

Materiality

After identifying risks and opportunities for materiality, goals (KPIs) are set and policies are managed.  
The materiality was reviewed by the Board of Directors in September 2024.

Solving problems through business

Solve social issues through innovative product development

- Product development that solves social issues



Support customer safety and security

- Customer safety and quality assurance
- Promotion of information security and cyber security



Basic activities that support business

Increase motivation to work and promote growth and contribution to society

- Health and safety
- Human resource development
- Diversity & inclusion



Reduce the burden on the environment

- Response to climate change
- Sustainable resource use



Reduce barriers to fair business practices

- Respect for human rights
- Fair trade (anti-corruption and anti-competitive behavior)
- Sustainability penetration in the supply chain



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)

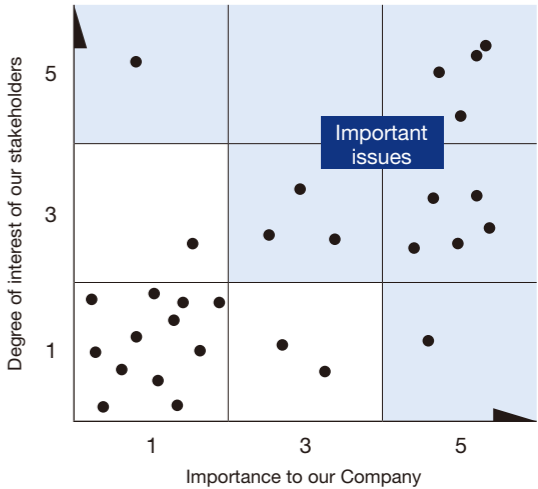
Adding points to the issues that the external evaluation organization pays attention to and the number of companies that consider items important among the four benchmark companies, we stratified them into three grades (evaluated by a third-party organization).










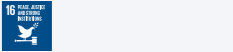
3 Confirmation of important issues (materiality)

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 11 important issues (14 issues were aggregated) have been identified.



	Materiality	Ideal situation	Risks	Opportunities	Initiatives for FY 2023	Goals (KPIs) for FY 2024	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 marketing 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 and cyber security	Appropriate management of information assets to prevent confidentiality leakage, falsification of information, and discontinuance of services	• Shutdowns due to cyber attacks • Impact on customer operations • Decreased reputation	• New customer development	• Implementation of training on recovery using backups • Provision of guidance and education to suppliers	• Implemented activities to achieve Level 2 of the Automotive Industry Cyber Security Guideline • Conducted recovery drills for 24-hour production recovery in the event of an incident	
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 lifestyle improvement activities • Promotion of mental health activities • Continuous acquisition of “White 500”	• Reduction of employees with obesity → BMI of 25 or more: 26% • Decrease in mental health issues → Leave of absence: 3.5% Presenteeism: 20.0%  • 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	• Secondment to different industries • Reinforcement of rank-based training	• Training for problem-solving training instructors → Improvement of leadership skills → Appropriate advice to trainees → Improved understanding • Introduction of on-demand training → No. of trainees: 600	
	Diversity & inclusion	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	• Creation of opportunities for organizational climate reform through cross-industrial exchanges • Lectures by leaders of different industries • Courses on information sensitivity (lectures, self-management seminars, etc.) • Initiatives to support the endeavors of athlete human resources • Promoting understanding of employment of people with disabilities • Initiatives for career autonomy	• Support for information communication and activities of subsidiaries, affiliated companies, and partner companies • Holding lectures by leaders of different industries and cross-industrial exchange meetings • Holding self-management training • Holding diversity management training • Information disclosure about job openings in a variety of career paths (outside of the company) as post-retirement options • Introduction of a training program for athlete human resources for their post-retirement	
	Response to climate change	Achievement of carbon neutrality	• Increase of natural disasters • Increase of energy costs.	• Contribution to solving global warming problems	• Expansion of the introduction of renewable energy • Reduction of energy consumption through rigorous energy conservation • Development of low-CO <sub>2</sub> material BAMBOO+	• Energy-related CO <sub>2</sub> emissions • Consolidated: 102,882 t-CO <sub>2</sub> or less, Unconsolidated: 43,495 t-CO <sub>2</sub> or less • Renewable energy rate: 12.8% or more • Transport CO <sub>2</sub> emissions: 2,863 t-CO <sub>2</sub> or less	
	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	• Reuse of plastics • Reduction of packaging materials in logistics • Development of upcycled products • Use of recycled water (semiconductors, plating)	• Waste materials base unit: 0.37 t/million pieces • Packaging and wrapping materials base unit: 0.542 t/100 million yen • Water intake (unconsolidated): 551,000 m <sup>3</sup>	
	Respect for human rights	Consideration of the human rights of all stakeholders	• Decline in competitiveness of recruitment and stock price due to loss of reputation • Suspension of transactions due to failure to meet procurement standards	• Increase in productivity through heightened motivation of employees and suppliers • Increase in orders received by improving customer confidence	• Implementation of human rights due diligence (DD) on some suppliers • Continuous study sessions with suppliers • Revitalization of the consultation service and workplace counselor system as part of the relief mechanism	• Human rights education for the Group and suppliers • Human rights DD on the Group and suppliers	
	Fair trade (anti-corruption and anti-competitive behavior)	Conducting business activities in a fair and corruption-free manner	• Participation in misuse of power and position • Promotion of unhealthy markets	• Promotion of sound public-private and private-private exchanges • Establishment of a fair free competitive market	• Education for preventing bribery (education before overseas assignment)	• Continuation of legal checks prior to all meals with public officials, etc.	
	Sustainability penetration in the supply chain	Prevention of indirect involvement in anti-environmental and anti-social activities	• Aiding and abetting anti-environmental and anti-social behavior	• Improvement of environmental and social sustainability	• Dissemination and promotion of supplier Sustainability Guidelines • Activities to spread sustainability among suppliers through supplier meetings • Deep understanding of the content of the human rights DD part → Revision of supplier Sustainability Guidelines	• Assessment of the current status using the revised Sustainability Guidelines checklist	