

PIOLAX Sustainability Report 2022

Pioneer of elasticity



【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.

■ Reportable organization

PIOLAX, INC. and the Piolax Group (Articles that do not cover the entire Piolax Group are noted for their scope of coverage.)

■ Period covered

April 1, 2021 to March 31, 2022

* For activities outside the period covered, the year and month are listed.

* Some photos are taken outside the period covered.

■ Reference guideline

This report is created in accordance with the core level of the GRI standards.

■ Issuing time

Japanese version: November 2022

* Previous version in November 2021

■ Contact regarding this report

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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 this time.

We would like to ask readers to understand the above.

Message from the President

Reflections on FY2021

Overcoming three major risks to regain growth path

COVID-19 infections continued to spread in FY2021. At the same time, production in the automotive industry, our major business field, gradually recovered in the first half of the year. However, in the second half, the three major risks ongoing since the previous year (1. automobile production cuts due to semiconductor supply shortage, 2. material supply shortage and price hikes, and 3. logistics disruptions and cost hikes) had a greater impact, hindering the recovery of the Piolax Group's performance.

Under such a management environment, the Group's consolidated results for FY2021 increased in both revenue and profit compared to the previous year through thorough streamlining activities and other measures, but we were unable to recover to the pre-COVID performance in FY2019.



Yukihiro Shimazu, President

Medium-term Management Plan (FY2022 to FY2024)

CASE has been making significant progress forward represented by the shift to electrification, and the automotive industry is undergoing a considerable change that is said to occur once every 100 years. The Group's management environment combined with the three major risks, the conflict in Ukraine, and rising energy costs, continues to be challenging. Furthermore, environmental

issues are gaining attention as important social issues, so we must also address new trends such as the promotion of carbon neutrality and sustainable management.

Taking this environment surrounding the Group into account, we announced our Medium-term Management Plan (FY2022 to FY2024) in June 2022. The Medium-term Management Plan is formulated on a rolling basis and reviewed annually, but the Basic Policies and Management Strategies remain unchanged from the previous plan. Under the Vision "As a pioneer in elasticity, we contribute globally to industries and society," we will steadily execute key measures to achieve our new goals, strengthen our earning capabilities, and strive to continuously increase our corporate value.

Vision	As a pioneer creating elasticity, widely contribute to industries and society.
Basic Policies	<ol style="list-style-type: none">1. Reform existing businesses.2. Take on the challenge of new/next-generation businesses.3. Strengthen the management foundation.4. Actively invest for the future.5. Promote ESG-based management.
Management Strategies	<ol style="list-style-type: none">1. Product and customer strategy2. Business strategy3. Regional strategy4. Growth investment strategy5. Management capital strategy

Strengthening CASE response in an era of great change in the automobile industry

We foresee a risk of decline or loss of orders for existing products as the electrification of vehicles

advances around the world and the need for internal combustion engines decreases. On the other hand, this major change also provides new business opportunities, so we set up the e-Products Development Department dedicated to developing and expanding sales of CASE products in April 2022.

The Group's strengths lie in our "ability to combine resin and metal technologies" and our "ability to meet the diverse needs of our customers." We will work with a sense of speed to achieve our goal of 10 billion yen in sales of CASE products in FY2030.

Building a third business pillar

Two pillars of the Group's business are automotive parts and medical devices. However, it may be a risk to rely heavily on the automotive business, and we are aiming to find a third pillar following the medical device business. In April 2022, we established the MIRAI Business Department, which is responsible for the creation of new businesses, to explore new areas that are not bound by our existing frameworks of auto parts, medical devices, or manufacturing. The name of the department "MIRAI (Future)" reflects our desire to create new businesses that will drive the Group's sustainable growth into the "future."

Capital investment for future growth

The Company is moving forward with plans to improve its infrastructure in Japan for further growth. In FY2022, we officially began the renewal of the Moka Plant in Tochigi Prefecture. A new plant with a new production system will be built on a site adjacent to the current Moka Plant.



Image of the new Moka Plant

The new Moka Plant will be a "global mother plant" for the branding of Piolax to the world. Its key concepts are: (1) to meet the diverse needs of the automotive industry through advanced production facilities and systems, (2) to increase productivity to 200% of the current level and build a highly profitable production system, and (3) to become a cutting-edge plant that is friendly to people and the environment. We will also promote initiatives linked to the Sustainable Development Goals (SDGs). The first phase of construction is scheduled to be completed in FY2023, with an estimated investment (FY2022 to FY2024) of 5.9 billion yen.

Review of capital policy

We have reviewed our capital policy as part of the Medium-term Management Plan. The Company's stock price has been stagnant in recent years, and the EVA spread, an indicator of how much a company's profitability exceeds its capital cost, has fallen into the negative since FY2019. In order to make the EVA spread positive and PBR* exceed 1x, we will (1) enhance shareholder returns and further pursue capital efficiency, (2) introduce balance sheet management, and (3) thoroughly implement group cash management. While the Company aimed for stable dividends with the payout ratio of 30% or more, it will actively return profits to shareholders by setting the payout ratio at 100% for the three fiscal years

from FY2022 to FY2024. It will also make capital investments that are essential for future growth and strive to improve corporate value through the effective use of capital.

* Price Book-value Ratio (PBR): An index used to determine whether the share price is appropriate for the company's net assets

Sustainability Initiatives

The Company established the Sustainability Policy and Sustainability Committee in December 2021 to resolve social issues and to strengthen initiatives for the sustainable development of the Company.

Disclosure based on TCFD recommendations and roadmap toward carbon neutrality

Based on our endorsement of the TCFD (Task Force on Climate-related Financial Disclosures) recommendations in March 2022, the Company now discloses information on climate change. It has also announced a roadmap to achieve carbon neutrality by 2050.

Aiming at reducing CO₂ emissions by 46% by 2030 (compared to FY2019), we continue to proceed with our efforts integrating environmental measures to the Group's strategies so that we can solve social issues and prosper.



Health management initiatives and challenges to work-style reform

In FY2021, we enhanced our health management as an aspect “S (Social)” of ESG. In the belief that the health and vitality of our employees are part of our most important management resources for the corporate growth, the Company has made a health management declaration and is committed to supporting the promotion of employee health as a certified Excellent Health Management Corporation. The COVID-19 pandemic was a major blow to the economy, but it also marked a turning point that changed the way we work. The Company officially introduced a telecommuting system in FY2021. We will make continued efforts to create a better work environment considering productivity and work-life balance.

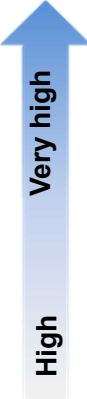

The Group will celebrate the 90th anniversary of its founding next year. Since its founding we have achieved various business transformations in response to the changing times. We will continue to take on new challenges for corporate development and contribution to society. We appreciate your continued support.

Materiality – ESG Vision and Goals

【Identification of Materiality】

With the use of “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.

<Materiality of the Piolax Group>

	Stakeholder expectations	Presence in local community	Raw material Water and drain Biodiversity Labor-management relations Customers' safety and health Marketing and labeling	Energy Emissions to the atmosphere Waste Employment Industrial safety and health Diversity and equal opportunity Compliance Governance
			Training and education Local community	Human rights assessment Customers' privacy
				Indirect economic impact
		Importance for the Piolax Group		
				

Issues were identified according to the following process. In the previous review, “compliance” and “governance” were newly added.

Step 1: Identification of social issues

Referring to 34 aspects of the triple bottom line (environmental, social, and economic aspects) reflected in the GRI Standard, Sustainability Committee identified social issues which surround the Piolax Group and/or 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 requirements, customer requirements, and general requirements (from shareholders, customers, employees, local communities, etc.).
- (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, TSE 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 the business plan of each department and linked to its respective activities.



【ESG Vision and Activity Goals】

Piolax has established its ESG Vision for FY2030 as “Piolax ESG Vision 2030.” Based on this, we set targets for FY2021 and implemented activities. Items not yet achieved are reflected in the FY2022 ESG Activity Targets and the 7th Medium-term Environmental Goals to continue our efforts.

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)	FY2021 results	Rating			
E	<div>Energy Emissions to the atmosphere</div> <div>Waste</div> <div></div> <div></div> <div></div> <div></div>	Corporate activities aimed at a decarbonized society and a recycling-oriented society	Thorough efforts to conserve energy	Scope 2: Indirect energy consumption (electricity)					
				Reduce total energy consumption	FY22: -3% (from FY19)	-4% (FY21 target: -2%)	○		
				Reduce energy consumption per basic unit (production volume or sales)	FY22: -3% (from FY19)	11% (FY21 target: -2%)	×		
				Greenhouse gas: reducing CO2 emissions (Scope 2 only)	FY22: -10% (from FY19)	-10% (FY21 target: -6%)	○		
			Efforts to reduce waste	Reduce waste	FY22: -6% (from FY19)	-14% (FY21 target: -4%)	○		
			Effective use of resources	Improve recycling rate	90% (from FY19)	80% (10% less)	×		
				Increase the use rate of FSC-certified cardboard boxes for delivery	FY22: 50% (from FY19)	97%	○		
S	<div>Employment Occupational health & safety Diversity & equal opportunity</div> <div></div> <div></div> <div></div> <div></div>	Creating a vibrant workplace where employees can work with peace of mind	Health and safety initiatives	Improve the work environment					
				Overtime work	-50% (from FY19)	-32% (from FY19)	×		
				Establish telecommuting rules		Telecommuting rules established	○		
				Zero industrial accident	0 accident	9 accidents	×		
			Respect for human rights	Efforts to address human rights issues (Harassment prevention)					
				Education on Piolax Human Rights Policy		Handbook created	○		
				Education on harassment prevention (including LGBT)		Study session conducted with domestic subsidiaries: 837 people attended for a total of 837h			
			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%	100%	○		
				Number of male employees taking childcare leave	1 or more people	2 people	○		
				Diversity and equal opportunity					
				Rate of female managers	3.0% or more	3.5%	○		
				Rate of female new graduate hires	20% or more	27.2%	○		
Rates of employees with disabilities	2.3% or more	2.24%	×						
G	<div>Compliance</div> <div></div> <div></div>	Enhancing fair and equitable businesses and trust relationships	Improve CSR procurement	Establish CSR-related policies		Procurement Policy, Supplier CSR Guidelines, and Green Procurement Guidelines established	○		
				Confirm suppliers' CSR compliance status		Response rate of agreement on Supplier CSR Guidelines: 80%	○		
				Respond to conflict minerals problems (Survey response rate)	90% or more	94%	○		
				Comply with the Corporate Governance Code	Compliance with the revised CG Code	Full compliance	○		
	<div>Governance</div> <div></div> <div></div>	Stable organizational management by strengthening governance	Strengthen corporate governance	Enhance the compliance system		In-house training	Study session conducted with domestic subsidiaries: 892 people attended for a total of 481h	○	
				Increase stakeholder engagement		Timely disclosure	Timely disclosure	○	
				Reinforce risk management system	Strengthen information security		Introduction of new system Email training BCP training	New system (EDR) introduced Email training: 2 times	○
					Set up a system for disaster measures (Develop a BCP including measures against infections diseases)		BCP information disseminated	△	

Piolax ESG Activity Targets 2022

	Materiality: major related SDGs issues	Piolax ESG Vision 2030	Key activities	KPI (For items without fiscal year description, targets for FY2022)		
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 (Electricity)		
				Reduce total energy consumption	-3% (from FY19)	
				Reduce energy consumption per basic unit (production volume or sales)	-3% (from FY19)	
				Greenhouse gas: reducing CO2 emissions	-10% (from FY19)	
			Efforts to reduce waste	Reduce waste	-6% (from FY19)	
			Effective use of resources	Improve recycling rate	90% (from FY19)	
			Increase the use rate of FSC-certified cardboard boxes for delivery	50%		
S	Employment Occupational health & safety Diversity & equal opportunity     	Creating a vibrant workplace where employees can work with peace of mind	Promote health management	Score employee engagement	Obtain benchmarks	
			Work-life balance	Reduce overtime work	10% (from FY21)	
				Increase the rate of paid holidays taken	60%	
				Rate of female employees taking childcare leave	100%	
				Number of male employees taking childcare leave	3 or more people	
				Number of industrial accidents	0 accident	
		Diversity	Rate of female managers	4.0% or more		
			Rate of female new graduate hires	30% or more		
			Number of foreign employee hires	2 or more people		
			Rate of employees with disabilities	2.3% or more		
		Human assets development	Establish human assets policy	Establishment		
		Respect for human rights	Education on Piolax Human Rights Policy	Implementation		
Education on harassment prevention	Implementation					
Enhancing fair and equitable businesses and trust relationships	Improve CSR procurement	Confirm suppliers' CSR compliance status (Response rate of agreement on Supplier CSR Guidelines)	100%			
		Support suppliers' ESG management promotion	Investigate activities			
		Respond to conflict minerals problems (Survey response rate)	95% or more			
		G	Governance Compliance  	Stable organizational management by strengthening governance		
				Corporate governance	Comply with the Corporate Governance Code	Enhance compliance with the Corporate Governance Code
					Increase stakeholder engagement	Timely disclosure
Enhance the compliance system	In-house training					
	Risk management	Strengthen information security	Email training Expand usage of EDR system			
Set up a system for disaster measures		BCP training				

Stakeholder Engagement

In order to meet the needs and expectations of various stakeholders and build trust with them, Piolax values “dialogue with stakeholders.”

We identify issues through the dialogue and reflect them in our goal setting and activities in an effort to raise our corporate value.



Stakeholders	Piolax's responsibilities/issues	Main dialogue/means
Customers	Provide safe and reliable products through improved partnerships	<ul style="list-style-type: none"> - Daily sales operations - Support of quality assurance - Plant visits - Co-creation activities of technologies
Employees	Create an environment where employees can show their ability and individuality	<ul style="list-style-type: none"> - Human assets development and personnel evaluation - Promotion of diversity - Labor-management council - Safety and health - Whistle-blowing system - Stress check - Regular messages from top management - Inspection of production bases by top management
Suppliers	Conduct fair and equitable transactions and build relationships of trust	<ul style="list-style-type: none"> - Information exchange through visits - Purchase policy guidance - Award system
Shareholders and investors	Increase corporate value and disclose information appropriately	<ul style="list-style-type: none"> - Shareholders' meetings - Financial results briefings - Small meetings for institutional investors - A variety of interviews - Website - Shareholder questionnaires
Local communities	Contribute 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

External evaluation

CDP evaluation

In the 2021 survey 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 even higher scores in the future.



Selection for ESG Investment Index

For the first time, Piolax has been selected as an issue of the FTSE Blossom Japan Sector Relative Index, which is constructed by a global index provider FTSE Russell.



**FTSE Blossom
Japan Sector
Relative Index**

History

Piolax was founded in 1933 as "Kato Hatsujo Seisakusho" and celebrated its 89th anniversary this year. It started out manufacturing precision metal springs for the automotive and telecommunications industries, and then expanded its business to the development and manufacture of plastic fasteners. **Our strength is that we are able to develop and manufacture spring products with properties of both metal and plastic**, and we have developed new businesses and products utilizing this strength.

- 1933 Start "Kato Hatsujo Seisakusho" at Honjo Kikukawa, Tokyo
- 1936 Move to Iwai-cho, Hodogaya-ku, Yokohama
- 1937 Start business with Ford Japan
- 1939 Established as "Kato Hatsujo K.K."
- 1957 Build Yokohama Plant at Kariba-cho, Hodogaya-ku, Yokohama
- 1969 Start production of plastic fasteners
- 1970 Build Moka Plant (Tochigi Prefecture)
- 1988 Start local production in the U.S.
- 1995 Change the company name to "PIOLAX, INC."
- 1995-1996 Set bases in the U.K. and Korea
- 1998 Listed on the 2nd section of the Tokyo Stock Exchange (TSE)
Build Fuji Plant (Shizuoka Prefecture)
- 1999 Spin off medical device business into a separate company
- 2000 Set a base in Thailand
- 2003 Set a base in China (Dongguan)
- 2004 Listed on the 1st section of the TSE
- 2009-2012 Set bases in India, Mexico, Indonesia, and China (Wuhan)
- 2017 Sign a cooperation agreement with ARaymond (France)
- 2019 Set a base in China (Shanghai)
- 2021 Make the Shanghai base into a controlling company in China
- 2022 Set a representative office in Germany (Dusseldorf)
Relocate the Head Office to Nishi-ku, Yokohama
Moved to the Prime Market of the TSE



Initial establishment
(Hodogaya-ku, Yokohama)

1933 Start from manufacturing **metal springs**

1972 Make a full-scale entry into **plastic fastener business**

1990s Expand business of fuel system parts

1995 Enter into medical device business

2000s Expand business of open & close mechanism parts

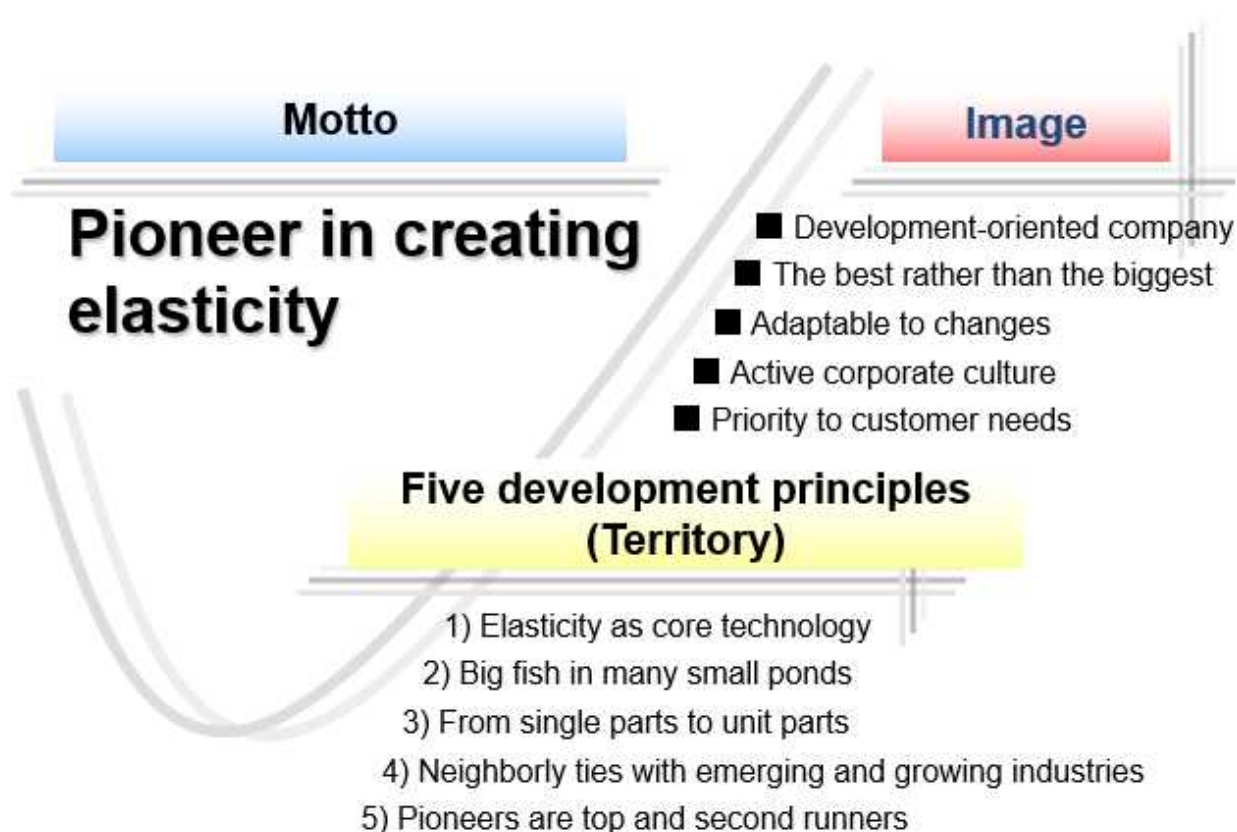
2010s Enter into EV business

Company Credo

“Sincerity, Cooperation, and Contribution”

Company Philosophy

Piolax will continue new challenges always looking ahead to the changes in the times as a development-oriented company using “elasticity” as core technology.



