

PROTERIAL

Proterial Group

Sustainability Report 2024

Proterial, Ltd.

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I Proterial Group Corporate Philosophy

Mission

Make the best quality available to everyone

Striving for the highest standards in our original technologies, products, processes, and people, we will bring new levels of value to customers all around the world.

質の量産

独創的な技術と、製品・ビジネスプロセス・人に関する高い質の追求によって、新たな価値を生み出し、世界の人々に広く提供していく

Vision

Leading sustainability by high performance

Through the creation of best-in-class materials, to be a company that solves individual customer issues and contributes to the prosperity and vitality of all.

持続可能な社会を支える高機能材料会社

お客さまの課題を解決する高機能材料の創造によって、持続可能な社会の実現に貢献し続ける企業となる

Values

Unflinching integrity

We earn the trust of our customers and other stakeholders by being honest and sincere in our daily activities and by understanding our obligation to the people and communities we serve.

至誠

人や社会に対する責任を常に自覚し、日々のあらゆる活動に誠実に向き合う。
約束を守る、正直に行動することを徹底し、私たちに関わる全ての人々の信頼と期待に応える

United by respect

Across our organization, we respect diversity and the free and independent exchange of opinions, learn from each other, and collaborate to achieve our common goal.

和則彊 (和すれば強し)

多様な個を尊重し、主体性をもって自由に意見を交わし合い、学び合い、共通の目的に向けてチーム全員の情熱と能力を結集することで成果を出す

II Proterial Group Codes of Conduct

Always Act with Integrity

The corporate philosophy of the Proterial Group promotes our Mission: “Make the best quality available to everyone,” Vision: “Leading sustainability by high performance,” and Values: “Unflinching integrity” and “United by respect.”

The “Proterial Group Codes of Conduct” provides support to the officers and employees in their decision making and stipulates the actions they should take to realize this corporate philosophy and to fulfill our social responsibilities.

The officers and employees of the Proterial Group pledge to fully understand and comply with the Proterial Group Codes of Conduct, and to always base their actions on the principle of integrity.

1. A Company that Contributes to Society

- (1) We will contribute to resolving social issues by promoting innovative solutions, accelerating collaborative creation with partners and stakeholders, and further integrating social and environmental responsibility into our business activities.
- (2) We will strive to develop technologies that contribute to social development and use them with due consideration of their impact on society.
- (3) We envision a decarbonized society, a resource-recycling society, and an ecosystem preservation society. To this end, we will endeavor to reduce CO₂ emissions, use water and other resources efficiently, and minimize impacts on natural capital throughout our value chain.
- (4) As a corporate citizen, we will make efforts to build a rapport with communities and contribute to their development by working together to resolve social issues.

2. Sincere and Fair Business Activities

2.1 Fair Trading

- (1) To ensure fair and open competition, we will observe the fundamental rules of trade, including domestic and overseas competition laws and regulations, and act in compliance with legislation and sound corporate ethics.
- (2) We will have no relationship whatsoever with antisocial forces anywhere in the world, and resolutely reject involvement in improper or antisocial transactions.
- (3) Should we become aware of business-related information that could possibly correspond to undisclosed important information (insider information) concerning business partners, including customers and procurement partners, we will not leak this information to any third parties or trade the shares of said business partners until the information is officially disclosed.
- (4) We strictly prohibit and will have no involvement in illicit acts including bribery, corruption or money laundering. We will neither give or receive gifts nor extend or accept invitations to business entertainment beyond socially accepted limits, as we recognize that such practices can foster corruption. When working with political entities, we will build and maintain sound and transparent relationships.
- (5) We will help maintain international peace and security through compliance with all applicable laws and regulations concerning import and export, and will operate appropriately according to our internal rules and policies.
- (6) We will comply with applicable laws, respect social cultures and practices, and act sincerely and fairly in countries and regions where we have operations. Furthermore, we will do so guided by international norms and standards even in areas where legislation is not adequately enforced.

2.2 Relationships with Procurement Partners

- (1) With a global vision, and mindful of the long-term perspective, we will find qualified procurement partners and build fair, equal and close partnerships with them, working together to build mutual understanding and trust.

- (2) In selecting procurement partners, we will thoroughly review the quality, reliability, delivery time, and price of the materials they provide as well as their business stability and technological capability. We will give due consideration to their adoption of social responsibility practices, including the abolishment of human right infringements and unfair discrimination, and environment-related initiatives.
- (3) We will not accept any personal benefits from procurement partners in procurement transactions.

2.3 Relationships with Customers

- (1) We will provide products and services that meet the needs and requirements of our customers, complying with relevant laws and standards and ensuring quality and safety by setting additional standards of our own when necessary.
- (2) We will communicate with customers sincerely, address defects and customer complaints quickly and in good faith, and strive to determine causes in order to eliminate them and prevent recurrence.
- (3) In the event we are unable to, or there is a possibility that we are unable to, fulfill the specifications required by the customer, we will promptly communicate the facts to the customer, consult with them, and address the situation in good faith.

3. Respect for Human Rights

- (1) We will promote our understanding of internationally recognized human rights, and will respect and not infringe on the human rights of all those involved in the business activities of the Proterial Group.
- (2) We will implement human rights due diligence appropriate to the social circumstances of the countries and regions where we have operations and the nature of our businesses, products, and services there.
- (3) We will assess and prevent potential violations of human rights. In the event of such a violation, we will promptly take internal and external actions to correct and remedy the situation.
- (4) We will respect individual human rights in the recruitment and treatment of employees and during all other company activities. We will not engage in any acts that may impair individual dignity or discriminate on bases such as sex, sexual orientation, age, nationality, race, ethnicity, ideology, belief, religion, social status, family origin, disease, or disability.
- (5) We will hire employees in compliance with the relevant laws and regulations in each country and region, and in accordance with international norms and standards. We will not use child labor that employs children below the minimum working age or forced labor that is against the will of employees.
- (6) We will strive to resolve issues through sincere and constructive discussion between management and employees, in compliance with the laws, regulations, and labor practices of each country and region, and in accordance with international norms and standards.

4. Building a Work Environment That Brings Out Employee Strengths

- (1) Prioritizing health and safety above all else, we will strive to ensure the safety of employees and the workplace. In addition, we will promote the physical and mental health of employees and their families.
- (2) We will support flexible work styles and respect diverse values, creating workplaces that provide employees with a sense of accomplishment and personal growth, and we will promote the sustainable growth of the organization and individuals.
- (3) We will invest in educational programs to help employees expand their capabilities and exercise their strengths. Supervisors will fairly and appropriately support, guide, and educate their employees to develop their abilities.

5. Information Management and Communication

- (1) We will promote the ethical handling of information, so as to ensure respect for human rights and security, through the proper management of personal information based on our Personal Information Protection Policy.
- (2) We will properly manage and protect confidential information related to our business activities in compliance with domestic and international laws and regulations as well as our internal rules and policies.

(3) In order to maintain and expand our trusting relationship with the Proterial Group's diverse stakeholders, we will actively disclose information, and respond to stakeholders responsibly through dialogue and other means of communication.

6. Protection of Intellectual Property and Brand

- (1) We will protect our own intellectual property, respect third-party intellectual property, and use both effectively for smooth business operations.
- (2) We will manage our own and third-party confidential information by importance and manage and handle it appropriately based on this ranking.
- (3) We will protect and enhance the value of the Proterial Brand, recognizing it as an important management asset.

7. Securing Corporate Assets

We will use all our corporate assets only for business activities and other appropriate purposes, and manage them properly to protect their value.

8. Risk Management

We will actively forecast risks that will impact business activities, and implement necessary measures to prevent, avoid and alleviate the emergence of these risks. We will make concerted efforts throughout the Proterial Group to secure employee safety and business continuity in case of disasters and threats such as earthquakes, tsunamis and floods, cyberattacks, and terrorism.

9. Responsibilities of Employees

Employees shall pledge to act honestly in compliance with the Codes of Conduct and based on integrity. If they become aware of any non-compliant activity, they shall immediately report to their manager, the related department or via the internal reporting system.

10. Responsibilities of Officers

Officers shall take the initiative to comply with the Codes of Conduct and make their best efforts to conduct business based on integrity, corporate ethics and the law. In the event of violation of the Codes of Conduct, top managers shall swiftly take corrective measures and actions to prevent the recurrence of similar incidents, while at the same time strictly disciplining themselves as well as those involved in the violation.

Formulated: September 17, 2010

Revised: January 5, 2023

III About the Proterial Group

1. Corporate Profile

Corporate Name	Proterial, Ltd.
Established	April 10, 1956
Head office	5-6-36 Toyosu, Koto-ku, Tokyo, Japan
Representative	Chairperson, President and CEO: Sean M. Stack
Share capital	310 million (As of March 31, 2024)
Number of Employees	Non-consolidated: 5,759 Consolidated: 21,456 (As of March 31, 2024)
Products and businesses	Manufacture and sale of specialty steel, rolls, automotive casting products, transportation equipment casting components, magnetic materials, power electronics materials, electric wires and cables, and automotive components
Group companies	54 consolidated subsidiaries (21 in Japan, 33 outside Japan) Five equity method companies (three in Japan, two outside Japan) (As of March 31, 2024)
Revenues	¥1,033.2 billion (the Proterial Group's consolidated revenues of the fiscal year ended March 2024)

2. Business Bases

Please see the following links on the Proterial website.

WEB Main Sales Bases

<https://www.proterial.com/corp/bases/>

WEB Major Operation Bases / R&D Bases
















https://www.proterial.com/corp/bases/main_bases.html

WEB The Proterial Group

<https://www.proterial.com/corp/bases/region/>

3. Business Domains and Major Product Applications

The Proterial Group is a materials manufacturer with highly competitive core technologies for high-performance materials. With some of the world's top brands in its portfolio, Proterial engages in a broad range of businesses in the markets related to industrial infrastructure, automobiles, and electronics. Based on broad business foundations, our business structure is readily capable of responding to the wide-ranging needs of society with its blend of technologies, which is the driving force behind the Proterial's growth.

Business Segments	Industrial Infrastructure-related Segment	Automotive-related Segment		Electronics-related Segment	
Specialty steel	 Turbine cases	 Molds and tool steel	 CVT belt materials	 Clad metals	 Lead frame materials
Rolls	 Rolls for steel mills				
Automotive casting products	 Cast iron products		 "HERCUNITE™" heat-resistant cast components		
Magnetic materials	 "NEOMAX®" neodymium magnets		 "NMF®" ferrite magnets		
Power electronics materials	 "Metglas®" amorphous metals		 Silicon nitride substrate		
Electric wires and cables	 Electrical wire for rolling stock		 Cables for industrial robots		
Automotive components	 Harnesses for electric parking brakes				

4. Economic Performance

For direct economic value generated and distributed, please refer to the following pages.

[1] Financial Data

[WEB](#) Integrated Report (see pages 62 and 63)

https://www.proterial.com/sustainability/integrated_report/2024.html

[2] Social Contribution Activities

VI Report on Social Aspects 2. in Cooperation with Society and the Local Community (2) Social Contribution Activities Carried out in Fiscal 2023 (Page 46 of this Report)

[3] Environmental Accounting

V Report on Environmental Aspects 1. Environmental Management (5) Environmental Accounting (Page 19 of this Report)

IV Sustainability Promotion

1. Policy for Promoting Sustainability

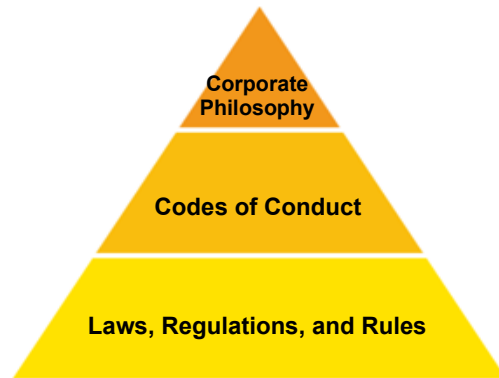
The Proterial Group recognizes promoting sustainability as an important strategy for achieving the Group's medium- to long-term growth and improving its corporate value as well as contributing to solving social challenges.

Based on this recognition, we are striving to become a company that continues contributing to realizing a sustainable society by creating high-performance materials to resolve customers' issues, with the aim of achieving our Vision of "leading sustainability by high performance" as stated in our corporate philosophy.

Also, we will fulfill our social responsibility by following the Proterial Group Codes of Conduct, which determine the direction to be taken by the Group and define the judgment standards and action guidelines for all the Group's officers and employees to observe, and by practicing the principle of "unflinching integrity" and "united by respect" defined as the Values, a component of our corporate philosophy, while at the same time complying with laws, regulations and rules, as a basis for conducting business activities.

With this in mind, we are developing our business focusing on six materialities, with the objective of becoming a materials company that "leads sustainability by high performance."

We are doing this through two approaches: the first is to contribute to solving social challenges by continuing providing high-performance materials to resolve issues of customers engaged in industrial infrastructure, automobiles, electronics and related sectors; and the second is to address the Group's issues identified in each of the environment, social and governance areas in order to achieve sustainable long-term growth and increase profitability and capital efficiency, thereby raising the Group's economic value.



2. Proterial Group Stakeholders

The business of the Proterial Group is materialized through engagement with stakeholders. The Proterial Group considers stakeholders strongly associated with its business activities as "customers," "shareholders and investors," "suppliers," "employees," and "society and local communities," and develops its sustainability activities in response to the requests and expectations of those stakeholders.

3. Material Issues/Major Measures/ Key Management Indicators

Along with setting major measures to respond to the six material issues identified for the environment, society, and governance, the Group has set indicators to manage the progress of major measures. We are implementing steady measures to achieve the target values of these key management indicators by FY2030.

Through achieving these targets, we aim to greatly increase our corporate value as a materials company that leads sustainability by high performance, along with developing superior competitiveness at the top level of industries.

[Material Issues/Major Measures/Key Management Indicators] (double-page table spread on pages 8 and 9)

Material Issues		Major Measures
E	Contributing to realize a decarbonized society	Expansion of deployment of renewable energy and promotion of energy saving
	Ubiquitization of resource-conserving, recyclable, and environmentally-friendly products	Expansion of environmentally friendly products that contribute to decarbonization and reduction of energy use over the product lifecycle
		Expanding the use of recycled raw materials
		Effective use of water resources
S	Safety and health are our overriding priority	Promotion of activities to disseminate basic rules (ironclad rules) to prevent accidents and make facilities intrinsically safe
	Making diverse individuals a driving force for change and growth	Reflection of employee survey results in management
		Thorough implementation of diversity and inclusion
G	Making quality a strength	Data collection without human intervention
		Expansion of activities to minimize and control variation in the 4Ms (huMans, Machines/equipment, Materials, and Methods)
		Fostering of KAIZEN promoters
		Thorough implementation of actions with integrity at the core
	Business model and process evolution anticipating changes in the external environment	Promotion of comprehensive risk assessment and countermeasures through risk management
Diversification of procurement sources in response to changes in the procurement environment		
Acceleration of R&D and realization of safe, high-quality production through DX		

*1. Energy consumption unit: Energy consumption divided by sales.

*2. Environmentally friendly priority products: Selected products that are being expanded in terms of business strategy and contribute significantly to solving environmental issues such as climate change and effective use of resources. To strengthen environmentally friendly products, we are currently studying definitions of management indicators, target values, and strategies to achieve them.

*3. Frequency rate of occupational accidents: Number of fatalities and injuries due to occupational accidents divided by total number of actual working hours x 1,000,000 (number of accidents per 1 million working hours in a calendar year).

*4. Number of serious accidents: Serious accidents include fatalities, serious injuries equivalent to fatalities (disabling injuries of Severity 7 or higher), and accidents in which three or more persons are injured at the same time.

*5. Ratio of positive evaluation of engagement indicators: Positive response rate for sustainable engagement indicators in employee surveys. Changes were made in fiscal 2022 to the survey framework and target questions for engagement indicators. Target values are not available as the survey methodology is scheduled to be reviewed.

Meanwhile, the responsible executive officer oversees the setting of related targets as well as the planning and implementation of measures for these critical challenges. Matters relating to the achievement of these targets and plans are reported to and deliberated by the Executive Committee, which is presided over by the Representative Director, President and CEO, and managed through reports to the Board of Directors as appropriate.

Key Management Indicators	FY2022 results	FY2023 results	Targets for FY2030
Reduction in CO ₂ emissions (compared to FY2015)	31% (Emissions:1,913 kt-CO ₂)	62%* ¹² (Emissions:1,062 kt-CO ₂)	38% (Emissions:1,723 kt-CO ₂)
Amount of renewable energy deployed	483 MWh/year	8,354 MWh/year	35,000 MWh/year
Energy consumption rate* ¹ improvement rate (compared to FY2015)	20%	39%	14%
Sales ratio of environmentally friendly priority products* ²	22.4%	24.4%	30%
Waste landfill rate	10.1%	6.2%	8.5%
Improvement rate of water use (compared to FY2010)	33.8%	29.6%	38.5%
Occupational accident frequency* ³	0.45	0.33	0.15
Number of serious accidents* ⁴	2	0	0
Ratio of positive evaluation of engagement indicators* ⁵	71%	76%	TBU
Diversity in recruitment ratio (women, foreign nationals, career hires)* ⁶	66.3%	62.0%	50% or more
Ratio of female managers* ⁶	2.2%	2.4%	5.0%
Diversity ratios at the executive level positions (women, foreign nationals, career hires)* ⁶	35.7%	40.0%	30% or more
Percentage of automatic inspection and testing	28%	15%	100%
Major quality incident index* ⁷	0.4	0.2	0
—* ⁸	—	—	—
Ratio of positive evaluation of compliance awareness, etc.* ⁹	84%	—	90% or more
—* ⁸	—	—	—
Number of items required for source diversification	11	10	0
Manufacturing lead time* ¹⁰ (Compared to FY2022)	Base Year	—	50%
New product ratio* ¹¹	23%	23%	30%

*6. Non-consolidated data

*7. Major quality incident index: Index of accidents that caused serious damage to customers' bodies or property, or serious damage to society (including violations of laws and regulations), with fiscal 2020 set as 1.

*8. "—" indicates that the relevant measures are unsuitable for setting indicators or applicable to a non-disclosure policy.

*9. Ratio of positive evaluation of compliance awareness, etc.: Changes were made in fiscal 2022 to the survey framework and target questions for engagement indicators.

*10. Manufacturing lead time: Percentage decrease in the time from the start of manufacture to the delivery of products (for priority products). Fiscal 2022 figures are used as the benchmark.

*11. New product ratio: Ratio of sales of new products to consolidated sales revenue. New products are registered as those that open up new markets or new applications, or have significantly improved performance. A product that has become generalized three years after

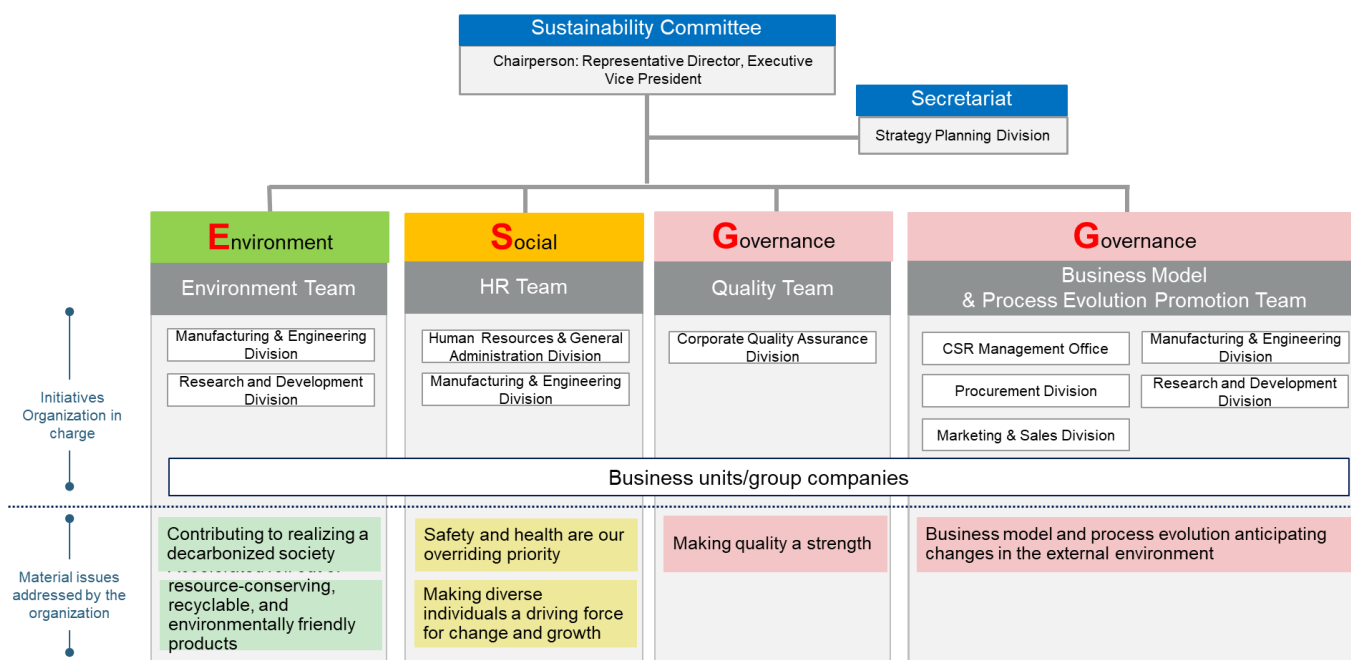
registration as a new product is removed from the register.

*12. Significant decrease due to the effect of measures including portfolio revision.

4. Structure for Promoting Sustainability Strategy

The Group established the Sustainability Committee to deliberate and determine important policies and measures associated with sustainability as well as sharing the progress and achievements of activities implemented in order to improve the activities. The Committee is chaired by the Executive Vice President, and the Strategy Planning Division serves as the secretariat. Under the Committee are teams for each category of materiality to examine and determine related measures, key management indicators, and targets, and promote activities in cooperation with relevant business units and Group companies.

Sustainability Promotion Structure



5. Results and Plans of ESG Initiatives

(1) Activity Framework

Every year, the Proterial Group self-assesses results of ESG-related activities carried out in the previous year according to the targets set and measures planned by each division, in addition to those defined as materialities, major measures, and key management indicators. Based on the self-assessment results, targets and measures are set, described in a roadmap format, and carried out. This cyclic system continues to be run to promote sustainability activities in an ongoing manner.

(2) Fiscal 2023 Initiative Results and Fiscal 2024 Plans

Some of the FY2023 measures (planned) have been revised.

