

# Environment

## Environmental Initiatives

### Basic Environmental Policy

#### Policy

In order to achieve our goal of being “A company sincerely appreciated by all” that is part of our Vision Statement, the TS TECH Group will endeavor to reduce environmental impacts and give consideration to the protection of the global environment in all aspects of our business activities, with a focus on the manufacture of automobile interior parts, and will contribute to the creation of a sustainable society.

#### Environmental Action Guidelines

##### 1. Observance of legal and other requirements

We will observe environmental laws and environmental standards in all countries and regions, and strive to carry out appropriate management of chemical substances to prevent environmental pollution.

##### 2. Reduction of environmental impact

Based on a life cycle assessment of products during the process from development to procurement, production, logistics, sales, disposal, and reuse, we aim to mitigate the effects of climate change and create a sustainable recycling-oriented society by working to develop environmentally friendly products, save energy, conserve resources, and reduce our environmental impact throughout the supply chain.

##### [Initiatives for climate change]

We will manage emissions of greenhouse gases to achieve carbon neutrality, and will reduce greenhouse gas emissions through efficient use of energy and transition to renewable energy.

##### [Initiatives for resource circulation]

Through the efficient use of resources, including Reduce, Reuse, and Recycle, we will promote sustainable resource management by working to reduce the amounts of water consumed and waste, and to utilize sustainable materials.

##### 3. Preservation of biodiversity

We will consider the impacts of our business activities on biodiversity, promote coexistence with nature and ensure animal welfare. We will also actively carry out environmental protection activities.

##### 4. Continual improvement of environmental management

Based on environmental management system and energy management system, we will set and periodically review environmental targets, and continually improve our environmental and energy performance. We will also prepare the necessary information and resources for that purpose, and strive to utilize products and equipment that improve energy efficiency.

##### 5. Developing environmental awareness

We will strive to improve environmental awareness of our employees through environmental training. We will encourage all business partners to understand and support this policy.

##### 6. Information disclosure

We will proactively disclose information and enhance communication with all our stakeholders.

The policy was approved by Board of Directors in February 2025 (Revised).

### 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.

Items	Materiality KPIs	Terms for comparison	2030 targets	2050 targets
CO <sub>2</sub>	CO <sub>2</sub> 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 CO<sub>2</sub> emissions reduction rate (Scope 1 and 2) resulting from the Group's business activities

\*2 Rate of reduction of waste (excluding residue, sludge, etc.) resulting from the Group's manufacturing activities

\*3 Reduction rate in water intake (amount used) at the Group's production facilities and reduction rate in wastewater resulting from manufacturing activities

\*4 Environmental impact of wastewater resulting from the Group's manufacturing activities

### Initiatives to Strengthen Environmental Management

The TS TECH Group has obtained ISO 14001 environmental management system certification at its global sites and is working to continuously reduce environmental impact across the entire Group. Our domestic workplaces and

some overseas sites have obtained ISO 50001 energy management system certification, and we are working to improve energy efficiency and performance to achieve carbon neutrality by 2050.

In fiscal 2025, we implemented environmental law training by experts at our domestic workplaces to strengthen our response to environmental risks.

### Internal Environmental Audits

We conduct an internal environmental audit once per year based on environmental and energy impact assessments and past audit results. Internal audits examine the implementation status and effectiveness of environmental and energy consumption reduction measures, compliance with relevant laws and regulations, and the operational status of ISO international standards. The results of these internal audits were also verified during the ISO 14001 and ISO 50001 audits conducted by external certification agencies. In the triennial recertification audit conducted in fiscal 2025, the effectiveness of our management system was evaluated, and our certifications were renewed.

### Compliance with Environment-Related Laws and Regulations

Under its 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 it 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 2022 to fiscal 2025, there were no violations of environmental laws and regulations.

#### Compliance status of environment-related laws and regulations (Non-consolidated)

	Environmental violations (Cases)	Environmental fines (Yen)
FY2022	0	0
FY2023	0	0
FY2024	0	0
FY2025	0	0

### 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, employees responsible for energy management, including those at affiliated companies in Japan, participate in energy conservation training tailored to each production facility provided by the Energy Conservation Center, Japan. This training aims to invigorate energy conservation initiatives and enhance the knowledge of those responsible. 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

#### Production-focused measures

Our Corporate Manufacturing Division strives to ensure our manufacturing is friendly to the global environment under a policy of “Evolving toward sustainable manufacturing and building a globally efficient production system.”

