

Materiality

After identifying risks and opportunities for materiality, goals (KPIs) are set and policies are managed.

Materiality formulation process

Regarding materiality, we work with third-party organizations to determine it so that we do not become complacent.

1 Internal evaluation of international guideline items (stratified by importance to us)

From the viewpoint of importance to our company, we interviewed related divisions in our company regarding a total of 37 items, 36 items from GRI and 1 item from SDGs, and scored them (three-grade evaluation).

2 External evaluation of international guideline items (stratified by the degree of interest of our stakeholders)

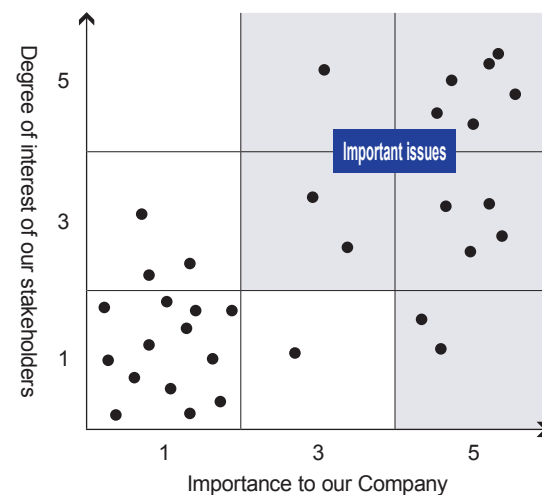
Adding points to the issues that the external evaluation organization pays attention to and the number of companies that consider items important among the four benchmark companies, we stratified them into three grades (evaluated by a third-party organization).



























3 Confirmation of important issues (materiality)

Items that are located in the “particularly high area” of importance to our Company and degree of interest of our stakeholders are judged to be the most important issues.

4 Identification of important issues (materiality)

Five important themes and 15 important issues have been identified.



