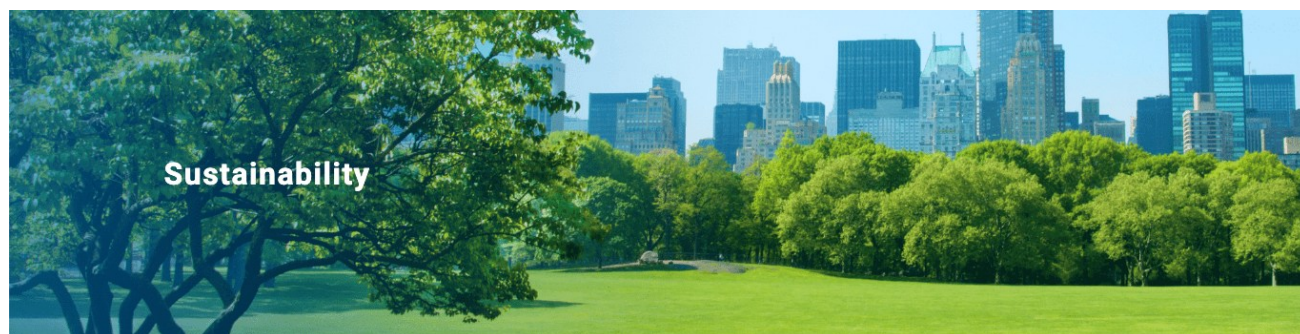


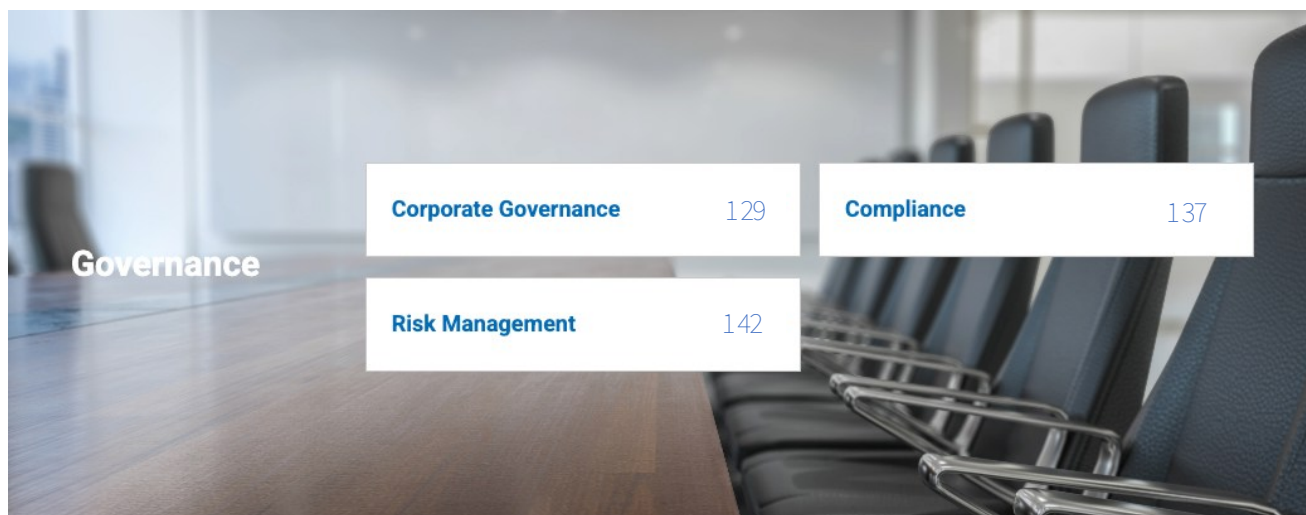


Contents

Contents / Editorial Policy	1
Message from the president	3
Long-term vision and materiality	7
GRI Standards reference table	17
External Evaluations	29
Outside Directors Roundtable Discussion	34

Environment	Environmental Management	42	Material Balance	54
	Targets and Results	57	Climate Change Measures	67
	Waste Reduction and Environmental Conservation	73	Response to the TCFD Recommendations	80

Society	Quality Management and Customer Satisfaction	87	Respect for Human Rights	94
	Human Resource Development	99	Diversity	108
	Occupational Safety and Health	113	Health Management	118
	Social Engagement	123	Sustainable Procurement	127



ESG data.....	144
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Editorial Policy

TOCALO is a specialized manufacturer of surface treatments focused on thermal spraying. We believe that it is important for us to contribute to society by maximizing the benefits of the various functions of coatings, including saving resources, saving energy, and reducing environmental impact, as well as to progress toward achieving carbon neutrality, including reducing CO2 emissions. This report has been prepared to present up-to-date information (as of August 2025) in an easy-to-understand manner about TOCALO and its consolidated subsidiaries with a focus on the activities of the parent company for fiscal 2024 (April 2024 to March 2025).



We support sustainable development goals (SDGs).

Message from the president

“Good Service” is one of our corporate mottoes. We will contribute to social and environmental sustainability through business expansion driven by the commitment of every employee to this ideal.

Our vision for TOCALO—A manufacturing company dedicated to social and environmental contribution

Our core business domain is surface modification, especially thermal spray. Our contributions to the reduction of environmental impacts through this business include the use of our thermal spraying technology to improve the productivity and longevity of industrial facilities, as well as biomass power generation systems and other environmental equipment. We also return part of our business profit to communities through scholarships, donations to charitable organizations, and other contributions as part of our commitment to sustainability management guided by our wide-ranging awareness of environmental, social, and governance priorities.

We formulate and implement plans based on the ISO 14001 standard to mitigate environmental impacts, including energy conservation through changes to the raw materials used and the enhancement of thermal spraying methods, as well as energy creation through the installation of solar panels and other renewable energy systems, and waste reduction through recycling.

Like many other organizations and social institutions, TOCALO has begun working toward the goal of achieving net zero by 2040. We will continue to pursue sustainability management as a creative company dedicated to social and environment contribution through business.



Kazuya Kobayashi

President and CEO,
Representative Director

Our vision for TOCALO—A team of professionals dedicated to providing good service to our customers

Sustainability-focused management requires the selection of material issues and the pursuit of specific initiatives based on KPIs. TOCALO's materiality initiatives center on the concept of evolving from a supplier into a partner. Our entire organization is united in our commitment to helping customers to find solutions for current issues, while also offering answers to future issues.

Every year I present a New Year message to employees. In this year's message, which I delivered on January 6, 2025, I emphasized the importance of our "Good Service" motto, which we are embedding as part of our corporate culture. We define "Good Service" as actions that result in satisfaction for our customers. To earn positive evaluations from our customers through services backed by the best efforts of individual employees, we need to form an accurate picture of each customer's requirements, develop optimal solutions from various perspectives, and deliver those solutions with the best possible timing. I believe that good service evolves through sustained and sincere efforts by individuals and teams to create proposals that address customer needs, even if those proposals are not accepted.



Building employee engagement and fostering the spirit of challenge



Sustainability-focused management requires an environment in which all employees are highly engaged and approach their day-to-day tasks with a sense of commitment. The foundation for that approach is safety and health. We have acquired JIS Q 45100 certification at all of our business sites throughout Japan with the aim of creating workplaces in which safety is the highest priority. I see the achievement of this certification as indicative of a rise in our status as a manufacturer. We made a Health and Productivity Management Declaration in 2023. We implement various measures under the leadership of qualified occupational health nurses, and in fiscal 2025 we introduced a system requiring all employees to undergo cancer checks as part of their regular health examinations.

Technology provided by TOCALO is used in many fields and industries. Every frontline worker has their own aspirations, and we want our young employees to discover their personal goals as early as possible. Once people have clear aspirations, they become more engaged in their work and are more likely to receive support from those around them. I believe that we can build an even more exciting future for TOCALO by embedding this culture in our workplaces. We will continue to enhance and expand our education and training programs in order to enhance this sense of independent initiative.



Under our growth scenario for the period to 2030, we will continue to invest actively while maintaining a sound financial base.

Senior Managing Executive Officer, Director,
Vice President, Administrative Headquarters

Over the past 10 years, TOCALO has operated debt-free in real terms and built a sound financial base. This structure will provide the financial underpinning for active growth investment in the years ahead.

Looking ahead to 2030, we will maintain an active program of capital expenditure in the year ending March 2026 and beyond, in anticipation of continuing high demand from semiconductor and FPD field, which are our core business segments. Specifically, we will double our current production capacity by building new plants in Tokyo and Kitakyushu. Large-scale infrastructure development is likely to result in cost increases due to soaring construction material prices and labor costs. However, we will use subsidies and other mechanisms to maintain a stable financial base while pursuing growth investment.

As part of our efforts to strengthen our human capital, we have been implementing measures to enhance employee engagement, including the introduction of a profit incentive program in the year ended March 2024. We have announced a 4% wage increase under the Ministry of Economy, Trade and Industry's Subsidy Program for Large-Scale Growth Investment for Labor-Saving Measures to Support Wage Increases at Medium-Sized and Small Enterprises, for which we were selected in May 2025. The recruitment and training of large numbers of workers will be a priority for our continuing efforts to expand revenues and profits to offset a higher depreciation burden resulting from large-scale capital expenditure. We have launched the Global Experience program, a unique approach to the development of highly motivated personnel. A total of 40 people will participate in this program over a three-year period. Going forward, we aim to expand our pool of core human resources capable of supporting global business expansion through education and training for executive-level employees.

Sontoku Ninomiya, an agriculturalist and economic philosopher active in the first half of the 19th century, said that those who think ahead 100 years plant cedar saplings, by which he meant that long-term thinking was the path to prosperity. His words have profound meaning for TOCALO as we work to ensure our growth over the next 20 or 30 years. We are determined to become a 100-year company by continuing to build our corporate value through steady human resource strategies and performance expansion initiatives from a medium- to long-term perspective.

Long-term vision and materiality

Long-term vision and mission

We are pursuing solutions for social issues and improving our corporate value as a group in line with our Vision (Goal for 2030) and Mission.

Vision (Goal for 2030)

Contributing to a bright future for people and nature

Mission

Enhance corporate value through continuous growth focused on ESG

- Provide high quality and high value-added products (coatings) to customers
- Be always trusted by customers, shareholders, business partners, and local residents
- Contribute to environmentally friendly technologies
- Be a company that all employees and their families are proud of, and create a safe working environment where employees enjoy working

Materiality and KPI

We have identified specific issues (materiality) to focus on to fulfill our Vision (Goal for 2030) and Mission.

We identified the points of materiality by first reviewing international standards, such as the GRI Standards, and then selecting possible candidate issues while considering megatrends, social issues, and the requirements and expectations of stakeholders.

We then considered them in relation to the strategies of the medium-term management plan and selected the issues that were in accord with the medium- and long-term direction of our business. The Board of Directors approved the following five items as issues of materiality.

Furthermore, we have set key performance indicators (KPIs) to manage our materiality.

Materiality	Main initiatives	Related information
1. Advanced coating and latent market development	Invest with a focus on developing advanced coatings • Develop high-performance coatings for the foundational elements of people's lives (such as digitalization, infrastructure, medical care, agriculture) • Develop coatings that help proliferate and improve the efficiency of renewable energy power generation (such as wind power, hydropower, geothermal power, storage batteries) • Develop coatings that help customers reduce greenhouse gas emissions (by supporting non-fossil fuels, recycling equipment)	Solutions ➤ Surface modification technology's ability to protect the future global environment ➤ Quality management and customer satisfaction ➤
	Offer optimal solutions to customers • Grow from a supplier to a partner • Set up projects in priority areas • Foster experts in problem-solving	
2. Environmental impact reduction measures	Advance decarbonization (carbon neutrality) • Investigate thermal spraying methods that do not use fossil fuel • Reduce power consumption by improving processing methods • Use renewable energy	Environmental management ➤ Material balance ➤ Targets and results ➤ Climate change measures ➤ Waste reduction and environmental conservation ➤
	Measures to reduce waste and protect the environment • Reduce, recycle, and properly dispose of waste • Understand and improve water and air pollution conditions • Reduce the use of harmful substances	
3. Manufacturing sophistication and quality improvement	Improve manufacturing process sophistication and efficiency • Promote automation and IoT • Begin practical application of new coating formation technology • Create smart on-site construction	Quality management and customer satisfaction ➤
	Reinforce the quality control system • Establish and promote product performance assurance • Implement quality controls systems (such as ISO) • Construct a Product Qualification Plan	

Materiality	Main initiatives	Related information
4.Cultivate and activate diverse human resources	Form a medium- and long-term human resource development plan • Develop human resources and technical training • Methodically develop global human resources	Human resource development ➤ Occupational safety and health ➤ Diversity ➤
	Create a comfortable work environment • Fully engage in safety first • Promote diversity (value the talents of women, persons with disabilities, mid-career employment) • Promote workstyle reform	
5. Thorough compliance (acting in accordance with corporate ethics)	Lay the management foundation for a long-surviving company • Act in accordance with corporate ethics (social mores, ethics and morals, the environment, local community contribution) • Actively promote ESG initiatives • Promote engagement with domestic and foreign investors • Fully comply with the Corporate Governance Code	Compliance ➤ Corporate governance ➤

1. Advanced coating and latent market development

Main initiatives	KPI	Definition	Fiscal 2025 goal	Fiscal 2024 achievement	Fiscal 2023 achievement	Fiscal 2022 achievement	Fiscal 2021 achievement
Invest with a focus on developing advanced coatings - Develop high-performance coatings for the foundational elements of people's lives (such as digitalization, infrastructure, medical care, agriculture) - Develop coatings that help proliferate and improve the efficiency of renewable energy power generation (such as wind power, hydropower, geothermal power, storage batteries) - Develop coatings that help customers reduce greenhouse gas emissions (by supporting non-fossil fuels, recycling equipment)	No. of patents owned	(1) Domestic patents (2) Overseas patents	Total: 280	Total: 274	Total: 257	Total: 262	Total: 251
	No. of patent applications	(1) Domestic applications (2) Overseas applications (including Patent Cooperation Treaty applications)	Total: 30	Total: 32	Total: 40	Total: 33	Total: 31
	Ratio of development spending to sales (consolidated)	(R&D spending + technical development spending) ÷ sales x 100	5%	4.5%	5%	4.7%	5%

Main initiatives	KPI	Definition	Fiscal 2025 goal	Fiscal 2024 achievement	Fiscal 2023 achievement	Fiscal 2022 achievement	Fiscal 2021 achievement
Offer optimal solutions to customers • Grow from a supplier to a partner • Set up projects in priority areas • Foster experts in problem-solving	Financial value of orders received in environmental field (1) Environmental and energy equipment (2) Repaired and refurbished products	Financial value of orders received for surface treatment processing in the following areas: (1) Environmental and energy equipment (devices, facilities, and services relating to the prevention of environmental pollution, measures to counter global warming, processing of waste and effective use of resources, and conservation of the natural environment) (2) Repaired and refurbished products (items suited to reuse and refurbished use)	(1) 2,000 million yen (2) 8,500 million yen Total: 10,500 million yen	(1) 2,033 million yen (2) 7,157 million yen Total: 9,191 million yen	(1) 1,913 million yen (2) 7,229 million yen Total: 9,143 million yen	(1) 1,326 million yen (2) 6,401 million yen Total: 7,727 million yen	(1) 891 million yen (2) 6,117 million yen Total: 7,008 million yen
	Ratio of overseas sales (consolidated)	(1) Sales to foreign companies (2) Royalties received from overseas (3) Sales of overseas subsidiaries	Total: 25%	Total: 30.1%	Total: 28.2%	Total: 23.3%	Total: 21.1%

2. Environmental impact reduction measures

Main initiatives	KPI	Definition	Fiscal 2025 goal	Fiscal 2024 achievement	Fiscal 2023 achievement	Fiscal 2022 achievement	Fiscal 2021 achievement
Advance decarbonization (carbon neutrality) - Investigate thermal spraying methods that do not use fossil fuel - Reduce power consumption by improving processing methods - Use renewable energy	Greenhouse gas emissions (Scope 1, 2)	Non-consolidated Scope 1 and 2 emissions (Fiscal 2013 emissions: 14,736 t-CO ₂)	7,900 t-CO ₂ (Achieved less than 54% of fiscal 2013 emissions)	7,147 t-CO ₂	7,819 t-CO ₂	6,990 t-CO ₂	17,450 t-CO ₂
Measures to reduce waste and protect the environment - Reduce, recycle, and properly dispose of waste - Understand and improve water and air pollution conditions - Reduce the use of harmful substances	Ratio of waste recycled	Recycled volume ÷ (volume of waste + recycled volume) x 100	40%	62.3%	48.3%	33.1%	30.7%

3. Manufacturing sophistication and quality improvement

Main initiatives	KPI	Definition	Fiscal 2025 goal	Fiscal 2024 achievement	Fiscal 2023 achievement	Fiscal 2022 achievement	Fiscal 2021 achievement
Improve manufacturing process sophistication and efficiency - Promote automation and IoT - Begin practical application of new coating formation technology - Create smart on-site construction	Amount of capital investment contributing to improving sophistication and efficiency of manufacturing process	Capital investment for promotion of automation and IoT and practical application of new coating formation technology	400 million yen	1,026 million yen	298 million yen	—	—
Reinforce the quality control system - Establish and promote product performance assurance - Implement quality controls systems (such as ISO) - Construct a Product Qualification Plan	No. of employees passing QC test	No. of employees passing test (Grade 3 or higher) relating to quality control approved by the Japanese Society for Quality Control (total number)	60 persons	116 persons	91 persons	49 persons	31 persons
	No. of employees possessing qualifications as nondestructive inspection engineers	No. of employees possessing qualifications as nondestructive testing engineers approved by the Japanese Society for Non-Destructive Inspection (1) Penetrant testing (2) Ultrasonic testing	Total: 25 persons	Total: 25 persons	Total: 20 persons	Total: 18 persons	Total: 15 persons

4. Cultivate and activate diverse human resources

Main initiatives	KPI	Definition	Fiscal 2025 goal	Fiscal 2024 achievement	Fiscal 2023 achievement	Fiscal 2022 achievement	Fiscal 2021 achievement
Form a medium- and long-term human resource development plan - Develop human resources and technical training - Methodically develop global human resources	No. of technology-related external presentations	(1) Presentations to professional societies (2) Published essays and commentary articles	Total: 25	Total: 20	Total: 21	Total: 28	Total: 18
	Number of certified technicians	Number of employees possessing technical qualifications Number of people possessing the following national qualification (total) (1) Spraying technician (2) Machining technician (Grade 2 or higher) (3) Metal heat treatment technician (Grade 3 or higher)	Total: 240 persons	Total: 241 persons	Total: 231 persons	Total: 226 persons	Total: 178 persons
	Educational spending per employee	Annual educational spending ÷ no. of employees at end of term (including temporary employees)	80,000 yen	66,000 yen	75,800 yen	63,200 yen	54,200 yen
Create a comfortable work environment	Rate of frequency of occupational accidents	No. of deaths and injuries due to occupational accidents ÷ total no. of	Aiming for zero	2.36 (Including temporary employees)	2.06 (Including temporary employees)	1.80 (Not including temporary employees)	0.62 (Not including temporary employees)

Main initiatives	KPI	Definition	Fiscal 2025 goal	Fiscal 2024 achievement	Fiscal 2023 achievement	Fiscal 2022 achievement	Fiscal 2021 achievement
- Fully engage in safety first - Promote diversity (value the talents of women, persons with disabilities, mid-career employment) - Promote workstyle reform		actual working hours x 1,000,000					
	Severity rate of occupational accidents	Total no. of working days lost ÷ total no. of actual working hours x 1,000	Aiming for zero	0.031 (Including temporary employees)	0.10 (Including temporary employees)	0.03 (Not including temporary employees)	0.00 (Not including temporary employees)
	Ratio of female full-time employees	No. of female full-time employees ÷ total no. of full-time employees x 100	13%	12.5%	12.2%	11.0%	9.5%
	Ratio of female managers	No. of female managers ÷ total no. of managers x 100	5%	3.9%	2.1%	2.3%	1.4%
	Ratio of men taking childcare leave	No. of men taking childcare leave ÷ no. of men eligible for childcare leave x 100	90%	61.9%	82.8%	68.0%	31.3%

5. Thorough compliance (acting in accordance with corporate ethics)

Main initiatives	KPI	Definition	Fiscal 2025 goal	Fiscal 2024 achievement	Fiscal 2023 achievement	Fiscal 2022 achievement	Fiscal 2021 achievement
Lay the management foundation for a long-surviving company - Act in accordance with corporate ethics (social mores, ethics and morals, the environment, local community contribution) - Actively promote ESG initiatives - Promote engagement with domestic and foreign investors - Fully comply with the Corporate Governance Code	Ratio of employees receiving compliance training	No. of employees receiving compliance training ÷ no. of eligible employees x 100	100%	100% (Conducted 3 times)	100% (Conducted 4 times)	100% (Conducted 3 times)	—

GRI Standards reference table

Data on this website is presented in reference to the GRI Sustainability Reporting Standards. Further details on each item are available at the provided links.

[GRI 2 : General Disclosures](#)
[GRI 3: Material Topics](#)
[200 : Economic](#)
[300 : Environmental](#)
[400 : Social](#)

GRI 2 : General Disclosures

1.The organization and its reporting practices

Number	Title of disclosure	Corresponding page
2-1	Organizational details	About us > Company data
2-2	Entities included in the organization's sustainability reporting	—
2-3	Reporting period, frequency and contact point	Sustainability
2-4	Restatements of information	Sustainability > Environment > Material balance
2-5	External assurance	Climate change measures

2. Activities and workers

Number	Title of disclosure	Corresponding page
2-6	Activities, value chain and other business relationships	About us > Company data
		Technology
2-7	Employees	Sustainability > ESG data
2-8	Workers who are not employees	—

3. Governance

Number	Title of disclosure	Corresponding page
2-9	Governance structure and composition	Investor relations > Governance > Corporate governance ➔
2-10	Nomination and selection of the highest governance body	Investor relations > Governance > Corporate governance ➔
2-11	Chair of the highest governance body	Investor relations > Governance > Corporate governance ➔
2-12	Role of the highest governance body in overseeing the management of impacts	Investor relations > Governance > Corporate governance ➔
2-13	Delegation of responsibility for managing impacts	Sustainability > Governance > Corporate governance ➔
		Sustainability > Environment > Response to the TCFD recommendations ➔
2-14	Role of the highest governance body in sustainability reporting	Investor relations > Governance > Corporate governance ➔
2-15	Conflicts of interest	Sustainability > Governance > Corporate governance > Corporate Governance Report ➔
2-16	Communication of critical concerns	Sustainability > Governance > Risk management ➔
2-17	Collective knowledge of the highest governance body	Investor relations > Governance > Corporate governance ➔
2-18	Evaluation of the performance of the highest governance body	Investor relations > Governance > Corporate governance ➔
2-19	Remuneration policies	Investor relations > Governance > Corporate governance ➔
2-20	Process to determine remuneration	Investor relations > Governance > Corporate governance ➔
2-21	Annual total compensation ratio	—

4. Strategy, policies and practices

Number	Title of disclosure	Corresponding page
2-22	Statement on sustainable development strategy	Sustainability > Message from the president ➔
2-23	Policy commitments	Sustainability > Society > Respect for human rights ➔
2-24	Embedding policy commitments	Sustainability > Society > Respect for human rights ➔
2-25	Processes to remediate negative impacts	Sustainability > Governance > Risk management ➔
		Sustainability > Governance > Compliance ➔
2-26	Mechanisms for seeking advice and raising concerns	Sustainability > Governance > Compliance ➔
2-27	Compliance with laws and regulations	No violation (FY2024)
2-28	Membership associations	➔

5. Stakeholder engagement

Number	Title of disclosure	Corresponding page
2-29	Approach to stakeholder engagement	➔
2-30	Collective bargaining agreements	Sustainability > Society > Respect for human rights ➔

GRI 3: Material Topics

Number	Title of disclosure	Corresponding page
3-1	Process to determine material topics	Sustainability > Long-term vision and materiality ➤
3-2	List of material topics	Sustainability > Long-term vision and materiality ➤
3-3	Management of material topics	Sustainability > Long-term vision and materiality ➤

200 : Economic

Economic Performance

Number	Title of disclosure	Corresponding page
201-1	Direct economic value generated and distributed	Investor relations > Management policy > Financial highlights ➤
201-2	Financial implications and other risks and opportunities due to climate change	Investor relations > Business risks ➤
		Sustainability > Environment > Response to the TCFD recommendations ➤
201-3	Defined benefit plan obligations and other retirement plans	—
201-4	Financial assistance received from government	—

Market Presence

Number	Title of disclosure	Corresponding page
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—
202-2	Proportion of senior management hired from the local community	—

Indirect Economic Impacts

Number	Title of disclosure	Corresponding page
203-1	Infrastructure investments and services supported	—
203-2	Significant indirect economic impacts	—

Procurement Practices

Number	Title of disclosure	Corresponding page
204-1	Proportion of spending on local suppliers	—

Anti-corruption

Number	Title of disclosure	Corresponding page
205-1	Operations assessed for risks related to corruption	—
205-2	Communication and training about anti-corruption policies and procedures	Sustainability > Long-term vision and materiality ▶
205-3	Confirmed incidents of corruption and actions taken	Investor relations > Governance > Compliance ▶

Anti-competitive Behavior

Number	Title of disclosure	Corresponding page
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No violation (FY2024)

Tax

Number	Title of disclosure	Corresponding page
207-1	Approach to tax	—
207-2	Tax governance, control, and risk management	—
207-3	Stakeholder engagement and management of concerns related to tax	—
207-4	Country-by-country reporting	—

Materials

Number	Title of disclosure	Corresponding page
301-1	Materials used by weight or volume	Sustainability > Environment > Material balance ➤
301-2	Recycled input materials used	—
301-3	Reclaimed products and their packaging materials	—

Energy

Number	Title of disclosure	Corresponding page
302-1	Energy consumption within the organization	Sustainability > Environment > Material balance ➤
		Sustainability > Environment > Climate change measures ➤
302-2	Energy consumption outside of the organization	—
302-3	Energy intensity	ESG data ➤
302-4	Reduction of energy consumption	Sustainability > Environment > Material balance ➤
		Sustainability > Environment > Climate change measures ➤
302-5	Reduction in energy requirements of products and services	—

Water and Effluents

Number	Title of disclosure	Corresponding page
303-1	Interactions with water as a shared resource	—
303-2	Management of water discharge-related impacts	—
303-3	Water withdrawal	Sustainability > Environment > Material balance ➤
303-4	Water discharge	Sustainability > Environment > Material balance ➤
		Sustainability > Environment > Waste reduction and environmental conservation ➤
303-5	Water consumption	Sustainability > Environment > Material balance ➤

Biodiversity

Number	Title of disclosure	Corresponding page
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	—
304-2	Significant impacts of activities, products, and services on biodiversity	—
304-3	Habitats protected or restored	Climate change measures ▶
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—

