

Sustainability Report 2025

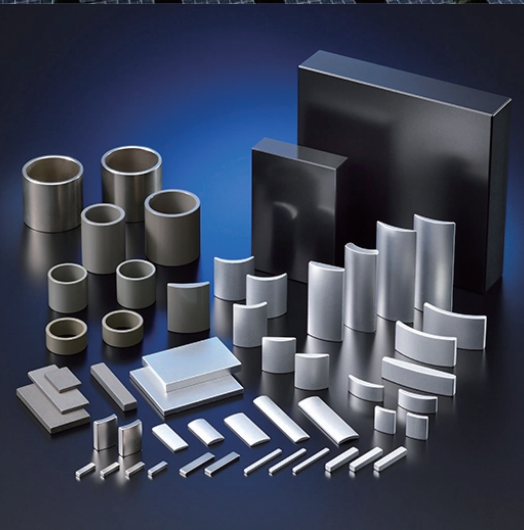


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1. Corporate Philosophy

Mission 社会において果たすべき使命、普遍的な役割

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 将来のありたい姿

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

お客様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 大切にすべき価値観

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、私たちに关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.

蘇則彊（和すれば彊し）

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

Unparalleled Professionalism

プロフェッショナル

期待を超える仕事

Unbounded Progressiveness

プログレッシブ

挑戦し続ける意志

Unleashing Proactiveness

プロアクティブ

主体的な姿勢

2. 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,” “United by respect,” “Unparalleled professionalism,” “Unbounded progressiveness” and “Unleashing proactiveness”.

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. 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: October 1, 2025

3. Sustainability Promotion Policy

[1] Our Approach to Sustainability

The Proterial Group regards promoting sustainability as part of its important management strategy to achieve the Group's medium- to long-term growth and improve its corporate value while contributing to the resolution of social challenges.

[2] Long-Term Vision and Purpose of Proterial

The Proterial Group aims to be a company that continues contributing to realizing a sustainable society by creating high-performance materials to resolve customers' issues, upholding "Leading sustainability by high performance" as our Vision in the statement of our corporate philosophy. Realizing this Vision is our corporate purpose, and it is at the heart of our commitment to promoting sustainability.

[3] Our Values

We also attribute importance to conducting business activities with integrity and in line with laws, regulations, rules, and corporate ethics. Moreover, we respect international standards and initiatives related to the environment (E), society (S) and governance (G), and include "Unfaltering integrity" and "United by respect" in our Values, which is a component of our corporate philosophy. We set the Proterial Group Codes of Conduct based on these values, and have been complying with the Codes.

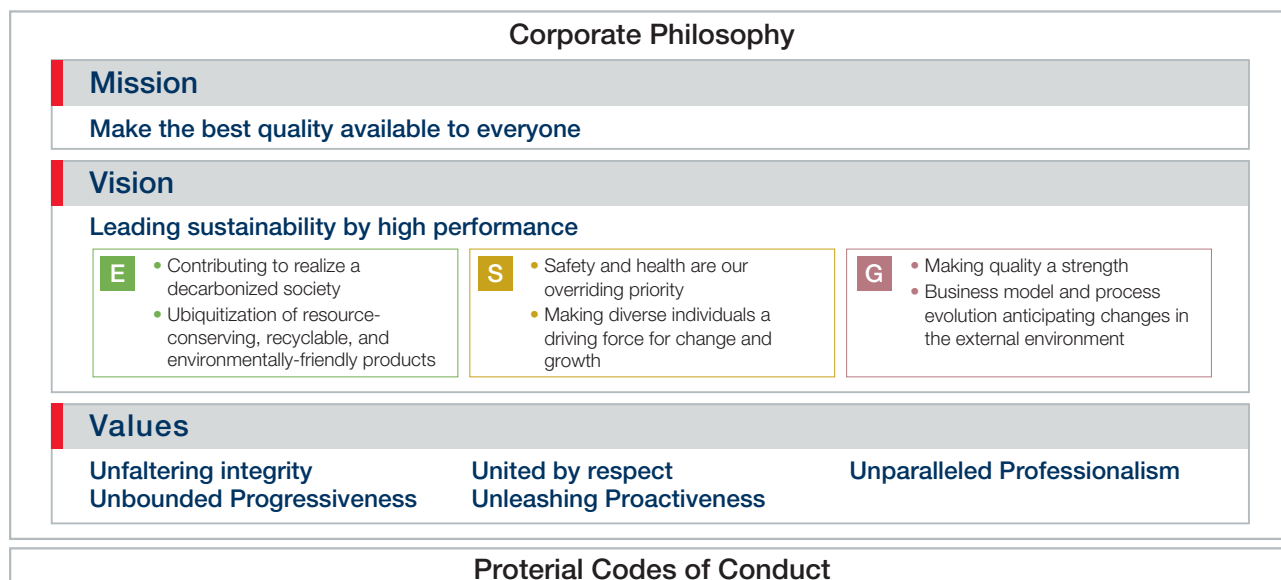
[4] Identification of Material Issues (Key Issues) and Initiatives for the Issues

To achieve our Vision, the Proterial Group has identified six ESG-related material issues (key issues) for the promotion of sustainability, for which we comprehensively evaluate the following: megatrends and social challenges that significantly impact our business activities; matters of interest to our stakeholders (customers, shareholders, investors, procurement partners, employees, and local communities); risks and opportunities brought about by changes in the external environment; Proterial's core technologies and markets to which we should contribute; and international frameworks, including the SDGs. We will work on these material Issues with "Unparalleled professionalism," "Unbounded progressiveness," and "Unleashing proactiveness," which we uphold in the statement of our Values.

In particular, in the environmental field, we have been creating unique products by leveraging our structural and compositional control technologies centered on metals and on our strong relationships with a wide range of customers, which we have built since the founding of the company. Through these products we can contribute to the resolution of globally shared challenges, such as decarbonization and environmental protection. We therefore call ourselves a "Green Enabler" that contributes to the creation of a sustainable society in the fields of automobiles, industrial infrastructure, and electronics.

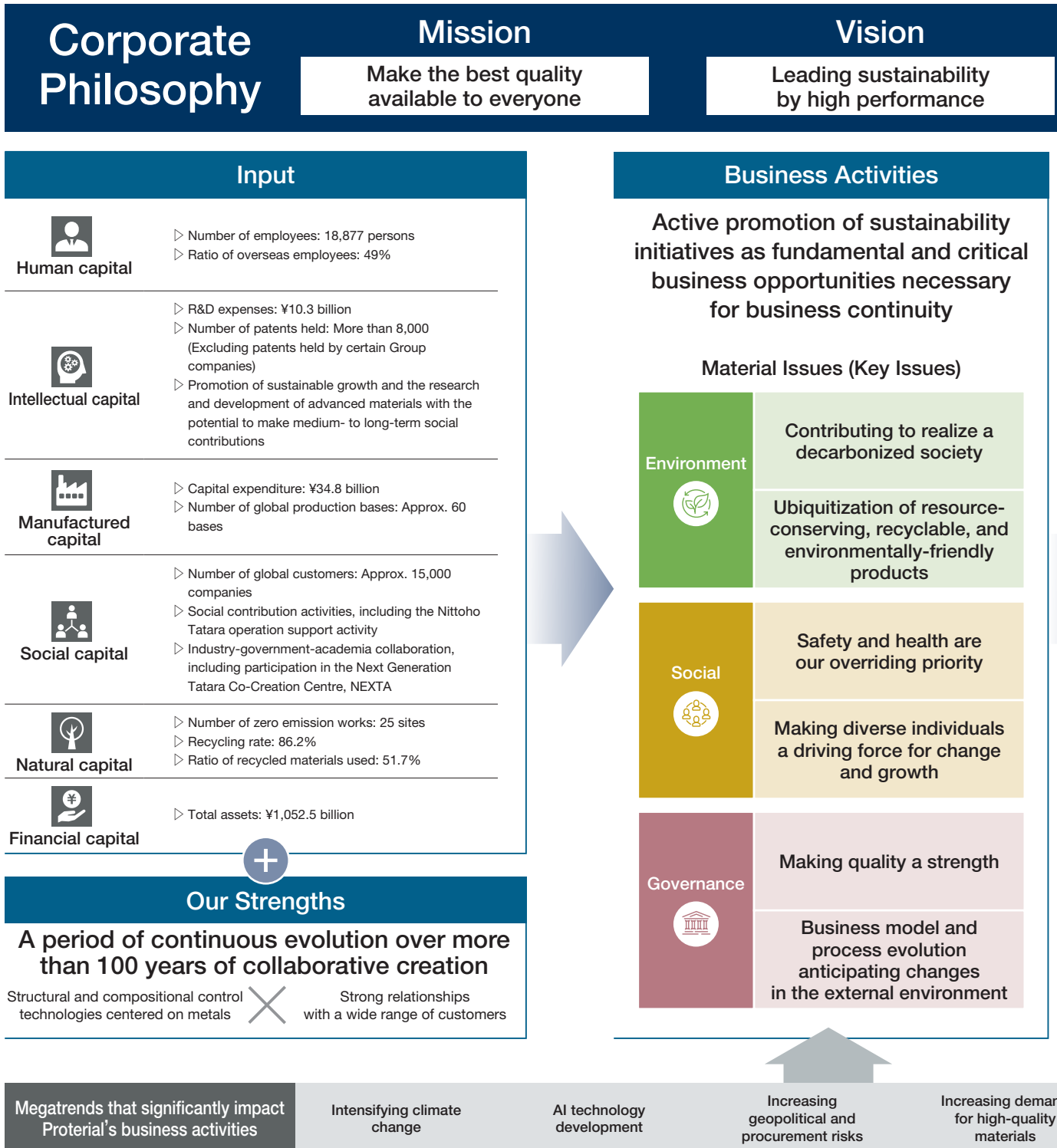
[5] Governance and Promotion System

For the major measures and key management indicators set for the promotion of sustainability, we have established a system in which each business department autonomously implements initiatives, the administrative departments and special theme-specific committees manage the measures and indicators, and the Sustainability Committee reviews them as a whole. Based on this governance system, we aim to achieve long-term corporate growth as well as higher profitability and capital efficiency through the promotion of sustainability, thereby maximizing our economic value.



1. Value Creation Process That Embodies Our Corporate Philosophy

Based on the Corporate Philosophy, we seek to be a high-performance materials company that supports a sustainable society. Over more than 100 years since the founding of the company, we have created a great number of unique products through collaborative creation by making use of our structural and compositional control technologies centered on metals and solid relationships with a wide range of customers. Leveraging these strengths, we are investing capital in our business activities, including human capital and manufactured capital, and expanding our business activities while fixing our attention on six material issues for the promotion of sustainability.



Going forward, we will develop, manufacture and provide high-performance materials that contribute to resolving our customers' issues, primarily in markets related to automobiles, industrial infrastructure, and electronics.

Through these processes, we will continue to contribute to the realization of a decarbonized society and circular society as a Green Enabler and support the sustainable growth of customers and ourselves through the stable supply of products essential to social infrastructure. With a focus on the future, we will proactively implement initiatives for the resolution of social issues to continue to contribute to the creation of a sustainable society, aiming to embody our corporate philosophy through such initiatives.

Values

Unfaltering integrity United by respect

Output

Creation of high-performance functional materials that solve customers' issues

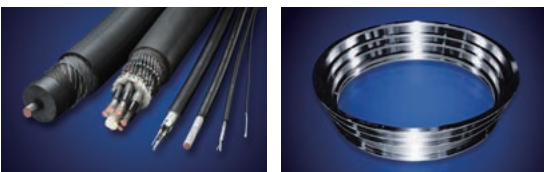
Providing products in three markets

Market segments

Automobiles



Industrial Infrastructure



Electronics



Outcome

Continuing to contribute to the realization of a sustainable society

- Realization of a decarbonized society/circular society as a Green Enabler
- Stable supply of products essential to social infrastructure
- Sustainable growth for customers and the Group



Insufficient human resources and competition for personnel

Public demand for stronger governance

2. Proterial’s 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 automobiles/railways, electronics and industrial infrastructure. 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 Proterial’s growth.

Specialty steel	Molds and tool steel, automotive materials, razor and blade materials, precision castings, aircraft- and energy-related materials, display-related materials, semiconductor packaging materials, and battery materials
Rolls	Rolls for steel mills as well as components of injection molding machines, engineering ceramics, and steel structures
Magnetic materials	Neodymium magnets “NEOMAX®,” ferrite magnets, various other magnets, and their applied products
Power electronics materials	Soft magnetic materials and components (amorphous metals “Metglas™,” nanocrystalline soft magnetic material “FINEMET®,” and soft ferrites), their applied products, and ceramics products
Electric wires and cables	Wires for industrial use, wires for devices, electric equipment materials, and processed cables
Automotive components	Electric components for automobiles, brake hoses, and industrial rubber

Automobiles/Railways



We are constantly upgrading all of our products to respond appropriately to performance improvements made across the mobility field. We will support mobilization in various countries through our development ability and technologies by supplying products such as xEV drive motors, engine materials and components, electric components for automobiles, and highly functional components for railways.

Electronics



IT devices, home electric appliances and electronic devices are advancing on a daily basis. Under these circumstances, we will meet a range of customer needs with a manufacturing system that encompasses development, prototyping, commercialization and mass production. Also, with highly functional products and materials, we will support the advancement of society.

Industrial Infrastructure



Aircraft, energy-related components and industrial equipment are used under harsh conditions. With the technology, quality, and development capabilities that we have refined over many years, we have constantly advanced our products in these fields. We will continue to support the world's infrastructure with great stability and innovations.



CVT belt materials



Molds and tool steel



Clad metals



Lead frame materials



Turbine cases



Rolls for steel mills



Cylinder screws



“NEOMAX” neodymium magnets



“NMF” ferrite magnets



Magnetic applied products



Nanocrystalline soft magnetic material “FINEMET”



SiC substrates



Silicon nitride substrate



Amorphous metals “Metglas”



Magnet wires



Electrical wire for rolling stock



Electrical wires for medical equipment



Cables for industrial robots



Harnesses for electric parking brakes

3. Providing Environmental Value as a Green Enabler

The Proterial Group is working to provide environmental value at each stage of its manufacturing process. We see it as our role to help customers reduce their environmental impacts through our products, and doing this as a Green Enabler will, in turn, bring us new business opportunities. To provide value as a Green Enabler, we are working to (1) develop environmentally friendly products, and to (2) manufacture products using processes that reduce environmental impact and supply them.

(1) Development of Environmentally Friendly Products

As a Green Enabler, we aim to make even more contributions to society through the provision of environmentally friendly products.

As an environmentally friendly company, Proterial develops products not only from the perspective of reducing the environmental burden during product use but also from the perspective of giving consideration to resource recycling during the manufacturing process.

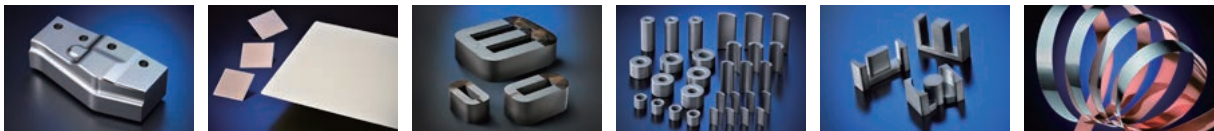
As an initiative to create environmentally friendly products, we are promoting efforts to implement environmentally friendly design assessments in accordance with the IEC62430 international standard at the start and completion of development in the R&D phase. By using environmental assessment sheets to evaluate the environmental impact at each product life cycle stage during the R&D and product development phases, we are promoting environmentally friendly design to enhance the environmental friendliness of products set for commercialization.

Product Development Geared toward Reduced Environmental Impact

Growing importance of strengthening CO₂ reduction and energy saving measures and accelerating the introduction and expansion of renewable energy toward a decarbonized society

Need to move away from mass production/ consumption-based socio-economic activities and shift swiftly to a circular economy that makes efficient use of limited resources to create a sustainable society

Proterial's Technologies/Products



Environmental Value That Can Be Provided (From a Development Perspective)



Fields in Which Contributions are Being Made



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

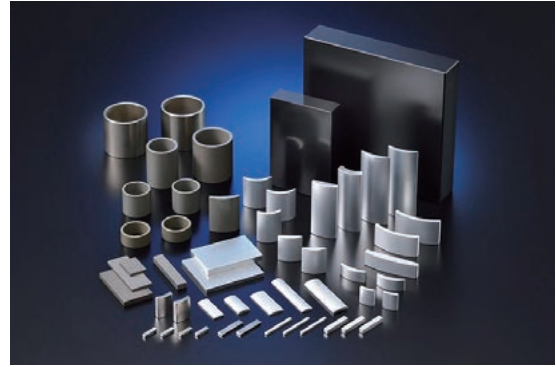
Product Development Geared toward Reduced Environmental Impact

Development of a Heavy-Rare-Earth-Free Neodymium Sintered Magnet

In the progress of electrification, magnets used in automotive motors are increasingly required to provide high heat resistance for use in a high-temperature environment. Neodymium magnets provide high performance, but in order to increase their heat resistance, it is necessary to add heavy rare earth elements to them. However, these resources are available only in a limited amount, and pose price fluctuation and depletion risks. Accordingly, the need to reduce their use and develop heavy-rare-earth-free magnets has been increasing every year.

Against this backdrop, as a new product in the NEOMAX® series of neodymium magnets that boast the world's strongest magnetic force, Proterial has developed a high-performance, heavy-rare-earth-free neodymium sintered magnet that can be used for electric vehicle drive motors by making high residual magnetic flux density (Br) and high coercivity (HcJ) compatible.

Based on the great magnetic characteristics of the product, we will contribute to the higher torque, downsizing, and higher efficiency of motors in order to save energy and reduce CO₂ emissions, while also contributing to preventing the depletion of heavy rare earths.



Technology for Reducing the Environmental Impact of the CAM Manufacturing Process "CALISMAT™"

While the lithium-ion battery (LIB) market is attracting much attention due to the growth of demand for xEVs, the environmental impact caused by the LIB manufacturing process is becoming a social issue. In particular, the manufacture of cathode active materials (CAMs) and their materials account for more than 50% of the amount of CO₂ emitted from the entire manufacturing process of xEVs. Moreover, a large amount of water is used in the manufacturing process of CAMs and their materials, and there are also problems related to the disposal of waste from the process.

By adopting a solid-phase reaction method, Proterial developed CALISMAT™, a technology for manufacturing CAMs for LIBs without producing a precursor. We have confirmed that the developed method will help reduce CO₂ emissions by 36% and water use by 85% or more at a similar or lower cost compared with the conventional manufacturing method. Proterial will provide the battery industry with CALISMAT™ as a decarbonization solution, thereby contributing to increasing the environmental value of LIBs throughout their life cycles.



Reducing Power Loss and CO₂ Emissions for Transformers

The power loss (no-load loss) of transformers can be reduced to one-third or less* by using the amorphous metal alloy Metglas™ and MaDC-A™ as cores instead of the conventional electrical steel sheets. Transformers are operated constantly for a long period, so a substantial amount of energy can be saved on a long-term basis by reducing their power loss.

Proterial will work to spread the use of the amorphous metal alloys to contribute to reducing the power loss and CO₂ emission from transformers.

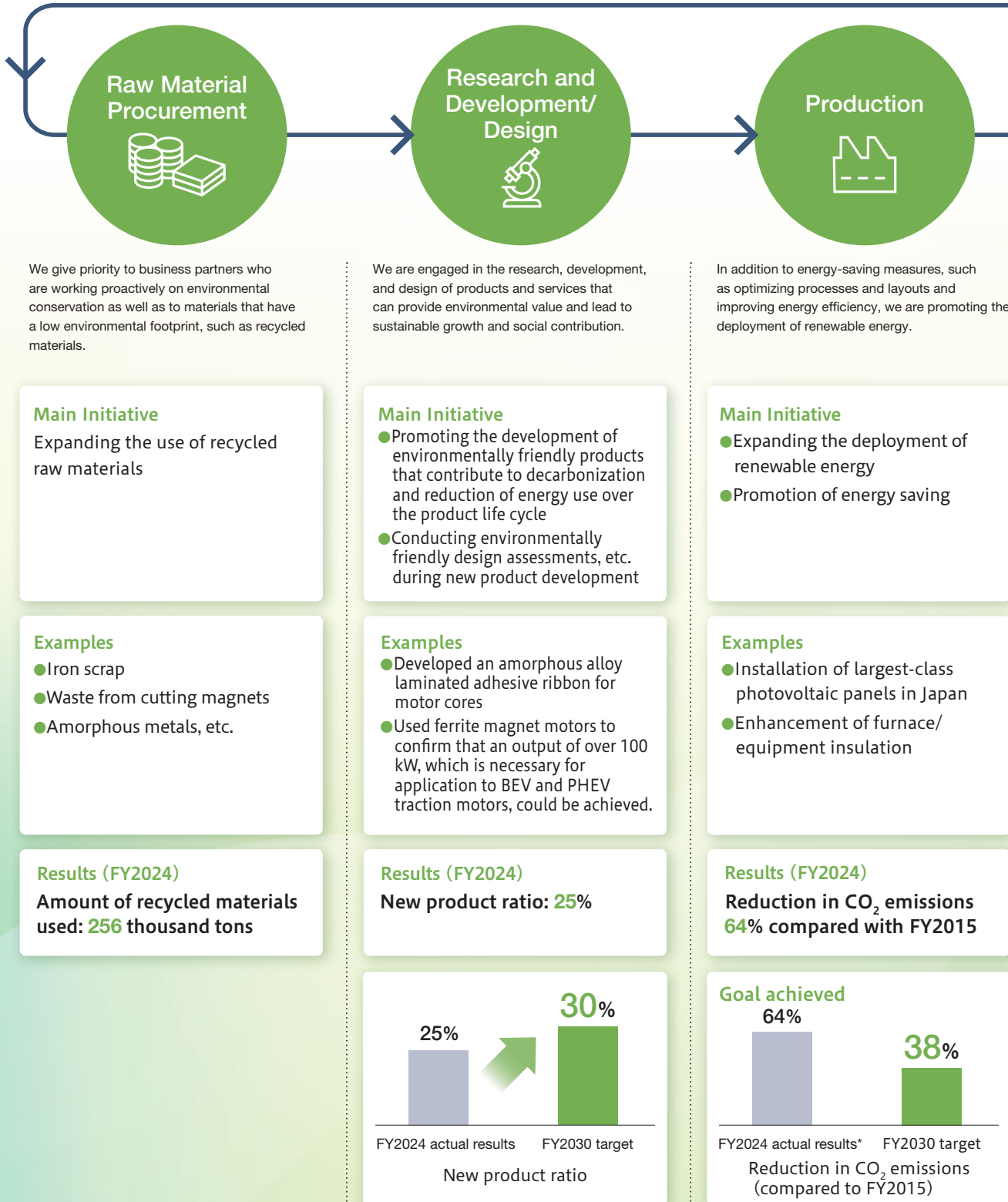
Metglas®



* Estimated by the Company based on the JIS C 4304: 2024 standard for transformers

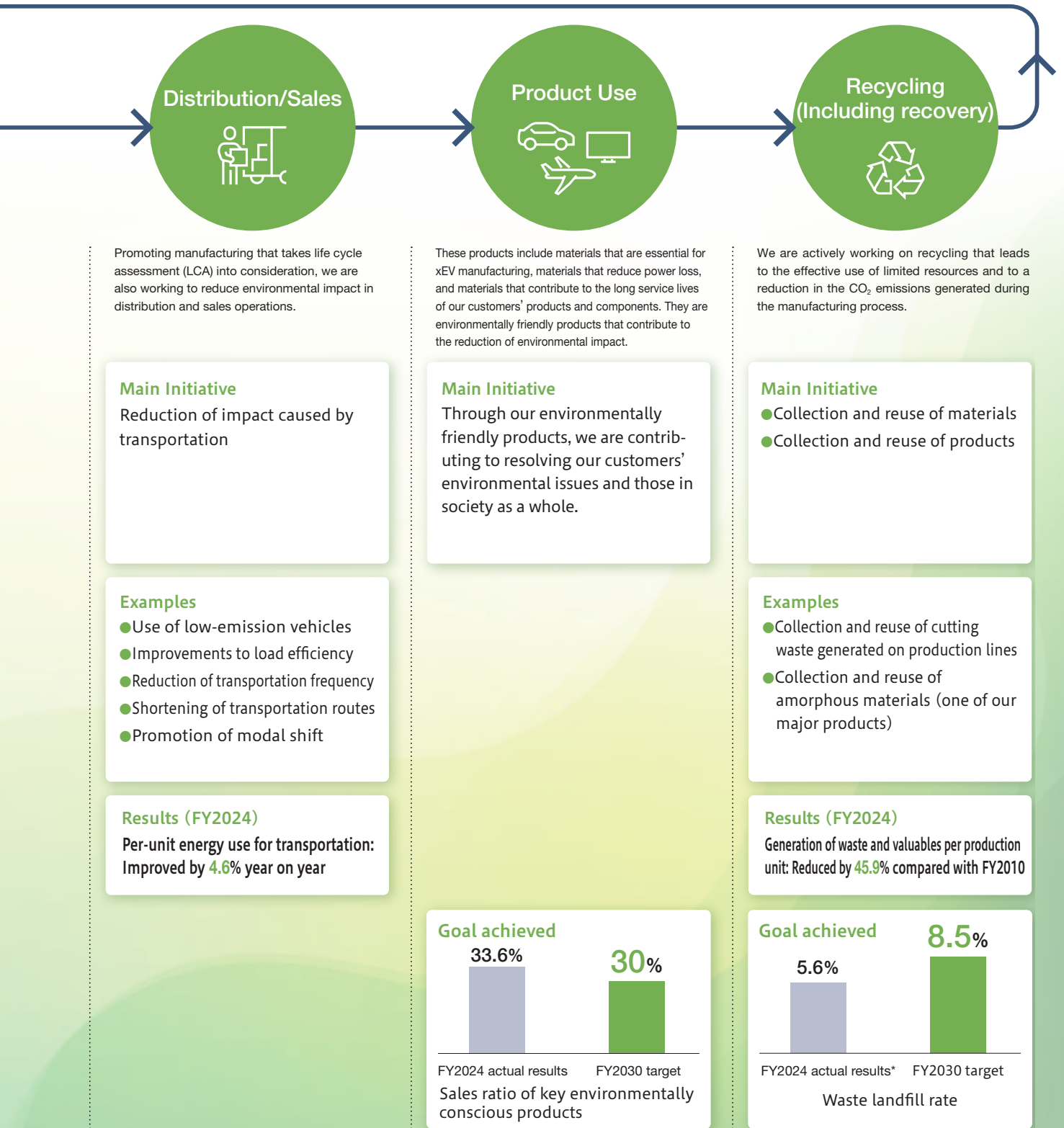
(2) Manufacture and Provision of Products through Processes That Reduce Environmental Impact

We recognize that it is essential to make efforts to reduce environmental impact not only in our own company but also in the value chain. Measures we are advancing include the reduction of CO₂ emissions and of the resources used in each process, the promotion of recycling, and reduction in the use of harmful substances. We are focusing on these initiatives as we believe that



* We achieved the target earlier than planned, which is due in part to the business portfolio revision.

products manufactured in processes that reduce the environmental impact indirectly contribute to reducing the environmental impact in the value chains of our customers who use those products. We also made our Scope 3 calculations based on this belief. Going forward, we will proceed with studies on managing CO₂ emissions under Scope 3 based on these calculation results.



