

Green Procurement Guidelines



TACHI-S Co., Ltd.

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Green Procurement Guidelines

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1. Introduction

We would like to express our sincere gratitude to all of our suppliers for your continued support and cooperation in our production and procurement activities.

As a specialized manufacturer primarily focused on automotive seats, TACHI-S is globally committed to providing safe and comfortable mobility spaces. In recent years, expectations and demands for environmental responsibility in the automotive industry have been growing worldwide. Environmental contribution has become an increasingly important theme, including efforts such as improving fuel efficiency through product weight reduction, lowering energy usage in manufacturing processes, and curbing greenhouse gas emissions through resource and energy conservation.

Against this backdrop, we are continuously working together with our stakeholders to reduce the environmental impact of our products and business activities, aiming to realize a sustainable mobility society. We will promote environmental conservation initiatives across the entire group, striving to create a global environment where future generations can live with smiles.

The TACHI-S Group Environmental Policy clearly defines the pillars of our environmental activities, including compliance with environmental laws and regulations, reduction of greenhouse gas emissions, and development of environmentally conscious products. These initiatives are not only a matter of corporate responsibility, but also strategic elements that meet customer needs and enhance the competitiveness of our products.

In collaboration with our suppliers, we will continue to promote environmentally friendly product development and business activities, striving to realize a prosperous society where people and nature coexist in harmony.

We kindly request that our suppliers understand and cooperate with our environmental policies and initiatives, and that they also encourage their own suppliers to cooperate with the following items from a product lifecycle perspective.

Yohei OTA
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2. TACHI-S Group Environment Policy

Basic Philosophy: A Company with Consideration for People and Nature

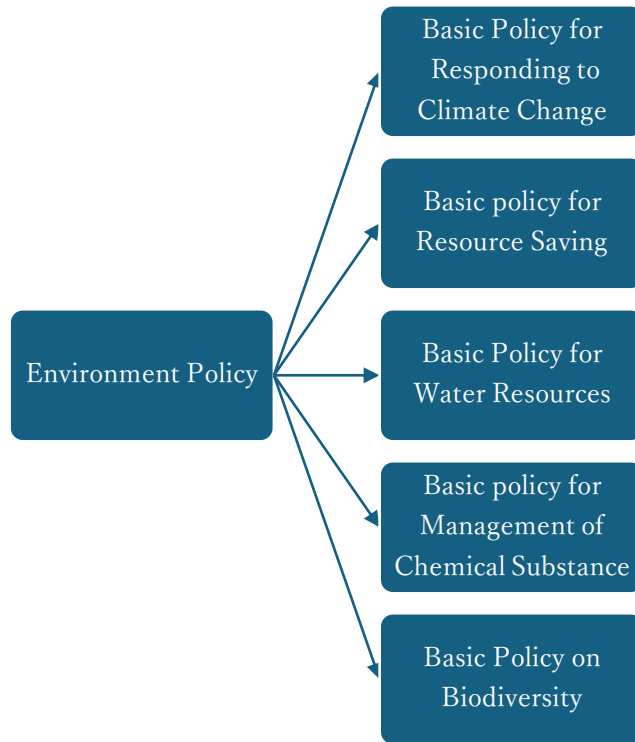
The TACHI-S Group regards “consideration” for people, society, and nature as the foundation of its product development. We strive to deepen every employee’s understanding of environmental issues and actively engage in protecting the global environment. Through these efforts, we aim to contribute to the realization of a prosperous society where people and nature coexist in harmony.

Environment Policy

The TACHI-S Group is committed to reducing environmental impact across all business activities related to the development, design, procurement, and production of automotive seats and related components. To achieve our self-defined environmental objectives and targets, we actively promote initiatives and regularly review our environmental management system.

- (1) We comply with all relevant domestic and international environmental laws, regulations, ordinances, and agreements, as well as industry standards and requirements, and strive to prevent environmental pollution before it occurs.
- (2) We strive to improve efficiency through continuous improvement of operations and promote reduction of greenhouse gas emissions.
- (3) We reduce the use of hazardous chemicals by developing environmentally friendly products and production methods and transitioning to alternative materials.
- (4) We promote resource and energy savings, strive for harmonious coexistence with local communities, and aim to enhance environmental awareness among employees, fostering full participation in environmental protection activities.

