

TACHI-S CSR Report

2021

Corporate Social Responsibility Report 2021

Top Message

CSR/ESG Activities Report

- **Creating Social Value Through Our Products**
- **Corporate Governance**
- **Compliance & Risk Management**
- **Relationship with Employees**
- **Relationship with Customers**
- **Relationship with Local Environments**
- **Relationship with Business Partners**
- **Relationship with Shareholders and Investors**
- **Relationship with Local Communities**

Top Message



We will contribute to the realization of a sustainable society through our business activities based on the spirit of our company motto, “Cooperation Through Mutual Compromise.”

Representative Director President
Yuichiro Yamamoto

Pursuit of the corporate motto and philosophy

The concept of “Cooperation Through Mutual Compromise” refers to the attitude of contributing to society and work by valuing “harmony among people,” approaching everything with a sense of mission and personal responsibility in the spirit of caring for and helping each other, and achieving high goals and objectives through organizational synergy, which is the sense of value that has been inherited since its founding. Based on the spirit of this corporate motto, we will contribute to the creation of a sustainable society by working to resolve the various issues faced by our businesses and stakeholders.

In recent years, environmental issues such as global warming and associated climate change have become apparent in various regions. To reduce CO2 emissions, which is said to be one of the factors, we develop lightweight technology for automobile seats. In addition, in countries with rapidly aging populations, increases in traffic accidents caused by elderly drivers is becoming a social problem. We are working to reduce these accidents by developing driving support systems that promote “awareness” through tactile and auditory stimulation of the driver via the driver’s seat. Social contribution through the “creation of technology,” which is our corporate philosophy, will be the “invisible capital” that supports the sustainable development of our Group. As a result of this, we aim to gain the trust of our customers, increase our corporate value, and become a Continuously Selected Company by our stakeholders.

Adapting to change in the environment and realizing a company that is rewarding to work for

The automotive industry is currently undergoing a once-in-a-century transformation with the advancement of CASE and MaaS. However, we believe that the essence of what is required is “the realization of mobility that is friendly to all people, society, and the global environment for future generations.” To achieve this, going forward we will take on the challenge of establishing a business model that integrates various technologies in the cabin space, mainly seats, promote activities that go further into the realm of individuals, lifestyles, and society, and create new value by integrating new technologies (IT/ICT/IoT/AI, automation, sensing, etc.). We also want to evoke smiles by fulfilling our mission to provide support functions that enable people to move around safely, securely, and comfortably, including the many people who face physical inconveniences in an aging and super-aging society.

In these times, TACHI-S has defined its purpose as “Supporting People and the Earth through ‘Seating’ Technology” and has launched its new medium-term management plan, “Transformative Value Evolution (TVE). With this as the purpose of our corporate activities, we will continue to provide both social and economic value by solving various problems in the world through the pursuit of “Seating” technology. The global economy still faces numerous uncertainties. To continue to be needed by society no matter what the socio-economic situation, we must, as a Group, work together with a sense of urgency to address the various issues surrounding management. We must also continue to contribute through monozukuri to the realization of a sustainable mobile society where all people can live with a smile.

This page is report and explanation of our approach to CSR.

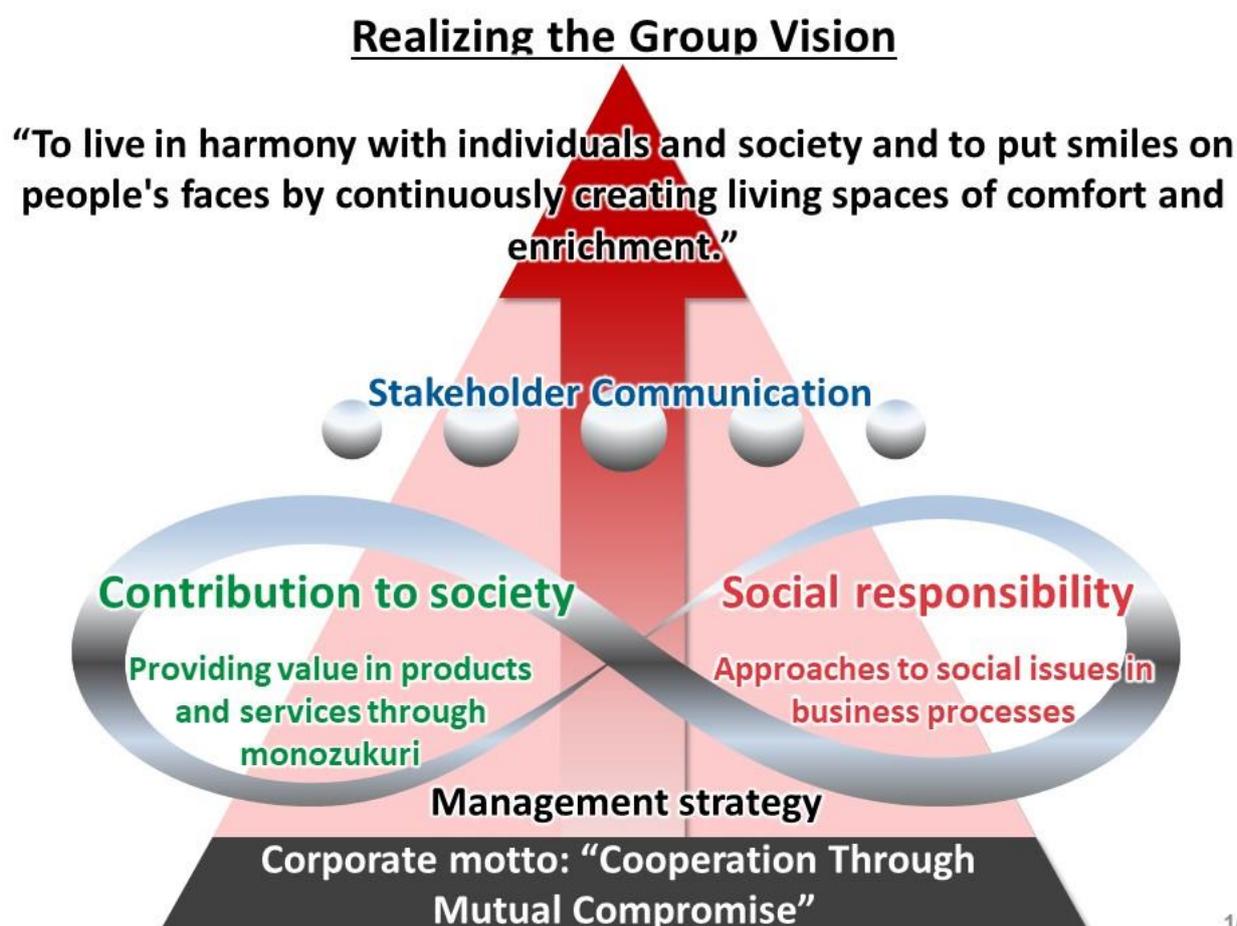
About the TACHI-S CSR Concept

The TACHI-S Group's vision is "To live in harmony with individuals and society and to put smiles on people's faces by continuously creating living spaces of comfort and enrichment." By putting our vision into practice, we will strive to meet the demands and expectations of our stakeholders and contribute to the realization of a sustainable society through implementation of CSR activities. To achieve this, we have positioned "social contribution through manufacturing" and "social responsibility in business processes" as our CSR cornerstones, and aim for management that integrates CSR with business activities.

In "social contribution through manufacturing," we will continue to create safe, secure, and comfortable vehicle interiors centering on automobile seats based on innovative technologies that bring smiles to people's faces and contribute to society through the value provided by our products and services. In "social responsibility in business processes" we will fulfill our social responsibilities as a good corporate citizen by not only complying with laws, regulations, and social rules, but also addressing issues facing society, such as the promotion of diversity and prevention of global warming.

CSR will always be at the center of our management strategy, and we work to realize our vision through these activities while striving for sustainable corporate growth.

■ CSR concept chart



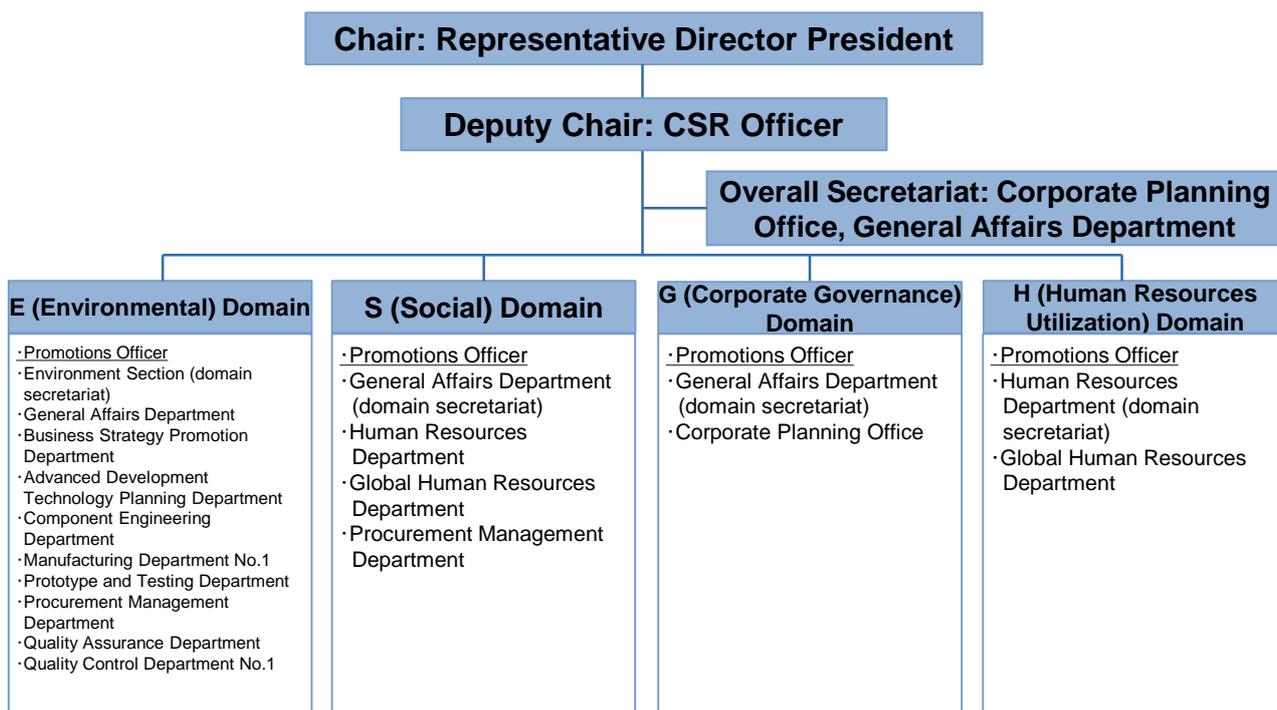
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CSR Promotion System

In June 2019, we established the CSR Activity Promotion Committee (Responsible officer: Director in charge of CSR. Members: CSR-related divisions. Secretariat: General Affairs Department and Corporate Planning Office.) and commenced activities such as understanding social demands related to CSR and compiling CSR activity results for information disclosure.

Going forward we want to strengthen our CSR activities to improve our social reputation and trust, and realize our corporate motto, corporate philosophy, and management guidelines.

■ CSR promotion system



CSR/ESG Activities Report



Links to pages introducing our various CSR activities are provided. Please click banner of the CSR activity you wish to view.

Creating Social Value Through Our Products ▶

This page introduces our activities for “Creating Social Value Through Our Products.”

Corporate Governance ▶

This page reports on our efforts regarding “Corporate Governance.”

Compliance & Risk Management ▶

This page reports on our efforts regarding “Compliance and Risk Management.”

Relationship with Employees ▶

This page reports on our “Relationship with Employees.”

Relationship with Customers ▶

This page reports on our “Relationship with Customers.”

Relationship with Local Environments ▶

This page reports on our “Relationship with Local Environments.”

Relationship with Business Partners ▶

This page reports on our “Relationship with Business Partners.”

Relationship with Shareholders and Investors ▶

This page reports on our “Relationship with Shareholders and Investors.”

Relationship with Local Communities ▶

This page reports on our “Relationship with Local Communities.”

Creating Social Value Through Our Products

By continuing “To live in harmony with individuals and society and to put smiles on people's faces by continuously creating living spaces of comfort and enrichment”, and convey trust and excitement to customers around the world, and contribute to the creation of a prosperous society.

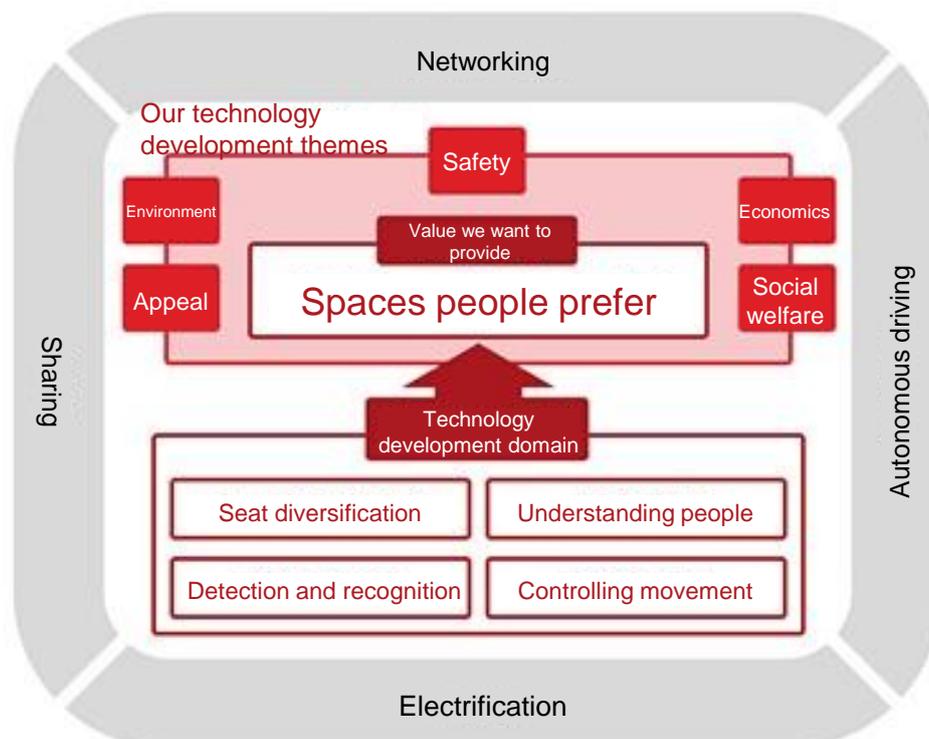


Toward Creating Social Value Through Our Products

The automotive industry is undergoing various change in aspects such as environment, safety, and economy toward realizing autonomous driving. In terms of the environment, electrification is progressing to reduce emissions of CO2, which is a greenhouse gas. In terms of safety, technology to support safe driving is evolving to prevent accidents using sensors to acquire information about vehicles and road conditions. In the future it will also become possible to create various value and services on the economic side by collecting, storing, and analyzing such data via networks. For example, with changes in lifestyles, an increasing number of people do not own their own cars and instead use car sharing or internet taxi services when needed. By analyzing and utilizing the vast amount of information related to vehicles and road conditions, it is expected that people will be able to use these services more comfortably. In this way, the “purpose” and “values” of using automobiles will become more diversified than ever before, and the “offered value” and “appeal” required of automobiles will change as well. To achieve this, the Group is committed to meeting the changing expectations of society by continuing to provide “desirable spaces for people,” and we are strengthening our technological development in the following areas.

- “Pursuit of Seating”: Body sensing, SW-less, anticipatory support
- “Supporting people”: Easy space arrangement, privacy, thin rear cushions
- “Supporting the Earth”: Development of environmental technologies and plant-derived materials

■ Changes in the automotive industry



Examples of products that create social value

Below are some examples of products and services by our company and affiliated companies that contribute to creating social value.

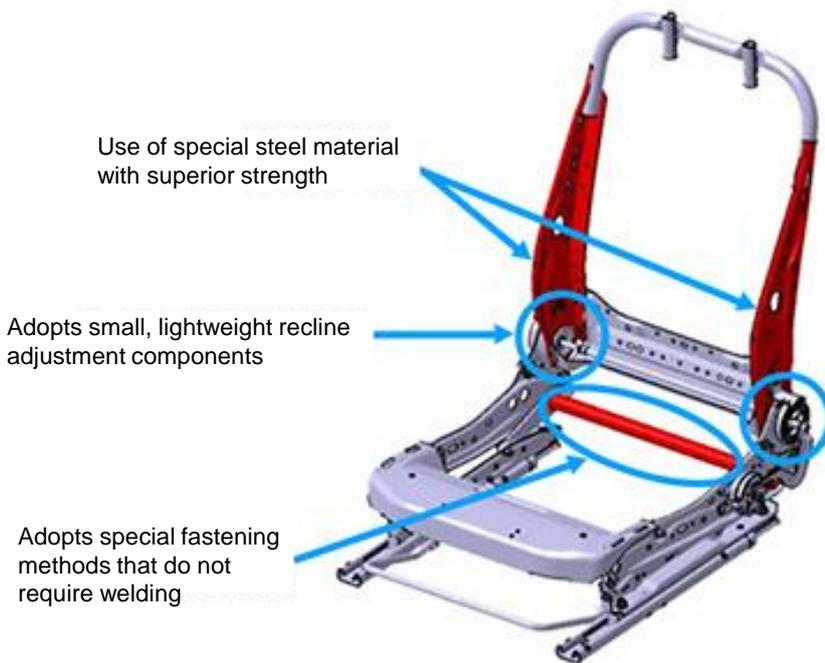
The “TTK Series” contributes to weight reduction

We are working to reduce the weight of seats to help reduce greenhouse gases contained in automobile emissions. Compared to conventional seat frames, the “TTK2.0 frame” we developed maintains and improves product safety and functionality, while reducing the number of parts by 30% and optimizing steel materials and construction methods to achieve a 15% reduction in weight.

This product has been adopted in mass-produced vehicles in the United States, Brazil, Mexico, and China since 2016. We will continue to maintain the industry’s lightest weight level by introducing the TTK series, which incorporates further thinning and new construction methods, for mass-produced models in 2021 and beyond.

[→Click here for more information about \[Seat frames after 2021\]](#)

Seat frame “TTK2.0 Frame”



■ Developer’s voice

Tomohisa Kubota, Section Manager, Frame Technology Department



TTK2.0 is the evolution of the TACHI-S proposed framework (TTK), which has achieved weight and cost reductions through the use of special steel for thinning and new fastening technology for streamlining. To meet car manufacturer’s high performance requirements, we collaborated with the computer analysis team to conduct a huge number of analyses, more than double what we did previously. We also worked with the production technology team on advanced development to achieve new fastening technology. The company had a united effort to complete development.

“InfoSeat™” contributes to safety

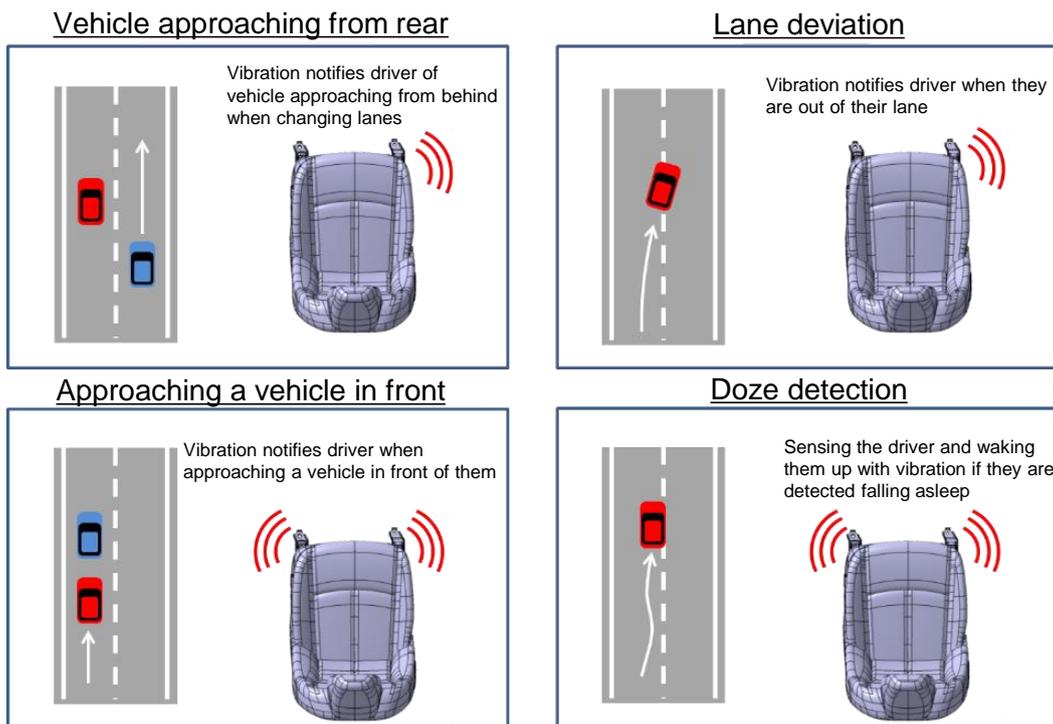
We believe that it is our mission to provide drivers and passengers with a comfortable mobility space that is safe, secure, and free from accidents.

We developed the InfoSeat™ driver assistance system jointly with Clarion using their acoustic technology. Using a headrest speaker, microphone, and vibration unit built into the seat, this product enables the driver to receive information related to human and vehicle safety and driving through voice and tactile sensation. In 2018, the International Association for Universal Design (IAUD), which awards organizations or individuals that practice or propose particularly outstanding activities in universal design, awarded this product the “IAUD International Design Award” Gold Award in recognition of the system’s effectiveness as a driving support system for the deaf and elderly.

■ InfoSeat™



■ Image of InfoSeat™ and its vibration unit providing “awareness”



■ Developer's voice

Akira Kurobe, Developer, Advanced Development Technology Planning Department



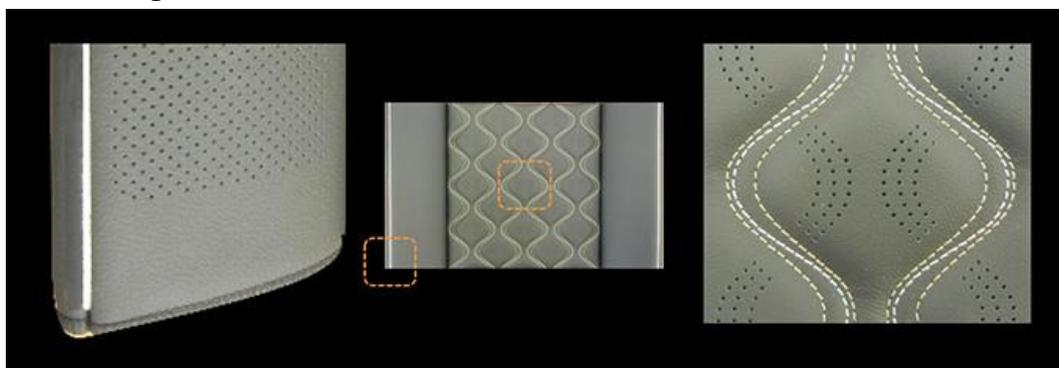
By collaborating with Clarion Co., Ltd. on InfoSeat™, we were able to develop a new product with technology and knowhow we did not have before. To transmit information only to the driver and not cause discomfort to passengers, we achieved our goal through a repeated trial-and-error process, such as devising the structure. We are very happy to have received the "IAUD International Design Awards" Gold Award for these efforts.

