

Sustainability Management

Basic Policy

Topia aims to be a company that grows and develops sustainably in harmony with society, and considers the practice of sustainable management as an important corporate social responsibility. We will sincerely address complex and rapidly changing issues such as climate change, human rights, and coexistence with local communities, while emphasizing dialogue and co-creation with all stakeholders. We aim to simultaneously achieve a sustainable society and enhance corporate value through honest and transparent corporate activities.

Basic Sustainability Policy

1. Contribute to Environmental Conservation

Through our business activities, we will work to protect the global environment by reducing CO₂ emissions, limiting energy usage, reducing waste, promoting recycling, and preserving biodiversity. We will also contribute to the achievement of a sustainable society in which people and nature coexist through the provision of environmentally friendly products and services.

2. Coexist with Society

As a corporate citizen, we will contribute to the revitalization of local communities and the creation of a richer living environment for people through our business and social contribution activities.

3. Create New Value

We will consistently pursue innovation, create new technologies, products, services that exceed customer expectations, actively contribute to solving social issues and realizing a sustainable future.

4. Human Resources Development and Activities

We aim to contribute to both the company and society by nurturing human resources who have the talent to tackle customer challenges and the ability to understand both viewpoints. We strive to create a rewarding work environment where employees can feel personal growth and pride.

5. Strengthening the Governance System

We will comply with laws and regulations and other social norms and build a transparent and sound management system. We will respond to the trust of all stakeholders and strengthen our governance system to support sustainable growth.

Basic Sustainability Policy

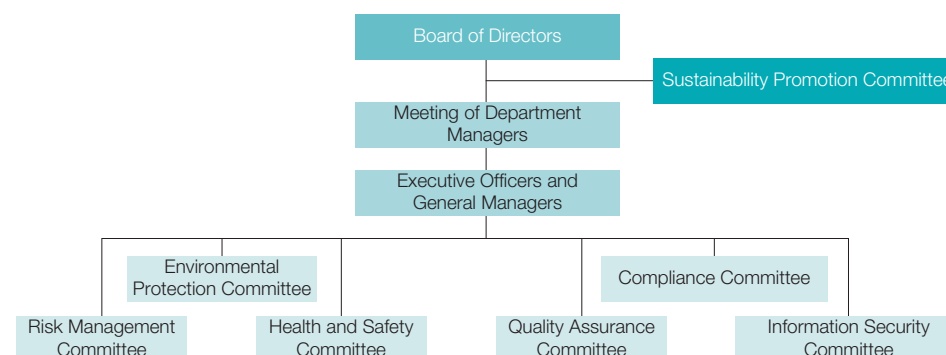
Topia places sustainability at the core of its management in order to be a company that continues to grow both as a business and with society. In order to help achieve a sustainable society in the company, we emphasize trust and co-creation and promote the “Basic Sustainability Policy” based on the following five viewpoints.

Sustainability Management Promotion System

In July 2021, Topia established the “Sustainability Promotion Committee,” lead by Topia’s CEO to promote sustainability management. The Sustainability Management System is coordinated with the six subcommittees. The Risk Management Committee, the Environmental Protection Committee, the Health and Safety Committee, the Quality Assurance Committee, the Compliance Committee, and the Information Security Committee.

Each committee sets numerous targets for the issues it is responsible for, examines specific initiatives, and manages the progress of those efforts. These activities are supervised by the “Sustainability Promotion Committee,” which oversees the implementation and continuous improvement of sustainability management throughout the group.

Sustainability Management Promotion System



Identification of Materiality

Materiality Decision Process

To balance corporate and societal values, Topia has identified the industry activities and relevant societal issues that contribute to “societal growth and being a sustainable enterprise” This process started in 2023.

Particularly, Four materiality candidate items were selected from the following two perspectives:

- (1) Environmental and social issues that makes sense for the company to address and where meaningful results can be obtained
- (2) Issues that we can address through developing and manufacturing prototypes.

