

Environmental Initiatives

Basic Environmental Policy

Policy

In the interest of protecting the global environment, the TS TECH Group will work to reduce the environmental impact of all aspects of its corporate activities, especially the production of interior components for automobiles, and help create a sustainable society, aiming to be "A company sincerely appreciated by all," which is one of the beliefs enshrined in the Group's philosophy.

Environmental Action Plan

(1) Compliance with Legal and Other Requirements

Strive to prevent environmental pollution and protect biodiversity and ecosystems primarily through compliance with requirements, such as environmental laws and regulations and environmental standards, and proper chemical management.

(2) Reduction of Environmental Impact

Aim to mitigate the impacts of climate change and realize a sustainable recycling-based society by striving to save energy and resources through collaboration across the supply chain, based on life cycle assessments that cover all stages in the product life cycle, from development through sourcing, production, logistics, marketing, disposal, and reuse.

(3) Continuous Improvement of Environmental Management

Endeavor to continuously improve environmental and energy performance by setting environmental targets based on environmental and energy management systems, and regularly reviewing them. Provide the information and management resources needed for such improvement and also work toward the utilization of products and equipment that will improve energy efficiency.

October 2018, Resolution of the Board of Directors (Revised)

Initiatives to Strengthen Environmental Management

The Group is promoting environmental management system ISO 14001 certification at all of its facilities around the world. We are united in our efforts to continuously reduce the burden on the environment. Seeking additional measures to efficiently reduce CO₂ emissions, TS TECH adopted the ISO 50001 energy management system at all of its sites in Japan in fiscal 2019 and obtained certification. Going forward, we will continue with efforts to bolster our environmental and energy management not only to reduce the burden on the environment but also to decrease costs by using resources more efficiently.

Internal Environmental Audits

TS TECH has established an environmental and energy audit program that consists of annual audits of each site. The audits take into account the environmental and energy impact of the sites and the results of past audits. These internal audits examine measures to reduce environmental impact and energy consumption, the effect of these measures, compliance with related laws and regulations, and the status of the administration of ISO international standards, among other items. We promote swift, proper correction of deficiencies and non-compliance items detected in audits, aiming to improve our environmental management.

Compliance with Environment-Related Laws and Regulations

Under our environmental and energy management systems, TS TECH has prepared a list of legal and other requirements at each site and reviews the laws and requirements that we must comply with at the beginning of each fiscal year. We also evaluate the status of compliance every six months. Over the period from fiscal 2020 to fiscal 2023,

there were no violations of environmental laws and regulations.

Environmental and Energy Management Education

TS TECH provides employees with various educational programs related to environmental and energy management under its ISO management system. Under the ISO 14001 standard, we conduct environmental education with the objectives of reducing environmental impact and preventing pollution. Under ISO 50001, in addition to offering energy conservation training tailored to each production facility provided by the Energy Conservation Center, Japan, we have also introduced our own energy-saving diagnostics focused on improving equipment operation.

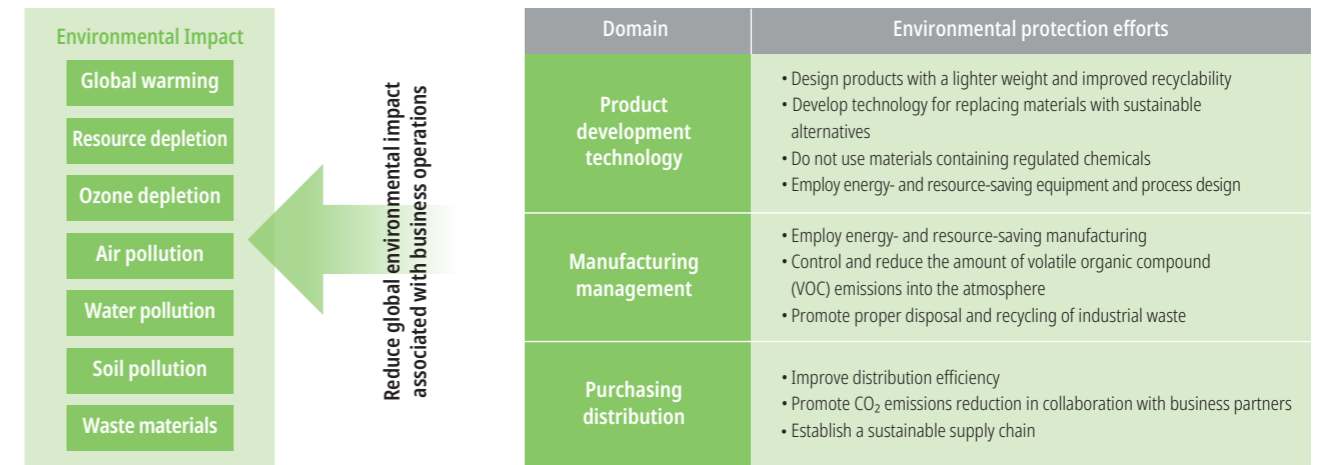
Since 2022, we have been acquiring knowledge on effective energy-saving techniques with the benefit of expert insight and input. We have focused on energy conservation using inverters for motors and equipment, seeking to strengthen the development of human resources specialized in this area. We have been rolling this knowledge out horizontally across the entire Group, including sites outside Japan.