Emissions

Number	Title of disclosure	Corresponding page
305-1	Direct (Scope 1) GHG emissions	Sustainability > Environment > Climate change measures ▶
		Sustainability > Environment > Response to the TCFD recommendations ▶
		Sustainability > ESG data ▶
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability > Environment > Climate change measures ▶
		Sustainability > Environment > Response to the TCFD recommendations ▶
		Sustainability > ESG data ▶
305-3	Other indirect (Scope 3) GHG emissions	—
305-4	GHG emissions intensity	Sustainability > Environment > Climate change measures ▶
305-5	Reduction of GHG emissions	Sustainability > Environment > Climate change measures ▶
		Sustainability > ESG data ▶
305-6	Emissions of ozone-depleting substances (ODS)	—
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Sustainability > Environment > Waste reduction and environmental conservation ▶

Waste

Number	Title of disclosure	Corresponding page
306-1	Waste generation and significant waste-related impacts	Sustainability > Environment > Waste reduction and environmental conservation ➔
306-2	Management of significant waste-related impacts	—
306-3	Waste generated	Sustainability > Environment > Waste reduction and environmental conservation ➔
306-4	Waste diverted from disposal	Sustainability > Environment > Material balance ➔
306-5	Waste directed to disposal	Sustainability > Environment > Waste reduction and environmental conservation ➔

Supplier Environmental Assessment

Number	Title of disclosure	Corresponding page
308-1	New suppliers that were screened using environmental criteria	—
308-2	Negative environmental impacts in the supply chain and actions taken	—

400 : Social

Employment

Number	Title of disclosure	Corresponding page
401-1	New employee hires and employee turnover	Sustainability > ESG data ➔
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—
401-3	Parental leave	Sustainability > Society > Diversity ➔
		Sustainability > ESG data ➔

Labor/Management Relations

Number	Title of disclosure	Corresponding page
402-1	Minimum notice periods regarding operational changes	—

Occupational Health and Safety

Number	Title of disclosure	Corresponding page
403-1	Occupational health and safety management system	Sustainability > Society > Occupational safety and health ➤
403-2	Hazard identification, risk assessment, and incident investigation	Sustainability > Society > Occupational safety and health ➤
403-3	Occupational health services	Sustainability > Society > Occupational safety and health ➤
403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainability > Society > Occupational safety and health ➤
403-5	Worker training on occupational health and safety	Sustainability > Society > Occupational safety and health ➤
403-6	Promotion of worker health	Sustainability > Society > Occupational safety and health ➤
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability > Society > Occupational safety and health ➤
403-8	Workers covered by an occupational health and safety management system	Sustainability > Society > Occupational safety and health ➤
403-9	Work-related injuries	Sustainability > Society > Occupational safety and health ➤
		Sustainability > ESG data ➤
403-10	Work-related ill health	Sustainability > Society > Occupational safety and health ➤
		Sustainability > ESG data ➤

Training and Education

Number	Title of disclosure	Corresponding page
404-1	Average hours of training per year per employee	—
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability > Society > Human resource development ➤
404-3	Percentage of employees receiving regular performance and career development reviews	—

Diversity and Equal Opportunity

Number	Title of disclosure	Corresponding page
405-1	Diversity of governance bodies and employees	Sustainability > ESG data ➤
405-2	Ratio of basic salary and remuneration of women to men	Sustainability > ESG data ➤

Non-discrimination

Number	Title of disclosure	Corresponding page
406-1	Incidents of discrimination and corrective actions taken	Sustainability > Society > Respect for human rights ➤

Freedom of Association and Collective Bargaining

Number	Title of disclosure	Corresponding page
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability > Society > Respect for human rights ➤

Child Labor

Number	Title of disclosure	Corresponding page
408-1	Operations and suppliers at significant risk for incidents of child labor	Respect for human rights ➤
		Sustainable Procurement ➤

Forced or Compulsory Labor

Number	Title of disclosure	Corresponding page
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Respect for human rights ➤
		Sustainable Procurement ➤

Security Practices

Number	Title of disclosure	Corresponding page
410-1	Security personnel trained in human rights policies or procedures	—

Rights of Indigenous Peoples

Number	Title of disclosure	Corresponding page
411-1	Incidents of violations involving rights of indigenous peoples	No violation (FY2024)

Human Rights Assessment

Number	Title of disclosure	Corresponding page
412-1	Operations that have been subject to human rights reviews or impact assessments	—
412-2	Employee training on human rights policies or procedures	Sustainability > Society > Respect for human rights ▶
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—

Local Communities

Number	Title of disclosure	Corresponding page
413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability > Society > Social engagement ▶
413-2	Operations with significant actual and potential negative impacts on local communities	—

Supplier Social Assessment

Number	Title of disclosure	Corresponding page
414-1	New suppliers that were screened using social criteria	—
414-2	Negative social impacts in the supply chain and actions taken	—

Public Policy

Number	Title of disclosure	Corresponding page
415-1	Political contributions	ESG data ▶

Customer Health and Safety

Number	Title of disclosure	Corresponding page
416-1	Assessment of the health and safety impacts of product and service categories	—
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No violation (FY2024)

Marketing and Labeling

Number	Title of disclosure	Corresponding page
417-1	Requirements for product and service information and labeling	—
417-2	Incidents of non-compliance concerning product and service information and labeling	No violation (FY2024)
417-3	Incidents of non-compliance concerning marketing communications	No violation (FY2024)

Customer Privacy

Number	Title of disclosure	Corresponding page
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No violation (FY2024)

External Evaluations

Inclusion in indices ▼

Participation in initiatives ▼

External evaluation of ESG initiatives ▼

External evaluation for IR disclosure ▼

Inclusion in indices

S&P/JPX Carbon Efficient Index

TOCALO is a constituent of the S&P/JPX Carbon Efficient Index, which is designed to reflect the performance trend of companies in the TOPIX universe with a focus on the status of environmental information disclosure and carbon efficiency (carbon emissions per unit of sales).

<https://www.jpx.co.jp/english/markets/indices/carbon-efficient/> 

JPX-Nikkei Mid Small Index

TOCALO is a constituent of the JPX-Nikkei Mid Small index composed of small- and medium-sized companies in the JPX-Nikkei 400 index that offer high appeal for investors, efficiently use capital, and conduct investor-focused management.



<https://www.jpx.co.jp/markets/indices/jpx-nikkei400/01.html> 

See [this page](#) for our stock information.

Participation in initiatives

Task Force on Climate-Related Financial Disclosures

TOCALO announced its support for the TCFD recommendations in August 2023.



We are committed to disclosing our activities related to climate-related risks and opportunities, which we examine from the perspectives of governance, strategy, risk management, and metrics and targets.

<https://www.tocalo.co.jp/english/sustainability/env/tcfd/>

Declaration of Partnership Building

We have released a Declaration of Partnership Building stating our endorsement of the Council on Promoting Partnership Building for the Future promoted by the Cabinet Office, The Small and Medium Enterprise Agency, and other organizations. This initiative aims to improve the productivity throughout the supply chain by promoting cooperation, coexistence, and co-prosperity among supply chain suppliers. The declaration states our commitment to working with our business partners to address social issues such as human rights, labor, health and safety, the environment, and ethics.

External evaluation of ESG initiatives

CDP

CDP is an international non-profit organization headquartered in London created in collaboration with institutional investors to collect information on environmental strategies and greenhouse gas countermeasures from major companies around the world. The 2024 CDP Climate Change Report gave TOCALO a B score, third the highest, for climate change for the second consecutive year and a B- score, fourth from highest, for water security by a notch compared to last year's C rating.



<https://www.cdp.net/en> 

Eruboshi Certification

Based on the Act on the Promotion of Women in the Workplace, the Minister of Health, Labour and Welfare recognizes companies for Eruboshi certification that have formulated and submitted a general employer action plan and have met certain criteria. TOCALO received the highest rating of 3 stars on June 11, 2024.

Kurumin Plus Certification

The Minister of Health, Labor and Welfare's Kurumin Plus Certification recognizes companies that have formed and submitted action plans for childcare support, achieved the plan's goals, and met certain criteria. TOCALO received Kurumin Plus certification on June 7, 2023 as a company supporting employees who are balancing work with raising children and infertility treatment.

Health and Productivity Management Outstanding Organization

The Ministry of Economy, Trade and Industry (METI) and the Japan Health Council (JHCC) established this program to honor corporations of all sizes that are implementing outstanding health management practices, based on initiatives that meet local health issues and promote JHCC activities. TOCALO was certified as a Health and Productivity Management Outstanding Organization in March 2025 for the second consecutive year.

See [this page](#) for our health management initiatives.

Sports Yell Company

The Japan Sports Agency created the Sports Yell Company program to certify enterprises that are actively promoting measures to improve employee health by increasing participation in sports.

TOCALO was certified as a Sports Yell Company in fiscal 2025 for the second consecutive year.

https://www.mext.go.jp/sports/en/b_menu/policy/sportsnation/yellcompany.html 



Nikkei Smart Work Management Survey

In November 2024, the Nikkei Smart Work Management Survey awarded TOCALO three stars in "Smart Work Management" for using human resources, investing in human resources, and applying technology to stimulate innovation, raise productivity, and enhance corporate value.



Nikkei SDG Management Survey

In November 2024, the Nikkei SDG Management Survey awarded TOCALO three stars in "SDG Management" for our initiatives to achieve the Sustainable Development Goals in the four areas of SDG strategy and economic value, social value, environmental value, and governance.



See [this page](#) for our ESG initiatives.

Nikko Investor Relations website ranking

Nikko Investor Relations annual survey of all Japanese listed company websites in fiscal 2023 ranked the TOCALO website for a second straight year as an AA Corporate Website in the categories of All Markets Ranking and Sector Ranking (Metal Products).

“Most Liked!” IR Award

The Japan Investor Relations Association (JIRA) announced TOCALO as one of 18 companies, from among 220 entrants, voted by corporate peers to receive an IR Award as a “most liked” company. Created as a forum for sharing proactive IR activities and establishing best practices, the theme for the 2024 awards was initiatives to shorten the distance between management and investors.



https://www.jira.or.jp/file/topics_file2_230.pdf 

See [this page](#) for our IR information.

Outside Directors Roundtable Discussion

TOCALO is seeking to enhance its corporate value by providing solutions for social issues based on its long-term Vision (Goal for 2030) of “Contributing to a bright future for people and nature,” and its mission to “Enhance corporate value through continuous growth focused on ESG.”

Four of the Company’s outside directors sat down to share their views on TOCALO’s ESG management and talk about future issues they see for the Company.



Kazuyuki Tomita

Director
(Part-time)

Kazuyuki Tomita began his career in 1982 at Matsushita Electric Industrial Co., Ltd. (currently

Keiko Takiyara

Director
(Part-time)

Keiko Takiyara received a Ph.D. as a Medical Doctor from Osaka University in 1986. In 2008, she

Toshimitsu Kamakura

Director
(Part-time)

Toshimitsu Kamakura registered as an attorney at law and joined Kamakura and Higaki Law Office

Yoko Sato

Director
(Part-time)

Yoko Sato began her career at Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) in 1986. She

Panasonic Corporation) where he was in charge of semiconductor process and equipment development. He later served as General Manager of the Elemental Technology Development Center of Panasonic Mobile Communications Co., Ltd., President of Panasonic Eco Technology Center Co., Ltd., President, Panasonic Environmental Technology Solutions Co., Ltd. , and in other positions before his appointment as an outside director at TOCALO in 2021. Mr. Tomita concurrently serves as a technical advisor to the Osaka Business Development Agency and an outside director of Qualtec Co., Ltd.	was appointed as a professor at the Osaka University Health Center (currently the Health and Counseling Center, Osaka University) and professor of cardiovascular medicine at the Department of Cardiovascular Medicine, Osaka University Graduate School of Medicine. She subsequently held positions as director of the Health and Counseling Center, as assistant to the president, and as vice president of Osaka University. She has served as an outside director at TOCALO since 2018. Ms. Takiyama concurrently serves as professor emeritus at Osaka University and director of the Health Promotion Center of The Kinki Sharyo Co., Ltd.	(currently Higaki-Kamakura-Terahiro Law Office) in 1990, where he has been a partner of the firm since 1995. Mr. Kamakura joined TOCALO as an outside director in 2019 and concurrently serves as an outside auditor of Kinden Corporation.	registered as a certified public accountant in 1990 and became a senior partner of Ernst & Young ShinNihon LLC in 2011. In 2019, she opened the Yoko Sato Certified Public Accountant Office. Ms. Sato joined TOCALO as an outside director in 2020 and concurrently serves as an outside director of Sanyo Electric Railway Co., Ltd., and as an outside director and Audit & Supervisory Committee Member of Japan Cash Machine Co., Ltd.
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What are your thoughts on TOCALO's current ESG management?

Summary

- ESG management is being applied by using specific KPIs to monitor the Company's performance and in other ways with the aim of generating sustaining growth.
- Management's environmental efforts are contributing significantly to society because the Company's business content addresses social issues.
- The Company has made substantial progress with social activities, which have included creating a Diversity Promotion Office and receiving certification as a Health and Productivity Management Outstanding Organization. However, room for improvement remains, including in the depth of internal adoption of social initiatives.
- Governance has been strengthened in recent years, including establishing a Compliance Committee and Risk Management Committee and revising the whistleblowing system.

Investing in human capital is key to both ESG management and business growth

Kamakura

Surface modification technology helps reduce the environmental impact of manufacturing operations. TOCALO's ESG management and its growth strategy are thus two sides of the same coin because increasing its business provides more contribution to protecting the environment. Investing in human capital is essential to increasing both its business and its environmental contribution. It's pleasing to see management actively discussing ways to better create a growth environment for employees.

Takahara

The Company created the Diversity Promotion Division and has made great progress with human resources initiatives in recent years. I recommended last year that TOCALO apply to the Ministry of Economy, Trade and Industry for certification as a Health and Productivity Management Outstanding Organization, and it was wonderful to see the Company be certified on its first attempt. At the same time, I am closely following the Company's progress with its items of materiality to "Improvement of manufacturing process sophistication and efficiency" and "Cultivation and activation of diverse human resources." There is particularly more potential to promote the empowerment of women in the workforce. I believe management is aiming to increase the number of female directors and plant managers in the near future. It will be important to increase awareness throughout the Company about the importance of diversity.

Kamakura

The number of female employees has been increasing. However, I think there's also an issue that fewer women and men may want to take on the responsibility of being a manager. I think changing the way managers work may also be necessary. The Company won't be able to cultivate future leaders if employees don't look at their superiors and think they want to rise to that position. I truly believe this is an issue that the management team should seriously consider.

**Tomita**

When I've talked with female employees, I came away with the impressions that has their own individual view of how they want to conduct their work. When the Company has more women in management positions, I think the perspective on work-life balance will change as will how managers approach their work.

Sato

Everyone—men and women—have their own personal ideas about their work style and career. It will be important to create situations for ambitious and talented people to freely pursue career opportunities. Having more female managers is one part of increasing diversity, and I think it will be a step forward for other ways to become more diverse.

**Takahara**

Employee health is also important. People perform their best only when they are physically and mentally healthy. I believe using corporate health management to convey the message that the Company cares about every employee will create a sense of well-being.

What other issues do you think the Company will need to address or improve in the future?

Developing technology to broaden the Company's business range

Tomita

TOCALO's business is providing surface treatment on machine parts, which it performs at various sites, so the Company's employees have little opportunity to have direct contact with the final product or the facilities where the products are used. The Company's technology, however, is certainly contributing to society. TOCALO technology is even playing a part in the recent advances in semiconductors.

Unfortunately, this doesn't seem to be widely recognized yet within the Company.

I believe the Company should communicate to the public that it is now a foundation company for creating a new world and is determined to continue expanding into new fields. Also, I think making people inside the Company aware of this will boost their sense of meaning and satisfaction in their work.



Takahara

I also think it's very important that the Company communicates its intention to apply its thermal spraying technology to new areas. I also think the Company needs to put more effort into research and development.

Kamakura

Ultimately, the source of TOCALO's value creation is its technological capabilities. The semiconductor industry has been a major source for sales, and the question now is how to expand into other fields. With its strong technical capabilities, the Company definitely has potential for success. I would also think that demand for its technologies would be high not just in Japan but overseas as well. Focusing on overseas markets could be a driver for further business growth.

Continuing to develop the global strategy

Takahara

TOCALO already has subsidiaries overseas, and developing those companies, including cultivating employees there, is becoming increasingly important not only for expanding its global business, but also to offset the impact from the decreasing workforce in Japan.

Tomita

That's very true, and I think there is still room for those subsidiaries to grow. Plants with clients in the semiconductor industry, which is its core business area, face a particular challenge because of information confidentiality and the need to have a separate production line for each equipment manufacturer. For the global strategy, I think management should take an overall approach to optimizing its plant operations.



Sato

The Board of Directors meetings and other management meetings also contained less information about the progress of initiatives and about future initiatives than I was expecting.

The role of the management and the outside directors is to think from the long-term perspective about how to balance returning profits to investors and shareholders and how to invest in the Company's employees. It's important to clearly communicate to employees how their daily activities relate to the management's objectives and how much progress is being made. I also think it's important to show both employees and the public how much value thermal spraying can provide to society.

What do you personally want to contribute to TOCALO as an outside director?



Stimulate discussions at the Board of Directors meetings

Kamakura

The job of an outside director is to check for any errors or uncertainties in the facts upon which management is basing its decisions and also to consider if the public will understand the reasons for the management decisions.

The Nomination & Remuneration Advisory Committee, which I chair, discusses advisory matters as well as various other issues. We sometimes receive information that is fundamental to the management of the Company, and I think it is wonderful to have a system that allows discussion of such matters.

It would be great to be able to talk frankly about matters like those as “consultation topics” separate from discussions about management decisions or reporting. I think there are many matters that should be discussed at board meetings even at the time when the fundamental decision is being made to do or not do something.

Advice for enhancing employee well-being

Takahara

I also think it would be good for the Board of Directors to discuss a wider range of matters. At the monthly Board meetings, it's hard to get a full understanding of what each internal director thinks about an issue or what they envision for the Company. Talking about a wider range of topics would let us get a better understanding of each other's perspectives and enable better discussions.

I look forward to providing more advice on ways to enhance the sense of well-being of people at the worksites and managers and to contributing to the TOCALO's health management and diversity.

Sensing changes in the workplace and preventing governance disruptions

Sato

I want to get to know the worksites better so I can help strengthen governance. TOCALO has an open corporate culture and strong business performance. Many young people have joined the Company, and it seems like there are no significant issues ahead in the immediate future. But that does not mean the currently positive conditions will necessarily continue. I view it as the duty of outside directors to point out and address issues while they are small, before they can undermine governance and lead to misconduct. It's extremely important to allow us to visit the plants and other worksites so we can notice small changes like that. I want to talk to people at the worksites so I can get a better sense of changes that occur in the Company.

Providing the stakeholders' view so the Company can grow

Tomita

In the two years since becoming an outside director, I have visited all of TOCALO's plants. At each plant, I asked the plant managers to share their thoughts on the plant's management and their contribution to the local community. Hearing what the employees said, which you can't hear at the Board meetings, reminded me of how much I want TOCALO to continue growing its business. Outside directors also must provide the stakeholders' perspective and present a view on management that is different from that of the Company's directors. I want to see TOCALO continue to grow, and an external perspective is important for monitoring the Company's management.

Environmental management

We have established an environmental management system at all of our sites and are making continuous improvements based on proper operation.

Basic philosophy ▼

Promotion of ISO14001 ▼

Scope of application ▼

Compliance with environment-related laws and regulations ▼

Environmental accounting ▼

Environmental Education and Training ▼

Basic philosophy

Basic environmental philosophy

TOCALO recognizes that “continuously improving the global environment and preventing pollution” is one of the most important challenges of our time. Our basic environmental philosophy is to use surface modification technologies to save resources, save energy, and reduce our environmental impact to protect the global environment and contribute to society.

Environmental policy

TOCALO follows its basic environmental philosophy in all activities, products, and services related to the manufacture and sale of its surface modification technologies. Following is a summary of policies we follow in our efforts to continuously improve our environmental performance.

1. Constantly recognize the environmental impact of our activities, products, and services, and establish, implement, and maintain an environmental management system.
2. Commit to preventing environmental pollution, using sustainable resources, implementing climate change measures, and preserving water environments.
3. Commit to continuously improving our environmental management system.
4. Comply with environmental laws and regulations relating to our operations, products and services, as well as other requirements to which we agree.
5. Based on our environmental policy and considering the potential environmental impact of our activities, products, and services, set environmental targets and engage in activities in the following areas to contribute to improving the environment:

(1) Energy and resource conservation in business activities

(2) Environmental contribution through promotion of business activities

(3) Climate change measures

(4) Water environment preservation

To successfully implement this policy, we will set environmental targets and contribute to environmental conservation by bringing together the strengths of all our divisions and all levels of our workforce.

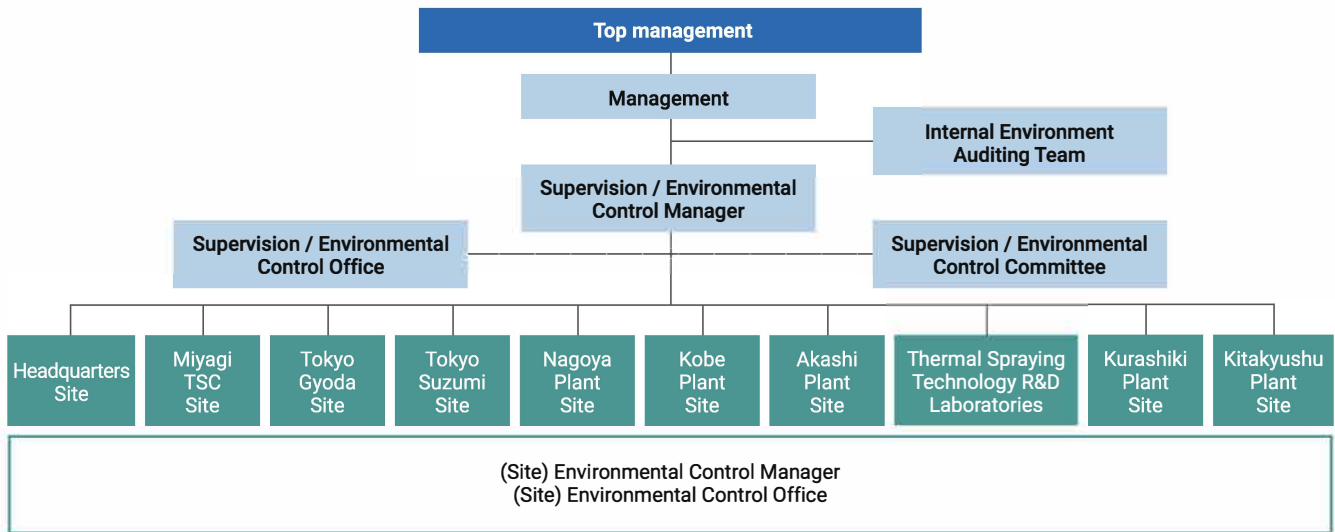
April 1, 2025

Kazuya Kobayashi

President and CEO, Representative Director

TOCALO Co., Ltd.

Environmental management organization structure



Promotion of ISO14001

Certified at all sites

We are continually improving our environmental management system to contribute to society and protect the global environment by conserving resources and energy and reducing our environmental impact.

Since acquiring ISO 14001 certification at all our sites in 2012, we have maintained our 100% certification rate even when relocating or launching new sites.

We are promoting the acquisition of ISO 14001 certification, and 57% of consolidated Group companies have currently obtained certification.

Please see the [ESG Data Sheet](#) for the ISO 14001 status of consolidated Group companies.

Status of ISO 14001 certification (certification number JQA-EM2253) (In order of registration date)

Acquisition of certification Plants and research laboratories	Expansion of certified sites
Headquarters	March 2002
Thermal Spraying Technology R&D Laboratories	March 2002
Kitakyushu Plant	September 2005
Nagoya Plant	September 2006
Kobe Plant	September 2006
Tokyo Plant Gyoda Workshop	September 2007
Kurashiki Plant *Name changed to Kurashiki Plant in 2022 upon relocation of the former Mizushima Factory.	September 2007
Akashi Plant	September 2009
Miyagi Technical Service Center	August 2012
Tokyo Plant Suzumi Workshop	August 2018

History of ISO14001 certification

Show history of ISO14001 certification



VOICE



We are using innovative communication methods to reduce waste in ways that allow the entire plant organization to share a sense of achievement.

Yuki Nakakuki (Quality Control Department 1, Suzumi Workshop, Tokyo Plant)

Akihiro Sato (Machining Process Department, Production Division 1, Suzumi Workshop, Tokyo Plant)

Yusuke Kurosaki (Spraying Department 1, Production Division 1, Suzumi Workshop, Tokyo Plant)

In addition to our main duties, we also serve as members of the Environmental Control Committee. We are jointly responsible for various environmental measures, including efforts to reduce waste and electricity consumption, and we work together to achieve our targets in these areas. As parents, we share a common commitment to contributing to the protection of the future.

In fiscal 2024, we prioritized general waste reduction. We introduced dedicated carts in each workplace to ensure thorough separation of different waste types, such as paper bags for blasting materials and tape cores. These efforts resulted in a year-on-year decrease of over 200 kg in waste, far exceeding our original target of 100 kg.

One of the most challenging aspects of environmental initiatives is communication. To gain the understanding and cooperation of the staff at the Suzumi Workshop, we used plant-wide morning meetings and hazard prediction sessions as opportunities to inform people about initiatives toward our environmental targets and the areas in which we needed their support, using clear and simple materials. We were surprised to find that all employees were more cooperative than we initially expected. The number of inquiries about waste sorting and disposal has risen recently. We see that as a sign of growing interest in environmental issues.

Going forward, we will continue to prioritize communication and understanding while working to visualize both our processes and results. We will also continue to target further mitigation of environmental impacts through initiatives that foster a shared sense of achievement throughout the plant organization.

Scope of application

The scope of application of the environmental management system applies to the business activities of TOCALO Co., Ltd.

(1) Target organization

TOCALO Co., Ltd.

Headquarters / Miyagi Technical Services Center / Tokyo Plant Gyoda Workshop / Tokyo Plant Suzumi Workshop / Nagoya Plant / Kobe Plant / Akashi Plant / Thermal Spraying Technology R&D Laboratories / Kurashiki Plant / Kitakyushu Plant

(2) Certified activities

R&D, manufacturing, sales, and after-sales service of surface modification products using thermal spray and peripheral technologies

(3) Location (physical scope) and scope of activities

The contents are in accordance with matters registered with JQA.

