

TOYODA GOSEI REPORT 2023



We are a company that pursues the possibilities of polymers to contribute to a future of better mobility and living.

The Toyoda Gosei Group will continue to meet the needs of society by providing automotive parts using its rubber and plastic polymer technologies.

Company Creed

Boundless Creativity and Social Contribution

Management Philosophy

Good Corporate Citizenship

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

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.

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.

Proper Business Operation

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

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.

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.

TG Spirit

Within the Toyoda Gosei Group, we have established TG Spirit as a common set of values for our work. With today's diversifying work styles and changing values, TG Spirit serves as an important foundation for around 40,000 employees working in 16 countries and regions around the world, who differ in nationality, gender, age, lifestyle, and other characteristics, to demonstrate their collective strength through teamwork. Despite these tremendous changes in our environment, we still place importance on and will continue to pass on the valuable mindsets and ways of thinking for performing our work that have been handed down to this day, and aim for sustainable corporate evolution and growth in the future.

Passing on the ideas that we have inherited to the next generation by making them our own

Sharing this TG Spirit throughout the entire Toyoda Gosei Group will bring us together as a one team, transcending differences in nationality, gender, age, and lifestyle.

1 Customer Oriented

Think from the customer's perspective

How can we help customers get what they want?

2 Challenge

Aim high, be resolute in the face of difficulties

We will aim high, set ambitious goals and work relentlessly toward achieving them no matter what the difficulties may be.

3 Ownership

Be responsible and proactive

Each and every TG employee is encouraged to feel a sense of ownership for the products that leave our doors.

4 Continuous Kaizen

Never be satisfied; improvement never ends

Using the approaches of *genchi-genbutsu* (go and see) and *genjitsu* (activities based on the actual situation) and asking why five times, we will constantly strive to bring our operations and products to the next highest level.

5 Respect

Respect for individuals and their perspectives

We will maintain respect for the individuality and perspectives of each person, be humble in our dealings with others regardless of nationality, gender, or rank, and always try to learn from each other.

6 Teamwork

Help each other, grow as a team

We will combine our strengths within teams, between departments, and between Toyoda Gosei Group companies to make One TG a reality.



TOYODA GOSEI

Our company logo is modeled on the benzene ring, a compound formed by six carbon atoms. Even extremely active and unstable chemical substances become stable in hexagonal form, and the logo symbolizes our vigorous activity and stability.

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Editorial Policy

This report was prepared for the purpose of enabling shareholders, investors, and other stakeholders to gain a deeper understanding of the Toyota Gosei Group. The report explains the Toyota Gosei Group's business performance in FY2022 and presents our strategies and initiatives for creating medium- and long-term value. The report has been produced as an integrated report since the FY2018 edition, and has been edited with reference to the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) and the GRI Standards published by the Global Reporting Initiative to make it concise and easy to understand. For more detailed information, please refer to the individual reports and websites.

Purpose of This Report

Financial Information

Website: Investor Relations
<https://www.toyoda-gosei.com/ir/>



Financial Results/Securities Reports, etc.

Non-Financial Information

Website: Sustainability
<https://www.toyoda-gosei.com/csr/>



Environment/Social/Governance etc.

Toyota Gosei Report <https://www.toyoda-gosei.com/csr/dl/>



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Reporting Period

April 1, 2022 to March 31, 2023 (Past initiatives and recent information are included where necessary to facilitate understanding of the disclosed information.)

Scope of Report

As a general rule, the report covers the 62 companies of the Toyoda Gosei Group, consisting of Toyoda Gosei Co., Ltd. and its 61 subsidiaries and affiliates in Japan and overseas. (Some items are treated individually.)

Date of Issue

October 2023 (Previous edition issued in November 2022, published annually)

Reference Guidelines

- International Integrated Reporting Framework (International Integrated Reporting Council (IIRC))
 - GRI Standards (Global Reporting Initiative)
 - Environmental Reporting Guidelines 2018 (Ministry of the Environment, Japan)
 - Environmental Accounting Guidelines 2005 (Ministry of the Environment, Japan)
- * Please refer to the website for environmental data and case studies.
Also, third-party verification of CO₂ emissions has been conducted.
<https://www.toyoda-gosei.com/csr/environmental/report1/>

Disclaimer

While every effort has been made to ensure the accuracy of the information contained in this report, we do not guarantee the accuracy or timing of updates, and are not liable for any problems, losses, or damages arising from updates, errors, or other issues in the provided information.

Message from the President



We will transform into a “polymer-like organization” that excels in responsiveness to changes, speed, and dynamism

My name is Katsumi Saito, and I assumed the position of president in June 2023. I am once again aware of the weight of responsibility and the great potential power of the Toyoda Gosei Group as I am now in a position to influence the lives of many people, including our 40,000 global employees, their families, and our business partners, and to take the helm to achieve sustainable growth and development in a time of great change in the automotive industry.

I am a car enthusiast by nature. My family ran an auto repair shop, so cars have been a part of my life since I

was a child. In my job search, I researched companies in various industries, but I came to the conclusion that I wanted to work for a company that is involved in the automobile industry, which I love so much. In particular, I was attracted to suppliers that can be involved in a wide range of automobile manufacturing, and among them, the potential of polymer technologies such as rubber and plastics, and I made the decision to join Toyoda Gosei. Our company’s polymer technology, which I was strongly attracted to at the time, has been steadily evolving and still has great potential to support corporate growth and development.

Originating from the rubber research department of Toyoda Automatic Loom Works, Toyoda Gosei has long been involved in polymer technology. For more than 70 years, we have been providing products and services with high functionality and quality based on rubber,

ONE TEAM,

In today's world where the global market structure is undergoing major changes, we aim to become a company that can make its presence known through our "KOBUNSHI" based on the polymer technology that we have developed over many years.

Katsumi Saito

President, CEO

ONE TG.

plastic, and their formulation and processing technologies, and this has been a major strength that has enhanced our competitive advantage. In assuming the position of president this time, we have drawn up the vision of the company based on what I have personally felt through my past experiences. We have been and will continue to pursue and deepen our expertise in polymer-related technologies. By energizing our people and organization, we would like to become a company where people think "Toyoda Gosei is an interesting company" and "this is a company that benefits people."

I have learned from my experience that work nurtures and builds people. I would like to build a strong and flexible organization by further developing the mindset and actions that we have cultivated through our long history of manufacturing products based on polymer

materials.

Polymers are large molecules made by combining small unit molecules. By linking these molecules together, materials with a wide variety of functions and properties are created. Having been involved in human resource management for many years, I view people and organizations in the same way. When people with diverse values gather and mingle with each other, creativity is produced and also organizations and institutions, both inside and outside the company, are joined together. By forming a polymer-like organization, we can bring together creativity, teamwork, and power through chemical reactions and molecular bonding that make the most of individuality.

In order to cope with an uncertain business environment where the future is unclear, including changes in people's sense of values, increasingly complex environmental and social issues, and growing

geopolitical risks, the people and our organizations must become more organically connected to think flexibly and to adapt to changes in form on the fly. We will build a corporate culture that excels in responsiveness to environmental changes, speed, and dynamism. We will become a company that people think of as interesting and that benefits people by having each individual change and make changes boldly without fear of failure, take on challenges, and attract, seize, and create opportunities.

Reexamining the value of our own existence, we have formulated a new business plan that aims to achieve both social and economic value

<FY2022 in Review>

In FY2022, we worked to create a system that could flexibly respond to changes in the business environment and generate profits. We made improvements throughout the entire value chain, with a focus on the Americas, which had significant profitability issues, based on the three pillars of reducing cost beyond conventional levels, limiting the impact of material market conditions, and responding to production volume fluctuations. Although the implementation of these measures was generally successful, there was a greater drop in production than we had anticipated, mainly in the Japanese domestic market, as a shortage of semiconductors prevented the production of luxury car models. As a result, the product mix worsened, and although sales revenue grew, operating profit increased only slightly. Going forward, we will demonstrate the results of our steady buildup of strength as the logistics

Consolidated Financial Results for Fiscal Year Ended March 31, 2023 (April 1, 2022–March 31, 2023)

Consolidated Operating Results

(Amounts are rounded down to the nearest million yen)
(Percentage figures are changes from the previous year)

	Revenue		Operating profit		Pre-tax profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 31, 2023	951,877	14.7	35,069	2.6	35,323	(6.3)
FY ended March 31, 2022	830,243	15.1	34,172	(6.3)	37,696	1.1

	Net income		Net income attributable to owners of parent		Comprehensive income Total	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 31, 2023	21,048	(21.3)	16,004	(31.5)	33,150	(37.8)
FY ended March 31, 2022	26,734	(29.8)	23,352	(33.7)	53,294	(8.1)

and supply disruptions and price hikes that were triggered by the COVID-19 pandemic have calmed down.

<Toward the Formulation of Our 2030 Business Plan>

We had embarked on the development of our 2030 Business Plan as the business environment changed significantly since we had projected in 2018, the year when the 2025 Business Plan was formulated. Social trends had also changed dramatically against the COVID-19 pandemic, rapid progress in decarbonization and the shift to BEVs (Battery Electric Vehicles), and heightened geopolitical risks. As a result, the social issues, opportunities, and risks that are important to us are changing rapidly, and we need to address complex business issues as quickly as possible.

In devising the new plan, we have once again discussed how we will contribute to society in the future based on our company creed, “Boundless Creativity and Social Contribution,” and our strengths.

One of the reasons for this is my experience when I was the head of the Human Resources Division. During recruitment campaigns, more and more applicants become interested in what they can do for society by joining this company. In order to continue to be a company that is trusted and needed by stakeholders and society at all times, I remember feeling that economic value alone is not enough to achieve sustainable growth; it is necessary to combine economic value with social value. In the IR activities that I was in charge of, I also felt that stakeholders had high interest in and high expectations for our efforts to solve environmental and social issues, as sustainability management had become widely accepted. Through these experiences, I have come to strongly believe that it is necessary to return to the basics of “a company is a public institution.”

In the 2030 Business Plan, released in August 2023, we focus on contributing to solving social issues and achieving sustainable social development through pursuit of our polymer technologies, a way that is uniquely Toyota Gosei. To this end, we will focus on structural reforms, increasing strategic non-financial capital, mobilizing each and every one of our 40,000 employees in our 62 Group companies in 16 countries/regions around the world, and maximizing the power of our people and organization as priority measures.

Expanding into businesses that contribute to safety, comfort, and decarbonization based on our polymer technology



In April 2023, we visited Auto Shanghai, where we saw first-hand the changes in the automotive industry through visits to dealers and meetings with executives from Chinese automobile manufacturers. Although I was well aware of the dominance of BEVs in the market, Chinese BEVs have evolved much more significantly than I had imagined in the three areas of design, function, and finish. I was impressed by the evolution of the design, which is on par with European cars, and the state-of-the-art software, such as voice recognition functionality. It was an opportunity for us to further strengthen our resolve to take on the challenges of a drastically changing market with our own technologies.

The 2030 Business Plan aims to achieve growth along two major axes. The first axis is to contribute to society by developing products and services for the safety and comfort that will support new mobility, including BEVs, CASE (Connected, Autonomous, Shared, Electric), and MaaS. The second axis is to contribute to the decarbonization of society in order to leave a prosperous global environment for the future.

Compared to automobile manufacturers in the Americas, Europe, and China, Japan lags far behind in the adoption of BEVs. To catch up on this lag, our major customers are working to drastically change conventional car manufacturing and processes by introducing “gigacasting,” a production technology that can significantly reduce the number of parts. To realize the new production method, vehicle assembly at automobile manufacturers must be made easier, and we expect growing needs for modularization going forward. This change in car manufacturing means that we also need to make significant changes in our products.

We are determined to support the transformation of Japanese automobile manufacturers by anticipating future trends in mobility, creating new value, and making the most of our 70-plus years of accumulated manufacturing expertise to ease the transformation for our various customers. At the same time, we will further enhance Toyota Gosei’s competitive advantage by developing products with local automobile manufacturers in markets such as China and India, where BEVs are leading the way, and by taking on the challenges of the changing mobility market. We also aim to help strengthen the competitiveness of the Japanese automotive industry as a whole by leveraging the new knowledge and technological capabilities we will develop in this new field.

Let me explain how we can realize this growth strategy. The structure of BEVs is drastically different from that of conventional internal combustion vehicles, and with this change comes a variety of new needs. We can meet it with our rubber and plastics technology in various way.

The biggest challenge for BEVs is to improve electric power efficiency to extend the cruising distance with less power. To achieve this, we must first reduce the aerodynamic drag. The latest BEVs in Europe have adopted a sleek body design with the tips and roof of the car lowered significantly to take aerodynamic drag into account. The lowered hood design naturally lowers the position of the windshield, so a thinner instrument panel around the front of the car is essential to ensure a spacious and comfortable cabin. To achieve this, we are planning to integrate parts and functions inside the instrument panel by utilizing our expertise in polymer materials to slim down the instrument panel using a framework component we have never handled before. Furthermore, we will make full use of airbag technology to realize a thinner instrument panel that is unrivaled by any other company. In order to achieve this, we are conducting development efforts that cross over the boundaries of company organizations.

Another major challenge for BEV bodies is that the structure that absorbs impact is altered by the placement of the batteries under the body. Normally, when a collision occurs, the car body deforms to absorb the impact and reduce the shock to the occupants. Finally, the seat belts and airbags then protect the occupants. In the case of BEVs, however, the structure protects the battery pack so that no force is applied to the battery, so the body is not easily deformed in the event of a collision as it has been in the past. This change in the way the car deforms requires

Message from the President

airbags that are different from those used in the past. For this reason, we are developing systems such as high impact-absorbing safety devices and lap airbags combined with seat belts to accommodate future changes in vehicle cabin layouts by advancing our technologies.

With these structural changes in the car due to the shift to BEVs, we see great opportunities in the areas of safety systems and interior and exterior components. We will create new added value beyond the framework of our existing business. For example, we will enhance our competitiveness through set proposals that take advantage of our expertise in the development of interior and exterior components, airbags, steering wheels, and other parts, and collaborate with other companies to develop novel technologies. At the same time, we always want to propose what our customers want to realize, giving shape to their ideas faster than anywhere else.

In 2030 and beyond, we will reorganize our business portfolio by shifting our resources to fields that provide both social value and economic value, taking into account the changing nature of automobiles and the needs of the times. First, in the safety systems business, which is a growth driver, we will expand our airbag production volume to 1.5 times the current level and contribute to the reduction of traffic fatalities through our products, aiming to create a safer automotive society. This will also lead to our increased

sales revenue and global market share. Also, as mentioned earlier, the growth of CASE will bring about a major change in people's sense of values toward cars. We will pursue a new level of comfort in transportation, centered on the interior and exterior component business, and take on the challenge of providing a vehicle cabin space that only we can offer.

As we move toward decarbonization beyond the year 2030, we expect that society's needs for hydrogen will increase. The Japanese government's Basic Hydrogen Strategy, revised in June of this year, sets new targets for the amount of hydrogen to be adopted and plans large-scale investments, so expectations are rising for hydrogen as a sustainable form of energy. Currently, we are providing our hydrogen tanks to Toyota's MIRAI FCEV (Fuel Cell Electric Vehicles) and CJPT's^{*} fuel cell light-duty trucks. In the future, we expect to expand our applications in many fields, including large trucks and commercial vehicles, as well as non-automotive applications such as railroads and ships, and even household tanks, and we hope to see a path for business expansion.

* Commercial Japan Partnership Technologies Corporation



We are committed to management reform to maximize the power of our polymer-like organization by leveraging the culture we have built up over the years

The auto industry is currently undergoing a major transformation with the advances in electrification and automated driving. Our business environment is also changing at a dizzying pace, with difficulties in securing human resources due to the declining birthrate and aging population, and changes in corporate competitiveness due to digitalization. In this environment, we need the power of people and organizations to implement the 2030 Business Plan. The most important thing for that is to create a place and stage where each and every employee can play an active role. In order to realize a workplace where employees themselves can be motivated to work positively together with their colleagues, in other words, to create a place where they can take on challenges without fear, we will first work on management reform for managers. If supervisors do not provide support for the careers and work of their members, it will be difficult for them to actively take on new challenges. To date, we have identified various issues through activities conducted by labor and management together, and have implemented initiatives as management issues and workplace-based activities. One such initiative is the renewal and implementation of manager education. Our goal is to establish a management style in which supervisors tap into the motivation, knowledge, and ideas that individual employees possess, rather than just supervisors issuing one-way instructions on work duties. In order to achieve this, it is important for managers to have sufficient psychological and time resources, so we are working on reforming the way managers work in parallel with management education.

We are also working on strengthening governance and management innovation with the aim of maximizing our organizational strength on a global scale. In June 2023, we introduced the CxO (Chief Officer) system and appointed new positions for CEO, CFO, CRO, CTO, and CMO (Manufacturing) for priority functions. In line with this change, a portion of the authority previously held by the president has been transferred to each CxO. This was introduced out of my strong desire to speed up management by strategically implementing the priority function “x” on a global basis beyond the framework of businesses and regions. We are shifting from our former unipolar, unidirectional approach to new multi-polar, multi-directional approach.

In most cases, the head office in Japan has been responsible for formulating management and manufacturing policies and implementing them outside Japan. We would like to further transfer authority to regional division managers and adopt the concept of Center of Excellence to use the strengths of each region for strengthening regional communications and cooperation among regions. Strengthening cooperation not only between the head office and the regions, but also between regions is the very essence of a polymer-like organization in which people and organizations are more organically connected. We will be able to create new added value flexibly through these efforts.

The Toyota Gosei Group is on the move. Becoming a company that exceeds the expectations of all stakeholders

Toyota Gosei Group is now making a fresh start toward a future of great change. Through dialogue meetings with managers and mid-level leaders as well as labor union executives, I have sensed a positive energy rising throughout the company. We will share globally the polymer-like organization, a new vision for 2030 that we have prepared for further growth, and aim to become a company that can demonstrate even greater value in its social and economic presence. We will further enhance our IR activities in order to firmly convey to our stakeholders how our Group is steadily growing year by year. Ideally, we would like to create a virtuous cycle toward sustainable growth, stimulated by many opinions through careful dialogue with our stakeholders. The entire Toyota Gosei Group will work even harder than before to make Toyota Gosei a company that people think of as interesting and that benefits them, and so we ask for your continued understanding and support.

Katsumi Saito

President, CEO
October 2023

History of Our Business Evolution and Value Creation

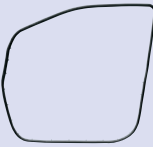







Through manufacturing that leverages our unique technological capabilities in the rubber and plastic fields that we have cultivated since our founding, we respond to the needs of the times and provide new value to the world.

Founding to 1970s

Carrying on the spirit of Kiichiro Toyoda to develop rubber and plastic parts

In the late 1930s, Kiichiro Toyoda, who recognized the importance of rubber parts, established a rubber research department within the automotive division of Toyoda Automatic Loom Works. This was the origin of Toyoda Gosei. Kiichiro Toyoda would later go on to found Toyota Motor Corporation. Kiichiro's passion for research was carried over to Nagoya Rubber Co., Ltd., which was established in 1949. In the 1950s, Nagoya Rubber focused on the development and production of rubber parts for automobiles, and became the first JIS-certified plant in Japan to manufacture hydraulic brake hoses for automobiles. Nagoya Rubber also took on the

challenge of producing plastic steering wheels, which had previously been made of hard rubber. In 1954, the injection molding process was used to produce plastic steering wheels for Model FA trucks, and later, the same process was also used for the plastic steering wheels in the Toyopet Crown model. From the 1960s onward, Nagoya Rubber expanded its business as Japan's automobile industry continued to grow and develop. In 1967, the Company opened the Inazawa Plant to produce plastic parts by injection molding, and subsequently expanded its production bases mainly in the Owari area. In 1973, the Company changed its name to the current Toyoda Gosei Co., Ltd.

1949	1960	1970	1980
Knowledge in the Fields of Rubber and Plastics			
 <p>1950 Weatherstrips</p>	 <p>1953 Brake hoses</p>	 <p>1954 Plastic injection steering wheels</p>	 <p>1974 Instrument panels</p>
	 <p>1961 Piston cups</p>	 <p>1977 Constant velocity joint boots</p>	 <p>1982 Sound insulating glass runs</p>
			 <p>1982 Plastic fuel filler caps</p>

Experience in Developing New Businesses



Rubber Research Department, Toyoda Automatic Loom Works

The challenge of developing plastic injection steering wheels

In 1952, at the suggestion of Toyota Motor Co., Ltd., one of our major customers, we installed a 48-ounce injection molding machine manufactured by Watson-Stillman Co. of the United States. While some were apprehensive about adopting injection molding, which was still an excessive investment even with financial support from Toyota Motor Co., Ltd., we took a leap of faith and succeeded in putting the equipment into operation. This marked the beginning of the age of plastics for automotive parts.



Injection molding machine



1986
Start of R&D for blue LEDs

Global Network



1949
Nagoya Rubber Co., Ltd. is established as a spin-off of the rubber research division of Toyota Motor 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
U.S. Office is established in Illinois



1980
Head office is relocated to present location (Kiyosu, Aichi Prefecture)

1982
Bisai Plant begins operation

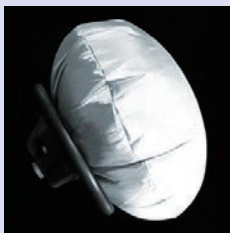
1980s to 2000s

Growing into a global company through commitment to research and development

As a member of the Toyota Group, our development and production of rubber and plastic parts for automobiles has expanded into various fields since the 1980s. As a polymer manufacturer, we aim to be a development-oriented company and have strengthened our development capabilities by establishing the Kitajima Technical Center in 1995 and the Miwa Technical Center in 2009. We also turned our attention to fields in other industries, and based on our thin-film formation technology developed in the automotive parts business, from 1986,

we took on the challenge of researching blue LEDs, whose development had numerous technological hurdles that were considered difficult to overcome. In 1995, we succeeded in achieving mass production of blue LEDs. Until the end of the 1980s, Toyoda Gosei's overseas markets consisted of Taiwan and North America under a four-company system, but in the 1990s, we accelerated our overseas expansion. Following North America and Asia, we expanded to Australia, Europe, Central and South America, and Africa, and have now grown into a global company with 62 overseas companies.