As a key initiative, we are implementing Global Energy Efficiency Diagnostics conducted by an in-house specialist team. This aims to reduce electricity consumption through the introduction of next-generation energy-saving technologies and the utilization of regenerative energy. Specifically, since 2023, with the support of experts in Japan, we have been actively conducting energy-saving diagnostics for our overseas sites and consolidated subsidiaries. Prioritizing sites with insufficient energy-saving measures, we propose locally tailored solutions. Diagnostics are conducted based on standardized energy-saving technologies, and through close collaboration with local staff, we share practical know-how and contribute to human resource development.

Additionally, at production sites, we are strengthening our *karakuri* improvement initiatives that utilize gravity and the principle of leverage to automate tasks 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 advance environmentally friendly manufacturing impact by developing equipment that utilizes regenerative energy, such as a method of generating electricity from a *karakuri* mechanism while also connecting this to enhanced environmental awareness among employees.

Installing environmentally friendly equipment

Initiatives to reduce CO<sub>2</sub> emissions include installing environmentally friendly equipment such as solar power generation systems and rainwater reuse systems during facility upgrades and replacements at each site, which helps to reduce CO<sub>2</sub> emissions and groundwater usage.

In fiscal 2025, as part of our initiatives to combat climate change and realize a sustainable society, we installed solar power generation facilities at our Thai subsidiary through an on-site power purchase agreement (PPA)\* via the power sales business of our Group company TS TECH ASIAN CO., LTD. This direct supply of electricity enabled us to reduce both electricity costs and CO<sub>2</sub> emissions.

Going forward, the TS TECH Group will continue to actively promote the adoption of renewable energy and combat climate change, thus contributing to the realization of a sustainable society.

\* A method where a power generation operator operates solar power equipment on the customer's premises and sells the generated electricity to the customer



Solar panels installed at TS TECH (KABINBURI) CO., LTD.

Development-focused measures

We are focused on reducing the weight of our products as one of the most effective ways of reducing 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 latest seat frame currently in mass production 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.

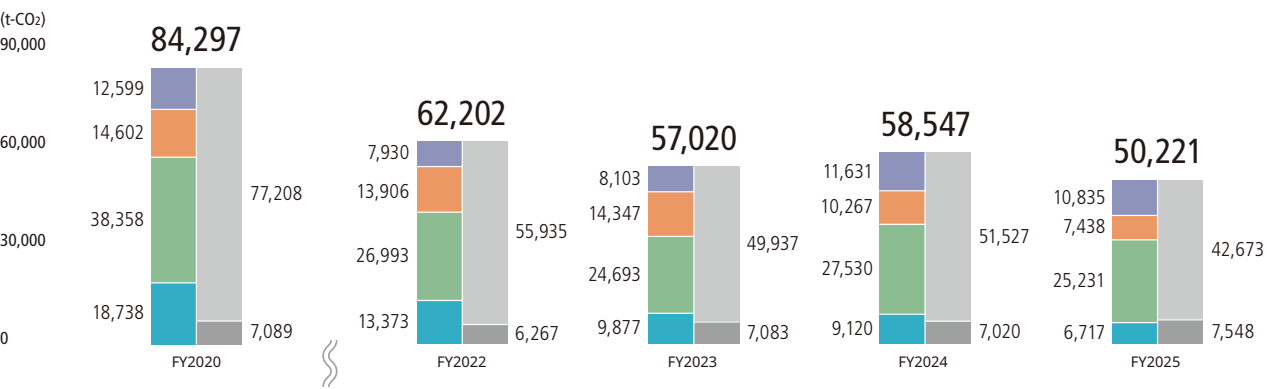
In addition to weight-reducing technologies, we are focusing on reducing CO<sub>2</sub> contained in our products through technologies utilizing cellulose nanofiber (CNF) and other plant-derived biomass materials. We have succeeded in reducing the amount of CO<sub>2</sub> contained in our products by 60% compared to petroleum-derived materials and are continuing our research with the aim of applying this technology to mass production of seats, door trims, and other components. Furthermore, to promote material reuse, we are developing motorcycle seats using recycled materials and structures that can be disassembled more quickly and efficiently.