1. Identifying Material Issues

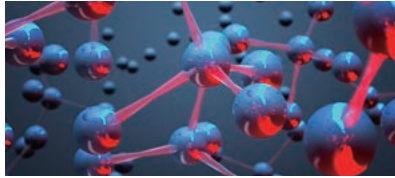
(1) Megatrends

Megatrends that significantly impact our business activities are indicated below. Based on these changes in social issues and in line with our corporate philosophy, we have identified material issues (key issues) for Proterial.



Intensifying climate change

- Global warming has the potential to significantly impact society and the economy. Accordingly, environmental consciousness is increasing.
- As demand for energy increases, especially in developing countries, the shift to clean energy is accelerating.
- As a result of such changes in the external environment, the market for environmentally friendly products and services will expand. There will be a growth of clean mobility and an emphasis on waste reduction and recycling.



Increasing demand for high-quality materials

- There are growing needs from customers for the application and development of new materials due to the electrification of automobiles, development of medical technologies, etc.
- Providing products and services that meet these changes in the business environment and needs is attracting increased emphasis.



AI technology development

- The spread of robotics, AI, and machine learning will enable labor saving.
- Efficiency in production and manufacturing will increase through greater productivity due to the use of these technologies.



Insufficient human resources and competition for personnel

- Risks including insufficient human resources and intensified competition for personnel are growing due to a shrinking working age population.
- Improving efficiency through labor savings and acquiring human resources by increasing corporate value will become critical.



Increasing geopolitical and procurement risks

- In recent years, risks in procurement have been growing due to geopolitical risks and competition for rare metals.
- Measures such as control of difficult-to-obtain raw material will become necessary.

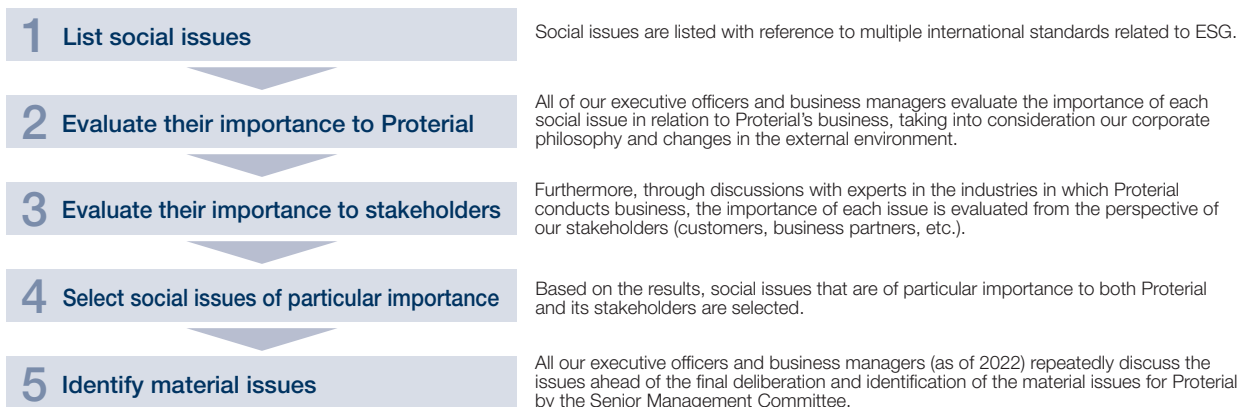


Public demand for stronger governance

- Corporate transparency is growing in importance, and how it is handled affects reputational risk.
- Promotion of transparency of corporate activities will be important.


(2) Process of Identifying Material Issues

In 2022, Proterial identified six specific material issues (key issues) for its ESG activities. We began this identification process by listing and evaluating social issues to select those that are particularly important for Proterial and its stakeholders. Then, all of our executive officers and business managers repeatedly held discussions on the selected social issues. The identified issues were finally deliberated by the Senior Management Committee to identify the material issues for Proterial.



2. Details of Material Issues, Related External Environmental Changes, and Related SDGs

The following table shows the details of the identified material issues, related external environmental changes, and related SDGs.




Material Issues	Description	Related external environmental changes (opportunities and risks)	Related SDGs
 Environment	Contributing to realize a decarbonized society	Opportunity Under the Vision of "Leading sustainability by high performance," we will contribute to the realization of a society where greenhouse gas emissions are reduced to net zero through green manufacturing activities and efficient use of energy.	 
		Risk More stringent regulations on greenhouse-gas emissions, higher prices for clean energy due to increased energy demand and geopolitical risks, etc.	
	Ubiquitization of resource-conserving, recyclable, and environmentally-friendly products	Opportunity Under the Vision of "Leading sustainability by high performance," we will continue to contribute to the realization of a sustainable society by designing and delivering products that contribute to solving environmental issues including resource conservation and recycling.	 
		Risk Increased demand for recycled resources, competition for rare metals, soaring resource prices and challenges in procurement due to geopolitical risks, etc.	
 Social	Safety and health are our overriding priority	Opportunity Based on the concept of prioritizing the protection of safety and health above all else, our highest priority is to protect the physical and mental health of our employees, their families, and our other stakeholders, including our business partners and the communities where we operate.	
		Risk Lack of business successors due to intensified competition for human talent, outbreaks of infectious diseases, occurrences of natural disasters, etc.	
	Making diverse individuals a driving force for change and growth	Opportunity Guided by the "United by respect" section of our Values statement, we respect diversity and strive to create a workplace where each employee can work with a sense of fulfillment, trust, and ownership, thereby creating a team that delivers results.	
		Risk Insufficient human resources due to intensified competition for personnel, etc.	
 Governance	Making quality a strength	Opportunity To deliver high-quality products and services to customers in a stable manner, thoroughly implement measures to prevent the recurrence of quality problems, and make quality our strength that sets us apart from others.	
		Risk —	
	Business model and process evolution anticipating changes in the external environment	Opportunity By anticipating rapid changes in the external environment and flexibly changing the way we operate, including the value provided by our products and services, the procurement of materials, and our production methods, we will continue to meet the demands of society and be a company that is needed.	
		Risk Increase in geopolitical risks, outbreaks of infectious diseases, occurrence of natural disasters, etc.	

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 16 and 17)

Material Issues		Major Measures
 Environment	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	
 Social	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
 Governance	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)
		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. Key environmentally conscious product: 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. LTIR (Lost time injury rate): Number of lost-time incidents / Total number of actual working hours × 1,000,000 (on a calendar year basis)

*4. IIR (Injury and incident rate): Number of lost-time and non-lost-time incidents / Total number of actual working hours × 1,000,000 (on a calendar year basis)

*5. 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.

*6. Ratio of positive evaluation of engagement indicators: Positive response rate for sustainable engagement indicators in employee surveys. Changes were made in FY2022 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 Director/Managing Director oversees the setting of related targets as well as the planning and implementation of measures for these key issues. Matters relating to the achievement of these targets and plans are reported to and deliberated by the Sustainability Committee, which is chaired by the Executive Vice President. Environment-related matters are reported to and deliberated by the Senior Management Committee, which is presided over by the Representative Director, President and CEO. Also, reports are submitted as necessary to the Board of Directors in order to manage the measures.

Key Management Indicators	FY2022 results	FY2023 results	FY2024 results	Targets for FY2030
Reduction in CO ₂ emissions (compared to FY2015) (Total for Scope 1 and 2 emissions)	31% (Emissions: 1,914 kt-CO ₂)	62% ^{*12} (Emissions: 1,062 kt-CO ₂)	64% ^{*12} (Emissions: 997 kt-CO ₂)	38% (Emissions: 1,723 kt-CO ₂)
Amount of renewable energy deployed	483 MWh/year	8,354 MWh/year	19,185 MWh/year	35,000 MWh/year
Energy consumption rate ^{*1} improvement rate (compared to FY2015)	19.6%	38.9%	40.1%	14%
Sales ratio of key environmentally conscious product ^{*2}	22.4%	24.4%	33.6%	30%
Waste landfill rate	10.1%	6.2%	5.6%	8.5%
Improvement rate of water use (compared to FY2010)	33.8%	29.6%	34.9%	38.5%
LTIR ^{*3}	1.80	1.60	0.90	0.30
IIR ^{*4}	5.86	5.40	2.37	0.94
Number of serious accidents ^{*5}	2	0	0	0
Ratio of positive evaluation of engagement indicators ^{*6}	71%	76%	75%	85%
Diversity in recruitment ratio (women, foreign nationals, career hires) ^{*7}	66.3%	62.0%	20.4% ^{*13}	50%
Ratio of female managers ^{*7}	2.2%	2.4%	2.6%	5.0%
Diversity ratios at the executive level positions (women, foreign nationals, career hires) ^{*7}	35.7%	40.0%	50.0%	30%
Percentage of automatic inspection and testing	28%	15%	44%	100%
Major quality incident index ^{*8}	0.4	0.2	0	0
Ratio of positive evaluation of compliance awareness, etc. ^{*9}	84%	—	86%	90%
— ^{*10}	—	—	—	—
Number of items required for source diversification	11	10	9	0
New product ratio ^{*11}	23%	23%	25%	30%

*7. Non-consolidated data

*8. 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 FY2020 set as 1.

*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. "—" indicates that no indicator is applicable to this item.

*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.

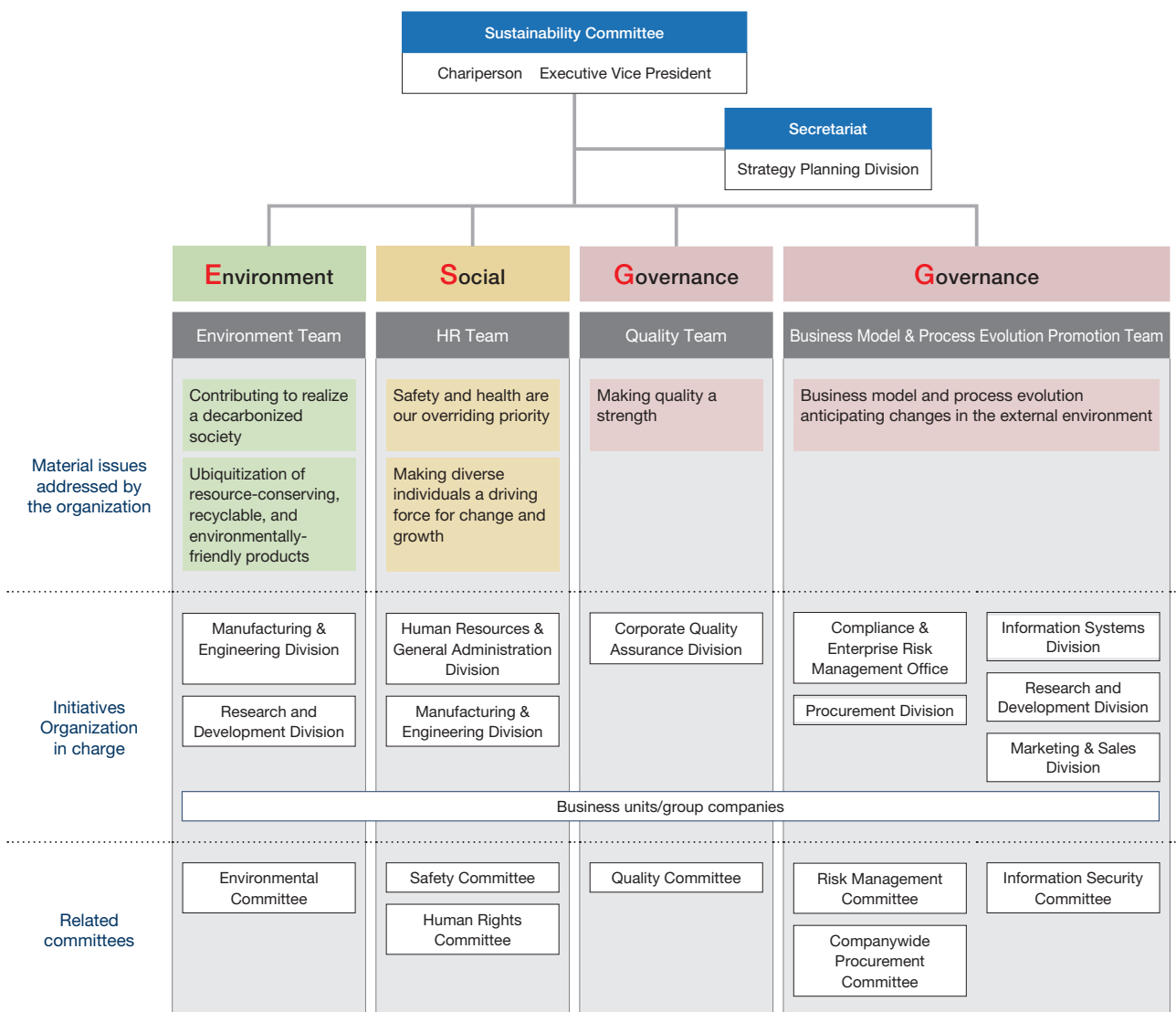
*12. Significant decrease due to the effect of measures including portfolio revision.

*13. We did not proactively conduct mid-career recruitment in FY2024, which caused a drop in the ratio.

4. Structure for Promoting Sustainability Strategy

Proterial established the Sustainability Committee to deliberate and determine important policies and measures associated with sustainability as well as sharing the progress and achievements of the relevant activities to make further improvements on them. 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 material issues to examine and determine related measures, key management indicators, and targets. These teams promote activities in cooperation with relevant business units, group companies, and with the related expert committees, including the Environmental Committee, Safety Committee, Human Rights Committee, Quality Committee, Risk Management Committee, Company-wide Procurement Committee, and Information Security Committee.

【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 material issues, 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. Reports on the activities are made to the Sustainability Committee for review.

(2) Results and Plans of ESG Initiatives

Some of the FY2024 measures (planned) have been revised.

★★★ Achieved

★★ 90% achieved

★ Not achieved

Material Issues	Major Measures	FY2024 Results	Self-assessment	Measures Planned for FY2025	
E	Contributing to realize a decarbonized society	Expansion of deployment of renewable energy and promotion of energy saving	<ul style="list-style-type: none"> ● Surpassed the targets for CO₂ emissions, reduction rate, and per-unit energy consumption ● For improvement on per-unit energy consumption, promoted fuel conversion, furnace insulation, yield improvement, updating to more energy-efficient equipment, LED lighting, productivity improvements, and energy visualization ● Expanded the use of solar power generation (17 bases in total), thereby successfully increasing the use of renewable energy toward the achievement of the goal 	★★★	<ul style="list-style-type: none"> ● Reduce CO₂ emissions (by 25% compared with FY2015) ● Make examinations to reduce Scope 1 and 2 emissions by -4.2% per year ● Make examinations to set the target for Scope 3 (Category 1) emissions and reduction measures ● Support the estimation of the carbon footprints of products (CFPs) ● Reduce energy use by promoting energy saving measures (such as fuel conversion, furnace insulation, yield improvement, updating to more energy efficient equipment, LED lighting, and productivity improvements) ● Expand the use of solar power generation and reset the target (for FY2030) ● Make use of non-fossil certificates
	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	<ul style="list-style-type: none"> ● Surpassed the sales ratio target ● Increased the sales ratio of environmentally friendly products through business portfolio conversion and the registration of more products as environmentally friendly 	★★★	<ul style="list-style-type: none"> ● Aim for 26% (in terms of sales ratio) as the FY2025 target ● Register more products as environmentally friendly ● Promote the sales of environmentally friendly products and conduct further PR ● Foster the estimation of carbon footprints and the LCA of products
		Expanding the use of recycled raw materials	<ul style="list-style-type: none"> ● Surpassed the waste landfill rate* target by 5.6% ● Promoted recycling in the current process and developed recyclable products ● Worked on process improvements, closed loop recycling, the reduction of waste, recycling, and thermal recovery <p>*Excluding household waste, hazardous waste, and in-house landfills (on our own premises)</p>	★★★	<ul style="list-style-type: none"> ● Continue to promote recycling in the current process and develop recyclable products ● Keep working on process improvements, closed loop recycling, the reduction of waste, recycling, and thermal recovery ● For plastic waste, work to reduce the amount by 2% relative to the FY2022 level
		Effective use of water resources	<ul style="list-style-type: none"> ● Reduced per-unit water usage by 34.9%, thereby achieving the target for the year (relative to the baseline year of FY2010) ● Made circulative use of water for equipment—for which the quality was not affected by reuse—and reduced water usage by fixing water leaks ● Reduced water usage by utilizing rainwater 	★★	<ul style="list-style-type: none"> ● Increase water use efficiency, reduce leaks of fresh water, and reuse wastewater (for circulative use) ● Reduce water risks by utilizing rainwater and other means

4. Structure for Promoting Sustainability Strategy

	Material Issues	Major Measures	FY2024 Results	Self-assessment	Measures Planned for FY2025
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	<ul style="list-style-type: none"> Continued to conduct STEP2 activities for “STOP6 + 1” Continued to implement measures against identified risks, identified and took measures against new risks FY2023: Completion of 10,775 cases FY2024: Completion of 11,401 cases Shared information through emergency alerts and notes of fact, conducted surveys to prevent similar incidents, and gave guidance on countermeasures 	★★★	<ul style="list-style-type: none"> Continue to conduct STEP2 activities for “STOP6 + 1” Continue to implement measures against identified risks, identify and take measures against new risks Check the progress of STOP6 + 1 activities at overseas bases, make and implement activity support plans Share information through emergency alerts and notes of fact, conduct surveys to prevent similar incidents, and give guidance on countermeasures Give specific improvement advice through safety and health audits
	Making diverse individuals a driving force for change and growth	Reflection of employee survey results in management	<ul style="list-style-type: none"> Conducted the Proterial Group Engagement Pulse Survey in September and November 2024 Conducted the Proterial Group Engagement Survey in January 2025 	★★	<ul style="list-style-type: none"> Formulate departmental action plans through discussion on organizational challenges by the Managing Directors and Directors Conduct the Proterial Group Engagement Survey in the latter half of FY2025
		Thorough implementation of diversity and inclusion	<ul style="list-style-type: none"> Proactively employed international students as new graduates Sent women in management positions to relevant external seminars Sent young female employees to external interactive meetings Introduced role models for female employees 	★★	<ul style="list-style-type: none"> Aim to increase the diversity employment rate to 50% or more (ongoing) Secure the determined number of human resources by hiring new graduates, and secure the required number of mid-career hires (ongoing) Send women in management positions to relevant external seminars Send young female employees to external interactive meetings Raise employees’ awareness of gender bias, including role-sharing Provide education to prevent employees from quitting their jobs for caregiving
G	Making quality a strength	Data collection without human intervention	<ul style="list-style-type: none"> Developed multiple tools for common use to increase the security of both domestic and overseas manufacturing facilities Held briefing sessions in multiple languages, supported the introduction of the tools at bases, and held follow-up meetings on a continual basis 	★★	<ul style="list-style-type: none"> Share the results gained at sites where tools for common use are already in place, and support the introduction of the tools to more bases
		Expansion of activities to minimize and control variation in the 4Ms (huMans, Machines/equipment, Materials, and Methods)	<ul style="list-style-type: none"> Conducted activities to minimize and control variation in factors that impact quality Implemented risk-based initiatives for the sites and their processes Conducted effective design review in the development process and the process to shift to mass production 	★★★	<ul style="list-style-type: none"> Conduct activities to minimize and control variation in factors that impact quality Implement risk-based initiatives for the sites and their processes Conduct effective design review in the development process and the process to shift to mass production
		Thorough implementation of actions with integrity at the core	<ul style="list-style-type: none"> Resumed the fixed-point survey of compliance KPIs by checking the employees’ compliance awareness through the Engagement Survey Held compliance training for Ethics Month Planned e-learning on human rights protection (Selected the vendor and courses and examined the implementation method) 	★★★	<ul style="list-style-type: none"> Conduct improvement measures by sharing the FY2024 compliance KPI results Hold compliance training for Ethics Month Hold e-learning courses on human rights protection

Material Issues	Major Measures	FY2024 Results	Self-assessment	Measures Planned for FY2025
G Business model and process evolution anticipating changes in the external environment	Promotion of comprehensive risk assessment and countermeasures through risk management	<ul style="list-style-type: none"> Analyzed matters related to compliance and risks involving our businesses, formulated preventative measures, and shared information through the Risk Management Committee Conducted compliance training across the Proterial Group (with a participation rate of 100%) (ongoing) Analyzed enterprise risk management (ERM)-related challenges and planned a rebuilding project with a consultant 	★★★	<ul style="list-style-type: none"> Fundamentally review the ERM process, including identifying, evaluating, weighing, controlling, and monitoring risks Decide on the risk map and priority risks Formulate an ERM plan for FY2026
	Diversification of procurement sources in response to changes in the procurement environment	<ul style="list-style-type: none"> For one major material, procured a substitute available at the same cost from a different country, and the substitute was evaluated to be good 	★★	<ul style="list-style-type: none"> Obtain samples of three kinds of major materials to evaluate their quality
	Acceleration of R&D and realization of safe, high-quality production through DX	<ul style="list-style-type: none"> Surpassed the target for the year for the new product development ratio Promoted the commercialization of amorphous alloy laminated adhesive ribbons for motor cores based on collaboration between the business units, the Marketing & Sales Division, and overseas bases Explored new products and markets through collaboration with customers and held two private exhibitions 	★★★	<ul style="list-style-type: none"> Create new products/businesses that can contribute to a sustainable society (ongoing) Promote development of industrial technologies using AI and other digital technologies and robotics (ongoing) Grasp customers' needs through exhibitions and technology exchange meetings
Other (Governance)	Enhancement of information security management and operation systems	<ul style="list-style-type: none"> Held anti-cyberattack BCP training (ongoing) Conducted information security self-audits Had employees make an online pledge to comply with the three rules to prevent information leaks Conducted targeted e-mail attack simulations (ongoing) Held individual interviews with departments from where emails had been sent to unintended recipients (ongoing) Made legal responses to cross-border transfer of personal data (IGDTA, TIA, Mandate Agreement) Revised the personal information protection and management rules Conducted a periodical vulnerability check on the company's public servers and took necessary steps (ongoing) Updated endpoint protection products Implemented device authentication measures Conducted monitoring on information being taken out by external recording medium (ongoing) 	★★★	<ul style="list-style-type: none"> Conduct information security self-audits (ongoing) Have employees make an online pledge on compliance with the three rules to prevent information leaks (ongoing) Conduct targeted e-mail attack simulations (ongoing) Implement measures against the sending of emails to unintended recipients (ongoing) Take necessary steps to comply with personal information protection laws in relevant countries (ongoing) Revise rules related to information security (ongoing) Enhance countermeasures against unauthorized access (ongoing) Enhance countermeasures against internal misconduct (ongoing)

6. Participation in Sustainability-related Initiatives and External Evaluations

In addition to complying with the Charter of Corporate Behavior established by the Japan Business Federation (Keidanren), Proterial advocates the following sustainability-related initiatives to contribute to creating a sustainable society and takes appropriate actions as a supporter of the initiatives. At the same time, we seek a range of sustainability-related external evaluations to confirm, maintain, and improve the level of our sustainability-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 FY2023.

■ 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 “Silver” rating (top 15% of rated companies) in January 2025.

■ 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 2024, we received a “B” rating for both climate change and water risk.

■ Eruboshi certification



In 2020, 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 2025, 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 three Group companies in the Large Enterprise Category and 10 Group companies in the SME Category were certified as Health & Productivity Management Outstanding Organizations in 2025.



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 annual Environmental Action Plans set for each category in order to reduce CO₂ emissions, use water and other resources efficiently, and to minimize its impacts on natural capital throughout its value chain.

In addition, we aim to achieve carbon neutrality—net zero carbon emissions—by 2050 as 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 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] consideration 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

1. Environmental Management

(3) Fiscal 2022–Fiscal 2025 Environmental Action Plan and Fiscal 2022–Fiscal 2024 Results

The Proterial Group’s Environmental Action Plan for fiscal 2022 to fiscal 2025, along with results and assessments for fiscal 2022 to fiscal 2024, are summarized in the table below (extending over pages 26 and 27).

[Environmental Action Plan and Results] (The table extends over pages 26 and 27)

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

		Item	Action Target	2022		
				Target	Actual	Rating
Governance		Adhere to environmental compliance practices and reduce risks	Internal audit implementation rate	100%	100%	○
			Implement education for new hires	Once	Once	○
		Cultivate environmental literacy	Implement environmental auditor development training	Once or more	Once	○
			Environmental e-learning attendance rate ¹	100%	99.1%	△
Decarbonized society	Products	Sales ratio of key environmentally conscious products		23%	22.4%	△
	Factories	Reduce CO ₂ emissions from Works	Reduce CO ₂ emissions (vs. FY2015) (%) (total)	20%	31.2%	○
		Reduce CO ₂ emissions during transportation	Reduction rate of energy consumption per transportation unit (Japan) (year-on-year)	1%	0.1%	×
Resource-efficient society	Resource circulation	Water resources	Improvement in the amount of waste and valuables generated per production unit (vs. FY2010) ²	33%	33.6%	○
			Waste landfill rate ³	11.5% or below	10.1%	○
	Water resources	Improve water-use efficiency	Improvement rate of water usage per production unit (vs. FY2010) ²	33%	33.8%	○
Preservation of ecosystems	Chemical substance	Reduce output of chemical substances	Reduction rate of atmospheric emissions of chemical substances per production unit (vs. FY2010) ⁴	26%	23.7%	△
	Preservation of ecosystems	Promote and contribute to activities for preservation of ecosystems		Continue activities and contribute to preservation of ecosystems through overall corporate activities		○
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		○

1. Environmental e-learning programs are provided at Group companies in Japan. Also, general environmental education courses are held at each site.

2. Amount of activity: weight

(4) Proterial Group’s Environmental Management Promotion Structure

[1] Governance

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 has an Environmental Committee (hereinafter, “Group Environmental Committee”) under its framework for promoting environmental activities, such as climate-change countermeasures. The Group Environmental Committee is chaired by the Director in charge of the environment, with the Environmental Strategy Department of the Manufacturing & Engineering Division serving as its secretariat. Its activities are promoted jointly by the environmental managers of each business unit, business site and Group company. 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.