1990 2000



1989 Driver-side airbags



1997 Rubber recycling technology



World's first
1998 Curtain airbags

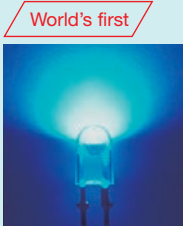


World's first
2003 Millimeter wave radar-compatible emblem



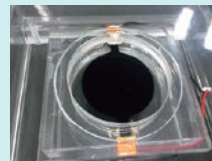
World's first
2008 Plastic fuel filler pipes

The challenge of developing airbags
Toyoda Gosei boasts the top share in the Japanese airbag market. It is easy to assume that Toyoda Gosei began to produce airbags as part of its steering wheel manufacturing business, but in fact, the Company felt a sense of urgency over new commercial rights for Toyota Motor Corporation's first airbag, and the Company felt that it had to develop airbags as quickly as possible, resulting in a bold new challenge against fierce development competition.



World's first
1991 Successful development of blue LEDs is certified

World's first! Successful development of blue LEDs
LEDs are being used in a growing range of fields as an environmentally-friendly light source because of their superior energy-saving performance. It was the commercialization of blue LEDs in the 1990s that made LED products possible. In 1986, under the guidance of Professor Isamu Akasaki of Nagoya University's Faculty of Engineering and with the cooperation of Toyota Central R&D Labs, Toyoda Gosei began developing a gallium nitride (GaN)-based blue LED, which was certified as a success in 1991. Until then, the development of blue LEDs was thought to be impossible. The challenge, which was the first of its kind in the world, was a series of uncertainties and obstacles.



2007 Start of R&D for e-Rubber



1989 TG Missouri Corporation is established



1995 Kitajima Technical Center is established



1999 Toyoda Gosei North America Corporation is established



2000 Toyoda Gosei Europe N.V. is established



2001 Toyoda Gosei Asia Co., Ltd. is established



2006 Toyoda Gosei (Shanghai) Co., Ltd. is established



2008 Toyoda Gosei Minda India Pvt. Ltd. is established



2009 Miwa Technical Center is established

History of Our Business Evolution and Value Creation and Our Competitive Advantages

2010s to Future

Contributing to the future with a focus on safety, comfort, and decarbonization

The 2010s brought new challenges for companies, such as measures to prevent global warming and the achieving of a sustainable society. In the automotive market, vehicles that do not rely on petroleum fuels, such as BEVs (battery electric vehicles), are expected to play a leading role in the future, forcing major changes.

We have developed high-pressure hydrogen tanks for FCEVs (fuel cell electric vehicles) using our polymer technology. This tank, jointly developed with Toyota Motor Corporation, is being used in Toyota's second-generation Mirai model, which started mass production in 2020. In response to the shift to BEVs, we will contribute to the reduction of traffic fatalities by offering

optimal solutions for airbags and seat belts that accommodate the changes in vehicle structure, and we will also innovate vehicle design and manufacturing with our polymer technology for realizing new mobility. Also, we will develop and recycle high-performance materials by utilizing our expertise in polymer materials, and will not only utilize our developed materials and technologies within the Company but also sell them outside the Company, and through these new businesses, we will contribute to achieving a decarbonized and recycling-oriented society. We will continue to provide value to society in the three areas of safety, comfort, and decarbonization through the use of polymer technology.

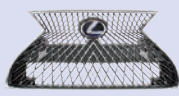
2010

Knowledge in the Fields of Rubber and Plastics

World's first



2010
Lightweight opening trim weatherstrips



2017
Large radiator grilles



2019
Plastic turbo ducts/
Battery cases



2020
Extra-large spindle grilles



High-pressure hydrogen tanks



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



2022
CNF reinforced plastic



2023
Miniature wireless charging holder



2023
Millimeter wave compatible emblem that emits light

Experience in Developing New Businesses



2010
Start of R&D for GaN power semiconductors



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

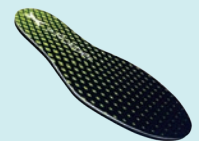


2020
UV-C space disinfectors, which use UV-C (deep UV) LEDs, are launched. UV-C (deep UV) LEDs are confirmed to be highly effective in neutralizing COVID-19

2021
UV-C LED high-speed surface disinfectors



2021
Smart insoles



2022
Success in making larger GaN substrates for next-generation power semiconductors

Global Network

2013
Toyoda Gosei East Japan Co., Ltd. is established



2013
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



2018
PT Toyoda Gosei Indonesia is established



2019
Hubei Toyoda Gosei Zheng Ao Rubber And Plastic Sealing Technology Co., Ltd. is established



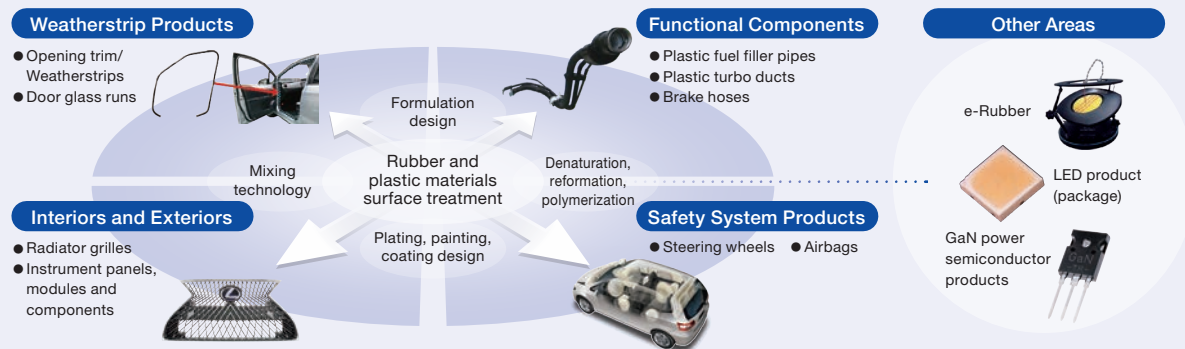
2020
Inabe Plant begins operation

Our Competitive Advantages

Knowledge in the Fields of Rubber and Plastics

Materials, manufacturing methods, and mold technology that give our products an edge

We are leveraging our foundations in basic research, which have been ongoing for multiple generations since the rubber research department was established by Kiichiro Toyoda, the founder of Toyota Motor Corporation, to create materials and manufacturing methods that anticipate the needs of our customers and the times for enhancing our competitive advantage.



Experience in Developing New Businesses

Innovative Products

Under our company creed of “Boundless Creativity and Social Contribution,” we have had many successes over our 70-year history of quickly anticipating the needs of the times in areas such as safety and the environment, and developing suitable products. These experiences form the basis for our mindset of taking on challenges, as set out in the TG Spirit. We treasure this mindset that has been passed down to us by our predecessors, and will continue to evolve as a company by taking on the challenges of social issues.



SRS curtain airbags



Blue LEDs



Millimeter wave radar-compatible emblem



Lightweight opening trim

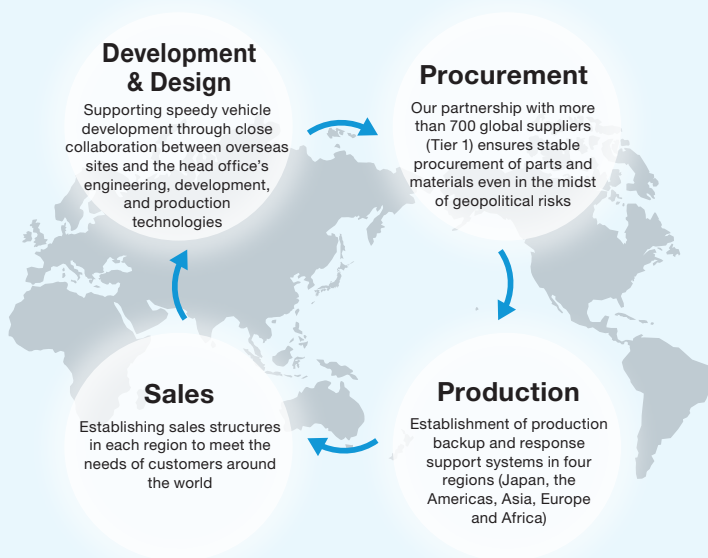


Plastic fuel filler pipes

Global Network

Value chain that leverages our network of 62 Group companies in 16 countries/regions

Following our entry into the global car market, we have established more than 40 Group companies in about 20 years. Utilizing this global network, we deliver reliable technology and quality in a timely manner based on an optimal production system that takes into account customer needs and political conditions.

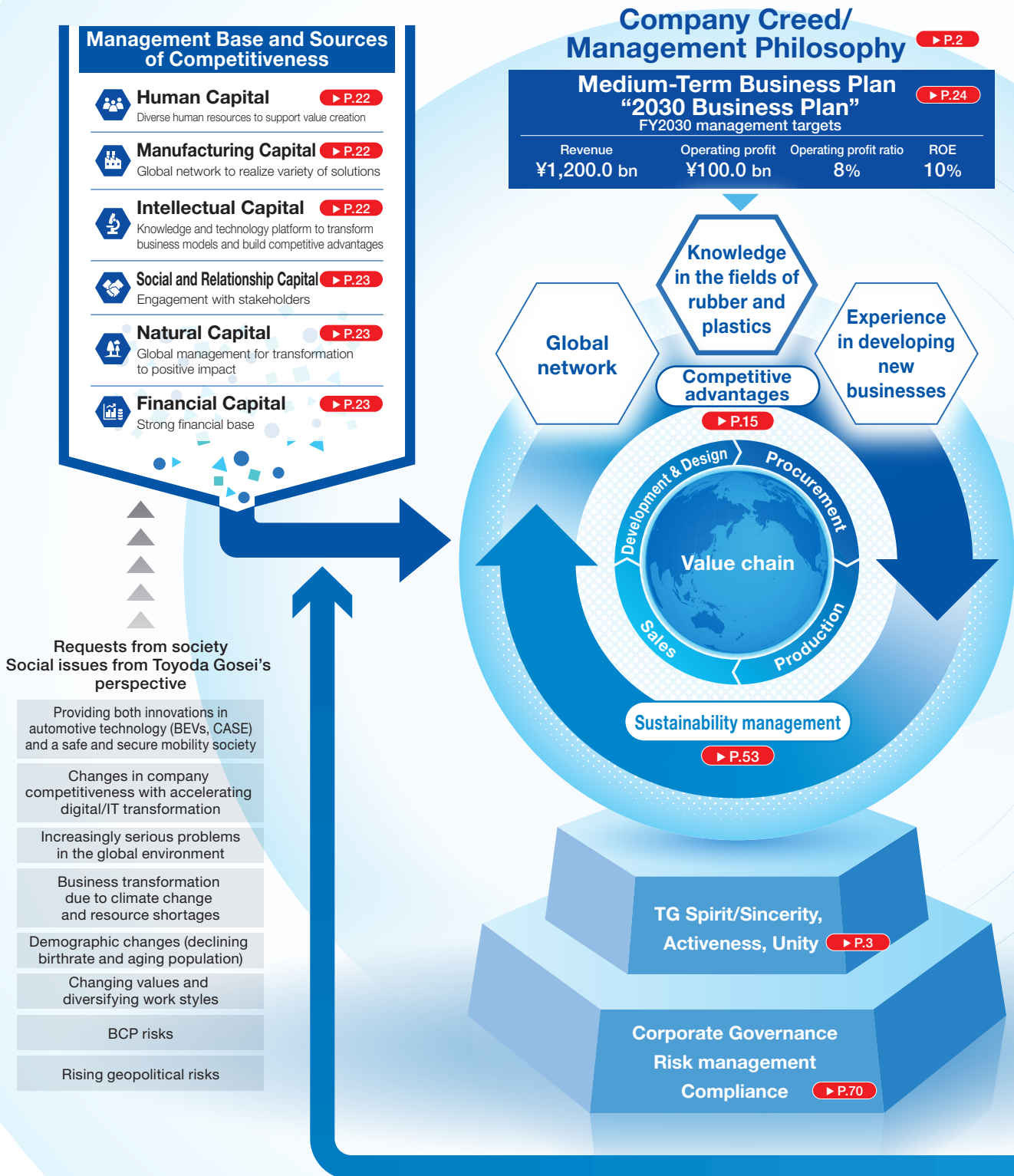


Value Creation Process

With the company philosophy of “Boundless Creativity and Social Contribution,” the Toyoda Gosei Group leverages its knowledge in the fields of rubber and plastics, its global network, and its experience in developing new businesses. We will continuously meet social needs by providing automotive products and other innovations.

Input

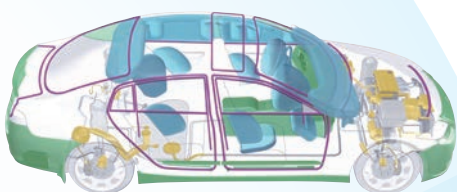
Business Model



Output

Outcome

Business, Products



Automotive parts



Safety System Products ▶ P.48



Interiors and Exteriors ▶ P.49



Functional Components ▶ P.50



Weatherstrip Products ▶ P.51

Other areas



General Industry Products
LED/e-Rubber
Re-S eco-brand ▶ P.52

Our Vision

What we aspire to be

Become a company that pursues the possibilities of polymers to contribute to a future of better mobility and living.

Delivered value

“Safety,” “Comfort,” and “Decarbonization”

Basic policy

Focus on fields that balance social value and economic value

Providing value to stakeholders and society

Natural environment



- Prompt response to climate change (Contributing to carbon neutrality and recycling-oriented society)



Shareholders, investors



- Stable, sustainable shareholder returns
- Providing transparent IR information



Employees

- Active participation of a diverse workforce
- Stimulating and pleasant workplace environment



Customers



- Contributing to business growth, purpose realization
 - Providing safe and reliable products
 - Flexible response to business transformation



Suppliers



- Sustainable, equitable and fair business dealings
- Mutual development based on mutual trust



Local communities, government





- Achieving a safer, more secure, and more comfortable mobility society
- Contributing to sustainable community development



Increase sustainable corporate value from creation cycle

Materiality (Key Issues)

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

		Social Issues/Megatrends				
Business Operations		<ul style="list-style-type: none"> ● Providing both innovations in automotive technology (BEVs, CASE) and a safe and secure mobility society ● Changes in company competitiveness with accelerating digital/IT transformation 	<p>Expansion of CASE (BEV/FCEV) market</p> <p>Expansion of MaaS market</p> <p>Market changes</p> <p>Accelerate adoption of digitalization, IoT, and DX</p>			
		Management Base		<ul style="list-style-type: none"> ● Increasingly serious problems in the global environment ● Business transformation due to climate change and resource shortages 	Environment and resources	
					<ul style="list-style-type: none"> ● Demographic changes (declining birthrate and aging population) ● Changing values and diversifying work styles 	Human capital
						
			Governance			

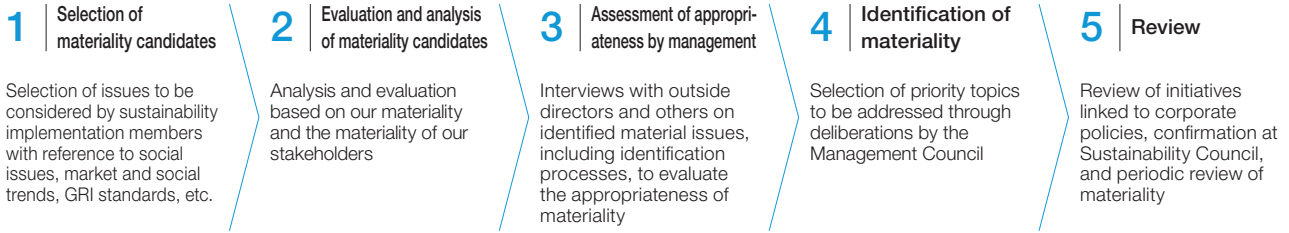
Opportunities and Risks

BEV expansion to bring new products to market	Risk	Opportunity
Support for BEV leading markets and BEV leading OEMs	Risk	Opportunity
Expansion of FCEV market		Opportunity
Advancement of technology for preventing traffic accidents		Opportunity
Reduction in fuel system components	Risk	
Change in the way that users value and relate to their cars	Risk	Opportunity
Market changes due to infrastructure improvements and laws and regulations in emerging countries		Opportunity
Increased production efficiency (automation and reduced workforce)		Opportunity
Market expansion in new fields through green technology*	Risk	Opportunity
Change in competitiveness due to adoption of carbon pricing	Risk	Opportunity
Full utilization of rubber and plastic materials and development of materials (lighter weight, material replacement, higher durability, and new materials)	Risk	Opportunity
Large-scale disasters due to extreme weather conditions	Risk	Opportunity
Reduction of energy costs due to implementation of energy-saving initiatives		Opportunity
D&I for diversification of thinking, skills, and experience		Opportunity
Human resource portfolios for efficient use of human capital (including re-skilling)		Opportunity
Rising global labor costs	Risk	
Production impact, supply chain disruptions, and human casualties due to geopolitical risks, infectious diseases and disasters	Risk	Opportunity
Rising raw material costs, material shortages	Risk	
Serious quality issues and recalls	Risk	
Cyberattacks and scam emails	Risk	
Leakage of confidential information	Risk	
Antitrust law violations (bid rigging and cartels)	Risk	







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

Materiality (Key Issues)

Materiality Identification Process



	Key Sustainability Issues (Materiality)	Main Initiatives (Social Issues/Opportunities and Risks to be Addressed)
	<ul style="list-style-type: none"> Responding to the transformation of the automobiles Reducing traffic fatalities for realizing a safe, secure, and comfortable mobility society Creating new businesses utilizing core technologies 	<ul style="list-style-type: none"> Development of new products for BEVs P.26 Expanding sales to BEV leading markets and OEMs P.25 Development and sales expansion of airbag products to deliver safety and comfort to all P.27 P.48 Expanding new businesses by leveraging experience in new business development P.34 Deployment of corporate venture capital (CVC) P.37 Realization of smart factories (double productivity) P.38
	<ul style="list-style-type: none"> Creating a decarbonized society by reducing CO₂ emissions and greenhouse gas emissions Creating a recycling-oriented society through waste reduction and water risk reduction 	<ul style="list-style-type: none"> Creating environmentally-friendly businesses by leveraging our knowledge in the rubber and plastics fields P.29 P.33 Globally integrated operations to achieve carbon neutrality P.54 Contribution to a recycling-oriented society (Car to Car recycling) P.58
	<ul style="list-style-type: none"> Living together with local communities Use of diverse human resources and respect for human rights 	<ul style="list-style-type: none"> Initiatives rooted in local communities (local self-reliant management, Center of Excellence) P.42 Diversity & inclusion P.62 Safety and health management P.68 Strengthening quality and supply chain to support sustainability management P.65 Responding to geopolitical and economic risks P.82
	<ul style="list-style-type: none"> Corporate governance as a company with integrity Ensuring compliance 	<ul style="list-style-type: none"> Strengthening of BCP resilience P.84 Enhancing of internal controls P.70

KPIs and Medium- to Long-term Targets (FY2030)	Relevant SDGs Most Important Areas
<ul style="list-style-type: none"> ● BEV-related share of revenue: 40% <p>Target Setting Formula BEV production volume/Car production volume * Based on S&P Global Information</p>	 <p>Achieving a safer, more secure, and more comfortable mobility society</p>
<ul style="list-style-type: none"> ● Airbag production volume: +1.5 fold increase (compared to FY2022) 	
<ul style="list-style-type: none"> ● Based on cash allocation (Allocating funds mainly for R&D, human resources, and strategic investments with the aim of expanding fields that contribute to safety, comfort, and decarbonization) 	 <p>Solving social issues by creating innovations</p>
<ul style="list-style-type: none"> ● Scopes 1 and 2: Carbon neutral ● Waste volume (total) [non-consolidated]: -50% (compared to FY2012) ● Scope 3: -27.5% (compared to FY2019) ● Waste volume (unit) [overseas]: -55% (compared to FY2015) ● Renewable energy adoption rate: 100% 	   <p>Realization of a decarbonized, recycling-oriented society</p>
<ul style="list-style-type: none"> ● Percentage of employees receiving training on human rights: 100% ● Employee engagement affirmation rate [non-consolidated]: 75% ● Ratio of local executives (vice presidents and above) at overseas locations: 60% or more ● Number (ratio) of female managers [non-consolidated]: 100 (8.8%) ● Ratio of mid-career hires in management positions [non-consolidated]: 30% or more ● Number of serious accidents: 0 ● Percentage of suppliers implementing sustainability activities: 100% 	  <p>Sustainable growth through diverse workforce</p>
<ul style="list-style-type: none"> ● Number of major legal violations: 0 ● Major cyber security incidents: 0 	 <p>Fair and transparent corporate governance system</p>

Management capital is an important source of sustainable enhancement of corporate value. Toyota Gosei builds management capital through repeated cycles of value creation based on our management philosophy, and invests capital at the appropriate time in business opportunities and risks that we foresee.



Human Capital

Number of employees

38,942

Transformation into a dynamic “polymer-like organization” that supports corporate evolution and growth

Toyota Gosei operates in 16 countries and regions around the world with 62 Group companies. We aim to achieve sustainable evolution and growth by becoming a dynamic polymer-like organization that brings out the individuality and power of employees with diverse values and talents from different nationalities, genders, ages, and lifestyles, and generates new creativity and power through organic linkups.

- Ratio of overseas employees: 75.7%
- Ratio of local executives: 32%
- Women in management positions (non-consolidated): 33
- Ratio of mid-career hires in management positions (non-consolidated): 31.3%

Diversity & Inclusion [P.62](#)



Manufacturing Capital

Number of locations

62

(July 31, 2023)

Providing safety, comfort, and decarbonization to customers around the world by leveraging our global network and knowledge of rubber and plastics

In order to meet the needs of our customers around the world in a timely manner, we have established sales and technical structures that are closely linked to each region and an optimal global production and delivery system. In addition, we are enhancing our manufacturing capabilities by innovatively evolving our manufacturing methods and production facilities based on our knowledge of rubber and plastics, a strength we have cultivated for more than 70 years. We have adopted Internal Carbon Pricing (ICP) and make investment decisions based on the balance between the global environment and economic activities.

- Capital investment cost: 48.8 billion yen
- CO₂ emissions reduction (non-consolidated): -32.2% (compared to FY2015)

Competitive Advantages [P.15](#)



Intellectual Capital

R&D expenses

34.2 billion yen

Pursuing the possibilities of polymers and refining our one-of-a-kind R&D capabilities to further enhance our competitiveness

It is important for us to anticipate the needs of society and our customers, and to have the technological capabilities to offer solutions that focus on the future changes with the changing automobile industry. R&D capabilities are the source of our corporate growth, and we have invested approximately 100 billion yen in R&D over the past three years to conduct R&D for new and existing businesses that pursue the potential of polymers. We are further enhancing our competitive advantages by utilizing IP landscaping and other techniques to improve the accuracy and speed of our decision-making process for new business development.

