



TOYODA GOSEI REPORT

2021

We are a global company that delivers satisfaction to customers worldwide through safety, comfort, well-being and the environment

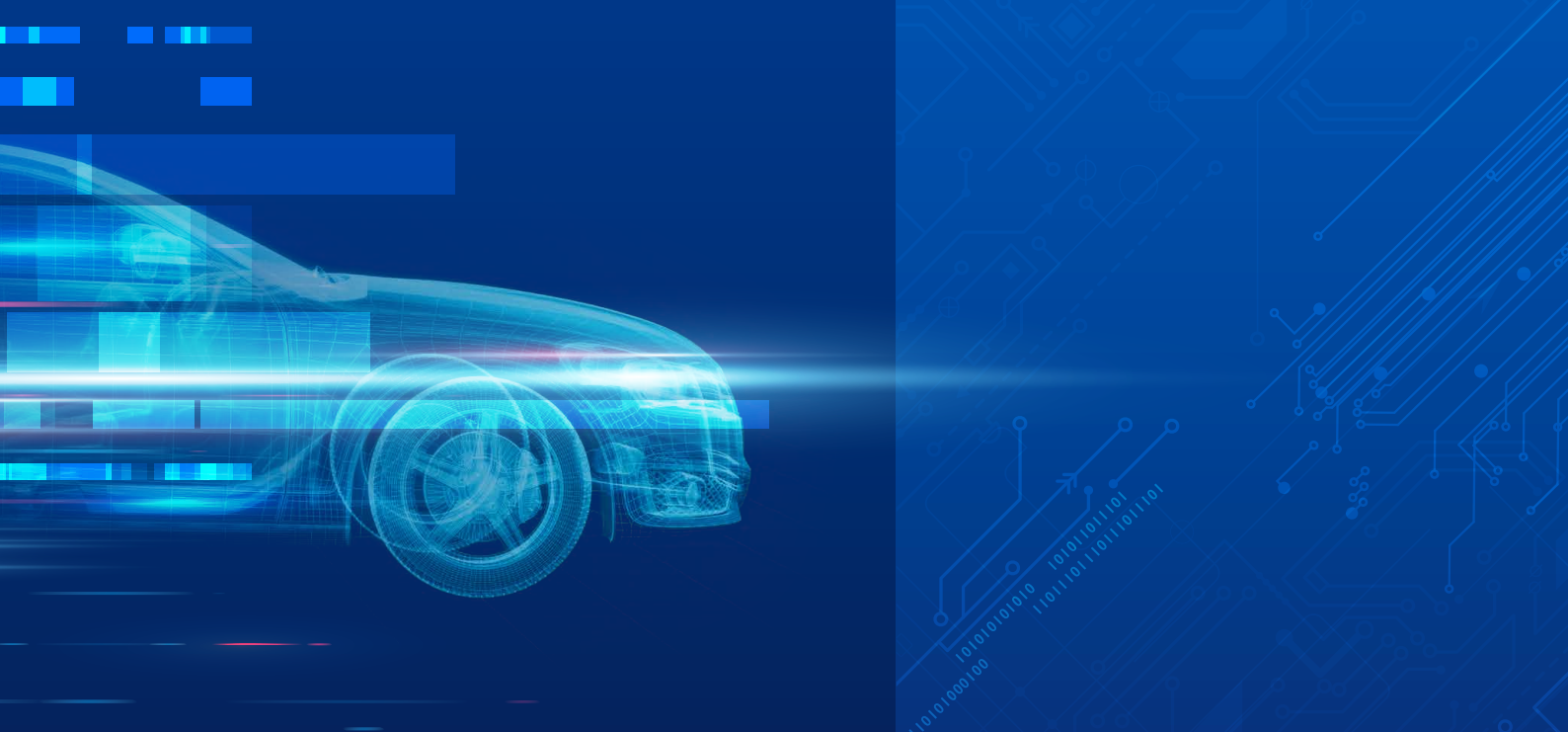
The Toyoda Gosei Group continues to meet the needs of society through the provision of automotive and other products using rubber and plastic technology.

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Value Creation Strategy

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Management Philosophy

Boundless Creativity and Social Contribution

Good corporate citizenship

We, as a good corporate citizen, contribute to the economy and society through community-based business activities and social action programs.

Proper business operation

We promote business operations with integrity through the establishment of a system founded on thorough compliance and corporate ethics.

Sustainable growth

We aim to build up the TG Group's collective strength through an open and fair relationship with suppliers, through a mutually strengthened corporate structure and innovative management response to change.

Customer satisfaction

We aim to provide products and services with satisfying quality and price in a timely manner, through forward-looking R&D and production engineering.

Conservation of global environment and resources

We aim to conserve the global environment and resources in order to hand down a greener world to our children through every business activity, which includes cooperation with society and the development of an environment friendly product and manufacturing process.

Respect for the individual

We aim to establish a vibrant corporate culture through respect for individuality and the value of enhanced teamwork, based on shared responsibility and mutual trust between employees and management.

Foundation of Value Creation

38 Environment (E)

Contributing to environmental preservation through all our business activities / Environmental action plan activities and results / Building a decarbonized society / Building recycling societies / Environmental preservation and building environmentally-friendly societies / Environmental management / Collaboration with external organizations / Third-party assessment

52 Social (S)

Human resources strategy / Respect for human rights / Promotion of human resources development / Active participation of a diverse workforce / Workstyle and workplace cultural reforms / Work-Life balance / Health and safety / Health and safety efforts / Health management / Uniform global quality assurance / Supply chain management / Contributing to local communities / Support activities during the COVID-19 pandemic

66 Governance (G)

Corporate governance / Risk management / Compliance / Management members

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Consolidated statement of financial position / Consolidated statement of profit or loss / Consolidated statement of comprehensive income / Consolidated statement of changes in equity / Consolidated statement of cash flows

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History of Toyoda Gosei

Toyoda Gosei has exploited its expertise in rubber and plastics and provided new value to the world that meets the needs of the times.

1949

1960

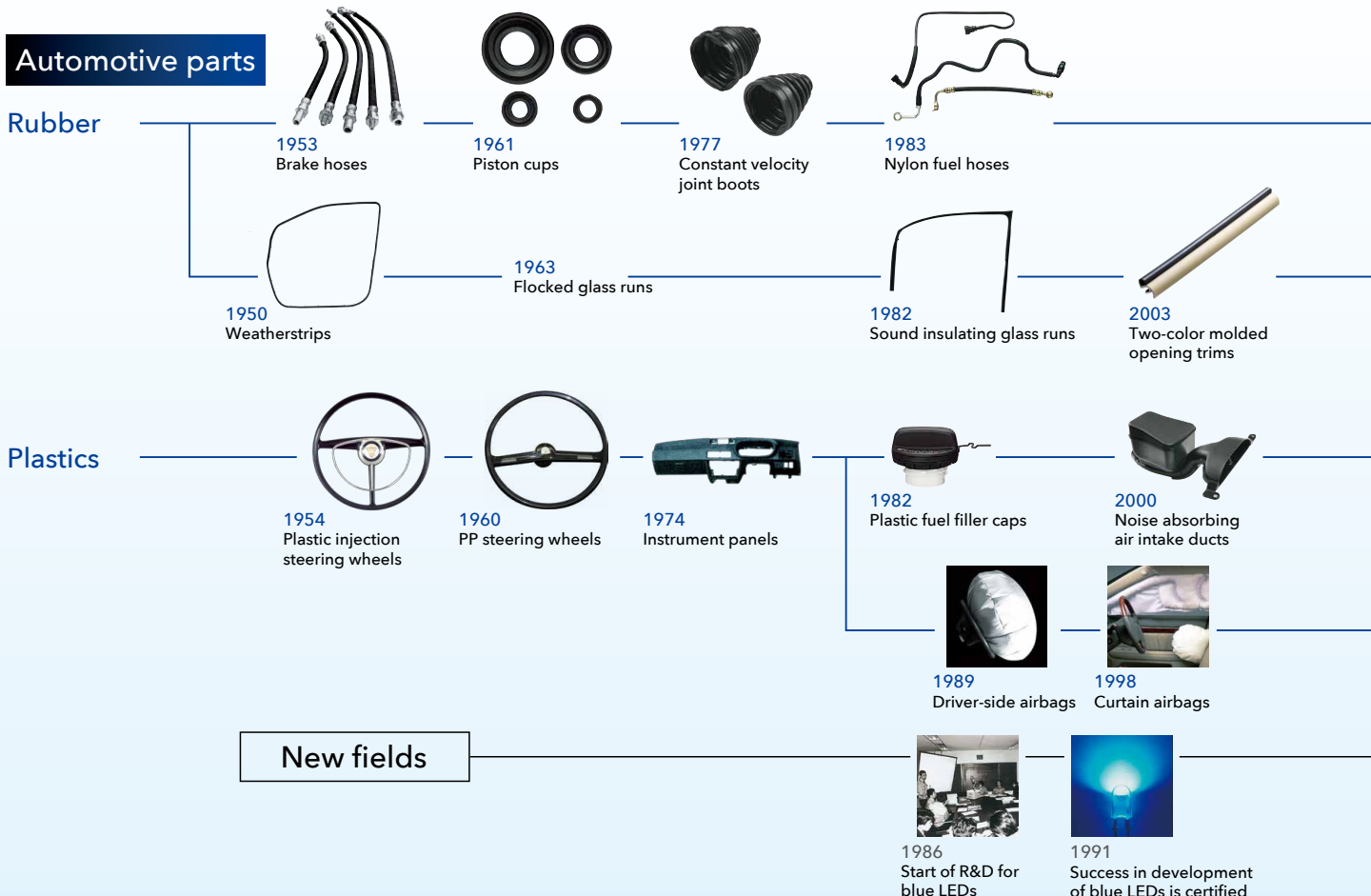
1970

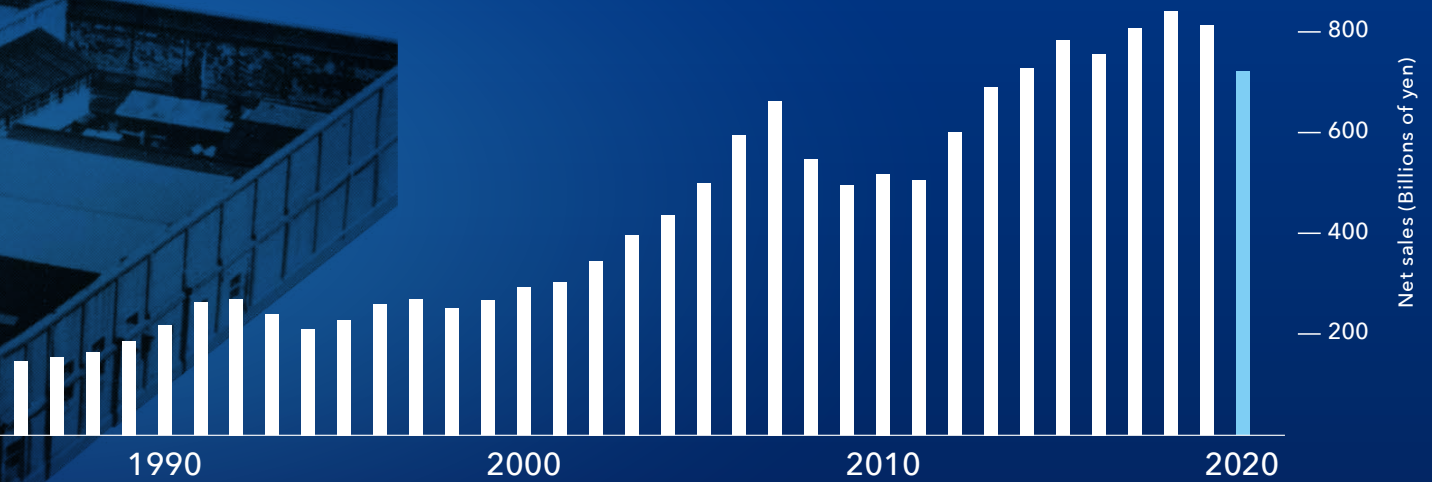
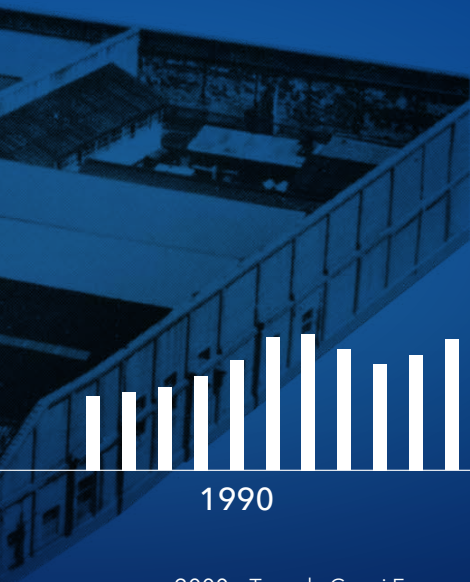
1980

- 1949 Nagoya Rubber Co., Ltd. is established as a spin-off of the rubber research division of Toyota Motor Industry Co., Ltd.
- 1957 Haruhi Plant begins operation
- 1967 Inazawa Plant begins operation
- 1973 Company name is changed to Toyoda Gosei Co., Ltd.
- 1976 Morimachi Plant begins operation
- 1977 US Office is established in Illinois
- 1978 Company is listed on the Nagoya Stock Exchange

- 1980 Headquarters is relocated to present location (Kiyosu, Aichi Prefecture)
- 1982 Bisai Plant is completed and begins operation
- 1985 Capital participation in Tai-yue Rubber Industrial Co., Ltd. Company wins Deming Prize for Total Quality Management
- 1986 TG Missouri Corporation is established
- 1997 Company obtains ISO 9001 Present Kitajima Technical Center is completed
- 1999 Company is listed on the Tokyo Stock Exchange Company obtains ISO 14001 Toyoda Gosei North America Corporation is established

Development history of technologies and products





- 2000 Toyoda Gosei Europe N.V. is established
- 2001 Toyoda Gosei Asia Co., Ltd. is established
- 2005 ISO / TS16949 certification
- 2006 Toyoda Gosei (Shanghai) Co., Ltd. is established
- 2008 Toyoda Gosei Minda India Pvt. Ltd. is established
- 2009 Miwa Technical Center is established
- 2013 Toyoda Gosei East Japan Co., Ltd. is established
- GDBR Industria e Comercio de Componentes Quimicos e de Borracha Ltda. is established
- 2014 Toyoda Gosei Irapuato Mexico, S.A. de C.V. is established

- 2016 Bawal Plant of Toyoda Gosei Minda India Pvt. Ltd. begins operation
- 2018 Gujarat Plant of Toyoda Gosei Minda India Pvt. Ltd. begins operation
- PT. Toyoda Gosei Indonesia is established
- 2019 Hubei Toyoda Gosei Zheng Ao Rubber & Plastics Sealing Technology Co., Ltd. is established
- Thai Binh plant of Toyoda Gosei Haiphong Co., Ltd. begins operation
- 2020 Inabe Plant begins operation
- 2021 Monterrey plant of TAPEX Mexicana, S.A. de C.V. begins operation



2011
Lightweight radiator hoses



2010
Lightweight opening trim weatherstrips



2017
Glass runs for flush surface door



2008
Plastic fuel filler pipes



2014
Plastic water pipes



2015
Capless fuel fillers



2017
Large radiator grilles



2018
Air conditioner registers with LED lighting



2019
Plastic turbo ducts / Battery cases



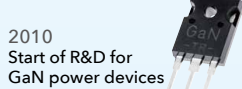
2020
Extra-large spindle grilles



High pressure hydrogen tanks



2008
Rear-end impact airbags



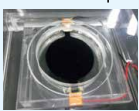
2010
Start of R&D for GaN power devices



2017
Steering wheels with grip sensor / New type of side airbags



2021
Driver-side airbags for better protection in angled frontal collisions



2007
Start of R&D for e-Rubber

2014
Profs. Isamu Akasaki and Hiroshi Amano (Toyoda Gosei technical advisor) receive Nobel Prize in Physics



2020
UV-C space disinfectors, which use UV-C (deep UV) LEDs, are launched

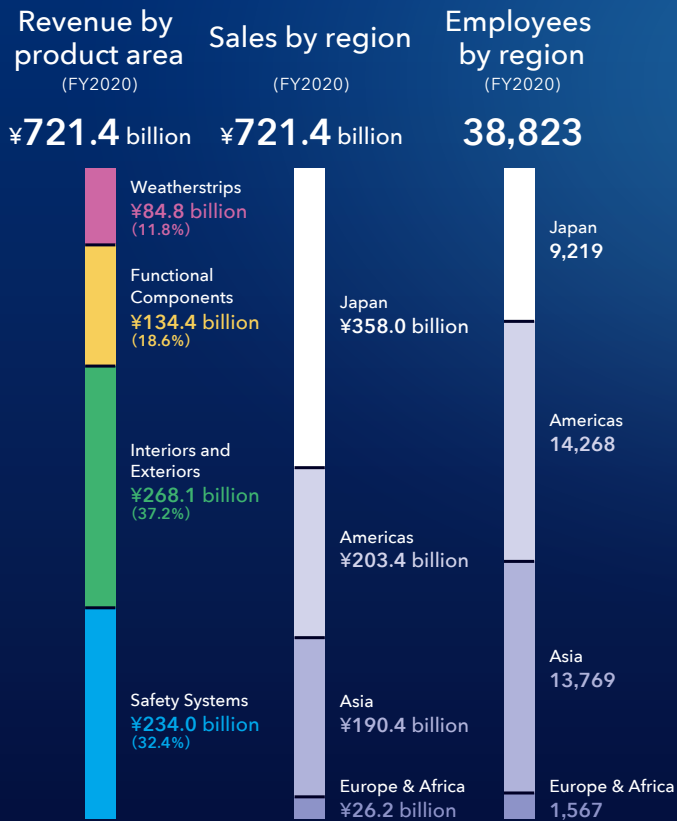


2019
Development with EBM Corp. of the Super BEAT heart surgery simulator that uses e-Rubber

2020
Exhibition of e-Rubber technology at CES, the world's largest consumer technology trade show

Businesses and Locations

We supply rubber and plastic automotive parts globally.



Japan
18
companies

Employees
9,219
Sales
¥358.0 billion

Europe & Africa
4
companies

Employees
1,567
Sales
¥26.2 billion

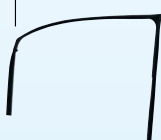
*Rounded down to the nearest one hundred million yen
*Sales by region includes amounts for internal transactions within the Group, and so does not match the total value for consolidated sales

Product area

Automotive parts



Weatherstrips
¥84.8 billion
(11.8%)



Door glass runs



Opening trim weatherstrips



Functional Components
¥134.4 billion
(18.6%)



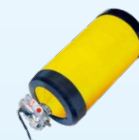
Plastic fuel filler pipes



Plastic turbo ducts



Brake hoses



High pressure hydrogen tanks



Interiors and Exteriors
¥268.1 billion
(37.2%)



Instrument panel modules and components



Group Companies*
63
companies

With 63 group companies in 17 countries and regions, Toyota Gosei swiftly meets the needs of customers around the world. We have established sales and engineering systems that are customer-oriented and community-based with globally optimal systems of production and delivery.

*Companies for consolidation

Other products

 Safety Systems
¥234.0 billion
(32.4%)



Radiator grilles



Airbags



e-Rubber
(Heart surgery training simulator)



Re-S brand for the utilization
of material remnants



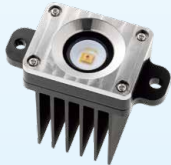
Console boxes



Steering wheels
(with built-in airbags)



Pop-up hood
actuators



LEDs



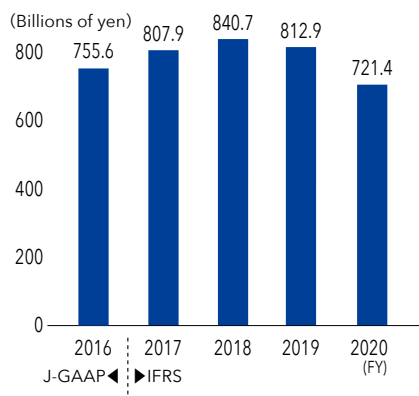
Air purifiers
(general industry products)

Financial and Non-Financial Highlights

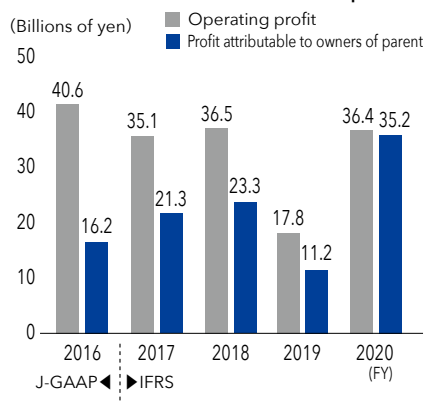
Financial data

The Group adopted IFRS effective from the first quarter of fiscal 2018, ended March 31, 2019. Additionally, fiscal 2017 data were converted to IFRS-basis.

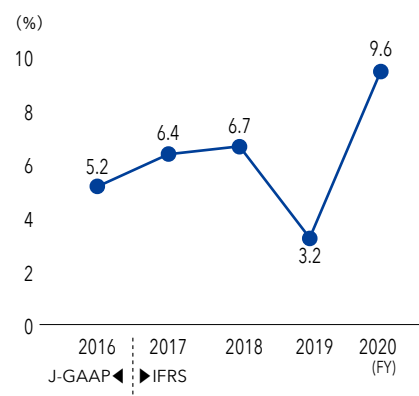
Revenue



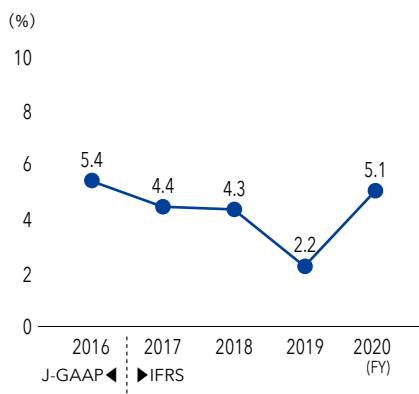
Operating profit / Profit attributable to owners of parent



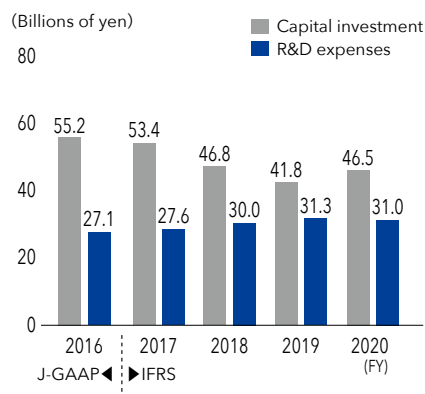
Return on equity



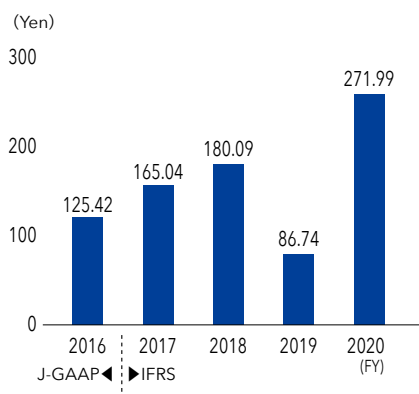
Operating profit ratio



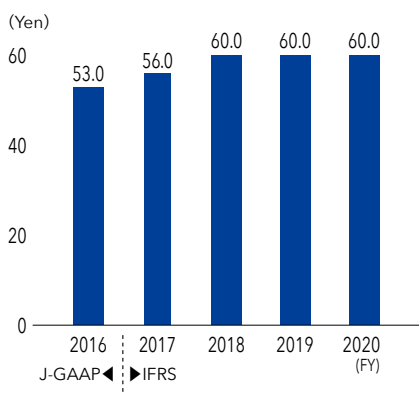
Capital investment / R&D expenses



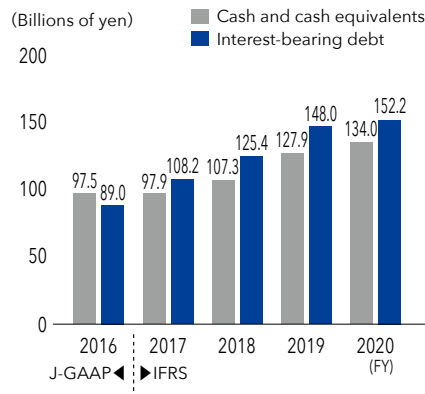
Basic earnings per share



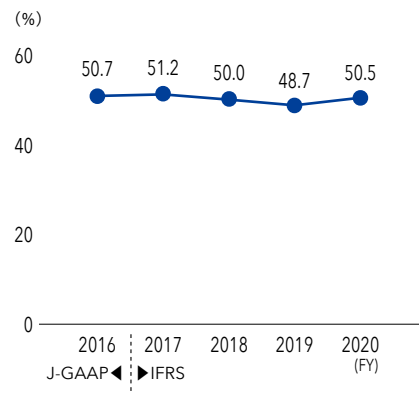
Annual dividends per share



Cash and cash equivalents / Interest-bearing debt



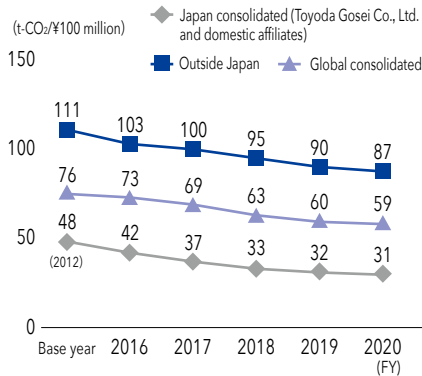
Ratio of equity attributable to owners of parent to total assets



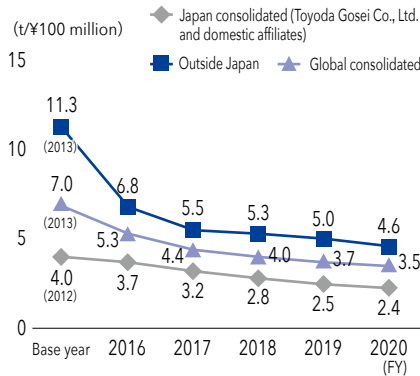
Non-financial data

Environment (E)

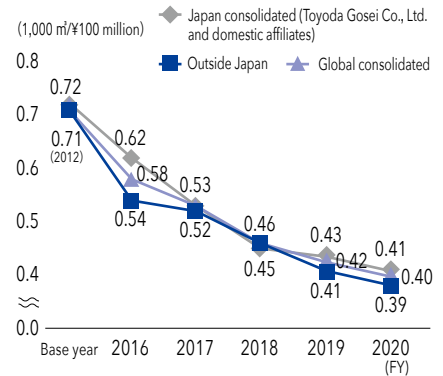
CO₂ emissions per sales unit



Waste volume per sales unit

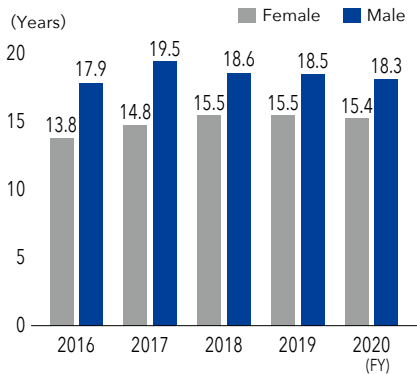


Water use per sales unit

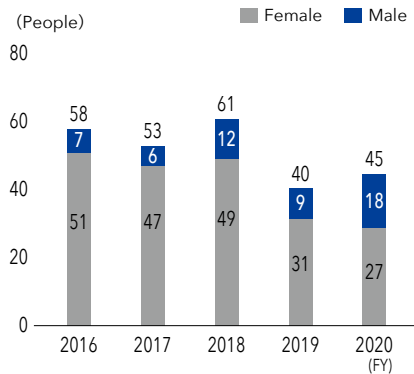


Social (S)

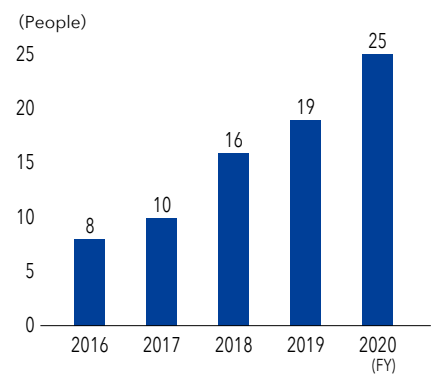
Average years of service for males and females [Toyoda Gosei Co., Ltd.]



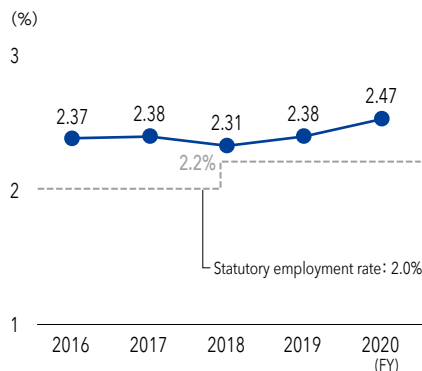
No. of parental leaves taken [Toyoda Gosei Co., Ltd.]



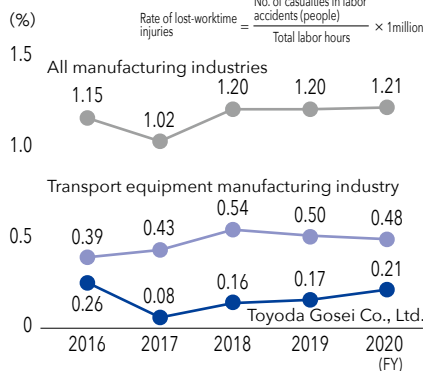
No. of female managers [Toyoda Gosei Co., Ltd.]



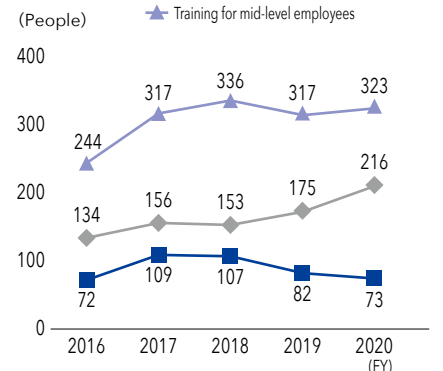
Employment rate of people with disabilities [Japan]



Labor accident rate (rate of lost-worktime injuries) [Japan]



No. of people who have taken compliance training [Japan]



Governance (G)

Letter from the President



We will continue to grow
with speed, fueled by
environmental changes

Toru Koyama
President

Major environmental changes continue

2020 was a year when the novel coronavirus threatened the sense of security in people's lives. I would like to express my deepest sympathy to all those who contracted the SARS-CoV-2 virus and everyone affected by the spread of infections. Toyoda Gosei continues to hope for a return to regular life as soon as possible, and we are doing our utmost to contribute to solutions to social issues through our business activities.

Toyoda Gosei had positioned 2020 as a year to display our true abilities and turn to full offense, but we were hugely affected by the novel coronavirus in the first half of the fiscal year. The entire Toyoda Gosei Group worked together to restore profits, reducing labor costs and expenditures among other measures. In the second half of the fiscal year, we were boosted by a recovery in automobile production volumes and achieved a significant increase in profits compared with the previous year.

Throughout this unprecedented year, I felt strongly that our business foundation has been strengthened by our rapid response to environmental changes and our cohesion as One Team.

One way in which we adapted quickly to environmental changes was to swiftly develop infrastructure and rethink systems to facilitate new working styles, incorporating telework and Web conferences in order to prevent the spread of COVID-19. At first, some employees said that the new working styles would weaken communication and the unaccustomed working environment would be a distraction. However, by sharing good examples of telework in various workplaces in the company and holding workshops on how to use the new communication tools, these systems gradually became accepted. We now feel that these systems can be used for the purpose of implementing more effective and efficient working styles.

The changes in working styles in response to these environmental changes are seen in both our Japanese and international locations. They are symbolized by the adoption of various modifications so that production preparations and production could be continued and deliveries to customers would not be interrupted. This was done even though production sites could not be visited in a timely manner due to voluntary restrictions on going out and travel restrictions in each country. Locations where production preparations were previously carried out with support by people sent

from Japan were able to prepare smoothly with remote support, using Web conferencing systems and cameras, for the start of production. Times of emergency call for even closer communication between the head office and other locations, and we feel progress has been made in localization of production preparation. This year has also nurtured a sense of solidarity both within the Toyoda Gosei Group and with our customers and suppliers. We are sharing the status of our efforts with suppliers and providing timely support when they face difficulties. Our solidarity has increased thanks to active communication in a difficult situation.

There have also been cases in which rapid responses to environmental changes led directly to business and social contributions. With the development of our new elemental technology called e-Rubber and the commercialization of a heart surgery simulator, we have expanded our network in the medical field, including university hospitals. Thinking about what we could do to help fight the coronavirus, we went to talk to people at hospitals, which were under great strain. Finding out what they needed led to us providing protective gear that takes advantage of the features of the fabric in airbags, one of our major products, and PCR test vehicles. Next, our UV-C (deep UV) LEDs have been shown to inactivate the novel coronavirus. The commercialization of UV-C LEDs, which was already underway in our medium-term plan, was brought forward with a focus on the three areas of air disinfection, water purification, and surface disinfection. These products are beneficial to the world, and we have been able to bring them out with exceptional speed.

Next, let me say a few words about "virtual business trips" as an example of my own efforts to deal with environmental changes. The COVID-19 situation and how we were dealing with production differed completely in each region of the world. I wanted to gain a solid understanding of the situation in each place and offer words of appreciation to our team members who were working so hard. However, I couldn't visit them directly because of travel restrictions. When I asked myself what I could do, I decided I would try to visit all of our overseas plants remotely as a substitute for overseas trips. This allowed me to deepen my understanding of the circumstances in those locations by confirming them live, even though it was done remotely. In this way I was able to go around to all plants globally in a short time and actively communicate with people in each country. I see this as a benefit brought about by work-style reforms.

Key efforts in fiscal 2021

The automobile industry is said to be undergoing a “huge, once-a-century transformation,” in which the wave of CASE is surging across the industry. Achieving carbon neutrality has also come to be seen as a critical issue shared by the entire world.

Toyoda Gosei is doing its utmost to achieve the goals in its 2025 Business Plan for the medium-term, while also looking toward these huge changes in the business environment. We are accelerating new efforts while keeping in mind that each of us must adapt our own mindset and behavior.

Toyoda Gosei has three aims in working toward carbon neutrality. The first is to eliminate the risks from climate change. Increasing emissions of greenhouse gases and a rise in the average global temperature have resulted in abnormal weather, and the damage caused by this, such as the massive flooding seen in one country after the other, has become a familiar occurrence. We believe that companies have a social responsibility to try to achieve carbon neutrality. Second is to respond to the demand for carbon neutrality from our many stakeholders, including customers and investors. Fewer carbon emissions will lead to new values and bases for decisions, and will be essential to raising our corporate value. The third is that carbon neutrality is an opportunity for our company to grow sustainably. Toyoda Gosei is developing products and technologies that will contribute to decreased CO₂ emissions. We are already developing high pressure hydrogen tanks for FCEVs, plastic fuel filler caps and other lighter weight products, and rubber recycling technology. We believe that it will now be important to visualize CO₂ emissions in life cycle assessments while also making more concrete development plans for products and technologies to further reduce CO₂ emissions. We have shared these three targets with management and all employees, and to achieve them we have established a carbon neutrality project and undertaken new challenges. At Toyoda Gosei we work with rubber and plastic, and will face many difficulties in achieving carbon neutrality through the lifecycle associated with all upstream to downstream aspects of our manufacturing. Our efforts to date have focused on reducing production-related CO₂ emissions, but there is a need to implement wide-ranging responses in materials, design, distribution and more. We therefore decided to start a companywide, cross-functional project with

the participation of many divisions. We want these efforts not to be undertaken by our company alone but through an active partnership with potential collaboration with our supply chain, including raw material manufacturers and suppliers, and manufacturers in the same industry. With application of the original technology we have developed so far and innovative manufacturing initiatives, we believe we can fulfill our social mission of carbon neutrality as a leading company in the field of rubber and plastics.

