

TACHI-S ESG Report

2022

Environmental, Social and Governance Report 2022

Top Message

ESG Activities Report

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

Top Message



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 ESG.

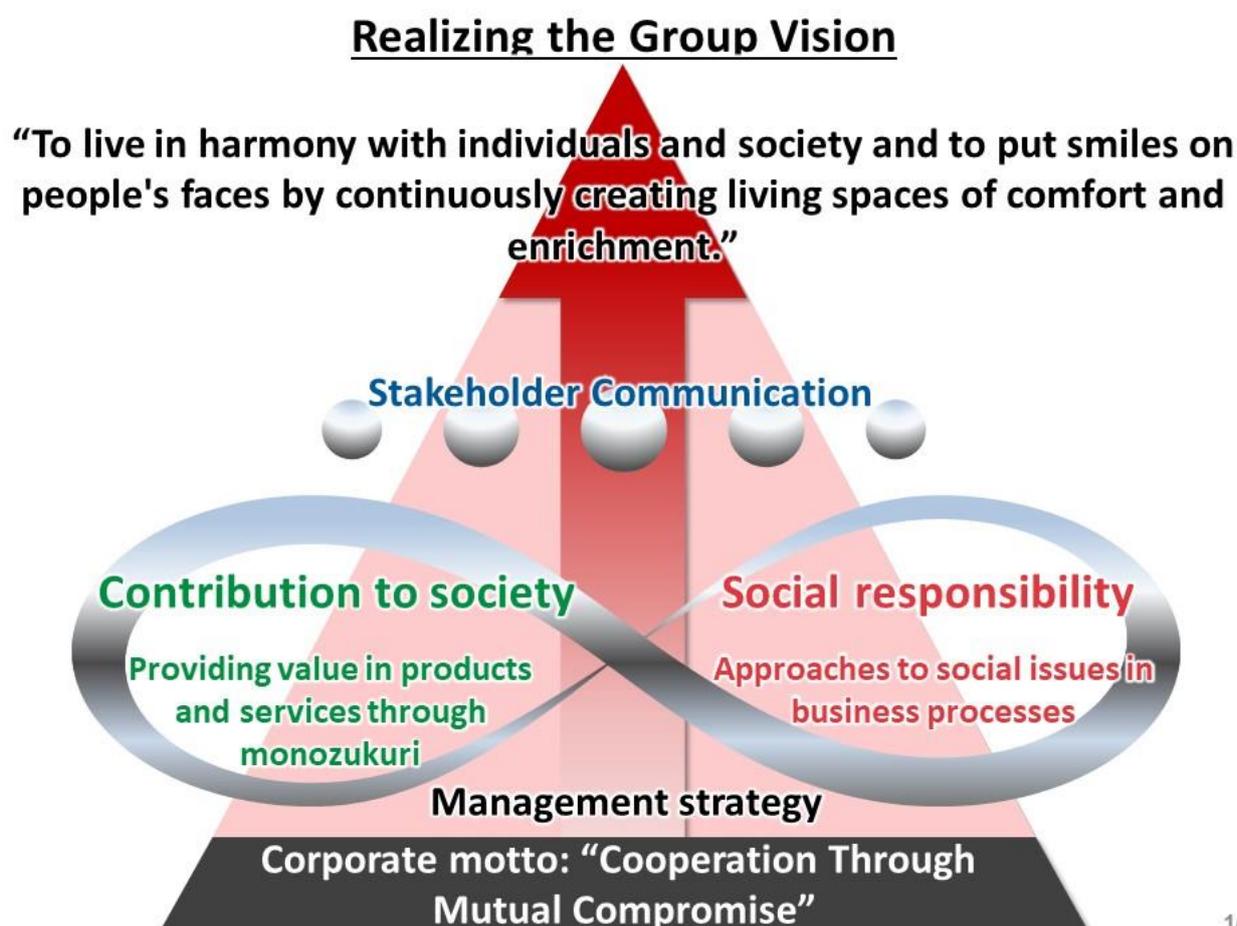
About the TACHI-S ESG Concept

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 ESG activities. To achieve this, we have positioned "social contribution through manufacturing" and "social responsibility in business processes" as our ESG cornerstones, and aim for management that integrates ESG 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.

ESG 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.

■ ESG concept chart



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ESG 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.

In fiscal 2022, we newly established ESG Promotion Office and work to strengthen our ESG activities in order to further improve our social reputation and trust, and to realize our company motto, corporate philosophy, and management philosophy.

■ ESG promotion system



ESG Activities Report



Links to pages introducing our various ESG activities are provided. Please click banner of the ESG 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 Global Environment ▶

This page reports on our “Relationship with Global Environment.”

Initiatives for Supply Chain ▶

This page reports on our “Initiatives for Supply Chain.”

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.

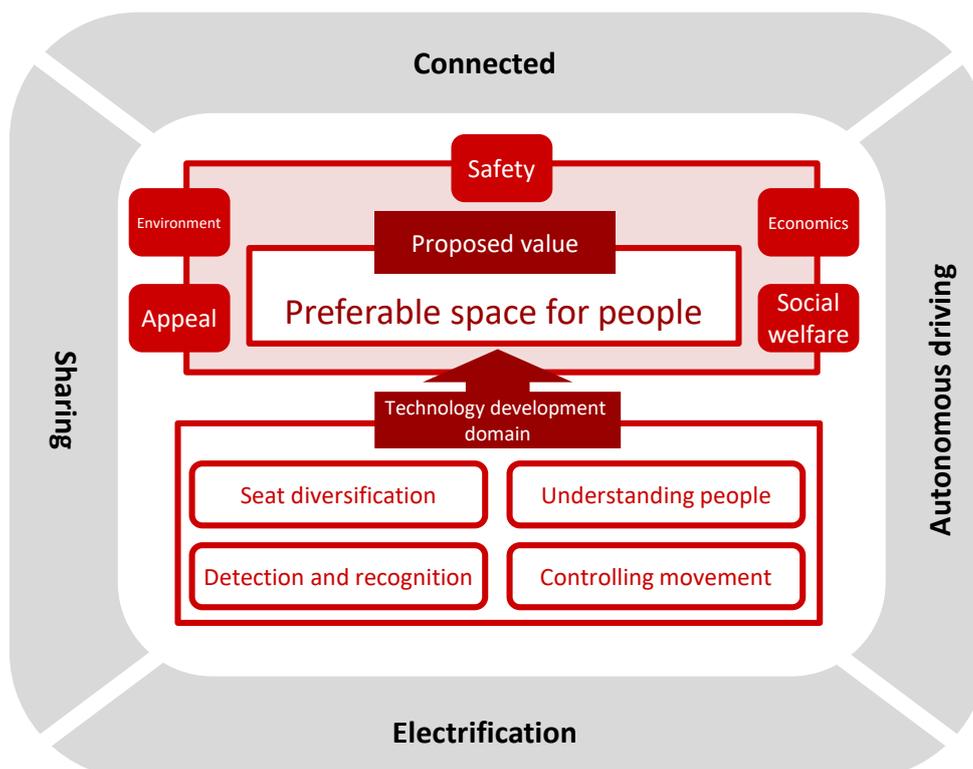


Toward Creating Social Value Through Our Products

The automobile industry in the midst major transformation is undergoing changes in various aspects such as the environment, safety, and economy. In terms of "environment", technological development and material development are progressing to reduce CO2 emissions, which is one of greenhouse gases, and efforts are being made to achieve the SDGs. In terms of "safety," safe driving support technology that prevents accidents by acquiring information related to vehicle and road conditions with sensors has been evolving rapidly. In terms of "economic", a business models that provide new value and services by collecting, accumulating, and analyzing data acquired while moving via networks are being considered. In such a major transformation, it is predicted that the way of spending time in the car cabin will change in the future. We believe that car transportation will no longer be a mere means to travel, and the “offered value” and “appeal” required of automobiles will change as well. We hope that we can meet the expectations of a changing society by continuing to provide “spaces that are comfortable for people,” and are strengthening 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

As a carbon-neutral approach, we at TACHI-S working to reduce the weight of seats and adopt construction methods that emit less CO2. The seat frame "TTK2.0 Kai " developed by our company adopts a newly developed manual slide rail while maintaining and improving the safety and functionality of the product. We have reduced the number of parts by 30% and the weight of the product by 15%. In addition, we use laser welding which is the first time it for us, to reduce processing costs and CO2 emissions.

This product has been adopted in mass-produced models after 2021 in Japan and Thailand.

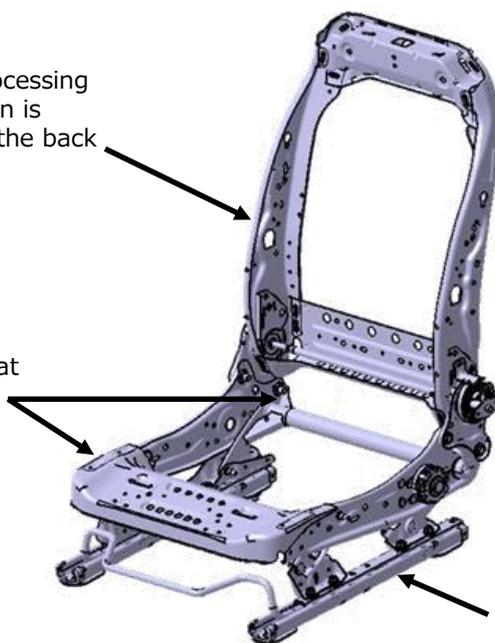
We are developing new frame that is applied laser welding more and reduce part thickness to contribute to carbon neutrality , to mass-produced vehicles after 2023.

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

Seat frame “TTK2.0 Kai Frame”

Laser welding with high processing speed and low CO2 emission is adopted for the welding of the back frame for the first time.

Uses a new fastening method that emits less CO2 than arc welding



Adoption of manual slide rail with reduced number of parts due to rationalization of structure

Developer's voice

Hisayuki Yoshizawa, Section Manager, Product Development Department, Product Design Section



"TTK 2.0 Kai" is a new TACHI-s proposed frame (TTK) using laser welding for the back frame and a new fastening way for the cushion frame , to emits less CO2.

In the development, it was difficult to achieve compatibility in safety performance and marketability, and to stabilize laser weld quality. Professionals from the development and production departments worked in one-team to meet requirements different from before and cleared performance, commerciality, and productivity target. This is the FRM as the fruits of everyone's efforts. Even in an epidemic of COVID 19, the team worked together and positively and completed development. This FRM is of a new way of production. Based on this, we will develop more advanced seats.

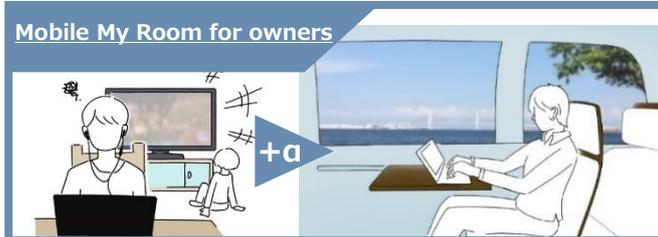
“Mobile My Room” concept for next generation vehicles

TACHI-S, as a space producer, is now trying to create values which focuses on experience values by mobility and seat centered in-vehicle space. One of those studies is “Mobile My Room” concept to address usage for CASE. The single word for this concept is “1+α”. “1” expresses current or daily situation and added with “+α”. Something will be “+α” dependent on each life-style. In-vehicle space around seats, we think that this “+α” is offered to users, is co-created with users.

■ Mobile My Room

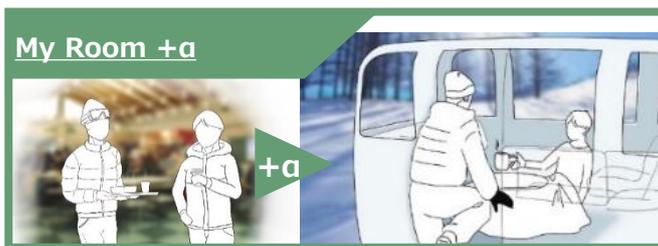


■ “+α” images of Mobile My Room



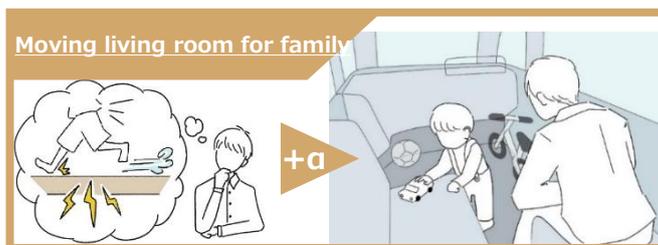
Mobile My Room for owners

Space mainly for desk work
Such as work, study and sometimes take a break...
Place where you can concentrate on work.



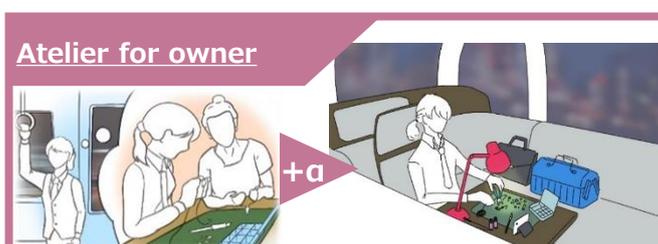
My Room +α

Space for meeting with close friends /
As a means of travel and also a room
while traveling.



Mobile living room for family

Space to spend time with children without
having worry about surroundings.
Place as second living room.



Atelier for owner

Personally specified room to immerse
yourself in hobbies
(Secret base?)

■ Developer's voice

Kouhei Yasuda, Advanced Development Technology Planning Department,
Development Planning and Styling Development Section

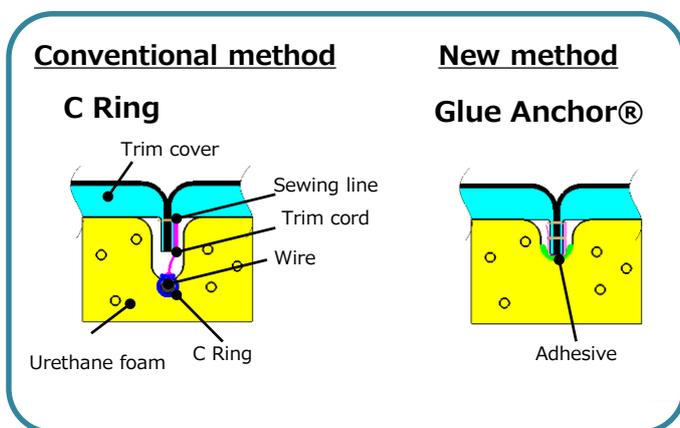


In conjunction with reconsidering whole concept of automobile seats, we had studied in-vehicle space to meet various life-style in CASE era. By eliminating as much as possible elements which recall conventional in-vehicle space, we believe that we could propose new value as you could feel having another room. We will continue to study, propose and develop attractive in-vehicle space by being with users in the future.

The "Glue Anchor®" that contributes to design freedom and the environment

We have succeeded in mass-producing the technology "Glue Anchor®" that can contribute to the improvement of design freedom and also the global environment. This Glue Anchor® is a technology that glues the sewing line of the trim cover directly to the urethane foam.