- Development and engineering staff (non-consolidated): 2,293
- Number of patents held: 4,835

Financial and Non-Financial Highlights [P.96](#) Competitive Advantages [P.15](#)
 Research and Development [P.30](#) Intellectual Property Strategy [P.36](#)

* This data is current as of March 2023 (the number of locations only is current as of July 31, 2023).



Social and Relationship Capital

Number of suppliers (non-consolidated)


773

Building strong relationships with stakeholders through careful dialogue

The auto industry is undergoing a major transformation with the conversion to electrification and automated driving. In order to realize our management vision, smooth cooperation with various stakeholders is important. Through repeated and careful dialogue with stakeholders and by providing value to society, we will build and maintain strong relationships of mutual trust and continue to evolve steadily while flexibly adapting to a challenging business environment.

- Joint university research (Nagoya University, Osaka University, Tohoku University)
- Individual meetings for analysts and institutional investors: 109

Social Initiatives [P.60](#) IR Activities [P.99](#)



Natural Capital

Total energy input

2.311 million GJ*

* Gigajoule = 1,000,000,000 J

Initiatives for climate change and resource recycling utilizing the environmental technologies and knowledge we have developed

In 1993, we launched our full-scale environmental initiatives with the First Environmental Action Plan, and have been vigorously implementing various initiatives for about 30 years. Natural capital is the source of materiality (key issues) and outcomes, and by further advancing the knowledge and technologies for environmental conservation, which we have cultivated, and the knowledge in the rubber and plastics fields, which are our competitive advantages, we aim to efficiently invest natural capital in resources and reduce environmental impact, thereby achieving both conservation of the global environment and resources and the creation of economic value.

- Total material input: 38,935 t
- Water resource input: 1.05 million m³
- Renewable energy input: 34,000 GJ
- Acquisition rate of ISO 14001 for production sites: 100% (environmental management system)

Materiality [P.18](#) Environmental Initiatives [P.54](#)



Financial Capital

TG-ROIC*

8.2%

(FY2022)

Sound financial management to support sustainable growth and enhance corporate value

Continuous investment in machine equipment, R&D, and alliances is necessary to achieve sustainable growth and enhance corporate value. We maintain the stability of our financial base through healthy financial management and achieve sustainable growth by effectively using financial capital when necessary. We will practice more multifaceted financial management by adopting new management indicators such as TG-ROIC and evaluating the creation of corporate value.

$$*TG-ROIC = \frac{\text{Operating profit}}{\text{Non-current assets} + \text{Inventories}}$$

- ROE: 3.6% (March 2023)

Financial Policy: Message from the Chief Financial Officer [P.43](#)
 Financial and Non-Financial Highlights [P.96](#)

New Medium-Term Business Plan: The 2030 Business Plan

In August 2023, Toyota Gosei prepared the 2030 Business Plan as our medium- to long-term management plan to achieve sustainable business growth in the future by providing social value in response to changes in the mobility society.

Our goal is to become a company that pursues the possibilities of polymers to contribute to a future of better mobility and living, and we will deliver safety through safety systems, comfort through interior and exterior components, and decarbonization to society through the development of new businesses for polymer materials to society.

Progress of the 2025 Business Plan

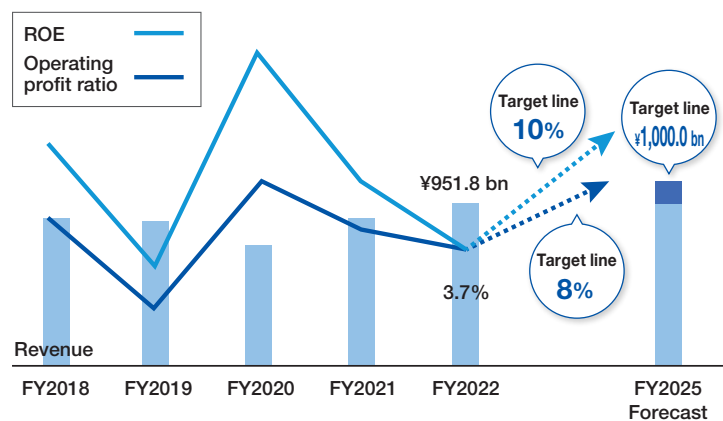
In the 2025 Business Plan announced in 2018, we have set targets of 1 trillion yen in revenue, 8% in operating profit ratio, and 10% in ROE. We are on track to achieve our revenue target due to the growth in sales revenue, which exceeded the increase in automobile production, as well as the impact of the yen's depreciation. On the other hand, operating profit ratio and ROE are projected to fall short of the targets because of production fluctuations due to the COVID-19 pandemic, the impact of the materials market, and the postponement of the development of new products and technologies.

Based on the 2025 Business Plan, we have identified four main issues that we must address in order to achieve our next stage of growth: Adapting to CASE technological advances with a focus on BEVs, Restructuring of our business portfolio, business management with an awareness of capital efficiency, and creating new businesses and products to serve as new pillars in the next generations. These will be addressed in the 2030 Business Plan.

Overview of the 2030 Business Plan

The 2030 Business Plan sets forth our vision of becoming a company that pursues the possibilities of polymers to contribute to a future of better mobility and living, and we aim to further enhance our strengths by expanding our business domain using polymer technologies such as rubber and plastics. The manufacturing of parts rooted in polymer technology is our original business, and at the same time, it is the business we carried on from the rubber research department of our predecessor, Toyota Industries Corporation. We view this as our strength and a source of profits, and we are strongly committed to expanding our business into new areas while maintaining and developing our wealth of knowledge and advanced technological capabilities.

Our specific growth areas are (1) safety, (2) comfort, and (3) decarbonization, and we aim to achieve sustainable business development by focusing on



Challenges for further growth

01. Responding to CASE (Connected, Autonomous, Shared, Electric) technological advances with a focus on BEVs

Roll out different products for different regions and customers. Expand organizations and human capital in each overseas region.

02. Restructuring of business portfolio

Focus on fields that balance both social value and economic value.

03. Business management with an awareness of capital efficiency

Shift resources into high-growth, high-profit fields and manage balance sheets.

04. Creating new businesses and products to serve as new pillars in the next generation

Speed up the generation of ideas and ascertain their commercial viability.

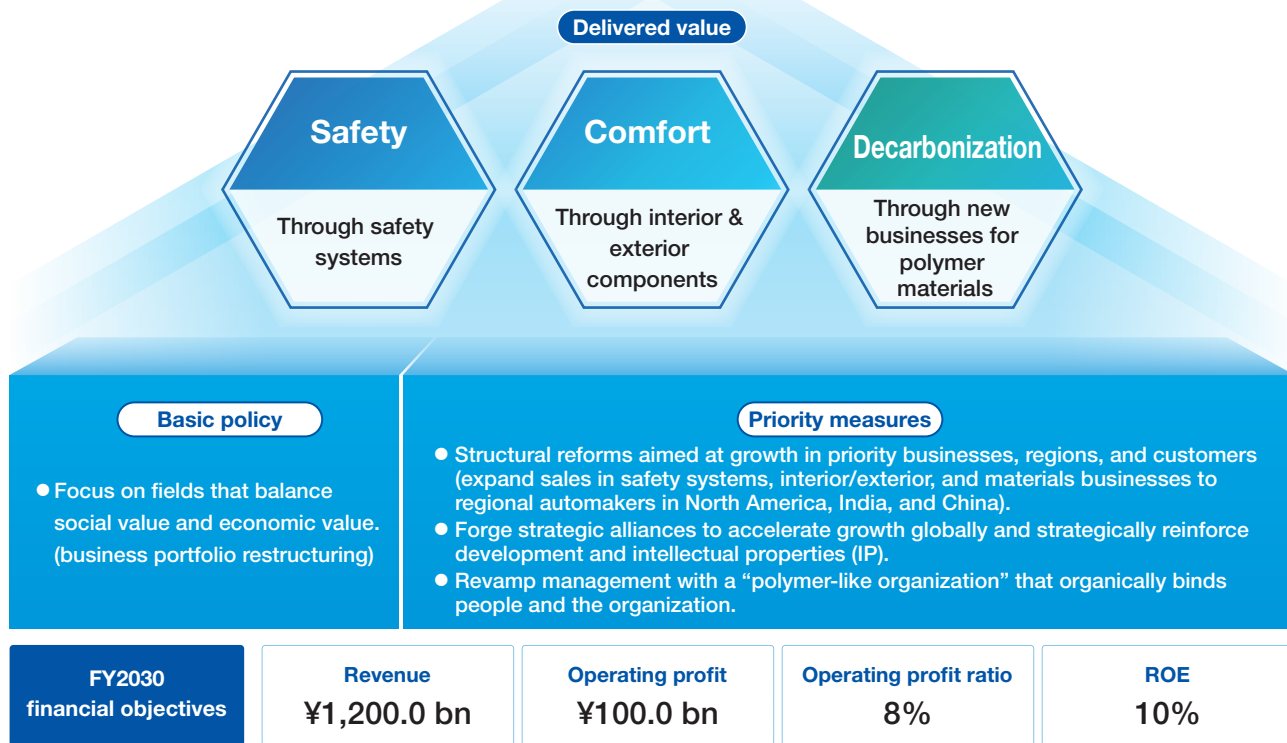
Develop products from the customer's point of view and market them as solutions.

areas that combine social and economic value. We aim to achieve revenue of 1,200 billion yen, operating profit of 100 billion yen, operating profit ratio of 8%, and ROE of 10% by increasing our economic value while enhancing our presence value. To achieve these goals, we will implement structural reforms for priority businesses (safety systems, interior and exterior components), regions, and customer service, as well as forge strategic alliances to accelerate growth globally and strategically reinforce development and intellectual properties (IP). At the same time, we will implement the invigoration of our people and organizations. By evolving into a "polymer-like organization," in which people and departments work closely together and demonstrate high creativity and productivity, we will be able to respond to changes in the environment while freely changing the shape of the organization and create new value.

Outline of 2030 Business Plan

Vision for the company

Become a company that pursues the possibilities of polymers to contribute to a future of better mobility and living.



Business portfolio restructuring for growth

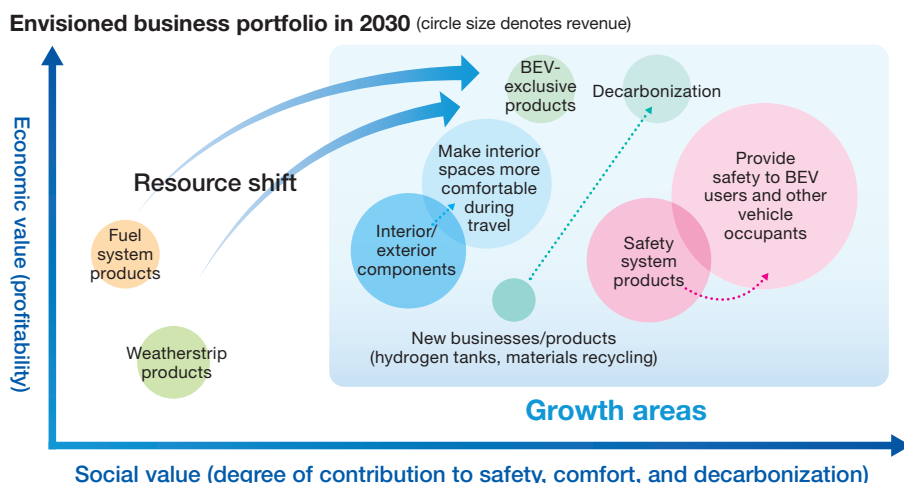
We will shift our resources to growth areas that deliver both social and economic value.

We currently have four main product areas: safety system products, interior and exterior components, functional components, and weatherstrip products.

While implementing restructuring of these businesses, we will shift and expand our business domain to contribute to the improvement of safety, security, and comfort of society. Also, we will develop new businesses and products, such as hydrogen tanks and material recycling, to contribute to decarbonization.

In restructuring of our business portfolio, we will adopt TG-ROIC^{*1} management and invest efficiently for each region and business.

$$*1 \text{ TG-ROIC} = \frac{\text{Operating profit}}{\text{Non-current assets} + \text{Inventories}}$$



Enhancing Social and Economic Value

Changes in the mobility society and anticipated needs

In preparing the 2030 Business Plan, we began by creating a concrete image of what the world will be like in 2030 (the future mobility society). We predict that mobility will change in 2030 due to advances in CASE* and decarbonization, and that people's relationships with cars will also change significantly.

The first change is the acceleration in resource recycling. We envision the creation of a social system that will create a large cycle, including the final disposal of ELVs (End-of-Life Vehicles). The second change is the proliferation of clean energy. As the energy mix is rapidly changing, there is expected to be a need to improve energy efficiency, including fuel efficiency, in mobility as well. In addition to the environment, we believe that there will be a shift from

a means of transportation to a space for relaxation. The trend toward viewing mobility not simply as a means of transportation, but as something that must provide value, such as relaxation or entertainment, will accelerate. The final change is human coexistence with new forms of mobility. As various forms of mobility are created, we believe that functions for communication between cars and between cars and pedestrians will be required.

As the automobile industry and other companies work to implement the mobility society of the future, and as vehicle manufacturing changes, we also will support new vehicle manufacturing while reexamining what our products should offer.

* CASE: A term coined from the initial letters of Connected, Autonomous, Shared, and Electric.

Mobility society envisioned in 2030: Advances in CASE and decarbonization



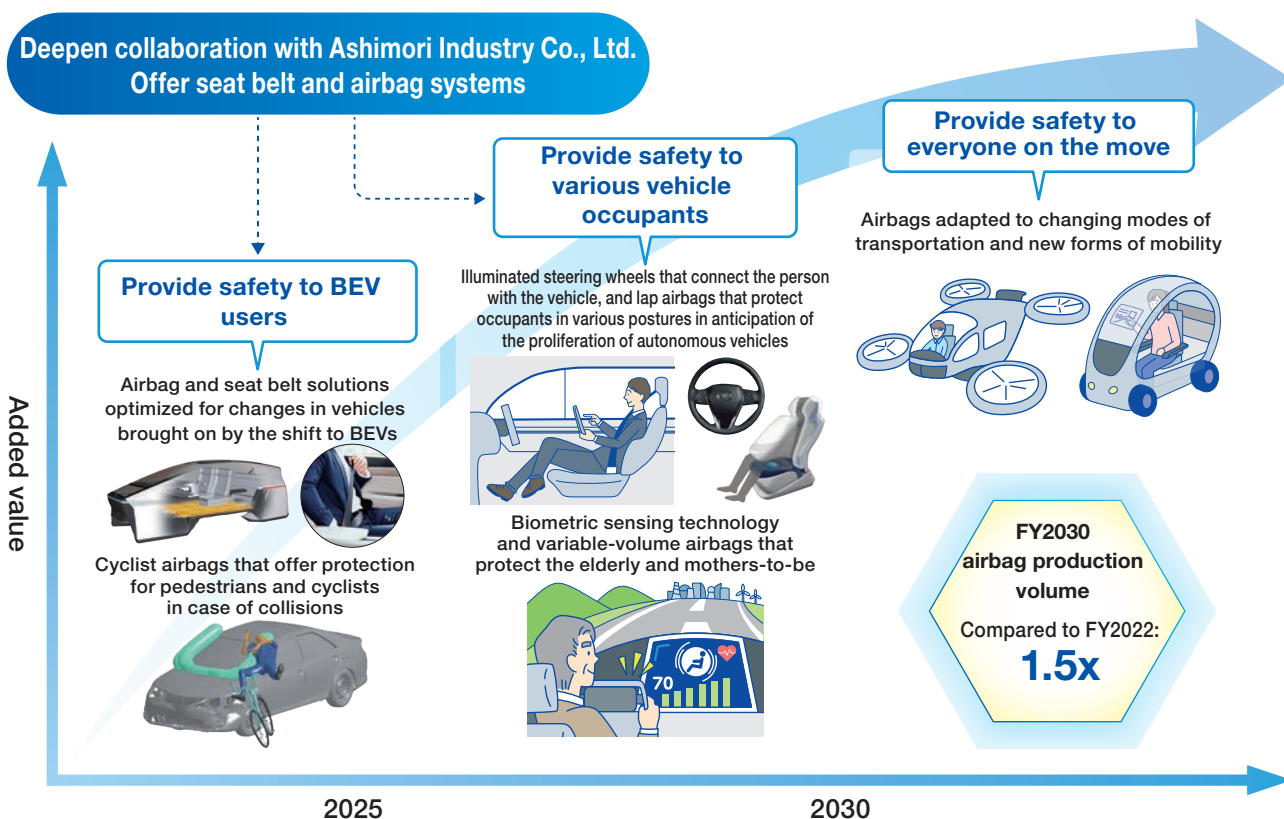
1. Contribution to Safety

Over the years, Toyota Gosei has contributed to the reduction of traffic fatalities by providing various types of airbags. Safety system products such as airbags, seat belts, and steering wheels will be required to evolve in terms of both function and performance as BEVs and self-driving vehicles become more commonplace. Also, demand continues to grow as safety regulations are tightened around the world. We will continue to develop and provide more advanced occupant protection products to achieve a safe and secure mobility society. To this end, we will deepen and accelerate our collaboration with Ashimori Industry Co., Ltd., which we have been conducting since 2021. By leveraging each other's business assets and expertise, we will maximize synergies in development, design, sales, procurement, and

production, and aim to become a system supplier that can propose and provide total safety system product solutions.

In proposing seat belt and airbag systems, we expect that the lap airbag, which incorporates an airbag inside a seat belt, will be an innovative turning point. This system can protect occupants in any position, and is adaptable to major changes in vehicle structure. We are developing airbags that can respond to changes in means of transportation and new mobility, such as cyclist airbags that protect pedestrians and bicyclists from collisions, and variable-volume airbags with biometric sensing technology that protect the elderly and pregnant women. We plan to increase airbag production to 1.5 times the FY2022 level by FY2030.

- Over the years, we have reduced traffic fatalities by supplying airbags of various types.
- As BEVs and autonomous vehicles proliferate, our next task is to develop and bring to market sophisticated products for protecting vehicle occupants.

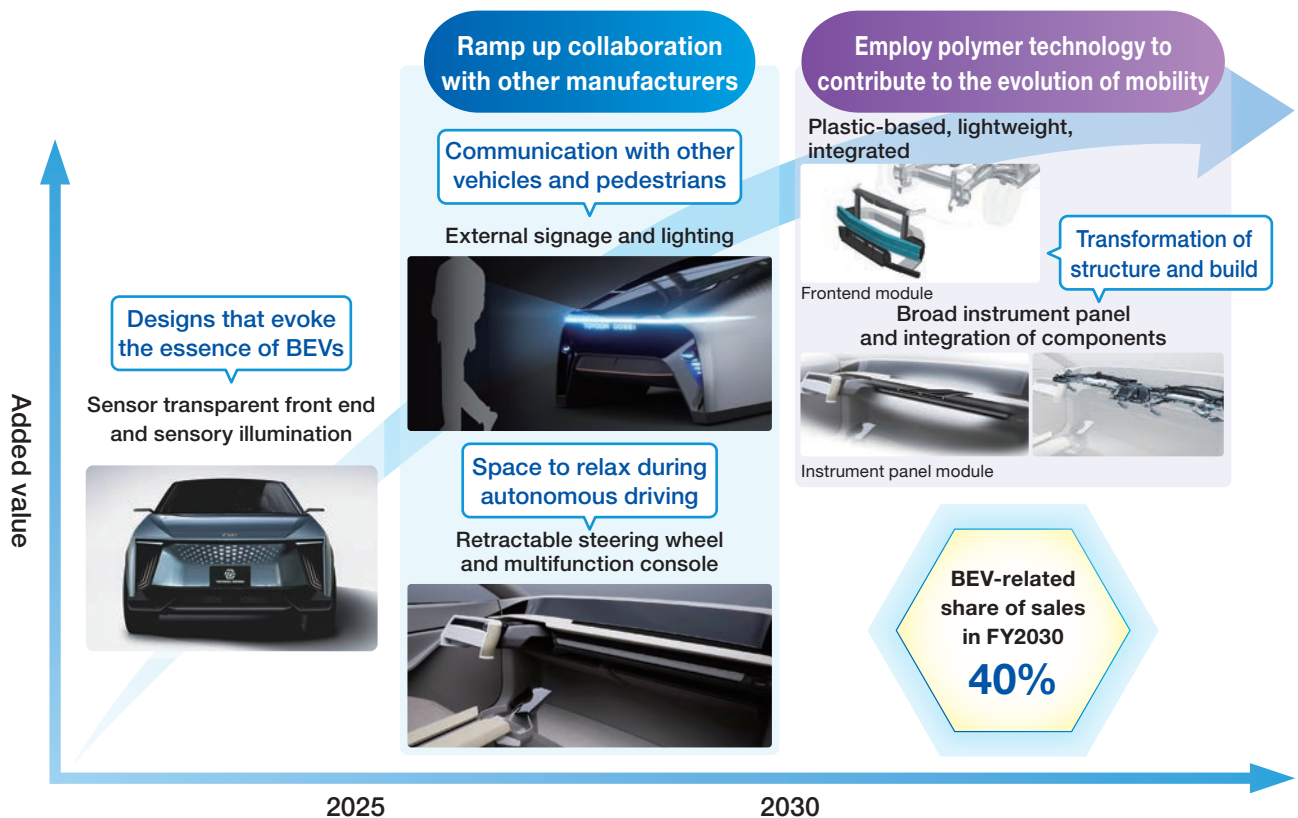


2. Contribution to Comfort

Aiming to create more comfortable in-car spaces while responding to changes in mobility, we have set a target to increase the ratio of BEV-related sales revenue to 40% by FY2030. Specifically, we will work to provide new functions that are unique to BEVs, such as combining interior and exterior components with safety systems and illumination products. Also, for self-driving vehicles, we will develop retractable steering wheels and multifunctional consoles that can expand the interior space during automated driving. Furthermore, we will provide new comfort value in response to the new era of mobility through plastic-based, lightweight, and integrated designs for front-end modules and other components, as well as improvement of instrument panel modules. We will

contribute to the improvement of comfort for new mobility by utilizing the polymer technologies that we have developed over the years and by strengthening our cooperation with other manufacturers. We will also develop and propose signage and lighting using LED light as a means of communication between cars, and between cars and pedestrians, in collaboration with other companies. Signage, for example, can be used in the new mobility society to signify "please go ahead" to pedestrians at pedestrian crossings when the driver is not present in a self-driving vehicle.

