



PIOLAX Sustainability Report 2025

PIONEER OF ELASTICITY





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Editorial Policy

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

Reporting organizations

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

Period covered

April 1, 2024 to March 31, 2025
* For activities outside the period covered, the year and month are listed.
* Some photos are taken outside the period covered.

Referenced guidelines

GRI Sustainability Reporting Standards

Date of publication

Japanese edition published in December 2025
(Previous issue: December 2024. Next issue: December 2026)

Disclaimer

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

Company Profile

Business name	PIOLAX, INC.	Listed exchange	Tokyo Stock Exchange, Prime Market
Representative	Satoshi Yamada, President	Sales amount	27 billion yen (non-consolidated)/ 63.3 billion yen (consolidated) (as of March 31, 2025)
Head office	51 Iwai-cho, Hodogaya-ku, Yokohama, Kanagawa, Japan *As of December 2025	Business activities	Production and sales of coil springs, flat springs, wire forms, metal/plastic fasteners, and unit assembly parts
Date of establishment	September 1939		
Capital	2,960.97 million yen (as of March 31, 2025)		

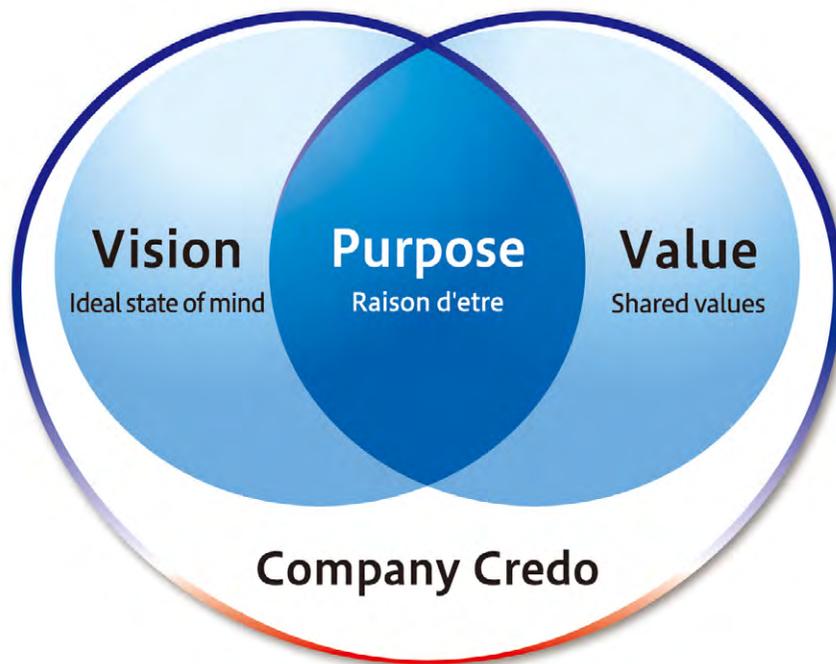




Piolax Corporate Philosophy

PIOLAX WAY

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



Purpose

Connect people and society with technology for an exciting future

Vision

Create new value

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

Value

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

Company Credo

“Sincerity, Cooperation, and Contribution”



Message from the President

Toward an Exciting Future for Company and Society: Forwarding Both Business Activities and Contributions to Society with Sustainable Management as Our Growth Engine

Against the backdrop of profound transformation in the automotive industry, demand for automobile parts is undergoing significant changes. For Piolax, which counts flexibility and responsiveness among its core strengths, this current situation is not purely negative, but surely also presents an opportunity. We will strive to achieve development for both our company and wider society, with sustainable management—an investment in the future—as our growth engine.

A New Management Policy Beyond Automobile Production Growth

Since our founding in 1933, our business has developed with a focus on the manufacture of precision metal springs for automobiles and electrical and telecommunications devices. We have also pursued material elasticity as one of our core technologies.

As automakers, our primary customers, have gone from strength to strength, so too has Piolax supported by the tailwind of increasing car production. However, our customers' production output is expected to slow over the long term, which will have a significant impact on our company. In the face of today's uncertainty, we have decided to transition to a management approach that does not solely rely on increasing automobile production to maintain a strong growth curve.

As a supplier of automotive parts, our business is inevitably

affected by fluctuations in automobile production volumes. However, we will be unable to achieve growth if we are excessively dependent on this factor. For us, management that avoids sole reliance on increasing automobile production means developing products that anticipate trends and increasing the number of our products utilized per vehicle. Further, it will require improving profitability in our existing businesses, reaching untapped customers, and entering new business fields to forge our own future.

Contributing to Carbon Neutrality Throughout the Group

The engine driving this growth is sustainable management. The automotive industry is continuing to shift from gasoline-powered



President Satoshi Yamada

vehicles to electric vehicles (EVs). While this shift is losing momentum in Europe and the US and there is a return to hybrid vehicles as an economical option, the trend toward carbon neutrality is unlikely to change. With environmental regulations becoming stricter, particularly in Europe, we will actively respond to these regulations meeting customer needs, such as supporting EVs and using recycled materials.

We are promoting environmental initiatives across the group by setting clear targets and KPIs. Many of our products are made by heating and molding resins, and improving the thermal efficiency of injection molding machines is key to reducing our CO₂ emissions. Employees working at our manufacturing sites are implementing creative measures, such as insulating these our injection molding machines. At our US plant, they have further developed these efforts on their own, achieving even greater efficiency and fostering cross-border exchange of know-how. Our overseas group companies have



Message from the President

a high level of environmental awareness and their efforts are ahead of ours at PIOLAX, INC. in some aspects. We will continue to share and implement these advanced initiatives group-wide.

We will also continue to make environmental investments, such as installing solar power systems. We have already delivered real results by purchasing green power, despite the additional costs.

As many of our products use hard-to-recycle engineering plastics, we are working with materials manufacturers to develop materials that are easier to recycle. We are also engaged in environmental initiatives involving our supply chain.

With our shift in management policy, we aim to secure new orders from and expand business with customers in Europe and the US. To do so, compliance with environmental standards and respect for human rights are essential. Respect for human rights is critical for sustaining and growing our business and expanding in global markets. We are committed to advancing human rights initiatives with a global perspective.

We view our sustainability initiatives not as mere items in the expenditure column, but as vital investments for the future and a source of new business opportunities.



Steady Progress on Diversity Through Organizational Reform

In the early 2000s, we shifted to a strategic business unit (SBU) structure to enhance profitability, consolidating product lines and allocating capital to high-margin products. This enabled us to achieve strong profitability, and was the right choice under the favorable conditions of increasing automobile production volume. However, issues with this system came to light as the business environment evolved.

We are recognized by our customers as their go-to partner in times of need. While our SBU-based approach of concentrating on our core competencies strengthened our strategic priorities, it also limited our ability to fully address our customers' diverse needs. With societal issues becoming more diverse and complex, it is becoming difficult to achieve growth by remaining focused on a limited number of areas.

To overcome this difficulty, we implemented organizational reforms in two phases—with the first beginning in April 2025 and the second in July 2025—from a siloed divisional structure to a function-based framework. This removed the barriers between divisions, allowing sales, development, and design personnel to work as a unified team and engage with the challenges facing our customers on the basis of a full and accurate picture of those issues.

These reforms are positively influencing our employees' motivation. Design and development personnel now find it easier to take on new challenges beyond traditional product boundaries. In addition, recognizing that career paths have tended to be fixed within each SBU, we will introduce active job rotation to support employees in developing diverse career paths. This is indispensable for strengthening the company's growth potential over the medium to long term. Increasing interdepartmental transfers creates opportunities for the exchange of diverse values, which in turn promotes diversity.

Our diversity initiatives, which we have set out as a focus area, are making steady progress. We are stepping up our international

personnel exchange efforts, including inviting employees recruited overseas to Japan for training. Our work to empower women in the workplace is also returning positive results. While there is still room for improvement in the proportion of women in management positions, we are seeing steady growth in the promotion, advancement, and recruitment of female employees. Further, the growing number of female Executive Officers and the first female President at a group company demonstrate that we are fostering an environment enabling everyone to thrive regardless of gender, nationality, or cultural background. A dynamic organization that embraces diverse talent can be an important factor in expanding business opportunities globally.

Taking Major Industry Changes as Business Opportunities

Every employee's work is linked to sustainability. For example, busbars are a single component within an EV, yet they are critical to vehicle safety, delivering value to both our customers and wider society. Efforts in our daily operations, such as improving the thermal efficiency of molding machines and promoting the use of recycled materials, make a direct contribution to reducing environmental impact.

If every Piolax employee is aware that their work contributes to solving societal issues, we will surely be able to grasp society's diverse needs more fully. This will accelerate product improvements and new product development, creating new business opportunities. I believe that, by promoting both contribution to society and business activities as an integrated effort, we can contribute to the growth of both our company and wider society.

The automotive industry is in the midst of significant changes, but I see this rather as a great opportunity for us, given that adaptability is embedded in our company DNA. While accelerating our sustainability initiatives, we remain committed to our Corporate Philosophy: "connect people and society with technology for an exciting future."



Our Journey with Motorization

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



Founding of major automaker predecessors

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



First company building in Hodogaya-ku, Yokohama City

1933

Founded Kato Hatsujo Seisakusho in Honjo Kikukawa, Tokyo City

1936

Moved headquarters to Iwai-cho, Hodogaya-ku, Yokohama City

1937

Began business with Japan Ford

1939

Incorporated as Kato Hatsujo Co., Ltd.

1957

Built Yokohama Plant in Kariba-cho, Hodogaya-ku, Yokohama City

Blossoming of the Japanese automobile industry

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

1969

Started manufacturing plastic fasteners

Topic



Air pollution from exhaust emissions

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



Moka plant at the time of its establishment

1970

Established Moka Plant in Tochigi Prefecture

The future of mobility created through small parts

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

Dramatic advancements in performance

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

1988

Started production in the US

Significant improvements in safety

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



Spin-off of the medical device division

1995

Changed company name to PIOLAX, INC.

1995-1996

Established bases in the UK and South Korea

1998

Listed on the Second Section of the Tokyo Stock Exchange
Established Fuji Plant in Shizuoka Prefecture

1999

Spun off the medical device business

Boom of eco-friendly cars

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



Aerial view of the Thai plant

2000

Established a base in Thailand

2003

Established a base in Dongguan, China

2004

Listed on the First Section of the Tokyo Stock Exchange

2009-2012

Established bases in India, Mexico, Indonesia, and Wuhan, China

Towards further technological innovations

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



Transition to the Prime Market

2019

Established a base in Shanghai, China

2021

Converted the Shanghai base into the China headquarters

2022

Transitioned from the First Section of the Tokyo Stock Exchange to the Prime Market

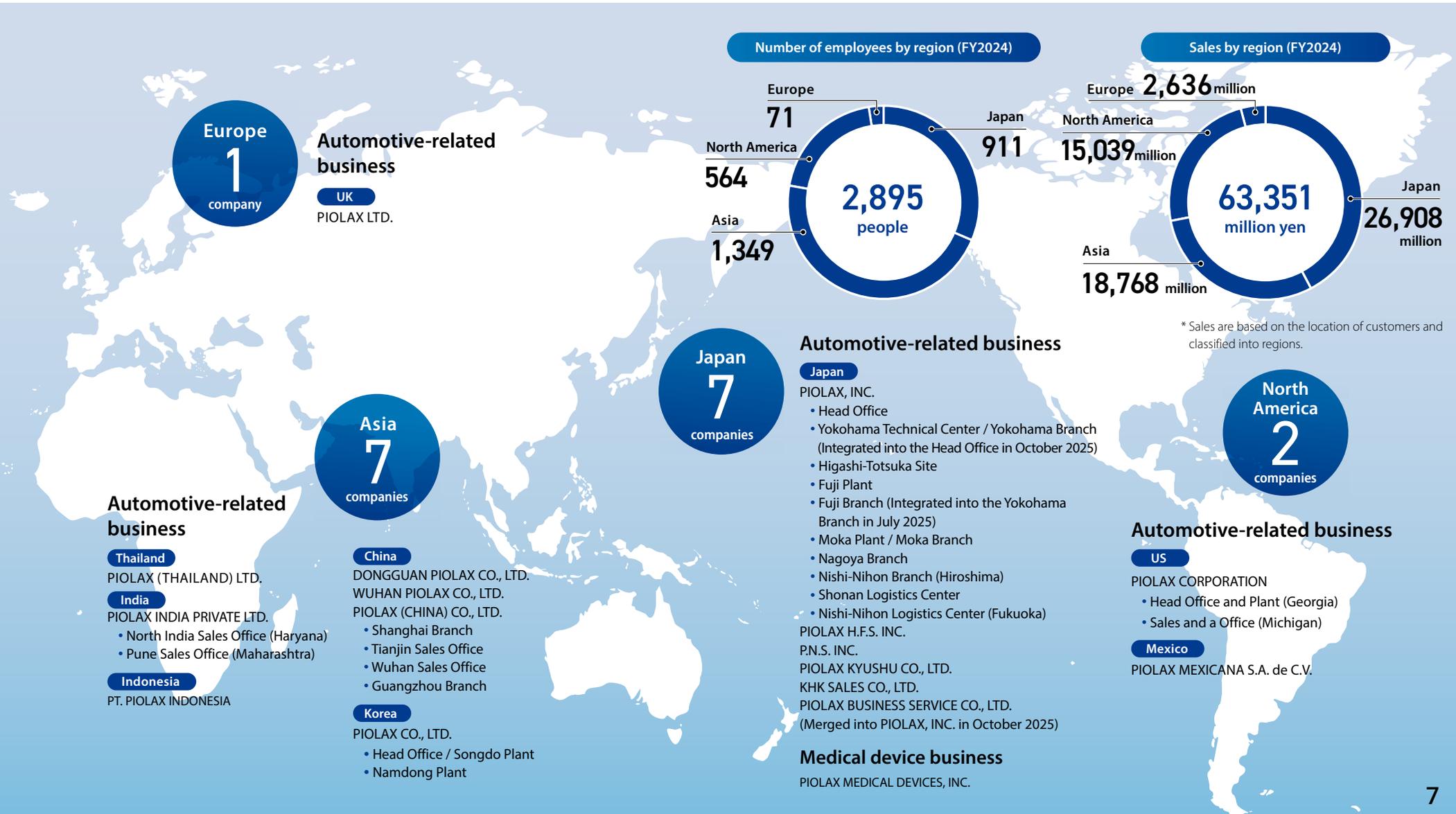
2025

- Restructured the organization from a divisional system to a functional structure
- Built the new Head Office at Hodogaya-ku, Yokohama



Business Overview (At a Glance)

As of the end of March 2025, the Piolax Group has been in possession of seven group companies in Japan and ten overseas, engaging in extensive transactions primarily with Japanese and international automobile manufacturers.





Business Overview (At a Glance)

Automotive parts

EV-related parts

Battery and motor related parts such as busbars and gas vent valves.



Open & close mechanism parts

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



Fluid control parts

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



Clamps

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



Powertrain parts

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



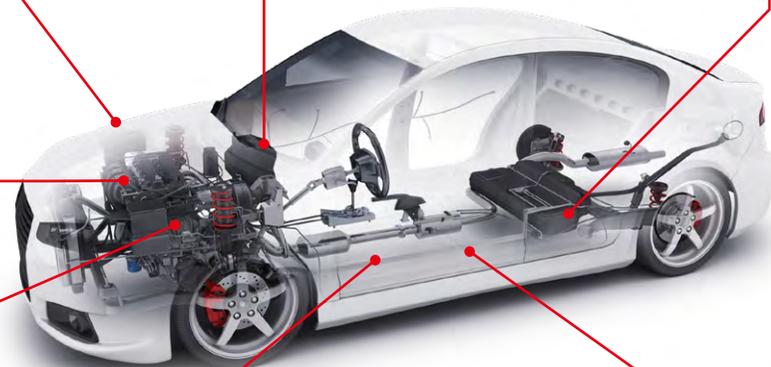
Fasteners

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



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.



Medical devices

Endovascular products

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



Gastrointestinal endoscopy products

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



Neurosurgery products

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



Abbreviations used in the report have the following meanings.

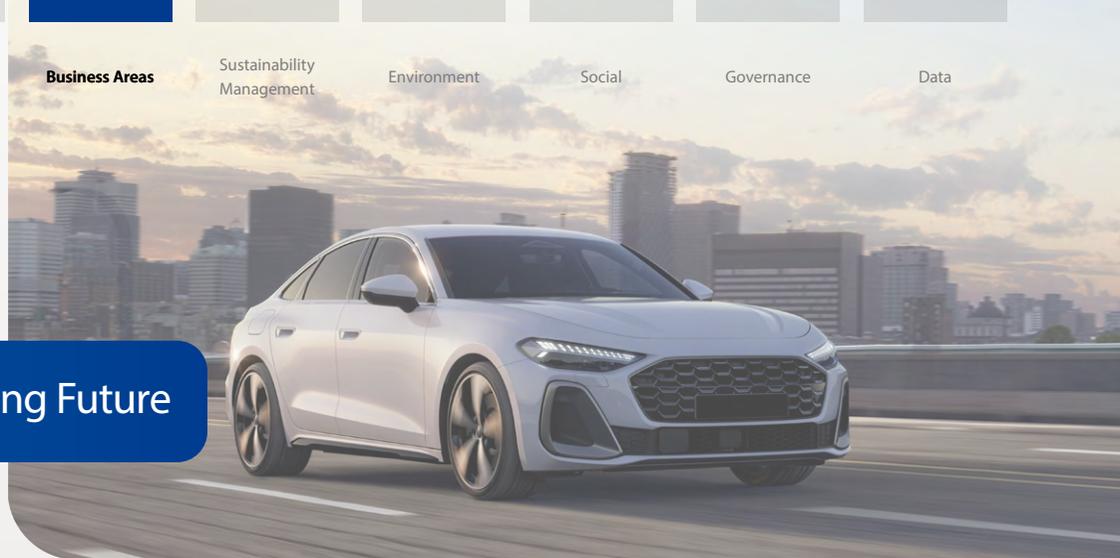
ICE: Internal Combustion Engine / BEV: Battery Electric Vehicle / HEV: Hybrid Electric Vehicle / PHEV: Plug-in Hybrid Electric Vehicle / FCEV: Fuel Cell Electric Vehicle.