With conventional technology, it was not possible to express unevenness by joining complicated sewing lines to urethane foam due to manufacturing restrictions, but this technology has made it possible. In addition, while the conventional technique used point joining, this technology uses line joining. By joining with lines, it has become possible to achieve stable and uniform unevenness up to the terminals where the sewing lines intersect. In terms of the environment, reducing the weight of seats has become a major proposition in these days when CO2 emissions are required to be reduced. This technology can make urethane foam thinner than conventional technology, and contributes to weight reduction of seats. In addition, this technology is a resource-saving (lightening) technology that can reduce the use of iron and resin compared to the conventional method.



Developer's voice

Makoto Arai, Section Manager, Production Engineering Department, Foam & Plastic Parts Production Engineering Section



The "Glue Anchor®" is a joining technology of urethane foam and trim cover of TACHI-S Only One, which is based on the existing technology and adds new elements to the essence. We firmly retained the idea that we value in the know-how cultivated by the conventional construction method, and boldly innovated the part to be changed to establish the technology. Although there were some difficulties in the development stage, we were able to successfully complete the development and deliver it to our customers as the world's first technology.

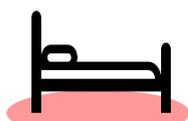
“Dialysis exercise therapy equipment” contributes to nursing care and welfare

TACHI-S H&P Co., Ltd., is our 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 “Dialysis exercise therapy equipment.”

Dialysis is standardized to be performed 4 hours/treatment, 3 times/week. Patients should avoid physical weakness and muscle loss caused by prolonged hemodialysis treatment. The use of this product as an aid in dialysis exercise therapy will improve the efficiency of dialysis and the quality of life of patients. This is the reason why we have developed this product. This product is designed so that you can exercise in a limited space by attaching it to our bed or table.

■ Dialysis exercise therapy equipment



On dialysis



Blood flow promotion



QOL Improvement



No storage required



In-house technology



■ Developer's voice

Satoshi Hashimoto, Subsection Supervisor, Engineering Department, Design Section, TACHI-S H&P



The dialysis exercise therapy equipment is a product that is being developed based on the needs of facilities. The need for exercise therapy is increasing due to the recent revision of reimbursement and the increase in the average age of dialysis patients. We would like to promote the development of this product to improve the efficiency of dialysis and life expectancy of patients. In the future, we aim to provide products that satisfy both facilities and patients by verifying the effectiveness of our products and improving them with the cooperation of facilities.

Corporate Governance

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



Our concept on Corporate Governance

We recognize that the realization of our 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" will lead to the sustainable growth of our group and enhance our corporate value over the medium to long term, in line with our corporate purpose "Supporting People and the Earth through "Seating" Technology". We believe it is important to work on improving corporate governance to support this, and we will continuously work on improving corporate governance in accordance with the following basic principles.

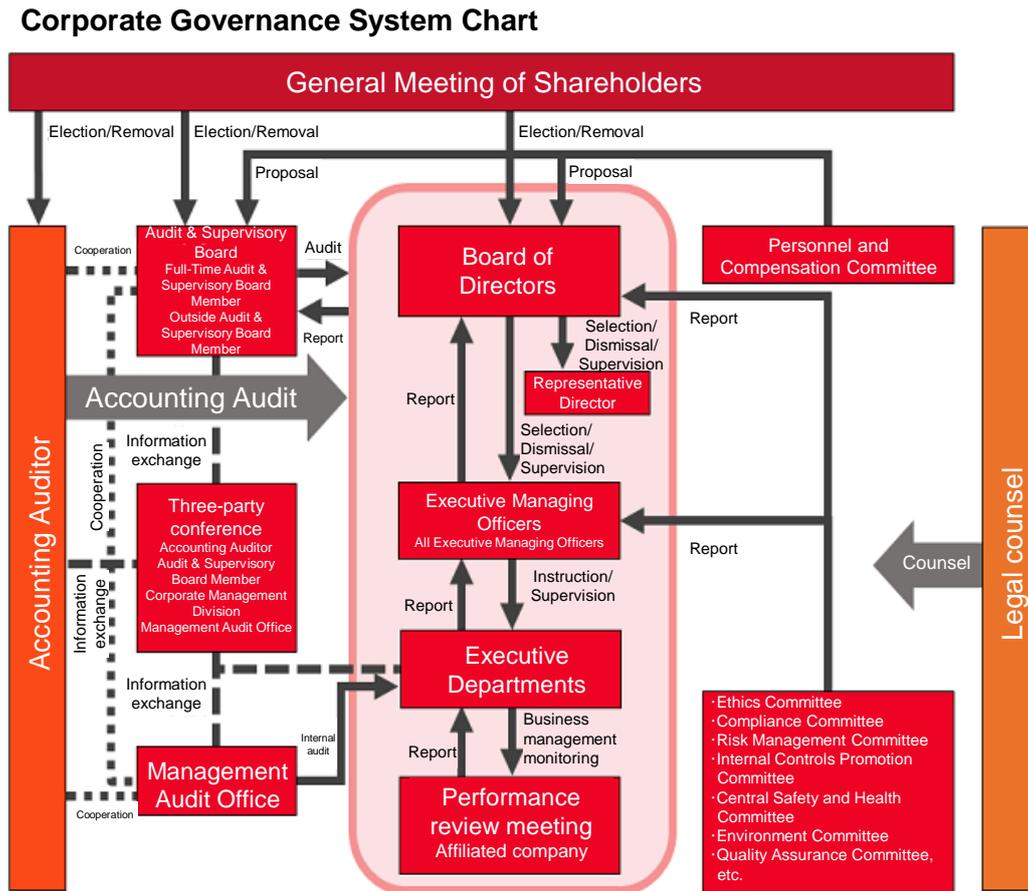
- (1) We strive to ensure the rights and equality of shareholders and create an environment in which they can exercise their rights appropriately.
- (2) We strive for appropriate collaboration with stakeholders other than shareholders (customers, employees, business partners, local communities, etc.).
- (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 Audit & Supervisory Board consists of four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members. 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 Audit & Supervisory Board Members (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 fourteen 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 Audit & Supervisory Board

The Audit & Supervisory Board consist of four members, including two Outside Audit & Supervisory Board Members (one lawyer and one certified public accountant), and they meet at least ten times a year in accordance with the audit plan. Audit & Supervisory Board Members 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 Audit & Supervisory Board. In addition, in order to supplement the Audit & Supervisory Board and to share information among the Audit & Supervisory Board Members, meetings of the Audit & Supervisory Board Members are held in conjunction with the Audit & Supervisory Board.

Personnel and Compensation Committee

The Company has Audit & Supervisory Board, 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 Company held seven meetings of Personnel and Compensation Committee in FY2021. The Committee is consisted of at least five Directors (a majority of whom are Independent Outside Directors*), and one Audit & Supervisory Board Member, 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.

(Note) An Outside Director or Outside Audit & Supervisory Board Member is a person who meet the "Criteria for Assessing Independence of Outside Directors/Audit & Supervisory Board Members" described below.

Number of meetings of the Board of Directors and number of times attended by each Director and Audit & Supervisory Board Member (Attendance rate)

Attendance rate of Board of Directors Meetings in FY2021 (Period: April 1, 2021, to March 31, 2022)

Position	Name	Times held	Times attended	Attendance rate	Remarks
Representative Director and Chairman Chief Executive Officer	Taro Nakayama	14	14	100%	
Representative Director and President Chief Operating Officer	Yuichiro Yamamoto	14	14	100%	
Senior Corporate Advisor of the Board of Directors	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	14	14	100%	
Audit & Supervisory Board Member	Ichiro Konno	3	3	100%	
Audit & Supervisory Board Member	Naozumi Matsui	14	14	100%	
Audit & Supervisory Board Member	Masato Kimura	11	11	100%	
Outside Audit & Supervisory Board	Shinsuke Matsuo	14	14	100%	
Outside Audit & Supervisory Board	Nobuaki Ozawa	14	14	100%	

(Note) At the Ordinary General Meeting of Shareholders held on June 23, 2021, Mr. Ichiro Konno resigned and Mr. Masato Kimura was newly appointed as a Audit & Supervisory Board Member.

Attendance rate of Audit & Supervisory Board in FY2021 (Period: April 1, 2021, to March 31, 2022)

Position	Name	Times held	Times attended	Attendance rate
Audit & Supervisory Board Member	Ichiro Konno	4	4	100%
Audit & Supervisory Board Member	Naozumi Matsui	11	11	100%
Audit & Supervisory Board Member	Masato Kimura	7	7	100%
Outside Audit & Supervisory Board	Shinsuke Matsuo	11	11	100%
Outside Audit & Supervisory Board	Nobuaki Ozawa	11	11	100%

(Note) At the Ordinary General Meeting of Shareholders held on June 23, 2021, Mr. Ichiro Konno resigned and Mr. Masato Kimura was newly appointed as a Audit & Supervisory Board Member.

Directors, Audit & Supervisory Board Members and Executive Managing Officers

Introducing our Directors, Audit & Supervisory Board Members and Executive Managing Officers.

■ Director/Audit & Supervisory Board Member

As of June 24, 2022

Position	Name	Outside Director and Outside Audit & Supervisory Board Member *	Domain	Reasons for Election
Director and Chairman	Taro Nakayama		-	He 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 and President Chief Executive Officer Chief Operating Officer	Yuichiro Yamamoto		In charge of 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.
Representative 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.
Director	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	Takao Itou		Monozukuri Division Manager	He has many years of extensive experience in the Monozukuri Division and as the head of our China subsidiary, he has a proven track record of managing operating companies as well as business operations in the China region, and that he is necessary for the further strengthening of the global monozukuri structure of the Group going forward.
Director and Executive Managing Officer	Shigeo Komatsu		Business Division Manager	He has many years of extensive experience in sales and marketing and a proven track record of management in our Mexican subsidiaries, and the judgment that he is necessary for the further growth and development of the Group.

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.
Audit & Supervisory Board Member	Naozumi Matsui		-	Appointed as Audit & Supervisory Board Member 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.
Audit & Supervisory Board Member	Masato Kimura		-	Appointed as Audit & Supervisory Board Member 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 Audit & Supervisory Board	Shinsuke Matsuo	○	-	Appointed as an Outside Audit & Supervisory Board Member 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 Audit & Supervisory Board Member.
Outside Audit & Supervisory Board	Nobuaki Ozawa	○	-	Appointed as an Outside Audit & Supervisory Board Member 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 Audit & Supervisory Board Member.

(Note) An Outside director or Outside Audit & Supervisory Board Member is a person who meet the "Criteria for Assessing Independence of Outside Directors/Audit & Supervisory Board Members" described below.

■ Executive Managing Officer

Position	Name	Domain
Executive Managing Officer	Kazumi Tamura	Chief of Purchasing Group, Monozukuri Division
Executive Managing Officer	Sumio Ono	President, Regional Headquarters for China General Manager, TACHI-S China Co., Ltd.
Executive Managing Officer	Gonzalo Esparza	Chief of Business Group No.1, Business 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.2, Business Division
Executive Managing Officer	Yoshiaki Kubo	Chief of Product Development Group, Monozukuri Division General Manager-ESG Promotion Office
Executive Managing Officer	Akiyoshi Murakami	Chief of Production and Technology Development Group, Monozukuri Division In charge of Quality Management Division
Executive Managing Officer	Tomoaki Harashima	Chief of Global Business Management Group, Corporate Management Division
Executive Managing Officer	Tsutomu Okochi	In charge of MITSUBISHI Business Department, Business Division In charge of New Business Development Department

Criteria for Assessing Independence of Outside Directors/ Audit & Supervisory Board Members

The Company establishes following standards in order to ensure the independence of Outside Directors/Audit & Supervisory Board Members.

1. The person in question is not a current or former Executive¹ of the Company or a related company ("Group Companies").
2. Over the past 5 years a Close Relative² of the person has not been an Executive¹ of any Group Companies.
3. The following items are not currently applicable to the person and have not been applicable to the person in the past 5 years:
 - (1) The person is a large shareholder of the Company (a person who directly or indirectly controls voting rights worth 10% or more of total voting rights in the Company) or an Executive¹ of such a large shareholder.
 - (2) The person directly or indirectly controls voting rights worth 10% or more of total voting rights in Group Companies or is an Executive¹ of such a large shareholder.
 - (3) The person is a Person for whom Group Companies are Important Clients³ or who is an Executive¹ of such an entity.
 - (4) The person is an Executive¹ of an Important Client of Group Companies⁴.
 - (5) The person is an Executive¹ of an Important Lender to Group Companies⁵.
 - (6) The person is affiliated with an auditing firm performing the Company's statutory audits.
 - (7) The person is a consultant, an accounting professional or a legal professional (in the case that a group such as a corporation or association performs such a role, a person affiliated with that group) that has received from Group Companies money compensation or other assets to a total value of more than 10 million yen annually.
 - (8) The person is a recipient of donations or grants from Group Companies (in the case that a group such as a legal corporation or association is such a recipient, a person affiliated with that group) of more than 10 million yen annually.
 - (9) The person is an Executive¹ of a company to which Group Companies appoint Directors (regardless of whether such Directors are executive or non-executive).
4. None of the person's Close Relatives are persons in regards to whom Items (1) to (9) of paragraph 3 above apply (but limited to cases where such a Close Relative is an Important Person⁶).

(Notes)

¹ An Executive is defined as a person who is either a Director (excluding an Outside Director) of a company or organization, an Executive Director, an Executive Officer, an employee who manages operations, a Senior General Manager or other equivalent person or employee who manages operations.

² A Close Relative is defined as a dependent, a relative to the second degree or a cohabitating relative.

³ A Person for whom Group Companies are Important Clients is defined as a person who has received 2% or more of their consolidated annual gross revenues from Group Companies during that person's most recent fiscal year.

⁴ An Important Client of Group Companies is defined as a person who has paid 2% or more of the gross annual consolidated revenues of Group Companies in the Company's most recent fiscal year.

⁵ An Important Lender to Group Companies is defined as a person who has provided finance to Group Companies that represents an amount worth 2% or more of consolidated total assets as of the end of the Company's most recent fiscal year.

⁶ An Important Person is defined as a person who is either a Director, an Audit & Supervisory Board Member, an Executive Officer and a General Manager or above.

Officer Compensation

The Company's policy on compensation, etc., for Directors and Audit & Supervisory Board Members, 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 Audit & Supervisory Board Member independence, the compensation system for Audit & Supervisory Board Member is based on monthly compensation only, without bonuses that are affected by company performance. The amount of monetary compensation is within the limit for Audit & Supervisory Board Members 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 Audit & Supervisory Board Members as of the close of this Annual General Meeting of Shareholders is four, including two Outside Audit & Supervisory Board Members. Compensation for Executive Managing Officers is based on employee salaries and bonuses.

Method of determining policy for determining compensation, etc. of directors and Audit & Supervisory Board Members 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 five Directors, including three Outside Directors, and one Audit & Supervisory Board Member, who attends as an observer and expresses their opinion.

The Company's compensation quota for Directors and Audit & Supervisory Board Members, 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, Audit & Supervisory Board Members, and Executive Managing Officers is determined by the Board of Directors for Directors and Executive Managing Officers, and by Audit & Supervisory Board Members' conference for Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members in FY2021

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)	166	147	-	18	-	18	6
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	30	30	-	-	-	-	3
Outside Directors/ Audit & Supervisory Board Members	29	29	-	-	-	-	5

(Note) 1 The above number of persons and amount of compensation include two Directors who retired at the conclusion of the 70th Annual General Meeting of Shareholders held on June 24, 2022.

