

Sustainability Management Based on Materiality

Four pillars	Materiality	Objective (Ideal State)	Main initiatives (FY2023~)	SDGs	KPI	Scope	Target FY	Target Value	Major Achievements in FY2022 (partly including FY2023)	Related pages
Fostering Trust with Stakeholders	Corporate ethics and compliance	As a foundation for sustainability management, raise ethical standards of all employees as well as their pride in the company and their work, and fulfill our responsibilities to society.	Implementation and correction of Code of Conduct self-assessment, anti-corruption and compliance awareness and fraud prevention, implementation of awareness-raising and education at each levels, and dissemination of information through company newsletter	12.8 16.5 and general	Implementation rate of Code of Conduct survey self-assessment	Group	2023	70%*1	<ul style="list-style-type: none"> Conducted employee questionnaires regarding our Code of Conduct, including 11 overseas companies. Conducted by 43% of the Group*2 	p11
	Responsible procurement	Work together throughout supply chains to address social issues such as human rights and environmental concerns.	Review of the Supplier Sustainability Guidelines and their development and dissemination, including overseas, supplier sustainability risk assessments, auditing and support for suppliers of concern, non-use of conflict mineral resources in supply chains, awareness-raising for suppliers on BCP, and parts procurement status surveys for overseas components	3.9 6.3 6.4 7.3 8.7 8.8 11.5 12.2 12.4 12.5 13.1 13.3	Company ratio (purchase amount base) for survey of supplier compliance with "Supplier Sustainability Guidelines"	Group	2025	80%	<ul style="list-style-type: none"> Deployment to suppliers based on Supplier Sustainability Guidelines Conducted self-checks (Pacific Industrial, 80% or more. Average compliance rate about 95%) Conducted SDG-related study sessions for major suppliers Conflict minerals survey Declaration of Partnership Building (April 2022) 	p12
	Improvement in customer satisfaction	Increase customer trust in the long term by improving our quality and reputation for sustainability.	Extension of product life cycles by achieving high quality, reducing waste, and improving evaluation of EcoVadis and CDP, which has been requested by several customers	7.3 12.2 12.4 12.5 13.2 13.3	Number of recalls issued	Group	—	0	<ul style="list-style-type: none"> No. of recalls: 0 14 awards received from customers Implemented quality improvement projects through START activities Efforts to improve CDP and EcoVadis evaluations 	p13
	Local community development	Contribute to attractive development of local communities, which are the foundation of our corporate activities, and strive for co-existence and co-prosperity with our stakeholders.	Support for fostering of the next generation in education, scientific research, manufacturing, etc.; biodiversity conservation activities; support for culture and sports such as Ogaki Minamo, FC Gifu, and soft tennis; promotion of global contributions to local communities; and formulation of plans for local support activities during disasters	4.5 4.7 9.5 10.2 11.5 17.16 17.17	No. of social contribution activities implemented*3	Group	2022	110	<ul style="list-style-type: none"> Various sponsorships Ongoing donations Support for creating places for children Community contribution activities through sports Ongoing researcher support from Ogawa Science and Technology Foundation 112 social contribution activities (Group) 	p14

Notes *1. Target revised to include all employees of overseas companies in the denominator
 *2. Previously, some overseas companies were excluded from the denominator of the implementation rate, but this has been revised to including all Group employees in the denominator.
 *3. Targets have also been revised to exclude sponsorship and advertising-related items from the number of cases.

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Solving Social and Customer Issues through Products	Contribution to a sustainable mobility society and prosperous living	Create products that contribute to the resolution of social issues in both existing and new areas, and contribute to society through our business.	Research and development of products that contribute to the next generation mobility society and prosperous living.	9.5 11.2 and individual judgment	No. of products developing that solve social issues	Group	2030	20 cases	<ul style="list-style-type: none"> • No. of products developing that solve social issues: 10 • CAPSULE SENSE physical health monitoring system for cattle launched • Participated in MLIT demonstration test with flood detection sensors • e-WAVES won the Nippon Brand Award at the 2022 Cho Monozukuri Parts Awards, and a new model was also announced 	p16
	Improving mobility safety	Contribute to zero traffic deaths by improving automobile safety through our core businesses.	Reduction of the number of traffic deaths and injuries (Contributions through, for example, TPMS products that prevent accidents caused by insufficient air pressure and high-strength UHTSS products)	3.6	Ratio of UHTSS versus all stamping products	Group	2024	25%	<ul style="list-style-type: none"> • Development and expansion of sales of ultra-high tensile products by cold stamping (new Crown, new Prius, etc.) • Ratio of UHTSS versus all stamping products: 25.2% 	p17
					Number of TPMS products and TPMS valves sold	Group	2025	5-year total: 600 million	<ul style="list-style-type: none"> • Received Global Innovation Award from Nissan for next-generation G-Type TPMS (July 2023) • No. of TPMS products and TPMS valves sold: 106 million 	
Development of environmentally-conscious products	Create a virtuous cycle in which the more we sell, the lower the environmental impact, through development, design, and creation of new businesses that create value throughout the value chain.	Development and sales expansion of environmentally-conscious products (weight reduction, energy saving, etc.), improvement of resource-use efficiency, development and sales expansion of products for electrified vehicles.	7.3 9.4 11.2 12.2 12.5 13.2 13.3	Sales ratio for electrified vehicles	Group	2030	70%	<ul style="list-style-type: none"> • Sales of control valves for thermal management systems • Sales ratio for electrified vehicles: 29.1% 	p17	