To catalyze even more effective measures, these specialists not only learn the basics of energy management but also delve deeply into specific management methods for particular facilities. Going forward, we will continue to develop human resources who can take the lead in promoting energy conservation at each of our sites. Meanwhile, we will keep providing general education, as well, seeking to improve employees' environmental awareness and skills.



Environmental education for facility management

Efforts to Reduce Our Environmental Footprint



Development-focused measures

We understand that reducing the weight of our products is one of the most effective ways in which we can reduce our impact on the environment. For example, our seat frames account for a large portion of the weight of our products, so we strive to apply a variety of weight-reducing technologies wherever possible, while further improving safety and comfort in line with evolving needs. The seat frame installed in the 2020 Honda Fit is about 28% lighter than our previous core frame. We accomplished this by using more ultra-high tensile strength steel and thin-plate welding technology. It is now being used in many automobile models worldwide.



Evolution of parts using ultra-high tensile strength steel (shown in blue)

In addition to weight-reducing technologies, we are focusing on reducing CO₂ contained in our products through technologies utilizing cellulose nanofiber (CNF) and other plant-derived biomass materials. Compared to conventional door trims made from petroleum-derived materials, we have succeeded in reducing the amount of CO₂ contained in these products by 60% by using plant-derived biomass materials (for resin/synthetic leather coverings), and we are continuing our research with the goal of applying this technology to mass-produced products.

Looking ahead to the future shift to EVs, we are also pursuing technology development that contributes to carbon neutrality from various perspectives, including developing seat heaters that efficiently heat at low power to help increase electric mileage (cruising range) and climate-control seats that help reduce electricity consumption.

Production-focused measures

Under the policy of "Evolving toward sustainable manufacturing and building a globally efficient production system," our Manufacturing Division works hard to ensure our manufacturing is both competitive and environmentally friendly. The main initiatives include accelerating automation of production lines and reducing electricity usage by standardizing energy-saving technologies, introducing next-generation energy-saving technologies, and utilizing regenerative energy*1.

An example of electricity reduction utilizes *karakuri**2 means to achieve work automation without consuming energy. In November 2022, we exhibited a *karakuri* mechanism that uses equipment exhaust air, at the Karakuri Kaizen Exhibition hosted by the Japan Institute of Plant Maintenance, winning the silver award in the parts feeder contest category. We are currently working to further reduce environmental impact by developing equipment that utilizes regenerative energy, such as a method of generating electricity from a *karakuri* mechanism.

*1 Converting surplus energy generated from equipment into electricity for reuse

*2 Karakuri refers to equipment or mechanisms that improve processes with minimal energy or cost through the use of gravity, gears, the principle of leverage, etc.

Installing environmentally friendly equipment

Initiatives to reduce CO₂ emissions include installing environmentally friendly equipment such as solar power generation systems and rainwater reuse systems when replacing buildings at each site, which helps to reduce CO₂ emissions and groundwater usage. We are also actively working to reduce logistics losses by taking steps such as realigning production with consolidated external warehouse functions. In fiscal 2023, we newly installed solar power systems at the Hamamatsu Plant and Suzuka Plant, and expanded the system at the Saitama Plant.

At the expanded facilities of TS TECH INDIANA, LLC, we installed a solar power system with storage capabilities in June 2022. By combining this solar power generation with green power certificates, we have reduced CO₂ emissions from electricity to zero. In these ways, we are accelerating efforts around the world to reduce our environmental impact.