The "Punching process & Sewing decoration" is a decorating technology for seats contributes to the enhancement of product appeal.

In a society where automobiles have become more personal, we believe that attractive design will increase consumer satisfaction and contribute to the creation of a prosperous society.

We developed technology to achieve a variety of intricate and attractive seat designs. Using computer-controlled sewing machines, two different designs, conventional punching and sewing decoration, are combined with high precision to create precise, attractive designs.

■ Design processing technology for seats with superior design quality, "Punching & Sewing decoration."



■ Developer's voice

Yosuke Iwata, Developer, Trim Cover Technology Development Department



We developed this product with the goal of processing it in-house with higher precision than before. Our responsibility was to make sure that the customers who saw our products were impressed as well as satisfied. We will continue to work on processing technologies to create even more attractive products.

“GET WELL Dialysis Electric Chair” contributes to nursing care and welfare

TACHI-S H&P Co., Ltd., a group company, is engaged in the nursing care and welfare products business. It uses its knowledge as a seat manufacturer with the corporate objective of contributing to the improvement of welfare in an aging society.

One of the products TACHI-S H&P has developed is the “GET WELL Dialysis Electric Chair.”

The GET WELL Dialysis Electric Chair is designed to reduce the physical and mental burden of patients undergoing long-term hemodialysis treatment, and help make them more comfortable. The recliner angle and footrest can be easily adjusted with a remote control so that patients can relax without having to shift positions even during long-term treatment. In addition, the surface material is a special soft artificial leather with antibacterial and stain-resistant functions to keep it hygienic.

■ GET WELL Dialysis Electric Chair



■ Developer’s voice

Takuro Yamamoto, Deputy Section Manager, Technical Department, TACHI-S H&P



This dialysis chair was developed by applying automobile seat design for comfort during long hours in treatment, and to make it easy for medical staff to provide treatment. Our chairs, which are comfortable and include features users need, have been well received by dialysis facilities nationwide. We will continue to improve our products with consideration of trends of the dialysis market and user needs.

This is a report on the status of our corporate governance.



Our concept on Corporate Governance

Based on our corporate philosophy, “We deliver an inspirational experience to our customers worldwide through our technology, and contribute to society as a brand you can trust,” we aim to enhance corporate governance to increase the efficiency and transparency of management, meet the expectations of stakeholders such as our customers, employees, business partners, shareholders, local communities, and achieve sustainable growth and enhance the corporate value of the Group over the medium to long term according to following basic concepts.

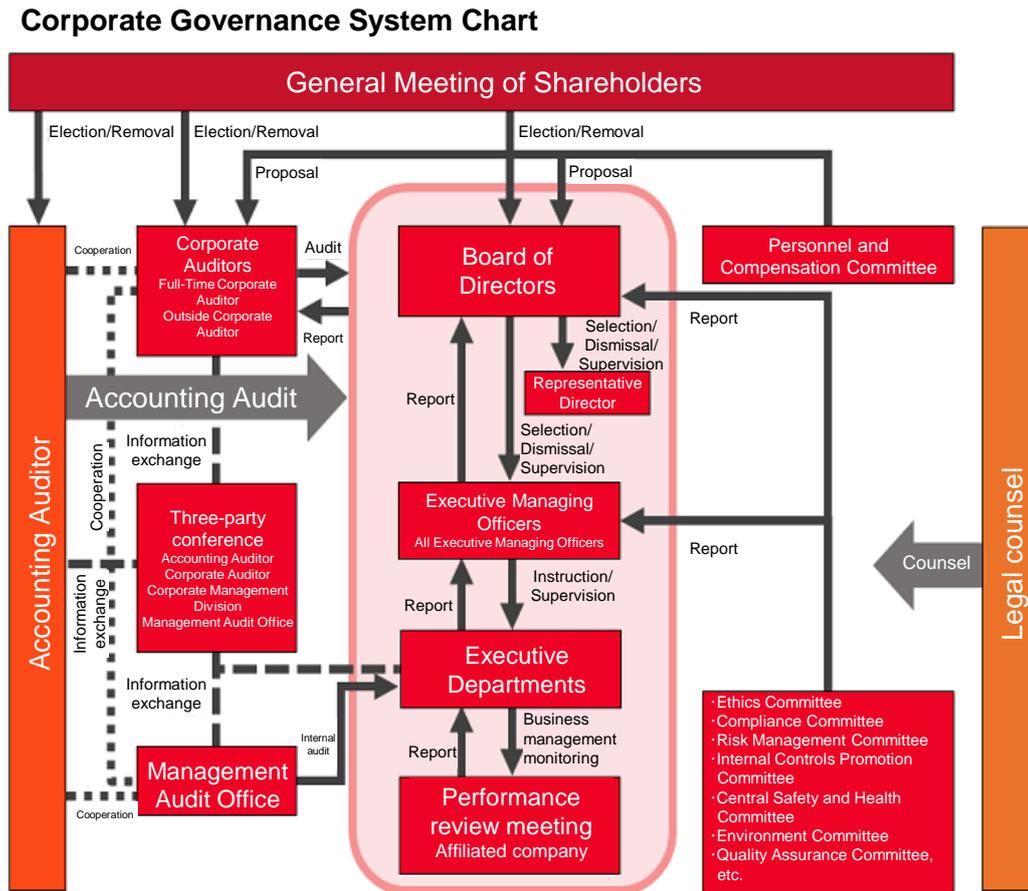
- (1) We strive to ensure the rights and equality of shareholders and create an environment in which they can exercise their rights appropriately.
- (2) We strive for appropriate collaboration with stakeholders other than shareholders (customers, employees, business partners, local communities, etc.).
- (3) We strive to ensure appropriate information disclosure and transparency.
- (4) We strive for appropriate execution of the roles and responsibilities of the Board of Directors, based on its fiduciary responsibility and accountability to shareholders.
- (5) We strive to engage in constructive dialogue with shareholders.

[Link to our “Basic Policy on Corporate Governance”](#)

Corporate Governance System

The Board of Directors consists of nine Directors, including three Outside Directors, and the Board of Corporate Auditors consists of four Corporate Auditors, including two Outside Corporate Auditors. In addition, we have set the term of office for Directors to one year and introduced the Executive Managing Officer system to clarify management responsibility and improve management efficiency. We have established a system to monitor management from an objective and professional perspective, and appointed three Outside Directors (one lawyer, one certified public accountant, and one corporate executive) and two Outside Corporate Auditors (one lawyer and one certified public accountant) who are unbiased toward the interests of the Company’s management or specific stakeholders.

■ Corporate Governance System Chart



I Board of Directors

The Board of Directors meets once a month in principle, and consists of nine members, including three Outside Directors.

The Board makes decisions and reports on important management matters, including statutory matters, and supervises business execution.

I Executive Managing Officers

In principle, the Executive Managing Officers, which consists of fifteen Executive Managing Officers of which four are Directors, meet twice a month to promote efficient business execution.

It decides on important matters other than those to be resolved by the Board of Directors, and reports on important matters to the Board of Directors.

I Corporate Auditors

Corporate Auditors consist of four members, including two Outside Corporate Auditors (one lawyer and one certified public accountant), and they meet at least ten times a year in accordance with the audit plan. The Corporate Auditors audit the execution of duties by the Directors and the status of business and assets of the Company and its subsidiaries by attending important meetings and conducting various investigations in accordance with the audit policy, division of duties, etc., as determined by the Corporate Auditors. In addition, corporate auditors meet monthly with the main purpose of sharing information between Full-Time Corporate Auditors and Outside Corporate Auditors to assist in auditing activities.

Personnel and Compensation Committee

The Company has Corporate Auditors, but has established a Personnel and Compensation Committee as a voluntary committee to supplement the functions of the Board of Directors. The Committee deliberates on matters related to employees and compensation of officers and other personnel, and is responsible for proposing the results of its deliberations to the Board of Directors. The Committee (convening seven times a year) consists of up to six Directors, including two Independent Outside Directors, and one Corporate Auditor, who attends as an observer and expresses their opinion. By establishing this Committee, we aim to further strengthen corporate governance by ensuring objectivity and transparency in employees and compensation of officers and other personnel.

Number of meetings of the Board of Directors, etc., and number of times attended by each Director (attendance rate)

Attendance rate of Board of Directors Meetings in FY2020 (Period: April 1, 2020, to March 31, 2021)

Position	Name	Times held	Times attended	Attendance rate	Remarks
Representative Director Chairman Chief Executive Officer	Taro Nakayama	14	14	100%	
Representative Director President Chief Operating Officer	Yuichiro Yamamoto	14	14	100%	
Director, Executive Advisor	Kiyoshi Saitou	14	14	100%	
Director and Executive Managing Officer	Kunio Arishige	14	14	100%	
Director and Executive Managing Officer	Kazumi Tamura	14	14	100%	
Director and Executive Managing Officer	Atsushi Komatsu	14	14	100%	
Outside Director	Toshio Kinoshita	14	14	100%	
Outside Director	Hidetaka Mihara	14	14	100%	
Outside Director	Yoshiaki Nagao	11	11	100%	Appointed as Director on June 23, 2020
Corporate Auditor	Ichiro Konno	14	14	100%	
Corporate Auditor	Naozumi Matsui	14	14	100%	
Outside Corporate Auditor	Shinsuke Matsuo	14	14	100%	
Outside Corporate Auditor	Nobuaki Ozawa	14	14	100%	

(Note) The number of times Outside Director Yoshiaki Nagao has attended is counted from the 68th Annual General Meeting of Shareholders held on June 23, 2020, and thereafter.

Attendance rate of Corporate Auditors Meetings in FY2020 (Period: April 1, 2020, to March 31, 2021)

Position	Name	Times held	Times attended	Attendance rate
Corporate Auditor	Ichiro Konno	13	13	100%
Corporate Auditor	Naozumi Matsui	13	13	100%
Outside Corporate Auditor	Shinsuke Matsuo	13	13	100%
Outside Corporate Auditor	Nobuaki Ozawa	13	13	100%

Directors

Introducing our Directors.

■ Director/Corporate Auditor

As of June 23, 2021

Position	Name	Independent Director	Domain	Reasons for Election
Representative Director Chairman Chief Executive Officer	Taro Nakayama		-	Has extensive experience and advanced insight cultivated through many years of overseas business, and has led overall global business management. In addition, he was appointed as a Director based on the judgment that he is capable of appropriately fulfilling the roles of making decisions on important management matters and supervising business execution, and that he is necessary for the sustainable enhancement of the Group's corporate value.
Representative Director President Chief Operating Officer	Yuichiro Yamamoto		Global Headquarters	He has a wealth of knowledge in sales and overseas departments, along with many years of experience and achievements as an overseas subsidiary manager in North America and China. In addition, he has demonstrated strong leadership as Chief Operating Officer, and was elected to the Board of Directors based on the judgment that he is necessary for the further promotion of the Group's globalization and for the sustainable enhancement of the Group's corporate value.
Director, Executive Advisor	Kiyoshi Saitou		-	Appointed as a Director based on his many years and extensive experience as a manager at the Company, his extensive knowledge of the overall management of the Group, ability to execute business appropriately, and the judgment that he is necessary for the sustainable enhancement of the Group's corporate value.
Director and Executive Managing Officer	Kunio Arishige		Monozukuri Division	Appointed as a Director based on the judgment that he has abundant experience and achievements in the development and technology sectors, and that he is necessary for the further strengthening of the global monozukuri structure of the Group going forward.
Director and Executive Managing Officer	Kazumi Tamura		Business Division Manager	Appointed as a Director based on his many years and wealth of experience in the sales division, proven track record as a manager of overseas subsidiaries, and the judgment that he is necessary for the further growth and development of the Group.
Director and Executive Managing Officer	Atsushi Komatsu		Corporate Management Division Manager	Appointed as a Director based on his advanced expertise in finance and business management, a broad range of insight through overseas business, and the judgment that he is necessary for the sustainable enhancement of the Group's corporate value as the person in charge of the Corporate Management Division.

Outside Director	Toshio Kinoshita	○	-	Appointed as an Outside Director to contribute to the appropriate decision-making of the Board of Directors from an objective and global perspective, based on his high level of insight as a certified public accountant and his many years of experience in auditing overseas.
Outside Director	Hidetaka Mihara		-	Appointed as an Outside Director to contribute to the strengthening of the corporate governance function of the Group, etc., based on his professional knowledge and experience in corporate legal affairs, etc., as an attorney at law although he does not have direct experience in corporate management other than as an Outside Director.
Outside Director	Yoshiaki Nagao	○	-	Appointed as an Outside Director to contribute to the appropriate decision-making of the Board of Directors from a broad managerial perspective based on his extensive experience and broad knowledge as a manager, having been involved in the management of companies in Japan and overseas for many years.
Corporate Auditor	Naozumi Matsui		-	Appointed as Corporate Auditor to utilize his abundant expertise in financial accounting as a certified public accountant and his wealth of experience at financial institutions and overseas subsidiaries in the auditing of the Company.
Corporate Auditor	Masato Kimura		-	Appointed as Corporate Auditor to utilize his abundant experience in overseas operating companies, and extensive experience in sales and corporate planning divisions of the Company in auditing the Company.
Outside Corporate Auditor	Shinsuke Matsuo	○	-	Appointed as an Outside Corporate Auditor because he has abundant experience as an attorney and will greatly contribute to strengthening the auditing function of the Company although he does not have direct experience in corporate management other than as an Independent Corporate Auditor.
Outside Corporate Auditor	Nobuaki Ozawa	○	-	Appointed as an Outside Corporate Auditor to utilize his experience and financial knowledge as a certified public accountant in the auditing of our group although he does not have direct experience in corporate management other than as an Independent Corporate Auditor.

■ Executive Managing Officer

Position	Name	Domain
Executive Managing Officer	Sumio Ono	President, Regional Headquarters for China General Manager, TACHI-S China Co., Ltd.
Executive Managing Officer	Gonzalo Esparza	Chief of Global Business Management Group, Corporate Management Division
Executive Managing Officer	Takao Itou	Monozukuri Division Deputy Division Manager, in charge of Production and Technology Development Group
Executive Managing Officer	Shuichi Matsunaga	Chief of Purchasing Group, Monozukuri Division
Executive Managing Officer	Kazuya Shishido	President, Regional Headquarters for Latin America President, TACHI-S Engineering Latin America, S.A. de C.V. President, Industria de Asiento Superior, S.A. de C.V.

Executive Managing Officer	Masao Saitou	President, Regional Headquarters for North America President, TACHI-S Engineering U.S.A., Inc.
Executive Managing Officer	Hideaki Igawa	Chief of Business Group No.3, Business Division
Executive Managing Officer	Yoshiaki Kubo	Chief of Product Development Group, Monozukuri Division
Executive Managing Officer	Shigeo Komatsu	Chief of Business Group No.1, Business Division
Executive Managing Officer	Akiyoshi Murakami	Chief of Production and Technology Development Group, Monozukuri Division
Executive Managing Officer	Tomoaki Harashima	In charge of TF-METAL

Officer Compensation

The Company's policy on compensation, etc., for Directors and Corporate Auditors, or the method of calculating such amount, is designed so that compensation functions as an incentive for the sustainable growth of the Group and the enhancement of corporate value over the medium to long term mainly for Directors, and the sharing of the benefits and risks of the Company's corporate value with shareholders are taken into consideration in the system. Specifically, it consists of monthly compensation (fixed), and bonuses and stock-based compensation (variable). The amount of monetary compensation is within the limit for Directors as approved at the 58th Annual General Meeting of Shareholders held on June 25, 2010 (within an annual amount of 280 million yen (of which is within an annual amount of 20 million yen for Outside Directors). However, this does not include employee salaries.) The number of Directors as of the close of this Annual General Meeting of Shareholders is nine, including one Outside Director. Bonuses are paid upon resolution of the General Meeting of Shareholders following comprehensive consideration of annual corporate performance, dividends, the level of employee bonuses, trends at other companies, medium to long-term performance, and past payment results. The ratio of each type of compensation, etc., is approximately 2:1 "fixed" and "variable (bonus and stock-based compensation)" compensation respectively, with the ratio of variable compensation being higher for higher positions. As for Outside Directors, no bonus will be paid in consideration of their role. In order to ensure Corporate Auditor independence, the compensation system for Corporate Auditor is based on monthly compensation only, without bonuses that are affected by company performance. The amount of monetary compensation is within the limit for Corporate Auditors as approved at the 58th Annual General Meeting of Shareholders held on June 25, 2010 (within an annual amount of 60 million yen). The number of Corporate Auditors as of the close of this Annual General Meeting of Shareholders is four, including two Outside Corporate Auditors. Compensation for Executive Managing Officers is based on employee salaries and bonuses.

The method of determining decision-making policy is to deliberate among a voluntary Personnel and Compensation Committee based on a survey of executive compensation conducted by an external research organization, and to propose the results of deliberations to the Board of Directors for resolution. The Personnel and Compensation Committee (convening seven times a year) consists of six Directors, including two Independent Outside Directors, and one Corporate Auditor, who attends as an observer and expresses their opinion.

The Company's compensation quota for Directors and Corporate Auditors, and Director bonuses, are determined by resolution of the General Meeting of Shareholders after deliberation by the Personnel and Compensation Committee and resolution by the Board of Directors. In addition, individual compensation for Directors, Corporate Auditors, and Executive Managing Officers is determined by the Board of Directors for Directors and Executive Managing Officers, and by Corporate Auditors' conference for Corporate Auditors, following thorough deliberation by the Personnel and Compensation Committee, which ensures objectivity and transparency in the deliberation process and is judged to be in line with the decision-making policy.

At the 66th Annual General Meeting of Shareholders held on June 22, 2018, the Company resolved that compensation for the Company's Directors (excluding Outside Directors and Non-Executive Directors. Hereinafter the same) be linked to the Company's performance and stock value and, furthermore, a performance-linked stock compensation plan be introduced for the purpose of raising awareness among Directors to contribute to the improvement of medium to long-term business performance and the increase of corporate value by sharing the benefits and risks of stock price fluctuations with shareholders.

With respect to the performance-linked stock compensation plan, this is a system for Directors using the Company's shares. The Company contributes money to a trust established by the Company, which is used to acquire shares and deliver them to each Director. The number of shares to be delivered will be determined in accordance with the Share Delivery Regulations established by the Company, and points will be calculated based on the degree of both individual achievement and performance targets, and shares equivalent to the number of points will be delivered. In principle, Directors receive the shares when they retire from their post. In addition, points may be forfeited in the event of resignation or dismissal for personal reasons.

■ Total amount of compensation, etc., for Directors and Corporate Auditors in FY2020

Director classification	Total compensation, etc. (million yen)	Total amount of compensation, etc. by type (million yen)					Number of officers to be covered (persons)
		Fixed compensation	Bonuses	Performance-linked compensation	Retirement benefits	Of the left figure, non-monetary compensation, etc.	
Directors (excluding Outside Directors)	116	99	-	17	-	17	6
Corporate Auditor (excluding Outside Directors)	26	26	-	-	-	-	2
Outside Directors	23	23	-	-	-	-	5

(Note) 1 The above number of persons and amount of compensation include one Corporate Auditor who retired at the conclusion of the 69th Annual General Meeting of Shareholders held on June 23, 2021.

(Note) 2 In addition to the above compensation, a resolution was passed at the 58th Annual General Meeting of Shareholders held on June 25, 2010, to pay termination benefits to Directors and Corporate Auditors in conjunction with the abolition of the retirement benefit system for Directors and Corporate Auditors. The scheduled amount of future termination benefits as of the end of the current fiscal year is 160 million yen for one director.

(Note) 3 The breakdown of non-monetary compensation, etc., for Directors (excluding Outside Directors) is 17 million yen in performance-linked compensation.

Board of Directors Effectiveness Evaluation

The Company has conducted the following evaluations of the effectiveness of the Board of Directors.

[Method]

- The Secretariat of the Board of Directors conducted a questionnaire survey in April for all Directors and Corporate Auditors, including those from outside the company.
- The results of the evaluation and the direction regarding issues were compiled and reported to the May meeting of the Board of Directors for discussion.

[Questionnaire items]

- Matters concerning the composition of the Board of Directors (2 questions)
- Matters concerning the operation of the Board of Directors (9 questions)
- Matters concerning the agenda of the Board of Directors (3 questions)

[Summary of FY2020 evaluation results]

This evaluation's results confirmed that the Board of Directors is an appropriate size, and that it is effective and appropriately fulfilling its duties and roles in terms of efficient deliberations and resolutions, and in supervision of important business operations. However, there was a suggestion to further increase board member diversity. In addition, there was a request for better opportunities to exchange opinions separately from regular board meetings, and sharing of subsequent progress and results on agenda items resolved at board meetings. Considering these results, we will work to improve the following issues and further ensure the effectiveness of the Board of Directors.

[Main Issues and Improvement Measures]

- Ensuring member diversity
 - ⇒We will consider appointing female directors to ensure the diversity of the Board of Directors.
- Opportunities for information sharing among board members
 - ⇒We will improve opportunities for workshops and free discussion on management issues and management strategies for sustainable growth, etc., separately from regular meetings of the Board of Directors.
- Enhancement of information provision
 - ⇒We will use the intranet to visualize reports on the progress and results of resolutions made at meetings of the Board of Directors.

Internal Controls

In accordance with the Companies Act, the Board of Directors adopted a resolution on a “Basic Policy for Internal Control Systems” at a Board meeting in May 2006, and has reviewed it every fiscal year since then to establish and operate internal control systems based on the resolution. Please refer to page 28 of the Notice of Convocation of the 67th Annual General Meeting of Shareholders for a summary of our management situation.

[> Notice of Convocation of the 67th Annual General Meeting of Shareholders](#)

In addition, in accordance with the Financial Instruments and Exchange Act, in order to ensure the reliability of financial reporting, we evaluate the effectiveness of development and operation of our internal control systems regularly and work to strengthen and improve them. For the internal control reports, please refer to the Annual Securities Report.

[> Annual Securities Report \(69th term\)](#)

The Purpose of TACHI-S

Our Group has 12,000 employees working in 69 locations in 14 countries worldwide. Based on the “Purpose of TACHI-S,” which is the pillar of our employees’ actions, we believe that each and every employee should think about the meaning of our corporate activities and their own work, and act voluntarily to contribute to the realization of a sustainable society.

In order to achieve this, we promote activities to develop and spread the Purpose of TACHI-S’s existence on a global scale.

Corporate Vision

To live in harmony with individuals and society and to put smiles on people’s faces
by continuously creating living spaces of comfort and enrichment.

Technology to support human posture with "safety, security and comfort"
Technology to "combine" various materials
Monozukuri capabilities to "deliver high-quality products on a global scale"

We defined Purpose of TACHI-S (the axis of corporate activities) to provide social and economic value and to realize a sustainable society.

Supporting People and the Earth through Seating Technology

Supporting posture of people

We will contribute to people’s health and Quality of Life by providing comfort/safety/sense of security for sitting posture that occupies 30% of the day, and for various postures.

Supporting people

We will support all stakeholders and society through our business.

Supporting the Earth

Based on the spirit of “Cooperation Through Mutual Compromise” taught by our founder, we will maintain harmony with the Earth by addressing SDGs initiatives and contribute to the realization of a sustainable and environmentally friendly world.

Compliance & Risk Management

We will report on our efforts toward compliance and risk management, which are the foundations that support our corporate activities.



Compliance

I Basic Approach to Compliance

In 2004, our 50th anniversary, aiming to be a company that is trusted by society both in name and reality, and one that develops and grows in an enduring manner, we established our “Compliance Declaration,” which expresses the determination of top management to tackle compliance, and the “TACHI-S Code of Ethical Practice,” which provides specific standards of conduct based on corporate ethics.

