



Passion in Creating Tomorrow

Editorial Policy • Contents • Reporting System • Reference Guidelines

Sustainability Data Book 2023 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.

We have decided to publish 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.

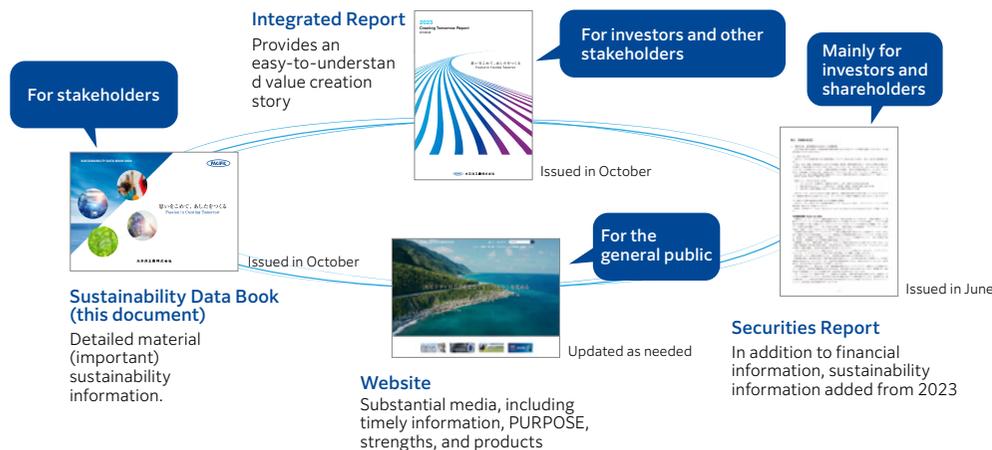
In addition, based on our responsibility to disclose sustainability information to a wide range of stakeholders and in response to requests from ESG evaluation organizations and others, we have decided to disclose sustainability information in a Sustainability Data Book (this report) based on materiality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

We will create a sustainable tomorrow by promoting management that takes into account 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.

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Reporting System



Media Information

- **Period covered** : April 1, 2022 to March 31, 2023 (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.)
- **Publication date** : October 26, 2023
- **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.)

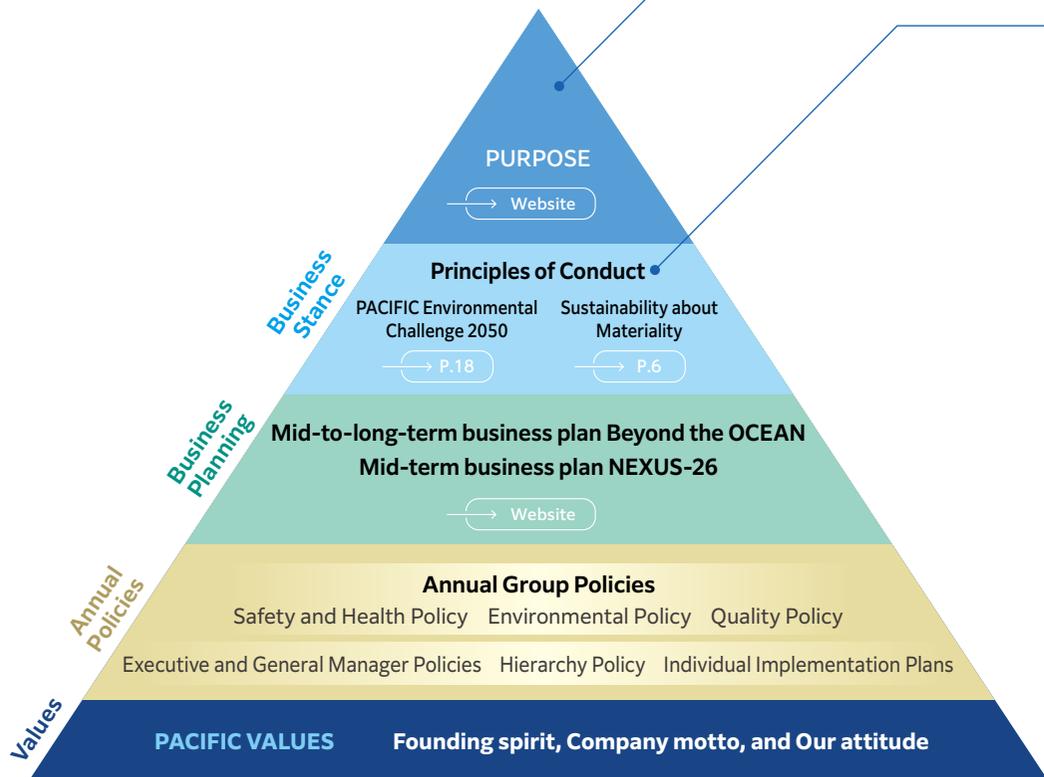
Notes on outlook

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 now 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, 2023)
No. of employees	2,105 (Consolidated: 4,797)
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

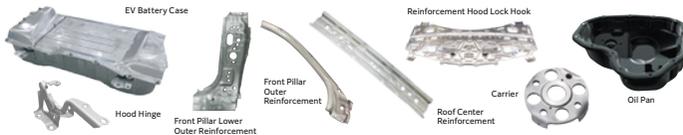
Plastic Molding products

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



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.



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.



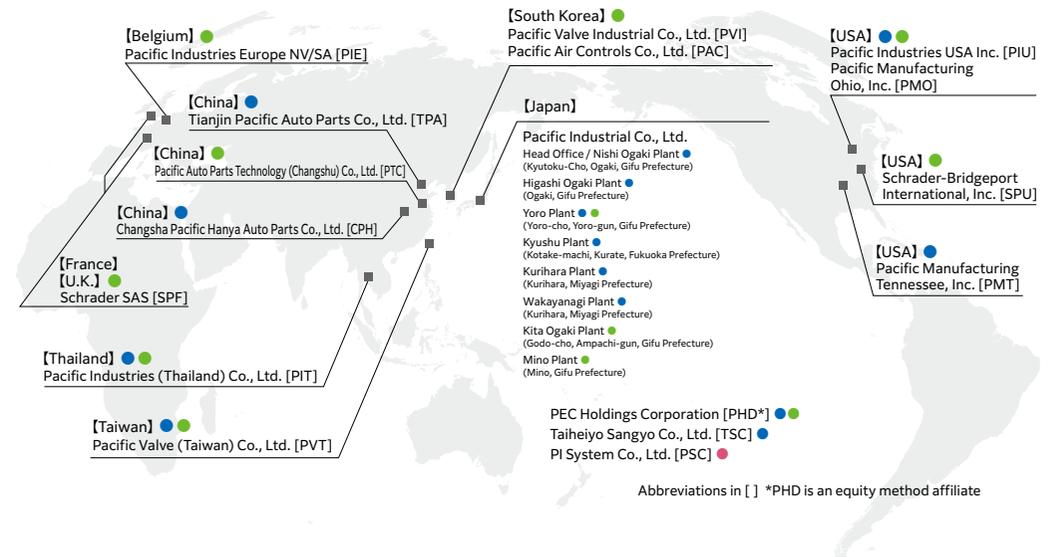
IoT products

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.



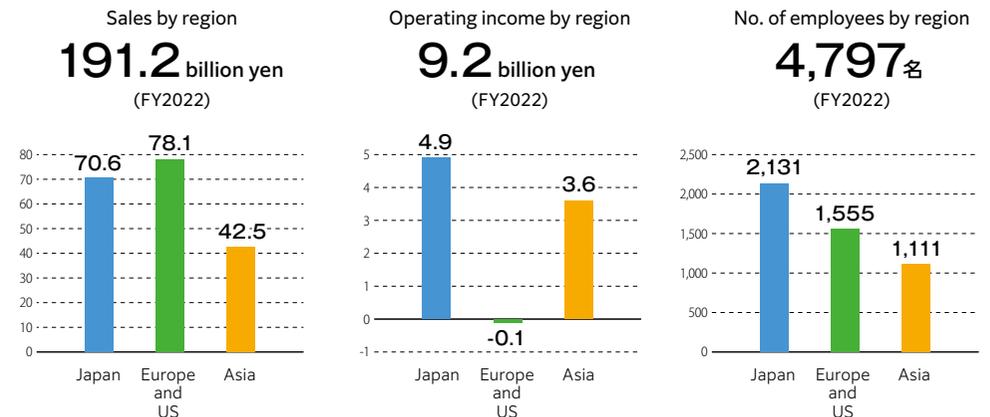
Global Network

●... 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.



Message from the President

Sustainability essential for realizing our PURPOSE and our mid-to-long-term business plan

I am Tetsushi Ogawa, president and representative director since April 2023. I would like to thank everyone connected with this company for their continued patronage. I trust we can count on your further support and encouragement going forward.