STEP 1. Identify and Narrow Down Social Issues

Over 100 social issues were identified in reference to the main guidelines which are GRI Standards, the SASB Standards, and the UN SDGs, A list of items that were of particular relevance to Topia was compiled from this.

STEP 2. Conduct Evaluations from Our Stakeholders' and Topia's Perspective

To emphasize both objectivity and diversity we conducted a questionnaire survey targeting approximately 50 executives and employees to assess the importance of social issues. From our company's perspective, we have identified the mid- to long-term possibilities for our management plans. From the perspective of our stakeholders, we have taken into consideration the impact on the natural environment and requests from our business partners and local communities.

STEP 3. Formulation of Materiality

Based on the content of the President's review, a materiality map determined to be of high importance. The map was created through internal discussions such as the general manager's meeting.

STEP 4. Identification of Materiality

In the end, Topia's Board of Directors narrowed down the materiality issues to four.

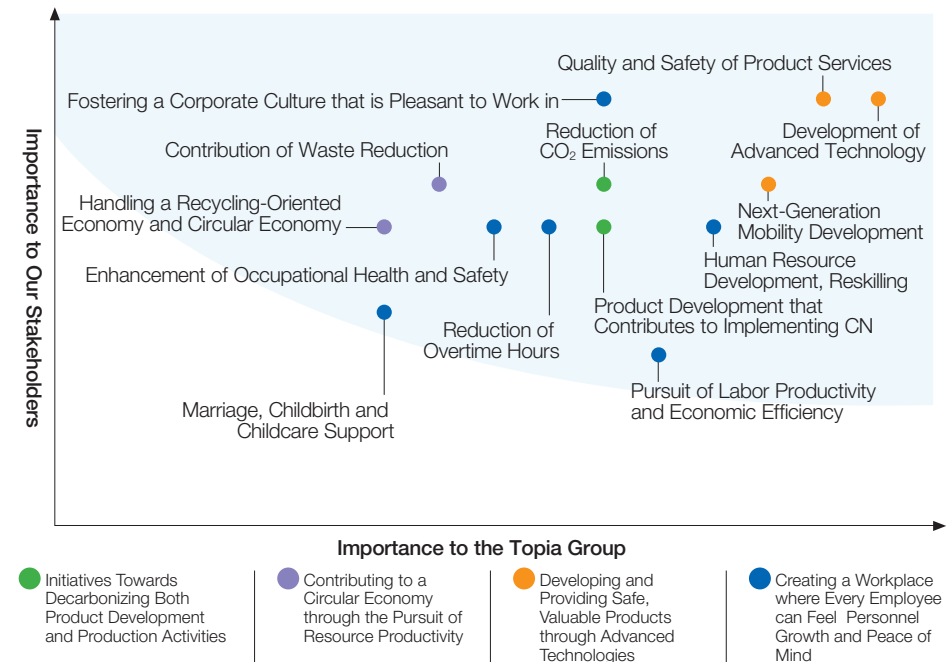
Mapping of Materiality

Topia has established the following four materiality items:

- 1) “Initiatives toward decarbonization in both product development and production activities”
- 2) “Contributing to a circular economy through the pursuit of resource productivity”
- 3) “Developing and providing safe, Valuable products through advanced technologies”
- 4) “Creating a workplace where every employee can feel personnel growth and peace of mind.”

In addition to our efforts in line with the four materialities, this Sustainability Report also describes our human rights and governance initiatives, which form the foundation of our business.

In addition, we will flexibly respond to changes in society and the environment by periodically reviewing our materiality to achieve sustainable improvements.



Materiality

Topia has identified four social issues to be addressed while prototyping a wide variety of industrial products.

We aim to resolve the issues demanded in current times, contribute to the development of new manufacturing worldwide, and achieve a sustainable future that enriches society.