Responding to the changes in the business environment, we started the “Digital Transformation Department” to resolve management issues with a greater sense of speed. Over the past several years, we have increased the use of IT and IoT in business process improvements and automation of manufacturing lines, and achieved a certain level of results. With the new organization, we have brought together related divisions to accelerate reforms from the perspective of what is best for the company overall, and will build a global information base and conduct advanced analyses, make efforts to expand the use of AI, and provide support for the resolution of management issues with digital technology.

We have also started up an “Automotive Business Headquarters” to strengthen coordination in activities from receiving orders to production of new vehicle models, and build a system in which the entire business unit responds quickly to customer demands. By rapidly introducing systems based on environmental changes and properly sharing within the company the changes occurring in the business environment, we are each adapting our mindset and behavior to meet the challenges of the changing environment.



Accelerating efforts for SDGs/ESG

We believe we can contribute to a sustainable society and also achieve growth of the company by providing products that help to solve social issues. We are taking the initiative in efforts that contribute to solving the global issues shown in the United Nation's Sustainable Development Goals (SDGs) and in the Environmental, Social, and Governance (ESG) field.

I feel that through the development of airbags and products such as the UV-C LEDs mentioned earlier, Toyoda Gosei products contribute to solving social issues. All employees will make efforts to contribute to achieving the 17 SDGs, while at the same time continuing efforts related to materiality issues that have been identified as issues of focus. For the entire company to move forward together as one, it is important that employees understand the SDGs and act on their own. In cooperation with entertainment company Yoshimoto Kogyo, which is also committed to the SDGs, we will expand into new endeavors including the production of PR videos.

To meet the expectations of our shareholders, we are making ESG efforts. For Environment, we have declared our intention to achieve carbon neutrality by 2050 and are not only accelerating activities to reduce CO₂ emissions but have also set milestones related to waste and water for the medium and long terms. As "Environmental TG," we are making a broad range of efforts. In the area of Society, we have introduced engagement surveys to raise job satisfaction, based on the belief that it is important to raise the activity and unity that form the foundation for the growth of our company. We are also striving to raise the abilities of the Group overall, such as strengthening training for next-generation leaders, DX personnel, and others who will support our future growth.



We are going to start executive meetings called "Sustainability Meetings" to discuss issues related to sustainability, such as the environment and society, and further accelerate our SDGs/ESG efforts.

To our stakeholders

I joined Toyoda Gosei 40 years ago. When I think back on the history of the company, I see that we have built many core competencies, from the development of rubber and plastic parts to the development of blue LEDs, the development of airbags, and various other undertakings. LEDs in particular, with their low energy consumption and long life, are one of the technical innovations that could be said to be leading the way to carbon neutrality. Airbag development has also spread to countries around the world today as means to help decrease the number of traffic fatalities, an issue associated with automobiles. The knowledge and know-how we have cultivated through development and production, as well as our supply chain and global network, are all major strengths of Toyoda Gosei. We believe that we can continue to contribute to a sustainable society into the future.

Our target year for carbon neutrality has been set at 2050. The year before that, 2049, will be the year Toyoda Gosei celebrates its 100th anniversary. Our predecessors took on challenges again and again to make us a company that grows sustainably and brings positive change to the world, and we build on that inheritance as we climb steadily toward the year 2050.

Message from the Officer in Charge of Finance



Evolving toward
IR broadly focused on
non-financial
information also

Masaki Oka

Deputy Chief of Corporate
Strategy Headquarters,

Chief of Purchasing Headquarters,
Director, Corporate Officer

IR amid the pandemic

In FY2020, the TG Group was heavily affected by the global COVID-19 pandemic. Faced with a fraught outlook impenetrable to everyone, including investors, we decided our IR staff needed to disclose information more proactively than ever before. Although unable to issue earnings forecasts, we published information on the pandemic's effects on our operations, including capacity utilization by region and estimated earnings impact, in the IR section of our website. At subsequent financial results briefings, we followed up with updates on capacity utilization by region and explained our growth strategy during the pandemic.

At our first-quarter financial results briefing, President Toru Koyama assumed my previous role as the main presenter in light of the importance of being able to disclose a full-year earnings forecast. We have since continued to transparently disclose the pandemic's earnings impact in a timely manner.

While the pandemic has precluded in-person IR events, we have been holding various virtual events using remote connectivity tools.

To provide progress updates on our new businesses, namely e-Rubber and UV-C (deep UV) LEDs, senior executives have spoken at online seminars hosted by securities companies and explained the businesses' future potential.

IR evolution

In recent years, companies have been facing growing demands to address societal problems and undertake ESG initiatives to realize sustainable operations. In response to such demands, we managed our operations in FY2020 with a core focus on ESG. As one part of our ESG program, we held our second annual ESG briefing, at which we explained our ESG initiatives, mainly as they pertain to carbon neutrality. Organizationally, we established a Sustainability Promotion and IR Department to integrate sustainability with IR, the function of which is to externally disseminate information, based on a commitment to broaden our IR focus to encompass not only financial information but a wide range of non-financial information also.

The TG Group has won accolades for such activities. Most notably, we were the first auto parts maker to win the Securities Analyst Association of Japan's Award for Excellence in Corporate Disclosure in the automotive/automotive parts/tire division in FY2020.

Management of operating performance

FY2020 revenue was down sharply as a result of the pandemic.

We initially responded to the pandemic with emergency-mode measures to shore up earnings. We subsequently decided that the pandemic presented an opportunity to regain control of fixed expenses that had become bloated during our preceding growth phase. We ended up cutting fixed expenses across the board. By virtue of such fixed-cost containment coupled with a sharp recovery in major customers' production, we earned all-time-record third-quarter profits.

Despite drastic changes in the external environment during the pandemic, we will continue to reduce variable expenses by reducing defects and increasing production yields through use of IoT technologies, minimize production setup costs through online remote support and endeavor to boost new work processes' added value by increasing staff productivity. We will also boldly forge ahead with digital transformation in pursuit of business model reforms.

Meanwhile, on the capex front, we will heavily invest resources in priorities like digital transformation (IT) and the environment (carbon neutrality) and enhance the corporate structure in response to the demands of the times, thereby increasing corporate value.

Return on equity

To stably achieve capital efficiency in excess of our cost of equity, we are targeting a 10% ROE under our 2025 Business Plan.

As a first step toward this target, we plan to downsize unprofitable businesses. In previous rounds of restructuring, we divested a German subsidiary in FY2019 and have downsized the optoelectronics business. In FY2020, we commenced talks with employees regarding discontinuation of a beleaguered UK subsidiary's operations. Through such moves, we believe our plans to exit or downsize unprofitable businesses are largely on track.

In the core automotive parts business, we strategically allocate limited resources using a 4x4 matrix consisting of four geographies (Japan, Americas, Asia, Europe) and four product domains (weatherstrips, functional components, interiors & exteriors, safety systems). To fulfill the imperative of rebuilding our business portfolio, we will expedite the horizontal rollout of improvement measures across geographies and intensively allocate management resources based on cross-functional prioritization by geography and product domain. Counting the e-Rubber and other new businesses in addition to the 16 business units encompassed by the aforementioned 4x4 matrix, we have a total of 17 business units for resource allocation

purposes. We aim to boost ROE through well-delineated resource allocation and efficient management.

We aim to achieve our 10% ROE target by deploying highly effective ROE controls, including new management control metrics (e.g., ROIC) and better investment control rules.

Financial policy

We remained in sound financial condition in FY2020 despite the pandemic. Our financial policy first disclosed in November 2018 remains unchanged. Although our FY2020 earnings were severely impacted by the pandemic, we are basically adhering to our existing financial policy with respect to shareholder returns. In terms of capex, we still plan to allocate ¥50 billion annually to fund growth investments in pursuit of the 2025 Business Plan's targets. We still plan to hold cash reserves equivalent to consolidated monthly turn over plus ¥30 billion. We have also set aside emergency reserves for dealing with the pandemic.

Financial policy

Shareholder returns	Regarding shareholder returns for the time being, we will work wholly to reward shareholders based on a consolidated payout ratio of 30% or greater, from a variety of perspectives.
Capital investment	We will secure ¥50 billion by FY2025 as funding for capital investment for growth.
Cash reserves	In view of the prevailing circumstances, we will secure cash reserves* of consolidated monthly turnover + ¥30 billion including funds to cover risk. * Short-term borrowings (less than one year) are excluded.

Conclusion

Lastly, we intend to continue to offer opportunities for investors to better understand our businesses through proactive disclosure. As we improve our disclosures, we benefit from higher-quality feedback from the investment community, leading to further improvement in our management and IR. We will continue to unremittingly endeavor to strengthen our IR as a transparent company and gain widespread favor.

Value Creation Process

With its company creed of “Boundless creativity and social contribution,” the Toyoda Gosei Group exploits its expertise in rubber and plastic, its global reach, and its experience in pioneering new businesses, continuing to meet social needs through the provision of automotive products and other innovations.

Environmental and social issues

■ Deepening social issues

- Global warming
- Depletion of resources
- Water risks from droughts and floods
- Increasing number of endangered species
- Aging populations

■ Acceleration of technical innovation

- IoT/AI
- Electrification

■ Changing values

- Diversification of values
- Changing consumer behaviors
- From ownership to shares

Management resources (input)



Human

- Number of employees 38,823



Manufactured

- Number of locations 94
- Capital investment ¥46.5 billion



Intellectual

- R&D expenses ¥31.0 billion



Social and relationship

- Number of suppliers 737



Natural

- Total energy input 2,371,000GJ
- Total material input 39,248t
- Water resource input 1,150,000m³




Financial

- Total assets ¥775.1 billion
- Interest-bearing debt ¥152.2 billion




Business, Products


Automotive

 Weatherstrips




 Functional Components




 Interiors and Exteriors



 Safety Systems



Other areas

 e-Rubber · LEDs ·
Re-S brand for the utilization of
material remnants ·
General Industry Products



Solving social issues



Achieving a decarbonized society



Providing safety and comfort



Supporting aging societies



Contributing to the local community

Social value



Achieving the 2025 Business Plan

P26

Management foundation that supports sustainable growth



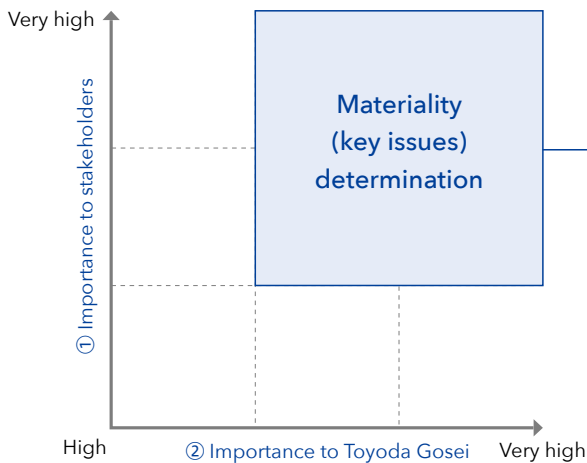
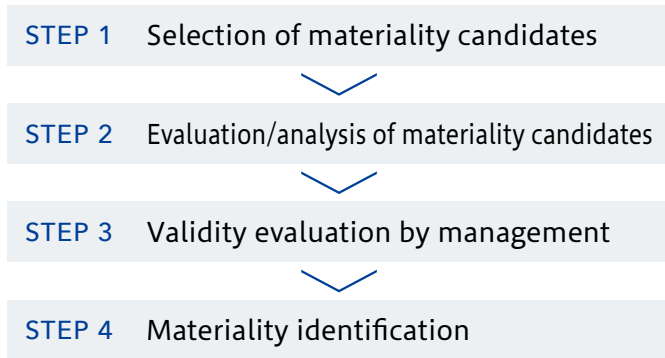
Corporate Governance

Sustainability SDGs and ESG

Review of materiality (key issues)

With the company creed of “Boundless Creativity and Social Contribution,” we contribute to a sustainable society through company growth. For this purpose, we will take initiative in helping to solve the global issues indicated in the UN Sustainable Development Goals (SDGs; shared goals that the international community aims to achieve by 2030), and in the area of ESG (environmental, social and governance), based on an appropriate governance system. We will meet the expectations of our stakeholders around the world, including customers, shareholders, investors, employees, and suppliers. In April 2020, we reviewed materiality based on growing interest in sustainability and narrowed our focus to the eight most important fields.

Materiality identification process



① Expectations from stakeholders

- Contributions to SDGs
- Advancement of ESG activities
- Proper information disclosure (TCFD proposals, GRI standards)

② What we aspire to be

Boundless Creativity and Social Contribution
(Good corporate citizenship, Proper business operation, Sustainable growth, Customer satisfaction, Conservation of global environment and resources, Respect for the individual)

		Most crucial fields in SDGs	
Business activities			Good health and well-being
			Industry, innovation and infrastructure
			Climate action
			Affordable and clean energy
Management base			Responsible consumption and production
			Decent work and economic growth
			Reduced inequalities
			Peace, justice and strong institutions

Materiality (key issues)	Major efforts
Contribute to a safer and more comfortable mobility society by responding to the transformation of automobiles and reducing the number of traffic fatalities	<ul style="list-style-type: none"> • Development of safety devices, such as airbag products for many different kinds of accidents • Development of simulation technology to create safety devices that correspond to various riding postures, from adults to children • Development of advanced safety technology for autonomous driving
Create new businesses that utilize core technologies	<ul style="list-style-type: none"> • Development of mobility products that are compatible with CASE/MaaS • Development and commercialization of e-Rubber applications (smart insoles, heart surgery simulator, etc.) • Development and commercialization of GaN power devices; development of space disinfectors, water purification units, and surface disinfectors using UV-C (deep UV) LEDs • Collaboration with startups with the aim of synergy in core technologies
Contribute to a decarbonized society by reducing emissions of CO ₂ and other greenhouse gases	<ul style="list-style-type: none"> • Development and mass production of high pressure hydrogen tanks that are at the heart of fuel cell electric vehicles • Push for lighter weight products for higher fuel efficiency (lightweight panels, plastic fuel filler pipes, etc.) • Push for establishment and spread of innovative and energy-saving production techniques to achieve carbon neutrality • Revolutionary energy savings from higher productivity with the introduction of innovative technologies, daily <i>kaizen</i>, and IoT/AI • Introduction of solar power generation and other renewable energy
Contribute to a recycling-based society by reducing waste and water risks	<ul style="list-style-type: none"> • Push for waste reduction projects to minimize waste in production processes (effective use of weatherstrip scraps; search for ways to minimize scrap generated in plating processes) • Investigation of applications for rubber material recycling technology that uses rubber desulfurization and regeneration technologies • Push for product design that allows easy disassembly and product design and development with the use of environmentally-friendly materials • Push for <i>kaizen</i> and recycling for water usage loss by expert teams • Creation of products (eco bags, etc.) that use material remnants (airbag base fabric, leather, etc.)
Coexist with local communities by creating employment and contributing to society	<ul style="list-style-type: none"> • Raising of employees' job satisfaction based on engagement surveys • Reformation of the company atmosphere through efforts to improve communication ability at work • Business expansion and job creation in developing countries • Volunteer activities in cooperation with local governments and social welfare councils (companywide cleanups, community crime prevention, blood drives, on-site classes) • Push for activities for living with nature (woodland maintenance, plant afforestation, river and wetland preservation), under the slogan "Linking activities with water, the source of life"
Promote diversification in employment, protect human rights	<ul style="list-style-type: none"> • Development of human resources for global management (education program for future management candidates) • Creation of mechanisms to promote career advancement in female employees, so that they feel value in work • Review of personnel systems to promote the activity of senior workers • Hiring of people with disabilities in all Group companies and creation of pleasant workplaces • Explanatory meetings and practical training for supervisors and leaders on harassment prevention
Carry out thorough corporate governance and compliance as a company of integrity	<ul style="list-style-type: none"> • Activities for thorough compliance and risk reduction centered on the Compliance and Risk Management Committee • Strengthening of ability to handle risk by preparing risk management guidelines • Formulation of and education with the Toyoda Gosei Group Charter for Business Ethics and the Toyoda Gosei Guidelines for Business Ethics • Early detection and correction of legal violations and misconduct by establishing compliance consultation offices (inside and outside the company)



Becoming “Environmental TG,” a leader in CO₂ reduction in the field of rubber and plastic, to achieve carbon neutrality

Hiroshi Yasuda

Chief of Carbon Neutrality and Environment Promotion Division
Chief of Corporate Strategy Headquarters,
Adviser to Automotive Business Headquarters /
Director, Corporate Officer

Renewed determination in efforts to face global challenges

Natural disasters due to climate change, including floods from heavy rains and fires resulting from heat waves, have been occurring in all parts of the world. These events have enormous social and economic impacts. Many countries have set targets for CO₂ reductions and introduced strict regulations, such as carbon border taxes. Japan has declared “2050 carbon neutrality.” For businesses, this problem cannot be dismissed as a “fire on the other side of the river.” Automakers, given that large amounts of CO₂ are emitted over the entire lifecycle of their products, are rapidly shifting to zero emissions vehicles such as BEVs and FCEVs. Their demands for cooperation from suppliers are strong, and we will soon be facing a situation where CO₂ reductions are a condition for receiving orders.

Toyota Gosei first started full-fledged environmental activities in 1993 with the adoption of its 1st Environmental Action Plan, a five-year plan for environmental initiatives. In February 2016, it announced the TG 2050 Environmental Challenge consisting of six aggressive targets, one of which is a clear declaration for a decarbonized society. This marked a turning point, and each department has been making aggressive efforts. They include TG-ESCO activities in which entire plants make regular improvements to reduce energy loss by always turning off power sources during non-production times and switching to energy-

Targets 50&50

Toyota Gosei again declared “2050 carbon neutrality” at its ESG briefing in April 2021, positioning this as an important management issue. It has also announced its “Targets 50&50,” which sets mid-range targets of reducing CO₂ emissions by 50% (compared with 2013

saving equipment; reductions in waste and the amounts of water used; and introduction of renewable energy. To achieve carbon neutrality, it will be necessary to combine a number of things such as development of materials that do not emit CO₂ and innovative technical developments that will significantly change manufacturing systems. To advance these efforts in parallel, we will incorporate various methods, including cooperation with other companies, and act with a sense of urgency.

Toyota Gosei specializes in rubber and plastic polymer technology. In moving toward carbon neutrality, we will act with the determination to lead the industry and the Group.



levels) and raising its renewable energy usage rate to 50% by 2030. The Targets 50&50 are milestones that must be reached to achieve carbon neutrality, and the entire Toyota Gosei Group, including suppliers, is working toward them.

Creating systems for rubber and plastic circulation

Product lifecycle

Achieving 2050 carbon neutrality will require the combination of a number of innovative approaches that enable CO₂ reductions over the entire lifecycle of the product, from the procurement of materials and parts that form the upstream aspects of manufacturing all the way through to the disposal stage after products are no longer in use.

A rubber and plastics specialist

Toyoda Gosei has contributed to lighter weight automobiles and to solving environmental problems with its technical abilities and know-how as a manufacturer that specializes in rubber and plastics. Carbon neutrality is an issue that needs to be tackled on a global scale, and we would like to fulfill a social role by achieving

decarbonization over the entire lifecycle of our rubber and plastic products. For example, we will take on the challenge of creating cyclical mechanisms for rubber and plastic in collaboration with the plastics industry, such as using naturally derived plastics with low CO₂ emissions. In addition, while up to now delivering high quality products at reasonable prices to customers has led to added value, in the coming years we will try to raise product value further by reducing CO₂ over the entire lifecycle of each product.

To balance these efforts for the environment while achieving stable growth of the company, we are accelerating the development of products for BEVs and FCEVs, including those that can be used for CASE and MaaS (Mobility as a Service). Toyoda Gosei has many outside directors and other experts specializing in the environment, and we will mobilize all our resources for this while emphasizing speed and effectiveness.

A company-wide cross-over project for corporate activities

Strengthened systems

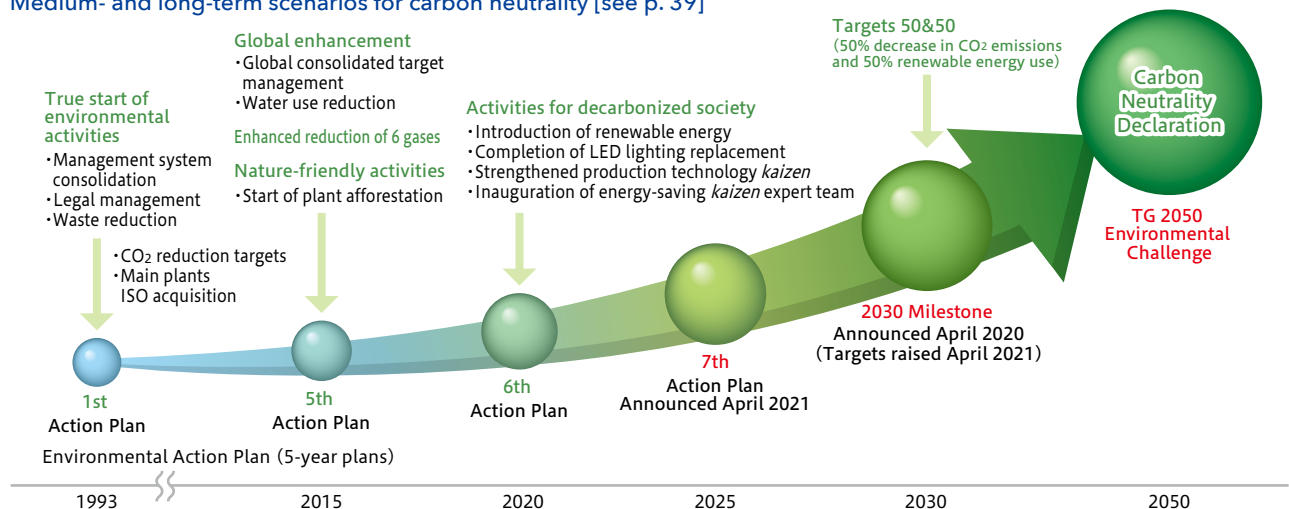
The Carbon Neutrality and Environment Promotion Division was established in June 2021 to strengthen Toyoda Gosei's systems for promoting these efforts. The Environmental Committee that is central to these activities was expanded in 2019 to the Global Environmental Committee, which includes the presidents of overseas head offices, and in 2021 the Carbon Neutrality and Environmental Committee. The system for end-to-end efforts has been put in place as a company-wide, cross-functional project from development and design to production. To

promote sustainable activities, we are also working to create a corporate culture and personnel with a high environmental awareness.

Becoming "Environmental TG"

Toyoda Gosei's philosophy of "Boundless Creativity and Social Contribution" is the foundation of our efforts for carbon neutrality. As "Environmental TG," a leader in reducing CO₂ in the field of rubber and plastics, we aim to be a company that contributes to a sustainable society.

Medium- and long-term scenarios for carbon neutrality [see p. 39]



Roadmap for carbon neutrality by 2050

Expanding fields of activity

In fiscal 2020, carbon emissions from Toyota Gosei's entire supply chain was 1.55 million t-CO₂. Of that, direct emissions from our company's business activities (Scope 1) were 99,000 t-CO₂, indirect emissions from the use of purchased electricity (Scope 2) were 367,000 t-CO₂, and emissions other than Scope 1 and 2, from the procurement of raw materials, commuting and business trips, and product use and disposal (Scope 3), were 1.09 million t-CO₂.

About five years ago, Toyota Gosei set down four pillars as activities for bringing CO₂ emissions (Scope 1 and 2) related to production at the company down to zero, and has aimed to achieve that target at an early stage. Currently, we have expanded that range to include activities before and after production (Scope 3), which accounts for about seventy percent of our supply chain emissions, to achieve carbon neutrality over the entire lifecycle. We are strengthening and expanding various activities with a deep commitment to reduce CO₂ emissions.

Four pillars for our aim of reaching zero

Pillar I Daily improvements

In addition to ongoing activities to save energy at plants, members of the Carbon Neutrality and Environment Promotion Division and plant members have worked

together for on-site surveys of energy loss, as well as to study improvement methods and implement measures. Examples include the introduction of heat recovery heat pumps to reduce steam loss, and the reduction of pressure loss in compressed air.

Pillar II Innovative production technologies

We aim for high value-added plants through innovations on the manufacturing floor, including the design of energy-saving processes and manufacturing methods while thoroughly pursuing production lines that emit as little CO₂ as possible. We are also moving ahead with technical innovations such as the prevention of trouble with the use of IoT/AI and the reuse of waste materials.

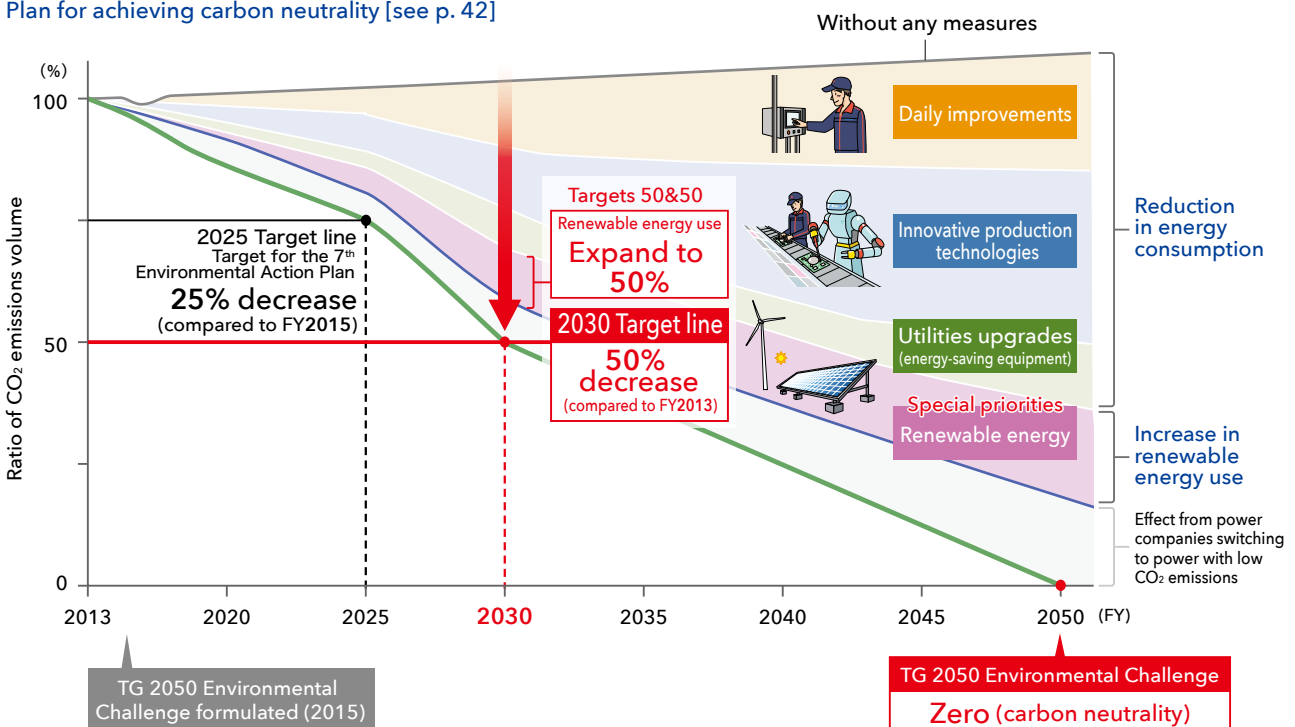
Pillar III Utilities upgrades

We are making systematic upgrades to utility equipment, the source of power used in our production processes, because worn out equipment presents a risk of production problems and has inferior efficiency. We are also replacing heavy oil with LNG as a power source for steam energy, and making other systematic upgrades to low CO₂ equipment.

Pillar IV Introduction of renewable energy

We began installing solar power generation equipment in 2007. Since 2019, we have become more active in introducing renewable energy, such as by standardizing installation of solar power generation equipment in new plants.

Plan for achieving carbon neutrality [see p. 42]



Contributing to zero CO₂ emissions with product development that brings together our technical abilities

Up to this time, delivering high quality parts at reasonable prices to customers has led to added value. In the coming years, however, the development of products that can contribute to a recycling-oriented society will be important. Toyoda Gosei is a manufacturer of rubber and plastic products, and we aim to achieve zero CO₂ emissions over the entire lifecycle of products by bringing together a number of technological strengths, including material development, lighter weight, process innovations, and 100% recycling. From the stage of purchase of raw materials and parts until disposal.

Challenge of reducing CO₂ emissions

Raw materials | From crude oil-derived to plant-derived materials

Plastic is light and easy to process, and has contributed significantly to lighter weight vehicles. On the down side, it does not decompose easily in the natural environment and if it is burned during disposal it emits CO₂. To bring the new added value of “sustainability” to plastics, we are working aggressively to develop plastics that pose a low environmental burden, such as biomass plastic or biodegradable plastics as a new, nonpetroleum resource.

Core technology | Cellulose nanofiber

Naturally derived cellulose nanofiber (CNF), in which fiber from wood material is extracted and nanosized, is characterized by low density and high rigidity, providing both light weight and strength. It has one-fifth the weight of steel and more than five times the strength. It effectively reduces CO₂ emissions thanks to its light weight. It is plant-derived, absorbs CO₂ when the plant is growing. Even if it is burned during disposal, CO₂ does not increase. With the aim of applying CNF in automotive parts, Toyoda Gosei is developing a composite material that combines CNF and plastic.

Design | Easy disassembly

When automobiles are scrapped, iron, glass, plastics and other materials are reused by returning them to a raw material state. However, about 140 kilograms of material from each automobile cannot be reused and is discarded. One reason is that these materials cannot be broken down. Toyoda Gosei is therefore reviewing the fixation methods of our parts from the design stage in the upstream manufacturing process, and adopting structures that make them easier to take apart to reduce waste and increase recycling.

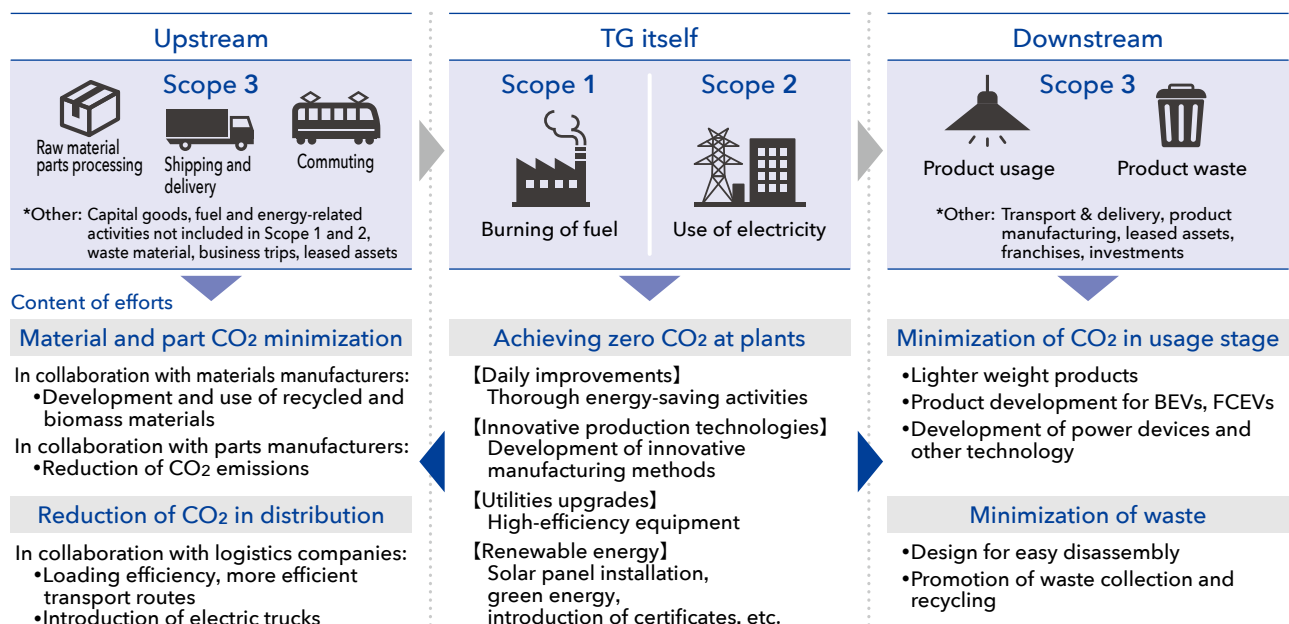
Process | Surface treatment innovations

Painting and plating lines, which involve surface treatment technology that improves designability and appearance quality, emit large amounts of CO₂. We are aiming to innovate surface treatment processes, such as switching to plastic materials with outstanding appearance quality that do not require plating.

Process | Rubber processing innovations

General rubber vulcanization processes need large amounts of steam or heat. We focused on the energy loss that occurs at that time and are trying to create innovative processes for steamless vulcanization, ambient pressure low temperature vulcanization, and no secondary vulcanization.

Expanding range from our own activities only (Scope 1, 2) to the entire product lifecycle of our products



Concrete efforts for carbon neutrality





Product development efforts

| Plastic products |

We are developing products that have a low environmental impact while also ensuring a profit. For example, by replacing the metal that previously was used in nearly all fuel filler pipes with plastic material, we were able to reduce weight by 50%. Today, we are spreading plastic fuel filler pipe production lines at overseas locations around the globe, contributing to

decreased environmental impacts. In the future, we will use the know-how we have cultivated over many years in fuel system parts to develop technologies and products for BEVs and FCEVs. In addition, through onboard products that apply LEDs, another of our fields of expertise, we will contribute to lower electricity consumption in automobiles.

Product development that contributes to both environmental impact reduction and profits

For gasoline vehicles/HEV	For BEVs, FCEVs		Use of onboard LEDs
<p>Lighter weight by making with plastic Down 50% compared with conventional products</p>  <p>Plastic fuel filler pipes</p> <ul style="list-style-type: none"> Expand sales globally as a key product with high added value More than double sales by 2025 compared with 2019 	<p>Meet increased demand for battery cooling</p>  <p>Cooling pipes</p> <ul style="list-style-type: none"> High demand for battery cooling products for BEVs Use of existing lines is possible 	<p>Zero CO₂ emissions during vehicle operation Core parts for FCEVs</p>  <p>High pressure hydrogen tanks</p> <ul style="list-style-type: none"> Aim to expand business as new parts with high added value 	<p>Interior lighting unit</p>  <ul style="list-style-type: none"> Application of LEDs to interior and exterior products for lower electricity consumption

| Rubber products |

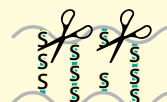
Regeneration of vulcanized rubber has long been considered difficult. However, we developed a practical devulcanization technology for the regeneration of vulcanized rubber about 25 years ago with the purpose of eliminating waste materials that are discharged from weatherstrip production processes at Toyoda Gosei. We are now aiming to further improve the quality of reclaimed rubber and raise recycling efficiency. The key points in devulcanization technology are to apply appropriate energy in the devulcanization process and selectively cleave the cross-links in rubber molecules. We have made innovative modifications that control temperature, compressive force, and shear force by adopting the optimum shape and combination of pieces consisting of screws on two axes.

A dedicated building for the devulcanization (recycling) process was established at the Morimachi Plant in 2021. This has made it possible to cut waste materials of opening trims by more than 40%. We have also developed reuse/recycled products such as fatigue reduction mats, and are minimizing waste by using rubber waste material and remnants to steadily reduce CO₂ emissions in the rubber field. [see p. 37]

Rubber recycling with devulcanization technology

Vulcanization is done so that rubber products maintain their shape and strength. However, rubber hardens after vulcanization and is difficult to use as a recycled material.