Organization name	Address	Scope of activities
①Headquarters, TOCALO Co., Ltd.	6-4-4 Minatojima Minamimachi, Chuo-ku, Kobe, Hyogo	Corporate management and support operations at the Headquarters
②Miyagi Technical Service Center (Miyagi TSC), TOCALO Co., Ltd.	21-11 Kitanaka Bessho, Kawauchi, Osato-Cho, Kurokawa-Gun, Miyagi	Manufacture, sale, and after-sales service of surface modification products using thermal spray technologies

Organization name	Address	Scope of activities
Yamanashi Sales Office, TOCALO Co., Ltd.	5F, Sumitomo Life Kofu Marunouchi Building, 3-32-11 Marunouchi, Kofu, Yamanashi	Sales and after-sales service of surface modification products using thermal spray and peripheral technologies
③Tokyo Plant (Gyoda Workshop), TOCALO Co., Ltd.	1-1-1 Gyoda, Funabashi, Chiba	Manufacture and after-sales service of surface modification products using thermal spray technologies
④Tokyo Plant No.2 (Suzumi Workshop), TOCALO Co., Ltd.	606-5 Suzumi-cho, Funabashi, Chiba	Manufacture, sale, and after-sales service of surface modification products using thermal spray and peripheral technologies
Kanagawa Sales Office, TOCALO Co., Ltd.	1-14-20 Shinyokohama, Kohoku-ku, Yokohama, Kanagawa	Sales and after-sales service of surface modification products using thermal spray and peripheral technologies
Kita-Kanto Sales Office, TOCALO Co., Ltd.	2F, 1086-45 Shimohamada-cho, Ota, Gunma	Sales and after-sales service of surface modification products using thermal spray and peripheral technologies
⑤Nagoya Plant, TOCALO Co., Ltd.	33-3 Nibanwarishimo, Nawamachi, Tokai, Aichi	Manufacture, sale, and after-sales service of surface modification products using thermal spray technologies
Shizuoka Sales Office, TOCALO Co., Ltd.	Fujioji Bldg.102, 411-1, Motoichiba, Fuji	Sales and after-sales service of surface modification products using thermal spray and peripheral technologies

Organization name	Address	Scope of activities
⑥Kobe Plant, TOCALO Co., Ltd.	1-5 Mitsugaoka, Nishi-ku, Kobe, Hyogo	Manufacture and after-sales service of surface-modified products using thermal spray and peripheral technologies
⑦Akashi Plant, TOCALO Co., Ltd.	14-1, Minamifutami, Futami-cho, Akashi, Hyogo	Manufacture, sale, and after-sales service of surface modification products using thermal spray technologies
Akashi Plant (Akashi-Harima Plant), TOCALO Co., Ltd.	15-1 Higashi-Shinjima, Harima-cho, Kako-gun, Hyogo	Manufacture and after-sales service of surface modification products using thermal spray technologies
⑧Thermal Spraying Technology R&D Laboratories, TOCALO Co., Ltd.	14-3 Minamifutami, Futami-Cho, Akashi, Hyogo	Research and development of surface modification products using thermal spray and peripheral technologies
⑨Kurashiki Plant, TOCALO Co., Ltd.	2030-28, Kojimaunotsu, Kurashiki, Okayama	Manufacture, sale, and after-sales service of surface modification products using thermal spray technologies
Mizushima Plant, TOCALO Co., Ltd.	2-38, 2-chome, Matsue, Kurashiki City, Okayama	Manufacture, sale, and after-sales service of surface modification products using thermal spray technologies
⑩Kitakyushu Plant, TOCALO Co., Ltd.	1-48 Torigoe-cho, Kanda-cho, Kyoto-gun, Fukuoka Prefecture	Manufacture, sale, and after-sales service of surface modification products using thermal spray technologies

(4)Scope of impact

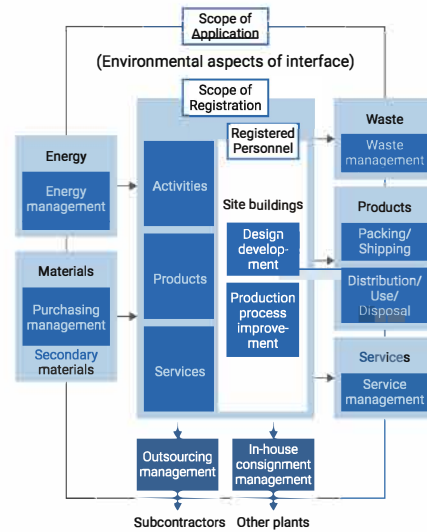
Within the site

1. Design and development
2. Improvement of production processes

Environmental aspects of the interface are as follows.

1. Energy management
2. Purchasing management
3. Outsourcing Management
4. In-house subcontracting management of other plants
5. Waste management
6. Distribution, use, and disposal of products after use
7. Service management

Scope of potential impact



Compliance with environment-related laws and regulations

Identifying laws and regulations to be observed and confirming the status of compliance

TOCALO compiles a list of environmental laws and regulations to be observed and regularly checks the status of compliance. Details of compliance include notifications to the government, appointments, and regulatory values.

To date, we have not been subjected to fines or punishment in relation to environmental laws.

Major environmental laws and regulations related to TOCALO's business

Waste Management and Public Cleaning Law	Air Pollution Control Law
Water Pollution Control Law	Sewerage Law
Soil Contamination Countermeasures Act	Septic Tank Law
Noise Regulation Law	Vibration Regulation Law
Offensive Odor Control Law	Factory Location Law
Act on Rational Use and Proper Management of Fluorocarbons	Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof ("PRTR Law")

Poisonous and Deleterious Substances Control Law	Fire Service Act
Industrial Safety and Health Act	High Pressure Gas Safety Act
Law Concerning the Promotion of the Measures to Cope with Global Warming	Act on Rationalizing Energy use and Shifting to Non-fossil Energy
Act on Promotion of Resource Circulation for Plastics	

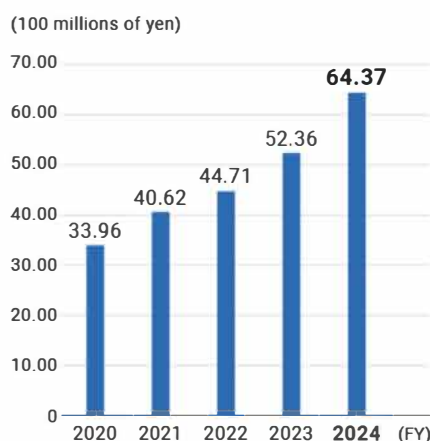
Environmental accounting

We focused on investing in environmental facilities, such as wastewater and waste gas treatment systems, and noise-prevention measures at new plants.

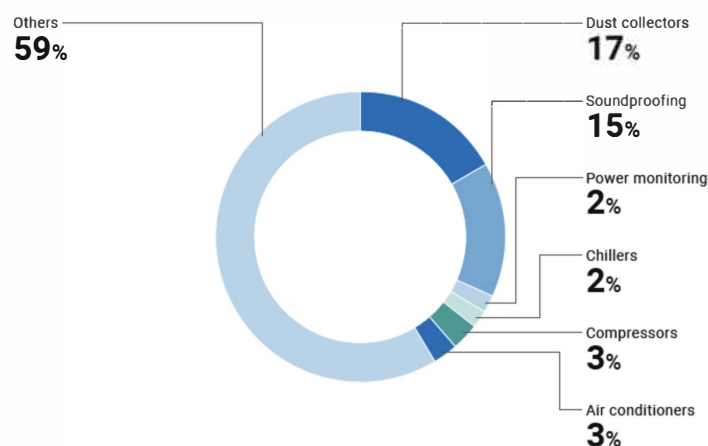
The graph below shows the cumulative amount of environment-related capital expenditures. Our main environmental facilities include dust collectors to prevent dust emissions, soundproofing equipment to block noise from the dust collectors, and energy-saving equipment.

Investment was higher than usual in fiscal 2024 due to the installation of new equipment at the newly constructed Kobe Plant No. 2, as well as a new administration building at the Kitakyushu Plant. As in the previous fiscal year, we also continued to install soundproofing equipment and upgrade our dust collectors.

Cumulative environmental investments



Breakdown of capital expenditures



Environmental education and training

We provide general education for all employees.

We systematically conduct education and training on the operation of the environmental management system and how to respond to emergencies, as required by law.

The main themes are "Environmental policy," "Significance of Operating an Environmental Management System," and "Waste Handling," which are taught with initiatives in each workplace.

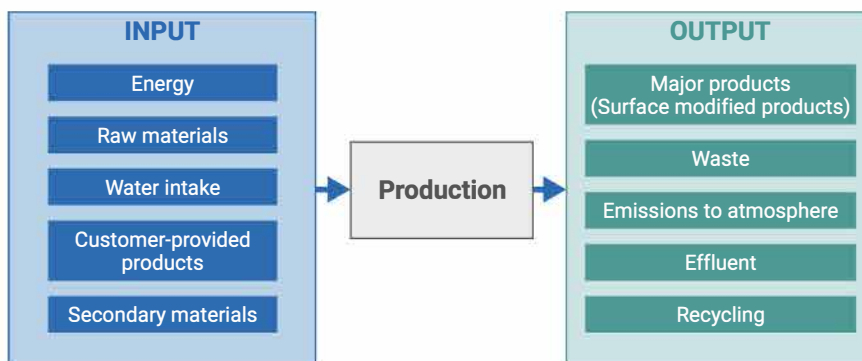
Through such education and training, we are working to raise awareness and the level of understanding.



Environmental training

Material balance

We strive to reduce environmental impact by ascertaining and analyzing the actual status of how much resources and energy are used in our production processes and what kind of environmental impacts are generated.



Input (Energy, Raw materials, Water intake)

Energy consumption volume (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Electricity (MWh)	39,824	42,491	42,891	39,848	41,085
Kerosene (kl)	209	203	188	177	193
LPG (kg)	10,615	16,014	16,188	20,024	22,970
Diesel (kl)	31	32	26	92	83
Biodiesel (kl)	—	—	—	—	0.75
Gasoline (kl)	101	88	88	88	89
City gas (m³)	160,944	165,732	149,164	154,406	180,566
Acetylene (kg)	—	—	16,142	45,885	17,920
Total energy consumption (crude oil equivalent) (kl)	(10,456)	(11,125)	(11,189)	(10,433)9,318	9,719

Note: Figures in parentheses for total energy consumption represent results calculated according to the standards that applied before the amendment of the Act on Rationalizing Energy Use.

Note: Results from fiscal 2020 to fiscal 2023 have been revised due to a revision of the method for aggregation of data on total energy consumption.

Trend regarding volume of use of raw materials (non-consolidated)

Note: Not including substrates

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Thermal spray materials (t)	297.2	271.9	298.7	257.9	339.4
Other materials (t)	59.2	94.3	113.1	138.5	99.8

Trend regarding volume of water intake(non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Clean water (m³)	65,850.0	69,552.0	78,410.0	66,901.0	65,912.0
Pure water (m³)	18.1	16.5	18.0	16.8	15.4
Groundwater (m³)	0.0	0.0	0.0	0.0	0.0

Output (Waste, Emissions to atmosphere, Effluent, Recycling)

Trend regarding volume of waste emissions (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
General business waste (t)	59.3	57.6	61.2	46.8	38.4
Total industrial waste (t)	1,959.5	2,113.5	2,161.4	1,922.3	1,792.8

Trend regarding volume of emissions to atmosphere (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
PRTR Law Class 1 Designated Chemical Substances (t)	1.0	1.0	1.3	1.2	1.3

Note: The results for fiscal 2023 were revised due to a calculation error.

Effluent volume (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Wastewater (m³)	49,338.0	54,329.0	58,848.0	51,185.0	50,107.0
Wastewater (factory effluent discharged after treatment) (m³)	1,640.1	1,939.4	1,518.1	1,298.5	852.5
Seawater (m³)	10,984.0	9,640.0	11,680.0	13,712.4	14,566.8

Note: Wastewater discharged from sites using septic tanks is defined as "seawater."

Note: Results from fiscal 2021 to fiscal 2023 were revised due to a calculation error regarding the amounts of wastewater discharged into sewers or the sea.

Recycling volume (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Metal scraps (t)	108.4	90.1	111.7	150.5	197.5
Thermal spray material waste (t)	27.4	21.2	15.1	12.4	27.5
Blasting material waste (t)	716.4	686.2	715.6	723.6	944.2
Oil waste/Solvent waste (t)	12.0	12.0	16.6	32.0	33.9
Paper (t)	46.2	38.3	33.2	38.2	39.1
Industrial and commercial batteries (t)	—	—	—	—	0.3

Targets and results

We have established three major themes and are working on environmental activities by setting targets at each site.

We have set a CO₂ reduction target for fiscal 2030 of 46% lower than the level in fiscal 2013 in accordance with government targets.

Results in fiscal 2024 and targets for fiscal 2025 

Results in fiscal 2024 and targets for fiscal 2025

Results in fiscal 2024

We achieved our target in 43 out of 44 categories.

The Environment Promotion Department holds an Energy Conservation and Environment Conference every three months to promote energy conservation and environmental activities throughout the Company.

Specific initiatives have included converting to 100% power generated from renewable energy sources, upgrading to energy-saving, high-efficiency air conditioners, and creating visualization for power consumption for use in planning decisions, and installing equipment to improve heat exchange efficiency.

In fiscal 2024, we actively implemented various energy and resource conservation initiatives, as well as specific measures aimed at reducing waste and increasing recycling.

Environmental measures related to ISO 14001 in fiscal 2024 were focused on conserving energy and resources in our business activities, using our businesses to make a positive contribution to the environment, and mitigating climate change, with specific targets set for each operating site. As a result, we achieved 43 targets for environmental contribution through our business activities, with just one target not reached.

Targets for fiscal 2025

We are focusing on conserving energy and resources in our business activities, using our businesses to make a positive contribution to the environment, and mitigating climate change.

TOCALO has set the group goal of reducing greenhouse gas emissions to 54% of the fiscal 2013 level by fiscal 2030. The first step to achieving that target is to reduce our energy consumption by improving our production efficiency. Other steps will include using solar power generation to produce our own power and purchasing electricity generated from renewable energy sources. We are also making preparations to recycle plastics and oils and to recapture and reuse waste cooling water, which used to be discharged. We are also planning to begin several activities aimed at achieving carbon neutrality, although we anticipate some variation in the results because of the wide variety of orders we receive our clients.

As in fiscal 2023, we used power consumption data to develop energy-saving measures in fiscal 2024. We also took on the challenge of insulating our furnaces. We are gradually implementing more measures to ensure we attain our targets for reducing greenhouse gas emissions as well to progress toward our goal of being carbon neutral.

Environmental measures related to ISO 14001 in fiscal 2025 will continue to focus on conserving energy and resources in our business activities, using our businesses to make a positive contribution to the environment, mitigating climate change, and preserving water environments. All of our bases will set goals and conduct activities toward the same targets.

😊 : Achieved 😞 : Not Achieved

Site	Environmental target	Target for fiscal 2024	Fiscal 2024 results	
Conserving energy and resources in our business activities				
Miyagi TSC	Energy- and resource-saving activities	Use the power monitoring system to identify aging equipment and energy loss, implement improvement and power-saving measures Power consumption per unit of cumulative sales: less than 2.20 kWh/¥1,000(2% reduction compared with the average for the past five years)	Cumulative yearly energy consumption: 1.089 kWh/¥1,000	😊

Site	Environmental target	Target for fiscal 2024	Fiscal 2024 results	
	Energy- and resource-saving activities	Collect and report data to verify improvements in air conditioning equipment efficiency following the installation of a new system	July: Interim report on cooling use October: Final report on cooling use January: Interim report on heating use	
Tokyo Gyoda	Energy- and resource-saving activities	Reduce the total amount of materials used for thermal spray touch-up and re-spraying activities to under 1.8% of the total (average for the previous fiscal year: 1.82%)	1.60%	
	Energy- and resource-saving activities	Produce a minimum of four new products each year using the improved thermal spraying program with 5% less material usage than previous methods	5 products/year	
	Energy- and resource-saving activities	Visualize electricity usage by equipment and prioritize upgrading to high-efficiency systems	Order replacement of aging air conditioners and additional power monitoring work	
	Non-conformity ratio reduction activities	Non-conformity claims and complaints that are the responsibility of quality control: 0.06% or less	0.045%	

Site	Environmental target	Target for fiscal 2024	Fiscal 2024 results	
Tokyo Suzumi	Energy- and resource-saving activities	Reduce dust collector operating hours by interlocking dust collectors to thermal spraying machinesReduce operating time of the 9 dust collectors: reduce to under 179% of arc time per year	176%	
	Energy- and resource-saving activities	Reduce annual electricity consumption by 300 hours through the appropriate use of lighting, air conditioning, electric heaters, and other devices in the office building, and the implementation of no-overtime days	Reduced 317 hours	
Nagoya	Energy- and resource-saving activities	Reduce air-conditioning electricity consumption through the installation of setting optimization systemsYear-on-year reduction of 3%	Year-on-year reduction of 36%	
Headquarters	Energy- and resource-saving activities	Explore energy conservation initiatives for 2025 and beyond	Set summer and winter indoor temperatures	
Kobe	Energy- and resource-saving activities	Report on activities that reduce energy consumption at least four times per year	4 reports/year	

Site	Environmental target	Target for fiscal 2024	Fiscal 2024 results	
Akashi	Energy- and resource-saving activities	Propose test methods to verify the effectiveness of energy-saving equipment prior to its introduction Target: 4 methods/year	4/year	
R&D	Energy- and resource-saving activities	Reduce electricity use by 14,686 kWh year-on-year (equivalent to 3% of usage in the previous fiscal year)	Reduction of 20,574 kWh/year	
Kurashiki	Energy- and resource-saving activities	Reduce electricity usage by interlocking dust collectors and thermal spray equipment. First half: Plan installation of interlocking program and determine existing electricity usage Second half: Determine the percentage reduction and ascertain the amount of electricity saved by checking demand	First half: Ascertained existing electricity usage Second half: Verified demand and determined level of reduction	
Kitakyushu	Energy- and resource-saving activities	Reduce electricity consumption per unit of sales by dust collectors and compressors by 3% year-on-year	Reduced by 19.4%	
Business operations				
Miyagi TSC	New development activities	Develop a minimum of two eco-friendly coatings per year	3/year	

Site	Environmental target	Target for fiscal 2024	Fiscal 2024 results	
Tokyo Gyoda	New development activities	Develop 12 or more new TD specifications/customer prototypes per year	14/year	
Nagoya	New proposals/orders	Orders received in the environment and energy sector: ¥165.3 million/year (year-on-year increase of 8%)	¥219.4 million/year (year-on-year increase of 43%)	
Headquarters	New proposals/orders	New project orders (A) Over ¥1,000,000/month, and (B) Over ¥18,000,000/half year	(A) ¥3,042,000/month (B) Second half cumulative result: ¥9,659,000/half year	
Kobe	Work improvements	Minimum of 24 work efficiency improvement reports per year	25/year	
Akashi	New proposals/orders	New visits: 228/year	233/year	
R&D	New development activities	Minimum of 60 new development initiatives per year	69 developments/year	
	New development activities	Implement initiatives develop coatings and equipment that can contribute to environmental improvement Minimum 3/year	3/year	

Site	Environmental target	Target for fiscal 2024	Fiscal 2024 results	
Kurashiki	New proposals/orders	Number and value of environmental field orders (related targets to be set from fiscal 2026 onwards)	Orders: 48 Total value: ¥22,055,000	
Kitakyushu	New proposals/orders	Minimum of ¥148,548,000 in environmental field orders per year	¥243,638,000/year	
Climate change measures				
Miyagi TSC	Climate change measures	Determine the expected reduction of CO ₂ emissions resulting from the use of web conferences instead of visits to clients	721.59kg CO ₂ /year	
Tokyo suzumi	Climate change measures	Reduce CO ₂ emissions from business vehicle use by promoting the use of online meetings: Minimum of 600 online meetings per year	807 meetings/year	
	Climate change measures	Active transition to hybrid work vehicles: 6 vehicles	Hybrid vehicles: 6	
Others				
Miyagi TSC	Recycling	Survey rubber glove disposal volumes and promote recycling Determine actual quantity of rubber gloves disposed of per month	Rubber gloves found to account for approximately 15% of plastic waste	

Site	Environmental target	Target for fiscal 2024	Fiscal 2024 results	
Tokyo Gyoda	Law compliance	Reduce industrial noise pollution	Nighttime noise reduced	
	Law compliance	Reduce hazardous gas emissions	Installed new equipment and conducted tests to confirm the elimination of hazardous gas	
	Recycling	Recycling of thermal spray materials	Prototype recycled thermal spray materials verified as matching the quality of new materials, customers now being asked to select parts	
Tokyo suzumi	Recycling	Recycle 100kg or more of paper tubes per year	200.35 kg/year	
	Recycling	Recycle items such as plastic bottles, wire bobbins, packaging materials, and plastic pallets into useful materials	Prepare for the start of operations, including the selection of items for recycling and the signing of contracts relating to confidential information	
Nagoya	Recycling	Waste recycling rate: 55% or higher	65%	

Site	Environmental target	Target for fiscal 2024	Fiscal 2024 results	
Headquarters	Information disclosure	Expand and organize environmental information on the corporate website	August 2024: Sustainability page information updated November 2024: English sustainability page updated	
Kobe	Waste reduction	General waste emissions per year: 3,838kg or less(year-on-year reduction of 3%)	3,457 kg/year	
	Recycling	Metal recycled as valuable materials per year: 1,292kg or more(3% increase over the previous fiscal year)	2,596kg	
Akashi	Waste reduction	Waste grinding oil discharged per year: 509,819 kg or less(year-on-year reduction of 10%)	488,745 kg/year	
	Waste reduction	Reduce mixed waste by 5% from the previous fiscal year's level through appropriate waste sorting	Year-on-year reduction of 28.8%	
	Recycling	Reduce waste dust generated through material recycling by introducing a classification system and ensuring its use as routine practice	Amount recycled: 1,527kg/year	

Site	Environmental target	Target for fiscal 2024	Fiscal 2024 results	
	Recycling	Recycling of shredded waste	Amount recycled: 940 kg/year	
Kurashiki	Waste reduction	Reduce industrial waste through sorting	Year-on-year reduction of 79%	
Kitakyushu	Waste reduction	Reduce waste generated by 3% year-on-year (excluding waste generated by the move to the new administration building and internal maintenance activities)	Reduction of 9.4%	

Climate change measures

TOCALO is adopting renewable energy sources and implementing other climate change initiatives to reduce CO₂ emissions.

Global warming mitigation

We are implementing comprehensive measures to reduce electricity consumption, installing energy-saving equipment, and planning to convert to renewable energy sources.

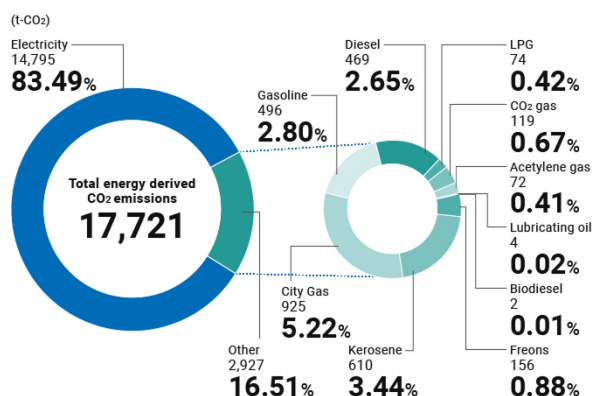
The Group's CO₂ emissions are primarily the result of the energy sources we use, which include primary energy derived from fossil fuels, such as kerosene, diesel oil, LPG, and city gas, and the secondary energy source of electricity. Converted to CO₂, electricity accounts for the vast majority—83.49%—of our CO₂ emissions.

TOCALO takes meticulous steps to conserve electricity as a regular part of efficient business operations while also implementing measures including installing energy-saving equipment and upgrading aging equipment with environmentally efficient equipment.

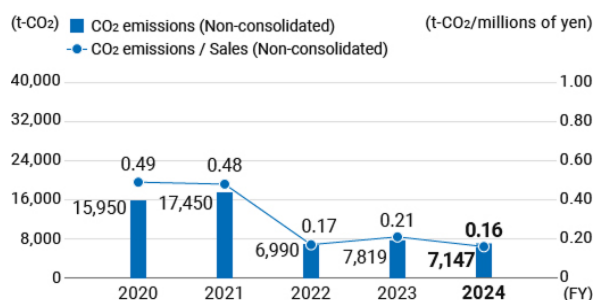
We are also taking steps to convert to renewable energy sources that do not emit CO₂ in power generation. These steps include aggressive measures to reduce CO₂ emissions by using solar power to generate our own energy and by purchasing electricity generated from renewable energy sources.

While electricity consumption increased by 3% year-on-year in fiscal 2024, the effects of energy conservation measures were reflected in a 10% reduction in consumption per unit of sales. In addition, CO₂ emissions in fiscal 2024 were 9% lower year-on-year, while CO₂ emissions per unit of sales fell by 21% over the same period, thanks to our CO₂ emission reduction efforts.

Breakdown of consolidated CO₂ emissions (Scope 1, 2) in fiscal 2024



Change in CO₂ emissions (Scope 1 and 2) (Non-consolidated)



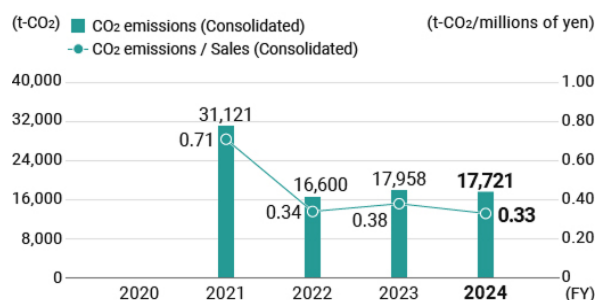
Note:

Adjusted emission coefficients are applied to CO₂ emissions from purchased electricity from FY2020 onward.

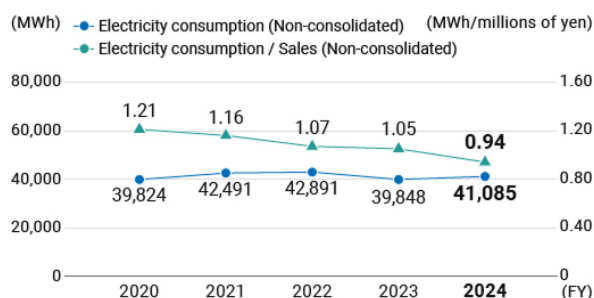
Note:

CO₂ gas added in FY2021, acetylene gas been added in FY2022.

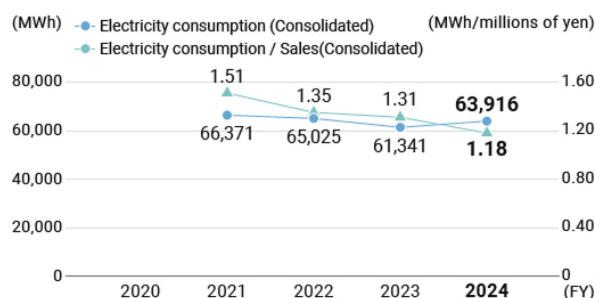
Change in CO₂ emissions (Scope 1 and 2) (Consolidated)



Electricity consumption (Non-consolidated)



Electricity consumption (Consolidated)



Generating solar power at the Okayama Kurashiki Plant

Okayama Prefecture is known as the “Land of Sunshine” for its low annual rainfall and generally sunny weather. The new plant we opened in Kurashiki, Okayama, in April 2022 is equipped with the Company’s first full-fledged in-house power generation system including approximately 3,500 square meters of solar panels on its expansive roof.