Our Group operates 13 companies in 8 countries around the world, serving the public mainly through the supply of automobile parts. With approximately 5,000 employees worldwide, we operate our daily business with a huge number of people, including suppliers and business partners. We need to consider our connections with these people, understand how we are impacting society and the natural environment, including from the perspective of future generations, and work to mitigate any negative impact and make a positive impact. In April 2023, our Group defined "Passion in Creating Tomorrow" as our PURPOSE and formulated our mid-to-long-term business plan Beyond the OCEAN and mid-term business plan NEXUS-26. One of the themes we focus on is the integration of sustainability and management. It means that each and every employee will, as stated in our PURPOSE, contribute with passion to society's "tomorrow," that is, a sustainable tomorrow. The mid-to-long-term business plan was formulated from a long-term perspective based on materiality with regard to sustainability. By steadily implementing each initiative while increasing employee engagement, which is the key to integrating sustainability and business activities, we hope to become a company that is even more needed by society.

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 to improve everyone's understanding within the Group, and we look forward to receiving your frank 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, consumers 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)
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/Various subcommittees Activities of the Pacific Global Association Supplier questionnaire Practitioners' meeting 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.	6,035 employees at 24 bases in 9 countries worldwide, including 1,238 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
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.	6,164 shareholders (24 financial institutions, 31 financial instruments dealers, 114 other domestic corporations, 169 foreign corporations, etc.), 5,826 individuals and others, domestic and overseas individuals, institutional investors, financial institutions, etc.	<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
Communities	<p>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."</p> <p>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.</p>	<p>Environment Natural environment in deployment areas and value chains (forests, rivers, oceans, atmosphere, soil, resources, etc.)</p> <p>Society 24 bases in 8 countries around the world, and especially municipalities where bases are located. Also, areas where employees live, etc.</p>	<p>Environment/Communities</p> <ul style="list-style-type: none"> Communication with local and global governments, regional round-table Meetings <p>Communities</p> <ul style="list-style-type: none"> Regional round-table meetings Impressions during plant tours Opinions during 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	888
Distribution		
Business costs	Supplier transactions(Labor costs, taxes and dues, etc. deducted from manufacturing costs, selling expenses, general administration, etc.)	629
Employees	Labor costs	142
Shareholders	Dividends and Acquisition of treasury stock	37
Communities/society	Taxes and donations	32
Financial institutions	Interest expense	2
Reservation		
Internal reserves	Retained earnings - Acquisition of treasury stock	45

Main Endorsements and Participating Organizations and Initiatives, ESG Rating



FTSE Blossom Japan Index



FTSE Blossom Japan Index



Japan Business Federation
Japan Auto Parts Industries Association (JAPIA)

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. Next fiscal year, we plan to revise the material topics in light of changes in the social and market environments and disclosure regulations.

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.

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.

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 FY2022 (partly including FY2023)	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%*1	<ul style="list-style-type: none"> Conducted employee questionnaires regarding our Code of Conduct, including 11 overseas companies. Conducted by 43% of the Group*2 	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 Conducted self-checks (Pacific Industrial, 80% or more. Average compliance rate about 95%) Conducted SDG-related study sessions for major suppliers Conflict minerals survey Declaration of Partnership Building (April 2022) 	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 14 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*3	Group	2022	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 112 social contribution activities (Group) 	p14

Notes *1. Target revised to include all employees of overseas companies in the denominator
 *2. Previously, some overseas companies were excluded from the denominator of the implementation rate, but this has been revised to including all Group employees in the denominator.
 *3. Targets have also been revised to exclude sponsorship and advertising-related items from the number of cases.

Sustainability Management Based on Materiality

Four pillars	Materiality	Objective (Ideal State)	Main initiatives (FY2023~)	SDGs	KPI	Scope	Target FY	Target Value	Major Achievements in FY2022 (partly including FY2023)	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: 10 • CAPSULE SENSE physical health monitoring system for cattle launched • Participated in MLIT demonstration test with flood detection sensors • e-WAVES won the Nippon Brand Award at the 2022 Cho Monozukuri Parts Awards, and a new model was also announced 	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 Crown, new Prius, etc.) • Ratio of UHTSS versus all stamping products: 25.2% 	p17
					Number of TPMS products and TPMS valves sold	Group	2025	5-year total: 600 million	<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: 106 million 	
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	Sales ratio for electrified vehicles	Group	2030	70%	<ul style="list-style-type: none"> • Sales of control valves for thermal management systems • Sales ratio for electrified vehicles: 29.1% 	p17	

Sustainability Management Based on Materiality

Four pillars	Materiality	Objective (Ideal State)	Main initiatives (FY2023~)	SDGs	KPI	Scope	Target FY	Target Value	Major Achievements in FY2022 (partly including FY2023)	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-" (3 years in a row) Thai subsidiary achieved 100% renewable energy Expanded solar power generation facilities at Higashi Ogaki Plant and Yoro Plant CO₂ emissions (group): 76.9 kt (18.4% 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"> Material recycling of plastic waste at Wakayanagi Plant Amount of waste (group): 3,625 t (8.0% reduction in Japan, 18.4% reduction overseas, compared to 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"> Reduction of cleaning water on electrodeposition coating (E-coat) lines and plating lines Water usage (group): : 1,394 thousand m³ (20.1% reduction compared to FY2019) 	p22

* Material recycling in Japan and the amount of waste at some bases were not included in the disclosed data, so the waste emissions targets for 2030 and actual results for 2022 have been changed

Sustainability Management Based on Materiality

Four pillars	Materiality	Objective (Ideal State)	Main initiatives (FY2023~)	SDGs	KPI	Scope	Target FY	Target Value	Major Achievements in FY2022 (partly including FY2023)	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	Implementation rate of human rights survey	Group	2023	70%	<ul style="list-style-type: none"> Implemented 43% of human rights surveys based on self-checks of the Code of Conduct (Group)* Participation in UNDP human rights training and dialogue with experts Awareness-raising through company newsletter, and job level-based education 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	Turnover rate	Pacific Industrial	2025	1.5% or less	<ul style="list-style-type: none"> Began considering how to improve employee engagement Convert non-regular employees into regular employees (39 people) Turnover rate of 2.5% (Pacific Industrial) Changed plant start times to reduce physical strain (from 6:00 to 7:10 in Tohoku and Kyushu) Provision of air-conditioned clothes to factory workers Expanding the workplace seniority system to include technical new recruits 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.	Elimination of occupational accidents, improvement of the working environment, and achievement of healthy workplaces through health management	8.8	Lost-time injury frequency rate	Group	—	0	<ul style="list-style-type: none"> Promoting "STOP 6" activities to prevent serious accidents Continuous implementation of rank-specific safety education Health Declaration and accreditation in "2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Corporation Category)" (2 years in a row) Lost-time injury frequency rate : 0.64 (Group) 	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"> Continuation of education to improve "psychological safety" 26.6 hours of training per employee (Pacific Industrial) Review of management evaluation methods Start of DX human resource development program Promotion of project activities that encourage challenge (Creating Tomorrow Project, Ω 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"> Continued strengthening of female recruitment(32% female ratio of new graduate staff hired in April 2023) Promotion of parental leave for male employees: 37.6% (Pacific Industrial) Ratio of women in management positions: 10.3% Group, 3.3% Pacific Industrial Strengthened hiring throughout the year: 105 employees *Including temp employees "We Want to Work! Support Team Gifu" Superintendent of Education Award (Employment of Persons with Disabilities) 	p26

* Previously, some overseas companies were excluded from the denominator of the implementation rate, but this has been revised to including all Group employees in the denominator.

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 outside directors and full-time audit & supervisory board members 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 seals
- (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 contribution
- (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 FY2022, in the middle of the Covid-19 pandemic, we worked to level up each company by way of online safety and quality workshops.

In June 2022, the Sustainability Study Group held a session on SDGs, carbon neutrality, and cybersecurity, and confirmed respect for human rights and proper employment of technical interns. In addition, we share and discuss information concerning management issues and countermeasures with our major suppliers through online interviews, and endeavor to inform them about support regarding public subsidies. We also provide cybersecurity consultation and promote security measures with our suppliers.

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. (FY2022 results: About 95% average compliance rate)

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 to the end of our supply chains 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, 567 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.



General meeting of the Pacific Glocal Association



Online study session

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.

Since FY2021, our Toyota Production System Voluntary Study Group has been working on KAIZEN initiatives for plastic molding products, mainly wheel caps, which are one of our main products. We are continuing this activity under the theme of "Aiming to be No.1 in competitiveness" to contribute to our business. We vigorously pursue increased production volume through labor savings, and reductions in paints and molding material usage in consideration of reducing environmental impact. We are promoting this as an activity that will not only change the future of manufacturing, but also lead to the development of human resources.