Automotive-related Business

Connect People and Society with Technology for an Exciting Future

Under its purpose statement, "Connect people and society with technology for an exciting future," Piolax pursues solutions to social issues through its automotive-related businesses.



TECHNOLOGY

Piolax Group – Automotive Product Portfolio

Core Product Functions	Key Products
<ul style="list-style-type: none"> Elasticity control Fastening Securing Connecting Bundling Open/close control Leakage control Vibration damping 	Fasteners
	Harness parts
	Clamps
	Open & close mechanism parts
	Fluid control parts
	Powertrain parts
	CASE products & New products

Value Areas Where the Piolax Group Contributes

Development, Manufacturing, and Sales Driven by Advanced Elasticity Technology

High Functionality and High Performance

- Advanced composite molding technologies for metal and resin
- High-precision elasticity-control capabilities

Global Network

- Overseas production and sales operations spanning 8 countries through 10 companies

High Quality

- Quality-assurance systems designed to meet stringent standards

Expertise in Proposing Solutions

- Product development aligned with customer needs
- Latent needs-oriented research and development

PEOPLE & SOCIETY

The Value the Piolax Group Delivers to Its Customers

- Vehicle weight reduction
- Vehicle electrification
- Reduced product failures and malfunctions
- Enhanced interior design quality
- Improved driving range and fuel efficiency
- More comfortable cabin environments
- Advancements in autonomous-driving technologies
- Lower workload in assembly processes
- Cost reductions
- Applications beyond the automotive sector



EXCITING FUTURE

Social Challenges that the Piolax Group Helps Address

- Environmental Contributions**
- Achieving carbon neutrality
 - Preventing environmental pollution
 - Promoting a circular economy
- Contributions to a Safe and Secure Society**
- Reducing traffic accidents
 - Supporting mobility for older adults and people with disabilities
- Contributions to a More Comfortable Daily Life**
- Alleviating traffic congestion
 - Improving logistics efficiency and resolving driver shortages



Automotive-related Business (CASE)

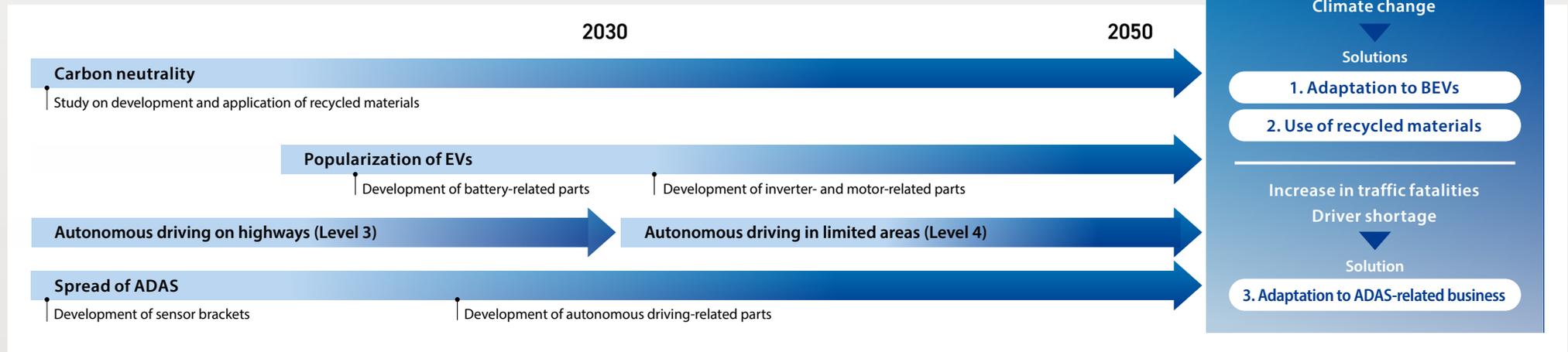
Exploring New Business Areas: Our Challenge toward CASE

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

The automotive industry is being redefined by the rapid adoption of the emerging CASE technologies. In particular, the transition to electric vehicles (EVs) is expected to reduce demand for some of our products or even eliminate them from the market in the future.

We view this industry shift as a business opportunity and are actively developing

new products. Our initiatives include sensors and camera-related components used in Advanced Driver Assistance Systems (ADAS), which support autonomous-driving technologies. We also develop busbars, cooling pipes, and other products used in conjunction with EV batteries. Through these products, we aim to help address key social issues.



Solution 1 Adaptation to BEVs

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

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

Solution 2 Use of Recycled Materials

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

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

➤ Collaboration with external organizations, including the Advanced Material Recycle and Innovation Alliance (P.22)

Solution 3 Adaptation to ADAS-related Business

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

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



Automotive-related Business (Production Base / Moka Plant)

Worker-Friendly Plant through Automation and Manpower Saving



Interior of the new plant

Features

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



Exterior of the new plant

New Moka Plant's Mission

Following the completion of Phase I of construction at a site adjacent to the Moka Plant, the new facility officially began operations in January 2024. Phase II started in August 2024 and completed in September 2025. As a global mother plant, this plant aims to play a central role in the Piolax's medium- to long-term strategy. Its mission is to be a state-of-the-art facility by integrating the following four functions.

Beyond our dream

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

Investing in Energy-Efficient Equipment

The new Moka Plant is a smart factory with superior energy efficiency, achieving an A rank in the Comprehensive Assessment System for Built Environment Efficiency (CASBEE). It features state-of-the-art equipment that contributes to carbon neutrality, including solar panels, energy-saving air conditioning systems, and water circulation systems. The plant also utilizes the Factory Energy Management System (FEMS) for integrated data management and efficient operation within the building.

Automation and Manpower Saving to Reduce Worker Burden

At the new Moka Plant, we are driving automation and reducing manpower in tasks such as weighing, bagging, and transporting materials. Reducing human errors is expected to improve production efficiency. Our goal is to achieve 200% productivity by 2030. Rising temperatures due to recent abnormal weather patterns causes some workplaces to become dangerously hot in the summer, putting workers at risk of heat stroke. To avoid such risk, we are creating a worker-friendly work environment by revising air conditioning systems but also transforming tasks into automated and manpower-saving ones that do not require human intervention.

World-Class Monozukuri Education Center

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



Medical Device Business

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

Our subsidiary, PIOLAX MEDICAL DEVICES, INC. (PMD), has cultivated the technologies necessary for medical devices by leveraging our expertise in elasticity technology accumulated through developing automotive parts. It develops, manufactures, and sells medical devices designed for minimally invasive treatments that minimize patient burden.

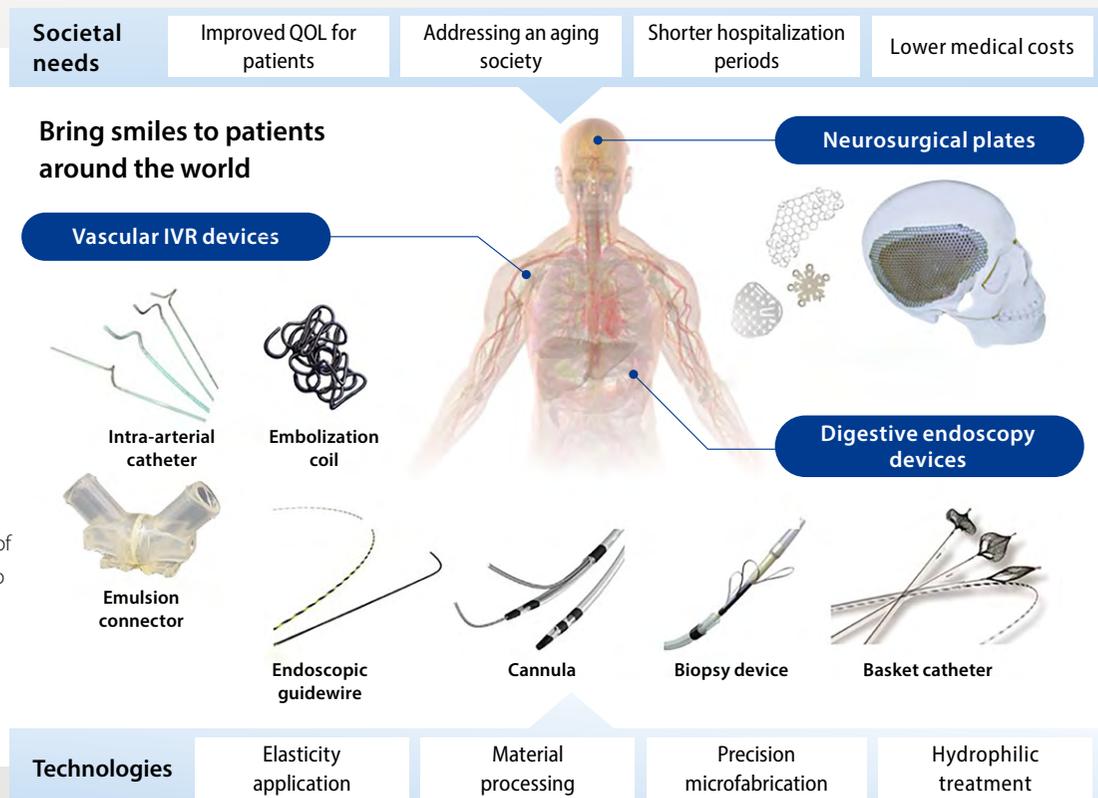
One of its flagship products, the RevoWave series, consists of guidewires for gastrointestinal endoscopy. This series has evolved to meet contemporary needs and is widely used in many medical institutions. By providing medical devices that minimize physical burden, shorten surgery time, enhance treatment accuracy, and thereby make patients smile, PMD contributes to medical advancements and improving the quality of life (QOL) for patients.

Business Areas Targeted by PMD

Keyword

Minimally invasive treatment

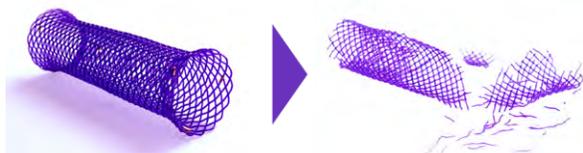
This treatment method, which places less burden on patients' bodies, enables the treatment of elderly patients and others who cannot tolerate conventional surgery. It also contributes to shorter hospital stays and reduced medical costs.



Topic

Japan's First Biodegradable Esophageal Stent

Absorbable Esophageal Stent "ELLA-BD Stent PX"



*ELLA-BD Stent PX before degradation

*After hydrolytic degradation

Japan's first absorbable esophageal stent, the "ELLA-BD Stent PX," has received regulatory approval (Approval No. 30700BZX00048000). This device offers a new treatment option for refractory benign esophageal strictures—conditions in which the esophagus narrows, making eating difficult. These strictures may occur after surgery for esophageal cancer and can recur even after standard treatments. The stent is designed to reduce the number of procedures required, ease the financial burden on patients, and improve overall quality of life.

Conventional treatments have typically involved endoscopic balloon dilation or bougie dilation. These procedures often require frequent hospital visits and

repeated interventions. Because strictures can recur in short intervals, patients may struggle to eat, leading to inadequate nutrition, low body weight, or malnutrition.

The ELLA-BD Stent PX is absorbed and broken down in the body in approximately three months, with no need to be removed. This is expected to reduce the physical, economic, and emotional burden on patients. Fewer retreatments may also help reduce the workload on healthcare professionals. The stent is anticipated to gain broader adoption as a device that improves both quality and efficiency in clinical practice.



Sustainability Management

Sustainability Management

Piolax Group Sustainability Policy

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

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

Piolax Group Sustainability Policy

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

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

Established: December 2021

Revised: October 2024

Governance

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

The Sustainability Committee establishes company-wide sustainability policies and objectives, and monitors progress in achieving them. It also identifies potential risks and opportunities through the activities of the committee and its subcommittees. Based on these findings, the committee reviews the materiality assessment, evaluates our business portfolio, and evaluates sustainability-related management goals.

After the Sustainability Committee’s evaluation, the Management Meeting examines the alignment of sustainability policies with the overall management strategy. Final decisions are then made by the Board of Directors. Under the Sustainability Committee, subcommittees are organized by theme to enable swift and effective action.

The President participates in discussions with the Management Meeting and implements the measures approved by the Board of Directors across the entire Group. Each responsible department and Group company reports on the status of implementation to the Management Meeting. The Management Meeting oversees and supervises sustainability initiatives across the Group.

Key Agenda Items of the Sustainability Committee (FY2024: The committee met four times.)

- ESG target management
- Initiatives and action plans for achieving carbon neutrality
- Employee engagement
- Human rights initiatives
- Publication of the Sustainability Report
- Establishment of the Code of Conduct Handbook
- External ESG evaluations

Sustainability Promotion System





Sustainability Management

Strategy

PIOLAX ESG Vision 2030

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

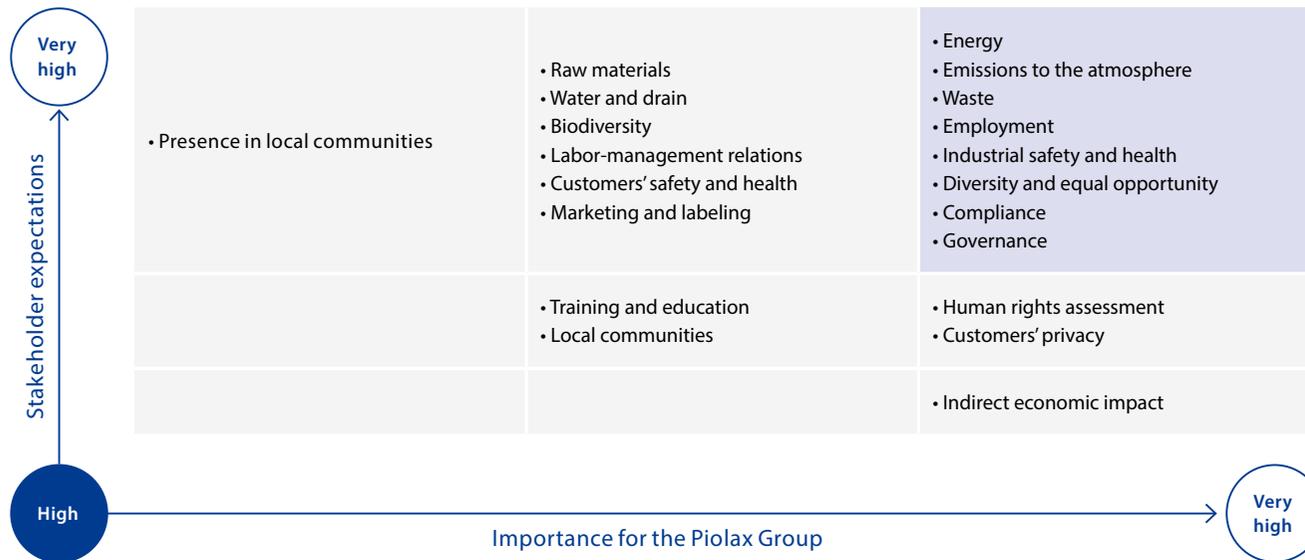
Materiality

— Identification of Materiality

With the use of the "materiality matrix," Piolax has organized issues to be addressed from two perspectives, the Piolax Group and its stakeholders, to clarify the importance and positioning of the issues.

We have identified the issues by the following process.

Materiality Matrix



STEP1 Identification of social issues

Referring to 34 aspects of the triple bottom line (environmental, social, and economic aspects) reflected in the GRI Standards, our Sustainability Committee identified social issues surrounding the Piolax Group which our stakeholders value or focus on when evaluating the Group.

STEP2 Materiality

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

- Three items in terms of stakeholder expectations
 - GRI Standard requirements
 - Customer requirements
 - General requirements (e.g., shareholders, customers, employees, local communities)
- 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: planning meetings (sales, production, quality, product development, and administration), company-wide environmental activities, etc.
 - Legal requirements: environment, job security, political measures, Tokyo Stock Exchange regulations, etc.

STEP3 Validation

The issues identified in Step 2 were examined by the Management Meeting for their appropriateness in light of the Medium-Term Management Plan and management strategies of the Group and were approved by the Board of Directors.



Sustainability Management

Materiality of the Piolax Group

	Materiality	Piolax ESG Vision 2030	Materiality (Key activities)	Risks and Opportunities	Reference page	Major related SDGs issues
E Environment	Energy Emissions to the atmosphere Waste	Corporate activities aimed at a decarbonized society and a recycling-oriented society	Thorough efforts to conserve energy	<ul style="list-style-type: none"> Potential decline in demand for certain products due to the transition to EVs Potential increase in compliance costs resulting from changes in environmental or other regulations Growing demand for CASE products, particularly those related to electrification 	P.27	
			Efforts to reduce waste		P.28	
			Effective use of resources		P.28	
S Social	Employment Occupational health & safety Diversity & equal opportunity	Creating a vibrant workplace where employees can work with peace of mind	Promote health management	<ul style="list-style-type: none"> Hindrances to corporate growth caused by the inability to secure diverse and talented personnel due to workforce aging or delays in diversity initiatives Shortages of raw materials and components caused by price increases, supply constraints, or unexpected incidents with suppliers 	P.42	
			Work-life balance		P.40	
			Diversity		P.39	
			Human assets development		P.36	
			Respect for human rights		P.31	
Enhancing fair and equitable businesses and trust relationships	Improve CSR procurement	P.33				
G Governance	Governance Compliance	Stable organizational management by strengthening governance	Corporate governance	<ul style="list-style-type: none"> Disruptions to manufacturing, logistics, and sales activities—including raw-material sourcing—caused by large-scale natural disasters or infectious disease outbreaks 	P.52	
			Risk management		P.56	

Risk Management

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



Sustainability Management

Indicators, Targets and Results

Piolax has established its ESG vision for FY2030 as "Piolax ESG Vision 2030." Based on this, we set targets for FY2024 and implemented activities. Items not achieved in FY2024 are reflected in the FY2025 ESG Activity Targets and the 8th Medium-Term Environmental Goals to continue our efforts.