At the same time, to ensure corporate activities based on the TACHI-S Code of Ethical Practice, we have established “Compliance Management Regulations,” which stipulate the compliance-related management organization and measures to be taken in the event of a violation of the TACHI-S Code of Ethical Practice, and “Internal Reporting System Standards,” which stipulate the operation method of the internal reporting system. These systems were established to ensure that all officers and employees comply with laws and regulations and conduct corporate activities ethically.

Based on the above, our corporate management will enhance its ability to purify ourselves as a company, to promote sincere corporate activities, and to continue to be a company that is trusted by all stakeholders.

Compliance Declaration

Thanks to the efforts of many over the years, the TACHI-S Group has earned a reputation as a sincere and earnest company with technological capabilities, and has built its current position through this trust. We will sincerely strive to continue to be a company that is trusted by society, because we recognize that this is an absolute requirement for corporate growth and development. As we celebrate the 50th anniversary of our founding, we have clarified our code of conduct and established it here as the “TACHI-S Code of Ethical Practice.” We will make this Code of Ethical Practice the basis of our actions and strive to practice the following.

1. We will fully consider our impact on the environment, provide products that are useful and safe for society, ensure corporate transparency, and strive to live up to the trust of all our stakeholders.
2. We will comply with all laws and rules, including the spirit of such laws and rules, both in Japan and abroad, and act with social common sense.
3. We will act responsibly and cultivate ethical values as a good corporate citizen, based on the spirit of our company motto, “Cooperation Through Mutual Compromise.”

We hereby pledge to comply with the “TACHI-S Code of Ethical Practice” and to promote compliance-based corporate activities.

Developed April 25, 2004

Compliance Promotion System

To ensure compliance with the TACHI-S Code of Ethical Practice, the following compliance system has been established.

[Ethics Committee]

The committee is chaired by the President and consists of all Directors and relevant Executive Managing Officers as committee members. It plays a role in maintaining and strengthening the compliance system (Secretariat: Management Audit Office, held once a year in principle).

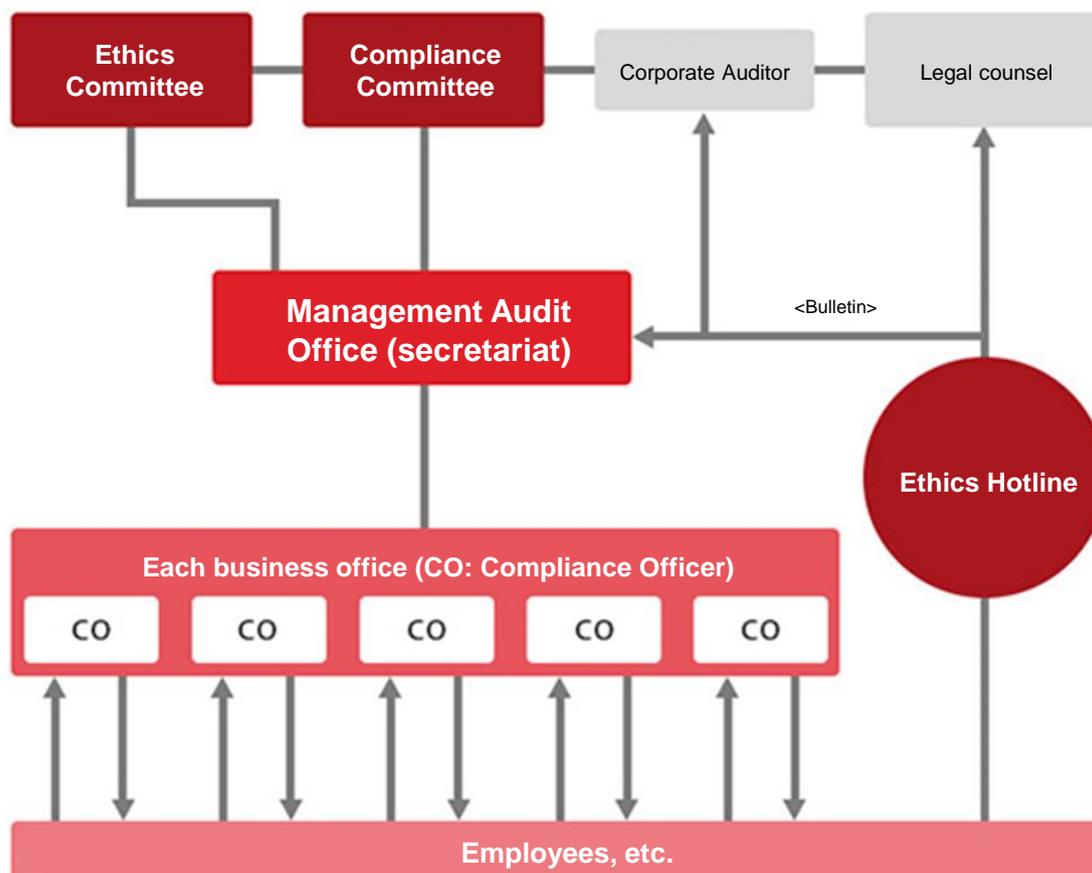
[Compliance Committee]

The committee is chaired by a Compliance Officer and consists of Outside Directors, Corporate Auditors, and legal counsel as committee members, and is responsible for directing investigations into the facts of cases involving violations of ethics or laws and regulations, and for making recommendations on such violations (Secretariat: Management Audit Office, convened by the committee chair as necessary).

[Compliance Officer]

A corporate ethics officer assigned to each business site regarding compliance, and is responsible for providing advice on consultation from employees and supporting the operation of the compliance system.

■ Compliance System



Raising Awareness of Compliance

We formulate compliance action plans every year with the theme of “Each and every employee should view compliance as a matter of familiarity and practice it in their daily work,” and we conduct the following educational activities.

■ Activities to raising awareness of compliance

- Conducting compliance education for all employees at certain times after joining the company (e.g., new employee or new manager education), and at different levels.
- A corporate ethics workshop is conducted each year as part of Corporate Ethics Reinforcement Month by an outside lecturer for Directors, Managers, and representatives of domestic subsidiaries.
- Regularly publishing the “Compliance Letter,” which communicates familiar compliance cases in an easy-to-understand, four-panel cartoon format, and the “Compliance Mail Magazine,” which contains news of public interest and mini-tests.

■ Corporate Ethics Workshop (November 2020)



In addition, the “Compliance Declaration,” “Compliance Management Regulations,” “Internal Reporting System Standards,” and “TACHI-S Code of Ethical Practice” are compiled into a compact handbook that is easy to carry, and which is distributed to all employees to promote compliance awareness.

■ The “TACHI-S Handbook” used to raise awareness



Internal Monitoring

To comply with laws and regulations and engage in ethical corporate activities, we believe it is important to develop and operate an “internal monitoring system” to serve as a foundation for preventing injustice and unethical behavior, and for identifying problems at an early stage should they occur. An “internal reporting system” has been established at all Group companies to handle consultations and reports on fraudulent, illegal, or unethical activities by organizations or individuals, as well as violations of our own Code of Ethical Practice and internal rules.

In addition, we regularly conduct “business audits” to confirm appropriateness, compliance, and effectiveness of operations in departments that execute business. During these audits, we also check the status of ethics and legal compliance.

Furthermore, we conduct annual compliance awareness surveys of our employees to ascertain their level of understanding and awareness of compliance, and we use this information in educational activities.

Risk Management

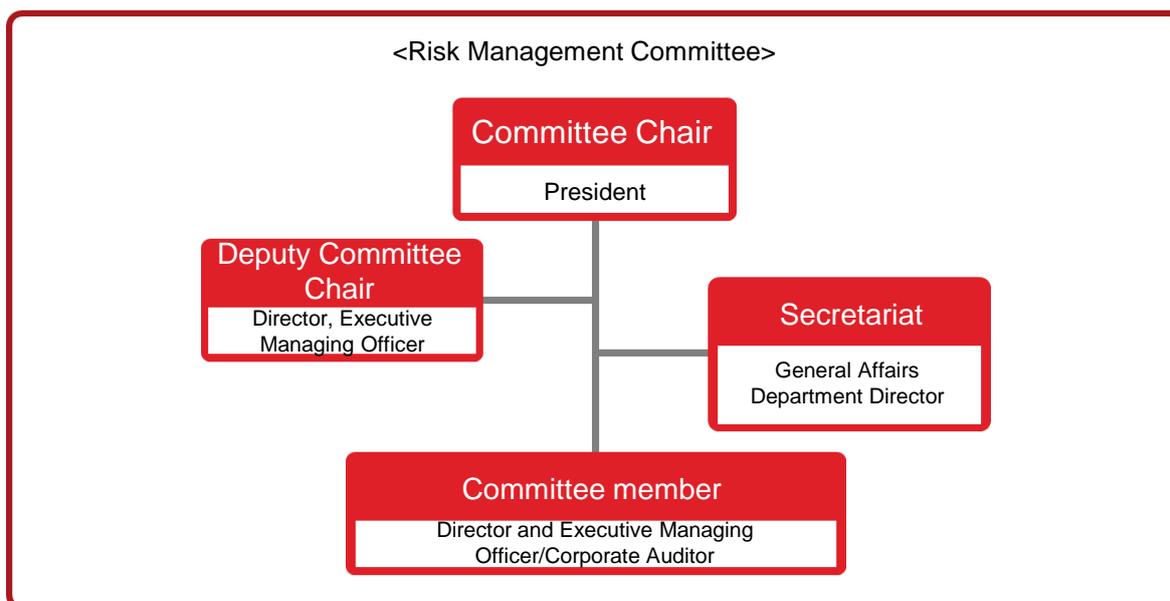
Basic Approach

As the environment surrounding companies changes drastically, and risks become ever more diverse, we conduct risk management activities to identify risks and take prompt and appropriate countermeasures.

Risk Management System

We have established a Risk Management Committee chaired by the President that consists of other Directors and Executive Managing Officers as committee members, and with the participation of Corporate Auditors and the General Affairs Department Director. The General Affairs Department serves as the secretariat for risk management-related deliberations and decisions.

Risk Management System



Risk Classification and Assessment

Risks are identified and classified based on the results of interviews with relevant departments regarding their operations by the Risk Management Committee, while assuming the greatest potential impact of the risk of occurrence. We next evaluate risks by “scale of damage” and “frequency of occurrence” at the time of risk occurrence, and visualize the results as a risk map. From there we identify priority risks and set “priority risks for countermeasures” from among them.

The priority risks for countermeasures in 2019 are as follows

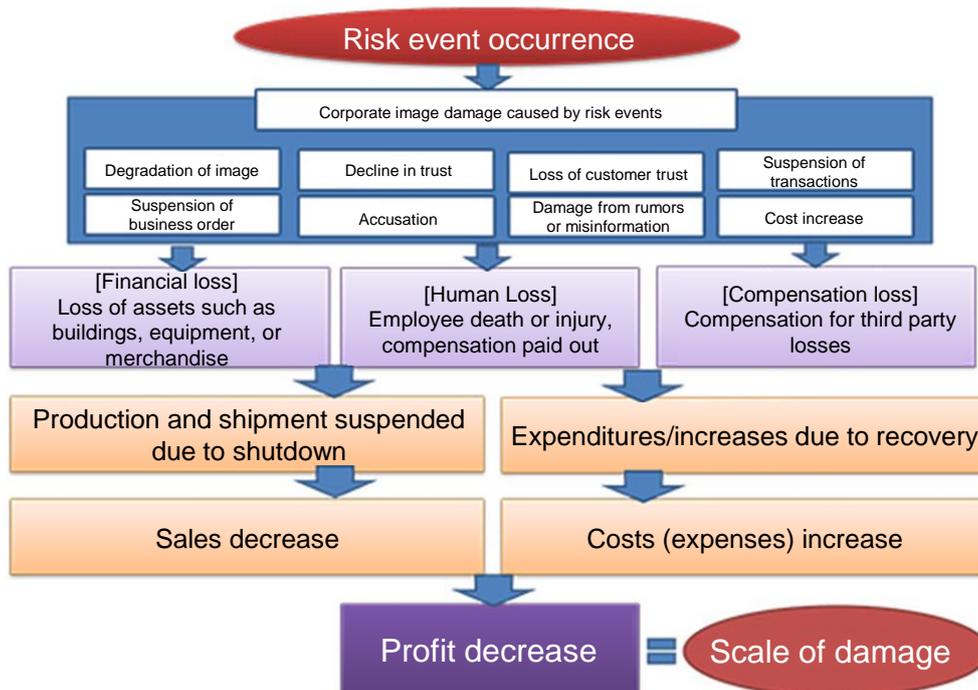
Risk classification *1

Large classification	Classification explanation	Risk example
Core process risks	Risks arising from direct departmental business execution processes (purchasing, manufacturing, sales, etc.)	Fire/Explosion Administrative error
Support process risks	Risks arising from indirect departmental business execution processes (human resources, general affairs, accounting, etc.)	Personal information leak Information systems failure
External environmental risk	Risks arising from external factors surrounding the company's business	Earthquake/Tsunami Typhoons/Torrential rain
Management process risks	Risks arising in the planning and execution of corporate management	Capital investment failure Illness, death, or injury of management personnel
Large classification	Medium classification (example)	
Core process risks	Research/development, sales/prototyping, procurement, manufacturing, quality control, storage/shipping, import/sales, contractor management, real estate leasing	
Support process risks	Information management, legal/ethics, human resources/labor relations, accounting/finance, general affairs	
External environmental risk	Natural disasters, corporate crime, economy, society, markets	
Management process risks	Business strategy, human resource strategy, group governance, management/management authority	

*1 [Large classification]: Classification based on internal and external environment to eliminate “leakage.”

[Medium classification]: The large classification is subdivided into business “processes” and “domains/areas” so that specific risks can be assumed.

Image of assessing the scale of damage at the time of risk occurrence



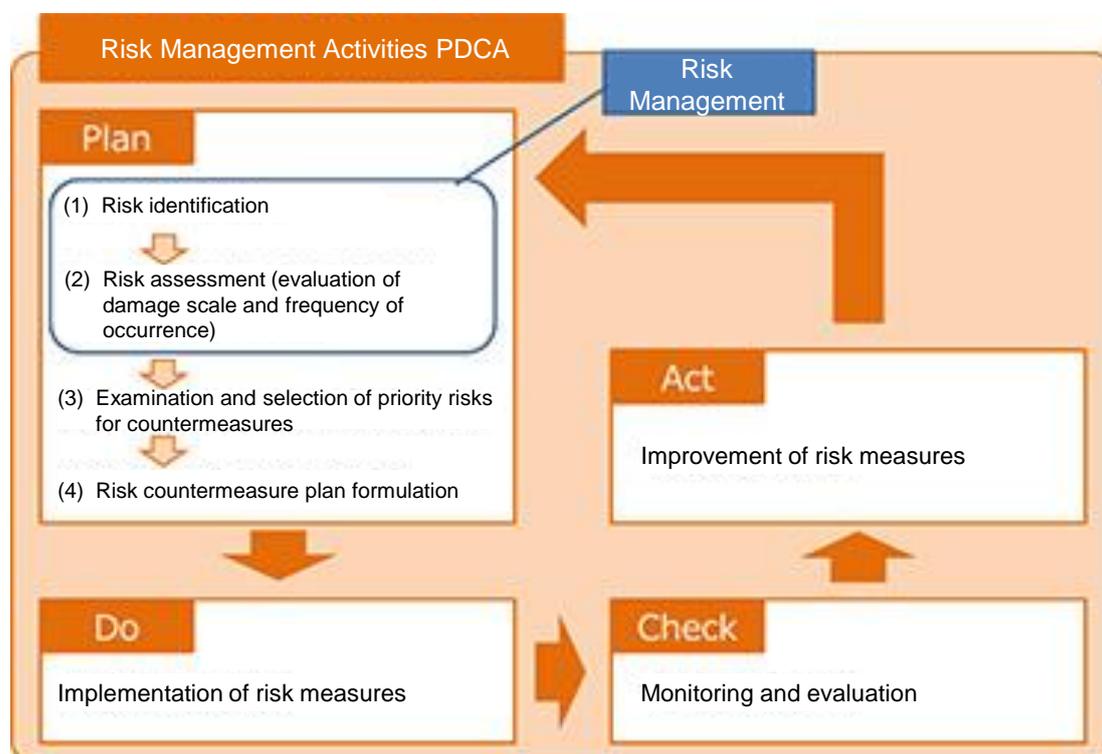
■ **Our priority risks (priority risks for countermeasures, FY2020)**

- Data tampering and deletion
- Inadequate internal information management (confidential information leakage, unauthorized access from outside, etc.)
- Fires and explosions in factories and company buildings
- Product defects, recalls
- Natural disasters such as earthquakes, tsunamis
- Violation of laws
- Illegal labor (foreigners)
- Group infections, diseases

Risk Management Flow

For priority risks (priority risks for countermeasures), in order to reduce risk to an acceptable level, the relevant subcommittees have established measures to be taken for each risk and their target values, and promote risk management activities after preparing a risk management program that clearly outlines medium-term initiatives.

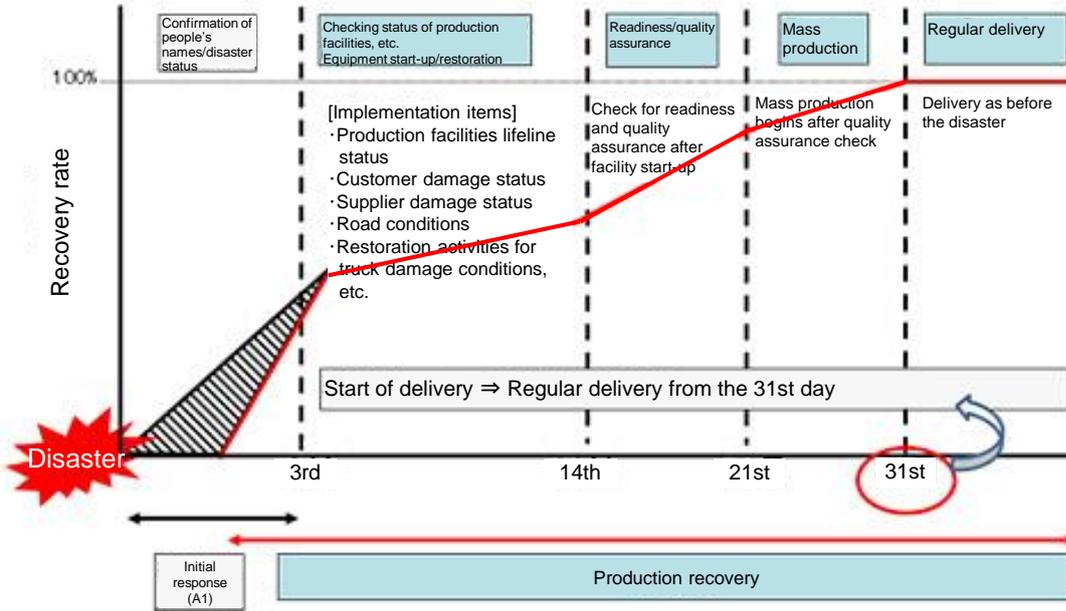
■ **Risk management flow**



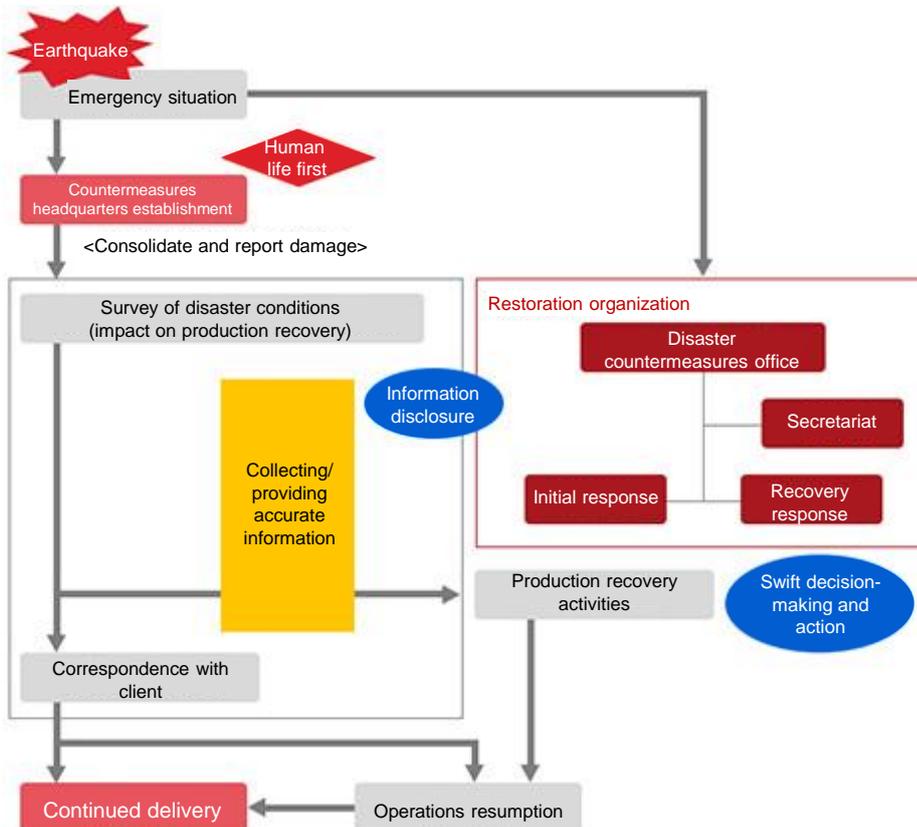
Business Continuity Plan (BCP)

We have formulated a Business Continuity Plan (BCP) to minimize damage and swiftly restore operations in the event of a major disaster or accident occurrence. Specifically, assuming the occurrence of a major earthquake, the scope of production restoration and the flow to restore production are defined to restore production activities as soon as possible.

Production recovery scope



Production recovery flow in the event of an earthquake



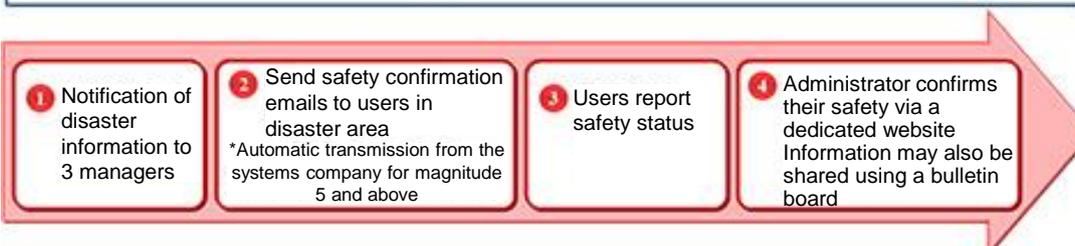
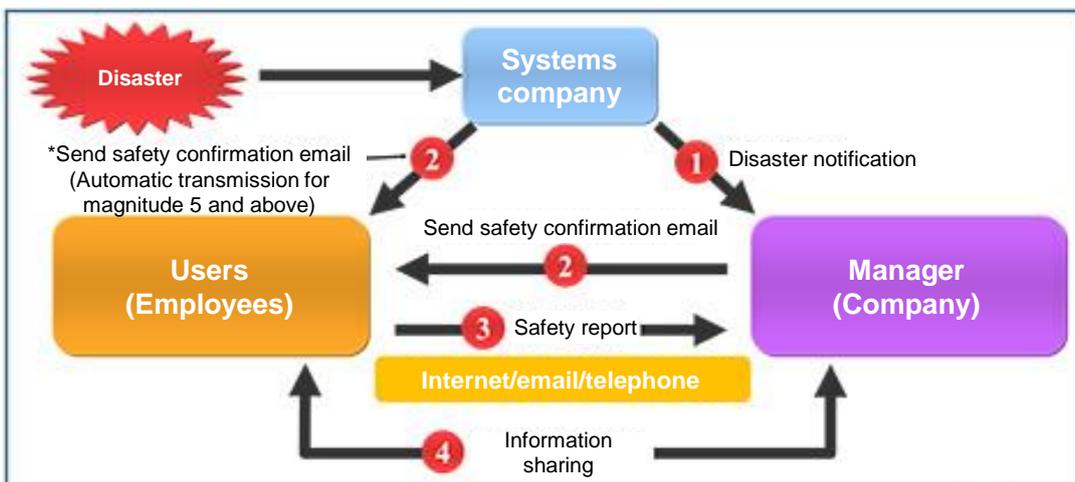
■ BCP training



Implementing a System to Confirm Employee Safety

In the event of a disaster, it is imperative that employee safety be confirmed, means of communication secured, and information shared. Based on the necessity to introduce an efficient and reliable system, we introduced a safety confirmation system from a systems company as a means of confirming and communicating the safety of our employees in the event of a disaster or other emergency as part of our disaster prevention system. In addition, regular training is conducted to ensure that employees are proficient in system operation and that the system is operating normally.

