



Passion in Creating Tomorrow

Editorial Policy • Contents • Reporting System • Reference Guidelines

Sustainability Data Book 2024 Editorial Policy

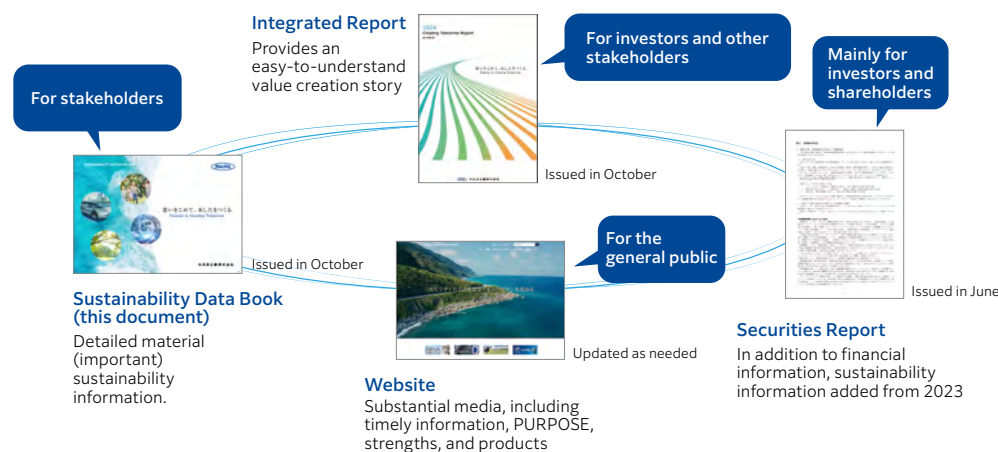
The Pacific Industrial Group has been publishing Sustainability Reports (formerly CSR Reports) since 2007 to promote and enhance dialogue with more of our stakeholders so as to build a sustainable society.

From 2023, we are publishing the “Integrated Report” (Creating Tomorrow Report) to convey our value creation story to investors and others in an easy-to-understand manner, starting with our Group’s PURPOSE.

In addition, based on our responsibility to disclose sustainability information to a wide range of stakeholders and in response to requests from ESG evaluation organizations and others, we are disclosing sustainability information in a Sustainability Data Book (this report) based on materiality and in reference to the GRI Guidelines.

We will create a sustainable tomorrow by promoting management that takes into accounts the impact on stakeholders, a factor that is becoming increasingly important on a global level, and by continuing to disclose the results of these efforts.

Reporting System



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Media Information

- **Period covered** : April 1, 2023 to March 31, 2024 (Issued annually. Some information may only be correct at the time of publication)
- **Scope** : The Pacific Industrial Group
(In principle, the company and its consolidated subsidiaries. If disclosed data goes beyond this, its scope is stated separately.)
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- **Publishing department** : Corporate Planning Department, Pacific Industrial Co., Ltd.
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Guidelines used as reference:

GRI Standards, ISO 26000, TCFD (Task Force on Climate Related Financial Disclosures) Recommendations: Final Report, SASB Standards (For reference, icons are provided at relevant locations, including partial disclosures.)

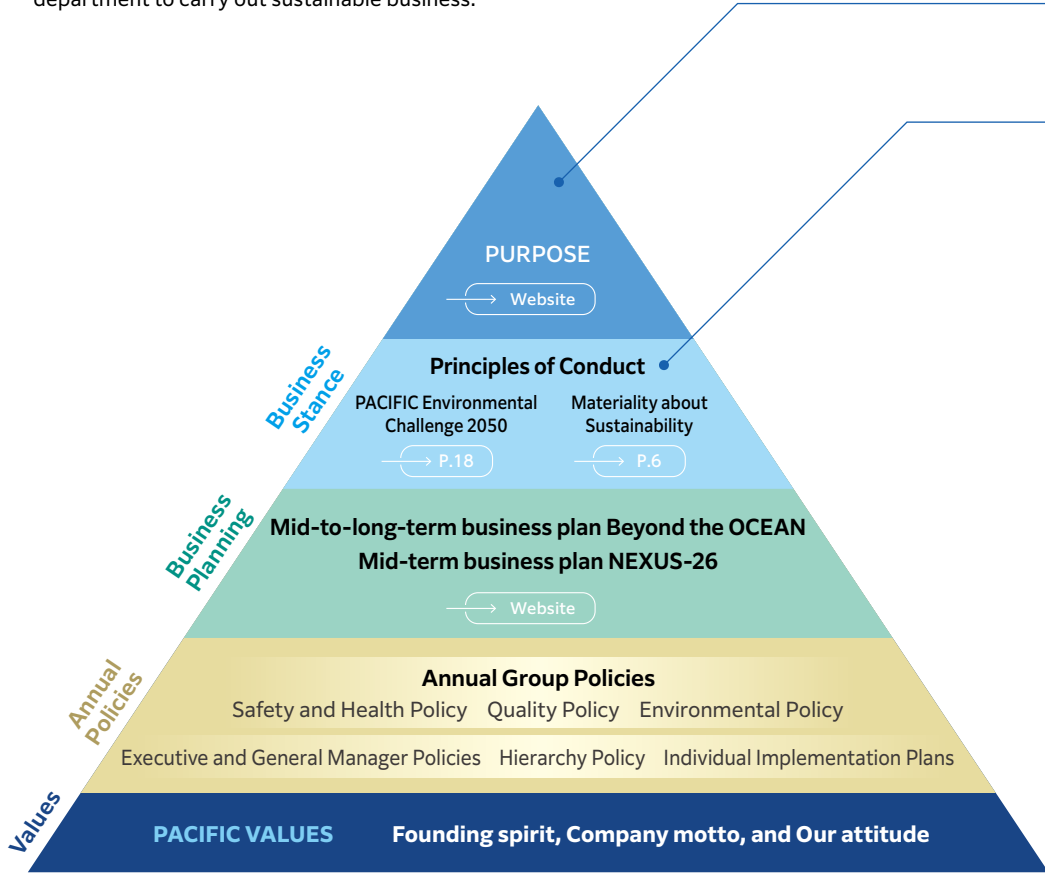
Notes on outlook

This report contains forward-looking statements, including strategies, plans, targets, and other projections made based on currently available information. These forward-looking statements are subject to risks, uncertainties, and other factors that could cause actual results to differ materially from those discussed in the forward-looking statements. Accordingly, there are no guarantees that the forward-looking statements contained in this report will prove to be accurate.

Pacific Industrial Group Concept Structure

In April 2023, our group announced our mid- to-long-term business plan Beyond the OCEAN and our mid-term business plan NEXUS-26. In line with these, we positioned our PURPOSE, “Passion in Creating Tomorrow,” at the core of our business. The principles of behavior for realizing this PURPOSE are shared throughout our group as the Principles of Conduct, and the specific guidelines of conduct as the Code of Conduct. In addition, the spirit of our Corporate Philosophy adopted up to then is strongly connected with the intent behind our PURPOSE, and has therefore been developmentally integrated into our PURPOSE. Our group's core values are called the PACIFIC VALUES, consisting of founding spirit, company motto, and our attitude.

To realize these, we have incorporated them into our annual group policy and the policies of each department to carry out sustainable business.



Passion in Creating Tomorrow

To Remain as a Company Needed by Society, Now and Into the Future

Through the development of new businesses, new technologies, and new products that contribute to improving safety, the environment, and comfort performance, we aspire to achieve sustainable growth as a company with a trusted reputation that meets the expectations of society. The “Principles of Conduct” are the tenets we follow in consideration of how we affect our stakeholders, and call for every member of the Pacific Industrial Group to act sensibly and with high ethical standards as members of global society. Based on the Principles of Conduct, the Code of Conduct clearly defines for our employees the concrete judgment standards by which they shall make appropriate decisions and properly conduct themselves. Reflecting on the spirit of the Principles of Conduct and Code of Conduct, we shall act in the way we believe to be best based on our own conscience.

Customers	We will work to consistently communicate with our customers and to provide environmentally-conscious, high-quality products and services that are trusted by, and satisfy, our customers.	Employees	From the perspective of respect for human rights and dignity, we will provide a workplace where all employees can work at ease in an environment that allows them to find work they can be proud of and encourages them to demonstrate their creativity and spirit of challenge.
Shareholders	In order to garner trust and meet the expectations of our shareholders, we will place importance on bilateral communication and continuously strive to improve our corporate value by taking a long-term view.	Environment	We always recognize the importance of environmental conservation in all our business activities, comply with laws and regulations related to the environment, and actively engage in environmental conservation activities based on our “Environmental Policies.”
Business Partners	Aiming at co-existence and co-prosperity based on mutual trust, we will respect our business partners and establish strong positive relationships with them on an equitable and fair basis.	Communities	In addition to contributing to the sustainable development of society through close partnership and cooperation with local communities, we also engage in social contribution activities (support for academics/culture/sports, participation in volunteer activities, international community contributions, etc.) to build bonds with local communities.

Overview of Pacific Industrial Group

Organization Overview

Name	Pacific Industrial Co., Ltd.
Head Office location	100 Kyutoku-Cho, Ogaki City, Gifu Prefecture 503-8603 Japan (Head Office) Tel +81- 584-91-1111 (main switchboard)
Established	August 8, 1930
Capital stock	7,316 million yen (As of March 31, 2024)
No. of employees	2,162 (Consolidated: 4,966)
Business	Development, manufacture and sales of automotive parts and electronics parts
Stock listing	Tokyo Stock Exchange Prime Market, Nagoya Stock Exchange Premier Market
Sector	General consumer goods (automobiles and automotive parts)
Security code	7250

Main Products

Stamping products

We manufacture a variety of stamping products including body parts to ensure the strength and rigidity of car bodies. We are focusing on ultra-high-tensile strength steel forming technologies that achieve both weight reduction and high rigidity.



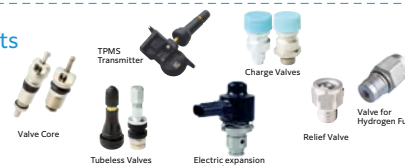
Plastic Molding products

We manufacture a wide range of plastic molding products, utilizing our strengths in decorative and soundproofing technologies.



Valves and TPMS products

We produce valve products with multiple top global market shares, TPMS products that ensure driving safety and contribute to improved fuel efficiency, and electric expansion valves for BEVs.



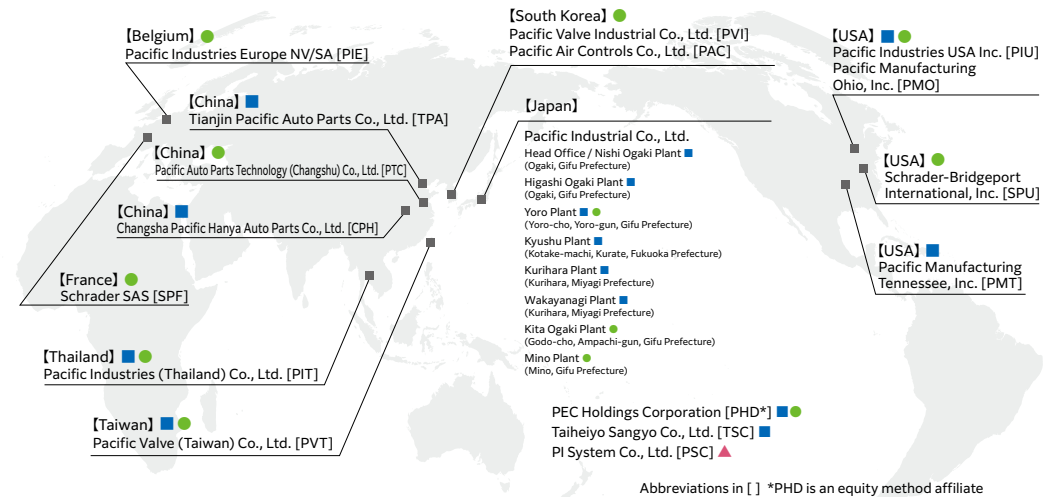
IoT products

By combining our products with IoT and AI technology, we consistently provide valuable data not only through physical things, but also through the Web and apps, helping customers to promote DX and resolve their issues.



Global Network

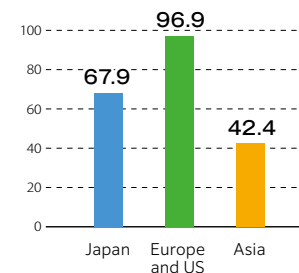
■... Stamping and plastic molding product business ●... Valve product business ▲... Others



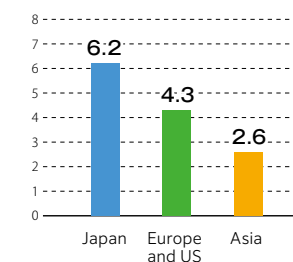
Overview by Region

Regional segments are categorized into Japan, Europe and the US, and Asia.

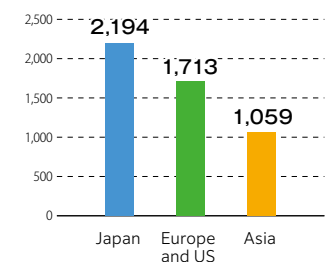
Sales by region
207.3 billion yen
(FY2023)



Operating income by region
14.4 billion yen
(FY2023)



No. of employees by region
4,966名
(FY2023)



Message from the President

We will continue to think about what kind of company society needs and will promote initiatives to help make it a reality

Our group operates 17 companies in 8 countries around the world, providing value to society as a whole, primarily through the supply of automotive parts. We conduct our day-to-day business with a very large number of people around the world, including our employees and their families, our customers and suppliers, and our shareholders and local communities. We need to consider our relationship with these people and understand how we impact society and the natural environment, including from the perspective of future generations, so that we can take steps to mitigate the negative impacts and have a more positive impact.

In April 2023, we set “Passion in Creating Tomorrow” as our PURPOSE, and formulated our mid-to-long-term business plan, Beyond the OCEAN, and our mid-term business plan, NEXUS-26. One of our top priorities is to improve employee engagement, which we have set as a management goal in April 2024 as an indicator of enabling each employee to realize his or her full potential. We will create new value by being a company in which all employees can all fully demonstrate their abilities.

Our sustainability efforts have been steadily gaining recognition, as reflected in fiscal 2023 when we became a new constituent of the MSCI Japan ESG Select Leaders Index and were included in five of the six Japanese equity ESG indices used by the GPIF (Government Pension Investment Fund). However, we are still midst of integrating sustainability into our global operations and day-to-day business. Keeping our PURPOSE in mind at all times, we will continue to integrate sustainability into our management by considering what kind of company society needs and why this issue is important, so that we can all work together to address it.

This “Sustainability Data Book” reports on 15 important issues (material topics) that our Group is addressing in light of our impact on society and the natural environment. We hope it will help everyone in the Group to improve their understanding of the Group, and we look forward to receiving your candid opinions.



Tetsushi Ogawa
President, Member of the Board



Stakeholder Relations

Communication with Stakeholders

Our Group's relations with stakeholders are clearly stated as a policy in the Principles of Conduct, and specific action guidelines are included in the Code of Conduct and compliance is verified.

