






Materiality (Key Issues)

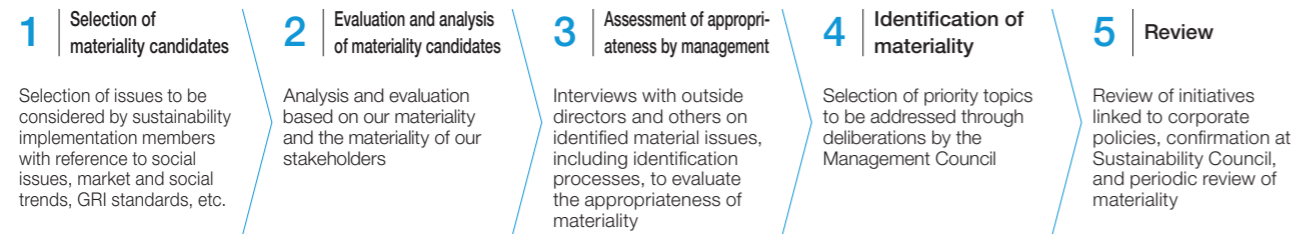
With “Boundless Creativity and Social Contribution” as our company creed, we aim to contribute to the realization of a sustainable society through our growth by achieving both social value and economic value. In order to realize the vision for the company and the delivered value set forth in the 2030 Business Plan, we have designated and worked on several key areas as “materiality” where we can make a particular contribution from among various social issues, such as social forecasts and SDGs, taking into consideration the changing business environment.

		Social Issues/Megatrends	Opportunities and Risks			
Business Operations		<ul style="list-style-type: none"> ● Providing both innovations in automotive technology (BEVs, CASE) and a safe and secure mobility society ● Changes in company competitiveness with accelerating digital/IT transformation 	Expansion of CASE (BEV/FCEV) market	BEV expansion to bring new products to market Risk Opportunity		
				Support for BEV leading markets and BEV leading OEMs Risk Opportunity		
				Expansion of FCEV market Opportunity		
				Advancement of technology for preventing traffic accidents Opportunity		
Management Base		<ul style="list-style-type: none"> ● Increasingly serious problems in the global environment ● Business transformation due to climate change and resource shortages 	Expansion of MaaS market	Change in the way that users value and relate to their cars Risk Opportunity		
				Market changes	Market changes due to infrastructure improvements and laws and regulations in emerging countries Opportunity	
					Accelerate adoption of digitalization, IoT, and DX	Increased production efficiency (automation and reduced workforce) Opportunity
						Environment and resources
Change in competitiveness due to adoption of carbon pricing Risk Opportunity						
Full utilization of rubber and plastic materials and development of materials (lighter weight, material replacement, higher durability, and new materials) Risk Opportunity						
Large-scale disasters due to extreme weather conditions Risk Opportunity						
	<ul style="list-style-type: none"> ● Demographic changes (declining birthrate and aging population) ● Changing values and diversifying work styles 	Human capital	Reduction of energy costs due to implementation of energy-saving initiatives Opportunity			
			Supply chain	D&I for diversification of thinking, skills, and experience Opportunity		
				Governance	Human resource portfolios for efficient use of human capital (including re-skilling) Opportunity	
					Rising global labor costs Risk	
	<ul style="list-style-type: none"> ● BCP risks ● Rising geopolitical risks 	Supply chain	Production impact, supply chain disruptions, and human casualties due to geopolitical risks, infectious diseases and disasters Risk Opportunity			
			Governance	Rising raw material costs, material shortages Risk		
				Governance	Serious quality issues and recalls Risk	
					Rising geopolitical risks	Cyberattacks and scam emails Risk
Management Base		<ul style="list-style-type: none"> ● BCP risks ● Rising geopolitical risks 	Governance	Leakage of confidential information Risk		
				Antitrust law violations (bid rigging and cartels) Risk		

* Green technology: Technologies and products that solve or mitigate environmental problems (e.g., technologies and products that contribute to more lightweight designs and decarbonization)

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Materiality Identification Process



	Key Sustainability Issues (Materiality)	Main Initiatives (Social Issues/Opportunities and Risks to be Addressed)	KPIs and Medium- to Long-term Targets (FY2030)	Relevant SDGs Most Important Areas
	<ul style="list-style-type: none"> Responding to the transformation of the automobiles Reducing traffic fatalities for realizing a safe, secure, and comfortable mobility society 	<ul style="list-style-type: none"> Development of new products for BEVs P.26 Expanding sales to BEV leading markets and OEMs P.25 Development and sales expansion of airbag products to deliver safety and comfort to all P.27 P.48 	<ul style="list-style-type: none"> BEV-related share of revenue: 40% Target Setting Formula: BEV production volume/Car production volume * Based on S&P Global Information Airbag production volume: +1.5 fold increase (compared to FY2022) 	 Achieving a safer, more secure, and more comfortable mobility society
	<ul style="list-style-type: none"> Creating new businesses utilizing core technologies 	<ul style="list-style-type: none"> Expanding new businesses by leveraging experience in new business development P.34 Deployment of corporate venture capital (CVC) P.37 Realization of smart factories (double productivity) P.38 	<ul style="list-style-type: none"> Based on cash allocation (Allocating funds mainly for R&D, human resources, and strategic investments with the aim of expanding fields that contribute to safety, comfort, and decarbonization) 	 Solving social issues by creating innovations
	<ul style="list-style-type: none"> Creating a decarbonized society by reducing CO₂ emissions and greenhouse gas emissions Creating a recycling-oriented society through waste reduction and water risk reduction 	<ul style="list-style-type: none"> Creating environmentally-friendly businesses by leveraging our knowledge in the rubber and plastics fields P.29 P.33 Globally integrated operations to achieve carbon neutrality P.54 Contribution to a recycling-oriented society (Car to Car recycling) P.58 	<ul style="list-style-type: none"> Scopes 1 and 2: Carbon neutral Waste volume (total) [non-consolidated]: -50% (compared to FY2012) Scope 3: -27.5% (compared to FY2019) Waste volume (unit) [overseas]: -55% (compared to FY2015) Renewable energy adoption rate: 100% 	 Realization of a decarbonized, recycling-oriented society
	<ul style="list-style-type: none"> Living together with local communities Use of diverse human resources and respect for human rights 	<ul style="list-style-type: none"> Initiatives rooted in local communities (local self-reliant management, Center of Excellence) P.42 Diversity & inclusion P.62 Safety and health management P.68 Strengthening quality and supply chain to support sustainability management P.65 Responding to geopolitical and economic risks P.82 	<ul style="list-style-type: none"> Percentage of employees receiving training on human rights: 100% Employee engagement affirmation rate [non-consolidated]: 75% Ratio of local executives (vice presidents and above) at overseas locations: 60% or more Number (ratio) of female managers [non-consolidated]: 100 (8.8%) Ratio of mid-career hires in management positions [non-consolidated]: 30% or more Number of serious accidents: 0 Percentage of suppliers implementing sustainability activities: 100% 	 Sustainable growth through diverse workforce
	<ul style="list-style-type: none"> Corporate governance as a company with integrity Ensuring compliance 	<ul style="list-style-type: none"> Strengthening of BCP resilience P.84 Enhancing of internal controls P.70 	<ul style="list-style-type: none"> Number of major legal violations: 0 Major cyber security incidents: 0 	 Fair and transparent corporate governance system