Looking ahead to the future electrification of vehicles, we have also been working on the development of a seat heater system that heats efficiently with low power, thus contributing to improved energy efficiency (driving range), and an air-conditioned seat that contributes to energy saving. These have been selected for adoption in upcoming models. We will continue to develop technologies that contribute to carbon neutrality from various angles.



Trends in environmental results

CO<sub>2</sub> emissions



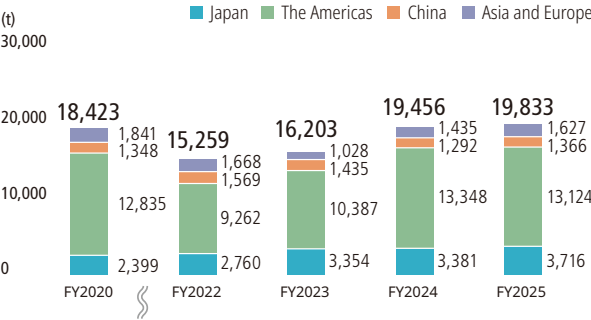
Scope 3 emissions (Consolidated)

FY2021	FY2022	FY2023	FY2024	FY2025
2,381,086	2,658,732	2,583,409	2,846,604	3,119,469

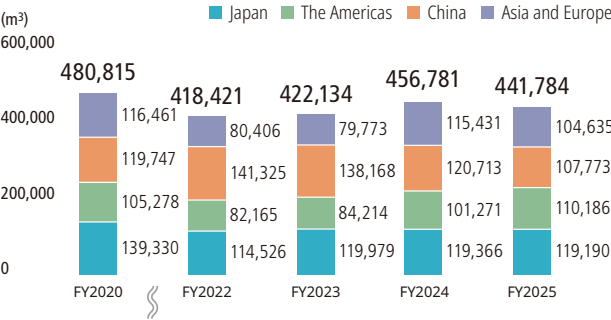
Scope 3 emissions by category breakdown for fiscal 2025

Scope	Category	Emissions (t-CO <sub>2</sub> )	Ratio (%)
Scope 1		7,548	0.24
Scope 2		42,673	1.35
Scope 3	1. Purchased goods and services	2,850,863	89.94
	2. Capital goods	31,425	0.99
	3. Fuel- and energy-related activities not included in Scope 1 or Scope 2	10,761	0.34
	4. Transportation and distribution (upstream)	66,560	2.10
	5. Waste generated in operations	3,232	0.10
	6. Business travel	5,303	0.17
	7. Employee commuting	5,896	0.19
	8. Upstream leased assets	0	0
	9. Downstream transportation and distribution	0	0
	10. Processing of sold products	94,914	2.99
	11. Use of sold products	0	0
	12. End-of-life treatment of sold products	50,515	1.59
	13. Downstream leased assets	0	0
	14. Franchises	0	0
	15. Investments	0	0
	Others	0	0
Total		3,169,690	100

Waste generated



Water intake



Consolidated sites are included in the data scope, but certain subsidiaries are excluded. (Fiscal 2025)  
• Energy consumption and CO<sub>2</sub> emissions: Data collected from the company and all 36 consolidated subsidiaries  
• Waste generated and water intake: Data collected from the company and 35 of 36 consolidated subsidiaries (one subsidiary excluded from data collection)  
The revenue of the companies within the data scope accounts for 96% or more of the Group's consolidated revenue for each period concerned.

Implementing third-party verification

In order to ensure the reliability of environmental data disclosure, the Group has obtained third-party verification from SGS Japan Inc. Verification results for fiscal 2025 are as follows.

Verification targets	Verification range	Results
Scope 1 and 2 (CO <sub>2</sub> emissions from energy use)	6 sites of the Organization, 5 domestic companies, 30 overseas companies	Scope 1: 7,548 t-CO <sub>2</sub> Scope 2: 42,673 t-CO <sub>2</sub>
Scope 3, Category 1 (CO <sub>2</sub> emissions from purchased goods and services)	6 sites of the Organization, 5 domestic companies, 30 overseas companies	2,850,863 t-CO <sub>2</sub>
Waste generated (including valuable waste)	6 sites of the Organization, 5 domestic companies, 29 overseas companies	19,833 t
Water intake		441,784 m <sup>3</sup>