Stakeholders	Principles of Conduct	Main Stakeholders	Communication Methods
Customers	We will consistently communicate with our customers and provide them with environmentally-conscious, high-quality products and services that earn their trust and satisfy their needs.	Global car makers, tire makers, automotive parts makers, product end users, customers of new products, etc.	<ul style="list-style-type: none"> Communication with customers in daily operations Requests from customers Participation in technical exhibitions and events in Japan and abroad Commendations from customers (evaluation criteria and evaluation details)
Shareholders, Investors, Financial Institutions	In order to garner trust and meet the expectations of our shareholders, we will place importance on bilateral communication and continuously strive to improve our corporate value by taking a long-term view.	10,047 shareholders (23 financial institutions, 36 financial instruments dealers, 152 other domestic corporations, 195 foreign corporations, etc., 9,641 individuals and others)	<ul style="list-style-type: none"> General meeting of shareholders Briefing sessions for individual and institutional investors Financial results briefing ESG meeting Information disclosure on our website
Business Partners	Aiming at co-existence and co-prosperity based on mutual trust, we will respect our business partners and establish strong positive relationships with them on an equitable and fair basis.	From primary to upstream suppliers, etc., that are procuring for our global operations	<ul style="list-style-type: none"> Corporate policy briefing/ Practitioners' meeting Activities with main suppliers Supplier questionnaire Ethics and complaint consultation Counter, independent consultation Counter
Employees	From the perspective of respect for human rights and dignity, we will provide a workplace where all employees can work at ease in an environment that allows them to find work they can be proud of and encourages them to demonstrate their creativity and spirit of challenge.	6,171 employees at 24 bases in 9 countries worldwide, including 1,205 non-regular employees, and their families	<ul style="list-style-type: none"> Dialogue with labor union Evaluation interview Education and training Health and Safety Committee Ethics and complaint consultation Counter, independent consultation Counter Company newsletter (issued monthly) Stress check trend analysis Employee engagement survey
Environment	We always recognize the importance of environmental conservation in all our business activities, comply with laws and regulations related to the environment, and actively engage in environmental conservation activities based on our "Environmental Policies."	Natural environment in deployment areas and value chains (forests, rivers, oceans, atmosphere, soil, resources, etc.)	<ul style="list-style-type: none"> Communication with local and global governments, regional round-table Meetings
Communities	In addition to contributing to the sustainable development of society through close partnership and cooperation with local communities, we also engage in social contribution activities (support for academics/culture/sports, participation in volunteer activities, international community contributions, etc.) to build bonds with local communities.	24 bases in 9 countries around the world, and especially municipalities where bases are located. Also, areas where employees live, etc.	<ul style="list-style-type: none"> Plant tours Community contribution activities Sports promotion Travel to schools for education Dialogue with NPOs

Direct Economic Value Generated and Distributed * Pacific Industrial

(100 million yen)

Creation		
Economic value	Net sales, non-operating income, extraordinary income	1,016
Distribution		
Business costs	Supplier transactions(Labor costs, taxes and dues, etc. deducted from manufacturing costs, selling expenses, general administration, etc.)	629
Employees	Labor costs	158
Shareholders	Dividends and Acquisition of treasury stock	38
Communities/society	Taxes and donations	80
Financial institutions	Retained earnings - Acquisition of treasury stock	2
Reservation		
Internal reserves	Taxes and donations	105

Main Endorsements and Participating Organizations and Initiatives, ESG Rating

External recognition



Declarations and endorsements



Participating organizations

Japan Business Federation
Japan Auto Parts Industries Association (JAPIA)

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Materiality and Identification Process

Our Group identified sustainability material topics in 2020 with a project team. In addition, with the formulation of our mid-to-long-term business plan in 2023, we formulated a plan integrated with materiality and set management targets, including materiality indicators that are particularly important for management. We intend to revise this materiality by next fiscal year in light of changes in the social and market environments and disclosure regulations.

Materiality Identification Process

[\[Details online\]](#)

1. Setting prerequisites

After clarifying the conditions of materiality, we extract items from global sustainability standards such as ISO 26000 and GRI, and organize them into appropriate items based on our business processes.

2. Importance analysis

Analyze the importance of items identified in step one, both from the standpoint of the Pacific Industrial Group and from its stakeholders, and create a materiality matrix to be used for discussion.

3. Discussion and review

Discussion and Review of materiality based on materiality items of domestic and overseas car manufacturers and automotive parts manufacturers, as well as the future direction of technological development and the impact of the COVID-19.

4. Expert review

A team from the Development Bank of Japan, which has a track record of advising on ESG investment and corporate materiality, evaluated our materiality formulation process and issues, and Keisuke Takegahara, then Executive Officer, provided advice from the perspective of long-term investors who have a high need for sustainability information, especially on ESG investment, etc. We will make use of their suggestions in future sustainability management.

5. Approval and decision

Final approval is given by the Board of Directors following discussions at the Corporate Strategy Committee. Briefings on materiality are provided for section managers and above in each division, with objectives shared. In the future, we will promote thorough dissemination in-house, establish KPIs, and carry out PDCA.

Materiality

Our group identifies 15 material topics and divides them into 4 pillars. Our mid-to-long-term business plan, Beyond the OCEAN, has set management targets for non-financial values, and for these targets we have adopted relevant indicators based on this materiality.

Fostering Trust with Stakeholders

- Corporate ethics and compliance
- Responsible procurement
- Improvement in customer satisfaction
- Local community development

Particularly relevant SDGs



Solving Social and Customer Issues through Products

- Contribution to a sustainable mobility society and prosperous living
- Improving mobility safety
- Development of environmentally-conscious products

Particularly relevant SDGs



[Management target] No. of new products and services launched

[Management target] Sales ratio for electrified vehicles

Minimizing Environmental Load

- Mitigation of and adaptation to climate change
- Sustainable resources use
- Conservation of water resources

Particularly relevant SDGs



[Management target] CO₂ emissions

Respecting Human Resources and their Active Participation

- Respect for human rights
- Stable employment and decent work environment
- The safety and health of employees
- Development of human resources and cultivation of a culture that we can tackle new endeavors
- Diversity and inclusion

Particularly relevant SDGs



[Management target] Employee engagement

Sustainability Management Based on Materiality

Four pillars	Materiality	Objective (Ideal State)	Main initiatives (FY2023~)	SDGs	KPI	Scope	Target FY	Target Value	Major Achievements in FY2023 (partly including FY2024)	Related pages
Fostering Trust with Stakeholders	Corporate ethics and compliance	As a foundation for sustainability management, raise ethical standards of all employees as well as their pride in the company and their work, and fulfill our responsibilities to society.	Implementation and correction of Code of Conduct self-assessment, anti-corruption and compliance awareness and fraud prevention, implementation of awareness-raising and education at each levels, and dissemination of information through company newsletter	12.8 16.5 and general	Implementation rate of Code of Conduct survey self-assessment	Group	2023	70%	<ul style="list-style-type: none"> Conducted employee questionnaires regarding our Code of Conduct, including 11 overseas companies. Conducted by 74.2% of the Group 	p11
	Responsible procurement	Work together throughout supply chains to address social issues such as human rights and environmental concerns.	Review of the Supplier Sustainability Guidelines and their development and dissemination, including overseas, supplier sustainability risk assessments, auditing and support for suppliers of concern, non-use of conflict mineral resources in supply chains, awareness-raising for suppliers on BCP, and parts procurement status surveys for overseas components	3.9 6.3 6.4 7.3 8.7 8.8 11.5 12.2 12.4 12.5 13.1 13.3	Company ratio (purchase amount base) for survey of supplier compliance with "Supplier Sustainability Guidelines"	Group	2025	80%	<ul style="list-style-type: none"> Deployment to suppliers based on Supplier Sustainability Guidelines Implemented self-checks among suppliers (at suppliers that account for more than 80% of total purchases. Japan: Average compliance rate 94%. Overseas: 7 of 11 overseas companies in FY2022; average compliance rate 93%) Conducted SDG-related study sessions for major suppliers Conducted Conflict minerals survey 	p12
	Improvement in customer satisfaction	Increase customer trust in the long term by improving our quality and reputation for sustainability.	Extension of product life cycles by achieving high quality, reducing waste, and improving evaluation of EcoVadis and CDP, which has been requested by several customers	7.3 12.2 12.4 12.5 13.2 13.3	Number of recalls issued	Group	—	0	<ul style="list-style-type: none"> No. of recalls: 0 15 awards received from customers Implemented quality improvement projects through START activities Efforts to improve CDP and EcoVadis evaluations 	p13
	Local community development	Contribute to attractive development of local communities, which are the foundation of our corporate activities, and strive for co-existence and co-prosperity with our stakeholders.	Support for fostering of the next generation in education, scientific research, manufacturing, etc.; biodiversity conservation activities; support for culture and sports such as Ogaki Minamo, FC Gifu, and soft tennis; promotion of global contributions to local communities; and formulation of plans for local support activities during disasters	4.5 4.7 9.5 10.2 11.5 17.16 17.17	No. of social contribution activities implemented ^{d3}	Group	2023	110	<ul style="list-style-type: none"> Various sponsorships Ongoing donations Support for creating places for children Community contribution activities through sports Ongoing researcher support from Ogawa Science and Technology Foundation 123 social contribution activities (Group) 	p14

Sustainability Management Based on Materiality

Four pillars	Materiality	Objective (Ideal State)	Main initiatives (FY2023~)	SDGs	KPI	Scope	Target FY	Target Value	Major Achievements in FY2023 (partly including FY2024)	Related pages
Solving Social and Customer Issues through Products	Contribution to a sustainable mobility society and prosperous living	Create products that contribute to the resolution of social issues in both existing and new areas, and contribute to society through our business.	Research and development of products that contribute to the next generation mobility society and prosperous living.	9.5 11.2 and individual judgment	No. of products developing that solve social issues	Group	2030	20 cases	<ul style="list-style-type: none"> • No. of products developing that solve social issues: 11(9 Launched) • Launched EneGraph, a low-cost system for visualizing energy use • Capsule Sense received Monozukuri Seimei Bunmei Kiko President's Award at 2023 Super Manufacturing Components Awards • Two new e-WAVES products launched • Swallowing Checker Gokkuon launched • QR scanning & information display system Choku Q Raku R launched 	p16
	Improving mobility safety	Contribute to zero traffic deaths by improving automobile safety through our core businesses.	Reduction of the number of traffic deaths and injuries (Contributions through, for example, TPMS products that prevent accidents caused by insufficient air pressure and high-strength UHTSS products)	3.6	Ratio of UHTSS versus all stamping products	Group	2024	25%	<ul style="list-style-type: none"> • Development and expansion of sales of ultra-high tensile products by cold stamping (new Alphard, etc.) • Ratio of UHTSS versus all stamping products: 25.2% 	p17
	Development of environmentally-conscious products	Create a virtuous cycle in which the more we sell, the lower the environmental impact, through development, design, and creation of new businesses that create value throughout the value chain.	Development and sales expansion of environmentally-conscious products (weight reduction, energy saving, etc.), improvement of resource-use efficiency, development and sales expansion of products for electrified vehicles.	7.3 9.4 11.2 12.2 12.5 13.2 13.3	Number of TPMS products and TPMS valves sold Sales ratio for electrified vehicles	Group	2025 2030	5-year total: 600 million 70%	<ul style="list-style-type: none"> • Received Global Innovation Award from Nissan for next-generation G-Type TPMS (July 2023) • No. of TPMS products and TPMS valves sold: 94 million • Sales of control valves for thermal management systems • Launched "Lcycl" series using resin scraps, such as disaster relief mat "MATOMAT" • Sales ratio for electrified vehicles: 34.1% 	

Sustainability Management Based on Materiality

Four pillars	Materiality	Objective (Ideal State)	Main initiatives (FY2023~)	SDGs	KPI	Scope	Target FY	Target Value	Major Achievements in FY2023 (partly including FY2024)	Related pages
Minimizing Environmental Load	Mitigation of and adaptation to climate change	Strive to mitigate and adapt to climate change, a major global issue that has a significant impact on our business.	Action to achieve the IPCC's 1.5-degree or 2-degree target, reduction of energy use, introduction of renewable energy, evaluation improvement in "climate change" and "water" in CDP's supply chain program	7.2 7.3 13.1 13.2 13.3	CO ₂ emissions	Group	2030	50% reduction (Scope 1.2, compared to FY2019)	<ul style="list-style-type: none"> CDP evaluation climate change leadership level "A-" (4 years in a row) Installed solar power generation for the first time in a Chinese business Expanded solar power generation facilities at Higashi Ogaki Plant, Plant No.4. CO₂ emissions (group): 75.1 kt (20.3% reduction from FY2019) 	p21
	Sustainable resources use	Engage in manufacturing from the perspective of resource conservation and reuse, including the procurement of raw materials and product design, based on the demands of society and changing values.	Promotion of waste minimization and recycling	9.4 12.2 12.4 12.5	Amount of waste generated	Group	2030	30% reduction (from FY2019)	<ul style="list-style-type: none"> Conversion of waste plastic (purged material) into valuable resources at Higashi Ogaki and Kurihara Plants Amount of waste (group): 3,852 t (8.1% reduction from FY2019) 	p22
	Conservation of water resources	Consider effective use of water resources and biodiversity because of the increasing severity of floods and droughts worldwide, and growing concerns over water shortages.	Reduction of water consumption, and water quality monitoring and external disclosure	3.9 6.3 6.4	Amount of water used	Group	2030	Proper usage	<ul style="list-style-type: none"> New wastewater treatment facility for Higashi Ogaki Plant No.4 Water usage (group): 1,327 thousand m³ (23.9% reduction from FY2019) 	p22

Sustainability Management Based on Materiality

Four pillars	Materiality	Objective (Ideal State)	Main initiatives (FY2023~)	SDGs	KPI	Scope	Target FY	Target Value	Major Achievements in FY2023 (partly including FY2024)	Related pages
Respecting Human Resources and Their Active Participation	Respect for human rights	Human rights issues can lead to serious problems not only in Japan, but also in developing countries and at upstream suppliers. Our company attaches great importance to respect for humanity and will fulfill its responsibility to respect human rights.	Human rights due diligence efforts and identification of human rights risks	5.1 8.7 8.8 10.2 10.3	Human rights survey (SAQ) implementation rate	Group	2023	70%	<ul style="list-style-type: none"> Implemented 74% of human rights surveys based on self-checks of the Code of Conduct (Group) Addressing issues based on SAQ results New sustainability education including human rights in awareness-raising and hierarchy-specific education through e-learning Education for our main business partners 	p23
	Stable employment and decent work environment	Aim to improve both productivity and employee job satisfaction based on employment stability and fairness by realizing decent work and well-being (physical, mental, and social) and increasing employee engagement.	Ensuring of employment that enhances job satisfaction and lowering of employee turnover through improved employee engagement, appropriate evaluations, and having the right people in the right jobs, and creating a workplace that is flexible and easy to work in according to individual circumstances	8.5	Positive response rate for employee engagement	Pacific Industrial	2026	60% or more	<ul style="list-style-type: none"> Positive response rate for employee engagement 48.2% Convert non-regular employees into regular employees (55 people) Turnover rate of 2.9% (Pacific Industrial) Web-based questionnaire started after 1 month of employment (to understand and improve physical health, work, personal interactions, etc.) Enhancement of welfare facilities in conjunction with new plant operation (Restaurants, plant rest areas, etc.) (improved work environment due to AC installation in plants) 	p24
	The Safety and health of employees	Respect humanity and create an environment where employees can challenge themselves and maximize their abilities by focusing on the safety and health of our employees.	Eliminating workplace accidents, improving work environment, and enhancing employee vitality and organizational vitality through health management	8.8	Lost-time injury frequency rate	Group	—	0	<ul style="list-style-type: none"> Lost-time injury frequency rate : 0.81 (Group) Promoting "STOP 6" activities to prevent serious accidents Development of people with awareness, knowledge, and skills to act safely Continuous implementation of rank-specific safety education Health Declaration (Revised), certified as Excellent Health Management Corporation 	p25
	Development of human resources and cultivation of culture that we can tackle new endeavors	Hone our ability to thrive in a rapidly changing market environment and provide opportunities for employees to achieve self-fulfillment by developing human resources capable of taking on global challenges, and foster a corporate culture conducive to such challenges.	Promotion of education by rank, and creation of a system and culture to evaluate challenges	4.4 8.2	Training hours per employee	Pacific Industrial	2025	30 hrs/person	<ul style="list-style-type: none"> 26.1 hours of training per employee (Pacific Industrial) Continuation of education to improve "psychological safety" Addition of sustainability education to training for promoted employees Provision of web-based learning materials and introduction of system to cultivate a positive learning culture Promotion of project activities that encourage challenge (Creating Tomorrow Project, Ω Project, and Open Innovation Project) 	p26
	Diversity and inclusion	Revitalize the workplace, contribute to innovation, and reduce turnover by creating an environment and culture that are inclusive and allow people to demonstrate their abilities in accordance with their internal attributes, including individuality, strengths and weaknesses, health situation, personality, beliefs, and sexual orientation.	Creation of a workplace where everyone, including women, can work comfortably, and provision of opportunities to play an active role	10.2 10.3 5.5 5b	Ratio of women in managerial positions	Pacific Industrial Group	2025	5% or over 14% or over	<ul style="list-style-type: none"> Ratio of women in management positions: 10.0% Group, 3.9% Pacific Industrial Continued strengthening of female recruitment (17% female ratio of new graduate staff hired in April 2024) Promotion of parental leave for male employees: 45.7%(Pacific Industrial) Strengthened hiring mid-career employees: 146 employees *Including temp employees Eruboshi Grade 3 certification, Platinum Kurumin certification 	p26

* KPI for "stable employment and decent work environment" revised from "turnover rate" to "employee engagement" formulated as a management goal

Fostering Trust with Stakeholders

Corporate Ethics and Compliance

Fostering Strong Corporate Ethics

We believe that gaining the trust and sympathy of society requires each and every employee to have high ethical standards and to act with fairness and integrity. Based on this concept, the Pacific Industrial Group Code of Conduct, which has been revised and updated since its initial publication in 2008, is distributed to all employees to raise awareness. Overseas, Group companies operate their own country's code of conduct that reflects the laws and customs of that country or region, in addition to the Pacific Industrial Group Code of Conduct, and conduct compliance activities appropriate to that country or region.