ESG Activity Targets

Evaluation criteria: ○ = 100% achieved, △ = 90-99% achieved, x = 89% or below

Materiality	PIOLAX ESG Vision 2030	Key activities	KPIs		KPIs FY2024 targets	FY2024 results	FY2025 targets [FY2030 targets]	
Energy Emissions to the atmosphere Waste 	Corporate activities aimed at a decarbonized society and a recycling-oriented society	Thorough efforts to conserve energy	Indirect energy consumption (Electricity)	Greenhouse gas: reducing CO ₂ emissions	17% reduction (from FY2019)	43% reduction (from FY2019)	○	20% reduction (from FY2019) [46% reduction (from FY2019)]
		Activities toward carbon neutrality		Reduce energy consumption per unit of production	2% reduction (from FY2022)	1.9% reduction (from FY2022)	△	3% reduction (from FY2022)
		Efforts to reduce waste	Reduce total waste emissions per unit of production	4% reduction (from FY2022)	6% reduction (from FY2022)	○	6% reduction (from FY2022)	
		Effective use of resources	Improve recycling rate	80%	83%	○	80% or more	
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	Selection of indicators	Introduction of new system Scoring (Setting benchmarks)	○	Engagement and stress scores 50% or more	
		Work-life balance	Reduce overtime work	10% reduction (from FY2023)	10% reduction	○	More than FY2024 result	
			Increase rate of paid holidays taken	More than FY2023 result (71%)	75%	○	More than FY2024 result	
			Rate of female employees taking childcare leave	100%	100%	○	100%	
			Rate of male employees taking childcare leave	More than FY2023 result (60%)	50%	x	More than FY2024 result	
		Diversity	Number of industrial accidents	0 accident	0 accident	○	0 accident [0 accident]	
			Rate of female managers	More than FY2023 result (5.2%)	6.3%	○	More than FY2024 result [20%]	
			Rate of female new graduate hires	More than FY2023 result (22.7%)	27.3%	○	30% or more	
			Number of foreign employee hires	More than FY2023 result (1 person)	1 person	○	More than FY2024 result	
Rate of employees with disabilities	More than legal requirement (2.5%)		2.5%	○	More than legal requirement (2.5%)			

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



Sustainability Management

Materiality	PIOLAX ESG Vision 2030	Key activities	KPIs	KPIs FY2024 targets	FY2024 results	FY2025 targets [FY2030 targets]
Employment Occupational health & safety Diversity & equal opportunity 	Creating a vibrant workplace where employees can work with peace of mind	Human assets development	Improve human assets development	Steady implementation	Plan for dispatching employees to domestic graduate in FY2025 Continued milestone training	○ Continued training system development
		Respect for human rights	Education on the Piolax Human Rights Policy	Implementation	Implementation (2,969 attendees for a total of 1,404 hours)*	○ Implementation
			Education on harassment prevention	Implementation	Implementation (664 attendees for a total of 332 hours)	○ Implementation
	Enhancing fair and equitable businesses and trust relationships	Improve CSR procurement	Confirm suppliers' CSR compliance status (Response rate of agreement on the Supplier CSR Guidelines)	100%	92%	△ Expand the scope of CSR Guidelines and 100% response rate
			Support suppliers' ESG management promotion	Investigate activities	Investigate activities	○ Investigate activities
			Respond to conflict mineral problems based on the Dodd-Frank Act (Survey response rate)	95% or more	95.7%	○ 95% or more
			Respond to extended minerals as human rights due diligence and CSR (Survey response rate)	95% or more	89.6%	× 95% or more
Governance Compliance 	Stable organizational management by strengthening governance	Corporate governance	Comply with the Corporate Governance Code	Enhance compliance with the Corporate Governance Code	Continued compliance with all principles	○ Enhance compliance with the Corporate Governance Code
			Increase stakeholder engagement	Timely disclosure	Implementation	○ Timely disclosure
		Enhance compliance system	In-house training (including domestic and overseas subsidiaries)	Implementation (781 attendees for a total of 677 hours)	○ Improving educational comprehension Average comprehension score 2.5 or more	
		Risk management	Strengthen information security	Email training Expand usage of EDR system	Implementation	○ Email training Expand usage of EDR system
			Set up a system for disaster measures	Maintenance of manuals	Implementation Disaster drills	○ Identifying risks Conducting disaster drills

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

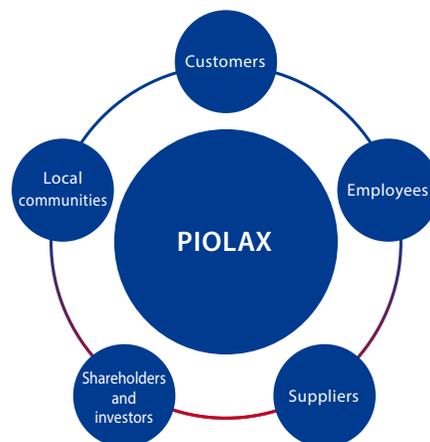
*The number of attendees includes part-time employees, contract employees, temporary staff, etc.



Sustainability Management

Stakeholder Engagement

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

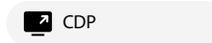


Stakeholders	Our responsibilities and challenges	Main communication measures		Application to Business Activities	
Customers	Provide safe, secure, and reliable products through improved partnerships	<ul style="list-style-type: none"> Daily sales operations Quality assurance support 	<ul style="list-style-type: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

External Evaluation

CDP Evaluation

In the 2024 survey conducted by CDP, an international non-profit organization, Piolax obtained rating of "Climate Change B" and "Water Security B-." We will continue to enhance our efforts to address environmental issues aiming to obtain higher scores.



Continued Selection for ESG Investment Index

Piolax has been selected for the FTSE Blossom Japan Sector Relative Index for four consecutive years. This index was constructed by the global index provider FTSE Russell. Additionally, Piolax was newly added to the FTSE Blossom Japan Index in 2025.



FTSE Blossom Japan Sector Relative Index



FTSE Blossom Japan Index



Certified as a 2025 Certified KIH Outstanding Organization

Piolax has been continuously certified as a 2025 Certified KENKO Investment for Health (KIH) Outstanding Organization in the large enterprise category of the 2025 Certified KIH Outstanding Organizations Recognition Program, co-sponsored by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. This certification recognizes that Piolax is a corporation that strategically addresses employee health management from a managerial perspective.





Environmental Management

Piolax Global Environmental Policy

The Piolax Group updates its Global Environmental Policy every three years to ensure that it reflects environmental trends. In January 2023, we created a new environmental policy, clarifying that our business activities contribute to natural capital and the SDGs. Its Action Guidelines refer to risks and opportunities based on the TCFD Recommendations, which we support as a framework for ESG information disclosure, as well as our efforts for carbon neutrality. We will comply with environmental laws and regulations and work to minimize the impact of our corporate activities on the global environment.



June 25, 2024
Satoshi Yamada, President

[Piolax Global Environmental Policy](#)

Targets, Results and KPIs

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

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

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

Carbon neutrality goals and achievements

Long-term goal	Achieve carbon neutrality for Scope 1 and 2 CO ₂ emissions by FY2050.
Medium-term goal	Reduce Scope 1 and 2 CO ₂ emissions by 46% from FY2019 by FY2030.

Entity to work on: Piolax Group

Our medium- to long-term goals are to reduce Scope 1 and 2 emissions from Japanese and international business operations by 46% by FY2030 and achieve 100% reduction by 2050, using the FY2019 emission's level as the benchmark (BM). We plan to achieve this through energy-saving initiatives, the introduction of renewable energy, and the accumulation of innovative technologies.

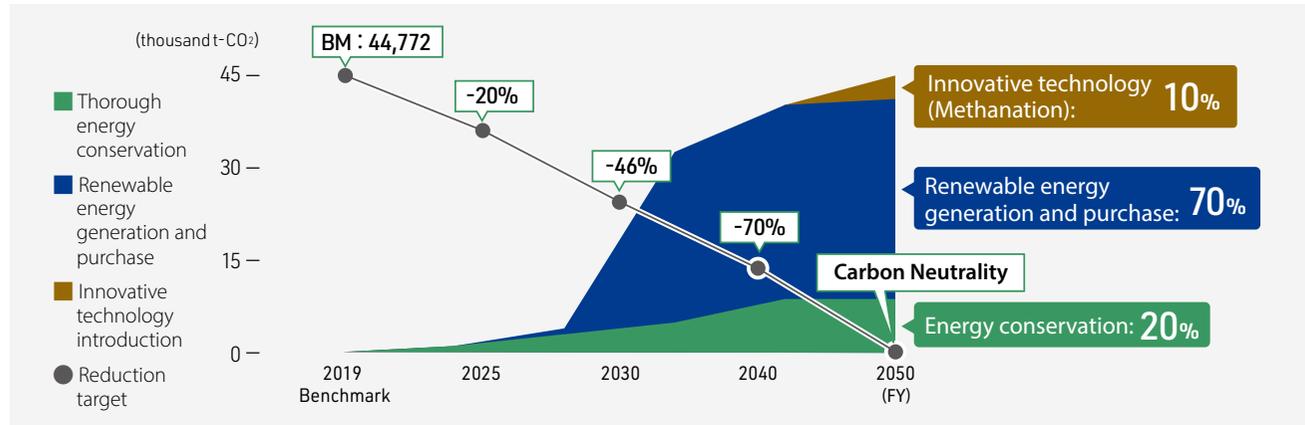
In FY2024, we achieved a 43% reduction in emissions compared to FY2019 (Scope 2: market-based criteria), meeting our target.

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



Environmental Management

Roadmap for Carbon Neutrality



Entity to work on: Piolax Group

➤ Activities toward Carbon Neutrality (P.24)

Medium-Term Environmental Targets and KPIs

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

➤ Progress in GHG Reduction in Business Activities (P.25)

➤ Total Waste Discharge and Recycling Rate (P.28)

➤ Effective Use of Resources (P.28)

8th Medium-Term Environmental Targets

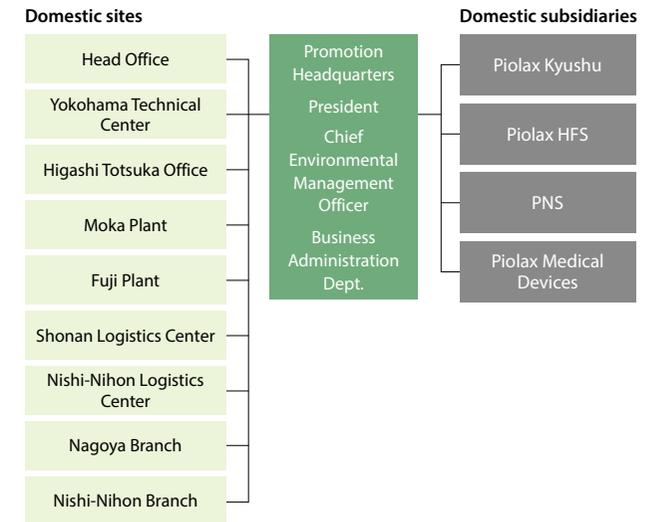
Priority activities	KPIs	Targets by 2025
Thorough energy conservation	Reduction in Scope 1 and 2 emissions	20% reduction (from FY2019)
Activities toward carbon neutrality		
Improvement rate of energy efficiency and efficient use of natural resources	Reduction of electricity consumption per unit production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

Entity to work on: Piolax and its subsidiaries in Japan

Environmental Promotion System

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

Environmental Promotion System in Japan



Operation of Environmental Management Based on ISO14001

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

Piolax obtained ISO14001 certification in April 2002. Since then, as of April 2025, 14 out of our 16 manufacturing sites in Japan and overseas, or 88%, have been certified. We plan to expand this coverage to 100% in the future.



Environmental Management

ISO14001 Certification Status

	As of April 2025
Total number of manufacturing sites	16
Number of ISO14001 certified sites	14
Coverage rate	88%

Organizations Registered for International Certification

Environmental Patrols

The Piolax Group conducts environmental patrols led by environmental management officers at sites where there have been significant changes in environmental impact. In FY2024, we conducted patrols of the new Plastic Building, which has commenced operations at the Moka Plant. In FY2025, we plan to inspect the new building at the Moka Plant and the new Head Office.

Environmental Education

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

Environmental Education

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

Compliance with Environmental Laws and Regulations

In 2022, one of our subsidiaries in China received a notice from the Dongguan Environmental Protection Bureau regarding the reporting of the disposal amount of metal container waste. A fine of 190,000 yuan was paid following the administrative penalty notice. The issue was promptly corrected, and the reporting is now being handled appropriately.

Apart from this incident, there have been no significant legal violations, fines, penalties, or spills at our business sites in Japan or overseas in the past three years. No legal complaints regarding environmental issues have been filed against us.

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

Green Procurement

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

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

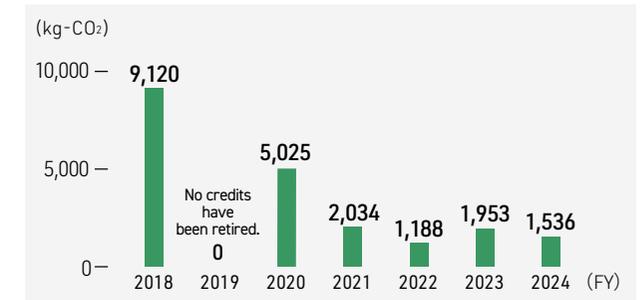
Outline of Green Procurement Guidelines

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

Green Procurement Guidelines

In recent years, we have been purchasing carbon offset uniforms. The carbon credits for this purchase in FY2024 were generated by the CO₂ Emission Reduction Project through Residential Fuel Cell Deployment.

Carbon Offset Amount for Uniform





Environmental Management

Collaboration with External Organizations

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

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

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

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

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



Prototypes utilizing waste materials from packaging manufacturing process

Environmentally Friendly Products

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

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

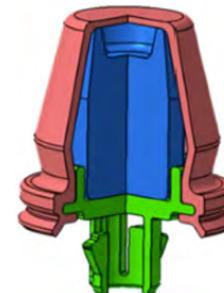
CASE Light Weight

Damping Stopper

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

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

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



CASE Reducing material waste

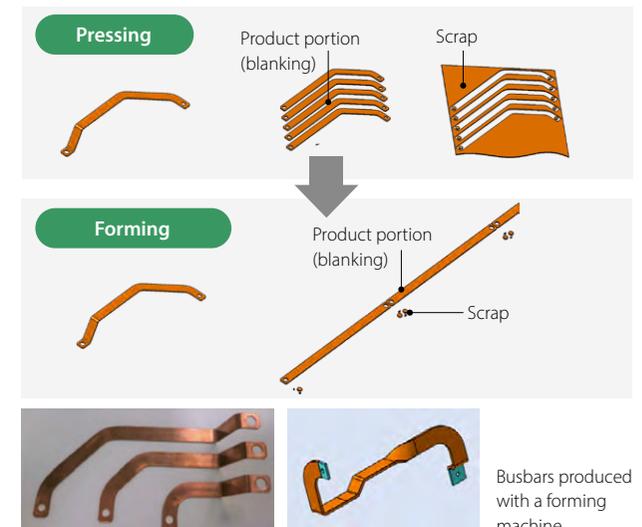
Busbar

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

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

By bending plates in the direction of the plate width, which would be impossible with a press, we have successfully reduced the scrap generated from the base material to less than 5%.

Forming Busbars





Environmental Management

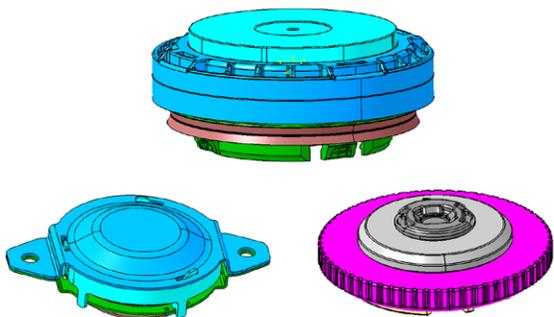
CASE Light weight / Simplified assembly

Gas Vent Valve for EV Battery

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

To meet this demand, we have developed gas vent valves for EVs, leveraging our long-cultivated fuel valve technology.

Conventional valves are bolted to the battery casing, but our new valves can be installed without bolts, reducing weight and simplifying assembly work. Additionally, we are developing variations that will withstand higher gas flow and higher temperatures, to meet various needs.



Gas vent valves for battery

Use of Sustainable Materials

We are actively introducing sustainable materials to reduce environmental impact and support a circular economy. We are expanding the use of low-CO₂ materials, such as biomass-based resins and recycled materials, particularly for automotive interior and exterior products.

The introduction of sustainable materials presents several challenges, including material performance, durability, processability, and cost.

Our core automotive products must meet strict standards of safety and quality. This requires careful product design and material selection to satisfy these performance requirements, which demand significant time and investment. Accordingly, our development and production engineering teams work closely together to evaluate materials and optimize processing technologies.

We are also strengthening our sourcing strategy through collaboration with suppliers.

Case Studies

1 Easy-to-Dismantle Design

We are advancing easy-to-dismantle design to ensure that automotive parts can be efficiently disassembled and separated at the end-of-life or recycling stage. Together with our business partners, we visit end-of-life vehicle (ELV) treatment facilities and talk directly with the people who perform the dismantling work.