TS TECH INDIANA, LLC

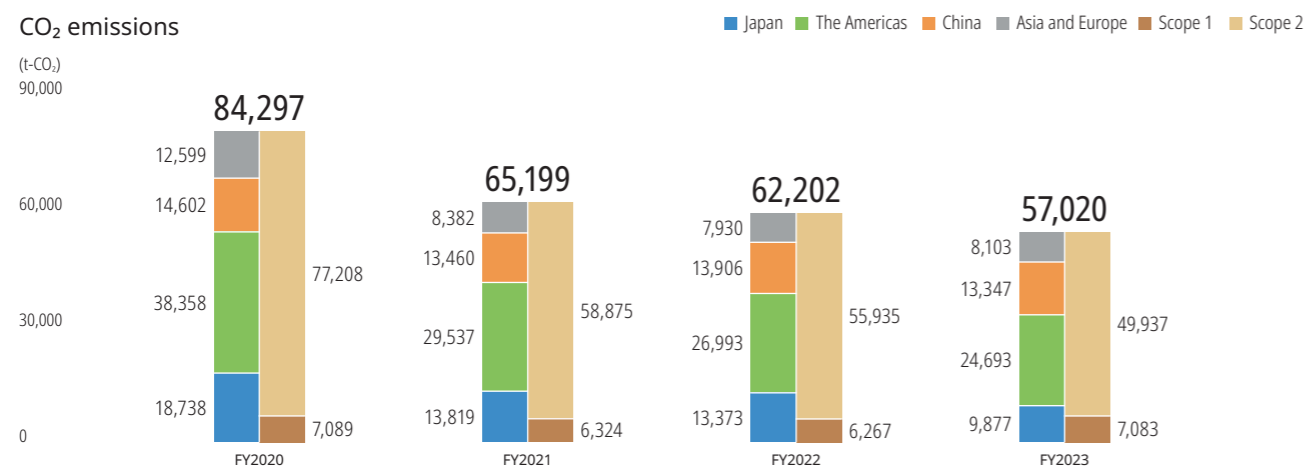
Environmental Targets and Results

Main environmental targets and results in fiscal 2023*1

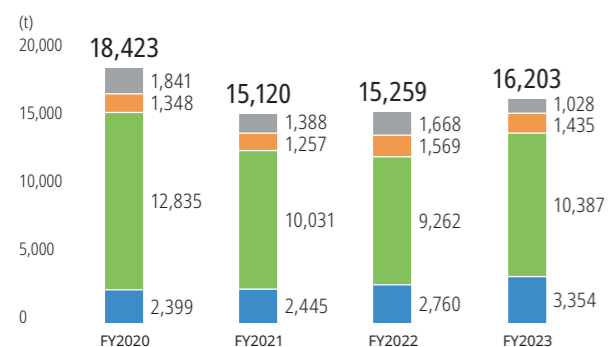
Item	Targets	Measures	Results
CO ₂	CO ₂ emissions reduction 2,805 t-CO ₂ lower than FY2020	<ul style="list-style-type: none"> Shift to energy-saving production equipment Switch to LEDs Shift to energy-saving air conditioning Introduction of renewable energy 	CO ₂ emissions reduction 14,844 t-CO ₂ lower than FY2020*3
	Basic unit per vehicle*2 3% lower than FY2020		Basic unit per vehicle 1% higher than FY2020
	FY2020 performance: 8.3 t-CO ₂ /thousand vehicles		FY2023 performance: 8.4 t-CO ₂ /thousand vehicles
Waste	Recycling rate 1.5% higher than FY2020	<ul style="list-style-type: none"> Promote recycling Reduce product defect rate Reduce packaging materials 	Recycling rate 4.1% lower than FY2020
Water	Maintain water intake level compared to FY2020	<ul style="list-style-type: none"> Conserve water at all worksites Inspect water supply equipment for leakage 	Water intake 12% lower than FY2020

*1 Consolidated subsidiaries are included in the scope of aggregation, but some subsidiaries are excluded on the same standard as "Trends in environmental results."
 *2 "Per unit" figures are calculations performed according to TS TECH's standards and indicate CO₂ emissions relative to production volume during business activities
 *3 Emission coefficients for the base year are used to maintain consistency in target management. The difference in CO₂ emissions using the coefficients for FY2023 is -27,277 t-CO₂.