■ Overview of the safety confirmation system



Internal Reporting System

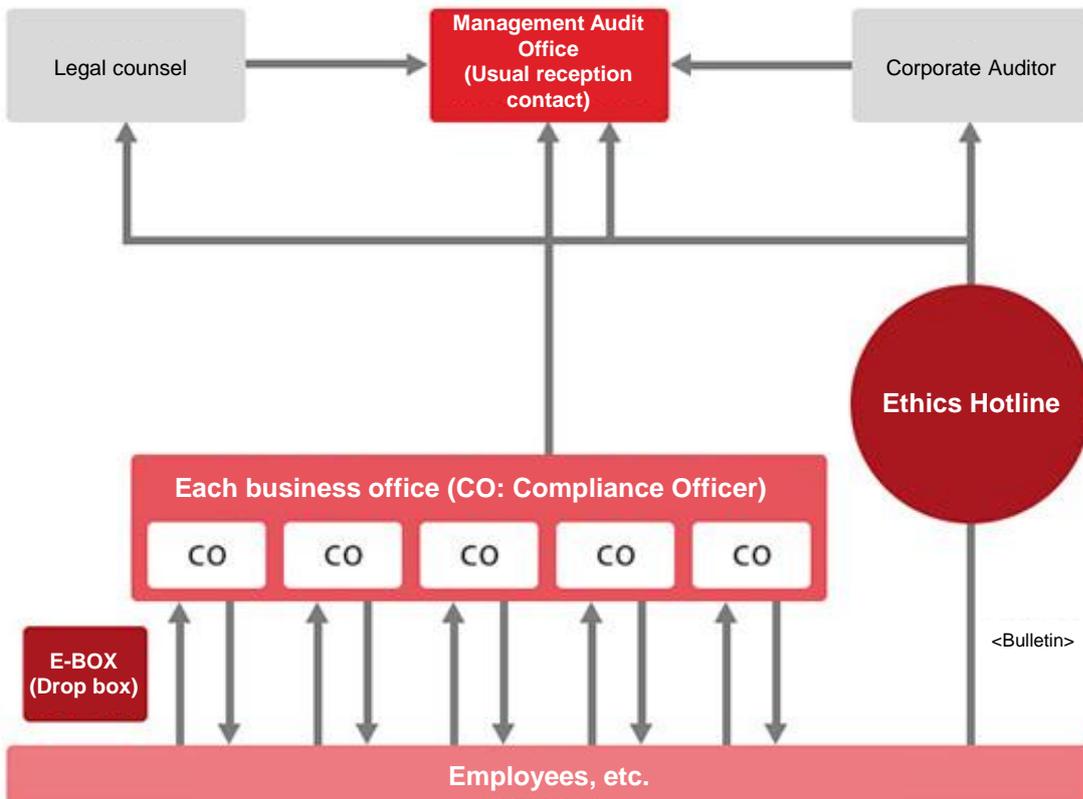
The Purpose of Introducing the Internal Reporting System

We introduced an internal reporting system to promptly discover fraudulent, illegal, or unethical acts by organizations or individuals, or acts that violate the TACHI-S Code of Ethical Practice or the Code of Conduct, to minimize risk to the company caused by violations of the Code of Ethical Practice, and to promote compliance.

Internal Reporting System Structure

The name of our internal reporting system is the “Ethics Hotline.” All TACHI-S employees, including officers and all others who have an employment relationship with TACHI-S (temporary employees, etc.), are eligible to use this system and are informed about it. In addition, in accordance with the “Whistleblower Protection Act,” the contact point for reporting may be selected from among legal counsel, corporate auditors, or the Management Audit Office, and reporting may be done anonymously. We accept reports and consultations via dedicated telephone line, dedicated mail, E-boxes (suggestion boxes) set up at each office, email, telephone, in writing, and in person.

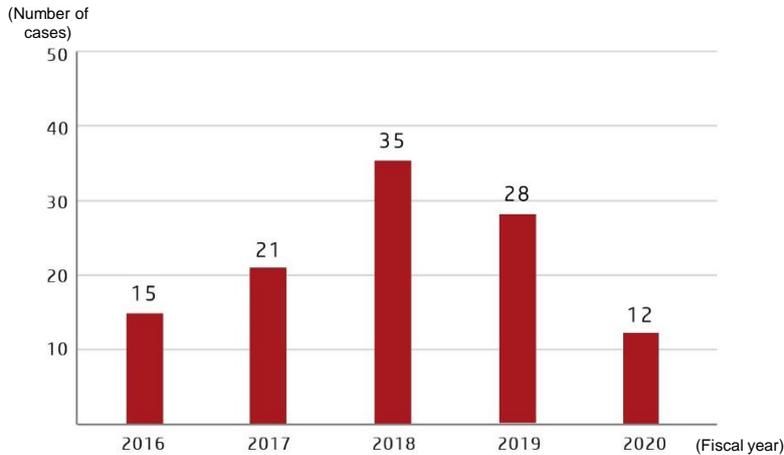
Ethics Hotline consultation and reporting flow



Occurrence of Internal Reporting

The number of cases reported to the Ethics Hotline is as follows.

■ Number of consultations and reports to the Ethics Hotline (TACHI-S and affiliates)

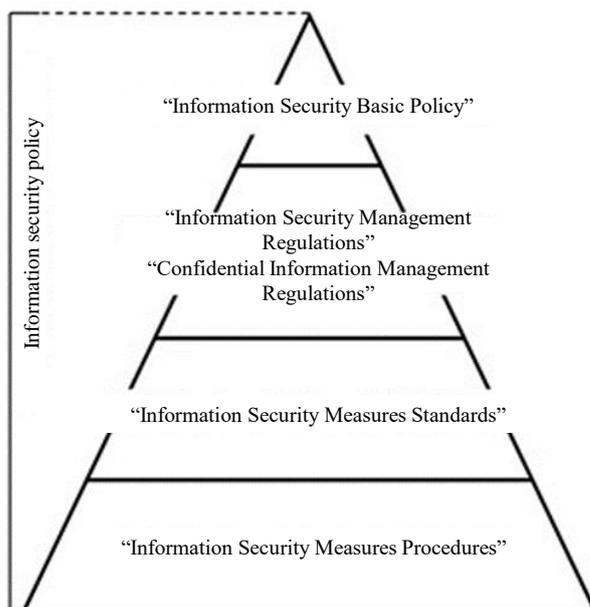


Information Security

Basic Policy on Information Security

To protect our information assets, we have established a basic policy on information security. Based on this policy, we will work on continuous information security measures to prevent information leaks and other problems from occurring, and maintain the trust of our customers. Our Information Security Policy is a clear statement of the policies and standards set to protect the information assets of the organization, and consists of the following.

■ Information security policy system



Information Security Policy

1. Subject of Information

Information assets are not limited to hardware, software, networks, and files. They also include documents necessary for business, information obtained in the course of business, knowledge, and knowhow.

2. Proactive Measures for Information Assets

Our information assets will be used as effectively as possible and appropriate information security measures will be implemented in accordance with the given asset's level of importance.

3. Incident Response Measures

In the unlikely event of a breach, the cause of the breach will be swiftly identified and action will be taken to minimize damage.

4. Promotion System

With the understanding and support of Directors, the Information Security Committee shall be responsible for the development and operation of a company-wide information security system.

5. Education

Awareness and education activities regarding information security will be continuously conducted for all employees, including Directors and contract employees.

6. Employee Obligations

All employees, including Directors and contract employees, shall understand the Basic Policy on Information Security and act in accordance with the relevant regulations.

7. Penalties

Strict measures will be taken against those who violate the Basic Policy on Information Security and related regulations.

Developed March 27, 2007

Initiatives to Strengthen Information Security

To raise employee awareness of the necessity and importance of information security, in February and March, which is the government's "Cyber Security Month," we conduct employee education using our internal portal to check the level of understanding. In addition, to promptly inform employees of information security threats and prevent information leaks, an internal portal for "security incident alerts" and an information security contact point have been set up, and we are always working with employees to respond to problems.

The security system is divided into entry, exit, and individual countermeasures, which are periodically evaluated. Entry countermeasures prevent viruses from entering the company through email, web browsing, or external attacks. Exit countermeasures prevent information leakage outside the company in the event that an internal computer is infected with a virus. Individual countermeasures include software to monitor computer behavior and controls that block the use of USBs to prevent direct introduction of viruses. Security systems are already installed for both entry, exit, and individual measures. In addition, these systems are monitored 24/7/365 to ensure protection from viruses.

To respond to information security risks that continuously occur, we are strengthening our countermeasures and monitoring on a regular basis. We also take comprehensive information security countermeasures to ensure that our employees can use our IT environment safely.

Countermeasures against information security risks in IT usage environments

■ Ongoing enhancements focused on countermeasures against increasingly sophisticated cyber attacks

- (1) External/internal communication restrictions (communication restrictions and record keeping)
- (2) Incoming email virus and spam prevention
- (3) Public server attack prevention
- (4) Remote connection security enhancement (authentication)
- (5) Measures against information leaks when sending mail
- (6) Control of dangerous internet browsing
- (7) Virus infection from internet browsing and unauthorized communication countermeasures
- (8) PC information leakage countermeasures (device encryption)
- (9) Unauthorized external media connection restrictions (operation record retention)
- (10) PC and server virus protection and monitoring

Relationship with Employees

Based on “respect for individuals,” we will create a rewarding workplace where both employees and the company can grow together.

Respect for Human Rights



Basic Approach to Respect for Human Rights

The Company and its affiliated companies express the basic stance on respect for human rights in the following internal documents. By practicing these principles, we will respect human rights in Japan and overseas, comply with relevant laws and regulations, international rules, including the spirit of them, and fulfill our social responsibilities with high ethical standards toward the creation of a sustainable society.

● “Respect for individuals” provision in the Management Guidelines

“We respect the ideas and actions of the autonomy and independence of our employees and provide opportunities for them to develop through their work.”

● “Respect for the personalities and individuality of our employees and ensuring a good working environment” provision in the “Charter of Corporate Conduct”

“We will respect the personalities, individuality, and diversity of our employees, and ensure a safe and comfortable working environment to achieve a sense of comfort and well-being.”

● “Respect for Human Rights” provision in the “Code of Conduct”

“We will respect human rights and will not engage in discrimination or harassment.”

● “Creating a Bright Workplace” provision in the “TACHI-S Code of Ethical Practice”

Basic Approach

We will respect basic human rights and individual personalities, treat employees fairly and impartially, and work to create a safe, comfortable, and rewarding workplace.

In addition, we will comply with labor-related laws and regulations and the spirit of such laws and regulations, respect collective agreements concluded with labor unions, and strive to maintain and develop good relationships of mutual trust between labor and management.

Specific Conduct Standards

- (1) Respect human rights and do not discriminate, harass, or tolerate such conditions.
- (2) Observe laws and social norms, and work to remain in harmony with society.
- (3) Put top priority on ensuring safety and hygiene.
- (4) All must understand rules, instructions, and orders correctly and execute them faithfully in the performance of duties.
- (5) Mutual trust and cooperation to ensure efficient execution of work.
- (6) Any other dishonest or disloyal conduct prohibited by Employment Regulations must not be engaged in.

Initiatives to Respect Human Rights

We continue to provide education regarding “human rights” as part of “compliance education” and “corporate ethics training” sessions. In addition, with regard to harassment, we have stipulated “prohibition of harassment” in Employment Regulations and, in January 2017, we established the “Standards for the Prevention of Harassment.” In establishing these standards, we conducted group training for managers and distributed the standards to workplaces. Going forward, we will monitor social trends related to human rights and promote educational activities for our employees.

Approach to Human Resource Management

One of our management principles is “Respect for individuals.” We believe that it is our corporate social responsibility to respect the ideas and actions of autonomy and independence of each individual employee who is entrusted to us by society, and to provide them with opportunities to develop through their work. To this end, we respect the character, individuality, and diversity of our employees and, by ensuring a safe and comfortable working environment, we will fulfill our responsibilities at work, at home, and in society. We will promote the creation of a vibrant and rewarding workplace where both employees and the company can develop together.

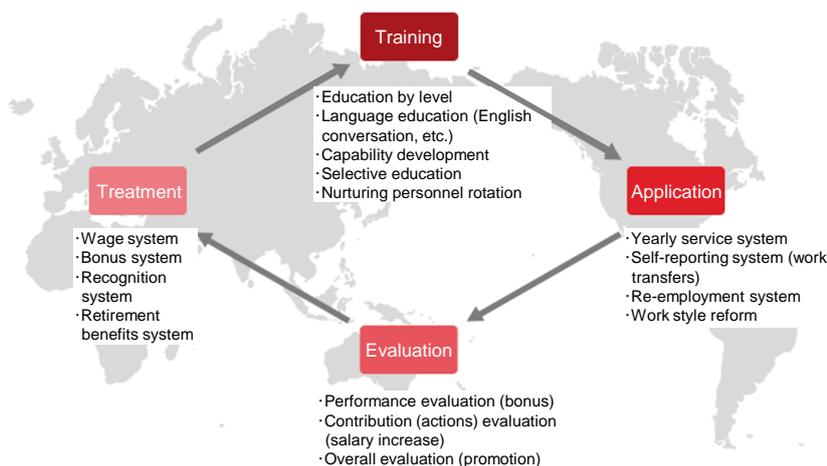
■ Basic employee data (Scope: Japan, as of the end of the fiscal year)

	2016	2017	2018	2019	2020
Number of employees (total)	1,558	1,548	1,540	1,562	1,318
Management positions (male)	301	301	300	308	206
Management positions (female)	3	3	2	4	4
General employees (male)	1,144	1,128	1,110	1,118	986
General employees (female)	110	116	128	132	122
New graduates recruited (persons)	42	35	52	51	63
New graduate fixation ratio (%)	79	97	96	94	87
Number of mid-career hires (persons)	32	28	36	39	18
Ratio of mid-career hires (%)	43.2	44.4	40.9	43.3	22.2

Personnel Evaluation and Compensation System

In FY2017, we introduced a new annual salary-based personnel evaluation and compensation system for managers that emphasizes the following four points: Correcting seniority-based treatment; reflecting contribution to the company in compensation; a compensation system based on company, department, and individual performance; and motivation to take on challenges. In addition, a new personnel evaluation and compensation system for general employees in April 2019 was introduced, which focuses on early promotion to management positions, raising wages for young to mid-career employees, promotion and salary increases based on evaluations, and correction of seniority-based treatment. Through these system reforms, we will work together to encourage employees to take on new challenges, and to create a rewarding workplace where the company can develop, and employees can have dreams and take pride in their work. In fiscal 2017, we introduced an annual salary-based personnel evaluation and compensation system for managers that emphasizes the following four points: correction of seniority-based treatment; reflection of the degree of company contribution in compensation; a compensation system based on company, division, and individual performance; and stimulation of the desire to take on challenges.

■ Overview of the personnel evaluation and compensation system



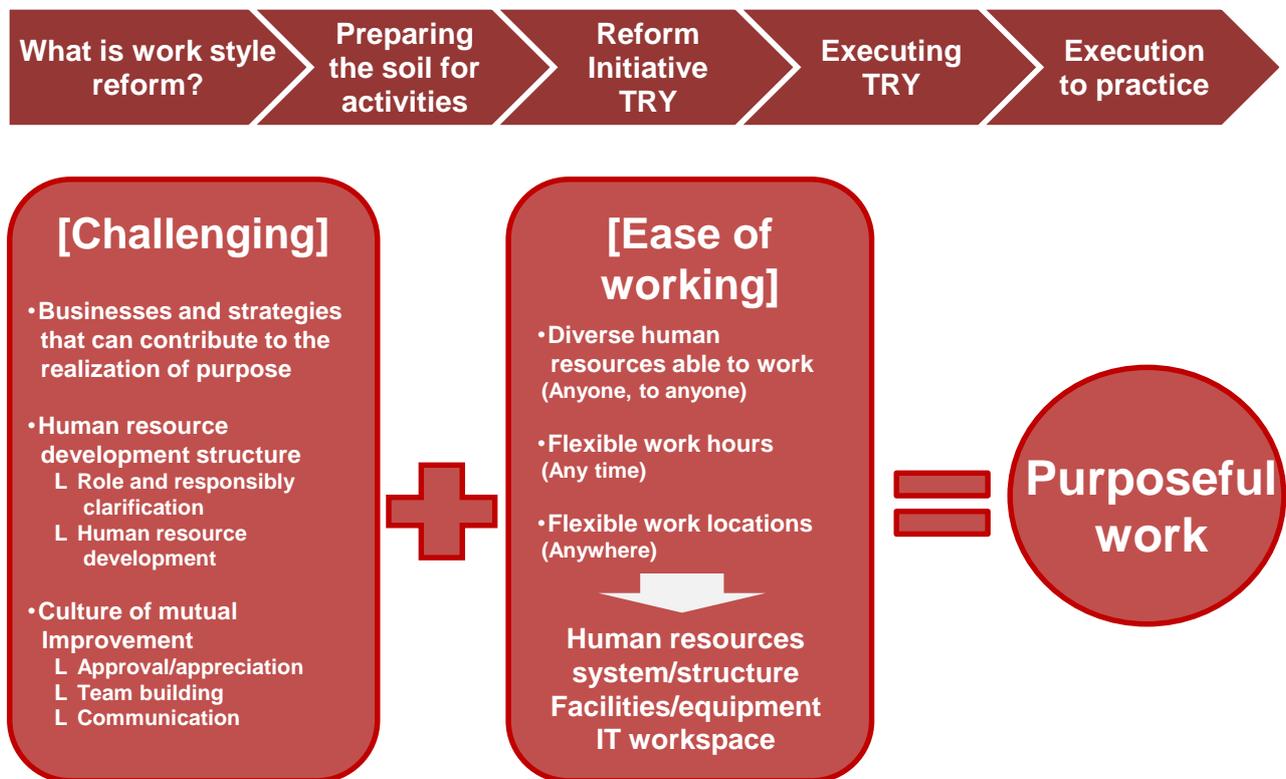
To Enhance Employee Satisfaction

. A Working Style Reform Study Committee chaired by the president was established in July 2018, with the labor union chairman and union members also participating as members. "We are promoting initiatives to improve employee satisfaction as our top priority.

To create a workplace where each and every employee can feel a sense of fulfillment and achievement, and can work with dreams. To enable both employees and the company to grow together, we have been actively discussing common issues beyond the boundaries of labor and management, such as improving productivity, reducing working hours, promoting the use of paid leave, and creating a work environment in which women and senior employees can play an active role. One of the results of these discussions is the personnel evaluation and compensation system introduced in April 2019.

■ Establishing the “Work Style Reform Promotion Office” in April 2020 under the direct control of the president.

We believe that reforming the way we work is “reforming the way we live.” We aim to reevaluate the value of each person’s time and make both personal and professional lives more creative and fulfilling. We will connect a sense of accomplishment and development through work to job satisfaction, while maintaining good work-life balance and improving the quality of relationships with colleagues, family members, and people in the local community with whom we spend much of our lives.



Basic Approach to Human Resources Development

We define the “human resources we seek” as follows.

Human resources sought by TACHI-S

Under our “Transformative Value Evolution (TVE)” medium-term management strategy for 2021 to 2024 period, the TACHI-S Group will continue to enhance corporate value with our “One Global Team” and aim to be a “Continuously Selected Company” based on the trust of our customers. Furthermore, we will promote the expansion of global business while clarifying the image of the human resources that the TACHI-S Group aims for, transcending differences in countries, regions, cultures, climates, and companies.

- Sympathize with the spirit of “Cooperation Through Mutual Compromise” *1
- Product results while embodying the “S” *2 in TACHI-S, the starting point of our business.
- Pride in being an employee of TACHI-S and the ability to compete globally.*3
- We are human resources who embody the concept of “All in the world are under the same sky*4” and develop together with the company.

*1 “Cooperation Through Mutual Compromise” is a teaching of our founder, Nobuyoshi Saito. Basic values based on trust and the bonds we share created through mutual respect and communication that have been handed down since the company was founded.

*2 The “S” in the TACHI-S name refers to the founding spirit (which also begins with “s”) of Spring (growth), Spiral Up (continuous improvement), Sympathy (empathy), etc.
The “S” for employees refers to Social (social contribution), Sustainability, Safety, etc. The “S” for worksites means Sorting, Setting in order, Shine, Sanitization, Standardization, and Sustaining discipline.

*3 “the ability to compete globally” means that all employees, including those in Japan, must aim to be among the best in the world.

*4 The phrase “All in the world are under the same sky” is from the “Book of Five Rings” by Musashi Miyamoto, and expresses a mindset of working tirelessly with the same goal in mind.

- The behavioral characteristics necessary to be an “All in the world are under the same sky” type of human resource

Values of TACHI-S: “5 Attitudes and 5 Actions”

Attitudes	Actions
<p>Think from the customer’s position Understand expectations and needs from the customer’s position and strive to exceed them</p>	<p>Commit and produce results Take responsibility for your own accomplishments and focus everything on achieving results</p>
<p>Work as a team across functions and regions Work as a team to achieve objectives and targets, going beyond functional and regional barriers</p>	<p>Take the lead, move forward Act independently and increase your motivation and that of your team</p>
<p>Accept diversity, understand it, and put it into action Accept different opinions and ideas, and enhance their value through interaction. Consider the impact of your actions and work together to address them</p>	<p>Look for the better way Pursue effectiveness and efficiency in the organization and work to always make things better</p>
<p>Passion for learning for self-development and realizing a learning organization Have a passion for learning from every opportunity. Realize that your or your organization’s ideas are not the best, and seek ways to get the information you need.</p>	<p>Act quickly and efficiently Be aware of and working on speed and efficiency</p>
<p>Focus on the site, the actual things, and reality Understand the purpose and essence of occurring events and explore ways to respond to them.</p>	<p>Spiral up through the PDCA Establish KPIs for results and processes, and constantly implement the PDCA cycle to achieve growth</p>

Human resource requirements for creating unique added value for TACHI-S

Philosophy, ideology, and organizational climate	Wisdom/tacit knowledge	Loyalty
<ul style="list-style-type: none"> ● Understand and feel the company motto and management philosophy, new party development capabilities, and climate forces ● Extensive internal networking ● Top management communication skills ● Ability to communicate and pass on organizational culture 	<ul style="list-style-type: none"> ● Ability to understand and develop the strengths and uniqueness of one’s business ● A relentless spirit of single-minded devotion to study and become the best in one’s area ● Cutting-edge and unique wisdom born of industry networking and information gathering ● Ability to transfer tacit knowledge 	<ul style="list-style-type: none"> ● Sense of belonging and company spirit ● Contribution to the sense of unity in the organization

Human Resource Development Program

We have established the HRD Committee*1 to efficiently and effectively promoting human resource development. The committee is responsible for examining systems related to human resource development, and formulating and implementing capability development plans (annual training plans).