(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 Audit & Supervisory Board Members in conjunction with the abolition of the retirement benefit system for Directors and Audit & Supervisory Board Members. 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 18 million yen in performance-linked compensation.

Evaluation of the Effectiveness of the Board of Directors

The Company conducts effectiveness analyses and evaluations of the Board of Directors in order to improve the function of the Board of Directors and ultimately enhance corporate value.

The analysis and evaluation were conducted using the following methods, with evaluation and advice from outside agencies.

1. Overview of the evaluation method for effectiveness

A questionnaire was sent to all Director, Member of the Boards and auditors who are members the Board of Directors meetings in January 2022, and all Outside directors and some internal Director, Member of the Boards were interviewed. In order to ensure the anonymity of the subjects, this survey was answered directly to an external organization. The Company analyzed, discussed, and evaluated the survey results at the March 2022 Board of Directors meeting, based on the aggregate results reported by the external organizations.

2. Summary of the results of the effectiveness evaluation

According to the responses to the questionnaire and the results of the interviews, a certain degree of sufficiency was evaluated with regard to the effectiveness the Board of Directors, and no major problems with the functioning the Board of Directors were specifically identified. Therefore, the Company recognize that our the Board of Directors is generally functioning effectively.

Of the issues shared in the previous effectiveness evaluation, we confirmed that effective efforts are being made to improve the following.

- Opportunities for information sharing among board members, etc. :
⇒ Apart from regular the Board of Directors meetings, we provide opportunities for workshops and free discussions on management issues and management strategies for sustainable growth.
- Enhancement of information provision :
⇒ Intranet visualization of reports on the progress and performance of proposals approved at the Board of Directors meetings.

At the same time, the Company shared information on various issues, such as ensuring gender and other diversity on the Board of Directors and, in light of rapid changes in the external environment, focusing the Board of Directors meeting's deliberations more on improving corporate value over the medium to long term.

In the future, based on this effectiveness evaluation, the Company will continue its efforts to enhance the functioning the Board of Directors by promptly responding to issues after thorough consideration of them.

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 Matters to be disclosed on the Internet in connection with the Notice of Convocation of the 70th Ordinary General Meeting of Shareholders.

[> Notice of the 70th 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 \(70th term\)](#)

The Purpose of TACHI-S

Our Group has more than 11,000 employees working in 70 locations in 13 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).

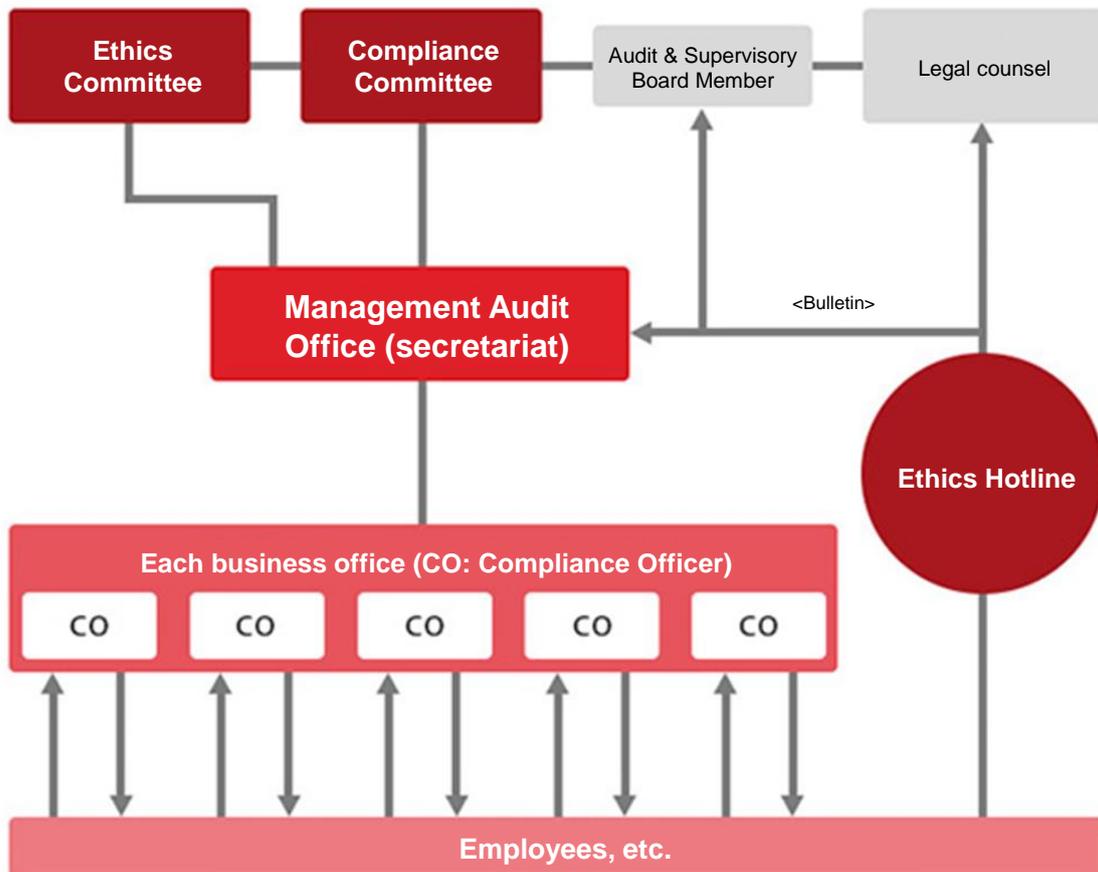
[Compliance Committee]

The committee is chaired by a Compliance Officer and consists of Outside Directors, Audit & Supervisory Board Members, 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 2021)



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

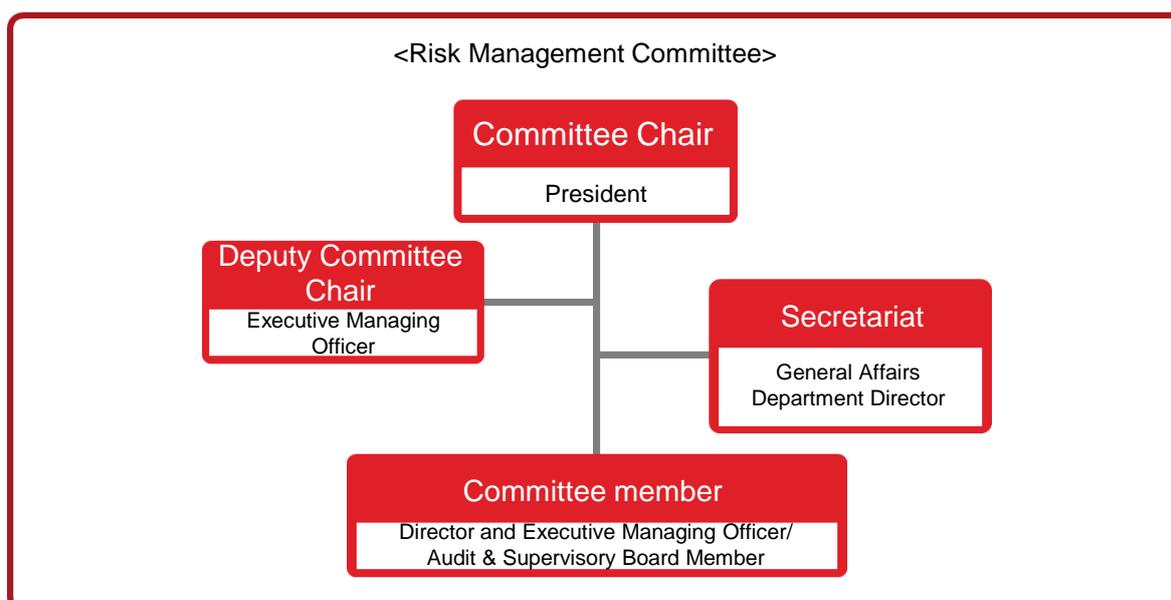
Basic Approach

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 Audit & Supervisory Board Members 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 2022 are as follows.

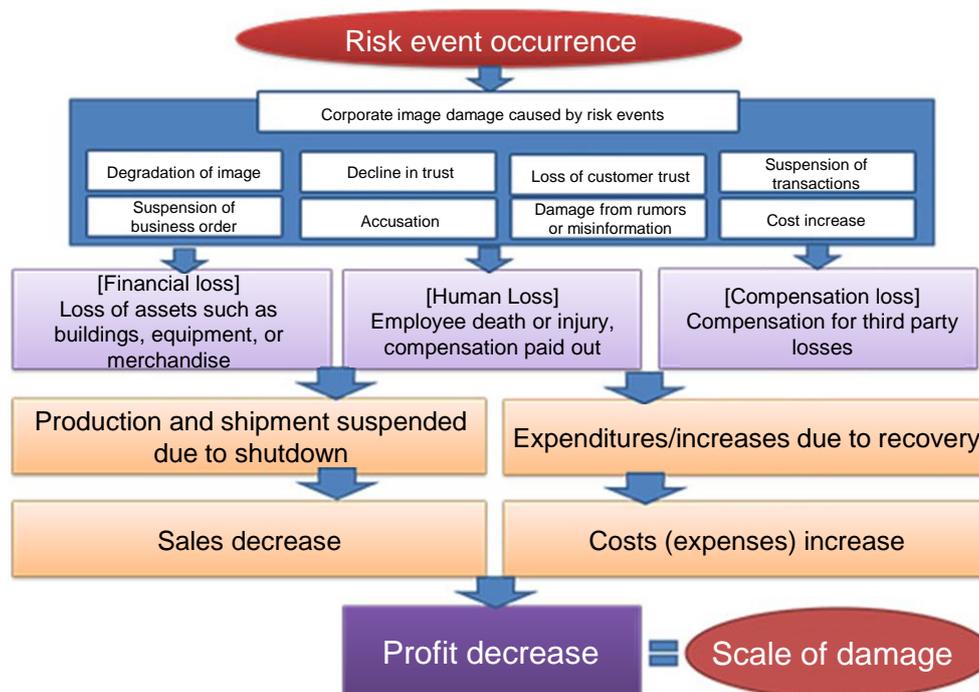
Risk classification *1

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



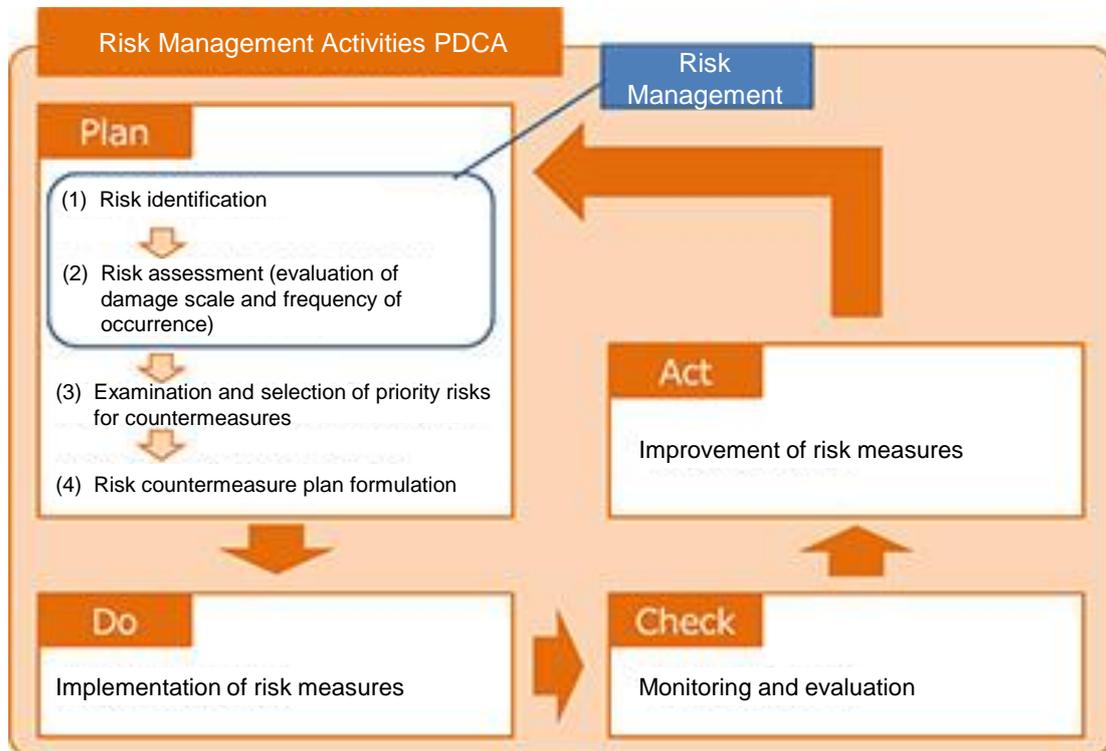
■ **Our priority risks (priority risks for countermeasures, FY2022)**

- Fire, explosion
- Product defects, recalls
- Group infections, diseases
- Cyber Attacks
- Earthquakes
- Inadequate management of overseas subsidiaries and bases

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.

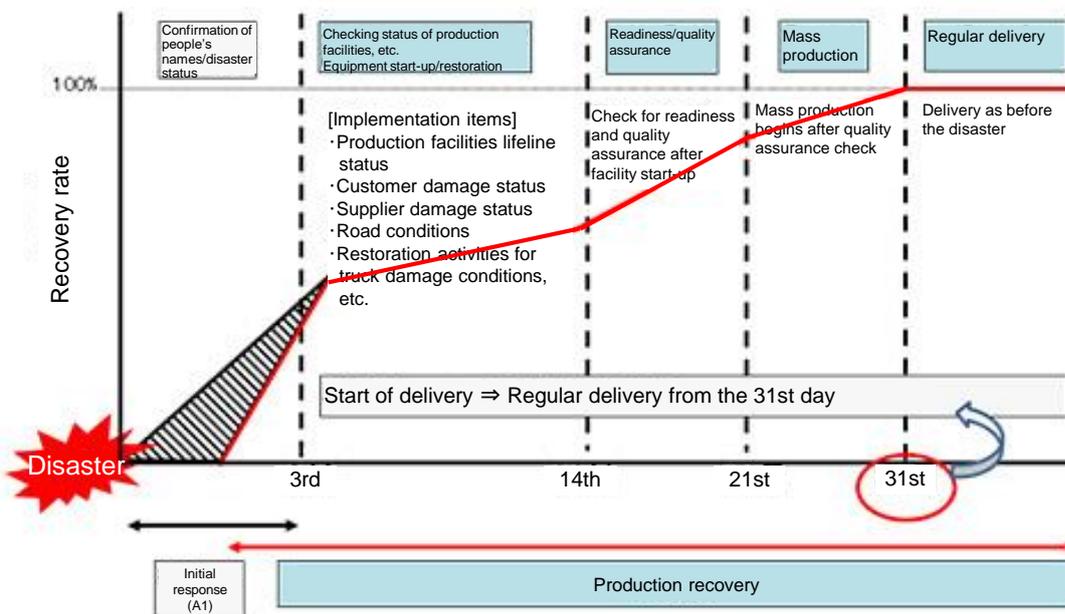
■ **Risk management flow**



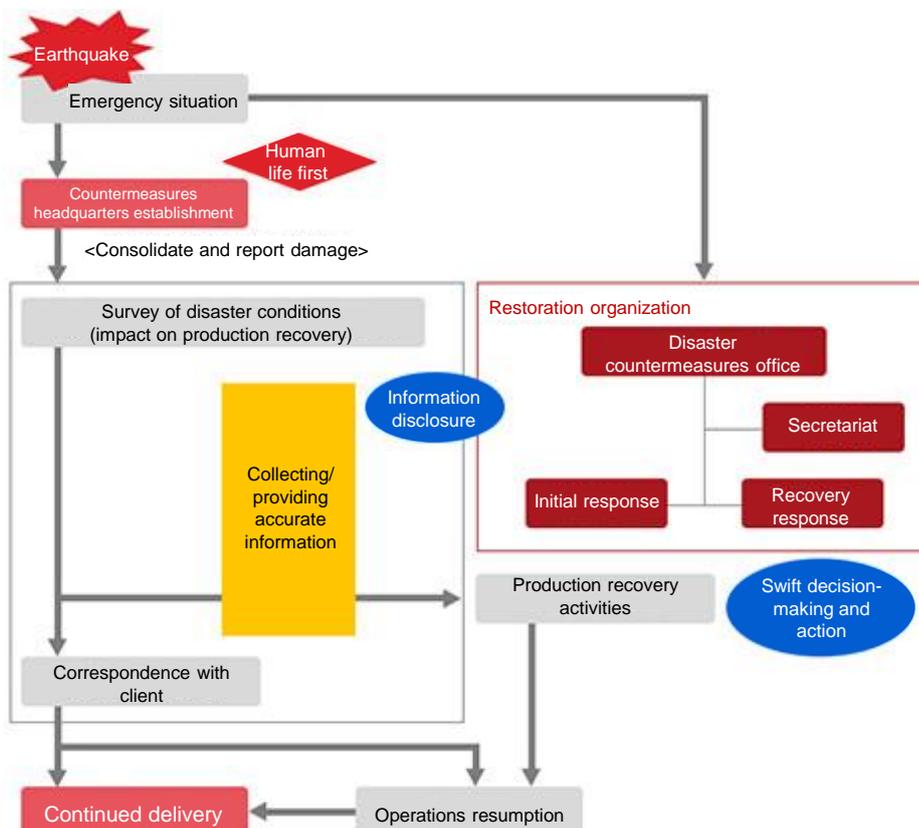
Business Continuity Plan (BCP)