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Minimizing Environmental Load	Mitigation of and adaptation to climate change	Strive to mitigate and adapt to climate change, a major global issue that has a significant impact on our business.	Action to achieve the IPCC's 1.5-degree or 2-degree target, reduction of energy use, introduction of renewable energy, evaluation improvement in "climate change" and "water" in CDP's supply chain program	7.2 7.3 13.1 13.2 13.3	CO ₂ emissions	Group	2030	50% reduction (Scope 1,2, compared to FY2019)	<ul style="list-style-type: none"> CDP evaluation climate change leadership level "A-" (3 years in a row) Thai subsidiary achieved 100% renewable energy Expanded solar power generation facilities at Higashi Ogaki Plant and Yoro Plant CO₂ emissions (group): 76.9 kt (18.4% reduction from FY2019) 	p21
	Sustainable resources use	Engage in manufacturing from the perspective of resource conservation and reuse, including the procurement of raw materials and product design, based on the demands of society and changing values.	Promotion of waste minimization and recycling	9.4 12.2 12.4 12.5	Amount of waste generated	Group	2030	30% reduction (from FY2019)*	<ul style="list-style-type: none"> Material recycling of plastic waste at Wakayanagi Plant Amount of waste (group): 3,625 t (8.0% reduction in Japan, 18.4% reduction overseas, compared to FY2019) 	p22
	Conservation of water resources	Consider effective use of water resources and biodiversity because of the increasing severity of floods and droughts worldwide, and growing concerns over water shortages.	Reduction of water consumption, and water quality monitoring and external disclosure	3.9 6.3 6.4	Amount of water used	Group	2030	Proper usage	<ul style="list-style-type: none"> Reduction of cleaning water on electrodeposition coating (E-coat) lines and plating lines Water usage (group): : 1,394 thousand m³ (20.1% reduction compared to FY2019) 	p22

* Material recycling in Japan and the amount of waste at some bases were not included in the disclosed data, so the waste emissions targets for 2030 and actual results for 2022 have been changed

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Respecting Human Resources and Their Active Participation	Respect for human rights	Human rights issues can lead to serious problems not only in Japan, but also in developing countries and at upstream suppliers. Our company attaches great importance to respect for humanity and will fulfill its responsibility to respect human rights.	Human rights due diligence efforts and identification of human rights risks	5.1 8.7 8.8 10.2 10.3	Implementation rate of human rights survey	Group	2023	70%	<ul style="list-style-type: none"> Implemented 43% of human rights surveys based on self-checks of the Code of Conduct (Group)* Participation in UNDP human rights training and dialogue with experts Awareness-raising through company newsletter, and job level-based education Education for our main business partners 	p23
	Stable employment and decent work environment	Aim to improve both productivity and employee job satisfaction based on employment stability and fairness by realizing decent work and well-being (physical, mental, and social) and increasing employee engagement.	Ensuring of employment that enhances job satisfaction and lowering of employee turnover through improved employee engagement, appropriate evaluations, and having the right people in the right jobs, and creating a workplace that is flexible and easy to work in according to individual circumstances	8.5	Turnover rate	Pacific Industrial	2025	1.5% or less	<ul style="list-style-type: none"> Began considering how to improve employee engagement Convert non-regular employees into regular employees (39 people) Turnover rate of 2.5% (Pacific Industrial) Changed plant start times to reduce physical strain (from 6:00 to 7:10 in Tohoku and Kyushu) Provision of air-conditioned clothes to factory workers Expanding the workplace seniority system to include technical new recruits Enhancement of welfare facilities in conjunction with new plant operation (Restaurants, plant rest areas, etc.) (improved work environment due to AC installation in plants) 	p24
	The Safety and health of employees	Respect humanity and create an environment where employees can challenge themselves and maximize their abilities by focusing on the safety and health of our employees.	Elimination of occupational accidents, improvement of the working environment, and achievement of healthy workplaces through health management	8.8	Lost-time injury frequency rate	Group	—	0	<ul style="list-style-type: none"> Promoting "STOP 6" activities to prevent serious accidents Continuous implementation of rank-specific safety education Health Declaration and accreditation in "2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Corporation Category)" (2 years in a row) Lost-time injury frequency rate : 0.64 (Group) 	p25
	Development of human resources and cultivation of culture that we can tackle new endeavors	Hone our ability to thrive in a rapidly changing market environment and provide opportunities for employees to achieve self-fulfillment by developing human resources capable of taking on global challenges, and foster a corporate culture conducive to such challenges.	Promotion of education by rank, and creation of a system and culture to evaluate challenges	4.4 8.2	Training hours per employee	Pacific Industrial	2025	30 hrs/person	<ul style="list-style-type: none"> Continuation of education to improve "psychological safety" 26.6 hours of training per employee (Pacific Industrial) Review of management evaluation methods Start of DX human resource development program Promotion of project activities that encourage challenge (Creating Tomorrow Project, Ω Project) 	p26
	Diversity and inclusion	Revitalize the workplace, contribute to innovation, and reduce turnover by creating an environment and culture that are inclusive and allow people to demonstrate their abilities in accordance with their internal attributes, including individuality, strengths and weaknesses, health situation, personality, beliefs, and sexual orientation.	Creation of a workplace where everyone, including women, can work comfortably, and provision of opportunities to play an active role	10.2 10.3 5.5 5b	Ratio of women in managerial positions	Pacific Industrial Group	2025	5% or over 14% or over	<ul style="list-style-type: none"> Continued strengthening of female recruitment(32% female ratio of new graduate staff hired in April 2023) Promotion of parental leave for male employees: 37.6% (Pacific Industrial) Ratio of women in management positions: 10.3% Group, 3.3% Pacific Industrial Strengthened hiring throughout the year: 105 employees *Including temp employees "We Want to Work! Support Team Gifu" Superintendent of Education Award (Employment of Persons with Disabilities) 	p26

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