We are building an environment that allows each employee to develop their career autonomously.

Education by level	<ul style="list-style-type: none"> • This aims to help employees understand the “roles” and “behavioral characteristics” of each employment level, and improve their skills to apply to their work.
Departmental education	<ul style="list-style-type: none"> • This aims to improve technical skills in order to become professionals in each department (job category).
Companywide education	<ul style="list-style-type: none"> • Compliance training and information security training is provided to develop a legal compliance mindset and support employee’s self-development.

HRD education system chart

	Education by level	Departmental education	Companywide education
Management position	Action learning training	Professional skills strengthening	Self-development distance education
General position	Competency training Problem solving Leadership Communication etc.	<div style="border: 1px solid green; padding: 5px; margin-bottom: 5px;">Basic skills acquisition</div> Quality Assurance Training All types of design skills training Development process training etc.	TOEIC exam system Compliance education Information security education Career education etc.
	New employee training		

Employee Reward System

We have established a commendation and award system to recognize employees and organizations that have achieved outstanding results through their work, and that have brought honor to the company.

Employee reward system list

Companywide Award

Award name	Award subject
Inventions and Ideas Award	For inventions and ideas that have contributed to the improvement of the company's performance.
Outstanding Workplace Award	For outstanding results in the overall evaluation of quality, productivity, safety and health, and QC circle activities in a manufacturing workplace.
Business Reform Award	For significant operational reforms in indirect operations and contribution to improved company performance.
Special Award	For contribution to the company's performance, good deeds, or increased name recognition that do not fall under any of the above.

Department Award

Award name	Award subject
Outstanding Plant Quality Award	For excellent quality plants (Evaluated and selected based on the Outstanding Plant Quality Award evaluation criteria)
QC Circle Award	For circles that practiced excellent QC (K2) circle activities (Evaluated and selected based on the QC circle activities evaluation criteria)
Excellent Workplace Productivity Award	For workplaces that have achieved high productivity (plant nomination)
Department Special Award	For employees or organizations that have contributed to significant performance improvement in their department (Evaluated and selected based on each department's evaluation criteria)

QC Circle Activities Award



Achieving Work-Life Balance

Achieving Work-Life Balance

The Group aims to create an attractive workplace where both employees and the company can grow together by improving the working conditions and environment, processes and systems, and workplace communication, to create a rewarding work environment where employees can balance work and family life, and where increased employee motivation leads to increased added value and productivity (creating value and producing results). Specifically, we conduct educational activities and ensure compliance with labor-related laws and regulations, work with labor and management to curb long working hours, have NO OVERTIME DAY at each business site, and we conduct activities to promote the use of paid leave and set up days to promote such use.

In particular, for employees in factories, we promote development of multi-skilled human resources and the introduction of a relief man system to create an environment where employees can systematically take paid leave.

■ Total annual working hours (unit: hours)

	2016	2017	2018	2019	2020
Overall	2,046	2,047	2,039	1,986	1,715
Male	2,072	2,071	2,058	2,005	1,726
Female	1,730	1,751	1,825	1,780	1,612

■ Annual paid leave usage rate (unit: %)

	2016	2017	2018	2019	2020
Overall	50.6	49.5	52.1	67.2	66.9
General position average	53.3	52.3	55.0	69.9	71.5
General employees (male)	51.3	50.0	52.4	69.2	71.9
General employees (female)	74.6	75.1	79.0	75.9	68.2
Management position average	39.8	38.4	40.6	57.4	44.1
Management positions (male)	39.5	38.2	40.7	57.3	44.4
Management positions (female)	65.0	55.0	30.0	65.7	28.8

■ Support system for childcare, nursing care, and work-life balance

System name		Main support
Childcare related	Childcare Leave System	In principle, a system that allows employees to take leave to care for a child under one year of age.
	Exemption from overtime work	In principle, a system that allows employees to limit their work hours to 8 hours when taking care of a child under 3 years of age.
	Limitation on overtime work	In principle, a system that allows the limiting of overtime work hours when caring for children up to the age of entering elementary school.
	Limitation on late-night work	In principle, a system that allows the limiting of late-night work when caring for children up to the age of entering elementary school.
	Shortened Working Hours During Childcare	A system that allows employees to reduce prescribed working hours by up to six hours when caring for a child up to the age of elementary school graduation (treated as unpaid official leave). (Female employees raising children under the age of one may apply for additional childcare time of 30 minutes each, twice a day.)
	Sick/injured child care leave	A system that allows employees taking care of a child up to the age of entering elementary school to take leave of up to 5 days per year for one child, or up to 10 days per year for two or more children before entering elementary school (treated as unpaid official leave) in half-day units (one-half of the prescribed working hours) to care for sick or injured children.

Family care related	Family Care Leave System	In principle, a system that allows employees caring for a family member in need of nursing care to take a leave of absence for a total of 365 days, in up to three installments per family member who needs nursing care.
	Exemption from overtime work	In principle, a system that allows employees to limit their work hours to 8 hours when caring for a family member in need of nursing care.
	Limitation on overtime work	In principle, a system that allows employees to limit overtime work hours when caring for a family member in need of nursing care.
	Limitation on late-night work	In principle, a system that allows employees to limit late-night work when caring for a family member in need of nursing care.
	Family Care Shortened Working Hours System	In principle, a system that allows employees to limit their working hours to 6 hours when caring for a family member in need of nursing care (treated as unpaid official leave).
	Family Care Leave System	A system that allows, as a general rule, employees taking care of a family member in need of nursing care to take leave of up to 5 days per year for one family member, or up to 10 days per year for two or more family members in need of nursing care (treated as unpaid official leave) in half-day units (one-half of prescribed working hours).

Achieving work-life balance related	Promotion of work from home	In principle, the system allows indirect employees to work from home using information devices owned and managed by the company to suit their individual lifestyles.
	Introduction of flextime	In principle, the system allows employees working in indirect workplaces to decide their own start and finish times, as well as working hours within the scope of their total monthly working hours.
	Volunteer leave	A system that grants leave for the period necessary for voluntary, unpaid activities that contribute to society.
	Vaccination leave	A system that grants leave on the day of vaccination, and the day following vaccination for medical treatment of any adverse reactions from vaccination as deemed necessary by the company.

■ **Trends in the number of users of childcare and family care support systems (unit: persons)**

System name		2016	2017	2018	2019	2020
Childcare Leave	Overall	12	11	11	14	14
	Male	0	0	1	2	1
	Female	12	11	10	12	13
Shortened Working Hours During Childcare	Overall	13	13	15	18	23
	Male	0	0	0	0	0
	Female	13	13	15	18	23
Family Care Leave	Overall	1	1	3	1	1
	Male	0	0	2	1	0
	Female	1	1	1	0	1
Family Care Shortened Working Hours	Overall	0	0	0	0	0
	Male	0	0	0	0	0
	Female	0	0	0	0	0

■ **Other benefit programs**

System name	Overview
Asset Accumulation Savings System	A savings support system designed to help employees achieve a rich and stable life.
Employee Petty Cash Loan System	System to contribute to employee welfare improvement.
Benefit Station	A benefit service that provides preferential discounts, etc., for various facilities (lodging, amusement parks, movie theaters, dining, fitness facilities, shopping)

■ **About attaining Childcare Leave/Shortened Working Hours During Childcare**

(Erina Tashiro, Materials Section No.2, Production Administration Department No.1)

I have used the childcare leave system twice. Even after returning to work, there are many opportunities for me to take time off due to my child's sudden fever, etc. However, there are many female employees who are also raising children, and I took advantage of the shortened working hour system for childcare with my first child. With my second child, I used both the company's work from home system and the childcare shortened working hours system, which reduced my commuting time and allowed me to balance work and childcare without having to rush to pick up my child from preschool.

(Taichi Maruyama, Engineering IT Section, Information Technology Department)

I took childcare leave for about three weeks from June 2021. I hadn't heard of many managers at TACHI-S who have taken childcare leave, so I had some concerns. However, I was able to consult with my supervisor and section staff beforehand to prepare, so I was able to take my leave with peace of mind. I think this was because of the understanding and support I got from my colleagues. While on leave, I enjoyed raising my child and doing all kinds of household chores like serving meals and doing laundry, even though I was not used to doing those things. My wife said to me, "Not only did it relieve me of the burden of housework and other work, but it also gave me a great deal of peace of mind mentally," so I was really glad I took the leave. Lastly, I hope that my experience will serve as an example and create an atmosphere and system that makes it easy for both men and women, regardless of position, to use childcare leave in the future.



■ Implementation of open plan

In the Production Engineering Department, we started an initiative to improve the work style from an office where each employee has an individual desk to one where employees can freely choose where to be seated. While using the Technical Monozukuri Center as a base, we aim to create a more comfortable working environment by allowing employees to work from anywhere, including each plant, customers, suppliers, and home, thereby stimulating communication across departments, saving space, and keeping the office tidy.



Occupational Safety and Health

Basic Approach to Occupational Safety and Health

We are striving to instill safety into our organizational culture by including it in our Code of Conduct and President's Policy.

The entire TACHI-S Group is promoting initiatives to prevent occupational accidents and improve working environments based on the Code of Conduct.

Code of Conduct for Ensuring Health and Safety in the Workplace

We will prevent accidents and ensure safe and comfortable workplaces with the understanding that safety takes precedence over all other operations.

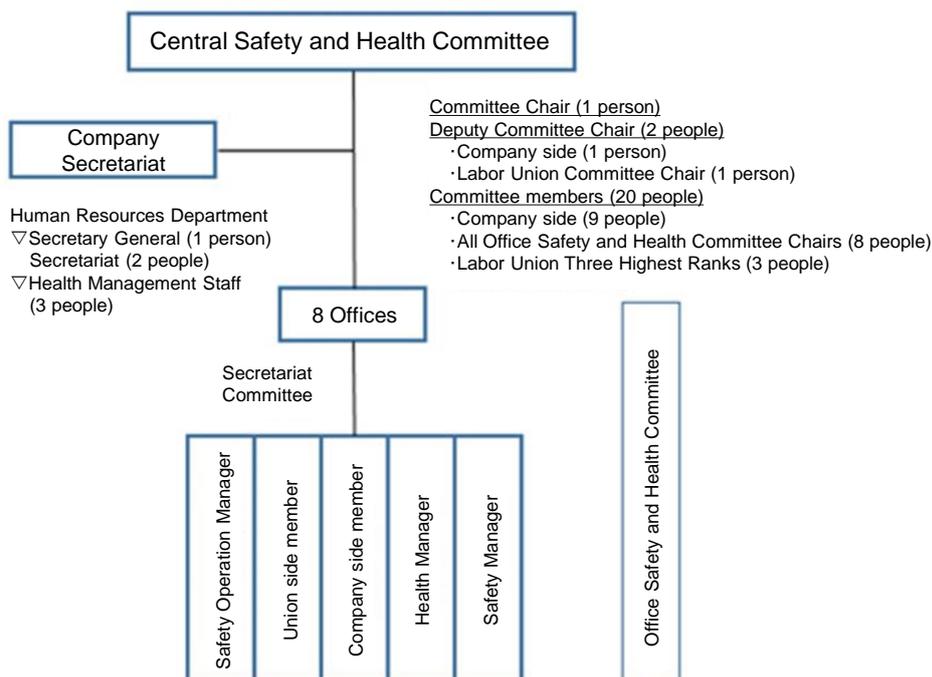
“President’s Policy”

Safety takes precedence over all else (except from the President’s Policy for this year)

Promotion System Related to Occupational Safety and Health

We have established the Central Safety and Health Committee (secretariat: Human Resources Department) to deliberate on important matters related to safety and health management, prevent occupational accidents, and improve working environments. This committee is chaired by a Director and Executive Managing Officer, and has two deputy chairs, a representative from each business site, Labor Union Three Highest Ranks and Executive Officers, for a total of 29 members. The committee meets twice a year in April and October. In addition, a Health and Safety Committee has been set up at each business site. They meet monthly to maintain and improve matters related to employee health and safety, such as improving the work environment and preventing accidents.

Central Safety and Health Committee organization chart



Targets and Achievements

We are working to achieve our goal of “zero occupational and commuting accidents” through our occupational safety initiatives. In fiscal 2020, both occupational and commuting accidents occurred. However, both the frequency and intensity of the accidents were below the manufacturing industry average. In light of this, and to achieve the goal of “zero accidents,” we will steadily promote the following “activities to eliminate occupational accidents” and “activities to eliminate commuting accidents.”

FY2020 target

· Challenge target (What should be aimed for): “0” occupational and commuting accidents

FY2020 result

Division	Results		
	Total	Serious	Mild
Occupational accident	6	1	5
Commuting accident	10	0	10

Occupational accident occurrence

Description	Division	2019	2020
Occupational accident frequency rate	Our company	0.000	0.276
	Manufacturing industry average	1.200	1.200
Occupational accident intensity rate	Our company	0.000	0.015
	Manufacturing industry average	0.100	0.100
Frequency rate of accident without lost workdays	Our company	2.810	1.378
	Manufacturing industry average	1.190	1.190

Activities to eliminate occupational accidents

1. Safety training for new employees (standardization/unification of training methods)
2. Consideration and implementation of initiatives to improve safety awareness on a daily basis
3. Safety patrols conducted by members with expertise in the domain

Activities to eliminate commuting accidents

1. Preventing commuting accidents when going to work (act with plenty of time to spare)
2. Accident/damage prevention (Danger prediction training)
3. Re-enforcement of traffic safety education for employees

Initiatives to Ensure Employee Safety

To ensure the occupational safety of our employees, we provide in-house education on occupational safety and health, including safety and health training for site managers (six times per year), safety and health training for new hires (new and mid-career employees), and lifesaving first aid training, to help employees acquire proper knowledge and raise awareness about safety and health.

In addition, we continuously conduct safety diagnosis (risk assessment) of facilities and operations, and conduct improvement activities based on the diagnosis. Based on this, the Health and Safety Committee meets once a month at each business site, and conducts activities to ensure the safety and health of employees, including safety patrols, disaster information dissemination, health information notifications from the medical office, and the sharing of production status in the workplace. Furthermore, the Central Safety and Health Committee conducts annual labor safety patrols to prevent occupational accidents, raise awareness of safety, and strengthen occupational safety activities that incorporate the perspective of “cultivating awareness.”

In addition, on top of traffic safety education, labor and management jointly conducts traffic safety inspection activities (seat belt inspections, driving etiquette, bicycle driving etiquette) during traffic safety weeks in spring and autumn to raise safety awareness.



First-aid training



Traffic safety education

Initiatives to Promote Employee Health

To ensure the health of our employees, we conduct annual medical examinations and special medical examinations for our employees, along with providing health guidance and consultation services. In addition, nurses and industrial physicians interview employees and provide guidance when overwork is suspected to help manage their mental and physical health. In addition, for workplaces that handle substances subject to laws and regulations, the working environment is measured once a year to prevent generation of hazardous substances and ensure proper management.

In addition, to maintain and improve the health of our employees, we have set up smoking areas to prevent passive smoking and, with the support of the labor union and health insurance association, we hold health promotion activities (walking and bowling competitions, etc.) at each office with the aim of raising health awareness and communication among employees and their families.

Health support system

	Description				
	Type of medical checkup	Eligibility for examination			Usage fees
		Age	The applicable person	Family member	
Medical checkup	Same-day thorough examination	25 years and older	○	○	Subsidy 20,000 yen
	Age 40 milestone checkup	40 years old	○	-	Free of charge
	Independent medical checkup (employee gynecology)	25 years and older	○	-	Free of charge
	Family health checkup (facility)	35 to 74 years old	-	○	3,000 yen
	Family health checkup (patrol)		-	○	Free of charge
Health consultation	Physical and mental health consultation by phone available 24 hours a day, free of charge (Available to individuals, spouses, and dependents)				
Other	Influenza vaccination (subsidized)				
	Provision of physical education incentives				
	Rewards for good health (commemorative gifts)				

Health promotion activity “Bowling tournament 2018”



Promotion of Activities for Diverse Human Resources

Toward Promotion of Activities for Diverse Human Resources

As the working population continues to decline due to the declining birthrate and aging population, we believe that creating an organization that employs diverse personalities and abilities is essential for survival as a global company. We are actively promoting the hiring of women, but the ratio of female employees (including managers) is not high, and we have no female executives. Therefore, to create a workplace environment where women can play an even more active role, we have formulated a three-year action plan (2020-2022) consisting of three priority goals, and we are strengthening and promoting our initiatives.

Ratio of women in managerial and general positions

		FY2016		FY2017		FY2018		FY2019		FY2020	
		General position	Management position								
Number of personnel	Total	1,254	304	1,244	304	1,238	302	1,250	312	1,108	210
	Male	1,144	301	1,128	301	1,110	300	1,118	308	986	206
	Female	110	3	116	3	128	2	132	4	122	4
Ratio	Male	91.2%	99.0%	90.7%	99.0%	89.7%	99.3%	89.4%	98.7%	88.99%	98.10%
	Female	8.8%	1.0%	9.3%	1.0%	10.3%	0.7%	10.6%	1.3%	11.01%	1.90%

Action Plan for Promotion of the Advancement of Women (April 2020 to March 2022)

Objective 1. Increase the percentage of women in hiring to at least 30%.

Objective 2. Increase the percentage of women in management positions to 10% or more.

Objective 3. Set the rate of telework use to 50% per month.

Objective 4. Achieve a paid leave usage rate of at least 70% per employee.

Employment of People with Disabilities

We actively promote employment of people with disabilities, whether in our offices or on manufacturing floors. In addition, ongoing education is provided for managers to promote employment and further their success in the workplace.

Number of employed people with disabilities (unit: persons)

	2016	2017	2018	2019	2020
Overall	32	27	27	29	30
Physically handicapped	18	13	12	12	11
Intellectually handicapped	5	7	8	10	14
Mentally handicapped	9	7	7	7	5

Promoting Employment of Senior Employees

As individual awareness of employment changes with the diversification of life plans, we introduced a system that allows individuals to choose their own career paths, and we completely support people staying in their jobs until the age of 60. We are striving to improve lifelong job satisfaction by providing highly satisfactory reemployment opportunities that meet individual needs through enhanced training programs. By doing this, we aim to motivate veteran and younger employees and revitalize the organization.

Second career related systems

Training	System	Course	Overview
Life Plan Training Second Career Training	Company Selection	Position Continuation Course	Continuation of current position (1-year contract)
		Special Position Course	Guidance for overseas bases/Launch of new domain themes (1-year contract)
	Individual Career Selection	Retirement Course	(Mediation by a re-employment support company available)
		Work Transfer Support Course	Mediation with a re-employment support company
		Re-employment Course	Redevelopment and reclamation workplaces

Number of re-employed senior employees (unit: persons)

	2016	2017	2018	2019	2020
Overall	17	53	53	48	16
Male	17	49	48	43	16
Female	0	4	5	5	0

Promotion of National Staff Activities

As a result of our rapid global business development, our consolidated net sales (198,500 million) and employees (12,421), including those of our overseas businesses, have greatly exceeded the net sales (83,000 million) and number of employees (1,277) of our domestic (non-consolidated) businesses. There is an urgent need to develop National Staff (local) to entrust management of our overseas business bases.

To do this, we are actively promoting the development and success of our National Staff by deliberately assigning them to top management positions in overseas operating companies, dispatching them to Japan on a fixed term basis, and selecting them for human resource development programs.

Active participation of overseas employees

-- A Stationed Official, from Mexico to Japan --

Over many years, TACHI-S has worked sincerely to develop overseas management, and we have endeavored to promote diversity at the managerial and decision-making levels within the organization.

My stay in Japan has been a challenge for TACHI-S to learn how to embrace diversity at the upper levels of the organization. Personally, it has been a challenge for me to bring new perspectives and value to the company while dealing with different countries. I am pleased to have the opportunity to be involved in this type of initiative at such a great company.



-- Transferred from a Vietnam Affiliate to Production Engineering Department at Headquarters --

My Japanese colleagues were very kind and eager to help me, and thanks to them I learned how to work in Japan, and about CAD operation work and design. I look forward to absorbing more knowledge and working on more projects in the future. As for living here, the environment is quieter than in Vietnam and public transportation is well developed. The cost of living is higher here than back home, but I can find everything I need and am satisfied with my life.

-- Seconded from Mexico Affiliate to the Program Management Department at Headquarters --

Japan and Mexico are very different, so this move was an entirely new experience for me. I was able to show my skills and also learn so much from the other members. The differences between the two sides have created various ways of working. I am very happy working at TACHI-S.

Everyone is very kind and they look for ways to share the different parts of our cultures. I hope that this program will be continued and evolve over time. I think we still have many things to learn from each region to become a great company.



Foreign employees from Vietnam



Foreign employees from Mexico

| Global Group Initiatives

■ Outstanding employee award ceremony to increase motivation (China)

Approximately 120 employee representatives from each department will participate in the event, and awards will be presented by each department head and executive committees to outstanding teams and employees.



■ Event held to promote the activities of women (China)

This event was participated in by about 50 female employees who were taught to draw folding fans by a professional instructor.

Including a half day off for Women's Day, each company presents commemorative gifts and holds activities specially for their female employees.

The purpose of this program is to foster teamwork and improve cooperation between departments, with the perspective of promoting the activities of women and preventing turnover.



■ Team building activities as in-house training (China)

We conduct activities to foster better teamwork and improve communication skills across departments by organizing excursion events and educational training programs as part of “Cultivating Competence and Developing Potential” training, in which about 32 core employees from management and each department participate.



■ Awards event to increase employee motivation (Mexico)

At each TACHI-S Mexico plant, awards are presented monthly to employees who have demonstrated quality (zero defects), perfect attendance, zero accidents, and excellent performance and improvement activities. At the award ceremony, the Plant Manager expresses appreciation for achievements and product quality, and congratulatory videos from the families of award recipients are shown.

At the end of the event, the Manager present awards from the company and a commemorative photo is taken to motivate the employees.



Relationship with Customers

To Enhance Customer Satisfaction



To enable us to always meet our customers' needs, we gather information regarding their requests and concerns and, in addition to fulfilling their conventional quality requirements and existing needs, aim to further enhance customer satisfaction by offering high quality products that meet their potential needs (inspirational quality).

Basic Approach to Enhancement of Customer Satisfaction

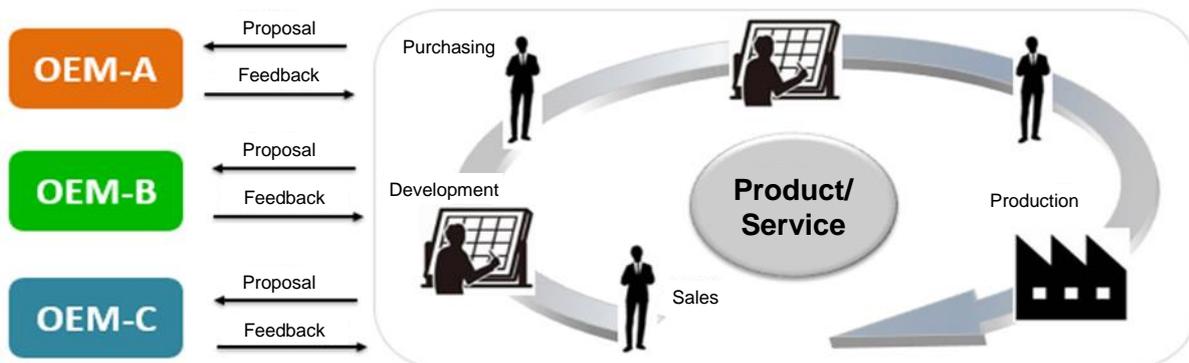
Guided by our Corporate Philosophy, "We deliver an inspirational experience to our customers worldwide through our technology, and contribute to society as a brand you can trust", we pursue manufacturing that leverages our strengths in the global pursuit of integrated manufacturing, from development to production, to develop and deliver products that meet the expectations and requirements of customers worldwide who sit on our seats.