	2023			2024			2025
	Target	Actual	Rating	Target	Actual	Rating	Target
	100%	100%	○	100%	100%	○	100%
	Once	Once	○	Once	Once	○	Once
	Once or more	Once	○	Once or more	Once	○	Once or more
	100%	99.9%	△	100%	99.9%	△	100%
	24%	24.4%	○	25%	33.6%	○	26%
	20%	61.8%	○	22.5%	64.1%	○	25%
	1%	14.3%	○	1%	4.6%	○	1%
	34%	47.0%	○	35%	45.9%	○	36%
	11.0% or below	6.2%	○	10.5% or below	5.6%	○	10% or below
	34%	29.6%	×	35%	34.9%	△	36%
	27%	34.0%	○	28%	39.7%	○	29%
	Continue activities and contribute to preservation of ecosystems through overall corporate activities		○	Continue activities and contribute to preservation of ecosystems through overall corporate activities		○	Continue activities and contribute to preservation of ecosystems through overall corporate activities
	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		○	Continue activities and reduce environmental impact from aspects other than the protection of ecosystems

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

4. Amount of activity: volume handled (Calculated for the 47 types of chemical substances included in the Group's reduction target)

Also, the Group Environmental Committee sets the annual policies and targets for environmental activities and discusses and decides on environmental action plans. With regard to climate-change countermeasures, we also set targets for CO₂ emission reductions within the Proterial Group. Based on the Environmental Action Plan, energy-saving activities and the use of renewable energy are being promoted at each manufacturing site. Furthermore, the status of reductions in CO₂ emissions per unit of activity is monitored regularly. The Group Environmental Committee meets once a year to share the results of the previous fiscal year's activities, the 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 Senior Management Committee and the Board of Directors, where important issues related to climate change are deliberated and decided.

1. Environmental Management

[Status of reporting and decision-making on important climate-change-related items in FY2024]

Month / Year	Important issues related to climate change	Meeting body
May and June 2024	Environmental strategy and status of initiatives <ul style="list-style-type: none"> • Results for FY2023 and policy for FY2024 • TCFD recommendation-based information disclosure (Expansion of the scenario analysis target to include overseas business) • Acquisition of third-party certification (for the GHG Protocol and GX League) 	Executive Committee, Board of Directors
November and December 2024	Environmental strategy and status of initiatives <ul style="list-style-type: none"> • Status of initiatives and acquisition of third-party certification for FY2024 	Executive Committee, Board of Directors

[2] Risk Management

In addition to a bottom-up approach, the Proterial Group takes a top-down approach to risk management by establishing an enterprise risk management (ERM) system for the Managing Directors and Directors to identify and control risks across the board and on a medium- to long-term basis from the management perspective. The Risk Management Committee (RMC), which is chaired by the Chief Risk Control Officer (CRCO), implements the ERM process, including the identification, assessment, and prioritizing of risks for the promotion of ERM across the Group. Risks are given clear definitions by being categorized into “strategic risks,” “operational risks” and “firmwide risks.” Also, the risks identified by the RMC are assessed on four scales according to the degree of impact and the possibility of materialization. Then, based on the assessment results, a risk map is created, and priority risks are selected mainly from among those positioned in the high-risk zone in the map and in consideration of their respective importance and urgency. Countermeasures against the selected risks are implemented and progress is monitored by the RMC. Climate change-related risks identified by the Group Environmental Committee, administrative departments, and each business department are regarded as related to environmental regulations, and are included in the risks to be monitored by the RMC as the ERM targets. The RMC fosters the sharing of information about the measures implemented against the risks and the monitoring results. The Committee also makes relevant reports to the management team.

(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 2024 are as follows:

[1] Environmental Costs

Our environmental costs in fiscal 2024 came to 6.10 billion yen in expenses and 3.06 billion yen in investment, and totaled 9.16 billion yen.

(Climate change-related costs: 0.66 billion yen in expenses and 1.96 billion yen in investment. Water-related costs: 0.45 billion yen in expenses and 0.15 billion yen in investment)

[2] Environmental Effects

The economic effects amounted to a total of 6.97 billion yen, primarily due to waste elimination, recycling, and energy conservation.

[3] Physical Effects

Effects in physical terms were 6,478 tons for the effective use of resources and 575,000 t-CO₂ (in Japan) for the prevention of global warming. The global warming prevention effect increased due to the use of renewable energy, such as solar power generation, introduction of energy-efficient equipment, and other factors.

[Environmental Costs] (The Proterial Group in Japan)

(100 million yen)

Cost classification		FY2022		FY2023		FY2024	
		Expense	Investment	Expense	Investment	Expense	Investment
Business area costs	Pollution prevention	14.7	2.4	12.8	4.0	9.7	7.0
	Global environmental preservation	14.4	9.8	9.7	6.4	6.6	19.6
	Resource recycling	25.9	0.2	23.3	0.8	26.1	2.9
	Subtotal	55.0	12.4	45.8	11.2	42.4	29.5
Upstream and downstream costs		2.4	0.0	2.5	0.0	2.4	0.0
Management activity costs		6.9	0.0	4.3	0.0	5.1	0.0
Research and development costs		11.0	0.0	9.7	0.3	8.1	0.9
Social activity costs		0.0	0.0	0.1	0.0	0.2	0.0
Greening/environmental damage costs		0.6	0.0	4.1	0.0	2.7	0.3
Total		75.9	12.4	66.7	11.5	61.0	30.6

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

(100 million yen)

Item	FY2022	FY2023	FY2024
Waste processing and recycling	162.5	135.0	68.7
Energy conservation	1.1	1.4	1.0
Other	0.0	0.0	0.0
Total	163.6	136.5	69.7

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

Item	Unit	FY2022	FY2023	FY2024
Effective use of resources	kt	8,007	8,678	6,478
Global warming prevention	t-CO ₂	11,075	2,571	575,155

(6) Integrated Environmental Management System

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

We began acquiring certification at each of our manufacturing bases in 1997, and subsequently built an integrated environmental management system (EMS) for each segment of the business divisions in order to meet the increasing need for the manufacturing bases to closely cooperate with the head office departments engaging in engineering, planning and sales to ensure compliance with the environmental regulations for their products and promote the sales of environmentally friendly products. We also built the integrated EMS to achieve alignment with strategic business directions and integration with business processes as required by ISO 14001 (revised to the 2015 version in September 2015). We strived to meet the requirements of the 2015 version by building the EMS and completed the shift to ISO 14001:2015 by the end of fiscal 2017.

The integrated EMS built for each segment of the business divisions was in operation until fiscal 2022. The system was then revised into one to be operated by each business unit in response to the related organizational change, and has been in operation since fiscal 2023.

(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 2024, environmental affairs audits were conducted at eight sites (four in Japan and four outside Japan) in conjunction with internal audits. We confirmed that there were no major non-conformities requiring immediate administrative guidance. Although 18 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 reduction of environmental burden.

[Main Exhibitions in which the Proterial Group Participated] (Fiscal 2024)

Program date	Exhibition name (location)	Major items on display
April 22–26, 2024	Hannover Messe 2024 (Hannover Exhibition Grounds in Hannover, Germany)	In carbon neutrality, hydrogen has been attracting more attention with each passing year. Proterial set up its booth at “Hydrogen + Fuel Cells Europe,” which is the trade fair’s special exhibition area for hydrogen and fuel cell technologies. We exhibited our products that support “Production,” “Storage” and “Utilization” of hydrogen. They were mainly hydrogen-related products made by the Specialty Steel Business Unit, the Global Research & Innovative Technology Center of the R&D Division, and by Santoku Corporation, a subsidiary of the Magnetic Materials Business Unit. We also publicized the company name at this exhibition.
May 22–24, 2024	Automotive Engineering Exposition 2024 (PACIFICO Yokohama)	Based on the theme of supporting the next generation of vehicles with its “PRO+MATERIAL” concept, Proterial introduced technologies and products that contribute to higher energy efficiency on the subthemes of technologies for motors, technologies for batteries, and technologies for new automobiles necessary for an electrified society.
July 24–26, 2024	TECHNO-FRONTIER 2024 (Tokyo Big Sight)	Under the theme of contributing to the advancement of motors with its “PRO+MATERIAL” concept, Proterial introduced its comprehensive materials solutions, including advanced materials and analysis and engineering methods, on the subthemes of technologies for motors, technologies for batteries, and materials technologies that support manufacturing.
October 29–31, 2024	4th Sustainable Material Expo (Makuhari Messe)	Proterial exhibited the latest environmentally friendly products and technologies aimed at creating an affluent and sustainable society on the themes of hydrogen, electrification, manufacturing, and “thinking together.”

[2] External Awards

The Proterial Group's products and environmental activities won the following external awards in fiscal 2024 for their contribution to energy conservation and to reductions in size and weight.

[Major External Environmental Awards] (Fiscal 2024)

Business domain	Product/ technology/ project awarded	Title of award (Awarding body)	Reasons for award
Electric wires	Fiber-optic Warning System for Contact Wire	56th Ichimura Prize in Industry for Distinguished Achievement (Ichimura Foundation for New Technology)	Jointly developed by Central Japan Railway Company and Proterial, the Fiber-optic Warning System for Contact Wire uses optical fiber-based detection wires to provide a constant monitoring function even during daytime. The system also supports the pinpoint identification of wear positions and helps users understand the status of wear in real time. Installing this system reduces the workload for maintaining contact wires and helps improve the quality of railroad maintenance. The award was granted in recognition of these benefits.
Specialty steel	New Cold Dies Steel with High Toughness and Machinability	Minister of Education, Culture, Sports, Science and Technology Award at the Chugoku Region Invention Honors for fiscal 2024 (by the Japan Institute of Invention and Innovation)	The cold dies steel with high toughness and machinability invented by Proterial has a composition that facilitates the creation of "Belag" (an oxide-based protective film formed on the cutting edge of a tool during the cutting process due to the reaction of substances contained in the work material) as well as carbide miniaturization and reduction, allowing for high machinability that is approximately 3.5 times higher than the standard cutting conditions of SKD11, which is the cold die steel in general use, thus contributing to improved cutting speed and shorter mold processing time for customers. Moreover, because of its high toughness, it exhibits excellent durability and chipping resistance when used as a mold. Stable hardness can be achieved even with the application of high-temperature tempering, so it is effective in keeping down dimensional changes during PVD treatment. The award was given in recognition of these benefits.
Magnetic materials	Continuous Activities for Environmental Protection and Corporate Social Responsibility	Grand prize at the 12th Gyeongbuk Clean Management Awards (Gyeongbuk Employers Association, Gyeongbuk Chamber of Commerce and Industry Council, Gyeongbuk regional headquarters of the Korea Federation of SMEs, and Daegu-Gyeongbuk regional headquarters of the Korea International Trade Association)	This prestigious award is given to companies that are evaluated as outstanding in terms of ethical management of business for the environment, corporate social responsibility and transparency, and for cooperative labor-management relationships. Proterial Group company Pacific Materials Co., Ltd. received this prize in recognition of the activities that it has been conducting to protect the environment and fulfill its social responsibility.

2. Contribution to the Realization of 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) 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)

Medium-term goal: Reduce CO₂ emissions by 38% by FY2030 (compared with FY2015)

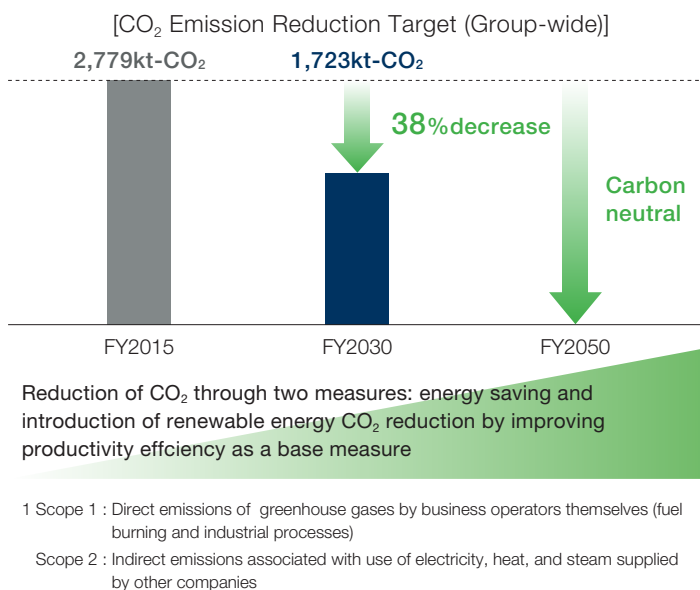
Long-term goal: Reduce CO₂ emissions to net zero by FY2050

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

(2) Indicators and Targets

[1] About Scopes 1 and 2

The following are Scope 1 and 2¹ 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.



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

Item	FY2022	FY2023 ³	FY2024
Scope1	818	234	213
Scope2	1,096	828	785
Scope1 + Scope2	1,914	1,062	997

2. The Scope 1 and 2 emissions were certified by a third party. The numbers may not add up due to differences in display formats.

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

[2] 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 FY2024 totaled 1,871 kt-CO₂, of which “Category 1: Purchased Goods and Services” accounted for the largest share (80.1%).

[Group-wide Scope 3 results (kt-CO₂)⁴]

Category	Category description	FY2022		FY2023		FY2024	
		CO ₂ emissions [kt-CO ₂]	Percentage [%]	CO ₂ emissions [kt-CO ₂]	Percentage [%]	CO ₂ emissions [kt-CO ₂]	Percentage [%]
Category 1 ⁴	Purchased goods and services	1,787	76.5	1,769	83.8	1,499	80.1
Category 2	Capital goods	106	4.5	115	5.4	113	6.1
Category 3	Fuel and energy related activities not included in Scopes 1 and 2	391	16.7	182	8.6	215	11.5
Category 4	Upstream transportation and distribution	24	1.0	21	1.0	22	1.2
Category 5	Waste generated in operations	11	0.5	7	0.4	7	0.4
Category 6	Business trips	3	0.1	3	0.2	3	0.2
Category 7	Employee commuting	12	0.5	11	0.5	9	0.5
Category 13	Downstream leased assets	2	0.1	2	0.1	1	0.1
Total		2,336	100.0	2,111	100.0	1,871	100.0

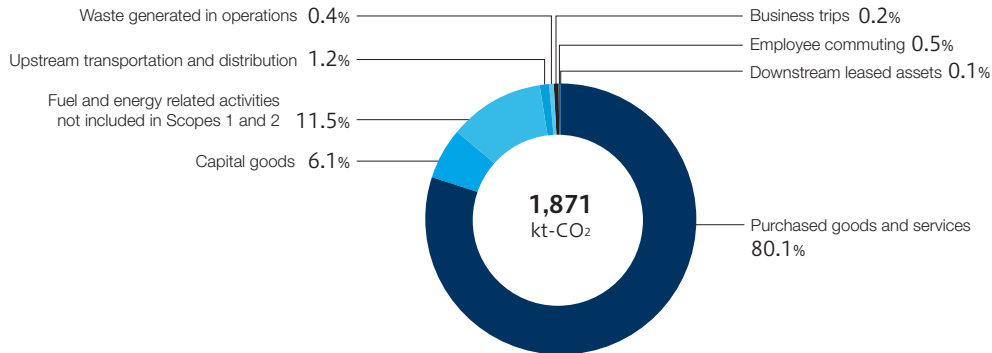
4. The Scope 3 Category 1 emissions were certified by a third party. The numbers may not add up due to differences in display formats.

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: FY2022: Ministry of the Environment DB3.1 and IDEA database Ver. 3.2

FY2023: Ministry of the Environment DB3.4 and IDEA database Ver. 3.3

FY2024: Ministry of the Environment DB3.4 and IDEA database Ver. 3.4

[Scope 3 FY2024 results]**[3] Executive compensation**

Compensation for our Managing Directors and Directors 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 to the evaluation items for climate-change response.

[4] 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 we review the carbon price annually. In fiscal 2024, as a result of a review in reference to carbon taxes, carbon credits, and procurement prices of renewable energy applied in Japan and overseas, we have decided not to change the price.

(3) 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. Moreover, in February 2025, the government submitted its new Nationally Determined Contribution (NDC) for fiscal 2035 and fiscal 2040 to the United Nations Framework Convention on Climate Change (UNFCCC) secretariat. Accordingly, companies are expected to be more proactive than ever in their efforts to promote the 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).



1: 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.

(4) Strategy

The Proterial Group conducted a scenario analysis to clarify the risks and opportunities posed by future climate change based on an assumption of various environmental changes that could be caused by climate change, aiming to develop business strategies to reduce the risks and expand the opportunities. Specifically, by following the scenario analysis steps, we assessed the impact of climate change on our financial and business situations under multiple scenarios and the Group’s strategies’ resilience against climate-related risks and opportunities.

In order to appropriately respond to the risks and opportunities, we have set the targets of reducing our CO₂ emissions by 38% relative to the fiscal 2015 level by fiscal 2030 and achieving net zero emissions by 2050, and are promoting measures to attain these targets. To this end, we are working on energy conservation, fuel conversion, capital investment to expand the use of renewable energy, improvement of manufacturing processes, a higher usage rate of scraps with low CO₂ emissions in raw materials, and finding new suppliers. We are striving to develop and promote the sales of materials and products that contribute to the electrification, energy conservation, higher fuel efficiency, and longer product life of automobiles. Furthermore, we are making efforts to improve our production system against extreme weather events, including enhancing the BCP system and elaborating the behavioral manual against emergencies.

[1] 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.

[2] Assumptions for scenario analysis

In line with the “Less-than 2°C scenario” and the “4°C scenario,” we examined the policy/regulations-related risks and market risks posed to us and also examined the opportunities that we may gain due to the market impact of the Proterial Group’s environmentally friendly products that are expected to contribute to a decarbonized society. We plan to evaluate the gaps of analysis results between the scenarios and the “1.5°C scenario” as well as the countermeasures going forward.

Item	Details
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	A total of seven sites (domestic sites and major overseas sites)
Target year	Impact as of 2030

[3] 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

[4] Steps of scenario analysis



- Identify climate-related risks/opportunities
- Assess most significant risks/opportunities
- Set parameters related to the most significant risks/opportunities
- On the basis of the information in Step1, identify the most relevant scenarios among the existing scenarios.
- Establish climate-related scenarios (societal visions)
- Analyze the financial impact of each scenario on the basis of the scenarios identified in Step 2 and the significant climate-related risks/opportunities and related parameters identified in Step1.
- Assess the resilience of our strategy for climate-related risks and opportunities
- Consider further countermeasures

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 towards improving energy consumption per unit of production by 1% or more per year by promoting various energy saving measures (LED lighting, replacement and introduction of high-efficiency equipment) and productivity improvement measures. Aiming to become carbon neutral by 2050, we plan to actively promote fuel conversion and introduction of renewable-energy facilities (installation of solar panels) as additional measures to achieve the 2030 CO ₂ reduction target.
			Increased procurement risk due to strengthened CP regulations for raw materials.	Medium	Small	Small	As for principle raw materials, we will strengthen surcharges and cultivate new suppliers. From the perspective of life cycle assessment (LCA), we will increase the utilization ratio of scrap (which generates low CO ₂ emissions) and nurture 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	As for reducing CO ₂ emissions from manufacturing processes, we will continue to promote both energy conservation and renewable energy, and we will focus on how to respond to customer requests for decarbonization.	
Physical	Acute and chronic	Orders and sales decrease owing to delays in delivery accompanying the suspension of operations caused by natural disasters due to abnormal weather.	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.	

2. Contribution to the Realization of a Decarbonized Society

Classification	Type	Content	Business/financial impact ¹			Our response
			Specialty Steel	Rolls	Automotive Casting	
Opportunity	Resource efficiency	We will increase sales by increasing product value through efficient production and efficient use of materials and energy.	Small	Small	Small	To achieve the 2030 CO ₂ reduction target, we plan to promote energy-saving measures through fuel conversion for industrial furnaces and boilers, introduction of high efficiency equipment and waste heat utilization, and actively promote further introduction of solar power generation facilities.
	Source of energy	We will increase sales by improving customers' supplier selection evaluation through decarbonization efforts.	Small	Small	Small	We will actively promote CO ₂ reduction by introducing renewable energy and switching to carbon-neutral fuels.
	Products/ Services	We will increase sales by developing and launching environmentally friendly products onto the market.	Large	Small	Small	We will promote new orders and increase market share of target products by shortening development lead times and reducing costs of environmentally friendly products. We will continue to expand sales of environmentally friendly products, which are expected to be in greater demand in the future. <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 contribute to 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	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	We are reducing CO ₂ emissions by promoting various energy-saving measures (e.g., LED lighting and renewal/introduction of high-efficiency equipment) and measures to improve productivity. From now onwards, aiming to achieve our CO ₂ 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).
		Increased procurement risk due to strengthened CP regulations for raw materials.	Small	Medium	Medium	Small	As for principle raw materials, we will work to strengthen surcharges and cultivate new suppliers. 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.

Classification	Type	Content	Business/financial impact ¹				Our response	
			Magnetic Materials	Power Electronics	Electric Wires and Cables	Automotive Components		
Risk	Transition	Technology	Small	Small	Small	Small	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.	
		Market	Decreased demand for peripheral components of internal combustion engines owing to the expansion of xEVs and decrease in sales due to excessive competition with competing xEV suppliers	Small	Large	Small	Small	We will reduce costs by introducing high-efficiency equipment, improving productivity, and procuring parts locally.
			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	Small	Medium	Medium	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	We will increase sales by increasing product value through efficient production and efficient use of materials and energy.	Small	Medium	Small	Medium	To achieve the 2030 CO ₂ reduction target, we plan to promote various energy-saving measures (LED lighting, renewal and introduction of high-efficiency equipment, etc.) and productivity-improvement measures while promoting fuel conversion and introduction of renewable energy (i.e., installation of solar panels). We will also disclose these initiatives and their results.	
	Source of energy	We will increase sales by improving customers' supplier selection evaluation through decarbonization efforts.	Small	Small	Small	Small	We will reduce electricity consumption by improving productivity and increase the utilization rate of renewable energy.	
	Products/ Services	We will increase sales by developing and launching environmentally friendly products onto the market.	Small	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, we have assessed the financial impact of climate change-related risks and opportunities as well as our responses for each business. As a result, we have confirmed that our environmental strategy is resilient. By implementing groupwide measures to achieve the CO₂ emission reduction target set for 2030 and develop environmentally friendly products in each business field in a planned manner, we believe that we can minimize our climate change-related risks, increase our corporate value through contributing to a low-carbon society, and create more growth opportunities.

3. Manufacturing of Products through Processes That Reduce Environmental Impact (Resource Conservation, Recycling and Environmental Protection)

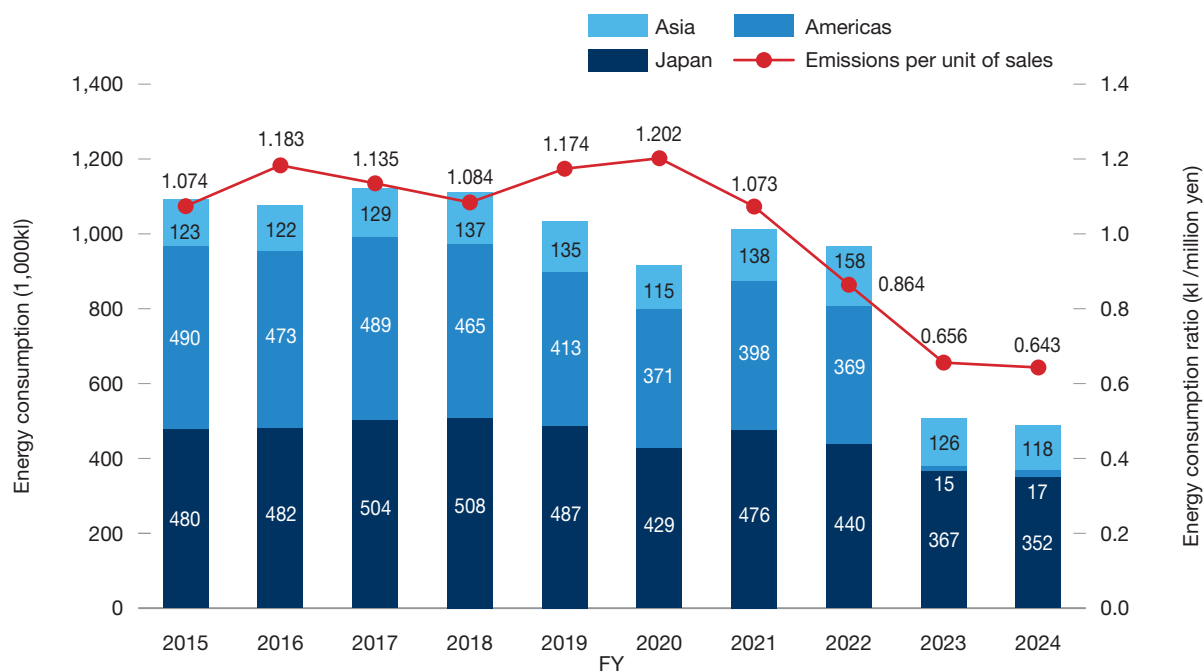
(1) Trends in Energy Consumption and Energy Consumption per Unit of Sales

The Proterial Group's global energy consumption in fiscal 2024 was 487 thousand kl in crude oil equivalent, down 21 thousand kl (4.0%) from fiscal 2023.

The major reasons for the decline in energy consumption were the promotion of energy-saving activities (1.6%), expanded introduction of renewable energy (1.0%), the divestiture of some sites (1.0%), and a decrease in production (approximately 0.4% on a weight basis). Meanwhile, energy consumption per unit of sales improved from fiscal 2023 by 2.0% to 0.643. This was attributable to energy saving efforts and portfolio revision, which more than offset a 2.1% year-on-year decrease in revenues from fiscal 2023. Major measures implemented to reduce energy consumption included adopting highly efficient equipment, expanding the use of renewable energy, improving productivity, ensuring the efficient operation of facilities, promoting heat insulation and heat shielding, and facilitating fuel conversion.

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)



(2) Trends in CO₂ Emissions from Energy Usage and CO₂ Emissions per Unit

The Proterial Group's global CO₂ emissions from energy usage in fiscal 2024 were 997 thousand tons, down 65 thousand tons (6.1%) from fiscal 2023. This was down 1,782 thousand tons (64.1%) from the base year (fiscal 2015).