The Kurashiki Plant’s solar power system generated electricity covering 19% of the plant’s total electricity need in fiscal 2024.

We have also been installing solar panels at other sites. As of June 2024, all of our plants and the technical service center have solar panels and are generating their own power.

Along with improving the efficiency of our production operations, using in-house generated electricity to meet our energy needs is a key step to reducing our CO₂ emissions. We plan to take this a step further by introducing in-house power generation that uses renewable energy sources to further reduce our environmental impact and greenhouse gas emissions.



Solar panels on the Kurashiki Plant

Supporting the Kobe Airport Island Blue Carbon Project

“Blue carbon” is attracting attention as a new countermeasure for global warming. Blue carbon is the carbon that is absorbed by seaweed, sea grass, phytoplankton, and other sea organisms. Kobe City is promoting blue carbon in its Kobe Airport Island Blue Carbon Project, which focuses on the various types of seaweed growing on the gentle stone seawall around Kobe Airport Island. The Japan Blue Economy Association certified the volume of CO₂ that the ecosystem is absorbing under its J Blue Credit program in 2022.

As a company headquartered near Kobe Airport, in 2023 we purchased J Blue Credits equivalent to absorbing 3.9 tons of CO₂ as one of our measures to counteract global warming. Through initiatives like J Blue Credit, we will continue to work with local communities to reduce our environmental impact.

Kobe City Carbon Neutral Port Initiative:

https://www-city-kobe-lg-jp.translate.goog/a49918/cnp.html?_x_tr_sl=ja&_x_tr_tl=en&_x_tr_hl=en

Carbon Neutral Ports Initiative:

https://www.mlit.go.jp/en/kowan/kowan_fr4_000011.html

Kobe City is promoting blue carbon initiatives to make Kobe Port a Carbon Neutral Port (CNP).



Monitoring survey (underwater photography)



The Kobe Airport Island waterfront

Participation in the Osaka Bay MOBA Link Initiative

Blue carbon ecosystems benefit the environment in numerous ways, such as absorbing and fixing CO₂, improving water quality, and improving biodiversity. Taking the opportunity of the staging of World Expo 2025 in Osaka in the Kansai region, the prefectures of Osaka and Hyogo established the Members of the Osaka Bay Blue Carbon Ecosystem Alliance (MOBA) in January 2024 and are planning the Osaka Bay MOBA Link Concept to connect the entire Osaka Bay with a corridor of blue carbon ecosystems.

The TOCALO Headquarters, Kobe Plant, Akashi Plant, Akashi-Harima Plant, and Thermal Spraying Technology R&D Laboratories all face Osaka Bay, and we joined the Osaka Bay MOBA Link Concept to contribute our surface modification technology to realizing the concept's goals.

Our efforts to develop and apply surface modification technologies to create habitats where algae can flourish also give us an opportunity to accumulate valuable elemental technologies.

Global warming has progressed to such an extent that the United Nations Secretary-General António Guterres said, "The era of global warming has ended; the era of global boiling has arrived." We are participating in the Osaka Bay MOBA Link Concept to help realize its goal as quickly as possible and with the hope that the concept will be adopted in other places around the world.

For the latest information about the Osaka Bay MOBA Link Concept please visit

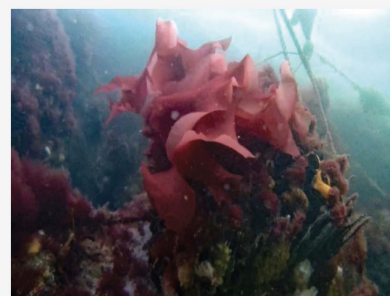
<https://www.pref.osaka.lg.jp/o120070/kankyohozen/osaka-wan/moba.html> (Japanese language only)



Osaka Bay MOBA Link Concept



Demonstration seaweed bed created in the inner bay area



Checking germinated seaweed

CDP certified scores of B for climate change and B- for water security

CDP is an international non-profit organization headquartered in London created in collaboration with institutional investors to collect information on environmental strategies and greenhouse gas countermeasures from major companies around the world. CDP analyzed the data and publishes the results.

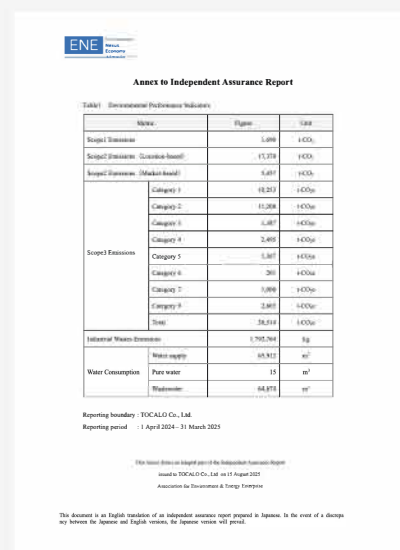
In fiscal 2024, CDP evaluated some 24,800 companies—representing more than two-thirds of the worldwide market capitalization—on an eight-point scale for environmental disclosure and performance. The 2024 CDP Climate Change Report gave TOCALO a B score, third the highest, for climate change for the second consecutive year and a B- score, fourth from highest, for water security by a notch compared to last year's C rating.



Third-party verification

To ensure our environmental data is transparent and accurate, TOCALO engaged third parties to verify the environmental data for fiscal 2024 (April 2024 to March 2025) related to greenhouse gas emissions (Scope 1, 2, and 3), water consumption, and industrial waste emissions.

We continuously seek to ensure the highest quality of data by expanding the verification scope and improving data accuracy.



Independent Assurance Report 2025 (1290KB)

Independent Assurance Report 2024 (1290KB)

Waste reduction and environmental conservation

TOCALO is constantly monitoring the environmental impact of its business activities, products, services, and strive to prevent pollution.

Through the reduction of waste and the appropriate management of hazardous substances, TOCALO is committed to continuous improvement.

Appropriate management of chemical substances ▼

Waste Reduction ▼

Air pollution prevention ▼

Soil and water pollution prevention ▼

Noise countermeasures ▼

Reduction of water usage ▼

Appropriate management of chemical substances

In accordance with the PRTR Law, we report the amounts of chemical emissions and transfers.

In fiscal 2024, TOCALO reported the amount of designated chemicals released into the environment and transferred for seven substances in accordance with the PRTR Law (Pollutant Release and Transfer Register: Chemical Substance Release and Transfer Notification System). The emissions met all regulatory standards under the act.

Release and transfer volume of PRTR Law, type 1 designated chemicals in fiscal 2024

	Released amount (kg)				Transferred amount (kg)	
	Emission into the atmosphere	Release into public waters	Discarding into the soil at place of business	Landfill disposal at place of business	Transferring to sewerage	Transferring off-site (industrial waste)
Chrome and trivalent chrome compounds	5.6	0	0	0	0	4,360
Cobalt and its compounds	1.5	0	0	0	0	917
Toluene	1 1,200.0	0	0	0	0	73
Nickel	6	0	0	0	0	5,780
Nickel compounds	4.1	0	0	0	0	990
Boron compounds	0.0	0	0	0	2	10,500
Silicon carbide	49	0	0	0	0	10,700

- 1 The amount of toluene released into the atmosphere is 1,200 kg. Toluene is contained in organic solvents, such as thinners. The amount of volatile organic compounds (VOCs) evaporated due to natural drying is estimated based on the quantities used.

Waste Reduction

We are properly disposing of all types of waste, from general waste to specially controlled industrial waste.

(1) General waste

Paper constitutes the majority of business-related general waste, and we are committed to reusing and recycling paper. When confidentiality is an issue, we work with the paper manufacturers to dissolve materials chemically.

(2) Industrial waste

Waste oil accounted for 34% of our industrial waste, which was the largest component. Waste oil emits from cooling water that is added to grinding oil for use as a coolant with wet grinders (machines for roll grinding). More than 90% of the water is tap water. After disposal, it is used at cement factories and elsewhere to adjust combustion temperature.

Sludge made up 26% of our industrial waste, waste alkali 10%, mixed waste 9%, while slag, waste plastic, and glass and ceramic scraps accounted for 6% each.

The majority of the sludge and waste alkali is waste liquid after cleaning, and most of it is water. We plan to install a system to distill and filter this water for reuse.

Mixed waste is defined as a mixture of several types of waste that is difficult to sort.

Slag refers to residue thermal spray material, such as waste blasting material and collected fumes.

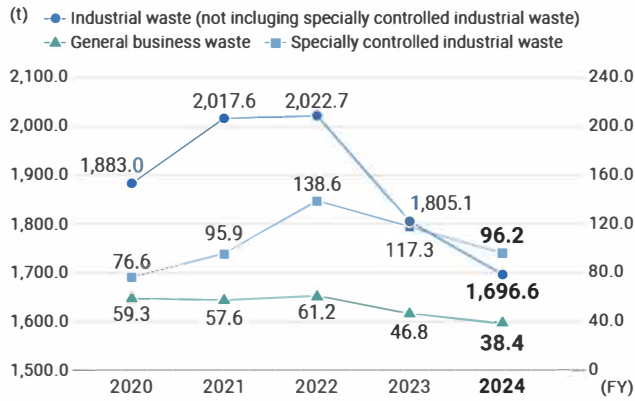
Waste plastics include material containers and secondary materials, as well as waste paper and wood scraps that contain oil.

Glass and ceramic scraps, such as refractory bricks, contain ceramic-based grinding materials that cannot be recycled.

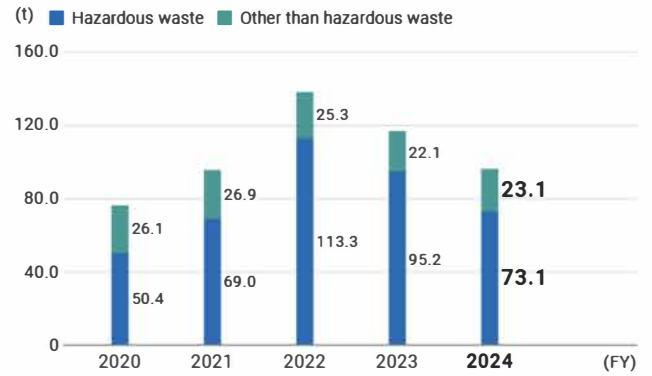
(3) Specially controlled industrial waste

Most of this waste is dust generated by thermal spraying using chromium-containing materials (such as stainless steel) and collected by a dust collector. When the dust volume exceeds the regulatory limit in dissolution tests, it is disposed of as specially controlled industrial waste.

Changes in total waste emissions



Breakdown of specially controlled industrial waste



Changes in total waste emissions/sales





VOICE

Creating a virtuous cycle for the environment and our business through the reduction of waste oil

Toshiro Izumi

Machining Process Department 2, Production Division 2, Akashi Workshop.2, Akashi Plant

My work at the Akashiharima Plant primarily involves machining (processing work that involves the use of machine tools), and I am also responsible for equipment maintenance. My day-to-day tasks include management of the water-soluble grinding oil used in the grinding process for semiconductor manufacturing equipment components (thermal sprayed parts). Grinding oil deteriorates with continued use and must be regularly replaced. This results in the discharge of waste oil, which must be handled appropriately by a wastewater treatment company, using oil-water separation, filtration, and other processes.

In the past, we generated around 360 tons of waste oil each year. This resulted in a significant workload for maintenance staff, since we had to arrange for the disposal and transportation of the waste oil and handle associated administrative tasks.

In 2023 we installed a new treatment system with the aim of enhancing the efficiency of waste oil disposal. The new system slashed the amount of waste oil volume generated each year by 95%, from 360 tons to just 18 tons. In addition, we were able to cut waste oil treatment and transportation costs by around 50%, while also lowering CO2 emissions. Our operating efficiency was further improved through the reduction of administrative tasks relating to waste oil collection.

I take great care to ensure that the treated wastewater discharged from our waste oil treatment systems is within the wastewater standards set by the local government. I keep the system operating normally by regularly replacing and cleaning consumable parts, and I analyze treated wastewater at appropriate intervals to verify its safety.

We are now exploring ways to cut waste still further by preventing contamination of the grinding oil during use, in order to reduce both treatment loads and the frequency with which consumable parts are replaced. Going forward, we will look at the possibility of implementing these improvements at other business sites. We will also work with thermal spraying and grinding staff to reduce material and energy losses by optimizing the thickness of thermal spray coatings. We will continue our efforts to protect the environment and achieve company-wide waste reductions.

Introducing translucent clear paper files

We produce clear file folders printed with our corporate mascot. The folders used to be made of transparent plastic, but to reduce the impact of plastic on the environment, in fiscal 2022 we started producing semi-transparent file folders made of paper.

We wanted a material that would provide the benefit of plastic's transparency and the environmental friendliness of paper, and came up with the idea of making file folders using semi-transparent tracing paper.

We started by trying the folders in-house, and now are sharing them outside the Company, such as by inserting them in the pamphlets we give out at exhibitions.

We have produced a cumulative total of 10,000 of these folders. This initiative has reduced CO2 emissions by approximately 858 kg compared with plastic folders.

The clear paper file folders are even better than plastic folders in many ways because they last longer and are stronger. Every day, we are thinking of ways to make the ideal folder that is easy to use and good for the environment. The clear paper folders are giving us more opportunities to think about what we can do to protect the earth.



Clear file folders made of paper

Recycling of miscellaneous recyclable paper at Headquarters (Kobe City)

Kobe City has been implementing an initiative for the recycling of used paper (miscellaneous recyclable paper) that is emitted by business operators targeting the business operators of Port Island and Rokko Island, and the TOCALO Headquarters (within Kobe City Port Island) has been participating in this initiative since March 2020. A large amount of shredder dust is generated at the Headquarters, and this is recovered and transported to designated locations in Kobe City by contracted transport companies.

Air pollution prevention

Dust generated in the thermal spraying process is safely collected before it can be released into the atmosphere.

TOCALO's main products modify surfaces by way of thermal spraying, which uses powder or wire as a material. The material is fed into a combustion flame or plasma jet, where it is melted and then sprayed to form a coating.

Powders that did not melt or did melt but were not deposited when sprayed become dust. Dust collectors collect the dust before it can be released into the atmosphere. (Photo)



Cartridge-type dust collector

Thermal spraying is a dry process and the collected dust is mostly dry, so there is no need for waste liquid treatment. A duct draws the airborne dust in a thermal spray booth into the dust collector where it is filtered with internal filters made of woven and nonwoven fabrics. The fine layer of dust that collects on the filter surface becomes thick and can clog the filter, causing the filter to lose suction pressure and reducing the efficiency of the dust collection. Using a pulse jet, compressed air is used at regular intervals to remove the dust and maintain process efficiency.

Dust that can be reused is recycled, and dust that cannot be reused becomes industrial waste.

As of the end of fiscal 2024, we have not confirmed the generation of sulfur oxide (SO_x) from our operations.

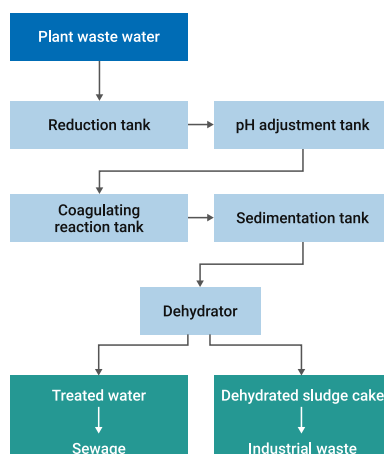
Soil and water pollution prevention

Soil and water pollution prevention is particularly critical because soil and water quality directly affect surrounding communities.

Processes at the Kobe Plant use surface modification technologies other than thermal spraying. Wastewater that requires detoxification treatment is detoxified at a coagulating sedimentation treatment facility prior to being discharged into the sewage system. When discharging wastewater, we rigorously comply with quality standards established as water pollution indicators.

As a precaution for an accidental leak of wastewater, the plant has installed pipes and concrete walls to prevent and quickly and visually detect leaks. Anti-spreading materials are also in place to prevent leaks from spreading. In addition to periodic monitoring and measurements, the equipment is controlled by a rigorous system compliant with applicable laws and regulations.

Plant wastewater treatment steps (coagulating and sedimentation treatment facility)



Noise countermeasures

Noise barriers have been installed and noise measurements are also carried out regularly.

The main types of equipment that generate noise of a concerning level are air compressors, dust collectors, and other blowers. However, in addition to this equipment, there are other noise sources, and we are taking steps to avoid disturbing the neighborhood by implementing soundproofing measures such as installing these facilities inside buildings and installing special soundproof walls.

In addition, we regularly measure noise levels to ensure that our facilities and equipment are within regulatory limits.



Noise measurement using specialized equipment

Reduction of water usage

We are actively working to reduce water consumption by collecting and storing water in underground tanks for reuse.

Our surface modification processes primarily use a dry method, which requires a minimal amount of water. The Kobe Plant uses a certain volume of water for cooling and cleaning purposes. The system, which previously drained water from the nitrogen cooling tank, has been modified to collect and store the discharged water in an underground tank for reuse in the cleaning tank. We are committed to reducing water usage and using water resources efficiently and with consideration of the environment.



Reduction of water usage

Supporting environmental organizations

TOCALO has begun actively supporting the following environmental organizations as another way to help protect the global environment through our activities. We are providing support for greening, protecting biodiversity, and other environmental activities.

In May 2024, we donated ¥500,000 yen to the Green Fund managed by the National Land Afforestation Promotion Organization.

The Green Donation Funds is used for forest maintenance in communities in Japan and overseas as well as for disaster relief, forest environment education, and to support greening efforts overseas. We will continue to support efforts to promote forest conservation and greening both in Japan and overseas.



Certificate of Appreciation from the President of the National Land Afforestation Promotion Organization

In August 2025, TOCALO contributed ¥200,000 to WWF Japan.

You can find out more about TOCALO's contributions to society at the following links.

For further information, [click here](#):

Green Donation Funds: <https://www.green.or.jp/english/>

Response to the TCFD Recommendations

In August 2023, TOCALO announced its support for the TCFD^{*1} recommendations.



TOCALO's vision is to contribute to a bright future for people and nature, so we have positioned tackling climate change as a management priority. We will focus our expertise as a coating manufacturer to help clients conserve resources, reduce labor, and lower environmental burden for a decarbonized society. We will also actively disclose our efforts concerning climate-related risks and opportunities. Following the change in the basis of climate-related disclosure regulations from the TCFD to the ISSB^{*2}, we will continue to stay informed and up to date on the changes in disclosure standards and further enhance disclosure of our climate change activities.

^{*1} The Task Force on Climate-related Disclosures. The TCFD was established in 2015 by the Financial Stability Board, a body representing the central banks and financial authorities of various countries as well as international organizations, following the mutual recognition by influential countries that climate change is having a major impact on financial markets. The TCFD recommendations on climate-related financial disclosures were released in 2017. In addition to encouraging companies and other organizations to disclose information related to climate change, they also provide a framework for making such disclosures. The TCFD disbanded in October 2023.

^{*2} The International Sustainability Standards Board. The International Financial Reporting Standards (IFRS) Foundation formed the ISSB in November 2021 as an entity to develop international sustainability standards. Following the TCFD disbandment, in 2024 the ISSB assumed the responsibility of monitoring the progress of corporate disclosure of climate-related data.

Governance

The president is responsible for supervising activities related to climate change risks.

The Sustainability Committee formulates sustainability policies and action plans, monitors the progress of our efforts, and deliberates on our response to climate change. The committee, which meets four times a year in principle and is chaired by the president who acts as the individual in charge, includes full-time directors and the general managers of business divisions among its members.

The Board of Directors receives reports from the committee concerning every aspect of sustainability, including climate change, and deliberates on and approves matters as necessary. The Board of Directors approved a medium-term management plan that includes climate change-related targets at a meeting held in October 2021 and material issues that include climate change initiatives at a meeting held in December 2021.

The Sustainability Committee consists of a Full-time Director, Vice President of the Sales Headquarters, Vice President of the Production Headquarters, Vice President of the Quality Management Headquarters, Vice President of the Administrative Headquarters, Vice President of the Global Business Headquarters, General Manager of the Thermal Spraying Technology R&D Laboratories, General Manager of the Marketing Division, General Manager of the Environmental Promotion Department, General Manager of the Human Resources and General Affairs Division, General Manager of the Global Business Division, General Manager of the Accounting Division, and General Manager of the Corporate Planning Division. The following 10 individuals are the main members of the committee in positions of executive officers or higher.

Name	Position
Kazuya Kobayashi	President and CEO, Representative Director
Takayuki Yoshizumi	Senior Managing Executive Officer, Representative Director
Hiroshi Goto	Senior Managing Executive Officer, Director, Vice President, Administrative Headquarters
Tatsuo Suidzu	Managing Executive Officer, Director, General Manager, Tokyo Plant
Takeshi Takabatake	Managing Executive Officer, Director, Vice President, Production Headquarters
Hiroyuki Aisaka	Executive Officer, Vice President, Quality Management Headquarters
Katsunori Nakai	Executive Officer, General Manager, Corporate Planning Division.
Yasuki Nakahira	Executive Officer, Vice President, Global Business Headquarters
Tatsuya Hamaguchi	Executive Officer, Vice President, Sales Headquarters
Takema Teratani	Executive officer, General Manager, Thermal Spraying Technology R&D Laboratories

Strategy

In 2022, we launched a broad examination of climate-related risks and opportunities and in June identified countermeasures for the main risks and opportunities to TOCALO Co., Ltd.

In 2023, we deepened our analysis by calculating the financial impact of each risk and opportunity and used the results to set indicators and targets for the countermeasures that we have deemed of critical importance.

In June 2025, we updated the medium-term scenario analysis period from 2030 to 2035. With the update, we reevaluated the risks and opportunities and confirmed the progress of countermeasures.

We will continue to refine our analysis and apply measures guided by indicators and targets to reduce risks and increase opportunities.

- Scope: Carbon tax items are TOCALO Corporation consolidated; other items are TOCALO Corporation non-consolidated
- Period: Present to 2050
- Scenarios
 - Decarbonization Scenario (1.5°C to 2.0°C): A world in which the average global temperature rise since the Industrial Revolution is limited to 1.5°C to 2.0°C
 - Global Warming Progression Scenario (4.0°C): A world in which the global average temperature rise since the Industrial Revolution is about 4.0°C
- Scenario reference materials
 - IEA WEO 2023 NZE · SPS · APS
 - Fifth Assessment Report of the IPCC, RCP2.6 (2.0°C), RCP8.5 (4.0°C)
 - Sixth Assessment Report of the IPCC, SSP1-1.9 (1.5°C), SSP5-8.5 (4.0°C)

Risks, Opportunities, and Response Measures

Category	Type	Details	Timeframe	Impact on Business	Financial Impact Unless indicated, the scenario is 1.5°C to 2.0°C in fiscal 2030	Response Measures
Transition risks	Policy and regulatory	Increase in energy procurement costs following the introduction of carbon pricing systems	Medium- to long-term	Medium	Carbon tax: ¥420 million* *TOCALO Co., Ltd consolidated *2030 carbon tax estimated to be \$175/t-CO ₂ *Foreign exchange rate \$1 = ¥143	Renewable energy - Long-term green electricity contracts - Consider incorporating additional renewable energy sources, such as solar power (increase the ratio of renewable energy consumption by switching to renewable energy sources) - Consider methods for storing electricity generated using solar power Facilities - Upgrade facilities to increase productivity - Replace equipment with leading energy saving models, including air conditioners, refrigeration equipment, LED lightbulbs, and compressors - Upgrade facilities to eliminate CFCs Vehicles - Switch company vehicles to hybrid models - Consider introducing electric vehicles, etc.
		Increase in materials procurement costs following the introduction of carbon pricing	Medium- to long-term	Medium	—	Enhance information gathering
	Market	Decreased coating demand from coal-fired power plants and other power generation facilities that use fossil fuels	Short- to medium-term	Medium	Decrease in sales related to thermal power generation: ¥1.03 billion (down 50% from fiscal 2024*)	Adapt to technology geared toward alternative fuels such as hydrogen, ammonia, and biomass

Category	Type	Details	Timeframe	Impact on Business	Financial Impact Unless indicated, the scenario is 1.5°C to 2.0°C in fiscal 2030	Response Measures
					*The rate of decline in thermal power generation is based on the Japanese government's Strategic Energy Plan	
	Reputational	A loss of reputation among stakeholders, investor outflow and a drop in share price, or rejection of recruitment opportunities due to insufficient response and information disclosure regarding climate change	Short- to medium-term	Medium	—	Enhance and expand management and information disclosure concerning CO₂ emissions Strengthen communication with stakeholders Consider acquiring third party certification to improve the trustworthiness of information disclosure
Physical risks	Acute	Incurring of recovery costs due to damage to plants and operational stoppages caused by disasters such as typhoons, heavy rains, and lightning strikes Production delays and increased costs due to supply chain disruptions	Medium- to long-term	Large	Many of our business sites are located in coastal areas, where potential flood risk damage is higher from storm surges than from other sources, such as river flooding. Event of a flood-class disaster at the six business sites*¹ located in potential storm surge flood areas: Sales loss due to shutdown: ¥6.58 billion*² Damaged facility restoration cost: ¥9.88 billion*³ *¹ Local government hazard maps indicate six business sites located in potential storm surge areas: Nagoya Plant, Head Office, Akashi Plant, Thermal Spraying Technology R&D Laboratories, Kurashiki Plant, and Kitakyushu Plant *² The number of	Formulate disaster plans and consider moving plants in coastal areas that have a high risk of flooding due to rising tides and high waves Counter instantaneous power failures caused by lightning strikes (complete introduction of UPS devices, countermeasures for hydraulic control equipment)

Category	Type	Details	Timeframe	Impact on Business	Financial Impact Unless indicated, the scenario is 1.5°C to 2.0°C in fiscal 2030	Response Measures
					days of shutdown is based on the Manual for Economic Evaluation of Flood Control Investment of the Ministry of Land, Infrastructure, Transport and Tourism *3 Assumption is one flood event will cause 70% of machinery and equipment to fail beyond repair	Strengthen business continuity planning, including measures concerning supply chains
	Chronic	Procurement difficulties and steep price rises due to increasing metal demand amid decreasing extraction volume	Medium- to long-term	Large	Increase in processing material costs: ¥2.63 billion (an increase of 80% of fiscal 2023*) *The rate of price increase for processed materials is based on the market growth forecast for the main metal materials used by the Company	Lower material volume by reducing consumption and improving efficiency (including recycling), pass on price increases
						Monitor fluctuations in suppliers' prices due to changes at mines caused by regulations on materials extraction, including metals
						Pursue customer satisfaction concerning quality by investigating the impact of changes at mines on quality
		Plant damage due to rising sea level	Long-term	Large	(+4°C 2050) Nagoya Plant, which is located in a flood zone, is inundated or much of the neighborhood is under water* Plant relocation cost: ¥1.64 billion *Assumption of a 0.3 meter sea level rise from 2024 to 2050	Strengthening information gathering and flood countermeasures
		Increased impact on employee health due to heat stroke, infectious diseases, etc.	Short- to long-term	Medium	—	Improve working environments using cutting edge air conditioning

Category	Type	Details	Timeframe	Impact on Business	Financial Impact Unless indicated, the scenario is 1.5°C to 2.0°C in fiscal 2030	Response Measures
Opportunities	Technological	Revenue growth through an increase in opportunities to capture new customers driven by the need of customers to adapt to climate change	Short- to long-term	Medium	Revenue increase in environmental energy-related businesses: ¥3.04 billion (an increase of 150% of fiscal 2024)	Develop and market coating technology tailored to customers' GHG emissions reduction efforts (alternative fuels such as hydrogen, ammonia, and biomass, recycling facilities, etc.) Develop and market coating technology tailored to efforts to promote and streamline natural energy power generation (wind power, hydropower, geothermal power, storage batteries, etc.) If raw materials producers switch to renewable energy, showcase our ability to supply customers with coatings that generate zero Scope 3 GHG emissions
	Reputational	Increase in potential orders by encouraging understanding of how coating technology connects to energy saving and GHG emission reductions	Short- to long-term	Large	Revenue increase from repair and revitalization-related businesses: ¥6.55 billion (an increase of 92% of fiscal 2024)	Actively showcase our position as the leading company for thermal spray coating

Short-term:
Within the next five years
Medium-term: To 2035
Long-term: To 2050

Risk management

We have positioned climate change risk as a serious business risk, and it is incorporated into the management of each division. The Sustainability Committee also monitors risk management on a cross-divisional basis. The Board of Directors receives reports on matters such as the results of this monitoring and then deliberates and decides upon company-wide response measures.