The management spirit "we do in all sincerity and cooperate for the benefit of our customers and society" that Saburo Kato, our founder, expressed in the company credo "Sincerity, Cooperation, and Contribution" leads to the SDGs today and continues to be the basis of our business activities.

Business Overview

【Business Segment】

1. Automotive-related business

The automotive-related business is a Piolax's core field earning about 90% of its sales. Piolax is a development-oriented automotive parts manufacturer and makes products applying technologies of "elasticity (spring)" of any kind of materials such as metal and plastic. With this strength, it has been providing products that satisfy various customer needs, and this has led to its development to date.

Lineup of 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 terminals

Clamps



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

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

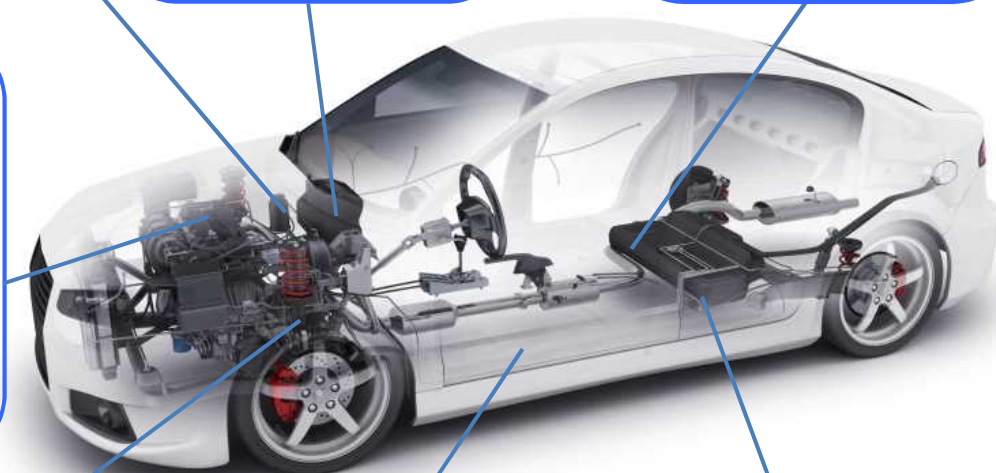


Metal and plastic fasteners like trim clips to fix interior and exterior parts and pipes to the vehicle body.

Fuel system parts



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



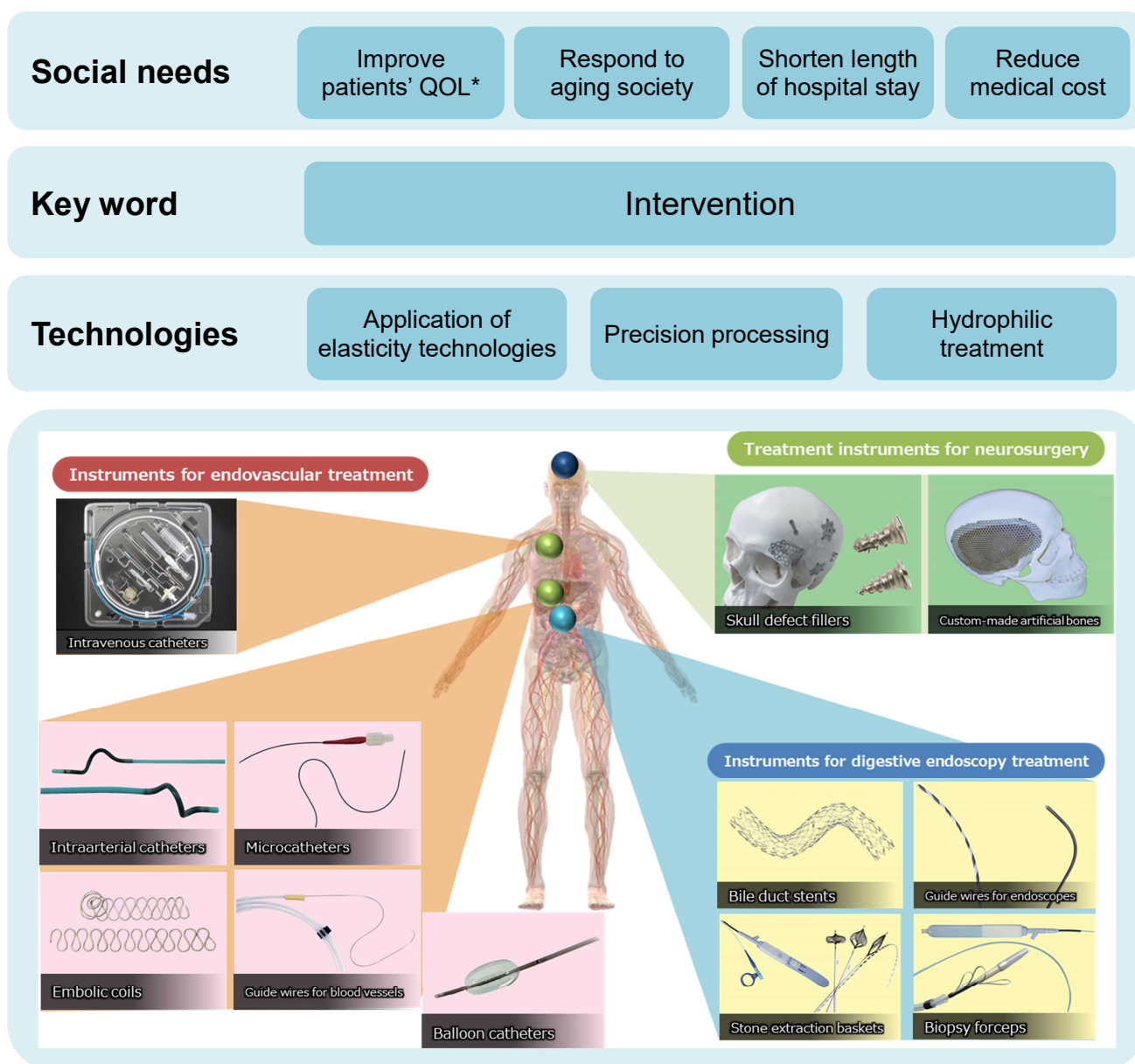
2. Medical device business

Our subsidiary Piolax Medical Devices (PMD) operates a medical device business based on elasticity technologies Piolax has built through the development and manufacture of automotive parts as well as PMD's original technologies.

In scalpel-using surgical procedures, there are issues such as physical burden on patients, blood loss, and prolonged hospitalization. In the "interventional treatment" that PMD pursues, devices are delivered into the body or blood vessels through a small hole or incision of about 2 mm in diameter made in the skin or through an endoscope, without creating large surgical scars in their body. Through the interventional treatment, which is less physically demanding than surgical treatment, PMD realizes "people-friendly treatment" enabling patients to return to society early.

Applications that PMD aims for

*QOL: Quality of Life



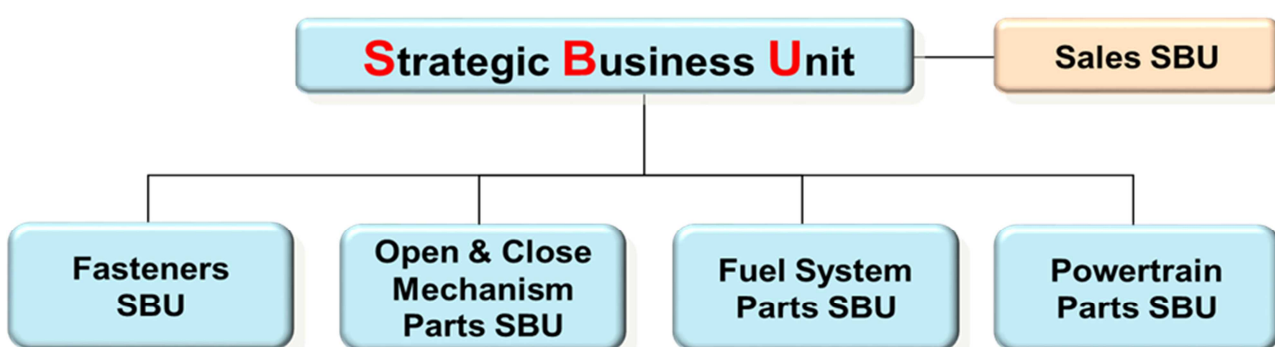
【Organization】

1. SBU system

Automotive-related parts that Piolax produces include fasteners, open and close mechanism parts, fuel system parts, and powertrain parts, and it has introduced the SBU (Strategic Business Unit) system by product category.

Each product-related SBU has marketing, development, and manufacturing sections and, in cooperation with Sales SBU, formulates and implements its own strategies. This enables Piolax to respond to market changes and customer needs quickly and flexibly.

Piolax SBU system



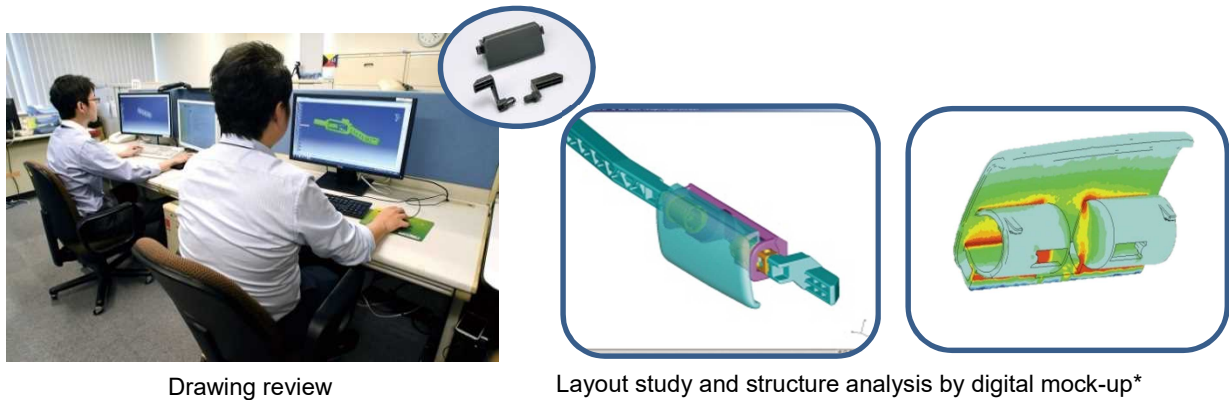
2. Design and development

As a development-proposal type company with high creativity and reliable technologies, the Piolax Group performs design and development activities in the U.S., the U.K., South Korea, China, Thailand and India as well as at Yokohama Technical Center in Japan, where drawings are created based on a proper understanding of customer needs.

Yokohama Technical Center serves as a global center for design and development, where design, development, sales and purchasing departments are located on the same floor. This enables seamless cooperation among them and promotes “synchronization” and “homogenization” of development capabilities in the whole Group.

Product testing facilities are located at Yokohama Technical Center, Moka Plant, and Fuji Plant, securing optimal quality evaluation.





Drawing review

Layout study and structure analysis by digital mock-up*

*Digital mock-up: A method using 3D data to verify designs and interference without creating actual prototypes



Environmental evaluation of products



Durability mounting test



SOC evaluation of materials

<Intellectual Property Initiatives>

Basic concept

The Piolax Group's approaches to intellectual properties (patents, utility models, designs, trademarks, copyrights, trade secrets, etc.) are to (1) respect intellectual property rights of third parties and avoid their infringement, (2) make rational use of our intellectual properties for our benefit, and (3) enhance the presence of our patents. We strive to create, protect, manage, and utilize our intellectual properties appropriately in coalition with relevant departments and group companies.

Intellectual property initiatives

Piolax promotes appropriate efforts by introducing an incentive system for employee inventions to encourage active creation of intellectual properties and by providing regular in-house training to deepen understanding about intellectual properties. Concerning the development of CASE products, one of the key strategies in the Medium-term Management Plan, we are engaged in a patent strategy proposal activity. It aims to build a strong patent network by analyzing internal and external patent information on target CASE products from various perspectives and by defining the direction of development.

Number of rights held by the Group (as of March 31, 2022)

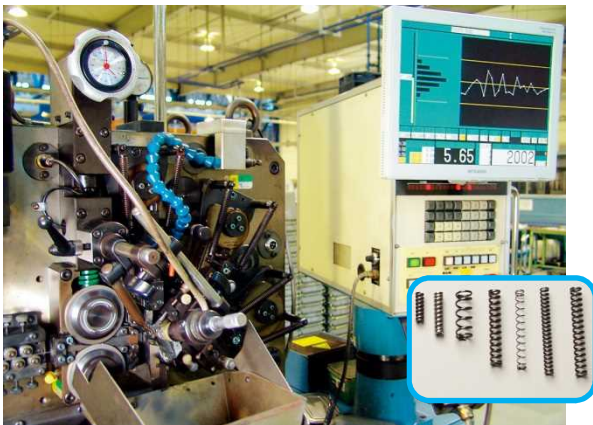
(Cases)

	Patents	Utility models	Designs	Trademarks
Japan	432	0	38	91
Overseas	377	2	30	73

3. Production engineering

The Company strives to build manufacturing technologies suitable for a development proposal-oriented company and to ensure the same quality level in the Group. Its production lines for fasteners and open-close mechanism parts are located mainly in Moka Plant and those for fuel system parts and powertrain parts are in Fuji Plant. We will make continuous improvements to eliminate loss, raise global productivity, and develop new manufacturing methods.

Introduction of our processes



Winding of wire springs



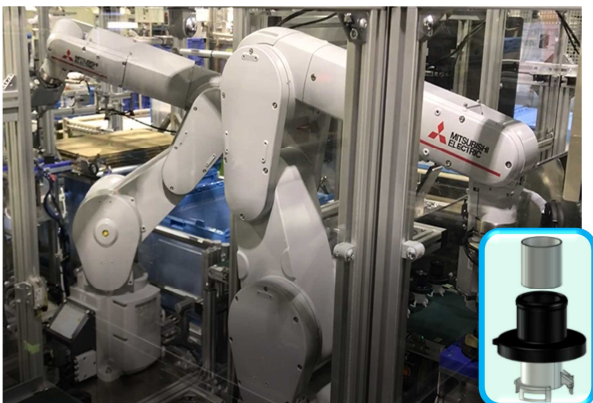
Pressing of flat springs



Injection molding



Cell production line



Labor saving: robot assembly line



Automation: flexible assembly line

Management Strategy

【Product and Customer Strategies】

CASE initiatives

Creating new value with the keyword “e”

The automotive industry is going through a once-in-a-century transformation, where technological innovation advances in a new field called “CASE*.” Systems and structures to control functions of vehicles are transforming, which is greatly changing the supply chain. In order to respond to such change quickly and increase orders for CASE products, e-Products Development Department was established in April 2022.



Satoshi Yamada, Executive Officer and General Manager of e-Products Development Dept.

Using the first letter “e” of CASE effector keywords as a clue, the department consisting of members from sales, development, and production engineering sections has started activities. Some current Piolax products are forecasted to decrease or disappear in the future due to automotive electrification. However, we see this risk as new business opportunities and are taking on challenges in developing CASE products and receiving more orders with a target of 10 billion yen in sales, as stated in the Medium-term Management Plan.

