

[Identification of Materiality]

From two viewpoints, the Piolax Group and its stakeholders, we organized issues to be addressed. For this, we used a “materiality matrix” to clarify the importance and positions of the issues.

<Materiality of the Piolax Group>

	Very high	Stakeholder expectations	Presence in local community	Raw material Water and drain Biodiversity Labor-management relations Customers' safety and health Marketing and labeling	Energy Emission into the air Waste Employment Industrial safety and health Diversity & Equal opportunity Compliance Governance
	High			Training and education Local community	Human rights assessment Customers' privacy
					Indirect economic impact
Importance for the Piolax Group					

Our process to extract issues is as follows. From this time, “Compliance” and “Governance” are added.

Step 1: Extraction of social issues

Referring to 34 aspects of the triple bottom line (environmental, social, and economic aspects) reflected in the GRI Standard, we extracted social issues surrounding the Piolax Group, as well as social issues that stakeholders attach importance to or that they attach importance to when evaluating this Group.

Step 2: Prioritization

The issues extracted in Step 1 were prioritized based on:

- (1) The following three items for stakeholders' expectations:
 - GRI requirements, customer requirements, and general (shareholders, customers, employees, local communities, etc.) requirements;
- (2) The following three items for the importance of the Piolax Group:
 - Policies within the Group: President's (Group) policies, a code of conduct, environmental policies, etc.
 - In-house activities: council (sales, production, quality, design and administration) activities, company-wide environmental activities, etc.
 - Legal requirements: environment, employment stability, political measures, TSE regulations, etc.

Step 3: Validation













The appropriateness of the issues identified in Step 2 was examined based on the medium-term management plan and management strategy of the Piolax Group and approved by the

Management Meeting. The identified key issues are incorporated into the business plan of each department and linked to its respective activities.

[ESG Vision and FY2021 Goals]

Piolax has established its ESG Vision for FY2030 as “Piolax ESG Vision 2030.” Based on this, we have set goals for FY2021 and are working to achieve them.

Piolax ESG Activity Targets 2021

	Materiality: Major Related SDGs Issues	Piolax ESG Vision 2030	Key Activities	KPI (For items without fiscal year description, targets for FY2021)
E	Energy Emissions to the atmosphere Waste    	Corporate activities aimed at a decarbonized society and a recycling-oriented society	Thorough efforts to conserve energy	Scope 2: Indirect energy consumption (Electric) Reduce total energy consumption FY22: -3% (from FY19) Reduce energy consumption per basic unit (production volume or sales) FY22: -3% (from FY19) Greenhouse gas: reducing CO2 emissions FY22: -10% (from FY19)
			Efforts to reduce waste	Reduce waste FY22: -6% (from FY19)
			Effective use of resources	Improve recycling rate 90% (from FY19) Increase the use rate of FSC-certified cardboard boxes for delivery FY22: 50% (from FY19)
S	Employment Occupational health & safety Diversity & equal opportunity    	Creating a vibrant workplace where employees can work with peace of mind	Health & safety initiatives	Improve the work environment Overtime work -50% (from FY19) Establish telecommuting rules Zero industrial accident 0 accident
			Respect for human rights	Efforts to address human rights issues (Harassment prevention) Education on Piolax Human Rights Policy Education on harassment prevention (including LGBT)
			Promote flexible and diverse work styles	Support for balancing work and life events (childbirth, childcare, and nursing care) Rate of female employees taking childcare leave 100% Number of male employees taking childcare leave 1 or more employees
				Diversity and equal opportunity Rate of female managers 3.0% or more Rate of female new graduate hires 20% or more Rate of employees with disabilities 2.3% or more
G	Compliance  	Enhancing fair and equitable businesses and trust relationships	Improve CSR procurement	Establish CSR-related policies Confirm suppliers' CSR compliance status Respond to conflict minerals problems (Survey collection rate) 90% or more
	Governance  	Stable organizational management by strengthening governance	Strengthen corporate governance	Comply with the Corporate Governance Code Compliance with the revised CG Code Enhance the compliance system In-house training Increase stakeholder engagement Timely disclosure
			Reinforce risk management system	Strengthen information security Introduction of new system/ Email training Set up a system for disaster measures (Develop a BCP including measures against infectious diseases) BCP training

[Stakeholder Engagement]

In order to meet the needs and expectations of a wide variety of stakeholders, Piolax emphasizes “dialogue with stakeholders” to build trust.

We identify issues through the dialogue and reflect these in our targeting and activities in an effort to raise our corporate value.

