












Materiality (Critical Challenges)

Proterial has long carried out business activities with a strong consciousness of ESG issues. To further accelerate our efforts, we have classified those materialities (critical challenges) to which to devote our energy into six categories. In addition, we have also organized measures and key management indicators related to each materiality. We have also presented SDG goals related to each materiality.

All materialities are reflected in concrete management measures, implemented based on the Group's Value of Unflinching integrity and Vision of Leading sustainability by high performance . Furthermore, by continuously improving and deepening our engagements in these materialities, we will embody our Mission to Make the best quality available to everyone.

Materialities of Proterial			
Materiality	Description	Related external environmental changes (opportunities and risks)	Related SDGs
Environment 	Contributing to realize a decarbonized society 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.	Opportunities Increase in momentum to promote carbon neutrality among customers, suppliers, governments, etc., as climate change becomes more serious. <hr/> Risks 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 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.	Opportunities Expansion of the market for environmentally-friendly products through the promotion of environmental initiatives in customer industries, growing momentum for waste reduction and recycling, development of new material technologies, etc. <hr/> Risks 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 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.	Opportunities Development of robot technology for hazardous work, etc. <hr/> Risks Lack of business successors due to intensified competition for human talent, outbreaks of infectious diseases, occurrences of natural disasters, etc.	 
	Diversity and Inclusion 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.	Opportunities Increase in importance and social momentum for work style reform due to intensifying competition for human talent, etc. <hr/> Risks Insufficient human resources due to intensified competition for personnel, etc.	
Governance 	Make quality a strength To deliver high-quality products and services to customers, thoroughly implement measures to prevent the recurrence of quality problems, and make quality our strength that sets us apart from others.	Opportunities Increase in society's interest in quality assurance, technological advances in measures against internal fraud, etc. <hr/> Risks —	
	Business model and process evolution anticipating changes in the external environment 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 .	Opportunities Increase in customer demand for resilience to changes in the external environment (e.g., stable supply), development of related technologies (e.g., new materials, R&D technologies), etc. <hr/> Risks Increase in geopolitical risks, outbreaks of infectious diseases, occurrence of natural disasters, etc.	