In the area of awareness-raising and education, in addition to rank-specific training and specialized training, we continuously conduct various educational and awareness-raising activities for employees, such as distribution of a regular newsletter discussing familiar topics, in an effort to prevent fraud and misconduct.

Our Group also conducts questionnaires with employees, including those of overseas companies, to determine the level of penetration of our Code of Conduct, identify compliance issues, and to implement improvements for the quick detection and resolution of problems and prevention of recurrence. Furthermore, to find and correct injustices and scandals that cannot be identified through questionnaires, we have established an internal reporting system that allows employees to report or consult with us by e-mail, telephone, postal mail, or in writing. For example, we have introduced an independent consultation desk, which functions as a reporting system independent of management, with non-executive directors to contact. Compliance regulations stipulate maintaining confidentiality for whistleblowers and others seeking advice, as well as prohibition of prejudicial treatment on the grounds of reporting or consultation, making the system safe to use.

Anti-Corruption

In 2020, as part of our basic anti-bribery and anti-corruption measures, we developed anti-corruption rules by establishing a Basic Policy for Anti-Bribery and Anti-Corruption and incorporating it into the terms of contracts with third parties such as business agents, as well as raising awareness and educating employees.

We have also developed Supplier Sustainability Guidelines to prevent bribery and corruption in the supply chain.

The Pacific Industrial Group Code of Conduct Overview

1. Basic Principles

- (1) Compliance with laws and ethics
- (2) Business activities based on sustainability

2. Safety & Quality

- (1) Health and safety at your workplace
- (2) Quality improvement
- (3) Customer satisfaction improvement

3. Respect for Human Rights and Improvement of Working Environment

- (1) Respect for human rights and prohibition of discrimination
- (2) Harassment
- (3) Prohibition of forced labor and child labor
- (4) Improvement and enhancement of a comfortable working environment
- (5) Promotion of diversity and inclusion
- (6) Freedom of dialogue / discussion and association with employees
- (7) Promoting of human resources development

4. Sincere and Fair Business Activities

- (1) Building sound relationships with politics and administration, preventing corruption
- (2) Responsible resource and raw material procurement
- (3) Implementation of CSR procurement
- (4) Appropriate licensing and notification procedures
- (5) Breaking relationships with antisocial forces
- (6) Compliance with export/ import related laws and regulations
- (7) Proper transactions with suppliers

- (8) Compliance with the Subcontract Act
- (9) Compliance with the Competition (Antitrust law)
- (10) Entertainment / Gift (Acceptance / Implementation)
- (11) Correct accounting and tax processing
- (12) Protection of intellectual property rights
- (13) Management of confidential information
- (14) Personal information protection
- (15) Correct use of information systems
- (16) Information disclosure and public relations activities to stakeholders
- (17) Behavior in the event of a disaster

5. Ethical Behavior

- (1) Prohibition of insider trading
- (2) Proper use of company seal
- (3) Compliance with traffic rules, etc.
- (4) The discipline of the workplace
- (5) Prohibition of conflicts of interest
- (6) Correct use of company assets

6. Environment

- (1) Environmental conservation

7. Social Contribution

- (1) Social contributions
- (2) Harmony with the international community

Fostering Trust with Stakeholders

Responsible Procurement

For Fair Business Practices

In April 2022, we announced a Declaration of Partnership-Building in support of the purpose of the Council on Promoting Partnership-Building for Cultivating the Future in which government, economic organizations, labor organizations, etc. participate. In accordance with this declaration, we aim to realize long-term co-existence and co-prosperity based on good partnerships with our suppliers. Our views are set out in our Basic Procurement Policies, which are available in the Procurement section of our website.

We also hold company policy briefings with our major suppliers twice a year to share and discuss our policies and business issues, and have introduced an evaluation system to strengthen such partnerships, such as by giving awards to outstanding suppliers once a year.

Various Initiatives with Suppliers

The Pacific Glocal Association consists of 35 of our major suppliers to strengthen our management base and improve our manufacturing capabilities. We jointly conduct plant tours, safety and quality improvement activities, and study sessions. In FY2023, we worked to level up each company by way of online safety and quality workshops.

In addition to conducting online study sessions in the Sustainability Study Group on SDGs, carbon neutrality, and cybersecurity, we asked for confirmation of respect for human rights and proper employment regarding technical interns. In addition, we share and discuss information concerning management issues and countermeasures with our major suppliers through visits and online interviews, and endeavor to inform them about support regarding public subsidies. We also provide cybersecurity consultation and promote security measures with our suppliers.



General meeting of the Pacific Glocal Association



Online study session

Sustainability Procurement

We have established Supplier Sustainability Guidelines to promote sustainability throughout the supply chain. We ask our suppliers to promote activities addressing issues such as compliance and anti-corruption, human rights and labor, the environment, quality and safety, information security, business continuity, and social contribution.

We also conduct questionnaire surveys (self-checks) with suppliers who in total account for at least 80% of our total domestic procurement quantity, to further inform them of the Supplier Sustainability Guidelines and confirm their compliance.

The average compliance rate domestically was about 94% (FY2023 figure), and at our overseas subsidiaries (7 out of 11), the average compliance rate was 93% (FY2022 figure).

Regarding environmental substances, we conduct material surveys of suppliers using the JAPIA Standard Material Datasheet. We have also issued Green Procurement Guidelines to promote the procurement of environmentally-conscious technologies and products.

As for conflict minerals, we investigate using the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) published by the Responsible Minerals Initiative (RMI) as research tools.

Regarding compliance with the Subcontract Act, since August 2022, 611 managers and related staff throughout the company, including procurement departments, have taken part in Proper Trade Training: Subcontract Act Basics, an online training course run by METI.

Going forward, we will continue to deepen communication with suppliers, ask them to improve on any issues that have emerged, and provide support to help them resolve such issues as part of our commitment to responsible and sustainable procurement.

Fostering Trust with Stakeholders

Improvement in Customer Satisfaction

Aiming to Become a No.1 Manufacturer by “Manufacturing with Persistency”

The Pacific Industrial Group recognizes that human resource development is the very foundation of manufacturing. We are committed to passing on our manufacturing DNA and reducing costs for further evolution. Our manufacturing practices are based on the Toyota Production System, and we take the Genchi Genbutsu approach to implement KAIZEN (improvement) initiatives Groupwide.

Each of our bases is conducting proactive initiatives, such as improving quality through the voluntary introduction of an award system, or facilitating the passing on of technical skills to the younger generation.

In our Toyota Production System Voluntary Study Group activities, we have been conducting improvement activities for plastic products since fiscal 2021 on the theme of “Cost Reduction through the Wheel Cap Process.” These activities aim to make us No.1 in terms of competitiveness by breaking away from traditional manufacturing, strengthening our on-site capabilities, and developing human resources to enhance our problem-solving capabilities. FY2024 is the culmination of these efforts, and we are working to strengthen our production base by becoming more cost-competitive through reliable technology and on-site capabilities.

Thanks to our commitment to global manufacturing, we have been highly regarded by both domestic and overseas manufacturers in terms of quality, cost, and delivery time, receiving 10 global awards from our customers in fiscal 2023.

Customers First, Quality First

We uphold Jikotei Kanketsu (defect-free process completion) as our basic principle to ensure that no defects are passed along to the post-process and that our customers are satisfied with our products. To establish a quality assurance system that meets global standards, quality is built into all processes starting with the preliminary design and production stage.

In addition, we continue to engage in the “START” project, the global quality improvement initiative to prevent future defects, and the Smart Standard Activity (SSA) to optimize quality standards by recognizing the gap between customer (end-user) needs and the value provided.

From the production preparation stage, we perform repeated CAE analysis that enables us to propose easy-to-make shapes to our customers. Internally, we conduct molding allowance verification and create a process with a high degree of perfection for each product. We have created an environment in which trends in moldability and accuracy can be managed even after the start of mass production, and we have established a system to prevent the release of defective products. Our engineering and manufacturing departments are working together to create products of stable quality, with the goal of creating a process that cannot produce defects, a process that does not allow defective products to pass through. We have also created a corporate culture in which, if an abnormal product is discovered, the information is immediately brought to the attention of executives under the slogan “Bad News First.”

In 2021, SSA added “Closeness Activities,” in which Toyota Motor Corporation, our main customer, actively listens to the problems of our suppliers, and it has become a valuable pillar of our activities that has produced many positive results. Recently, we expanded our activities to overseas bases and are conducting a review of appropriate quality.

In addition, all our offices and plants in Japan have obtained certification for ISO 9001, an international standard on quality management systems, strengthening our quality assurance system consistently applied throughout all stages from development to production.

Enhancing Customer Satisfaction

We make continuous improvements based on the information collected from customers by our Sales and Quality Departments, and enhance customer satisfaction so that we can meet customers’ needs and expectations. We also hold technology exhibitions and give technical presentations in and outside Japan to introduce our new products, technologies, and methods to customers. SDGs and CO₂ reduction are issues of great interest to our customers, and so we also focus on proposing products that contribute to achieving them.

At the request of our customers, we are participating in the CDP supplier program, and have been evaluated by EcoVadis, a global CSR evaluation organization for suppliers, who awarded us with their 2023 Bronze Medal.

Awards from Customers (FY2023)

Award-winning Companies		Award Given By	Awards	Type
Taiwan	PVT	Kuozui Motors, LTD.	Quality Control Excellence Award	Quality
Taiwan	PVT	Kuozui Motors, LTD.	SSA (Smart Standard Activity) Promotion Award	Quality
Taiwan	PVT	Kuozui Motors, LTD.	Cost Improvement Efforts Award	Cost
Japan	PIC	Suzuki Motor	Letter of appreciation for VA/VE proposals	Cost
US	SPU	General Motors	Supplier Quality Excellence Award(2022)	Quality
Thailand	PIT	DAIHATSU ASIA TRADING (THAILAND)	Cost Performance Award2022	Cost
Thailand	PIT	TOYOTA DAIHATSU ENGINEERING & MANUFACTURING	Incoming VA proposal submission (Letter of appreciation for advancing VA activities)	Cost
Japan	PIC	Nissan Motor	Global Innovation Award(TPMS G Type)	Quality
Thailand	PIT	THAILAND TOYOTA CO-OPERATION CLUB	HRD Activity, Yokoten Group Award “The Winner”	Overall
Thailand	PIT	THAILAND TOYOTA CO-OPERATION CLUB	Environment Activity “The 1st. Runner”	Overall
Belgium	PIE	TD Deutsche Klimakompressor	FY2023 Supplier Award(BEST COMPRESSOR PART SUPPLIER)	Quality
South Korea	PVI	TD Deutsche Klimakompressor	FY2023 Supplier Award(BEST COMPRESSOR PART SUPPLIER)	Quality
US	SPU	General Motors	Supplier Quality Excellence Award(2023)	Quality
Taiwan	PVT	Kuozui Motors, LTD.	SSA (Smart Standard Activity) Promotion Award	Quality
China	PTC	GAC Toyota Motor Co., Ltd	Cost Cooperation Award	Cost

* See P3 for abbreviations

Fostering Trust with Stakeholders

Local Community Development

Approach to Community Contribution

Understanding and contributing to local communities is essential for the development of the regions where we operate and for us to grow together.

In addition to contributing to the sustainable development of society through close partnership and cooperation with local communities, we also engage in social contribution activities (support for academics/culture/sports, participation in volunteer activities, international community contributions, biodiversity conservation activities, etc.) to build bonds with local communities.

Nurturing the Next Generation



Grant from OGAWA Science and Technology Foundation
In FY2023, the OGAWA Science and Technology Foundation, founded by the late founder of our company Soichi Ogawa, provided 23 research grants totaling 14.19 million yen.



Kurihara Plant Tour
In October 2023, high school students and teachers from Sanuma, Miyagi Prefecture, visited the Kurihara Plant. During their tour, they were given an explanation of the product manufacturing process in order to deepen their understanding of monozukuri.



Science Class
In August 2023, we held a science class for elementary school students as an experience of using renewable energy. The students drove around a model car and learned about how wind power generation works powered by wind power generated by propellers made from plastic bottles.



Gifu Global Environment Academy
The Japan Environmental Management Center in Kaizu held an environmental education program for elementary school students and their parents in the Seino area to deepen their understanding of the relationship between "cars" and "carbon neutrality."



Future of Environmental SDGs Lectures
From August to October 2023, we presented lectures for local high school students in our Future of Environmental SDGs Lecture Series, to deepen their understanding of the automotive industry and our company's carbon neutrality initiatives.



Future Energy Research Association Summer School Plant Tour
University professors and students affiliated with the Future Energy Research Association visited our Higashi Ogaki Plant, where they eagerly listened to explanations of product processing improvements and the new plant.

Biodiversity



PIT in Thailand plants 800 Mangrove Trees
In March 2024, 89 PIT employees and family members planted 800 mangrove trees in a forest near the company. They also built crab houses to promote biodiversity.



Wood Education Hands-on Event Held at Gifu Mokuyukan in Cooperation with Gifu Prefecture
In February 2024, 73 employees and family members enjoyed a hands-on woodworking experience and an environmental quiz contest at Gifu Mokuyukan.

Traffic Safety



Tire Pressure Check Awareness Campaign
In December 2023, a tire pressure check awareness campaign was held in Colorful Town Gifu. On that day, we reached out to approximately 500 drivers to let them know the importance of maintaining air pressure.



Road Safety Awareness Activities
As part of our road safety initiatives, security guards watch over children walking to school, and we work with the police to raise awareness of Good Crosswalk Manner in Japan.

