleblower Hotline

Category	Applicable to	Means/Languages	Issues to be handled
Third-party hotline (via attorney)	Employees and former employees of group companies	Online or by phone / 8 languages (Japanese, English, Chinese, and others)	Violation of laws, regulations, or internal rules, or misconduct • Bribery • Accounting or tax fraud • Quality-related irregularities • Information leaks • Events related to working environment, including occupational safety • Environmental pollution or chemical regulation violations • Events related to human rights violations (forced labor, child labor, discrimination, harassment, etc.)
Internal hotline	Piolax employees	By email or by phone / Japanese	Human rights violations resulting from harassment
Contact for external inquiries	Anyone, including customers and suppliers	By email / Japanese, English	General inquiries including compliance



Compliance

Prevention of Anti-Competitive Conduct

Basic Concept

To promote economic development through fair and free competition in the market, as a Group we comply with competition laws, antitrust laws, and other laws and regulations related to the protection of fair and free competition in all countries and regions where we conduct business activities.

Principal Initiatives

As a Group, we have established and are implementing the Global Declaration for Prevention of Cartels and the Global Management Rules for Cartel Prevention.

These rules aim to prevent cartel activities, enable early detection, and ensure appropriate responses upon discovery. They outline prohibitions on certain activities in the duties of our officers and employees, procedures for participation in associations and transactions with competitors, whistleblower obligations, and obligations to cooperate in investigations.

In FY2023, there were zero cases where legal action was taken for anti-competitive conduct or violations of antitrust laws within our Group.

Prevention of Corruption and Bribery

Basic Concept

To prevent bribery, we have established the Global Declaration for Prevention of Bribery and the Global Management Rules for Prevention of Bribery under our Code of Conduct. Our officers and employees comply with anti-bribery and anti-corruption laws and regulations in all countries and regions where we conduct business activities.

They do not give or accept improper entertainment, money, gifts, or other benefits, whether to public officials or private business partners.

Principal Initiatives

We have established a system to prevent corruption throughout the Group in accordance with the Global Management Rules for Prevention of Bribery. These rules specify prohibitions on certain activities in the duties of group officers and employees, procedures for gifts, hospitality, invitations, donations, and receiving from business partners, as well as whistleblower obligations and obligations to cooperate in investigations.

When officers and employees of the Group give or receive gifts, hospitality, invitations, or any other benefits, prior approval is required, and monetary thresholds are set. Compliance with these rules is subject to internal audits.

In FY2023, there were zero cases where legal action was taken for bribery or other corrupt activities within our Group.

Incompliance

Any incompliance with laws or internal regulations, including the Piolax Code of Conduct, is subject to disciplinary measures in accordance with work regulations and other rules.

In FY2023, there were zero incompliances within our Group that resulted in legal action.

Compliance Education

We conduct annual compliance training to instill a strong awareness of compliance in the Group. To deepen understanding, we administer comprehension tests and surveys after the training sessions.

Compliance Training Achievements

	Target	FY2022	FY2023
Number of participants	All group officers and employees	1,870 people	1,456 people
Total training hours	All group officers and employees	493 hours	364 hours

Details of Compliance Education (FY2023-FY2024)

	Target	Content and purpose	Number of participants (participation rate)
Compliance workshops	All group officers and employees in Japan	Anti-corruption video presentation	977
Compliance workshops	All group officers and employees in Japan	<ul style="list-style-type: none"> Anti-corruption video presentation Understanding the importance of compliance based on the Piolax Code of Conduct (including fair and free competition, and transparent relationships) Session on the Piolax Human Rights Policy and human rights violations 	999
Compliance workshops at overseas bases	Officers and employees at overseas bases	Video presentation regarding corruption spotting	457
Compliance training by external instructors	All group officers and employees in Japan, those seconded from or to other companies in Japan and overseas	General compliance including harassment	1,066
Workshops for harassment prevention	All group officers and employees in Japan	Training based on the harassment prevention handbook	709



Data

Scope

Entities covered by this report		Coverage ratio based on sales	
Group companies in Japan	PIOLAX, INC.	34%	46%
	6 consolidated companies (subsidiaries) in Japan	12%	
Group companies overseas	10 overseas consolidated companies	54%	
Piolax Group		100%	

[→ P.07 Details of Group Companies](#)