★★★ Achieved ★★ 90% achieved ★ Not achieved

	FY2023 Measures (Planned)	FY2023 Measures (Results)	Self-assessment	Measures Planned for FY2024
E	<ul style="list-style-type: none"> Reduce CO₂ emissions (20% compared to base year FY2015) 	<ul style="list-style-type: none"> Reduced 62% Installed solar panels to promote renewable energy usage Promoted energy saving measures to reduce energy usage 	★★★	<ul style="list-style-type: none"> Reduce CO₂ emissions (22.5% compared to base year FY2015)
	<ul style="list-style-type: none"> Expand and enhance materials and technology development efforts aimed at carbon neutrality and a recycling-oriented society 	<ul style="list-style-type: none"> Developed technologies and materials aimed at carbon neutrality and a recycling-oriented society (high-performance ferrite magnet for xEV main motors; amorphous alloy laminated adhesive ribbon for motor cores) 	★★★	<ul style="list-style-type: none"> Expand and enhance materials and technology development efforts aimed at carbon neutrality and a recycling-oriented society (ongoing)

	FY2023 Measures (Planned)	FY2023 Measures (Results)	Self-assessment	Measures Planned for FY2024
E	• Increase the sales ratio of environmentally friendly priority products*1 (24%)	• Increased the sales ratio of environmentally friendly priority products (24.4%)	★★★	• Increase the sales ratio of environmentally friendly priority products (25%)
	• Reduce the amount of waste and valuables generated per production unit (34% compared to base year FY2010)	• Reduced the amount of waste and valuables generated per production unit (47.0% compared to base year FY2010)	★★★	• Reduce the amount of waste and valuables generated per production unit (35% compared to base year FY2010)
	• Waste landfill rate (11.0%)	• Waste landfill rate (6.2%)		• Waste landfill rate (10.5%)
	• Reduce atmospheric emissions of chemical substances per production unit (27% compared to base year FY2010)	• Reduced atmospheric emissions of chemical substances per production unit (34.0% compared to base year FY2010)	★★★	• Reduce atmospheric emissions of chemical substances per production unit (28% compared to base year FY2010)
	• Conduct environmental education at the Head Office and each business site (ongoing)	• Implemented environmental auditor development training (once) • Provided environmental e-learning programs (participation rate: 99.9%)	★★	• Implement environmental auditor development training (once or more) • Provide environmental e-learning programs (participation rate: 100%)
	• Conduct environmental education within fiscal 2023 new graduate employee orientation programs	• Conducted environmental education within fiscal 2023 new graduate employee orientation programs		• Conduct environmental education within fiscal 2024 new graduate employee orientation programs
	• Improve responses to CDP*2 (ongoing)	• Responded to the CDP	★★★	• Improve responses to the CDP (ongoing)
	• Enhance information disclosure in accordance with the framework developed by the Task Force on Climate Related Financial Disclosures (TCFD) (ongoing)	• Conducted information disclosure in accordance with the framework developed by the Task Force on Climate Related Financial Disclosures (TCFD)		• Enhance information disclosure in accordance with the framework developed by the Task Force on Climate Related Financial Disclosures (TCFD) (ongoing)
S	• Confirm activities regarding the Proterial Group's key health and safety measures, as well as the status of legal compliance through health and safety audits of business sites, and implement health and safety training for supervisors (ongoing)	• Restarted on-site health and safety audits that had been cancelled due to the COVID-19 pandemic, identifying potential risk factors at local sites and requesting each to take improvement measures • Conducted reinspection as part of the STOP 6+1 activities for eliminating the occurrence of serious accidents in order to make facilities intrinsically safe. Also, conducted health and safety training. • Started to revise the company-wide health and safety rules to create a base of safety activity rules for business sites in Japan	★★	• Regarding the Proterial Group's key health and safety measures, confirm the progress of activities and the status of legal compliance through health and safety audits of business sites • As major health and safety training, run online video programs for employees in general • Continue to conduct STOP 6+1 activities for eliminating the occurrence of serious accidents, moving to the second step • Hold a chemical substance management seminar in order to respond to the revision of chemical substance management regulations • As part of overseas safety initiatives, started to share information on injuries involving lost working time and accident prevention measures as well as performing mutual safety audits among Korean subsidiaries.
	• Conduct stress checks throughout the Proterial Group and enhance feedback (ongoing)	• Continued to conduct stress checks and disseminate results throughout the Proterial Group		• Conduct stress checks throughout the Proterial Group and enhance feedback (ongoing)
	• Enhance measures for health and productivity management (ongoing)	• Promoted measures against secondhand smoking and provided smoking cessation support programs		• Enhance measures for health and productivity management (ongoing)
	• Conduct human rights training in a planned manner throughout the entire Proterial Group (ongoing)	• No group-wide training was conducted in FY 2023	★★	• Conduct human rights training in a planned manner throughout the entire Proterial Group (ongoing)
	• Set a target number of paid days-off used per person of 14 or more	• At 15.4, achieved the target number of paid days-off used per person (significant variance by job level and category identified as an issue)	★★★	• Set a target number of paid days-off used per person of 14 or more (ongoing)
	• Set a target rate of 50% or more for employment diversity (ongoing)	• At 62.0%, achieved the diversity employment target rate		• Set a target rate of 50% or more for employment diversity (ongoing)
	• Formulate an integrated action plan for the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on the Promotion of Women's Active Engagement in Professional Life, and proactively disclose related figures to the public (ongoing)	• Formulated an integrated action plan for the three years from FY2022 and announced it to the public, and disclosed related figures as widely as possible	★★★	• Proactively disclose related figures to the public (ongoing) • Set KPIs to encourage more male workers to take more days of childcare leave, and revise the action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children

	FY2023 Measures (Planned)	FY2023 Measures (Results)	Self-assessment	Measures Planned for FY2024
S	• Increase the ratio of women in management positions (ongoing)	• Increased the ratio of women in management positions to 2.4% (annual target achieved)		• Send women in management positions to relevant external seminars
	• Create opportunities for information exchange for women in career-track positions to strengthen coordination among them (ongoing)	• Sent participants to cross-industry exchange programs and external seminars for women in management positions • Held forums for young women in career-track positions		• Hold forums for young women to support their career development • Raise awareness related to women's health
	• Exceed the legal employment rate of employees with disabilities (2.3%)	• The actual figure for FY2023 was 2.46%, achieving the target	★★★	• Exceed the legal employment rate of 2.5% • Promote recruitment with a view to achieving the legal employment rate of 2.7%
	• Conduct the Proterial Group Engagement Survey targeting all employees	• Conducted Proterial Group Engagement Survey targeting all employees in October and November (responded to by 20,423 employees on a consolidated basis)	★★★	• Conduct the Proterial Group Engagement Pulse Survey in September and November • Conduct the Proterial Group Engagement Survey in January 2025
	• Send individuals selected from among those at the general manager level to external training for executives (ongoing)	• Sent several individuals selected from among those at the general manager level to external training for executives	★	• Send individuals selected from among those at the general manager level to external training for executives (ongoing)
	• Conduct training of individuals selected from among those at the manager level to develop global leaders (ongoing)	• Conducted training of individuals selected from among those at the manager level to develop global leaders		• Conduct training of individuals selected from among those at the manager level to develop global leaders (ongoing)
	• Secure the determined number of human resources by hiring new graduates, and secure the required number of mid-career hires	• Secured the determined number of human resources by hiring new graduates, and currently working to secure the required number of mid-career hires		• Secure the determined number of human resources by hiring new graduates, and secure the required number of mid-career hires (ongoing)
	• Create new products/businesses that can contribute to a sustainable society (implement tasks in SBC*3 themes and select themes) (ongoing)	• Promoted SBC*3 themes (completed development of six themes)	★★★	• Create new products/businesses that can contribute to a sustainable society (ongoing)
	• Process research (promote development of industrial technologies using AI and robotics) (ongoing)	• Developed industrial technologies (three applied to mass production; four under ongoing development)		• Promote development of industrial technologies using AI and other digital technologies and robotics (ongoing)
	• Promote cooperation and collaboration with customers and research institutions in Japan and overseas (expand open innovation) (ongoing)	• Conducted joint research with research institutions in Japan and overseas, such as SIM Tech-PROTERIAL Additive Manufacturing Lab, Oxford UTC, Fraunhofer-Gesellschaft, and National Institute for Materials Science		• Grasp customers' needs through exhibitions and technology exchange meetings
	• Consider social contribution activities enabling a closer relationship with local residents and culture (ongoing)	• Conducted local contribution activities mainly in regions where offices and factories are located (social contributions amounted to 50 million yen)	★★★	• Consider social contribution activities enabling a closer relationship with local residents and culture (ongoing)
	• Contribute to material science technical research through support of Proterial Materials Science Foundation (ongoing)	• Contributed to material science technical research through support of Proterial Materials Science Foundation	★★★	• Contribute to material science technical research through support of Proterial Materials Science Foundation (ongoing)
• Support <i>Tatara</i> method of iron manufacture (ongoing)	• Supported <i>Tatara</i> method of iron manufacture (operations and personnel) conducted by the Society for Preservation of Japanese Art Swords at Nittoho Tatara in Okuizumo, Shimane Prefecture	• Support <i>Tatara</i> method of iron manufacture (ongoing)		
G	• Hold regular meetings regarding compliance, formulate preventative measures, and share information (ongoing)	• Held risk management meetings semiannually to analyze matters related to compliance and risks involving our businesses, formulate preventative measures, and share information	★★★	• Hold regular meetings regarding compliance, formulate preventative measures, and share information (ongoing)
	• Conduct compliance training at the Proterial Group (ongoing)	• Provided e-learning programs for compliance training to all back-office workers in Group companies in Japan and overseas (participation rate: 100%)	★★★	• Conduct compliance training at the Proterial Group (ongoing)

	FY2023 Measures (Planned)	FY2023 Measures (Results)	Self-assessment	Measures Planned for FY2024
G	<ul style="list-style-type: none"> Promote the Proterial Group Sustainable Procurement Guideline internally, and plan to confirm with each supplier that they will comply with the Guidelines after the transition to the new company 	<ul style="list-style-type: none"> Published the Proterial Group Sustainable Procurement Guideline in January 2023, and promoted it internally Provided the Guideline to suppliers when engaging in new transactions 	★★	<ul style="list-style-type: none"> Plan to conduct surveys to confirm the state of compliance with the Proterial Group Sustainable Procurement Guideline in the second half of FY2024
	<ul style="list-style-type: none"> Enhance information security management and operation systems 	<ul style="list-style-type: none"> Established the Proterial Group's original information security management and operation systems 	★★★	<ul style="list-style-type: none"> Enhance information security management and operation systems (ongoing)
	<ul style="list-style-type: none"> Conduct information security education (ongoing) 	<ul style="list-style-type: none"> Conducted information security education targeting all employees 		<ul style="list-style-type: none"> Enhance information security education (ongoing)
	<ul style="list-style-type: none"> Review rules related to information security and self-audit frameworks in response to the departure from the Hitachi Group, planning to launch new rules and frameworks in FY2024 	<ul style="list-style-type: none"> Reviewed information security self-audit frameworks 		<ul style="list-style-type: none"> Conduct information security self-audits
	<ul style="list-style-type: none"> Require an online pledge not to retain business information on privately-owned computers (ongoing) 	<ul style="list-style-type: none"> All employees made an online pledge not to retain business information on privately-owned computers 		<ul style="list-style-type: none"> Require an online pledge not to retain business information on privately-owned computers (ongoing)
	<ul style="list-style-type: none"> Conduct targeted e-mail attack simulations (ongoing) 	<ul style="list-style-type: none"> Conducted targeted e-mail attack simulations 		<ul style="list-style-type: none"> Conduct targeted e-mail attack simulations (ongoing)
	<ul style="list-style-type: none"> Implement measures against the sending of emails to unintended recipients (ongoing) 	<ul style="list-style-type: none"> Held individual interviews with departments/divisions from where emails had been sent to unintended recipients 		<ul style="list-style-type: none"> Implement measures against the sending of emails to unintended recipients (ongoing)
	<ul style="list-style-type: none"> Take necessary steps to comply with personal information protection laws in relevant countries 	<ul style="list-style-type: none"> Continued to take necessary steps to comply with personal information protection laws in relevant countries, including the EU General Data Protection Regulation (GDPR) and China's measures on Standard Contract for Cross-Border Transfer of Personal Information 		<ul style="list-style-type: none"> Take necessary steps to comply with personal information protection laws in relevant countries (ongoing)
	<ul style="list-style-type: none"> Revise rules related to information security 	<ul style="list-style-type: none"> Continued to revise rules and guidelines related to information security 		<ul style="list-style-type: none"> Revise rules related to information security (ongoing)
	<ul style="list-style-type: none"> Enhance countermeasures against unauthorized access (ongoing) 	<ul style="list-style-type: none"> Conducted a periodical vulnerability check on the company's public servers and took necessary steps 		<ul style="list-style-type: none"> Enhance countermeasures against unauthorized access (ongoing)
<ul style="list-style-type: none"> Enhance countermeasures against internal misconduct 	<ul style="list-style-type: none"> Conducted monitoring on information being taken out by external recording medium 	<ul style="list-style-type: none"> Enhance countermeasures against internal misconduct (ongoing) 		

- *1. Products that are targeted for growth based on management strategy and that make a significant contribution to resolving environmental issues such as climate change and resource recycling
- *2. This project is promoted globally through collaboration among institutional investors and calls for information disclosure about climate change from major corporations
- *3. Strategic Business Creation (SBC) Project refers to a company-wide business development project organized for two purposes: 1) to create new businesses in areas that are not covered by any existing business categories or covered by more than one category; and 2) to develop strategic businesses targeting new strategically important products from a company-wide point of view

6. Participation in ESG-related Initiatives and External Evaluations

In addition to compliance with the Charter of Corporate Behavior established by the Japan Business Federation (Keidanren), the Proterial Group supports the following ESG-related initiatives and acts in accordance with them to contribute to realizing a sustainable society. At the same time, we seek external evaluations for various sustainability initiatives to confirm, maintain and improve the level of the Group's related activities.

[1] Initiatives

■ UN Global Compact



The United Nations Global Compact (UN Global Compact) is the world's largest corporate sustainability initiative that is promoted by the United Nations and the private sector (businesses and other organizations) aiming to build a sound global society. Proterial signed a statement expressing its support for the UN Global Compact in October 2024. We are promoting business activities according to its ten Principles set forth for the four areas of human rights, labour, environment, and anti-corruption.

■ TCFD (Task Force on Climate-related Financial Disclosures)



The Task Force on Climate-related Financial Disclosures (TCFD) is a framework for companies to disclose financial information on their climate change efforts and impacts. Proterial expressed its endorsement of the TCFD recommendations in June 2021 and began disclosing information based on the TCFD recommendations in May 2022.

We also joined the TCFD Consortium in July 2022.

■ GX League



The Green Transformation League (GX League) was established as a forum for companies to collaborate with industry, government, and academia in pursuit of Japan's "carbon neutrality by 2050" goal along with economic growth. Participating companies work to contribute to reducing greenhouse gas emissions while also aiming to achieve a virtuous cycle for activities associated with the economy, the environment, and society. Proterial endorsed the GX League concept in September 2022 and has been participating in the GX League since fiscal 2023.

■ Keidanren Initiative for Biodiversity



In February 2024, Proterial joined the Initiative based on the Keidanren Declaration for Biodiversity. We support the Keidanren Declaration for Biodiversity and Guideline, and promote global manufacturing while paying consideration to the conservation of biodiversity.

■ Partnership Building Declaration



The Partnership Building Declaration is a government-led program in which a company announces its declaration under the name of the representative of the company as a contractee to build a new partnership with contractors within supply chains or in joint value creation relationships, by promoting collaboration and co-existence and co-prosperity with the partners. Proterial announced its declaration in January 2023.

[2] Certification and evaluation

■ EcoVadis Sustainability Assessment



EcoVadis Sustainability Ratings is an independent and reliable platform that evaluates more than 125,000 organizations and companies in 180 countries around the world. Proterial received a "Bronze" rating (top 35% of rated companies) in January 2024.

■ CDP



Put forward by an international non-profit organization, CDP is a system that allows companies to disclose information on their environmental initiatives and impacts. Proterial has entered in the areas of climate change and water risk, and is evaluated every year. In 2023, we received a "B" rating for both climate change and water risk.

■ Eruboshi certification



Proterial received the highest level of Eruboshi certification on a three-level scale for its excellent initiatives to promote the participation and advancement of women.

■ Health & Productivity Management Outstanding Organization



In 2023, Proterial was certified as a Health & Productivity Management Outstanding Organization (Large Enterprise Category) in the program to commend corporations engaged in outstanding health and productivity management practices. Within the Proterial Group, Proterial and six Group companies in the Large Enterprise Category and 12 Group companies in the SME Category were certified as Health & Productivity Management Outstanding Organizations in 2024.

[Proterial and Group companies certified as Health & Productivity Management Outstanding Organizations in 2024 (by municipality)]*1

Large Enterprise Category	SME Category	
NEOMAX Engineering Co., Ltd.	Tohoku Rubber Co., Ltd.	HCP Product, Ltd.
Proterial Specialty Steel, Ltd.	Ibaraki Technos, Ltd.	Proterial FineTech, Ltd.
Proterial Trading, Ltd.	Tonichi Kyosan Cable, Ltd.	Santoku Corporation
Proterial Metals, Ltd.	Proterial Machinery, Ltd.	NEOMAX Kinki Co., Ltd.
Proterial Precision, Ltd.	Proterial Solutions, Ltd.	Proterial Ferrite Electronics, Ltd.
Proterial Wakamatsu, Ltd.	Proterial Hallow, Ltd.	NEOMAX Kyushu Co., Ltd.

*1. Including special subsidiaries

V Report on Environmental Aspects

1. Environmental Management

(1) Proterial Group's Environmental Vision

The Proterial Group promotes “efforts toward a decarbonized society,” “contribution to a resource-efficient society,” and “biodiversity conservation” as the three key pillars of its environmental vision. We aim to achieve both higher quality lifestyles and a sustainable society by resolving environmental issues in collaboration with our stakeholders. The Group will implement the FY2023 Environmental Action Plan by category, at each business site, in order to reduce CO₂ emissions, use water and other resources efficiently, and minimize impacts on natural capital throughout its value chain. In addition, we have set long-term targets to achieve carbon neutrality—effectively zero carbon emissions—by 2050, an approach to realizing the vision of a decarbonized society by 2050.

Proterial Group Codes of Conduct (excerpt)

1. A Company that Contributes to Society

- (1) We will contribute to resolving social issues by promoting innovative solutions, accelerating collaborative creation with partners and stakeholders, and further integrating social and environmental responsibility into our business activities.
- (2) We will strive to develop technologies that contribute to social development and use them with due consideration of their impact on society.
- (3) We envision a decarbonized society, a resource-recycling society, and an ecosystem preservation society. To this end, we will endeavor to reduce CO₂ emissions, use water and other resources efficiently, and minimize impacts on natural capital throughout our value chain.
- (4) As a corporate citizen, we will make efforts to build a rapport with local communities and contribute to their development by working together to resolve social issues.

(2) Proterial Group Basic Policy on Environmental Conservation

Proterial Group Basic Policy on Environmental Conservation

Philosophy

Aiming to pass on the common assets of humankind in a sound state to future generations, the Proterial Group considers environmental issues as an important management priority, while striving to actively preserve global and local environments under the Proterial Group vision of “a high-performance material company that supports a sustainable society.”

Slogans

- With a deep awareness that environmental protection is a major issue for all of humanity, we will fulfill our social responsibilities by striving to establish a sustainable society in harmony with the environment, regarding it as one of the essential aspects of corporate activity.
- We will contribute to society by developing highly reliable technologies and products in response to needs for environmental protection and consideration for limited natural resources.

Guidelines for action

1. Compliance with environment-related laws and prevention of pollution

We shall comply with international environmental regulations as well as the environmental laws and regulations of national and local governments and agreements. We shall establish voluntary standards where necessary to ensure compliance.

Also, we shall assess the possibility of environmental problems and strive to prevent pollution. In the unlikely event that an environmental problem arises, we shall take appropriate measures to minimize environmental impact.

2. Improving the function of the environmental management organization and enhancing supervisory function

We shall promote environmental conservation activities by establishing a group environmental management organization and operating system headed by the officer in charge of the environment, developing environment-related regulations, and setting targets for reducing environmental impact.

In addition, we shall confirm that environmental conservation activities are appropriate, reasonable and effective, and strive to continuously improve environmental management.

3. Promotion of global manufacturing while considering LCA (Life Cycle Assessment)

Aiming to reduce environmental impact at each stage of product research and development/design, production, distribution/sales, use, and disposal, etc., we shall promote global manufacturing focused on the following:

1) Environmentally friendly products, 2) prevention of global warming, 3) resource conservation/recycling and resource circulation, 4) management of chemical substances, and 5) conservation of biodiversity conservation.

4. Environmental Considerations at Overseas Offices

When manufacturing on a global basis, we shall strive to implement measures that can meet the needs of local communities, taking into consideration the impact on the local environment.

5. Education and training, and raising awareness

We shall look broadly at society and educate our employees about the importance of complying with environment-related laws and regulations and about environmental conservation to raise their awareness of the environment.

6. Information disclosure

We shall strive to disclose information about environmental conservation activities to stakeholders (interested parties) and actively communicate with them, and strive to strengthen mutual understanding and cooperative relationships.

Formulated: April 1, 2010
Revised: January 4, 2023

(3) Proterial Group's Environmental Management Promotion Structure

[1] Governance

In April 2010, our Group established the Group Basic Policy on Environmental Preservation to clarify the Group's unified approach to environmental management. In June 2021, we registered our support for the TCFD Recommendations, and in August of that year, following a report to the Board of Directors, we established a new environmental policy for "aiming for green growth while taking risks as opportunities."

The Proterial Group Environmental Committee (Group Environmental Committee, hereafter) has been established as a framework for promoting environmental activities such as climate-change countermeasures. The Group Environmental Committee is chaired by the Environment Executive Officer, and its executive office is the Environmental Strategy Department, Manufacturing & Engineering Division. Its activities are promoted in cooperation with the environmental managers of each business unit, business sites, and group companies. The Group Environmental Committee is responsible for developing environment-related regulations, setting targets for reducing environmental impact, and confirming that activities are appropriate and effective.

Policies and targets concerning environmental activities are discussed and set by the Group Environmental Committee as mid-term and annual environmental-action plans. With regard to climate-change countermeasures,

the Environmental Action Plan sets targets for reducing CO₂ emissions within the Group. On the basis of those targets, energy-saving activities and the use of renewable energy are being promoted at each manufacturing site. The status of reductions in CO₂ emissions is monitored regularly, and the Group Environmental Committee meets once a year to share the results of the previous fiscal year, the status of numerical targets for the current fiscal year, and major initiatives to promote continuous improvement of activities.

In addition, the status of efforts toward environmental issues, including climate-change measures, are reported twice a year to the Executive Committee and the Board of Directors, where important issues related to climate change are also deliberated and decided.

[Status of reporting and decision-making on important climate-change-related items in FY2023]

Month/Year	Important issues related to climate change	Meeting body
April 2023	Membership of the GX League	(President's decision)
May and June 2023	Environmental strategy and status of initiatives (initiative results for FY2022, initiative policy for FY2023, update of TCFD disclosure content (review of scenarios and Scope 3 disclosure))	Executive Committee, Board of Directors
October and November 2023	Environmental strategy and status of initiatives (initiative status for FY2023, setting of GX League targets)	Executive Committee, Board of Directors
January 2024	<ul style="list-style-type: none"> Revision of company regulations (review of responsibilities of officers in charge of environmental issues, etc.) Support and participation in Keidanren Declaration for Biodiversity 	Executive Committee

[2] Risk Management

The Group has established a Risk Management Committee (RMC) under the supervision of the Chief Risk Control Officer (CRCO), who is an executive officer. The function of the RMC is to identify various risks surrounding the Group, and comprehensively manage risks by summarizing the status of controls against those risks and assessing and weighting the degree to which they may manifest and their level of impact. Risks related to climate change identified by the Group Environmental Committee, corporate departments, and business divisions are reported to the RMC, as one of the risks related to environmental regulations, together with other risks. The RMC meets twice a year to share the status of risk controls and related monitoring results, and to report to the Executive Committee.

(4) Fiscal 2022–Fiscal 2024 Environmental Action Plan and Fiscal 2023 Results

The Proterial Group's Environmental Action Plan for fiscal 2022 to fiscal 2024, along with results and assessments for fiscal 2023, are summarized in the table below.

[Environmental Action Plan and FY 2023 Results]

Rating: ○ Achieved; △ 90% achieved; × Not achieved

	Item	Action Target	2022			2023			2024
			Target	Actual	Rating	Target	Actual	Rating	Target
Governance	Adhere to environmental compliance practices and reduce risks	Internal audit implementation rate	100%	100%	○	100%	100%	○	100%
	Cultivate environmental literacy	Implement education for new hires	Once	Once	○	Once	Once	○	Once
		Implement environmental auditor development training	Once or more	Once	○	Once or more	Once	○	Once or more
		e-learning attendance rate*1	100%	99.1%	△	100%	99.9%	△	100%

	Item	Action Target	2022			2023			2024	
			Target	Actual	Rating	Target	Actual	Rating	Target	
Decarbonized society	Products	Sales ratio of key environmentally conscious products		23%	22.4%	△	24%	24.4%	○	25%
	Factories	Reduce CO ₂ emissions from Works	Reduce CO ₂ emissions (vs. FY2015) (total)	20%	31.2%	○	20%	61.8%	○	22%
		Reduce CO ₂ emissions during transportation	Reduction rate of energy consumption per transportation unit (Japan) (year-on-year)	1%	0.1%	×	1%	14.3%	○	1%
Resource-efficient society	Resource circulation	Reduce and recycle waste	Improvement in the amount of waste and valuables generated per production unit (vs. FY2010) ^{*2}	33%	33.6%	○	34%	47.0%	○	35%
			Waste landfill rate ^{*3}	11.5%	10.1%	○	11.0%	6.2%	○	10.5%
	Water resources	Improve water-use efficiency	Improvement rate of water usage per production unit (vs. FY2010) ^{*2}	33%	33.8%	○	34%	29.6%	×	35%
Preservation of ecosystems	Chemical substance	Reduce output of chemical substances	Reduction rate of atmospheric emissions of chemical substances per production unit ^{*4}	26%	23.7%	△	27%	34.0%	○	28%
	Preservation of ecosystems	Promote and contribute to activities for preservation of ecosystems		Continue activities and contribute to preservation of ecosystems through overall corporate activities		○	Continue activities and contribute to preservation of ecosystems through overall corporate activities		○	Same as FY2023
Collaboration with stakeholders	Social contribution	Community cleanup activities, Lights Down campaigns, etc.	Continue activities and reduce environmental impact from aspects other than the protection of ecosystems			○	Continue activities and reduce environmental impact from aspects other than the protection of ecosystems		○	Same as FY2023

*1. Environmental e-learning programs were redesigned into new general environmental education courses launched in fiscal 2020, after educational methods and contents (teaching materials) were reviewed. At each business site, general environmental education is conducted as usual.