Framework for the Enhancement of Customer Satisfaction

We have established separate organizations that engage in manufacturing for each of our major customers. Leveraging our strength as an independent and using design concepts that allow us to standardize our customers' diverse needs to the maximum extent, we work as a united organization from the early stages to promote proposal activities that offer value that exceeds customers' expectations.

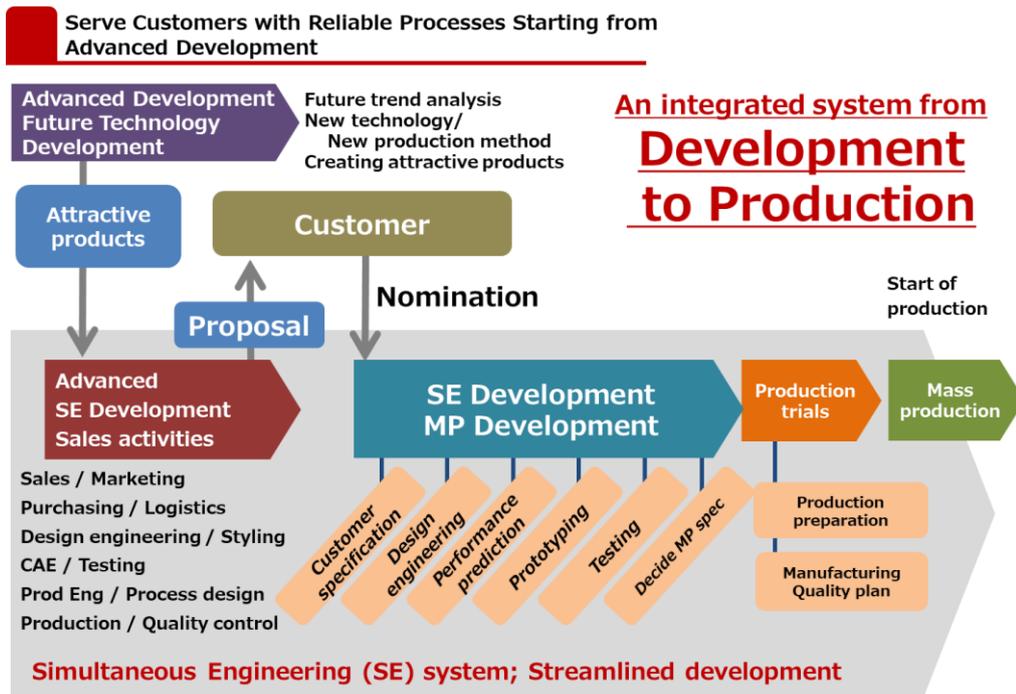
In our Business Division, we share our customers' latest needs globally at monthly Regional Marketing Meetings. In addition, in sales strategy meetings (Business Division and Monozukuri Division), the Business Division shares information and discusses specific measures for development and production with the Monozukuri Division.

Unified organizational sales activities to enhance customer satisfaction



The Development Division holds regular development progress briefings, where it reports on the state of progress of new product development (quality, design, process review), including preparations from the pre-order stage to order placement (cost reductions, etc.) and the launch of manufacturing processes. Product strategy meetings are also held once a month to consider proposals for new products and technologies to customers. At the meeting, reports on the development of new products and technologies are presented, while the Business Division reports and deliberates on proposals to meet customer needs.

Development framework for enhancement of customer satisfaction



Efforts to Enhance Customer Satisfaction

To enhance customer satisfaction, TACHI-S believes that the clear identification of information regarding customers' needs is key.

In addition to presenting our new products and technologies to our existing customers, we exhibit at trade fairs such as motor shows to give new customers the opportunity to get to know us. We also use such exhibitions as opportunities to seek out customers' opinions and requirements.

With "Supporting People and the Earth through Seating Technology" as our corporate purpose, we are working on the evolution of products and technologies for the future.

In the area of "seating technology," we aim to expand the freedom of appearance and form and to reduce weight with products that use body sensing and mechanisms that have no physical switches and instead work by sensing human movement and intentions.

In terms of "supporting people," on the premise of rideshare scenarios, we will enhance customer experience value through the provision of spaces in which passengers can work or enjoy their privacy while riding in the vehicle, without being conscious of others.

To "supporting the Earth," we will aim to reduce CO2 emissions by shifting away from petroleum-based materials and materials made with petroleum-generated energy to materials that are made with natural energy.

Purpose of TACHI-S	Initiatives		
Seating technology	Body sensing 	Switchless (Predict movement and changes, use AI) 	Predictive support
Supporting people	Free arrangement of interior space 	Privacy support 	Thin rear cushion
Supporting the Earth	Environmental technology development 	Plant-derived materials 	

Quality Assurance and Quality Control

Basic Approach to Quality Assurance and Quality Control

Since its foundation, guided by the Corporate Philosophy of “We deliver an inspirational experience to our customers worldwide through our technology, and contribute to society as a brand you can trust,” TACHI-S has pursued quality assurance under the following quality policy, with the aim of realizing not only the quality that customers require, but also “inspirational quality,” which will meet potential needs that even customers themselves are not aware of. By sharing this policy across the entire TACHI-S Group in 14 countries around the world, we work as a united force to enhance customer satisfaction and provide trusted and inspirational products to customers the world over.

Quality Policy

Provide products that inspire confidence and excitement in customers, with a strong commitment to quality first and foremost.

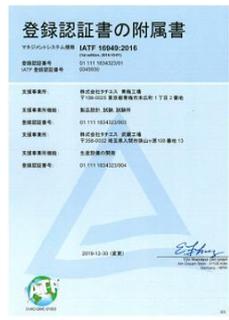
Quality Assurance System

We implement monozukuri under an integrated system from design engineering and development to production. Through quality assurance activities conducted by integrated collaboration among all relevant departments for all quality processes, from product planning and design engineering to process design and management, we strive to provide products that respond to customers’ trust.

Quality Management Systems

To continue to provide inspirational products to customers, we work to spiral up quality with our quality management systems and the PDCA (P: Plan, D: Do, C: Check, and A: Action) cycle. To achieve better quality, TACHI-S has obtained certification under ISO 9001, the international standard for quality management systems, and IATF 16949, the international standard for quality management systems in the automotive industry.

Quality management system standard certificates



[Click here to see locations that have obtained quality management system certifications \(PDF, 52KB\)](#)

Quality Assurance Process

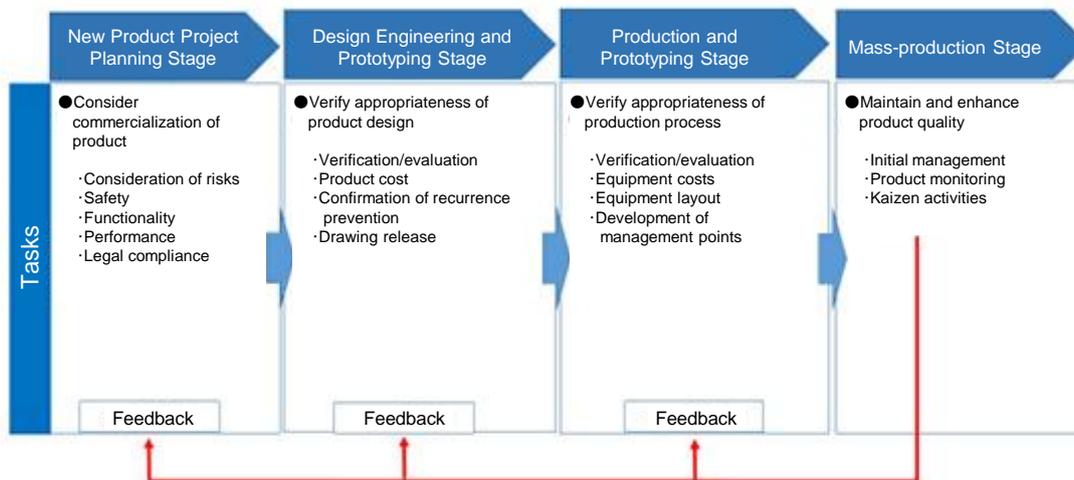
In response to customer requests, we design quality into our products from the development stage and strive to improve and enhance quality through each individual process.

Major quality assurance activities

Process	Quality Assurance Activities
Production Development Stage	Multifunctional teams (comprised of members from individual sections) are established to implement quality control for new products. These teams consider the various risks associated with products, as well as safety, functionality, performance, legal compliance and other factors, to design in quality that meets consumers' requirements and expectations.
Design Engineering and Prototyping Stage	We strive to achieve quality in design engineering by confirming the appropriateness and feasibility of measures and policies for design issues, based on design reviews (verification and evaluation) of design engineering.
Production and Prototyping Stage	We conduct design reviews (verification and evaluation) of processes and strive to achieve the product quality that our customers require through process design (equipment layout), process management (establishment of rules), and thorough compliance with those rules.
Mass-production Stage	We pursue thorough site management to provide excellent products to customers.

Quality assurance process

Quality Assurance Process Chart



Efforts to Raise Quality Awareness and Improve Employees' Skills

Our quality is supported by every individual engaged in individual processes, such as product development and manufacturing. To provide high-quality products, TACHI-S engages in company-wide efforts to develop and nurture employees' quality control capabilities. In addition to self-directed and mutual development through voluntary quality control activities in the workplace, we aim to create a vibrant workplace in which kaizen activities are ongoing, which we hope will lead to the enhancement of customer satisfaction and contribute to society.

■ Initiatives for enhancement of employees' quality awareness and capabilities

Activity	Description
QC Circle activities	Activities based on QC concepts and methods with the aim of continuous improvement of "quality" of work (products and services).
Global Skills Contest	This initiative aims to enhance monozukuri capabilities and to further improve technical abilities by having employees compete with each other with their skills.

■ Japan Region QCC Contest (FY2019)



◆ Participant comment

QCC activities have nurtured our kaizen abilities, resulting in more lively communication within our department.

■ Global QCC Contest (FY2018, Guangzhou, China)



◆ Participant comment

Participating in the Global QCC Contest gave me the opportunity to talk to other participants from overseas locations face-to-face, which gave me a sense of solidarity and the feeling that we are all colleagues with the same purpose.

■ Scenes from Global Skills Contest and Contest winners (FY2018, Japan)



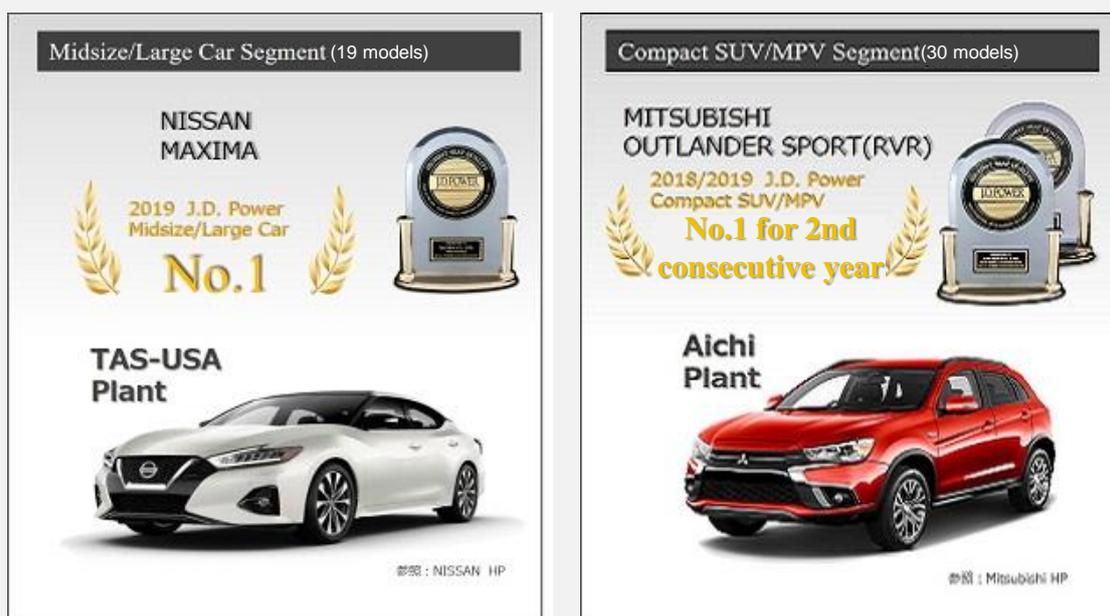
◆ Participant comment

This global exchange of skills has helped to improve my own technical abilities. It was great to see the skills of the representatives of different locations up close.

External Awards for Quality Activities

Since FY2004, TACHI-S has used the findings of the quality and satisfaction survey conducted by J.D. Power (US-based private-sector survey company) to conduct objective analysis of customers' evaluation of satisfaction with our products and to work on kaizen activities. These efforts have resulted in TACHI-S products achieving the highest ranking in two segments in FY2018 and FY2019.

■ J.D. Power 2019 Initial Quality Study (IQS) (Midsize/Large Car Segment, Compact SUV/MPV Segment)



Product Safety Assurance

The automotive seats that we develop and manufacture play an extremely important role in ensuring passenger safety. For this reason, TACHI-S pursues monozukuri that puts customer safety first and advanced technological development to support that monozukuri.

We believe that ensuring seat safety is the responsibility of the entire TACHI-S workforce.

Approach to Monozukuri that Positions Safety as the Top Priority

In addition to compliance with the laws and regulations of individual countries, TACHI-S conducts product development that meets the strict safety evaluation criteria of our customers, the automotive manufacturers.

The most important factor in ensuring seat safety is design engineering that ensures safety in collisions. For minor collisions, curbing the deformation of the seat frame(*) is needed, but for serious collisions, by allowing the seat frame to crumple, the seat frame will absorb the energy generated by the collision. This minimizes the crash energy that is passed onto the passengers, thus protecting the passengers' safety.

In the design engineering of seats, while taking the balance between those two scenarios into consideration, we actively pursue the development and introduction of new technologies for the lightweighting of seats and the enhancement of seat comfort.

(*): The seat frame is the underframe component of an automotive seat.

■ Seat frame

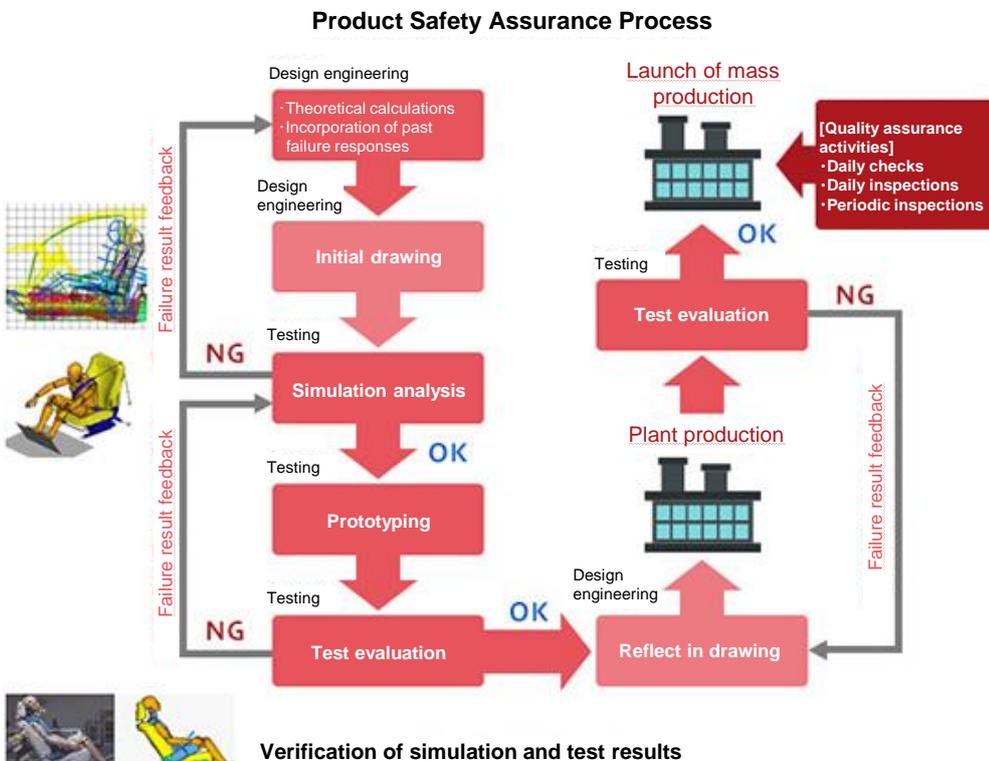


■ Monozukuri System that Positions Safety as the Top Priority

The development and manufacture of automotive seats comprises the following processes. Many related divisions work together to ensure product safety.

In particular, as development timeframes have become shorter in recent years, safety analysis using simulation technology and design engineering feedback have become more important. TACHI-S strives to ensure product safety through various processes, including final safety assessment and confirmation through crash tests and frequent quality checks in the manufacturing process.

■ Product safety assurance process



- (1) Initial design engineering stage: Build basic design based on theoretical calculations and past failure information
- (2) Simulation analysis stage: Conduct safety performance-specific assessments
- (3) Prototype testing stage: Conduct actual crash tests with prototype model to verify appropriateness of design quality
- (4) Mass-production testing stage: Conduct actual crash tests with samples equivalent to mass-production product to verify appropriateness of manufacturing quality
- (5) Post mass-production launch: Conduct quality testing on products at manufacturing plant to confirm they are of predetermined quality

Efforts to Strengthen Global Systems to Ensure Product Safety

With the aim of the speedy development of safe, high-quality products to answer the needs of our customers around the world, we own product safety testing facilities in four locations—Japan, China, United States, and Mexico. The facilities in Japan, China, and Mexico are equipped with cutting-edge crash test equipment.

We also own various types of crash dummies to comply with laws and regulations, the safety evaluation criteria of individual countries, and the evaluation requirements of automotive manufacturers, and we have established a global system for the speedy development of safe, high-quality products.

Crash test facilities and their development



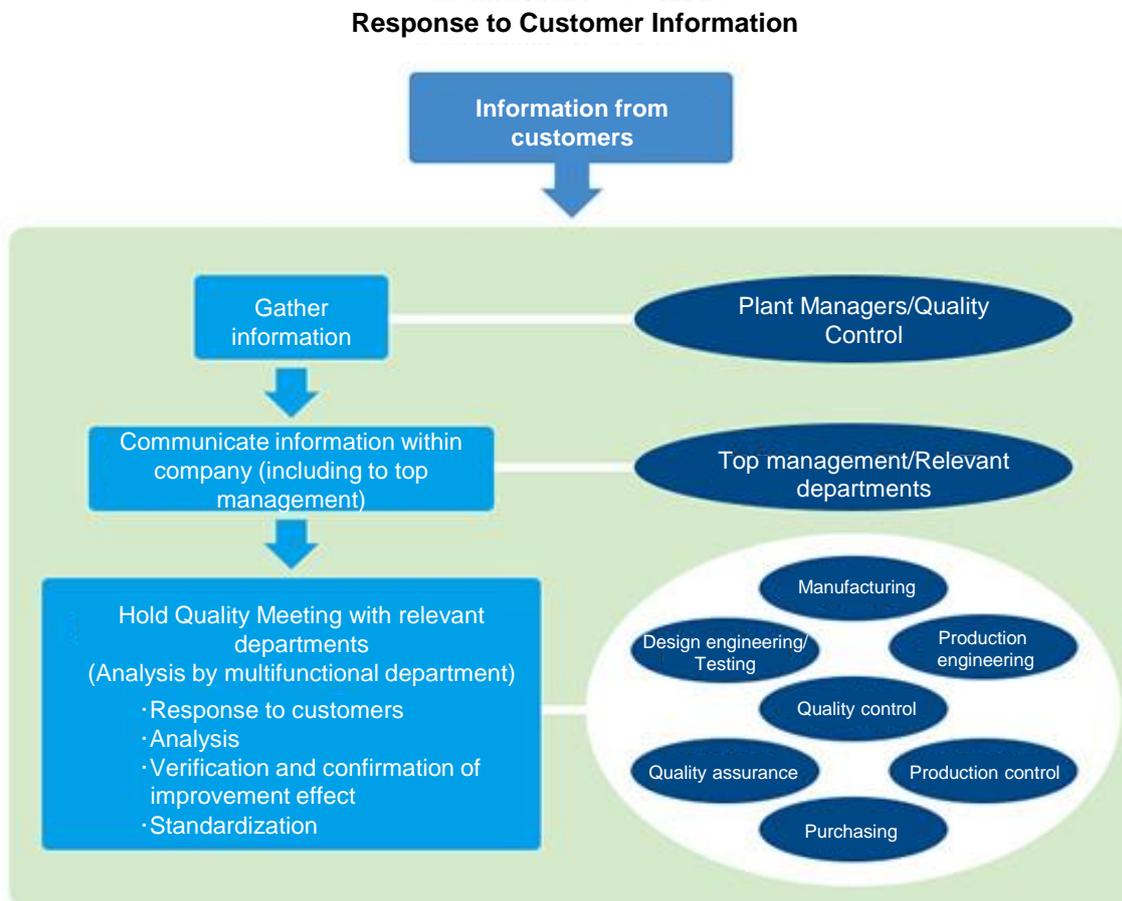
Crash test scenes



Responses to Product Problems

In the event of problems with our products, we promptly gather information from the customer and communicate the necessary information to the relevant departments. After that, while responding to the customer immediately, the relevant departments (including top management if necessary) gather in a Quality Meeting to analyze the problem based on *gogen-shugi* principles—*GENba* (actual location), *GENbutsu* (actual item), *GENjitsu* (actual facts), *GENri* (general principle) and *GENsoku* (general rule)—and undertake kaizen activities.

■ Flow of product problem response



Relationship with Global Environment

To protect our precious global environment, the entire TACHI-S Group strives to lessen the impacts of our business on the environment.

Environmental Policy



Message from the Director in Charge of the Environment

As a specialized seat manufacturer whose mainstay product is automotive seats, TACHI-S works across the globe to provide safe, comfortable mobility spaces. As such, we are highly conscious of the growing expectations and demands on the automotive industry around the globe to be considerate of the environment.

In particular, the reduction of greenhouse gas emissions through the lightweighting of products to improve automobile fuel efficiency and contributions to a circular economy through the conservation of resources are not only important areas that we can address as a contribution to solving global environmental problems. They are also strategic themes that will meet our customers' requirements and connect directly to the enhancement of our products' competitiveness.

For the realization of a sustainable mobility society, TACHI-S, together with its stakeholders, will strive to continuously reduce the environmental impact of its products and business activities. The entire TACHI-S Group will promote environmental conservation activities to ensure a global environment where future generations can live happily.



Takao Ito, Executive Managing Officer
in Charge of the Environment

Environmental Policy

In the belief of the importance of passing on our precious global environment to future generations and of promoting Group-wide activities for environmental conservation to realize a society in which people and nature can coexist, TACHI-S established its Environmental Policy in 2000. This policy clearly states the key areas of TACHI-S's environmental activities, including compliance with environmental laws and regulations, the reduction of greenhouse gas emissions, and the development of environmentally-friendly products.