Products we are now focusing on include battery-related products for electrification, ADAS*-related sensor/camera peripherals for autonomous driving, products related to e-Axle (EV drive motor system) which accelerates EV shift, and vibration control products to secure quietness inside vehicles.

The advancement of CASE will improve quality of our lives further and contribute to a sustainable society. We will work to provide new value hoping to receive many “Likes” from many people involved with cars.

* CASE: Connected, Autonomous/Automated, Shared, Electric

* ADAS: Advanced Driver-Assistance Systems

e-Products Development Department

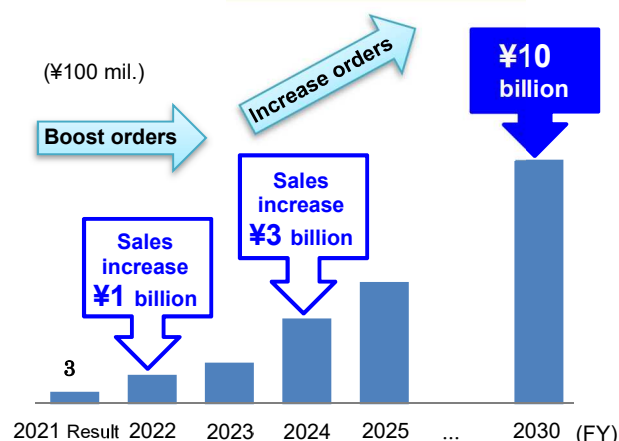
electricity
electrify
electromagnetic
electric wave

environment
e-mail, e-commerce
Like! (The pronunciation of “e” means “good” in Japanese.)

Target products for sales



Sales expansion plan of CASE products



【Business Strategy】



Establishment of MIRAI Business Department

MIRAI Business Department was established in April 2022. Piolax is making efforts to discover new businesses that are not limited to the Group's existing business fields such as the automotive, medical, and manufacturing industries, aiming to grow a third business pillar that will drive sustainable growth toward the future (*mirai* in Japanese) of the Group.

In June 2022, we became a partner company of Yokohama Cross Over (YOXO), a program to support startups in the Yokohama area where Piolax was founded. Discovering new business involves repeated trial and error with no correct answer. We expect that looking at completely different fields will help us get new ideas and create a new corporate image.

Strengthening medical devices business

The medical device business was spun off and PIOLAX MEDICAL DEVICES, INC. was set up in 1999. A goal set in its Medium-term Management Plan (FY2022 to FY2024) is increasing new sales of 1 billion yen by expanding its domestic share in the endoscope market and launching new products such as endoscope products, gastrointestinal endoscope guidewires, and liver cancer catheters for Asia.

While the medical device business still accounts for less than 10% of the Group's sales, we intend to develop it into a larger pillar next to the automobile business, thereby contributing to society through medical care.

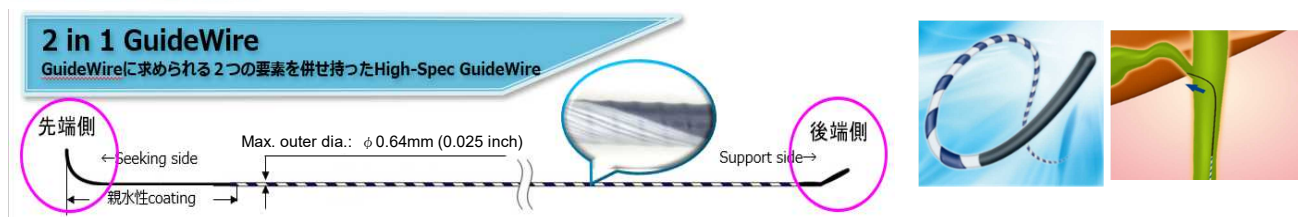
<Introduction of a new product: RevoWave DualMaster>

RevoWave DualMaster, a new gastrointestinal endoscope guidewire whose development concept is "completing treatment with a single guidewire," will be launched in the fall of 2022.

Guidewires are thin, soft, and wire-shaped products that guide catheters and other medical devices for endovascular and endoscopic procedures to a lesion. Their end shapes vary from product to product, and doctors usually use multiple guidewires depending on the condition of the lesion. However, in case of DualMaster, its both ends can be used as the name implies.

Using unique technologies of Piolax Medical Devices, the guidewire's surface is uneven (wavy), which improves sliding performance. In addition, the flexibility is changed at the both ends so that a suitable end may be used depending on the situation. DualMaster enables doctors to complete biliopancreatic endoscopic treatment with a single guidewire instead of using multiple conventional guidewires.

DualMaster
RevoWave



【Regional Strategy】

In the Medium-term Management Plan (FY2022 to FY2024), the Group has set a goal of raising profitability on a global basis. The bases in the U.S. and Mexico aim to increase sales through localized production and promotion to non-Japanese OEMs. The bases in China will reinforce their sales structure and expand sales with Chinese and other non-Japanese OEMs complying with Chinese environmental regulations. The ASEAN bases will promote automation and labor saving to earn more profit.

Strategy for Continental Europe - Representative office established in Germany

We opened a representative office in Dusseldorf, Germany in February 2022 as a step to implement our Continental Europe strategy, because Europe is a strategically important market where the shift to CASE and EV is rapidly progressing. We will put effort into CASE-related products such as parts for batteries, sensors and motors as well as our major interior and exterior parts, and enhance sales promotion to European OEMs in tandem with our subsidiary in the U.K. We will also consider the restructuring of our production system in Europe including the U.K.

【Growth Investment Strategy】

Our infrastructure development is underway in Japan for future growth. The construction of the new Moka Plant starts in FY2022. Phase 1 construction will end in FY2023, and Phase 2 and 3 constructions will end by FY2030, achieving 200% productivity compared to the current level with the introduction of next-generation equipment and molding lines, AI and IoT technologies, and DX. We are also committed to carbon neutral initiatives.

A renewal project in the Yokohama area is going on, too. The head office was relocated in FY2021 due to aging of the building whose demolition starts in FY2022. Taking into account work style reform, we will improve infrastructure in the Yokohama area (the head office and Yokohama Technical Center) and increase productivity of our indirect divisions.

We commit to make active investments in CASE products, new businesses, research and development, DX, environmental responsiveness and others that will drive growth of the Piolax Group.

【Management Capital Strategy】

In the Medium-term Management Plan announced in June 2022, we have set the pursuit of capital efficiency, shareholder returns, and ESG management as three key issues to be addressed.

Change of capital policy

Through the revision of our capital policy in FY2022, we are determined to enhance shareholder returns, group cash management, and effective capital use placing a greater emphasis on the balance sheet.

	FY2023 KPIs (Previous)	FY2024 KPIs (Revised)	3-year capital policy (FY2022 to FY2024) ■ Control of capital buildup ■ 100% dividend payout ratio ■ Agile purchase/retirement of own shares
ROE	≥ 8% (Final target: ≥ 10%)	≥ 8% Final target: ≥ 10%, + EVA spread	
Consolidated dividend payout ratio	≥ 30%	100%	

G: Governance

【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 the compliance with laws and ethics, the execution of key corporate strategies led by the Board of Directors, and the implementation of adequate internal control and risk management systems.

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

<Corporate Governance System>

The Piolax Group is working to reinforce its corporate governance system to increase corporate value over the medium to long term. After shifting to a company with Audit and Supervisory Committee in 2016, Piolax introduced a stock compensation plan for directors (2017), appointed at least one-third of independent outside directors (2018), established Nominating and Compensation Advisory Committee (2019), appointed a female director (2020), and complied with the revised Corporate Governance Code to satisfy the requirements to be listed on the TSE Prime Market (2021).

Board of Directors

The Board of Directors makes decisions on important management policies, goals, and strategies. It is chaired by the President and consists of ten Directors (including four Outside Directors).

Audit and Supervisory Committee

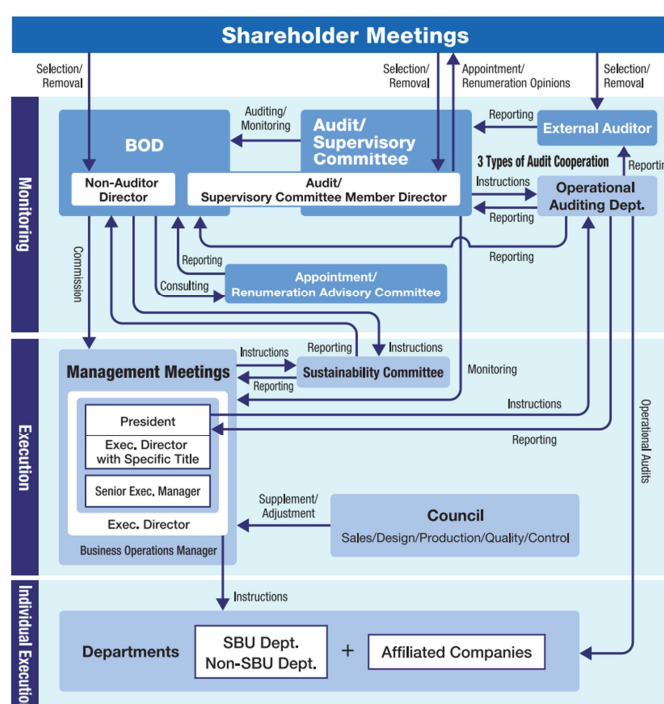
This committee audits duty execution by Directors and overall management of group companies. It is chaired by the head of Audit and Supervisory Committee and consists of three Directors (one full-time and two part-time) who are Audit and Supervisory Committee Members.

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. It is chaired by the Senior Managing Director and consists of six Directors (including four Outside Directors).

Management Meeting

This body makes decisions for executing specific operations based on management policies decided at the Board of Directors. It is chaired by the Senior Managing Director and consists of Directors and Senior Executive Officers.



Corporate governance overview

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)	7 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)	10 people (4)
Ratio of Independent Outside Directors	40%
Ratio of Female Directors	20%
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

Sustainability is an important management issue. To accelerate our initiatives, we set up Sustainability Committee in December 2021 and formulated the Sustainability Policy. This committee is chaired by the Senior Managing Director and consists of Directors and other members. It defines the company's materiality relating to sustainability and ESG management, sets goals and monitors progress, and identifies risks and opportunities based on the TCFD.

Link: Sustainability Policy

<Directors and Their Activities>

Position	Name	Sex	Term of office (At the end of the GSM in June 2022)	Attendance (FY2021)	
				Board of Directors	Audit and Supervisory Committee
President	Yukihiko Shimazu	Male	17 years	19/19	-
Senior Managing Director	Michio Nagamine	Male	14 years	19/19	-
Director	Toru Suzuki	Male	8 years	19/19	-
Director	Shigeru Masuda	Male	1 year and 10 months	19/19	-
Director	Masaaki Kaji	Male	- *	-	-
Director	Hiroyuki Ochiai	Outside, Independent	- *	-	-
Director	Makiko Akabane	Outside, Independent	- *	-	-
Director and Full-time Audit and Supervisory Committee Member	Genichi Ishikawa	Male	- *	-	-
Director and Audit and Supervisory Committee Member	Kenichi Asano	Outside, Independent	6 years	19/19	12/12
Director and Audit and Supervisory Committee Member	Sakae Komiyama	Outside, Independent	1 year and 10 months	19/19	12/12

* Appointed and assumed office at the General Shareholders Meeting in June 2022

<Directors' Skill Matrix>

Position	Name	Corporate management	Sales/ Marketing	Technology/ Development	Manufacture/ Quality	Finance/ Accounting	Legal/ Risk management	Global business	ESG/ Sustainability	DX/IT	Innovation/ New business
President	Yukihiko Shimazu	●	●					●	●		●
Senior Managing Director	Michio Nagamine	●				●			●	●	
Director	Toru Suzuki	●	●		●			●			
Director	Shigeru Masuda			●	●					●	
Director	Masaaki Kaji	●				●		●		●	
Outside Director	Hiroyuki Ochiai	●			●			●	●		
Outside Director	Makiko Akabane	●							●		
Director, Full-time Audit and Supervisory Committee Member	Genichi Ishikawa	●				●		●			
Outside Director, Audit and Supervisory Committee Member	Kenichi Asano						●				
Outside Director, Audit and Supervisory Committee Member	Sakae Komiyama					●					

<Implementation of Corporate Governance Measures>

Board meetings are held monthly, and decide basic management policies and important issues and supervise duty execution by the Directors. Piolax adopts an executive officer system, and part of the Board of Directors' authorities to execute business is delegated to the Management Meeting to speed up decision-making of the company. The Board of Directors and the Management Meeting share management information to fully implement business policies and increase sensitivity to management risks.

Concerning risk management, department heads identify risks of their department and prepare rules and manuals to control them, and Internal Audit Department monitors the situations.

<Internal Control System>

Piolax has prepared the "Basic Policy on Internal Control System" and the "Basic Policy for Internal Control System concerning Financial Reporting," and continues its activities for the Group's internal control. It includes establishing and operating the internal control system headed by the President and evaluating its effectiveness every year to secure sound, efficient, and fair corporate control.

Specifically, "company-wide internal control," "internal control over business processes," "internal control over financial reporting," and "internal control over IT" are operated and, in each control, checklists, segregation of duties tables, business descriptions, business flow charts, risk control matrices, and other documents are prepared for evaluation.

Link: Corporate Governance Report

Link: Basic Policy on Internal Control System, Basic Policy for Internal Control System concerning Financial Reporting

<Corporate Governance Education>

Internal training was provided to all managers on the topic of "roles and support functions of internal audit" to help managers understand how internal audit works and what kind of awareness employees need to have in their work. We continue efforts to grow as a healthy and sustainable company.

【Interview with Outside Director】

In my capacity as an outside director, I will contribute to the further promotion of transparent management and sustainability.

Makiko Akabane

After working for Starbucks Coffee Japan Ltd., Salesforce, Inc., and Nikko Asset Management Co., Ltd., Ms. Akabane was appointed the Japan Representative of CSR Asia Ltd. in 2010. As a sustainability expert, she has been leading sustainability and CSR initiatives in the Japanese business community. In June 2022, she was appointed as Outside Director of Piolax, Inc.



1. What is your impression of Piolax?

Since assuming the position of Outside Director, every time I interact with employees from various departments, I feel that they are sincerely engaged in their work. The company has a shared Vision “As a pioneer creating elasticity, we contribute globally to industries and society” and an atmosphere in which each and every employee works with integrity. In addition to major transformations in the automotive industry and the increasing importance of sustainability, Piolax is undergoing major changes, such as the renewal of the Moka Plant and the reconstruction of the head office building. I am fortunate in being able to witness the moment when the company continues to move forward as one, viewing these changes as opportunities for its own evolution.

2. Corporate governance

Transparency is extremely important for corporate governance. One of my duties here in Piolax is to advise management from a standpoint independent of its business execution. As newly assigned, I need to grasp the current status of Piolax's operations as soon as possible, recognize and understand the challenges it faces, and consider management strategies for sustainable growth. Getting a full picture of the company is the basis for fulfilling my mission as Outside Director, and I am grateful for all the opportunities of open information sharing provided to me to understand the company, including plant tours and briefing on each department. This demonstrates that Piolax is striving to increase its transparency.

3. Sustainability initiatives

The world is in a period of transition towards sustainable management, and management strategies must respond to this wave of sustainability. Piolax is steadily building a foundation to promote sustainability by addressing climate change, encouraging active participation of women, and formulating a human rights policy. The materiality (key issues) was also set in FY2020. Its content is generally appropriate, but in the next review, it would be better to consider linking the materiality to Piolax's long-term growth strategy as well. In addition, given the large number of overseas bases, Piolax will be able to further increase its global presence if it can improve the quality of its English-language communications to convey information to stakeholders around the world.

【Risk Management】

Piolax is committed to preventing possible risks in its business activities. In the event that risks do occur, we strive to minimize their impact on the business and the company.

<Information Security System>

Piolax has established the “Guidelines for Prevention of Confidential Information Outflow” to protect its information assets by taking drastic and effective measures against the risk of confidentiality leaks. Based on the guidelines, we are improving our confidential information management system, including information security, and conducting activities to properly manage company information. In response to cyber-attacks, which are becoming more sophisticated every year, we conduct in-house education and e-mail attack training in the entire Group. We have also introduced an EDR (Endpoint Detection and Response) system as an endpoint countermeasure for PCs and servers to improve response efficiency in case of an incident. We will continue to address cyber security risks to secure business continuity and reduce business risks.

<Business Continuity>

In case 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 continuously conduct company-wide BCP drills against natural disasters to increase proficiency.

We have established COVID-19 Control Committee to continuously share information and take infection control measures throughout the Group.

<Disaster Prevention Measures>

A business-card-sized "Disaster Response Manual" has been distributed to all employees. It outlines action guidelines in case of a disaster for ensuring personal safety, confirming the safety of family members, and making a report to the company.



<Personal Information Management System>

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

【Compliance】

The Piolax Group has set up Compliance Committee, chaired by the President, as an organization responsible for overall compliance. The committee builds a system to promote compliance management complying with laws, regulations, the articles of incorporation, and the Group's management policies.

<Piolax Code of Conduct>

Under the corporate philosophy of "Pioneer in creating elasticity," the Piolax Group strives to operate business to contribute to industry and society at large in the automotive and medical fields. A basic code of conduct has been created to ensure that each and every officer and employee acts with high ethical standards as a sensible corporate citizen and a member of society. Regular education to raise awareness of compliance is provided.

Link: [Piolax Code of Conduct](#)

<Whistleblower System>

A global whistleblower hotline has been set up to identify and address compliance issues as early as possible. Officers and employees can anonymously report compliance issues to the external whistleblower hotline operated by a third party so that whistleblowers are protected.

