



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





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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.

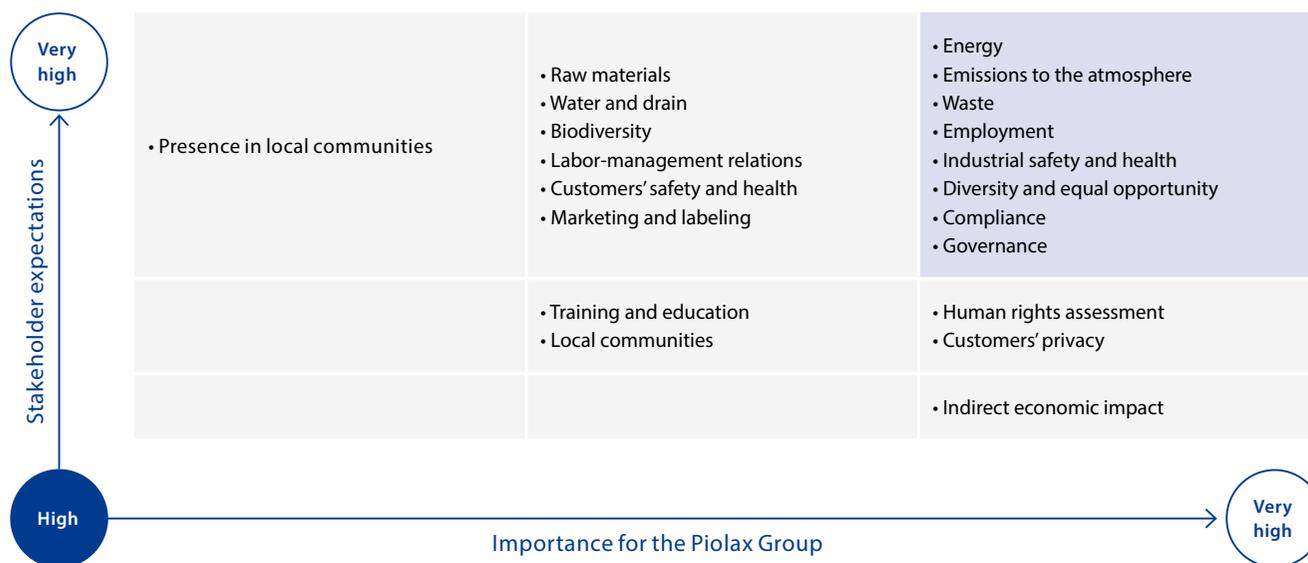
Materiality

— 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.



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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.



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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.



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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	
		Risk management	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	
			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	

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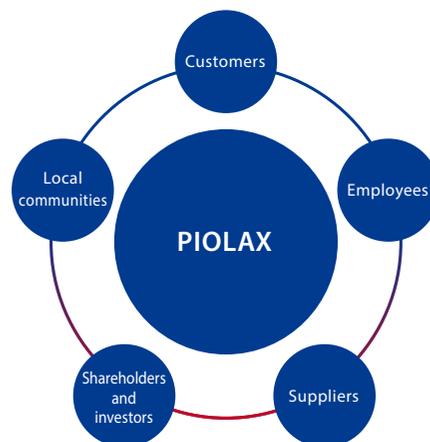
*The number of attendees includes part-time employees, contract employees, temporary staff, etc.



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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.

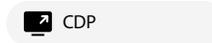


Stakeholders	Our responsibilities and challenges	Main communication measures		Application to Business Activities	
Customers	Provide safe, secure, and reliable products through improved partnerships	<ul style="list-style-type: none"> Daily sales operations Quality assurance support 	<ul style="list-style-type: 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.