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



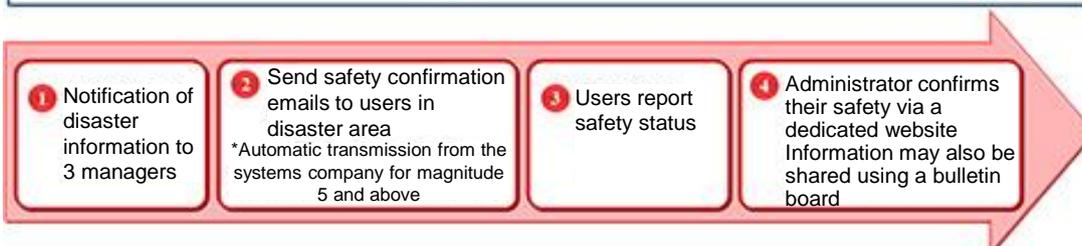
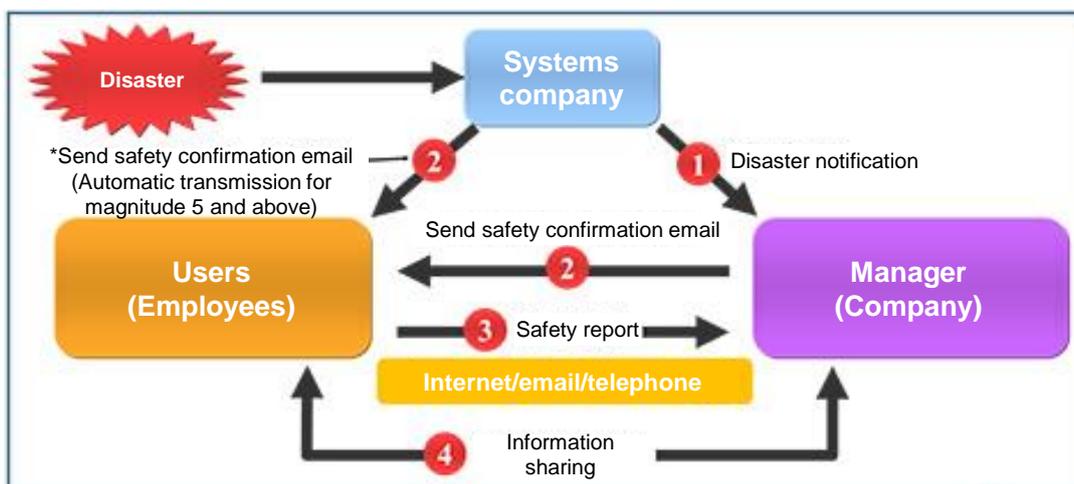
■ BCP training



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

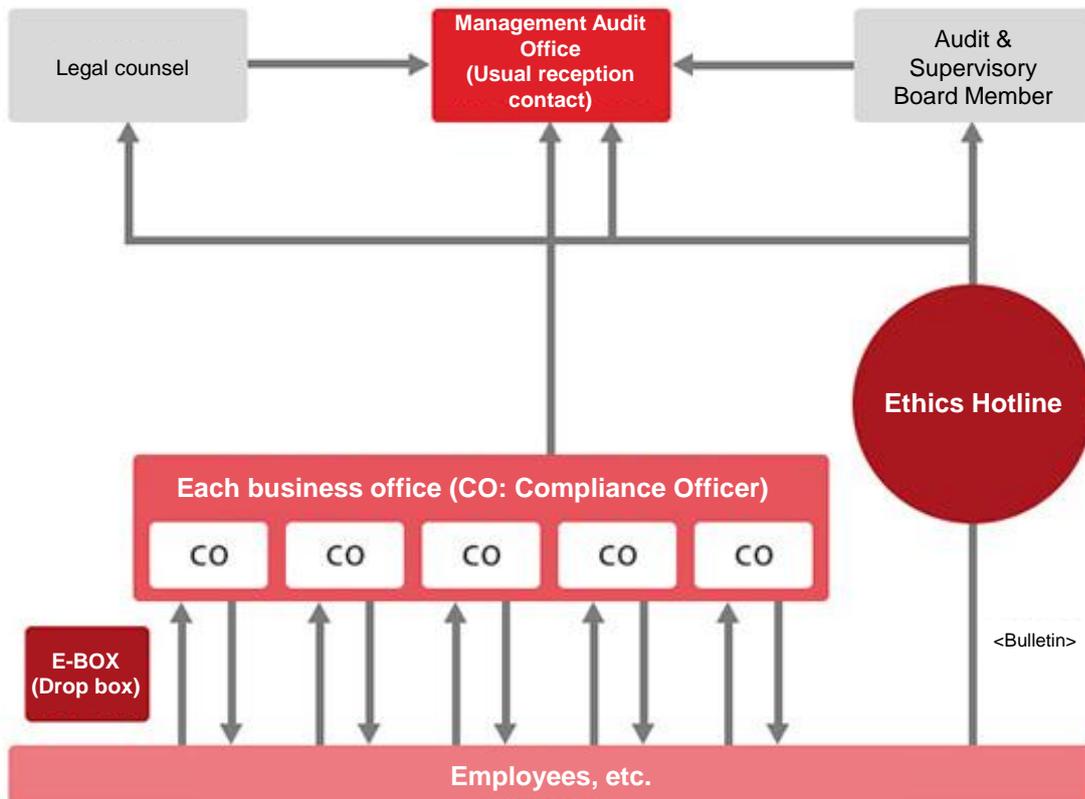
The Purpose of Introducing the Internal Reporting System

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, Audit & Supervisory Board Members, 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.

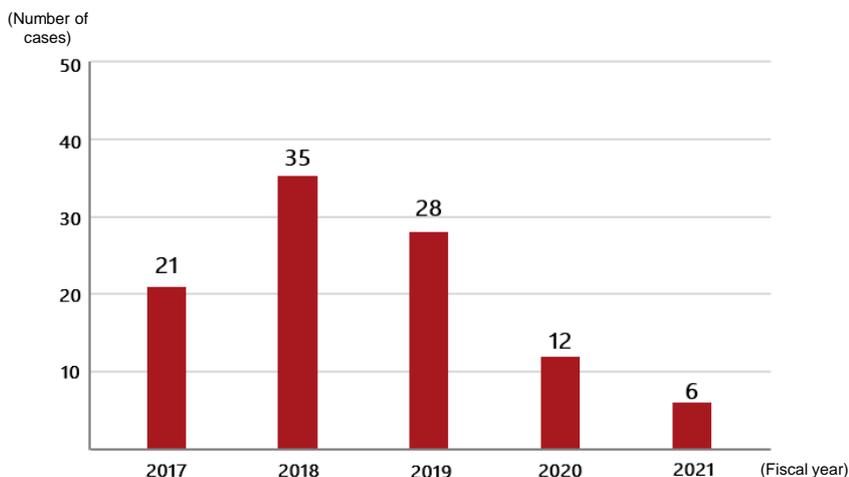
Ethics Hotline consultation and reporting flow



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)

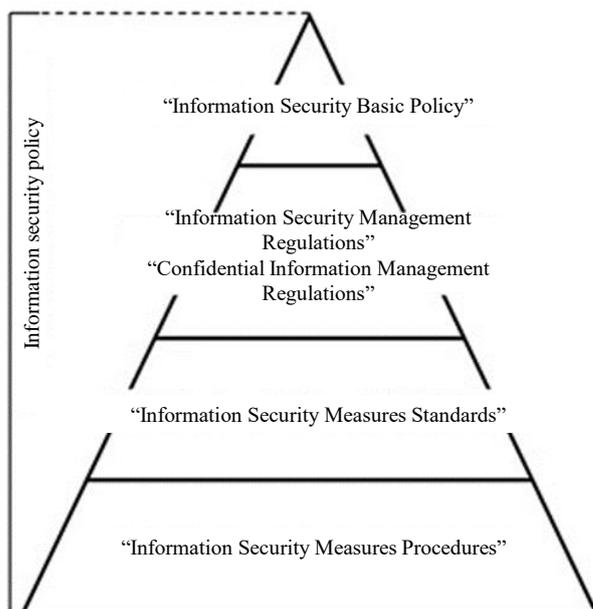


Information Security

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.

● About “Respect for individuals”

“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.

■ Human Rights Policy Development

Based on the founding spirit of "Cooperation through Mutual Compromise" (We value a spirit of mutual compromise in order to achieve harmony), the TACHI-S Group will practice actions that respect the human rights of all people involved in our business activities. As a guideline to promote group-wide efforts to respect human rights and fulfill our responsibilities, we are considering the "TACHI-S Group Human Rights Policy", which is based on the UN "Guiding Principles on Business and Human Rights" and linked to TACHI-S's purpose.

■ Labor law-related risks

Every year, the TACHI-S Group conduct a self-inspection of labor law-related risks, including whether there are any problems due to employee grievances or dissatisfaction in terms of salary, compensation, or benefits; whether there is any discrimination based on sex, religion, nationality, or other unjust reasons; whether there are any problems with the labor union; and whether there are any sexual harassment or power harassment problems. We conduct self-inspections to ensure that there are no problems with the labor union, sexual harassment, power harassment, etc. When problems occur, improvement measures and plans for improvement are formulated and checked on the improvement management chart every quarter period.

■ Respect for Human Rights in the Supply Chain

The TACHI-S Group has established “CSR Guidelines for Suppliers” to promote respect for human rights throughout the supply chain. We also ask suppliers to respect human rights in our basic transaction agreements and “CSR Guidelines for Suppliers”.

We plan to implement this program for our global affiliates beginning in FY2022.

■ Human Rights Due Diligence

The TACHI-S Group has established a human rights due diligence mechanism to identify the negative human rights impacts of TACHI-S on society, and is working to create a mechanism to prevent and mitigate such impacts. We also plan to provide education on human rights to board members and related personnel.

■ Dealing with Harassment

We have included a section on harassment in our annual internal climate survey to understand the current situation and resolve issues. We also conduct compliance training for managers every year and work to disseminate company policies through periodic compliance education and the distribution of compliance e-mail newsletters.

Approach to Human Resource Management

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)

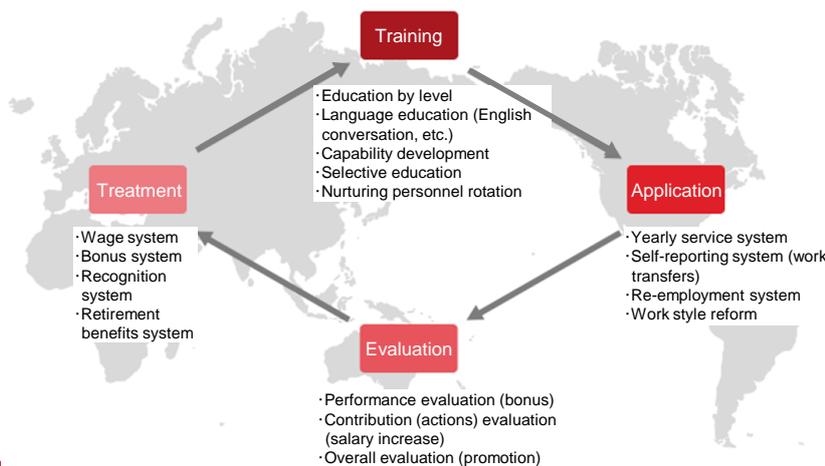
	2017	2018	2019	2020	2021
Number of employees (total)	1,548	1,540	1,562	1,318	1,285
Management (Male)	301	300	308	206	207
Management (Female)	3	2	4	4	6
General employment (Male)	1,128	1,110	1,118	986	955
General employment (female)	116	128	132	122	117
Number of new graduates hired (persons)	35	52	51	63	34
New graduate retention rate (%)	97	96	94	87	94
Number of mid-career hires (persons)	28	36	39	18	17
Percentage of mid-career hires (%)	44.4	40.9	43.3	22.2	33.3
Percentage of employees who quit within 3 years (*1) (%)	—	—	—	—	7.75
Average age(*1) (years)	—	—	—	—	38
Average years of service(*1) (years)	—	—	—	—	14.6
Percentage of women in new graduates (*1) (%)	—	—	—	—	7.75
Number of foreign employees (*1) (persons)	—	—	—	—	27

*1 were added from FY2021.

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



Introduced a new evaluation system for managers

A new evaluation system for managers will be introduced in FY2022.

Ensuring that the process of the new evaluation system is implemented will likely lead to motivation, acceptance, and effective training for the evaluation. The following process will be used to implement the new evaluation system.

[Goal-setting session]

Evaluators in each department discuss the appropriateness and difficulty of the evaluator's goals with each other, and start the year with a common understanding of the evaluator's goals, leading to a sense of satisfaction by evaluating the achievement of goals at the end of the year when the evaluators decide on the evaluation.