<Fair and Equitable Transactions>

For fair and free competition in the market, we have established the "Global Declaration for Prevention of Cartels" and the "Global Management Rules for Cartel Prevention." In all countries and regions where we do business, we will comply with laws and regulations relating to the protection of fair and free competition, including competition and antitrust laws.

<Prevention of Corruption and Bribery>

To prevent bribery under the Code of Conduct, we have established the "Global Declaration for Prevention of Bribery" and the "Global Management Rules for Prevention of Bribery." In all countries and regions where we do business, our officers and employees will comply with laws and regulations relating to anti-bribery and anti-corruption, and will not offer or accept any improper gratuities, money, gifts, or other benefits, whether from public officials or private businesses.

<Elimination of Antisocial Forces>

We will take a firm stand against undue demands by antisocial forces and sever all relationships with them. In cooperation with outside professional organizations, the Company collects information on antisocial forces and disseminates it through training and other means.

【Human Rights and Human Assets】

<Piolax Group Basic Policy on Human Rights and Labor>

The Piolax Group supports and respects human rights-related international norms such as the Universal Declaration of Human Rights.

The Piolax Group stipulates as follows the basic policy on human rights and labor based on the “Piolax Group Codes of Conduct.” This policy applies to all directors, officers, and employees of the Group.

1) Respect for human rights

The Piolax Group respects fundamental human rights of all people and does not tolerate any harassment.

2) Elimination of discrimination

The Piolax Group does not discriminate on the basis of race, ethnicity, national origin, religion, gender, disability, sexual orientation, gender identity and so on. The Group makes efforts to build a workplace where diverse human resources play active roles respecting one another as important partners.

3) Prohibition of child labor

The Piolax Group prohibits labor of children under the legal working age in its business activities.

4) Prohibition of forced labor

The Piolax Group ensures that all work is voluntary. Employees shall not be engaged in forced labor and are free to terminate their employment.

5) Wages

The Piolax Group complies with laws and regulations of individual countries and regions relating to minimum wages, overtime hours, payroll deduction, and benefits.

6) Working hours

The Piolax Group complies with laws and regulations of individual countries and regions in the decision of employees' working hours (including overtime hours) and the grant of holidays, annual paid leave, etc.

7) Communication and consultation with employees

The Piolax Group communicates and consults with employees or their representatives in good faith to develop a sound relationship and solve problems. The Group recognizes the right of employees to freely associate or not to associate based on laws and regulations of individual countries and regions.

8) Safe and healthy work environment

The Piolax Group prioritizes the safety and health of employees and prevents labor accidents and disasters.

9) Responsible procurement of materials

The Piolax Group strives not to use conflict minerals and other raw materials that may relate to social issues or inhuman acts.

<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 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.

<Employee Treatment and Evaluation>

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.

Through personnel evaluations, we objectively and fairly assess whether employees have demonstrated their abilities and achievements, thereby encouraging development and effective use of their abilities. There is no difference in basic salary and total compensation between male and female employees of the same grade. We also comply with laws and regulations regarding equal pay for equal work.

<Conducting Employee Awareness Survey>

Piolax and its domestic subsidiaries conduct annual interviews with employees to understand their job desires, work environment, and other issues and provide feedback on the survey to department heads so that they are able to identify issues within their department and work for solution and improvement, leading to greater satisfaction and motivation of employees.

<Promotion of Diversity>

The Piolax Group has adopted "elimination of discrimination" and "respect for human rights" as its basic policy on human rights and labor. We will actively respond to diversity by not discriminating on the basis of race, ethnicity, national origin, religion, gender, disability, sexual orientation, or gender identity in all aspects of employment.

<Employment of Persons with Disabilities>

The employment rate of persons with disabilities in Piolax was 2.24% in FY2021. We strive to promote their hiring and increase the rate.

	FY2019	FY2020	FY2021
Legally mandated rate of employees with disabilities	2.2%	2.2%	2.3%
Piolax's rate	1.88%	2.00%	2.24%

*Scope: PIOLAX, INC.

<Work-Life Balance>

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.

Specifically, telecommuting, which was introduced in FY2019 as a measure to prevent coronavirus infections, was officially institutionalized and put into operation in FY2021. We will continue to develop an environment that enables diverse work styles, including telecommuting.

System for work-life balance

Item	Contents
Promotion of no-overtime days	Every Wednesdays and Fridays
Paid vacation reserve system	Up to 5 days per year from unused portion (up to 30 days in total)
Anniversary leave	2 days per year
Refreshment leave	3 consecutive days
Telecommuting	Upon application and permit
Childcare support	<ul style="list-style-type: none"> • Up to 3 hours less per day from the date of birth to the 3rd grade • Maternity leave up to 2 years old
Condition survey	Monthly (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)

<Promoting Women's Participation>

Based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace, Piolax is making efforts to create an environment where female employees play active roles, reviewing childcare-related systems and promoting understanding among supervisors and colleagues. In January 2021, Piolax was awarded the highest rank (three-star) of Eruboshi (L Star), which is the excellent company certification system under the act.



The female employee ratio in FY2021 is as shown below, and we are implementing measures with the aim of raising the female ratio in management positions to 4% or more.

	FY2019	FY2020	FY2021
Female ratio in hired employees	17.0%	28.9%	33.3%
Female ratio in employees	17.4%	18.1%	18.8%
Female ratio in managerial positions	2.9%	2.8%	3.5%
Female ratio in director positions	0.0%	11.1%	11.1%
Average years of service: men	15.2	15.1	15.6
Average years of service: women	18.1	17.6	17.6

* Scope: PIOLAX, INC. The figures are as of the end of each fiscal year.

The above figures exclude directors, advisors, and temporary employees (contract employees, employees on a short-term contract and part-timers) and include loaned employees from the outside to the company.

<Return to Work after Childcare Leave>

In FY2021, 100% of our employees who took childcare leave returned to work. We will maintain and improve the work environment that makes it easy for employees to return to work.

<Post-retirement Re-employment>

Through the continuous employment system, Piolax rehires 100% of employees who wish to continue working after the retirement age of 60 until they reach 65. We are working to create a workplace where rehired employees can work lively.

<Human Assets Development>

Piolax is making efforts to develop the potentials of individual employees by providing knowledge and skills. In addition to position-based training, language training and other programs are provided to develop global human assets capable of responding to changes in the business environment.

In FY2021, group training was given online as a measure against coronavirus infections, and management training and women's career support training were introduced. In FY2022, a career consultation desk will be established to help employees develop their own career paths.



Management training

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, manager, assistant manager, and assistant chief, providing necessary knowledge and skills.

Language training

Conversation programs of English and other languages to enhance language skills which are necessary as Piolax expands globally. Expatriates may continue language training in countries of assignment.

Other education

Programs to eliminate harassment (power, sexual, maternity, LGBT, etc.) In FY2021, a harassment prevention handbook was prepared and distributed to all employees.

Education system (including some plans)

Job level-based	Language	Skills / Technologies	Others	Self-development
[Directors / Executive Officers] Management training	Overseas training Global human assets development	Production engineering / design development External training	Internal control, confidentiality, safety and health, quality, environment, etc.	Business law Correspondence course, skill, language
[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				

<Labor-Management Relations>

Piolax employees join the Piolax Labor Union that belongs to the Federation of All Nissan and General Workers Unions. The Piolax Labor Union applies a union shop system, and all employees (excluding managers and rehired workers) are members of the union.

Piolax and the union have signed a collective agreement and established a sound labor-management relation in which labor and management are on an equal footing and fulfill their own responsibilities to cooperate for high productivity and sustainable development of the company and for stable employment and life improvement of all employees.

The collective agreement is automatically renewed every year, and a request for amendment or termination if any is to be made at least three months prior to the expiration date.

Link (in this report): Employee data

<Health Management>

Piolax established the “Health Management Declaration” in June 2021, recognizing the promotion of physical and mental health of all employees as a major management issue, and the scope was expanded to the Group in September 2022. We will continue to engage in health management, in which employee health is considered from a managerial perspective and strategically implemented.

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 business environment are “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 below eight specific yet achievable health management measures by actively coworking with healthcare-related professionals/institutions.

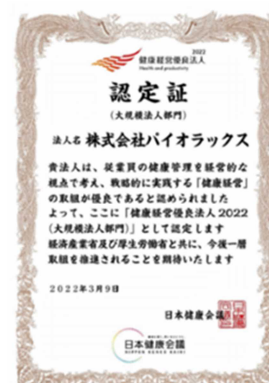
1. Publicize this Health Management Declaration both internally and externally to clarify the Group's commitment to its employees' and their families' health.
2. Encourage all employees to foster health management mindset and set their own health goals to maintain physical and mental soundness.
3. Fully 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 envisioning the ideal work style now and in the future.

<Health Management Initiatives>

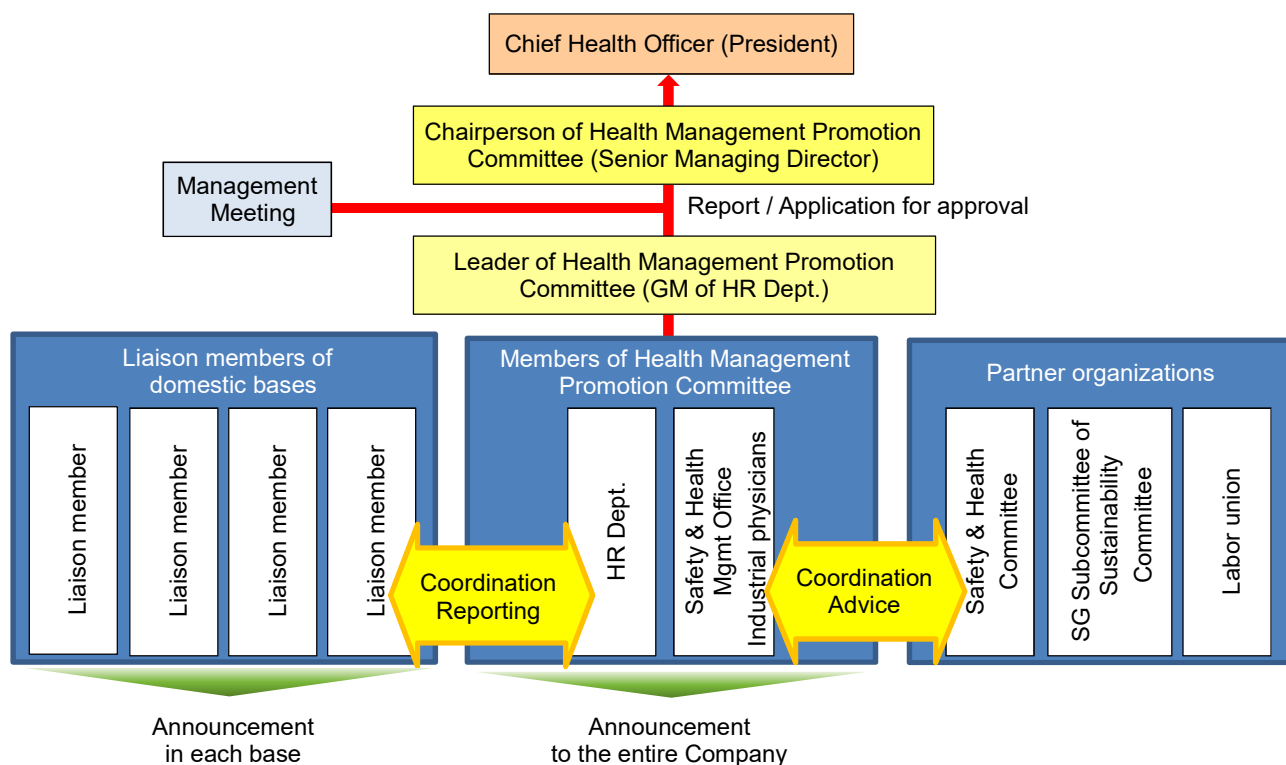
Piolax strives to implement health management measures set forth in the Health Management Declaration and improve health of all members, contributing to the development of a sustainable management environment. In 2021, Health Management Promotion Committee was set up, headed by the President and chaired by the Senior Managing Director, to strengthen the company-wide health promotion system.

A strategy map to visualize our health management strategy and communicate it to our internal and external stakeholders is also prepared with the aim of improving physical and mental health of all employees and their families and ensuring work-life balance.

As a result of our efforts in strategically practicing health management, we got a certification of “Excellent Health Management Corporation 2022” (large-scale corporate division) in March 2022.



Organization for health management promotion



<Employee Health Management>

To ensure sound health of our employees, special health checkups based on the type of work as well as statutory periodic health checkups are conducted, and those who request or have findings receive an interview with an industrial physician.

Since 2021, a centralized health checkup data management system has been introduced. It facilitates data sharing with Safety and Health Management Office and industrial physicians.

In 2022, a health support app and a body composition analyzer were delivered to all employees of the Company. The app provides menus encouraging behavior change for their health, such as voluntary walks ranking.



<Mental Health Measures>

In addition to annual statutory stress checks, monthly pulse surveys (simple stress check) are conducted to monitor employees' mental and physical health (presenteeism) and job satisfaction (work engagement) at a frequency close to real time.

【Commitment to Quality】

<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 good parts 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.

<International Certification for Global Quality Management>

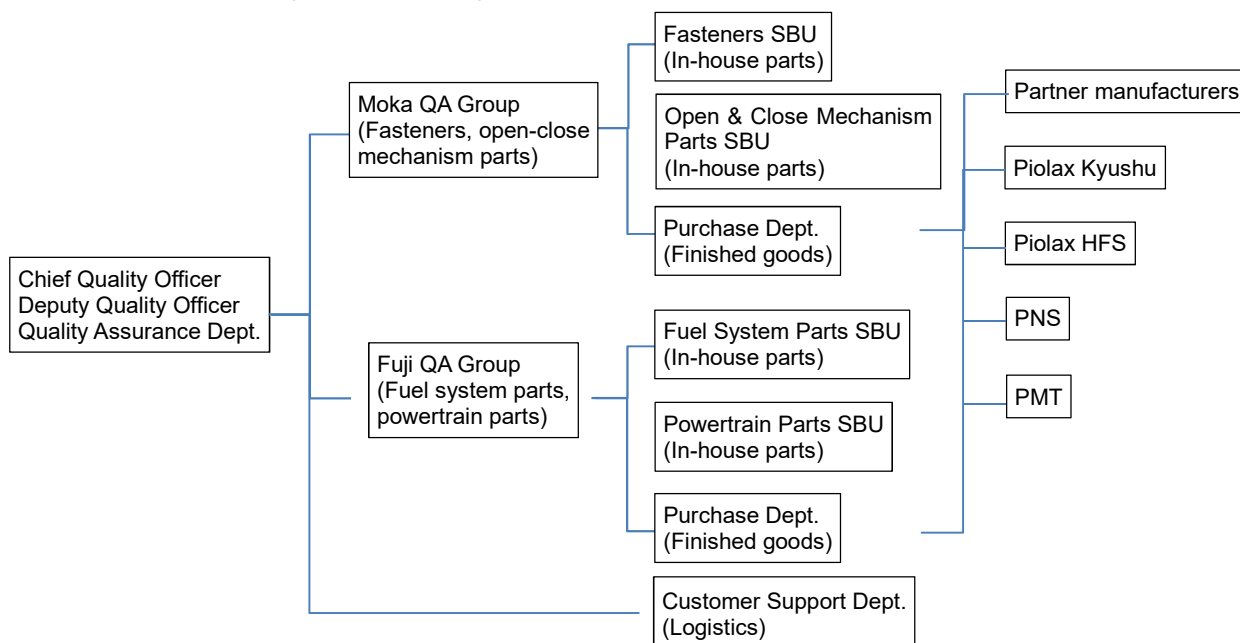
Piolax has been continuously certified to international quality standards, starting with QS9000 in 2001, followed by ISO9001, ISO/TS16949, and IATF16949:2016 in 2017. Currently, nine of our overseas production subsidiaries have obtained IATF 16949:2016 certification. As for domestic production subsidiaries, Piolax Kyushu, Piolax HFS, and PNS have obtained ISO 9001:2015, and Piolax Medical Devices has obtained ISO 13485:2016 for medical device quality management system.

Link (in this report): Organizations with international certifications

<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 Quality Assurance Department. Moka and Fuji Plants, Product SBUs, and 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 Customer Support Department that makes deliveries to our customers.

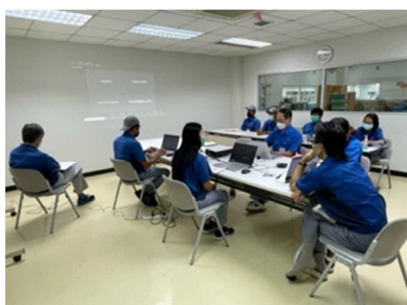
Piolax domestic quality assurance system



<Global Quality Meeting>

Quality Assurance Department holds global quality meetings four times a year to raise the level of quality assurance operations at overseas bases. In FY2021, the meetings were held online about horizontal development of lessons learned from past troubles. This aims to prevent recurrence of defects that occurred in the past. By utilizing video and live streaming, members confirmed that measures derived from past troubles are in place and also shared accurate advice from the Head Office on work methods and others in a timely manner.