Devulcanization technology
Treatment that cleaves bound molecules is applied



Using our original **devulcanization technology**, we resolve this hardness at the molecular level and **have achieved recycling** of rubber materials



Devulcanization process (Morimachi Plant)

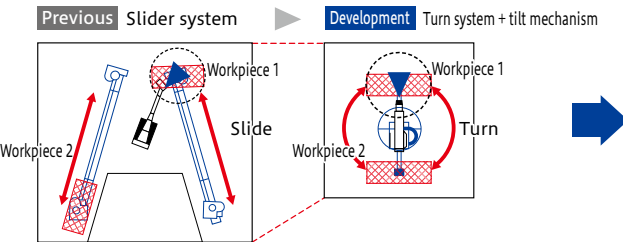
Efforts for zero plant CO₂

More compact painting lines

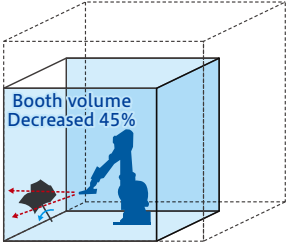
Painting lines are subject to severe scrutiny for appearance quality, for which environmental control is very important. Constant temperature and humidity must always be maintained in painting booths. Because of that, air conditioning equipment has accounted for about 40% of the energy consumption in painting lines. We have now succeeded in making painting booths

more compact by switching the method used to transport materials prior to painting to the painting robots. Switching from a “slider system” to a “turn system + tilt mechanism” that can transport materials in a smaller space has allowed us reduce the booth volume by about half. This smaller size results in a huge reduction in the energy consumed by air conditioning equipment, and has cut CO₂ emissions by about 30%. The painting yield is also increased by simplifying the robot posture, leading to higher quality. We are now going to make compact painting booths standard and spread them globally.

Painting robot transport method

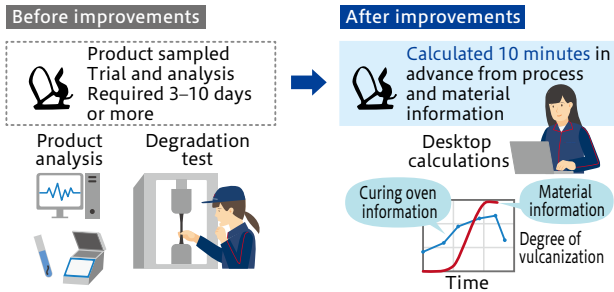


Painting booth



Establishment of vulcanization simulation

In the rubber extrusion process, we previously conducted repeated trials and analyses while changing the time and temperature for vulcanization. We have now established a technology that can simulate this prior to vulcanization based on process and material data. Using this technology, we have succeeded in greatly reducing the number of trials and have been able to reduce the amount of energy needed in starting up a process.

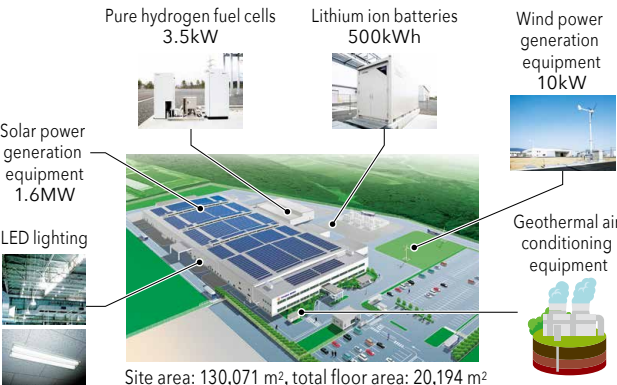


Introduction of renewable energy

Starting with the introduction of solar power at a company dormitory in 2007, we have installed solar power equipment at a number of Group locations. Since 2017, the Environmental Committee has played a leading role, with solar power implementation and investment plans made in the committee. The

installation of solar power generation facilities in new plants was standardized in 2019, and is being spread to Toyoda Gosei locations globally. At the Inabe Plant in Japan, wind power equipment has also been installed and CO₂ emissions are expected to be cut 800 tons annually from the use of renewable energy.

Inabe Plant



Toyoda Gosei Memorial Gymnasium ENTRIO



Medium-term business plan, “2025 Business Plan”

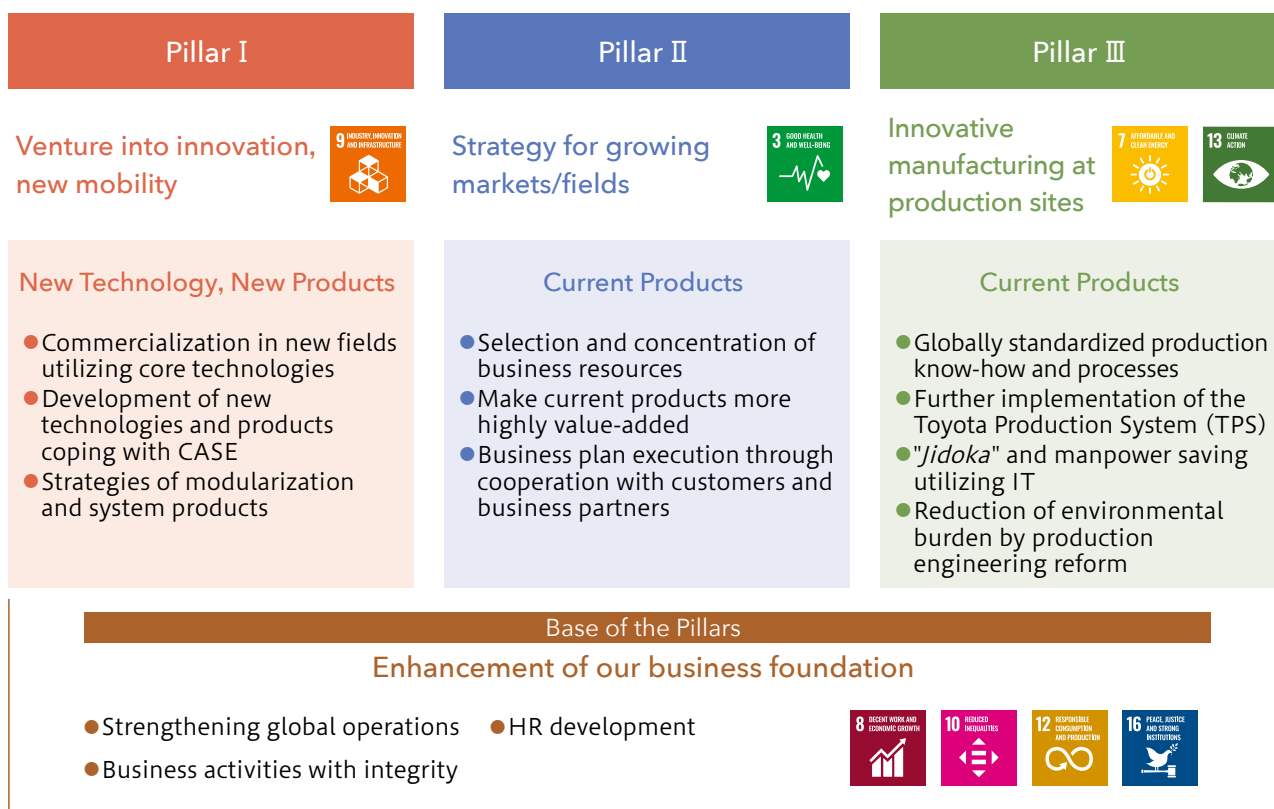
To deal with the significant changes in the business environment and achieve sustainable growth into the future, Toyota Gosei’s 2025 Business Plan for the medium term lays out three key areas that take advantage of the Toyota Gosei Group’s cultivated strengths. We are making efforts tied to materiality that will provide both social and economic value.

What we aspire to be

Toyota Gosei aims to grow as a global company that acts flexibly and swiftly in today’s dramatically changing business environment, delivering the highest levels of satisfaction to customers worldwide through **safety, comfort, well-being and the environment**

Financial objectives

	FY2017 (J-GAAP)	FY2025 (IFRS)
Revenue	¥806.9 billion	More than ¥1 trillion
Operating profit ratio	5.1%	8%
ROE (Return on equity)	6.6%	10%



Financial Policy

Shareholder returns

Regarding shareholder returns for the time being, we will work wholly to reward shareholders based on a consolidated payout ratio of 30% or greater, from a variety of perspectives.

Capital investment

We will secure 50 billion yen by FY 2025 as funding for capital investment for growth.

Cash reserves

In view of the prevailing circumstances, we will secure cash reserves* of consolidated monthly turnover + 30 billion yen including funds to cover risk.

*Short-term borrowings (less than one year) are excluded.

The situation before us and key future strategies

The situation before us

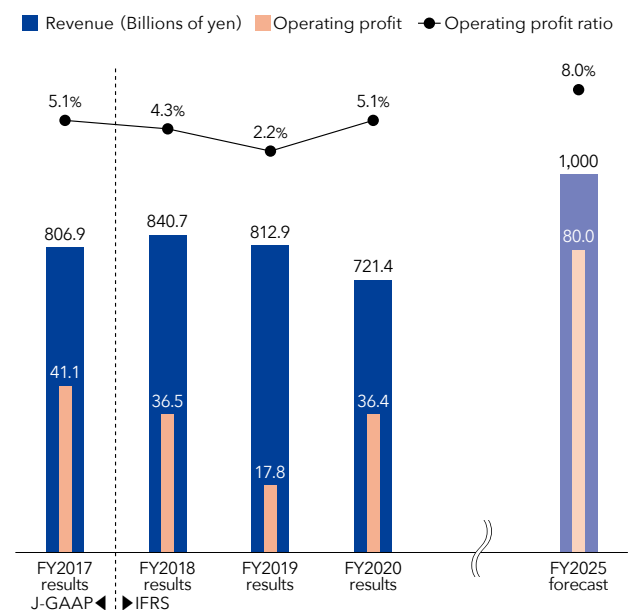
Sales decreased in the first half of FY2021 due to the coronavirus, and profits were also negatively affected.

To counter this, we implemented revenue measures with the full, united power of the Group, including cuts in labor costs and business expenses. In addition, profits significantly increased from rationalization efforts as well as assistance payments and a rebound from losses resulting from reorganization of our European business in FY2019. As a result, we maintained profitability at the same level as normal years even during the coronavirus pandemic.

We aim to achieve an operating profit ratio of 8% in FY2025 with the three steps shown at the bottom of the page, as we work toward achieving the goals in our 2025 Business Plan. For the first step of “Completion of current structural reforms,” we are preparing for the end of production at our British subsidiary following the sale of our German subsidiary in 2019, which will complete our restructuring in Europe.

For our LED business, which has been shrinking for years, we have also decided to end production at our domestic subsidiary. We will also end in-house production. This concluded our general aims for immediate structural reforms, and raised profitability 1%.

Performance trends since FY2017 (when plan was formulated)



Key future strategies

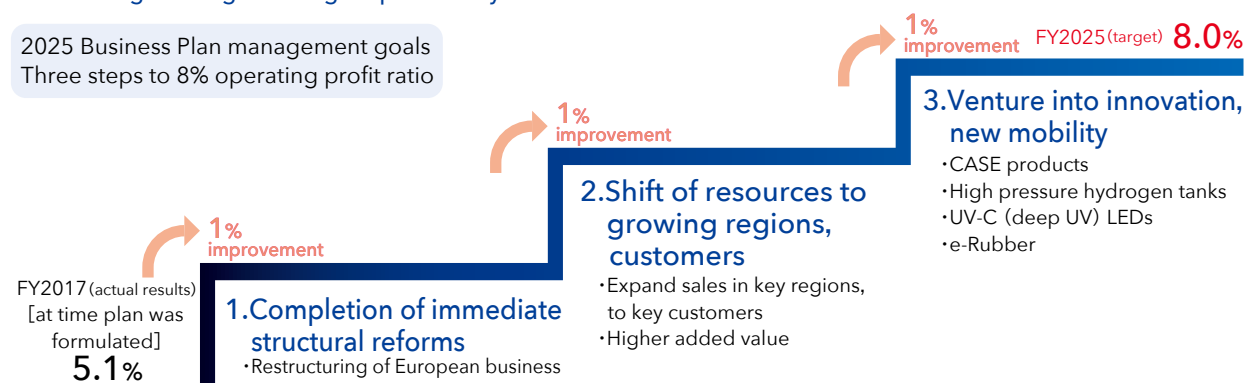
Next, we will work on the other two steps to raise the remaining 2%.

In a shift of resources to growing regions and customers, we are moving to expand sales in the Americas and Asia, centered on the existing businesses of Safety Systems and Functional Components. By prioritizing investment of resources in product areas and geographical regions with outstanding growth and profitability, we are attempting to improve and

optimize our portfolio.

In “Venture into innovation, new mobility,” we are working toward achieving the 2025 Business Plan by growing businesses with new technology, including the development of products for CASE and the vehicle electrification that is accelerating in recent years, high pressure hydrogen tanks, UV-C (deep UV) LEDs, and e-Rubber.

Our thinking with regard to higher profitability



Growth strategies in each business field



Mobilize all our resources and connect the huge changes before us to a leap into the future

Yoshiyuki Fujita

Chief of Automotive Business Headquarters
Chief of Safety & Health Promotion Division /
Corporate Officer

Strategies in each field with a focus on “winning moves”

The effects of the novel coronavirus made FY2020 a very challenging year. Early 2021 was a continuation of the period of enforced restraints, but in our automotive business we understood that it was an important time for preparation to leap forward soon after. With higher added value and cost reduction of existing products as a given, we are actively investing resources for the development of products and technology that meet new needs. Together with consolidation, we are

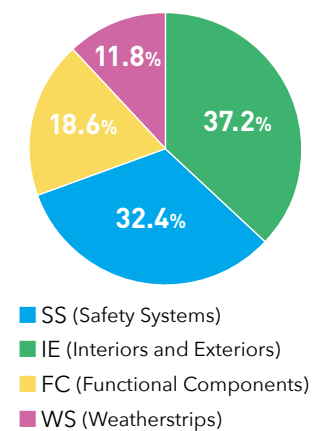
steadily sowing seeds with a view to the future.

In the field of Safety Systems, we are strengthening assessments in developed nations and responding to the increased demand for airbags amid rising interest in safety in developing nations. Functional Components are important safety parts equivalent to airbags, and while we will of course continue to supply parts for gasoline vehicles, where we have built up a track record globally, we are also putting energy into the development of high value-added products for the electric vehicles that will become widespread in the future. Also of utmost importance in Interior and Exterior parts and Weatherstrips is to cut costs

Strategy by segment/business field

Business field / Segment	SS Safety Systems	IE Interiors and Exteriors	FC Functional Components	WS Weatherstrips	New Technology	Total
Japan	➔	➔	➔	➔		➔
Americas	➔	➔	➔	➔		➔
Asia	➔	➔	➔	➔	➔	➔
Europe	➔	➔	➔	➔		➔
FY2025 sales image	¥350 billion	¥300 billion	¥150 billion	¥100 billion	¥100 billion	
	Growing sales in most regions	Energy focused on regions where profits can be earned	Growing sales in most regions	Energy focused on regions where profits can be earned	Faster commercialization	

Sales ratio of each business field



Note: Assumed exchange rate \$1=¥100

and to increase our cost competitiveness so that we do not lose out to local manufacturers in China and elsewhere. We will also make use of the knowledge we have cultivated up to this time in efforts to develop products that contribute to the achievement of carbon neutrality, and try to start up new areas of businesses. In addition to individual strategies, we believe it is critical to thoroughly refine the new added values that will be our “winning moves” in each of our four fields, so that we can prevail in the competition with other companies.

Organizational restructuring that is promising for further synergistic effects

Structural reinforcement from the reorganization carried out in June 2021 will accelerate growth in the automotive field. We established an “Automotive Business Center” in addition to existing automotive part engineering divisions so that, together with increasing the speed of decision-making, we could find inter-disciplinary solutions to issues that are important to the entire corporation. This will advance the digital transformation that will lead to carbon neutrality, an important global issue, and work-style reforms. It will also increase the speed of our work.

We have also introduced a project system in the development of products and technology, and are strongly advancing development that crosses over essential fields in refining our “winning moves.” Starting with total proposals for vehicle interiors based on the Safety System and Interior/Exterior product fields, we are mobilizing all our resources to create products and systems that will provide safety, comfort, and well-being at a high level.

Our response to the COVID-19 pandemic has been a test for our future

During the coronavirus pandemic, hedging risks in global supply chains has been an issue for many companies. In our automotive business, we implemented measures in accordance with our business continuity plan centered on the Production Administration Division, saying to ourselves “Never stop the customer’s production!” Specifically, we implemented a timely production plan that allowed us to deal with significantly varying production volumes, responding as needed while quickly sharing information with our locations across the globe. This was supported by a system to gather and list information at each location, which changed moment by moment. With an accurate understanding of things such as the timing for materials and parts depletion, we switched to equipment alternatives or bridge production* when supply was stopped. This allowed us to make the best decisions on a case-by-case basis, such as ensuring a safe stock for unique products. We will further develop this system in the future and intend to build structures so that stock and distribution status can be controlled in real time.

Being thrown into this drastically changing environment has again deepened our confidence in the effectiveness of the emergency response strategy we have been putting into place. Our online remote support for production startups and other adaptations made under coronavirus restrictions became an opportunity for us to rethink the things we did as a matter of course, and transform our working style in line with the new normal. The crisis situation we are currently facing is an opportunity for new company growth. Once beyond this major crisis, we will continue to respond flexibly to new needs and all other changes, making a huge leap forward to stay one step ahead of competitors.

*Production of a certain product at more than one plant at the same time



SS Business Area (Safety Systems)



Tadashi Yamamoto
 Chief of SS Business Area
 Deputy Chief of Automotive
 Business Headquarters /
 Corporate Officer

This business area started when we developed the first plastic steering wheel in Japan in 1954, and the mass production of driver's side airbags in 1989. Since then we have commercialized various types of airbags for protection during side impacts and for rear seat passengers. We have now reached full 360° coverage that protects people in vehicles from impacts at all angles.

Through the supply of various safety system products that help to reduce fatalities from traffic accidents, we will continue to contribute to a safe, secure, and comfortable mobile society and to achieving the SDGs.

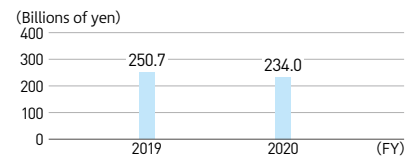
Strengths

- Technical ability to develop and produce high-performance, low-cost airbags
- High quality production technology for key safety parts
- Higher added value in coordination with IE business area

Opportunities

- Needs for improved airbag safety due to stricter assessment standards in developed nations
- Growing use of airbags due to rising concern about vehicle safety in developing nations
- Higher functionality of products with the spread of autonomous driving

Revenue



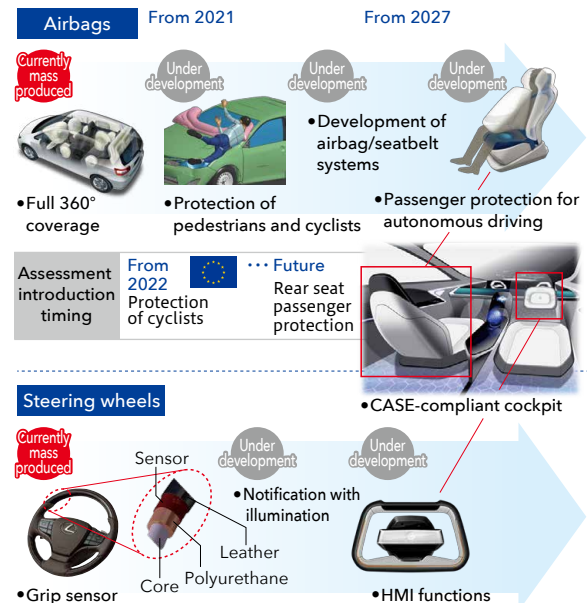
Strategy for coming years

We are moving forward aggressively with efforts for new technology related to impact and preventive safety, to deliver safety and security to all people on the move.

Short term In developing nations, our focus is on ensuring competitiveness as the demand for airbags grows with rising concern about safety. In India, this includes a collaboration with Daicel on the localization of inflators. In developed nations, we are expanding product variety for the protection not only of people inside vehicles but also pedestrians, in response to the differing assessments in each region. With speedy product development that takes advantage of our accumulated knowledge, we will respond to new needs and promote technical development that proposes ways to help solve hidden problems in mobility.

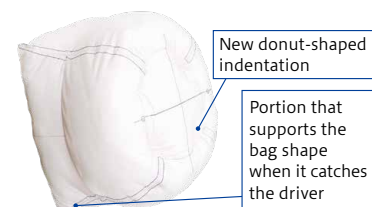
Medium and long terms To prepare ourselves for the spread of autonomous driving in the future, we are developing high value-added products such as airbags that can be used with seats designed to have a greater level of freedom and steering wheels that sense the condition of the driver. We are also collaborating with other companies in development with the aim of being a supplier that can contribute to total safety, including systems that take a holistic approach to airbags and seat belts.

Products Increased variations, higher functionality



TOPICS Developing driver-side airbag with new structure

A driver-side airbag with a new structure for safer protection was announced in July 2021. This new product, in addition to mitigating impacts to the head and chest by deploying instantaneously on impacts from the front, has a donut-shaped indentation in the deployed surface that can catch the head to minimize rotation during impacts from an angle. It can meet the stricter vehicle impact safety assessment standards that are expected in North America and elsewhere in the future.



IE Business Area (Interiors and Exteriors)



Junichiro Kako
Chief of IE Business Area
Deputy Chief of Automotive Business Headquarters / Corporate Officer

We are broadly expanding our interior products, such as instrument panels and console boxes that make interiors more pleasant, and our exterior products related to vehicle design, such as radiator grilles. Most IE products are very visible, and in addition to functionality it is important to ensure a high esthetic appeal.

We are working to expand our business by developing products and production technology based on new and changing needs brought about by CASE.

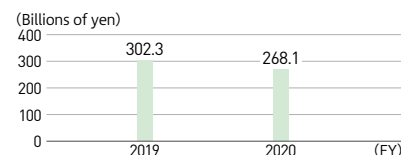
Strengths

- Development and production system for global supply, from design to manufacturing
- Production technology capabilities for many types of high-quality decoration, including painting, plating, films, and soft surfaces

Opportunities

- Growing needs for new decorative products that make vehicle individuality stand out
- Growing needs for new functions associated with electrification and autonomous driving
- Increasing demand for safety-related parts (radar transparent emblems)

Revenue



Strategy for coming years

We aim for further business growth with strengthened development of products and production technology, firmly based on changing design and functional needs from CASE.

Short term

We are expanding large molding and painting equipment to reliably absorb demand in growing products and regions. We are also reducing costs through simplification and commonality of functional product design, such as consoles, and development of production technologies centered on automation of assembly processes. Spreading these efforts globally will raise our competitiveness.

Medium and long terms

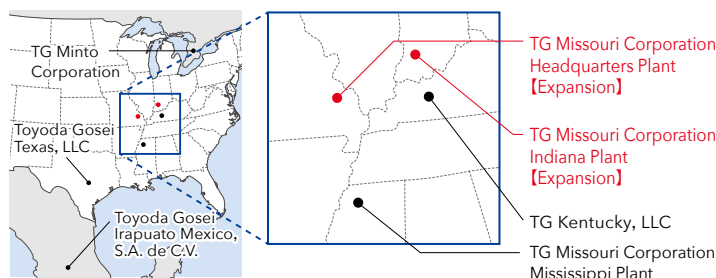
We are integrating new design and functional needs associated with vehicle electrification and autonomous driving, and will develop high value-added products such as functional lighting, HMI, and sensor-compatible garnishes. In addition to development of environmentally-friendly materials and decorative technologies to achieve carbon neutrality, we will lead the industry in innovative product design and production technology development for easy disassembly.



TOPICS

Enhancing Production Capacity for Interiors and Exteriors in North America

To respond to growing sales of radiator grilles and other interior and exterior products, we will expand the TG Missouri Headquarters Plant and purchase a new building at the Indiana Plant for molding machines and painting booths. With this investment of roughly four billion yen, we have brought in the latest energy-saving equipment and are conducting environmentally-friendly manufacturing.



FC Business Area (Functional Components)



Yutaka Ogasawara
 Chief of FC Business Area
 Chief of WS Business Area
 Deputy Chief of Automotive
 Business Headquarters /
 Corporate Officer

Toyota Gosei supplies crucial components, such as fuel and brake parts, that support the basic automobile functions of running, turning, and stopping. With high quality as a given and ongoing efforts for lighter weight and greater compactness, we have continued to maintain a top class share globally over many years. Taking the enormous changes coming with vehicle electrification as an opportunity, we will try to expand our business in safety parts, where the barrier to entry by other companies is high, while also contributing to carbon neutrality.

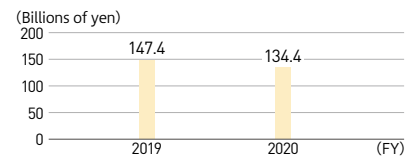
Strengths

- Technology and manufacturing that support high quality in key safety parts
- Global supply system

Opportunities

- Growing demand for related parts with the advance of vehicle electrification
- Growth of environmentally-friendly products (need for lighter weight)

Revenue



Strategy for coming years

We aim for further growth by building development and production systems with a view to the proliferation of electric vehicles, and starting up new, environmentally-friendly businesses.

Short term Market trends indicate gasoline and hybrid electric vehicles will be the main types of vehicle for the time being, and global sales will grow as products such as plastic fuel filler pipes and fuel tank peripheral parts meet the needs for lighter vehicle weight and exhaust gas restrictions. We aim to steadily expand sales with smooth production preparations for developing nations where demand is expected to continue. At the same time, we are also investing resources in advance development and equipment for the future electrification of vehicles.

Medium and long terms Leveraging the knowledge we have built up in battery and thermal control and other areas, we will grow our business for electrified vehicles with high pressure hydrogen tanks for fuel cell electric vehicles, cooling pipes that efficiently cool the many batteries in these vehicles, and battery cases. For carbon neutrality, we are starting new businesses centered on new materials and material recycling, and also working on production process innovations.

Power trains	Gasoline vehicles		HEVs PHEVs		BEVs		FCEVs	
	Functions							
Storage/control/supply	Fuel Tank Peripheral Parts		Changes		High pressure hydrogen tanks		Battery cases	
	Plastic fuel filler pipes				FC stack manifolds			
Cooling	Cooling pipes		Growing volume		Electric vehicles have high cooling needs, and pipe length is about four times that in gasoline vehicles			

TOPICS Start of operations at the Inabe Plant, which will contribute to carbon neutrality

We started producing high pressure hydrogen tanks, a key component in FCEVs, at our Inabe Plant in November 2020. This is a model plant for environmental friendliness, where in addition to our own solar power generation, wind power generation, and hydrogen fuel cell power generation, we purchase green energy from natural energy sources. All of the electricity used at the plant is derived from sustainable sources. We will increase production capacity sequentially in the future in response to the spread of FCEVs.



WS Business Area (Weatherstrips)

These products, which we supply globally, are attached to doors and window frames and serve many roles, including protecting the vehicle cabin from rain, wind, and noise, and in the smooth opening and closing of doors and raising and lowering of windows. We are proud of our top class world share, and are building the best production layouts centered on developing nations. We are steadily building profit with efforts to improve quietness, for which demand is rising with the spread of electric vehicles, and the promotion of rubber recycling technology that contributes to a recycling-oriented society.

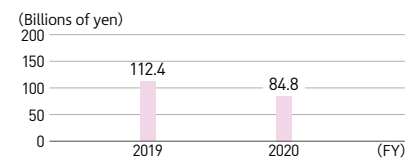
Strengths

- High share with global supply system (top 3 globally)
- Rubber recycling technology

Opportunities

- Rising needs for quietness with vehicle electrification
- Contributions to carbon neutrality using rubber recycling technology

Revenue

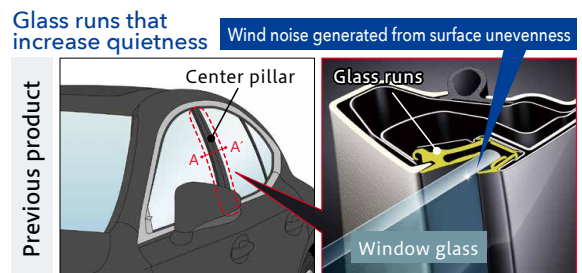


Strategy for coming years

We aim for reliable profits by building the best production networks globally and developing products that meet new needs.

Short term Weatherstrips are products that require processing know-how, and to ensure reliable profits we are introducing autonomous processes that rely less on operator skill ahead of our competitors, while also reorganizing production globally and building a production network that is cost competitive with manufacturers in developing nations. We are also reducing waste by advancing rubber recycling technology and developing products that use recycled rubber as we move toward manufacturing with a reduced environmental impact. This will also lead to new businesses.

Medium and long terms With no engine noise, sounds that occur with vehicle motion stand out more in electric vehicles and the demand for interior quietness will increase as these vehicles come into widespread use. We are developing products specifically for quietness, which both reduce wind noise and improve sound insulation performance at high levels. Furthermore, with replacing rubber products with plastic products and maximum use of rubber recycling technology, we will contribute to building a sustainable society by replacing existing products with products that contribute to carbon neutrality.

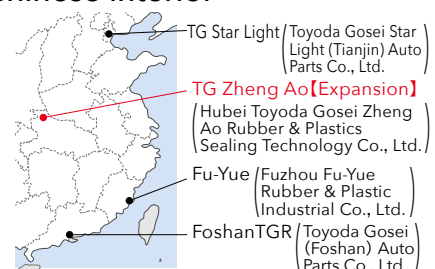


Cross-sectional structure of glass run (A-A' section)

TOPICS

Core location for expanding our business in the Chinese interior

The TG Zheng Ao Plant was enlarged and production equipment was increased in May 2021, doubling the weatherstrip production capacity from the level in FY2018. Following TG Start Light in northern China and Foshan TGR and Fu Yue in southern China, TG Zheng Ao became our fourth production base in China in 2018. With its enhanced production system, we will grow our business in the Chinese interior where future growth is expected. Elsewhere, we will respond to demand in the developing nations of India and Mexico where demand for weatherstrip products will increase in the future.



Life Solution Business

In January 2021, the non-automotive fields of LEDs, e-Rubber, general industry products, and GaN power semiconductors were brought together in the Life Solution Business Headquarters. The planning, sales, and engineering divisions were integrated with the aim of accelerating commercialization. We will first raise our name recognition in the consumer products field with the supply of technologies and products that enhance people's lives and contribute to the SDGs, such as e-Rubber, where product applications are progressing, and UV-C (deep UV) LEDs, which are promising as light sources for disinfection, and then move them into automotive products.



Ryo Onishi
Chief of Life Solution Business Headquarters / Corporate Officer

Examples | Commercialization of UV-C (deep UV) LEDs in three fields

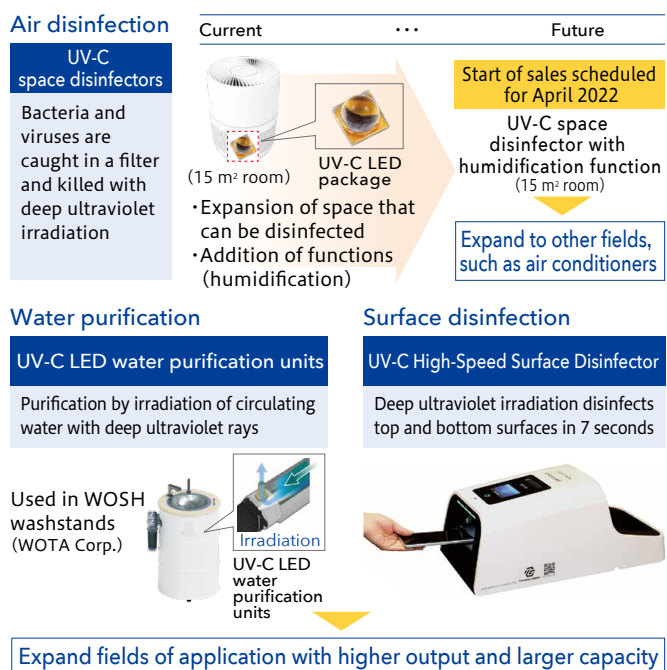
We first achieved commercialization of UV-C LED products in FY2020, and with the recently rising awareness of infection prevention are selling various products in the three fields of space disinfection, water purification, and surface disinfection.

In the field of space disinfection, we began selling UV-C space disinfectors in December of last year. These are products in which bacteria and viruses are caught in a filter and killed with irradiation from UV-C LEDs. We plan to sell new products with improved disinfection function and an added humidification function in April 2022.

In the field of water purification, Toyoda Gosei UV-C LED water purification units are used on "WOSH" portable washstands that were launched in November of last year by WOTA Corporation.

In the field of surface disinfection, we began shipping our Disinfection Box in May of last year and launched a UV-C High-Speed Surface Disinfector in November.

We will continue to raise output and increase capacity and expand the fields of application.

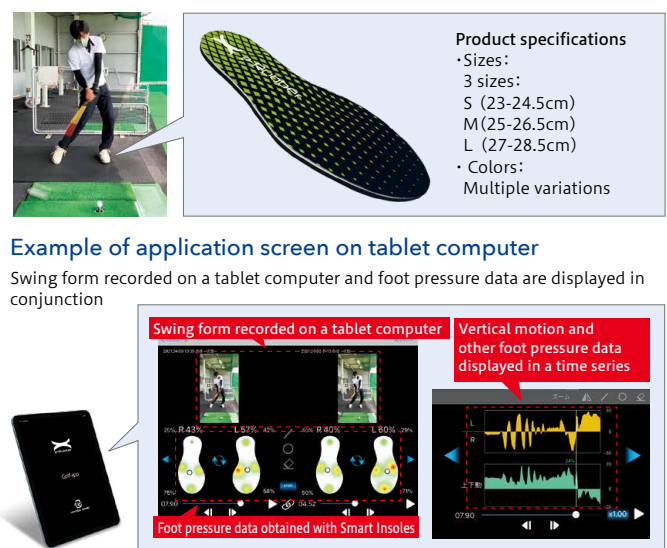


Examples | Smart Insoles using e-Rubber

e-Rubber, a next-generation rubber that functions with electricity and physical force, is used in the Super BEAT heart surgery training simulator that was launched in October 2019, and we have continued to seek partners with whom we can expect to grow this business.

In a second round of commercialization in FY2021, we are using e-Rubber's feature as a pressure-sensitive IoT sensor in the planned launch of Smart Insoles, which visually represent foot pressure data. Verification tests are currently underway with a sports manufacturer. Foot pressure data during golf swings are collected with Smart Insoles and analyzed, which can lead to improved form.

In the future, in addition to expanding the areas of application of pressure-sensitive IoT sensors, we will spread into other sports and the healthcare field, including in frailty prevention, as "intangibles" businesses.



Corporate Venture Capital

For “Venture into Innovation, New Mobility,” the first of the three pillars of activity set forth in the 2025 Business Plan, our mid-range business plan, we are making agile investments in startups. The main aims are to develop new products leveraging the technology of the companies in which we invest and obtain a strategic return in the creation of new business. We will continue long-term support, including providing management resources to these companies, so that both of our businesses can grow.



Mitsuhiro Nawashiro

Deputy Chief of Corporate Strategy Headquarters
Deputy Chief of Research and Development Headquarters, Chief of Product Development Center, Deputy Chief of Life Solution Business Headquarters / Corporate Officer

To realize new businesses quickly, we will grow together with our partners through investment

Toyoda Gosei's Corporate Venture Capital Dept. was established in 2019 to achieve, through investment in startups, the goals of supplementing the technology in our existing businesses, acquiring future technology that will be the seeds for new business, and accelerating development by bringing the venture spirit of the companies into which we invest to Toyoda Gosei.

In selecting companies for investment, we have considered six fields that are promising for synergy with our own core technologies: (1) next-generation automotive parts, (2) robotics, (3) semiconductors, (4) materials, (5) production technology, and (6) SDGs. Since January 2021, based on the changing external environment, we have expanded this to include carbon neutrality, healthcare, and intangibles. A specific example of synergy achieved in the past is a fixture that supports assembly work that was fabricated with the use of the 3D printer technology of a company in which we invested. Taking advantage of features of that company's technology in which recycled materials can be used in materials, we replaced the traditional metallic fixtures in our plants with recycled plastic, reducing our environmental impact. While creating products and businesses, we will continue to communicate and share issues for the growth of the businesses in which we invest, and hope move on to the next step together. It is said that it generally takes 7 to 10 years to obtain a return on venture investments, but we will grow together with our investment partners as One Team so that we can bring that forward as much as possible.