[Quarterly feedback]

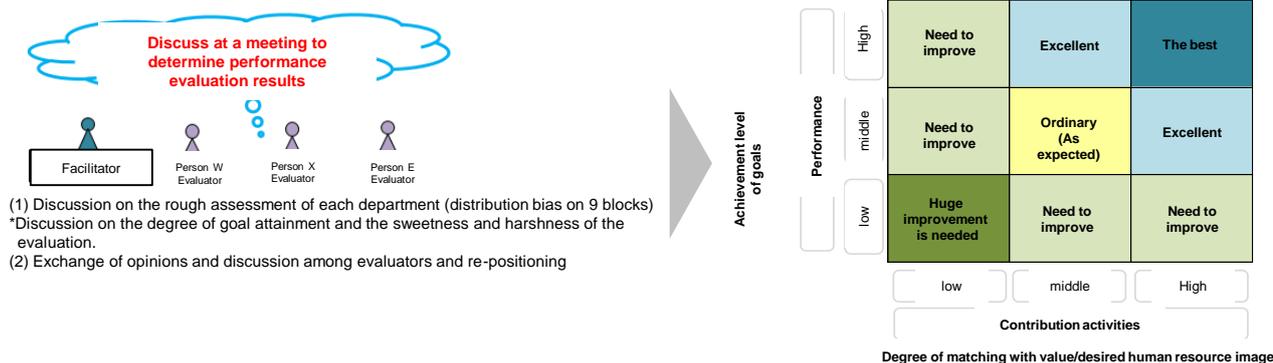
Every quarter, supervisors and subordinates mutually confirm the process, issues, expectations, and degree of achievement toward goals to make early awareness and course corrections, and we hope to increase the sense of satisfaction of the assessee by preventing surprises from occurring in the results of year-end appraisals.

★ By changing to an evaluation system that utilizes the above process (goal setting feedback), we will lead to an improvement in motivation and a sense of satisfaction of the Assessee.

[Conducting a meeting to determine year-end performance evaluation results]

Through the process of evaluating human assets strictly from two perspectives, performance and value (contribution), the evaluators' perspectives on human assets (goal setting, evaluation, and contribution) are aligned with each other, thereby minimizing the possibility of errors between the evaluators.

Visualization of human resource positioning by 9 blocks



★ The above process (evaluation result determination meeting) will map human resources in relative terms to grasp individual characteristics (strengths and weaknesses) and link them to the placement of the right personnel in the right positions and human resource development plans.

To Enhance Employee Satisfaction

We consider "work style reform" as "lifestyle reform" and have started full-scale work style reform activities in FY2020 in order to make "company's way of life" and "the way of life of our employees" more valuable. Our goal is for each employee to enjoy his or her daily life with a sense of fulfillment, which will lead to high performance as a company and increase both the value of the company and the happiness of our employees.

■ The keyword for improving employee's job satisfaction is "sharing thoughts and feelings"

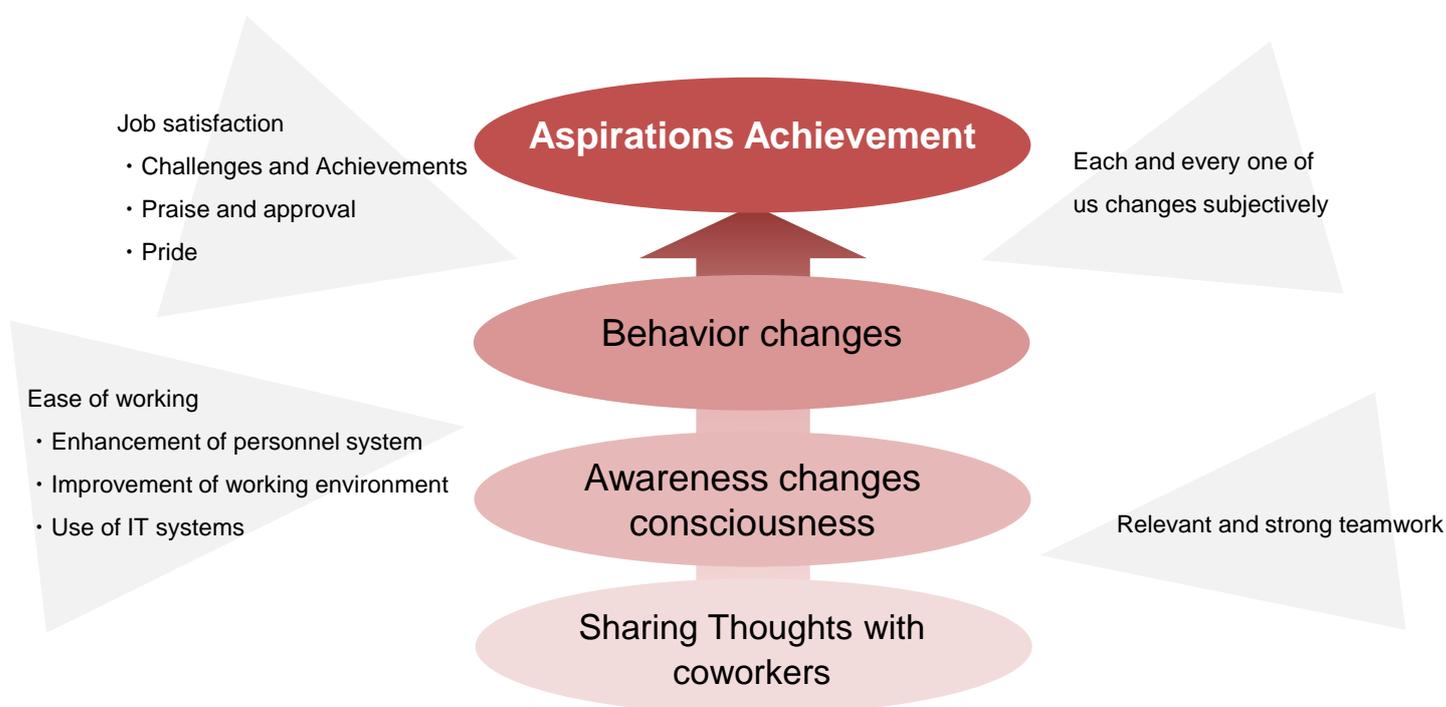
We are a manufacturing company, but we believe that the source of everything we do is "people".

Each and every one of our employees has a dream of "I want to become like this!" and "I want to achieve this!".

We will create Well-being Happiness together by mutually sharing each other's thoughts and feelings.

Increase corporate value

"Well-being Happiness" of the company and our employees



■ Example of initiatives

- (1) Survey on employee job satisfaction: Conducted annually.
- (2) Team activities to improve job satisfaction in each department: PDCA activities for improvement are being implemented on a daily basis based on the results of (1)
- (3) "Human Resource Development" activities at factory sites: Creating teams to maximize individual strengths as a team in order to improve team power.
- (4) "Executive Kaeru Meetings" conducted by management: Once a week, discussions on improving job satisfaction, etc. are being held.
- (5) Revision of personnel system: Revisions to the personnel system to implement changes in work styles are being implemented as needed.
- (6) Improvement of working environment: Activities to improve facilities and equipment at factory sites and indirect offices are being implemented by employees.
- (7) Talk session on job satisfaction: Talk sessions between management and general managers are held once a year with the participation of all employees.

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 with the aim of promoting human resource development efficiently and effectively, and is developing systems related to human resource development and formulating and implementing a skill development plan (annual education plan).

We are building an environment in which each employee can develop his or her career autonomously.

*HRD = Human Resources Development

Tiered education

• We aim to improve skills to understand the "roles" and "behavioral characteristics" of each hierarchy and utilize them in business execution.

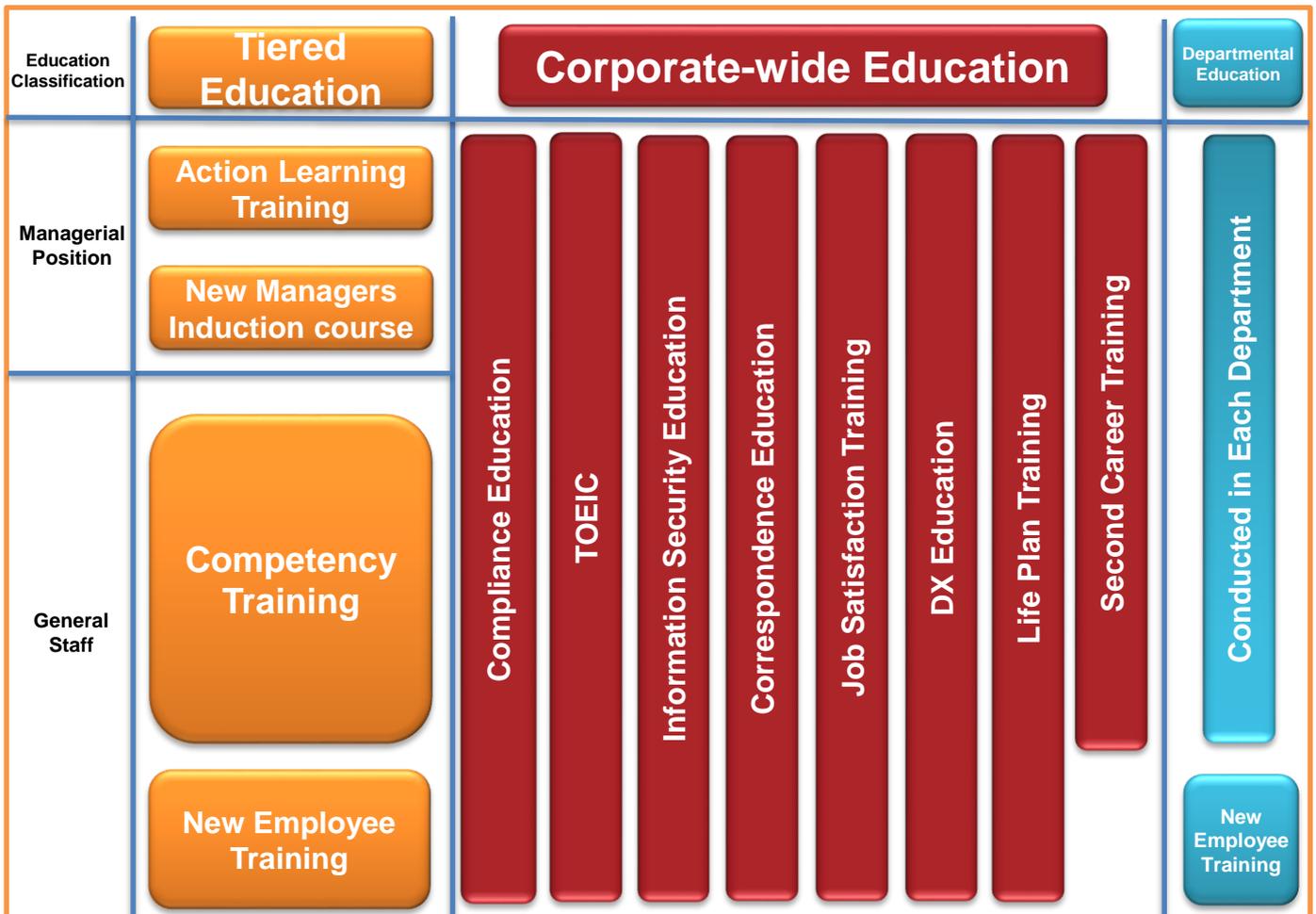
Corporate-wide education

• We provide compliance training and information security training to cultivate a legal compliance mindset among employees and support their self-development.

Departmental Education

• To become a professional in each department (job category), we aim to improve technical skills.

■ HRD Education System Chart



FY2021 Educational Performance Data

✓Company-wide education

Training Title	Number of students
TOEIC	79 persons
Compliance Training	1,148 persons
Job Satisfaction Training	128 persons
Life Plan Training	41 persons
Second Career Training	9 persons
Training to Understand Financial Statements	28 persons

✓Tiered training

Training Title	target group	Number of students
Training of New Employees	New employee	34 persons
Competency Training*	General staff (~Chief)	376 persons
Training for New Managers	New managers	10 persons
Action Learning Training	Managerial position (Section Chief to General Manager)	84 persons

*Competency training (leadership, problem solving, facilitation, management, presentation)

✓Departmental Education

Training Title	target group	Number of students
Tiered Training for Development and Technology Departments	New employees to new managers	26 persons
Beginner to Advanced Supervisory Training	Team leader to new management	44 persons
Logistics Training	General staff	23 persons
Education for Estimating Resin/Steel Parts	General staff	50 persons

✓Training hours per person

Training Title	unit	FY2020	FY2021
Training Hours per Regular Employee	Hours	3.7	2.8

*Time for regular employees to attend training courses sponsored by the Human Resource Development and Promotion Department.

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)

	2017	2018	2019	2020	2021
Overall	2,047	2,039	1,986	1,715	1,698
Male	2,071	2,058	2,005	1,726	1,706
Female	1,751	1,825	1,780	1,612	1,621

■ Annual paid leave usage rate (unit: %)

	2017	2018	2019	2020	2021
Overall	49.5	52.1	67.2	66.9	65.1
General position average	52.3	55.0	69.9	71.5	71.8
General employees (male)	50.0	52.4	69.2	71.9	72.8
General employees (female)	75.1	79.0	75.9	68.2	70.7
Management position average	38.4	40.6	57.4	44.1	51.2
Management positions (male)	38.2	40.7	57.3	44.4	53.3
Management positions (female)	55.0	30.0	65.7	28.8	45.4

■ 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.
	(Introduction of a fertility treatment leave system (birth support leave))	This system allows employees to take 5 days of leave when it is necessary for infertility treatment and an additional 5 days of leave (treated as paid leave) when frequent visits to the hospital are necessary, such as for in vitro fertilization.
	Interview prenatal and postnatal childcare leave	We conduct interviews before, during, and after maternity/childcare leave so that employees can take leave and return to work without concern. This system is designed to support a balance between work and childcare.
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.
	Hourly Paid Leave System	This system allows employees to take annual paid leave in hourly increments (minimum of one hour) within a range of five days per year out of the number of annual paid leave days.
	Leave system during working hours	In principle, this system allows employees working in indirect workplaces to leave their seats for up to two hours within their scheduled working hours.

■ Initiatives to improve the working environment

- Strategies and measures to increase parental leave utilization
- Automatic computer on/off capture for proper management of overtime hours
- Measures to improve the rate of paid leave taken (Information on days before and after long vacations to promote paid holidays, automatic distribution of e-mails to those who have not taken paid vacations, etc.)

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

System name		2017	2018	2019	2020	2021
Childcare Leave	Overall	11	11	14	14	13
	Male	0	1	2	1	5
	Female	11	10	12	13	8
Shortened Working Hours During Childcare	Overall	13	15	18	23	20
	Male	0	0	0	0	0
	Female	13	15	18	23	20
Family Care Leave	Overall	1	3	1	1	1
	Male	0	2	1	0	1
	Female	1	1	0	1	0
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)
Employee stock ownership	System to subsidize employees' medium- to long-term asset building

■ About attaining Childcare Leave/Shortened Working Hours During Childcare

(Ms. Ayumu Inoue, BOM/PDM Section, Development Management Department)

I took maternity leave for 1 year and 7 months since September 2020.

I was pregnant in an infant stage of covid, so thanks to the department's consideration, I was allowed to telework as soon as possible. The birth had no complications.

After returning to work, I sometimes have to take a sudden leave of absence or leave early due to my child's illness. I am able to work flexibly and with the understanding and cooperation of my department, I am able to work without any problems.

This is an era when more and more people continue to work after giving birth.

The number of female employees working while raising children is increasing.

I am grateful to the people in my department for their understanding and cooperation.

After the birth of my second child and my return to work, I hope to be able to balance childcare and work without strain by utilizing the reduced working hour system for childcare.