Guidance on disassembly and cleaning of a heating cylinder and a screw of injection molding machine



Online meeting with overseas bases



Injection molding machine



Disassembly of screw



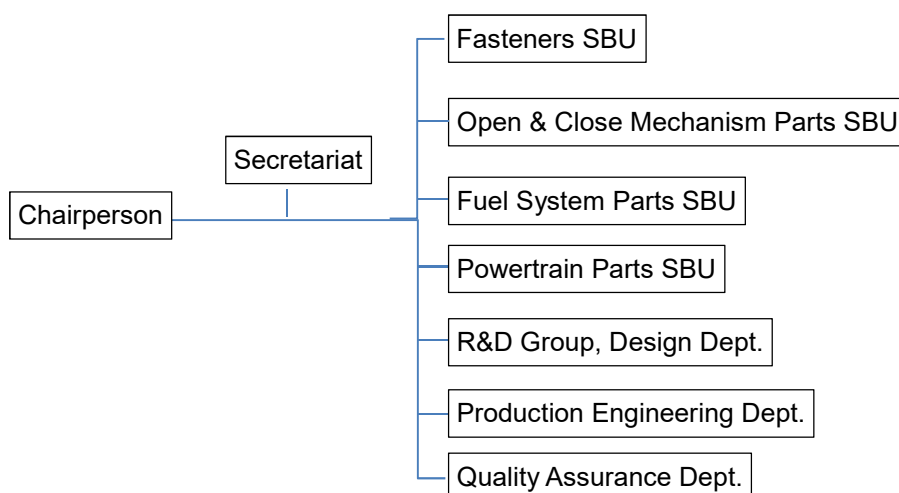
Cleaning of heating cylinder

<Global Engineering Standards>

Since 2006, Piolax has been establishing Piolax Engineering Standards (P-ES) based on an idea of the Japanese Industrial Standards (JIS) for the purpose of building and documenting our know-how.

For its operation, Engineering Standard Committee with seven working teams is formed to establish and review standards. To date, 148 standards have been created.

Piolax Engineering Standard Committee



<Education for Next-generation Engineers>

Design Department holds monthly study sessions to foster young engineers in all divisions related to products. The contents are diverse, including design support tools, quality engineering, automotive structures, substances of concern, latest automotive technologies, and laws and regulations. In FY2021, 12 sessions were provided in both face-to-face and online styles, with a total of approximately 1,100 participants in Japan and overseas.



<Yamabiko Kaizen Activity>

Yamabiko Kaizen Activity is a general term for monthly improvement activities that have continued since 2007 at Moka and Fuji Plants. This is named with the aim of working on improvements speedily like the speed of sound and ensuring that voices for improvements propagate like mountain echoes ("yamabiko" in Japanese).

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

This activity has now expanded to domestic subsidiaries, and similar improvement initiatives are carried out at overseas bases, too, improving on-site capabilities and quality. In FY2021, it was conducted online in Japan and at shops in overseas bases with infection control measures taken.



Moka Plant

(A report meeting was held online instead of site visit to avoid density as a measure against COVID-19)



Piolax Wuhan, China



Piolax Dongguan, China



Piolax Indonesia



Automatic counting system eliminates manual weighing and 100% visual sorting

<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 levels 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 for overseas members. In FY2021, the meeting was held online in May, with a total of nearly 60 participants from Japan, China, India, Indonesia, Korea, and Thailand. For overseas members who could not attend due to time differences, follow-up meetings and video streaming were conducted separately.



Report from participants



Explanation of improvements using actual products



On-site explanation of improvements



Mold disassembling training



Injection molding skill test (Practical test)



Injection molding skill test (Written test)

* The photos were taken before the coronavirus pandemic.

<Global Report Meeting of Small Group Activity>

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."

To prevent coronavirus infections, the meeting style has been changed since FY2020. Presenters submit audio materials instead of gathering in one place.

<Supplier Engagement>

The Annual Policy Meeting (March) and the Interim Report Meeting (November) are held for our suppliers of products and materials, where Piolax President's Policy and Purchasing Policy 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 on our QCD evaluation system. In FY2021, the Annual Policy Meeting was held in April and the Interim Report Meeting in December, both online, with 55 companies participating.

As part of improvement activities, we organized a "Yamabiko Activity Report Meeting" in November 2021 for the Kappatsu Cooperative Association to introduce case studies, and 23 member companies joined. The Kappatsu Cooperative Association consists of Piolax and its suppliers, where 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." (Japanese pronunciation of "Kappatsu" means "active.")

<Quality Control Standards>

Purchase Department provides our suppliers with the "Quality Evaluation Standards for Suppliers" that reflect the requirements of the IATF16949: 2016 to clarify Piolax's quality control standards. As part of our initiatives, we have established an inspector certification system for inspectors engaged in final shipment inspections at our suppliers to increase the level of product assurance. Inspector certification tests in FY2021 were held in Yokohama and Moka areas in June and July respectively. As of 2021, 481 people of 74 suppliers are registered as certified inspectors.



Reception



Written test



Lecture

【Procurement】

The Piolax Group has established the “Piolax Group Procurement Policy” based on the concept “fair and free competition and transparent relation” as specified in the Piolax Code of Conduct. We will continue to conduct procurement activities in cooperation with our suppliers to realize high-quality manufacturing and a sustainable society.

<Piolax Group Procurement Policy>

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.

To fulfill our social responsibility with our suppliers, Piolax has established the "Supplier CSR Guidelines" and the "Green Procurement Guidelines."

<Working with Suppliers to Address Environmental Regulations and Conflict Minerals>

Piolax distributes the latest version of the Piolax Engineering Standard (P-ES) once a year which outlines requirements for substances of concern, and conduct surveys on such substances and conflict minerals relating to materials, components and other deliverables.

Survey results of substances of concern in FY2021 were all in compliance with the internal standards. As for conflict mineral surveys, we work with our suppliers to improve response collection rates and accuracy.

[Safety and Health]

<Approach to Safety and Health>

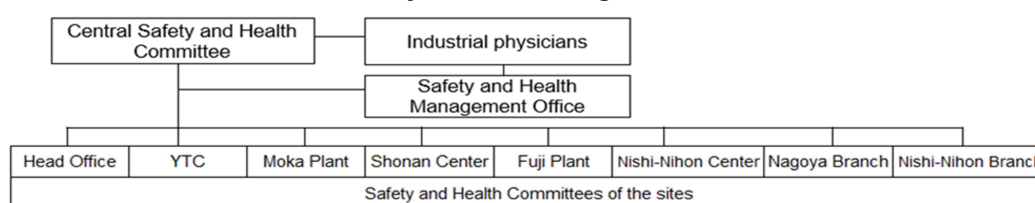
A source of vitality that supports our business is our human assets, namely our employees and their families, and promoting employee safety and health is one of our most important management goals. We aim to create a safe and comfortable workplace that is free from labor accidents, traffic accidents, and occupational diseases.

<Safety and Health Activity System>

Piolar operates an occupational safety and health management system in which central and local safety and health committees at the Head Office and individual offices and plants work together. Central Safety and Health Committee is chaired by the President and consists of representative members of local committees, industrial physicians, labor union nominees, and other appropriate persons, with an equal number of members from labor and management.

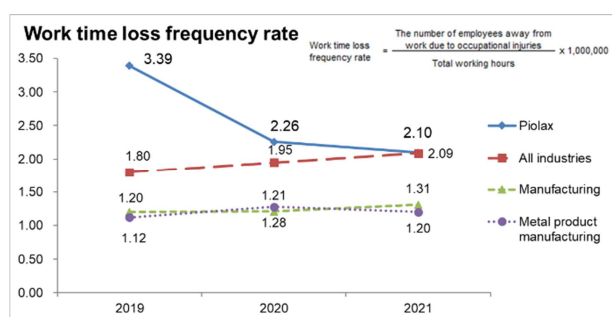
We continue our efforts to ensure employees' safety and health in the workplace, promote smooth operations, and improve productivity by stipulating compliance rules in the "Safety and Health Management Rules" and sharing information. Specially qualified personnel are also being trained.

Safety and health organization

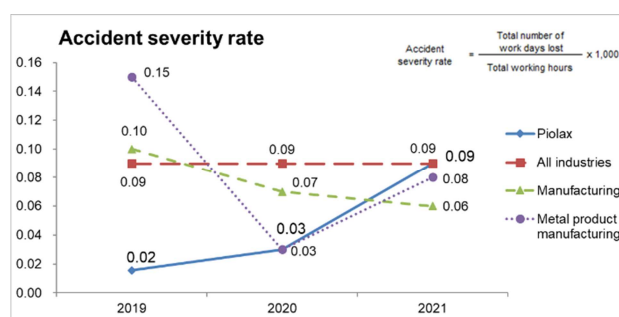


<Safety and Health Performance>

Piolar is working toward zero labor accidents, but nine cases occurred in FY2021. Labor accidents are reported at Management Meetings, and the heads of individual bases share the information with their members to prevent similar accidents.



* Scope: PIOLAX, INC.



<Elimination of Automobile Accidents>

Piolar strives to prevent automotive accidents and organizes traffic safety training every year from FY2014 inviting speakers from the police or insurance companies. The training in FY2021 was given through video distribution, including our domestic subsidiaries. Company cars are equipped with safety devices such as drive recorders and automatic braking systems.

【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.

<Initiatives at Piolax>

Investment in JASSO social bonds

Piolax purchased bonds issued by Japan Student Services Organization (JASSO) in FY2020 and FY2021. The funds are used for scholarship loan project. We hope, through our investment, to support equal educational opportunities and help students in financial difficulties.

Employment support for people with disabilities

Piolax cooperates with an employment support organization that helps people with disabilities prepare for general employment. In FY2021, we entrusted greening and maintenance work at Moka Plant.

Cleanup in the community

We clean areas around our offices and plants. Cleaning gives us chances to communicate with neighbors as they sometimes talk to us during cleaning.

Higashi-Totsuka Office cleans neighboring streets and parks twice a year. Bushes in the parks are littered with many empty cans and other trash, and they appreciate us saying that children can play safely.

Moka Plant cleans sidewalks, and also inspects water quality of drains four times a year as part of environmental activities of the industrial park where it is located.



<Initiatives at Overseas Subsidiaries>

Providing workplace experience (Korea)

PIOLAX CO., LTD. (Korea) has been participating in the CSR Activity Support Program for Japanese companies in Korea organized by Japan-Korea Industrial Technology Cooperation Foundation since 2021. This program intends to give university students in Korea one-month internship opportunities at Japanese companies there to improve their abilities by learning how Japanese companies work and think, as well as to deepen understanding of Japan and Japanese companies. In 2021, 28 students received practical training at 16 companies.

Piolax Korea accepted two students in business management and quality divisions. We hope that both will make use of the experience acquired and play an active role in the future.

Support for partner elementary school (U.S.)

Wishing to invest in quality education and youth for the future, help economically disadvantaged families, and work with locals to build a better community, PIOLAX CORPORATION (U.S.) has enrolled in a school support program promoted by the local Cherokee County, with nearby Hasty Elementary School as a partner school.

It supports students and teachers through volunteer work and donations, such as giving snacks to needy students, providing space and supplies for extracurricular study, and supporting one-on-one reading and learning.



Charity event “Dress-down Day” (U.K.)

PIOLAX LTD. (U.K.) has a dress-down day (casual day) to coincide with its monthly charitable donation activity. Employees donate to a charity of their choice through the government's deductible donation scheme. Approximately £200 is raised each month and is distributed to 30 organizations, including Cancer Research, North West Ambulance, and the British Heart Foundation.

Gifts for orphans (Indonesia)

PT. PIOLAX INDONESIA invites children from an orphanage in Karawang where the Piolax's industrial park is located every year to celebrate the end of fasting together and bring a moment of joy to children without families. In 2021, since eating together was not appropriate in the pandemic, sweets and money gifts were given to them. Their adorable smiles were impressive.



Various support activities (Mexico)

In February 2021, employees of PIOLAX MEXICANA S.A. de C.V. (Mexico) supported chemotherapy for children fighting cancer through an association that collects and recycles plastic bottle caps. From June to August of the same year, they collected books, backpacks, and other items for a school for indigenous people, and from July to August, toys, food, and clothes to donate to Casa Hogar Bethany, a children's home about a two-hour drive from the company.

【Environmental Efforts】

<Piolax Global Environmental Policy>

The Piolax Group has updated the Global Environmental Policy. The new Environmental Policy refers to our commitment to the SDGs, energy conservation in all of our business areas including medical device, compliance with environmental laws and regulations, and environmental protection, aiming to minimize the impact of our corporate activities on the global environment.

Basic Policy

Through our business activities of developing, manufacturing, and selling our products based on our core technology of “elasticity,” the Piolax Group will pursue the realization of a “sustainable society” in which the environment, society, and economy are well balanced.

Slogan

We aim for more balance and harmony with the environment.

Action Guideline

The Piolax Group will work on environmental protection and environmental pollution prevention in all business areas while continuously improving our management systems and environmental performance.

<Major Actions>

- ① Promote environmental improvement activities in line with the President’s policy.
- ② Contribute to the Sustainable Development Goals (SDGs).
- ③ Make efficient use of energy and effective use of sustainable resources.
- ④ Practice 3R activities (Reduce, Reuse, and Recycle) for the recycling-oriented society.
- ⑤ Comply with environmental laws and regulations and customer requirements.
- ⑥ Engage in environmental social contribution activities.

<International Certification for Global Environmental Management>

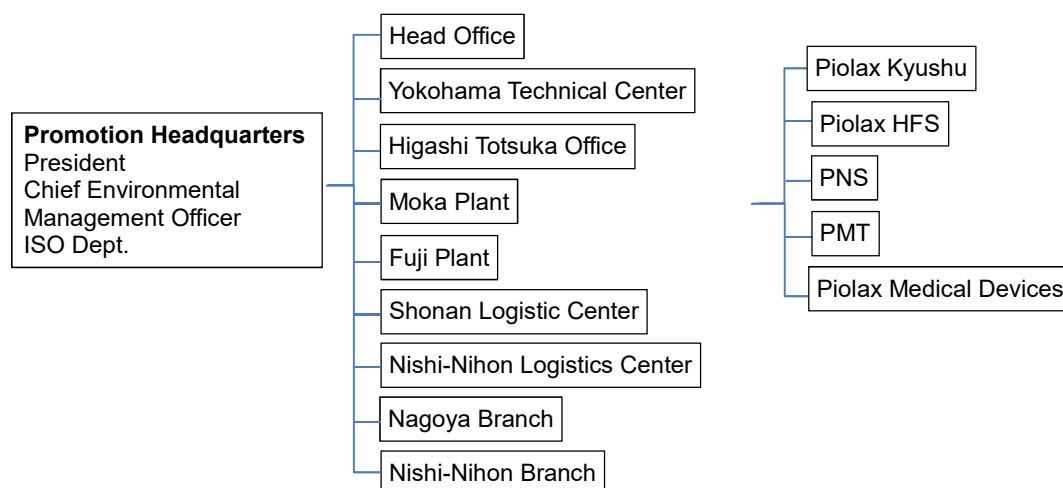
Piolax obtained the international certification ISO 14001 in April 2002, and now, our eight overseas have ISO 14001:2015 certification.

Link (in this report): Organizations registered for international certification

<Environmental Promotion System>

Individual Piolax offices and domestic subsidiaries have a meeting structure led by a person responsible for environment and secretariat and operate an environmental management system in line with the ISO 14001:2015.

Environmental system in Japan



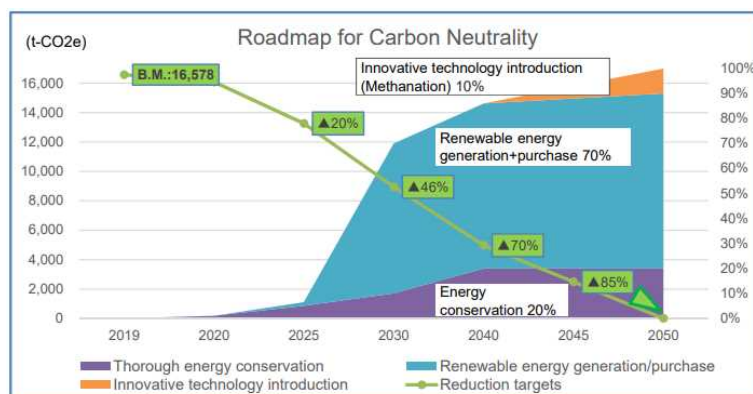
<Compliance with Environmental Laws and Regulations>

The Piolax Group did not cause violations of laws or regulations, payments of fines or penalties, or leakages that may greatly affect the environment in the past three years. No environmental complaints have been legally filed against us.

PCB (highly concentrated 4.16 kg) used in ballasts at the former Yokohama Technical Center, which was dismantled in 2020, was disposed of as specially controlled industrial waste in FY2021 based on the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes.

<Major Environmental Issues>

“Energy, emissions to the atmosphere, and waste,” mentioned in the materiality analysis, are major environmental issues of the Piolax Group. We will work on 3Rs (Reduce, Reuse, and Recycle) in our business activities and make efforts to reduce greenhouse gas and waste in our supply chain, mitigate and adapt to climate change, and use water and other resources efficiently. In March 2021, we disclosed a roadmap toward achieving carbon neutrality by 2050 in the domestic business domain.



Link (in this report): For greenhouse gas data, see environmental performance data.

<Risks and Opportunities by Multiple Scenarios based on TCFD Recommendation on Climate Change>

Piolax performs scenario analysis based on the recommendations of Task Force on Climate-related Financial Disclosure (TCFD^{*1}) and builds business strategies with multiple scenarios for climate change projections. There are uncertainties in every scenario due to changes in various factors, but we believe that sustainable corporate management can be realized by identifying risks and opportunities in the scenarios. Therefore, we clearly define strategy for the electrification of vehicles, develop infrastructure to reinforce our resilience for fewer risks and more opportunities, and expand a lineup of products. The following tables show our initiatives in the domestic business areas to address risks and opportunities. For details, please refer to our website^{*2}.