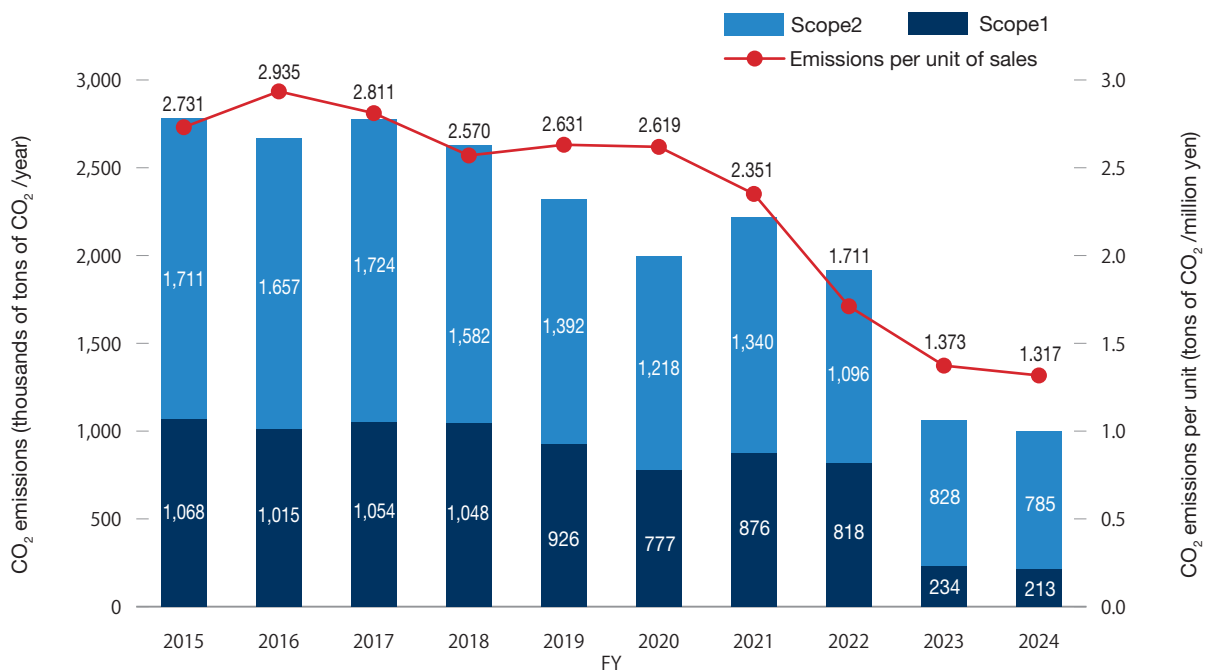
The major reasons for the decline in CO₂ emissions were the promotion of energy-saving activities (about 1.6%), expanded use of renewable energy (about 0.9%), divestiture of some sites (1.0%), decreased production (about 0.4% on a weight basis), and a drop in the amount of CO₂ emitted by electric power companies (about 1.4%).

CO₂ emissions per unit of revenues were 1.317, down 4.1% year on year. This was attributable to energy-saving efforts and portfolio revision, which more than offset a 2.1% year-on-year decrease in revenues.

Major measures implemented for CO₂ emissions reduction included installing highly efficient equipment, improving productivity, introducing renewable energy, promoting the efficient operation of equipment, and promoting heat insulation and heat shielding as well as fuel conversion. The amount of renewable energy used by Proterial in fiscal 2024 was 19,185 MWh (1.1% 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 79% 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 2024 issued by the International Energy Agency (IEA).

(3) 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 2024, we introduced captive photovoltaic power generation, mainly using the self-investment method and the Third Party Ownership/Power Purchase Agreement (TPO/PPA) model¹ as shown in the table below.

¹ 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.

[Major photovoltaic power generation systems installed in FY2024]

Installation location	Installation site	Panel capacity (kW)	Annual power generation (thousand kWh/year)	CO ₂ emissions reduction (t-CO ₂ /year)	Self-investment/ PPA
Yasugi City, Shimane Prefecture	Yasugi Works / Metallurgical Research Laboratory	530	620	230	Self-investment
Kitakyushu City, Fukuoka Prefecture	Proterial Wakamatsu, Ltd.	912	811	421	PPA
Kanda Town, Miyako-gun, Fukuoka Prefecture	Kyushu Techno Metal, Ltd.	192	233	110	Self-investment
Dongguan, Guangdong Province, China	Proterial Specialty Steel (Dong Guan) Co., Ltd.	2,000	3,749	1,526	PPA
Suzhou, Jiangsu Province, China	Proterial Cable (Suzhou) Co., Ltd.	4,582	4,334	2,318	PPA
Daegu, Korea	Nam Yang Metals Co., Ltd.	992	1,242	547	Self-investment
Total		9,165	10,989	5,152	

In fiscal 2024, we newly installed solar power generation systems with the combined total panel capacity reaching 9,165 kW, an annual power generation capacity of 10,989 MWh, and a CO₂ emissions reduction effect of 5,152 tons per year.

The amount of renewable energy generated from sunlight and other sources and used by the Proterial Group in fiscal 2024 was 19,185 MWh (about 1.1% of total electricity usage), which contributed to reducing CO₂ emissions by 8,633 tons.

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

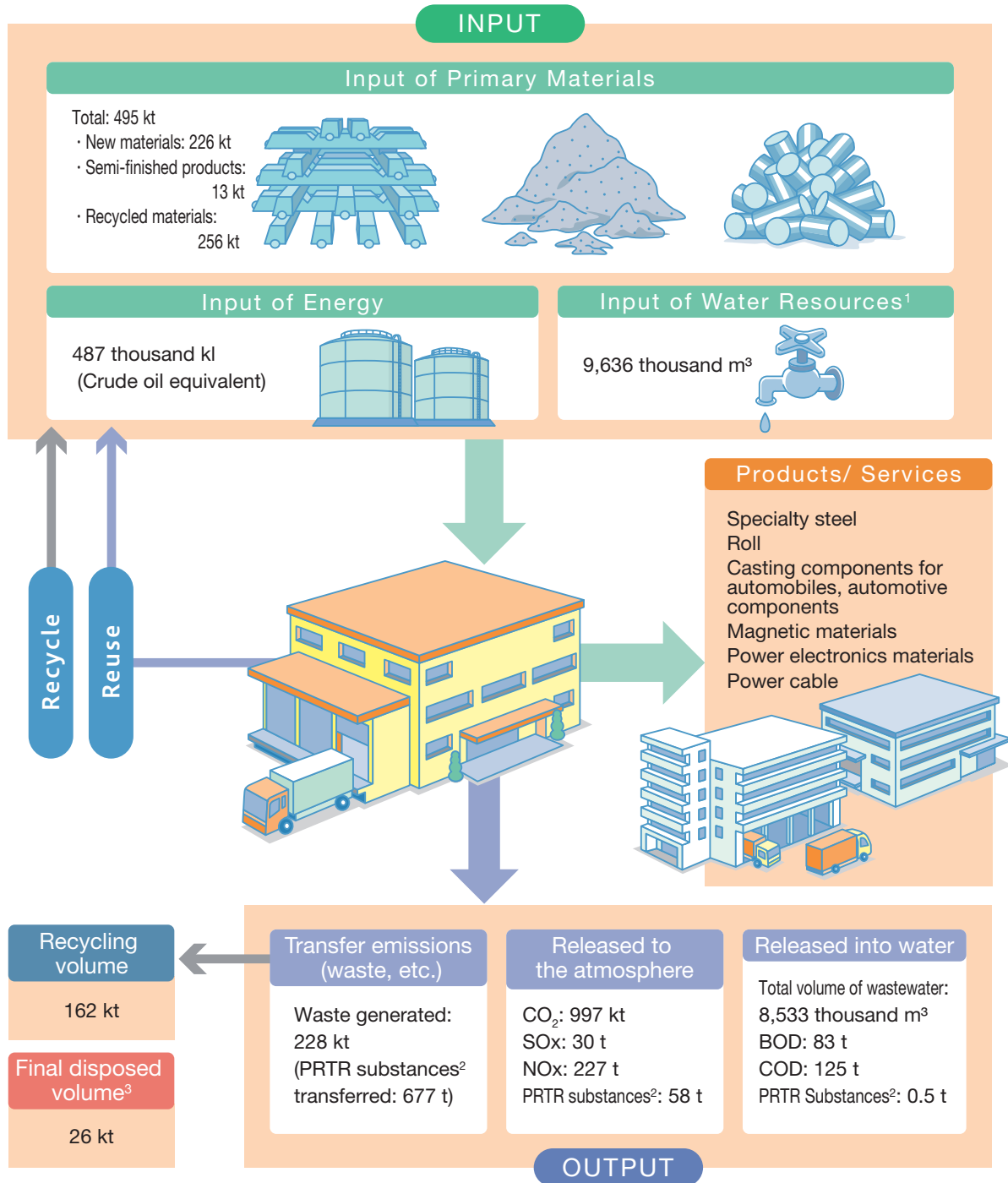


Solar power generation panels installed at Proterial Cable (Suzhou) Co., Ltd.

(4) Material Balance

To use resources even more efficiently, the Proterial Group is working to reduce the input of major materials and energy as well as the discharge into the environment and transfer of wastewater, hazardous substances, and other kinds of waste. The following shows the Proterial Group’s material balance in its manufacturing stage for fiscal 2024.

[The Proterial Group’s Material Balance for Fiscal 2024 (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.

(5) 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 2024 in the Medium-Term Environmental Action Plan (Proterial Group)

Reduction of waste generation per production unit¹ by at least 35% compared to fiscal 2010

Waste landfill rate: 10.5% or less

● Fiscal 2024 Results (Proterial Group)

Reduction rate of waste generation per production unit: 45.9%

Waste landfill rate: 5.6%

1. (Waste and valuables generation) / (amount of activity²)

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 2024 amounted to about 228 thousand tons, down 13 thousand tons from 241 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 45.9% reduction from the base year, exceeding the target for fiscal 2024 (35%). This was particularly owing to the operation of a sand recycling system.

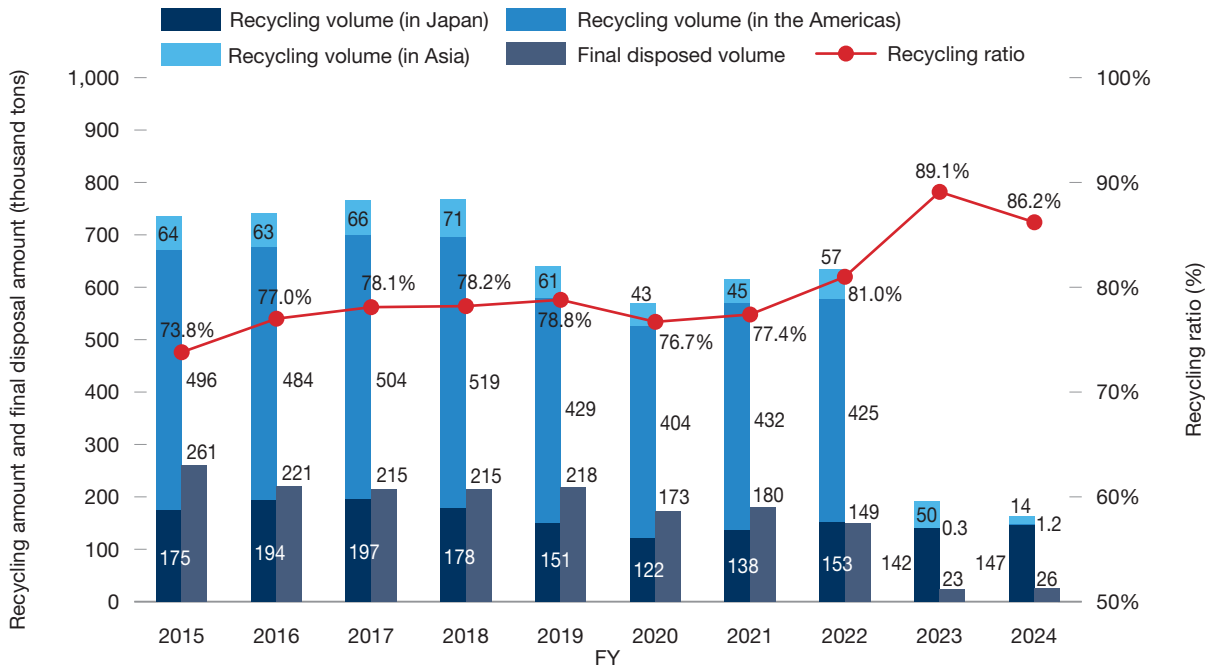
The amount of recycled resources was 147 thousand tons in Japan, 1.2 thousand tons in the Americas, and 14 thousand tons in Asia (total: 162 thousand tons). The final disposal amount was 16 thousand tons in Japan, 0.3 thousand tons in the Americas, and 9 thousand tons in Asia (total: 26 thousand tons). (The final disposal amount includes the amount of household waste, hazardous waste, and in-house landfill.) The amount of recycled plastics waste was 1.6 thousand tons on a non-consolidated basis (3.3 thousand tons on a consolidated basis), due partially to the downscaling of business, and the recycling rate was 89.3% (+3.0%) on a non-consolidated basis (90.1%, up 4.5%, 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 2024])

In fiscal 2024, despite the increasing difficulty with recycling waste in Japan, due partially to the downscaling of business, the waste landfill rate stood at 5.6%, compared to the target value of 10.5%, thanks to recycling activities overseas and other factors. Going forward, we plan to raise the bar overall by continuously promoting initiatives at sites that have more potential for recycling.

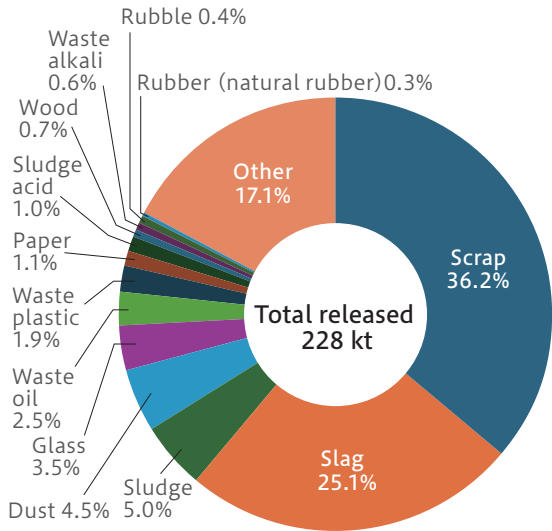
Also of note, we achieved zero emission status* at 25 business sites.

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

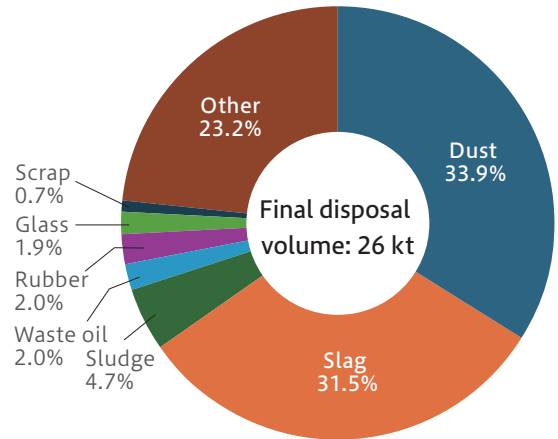
[Trends in Recycling Volume, Final Disposal Volume, and Recycling Ratio] (Proterial Group)



[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 2024 in the Medium-Term Environmental Action Plan (Proterial Group)

Reduction of water usage per production unit¹ by at least 35% compared to fiscal 2010

●Fiscal 2024 Results (Proterial Group)

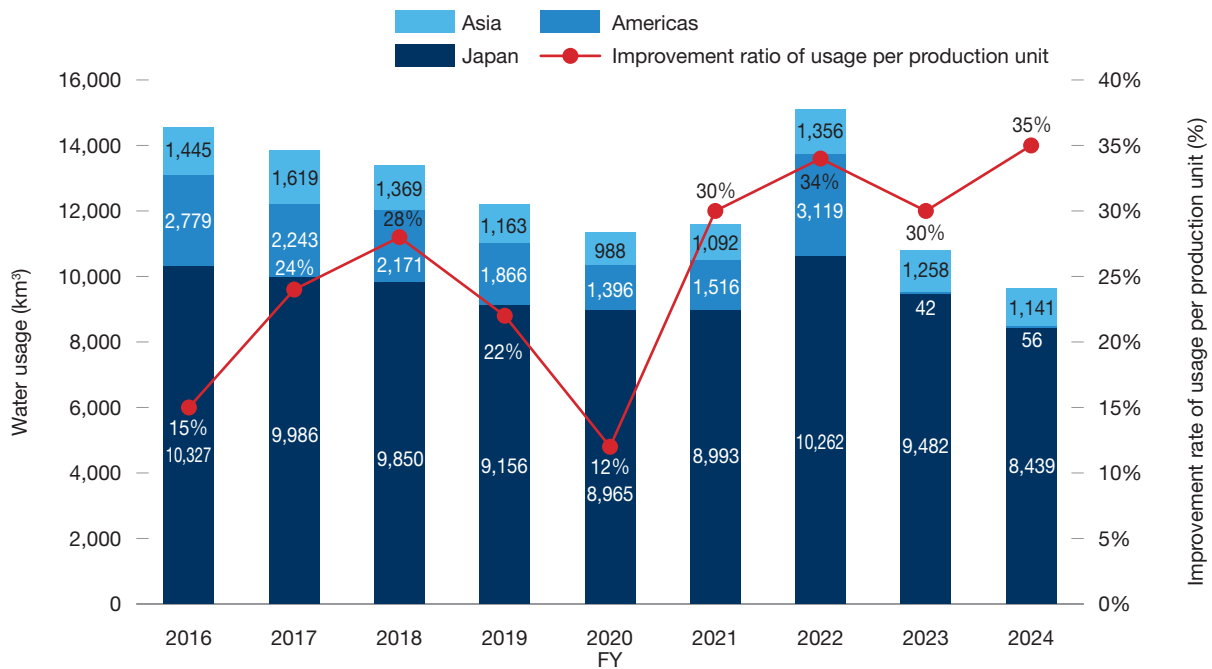
Reduction rate of water usage per production unit:34.9%

1. (Water usage) / (amount of activity²)

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

Since fiscal 2016, we have been globally working to achieve the targets for effective use of water resources set in the Environmental Action Plan. Water usage decreased by 1,146km³ from fiscal 2023, to 9,636km³ (the denominator variable changed to the amount of water intake in 2022). This was achieved by making circulative use of water where it will not cause major quality problems, installing equipment that provides functions to reduce water discharge, repairing water leaks, and utilizing rainwater. We reduced per-unit water use by 17.9% year on year but were unable to achieve the target for the per-unit water usage reduction rate relative to the baseline year by recording 34.9%. 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] Eco-Factory Case Study

■Use of Rainwater for Gardening (Proterial Thai Enamel Wire Co., Ltd.)

Proterial Thai Enamel Wire is working to reduce its water usage and maximize efficiency in line with the Proterial Group’s environmental policies and water use reduction targets. In one such effort, the company started to use rainwater for gardening. At the plant, rainwater used to be treated, passed through a reservoir, and discharged outside the premises by rain gutters. Now, rainwater is still treated and passed through the reservoir, but it is stored in a tank and used for gardening. Also, a water meter was installed to measure the tank inflow and outflow amount and monitor the amount of rainwater stored and used for gardening on a daily basis. As a result, in fiscal 2024, a total of about 22 m³ of treated rainwater was used for gardening, saving the same amount of water at the plant. The company is considering also using the treated rainwater to clean its canteen and work spaces.



Tank to store treated rainwater

(6) Chemical Substance Management

[1] Reduction of Substances of Environmental Concern

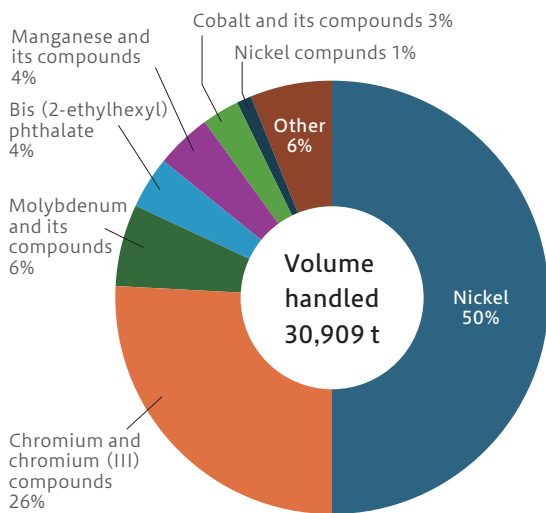
Of the substances handled by domestic companies in the Proterial Group that are subject to the PRTR Law,¹ six substances—nickel (including compounds), chromium, molybdenum, manganese, phthalic acid (2-ethylhexyl), and cobalt—are essential raw materials used in Proterial’s products. These six substances constitute 94% of the total amount handled and 76% of that transferred.

Of the total amount released into the atmosphere, 48% is attributable to toluene and xylene, which are volatile organic compounds (VOCs).

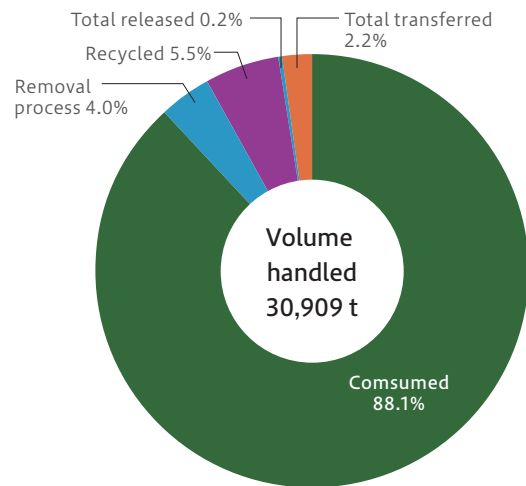
¹ Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement

[The State of PRTR Substance Handling in Fiscal 2024] (Domestic Group)

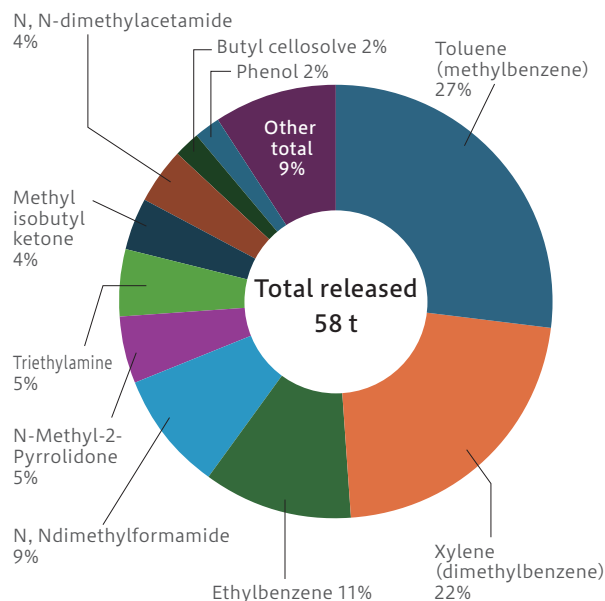
[Breakdown of Volume Handled]



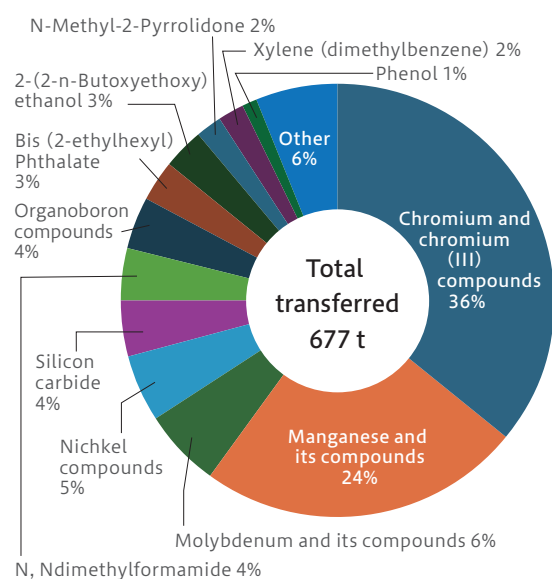
[Volumes Consumed, Released, and Transferred, and Other Breakdowns]



[Breakdown of Release (atmosphere, water)]



[Breakdown of Transfer (waste, sewerage)]



[Fiscal 2024: PRTR Data (in Japan) (Unit: Tons/year)]

No.	Name	CASNo.	Volume handled	Volume released					Volume transferred		
				Atmosphere	Public Water system	Soil	Landfill	Total	Sewerage	Waste	Total
31	Antimony and its compounds	-	74	0.0	0.0	0.0	0.0	0.0	0.0	1.1	1.1
44	Indium and its compounds	-	3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
53	Ethylbenzene	100-41-4	35	6.6	0.0	0.0	0.0	6.6	0.0	5.8	5.8
80	Xylene (also known as dimethylbenzene)	1330-20-7	104	12.4	0.0	0.0	0.0	12.4	0.0	11.2	11.2
82	Silver and its water-soluble compounds	-	5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
86	Cresol	1319-77-3	160	1.1	0.0	0.0	0.0	1.1	0.0	3.9	3.9
87	Chromium and chromium (III) compounds	-	8,145	0.0	0.0	0.0	0.0	0.1	0.0	245.8	245.8
132	Cobalt and its compounds	-	944	0.0	0.0	0.0	0.0	0.0	0.0	5.7	5.7
213	N, N-dimethylacetamide	127-19-5	96	2.1	0.0	0.0	0.0	2.1	0.0	2.9	2.9
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	0.6
232	N, N-dimethylformamide	68-12-2	218	5.5	0.0	0.0	0.0	5.5	0.0	25.3	25.3
277	Triethylamine	121-44-8	63	2.7	0.0	0.0	0.0	2.7	0.0	0.0	0.0
296	1,2,4-Trimethylbenzene	95-63-6	32	0.8	0.0	0.0	0.0	0.8	0.0	1.5	1.5
297	1,3,5-Trimethylbenzene	108-67-8	7	0.4	0.0	0.0	0.0	0.4	0.0	0.4	0.4
300	Toluene (Synonym: methylbenzene)	108-88-3	22	15.5	0.0	0.0	0.0	15.5	0.0	4.4	4.4
308	Nickel	7440-02-0	15,545	0.0	0.0	0.0	0.0	0.0	0.1	2.8	3.0
309	Nickel compounds	-	377	0.0	0.2	0.0	0.0	0.2	0.0	31.8	31.8
330	Bis (1-methyl-1-phenylethyl) peroxide	80-43-3	13	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
349	Phenol	108-95-2	172	1.4	0.0	0.0	0.0	1.4	0.0	9.3	9.3
355	Bis (2-ethylhexyl) phthalate	117-81-7	1,168	0.0	0.0	0.0	0.0	0.0	0.0	23.1	23.1
374	Hydrofluoric acid and its water-soluble salts	-	46	0.0	0.0	0.0	0.0	0.0	0.2	1.9	2.1
391	Hexamethylene = diisocyanate	822-06-0	20	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4
405	Boron compounds	-	131	0.0	0.0	0.0	0.0	0.0	0.0	24.2	24.2
412	Manganese and its compounds	-	1,164	0.0	0.2	0.0	0.0	0.3	0.0	160.0	160.0
438	Methylnaphthalene	1321-94-4	6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
453	Molybdenum and its compounds	-	1,656	0.0	0.0	0.0	0.0	0.0	0.1	42.9	43.0
594	Butyl Cell Solve	111-76-2	2	1.4	0.0	0.0	0.0	1.4	0.0	0.0	0.0
626	Diethanolamine	111-42-2	2	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0
667	Silicon Carbide	-	63	0.0	0.0	0.0	0.0	0.0	0.0	29.0	29.0
691	1,2,3-Trimethylbenzene	-	10	0.4	0.0	0.0	0.0	0.4	0.0	0.3	0.3
697	Lead and compounds	-	16	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
710	Dioctyl phthalate	117-84-0	32	0.0	0.0	0.0	0.0	0.0	0.0	1.1	1.1
721	Furfural	98-01-1	5	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3
731	n-Heptane	142-82-5	2	1.3	0.0	0.0	0.0	1.3	0.0	0.6	0.6
737	Methyl isobutyl ketone	108-10-1	3	2.6	0.0	0.0	0.0	2.6	0.0	0.0	0.0
746	N-Methyl-2 pyrrolidone	872-50-4	532	2.7	0.0	0.0	0.0	2.7	0.0	12.8	12.8
(Total of 43 substances with handled volumes of less than 1 ton)			10	0.9	0.0	0.0	0.0	0.9	0.0	2.9	2.9

