

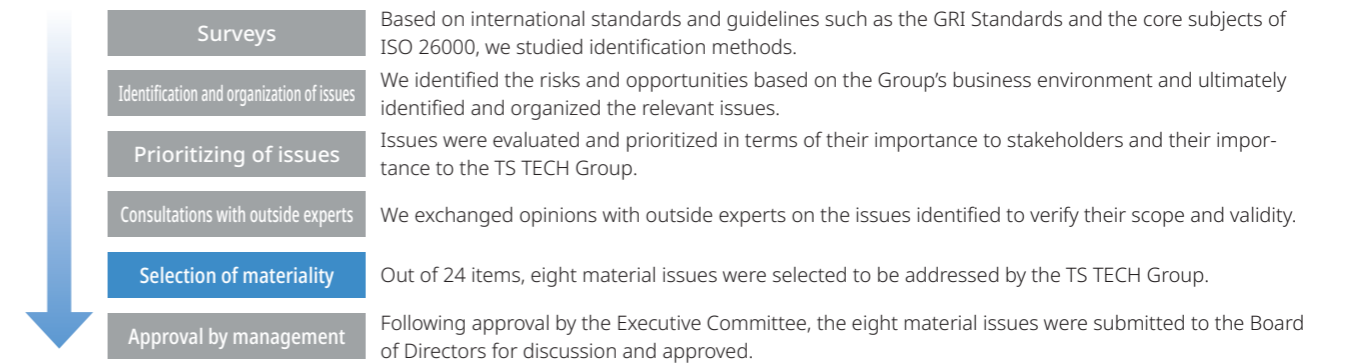
Identified Material Issues and 2030 Targets

The TS TECH Group has established sustainability targets for 2030 with indices indicating the vision the Group aims to achieve for itself by that year. We will address key material issues (materiality) in a priority manner to help build a sustainable world. Under our 15th Medium-Term Management Plan (fiscal 2024–2026), we will execute our management policy of “realizing ESG management,” moving forward boldly to achieve our targets.

TS TECH Materiality Identification Policy

- Issues that are material to the vision statement under the TS TECH Philosophy: “A company dedicated to realizing people’s potential” and “A company sincerely appreciated by all”
- Issues that are highly material to the United Nations Sustainable Development Goals (SDGs)
- Issues that are material to contribute to a sustainable world

Procedure for Identifying Material Issues



Category	Related SDGs	Material issues	Vision	Materiality	Materiality KPIs	14 th Medium-Term Management Plan results	15 th Medium-Term Management Plan targets	2030 targets	Main measures
Society	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Providing attractive, innovative new products and technologies that exceed society’s expectations	<ul style="list-style-type: none"> • We will create new value that exceeds the expectations of customers and help to build safe, secure, and prosperous societies by providing attractive, high-quality automobile interiors. 	Developing attractive, innovative technologies	Innovative technology development expenses as a percentage of R&D expenses	vs. FY2021 +2.6%	vs. FY2021 +3%	vs. FY2021 +10%	<ul style="list-style-type: none"> • Proactively investing in original technologies, including biosensing and environmental technologies
				Improving product quality	Seat supplier IQS rating ^{*1}	8.8P	7.0P	2.0P (stable high levels)	<ul style="list-style-type: none"> • Enhancing product quality with higher-precision verification tools • Constructing a framework enabling ongoing cultivation of quality human resources worldwide
Environment	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND	Reducing impact by practicing environmentally friendly manufacturing to build a sustainable world	<ul style="list-style-type: none"> • Aiming for a decarbonized society, we will work to contribute to reducing our environmental impact by pursuing energy savings and effective use of resources, starting with product design and continuing throughout every stage of the product life cycle. • We will strive to ensure that all of our employees have a high level of environmental awareness, while working to protect the environment and conserve ecosystems based on the concept of “giving greenery back to the earth.” 	Responding to climate change	CO ₂ emissions reduction rate ^{*2}	vs. FY2020 -16%	vs. FY2020 -25%	vs. FY2020 -50%	<ul style="list-style-type: none"> • Improving development and manufacturing efficiency • Developing and promoting products that use plant-based raw materials, etc. ▶ pp. 24–27
				Recycling and effectively using resources	Waste reduction rate ^{*3}	vs. FY2020 -16% (Total)	vs. FY2020 -25%	vs. FY2020 -50%	<ul style="list-style-type: none"> • Analyzing and responding to risks and opportunities based on the recommendations of the TCFD ▶ pp. 39–41
					Water intake reduction rate and environmental impact from wastewater ^{*4}	vs. FY2020 -13% (Total)	vs. FY2020 -15%	vs. FY2020 -50% “0” environmental impact	<ul style="list-style-type: none"> • Conducting energy management based on ISO 14001/ISO 50001 • Installing energy-saving and renewable-energy equipment ▶ pp. 42–43
				Harmoniously co-existing with nature	Establishment of the TS TECH Fund (matching gift program)	Program survey Study of plans	Establishing a TS TECH Group donation program	Establishing a TS TECH Group donation program	<ul style="list-style-type: none"> • Researching and establishing a matching gift program
Corporate foundation	5 DECENT WORK AND ECONOMIC GROWTH 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 AFFORDABLE AND CLEAN ENERGY 17 PARTNERSHIPS FOR THE GOALS	Respecting diversity and developing structures to maximize individual abilities	<ul style="list-style-type: none"> • We will respect the human rights of all stakeholders and offer rewarding working environments in which each and every employee makes the most of their diverse talents. • We will engage in diversity-positive, highly transparent management to fulfill our corporate social responsibility (CSR), achieve sustainable business growth, and enhance corporate value. 	Respecting human rights	Engagement rating ^{*5}	C	BB	AAA	<ul style="list-style-type: none"> • Analyzing survey findings individually by department and identifying priority issues • Enhancing the evaluation system and communication opportunities ▶ p. 51
				Reforming work styles to make the most of diversity	Supplier Sustainability Guidelines compliance rate ^{*6}	97% (Subject: 126 domestic suppliers)	100% (Subject: Domestic and international suppliers)	100% (Subject: Domestic and international suppliers)	<ul style="list-style-type: none"> • Preparing to expand surveys to verify circumstances of compliance to locations outside Japan ▶ pp. 47–49
					Percentage of management positions held by diverse human resources ^{*7}	32.5%	33.3%	35%	<ul style="list-style-type: none"> • Supporting career development with rank-specific training • Helping personnel balance their work and personal lives (childbirth, childcare, nursing care) ▶ p. 50
				Strengthening governance	Corporate Governance Code compliance rate	100%	100%	100%	<ul style="list-style-type: none"> • Pursuing ongoing efforts to prevent corruption

*1 Rating awarded in the Initial Quality Study (IQS) conducted by J.D. Power Japan, Inc. The study looks at new car buyers and their experiences with any problems and calculates the number of problems indicated per 100 vehicles. The lower the number, the higher the quality.

*2 CO₂ emissions reduction rate (Scope 1 and 2) resulting from the Group’s business activities

*3 Rate of reduction of waste (excluding residue, sludge, etc.) resulting from the Group’s manufacturing activities

*4 Reduction rate in water intake (amount used) at the Group’s production facilities and environmental impact of wastewater resulting from manufacturing activities

*5 The engagement targets look at the company’s employees using Link and Motivation Inc.’s Motivation Cloud. The target “AAA” rating is the highest of the 11 ratings.

*6 Rate of compliance with the Supplier Sustainability Guidelines among the Group’s suppliers (including overseas suppliers)

*7 Percentage of women, mid-career hires, non-Japanese citizens, older employees, and persons with disabilities in management positions