* 1 TCFD: Task Force on Climate-related Financial Disclosures

* 2 https://www.piolax.co.jp/jp/csr/environment/environmental_tcfid/



	Procurement			Manufacturing and Logistics			Development and Sales			
Transition risk	<ul style="list-style-type: none">Higher raw materials and transport prices with carbon tax and energy transition at suppliersLoss of market due to non-eco raw materialsDrop in demand for materials for existing products with increased electrification, rise in material cost and difficulty in procurementHigher procurement cost from supply chain with increased natural disastersDelay in reviewing procurement materials to respond to performance change requested by automakers with temperature rise	Impact/ Time frame		<ul style="list-style-type: none">Rise in capital investment and improvement cost related to manufacturing process decarbonizationRise in energy cost with review of heat sources for manufacturing process decarbonization and use of green electricityRise in costs of waste water/waste treatment with stricter environment-related regulationsDelay in addressing plant operations affected by supply chain disruption with increased natural disastersDelayed response to increased transport process disruptions	Impact/ Time frame		<ul style="list-style-type: none">Drop in orders for existing products with increased electrificationRise in new product development cost/capital investment to address CASEDrop in sales with reduced new car sales due to domestic population decrease and spread of MaaS.Reduced market size and orders due to domestic population decline and movement restrictions with new pandemicDrop in orders due to delay in responding to performance change requested by automakers with temperature rise	Impact/ Time frame		
		1.5°C	Large		1.5°C	Medium to large		1.5°C	Large	
		4°C	Medium to large		Short/medium term	4°C		Medium	4°C	Medium
Opportunity	★ Review raw materials (conversion to eco-friendly or recycled ones), suppliers, product designs, etc. to promote actions for decarbonization and resource recirculation, and differentiate us from competitors.			★ Accelerate efforts to improve productivity through factory automation and decarbonize domestic facilities.			★ Promote and accelerate co-creation activities with customers to increase sales of products for CASE			
Measure	<ul style="list-style-type: none">Resin material: Use of bioplasticsMetal material: Replacement with low-CO2 materialsCost reduction through procurement of locally produced goodsReduction of energy used for transportPurchase of decarbonized energy sources			<ul style="list-style-type: none">Moka Plant renewal to improve productivityThorough energy conservation<ul style="list-style-type: none">Reduction of energy consumption by replacing utility systemImprovement of thermal efficiency of injection molding machineGas replacement in heat treatment furnace (LPG → LNG)			<ul style="list-style-type: none">Development and sales of new products for CASE<ul style="list-style-type: none">BEV parts (EV battery, e-Axle, etc.)Parts responding to changes in vehicles with spread of automation, sharing, etc.Increase of existing market share mainly in fuel and drive system components (Short-term response to demand for ICE vehicles)			
	[Reference] <ul style="list-style-type: none">P13: Moka Plant renewal planP17: Roadmap for carbon neutrality by 2050			[Reference] <ul style="list-style-type: none">P12: Actions for CASE						
	Chronic Risk				Acute Risk					
Physical risk	<ul style="list-style-type: none">Rise in air conditioning cost with temperature rise and health hazards to employeesDegradation of raw material and product quality with temperature and humidity riseSuspension of operations due to decrease in available water resources caused by rapid drop (or depletion) of groundwater levelShutdown due to inundation of coastal bases resulting from sea level rise				Impact/ Time frame	<ul style="list-style-type: none">Increase of inventory cost in anticipation of abnormal weatherDisruption of supply chain due to abnormal weather (wind and flood damage)Destabilization of energy supply due to abnormal weatherShutdown of plant and warehouse due to abnormal weather and increase in repair cost			Impact/ Time frame	
					4°C				Medium	Long term
Measure	<ul style="list-style-type: none">Infrastructure development to strengthen plant and warehouse resilienceImprovement of work environment and material storage environment through thermal management (room temperature and humidity)Introduction of water circulation system through water managementReview 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 goodsStable procurement through supply chain diversification and raw material standardizationInfrastructure development to strengthen plant and warehouse resilience					
	[Reference] <ul style="list-style-type: none">P13: Moka Plant renewal plan									

<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.

<Promotion of Energy Saving>

Piolax and its subsidiaries in Japan and overseas are working on energy saving in their plants and logistics centers, introducing LED lighting and high-efficiency motors and inverter controls.



LED lighting in the premises



High-efficiency motor, inverter control compressor, cooling chiller

<Conservation of Water Resources and Improvement of Drainage>

The Piolax Group recognizes that its corporate activities affect upstream and downstream water resources. Water withdrawal at all production bases in Japan and overseas is monitored, and wastewater is treated and discharged in compliance with environmental assessment laws and regulations of each country.

At Moka Plant, in response to the established environmental standard for nitrate nitrogen contained in wastewater from heat treatment, the conventional acid-alkali wastewater treatment was replaced by biological denitrification treatment, in which nitrogen compounds are removed by the action of microorganisms.

This new facility contributes to environmental protection and biodiversity in the plant's watershed (Kinugawa River system) and saves approximately 170 tons/day of water compared to the previous one, thereby reducing the impact on water resources.

To minimize water withdrawal, our production bases are promoting initiatives such as saving circulating water. To verify water risk, the AQUEDUCT Water Risk Atlas is used. PIOLAX INDIA PRIVATE LTD. (India), located in an area with a high Physical Risks Quantity, measures water consumption based on



Moka Plant: biological denitrification wastewater treatment

withdrawn water and discharged wastewater. PIOLAX MEXICANA S.A. de C.V. (Mexico) works to introduce a water recycling system.

Link (in this report): For water intake data, see the environment performance data.

<Biodiversity>

The Piolax Group thinks that minimizing environmental impacts 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. To address GHG emissions and pollutants, which are major causes of biodiversity loss, and to support a recycling-based society, we are committed to economic use of energy, sustainable and effective use of resources, and 3Rs, believing that waste and use of land and water also impact biodiversity.

For environmental impacts of our production bases in Japan and overseas on plants and animals in terms of biodiversity, we started a survey in FY2021 using the Integrated Biodiversity Assessment Tool (IBAT). It is important to know environmental impacts in areas around our production bases referring to the Red List species designated by the International Union for Conservation of Nature (IUCN).

Further, uniforms purchased by Piolax in FY2021 contribute to the Katingan Peatland Restoration and Conservation Project^{*1} in Indonesia through Voluntary Carbon Unit (VCU) credits.

^{*1}: Activities to conserve the Katingan Peatland in central Kalimantan and to protect rare animals inhabiting there

<Disaster Risk Preparedness>

Moka Plant, Fuji Plant, Shonan Logistics Center, and Piolax Medical Devices have installed generators as a measure to maintain basic functions of the facilities in case of a prolonged power failure caused by natural disasters and climate change. They would mitigate the risk of a power failure supplying power to heat treatment lines and water supply/drainage system (Moka Plant), plant office and some production shops (Fuji Plant), ordering system (Shonan Logistics Center), and sterilization rooms (Piolax Medical Devices).

In response to the increasing flood risk in recent years, we try to identify potential flood risk at our business bases and surrounding areas referring to hazard maps. As a measure against flood disaster, Moka and Fuji Plants have installed regulating reservoirs.



Generators

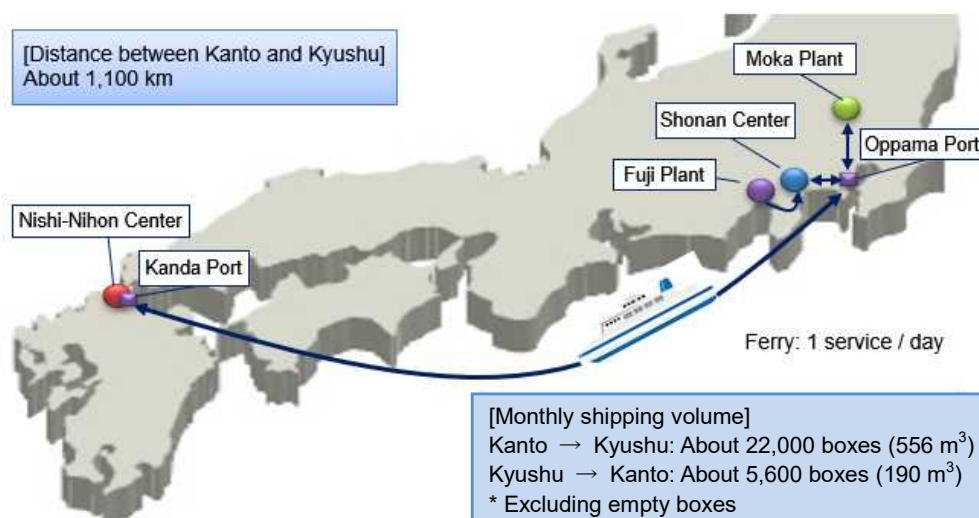


Regulating reservoir

<Efforts in Logistics Division>

As an effort to reduce greenhouse gas emissions generated during transporting our products, modal shift transportation by ferry is introduced from our plants in the Honshu region to our customers in the Chugoku and Kyushu regions.

We make devise to increase the number of products put in one packing box and one container and use high cube containers for export to reduce the total number of containers (transportation frequency).



【Eco-friendly Products】

<Efforts in Design and Development Divisions>

Survey of substances of concern

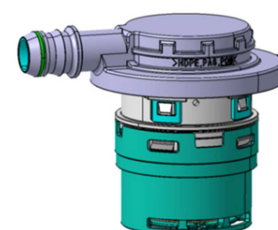
Yokohama Technical Center keeps abreast of revisions to laws, regulations, and customer requirements related to substances of concern in relevant countries and create a database of such information, and members in development and production engineering divisions use it to provide safe products to our customers.

Introduction of eco-friendly products

Yokohama Technical Center plays a central role in developing eco-friendly products. Our standards for eco-friendly products include "lightweight, small number of components, integration of products, and selection of materials adaptable to a recycling-oriented society."

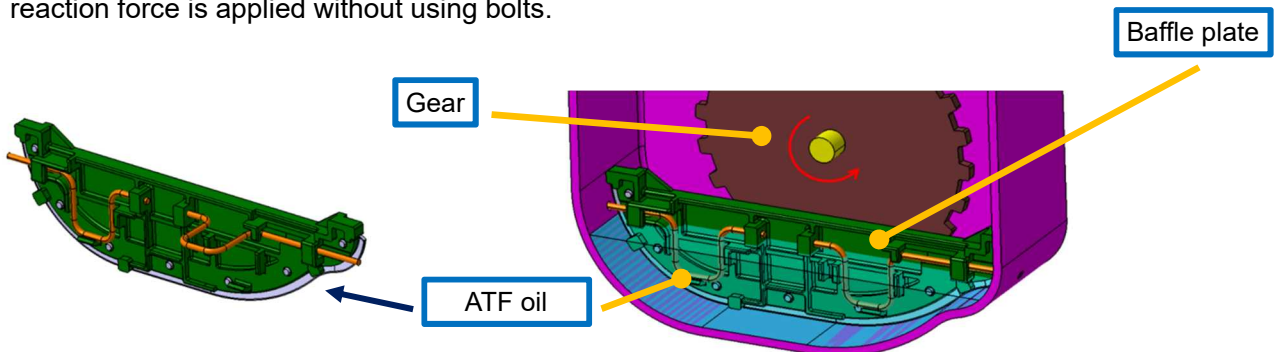
Fuel system part: FLVV for high-pressure sealed fuel tank system in P-HEV

This product meets ultra-high flow rate requirements in releasing tank internal pressure of the high-pressure sealed fuel tank system in P-HEV. It has the functions of FLVV, ROV, and check valve, reducing the number of components compared to the conventional system.



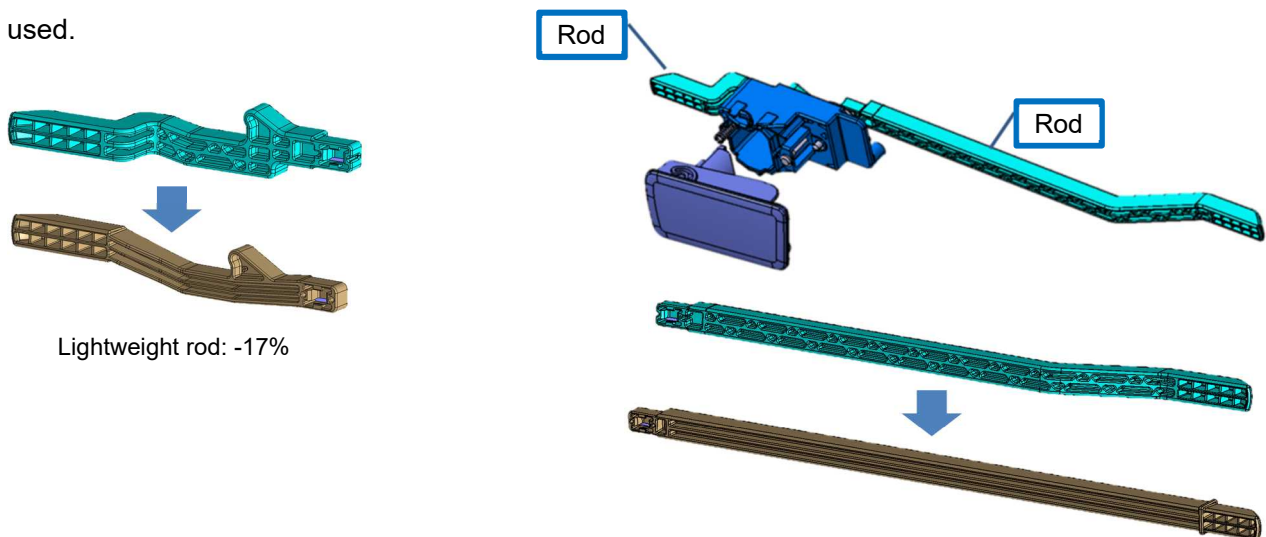
Powertrain system part: Baffle plate for oil inflow prevention

This product reduces agitation resistance of gears which rotate immersed in the automatic transmission fluid (ATF) and contributes to improve fuel efficiency of automobiles. To attach this product to the transmission case, wire is used based on our analysis technology. To stabilize its behavior, spring reaction force is applied without using bolts.



Open & close mechanism part: Passenger compartment door latch

Utilizing our market experience, accumulated design know-how, and CAE, we have succeeded in reducing the rod weight in the passenger compartment door latch. This product has already been adopted in mass-produced vehicles and several models under development. It contributes to reducing greenhouse gas emissions through the improvement of car fuel efficiency and the reduction of materials used.



Fastener: Pipe fixing clips and waterproof plugs

Design and materials of pipe fixing clips and waterproof plugs are reviewed, achieving lower weight. Pipe fixing clips literally hold multiple pipes under the vehicle floor or in the engine compartment. Waterproof plugs prevent water from entering the cabin through holes in floor panels which were used as paint drains in the painting process.



【Environmental Performance Data】

<Greenhouse Gases from Corporate Activities>

The Piolax Group collects data on greenhouse gases generated by corporate activities in its supply chain in the following categories: direct emissions (Scope 1), indirect emissions from energy sources (electricity) (Scope 2), and other indirect emissions (Scope 3).

For direct emissions (Scope 1) and direct emission energy use, fuel consumption data from the use of onsite and company vehicles are added since FY2021.

Scope 1 and Scope 2

(Unit: t-CO₂)

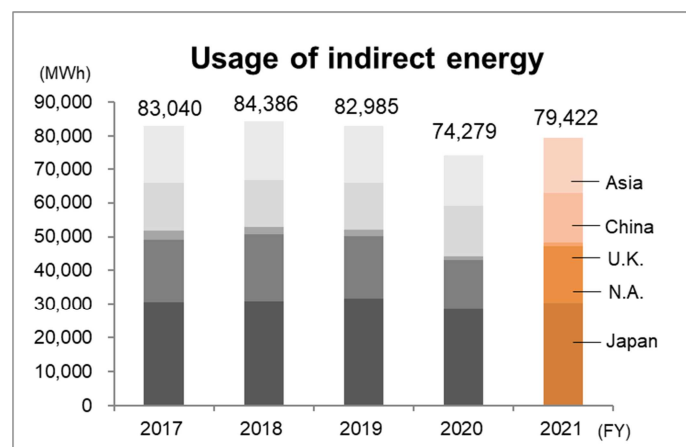
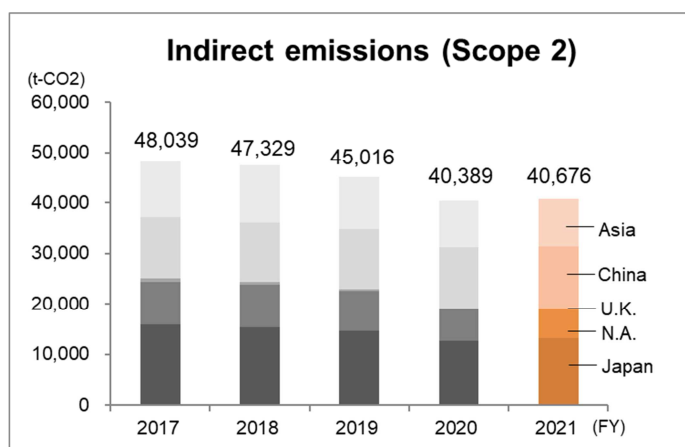
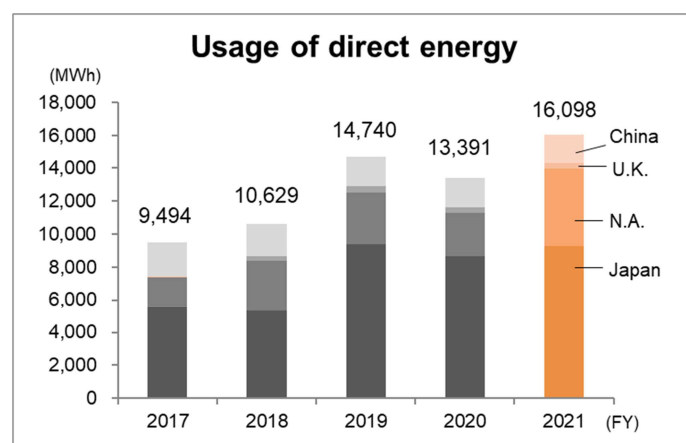
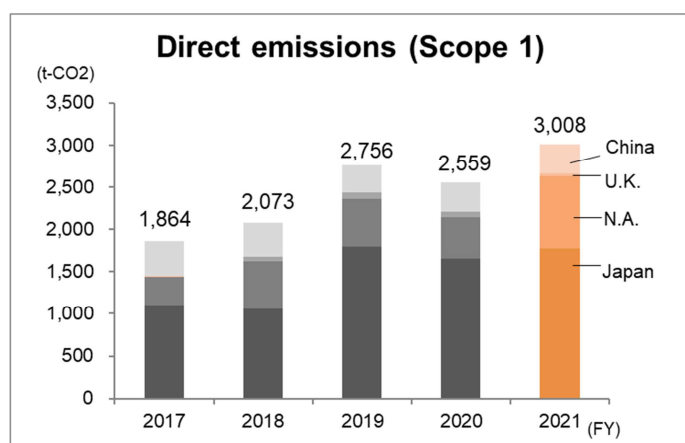
Classification		2017	2018	2019	2020	2021
Total emissions in the supply chain	Scopes 1+2	49,903	49,402	47,772	42,948	43,684
Direct emissions (Gas, kerosene)	Scope 1	1,864	2,073	2,756	2,559	3,008
Indirect emissions (Electricity)	Scope 2	48,039	47,329	45,016	40,389	40,676

•Scope 1: Emission factors are calculated based on the Greenhouse Gas Emissions Calculation and Reporting Manual (Ver. 4.8) and the Law Concerning the Rational Use of Energy.