[Structure of Environment Policy]



Basic Policy on Climate Change Response

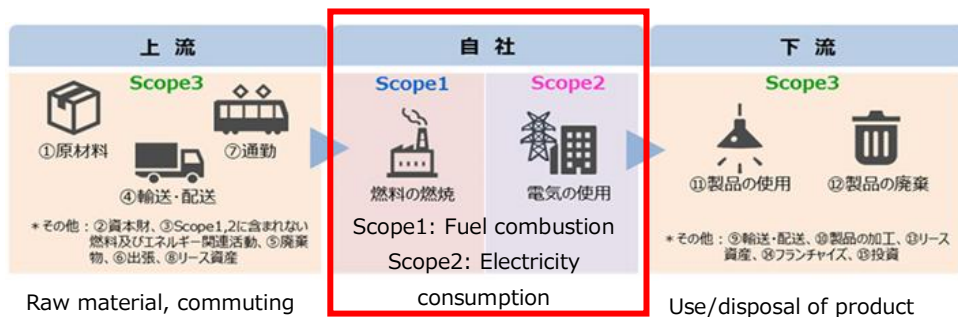
The TACHI-S Group has set a new CO2 reduction target of “50% below FY2019 levels by FY2030*” in support of carbon neutrality goals pursued by governments around the world. At our factories and offices, we work to reduce CO2 emissions by promoting energy conservation and transitioning to low-carbon energy sources, including the adoption of renewable energy.

We also strive to reduce CO2 emissions throughout the product lifecycle by developing applications for carbon-free raw materials and advancing CO2 reduction efforts across the entire supply chain.

* Subject to Scope 1 and 2. Excerpt from the Ministry of the Environment website.

Scope1: Direct emissions from the use of fuel, HFC leakage, and the use of company owned vehicles by a reporting company.

Scope2: Indirect emissions from the use of electricity and heat purchased by a reporting company.



- (1) We reduce CO2 emissions through energy saving at our facilities, daily improvements in production processes, and the adoption of energy-efficient manufacturing equipment.
- (2) We reduce CO2 emissions through transforming product specifications and manufacturing processes.
- (3) We promote the adoption of renewable energy.
- (4) We strive to reduce CO2 emissions throughout the entire supply chain.
- (5) We disclose information appropriately to our stakeholders.

Basic policy for Resource saving

The TACHI-S Group is committed to building a circular society that supports both environmental sustainability and economic growth. As part of our efforts toward sustainable development, we promote activities for the efficient use of limited resources throughout the stages of development, production, and disposal.

- (1) We make efforts to reduce weight and size of parts.
- (2) We strive to reduce waste by improving yields and minimizing defects in manufacturing processes.
- (3) We promote the utilization of renewable energy and renewable resources.
- (4) We appropriately disclose information to our customers.

Basic Policy for Water Resources

The TACHI-S Group is committed to building a circular society that supports both environmental sustainability and economic growth. As part of our efforts toward sustainable development, we promote activities for the efficient use of limited water resources.

- (1) We reuse water resources, such as recycling cooling water and wastewater from production processes.
- (2) We reduce water usage within the facilities.
- (3) We regularly monitor wastewater and implement proper discharge treatment measures.
- (4) We appropriately disclose information to our customers.

Basic policy for Management of Chemical Substance

Throughout the product lifecycle from development, production, procurement, and logistics to use and disposal, the TACHI-S Group properly manages and reduces chemical substances regulated by applicable laws, ordinances, agreements and industry standards in the countries and regions where we operate. This ensures the health and safety of our customers, business partners, and employees.

