

Message from the Director in Charge of Sustainability



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We will listen more carefully than ever to the voices of our customers, and achieve strong and flexible company growth.

Since I took charge of sustainability management in January 2024, I have been approaching my work with a stronger awareness of the importance of listening than ever before. This is because, in order to achieve strong and flexible corporate growth, it is essential to listen more carefully than ever to the various voices surrounding our company, as the prerequisite for realizing this is that “the direction of the business strategy that the company is aiming for and the path to solving the social issues that the world is seeking to address are in alignment”.

Today, we are facing global structural changes such as the energy revolution in response to climate change, the impact of pandemics, and geopolitical turmoil, while at the same time we are in the midst of a technological turning point, as typified by the rapid evolution and spread of artificial intelligence (AI). We have changed our management strategy and investment direction in response to these changes in social conditions that are progressing at the macro level.

In this context, we have set the most important themes for ensuring the sustainability of our management for 2021 based on the results of interviews with senior management and institutional investors, and have been working to reduce risks and discover opportunities in 15 areas (materiality) related to the environment, products, human resources, supply chains, and governance. For a global manufacturing company like ours, the most important factors in adapting to unforeseen changes are “environment” and “people,” which can have a cross-cutting impact on these materiality areas.

Listening to the voice of the environment

As a company that operates a global-scale business in the field of motor and other drive technologies, we have a responsibility to improve the environmental characteristics of the products we provide, while at the same time minimizing the amount of energy and resources used in all processes from material procurement and manufacturing to disposal. These are also initiatives that will lead to the realization of a Circular Society, a global issue, and the reduction of greenhouse gases, which is at the core of climate change countermeasures, and by adding new environmental value to our product design concepts and manufacturing methods, we will achieve business growth that meets the expectations of society. We have announced our net zero CO₂ emissions initiative for our entire supply chain by 2050. We are learning about the rational approaches required of our company through advice from our customers and participation in international initiatives, and putting them into practice. This includes reporting on climate change and water usage through the CDP (a global disclosure platform for environmental information), analyzing and disclosing the impact of climate change on our business in line with the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), and formulating greenhouse gas reduction targets for 2030. This target was recognized as a scientifically based target for achieving the “1.5°C target” in the Paris Agreement, and it has been certified as an SBT by the international climate change initiative SBTi (Science Based Targets

initiative). In both cases, effective collaboration with a wide range of value chains will be necessary on the path to achieving the plan.

Listening to the voices of people

At our offices around the world, we have over 100,000 employees of diverse nationalities, races, religions, cultural backgrounds, and specialties, who are supported by many customers, business partners, and people in the surrounding communities as they carry out their work. This suggests the importance of taking responsible business actions that are internationally acceptable while understanding the cultural assumptions that differ from country to country, and also shows that close dialogue with the value chain is the key to the continuation of our business.

Furthermore, the presence of many employees from various backgrounds means that the pool of human resources that will carry our company into the future is that much deeper. Through our extensive pool of human resources, we focus on the potential of each and every one of our employees, and we aim to create a workplace environment where employees can find motivation and joy in their work while increasing flexibility in the way they work, as well as to discover and develop human resources who can open up opportunities for the growth of the company and themselves. To achieve this, it is necessary to carefully align the skills required by the company with the work and life perspectives of the individual employees, and we recognize that the construction of a process that makes this possible is a core issue in our Human Resources Strategy. The “Global HR Strategy

Committee” established in April 2024 is the first step in such a process.

In addition, the human rights perspective is essential for meaningful communication with a wide range of internal and external stakeholders, and its importance will only increase in the future. Following the formulation of a human rights policy that applies to the entire Group, we will continue to deepen our understanding of its essential nature and build a system to understand the realities of our company and supply chain from a social perspective.

Governance Structure for Sustainability

As a governance structure necessary for addressing various issues related to sustainability management, including materiality, we have established the Sustainability Promotion Meeting as an executive body and the Sustainability Committee as a supervisory body. The Sustainability Promotion Meeting meets every two months in principle, where the president and other executive officers discuss the progress of implementation plans and issues, as well as sharing information on new social demands. The content of the meeting is reported to the Sustainability Committee, which is made up of a majority of outside directors, and is then shared with the Board of Directors. In June 2024, we introduced a system linking the remuneration of executive officers to the company’s ESG performance.

In order for our company to achieve sustainable growth in the future, it is essential that we work in partnership with our stakeholders. We hope that you will understand the intent behind our sustainability initiatives, and we look forward to your candid feedback.

Sustainability promotion system