- By integrating safety systems and illuminated products into interior & exterior components, we will offer new functionality suited to BEVs
- With our polymer technology, we will also upgrade car designs and manufacturing to bring about new forms of mobility



3. Contribution to Decarbonization

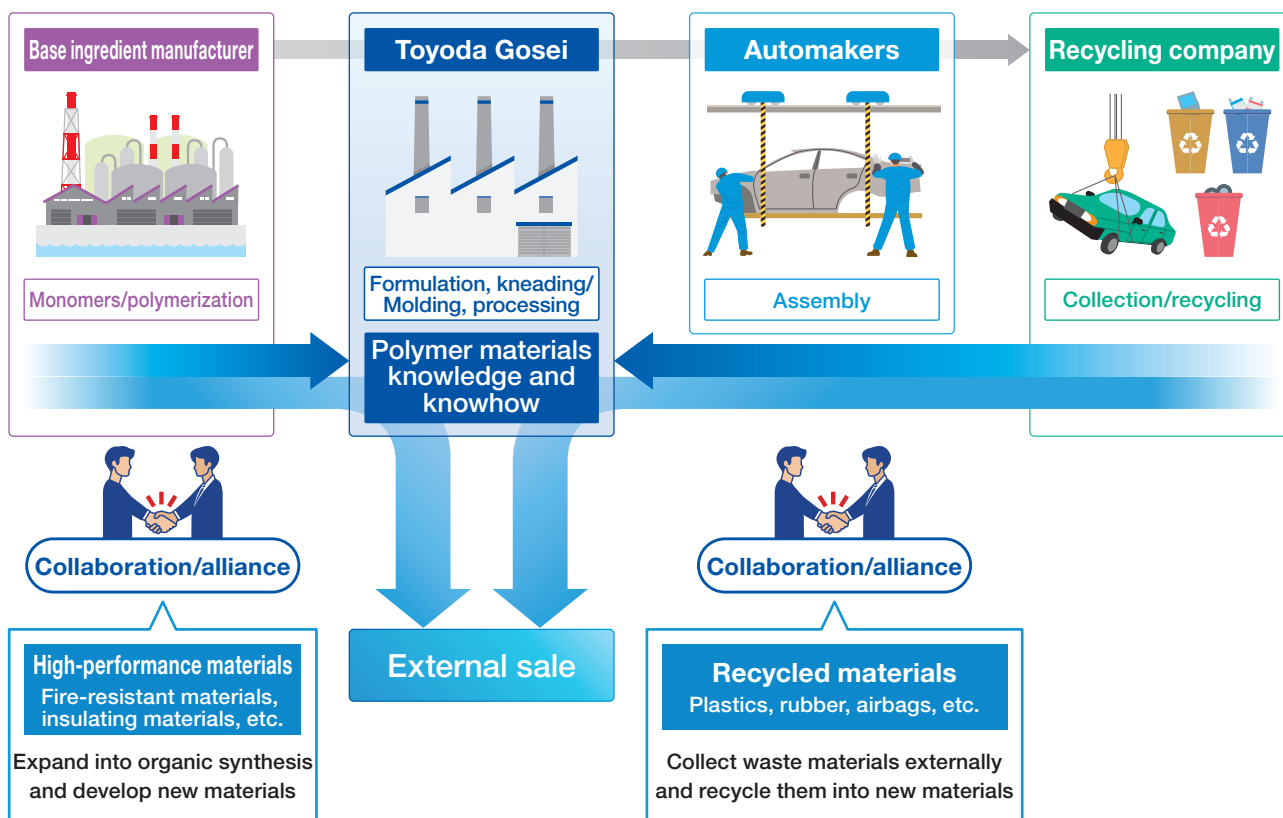
We will harness our knowledge of polymer materials to focus on the development of high-performance materials and the formation of businesses for material recycling.

In the recycling of products and materials, since many products are incorporated into automobiles, it is difficult for us to go it alone and we need to proceed on the premise of collaborating with other companies. We will implement initiatives with the entire supply chain in mind, including how to collect and recycle materials and products up to and including final disposal of automobiles. For some products, such as plastics, rubber, and airbags, we are already working on a system to collect waste materials from outside the company and recycle them into recycled materials, which we will develop into businesses and monetize, including sales outside the company.

We will accelerate the pace of our energy-conservation efforts by implementing production technology

innovations as well as daily improvements in manufacturing processes. Our manufacturing processes mainly emit CO₂ through painting, plating, rubber extrusion molding, and plastic injection molding. We aim to achieve carbon neutrality by production technology innovations in each process, such as developing decorative elements with low environmental impact in the painting and plating processes, optimizing vulcanization conditions during the rubber molding process, and using electric power and low pressure in the plastic molding process, as well as utilizing renewable energy and other resources. We have moved up our goal of achieving carbon neutrality for Scopes 1 and 2 to 2030 from the previous target of 2050. We will contribute to the realization of a wide range of decarbonization and recycling promotion in society by establishing a system that enables us to provide CO₂-free, high-added-value products as early as possible.

- Harness our knowledge of polymer materials (formulation, kneading) to focus on development of high-performance materials and recycling materials.
- Contribute to decarbonization and recycling promotion in society at large by not only utilizing the materials ourselves but also selling them externally.



/// Research and Development

Message from the CTO

With an eye on society beyond 2030, we will accelerate development in response to advances in CASE and decarbonization to contribute to society and achieve corporate growth.

Development Efforts toward the 2030 Business Plan

We are developing products that will help make future lifestyles more sustainable and affluent based on our understanding of social issues that will continue into the future.

As our broad development policy for the 2030 Business Plan, we are working on the following three policies to contribute not only to the automotive field but also to a wider range of fields.

- 1. Develop system and module products that lead the mobility of the CASE society**
- 2. Develop technologies and create new businesses that achieve carbon neutrality and lead the way in the circular economy**
- 3. Develop solutions with a focus on Energy, Healthcare, and Smart Homes**

The technologies required for these developments will be identified as core technologies to be developed from both backcasting and forecasting perspectives based on our polymer material technology and other fundamental technologies. We will aim for quick business development by implementing measures that include external collaboration.

Mobility Development

In order to respond to the rapid shift to BEVs in the automotive industry, we must accelerate product development from the perspective of changing vehicles and user needs.

For vehicles, not only are the power units being replaced, but automobile manufacturers are also considering a fundamental review of their production processes. As automotive parts manufacturers, we



**Mitsuhiro
Nawashiro**

Director, Corporate Officer
CTO

need to conduct development not on a component basis as in the past, but on a module and system basis. To this end, we have started projects that cross over business domains, enabling us to break down conventional internal norms and barriers and quickly realize ideas from planning to developing of manufacturing methods.

We need a product planning strategy that anticipates the world's trends and changes in people's values toward CASE for the future, and that captures technological trends from a global perspective. We envision the value required for mobility that will support people's lives in the future, and we are working to imagine and propose products that embody the huge concepts of space and mobility to our customers.

We always aim to create vehicles that are friendly to the earth and people, and to incorporate safety and security (zero fatalities for all traffic participants), comfort (providing value based on how the vehicle is used), and decarbonization into our product planning.

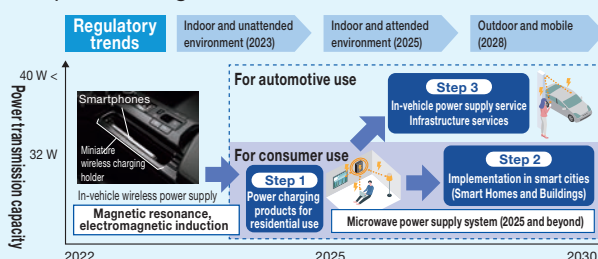
Carbon Neutrality/Circular Economy

Carbon neutrality (CN) has become a commonplace responsibility, and the idea of creating value and running an economy with a circular economy (CE), which is based on a recycling-oriented society, has become a widely-held vision of how businesses should be. In the automotive industry, in addition to the need for new functionality for plastic materials due to the conversion to electrification, the ELV Directive has set a target value for the use of recycled materials, and social demands are greatly accelerating. We will not only utilize recycled materials, but also consider the lifecycle of plastic/rubber, and implement design proposals that facilitate vehicle disassembly, aiming for complete recycling. In addition, we will contribute to the global environment by developing uses for bio-based materials.

New Business/Solution Development

In the 2030 Business Plan, we have set targets for “creating new businesses and products to serve as new mainstays in the coming era” and are working on development themes by identifying social issues and targeting Energy, Healthcare, and Smart Homes as fields with high affinity by combining our core competence and growth markets.

- (1) In the Energy field, as a part of our efforts to expand renewable energy sources, we are developing next-generation solar cells, hydrogen production technology, and power devices for recharging batteries, aiming for mass production by 2030.
- (2) In the Healthcare field, we are developing materials for the rapidly growing global market of the health industry and are working to develop smart insoles for the early detection of diseases by measuring foot pressure.
- (3) In the Smart Homes field, as the use of IoT sensors, AI, and other technologies becomes more widespread, we are developing products with wireless power sources for seamless power supply for more comfortable living, and plan to bring them to market in the near future.



Initiatives Supporting These Activities

In order to speed up the development of solid technology for future business expansion, we are strategically working on securing intellectual property rights, strengthening our R&D system outside Japan, and building stronger external partnerships.

1) Intellectual property strategy

To boost the competitiveness of our technologies, we are utilizing IP landscapes that lead to the creation of new development themes in order to create patents with the aim of acquiring intellectual property rights from a long-term perspective. In order to win against new competition, it is necessary to know where we stand compared to other companies, build a strategy to gain an advantageous position, and obtain patents in line with that strategy.

Through these operations, we will combine market and patent information to come up with a strategy that will enable our company to win against the competition.

2) R&D system outside Japan

With the accelerating adoption of BEVs, it is necessary to enhance local development in order to better investigate market trends and respond quickly to customer demands. To expand sales to local OEMs, we will also bolster our overseas R&D system by increasing the number of local staff to enhance our ability to make decisions locally.

3) Building stronger external partnerships

In order to acquire customers and the technologies needed to develop mobility and solutions, we will systematically strengthen alliances, corporate venture capital (CVC), and other external partnerships that cross over industry boundaries to achieve technological development. Also, we will accelerate human resource training and business development by actively sending employees to companies where we have CVC investments.

To Our Stakeholders

To achieve the targets in the 2030 Business Plan, we will draw up a technology strategy that responds to changes in the market so that we can become the company of choice. All employees will work together to take on challenges, develop and grow our technology, and strive to create value that will contribute to future society.

/// Research and Development

Mobility

For mobility in 2030 and beyond, we will assess the future of CASE, which is constantly evolving, and implement technological development as an initiative to anticipate social changes and solve future social issues in order to provide new value through the entire vehicle, from value-added improvements of existing parts to modules/systemization, and beyond.

Toward resolution of social issues

Based on future projections of society, the environment, the economy, technology, and people's values in 2035, we see the key social issues as contributing to a decarbonized society, responding to diversifying values, and mobility optimized for each region, and we are working on technology

Cars that are friendly to the earth and users

In order to achieve carbon neutrality by 2050, OEMs have announced their goals for electrification, and we are also working on the development of products responding to electrification as a priority theme. In particular, we are pursuing three development approaches to decarbonization, with an eye beyond the 2030 target. The first is the use of perovskite and other photovoltaic materials in automobiles, the second is aerodynamic products that are not bound by conventional structures,

Free space created together with the car

With the advances in automated driving, the ways in which the vehicle interior space is used will continue to diversify. In particular, after 2030, Generation Z and Generation Alpha will also own cars, and the aging of the population will lead to a wide range of users using cars. In anticipation of the diversification of user values, we aim to create safer and more comfortable interior spaces that can switch between sharing and personalization according to the user.

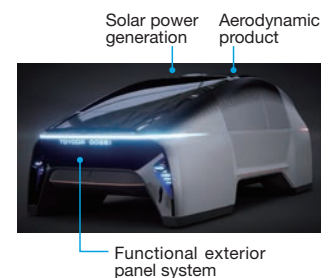
For example, we believe that the combination of retractable steering wheel technology and instrument panel/console technology can create an overwhelmingly expansive space, and by adding elements that appeal to the five senses, such as light, scent, and sound, we can create new spatial value.

Freedom of movement for all

As urban populations become increasingly concentrated and rural populations age, the future transportation society is expected to develop automated transportation networks connecting urban and rural areas, as well as mobility systems that are optimized for each region. For mobility that allows people to easily move around in their daily lives, we are developing driving modules that are easy and enjoyable for anyone to operate. We are working on

development under the theme of creating value based on the three concepts of cars that are friendly to the earth and users, free space created together with the car, and freedom of movement for all.

and the third is a functional exterior panel system that does not use energy from the vehicle side. By integrating new elements using outside technology based on our materials, surface treatment, and design technologies, these developments will enable the creation of new value.

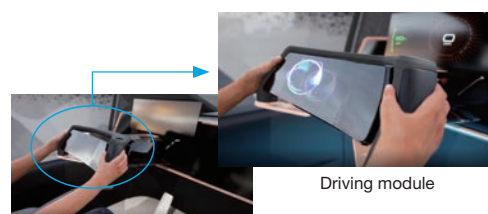


Also, one factor for why the number of traffic accidents among seniors has not been reduced is the lack of means of transportation in rural areas where public transportation is scarce. There is a growing need for micromobility that allows people to get around even after they have surrendered their driver's license, and we are committed to developing safe, secure, and easy-to-operate micromobility vehicles that will contribute to the happiness in people's lives.



Cabin space that appeals to the five senses through communication between people and the car (HMI, vitals sensing, etc.)

the development of a steering wheel incorporating a gas pedal and brake levers and with HMI functions so that the steering wheel becomes an "agent."

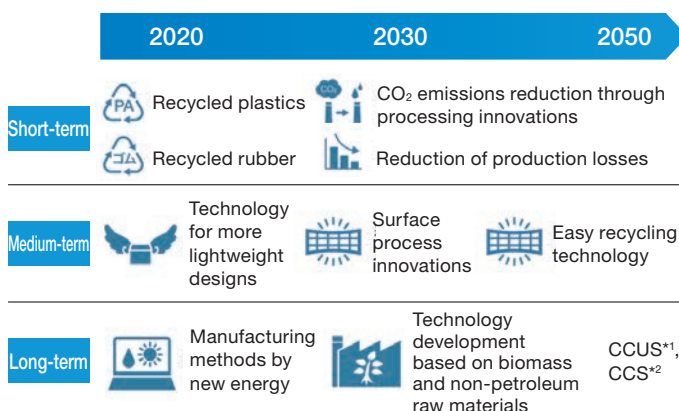


Carbon Neutrality/Circular Economy

As a polymer manufacturer of rubber and plastics, we aim for carbon neutrality and circular economy by combining our various technological capabilities in material development, weight reduction, process innovation, 100% recycling, and more, throughout the entire LCA¹ from the stage of raw materials and purchased parts to disposal in the manufacturing process. * Life Cycle Assessment

Research on materials and devices to achieve carbon neutrality

In the recent trend toward carbon neutrality, a wide range of technologies must be developed to reduce CO₂ emissions from a short- to medium- and long-term perspective. In the short term, we are working on material modification technology to restore the physical properties of materials to the same state as new ones by utilizing our strengths in polymer technology, aiming to improve the recycling rate of used automotive plastics and rubber. We are also engaged in material research to make it easier for customers to accept recycled materials by reducing odors and reproducing colors and designs more easily.



*1 Carbon dioxide recovery, effective utilization and storage *2 Carbon dioxide recovery and storage

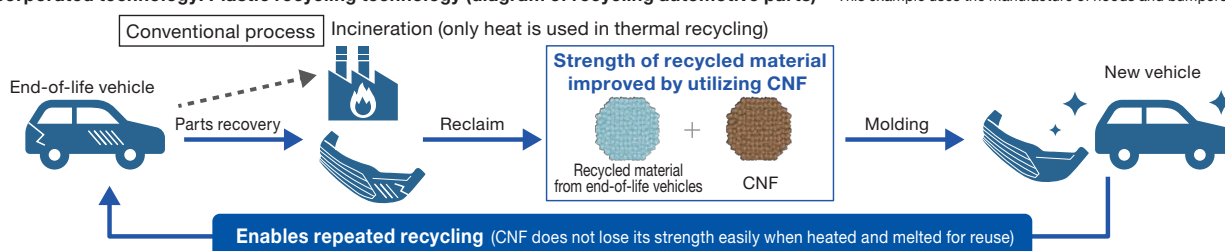
Initiatives for recycled plastics

In our work, we give priority to polypropylene (PP) materials, which are the most widely used polymer material (excluding tires) in the entire vehicle. In using recycled materials in automotive parts, which have high quality standards, we use bio-based materials (cellulose nanofiber: CNF, which is five times stronger than steel), to increase the strength of the recycled materials, thereby enabling repeated recycling. In our latest initiative, Toyota Gosei's plastic recycling technology has been adopted for use in the Lexus ROV², Lexus' environmentally friendly off-road vehicle.



*Abbreviation for Recreational Off highway Vehicle. A concept vehicle that aims to realize a lifestyle of enjoying driving while living in harmony with nature by stepping into places where even off-road vehicles cannot go and coming into contact with nature while enjoying excellent responsiveness and sounds that stimulate the five senses.

Incorporated technology: Plastic recycling technology (diagram of recycling automotive parts) * This example uses the manufacture of hoods and bumpers.



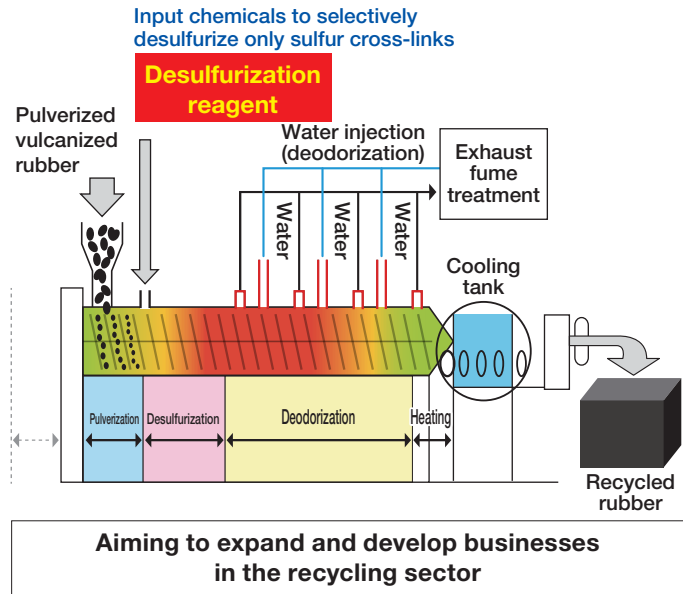
/// Research and Development

Initiatives for recycled rubber

We have been mass-producing desulfurized recycled materials¹ for weatherstrips for more than 20 years. To further expand the scope of our recycling, we are working on the development of new chemical desulfurization technology² for improving the quality of desulfurized recycled materials. This initiative aims to selectively cut 100% of sulfur cross-links by combining the conventional desulfurization technology with a newly developed reagent to dramatically improve the quality of the recycled material. This will greatly expand the scope of recycling, not only for in-house use but also as a viable business through sales of recycled materials to other companies, thereby contributing to industry-wide efforts to reduce environmental burdens.

*1 A new technology that can selectively desulfurize only the sulfur cross-links by using chemicals in the desulfurization process of vulcanized rubber after pulverization.
 *2 Recycled materials using technology to return rubber to raw material by breaking molecular bonds in the recycling process in order to make rubber elastic.

Recycling process using Toyota Gosei's chemical desulfurization technology



New Business/Solution Development




We are strengthening our R&D operations to create innovative technologies, products, and services that will lead to solutions to future social issues.

Based on our core technologies cultivated in automobiles and LEDs, we will accelerate innovation through co-creation activities with promising start-ups and industry-academia partnerships to provide new customer value and create new businesses.

Efforts to create new businesses

One of the priority issues in the 2030 Business Plan is “creating new businesses and products to serve as new mainstays in the coming era,” and we have drawn up a medium- to long-term growth strategy based on providing solutions to social issues. We are building a portfolio of medium- to long-term R&D themes based on a backcasting approach, breaking down social issues into factors in three priority areas that we have newly identified as targets and envisioning a future society in which these issues have been resolved. In order to create new value for our customers, we need to take on a wide range of challenges that

transcend the conventional framework of research and development, from upstream materials in the supply chain to midstream devices and downstream data services. We will work to create new value by providing solutions that combine these elements. In order to deliver this value to the market as quickly as possible, in addition to advancing our own core technologies, we are actively pursuing alliances with industry leaders, industry-academia partnerships, and promising start-ups as efforts to compensate for shortcomings and accelerate development through co-creation with other companies.

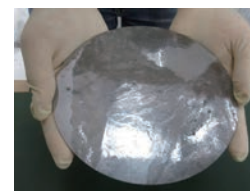
Priority Area	Energy	Smart Homes	Healthcare
New delivered value to customer	Expansion of renewable energy 	Achieving of seamless electric power society 	Improvement of quality of life in the era of 100-year life expectancy 
Research area (example)	Next-generation solar cells Green hydrogen	Wireless power supply GaN crystal substrate materials	Health condition sensing Non-invasive POCT technology*

* POCT: Point of Care Testing. Technology for immediate examination at clinical sites with minimal injury to the patient's body (including assisted examination technology).

GaN crystal substrate materials

Many of the electronic devices that we use everyday have switching devices to convert DC/AC power, and there is a need to reduce CO₂ emissions by improving switching efficiency. Based on the GaN crystal growth technology that we have developed in the LED sector, we are researching large GaN crystal substrate materials and GaN on GaN power devices, which are next-generation semiconductors. We have been collaborating with Osaka University for more than 10 years on substrate material research, and the joint research on our proprietary crystal growth technology

(MPS + FFC method) has produced world-leading results on large-diameter, low-crystal-defect GaN substrates. Through collaboration with industry-leading companies and industry-academia partners in the national project, we will study the entire process from materials to devices and application demonstrations, aiming for early implementation in society.