	Materiality	Ideal situation	Risks	Opportunities	Initiatives for FY 2022	Goals (KPIs) for FY 2023	Related SDGs
Solving problems through business	Product development that solves social issues	Development stance to grasp global social issues and seek contributions	• Decline in competitiveness	• Value creation beyond the framework of existing businesses	• Expansion of sales of digitalkey business “Bqey” and test launch of “Uqey” • Development and sale of products that transcend the boundaries of existing areas, such as upcycled products	Targeting sales of 15 billion yen in 2030: • Development of cloud business infrastructure and strengthening of sales activities centered on digitalkeys • Development of consumer products and strengthening of sales activities	   
	Customer safety and quality assurance	Provision of safe and secure products and services to customers (end users, automobile manufacturers, and service providers)	• Damage to customers, decrease in productivity	• Gain of customer trust	• Reinforcement of foundations to support “Tokai Rika quality” • Securing the quality that achieves the No. 1 position in the industry • Improvement of customer satisfaction from our new businesses	• Sold vehicles dealt with: 0 cases • Defects at delivery (regulations and functions): 0 cases • Serious incidents: 0 cases	  
	Promotion of information security	Appropriate management of information assets to prevent confidentiality leakage, falsification of information, and discontinuance of services	• Decreased reputation	• New customer development	• Implementation of targeted email countermeasure training • Establishment of subsidiaries' C-SIRT organizational structure	• Security incidents affecting the supply chain: 0 cases	  
Basic activities that support business	Health and safety	Achievement of physical and mental health of all employees (including indirect employment)	• Decrease of employee motivation • Difficulty in securing human resources	• Fostering and securing excellent human resources	• Promotion of health management	• Promotion of lifestyle improvement activities • Promotion of mental health activities • Continuous acquisition of “White 500”	 
	Human resource development	Provision of the education that employees need or desire, on an equal basis	• Depletion of human resources who will lead the next generation	• Sustainable growth	• Implementation of individual human resource development based on the “cycle of active participation and growth” using career design sheets and 2-way communication sheets	• Implementation of problem-solving training • Implementation of line manager training	 
	Diversity	Prohibition of all discrimination based on age, gender, disability, race, ethnicity, origin, religion, etc. and co-operation that recognizes others	• Uniform thinking and judgment	• Promotion of innovation	• Holding of lectures and study sessions to promote communication and encourage employees' commitment to their own careers. • Information deployment to help employees develop their commitment to their own careers • Establishment of a system for human resource development with an eye toward promotion to team leader • Career support activities for club recruits • Introduction of communication support tools for the hearing impaired	• Initiatives for maintaining motivation and career autonomy for each age group based on life events • Creation of an environment where everyone can learn • Creation of opportunities to input a wide variety of information • Identification and improvement of factors that hinder employee success • Making friends and improving sense of belonging • Promotion of diversity across Tokai Rika	 
	Response to climate change	Achievement of carbon neutrality	• Increase of natural disasters • Increase of energy costs	• Contribution to solving global warming problems	• Energy-saving improvement in production equipment through subcommittee activities • Introduction of renewable energy • Improvement of transportation efficiency by reviewing the routes	• Energy CO ₂ emissions: 107,844 t-CO ₂ or less (consolidated) 44,671 t-CO ₂ or less (unconsolidated) • Renewable energy rate: 10.5% or more (to whole power consumption) • Transport CO ₂ emissions: 2,895 t-CO ₂ or less	 
	Prevention of environmental pollution	Continuation of zero environmental abnormalities and complaints	• Production suspension due to law violation • Loss of trust due to pollution	• Improvement of reliability from the local community	• Enhancement and promotion of environmental management system • Environmental risk reduction activities	• Environmental abnormalities and complaints: 0 cases	   
	Sustainable resource use	Building of a circular economy through effective use of resources	• Increase of costs for resource procurement and waste disposal	• Building of a sustainable production system • Increase to added value of products by using ecofriendly materials	• Waste reduction activities through 3R activities • Activities to reduce packing materials by reviewing packing methods • Use of recycled water (semiconductors, plating processes)	• Waste materials base unit: 0.37 t / million pieces • Packaging and wrapping materials base unit: 0.549 t / 100 million yen • Effective use of water resources according to the water conditions in each region: 551 thousand m ³ (unconsolidated)	 
	Initiatives for biodiversity	Realization of a community where people and nature coexist	• Destabilization of procurement of natural resources	• Improving the corporate image by contributing to the local community	• Conservation activities of Satoyama and wetlands through links with local communities • Global tree-planting activities	• Biodiversity preservation activities at each plant that contribute to the local community	
	Corporate governance	Building of a non-self-righteous organization that respects the opinions of stakeholders as much as possible through a CSR system that functions as a management system	• Difficulty in financing	• Increase of market value	• Building of an organizational structure to promote the mid-term management plan	• At the board of directors meetings, important management matters and the direction of business for the future will be discussed, and the progress made on the mid-term management plan will be confirmed.	
	Restructuring the company-wide CSR system		• Activities with uncertain priorities and directions	• Contribution to the sustainability of society	• Reflection and implementation of materiality in company policy		
	Anti-corruption	Preventing various forms of bribery in consideration of employee safety	• Participation in misuse of power and position	• Promotion of sound public-private and private-private exchanges	• Education for preventing bribery (education before overseas assignment)	• Establishment of prohibited items based on relevant laws, and regulations and guidelines for response • Narrowing down of countries with high risk and formulating activity policies	
	Anti-competitive behavior	Prevention of recurrence throughout the company	• Promotion of unhealthy markets	• Establishment of a fair free competitive market	• Antitrust Law education	• Efforts to keep past examples from fading	
	Permeation of CSR into the supply chain	Prevention of indirect human rights violations	• Assistance for indirect antisocial behavior	• Raising the level of CSR in society	• Dissemination and promotion of supplier CSR guidelines • Activities to spread CSR among suppliers through supplier meetings	• Continuation of grasping the current situation using the CSR checklist • Deep understanding of the content of the human rights due diligence (DD) part ⇒ Revision of supplier CSR guidelines	