List of companies in which Toyoda Gosei has invested

Company name	Technology	Category	
IMUZAK Inc.	Molds, microfabrication	Production technology	
QBIT Robotics Co., Ltd.	Service robots	Robotics	
Slab Inc.	3D printer	Production technology	
TRYETING Inc.	AI	Materials	
Uhuru Corporation	Cloud	Intangibles business	
Ossia Inc.	Wireless power	Next-generation parts	
WOTA Corp.	Portable water purifiers	Semiconductors/SDGs	
Ball Wave Inc.	Chemical sensors	Healthcare	
Counterworks, Inc.	Retail DX support	Intangibles business	
Genial Light Co., Ltd.	Healthcare applications of optical technology	Healthcare	
E-ThermoGentek Co., Ltd.	Thermoelectric generation modules	Carbon neutrality/production technology	

Slab Slab Inc.

We are making efforts for higher accuracy and speed of plastic 3D printers that can use recycled materials, and developing production technology to speed up product development and increase efficiency of low-volume, high-mix production. Joint development of general-purpose material manufacturing and production equipment will produce a synergistic effect.



Seiichi Yuyama
President

3D printers create solid value and we are conducting joint development with Toyoda Gosei so that they can be used as an effective tool in making automobiles in the future.

E-thermo

E-ThermoGentek Co., Ltd.

As one aspect of increased renewable energy use at Toyoda Gosei, we have been generating power ourselves using solar, geothermal and other sources. In collaboration with a company that has original thermoelectric power generation technology that converts heat to electricity, we will develop a power generation system for the effective use of the thermal energy discharged during the molding and processing of rubber and plastic products.

Moving toward the concept of TG One Factory

We are innovating manufacturing on our production floors by raising productivity with automation, and IoT, and developing production techniques that move us closer to carbon neutrality



Katsuhiko Kato

Chief of Automotive Business Management Center
General Manager of Production Engineering Management Division

Relentless effort is needed in manufacturing areas to ensure competitiveness and grow sustainably as laws and regulations are strengthened to combat global warming, competition intensifies with the advent of CASE, populations in developed nations age, labor costs in developing nations rise, and other changes occur in the environment.

The “TG Advanced Factory Concept” was formulated as our vision for the company in the future. It adds three concepts to the high productivity “Smart Factory” that has been cultivated based on the Toyota Production System. The first is that of a “Virtuous factory” that eliminates human error with the use of DX other approaches. Processes that utilize IoT and AI to prevent the generation or passing on of defects and do not cause difficulties for our customers will be achieved. Our aim is for plants where a culture of 100% compliance with laws and regulations has taken root and our colleagues around the world can work in safety. Second is the concept of a “Clean factory” that makes full use of innovative production technologies. As we work toward achieving carbon neutrality by 2050, we

will continue activities to reduce CO₂, such as reducing energy loss with process innovations, upgrading to more efficient equipment, and introducing renewable energy. In addition, we will work to develop recycling technology for rubber, which has been considered difficult to recycle, and the completely new energy technology of replacing fuels by using CO₂ methanation and hydrogen. Third is the concept of a “Factory where everyone can work with vigor.” Workers are freed from burdensome tasks with the introduction of automated guided vehicles (AGVs) and expanded use of automated visual inspections and robots, and can shift to tasks with higher added value such as equipment maintenance and *kaizen*. This not only improves productivity, but also helps to bring about diversity so that everyone, regardless of age, gender, or other attributes can work in the same workplace with a sense of satisfaction. Currently, we are making use of this in the reorganization of production layouts under consideration in Japan as well as China and North America. In addition, we will start up new plants centered around the thinking in the TG Advanced Factory Concept.

TG Advanced Factory Concept	Ultimate goal	The company we want to be
Factory where everyone can work with vigor	Job satisfaction 100% Poor health 0	Achieve diversity where everyone can work with the advance of automated processes
Clean factory	CO ₂ emissions 0 Waste material 0	Achieving carbon neutrality through production technology innovations Devulcanization and regeneration process Carbon neutrality by 2050 CO ₂ 0%
Virtuous factory	Disasters 0 Complaints 0 Legal compliance 100%	Eradication of human error with the promotion of DX Connecting with IoT Use of AI machine learning Absent-mindedness, Impatience, Carelessness, Temptation
Smart factory	L/T Shortest Defects/breakdowns 0 Mechanization* 100% *work with no added value	We will achieve the “TG One Factory Concept” with innovations in manufacturing technology based on TPS thinking

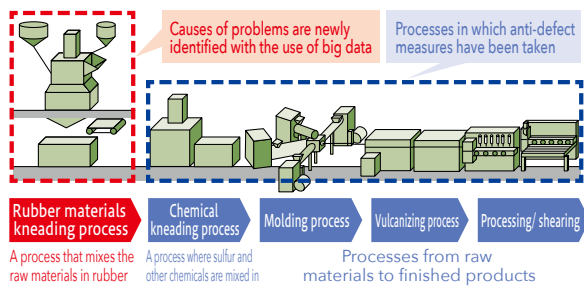
It has been more than 40 years since Toyoda Gosei established its first overseas operations. We have accumulated local know-how and have progressed with mutual exchanges in technology and knowledge that are the strengths of each location. In 2020, we started the Global Production Liaison Committee and worked to speed up the entire group, such as by sharing

information and the technology of each plant in a common database and strengthen manufacturing. In the future we will operate all the plants in the Toyoda Gosei Group that are spread across the globe as one huge factory, and develop further with the “TG One Factory Concept” that dramatically raises QCD as the ideal.

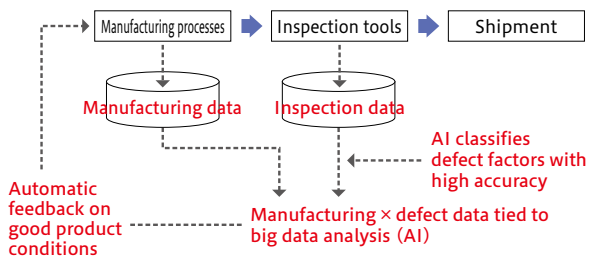
Work process innovation using IoT and AI

Elimination of defect losses is directly linked to being a factory that does not produce complaints. In cases of weatherstrip production processes, IoT technology and AI are used and lead to defect prevention measures and improvements. In addition to the experience of highly skilled workers, conducting big data analysis of all processes will help to identify factors in defects that could not be discovered with conventional *kaizen* methods and lead to anti-defect measures. In the future, we aim to develop control technology in which AI classifies factors in defects with high precision without going through humans, and provide automatic feedback on conditions that always produce good products. We also aim to eliminate factors caused by human error and create “virtuous factories” that do not cause problems for customers or society.

Weatherstrip production process (use of IoT and AI)



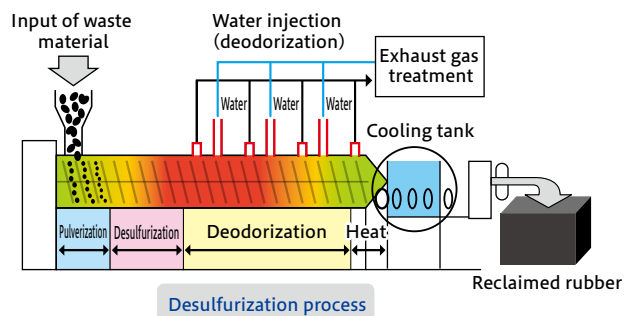
Prevention of defects with automatic feedback control technology



Full-scale operation of rubber recycling processes to achieve the medium-term goal of reducing waste

We aim to reduce waste materials by 30% (compared with FY2012 levels) by 2030 on our way to achieving carbon neutrality in 2050. In April 2021, recycling processes for four types of weatherstrips were brought together in a dedicated building. By restoring waste rubber to a raw material state with our original technology and using it in new products, we expect to reduce waste by about 6,000t. This should also have an effect in reducing CO₂ emitted during raw material transport and the incineration of waste. In addition, we hope to contribute to reducing the environmental impacts of the industry overall, by using this recycled rubber not only in-house but also selling it to other companies.

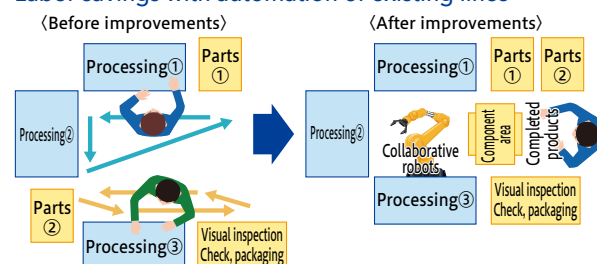
Weatherstrip recycling process [see p. 24]



Expanding the use of robots to save labor

In starting up new production lines, we seek product specifications from the design stage that will make automation easier and aim to achieve production lines that are totally automated, from component and material input to shipment of finished products. For existing lines, we will make full use of TPS *kaizen* methods to separate and group tasks that can only be done by humans and all other tasks, and achieve labor-saving lines that combine collaborative robots and *karakuri kaizen* with low investment.

Labor savings with automation of existing lines



Environment (E)



Taking on the challenge of carbon neutrality and a circular economy with the full strength of the Toyoda Gosei Group

The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), published in August 2021, states that there is no longer any doubt that global warming is affected by human activities. The damage caused by abnormal weather, such as the torrential rains and forest fires that are occurring frequently in all parts of the world, is enormous. The climate change problem is a real and urgent threat created by humans. Global warming is not simply climate change; it also bears strongly on resource recycling, water risks and biodiversity, and multifaceted efforts to combat it are important.

In 2016, the Toyoda Gosei Group formulated the TG 2050 Environmental Challenge, which targets zero plant CO₂, to do our part in overcoming this crisis. We also established the Targets 50&50, our medium-term targets for 2030, for the early realization of carbon neutrality and a circular economy, and have initiated company-wide, cross-sectional projects and are accelerating efforts integrated into company activities.

The entire Toyoda Gosei Group will continue to do its utmost to contribute to protecting the global environment, under the slogan “A Greener, Richer World for Our Children.”

Kazuhiko Nagao

Deputy Chief of Carbon Neutrality and Environment Promotion Division

Contributing to environmental preservation through all our business activities

Basic philosophy

The Toyoda Gosei Group formulated its 1st Environmental Action Plan in 1993 based on its environmental policy, and since that time has been actively confronting environmental issues. In February 2016, we announced our TG 2050 Environmental Challenge, and have set targets to be reached by 2030 as milestones. We have also formulated a 5-year action plan in which activity items and targets are set, and are

carrying out activities to protect the environment.

Globally, we have placed integrated environmental functions in the regions of the Americas, China, ASEAN, and India. The Group is also making efforts as a whole with area control in five global regions, the above four plus Europe/South Africa. These efforts are made in conjunction with government agencies, customers and suppliers.

Environmental policy

1. Environmentally-friendly corporate activities

We are keenly aware that all stages of our business relate deeply to the environment, from development, production, and sales activities to end-of-life disposal. The Toyoda Gosei Group, including all internal departments, domestic and international affiliates, and suppliers, conducts all business activities with concern for the environment in cooperation and coordination with customers, government agencies, and others.

2. Good corporate citizenship

As a good corporate citizen, we participate in, support, and cooperate with environmental activities by many groups while also working on environmental activities in the community and broader society. We also provide education for all employees to support them in becoming involved in environmental activities as members of the community and society, and support social contributions and volunteerism.

3. While spreading information on these activities, we listen to the opinions of people at all levels of society and work to improve our activities wherever we can.

TG 2050 Environmental Challenge — A Greener, Richer World for Our Children

The Toyoda Gosei Group specializes in the field of high polymers — rubber and plastics. Our symbol is the benzene ring, a hexagonal hydrocarbon structure that is the starting point for polymers. Borrowing from the six sides of the benzene ring, the TG 2050 Environmental Challenge sets six challenges to strengthen our environmental efforts with a long-term view to the year 2050. As a roadmap to achieve that, we have set targets for 2030 (Targets 50&50) as milestones and formulated a five-year Environmental Action Plan to guide our efforts.

TG 2050 Environmental Challenge (Six Challenges)

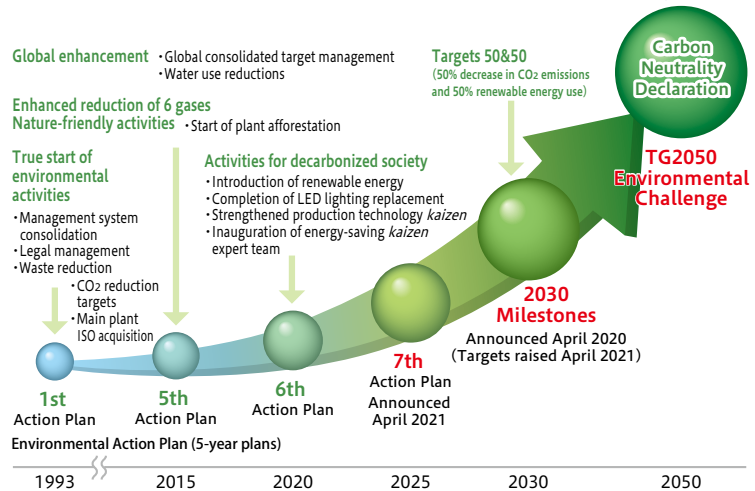




Support for TCFD recommendations

The Toyoda Gosei Group endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in May 2019, and has analyzed risk/opportunity scenarios and response scenarios based on guidelines. Together with an acceleration of efforts, including the TG 2050 Environmental Challenge and review of our 2030 milestones, we are actively disclosing relevant information. Please visit our website to see the results of our scenario analysis.
<https://www.toyoda-gosei.com/csr/environmental/report11/>

Medium- and long-term scenario for achieving carbon neutrality [see p. 21]



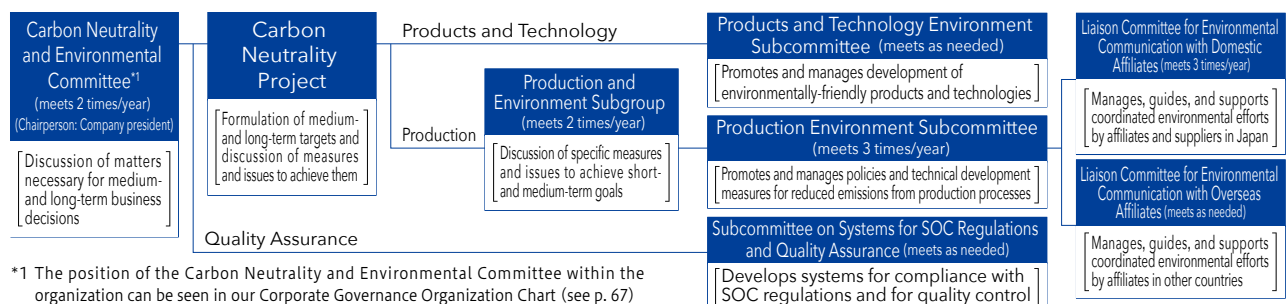
Environmental organization

Our medium- and long-term policy and key action items are discussed and decided in a Carbon Neutrality and Environmental Committee chaired by the company president. The Carbon Neutrality and Environmental Committee consists of three subcommittees in the areas of products, production, and quality. In the area of production, a production and environment subgroup has been established to strengthen environmental activities over the entire manufacturing process. The above subcommittees are further broken down into working groups that promote and manage areas such as

reductions in energy use, waste products, and volatile organic compound (VOC) emissions, and preservation of the environment. In this way, environmental preservation and management activities are conducted from an expert perspective.

A carbon neutrality project was started in FY2021 to accelerate efforts over the product lifecycle. The project is headed by the president and with outside directors as advisors and the general managers of related divisions as members.

Environmental organizational structure



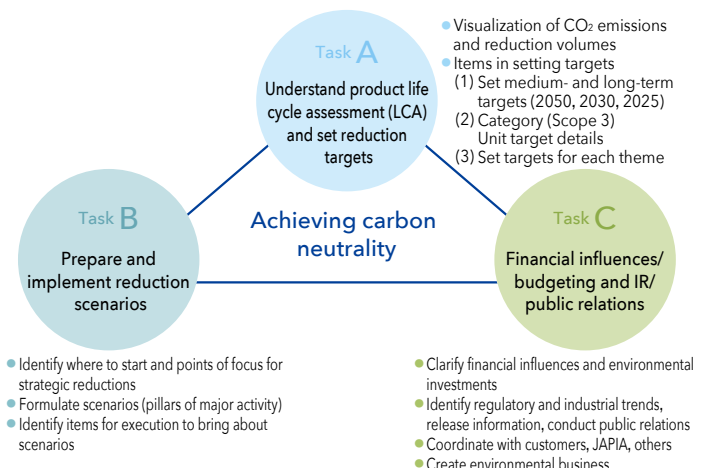
*1 The position of the Carbon Neutrality and Environmental Committee within the organization can be seen in our Corporate Governance Organization Chart (see p. 67)

Deployment from the Carbon Neutrality and Environmental Committee, the Production and Environment Subgroup, and the respective subcommittees to plants and other operations is done with the establishment of expert committees in accordance with the ISO 14001 system at each plant.

Carbon Neutrality Project

Structure The project is headed by the President and has Chiefs of the Corporate Strategy Headquarters, Research and Development Headquarters, and Automotive Business Headquarters serving as project leaders. The core members are division general managers and above. This structure allows for quick decisions and actions in management issues.

Activities Each task is carried out with the relevant division general manager as leader.



Environment (E)

Risk and opportunity associated with climate change and resource depletion

The risks and opportunities associated with climate change and resource depletion are recognized as an important management issue. From a global perspective based on laws, regulations and trends, we are strengthening our responses to the overall financial and social risks from the effects on economic and production activities of more drastic abnormal weather, changing precipitation patterns, droughts and floods.

	Risk	Opportunity
Climate change	Please visit our website to see the results of our scenario analysis. https://www.toyoda-gosei.com/csr/environmental/report11/	
Resource recycling	Effects of water shortages and floods on production activities	Cost reductions from re-use and decreased use of water
	Cost increases from difficulty in procuring materials, soaring material prices	Cost reductions from recycling technology, use of fewer materials
Management (regulatory compliance)	Loss of trust in the company due to environmental problems, including legal violations, and insufficient efforts to protect the environment	Increase in brand strength from enhanced environmental activities
Biodiversity	<ul style="list-style-type: none"> •Rising prices for raw materials due to decline in natural resources •Decreased product quality due deteriorating water quality 	<ul style="list-style-type: none"> •Business continuity by protecting nature to ensure human resources and raw material •Securing quality water resources with forest maintenance, river conservation

Resource utilization and environmental emissions in business activities

To lessen the amount of energy, material and other resource inputs, and maximize product output, we are utilizing our skills in product development, process development and workplace *kaizen* in efforts to

improve through business activities.

The input resources we use include environmentally friendly materials and clean energy.

INPUT

Total material input 39,248t	Rubber (rubber sheets) 13,335t
Plastic 25,913t	Excluding purchased parts, metal and liquid
Total energy input 2,261,000GJ ^{*1}	Heavy oil 5,000GJ
Purchased electricity 1,470,000GJ	Kerosene 0GJ
Renewable energy 19,000GJ	LNG 110,000GJ
City gas 650,000GJ	Gasoline 1,000GJ
LPG 1,000GJ	
Water resource input 1,140,000m ³	Clean water 189,000m ³
Industrial water 641,000m ³	Underground water 311,000m ³
PRTR² substances usage 525t	

*1 Gigajoule (1,000,000,000 joules)

*2 Pollutant Release and Transfer Register

*3 Sulfur oxide

*4 Nitrogen oxide

*5 Volatile organic compounds

*6 Subject operations: 4 plants of Haruhi, Inazawa, Heiwacho and Seto, Kitajima Technical Center, Miwa Technical Center and Sun-Court Inoguchi

OUTPUT

Products	
Emitted into the atmosphere	
CO ₂ 93,000t-CO ₂	NOx ^{*4} 92t
6 gases 2,000t-CO ₂	Dust 0t
SOx ^{*3} 0t	Volume of substances subject to PRTR 77t
	VOC ^{*5} emissions 230t
Waste discharge	
Landfill waste 0t	Industrial waste and general waste 5,927t
Incinerated waste 1t	For-profit disposal by sale 6,032t
	Volume of substances subject to PRTR 41t
Wastewater	
Total wastewater 870,000m ³	Nitrogen emissions ^{*6} 8.8t
Volume of substances subject to PRTR 0.1t	Phosphorus emissions ^{*6} 0.6t
	COD emissions ^{*6} 4.3t

Environmental impact in the value chain

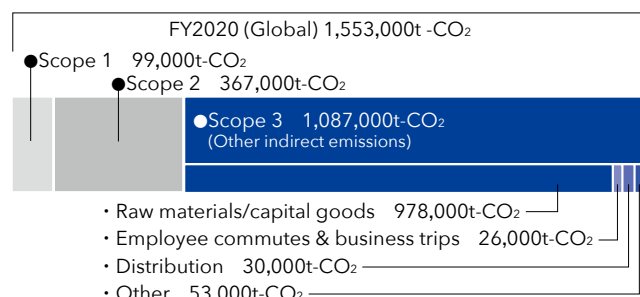
From the perspective of preserving the earth, we have surveyed and disclosed not only GHG emissions (Scope 1,⁷ Scope 2⁸) in our business activities but also emissions in our entire value chain including excavation of raw materials and product use and disposal (Scope 3⁹). Our Carbon Neutrality Project was inaugurated in FY2021 to improve the accuracy of Scope 3. Together with this, we have established milestones and created scenarios for carbon neutrality.

*7 Greenhouse gas emissions emitted directly by the company itself (natural gas and other fossil fuels, etc.)

*8 Indirectly emitted greenhouse gases (electricity, etc.)

*9 Greenhouse gases emitted in the supply chain that are indirectly emitted by the company (manufacturing, transport, business travel, commuting, etc.)

CO₂ emissions by scope level





Environmental action plan

Sixth environmental action plan activities and results (FY2016-FY2020)

Our efforts to achieve a sustainable society have been focused in four areas: “Building a decarbonized society,” “Building a recycling society,” “Building an environmental preservation and nature-friendly society,” and “Environmental management.”

As a result of the collective efforts of the entire Toyoda Gosei Group, we have achieved our targets for all key items (CO₂, waste, water).

Results for key items

Building a decarbonized society	● CO ₂ emissions/percentage of renewable energy					
	Item	2020 target	FY2020 results		Rating	
Global, consolidated	CO ₂ emissions per sales unit	12% decrease vs. 2012	77 ^[1]	23% decrease vs. 2012	○	
		15% decrease vs. 2012	65 ^[1]	35% decrease vs. 2012	○	
		17% decrease vs. 2012	80 ^[1]	20% decrease vs. 2012	○	
Toyoda Gosei Co., Ltd.	CO ₂ emissions	17% decrease vs. 2012	93,000t-CO ₂	40% decrease vs. 2012	○	
Global, consolidated	Renewable energy rate <small>Percentage of renewable energy among electricity consumed</small>	More than 2%	15,459KW	4%	○	
Building a recycling society	● Discharged waste volume					
	Item	2020 target	FY2020 results		Rating	
Japan, consolidated	Waste volume per sales unit	10% decrease vs. 2012	61 ^[1]	39% decrease vs. 2012	○	
		12% decrease vs. 2012	61 ^[1]	39% decrease vs. 2012	○	
		6% decrease vs. 2013	38 ^[1]	62% decrease vs. 2013	○	
Overseas affiliates						
Building a recycling society	● Water usage					
	Item	2020 target	FY2020 results		Rating	
Japan, consolidated	Water used per sales unit	8% decrease vs. 2012	57 ^[1]	43% decrease vs. 2012	○	
			82 ^[1]	18% decrease vs. 2012	○	
			55 ^[1]	45% decrease vs. 2012	○	
Overseas affiliates						

[1] Figure when the reference value is taken as 100.

Please see our website for details. <https://www.toyoda-gosei.com/csr/environmental/report2/>

Seventh environmental action plan (FY2021-FY2025)

An environmental action plan was formulated for FY2025.

Targets for key items

Building a decarbonized society	● CO ₂ emissions/percentage of renewable energy					
	Item	2025 targets	(Reference) 2030 targets	TG 2050 Environmental Challenge		
Global, consolidated	CO ₂ emissions	25% decrease vs. 2015	50% decrease vs. 2013	Carbon neutrality		
		12%	20%	100%		
	Toyoda Gosei Co., Ltd.	CO ₂ emissions	25% decrease vs. 2015	50% decrease vs. 2013	Carbon neutrality	
			20%	50%	100%	
Toyoda Gosei Co., Ltd.	Renewable energy percentage	12%	20%	100%		
		20%	50%	100%		
Building a recycling society	● Discharged waste volume					
	Item	2025 targets	(Reference) 2030 targets	TG 2050 Environmental Challenge		
Toyoda Gosei Co., Ltd.	Waste volume	40% decrease vs. 2012	50% decrease vs. 2012	Minimization		
Overseas affiliates	Waste volume per sales unit	50% decrease vs. 2015	55% decrease vs. 2015			
Building a recycling society	● Water usage					
	Item	2025 targets	(Reference) 2030 targets	TG 2050 Environmental Challenge		
High risk area	Water quality	Measures completed at two locations	Measures completed at four locations	Minimization of water risks		
	Water intake	Measures completed at three locations	Measures completed at seven locations			
Low risk area	Water intake per sales unit	6% decrease vs. FY2019	11% decrease vs. FY2019			
Building environmentally-friendly societies	● Living with the environment					
	Item	2025 targets	(Reference) 2030 targets	TG 2050 Environmental Challenge		
Global, consolidated	No. of activities	Implementation of nature activities (>1 time/year)				
Toyoda Gosei Co., Ltd.	Area of green restoration	+18% restoration compared with 2019	+35% restoration compared with 2019	100% restoration		

Please see our website for details. <https://www.toyoda-gosei.com/csr/environmental/report2/>

Building a decarbonized society

In addition to lighter weight products that lead to improved vehicle fuel efficiency, we are reducing CO₂ emissions through improved productivity and more efficient distribution.

Basic philosophy

In addition to achieving the goal set under the Paris Agreement of keeping the rise in the global average temperature to below 2°C compared with pre-Industrial Revolution levels, we must reduce greenhouse gas emissions to virtually zero by the end of this century. With the aim of zero CO₂ emissions as presented in the TG 2050 Environmental Challenge, we are utilizing new production techniques and product development skills with an eye toward next-generation vehicles in addition to the manufacturing skills we have cultivated over time. Plans for execution are included in our

7th Environmental Action Plan with activity targets for FY2025. We have also set the goal of cutting CO₂ emissions 50% (vs FY2013 levels) by 2030, the midpoint for the TG 2050 Environmental Challenge, and implementing stepwise, specific CO₂ reductions. We are also conducting activities to reduce CO₂ emissions over the entire life cycle, with consideration of parts and materials procurement, product development, production, and use up to the disposal stage. In June 2021 we started a company-wide, cross-sectional carbon neutrality project to accelerate these activities.

Reducing CO₂ emissions

The Toyota Gosei Group is reducing CO₂ emissions in the product stage, production stage, and over the entire lifecycle to achieve the targets set for FY2025.

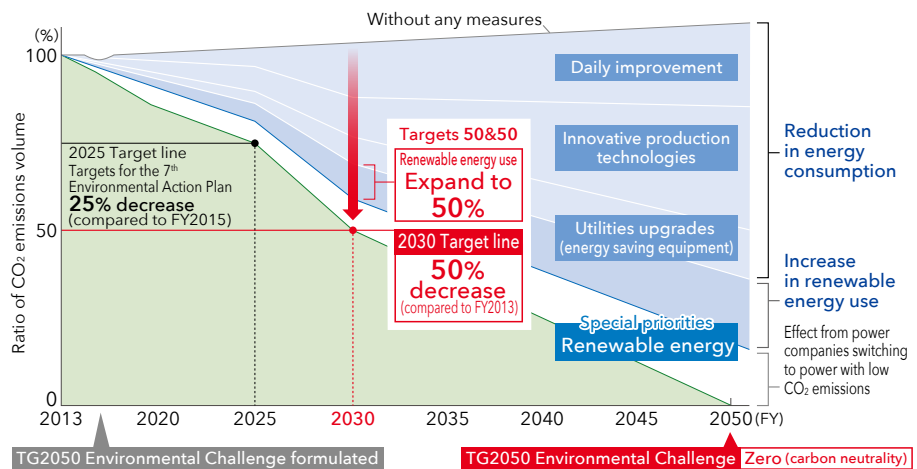
•Product development stage: Environmentally-friendly product development

In the product stage, we are making headway in providing parts for environmentally-friendly, next-generation vehicles and developing products with lighter weight for greater fuel efficiency and lower energy consumption across the areas of materials technology, product design, and production technology. Examples include the

development of hydrogen tanks for FCEVs and aggressive efforts to switch materials (e.g., from metal or rubber to plastic) in instrument panel peripherals and other interior products and in functional parts such as hoses, reduce the number of components, integrate functions, and use thinner material while ensuring strength.

•Production stage: Reductions with development of new processes, daily kaizen

We have set 2030 milestones for achieving zero plant CO₂ in the TG 2050 Environmental Challenge, and are working to achieve this with regular *kaizen*, production technology innovations, more efficient utilities, and expansion of renewable energy in plants.



•Recycling: Reductions in materials and parts procurement, more efficient distribution

Toyota Gosei has prepared and distributed green procurement guidelines for materials and parts procurement with low environmental impact. Together with regular supplier surveys to ensure compliance, we also provide support when improvements are needed.

We have reduced CO₂ emissions with more efficient distribution, including truck allocation with improved payloads and shorter distribution distances and reviews of transport modes.

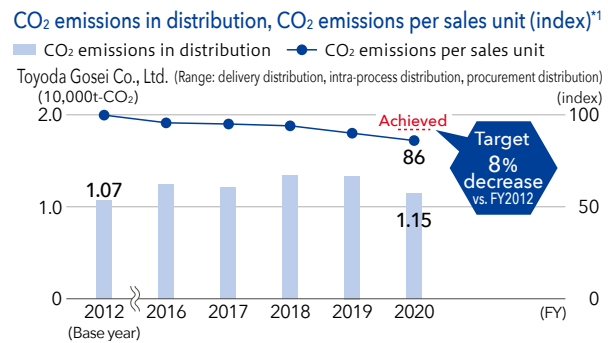
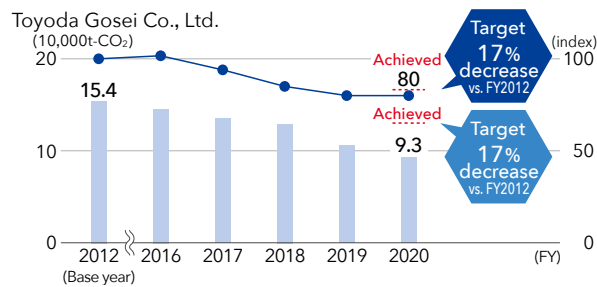
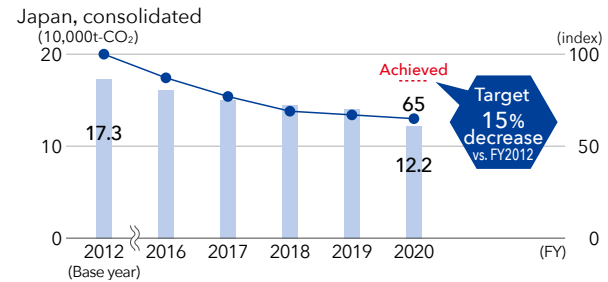
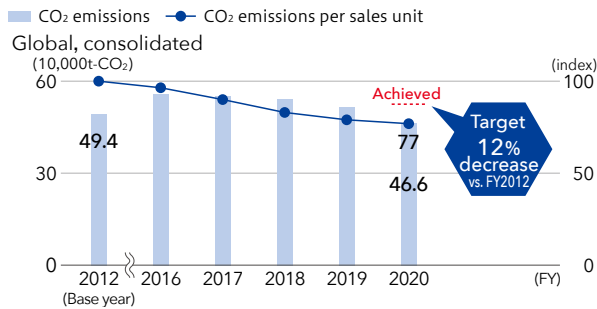


•Renewable energy

We are expanding renewable energy, including the installation of clean solar and wind energy generation equipment and the purchase of green power. This reached 4% of our total global electricity consumption

by the end of FY2020, more than meeting our target of 2%. Our next challenge is to raise clean energy levels to at least 20% globally by FY2030.

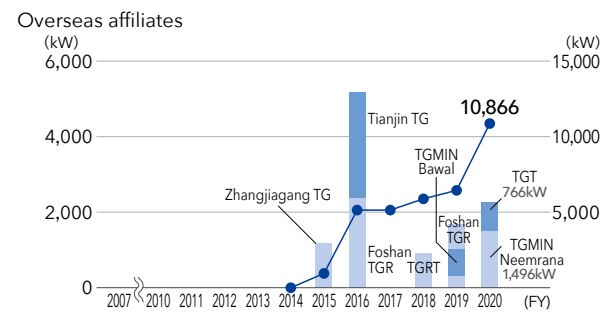
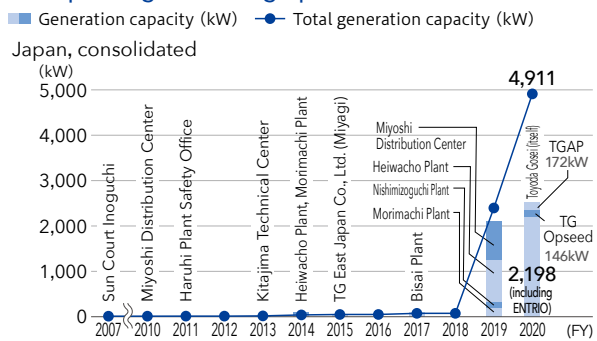
CO₂ emissions, CO₂ emissions per sales unit (index) *1



*1 Emissions per sales unit (index) is a figure obtained taking FY2012 as 100 [CO₂ conversion factor]
The CO₂ conversion factors used for Japan*2 are the 1990 Keidanren factors. The CO₂ conversion factors used for other countries are from the GHG Protocol (2001).

*2 Electricity: 0.3707t-CO₂/MWh, class A fuel oil: 2.69577t-CO₂/kL, LPG: 3.00397t-CO₂/t, Town gas: 2.15701t-CO₂/1,000 Nm³, Kerosene: 2.53155 t-CO₂/ kL, LNG: 2.68682t-CO₂/t, Gasoline: 2.36063t-CO₂/kL (excluding external factors of gas companies' town gas heat conversion)

Solar power generation graph (does not include stand-alone systems such as outside lights with solar panels)



Reductions in 6 greenhouse gases*3

Of the six greenhouse gases, Toyoda Gosei Co., Ltd. uses three (HFC, PFC, SF₆) and is conducting activities to reduce all of them. By FY2015 we had completed a switch to alternative gases with a low environmental impact for the shield gas used in the production of steering wheel cores and other gases. This has resulted in a 74% decrease in greenhouse gases since FY2012. We will continue these reduction activities in the future.

Trend in greenhouse gas (6 gases) emissions (CO₂ equivalents)



*3 Hydrofluorocarbon (HFC), perfluorocarbon (PFC), sulfur hexafluoride (SF₆), methane (CH₄), nitrous oxide (N₂O), nitrogen trifluoride (NF₃)

Building a recycling society

Toyota Gosei uses resources effectively and contributes to a recycling society by reducing waste volumes*1 and water usage and designing products that are easily recyclable.

*1 We are currently attempting to reduce waste volumes for the minimization of industrial waste as set forth in the TG 2050 Environmental Challenge.

Basic philosophy

To move closer to the recycling society, or circular economy, envisioned in the TG 2050 Environmental Challenge, Toyota Gosei aims to minimize industrial waste and water risks. We have set 2030 targets as milestones, and are making every effort to use resources effectively, reducing materials usage and waste volumes through thorough sorting and the

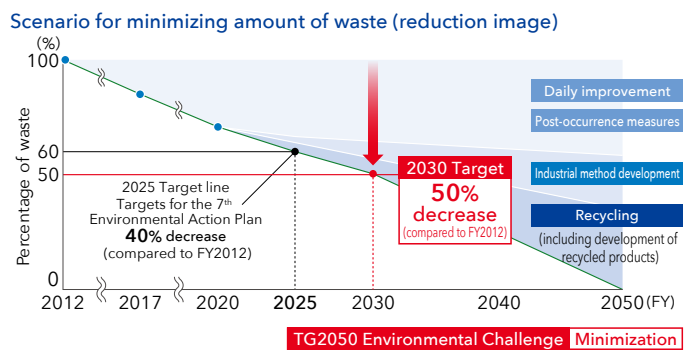
design of easily recyclable products.