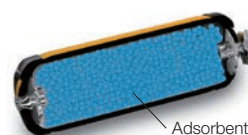


6-inch GaN crystal substrate

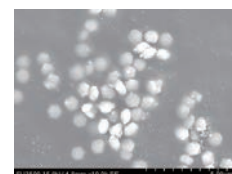
R&D for achieving a hydrogen society

At Toyoda Gosei, we have been accelerating our research and development for achieving a hydrogen society, starting with the market launch of high-pressure hydrogen tanks for FCEVs in 2020. In the future hydrogen society, needs for hydrogen supply will emerge not only in mobility-related fields but also in various other fields, such as construction sites and home use, and we will contribute to achieving a hydrogen society by expanding the scope of our technological development from simply storing and using hydrogen in the hydrogen value chain to even transporting and producing hydrogen. In the area of transporting technology, we are researching and developing organic/inorganic materials that selectively adsorb hydrogen to increase the storage efficiency per volume of hydrogen tanks, leading to the development of tanks that are more compact and portable than conventional ones. This R&D is being conducted as part of a NEDO-subsidized project, and aims for early social implementation

through integrated development from materials research to hydrogen tank implementation in collaboration with participating companies. In the area of producing technology, research is being conducted on photocatalytic materials that generate green hydrogen by utilizing the natural energy of sunlight, and on wavelength conversion materials for the efficient use of sunlight. For the wavelength conversion research, we are conducting joint research with universities using LED wavelength conversion material technology as our core technology, and are challenging basic research on the synthesis of new fluorescent dyes.



Adsorbent



Left: Cross-sectional image of a hydrogen tank with hydrogen storage material inside
Right: Prototype of wavelength conversion material (SEM photograph)

Challenges of digital healthcare services

Japan, a society with the world's longest healthy life expectancy, is entering the era of 100-year life expectancy, and there is a need to develop digital healthcare technologies for pre-disease, prevention, and prognosis in order to extend people's healthy life spans. In particular, early detection of frailty and mild dementia, which are signs that an elderly person may require nursing care, is of great significance in extending healthy life expectancy, and there is academic data showing that this is accurately indicated through the gait of elderly people. Our eRubber insoles have a built-in pressure sensor that can measure the center of gravity sway data of elderly people when they walk, and in this way, we are taking on the challenge of detecting pre-disease states by processing this data through AI.

In this research, we are participating in the Moonshot R&D project of the Cabinet Office, and are implementing efforts to improve the accuracy of data collection and analysis through medical-engineering collaboration with the university medical school, which is a partner in the project. We are also conducting demonstration tests with the general public in tie-ups with large-scale commercial facilities and local governments to accelerate development for social implementation.



Left: e-Rubber insole and measurement application



Right: Demonstration test at a commercial facility

/// Research and Development

Initiatives Supporting Activities

1. Intellectual Property Strategy

Toyota Gosei's intellectual property efforts and enhancing of strategic initiatives through IP landscape (IPL)

Based on the premise of compliance with laws and contracts, Toyota Gosei has traditionally conducted its intellectual property efforts based on the following guidelines: (1) Acquisition, effective use, and management of intellectual property rights based on a long-term perspective; (2) Prevention of infringement of intellectual property rights by other companies and respect for the intellectual property rights of other companies; and (3) Continuous improvement of intellectual property skills of our engineers and stimulation of innovation.

In addition to these efforts, we contribute to management and business through IPL initiatives, and for this purpose, we established the IPL Project within the Development Division. By discussing and implementing strategic IP initiatives, we are strengthening our intellectual capital, which is the source of sustainable business growth.

Strategic IPL initiatives

In our IPL initiatives, we first select key technologies in line with our technology strategy, then set IP investment KPIs (number of applications/patents held, etc.) and submit applications for differentiation technologies and contribute to the launching of new businesses.

IPL initiatives for achieving the 2030 Business Plan

Among the delivered values cited in the 2030 Business Plan, forecast IPL initiatives are directed toward safety and comfort based on existing businesses, while backcast IPL initiatives are directed toward decarbonization with the goal of creating new businesses.

In the forecast IPL, as one example, we conduct a thorough investigation of the current status of our company and other companies within the scope of our business, determine the target areas for patent applications to improve our business, and then conduct a multifaceted and intensive application process through invention discovery meetings and brainstorming sessions.

The backcast IPL, on the other hand, combines general information from specialized industry

Achievements in our past intellectual property initiatives and number of patents held

In FY2022, we registered 255 new patents in Japan and 143 new patents outside Japan, bringing the total number of our patents held to 2,567 in Japan and 2,268 outside Japan at the end of the fiscal year. The number of patents held is comprised of 60% in automotive fields and 40% in non-automotive fields. As a necessary input to realize the 2030 Business Plan, we will properly manage these patents held and effectively utilize them in a wide range of fields.

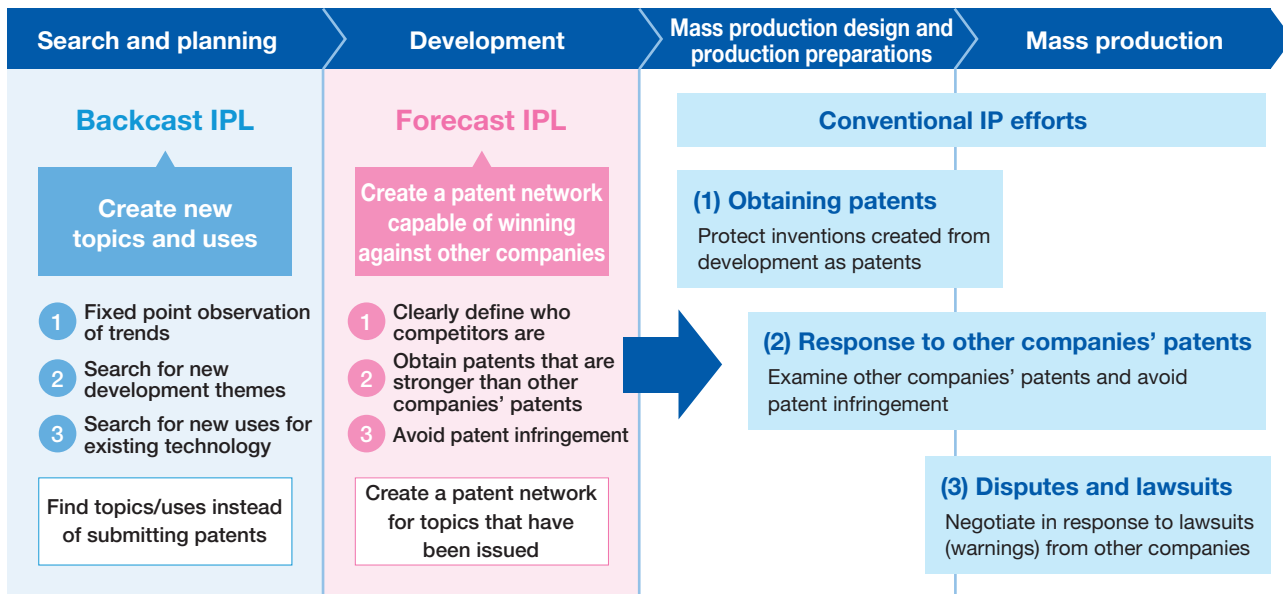
Number of patents held as of the end of FY2022

Japan	2,567
Outside Japan	2,268

In addition, we classify IPL initiatives into a forecast IPL, which creates a patent network that can win against competitors, and a backcast IPL, which creates new topics and uses.

magazines, motor show exhibits, and information on the Web with intellectual property information, such as patent information, to analyze patent information to anticipate customer problems and make development proposals, explore potential applications for our technologies and propose ideas for new uses, and search for and select alliance partners that possess important technologies, and in this way, we contribute to new business development through a variety of activities.

We will continue our efforts to acquire and effectively utilize necessary intellectual property rights and intellectual property information in order to increase corporate value in a sustainable way.



2. Building Stronger External Partnerships

Co-creation with venture companies to create new value and develop human resources

Collaboration with innovative start-ups is indispensable for creating new businesses based on solutions to social issues. We launched our corporate venture capital in 2019 with the aim of maximizing strategic and financial returns, and have invested in and co-developed 18 companies to date. For example, we are collaborating with Ossia, a company with microwave-based long-distance wireless power transmission technology, with the aim of achieving a seamless power supply society free from electrical outlets in living spaces. This technology uses radio waves to wirelessly charge various electronic devices from a distance of several meters, and we are developing high-frequency antennas, rectifying elements, and control software for this technology. In 2024, a prototype of a power transmitter designed by Ossia and a prototype of a power receiver designed

by Toyoda Gosei will be built, and a PoC (Proof of Concept) demonstration of wireless power transmission is planned in about 10 industries in the North American market. Furthermore, as one measure to develop innovative human resources, we have established a system for sending staff to venture companies, and are working to foster a culture that encourages the challenge of creating new businesses.



Left: Power transmitter jointly developed with Ossia
 Middle: Prototype IoT surveillance camera with a built-in power receiver
 Right: AA battery wireless power receiver

Message from Co-Creation Partner/Ossia Inc.

“Ossia’s mission is to create a world where the full potential of Cota Real Wireless Power is ubiquitous,” said Doug Stovall, CEO of Ossia. “We are honored to work with the industry leader, Toyoda Gosei, to deliver smart wireless power and connectivity to devices across the world. Cota® is the future.”



Doug Stovall, CEO



Jennifer Grenz, CRO

Manufacturing Innovations

TG Advanced Factory Concept

Even in the manufacturing field, where certainty is required, dreams are necessary for evolution. In order to evolve together as one in these turbulent times, we have established the TG Advanced Factory Concept, which is also in line with our management philosophy. We have drawn up a backcast vision (= dream) in line with three concepts centered on “Smart.” Furthermore, by setting KPIs that serve as a common metric and clarifying our own capabilities and gaps, we will formulate and steadily implement more concrete strategies while keeping our eyes on the distant dream. We will contribute to the realization of the 2030 Business Plan by continuing to evolve globally in a single, straight-line direction that includes new plants such as the new plant in South China and the Seto plant expansion, as well as existing plants.

TG Advanced Factory Concept

Concept	What we want to be		KPI
	What we aspire to be	End goal	
Lively	Free people from heavy-duty and mentally and physically exhausting work	People and machines grow together	Engagement
Clean	Energy minimization	Carbon neutrality	CO ₂ emissions
Integrity	Bringing the near future within reach	Elimination of human error	Disasters, complaints Legal compliance
Smart	Sequential production, sequential delivery	Ultimate one-piece flow manufacturing process	Production lead time

Strategies and Implementation in Line with Each Concept

Commitment to shortening production lead time: Smart

Even though products may change, we will not change our mission to deliver good products to our customers when they are needed and in the quantity they need. We have designated production lead time as our main KPI, and we will pursue the ultimate one-piece flow manufacturing process to thoroughly eliminate waste and double productivity.

Major examples

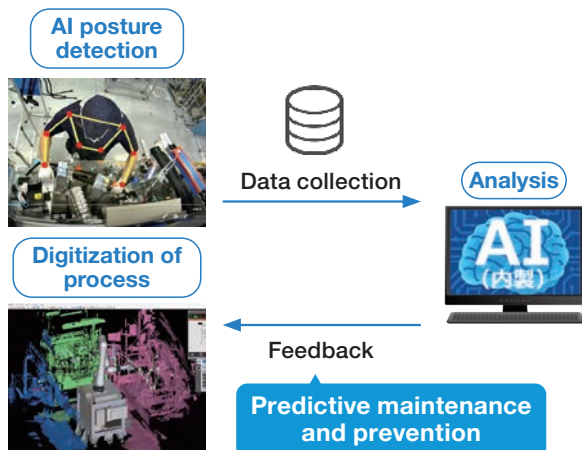
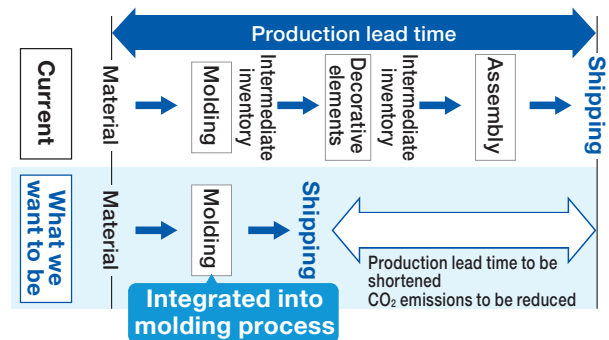
Process integration can reduce intermediate inventory, which is a bottleneck. Based on the concept of integration into the molding process, which is our core technology, we have begun development of production technology for applying decorative elements and assembly at the same time or in the same cycle as the molding process.

Prevention through digital integration: Integrity x Smart

Real manufacturing sites can be verified digitally. By bringing the near future within reach, human error is eliminated from the factory.

Major examples

By digitizing the entire intuitive process of human work, it is possible to examine the entire process in advance digitally. This makes it possible to eliminate the mistakes caused by human error in advance.



Priority reduction through visualization of CO₂ emissions: Clean x Smart

We provide a “CO₂ field” utilizing our cost visualization expertise. We visualize all CO₂ emitted from factories to strategically achieve carbon neutrality in factories.

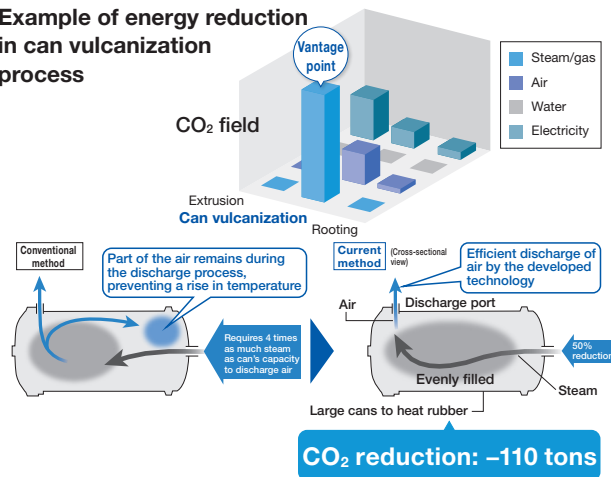
Major examples

We have begun process innovation, focusing on processes that handle heat. Based on the results shown in the CO₂ field, we are taking on the challenge of reducing energy consumption in can vulcanization, which has remained unchanged over the past decades. Using simulation technology from Toyota Central R&D Labs., Inc., we have succeeded in halving the amount of steam required for replacement.

Guiding people to value-added work: Lively x Smart

We will install low-investment automated equipment on a global scale to free people from heavy-duty and mentally and physically exhausting work that remains in factories. We will shift the stage for human activity to higher value-added areas, such as accident prevention, maintenance of advanced equipment, and new development. We will create factories where everyone can work with machines with vigor and enthusiasm to achieve self-fulfillment.

Example of energy reduction in can vulcanization process



Major examples

We are expanding our automation guidelines globally to ensure effective governance of process creation, and strategically expanding the use of AGVs^{*1} and collaborative robots. Based on the concept of CoE^{*2}, Toyoda Gosei (Thailand) Co., Ltd. plays a central role as a global center of automation implementation.

*1 Automatic Guided Vehicle
*2 Center of Excellence

Automation Example from Thailand Plant Message from President Tani of Toyoda Gosei (Thailand) Co., Ltd.

The Thai region has developed manual labor-intensive processes that take advantage of cheap labor costs, but as labor costs continue to rise year after year, the need for automation has been increasing.

In such a changing environment, we are implementing low-cost and energy-saving smart automation that utilizes our special *karakuri* technology.

We design and manufacture everything in-house except for robots, thereby accumulating in-house expertise in low-cost automation, and we are also extracting product designs for automation and providing feedback (applied to product drawings). This automation initiative is linked to improvements in initiatives from the work source and how work is done.

These initiatives are being expanded globally with video, and we are receiving inquiries not only from Japan but also from North America, India, Europe, and other countries, for viewing the initiatives on site and in person. In March 2023, a mini-summit on robot automation in the ASEAN region was held, where not only the top management from companies but also production engineers (actual practitioners) were able to see the results, and operations have been started to have them horizontally deployed.

In order to deploy the developed automation technology, we must standardize the technology (convert to drawings and data) and train human resources to complete the task, both of which will be implemented in parallel.

We are planning to issue and deploy these initiatives from Thailand to the rest of the world to create a Toyoda Gosei company that is even stronger in manufacturing.



President Tani instructing local staff

Strengthening the Management Base to Support the Growth Strategy

Revitalization of People and Organizations

Corporate Culture and Human Resources to Support Achieving of the 2030 Business Plan

In order to achieve the targets in the 2030 Business Plan, we believe it is important to embrace change without fear of failure, and to seize and create opportunities by taking on challenges, and we will develop measures for enhancing both corporate culture and human resources.

In terms of the corporate culture, we aim to create a dynamic “polymer-like organization.” Each and every molecule with various personalities and values stimulates each other, enhances creativity by creating chemical reactions, and brings together power through strong bonds among molecules. The same stimulation and reaction occurs among teams, groups, divisions, and affiliated companies, as well as with other organizations such as partner companies, suppliers, business partners, and customers, resulting in a high level of creativity and productivity. We are able to freely

change our form and create new value in response to changes in the environment. This is what we think of as a polymer-like organization. In order to create the corporate culture that is a foundation for this, we will support the attainment of employee wellbeing through Self-realization by creating a safe and secure place to work, creating a stage where they can play an active role, and shining a light on each and every one of them.

In the area of human resources, on the other hand, TG aims to develop human resources who can ask themselves questions about the social value and significance of TG’s existence and strategically develop their businesses. To this end, we are working to acquire diverse human resources and review our business portfolio.


Enhancing Organizational Power
(Transforming into a dynamic polymer-like organization)

- Draw out the individuality, energy, and strengths of each individual and mobilize creativity and power through organic bonding
- Strengthen internal and external organizational ties
- Flexibly change the shape of the organization to respond to change in the environment
- Catalyze management to speed up work and maximize results

Self-fulfillment for each employee
Embrace change without fear of failure

Enhanced employee engagement
Establish comfortable spaces and stages upon which to shine

Reform management style



<p>Creating a safe and secure place to work</p> <p>Diverse human resources can recognize each other and speak up and take on challenges in a safe and comfortable environment. Vitality and trust exist in the workplace, and people are motivated to do their best work with other members.</p>	<p>Creating a stage where people can play an active role</p> <p>Employees can feel that they are contributing and feel that they are truly making a difference in their roles. They understand the significance of their work and feel job satisfaction.</p>	<p>Shining a light on each and every person</p> <p>Employees are recognized, encouraged, and praised. Regardless of the size of their role, their supervisors look out for them and treat them with the respect.</p>
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Toyoda Gosei’s goals for employee wellbeing

Our Human Resources Strategy Linked to Our Vision and Business Plan

We regard the use of diverse human resources and respect for human rights as one of our materiality (key issues), and have been focusing on the three pillars of our human resource strategy: promotion of human resource development, active participation of diverse human resources, and creation of a comfortable work environment, and have been working to provide educational opportunities to acquire problem solving methods and the PDCA cycle, which are fundamental to

how work is conducted, as well as specialized knowledge in areas such as technology and materials, to create an environment where women, people with disabilities, and people with diverse values can demonstrate their abilities, and to improve engagement, where job satisfaction and a sense of growth overlap with our efforts to achieve our corporate vision.

However, when examined in light of human capital management, which today is expected to be a significant

method for increasing corporate value, our human resource strategy to date has been based on the recognition of issues from the perspective of human resource functionality, and so we have revised our human resource strategy (see figure below). In FY2023, we will

further strengthen the linkage with the management strategy, and based on the newly formulated strategy, we are developing new measures and implementing new initiatives in addition to the previous ones.

Become a company that pursues the possibilities of polymers to contribute to a future of better mobility and living.

What We Aspire to Be

To embrace change without fear of failure, and to seize and create opportunities by taking on challenges

Mainstays of measures to achieve the human resource strategy

Corporate culture

Human resources

1

Polymer-like organization where people and organizations are connected with energy and enthusiasm

- Well-being initiatives based on the keywords “place,” “stage,” and “light”
- Discuss and implement corporate culture issues and reform proposals for achieving the targets of the 2030 Business Plan at all organizations and levels by themselves

2

Train diverse human resources capable of leading and enabling change

- Cultivate management personnel who can lead challenging growth strategies
- Train young employees with a sense of growth and who want to make a difference, and implement the initiatives of senior employees
- Train local executive personnel to make overseas bases more autonomous

3

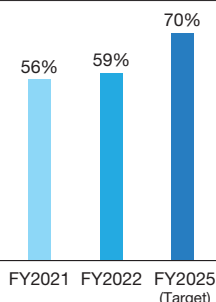
Acquiring the human resources needed for growth areas

- Clarify human resources required for growth strategies in terms of both number and capabilities (business building capabilities, highly specialized capabilities, etc.), and specify measures to acquire them

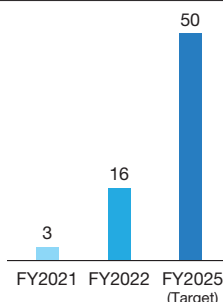
Respect for human rights and diversity & inclusion (D&I)

Key KPIs

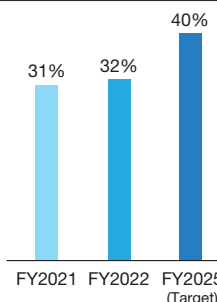
Employee engagement affirmation rate
75% (FY2030)



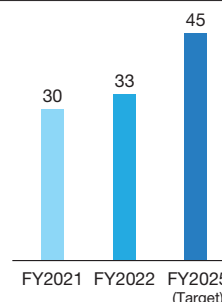
Number of expatriate employees for training
50 (FY2030)



Ratio of local executives
60% (FY2030)



Number of female managers
100 (FY2030)



/// Revitalization of People and Organizations

Achieving Sustainable Growth through Highly Strategic Execution of Operations

The auto industry is undergoing a major transformation with the conversion to electrification and automated driving. Moreover, the future is unclear and difficult to predict due to changes in people’s values, worsening environmental and social issues, geopolitical risks, and other factors, making it extremely difficult for management to steer the ship.

We will turn uncertain situations into opportunities for growth through speedy and highly strategic execution of operations, such as by accepting uncertain events with a high level of sensitivity, changing management approaches in line with the times, and adopting new initiatives.

Adoption of CxO (Chief Officer) system

We adopted the CxO (Chief Officer) system upon enactment of the new executive structure in June 2023. By transferring some of the president’s authority and responsibilities to the CxOs, we will manage key

functions globally, going beyond the framework of business and regional operation bases, to realize highly strategic execution of operations and speed up management.