The Sustainability Committee meets twice yearly to discuss the progress of KPIs for converting to renewable energy and reducing and improving the efficiency of electricity consumption and to reevaluate risks related to climate change.

Metrics and targets

The Company has set specific indicators and targets related to climate change. The indicators and targets are reviewed by the Sustainability Committee, which is chaired by the president, which then reports them to the Board of Directors for deliberation by the directors and others for final approval. The indicators and targets are considered as important management indicators and are the basis for long-term climate change measures.

Electricity accounts for 85.84% (CO₂ equivalent) of the energy consumed by the Company and the vast majority of our CO₂ emissions.

In October 2021, the Japanese government approved a revision of the Plan for Global Warming Countermeasures that sets target of reducing greenhouse gas emissions by 46% in fiscal 2030 compared to fiscal 2013. Based on this plan, we have set a target for fiscal 2030 Scope 1 and 2 greenhouse gas emissions to be below 54% of the level of fiscal 2013, representing a 46% decrease. We have also set a medium-term target to reduce non-consolidated GHG emission to under 54% by fiscal 2025.

We are also working to increase the waste recycling rate to 40% by fiscal 2025 as a countermeasure for the soaring cost of processing materials due to rising demand for metals and a declining extraction volume.

We are preparing to meet increasing opportunities to secure orders for our coatings by advancing our technological development and engaging in public relations to communicate how our coating technologies help conserve energy and reduce GHG emissions. We have also set targets for fiscal 2050 for order volume in the environmental field, encompassing environmental energy equipment and repaired and refurbished products.

Countermeasure	KPI	Fiscal 2025 goal	Fiscal 2024 achievement	Fiscal 2023 achievement	Fiscal 2022 achievement
Convert to renewable energy, improve efficiency, and reduce electricity consumption	GHG emissions (non-consolidated, Scope 1 and 2)	7,900 t-CO ₂ (Less than 54% of fiscal 2013 emissions)	7,146 t-CO ₂	7,819 t-CO ₂	6,990 t-CO ₂
Improve efficiency and reduce consumption (including recycling) of materials	Waste recycling rate	40%	60.0%	48.6%	33.1%
Advance development of our coating technologies and engage in public relations to communicate how our coatings contribute to client efforts to reduce GHG emissions, conserve energy, and promote the adoption and efficiency of natural energy power generation.	Financial value of orders received in environmental field (1) Environmental and energy equipment (2) Repaired and refurbished products	(1) 2,000 million yen (2) 8,500 million yen Total: 10,500 million yen	(1) 2,033 million yen (2) 7,157 million yen Total: 9,191 million yen	(1) 1,913 million yen (2) 7,229 million yen Total: 9,143 million yen	(1) 1,326 million yen (2) 6,401 million yen Total: 7,727 million yen

Quality management and customer satisfaction

We are aiming to be a company trusted by customers and are striving to provide products and services that satisfy customer requirements.

We also want our business partners to grow alongside us through activities based on our partnerships.

Enhancing customer satisfaction ▼

Quality Policy ▼

Acquisition of ISO 9001 certification ▼

Acquired JIS Q 9100, Nadcap certification (for the aerospace industry) ▼

Enhancing customer satisfaction

Working daily to deliver inspiration to customers

TOCALO ensures customer satisfaction by manufacturing its high added-value coatings under rigorous quality control systems. We aim to provide unique value and build close relationships with our customers by combining this commitment to product quality with our “Good Service” philosophy. We work alongside customers in good faith, including the provision of essential information at every stage from proposal and order acceptance through to delivery and after-sales service.

Our commitment to maximizing customer satisfaction is reflected in both our R&D activities and our quality control systems. In addition to compliance with quality management systems, such as ISO 9001 and JIS Q 9100, we hold QA presentation meetings to showcase the results of our quality control efforts, as well as



Photographs from the exhibition

technology report-presentation competitions to share new research findings. Through these activities, we drive continuous improvement in our technical capabilities and the quality of our products. We are working to optimize product quality under a robust quality assurance structure coordinated by the Quality Management Headquarters under the leadership of a Managing Executive Officer.

TOCALO is constantly exploring the possibilities offered by new technologies in emerging fields. Over the past several years, we have actively exhibited our achievements at trade shows relating to the environment and energy, transportation equipment, semiconductors, the maritime industry*, and various other fields. In fiscal 2024, we exhibited at 12 trade shows. We have also launched a program of mini-seminars designed to inform customers who are unfamiliar with TOCALO technology about the potential of our surface treatments. As a problem-solving company, we will continue working alongside our customers to find solutions to their issues as we pursue initiatives leading to further enhancement of our products and services.

* General term for industries relating to the oceans and seas, including shipbuilding, shipping, and marine equipment.

Exhibits in fiscal 2024

- April: Sea Japan 2024 (combined with Offshore & Port Tech 2024) (Tokyo Big Sight)
- April: 2024 International Welding Show (Intex Osaka)
- June: 36th Manufacturing World Tokyo (Tokyo Big Sight)
- September: 1st Kyushu Semiconductor Industry Exhibition (Marine Messe Fukuoka)
- October: 27th Manufacturing World Osaka (Intex Osaka)
- December: SEMICON Japan 2024 (Tokyo Big Sight)
- January: 39th NEPCON Japan (Tokyo Big Sight)

Etc.



EMPLOYEE VOICES

We are solving environmental issues while building trust with our customers.

Atsushi Nasu
Sales Division/Kanagawa Sales Office,
Tokyo Plant Suzumi Workshop

Energy conservation in power-hungry manufacturing plants has become a major priority for the semiconductor industry amid a growing focus on environmental issues. TOCALO's thermal spray heater technology can deliver heat directly and efficiently to a designated area. By minimizing waste heat, this technology contributes significantly to our customers' energy conservation efforts. The response to this innovation has been very positive, including the emergence of a growing number of new business opportunities.

By providing comprehensive solutions to environmental challenges, we are able to build trust with our customers. This leads to the discovery of new technical needs and business opportunities. While no single technology can address every energy-saving challenge, we are confident that by responding to expectations toward our comprehensive technological capabilities in the semiconductor field and beyond, we can contribute to an expanding range of fields. We will continue to work alongside our clients to build a sustainable society.

Quality Policy

TOCALO quickly formulates and submits product and service proposals using its surface modification technology to fulfill customer needs and continuously improve quality.

1. Create products that fulfill customer quality requirement
2. Clarify and strictly adhere to quality standards
3. Set quality targets and evaluate degree of attainment
4. Continuously improve the quality management system

Acquisition of ISO 9001 certification

All plants have acquired certification.

We continually improve our quality management system in order to improve customer satisfaction and earn social trust through quality assurance.

Status of ISO 9001 certification

ISO 14001-certified plant	Registered date	Registration number	Certified activities
Kitakyushu Plant	Jul. 1998	JQA-2470	Thermal spray processing for industrial machinery parts, equipment parts for the chemical industry, and parts for FPD and semiconductor manufacturing equipment
Tokyo Plant	May 1999	JQA-QM 3344	Surface treatment processing for industrial parts (thermal spray processing and other peripheral technologies)
Akashi Plant	Oct. 1999	JQA-QM 3810	Surface treatment processing for industrial parts (thermal spray processing and other peripheral technologies)
Kobe Plant	May 2003	JQA-QMA 10001	ZAC processing of parts for FPD and semiconductor manufacturing equipment TD processing of insert block molds for automobile forming mold
Kurashiki Plant	Dec. 2011	JQA-QMA 14492	Surface treatment processing for industrial parts (thermal spray processing and other peripheral technologies)
Nagoya Plant	Nov. 2017	JQA-QMA15690	Surface treatment of parts for general industrial and aerospace industries (thermal spraying)

Quality control system

Process	Implementation items	Certified activities
Considering orders	• Interviews • Review of customer requirements • Preliminary verification test	• Gathering information through interviews to realize customer requirements • Analysis of the use environment for each customer • Proposal



Process	Implementation items	Certified activities
Orders (processing instructions)	Processing directives • Drawing • Purchase specifications	• Input customer requirements into processing directives (attachment of drawings, purchase specifications, etc.)



Process	Implementation items	Certified activities
Manufacturing	• Incoming inspection • Purchasing process control • Manufacturing process control • Shipment inspection	• Incoming inspection (prevention of non-conforming parts and materials into the manufacturing process based on source management) • Purchasing management (purchase of conforming products from selected suppliers) • Manufacturing process (management of individual processes based on 5Ms to provide stable product quality) • Shipment inspection (provision of products that meet customer requirements)



Process	Implementation items	Certified activities
Shipment	• Traceability management	• Management of process history by product identification



Process	Implementation items	Certified activities
After-sales service	• After-sales follow-up	• Quality surveys of tie-ups in engineering, manufacturing and sales by visiting customers • Sincere response to customer complaints

Acquired JIS Q 9100, Nadcap certification (for the aerospace industry)

The Nagoya Plant has acquired certification for the aerospace industry.

JIS Q 9100 was established to manage the quality of aerospace defense products, which requires advanced quality control. To satisfy requirements specific to the aerospace industry, the Nagoya Plant acquired certification in November 2008. The Akashi Plant was also certified in 2014, but the aircraft-related work was consolidated at the Nagoya Plant, and the certification was returned at the end of March 2020.

Nadcap is an international certification system under which the Performance Review Institute (PRI), an NPO in the United States, reviews special process operations in the aerospace and defense industry.

JIS Q 9100 and Nadcap certification

	ISO 14001- certified plant	Registered date	Registration number	Certified activities
JIS Q 9100	Nagoya Plant	Nov. 2008	JQA-AS 0044	Surface treatment of aerospace components (thermal spraying)
Nadcap		Mar. 2014	9676204446	Surface treatment of aerospace components (thermal spraying)



The TOCALO Group respects the human rights of all employees, business partners, and stakeholders and is committed to eliminating and preventing discrimination and harassment.

The Company complies with the minimum wage regulations of each country and region, and our Guidelines for Corporate Ethical Behavior state our obligations to employees and commitment to promoting their efforts to achieve their full potential and self-fulfillment.

Working conditions at TOCALO comply with and exceed standards set forth by laws and regulations.

Respect for human rights

TOCALO Group Human Rights Policy

The TOCALO Group is a company that sincerely and creatively promotes sound business activities and contributes to creating a flourishing society. The Corporate Code of Conduct stipulates ethical standards that all Group officers and employees are expected to follow.

The Code of Conduct states the Group's basic policy on human rights is to respect for basic human rights, prohibit discriminatory treatment and child and forced labor, and foster a workplace culture that recognizes diversity and individuality.

[*Corporate Code of Conduct](#)

In accordance with the Code of Conduct, the TOCALO Group Human Rights Policy clearly states the Group's responsibility to uphold human rights. The Group recognizes that any of its business activities has the potential to directly or indirectly infringe human rights. The president and chief executive officer are responsible for efforts to ensure human rights are respected for all people involved in its business activities.

1. Respect for human rights

The Group respects internationally recognized human rights as stipulated in the International Bill of Human Rights and the International Labor Organization Declaration* on Fundamental Principles and Rights at Work. The Group complies with applicable laws and regulations in the countries and regions where we conduct business activities in accordance with the United Nations Guiding Principles on Business and Human Rights.

We respect the internationally recognized human rights when a contradiction exists between internationally recognized human rights and the laws and regulations of a country or region.

*Includes support and respect for core labor standards for the abolition of child labor, elimination of forced labor, elimination of discrimination, and recognition of freedom of association and the right to collective bargaining.

2. Scope of application

The Human Rights Policy outlines the Group's responsibility to implement measures to respect human rights and applies to all officers and employees of the Group. The TOCALO Group expects all of its business partners to follow the policy.

3. Human rights due diligence

The Group maintains a system for conducting human rights due diligence and identifies and takes steps to prevent and minimize actual and potential human rights infringements in the Group's business activities and value chain.

The Group also appropriately discloses information about our human rights measures and their progress on our website and via other means.

4. Correction and remedy

If it becomes clear that a Group business activity has directly or indirectly caused, promoted, or been involved in a human rights infringement, we will take appropriate internal and external steps to correct and remedy the situation. We will additionally develop effective corrective and remedial mechanisms.

5. Dialogue and discussion with stakeholders

The Group will engage in dialogue with various stakeholders about ways to improve its efforts to respect human rights based on Human Rights Policy.

6. Education and training

We will provide Group officers and employees with appropriate education and training to ensure the Human Rights Policy is taken into consideration and effectively put into practice in all of our business activities.

June 23, 2023

Kazuya Kobayashi

President and CEO, Representative Director

TOCALO Co., Ltd.

Identifying and assessing adverse human rights impacts

The Group has established a structure for human rights due diligence and enforcement based on the United Nations Guiding Principles on Business and Human Rights. As a first step of enforcement, in fiscal 2023 the Group identified and prioritized action on potential human rights issues for each business activity.

Human rights risk identification procedure

1. Organize potential business-related human rights issues with reference to the Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, ILO International Labor Standards, SA8000 Standard, Guidelines on Respecting Human Rights in Responsible Supply Chains, and related practical materials.
2. Assess the severity and likelihood of each risk based on internal interview meetings to determine the awareness level of human rights risks; recommendations and requests from NGOs and other organizations; risks considered important by other companies in the industry and leading companies in Japan; and investigations and media reports on human rights issues.
3. Discuss the risks with external experts
4. Review the risks at Sustainability Committee meetings and identify priority risks (approved at the March 2024 Board of Directors meeting)

Human rights risk assessment method

1. Set five general risk categories of occupational safety and health, discrimination, community, information management, and intellectual property, and 28 risk scenarios.

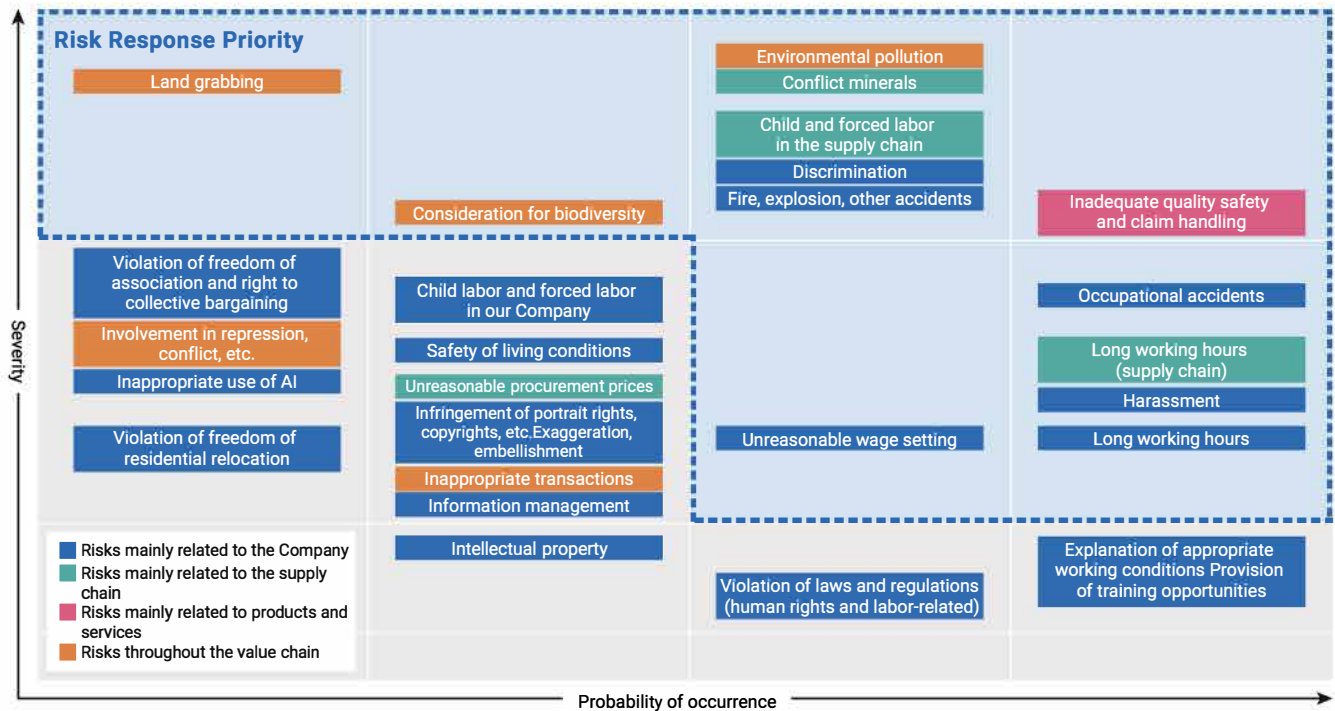
Category	28 risk scenarios
Occupational safety and health	Poor working conditions, occupational accidents, rights violations and restrictions, child labor, forced labor, law and regulation violations
Discrimination	Sex/gender, origin, nationality/ethnicity, ideology/beliefs, medical history/health (including pregnancy), physical/mental disability, employment status, discriminatory language, other
Community	Planning and technology development, raw material procurement, manufacturing and processing, public relations, sales and after-sales service, disposal
Information management	Inappropriate use, data leak, legal violations, security, technology/AI
Intellectual property	Proper compensation, inappropriate use

- Evaluate and analyze the risks and create a risk map based on (1) severity* and (2) probability of occurrence

* Based on the scale and scope of the human rights violations and the difficulty to remedy the situation

- Prioritize addressing high severity risks; when multiple risks of equal severity exist, prioritize by probability of occurrence

Human rights risk map



Human rights due diligence initiatives

We conducted a survey about human rights violations to gain a better understanding of the current situation within the Group with regard to the priority risks that we have identified. We plan to use the results of this survey as the basis for internal training activities with a focus on issues that are less widely recognized as human rights violations. In addition, we have formulated the “Sustainable Procurement Guidelines” and distributed them to our suppliers. Going forward, we plan to conduct regular self-assessments to monitor progress on these initiatives.

Other measures

Eliminating discrimination

The Compliance Handbook expressly stipulates that the company shall respect the fundamental human rights of employees and shall not discriminate against or harass individuals for reasons unrelated to the performance of one's duties. This includes race, nationality, ethnicity, beliefs, religion, age, sex, sexual orientation, physical characteristics, presence or absence of disability, internal position, type of employment, property, place of origin, marital status, or any other reason that may harm the dignity of the individual. Furthermore, instructions have been given stating that reasons unrelated to the performance of duties cannot be made selection criteria during the new hiring of employees.

- **Percentage of employees with disabilities**
2.88% (non-consolidated, end of March 2025)

Equal pay for Equal work

Based on our policy to implement fair and equitable treatment, we comply with relevant laws and regulations and ensure equal pay for equal work.

Employee consultation desk

Consultation services concerning compliance violations, including harassment, are available internally and externally (third parties). The consultation services cover a broad range of issues, including mental health issues and employee opinions and requests.

Internal education

We actively seek to increase employee awareness of human rights through compliance training (e-learning) for our employees. We have achieved a 100% participation rate for these activities. The training is designed to provide all employees with basic knowledge of the UN Guiding Principles on Business and Human Rights, human rights policy, and approach to respect for human rights. We also regularly conduct training on harassment prevention and corporate ethics awareness.

Proper relations between management and labor

The Company facilitates relations between management and labor and promote its business by holding discussion meetings between company and labor union executives attended by company executives and labor union leaders about six times a year. At the meetings, the Company regularly explains its business plans, performance, and organizational reforms, and holds discussions with the intention of improving the work environment and treatment of employees.



Human resource development

TOCALO has identified cultivating and activating diverse human resources as a material priority in terms of achieving sustainable growth. We respect diverse perspectives and values and conduct ability-based recruitment of human resources focused on capabilities and achievements, irrespective of gender or nationality. In addition to human resource development, we also strive to create workplace environments where employees can express their individuality and capabilities while enjoying their work.

Please see the "[Long-term vision and materiality](#)" page for more information about our material issues.

Human resource development

The people we seek

We seek individuals who will embody our corporate mottos of Technology & Ideas, Youth & Passion, Harmony & Reliability, and Good Service and seek to take them to a new level.

Human resource development policy

We aim to be the best partner for our clients by creating value with our surface modification technologies. To achieve this, we must cultivate personnel with the ability to work autonomously in the four key areas of reinforcing our market development, reinforcing our technological development, enhancing the sophistication of our manufacturing, and realizing sustainable growth to become a 100-year company. We accordingly provide various growth opportunities to employees to bring out their potential and motivation and support the advancement of their careers.

Human resource development policy

1. Improve proposal-based sales capabilities to provide optimal solutions

We strengthen our proposal-based sales capabilities so we can provide optimal solutions to diverse customer needs. We do this by providing employees with opportunities to join projects in our priority fields and our conference where employees give presentations about actual business case examples so they can expand their specialized knowledge and learn from actual application cases.

2. Encourage ingenuity in manufacturing and solidifying our foundation (personnel development)

We encourage thinking creatively about ways to improve manufacturing efficiency so we can both provide coatings designed to individual customer specifications and increase our production capacity. One of the ways we do this is through initiatives to improve manufacturing, including holding QA-presentation competitions. We also have mechanisms (personnel development) to ensure work processes are performed according to specifications and procedure manuals, which are overseen and supervised by a foreman.

3. Continuously enhancing quality control

A quality management system is of fundamental importance to our business because of the extreme difficulty confirming the quality of a coating after it has been applied. To maintain strict control of the coating application process, we encourage employees to obtain skills that will further improve our quality control systems, including earning quality control certification (QC Kentei) and non-destructive inspection engineer qualifications.

4. Cultivate a corporate culture with a flexible approach to technology development

The technology report presentation competitions and technical conferences we hold for employees are events that embody our Technology & Ideas motto. We foster a corporate culture that creates enthusiasm for technological development and flexible thinking unbound by pre-existing concepts.

5. Provide digital education and selecting DX human resources

Digitalization and DX are important to improving the productivity and quality of all operations. We are implementing digital education to raise the digital literacy (the ability to understand and use it) throughout our organization. We are also selecting and training individuals as DX human resources who can use data and digital technology to lead to innovation.

6. Cultivate strategic thinking by broadening perspectives with a global experience program

We are launching a new global experience program to develop human resources who will lead not only our global expansion but also for our corporate development in the long term. The program is intended to broaden the perspectives and nurture the strategic thinking of highly motivated employees.

KPIs for human resource development (non-consolidated)

Item	KPI	FY2025 target	FY2024 result	FY2023 result	FY2022 result
Encourage ingenuity in manufacturing and solidifying our foundation (personnel development)	Number of certified technicians (total)	240	241	231	226
Continuously enhancing quality control	Number of people passing QC certification tests (total)	60	116	91	49
	Number of qualified non-destructive testing engineers (total)	25	25	20	18
Cultivate a corporate culture with a flexible approach to technology development	Number of external presentations (academic society presentations, research papers, commentary articles)	25	20	21	28
Overall	Education expense per employee	¥80,000	¥66,000	¥75,800	¥63,200

Human resource programs (non-consolidated)

	Young employees	Mid-career personnel and professionals	Management level
Market development and services	Business case presentation meetings		
	Salesperson development training		
	Focus area projects and working groups		
Technology development	Joint development with customers, industry-academia-government collaboration		
Manufacturing and quality	Technical Report Presentation Competition	Technical meetings	
	QA-presentation competitions (improvement initiatives)		
	Thermal spraying/machining/metal heat treatment technicians		
		Technical specialist system	
	Quality management system (quality meetings)		
	QC testing, non-destructive testing engineer qualifications		
Management	Global experience system		
		New supervisor training	Training for newly appointed managers
		Management candidate development training	Deputy general manager training
Foundations	New employee training	Senior training / Instructor training	
	Second- and fifth-year training	Career planning training	
Reskilling	Digital training		
	Compliance training		
	Information security training		
	Diversity training		
	E-learning (self-development)		

Global experience program

Fiscal 2025 was our third year of activities under the global experience program, which TOCALO first introduced in fiscal 2023. The goal of this program is to train people who bring global perspectives to strategic business development in Japan or overseas. Participation is voluntary and open to all employees. A total of 13 people were enrolled as of fiscal 2025.