Fostering Trust with Stakeholders

Local Community Development

Sports Promotion



Toyota Verblitz Rugby Class

In September 2023, we held a rugby lesson with players from Toyota Verblitz, a team in Division 1 of Japan Rugby League One. About 60 elementary school children from the Ogaki Rugby Boys Club and others participated, practicing skills such as passing and catching.



FC Gifu

@Kaz Photography/FC GIFU

As a top partner, we support FC Gifu, a team that currently plays in the J3 League, the third division of Japanese football league. In July 2024, we held a Pacific Industrial Thanks Match.



Ogaki Minamo Softball Club

This club is run by 11 supporting companies, and three of our employees are also involved with the club as players or staff. We also provide technical and financial support to the softball league in France, where we have an operational base.



Participation in Gifunite Activities

Our soft tennis club participates in Gifunite, a group of top sports organizations in the prefecture, to improve children's athletic skills and help develop future top athletes.

Support for Disaster Recovery



Donation for the Hualien Earthquake in Taiwan

In April 2024, we donated NT\$ 300,000 (about 1.5 million yen) to help the people affected by the Hualien earthquake in Taiwan. We pray for their recovery and rebuilding.



Development of disaster relief mat MATOMAT

Developed by our company, MATOMAT is made by upcycling scrap materials from our products. Normally used as a chair cushion in elementary and junior high school classrooms, it can also function as an emergency mat after a disaster.

Global



PIT (Thailand) Donates Equipment to Elementary School

In November 2023, we donated computers, sports equipment, and other items to an elementary school near our Wellgrow factory.



PIT (Thailand) Donates Sports Equipment etc. to 10 Nearby Elementary Schools

On the second Saturday of January, Children's Day in Thailand, we donated sports equipment and stationery to children at nearby elementary schools.



PMT (US) Gives Christmas Presents to Children

In December 2023, PMT held an Angel Tree event where children received gifts that they had written on message cards that hung on a Christmas tree. We were able to fulfill the wishes of many children again this year.



SPU (US) Holds Mochi Pounding Festival with Local Residents

In February 2024, we held a mochi pounding festival with local residents at SPU. Many people at the venue took turns pounding rice cakes to the chant of "Yoisho! Yoisho!" and enjoyed eating the finished cakes.

Disaster Prevention Support



PVI (South Korea) Conducts Cleanup Activities and Makes Sandbags for Social Welfare Organizations

26 PVI employees participated in clean-up activities for a social welfare organization in Yangsan, South Korea, and helped make sandbags in preparation for heavy rains.



Emergency Drills

Every year, all employees at our plants participate in disaster emergency and evacuation drills. In February 2024, all construction workers at our new plant were also invited to participate in the drills.

Solving Social and Customer Issues through Products

Concept of Technological Development

As we enter an era of great change in mobility, and against the backdrop of the growing importance of sustainability issues, we are accelerating the development of LCA and carbon-neutral technologies in the mobility field, which has been our main focus, and we are proposing products that consider the changing nature of mobility and taking on the challenge of new fields by utilizing our core technologies, in cooperation with external parties.

Mainly in the stamping and molding product business, we focus on ultra-high tensile strength steel (UHTSS) and aluminum products that contribute to weight reduction, and develop molding products to improve comfort performance, which is becoming increasingly important with the shift to electric power. In our valve business, while creating synergy with Schrader, we are accelerating development to expand our TPMS business domain, as well as product development for electrified vehicles by leveraging our core technologies, such as sensing and fluid control technologies.

In addition to investing in the development of these mainstay products, we are also actively taking on the challenge of developing new businesses that anticipate social and customer issues by utilizing sensing technology and other technologies with a view to expanding our business domain over the long term.

Whereas in our stamping business, where we continue to improve upon our advanced structural analysis technology, participate in mobility development from further upstream stages, and accumulate knowhow for manufacturing, we are also focusing on original product development in the molding, valve, TPMS, as well as new businesses, and are actively pursuing patents, aiming to create societal and customer value.

Contribution to a Sustainable Mobility Society and Prosperous Living

We are actively developing new products in areas outside of mobility that leverage our core technologies to help solve societal challenges. This is part of our contribution to the SDGs through our business. 12 products have already been launched and are being marketed, and another eight products and services are under development. MATOMAT, launched in May 2024, is a phase-free disaster relief product that can be used as a cushion in elementary and junior high school classrooms during normal times, but can be connected together to form a mat in a gymnasium during emergencies. Also, EneGraph, launched in April 2024, provides a low-cost system for visualizing energy consumption, including electricity, water, and gas, thereby helping reduce energy consumption. Going forward, we will align the sustainability of the company with that of society, by taking on the challenge of proactively developing products and services that address the SDGs and other social issues, and implementing them in society.

“EneGraph” visualizes energy usage

To help resolve issues such as energy and water resource conservation and CO₂ emissions reduction, we have released a new service called EneGraph, developed based on our operational experience at our manufacturing sites. EneGraph visualizes usage of electricity, gas, air, and water usage through edge devices that can be attached to existing smart meters and cloud services. Changes in usage can be monitored in a cloud environment, helping to identify areas for improvement. It is also possible to check the conversion into CO₂ emissions or the composition of wastewater, which helps to meet the growing customer demand for CO₂ emission reduction.



Products that solve social issues

	Progress	Products and Services	Targets for Solving Social Issues	Highly relevant SDGs
1	Launched In development	Electric expansion valves for heat pump type thermal management system	• Improving mobility safety	3.3 Elimination of traffic accidents etc.
2	Launched (2 products) In development	e-WAVES	• Appropriate management of pharmaceuticals and foodstuffs • CO ₂ reduction through smart logistics • Reduction of quality problems and waste loss	2 Prevention of food loss 3 Vaccination management 13 CO ₂ reduction
3	Launched In development	CAPSULE SENSE (For sheep)	• Job satisfaction and improved productivity for producers • Use of limited resources and labor • Reduced environmental impact per head by shortening the fattening period	2 Feed reduction 8 Decent work 13 Climate change mitigation
4	Launched (FY2024)	MATOMAT	• Solving problems during disasters • Resource recycling using waste materials	11 Disaster prevention 12 Recycling 13 CO ₂ reduction, etc.
5	Launched (FY2024) In development	EneGraph	• Support for visualization of energy in facilities and plants	8 High economic productivity 13 CO ₂ reduction, etc.
6	Launched	Choku Q Raku R	• Solving problems at plants	8 High economic productivity
7	Launched	Gokkuon	• Promoting health care in an aging society • Reduction in medical costs	3 Improved healthy life expectancy / Reduced medical costs
8	Launched In development	Upcycling Brand “LycL”	• Contributing to the circularization of mobility	12 Waste reduction, etc. 13 CO ₂ reduction, etc.
9	In development	Valves for mobility	• Improving mobility safety	3.3 Elimination of traffic accidents etc.
10	In development	Flood detection sensor	• Contributing to climate change adaptation • Improving resilience in the event of a disaster	11 Sustainable cities and communities 13 Climate change adaptation etc.
11	In development	Disaster emergency products	• Contributing to climate change adaptation • Improving resilience in the event of a disaster	11 Sustainable cities and communities 13 Climate change adaptation etc.

Swallowing Checker Gokku-on

We have released Gokkuon, which makes it easier to check for oral flail. This product uses a throat microphone worn around the neck to measure the number of times saliva is swallowed over a 30 second period. The measurement results displayed include the number of swallows and swallow waveforms, and it is also possible to listen to swallowing sounds. We believe this makes it easier to perform oral flail checks*.

*Oral flail: Decline in ability to perform various oral functions



QR Scanning & Information Display System Choku Q Raku R

We have released a new workplace improvement tool, Choku Q Raku R, which allows users to view procedures, manuals, and other related files simply by scanning an existing QR code or barcode. This is part of a package of tools used at our manufacturing sites to help improve quality and reduce environmental impact through paperless operations and less printing.



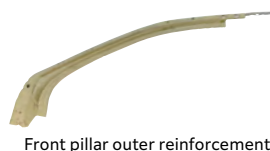
Solving Social and Customer Issues through Products

Improving Mobility Safety

Key Products that Contribute to Mobility Safety

Stamping parts that we produce contribute to improved safety performance in terms of protecting occupants in the event of a vehicle collision. Our products made of UHTSS are used for the inside of the vehicle roof to prevent the cabin from being crushed in the event of the vehicle overturning. High-strength materials are employed in the front reinforcement parts of the body to protect occupants in case of a frontal oblique collision. Furthermore, the increased strength of the front pillars means we can make them narrower, which helps to ensure driver visibility.

We are also the only transmitter manufacturer in Japan that develops and produces TPMS, which monitors the air pressure and temperature inside tires and alerts the driver to abnormalities while driving. TPMS is a product that contributes to society by maintaining proper tire inflation pressure, thereby improving safety and fuel efficiency.



Front pillar outer reinforcement



TPMS transmitter

Development of Environment-Conscious Products

UHTSS / Cold Stamping Products

In addition to contributing to reducing CO₂ emissions during driving by reducing the vehicle body weight with thinner and stronger stamping products for car body frames, we are actively promoting development and proposals for carbon neutrality based on LCA.

We are actively proposing replacing the hot stamping method, which has high CO₂ emissions during its production, with the cold stamping method using our accumulated knowhow and cutting-edge stamping technology.

Development of Products for Electrified Vehicles

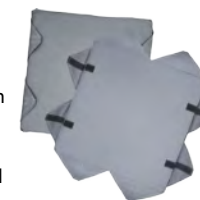
Regarding stamping and plastic molding products, in addition to HEV battery cases, which are among our main products, we are accelerating the development of products for electrified vehicles that utilize our core technologies, such as BEV battery reinforcement parts that apply ultra-high tensile stamping technology, compressor covers to meet the growing need for quieter systems due to electrification, and aerodynamic wheel caps that are highly rated for their effectiveness in improving electric efficiency.

Regarding valve products, we have started production of valve products for thermal management systems, which are increasingly being adopted to improve energy-saving performance through the introduction of BEVs. We also produce and sell valves for CO₂ refrigerants, which are increasingly being adopted in Europe due to their lower greenhouse effect.

Disaster relief mat MATOMAT sales begin

We began selling MATOMAT, disaster relief mats made by upcycling urethane scraps from the production process of soundproofing products such as engine covers. Normally used as chair cushions in schools, they can also be connected together to form a mat in an emergencies. During development, we entered into an agreement with the Board of Education of Ogaki, Gifu Prefecture, to verify requirements and conduct demonstration tests at schools. Produced in cooperation with local partner companies and welfare offices, this product is the result of a partnership between the public and private sectors and the local community.

Giving the growing importance of emergency supplies and the fact that these items do not require storage space, Ogaki has introduced them to all elementary schools in the city and plans to distribute them to new first graders in the future. We and our partner companies have also donated approximately 6,000 mats to areas affected by the 2024 Noto Peninsula earthquake.



Normally use as a cushion



Fit together to form a mat in an emergency

TPMS Contributes to Improved Fuel Efficiency

Produced and marketed globally, TPMS helps to improve safety, and by maintaining proper tire inflation pressure, contributes to better fuel economy. Especially in Europe, legislation has been enacted to improve fuel efficiency, and TPMS is sold through our European bases. TPMS is also sold for the aftermarket, motorcycles, etc.

KPIs and monitoring indicators

Contribution to a sustainable mobility society and prosperous living

	FY2022	FY2023
KPI No. of products developed that solve social issues	10	11
No. of patents	494	512
R&D expenses	2.01 billion yen	2.12 billion yen
No. of new themes developed	46	48

Improving mobility safety

	FY2022	FY2023
KPI Ratio of UHTSS versus all stamping products	24.9%	25.2%
KPI No. of TPMS products and TPMS valves sold	106 million	94 million

Development of environment-conscious products

*Reference values are based on our calculations

	FY2022	FY2023	
Percentage of products sold that are 100% recyclable or reusable ^{*1,2}	71.1%	81.7%	SASB TR-AP-440b.1
Total weight of recycled or remanufactured materials	15,280t (Pacific Industrial)	21,213t (Pacific Industrial)	SASB TR-AP-440b.2
Sales ratio for electrified vehicles (HEV, PHEV, BEV, FCEV) KPI	29.1%	34.1%	

*1 Products made of steel, aluminum, recyclable materials, etc.

*2 The calculation method has been revised so that the sales of customer-received materials are deducted from the denominator.

Energy reduction during product use

*Reference values are based on our calculations

Global medium-sized car models (100,000 km/vehicle)	2023
Weight reduction through UHTSS (cold stamping)	Reduction of approx. 34 kg of CO ₂ Approx. 14,100 tons of CO ₂ reduction per model concerned

*Reference values calculated by us based on the percentage of gasoline vehicle and HEV sales in 2023.

Minimizing Environmental Load

Environmental Philosophy

We will strive to conserve the global environment and continue to be the good company that society expects us to be.

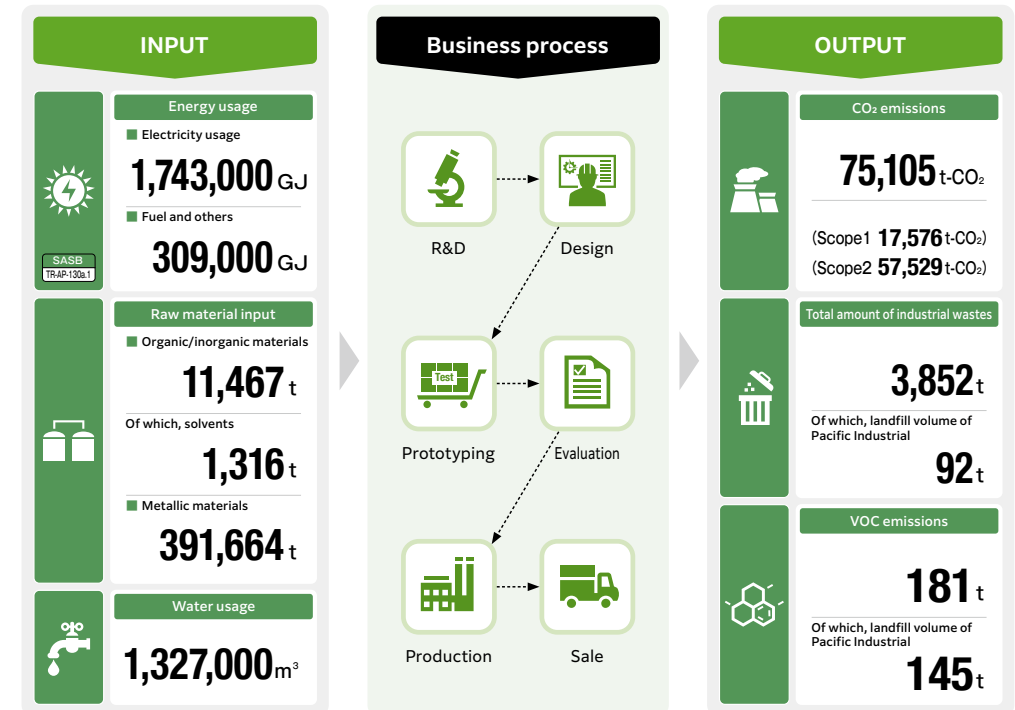
Environmental Policy

We accelerating environmental load reduction activities with the participation of all employees to achieve the PACIFIC Environmental Challenge 2050

PACIFIC Environmental Challenge 2050

SDGs	Materiality	Direction of initiatives	Mid to long-term target: KPIs	
 	Mitigation of and adaptation to climate change	Reduce CO ₂ emissions toward building a carbon-free society <ul style="list-style-type: none"> Production technology development/facility upgrading Production process improvement Daily improvement activities Introduction of renewable energy 	CO ₂ emission reduction (Scope 1, 2) 2030 targets 50% reduction from FY2019 2050 targets Net Zero	
	Sustainable resources use	Accelerate the use of recycling resources in pursuit of sustainable operations <ul style="list-style-type: none"> Production technology development/facility upgrading Daily improvement activities Defect reduction activities Material recycling 	Reduction of waste generated 2030 targets 30% reduction from FY2019 2050 targets Minimization	
	Conservation of water resources	Seek to minimize water usage and reduce water contamination risk according to local circumstances <ul style="list-style-type: none"> Production technology development/facility upgrading Daily water usage reduction activities Promotion of water reuse Change of surface treatment specifications 	Reduction of water usage 2030 targets Proper usage 2050 targets Minimization Usage according to local circumstances	

Resource usage and emissions (Material balance)



* Group (excluding TSC and PSC)

ISO14001

The Pacific Industrial Group considers ISO 14001 certification to be an absolute requirement as a manufacturer and has actively sought to build and maintain an environment management system (EMS) since 2000 on a global scale. In FY2023, 19 of 20 sites (8 domestic sites and 11 overseas) were certified, covering 95% of all sites.