*2. Amount of activity: weight;

*3. Excluding household waste, hazardous waste, and in-house landfills (landfills on the Company's sites);

*4. Amount of activity: volume handled

(5) Environmental Accounting

The Proterial Group has introduced environmental accounting to allocate corporate resources appropriately and continuously improve the efficiency of environmental investments and activities. The Group also aims to increase the understanding of its stakeholders by disclosing information about the effect and efficiency of its activities. Environmental costs include things like environment-related capital investment, equipment maintenance and administration costs, and R&D costs.

Environmental effects include economic effects measured in monetary terms and categorized under waste processing and recycling, energy conservation, and others (R&D, recycling of products and packing materials, etc.).

The results for fiscal 2023 are as follows:

[1] Environmental Costs

Our environmental costs in fiscal 2023 were 6.67 billion yen in expenses and 1.15 billion yen in investment, for a total of 7.82 billion yen. (Water-related: 0.66 billion yen in expenses; 0.25 billion yen in investment)

[2] Environmental Effects

The economic effects amounted to a total of 13.65 billion yen, primarily due to waste elimination, recycling, and energy conservation.

[3] Physical Effects

Effects in physical terms were 8,678 thousand tons from effective use of resources and 2,571 t-CO₂ (in Japan) for prevention of global warming.

[4] Results of Environmental Accounting

Scope of disclosure: The Proterial Group in Japan

Calculation period: April 1, 2023 to March 31, 2024

[Environmental Costs] (The Proterial Group in Japan)

(100 million yen)

Cost classification		FY2021		FY2022		FY2023	
		Expense	Investment	Expense	Investment	Expense	Investment
Business area costs	Pollution prevention	14.2	1.2	14.7	2.4	12.8	4.0
	Global environmental preservation	18.6	1.5	14.4	9.8	9.7	6.4
	Resource recycling	34.7	0.3	25.9	0.2	23.3	0.8
	Subtotal	67.5	3.0	55.0	12.4	45.8	11.2
Upstream and downstream costs		2.4	0.0	2.4	0.0	2.5	0.0
Management activity costs		18.3	0.0	6.9	0.0	4.3	0.0
Research and development costs		9.2	0.0	11.0	0.0	9.7	0.3
Social activity costs		0.0	0.0	0.0	0.0	0.1	0.0
Greening/environmental damage costs		0.4	0.0	0.6	0.0	4.1	0.0
Total		97.9	3.0	75.9	12.4	66.7	11.5

[Environmental Effects (economic effects)](The Proterial Group in Japan)

(100 million yen)

Item	FY2021	FY2022	FY2023
Waste processing and recycling	142.8	162.5	135.0
Energy conservation	1.6	1.1	1.4
Other	2.3	0.0	0.0
Total	146.7	163.6	136.5

[Environmental Effects (Physical effects)](The Proterial Group in Japan)

(100 million yen)

Item	Unit	FY2022	FY2023
Effective use of resources	kt	8,007	8,678
Global warming prevention	t-CO ₂	11,075	2,571

(6) Integrated Environmental Management System (Integrated EMS*1)

The Proterial Group has introduced ISO 14001 as its environmental management system.

We began acquiring certification for individual factories in 1997, and then built an integrated EMS at each segment of business divisions (formerly internal companies). This action was made to meet the increasing need for close cooperation with head office functions related to engineering, planning, and sales in order to comply with environmental regulations for products and expand sales of environmentally friendly products, as well as need to achieve alignment with strategic business directions in response to requirements of ISO 14001:2015 (revised in September 2015) and integration with business processes. We revised the system in order to shift to the 2015 edition and completed the shift within fiscal 2017.

The integrated EMS*1 built for each segment of business divisions (formerly internal companies) had been in operation up to fiscal 2022. The system was revised into one to be operated by each business unit in response to the related organizational change, and the new system was launched from fiscal 2023.

*1 Environmental Management System

(7) Environmental Auditing

The Environmental Strategy Department, Manufacturing & Engineering Division, conducts company-wide environmental audits in a bid to achieve thorough adherence and compliance with environment-related laws and regulations, ensure appropriate EMS management regarding the environmental action plan, and mitigate environmental risks.

In fiscal 2023, environmental affairs audits were conducted at 16 sites (ten in Japan and six outside Japan) in conjunction with internal audits. We confirmed that there were no major non-conformities requiring immediate administrative guidance. Although 68 minor non-conformities were revealed, actions to correct them are underway according to plan.

(8) Environmental Education and Awareness Promotion

The Proterial Group has set up training systems as part of our EMS, and has clearly defined roles for company-wide training and individual factory-level training, for the purpose of further improving the environmental awareness of employees as well as enhancing knowledge and skills relevant to each workplace.

[Environmental Training Systems]

Target		Description	
General education	All employees	e- learning	Eco-mind training (Proterial Group)
	On-site employees	On-site environmental education	General education on ISO14001 and environmental management performed by general employees
Professional education	New supervisor	Education	Environmental issues and workplace responsibilities
	Environmental Internal Auditors	Environmental Internal Auditor training	Environmental laws and regulations, EMS recognition and environmental skills
	Environmental officers	Environmental officer training	Education for staff responsible for environmental affairs, and comprehensive risk management
	Legally qualified personnel	Qualification-based training	Education to develop legally qualified personnel (including external training)

(9) External Communications about the Environment

[1] Participation in Exhibitions

The Proterial Group participates in various exhibitions and introduces its environmentally conscious lineup of technologies that help customers make their products more efficient, compact, and lightweight, and products that feature longer-life performance. The Group tries to show how its products contribute to the reducing of environmental burden.

[Main Exhibitions in which the Proterial Group Participated (Fiscal 2023)]

Program date	Exhibition name (location)	Major items on display
May 24–26, 2023	Automotive Engineering Exposition 2023 (PACIFICO Yokohama)	Exhibited distinctive technologies and products that contribute to the evolution of xEVs, advancement of electronic components, and improvement of environmental performance, from three categories: motors; batteries; and processes conducive to electrification in society.
June 21-23, 2023	INTERMOLD Nagoya (Port Messe Nagoya)	Exhibited solutions and services conducive to energy conservation and quality improvement to help resolve issues of customers facing requirements for labor-saving and automated processes in the manufacturing industry. Organized our exhibition on three themes: extending service life; improving processing efficiency and accuracy; and additive manufacturing technology.
July 26–28, 2023	TECHNO-FRONTIER 2023 (Tokyo Big Sight)	Exhibited advanced materials and technologies that support the advancement of motors and electronic components, from three categories: motor-related materials; battery-related materials; and materials technologies supporting manufacturing. Also, introduced our Group's history of developing motor-related materials using panels and products on display in the organizer's booth, and ran an exhibitor seminar to describe Proterial's high-performance materials that support electrification of mobility.
October 4–6, 2023	3rd Sustainable Material Expo (Makuhari Messe)	Exhibited the latest products that are environmentally friendly and aimed at realizing an affluent and sustainable society.

[2] External Awards

The Proterial Group's products and environmental activities won the following external awards in fiscal 2023 for their contribution to energy conservation and to reductions in size and weight.

[Major External Environmental Awards (Fiscal 2023)]

Business domain	Product/technology/project awarded	Title of award (Awarding body)	Reasons for award
Specialty steel	Invention of a non-furnace use steel annealing method	FY2023 National Invention Awards Asahi Shimbun Award (Japan Institute of Invention and Innovation)	In the invented steel annealing method, designed primarily for hot-die steel products, hot-worked semi-finished steel is placed in a box-type incubator at an appropriate timing in order to recuperate the steel while utilizing the latent heat of transformation for the purpose of annealing, thereby eliminating the need for use of a furnace. The award was for the benefits of the non-furnace use process, specifically reduced fuel consumption and CO ₂ emissions as well as increased safety and energy conservation.
Specialty steel	DAC-X: new high-performance steel for die casting	2023 <i>Cho Monozukuri</i> Parts Grand Prize Encouragement Award (MONODZUKURI Nihon Conference, Nikkan Kogyo Shimbun)	DAC-X [®] die-steel is used for die-casting molds mainly to produce automotive components. Achieved both high-temperature strength and toughness by combining an alloy design that brings out high-temperature strength with a proprietary structure control process. In particular, this product was recognized for its excellent heat crack resistance against high-heat load processes, thereby helping extend the mold life and reduce mold repair man hours, which contributes to higher productivity and quality.
Power electronics materials	Invention of highly reliable insulating silicon nitride substrates and circuit boards	Chugoku Region Invention Honors for FY2023 Tottori Prefectural Governor's Award (Japan Institute of Invention and Innovation)	In recent years, as the range of applications for control circuits that handle large amounts of power has been expanding, due principally to the electrification of automobiles, demand for silicon nitride insulating substrates known for good thermal conductivity and strength has been rapidly growing for use in high-power circuit implementation. To meet the sharp rise in demand, the industry is facing a pressing need for higher productivity, which is prone to lower uniformity in density and formation of voids. This invention effectively reduced these problems, thus enabling the provision of silicon nitride substrates with high productivity and high insulation reliability.

(10) Consideration for the Preservation of Biodiversity

[1] Participation in Keidanren Initiative for Biodiversity

In February 2024, Proterial joined the Initiative based on the Keidanren Declaration for Biodiversity. We support the Keidanren Declaration for Biodiversity and Guideline, and promote global manufacturing while paying consideration to the conservation of biodiversity.



[2] Activities for Preservation of Biodiversity

The Proterial Group's ecosystem preservation measures include tree planting and forest conservation activities, cleanup activities in areas surrounding plants, and environmental education.

[Examples of Major Ecosystem Preservation, Tree Planting, Forest Conservation, and Social Contribution Activities]



Mangrove planting activities(Proterial (Thailand) Ltd. Chonburi Factory)



Fringed water lily planting activities in Lake Kasumigaura (Tsuchiura Works, Proterial Metals, Ltd.)



Tottori Sand Dunes Cleanup (Tottori Works, Proterial, Ltd.)



Green curtain activities (Yasugi Works, Proterial, Ltd.; Santoku Corporation)



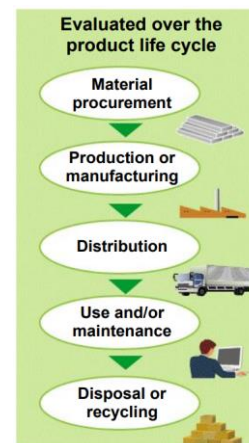
2. Environmental Consideration in Products

The Proterial Group considers “Thinking about the next generation—An environment-friendly solution” an important managerial issue. We contribute to the realization of a sustainable society through the creation of new products and new technologies that meet such needs, as well as through the provision of advanced environmentally conscious products.

(1) Environmental Consideration (Life Cycle Assessment [LCA]) in Products and Services

For the purpose of contributing to the realization of a sustainable society, the Proterial Group is focusing

attention on the environmental and energy sectors when promoting the development of new products. Moreover, for the development and design of new products, we promote environmentally friendly product development based on our Eco-Design Activity Guidelines, taking product life cycles into account.



Eco-design that takes product life cycles into account has begun to be required by various international initiatives, including the revision of ISO 14001:2015 and the establishment of IEC 62430*1 as well as national regulations for energy-saving products. In order for evaluations to be made from the viewpoint of life cycles based on IEC 62430, the Proterial Group revised its environmentally conscious design assessment and LCA systems in fiscal 2016. Using these assessment tools, we promote product development and design in consideration of environmental impacts the product will have on the environment throughout its entire life cycle that ranges from procurement and manufacturing to use and disposal by the customer. The table below shows examples of the Group's environmentally friendly products and technologies that are applied to the environment and energy-related fields.

*1 IEC 62430: The standards set by the International Electrotechnical Commission (IEC) for "Environmentally conscious design for electrical and electronic products"

[Examples of the Proterial Group's environmentally friendly products and technologies applied to the environment and energy-related fields]

Field of contribution		Environmental value offered	Products and development technologies
Energy	Photovoltaic generation	Renewable energy	Amorphous cut core, dust choke coil, target materials for power conditioners
	Wind-power generation		Amorphous metal materials, FINEMET® core, magnet wires
	Power generation facilities	Energy saving, higher efficiency	Super-heat-resistant metal materials, precision cast blades for turbine wheels
	Home appliances		Magnets for water pump/fan motor/air conditioner/refrigerator compressors, high-efficiency amorphous motor components
	Transformers	Higher efficiency, longer life	Amorphous metal materials for low-loss transformers
	Batteries		SOFC*1 fuel cell parts (interconnector materials, heat-resistant parts), cathode materials for lithium-ion batteries, clad metals
Mobility	Automobiles	Exhaust gas purification	Components that help clean exhaust gas (CERACAT, magnets for EGR*2)
		Lighter weight	Lightweight undercarriage, magnets for EPS*3, magnets for auxiliary motor
		Higher efficiency, longer life	Heat-resistant cast steel materials, CVT*4 belt materials, magnets for magnetic sensors
		Electrification	Neodymium magnets, amorphous metals, amorphous metal motor, FINEMET® core, clad metals for secondary battery electrodes, high PDIV*5 enameled wire
			Members for fast charging, aluminum cast inverter cases, silicon nitride substrates for power modules, harnesses for EPB*6
	Railway	Higher efficiency, lighter weight	Cables for rolling stock, contact wires
	Aviation	Longer life, higher efficiency	Nickel-based alloy large forged parts for aircraft engines, high-heat-resistance/high-corrosion-resistance alloys
All industries/ infrastructure	Industrial equipment, etc.	Longer life, lighter weight	Long-life die steel, carbide rolls, corrosion/heat-resistant fittings, metal additive manufacturing technology, ultra-fine copper-alloy wire, magnets for servomotors, magnets for VCM*7, linear stages, radiating fin components, heat sink components
	Water treatment	Seawater desalination	Ceramics adsorption filters for pretreatment of seawater desalination
	Electronics	Higher efficiency, downsizing, lighter weight	Additive manufacturing parts, silicon nitride substrate for power semiconductors, clad metals for heat resistance of smartphones, low thermal expansion alloys for precision equipment

*1 SOFC: solid oxide fuel cell;
 *2 EGR: exhaust gas recirculation;
 *3 EPS: electric power steering;
 *4 CVT: continuously variable transmission;
 *5 PDIV: partial discharge inception voltage;
 *6 EPB: electric parking brake;
 *7 VCM: Voice Coil Motor

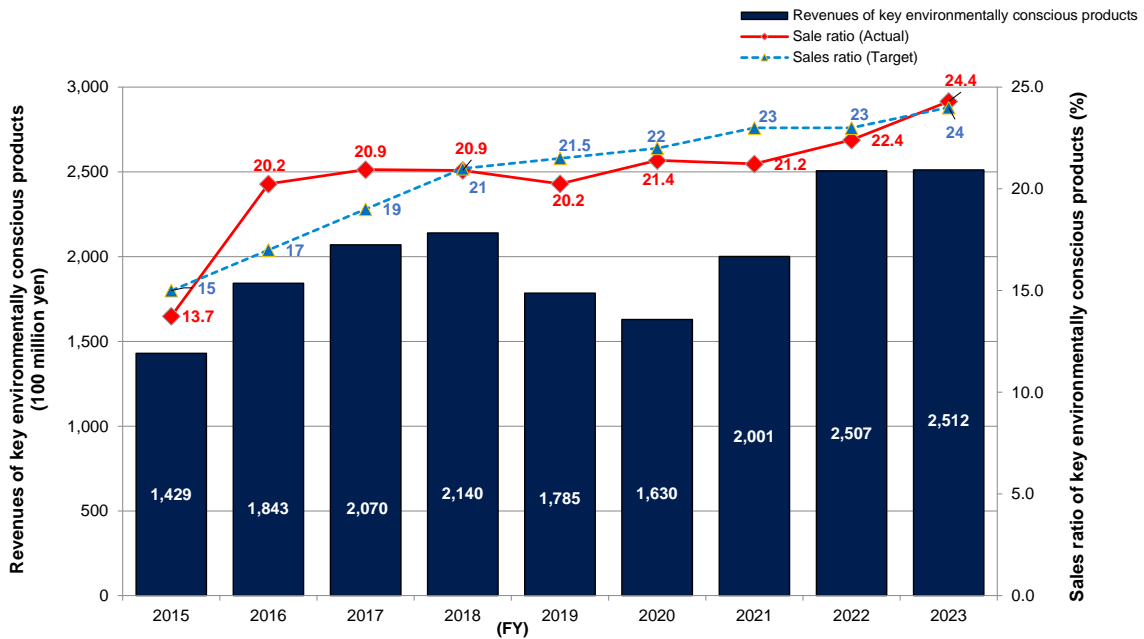
(2) Expansion of Key Environmentally Conscious Products

The Proterial Group defines environmentally conscious products as those targeted for growth based on a management strategy and that make a significant contribution to resolving environmental issues such as climate change and resource recycling. The Group is promoting the increase of revenues from environmentally conscious products.

In fiscal 2023, revenues from sales of environmentally friendly priority products increased to 251.2 billion yen, up 0.5 billion yen year on year. The revenue ratio on a consolidated basis increased to 24.4%, up 2 percentage points year on year.

Going forward, we will expand the lineup of target products and promote sales, aiming to contribute to tackling environmental issues facing our society (climate change, resource recycling, etc.).

[Revenues and Sales Ratio of Key Environmentally Conscious Products]



(3) The Proterial Group's Environment- and Energy-related Products

The Proterial Group develops and delivers materials and products that contribute to the environment and energy conservation across wide-ranging areas of society, from electricity generation and transformation to use in factories, plants, offices, homes, and vehicles.

[Introducing Environment- and Energy-related Products]

■ Proterial's Environment-related Products, Environmental Value That Can Be Provided, and Field of Contribution

Proterial's Technologies/Products



Environmental value that can be provided (from a development perspective)



Fields in Which Contributions are Being Made

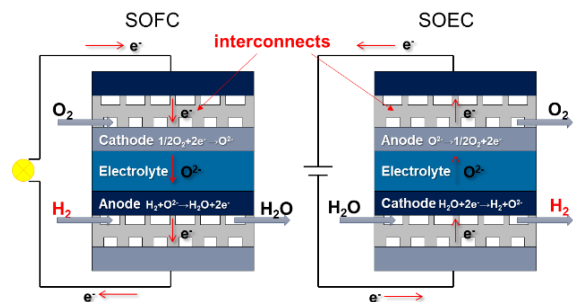


*1 xEV: generic term for electric vehicles (EVs), hybrid electric vehicles (HEVs), and plug-in hybrid electric vehicles (PHEVs);

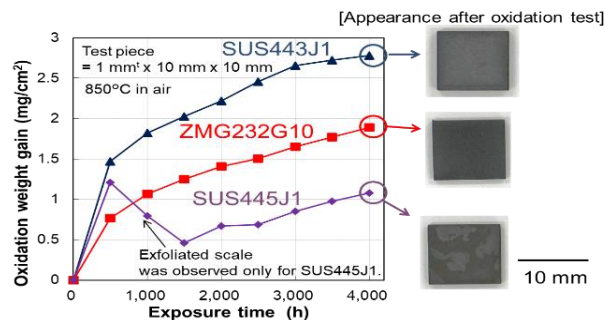
■ ZMG®232G10 interconnector material for SOFC/SOEC

Specialty Steel Business Unit

A solid oxide fuel cell (SOFC), known as a clean device that can produce electricity from hydrogen while generating water as a by-product, and a solid oxide electrolysis cell (SOEC), a highly efficient hydrogen producer using high-temperature steam, are technologies expected to contribute to a hydrogen society in the near future. SOFCs and SOECs both are composed of ceramic cells, and the interconnect sits between individual cells to combine the electricity generated by each cell. Interconnector material ZMG®232G10 developed by Proterial is characterized by less oxidation weight gain than general stainless steel, thus less prone to oxide film detachment. This has been made possible by continuously improving the alloy composition to control the structure and composition of oxide film formed on the surface of Fe 22-24% Cr ferritic stainless steel at the operating temperature. Also, examination is underway to apply this material to the support portion of metal-supported cells adaptable to low-temperature operation.



Structural schematic of SOFC and SOEC cells



Oxidation resistance comparison between

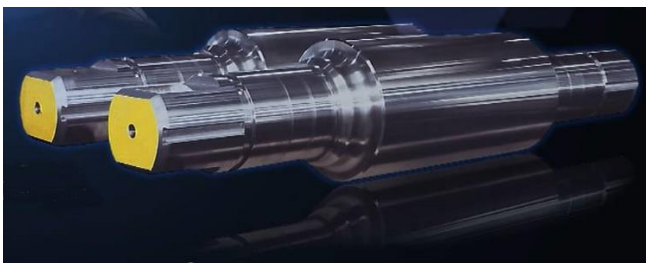
■ TMAX Series high-performance indefinite chilled rolls for hot strip mills

Rolls Business Unit

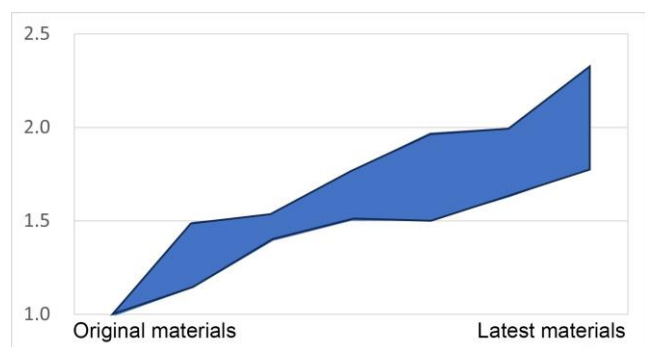
Development of rolled steel sheets is advancing in pursuit of higher-function products, such as high-tension steel and magnetic steel sheet, which are manufactured using hot strip mills. Indefinite chilled rolls used in this process are required to exhibit high performance, particularly in terms of abrasion resistance and wear damage resistance in case of an operational failure.

In the late 1990s, Proterial developed improved models of indefinite chilled rolls by increasing abrasion resistance by 120% from the previous models. Afterwards, improvement has been made continuously to achieve the latest model with a 180% improvement in performance compared with the improved model in the earliest phase of development, bringing about a longer service life accordingly. This advancement has helped raise steel sheet rolling efficiency, and a longer roll life means an overall reduction in environmental impact despite the amount of energy used for roll manufacturing being almost unchanged.

An extended product life directly effects a reduction in CO₂ emissions, thereby contributing to a sustainable manufacturing process. Adoption of improved-model indefinite chilled rolls and development of their higher-performance contribute to more environmentally friendly steel sheet rolling process, thus supporting steelmakers' efforts to reduce environmental impact. In this sense, evolution of improved-model indefinite chilled rolls can be considered as an important technological upgrade that pursues environmental protection and manufacturing efficiency at once.