Frequent water shortages and floods have become a major problem in all parts of the world. We are attempting to identify these risks in every country and region where we have operations while also striving to give back to the community by reducing water usage, recycling water, and releasing cleaner wastewater.

Waste reduction

• Establishment of 2030 milestones

We have set and are working toward 2030 milestones to achieve the targets in the TG 2050 Environmental Challenge. For this we are developing products and materials that minimize remnants and waste and are easy to recycle, and thoroughly sorting them in plants.



• Development of product recycling technology

We develop and design easily recyclable products and materials with thought to the entire lifecycle of automobiles. We are also developing recycling technology for waste material.

Development of technology for end-of-life vehicle parts recycling

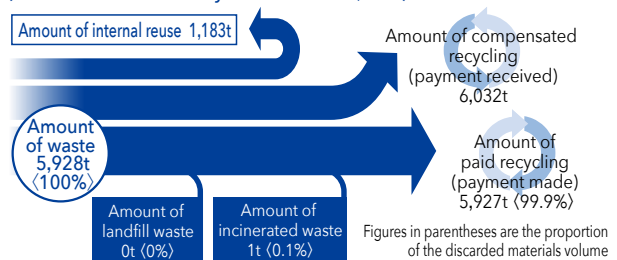
Key items	Measures implemented
New recycling	<ul style="list-style-type: none"> •Composite material separation technology •New recycling technology (high quality material recycling)
Use of recycled materials in vehicles	<ul style="list-style-type: none"> •End-of-life vehicle recycling technology •Development of applications for recycled materials
Product design for easy recycling	<ul style="list-style-type: none"> •Product design for easy dismantling •Materials and composition changes for easy recycling

• Reduction of waste materials in the production stage

To reduce waste in production processes, we are combating waste at its source and recycling. We have also started a waste reduction project with coordination among plants and production technology, materials technology, and product design departments to strengthen efforts to combat waste at its source. At each plant, we are reducing waste through *genchi-genbutsu* (go and see), identifying items for reduction with the help of external experts, and implementing rubber, plastic, and liquid reductions.

Study sessions are also held to promote waste reduction at both domestic and international Group companies.

Amounts of waste generated and disposed of (results for FY2020: Toyota Gosei Co., Ltd.)



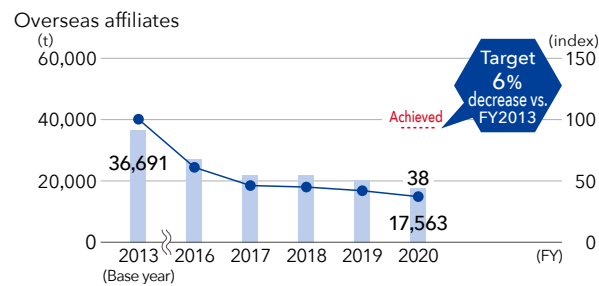
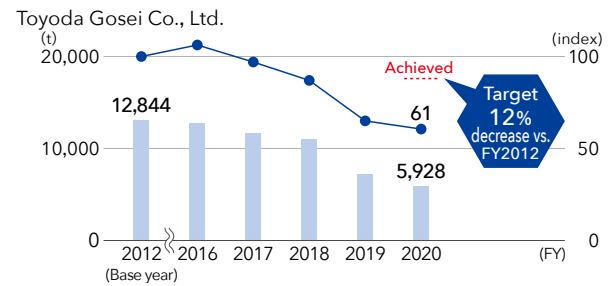
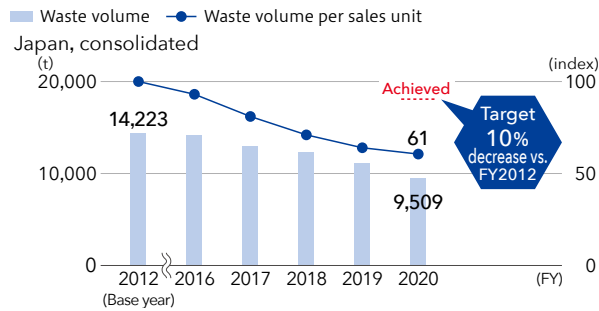


•Reduction of packaging in the distribution stage

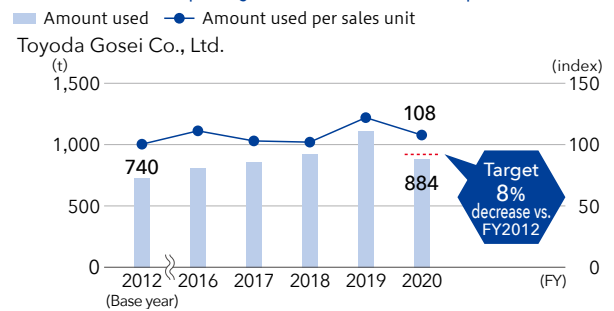
The packing material used in product transport is being reduced to prevent products from being soiled by increasing the number of times reusable containers are used in the field and maintaining cleanliness. We

are also reducing packing material by putting lids on reusable containers and other changes, considering the balance between maintaining product quality and reducing the use of packing materials.

Waste volume, waste volume per sales unit (index)*2



Amount of distribution packing material used, amount used per sales unit (index)*3



*2 The amount of waste per sales unit (index) is a figure obtained taking the base year as 100

*3 The amount of distribution packing material used per sales unit (index) is a figure obtained taking the base year as 100

Reducing water risks

We have set and are working toward 2030 milestones to achieve the targets in the TG 2050 Environmental Challenge. For this we are assessing risks in both water usage and water quality in Japan and international locations, and making improvements at high-risk locations.

Even in places where risks are low, we are trying to reduce water intake amounts for the effective use of resources.

In FY2020, we cut water use through improvements to reduce leakage and by promoting recycling. We are also planning upgrades to wastewater treatment facilities for cleaner waste water.

2030 water usage milestone

	Item	2030 Target
High risk area	Water quality	Measures completed at four locations
	Water intake	Measures completed at seven locations
Low risk area	Water intake per sales unit	11% decrease vs. FY2019

Water use, water use per sales unit (index)*1



*1 Water use per sales unit (index) is a figure obtained taking the base year as 100

Environmental preservation and building environmentally-friendly societies

We comply with laws and regulations related to chemical substance control and the environment, and are conducting activities to protect biodiversity.

Basic philosophy

In addition to strengthening the selection and management of chemical substances to create products and processes that are kind to people and the earth, we are improving environmental management in things such as compliance with laws, regulations and

customer standards in every country where we do business, based on ISO 14001.

We are also maintaining a company woodland, creating biotopes, and working to preserve tidal flats and other areas for biodiversity.



Control and reduction of substances of concern

Control of chemical substances contained in products

To strengthen the management of chemical substances in our products, we control substances that are legally regulated in each country, substances that are self-regulated by automakers, and substances covered by our own company regulations. We monitor the trends in European REACH^{*2} regulations and the EU RoHS Directive^{*3} and have a system in place to respond rapidly when these regulations are revised. To respond

to requests from automakers in each country for information on chemical substances in products, we have devised mechanisms and conducted systems for global collective management of chemical substances that we are currently using in Japan, China, Thailand and Vietnam. We will be steadily expanding this system to places where it is not yet in use.

*2 Registration, Evaluation, Authorization and Restriction of Chemicals

*3 Restrictions on the use of specific hazardous substances contained in electrical and electronic equipment

Chemical substance regulations in each region

(Year)	~2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Europe	EU End-of-Life Vehicle (ELV) Directive ^{*4}			Review of ELV, exclusion rules		Review of ELV, exclusion rules		Review of ELV, exclusion rules		
	EU Restriction of Hazardous Substances (RoHS) Directive revision					Review of RoHS, exclusion rules				
	EU REACH regulations	4 substances added to 11 th SVHC list	5 substances added to 14 th SVHC list	9 substances added to 17 th SVHC list	6 substances added to 20 th SVHC list	4 substances added to 23 rd SVHC list				
	151 substances SVHC ^{*5}	6 substances added to 12 th SVHC list	1 substance added to 15 th SVHC list	7 substances added to 18 th SVHC list	4 substances added to 21 st SVHC list	2 substances added to 24 th SVHC list				
North America	USA EPA Action Plans			◆TSCA revision						
	China / Provisions on Environmental Administration of New Chemical Substances		◆China / Compulsory Product Certification regulations			◇China: Guidelines for Air Quality Assessment in Cars				
	China / Hazardous Chemical Safety Control Ordinance			◆China / ELV management requirement						
	South Korea / Revised ELV and RoHS regulations			◆China / Revised RoHS						
Asia	South Korea / REACH			◆Japan: Mercury Act						
	Japan / Chemical Substances Control Law: Amendment	◆Taiwan / Toxic Chemical Substance Control Act								

*4 Restrictions on the use of substances of concern contained in automobile parts and materials

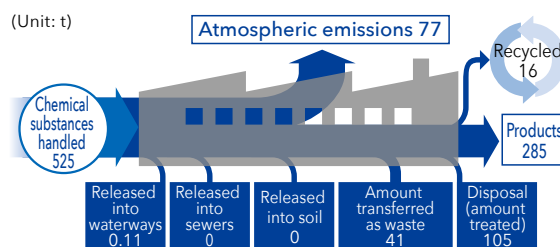
*5 Substances of high concern

Reduced use of substances of concern

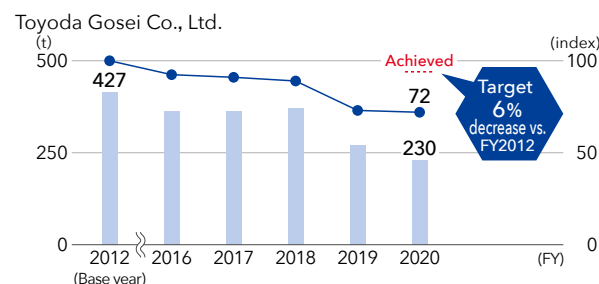
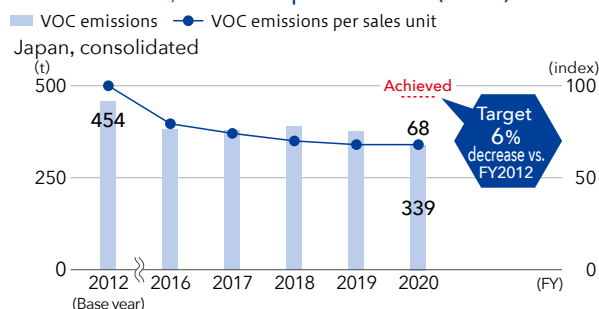
In production processes, we are switching to water-based paint and release agents, making painting lines more compact, improving coating efficiency, and making other efforts to reduce Pollutant Release and Transfer Register (PRTR) substances and volatile organic compounds (VOCs).

Through on-site visits, we also share information on cases in which VOCs were successfully decreased to promote reduction activities.

Volumes and flow of emitted PRTR substances



VOC emissions, emissions per sales unit (index)^{*6}



*6 Emissions per sales unit (index) is a figure obtained taking FY2012 as 100

Environment (E)

Activities for living with nature that build ties with the community

The Toyoda Gosei Group has set a target of no net loss of greenery; that is, restoration of greenery equivalent to the area of its plants, by 2050. To achieve that, we are maintaining mountain woodlands, removing invasive species from rivers, installing biotopes, and protecting

tidal flats by the ocean.

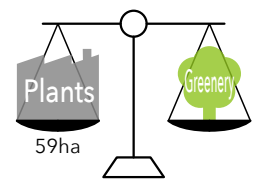
In conjunction with the Toyota Group, government agencies, NPOs and other organizations, we are also enhancing our activities for nature-friendly living.

• Long-term targets for 2050

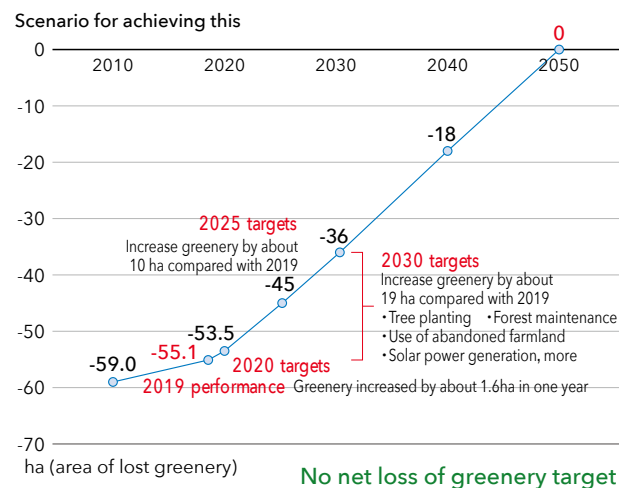
The area of Toyoda Gosei plants is 59 hectares, and despite environmental considerations some nature was destroyed in their construction. We have set a target for, and are now working toward, “No net loss of greenery,” in which we aim to restore greenery to an area that is the same size as that of our plants by 2050.

Achieving no net loss of greenery

Restoring the greenery lost in plant construction in an activity to live with nature

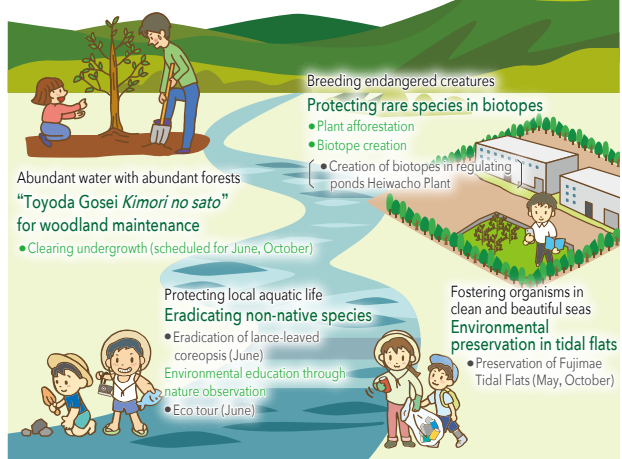


Activities to achieve no net loss of greenery



Working to save our water, the source of life on earth

Efforts to protect the water used at our plants from its source (mountains) to its destination (sea)



Activities to eliminate compliance and environmental violations and complaints

Regular checks are conducted by expert departments and maintenance and management are carried out to ensure legal compliance and no environmental problems or complaints. Preventive activities such as environmental preservation project team activities are

also conducted to combat risks. In addition, we analyze problems that occur at other companies, inspect similar facilities including those at domestic and international affiliates, and take preventive measures. There were no occurrences of environmental abnormalities in FY2020.

Proper disposal and storage of PCB-containing equipment

The law stipulates that hazardous and persistent PCB (polychlorinated biphenyl) waste must be disposed of by the end of March 2027. We started outsourcing this disposal in FY2006 for the proper treatment of equipment that contains PCBs. By FY2020, 896 units had been treated.



Treatment of PCB waste

We will continue to process untreated low-concentration PCB waste at an early stage. Until that is completed, appropriate management based on the PCB Special Measures Law is done to prevent runoff and soil contamination.

Category	Type	No. of units treated	Treated weight
High concentration PCB waste material (PCB levels: >5,000 mg/kg)	Ballast, power capacitors, etc.	802 units	6.9t
Low concentration PCB waste material (PCB levels: 0.5-5,000 mg/kg)	Transformers, power capacitors, etc.	94 units	80.3t



Protecting soil and groundwater

We carefully monitor and treat soil and groundwater contamination from toxic substances such as trichloroethylene, which was formerly used in cleaning agents. We have established observation wells at each plant, and regularly confirm that there is no soil or groundwater pollution from toxic substances and oils.

Mottainai check

To eliminate waste of resources, we have performed plant inspections and regular *mottainai* inspections for corrective treatment since 2018.

Since 2021, production engineering departments have also been involved in the inspections, and executives in charge of the environment and leaders of each plant perform the inspections with a focus on

Location	Target	Status of corrective measures
Haruhi Plant	Groundwater	Purification in progress (proactive treatment, as contamination from off-site sources is possible)
Inazawa Plant	Groundwater	Because substances we have no history of using have been detected, regular reports to the government contain results of measurements only * Results below reference values since 2010 (Government reports concluded in FY2012)

places where remnants and waste materials generated in production processes are kept. The thoroughness of sorting and *kaizen* for recycling are investigated.



Mottainai check / Inazawa Plant

Environmental management

In coordination with affiliated companies in Japan and other countries, we are continuing employee training and education programs so that every employee can act with awareness of the environment.

Basic philosophy

We are also making aggressive efforts for education to raise the environmental awareness of employees and train personnel for sustainable environmental activities.

Enhancing Group-wide environmental management

The entire Toyoda Gosei Group promotes environmental management. Environmental data has been collected by domestic affiliates since FY2001 and by international affiliates since FY2003. Based on these environmental

data (CO₂ emissions, waste, water usage, VOC emissions, and more), we set annual targets and promote reduction activities every year.

Plants subject to environmental management

Toyoda Gosei Co., Ltd.			Affiliates in Japan		
<ul style="list-style-type: none"> • Haruhi Plant • Nishimizoguchi Plant • Seto Plant 	<ul style="list-style-type: none"> • Inazawa Plant • Bisai Plant • Morimachi Plant 	<ul style="list-style-type: none"> • Heiwacho Plant • Kanagawa Plant^{*1} • Inabe Plant^{*2} 	<ul style="list-style-type: none"> • Ichiei Kogyo Co., Ltd. • Toyoda Gosei Hinode Co., Ltd. • Hoshin Gosei Co., Ltd. • Toyoda Gosei Interior Manufacturing Co., Ltd. 	<ul style="list-style-type: none"> • Kaiyo Gomu Co., Ltd. • TG Opseed Co., Ltd. • TGAP Co., Ltd. 	<ul style="list-style-type: none"> • TS Opto Co., Ltd.^{*3} • TG East Japan Co., Ltd. • Toyoda Gosei Kyushu Co., Ltd.
Overseas Affiliates					
■ Americas (Regional headquarters: Toyoda Gosei North America Corporation) <ul style="list-style-type: none"> • TG Missouri Corporation • TG Kentucky, LLC • TG Automotive Sealing Kentucky, LLC • TG Fluid Systems USA Corporation • Toyoda Gosei Texas, LLC • Waterville TG Inc. • TG Minto Corporation • TAPEX Mexicana S.A. de C.V. 			■ Asia (Regional headquarters: Toyoda Gosei Asia Co., Ltd.) <ul style="list-style-type: none"> • Toyoda Gosei Automotive Sealing Mexico S.A. de C.V. • GDBR Industria e Comercio de Componentes Quimicos e de Borracha Ltda. • Toyoda Gosei Rubber Mexico, S.A. de C.V. • Pecval Industria Ltda. Toyoda Gosei Irapuato Mexico, S.A. de C.V. • Toyoda Gosei (Thailand) Co., Ltd. • Toyoda Gosei Rubber (Thailand) Co., Ltd. • Toyoda Gosei Haiphong Co., Ltd. • Toyoda Gosei South India Pvt. Ltd. • P. T. Toyoda Gosei Safety Systems Indonesia • Toyoda Gosei Minda India Pvt. Ltd. • Fong Yue Co., Ltd. P.T. Toyoda Gosei Indonesia 		
■ China (Regional headquarters: Toyoda Gosei (China) Investment Co., Ltd.) <ul style="list-style-type: none"> • Tianjin Toyoda Gosei Co., Ltd. • Toyoda Gosei Star Light (Tianjin) Auto Parts Co., Ltd. • Toyoda Gosei (Zhangjiagang) Co., Ltd. • Toyoda Gosei (Foshan) Rubber Parts Co., Ltd. • Toyoda Gosei (Foshan) Auto Parts Co., Ltd. • Toyoda Gosei (Tianjin) Precise Plastic Co., Ltd. • Hubei Toyoda Gosei Zheng Ao Rubber & Plastics Sealing Technology Co., Ltd. 			■ Europe and Africa <ul style="list-style-type: none"> • Toyoda Gosei UK Ltd. • Toyoda Gosei Czech, s.r.o. • Toyoda Gosei South Africa (Pty). Ltd. 		

*1 The Kanagawa Plant was closed in August 2021. *2 The Inabe Plant was added from April 2021. *3 TS Opto will be liquidated from December 2021.

• Acquired ISO 14001 certification. When new plants and new companies are established, we aim to acquire ISO 14001 within three years of starting operation.

Environment (E)

Environmental audits

• ISO 14001 environmental audit

Toyoda Gosei and its domestic and international affiliates acquire ISO 14001 environmental management system certification. Internal environmental audits are carried out by audit teams composed of members from business areas outside those being audited in order to raise the independence and objectivity of the audits. Toyoda Gosei Co., Ltd.

commissions external reviews by the Japan Quality Assurance Organization (JQA) to assess whether our environmental management systems are run properly in accordance with ISO 14001. We are promoting 100% acquisition with the intention to have new companies acquire ISO 14001 certification within three years of being established.

ISO 14001-certified production sites Acquisition rate 100%

Toyoda Gosei Co., Ltd.	7 plants	Overseas Affiliates	Americas: 12 companies, Asia: 7 companies, China: 7 companies, Europe/Africa: 3 companies
Affiliates in Japan	10 companies		



Internal environmental audits / Toyoda Gosei Hinode Co., Ltd.

• International environmental audits

Voluntary inspections are performed based on TG Global EMS, which are environmental management system standards that we have established ourselves, and *kaizen* activities are carried out.

Corrective measures have been completed for all correction items.



Toyoda Gosei (Thailand) Co., Ltd.

Activities based on green procurement guidelines

We conduct surveys of the status of compliance with green procurement guidelines of the suppliers with whom we do business, and conduct *genchi-gembutsu* (go and see) inspections of high-risk companies. When needed,

we carry out joint *kaizen* activities.

In carbon neutrality study groups, we provide examples of CO₂ reductions and other information.



Environmental education

Toyoda Gosei educates employees on environmental problems including the destruction of nature and environmental pollution, the impacts on the environment of production activities, and compliance

with environmental regulations. The content each year emphasizes understanding and practices based on legal trends, with examples incorporated to create specific and understandable teaching materials.

Environmental education system

Level-specific training

Toyoda Gosei Co., Ltd.	Affiliate Companies	
	Japan	Overseas
Education for new managers		
Education for those posted overseas		
Education for environmental key persons		
Acquisition of environmental education qualifications		
Education for new employees		

ISO education

Toyoda Gosei Co., Ltd.	Affiliate Companies	
	Japan	Overseas
Education for environmental staff		
Education to improve internal auditors' skills		
Education to register internal auditors		
Education for supervising managers		
Education for key environmental facility workers		
Education for general workers		

Activities to raise environmental awareness

We are attempting to raise the environmental awareness of employees through Environment Month events, regular environmental lectures, and other activities so that all employees have an awareness of the environment

in their activities for ongoing environmental protection.

We also conduct a questionnaire survey of employees each year to assess their environmental awareness and plan educational activities based on the results.



Responding to surveys by the media, environmental NGOs, customers and others and sharing information on our environmental activities outside the company

We actively disseminate information on our environmental activities by publishing various reports, including our annual report and securities report, and by responding to CDP, Nikkei SDGs, and other surveys, and surveys by our major customers.

We also hold ESG briefings and other events to engage with stakeholders such as institutional investors, and improve our environmental activities based on the information we obtain.



ESG briefing

Collaboration with external organizations

Participation in the Japan Auto Parts Industries Association and collaboration with member companies

As the leading company in the Japan Auto Parts Industries Association's Global Warming Prevention Subcommittee, we work with member companies to prepare positive case studies and various study sessions.

Measures to counter global warming is an issue on a global scale, and requires effort in collaboration with the entire automobile industry. We will continue to actively participate and put out information.

We endorse Japan Business Federation's Challenge Zero and other initiatives, and were selected for the Ministry of Economy, Trade and Industry's Zero Emissions Challenge

Toyoda Gosei has endorsed Japan Business Federation's Challenge Zero initiative to combat climate change and its Biodiversity Declaration. We will continue to carry out activities based on the thinking of Japan Business Federation.

We have also been selected by the Ministry of Economy, Trade and Industry as a company to introduce innovations to achieve carbon neutrality by 2050.



Third-party assessment

The Toyoda Gosei Group has gained consistent recognition for its Group-wide environmental activities. The Group will increase its activities for further improvement based on these assessments.

Toyoda Gosei acquired the highest ranking in the Development Bank of Japan's DBJ Environmental Rating^{*1}

In the DBJ Environmental Rating (implemented in 2017) of the Development Bank of Japan (DBJ), we received the highest rating, "Particularly advanced efforts for environmental friendliness." We were recognized for our efforts to minimize CO₂ emissions and develop environmentally friendly processes and equipment under a cross-company and global system led by the company president, with the TG 2050 Environmental Challenge as our long-term goal, and

for efforts to improve the fuel efficiency of vehicles, which are the final product, both in terms of lighter weight and functionality through the development and design of products and materials that are easy to recycle throughout the entire life cycle.



^{*1} A rating system developed by DBJ that evaluates the level of environmental management of a company, identifies superior companies, and applies a three-step loan interest rate according to the score.

"A" rating by CDP for climate change engagement

In a company survey conducted by the CDP,^{*2} an international not-for-profit environmental organization, we have received an A- rating in two fields, "Climate change" and "Water security," for two consecutive years.

We actively disclose information through the approach of management to environmental activities, ESG briefings for institutional investors and other activities. In addition to medium- and long-term environmental targets, we set numerical targets for each year. This and activities to

steadily reduce CO₂ and water usage in a step-by-step fashion led to these ratings.

Our efforts to reduce CO₂ in coordination with suppliers, Scope 3 emissions information disclosure, and efforts to combat climate change were also highly rated, and we have received an "A" rating for two consecutive years in climate change supplier engagement.



^{*2} A not-for-profit organization (NPO) established in 2000. It is operated with support from institutional investors and others in each country, and conducts surveys of corporate environmental information and publishes the results.

Social(S)

Developing personnel who can thrive in a changing environment, and contributing to society through manufacturing.



As a good corporate citizen, the Toyoda Gosei Group aims to contribute to development of the economy and society through respect for human rights, business activities rooted in each country and community and social contribution activities. To build a foundation for those endeavors, we are developing personnel who can act globally, while also promoting diversity, and implementing workstyle reforms. Together with efforts for the health of employees and their families, which we take to be an important management issue, we are increasing our collective strength through respect for the individuality of each person and teamwork to achieve a vibrant corporate culture with meaningful work. We will continue to conduct research and development with anticipation of future changes, improve our manufacturing technology, strengthen our supply chain and make constant *kaizen* efforts to satisfy our customers.

Hiromasa Zaitu

Chief of General Administration and Human Resources Headquarters, IT Headquarters Corporate Officer

Human resources strategy

The automobile industry today is facing huge structural changes and social issues, exemplified by CASE and the push for carbon neutrality. For Toyoda Gosei to continue to grow, we intend to create new value that will help to solve social issues through the development of new technologies and products in our core automotive parts business, while actively proposing ideas to the automobile manufacturers who are our customers. In new business areas, we will need to cultivate markets on our own and provide products and services that are attractive for end users.

Toyoda Gosei has continued to grow through efforts to develop technologies and continuously improve quality, cost, and delivery that meet the needs of our automobile manufacturer customers. Now, in addition to these efforts, we will seek to provide new values and services.

One of the most important issues we face is developing the people who will be able to support the further growth of the company amid huge environmental changes. The values we embrace in the TG Spirit, together with the PDCA cycle and problem-solving methods that are the basis for how we do our work, have been the strengths of our company. We will continue efforts to make them pervasive and thorough. We are also identifying issues we need to resolve in moving toward our vision for the future, drawing up scenarios and execution plans, and strengthening the abilities that will enable us to achieve these things. As every employee attempts to adapt their thinking and develop their skills, we strive to create an open, positive and forward-looking culture in the entire organization.

Three pillars of human resources strategy

1. Promote the development of human resources

- (1) Development of candidates for global executive personnel
- (2) "Management declaration activity" in which division and department general managers clearly show their organization's vision
- (3) "Constructive problem-solving training for the TG vision" that thinks backward from the company we want to be in the future
- (4) "New employee 3-year independence plans" and "Overseas training assignments"
- (5) "Digital personnel development" for people who can carry out DX
- (6) Special Skills Dojos, Maintenance Skills Dojos, and Mold Skills Dojos raise the level of skill on the manufacturing floor

2. Active participation of a diverse workforce

- (1) "Challenge program" to promote the development of female managers
- (2) Active "mid-career hiring" and incoming training at the time of hiring
- (3) "Special treatment system" to facilitate the activity of senior employees
- (4) Employment rate of people with disabilities

3. Create a positive and pleasant corporate culture

- (1) "Workstyle reforms" utilizing IT, such as promoting electronic approval and telework
- (2) Clarification of organizational issues and execution of countermeasures with "engagement surveys"
- (3) "Harassment prevention training" for managers and supervisors in the company
- (4) Various measures to balance childcare, elder care, and work
- (5) "Entrio" memorial gymnasium and sports club activities
- (6) Health management



FY 2025 priority item targets

Classification	Item	FY2020 results	FY2025 target
1 Promotion of human resources development	No. of people who have taken training for executive personnel	50	65
	Percentage of people who have had overseas assignments (management, technical personnel)	20.6%	25% or higher
	No. of DX personnel trainers	10	270
2 Active participation of a diverse workforce	No. of female managers	25	40
	Percentage of management who are mid-career hires	30.9%	30% or higher
	Local executive percentage (VP and above of overseas affiliates)	26.3%	40% or higher
	Employment rate of people with disabilities	2.78% (entire Group in Japan)	Achievement of legally mandated rate (all Group companies in Japan)
3 Creating pleasant workplace environments	Average overtime hours	10.0 h/month	Less than 10.0 h/month
	Annual paid leave taking rate *1	79.6%	90% or higher
	Engagement survey results *2	56% (positive evaluation)	65% or higher

*1 FY2019 *2 FY2021

Respect for human rights

Basic philosophy

The Toyoda Gosei Group respects the United Nations' Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and other international norms. The Toyoda Gosei Group Charter for Business Ethics lays out our basic principles of "respecting human rights and the diversity, character, and individuality of each person and striving to create workplaces that are free of discrimination and harassment and always healthy, pleasant and safe, based on labor-management cooperation." The Toyoda Gosei Guidelines for Business Ethics, our behavioral standards to realize the ideals in the Charter, declares respect for individual character, human rights, and fairness in hiring, and forbids forced labor and child labor.

● **System**

Respect for human rights is handled by the Compliance and Risk Management Committee, with the company president as the chair. The results are checked by the Board of Directors.

● **Rights education**

In the Toyoda Gosei Group, education on the company's individual rights policy and human rights is provided at various opportunities, including training when people first join the company and at the time of promotions. Human resources personnel are also sent for outside training to learn about human rights problems professionally. This and other efforts are made to develop HR personnel with superior sensitivity to individual and human rights.

● **Harassment prevention**

Together with training for executives, managers, supervisors and others, a "TG Positive Workplace

Support Squad" report is sent out about once a month and all employees strive to create a healthy and pleasant workplace free of harassment.



Harassment prevention training for management

● **Efforts at domestic and international Group companies**

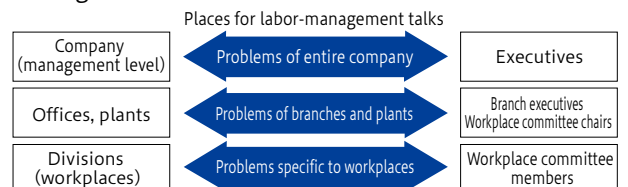
Self-check surveys are conducted at 52 Group companies (as of April 2021) in Japan and other countries to understand the status of human resources management compliance and human rights in accordance with the laws of each country and the Toyoda Gosei Group Charter for Business Ethics. Issues uncovered in the surveys are addressed in coordination with relevant departments in the company and the regional headquarters, and mechanisms are put in place to handle human rights due diligence and spread activities for improvement.

Stable employment

The company and labor union, from the many difficulties experienced together in the chaotic years after World War 2, strive for long-term stable employment and to maintain and improve labor conditions. A labor-management declaration was issued on the occasion of the company's 50th anniversary, and frank exchanges of opinion have been carried out in various workplaces based on mutual trust and responsibility of labor and management. This is founded on the firm belief that company growth leads to the happiness of the people working there. Efforts are always being made to achieve this management philosophy.

Measures are also carried out based on the laws and

regulations of each country and region and our global human resources management policy. We constantly strive to strengthen the human resources management foundation and maintain and improve healthy labor-management relations.



We value regular talks between people on equal footing separate from the "superior-subordinate" relationship

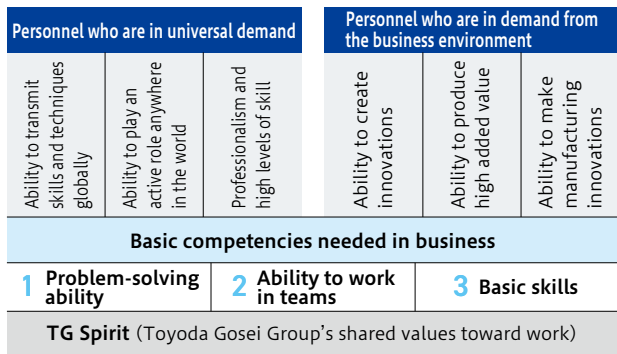
Promotion of human resources development

To raise the collective strength of Toyoda Gosei globally, we are striving to develop human resources and create workplace environments where each employee can display his or her full abilities.

Training of global executive candidates

For the systematic training of people who will manage the company in the future, we have introduced a program to help people learn how to look at and think about things at the management level and cultivate the qualities that will help them bear higher levels of work responsibility, with aims such as broadening their outlook and improving their judgment. Outside Japan, we are training executive candidates globally with the introduction of a certification system for solving problems by clarifying issues and setting goals.

Personnel who can play active roles globally



Improving ability to build visions

The ability to create a vision is important in organizational management. We are helping people to learn the importance of and how to create visions that can be used in management, starting with our Management Declaration Activity that clearly shows the organization's vision for division and department general managers. We have also introduced training for newly appointed executives that involves higher order thinking in which they construct visions to solve problems. They also learn the importance of having a vision and how to create one, and try to implement it in their management.

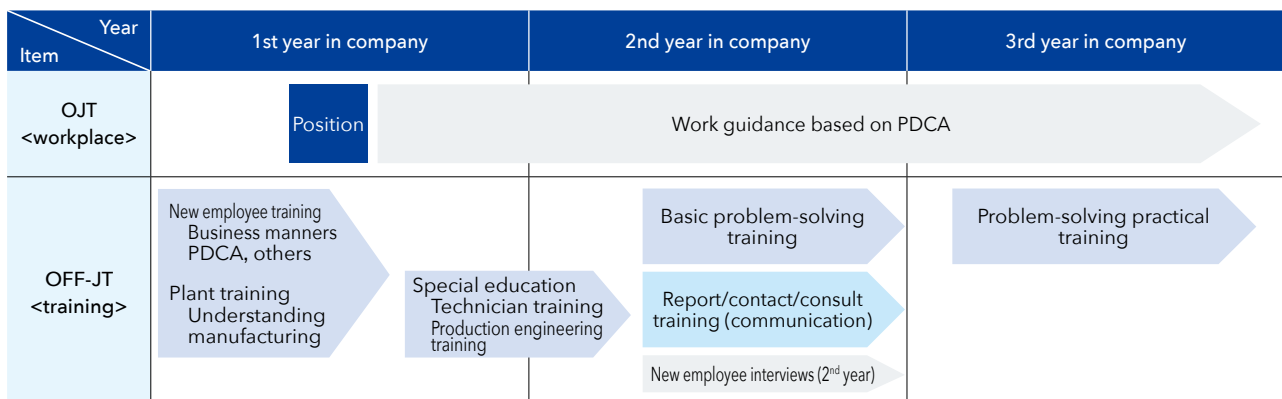


Training to develop global executive personnel

New employee 3-year independence training program

For the early training of new employees, we have introduced a "New employee OJT system" for independence in three years. We provide both on-the-job training and classroom training to help them perform their work according to the PDCA cycle within a few years after

joining the company. Interviews in the pivotal fourth and sixth years in the company are held to understand the situation of new employees, discover problems early, and take measures to counter them.