Environmental Communication

We invite residents living near our plants and government officials to our company for regular community gatherings. We are also involved in educating the next generation through initiatives such as supporting the "Environmental SDGs Ogaki Future Lecture" for local high school students in collaboration with Ogaki City.

FY2024 targets

	Direction of initiatives	Targets (compared to FY2019)
1	CO ₂ emissions	25% reduction (Group)
2	Amount of industrial waste	13% reduction (Group)
3	Water usage	Optimal usage (Group) 23% reduction

Minimizing Environmental Load

Disclosure of Climate Change-Related Information under the TCFD

We recognize that climate change is one of the most important issues facing society, and we have declared that we will be carbon neutrality by FY2050, reduce CO₂ emissions by 50% by FY2030 (compared to FY2019, Scope 1 and 2), and are implementing group-wide initiatives to reduce CO₂ emissions. We also endorsed the TCFD in May 2021, and are working strategically to understand the risks and opportunities of climate change. In this report, we have set out our efforts to address climate change in line with the TCFD's final recommendations.



Governance

Our Group has identified 15 material issues that are important for sustainability management, including "Mitigation of and adaptation to climate change," and categorized them into four pillars. Materiality related initiatives are pursued by defining the ideal state and the KPIs. Important issues are discussed at individual weekly Corporate Strategy Committee meetings as required, and particularly important issues are discussed by the Board of Directors. Recognizing that mitigation of and adaptation to climate change is the top priority issue in materiality, we report, deliberate, and make decisions at the quarterly Sustainability Promotion Committee meetings (attended by internal directors, including the president). Important issues are discussed individually at the weekly Corporate Strategy Committee meetings. In addition, the Board of Directors deliberates on the status of sustainability activity reports and initiatives regarding risks and opportunities related to climate change matters.

Strategy

We have updated our Group's previous recognition of risks and opportunities related to climate change, which were based on the 1.5 degree and 4 degree scenarios. Strategies related to such risks and opportunities are developed mainly as "transition plans," "adaptation measures," and "development of environment-conscious products."

		Significant risks and opportunities	Impact (1.5°C and 4°C scenarios)	Term	Impact level	Countermeasures
Risks	Transition risks	Carbon pricing and energy price increases	With the spread of carbon pricing mainly in developed countries, carbon taxes, emission trading, carbon adjustment measures based on borders, etc., would have an impact of about 1.6 billion yen/year in 2030 and about 3.7 billion yen/year in 2050 in the 1.5°C scenario. Energy prices are also expected to soar when carbon prices are factored in, with energy payments expected to increase by about 1.1 billion yen/year in 2030 and 3 billion yen/year in 2050. (electricity, crude oil, natural gas)	Mid- to long term	High	Through PACIFIC Environmental Challenge 2050, we will: <ul style="list-style-type: none"> • Promote energy conservation • Make use of ICP (internal carbon price) • Replace fossil fuels (heavy oil, diesel oil, kerosene, natural gas) facilities with power-saving facilities • Understand and utilize trends in next-generation energy (green hydrogen and methanation) • Introduce renewable energy (solar power generation system) • Purchase CO₂-free electricity and renewable electricity certificates
		Surge in raw material prices (iron, aluminum, resin, etc.)	With the impact of decarbonization and intensifying competition for resources, raw material prices are expected to soar, with an impact of approximately 4.8 billion yen in 2030 under the less than 4°C scenario and 19 billion yen under the 1.5°C scenario. In 2050, raw material prices are expected to fall by about 2.4 billion yen/year under less than 4°C scenario, while prices are expected to soar by about 9.9 billion yen/year under the 1.5°C scenario.	Short to mid-term	High	Through PACIFIC Environmental Challenge 2050, we will: <ul style="list-style-type: none"> • Reinforce the use of recycled materials, upgrade our recycling technology for resin products, and utilize synthetic rubber waste • Develop lightweight parts and transfer price to customers
		Decrease in orders for parts due to shift to BEVs and FCEVs	Because of the worldwide shift to electrification by automakers and the decrease in the number of engine vehicles, sales of products for engine vehicle transmissions and die-casting products for compressors are expected to decrease, causing a sales decrease of approximately 4.5 billion yen by FY2030. (from FY2019)	Mid- to long term	High	• Develop and expand sales of products for Electrified Vehicles
		Exclusion from investment targets due to worsening sustainability assessment by institutional investors and sustainability research companies	If a company's sustainability rating is inferior to that of any of its peers in an investment, its stock sales or purchases may decrease. Assuming that 1% of the company's market capitalization is affected, this would result in a decrease in market capitalization of 1% of 87.6 billion yen (August 30, 2024) = 876 million yen.	Mid- to long term	Moderate to high	• Strengthen sustainability management and actively disclose information. (New MSCI NIHONKABU ESG SELECT LEADERS in 2024)
	Physical risks	Operations shut down due to floods and storms caused by extreme weather conditions	The development of extreme weather conditions due to climate change has exposed some bases to storms and floods caused by heavy rainfall. For example, domestically, Nishi-Ogaki, Higashi-Ogaki, Yoro, Mino, and Kyushu, and overseas TPA, PTC, and PIT, are at risk of flooding and are expected to incur cumulative damages of approximately 3 to 9 billion yen through 2050 under the 1.5°C scenario and 6 to 18 billion yen through 2050 under the 4°C scenario.	Mid- to long term	High	• Incorporate extreme weather countermeasures into BCP for high-risk bases • Promote cooperation with local communities
		Increase in heat stroke	Health issues among employees due to heat stroke are expected, along with decreased productivity and increased costs for heat stroke prevention.	Short-, medium- and long term	High	• Provide air-conditioned clothing (All technical personnel who request it (Pacific Industrial)) • Install air conditioning • Promote plant insulation • Ensure full awareness until the switchover is complete or for outdoor workers

Minimizing Environmental Load

Disclosure of Climate Change-Related Information under the TCFD

		Significant risks and opportunities	Impact (1.5°C and 4°C scenarios)	Term	Impact level	Countermeasures
Risks	Up-stream	Suppliers' operations shut down due to flooding (or drought) caused by extreme weather	Suppliers in low elevation areas, mainly in the Ogaki region, and around Tianjin and Changshu in China, and Chachoengsao province in Thailand, are considered to be at high risk of flooding. In addition, because water stress is high in Virginia in the U.S. and the vicinity of Tianjin in China, water shortages and other such factors may affect the operation of suppliers.	Mid-to-long-term	Moderate to high	<ul style="list-style-type: none"> Support the inclusion of extreme weather countermeasures in BCPs of high-risk suppliers Diversify suppliers by local production
	Down-stream	Order quantities impacted by customer shutdowns or inability to respond to customer requests	Major customers have requested CDP evaluations, reductions in CO ₂ emissions, and the like, and failure to respond to these requests could result in a loss of order opportunities in the worst-case scenario. Also, production activities may be disrupted if customers shut down operations due to windstorms or water stress.	Mid-to-long-term	High	<ul style="list-style-type: none"> CO₂ reduction by LCA Set reduction targets for Scope 1 and 2 and follow up Develop a BCP
Opportunities	Products/Services	Increase in sales of stamping products to help reduce weight, and increase in sales of TPMS products to help improve fuel efficiency	Our businesses have many more products for which demand is expected to increase than those for which orders will decrease as a result of the shift to BEVs. Sales associated with the electrification of vehicles (BEVs, HEVs, PHEVs, FCEVs) are expected to increase by about 28.7 billion yen/year by FY2030, including mainstay products such as UHTSS parts, battery cases, plastic molding products such as compressor covers and aerodynamic wheel caps, and electrified vehicle products such as control valves for heat pump car air conditioners. (compared to FY2019)	Short-to mid-term	High	<ul style="list-style-type: none"> Develop lightweight products, develop next generation TPMS
		Increased orders for products for batteries, motors, plastic molding product, thermal management, and hydrogen piping due to the shift to BEVs and FCEVs		Mid-to-long-term	High	<ul style="list-style-type: none"> Improvement in Sales ratio for electrified vehicles (Management Target)
	Market	Energy-saving car legislation will increase need for weight reduction and increase sales of UHTSS products		Short-to mid-term	High	<ul style="list-style-type: none"> Develop lightweight products
	Resilience	High supply chain resilience to water risks	Our globally distributed production system makes it possible to supply products even if some production bases are shut down due to disaster etc. Our main production base is located in the Ogaki area, which has abundant water resources and is less susceptible to drought risk, even as drought risk is advancing worldwide.	Mid-to-long-term	High	<ul style="list-style-type: none"> Globally distributed production Supply chain decentralization in local production

* The impact amount is not a forecast but a reference to ensure management resilience. The above figures are our own calculations based on certain hypotheses and with reference to publicly available parameters, etc., and may differ significantly from the actual impact.

* Short-term 1 to 5 years, Medium-term 6 to 10 years, Long-term 11 years and more

* 1% annual growth rate until 2030 (For raw materials only, annual growth rate will be 3% until 2030 and remain flat after 2031)

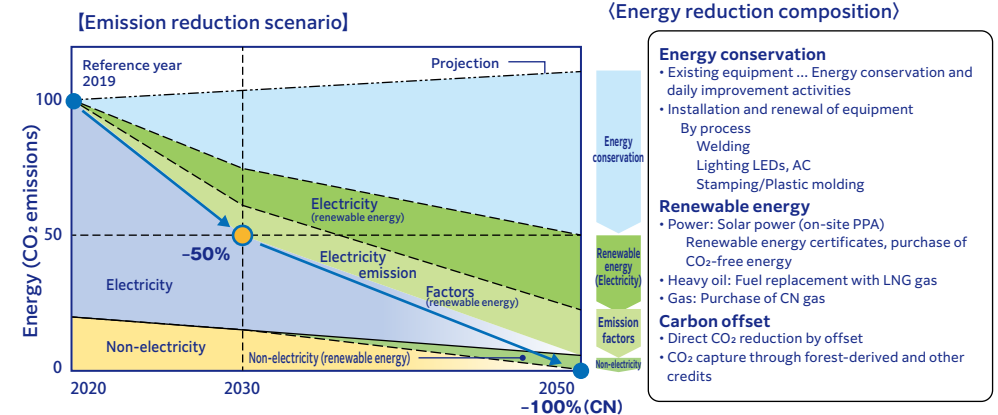
* For transition risks, the IEA's World Energy Outlook's Net Zero Scenario (NZE) 2023 and STEPS scenario are used, and for physical risks, the parameters of the IPCC's RCP2.6 and RCP8.5 scenarios are used.

* Assuming an exchange rate of 1 dollar = 145 yen

Strategy 1 Transition Measures

Our Group recognizes that the impacts of the climate change transition will be extremely significant, including carbon pricing and customer requests to reduce CO₂ emissions. In 2020, we formulated the PACIFIC Environmental Challenge 2050, which aims for carbon neutrality in 2050, and we are promoting CO₂ reduction throughout the group. In 2021, we raised our 2030 target to 50% of the FY2019 level (scopes 1 and 2), and are accelerating initiatives such as energy conservation, energy conversion, introduction of ICP, and introduction of renewable energy.

Transition Plan Plan to Achieve Carbon Neutrality by 2050



To achieve carbon neutrality (virtually zero CO₂ emissions) in 2050 as set forth in PACIFIC Environmental Challenge 2050, we have revised our mid-term target for 2030 to a 50% reduction (compared to FY2019), and we will strengthen our efforts to achieve carbon neutrality throughout the entire life cycle of products.

Strategy 2 Adaptation Measures

Our Group has production bases and supply chains around the world, and some regions may be affected by wind and flood damage, lightning strikes, heat stroke, and other adverse factors due to the effects of increasingly extreme weather and high temperatures in the future.

To address this, we are promoting measures such as the decentralization of production bases, multi-company procurement, measures against wind, flood, and lightning damage prevention, BCP integration, supplier training, and heat stroke prevention.

Starting in FY2023, we have prioritized flood prevention measures for our Yoro Plant and Kyushu Plant, which are at high risk of flooding. In FY2024, we have applied heat-shielding paint to parts of the Nishi-Ogaki Plant to block heat from direct sunlight and reduce temperature rises inside the plant, and we plan to expand this measure to other plants in the future. We have also installed surge killers at our plants in Japan, where lightning strikes are common, to protect equipment from the effects of lightning.

Minimizing Environmental Load

Disclosure of Climate Change-Related Information under the TCFD

Strategy 3 Development of Environment-conscious Products —

Our Group recognizes two major impacts of climate change as business opportunities.

One is the reduction of CO₂ emissions throughout the product life cycle. UHTSS stamping products, which are our mainstay products, lower CO₂ emissions during automobile use by reducing weight. Furthermore, the cold stamping method, which is our specialty, reduces CO₂ emissions during production to about one eighth of that of the hot stamping method. In addition to this, we are promoting the use of recycled materials and the manufacture of recyclable products.

Another impact is the development of products for electrified vehicles, which is advancing globally. Our analysis shows that the profits are greater than the losses associated with the transition to electrified vehicles. We have already started production of control valve products for the thermal management system of BEV air conditioners and of soundproof covers for electric compressors. We recognize that these and other products for electrified vehicles have great potential, and we will continue our efforts to develop and expand sales.

Risk Management

We identify sustainability related material topics and use them to identify risks. Of these, company-wide management-level risk is addressed by the Risk Management Committee, which selects risk items and discusses and deliberates on countermeasures. The Risk Management Committee assesses and manages significant risks across the organization, including things related to sustainability such as climate change and social issues. In the event that such risks materialize, the committee takes prompt and appropriate measures to mitigate the impact.

Climate-related risks and opportunities are identified and assessed by the sustainability working team, and the results are presented to the Corporate Strategy Committee. Issues such as carbon neutrality and electrification, which are especially recognized as having a significant impact, are discussed by the Corporate Strategy Committee and Board of Directors as required, incorporated into strategy, and countermeasures are planned and implemented.