**Improved-model indefinite chilled rolls
(external appearance of rolls for hot strip mills)**



Improving performance of improved-model indefinite chilled rolls

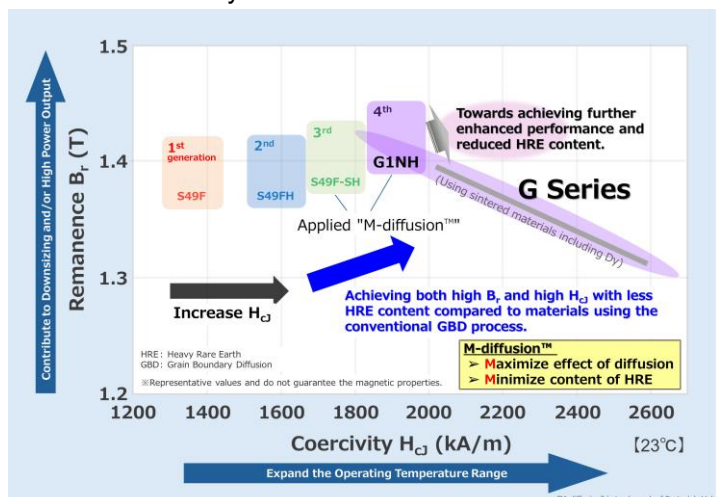
■ NMX®-G1NH series high-performance neodymium magnets with heavy rare earth requirement reduced

Magnetic Materials Business Unit

Neodymium magnets (Nd-Fe-B magnets) are commercially available magnetic materials with the highest magnetic properties. Proterial, one of the world's pioneers in developing neodymium magnets, provides the material under the name of NEOMAX®" which contributes to the miniaturization and higher output and efficiency of motor and other products. Demand for neodymium magnets is expected to grow in the future, given the electrification of mobility being promoted as an approach to control global warming. One major issue with this material is related to heavy rare earths, such as dysprosium (Dy) and terbium (Tb), being used in order to ensure magnetic performance at high temperatures. These elements are unevenly distributed scarce resources.

The major previous way of addressing this issues was the grain boundary diffusion process to achieve necessary heat resistance and high magnetism with small amounts of heavy rare earths. Against this background, we have developed NMX®-G1NH, which exhibits high magnetic properties while significantly reducing usage of heavy rare earths compared to the previous grain boundary diffusion process by employing our proprietary M-Diffusion™ technology. We have begun to introduce the new product to our customers.

Going forward, we will promote efforts directed at higher performance and reduced usage of heavy rare earths, with the aim of achieving effective use of resources and a decarbonized society at the same time.

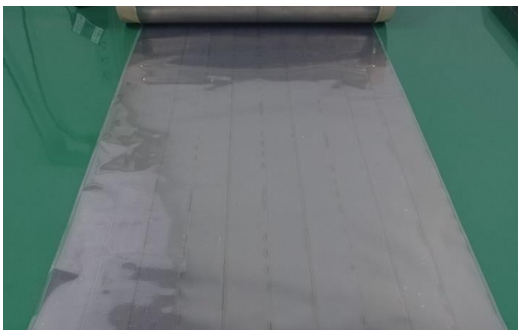


Magnetic properties of NMX®-G1NH

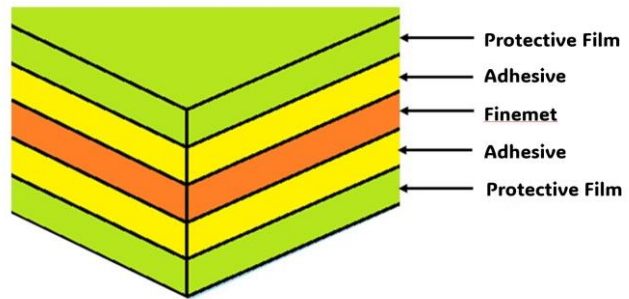
■ MS-FH, highly heat-resistant magnetic shielding sheet

Power Electronics Materials Business Unit

Our MS-F magnetic shielding sheet made of nanocrystalline soft magnetic material FINEMET® ("FINEMET") boasts excellent magnetic properties, offering flexible handling and good workability. As such, it has been used for noise suppression in a wide range of applications, specifically in electronic devices such as mobile phones and cameras, medical equipment including X-ray diagnostic devices, and shielded rooms designed to reduce geomagnetism and other external magnetic fields. In recent years, MS-F has increasingly been used in noise suppression for in-vehicle electronics on xEVs. However, the scope of its adoption was limited due to its usable temperature being 80°C or lower, which meant that high temperature conditions would cause protective film and adhesive to deteriorate, and also affect its magnetic properties. To address this limitation, Proterial has developed MS-FH, a new magnetic shielding sheet with a heat resistance enhanced to 130°C while possessing the excellent properties equivalent to previous products. In addition to its increased usability in high temperature environments, the new material has achieved a thinner profile to improve adaptability, thus broadening the range of applications. Especially, the product will contribute to the miniaturization and weight reduction of an array of electronic devices used in xEVs, a rapidly growing field, thus helping realize a decarbonized society through supporting the spread of xEVs.



External appearance of MS-FH (photo)

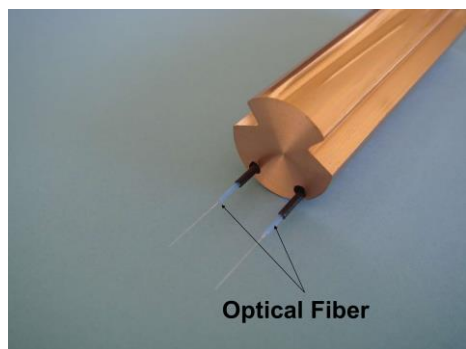


Cross-sectional schematic of S-FH

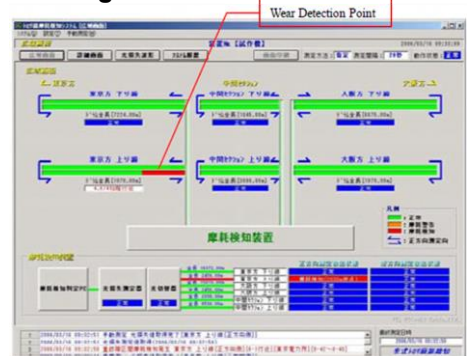
■ Fiber-optic warning system for contact wire

Cable Business Unit

Shinkansen bullet trains and other rolling stock run by receiving power from contact wires above the track through pantograph units fitted to their rooftops. Due to the structure where pantographs and contact wire are in contact, the contact wires can break due to the effects of friction, resulting in trains stopping on tracks, in the worst case. To prevent this, conventional warning systems place a metal detection line inside the contact wire and monitor friction based on the presence or absence of a flowing current. With this approach, however, detection can only be performed at night when no noise is produced by running trains. To address this issue, Central Japan Railway Company and Proterial, Ltd. jointly developed the fiber-optic warning system for contact wire in 2021. The new system uses optical fiber detection wires to enable the 24-hour constant real-time monitoring of the status of wear. This system also allows for central monitoring from the shinkansen system's general control center, compared with the previous wear detection functionality limited to on-site work, thus significantly reducing maintenance and management man-hours.



Contact wire with fiber-optic warning function



Contact wire monitoring system display (example)

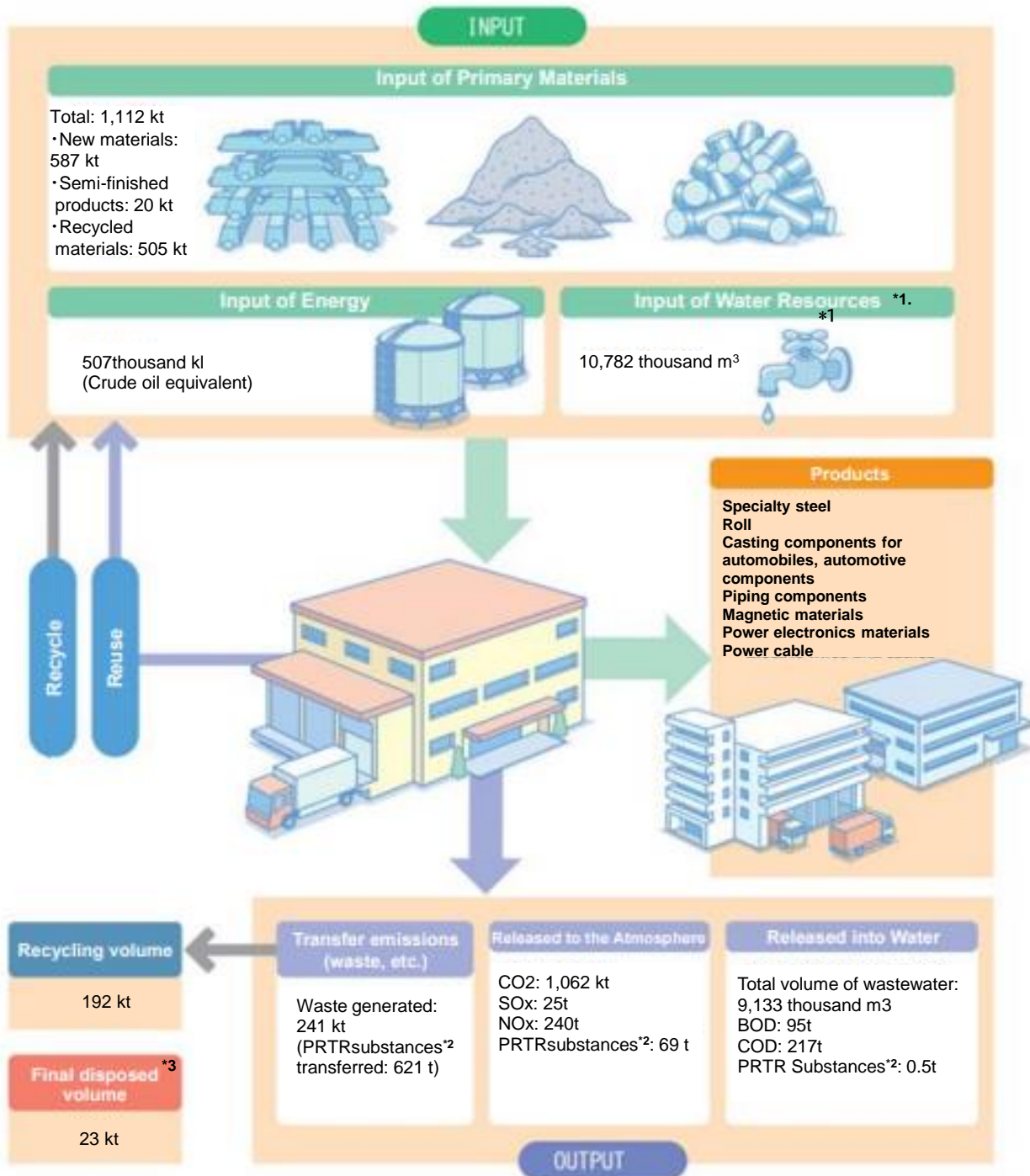
The system won the Masuda Award at the Grand Prize of the Best 10 New Products, organized by Nikkan Kogyo Shimbun in January 2023, and the Ichimura Prize in Industry for Distinguished Achievement, organized by the Ichimura Foundation for New Technology in April 2024.

3. Environmental Consideration in Manufacturing

This is a graphical representation of the balance of materials in manufacturing processes at the Proterial Group for fiscal 2023. The Proterial Group is promoting the reduction of environmental burden in two directions: reducing the volume of input through the efficient use of resources and energy, and reducing the volume of output by controlling atmospheric releases and wastewater discharges, reducing and recycling waste, and so on.

(1) Material Balance

[The Proterial Group’s Material Balance for Fiscal 2023 (Global)]



*1. Input of water resources: total amount handled

*2. Volume of PRTR substances released/transferred is the combined total for Group companies in Japan.

*3. Final disposal amount includes that of household waste, hazardous waste, and in-house landfill.

(2) Toward a decarbonized society

The Proterial Group aims to realize our Vision of “leading sustainability by high performance” as stated in our corporate philosophy. We have also expressed our commitment to reducing CO₂ emissions throughout the value chain aiming for a decarbonized society, and set long-term goals to achieve carbon neutrality by fiscal 2050 primarily to promote efforts to reduce CO₂ emissions from production operations.

[1] Addressing Climate Change

(a) Disclosure in accordance with TCFD Recommendations

As countries around the world intensify their efforts to address climate change in accordance with the Paris Agreement, the Japanese government announced in October 2020 its policy goal of reducing emissions of greenhouse gases, as typified by carbon dioxide (CO₂), to virtually zero by 2050. Accordingly, companies are expected to be more proactive than ever in their efforts to transition to a decarbonized society.

The Proterial Group considers the impact of climate change on its business as one of its most important management issues, and we believe that enhanced disclosure of climate change-related information is a key factor in building a relationship of trust with our stakeholders. Accordingly, in June 2021, we registered our support for the TCFD* Recommendations. We will continue to enhance our disclosure of information on the impact of climate change on our business activities in accordance with the TCFD Recommendations.

Going forward, we will work to meet disclosure standards published by the International Sustainability Standards Board (ISSB) and Sustainability Standards Board of Japan (SSBJ).



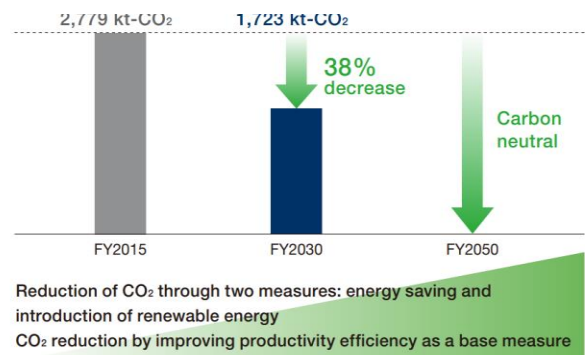
* TCFD (Task Force on Climate-related Financial Disclosures): Created in 2015 by the Financial Stability Board (FSB) in response to the related request from the G20 summit meeting. In June 2017, the TCFD published the final recommendations, specifying items for business and other organizations to deal with when disclosing information on climate-related risks and opportunities.

(b) Indicators and Targets

■ About Scopes 1 and 2

The following are Scope 1 and 2*1 CO₂ emissions reduction targets set by the Proterial Group. In promoting carbon neutrality, we will implement various measures, such as process improvement particularly through facility investment, fuel conversion for melting and heating furnaces and other equipment, technology development for expanding usage of carbon-free fuels, and introducing renewable energy in addition to continuing with previous energy-conserving activities.

[CO₂ Emission Reduction Target (Group-wide)]



*2 Scope 1: Direct emissions of greenhouse gases by business operators themselves (fuel burning and industrial processes)
 Scope 2: Indirect emissions associated with use of electricity, heat, and steam supplied by other companies

*1. Scope 1: Direct emissions of greenhouse gases by business operators themselves (fuel burning and industrial processes)
 Scope 2: indirect emissions associated with the use of electricity, heat, and steam supplied by other companies (absolute value)

[Group-wide Scope 1 and 2 results (kt-CO₂)]

Item	FY2021	FY2022	FY2023 ^{*3*}
Scope1	876	818	234
Scope2	1,340	1,096	828
Scope1 + Scope2	2,216	1,914	1,062

*2 CO₂ emissions (Scopes 1 and 2) in fiscal 2022 were certified by a third party.

*3 CO₂ emissions (Scopes 1 and 2) in fiscal 2023 were certified by a third party in August 2024.

*4. CO₂ emissions in fiscal 2023 significantly decreased compared to the previous fiscal year due to the impact of business portfolio revision, among other factors.

■ About Scope 3

The Company calculated CO₂ amount for Scope 3 Categories 1 to 7 and 13 according to Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain.

CO₂ emissions in fiscal year 2023 totaled 2,111 kt-CO₂, of which “Category 1: Purchased Goods and Services” accounted for the largest share (76.2%).

Category	Category description	FY2021		FY2022		FY2023	
		CO ₂ emissions (kt-CO ₂)	Percentage (%)	CO ₂ emissions (kt-CO ₂)	Percentage (%)	CO ₂ emissions (kt-CO ₂)	Percentage (%)
Category 1	Purchased goods and services	1,746	74.1	1,787 ^{*5}	76.5	1,769 ^{*6}	83.8
Category 2	Capital goods	115	4.9	106	4.5	115	5.4
Category 3	Fuel and energy related activities not included in Scopes 1 and 2	412	17.5	391	16.7	182	8.6
Category 4	Upstream transportation and distribution	38	1.6	24	1.0	21	1.0
Category 5	Waste generated in operations	27	1.1	11	0.5	7	0.4
Category 6	Business trips	4	0.2	3	0.1	3	0.2
Category 7	Employee commuting	12	0.5	12	0.5	11	0.5
Category 13	Downstream leased assets	2	0.1	2	0.1	2	0.1
Total		2,356	100.0	2,336	100.0	2,111	100.0

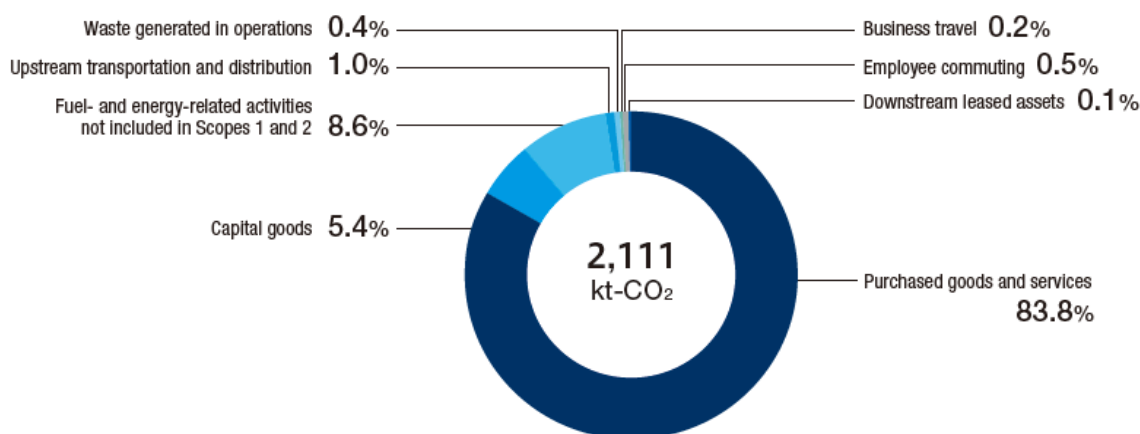
*5. CO₂ emissions (Scope 3 Category 1) in fiscal 2022 were certified by a third party.

*6. CO₂ emissions (Scope 3 Category 1) in fiscal 2023 were certified by a third party in August 2024.

Scope of data: Figures in Categories 1 to 7 (excluding Category 4) and Category 13 are for the whole Group. Figures in Category 4 are based on domestic operations only.

Calculation method: FY2021, FY2022: Ministry of the Environment DB3.1 and IDEA database Ver. 3.2 were used. FY2023: Ministry of the Environment DB3.4 and IDEA database Ver. 3.3 were used.

[Scope 3 FY2023 results]



■ Executive compensation

Compensation for our Executive Officers is determined based on the achievement of annual targets. Starting in fiscal 2022, the achievement of the Group’s CO₂-emissions reduction target has been added as an evaluation item for climate-change response.

■ Internal carbon pricing

To promote CO₂ emissions reduction, we have added the concept of “internal carbon pricing” to our internal regulations related to capital investment. In detail, we set a carbon price (8,000 yen/t CO₂) based on the total amount of CO₂ emissions after capital investment, and the effect of the CO₂ reduction of the capital investment is calculated as profit. The concept has been implemented since October 2021, and as a result of the carbon

price review, we have decided to maintain the price with reference to the carbon taxes, carbon credits, and procurement prices of renewable energy, both in Japan and overseas. We will continue to review the carbon price periodically.

(c) Strategy (scenario analysis)

The Group has begun “scenario analysis” to clarify the risks and opportunities posed by future climate change and to develop business strategies to reduce risks and expand opportunities. We recognize that scenario analysis should cover the entire Group, including the supply chain, and thus are ramping up the scope of analysis, starting with our domestic business in fiscal 2022. In fiscal 2023, we re-evaluated our domestic business in line with the transition to the new system. In fiscal 2024, the scope was broadened to include major overseas operations.

■ Scenario-analysis process

Scenario analysis is conducted following the relevant steps to assess (i) financial and business impacts under different scenarios and (ii) resilience of the Proterial Group strategy in regard to climate-related risks and opportunities.

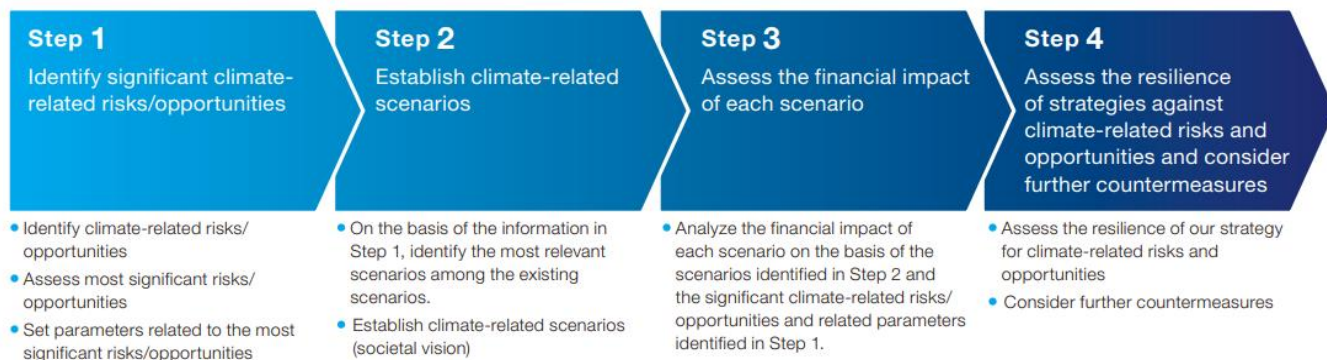
■ Assumptions for scenario analysis

- Scenario: Refer to “Below-2°C scenario” for risks and opportunities excluding physical risks, and refer to “4°C scenario” for physical risks.
- Target businesses: FY2022: Advanced Components and Materials Division (domestic sites); Advanced Metals Division (domestic sites)
 FY2023: each business unit (domestic sites)
 FY2024: Each business unit (domestic sites and major overseas sites)
- Target year: Impact as of 2030

■ Reference scenario

Classification	Main reference scenario
Less-than 2°C scenario	<ul style="list-style-type: none"> •IEA World Energy Outlook 2020. Sustainable Development Scenario •IPCC RCP2.6
4°C scenario	<ul style="list-style-type: none"> •IEA World Energy Outlook 2020. Stated Policy Scenario •IPCC RCP8.5

■ Steps of scenario analysis



The following table summarizes the results of examinations on risks and opportunities posed by climate change.

[Specialty Steel, Rolls, Automotive Castings]

Classification	Type	Content	Business/financial impact ¹			Our response	
			Specialty steel	Rolls	Automotive Casting		
Risk	Transition	Policy/regulations	Increased production and operating costs due to tighter regulations on carbon pricing (CP), including carbon taxes, taxes on fuel and energy consumption, and emissions trading	Medium	Medium	Medium	Currently, we are working to reduce CO ₂ emissions by promoting various energy-saving measures (e.g., introduction of or switch to LED lighting and high-efficiency equipment) and activities to improve productivity, aiming to reduce per-unit energy consumption by at least 1% per annum. From now onwards, we will implement additional measures for active promotion of fuel conversion, and introduction of renewable energy equipment (i.e., installation of solar panels) so as to accomplish our CO ₂ reduction target for 2030, a milestone toward achieving carbon neutrality by 2050.
			Increased procurement risk due to strengthened CP regulations for raw materials.	Medium	Small	Small	As for principle raw materials, we will work to increase surcharges and consider and implement plans to find new suppliers. From the perspective of life-cycle assessment (LCA), we will increase the utilization ratio of scrap generating low CO ₂ emissions and find new suppliers.
		Technology	Increase in operating costs due to capital investment involved in the introduction of manufacturing processes (electrification and alternative fuels) to meet decarbonization requirements	Small	Small	Large	When introducing new manufacturing processes, we will examine equipment specifications with the aim of reducing its impact on operating costs.
		Market	Decreased demand for peripheral components of internal combustion engines owing to the expansion of xEVs ² and decrease in sales due to excessive competition with competing xEV suppliers.	Medium	Small	Large	As for capturing demand for components of automotive internal combustion engines, we will target the commercial vehicle and agricultural/construction equipment fields.
			Decrease in sales due to delays in responding to customer requests for decarbonization and lost opportunities to expand new sales.	Small	Small	Medium	We will develop environmentally friendly products and launch them onto the market sequentially while not being restricted to our conventional business areas.
	Physical	Acute and chronic	Sales increased by expanding sales of environmentally friendly products into new global markets in response to increased demand	Small	Small	Large	We will systematically improve our production systems in anticipation of extreme weather events. We will expand the BCP system and refine the action manual for emergencies.
Opportunity		Resource efficiency	Sales increased by gaining improved customer evaluation as business partner by working on decarbonization	Small	Small	Small	To achieve the 2030 CO ₂ emissions reduction target, we will promote various energy-saving measures (e.g., introduction of or switch to LED lighting and high-efficiency equipment) and productivity-improvement measures while promoting fuel conversion and introduction of renewable energy (i.e., installation of solar panels) in a proactive manner. Also, we will publicize our efforts and achievements.
		Source of energy	Sales increased by gaining improved customer evaluation as business partner by working on decarbonization	Small	Small	Small	We will actively promote CO ₂ reduction by introducing renewable energy and switching to carbon-neutral fuels.