Overseas, too, our products have been highly evaluated in various countries in terms of quality, cost, delivery time, and other factors by Japanese manufacturers and overseas manufacturers alike. As a result of this global commitment to manufacturing, we received 14 global awards from our customers in FY2022.

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.

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 (FY2022)

Award-winning Companies		Award Given By	Awards	Type
Taiwan	PVT	Kuozui Motors, LTD.	Cost Improvement Excellence Award	Cost
Japan	PIC	Toyota Motor Kyushu, Inc.	Letter of Appreciation (Body Quality Control Activities: V-shaped Recovery Award)	Quality
US	PMO	Toyota Motor North America	Special Recognition for Quality Performance	Quality
US	PMO	Subaru of Indiana Automotive Inc.	Excellent Performance Award (Supplier Excellence Award)	Quality
US	PMO	Subaru of Indiana Automotive Inc.	Commodity Leader Award (Rated #1 among stamping companies)	Quality
Belgium	PIE	Toyota Motor Europe NV/SA	Certificate of Recognition (Bronze Award, Cost Management Category)	Cost
Thailand	PIT	AIR SYSTEMS (THAILAND) CO.,LTD.	2021 Best Quality Award, Delivery Performance	Overall
Japan	PIC	Toyota Motor Corporation	Project Prize (Commercialization of long A-pillar upper 1180 MPa for new Crown)	Quality
Japan	PIC	Nissan Motor Co., Ltd.	Excellent Quality Certificate of Appreciation (Awarded Product: TPMS)	Quality
US	SPU	General Motors Co.	2021 Supplier Quality Excellence Award	Quality
Japan	PIC	Toyota Motor Corporation	Project Prize (Cost reduction by proposal of bodysell structure for new Prius)	Cost
Japan	PIC	Auto Body Association (Toyota Auto Body)	Excellence Award, Carbon Neutrality Category	Quality
China	PTC	GAC Toyota Motor Co., Ltd	Quality Cooperation 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



Support for creating places for children

We are providing ongoing support to citizen groups and other organizations that work to create places for children. In FY2022, we donated a total of 3.1 million yen and various educational equipment.

Letter of thanks from one of the recipients, the Tomorrow Support Room



Grant from OGAWA Science and Technology Foundation

In FY2022, the OGAWA Science and Technology Foundation, founded by the late founder of our company Soichi Ogawa, provided 21 research grants totaling 13.18 million yen.



Sustainability Education for University Students

Some of our employees were invited to lecture on sustainability and technological development initiatives on Gifu Kyoritsu University's Business Personnel Development course.



Plant Tours

We conduct plant tours for local elementary and junior high school students, as well as high school and university students. Our aim is to make manufacturing feel more familiar to people.



Supporting environmental learning at the Gifu Global Environment Institute

Environmental education was provided for local elementary school students and their parents to deepen their understanding of the relationship between cars and carbon neutrality.



Summer 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 had fun learning about how wind power generation works powered by wind power generated by propellers made from plastic bottles.

Biodiversity



Planting of 640 Mangrove Trees by PIT, Thailand

In February 2023, 130 members of PIT in Thailand participated in planting 640 trees in a mangrove forest. It was their first tree-planting activity in three years due to the Covid-19 pandemic.



Supporting stonely observation at Shizusato Elementary School

In June 2023, 55 local elementary school students conducted a study of aquatic life, and our employees supported their activities.

Traffic Safety



Tire Pressure Check Awareness Campaign

In April 2023, we held a Tire Pressure Check Awareness Campaign at a shopping center in Gifu Prefecture. Over the course of two days, approximately 320 drivers learned about the importance of air pressure management.



Traffic Safety Activities

As part of our traffic safety awareness activities, we distribute traffic safety textbooks to nearby elementary schools, have security guards watch over children on their way to school, and set up banners calling for traffic safety.

Fostering Trust with Stakeholders

Local Community Development

Sports Promotion



Soft Tennis Team

Our soft tennis club belongs to the "ST League" for men and the "ST League II" for women. We also take part in GIFUNITE, a group of 13 sports teams based in Gifu Prefecture.



Ogaki Minamo Softball Club

Ogaki Minamo Softball Club, which belongs to the JD League of the Japan Women's Softball League Organization, is run by 11 supporting companies including our company, and two of our employees represent the club, one as a player and the other as manager.



Toyota Verblitz

We support Toyota Verblitz as one of its Gold Partners. In April 2023, we invited about 500 high school rugby club members and employees from around Gifu Prefecture to a match. In conjunction with this, we also held a rugby class.



FC Gifu

As a top partner, we support FC Gifu, currently playing in the J3 League, the third division of Japan's football league. In May 2023, we held a Pacific Industrial Thanks Match.

@Kaz Photography/FC GIFU

Support for Disaster Prevention and Reconstruction



Increase in Disaster Preparedness Leaders

We are working to increase the number of first aid specialists who are qualified to provide life-saving treatment, AED knowledge and skills, and general lifesaving training. Sixteen first aid specialists conducted a training course on general lifesaving to 295 people in the company. (As of August 2023)



Disaster Prevention Cooperation with Local Communities

In 2021, we signed a disaster prevention agreement with Ogaki City in Gifu Prefecture, where our head office is located, so that local residents of Ogaki City can use the cafeteria at our head office if there is a shortage of disaster evacuation sites.

Global



SPU (US) Participates in International Festival

In May 2023, we participated in the International Festival in Lynchburg, Virginia. SPU sponsored the event this year, and about 40 employees and family members took part.



Presenting Origami to Local Children at SPU(U.S.)

Since 2022, we have been giving origami, a Japanese cultural craft, to children in our home state of Virginia. We created popular Japanese characters from paper and presented about 250 of them to the children so far.



PVI (South Korea) Donates Toilet Paper to Aeyukwon

In January 2023, PVI in South Korea donated toilet paper and other items to the social welfare organization Aeyukwon in Yangsan City. This time, we donated toilet paper and masks worth 500,000 won (about 50,000 yen). At the same time, we also conducted cleanup activities there.



Integrated elementary and junior high schools near our Rayong base



PIT (Thailand) Donates Sports Equipment to Nearby Elementary Schools

In January 2023, PIT's Wellgrow and Rayong bases in Thailand made donations to nine nearby schools and one community event. We donated sports equipment, stationery, and other items worth 100,000 baht (approximately 370,000 yen) in total, 10,000 baht to each recipient, as well as sweets bought with a donation of approximately 2,000 baht from employees.



Schools near Wellgrow Base

PIT (Thailand) Donates to Local Elementary and Junior High Schools

In November 2022, PIT in Thailand donated educational equipment worth a total of 120,000 baht (about 440,000 yen) in response to requests from integrated elementary and junior high schools in the vicinity of our Rayong base. We also donated sports equipment worth approximately 8,000 baht (approximately 30,000 yen) given by PIT employees. In addition, we donated LED lighting (118 units in total) to schools (two elementary schools and two junior high schools) and temples near our Wellgrow base.

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 for areas other than the mobility field that contribute to solving social issues by leveraging our core technologies. This is part of our contribution to the SDGs through our business. Three products have already been launched and are being marketed, and another seven products and services are under development. CAPSULE SENSE, launched in June 2022, monitors cattle on behalf of farmers 24 hours a day, 365 days a year, contributing to the reduction of workload in this age of declining birthrate and aging population, as well as to more productive operations. 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.

Evolution of multi-sensing logger e-WAVES

Our multi-sensing logger e-WAVES, launched in 2021 and capable of measuring six types of conditions at a time, has been adopted for vaccine management in Ogaki and Gero in Gifu Prefecture, Minoh in Osaka Prefecture, and elsewhere. This product won the Nippon Brand Award at the Cho Monozukuri Parts Awards in October 2022. In June 2023, we also launched an advanced high-spec model, the LTE 2, which is ideal for regenerative medicine products. It complies with the requirements and standards required for pharmaceutical products, such as aircraft mode loading, GDP, Part 11, and ER/ES guidelines, and will expand our sales in the regenerative medicine field, where market expansion is expected.