Environmental Data

Activities toward Carbon Neutrality

		Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023	
Energy use	Direct energy	MWh	Piolax Group	14,740	13,391	16,098	15,889	16,987	
	Indirect energy (electricity)			82,985	74,279	79,422	76,593	82,593	
	Renewable energy (Solar power generation)			168	777	1,285	1,182	1,381	
GHG emissions	Total of Scope 1 and 2 ^{*1}		t-CO ₂	Piolax Group	44,772	40,803	43,703	39,261	27,749
	Scope 1 ^{*2}	Energy-origin emissions	t-CO ₂	Piolax Group	2,756	2,559	3,008	3,064	3,118
		Non energy-origin emissions			—	—	—	15	373
	Scope 2 ^{*3}	Location-based			45,016	40,389	40,676	34,707	37,800
		Market-based			42,016	38,244	40,695	36,182	24,258

*1 Market-based calculation

*2 Scope 1: GHG emissions directly emitted by the Piolax Group's corporate activities, as defined by the GHG Protocol. Since FY2022, data from non-energy sources has been included in the calculation. The scope of calculation for FY2023 was reviewed. The emission factors for FY2023 were calculated based on the GHG Emissions Calculation and Reporting Manual (Ver 5.0) and the Act on the Rational Use of Energy.

*3 Scope 2: GHG emissions indirectly emitted by the Piolax Group's corporate activities, as defined by the GHG Protocol. For indirect emissions from electricity, we have adopted the market-based approach. FY2023 emission factor in Japan: Calculated using emission factors by electricity suppliers (for calculating GHG emissions of specific emitters). The FY2022 result is based on the Ministry of the Environment and the Ministry of Economy, Trade and Industry's publication on December 22, 2023, and adjusted emission factors by contracted electricity suppliers.

FY2023 emission factors overseas: Calculated using the latest emission factors confirmed in each country. For regions where obtaining these factors is difficult, the location-based approach is used (IGES, carbon footprint, 中华人民共和国生态环境部 政府信息公开 环办气候函[2023]43, Thailand Greenhouse Gas Management Organization Emission Factor).



Environmental Data

Activities toward Carbon Neutrality

		Unit	Scope	FY2022	FY2023
GHG emissions	Scope 3 ^{*4}	t-CO ₂	Piolax Group	82,350	131,047
	Category 1	t-CO ₂	Piolax Group	62,708	104,478
	Category 2			14,552	19,546
	Category 3			94	97
	Category 4		Group companies in Japan	1,049	1,332
	Category 5			234	1,459
	Category 6			136	127
	Category 7			443	443
	Category 8		Contract warehouses for production plants in Japan	865	731
	Category 9		Group companies in Japan	2,249	2,834
	Category 10		-	NA	NA
	Category 11		-	NA	NA
	Category 12		-	NA	NA
	Category 13		1F of the Head Office ^{*5}	19	0
	Category 14		-	NA	NA
Category 15	-		NA	NA	

*4 Scope 3: The basic guidelines for calculating GHG emissions through the supply chain (ver. 2.5) are referred to. For emission factors in Japan, the emissions basic unit database (ver. 3.3) provided by the Ministry of the Environment for calculating an organization's GHG emissions through the supply chain, is referred to. LCI database IDEAv2 (for calculating GHG emissions from the supply chain) is also referred to.

*5 Does not apply after FY2023

Efforts for Environmental Conservation

		Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Waste emissions	Total waste emissions	t	Group companies in Japan	2,567	2,212	2,200	2,169	2,211
	Recycling rate	%	Group companies in Japan	84	82	80	80	81
Water withdrawal		thousand m ³	Piolax Group	321	302	299	299	293



Social Data

Employee Data

	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023	
Number of employees ^{**2}	Persons	Piolax Group	3,149	2,952	2,852	2,824	2,883	
Non-consolidated	Persons	PIOLAX, INC.	562	575	592	586	584	
			Men	464	471	480	475	461
			Women	98	104	112	111	123
	Domestic consolidated subsidiaries	Group companies in Japan	927	937	953	941	923	
	Overseas consolidated subsidiaries	Group companies overseas	2,222	2,017	1,899	1,883	1,960	
Average age	Age	PIOLAX, INC.	40.8	40.9	40.9	40.9	41.1	
Men	Age	PIOLAX, INC.	40.6	40.7	40.7	40.7	40.9	
			Women	41.6	41.7	41.9	42.0	42.2
Average years of service	Year	PIOLAX, INC.	15.7	15.6	15.9	15.9	16.3	
Men	Year	PIOLAX, INC.	15.2	15.1	15.6	15.2	16.0	
			Women	18.1	17.6	17.6	17.6	17.7
Retention rate (3rd year new graduates)	%	PIOLAX, INC.	90.0	80.0	60.9	70.8	92	
New graduate hires	Persons	PIOLAX, INC.	23	24	22	22	22	
Men	Persons	PIOLAX, INC.	19	16	16	17	17	
			Women	4	8	6	5	5
Mid-career hires	Persons	PIOLAX, INC.	24	14	8	6	5	
Men	Persons	PIOLAX, INC.	20	11	4	5	4	
			Women	4	3	4	1	1
Foreign employees	Persons	PIOLAX, INC.	11	10	12	13	11	
Men	Persons	PIOLAX, INC.	6	6	8	9	8	
			Women	5	4	4	4	3
Average annual salary ^{*3}	1,000 yen	PIOLAX, INC.	6,080	5,484	5,894	5,881	6,087	
Average overtime per employee	Hours per month	PIOLAX, INC.	16.0	6.3	12.9	13.0	15.2	
Number of union members	Persons	PIOLAX, INC.	439	451	462	482	460	
Rate of union members	%	PIOLAX, INC.	100	100	100	100	100	

