Sustainability Management

Basic Policy

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

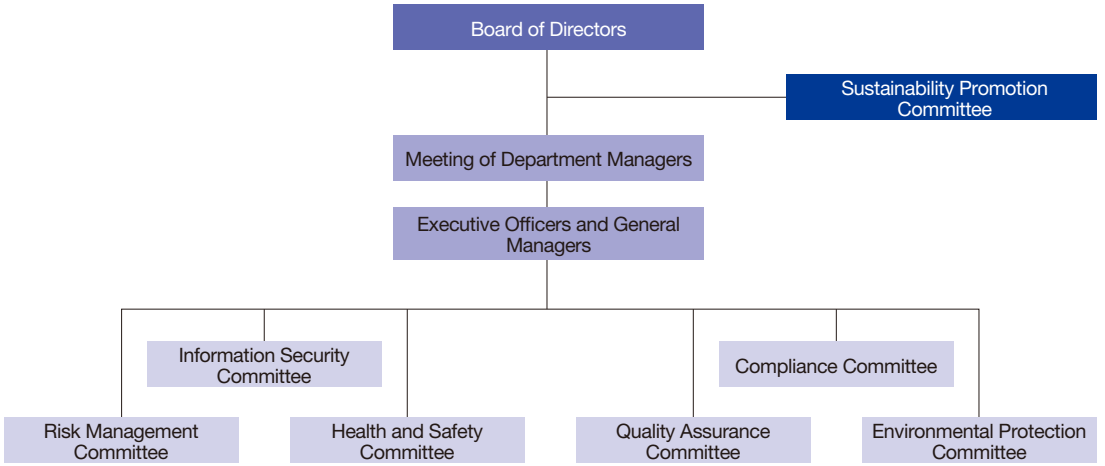
Basic Sustainability Policy

1. Contribute to Environmental Conservation
   Through our business activities, we will work to protect the global environment by reducing CO_2 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 achieving 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

In July 2021, Topia established the "Sustainability Promotion Committee," led by Topia's CEO, in order to advance sustainability management practices. Under the committee, there are six specialized subcommittees ranging from the Risk Management Committee to the Environmental Protection Committee. Each committee is responsible for setting targets for the issues they are assigned and monitoring the progress of activities, working to ensure effective improvements are made. These activities are supervised and managed by the Sustainability Promotion Committee, which regularly reviews and monitors the entire process, thereby promoting continuous improvement and implementation across the entire Group.

Sustainability Management Promotion System



Materiality

In fiscal 2023, we identified materiality that contributes to the sustainable growth of the company and society, in order to clarify the relevance between business activities and societal issues that in an effort to balance corporate value and societal value. Specifically, we explored two perspectives: (1) environmental and societal issues in which Topia can make a difference and achieve results, and (2) issues that can be addressed through the development and manufacturing of prototypes. Based on these considerations, we selected four candidates. By addressing these material issues, we will contribute to the realization of a sustainable society.

Materiality Identification Process

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.