- (1) We identify and quantify the chemical substances used in product development, manage them appropriately, and pursue technological innovations aimed at reducing their usage.
- (2) We identify and quantify the use of chemical substances in the manufacturing process, ensure proper management, and reduce their consumption.
- (3) We monitor the influence of chemical substances throughout sales and logistics operations and apply proper control measures.
- (4) We educate employees on the hazards associated with handling chemical substances and actively promote awareness of the importance of proper chemical management.
- (5) We appropriately disclose information to our customers.

Basic Policy on Biodiversity

The TACHI-S Group considers “consideration for nature” as a fundamental principle of manufacturing. In order to realize a sustainable society, we strive to minimize our environmental footprint and promote the preservation of biodiversity.

- (1) We assess the impact of the TACHI-S Group’s business activities on biodiversity.
- (2) We strive to reduce our environmental footprint on the planet.
- (3) We engage in activities that protect the natural environment.
- (4) We appropriately disclose information to our customers.

3. Scope of Application of Green Procurement

The guidelines apply to all procured items, including products, raw materials and auxiliary materials, packaging materials, logistics services, equipment, and construction work. It also covers all suppliers who deliver these items to the TACHI-S Group, as well as their respective upstream suppliers.

| Initiatives (Explained on the following pages) | | Supplier deliveries | | | |
|---|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | | Products | Packaging materials | Logistics | Facility construction |
| 4-1. Establishment and operation of EMS | Registration and submission of Environmental Manager Registration Form | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4-2. GHG (Greenhouse Gas) Reduction | Energy conservation through operational efficiency and equipment upgrades | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Switching to renewable and non-fossil energy sources | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4-3. Environmentally Hazardous Substances Control | Management of environmentally hazardous substances in the development, design and mass production stages | <input type="checkbox"/> | | | |
| | Management of environmentally hazardous substances in product packaging | <input type="checkbox"/> | <input type="checkbox"/> | | |
| | Material identification for resin and rubber components | <input type="checkbox"/> | <input type="checkbox"/> | | |
| | Establishment of a management system for environmentally hazardous substances | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 4-3. IMDS Registration and Management | | <input type="checkbox"/> | | | |
| 4-4. Water Resource Conservation | Reduction and reuse of water resources | <input type="checkbox"/> | <input type="checkbox"/> | | |
| | Prevention of environmental pollution caused by wastewater discharge | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4-5. Resource Circulation Initiatives | Reporting of material composition and weight information | <input type="checkbox"/> | | | |
| | Reporting on the use of recycled materials | <input type="checkbox"/> | <input type="checkbox"/> | | |
| | Reporting on material identification practices | <input type="checkbox"/> | | | |
| | Submission of lifecycle management data | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 4-6. Biodiversity Initiatives | Prevention of environmental pollution (air, water, soil, etc.) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Protection of ecosystems | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Resource conservation and waste reduction | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

■ Definition of terms

| | |
|-------------------|---------------------------------------|
| Products | Goods delivered to the TACHI-S Group |
| Packing materials | Packaging materials used for products |

4. Initiatives

4-1. Establishment and Operation of Environmental Management System

Establishment and Operation of Environmental Management System (EMS)

All our suppliers are requested to develop and operate an Environmental Management System.

(1) Environmental Management System (EMS)

- If an EMS has already been established certified under ISO14001 certification or an equivalent external certification:

Suppliers are expected to maintain its operation, continuously improve its performance, and ensure timely updates.

- If an EMS has not yet been established:

Suppliers are expected to initiate activities toward its development and implementation.

(2) Acceptance for audits

We may conduct audits regarding EMS implementation and environmental compliance.

(3) Request for submission regarding certification:

When obtaining or renewing EMS certification from an external organization, suppliers are requested to submit a copy of the certification documents to the designated personnel in our procurement department.

4-2. GHG Reduction

In order to mitigate risks associated with global warming, suppliers are requested to manage energy consumption in business activities, calculate greenhouse gas emissions, and implement measures such as improving production efficiency, promoting energy-saving initiatives, and utilizing renewable energy to reduce emissions.