(Mr. Takao Kurisaki, Sales Section, Business Department, Nissan Business Unit)

I took 4 weeks of parental leave in May 2022 for the birth of my second child.

When I mentioned the parental leave to my supervisor, he immediately replied, "Of course you should take it, it doesn't need your supervisor's permission." I was able to coordinate my work without delay.

While I was busy with household chores during my leave, I was able to enjoy the smiles of my wife and children, and once again recognized the importance of spending time with my family.

Most of all, I think it was good for both me and my child that I could afford to confront head-on my oldest son's babyishness, which had begun before the birth.



■ Implementation of free address

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.

In FY2021, other offices and departments also implemented free address system.



■ Benefits paid to regular employees but not paid to non-regular employees

Allowances that are standard for regular employees but not for non-regular employees include the following (TACHI-S non-consolidated)

- i. retirement allowance
- ii. severance (termination) pay
- iii. accident compensation
- iv. long service leave
- v. employee stock ownership plan
- vi. employee petty cash loan program
- vii. other

■ Minimum notice period for business changes

As a general rule, personnel changes are to be communicated to the labor union and the individual concerned at least one week in advance (or two weeks in advance if a relocation is involved). In addition, the labor union is to be notified and consulted at the earliest appropriate time regarding the establishment, consolidation, or reorganization of new business sites or offices that would involve the reassignment, transfer, or relocation of a large number of union members.

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.

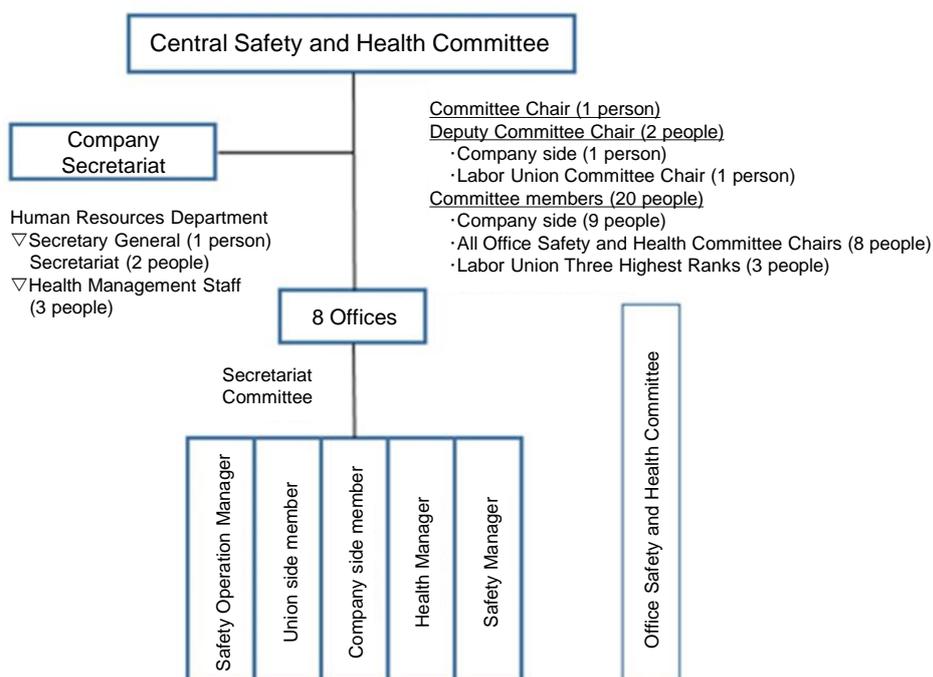
“President’s Policy”

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 2021, 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

FY2021 result

Division	Results		
	Total	Serious	Mild
Occupational accident	8	3	5
Commuting accident	5	0	5

Occupational accident occurrence

Description	Division	2019	2020	2021
Occupational accident frequency rate	Our company	0.000	0.276	0.795
	Manufacturing industry average	1.200	1.200	1.200
Occupational accident intensity rate	Our company	0.000	0.015	0.006
	Manufacturing industry average	0.100	0.100	0.100
Frequency rate of accident without lost workdays	Our company	2.810	1.378	1.324
	Manufacturing industry average	1.190	1.190	3.72

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, and provide health guidance and health consultation services. In addition, nurses and industrial physicians interview and provide guidance to employees who are suspected of overworking in order to manage their mental and physical health. In addition, we measure the working environment once a year at workplaces that handle substances subject to laws and regulations to prevent the generation of hazardous substances and ensure their proper management.

In addition, to maintain and improve the health of our employees, we have established smoking areas to prevent passive smoking and provide the following health support.

■ Conduct health seminars (on-demand delivery)

The "Workplace Health Promotion Program (on-demand version)" is distributed to support employees' health by helping them to reduce physical inactivity and refresh themselves in their spare time due to the increase in telecommuting.

■ Refreshing Health Festival

Although it has been postponed due to Corona, every year the company, labor union, and health insurance union co-host a project to create a "healthy, bright, and energetic workplace" that will generate the power to foster a bright and energetic corporate identity and culture through exercise and strengthen solidarity and unity between the company and its employees, including employees and their families. The program is held to help create a "healthy, bright, and energetic workplace. (Walking, bowling, and other recreational activities)

■ Health Support System

As part of health management, we aim to further raise employees' health awareness by providing a full menu of health care benefits, including physical examinations, milestone checkups, gynecological checkups, and family checkups (for dependents).

field	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)				

■ Distribution of health information and childcare support magazines

We promote efforts to ensure the physical and mental health of employees and improve their vitality by providing health information to insured and dependent employees twice a year in the health insurance bulletin "Iki-Iki". In addition, as part of our childcare support, we send a free "Childcare Support Booklet" to help families lead healthy lives.

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

		FY2017		FY2018		FY2019		FY2020		FY2021	
		General position	Management position	clerical position (e.g. in the civil service)	management						
Number of personnel	Total	1,244	304	1,238	302	1,250	312	1,108	210	1072	213
	Male	1,128	301	1,110	300	1,118	308	986	206	955	207
	Female	116	3	128	2	132	4	122	4	117	6
Ratio	Male	90.7%	99.0%	89.7%	99.3%	89.4%	98.7%	88.99%	98.10%	89.09%	97.18%
	Female	9.3%	1.0%	10.3%	0.7%	10.6%	1.3%	11.01%	1.90%	10.91%	2.82%

Action Plan for Promotion of the Advancement of Women (April 2020 to March 2025)

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)

	2017	2018	2019	2020	2021
Overall	27	27	29	30	32
Physically handicapped	13	12	12	11	11
Intellectually handicapped	7	8	10	14	16
Mentally handicapped	7	7	7	5	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)

	2017	2018	2019	2020	2021
Overall	53	53	48	16	20
Male	49	48	43	16	20
Female	4	5	5	0	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.



2021 Value Penetration Activities (China)

In 2021, five companies in the China Region, including TACHI-S China Co., Ltd., conducted activities to spread the Values, and examples of how they are connecting My Values to their work were collected, other than on-site activities and the Net Questionnaire, and awards were given to the best examples in each category. They also posted photos of each company's activities on the intranet of TACHI-S China Co., Ltd.

泰極(廣州)汽車內飾有限公司	泰極愛思(武漢)汽車內飾有限公司	泰極愛思(中國)投資有限公司	泰極愛思(鄭州)汽車座椅研發有限公司	浙江泰極信汽車部件有限公司

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

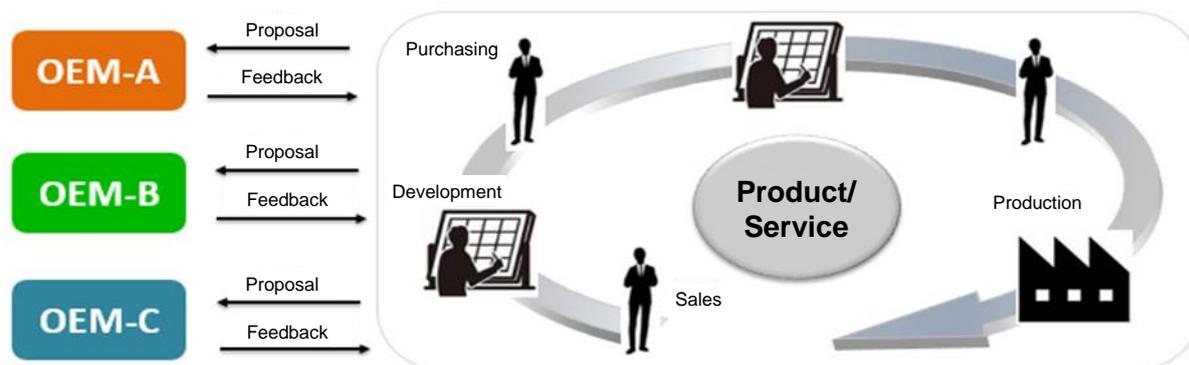
Guided by our Corporate Philosophy, "We deliver an inspirational experience to our customers worldwide through our technology, and contribute to society as a brand you can trust", we pursue manufacturing that leverages our strengths in the global pursuit of integrated manufacturing, from development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

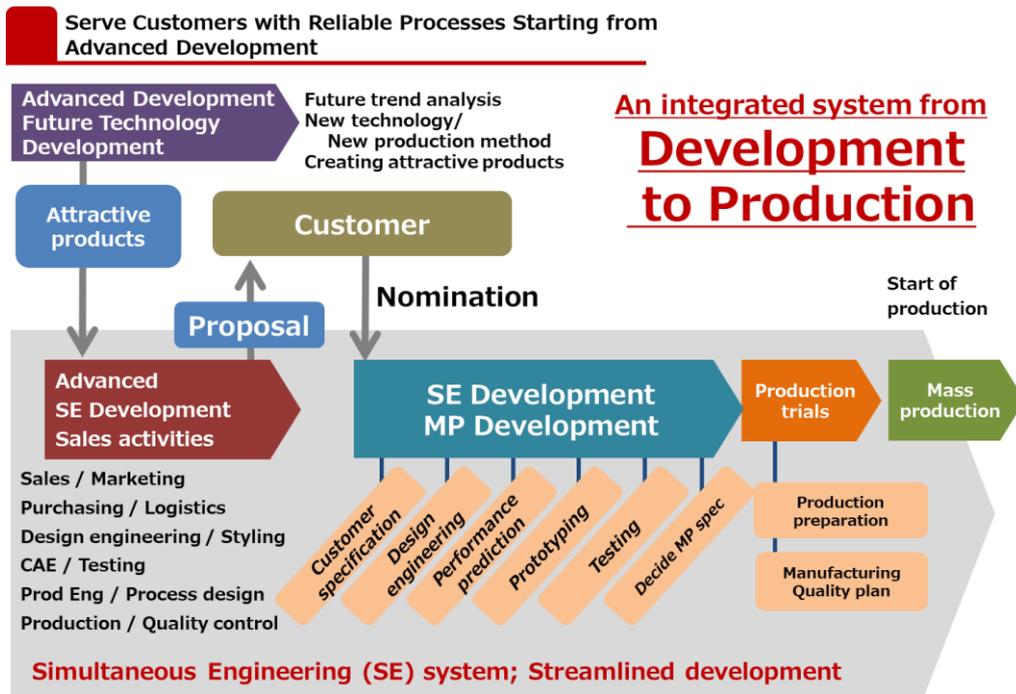
In our Business Division, we share our customers' latest needs globally at monthly Regional Marketing Meetings. In addition, in sales strategy meetings (Business Division and Monozukuri Division), the Business Division shares information and discusses specific measures for development and production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

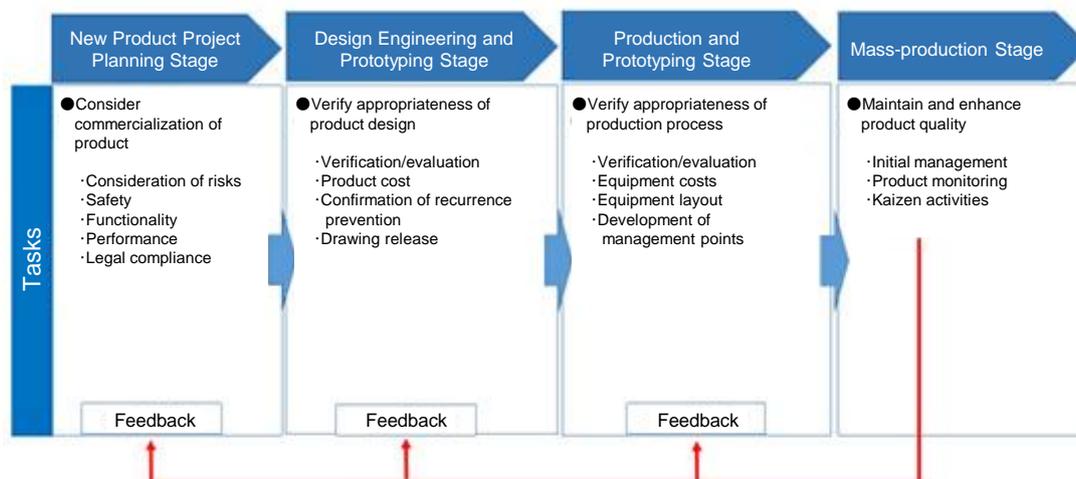
In response to customer requests, we design quality into our products from the development stage and strive to improve and enhance quality through each individual process.

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.