These conversations help us identify challenges in material separation and reuse, along with issues faced during day-to-day operations. We then incorporate these insights into product design from the outset to improve recyclability.

2 Biomass Material Initiatives — Balancing effective use of renewable resources with reducing environmental impact—

We have produced prototype hooks using a biomass material that contains more than 50% wood powder. We are using these prototypes for product promotion.

These hooks not only reduce environmental impact, but also, their natural wood texture and a subtle wood scent in some applications enhance the product's appeal as added value.



Hook using a biomass material



Activities toward Carbon Neutrality

Basic Approach

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

Response to TCFD Recommendations

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

Recognizing the uncertainties in each scenario due to changes in various factors, we believe that clarifying the risks and opportunities of each scenario will enable sustainable corporate management.

We have clearly articulated our strategy towards the electrification of the automotive industry. We are working on infrastructure development to enhance the resilience of our business sites and are trying to reduce risks and create opportunities for further product development.



Overview of Our Efforts on Each TCFD Recommendation

Requirements of TCFD Recommendations and Piolax's Responses

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

Information Disclosure Based on the Recommendation of TCFD (Updated on June 12, 2025)



Activities toward Carbon Neutrality

GHG Emission Reduction Targets and Results in Business Activities

To achieve carbon neutrality in Scope 1 and 2 emissions within our business areas, we aim to reduce CO₂ emissions by 46% by FY2030 and 100% by FY2050, using FY2019 as a benchmark. As an intermediate step, we are implementing measures to achieve zero Scope 2 CO₂ emissions by 2030 for our Japanese Group and by 2040 for our overseas Group.

To increase our use of renewable energy, in addition to introducing solar panel power generation, we switched to carbonfree electricity contracts at our manufacturing sites in Japan. Furthermore, we implemented carbon offsetting through green power certificates at our overseas bases, expanding our use of renewable energy.

As a result, we achieved a 43% reduction in CO₂ emissions for FY2024, surpassing our target of a 17% reduction.

We are undergoing third-party verification to assess the validity of our Scope 1, Scope 2, and renewable energy quantities. Additionally, since FY2022, we have reported non-energy GHG emissions separately in Scope 1.

As part of our activities towards carbon neutrality, we set a target of a 17% reduction in CO₂ emissions in our 8th Medium-Term Environmental Targets for our business areas in Japan, yet we achieved a 77% reduction. The energy consumption per unit was reduced by 1.86%, falling short of the target reduction of 2%, due to the impact of decreased production at our main plants.

We will continue to accelerate our efforts towards carbon neutrality.

[Third-Party Verification Report](#)

Carbon Neutrality Targets

Medium- to long-term targets	FY2024 results
We will achieve carbon neutrality for Scope 1 and 2 CO ₂ emissions by FY2050.	43% reduction (from FY2019)
46% compared to FY2019 levels by FY2030.	

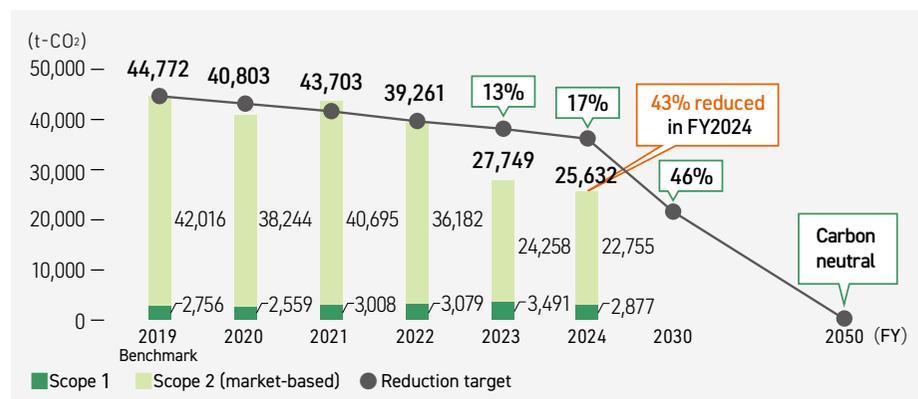
Entity to work on: the Piolax Group

8th Medium-Term Environmental Targets

KPIs	Targets by FY2024	FY2024 results
Emission reduction in Scopes 1 and 2	17% reduction (from FY2019)	77% reduction (from FY2019)
Reduction of electricity consumption per unit production	2% reduction (from FY2022)	1.9% reduction (from FY2022)

Entity to work on: Piolax and its subsidiaries in Japan

Changes in Scope 1 and 2 Emissions



Entity to work on: Piolax Group

*1 Scope 1: GHG emissions directly emitted by the Piolax Group's corporate activities, as defined by the GHG Protocol. Since FY2022, data from non-energy sources has been included in the calculation. The emission factors for FY2024 were calculated based on the GHG Emissions Calculation and Reporting Manual (Ver 6.0) and the Act on the Rational Use of Energy. GHG from non-energy sources: HFC and CO₂ generated in the manufacturing process.

*2 Scope 2: GHG emissions indirectly emitted by the Piolax Group's corporate activities, as defined by the GHG Protocol. For indirect emissions from electricity, we have adopted the market-based approach.

FY2024 emission factor in Japan: Calculated using emission factors by electricity suppliers (for calculating GHG emissions of specific emitters). The FY2023 result is based on the Ministry of the Environment and the Ministry of Economy, Trade and Industry's publication on March 18, 2025, and adjusted emission factors by contracted electricity suppliers. FY2024 emission factors in overseas: Calculated using the latest emission factors confirmed in each country. For regions where obtaining these factors is difficult, the location-based approach is used (IGES, carbon footprint, 中华人民共和国生态环境部政府信息公开 环办气候函 [2023]43, Thailand Greenhouse Gas Management Organization Emission Factor).

Unit: t-CO₂

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Scope 1^{*1}						
Energy-origin emissions	2,756	2,559	3,008	3,064	3,118	2,167
Non energy-origin emissions	—	—	—	15	373	710
Scope 2^{*2}						
Location-based	45,016	40,389	40,676	34,707	37,800	35,410
Market-based	42,016	38,244	40,695	36,182	24,258	22,755
Total of Scopes 1 and 2						
Market-based	44,772	40,803	43,703	39,261	27,749	25,632



Activities toward Carbon Neutrality

Changes in Scope 3* Emissions

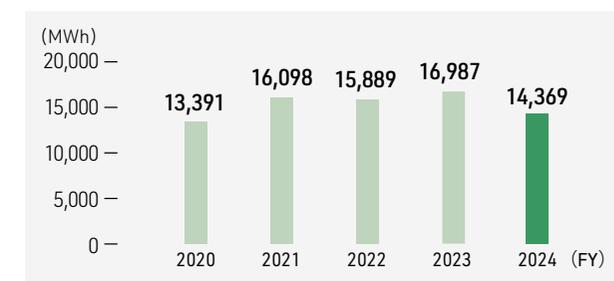
(Unit: t-CO₂)

Category	Content		FY2023	FY2024
Scope 3			131,047	137,005
Category 1	Purchased products and services	Materials procured: Piolax Group Others: Excluding overseas bases	104,478	109,059
Category 2	Capital goods	Equipment and mold investment: Piolax Group	19,546	21,558
Category 3	Activities related to fuel and energy not included in Scope 1 or 2	Electricity, gas, and kerosene: Piolax Group	97	277
Category 4	Transportation and delivery (Upstream)	(Ton-kilometer method): excluding overseas bases	1,332	1,134
Category 5	Waste from business operations	Industrial and general waste: excluding overseas bases	1,459	352
Category 6	Business trips	Piolax Group (Excluding overseas bases for FY2023)	127	386
Category 7	Employee commuting	Piolax Group (Excluding overseas bases for FY2023)	443	1,524
Category 8	Lease assets (Upstream)	Contract warehouses for production plants in Japan	731	622
Category 9	Transportation and delivery (Downstream)	(Ton-kilometer method): excluding overseas bases	2,834	2,093
Category 10	Processing of products sold	Related but not calculated	NA	NA
Category 11	Use of products sold	Related but not calculated	NA	NA
Category 12	Disposal of products sold	Related but not calculated	NA	NA
Category 13	Lease assets (Downstream)	NA	NA	NA
Category 14	Franchise	NA	NA	NA
Category 15	Investment	NA	NA	NA

* Scope 3: The basic guidelines for calculating GHG emissions through the supply chain (ver. 2.7) are referred to.

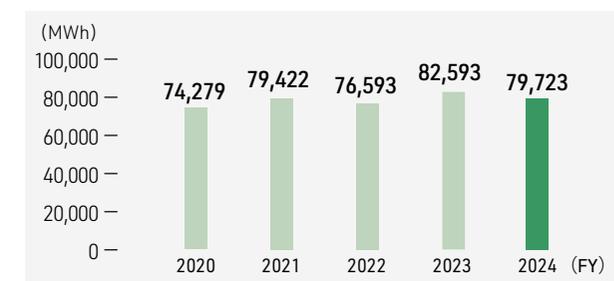
For emission factors in Japan, the emissions basic unit database provided by the Ministry of the Environment for calculating an organization's GHG emissions through the supply chain, is referred to. See Emission Intensity Database (Ver. 3.5). LCI database IDEAv2 (for calculating GHG emissions from the supply chain) is referred to.

Changes in Direct Energy Use



Entity to work on: Piolax Group

Changes in Indirect Energy Use



Entity to work on: Piolax Group



Activities toward Carbon Neutrality

Introduction of Renewable Energy

Our Group is promoting the use of on-site renewable energy through solar panels at sites in Japan and overseas.

- 2017: Introduced at our UK site
- 2020: Introduced at our Thailand site
- 2022: Expanded capacity at our UK site
- 2023: Completed Phase 1 construction at our US site
- 2024: Introduced at the new Moka Plant (Tochigi) and Fuji Plant (Shizuoka)

In the United States, we are implementing a five-phase installation plan scheduled for completion by 2030. Phase 2 construction began in 2024, with operation targeted for 2025.

In FY2024, solar panels across our Group generated 3,195 MWh of electricity.

Transition to CO₂-Free Electricity

As part of our efforts to achieve carbon neutrality, our Group began introducing CO₂-free electricity in FY2023. The switch to CO₂-free electricity reduced our Group's CO₂ emissions by 10,216 t-CO₂ in FY2024.

- 2023: Introduced at the Moka Plant, Fuji Plant, and our medical device subsidiary
- 2024: Introduced at domestic logistics sites, PHFS, and our UK site

Carbon Offsetting through Energy Attribute Certificates

Since 2023, our Group has been implementing carbon offsetting through Energy Attribute Certificates at sites in India and other regions. In FY2024, these certificates resulted in a CO₂ reduction equivalent to 2,916 t-CO₂. We will continue to strengthen our CO₂-reduction initiatives while also considering the use of carbon

credits such as these as a viable option.

Usage of Renewal Energy(Solar PowerGeneration)



Entity to work on: Piolax Group



Solar panels at the new Moka Plant



Solar panels in the US

Energy-Saving Activities

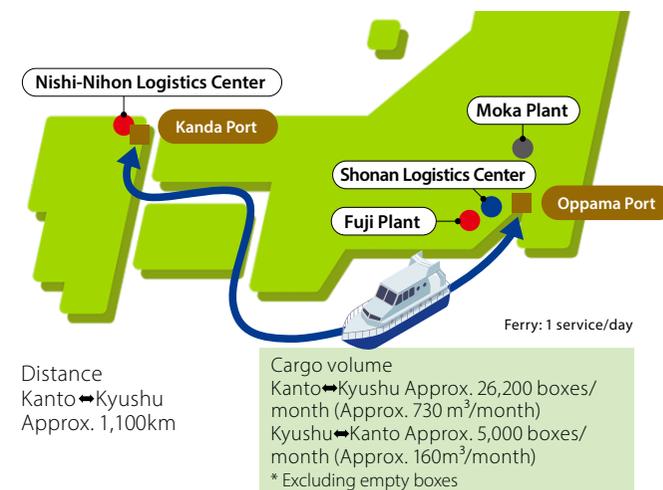
The Piolax Group is engaged in activities to improve energy saving. For example, we have adopted LED lighting, high efficiency motors and inverter control at our plant facilities and manufacturing equipment.



Energy saving in heating cylinders of injection machines

Logistics Department Initiatives (Modal Shift)

As part of our efforts to reduce GHG emissions generated during the transportation of products to customers, we have introduced modal shift transportation by ferry in the logistics between our production plants in Honshu and customers in the Chugoku and Kyushu regions. This resulted in a reduction of 273 tons of CO₂ in FY2024. Additionally, we have reduced the number of cargo containers (and thus the number of transport trips) by increasing filling rate of product containers and cargo containers, and by using high-cube containers.





Efforts for Environmental Conservation

Waste Reduction

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

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

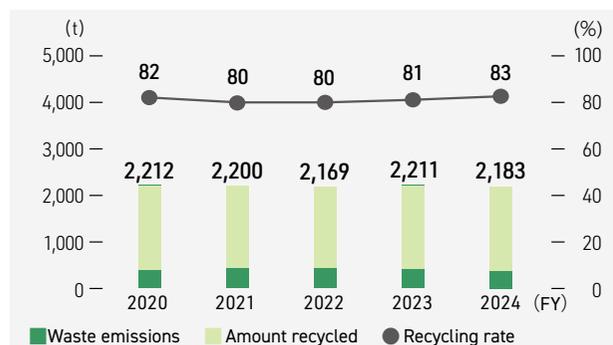
Medium-Term Environmental Targets and Results

The 8th Medium-Term Environmental Targets state that Piolax and its subsidiaries in Japan will reduce waste and improve recycling rate aiming to create a circular society. In FY2024, the total amount of waste generated reduced by 6.0% compared to FY2022, achieving the target. The recycling rate reached 83% compared to FY2022, also meeting the target.

Targets and Results

KPIs	FY2024 targets	FY2024 results
Total waste emissions per unit of production	-4% (from FY2022)	-6% (from FY2022)
Improving recycling rate	80%	83%

Waste Emissions (Including Recycled Waste)



Entity to work on: Piolax and its subsidiaries in Japan

Handling Hazardous Waste and Air Pollution Prevention

In April 2024, we demolished the former resin building at the Moka Plant as part of its renovation project. The 15 m³ of asbestos used in the building was properly disposed of as specially controlled industrial waste. We will continue to ensure full compliance with environmental regulations.

We also monitor emissions of air pollutants, such as VOCs*, from our business activities. We recognize that certain components contained in chemicals used for raw materials, painting, and industrial mold maintenance may release VOCs, which contribute to photochemical oxidants. In FY2024, VOC emissions derived from polyacetal—one of our raw materials—totaled 10.7 kg.

*VOC: Volatile Organic Compounds



The former resin building at the Moka Plant

Water Use Management

The Piolax Group monitors water intake data for each water source. The total water intake for FY2024 was 243,000 m³, a decrease of 17% from the previous fiscal year.

The percentage of water intake from third-party water sources and renewable groundwater is approximately 50% each. Since FY2023, we have been assessing water abstraction associated with the Piolax supply chain. In FY2024, total withdrawal amounted to 43,000 m³.

Additionally, the water intake data of the Piolax Group has been subject to third-party verification to assess its validity since FY2023.

Water Withdrawal



Scope: Piolax Group

Water Risks

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

According to the Aqueduct, our production base in India is in an area with extremely high water stress. Its water intake is limited to industrial water supplied by the industrial park. In FY 2024, it took 2,040 m³ of water, accounting for only 0.007 % of the state government's water allocation for the region. This impact was negligible.

Overseas, we have identified significant river flood risks at our production bases in India and Indonesia. Accordingly, we have assessed the distance and elevation difference from the nearest rivers. In Japan, the hazard maps indicate risks at the Fuji Plant, which faces the banks of the Fuji River.

We have begun using the Water Security Compass (beta 1.1) * adding an impact index and score based on water intake and water stress indicators. Taking recent extreme weather events into account, we are strengthening measures to address our water-related risks.

* Source: Global Water Security Compass (Global Edition) provided by the "Global Water Cycle Society Collaboration Course" at the University of Tokyo (URL: <https://water-sc.diasjip.net>, accessed on July 22, 2025)



Efforts for Environmental Conservation

Results of Water Risk Assessment at Production Bases

		Aqueduct Ver.4.0		Water Security Compass beta1.1		Hazard maps
		Water stress	River flood risks	Impact index	Impact score	Estimation of maximum flood depth
Japan	Head Office, Technical Center	M-H	L-M	—	—	0.5-3m
	Moka Plant	M-H	L	0.75	1	No data
	Fuji Plant	M-H	L-M	0.11	4	5-10m
	Piolax Medical Devices	M-H	L-M	0.05	7	No data
	Piolax Kyushu	L-M	M-H	0.02	12	No data
	Piolax H.F.S.	M-H	L	0.05	8	No data
	P.N.S.	L-M	L-M	0.01	13	Below 0.5m
US		H	L	0.02	11	
UK		L	L	0.00	15	
Mexico		H	M-H	0.03	9	
China	Dongguan	L	M-H	0.14	3	
	Wuhan	L	H	0.00	16	
Korea	Head Office / Songdo Plant	M-H	L-M	0.06	6	
	Namdong Plant	M-H	L-M	0.00	14	
Thailand		H	L-M	0.15	2	
Indonesia		H	EH	0.07	5	
India		EH	EH	0.03	10	

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

Efforts to Prevent Water Pollution

— Proper Wastewater Treatment (Moka Plant)

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

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

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



Moka Plant: biological denitrification wastewater treatment

➤ Environmental Data (P.59)

Management of Environmentally Hazardous Substances

Initiatives to Reduce Environmental Impact of Chemical Substances

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

Efforts to Prevent Water Pollution

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



Biodiversity

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

Biodiversity Risk Assessment

Our Group recognizes the environmental impact of its business activities on the surrounding communities as a significant issue and is working to assess their impact on biodiversity. We evaluate biodiversity risks within a 50-km radius of all production sites in Japan and overseas, as well as at our Head Office and Technical Center (in total, 17 sites across 9 countries). This evaluation uses the Integrated Biodiversity Assessment Tool (IBAT*). IBAT draws on four primary data layers:

- **IUCN Red List of Threatened Species™:** Distribution of species classified as CR (Critically Endangered), EN (Endangered), or VU (Vulnerable)
- **Protected Planet (World Database on Protected Areas):** UNESCO World Heritage sites, Ramsar wetlands, and UNESCO MAB (Man and the Biosphere Programme) areas
- **KBA (Key Biodiversity Areas):** Sites of global importance for biodiversity
- **STAR (Species Threat Abatement and Restoration) Metric:** Indicators for species threat reduction and recovery

Using these data, we assess the risks and impacts that our operations may have on biodiversity at each site and as needed, link the findings to appropriate conservation activities.