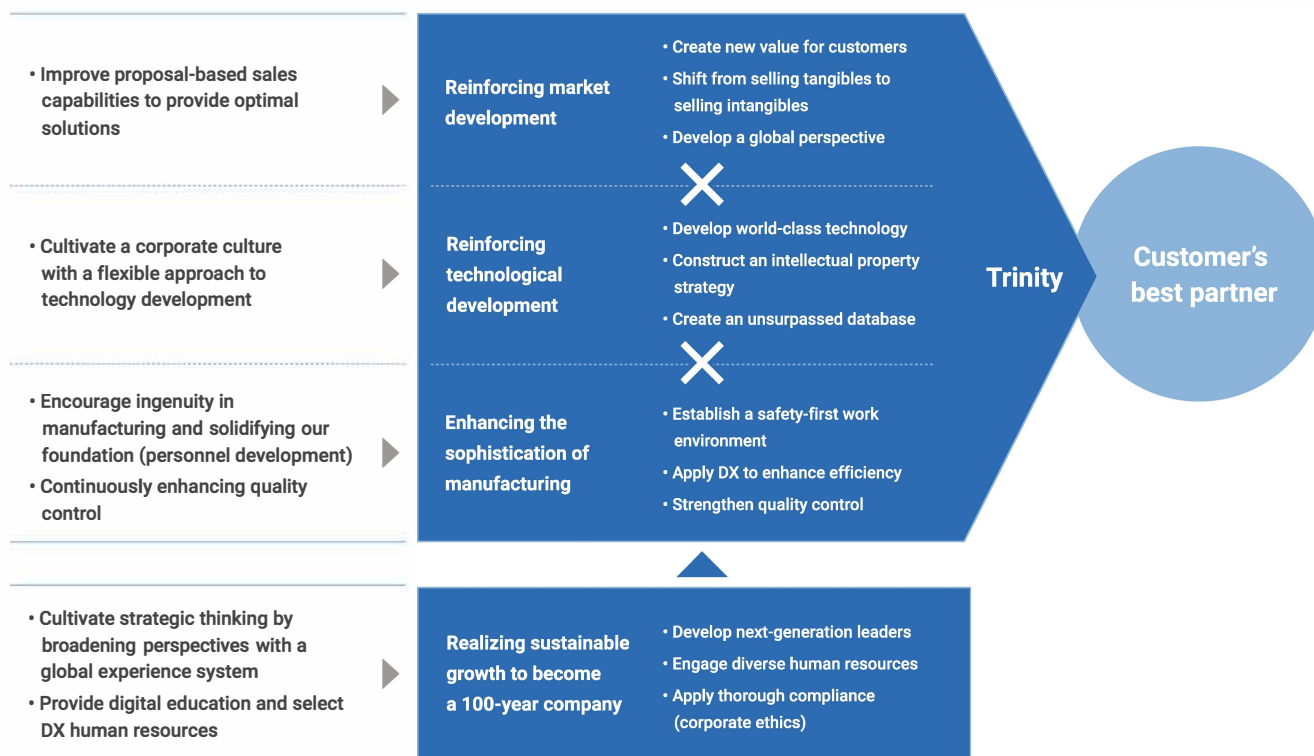
Participants deepen their understanding of global business through approximately one year of training with TOCALO divisional general managers acting as instructors. For employees who are motivated to achieve personal growth and take on the challenge of overseas business, the program offers an opportunity to build knowledge and experience. Alumni apply the experience that they gain through the training to their work activities. They also develop broader perspectives and achieve growth as business people with global skills.

Provide digital education and selecting DX human resources

Digitalization and digital transformation (DX) have become vital tools for improving productivity and quality across all of our business activities. We see the improvement of employees' digital literacy and their ability to use data in their work as vital to TOCALO's future competitiveness. We therefore provide extensive digital education opportunities on a company-wide basis to enable employees to understand and use digital technology. We have also prioritized the training of digital talent who can use data and digital technology to create new value and drive business transformation and innovation. We have established a cross-organizational problem-solving structure centered on DX promotion core members selected through a company-wide open recruitment process, and DX promotion team members chosen from candidates at each business site. The DX promotion team is now working on various priorities, including the realization of our smart factory concept, which involves factory automation and labor-saving measures, and the use of AI and IoT systems to streamline business processes and reduce energy consumption.

Investment in human capital

Our human resource development policy is to actively invest in developing and strengthening the human resources we need to become the best partner for our customers. TOCALO Co., Ltd. invested a total of ¥70 million, or ¥66,000 per employee, in employee education in fiscal 2024.



¥70 million education investment in FY 2024 (non-consolidated)

Creating a comfortable work environment

Work environment policy

We will maintain a comfortable work environment for all employees so that they can express their individuality and abilities and achieve harmony between their work and private lives.

Work environment principles

1. Foster corporate culture with psychological safety

Foster an open corporate culture where all employees feel comfortable expressing their opinions and feelings and where everyone is supportive of taking on challenges.

2. Maintain and improve a comfortable work environment, including health and safety

We ensure employee workplace safety and health in accordance with the Labor Standards Act and the Industrial Safety and Health Act and strive to maintain a clean, functional, and people-friendly working environment.

Please see [Occupational safety and health](#) for details.

3. Provide equal-opportunity career advancement and merit-based evaluations

We actively employ human resources with various attributes (nationality, age, presence or absence of disabilities) who can feel motivated to work to their full potential. We promote the active participation of women. We provide equal opportunity for career advancement and merit-based evaluations.

Please see [Diversity Promotion Activities](#) and [Human resource development](#) for details.

4. Support employees balancing work with childcare and nursing care

We provide career assurance to employees who are raising children or providing nursing care by offering and disseminating information about our temporary leave, holidays, shortened work hours, and other programs. We also take steps to maintain the understanding and cooperation of superiors and others in the workplace.

Please see [Supporting work-life balance](#) for details.

5. Create a workplace environment allowing flexible work styles and healthy work activity

We strive to provide and develop flexible work structures (work locations, hours) and to create a work environment where employees can physically and mentally work in a healthy manner. We believe that a flexible and healthy work environment improves productivity and enables work-life balance.

Please see [Supporting work-life balance](#) for details.

6. Provide learning opportunities and establish an award program

We provide a variety of learning opportunities for employees to improve their work skills and advance their personal development. We also created an award system to stimulate employee motivation.

Please see [Human resource development](#) for details.

KPIs for work environment (non-consolidated)

Item	KPI	FY2025 target	FY2024 result	FY2023 result	FY2022 result
Maintain and improve a comfortable work environment, including health and safety	Rate of frequency of occupational accidents	Target is zero	2.36	2.06 (Including dispatched employees)	1.80 (Not including dispatched employees)
	Severity rate of occupational accidents	Target is zero	0.031	0.10 (Including dispatched employees)	0.03 (Not including dispatched employees)
Equal career opportunity and merit-based evaluations	Percentage of female full-time employees	13%	12.5%	12.2%	11.0%
	Percentage of female managers	5%	3.9%	2.1%	2.3%
Support balancing work and childcare/nursing care	Percentage of male employees taking childcare leave	90%	61.9%	82.8%	68.0%

Please see the section [ESG data](#) for data on human resources.



VOICE

Building better working environments, starting with the creation of a positive atmosphere

Kozue Nakamura

Production Department 2, Production Division, Kitakyushu Plant

As a female employee, I feel that TOCALO provides a comfortable working environment. I attribute this to the consideration and understanding shown by many of my male coworkers.

This comfortable work environment produces some very positive effects and enhances both our production efficiency and sense of unity as a team. To improve our working environment, we need to speak up about problems and things that we want to change. I am helping to promote diversity in our workplace by creating posters and cards to raise awareness about the childcare and nursing care leave systems. Through initiatives such as these, we are building an environment where every employee feels confident about expressing themselves, and a growing number of people are choosing to take childcare or nursing care leave. I feel that our culture of mutual understanding enhances the benefits of these efforts.

For these reasons, we emphasize reporting, communication, and consultation in the workplace. We also place a high value on greeting, conversing with, and expressing gratitude to everyone, regardless of age or gender. My workplace has a large number of female employees, and I feel that we have achieved a high degree of teamwork and collaboration. Creating the right sort of atmosphere in the workplace is an important part of enabling everyone to thrive, so I always try to take the initiative in speaking to people and promoting positive communication.



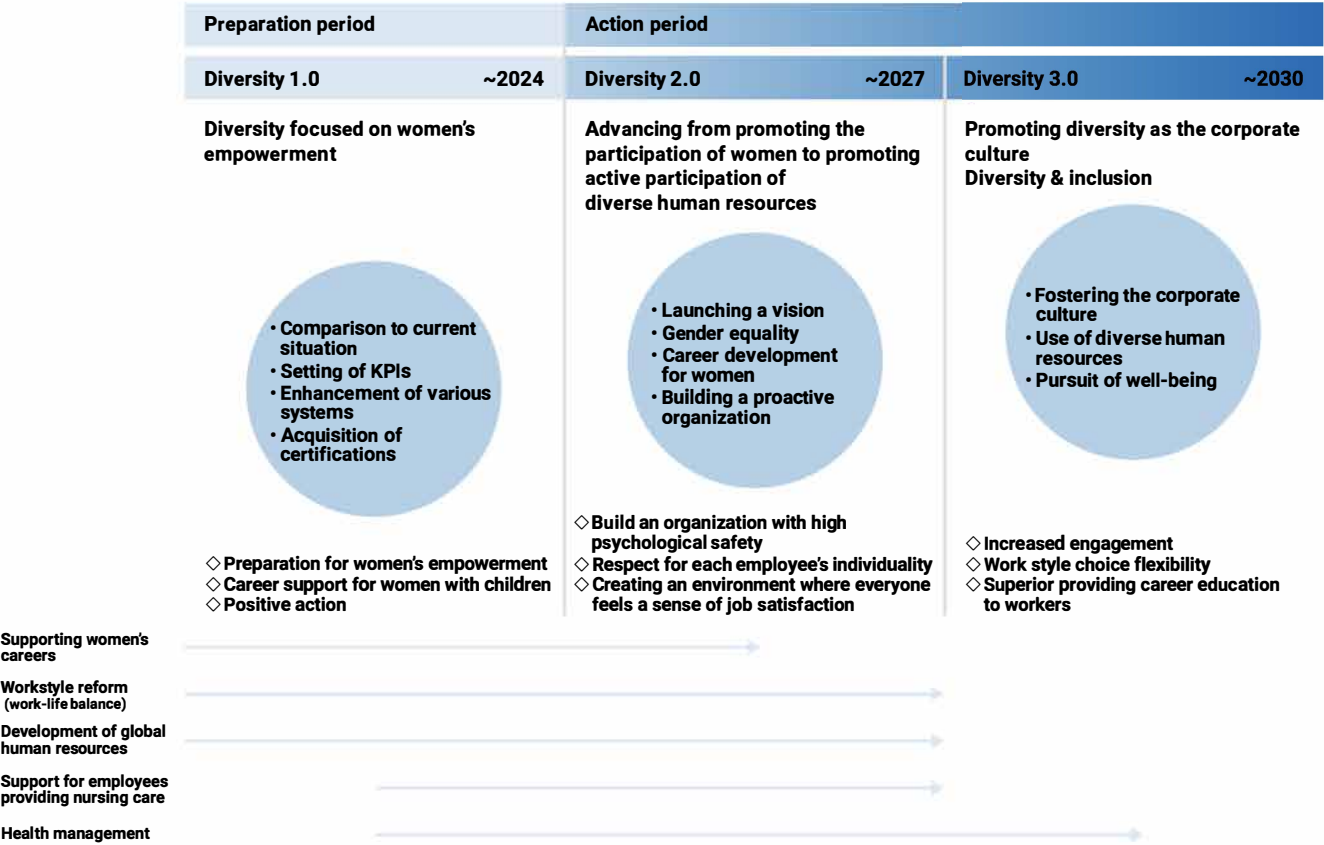
TOCALO has set “Cultivating and actively engaging diverse human resources” as a material issue (materiality) for our sustainable growth. We also provide employee training and an internal work environment where employees can actively express their individuality and abilities. Company executives meet with labor union representatives once a month, in principle, to further ensure that work conditions comply with laws and regulations as well as to discuss ways to realize a comfortable working environment.

Please see the “[Long-term vision and materiality](#)” page for more information about our material issues.

Approach to promoting diversity
Promotion of diversity
Objectives
Diversity promotion initiatives
External evaluations

Approach to promoting diversity

Vision for 2030: A workplace where everyone feels job satisfaction and individuality shines



Promotion of diversity

Our objective is to be a company where diverse human resources can work energetically and rewardingly. We established the Diversity Promotion Committee in July 2020 to actively lead our diversity activities. Under the direct control of the president, the committee includes members of various genders, ages, and company responsibilities who gather information and engage in constructive discussion for improving diversity in the Company.

To further advance our initiatives, we established the Diversity Promotion Division in February 2022. The Diversity Promotion Committee and Diversity Promotion Division work with labor unions to advance various activities related to diversity, including implementing measures related to our material issue of promoting the advancement of women in the workforce and to creating a workplace that emphasizes job satisfaction.



Goal

To realize the Vision (Goal for 2030) and fulfill the mission of the medium-term management plan, we have set KPIs associated with our priority material issues (materiality). The following goals have been set for diversity.

KPI	Definition	Fiscal 2025 goal	FY2024 result	Fiscal 2023 achievement	Fiscal 2022 achievement
Ratio of female full-time employees	No. of female full-time employees ÷ total no. of full-time employees x 100	13%	12.5%	12.2%	11.0%
Ratio of female managers	No. of female managers ÷ total no. of managers x 100	5%	3.9%	2.1%	2.3%
Ratio of men taking childcare leave	No. of men taking childcare leave ÷ no. of men eligible for childcare leave x 100	90%	61.9%	82.8%	68.0%

Please see the section [ESG Data Collection](#) for data on human resources.

Please see [this page](#) for more information about our medium-term management plan.

Diversity promotion initiatives

Advancement of women in the workforce

We publish a General Employer Action Plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace.

General Employer Action Plan based on the Act on Promotion of Female Participation and Career Advancement in the Workplace (Japanese Only) 

The General Employer Action Plan under the Act on the Promotion of Women in the Workplace (excerpt)

Goal 1	Hire at least 20% women among new graduates each year Main initiatives: Increase PR activities aimed at female students and create a work environment where women can play an active role
Goal 2	Raise the percentage of female management to a minimum of 5% Main initiatives: Provide career development training for female employees and unconscious bias training for managers
Goal 3	Facilitate balancing professional and personal life Main initiative: Create a support system, such as flextime and telework, for employees needing workstyle flexibility

We are actively promoting the participation of female employees, and, in line with the action plan of the Act on the Promotion of Women in the Workplace, we have set a KPI of increasing the percentage of women in management positions to 5% by the end of fiscal 2025.

To nurture future leaders among our female employees, we are focusing on developing management candidates through training programs designed to cultivate a management perspective, such as skill improvement training and a program of temporary management positions where participants build experience guided by managers in other departments. We have also introduced regular training for all employees and diversity training for managers in an effort to raise awareness and eliminate unconscious bias. In addition, to provide conditions to best retain and support the success of women and a diverse workforce, we are enhancing our systems for improving the work conditions, including improving the workplace environment, providing paid childcare and nursing care leave, introducing hourly-based paid leave, and extending the shortened working hours system for childcare to cover all of the elementary school years.



Female Employee Forum*



Note: Career planning and network building for female employees

Employment of senior human resources

In April 2022, we raised the mandatory retirement age from 60 to 65. Raising the retirement age boost the morale of veteran employees and increased the overall vitality of the workplace. Retaining senior human resources allows them to continue activating the high-level expertise gained from their long careers and share techniques with younger personnel, helping to cultivate future generations. Leveraging the expertise of senior human resources enhances our manufacturing capabilities and will further strengthen our competitiveness.

Hiring of foreign nationals

TOCALO hires individuals based on experience and skill regardless of race or nationality. Our recruitment activities are designed to provide equal opportunity to all applicants and no special circumstances are provided to foreign nationals. When a foreign nationals is hired to work in Japan, we support the acquisition of work visas, sponsor residence (with conditions), and other necessary procedures.

Hiring of people with disabilities

As of March 31, 2025, persons with disabilities represented 2.88% of our workforce, which is above the 2.3% statutory employment rate. We consider the employment of persons with disabilities as an important contribution to the Company's vitality and provide an environment that supports active engagement by persons with various disabilities. We will continue to provide support and opportunities to maximize the power of each individual.

Enhancement of work-life balance

We publish a General Employer Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

General Employer Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children (Japanese Only)



Our General Employer Action Plan under the Act on Support for Raising Next-Generation Children

Goal 1	Increase the use of paid leave to 70% Main initiatives: Increase understanding of paid leave eligibility and promote its usage
Goal 2	Increase male employee use of paid childcare leave to 90% Main initiatives: Continue conducting childcare leave interviews with supervisors present, provide information to ensure all employees are aware of paid childcare leave

We help employees maintain a healthy work-life balance by promoting labor and management efforts to reduce long working hours and encouraging employees to take annual paid leave, including refreshment leave, with the intention of creating an environment where employees can carry out their jobs in a way that is comfortable for them. With more women joining the workforce, we are supporting individuals seeking to maintain a professional career while raising children by encouraging the use of childcare leave and fostering a work environment that accommodates health management during pregnancy and after childbirth. We also consider male participation in childcare to be essential to promoting and understanding diversity, and accordingly provide partially paid leave to encourage all eligible employees to use childcare leave. While expanding our workstyle flexibility, we are also seeking to raise workplace awareness and change the workplace culture. This includes a program to raise awareness about employees who are working while also providing nursing care to a family member. We introduced a nursing care leave program for up to 183 days and with up to five days of paid nursing care leave per year. In addition, in March 2023, we introduced infertility treatment leave, with eligibility conditions, to support employees undergoing infertility treatment.

Eruboshi Certification

Eruboshi Certification is a system to recognize companies providing work environments conducive to women demonstrating their full capabilities as evaluated in the five categories of employment, continued length of employment, working hours and work styles, percentage of management positions, and diverse career paths. TOCALO fulfilled all five certification criteria and received the highest rating of 3 stars on June 11, 2024.

Kurumin Plus Certification

To be a company with a diverse and enthusiastic workforce, the Diversity Promotion Committees at each worksite are leading efforts to strengthen our employee support programs, such as for people balancing childcare and work, and to encourage male employees to take childcare leave. In March 2023, we introduced a leave program to support employees undergoing infertility treatment and ran programs to promote awareness and understanding of infertility treatment. These efforts earned us Kurumin Plus certification on June 7, 2023 as a company supporting employees who are balancing work with raising children and infertility treatment. We were the first company in Hyogo Prefecture to earn the certification.

Please see [this page](#) for more information about our medium-term management plan.



At TOCALO, we are committed to the upkeep and improvement of a facilitative work environment where employee health and safety is an important consideration.

In addition, we are committed to achieving zero occupational accidents and are working to create safe work environments where employees can work with greater comfort and peace of mind.

Occupational safety and health

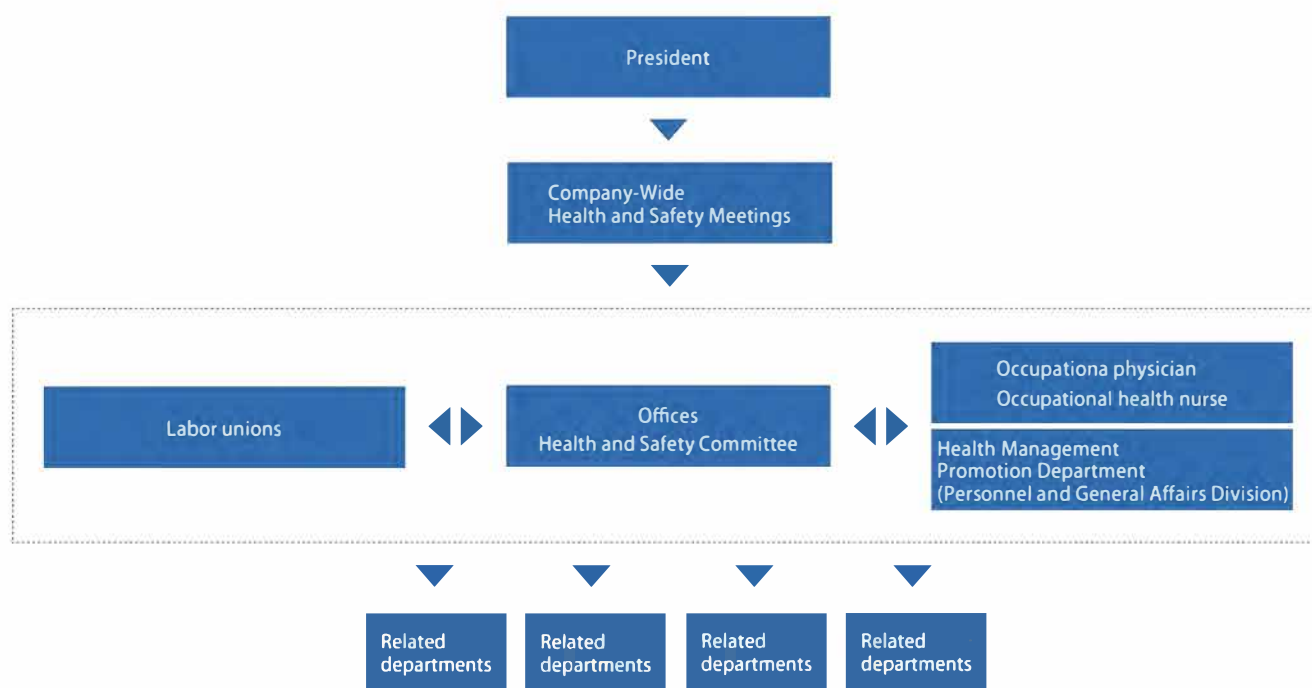
2025 safety and health policy

TOCALO's safety and health policy is based on the principle that "safety takes precedence over everything." Under this policy, we comprehensively identify and mitigate risks by implementing risk assessment activities, while maintaining and improving work environments and eliminating accidents and injuries by prioritizing safety and health and working to safeguard and enhance the health of all employees. We will strive to create a bright and rewarding workplace through the following measures.

1. Complying with laws and regulations related to safety and health related to our business and relevant internal regulations
2. Communicating with all employees, systematically carrying out occupational health and safety activities (inspections, patrols, health and safety education, and work environment surveys) with the participation of all employees, with the aim of raising safety and health awareness
3. Aiming to reduce risk factors for accidents and serious incidents by carrying out risk assessments and analyzing occupational accidents and near misses, by increasing visualization through the 5S cycle, by applying the JIS Q 45100 standard, and by implementing workplace improvement activities
4. Prioritizing health management and mental health so that employees can enjoy good physical and mental health
5. Thoroughly providing health & safety education for new employees beginning when they join the company
6. Promoting the safety activities of on-site partner companies and subcontractors

Occupational Health and Safety Management System

TOCALO maintains an occupational health and safety management system headed by the president and dedicated to providing a comfortable and safe work environment. Safety and health committees at each business site meet each month to assess workplace risks and provide feedback to employees on the assessment results. Risk information issued by the committee is shared at Company-wide health and safety meetings headed by the General Manager of the Production Headquarters. The Company also works with each business site, the Health Management Promotion Department, labor unions, occupation health nurses, and external experts (occupational physicians) to raise employee safety awareness and continuously improve health and safety conditions.

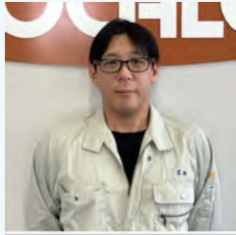


Industrial safety and health initiatives

We strive to maintain and improve a comfortable work environment that gives consideration to safety and health, as well as enhance various systems related to welfare in compliance with the Labor Standards Act and the Industrial Safety and Health Act. Parallel to this, each business site has established its own measures to ensure safety and minimize damage in the event of an occupational accident. The Company makes concerted efforts to prevent occupational accidents and vigorously promotes safety and health measures.

Specifically, we hold monthly meetings of occupational safety and health committees, where advice is obtained from external experts (industrial physicians) regarding health issues and safety and health matters. We also carry out regular safety patrols to address any risk factors that could cause accidents or serious incidents.

Effort is also made to raise safety awareness by providing education centered on safety education to new employees entering the Company that is and focusing on foreman training that is based on guidance from external consultants.



VOICE

Cultivating a workplace safety culture that prevents accidents and injuries

Kenichi Ishii
Kobe Plant

As the safety officer and health manager at the Kobe Plant, I am responsible for day-to-day health and safety measures. While practices such as pre-work hazard prediction and near-miss reporting are important, they tend to become routine and lose freshness over time. I am therefore prioritizing the planning and implementation of projects that will generate interest. For example, during National Safety Week, which is held each year from July 1 to 7, we carried out workplace hazard prediction activities at different workplaces than usual. This brought freshness to the activities and resulted in new insights.

When working to prevent occupational accidents, I focus in particular on developing our workplace safety culture. In the past, we tended to be a little lax in certain respects, such as wearing protective gear and following work procedures. However, we have now firmly established a culture of reciprocal checking for compliance, regardless of rank. This might seem trivial, but I see it as progress toward the development of our safety culture.

We cannot make progress on health and safety initiatives without the participation of all employees. I want us to move forward toward the elimination of accidents and serious incidents by encouraging all TOCALO employees to participate actively by sharing ideas and engaging in dialogue.

Initiatives to create a comfortable work environment

In recent years, summer heat has become increasingly severe, and temperatures at manufacturing sites have been higher than before, increasing stress on employees. The higher the temperature gets, the greater the risk of heat stroke becomes, so this could adversely affect the health of our employees. To prevent such risks, we are firstly improving our air-conditioners. Air-conditioners are installed at most of our flat panel display (FPD) and semiconductor processing plants (FPD and semiconductors make up just over 50% of total sales), and we are actively introducing them at other worksites as well. Measures other than air-conditioning are implemented at sites as required, such as exhausting hot air and steam generated in operations to the outside, reducing outdoor heat input through the use of heat-shielding coating, and installing large-scale air blowers. In addition, for personnel, we are promoting rehydration and salt supplementation with salt candies, installing spot coolers, and introducing air-conditioned clothing. With these measures in place, many of the workers at sites say that the work has become easier, which has also led to more efficient work.

In recent years, we have also started to prioritize automation and the use of IoT technology in our manufacturing processes. By partially automating manual tasks, we can both reduce workloads and the risk of injuries or accidents. The safety of our employees is our number one priority, and we are taking the necessary actions in each workplace in line with our commitment to creating clean, functional, and people-friendly working environments.

However, there are some sites where countermeasures are not yet sufficient, and further improvements are necessary. We will continue to consider the safety of our employees and implement measures geared to conditions at each worksite.

Initiatives to prevent occupational accidents

TOCALO is thoroughly committed to a safety-first policy and aims to achieve zero occupational accidents.

In fiscal 2024, the Company recorded 14 occupational accidents (0 fatalities, 6 lost-time accidents).

When a work-related accident occurs, we immediately disseminate the information to all worksites. The Group safety and health meetings investigate the causes and discuss countermeasures, which are then horizontally implemented at all worksites.

Our activities to prevent accidents before they occur includes sharing information at the Group safety and health meetings about injury accidents as well as about near-miss and other incidents that had potential to lead to serious accidents.

Type of accident		Incident status					
		Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Occupational accidents	Employees who missed work because of injury or illness	—	5	1	3	5	6
	Number of days	—	48	1	43	245	79
Fatalities		—	0	0	0	0	0

Occupational health and safety management system

All of our business sites have acquired and are operating under ISO 45001:2018 certification (the international standard for occupational health and safety management systems) and JIS Q 45001 certification, which has additional requirements for daily health and safety activities.

We are constructing a safe and healthy work environment by conducting risk assessments aimed at reducing and controlling safety and health risks and by supervising compliance with laws and regulations.

We are promoting the acquisition of ISO 45001 certification, and 28.6% of the consolidated Group have currently obtained certification.