Metrics and Targets

Transition Measures	<ul style="list-style-type: none"> • Reduce CO₂ emissions by 30% by FY2026 (management target of our mid-to-long-term business plan Beyond the OCEAN) • Reduce CO₂ emissions by 50% by FY2030 (management targets of our mid-to-long-term business plan Beyond the OCEAN) • Achieve net-zero CO₂ emissions by FY2050 (PACIFIC Environmental Challenge 2050) *Scope 1 and 2, compared to FY2019
Adaptation Measures	<ul style="list-style-type: none"> • Enhance our own disaster countermeasures and brush up our BCP • Promote the following initiatives related to material topic "Climate change adaptation measures" • Support BCP formulation for business partners • Promote cooperation with local communities in the event of a disaster • Heat stroke prevention
Opportunities	<ul style="list-style-type: none"> • Set the following materiality KPIs • Ratio of UHTSS versus all stamping products (FY2024 25%) • Percentage of sales for electrified vehicles (FY2026 50%, FY2030 70%, management targets of our mid-to-long-term business plan Beyond the OCEAN)

4 Pillars of Materiality

Fostering Trust with
StakeholdersSolving Social and
Customer Issues
through ProductsMinimizing
Environmental LoadRespecting Human
Resources and their
Active Participation

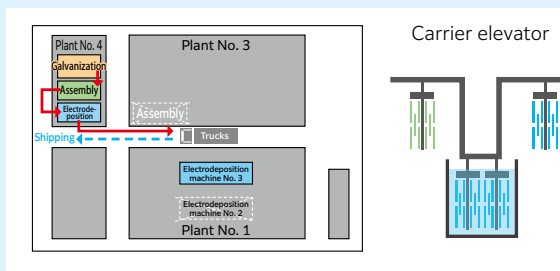
ESG Data

GRI Content Index



Mitigation of and Adaptation to Climate Change

With an eye on the 1.5°C scenario of the Paris Agreement adopted in 2015, the Pacific Industrial Group is striving to reduce energy use by promoting activities such as developing production technologies, upgrading facility, improving production processes, improving daily activity, and introducing renewable energy. In FY2023, we continued to make steady improvements in energy conservation as well as introducing renewable energy sources, including solar power generation systems in Japan and overseas. Our business site in Thailand has achieved zero carbon emissions for electric energy, while another business site in China has introduced a solar power generation system for the first time.



It has reduced CO₂ emissions by downsizing the electrodeposition coating facility at the Nishi Ogaki Plant. This was achieved by (1) retiring and removing two aging large electrocoat systems, (2) installing compact electrodeposition coating equipment designed specifically for hood hinges, and (3) consolidating production sites for the hood hinge manufacturing process to eliminate the need for transportation. The annual reduction in CO₂ emissions will be about 278 tons.

At Yoro plant, the scrap conveyor connected to the press machines was running regardless of whether scrap was ejected or not, and even when the press machines was not operating, the scrap conveyor was still running and generating electricity. Therefore, we made a change to disable the scrap conveyor when the press was not operating. The annual reduction in CO₂ emissions will be about 228 tons.

Manufactured item	Scrap	Conveyor
Flanges	Yes	In-operation
Pistons	No	(1) Not in operation
Not in operation	—	(2) (3) Not in operation

(2) (3) Scrap conveyor running	
Day shift	
Press machines	Operate 4H, Break 1H, 4H, Shift interval 3H
Scrap conveyor	Operate 4H, Break 1H, 4H, Shift interval 3H
Night shift	
Press machines	4H, Break 1H, 4H, Shift interval 3H
Scrap conveyor	4H, Break 1H, 4H, Shift interval 3H



Solar power generation equipment was added to the Higashi Ogaki Plant No. 4 in Japan, and TPA in China, was the first overseas facility to install solar power generation equipment. When combined, these two facilities will reduce annual CO₂ emissions by approximately 3,170 tons. Through solar power generation and purchasing renewable energy certificates, approximately 23% of our total electricity consumption in FY2023 will come from renewable sources.

Higashi-Ogaki Plant No. 4

Minimizing Environmental Load

Sustainable Resources Use

The Pacific Industrial Group is pushing forward resource recycling by reducing industrial waste generation through defect reduction activities in the manufacturing process and by recycling materials, primarily waste rubber and plastic.

In FY2023, we promoted the sale of purged resin materials* as valuable resources mainly at the Higashi Ogaki Plant. *Purged material: Previously used resin material left on molds and molding machine screws after use



At the Higashi Ogaki Plant, we used to dispose of the material purged*¹ from resin molding machines in order to switch to another material when change to another mold or material, but we have begun to sell this purged material as a valuable resource in cooperation with businesses. This year, we limited the number of production lines where we did this, resulting in a reduction of approximately 4 tons of waste. Going forward, we will expand this measure to all production lines, which is expected to reduce waste by approximately 68 tons per year.

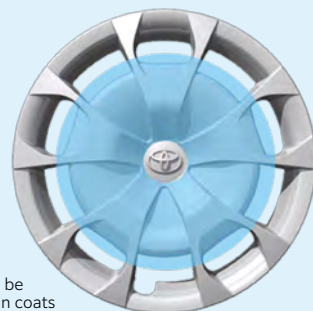
In order to further reduce waste, we will continue our activities to realize material recycling of SBR*² and urethane.

*1 Purge: Removal of purged material

*2 SBR: Styrene-butadiene rubber, a synthetic material with properties similar to natural rubber

In the hubcap area at the Higashi Ogaki Plant, the pot life* of the paint was reviewed and the coating process was changed to achieve a more uniform coating film and shorter coating time. As a result, paint application efficiency was improved by approximately 1.8 times and reduced paint consumption was reduced approximately 228 tons per year.

*Maximum time paint can be used after mixing



Large areas can be painted with thin coats

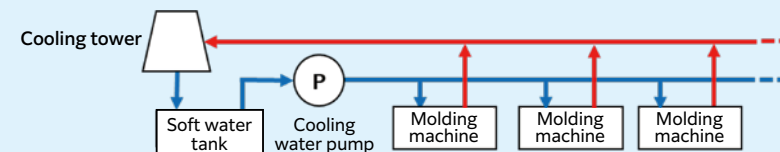
Conservation of Water Resources

The Pacific Industrial Group manages and reduces water consumption in accordance with local conditions, promotes water recycling, makes effective use of water resources, and works to protect water resources. In FY2023, we constructed a new wastewater treatment facility, mainly in conjunction with the new expansion of our Higashi Ogaki Plant. We are committed to complying with all laws and regulations while respecting the environment in the surrounding area.



We have constructed a new wastewater treatment facility due to the addition of welding and degreasing processes in the new plant building at the Higashi Ogaki Plant (Plant No. 4, welfare building). We will strive to comply with laws and regulations while respecting the conditions of the surrounding rivers and the environment of the surrounding area.

At Higashi Ogaki Plant, we have been upgraded its resin molding machines from conventional hydraulic types to energy-saving electric types. This has reduced the number of water-cooling parts such as oil coolers and reduced the amount of cooling water used for molding machines. We also reduced changed the number of operating cooling towers that cool and circulate cooling water from four to one. As a result, the amount of cooling water used has been reduced by 85% compared to the previous system.



Respecting Human Resources and their Active Participation

Human Resources Strategy

Approach to Human Resources Strategy (Environmental Development Policy)

We aim to be a company where a diverse range of employees can play an active role in achieving our group's PURPOSE of "Passion in Creating Tomorrow." To this end, we will take two main measures.

The first is to improve infrastructure. This includes respecting human rights and providing a pleasant work conditions, in order to maximize human resources and improve the work environment. Specifically, we will take steps to prevent harassment, encourage teamwork, and prioritize health and safety for employees.

The second is business growth. This means promoting the growth of our human resources and provide skill development and career support. In addition, we will promote the transformation of our corporate culture to one that encourages challenge.

By taking these two steps, we aim to increase engagement. We will continuously measure and improve our employee engagement. We will also emphasize diversity and inclusion, recognizing the differences among all people and creating a psychologically safe work environment where everyone can fulfill their potential. In this way, we aim to enhance the well-being of our employees and the value of our company.

Respecting Human Resources and Their Active Participation (Human Resources Strategy)

Integrated approach to key issues with "employee engagement" at the core



Respect for Human Rights

Human Rights Policy Formulation

In recent years, the importance of corporate efforts to address human rights issues as a social requirement is growing. We consider human rights to be a core issue for sustainability management and created the Pacific Industrial Group Human Rights Policy in February 2021. Under this policy, all employees will act with high ethical standards and integrity as sensible members of the global community, and the Group will work to promote initiatives that respect human rights.

Implementation of Human Rights Surveys

Through human rights due diligence mechanisms, our Group strives to identify and either prevent or mitigate negative impacts on human rights. These mechanisms include the regular monitoring of the implementation status of our Code of Conduct and Supplier Sustainability Guidelines.

In FY2023, as in the previous year, we conducted a human rights questionnaire, mainly on harassment in the Code of Conduct self-inspection. The results of the surveys were shared with the Human Resources Department to confirm the facts through hearings and other means, and efforts are being made to raise awareness of psychological safety and human rights, establishing a consultation service, and other initiatives. We also conduct questionnaires at overseas entities in the same manner as in Japan, and promote awareness-raising activities during morning meetings and through periodic education.

In FY2024, based on the stakeholder engagement described below, we conducted e-learning on human rights and included a more in-depth harassment and discrimination topic in the domestic action guideline self-assessment.

Education and Engagement

In FY2023, we worked to promote and instill awareness of respect for human rights by continuing to provide human rights education through e-learning as in the previous year, and by conducting awareness and education to create a group-wide culture of respect for human rights, including harassment education for those promoted to management and supervisory positions.

In FY2024, during our materiality revision process, we are conducting engagement meetings with our stakeholders as part of our human rights due diligence. This includes working as a team to identify and compile risks of human rights violations throughout the value chain, as well as engaging with stakeholders (a labor union, women, people with disabilities, foreign nationals, temporary workers, and a supplier) to address these risks. Based on the results of these efforts, we will strive to prevent human rights violations in the future by identifying human rights risks and keeping our human rights policy up to date.

Respecting Human Resources and their Active Participation

Stable Employment and Decent Work Environment

Employee Engagement

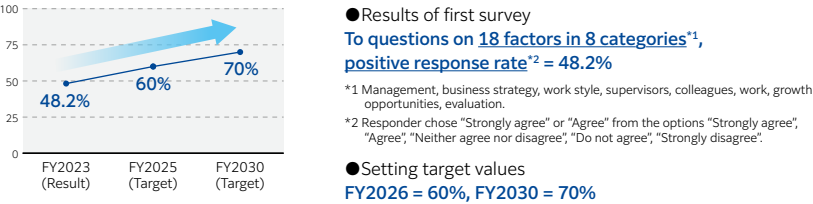
Employee engagement refers to each employee's willingness to understand and agree with the strategy and goals of the company and workplace, and to voluntarily contribute his or her skills.

Our PURPOSE, "Passion in Creating Tomorrow," is aimed to empower each of our employees to create new value by maximizing their individual strengths in order to build a sustainable future. To achieve this goal, it is essential that we increase employee engagement. We conducted our first engagement survey in November 2023, the results of which were used to formulate management objectives.

Going forward, we will focus on four key initiatives as we aim to become a company where everyone can thrive and reach their potential.

We have also begun to share the results of these surveys with employees and use them in discussions to increase engagement in each department and group, to create workplaces where employees can express their thoughts to each other, and address specific issues in individual workplaces.

Employee Engagement – Target Positive Response Rate



Priority Action Items

1	2	3	4
Shared the leadership Vision	Relationships with supervisors and colleagues	Sense of growth and learning	Job satisfaction
Enable employees to relate to and consciously act on the company's vision and beliefs	Create a psychologically safe workplace where employees work as a teams and share ideas freely.	Provide learning opportunities to support skill development and growth	Provide a comfortable work environment and work-life balance, and create an environment where employees can challenge themselves and grow

Creating a Decent Work Environment

Creating a decent work environment improves employee job satisfaction and engagement with the company, leading to a higher retention rate. We are actively working to improve the working environment in our offices and plants and to review various systems. To give a specific example, in 2022, we revised the starting time at our Kyushu and Tohoku Plants from 6:00 to 7:10am to ease the physical strain on workers. We are considering extending this change to other plants.

In addition, since good human relationships are important for a decent work environment, we have expanded the workplace senior system, which assigns younger senior employees to new hires in the technical field as well as the staff field. We also provide personnel development by checking mental and physical health, for example, by using regular interviews during pre-training for managers and supervisors at their assigned sites. We also strive to create a workplace with a high level of psychological safety by holding regular informal discussions where employees can talk freely to management about their thoughts and feelings on their work, as well as any problems they face. We conduct psychological safety training for new managers and supervisors too.

As part of our support activities, we also continuously strive to improve the workplace environment from the perspectives of people, facilities, and environment.

Work-Life Balance

We implement a variety of measures to help employees balance a fulfilling personal life with job satisfaction and growth. We have received Kurumin certification every year since 2008 as a child-rearing company, and in July 2024, we received Platinum Kurumin certification. Our target for annual paid leave is set at 12 days per year. We are working to ensure that this goal is met. In FY2023, the average rate of achievement of this goal was 100% for union members for the third year in a row.

In response to employee feedback, we are also expanding and reviewing our systems, including the establishment of a new fertility treatment leave program and the removal of restrictions on the number of half-day of paid leave.

We have introduced flexible work styles, such as encouraging the use of annual paid leave, reducing long working hours, ensuring rest periods through a work interval system, and using reduced working hours, staggered working hours, and a flextime system to support the balance with childcare or nursing care.

Going forward, we will continue to strive to create an environment and culture that supports work-life balance, allows employees to easily take time off, and encourages healthily and energetic work.

Converting Non-Regular Employees into Regular Employees

We periodically evaluate and interview non-regular contract employees and temporary employees and make them regular employees if they are qualified. In FY2023, we hired 54 temporary employees as regular employees. We will keep actively trying to convert non-permanent employees into permanent employees in order to achieve continued growth.

Respecting Human Resources and their Active Participation

The Safety and Health of Employees

Building a Safe and Secure Workplace

Based on the principle of safety first, in accordance with the occupational health and safety management system, we promote safety management initiatives centered on human resource development, equipment safety measures, and workplace development to provide a healthy, safe, and secure workplace for employees.

In addition, a Health and Safety Committee has been established to investigate and deliberate on basic measures to prevent worker hazards and health problems, and labor and management work together to address these issues.

Health and safety risks are assessed at each workplace and prioritized to promote activities to reduce risks.

■ Human Resource Development

In order to become a company that is strict and conscientious about safety, we use a safety dojo, a facility for safety education, in the Study Hall, which serves as a base for skills education. We also conduct safety experience education, risk assessment education, and hazard prediction training for employees at each level to improve their ability to recognize danger as part of our efforts to increase risk sensitivity. We provide the same training for temporary employees as we do for permanent employees to help improve their sensitivity to hazards. In safety activities with our suppliers, we hold safety study sessions to mutually improve the level of safety, as well as safety training using our safety dojo.

In FY2023, we reinforced risk assessment and safety practice training as part of our initiatives for employee safety. The number of employees to be trained was increased to 206 from 43 in the previous year, and safety training is also provided to all temporary employees upon hiring. We will further strengthen these efforts to achieve zero accidents.



New employees training



Safety training

■ Equipment Safety Measures

The key points of STOP 6 for the prevention of serious disasters have been incorporated into our daily activities, and we are working to establish and continue those activities, clarify our priorities, and promote countermeasures. As for the safety of new equipment and lines, we aim to create safe workplaces through risks reduction at the process and equipment design stage, and work risk assessments at the installation stage.

■ Providing a Proper Work Environment

Regarding improvements to the environment at our plants, we have made efforts to create a better working environment by introducing air-conditioned clothing, LED lighting, and process improvements to reduce the physical strain on workers. In constructing the new plant building at the Higashi Ogaki Plant, we upgraded the air conditioning, safety equipment, and corridor spaces, and installed a comfortable break room, cafeteria, and lounge space for employees to visit and talk with each other.