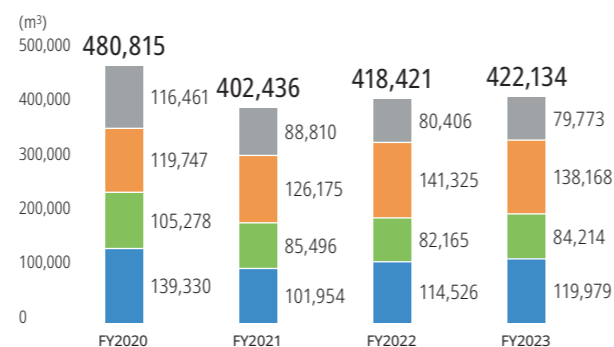
Trends in environmental results



Waste generated



Water intake



* Scope of data: Consolidated sites excluding certain subsidiaries (Fiscal 2023)
 • CO₂ emissions: 33 out of 38 consolidated subsidiaries are included in the data scope (5 companies are excluded)
 • Waste generated and water intake: 32 out of 38 consolidated subsidiaries are included in the data scope (6 companies are excluded)
 The revenue of the companies within the data scope accounts for 95% or more of the Group's consolidated revenue for each period concerned.

Scope 3 emissions (Consolidated)

Fiscal Year	FY2020	FY2021	FY2022	FY2023
Scope 3 emissions (t-CO ₂)	2,749,174	2,381,086	2,658,732	2,583,409

Scope 3 emissions by category breakdown for fiscal 2023

Category	Emissions (t-CO ₂)	Ratio (%)
1. Purchased goods and services	2,330,480	90.2%
2. Capital goods	32,466	1.3%
3. Fuel- and energy-related activities not included in Scope 1 or Scope 2	11,864	0.5%
4. Transportation and distribution (upstream)	87,021	3.4%
5. Waste generated in operations	3,562	0.1%
6. Business travel	3,145	0.1%
7. Employee commuting	5,494	0.2%
10. Processing of sold products	75,117	2.9%
12. End-of-life treatment of sold products	34,260	1.3%
Total	2,583,409	100%

Implementing third-party verification

In order to ensure the reliability environmental data disclosure, the Group has obtained third-party verification from SGS Japan Inc. Verification results for fiscal 2023 are as follows.

Verification target	Verification range	Results
Scope 1 and 2 (CO ₂ emissions from energy use) and energy consumption	6 sites of the Organization, 5 domestic companies, 27 overseas companies	Scope 1: 7,083 t-CO ₂ Scope 2: 49,937 t-CO ₂
Scope 3, Category 1 (CO ₂ emissions from purchased goods and services)	Products and services extracted from TS production control system	2,330,480 t-CO ₂
Waste generated (including valuable waste)	6 sites of the Organization, 5 domestic companies, 26 overseas companies	16,203 t
Water intake		422,134 m ³

Long-term environmental targets

In the interest of protecting the global environment, the Group will work to reduce the environmental impact of all aspects of its corporate activities. Our efforts to build a sustainable world are guided by our vision statement of being "A company dedicated to realizing people's potential" and "A company sincerely appreciated by all." We aim to strike a balance between achieving further business growth and contributing to the resolution of social issues, including the creation of a recycling-oriented society and conservation of water resources, in addition to responding to climate change, which is becoming more serious by the year. Accordingly, we have set long-term targets for such environmental issues. The whole Group will work to achieve these goals by promoting environmental conservation activities.

Item	KPI	Term for comparison	2030 target	2050 target
CO ₂	CO ₂ emissions reduction rate*1	Comparison with FY2020	-50%	-100%
Waste	Waste reduction rate*2	Comparison with FY2020	-50%	-100%
Water	Water intake and wastewater reduction rates*3	Comparison with FY2020	Water intake reduction rate -50%	Wastewater reduction rate -100%
	Environmental impact from wastewater*4	—	Zero	Zero

*1 CO₂ emissions reduction rate (Scope 1 and 2) resulting from the Group's business activities
 *2 Reduction rate for waste resulting from the Group's manufacturing activities (excluding residue, sludge, etc.)
 *3 Reduction rate of water intake (amount used) at the Group's production facilities and reduction of wastewater resulting from manufacturing activities
 *4 Environmental impact of wastewater resulting from the Group's manufacturing activities