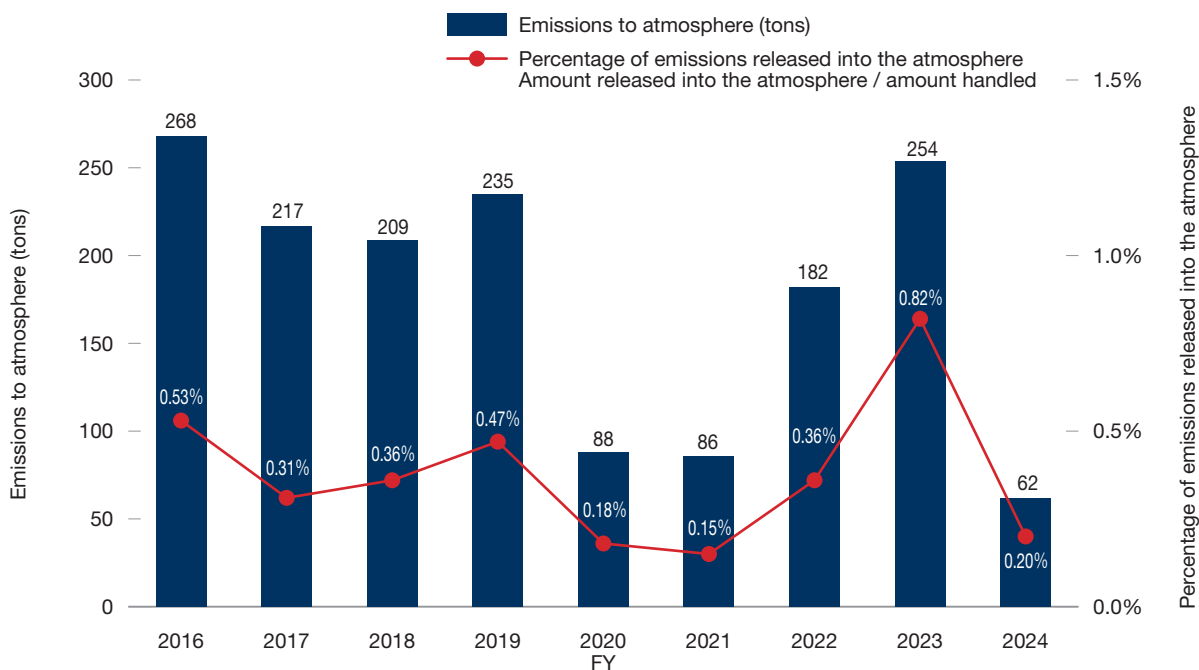
[2] Reduction of Chemical Substance Emissions

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 2024, emissions released into the atmosphere decreased by 192 tons from fiscal 2023 to 62 tons. Also, the percentage of emissions released into the atmosphere decreased by 0.62% from fiscal 2023 to 0.20%.

This was principally due to the use of exhaust gas treatment equipment to reduce emissions into the atmosphere. Going forward, we will consider improving the manufacturing process to reduce the atmospheric emissions of chemical substances on a continual basis.

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



(7) Site Data

Please see page 85 to refer to “Materials Flow at Major Domestic Manufacturing Sites in the Proterial Group in Fiscal 2024.”

(8) 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]



Planting activity (Proterial Vietnam Co., Ltd.)



Kanzaki river bank cleanup activity (Suita Works, Proterial Metals, Ltd.)



Shizen Fureaien park cleanup activity (Moka Works, Proterial, Ltd.)



Green curtain activities (Head office and Takasaki Works, NEOMAX ENGINEERING, Co., Ltd., Tsuchiura Works of Proterial Metals, Ltd., and other sites)

4. Expansion of Key Environmentally Conscious 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 friendly products.

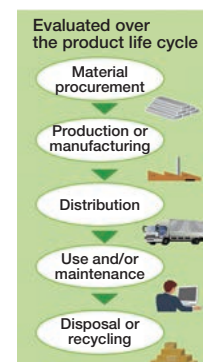
(1) Environmental Consideration (Life Cycle Assessment [LCA]) in Products and Services

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 62430¹ 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 purificat	Components that help clean exhaust gas (Magnets for EGR* ²)
		Lighter weight	Magnets for EPS* ³ , magnets for auxiliary motor
		Higher efficiency, longer life	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

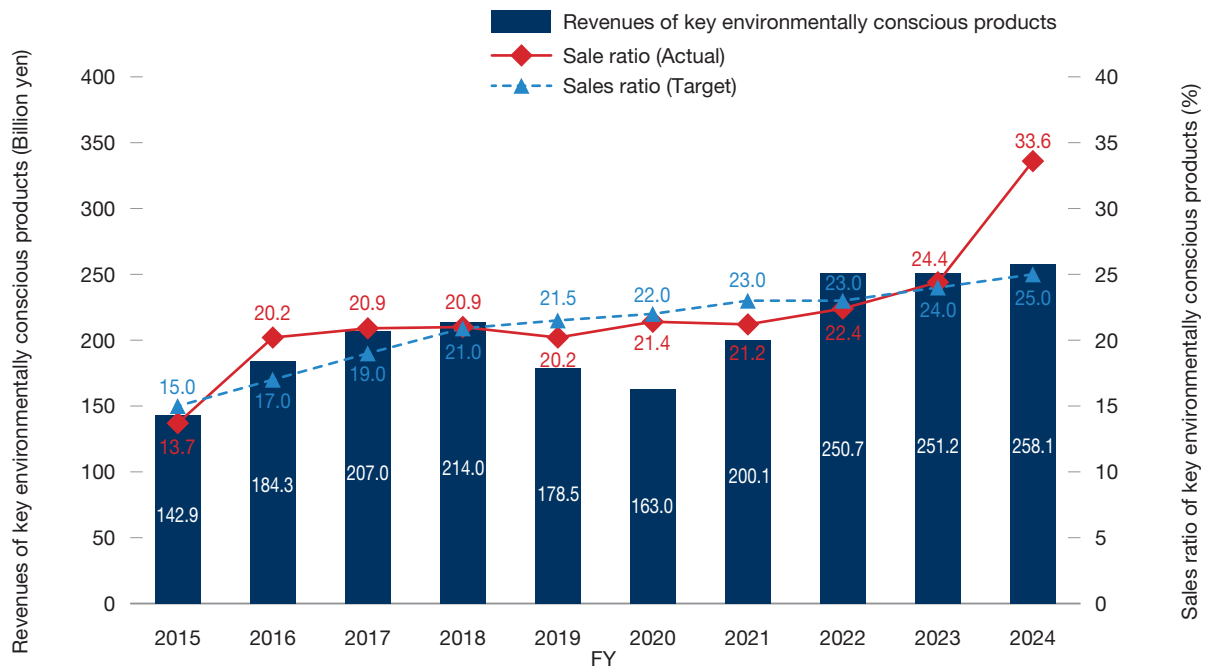
(2) Revenues and Sales Ratio of Key Environmentally Conscious Products

The Proterial Group designs its products to be environmentally friendly. It defines its key environmentally conscious products as those that are deemed to have growth potential in its management strategy and that make a significant contribution to resolving environmental issues such as climate change and resource recycling. The Group is aiming to increase revenues from these products.

In fiscal 2024, revenues from sales of our key environmentally conscious products increased to 258.1 billion yen, up 0.7 billion yen year on year. The revenue ratio on a consolidated basis increased to 33.6%, up 9.2% year on year.

Going forward, we will expand the lineup of such 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.

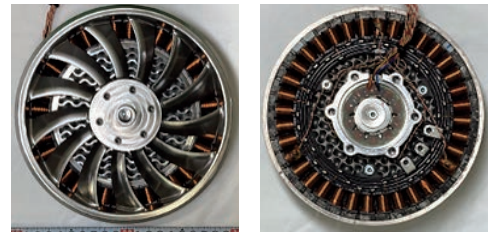
■ Permendur YEP®-2V for Motor Cores

Industrial Materials Sub Business Unit, Specialty Steel Business Unit

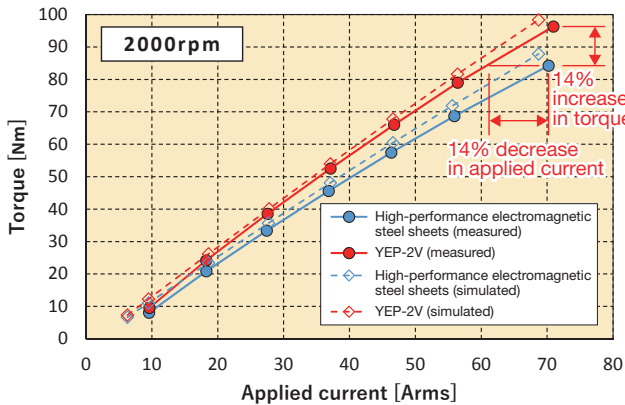
Proterial has launched proposals for the use of YEP®-2V (Fe-49Co-2V) as a motor core material for electric vertical take-off and landing (eVTOL) aircraft. The product has a higher saturation magnetic flux density relative to conventional electromagnetic steel sheets and can reduce the electric current required to produce the same torque.

The product thereby contributes to improving motors with weight reduction, higher efficiency, downsizing, and higher torque. Also, its low iron loss characteristic suppresses heat generation, which could lead to higher motor efficiency. A test carried out by replacing a conventional motor core material with the product demonstrated that the motor had 14% higher torque at the same current value, and 14% lower current at the same torque value. As a result, the motor generated less heat, and the rise in its temperature was reduced. Therefore, the use of this product is expected to further improve the performance of motors.

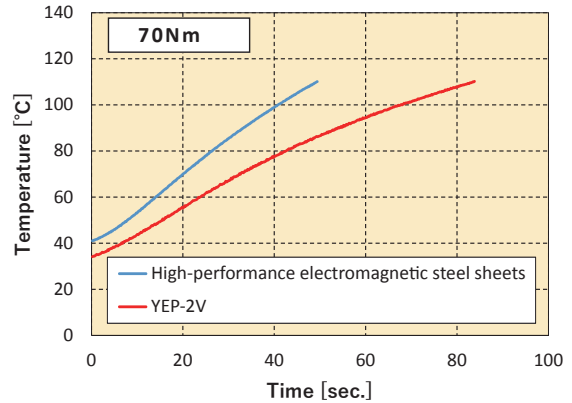
Going forward, we plan to expand the use of this product as the motor core material for eVTOL and other types of aircraft, expensive EVs (including racing cars), robots and drones, and power generators. Moreover, it could also be used as a magnetic shielding material for smartphones.



Rotor side Stator side
eVTOL mock-up motor



Demonstration result [1]



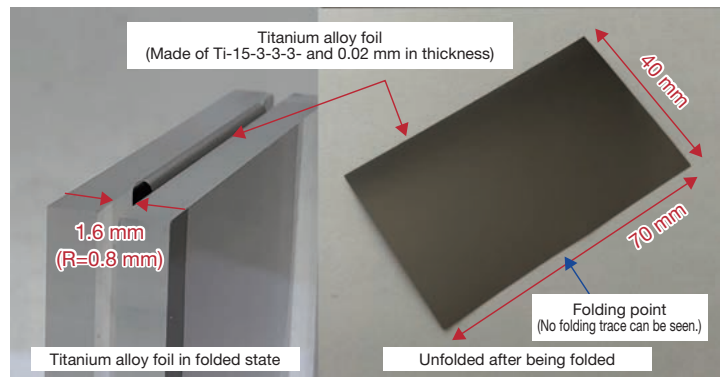
Demonstration result [2]

■ Titanium Alloy Foil for Flexible Displays

Proterial Metals, Ltd., Specialty Steel Business Unit

Foldable smartphones are compact when folded yet provide users with a large display when unfolded, and demand for these products is growing. Foldable smartphones feature bendable, flexible displays. The bending radius of the folding area needs to be reduced to increase their designability and reduce thickness, requiring more durable materials. Currently, stainless steel plates are used for the back panels of the displays, but they have issues with durability and magnetism. In response, Proterial sought to develop a material with improved durability by focusing on titanium alloy (Ti-15-3-3-3), a material that is more flexible than stainless steel and is also non-magnetic and lightweight.

As a result, we succeeded in developing a titanium alloy that is more resistant to repeated bending and that enables the bending radius to be reduced to approximately two-thirds of that possible with stainless steel. Using this titanium alloy foil as the back panels of foldable smartphone displays is expected to improve their durability against opening and closing, and also allow for thinner, lighter smartphones. This will help reduce the amount of resources and energy used to manufacture these products.



Titanium alloy foil used for flexible displays

■ High-Performance Heavy-Rare-Earth-Free Neodymium Sintered Magnet for Electric Vehicle Drive Motors

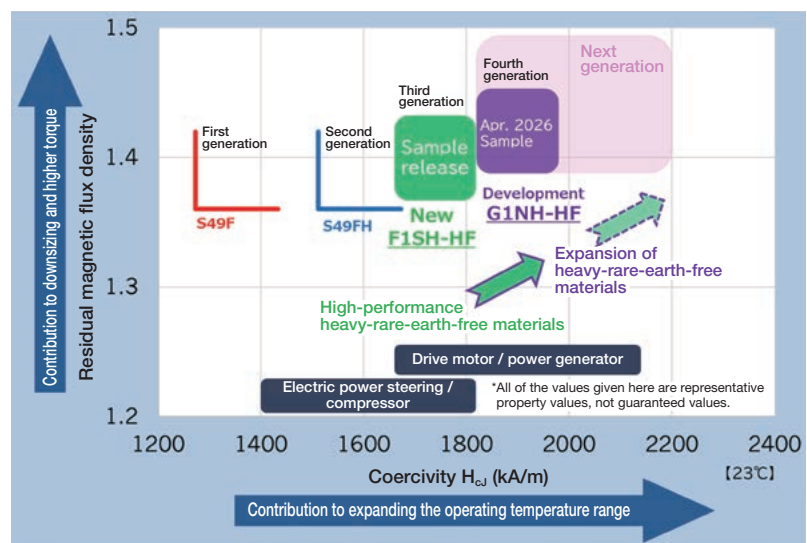
Magnetic Materials Business Unit

Neodymium magnets (Nd-Fe-B magnets) have the greatest magnetic force among commercialized magnets. Proterial developed neodymium magnets ahead of any other company in the world, and has been contributing to the downsizing, higher output, and higher efficiency of motors by supplying the magnets under the product name “NEOMAX®.”

In line with the global trend toward carbon neutrality, electrification is being promoted in the mobility field, and demand for neodymium magnets is expected to continue growing. For neodymium magnets used in EV drive motors, heavy rare earth elements, such as dysprosium (Dy) and terbium (Tb), have been adopted to increase the coercivity (H_{cJ}: Index for the ability of magnets to withstand demagnetization) for magnetic performance at high temperatures. However, these resources are available only in a limited amount and might be depleted. Also, they are unevenly distributed and pose procurement risks.

In order to deal with these issues, Proterial has developed NMX™-F1SH-HF (H_{cJ} ≧ 1671kA/m) as a high-performance, heavy-rare-earth-free neodymium sintered magnet that can be used for electric vehicle drive motors, by making use of its core technologies including the compositional control technology for materials. Moreover, for the NMXTM-G1NH-HF (H_{cJ} ≧ 1830 kA/m), we have achieved results at our research facilities that would enable the use of the product in a high-temperature environment and that would make it more suitable for use in EV drive motors.

We will work on expanding the business domain for heavy-rare-earth-free materials in our continued efforts to develop environmentally friendly products, thereby contributing to the development of a sustainable society.



Magnetic property of NMX™-F1SH-HF and NMX™-G1NH-HF

■ Magnetic Sheet for EV Wireless Charging Systems and MS-HiQ Series Magnetic Sheet Panels

Power Electronics Materials Business Unit

The use of wireless charging systems has been rapidly increasing since their adoption for cell phones. Made of nanocrystalline soft magnetic material and named FINEMET[®], Proterial’s magnetic sheet for electric vehicle (EV) wireless charging systems is currently in wide use. In 2020, the SAE J2954 standard was published for wireless power transfer (WPT) for electric vehicles, and full-scale examinations for the actual use of WPT are now underway. Under such circumstances, we developed the MS-HiQ Series of magnetic sheet panels, as FINEMET[®] is thin and has a low loss factor, meaning it would also be useful for automotive wireless charging systems with a power capacity of 3 kW to 11 kW. In the MS-HiQ Series development process, we gave anisotropy to the ribbons and used the ribbons exhibiting an improved Q factor*1 in the longitudinal direction to form a magnetic sheet. Subsequently, we cut the sheet into pieces and placed the pieces in a radial pattern to form a magnetic sheet panel with a higher Q factor, ensuring that the longitudinal direction of the ribbons is aligned with the direction of magnetic force lines. We have thereby made a magnetic sheet panel composed of four cut pieces and another one composed of eight cut pieces. The four-piece panel requires a thickness that is only about half that of the conventional magnetic sheet panel made of a ferrite material to provide the same Q factor. The eight-piece panel requires a thickness of only around one third that of the ferrite-based panel to provide the same Q factor. We have thus substantially reduced the thickness and weight of the panels.

We will continue to contribute to higher efficiency and the downsizing and weight reduction of wireless charging systems for automobiles, which are projected to grow in popularity.

*1. Quality (Q) factor reciprocal to the loss factor



MS-HiQ Series

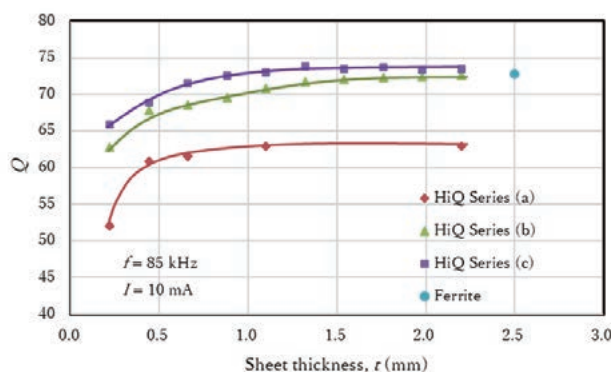


Diagram showing correlation between sheet thickness and Q factors

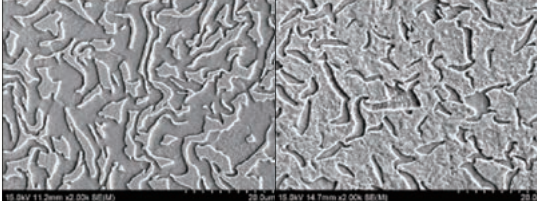
■ HBZ-B40 EDM Wire with 0.4 Millimeter-Thick Diameter

Electric Wire & Cable Business Unit

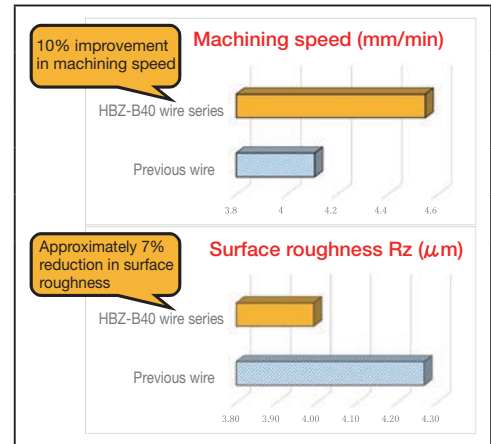
Recently, work materials in die machining and component machining processes have become larger and thicker due to increased demand as well as productivity improvement efforts for xEVs and electric airplanes. These changes have led to relative increases in the time required for and difficulty of machining. In turn, that has increased demand for thick electrical discharge machining (EDM) wires that improve both the speed of machining and its surface accuracy. In response, Proterial has newly developed the HBZ-B40 Series. The developed high-zinc brass wires (57% Cu, 43% Zu) have even greater zinc content than the currently mainstream HBZ-U brass wires (60% Cu, 40% Zn), and a thicker diameter of 0.4 mm. The breaking load of these wires is almost double that of the commonly used 0.25 mm wires. This provides increased resistance against the heat caused by large current discharge and helps shorten the machining time. Moreover, the increased zinc content improves electrical discharge efficiency and performance. As a result, we have achieved a machining speed roughly 10% faster than when conventional brass wires with the same 0.4 mm diameter are used, as well as high-precision machining with an approximately 7% reduction in the roughness of the worked surface. We will contribute to reducing the operational time of machining and increasing productivity, boosting the efficiency of the molding and component machining processes to prepare for the spread of xEVs and electric aircraft, thereby contributing to the achievement of a low-carbon society.

[Product Characteristics]

Specifications/product name	HBZ-B (New Products)	HBZ-U (Previous Products)
Wire diameter (mm)	0.4	0.4
Wire diameter tolerance (mm)	+0, -0.002	+0, -0.002
Composition (%)	Cu57/Zn43	Cu60/Zn40
Base metal structure	Phase α + Phase β (more Phase β)	Phase α + Phase β



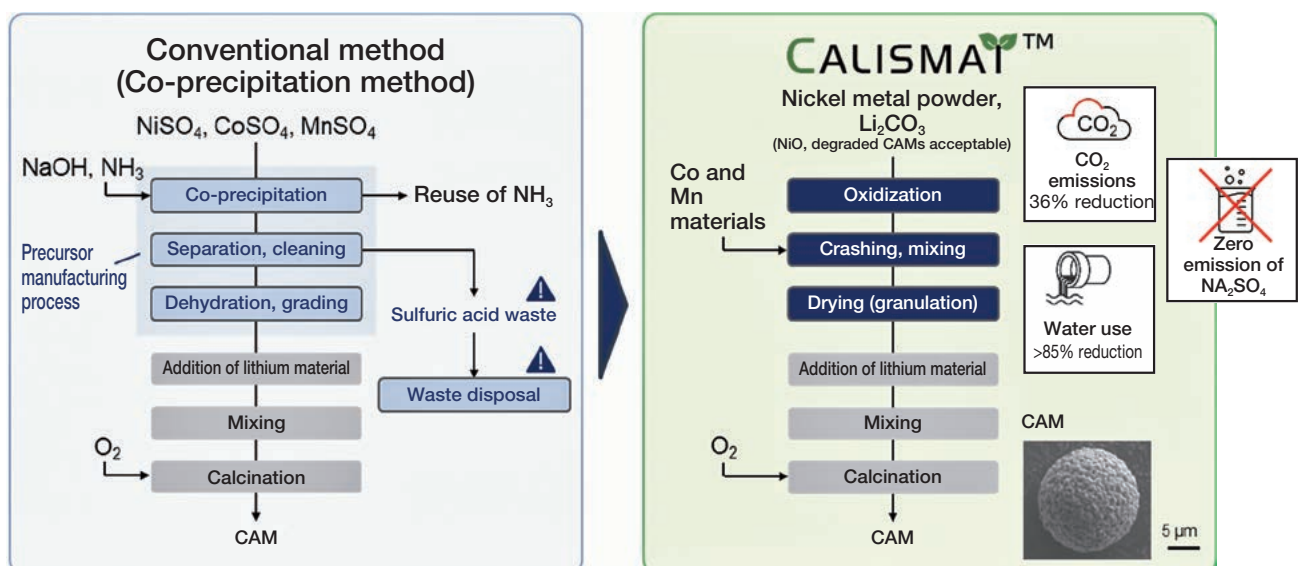
Demonstration Experiment (conducted in cooperation with Makino)



Technology for Manufacturing High-Nickel CAMs for LIBs “CALISMAT™” (technological development)
Technology Alliance Dept., Marketing & Sales Division

As demand for electric vehicles and storage batteries is rapidly growing globally, the environmental impact caused by manufacturing batteries is becoming a social issue. In response, Proterial applied its powder metallurgy technology to the development of CALISMAT™. Compared with the conventional co-precipitation method, this new process enables the use of a wider range of materials and represents a sustainable CAM*1 manufacturing technology that substantially decreases environmental impact. In particular, relative to the use of the conventional method, CALISMAT™ helps reduce CO₂ emissions by about one-third, and water use by about 85% or more (confirmed by FEV as a third-party organization). Also, the conventional method poses a problem in the disposal of sulfuric acid waste (sodium sulfate), which is generated in the manufacturing process of the precursor. However, CALISMAT™ generates no sodium sulfate in the CAM manufacturing process. Moreover, the process facilitates the recycling of used CAMs directly into CAMs, which contributes to the creation of a recycling-oriented society. CALISMAT™ is indeed a next-generation technology that supports the sustainable development of an electrified society—a solution that ensures the sustainability of batteries throughout their life cycles.

*1. CAM: Cathode active materials (used in lithium-ion batteries, etc.)





1. Safety and Health Are Our Overriding Priority

Having adopted “Prioritizing the protection of safety and health above all else” as one of its guiding principles, Proterial actively promotes activities to create safe, comfortable, and rewarding workplaces while nurturing healthy and energetic human resources. We have positioned prioritizing safety in an uncompromising manner to realize the safest possible workplaces as one of the core issues for management. Currently, we are engaged in eliminating major work accidents, building a culture of safety, and preventing work behavior-related injuries as key health and safety measures. Similarly, we are working to create safe workplaces at manufacturing sites in Japan and abroad.