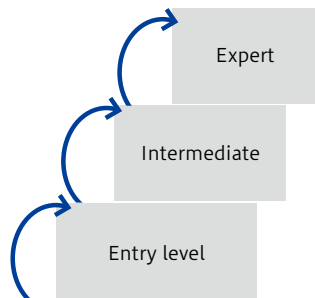


“Digital personnel development” for people who can carry out DX

In response to the rapidly changing business environment, we are overhauling production processes and products using data and digital technology. While transforming our business model, we are also transforming the work itself and the organization,

processes, corporate culture and atmosphere. We will continue this DX to gain a competitive advantage. Training people who can do this is an urgent task, and we are setting up a new educational program for their development.

DX personnel level



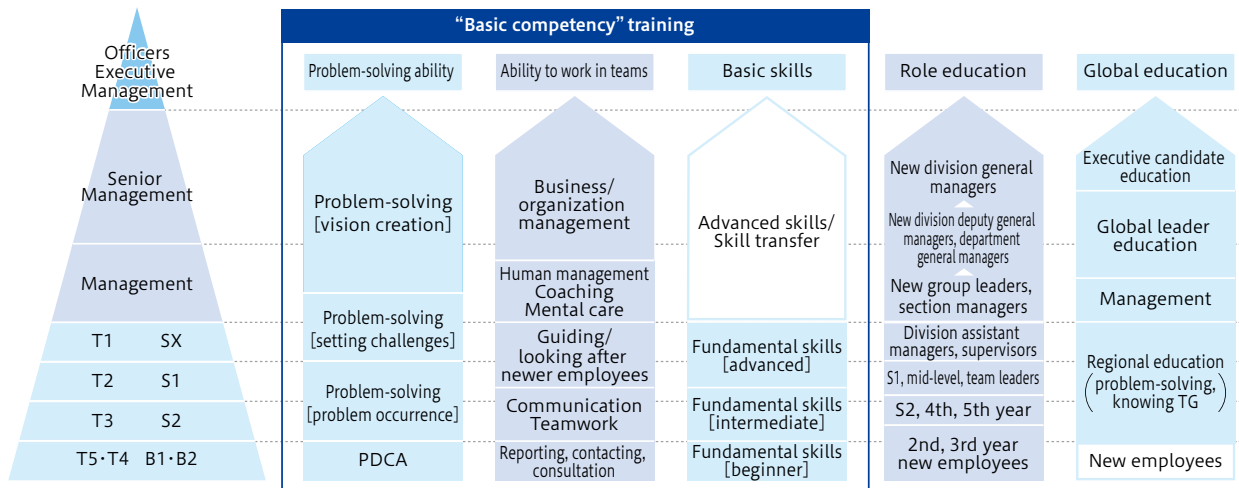
Necessary DX personnel		Training plan for 2025
1 Data Scientist (DS)	Personnel who can extract and analyze important information from large amounts of data and provide feedback to product development, and perform <i>kaizen</i> for product defects	86 people
2 Digital Architect (DA)	Personnel who are well-versed in the most recent digital technology (AI, cloud, etc.) and can implement it	59 people
3 Program Owner (PO)	Personnel who can advance planning and development themes for new services and businesses using digital technology	125 people
	Personnel who can come up with completely new ideas and create new businesses and services	
	Personnel who can envision what a digital-based business looks like and advance the transformation of work	

Enhanced training programs, invigorated personnel development

To improve the skills and abilities needed in working at Toyoda Gosei, we are enhancing educational content and promoting human resource development in three key areas: “problem-solving,” which is fundamental to work, “the ability to work in teams” based on

communication, and “basic skills” for strong on-site abilities. We are extending our human resources training program widely for global employees including our international locations. We are also introducing on-line training and e-learning for the changing environment.

Level-specific education system



Special Skills Dojos, Maintenance Skills Dojos, and Mold Skills Dojos raise the level of skill on the manufacturing floor

Improving the skills of each worker is an indispensable part of enhancing manufacturing capabilities at production sites. We have therefore introduced various measures with the basic policy of “cultivating a culture that values skills.”

Manager and supervisor training covers more than just the work of managers and supervisors. We have also started a Special Skills Dojo for practical training in each area of manufacturing so that people acquire special skills, and are conducting practical training. For maintenance personnel, we have begun electrical system training to give people the ability deal with increasing robots and IT, and practical training in Maintenance Skills Dojos.

In addition, mold maintenance workers from Toyoda Gosei companies in Japan and other countries as well as

affiliated companies participate in Mold Maintenance Dojos to improve their mold maintenance skills. Mold Skills Competitions that test workers’ skills are also held for personnel training in the Toyoda Gosei Group. We have been entering the Skills Olympics since 2017 and in 2019 an employee won the Fighting Spirit Award for punching dies. In 2020 his work area changed to plastic molds, and with the high-level skills and knowledge he gained in his original work he will also be involved in training new employees in the future so that they can play active roles on the production floor.



Active participation of a diverse workforce

Toyoda Gosei hires and trains a diverse workforce, including women, foreign nationals, mid-career hires, and people with disabilities. We provide fair and impartial training, evaluations, and promotions with respect for diversity, through which we try to invigorate the company. At the same time, we are establishing internal systems and improving the environment by introducing various support measures and maintaining office environments with better cafeterias, restrooms, and break rooms.

Encouraging the active roles of women

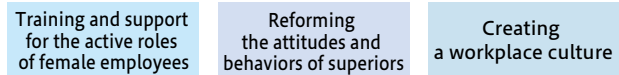
A special organization established in 2010 has been active with the aim of creating a situation in which all people, regardless of sex, can be active and grow. A working group of management volunteers was started in 2018 and has begun working to raise the management level. The group is reviewing the work styles of managers with the themes of promoting the active roles of diverse employees and the work-life balance of managers themselves and their subordinates. “Tea Meetings” to take up the problems and opinions of female employees and strengthen personal connections, and “Challenge Programs” as an early development measure for management work are also held. In the Challenge Programs, female management candidates systematically learn management skills while also sharing concerns



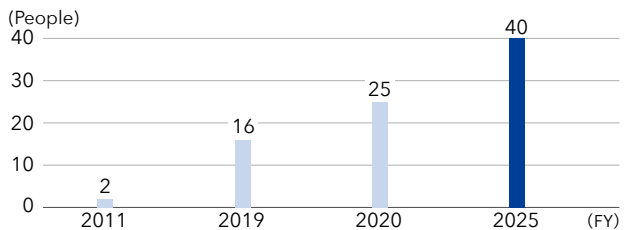
Workplace reform management class

or worries and giving each other advice through the practice of these skills in the workplace. Together with creating an environment where people can continue working with a sense of security, there is also support for future autonomous career advancement.

Key points in activities



Trend in cumulative number of female managers



Workplaces that welcome people with disabilities

We view the hiring of persons with disabilities as a social responsibility, and make active efforts in this area. The Committee for Employment of People with Disabilities implements hiring, job assignments, and manager and supervisor education, and helps to establish stable positions. We place particular emphasis on getting people settled in the workplace, monitoring conditions through regular care interviews, taking up problems, and making systematic improvements such as installing accessible restrooms. Work that people with disabilities can perform



We have formulated a three-year plan to improve the workplace environment, and are making systematic improvements such as installing restrooms with consideration of LGBT individuals and others.

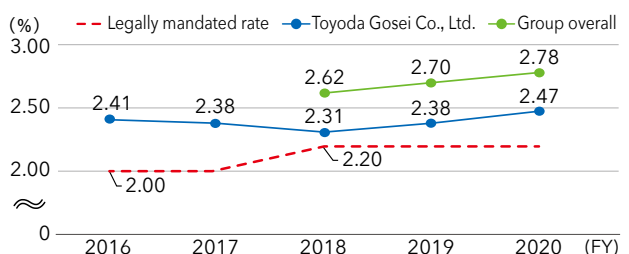


Training camp at TG Welfare Co., Ltd. to support independence

is identified, and they are systematically hired and placed. As of the end of FY2020 (March 1, 2021), 127 people with disabilities had been hired for a hiring rate of 2.47%, exceeding the legally mandated employment rate of 2.3%.

Our special subsidiary TG Welfare Co., Ltd. holds seminars for people with disabilities for the entire Group and serves in other ways to create places for education and share information with 14 Group companies that have received special affiliate certification, achieving a hiring rate of 2.78% for the Group overall.

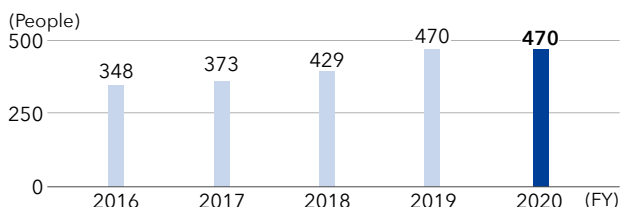
Changes in employment rate for people with disabilities



Creation of an environment for stable work after retirement

We have established an environment so that employees can work with assurance after retirement in a post-retirement rehiring system. Many people can make use of their high levels of expertise and experience after they are rehired. A system of reduced working days and working hours supports working styles for a good work-life balance.

Trend in cumulative number of re-employed retirees





Workstyle and workplace culture reforms

From FY2017 we began efforts to make work more efficient with the use of IT, such as enhanced electronic approval and Web conferences, and reviews of meeting structures with the aim of every employee thoroughly executing his or her essential tasks. Overall activities entailing a range of efforts to change the way we work are conducted for workstyle reforms. We are also reviewing personnel systems in order to deal with environmental changes with a sense of speed and raise

the quality of work. In conjunction with this, we are eliminating waste and adopting a working style with a varied pace through the creation of opportunities for communication in the workplace, such as informal gatherings with officers and superiors.

Example of workplace culture reform activities

The keys of workstyle reforms



- Five Articles for Officers**
1. I will greet people with a smile
 2. I will listen to team members talk until they are finished
 3. I will say "I appreciate your efforts" for positive information from team members, and "Thank you" for negative information
 4. I will back team members who take on challenges, and assume responsibility
 5. I will try to make myself better understood

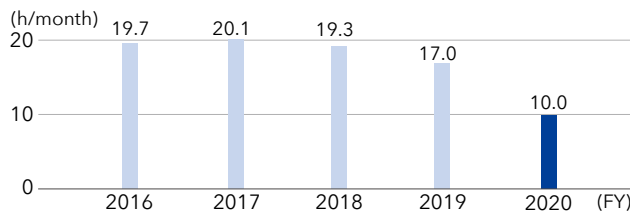
We aim to create an environment in which anything can be discussed freely, with officers themselves leading changes (this year is 6th year)



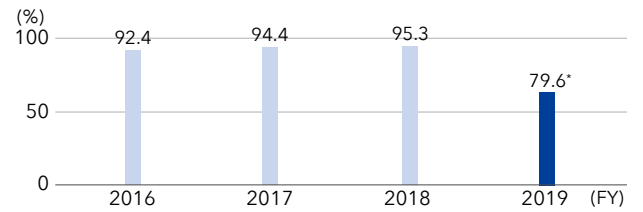
Reducing long working hours and raising the annual paid leave taking rate

We are trying to reduce long working hours and encourage people to take their annual paid leave for a better work-life balance.

Company-wide average overtime hours



Annual paid leave taking rate



*There were company shutdowns due to COVID-19 (121.8% in cases including holidays)

Creating systems and environments for flexible working styles

• Telework

We have introduced a telework system as one part of our work-style reforms. Changes from the previous work-from-home system include the introduction of satellite spaces in each business location and increased options in places to work. We are also issuing a Telework Newsletter to share good examples in each department and promote the active use of telework.



Miwa Technical Center (satellite space)

• Introduction of hot desking

In parallel with increasing the frequency of telework, we have introduced "hot desking" on some floors in the Headquarters office and Kitajima Technical Center. We will expand this further for a more pleasant work environment. We are making huge reforms in the way work is done, such as paperless work with the use of IT, and implementing a working style that is not bound by place.



Headquarters office (hot desking)

• Interviews with new employees on working styles

Labor consultants identify things that are troubling new employees using an interview format, leading to personnel training in the workplace, communication between superiors and subordinates, and improvements in the workplace environment.

Classification	Targeted persons
Office, technical workers	2nd, 4th, 6th year employees
Skilled workers	2nd year employees, 1st-3rd year female employees

Engagement survey

Engagement surveys are done for greater improvement in company policies and workplaces by gauging employees' true feelings through the survey.

From the results of the 2021 survey, it was found that employees work with a sense of responsibility for safety and comply with laws and regulations. It was also found that when important changes in company policy or the way work is done are implemented, the background and reasons for those changes are explained sufficiently to employees. We will continue to make improvements through executive discussions, exchanges of opinions between labor and management, activities in workplace units, and more.

Schedule of actions for kaizen

	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Overall	• Survey	• Management meeting reports • Executive discussions	• Progress reports • Look back and future efforts	
Workplace	• Share with management, all employees (briefings, company newsletters, etc.) Identify issues in each department → Develop countermeasures → Execute → Review			
Labor and management	Subcommittee/informal activities for the exchange of opinions			

Opening of Toyoda Gosei Memorial Gymnasium (ENTRIO)

Entrio was opened in September 2020 with the concept of being a place that would bring people together through sports, make them smile, and energize them. In addition to hosting the official games of company sports clubs and internal company events, it creates excitement and contributes to a sustainable society as a meeting place for people and people, people and companies, and companies and companies.



Toyoda Gosei Memorial Gymnasium (ENTRIO)

It was named for the three “en” (connections) of work, community, and sports that we treasure in mutual support and growing together, and “trio” meaning three.

Work-Life balance

A system is adopted wherein each employee can select a working style with consideration of work-life balance, and employees are supported so that they can work with a sense of security and motivation. Childcare support includes systems for shorter working hours and holiday day-care, plus working parent networking events. For these efforts we have been certified by the Ministry of Health, Labor and Welfare in Japan as a “Childcare Support Corporation.” For nursing care support we are also undertaking activities to increase knowledge and familiarize employees with our systems. We have introduced systems for reduced days or reduced working hours so that individuals can undergo treatment for disease while continuing to work, and for a balance between medical care and work.

We will provide education for the creation of workplace environments where people can use these systems without hesitation, while continuing to enhance our support and policies.



Holiday day-care



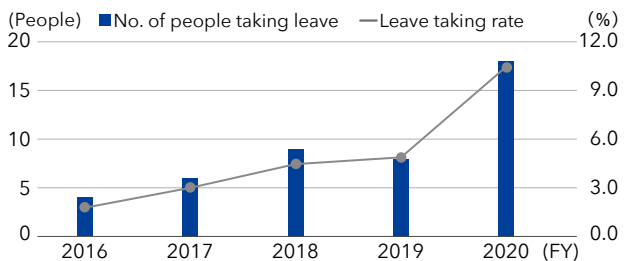
Working parent networking meeting (support for childcare-work balance)

Number of people taking childcare leave and care leave

	Childcare leave	Care leave	Reduced working hours
FY2020	54	2	86*

* Childcare 82 / nursing care 1 / medical treatment 3

Trend in number of men taking childcare leave and leave taking rate



Major systems for childcare support

System	Timing/event	Subject	Amount required by law							System exceeding laws	
			Pregnancy	Delivery date	1 yo	2 yo	3 yo	1 st grade	4 th grade		7 th grade
Special parental leave		F	■								
Paternity leave		M		■							
Childcare leave		M/F			■	■					
Sick/injured childcare leave		M/F	10 days/year								■
Kids support leave		M/F	5 days/year								■
Childcare fee assistance for holidays		M/F									■

Major systems for care support

System	Subject	Amount required by law						System exceeding laws
		1 month	93 days	6 months	1 year	3 years		
Care leave	M/F						■	
Care day off	M/F		10 days/year					



Safety and health

Basic policy for safety and health

Toyota Gosei and the Toyota Gosei Group consider employee safety and mental and physical health to be one of the most important management issues, and we do our best to ensure secure and pleasant workplace environments for all business activities.

• Safety and health efforts

Safety and health declaration

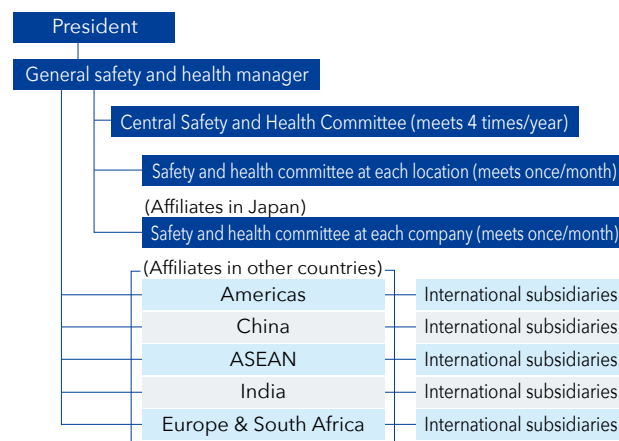
- (1) Compliance with laws and internal regulations and standards related to health.
- (2) With “safety before all” foremost in mind, thorough safety-first behavior by all employees.
- (3) Cultivation of a culture of safety in which activities are conducted with a sense of ownership and there is mutual development with participation by all employees.

Promotion system

To ensure safe and pleasant workplaces, a Central Safety and Health Committee (meets 4 times/year) is organized with the executive in charge of safety as the chairperson. Meetings are attended by the company president, labor union chairperson, plant managers of all locations in Japan, and the presidents of domestic and international affiliates. Various measures related to safety and health are reported and discussed, and the results are spread globally.

In addition to the above, information is sent out repeatedly in the President’s New Year message and company newsletters.

For suppliers, efforts are made to regularly share all relevant information through procurement meetings and other means.



Targets/results

Globally, our target is for zero grave^{*1} or serious^{*2} STOP 7^{*3} accidents. Safety measures for high-risk equipment are promoted at Toyota Gosei and safety & fire prevention maps (SFPM) are used to visualize the safety and fire prevention level and rectify weaknesses at domestic and international affiliates. As a result, we achieved zero grave or serious STOP 7 accidents globally in FY2020.

	Subject	2018	2019	2020
Number of serious accidents	Global	0	0	0
Number of serious STOP 7 accidents	Global	1	1	0

*1 Grave: death

*2 Serious: Victim loses part of body (or function)

*3 STOP 7: Seven things with which there is a possibility of serious injury: (1) being pinched or caught in a machine, (2) heavy objects, (3) falling objects or people, (4) electric shock, (5) vehicles, (6) hot material, explosives, gas, (7) severance

Safety and health management system

Globally, we have introduced and operate labor safety and health management systems centered on risk assessments.

After obtaining JISHA system eligible OSHMS certification, Toyota Gosei has been voluntarily operating its own system with the addition of internal control items.

	No. of certified businesses	No. of businesses with in-house operation
Toyota Gosei Co., Ltd.	—	11 companies/ 11 companies
Subsidiaries in Japan (JISHA system OSHMS)	4 companies/ 12 companies	8 companies/ 12 companies
Subsidiaries in other countries (OHSAS 18001)	12 companies/ 45 companies	—

Social(S)

Risk assessments

Risk assessments of equipment are conducted at the time of new installation, modification, and relocation by equipment planning departments, with the purpose of eliminating risk factors in the equipment design and fabrication stages. A safety check is done at the stage before the equipment is used to evaluate compatibility

with our own equipment safety criteria to confirm safety.

In manufacturing departments, surveys of workplace risks and hazards are performed and work risk assessments are done to counter them. Reliable implementation of risk reduction measures leads to the prevention of risk.

Safety and health education

Educational curricula are set and various types of education is provided in line with position in the company and timing of needed training. During the coronavirus pandemic a classroom education format was difficult and new trials were started with Web-based education^{*1} and e-learning.^{*2}

Safety Dojos have also been set up and are being operated at all Toyoda Gosei business locations in Japan to prevent past accidents from fading and to teach employees to sense risks. These dojos are being spread globally.

Safety and health education by the Safety & Health Promotion Division and number of students (FY2020)

Name of training/education	Targeted persons	Classroom education	Web-based education	e-learning	No. of students
Mid-level skilled worker training	Skilled work next-term supervisor candidates	○			42
New supervisor training/ TL safety & health education	Newly promoted/ assigned individuals	○			109
Pre-overseas assignment training	Individuals scheduled for overseas subsidiary assignment		○	○	33
Overseas leader, No. 2 pre-assignment training	Individuals scheduled for overseas subsidiary assignment		○		6

*1 Web-based education: A learning format in which two-way communication is possible on the Web

*2 e-learning: A self-study format using electronic texts that can be accessed as the individual likes during work intervals

Domestic and international subsidiary audits

With the aim of visualizing the safety and fire prevention level at domestic and international subsidiaries and mitigating weaknesses, safety and fire prevention maps (SFPM) have been established and spread since FY2020. Based on the results of each company's self-evaluation, attempts have been made to raise the level of safety at 14 domestic subsidiaries with *genchi-gembutsu* (go and see). Because of the difficulty due to the coronavirus pandemic of directly visiting international subsidiaries for inspections and guidance, this was done with Web-based meetings and

guidance using images and videos specialized for four key companies. After reviewing things such as problems in the assessment standards that became clear through this activity, we will continue using this method in FY2021.



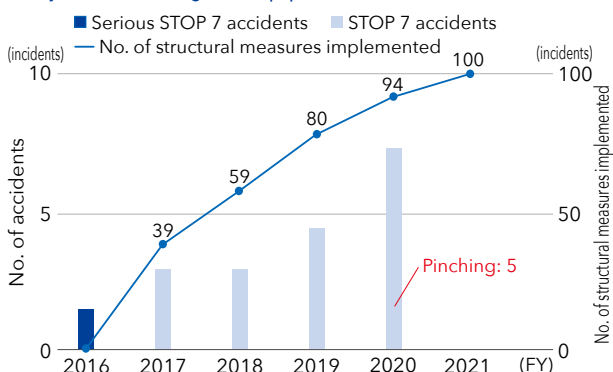
Inspections and guidance with *genchi-gembutsu* at subsidiaries in Japan

Work accident occurrence

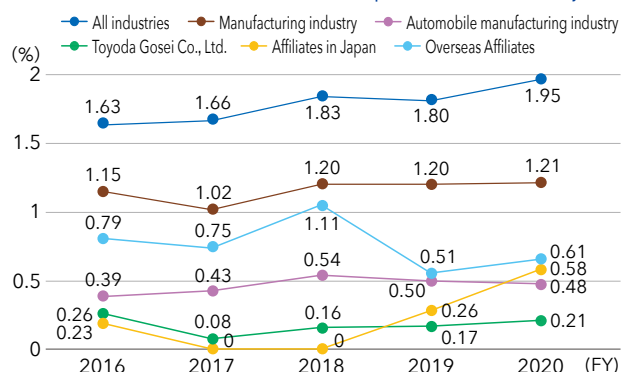
From the safety measures for high-risk equipment that has been continued since 2017, the number of serious STOP 7 accidents has been kept to zero since 2017. However, "pinching" accidents that could lead to grave

or serious accidents have continued to occur, and so we have taken measures with priority on elimination of equipment that could pinch or catch workers and lead to grave or serious accidents.

Safety measures for high-risk equipment and STOP 7 accident occurrence



Trends in the labor accident rate in the TG Group (rate of lost-worktime injuries)





• Health management

Health declaration — To achieve “Boundless Creativity and Social Contribution”

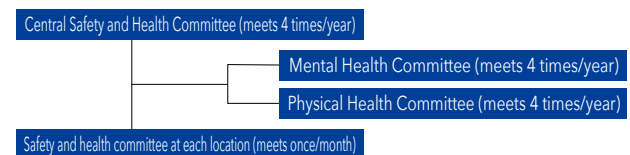
1. We believe the health of our employees is an important management issue and will strive to foster an organizational culture that puts safety and health first.
2. We will strive to create positive and lively workplaces where employees can work energetically.
3. We will support the health of our employees and their families by cooperating with the health insurance association and making efforts for primary prevention.*³

*³ Activities undertaken with the aim maintaining and improving health and preventing disease, including public health guidance and health education.

Promotion system

With the Safety & Health Promotion Division serving as the executive office, we have established mental and physical health committees consisting of company occupational physicians and members of our Human Resources Division, health insurance union, and labor union. The committees discuss health management measures and track their progress. In addition, activity reports are given and approvals are obtained in our

Central Safety and Health Committee, which then spreads these measures to the Safety and Health Committees in each place of business.



Health management

The ability of each employee to work with energy and health into the future is essential as a foundation to fulfill our corporate social responsibility as stated in Toyoda Gosei's management philosophy. In recognition of this, we are promoting health management to maintain and promote the health of our employees. In 2021

Toyoda Gosei was recognized as an “Outstanding Health Management Corporation” in the large corporation category (White 500).



Turning health awareness and knowledge into action

Health promotion activities in individual workplaces were started in 2016, and in 2020 efforts to improve health with modifications in individual workplaces, such as adopting a theme of exercise, were being made by 206 out of 243 teams.

We have used the “Aichi Health Plus” app, distributed by Aichi Prefecture, since 2020 with the aim of establishing exercise habits. We have also introduced a “Health challenge” in which employees compete in

number of steps walked during long holidays. Awards are given to the top people and other efforts are made to further promote exercise.

With these and other activities, Toyoda Gosei was recognized as a “Sports Yell Company 2021” by the Ministry of Education, Culture, Sports, Science and Technology (Japan Sports Agency).



Anti-smoking measures

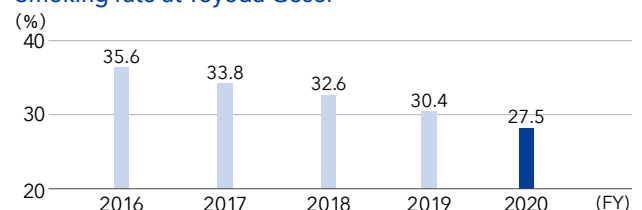
With the aim of preventing health damage in smokers and passive smoking in non-smokers, we first banned the sales of cigarettes in the company (including vending machines). At the same time, we provided support by public health nurses to help smokers quit smoking. Since 2016 we have held “Smoking cessation talks” with invited outside instructors and held experience-based exhibitions that include measurements of lung age as motivation to quit smoking.

In anticipation of the Revised Health Promotion Act in Japan, which went into full effect in April 2020, we extended a smoking ban on all company property in the country starting in January 2020. At that time, the ban on employee smoking was not limited to company property but was extended to at least 100m from the property boundaries to prevent passive smoking by neighborhood residents. In cases when a nursery school or medical institution was in that zone, we expanded the ban zone to include the area around them.

To protect all people working in the company from passive smoking, we set a company policy with the aim of preventing harmful passive smoking. In addition to steady efforts beforehand to gain employees' understanding, we made repeated requests to staffing agencies and contractors for their cooperation. Today, one year after the smoking ban on company property, its continuation has had no effect on productivity or employee retention.

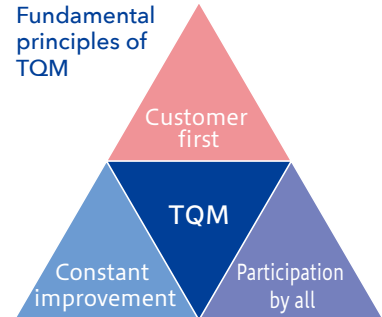
The company-wide smoking rate has decreased from 42.5% in 2010 to 27.5% in 2020.

Smoking rate at Toyoda Gosei



Uniform global quality assurance

Toyota Gosei ensures quality in all business activities, from development to production, based on our basic quality policy. Every one of our plants has obtained certification in the ISO 9001 (JQA QM7318/QMA11826/QMA12841) and IATF16949 (JQA-AU124) international standards for quality management systems. Each plant also sets its own quality control goals for production. These goals are based on the principles of Total Quality Management, or TQM—activities designed to enhance the quality of products, work, and management, and increase the dynamism of individuals and organizations, through constant improvement and the participation of all based on the “Customer First” principle. In addition, all Group companies use our Quality System Global Standards, which incorporate quality improvement with rules and know-how to ensure quality.



Monitoring and responding to manufacturing processes and market quality

Defect-free process completion is carried out in production and other processes for parts involved in the basic automotive functions of running, turning, and stopping, as these parts are directly linked to safety. We want the Toyota Gosei name to equal quality in the minds of customers worldwide. For this purpose, we advance quality assurance declaration activities at all production locations. This means that all employees make efforts to improve safety and the people in charge of all manufacturing processes improve quality through the development of people and processes. When a mechanism that can ensure the target quality has been completed and is in place, the manager makes an “assurance declaration” to the president or site manager. The president or site manager then conducts a site inspection. Through “*jidoka*,” we

improve quality by creating processes that do not produce or pass on any defects and developing workers with a high sensitivity to safety and to avoiding mistakes. Audits and improvements by certified auditors of production processes for safety-related parts are also carried out.

A system is in place so that whenever a quality problem occurs in the market, we can quickly investigate the causes based on information from automakers and implement prevention measures. When it is difficult to pinpoint the cause of a problem and develop solutions internally, we work with the quality departments of automakers to take precise measures to prevent recurrence based on inspections with test vehicles and other means. In this way we prevent such quality defects from occurring in the next products.

TOPICS Quality Learning Center established to cultivate a quality mindset

All members of the Toyota Gosei Group, including suppliers and international locations, learn repeatedly about quality. We have established a Quality Learning Center to cultivate a mindset of thinking and acting with a customer-first and quality-first approach. In addition to showing examples of past problems, exhibitions convey the company history of placing importance on quality, examples of quality improvements implementing the TG Spirit, and efforts for the future.



Tour of the Quality Learning Center

TQM for a stronger, better company

TQM activities are undertaken across the company to raise product and work quality and individual and organizational vitality, and to create a flexible and resilient corporate character through constant improvement and the participation of all based on the “Customer First” principle.

In addition to Workplace Management *kaizen* Activities and Small Group Activities, we are sequentially introducing education to help workers acquire AI and big data analysis skills and ways of thinking to enhance creativity, so that they can deal with a dramatically changing environment. We are also fostering a corporate culture of cultivating data literacy and wide-ranging imagination, and developing people who

can contribute to DX and other transformations and to increased competitiveness.

For global expansion, we are energizing small group activities together with each location with a focus on the China and ASEAN regions. We began a Global Small Group Activity Competition in 2016 to help each other improve.

TQM activities at Toyota Gosei

Level	Activities
Manager	Workplace management <i>kaizen</i> activities
Office, technical workers	Small group activities (group <i>kaizen</i> activities) Activities to improve practical abilities in statistical quality control (SQC) and artificial intelligence (AI)
Skilled workers	Small group activities (QC Circle activities)



Supply chain management

We aim to deepen our partnerships with suppliers based on our basic procurement policy, while achieving sustainable growth for us both.

1. Optimum global procurement

We procure the best raw materials, products, and equipment fairly from a global perspective while considering cost, quality, technology, and production. We also welcome proposals from suppliers for new technologies and methods and new products.

2. Mutual growth based on mutual trust

We aim to raise the collective strength of the Toyoda Gosei Group based on open and fair relationships with suppliers, strengthening our mutual corporate cultures, introducing innovative management, and building mutual trust.

3. Moving toward a sustainable society

Toyoda Gosei has set activity norms as guidelines for efforts that should be made for the SDGs and other social issues, and shared them with suppliers in carrying out activities. We also aim to ensure complete legal compliance and confidentiality in corporate activities, including our supply chain.

Strengthening our relationships with suppliers

To participate in an initiative related to the supply chain, we have announced a Declaration of Partnership Building as promoted by the Ministry of Economy, Trade and Industry in Japan, and are building and deepening relationships of equal trust with suppliers.

Every April, we also explain our management philosophy, business environment and company policy in a procurement policy briefing with about 200 suppliers, and share our efforts and targets in the areas of safety, compliance, quality, production, and costs.

We hold procurement liaison meetings six times a year to share production information and information on

quality, compliance, safety and other matters. In addition, we hold seminars on carbon neutrality and other social issues to strengthen our partnerships with suppliers.



Support for suppliers so that we can grow together

To support our suppliers, we implement various initiatives from the perspective of safety, quality, cost and production.

Safety initiatives include prevention activities based on fire prevention inspections of painting and other production equipment and risk assessments. Efforts related to production include manufacturing site improvement through manufacturing reform activities. Both of these areas are related to personnel development.

We have also established Supplier Month as a time to express our sincere appreciation to each of our suppliers for their ongoing efforts, while also listening to their concerns and working continuously to resolve them.



Supplier Month posters

Sustainability activities to help resolve social issues

We are making efforts over our entire supply chain to perform our social responsibility as a company and promote sustainability.

Based on rising expectations for sustainability efforts in companies, we have created Supplier Sustainability Guidelines and requested that our suppliers thoroughly understand and practice them.

These guidelines set policies related to human rights and labor, the environment, compliance, and other matters. In addition to social aspects (child labor, forced labor, no discrimination and equal opportunity, freedom of association, reduction of long working hours, minimum wage, health and safety, and more), we ask suppliers to observe environmental aspects such as

water use and biodiversity.

With regard to the environment, suppliers are asked to reduce CO₂, recycle resources including waste, and control chemical substances with our Green Procurement Guidelines.

For conflict minerals, we ask suppliers to be responsible in their procurement of resources and raw materials. Once a year we conduct a survey of conflict materials with the cooperation of all our suppliers.



Supplier Sustainability Guidelines

Contributing to local communities

The Toyoda Gosei Group wants to earn the trust of society through all its business activities, including the development and manufacture of products that satisfy customers worldwide, environmental preservation, and social contribution. Toyoda Gosei Group companies

and their employees around the world are making efforts to contribute to their communities in the four areas of social welfare, environmental preservation, youth development, and community safety, and grow together with strong local roots.

Social welfare



Sales of goods produced by people with disabilities



Wheelchair repair in welfare institutions



Donations with money collected through charity meals

Environmental preservation



A total of more than 300,000 trees planted domestically and internationally

Youth development



Support for Boys and Girls Invention Club



Environmental education for elementary school students

Community safety



Anti-crime patrols



Road safety campaign

World social contribution activities



Toyoda Gosei (Japan)
Food drives



TGR (China)
Public area cleanup activities



TGMO (North America)
Donations to local senior care homes

During Volunteer Month every autumn, people at Group company locations worldwide participate in a "Worldwide Day of Action in Autumn."

Volunteer activities ranging from community cleanup to donations of goods to underprivileged children are conducted as suits the situation of each region.

Sports promotion



Wolfdogs Nagoya
Volleyball team



Blue Falcon
Handball team



Scorpions
Basketball team

The Wolfdogs Nagoya are regularly in championship contention in Japan's top volleyball league, and the Blue Falcon won two titles in 2020, their first league championship and the national tournament championship. The Scorpions play in Japan's B3.League. We aim to foster a sense of unity in employees and the community for a vibrant, rich and active society.



Support activities during the COVID-19 pandemic

Supporting facilities for people with disabilities and donating goods to hospitals

From March through April of 2021, baked goods made at nine facilities for people with disabilities in Aichi and Shizuoka Prefectures, where Toyoda Gosei has many of its business operations, were sold to employees in our company cafeterias. With the money from sales and an equal amount provided by the company, articles were purchased and donated to medical facilities in the cities of Inazawa and Kiyosu in Aichi Prefecture.

Toyoda Gosei has long provided a monthly opportunity for people with disabilities themselves to sell bread and other baked goods produced at their facilities in our company cafeterias. This was done as one part of our efforts to support the independence of people with disabilities. However, to support facilities where sales had fallen due to the prolongation of COVID-19, employees acted on their behalf to sell their baked goods in 11 business locations in March

and April. Baked goods from the facilities were also purchased with donations from the company. Then, as an expression of gratitude to local hospitals and public health centers that have worked so hard to combat infections, the company presented them with our UV-C space disinfectors* and baked goods from the facilities.

* Devices that capture bacteria and viruses in a filter and irradiate them with deep ultraviolet rays to disinfect air. They are fitted with Toyoda Gosei's UV-C (deep UV) LEDs.