TACHI-S Environmental Policy

1. Basic Philosophy

A company that is kind to people and nature

Setting “kindness,” or consideration of people, society, and nature, as the foundation of its manufacturing, TACHI-S will raise all employees’ correct awareness of the environment and commit proactively to the protection of the global environment, to contribute to the realization of a rich society in which people and nature can co-exist.

2. Environmental Policy

In all business activities related to development, design engineering, purchasing, and production of automotive seats and related components, TACHI-S will promote periodic reviews of its activities to achieve the environmental goals and targets and environmental management system established by the Company, and reduce our environmental impact.

- 1) We will comply with environment-related laws and regulations, ordinances, agreements, and industry standards and regulations in Japan and overseas to prevent environmental pollution.
- 2) We will promote the reduction of greenhouse gas emissions by improving efficiency through the continuous improvement of business operations.
- 3) We will strive to develop environmentally friendly products and methods and reduce our use of hazardous chemicals by transitioning to alternative substances.
- 4) We will promote the conservation of resources and energy, strive for a proactive co-existence with local communities, and aim toward full employee participation in environmental protection activities by raising the environmental awareness of each and every employee.

Revised: April 1, 2017

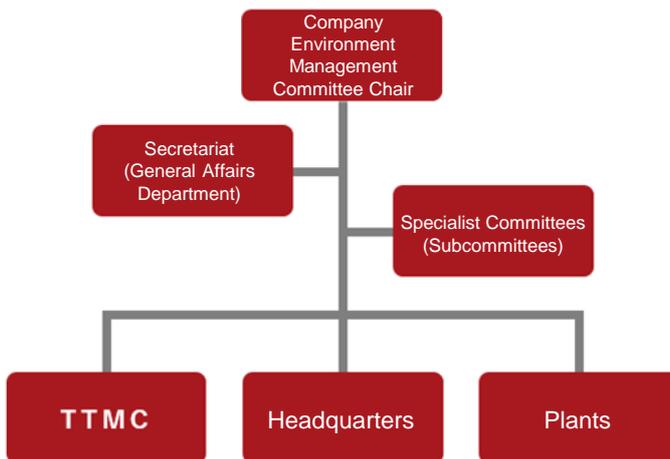
Environmental Management Structure

| System for Promotion of Environmental Conservation Activities

To promote company-wide environmental conservation activities, TACHI-S established the Company Environment Management Committee (Secretariat: General Affairs Department), with the Executive Managing Officer serving as chair, the individual Division Managers as deputy chairs, and representatives of the individual locations as members. This committee, which meets quarterly, manages environmental protection activities at Headquarters and individual plants.

Three specialist subcommittees also engage in activities on different topics.

■ Environmental management structure



Environmental Management System

TACHI-S introduced the ISO 14001 environmental management system in 2001 to continuously improve its environmental conservation activities.

Currently, eight locations, including Headquarters, have obtained external certification.

■ ISO 14001-certified locations

- Headquarters
- Technical Monozukuri Center
- Aichi Plant
- Ome Plant
- Musashi Plant
- Tochigi Plant
- Hiratsuka Plant
- Suzuka Plant

■ ISO 14001 Certificate of Registration



■ Environmental Education

Guided by the Environmental Policy, TACHI-S has established procedures for the education and training of employees who are involved in environmental conservation activities and conducts systematic education and training programs for the effective promotion of such activities. We also educate new employees on basic knowledge regarding environmental conservation.

We encourage employees to participate in nature conservation activities in collaboration with NPOs and local governments (Tokyo Greenship Action) to raise their awareness of the environment. These activities involve forest thinning and felling, maintenance of service roads, and tree planting. Employees gain hands-on experience of activities for the maintenance of a good, rich forest environment. Going forward, we will continue to enhance our environmental education programs to raise employees' environmental awareness.

■ Scene from environmental education program for new employees



Environmental Risk Management

Envisaging the environmental impacts of an emergency at one of its locations, TACHI-S has established procedures for the prevention and mitigation of such impacts and conducts maintenance and management accordingly. Further, envisaging an emergency situation caused by an actual accident, we also conduct emergency response drills systematically.

Emergency response drill for a chemical leak at the Technical Monozukuri Center



Environmental Audit

For ISO14001, TACHI-S undergoes systematic internal audits and certification assessments by external specialized institutions, to ensure that its environmental management system is being properly maintained and implemented. We also conduct systematic training of internal auditors.

Status of implementation of environmental audits

Type	Implementation Status
Certification assessments (External review)	An independent certification assessment (continuation assessment), conducted in February 2021 to determine whether the certified environmental management system is being properly maintained and implemented, found no cases of non-conformance, and the certification was continued.
Internal audits	Inter-departmental internal audits conducted over a period of about two months from November to December 2020 recommended 45 matters for improvement. All of these matters have since been rectified and the certification has been maintained and continued.

Environmental Issues and Targets

Relationship between TACHI-S's Business Activities and Environmental Impact

In the manufacture of automotive seats, TACHI-S uses metals for the base of the seat frame and non-metallic materials such as urethane, fabrics, leathers, and plastics.

We also use electricity and other energy in our manufacturing processes. To minimize greenhouse gas emissions from our production activities, we strive to reduce emissions, with a particular focus on processes with high energy consumption such as frame welding. In terms of the use of water resources, we have adopted manufacturing processes that use very little water, except for the cooling water used in certain equipment.

Material Environmental Issues

Identification of Material Environmental Issues

We consider “response to climate change issues,” “chemical management,” and “sustainable use of resources” to be material management issues that are closely related to our business activities, and engage in initiatives to solve these issues.

Material environmental issues

1. Response to climate change issues (reduction of greenhouse gas emissions, adaptation to climate change)
2. Chemical management (reduction of hazardous chemicals, prevention of environmental pollution)
3. Sustainable use of resources (improvement of resource utilization efficiency, reduction of waste materials)

Environmental Risks and Opportunities

We recognize the following risks and opportunities of our business activities caused by material environmental issues. We believe that reducing these risks and responding appropriately to business opportunities will help to solve environmental issues and enhance our corporate value.

TACHI-S’s environmental risks and opportunities

Material Environmental Issues	Risks	Opportunities
Climate change issues (Reduction of greenhouse gas emissions, adaptation to climate change)	<ul style="list-style-type: none"> • Increase in costs of responding to reinforcement of Japan’s and industry’s greenhouse gas emission reduction targets • Delay or suspension of production activities due to extreme weather events, etc. • Workers’ health issues (heat stroke, etc.) 	<ul style="list-style-type: none"> • Win business opportunities by responding to product lightweighting requirements to meet higher target standards for automobile fuel efficiency • Enhancement of business continuity capabilities
Chemical management (Reduction of hazardous chemical substances, prevention of environmental pollution)	<ul style="list-style-type: none"> • Suspension of business due to improper responses to relevant laws and regulations • Damage to health of employees and local residents • Compensation expenses generated by environmental pollution 	<ul style="list-style-type: none"> • Gaining trust of customer companies, local governments, and residents
Sustainable use of resources (Improvement of resource utilization efficiency, reduction of waste)	<ul style="list-style-type: none"> • Increase in procurement risks • Decline in cost competitiveness 	<ul style="list-style-type: none"> • Strengthening of cost competitiveness due to improvement of resource utilization efficiency, mitigation of dependency on procured raw materials • Reduction of waste disposal costs

Environmental Targets and Achievements

Targets and achievements related to environmental conservation activities in FY2020 are as follows:

- (1) For the reduction of greenhouse gas emissions, we mainly worked to reduce CO₂ emissions through improvements to day-to-day operations. In terms of equipment, we undertook a systematic conversion to LED lighting and energy-saving air-conditioning equipment across the entire company. We also introduced equipment to make energy consumption visible as a way of cutting down on wasteful power consumption. These initiatives resulted in the achievement of our FY2020 targets.
- (2) For the reduction of harmful chemicals, we put initiatives in place that focused on the reduction of defects in the integrated foaming process (process of producing urethane foam to form headrests, etc.), thus achieving our FY2020 targets.
- (3) For the reduction of final disposal waste (landfill waste), we implemented thorough waste separation and worked with outsourced operators, resulting in a continued achievement of zero landfill waste since fiscal 2014.

*

■ Annual environmental targets and results (Locations in Japan)

Items	FY2020 Target	FY2020 Result	Achievement Rate
Reduction of greenhouse gas emissions	Intensity by production volume 6.41kg-CO2/unit	Intensity by production volume 6.33kg-CO2/unit	Achievement Rate: 101%
Reduction of hazardous chemicals consumption	Intensity by units produced 0.0340kg/unit	Intensity by units produced 0.0338kg/unit	Achievement Rate: 101%
Reduction of final waste disposal	Zero emissions of final waste disposal	Zero emissions of final waste disposal	Achievement Rate: 100%

* Non-recyclable waste is treated by thermal recycling, the result of which is the achievement of zero final disposal waste, which equals zero emissions.

Climate Change Issues

Basic Concept and Approach

Global warming and the accompanying climate change are causing melting glaciers and rising sea levels, floods and droughts, as well as impacts on human lifestyles and natural ecosystems, including land and marine ecosystems, food production, and health. Amid calls for the reduction of greenhouse gases to prevent climate change, TACHI-S is working to reduce CO2 emissions from driving (Scope 3) with the lightweighting of its seats and the reduction of CO2 emissions from its manufacturing processes (Scope 1 & 2).

Basic Policy on Climate Change Response

As its contribution to the various governments' carbon neutrality goals, TACHI-S has set a new target for CO2 emissions reductions of 46%* compared to FY2013 by 2030. In our plants and offices, we will engage in the reduction of CO2 emissions by cutting down on energy consumption through the promotion of energy conservation and shift to low-carbon energy, including the introduction of renewable energies. We will also adopt and develop carbon-free raw materials to reduce CO2 emissions across the lifecycle of our products and strive to reduce CO2 emissions throughout the entire supply chain.

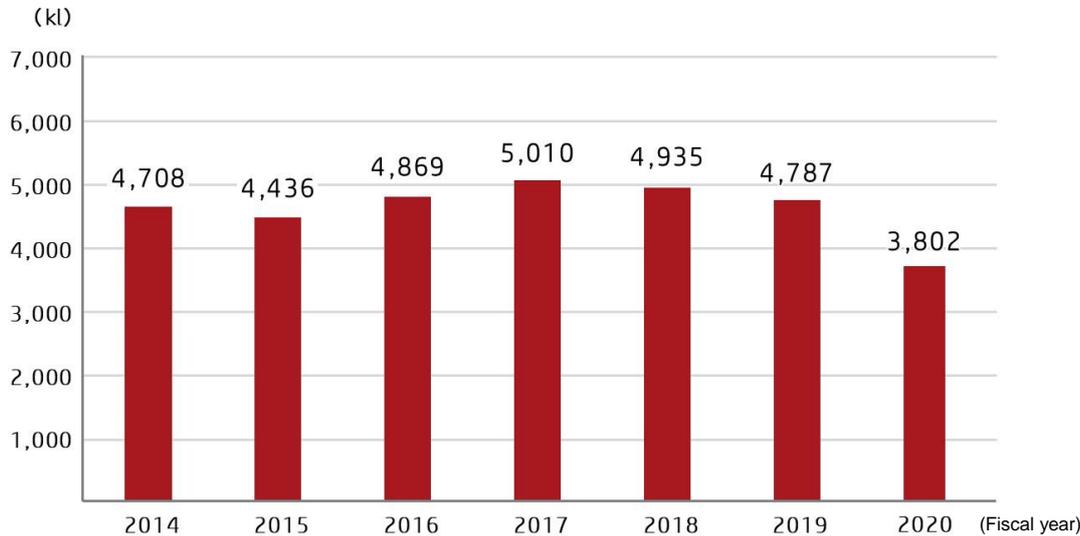
* Production volume intensity target for Scope 1 & 2 in Japan

1. We will engage in the reduction of CO2 emissions through energy conservation at our business locations, day-to-day improvements in production processes, and the transition to power-saving production equipment.
2. We will engage in the reduction of CO2 emissions through changes in product specifications and manufacturing processes.
3. We will promote the introduction of renewable energies.
4. We will strive to reduce CO2 emissions throughout the entire supply chain.
5. We will disclose information appropriately to Stakeholders.

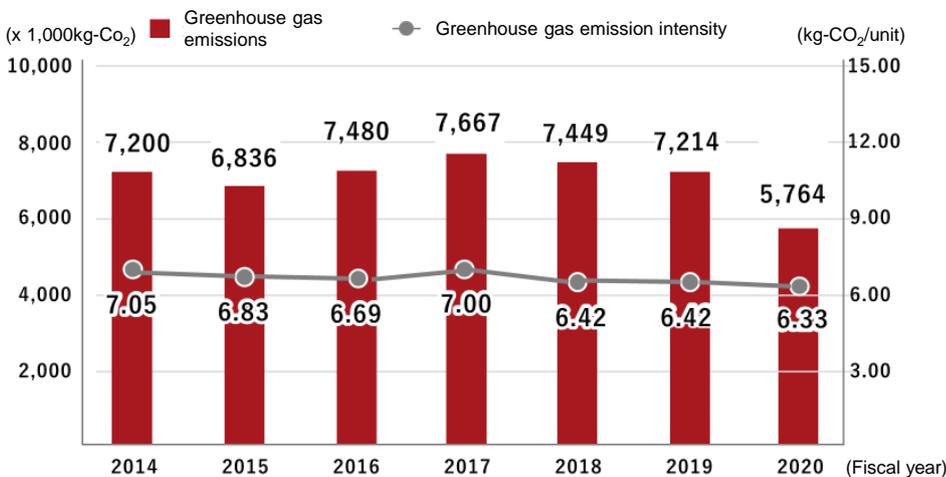
Efforts to Prevent Climate Change

TACHI-S has set company-wide CO2 emissions reductions targets and continues to promote initiatives to reduce emissions. In addition to emissions reduction activities through day-to-day kaizen activities, we also work to reduce CO2 emissions intensity by production volume. Initiatives toward this goal include conversion to LED lighting, the introduction of energy-saving air-conditioning equipment, and the introduction of electric vehicles and hydrogen-fueled vehicles for company fleets. Regarding renewable energy, we also installed a 20kW solar power generator at the Technical Monozukuri Center, which generated 26,853 kWh of electricity in fiscal 2020.

Trends in total energy consumption



Trends in greenhouse gas emissions and greenhouse gas emission intensity



Conversion to LED lighting



Introduction of energy-saving air-conditioning equipment



Minimization of CO2 emissions through day-to-day production activities (Cutting down on wasteful power consumption through visualization of energy consumption)

Efforts to Adapt to Climate Change

With the aim of adapting to climate change, as a measure to prepare for responses to natural disasters, which are increasing in line with climate change, pocket disaster-prevention manuals have been distributed to employees. We are also pursuing initiatives to minimize risks in the event of a disaster. They include basic actions to be taken in the event of natural disasters, the establishment of a disaster readiness response headquarters, and a safety confirmation system.

Efforts to Achieve a Circular Resources Economy

Basic Concept and Approach

Demand for natural resources such as fossil fuels and rare earths is expected to continue growing with future global population increases and economic development. As a country that relies heavily on imports for its resources, for Japan to continue to develop sustainably, it will need to create a circular economy for resources by further reducing their consumption and improving the efficiency of their use.

TACHI-S uses raw materials such as iron, plastic, fabric, leather, urethane, and rubber in the development and manufacture of automotive seats. We also purchase and use resources and energy such as packaging materials, electricity, fuel, and water. We want to contribute to the realization of a circular resources economy by promoting initiatives for the conservation of resources and energy.

Basic Policy on Conservation of Resources

With the aim of creating a circular economy that balances the environment and economy for the sake of sustainable development, TACHI-S will work to use limited resources efficiently in the individual stages of development, production, and disposal.

1. We will work to reduce the size and weight of parts.
2. We will strive to reduce waste by increasing yield and reducing defects in the manufacturing process.
3. We will promote the use of renewable energies and recyclable resources.
4. We will disclose information appropriately to Stakeholders.

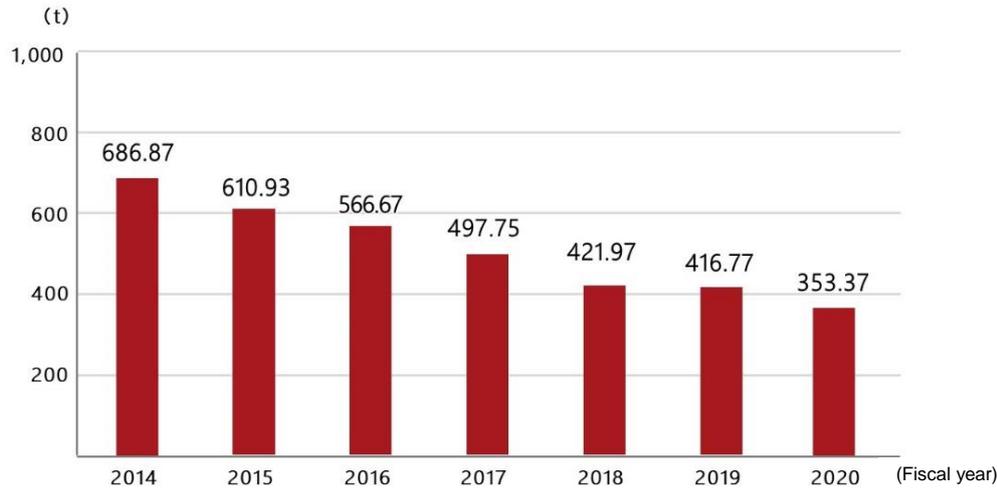
Initiatives for the Conservation of Resources

TACHI-S undertakes initiatives for the conservation of resources in the development and production stages. Specifically, development-stage initiatives include the lightweighting of seats (reducing weight through changes in frame materials), cutting down on the number of component parts, and efforts to improve yield (minimizing offcuts when cutting fabrics and leather).

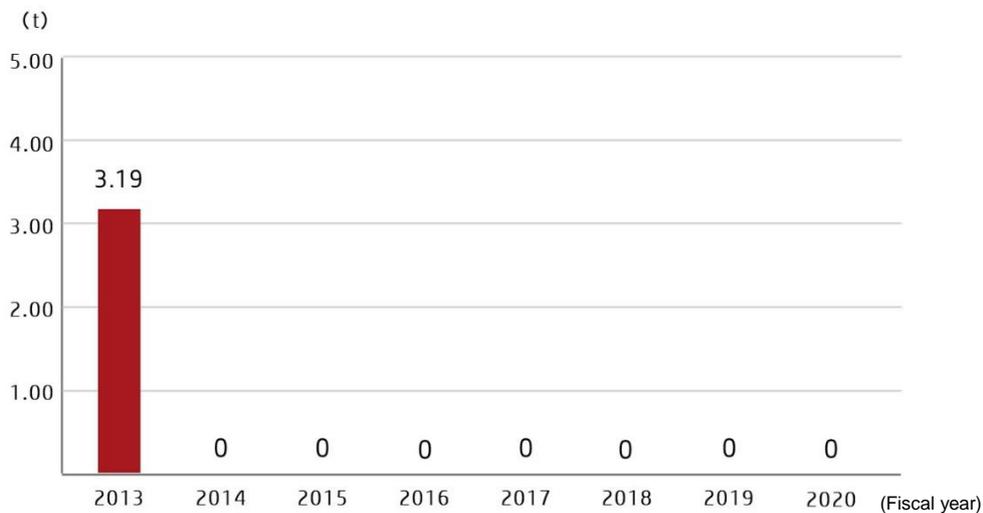
In the production stage, we strive to reduce defects (reduction of defects in the integrated foaming process), and to cut down on packaging materials (switch from one-way cardboard containers to re-usable plastic containers). In the reduction of final disposal waste (landfill waste), we first achieved zero emissions* in fiscal 2014 and have maintained that record every year since.

* Non-recyclable waste is treated by thermal recycling, the result of which is the achievement of zero final disposal waste, which equals zero emissions.

■ Trends in total waste volumes



■ Trends in final waste disposal



Water Resources Management

■ Basic Concept and Approach

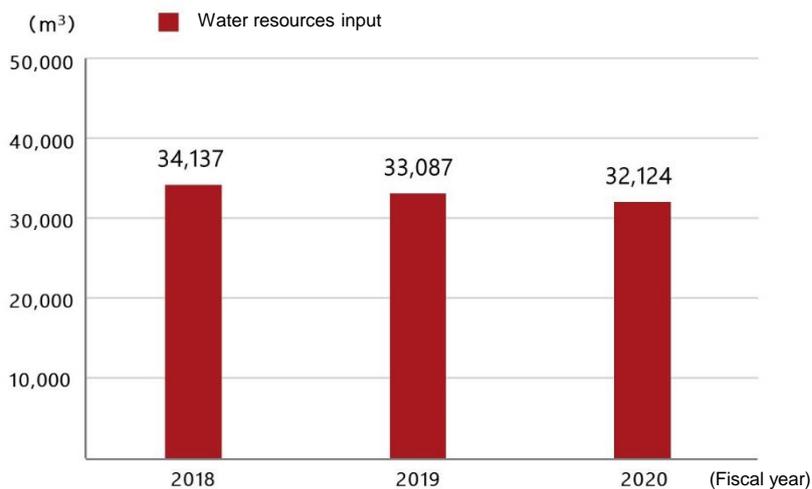
With climate change due to global warming and the rapid population growth of recent years, the risk of shortages in water resources is increasing in some regions. To use limited water resources wisely, we strive to reduce water usage in our production processes, as well as saving water in our facilities in general.

■ Initiatives and Achievements in Water Resources Management

As a result of water saving efforts in our facilities, we achieved a 2.9% reduction year-on-year in water resource input to 32,124 m³.

The volume of wastewater output was the same as water resources input.

■ Trends in water resources input (TACHI-S business locations in Japan)



■ Trends in water resources input (TACHI-S business locations in Japan)

Water Resource Type	FY2018	FY2019	FY2020
Municipal water supply	34,137m³	33,087m³	32,124m³
Freshwater/groundwater	0m³	0m³	0m³
Freshwater/surface water (lakes, rivers, etc.)	0m³	0m³	0m³

Chemical Management and Pollution Prevention

Chemical Management

Basic Concept and Approach

Chemical substances discharged into the environment are potential causes of air pollution and water pollution. If they accumulate in the soil over long periods of time, they may also adversely affect ecosystems and human health. TACHI-S uses chemicals in the integrated foaming process and other processes. We promote initiatives for the proper management of chemicals and the reduction of hazardous chemicals.

Basic Chemical Management Policy

Throughout the product lifecycle of development, production, purchasing, distribution, use, and disposal, TACHI-S will properly manage and reduce the use of chemicals that are regulated under laws and regulations, ordinances, agreements, and industry standards that apply in countries and regions where it conducts its business, for the safety and peace of mind of customers, suppliers, and employees.

1. In product development, we will identify the chemicals and their quantities in use, manage them properly, and develop technologies for their reduction.
2. We will identify the quantities of chemicals used in product manufacturing processes, manage them properly, and reduce their use.
3. We will identify the impact of chemicals in the sales and distribution processes and manage them properly.
4. We will educate employees about the risks involved in the handling of chemicals and strive to make them aware of the need for chemical management.
5. We will disclose information appropriately to Stakeholders.

Initiatives and Achievements in Chemical Management

TACHI-S has designated the following chemicals contained in its products as managed chemical substances and strives to manage them properly. We are also working to reduce the quantities of chemicals used in production processes and switching to alternatives with lower environmental impact.