(1) Building a Culture of Safety

As part of the Group’s efforts to instill a culture of safety, we have held townhall meetings continuously since December 2018, where policies and views on safety are communicated by the President and feedback is received from the Group workplaces. These meetings, which our executives started participating in from FY2020 onwards, are held to obtain a wide range of opinions to reflect in our management policies. Meanwhile, at our manufacturing sites, we have been expanding the scope of our 2S-3F (Sort Out, Set in Order, Fixed Item, Fixed Quantity, and Fixed Location) activities as part of safety activities, and working to instill a culture of safety at the sites. In addition, since November 2020, we have been conducting level-specific specialized safety training for key personnel (officers, business/plant managers, Group company presidents, production line managers, and staff in charge of safety) to train them to promote and manage health and safety activities in an organization-wide and systematic manner. As of the end of fiscal 2023, 61 specialized safety training sessions have been held, with 1,083 people completing their training. The key personnel who attended the sessions are proactively involved in health and safety activities in their respective departments, making use of what they have learned in the training.

Presently, we are working to eliminate serious incidents by measures such as raising employee’s sensitivity to safety through the detection and improvement of problem areas, while continuing to provide both our employees and outsourced workers on-site with safety education and training, including showing them videos on safety and conducting risk detection training.

We are implementing these measures to instill and enhance a culture of safety, while continuously operating our occupational health and safety management systems for organizational and systematic safety activities.

(2) Action to Eliminate Work Accidents

[1] Results for Fiscal 2024

In fiscal 2024, the entire Proterial Group continued to conduct activities to eliminate work accidents under the slogan, “Each individual making sure to follow the principle that safety and health are our overriding priority.” We focused on three topics of [1] eliminate major work accidents; [2] build a culture of safety; and [3] prevent work behavior-related injuries.

In 2024, there were no fatal injuries across the Proterial Group, but there were a total of 36 injuries involving lost working time (one at Proterial, four at consolidated Group companies in Japan, and 31 at consolidated Group companies outside Japan). The number of these injuries decreased from last year by 14. The combined number of injuries—including those not involving lost working time—totaled 55 in the Group (12 at Proterial, 15 at consolidated Group companies in Japan, and 28 at consolidated Group companies outside Japan), decreasing by 29 from the number recorded in 2023. 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.

As shown in the table below, the frequency of occupational injuries has declined at each site, including Group companies.

[Frequency of Occupational Injuries]

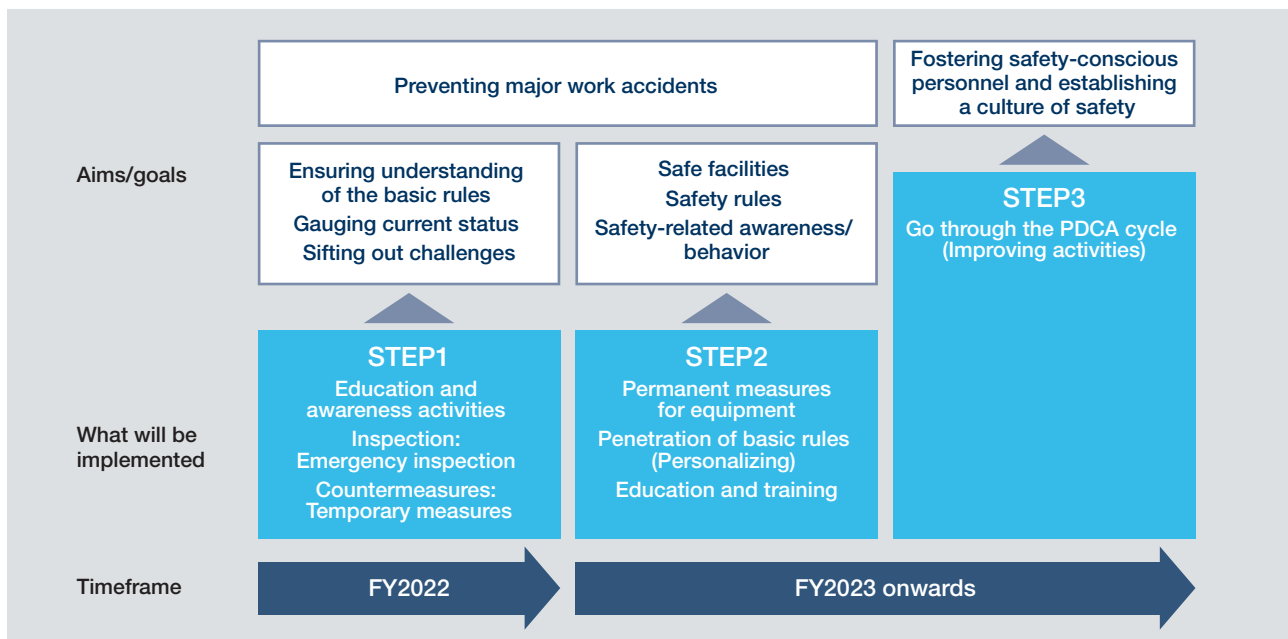
Category	Scope of data	2022	2023	2024	2030 (Target)
LTIR ¹ (Lost Time Injury Rate)	Proterial and Group companies in Japan	0.45	0.33	0.20	—
	Group companies outside Japan	2.76	2.44	1.47	—
	Proterial Group (Total)	1.80	1.60	0.90	0.30
IIR ² (Injury and Incident Rate)	Proterial and Group companies in Japan	1.75	1.56	1.25	—
	Group companies outside Japan	8.82	7.95	3.29	—
	Proterial Group (Total)	5.86	5.40	2.37	0.94

1. LTIR: Number of lost-time incidents / Total number of actual working hours × 1,000,000

2. IIR: Number of lost-time and non-lost-time incidents / Total number of actual working hours × 1,000,000

[2] Eliminating Major Work Accidents

In fiscal 2022, Proterial began activities to instill its basic rules (the Ironclad Rules) set based on the analysis of past work accidents. In that year, as Step 1, we carried out training and knowledge building activities to ensure that employees understand the basic rules. We also carried out inspections and put in place countermeasures, and gauged the current status and sifted out challenges. Since fiscal 2023, while continuing to carry out the Step 1 initiatives, we have also been implementing permanent measures for safety at our facilities and working to instill the basic rules among employees, as Step 2. Finally, as Step 3, we will carry out the PDCA cycle for the above-mentioned initiatives with the aim of fostering personnel who can behave safely at all times and establishing a culture of safety in which all employees encourage each other to be aware about safety.



We are also pushing ahead with permanent safety measures to enhance the inherent safety of equipment, and have thus far given top priority across the Group to preventing employees from being caught or entangled in machinery. In fiscal 2025, we are continuing to prioritize these measures and will also carry out risk assessments to implement safety measures, starting with addressing high-risk operations.

In fiscal 2022, a total of 12,184 risks were identified across the Proterial Group in Japan, and measures, including provisional measures, had been taken against 11,401 of the risks by the end of fiscal 2024, reducing the number of risks that remain to be handled to 783. In fiscal 2025, we will recheck to find any unidentified risks and take all necessary permanent measures.

[3] Health and Safety Audits and Risk Assessment

We conduct health and safety audits in a planned manner to ensure compliance with health and safety laws and regulations and assess the related risks.

The Internal Auditing Office carries out internal audits on health- and safety-related items. In principle, it takes three years for the Office to complete the audits on all the Group's sites in Japan and overseas. On the other hand, the Safety & Health Management Dept. plans and carries out health and safety audits mainly at Proterial Group sites in Japan in consideration of their health and safety records. The department assesses and identifies the related risks posed to on-site operations from a professional perspective for improvement, and checks the activities conducted by the sites in relation to the Proterial Group's priority safety and health measures and their compliance with the related laws, regulations, and internal rules. Based on the results, the department provides the necessary health and safety education to those in charge of safety at each site.

Since fiscal 2024, the health and safety departments of overseas Group companies have been conducting mutual audits. We are thereby expanding the scope of risk assessment made by the Group's safety and health departments to prevent work accidents across the Group.

1. Safety and Health Are Our Overriding Priority

[Audits by the Safety & Health Management Dept. and mutual audits by the safety and health departments of overseas Group companies]

Scope of data	FY2022	FY2023	FY2024
Number of sites included in the audit target (such as manufacturing sites in Japan and overseas)	63	59	55
Number of sites audited in the fiscal year	16	10	17
Ratio of sites audited in the fiscal year	25%	17%	31%
Number of sites audited during the past three years	19	24	30
Ratio of sites audited during the past three years*	30%	41%	55%

1 The ratio of sites audited during the past three years was low for fiscal 2022 and 2023 because on-site audits were not conducted due to COVID-19.

(3) Enhancement of the Management of Chemical Substances

The Proterial Group has continued to enhance its chemical substance management system to ensure the safety and health of employees. In fiscal 2024, we implemented the following measures to enable more advanced management and broader sharing of information.

[1] Seminars by External Experts and Creation of Educational Materials

In March 2024, we held our first seminar on chemical substance management. We followed it up by inviting an external consultant to our second, held in June 2024. The seminar included a demonstration of the CREATE-SIMPLE chemical substance risk assessment tool provided by the Ministry of Health, Labour and Welfare as well as explanations about how to select and use the appropriate protective equipment against chemical substances, such as those that cause skin disorders. The video and reference materials from the seminar were widely shared across the company to help employees increase their knowledge about these issues.

[2] Sharing of Information about the Revisions of Laws at Meetings of Personnel in Charge of Safety

Meetings of personnel in charge of safety at Proterial Group companies in Japan were held in May and November 2024. Participants shared information about the recent and future revisions of laws, which indicate a shift toward the autonomous management of chemical substances. About 900 substances will be added sequentially to the substances currently regulated by the concentration standards. On October 1, 2025, the standards newly applied to 112 substances (and a total of 179 substances were included in the regulation target). The Proterial Group will continue to implement measures to ensure each site's legal compliance and to help the site to take risk reduction measures in a prompt manner.

[3] Response to Administrative Guidance and Implementation of Internal Inspections

The Proterial Group shares the details of the administrative guidance that it has received across the Group and has carried out relevant inspections at all its sites in Japan, aiming to find and deal with potential risks as early as possible and improve its risk management level.

[4] Sharing of Work Accident Information and Taking Reoccurrence Prevention Measures

We share information about work accidents caused by chemical substances that have occurred within the Group across the board, analyzed the causes, and taken measures to prevent the reoccurrence of similar incidents as well as to raise employees' safety awareness.

(4) Creating Healthy Workplaces through Health Management

[1] 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.

[2] Certified as a Health and Productivity Management Outstanding Organization

The Certified Health & Productivity Management Outstanding Organizations Recognition Program honors small, medium and large enterprises, as well as other organizations, which engage in outstanding health and productivity management practices based on initiatives that align with the health issues of local communities and on initiatives for improving health that are promoted by the Nippon Kenko Kaigi. Having adopted prioritizing the protection of safety and health above all else as one of the material issues in management, Proterial actively promotes activities to create safe, comfortable, and rewarding workplaces while nurturing healthy and energetic human resources in both mind and body. As a result of these efforts, Proterial was certified as a “2025 Certified Health and Productivity Management Outstanding Organization” in the Large Enterprise Category. In addition, within the Proterial Group, four companies (including Proterial) in the Large Enterprise Category and 10 companies in the SME Category were certified as 2025 Certified Health & Productivity Management Outstanding Organizations.



[Proterial Group Companies Certified under the 2025 Certified Health & Productivity Management Outstanding Organizations Recognition Program]

Category	Certified Group company	
Large Enterprise Category	Proterial, Ltd.	Proterial Precision, Ltd.
	Proterial Metals, Ltd.	Proterial Wakamatsu, Ltd.
SME Category	Ibaraki Technos, Ltd.	Proterial Trading, Ltd.
	Tonichi Kyosan Cable, Ltd.	Santoku Corporation
	Proterial Machinery, Ltd.	NEOMAX Kinki Co., Ltd.
	Proterial Hallow, Ltd.	Kyushu Techno Metal, Ltd.
	HCP Product, Ltd.	NEOMAX Kyushu Co., Ltd.

2. Making Diverse Individuals a Driving Force for Change and Growth

(1) Reflection of Employee Survey Results in Management

[1] Implementation of an Employee Survey and Activity to Improve Employee Engagement Scores

We regard the positive response rate for engagement indicators in employee surveys as a priority sustainability management indicator that we use to make Proterial a company where employees can work vigorously and with pride. Every year, we conduct an employee survey for all Proterial Group employees, measure the positive response rate for engagement indicators, and report the results to the management team for reflection in related improvement measures. In fiscal 2024, we conducted a pulse survey twice in addition to the annual survey to implement improvement measures with agility.

As a result of the FY 2024 survey, the positive response rate for engagement indicators in employee surveys was 75%, almost unchanged from 76% in FY 2023.

[2] Communication with Employees

At Proterial, the labor and management sides sincerely address the issues they commonly face, respecting each other's basic rights and responsibilities based in relations built on a “foundation of mutual trust.” The management side provides full explanations on topics such as management policies, business plans, and management measures at various meetings, while at the same time listening to feedback from the labor union to promptly implement various corporate measures. We will advance and strengthen our labor-management relations by building a labor and management structure that corresponds to the business unit system and by fostering closer mutual communication. The labor unions of Proterial Group companies in Japan have formed a federation to create more opportunities to periodically exchange opinions with the management side and clarify the Group's management policies and plans as well as enhance mutual understanding.

Moreover, the management team holds dialogues with employees in townhall meetings and sends their messages through the Group's portal website to ensure that all employees are aware of the management policies and other matters.

(2) Thorough Implementation of Diversity, Equity and Inclusion (DEI)

The Proterial Group believes that DEI is a driving force in building a corporate culture based on its corporate philosophy composed of its Mission, Vision and Values, and to enhance the organization’s competitiveness and vitality. Based on this belief, we are implementing a range of DEI measures.

[Proterial Basic Policy on Diversity Management]

1. We regard differences in gender, nationality, culture, and so forth as unique qualities of the individual, and we ensure diversity through measures such as promoting the career development of women and utilizing global human resources. Such approaches allow us to promote innovation and to enhance the flexibility and speed with which we respond to risks and changes.
2. We encourage the growth of the individual, enhance our ability to act as an organization, and reinforce the basis for sustained growth by engaging in active communication and the sharing of values.
3. We aim to become one of the world’s top companies in the metal materials sector by designating diversity as a driver of growth, as we transform ourselves into a globally competitive business and challenge ourselves to meet new targets.

[1] Proterial Action Policy on Diversity Management

Recognizing that human resources are the source of our competitiveness, the Proterial Group works to enhance and strengthen its human resource development program.

We make it clear that our managers are responsible for providing their subordinates with fair growth opportunities based on the understanding of their diverse values, the restrictions they face due to life events and other causes, and their backgrounds. We also incorporate this requirement in the evaluation criteria for managers.

In addition, we promote interpersonal exchanges both inside and outside the Proterial Group, proactively employ experienced workers, offer the “My Challenge” internal free agent system to transfer employees who want to expand their potential across business divisions or job categories, and have introduced a leave system that allows employees to accompany their spouses on overseas assignments. We are thereby providing employees with more opportunities for diverse interpersonal exchanges and supporting them in pursuing diverse careers.

[2] Promotion of Diversity at the Management Level

Proterial includes the diversity ratio at the managerial decision-making level in its priority management indicators. As of March 31, 2025, three of our 18 executive officers¹ are foreign nationals and one is a woman. Also, nine of the 18 executives were appointed to their roles from outside Proterial in light of their track records and capabilities demonstrated to date, after being selected from a wide range of candidates who were optimal for the roles and responsibilities in question. As of the end of fiscal 2024, the diversity ratio at the management level is 50.0%.

[Diversity ratio at the managerial decision-making level¹ (ratio of women, foreign nationals, and mid-career hires)]

	March 2023		March 2024		March 2025	
	Number of person(s)	Ratio	Number of person(s)	Ratio	Number of person(s)	Ratio
Women	1	7.1%	0	0.0%	1	5.6%
Foreign nationals	2	14.3%	3	20.0%	3	16.7%
Mid-career hires	4	28.6%	6	40.0%	9	50.0%
Number of executive officers targeted for the diversity ratio calculation ²	5	35.7%	6	40.0%	9	50.0%
Total number of executive officers	14	—	15	—	18	—

1. Proterial shifted to a management system composed of Managing Directors and Directors, abolishing the executive officer system on April 1, 2025. To make calculations for the indicator after the abolishment, we substituted the level of executive officers with the managerial decision-making level.

2. For executive officers who have multiple diversity elements, we avoided double counting.

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

[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)

1) Initiatives for the Empowerment of Women

After initially holding interviews with women in career-track positions during 2015, Proterial began conducting initiatives to promote the development of careers among women. These initiatives included holding the Women's Forum at which female employees of Proterial from different workplaces interact, introduce various careers, and discuss issues; dispatching employees to outside training; and actively hiring and promoting women. We also present PAPA APRON to employees who have reviewed the division of housework and childcare duties with their partners to encourage the involvement of men in housework and childcare. Similarly, we have engaged in other awareness-raising activities, including holding seminars on women's health.

Main initiatives

- Provided young female career-track employees with internal networking opportunities
- Conducted a survey on the degree of women's empowerment and analyzed the results
- Proactively dispatched employees to cross-industry exchange events and external seminars
- Presented PAPA APRON to male employees and the partners of female employees who have reviewed the division of housework and childcare duties with their partners
- Held parent support seminars
- Introduced family support leave (5 days of paid leave)
- Introduced a childcare mini-MBA welfare plan

2) Eruboshi Certification

The Eruboshi Certification is awarded by the Minister of Health, Labour and Welfare based on the Act on the Promotion of Women's Active Engagement in Professional Life (Women's Active Engagement Promotion Act) to companies that formulate and file action plans for the participation and advancement of women and carry out excellent initiatives to execute these plans. Companies are evaluated on a three-level scale, in accordance with the number of evaluation criteria they satisfy. In May 2020, Proterial was certified for Stage 3, having met all evaluation criteria.



[Results Related to Promoting the Participation and Advancement of Women in the Workplace¹] (non-consolidated)

Item		Classification	FY2022	FY2023	FY2024	
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%	0.0%
			Non-technical	35.7%	14.4%	13.9%
		Non-career track	Direct	34.7%	0%	4.5%
			Indirect	4.9%	30.3%	31.3%
	Percentage of women out of all employees	Career track	5.8%	5.7%	6.8%	
		Non-career track	13.8%	13.0%	15.8%	
	Percentage of women out of those at the level of subsection chief	Ratio of women at the level of subsection chief		10.6%	11.6%	12.4%
		Number of women at the level of subsection chief		55	61	64
		Total number of employees at the level of subsection chief		517	525	518
	Percentage of women out of those in managerial positions	Ratio of women in managerial positions		2.2%	2.4%	2.6%
		Number of women in managerial positions		24	29	33
		Total number of employees in managerial positions		1,092	1,189	1,263

2. Making Diverse Individuals a Driving Force for Change and Growth

Item		Classification			FY2022	FY2023	FY2024
Related to job satisfaction (providing female workers with career opportunities)	Percentage of women out of all officers ²	Ratio of female executive officers			4.3%	0%	4.0%
		Number of female executive officers			1	0	1
		Total number of executive officers			23	24	25
	Percentage by gender of those promoted to the level of section manager during the recent three fiscal years			Male	10.3%	10.5%	7.4%
				Female	7.9%	7.1%	5.4%
	Number by gender of those re-employed or mid-career hires	Re-employment	Male	0	2	0	
			Female	1	0	0	
		Mid-career employment	Male	82	94	34	
			Female	12	14	5	
	Related to gender pay gap	Gender pay gap	All employees			71.2%	71.8%
Regular employees (of the above)			75.3%	75.4%	77.2%		
Non-regular employees (of the above)			74.2%	73.5%	74.1%		
Related to employee-friendly environment (creating a work environment that supports work-life balance)	Average service years by gender	Career track	Technical	Male	18.7	18.9	17.9
				Female	8.7	9.1	9.8
			Non-technical	Male	24.1	22.9	22.2
				Female	10.0	10.0	10.6
		Non-career track	Direct	Male	19.5	19.9	20.8
				Female	20.9	21.7	21.4
			Indirect	Male	24.9	24.9	24.2
				Female	21.8	21.2	20.0
	Child care leave uptake rate by gender	Regular employee	Male	9.1%	16.9%	25.9%	
			Female	100%	100%	100%	
	Paid annual leave uptake rate	Regular employee			73.0%	77.0%	79.5%
	Average number of paid days-off taken per person	Regular employee			14.6	15.4	15.9

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. Officers include members of the Board of Directors and the Audit & Supervisor Board as well as executive officers.

[4] Measures to Support Raising Next-Generation Children

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 the 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, in fiscal 2018, the period of childcare leave was extended, with a limit of three years, to the end of the month in which a child completes the first year of elementary school, and from fiscal 2022, childcare leave can be divided into separate terms, while a child birth leave was newly created in the same year. Furthermore, in fiscal 2025, we newly established a leave system to help employees make childcare compatible with their work. In addition, we have introduced a childcare mini-MBA welfare plan to provide employees who are taking childcare leave with learning opportunities so that they can adequately prepare to return to work and demonstrate their abilities to the fullest.

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]

	FY2020	FY2021	FY2022	FY2023	FY2024
Number of employees taking child care leave	41	49	53	66	74
Number of employees using shorter working hours for child care leave	46	45	52	41	49
Number of employees taking family care leave	2	1	1	5	2
Number of employees using shorter working hours for family care	1	6	1	0	1

[5] 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. In July 2024, we opened bases in Tokyo and in Shimane Prefecture. We are proactively working to build a personnel treatment system under which we can evaluate and treat personnel regardless of whether or not they have disabilities, thereby increasing our employment quality. Also, we support employees with disabilities in stabilizing their private lives, not just their work. We provide regular interviews and help them meet their challenges in cooperation with job centers, independent living support centers, special needs schools, and others as necessary.

Moreover, Proterial's Yasugi Works 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" offices.

In fiscal 2024, the employment ratio of people with disabilities for Proterial (non-consolidated) in Japan was 2.59%, exceeding the legally required ratio of 2.5%. We plan to continue working to further expand employment throughout the Proterial Group.

[Employment ratio of people with disabilities: Results and target]

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2028*
Proterial (non-consolidated)	2.27%	2.36%	2.42%	2.46%	2.59%	3.00%
Group companies in Japan (consolidated)	2.36%	2.42%	2.51%	2.58%	2.69%	3.00%

Note: For fiscal 2028, the table shows the targets.

[6] Promotion of Diverse Work Styles

We believe that it is essential to create an environment where diverse employees can share different values and ideas, pursue highly productive work styles and approaches to their jobs, and realize a sense of fulfillment and personal growth in their work. Accordingly, we have continued to steadily improve operational efficiency and promote and establish work with no restrictions on time or location by pursuing ICT measures, allowing all employees to have real job satisfaction and feel truly comfortable at work.

In fiscal 2024, the annual actual working hours of our back-office workers totaled 2,035, with the paid annual leave uptake rate standing at 79.5%, showing substantial improvements over the figures for fiscal 2016 (when the annual actual working hours totaled 2,245 and the paid annual leave uptake rate was 48%), and highly productive work styles are thus being instilled.

Main initiatives

- Promoted satellite offices, mobile work, a work-from-home system, and flex work
- Introduced a work-from-home system that eliminates the need to send employees on remote assignments away from their families by enabling employees to mainly work from home, if they desire
- Set out working hours in visual form and provided workstyle training for managers
- Specified common company-wide rules for email and meetings, and enhanced ICT infrastructure such as file sharing systems and communications tools
- Shared information related to operational improvements such as using RPA and shifting to paperless operations
- Implemented 1 on 1

[7] 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.).

[8] 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 support for diverse work styles, 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.

(3) Human Resources Training

[1] Basic Approach

Bearing in mind the Vision (our future ideal) of “Leading sustainability by high performance,” Proterial is striving to continue sustainable growth as a global company amid turbulent market conditions, for which we aim to cultivate human resources who can embody our five values: “Unflinching integrity,” “United by respect,” “Unparalleled professionalism,” “Unbounded progressiveness” and “Unleashing proactiveness.” In particular, we plan to make investments intensively to (1) develop the next generation of management leaders, (2) enhance the mindset of managers, and (3) build an environment conducive to autonomous learning.

[2] Human Resource Development Programs

For OFF-JT training in planning fields, we provide young OFF employees with basic education on business skills and also implement e-learning programs for employees who are willing to learn in an autonomous manner, regardless of their ages or job types.

Also, for managers who are responsible for promoting reforms and educating their subordinates and younger employees, we are implementing more practical and systematic leadership development programs while systematically and effectively giving them the hands-on education that they need.

1) Cultivating the next generation of human resources

In fiscal 2024, the Proterial Group held its first large-scale global conference (“Proleaders Summit”) to clarify the Group’s goals to its major global managers and clearly show them the actions that they should take as leaders.

We have also formulated a plan to cultivate personnel who can be the next generation of leaders, and are conducting regular employee rotations as well as providing challenging assignments across business units while providing training, including external training. Moreover, we are enhancing the programs to select the next generation of management leaders and provide them with the necessary education early on.

2) Global recruitment and development of human resources

In order to make Proterial a globally competitive company, we are speeding up the employment and development of human resources who can be future executive candidates at our global regional headquarters in the U.S., China, and the rest of Asia. We are also fostering the promotion of locally hired staff at Group companies outside Japan into positions of responsibility. Furthermore, we dispatch employees in Japan to overseas OJT for their earlier development, while proactively employing foreign nationals and international students.

3) Developing succession plans for major positions

We are reviewing our past measures, streamlining and integrating them to globally identify the personnel who have high potential in order to make succession plans for all Group companies in Japan and overseas, and to assign the right personnel to the right positions on a global scale (ongoing).

3. Labor Issues and Human Rights

(1) Implementation of the Proterial Group Human Rights Policy

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.

(2) Initiatives on Human Rights Due Diligence

Human rights due diligence entails defining and assessing impacts on human rights, taking action to prevent and address negative impacts, and continually validating the effects of such actions. The Proterial Group will assess the actual and potential impact on human rights resulting from its business activities and from its value chain, and develop countermeasures by assessing and prioritizing human rights risks in terms of their “seriousness and likelihood of materialization,” while putting countermeasures in place based on the level of priority.

Our procurement departments and personnel departments conduct human rights-related impact assessments for our supply chain and for our employees, respectively, to prioritize related risks and examine measures against the risks.

(3) Human Rights Educational Activities and Harassment Prevention Efforts

We regularly conduct human rights education through new employee training and level-specific training to raise employees’ awareness of human rights in a planned manner. In particular, we started to provide e-learning training on business and human rights across the Group in fiscal 2025 for individual employees to get more interested in and improve their understanding of their company’s human rights-related responsibility. In addition, we provide multiple contact points for consultations on various forms of harassment, aiming to ensure that all our activities are conducted in line with the Proterial Group Human Rights Policy.