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

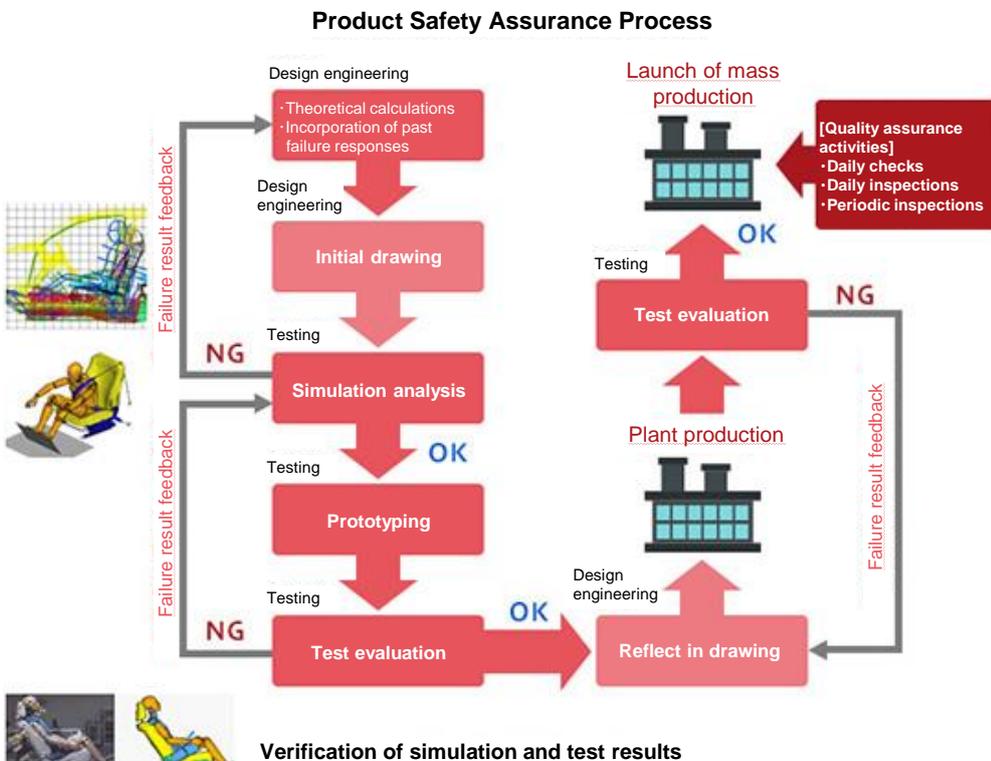


■ Monozukuri System that Positions Safety as the Top Priority

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



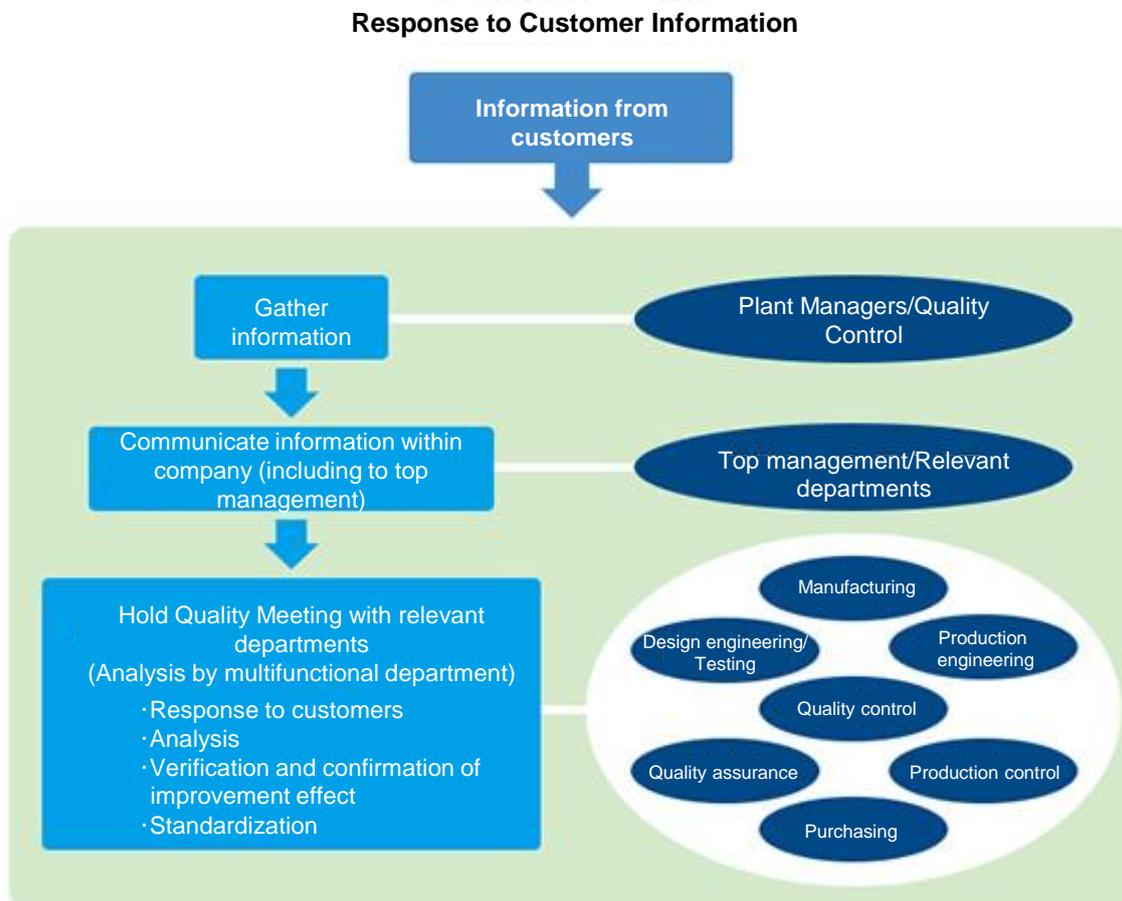
Crash test scenes



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, reducing greenhouse gas emissions by improving the fuel efficiency of automobiles by reducing product weight and energy use in the manufacturing process of products, and contributing to a circular economy by saving 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, Director and 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

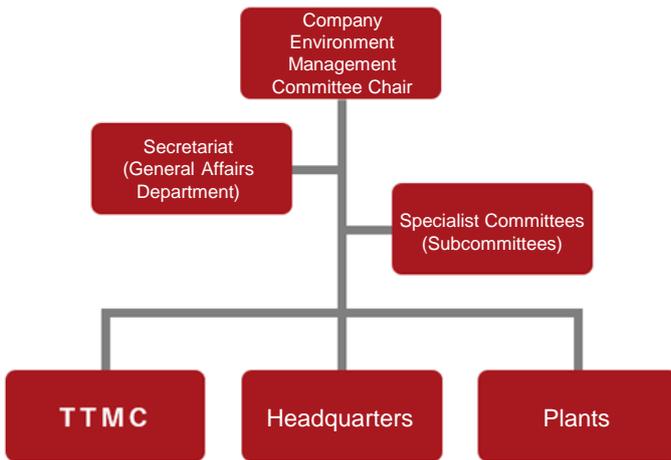
Environmental Management Structure

| 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. Affiliated companies have acquired ISO 14001 external certification for environmental management systems at their main bases in Japan, North America, China, and Thailand.

■ ISO 14001-certified locations

【TACHI-S】

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

【Affiliated companies】 * consolidated subsidiaries

- TF-METAL U.S.A., LLC
- TACHI-S H&P Co., Ltd.
- Nui Tec Corporation
- SETEX Automotive Mexico, S.A. de C.V.
- Wuhan Dongfeng TACHI-S Yanfeng Automotive Seating Co., Ltd.
- TACLE Guangzhou Automotive Seat Co., Ltd.
- Hunan TACHI-S Automotive Seating Co., Ltd.
- TACHI-S Lear DFM Automotive Seating (Xiangyang) Co., Ltd.
- Lear Dongshi TACHI-S Automotive Seating (Wuhan) Co., Ltd.
- TACHI-S Automotive Seating (Thailand) Co., Ltd.

■ 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 2022 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 October to November 2021 recommended 43 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 FY2021 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 FY2021 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 FY2021 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 (Domestic bases of TACHI-S)

Items	FY2021 Target	FY2021 Result	Achievement Rate
Reduction of greenhouse gas emissions	Intensity by production volume 6.21kg-CO2/unit	Intensity by production volume 5.92kg-CO2/unit	Achievement Rate: 105%
Reduction of hazardous chemicals consumption	Intensity by units produced 0.0340kg/unit	Intensity by units produced 0.0303kg/unit	Achievement Rate: 112%
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.

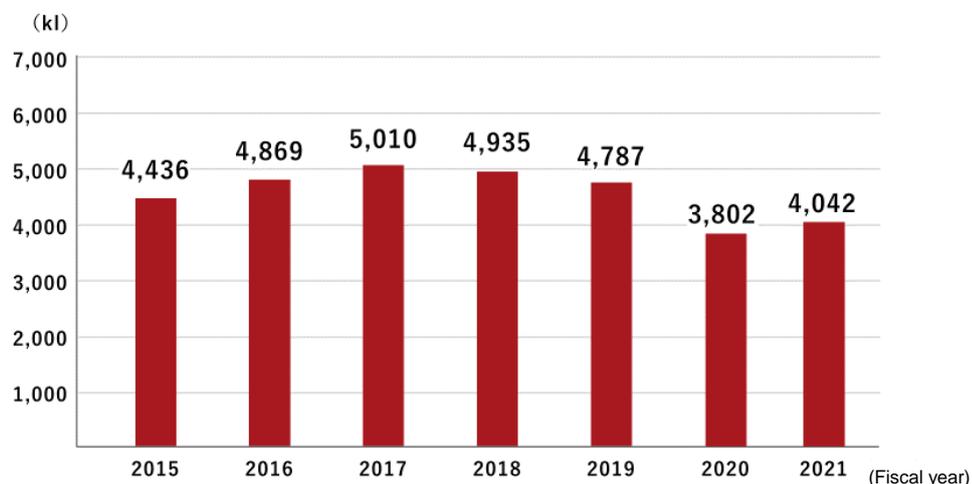
* Production volume intensity target for Scope 1 & 2 in Japan

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.

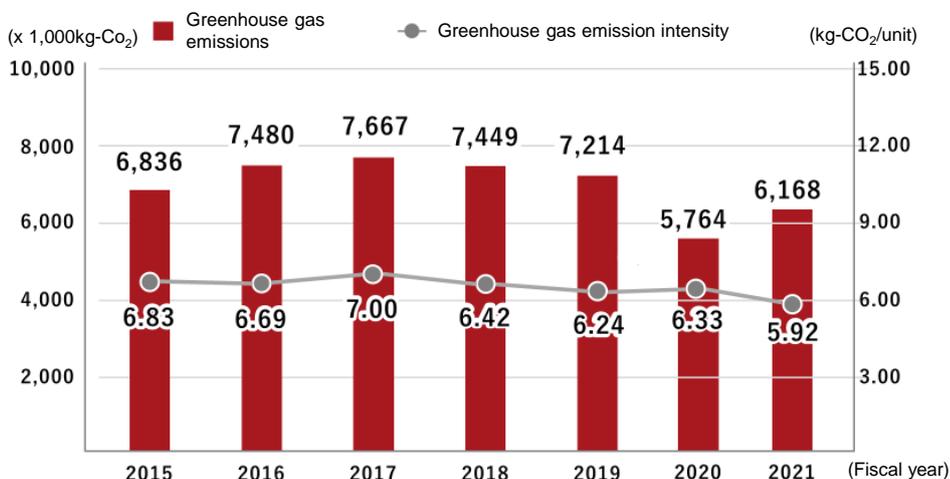
Efforts to Prevent Climate Change

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 30,106 kWh of electricity in fiscal 2021.

Trends in total energy consumption (Scope1 and 2)



Trends in greenhouse gas emissions and greenhouse gas emission intensity (Scope1 and 2)



Trends in greenhouse gas emissions (By scope)

		Unit	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
CO2 emissions	Scope1	t-CO ₂	1,148	1,313	1,301	1,075	1,034	791	907
	Scope2	t-CO ₂	5,689	6,167	6,376	6,374	6,180	4,973	5,261



Conversion to LED lighting



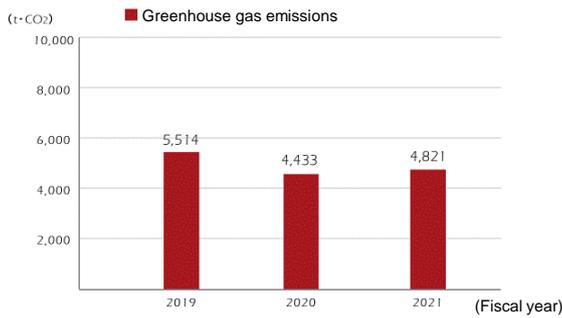
Introduction of energy-saving air-conditioning equipment



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

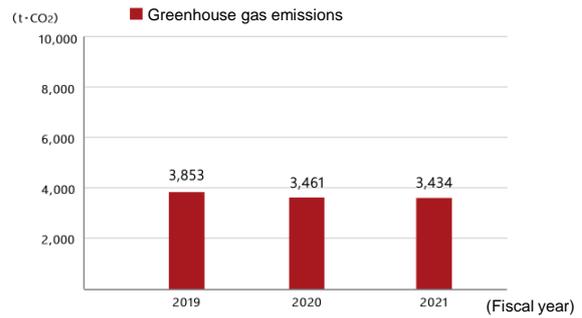
Greenhouse gas emissions of Affiliated companies

Japan region (Except TACHI-S)



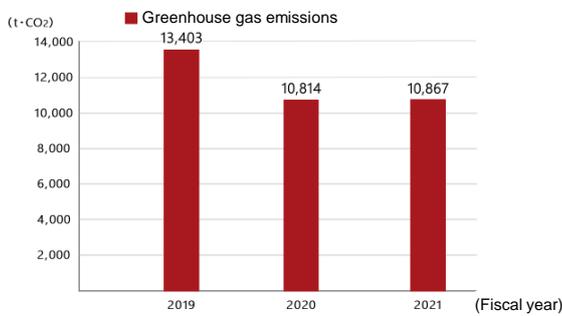
CO ₂ emissions	Unit		FY2019	FY2020	FY2021
	Scope 1	t-CO ₂	428	427	382
Scope 2	t-CO ₂	5,086	4,006	4,438	

North America region



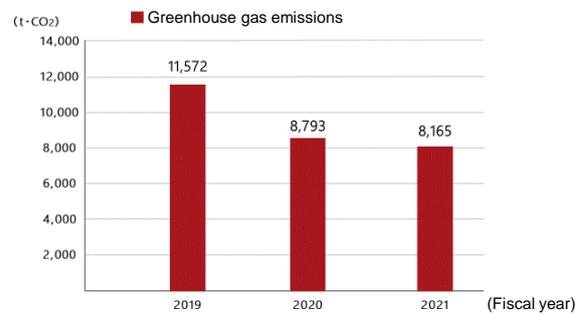
CO ₂ emissions	Unit		FY2019	FY2020	FY2021
	Scope 1	t-CO ₂	22	20	19
Scope 2	t-CO ₂	3,831	3,441	3,415	

Latin America regions



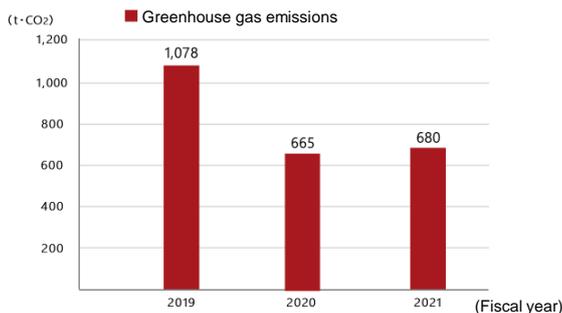
CO ₂ emissions	Unit		FY2019	FY2020	FY2021
	Scope 1	t-CO ₂	2,844	2,311	2,938
Scope 2	t-CO ₂	10,558	8,502	7,929	

China region



CO ₂ emissions	Unit		FY2019	FY2020	FY2021
	Scope 1	t-CO ₂	1,919	1,889	1,989
Scope 2	t-CO ₂	9,314	6,712	6,046	

Asia region



CO ₂ emissions	Unit		FY2019	FY2020	FY2021
	Scope 1	t-CO ₂	111	109	35
Scope 2	t-CO ₂	967	556	645	

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

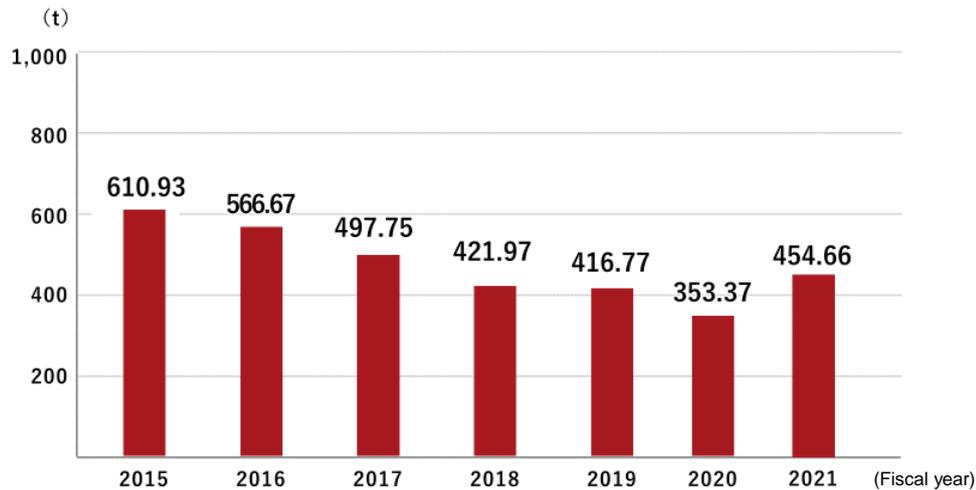
TACHI-S undertakes initiatives for the conservation of resources in the development and production stages.

