

Review of the 14th Medium-Term Management Plan Fiscal 2021-2023

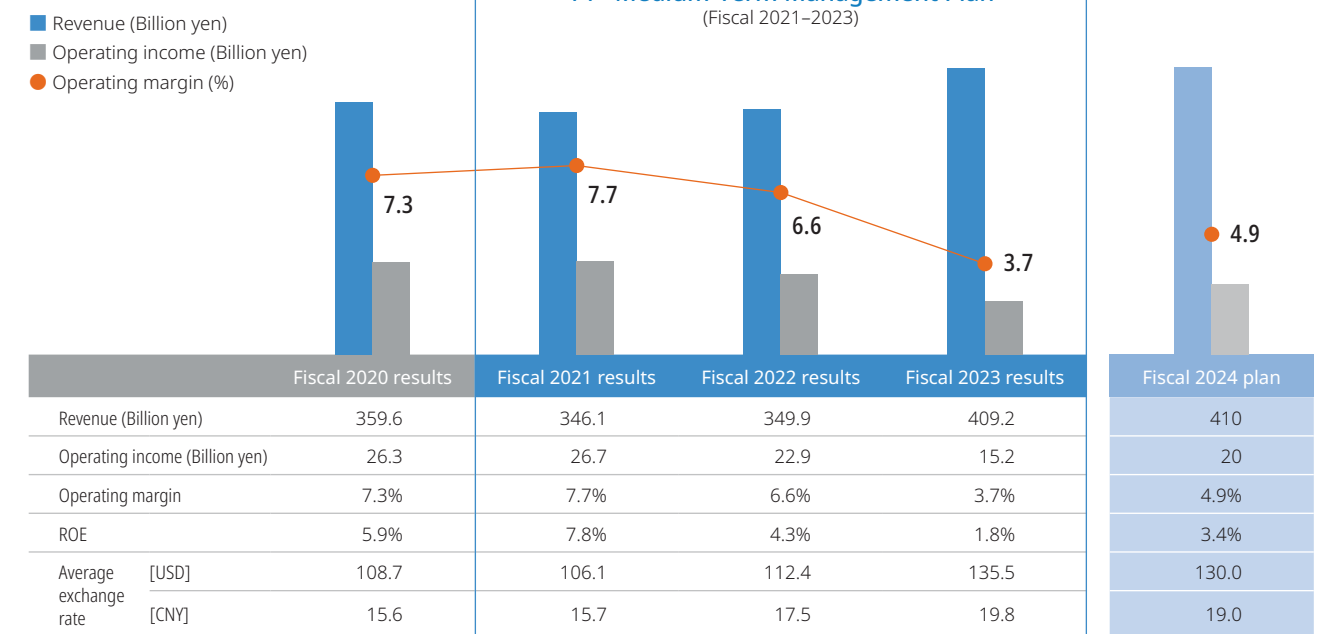
The 14th Medium-Term Management Plan set out a management policy of “Corporate evolution through ESG management,” and during those years we moved forward with efforts to strengthen our corporate structure in various ESG-related areas that support business growth. We made progress on priority measures, but the extremely challenging business environment caused by the pandemic and material supply shortages left outstanding issues in terms of profitability. We will implement the 15th Medium-Term Management Plan to ensure that all remaining challenges are addressed, such as achieving as yet unattained commercial rights targets in new business areas and remedying the downturn in capital efficiency.