Please see the [ESG Data Sheet](#) for Group company ISO 45001 status.

ISO 45001 and JIS Q 45100 certification status

Plants with certification	Registered date	Registration number
Kitakyushu Plant	March 2019	ISO45001:JISHA-O-102
	March 2024	JQA-OH0290
Nagoya Plant	December 2023	ISO45001:JISHA-O-105
	December 2023	JISQ45100:JISHA-105
Kobe Plant	December 2023	ISO45001:JISHA-O-104
	December 2023	JISQ45100:JISHA-104
Kurashiki Plant	January 2024	ISO45001:JISHA-O-111
	January 2024	JISQ45100:JISHA-111
Akashi Plant	September 2024	ISO45001:JISHA-O-122
	September 2024	JISQ45100:JISHA-122
Thermal Spraying Technology R&D Laboratories	November 2024	ISO45001:JISHA-O-124
	November 2024	JISQ45100:JISHA-124
Tokyo Plant Suzumi Workshop	January 2025	ISO45001:JISHA-O-129
	January 2025	JISQ45100:JISHA-129
Tokyo Plant Gyoda Workshop	January 2025	ISO45001:JISHA-O-130
	January 2025	JISQ45100:JISHA-130

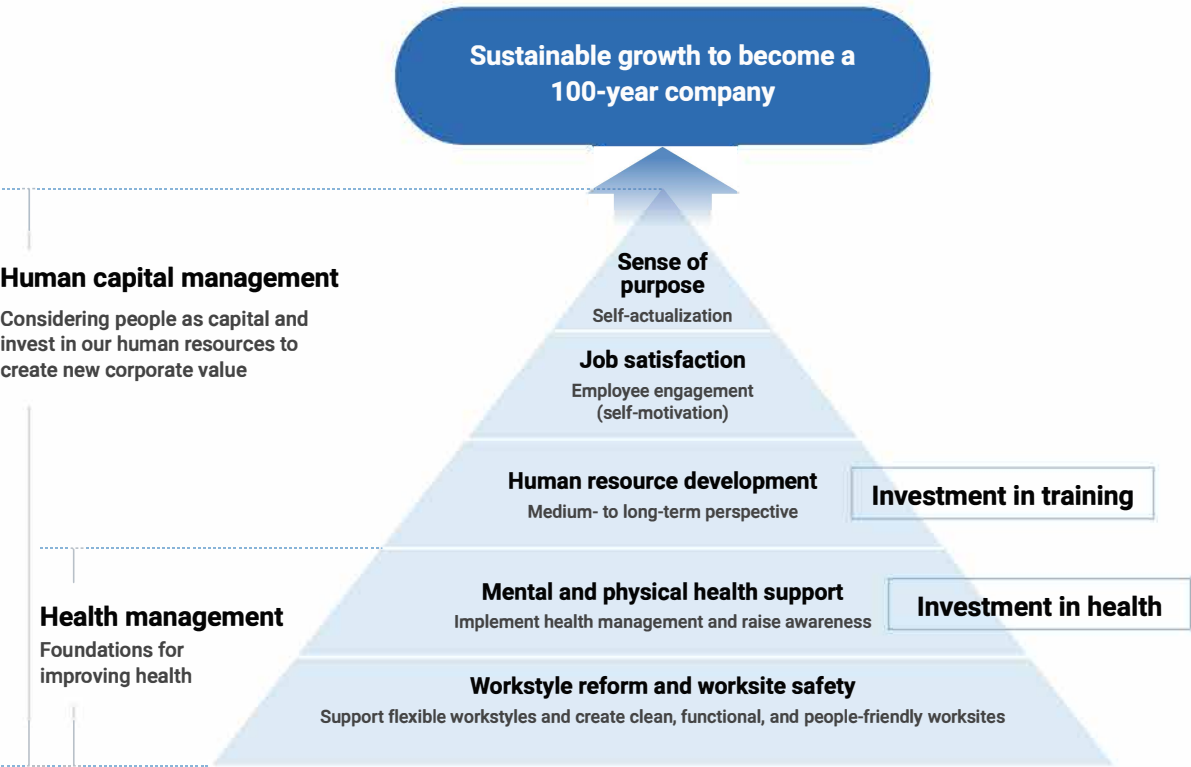


Health management is a priority management issue at TOCALO and we take steps to provide full support for employee mental health care and work-life balance so all employees can work energetically and safely.

Basic approach to Health management

Positioning of Company Health management

In 2023, we announced our Declaration on Health management based on the belief that efforts to maintain and improve employee health are fundamental to human capital management. We are actively implementing Health management as part of our drive for sustainable growth toward becoming a 100-year company.



Declaration on Health management

Our medium-term management plan stated our mission to “make employees and their families proud of our Company as a place to work with enthusiasm and safety,” and we accordingly implemented measures to “develop human resources” and “create a work environment that is clean, functional, and people-friendly.” In addition to the above, fulfilling our mission will also include actively advancing Health management measures by “promoting mental and physical health” and “increasing employee engagement (eagerness to contribute to the Company).”

Kazuya Kobayashi
President and CEO,
Representative Director

Please visit [this page](#) for more information about our medium-term management plan.

Health management policy

1. We actively support each and every employee so they can work independently to improve their physical and mental health.
2. We create comfortable worksites that are clean, functional, and people-friendly.
3. We regularly evaluate the results of health and productivity management initiatives and maintain a system for continuous improvement. Management will demonstrate leadership to promote employee participation in Health management.

Health management promotion initiatives

Health management promotion structure

The Personnel and General Affairs Division promotes the Company’s Health management. The TOCALO President serves as the Chief Health management Officer and the General Manager of the Administrative Headquarters serves as Health management Promotion Officer. The Personnel and General Affairs Division forms and executes its policies and strategies while cooperating fully with the Production Headquarters in charge of safety and health, labor unions, external organizations (health insurance associations), and external experts (occupational physicians).



Health Issues

1. Promoting physical health
2. Promoting mental health
3. Creating a clean, functional, and people-friendly work environment
4. Improving work-life balance

Main health initiatives

- Early detection and treatment of diseases
- Reduction lifestyle disease risk (smoking cessation awareness, etc.)
- Reduction of mental disorders
- Improvement of work-life balance

Health initiative areas

Early detection and treatment of diseases

TOCALO's health management is led by employees who are qualified occupational health nurses. One of our fundamental activities is providing regular and periodic medical checkups for 100% of our employees. For individuals who receive results indicating recommendations for detailed examinations or reexamination, our occupational health nurses encourage them to make examination appointments at medical institutions and follow up on their condition until receiving the new results. The Company covers the cost of initial consultations at medical institutions. In addition, we support the early detection and treatment of diseases by also covering the costs of employee screenings for cancer and lifestyle diseases, gynecological checkups, and dental examinations.

Reduction of lifestyle disease risk

We seek to help employees reduce the risk of lifestyle diseases by having our occupational health nurses offer individual health guidance, consultations, and smoking cessation support. The percentage of smokers in our company is currently higher than the national average, and we have accordingly launched the “Minchale Smoking Cessation Challenge Campaign” to encourage and support people trying to quit smoking. This voluntary challenge consists of a smoking cessation program involving the use of the Minchale app, which was created under the supervision of experts, as well as smoking cessation aids such as nicotine gum and patches. Through the Minchale app, participants encourage their in-app team members to quit smoking, while also sharing useful tips and smoking cessation success stories. Occupational health nurses also conduct regular seminars on quitting to assist individuals interested in quitting.

Mental health care support measures

We take steps to prevent the development of serious mental issues by seeking to recognize the early signs of mental health struggles through daily checks by supervisors, stress checks, employee career development questionnaires, and employee engagement surveys. When a stress check indicates a person may be feeling a high level of stress, occupational health nurses urge the individual to talk with an occupational physician. Group analysis results are shared with the person in charge of the workplace, and the head office works with them to identify the source of the stress and implement countermeasures.

Raising employee health awareness

As part of our efforts to raise employee awareness of health issues, in 2023 we introduced an e-learning health course that has been taken by 100% of employees. We encourage all employees to gain a deeper understanding of their personal health, which we believe will motivate them to adopt healthy lifestyle habits.

Improving work-life balance

We have introduced flexible work systems, including telework and flextime, as part of our ongoing efforts to accommodate diverse workstyles and life circumstances of our employees. In fiscal 2023, we began conducting employee engagement surveys to identify current problems and issues, and are developing initiatives to improve employee engagement. We are creating an environment in which all employees can work with enthusiasm and a sense of fulfillment.

Health initiatives at overseas sites

To ensure the health and safety of employees and their families who are posted overseas, we provide vaccinations and health checkups for infectious diseases prior to traveling overseas, and encourage employees to undergo medical examinations when they return to Japan, even for temporary visits. We also support employee physical and mental health so that they can work overseas with peace of mind, including by engaging a medical consultation support service (WellBe Risk Management Service) at the place of assignment. In addition, the division manager of the Personnel and General Affairs Division conducts online interviews with overseas assignees at the once a year.

Health measure indicators

	Fiscal 2022	Fiscal 2023	Fiscal 2024
Percentage of employees receiving regular health checkups	100%	100%	100%
Percentage of employees participating in health-related seminars	—	100%	100%
Average percentage of paid leave taken	76.5%	75.6%	79.2%
Employee engagement survey results (average of 0 to 5)	—	3.56%	3.56%

External evaluations

In fiscal 2025, we were certified as a Health and Productivity Management Outstanding Organization for the second consecutive year.

Please see the section [External Evaluations](#) for further information.



We aim to be a company that enjoys friendly relations with its neighbors through cleanup activities in the surrounding areas, participation in community events and youth development programs, and promotion of sports.

Community cleanup activities ▼

Contributing to youth development ▼

Contributions to society ▼

Community cleanup activities

Cleanups tailored to business locations and the particular traits of their surrounding communities

TOCALO's community cleanup activities began as part of our activities to contribute to local communities. As always, the cleanups are conducted while paying close attention to traffic and wearing high-visibility orange bibs.

Quite a bit of garbage tends to find its way to the area around the Kobe Plant, often fireworks residue and barbecue leftovers discarded at a nearby park. Something that has been encouraging in our regular cleanup activities is that our neighbor companies have told us they would like to start their own activities based on ours.

A team from the Thermal Spraying Technology R&D Laboratories, with the proper permissions, cleans the green area of the nearby Akashi Seaside Park. The Akashi Plant engages in monthly cleanup activities in conjunction with the cleanup activities of its industrial park.

At the Head Office, we pick up litter on sidewalks and in gutters around the office on a monthly basis.

We will continue our community cleanup activities in a way that is tailored to each business location and the characteristics of their surrounding communities.



Cleanup activities near the Nagoya Plant

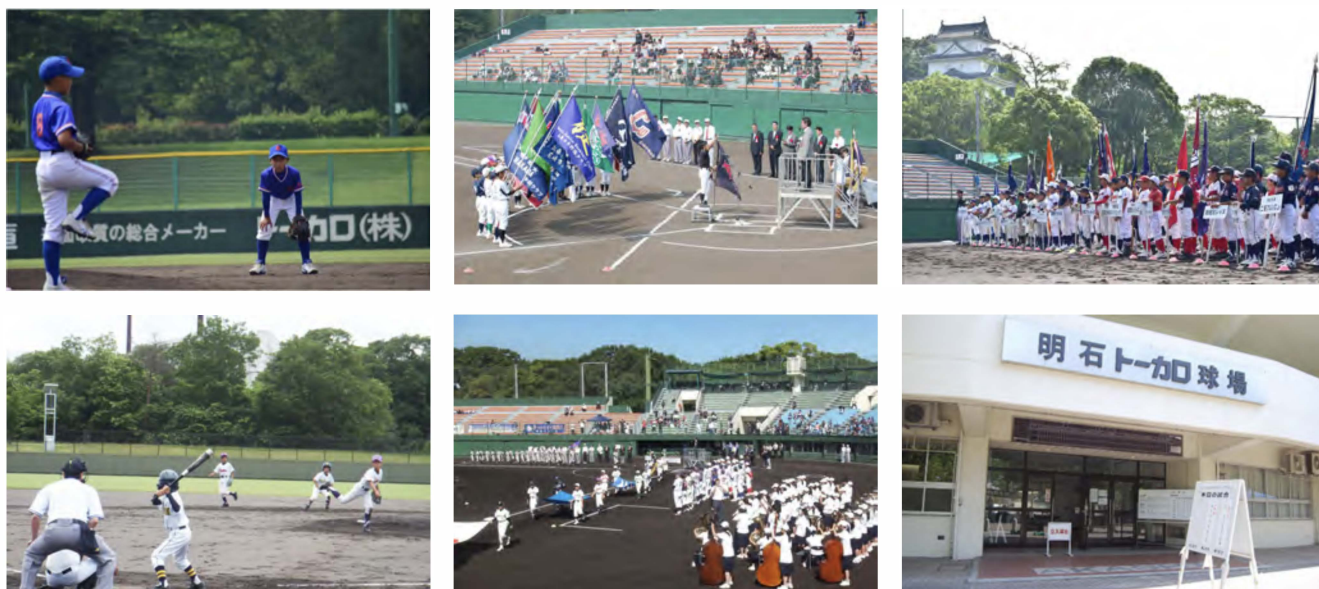


Cleanup activities near the Head Office

Contributing to youth development

Supporting the Akashi-jyoki Gakudo Soft Baseball Tournament

TOCALO has been a special sponsor of the Akashi-jyoki Gakudo Soft Baseball Tournament since its launch in 2012. Teams from the local prefecture (Hyogo) battled it out in the 2024 tournament, and the head of the Akashi Plant presented the tournament awards at the closing ceremony.



Past Akashi-jyoki Gakudo Soft Baseball Tournaments and the Akashi TOCALO Baseball Stadium

Extracurricular classes at nearby elementary schools

In fiscal 2024, the Tokyo Plant's Gyoda Workshop once again hosted a school field trip by elementary students, who particularly enjoyed opportunities to experience our technologies in person. TOCALO is dedicated to continuing to provide educational activities for children in nearby communities.



Elementary students at the plant

Participation in the Dream Seminar Program for the Be Kobe Mirai Project

Under the Dream Seminar program, which is part of the Be Kobe Mirai Project organized by the city of Kobe, various companies and organizations are invited to present on-site seminars. In fiscal 2024, TOCALO was one of 25 companies that ran seminars for children on topics such as work, study, dreams, and lifestyles. Comments from the children after the TOCALO seminars included “I can achieve independence thanks to the help I’ve received from various people. I want to show my gratitude to my family and other people,” and “In the future I want to shift from being a person who receives to a person who gives.” TOCALO will continue to work in partnership with communities to help children realize their dreams for the future.



At the Dream Seminar

Contributions to society

We maintain a special annual budget for providing donations to community and social contribution activities. The following are a few of our recent activities.

June 2025 Sponsorship of the Stars Kobe professional ice hockey team

We donated ¥200,000 to sponsor Stars Kobe, a professional ice hockey team based in Port Island, where TOCALO's head office is located.



May 2025 Endorsement of the Green Fund of the National Land Afforestation Promotion Organization

In fiscal 2025, we donated ¥500,000 to the Green Fund as part of our continuing support for the forest maintenance and greening activities of the National Land Afforestation Promotion Organization.



May 2025 Sponsorship of the Tokai Fireworks Festival

As part of our contributions to the development of the local communities, we donated ¥300,000 to help sponsor the Tokai City's midsummer Tokai Fireworks Festival.

May 2025 Donations to support children's causes and promote SOGIE understanding

In fiscal 2025, we again donated a total of ¥1.4 million to organizations promoting the healthy development of children, the creation of environments supportive of raising children, and to promote understanding of sexual orientation, gender identity, and expression (SOGIE). Donations were made to the following organizations.

- Akashi, Hyogo Prefecture (corporate hometown tax)
- Harima, Kako District, Hyogo (corporate hometown tax)
- Akashi Children's Fund
- Hyogo Children Supporting Organization (Certified Specified NPO)
- Akashi Rainbow Fund

April 2025 Sponsorship of the 52nd Kobe Festival

We contribute to local communities by donating ¥300,000 to sponsor the Kobe Festival, an open participation festival with parades and stage shows.

(Yen in thousands)

	FY2022	FY2023	FY2024
Total spending for social contribution	10,600	14,260	12,100

Show past year contributions





Sustainable Procurement

The TOCALO Group is fundamentally committed to fair, equitable, and transparent procurement activities and to fulfilling its corporate social responsibility (CSR) in respecting human rights, environmental conservation, compliance, and other areas. We seek to form strong alliances with trading partners in our procurement activities to do our part to realize a sustainable society.

TOCALO Group Procurement Policy

1. Just and fair trading

Comply with laws and social norms concerning purchasing activity and provide suppliers with just and fair participation opportunities.

2. Consideration for human rights/labor environment

Respect human rights, and promote procurement activities aimed at improving the labor environment and ensuring health and safety.

3. Consideration for the environment

Aim to contribute to a sustainable society, and carry out procurement that contributes to reducing environmental impacts by prioritizing recycling, energy conservation and resource conservation that shows consideration to the global environment.

4. Thorough corruption prevention

Prevent corruption thoroughly by prohibiting the acceptance from suppliers of gifts and entertainment that exceed the parameters of social conventions.

5. Safeguarding of confidential information

Faithfully fulfill contractual duties and rigorously comply with the duty of confidentiality with regard to confidential information obtained as a result of procurement activities.

6. Promote mutual development

Deepen mutual understanding and build relationships of trust based on dialogue with suppliers, and promote the development of both sides.

Sustainable Procurement Guidelines

TOCALO Group views its suppliers as important partners for mutual development and seeks to foster relationships of trust and continue strengthening the partnerships.

In addition, as a company that aims to contribute to society through its business activities (surface modification coatings), we are engaging in building a sound and sustainable supply chain, and have formulated “Sustainable Procurement Guidelines” outlining specific requests to our suppliers.

Sustainable Procurement Guidelines 

Declaration of Partnership Building

We have released a Declaration of Partnership Building stating our endorsement of the Council on Promoting Partnership Building for the Future promoted by the Cabinet Office, The Small and Medium Enterprise Agency, and other organizations. This initiative aims to improve the productivity throughout the supply chain by promoting cooperation, coexistence, and co-prosperity among supply chain suppliers. The declaration states our commitment to working with our business partners to address social issues such as human rights, labor, health and safety, the environment, and ethics.

Corporate governance

Corporate Governance Report (Last Update: July 28, 2025)  (193KB)

Basic views on corporate governance

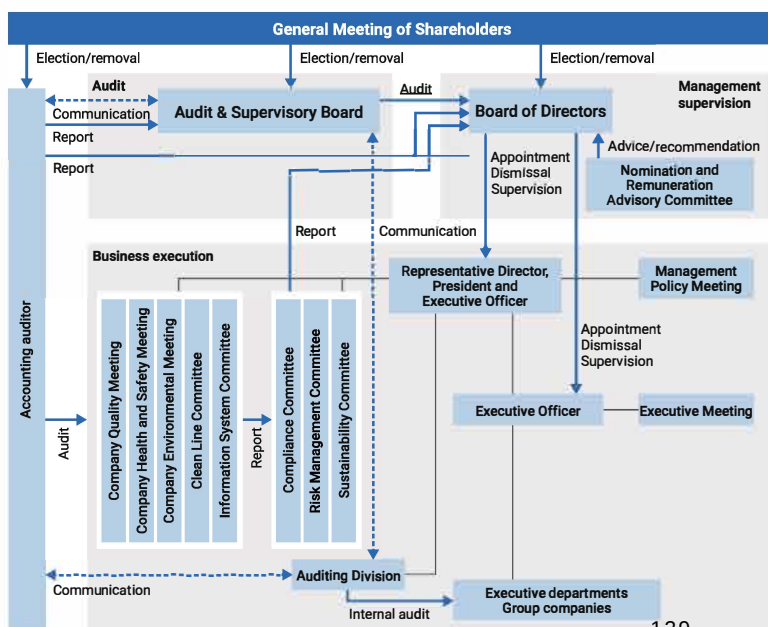
The Company recognizes that effective corporate governance is a priority management issue. Based on the recognition that “a company is a member of society and public entity,” our basic stance on corporate governance is to ensure management transparency and to strengthen the trust placed in us by our shareholders, business partners, employees, local communities, and all stakeholders. Our objective is accordingly to increase the Group’s corporate value and achieve sustainable and sound growth, and to contribute to society through our surface treatment processing business.

Corporate governance structure

TOCALO is a company with an Audit & Supervisory Board and appointed outside officers. The Board of Directors, and Audit & Supervisory Board members oversee and audit the execution of duties by directors.

We consider the General Meeting of Shareholders as not only the primary decision-making body, but also as an important opportunity for shareholders to deepen their understanding of the Company and accordingly hold a company information session following the meeting. We make every effort to schedule the Ordinary General Meeting of Shareholders on a day when the greatest number of shareholders would be able to attend.

The Company’s corporate governance system is structured as in the following diagram.



Board of Directors

The Board of Directors meets once a month and holds extraordinary meetings as necessary. In accordance with the provisions of laws and regulations, the Articles of Incorporation, and the Rules of the Board of Directors, the Board of Directors deliberates and resolves important matters related to overall management, including management policies and business plans, and reports on the status of business execution by directors.

Board of Directors			
Position	Name	Meeting attendance in FY2024	Attendance rate in FY2024
President and CEO, Representative Director	Kazuya Kobayashi	17/17	100%
Senior Managing Executive Officer, Representative Director	Takayuki Yoshizumi	17/17	100%
Senior Managing Executive Officer, Director	Hiroshi Goto	17/17	100%
Managing Executive Officer, Director	Tatsuo Suidzu	—	—
Managing Executive Officer, Director	Takeshi Takabatake	—	—
Director	Toshimitsu Kamakura	16/17	94%
Director	Keiko Takiyara	16/17	94%
Director	Yoko Sato	17/17	100%
Director	Kazuyuki Tomita	17/17	100%

Executive officer system

The Company adopted an executive officer system with the objectives of strengthening its corporate governance by accelerating the decision-making and fortifying the supervisory function of the Board of Directors, fortifying the Company's business execution function, and improving management efficiency. The Company currently has 13 executive officers (as of the submission date of the Securities Report for fiscal 2021). Executive officers report and provide details about the status of their areas of responsibility at the Board of Directors meetings and management policy meetings. Executive officers also convene executive board meetings where they are informed about and discuss the resolutions of the Board of Directors.

Nomination & Remuneration Advisory Committee

The Company maintains a Nomination & Remuneration Advisory Committee as a discretionary advisory body to the Board of Directors. The committee generally meets once every two months and is comprised of a majority of independent outside directors, of which one serves as the committee's chair. The committee deliberates on topics including the election and removal of directors, the appointment and dismissal of representative directors, the content of individual remuneration for directors, and director successor plans, and submits its council and recommendations to the Board of Directors.

Audit & Supervisory Board and accounting auditor

The Company's Audit & Supervisory Board consisted of four corporate auditors, two of which are outside auditors, as of the date of the Securities Report for fiscal 2021. The Company believes the auditing structure including outside auditors is effective for monitoring management and considers the structure to be appropriate for the Company's current status. The Audit & Supervisory Board meets, in principle, once a month to fulfill the duties stipulated laws and regulations and in accordance with the board's rules.

As of the date of submission of the Securities Report, the Company's external accounting auditor is PricewaterhouseCoopers Japan LLC.

Audit & Supervisory Board				
Position		Name	Meeting attendance in FY2024	Attendance rate in FY2024
Audit & Supervisory Board member	Audit & Supervisory Board member	Hidetoshi Shin	14/14	100%
	Audit & Supervisory Board member	Hirosuke Hamada	10/10	100%
Outside Audit & Supervisory Board member	Audit & Supervisory Board member	Toshihiko Yoshida	14/14	100%
	Audit & Supervisory Board member	Noriko Kaji	10/10	100%

Officer selection and appointment

Individual servings on the Board of Directors are first considered based on their abundant experience and achievements leading operations as heads of departments and their potential ability to apply their knowledge and insight to overseeing the Company's operations from multiple perspectives. Once identified, the Board of Directors deliberates on each candidate, considering the individual's management skills and aptitude, their past contributions to the Company and, as a balance against overemphasis on solely those attributes, the contribution they would provide to the diversity of the Board of Directors. The chart below summarizes the career experience and expertise from which each of the current members are expected contribute to the Board of Directors.

Directors

Name	Gender	Outside director	Primary areas of experience and expertise*						
			Corporate management, management strategy	Sales, marketing	Manufacturing, technology	Legal, compliance	Financial, accounting	International perspective, diversity	Environmental and social issues
Kazuya Kobayashi	M		●	●	●	●			●
Takayuki Yoshizumi	M		●	●	●			●	●
Hiroshi Goto	M		●			●	●	●	●
Tatsuo Suidzu	M		●	●	●	●	●		
Takeshi Takabatake	M		●	●	●	●			●
Toshimitsu Kamakura	M	●				●			●
Keiko Takiyara	F	●						●	●
Yoko Sato	F	●					●	●	
Kazuyuki Tomita	M	●	●		●				●

Audit & Supervisory Board members

Name	Gender	Outside director	Primary areas of experience and expertise*						
			Corporate management, management strategy	Sales, marketing	Manufacturing, technology	Legal, compliance	Financial, accounting	International perspective, diversity	Environmental and social issues
Hidetoshi Shin	M		●	●	●				●
Hirosuke Hamada	M		●				●	●	
Toshihiko Yoshida	M	●	●			●	●		
Noriko Kaji	F	●				●	●	●	

* The charts do not represent each individual's full range of experience and expertise.

Reasons for appointment of the independent and outside directors

Name	Independent officer	Reason for appointment
Toshimitsu Kamakura	○	Mr. Kamakura has extensive experience and broad insight as a lawyer. He is an outside director that has been appointed as an independent officer because he was deemed to have no vested interest in the Company and unlikely to have conflicts of interest with general shareholders.
Keiko Takihara	○	Ms. Takihara is deeply knowledgeable in health promotion as a specially appointed professor of the Health and Counseling Center of Osaka university. She is an outside director that has been appointed as an independent officer because she was deemed to have no vested interest in the Company and unlikely to have conflicts of interest with general shareholders.
Yoko Sato	○	Ms. Sato is a certified accountant with specialized expertise in finance and accounting. She has been appointed as an independent officer because she was deemed to have no vested interest in the Company and unlikely to have conflicts of interest with general shareholders.
Kazuyuki Tomita	○	Mr. Tomita has experience in the development of thin film and semiconductor processes at a major manufacturing company and managing experience at a subsidiary company. He is an outside director that has been appointed as an independent officer because he was deemed to have no vested interest in the Company and unlikely to have conflicts of interest with general shareholders.

Board of Directors effectiveness evaluation

The Company conducts annual effectiveness evaluations of the Board of Directors and takes steps to improve the Board's effectiveness and functionality.