4-3. Control of Environmentally Hazardous Substances and IMDS

(Compliance with chemical substance-related laws and regulations and TACHI-S standards)

Regulations and TACHI-S standards regarding prohibition, reduction, and control of environmentally hazardous substances

The TACHI-S Group defines prohibited and controlled chemical substances for all parts and raw materials delivered to the TACHI-S Group, based on the GADSL*. Our suppliers are requested to comply with relevant national regulations concerning chemical substance reduction, as well as with the TACHI-S Group's technical standards and customer-specific requirements, when delivering products and materials.

Suppliers may be requested to submit analytical data regarding prohibited or restricted substances. We appreciate your cooperation in providing such information when required.

*GADSL : Global Automotive Declarable Substance List

IMDS

Regarding entries into the International Material Data System (IMDS), we kindly ask for your cooperation as outlined below.

(1) In the Event of Requests from the TACHI-S Group

Suppliers are requested to ensure that the required data is accurately entered into IMDS by the specified deadline, in accordance with the request, and to report the completion accordingly.

(2) For New Parts or Parts Not Yet Registered in IMDS

Even in the absence of a specific request from the TACHI-S Group, suppliers are requested to voluntarily enter data into IMDS and report accordingly for any new parts or parts that have not yet been registered.

This is to ensure timely and appropriate responses to increasingly stringent regulations and customer requirements.

(3) In Case of Material or 4M Changes

In the event of material or 4M changes due to the suppliers' circumstances, suppliers are requested to register the updated IMDS data no later than two weeks prior to the scheduled delivery date of the replacement parts, or by the deadline specified by TACHI-S.

(4) Response and Precautions in Case of Delays

In recent years, delays in responses regarding IMDS registration have increasingly caused disruptions to operations. Suppliers are kindly requested to take note of the following points.

- If it becomes difficult to complete the IMDS registration by the specified deadline, suppliers are requested to promptly inform us of the reason for the delay and the expected date of completion.
- Suppliers are kindly requested to be aware that continued delays may potentially affect future business transactions and supplier evaluations.

(5) In Case of Guideline Violations in Suppliers' Business Activities

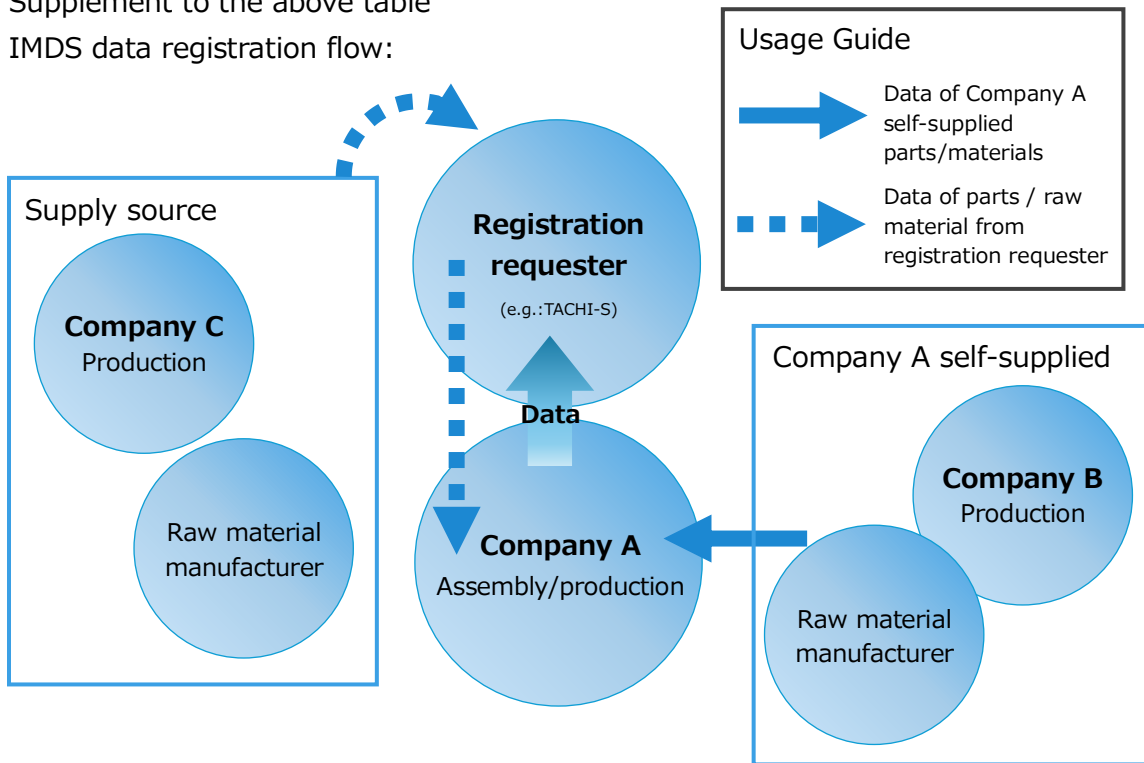
Suppliers are required to promptly report the incident to TACHI-S, conduct a root cause investigation, report the findings, and provide a plan for corrective and preventive actions.