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).

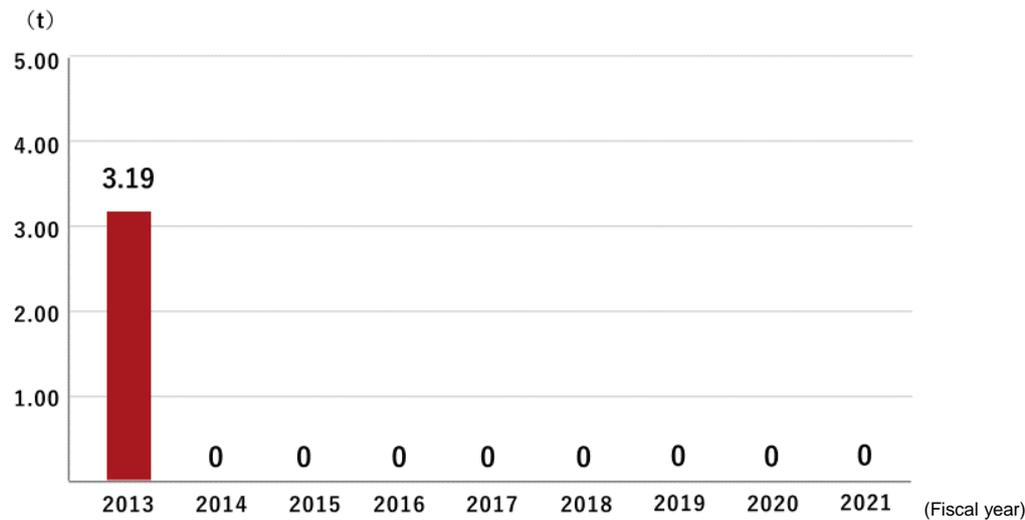
In the production stage, we strive to reduce defects (reduction of defects in the integrated foaming process), and to cut down on packaging materials (switch from one-way cardboard containers to re-usable plastic containers). In the reduction of final disposal waste (landfill waste), we first achieved 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

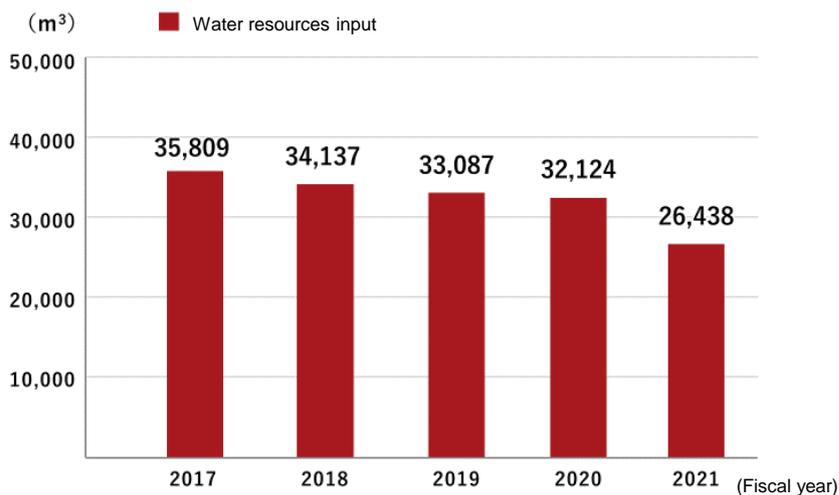
With climate change due to global warming and the rapid population growth of recent years, the risk of shortages in water resources is increasing in some regions. To use limited water resources wisely, we strive to reduce water usage in our production processes, as well as saving water in our facilities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

■ Initiatives and Achievements in Water Resources Management

As a result of water saving efforts in our facilities, we achieved a 17.7% reduction year-on-year in water resource input to 26,438 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	FY2019	FY2020	FY2021
Municipal water supply	33.087m ³	32.124m ³	26.438m ³
Freshwater/groundwater	0m ³	0m ³	0m ³
Freshwater/surface water (lakes, rivers, etc.)	0m ³	0m ³	0m ³

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	2019	2020	2021
Quantity handled (kg)	161,677	101,035	111,045

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	7.3	6.0~8.5	7.1	6.5~8.5	6.5
Biochemical Oxygen Demand (BOD)	mg/l	25	1.4	10	3.0	20	20
Suspended Solids (SS)	mg/l	50	2	10	1	50	0

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





Basic Policy of TACHI-S Procurement

Based on our "Basic Procurement Policy", we procure products from business partners who conduct business activities that consider safety, the environment, human rights, compliance, and social responsibility. We will promote this initiative throughout the supply chain and contribute to a sustainable society.

Our "Basic Procurement Policy"

- Comply with relevant laws and regulations and implement appropriate sales / purchasing contracts.
- We will strive to improve QCD evaluation technology by collecting and sharing information inside and outside the company.
- We will comply with fair and impartial handling in transactions and strive to foster mutual trust.
- We will thoroughly manage confidential information and strive to prevent leaks.
- We will promote procurement activities that consider human rights, labor, safety and health, and the environment.

Promote procurement activities that contribute to society and the environment

In order to minimize the negative impact that our business activities have on society, the environment and to ensure sustainability, we implement various measures. While there are several aspects of activities such as carbon neutrality, not only TACHI-S alone, we will work together with our business partners and promote activities from the same perspective.

In order to promote the realization of a sustainable society throughout our supply chain, we have established the "CSR Guidelines for Suppliers" and "Green Procurement Guidelines" and request all of our business partners to comply with these guidelines. In addition, we use self-check sheets to check the compliance status of our domestic business partners and we provide feedback and work on activities for improvement for low-scoring business partners.

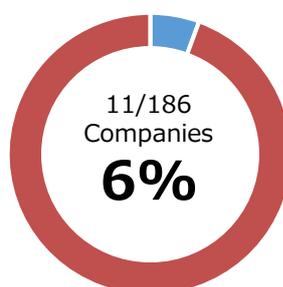
- "CSR Guidelines for Suppliers" (Revised in April 2021. Click [here](#) for the full text)
This guideline is already agreed by 186 companies
- "Green Procurement Guidelines" (Revised in February 2022. Click [here](#) for the full text)
- "Self-check sheet" (Annually, based on the guidelines)

(D, E rank (Under 60 out of 100 points): The number of companies which got D, E rank decreased from 11 companies in 2021 to 7 companies in 2022)

Self-check of guideline compliance

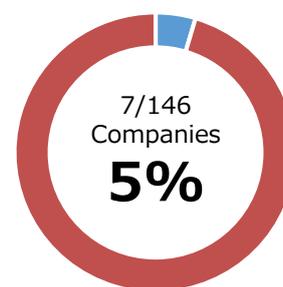
- Self-check sheet" (Annually, started from 2021)
- *For FY2022, implemented only for mass production parts suppliers

Score FY2021



■ under 60 ■ over 60

Score FY2022



■ under 60 ■ over 60

Efforts to strengthen the supply chain

In order to contribute to society and the environment throughout the entire supply chain, we believe that it is important to build strong relationships with our business partners and grow together. Through our annual "Procurement Policy Briefing", we share our thoughts on manufacturing and in addition to gaining understanding for our priority activities, we aim to grow together based on compliance with relevant laws / regulations, fair / impartial evaluation, and selection of business partners.

■ Procurement policy briefing

We hold Procurement Policy Briefings as part of information sharing with our business partners. It was implemented in a web distribution format and we defined five priority activities for this FY 2022.

[Priority activities]

1. Efforts to improve quality
2. Advanced SE activities
3. Technical VA / logistics improvement activities
4. Score of SSC improvement activities
5. Efforts for the environment

We recognized our business partners who have contributed to improve our competitiveness to express our gratitude for them.



Excellent Business Partner Award

■ Supplier Score Card : SSC

In order to improve the corporate value of our business partners, we conduct an annual evaluation from the perspective of QCD. For suppliers who need improvement, our departments work together and provide support.

■ Efforts of BCP

For procurement risks that affect production activities, such as natural disasters, fires, cyber terrorism, financial problems of business partners, successor problems, we will continue working on preventive measures.

We check supply chain information and company information of our business partners and extract risks. If there are concerns about the extracted risks, we conduct individual interviews, confirm issues and work together with our business partners to solve those issues, and improve a business continuity.

■ Efforts of Conflict Minerals

We participate in "Responsible Minerals Trade Working Group" of JEITA (Japan Electronics and Information Technology Industries Association) to confirm the latest content about minerals trade and promote our response to the conflict minerals issue in cooperation with industry groups. In addition, once a year, we conduct a survey of the place of origin of conflict minerals.

If it is found that conflict minerals are contained in our product components or raw materials through investigation, we will consult with the relevant business partners and we will take appropriate measures such as discontinuing its use immediately.

*Conflict minerals: They are mineral resources mined in conflict areas such as African countries. In particular, under the provisions of the U.S. Financial Regulatory Reform Act (Dodd-Frank Act), four types of conflict minerals, Tin, Tantalum, Tungsten, and Gold, are defined as 3TG. Minerals mined in these areas have funded the activities of local armed groups.

■ Efforts for Risks of Human rights and labor

We ask our business partners to follow the "CSR Guidelines for Suppliers" and also, we ask them to conduct self-checks as mentioned above. We verify our business partners' human rights and labor risks based on self-checks, and work together with business partners which are considered to have high-risk.

In FY2021, 146 companies conduct self-checks and there were 7 high-risk companies with human rights evaluations.

■ Efforts to Environment

Based on "Green Procurement Guidelines", we comply with laws and regulations related to the materials and parts that make up our products, and work together with our business partners to manage environmentally hazardous substances. We will also monitor CO2 emissions, present reduction targets, and carry out activities aimed at realizing a sustainable society.

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.

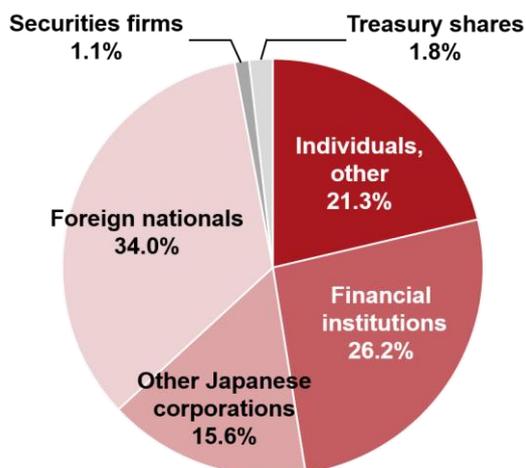
[> Link to Disclosure Policy](#)

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 FY2021, an annual dividend of 63.6 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, 2022)



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.

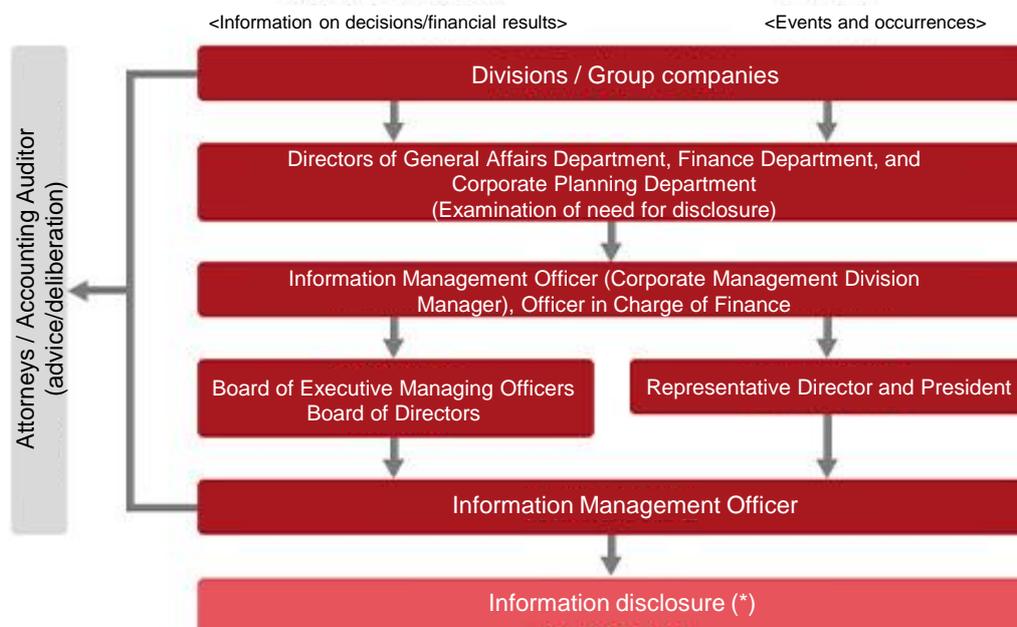
The Company will disclose documents in accordance with related laws and regulations, including the Companies Act and the Financial Instruments and Exchange Act, using an appropriate method, and will also promptly publish the same material on the Company's website following disclosure. In addition, regarding 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, the 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, 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 a presentation meeting is held to explain the financial results to analysts and institutional investors. From FY2022, presentation meeting is scheduled to be held after the interim financial results in addition to after the annual financial results. 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 30% 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)	Twice a year (Scheduled in FY2022)
• Public release of financial results presentation	3 Times a year (Scheduled in FY2022)
• 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



Certificate of appreciation from Yokote city



Social Contribution Activities of Affiliated Companies



Donated 4welding robots to 3 universities in Mexico for students in the engineering field



TACHI-S Mexico



Provided food and learning support to the needy in society



TACLE Guangzhou Automotive Seat Co., Ltd.



Mangrove Planting Activities

Mangrove Planting



TAST's CSR

TACHI-S Automotive Seating (Thailand) Co., Ltd.



Local cleaning Activities



TACHI-S (Thailand) Co., Ltd.



Reconstruction Support for the Great East Japan Earthquake
Support the affected area by eating the food from the affected area
Actively use fishery products and processed foods in disaster-stricken areas



TF-METAL Co., Ltd.



Reconstruction Support for the Great East Japan Earthquake
Support the affected area by eating the food from the affected area
Actively use fishery products and processed foods in disaster-stricken areas



TACHI-S Service Co., Ltd.

ESG Report

This page is a library that contains a PDF version of our ESG Reports. * The name has been changed to ESG Report from FY2022.

■ TACHI-S ESG Report 2022 (Published in October 2022)

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

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

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

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

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

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

[Full Report PDF version](#)

Editorial Policies

The purpose of this ESG website is to provide stakeholders with information on TACHI-S Group's approach to ESG and sustainability, its ESG 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 ESG 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 2022

| Period Covered by the Report

April 1, 2021 – March 31, 2022

(However, some reports on initiatives before fiscal 2021 and initiatives for fiscal 2022 are also included.)

| Organizations Covered by the Report

Unless otherwise noted, 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.)