In fiscal 2024, the Secretariat of the Board of Directors prepared a questionnaire for all directors and Audit & Supervisory Board members to evaluate the effectiveness of the Board. The evaluation results indicated that the composition, operation, and freedom to express opinions of the Board of Directors were generally appropriate and identified areas where the Board could further improve, such as securing time for deliberation of capital policy and medium- and long-term management issues. The evaluation results were reported to the Board, and the Board is taking steps to implement improvements, including revising its agenda to allocate sufficient time for discussion of the above items or considering delegating responsibility to other management committees.

Training for directors and Audit & Supervisory Board members

Directors of the Company continue to develop their skills by participating in external courses and seminars to deepen their understanding of laws and regulations and their roles and responsibilities as corporate directors. The Company's full-time Audit & Supervisory Board members are members of the Japan Audit & Supervisory Board Members Association and enhance their knowledge by attending the association's meetings and seminars on auditing practices for medium-sized firms as well as by sharing information with other Audit & Supervisory Board members.

Director and corporate auditors support system

Outside directors are supported by the HR & General Affairs Division of the Secretariat of the Board of Directors. Outside corporate auditors are supported by the Auditing Division, which provides auxiliary and secretariat work for the Audit & Supervisory Board.

Policy for determining director remuneration

The Company policy for determining the amount and structure of director remuneration is for the Nomination and Remuneration Advisory Committee to deliberate and then submit its counsel and recommendations to the Board of Directors for final decision.

The amount and structure of director remuneration is determined using the following guidelines.

1. Basic Policy

The Company formulates director remuneration structure to provide appropriate incentive to enhance corporate value by considering the individual director's duties and responsibilities, corporate performance, and other factors based on their status as part time or full time. Remuneration for directors (excluding outside directors and part-time directors) consists of fixed basic remuneration and performance-linked remuneration in the form of monetary and stock remuneration. Remuneration for outside directors and part-time directors, who perform primarily supervisory functions, is basic remuneration only due to the nature of their position.

2. Basic remuneration

Basic remuneration is a monthly monetary remuneration determined by a comprehensive consideration of the individual's duties, responsibilities, and years in office.

3. Performance-linked remuneration

Performance-linked remuneration serves as an incentive to continually increase corporate value. It is linked to performance indicator targets and provided in the form of monetary compensation and stock compensation with the intention of promoting the sharing of value with shareholders.

The performance-linked remuneration is calculated by applying a multiplier obtained from the three-year average of the Group's ordinary income, ordinary income ratio, ROE, and ROA (based on ordinary income) to base remuneration.

The performance indicators and their values are reviewed for consistency with the management plan in light of changes in the business environment, and the Board of Directors determines their appropriateness based on the counsel and recommendations of the Nomination and Remuneration Advisory Committee.

Performance-linked monetary compensation is uniformly paid every month. Performance-linked stock compensation is provided one time per year on a set date in the form of shares with a 30-year restriction on transfer. The Board of Directors removes the restriction at the time an individual retires from a predetermined position as a director of the Company or a subsidiary of the Company.

4. Payment ratio of remuneration

The ratio of basic remuneration, performance-linked monetary compensation and performance-linked stock compensation for directors (excluding outside directors and part-time directors) is set at approximately 7:2:1 when the performance targets are achieved, with the performance targets being the three-year average of the Group's ordinary income, ordinary income ratio, ROE, and ROA (based on ordinary income). The Board of Directors determines the appropriateness of the ratio based on the counsel and recommendations of the Nomination and Remuneration Advisory Committee.

5. Delegation of individual compensation decisions

The specific amounts of monetary or stock remuneration for each director is based on a proposal amount prepared based on the calculation method established by the Board of Directors and deliberated by the Nomination and Remuneration Advisory Committee, which is chaired by an independent outside director and comprised of a majority of independent outside directors. The Board of Directors considers the counsel and recommendations of the Nomination and Remuneration Advisory Committee, and the Representative Director decides the remuneration amount for each individual within the scope delegated by Board of Directors.

Audit system

Reasons for appointment of the outside auditors

Name	Independent officer	Reason for appointment
Toshihiko Yoshida	○	Mr. Yoshida has expertise and knowledge from his career as a full-time auditor of a publicly listed company. He is an outside auditor that has been appointed as an independent auditor because he was deemed to have no vested interest in the Company and unlikely to have conflicts of interest with general shareholders.
Noriko Kaji	○	Ms. Kaji has expertise in finance and accounting from his career as a tax accountant. He is an outside auditor that has been appointed as an independent auditor because he was deemed to have no vested interest in the Company and unlikely to have conflicts of interest with general shareholders.

Internal auditing

The Auditing Division, which is under direct supervision of the president, serves as the Company's internal audit department. In accordance with the internal audit plan, the Auditing Division audits of each of the Company's organizations throughout the year, in principle, and regularly reports its findings, points for improvements, and other matters directly to the Board of Directors and corporate auditors. Internal audits of subsidiaries are carried out in collaboration with the Corporate Planning Division and Overseas Business Division of the Company and the internal audit departments of the subsidiaries.

Audit & Supervisory Board audits

The Company's Audit & Supervisory Board consists of four corporate auditors (two of which are outside corporate auditors). The Audit & Supervisory Board deliberates and stipulates the board's audit policies, plans, and methods. All board members attend the Company's Board of Directors and corporate policy meetings, and full-time auditors also attend other important internal meetings. The Audit & Supervisory Board monitors the earnings performance of subsidiaries by receiving monthly written reports and holding a Group Audit & Supervisory Board Member Liaison Council every three months. In addition, auditors of the subsidiaries report actively share information with the board, including reporting their quarterly earnings results and audit results.

Accounting audits

The Company audit for the fiscal year ended March 31, 2025 was conducted by two certified public accountants, Mr. Takuya Urakami and Mr. Teruaki Arioka of PricewaterhouseCoopers Japan LLC, with the assistance of six certified public accountants from the Company and 15 other accountants. Mr. Urakami has been providing accounting services to the Company for two years, and Mr. Arioka has been providing accounting services to the Company for four years.

* PricewaterhouseCoopers Kyoto LLC merged with PricewaterhouseCoopers Arata LLC on December 1, 2023, becoming PricewaterhouseCoopers Japan LLC.

Strategic shareholdings

As of the end of March 2025, the Company does not hold strategically held shares. In principle, the Company does not hold shares for strategic purposes.

Anti-takeover measures

The Company has not adopted anti-takeover measures.

Compliance

Basic concept

Corporate Code of Conduct

TOCALO exercises the following Corporate Code of Conduct to develop constructive business activities and to contribute to society in a spirit of sincerity and creativeness.

1. Prioritize customer satisfaction and develop and supply useful products that earn customer's trust.
2. TOCALO board members and employees are committed to respecting the law and conduct activities based on the norms of corporate ethics.
3. We recognize "Environment Conservation, Safety, and Accident Prevention" as being of greatest importance and put them into practice in all of our business operations, including as production, sales, and waste disposal. We also make efforts to maintain ideal working environments according to local laws and norms.
4. As a socially responsible company, we disclose corporate information in a fair and appropriate manner to build a trustful relationship with all stakeholders.
5. We proactively work on research and development and maintain our position as a pioneer of coating technology by offering services with value and high-quality products.
6. We respect basic human rights and prohibit discriminative treatment, child labor, and forced labor in all business activities. We also create employee-friendly working environments in which the employees can exercise their full capabilities.
7. We promote cooperation among all Group companies and mobilize the Group's collective power for continuous and high-quality growth.

Corporate Ethics and Behavior Guidelines

TOCALO exercises the following TOCALO officers and employees, in their daily activities, follow the Corporate Code of Conduct, which is based on our management philosophy, and the Corporate Ethics and Behavior Guidelines, which provide specific action guidelines for practicing the Code of Conduct. To ensure our actions accord with the Code of Conduct, we maintain internal rules and carry out activities necessary for ensuring full compliance with all laws and corporate ethical standards.

Harassment prevention

Harassment in the workplace is a socially unacceptable act that not only damages the working environment, but also violates an employee's personal dignity and ability to effectively use their abilities. TOCALO makes it abundantly clear and ensures all employees are aware that the company prohibits and takes steps to prevent all forms of harassment, including power harassment, sexual harassment, and harassments related to pregnancy, childbirth, childcare leave, and family care leave.

TOCALO Group Anti-Bribery Policy

The TOCALO Group Anti-Bribery Policy was adopted to ensure compliance with the laws and regulations concerning the prohibition of bribery in each country and region where the Group conducts business activities, to conform to the rules and guidelines of each Group company, and to practice actions in accordance with corporate ethics.

1. Prohibition of bribery

All Group officers and employees shall not engage in the following acts.

(1) Bribery of public officials

The provision of money or other benefits to public officials or other entities in connection with their duties. Includes facilitation payments (payments of small amounts of money to facilitate or expedite procedures for day-to-day administrative services).

(2) Bribery to non-public officials

The provision of money or other benefits to officers or employees of business operators with the intention that they would perform illegal or unfair practices so our business would receive beneficial business treatment.

(3) Receiving bribery payment

The demanding of money or other benefits from other business operators or public officials in exchange for beneficial business treatment.

2. Anti-bribery system

The Group operates a fair and impartial whistleblowing hotline, regularly convenes the Compliance Committee, and maintains an organizational structure to preclude bribery.

3. Education and training

The Group conducts regularly scheduled education and training for officers and employees to ensure and heighten ethical awareness with the intention of preventing bribery and enhancing the effectiveness of the anti-bribery system.

4. Internal audits and system review

The Group conducts regular internal audits to verify that the anti-bribery system is functioning properly and uses the results to improve, as necessary, the effectiveness of the system and the Anti-Bribery Policy.

5. Recording and archiving transaction data

The Group complies with the Anti-Bribery Policy for accountability by operating an appropriate internal control system of maintaining accurate records and related forms reflecting actual conditions, such as accounting ledgers and other records related to expenditures.

6. Severe punishment

The Group will severely punish officers and employees who violate the Anti-Bribery Policy in accordance with the employment regulations of each Group company.

June 16, 2023

- Number of employee disciplinary actions and terminations resulting from corruption-related violations: 0
- Cost associated with fines, penalties, and settlements related to corruption: 0

Management system

Compliance Committee

A Compliance Committee composed of the vice presidents of each division, the general manager of the HR & General Affairs Division, the general manager of the Corporate Planning Division, and others has been established to oversee compliance with laws and regulations, the Articles of Incorporation, and the Company's internal rules and to ensure our activities are in line with corporate ethical practices. The committee meets quarterly to monitor, deliberate, and assess measures related to risk in the areas of compliance, rejection of antisocial forces, the environment, natural disasters, quality, information security, credit management, and import/export management.

Group Audit & Supervisory Board Member Liaison Council

The Group maintains a Group Audit & Supervisory Board Member Liaison Council that meets for auditors from all Group companies to report on the current status of their companies and confirm and share management issues and other items. The council meets quarterly to report and exchange views on the management status of affiliated companies, credit management, internal reporting, litigation, and other issues, with the objective of enhancing the effectiveness of audits of the Group's overall management, and improving the auditing skills of the corporate auditors at the Group companies.

Clean Line System

The Human Resources and General Affairs Division provides a “Clean Line System” for internal reporting. Available at all work sites, the system provides a contact point outside the immediate framework of a superior or manager to any employee seeking consultation concerning behavior that violates or possibly violates the law, internal rules, or the Corporate Ethics and Behavior Guidelines (such as false declaration or concealment related to business activities, security violations, bribery, corruption, discriminatory treatment, child labor, or forced labor). The consultation is strictly confidential and any unfavorable treatment to an employee seeking consultation is prohibited. The Clean Line System enhances our compliance management by enabling early discovery and correction of non-compliant actions.

- Number of consultations received through the Clean Line System: 7 (FY2024)

External reporting contact

The Company established an external reporting system in November 2021. The system provides a third-party organization for reporting or consultation of issues for which an employee is not comfortable discussing with a superior or through the internal Clean Line System. The external reporting contact handles reports concerning law violations, provides consultation on harassment issues, mental issues, opinions, requests, and proposals for improvement.

- Number of consultations received through the external reporting system: 10 (FY2024)

Compliance Handbook

We distribute our Compliance Handbook to all officers and employees to ensure full awareness and understanding of our policies. Acting in accordance with corporate ethical standards is fundamental to our corporate activities not for earning the trust of society and supporting sustaining growth that leads to profit, but also for complying with laws, social norms, ethics and morals, acting with environment awareness, and contributing to local communities.

The Handbook contains important guidelines, including a message from the President covering our compliance systems, corporate guidelines, corporate ethical standards, human rights policy, and anti-bribery policies. By compiling the Handbook, we have created an environment in which employees can check these systems and policies at any time. Compliance awareness has been further enhanced through a system under which all employees submit a compliance pledge every year. These measures are designed to ensure that all employees comply fully with our policies, including our anti-corruption policy.

Compliance training

We provide regular compliance training for all employees through e-learning programs. We have achieved a 100% participation rate for this training, which covers a range of topics, including harassment, the Subcontract Act, and human rights. We also test employees on what they have learned from these e-learning sessions in order to evaluate their understanding of human rights and harassment. These efforts help to build proactive communication among employees and raise awareness about compliance issues.

Donations to political parties and political funding organizations

TOCALO Co., Ltd. does not make donations for political activities as stipulated in Article 4, Paragraph 4 of the Political Funds Control Act. Please see our [ESG Data](#) for additional information about this matter.

Risk management

Risk management ▼

Information security policy ▼

Risk management

We are enhancing and strengthening our risk management system for more prompt and effective risk response

Our risk management system is based on the Risk Management Committee's cross-functional oversight of Company-wide risks (those with the potential to affect or harm physical, economic, or creditworthiness aspects) and examination of countermeasures. A Business Continuity Plan was created on April 1, 2010 and is updated annually.

Each department creates rules and guidelines and publishes manuals to raise awareness of its relevant risks related to compliance, responses to antisocial forces, the environment, disasters, quality, information security, credit management, investment & financing, and export management. When an unexpected situation occurs, an Emergency Management Headquarters is immediately established to implement countermeasures in accordance with our Emergency Management Protocol.

In addition to the above, the Board of Directors promptly appoints directors to be responsible for responding to risks that have newly arisen and establishes systems for responding appropriately.

We also conduct annual disaster prevention drills in preparation for emergencies. Our main sites conduct fire drills and large-scale disaster-response drills envisioning various situations, such as an earthquake or tsunami. Our disaster preparation also includes stockpiles of emergency supplies at all sites.

The highest priority of our business continuity plan (BCP) is the safety of our employees. The plan includes an employee safety confirmation system for use in a natural disaster in Japan, such as a major earthquake. We maintain the BCP and other systems are designed to ensure the safety of our employees and raise awareness of the importance of disaster prevention.

Information security policy

We are a manufacturer specializing in surface modification coatings that is both a solutions provider company responding promptly and suitably to customer needs and an R&D-driven company constantly developing and delivering high-quality, high-performance coatings.

Ensuring information security is therefore of utmost importance, and we accordingly implement the following measures:

1. Maintain management rules regarding information security
2. Provide information security training to officers and employees
3. Conduct safety management for contractors handling confidential information
4. Confirm compliance status through self-monitoring and internal audits
5. Regularly review the information security management system

Environment ▼

Society ▼

Governance ▼

Environment

Climate change measures (consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
CO ₂ emissions (Scope 1 and 2) (t-CO ₂)	—	31,121	16,600	17,958	17,721
CO ₂ emissions (Scope 1 and 2) / Sales (t-CO ₂)	—	0.71	0.34	0.38	0.33
CO ₂ emissions (Scope 3) (t-CO ₂)	—	—	—	—	51,535
Electricity consumption (MWh)	—	66,371	65,025	61,341	63,916
Electricity consumption/net sales (MWh/million yen)	—	1.51	1.35	1.31	1.18

Climate change measures (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
CO ₂ emissions (Scope 1 and 2) (t-CO ₂)	15,950	17,450	6,990	7,819	7,147
CO ₂ emissions (Scope 1 and 2) / Sales (t-CO ₂ / million yen)	0.49	0.48	0.17	0.21	0.16
CO ₂ emissions (Scope 3) (t-CO ₂)	—	—	—	—	30,514
Electricity consumption (MWh)	39,824	42,491	42,891	39,848	41,085
Electricity consumption/net sales (MWh/million yen)	1.21	1.16	1.07	1.05	0.94

Note: See [Climate change measures](#) for more information.

Energy consumption volume (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Electricity (MWh)	39,824	42,491	42,891	39,848	41,085
Kerosene (kl)	209	203	188	177	193
LPG (kg)	10,615	16,014	16,188	20,024	22,970
Diesel (kl)	31	32	26	92	83
Biodiesel (kl)	—	—	—	—	0.75
Gasoline (kl)	101	88	88	88	89
City gas (m³)	160,944	165,732	149,164	154,406	180,566
Acetylene (kg)	—	—	16,142	45,885	17,920
Total energy consumption (crude oil equivalent) (kl)	(10,456)	(11,125)	(11,189)	(10,433) 9,318	9,719

Note: Figures in parentheses for total energy consumption represent calculated according to the standards that applied before the amendment of the Act on Rationalizing Energy Use.

Note: Results from fiscal 2020 to fiscal 2023 have been revised due to a revision of the method for aggregation of data on total energy consumption.

Volume of use of raw materials (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Thermal spray materials (t)	297.2	271.9	298.7	257.9	339.4
Other materials (t)	59.2	94.3	113.1	138.5	99.8

Total volume of water handled (non-consolidated)

		Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Volume of water intake	Clean water (m³)	65,850.0	69,552.0	78,410.0	66,901.0	65,912.0
	Pure water (m³)	18.1	16.5	18.0	16.8	15.4
	Groundwater (m³)	0.0	0.0	0.0	0.0	0.0
Effluent volume	Wastewater (m³)	49,338.0	54,329.0	58,848.0	51,185.0	50,107.0
	Wastewater (treated plant wastewater) (m³)	1,640.1	1,939.4	1,518.1	1,298.5	852.5
	Seawater (m³)	10,984.0	9,640.0	11,680.0	13,712.4	14,566.8

Note: Results from fiscal 2021 to fiscal 2023 were revised due to a calculation error regarding the amounts of wastewater discharged into sewers or the sea.

Volume of waste emissions (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Total industrial waste (t)	1,959.5	2,113.5	2,161.4	1,922.3	1,792.8
Industrial waste (not including specially controlled industrial waste) (t)	1,883.0	2,017.6	2,022.7	1,805.1	1,696.6
General business waste (t)	59.3	57.6	61.2	46.8	38.4
Specially controlled industrial waste (t)	76.6	95.9	138.6	117.3	96.2
Specially controlled industrial waste (hazardous waste) (t)	50.4	69.0	113.3	95.2	73.1
Specially controlled industrial waste (non-hazardous waste) (t)	26.1	26.9	25.3	22.1	23.1
Industrial waste / Sales (t / billion yen)	57.4	55.3	50.3	47.5	38.8
General business waste/net sales (t / billion yen)	1.8	1.6	1.5	1.2	0.9
Specially controlled industrial waste / Sales (t / billion yen)	2.3	2.6	3.5	3.1	2.2

Volume of emissions to atmosphere (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
PRTR Law Class 1 Designated Chemical Substances (t)	1.0	1.0	1.3	1.2	1.3

Note: The results for fiscal 2023 were revised due to a calculation error.

Recycling volume (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Metal scraps (t)	108.4	90.1	111.7	150.5	197.5
Thermal spray material waste (t)	27.4	21.2	15.1	12.4	27.5
Blasting material waste (t)	716.4	686.2	715.6	723.6	944.2
Oil waste/Solvent waste (t)	12.0	12.0	16.6	32.0	33.9
Paper (t)	46.2	38.3	33.2	38.2	39.1
Industrial and commercial batteries (t)	—	—	—	—	0.3

Group companies with ISO14001 certification

Company	Certification	Number of Group consolidated companies with certification
TOCALO Co., Ltd.	JQA-EM2253	4 of 7 companies (57.1% of the consolidated Group)
JAPAN COATING CENTER Co., Ltd.	JP024159	
TOCALO & HAN TAI Co., Ltd.	0070023E51380R3M	
TOCALO & HAN TAI (KUNSHAN) Co., Ltd.	12 104 63054 TMS	

Human resources data (non-consolidated)

			Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Percentage of female employees		Regular employees	—	9.5% (71 of 750)	12.3% (100 of 811)	13.8% (1123 of 889)	14.4% (136 of 943)
		Temporary employees	—	38.5% (67 of 174)	39.9% (55 of 138)	37.6%(44 of 117)	43.1% (47 of 109)
Percentage of female executives			—	9.1% (2 of 22)	9.1% (2 of 22)	9.1% (2 of 22)	13.6% (3 of 22)
Percentage of outside directors			—	50.0% (4 of 8)	50.0% (4 of 8)	44.4% (4 of 9)	44.4% (4 of 9)
Percentage of female directors			—	25.0% (2 of 8)	25.0% (2 of 8)	22.2% (2 of 9)	22.2% (2 of 9)
Percentage of female executive officers			—	0% (0 of 14)	0% (0 of 13)	0% (0 of 13)	0% (0 of 12)
Percentage of female workers in management positions			—	1.4% (2 of 140)	2.3% (3 of 131)	2.1% (3 of 140)	3.9% (6 of 153)
Percentage of female workers among new hires		Regular employees	—	12.8% (6 of 47)	27.7% (13 of 47)	23.0% (17 of 74)	13.0% (6 of 46)
		Temporary employees	—	27.3% (6 of 22)	45.8% (11 of 24)	25.0% (4 of 16)	57.1% (16 of 28)
Percentage of temporary employees*1			—	18.8% (174 of 924)	14.5% (138 of 949)	11.6% (117 of 1,006)	10.3% (109 of 1,052)
Average consecutive tenure by gender	Regular employees	Male	—	12.8 years	13.1 years	13.7 years	13.5 years
		Female	—	9.5 years	9.7 years	8.4 years	8.0 years
	Temporary employees	Male	—	13.0 years	11.1 years	9.2 years	8.1 years
		Female	—	7.6 years	4.8 years	7.5 years	6.4 years
Voluntary turnover rate*2			—	2.2% (21 of 924)	0.8% (8 of 949)	2.0% (21 of 1,006)	1.7% (18 of 1,052)
Rate of frequency of occupational accidents*3			3.21	0.62	1.80	2.06	2.36
Severity rate of occupational accidents*3			0.03	0.00	0.03	0.10	0.031
Number of occupational accidents			9	7	10	15	14
Number of fatal accidents			0	0	0	0	0

*1 Temporary employees are directly-hired employees, such as part-time and contract employees, and do not include dispatched employees

*2 Excluding mandatory retirements of regular, contract, and other full-time employees

*3 Temporary employees are not included prior to fiscal 2022 and included from fiscal 2023 onwards.

Human resources data (consolidated)

			Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Percentage of female employees		Regular employees	—	16.6% (198 of 1,196)	19.4% (252 of 1,300)	20.6% (286 of 1,389)	21.6% (328 of 1,516)
		Temporary employees	—	40.4% (111 of 275)	43.3% (71 of 164)	42.1% (59 of 140)	47.0% (63 of 134)
Percentage of female executives			—	4.4% (2 of 45)	4.2% (2 of 48)	4.1% (2 of 49)	5.6% (3 of 54)
Percentage of female workers in management positions			—	5.0% (11 of 218)	5.3% (11 of 207)	4.2% (9 of 213)	6.9% (16 of 231)
Percentage of female workers among new hires		Regular employees	—	19.8% (21 of 106)	35.7% (41 of 115)	29.5% (31 of 105)	27.1% (19 of 70)
		Temporary employees	—	34.9% (15 of 43)	53.6% (15 of 28)	38.1% (8 of 21)	59.4% (19 of 32)
Percentage of temporary employees※1			—	18.7% (275 of 1,471)	11.2% (164 of 1,464)	9.2% (140 of 1,529)	8.1% (134 of 1,650)
Average consecutive tenure by gender	Regular employees	Male	—	11.7 years	11.9 years	12.2 years	11.9 years
		Female	—	9.7 years	9.3 years	8.4 years	7.6 years
	Temporary employees	Male	—	9.3 years	11.5 years	9.6 years	7.5 years
		Female	—	6.3 years	5.6 years	7.7 years	6.4 years
Voluntary turnover rate*2			—	5.4% (80 of 1,471)	3.1% (45 of 1,464)	3.0% (46 of 1,529)	2.1% (34 of 1,650)

*1 Temporary employees are directly-hired employees, such as part-time and contract employees, and do not include dispatched employees

*2 Excluding mandatory retirements of regular, contract, and other full-time employees

Percentage of mid-career hires (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Percentage of mid-career hires	30%	21%	46.8% (22 of 47)	13.5% (10 of 74)	11% (5 of 45)

Note: Including appointments of dispatched employees to regular employee positions, and excluding appointments of contract employees to regular employee positions. New graduates hired outside of April are considered new graduate hires

Average paid holiday utilization rate (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Average paid holiday utilization rate (non-consolidated)	66%	66.0%	76.5%	75.6%	79.2%

Note: Paid holiday utilization rate = Number of paid holidays utilized / Number of paid holidays granted (not including portion carried over from previous fiscal year) x 100

Average paid holiday utilization rate = Combined paid holiday utilization rate for all employees / Total number of employees

Use of caregiver leave (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Number of eligible employees	0	0	0	0	0
Number of employees utilizing leave	0	0	0	0	0

Note: Caregiver leave is for taking care of a family member in need of nursing care for at least two weeks

Use of childcare leave (non-consolidated)

		Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Number of eligible employees	Male	19	32	25	29	21
	Female	8	2	3	1	3
	Total	27	34	28	30	24
Number of employees utilizing leave	Male	0	10	17	24	13
	Female	8	2	3	1	3
	Total	8	12	20	25	16

Use of nursing leave (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Male	4	8	13	8	11
Female	2	5	7	8	13
Total	6	13	20	16	24

Note: Nursing leave is for taking care of a family member in need of nursing care

Note: Including people who took hourly-based leave; a person who took multiple leaves during the fiscal year is counted as a single person taking leave

Use of care leave (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Male	12	22	27	29	46
Female	2	5	8	9	11
Total	14	27	35	38	57

Note: Care leave is for raising children until they begin attending elementary school

Note: Including people who took hourly-based leave; a person who took multiple leaves during the fiscal year is counted as a single person taking leave

Percentage of employees with disabilities (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Percentage of employees with disabilities	—	2.88%	2.71%	2.86%	2.88%

Gender pay gap (non-consolidated)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Regular employees	—	—	70.2%	70.3%	73.0%
Temporary employees	—	—	62.3%	68.9%	62.5%

Note:

See [Diversity](#) for more details about our human resource initiatives.

Group companies with ISO 45001 certification

Company	Number of Group consolidated companies with certification
TOCALO Co., Ltd.	2 of 7 companies (28.6 % of the consolidated Group)
TOCALO & HAN TAI Co., Ltd.	

Governance

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Number of consultations received through the Clean Line System	—	6	4	3	7
Number of consultations received through the external reporting system	—	9	4	13	10
Political contributions	—	0 yen	0 yen	0 yen	0 yen