

# 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 15<sup>th</sup> Medium-Term Management Plan (fiscal 2024–2026), we will execute our management policy of “realizing ESG management,” incorporating sustainability perspectives into management strategy as we further accelerate efforts 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

Category	Related SDGs	Material issues	Vision	Materiality	Materiality KPIs	14 <sup>th</sup> Medium-Term Management Plan results	15 <sup>th</sup> Medium-Term Management Plan		2030 targets
							Fiscal 2025 main initiatives	Targets	
Society	  	Providing attractive, innovative new products and technologies that exceed society's expectations	<ul style="list-style-type: none"> <li>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.</li> </ul>	Developing attractive, innovative technologies	Innovative technology development expenses as a percentage of R&D expenses	vs. FY2021 +2.6%	<ul style="list-style-type: none"> <li>R&amp;D based on a vision of next-generation cabin spaces</li> <li>Eco-friendly R&amp;D</li> </ul>	vs. FY2021 +3%	vs. FY2021 +10%
				Improving product quality	Seat supplier IQS rating <sup>1</sup>	8.8P	<ul style="list-style-type: none"> <li>Improvement activities targeting obstacles to exterior quality</li> <li>Ongoing exterior quality improvement committee activities</li> </ul>	7.0P	2.0P (stable high levels)
Environment	    	Reducing impact by practicing environmentally friendly manufacturing to build a sustainable world	<ul style="list-style-type: none"> <li>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.</li> <li>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.”</li> </ul>	Responding to climate change	CO <sub>2</sub> emissions reduction rate <sup>2</sup>	vs. FY2020 -16%	<ul style="list-style-type: none"> <li>Lateral deployment of energy conservation measures</li> <li>Studying regionally optimized use of renewable energy and drafting plans for adoption</li> </ul>	vs. FY2020 -25%	vs. FY2020 -50%
				Recycling and effectively using resources	Waste reduction rate <sup>3</sup>	vs. FY2020 -16% (Total)	<ul style="list-style-type: none"> <li>Studying recycling of major waste</li> <li>Surveying trends to reduce water intake and studying related measures</li> </ul>	vs. FY2020 -25%	vs. FY2020 -50%
					Water intake reduction rate and environmental impact from wastewater <sup>4</sup>	vs. FY2020 -13% (Total)	<ul style="list-style-type: none"> <li>Preparing checklists on water leakage, etc., and implementing inspections</li> <li>Surveying trends to reduce water intake and studying related measures</li> </ul>	vs. FY2020 -15%	vs. FY2020 -50% “0” environmental impact
				Harmoniously co-existing with nature	Establishment of the TS TECH Fund (matching gift program)	Program survey Study of plans	<ul style="list-style-type: none"> <li>Establishing the TS TECH Fund</li> <li>System operations and donations to nature conservation organizations</li> <li>Publicizing donations internally and externally</li> </ul>	Establishing a TS TECH Group donation program	Establishing a TS TECH Group donation program
Corporate foundation	    	Respecting diversity and developing structures to maximize individual abilities	<ul style="list-style-type: none"> <li>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.</li> <li>We will engage in diversity-positive, highly transparent management to fulfill our corporate social responsibility (CSR), achieve sustainable business growth, and enhance corporate value.</li> </ul>	Respecting human rights	Engagement rating <sup>5</sup>	C	<ul style="list-style-type: none"> <li>Lateral deployment of collected improvement case studies</li> <li>Development and implementation of action plans</li> </ul>	BB	AAA
					Supplier Sustainability Guidelines compliance rate <sup>6</sup>	97% (Subject: 126 domestic suppliers)	<ul style="list-style-type: none"> <li>Improving guidelines and raising awareness among suppliers</li> <li>Supplier interviews</li> </ul>	100% (Subject: Domestic and international suppliers)	100% (Subject: Domestic and international suppliers)
				Reforming work styles to make the most of diversity	Percentage of management positions held by diverse human resources <sup>7</sup>	32.5%	<ul style="list-style-type: none"> <li>Continuing proactive mid-career hiring</li> </ul>	33.3%	35.0%
				Strengthening governance	Corporate Governance Code compliance rate	100%	<ul style="list-style-type: none"> <li>Formulating a Human Rights Policy and implementing human rights due diligence</li> <li>Proactive disclosure in corporate governance reports</li> </ul>	100%	100%

\*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 CO<sub>2</sub> 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