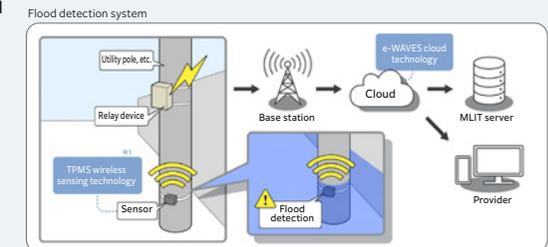
Products that solve social issues

	Progress	Products and Services	Targets for Solving Social Issues	Highly relevant SDGs
1	Launched In development	e-WAVES	<ul style="list-style-type: none"> Appropriate management of pharmaceuticals and foodstuffs CO₂ reduction through smart logistics Reduction of quality problems and waste loss 	<ul style="list-style-type: none"> 2 Prevention of food loss 3 Vaccination management 13 CO₂ reduction
2	Launched In development	CAPSULE SENSE	<ul style="list-style-type: none"> Job satisfaction and improved productivity for producers Use of limited resources and labor Reduced environmental impact per head by shortening the fattening period 	<ul style="list-style-type: none"> 2 Feed reduction 8 Decent work 13 Climate change mitigation
3	Launched	Choku Q Raku R	<ul style="list-style-type: none"> Solving problems at plants 	<ul style="list-style-type: none"> 8 High economic productivity
4	Under Demonstration testing	MATOMAT	<ul style="list-style-type: none"> Solving problems during disasters Resource recycling using waste materials 	<ul style="list-style-type: none"> 11 Disaster prevention 12 Recycling 13 CO₂ reduction, etc.
5	Under Demonstration testing	Flood detection sensor	<ul style="list-style-type: none"> Contributing to climate change adaptation Improving resilience in the event of a disaster 	<ul style="list-style-type: none"> 11 Sustainable cities and communities 13 Climate change adaptation etc.
6	In development	Recycled urethane products	<ul style="list-style-type: none"> Contributing to the circularization of mobility 	<ul style="list-style-type: none"> 12 Waste reduction, etc.
7	In development	Devices for mobility	<ul style="list-style-type: none"> Improving mobility safety 	<ul style="list-style-type: none"> 3.3 Elimination of traffic accidents etc.
8	In development	Valves for mobility	<ul style="list-style-type: none"> Improving mobility safety 	<ul style="list-style-type: none"> 3.3 Elimination of traffic accidents etc.
9	In development	Self-care products	<ul style="list-style-type: none"> Promoting health care in an aging society Reduction in medical costs 	<ul style="list-style-type: none"> 3 Improved healthy life expectancy/Reduced medical costs
10	In development	Plant DX products	<ul style="list-style-type: none"> Support for visualization of energy in facilities and plants 	<ul style="list-style-type: none"> 8 High economic productivity

Participation in MLIT's demonstration test of a flood detection sensor using tire pressure sensors

We are expanding our TPMS (Tire Pressure Monitoring System) business sector and developing new products utilizing our core technologies such as wireless and sensing technologies. Last year, our flood sensor was adopted as one of those used in MLIT's One-Coin Flood Sensor demonstration test.

Applying our existing TPMS technology will enable the installation of compact, long-lasting, and low-cost one-coin flood detection sensors, which is the goal of this demonstration test, in a mesh-like structure. Creating a system for real-time monitoring of flooding conditions will contribute to national land infrastructure resilience.



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.

Circularization of Plastic Molding

Our proprietary urethane foam is widely used in soundproofing products for engines and their peripheral units due to its high soundproofing performance. Although it is a difficult material to recycle, we have started two initiatives: upcycling, in which it is crushed into chips that are then hardened for use in cushions and other products, and converting it into RPF. Chip cushions can be recycled over and over again, and are expected to reduce CO₂ emissions by more than 90% compared to making new cushions. We also expect to develop our RPF fuel as an excellent fuel with little residue. We are aggressively engaged in the development of both as activities that contribute to the circular economy and decarbonization.



Used as cushion material (MATOMAT demonstration testing underway)

*RPF (Refuse derived paper and plastics densified fuel): Solid fuel made from waste

TPMS Contributes to Improved Fuel Efficiency

While contributing to improved safety, TPMS also contributes to improved fuel efficiency by maintaining proper tire pressure. 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

	FY2021	FY2022
KPI No. of products developed that solve social issues	8	10
No. of patents	481	494
R&D expenses	1.98 billion yen	2.01 billion yen
No. of new themes developed*	48	46

*The number of cases last year has been revised.

Improving mobility safety

	FY2021	FY2022
KPI Ratio of UHTSS versus all stamping products	23.2%	24.9%
KPI No. of TPMS products and TPMS valves sold	1.09億本	1.06億本

Development of environment-conscious products

*Reference values for our estimates

	FY2021	FY2022
Percentage of products sold that are 100% recyclable or reusable ^{1,3}	65.9%	64.6%
Total weight of recycled or remanufactured materials ²	16,604t (Pacific Industrial)	15,280t (Pacific Industrial)
Sales ratio for electrified vehicles (HEV, PHEV, BEV, FCEV) KPIs ³	—	29.1%

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

² Actual figures fell due to a decrease in the percentage of recycled materials used by some raw material manufacturers.

³ The calculation method has been revised.

Energy reduction during product use

*Reference values are based on our calculations

Global medium-sized car models (100,000 km/vehicle)	FY2022
Weight reduction through UHTSS (cold stamping)	Reduction of approx. 34 kg of CO ₂ Approx. 12,800 tons of CO ₂ reduction per model concerned

Reference values calculated by us based on the percentage of gasoline vehicle and HEV sales in 2022.

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

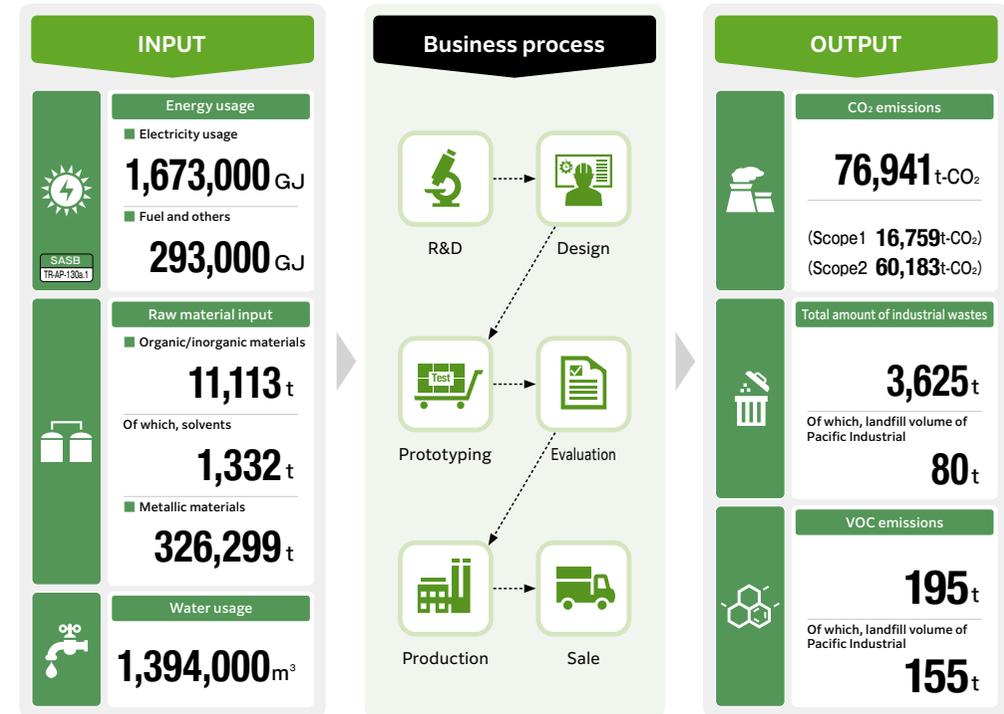
We accelerating environmental load reduction activities with the participation of all employees to achieve the PACIFIC Environmental Challenge 2050

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	CO ₂ emission reduction (Scope 1, 2)	
		<ul style="list-style-type: none"> Production technology development/facility upgrading Production process improvement Daily improvement activities Introduction of renewable energy 	2030 targets 50% reduction from FY2019	2050 targets Net Zero
	Sustainable resources use	Accelerate the use of recycling resources in pursuit of sustainable operations	Reduction of waste generated	
		<ul style="list-style-type: none"> Production technology development/facility upgrading Daily improvement activities Defect reduction activities Material recycling 	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	Reduction of water usage	
		<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 	2030 targets Proper usage	2050 targets Minimization Usage according to local circumstances

* Domestic material recycling and waste disposal at some sites were not included in the disclosed data, so 2030 emissions targets were revised.

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 FY2022, 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.