Contributing to a Decarbonized Society through our Business Activities

Topia is aggressively promoting the introduction of renewable energy in order to reduce greenhouse gas emissions from its business activities. We are also aiming to implement a carbon neutral environment by reducing our environmental impact.



Contributing to a Circular Economy

We are working to recycle waste materials and steel materials generated from our business activities. Our plan is to also accelerate our paperless and digital transformation (DX) initiatives in order to take steps towards being a sustainable company.



Providing Safe, Valuable Products through Advanced Technologies

We will contribute to the improvement of safety performance by increasing the added value of our products and services, establishing an educational system and an environment that will improve the skills of all employees.



Creating a Workplace where Every Employee can Feel Personal Growth and Peace of Mind

Creating a good working environment for employees is essential for smooth operation of business activities. We will continue to promote not only to improve the environment, but also to encourage personal growth of our employees.



KPIs and Targets Based on Materiality

Materiality	Risks and Opportunities	KPI	Mid-term Targets (FY2030)	Strategies	FY2023 Results	FY2024 Results
Contributing to a Decarbonized Society through our Business Activities 	【Risks】 • Increased operating costs due to the inability to respond to industry trends toward carbon neutrality • Declining customer confidence 【Opportunities】 • Increase customer confidence through proactive efforts to achieve carbon neutrality and disclosure • Expand business by developing new technologies that contribute to customers' carbon neutrality	Scope1 and 2 emissions	Reduce by 21% from FY2021	Reduce total CO ₂ emissions at our own plants and offices by 3% per year over a 7-year period starting in FY2024	6,928t-CO ₂	7,725t-CO ₂
		Scope 3 emissions Zinc alloy purchase rate	Continue 10% or less	Promote recycling of zinc alloy used in prototype mold manufacturing to minimize new purchases	8.6%	26.5%
		Renewable energy ratio	Increase by 30% from FY2021	Actively switch in-house power consumption to electricity derived from renewable energy	3.2%	6.1%
		EV ratio (commercial vehicles)	Achieve 100% HV and EV ratio	Switch company owned commercial vehicles to EV and HV vehicles	85.4%	87.2%
Contributing to a Circular Economy 	【Risks】 • Increased operating costs and decreased customer confidence due to continued large-scale waste disposal 【Opportunities】 • Contribute to a recycling-oriented economy through reduction of industrial waste, reduction of chemical load, prevention of air and water pollution, and an effective use of resources	Amount of waste generated Sand recycling ratio	Continue 95% or more	Promote recycling of sand materials used in the production of prototype molds, and minimize the amount of waste	97.2%	97.5%
Providing Safe, Valuable Products through Advanced Technologies 	【Risks】 • Declining customer confidence due to non-conforming products 【Opportunities】 • Expand business and increase customer confidence by developing safe, high-quality products that respond to diverse values and social issues	Amount of added value per employee	Increase by 5% from FY2021	Maximize profits through high value-added businesses	65.0%	59.3%
Creating a Workplace where Every Employee can Feel Personnel Growth and Peace of Mind 	【Risks】 • Decreased productivity due to lower employee engagement • Increased cost of recruiting human resources and difficulty in recruiting 【Opportunities】 • Improve productivity by increasing employee engagement • Enhance the ability to respond to issues through the active participation of human resources with diverse values	Percentage of female managers	20%	Promote the establishment of workplaces where employees can demonstrate their abilities regardless of gender	7.5%	8.1%
		Percentage of male employees taking maternity leave	85%		38.5%	63.6%
		Number of work-related accidents	Zero	Further improve internal health and safety and reduce the number of work-related accidents	1	0
		Overtime work hours	25 hours or less per month	Improve operations through DX, etc.	23.4 hours	25.7 hours
		Japanese Language Proficiency Test certification rate (N3 or higher)	75%	Support foreign employees and trainees to take and pass the Japanese Language Proficiency Test	32.3%	33.3%