Classification	Type	Content	Business/financial impact ¹			Our response
			Specialty steel	Rolls	Automotive Casting	
	Products/ Services	Sales increased by developing and launching environmentally friendly products onto the market	Large	Small	Small	<p>We will receive new orders and increase the market share of target products by shortening the development lead time and reducing the costs of environmentally friendly products.</p> <p>We will continue to expand sales of environmentally friendly products, which are expected to be in more demand in the future.</p> <p>Examples:</p> <ul style="list-style-type: none"> •Mold materials that provide longer service life •Materials for various industrial machinery, undercarriage parts, and exhaust-gas filters that contribute to improved fuel efficiency and reduced emissions by cars •Aerospace products that are expected to improve the fuel efficiency of airplanes •Battery materials (clad products) and power-semiconductor materials for use in batteries and other products

[Magnetic Materials, Power Electronics Materials, Electric Wires, Automotive Components]

Classification		Type	Content	Business/financial impact ¹				Our response
				Magnetic Materials	Power Electronics	Electric wires and cables	Automotive components	
Risk	Transition	Policy/ regulations	Increased production and operating costs due to tighter regulations on carbon pricing (CP), including carbon taxes, taxes on fuel and energy consumption, and emissions trading	Medium	Large	Small	Medium	<p>We are reducing CO₂ emissions by promoting various energy-saving measures (e.g., LED lighting and renewal/introduction of high-efficiency equipment) and measures to improve productivity.</p> <p>From now onwards, aiming to achieve our CO₂ reduction target for 2030, we will actively promote fuel conversion and purchase of renewable electricity as well as the introduction of renewable energy (i.e., installation of solar panels).</p>
			Increased procurement risk due to strengthened CP regulations for raw materials.	Small	Medium	Medium	Small	<p>As for principle raw materials, we will work to strengthen surcharges and cultivate new suppliers.</p> <p>In the magnet business, we will continue to develop materials that use fewer heavy rare earth elements and introduce them to the market. In the electric wire business, we will reduce the amount of copper used by improving productivity, develop and commercialize aluminum alloy conductor cables, and further expand the ratio of recycled copper.</p>
		Technology	Increase in operating costs due to capital investment involved in the introduction of manufacturing processes (electrification and alternative fuels) to meet decarbonization requirements	Small	Small	Small	Small	<p>When introducing new manufacturing processes (e.g., introduction of the latest energy-saving technologies), we will examine equipment specifications with the aim of reducing their impact on operating costs. And the increased costs will be passed on to sales prices.</p>
		Market	Decreased demand for peripheral components of internal combustion engines owing to the expansion of xEVs and decrease in sales due to	Small	Large	Small	Small	<p>We will reduce costs by introducing high-efficiency equipment, improving productivity, and procuring parts locally.</p>

Classification	Type	Content	Business/financial impact *1				Our response
			Magnetic Materials	Power Electronics	Electric wires and cables	Automotive components	
		excessive competition with competing xEV suppliers					
		Decrease in sales due to delays in responding to customer requests for decarbonization and lost opportunities to expand new sales.	Small	Large	Small	Large	We will improve the ratio of renewable energy use by promoting introduction of renewable energy and selecting electric-power companies with a high RE power-generation ratio.
	Physical	Acute and chronic	Orders and sales decreased as a result of delays in delivery owing to operations suspended due to abnormal weather-induced natural disasters	Small	Medium	Medium	Large
Opportunity	Resource efficiency	Sales increased by raising product value through efficient production and effective use of materials and energy.	Small	Medium	Small	Medium	To achieve the 2030 CO ₂ emissions reduction target, we will promote various energy-saving measures (e.g., introduction of or switch to LED lighting and high-efficiency equipment) and productivity-improvement measures while promoting fuel conversion and introduction of renewable energy (i.e., installation of solar panels) in a proactive manner. Also, we will publicize our efforts and achievements.
	Source of energy	Sales increased through improved customer evaluation as business partner by working on decarbonization.	Small	Small	Small	Small	We will work reduce electricity consumption by improving productivity and increase the utilization rate of renewable energy.
	Products/ Services	Sales increased by developing and launching environment-friendly products onto the market.	Large	Large	Small	Medium	We aim to expand sales by developing products that contribute to a low-carbon society. <ul style="list-style-type: none"> • Various products for xEVs (high-performance magnets, SiN, SiC, magnet wires, automotive electrical components, etc.) • Amorphous alloy (MaDC-A) that contributes to higher efficiency of transformers

*1 Definition of assessment of business/financial impact
 Large: cost or effect equal to or greater than 5% of sales
 Medium: cost or effect equal to at least 1% but less than 5% of sales
 Small: cost or effect is less than 1% of sales

*2 xEV: Generic term for electric vehicles (EVs), hybrid electric vehicles (HEVs), and plug-in hybrid electric vehicles (PHEVs)

As described above, in response to the assessment of domestic sites disclosed in October 2023, we have reverified the response to risks and opportunities for each business, including major overseas sites, and we have confirmed that our environmental strategy is resilient.

[2] Medium and Long-term Goals for Carbon Neutrality

The Proterial Group has set medium and long-term goals to achieve carbon neutrality, as specified below, and is promoting activities toward a decarbonized society according to the goals.

[Medium and long-term goals to achieve carbon neutrality by 2050](Proterial Group)

<p>Medium-term goal: Reduce CO₂ emissions by 38% by FY2030 (compared with FY2015) Long-term goal: Reduce CO₂ emissions to net zero by FY2050</p>

Target: direct emissions related to fuel consumption (Scope 1) and indirect emissions related to electricity consumption, etc. (Scope 2))

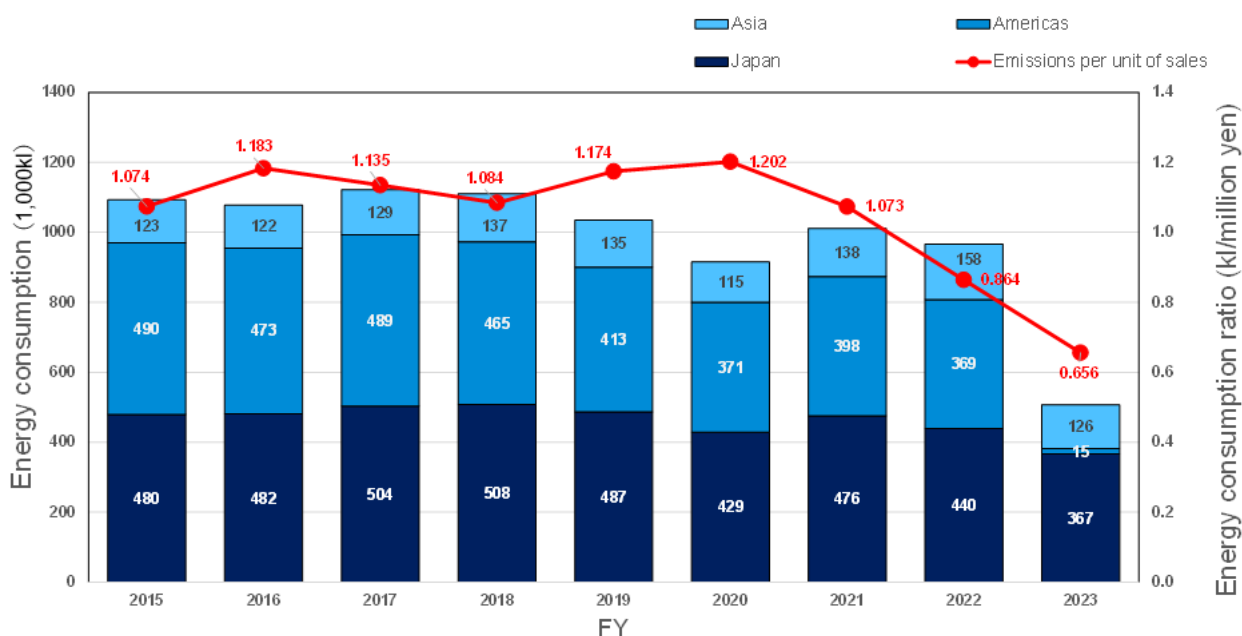
[3] Trends in Energy Consumption and Energy Consumption per Unit of Sales

The Proterial Group's global energy consumption in fiscal 2023 was 507 thousand kl in crude oil equivalent, down 459 thousand kl (47.5%) from fiscal 2022.

The major reasons for the sharp decline in energy consumption were the divestiture of overseas subsidiaries (37.9%), a decrease in production (approximately 7.9% on a weight basis) as well as energy-saving activities implemented (1.9%) and expanded introduction of renewable energy (0.4%). Meanwhile, energy consumption per unit of sales improved from fiscal 2022 by 24.1% to 0.656. This was attributable to energy-saving efforts and portfolio revision, which more than offset a 5.3% year-on-year decrease in revenues. Major measures for reducing energy consumption were carried out through improving productivity, ensuring efficient operation of facilities, adopting highly efficient equipment, facilitating fuel conversion, particularly to alternative coke, and promoting heat insulation and waste heat utilization.

To reduce energy consumption even further, we will continue to pursue energy-saving activities linked to monozukuri (manufacturing). The emphasis is on eliminating excess processes, improving efficiency, boosting the yield rate, curtailing fixed energy, installing energy-saving equipment, fuel conversion and introducing renewable energy.

[Trends in Energy Consumption and Energy Consumption per Unit of Sales] (Proterial Group)



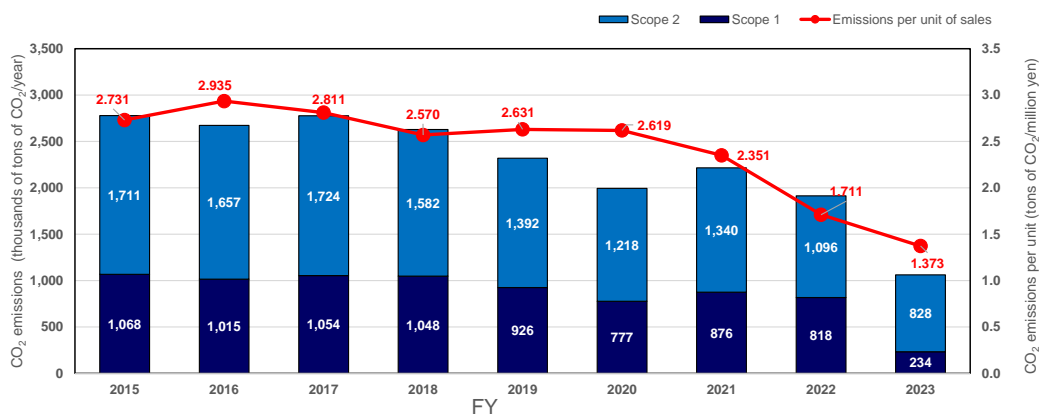
[4] Trends in CO₂ Emissions from Energy Usage and CO₂ Emissions per Unit

The Proterial Group's global CO₂ emissions from energy usage in fiscal 2023 were 1,062 thousand tons, down 852 thousand tons (44.5%) from fiscal 2022. This was down 1,717 thousand tons (61.8%) from the base year (fiscal 2015).

The major reasons for the decline in CO₂ emissions were the divestiture of overseas subsidiaries (37.9%), a decrease in production (approximately 7.9% on a weight basis) as well as energy-saving activities implemented (2.1%). CO₂ emissions per unit of revenues were 1.373, down 19.8% year on year. This was attributable to energy-saving efforts and portfolio revision, which more than offset a 5.3% year-on-year decrease in revenues. Major CO₂ emissions reduction measures were carried out through improving productivity, promoting efficient operation of equipment, adopting highly efficient equipment, performing heat insulation and shielding processes, and introducing renewable energy. The amount of renewable energy used by Proterial in fiscal 2023 was 8,354 MWh (0.46% of total electricity usage), which was chiefly generated from solar energy.

Going forward, we will step up our efforts to reduce CO₂ emissions, aiming at medium and long-term targets set to achieve carbon neutrality by 2050, with a focus on introducing renewable energy while continuing with our energy-saving activities.

[Trends in CO₂ Emissions from Energy Usage and CO₂ Emissions per Unit]*¹ (Proterial Group)



*1: Approximately 70% of the Proterial Group's CO₂ emissions are attributable to Scope 2 (electricity). Within Scope 1 (fossil fuels), the largest emitter is city gas, followed by LPG and Bunker A.

We use CO₂ emission factors of electric power on a regional basis: in Japan, emission factor for each electric power company published by the Ministry of the Environment; and outside Japan, the country-specific conversion factor in World Energy Outlook 2023 issued by the International Energy Agency (IEA).

(3) Effective Use of Resources

[1] Vision for Effective Use of Resources

The Proterial Group is using in-house reuse and recycling by way of intermediate processing to create a resource-efficient society and achieve the "thorough circulation of resources throughout the life cycle of goods and services," as stated in the 4th Fundamental Plan for Establishing a Sound Material-Cycle Society.

●Targets for Fiscal 2023 in the Medium-Term Environmental Action Plan (Proterial Group)

Reduction of waste generation per production unit*¹ by at least 34% compared to fiscal 2010
Waste landfill rate: 11.0% or less

●Fiscal 2023 Results(Proterial Group)

Reduction rate of waste generation per production unit: 47.0%
Waste landfill rate:6.2%

*1. (Waste and valuables generation) / (amount of activity*²)

*2. A figure representing the scale of business activities such as sales or production weight

We are working to reduce the amount of waste and valuables ("waste") generated per production unit, which is calculated to provide us with an indicator for waste reduction activities. We are promoting efforts to reduce waste output, focusing on process innovation such as improvement of production processes. Furthermore, in response to tight conditions at final disposal sites and requirements to respond to social demands regarding the effective use of resources, we are working to improve the waste landfill rate to attain the targets set in fiscal 2019, chiefly by promoting recycling and reducing the final disposal volume.

[2] Results of Waste Management

Total waste generated by the Proterial Group in fiscal 2023 amounted to about 241 thousand tons, down 517 thousand tons from 758 thousand tons in the previous fiscal year. This was due largely to the downscaling of business.

With respect to the generation of waste per production unit, a management indicator in our Environmental Action Plan, we achieved a 47.0% reduction from the base year, exceeding the target for fiscal 2023 (34%). This was particularly owing to the operation of a sand recycling system.

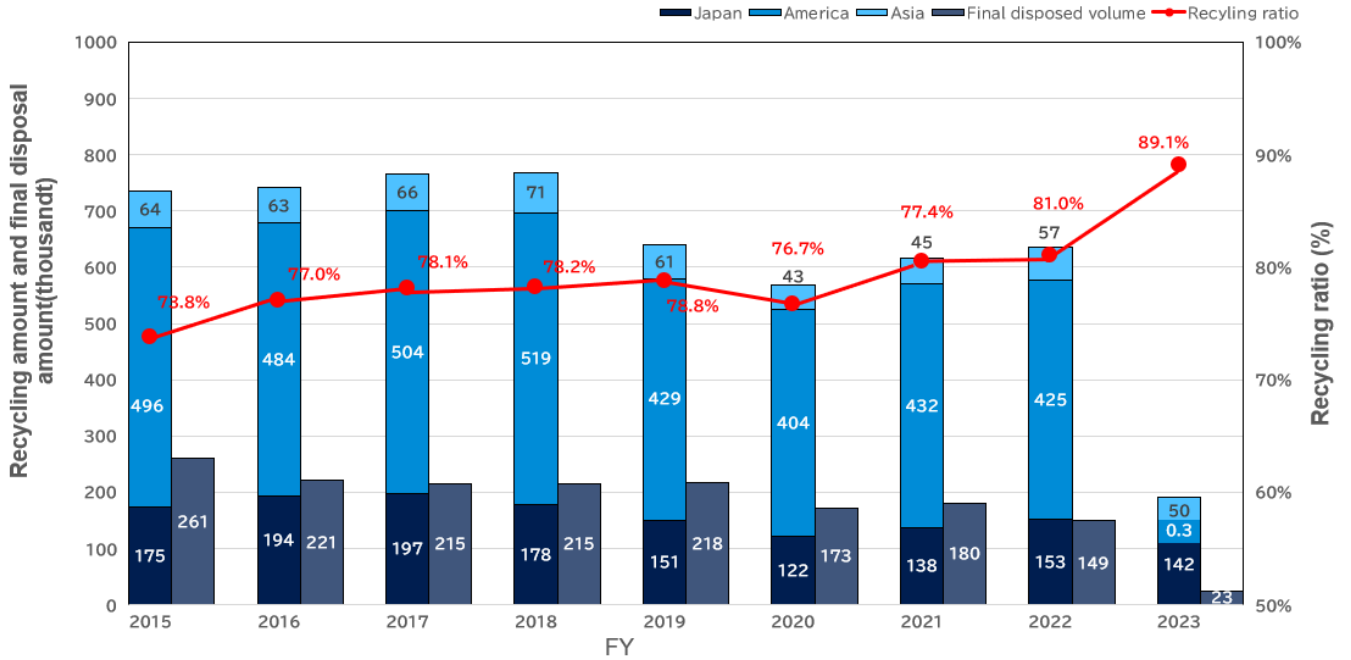
The amount of recycled resources was 142 thousand tons in Japan, 0.3 thousand tons in the Americas, and 50 thousand tons in Asia (total: 192 thousand tons). The final disposal amount was 11 thousand tons in Japan, 1.0 thousand tons in the Americas, and 12 thousand tons in Asia (total: 23 thousand tons). (The final disposal amount includes the amount of household waste, hazardous waste, and in-house landfill.) The amount of recycled plastics waste was 1.3 thousand tons on a non-consolidated basis (2.6 thousand tons on a consolidated basis), due partially to the downscaling of business, and the recycling rate was 86.7% (unchanged) on a non-consolidated basis (86.2%, down 1.4%, on a consolidated basis). (Target of reducing the amount of waste plastics, waste and valuables per production unit: 1% year on year [in and after fiscal 2023])

In fiscal 2023, despite the increasing difficulty with recycling waste in Japan, due partially to the downscaling of business, the waste landfill rate stood at 6.2%, compared to the target value of 11.0%, thanks to recycling activities overseas and other factors. Going forward, we plan to raise the bar overall by continuously promoting initiatives at business sites that are considered to still have many recyclable items.

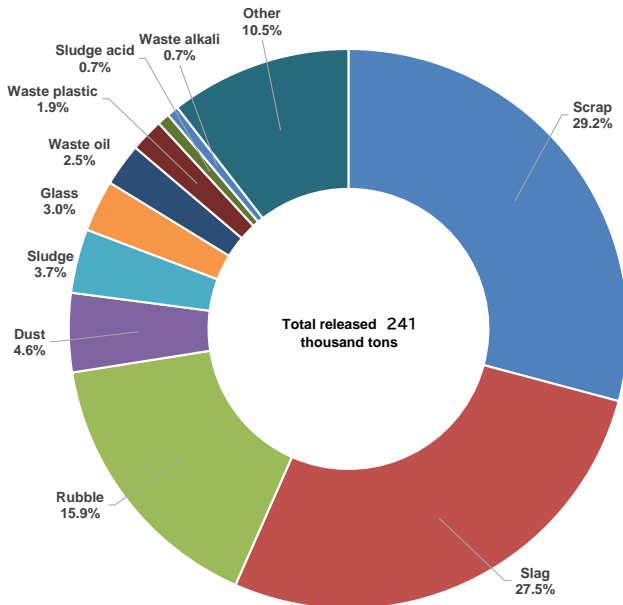
Also of note, we achieved zero emission status^{*1} at 19 business sites.

*1. From fiscal 2011, deemed to be a final disposal volume of less than 0.5% of total emissions.

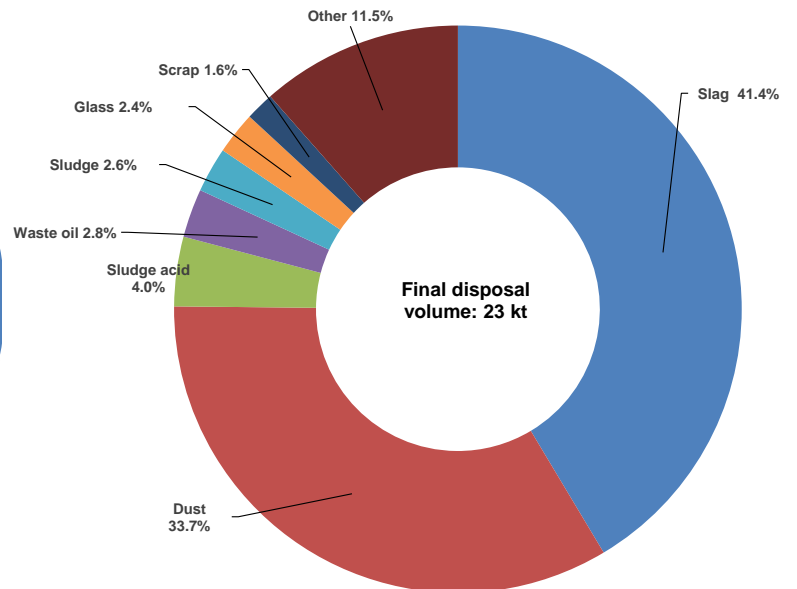
[Trends in Recycling Volume, Final Disposal Volume, and Recycling Ratio] (Proterial Group)



[Breakdown of Waste Volume (Proterial Group)]



Breakdown of Final Disposal Volume (Proterial Group)



Note: The final disposal amount includes household waste, hazardous waste, and in-house landfill.

[3] Reduction of Water Usage

● **Targets for Fiscal 2023 in the Medium-Term Environmental Action Plan (Proterial Group)**
 Reduction of water usage per production unit*1 by at least 34% compared to fiscal 2010

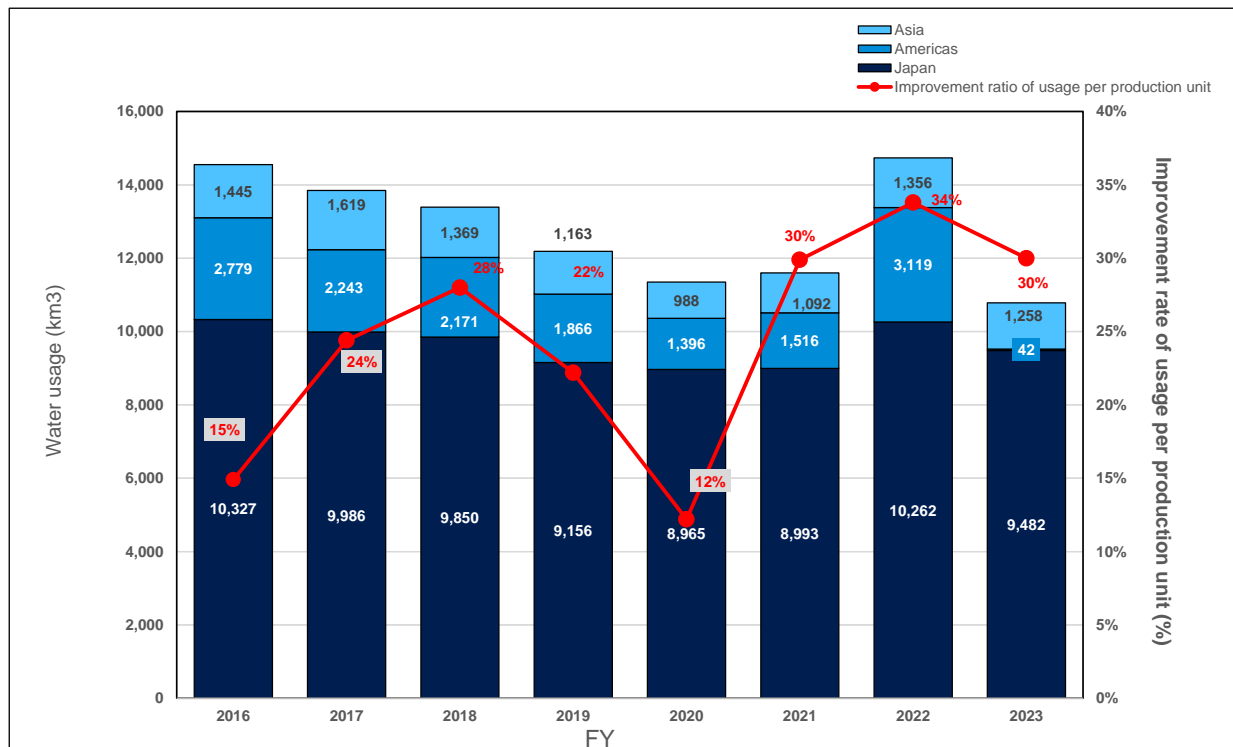
● **Fiscal 2023 Results (Proterial Group)**
 Reduction rate of water usage per production unit: 29.6%

*1. (Water usage) / (amount of activity*2)

*2. A figure representing the scale of business activities such as sales or production weight

Since fiscal 2016, we have been working to achieve the targets for effective use of water resources set in the Environmental Action Plan through global Group-wide efforts. Per unit water usage decreased 3,955 thousand m³ from fiscal 2022 to 10,782 thousand m³ (the denominator variable changed to the amount of water intake in 2022). This was a result of measures such as installing water recycling systems in equipment with less impact on quality, adopting functions to reduce water discharge, and repair of water leakage. However, at 29.6%, we failed to achieve the target of reducing water usage per production unit compared to the base year. The major factors for the failure were the downscaling of business and a decrease in volume of product shipment. We plan to continue raising water use efficiency, in order to further reduce water usage.