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

Biodiversity Impact Study of Areas Surrounding Our Business Sites

		IUCN Red List of Threatened Species			Protected Planet			KBA		STAR	
		CR	EN	VU	World Heritage	Ramsar	MAB	AZE	OTHER	STAR-T	STAR-R
Japan	Head Office, Yokohama Technical Center	12	98	70	0	2	0	1	7	0.00	0.15
	Moka Plant	2	8	15	0	2	0	1	12	0.02	0.38
	Fuji Plant	11	100	75	0	0	1	0	5	0.11	0.01
	Piolax Medical Devices	12	98	70	0	1	0	1	7	0.00	0.41
	Piolax Kyushu	12	88	76	0	0	0	0	5	0.00	0.03
	Piolax H.F.S.	1	7	19	0	1	2	1	3	0.06	0.05
	P.N.S.	0	11	19	0	0	0	0	6	0.14	0.04
US		4	17	27	0	0	0	0	0	0.06	0.01
UK		10	17	66	0	5	0	0	6	0.00	0.00
Mexico		4	11	25	0	0	1	1	0	0.01	0.01
China	Dongguan	29	94	95	0	1	0	1	4	0.07	0.14
	Wuhan	3	7	21	0	1	0	0	1	0.00	0.08
Korea	Head Office / Songdo Plant	6	42	53	0	3	0	0	11	0.36	0.01
	Namdong Plant	6	41	54	0	3	1	0	12	0.21	0.10
Thailand		30	162	108	0	0	0	0	0	0.00	0.18
Indonesia		26	252	123	0	0	0	0	4	0.00	1.24
India		27	51	74	0	0	0	0	2	0.00	0.02

IUCN: International Union for Conservation of Nature, CR: Critically Endangered, EN: Endangered, VU: Vulnerable
 Protected Planet (Protected Areas) World Heritage: UNESCO World Heritage Sites, Ramsar: Ramsar Wetlands, MAB: UNESCO Man and the Biosphere Programme
 KBA (Key Biodiversity Areas) AZE: Alliance for Zero Extinction sites,
 OTHER: important areas not formally recognized under international criteria but essential for flexible and inclusive biodiversity conservation
 STAR (Species Threat Abatement and Restoration) Threat Abatement: reducing threats, Restoration: species recovery

Activities

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



Respect for Human Rights

Piolax Human Rights Policy

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

We update the Piolax Human Rights Policy as needed according to social demands and changes in laws and regulations. Every revision is promptly communicated to all our group companies. We are committed to respecting human rights globally to promote proper working environments.

Additionally, this Policy is a key topic in our compliance training programs, ensuring thorough awareness and adherence.

[Piolax Human Rights Policy](#)

Piolax Human Rights Policy (excerpt)

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

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

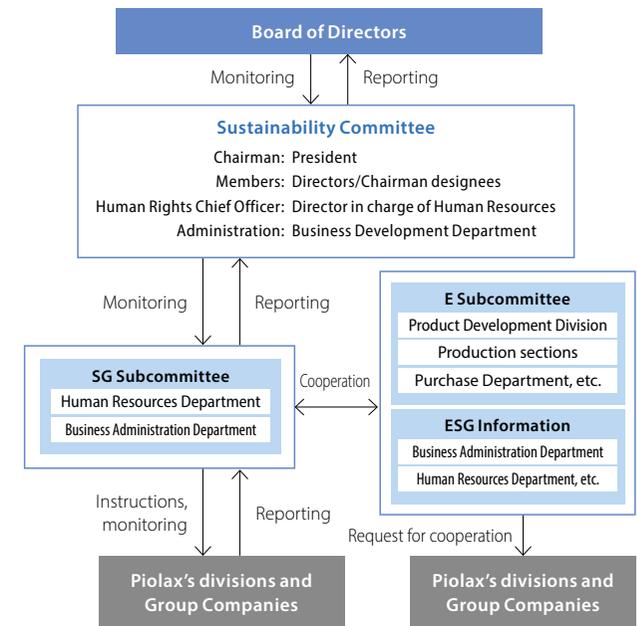
1. Commitment to Respect Human Rights
2. Scope
3. Governance
4. Human Rights Due Diligence
5. Redress
6. Engagement with Stakeholders
7. Education
8. Disclosure

Human Rights Promotion System

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

Discussions held by the Sustainability Committee and the SG Subcommittee are reported to the Board of Directors as necessary.

Human Rights Promotion System





Respect for Human Rights

Human Rights Due Diligence

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

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

Major Initiatives for Human Rights

Prevention of Child Labor

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

Prevention of Forced Labor

Our Fuji plant accepts foreign TITP interns from Indonesia with the expectation that they will eventually work as full-time employees at our Group's plant in Indonesia.

To prevent any human rights violations against these interns, we ensure that employment contracts are based on mutually agreed working conditions, that fair wages are paid, and that the Company does not retain the interns' official identification documents.

Respect for Human Rights in the Supply Chain

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

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

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

Business Partner CSR Guidelines

Raising Awareness on Human Rights

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

Human Rights Awareness Activities

Activity	Target	Details	Number of participants
Familiarization with the Human Rights Policy	All Group employees*	Inform employees of every revision of the Human Rights Policy.	2,969 people
Distribution of the Piolax Group Harassment Guidebook	Group employees in Japan	Distribute the Guidebook and read it in each department.	664 people

* The participants include part-timers, contract employees, temporary workers, etc.

Remediation and Redress of Human Rights Violations

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

Any employee found to have committed a human rights violation is subject to a stern warning or sanction by the Disciplinary Committee.

The reporting system is available in eight languages for use by overseas employees.

Compliance Whistle-Blowing System (P.57)



Supply Chain Management

Piolax Group Procurement Policies

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

Piolax Group Procurement Policies

In dealings with its all business partners, 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 business partners aiming for mutual prosperity.

1. Conduct fair and open transactions

The Piolax Group provides fair and open opportunities to its business partners based on the principle of free competition.

2. Build mutual trust with business partners

The Piolax Group establishes trust relationships with its business partners and strives for mutual development.

3. Operate CSR procurement

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

Established: July 28, 2021

Revised: June 9, 2025

Business Partner CSR Guidelines

In 2021, our Group established the Supplier CSR Guidelines to promote sustainable procurement activities considering environmental and social impacts. We inform our product and material suppliers of these guidelines, request their compliance, and require them to submit a signed agreement to this effect. The collection rate of agreements in FY2024 was 92%. Since 2025, the guidelines have been renamed the Business Partner CSR Guidelines, and their scope has been expanded to cover all business partners.

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

 [Business Partner CSR Guidelines](#)

Green Procurement Guidelines

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

 [Green Procurement Guidelines](#)

Framework for Promoting CSR Procurement

Our CSR procurement is overseen by the President, who holds responsibility for the entire Group. Decisions are made by the Sustainability Committee and are reported, as appropriate, to the Management Committee and the Board of Directors. Within the company, the Purchase Department and the General and Legal Affairs Group of the Business Administration Department serve as the main responsible units.

To ensure compliance with laws and regulations related to procurement and other transactions, we appointed a compliance coordinator in each department starting in FY2025.

We also provide annual training for the compliance coordinators and relevant departments. The training covers key topics such as the Subcontract Act, personal data protection, anti-bribery, and the prevention of anti-competitive practices. The aim is to ensure full compliance throughout all related transactions.



Supply Chain Management

Overview of Suppliers and Related Departments

An overview of our suppliers as of the end of August 2025 is presented below. For most resin-related contract manufacturers, we purchase the raw resin materials and supply them on a paid basis, whereas metal-related contract manufacturers procure their materials directly. We also survey our second- and third-tier suppliers through questionnaires, enabling us to identify and manage them within our own system.

	Main items procured	Number of companies*1	Regions and percentage*2	Related department
Raw material suppliers	Resin, metal	Approx. 71	Japan (80%) Asia (8%) Europe (8%) North America (3%)	Material Group, Purchase Department
Contract manufacturers	Assemblies manufactured to our specifications	Approx. 77	Japan (86%) Asia (7%) Europe (5%) North America (2%)	Purchase Group, Purchase Department
Other business partners		Approx. 940	Japan (100%)	Business Administration Department

*1 Suppliers with at least one transaction in the past year

*2 Based on the location of each supplier's headquarters

Identification of Critical Suppliers

We identify suppliers that are essential for maintaining our business operations. Among them, we work to strengthen partnerships with our contract manufacturers, who are members of our Kappatsu Kyoryokukai (Active Partnership Association). We currently have 22 critical suppliers, accounting for approximately 80% of our total purchasing volume.

Requirements for All Suppliers

- **Financial soundness:** Evaluation of stability, profitability, and growth based on each company's financial statements
- **QCD* performance:** Assessment of compliance with specifications, quality assurance systems, cost competitiveness, and on-time delivery
- **Environmental considerations:** Execution of a basic agreement that includes clauses related to environmental responsibility
- **Compliance with CSR Procurement Guidelines:** Signing of a letter of agreement to the CSR Procurement Guidelines

Criteria for Identifying Critical Suppliers

- **Continuity of transactions:** Suppliers with whom we maintain ongoing, long-term business relationships
- **Major procurement share:** Suppliers with a large share of total purchasing volume
- **Uniqueness of products:** Cases where suppliers are limited due to the need for components with advanced technical capabilities

*QCD: Quality, Cost, and Delivery—three key indicators used to evaluate suppliers

Supplier Questionnaire on Carbon Neutrality

Based on the results of our CO₂ emissions survey, we held a briefing session on energy-saving measures for carbon neutrality. The session focused on suppliers that together account for 80% of our purchased-goods CO₂ emissions.

In FY2025, we are also conducting a self-assessment survey with each supplier to quantitatively evaluate their progress of carbon neutrality initiatives. This allows us to understand the level of implementation.

Briefing session topics	<ul style="list-style-type: none"> ● Rationale behind our carbon-neutral initiatives ● Results of the CO₂ emissions survey for product suppliers ● Key points for reducing CO₂ through energy-saving measures ● Introduction of energy-saving items ● Methods for measuring electricity consumption ● Overview of energy-saving diagnostics
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Training for the Purchase Department

We ask our suppliers to understand and agree to our CSR Guidelines. To support this, we provide training for new employees in the Purchase Department on the importance of CSR procurement, our procurement policies, the CSR Guidelines, and our basic contract terms. The participation rate in FY2025 was 100%.

We hold annual study sessions on the Subcontract Act with the Purchase Department staff as well as training on credit management practices specific to the department.



Supply Chain Management

Efforts in Cooperation with Suppliers

Supplier Meetings

Each year, we hold an Annual Policy Meeting and First Half Review Meeting with our product and material suppliers. These meetings serve as a platform for discussing our business policies, procurement policies, and quality lectures, thereby facilitating dialogue on the annual activity plans and medium-term progress. This helps strengthen our mutual trust.

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

To calculate the carbon footprint (CFP) of our products, it is essential to ascertain the CO₂ emissions generated during raw-material production. Accordingly, we are consistently requesting CO₂ emissions data from material manufacturers. In FY2025, we are primarily focusing on improving the disclosure rate for resin materials.

FY2024 Annual Policy Meeting	<p>Number of participating companies: 58</p> <p>Topics: Business policies, trends in the automotive industry, annual policies of the Purchase Department, quality lectures, award presentations, carbon-neutral initiatives, and creating a safe workplace</p>
FY2024 First Half Review Meeting	<p>Number of participating companies: 51</p> <p>Topics: First-half business performance, key updates, compliance with ELV regulations, mid-year report on Purchase Department policies, quality lectures, initiatives to respect human rights, carbon-neutral initiatives, and occupational accidents</p>

Quantifying and Reducing Suppliers' CO₂ Emissions

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

In FY2024, based on the results of our survey of CO₂ emissions from suppliers, our representatives from the Purchase Department, the Facility Maintenance Section, and the LCA Promotion Group of the Product Development Division visited some suppliers with the highest emission levels. They provided on-site advice on energy-saving points and alternative energy-saving items.

We are continuing these efforts in FY2025, too. By September, we already visited two companies.

Cooperation with Suppliers to Handle Environmental Regulations

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

We conduct surveys on the environmentally hazardous substances related to supplied materials and components to ensure that all our products do not contain any hazardous substances prohibited by law or against customer requirements.

The survey results are reported to our customers in a timely fashion through the International Material Data System (IMDS)*.

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

Initiatives on Conflict Minerals in the Supply Chain

We conduct an annual survey on conflict minerals with our suppliers as part of our commitment to responsible mineral sourcing.

[Survey Overview]

1. Scope of Survey

Conflict minerals as defined under the Dodd-Frank Act, as well as extended minerals requested by our customers (natural mica, copper, natural graphite, lithium, and nickel).

2. Survey Method

Each supplier is asked to complete the CMRT*¹ and EMRT*² templates.

3. Supplier Engagement

We share our Business Partner CSR Guidelines and provide human-rights training during our purchase policy briefings.

4. Industry Collaboration

We obtain information through JAMA*³ and JEITA*⁴ and work to improve our survey methods and overall initiatives.

To improve transparency and uphold human rights throughout the supply chain, we will continue to reinforce our efforts to avoid minerals linked to conflict or other human-rights risks.

*1 CMRT (Conflict Minerals Reporting Template): A standardized template for collecting and reporting information on conflict minerals

*2 EMRT (Extended Minerals Reporting Template): An expanded reporting template for responsible mineral sourcing

*3 JAMA (Japan Automobile Manufacturers Association, Inc.)

*4 JEITA (Japan Electronics and Information Technology Industries Association)



Human Assets

Basic Human Assets Policy

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

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

Basic Human Assets Policy of Piolax Group

The Piolax Group considers its employees to be the company's important managerial resources and unmatched assets, so as to refer to them as human assets rather than human resources. Aligned with its purpose statement, "Connect people and society with technology for an exciting future," 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.

Established: October 1, 2022

Revised: September 1, 2025

Human Asset Education System

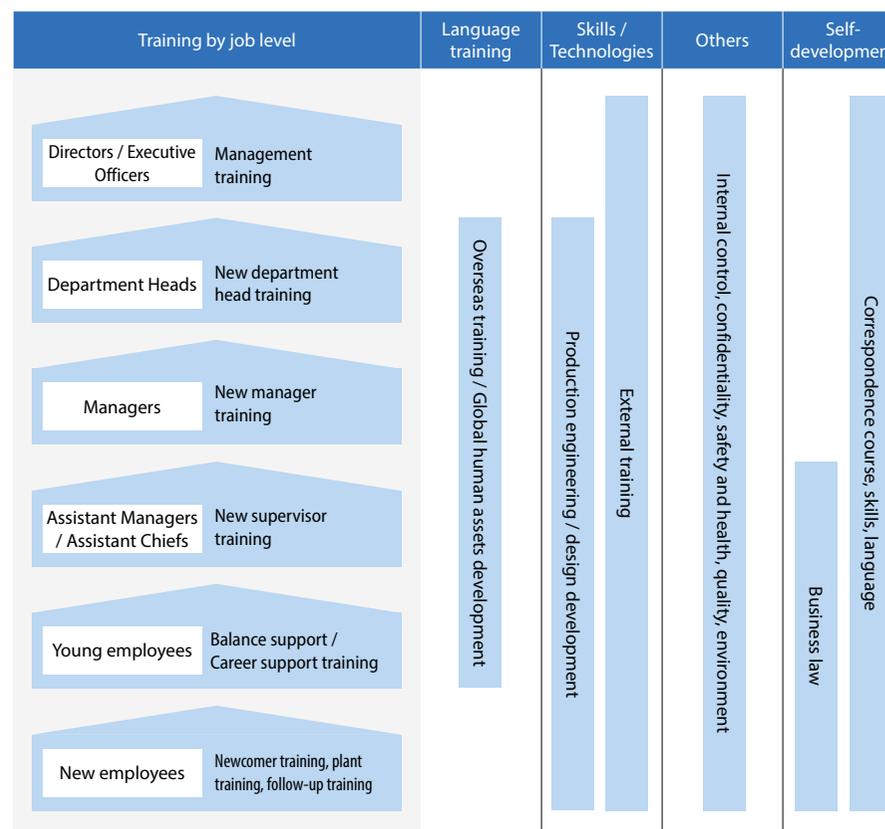
We help each employee develop their abilities and enhance their knowledge and skills while fostering talent that can contribute to society. Specifically, in addition to rank-based training according to job positions, we provide language education and other programs to develop global human assets capable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

business environment.

Our goal for FY2024 was to improve our education system and quality. We expanded rank-based education. For example, we introduced training programs for young employees in their fourth year with the company.

The average training time per employee in FY2024 was 2.43 hours.