Managed chemicals

1. ε-Caprolactam
2. Toluene
3. n-Propyl bromide
4. n-Hexane (VOC)
5. Polyoxyethylene alkyl ether
6. Manganese and its compounds
7. Methylenebis (4,1-phenylene) diisocyanate

Trends in handled (used) quantities of chemicals subject to PRTR legislation

Fiscal year	2018	2019	2020
Quantity handled (kg)	161,881	161,677	101,035

Pollution Prevention

Efforts to Prevent Pollution

Due to the risk of chemicals polluting rivers, underground water, and soil, TACHI-S conducts tests and inspections to prevent environmental pollution at individual locations and also performs emergency drills in a systematic manner. Under the Water Pollution Prevention Act, we also regularly test wastewater discharged from individual locations into public waters to confirm that we are satisfying environmental standards. TACHI-S has no facilities that lead to air pollution and no incidences of soil pollution.

Environmental standards achievements for plant effluent

Item	Unit	Tochigi Plant		Aichi Plant		Suzuka Plant	
		Regulation value	Achievement (Minimum - Maximum)	Regulation value	Achievement (Minimum - Maximum)	Regulation value	Achievement (Minimum - Maximum)
Hydrogen ion concentration	PH	5.8~8.6	6.7~7.2	6.0~8.5	6.1~7.0	6.5~8.5	6.0~6.8
Biochemical Oxygen Demand (BOD)	mg/l	25	2.0	10	1.7	5	37
Suspended Solids (SS)	mg/l	50	2	10	2	50	3

Preservation of Biodiversity

Basic Concept and Approach

Today, due mainly to the impact of human activity, species extinction on the Earth is occurring at a pace that is 100 to 1,000 times that of natural occurrence. Many living creatures are in danger of extinction and biodiversity is being lost. This is resulting in the degradation of biological services that support our abundant lifestyles and economic activity, creating a demand for initiatives for the preservation of biodiversity on a worldwide scale.

Basic Policy on Biodiversity

Setting “kindness,” or consideration of nature, as the foundation of its manufacturing, TACHI-S will strive to preserve biodiversity by reducing its impact on the global environment, with the aim of achieving a sustainable society.

1. We will identify the impacts of TACHI-S’s businesses on biodiversity.
2. We will strive to reduce our impact on the global environment.
3. We will pursue activities for the conservation of the natural environment.
4. We will disclose information appropriately to Stakeholders.

Biodiversity Preservation Activities

To protect our precious natural environment, including forests in mountainous areas, traditional rural landscapes in the hills, and brushwood in urban areas, we work with NPOs and local governments to engage in environmental conservation activities.

In FY2019, 40 TACHI-S employees participated in conservation activities in the Ome Kaminariki Forest Environment Conservation Area in Tokyo.

Scenes of participation in Tokyo Greenship Action



Relationship with Business Partners

Based on compliance with relevant laws and regulations and corporate ethics and the assessment and selection of suppliers in a fair and impartial manner, TACHI-S strives to build mutual trust with its suppliers with the aim of coexisting in mutual prosperity with them.



Approach to Enhancement of Partnership with Suppliers

TACHI-S believes that it is imperative for better manufacturing that it build strong relationships with its suppliers for mutual growth and development.

For this reason, we strive to promote group-wide purchasing activities that suppliers can trust. This includes compliance with laws and regulations, fair and impartial transactions, and intellectual property management. We also strive to make suppliers aware of our approach to monozukuri and purchasing strategy through annual purchasing policy briefing sessions, and we provide them with information that includes TACHI-S's business summaries and quality and production activities, to strengthen mutual trust.

■ Purchasing Policy Briefing Sessions

These sessions, which are conducted online, define our six key activities.

Key Activities

1. Quality improvement activities
2. Advance SE activities
3. Technical VA/logistics improvement activities
4. Manufacturing and disposal activities
5. CSR activities
6. Supplier score improvement activities

We also present awards to express our gratitude to our suppliers who contribute to the improvement of our competitiveness.



Excellent Supplier Award

Framework for Strengthening Partnerships

To strengthen the company's partnerships with its suppliers, TACHI-S's Purchasing Department plays a central role in creating opportunities for communication with suppliers regarding development, quality, and purchasing policies and in strengthening relationships with them.

In response to global business activities, Headquarters in Japan serves as global Headquarters, working to strengthen collaboration with affiliated companies overseas with the aim of strengthening partnerships with suppliers.

Realization of Fair and Impartial Transactions

Based on the TACHI-S Code of Ethical Practice, we provide a wide range of fair transaction opportunities, both in Japan and overseas. We select suppliers in a fair and impartial manner based on their comprehensive competitiveness in various fields, including technical capabilities and their quality and environment initiatives.

Efforts toward Compliance with Relevant Laws and Regulations

We comply thoroughly with the Subcontractors Act and other relevant laws and regulations in our purchasing activities and strive to educate employees to raise their awareness of compliance. We have also distributed our CSR Guidelines to our suppliers, asking them to put the guidelines into action and to disseminate them across their whole supply chains.

These CSR Guidelines were recently revised. Self-check and feedback activities with suppliers were also conducted, which confirmed areas for improvement. Going forward, we will place even more emphasis on environmental protection. Working together with suppliers as a united force, we will first conduct surveys on their energy consumption and CO2 emissions.

Areas covered by CSR Guidelines

- Compliance
- Safety and Quality
- Human rights and Labor
- Environment
- Information disclosure

[Click here for full text of CSR Guidelines](#)

Risk Management Initiatives

In response to customer requests and growing public interest, we share our CSR Guidelines with suppliers and ask them to strengthen their own initiatives in areas besides financial risks. To minimize the impact of natural disasters and serious accidents on production activities, we continuously engage in risk management in the supply chain by promoting the visualization of the supply chain and establishing an environment for the swift collection of information in the event of problems.

Response to Conflict Minerals Issues

TACHI-S participates in the Responsible Minerals Trade Working Group of the Japan Electronics and Information Technology Industries Association (JEITA) and has been pursuing responses to conflict minerals issues in collaboration with industry bodies. We also conduct investigations of the origin of conflict minerals once a year. If the investigation reveals that component parts and raw materials of products includes conflict minerals, we will discuss the matter with the relevant suppliers and take appropriate measures, including immediately discontinuing the use of the parts or materials in question.

Relationship with Shareholders and Investors

We pursue the sustainable enhancement of corporate value through continuous dialogue with shareholders and investors.



Basic Approach to Investor Relations (IR)

The TACHI-S Code of Ethical Practice clearly states, 'The Company enhances management efficiency to meet shareholders' and investors' expectations, and places importance on the investor relations (IR) to promote the understanding of its corporate management and activities through correct and timely IR activities.' Guided by this policy, we disseminate corporate information such as management strategy and financial information in a timely, fair, accurate, and continuous manner.

Code of Conduct Regarding IR Activities

1. Members of the Company shall have bold and original ideas, and appropriately execute their plans, to meet shareholders' and investors' expectations.
2. Members of the Company shall disclose business performance results appropriately, give notice of the management philosophy, management policy, and measures for improving business performance clearly, receive any opinions or criticism sincerely, and reflect them in management.

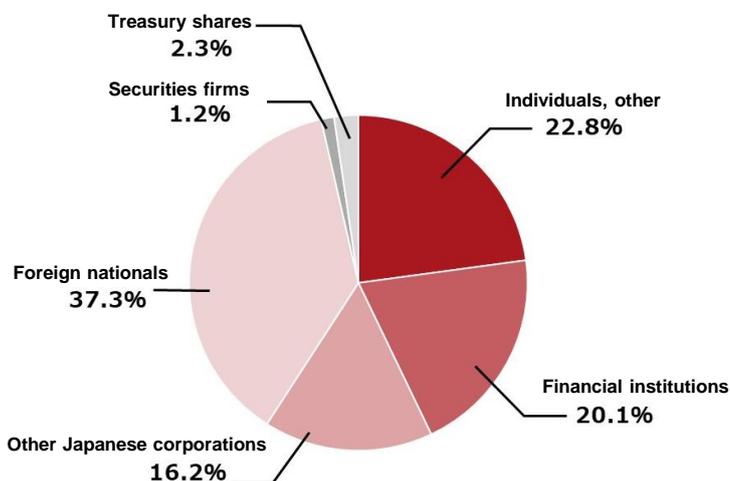
[> Link to Disclosure Policy](#)

Shareholder Return Policy and Situation Regarding Shares

We believe that providing returns through ongoing enhancement of corporate value is an important management issue and have adopted a basic policy of maintaining stable dividends while at the same time augmenting shareholders' equity and improving profitability. The Company primarily utilizes internal capital reserves for R&D and global business development and endeavors to secure profit in the medium to long term and strengthen its financial structure. We have adopted DOE (Dividends on Equity) as our main financial index for dividends. Transformative Value Evolution, our medium-term business plan covering FY2021-2024, contains a policy of issuing dividends with a DOE of 3-4%. The Board of Directors decided to stipulate in the Articles of Incorporation that the Company can use retained earnings for dividends. The Company has set a basic policy of paying two dividends a year, namely an interim dividend and a year-end dividend.

In FY2020, an annual dividend of 6.5 yen per share was paid. The Company also offers special benefits for shareholders once a year at the end of the fiscal year. We will continue our efforts to enhance corporate value while also providing further returns to shareholders.

Shareholder composition (as of March 31, 2021)



Share ownership percentages by owner type (number of shares)
* Excludes shareholders owning less than 1 share unit

Information Disclosure and IR Activities

The following is a description of the company's internal frameworks for the timely disclosure of company information.

Basic Stance on Timely Disclosure

TACHI-S CO., LTD. (the "Company") strives to increase society's trust in and promote understanding of corporate activities through fair and timely information disclosure in order to meet the expectations of shareholders and investors. The Company will disclose information in accordance with relevant laws and regulations, including the Companies Act and the Financial Instruments and Exchange Act and the Timely Disclosure Rules of the Tokyo Stock Exchange, and will voluntarily disclose information that the Company regards as necessary and useful to be understood, even when none of the above applies.

Internal Framework for Timely Disclosure

The Directors of the General Affairs Department and Finance Department and the General Manager of the Corporate Planning Office will deliberate on the need for disclosure of information, including that of subsidiaries, concerning decisions, events and occurrences, and financial results and obtain the approval of the Information Management Officer, after which the information will be disclosed upon a resolution by the Board of Directors and the Board of Executive Managing Officers ("Board of Officers").

For material corporate information, after consultation with the relevant departments, including accounting and finance, legal, corporate communications, R&D, and production, a determination of whether the information should be subject to timely disclosure will be made according to the Tokyo Stock Exchange's Securities Listing Regulations, and, upon the approval of the Representative Director and President, a decision will be made on the content, timing, and method of publication of the information. In response to this decision, as a general rule, the President or a person duly nominated by the President will make the disclosure of the information, which will be managed by the department responsible for corporate public relations.

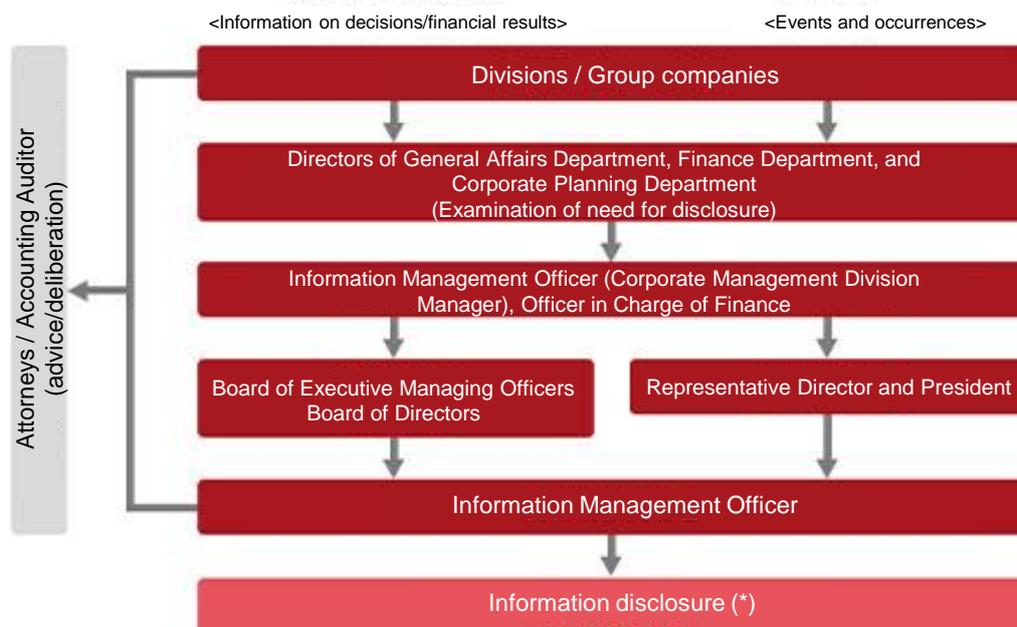
The Company will disclose documents in accordance with related laws and regulations, including the Companies Act and the Financial Instruments and Exchange Act, using an appropriate method, and will also promptly publish the same material on the Company's website following disclosure. In addition, regarding the disclosure of important information applicable to the Timely Disclosure Rules stipulated by the Tokyo Stock Exchange, the Company will disclose through the Timely Disclosure network (TDnet) provided by said Exchange in accordance with said rules while promptly publishing the same material on the Company's website following disclosure. Even when disclosing information that does not apply to the Timely Disclosure Rules, the Company will disclose it in an appropriate manner in light of the purpose of timely disclosure.

Disclosures concerning "Decisions," "Financial Results," and "Events and Occurrences" will be considered and decided according to the following process.

Disclosure process for important information

Content of Disclosure	Disclosure Process
Decisions	Important information concerning management will be resolved by the Board of Directors, and important matters for the execution of operations other than matters resolved by the Board of Directors will be resolved by the Board of Executive Managing Officers. Proposals to be put to the Board of Officers will be subjected to prior examination by the Directors of the General Affairs Department and Finance Department and the General Manager of the Corporate Planning Office, after which the Information Management Officer will determine whether or not disclosure is required. If it is determined that disclosure is required, the Information Management Officer will report the content of the disclosure to the Board of Officers and disclose the information promptly following the approval of the proposal in question.
Financial results information	The financial results information for each quarter will be prepared by the Director of the Finance Department based on information from the individual departments and Group companies and, after examination by the officer in charge of finance, the resolution will be approved by the Board of Officers. The Information Management Officer will disclose the information promptly after the Board of Officers has approved the resolution of the proposal.
Events and occurrences	Events and occurrences recognized by individual departments and Group companies will be subjected to examination by the Directors of the General Affairs Department and Finance Department, after which the Information Management Officer will determine whether or not disclosure is required. If it is determined that disclosure is required, it will be reported to the Representative Director and President, after which the Information Management Officer will disclose the information promptly.

■ Framework for timely disclosure



*The method of disclosure varies depending on the nature of the information to be disclosed. Methods include registration on TDnet, publishing on corporate website, operations, press conferences, and posting of documents.

IR Activities

For the enhancement of corporate value, the Company conducts a range of IR activities, guided by the basic policy of holding proactive dialogue with shareholders and institutional investors and striving to nurture their trust.

Regarding the disclosure of IR information, financial information is disclosed on the corporate website on a quarterly basis, and, after the announcement of the annual financial results, a presentation meeting is held to explain the financial results to analysts and institutional investors. IR information will also be provided in English versions in principle to ensure fairness and transparency. Individual meetings are also held as required.

The Annual General Meeting of Shareholders is held in June every year. A notice of convocation of this meeting is sent out at an early stage to give shareholders sufficient time to deliberate on the proposals being put to the General Meeting of Shareholders. The notice of convocation is also published on TDnet and the corporate website in advance of its being sent out.

To provide non-Japanese shareholders, who account for approximately 40% of all shares, with swift and fair information disclosure, English-language materials (summaries) will be published at the same time.

■ Major annual IR activities

• Financial Results Presentation Meeting (for institutional investors and analysts)	Once a year
• Public release of financial results presentation	Twice a year
• Publication of shareholder newsletter	Once a year
• IR interviews (individual meetings)	As required
• Information disclosure on website	As required

Relationship with Local Communities

TACHI-S hopes to contribute to the sustainable development of local communities together with local residents.



Basic Approach

Based on the corporate motto, "Cooperation Through Mutual Compromise," the TACHI-S Group strives to foster relationships of trust with people in local communities. We believe that it is our corporate social responsibility to contribute to the sustainable development of local communities by contributing to solutions to the social issues facing those communities.

Efforts to Contribute to Local Communities

As a good corporate citizen, TACHI-S encourages its employees to participate in activities in the areas surrounding its business locations and engages in social contribution activities that leverage the company's knowledge.

Activities to Contribute to Local Communities

We pursue activities that are in line with the actual circumstances of individual areas, in collaboration with local communities.

Interaction with Local Community at "Akishima town walk" Event

As a host company participating in the "Akishima town walk" event sponsored by Akishima Tourism Association, TACHI-S invited local residents on tours of the company. "Akishima town walk" is a tour-based event in which members of the Akishima Tourism Association rediscover the appeal of the local community through visits to companies and other organizations in Akishima City. In FY2019, we welcomed 25 visitors, including members and staff of the Association, to our premises. During the tour of the premises, we explained the relationship between TACHI-S and Akishima City and offered test rides of electric carts sold by the company. The tour succeeded in fostering a deeper interest in the appeal of Akishima and our company among participants through their encounters with TACHI-S's history and products.

■ Scenes from company tour



■ Scenes from company tour



■ Akishima Tourism Association staff and TACHI-S employees



Donation to Yokohama City of Bench Seats for Soccer Players at Nissan Stadium

In February 2008, TACHI-S received a request from Nissan Motor Co., Ltd., to the effect that they wanted to provide automotive seats used in Nissan Motor's vehicles as bench seats for soccer players at Nissan Stadium. In response to their preference for a sports car design befitting a sports stadium, the TACHI-S's GT-R seat from the Nissan Fairlady Z and Nissan GT-R models was adopted as the seat that best met the brief. In August 2008, the seats were installed in Nissan Stadium as a donation to Yokohama City from TACHI-S.

In the consideration of the seats, we sought to realize various factors. They included seating comfort that would allow the user to sit comfortably for 90 minutes, a seat height that would allow the user to stand up and off the seat from the front, a torso angle that would enable the user to view the pitch from a horizontal point of view, and, most importantly, a cushion angle that would enable the user to stand up instantly whenever a goal was scored. Using the three-color scheme of blue, white, and red, the team colors of Yokohama F. Marinos, the seats blend in well with Nissan Stadium, Marinos's home stadium.

The stadium seats, which are packed with technologies that TACHI-S has accumulated over many years of the development of automotive seats, have been well received with the players, managers, and everyone who has encountered the seats commenting on how comfortable they are.

Co-sponsorship of and Exhibition at 17th Formula SAE Japan Competition

TACHI-S co-sponsored and exhibited at the 2019 (17th) Formula SAE Japan - Monozukuri Design Competition (organizer: Society of Automotive Engineers of Japan, Inc.), which took place at Ogasayama Sports Park (ECOPA) in Shizuoka Prefecture from Tuesday, August 27 to Saturday, August 31, 2019.

The purpose of this competition is "to develop human resources that, through the support of government, industry, and academia, will contribute to the development and promotion of both automobile technology and industry by having students play the main role in planning, designing, and constructing an automobile on their own in a competition of comprehensive monozukuri skills." In the competition, students themselves form teams and, over the course of about a year, develop, design, and produce a small formula-style racing car. The teams compete on their comprehensive skills involved in the object creation, in other words, not only the vehicle's driving performance, but also the vehicle concept, design, production and cost. The competition is an opportunity for students to improve their own abilities and to present their skills as valuable human resources for the future development of the automobile industry.

Despite the extreme late-summer heat, the three-day event attracted interest from many people, with about 400 people visiting the venue. As in the previous year's event, TACHI-S exhibited its Nissan GT-R and Honda N-VAN seats.

Visitors were invited to try sitting on the seats themselves to give them a deeper understanding of TACHI-S's products. Going forward, we will continue to support this competition with the aim of contributing to the development of human resources who will play a leading role in the development of the automobile industry.

Staff giving explanation at the TACHI-S booth



Staff involved in running the competition



Water Station at the 54th Ome Marathon

Many of TACHI-S's employees and former employees volunteered to staff a water station at the 54th Ome Marathon held on February 16, 2019.

The TACHI-S water station was located on an uphill section of the return leg of the 30 km course, which is considered to be one of the hardest points in the race. TACHI-S volunteers set up the water station with paper cups and other items to cater to about 12,000 runners in total.

TACHI-S has been carrying out this activity for more than 40 years. We take pride in the way we support the runners as they push themselves to the finish line. We will continue this activity to support the marathon runners in future years.

TACHI-S's water station



My experience as a volunteer at the marathon water station

Miki Saigo, Administrative Section, New Business Development Department



TACHI-S employees who staffed the water station

I joined local residents and my senior colleagues and workmates at TACHI-S in volunteering for the annual marathon water station activity.

Although it rained in the morning, the rain had cleared by the starting time. The race started and a constant stream of runners set off. I was overwhelmed by how many runners there were and by their spirit. Some of the runners were wearing character costumes, and I enjoyed cheering them on and applauding them.

We continued to assist to keep up a constant supply of water for the constant press of runners wanting a drink. When I saw runners say thank you when they picked up a paper cup and remark on how good the water tasted, it made me realize how important this water station activity is. Taking pride in my predecessors' engagement in this activity for nearly 40 years, I felt anew that I want to give the "water of life" to the runners again next year.

Provision of Medical Aprons to Yokote City, Akita Prefecture in Collaboration with Nui Tec Corporation

As a form of medical assistance in response to the impact of COVID-19, TACHI-S and its subsidiary company, Nui Tec Corporation (“Nui Tec”) provided 30,000 medical aprons to Yokote City in Akita Prefecture, starting on May 22, 2020. At the request of the City, Nui Tec, which is located in Yokote, leveraged the experience it has accumulated in the manufacturing automotive seat covers to produce the medical aprons. The 30,000 aprons were passed on to Yokote City Medical Association (healthcare providers in the city) through Yokote City. 10,000 of the 30,000 aprons provided were donated free of charge.

Taking advantage of know-how accumulated from the development and production of seats and using its own equipment, the TACHI-S Group will continue to collaborate with relevant parties to help prevent the spread of COVID-19 and to assist healthcare workers.

■ Nui Tec’s technology and commitment to quality

The main processes involved were cutting, heat sealing, and folding the aprons. In addition to automotive seat technology, Nui Tec leveraged the experience gained from monozukuri to pursue ease of use by healthcare workers and to select materials that feel comfortable on the skin.

■ Medical apron (overall image)



■ Nui Tec employees



This page is a library that contains a PDF version of the CSR Report.

■ TACHI-S CSR Report 2020 (Published in October 2020)

[Full Report PDF version](#)

■ TACHI-S CSR Report 2021 (Published in October 2021)

[Full Report PDF version](#) [Japanese](#)

[Full Report PDF version](#) [English](#)

Editorial Policies

The purpose of this CSR website is to provide stakeholders with information on TACHI-S Group's approach to CSR and sustainability, its CSR and sustainability frameworks, and the results of its activities.

An updated edition of this report will be published once a year. For the production of this report, we referred to the GRI Standards 2016 of the Global Reporting Initiative and the Environmental Reporting Guidelines 2018 of the Ministry of Environment.

| Date of Publication:

October 2021

| Period Covered by the Report

April 1, 2020 – March 31, 2021

(However, reports of some initiatives conducted in and prior to FY2020 and in FY2021 are also included.)

| Organizations Covered by the Report

Unless otherwise stipulated, this report covers TACHI-S's domestic operations.

(We plan to gradually expand the scope of this report to include TACHI-S's consolidated group companies.)