Progress on Priority Measures

◎: Very good ○: Good △: Average

	Measure	Evaluation	Notable initiatives
Evolution for business growth	Commercialization of original technologies	◎	<ul style="list-style-type: none"> Acceleration of development of sensing and other technologies that lead to attractive products Announcement of next-generation vehicle interior XR Cabin Active incorporation of joint development and other types of open innovation Capital and business partnership with Imasen Electric Industrial Co., Ltd. Business partnership with ALPS ALPINE CO., LTD. Investment in teTra aviation corp. Application of advanced processing technology in mass production Newly established mold manufacturing and technology development bases
	Expansion of strategic commercial rights	△	<ul style="list-style-type: none"> Steady receipt of orders from major customers for target commercial rights through spec proposals that leverage our strengths and enhanced development collaboration Precise selection of target and strategic order development to acquire new customers and new commercial rights Although the number of new orders increased, the target for final orders received was not achieved
	Optimization of business operations structure	○	<ul style="list-style-type: none"> Streamlining and increased efficiency through allocation reviews and restructuring of business operations both in Japan and overseas based on reorganization of production UK and Hungary: Reorganization of production hubs India: Reorganization of automobile and motorcycle businesses Mexico: Establishment of trim cover production company Poland: Establishment of seat production company
	Contribution to a sustainable society	◎	<ul style="list-style-type: none"> Establishment of the Sustainability Committee Identifying material issues and setting KPIs and targets for 2030 Stronger global CO₂ emissions reduction activities and related management to help achieve a low-carbon society Endorsement of TCFD recommendations and disclosure response Enhancing resource management to achieve a circular society
	Recognition for top quality	△	<ul style="list-style-type: none"> Enhanced know-how and support from the first production base during global rollout of new models Prevention of defects by strengthening verification in the beginning stages of development Stronger quality control systems at Group and business partner locations Impact on income due to quality-related response costs
Stronger business operations structure to support evolution	Strengthening of continuous earnings structure	◎	<ul style="list-style-type: none"> Establishment of a lowest-cost procurement structure by enhancing our global procurement system More efficient administrative and indirect operations through active use of IT Studying and formulating financial strategies aimed at medium- to long-term growth
	Maximization of employee and structural efficiency	◎	<ul style="list-style-type: none"> Establishment of a system to promote advancement of diverse human resources Introduction of referral and return of former employees recruitment Implementation and utilization of employee engagement survey Rating: C Aiming to achieve highest rating of AAA Evolution of our evaluation system to accommodate various work styles Review of our training system for next-generation human resource development

Financial Trend



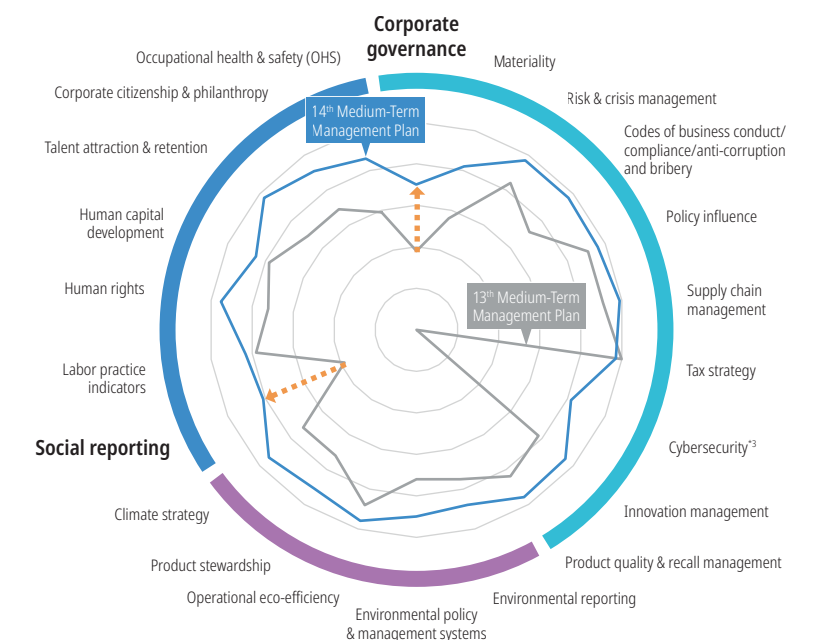
Non-Financial Trend

The TS TECH Group measures its ESG quality using an evaluation method based on the Dow Jones Sustainability Indices (DJSI).¹

In the 14th Medium-Term Management Plan, our governance reforms, including becoming “a company with an Audit and Supervisory Committee” structure and enhanced disclosure of non-financial items, were all well received. This meant that we significantly improved our scores in the domains of corporate governance and social reporting. We will continue to move forward with advanced ESG management, which we highlighted as a challenge in the 13th Medium-Term Management Plan (fiscal 2018-2020), as we strive to build an industry-leading corporate structure and deliver sustainable corporate growth.

1 A sustainability-related index that evaluates companies' sustainability from ESG and economic perspectives, published annually by S&P Dow Jones Indices LLC of the United States
2 Indicates the company's position in the industry, with the highest score being 100
3 New item from fiscal 2021, so no score recorded for the 13th Medium-Term Management Plan

DJSI Evaluation (Indicated as a percentile ranking within the auto parts industry²)



Major Initiatives

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| <p>E</p> <ul style="list-style-type: none"> Endorsement of TCFD recommendations and disclosure response Enhancing environmental management and CDP initiatives | <p>G</p> <ul style="list-style-type: none"> Transition to “a company with an Audit and Supervisory Committee” structure Establishment of the Nomination and Compensation Committee Diversification of the Board of Directors (appointment of female directors, etc.) Establishment of the Sustainability Committee Formulation of material issues and setting of 2030 targets |
| <p>S</p> <ul style="list-style-type: none"> Implementation of employee engagement survey Expanded the deployment of Supplier Sustainability Guidelines and the scope of surveys about the guidelines | |