Education System



Education system

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

Training by job level

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

Language training

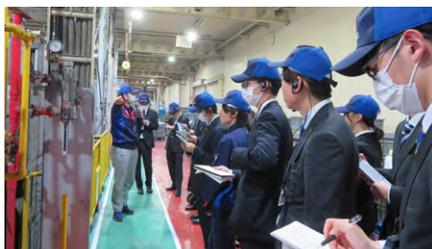
Conversation programs of English and other languages to enhance language skills necessary for Piolax's global expansion. Those who wish can continue to receive language training after their overseas assignment. We provide opportunities for new employees to take the TOEIC test.

Other training

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



Human Assets



Plant training

Global Human Assets Development

We are committed to developing global human assets as a crucial foundation for promoting our global business expansion.

In addition to language education, we train employees to naturally accept the perspectives and values of their colleagues working in different countries by actively facilitating employee transfers between Japan and overseas bases. Frequent meetings with overseas bases also serve as a conducive environment for cross-cultural understanding in their daily lives.

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

Fair Evaluation System

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

Each year, our management team conducts 360-degree multifaceted evaluations to objectively review, analyze, and enhance their day-to-day management skills. In personnel assessments, we objectively and fairly evaluate each employee's performance and

achievements, providing appropriate rewards and positions based on these evaluations. This process also contributes to the development and effective use of employees' skills.

Conducting Employee Engagement Surveys

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

Formulating Human Asset Development Plans

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

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

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

Employment and Labor Relations

Fair Pay

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

We comply with the laws and regulations of each region when determining employee compensation. In Japan, we conduct regular checks to ensure compliance with minimum wage requirements and to confirm that no violations have occurred.

We are implementing initiatives and reviewing systems to reflect social conditions, including inflation allowances for employees of our Group companies in Japan.

Wage Disparities between Male and Female Employees*1 (FY2024)

(Unit: %)

Training name	Wage disparities between male and female employees
Regular employees*2*3	79.9
Non-regular employees	46.8
Total	66.3

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

The total wages include bonuses and non-standard wages.

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

*3 The wage disparity between male and female regular employees in Piolax's management positions is 98.8%.

Enhanced Employee Benefits

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

One of our employee benefits is an employee stock ownership plan to support the long-term asset formation of our employees. Starting in FY2023, the company's contribution to the stock ownership plan increased from 3% to 10%.



Human Assets

Labor-Management Relations

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

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

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

[➤ Employee Data \(P.61\)](#)



Promotion of Diversity

Policy

Because we believe that enabling everyone to leverage their unique traits and abilities contributes to both corporate growth and personal happiness, we do not tolerate discrimination based on race, ethnicity, nationality, religion, gender, or any other characteristics in any employment situation in the Piolax Group. We actively promote diversity initiatives to create a workplace where diverse human assets respect each other as valued partners and thrive together.

Diversity Promotion Framework

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

Promoting Women's Participation

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

As part of its efforts to "promote diversity," we received the highest Eruboshi rank (three stars) in FY2021 as an excellent company certification based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace.



Our goal in FY2024 was to increase the percentage of women in management positions compared to the previous fiscal year. The results are shown in the table below.

Data on Women's Participation

	FY2022	FY2023	FY2024	
Percentage of female employees hired (%)	24.5	22.2	27.3	
Percentage of female employees (%)	19.6	20.0	20.8	
Percentage of women in management positions (%)	3.8	5.2	6.3	
Percentage of women in director positions (%)	20.0	20.0	22.2	
Average years of service	Men	15.2	16.0	15.7
	Women	17.6	17.7	16.9

Scope: PIOLAX, INC.

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

Our goal for FY2025 is to increase the proportion of women in management positions compared to the previous fiscal year. In the medium to long term, we aim to increase the proportion of female managers to 20% by 2030.

Active Engagement of Non-Japanese Employees

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

As of the end of FY2024, we have 10 non-Japanese employees.

Our goal for FY2024 was to hire more foreign nationals than in the previous fiscal year, and we hired one.

Local Employment

Our Group places emphasis on local employment and conducts hiring in the countries and regions where we operate. At our overseas locations, a total of 1,984 locally hired employees are currently working with us.

Employment of People with Disabilities

Our target for the employment rate of people with disabilities in FY2024 was set above the statutory requirement, and the result was 2.5%. We will continue to actively recruit people with disabilities to improve their employment opportunities.

Data on Employment of People with Disabilities

(Unit: %)

	FY2022	FY2023	FY2024
Employment rate of people with disabilities	2.37	2.34	2.50

Scope: PIOLAX, INC.

Activities of Senior Human Assets

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



Work-Life Balance

Policy

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

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

Support Systems for Diverse Work Styles

As part of our efforts to enhance work-life balance, we extended the coverage of our childcare support system—from previously up to the third grade of elementary school—to the sixth grade.

We have also introduced a telecommuting system, allowing employees to work from home up to two days a week. These systems are revised and improved to reflect current trends.

As a result of these initiatives, in November 2023, we obtained the Kurumin Certification, from the Ministry of Health, Labour and Welfare, which recognizes us as a company that supports parenting.

During the review period for certification, we set and met the goals to 1) promote paternity leave for male employees, 2) reduce overtime, and 3) expand internship opportunities. These efforts were highly commended.



Systems for Work-Life Balance

Item	Contents
No-overtime days	Every Wednesday and Friday
Paid leave reserve	Up to 5 days per year from unused paid holidays (up to 30 days in total)
Anniversary leave	Twice a year on anniversaries
Refreshment leave	3 consecutive days off once a year
Telecommuting	Up to 2 days per week upon application and permit
Childcare support	- Up to 3 hours less per day from the date of birth to the 6th grade - Childcare leave up to 2 years old
Condition survey	4 times a year The survey and analysis are conducted under management themes selected based on the results of the previous year's stress checks (engagement, mental health, and lifestyle habits).
Health maintenance and promotion	A system that visualizes trends and changes over time in health checkups and medical examinations has been introduced.

Scope: PIOLAX, INC.

Reducing Long Working Hours

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

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

In FY2024, the average overtime was 13.7 hours, a 9.9% decrease from FY2023.

Promoting the Use of Paid Leave

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

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

In FY2024, our paid leave utilization rate was 75%, achieving our goal.

In addition, starting in 2025, we introduced a planned annual leave system. The aim is to support employee health and improve work-life balance by creating a workplace environment where paid leave can be taken more easily.



Work-Life Balance

Childcare and Family Care Support Systems

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

Promoting Childcare Leave

We promote childcare leave for both male and female employees. Our target is for the male childcare leave utilization rate to exceed the previous year's results (60% in FY2023). To achieve this, we are proactively making necessary changes to comply with the revised Childcare and Family Care Leave Act and reminding supervisors of the importance of this initiative.

In FY2024, the childcare leave utilization rate for male employees was 50%, falling short of the target.

Return-to-Work Rate After Childcare Leave

In FY2024, our return-to-work rate after childcare leave remains as high as 100%. We work to create a supportive environment for employees returning to work after having a baby. For example, we have their supervisors stay in touch with them to address their concerns about juggling childcare and work.

Short- to Long-Term Family Care Leave

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

In FY2024, long-term and short-term family care leave were taken by one employee each, respectively.

Overview of Short- to Long-Term Family Care Leave

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

Scope: PIOLAX, INC.



Health Management

Health Management Declaration

Piolax considers promoting physical and mental health of all employees as one of the most important management issues and established the “Health Management Declaration” in June 2021, expanding the scope of the declaration to all domestic subsidiaries in September 2022.

Employees are valuable assets to the company. We will actively engage in health management so that each and every employee can continue to work vigorously and in good health, both physically and mentally.

Piolax Group Health Management Declaration

To achieve sustainable growth and development, Piolax places top priority on promoting employees’ physical and mental health and maintaining a healthy work-life balance.

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

1. Publicly announce 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.

Established: September 1, 2022
Revised: December 1, 2025

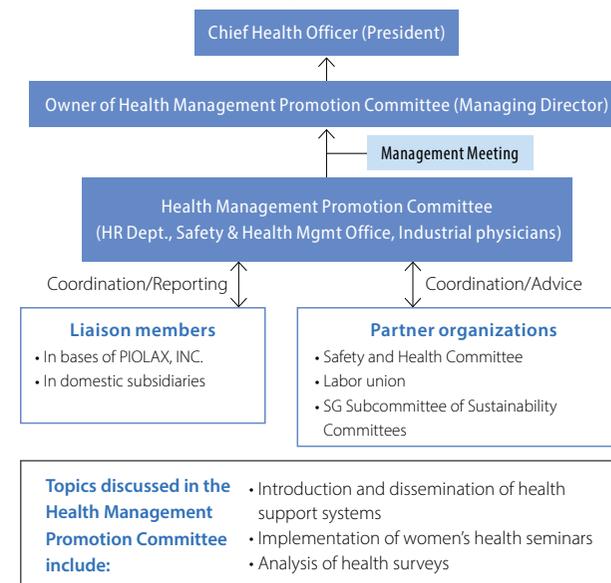
Health Management Promotion System

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

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

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

Organization for Health Management Promotion





Health Management

Periodic Health Checkups

To monitor employees' health status and facilitate early detection and treatment of disease, we conduct annual health checkups, as well as special health checkups depending on the nature of the job duties, as required by law.

We also have a subsidy system for out-of-pocket examination costs, such as various cancer screenings. Additionally, employees with abnormal findings or those who are interested can see an industrial physician for advice.

In FY2025, 99% of employees at Piolax and its subsidiaries in Japan underwent periodic health checkups.

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

Mental Health Measures

In addition to the annual statutory stress check, we regularly conduct a pulse survey (a simplified stress check) for our employees, including those at our domestic subsidiaries, to monitor their work performance decline due to mental and physical health issues (presenteeism), job satisfaction (work engagement), and eNPS (attachment to the company) at a near real-time frequency.

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

Certified as an Excellent Health Management Corporation

As a result of our proactive efforts in health management, we obtained a certification of "Excellent Health Management Corporation 2022" (large corporation division) in March 2022, which was renewed to include our domestic subsidiaries in March 2025.

Health Management Data

(Unit: %)

	FY2022	FY2023	FY2024
Smoking rate	31.4	26.8	26.8
Regular health checkup rate	99.8	99.1	99.0
Specified health checkup rate	95.9	99.5	Calculating
Healthy weight maintenance rate	64.3	63.8	64.7
Regular exercise rate	19.2	23.8	25.5

Scope: PIOLAX, INC. (coverage rate 100%)





Occupational Safety and Health

Approach to Safety and Health

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

We have established the PIOLAX Safety and Health Policy as a guiding principle for conducting our business activities to ensure a safe and comfortable workplace free from occupational accidents, traffic accidents, and occupational diseases.

Additionally, we request our suppliers and business partners to prioritize the safety and health of their employees and prevent accidents and disasters, as outlined in our Business Partner CSR Guidelines.

Occupational Safety and Health Policy

Basic policy

The Piolax Group recognizes its responsibility for occupational safety and health, including physical and mental wellness of all employees and individuals involved in its corporate activities. We will put top priority on safety, strive to prevent occupational accidents and diseases, and provide a safe and healthy work environment.

Slogan

Create a workplace where safety and health are maintained

Action Guidelines

1. We will establish, develop, and maintain an occupational safety and health management system, and continuously improve it through the PDCA cycle to prevent occupational accidents.
2. We will identify hazards in the workplace, take measures to eliminate them and reduce risks, and strive to prevent accidents and disasters.
3. We will comply with laws, regulations, other requirements to which we agree, and internal rules concerning occupational safety and health.
4. We will respect discussions with employees and their representatives, grasp their physical and mental health through daily communication in the workplace, and strive to identify potential problems to promote health management.
5. We will regularly conduct education and training on occupational safety and health to acquire the latest knowledge, improve skills, and foster a safety mindset.

March 27, 2025

Satoshi Yamada, President

Occupational Safety and Health System

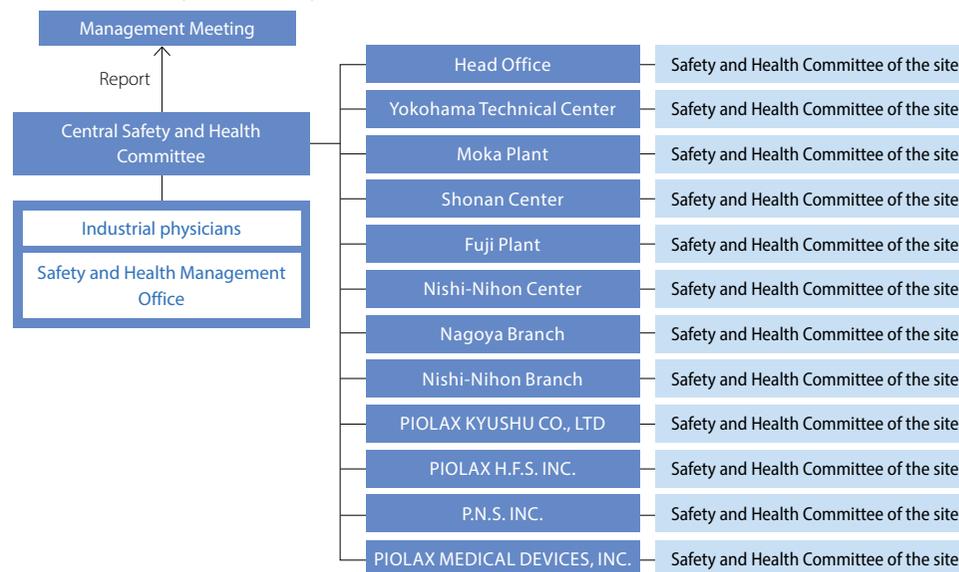
We operate our own occupational safety and health system based on Japan's safety-related laws and guidelines. The Central Safety and Health Committee collaborates with the safety and health committees at each site of the domestic group companies, with monthly deliberations reported to the Management Meeting.

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

The committees share information and advance actions on occupational accidents and related countermeasures worldwide. They also review the implementation of risk assessments to prevent such incidents and address required measures arising from legal amendments.

By establishing compliance requirements under the Safety and Health Management Regulations and sharing related information, we aim to ensure employees' safety and well-being in the workplace, while promoting smoother operations and improved productivity.

Occupational Safety and Health System (As of April 1, 2025)





Occupational Safety and Health

Assessment for Occupational Safety and Health

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

Each year, approximately 600 business locations and plants in Japan, including those of our domestic group companies, are subject to risk assessments. Findings are reported to the biannual Central Safety and Health Committee meetings.

From FY2024, we began surveying risk assessment implementation at our overseas group companies. Identified risks are systematically addressed with mitigation and countermeasures to prevent occupational accidents.

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

Examples of Identified Risks and Countermeasures

Identified risks	Countermeasures
The signage for high-voltage equipment is deteriorating. (Risk of accidental approach and contact)	Updating safety signage
The fork section of the electric lift for transporting molds has an uneven surface. (Molds may topple due to lack of stability.)	Installing a steel plate on the fork section so that the unevenness is eliminated and molds are placed stably.

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

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

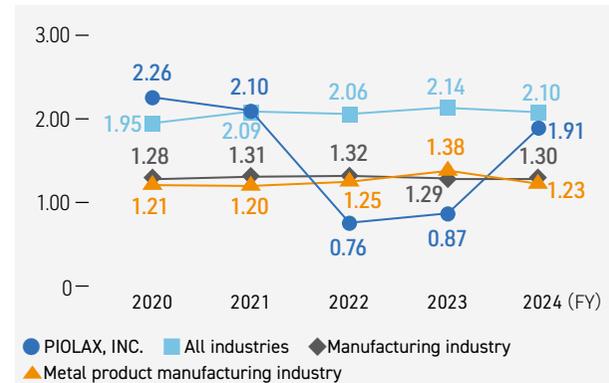
In FY2024, 38 occupational accidents occurred (13 more than the previous year), with zero serious cases. We will continue to reinforce training for all employees, including external contractors, to ensure strict adherence to work procedures and the proper use of protective equipment.

Work-related Accidents

	FY2020	FY2021	FY2022	FY2023	FY2024
Serious accidents *1 (cases)	0	0	0	0	0
Fatal accidents *1 (cases)	0	0	0	0	0
Occupational accidents *1 (cases)	11	19	22	25	38
Lost workdays *2 (days)	39	131	33	0	182
Total working hours *2 (hours)	1,329,475	1,427,293	1,314,931	1,320,077	6,289,679

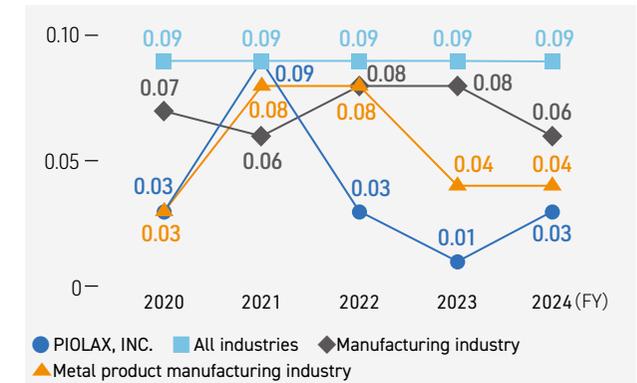
*1 Scope: Piolax Group (coverage rate 100%)
 *2 Scope: FY2020-FY2023: PIOLAX, INC. (Coverage rate 20%)
 FY2024: Piolax Group (Coverage rate 100%)

Trends in Rate of Lost-Worktime Injuries



Scope: FY2020-FY2022: PIOLAX, INC. (Coverage rate 20%)
 FY2023-2024: Piolax Group (Coverage rate 100%)
 Rate of lost-worktime injuries = Number of employees absent due to labor accidents ÷ Total working hours × 1,000,000

Trends in Accident Severity Rate



Scope: FY2020-FY2022: PIOLAX, INC. (Coverage rate 20%)
 FY2023-2024: Piolax Group (Coverage rate 100%)
 Accident severity rate = Total lost working days ÷ Total working hours × 1,000



Occupational Safety and Health

Principal Initiatives

— Heatstroke Prevention

Each summer, we implement measures to prevent heatstroke in the workplace. In FY2025, in line with the mandatory requirements for heat-stroke prevention, we installed WBGT meters in designated work areas. We also established systems for recording temperature and humidity, monitoring worker health, and providing first aid, including clarifying the medical facilities to which workers would be transported.