FY2023 targets

	Direction of initiatives	Targets (compared to FY2019)
1	CO ₂ emissions	18% reduction (Group)
2	Amount of industrial waste	16% reduction (Group)
3	Water usage	Optimal usage (Group) 24% 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, at least once a year, 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
Minimizing Environmental Load	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 1.5 billion yen/year in 2030 and about 3.4 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 billion yen/year in 2030 and 2.7 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 4.4 billion yen in 2030 under the less than 4°C scenario and 18.3 billion yen under the 1.5°C scenario. In 2050, raw material prices are expected to fall by about 3 billion yen/year under less than 4°C scenario, while prices are expected to soar by about 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 for internal combustion engines 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 6.0 billion yen by FY2030. (from FY2019)	Mid- to long-term	High	<ul style="list-style-type: none"> 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 83.3 billion yen (August 1, 2023) = 833 million yen.	Mid- to long-term	Moderate to high	<ul style="list-style-type: none"> Strengthen sustainability management and actively disclose information. (New FTSE Blossom Japan Index in 2023)
	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. Regarding winds, in March 2022 the North American base PMT was hit by a tornado, which fortunately did not injure any employees, but caused damage to buildings.	Mid- to long-term	High	<ul style="list-style-type: none"> Incorporate extreme weather countermeasures into BCP for high-risk bases Promote cooperation with local communities
		Increase in heat stroke (increasing air conditioning costs)	Air conditioning systems need to be put in place to prevent the effects of heat stroke from becoming more severe. Increase by approximately 9 million yen/year in 2030 and 36 million yen/year in 2050 under the less than 4°C scenario.	Short-, medium- and long term	High	<ul style="list-style-type: none"> Provide air-conditioned clothing and promote plant insulation Install air conditioning Ensure full awareness until the switchover is complete or for outdoor workers

Minimizing Environmental Load

Disclosure of Climate Change-Related Information under the TCFD

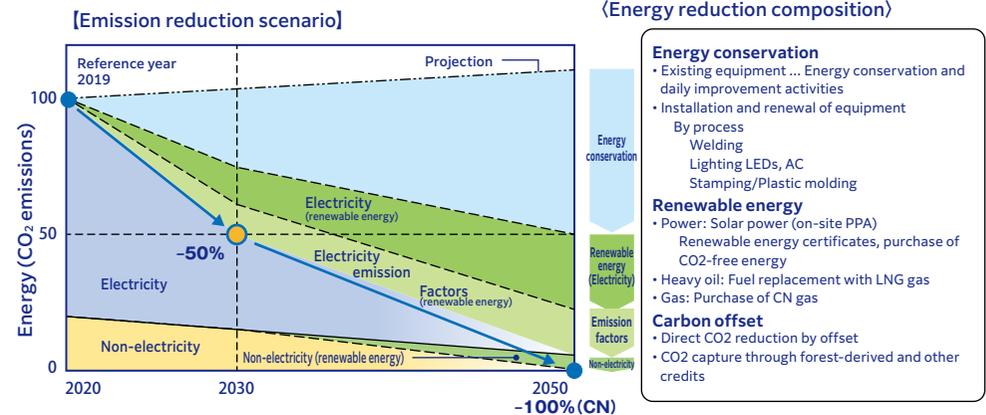
		Significant risks and opportunities	Impact (1.5°C and 4°C scenarios)	Term	Impact level	Countermeasures
Risks	Up-stream	Suppliers' operations shut down due to flooding (or drought) caused by extreme weather	Suppliers in low elevation areas, mainly in the Ogaki region, and around Tianjin and Changshu in 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 startup 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 CO2 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 BC
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 24.7 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 EV 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"> Sales ratio for electrified vehicles (KPI)
	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		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) 2022 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 = 130 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



2030 Mid-Term Targets

CO2 emissions -50%
 Percentage of renewable energy use 20%

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 due to the effects of extreme weather, high temperatures, etc., which will increase in the future.

To cope with this, we are promoting measures such as decentralization of production bases, multi-company procurement, wind and flood damage countermeasures, incorporation into the BCP, supplier training, and heat stroke countermeasures. Particularly with regard to flood countermeasures, we have strengthened water-stopping measures at plants with a high risk of flooding, and revised evacuation plans, etc., based on 3D maps reflecting elevation and height differences in and around those plants. Going forward, we will progressively introduce such measures at our other plants in order to enhance our wind and flood damage control.

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. The other 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

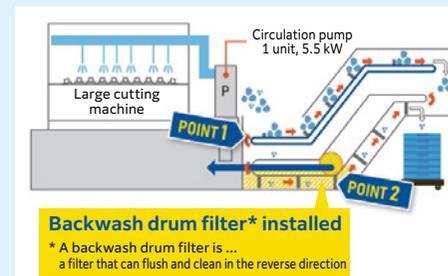
We identify sustainability related material topics and use them to identify risks. Of these, company-wide management-level risk is addressed by the Risk Management Committee, which selects risk items and discusses and deliberates on countermeasures. The Risk Management Committee assesses and manages 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 TCFD promotion team, and the results are presented to the Corporate Strategy Committee. Issues such as carbon neutrality and electrification, which are already 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%)

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 endeavors to reduce energy usage by pushing forward such activities as production technology development, facility upgrading, production process improvement, and daily activity improvement and introduction of renewable energy. In FY2022, we continued to steadily improve energy conservation and introduced renewable energy in Japan and overseas, including the installation of solar power generation facilities, and our Thai subsidiary achieved zero-carbon emissions for electric energy.



By reducing the number of cutting oil circulation pumps in the cutting machines for metalworking machinery at the Kita Ogaki Plant, we managed to reduce CO₂ emissions. This was achieved by (1) changing cutting discharge to two stages to reduce chip conveyor clogging, and (2) changing the mesh-type filters to backwash drum filters to improve oil cleanliness, thereby reducing the number of pumps and eliminating the need to clean filters in the piping. This halved the amount of energy used and reduced CO₂ emissions by approximately 27 tons per cutting machine per year. To date, a total of 15 cutting machines have undergone this improvement.



The temperature inside the hot stamping furnace is continually monitored at the Nishi Ogaki Plant, and the heating time is optimized via automatic control of when heating starts (heater ON). We have also worked to optimize the heating time and the number of furnaces in operation. The annual reduction in CO₂ emissions is approximately 173 tons.



Solar power generation equipment has been introduced at the Kurihara Plant and expanded to the Higashi Ogaki and Yoro Plants. We have switched our electricity purchased from outside sources to renewable energy-derived electricity, and have switched to 100% renewable electricity at our three domestic plants (Kurihara Plant, Wakayanagi Plant, and Kyushu Plant). Overseas, we switched to 100% renewable energy by installing solar power generation facilities and purchasing renewable energy certificates at our two PIT sites in Thailand. The ratio of renewable energy to electricity used in FY2022 will be 12%.

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 FY2022, we promoted material recycling of plastic waste etc. mainly at Wakayanagi Plant.



Our Wakayanagi Plant has implemented material recycling^{*1} of plastic waste, reducing the annual waste volume by 55 tons. To reduce waste, we will promote efforts to recycle of valuable materials such as waste plastic from resin, SBR rubber^{*2}, and urethane.

*1 Material recycling: Reuse of waste as raw material for new products

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

Conservation of Water Resources

The Pacific Industrial Group manages and reduces water usage in accordance with local conditions, promotes water recycling, makes effective use of water resources, and works to protect water resources. In FY2022, we reduced our water consumption by 10,000 m³/year, mainly by reducing wash water on the electrodeposition coating (E-coat) and plating lines at Nishi Ogaki Plant and Higashi Ogaki Plant.



We reduced our annual water consumption by 10,000 m³ by reducing wash water on the electrodeposition coating (E-coat) and plating lines at Nishi Ogaki Plant and Higashi Ogaki Plant. We will continue to work to control wastewater quality and preserve the quality of normal water, and promote activities to conserve biodiversity, including maintaining the ecosystems in river source and watershed areas.

Every time Kita Ogaki Plant's urethane plastic injectors were shut down, we used to discard and dispose of the materials to prevent the main agent reacting with the curing agent and being cured. The system has now been modified so that upon shutdown the equipment's stop signal is automatically read and urethane plastic is automatically injected without being cured. This has resulted in a 39% reduction in the amount of discarded material that becomes waste.



In the construction of the new plant (Plant No.4, Welfare Building) at Higashi Ogaki Plant, we have incorporated the use of groundwater for automatic faucets, water-saving appliances, and lavatory flushing and sprinkler taps in order to make more effective use of water resources. The expected effect is a reduction in water consumption of approximately 2,700 m³ annually.



Respecting Human Resources and their Active Participation

Human Resources Strategy

Approach to Human Resources Strategy (Environmental Development Policy)

In order to realize our PURPOSE, "Passion in Creating Tomorrow," we believe that we need to be a company where diverse employees can play an active role with passion. To this end, we will work in tandem to address the challenge of infrastructure enhancement measures such as Improvement of Work Environment, Respect for Human Rights, and Safety and Health, as well as business growth measures such as Human Resource Development and the transformation to a culture of challenge. We believe that Improving Engagement is particularly important in order to effectively promote such infrastructure enhancement and business growth. For this reason, we will make efforts to continuously measure and enhance employee engagement. At the same time, we will emphasize diversity and inclusion and recognize individual differences in gender, nationality, disability, and age, as well as different attributes such as individuality, strengths and weaknesses, health condition, personality, beliefs, and sexual orientation, in order to create a psychologically safe work environment where everyone can realize their full potential. Through these efforts, we hope to create synergy between employee well-being and increased corporate value.