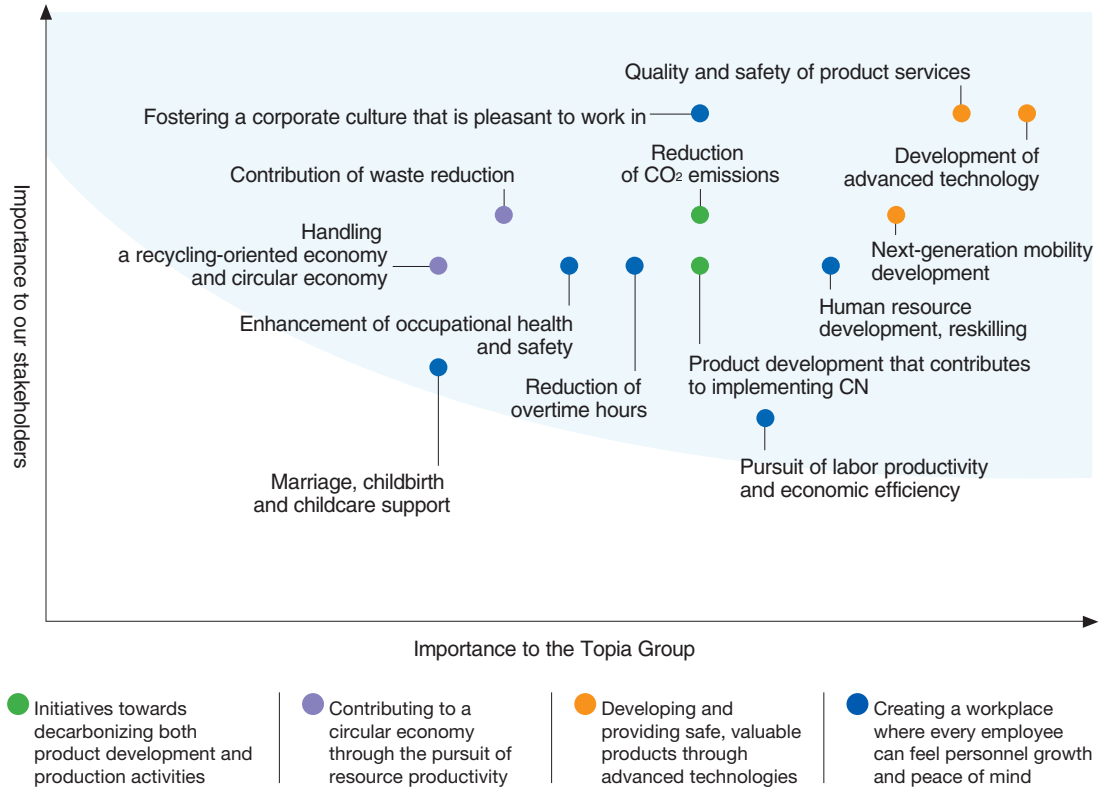
STEP 3 Formulation of Materiality

Based on the content of the President's review, a materiality map was 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.

Materiality Mapping



- Initiatives towards decarbonizing both product development and production activities
- Contributing to a circular economy through the pursuit of resource productivity
- Developing and providing safe, valuable products through advanced technologies
- Creating a workplace where every employee can feel personnel growth and peace of mind

Topia's Materiality

Topia aims to evolve manufacturing around the world and achieve a sustainable future. We enrich society by reviewing the societal impacts of its business activities identified in fiscal 2023 and taking action to resolve them.

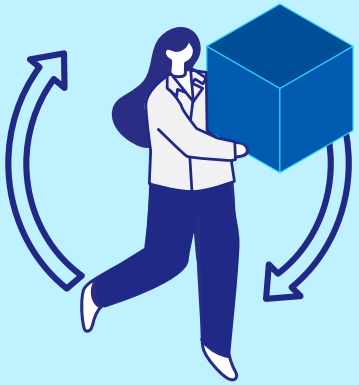
1



Contributing to a Decarbonized Society Through Our Business Activities

Topia aims to achieve carbon neutrality by aggressively promoting the introduction of renewable energy in order to reduce greenhouse gas emissions from its business activities.

2



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.

3



Providing Safe, Valuable Products Through Advanced Technologies

We will contribute to the improvement of safety performance in various industrial fields, 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.

4



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	KPIs / Mid-term Targets	Strategy	FY2025 Results
Contributing to a Decarbonized Society Through Our Business Activities 	[Risks] ・Increased costs and decreased customer confidence due to delays in industry response [Opportunities] ・Improvement in business expansion and customer confidence in new technology development	Scope 1 and 2 Emissions ・FY2030: Reduce by 21% from FY2021	Promote the reduction of total CO_2 emissions at our own plants and offices Reduce by 3% per year over a 7-year period starting in FY2024	Increase by **8%** from FY2021 ($6,009$ t-CO_2)
		Scope 3 Emissions ・Continue ZAS purchase rate at below 10%	Step up ZAS material recycling and minimize new purchases	**6.8%**
		Renewable energy Ratio ・FY2030: Increase by 30% from FY2021	Switch our own electricity consumption to renewable energy-derived power	Increase by **18.1%** from FY2021
		EV ratio (commercial vehicles) ・FY2030: Achieve 100% HV and EV Ratio	Promote the switch of the company's commercial vehicles to HVs and EVs	**81.6%**
Contributing to a Circular Economy 	[Risks] ・Increased operating costs and decreased customer confidence due to continued large-scale waste disposal [Opportunities] ・Contributions to a circular economy through reduction of industrial waste and effective use of resources	Amount of waste generated and sand recycling ratio ・Continue 95% or more	Strong promotion of prototype mold sand recycling to minimize waste	**99.2%**
Providing Safe, Valuable Products Through Advanced Technologies 	[Risks] ・Declining customer confidence due to non-conforming products [Opportunities] ・Business expansion and increased customer confidence through the development of safe and high-quality products	Amount of added value per employee ・FY2030: Increase by 5% from FY2021	Maximize profits through high value-added businesses	Increase by **1.5%** from FY2021
Creating a Workplace where Every Employee Can Feel Personnel Growth and Peace of Mind 	[Risks] ・Decreased productivity and difficulty hiring due to lower employee engagement [Opportunities] ・Increased productivity through improved employee engagement and enhanced ability to address challenges through the active participation of diverse talent	Percentage of female managers ・FY2030: 20%	Implement systems and promote in-house training	**6.8%**
		Percentage of male employees taking parental leave ・FY2030: 85%		**60.0%**
		Number of work-related accidents (lost-time injuries of 1 day or more) ・FY2030: Zero	Further improve workplace safety and health	**Zero**
		Overtime work hours ・FY2030: 25 hours or less per month	Increase business efficiency through DX, etc.	**8.8** hours
		Japanese Language Proficiency Test certification rate (N3 or higher) ・FY2030: 75%	Support foreign employees and trainees to take and pass the Japanese Language Proficiency Test	**43.5%**