If appropriate actions are not taken, the issuance of new RFQs (Request for Quotation) may be temporarily suspended, or other actions may be implemented as deemed necessary.

Suppliers are requested to follow the responsibility assignment outlined in the table below for IMDS data sheet entry.

| NO | Supply type | Parts subject to registration | IMDS Registered by | IMDS created by | Data path |
|----|--------------|---|--------------------|---------------------------|---|
| 1 | Non-supplied | Manufactured by Company A | Company A | Company A | A → Registration Requester |
| 2 | | Self-sourced by Company A (Manufactured by Company B) | | Company B | B → A → Registration Requester |
| 3 | | Self-supplied raw materials by Company A | | Raw material manufacture | Raw material manufacturer → A → Registration Requester |
| 4 | Supplied | Consigned parts from the registration requester (manufactured by Company C) | | Company C | C → Registration Requester → A → Registration Requester |
| 5 | | raw materials from the registration requester | | Raw material manufacturer | Raw material manufacturer → Registration Requester → A → Registration Requester |

Supplement to the above table
 IMDS data registration flow:



TACHI-S IMDS ID: 14423

IMDS: International Material Data System: database system for the automobile industry

4-4. Water Resource Conservation

Suppliers are requested to comply with all relevant environmental regulations concerning water intake, wastewater discharge, and other water-related activities in each country and region, and expected to continuously monitor and reduce pollutants, along with efforts to reduce water usage and conserve water resources.

4-5. Resource Recycling

Initiatives for Resource Recycling

(1) Initiatives to Increase the Utilization Rate of Recycled Materials

To minimize the use of newly extracted natural resources, the TACHI-S Group promotes closed-loop recycling activities in future product development, whereby materials are reused for the same parts and components.

Suppliers are requested to cooperate with the following initiatives:

- a. Reintegrate leftover materials from component production into the same components.
- b. Utilize materials recycled from scrap in the manufacturing of components.
 - Material Composition and Weight Information
 - Status of Recycled Material Usage
 - Implementation Status of Material Identification Labeling

Suppliers are requested to report the above items through IMDS.

(2) Life Cycle Management

The TACHI-S Group employs Life Cycle Assessment (LCA) to quantitatively evaluate the environmental impact of its products throughout the product lifecycle. Suppliers who deliver relevant components and raw materials are requested to submit environmental data related to the manufacturing process.

In line with our commitment to carbon neutrality—achieving a net-zero

balance between CO₂ emissions generated during product creation and the amount absorbed by natural systems such as vegetation and oceans—we place strong emphasis on lifecycle-based CO₂ emissions management. As an initial step, we will conduct a CO₂ emissions survey.

4-6. Biodiversity

Suppliers are requested to understand the importance of biodiversity conservation and to take appropriate actions to ensure that their business activities are conducted with due consideration for the natural environment.

Reference: Ministry of the Environment

"Guidelines for Private Sector Engagement in Biodiversity"

https://www.env.go.jp/nature/biodic/gl_participation/pdf/BDGL2_pamph_en.pdf

5. Inquiries

For inquiries regarding the guidelines, please contact the procurement representative of the TACHI-S Group assigned to your company.