•Scope 2: Emission factors are calculated based on location reference values.

Japan: National average factor = A value of general transmission and distribution companies other than Okinawa

Overseas: IGES, carbon footprint, climate transparency, UK government GHG conversion factors



Scope 3

(Unit: t-CO₂)

Category	Contents	FY2021	Remarks
1	Purchased products and services	49,246	Materials procured: Piolax Group Others: Excluding overseas bases
2	Capital goods	10,106	Equipment and mold investment: Piolax Group
3	Activities related to fuel and energy not included in Scopes 1 and 2	5,780	Electricity, gas and kerosene: Piolax Group
4	Transportation and delivery (Upstream)	1,277	(Ton-kilometer method): Excluding overseas bases
5	Waste from business activities	266	Industrial and general waste: Excluding overseas bases
6	Business trips	135	Excluding overseas bases
7	Employee commuting	464	Excluding overseas bases
8	Lease assets (Upstream)	817	Contract warehouses for production plants in Japan
9	Transportation and delivery (Downstream)	2,733	(Ton-kilometer method): Excluding overseas bases
10	Processing of products sold	NA	Related but not calculated
11	Use of products sold	NA	Related but not calculated
12	Disposal of products sold	NA	Related but not calculated
13	Lease assets (Downstream)	53	1st floor of the Head Office
14	Franchise	NA	NA
15	Investment	NA	NA
Total		70,877	

•Scope 3: The basic guidelines on accounting for greenhouse gas emissions throughout the supply chain (Ver. 2.4) are referred to.

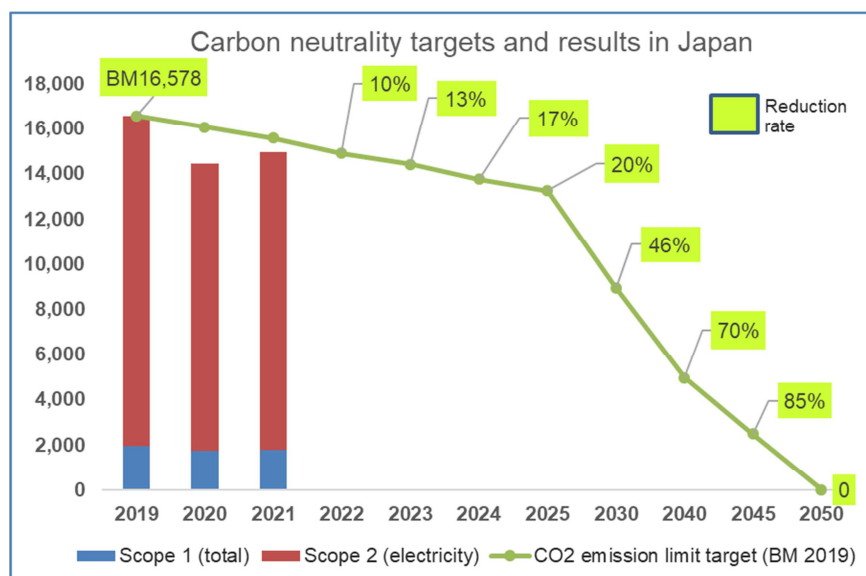
For emission factors in Japan, the emissions basic unit database (ver. 3.2) provided by the Ministry of the Environment for calculating an organization's greenhouse gas emissions throughout its supply chain is referred to.

LCI database IDEAv2 (for calculating greenhouse gas emissions from the supply chain).

(Among purchased products in Category 1, data on domestic subsidiaries' products included in Scopes 1 and 2 was reviewed and deleted.)

Carbon neutrality targets and results of Piolax and its domestic subsidiaries

Medium-term target: Using FY 2019 as a benchmark, we aim to reduce Scope 1 and 2 emissions from domestic business areas by 46% by FY 2030. FY 2021 result was -10% compared to FY 2019.



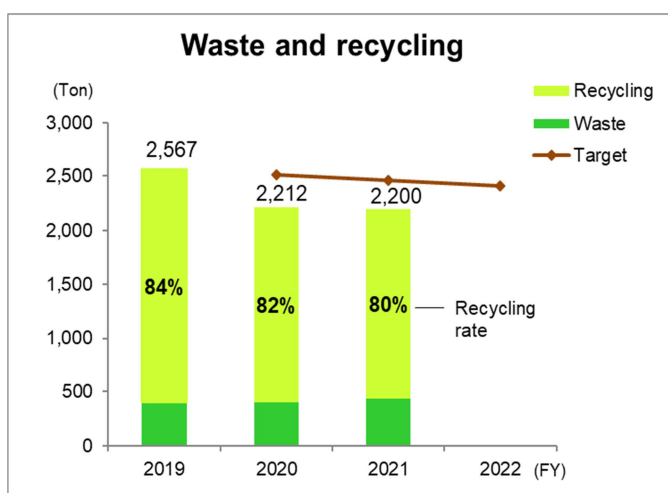
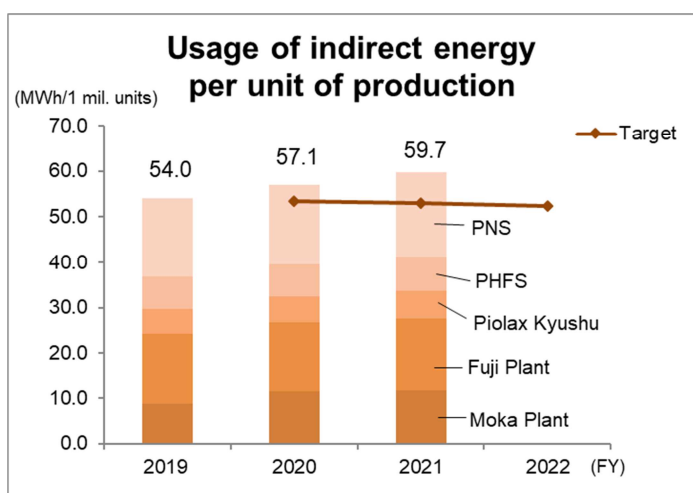
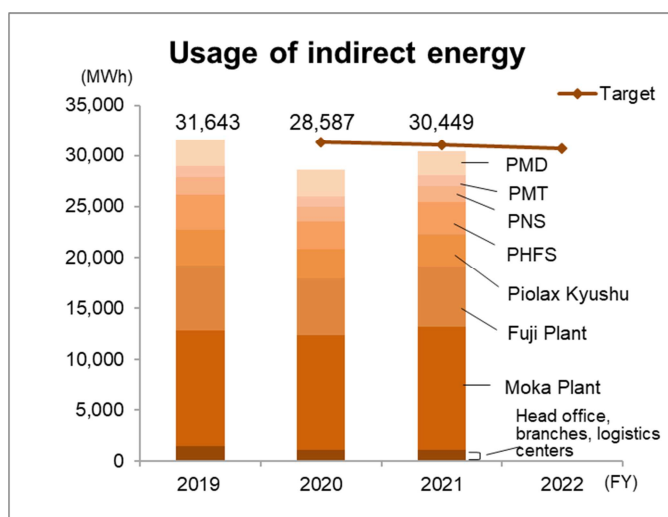
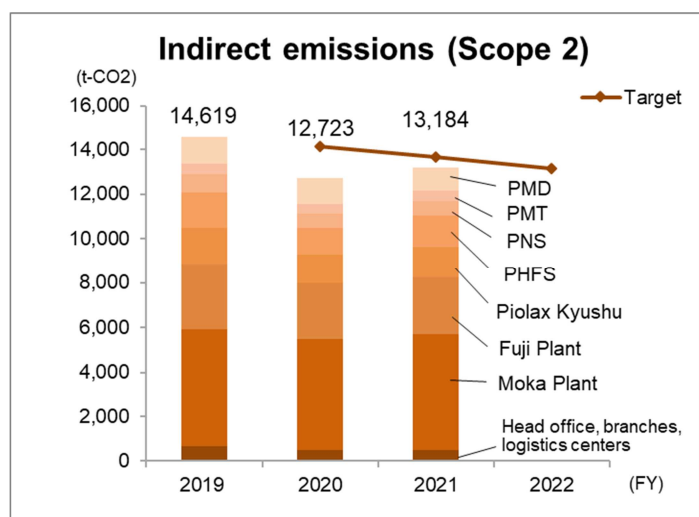
Medium-term environmental target and results

As the 7th environmental medium-term target, Piolax and its domestic subsidiaries have drawn up a three-year plan through FY2022 with FY 2019 as a benchmark, and work on environmental activities in accordance with the carbon neutral roadmap.

Mid-term goal and results (Benchmark: FY2019)

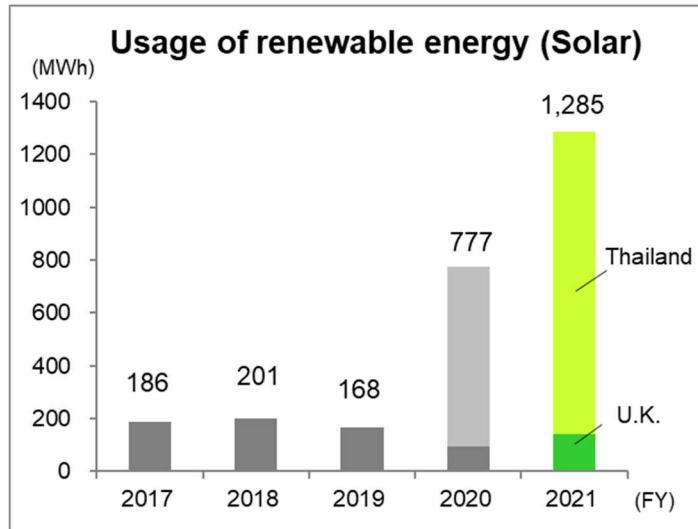
	FY2020 result	FY2021 result	FY2022 mid-term goal
Indirect emissions (Scope 2)	-13%	-10%	-10%
Usage of indirect energy	-10%	-4%	-3%
Usage of indirect energy per unit of production*	+6%	+11%	-3%
Waste	-14%	-14%	-6%

*Usage per 1 million units used at production plants excluding Piolax Medical Devices and PMT.



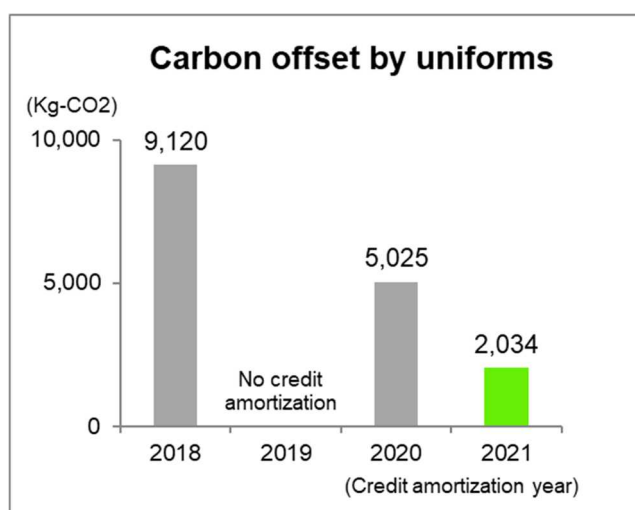
Approaches to renewable energy

PIOLAX LTD. in the U.K. has started to use renewable energy self-supplied by solar panels since 2017, followed by PIOLAX (THAILAND) LTD. since 2020. Reduced greenhouse gas emissions in FY2021 were 533 (t-CO₂) compared to the market standard. PIOLAX LTD. (U.K.) plans to increase solar panel generation in FY2022.



Approaches to carbon offset

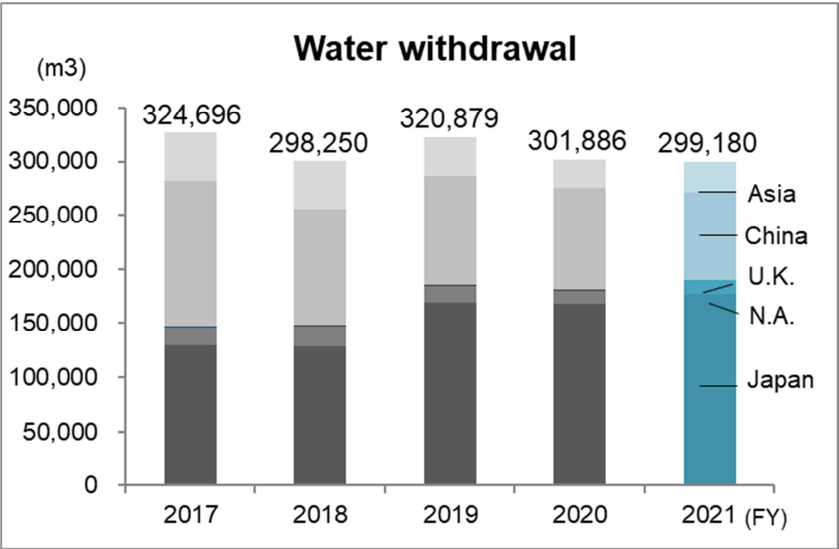
Piolarx and its domestic subsidiaries purchase carbon-offset uniforms (work clothes). Carbon credits for the purchase in FY2021 contribute to the Katang Peatland Restoration and Conservation Project in Indonesia through VCU (Voluntary Carbon Unit) credits.



Water withdrawal data

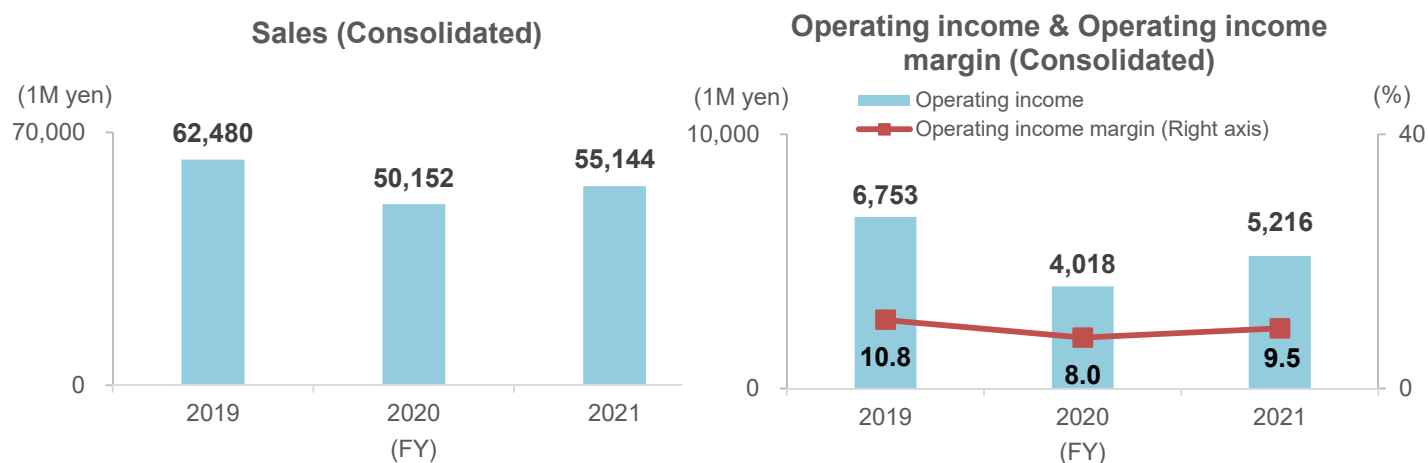
The Piolax Group tracks water withdrawal data for water management. Water withdrawal in FY2021 was reduced by 1% from the previous year. Third-party sources and renewable groundwater were used about 50% each.

Water risks at all Piolax bases are verified using the Aqueduct Water Risk Atlas. Water withdrawal from extremely high water stress areas in terms of physical risk quantity was 1,739 m³ for Piolax India Private Limited (India) and 3,099 m³ for Piolax Mexicana S.A. de C.V. (Mexico), accounting for 1.6% of the Piolax Group's total water withdrawal.