CxO	Role
CEO (Chief Executive Officer)	Determines medium- to long-term policies for sustainable growth of the company (Maximize corporate value)
CFO (Chief Financial Officer)	Formulates strategies and allocates resources to realize medium- to long-term policies
CRO (Chief Risk Officer)	Evaluates, takes countermeasures against, and controls various risks facing the company
CSMO* (Chief Strategic Marketing Officer)	Conducts market, competitive, and customer research and analysis, and develops and oversees global sales strategies
CTO (Chief Technology Officer)	Directs product and manufacturing method development to achieve medium- to long-term policies
CMO (Chief Manufacturing Officer)	Directs strategies and measures to improve SQDC of manufacturing to enhance competitive advantages

* Introduced in November 2023

Revitalization of people and organizations through the CoE (Center of Excellence) concept

In order to achieve sustainable growth even in an uncertain business environment, it is essential to speedily and reliably implement functional and business strategies, and it is important to strengthen cooperation among production bases and organizations. We will adopt the new CoE concept and implement a management style in which each of the 16 countries/regions and 62 locations globally are united, and each region and location will be more actively involved in the decision-making processes for conducting business than ever before.

Furthermore, we will deploy globally from Japan, the Americas, China, ASEAN, India, and Europe the technologies and methods that are our strengths and have been cultivated and developed in each region, and create synergies throughout our Group companies, thereby drawing out the motivation and power of each region and organization. We aim to further strengthen our global network, which is one of our competitive advantages, and to realize management based on regional autonomy that is tailored to the characteristics of each region.

■ Sharing the regional strengths we have cultivated on a global scale

We will strive to revitalize people and organizations by adopting the best of each region and implementing a cycle of Change and Challenge.

Examples of CoE (Global expansion from overseas regions)

- Low-cost, energy-saving production automation technology
- National human resource development and recruitment methods

/// Financial Policy

Message from the CFO

In a rapidly changing business environment, we are committed to improving our corporate value by reviewing our business portfolio and improving capital efficiency.

Progress of the 2025 Business Plan

Under the 2025 Business Plan prepared in May 2018, we have been working to achieve our management targets of 1 trillion yen in sales revenue, 8% in operating profit ratio, and 10% in ROE.

Although automobile production volume was lower than expected, we are still expecting to reach our sales revenue target because of expanding sales to new customers. However, it will take some time to achieve our operating profit ratio and ROE targets due to significant changes in the business environment surrounding our company, including the COVID-19 pandemic, semiconductor supply shortages, and soaring raw material prices.

On the financial side, we have set forth our financial policy in line with the 2025 Business Plan from the three perspectives of shareholder returns, capital investment, and cash on hand. For shareholder returns, we have maintained a consolidated dividend payout ratio of 30% or more, but the dividend per share has remained the same and has not met the expectations of our shareholders. Capital investment continued at an annual pace of approximately 50 billion yen, and we secured 30 billion yen in cash on hand as risk-response funds in our consolidated monthly sales, which contributed to sales expansion, but left us with challenges in improving profitability and efficiency.

In preparing the 2030 Business Plan, we have formulated a new financial policy that balances growth, soundness, and efficiency while enhancing corporate value. In particular, we will focus on B/S management to improve efficiency based on our recognition of current issues.



Hiroshi Yasuda

Vice President

CFO

New Financial Policies to Support the 2030 Business Plan

2030 Business Plan

The 2030 Business Plan sets forth our vision of becoming a company that pursues the possibilities of polymers to contribute to a future of better mobility and living by setting our basic policy to focus on areas that combine social value and economic value. As priority measures, we will (1) implement structural reforms to achieve growth in priority businesses, regions, and customers, (2) forge strategic alliances to accelerate growth globally and strategically reinforce development and intellectual properties (IP), and (3) revamp management through a polymer-like organization in which people and organizations are organically bonded. We have set management targets of sales revenue of 1,200 billion yen, operating profit of 100 billion yen, operating profit ratio of 8%, and ROE of 10%.

/// Financial Policy

2030 Business Plan: Toward Greater Growth

The new financial policy is based on the idea of aiming to boost growth and increase corporate value through a balance of growth potential, soundness, and efficiency, and strengthening balance sheet management to achieve an ROE of 10%.

Growth potential

Investment resources, including R&D, will be allocated with priority to areas where high growth and profitability can be expected. On the business side, these are safety systems and interior and exterior components, and on the regional side, these are the Americas and India.

For example, in India, which is growing rapidly, we expect further growth, especially in the field of safety systems. A new regulation will soon require the use of six airbags, which will make it mandatory to install side airbags and curtain airbags in addition to the existing driver and front passenger airbags. We expect demand to double in terms of both quantity and quality, and we will expand our R&D and production systems as well as strengthen our marketing efforts by taking regional characteristics into account.

Soundness

In order not to miss out on growth opportunities, we will ensure that we have the sufficient funds and the fund-raising capacity to respond flexibly to any investment opportunities. While there has been no change in our emphasis on soundness in terms of cash on hand, the global cash situation has been inefficient, with both cash and debt being used. With the adoption of Group financing, the head office has taken the initiative in streamlining and equalizing funds, and after reviewing the situation, cash on hand was set at one month's worth of consolidated sales volume.

Efficiency

The most significant point for improvement on the financial aspect of the 2025 Business Plan was, in the disproportionate emphasis placed on the P/L, a lack of B/S-conscious management and not enough consideration of asset and capital efficiency.

Based on our recognition of these issues, one of our policies is to promote efficient business operations with a renewed awareness of the cost of capital. First, we have named it TG-ROIC, and we will pursue returns commensurate with our resources, such as non-current assets and inventories in each business and region, while promoting efficiency. We will set a target of 20% for TG-ROIC on a consolidated basis to achieve 10% in ROE by 2030, and set targets for each business and region to improve our business portfolio. For shareholder returns, we will meet investors' expectations by increasing dividends stably and continuously, flexibly repurchasing shares, and being more conscious than ever about improving capital efficiency.

In addition, we will strive to reduce the cost of shareholders' equity by proactively disclosing information, including non-financial information, and diversifying our shareholder composition, especially by increasing the number of individual shareholders.



$$* \text{ TG-ROIC} = \frac{\text{Operating profit}}{\text{Non-current assets} + \text{Inventories}}$$

A simplified, easier-to-use version of the typical formula

Cash Allocation

Assuming that we will achieve the 2030 management targets, we estimate that the operating cash flow to be generated from now until 2030 will be approximately 650 billion yen. At the same time, we will streamline our operations by reducing cross-shareholdings and other measures.

First, we will invest 350 billion yen in capital investments, mainly in our priority businesses and regions. We will make capital investments in a balanced manner using TG-ROIC as a metric. For shareholder returns, as I explained earlier, we will secure 100 billion yen as a source of funds for stable and continuous dividend increases.

With the remaining 250 billion yen in cash, we intend to make additional investments in highly profitable projects, as well as in discontinuous growth areas such as M&A and alliances, depending on the business environment and growth opportunities.

In the absence of such investments, we will strategically allocate the cash to be used for additional shareholder returns from the perspective of improving capital efficiency.

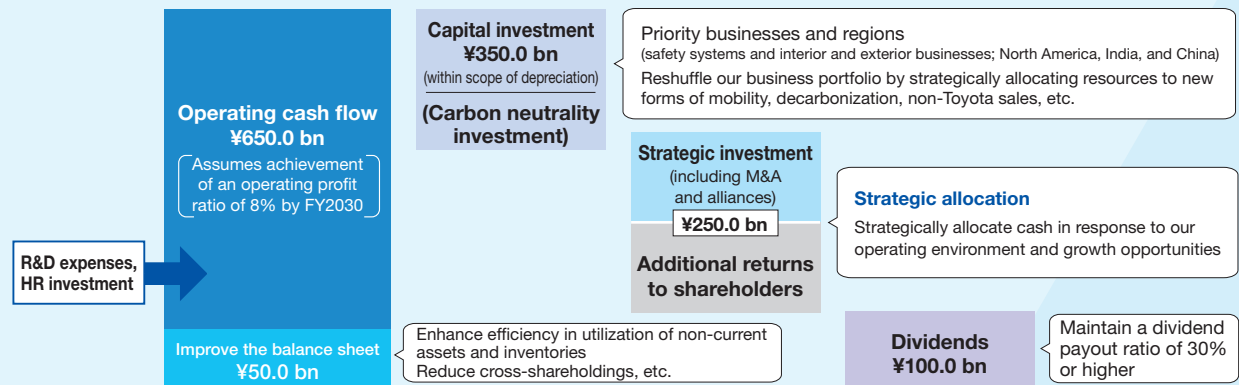
To Our Stakeholders

Until now, we have grown by responding to the demands and expectations of our customers, the automobile manufacturers. However, we have entered an era in which we cannot survive on this basis alone, and we strongly recognize that we must formulate our own issues and clarify our goals before proceeding with our business. We will strive to combine economic value in areas that contribute to the social values of safety, comfort, and decarbonization.

We will disclose more information than ever before to you on how we conduct our business and contribute to society, and I hope that you will look forward to the future of the Toyota Gosei Group.

FY2030 management targets	Revenue ¥1,200.0 bn	Operating profit ¥100.0 bn	Operating profit ratio 8%	ROE 10%
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Cash allocation (Total from FY2023 to FY2030)



Business Overview

Since Toyota Gosei's establishment in 1949, we have been providing products and services with high functionality and quality based on our synthetic rubber, synthetic plastics and their formulation technologies in cooperation with various stakeholders involved in development, design, procurement, production and sales.

FY2022 Results

Revenue

¥951.8 bn

Operating profit

¥35.0 bn

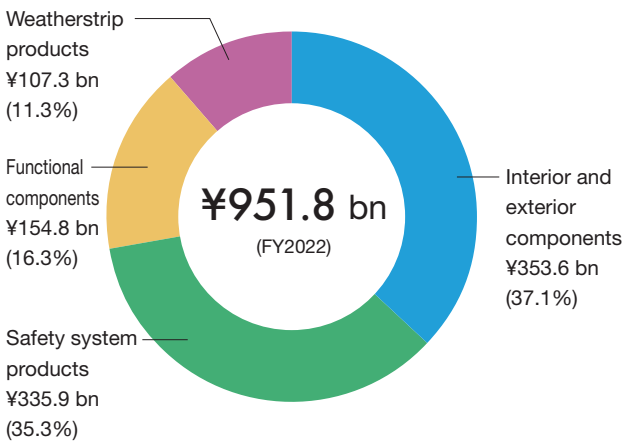
Profit attributable to owners of parent

¥16.0 bn

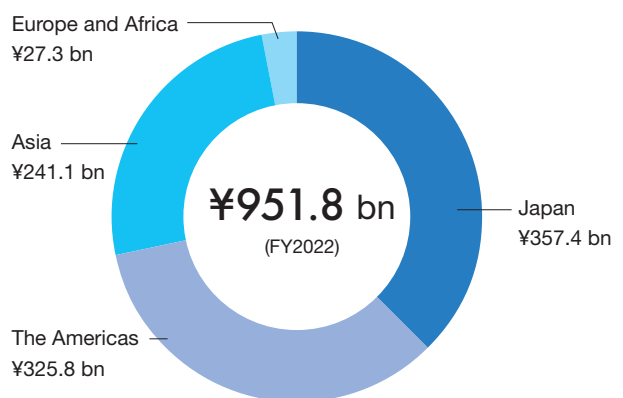
FCF

¥22.0 bn

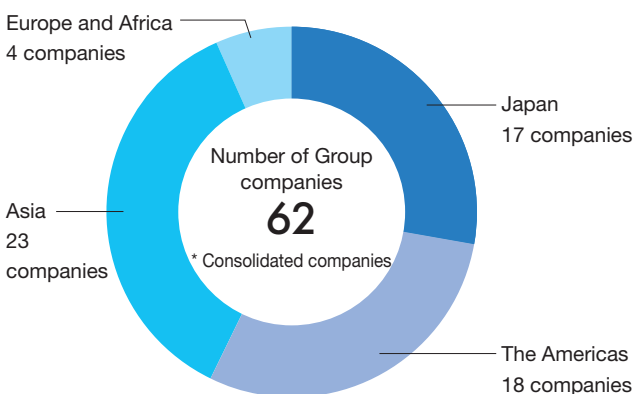
Revenue by business area



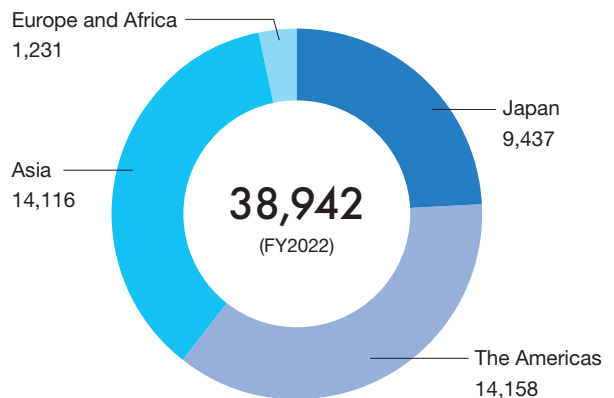
Revenue by region



Number of locations by region



Number of employees by region





Safety System Products



Airbags



Steering wheels (with built-in airbags)



Pop-up hood actuators



Interiors and Exteriors



Instrument panels and components



Radiator grilles



Console boxes



Functional Components



Plastic fuel filler pipes



Plastic turbo ducts



Brake hoses



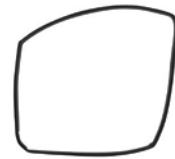
High-pressure hydrogen tanks



Weatherstrip Products



Door glass runs



Opening trim weatherstrips



Other Areas



LED products



Air purifiers (general industry products)



e-Rubber products



Re-S eco-brand

SS (Safety Systems) Business Area

With our strength in product development using world-class CAE technology^{*1}, we provide high-quality, low-cost airbags to all regions to solve social issues and achieve business growth.

^{*1} Computer-aided engineering (CAE) analysis technology in the mechanical design process

— Issues

- Product development in response to changing accident patterns
- Developing a system to respond to the globally expanding market
- Product development in response to the transformation of the automobiles

— Strengths

- Product development using world-class CAE technology
- Development and production bases covering an expanding geographical area
- Ability to propose system solutions that include airbags and peripheral components

Priority Initiatives for FY2022

In 2022, we were able to receive orders nearly at the forecast level by identifying target vehicle models, including key models for major Japanese automobile manufacturers and BEVs for North American and Chinese automobile manufacturers. In those orders, our new high-performance products, such as far-side airbags, received wide recognition and has become an advantage in order-taking activities.

Enhanced Global Production System through Collaboration with Partner Companies

We purchase inflators and bag base fabrics, which are elemental parts of airbags, from specialized manufacturers who are our partners. We share our growth strategies, including order receiving strategies, with our specialized manufacturers and work together to strengthen our competitiveness and supply capabilities by improving development efficiency through personnel and technology exchange, and by implementing shared local procurement and production in targeted regions.

Sales Expansion through High Value-Added Products

With changes in vehicle body structure and cabin interior design due to the shift to BEVs, as well as HOD^{*2} and HMI^{*3} for automated driving, there is a growing need for steering wheels with different designs and additional functions. We have also developed steering wheels with irregular shapes and high value-added steering wheels that incorporate touch sensors and LEDs, and many automobile manufacturers have shown an interest in these products.



Designs that create an EV-like feel

Illumination that communicates status to the driver in conjunction with ADAS and automated driving



Ergonomic spoke angles
Built-in grip detection and heater function

Figure 1. High value-added steering wheel concept

^{*2} HOD: Abbreviation for hands-on detection. The system detects whether the driver is holding the steering wheel or has released the driver's hands from the wheel and sends a signal to the vehicle side.

^{*3} HMI: Abbreviation for human-machine interface. A device that allows humans and machines (vehicles) to exchange information.

Future Initiatives toward 2030

With an eye toward 2030, we aim to capture the second largest market share in the industry in order to contribute to reducing the number of fatalities and injuries in traffic accidents.

In addition to existing customers, sales expansion efforts will focus on the growth regions of China and India. In China, we are boosting production capacity by constructing a new plant in South China, and in India, we are strengthening our development capabilities by enhancing R&D and ramping up production capacity by expanding the Neemrana plant.

To win out in the competitive field of seat belts and airbags, we will strengthen our competitiveness through collaboration with seat belt manufacturers and by using CAE technology, which is one of our strengths. We will also conduct development of new concept occupant protection devices, such as lap airbags, that improve the degree of freedom in cabin interior design and accommodate diverse riding postures.

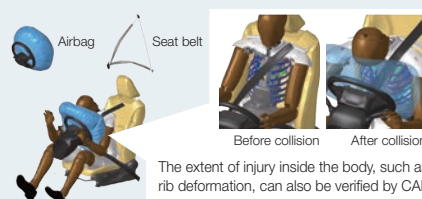


Figure 2: Development of airbag and seat belt set (CAE)

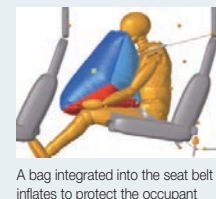


Figure 3. Lap airbag

IE (Interiors and Exteriors) Business Area

We will conduct development of products and manufacturing technologies that respond to changes in automobiles (BEVs and subscription-based services) and the diversification of user needs, and will expand our business by developing environmentally-friendly materials (including the use of recycled materials) and manufacturing facilities while being environmentally conscious.

— Issues

- Development of products and production technology in anticipation of changes in design and functional needs and future customer trends
- Cost reduction and productivity improvements through automation and improved production technology
- Provide value-added products in response to the trend toward subscription-based services
- Expansion of carbon-neutral material production facilities

— Strengths

- Capabilities to develop, design, and produce high quality decorative variations, transparent products, and mechanical products
- Factories equipped with the latest production technology for major manufacturing processes (molding, painting, etc.) and new manufacturing processes (hot stamping, etc.)

Priority Initiatives for FY2022

We developed the world's first emblem that combines millimeter-wave radar transparency and luminescence functions, which contributes to the advanced functionality and designs unique to BEVs, and this led to its adoption in Japan.

We began production of radiator grilles using the hot stamping manufacturing method as a decorative variation to meet customer needs, and proceeded to offer them to our customers.

In the midst of the ongoing parallel production by manufacturers of a wide variety of different vehicles, including HEVs and BEVs, we expanded the Seto Plant to enable a wider range of variations of large painted products such as radiator grilles and back door garnishes, our main products, that are highly functional and meet the design needs of customers. In addition to improving productivity at the plant, we are also working to reduce CO₂ emissions by making the new building all-electric for implementing manufacturing that is also environmentally friendly.



Luminescent millimeter-wave emblem



Hot-stamped grille

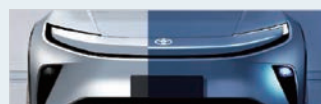


Seto Plant (Image after construction of new building)

Future Initiatives toward 2030

We are aiming to expand our business by developing products and production technologies that anticipate changes in design and functional needs and customer trends (lighting, seamless design, etc.). In response to the trend toward automobile subscription services, we will strive to add value to interior and exterior components by utilizing our advanced decorative technologies to add interchangeable decorative elements and safety functions.

To achieve carbon neutrality, we aim to expand the use of ELV materials in our products and increase the production of recycled materials. We will also promote use of electric equipment and electrification (molding machines, painting equipment) to reduce CO₂ emissions.



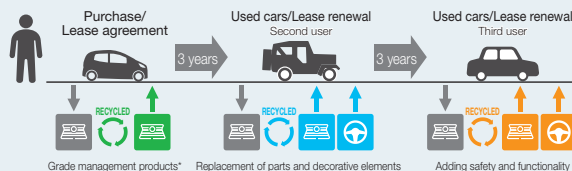
Customer (Toyota)

Development Concept

- Varying design expressions by luminescence/non-luminescence (+ light control)
- Hidden functions (millimeter wave, translucency) (body color paint)



Customer (Nissan)



Value-added products (image)

* Differentiated solutions that match the grade (car model grade)

FC (Functional Components) Business Area

In addition to expanding global sales of fuel system products to meet vehicle weight reduction and emission regulations, we will enhance development of products for the increasing number of electric vehicles, build production systems, and aim for further growth through new environmentally-friendly businesses.

— Issues

- Development of low-CO₂ emission products for BEVs (natural-derived materials, use of material recycling, more lightweight designs, etc.)
- Development of products for BEVs, development of fuel system products (including CN fuels, e-fuels, etc.), and securing production resources

— Strengths

- Development of environmentally-friendly products by leveraging our expertise in the rubber and plastic fields
- Technology and manufacturing for high-quality production of critical safety parts
- Global supply system

Priority Initiatives for FY2022

We are implementing an all-round strategy for BEVs and FCEVs by investing resources in cutting-edge development and capital investment. We have brought to market large high-pressure hydrogen tanks for FCEV trucks that run on hydrogen, and we expect needs to grow for these tanks in the future. The tanks are being used in the mass-market fuel cell light-duty trucks that CJPT*, a joint partnership in which Toyota Motor Corporation, Isuzu Motors Limited, and other companies have invested, is introducing to the market.

Commercial vehicles such as transport trucks are required to have a long cruising range and to fill up in a short time, and so FCEV trucks are expected to become widely used. We will contribute to achieving a hydrogen society through the development and production of high-pressure hydrogen tanks, a key component of FCEVs.

As for carbon neutral initiatives, we have successfully reduced the weights of our products through thinner wall thickness and material substitution from metals to plastics by designing and developing manufacturing methods utilizing our expertise in the rubber and plastics fields, which are our strengths.



* Commercial Japan Partnership Technologies Corporation

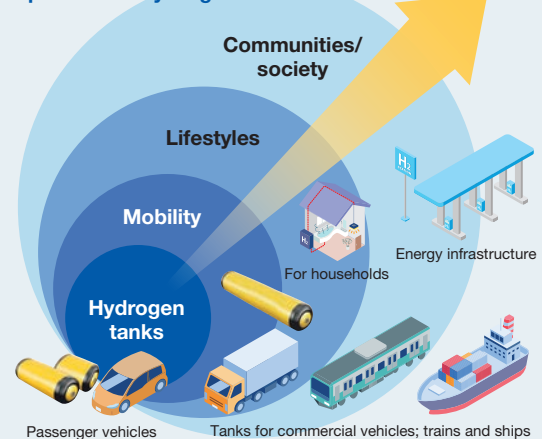
Future Initiatives toward 2030

We will expand our business in all directions, including the development of low-cost fuel system products for sealed tank systems for HEVs and PHEVs, cooling piping and battery pack products for BEVs, and full-scale mass production of tanks for FCEV passenger vehicles and commercial vehicles.

We will also effectively use rubber resources through our proprietary desulfurization and regeneration technology to achieve carbon neutrality, as well as use naturally derived materials and recycled materials by leveraging our expertise in polymer materials.