Health Management Initiatives

In 2005, we launched our “Work-life Balance” initiative, and since becoming the first workplace to be registered with the Gifu Labor Bureau’s “Hatsu Ratsu Workplace Creation Declaration” in 2006, we have been promoting the mental and physical health of our employees in specific and continuous ways. Placing importance on the health of our employees as the basis for the performance of our human resources, we reaffirmed this position in September 2021 in the Pacific Industrial Group Health Declaration, and are continuing with our health management efforts.

In November 2023, we had a health booth at the Wai-Wai Festa, an in-house event being held for the first time in three years, where we measured the bone density of visitors and provided them with health advice based on the results. We also worked to improve literacy by providing opportunities for healthy people to become more aware, as well as e-learning and health information on various topics.

In March 2024, we were recognized for the third consecutive year as an Excellent Health Management Corporation (Large Corporation Category) in recognition of our efforts to prevent illness among employees, address lifestyle-related diseases, address mental health issues, and help employees return to work or balance their work and medical treatment.



Our health booth at Wai Wai Festa



Respecting Human Resources and their Active Participation

Development of Human Resources and Cultivation of Culture that We can Tackle New Endeavors

Human Resources Development Policy

Our Group is committed to cultivating motivated personnel who can think and act on their own initiative so that every employee can have "Passion in Creating Tomorrow." In particular, we need people who can perform globally, people who play a central role, people who set high goals and take on challenges, and people who can solve problems to achieve a sustainable society. We will visualize the skills and number of people required for this, and systematically strengthen any areas that are lacking. In addition, we will actively provide education to enhance the resourcefulness they will need in order to achieve work results as a team. For everyone to be able to grow and fulfill their potential, we will provide learning opportunities and career support to help them develop individuality and characteristics regardless of their gender, nationality, age, work style, etc.

Strengthening Education at Each Level

Strengthening job level-based education and supporting self-development

Since FY2021, we have completely revamped our education program and restructured it into an effective education system that improves not only competence, but also human skills. In addition, from FY2023, we have started providing new web-based learning materials offering learning opportunities anytime, anywhere, and to anyone. Courses have been selected for people at different levels, such as new hires or newly promoted employees, so that they can actively acquire the skills and knowledge that the company wants them to have during their working hours. We have also made it easier for motivated employees to take the first step toward learning by offering more generous subsidies for course fees and by starting courses on a quarterly bases. As a result of our efforts, the idea that it is natural to continue learning is becoming more widespread.



Job level-based education
(about psychological safety)

Improving Work Methods

We are continually promoting "improving work methods" in our company. This is based on the concept that of individual employees improving their work productivity and personal growth through repeated improvements, thereby shifting to more creative, higher value-added work, rather than being bound by conventional work methods.

Diversity and Inclusion

Policies and Initiatives

We believe that creating an environment and culture that are inclusive and allow employees to fulfill their potential according to their internal attributes, including individuality, strengths and weaknesses, health, personality, beliefs, sexual orientation, and nationality, will revitalize workplaces, contribute to innovation, and reduce employee turnover. To this end, we respect diversity and inclusion as one of our management strategies, and are promoting various cross-functional initiatives within the company.

Promotion of Women's Activities

We believe that the further advancement of women is essential for a company's sustainable growth and corporate competitiveness, and are therefore hiring capable human resources regardless of gender, create a work environment that allows for diverse work styles, and promoting career education necessary for individual growth. Regarding the ratio of hiring female staff, we are working to increase it to at least 20% per year by March 2025, according to our Action Plan for the Advancement of Women. Our goal is to have 14% or more of the Group's total management positions filled by women by FY2030.

In addition, based on the view that men's participation in childcare is necessary for women's advancement, we support our male employees in taking childcare leave, with 45.7% of them taking leave in FY2023. We have also prepared a "Childcare Leave Handbook for Men", which includes detailed explanations of the subsidy system to alleviate concerns about earning less when taking childcare leave, as well as explanations of the procedures from a male perspective and interviews with those who have taken long-term leave. We are also focusing on activities to promote a better understanding of child care leave, such as introducing cases of maternity/paternity leave in our company newsletter, and providing information to male employees who have a new child through the management system.

In June 2024, we received Eruboshi certification from the Labor Bureau after our implementation of initiatives to promote the advancement of women was found to meet the certification criteria.



Consideration for Foreign Workers

We also prepare foreign language versions of materials for foreign workers to understand, such as common area signs, health screening questionnaires, internal bulletins, hygiene-related guidelines, training materials for new hires, and work manuals.

ESG Data

Environment

CO₂ Emissions (Scope 1, 2)

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
KPI CO ₂ emissions ^{*1}	kt	Group	94.3	85.8	85.2	76.6	75.1
Scope 1			19.4	17.3	17.3	16.9	17.6
Scope 2			74.8	68.5	67.9	59.7	57.5
CO ₂ emissions	kt	Pacific Industrial	42.5	38.0	34.8	27.2	26.5
		Overseas	51.7	47.8	50.4	49.5	48.6
Emissions intensity	t/100 million yen	Pacific Industrial	47.3	46.4	42.7	32.8	33.5
		Overseas	68	69.7	60.8	45.6	37.9

* Excluding domestic subsidiaries.

* We employ emission factors for the calculation of CO₂ emissions included in the List of Calculation Methods/Emission Factors for the Calculation, Report, and Publishing Systems published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

*¹ Our group has received third-party verification by SGS Japan Inc. to improve the reliability of our CO₂ emissions data for FY2022. For details on the scope of calculations and other items, please click the "Verification Opinion" link in the ESG Data section of our website. The figures for FY2022 have been revised accordingly. The difference from the verified values was mainly due to two plants in Thailand offsetting their carbon dioxide emissions through the purchase of non-fossil certificates (I-RECs) between January and March of 2023. Figures for FY2023 are before third-party verification, and will be revised after third-party verification and announced on our website.

Energy Usage SASB TR-AR-130a.1

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Total energy	1,000 GJ	Group	1,991	1,869	1,962	1,966	2,052
Electricity usage			1,678	1,594	1,679	1,673	1,743
Fuel and others			332	293	304	293	309
Sales intensity	GJ/100 million yen	Group	1,200	1,243	1,193	1,028	990
Total renewable energy consumption ^{*1}	Gwh	Group				3.5	5.6

* Excluding domestic subsidiaries.

*¹ Solar power consumption (excluding CO₂-free electricity).

Renewable Energy Introduction Ratio SASB TR-AR-130a.1

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Renewable energy introduction ratio	%	Group	1.2	1.2	1.2	12.1	16.9

* Excluding domestic subsidiaries.

* CO₂-free electricity used since 2022, and this figure includes that amount.

CO₂ Emissions (Scope 3)

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
1 Purchased goods and services	t-CO ₂	Group					839,223
2 Capital goods							108,431
3 Fuel and energy-related activities not included in Scope 1 or 2							13,796
4 Transportation and distribution (upstream)							16,853
5 Waste generated in operations							2,664
6 Business travel							644
7 Employee commuting							4,069
9 Transportation and distribution (downstream)							22,006
12 End-of-life treatment of sold products							4,028
Scope 3 total							1,011,714

* Scope 3 figures calculated based on Emission Intensity Database for Calculating Greenhouse Gas Emissions and Other Emissions by Organizations Throughout the Supply Chain (Ver. 3.4) published by MOE.

Raw Material Input

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Metallic materials	t	Group		326,339	341,458	326,299	391,664
Organic/inorganic materials				11,862	15,492	11,113	11,467
Of which, solvents				2,370	1,599	1,332	1,316

* Excluding domestic subsidiaries.

Waste-Related SASB TR-AR-150a.1

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
KPI Amount of industrial wastes	t	Group	4,190	3,516	3,245	3,625	3,852
		Pacific Industrial	1,988	1,664	1,575	1,830	1,697
		Overseas	2,202	1,852	1,670	1,796	2,155
Amount of landfill wastes	t	Pacific Industrial	178	111	99	80	92
Recycling rate ^{*1}	%	Pacific Industrial	81	89	93	86	93

* Excluding domestic subsidiaries.

*¹ Including thermal recycling.

Amount of Hazardous and Non-Hazardous Waste Generated SASB TR-AR-150a.1

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Amount of non-hazardous waste generated	t	Domestic*	1468.7	1287.9	1218.3	1476.5	1380.4
Amount of hazardous waste generated	t	Domestic*	1.5	1.2	1.4	0.6	0.2

* Domestic: Nishi Ogaki Plant, Higashi Ogaki Plant, Kita Ogaki Plant, Mino Plant.

Water Usage

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
KPI Water usage	1,000m ³	Group	1,744	1,645	1,374	1,394	1,327
		Pacific Industrial	1,514	1,393	1,179	1,176	1,119
		Overseas	231	252	195	217	208

* Excluding domestic subsidiaries.

BOD / COD Emissions

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
BOD	t	Nishi Ogaki Plant	4.8	3.5	2.8	2.6	2.9
		Higashi Ogaki Plant	0.1	0.1	0.1	0.3	0.3
		Kita Ogaki Plant	0.13	0.06	0.03	0.02	0.02
		Kurihara Plant	0.1	0.2	0.2	0.4	0.2
COD		Nishi Ogaki Plant	3.5	2.4	1.9	1.9	2.3
		Higashi Ogaki Plant	0.4	0.4	0.5	0.6	0.6
		Kita Ogaki Plant	0.11	0.15	0.05	0.05	0.07
		Kurihara Plant	0.2	0.3	0.3	0.6	0.2

ESG Data

Society

Employees: Basic Data

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
No. of employees (regular)			4,806	4,797	4,763	4,797	4,966
Gender	Male	Persons	Group	3,796	3,844	3,837	4,006
	Female			1,001	919	960	960
Region	Japan	Persons	Group	2,016	2,075	2,131	2,194
	Europe and US			1,566	1,529	1,484	1,555
	Asia			1,234	1,193	1,201	1,111
No. of employees (Non-regular)		Persons	Group	1,193	970	1,133	1,238
No. of employees (Regular)		Persons	Pacific Industrial	1,931	1,987	1,988	2,105
Employee ratio (Permanent: Male)	%	Pacific Industrial	Group	91.8	92.2	91.7	91.7
Employee ratio (Permanent: Female)	%			8.2	7.8	8.3	8.3
No. of new employee hires		Persons	Pacific Industrial	122	83	117	160
Gender	Male			117	76	109	146
	Female			5	7	8	14
No. of new employee hires		Persons	Group	585	609	442	458
Gender	Male			442	458	143	151
	Female			143	151		
Average age		Years old	Pacific Industrial	39.9	40.2	40.6	40.9
Average age (Male)				39.7	39.8	40.3	40.6
Average age (Female)				42.1	43.9	44.0	43.7
Average length of service		Years	Pacific Industrial	13.8	13.8	13.7	13.7
Average length of service (Male)				13.6	13.4	13.3	13.2
Average length of service (Female)				16.4	17.8	18.5	18.2

Respect for Human Rights

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
KPI Human rights survey (SAQ) implementation rate*	%	Group		40	73	43	74

* FY2020 and FY2021 does not include PMO, PMT, SPU and SPF. Calculation uses all Group employees as denominator for FY2022.

Stable Employment and Decent Work Environment

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
KPI Turnover rate ^{*1}	%	Pacific Industrial	2.2	2.1	2.5	2.5	2.9
No. of employees taking parental leave: Male	Persons	Pacific Industrial	1	7	13	32	32
No. of employees taking parental leave: Female	Persons	Pacific Industrial	7	5	3	7	4
Rate of taking parental leave: Male ^{*2}	%	Pacific Industrial		12.1	15.3	37.6	45.7
Rate of taking parental leave: Female ^{*2}	%	Pacific Industrial	100	100	100	100	100
Rate of taking parental leave & returning to work	%	Pacific Industrial		100	100	100	100
Rate of taking parental leave & returning to work: Male	%	Pacific Industrial		100	100	100	100
Rate of taking parental leave & returning to work: Female	%	Pacific Industrial		100	100	100	100
Achievement rate of annual paid leave acquisition target per employee ^{*1, *4}	%	Pacific Industrial	98.4	99.3	100	100	100
Monthly overtime hours worked per employee ^{*5}	Hours	Pacific Industrial	32.8	20.9	22.8	19.8	25.5
No. of employees with medical insurance	Persons	Group	4,651	4,243	4,503	4,829	
No. of employees in employee stock ownership plan	Persons	Group	1,531	1,634	1,637	1,680	
No. of employees using flextime system	Persons	Group	858	825	932	943	

*1 Employees who retire for personal reasons. Excluding those of retirement age. Permanent employees.

*2 Based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Law No. 76 of 1991), the percentage of child care leave, etc. taken pursuant to Article 71 (4) (i) of Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labour Order No. 25 of 1991) was calculated.

*3 Annual acquisition target is 12 days (Excluding management positions).

*4 Applies to regular employees except managers and those granted annual paid leave after April 1.

*5 Regular employees, excluding managers, are covered.

Safety and Health of Employees

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
KPI Lost-time injury frequency rate ^{*1, *2, *3}	-	Group	0.69	0.51	0.24	0.64	0.81
	-	Pacific Industrial	0.73	0.40	0.40	0.98	0.88
	-	Nationwide manufacturing industry	1.20	1.21	1.31	1.25	1.29
	-	Nationwide transportation machinery and equipment manufacturing	0.50	0.48	0.45	0.56	0.6
Lost time injury severity rate ^{*2, *3, *4}	-	Group	0.01	0.01	0.01	0.03	0.04
	-	Pacific Industrial	0.01	0.01	0.03	0.05	0.06
	-	Nationwide manufacturing industry	0.10	0.10	0.06	0.08	0.08
	-	Nationwide transportation machinery and equipment manufacturing	0.04	0.04	0.03	0.04	0.04
No. of fatal accidents	Cases	Pacific Industrial	0	0	0	0	0
	Cases	Group	0	0	0	0	0
Occupational sick leave frequency rate (included in lost-time injury frequency rate)	-	Pacific Industrial	0.00	0.00	0.00	0.00	0.00
Health risk synthesis	-	Group	0.00	0.00	0.00	0.00	0.00
No. of employees on mental health leave ^{*5}	-	Pacific Industrial		100	101	96	94
	People	Pacific Industrial		7	16	15	12

*1 No. of fatalities/injuries due to occupational accidents (lost time injuries) ÷ total actual working hours x 1,000,000.

*2 Including temporary and contract employees.

*3 Source: MHLW, "Survey of Occupational Accident Trends (Calendar Year)."

*4 Total working days lost / total actual working hours x 1,000.

*5 Number of employees absent from work continuously for at least one month. A person who has taken leave more than once during the period is counted as one person. Figures for FY2020 and FY2021 have been revised.

Development of Human Resources and Cultivation of Culture of Tackling Challenges

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
KPI Training hours per person ^{*1}	Hours	Pacific Industrial		23.9	26.3	26.6	26.1
Training hours per person ^{*1}	Hours	Group					12.6
Rate of employees receiving regular job and career development assessment ^{*2}	%	Pacific Industrial		98.7	99.3	99.4	99.2
Rate of employees receiving regular job and career development assessment ^{*2}	%	Group					95.1
Rate of employees trained in career or skills development	%	Pacific Industrial		42	35	36	36
Rate of employees trained in career or skills development	%	Group					23.4

*1 Excluding OJT.

*2 Number of regular employees plus employees seconded outside the company and employees on leave of absence.