(4) Efforts to Strengthen Global Human Rights Risk Management

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 (renamed the Human Rights Committee in October 2025) 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. We will continue to conduct activities to counter a range of human rights-related risks posed to our business activities.

In September 2024, we set the guidelines to protect the human rights of Proterial Group employees and are striving to reduce human rights-related risks across the Group. In order to ensure compliance with the guidelines, we conduct surveys across Proterial Group companies to check for any issues that pose human rights-related risks to the Group.

4. Sustainable Procurement of Materials

The Proterial Group procures materials from suppliers in various countries and regions across the world. In light of our social responsibility and impact, we have formulated our procurement policy to conduct fair and impartial procurement activities and procure materials in a sustainable manner by receiving support from various 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.

(2) Collaboration across the Supply Chain

[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.



Proterial Group Sustainable Procurement Guideline

<https://www.proterial.com/e/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. We received answers from 221 companies out of 226 companies targeted for the survey, and the response rate was 98%. In fiscal 2024, we expanded the survey target to include the procurement partners of overseas Group companies, and 453 companies, or 74% of the targeted 615 companies replied to the survey. Going forward, we will increase the response rate in an effort to promote sustainability throughout the entire supply chain.

[3] 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 the importance of ensuring compliance with laws and regulations, responding to customer requirements, and promoting a shift toward a decarbonized society.

[4] 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.

Also, we included "Diversifying procurement sources in response to changes in the procurement environment" in our major measures, and manage the number of items for which such diversification is necessary as a key performance indicator (KPI). The number of such items was 14 as of 2020, and we are conducting activities to reduce it to zero by fiscal 2030. In 2024, we procured a major material from a different country at the same price as before, and the material proved to be adequate. By the end of fiscal 2024, we had reduced the number to nine items.

(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.

4. Sustainable Procurement of Materials

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).

The following table shows the response rates to the survey conducted on the targeted minerals by the Proterial Group, through which we have widely collected information about conflict minerals. As of the present, no cases of the funding of armed groups or problematic uses of minerals have been found in relation to the procurement of the targeted minerals by the Proterial Group.

[Response rate to the survey conducted on conflict minerals by the Proterial Group]

Conflict Mineral	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
3TG (tantalum, tin, tungsten and gold)	Japan	94.8%	91.4%	94.4%	98.4%	96.8%
	Overseas	91.1%	91.5%	72.0%	81.8%	91.8%
Cobalt	Japan	100%	97.8%	72.3%	100%	95.2%
	Overseas	90.6%	85.7%	100%	84.9%	89.5%
Mica	Japan	—	—	100%	99.3%	94.9%
	Overseas	—	100%	100%	83.6%	89.3%

(4) Establishment of a Sustainable Materials Procurement System

[1] Global Procurement System

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 2024 we applied these standards to the audits performed by GPOs and appropriate guidance was given for confirmation.

[2] Meetings of Personnel in Charge of Procurement

We regularly hold a regional meeting of personnel in charge of procurement in the Greater China region, the Western regions, Asia, and elsewhere to promote collaboration between the Proterial Group's procurement departments and help the personnel improve their capabilities. At this meeting, the Chief Procurement Officer (CPO) and the head of the Procurement Division brief participants on the Group's procurement strategies and medium-term plans, and representatives of Group companies share information about a range



of their best practices to reduce the procurement cost, the time required for delivery and the inventory, as well as to ensure stable supplies and find competitive local suppliers in cooperation with the business units. In Guangzhou in July 2025, we held the 13th meeting of personnel in charge of procurement at Group companies in the Greater China region.

[3] Periodic Audits of Operations

We conduct annual mutual audits of operations on all of Proterial's business sites and Group companies in Japan, in which on-site procurement managers and persons dispatched from the Head Office serve as auditors. Also, in fiscal 2024, we conducted mutual audits on all the business sites and Group companies, mainly online, to monitor whether or not operations were being conducted in accordance with laws and regulations as well as with the in-house rules.

[4] Education of Personnel in Charge of Procurement

Those engaging in procurement activities need to have precise knowledge about procurement operations as well as related laws and regulations. Accordingly, we provide our personnel in charge of procurement with both online and offline training on laws and regulations.

In fiscal 2024, we held an e-learning seminar on sustainable procurement for the procurement staff working at our sites in Japan.

The training was designed to help participants improve their understanding of the importance of procurement sustainability and the measures implemented by our procurement departments. The attendance rate of this seminar reached 100%.

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 sustainability report and corporate brochure published to deepen understanding among stakeholders about how we use our strengths to facilitate customer value creation while achieving sustainable growth, as well as web news releases to post updates and details of our activities.

6. 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) Supporting Tataru Method of Iron Manufacture

Proterial has been supporting Tataru steelmaking conducted by the Society for Preservation of Japanese Art Swords, or Nittoho, since 1977 (as Hitachi Metals, Ltd. at the time). Through this support, we are aiming to pass on the techniques and culture of Tataru steelmaking, which is the basis of the current method adopted by the main plant of Proterial, Ltd., Yasugi Works.

Tataru is an ancient Japanese steelmaking method. It is used to produce tamahagane steel—a material essential to Japanese swords—out of iron sand and charcoal. In accordance with the Act on Protection of Cultural Properties, the Agency for Cultural Affairs has designated tamahagane production, also known as tataru-buki, as a Selected Conservation Technique (a skill identified as requiring conservation measures, among all those subject to conservation as cultural properties).



(3) Support for Formula SAE Japan

Formula SAE Japan is an event in which students compete with their abilities to create things by developing ideas for vehicles and then actually designing and making them. 2025 marks the 23rd round of the event. It is organized to help produce a workforce that can contribute to the development and promotion of automotive technology and the automobile industry. Both Japanese and overseas automakers, automotive component manufacturers, and others who agree with the purpose of the event support its organization and assist participating teams.



Proterial provides a range of high-performance materials for automobiles, including specialty steels, automotive castings, magnetic materials, power electronics, wire materials, and auto parts. Especially in recent years, Proterial has been focusing on environmentally friendly products that ensure higher xEV efficiency, lower fuel consumption in gasoline-powered intelligent connected vehicles (ICVs) and improved safety, aiming to achieve growth in the global market by implementing business strategies that enhance and expand the lineup of such products. By continuing to support Formula SAE Japan, Proterial will promote the development of human resources who can play an active role in the manufacturing field in the future, thereby improving its technological capabilities in the field and contributing to the development of the industry.

(4) Our Social Contribution Activities in Fiscal 2024










In fiscal 2024, the Proterial Group carried out social contribution activities totaling around 36 million yen¹, 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 2024]

Classification	Category and description of activities	Company name and business site name	Related SDGs
Social welfare	Donation to social welfare councils and facilities	Works of Proterial, Ltd. and domestic Group companies	   
	Donation to Central Community Chest of Japan	Works of Proterial, Ltd. and domestic Group companies	
	Donation to Year-End Mutual Aid Fund	Yamazaki Works, Proterial, Ltd.	
	Donation of food, clothing, stationery, and more to low-income families through charitable organizations ¹	Proterial America, Ltd. Pacific Metals Co., Ltd. HC Queretaro, S.A. de C.V. Proterial Cable America, Inc. Proterial (Thailand) Ltd. Proterial Vietnam Co., Ltd. Shanghai Proterial Cable Materials Co., Ltd.	
	Participation in blood drives	Works of Proterial, Ltd. and domestic Group companies	
	Donation to child welfare facilities ²	HC Queretaro, S.A. de C.V. Proterial Vietnam Co., Ltd.	
	Donation to students from low-income families	NamYang Metals Co.,Ltd. Proterial Cable America, Inc.	
	Support for the activities of local food banks	Proterial Vietnam Co., Ltd. Proterial Cable America, Inc Proterial America Ltd.	
	Donation to childhood cancer and breast cancer treatment facilities	HC Queretaro, S.A. de C.V.	
	Support for animal shelters ³	HC Queretaro, S.A. de C.V. Proterial America, Ltd.	
	Donation of plastic pallets, rubbish bins, road paving blocks, and other items, as well as voluntary delivery of charcoal briquettes ⁴	PT.NEOMAX MAGNETIC TECHNOLOGIES INDONESIA	
	Support for elderly facilities	Pacific Metals Co., Ltd. Proterial Hong Kong Limited	
Health, medicine, sports	Support for basketball clinic activities ⁵	Ibaraki Works, Proterial, Ltd.	 
	Sponsorship of the Wakyo Cup senior high school volleyball competition	Moka Works, Proterial, Ltd.	
	Sponsorship of the Kumagaya Sakura Marathon ⁶	Kumagaya Works, Proterial, Ltd.	
	Sponsorship of the Kanda Town People Marathon Festival ⁷	Kyushu Techno Metal, Ltd.	
	Sponsorship of the Kasumigaura Marathon	Proterial Metals, Ltd.	
	Participation in a futsal event held on the International Day against Drug Abuse	Proterial (Thailand) Ltd.	
	Sponsorship of the Izumi Crane Marathon	Proterial Metals, Ltd.	
	Participation in the voluntary water supply activity at the Hitachi Seaside Marathon ⁸	Ibaraki Works, Proterial, Ltd.	
	Support for a kendo competition and provision of space for practice	Ibaraki Works, Proterial, Ltd.	
	Employees' participation in a bowling tournament as volunteers	Santoku Corporation	
Participation in a charity run and walk event (and shoe donation to a special support organization) ⁹	Proterial Asia Pacific Pte. Ltd.		

6. In Cooperation with Society and the Local Community

Classification	Category and description of activities	Company name and business site name	Related SDGs
Academic and research education	Support for education and research at university	Proterial, Ltd. and overseas Group companies	 
	Acceptance of interns from local schools	Proterial, Ltd. and global Group companies	
	Acceptance of students' study visits to workplaces and manufacturing bases ¹⁰	Works of Proterial, Ltd. and global Group companies	
	Support for the provision of counseling services to domestic violence victims	Proterial America, Ltd.	
	Corporate information sessions at senior high schools	Tottori Works, Proterial, Ltd. and domestic Group companies	
	Provision of book coupons to Yasugi City (as support for school library expenses)	Yasugi Works, Proterial, Ltd.	
	Support for the Proterial Foundation and others	Works of Proterial, Ltd. and global Group companies	
Environment	Tree planting activities	Proterial Vietnam Co., Ltd. Proterial (Thailand) Ltd.	  
	Participation in fringed water lily planting activities in the Lake Kasumigaura water purification project ¹¹	Proterial Metals, Ltd.	
	Cleaning activities in neighborhood areas ¹²	Works of Proterial, Ltd. and global Group companies	
	Participation in the Eco Forum (where companies report about their environmental activities and exchange information)	Tohoku Rubber Co., Ltd.	
	Green curtain activities	Works of Proterial, Ltd. and Santoku Corporation	
	Collection of PET bottle caps (which contributes to the purchase of vaccines for children in developing countries)	Proterial Metals, Ltd.	
Community activities, preservation of traditional culture	Support for photo and handicraft exhibitions	Santoku Corporation	 
	Support for operations of mini-tatara	Yasugi Works, Proterial, Ltd.	
	Support for farms suffering labor shortages	NamYang Metals Co.,Ltd.	
	Participation in the local fire department's New Year's ceremony	Yamazaki Works, Proterial, Ltd. Ibaraki Works, Proterial, Ltd.	
	Sponsorship of local festivals	Works of Proterial, Ltd. and global Group companies	
	Organization of a concert for citizens by inviting local junior high school concert bands as guest performers ¹³	Yasugi Works, Proterial, Ltd.	
	Support for agricultural village promotion activities	Proterial Hong Kong Limited	
	Provision of open access to in-house playgrounds, gymnasiums, tennis courts, welfare facilities, parking lots, and more	Works of Proterial, Ltd. and global Group companies	
	Provision of space for local events	Works of Proterial, Ltd. and global Group companies	
Disaster area support, urban development and disaster prevention	Support for the rebuilding of houses damaged by typhoons	Proterial Asia Pacific Pte. Ltd.	 
	Establishment of a contact point for "Kodomo 110-ban" (emergency shelter for children)	Santoku Corporation	
	Provision of a venue for the firefighting competition hosted by Kitakyushu City Disaster Prevention Association Wakamatsu Branch	Proterial Wakamatsu, Ltd.	
	Hoisting of a safety flag in a traffic safety campaign	Proterial Specialty Steel, Ltd.	



1. Food support for low-income families



2. Donation to child support facilities



3. Support for animal shelters



4. Voluntary delivery of charcoal briquettes (PT.NEOMAX MAGNETIC TECHNOLOGIES INDONESIA)



5. Support for basketball clinic activities (Ibaraki Works, Proterial, Ltd.)



6. Sponsorship of the Kumagaya Sakura Marathon (Kumagaya Works, Proterial, Ltd.)



7. Sponsorship of the Kanda Town People Marathon Festival (Kyushu Techno Metal, Ltd.)



8. Participation in voluntary water supply activities at the Hitachi Seaside Marathon (Ibaraki Works, Proterial, Ltd.)



9. Charity run and walk event



10. Acceptance of students' visits to the workplaces through collaboration with staffing companies (Proterial (China), Ltd.)



11. Participation in fringed water lily planting activities in the Lake Kasumigaura water purification project (Proterial Metals, Ltd.)



12-1. Participation in the Tottori sand dunes cleanup activity (Tottori Works, Proterial, Ltd.)



12-2. 22nd Kanzaki riverbank cleanup activity (Proterial Metals, Ltd.)



12-3. Iwaya beach cleanup activity (Proterial Wakamatsu, Ltd.)



13. Organization of a concert for citizens (Yasugi Works, Proterial, Ltd.)



1. Overview of Corporate Governance

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 as well as of increasing management transparency and enhancing the supervisory functions, we have established a corporate governance system as a Company with Audit & Supervisory Board. The details of each organization comprising the system are as follows.

[1] Board of Directors

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

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] Management System

Proterial abolished its executive officer system on April 1, 2025, and shifted to a new management system.

Under the new system, in order to optimize and speed up management decision making, (i) those in the Managing Director position are given the authority to make strategic decisions and fulfill supervising functions, and (ii) those in the Director position are given the authority to take charge of daily business operation and management. Specifically, Managing Directors deliberate priority issues at the meetings of the Senior Management Committee for the formulation of strategies and execution of business from global and medium- to long-term viewpoints, while Directors lead each department's business execution based on the policies set by the Senior Management Committee.

Also, our CxO¹ includes the CEO and the CFO, who promptly formulate strategies and make decisions in their specific fields of specialization for the entire Proterial Group.

[Managing Directors (as of October 1, 2025)]

Person	Title and Responsibilities
Sean M. Stack	Representative Director, Chairperson, President & Chief Executive Officer (CEO)
Kazuya Murakami	Representative Director, Executive Vice President
Randy Ahuja	Director & President, Proterial America, Ltd., and Chairperson, Proterial Europe GmbH
Kazutsugu Igarashi	General Manager, Magnetic Materials Business Unit
Tony I. Cha	Chief Financial Officer (CFO), General Manager, Finance Division
Natsuki Tokubuchi	Chief Transformation Officer (CTrO)
Yutaka Nakashima	Chief Human Resources Officer (CHRO)
Yuko Nakahira	General Manager, Specialty Steel Business Unit
Hisaki Masuda	Chief Strategy Planning Officer (CSPO), General Manager, Strategy Planning Division

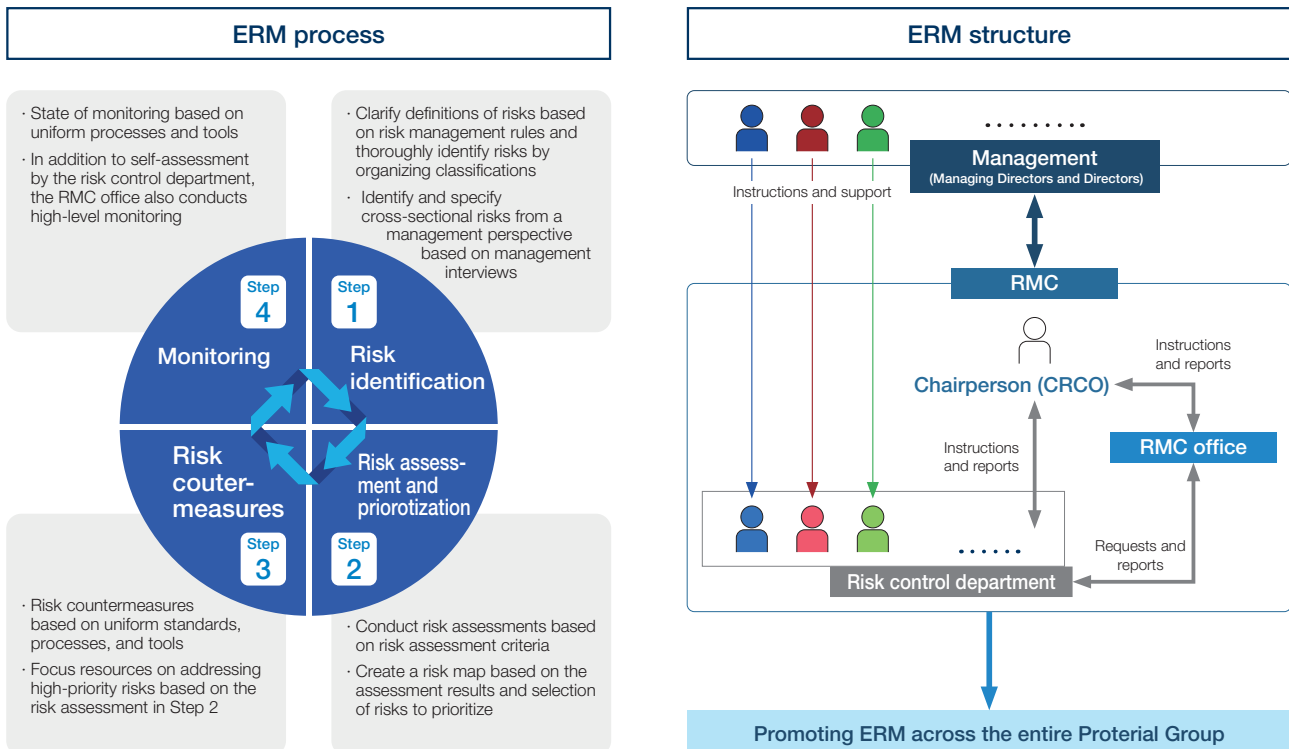
1. CxOs who are not Managing Directors (as of October 1, 2025)

- | | |
|--------------------------------|----------------------------------|
| CDO: Chief Digital Officer | CPO: Chief Procurement Officer |
| CIO: Chief Information Officer | CQO: Chief Quality Officer |
| CLO: Chief Legal Officer | CRCO: Chief Risk Control Officer |
| CLoO: Chief Logistics Officer | CTO: Chief Technology Officer |
| CMO: Chief Marketing Officer | GC: General Counsel |

2. Risk Management

In addition to taking a bottom-up approach against risks, the Proterial Group has an enterprise risk management (ERM) system in place, under which management (Managing Directors and Directors) uses a top-down approach to identify and control cross-departmental and medium- to long-term risks from a management perspective. The Risk Management Committee (RMC), chaired by the Chief Risk Control Officer (CRCO), implements ERM processes, such as risk identification, assessment and prioritization, and promotes ERM throughout the Group. Risks are classified and defined as strategic risks, operational risks, and companywide risks. The identified risks are evaluated on a four-level scale based on their impact and likelihood of materialization. A risk map is created based on the assessment results, and priority risks are selected from among the risks positioned in the “High” zone, taking into account their importance and urgency. Then, the priority risks are managed through the implementation of countermeasures and monitoring by the RMC. This committee promotes the sharing of the status of risk responses and related monitoring results and also makes related reports to the management.

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 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 Ethics Month, and holds compliance lectures delivered by outside instructors, primarily for those in management-level positions, as well as various other programs to cultivate an awareness of compliance.

(2) Compliance Education Activities

[1] Ethics Month

To thoroughly instill compliance, we designated October 2024 as Ethics Month, as in past years, and carried out the following measures, in addition to conducting compliance training.

- 1) The Ethics Month messages from the Chief Legal Officer (CLO) and the Chief Risk Control Officer (CRCO) prepared in their own words to call for compliance were distributed online and by other methods to officers and employees in the Group.
- 2) We held compliance lectures (led by outside instructors) for those in management-level positions. (Target: Managing Directors and Directors; general managers or those in equivalent positions at the head office and regional offices; heads of the Works of Proterial, Ltd.; and Group company presidents).
- 3) We distributed workplace compliance education materials for use in the workplace during morning assemblies and departmental meetings.

[2] 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.

In fiscal 2024, a total of 10,008 Group employees received compliance training, and the attendance rate of targeted employees reached 100%. In new employee and level-specific education, we also provide participants with compliance-related training.

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

In conjunction with the internal audits conducted on the Proterial Group by the Internal Auditing Office, the departments in charge of compliance carried out compliance audits to check for any suspicions of noncompliance with laws, regulations, company rules, or business ethics.

In principle, the compliance audits of all Group companies in Japan and overseas should be completed within the period of three years. The following table shows data about the past compliance audits.

[Compliance audits carried out in the past]

	FY2022	FY2023	FY2024 ¹
Number of sites targeted for compliance audits	79	74	68
Number of sites audited in the fiscal year	22	28	10
Rate of sites audited in the fiscal year	28%	38%	15%
Number of sites audited during past three years	46	58	55
Rate of sites audited during past three years	58%	78%	81%

1. The rate of sites audited in the fiscal year was low for FY2024 because the structural reform of the entire Group hindered the auditing work in the year.

(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) In Japan, we have personnel in charge of measures against unreasonable demands from antisocial forces at our major manufacturing sites as well as at our head office and branch offices. We provide notifications about these personnel to the prefectural governments to ensure that we can respond appropriately if such a demand is made.
- 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) Occurrence of Non-compliance Cases

The number of major non-compliance cases is reported to the Senior Management Committee. In fiscal 2024, as in fiscal 2023, no non-compliance cases were confirmed, including any concerning the Anti-Monopoly Act, corruption (bribery, money laundering, and conflicts of interest), insider trading, the Unfair Competition Prohibition Act (acquisition of a trade secret by wrongful means, etc.), the protection of human rights (forced labor, child labor, etc.), or other corporate crimes.

(6) 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 2024, the Proterial Group committed no major violations of export controls.

4. Make Quality a Strength

(1) Quality Assurance Activities

We made an announcement about our misrepresentation of test results in inspection reports (“quality compliance problem”) on April 27, 2020. Subsequently, we devised measures to prevent the reoccurrence of similar problems as a top priority, and are doing our utmost to implement preventive measures. Based on the recognition that quality is an important management issue for the Proterial Group to enhance its corporate value and achieve sustainable growth over the medium to long term, the Group upholds “Making quality a strength” as one of its six material issues. Aiming to provide our customers with a stable supply of high-quality products, we will work together to thoroughly implement measures to prevent the reoccurrence of quality compliance problems and to make quality a strength of our Group, thereby differentiating us from our competitors.

(2) Establishment of the Quality Committee

On April 1, 2023, we established a new Quality Committee consisting of two external experts and the Chief Quality Officer (CQO). Prior to that, the Quality Compliance Committee (active from April 1, 2021 to March 31, 2023) had been responsible for implementing measures to prevent the reoccurrence of quality compliance problems and conducting activities including verifying their effectiveness. However, the Quality Committee was established to take over these activities and to add “offering guidance and advice from an expert standpoint on overall quality activities” to its activities.

The Quality Committee is intended to assess the Group’s overall quality activities, including quality compliance activities, from an objective perspective, create management mechanisms to prevent the reoccurrence of quality compliance problems, build a corporate culture conducive to ensuring quality, and revitalize quality-control and quality-assurance activities. The Corporate Quality Assurance Division coordinates activities to prevent the reoccurrence of quality compliance problems as well as quality control and quality assurance activities, and reports to the Quality Committee, which provides guidance and advice on the Company’s activities.

Organizational chart



Summary of activities to prevent the reoccurrence of quality assurance issues

(3) Quality Education

The Proterial Group designates April as Quality Compliance Month and April 27 as Quality Compliance Day every year, and in conjunction with Quality Month in November, which is a nationwide initiative, we take these opportunities to reaffirm our commitment to quality activities by all employees. Previously, Quality Month was only a domestic initiative, however, we added overseas bases to the scope of the initiative from fiscal 2023, and we have been promoting quality compliance education as a global activity. In fiscal 2024, we conducted video-based education on the themes of “Understanding the gravity of quality noncompliance and becoming able to think and take actions appropriately” (April) and “Making quality our strength” (November). In order to evaluate the effectiveness of the education, we continuously monitor the level of understanding through questionnaires to the participants, and analyze the opinions of the participants, the results of which are reported to the Quality Committee and the Senior Management Committee. We will continue to revise content to make it more effective, and will implement education in a way that raises the awareness of quality compliance.

(4) Changing the Corporate Culture and Attitudes to Focus on Quality

To enhance our employees’ understanding of quality compliance and ensure the effectiveness of reform, the CEO, CQO, and other layers of management send out messages on quality compliance and hold townhall meetings on quality on an ongoing basis. The purpose of the meetings is to share the importance of quality compliance and acting with sincerity, as well as to listen to the problems and concerns directly from the front line, and to plan and implement solutions by involving the relevant parties in the resolution of these.