Additionally, we stock oral rehydration solutions and cold packs. Generators are prepared in case of power outages, which would stop air conditioners and other electrical equipment. For employees working in high temperature plant environments, we supply fan equipped work belts and have established rules requiring scheduled cooling breaks in air conditioned rest areas.

— Automation of Resin Material Transport

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

— Emergency Drill

Each of our business bases conducts at least one emergency drill a year, simulating scenarios such as earthquakes and fires.

In FY2024, the Fuji Plant conducted its first nighttime disaster-response drill, simulating an evacuation at night. The drill also simulated scenarios such as a power outage or the absence of on-site managers during night-shift operations. In response, we reviewed and updated the nighttime emergency communication system and replaced emergency lighting.

In conjunction with the drills, the internal fire-fighting team at each base conducts fire-fighting training. Emergency resuscitation training

using Automated External Defibrillators (AEDs) installed at all bases in Japan has also been implemented. During emergencies, our AEDs are available for nearby residents.



Emergency drill



Nighttime emergency drill

Provision of Protective Equipment

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

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

Safety and Health Education in the Plants

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

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

For mid-career hires and seconded workers, safety education is provided on their first day of assignment to the plant. We work to enhance safety awareness by having them watch instructional videos and explain the reasoning behind their answers to safety related Q&A.

— Forklift Safety Education in the Plants

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

Training on Occupational Health and Safety

Type of training	Target audience	Number of participants	Total training hours
In-plant safety and health training	All new employees and plant assignees	225	186 hours
Forklift safety training	Forklift operators (including subcontractor personnel)	102	75 hours

Safety Awareness Activities

To promote fundamental safety behaviors and prevent workplace accidents, we display banners and posters featuring the safety slogan "Poketenashi (Keep pockets empty for safety)" at our sites. We also feature the slogan on the company's internal website.

In addition, at plants and other facilities, we reinforce safety awareness through daily morning meetings where employees recite safety pledges together.

— Automobile Safety Training and Safety Device Measures

Since FY2014, we have held annual traffic safety education sessions with external instructors from police departments and insurance companies to prevent accidents. In FY2024, as in the previous year, we conducted automobile safety education through video streaming, including our subsidiaries in Japan.

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



Quality and Product Safety

Piolax Global Quality Policy

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

Basic policy

Deliver quality of the greatest satisfaction to customers.

Action guidelines

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

1. Meet customer needs by achieving robust design.
2. Build high quality process to secure design quality.
3. Enforce 5S and create a clean and safe work environment.
4. Making 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.

Quality Management System

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

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

Piolax Domestic Quality Assurance System



International Standard Certifications for Quality Management Systems

Since obtaining the QS 9000 certification in 2001, we have been continuously acquiring international quality standard certifications, including ISO 9001 and ISO/TS 16949. In 2017, we obtained IATF 16949:2016. As of the end of March 2025, our 10 overseas subsidiary sites have obtained IATF 16949:2016 certification.

As for our manufacturing subsidiaries in Japan, Piolax Kyushu, Piolax HFS, and PNS have obtained ISO 9001:2015 certifications. Piolax Medical Devices has acquired an ISO 13485:2016 certification for medical device quality management systems.

Organization with International Certifications

Establishment of Quality Control Standards

The Quality Assurance Division provides our suppliers with the Quality Evaluation Standards for Suppliers, which reflects the IATF 16949:2016 standard requirements to clarify our quality control standards.

We also operate a certification system for our suppliers' inspectors involved in the final shipment inspections to enhance product assurance.

Key Initiatives for Quality Improvement

Global Quality Meeting

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

Global Engineering Standards and Engineering Standard Committee

In 2006, we established the Piolax Engineering Standard (P-ES) to build and document technical know-how. To date, we have developed a total of 153 standards.

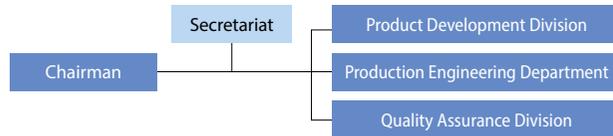
To ensure accurate sharing of evolving technologies across the Group, the Engineering Standard Committee was established. The committee is chaired by the Senior General Manager of the Product Development Division and consists of representatives from various technical departments. It conducts annual reviews, including the development of new standards.

By ensuring that all engineers, including those at overseas subsidiaries, refer to the latest standards, we maintain consistent quality globally.



Quality and Product Safety

Piolax Engineering Standard Committee



Education for Next-Generation Engineers

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

In FY2024, 12 sessions were provided in both in-person and online formats, with a total of approximately 900 participants from Japan and overseas. The total number of course hours was approximately 3,000.



Design training



Production and Quality Improvement Activities

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

In this activity, employees report on improvements and production management at their sites. The Chief Quality Officer, the Deputy Quality Officer, and the responsible Director review these reports, and their timely and appropriate feedback boosts employee motivation.

This activity has now expanded to domestic and overseas subsidiaries, which is improving their capabilities and quality.



Improvement progress reporting



Improvement status reporting on-site

Global Production Meeting

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

improvement methods, and conducting injection molding skill tests.

Supplier Engagement

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

In FY2024, the Annual Policy Meeting was held online in April, with 58 suppliers participating, and the First Half Review Meeting online in December, with 57 suppliers participating.

As part of improvement activities, we organized the fourth “Yamabiko Activity Report Meeting” online in November 2024 for the Kappatsu Cooperative Association, and 22 member companies of the association joined.

The Kappatsu Cooperative Association consists of Piolax and its suppliers. They exchange information and conduct training sessions for mutual development and friendship. The name of the association “Kappatsu” is derived from the abbreviation of our former company name “Kato Hatsujo.” (“Kappatsu” also means “active” in Japanese)

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



Quality and Product Safety

Product Safety Assurance

Handling Product Defects

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

When defects are identified in a customer's process, we verify the actual issues on-site and investigate the root cause. After that, we discuss the effectiveness of countermeasures with experts and apply similar measures to related products and processes.

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

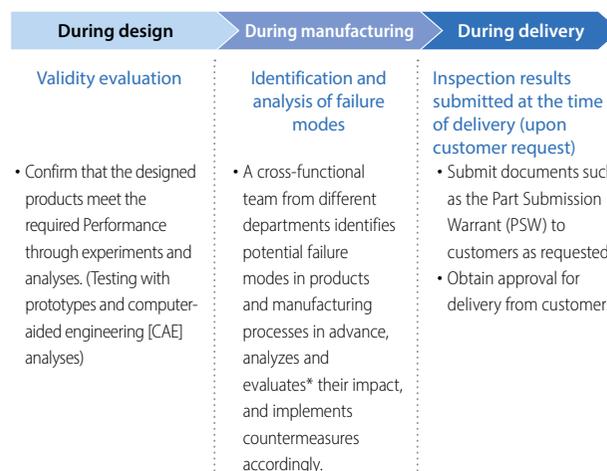
Management of Chemical Substances in Products

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

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

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

Product Safety Process



* Design FMEA (Failure Mode and Effects Analysis) is conducted at the drawing review stage, while Process FMEA is performed at the manufacturing process review stage. Both types of FMEA are addressed by cross-functional teams that include various departments.

Design FMEA is to predict potential product defects (failure modes), analyze their impact and causes, and implement countermeasures into the product. Process FMEA is to predict potential process defects (failure modes), analyze their impact and causes, and implement countermeasures into the process (molds, equipment, and work methods).



Contribution to Society

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

Environmental Conservation

Piolax Forest

Head office

We have supported and donated to the Reforestation Partnership Program of Kanagawa Prefecture, where our Head Office is located. The donation is used for forest conservation activities. In addition, we have obtained the naming rights to an 11.6-hectare forest area near Lake Tanzawa in the same prefecture, naming it "Piolax Forest."



Cleaning Activities

Our Group companies continue to carry out regular cleaning activities at each site. These activities not only help beautify the surrounding areas but also serve as opportunities for interaction with local governments and community residents.



Local cleanup (China)



Local cleanup (Piolax Kyushu)

Participation in the WHA Industrial Estate Tree-Planting Activity

Thailand

Our Thai subsidiary took part in the tree-planting initiative "Let's Zero Together," organized by the industrial estate where it is located. Ten employees from our Thai subsidiary joined more than 500 participants from 70 companies within the estate. Together, they planted a total of 15,165 native trees across approximately 8.5 hectares, imitating a natural forest. The site is expected to increase CO₂ absorption by roughly 140 tons per year.



Tree-planting activity (Thailand)

Nurturing the Next Generation

Opportunities for Work Experience

Piolax Medical Devices

To support children's social participation and deeper learning, we took part in the Yokohama City-organized "Children's Adventure College." Our theme was "Surgical tools are full of clever ideas—let's touch and experience the instruments doctors use in surgery!" The children eagerly tried operating medical devices, focusing intently as they learned while developing a stronger interest in the medical field.



Work-experience activities



Contribution to Society

Welfare Activities

Contributions to Local Communities Through Donations for Children

As part of our efforts to coexist with the local community, we are supporting children who are living in single-parent households and child-welfare facilities.

Visit to a Children's Welfare Facility

Mexico

Our Mexican subsidiary donated food and clothing to children living in a local child-welfare facility. The team also deepened engagement with the children through recreational activities and games.



Recreational activities

Donation of School Supplies

United States

Our US subsidiary donated 12 backpacks filled with school supplies, including writing materials, to our community partner, the nonprofit organization MUST Ministries. Through educational support, we aim to expand future opportunities for children.



Donated backpacks filled with school supplies (US)

Donations to Single-Parent Households

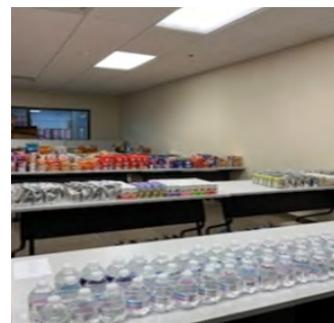
Indonesia

Our Indonesian subsidiary donated daily necessities to children from single-parent households in the surrounding community during the post-Ramadan festivities. This initiative helps ease the financial burden on local families.

Participation in a Summer Lunch Program

United States

Our US subsidiary provided food assistance to children who have limited access to meals during the school summer break. Using funds collected through internal donations, we supplied meal kits—including five days' worth of breakfast, lunch, and snacks—to 150 children in FY2024.



Lunch program (US)



Governance

Corporate Governance

Basic Approach to Corporate Governance

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

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

Corporate Governance System

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

Furthermore, we recognize that addressing sustainability is a critical management issue. We have a Sustainability Committee, chaired by the President, which meets four times a year. We also have

our own Sustainability Policy. This committee, primarily composed of Directors, reviews policies, sets targets, and monitors progress related to sustainability and ESG management. Specific measures are discussed in this committee, then reviewed by the Management Meeting, and finally decided by the Board of Directors.

[Sustainability Policy](#)

History of Corporate Governance

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

Board of Directors

The Board of Directors meets, in principle, once a month to make decisions on important management policies, management objectives, management strategies, and other matters. The Board is presided by the President. As of June 24, 2025, it consists of nine Directors, four of whom are Outside Directors.

Audit and Supervisory Committee

This committee audits duty execution by Directors and overall management of group companies. It is chaired by the committee head. As of June 24, 2025, it consists of three Directors (one full-time Director and two part-time Outside Directors).

Nominating and Compensation Advisory Committee

This committee is set up as a voluntary advisory body to the Board of Directors with a view to making fair decisions on selection and dismissal of Directors and their compensation. The committee is chaired by an Independent Outside Director. As of June 24, 2025, it consists of six Directors, including four Outside Directors.

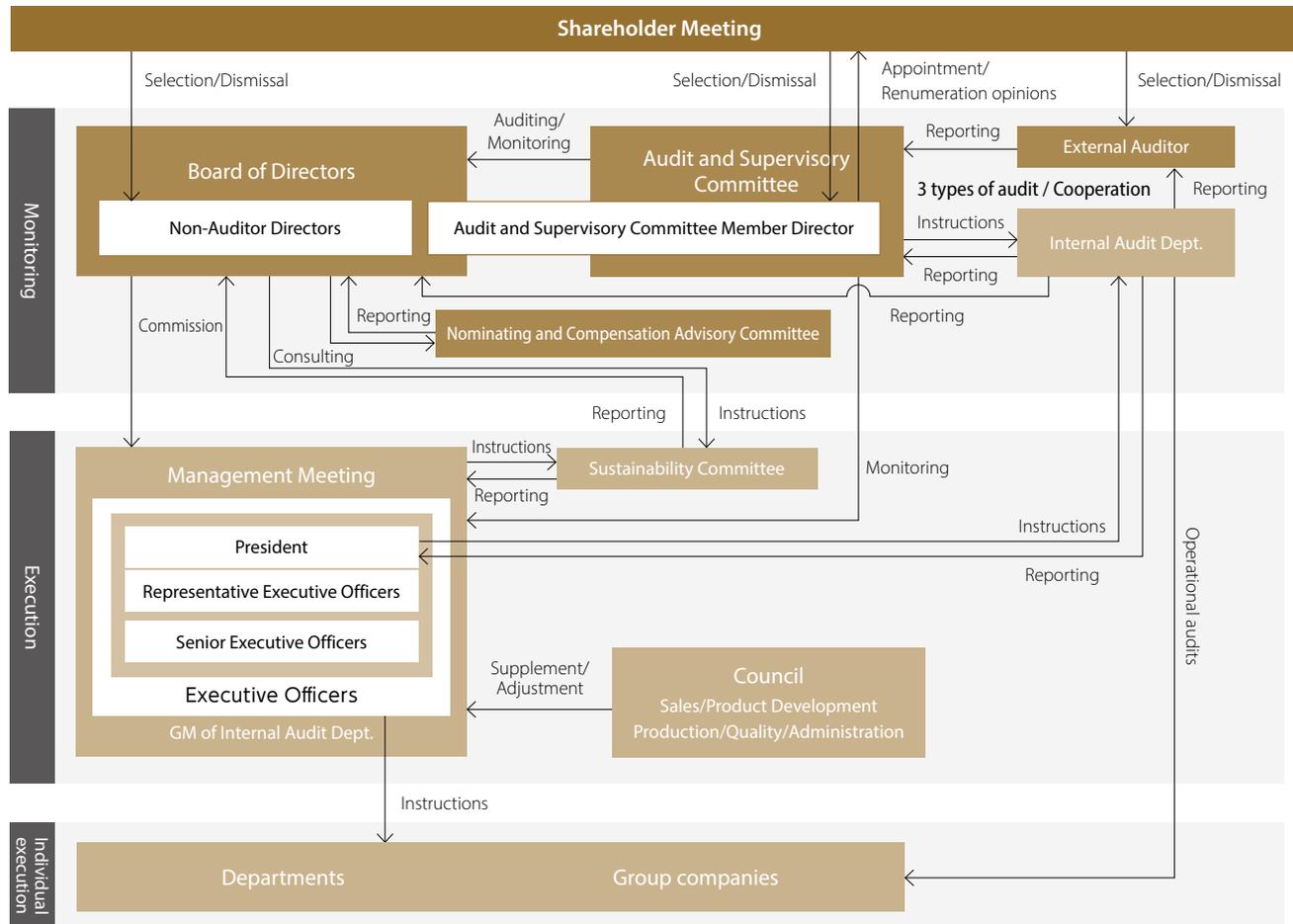
Management Meeting

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



Corporate Governance

Corporate Governance System (as of June 24, 2025)



Corporate Governance Overview (as of June 24, 2025)

Form of institutional design	Company with Audit and Supervisory Committee
Number of Directors who are not Audit and Supervisory Committee Members (Number of Independent Outside Directors)	6 people (2)
Number of Directors who are Audit and Supervisory Committee Members (Number of Independent Outside Directors)	3 people (2)
Total number of Directors (Number of Independent Outside Directors)	9 people (4)
Ratio of Independent Outside Directors	44%
Ratio of Female Directors	22%
Ratio of Independent Outside Directors in the Nominating and Compensation Advisory Committee	67%
Ratio of Female Executive Officers	13%
Ratio of Foreign Executive Officers	7%
Term of office of Directors who are not Audit and Supervisory Committee Members	1 year
Term of office of Directors who are Audit and Supervisory Committee Members	2 years
Adoption of executive officer system	Yes
Accounting Auditor	Ernst & Young ShinNihon LLC



Corporate Governance

Directors and Their Activities

Position	Name	Sex	Term of office (At the end of the GSM in June 2025)	Attendance (FY2024)		
				Board of Directors	Audit and Supervisory Committee	Nominating and Compensation Advisory Committee
President / Chairman of the Board of Directors / Chairman of the Management Meeting	Satoshi Yamada	Male	1 year	17/17	—	—
Chairman	Yukihiko Shimazu	Male	20 years	21/21	—	—
Managing Director	Masaaki Kaji	Male	3 years	21/21	—	—
Managing Director	Shigeru Masuda	Male	4 years and 10 months	21/21	—	—
Director / Chairman of the Nominating and Compensation Advisory Committee	Hiroyuki Ochiai Outside, Independent	Male	3 year	21/21	—	11/11
Director	Makiko Akabane Outside, Independent	Female	3 year	20/21	—	11/11
Director / Full-time Audit and Supervisory Committee Member / Chairman of the Audit and Supervisory Committee	Genichi Ishikawa	Male	3 year	21/21	13/13	11/11
Director / Audit and Supervisory Committee Member	Sakae Komiyama Outside, Independent	Female	4 years and 10 months	21/21	13/13	11/11
Director / Audit and Supervisory Committee Member	Tetsu Hirowatari Outside, Independent	Male	1 year	17/17	7/7	8/8

Director Skill Matrix (as of June 24, 2025)

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	Satoshi Yamada	●		●				●		●	●
Chairman	Yukihiko Shimazu	●	●					●	●		●
Managing Director	Masaaki Kaji	●				●		●		●	
Managing Director	Shigeru Masuda			●	●					●	
Outside Director	Hiroyuki Ochiai	●			●			●	●		
Outside Director	Makiko Akabane	●							●		
Director / Full-time Audit and Supervisory Committee Member	Genichi Ishikawa	●				●		●			
Director / Audit and Supervisory Committee Member	Sakae Komiyama					●					
Director / Audit and Supervisory Committee Member	Tetsu Hirowatari						●				



Corporate Governance

Implementation of Corporate Governance Measures

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

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

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

Evaluation of the Effectiveness of the Board of Directors

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

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

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

Internal Control System

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

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

 [Corporate Governance Report](#)

 [Basic Policy on Internal Control System, Basic Policy for Internal Control System concerning Financial Reporting](#)

Policy and Procedures for Determining Executive Compensation

The total amount of compensation for Directors is determined at the General Meeting of Shareholders. Individual compensation is set in accordance with our Executive Compensation Policy, taking into account each Director's position, responsibilities, and performance, as well as the Company's business results and operating environment.