No. of Employees Who Passed IT-related National Examinations (Web)

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Information Security Management	People	Pacific Industrial	37	36	45	52	54
IT Passport (including Systems Administrator Beginner)	People	Pacific Industrial	284	307	319	359	354
Fundamental Information Technology Engineer	People	Pacific Industrial					53
Applied Information Technology Engineer	People	Pacific Industrial					13

ESG Data

Society

Diversity and Inclusion

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
KPI Rate of females in management positions ^{*1}	%	Group	10.2	10.6	10.2	10.3	10.0
		Pacific Industrial	3.5	3.4	3.5	3.3	3.9
Rate of female supervisors in administrative and technical positions ^{*1}	%	Group	19.8	22.6	23.7	20.3	22.2
		Pacific Industrial	11.1	11.5	11.6	13.1	13.7
Rate of foreign nationals in director positions ^{*2}	%	Group			17.9	20.0	28.0
Rate of foreign nationals in management positions ^{*3}	%	Group		46.5	43.4	42.2	39.2
		Pacific Industrial		0.0	0.0	0.0	0.0
Rate of mid-career employees in management positions ^{*3}	%	Group		58.8	47.8	45.3	49.2
		Pacific Industrial		20.9	22.4	22.6	24.4
No. of non-regular employees made regular employees	Persons	Pacific Industrial	30	29	30	40	55
Year-round hiring rate of regular workers	%	Pacific Industrial	44.0	28.0	47.4	45.0	48.3
Rate of employees with disabilities ^{*4}	%	Pacific Industrial	2.10	2.16	2.31	2.37	2.23
Number of people with disabilities actually employed ^{*4}	Persons	Pacific Industrial	34	37	39	43	42
Number of people with severe disabilities ^{*4}			10	10	12	10	10
Reemployment of seniors	Persons	Pacific Industrial	93	105	122	129	136
Gender wage differential ^{*5}	%	Pacific Industrial				82.4	81.2
All workers	%	Pacific Industrial				83.0	81.7
Permanent workers	%	Pacific Industrial				61.1	63.7
Fixed-term workers	%	Pacific Industrial					

*1 Calculated in accordance with provisions of Act on the Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015). SPF and SPU included from FY2019.

*2 Counted as one person if serving concurrently.

*3 Figures of Rate of foreign nationals in management positions and Rate of mid-career employees in management positions for FY 2022(group) are revised.

*4 As of June each year. Persons working part-time with scheduled working hours of less than 20 hours per week are excluded from the number of employees (However, those working part-time with scheduled working hours of 20 hours or more but less than 30 hours per week are counted as 0.5 employees).

*5 Calculated in accordance with provisions of Act on the Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015). Covers regular employees, excluding those seconded outside the company. Fixed-term workers include contract workers (including rehired workers), part-time workers, and temporary employees.

Other

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Rate of employees with labor union membership	%	Group		47	46	46	45
		Pacific Industrial		86	86	84	85

[Customers]

SASB TR-AR-250a.1

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
KPI No. of recalls issued	recalls	Group		0	0	0	0

[Business Partners (Suppliers)]

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
KPI Company ratio (purchase amount base) for survey of supplier compliance with Supplier Sustainability Guidelines	%	Pacific Industrial		80 or over	80 or over	80 or over	80 or over
Supplier Sustainability Guidelines average compliance rate		Pacific Industrial		94	95	95	94

[Communities]

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
KPI No. of social contribution activities conducted	Cases	Group		73	86	112	123
Donations	1,000 yen	Pacific Industrial	20,000	19,000	21,000	19,000	40,000

[Shareholders and Investors]

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
No. of meeting with investors	Times	Pacific Industrial	90	84	86	74	89

ESG Data

Governance

Officers

Item	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
No. of board members	Persons	8	7	6	6	6
Male	Persons	7	6	5	5	5
Female	Persons	1	1	1	1	1
outside board members	Persons	2	2	2	2	2
No. of audit & supervisory board members	Persons	4	4	4	4	4
outside audit & supervisory board members	Persons	2	2	2	2	2
No. of executive officers	Persons	6	6	5	5	5
No. of Board of Directors meetings	Times	12	12	12	12	13

* For FY2019 to 2020, information is provided on officers as of the end of the fiscal year concerned plus officers who resigned at the shareholders' meeting of the fiscal year concerned. From FY2021 onward, information is provided on officers as of the end of the fiscal year concerned.

Remuneration

Item	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Board members total	Millions of yen	291	253	222	217	298
Internal board member total	Millions of yen	276	240	208	203	284
Fixed remuneration	Millions of yen	202	172	145	150	176
Performance-linked remuneration	Millions of yen	57	49	52	42	96
Non-monetary compensation, etc. ^{*1}	Millions of yen	16	15	10	10	12
Retirement reward	Millions of yen	0	4	0	0	0
No. of officers covered	Persons	6	6	4	4	4
Total outside board members	Millions of yen	14	13	14	14	14
Fixed remuneration	Millions of yen	14	13	14	14	14
No. of officers covered	Persons	3	2	2	3	2
Audit & supervisory board members total	Millions of yen	52	51	42	46	46
Internal audit & supervisory board members total	Millions of yen	39	38	29	33	33
Fixed remuneration	Millions of yen	39	37	29	33	33
Retirement benefits	Millions of yen	0	1	0	0	0
No. of officers covered	Persons	2	3	2	2	2
Outside audit & supervisory board members total	Millions of yen	13	13	12	13	13
Fixed remuneration	Millions of yen	13	12	12	13	13
Retirement reward	Millions of yen	0	1	0	0	0
No. of officers covered	Persons	2	3	2	2	2

* For FY2019 to 2020, information is provided on officers as of the end of the fiscal year concerned plus officers who resigned at the shareholders' meeting of the fiscal year concerned. From FY2021 onward, information is provided on officers as of the end of the fiscal year concerned.

*1 Total non-monetary compensation etc. consists of restricted stock awards.

Ethics and Compliance

SASB TR-AR-520a.1

Item	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
KPI Implementation rate of Code of Conduct survey self-assessment	%	Group*		40	73	43	74
		Pacific Industrial	98	97	93	99	
No. of consultations with ethics and complaints desk	Cases	Pacific Industrial	8	9	14	7	
No. of serious compliance violations	Cases	Group	0	0	0	0	
No. of legal actions for anti-competitive behavior	Cases	Group	0	0	0	0	
Political contributions	10 thousand yen	Pacific Industrial	272	602	392	509	270

* FY2020 and FY2021 does not include PMO, PMT, SPU and SPF. Calculation uses all Group employees as denominator for FY2022.

GRI Contents Index

Declaration of Use: Pacific Industrial Co., Ltd. has reported the information cited in this GRI content index for the period [April 1, 2023 to March 31, 2024] with reference to the GRI Standards.
GRI 1 used: GRI 1: Foundation 2021

GRI Standards	Disclosures	Listing Location
GRI 2 General Disclosures	1. The organization and its reporting practices	
2-1	Organizational details	• p.3 Overview of Pacific Industrial Group
2-2	Entities included in organization's sustainability reporting	• p.1 Media Information, p.3 Global Network
2-3	Reporting period, frequency, and contact point	• p.1 Media Information
2-4	Restatements information	• p.17 Percentage of products sold that are 100% recyclable or reusable • p.27 CO ₂ emissions • p.28 No. of employees on mental health leave • p.29 Rate of foreign nationals in management positions, Rate of mid-career employees in management positions
2-5	External assurance	• p.27 CO ₂ emissions(FY2022)
	2. Activities and workers	
2-6	Activities, value chains, and other business relationships	• Sector: GICS/ICB, Sector: Consumer Discretionary, Industry Group: Auto Components/Automobiles and Parts • Organization's activities, products, services, and markets served: p.3 Mainstay products, global network, regional overview • Organization's supply chain: Integrated Report p.21 Value creation model • Entities downstream of the organization and their activities: Car manufacturers, tire manufacturers, automotive parts manufacturers, distributors, used car dealers, recycling companies, industrial waste disposal companies, etc.
2-7	Employees	• p.3 No. of employees by region • p.28 ESG Data
2-8	Workers who are not employees	• p.28 ESG Data
	3. Governance	
2-9	Governance structure and composition	• Corporate Governance Report • Annual Securities Report (Year ended March 2024) p.47 • Integrated Report p.58
2-10	Nomination and selection of the highest governance body	• Integrated Report p.59 Nomination & Remuneration Committee
2-11	Chair of the highest governance body	• Chair of board of directors is the chairperson Annual Securities Report (Year ended March 2024) p.48
2-12	Role of the highest governance body in overseeing the management of impacts	• Corporate Governance Report p.2 Supplementary Principles 4-1-1 Roles and Responsibilities of the Board of Directors
2-13	Delegation of responsibility for managing impacts	• Online: System of Sustainability Management https://www.pacific-ind.co.jp/eng/sustainability/management/
2-14	Role of the highest governance body in sustainability reporting	• Online: System of Sustainability Management https://www.pacific-ind.co.jp/eng/sustainability/management/
2-15	Conflicts of interest	• Corporate Governance Report p.2 Principles 4-9 Independence Criteria for Independent Outside Board Members • Notice of convocation, annual securities report, key concurrent positions of directors and relationship with Pacific Industrial • Corporate Governance Report p.1 Principles 1-4 So-called Cross-Shareholdings 1. Policy on Cross-Shareholdings • Convocation notice for year ended March 2024 p.13 Cross-shareholdings policy (listed stocks) holdings (Consolidated basis) • No Controlling Shareholder: Annual Securities Report for year ended March 2024 p.42 Major Shareholders • Corporate Governance Report p.1 Principles 1-7 Related Party Transactions
2-16	Communication of critical concerns	—
2-17	Collective knowledge of the highest governance body	—

GRI Standards	Disclosures	Listing Location
2-18	Evaluation of the performance of the highest governance body	• Integrated Report p.58
2-19	Remuneration policies	• Annual Securities Report (Year ended March 2024) p.57 Officers' Remuneration etc. • Integrated Report p.59 • Corporate Governance Report "Incentives" "Directors' Remuneration"
2-20	Process to determine remuneration	• Annual Securities Report (Year ended March 2024) p.58 Institutions and Procedures for Determining the Remuneration Policy
2-21	Annual total compensation ratio	—
	4. Strategy, policies and practices	
2-22	Statement on sustainable development strategy	• p.4 Message from the President
2-23	Policy commitments	• p.2 Principles of Conduct • Online: Policies https://www.pacific-ind.co.jp/eng/company/our_way/code_of_conduct/
2-24	Embedding policy commitments	• Fostering High Corporate Ethics (Code of Conduct) https://www.pacific-ind.co.jp/eng/company/governance/compliance/ • Promoting Sustainability Throughout the Supply Chain https://www.pacific-ind.co.jp/eng/sustainability/stakeholders/supplier/
2-25	Processes to remediate negative impacts	• p.11 Corporate Ethics and Compliance • p.23 Respect for Human Rights
2-26	Mechanisms for seeking advice and raising concerns	• Online: Compliance (Establishment of Ethics and Complaint Counseling Service) https://www.pacific-ind.co.jp/eng/company/governance/compliance/
2-27	Compliance with laws and regulations	• p.11 Corporate Ethics and Compliance • p.30 ESG Data • Online: Environment / Environmental Impact Reduction / Pollution Prevention https://www.pacific-ind.co.jp/eng/sustainability/environment/chemical/
2-28	Membership associations	• TCFD Consortium • Biodiversity - Keidanren Biodiversity Declaration Initiative • 30 by 30 Declaration • Declaration of Partnership Building • Japan Business Federation • Japan Auto Parts Industries Association, etc.
	5. Stakeholder engagement	
2-29	Approach to stakeholder engagement	• p.5 Communication with Stakeholders • p.23 Respect for Human Rights
2-30	Collective bargaining agreements	• p.29 ESG Data • Online: Communication with Labor and Management https://www.pacific-ind.co.jp/eng/sustainability/stakeholders/employee/
GRI 3 Important Topics	3-1	Process to determine material topics
	3-2	List of material topics
	3-3	Management of material topics

GRI Contents Index

Economy			
GRI Standards		Disclosures	Listing Location
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	• p.5 Direct Economic Value Generated and Distributed
	201-2	Financial implications and other risks and opportunities due to climate change	• p.19, p.20 Disclosure of Climate Change-related Information under the TCFD
	201-3	Defined benefit plan obligations and other retirement plans	• Annual Securities Report (Year ended March 2024) p.93 Retirement Benefits
	201-4	Financial assistance received from government	• p.125 Subsidy income is included in "Other" under "Non-operating income" from this fiscal year because it has become insignificant in terms of amount.
GRI 202: Market Presence 2016	202-1	Ratio of standard entry level wage by gender compared to local minimum wage	—
	202-2	Proportion of senior management hired from local communities	• p.29 ESG Data (Rate of foreign nationals in director positions, Rate of foreign nationals in management positions)
GRI 203: Indirect Economic Impact 2016	203-1	Infrastructure investment and services supported	—
	203-2	Significant indirect economic impact	—
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	—
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	—
	205-2	Communication and training about anti-corruption policies and procedures	• p.11 Anti-Corruption
	205-3	Confirmed incidents of corruption and actions taken	• p.30 ESG Data
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	• p.30 ESG Data
GRI 207: Tax 2019	207-1	Approach to tax	—
	207-2	Tax governance, control, and risk management	—
	207-3	Stakeholder engagement and management of concerns related to tax	—
	207-4	Country-by-country reporting	—

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GRI 301: Materials 2016	301-1	Materials used by weight or volume	• p.27 ESG Data
	301-2	Recycled input materials used	• P.17 KPIs and Monitoring Indicators
	301-3	Reclaimed products and their packaging materials	• P.17 KPIs and Monitoring Indicators
GRI 302: Energy 2016	302-1	Energy consumption within the organization	• p.27 ESG Data
	302-2	Energy consumption outside of the organization	• p.27 ESG Data
	302-3	Energy intensity	• p.27 ESG Data
	302-4	Reduction of energy consumption	• p.21 Mitigation of and Adaptation to Climate Change
	302-5	Reduction in energy requirements of products and services	• p.17 Development of Environment-Conscious Products
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	• p.22 Conservation of Water Resources
	303-2	Management of water discharge-related impacts	• p.22 Conservation of Water Resources • p.27 ESG Data
	303-3	Water withdrawal	• p.27 ESG Data
	303-4	Water discharge	—
	303-5	Water consumption	—
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	—
	304-2	Significant impact of activities, products, and services on biodiversity	—
	304-3	Habitats protected or restored	—
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	• p.27 ESG Data
	305-2	Direct (Scope 2) GHG emissions	• p.27 ESG Data
	305-3	Other indirect (Scope 3) GHG emissions	• p.27 ESG Data
	305-4	GHG emissions intensity	• p.27 ESG Data
	305-5	Reduction of GHG emissions	• p.21 Mitigation of and Adaptation to Climate Change
	305-6	Emissions of ozone-depleting substance (ODS)	—
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	• Online: ESG Data Collection https://www.pacific-ind.co.jp/eng/sustainability/esg_data/
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	• p.18 Resource Usage and Emissions (Material Balance) • p.22 Sustainable Resources Use
	306-2	Management of significant waste-related impacts	—
	306-3	Waste generated	• p.27 ESG Data
	306-4	Waste diverted from disposal	• p.27 ESG Data
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GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	—
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	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—
	401-3	Parental leave	• p.28 ESG Data
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	—
GRI 403: Occupational Health and Safety Management System 2018	403-1	Occupational health and safety management system	• p.25 Building a Safe and Secure Workplace
	403-2	Hazard identification, risk assessment, and incident investigation	• p.25 Building a Safe and Secure Workplace
	403-3	Occupational health service	• p.25 Building a Safe and Secure Workplace
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GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	—
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	—

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GRI Standards		Disclosures	Listing Location
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GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	—
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies and procedures	Not applicable
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For Tomorrow, With Nature

These posters were drawn by children of Pacific Industrial Group employees on the theme of the environment. What can we do to protect our precious planet?

The actions each and every one of us take now will change our children's tomorrow.

We hope that you will enjoy and appreciate the heartfelt messages expressed by the children through their drawings.



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