Sales by employees



Donation to local healthcare professionals

Donation of food and disaster preparation foods to food banks

Food brought in by employees was donated to the NPO Second Harvest Japan in June 2021. Upon learning that the food bank was facing huge shortages of relief supplies from the long-term effects of COVID-19, employees from 16 locations including Toyoda Gosei Group companies quickly sent a call out for food and 2,759 items, including unopened prepackaged food items and rice, were donated. Toyoda Gosei has made donations to food banks every year since 2017, and in September donated 1,837 disaster preparation food items, such as regularly updated emergency food sets, to the same organization.



Donation to foodbank

Blood donations by employees to help eliminate the shortage of blood for transfusion

Employees from 11 business locations including Toyoda Gosei Group companies in Japan conducted blood drives in September 2020 and March 2021. These blood drives were done in response to a request from blood centers, which were facing a national shortage of blood for transfusions as a result of the large decrease in the number of people giving blood due to the effects of COVID-19. To help make it easier to give blood during the pandemic, the environment inside the blood donation vans was arranged with droplet prevention sheets, temperature checks, mask wearing and other steps. Toyoda Gosei has conducted blood drives for about 50 years, since 1971, and so far more than 30,000 employees have donated blood.



Employees cooperate in blood drive

Participation in infection prevention trial at Centrair

Toyoda Gosei participated in a demonstration experiment at Chubu Centrair International Airport to develop the airport environment for safe and secure use by employing effective antibacterial and antiviral products. This trial was held for three weeks starting on August 6, 2021 in collaboration with Central Japan International Airport Co., Ltd., Toyota Tsusho Corporation, Toyota Central R&D Labs, Inc. and others. Toyoda Gosei set up UV-C high-speed

surface disinfectors and WOSH portable washstands in the Access Plaza, Premium Lounge and elsewhere to survey the needs of airport users. The UV-C high-speed surface disinfectors use UV-C (deep UV) LEDs that are highly effective in disinfection and can disinfect smart phones, passports and other small items in a short time. WOSH portable washstands can be used in areas where plumbing is not available by purifying and circulating the water inside for repeated use.

Governance <G>

Building and operating transparent management systems for thorough Group-wide compliance.



The entire Toyoda Gosei Group is striving to enhance corporate governance so that we can continue as a company of integrity that is trusted by society. To build and maintain fair and transparent corporate governance systems, we are increasing the effectiveness of the monitoring and auditing of corporate management by outside directors and Audit & Supervisory Board members, while also installing internal control systems company-wide to ensure the propriety and efficiency of work. Through Group-wide compliance activities, we are pursuing thorough legal compliance and business ethics.

We are also globally identifying risks with the potential to have a huge impact on our operations, and implementing risk management activities to prevent future problems.

Hiroshi Yasuda

Chief of Corporate Strategy Headquarters
Chief of Carbon Neutrality and Environment Promotion Division,
Adviser to Automotive Business Headquarters / Director, Corporate Officer

Corporate governance

Basic philosophy

We view the enhancement and strengthening of corporate governance with the aim of ensuring sound and efficient corporate management to be crucial in achieving sustainable growth. Based on this, we are building and maintaining fair and transparent management systems and organizational systems that can respond precisely to environmental changes.

Corporate governance system

Toyoda Gosei has adopted an audit and supervisory board system and set up the shareholders' meeting, Board of Directors, Audit & Supervisory Board, and accounting auditors as statutory entities. We have also put in place internal auditors and other internal control systems including internal audits.

The Board of Directors consists of nine directors and holds regular monthly meetings (extraordinary meetings held as needed), where matters prescribed by law or in the Articles of Incorporation and important matters related to corporate management are reported, discussed, and resolved.

A system of corporate officers is used to speed up decision making and business execution. For important business matters, division chief meetings and management meetings are held monthly. Functional meetings and committee meetings relevant to key areas such as technology, costs, and personnel are also held as needed for good management decisions.

The Audit & Supervisory Board consists of five

members and holds regular meetings. Members also attend important meetings such as Board of Directors' meetings and audit each department and subsidiary, through which they fulfill their function of auditing corporate management.

Accounting auditors are external auditors who combine auditing functions with a commitment to ensuring an independent and fair auditing system. The Company adopts the current system because audit, supervisory, and execution functions are well coordinated with each other under this structure, with legality and efficiency of the Company's decision-making and business execution sufficiently ensured.

Also, in order to strengthen the supervisory function of the Board of Directors and to increase the objectivity and transparency of the decision-making process, we have established an Executive Appointment Committee and Executive Compensation Committee under the Board of Directors as non-mandatory advisory committees.

Internal control systems

In accordance with the provisions of Japan's Companies Act, Toyoda Gosei has formulated a Basic Policy on Establishing Internal Controls. Under this policy, we are striving to ensure appropriate operations by establishing internal control systems, which help us

deliberate important matters, establish related rules and guidelines, and handle internal audits, compliance and risk management. Every year, the Board of Directors checks the status of establishment and operation of internal controls in an ongoing effort to improve and reinforce them.

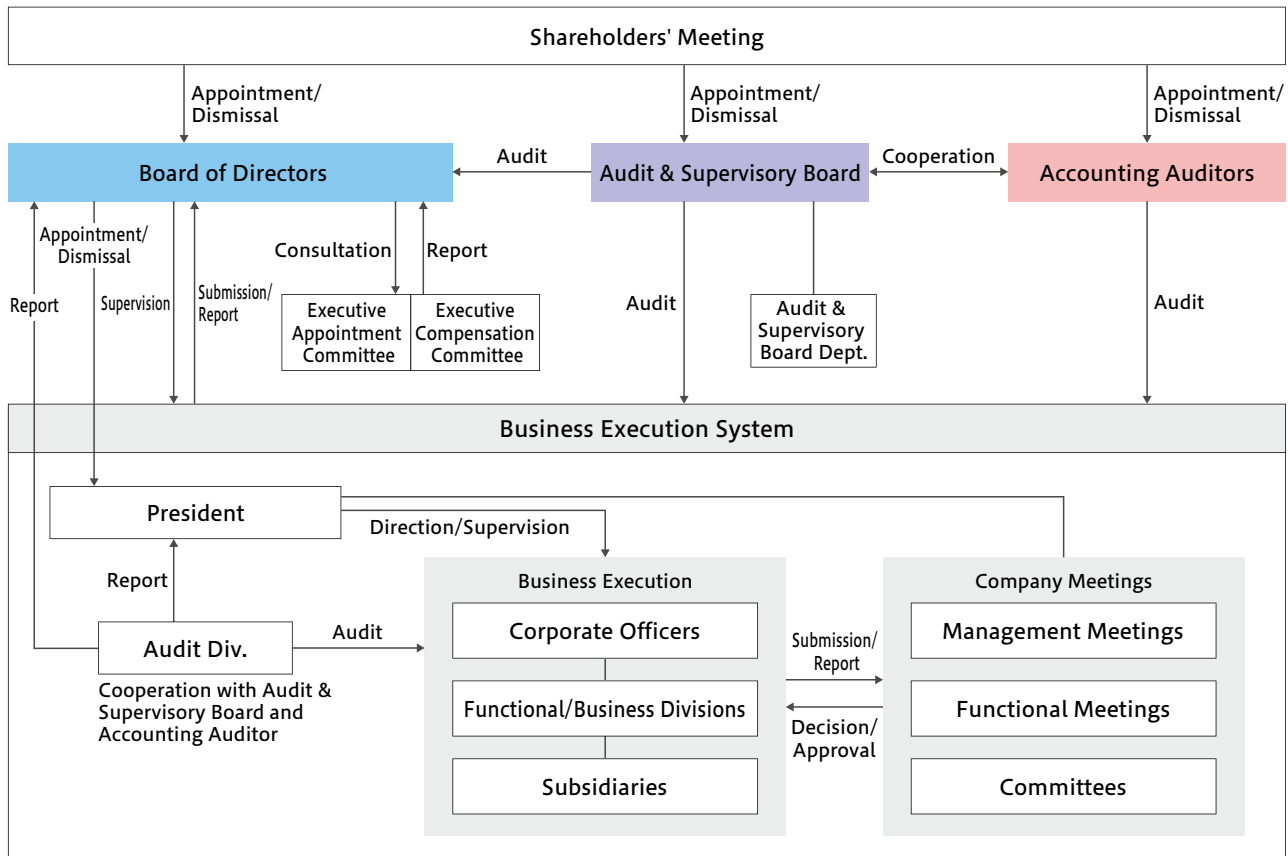


Internal controls for the Toyoda Gosei Group

To cultivate a healthy internal control environment at Toyoda Gosei and its subsidiaries, all Group companies share its management philosophy. The Toyoda Gosei Group Charter for Business Ethics, a shared guideline for compliance, has also been instituted and expanded to subsidiaries. While respecting the independence of subsidiary management, we receive regular business

reports from subsidiaries and set up systems to confirm the propriety and legality of subsidiaries' businesses through advance approval reports. We also send non-executive directors and Audit & Supervisory Board members to key subsidiaries in a system to monitor and act as a check on their business execution.

Corporate governance system



Internal audits, Audit & Supervisory Board members' audits, and accounting audits

We have set up an Audit Division to handle internal audits. With the aims of achieving business objectives and preventing misconduct and mistakes, internal audits are conducted across the overall business (including audits of functional departments) based on an internal auditing plan approved by management at the beginning of each term.

The results of internal audits are reported to management, and audited departments are given recommendations for improvements based on the audit results. The effectiveness of internal audits is increased by checking their improvement plans and results.

Each Audit & Supervisory Board member follows the auditing policy and audit plan established by the Audit & Supervisory Board when investigating the Company and subsidiaries. They attend the meetings of important deliberative bodies and committees including the Board of Directors, division chief meetings and management meetings, listen to reports on business from directors

and others, inspect financial statements and other important documents, and conduct onsite audits of offices and subsidiaries to audit the performance of duties by directors from the perspectives of ensuring legality and appropriateness, protecting assets and rights, and preventing loss. Moreover, a special department has been established to assist the auditors' audits.

The certified public accountants who performed the FY2020 accounting audit of Toyoda Gosei are Tomohiro Nishimura and Satoko Nakatani of PricewaterhouseCoopers Aarata LLC.

Audit & Supervisory Board members, internal auditing department personnel, and accounting auditors regularly meet to confirm their respective auditing systems, auditing policy, auditing plans, implementation status, and audit results. They cooperate in performing efficient and effective audits, contacting each other as needed to exchange ideas and share information.

Director (skills matrix)

Name	Position at Toyoda Gosei	Executive Appointment Committee	Executive Compensation Committee	Corporate management	Governance	Overseas operations	Manufacturing (production/quality management)	Technology	Sales	Finance	Personnel	Environment and energy	Board meeting attendance rate (Apr. 2020-Mar. 2021)
Toru Koyama	President	○	○	○	○	○	○	○		○	○		100% (13/13)
Tomonobu Yamada	Executive Vice President			○	○	○			○				100% (13/13)
Hiroshi Yasuda	Director			○	○	○	○	○				○	100% (13/13)
Masaki Oka	Director			○	○					○			100% (13/13)
Takashi Ishikawa	Director			○	○		○	○				○	100% (11/11)
Naoki Miyazaki	Director	○	○	○	○	○				○	○	○	100% (13/13)
Sojiro Tsuchiya	Director Outside Independent	○	○	○	○	○	○	○			○	○	100% (13/13)
Kimio Yamaka	Director Outside Independent	◎	◎		○					○	○	○	100% (13/13)
Mayumi Matsumoto	Director Outside Independent	○	○		○						○	○	100% (13/13)

Note: “◎” denotes the chairperson.

Expected roles of and support for outside directors

All three outside directors possess a wealth of experience and keen insight.

Mr. Tsuchiya’s experience and expertise lie in global strategy and production engineering; Mr. Yamaka’s, in finance and the environment; Ms. Matsumoto’s, in the environment and SDGs. Ms. Matsumoto is Toyoda Gosei’s first female director.

The three adeptly fulfill monitoring and advisory roles in addition to actively participating in Board discussions.

In their monitoring role, they receive support in the form of departmental briefings on business operations and challenges and direct access to front-line operations through on-site visits to domestic and

overseas subsidiaries to better understand the actual state of operations. Additionally, they are briefed in advance on the content and background of resolutions to be voted on at Board meetings to facilitate sound decision-making.

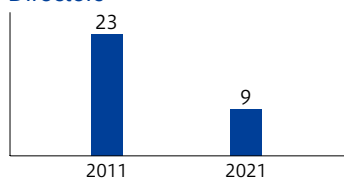
At the same time, the outside directors advise management on company direction and business challenges. Advisory opportunities include regularly scheduled liaison meetings attended by all outside directors and outside Audit & Supervisory Board members, each of whom attends various other meetings also, including sales and technology strategy meetings, Decarbonization and Environmental Committee meetings and ad hoc meetings.

Changes in numbers of directors and Audit & Supervisory Board members

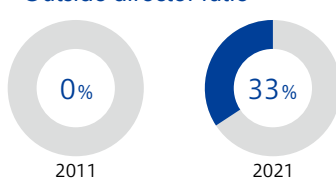
In 2012, Toyoda Gosei adopted a system of corporate officers and downsized its Board of Directors to eight directors from 23 as of 2011. It appointed its first outside director in 2015.

The Board currently comprises nine directors, three or one-third of whom are outside directors. One of the outside directors is a woman. The outside director appointments have increased the Board’s objectivity and diversity.

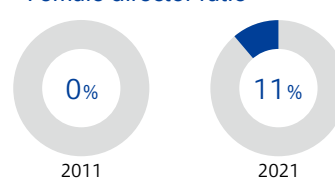
Directors



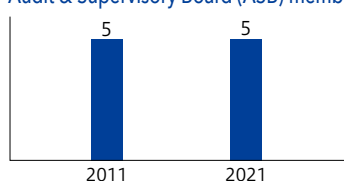
Outside director ratio



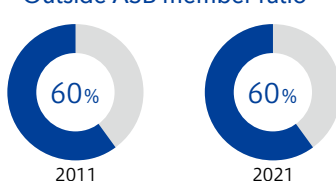
Female director ratio



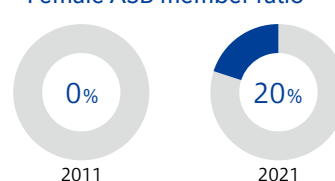
Audit & Supervisory Board (ASB) members



Outside ASB member ratio



Female ASB member ratio





Changes in numbers of directors and Audit & Supervisory Board members

Toyoda Gosei appointed three outside directors, Sojiro Tsuchiya, Kimio Yamaka, and Mayumi Matsumoto, at its annual shareholders' meeting on June 17, 2021. The

Audit & Supervisory Board has three incumbent outside members: Chika Kako, Hideomi Miyake, and Masami Hadama.

Election of outside directors and outside Audit & Supervisory Board members

Appointment	Name	Independent director	Reason for appointment
Outside directors	Sojiro Tsuchiya	○	To benefit from his management oversight and advice based on his extensive experience, including as a director of Denso Corporation, and his expertise, including full-spectrum manufacturing expertise cultivated over decades at Denso and other companies/groups. Mr. Tsuchiya has been designated as an independent director because he meets the requisite criteria and is deemed free of potential conflicts of interest with regular shareholders.
	Kimio Yamaka	○	To benefit from his management oversight and advice based on his extensive experience and expertise in finance, particularly policy finance, project due diligence and the environmental and energy sectors. Mr. Yamaka has been designated as an independent director because he meets the requisite criteria and is deemed free of potential conflicts of interest with regular shareholders.
	Mayumi Matsumoto	○	To benefit from her management oversight and advice based on her extensive experience and high-level insight as a news anchor and researcher in the broad fields of social issues, environment and energy in the management of Toyoda Gosei. Ms. Matsumoto has been designated as an independent director because she meets the requisite criteria and is deemed free of potential conflicts of interest with regular shareholders.
Outside Audit & Supervisory Board members	Chika Kako		To reflect in Toyoda Gosei's audits her wealth of experience and keen insight gained from her career at Toyota Motor Corporation, where she served mainly in vehicle development and materials development roles and was involved in management as a managing officer.
	Masami Hadama	○	To reflect his extensive experience and deep insight in law in the auditing of Toyoda Gosei. Mr. Hadama has been designated as an independent director because he meets the requisite criteria and is deemed free of potential conflicts of interest with regular shareholders.
	Hideomi Miyake	○	To reflect his extensive experience and deep insight as a corporate manager in the auditing of Toyoda Gosei. Mr. Miyake has been designated as an independent director because he meets the requisite criteria and is deemed free of potential conflicts of interest with regular shareholders.

Ensuring the effectiveness of the Board of Directors

To improve the Board of Directors' effectiveness, Toyoda Gosei annually debriefs Board members. In FY2020, Toyoda Gosei again assessed the Board's effectiveness, debriefing all nine directors and all five Audit & Supervisory Board members. Finding no material deficiencies across any of its assessment rubrics, it concluded that the Board continues to function effectively. During the debriefing process, the following suggestions to further improve Board effectiveness were made, mainly by outside directors.

Regarding the Board's roles and responsibilities, the directors and Audit & Supervisory Board members agreed that the Board is appropriately sized and possesses an appropriate mix of expertise, but some recommended endeavoring to add more diversity to the Board to fulfill growth strategies going forward.

Regarding Board deliberations, outside directors in particular lauded the candor and liveliness of Board discussions but some recommended more discussion of future strategies and risk mitigation with respect to, e.g., decarbonization.

Outside directors and Audit & Supervisory Board members reported that they find the liaison meetings scheduled monthly to give them a better understanding of management issues and individual businesses' respective operating environments and challenges to be helpful. We will accordingly offer them additional learning opportunities, including tours of business sites.

We will endeavor to further upgrade Board effectiveness by making improvements in response to the issues raised and suggestions made during the FY2020 assessment of Board effectiveness.

Executive compensation

Directors' compensation consists of monthly fixed compensation and performance-based compensation in the form of cash bonuses (short-term incentive) and stock-based compensation (long-term incentive) based on the idea that directors should be appropriately incentivized to pursue sustained growth in Toyoda Gosei's value. Directors' compensation is split roughly 70:20:10

among monthly compensation, cash bonuses, and stock-based compensation, respectively.

Monthly compensation is set at a fixed amount that reflects the recipient's job responsibilities and experience as well as compensation levels at other companies. Cash bonuses are based primarily on fiscal yearly consolidated operating profit. Secondary variables that factor into

Governance (G)

their determination include the degree to which fiscal yearly plans are attained, employees' bonus levels, bonus levels at other companies, medium-/long-term earnings, previously paid bonus amounts, and contributions to ESG management. Stock-based compensation is intended as an incentive to pursue sustained growth in Toyoda Gosei's value. It is paid in the form of restricted stock to promote greater sharing of value with shareholders.

Directors' aggregate annual cash compensation (monthly compensation plus bonuses) is capped at ¥650 million (outside directors' share of which is capped at ¥65 million). Directors' aggregate annual restricted stock-based compensation is capped at ¥100 million (outside directors are not eligible for restricted stock-based compensation). All three compensation caps were approved at the annual shareholders' meeting on June 12, 2020.

Outside directors and Audit & Supervisory Board members receive only fixed monthly compensation because their role is to oversee and monitor management from an independent vantage point.

Individual directors' compensation is set in accord with the above policies following a fair and transparent review/reporting process by the majority-independent Executive Compensation Committee, established in 2019.

At Executive Compensation Committee meetings,

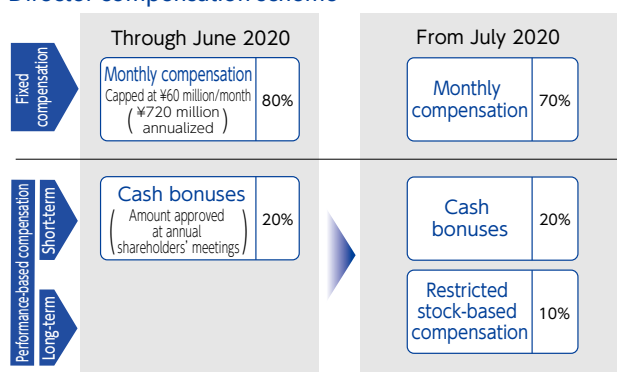
outside directors have made suggestions about further enlarging the incentive element of director compensation by, e.g., adjusting compensation to reflect the extent of directors' respective environmental contributions.

In March 2020, outside directors replaced the Executive Compensation Committee and Executive Appointment Committee's previous chairs with the aim of making the committees even more objective and transparent.

Committees' roles and composition

Name	Role	Members
Executive Compensation Committee	Deliberates and reports on the compensation system for directors and their individual compensation (restricted stock-based compensation, etc.)	Toru Koyama, president, Naoki Miyazaki, director, Sojiro Tsuchiya, outside director (chairperson), Kimio Yamaka, outside director (chairperson), Mayumi Matsumoto, outside director
Executive Appointment Committee	Deliberates and reports on proposals regarding the appointment and dismissal of directors and Audit & Supervisory Board members (appointment of the president, etc.)	Toru Koyama, president, Naoki Miyazaki, director, Sojiro Tsuchiya, outside director, Kimio Yamaka, outside director (chairperson), Mayumi Matsumoto, outside director

Director compensation scheme



The total compensation for each officer class, the total by each type of compensation, and the number of officers receiving the compensation

Officer class	Total executive compensation (Millions of yen)	Total amount by type of compensation (Millions of yen)			Number of subject officers Monthly (People)
		Fixed compensation	Performance-based compensation	Non-cash compensation	
		Monthly compensation	Cash bonuses	Stock-based compensation	
Directors (excluding outside directors)	376	250	98	26	7
Audit & Supervisory Board members (excluding outside members)	76	76	-	-	3
Outside officers	70	70	-	-	7

Note: Bonuses are the provision of allowance in the given fiscal year.

Communication with shareholders and investors

Toyoda Gosei makes arrangements to engage constructively with shareholders and investors through organic coordination among concerned organizational units. Such arrangements include scheduling opportunities for shareholders/investors to engage with management and disclosing requisite information.

Means of engagement with institutional investors include financial results briefings conducted by the president and/or other senior executives, small meetings, ESG briefings, facility tours, and one-on-one meetings between investors and IR staff, including the officer in charge. Means of engagement with individual investors include company briefings.

While in-person engagement has been largely precluded by the pandemic, Toyoda Gosei continues to remotely engage with shareholders/investors online.

Input obtained from shareholders/investors through such engagement is transmitted to the senior management team and Board of Directors and acted upon if deemed conducive to the Company's sustained

growth or otherwise value-additive.

In compliance with fair disclosure rules, Toyoda Gosei restricts dialogue with shareholders and investors and thoroughly controls information in the Company during a silent period before earnings reports are released. If insider information emerges in the Company, it is tightly controlled as part of thorough information management.

Main IR activities

Targeted persons	IR activities	
Domestic institutional investors (including securities analysts)	Financial results briefings, Small meetings, ESG briefings, Facility tours, Business briefings, Individual discussions	• Issuance of the "Toyoda Gosei Report"
Overseas institutional investors	Individual discussions, Participation in IR events	
Individual shareholders and investors	Company briefings, Plant tours after annual shareholders' meeting, Issuance of "Interim Report on Business Results"	• Dissemination of financial information and IR materials on the website

Messages from outside directors

Manufacturing governance means “keeping promises”

For manufacturing companies, governance is not simply a matter of not doing things that are illegal; it means “keeping promises” with customers, employees and other stakeholders. Its essence is relationships of trust, in protecting the safety and health of customers and employees, not passing on defective parts, achieving costs, observing delivery dates, protecting the local environment and providing employment. In a broader sense, it means not betraying expectations.

The idea of sustainable manufacturing is also important in keeping promises. Responding to crises, such as disasters, epidemics or accidents, requires preparation against risks and workplace skills. Rapid problem-solving ability is key, especially in dealing with the unexpected. For this it is crucial to develop workplace skills and raise problem-solving abilities through regular *kaizen* activities.



Sojiro Tsuchiya
Outside Director

Governance in the age of carbon neutrality. Focus on trends in renewable energy and hydrogen

The Paris Accords call for keeping the rise in temperature down to 1.5–2°C, and major countries including Japan have committed to carbon neutrality by 2050.

More than eighty percent of greenhouse gas emissions is CO₂ related to energy, and renewable energy and electrification are the base from which to approach decarbonization. However, for heat that is difficult with electrification, decarbonization is done with hydrogen and methane derived from hydrogen, while for materials derived from fossil resources such as chemicals, decarbonization is done with hydrogen and bio-derived materials. This green hydrogen demand gives rise to enormous demand for renewable energy in manufacturing processes and is promising for a positive cycle of growing supply and lower costs for renewable energy and hydrogen.

It is important for management to anticipate the timing and methods of decarbonization in each field as well as the speed at which renewable energy and hydrogen will spread and their costs go down, and then to take measures and preparations with this in mind. Carbon neutrality in the manufacturing industry requires looking into commercialization of renewable energy and hydrogen without fixating on energy reductions only.



Kimio Yamaka
Outside Director

Climate change and sustainable company growth

The Intergovernmental Panel on Climate Change (IPCC) published its Sixth Assessment Report in August 2021, and warned of impending crisis for billions of people from greenhouse gas emissions.

Environmental problems are closely interwoven with the economy. Steps for carbon neutrality will impact many areas for automotive parts manufacturers, and business must adapt to electrification. Toyota Gosei is disclosing information recommended by the Task Force on Climate-related Financial Disclosures (TCFD), and has begun discussions for scenarios with a medium- and long-term view to 2030 and 2050. It is currently taking actions for decarbonization.

I hope the company will actively disseminate information on its efforts for sustainability, not only via paper media and websites, but also social media and other means, and create even greater corporate value on the global market.



Mayumi Matsumoto
Outside Director

Risk management

Basic philosophy

We are working to prevent risks that could have grave consequences for management and to minimize damage in adverse events. For these purposes, we identify risks in each function and make decisions on how to respond in the Compliance and Risk Management Committee and general meetings. A Compliance and Risk Management Committee headed by the company president identifies key risks, determines measures to counter them, and checks on the progress in executing these measures. In this way, these measures are made more effective.

Moreover, Risk Management and Response Guidelines have been established. These guidelines show

the behaviors to adopt to prevent potential risks and to respond to problems appropriately and quickly. At the beginning of 2020, an emergency response task force led by the company president was set up to deal with the novel coronavirus. Actions taken to minimize the impact of the novel coronavirus included (1) preventing infection by promoting work from home, regulating business trips and visitors, and cancelling company internal events, (2) implementing measures for the event that an infection occurred in an employee, (3) maintaining our production network by monitoring issues, including at our suppliers, and (4) introducing profit improvement measures.

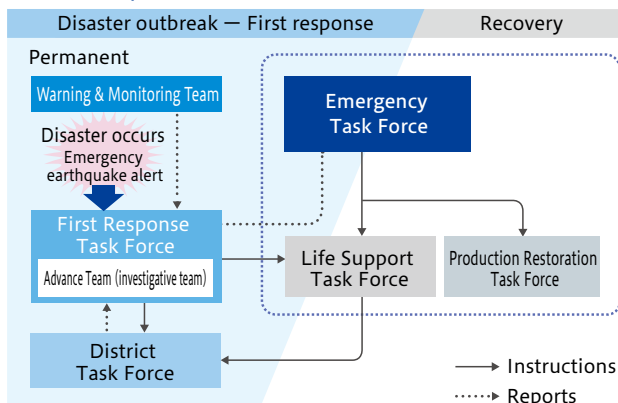
Crisis Management Project in anticipation of large-scale earthquake disasters

A crisis management system has been put in place for the event of a massive disaster, such as the predicted Nankai Trough earthquake or natural disasters due to climate change. This system is based on the principles of human life first, community support, and early recovery. Specifically, in addition to infrastructure and system measures based on a crisis management project, resilience training has been conducted more than 140 times for directors and members of anti-disaster departments since FY2013. These efforts are based on the company's belief that improving the skills of response personnel is essential. Specific procedures for the recovery of affected buildings, facilities,

and processes have also been established, and for alternative production in a production recovery system.

Recovery training for design drawings and other data is also carried out so that product development can be continued even after disasters. In addition, workshops to strengthen crisis management not only in Toyota Gosei companies but also at affiliates and suppliers are conducted regularly. Assessments using anti-earthquake measure implementation status check sheets, clarification of weak points with graphs, introduction of responses taken at Toyota Gosei and other companies, and cooperative preparation of business continuation plans (BCP) are carried out.

Disaster response



Efforts to date

Classification	Measures
Facility and equipment measures	<ul style="list-style-type: none"> • Earthquake resistance measures for buildings and facilities • Establishment of a disaster prevention center to serve as an operations base for the entire company for anti-disaster department operations • Equipping all locations with a multi-channel access radio system (which is used in Japan for various purposes, from daily work to emergency and disaster situations) and satellite phones • Installation of a crisis management server (earthquake-resistant structure) and emergency power generators • Operation of a disaster recovery system for restoration of damaged systems and data centers (special facilities equipped with and operating computers, data communications, and other devices)
System measures	<ul style="list-style-type: none"> • Introduction of site and building safety decisions • Earthquake bulletin and employee safety information system training • Maintenance of supply chain information • Preparation of a business continuity plan (BCP)
Skills	<ul style="list-style-type: none"> • Continuation of resilience training (disaster simulations)

Strengthening of global risk response

The status of risks, not just domestic but also frequently occurring global risks (tightening supply of parts and raw materials, coronavirus-related operations stoppages and more), is identified at an early stage both in Japan and internationally (issuance of a weekly

BCP), and necessary actions are taken by global TG. Standardization is also underway so that measurements can be taken by international locations on their own initiative, strengthening their risk response.

Strengthening information security measures and raising awareness

To strengthen the control of confidential information, annual checks of the compliance status of each division based on company confidentiality management regulations are conducted together with onsite audits. Self-inspections are also done at Group companies in Japan and overseas business locations. Confidentiality

officers are assigned in all departments, and confidentiality education activities are conducted based on information system security operating standards and a confidential information management manual. Security control education is also conducted for new employees.



Compliance

Basic philosophy

Toyoda Gosei’s management philosophy states, “We promote business operations with integrity through the establishment of a system founded on thorough compliance and corporate ethics.” Together with highly ethical and fair business practices, we strive for thorough compliance in all areas based on this philosophy.

The Toyoda Gosei Group Charter for Business Ethics

Compliance system

Toyoda Gosei has established the Compliance and Risk Management Committee with the Company’s president serving as chairman and all company officers as members. The Committee’s activities include reporting on and discussing the status of compliance with business ethics, laws, and regulations. The items reported and discussed in the Committee are shared with the compliance advocates selected by each department in Company-wide Compliance Advocates’ Meetings so that they will be reflected in the activities of each workplace. The committee works for thorough compliance with a unified approach between management and the workplace.

Regular compliance liaison conferences are also held with Group companies in Japan. Group companies in other countries have also established compliance committees, appointed compliance advocates, or set up other compliance systems suited to the circumstances in their region and company. Compliance activities are carried out globally in coordination with Toyoda Gosei Co., Ltd.

Specific efforts

• Compliance activities

Toyoda Gosei conducts level-specific and risk-specific training with the aim of raising and solidifying compliance awareness in every employee.

Each year, a compliance sustainment questionnaire survey is conducted for all employees to check the depth of compliance awareness and whether there are signs of violations. *Kaizen* activities are then conducted based on the results.

At the same time, both domestic and international Group companies are establishing basic policies and advocacy systems for compliance, and carrying out their own inspections for risks in their main activities. The results of the inspections are checked by each functional department in Toyoda Gosei, and efforts are made for thorough compliance in the entire Toyoda Gosei Group with support for the *kaizen* and responses of each company through feedback reports.

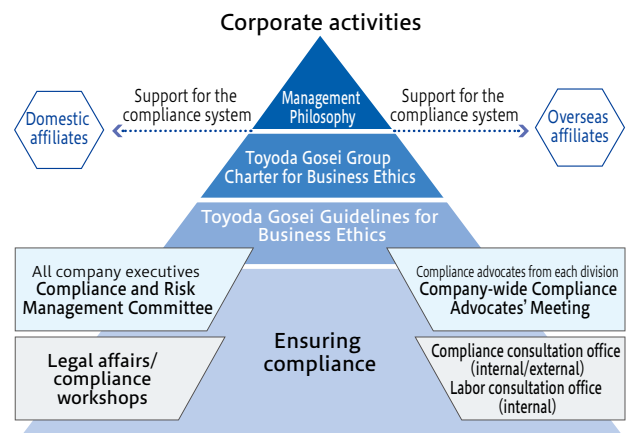
• Efforts for the prevention of antimonopoly and competition law violations

Specific behavioral guidelines that Toyoda Gosei expects employees to follow in various business activities, especially sales, are embodied in the Codes of Conduct for Antitrust Law Compliance in the Company’s internal regulations. Efforts are made for thorough compliance through training and education for employees.

Antitrust law compliance manuals based on the

sets forth shared values and behavioral standards for the entire Toyoda Gosei Group. Group companies in Japan and other countries then formulate and implement their own behavioral guidelines based on the Charter. Toyoda Gosei Co., Ltd. has also established the Toyoda Gosei Guidelines for Business Ethics, which it expects every employee to follow, and has worked to familiarize all employees with these guidelines.

Compliance



laws of each country are prepared for the regions where Group companies are located, and efforts are made to prevent anticompetitive acts globally. Continuing education activities are also conducted through training specifically for antitrust and competition laws, regular level-specific compliance training, and other training.

• Anti-bribery efforts

The Toyoda Gosei Group has formulated Global Anti-Bribery Guidelines as a common guide for global activities, and is making efforts to prevent bribery, accounting fraud, and other forms of corruption. With level-specific training and training for Group companies doing business in regions where there is high risk, education to prevent corruption is provided to employees.

• Early detection and correction of problems with internal reporting system

Compliance consultation offices have been set up both inside and outside the company. In external offices, outside lawyers who can deal with problems from an objective standpoint are in charge. Internal labor consultation offices have also been established to specifically handle labor troubles and harassment. In addition to internal consultation offices in all Group companies in Japan, an external compliance consultation office shared with Toyoda Gosei has been established. At overseas Group companies, external or internal consultations offices have been established.