Power trains	Gasoline vehicles	HEV PHEV	BEV	FCEV
Function				
Storage, control, supply	Fuel tank peripheral parts Plastic fuel filler pipes	Change	Battery cases FC stack manifolds	High-pressure hydrogen tanks
Cooling	Cooling piping	Expanded volume		Electric vehicles with high cooling needs require about four times the length of piping compared to gasoline vehicles

Expansion of hydrogen tank business



WS (Weatherstrips) Business Area

We will shift to a sustainable business based on carbon neutrality and circular economy, and aim to solve social issues and secure reliable profits through recycling and quietness technologies.

— Issues

- Establish a sustainable sealing product business despite the use of rubber materials that are difficult to recycle due to their high CO₂ emissions
- To meet the growing need for quietness due to the shift to electrification while reducing product costs

— Strengths

- Rubber desulfurization and regeneration technology
- Product development and evaluation technologies that contribute to quietness improvement by leveraging knowledge in the rubber and plastics fields

Priority Initiatives for FY2022

Initiatives Leveraging Our Strengths

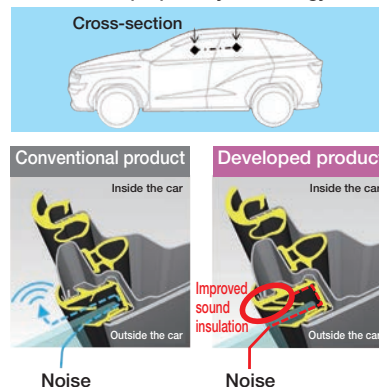
We are conducting initiatives to reduce waste and CO₂ emissions by utilizing our rubber desulfurization and regeneration technology and reusing rubber waste from our plants. In FY2023, the Morimachi Plant (Shuchi-gun, Shizuoka Prefecture) also obtained ISCC certification, an international certification for sustainable products made from recycled and other renewable materials, to provide products with high environmental value by meeting growing demand for recycled products due to growing environmental awareness.

Furthermore, in order to enhance product added value, we are continuously working together with the Experimental Department to develop quietness technologies. We identify vehicle weaknesses that contribute to quietness, and develop and propose quietness-enhancing products that improve these weaknesses.

Also, to improve our manufacturing capabilities and profitability, we are implementing automation of processes and cost reduction initiatives through elimination of processes requiring high skills. In FY2022, we started mass production of glass run products, which are used in Lexus.



Recycled rubber produced from our proprietary technology



Future Initiatives toward 2030

To further promote carbon neutrality and circular economy, we aim to improve the quality of recycled rubber and increase the amount of recycled rubber produced.

At the same time, we will work to further reduce CO₂ emissions and improve the recycling rate while conducting studies on switching some products to plastics according to the characteristics of the products.

In addition, we aim to improve overall business profitability by developing technologies to expand the scope of use of recycled rubber and plastic materials and by developing sealing structures that maintain high quietness performance and cost competitiveness.

Initiatives and Progress toward the 2030 Business Plan

Life Solution Business

In addition to expanding our LED businesses, including UV-C, we are conducting initiatives to develop businesses for new fields such as power semiconductors.

— Issues

- Further expand our industrial machinery parts and LED business and increase sales
- Accelerate establishment of technologies for quick business development in new fields

— Strengths

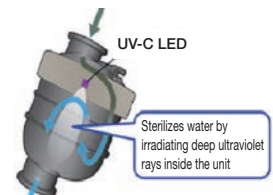
- Knowledge of LED field and materials
- Industry-academia-government collaboration

Priority Initiatives for FY2022

UV-C LED Business

We have been developing various products that sterilize water and air using UV-C LEDs, which are effective in eliminating viruses and bacteria, and have developed a water purification unit with a compact design that is one-third the size of conventional units. This product is being used by major home appliance manufacturers and is installed in EcoCute, which was developed against the backdrop of the recent increase in hygiene awareness. We will continue to expand our lineup of water purification units that can efficiently sterilize water according to the specific application and performance required by our customers. Our UV-C LEDs enable sterilization even in confined areas where it could not be done before. In the future, we will contribute to mercury-free and energy-saving designs by replacing mercury lamps.

- High sterilization performance (sterilizes 8 ℓ of water in 1 minute)
- Uses LED cooling by running water for enabling compact size. Can be installed in confined spaces.



Compact water purification unit

Power Device Business

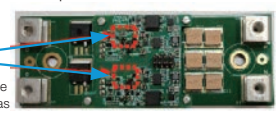
Power devices are widely used to control electric power in industrial equipment, cars, home appliances, and other equipment. In order to achieve carbon neutrality throughout society, next-generation power semiconductors that can reduce power loss during control are expected to be adapted for practical use in a growing number of applications. GaN power semiconductors are characterized by high-speed operation, but their application in a wider range of fields requires higher voltages (higher power). Following last year's announcement of the successful fabrication of 6-inch seed crystals, we announced operation verification of the world's top-class high-voltage, high-speed horizontal GaN power semiconductors. (June 2023)

Newly-developed GaN power semiconductor



(6 mm height × 4 mm width)

Driver circuit board with GaN power semiconductors



On/off operation confirmed in one millionth of a second at 24 kW (800 V × 30 A) power

GaN power semiconductor and driver circuit board with GaN power semiconductors

Future Initiatives toward 2030

To establish the above products as our mainstay products, we are steadily developing them according to their respective plans, but for UV-C LEDs, there are issues to be addressed in module design, production preparation capability, and exit strategies.

In the area of power devices, the challenge is to improve the degree of technological completeness and establish a supply chain with an eye on finished marketable products. In the area of new value creation, we are developing a microwave power supply, but there are issues in system development, quality assurance, and production system.

We will work to resolve these issues by efficiently accelerating our efforts to realize our goals.

Sustainability Management

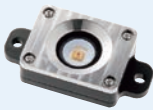
Basic Approach to Sustainability Initiatives

Toyoda Gosei's company creed of "Boundless Creativity and Social Contribution" was formulated based on the Toyota Principles, and has been passed down from generation to generation as the basis of Toyoda Gosei's management.

This thinking is also seen in our sustainability concept of contributing to solving environmental and social issues through our business activities.

To continue as a company that is trusted and valued by stakeholders and society, we will pursue management that integrates key sustainability issues with our medium- to long-term business plan, aiming for the sustainable development of society and sustainable growth of Toyoda Gosei in line with the changes of the times.

Examples of our major products that contribute to resolving environmental and social issues



UV-C LED light units



UV-C LED high-speed surface disinfectors

LED products (disinfection devices)

Energy-saving LED technology is used to also contribute to hygiene by disinfecting air and surfaces and purifying water



Safety system products (such as airbags)

Contributes globally to reducing the number of traffic fatalities and injuries



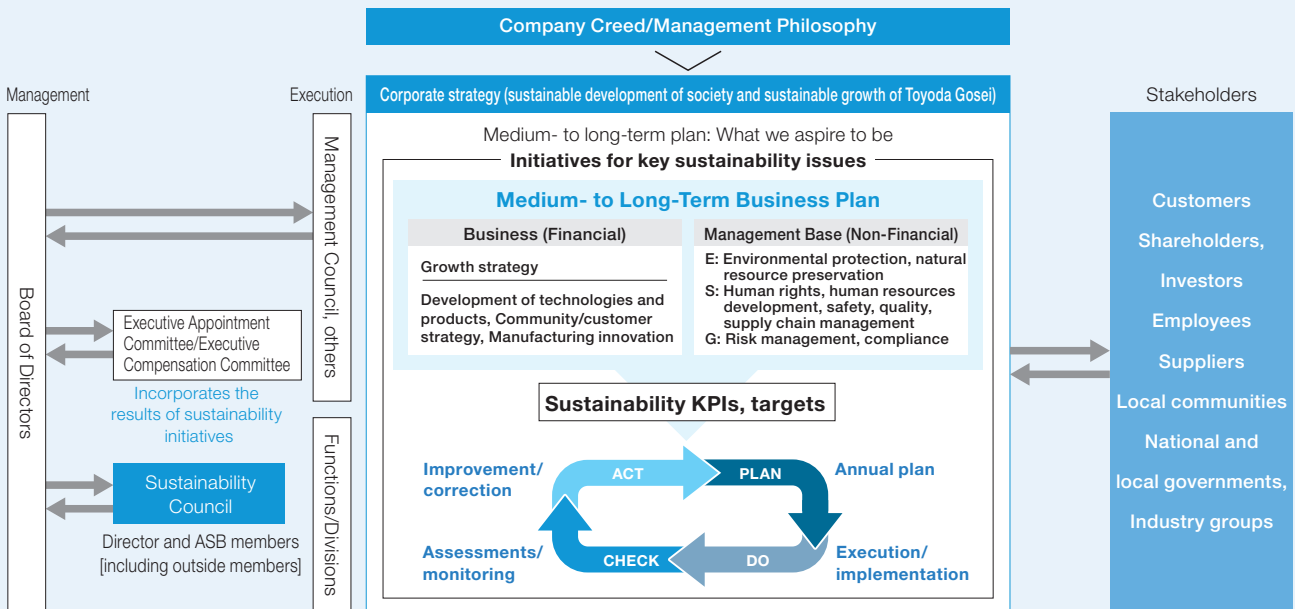
FCEV products (hydrogen tanks)

Contributes to achieving a hydrogen society for carbon neutrality and reduced environmental impact

Implementation System

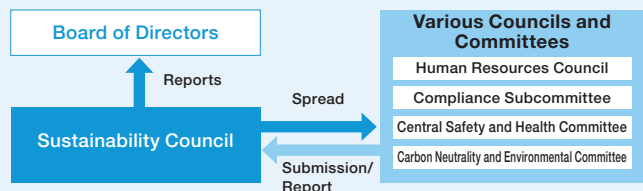
We have built a management system to further efforts for the sustainable development of society and sustainable growth of Toyoda Gosei through business activities based on our company creed and management

philosophy. Emphasis is placed on repeated dialogue with all of our stakeholders, establishment of KPIs and targets to achieve our medium-term business plan, and performing the PDCA cycle.



Sustainability Council

In this Council, in order to accelerate our sustainability initiatives, we have established the structure shown on the right to deliberate and decide on priority issues and confirm the status of implementation.



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



Global warming, resource depletion due to mass production and disposal, and waste problems have become shared issues worldwide. Under our slogan of “A Greener, Richer World for Our Children,” Toyoda Gosei is accelerating its efforts by bringing together the entire Group to realize carbon neutrality and a circular economy as soon as possible by maximizing its strengths in rubber and plastic polymer technologies in both production and products.

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 long-term targets in the TG2050 Environmental Challenge, and have set milestone targets to be reached by 2030. We have also formulated a 5-year action plan in which activity items and targets are set and are carrying out activities to

preserve 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 business activities

We are keenly aware that all stages of our business relate deeply to the environment, from development, production, and sales 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 authorities, 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 initiatives, we listen to the opinions of people at all levels of society and work to improve our initiatives wherever we can.

TG2050 Environmental Challenge

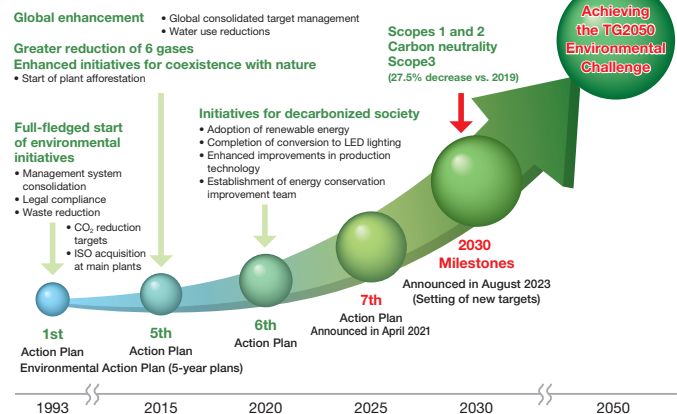
The Toyoda Gosei Group specializes in the field of rubber and plastic polymers. Our symbol is the benzene ring, a hexagonal hydrocarbon structure that is the starting point for polymers. Borrowing from the six sides of the benzene ring, the TG2050 Environmental Challenge sets six challenges to strengthen our environmental efforts with a long-term

view to the year 2050. As a roadmap to achieve this goal, in August 2023, we moved up the date from 2050 to 2030 for achieving carbon neutrality (Scopes 1 and 2), which will strengthen our response to climate change issues, and we have also prepared an environmental action plan as a five-year plan to guide our efforts.

TG2050 Environmental Challenge (6 Challenges)



Medium- to Long-Term Scenarios for Achieving the TG2050 Environmental Challenge

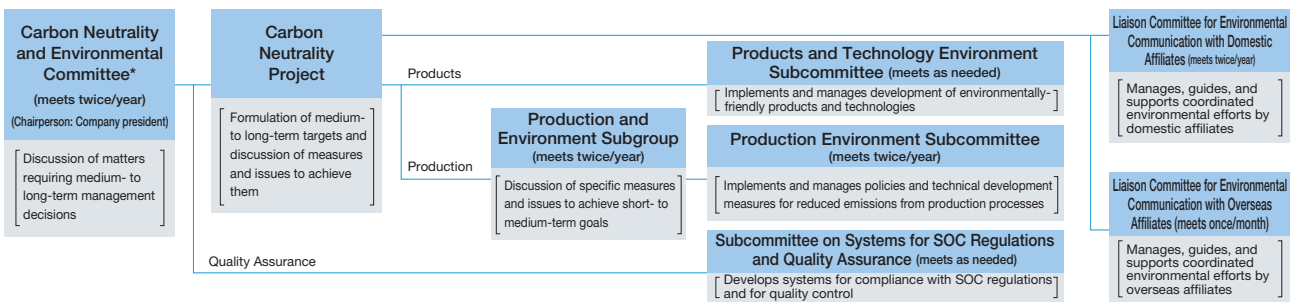


Environmental Organization

Our medium- to 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 initiatives over the entire manufacturing process. The above subcommittees are further broken down into working groups that implement and manage

areas such as reductions in energy use and waste products, and preservation of the environment. In this way, environmental preservation and management activities are conducted from an expert perspective. Also, liaison meetings have been established as a forum for information sharing with domestic and overseas Group companies. A carbon neutrality project was started in FY2021 to accelerate efforts over the entire product lifecycle. The project is headed by the president with outside directors as advisers and the general managers of related divisions as members.

Environmental Organizational Structure



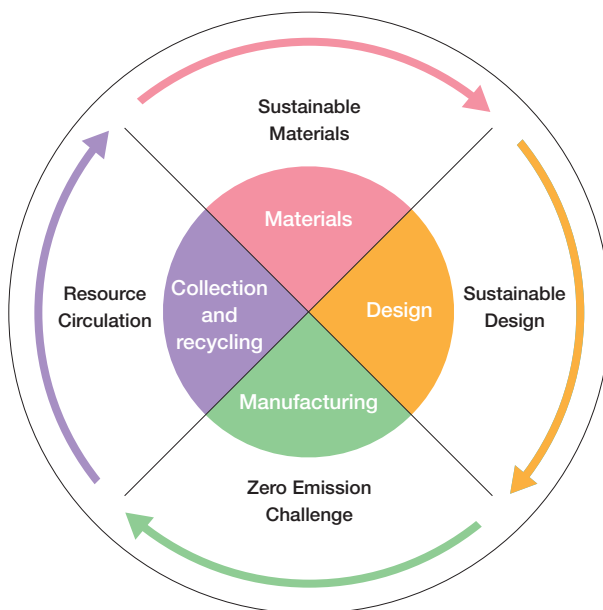
* The Carbon Neutrality and Environmental Committee is positioned within the organization as shown in the Corporate Governance System Chart (see p. 71), and the deployment of policies from the Carbon Neutrality and Environmental Committee, the Production and Environment Subgroup, and the respective subcommittees to plants and other operations is done by establishing expert committees in accordance with the ISO 14001 system at each plant.

Strategy on Carbon Neutrality and Circular Economy

We have established a strategy on carbon neutrality and circular economy for the entire product lifecycle and are implementing initiatives for achieving it. We have set Sustainable Materials, Sustainable Design, Zero Emission Challenge, and Resource Circulation as our goals, and have incorporated them into specific content from four perspectives, and in this way, we aim to realize carbon neutrality and a circular economy and link it to viable businesses.

- Materials** We will strive to procure recycled materials for also ensuring stable supply and expand the use of bio-materials.
- Design** We will strive to develop lightweight designs, easily-disassembled designs, compact designs, and other improvements.
- Manufacturing** In addition to day-to-day improvements, we will also study the adoption of innovative processes, such as process downsizing and reduction of heat energy, as well as the use of hydrogen.
- Collection/recycling** We will systematically minimize waste in our plants and build a system to collect parts from the market.

Strategy on Carbon Neutrality and Circular Economy



Building a Decarbonized Society

Basic Philosophy

In order to achieve the Paris Agreement's goal of limiting the global average temperature increase to 1.5°C above pre-industrial levels, greenhouse gas emissions must be reduced to virtually zero by 2050. At Toyoda Gosei, we are aiming to achieve the decarbonized society set forth in the TG2050 Environmental Challenge by working throughout our value chain to set targets for CO₂ emissions generated from our own production operations in 2030 (Scopes 1 and 2) and from the procurement of materials and parts (Scope 3).

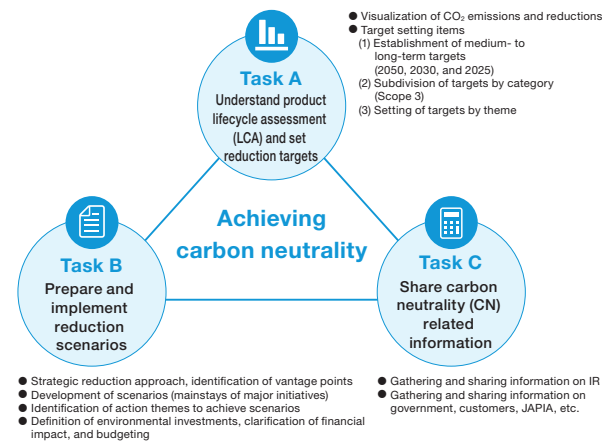
Carbon Neutrality Project

We are conducting initiatives to reduce CO₂ emissions throughout the entire lifecycle of our products, from procurement of materials and parts to product development, production, use, and disposal.

System	With the president at the top, the project leader is the vice president, and the core members consist of department heads and above. This is a system that enables speedy and immediate managerial decisions and their implementation.
Initiative	Each task is led by the head of the relevant department to carry out the initiative.

Endorsement of TCFD Recommendations

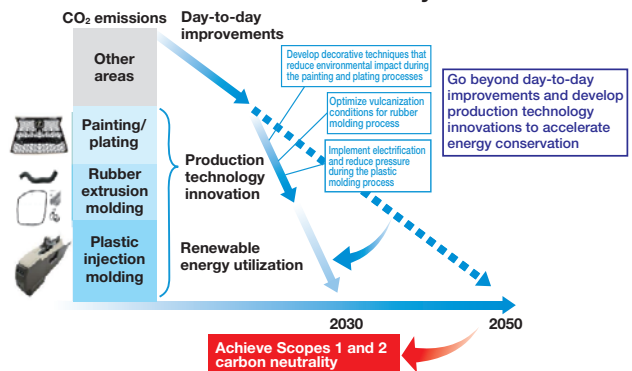
In May 2019, we expressed our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and conducted a scenario analysis of risks, opportunities, and responses based on the Guide. We are accelerating our efforts across our business activities and proactively disclosing relevant information, including incorporating the results in our 2030 Business Plan and reviewing our TG2050 Environmental Challenge and 2030 milestones.



Moved up the Timetable for Carbon Neutrality to 2030

Toyoda Gosei has established a new target to achieve carbon neutrality for CO₂ emissions (Scopes 1 and 2) generated from its production operations that is 20 years earlier than the previous target by moving it up from 2050 to 2030. This is a significantly shorter time frame for achieving carbon neutrality that reflects our responsibility as a company to contribute to solving climate change risks that are becoming more serious in various parts of the world. We will continue to implement initiatives to become a leading company in the environmental field.

Initiatives to Achieve Carbon Neutrality



	2030	2050
Scopes 1 and 2	Carbon neutrality	Carbon neutrality
Scope 3	27.5% reduction compared to 2019	Carbon neutrality

Reducing CO₂ Emissions

To achieve our 2030 target, we are reducing CO₂ emissions throughout the entire product lifecycle by improving productivity and efficiency of logistics, in addition to more lightweight designs for products leading to even higher vehicle fuel efficiency.

Product Development Stage: Environmentally-Friendly Product Development Materials Design

In the product development stage, we are making headway in providing products for environmentally-friendly, next-generation vehicles and developing products with lighter weight for greater fuel efficiency and lower energy consumption and CO₂ emissions across the areas of materials technology, product design, and production technology. Examples include the development of high-pressure hydrogen tanks for FCEVs and efforts to switch materials (e.g., from metal

or rubber to plastic), reduce the number of components, integrate functions, and use more lightweight designs while ensuring quality for the strength and other properties of instrument panel peripherals and other interior and exterior components and of functional parts such as hoses. We are also actively working with suppliers to develop materials with low CO₂ emissions, such as bio-materials and recycled materials.

Production Stage: Emission Reduction through Development of New Manufacturing Methods and Day-to-Day Improvements Manufacturing

We have set a 2030 milestone for achieving zero CO₂ emissions at our plants, and are working to achieve this goal through day-to-day improvements at plants, innovations in production technology, higher efficiency

of utilities, expansion of renewable energy, and more. In particular, renewable energy initiatives are underway with the goal of converting all electricity to renewable energy by FY2030.

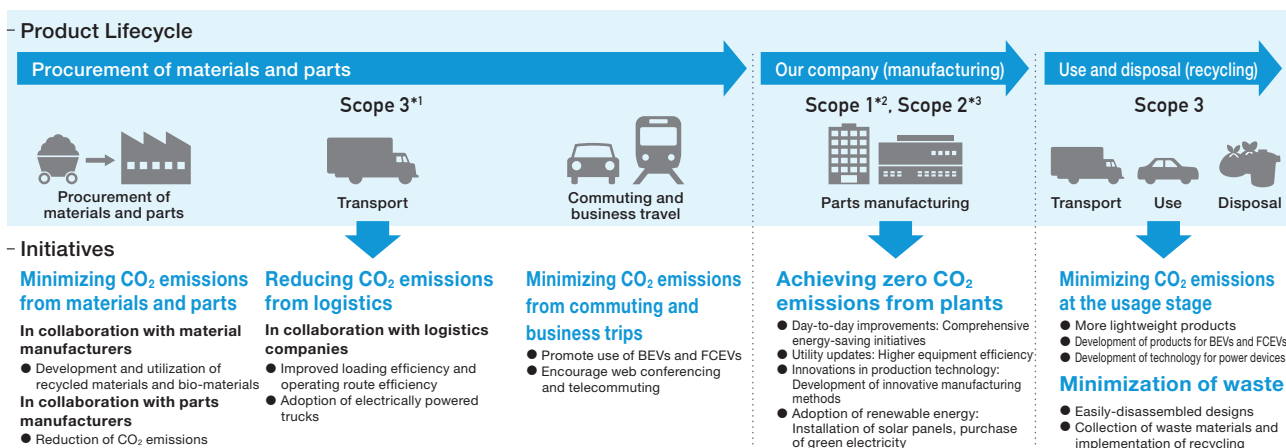
Logistics Stage: Improving Loading Efficiency Design Manufacturing

In collaboration with logistics companies, we are reducing CO₂ emissions by improving truck loading capacity and logistics efficiency through the use of AI and other means.