Compensation for Executive Directors consists of three components: base compensation, cash bonuses as short-term incentives, and performance-linked stock compensation as long-term incentives. Only base compensation is paid to Outside Directors and Directors serving on the Audit and Supervisory Committee.

Base compensation and bonuses are determined at and reported to the Board of Directors following deliberation by the Nomination and Compensation Advisory Committee, chaired by an Outside Director.

Stock compensation linked to stock value is granted in accordance with our Executive Compensation Policy and based on annual resolutions of the Board. The performance-linked stock compensation program as long-term incentives are also introduced for Executive Officers.



Risk Management

Basic Approach to Risk Management

Piolax works to prevent possible risks in its business activities. In the event of a risk, we strive to minimize the impact on our business and company.

Risk Management System

In response to the increasingly diversified risks, we established a risk-management framework centered on the Management Meeting in April 2025. The Management Meeting reviews Group-wide risk management, gains a comprehensive understanding of the Group's risk profile, and regularly confirms the status of countermeasures.

The Director in charge of administration serves as the Chief Risk Management Officer and oversees risk management across the Group. The Board of Directors receives regular reports on risks and related responses, and provides oversight and advice.

The Sustainability Committee identifies risks and opportunities related to sustainability, including climate change. It also implements countermeasures based on materiality assessments and monitors progress.



Risk Management

The Management Meeting identifies risks across the Group, selects high-priority risks, appoint risk owners for those key risks, and monitors the status of risk-response measures. Each department, subsidiary, committee, and other governance body implement measures to prevent or mitigate losses in accordance with internal rules and manuals.

Principal Risks and Countermeasures

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

Information Security System

We vigorously protect our information assets against the risk of confidential information leaks by taking fundamental and effective measures in accordance with our Guidelines for Prevention of

Confidential Information Outflow. Based on these guidelines, we are improving our information security and confidential information management system to ensure the proper management of company information.

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

Personal Information Management System

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

Business Continuity Plan (BCP)

Preparation for Disaster Risks

To prepare for unforeseen events such as large-scale disasters or infectious-disease outbreaks, we have established a Business Continuity Plan (BCP) and maintain systems for safety confirmation, emergency communication, and stockpiled supplies.

We also conduct company-wide drills on an ongoing basis to strengthen our ability to respond and recover quickly.

Disaster Response

We distribute a Disaster Response Manual to all employees to ensure the safety of employees and their families during emergencies.

For suppliers, we have introduced an automatic safety-confirmation email system that enables rapid information gathering and helps minimize the impact on business operations.



Compliance

Basic Approach to Compliance

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

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

Piolax Code of Conduct

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

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

Piolax Code of Conduct

Compliance System

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

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

Internal Audits to Ensure Compliance

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

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

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

Whistleblower System

To quickly detect and address compliance issues, we have established

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

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

In FY2024, we received nine reports through the whistleblowing system. For cases in which violations were confirmed, we implemented corrective measures and preventive measures, including improvements to procedures, revisions to rules, and enhanced communication of these changes. The number of reports and the nature of the consultations were reported to the Board of Directors.

Overview of the Whistleblower Hotline

Category	Applicable to	Means/ Languages	Issues to be handled
Third party hotline (via attorney)	Employees and former employees of group companies	Online or by phone / 8 languages (Japanese, English, Chinese, and others)	Violation of laws, regulations, or internal rules, or misconduct <ul style="list-style-type: none"> • Bribery • Accounting or tax fraud • Quality-related irregularities • Information leaks • Events related to working environment, including occupational safety • Environmental pollution or chemical regulation violations • Events related to human rights violations (forced labor, child labor, discrimination, harassment, etc.)
Internal hotline	Piolax employees	By email or by phone / Japanese	Human rights violations resulting from harassment
Contact for external inquiries	Anyone, including customers and suppliers	By email / Japanese, English	General inquiries including compliance



Compliance

Prevention of Anti-Competitive Conduct

Basic Concept

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

Principal Initiatives

As a Group, we have established and are implementing the Global Policy for Preventing Anti-Competitive Practices and the Global Management Rules for Preventing Anti-Competitive Practices.

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

In FY2024, there were zero cases where legal action was taken for anti-competitive conduct or violations of antitrust laws within our Group.

Global Policy for Preventing Anti-Competitive Practices

Prevention of Corruption and Bribery

Basic Concept

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

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

Global Policy for Preventing Bribery

Principal Initiatives

We have established a system to prevent corruption throughout the Group in accordance with the Global Management Rules for Preventing Bribery.

These rules specify prohibitions on certain activities in the duties of group officers and employees, procedures for gifts, hospitality, invitations, donations, and receiving from business partners, as well as whistleblower obligations and obligations to cooperate in investigations. When officers and employees of the Group give or receive gifts, hospitality, invitations, or any other benefits, prior approval is required, and monetary thresholds are set. Compliance with these rules is subject to internal audits.

In FY2024, there were zero cases where legal action was taken for bribery or other corrupt activities within our Group.

Details of Compliance Education (FY2024-FY2025)

	Target	Content and purpose	Total training hours	Number of participants	Participation rate
Compliance workshops	All group officers and employees in Japan	<ul style="list-style-type: none"> • Piolax Group Code of Conduct (training based on the Code of Conduct Guidebook) • Piolax Human Rights Policy • Anti-Bribery • Personal Information Protection 	938 hours	1,104 people	86%
Compliance workshops at overseas bases	Officers and employees at overseas bases	<ul style="list-style-type: none"> • Piolax Group Code of Conduct (training based on the Code of Conduct Guidebook) • Piolax Human Rights Policy 	466 hours	1,865 people	92%
Compliance workshops	All group officers and employees in Japan	<ul style="list-style-type: none"> • Anti-Bribery (including follow-up) • Prevention of Anti-Competitive Practices 	677 hours	781 people	93%
Compliance workshops for top management	Executive and other officers in the group	Compliance training for senior management	30 hours	15 people	100%
Workshops for harassment prevention	All group officers and employees in Japan	Training based on the harassment prevention handbook	332 hours	664 people	75%

Incompliance

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

Compliance Education

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

Compliance Training Achievements*

	FY2022	FY2023	FY2024
Number of participants	1,870 people	1,456 people	2,969 people
Participation rate	—	—	89%
Total training hours	493 hours	364 hours	1,404 hours

* Including temporary employees



Data

Scope

Entities covered by this report		Coverage ratio based on sales	
Group companies in Japan	PIOLAX, INC.	33%	45%
	6 consolidated companies (subsidiaries) in Japan	12%	
Group companies overseas	10 overseas consolidated companies	55%	
Piolax Group		100%	

[▶ Details of Group Companies \(P.7\)](#)

Environmental Data

Activities toward Carbon Neutrality

		Unit	Scope	FY2019(BM)	FY2021	FY2022	FY2023	FY2024	
Energy use	Direct energy	MWh	Piolax Group	—	16,098	15,889	16,987	14,369	
	Indirect energy (electricity)			—	79,422	76,593	82,593	79,723	
	Renewable energy (Solar power generation)			—	1,285	1,182	1,381	3,195	
GHG emissions	Total of Scope 1 and 2*1		t-CO ₂	44,772	43,703	39,261	27,749	25,632	
	Scope 1*2	Energy-origin emissions	t-CO ₂	Piolax Group	2,756	3,008	3,064	3,118	2,167
		Non energy-origin emissions			—	—	15	373	710
	Scope 2*3	Location-based	t-CO ₂	Piolax Group	45,016	40,676	34,707	37,800	35,410
		Market-based			42,016	40,695	36,182	24,258	22,755

*1 Market-based calculation

*2 Scope 1: GHG emissions directly emitted by the Piolax Group's corporate activities, as defined by the GHG Protocol. Since FY2022, data from non-energy sources has been included in the calculation. The emission factors for FY2024 were calculated based on the GHG Emissions Calculation and Reporting Manual (Ver 6.0) and the Act on the Rational Use of Energy. Non energy-origin GHG emissions: HFC and CO₂ generated during the manufacturing process.

*3 Scope 2: GHG emissions indirectly emitted by the Piolax Group's corporate activities, as defined by the GHG Protocol. For indirect emissions from electricity, we have adopted the market-based approach.

FY2024 emission factor in Japan: Calculated using emission factors by electricity suppliers (for calculating GHG emissions of specific emitters). The FY2024 result is based on the Ministry of the Environment and the Ministry of Economy, Trade and Industry's publication on March 18, 2026, and adjusted emission factors by contracted electricity suppliers.

FY2024 emission factor overseas: Calculated using the latest emission factors confirmed in each country. For regions where obtaining these factors is difficult, the location-based approach is used (IGES, carbon footprint, 中华人民共和国生态环境部 政府信息公开 环办气候函[2023]43, Thailand Greenhouse Gas Management Organization Emission Factor).



Data

Activities toward Carbon Neutrality

		Unit	Scope	FY2023	FY2024
GHG emissions	Scope 3*4	t-CO ₂	Piolax Group	131,047	137,005
	Category 1	t-CO ₂	Piolax Group	104,478	109,059
	Category 2			19,546	21,558
	Category 3			97	277
	Category 4		Piolax Group	1,332	1,134
	Category 5			1,459	352
	Category 6			127	386
	Category 7			443	1,524
	Category 8		Contract warehouses for production plants in Japan	731	622
	Category 9		Group companies in Japan	2,834	2,093
	Category 10		-	NA	NA
	Category 11		-	NA	NA
	Category 12		-	NA	NA
	Category 13		-	NA	NA
	Category 14		-	NA	NA
Category 15	-		NA	NA	

*4 Scope 3: The basic guidelines for calculating GHG emissions through the supply chain (ver. 2.7) are referred to.
For emission factors in Japan, the emissions basic unit database (ver. 3.5) provided by the Ministry of the Environment for calculating an organization's GHG emissions through the supply chain, is referred to.
LCI database IDEAv2 (for calculating GHG emissions from the supply chain) is also referred to.

Efforts for Environmental Conservation

		Unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Raw material purchases	Resin materials	t	Piolax Group	-	-	-	14,032	12,996
	Metal materials	t	Piolax Group	-	-	-	10,247	10,197
Waste emissions	Total waste emissions	t	Group companies in Japan	2,212	2,200	2,169	2,211	2,183
	Recycling rate	%	Group companies in Japan	82	80	80	81	83
Water withdrawal		thousand m ³	Piolax Group	302	299	299	293	243
		thousand m ³	Piolax supply chain*	-	-	-	-	43
VOC emissions		kg	Piolax Group	-	-	-	-	10.7

* Scope 3 Category 1 (Purchased Goods and Services suppliers)



Data

Social Data

Employee Data

	Unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024	
Number of employees*1*2	Persons	PIOLAX Group	2,952	2,852	2,824	2,883	2,895	
Non-consolidated	Persons	PIOLAX, INC.	575	592	586	584	607	
			Men	471	480	475	461	481
			Women	104	112	111	123	126
Domestic consolidated subsidiaries	Persons	Group companies in Japan	937	953	941	923	911	
			Men	-	-	-	-	700
			Women	-	-	-	-	211
Overseas consolidated subsidiaries	Persons	Group companies overseas	2,017	1,899	1,883	1,960	1,984	
			Men	-	-	-	-	1,019
			Women	-	-	-	-	965
Average age	Age	PIOLAX, INC.	40.9	40.9	40.9	41.1	42.2	
	Men	Age	PIOLAX, INC.	40.7	40.7	40.7	40.9	42.0
	Women	Age	PIOLAX, INC.	41.7	41.9	42.0	42.2	42.9
Average years of service	Year	PIOLAX, INC.	15.6	15.9	15.9	16.3	15.9	
	Men	Year	PIOLAX, INC.	15.1	15.6	15.2	16.0	15.7
	Women	Year	PIOLAX, INC.	17.6	17.6	17.6	17.7	16.9
Retention rate (3rd year new graduates)	%	PIOLAX, INC.	80.0	60.9	70.8	92.0	98.0	
New graduate hires	Persons	PIOLAX, INC.	24	22	22	22	12	
	Men	Persons	PIOLAX, INC.	16	16	17	17	8
	Women	Persons	PIOLAX, INC.	8	6	5	5	4
Mid-career hires	Persons	PIOLAX, INC.	14	8	6	5	10	
	Men	Persons	PIOLAX, INC.	11	4	5	4	8
	Women	Persons	PIOLAX, INC.	3	4	1	1	2

	Unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Foreign employees	Persons	PIOLAX, INC.	10	12	13	11	9
Men	Persons	PIOLAX, INC.	6	8	9	8	8
			Women	4	4	4	3
Average annual salary*3	1,000 yen	PIOLAX, INC.	5,484	5,894	5,881	6,087	6,275
Average overtime per employee	Hours per month	PIOLAX, INC.	6.3	12.9	13.0	15.2	13.7
Number of union members	Persons	PIOLAX, INC.	451	462	482	460	497
Rate of union members	%	PIOLAX, INC.	100	100	100	100	100

*1 The number of employees is the number of people gainfully employed (excluding officers, advisors and loaned employees from the company to the outside and including loaned employees from the outside to the company) and does not include temporary employees (contract employees, employees on a short-term contract and part-timers).
 *2 The number of employees on a consolidated basis is the number of people gainfully employed (excluding loaned employees from the Piolax Group to the outside and including loaned employees from the outside to the Piolax Group) and does not include temporary employees (contract employees, employees on a short-term contract and part-timers).
 *3 The average annual salary includes bonuses and extra wages.



Data

Promotion of Diversity

	Unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Wage disparities between male and female employee*4	%	PIOLAX, INC.	-	-	66.0	67.2	66.3
Regular employees*5*6	%	PIOLAX, INC.	-	-	79.1	81.0	79.9
Non-regular employees	%	PIOLAX, INC.	-	-	51.1	51.2	46.8
Employment of people with disabilities	%	PIOLAX, INC.	2.00	2.24	2.37	2.34	2.50
Number of employees taking childcare leave	Persons	PIOLAX, INC.	5	12	17	8	8
Men	Persons	PIOLAX, INC.	0	2	10	6	6
Women	Persons	PIOLAX, INC.	5	10	7	2	2
Rate of employees taking childcare leave	%	PIOLAX, INC.	-	-	-	-	57
Men	%	PIOLAX, INC.	0.0	18.2	55.6	60.0	50.0
Women	%	PIOLAX, INC.	100	100	100	100	100
Number of employees maternity leave	Persons	PIOLAX, INC.	3	5	0	4	2
Management positions	Number of women	Persons	4	5	5	8	9
	Percentage of women	%	2.8	3.5	3.8	5.2	6.3
	Number of women	Persons	-	-	-	-	339
	Percentage of women	%	-	-	-	-	62
Director positions	Number of women	Persons	1	1	2	2	2
	Percentage of women	%	11.1	11.1	20.0	20.0	22.2
Percentage of female employees hired	%	PIOLAX, INC.	28.9	33.3	24.5	22.2	27.3
Percentage of female employees	%	PIOLAX, INC.	18.1	18.8	19.6	20.0	20.8

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

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

The total wages include bonuses and non-standard wages.

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

*6 The wage disparity between male and female regular employees in Piolax's management positions is 98.8% (FY2024).

Health Management

	Unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
General health checkups	%	Group companies in Japan	99.9	99.8	99.8	99.1	99.0

Occupational Safety and Health

	Unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Serious accidents	Cases	PIOLAX, INC.	0	0	0	0	0
		Piolax Group	0	0	0	0	0
Work-related accidents	Cases	PIOLAX, INC.	3	7	8	6	17
		Piolax Group	11	19	22	25	38
Number of days lost	Days	PIOLAX, INC.	39	131	33	0	65
		Piolax Group	-	-	-	96	182
Rate of lostworktime injuries*7	-	PIOLAX, INC.	2.26	2.10	0.76	0.00	5.26
		Piolax Group	-	-	-	0.87	1.91
Accident severity rate*8	-	PIOLAX, INC.	0.03	0.09	0.03	0.00	0.05
		Piolax Group	-	-	-	0.014	0.029

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

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

Supply Chain Management

	Unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Number of supplier meeting participants							
Annual Policy Meeting	Companies	PIOLAX, INC.	Cancelled due to COVID-19	59	58	54	58
First Half Review Meeting			Cancelled due to COVID-19	58	58	57	57



Contact regarding this report

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