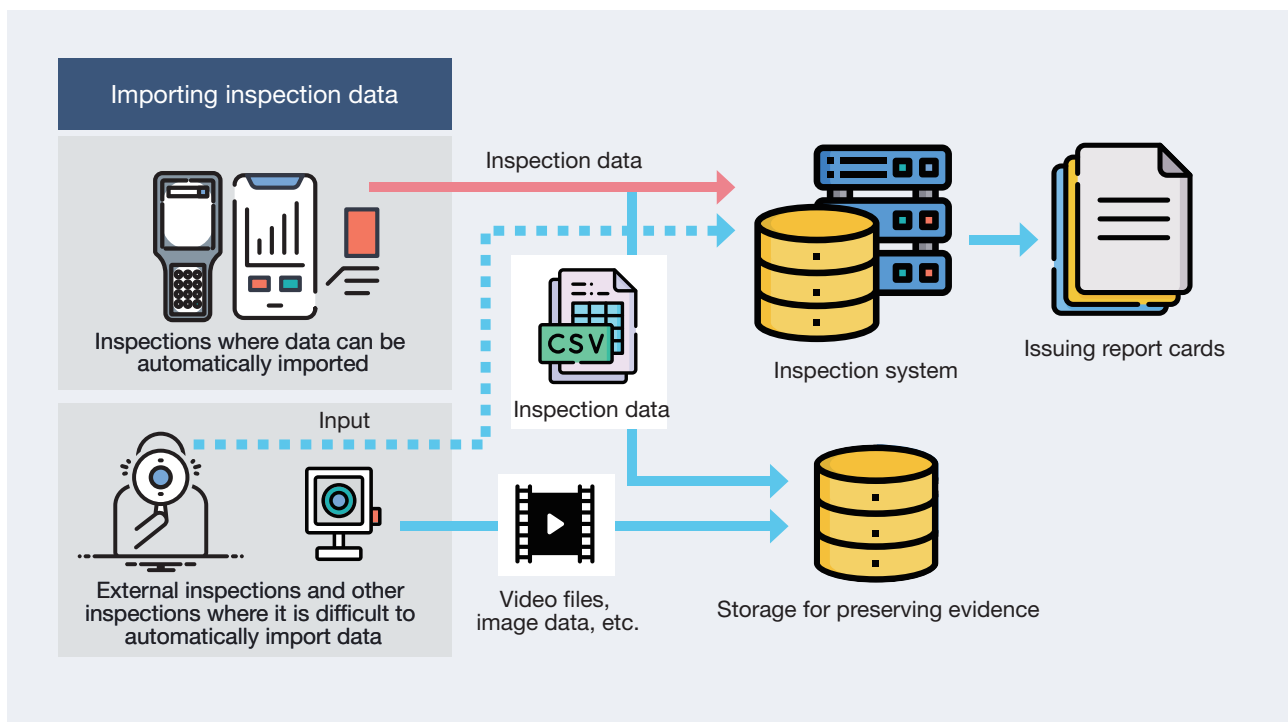


Dialogue between the CQO and quality-assurance managers at a townhall meeting

(5) Securing the Inspection System

Securing the inspection system means establishing a system that automatically imports measured values from measurement equipment to a PC, automatically determines whether a product passes or fails on the basis of that measurement data, and automatically prepares a report to be submitted to the customer. That automated system is in stark contrast to the conventional one that involves human intervention such as writing the measured values on a special form by hand or entering them into a PC during the inspection process. Moreover, it prevents the alteration of measured values and the occurrence of operational errors such as incorrectly writing or mis-typing the measured values. It also improves inspection efficiency by eliminating the need to write down the measured values on special paper or input them into a computer.

We have been systematically working to upgrade and modify measurement equipment at each site, and plan to complete data input by the end of fiscal 2025. Furthermore, we will also build a system to store images and videos as digital evidence for inspections where data cannot be obtained, such as in the case of visual inspections, and use this as a check against inappropriate behavior, in order to reduce the risk of quality compliance problems occurring.



(6) Holding the International QA Meeting

The Proterial Group has been holding the International QA Meeting (IQAM) annually since 2021. Its purpose is to stimulate quality assurance- and quality control-related communication and information exchanges globally across the quality assurance departments of the entire Proterial Group, as well as to establish a globally unified QMS system.

The sixth round of the meeting was held in January 2025, with a total of 231 people participating, including the President and Executive Vice President of Proterial, Ltd. Participants shared success and failure examples from each site through the “Knowledge Hub,” continued to discuss the promotion of a culture of safety, and spoke about the QMS system for the global enhancement of quality activities across the Group. During fiscal 2025, we will rename this meeting the International Quality Meeting to include quality management activities in the discussion themes, and will promote mutual collaboration between the sites by holding the meeting in person.

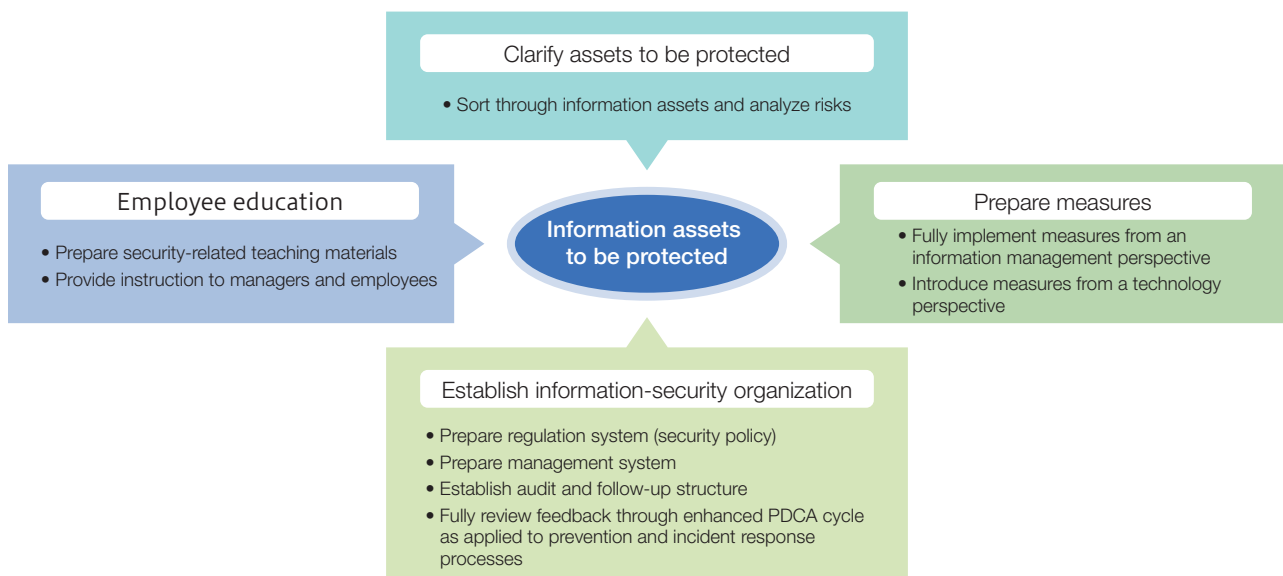
5. Information Protection and Management

(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

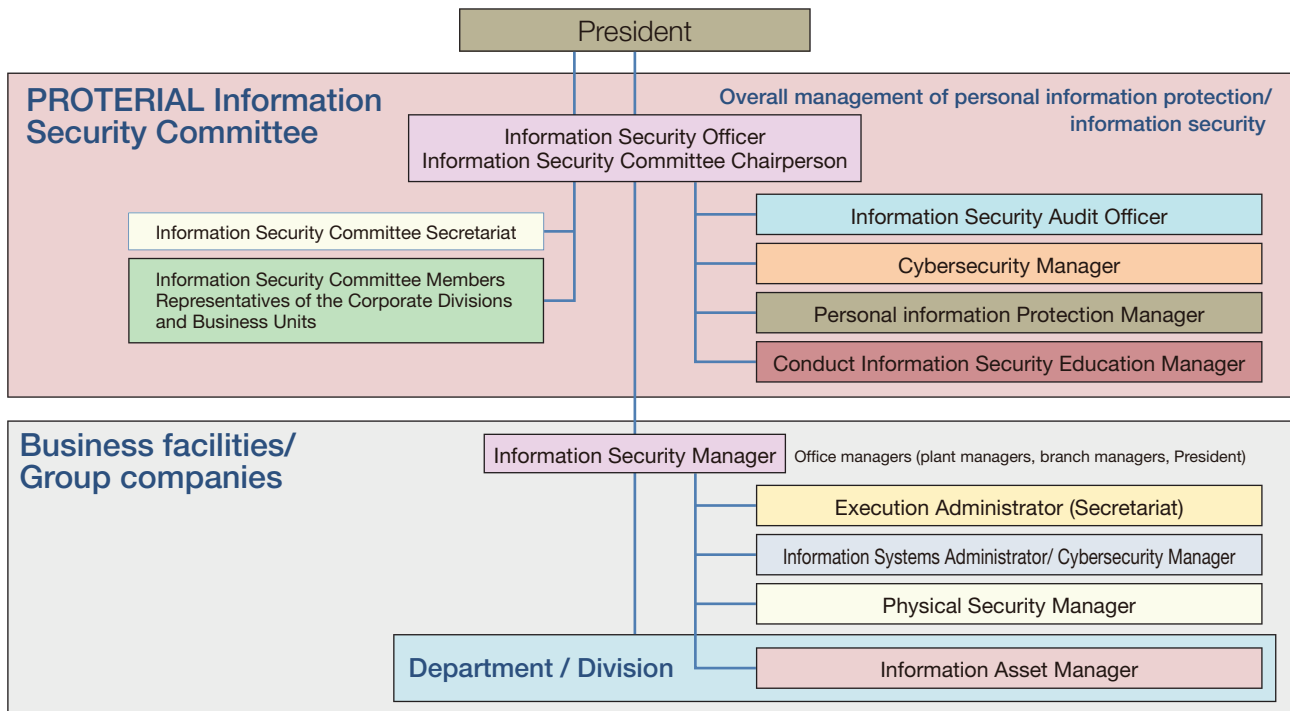
In order to classify information assets to be protected, the Proterial Group conducts information security self-audits every year, chiefly to identify information assets and analyze related risks. We are planning to resume the self-audit from fiscal 2025, which we have been suspending due to reviews made on the information asset management methods and related rules in response to the departure from the Hitachi Group.

(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) Improving Information Security 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 having employees make an online pledge to comply with the three rules to prevent information leaks, revising the personal information protection management rules, encouraging employees to carry out self-audits on their information security measures, conducting BCP training against cyberattacks (ongoing), doing simulation training against targeted attack emails (ongoing), and conducting individual interviews with departments facing cases of errors in sending emails (ongoing). These measures are intended to help each department and employee raise their information literacy level. In the BCP training provided against cyberattacks in fiscal 2024, information system departments and the major administrative departments of the head office participated to reconfirm their respective roles to prepare for large-scale incidents.

Major technical measures include carrying out device authentication, installing a filtering system to monitor all emails sent externally to prevent external leaks of information assets, and installing erroneous transmission prevention software on all business computers of the Proterial Group as a countermeasure against sending emails to unintended recipients. We have also implemented anti-cyberattack measures mainly by installing XDR/EDR systems, building the SASE platform, installing WAF software, setting up a 24/7 cybersecurity surveillance system against external threats, and carrying out regular inspections on the vulnerability of the Group’s public servers and implementing countermeasures as necessary (ongoing). Moreover, in 2024, we updated endpoint security products.

Also, since our departure from the Hitachi Group in January 2023, we have been taking upgraded security measures for the era of digitalization, including receiving support for our information security measures from external consultants.

(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 2025, a company-wide drill was carried out.

In fiscal 2024, we introduced a new cloud service that forms a foundation for providing employees with information security education globally across the Proterial Group, and offered e-learning opportunities three times. The participation rate of applicable employees reached 100% for each session, with a total of 15,336 employees learning about information security.

6. Intellectual Property Activities

(1) Basic Policy and Strategy

The Proterial Group implements efficient intellectual property strategies in line with its business formats and new product development and deployment, and conducts intellectual property activities in alignment with its business and R&D activities. We are thereby protecting and enhancing our intellectual property. By formulating and implementing intellectual property strategies that facilitate our business growth and R&D efforts, we will make Proterial a high-performance materials company that supports a sustainable society.

(2) 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, in order to appropriately protect and effectively apply the intellectual property created in research, development, manufacturing, and other processes, we acquire and maintain the intellectual property rights inside and outside Japan in line with the global expansion of our business, thereby forming assets that will support the sustainable growth of the Proterial Group.

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.

VII

About the Proterial Group

1. Corporate Profile

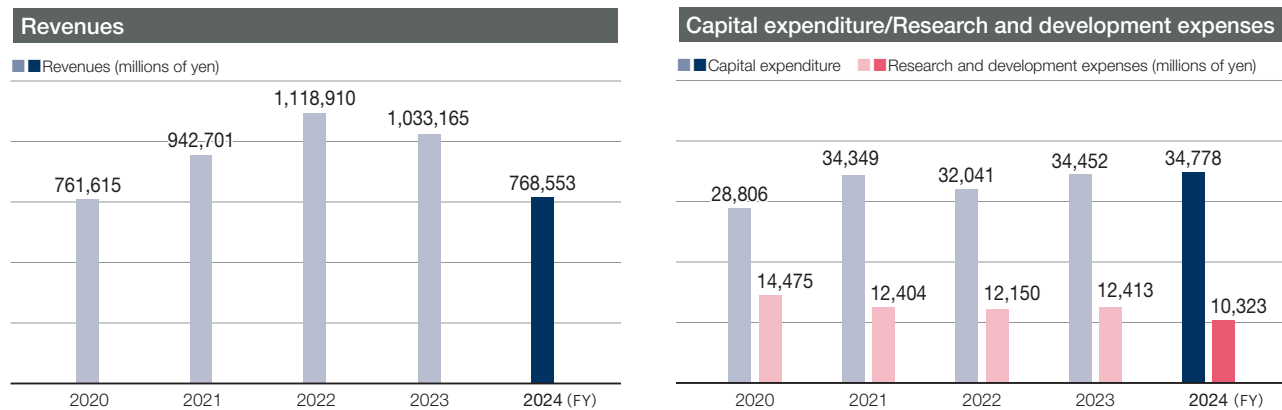
Corporate Name	Proterial, Ltd.
Established	April 10, 1956
Head office	5-6-36 Toyosu, Koto-ku, Tokyo, Japan
Representative	Representative Director and CEO Sean M. Stack
Share capital	310 million (As of March 31, 2025)
Number of employees	Non-consolidated: 4,839 (As of March 31, 2025) Consolidated: 18,877 (As of March 31, 2025)
Products and businesses	Manufacture and sale of specialty steel, rolls, automotive casting products ² , transportation equipment casting components, magnetic materials, power electronics materials, electric wires and cables, and automotive components
Group companies	49 consolidated subsidiaries (18 in Japan, 31 outside Japan) Five equity method companies (three in Japan, two outside Japan) (As of March 31, 2025)
Revenues	¥768.6 billion (for the year ended March 2025) ¹

1. Consolidated revenues posted by K.K. BCJ-52, the parent company of Proterial, Ltd.

2. Proterial, Ltd. made an announcement about the transfer of its automotive casting businesses, which is planned for January 2026, on September 9, 2025.

2. Economic Performance

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

[1] Financial Data¹

1. For fiscal 2024, the graph shows the consolidated revenues posted by K.K. BCJ-52, the parent company of Proterial, Ltd. Due to the sale of its casting business unit in the United States in fiscal 2023 and the sale of its piping components business and others in fiscal 2024, revenues for fiscal 2024 substantially dropped. Proterial, Ltd. had its shares delisted in January 2023, and its disclosure scope of financial information is now limited. For financial information before the delisting, please refer to the financial data disclosed on pages 61 and 62 of the Proterial Report 2023.

[2] Social Contribution Activities

V Report on Social Aspects 6. in Cooperation with Society and the Local Community (2) Social Contribution Activities Carried out in Fiscal 2024 (Page 67 of this Report)

[3] Environmental Accounting

IV Report on Environmental Aspects 1. Environmental Management (5) Environmental Accounting (Page 28 of this Report)

3. Business Bases

Please see the following links on the Proterial website.



Main Sales Bases
<https://www.proterial.com/e/corp/bases/>



Major Operation Bases / R&D Bases
https://www.proterial.com/e/corp/bases/main_bases.html



The Proterial Group
<https://www.proterial.com/e/corp/bases/region/>

4. Non-Financial Data

[Environmental indicators]

Item	FY2020	FY2021	FY2022	FY2023	FY2024
CO ₂ emissions (Scope 1) (kt-CO ₂ /year)	777	876	818	234	213
CO ₂ emissions (Scope 2) (kt-CO ₂ /year)	1,218	1,340	1,096	828	785
CO ₂ emissions (Scopes 1 + 2) (kt-CO ₂ /year)	1,995	2,216	1,914	1,062	997
CO ₂ emissions (Scope 3) (kt-CO ₂ /year)	—	2,356	2,336	2,111	1,871
CO ₂ emission reduction rate (compared to FY2015)	28%	20%	31%	62%	64%
Per-unit CO ₂ emissions (t-CO ₂ /million yen)	2.619	2.351	1.711	1.373	1.317
Use of renewable energy (MWh/year)	—	—	483	8,354	19,185
Use of energy in crude oil equivalent (kl/year)	915,129	1,011,641	966,617	507,210	486,718
Improvement rate for per-unit energy use ¹ (compared to FY2015)	-12%	0.1%	19.5%	38.9%	40.1%
Improvement rate for per-unit energy use for transportation (in Japan) (compared to the previous fiscal year)	—	—	0.1%	14.3%	4.6%
Revenues from key environmentally conscious products (millions of yen)	163,004	200,121	250,698	251,242	258,058
Sales ratio of key environmentally conscious products	21.4%	21.2%	22.4%	24.4%	33.6%
Total amount of waste and valuables generated (1,000 tons/year)	761	824	758	241	228
Per-unit amount of waste and valuables generated (tons/million yen)	0.999	0.824	0.677	0.310	0.296
Improvement rate for per-unit amount of waste and valuables generated (compared to FY2010)	15.2%	18.9%	33.6%	47.0%	45.9%
Recycling rate	76.7%	77.4%	81.0%	89.1%	86.2%
Recycled amount (tons)	568,586	615,212	634,633	192,037	161,649
Final disposal (tons)	172,689	180,075	149,052	23,496	25,838
Landfill waste rate	10.9%	11.7%	10.1%	6.2%	5.6%
Number of sites achieving zero emissions (with a final disposal rate of less than 0.5%)	19	14	17	19	25
Water use (1,000 m ³)	11,349	11,602	14,737	10,782	9,636
Per-unit water use (m ³ /million yen)	14.901	12.307	13.171	10.436	12.537
Improvement rate for per-unit water use (compared to FY2010)	12.2%	29.9%	33.8%	29.6%	34.9%
Amount of chemical substances released into the atmosphere (tons)	88	86	182	254	62
Ratio of chemical substances released into the air	0.18%	0.15%	0.36%	0.82%	0.20%
Improvement rate for the per-unit release of chemical substances into the air (compared to FY2010)	34.2%	33.7%	23.7%	34.0%	39.7%
Environmental conservation costs (expenses) (in Japan) (100 million yen)	78.0	97.9	75.9	66.7	61.0
Environmental conservation costs (investment) (in Japan) (100 million yen)	5.8	3.0	12.4	11.5	30.6
Environmental effect (economic effect) (in Japan) (100 million yen)	104.7	146.7	163.6	136.5	69.7
Environmental effect (quantitative effect) (effective use of resources) (in Japan) (1,000 tons/year)	—	—	8,007	8,678	6,478
Environmental effect (quantitative effect) (global warming mitigation) (in Japan) (1,000 tons/year)	—	—	11,075	2,571	575,155
Environmental e-learning attendance rate (in Japan)	92%	96.8%	99.1%	99.9%	99.9%
Frequency of environmental auditor development training (times)	1	1	1	1	1
Frequency of environmental education for new employees (times)	—	—	1	1	1

[Social indicators]

Item	FY2020	FY2021	FY2022	FY2023	FY2024
LTIR (Lost Time Injury Rate)	—	—	1.80	1.60	0.90
IIR (Injury and Incident Rate)	—	—	5.86	5.40	2.37
Number of occupational accidents causing death and serious injuries (of level 7 or higher)	2	0	2	0	0
Amount of investment in safety equipment (thousands of yen)	1,044,988	1,161,402	1,122,199	1,072,432	1,504,437
Percentage of positive engagement indicator evaluations in employee awareness surveys	59%	56%	71%	76%	75%
Diversity in recruitment ratio (non-consolidated)	11%	50%	66.3%	62%	20.4%
Ratio of women among newly hired graduates (career-track positions) (technical positions) (non-consolidated)	8%	7%	6.3%	8.3%	0.0%
Ratio of women among newly hired graduates (career-track positions) (administrative positions) (non-consolidated)	33%	60%	35.7%	14.4%	13.9%
Number of Board Directors (persons)	6	5	6	6	6
Number of female Board Directors (persons)	1	0	0	0	0
Diversity rate at the managerial decision-making level	—	—	35.7%	40.0%	50.0%
Number of employees (persons)	28,620	27,771	26,496	21,456	18,877
Ratio of employees working outside Japan	54%	57%	56%	46%	49%
Number of employees (non-consolidated) (persons)	6,623	5,889	5,754	5,759	4,839
Number of male employees (non-consolidated) (persons)	5,826	5,068	4,927	4,931	4,199
Number of female employees (non-consolidated) (persons)	797	821	827	828	640
Ratio of female employees (non-consolidated)	12.0%	13.9%	14.4%	14.4%	13.2%
Number of female employees in career-track positions (non-consolidated) (persons)	106	112	116	124	100
Ratio of female employees in career-track positions (non-consolidated)	5.3%	6.3%	5.8%	5.7%	6.8%
Number of female managers (non-consolidated) (persons)	19	20	24	29	33
Ratio of female managers (non-consolidated)	1.5%	1.8%	2.2%	2.4%	2.6%
Employment ratio of people with disabilities (non-consolidated)	2.27%	2.36%	2.42%	2.46%	2.59%
Employment ratio of people with disabilities (in Japan)	2.36%	2.42%	2.51%	2.58%	2.69%
Number of total working hours (non-consolidated, for back-office employees) (hours)	2,028	2,078	2,056	2,016	2,035
Average age (non-consolidated) (age)	43.4	43.9	44.4	45.0	44.7
Average years of service (non-consolidated) (years)	20.1	20.8	19.2	20.5	19.9
Estimated social contribution costs (non-consolidated) (millions of yen)	82	79	192	50	34

[Governance-related indicators]

Item	FY2020	FY2021	FY2022	FY2023	FY2024
Automatic collection rate for inspection and test results (%)	—	—	28%	15%	44%
Serious quality incident indicator	—	—	0.4	0.2	0
Compliance awareness positive evaluation rate	66%	68%	84%	—	86%
Compliance education rate	100%	100%	100%	100%	100%
Number of corruption cases reported (case / year) ¹	0	0	0	0	0
Number of items for which procurement sources need to be diversified	—	—	11	10	9
New product ratio	19%	16%	23%	23%	25%

1. Cases concerning the Anti-Monopoly Act, corruption (bribery, money laundering, and conflicts of interest), insider trading, the Unfair Competition Prohibition Act (acquisition of a trade secret by wrongful means, etc.), and violation concerning the protection of human rights (forced labor, child labor, etc.)

4. Non-Financial Data

[About This Report]

[1] 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. Proterial, Ltd. is a non-listed company and does not disclose its financial information as broadly as a listed company. For an overview of our business and management policies, please also refer to our corporate brochure.

[2] Publication Date

November 28, 2025

[3] The Scope of This Report

Period covered	The report focuses on fiscal 2024 (April 1, 2024 to March 31, 2025). (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	In August 2024, Proterial, Ltd. sold its piping components business. Also, it transferred the shares of Proterial FineTech, Ltd. and Proterial Instruments (Shenzhen), Ltd., which were part of the business, and the two are no longer consolidated subsidiaries of the Company.

[4] Underlying Guidelines

GRI Standards (Global Reporting Initiative)

[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 2024]

Classification	INPUT						OUTPUT										Main Discharge Destinations
	Raw materials, etc. ¹ [t/year]	Energy consumption [crude oil kl/year]	Water [thousand m ³ /year]	PRTR chemical substances [t/year]	Emissions [t/year]	CO ₂ 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 m ³ /year]				
Moka Works	45,091	22,954	266	125	30,092	44,704	0.0	1.2	0.5	0.0	1.3	30.5	195	Kinugawa River			
Yasugi Works	116,008	133,935	5,085	13,408	38,630	280,878	20.1	169.1	0.9	10.7	0.5	413.5	4,978	Nakaumi Lake			
Okegawa Works	2,735	16,811	262	884	797	31,189	0.2	11.7	3.0	5.0	1.1	2.2	234	Arakawa River			
Kumagaya Works	10,186	18,499	536	143	3,884	34,954	1.0	0.0	3.3	1.8	3.3	3.6	576	Arakawa River			
Yamazaki Works	235	3,288	105	9	531	6,098	0.0	0.0	0.4	0.3	0.3	3.7	99	Sewerage			
Meiglas Yasugi Works	29,718	10,326	0	3	251	19,437	0.0	0.0	0.0	0.0	0.0	0.4	0	Nakaumi Lake			
Tottori Works	2,442	6,590	80	103	731	12,668	0.0	0.0	0.6	0.0	0.0	1.1	79	Sewerage			
Ibaraki Works	120,793	27,691	922	2,112	6,996	53,453	0.1	2.4	20.6	17.3	30.6	74.9	738	Pacific Ocean Kazu sawagawa River Juo River			
Kyushu Techno Metal, Ltd.	9,107	16,848	112	1,132	6,031	31,814	0.0	0.9	0.0	0.2	3.4	22.0	33	Seto Inland Sea			
Proterial Yasugi, Ltd.	*5	*5	13	7,552	1,245	6	0.3	0.4	0.0	0.0	0.0	1.2	2	Nakaumi Lake			
Proterial Precision, Ltd.	863	7,454	8	2,137	3,385	14,861	0.0	15.1	0.0	0.0	0.0	11.9	3	Nakaumi Lake			
Proterial Metals, Ltd.	36,494	32,078	508	1,854	11,847	60,840	0.0	2.3	1.0	1.0	1.0	24.3	413	Sewerage Yoneshirogawa River Kasumigaura			
Proterial Wakamatsu, Ltd.	29,107	25,434	123	719	47,106	49,717	0.0	1.8	1.6	0.0	0.0	59.2	68	Sewerage			
Proterial Specialty Steel, Ltd.	0	3,979	18	0	308	7,724	0.0	0.0	0.0	0.0	0.0	0.0	13	Sewerage			
NEOMAX KINKI Co., Ltd.	200	9,790	152	0	490	18,474	0.2	0.1	0.1	0.0	0.0	0.0	140	Maruyamagawa River			
NEOMAK KYUSHU Co., Ltd.	5,762	7,796	59	59	1,076	15,182	2.2	0.5	0.0	0.0	1.0	1.7	48	Rokkakugawa River			
Tonichi Kyousan Cable, Ltd.	1,569	3,720	48	512	1,456	7,370	0.1	0.2	0.0	0.0	0.3	22.6	48	Kasumigaura			
Tohoku Rubber Co., Ltd.	1,016	1,319	68	31	408	2,884	0.4	0.5	0.4	0.4	15.5	4.3	60	Pacific Ocean			
Santoku Corporation	1,027	3,022	74	127	760	6,033	0.0	0.0	0.0	0.0	0.0	0.0	76	Sewerage			

1. For data on fiscal 2022 and onwards, "Raw materials, etc.," includes data for products and semi-finished products.

2. For the calculation of CO₂ emissions from the use of electricity, we 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 materials and energy consumption and CO₂ emissions related to Proterial Yasugi, Ltd. are managed together with those for the Yasugi Works.

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