[Trends in Reduction Rate of Water Usage per Production Unit] (Proterial Group)



(4) Chemical Substance Management

[1] Reduction of Substances of Environmental Concern

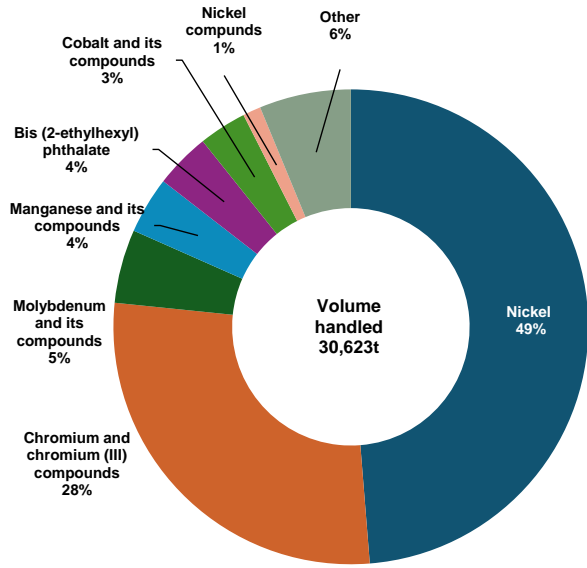
Of the substances handled by domestic companies in the Proterial Group that are subject to the PRTR Law,*1 six substances—nickel (including compounds), chromium, molybdenum, manganese, phthalic acid (2-ethylhexyl), and cobalt—are essential raw materials used in Proterial’s products. These six substances constitute 94% of the total amount handled and 74% of that transferred.

Of the total amount released into the atmosphere, 44% is attributable to toluene and xylene, which are volatile organic compounds (VOCs).

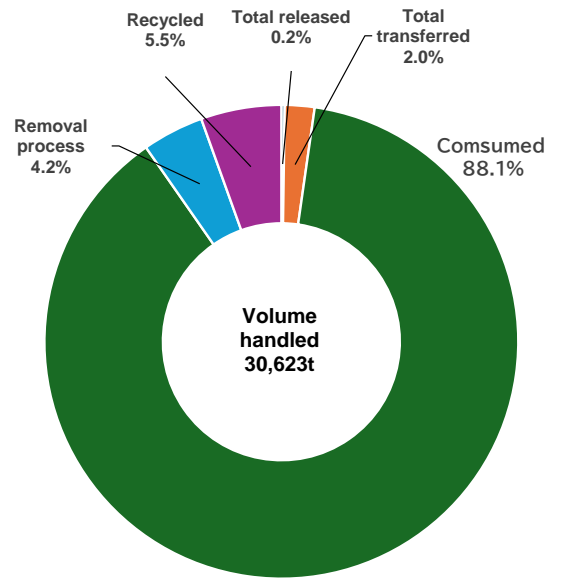
*1. Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement

[The State of PRTR Substance Handling in Fiscal 2022 (Domestic Group)]

[Breakdown of Volume Handled]



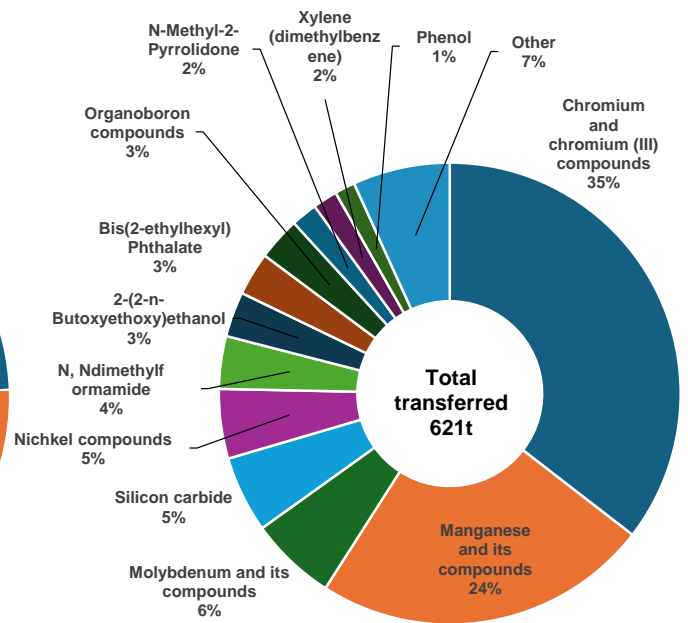
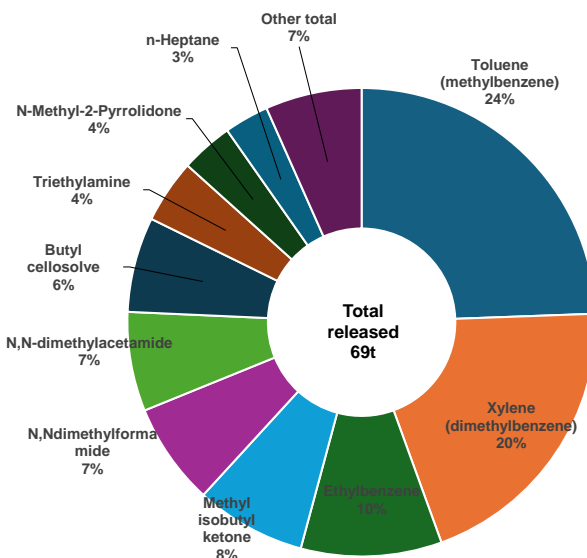
[Volumes Consumed, Released, and Transferred, and Other Breakdowns]



[Breakdown of Release (atmosphere, water)]

[Breakdown of Transfer (waste, sewerage)]

Fiscal 2023: PRTR Data (in Japan)



[Fiscal 2023: PRTR Data (in Japan) (Unit: Tons/year)]

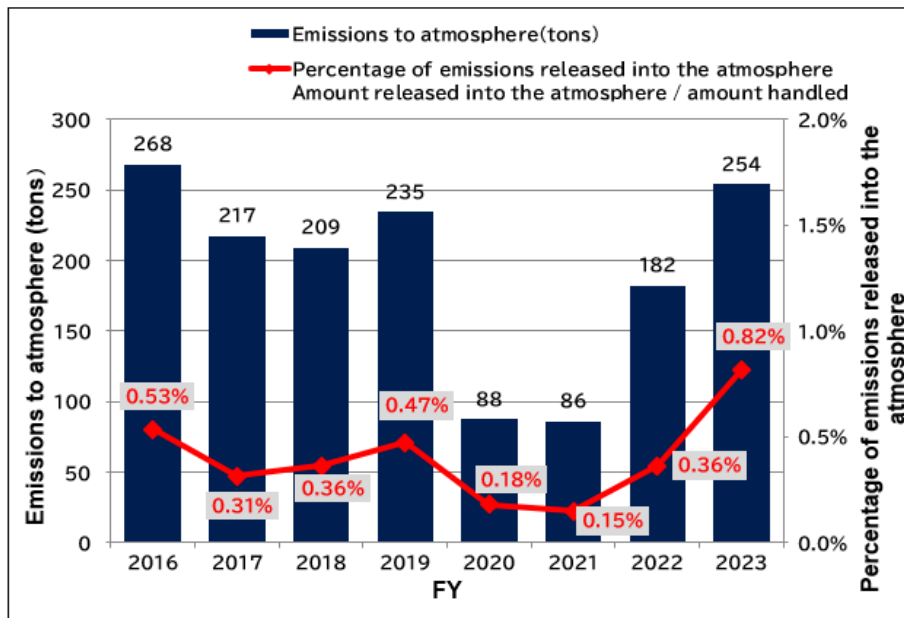
№	Name	CAS№	Volume handled	Volume released					Volume transferred		
				Atmosph here	Public Water system	Soil	Landfill	Total	Sewerage	Waste	Total
31	Antimony and its compounds	-	71	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.9
44	Indium and its compounds	-	2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
53	Ethylbenzene	100-41-4	33	6.7	0.0	0.0	0.0	6.7	0.0	5.4	5.5
80	Xylene (also known as dimethylbenzene)	1330-20-7	101	13.8	0.0	0.0	0.0	13.8	0.0	10.7	1.7
82	Silver and its water-soluble compounds	-	4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.1
86	Cresol	1319-77-3	152	1.2	0.0	0.0	0.0	1.2	0.0	3.8	4.3
87	Chromium and chromium (III) compounds	-	8,540	0.0	0.0	0.0	0.0	0.1	0.0	220.4	285.3
132	Cobalt and its compounds	-	997	0.0	0.0	0.0	0.0	0.0	0.0	3.9	5.8
188	N, N-dicyclohexylamine	101-83-7	2	0.0	0.0	0.0	0.0	0.0	0.0	1.6	1.6
213	N, N-dimethylacetamide	127-19-5	227	4.7	0.0	0.0	0.0	4.7	0.0	6.8	4.4
230	N-(1,3-dimethylbutyl)-N'-phenyl-p-phenylenediamine	793-24-8	3	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.5
232	N, N-dimethylformamide	68-12-2	192	4.9	0.0	0.0	0.0	4.9	0.0	22.9	27.8
277	Triethylamine	121-44-8	79	3.0	0.0	0.0	0.0	3.0	0.0	0.0	0.0
300	Toluene (Synonym: methylbenzene)	108-88-3	22	16.9	0.0	0.0	0.0	16.9	0.0	3.9	40.8
308	Nickel	7440-02-0	14,922	0.0	0.0	0.0	0.0	0.0	0.1	4.9	14.0
309	Nickel compounds	-	376	0.0	0.2	0.0	0.0	0.2	0.0	30.3	3.3
330	Bis (1-methyl-1-phenylethyl) peroxide	80-43-3	14	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0
349	Phenol	108-95-2	169	1.7	0.0	0.0	0.0	1.7	0.0	8.8	0.0
355	Bis (2-ethylhexyl) phthalate	117-81-7	1,155	0.0	0.0	0.0	0.0	0.0	0.0	18.8	0.0
374	Hydrofluoric acid and its water-soluble salts	-	38	0.0	0.0	0.0	0.0	0.0	0.2	2.0	20.6
391	Hexamethylene = diisocyanate	822-06-0	24	0.2	0.0	0.0	0.0	0.2	0.0	0.2	41.6
405	Boron compounds	-	119	0.0	0.0	0.0	0.0	0.0	0.0	18.7	0.0
412	Manganese and its compounds	-	1,186	0.0	0.2	0.0	0.0	0.3	0.0	146.4	14.8
438	Methylnaphthalene	1321-94-4	7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.3
453	Molybdenum and its compounds	-	1,536	0.0	0.0	0.0	0.0	0.0	0.1	37.4	0.2
594	Butyl Cell Solve	111-76-2	5	4.5	0.0	0.0	0.0	4.5	0.0	0.0	0.6
626	Diethanolamine	111-42-2	3	0.0	0.0	0.0	0.0	0.0	0.0	2.5	20.1
667	Silicon Carbide	-	57	0.0	0.0	0.0	0.0	0.0	0.0	33.3	180.5
691	Trimethylbenzene	-	19	0.4	0.0	0.0	0.0	0.4	0.0	0.3	0.0
697	Lead and compounds	-	27	0.0	0.0	0.0	0.0	0.0	0.0	0.0	52.9
710	Diocetyl phthalate	117-84-0	16	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6
721	Furfural	98-01-1	4	0.0	0.0	0.0	0.0	0.0	0.0	0.2	20.1
731	n-Heptane	142-82-5	3	2.1	0.0	0.0	0.0	2.1	0.0	0.8	180.5
737	Methyl isobutyl ketone	108-10-1	5	5.3	0.0	0.0	0.0	5.3	0.0	0.0	0.0
746	N-Methyl-2 pyrrolidone	872-50-4	483	2.5	0.0	0.0	0.0	2.5	0.0	11.4	52.9
(Total of 48 substances with handled volumes of less than 1 ton)			11	0.8	0.0	0.0	0.0	0.8	0.0	3.3	3.3

[2] Reduction of Chemical Substance Emissions

We have revised our chemical substance management system launched in fiscal 2016, which had previously targeted only volatile organic compounds (VOCs), based on risks such as acute toxicity and carcinogenesis, and have identified 47 new substances for management from among substances handled in large amounts (as a result of three types of metal compounds being removed from the former list in fiscal 2022). We are engaged in activities aimed at controlling the release of these substances into the environment. Most are emitted into the atmosphere, and VOCs account for over 90% of the total. We are therefore continuing improvement activities that focus on the treatment of solvent components used for product coating, as in the past, working to reduce emissions by conducting technological investigations and making changes in equipment to find substitutes for coating materials and improve processes.

In fiscal 2023, emissions released into the atmosphere increased by 72 tons from fiscal 2022 to 254 tons. Also, the percentage of emissions released into the atmosphere rose by 0.82% from fiscal 2022 to 0.46%. This was principally due to starting the mass production of some new products in fiscal 2023, which involved an increase in usage of substances subject to management with a high percentage of emissions released into the atmosphere. Going forward, we will consider improving the manufacturing process so as to reduce atmospheric emissions.

[Trends in Percentage of Chemical Substance Emissions into the Atmosphere]



(5) Eco-Factory Case Study

[1] Expanding the deployment of renewable energy

The Proterial Group is working to expand its introduction of renewable energy, as well as promoting energy-saving activities, in order to contribute to the realization of a decarbonized society and to promote carbon neutrality.

In fiscal 2023, we introduced captive photovoltaic power generation, mainly using the TPO/PPA model (Third Party Ownership/Power Purchase Agreement) as shown in the table below.

[Major photovoltaic power generation systems installed in FY2023]

Installation location	Installation site	Panel capacity (kW)	Annual power generation (thousand kWh/year)	CO ₂ emissions reduction (t-CO ₂ /year)
Moka City, Tochigi Prefecture	Moka Works, Casting Technology Research Laboratory	1,333	2,500	1,100
Kumagaya City, Saitama Prefecture	Kumagaya Works	9,970	11,500	5,100
Hai Duong Province, Vietnam	Proterial Vietnam Co., Ltd.	4,900	5,500	4,000
Hitachi City, Ibaraki Prefecture	Toyoura Plant of Ibaraki Works	1,700	1,947	900

The TPO/PPA model is a scheme in which a solar power system is installed by a company that owns and manages solar power generation equipment (power sales contractor) on a site, roof, or other space provided by the owner of a facility, and the generated electricity is provided to the power consumer of the facility (facility owner) for a fee. The key advantage of this model is to enable the facility owner (Proterial) to use renewable energy on a large scale while reducing risks associated with solar power generation by processing the related transaction on an off-balance sheet basis.

In addition, we have also installed solar power generation systems at our Yasugi Works (530 kW) and Kyushu Techno Metal, Ltd. (100 kW) through our own investment. The combined total panel capacity of solar power generation systems installed to date has reached approximately 17,000 kW, with an annual power generation capacity of approximately 22,500 MWh (reducing CO₂ emissions by approximately 11,300 t), as of fiscal 2023.

The Proterial Group is aiming to have an annual solar power generation capacity of over 35,000 MWh by fiscal 2030. In addition to promoting solar power generation, the Group is also considering the purchase of renewable energy, as part of activities directed at the long-term goal of achieving carbon neutrality by 2050.



Proterial Vietnam Co., Ltd.



Proterial, Ltd. in Kumagaya District

(6) Site Data

Please see page 63 to refer to “Materials Flow at Major Domestic Manufacturing Sites in the Proterial Group in Fiscal 2023.”

VI Report on Social Aspects

1. Together with Procurement Partners

(1) Basic Policy of Sustainable Procurement

Proterial has formulated its procurement policy to outline its basic concepts on material procurement activities, and published this policy on its website. As our business progresses globally, we share this procurement policy among all companies in the Proterial Group, in order to encourage them to contribute to society through their own business activities. We will continue striving to comply with laws and regulations as well as social norms, and to fulfill our social responsibility with consideration for human rights and the environment, while building a fair and impartial business culture based on relationships of trust with our suppliers.

Proterial Procurement Policy Basic Stance on Material Procurement

● **Open and Global Procurement**

Our procurement activities shall be based on the principle of free and open competition, without consideration for nationality, corporate scale or past performance.

● **Fair and Impartial Transactions**

The selection of suppliers shall be based on fair and impartial evaluations, taking into consideration quality, price, deadline, technological capacity, business reliability, service and other elements of economic logic. No employee shall accept gifts or personal benefits from suppliers.

● **Building partnerships**

Transactions with all suppliers shall be done from a fair and equal position. We shall make every effort to uphold and improve mutual understanding and relations of trust from a long-term perspective so that we can build partnerships capable of supporting mutual growth and development on a sustained basis.

● **Legal Compliance**

Our procurement activities shall comply fully with all relevant laws and regulations, and in accordance with existing social standards. There shall be no relationships with anti-social forces, which pose a threat to the safety and peace of society.

● **Consideration for Human Rights, Workplace Safety and Health**

We shall carry out our procurement activities with uncompromising regard for human rights, workplace safety and health. Suppliers shall likewise be required to make firm commitments to upholding human rights, workplace safety and health.

● **Preservation of Confidential Information**

The confidential information of suppliers we acquire during procurement activities shall be handled with discretion equal to how we treat our company's own information. We shall not disclose this data to third parties or use it for any purpose other than what we have stated without the consent of the supplier(s) in question.

● **Conservation of the Environment**

We shall place priority on procuring materials from suppliers devoted to the active pursuit of environmental conservation, and on materials characterized by low environmental loads.

[1] Issuance of the Proterial Group Sustainable Procurement Guideline

We published the Proterial Group Sustainable Procurement Guideline on our website in January 2023. While based on the latest standards that have been acknowledged worldwide, the Guideline was created by encompassing a wide range of CSR concepts recognized as a company's social responsibility, including respect for human rights, consideration of the environment, fair trading and ethics, occupational health and safety, product quality and safety, information security, and social contribution. The Guideline also stipulates corrective measures to be taken in case of any clear violation discovered among suppliers. When starting a new business relationship, we request the relevant company to comply with our Sustainable Procurement Guideline, while at

the same time conducting corporate surveys on bribery risks based on the Proterial Global Compliance Program (PGCP) in an effort to strengthen our screening of suppliers.

[WEB](https://www.proterial.com/corp/guidance/sustainable.html) Proterial Group Sustainable Procurement Guideline
<https://www.proterial.com/corp/guidance/sustainable.html>

[2] Conducting supplier sustainability surveys

In November 2023, we conducted a survey targeting major suppliers to confirm their status of compliance with the Proterial Group Sustainable Procurement Guideline. The response rate was 98%. Going forward, we will expand the scope of respondents, in an effort to promote sustainability throughout the entire supply chain.

[3] Periodic Audits of Operations

Acquiring applicable legal knowledge and accurate business information is imperative to engaging in procurement activities. We thus run sessions online and offline to provide updates on laws and regulations to persons in charge of procurement at business sites. Additionally, all business sites and Group companies in Japan perform annual mutual audits of operations, where procurement managers from business sites and Group companies as well as persons from the Head Office serve as auditors. In fiscal 2023, we performed mutual audits for all business sites and Group companies, chiefly online, to monitor whether operations were being conducted in accordance with laws and regulations as well as with Company regulations.

[4] Green Procurement

The Proterial Group procures products with a minimal environmental impact from suppliers who are proactively working on environmental conservation. In 1998, we issued the Green Procurement Guidelines to share with our suppliers our views on environmental considerations, specifically the prevention of global warming, recycling of resources, and conservation of biodiversity and ecosystems. The Guidelines have been revised many times in response to the latest laws and chemical substances regulations, and each revised version has been provided to suppliers. Additionally, in June 2021, we expressed our support for the TCFD recommendations. Going forward, we will take up initiatives for reducing our environmental impact (reduced consumption of resources and energy, recycling, and appropriate management of chemical substances contained in products), keeping in mind not only compliance with laws and regulations and responding to customer requirements but also the transition towards a decarbonized society.

[5] Procurement BCP Initiatives

We carry out procurement BCP strategies as part of preparation for risks that could halt our business operations, including earthquakes, wind and flood damage, and other natural disasters, as well as new infectious diseases, fires, and power outages. We are working to minimize procurement risk by diversifying and decentralizing our sources of procurement, while asking our key suppliers to have their own BCP measures in place.

(2) Response to Globalization

The Proterial Group strives to establish a global procurement network across Europe, North America, and Asia, while expanding its procurement base. We are working to support the optimization of procurement activities overall while enhancing CSR risk management and increasing concentration and consolidation of purchasing across the Group. We have also set up Global Procurement Offices (GPOs) in three locations—Europe, Asia, and China—where we are promoting transparent procurement activities by choosing optimal suppliers from around the world, while at the same time strengthening governance at our overseas Group companies. As part of this, we started in fiscal 2019 to standardize procurement operation criteria for overseas Group companies, and in fiscal 2023 we applied these standards to the audits performed by GPOs and appropriate guidance was given for confirmation.

(3) Responsible Mineral Procurement

In July 2010, the United States enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), out of concern that minerals mined in the Democratic Republic of the Congo (DRC) and surrounding countries could become fund sources for armed groups, designating four minerals—tantalum, tin, tungsten, and gold (collectively “3TG”)—as conflict minerals. The region covered by the EU Conflict Minerals Regulation, passed in July 2017, was expanded to include Conflict-Affected and High Risk Areas (CAHRAs) when it came into force in January 2021. In recent years, there have been growing concerns about other aspects including serious human rights violations and environmental pollution, in addition to conflict. In the wake of such developments, the Proterial Group announced the Conflict Minerals Procurement Policy in September 2013 and the Proterial Group’s Policy for Responsible Supply Chain of Minerals in January 2023. The Proterial Group has clarified that it is working to ensure responsible procurement that does not contribute to conflict and human rights violations, and is accelerating efforts in coordination with industry groups to enhance the transparency of its supply chain.

To carry out responsible procurement, we conduct surveys using the Conflict Minerals Reporting Template (CMRT) and other tools published by the Responsible Minerals Initiative (RMI) to specify the countries of origin and smelters of the minerals used in the supply chain, and request suppliers to procure minerals from smelters that are compatible with the Responsible Minerals Assurance Process (RMAP). Up to now, no cases of armed groups being funded by or problematic uses of minerals have been found.

2. In Cooperation with Society and the Local Community

(1) Basic Approach

The Proterial Group pursues social contribution activities in fields such as sports promotion, environmental protection, social welfare, arts and culture, community activities, and support at time of disasters, to help develop communities around the world where the Group is active. We also work together with social welfare organizations and educational institutions to gain a sense of what communities want from the Proterial Group as we carry on with our activities.

Besides social contribution activities as a company, we support volunteer activities by employees through volunteer leave and a system of volunteer awards as part of our efforts to nurture a corporate culture that helps create a better society.

Proterial’s characteristic social contribution activities include support for Japan’s research into materials science and technology by supporting the Proterial Materials Science Foundation, which was established largely with funds willed by Dr. Kakunosuke Miyashita (a former Hitachi Metals vice president). We also contribute to the preservation of Japan’s traditional culture through our work with the operations of Nittoho Tatara, which was revived in 1977 by the Society for Preservation of Japanese Art Swords.