Major stakeholders	Piolax's responsibilities/issues	Main dialogue/means
Customers	Providing safe, secure and reliable products through improved partnerships	<ul style="list-style-type: none"> - Development, manufacturing, and sales of high-quality, safe products - Development of next-generation products - Development of environmentally friendly products
Employees	Creating an environment where employees can show their ability and individuality	<ul style="list-style-type: none"> - Human resource development / personnel evaluation - Promotion of diversity - Labor-management council - Safety and health - Whistle-blowing system - Stress check
Suppliers	Conducting fair and equitable transactions and building relationships of trust	<ul style="list-style-type: none"> - Purchasing policy explanation meeting - Commendation system
Shareholders and investors	Increasing corporate value and appropriately disclosing information	<ul style="list-style-type: none"> - Shareholders' meetings - Financial results briefings - Small meetings for institutional investors - A variety of interviews for news
Local communities	Contributing to the development of local communities	<ul style="list-style-type: none"> - Local volunteer activities - Plant tours for local elementary school students - Participation in industry associations - Company information sessions for students, and acceptance of internship students

[Other Activities]

Design and Development

As a development-proposal type company with high creativity and reliable technology, Piolax performs design and development activities in Yokohama Technical Center as a main center and in its overseas sites in the U.S., the U.K, South Korea, China, Thailand and India, and has established a system enabling customer needs to be understood and transformed into a drawing.

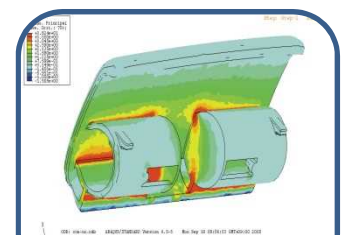
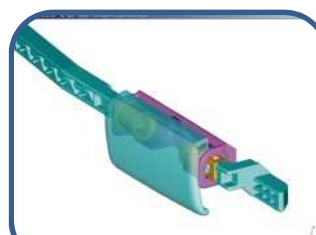
Yokohama Technical Center, serving as a global center for design and development, has sales, development, and purchasing departments on the same floor to provide an environment achieving seamless cooperation between departments, and is promoting “synchronization” and “homogenization” of development capabilities on a global level. Product testing equipment is located in three business sites: Moka Plant, Fuji Plant, and Head Office, and a structure where optimal quality evaluation can be conducted is achieved.



Concept study meeting



Drawing review



Layout study and structure analysis by digital mock-up



Environmental evaluation of products & Mounting endurance test

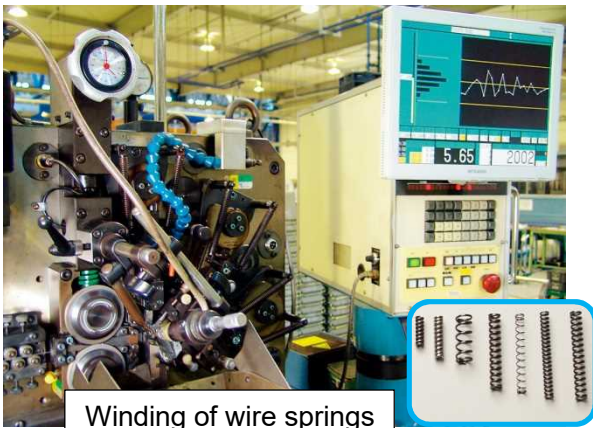


SOC evaluation of materials

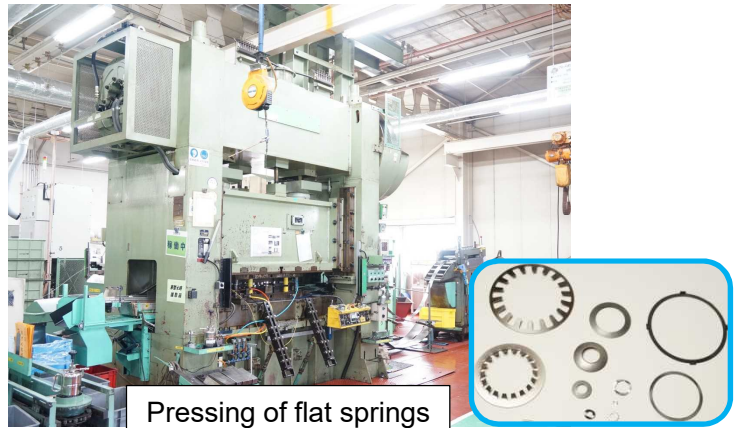
Production Engineering

Aiming to build the manufacturing engineering capabilities suitable for a development-proposal type company and to achieve global homogenization, we have located our main manufacturing lines for fasteners and open-close mechanism parts in Moka Plant and those for fuel system parts and powertrain parts in Fuji Plant. We are making efforts to eliminate loss through continuous improvement, and to improve global productivity and develop new manufacturing methods.

Our processes



Winding of wire springs



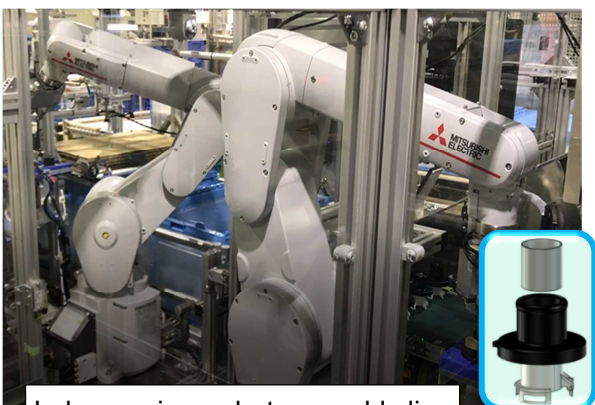
Pressing of flat springs



Injection molding



Cell production line



Labor saving: robot assembly line



Automation: flexible assembly line