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 FY2022, we have continued our efforts to resolve issues regarding harassment cases by conducting a human rights questionnaire to which we added a significant number of harassment items to the Code of Conduct self-assessment. In our overseas businesses, as in Japan, we conduct questionnaires for all employees and promote initiatives to raise awareness of human rights, such as awareness-raising activities during morning meetings and regular education.

Education and Engagement

In FY2022, we worked to spread awareness of respect for human rights through human rights education in the form of e-learning as in the previous year for enlightenment and education aimed at creating a culture of respect for human rights within the Group. In October and December 2022, with the support of the Japanese government, our Corporate Planning Department and the top management of PIT in Thailand deepened their learning by participating in training at the Business and Human Rights Academy conducted by the United Nations Development Programme (UNDP). In March 2023, we held a one-on-one meeting with two experts, Ms. Vanessa Zimmerman (CEO of Pillar Two) and Ms. Emi Sugawara (Professor, Osaka University of Economics and Law), who provided specific advice on our human rights policy and human rights due diligence, including the importance of stakeholder engagement and the effectiveness of using a combination of questionnaires and a grievance mechanism. Based on this feedback, we will revise our human rights policy, strengthen our human rights due diligence, and check our grievance mechanism.

Respecting Human Resources and their Active Participation

Importance and Improvement of Engagement

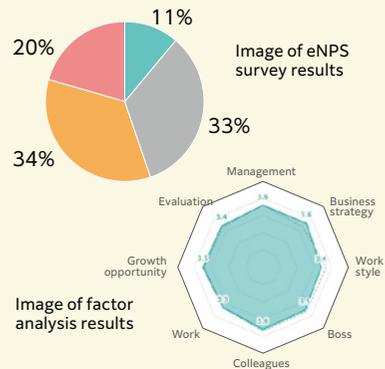
Employee Engagement

Employee engagement refers to each employee's willingness to understand and identify with the strategy and goals of the company and workplace, and to actively contribute his or her abilities. The Group believes that in promoting human capital management, the most important factor is how to increase engagement. To that end, we have decided to first conduct an engagement survey. The survey measures and quantifies eNPS, a numerical indicator of employees' affinity for the company, satisfaction with the company and their work, and so on, and the eight factors that affect eNPS: management, business strategy, work style, boss, colleagues, work, growth opportunities, and evaluation. We hope this will help us to understand the company's strengths and potential challenges, and to promote measures for improvement.

The results of the survey will not only be used to resolve structural issues company-wide (such as the design of various systems), but will also be disclosed to employees for use in resolving individual issues in workplaces, such as through open discussions to increase engagement in each department and group, and effective measures will be implemented with a sense of urgency.

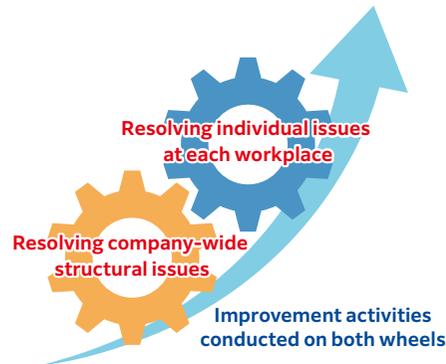
Engagement Survey Summary

- First survey scheduled for end of October 2023 (Target Setting)
- Conduct survey and PDCA cycle every year thereafter



PDCA to Improve Engagement

- Release survey results (eNPS indicators)
- Based on survey results, review various systems and resolve workplace issues



Stable Employment and Decent Work Environment

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. As a concrete example, we moved the start time of our Kyushu and Tohoku plants from 6:00 to 7:10 in order to reduce the physical burden on plant workers.

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 while checking mental and physical health, such as through pre-training for managers and supervisors at their assigned sites, and regular interviews. 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.

Work-Life Balance

We are implementing a variety of measures to ensure that employees are able to feel satisfaction and personal growth at work, while living a fulfilling personal life. In addition to being awarded "Kurumin" certification as a company that supports child care, we have set a target of having employees take 12 days of annual paid vacation and have been working to ensure that target is achieved. In FY2022, the average target achievement rate for union members was 100% for the second year in a row.

We have also introduced more flexible working styles, such as by promoting the taking of annual paid leave, reducing long working hours, installing a work interval system, and using shorter working hours, staggered working hours, and flextime systems to support both child care and nursing care.

We will remain committed to supporting our employees in balancing work and personal commitments such as child care and nursing care, while fostering an environment and culture that encourages them to take leave, stay healthy, and work hard.



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 FY2022, we hired 39 temporary employees as regular employees.

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.

We also promote the establishment and expansion of safety dojos so that we can provide comprehensive safety education even at remote plants.

■ 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

To provide a proper work environment in our plants, we are introducing air-conditioned clothing, systematically switching to LED lighting, and reducing physical workload through process improvements to create more comfortable places to work. Also, as an outreach activity, we are continuously working to improve the workplace environment from the perspectives of people, facilities, and the environment.



Safety training for new employees

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. With the recent aging of society and declining birthrate and increasing health consciousness, the importance of health management is growing. We also place importance on employee health as the foundation for the success of our human resources, as clearly stated in the Pacific Industrial Group Health Declaration, and we are continuously conducting health management.

In March 2023, we were certified as the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Corporation Category) for the second year in a row, in recognition of our lifestyle-related disease prevention measures, mental health measures, consultations with public health nurses and industrial physicians, and support for compatibility.

We will continue to engage in health activities that are tailored to each employee and in measures that improve the physical and mental health of employees and their families.



《 Pacific Industrial Group Health Declaration 》

The safety and health of employees is an important foundation for our continued growth together.

We believe that sustainable growth of the company will be achieved when all employees are physically and mentally healthy and able to demonstrate their individuality and abilities to create new value.

In order to realize our Purpose of "passion in creating tomorrow," we will promote the creation of psychologically safe workplaces where new ideas and challenges are valued, and try to create an environment where all colleagues can work healthily and vigorously, with satisfaction in their job and happiness in their lives.

October 2023

Tetsushi Ogawa

President, Member of the Board

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 has "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

After a complete review of our education system in April 2021, we redesigned a new education system that is more effective in improving not only competence but also resourcefulness. For our staff, we have expanded education for managers and supervisors and introduced problem-solving training for younger employees. For our technical staff, our new programs include Toyota Production System (TPS) leader training, systematized safety, quality, and productivity training, and education to improve resourcefulness. In FY2022, we added psychological safety education to our existing harassment education.



Psychological safety and harassment training

Learning Opportunities

We are constantly promoting work methods improvement based on the idea that every employee can improve their work productivity and personal growth and shift to more value-added and creative work by being continuously involved in improvements, without being constrained by conventional methods.

In order to provide employees with a wide range of learning opportunities, in FY2023 we plan to introduce a new web-based education system for employees to learn various business skills.

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, creating a work environment that allows diverse work styles, and promoting career education necessary for individual growth. We are working to increase the ratio of female staff hires to 20% or more per year (up from 10%), and the ratio of female hires among new graduate hires in FY2023 was 32%. Our goal is to have 14% or more of the Group's total management positions filled by women by FY2030.



New female employee working at a plant

In addition, we support male employees taking parental leave based on the belief that male employees' participation in child care is necessary to promote women's success. For men considering taking leave to care for their children, we have created a Handbook for Men on Child Care Leave, which provides detailed descriptions of subsidy programs for men concerned about a reduction in income, including explanations of procedures from a male perspective and interviews with male employees who have taken long child care leave. We are also focusing on activities to promote 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 via the management system.

Consideration for Foreign Workers

For foreign workers to understand, we have created foreign language versions of medical examination questionnaires in common areas, hygiene-related guidelines, training materials for new hires, work manuals, and other materials.