*1 The number of employees is the number of people gainfully employed (excluding officers, advisors and loaned employees from the company to the outside and including loaned employees from the outside to the company) and does not include temporary employees (contract employees, employees on a short-term contract and part-timers).

*2 The number of employees on a consolidated basis is the number of people gainfully employed (excluding loaned employees from the Piolax Group to the outside and including loaned employees from the outside to the Piolax Group) and does not include temporary employees (contract employees, employees on a short-term contract and part-timers).

*3 The average annual salary includes bonuses and extra wages.



Employee Data

Promotion of Diversity

	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Wage disparities between male and female employee*4	%	PIOLAX, INC.	-	-	-	66.0	67.2
Regular employees*5*6	%	PIOLAX, INC.	-	-	-	79.1	81.0
Non-regular employees			-	-	-	51.1	51.2
Employment of people with disabilities	%	PIOLAX, INC.	1.85	2.00	2.24	2.37	2.34
Number of employees taking childcare leave	Persons	PIOLAX, INC.	2	5	12	17	8
Men	Persons	PIOLAX, INC.	0	0	2	10	6
Women			2	5	10	7	2
Rate of employees taking childcare leave	%	PIOLAX, INC.	-	-	-	-	-
Men	%	PIOLAX, INC.	0	0	18.2	55.6	60.0
Women			100	100	100	100	100
Number of employees maternity leave	Persons	PIOLAX, INC.	2	3	5	0	4
Management positions							
Number of women	Persons	PIOLAX, INC.	4	4	5	5	8
Percentage of women	%		2.9	2.8	3.5	3.8	5.2
Director positions							
Number of women	Persons	PIOLAX, INC.	0	1	1	2	2
Percentage of women	%		0	11.1	11.1	20.0	20.0
Percentage of female employees hired	%	PIOLAX, INC.	17.0	28.9	33.3	24.5	22.2
Percentage of female employees	%	PIOLAX, INC.	17.4	18.1	18.8	19.6	20.0

*4 The wage disparities between male and female employees is calculated as (average annual wage of female employees ÷ average annual wage of male employees) × 100%.
The average annual wage is computed as the total wages ÷ the average number of employees.
The total wages include bonuses and non-standard wages.

*5 Regular employees do not include those seconded from or to other companies.

*6 The wage disparity between male and female regular employees in Piolax's management positions is 103.9% (FY2023).

Health Management

	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
General health checkups	%	Group companies in Japan	99.9	99.9	99.8	99.8	99.1

Occupational Safety and Health

	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Serious accidents	Cases	PIOLAX, INC.	0	0	0	0	0
		Piolax Group	0	0	0	0	0
Work-related accidents	Cases	PIOLAX, INC.	8	3	7	8	6
		Piolax Group	17	11	19	22	25
Number of days lost	Days	PIOLAX, INC.	23	39	131	33	0
		Piolax Group	-	-	-	-	96
Rate of lost-worktime injuries*7	-	PIOLAX, INC.	3.39	2.26	2.10	0.76	0
		Piolax Group	-	-	-	-	0.868
Accident severity rate*8	-	PIOLAX, INC.	0.02	0.03	0.09	0.03	0
		Piolax Group	-	-	-	-	0.014

*7 Rate of lost-worktime injuries = Number of employees absent due to labor accidents ÷ Total working hours × 1,000,000

*8 Accident severity rate = Total lost working days ÷ Total working hours × 1,000

Supply Chain Management

	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Number of supplier meeting participants							
Annual Policy Meeting	Companies	PIOLAX, INC.	59	Cancelled due to COVID-19	59	58	54
First Half Review Meeting			59	Cancelled due to COVID-19	58	58	57



Contact regarding this report

PIOLAX, INC.

Secretariat of Sustainability Committee

6-145 Hanasaki-cho, Nishi-ku, Yokohama, Kanagawa 220-0022, Japan

<https://www.piolax.co.jp/en/>