Management members (As of June 17, 2021)

1	<p>Toru Koyama President</p> <p>1982 Joined Toyoda Gosei</p> <p>2005 General Manager of Development Division, Safety Systems Business Unit, Toyoda Gosei</p> <p>2012 Corporate Officer, Toyoda Gosei; President, Toyoda Gosei North America Corp.</p> <p>2015 Managing Officer, Toyoda Gosei</p> <p>2016 In charge of Corporate Planning Division, Toyoda Gosei; Director, Managing Officer Toyoda Gosei; Chief of Purchasing Headquarters, Toyoda Gosei</p> <p>2018 Director, Senior Managing Officer, Toyoda Gosei</p> <p>2019 Executive Vice President, Toyoda Gosei; Chief of Corporate Planning Division, Toyoda Gosei</p> <p>2020 President, Toyoda Gosei (current)</p>	4	<p>Masaki Oka Director, Corporate Officer</p> <p>1985 Joined Toyota Motor Corp.</p> <p>2012 Project Senior Manager, Finance & Accounting Division, Toyota Motor Corp.</p> <p>2014 General Manager of Related Business Department, Toyota Motor Corp.</p> <p>2015 Adviser, Toyoda Gosei; Corporate Officer, Toyoda Gosei; General Manager of Finance & Accounting Division, Toyoda Gosei; in charge of IT Planning Division, Toyoda Gosei</p> <p>2016 Deputy Chief of Finance & Accounting Headquarters, Toyoda Gosei; in charge of Audit Division, Toyoda Gosei</p> <p>2017 Chief of Finance & Accounting Headquarters, Toyoda Gosei</p> <p>2018 Director, Managing Officer, Toyoda Gosei; Chief of IT Headquarters, Toyoda Gosei</p> <p>2019 Director, Corporate Officer, Toyoda Gosei (current); Chief of Audit Division, Toyoda Gosei</p> <p>2020 Chief of Corporate Planning Division, Toyoda Gosei</p> <p>2021 Chief of Corporate Strategy Headquarters, Toyoda Gosei; Deputy Chief of Corporate Strategy Headquarters, Toyoda Gosei (current); Chief of Purchasing Headquarters, Toyoda Gosei (current)</p>	8	<p>Kimio Yamaka Outside Director</p> <p>1980 Joined Japan Development Bank</p> <p>2007 Deputy Director-General, Development Bank of Japan</p> <p>2009 Director of the Energy Strategy Institute Co., Ltd. (current)</p> <p>2012 General Advisor on Energy Policy for Yamagata Pref. (current)</p> <p>2014 Project Professor, Graduate School of Economics, Kyoto University (current)</p> <p>2016 Director, Toyoda Gosei (current)</p>
2	<p>Tomonobu Yamada Executive Vice President</p> <p>1981 Joined Toyoda Gosei</p> <p>2007 General Manager of Sales Division 1, Toyoda Gosei</p> <p>2010 Director, Toyoda Gosei</p> <p>2012 Corporate Officer, Toyoda Gosei</p> <p>2014 Managing Officer, Toyoda Gosei; Chief of Sales Headquarters, Toyoda Gosei (current)</p> <p>2016 Director, Managing Officer, Toyoda Gosei; President, Toyoda Gosei (Shanghai) Co., Ltd. (current)</p> <p>2017 Director, Senior Managing Officer, Toyoda Gosei; Adviser to General Industry Products Division, Toyoda Gosei</p> <p>2019 Director, Corporate Officer; Chief of General Industry Products Division, Toyoda Gosei</p> <p>2020 Executive Vice President, Toyoda Gosei (current); Chief of Audit Division, Toyoda Gosei (current); Adviser to General Industry Products Business Headquarters</p> <p>2021 Adviser to Life Solution Business Headquarters, Toyoda Gosei (current)</p>	5	<p>Takashi Ishikawa Director, Corporate Officer</p> <p>1985 Joined Toyota Motor Corp.</p> <p>2008 General Manager of Upper Body Engineering Division 2, Toyota Motor Corp.</p> <p>2013 Adviser, Toyoda Gosei; Corporate Officer, Toyoda Gosei</p> <p>2016 Managing Officer, Toyoda Gosei</p> <p>2019 Corporate Officer, Toyoda Gosei</p> <p>2020 Director, Corporate Officer, Toyoda Gosei (current); Chief of Research and Development Headquarters (current)</p>	9	<p>Mayumi Matsumoto Outside Director</p> <p>1987 Contract newscaster, TV Asahi Corporation</p> <p>1993 Contract newscaster, Japan Broadcasting Corporation</p> <p>2003 Freelance announcer, Horipro Inc.</p> <p>2008 Collaborative Researcher, Research Center for Advanced Science and Technology, The University of Tokyo</p> <p>2009 Project Researcher, same as above</p> <p>2011 Director, principal researcher, International Environment and Economy Institute (current)</p> <p>2014 Visiting Associate Professor, Special Division of Environmental and Energy Science, Komaba Organization for Educational Excellence (KOMEX), The University of Tokyo (current)</p> <p>2017 Director, Japan Council for Renewable Energy (current)</p> <p>2019 Director, Toyoda Gosei (current)</p>
3	<p>Hiroshi Yasuda Director, Corporate Officer</p> <p>1982 Joined Toyoda Gosei</p> <p>2006 General Manager of Planning Division, Safety Systems Business Unit, Toyoda Gosei</p> <p>2010 President, Toyoda Gosei Czech, s.r.o.</p> <p>2012 Corporate Officer, Toyoda Gosei</p> <p>2016 Director, Managing Officer, Toyoda Gosei; Chief of Production Headquarters, Toyoda Gosei; Chief of Plastic Parts Production Center, Toyoda Gosei; President, Tianjin Toyoda Gosei Co., Ltd.</p> <p>2017 Adviser to Quality Assurance Headquarters, Toyoda Gosei</p> <p>2018 Director, Senior Managing Officer, Toyoda Gosei</p> <p>2019 Director, Corporate Officer, Toyoda Gosei (current); Chief of Safety & Health Promotion Division, Environment Division, Toyoda Gosei</p> <p>2021 Chief of Corporate Strategy Headquarters, Toyoda Gosei (current); Chief of Carbon Neutrality and Environment Promotion Division, Toyoda Gosei (current); Adviser to Automotive Business Headquarters, Toyoda Gosei (current)</p>	6	<p>Naoki Miyazaki Director</p> <p>1980 Joined Toyota Motor Company</p> <p>2008 Managing Officer, Toyota Motor Corp.</p> <p>2013 Senior Managing Officer, Toyota Motor Corp.</p> <p>2014 Adviser, Toyoda Gosei; Executive Vice President, Toyoda Gosei</p> <p>2015 President, Toyoda Gosei</p> <p>2020 Chairman, Toyoda Gosei</p> <p>2021 Executive Vice President, Toyota Boshoku Corp. (current); Director, Toyoda Gosei (current)</p>	10	<p>Kenji Oiso Audit & Supervisory Board Member</p> <p>1980 Joined Sumitomo Metal Industries, Ltd.</p> <p>2002 Deputy Manager, Finance & Accounting Div., Sumitomo Metal Ind., Ltd.</p> <p>2004 Joined Mitsubishi Sumitomo Silicon, Co., Ltd.</p> <p>2006 General Manager, Finance & Accounting Division, SUMCO Corp.</p> <p>2011 Corporate Officer, SUMCO Corp.</p> <p>2014 Functional Officer, Yokogawa Sumikin Bridge Corp.</p> <p>2016 Joined Miraial Co., Ltd. General Manager, Finance & Accounting Division, Miraial Co., Ltd.</p> <p>2017 Project General Manager, Finance & Accounting Division, Toyoda Gosei</p> <p>2019 Managing Director, Toyoda Gosei Corporate Pension Fund</p> <p>2020 Full-Time Audit & Supervisory Board Member, Toyoda Gosei (current)</p>
7	<p>Sojiro Tsuchiya Outside Director</p> <p>1975 Joined Nippondenso Co., Ltd.</p> <p>2002 Director, Denso Corp.</p> <p>2004 Managing Officer, Denso Corp.</p> <p>2007 Senior Managing Director, Denso Corp.</p> <p>2011 Executive Vice President, Denso Corp.</p> <p>2013 Advising Executive Engineer, Denso Corp.</p> <p>2015 Director, Toyoda Gosei (current); Adviser, Denso Corp (retired June 2016)</p>	11	<p>Yamato Suzuki Audit & Supervisory Board Member</p> <p>1987 Joined Toyota Motor Corp.</p> <p>2012 Group Leader, Litigation Dept., Legal Division, Toyota Motor Corp. (Project Senior Manager)</p> <p>2015 Project General Manager, Corporate Planning Division, Toyoda Gosei</p> <p>2016 Deputy General Manager, Legal Division and Project General Manager, Corporate Planning Division, Toyoda Gosei; General Manager, Legal Division, Toyoda Gosei</p> <p>2021 Full-Time Audit & Supervisory Board Member, Toyoda Gosei (current)</p>		

12 Chika Kako

Outside Audit & Supervisory Board Member

1989 Joined Toyota Motor Corp.

2015 Chief Engineer, Lexus International ZL, Toyota Motor Corp.

2018 Managing Officer, Toyota Motor Corp.

2019 Field General Manager, Material Technology Field, Materials Advanced R&D and Engineering Company, Toyota Motor Corp.

2020 Senior General Manager, Material Technology Field, Advanced R&D and Engineering Company, Toyota Motor Corp. (current); Audit & Supervisory Board Member, Toyoda Gosei (current)



13 Masami Hadama

Outside Audit & Supervisory Board Member

1993 Public Prosecutor

2006 Public Prosecutor, Special Investigation Dept., Tokyo District Public Prosecutors Office

2007 Registered lawyer, partner at TMI Associates (current)

2008 Professor, Sophia University Graduate School of Law

2012 Representative, TMI Partners

2014 Audit & Supervisory Board Member, Toyoda Gosei (current)



14 Hideomi Miyake

Outside Audit & Supervisory Board Member

1968 Joined Toyoda IronWorks Co., Ltd.

1993 Director, Toyoda IronWorks Co., Ltd.

1999 Managing Director, Toyoda IronWorks Co., Ltd.

2003 Senior Managing Director, Toyoda IronWorks Co., Ltd.

2005 President, Toyoda IronWorks Co., Ltd.

2011 Chairman, Toyoda IronWorks Co., Ltd.

2015 Audit & Supervisory Board Member, Toyoda Gosei (current)

2016 Senior Adviser, Toyoda Iron Works Co., Ltd. (current)



Corporate Officers

Ryo Onishi

Yoshiyuki Fujita

Junichiro Kako

Hiroki Fukui

Hiroyasu Hirayama

Hiromasa Zaitzu

Yutaka Ogasawara

Tadashi Yamamoto

Mitsuhiro Nawashiro



Financial Report

Consolidated 10-Year Financial Summary

J-GAAP		FY2011 (Fiscal year ended March 31, 2012)	FY2012 (Fiscal year ended March 31, 2013)	FY2013 (Fiscal year ended March 31, 2014)	FY2014 (Fiscal year ended March 31, 2015)	FY2015 (Fiscal year ended March 31, 2016)
Operating results	Net sales	504,518	599,615	689,477	727,846	781,886
	Operating profit	20,415	36,706	43,798	41,603	42,824
	Ordinary profit	20,287	36,777	45,847	43,792	41,490
	Profit before income taxes	19,076	36,571	46,101	39,851	36,710
	Profit attributable to owners of parent	8,971	21,429	26,214	21,155	20,255
Financial position	Cash and deposits	70,715	79,073	92,364	85,283	78,388
	Current assets	229,238	244,798	279,281	291,246	281,212
	Property, plant and equipment	183,864	196,163	210,214	250,557	241,408
	Non-current assets	225,555	244,846	262,596	316,926	306,160
	Total assets	454,794	489,644	541,877	608,172	587,373
	Short-term loans payable*1	23,300	35,978	39,069	41,848	21,073
	Current liabilities	149,968	157,748	168,136	180,795	162,592
	Bonds payable	—	—	—	—	—
	Long-term loans payable	34,397	23,329	31,138	42,929	44,691
	Non-current liabilities	67,457	59,751	73,462	88,902	96,937
	Total liabilities	217,426	217,500	241,598	269,697	259,530
	Shareholders' equity	238,400	255,201	275,840	289,321	301,756
	(Reference) Interest-bearing debt	57,698	59,307	70,207	84,777	65,765
Cash flows	Cash flows from operating activities	51,112	52,451	55,448	51,283	77,765
	Cash flows from investing activities	(37,027)	(40,989)	(45,680)	(62,432)	(56,261)
	Cash flows from financing activities	2,224	(6,128)	(732)	(238)	(24,736)
Key performance indicators	Return on sales (%)	1.8	3.6	3.8	2.9	2.6
	Total asset turnover (times)	1.16	1.27	1.34	1.27	1.31
	Equity ratio (%)	48.6	51.7	51.6	51.6	51.7
	Return on equity (ROE) (%)	4.1	9.0	9.8	7.1	6.6
	Capital investment	37,623	39,097	43,085	64,733	54,498
	Depreciation and amortization	41,964	38,633	38,743	39,353	44,462
	R&D expenses	25,936	27,279	29,170	29,579	28,409
Number of employees at year-end (consolidated)	29,108	30,190	31,672	34,754	35,903	
Per share information (yen)	Annual dividends	36.00	44.00	56.00	56.00	56.00
	Basic earnings	69.33	165.63	202.54	163.44	156.49
	Dividend payout ratio (%)	51.93	26.57	27.65	34.26	35.79

*1 Including current portion of long-term loans payable and redemption of bonds within one year.

(Millions of yen; rounded down to the nearest million yen)

FY2016 (Fiscal year ended March 31, 2017)	FY2017 (Fiscal year ended March 31, 2018)	IFRS	FY2017 (Fiscal year ended March 31, 2018)	FY2018 (Fiscal year ended March 31, 2019)	FY2019 (Fiscal year ended March 31, 2020)	FY2020 (Fiscal year ended March 31, 2021)
755,601	806,938	Revenue	807,958	840,714	812,937	721,498
40,675	41,136	Operating profit	35,179	36,525	17,888	36,479
39,007	43,200					
31,288	35,775	Profit before tax	35,507	37,356	16,106	37,301
16,233	21,175	Profit attributable to owners of parent	21,361	23,309	11,226	35,205
97,553	104,309	Cash and cash equivalents	97,991	107,311	127,930	134,003
305,273	328,524	Current assets	357,666	382,106	359,565	380,578
245,666	259,537	Property, plant and equipment	241,581	257,728	273,479	290,246
315,425	333,819	Non-current assets	321,819	326,023	349,619	394,577
620,699	662,388	Total assets	679,485	708,129	709,185	775,155
31,762	43,722	Borrowings	43,722	32,396	44,657	42,835
170,574	189,075	Current liabilities	195,392	194,309	180,653	185,535
—	10,000	Bonds and borrowings	64,511	93,089	103,399	109,379
57,261	54,458	Non-current liabilities	118,435	133,674	158,256	169,164
110,663	119,403	Total liabilities	313,828	327,983	338,909	354,700
281,237	308,479	Equity attributable to owners of parent				
311,127	324,890	(Reference) Interest-bearing debt	108,233	125,486	148,057	152,215
89,023	108,181					
60,401	60,848	Cash flows from operating activities	44,004	57,463	65,247	67,247
(82,131)	(39,201)	Cash flows from investing activities	(21,832)	(55,491)	(54,174)	(49,949)
14,794	6,541	Cash flows from financing activities	5,966	7,749	12,525	(13,065)
2.1	2.6	Profit attributable to owners of parent ratio (%)	2.6	2.8	1.4	4.9
1.25	1.26	Total asset turnover (times)	1.23	1.21	1.15	0.97
50.7	49.6	Ratio of equity attributable to owners of parent to total assets (%)	51.2	50.0	48.7	50.5
5.2	6.6	Return on equity (ROE) (%)	6.4	6.7	3.2	9.6
55,218	64,816	Capital investment	53,411	46,891	41,835	46,589
40,902	44,037	Depreciation and amortization	32,545	32,927	35,323	35,527
27,164	27,864	R&D expenses	27,684	30,025	31,374	31,000
36,679	38,234	Number of employees at year-end (consolidated)	38,234	39,429	39,403	38,823
53.00	56.00	Annual dividends	56.00	60.00	60.00	60.00
125.42	163.60	Basic earnings per share (yen)	165.04	180.09	86.74	271.99
42.26	34.23	Dividend payout ratio (%)	33.93	33.32	69.17	22.1

Financial Review

Overview

In FY2020, the global economy experienced a major recession in the fiscal first half in the wake of the COVID-19 pandemic that erupted in late FY2019. Although the global economy embarked on recovery from mid-2020, the end of the pandemic is still not in sight. The Japanese economy was likewise hard-hit by the pandemic, but Japanese companies seized the opportunity to accelerate digital transformation (DX) and radically reform workstyles, most notably by widely adopting teleworking. Additionally, the Suga Cabinet, formed in September 2020, launched a society-wide push to reduce CO₂ emissions with its 2050 Carbon Neutral Declaration. The automobile industry was beset by a market downturn from FY2019 through mid-FY2020. The downturn was compounded by anti-pandemic lockdowns in Europe, the US and much of the rest of the world. The lockdowns forced automakers to idle production plants, resulting in a steep drop in auto production. Production recovered rapidly from the second half of FY2020, but unit production remained below its year-earlier level in both Japan and overseas.

Amid such an environment, the entire TG Group shifted into emergency mode in the fiscal first half. We focused on emergency measures to shore up earnings in response to declining sales. From the fiscal second half, we have been placing priority on allocating resources in pursuing a growth strategy revolving around three key areas toward realization of our mid-term 2025 Business Plan against a backdrop of drastic change in the external environment.

The first pillar of activity is “Venture into innovation, new mobility.” In other words, we are pursuing expeditious commercialization of innovative technologies in new business domains. First, to accelerate commercialization, we reorganized our development operations, partly to strengthen leading-edge development capabilities, in January 2020. Additionally, to realize sustained growth while navigating major changes in our operating environment, we invested heavily in startup companies again in FY2020 through a corporate venture capital fund established in FY2018. We are committed to creating new businesses by cross-pollinating core technologies cultivated over decades with external expertise and to developing new automotive products for CASE vehicles and MaaS. We have been developing UV-C (deep UV) LEDs, a new technology, as a high-value-added LED since 2017. UV-C LED irradiation has been found to inactivate coronaviruses. We have started to roll out UV-C LED products for consumers to help make life more safe and secure amid the pandemic. Since November 2020, we have been selling UV-C LED water purification units that are installed in Wota Corp.’s WOSH portable hand-washing stand that recycles used water. In December 2020, we launched a UV-C space disinfectant that disinfects

airborne germs. Other examples of recent progress in new businesses include commencement of production of high pressure hydrogen tanks for the Toyota Mirai FCEV (Fuel Cell Electric Vehicle) in November 2020 at our Inabe Plant in Mie Prefecture.

The second pillar of activity is “Strategy for growing market/fields.” We have designated the Americas and non-Japan Asia as high-priority geographies and high-value-added products such as airbags, plastic fuel filler pipes and radiator grilles as high-priority products. We are aggressively expanding sales to not only Toyota Motor Corporation but also other Japanese automakers, most notably Honda Motor Co., Ltd., and foreign automakers, including the Detroit Big Three. Within Asia, one of our high-priority geographies, we plan to merge local subsidiaries in India and subsequently operate them as a unified business. We will grow our Asian earnings by expanding sales and improving operational efficiency in the growing Indian market.

The third pillar of activity is “Innovative manufacturing at production sites.” We are upgrading production efficiency through such means as remote production setup and loss reduction through utilization of IoT technologies. We are also digitally transforming and automating manufacturing processes. Additionally, we have improved operating efficiency through videoconferencing, teleworking and other such technologies, mainly in staff organizations.

FY2020 revenue decreased 11.2% year on year to ¥721.4 billion despite Chinese sales growth driven by growth in major customers’ auto production in China. The revenue decline was largely due to pandemic-induced sales declines across all other geographies in the fiscal first half, deconsolidation of former German production subsidiary Toyoda Gosei Meteor GmbH (TGM) in FY2019 and the forex impact of yen appreciation.

Operating profit grew 103.9% year on year to ¥36.4 billion. Its growth was attributable to overhead and labor cost-cutting, rationalization, including utilization of government subsidies, and nonrecurrence of a year-earlier loss on liquidation of a business in conjunction with divestment of our entire TGM equity stake. These growth drivers vastly outweighed the impact of pandemic-induced sales declines and accrual of a provision for restructuring of a UK subsidiary. Profit attributable to owners of the parent increased 213.6% year on year to ¥35.2 billion, boosted by recognition of deferred tax assets upon commencement of labor-management negotiations predicated on discontinuation of a UK subsidiary’s production.

(Millions of yen)

Consolidated results	FY2020	FY2019
Revenue	721,498	812,937
Operating profit	36,479	17,888
Profit attributable to owners of parent	35,205	11,226

Revenue by segment

Japan

Revenue was down 11.6% year on year to ¥358.0 billion, largely as a result of sales declines due to the pandemic. Despite the sales declines, Japanese operations earned segment income of ¥12.0 billion against a year-earlier loss of ¥5.0 billion. The turnaround was largely attributable to nonrecurrence of a year-earlier loss on liquidation of a business in conjunction with divestment of our entire TGM equity stake, in addition to deep cuts in labor and overhead expenses.

Americas

Revenue decreased 16.5% year on year to ¥203.4 billion under the weight of sales declines due to the pandemic, semiconductor shortages and unseasonably cold winter weather in the US. Segment income was down 16.7% at ¥13.8 billion as labor cost savings (partly attributable to government subsidies) failed to offset the sales declines' impact.

Asia

Revenue grew 1.2% year on year to ¥190.4 billion, largely as a result of growth in sales to major customers in China. The Chinese sales growth outweighed sales declines in Thailand, Indonesia and elsewhere. Despite these sales declines' impact, segment income increased 36.4% to ¥14.4 billion, boosted by Chinese sales growth and gross margin expansion driven by cost-cutting.

Europe & Africa

Revenue was down 28.2% year on year to ¥26.2 billion, largely as a result of pandemic-induced sales declines and TGM's deconsolidation in the third quarter of FY2019. Despite accrual of a provision for restructuring a UK subsidiary, segment loss shrank to ¥3.9 billion from a year-earlier ¥4.2 billion, largely by virtue of TGM's deconsolidation and reduction in labor costs (partly attributable to government subsidies).

(Millions of yen)

Revenue by segment	FY2020	FY2019
Japan	358,082	405,116
Americas	203,421	243,590
Asia	190,479	188,292
Europe & Africa	26,261	36,567

Financial condition

Analysis of financial position

1. Assets, liabilities, and equity

Assets at fiscal year-end totaled ¥775.1 billion, a ¥65.9 billion year-on-year increase driven mainly by an increase in property, plant and equipment. Liabilities totaled ¥354.7 billion, a ¥15.7 billion year-on-year increase due mainly to growth in trade and other payables. Equity totaled ¥420.4 billion, a ¥50.1 billion year-on-year increase mainly attributable to growth in retained earnings.

2. Cash flows

Cash and cash equivalents at the end of the fiscal year under review increased by ¥6.0 billion, from ¥127.9 billion at the end of the previous fiscal year, to ¥134.0 billion. Cash flows and related factors during the fiscal year under review were as follows.

Cash flows from operating activities

Net cash flows provided by operating activities came to ¥67.2 billion in inflows, an increase of ¥2.0 billion from inflows recorded in the previous fiscal year. This was mainly due to a decrease in outflows of ¥25.1 billion for changes in trade and other payables, ¥4.6 billion for changes in provisions, and ¥3.7 billion for income taxes paid, despite a decrease in inflows of ¥31.6 billion for changes in trade and other receivables.

Cash flows from investing activities

Net cash flows used in investing activities came to ¥49.9 billion in outflows, a decrease of ¥4.2 billion from outflows recorded in the previous fiscal year. This was mainly due to the absence of ¥11.4 billion in outflows that occurred in the previous fiscal year for the sale of shares in subsidiaries, which resulted in a decrease in the fiscal year under review, despite increases of ¥3.2 billion in outflows for the purchase of property, plant and equipment, and intangible assets, and ¥2.4 billion in outflows for payments into time deposits.

Cash flows from financing activities

Net cash flows used in financing activities came to ¥13.0 billion in outflows, an increase of ¥25.5 billion from outflows recorded in the previous fiscal year. This was mainly due to a decrease of ¥31.6 billion in proceeds from short-term borrowings and a decrease of ¥7.3 billion in repayments of short-term borrowings, resulting in a net outflow of ¥24.3 billion in proceeds from and expenditures for short-term borrowings.

(Millions of yen)

Cash flows	FY2020	FY2019
Cash flows from operating activities	67,247	65,247
Cash flows from investing activities	(49,949)	(54,174)
Cash flows from financing activities	(13,065)	12,525

Consolidated Financial Statement

(Millions of yen)

Consolidated statement of financial position	FY2019 (as of March 31, 2020)	FY2020 (as of March 31, 2021)
Assets		
Current assets		
Cash and cash equivalents	127,930	134,003
Trade and other receivables	142,062	149,249
Other financial assets	8,364	9,617
Inventories	63,925	72,888
Other current assets	17,282	14,819
Total current assets	359,565	380,578
Non-current assets		
Property, plant and equipment	273,479	290,246
Intangible assets	3,741	4,571
Other financial assets	32,244	41,983
Investments accounted for using equity method	14,252	14,844
Retirement benefit asset	2,603	6,254
Deferred tax assets	14,473	21,349
Other non-current assets	8,824	15,326
Total non-current assets	349,619	394,577
Total assets	709,185	775,155
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	119,083	126,784
Borrowings	44,657	42,835
Other financial liabilities	8,335	4,076
Income taxes payable	1,585	3,439
Provisions	1,881	2,638
Other current liabilities	5,110	5,760
Total current liabilities	180,653	185,535
Non-current liabilities		
Bonds and borrowings	103,399	109,379
Other financial liabilities	13,466	13,510
Retirement benefit liability	34,615	34,745
Provisions	107	4,578
Deferred tax liabilities	4,158	5,015
Other non-current liabilities	2,507	1,935
Total non-current liabilities	158,256	169,164
Total liabilities	338,909	354,700
Equity		
Share capital	28,027	28,046
Capital surplus	26,968	25,626
Treasury shares	(1,220)	(1,232)
Other components of equity	2,233	17,759
Retained earnings	289,061	320,883
Total equity attributable to owners of parent	345,070	391,083
Non-controlling interests	25,204	29,372
Total equity	370,275	420,455
Total liabilities and equity	709,185	775,155

(Millions of yen)

Consolidated statement of profit or loss	FY2019 (April 1, 2019 to March 31, 2020)	FY2020 (April 1, 2020 to March 31, 2021)
Revenue	812,937	721,498
Cost of sales	(712,436)	(622,832)
Gross profit	100,501	98,665
Selling, general and administrative expenses	(61,523)	(56,423)
Other income	2,328	3,225
Other expenses	(23,417)	(8,987)
Operating profit	17,888	36,479
Finance income	2,843	3,035
Finance costs	(5,538)	(3,116)
Share of profit of investments accounted for using equity method	913	903
Profit before tax	16,106	37,301
Income tax expense	(2,265)	773
Profit	13,841	38,075
Profit attributable to		
Owners of parent	11,226	35,205
Non-controlling interests	2,614	2,870
Profit	13,841	38,075
Earnings per share		
Basic earnings per share (yen)	86.74	271.99
Diluted earnings per share (yen)	-	271.97

(Millions of yen)

Consolidated statement of comprehensive income	FY2019 (April 1, 2019 to March 31, 2020)	FY2020 (April 1, 2020 to March 31, 2021)
Profit	13,841	38,075
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity instruments measured at fair value through other comprehensive income	(2,313)	6,252
Remeasurements of defined benefit plans	(467)	3,757
Share of other comprehensive income of investments accounted for using equity method	(17)	112
Total of items that will not be reclassified to profit or loss	(2,798)	10,121
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(11,061)	9,702
Share of other comprehensive income of investments accounted for using equity method	130	74
Total of items that may be reclassified to profit or loss	(10,931)	9,776
Other comprehensive income, net of tax	(13,729)	19,898
Comprehensive income	111	57,974
Comprehensive income attributable to		
Owners of parent	(1,281)	53,857
Non-controlling interests	1,393	4,116
Comprehensive income	111	57,974

Consolidated statement of changes in equity

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of April 1, 2019	28,027	26,968	(1,219)	(823)	15,498	—
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	(9,769)	(2,333)	(405)
Total comprehensive income	—	—	—	(9,769)	(2,333)	(405)
Purchase of treasury shares	—	—	(0)	—	—	—
Dividends	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	(338)	405
Other	—	—	—	—	—	—
Total transactions with owners	—	—	(0)	—	(338)	405
Balance as of March 31, 2020	28,027	26,968	(1,220)	(10,593)	12,826	—
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	8,705	6,289	3,657
Total comprehensive income	—	—	—	8,705	6,289	3,657
Issuance of new shares	18	18	—	—	—	—
Purchase of treasury shares	—	—	(11)	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	(1,360)	—	531	—	(0)
Change in scope of consolidation	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(3,657)
Other	—	—	—	—	—	—
Total transactions with owners	18	(1,341)	(11)	531	—	(3,657)
Balance as of March 31, 2021	28,046	25,626	(1,232)	(1,356)	19,116	—

	Equity attributable to owners of parent				
	Other components of equity	Retained earnings	Total	Non-controlling interests	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2019	14,674	285,669	354,120	26,024	380,145
Profit	—	11,226	11,226	2,614	13,841
Other comprehensive income	(12,508)	—	(12,508)	(1,221)	(13,729)
Total comprehensive income	(12,508)	11,226	(1,281)	1,393	111
Purchase of treasury shares	—	—	(0)	—	(0)
Dividends	—	(7,767)	(7,767)	(2,328)	(10,095)
Transfer from other components of equity to retained earnings	67	(67)	—	—	—
Other	—	—	—	114	114
Total transactions with owners	67	(7,834)	(7,768)	(2,213)	(9,981)
Balance as of March 31, 2020	2,233	289,061	345,070	25,204	370,275
Profit	—	35,205	35,205	2,870	38,075
Other comprehensive income	18,652	—	18,652	1,246	19,898
Total comprehensive income	18,652	35,205	53,857	4,116	57,974
Issuance of new shares	—	—	36	—	36
Purchase of treasury shares	—	—	(11)	—	(11)
Dividends	—	(7,120)	(7,120)	(1,984)	(9,104)
Changes in ownership interest in subsidiaries	531	—	(829)	1,335	506
Change in scope of consolidation	—	80	80	373	453
Transfer from other components of equity to retained earnings	(3,657)	3,657	—	—	—
Other	—	—	—	325	325
Total transactions with owners	(3,126)	(3,383)	(7,844)	50	(7,794)
Balance as of March 31, 2021	17,759	320,883	391,083	29,372	420,455

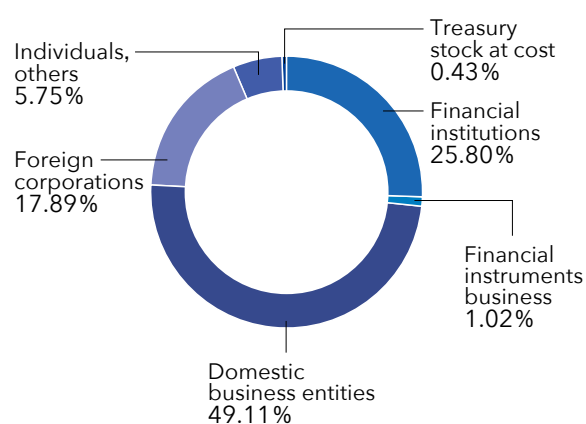
(Millions of yen)

Consolidated statement of cash flows	FY2019 (April 1, 2019 to March 31, 2020)	FY2020 (April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Profit before tax	16,106	37,301
Depreciation and amortization	37,498	37,812
Impairment loss (reversal of impairment loss)	—	813
Loss on liquidation of operations	21,615	—
Increase (decrease) in provision	146	4,749
Increase (decrease) in retirement benefit liability	1,118	101
Decrease (increase) in retirement benefit asset	12	933
Finance income	(2,843)	(2,800)
Finance costs	2,912	3,116
Share of loss (profit) of investments accounted for using equity method	(913)	(903)
Loss (gain) on sale of fixed assets	398	668
Decrease (increase) in inventories	(4,943)	(6,410)
Decrease (increase) in trade and other receivables	28,965	(2,707)
Increase (decrease) in trade and other payables	(18,937)	6,187
Other	(4,506)	(3,378)
Subtotal	76,629	75,485
Interest received	2,141	2,001
Dividends received	975	893
Interest paid	(2,802)	(3,168)
Income taxes paid	(11,696)	(7,964)
Net cash provided by operating activities	65,247	67,247
Cash flows from investing activities		
Payments into time deposits	(13,677)	(16,142)
Proceeds from withdrawal of time deposits	15,815	15,673
Purchase of property, plant and equipment, and intangible assets	(46,385)	(49,595)
Proceeds from sale of property, plant and equipment, and intangible assets	826	632
Purchase of investments	(996)	(566)
Proceeds from sale of investments	1,542	16
Payments due to sale of shares in subsidiaries resulting in change in scope of consolidation	(11,428)	—
Other	128	33
Net cash used in investing activities	(54,174)	(49,949)
Cash flows from financing activities		
Proceeds from short-term borrowings	52,912	21,249
Repayments of short-term borrowings	(47,078)	(39,749)
Proceeds from long-term borrowings	24,227	32,429
Repayments of long-term borrowings	(5,272)	(11,417)
Repayments of lease liabilities	(2,240)	(2,777)
Dividends paid	(7,766)	(7,117)
Dividends paid to non-controlling interests	(2,328)	(1,984)
Payments of the abolition of the in-house deposit system	—	(4,193)
Other	71	494
Net cash provided by (used in) financing activities	12,525	(13,065)
Net increase (decrease) in cash and cash equivalents	23,597	4,233
Cash and cash equivalents at beginning of period	107,311	127,930
Effect of exchange rate changes on cash and cash equivalents	(2,979)	1,840
Cash and cash equivalents at end of period	127,930	134,003

Company and Investor Information (As of March 31, 2021)

Location of headquarters	1 Haruhinagahata, Kiyosu, Aichi, 452-8564, Japan	Common stock	Authorized 200,000,000 shares Issued 129,473,203 shares (Excluding 558,012 shares of treasury stock)
Date of establishment	June 15, 1949	Number of shareholders	9,544
Capital	¥28 billion	Stock exchange listings	Tokyo Stock Exchange and Nagoya Stock Exchange
Consolidated subsidiaries	57 (14 in Japan, 43 in other countries)	Shareholder registry administrator and special account management institution	Mitsubishi UFJ Trust and Banking Corporation
Equity method affiliated companies	6 (3 in Japan, 3 in other countries)	Securities code	7282
Number of employees	Consolidated: 38,823 Toyoda Gosei Co., Ltd.: 6,526		

Distribution for each type of shareholder



Major shareholders

Shareholder name	Number of shares held (unit: 1,000 shares)	Investment ratio (%)
Toyota Motor Corporation	55,459	42.83
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,793	6.79
Custody Bank of Japan, Ltd. (Trust Account)	5,246	4.05
Sumitomo Mitsui Banking Corporation	5,049	3.89
Nippon Life Insurance Company	1,592	1.23
The Dai-ichi Life Insurance Company, Ltd.	1,535	1.18
Toyoda Gosei Employee Stock Ownership Association	1,423	1.09
Custody Bank of Japan, Ltd. (Trust Account 9)	1,191	0.92
Daiei Sangyo Kaisha, Ltd.	1,041	0.80
State Street Bank West Client-Treaty 505234	1,035	0.80

Note: Share-holding stakes are calculated after deducting treasury shares.

Editorial policy

This report was compiled with the aim of providing shareholders, investors, and all other stakeholders with a deeper understanding of the Toyoda Gosei Group. It describes the FY2020 business performance of the Group and explains the Group's strategy and efforts for creating medium- and long-term value. Since the 2018 report was issued, the Toyoda Gosei Report has been compiled as an integrated report. We have tried to make it straightforward and globally understandable, with reference to the International Integrated Reporting Framework (International Integrated Reporting Council (IIRC)) for the IR section and the GRI Standards (Global Reporting Initiative) for the ESG section.

Period covered by report

April 1, 2020 to March 31, 2021

Past efforts and the latest information are given as needed to promote understanding of disclosed content.

Scope

Toyoda Gosei Group

The scope is outlined individually for some items.

Date of issue

December 2021

Last published in September 2020; issued once a year

Reference guidelines

- International Integrated Reporting Framework (International Integrated Reporting Council (IIRC))
- GRI Standards (Global Reporting Initiative)
- Environmental Reporting Guidelines, 2018 Edition (Ministry of the Environment, Japan)
- Environmental Accounting Guidelines, 2005 Edition (Ministry of the Environment, Japan)

* Environmental data/examples are available on our website. For CO₂ emissions we received third-party verification. <https://www.toyoda-gosei.com/csr/environmental/report1/>

Disclaimer

Careful attention was paid to the content of this Report, but accuracy and the timing of updates are not guaranteed and Toyoda Gosei shall bear no responsibility for trouble, loss, or damage resulting from updates or errors in the information herein.

Recognition from society

Main indices selected in composite

- JPX Nikkei Index 400
- MSCI Japan Empowering Women Index (WIN)
- S&P/JPX Carbon Efficient Index

Ranking

- CDP: Supplier Engagement Rating 2020: A; Water Security Score 2020: A-; Climate Change Score 2020: A-
- WWF Japan: Third in transportation equipment sector in "Corporate Anti-Global Warming Measures Ranking"
- Securities Analysts Association of Japan: First in automotive/automotive parts/tire division of the 2020 Award for Excellence in Corporate Disclosure
- Securities Analysts Association of Japan: Second in automotive/automotive parts/tire division of the 2021 Award for Excellence in Corporate Disclosure



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