ESG Data

Environment

CO₂ Emissions (Scope 1, 2)

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
KPI CO ₂ emissions	kt	Group	90.1	94.3	85.8	85.2	76.9
			Scope 1	19.4	17.3	17.3	16.8
			Scope 2	74.8	68.5	67.9	60.2
CO ₂ emissions	kt	Pacific Industrial	43.1	42.5	38.0	34.8	27.0
		Overseas	47.1	51.7	47.8	50.4	50.0
Emissions intensity	t/100 million yen	Pacific Industrial	51.6	47.3	46.4	42.7	32.6
		Overseas	76.5	68	69.7	60.8	46.1

* 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

Energy Usage

SASB TR-AR-130a.1

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022	
Total energy	1,000 GJ	Group	1,827	1,991	1,869	1,962	1,966	
			Electricity usage ¹	1,496	1,678	1,594	1,679	1,673
			Fuel and others	349	332	293	304	293
Sales intensity	GJ/100 million yen	Group	1,259	1,200	1,243	1,193	1,028	
Total renewable energy consumption ²	Gwh	Group					3.5	

* Excluding domestic subsidiaries

*1 Figures revised to include on-site renewable energy, past figures revised retroactively

*2 Solar power consumption (excluding CO₂-free electricity)

Renewable Energy Introduction Ratio

SASB TR-AR-130a.1

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
Renewable energy introduction ratio	%	Group	1.3	1.2	1.2	1.2	12.1

* Excluding domestic subsidiaries

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

CO₂ Emissions (Scope 3)

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022	
1 Purchased goods and services	t-CO ₂	Pacific Industrial			460,875	410,404	413,131	
2 Capital goods					28,829	40,870	56,011	
3 Fuel and energy-related activities not included in Scope 1 or 2						6,445	6,357	5,006
4 Transportation and distribution (upstream)						6,372	6,515	6,224
5 Waste generated in operations						470	417	1,276
6 Business travel						200	195	270
7 Employee commuting						2,410	2,281	2,444
9 Transportation and distribution (downstream)						8,298	8,501	8,150
12 End-of-life treatment of sold products						1,566	1,631	1,565
Scope 3 total						515,465	477,171	494,077

* Scope 3 figures calculated based on Emission Intensity Database for Calculating Greenhouse Gas Emissions and Other Emissions by Organizations Throughout the Supply Chain (Ver. 3.2) published by MOE

Raw Material Input

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
Metallic materials	t	Group			326,339	341,458	326,299
Organic/inorganic materials					11,862	15,492	11,113
Of which, solvents					2,370	1,599	1,332

* Excluding domestic subsidiaries

Waste-Related

SASB TR-AR-150a.1

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
KPI Amount of industrial wastes ¹	t	Group	4,094	4,190	3,516	3,245	3,625
		Pacific Industrial	1,919	1,988	1,664	1,575	1,830
		Overseas	2,175	2,202	1,852	1,670	1,796
Amount of landfill wastes ²	t	Pacific Industrial	150	178	111	99	80
Recycling rate ^{2,3}	%	Pacific Industrial	89	81	89	93	86

* Excluding domestic subsidiaries

*1 The disclosed data did not include domestic material recycling and the amount of disposal at some bases, so we have retroactively corrected the past figures.

*2 Figures have been corrected. (April 2023)

*3 Including thermal recycling

Amount of Hazardous and Non-Hazardous Waste Generated

SASB TR-AR-150a.1

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
Amount of non-hazardous waste generated ¹	t	Domestic*	1449.4	1468.7	1287.9	1218.3	1476.5
Amount of hazardous waste generated	t	Domestic*	1.4	1.5	1.2	1.4	0.6

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

*1 Material recycling in Japan and disposal volume at some sites not included in disclosed data, so figures revised retroactively

Water Usage

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
KPI Water usage	1,000m ³	Group	1,756	1,744	1,645	1,374	1,394
		Pacific Industrial	1,577	1,514	1,393	1,179	1,176
		Overseas	180	231	252	195	217

* Excluding domestic subsidiaries

BOD / COD Emissions

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
BOD	t	Nishi Ogaki Plant	5.0	4.8	3.5	2.8	2.6
		Higashi Ogaki Plant	0.2	0.1	0.1	0.1	0.3
		Kita Ogaki Plant	0.04	0.13	0.06	0.03	0.02
		Kurihara Plant		0.1	0.2	0.2	0.4
		Nishi Ogaki Plant	3.8	3.5	2.4	1.9	1.9
COD	t	Higashi Ogaki Plant	0.3	0.4	0.4	0.5	0.6
		Kita Ogaki Plant	0.07	0.11	0.15	0.05	0.05
		Kurihara Plant		0.2	0.3	0.3	0.6

ESG Data

Society

Employees: Basic Data

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022	
No. of employees (regular)			4,390	4,806	4,797	4,763	4,797	
Gender	Male	Persons	Group			3,796	3,844	3,837
	Female					1,001	919	960
Region	Japan	Persons	Group		2,016	2,075	2,078	2,131
	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	1,148	1,193	970	1,133	1,238	
No. of employees (Regular)	Persons	Pacific Industrial	1,821	1,931	1,987	1,988	2,105	
Employee ratio (Permanent: Male)	%	Pacific Industrial			91.8	92.2	91.7	
Employee ratio (Permanent: Female)					8.2	7.8	8.3	
No. of new employee hires		Persons	Pacific Industrial			122	83	117
Gender	Male					117	76	109
	Female					5	7	8
No. of new employee hires		Persons	Group				585	
Gender	Male							442
		Female					143	
Average age		Years old	Pacific Industrial	40.2	39.9	40.2	40.6	40.9
Average age (Male)				40.1	39.7	39.8	40.3	40.6
Average age (Female)				41.7	42.1	43.9	44.0	43.7
Average length of service		Years	Pacific Industrial	14.4	13.8	13.8	13.7	13.7
Average length of service (Male)				14.2	13.6	13.4	13.3	13.2
Average length of service (Female)				16.5	16.4	17.8	18.5	18.8

Respect for Human Rights

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
KPI Human rights survey (SAQ) implementation rate*	%	Group			40	73	43

* FY2020 and FY2021 does not include French and US subsidiaries. Calculation uses all Group employees as denominator for FY2022.

Stable Employment and Decent Work Environment

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
KPI Turnover rate ¹	%	Pacific Industrial	2.0	2.2	2.1	2.5	2.5
No. of employees taking parental leave: Male	Persons	Pacific Industrial	3	1	7	13	32
No. of employees taking parental leave: Female	Persons	Pacific Industrial	8	7	5	3	7
Rate of taking parental leave: Male ²	%	Pacific Industrial			12.1	15.3	37.6
Rate of taking parental leave: Female	%	Pacific Industrial	100	100	100	100	100
Rate of taking parental leave & returning to work	%	Pacific Industrial			100	100	100
Rate of taking parental leave & returning to work: Male	%	Pacific Industrial			100	100	100
Rate of taking parental leave & returning to work: Female	%	Pacific Industrial			100	100	100
Achievement rate of annual paid leave acquisition target per employee ^{3,4}	%	Pacific Industrial	95.8	98.4	99.3	100	100
Monthly overtime hours worked per employee ⁵	Hours	Pacific Industrial	35.3	32.8	20.9	22.8	19.8
No. of employees with medical insurance	Persons	Group			4,651	4,243	4,503
No. of employees in employee stock ownership plan	Persons	Group			1,531	1,634	1,637
No. of employees using flextime system	Persons	Group			858	825	932

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	FY2018	FY2019	FY2020	FY2021	FY2022
KPI Lost-time injury frequency rate ^{*1, *2, *3, *4}	-	Group	0.62	0.69	0.51	0.24	0.64
	-	Pacific Industrial	0.81	0.73	0.40	0.40	0.98
	-	Nationwide manufacturing industry	1.20	1.20	1.21	1.31	1.25
Lost time injury severity rate ^{**2, *3, *4, *5}	-	Group	0.03	0.01	0.01	0.01	0.03
	-	Pacific Industrial	0.06	0.01	0.01	0.03	0.05
	-	Nationwide manufacturing industry	0.10	0.10	0.10	0.06	0.08
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	-	Pacific Industrial			100	101	96
	People	Pacific Industrial			7	15	16

*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 Group figures for FY2018-2020 revised due to error in aggregation method

*5 Total working days lost ÷ total actual working hours x 1,000

Development of Human Resources and Cultivation of Culture of Tackling Challenges

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
KPI Training hours per person ¹	Hours	Pacific Industrial			23.9	26.3	26.6
Rate of employees receiving regular job and career development assessment ²	%	Pacific Industrial			98.7	99.3	99.4
Rate of employees trained in career or skills development	%	Pacific Industrial			42	35	36

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	FY2018	FY2019	FY2020	FY2021	FY2022
Information Security Management	People	Pacific Industrial	34	37	36	45	52
IT Passport	People	Pacific Industrial	156	163	185	186	227
Systems Administrator Beginner	People	Pacific Industrial	137	137	138	145	149
IT Passport/Systems Administrator Beginner*	People	Pacific Industrial					17

* No. of people with both IT Passport and Systems Administrator Beginner qualifications (No. in each category)