(2) Our Social Contribution Activities in Fiscal 2023

In fiscal 2023, the Proterial Group carried out social contribution activities totaling around 50 million yen*1, including donations offered mainly to disaster victims as well as a number of programs and sessions organized for sporting and other events, environmental protection activities, and factory tours. The main content of our contribution activities was as follows.

*1. This figure includes the calculated equivalent values of employees and company facilities required for activities.

[Our Social Contribution Activities in Fiscal 2023]

Classification	Category and description of activities	Company name and business site name
Social welfare	Donation to social welfare councils	Proterial, Ltd.
	Central Community Chest of Japan, Year-End Mutual Aid Fund	Proterial, Ltd. and domestic Group companies
	Participation in blood drives	Proterial, Ltd. and domestic Group companies
	Donations, mainly of food and clothing, to low-income families through charitable organizations; donations to welfare organizations.	Proterial Cable America, Inc.
	Sending employees to assist visually impaired massage therapists	Proterial Asia Pacific Pte. Ltd.
	Donations to families who have lost their homes to fire	Proterial Cable America, Inc.

Classification	Category and description of activities	Company name and business site name
	Support for activities of the local food bank (for providing free meals to low-income people and others)	Proterial Cable America, Inc PT. NEOMAX MAGNETIC TECHNOLOGIES INDONESIA
	Christmas gifts for low-income children	HC Querétaro, S.A. de C.V.
	Food and gifts to children with disabilities	Proterial Vietnam Co., Ltd
	Support for low-income students and assistance to farms suffering from labor shortages	Namyang Metals Co., Ltd.
	Support for elderly people	Pacific Metals Co., Ltd.
Health, medicine, sports	Support for athlete training programs hosted by the Olympic Committee through the Sports Promotion Fund; donations to the Rugby World Cup tournament	Proterial, Ltd.
	Sponsor of the Mie Prefecture Rubber Baseball Association Kuwana Branch Junior High School Baseball Pennant Tournaments	Kuwana Works, Proterial, Ltd.
	Sponsor of the Boys' Baseball Western Regional Tournament	Kuwana Works, Proterial, Ltd.
	Sponsorship of the Kumagaya Sakura Marathon	Proterial, Ltd. in Kumagaya District
	Donation to local competitions	Works of Proterial, Ltd.
	Company sports teams hosting sports clinics for elementary, junior high and senior school students	Works of Proterial, Ltd. and global Group companies
	Support for local sporting events and sports teams	Works of Proterial, Ltd. and global Group companies
Academic and research education	Support through Proterial Materials Science Foundation	Proterial, Ltd.
	Donation of education and research funds to universities	Proterial, Ltd. and overseas Group companies
	Visiting lecture programs and internships for local schools	Proterial, Ltd. and global Group companies
	Factory tours for schools and other groups	Works of Proterial, Ltd. and global Group companies
	Donation of office supplies to public schools	Proterial America, Ltd.
	Giving corporate information sessions at senior high schools	Works of Proterial, Ltd. and global Group companies
	Offering book coupons to Yasugi City (support for school library expenses)	Yasugi Works, Proterial, Ltd.
Culture and the arts	Sponsorship of a wind ensemble concert by a local junior high school club (providing citizens with an opportunity to enjoy enlivening and heartwarming music)	Yasugi Works, Proterial, Ltd.
Environment	Funding to forest preservation activities (support for municipal forest development programs)	Yasugi Works, Proterial, Ltd.
	Tree planting activities	Proterial Vietnam Co., Ltd.
	Cleaning activities in areas near business offices	Works of Proterial, Ltd. and global Group companies
	Participation in the Miyagino-Tagajo Eco Forum	Tohoku Rubber Co., Ltd.
	Green curtain activities	Santoku Corporation, works of Proterial, Ltd. and Group companies
	Donation in kind for coral reef protection	San Technology, Inc.
	Participation in fringed water lily planting activities in the Lake Kasumigaura water purification project	Proterial Metals, Ltd. (Tsuchiura)
	Participation in the Tottori Sand Dunes Cleanup organized by Tottori City	Proterial Ferrite Electronics, Ltd.
Community activities, preservation of historical sites and traditional culture	Assistance to farms suffering from labor shortages	Namyang Metals Co., Ltd.
	Supporting operations of Nittoho Tatara	Yasugi Works, Proterial, Ltd. Proterial Yasugi, Ltd.
	Organizing the Proterial C.C. Festa	Ibaraki Works, Proterial, Ltd.
	Sponsorship of regional festivals and sporting events	Works of Proterial, Ltd. and global Group companies
	Donation to the Japan-Korea exchange festival	Proterial Korea Co., Ltd.
Disaster area support	Support for victims of the 2024 Noto Peninsula Earthquake	Proterial, Ltd.

Classification	Category and description of activities	Company name and business site name
Urban development and Disaster prevention	Opening of facilities to local events	Works of Proterial, Ltd. and domestic Group companies
	Participation in the firefighting competition hosted by Kitakyushu City Disaster Prevention Association Wakamatsu Branch	Proterial Wakamatsu, Ltd.
Opening of facilities	Opening of sports grounds, gymnasias, tennis courts, welfare facilities, parking lots, etc. to local communities	Works of Proterial, Ltd. and domestic Group companies
Other (donation, etc.)	Sponsorship of various organizations, including the Proterial Foundation	Proterial, Ltd. and global Group companies



Sponsored the Kumagaya Sakura Marathon (Proterial, Ltd. in Kumagaya District)



Wind ensemble concert by a local junior high school club (Yasugi Works, Proterial, Ltd.)



Supported tatara operations (Yasugi Works, Proterial, Ltd. Proterial Yasugi, Ltd.)



Participation in the firefighting competition hosted by Kitakyushu City Disaster Prevention Association Wakamatsu Branch (Proterial Wakamatsu, Ltd.)



Donated part of the proceeds from sales to the social welfare council (NEOMAX KYUSHU Co.,Ltd.)



Kanda Town Fureai Marathon (Kyushu Techno Metal, Ltd.)



Distributed Christmas gifts to children
(HC Querétaro, S.A. de C.V.)



Assistance to farms suffering from labor shortages
(Namyang Metals Co., Ltd.)

3. Responsibility to Employees

(1) Labor and Management Relations

Proterial sincerely addresses common management-labor issues, respecting the basic rights and responsibilities of each, built on a “foundation of mutual trust.” The Company provides full explanations of management policies, business plans, management measures, etc., at various meetings, while at the same time listening to feedback from the employee union as the Company management works for the rapid implementation of various corporate measures. We will advance and deepen our labor-management relations by building a labor and management structure that corresponds to the business unit system and by fostering closer communication. The employee unions of Proterial Group companies have formed a union council, using the forum to periodically exchange opinions and clarifying Group management policies and plans, enhancing mutual understanding.

(2) Promoting Diversity

Proterial considers diversity and inclusion to be important management strategies, and is pursuing various measures, while diversifying executive decision making levels, based on the belief that “resolutely implementing diversity management will increase corporate value.”

[1] Promoting the participation and advancement of women in the workplace

In particular, we are actively implementing measures to promote the participation and advancement of women in the workplace, based on our management’s firm commitment regarding this issue as an important theme in diversity promotion.

[Policy on promoting the participation and advancement of women in the workplace]

- 1) Setting targets for the ratio of women among newly hired graduates (technical positions: 10%, administrative positions: 40%)
- 2) Enhancing support for retention (career support, awareness-raising for those in management-level positions, networking among women in career-track positions, etc.)
- 3) Systematic promotion of female employees (target ratio for women in management-level positions: 5.0% in fiscal 2030)

In May 2020, in recognition of the above efforts, the Company was certified as an excellent employer with respect to women’s empowerment (generally referred to as the Eruboshi certification) based on the Act on the Promotion of Women’s Active Engagement in Professional Life. Going forward, we will encourage male employees to take child care leave, as part of our continued efforts to create an environment where each individual can thrive.

**[Results Related to Promoting the Participation and Advancement of Women in the Workplace*1]
(non-consolidated)**

Item		Classification		FY2021	FY2022	FY2023	
Related to job satisfaction (providing female workers with career opportunities)	Percentage of women out of all new hires	Career track	Technical	---	6.3%	8.3%	
			Non-technical	---	35.7%	14.4%	
		Non-career track	Direct	---	34.7%	0%	
			Indirect	---	4.9%	30.3%	
	Percentage of women out of all employees	Career track		5.3%	5.8%	5.7%	
		Non-career track		12.7%	13.8%	13.0%	
	Percentage of women out of those at the level of subsection chief	Ratio of women at the level of subsection chief		8.9%	10.6%	11.6%	
		Number of women at the level of subsection chief		52	55	61	
		Total number of employees at the level of subsection chief		582	517	525	
	Percentage of women out of those in managerial positions	Ratio of women in managerial positions		1.8%	2.2%	2.4%	
		Number of women in managerial positions		20	24	29	
		Total number of employees in managerial positions		1,087	1,092	1,189	
	Percentage of women out of all executive officers	Ratio of female executive officers		6.3%	4.3%	0%	
		Number of female executive officers		1	1	0	
		Total number of executive officers		16	23	24	
	Percentage by gender of those promoted to the level of section manager during the recent three fiscal years	Male		10.1%	10.3%	10.5%	
		Female		5.3%	7.9%	7.1%	
	Number by gender of those re-employed or mid-career hires	Re-employment	Male	---	0	2	
Female			---	1	0		
Mid-career employment		Male	100	82	94		
		Female	19	12	14		
Related to gender pay gap	Gender pay gap	All employees		---	71.2%	71.8%	
		Regular employees (of the above)		---	75.3%	75.4%	
		Non-regular employees (of the above)		---	74.2%	73.5%	
Related to employee-friendly environment (creating a work environment that supports work-life balance)	Average service years by gender	Career track	Technical	Male	18.5	18.7	18.9
				Female	8.2	8.7	9.1
		Non-career track	Non-technical	Male	23.5	24.1	22.9
				Female	10.4	10.0	10.0
		Non-career track	Direct	Male	19.8	19.5	19.9
				Female	19.9	20.9	21.7
	Non-career track	Indirect	Male	24.7	24.9	24.9	
			Female	22.0	21.8	21.2	
	Child care leave uptake rate by gender	Regular employee	Male	8.7%	9.1%	16.9%	
			Female	100%	100%	100%	
	Paid annual leave uptake rate	Regular employee		76.0%	73.0%	77.0%	
Average number of paid days-off taken per person	Regular employee		15.2	14.6	15.4		

*1. The disclosure above is made for major items selected from among those listed in the Ministry of Health, Labour and Welfare's Database on Promotion of Women's Participation and Advancement in the Workplace.

[2] Promoting Employment of People with Disabilities

The Proterial Group began to commit to employment of people with disabilities early on, and has been supporting disabled persons with becoming socially and economically independent. In 1998, we established Hallow, Ltd. (currently Proterial Hallow, Ltd.), the second to become a certified special subsidiary in Saitama Prefecture. For these activities, we have gained high marks, including awards, from local communities.

Meanwhile, Proterial Yasugi, Ltd. runs a program to encourage supervisors to acquire the qualification for assisting co-workers with disabilities on site, while building a substantial track record of actively hiring people with disabilities through job centers, independent living support centers, special needs schools, and “Hello Work” Public Employment Security Offices. In fiscal 2023, the employment ratio of people with disabilities for Proterial (non-consolidated) in Japan was 2.46%, exceeding the legally required ratio of 2.3%. We plan to continue working to further expand employment throughout the Proterial Group.

[3] The Act on Advancement of Measures to Support Raising Next-Generation Children, and the Act on the Promotion of Women’s Active Engagement in Professional Life

Starting from fiscal 2008, Proterial has established a child allowance benefit for employees as a policy for supporting the development of the next generation, strengthening our support of employees who are raising children.

In 1992, the Company was also one of the first companies to adopt a system to reemploy individuals who had to give up their jobs due to childbirth or home care, demonstrating once again our proactive and forward-thinking policies. With regard to leave related to care for family members including children and the elderly, we have created and improved a number of programs to support employees with addressing various family responsibilities without worrying about job security. For example, the period of child care leave has been extended, with a limit of three years, to the end of the month in which a child completes the first year of elementary school, which was started in fiscal 2018, and from fiscal 2022, child care leave can be divided into separate terms, while a child birth leave was newly created in the same year. For employees taking family care leave, we provide an amount equivalent to 50% of their salary as family care leave benefits during the relevant leave of absence. In addition, we provide employees with generous conditions in terms of the scope and period of leave that exceed the requirements under the revised Child and Family Care Leaves Act. As such, employees can take leave for a variety of reasons: nursing care, child care, or to look after their parents, spouse, same-sex partner, or the parents of their spouse or same-sex partner.

[Number of Employees Using Work-Life Balance Support Systems]

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees taking child care leave	27	32	41	49	53	66
Number of employees using shorter working hours for child care leave	45	55	46	45	52	41
Number of employees taking family care leave	2	5	2	1	1	5
Number of employees using shorter working hours for family care	1	1	1	6	1	0

(3) Number of employees using shorter working hours for family care

[1] Action to Eliminate Work Accidents

The Proterial Group’s safety record for 2023 in Japan reveals: no fatal injuries at Proterial or its consolidated Group companies; and three and six injuries involving lost working time respectively at Proterial and its consolidated Group companies. The combined total number of injuries including those not involving lost working time reported by Proterial and the consolidated Group companies declined by seven year on year to 43. The incidence of injuries sustained by inexperienced workers (with less than three years’ experience) was still high, accounting for more than 40% of the total. We reported no fatal or severe injuries that are classified at the 7th or higher grade of disability, achieving a zero-injury record.

In fiscal 2024, we will continue with occupational health and safety activities throughout the entire Proterial Group, under the slogan of “each individual making sure to follow the principle that ‘safety and health are our overriding priority.’” For promoting activities to eliminate work accidents, we have specified four priority issues: 1) eliminate major accidents; 2) build a culture of safety; 3) prevent work behavior-related injuries; and 4) create healthy workplaces through health management.

[Frequency of Occupational Injuries]

	2019	2020	2021	2022	2023
All industries	1.80	1.95	2.09	2.06	2.14
Manufacturing Industry	1.20	1.21	1.31	1.25	1.29
Steel Industry	0.89	0.87	0.90	0.98	0.81
Proterial Group	0.27	0.23	0.30	0.45	0.33

[2] Promoting Everyone's Mental and Physical Health

We actively support health management that promotes good mental and physical health.

To promote physical health, we recommend that all employees undertake a secondary checkup following their regular medical examination, and we focus on lifestyle diseases and other health guidance. Regarding mental health, the stress check system is implemented every year. In addition to encouraging individuals to pay attention to their own mental health, we strive to improve the work environment through groupwide analysis of the stress check results.

(4) Human Resources Training

[1] Basic Approach

Bearing in mind the Vision (our future ideal) of "leading sustainability by high performance," Proterial is striving to grow its business globally. To grow as a global company amid turbulent market conditions, we need to cultivate human resources who can constantly develop and put on the global market products that are original. Our approach to our people is encapsulated by the phrase of "Wa sureba tsuyoshi" (united by respect), our fundamental spirit since the inception of our company. Based on this philosophy, we continuously endeavor to develop people who will be recognized as leading experts in the industry, continuing to take on new challenges on their own, and capable of creating results that exceed global expectations. This is essential to creating a workforce made of strong individuals and different personalities and demonstrating effective teamwork.

We support our employees in developing their expertise so that they become an efficient workforce who can actively seek out challenges and take action to achieve success or solve problems, as well as being shining examples for the Company.

[2] Training and Education Systems

We are building a personnel education system that links three elements: OJT, a personnel system that supports OJT, and OFF-JT for training, etc. OFF-JT training, etc., in planning fields sets personnel targets and requirements based on Proterial's corporate philosophy, plans training to match requirements, and implements training accordingly. We have formulated a training system by job category for management, planning/administration, technical, sales, non-career track, and global operations.

[3] Developing the Next Generation of Human Resources

In the interest of sustainable corporate growth, we are deliberately cultivating the next generation of human resources who will take responsibility for operations on a global scale.

1) Cultivating the next generation of human resources

We have formulated a plan for cultivating the personnel who will take responsibility for the Company in the next generation, and are conducting regular employee rotations, challenging assignments, and OFF-JT training programs. We also support employees who study abroad to earn an MBA.

2) Cultivating local management personnel at each location

At Group companies outside Japan, we are supporting efforts to cultivate locally hired personnel, with an emphasis on future executive candidates. We are also proceeding with measures to cultivate such personnel and promote them to positions of responsibility.

3) Developing succession plans for major positions

We are preparing succession plans (including redefinition of major positions) for all Group companies inside and outside of Japan by reviewing past activities to carry out reorganization (ongoing).

(5) Employee Benefits and Welfare

To make the lives of employees and their families more affluent and stable, Proterial offers a comprehensive range of measures to support them. These include housing support systems such as providing dormitories and housing allowances, as well as asset-building savings and group insurance.

As one of the employee benefits and welfare initiatives to support self-help efforts and the independence of employees, in 2003, the Company implemented the “Cafeteria Plan System” (selective benefit and welfare system), and began to offer a range of options to meet the different lifestyles and needs of individual employees. The lineup has been expanded to deal with ability and skill development, child rearing, family care, health development, and preparation of a remote work environment, in addition to such conventional benefits as dormitories for single employees and company-run houses and the provision of medical services for employees. Each employee can choose the type of support they desire, when necessary, based on “Cafeteria Points” they have earned.

(6) Life Plan Support

In this time of declining birthrate and an aging population, and as lifestyles in old age become more diversified, having a definitive life plan is becoming more and more important. Proterial provides its employees with basic information essential to life planning after retirement (retirement benefits, company pension, welfare pension, health insurance, employment insurance, etc.).

(7) Composition of Employees

	FY2018 (As of the end of March 2019)	FY2019 (As of the end of March 2020)	FY2020 (As of the end of March 2021)	FY2021 (As of the end of March 2022)	FY2022 (As of the end of March 2023)	FY2023 (As of the end of March 2024)
Number of employees	7,067	7,022	6,623	5,889	5,754	5,759
Male	6,215	5,826	6,215	5,068	4,927	4,931
Female	807	797	807	821	827	828
Ratio of female employees (%)	11.2	11.5	12.0	13.9	14.4	14.4
Average age (years)	43.1	43.5	43.4	44.2	44.4	45.0
Average service (years)	18.4	18.8	20.1	19.2	19.2	20.5
Number of female managers	19	19	19	20	24	29
Employment rate of people with disabilities	2.21	2.26	2.27	2.36	2.42	2.46

4. Respect for Human Rights and Compliance with International Norms

The Proterial Group stipulates respect for human rights in both the Proterial Group Codes of Conduct and the supplementary Proterial Group Human Rights Policy. Our basic stance is to respect and work to refrain from infringing on the rights of all persons involved in our business operations. The Proterial Group Human Rights Policy was established in January 2023 as a result of revising the Hitachi Metals Human Rights Policy, which was formulated in December 2013. This Policy recognizes the human rights stated in the International Bill of Human Rights and the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work as the minimum levels of these rights. Our policy clearly states that the Proterial Group pursues measures to observe the international principles of human rights. Specifically, we will implement human rights due diligence and appropriate education based on the UN Guiding Principles on Business and Human Rights, while strictly observing the laws of the regions and countries in which we do business. We put the Proterial Group Human Rights Policy into practice, and are continuously working on initiatives such as raising the awareness of our officers and employees, and establishing hotlines to promote the creation of a corporate culture in which human rights abuses do not occur.

We regularly utilize e-learning to conduct human rights education and training at each employee level, in order to systematically raise awareness of human rights. In addition, we have established various harassment hotlines, in order to incorporate the Proterial Group Human Rights Policy into all of our activities.

As our business activities expand rapidly on a global basis, we will continue to enhance human rights awareness and support measures to prevent the occurrence of human rights abuses based on differences in religion or nationality, the presence or absence of disabilities, gender, or other factors. Also, we established the Human Rights Risk Management Committee in April 2021 as part of our efforts to strengthen global human rights risk management. The Committee is conducting activities with a focus on issues related to forced labor and immigrant labor.

5. Information Disclosure to Stakeholders

To earn trust as a highly transparent “open firm,” Proterial is actively promoting information disclosure.

To this end, we are enhancing information communication tools, such as The Proterial Report (Integrated Report) published to deepen understanding among stakeholders about how we use our strengths to facilitate customer value creation while achieving sustainable growth, and web news releases to post updates and details of our activities regularly.

VII. Report on Governance Aspects

1. Overview of Corporate Governance

(1) Details on corporate organs

Following the capital restructuring by the new partners in the form of a consortium of companies led by Bain Capital in January 2023, Proterial laid out a policy of utilizing the new partners' financial strength, knowledge, and expertise within the Company's management to make large-scale investments and implement reforms in response to changes in the market environment. With the aim of making decisions and implementing management strategies based on this policy more quickly and flexibly, our company has established a corporate governance system as a Company with Audit & Supervisory Board. The details of each organ are as follows.

[1] Board of Directors

The Board of Directors is established to make decisions on the Company's business execution and supervise the execution of duties by Directors and Executive Officers, and holds the authority to decide matters provided in the Articles of Incorporation of the Company and the Board of Directors Rules as well as in laws and regulations. The Board of Directors consists of the following six Directors.

Position	Person
Representative Director	Sean M. Stack
Representative Director	Kazuya Murakami
Director	Yuji Sugimoto
Director	Masashi Suekane
Director	Joseph Robbins
Director	Hidemi Moue

[2] Auditor

The Auditors audit the execution of duties by the Directors. In doing this, the Auditors abide by the audit policies established by the Audit & Supervisory Board, and attend Board of Directors and other important meetings. The position of Auditor is held by the following three persons (two of whom are Outside Auditors), who together form the Audit & Supervisory Board.

Position	Person
Full-time Auditor	Masakatsu Hibata
Auditor (part-time)	Shunsuke Nakahama
Auditor (part-time)	Takumi Yoshikawa

[3] Executive Officer

Along with introducing an Executive Officer System, the Company has established the Executive Committee to ensure that the Representative Director, who consecutively serves as President and CEO, makes decisions on and executes business operations in compliance with laws and regulations and the Articles of Incorporation, as well as more efficiently. Important matters regarding decisions on business operations delegated to the Representative Director, who consecutively serves as President and CEO, by the Board of Directors are first deliberated by the Executive Committee, which is composed of Executive Officers ranked Managing Executive Officer or above. Following these deliberations, the President and CEO makes a decision.

The Company has defined diversity ratios at the executive level positions as key management indicators. As of October 1, 2024, it has 17 Executive Officers, comprised of one woman, two foreign nationals, and eight career hires. Based on the above composition from which overlaps are removed, the diversity ratio is 47.1%.

[Executive Officers (as of October 1, 2024)]

Person	Title and Responsibilities
Sean M. Stack	Representative Director, Chairman, President and CEO
Kazuya Murakami	Representative Director, Executive Vice President
Tony I. Cha	Managing Executive Officer, CFO, General Manager, Finance Division
Yutaka Nakashima	Managing Executive Officer, CHRO
Yuko Nakahira	Managing Executive Officer, General Manager, Specialty Steel Business Unit
Hisaki Masuda	Managing Executive Officer, CSPO, General Manager, Strategy Planning Division
Ryoichi Aita	Executive Officer, CQO, General Manager, Corporate Quality Assurance Division
Randy Ahuja	Executive Officer, Proterial, Ltd.; Director & President, Proterial America, Ltd.; Chairperson, Proterial Europe GmbH
Yoshihiro Ammo	Executive Officer, CIO, & CDO
Katsura Ishikawa	Executive Officer, General Manager, Marketing & Sales Division
Hiroaki Inuyama	Executive Officer, GC, CLO, & CRCO, General Manager, Legal Division
Toru Taniguchi	Executive Officer, General Manager, Manufacturing & Engineering Division
Natsuki Tokubuchi	Executive Officer, CTrO
Kenji Minegishi	Executive Officer, General Manager, Magnetic Materials Business Unit
Hajime Murakami	Executive Officer, CTO, General Manager, Research and Development Division, General Manager, Global Research and Innovative Technology Center
Motohide Mohri	Executive Officer, CCO, SS
Toru Yamamoto	Executive Officer, Chairperson & President, Proterial (China), Ltd.