【Company Information】 (As of March 31, 2022)

Company name	PIOLAX, INC.
Establishment	September 1939
Description of business	Manufacturing and sales of coil springs, flat springs, wire forms, metal and plastic fasteners, and unit mechanism parts
Capital	2,960.97 million yen
Sales	55,144 million yen (Consolidated) (FY2021 ended in March 2022)
No. of employees	2,852 people (Consolidated)
Head office	Yokohama Hanasaki Bldg. 7F 6-145 Hanasaki-cho, Nishi-ku, Yokohama, Kanagawa 220-0022, Japan
Major customers	Nissan Motor Co., Ltd., Honda Motor Co., Ltd., Mazda Motor Corporation, Toyota Motor Corporation, Subaru Corporation, Mitsubishi Motors Corporation, Suzuki Motor Corporation, Daihatsu Motor Co., Ltd., Isuzu Motors Limited, Jatco Ltd., Yazaki Parts Co., Ltd., Nissan Shatai Co., Ltd., Hitachi Astemo, Ltd., Aichi Machine Industry Co., Ltd., Mitsubishi Fuso Bus Manufacturing Co., Ltd., UD Trucks Corporation, TOTO Ltd., General Motors Company, Ford Motor Company, Hyundai Motor Company
Member organization	Japan Auto Parts Industries Association Japan Spring Manufacturers Association
Listed exchange	Prime Market of the Tokyo Stock Exchange (Securities code: 5988)
No. of shares outstanding	38,054,100 shares
No. of shareholders	5,745 people



【Piolax Group Network】

The Piolax Group's products, technologies, and production are deployed in Asia, North America, and Europe with the global market in mind. Our worldwide network not only supports overseas local production of Japanese automakers, but also meets the needs of many non-Japanese automakers.

1. Bases in overseas countries

- ① PIOLAX CORPORATION, Sales and Design Office (Michigan, U.S.)
- ② PIOLAX CORPORATION, Head Office and Plant (Georgia, U.S.)
- ③ PIOLAX MEXICANA S.A. de C.V. (Nuevo Leon, Mexico)
- ④ PIOLAX CO., LTD. (Incheon Metropolitan City, Korea)
- ⑤ DONGGUAN PIOLAX CO., LTD. (Dongguan, China)
- ⑥ WUHAN PIOLAX CO., LTD. (Wuhan, China)
- ⑦ PIOLAX (CHINA) CO., LTD., Head Office and Shanghai Branch (Shanghai, China)
- ⑧ PIOLAX (CHINA) CO., LTD., Tianjin Sales Office (Tianjin, China)
- ⑨ PIOLAX (CHINA) CO., LTD., Wuhan Sales Office (Wuhan, China)
- ⑩ PIOLAX (CHINA) CO., LTD., Guangzhou Branch (Guangzhou, China)
- ⑪ PIOLAX (THAILAND) LTD. (Rayong, Thailand)
- ⑫ PT. PIOLAX INDONESIA (West Java, Indonesia)
- ⑬ PIOLAX LTD. (Lancashire, U.K.)
- ⑭ PIOLAX INDIA PRIVATE LTD. (Andhra Pradesh, India)
- ⑮ PIOLAX INDIA PRIVATE LTD., North India Sales Office (Haryana, India)
- ⑯ PIOLAX INDIA PRIVATE LTD., Pune Sales Office (Maharashtra, India)
- ⑰ Dusseldorf Representative Office (Dusseldorf, Germany)

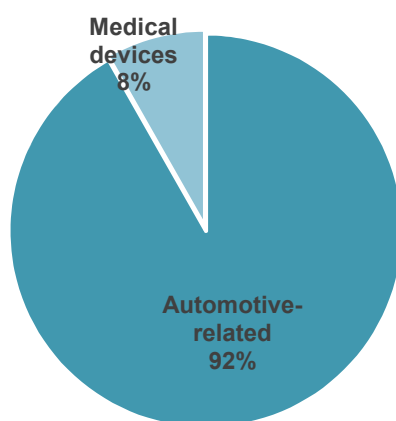
2. Bases in Japan

- ① Head Office (Yokohama, Kanagawa)
- ② Yokohama Technical Center and Yokohama Branch (Yokohama, Kanagawa)
- ③ Moka Plant and Moka Branch (Tochigi)
- ④ Fuji Plant and Fuji Branch (Shizuoka)
- ⑤ Nagoya Branch (Aichi)
- ⑥ Nishi-Nihon Branch (Hiroshima)
- ⑦ Shonan Logistics Center (Kanagawa)
- ⑧ Nishi-Nihon Logistics Center (Fukuoka)

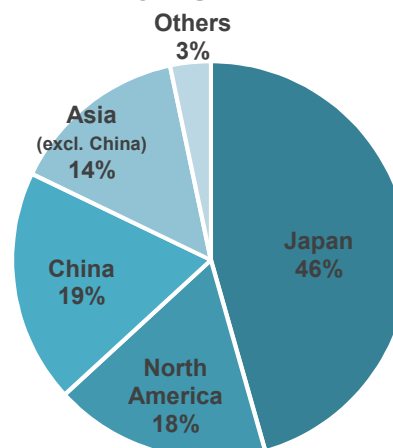
3. Subsidiaries in Japan

- ① PIOLAX H.F.S. INC. (Gunma)
- ② P.M.T. INC. (Tochigi)
- ③ P.N.S. INC. (Tochigi)
- ④ PIOLAX KYUSHU CO., LTD. (Fukuoka)
- ⑤ PIOLAX MEDICAL DEVICES, INC. (Yokohama, Kanagawa)
- ⑥ KHK SALES CO., LTD. (Yokohama, Kanagawa)
- ⑦ PIOLAX BUSINESS SERVICE CO., LTD. (Yokohama, Kanagawa)

Sales by business area (FY2021)



Sales by region (FY2021)



【Organizations Registered for International Certification】

Quality and environmental management systems (●: registered)

1. PIOLAX, INC.

Business bases	IATF16949:2016	ISO14001:2015
Head Office		●
Yokohama Technical Center Yokohama Branch		●
Moka Plant	●	●
Moka Branch		●
Fuji Plant	●	●
Fuji Branch		●
Shonan Logistics Center		●
Nishi-Nihon Logistics Center		●

2. Subsidiaries in Japan

Business bases	ISO9001:2015	ISO14001:2015	ISO13485:2016
PIOLAX KYUSHU CO., LTD.	●	—	—
PIOLAX H.F.S. INC.	●	—	—
P.N.S. INC.	●	—	—
PIOLAX MEDICAL DEVICES, INC.	—	—	●

3. Subsidiaries in overseas countries

Business bases	IATF16949:2016	ISO9001:2015	ISO14001:2015
PIOLAX CORPORATION (U.S.)	●	—	●
PIOLAX LTD. (U.K.)	●	●	●
PIOLAX MEXICANA S.A. de C.V.	●	—	—
PIOLAX CO., LTD. (Korea)	●	—	●
DONGGUAN PIOLAX CO., LTD. (China)	●	●	●
WUHAN PIOLAX CO., LTD. (China)	●	●	●
PIOLAX (THAILAND) LTD.	●	●	●
PT. PIOLAX INDONESIA	●	—	●
PIOLAX INDIA PRIVATE LTD.	●	—	●

【Employee Data】

(As of March 31, 2022)

		Unit	FY2019	FY2020	FY2021
Number of employees		People	562	575	592
	Male		464	471	480
	Female		98	104	112
Average age		Age	40.8	40.9	40.9
	Male		40.6	40.7	40.7
	Female		41.6	41.7	41.9
Average length of service		Year	15.7	15.6	15.9
	Male		15.2	15.1	15.6
	Female		18.1	17.6	17.6
Retention rate (3 rd year new graduates)		%	90.0%	80.0%	60.9%
Average annual salary		1,000 yen	6,080	5,484	5,894
Employment of disabled people		%	1.88%	2.00%	2.24%
Employees taking childcare leave		People	2	5	12
	Male	People	0	0	2
		%	0%	0%	18.2%
	Female	People	2	5	10
		%	100%	100%	100%
Employees taking maternity leave		People	2	3	5
Average overtime		h/month	16.0	6.3	12.9
Union members		People	439	451	462
Female managers		People	4	4	5
	Ratio	%	2.9%	2.8%	3.5%
Female directors		People	0	1	1
	Ratio	%	0.0%	11.1%	11.1%
Foreign employees		People	11	10	12
	Male		6	6	8
	Female		5	4	4
New graduate hires		People	23	24	22
	Male		19	16	16
	Female		4	8	6
Mid-career hires		People	24	14	8
	Male		20	11	4
	Female		4	3	4
Female ratio in hired employees		%	17.0%	28.9%	33.3%
Female ratio in employees		%	17.4%	18.1%	18.8%
Number of consolidated employees		People	3,149	2,952	2,852
	Japan		927	935	953
	Overseas		2,222	2,017	1,899

*1. All items except the number of consolidated employees show data of PIOLAX, INC. on a non-consolidated basis.

*2. 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).

*3. Average annual salary includes bonuses and extra wages.

*4. 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).

GRI Standards Reference Table

GRI (Global Reporting Initiative) Standards Reference Table

This report is created in accordance with the “core” level of the GRI standards.

<Universal disclosures>

★: Materiality item

Item	Disclosure item		Reference page no. or document
	No.	Title	
GRI102: Universal disclosures 2016	102-1	Name of the organization	54
	102-2	Activities, brands, products, and services	12,13,54,55
	102-3	Location of headquarters	54
	102-4	Location of operations	55
	102-5	Ownership and legal form	54
	102-6	Markets served	12,13,54,55
	102-7	Scale of the organization	12,13,54,55 Annual Securities Report
	102-8	Information on employees and other workers	27,28,57
	102-9	Supply chain	37,38
	102-10	Significant changes to the organization and its supply chain	10
	102-11	Precautionary principle or approach	24
	102-12	External initiatives	44
	102-13	Membership of associations	9,54
	102-14	Statement from senior decision-maker	3,4,5
	102-15	Key impacts, risks, and opportunities	7,8,9,20,24,26,27,30,32,43,44 Annual Securities Report
	102-16 ★	Values, principles, standards, and norms of behavior	11,25
	102-17	Mechanisms for advice and concerns about ethics	25
	102-18 ★	Governance structure	20,21,22
	102-19	Delegating authority	20,21
	102-20	Executive-level responsibility for economic, environment, and social topics	20,21,22,33,43
	102-21	Consulting stakeholders on economic, environmental, and social topics	20
	102-22	Compensation of the highest governance body and its committees	20,21,22 Annual Securities Report
	102-23	Chair of the highest governance body	20,21
	102-24	Nominating and selecting the highest governance body	Annual Securities Report
	102-25	Conflicts of interest	Corporate Governance Report Annual Securities Report
	102-26	Role of highest governance body in setting purpose, values, and strategy	6,20,21,25, 26,27,30,31,32,33,38,39,42,43
	102-27	Collective knowledge of highest governance body	20,21,22
	102-28	Evaluating the highest governance body's performance	20,21,22
	102-29	Identifying and managing economic, environmental, and social impacts	20,21,22,43
	102-30	Effectiveness of risk management processes	20,21,22,43
	102-31	Review of economic, environmental, and social topics	22
	102-32	Highest governance body's role in sustainability reporting	6,7,8,20,21
	102-33	Communicating critical concerns	20,21,22,25
	102-34	Nature and total number of critical concerns	20,21,22,25
	102-35	Remuneration policies	20,21,22
	102-36	Process for determining remuneration	20,21,22 Corporate Governance Report Annual Securities Report

Item	Disclosure item		Reference page no. or document
	No.	Title	
GRI102: Universal disclosures 2016	102-37	Stakeholders' involvement in remuneration	-
	102-38	Annual total compensation ratio	Annual Securities Report
	102-39	Percentage increase in annual total compensation ratio	Annual Securities Report
	102-40	List of stakeholder groups	9
	102-41	Collective bargaining agreements	29
	102-42	Identifying and selecting stakeholders	9
	102-43	Approach to stakeholder engagement	9
	102-44	Key topics and concerns raised	7,8,9,20
	102-45	Entities included in the consolidated financial statements	55 Annual Securities Report
	102-46	Defining report content and topic boundaries	2,6,20
	102-47	List of material topics	6
	102-48	Restatements of information	49
	102-49	Changes in reporting	Not applicable
	102-50	Reporting period	2
	102-51	Date of most recent report	2
	102-52	Reporting cycle	2
	102-53	Contact point for questions regarding the report	2
	102-54	Claims of reporting in accordance with the GRI Standards	2
	102-55	GRI content index	58-62
	102-56	External assurance	Not applicable

<Topic-specific disclosures> ★: Materiality item

Item	Disclosure item		Reference page no. or document
	No.	Title	
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	6
	103-2	Management approach and its components	20-53
	103-3	Evaluation of the management approach	20-53
GRI201: Economic performance 2016	201-1	Direct economic value generated and distributed	Annual Securities Report
	201-2	Financial implications and other risks and opportunities due to climate change	44 Annual Securities Report
	201-3	Defined benefit plan obligations and other retirement plans	Annual Securities Report
	201-4	Financial assistance received from government	Not applicable
GRI202: Market presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-
	202-2	Reporting of senior management hired from the local community	-
GRI203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	-
	203-2	Significant indirect economic impacts	-
GRI204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	-

Item	Disclosure item		Reference page no. or document
	No.	Title	
GRI205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	25
	205-2	Communication and training about anti-corruption policies and procedures	25,38
	205-3	Confirmed incidents of corruption and actions taken	Not applicable
GRI206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not applicable
GRI207: Tax 2019	207-1	Approach to tax	-
	207-2	Tax governance, control, and risk management	-
	207-3	Stakeholder engagement and management of concerns related to tax	-
	207-4	Country-by-country reporting	-
GRI301: Materials 2016	301-1	Materials used by weight or volume	-
	301-2	Recycled input materials used	-
	301-3	Reclaimed products and their packaging materials	-
GRI302: Energy 2016 ★	302-1	Energy consumption within the organization	49,50
	302-2	Energy consumption outside the organization	50
	302-3	Energy intensity	49,50,51
	302-4	Reduction of energy consumption	49,50,51
	302-5	Reduction in energy requirements of products and services	49,50,51
GRI303: Water and effluents 2018	303-1	Interactions with water as a shared resource	53
	303-2	Management of water discharge-related impacts	45
	303-3	Water withdrawal	53
	303-4	Water discharge	-
	303-5	Water consumption	53
GRI304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	46
	304-2	Significant impacts of activities, products, and services on biodiversity	46
	304-3	Habitats protected or restored	45,46
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	46
GRI305: Emissions 2016 ★	305-1	Direct (Scope 1) GHG emissions	49,50
	305-2	Indirect (Scope 2) GHG emissions	49,50
	305-3	Other indirect (Scope 3) GHG emissions	50
	305-4	GHG emissions intensity	49,50,51
	305-5	Reduction of GHG emissions	43,47,50,51,52
	305-6	Emissions of ozone-depleting substances (ODS)	-
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-
GRI306: Waste 2020 ★	306-1	Waste generation and significant waste-related impacts	45
	306-2	Management of significant waste-related impacts	42,51
	306-3	Waste generated	43,51
	306-4	Waste diverted from disposal	43,51
	306-5	Waste directed to disposal	51

Item	Disclosure item		Reference page no. or document
	No.	Title	
GRI307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	43
GRI308: Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	-
	308-2	Negative environmental impacts in the supply chain and actions taken	-
GRI401: Employment 2016 ★	401-1	New employee hires and employee turnover	57
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	-
	401-3	Parental leave	28,57
GRI402: Labor/Management relations 2016	402-1	Minimum notice periods regarding operational changes	29
GRI403: Occupational health and safety 2018 ★	403-1	Occupational health and safety management system	39
	403-2	Hazard identification, risk assessment, and incident investigation	39
	403-3	Occupational health services	39
	403-4	Worker participation, consultation, and communication on occupational health and safety	39
	403-5	Worker training on occupational health and safety	39
	403-6	Promotion of worker health	30,31,39
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	39
	403-8	Workers covered by an occupational health and safety management system	39
	403-9	Work-related injuries	39
	403-10	Work-related ill health	30,31,39
GRI404: Training and education 2016	404-1	Average hours of training per year per employee	7
	404-2	Programs for upgrading employee skills and transition assistance programs	29,34,35,36,37
	404-3	Percentage of employees receiving regular performance and career development reviews	-
GRI405: Diversity and equal opportunity 2016 ★	405-1	Diversity of governance bodies and employees	27,28
	405-2	Ratio of basic salary and remuneration of women to men	27,57
GRI406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Not applicable
GRI407: Freedom of association and collective bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-
GRI408: Child labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	-
GRI409: Forced or compulsory labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-
GRI410: Securities practices 2016	410-1	Security personnel trained in human rights policies or procedures	-

Item	Disclosure item		Reference page no. or document
	No.	Title	
GRI411: Rights of indigenous peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	-
GRI412: Human rights assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	26
	412-2	Employee training on human rights policies or procedures	26
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-
GRI413: Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	40,41
	413-2	Operations with significant actual and potential negative impacts on local communities	Not applicable
GRI414: Supplier social assessment 2016	414-1	New suppliers that were screened using social criteria	37
	414-2	Negative social impacts in the supply chain and actions taken	37
GRI415: Public policy 2016	415-1	Political contributions	Not applicable
GRI416: Customer health and safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	-
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-
GRI417: Marketing and labeling 2016	417-1	Requirements for product and service information and labeling	-
	417-2	Incidents of non-compliance concerning product and service information and labeling	-
	417-3	Incidents of non-compliance concerning marketing communications	-
GRI418: Customer privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	24
GRI419: Socioeconomic compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Not applicable



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