ESG Data

Society

Diversity and Inclusion

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022	
KPI Ratio of females in management positions ^{*1}	%	Group	7.5	10.2	10.6	10.2	10.3	
		Pacific Industrial	3.6	3.5	3.4	3.5	3.3	
Rate of female supervisors in administrative and technical positions ^{*1}	%	Group	19.2	19.8	22.6	23.7	20.3	
		Pacific Industrial	11.2	11.1	11.5	11.6	13.1	
Rate of foreign officers ^{*2}	%	Group				17.9	20.0	
Rate of foreign nationals in management positions	%	Group			46.5	43.4	51.0	
		Pacific Industrial			0.0	0.0	0.0	
Rate of mid-career employees in management positions	%	Group			58.8	47.8	52.7	
		Pacific Industrial			20.9	22.4	22.6	
No. of non-regular employees made regular employees	Persons	Pacific Industrial	59	30	29	30	40	
Year-round hiring rate of regular workers	%	Pacific Industrial	75.0	44.0	28.0	47.4	45.0	
Rate of employees with disabilities ^{*3}	%	Pacific Industrial	2.32	2.10	2.16	2.31	2.37	
Number of people with disabilities actually employed ^{*3}	Persons	Pacific Industrial		34	34	37	39	43
			(Number of people with severe disabilities ^{*3})	10	10	10	12	10
Reemployment of seniors	Persons	Pacific Industrial	82	93	105	122	129	
Gender wage differential ^{*4}	%	All workers					82.4	
		Permanent workers					83.0	
		Fixed-term workers					61.1	

*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). From disclosures in Sustainability Report 2022, calculation revised based on new definition of "management" to mean executives only, instead of executives plus qualified persons. SPF and SPU included from FY2019

*2 Counted as one person if serving concurrently

*3 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)

*4 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	FY2018	FY2019	FY2020	FY2021	FY2022
Rate of employees with labor union membership	%	Group			47	46	46
		Pacific Industrial			86	86	84

[Customers] SASB TR-AR-250a.1

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
KPI No. of recalls issued	%	Group			0	0	0

[Business Partners (Suppliers)]

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
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
		Pacific Industrial			94	95	95

[Communities]

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
KPI No. of social contribution activities conducted *	Cases	Group			73	86	112
Donations	1,000 yen	Pacific Industrial	12,000	20,000	19,000	21,000	19,000

* Sponsorship and advertising-related activities deducted from no. of activities and figures revised retroactively

[Shareholders and Investors]

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
No. of meeting with investors	Times	Pacific Industrial	104	90	84	86	74

ESG Data

Governance

Officers

Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
No. of board members	Persons	7	8	7	6	6
Male	Persons	7	7	6	5	5
Female	Persons	0	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	10	6	6	5	5
No. of Board of Directors meetings	Times	14	12	12	12	12

* For FY2018 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	FY2018	FY2019	FY2020	FY2021	FY2022
Board members total	Millions of yen	270	291	253	222	217
Internal board member total	Millions of yen	255	276	240	208	203
Fixed remuneration	Millions of yen	172	202	172	145	150
Performance-linked remuneration	Millions of yen	60	57	49	52	42
Non-monetary compensation, etc.*1	Millions of yen	22	16	15	10	10
Retirement reward	Millions of yen	0	0	4	0	0
No. of officers covered	Persons	5	6	6	4	4
Total outside board members	Millions of yen	14	14	13	14	14
Fixed remuneration	Millions of yen	14	14	13	14	14
No. of officers covered	Persons	2	3	2	2	3
Audit & supervisory board members total	Millions of yen	52	52	51	42	46
Internal audit & supervisory board members total	Millions of yen	39	39	38	29	33
Fixed remuneration	Millions of yen	39	39	37	29	33
Retirement benefits	Millions of yen	0	0	1	0	0
No. of officers covered	Persons	2	2	3	2	2
Outside audit & supervisory board members total	Millions of yen	13	13	13	12	13
Fixed remuneration	Millions of yen	13	13	12	12	13
Retirement reward	Millions of yen	0	0	1	0	0
No. of officers covered	Persons	2	2	3	2	2

* For FY2018 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 stock options in FY2017-2018 and restricted stock awards from FY2019 onward.

Ethics and Compliance

SASB TR-AR-520a.1

Item	Unit	Scope	FY2018	FY2019	FY2020	FY2021	FY2022
KPI Implementation rate of Code of Conduct survey self-assessment	%	Group*			40	73	43
		Domestic			98	97	93
No. of consultations with ethics and complaints desk	Cases	Pacific Industrial			8	9	14
No. of serious compliance violations	Cases	Group			0	0	0
No. of legal actions for anti-competitive behavior	Cases	Group			0	0	0
Political contributions	10 thousand yen	Pacific Industrial		272	602	392	509

* FY2020 and FY2021 does not include French and US subsidiaries. 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, 2022 to March 31, 2023] 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 No. of new themes developed, Sales ratio for electrified vehicles, Percentage of products sold that are 100% recyclable or reusable, p.27 Total energy use (of which electricity usage), Amount of industrial wastes, Amount of landfill waste, Recycling rate, Amount of non-hazardous waste generated, p.28 Human rights survey implementation rate, Lost-time injury frequency rate, p.29 Ratio of females in management positions, No. of social contribution activities conducted p.30 Implementation rate of Code of Conduct survey self-assessment
2-5	External assurance	—
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.19 Value creation model • The entities downstream from the organization and their activities: Automobile manufacturers, tire manufacturers, auto parts manufacturers, 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 2023) p.44 • Integrated Report p.59
2-10	Nomination and selection of the highest governance body	• Integrated Report p.61 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 2023) p.44
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: Sustainability Promotion System https://www.pacific-ind.co.jp/eng/sustainability/management/
2-14	Role of the highest governance body in sustainability reporting	• Online: Sustainability Promotion System 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 • Significant concurrent positions held by board members in Convocation Notice, Annual Securities Report, and Corporate Governance Report • Corporate Governance Report p.1 Principles 1-4 So-called Cross-Shareholdings 1. Policy on Cross-Shareholdings • Convocation notice for year ended March 2023 p.13 No. of stocks held by us for purposes other than pure investment, and total amount shown on balance sheet • No Controlling Shareholder: Annual Securities Report for year ended March 2023 p.39 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	—

	2-18	Evaluation of the performance of the highest governance body	• Integrated Report p.60
	2-19	Remuneration policies	• Annual Securities Report (Year ended March 2023) p.54 Officers' Remuneration etc. • Corporate Governance Report "Incentives" "Directors' Remuneration"
	2-20	Process to determine remuneration	• Annual Securities Report (Year ended March 2023) p.55 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: Human Rights Policy 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 • p.30 ESG Data
	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
5. Stakeholder engagement			
	2-29	Approach to stakeholder engagement	• p.5 Communication with Stakeholders
	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	• p.6 Materiality and Identification Process
	3-2	List of material topics	• p.6 Materiality and Identification Process
	3-3	Management of material topics	• p.7-10 Sustainability Management Based on Materiality

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	201-2	Financial implications and other risks and opportunities due to climate change	• p.19 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 2023) p.86 Retirement Benefits
	201-4	Financial assistance received from government	• Annual Securities Report p.63 Subsidy Income
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	—
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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
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	207-2	Tax governance, control, and risk management	—
	207-3	Stakeholder engagement and management of concerns related to tax	—
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	301-3	Reclaimed products and their packaging materials	• P.17 KPIs and Monitoring Indicators
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	302-3	Energy intensity	• p.27 ESG Data
	302-4	Reduction of energy consumption	• p.21 Mitigation of and Adaptation to Climate Change
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	304-2	Significant impact of activities, products, and services on biodiversity	—
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GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	• p.27 ESG Data
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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	—
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	404-2	Programs for upgrading employee skills and transition assistance programs	• p.26 Development of Human Resources and Cultivation of Culture of Tackling Challenges
	404-3	Percentage of employees receiving regular performance and career development reviews	• p.28 ESG Data
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	• p.29, p.30 ESG Data
	405-2	Ratio of basic salary and remuneration of women to men	• p.29 ESG Data
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	—

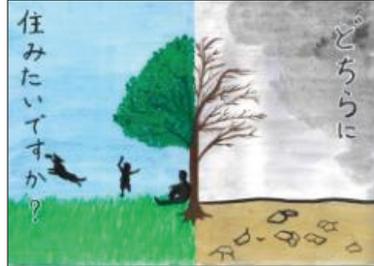
Society			
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	—
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	—
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies and procedures	Not applicable
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violation involving rights of indigenous peoples	—
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	• p.23 Implementation of Human Rights Surveys
	412-2	Employee training on human rights policies and procedures	• p.23 Education and Engagement
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	• p.14, p.15 Local Community Development
	413-2	Operations with significant actual and potential negative impacts on local communities	—
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	—
	414-2	Negative social impacts in the supply chain and actions taken	• p.12 Sustainability Procurement
GRI 415: Public Policy 2016	415-1	Political contributions	• p.30 ESG Data
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impact of product and service categories	• Online: Customers and Quality https://www.pacific-ind.co.jp/eng/sustainability/stakeholders/customer/
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	• p.29 ESG Data (No. of Recalls)
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	—
	417-2	Incidents of non-compliance concerning product and service information and labeling	—
	417-3	Incidents of non-compliance concerning marketing communications	—
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data	—

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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