CEO: Chief Executive Officer

CFO: Chief Financial Officer

CHRO: Chief Human Resources Officer

CSPO: Chief Strategy & Planning Officer

CQO: Chief Quality Officer

CIO: Chief Information Officer

CDO: Chief Digital Officer

GC: General Counsel

CLO: Chief Legal Officer

CRCO: Chief Risk Control Officer

CTrO: Chief Transformation Officer

CTO: Chief Technology Officer

CCO: Chief Commercial Officer

[Diversity ratios at the executive level positions (women, foreign nationals, career hires)]

	March 2023		March 2024		October 2024 ^{*2}	
	Number of persons	Ratio	Number of persons	Ratio	Number of persons	Ratio
Woman	1	6.7%	0	0.0%	1	5.9%
Foreign national	2	13.4%	3	20.0%	3	17.6%
Career hire	4	28.6%	6	40.0%	8	47.1%
Executive Officers applicable ^{*1}	5	35.7%	6	40.0%	8	47.1%
Total number of Executive Officers	14	—	15	—	17	—

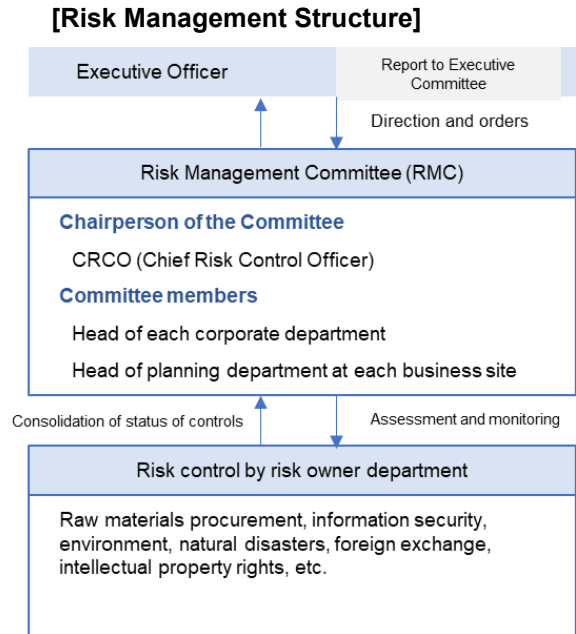
*1. The overall diversity ratio is calculated with overlaps removed in case of more than one diversity item applicable to any single Executive Officer.

*2. As of October 1, 2024

2. Risk Management

The Group has established a Risk Management Committee (RMC) under the supervision of the Chief Risk Control Officer (CRCO) executive officer. The function of the RMC is to identify various risks surrounding the Group, and comprehensively manage risks by summarizing the status of controls against those risks and assessing and weighting the degree to which they may manifest and their level of impact. Risks related to climate change identified by the Group Environmental Committee, corporate departments, and business units are reported to the RMC together with other risks as one of the risks related to environmental regulations. The RMC meets twice a year to share the status of risk controls and related monitoring results, and to report to the Executive Committee.

To ensure the above functions work effectively, we organize an appropriate structure by appointing a Group risk control officer to supervise the Group's overall compliance activities while assigning the risk manager and the compliance manager at each business units and group company so that individual organizations will address compliance issues on their own. These functions cooperate with other corporate divisions to resolve socially important issues such as human rights and environmental problems.



3. Compliance

(1) Basic Approach

To foster a deeper understanding of compliance, the Company has prepared and distributed the CSR Guidebook to all officers and employees of the Proterial Group, and provides compliance education in online and e-learning formats on a regular basis. In addition, the Company has set October of each year as Corporate Ethics Month, and holds compliance lectures delivered by outside instructors, primarily for employees in management-level positions, as well as various other programs to cultivate an awareness of compliance.

(2) Compliance Education Activities

[1] Corporate Ethics Month

To thoroughly instill compliance, we designated October 2023 as Corporate Ethics Month, as in past years, and carried out the following measures, in addition to conducting compliance training.

- i) The "President's Message for Corporate Ethics Month," prepared in his own words to call for adherence to compliance, was distributed online and by other methods to officers and employees in the Group.
- ii) We held compliance lectures (led by outside instructors) for those in management-level positions. (Target: executive officers and other management executives; general managers or equivalent positions at the head office or regional offices; works managers; and Group company presidents)
- iii) We distributed workplace compliance education materials for use in the workplace during morning assemblies and departmental meetings.

[3] Compliance Training

Each year, the Compliance Department conducts compliance training for officers and employees of the Proterial Group. This training covers compliance with the Codes of Conduct and competition laws and regulations, prevention of acts of bribery, prevention of transactions with antisocial forces, and the whistleblowing system. Training related to compliance was included in the curriculum for new employees and in education for specific levels and positions, etc.

Type	Contents	Target employees
Education for all members	Compliance training	Proterial Group employees
	Compliance lectures for employees in management-level positions (led by outside instructors)	Executive Officers and general managers at the head office or regional offices
Education for new hires	Orientation for new hires	New hires
Education for mid-career hires	Training for mid-career hires	Mid-career hires
Education for specific levels and positions	Training for newly promoted managers	Newly promoted line managers
	Training for employees on overseas assignment	Employees on overseas assignment

(3) Compliance Audits

The Internal Auditing Office conducted internal audits of all offices. The Compliance Department joins this audit activity in order to conduct compliance audits to check whether there is any suspicion of practices that violate either laws or company rules.

Also, the Group companies conducted self-audits of their compliance.

(4) Basic Approach and Development Status Regarding Elimination of Antisocial Forces

Our policy is to take a resolute stance against antisocial forces that pose a threat to the order and safety of civil society, and cut off all ties with them. The following systems have been put in place to ensure the efficacy of this policy.

- [1] The Compliance Department will address risks involving antisocial forces, and an officer and a person in charge will be appointed for each business site. These people will collect and provide risk-related information, and explain response procedures for risk scenarios.
- [2] To ensure close liaison with the Tokyo Metropolitan Police Department and other police departments with jurisdiction, as well as with external agencies like Tokubouren, we will keep up visits and other links to build up information on antisocial forces. If there is the possibility of harm from such forces, we will promptly notify these agencies, consult with them, and act in partnership with them.
- [3] To eliminate antisocial transactions, we will work to strengthen rules on the prevention of such transactions, establish a system for the Compliance Department to scrutinize new trading partners in each division, and introduce clauses for the elimination of gang activity into contracts and transaction terms. The Compliance Department will conduct internal audits to confirm the state of compliance.
- [4] To raise awareness among employees on how to handle antisocial forces, the Company distributes the CSR Guidebook which declares, “We absolutely refuse all contacts and demands from antisocial forces and groups,” and strives to familiarize all employees with the declaration.

(5) Export Controls

In its Codes of Conduct, Proterial sets “Obey the law and walk the path of virtue” as the basis of its actions. Accordingly, our basic policy on export controls is to “Strictly observe export-related laws and contribute to the maintenance of international peace and security,” and under this policy, we formulated and resolutely apply a compliance program that includes Rules on Security Export Controls. Specifically, we scrutinize the destination countries and regions, applications, and customers of all exported goods and technologies as we perform procedures on the basis of relevant laws. We guide global Group companies in enacting export control rules and establishing systems to ensure that they control exports appropriately, in line with the policy. We also provide educational assistance and perform internal audits.

Proterial will make exhaustive efforts to carry out our social responsibility for the maintenance of international peace and security in the future.

In fiscal 2023, the Proterial Group committed no major violations of export controls.

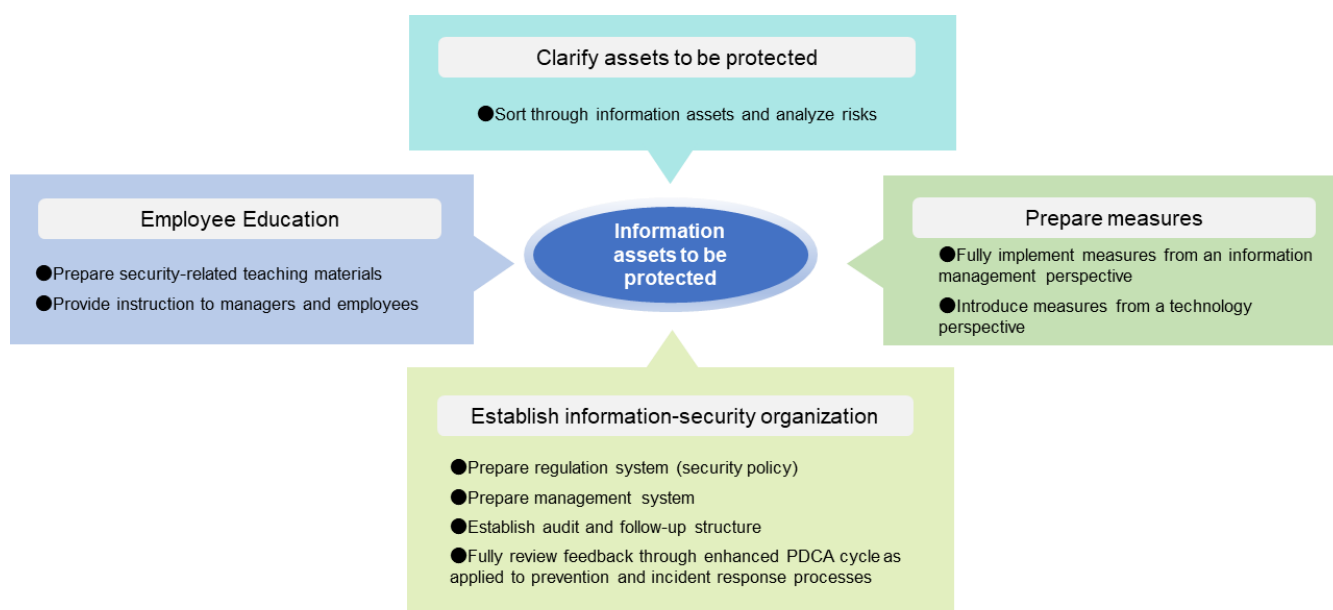
4. Information Protection and Management

(1) Basic Approach

The environment surrounding corporate information security has recently undergone a significant transformation. This situation is posing a number of pressing issues for businesses to address, such as large-scale cyberattacks, economic security, and many governments tightening personal information protection laws, including the EU’s General Data Protection Regulation (GDPR).

At the Proterial Group, we recognize that it is our important corporate social responsibility to appropriately manage, protect and utilize confidential information provided by our customers and business partners, our proprietary technology information, and personal and other information we hold (hereinafter “information assets”). Based on this recognition, the Group formulated the Basic Policy of Information Security (presently Information Security Policy) in April 2004. We have subsequently developed related rules and internal structures, thus promoting information security activities on an ongoing manner. After the departure from the Hitachi Group in January 2023, we are promoting the Proterial Group’s information security management independently.

[Basic concept of information asset protection]



(2) Classifying Information Assets to Be Protected

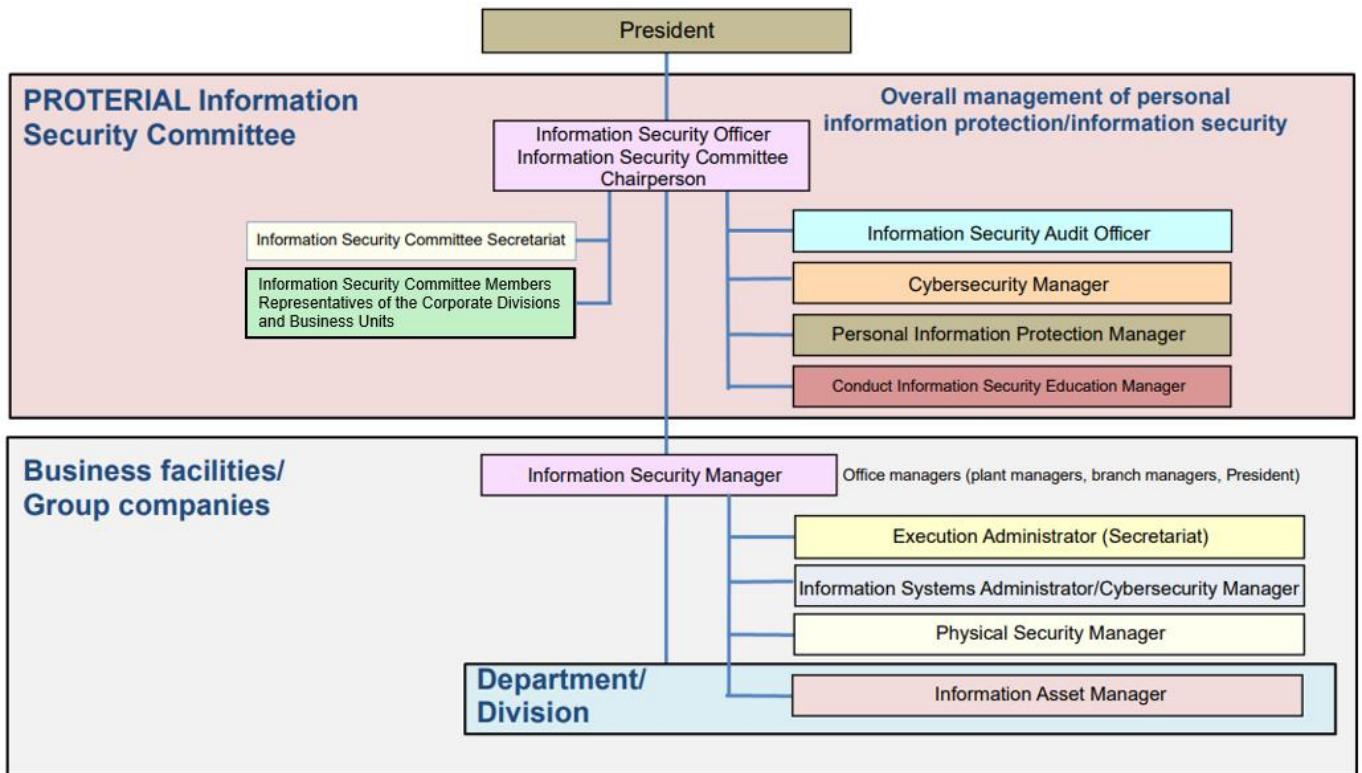
In order to classify information assets to be protected, the Proterial Group conducts information security self-audits every year, chiefly to identify information assets and analyze related risks. In fiscal 2022 and 2023, we omitted the self-audit due to reviews made on the information asset management methods and related rules in response to the departure from the Hitachi Group. We are planning to resume the practice from fiscal 2024.

(3) Establishing Information Security Management System

The Proterial Group recognizes promoting information security activities as an important management issue, and has thus established the Group’s information security management system based on our General Rules for Information Security Management, which set forth the formation of the Information Security Committee chaired by the Information Security Officer reporting directly to the President. In order to confirm effective application of the system to information security activities, the Information Security Audit Officer is appointed to be responsible for a range of tasks to establish audit follow-up procedures and enhance PDCA activities for prevention and recurrence prevention processes for thoroughgoing feedback. This way, we have engaged in information security activities in a sustainable fashion.

In response to the needs of the times, the Information Security Committee has been reinforced, principally by appointing a Cybersecurity Manager in 2017 to address the growing threats of cyberattacks, and a Privacy Protection Manager in 2020 to cope with privacy-related risk and compliance issues.

[Proterial Group Information Security Management Structure (conceptual scheme)]



(4) Preparation of Measures

Proterial has systematically implemented measures against external risks such as targeted attacks and other unauthorized access and computer viruses, internal risks such as the unauthorized removal, loss, or theft of confidential information from the Company or the sending of e-mails to unintended recipients, and other risks including natural disasters.

In a bid to reduce the above-stated risks that may cause information leakage, we carry out both managerial measures and technical measures.

Managerial measures implemented on an ongoing basis include: inspecting the personally owned PCs and devices of all employees who have a Group e-mail address to find and delete business information; requiring the employees to submit, through the website, a written pledge not to retain business information in their personally owned PCs and devices; and ensuring that employees understand and observe the rules of managing smartphones and other mobile devices for preventing the loss of such devices.

Major technical measures include: introducing a filtering system to monitor all e-mails sent externally for preventing external leaks of information assets; and installing erroneous transmission prevention software on all business PCs of the Proterial Group as a countermeasure against the sending of e-mails to unintended recipients. Following the departure from the Hitachi Group, we have implemented measures against cyber attacks, principally by installing EDR and WAF software, building the SASE platform, and implementing a 24/7 cybersecurity surveillance system to protect from external threats.

Also, as the new organization resulting from the departure in January 2023, we employed external consulting services between April and August in 2023 to receive evaluations on information security systems and support with addressing issues identified, in a bid to promote information security measures suitable to the era of digitalization.

(5) Employee Education

Each year, the Company provides information security education for all employees (including temporary staff, etc.) who use IT equipment in the Proterial Group. This education is designed to instill an understanding of rules related to the use of IT equipment for business and the handling of information assets. In order to improve capabilities to protect from targeted e-mail attacks, which have been becoming ever more sophisticated and posing a growing threat of ransomware infection, relevant training is run on an ongoing basis to raise the security awareness of individual employees. In February 2024, a company-wide drill was carried out.

(6) Protection and Respect for Intellectual Property

Proterial practices the principle set forth in its Codes of Conduct that reads: “We will protect our own intellectual property, respect third-party intellectual property, and use both effectively for smooth business operations.”

Specifically, to appropriately protect and effectively apply intellectual property created in such processes as research, development, and manufacturing, Proterial acquires the rights to inventions, ideas and designs created by employees in the course of their work, in accordance with the Company’s rules, which have been established through legally stipulated procedures. With the global expansion of our business, we acquire and maintain the rights to these creations as intellectual property rights inside and outside Japan, forming assets that will support the sustainable growth of the Proterial Group. We take appropriate action against infringements of our intellectual property rights, including exercise of our rights through legal action.

At the same time, we strive to prevent infringements of the intellectual property rights of others and smoothly advance our business. To that end, we investigate the intellectual property rights of others globally, in advance of all stages of research, development, design, etc., for new products and technologies, in accordance with Proterial’s rules. If that investigation reveals a need to use the intellectual property rights of others, we acquire the necessary licenses.

We also provide our employees with ongoing education and training about intellectual property, to instill awareness of the protection and respect of our intellectual property rights and those of others.

About This Report

Purpose

This report is published for the purpose of comprehensive disclosure of the Proterial Group's basic approach to sustainability and the content of its related activities. The main activities for fiscal 2023 are detailed in The Proterial Report 2024 (Integrated Report). The Proterial Report 2024 (Integrated Report) is available from the Company's website at:

https://www.proterial.com/e/sustainability/integrated_report/2024.html

Publication Date

November 15, 2024

The Scope of This Report

Period covered:	The report focuses on fiscal 2023 (April 1, 2023 to March 31, 2024). (Indicated figures for personnel, etc. are as of the end of each fiscal year, in principle.)
Organizations covered:	Proterial, Ltd. and consolidated subsidiaries
Scope of recorded data:	Finance Proterial, Ltd., consolidated subsidiaries, and equity method companies Social Unless stated otherwise, Proterial, Ltd. Environment The extent of the data collected by the Proterial Group on environmental impacts is described later.
Major changes occurring within the reporting period:	Proterial transferred all membership interests of Ward Manufacturing, LLC and Waupaca Foundry, Inc. in February and March 2024, respectively, resulting in both companies being excluded from its consolidated subsidiaries.

Underlying Guidelines

GRI Standards (Global Reporting Initiative)

ISO 26000:2010 (International Organization for Standardization)

Disclaimer

This report contains forward-looking statements and descriptions of plans, estimates, and projections, as well as current and historical facts about the Proterial Group. Such statements and descriptions reflect our current assumptions and expectations of future events based on information available when this report was prepared. Accordingly, they are inherently susceptible to uncertainties and changes in circumstances, and future performance and events may differ.

(Appendix) Site Data

[Materials Flow at Major Domestic Manufacturing Sites in the Proterial Group in Fiscal 2023]

Classification	INPUT				OUTPUT									
	Raw materials, etc. *1 [t/year]	Energy consumption [crude oil kl/year]	Water [thousand m3/year]	PRTR chemical substances [t/year]	Emissions [t/year]	CO2 *2 [t/year]	Sox *3 [t/year]	Nox *3 [t/year]	BOD *3 [t/year]	COD *3 [t/year]	PRTR emissions *4 [t/year]	Transferred amount of PRTR *4 [t/year]	Drainage [thousand m3/year]	Main Discharge Destinations
Moka Works	44,989	24,577	324	126	27,957	44,426	0.0	2.1	0.6	0.0	4.5	32.2	241	Kinugawa River
Kuwana Works	14,559	13,753	420	9	9,427	32,279	0.9	3.2	0.0	0.1	2.4	3.0	420	Inabegawa River
Yasugi Works	108,862	125,835	4,950	14,857	44,097	269,426	18.3	184.3	0.8	10.6	0.5	374.8	4,840	Nakaumi Lake
Okegawa Works	4,304	16,208	321	1,095	1,262	29,872	0.2	8.2	5.0	4.0	1.9	2.3	292	Arakawa River
Kumagawa Magnetics Works	9,632	21,925	566	141	1,081	39,456	0.6	0.0	12.1	3.2	7.0	3.4	609	Arakawa River
Yamazaki Works	265	2,911	69	6	660	5,660	0.0	0.0	0.2	0.2	0.0	4.9	55	Sewerage
Metglas Yasugi Works	30,097	8,977	0	2	684	17,501	0.0	0.0	0.0	0.0	0.0	0.0	0	Nakaumi Lake
Ibaraki Works	133,452	30,275	1,511	2,107	7,118	55,302	0.2	2.5	17.4	15.3	31.7	73.4	856	Pacific Ocean Kazu sawagawa River, Juo River
Kyushu Techno Metal, Ltd.	8,328	18,504	112	1,090	5,477	39,344	0.0	1.2	0.0	0.7	4.3	20.7	46	Seto Inland Sea
Proterial Yasugi, Ltd.	*5	*5	11	5,749	1,209	*5	0.2	0.4	0.0	0.0	0.0	1.8	2	Nakaumi Lake
Proterial Precision, Ltd.	2,486	7,493	16	2,110	3,446	15,335	0.0	1.6	0.0	0.0	0.0	6.2	3	Nakaumi Lake
Proterial Metals, Ltd.	33,458	30,589	494	1,784	14,918	57,084	0.0	3.0	1.8	1.0	0.8	21.1	398	Sewerage Yoneshirogawa River Kasumigaura
Proterial Wakamatsu, Ltd.	38,634	24,844	126	730	39,306	54,529	0.0	10.3	0.0	0.0	0.0	51.6	70	Sewerage
Proterial Specialty Steel, Ltd.	0	4,089	17	0	304	7,197	0.0	0.0	0.0	0.0	0.0	0.0	12	Sewerage
Proterial Ferrite Electronics, Ltd.	2,208	6,416	78	96	1,798	12,704	0.0	0.0	0.4	0.0	0.0	1.9	77	Sewerage
NEOMAX KINKI Co., Ltd.	255	11,279	145	0	1,390	22,036	0.0	0.4	0.3	0.0	0.0	0.0	133	Maruyamagawa River
NEOMAX KYUSHU Co., Ltd.	5,904	8,052	64	53	1,110	17,420	2.0	0.5	0.0	0.0	0.7	1.8	48	Rokkakugawa River
Tonichi Kyosan Cable, Ltd.	5,029	3,847	50	524	1,820	6,565	0.1	0.3	0.0	0.0	0.0	18.1	50	Kasumigaura
Tohoku Rubber Co., Ltd.	1,057	1,293	62	32	426	3,057	0.6	0.4	0.6	0.5	15.6	3.9	58	Pacific Ocean
Santoku Corporation	2,915	3,425	148	111	1,200	7,110	0.0	0.0	0.0	0.0	0.0	0.0	148	Sewerage

*1. From fiscal 2022, data for raw materials include those for products and semi-finished products.

*2. Calculations of CO₂ emissions for electric power use the adjusted emission coefficients for each power company.

*3. Emission concentrations are actual measurements based upon the Air Pollution Control Act and Water Pollution Prevention Act.

*4. PRTR emission quantities are totals of emissions into the atmosphere, public waterways, and soil. PRTR transfers are totals of transfers to waste materials and to sewers.

*5. Data for energy consumption and CO₂ emissions related to Proterial Yasugi, Ltd. are managed together with those for the Yasugi Works.

PROTERIAL

Proterial, Ltd.

www.proteril.com/e/