Materials and Parts Procurement Stage: Emission Reduction through Collaboration with Suppliers Materials Manufacturing

We implement CO₂ reduction by sharing good practices with suppliers through the Energy Saving Dojo and supporting actual data measurements.

Initiatives to Reduce CO₂ Emissions in the Value Chain — Toward Carbon Neutrality in the Value Chain by 2050 —



*1 GHG emissions in the supply chain indirectly emitted by the company (e.g., raw material production, transportation, business trips, commuting) *2 GHG emissions directly emitted by the company itself (e.g., fossil fuels, natural gas) *3 GHG emissions indirectly emitted by the company (e.g., purchased electricity)

Reduction of Greenhouse Gas (6 gases)^{*4} Emissions

Of the six greenhouse gases, Toyoda Gosei uses three (HFC, PFC, SF₆) and is conducting initiatives to reduce all of them. By FY2015, we had completed a switch to alternative gases with a low environmental impact for

the shield gas and other gases used in the production of steering wheel cores. We will continue these reduction initiatives going forward.

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

Building a Recycling-Oriented Society

Basic Philosophy

In order to mitigate resource depletion and water risks, we not only take measures for defects and yield, which are the focus of our manufacturing divisions, but also work on emission control and recycling involving material and production technologies in the sourcing divisions for contributing to the attainment of a

recycling-oriented society. For water, we identify risks in each country and region where we conduct business globally while also striving to reduce risks by reducing water usage, recycling water, and returning cleaner wastewater to the community.

Risks and Opportunities Related to Resource Recycling

We consider risks and opportunities related to resource recycling as important management issues, and we are working on them company-wide as one of our priority issues to be addressed.

Issue	Risks	Opportunities	Response
Resource depletion (shortage)	<ul style="list-style-type: none"> Reduced earnings and production hindered by difficulty in procurement of raw materials and price hikes 	<ul style="list-style-type: none"> Improved earnings through recycling technology and reduced material usage volume Improved corporate value through development of the above-mentioned technologies 	<ul style="list-style-type: none"> Development of more lightweight products Development of recycling technology for raw materials Expanding the use of plant-derived biomaterials and recycled materials
Water risk (quantity and quality)	<ul style="list-style-type: none"> Production hindered by difficulty in securing water necessary for production Drop in product quality due to deterioration in water quality Production hindered by water damage 	<ul style="list-style-type: none"> Improved earnings through reuse of water and reduced water usage Improved corporate value through development of the above-mentioned technologies 	<ul style="list-style-type: none"> Development of water reuse technology Expanding the use of rainwater Review of production system and installation locations of electrical facilities

Waste Reduction

Establishment of 2030 Milestones

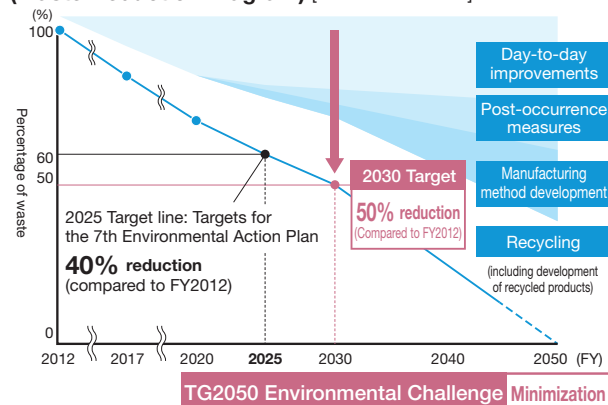
We are working to effectively use resources such as by curbing emissions, source measures, reducing wastes by recycling rubber and plastic chips, and reducing wastes by thoroughly sorting them.

Development of Product Recycling Technology

Materials Design Manufacturing Collection/recycling

We develop and design easily recyclable products and materials by taking into consideration the entire lifecycle of automobiles. We are also developing recycling technology for waste material.

Scenario for Minimizing Amount of Waste (Waste Reduction Diagram) [Non-consolidated]



Technology Development for Recycling ELV* Parts

Key item	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"> ELV parts recycling technology Development of uses for recycled materials
Design of easily-recyclable products	<ul style="list-style-type: none"> Product design for easy dismantling Materials and composition changes for easy recycling

* ELV: End of Life Vehicle

Reduction of Waste Materials in the Production Stage

Manufacturing Collection/recycling

In 2018, we launched the Waste Reduction Project to implement source measures and recycling initiatives. At each plant, we are conducting inspections for all types of waste to identify items for reducing waste by using the *genchi-genbutsu* system (collecting facts and data at the actual site of the work or problem) to implement waste reductions. We also share examples of waste reduction with both domestic and international Group companies to implement waste reduction throughout the entire Group.

Reducing Water Risks Establishment of 2030 Milestones

Manufacturing

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

Since FY2021, we have been working to reduce water use by reducing leakage and implementing wider recycling.

Reduction of Packaging Materials in the Distribution Stage

Collection/recycling

By washing returnable boxes* more frequently and keeping them clean, we are reducing the amount of packaging materials used to prevent products from being soiled. We are also reducing packaging materials by putting lids on returnable boxes and making other changes while maintaining a balance between ensuring product quality and reducing the amount of packaging materials used.

* Boxes for transporting products

We are also working to systematically upgrade our wastewater treatment facilities to produce even cleaner wastewater.

2030 Milestones for Water Risk Reduction [Global]

	Item	FY2030 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

Building Environmentally-Friendly Societies

Basic Philosophy

Based on the concept of Nature Positive, we have set coexistence with local communities as one of the materialities (key issues) in our efforts to build nature

Risks and Opportunities Related to Biodiversity

We conduct initiatives by identifying risks and opportunities related to biodiversity.

Issue	Risks	Opportunities	Response
Reduction of natural capital	<ul style="list-style-type: none"> Reduced earnings and production hindered by difficulty in procurement of raw materials and price hikes Drop in product quality due to deterioration in water quality 	<ul style="list-style-type: none"> Business continuity by securing human resources and raw materials through nature conservation initiatives Sustainable production and enhancement of corporate value by securing good quality water resources through woodlands creation and river conservation 	<ul style="list-style-type: none"> Development of more lightweight products Development of recycling technology for raw materials Expanding the use of plant-derived biomaterials and recycled materials



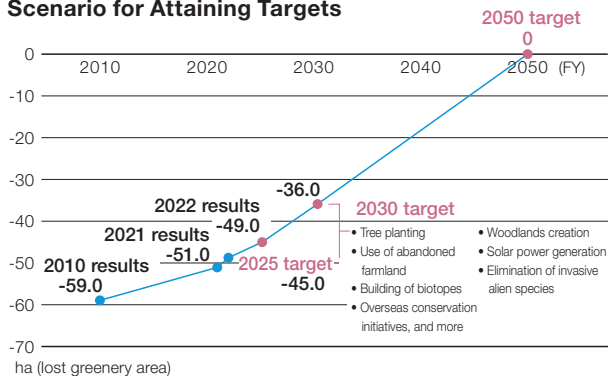
Woodlands creation by employees and their families

coexistence initiatives to conserve biodiversity, and are working on woodlands creation, building of biotopes, and conservation initiatives for tidal flats.

Establishment of Medium- to Long-Term Targets

We have set a “No Net Loss of Greenery” goal of restoring 59 hectares of greenery by 2050, which is equivalent to the area of our plants, and are conducting initiatives to achieve this goal. Specifically, under the slogan “Connecting Activities with Water, the Source of Life,” we are conducting initiatives in the areas of mountains, rivers, and oceans.

Scenario for Attaining Targets



Growing together through activities with all stakeholders



With our management philosophy of conducting business operations with integrity, we are committed to contributing to society through manufacturing, and are working to develop our personnel and create comfortable work environments as the foundation for such initiatives. Respect for human rights is also important, and is the basis for various initiatives with our domestic and overseas Group companies and business partners.

Human Rights Initiatives: Basic Approach

The Toyoda Gosei Group respects and supports the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights (“Guiding Principles” below), 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 code of conduct 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.

Conducting Due Diligence Based on Human Rights Policy

Since May 2022, we have been conducting human rights due diligence based on the Toyoda Gosei Group Human Rights Policy.

Toyoda Gosei Group Human Rights Policy
<https://www.toyoda-gosei.com/csr/social/report2/pdf/ToyodaGoseiGroupHumanRightsPolicy.pdf>

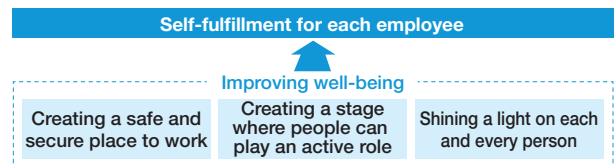
Human rights due diligence refers to a series of processes that identify negative human rights impacts in a company’s operations, supply chain, and other business relationships; prevent or mitigate those negative impacts; track implementation and results; and communicate how the negative impacts have been addressed, with the cycle repeated periodically. As a first step, we conducted a human rights impact assessment and identified three priority human rights issues (prominent human rights issues) within our

Group: (1) harassment, (2) immigrant workers, and (3) diversity and inclusion (D&I). We implement initiatives to prevent and mitigate the negative impacts of human rights issues within our Group that have been identified, in cooperation with relevant departments. This fiscal year, we conducted a status survey of our domestic consolidated subsidiaries (six companies) that utilize foreign technical intern trainees, and are working on correcting fees for trainees from Vietnam, improving the working environment, and making appropriate use of trainees. Also, the identification of priority issues to be addressed in the supply chain is scheduled to be completed by the end of this year, and surveys and assessments are currently being conducted. The progress of these initiatives will be disclosed on our website as appropriate.

Initiatives to Improve Well-Being

We have always been committed to creating a pleasant corporate culture, and in response to the 2030 Business Plan, in order to take full advantage of these initiatives, we have been working to create an environment and systems that enable each employee to achieve self-fulfillment, placing importance on efforts to revitalize people and organizations. To achieve this goal, we are implementing measures to enhance well-being and to enable horizontal collaboration. Measures to enhance well-being are centered on the three pillars of “Creating a safe and secure place to work,” “Creating a stage where people can play an active role,” and “Shining a light on each and every person.” In FY2023, we have been working on “Creating a workplace where people

can communicate with each other” with the aim of changing the management style to one where managers are close to their employees and make the most of each individual’s values. Training is provided to management-level employees (GLs and section managers), and by having them put their training content into practice, we aim to build relationships of trust and bonding.



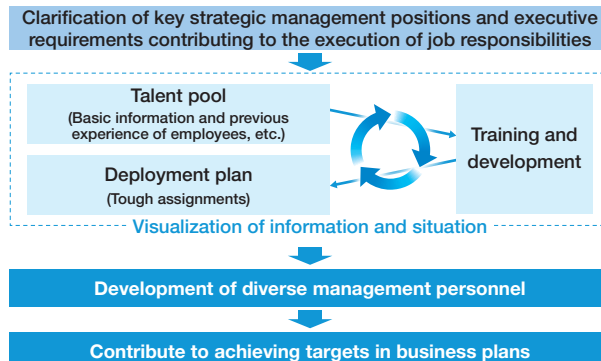
Workplace Environment

As part of our initiatives on respect for diversity, we have revised some of our benefit programs from April 2023, such as by allowing employees with same-sex partners to take special marriage leave in the same way as legally-recognized marriages. We have obtained Bronze rating in the Pride Index, an index that evaluates a company’s inclusivity initiatives toward LGBTQ employees, and we are working to promote

diversity and inclusion so that people with various talents and values can maximize their abilities. We are working on ongoing efforts to create a workplace where everyone can continue to work with peace of mind, such as through the establishment of “restrooms for everyone” and consultation services that take into consideration diverse gender orientations, as well as in-company awareness training programs.

Acquiring and Developing Candidates for Management Leadership

To systematically develop human resources who can assume roles in future management, we have adopted a comprehensive system from management strategy to personnel selection, training, and assignment. We acquire future executive candidates for important posts in each generation, starting with young employees, and continuously develop them through training and putting their training into practice (tough assignments). We will develop diverse human resources who can lead and realize change by appointing local staff/employees from outside the company.



We want to grow the company and our employees by outputting what we learn

After gaining experience in production engineering and design of safety systems, in 2022, I was transferred to Toyoda Gosei (Foshan) Auto Parts Co., Ltd. I learned a lot from lectures and advice from the management team during the training before my assignment, and these are the cornerstones of my current position as a base manager. While it is important to acquire knowledge through training (input), it is also very important to put what you learn into practice (output), which I believe will lead to further growth and learning. I am grateful that I was given not only the training but also the opportunity to demonstrate my learning as a base manager. I hope to continue to support the success of our employees and help both the company and our employees grow under the motto “开心工作 (joyful work).”



Tetsuya Ogata
President
Toyoda Gosei (Foshan) Auto Parts Co., Ltd.

Local Executive Training

With 62 companies in 16 countries and regions around the world, we aim to achieve operations rooted in the local communities that support sustainable growth. For such business operations, we believe the involvement of personnel who are familiar with local business practices and culture is essential, and we are actively appointing and training local executives at our overseas locations. To accelerate the active promotion to such positions in each region, we established a basic policy and targets for the promotion of local executives (vice presidents and above) in FY2021, and each business unit is working to achieve these targets. With the aim of having 40% local executives by 2025,

we are evaluating people with high potential in each region and formulating plans for their development. We are also developing local human resources by providing basic management skills training and problem-solving training for executive candidates. In addition, Regional Succession Committee (RSC) meetings are held in the Americas, Southeast Asia, and China to share the status of activities and issues related to the development and recruitment of successor candidates for executives. Reports are given at Global Succession Committee (GSC) meetings held annually at the headquarters.

We want to make the company bigger and stronger by leveraging the strengths of local staff

I am currently attending an executive training program for top management candidates in the China region. During the training, in addition to lectures and exercises on vision-building problem solving and strategic thinking, the president and board members directly explained medium- to long-term management strategies to us, and through friendly competition among trainees, we strengthened our bond as one team. This experience has strengthened my belief that “we will grow our China business!” The Chinese market is highly competitive and changing at a rapid pace, but there are some things that only Chinese people can understand about the local culture and way of thinking. From now on, I would like to actively seize business opportunities in China by being involved in management, making use of my strengths as a local staff member and what I learned in the training program.

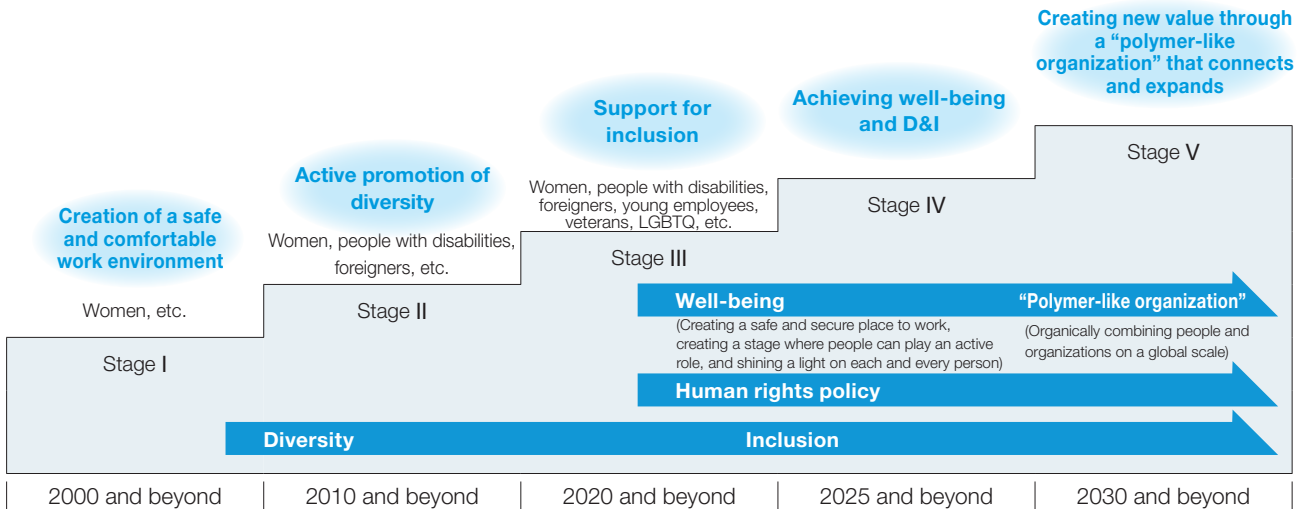


Li Haitao
General Manager, Tianjin Sales Division
Toyoda Gosei (China) Investment Co., Ltd.

Toyota Gosei Diversity & Inclusion

At Toyota Gosei, we are implementing initiatives in line with the roadmap shown below in order to enhance

the well-being of each individual and achieve diversity and inclusion (D&I) that leads to value creation.



Encouraging More Active Roles by Women

To bring about a situation in which all employees, regardless of gender, can play active roles and grow, and to create new value by taking advantage of diversity, we are implementing the initiatives shown in the table below. Our focus is on training and support for more active roles by female employees, reforming the attitudes and behaviors of superiors, and support for work-life balance.

We aim to have more than 45 female managers by 2025 in order to create an environment where female employees can work long-term with assurance and continue to grow, as well as to incorporate more diverse values and new perspectives and ideas into our management.

For example, in our training and support for more

active roles by female employees, we are enhancing our training initiatives to encourage female employees who aspire to become leaders by providing training to improve their management skills and actively implementing training rotations to expand their range of experience and perspective. In technical workplaces, we are also creating manufacturing sites where employees can play an active role regardless of gender or age by adopting innovations to minimize heavy labor, such as rethinking high-load work with the use of *karakuri kaizen* (mechanical gadgets that improve work processes) and the greater use of robots, for encouraging more active participation by female employees.

<p>Training and support for more active roles by female employees</p>	<ul style="list-style-type: none"> • Challenge programs: Educational program that provides female manager candidates with acquisition of management skills through training, expanded range of experience through training rotations, and sharing and mutual advice on issues or matters that are noticed through actual practice in the workplace. • Encourage training: Training for mid-career female employees to help them develop their careers by creating a leadership image that makes the most of their strengths through year-round training, workplace practice, and internal and external exchanges. • Tea meetings: A place for female employees to discuss their problems and express their opinions, and for female employees inside and outside the company to exchange opinions and gain new insights and networking opportunities.
<p>Reforming the attitudes and behaviors of superiors</p>	<ul style="list-style-type: none"> • Workplace reform management class: A place to exchange opinions on voluntarily improving the management skills of those in managerial positions, and to reform the culture and awareness of the company. • Human rights training, human rights lectures: A place to deepen understanding of unconscious bias and diversity and inclusion. • Creating a workplace where people can communicate with each other: Training for managers to change their management style to be more attentive to employees and to make the most of each individual's values.
<p>Support for work-life balance</p>	<ul style="list-style-type: none"> • Expansion of childcare leave, reduced working hours (systems exceeding legal standards) • Adoption of telework (for office and engineering work since January 2021)

As the first on-site female section manager, I'm a role model for employees for working with peace of mind after childbirth

Two years ago, I became the first female section manager at Toyoda Gosei. I loved working with technicians and operating machinery at worksites, but there were two reasons why I decided to work hard as a management-centered section manager. One was that I wanted to test my potential, and the other was that I thought it would be an opportunity to make various proposals from a woman's point of view. After becoming a section manager and giving birth to my second child, I am now making further efforts to create an environment in which women can work comfortably while balancing work and childcare, supported by the understanding and support of those around me. My mission now is to create a manufacturing site where women can work with peace of mind even after childbirth, and to increase the number of women aiming for higher positions.



Ayumi Hashii
Section Manager, SS
Manufacturing Division

Encouraging More Active Roles by Senior Employees

We will create an environment in which an ever-increasing number of senior employees can continue to work with a sense of security and a high level of motivation, even after the age of 60. This will create new value by combining their wealth of experience, techniques, and skills with the ideas and perspectives of our younger employees. To build a foundation for this, we have raised the retirement age from 60 to 65, effective April 2022. We will continue the initiatives shown in the table below to encourage employees to continue working enthusiastically and with high energy until age 65.

We will continue initiatives to create an environment in which employees, regardless of age, can maximize their potential and to further improve engagement

(target: positive response rate of 65% or more for employee engagement (50s and 60s)). For example, as a means of improving motivation, we conduct career training for employees in their 50s, providing them with opportunities to exchange opinions with their peers and rethink such issues as how they will work in the future and how to demonstrate the techniques, skills, and experience that they have developed in the workplace. Also, to improve health and physical fitness, we are stepping up initiatives to promote health through regular discussions with employees, such as holding health seminars at milestone ages and reviewing cafeteria menus to improve dietary habits.

<p>Increasing motivation</p>	<ul style="list-style-type: none"> • Provide management education to supervisors (Better communication and dialogue skills, etc.) • Career development education (for young employees, mid-career employees, and senior employees) • Conduct open recruitment targeting veteran employees (Matching the experience, techniques, and skills of applicants with the support needs of our suppliers)
<p>Health and physical fitness improvement</p>	<ul style="list-style-type: none"> • Health education (seminars for employees at milestone ages) • Improve cafeteria menu (address the risk of high lipids, high blood pressure, etc.)
<p>Workplace environment improvement</p>	<ul style="list-style-type: none"> • Develop good practices in the workplace at manufacturing sites • Initiatives to reduce physical workload (use of <i>karakuri kaizen</i> (mechanical gadgets that improve work processes), etc.)

Supporting suppliers' growth by challenging new environments

I decided to apply for the open recruitment process for senior staff because, when I thought about what I could do in my remaining five years before retirement, I wanted to support suppliers by utilizing my experience and skills in production engineering and planning. Now, I support those who have also been transferred in the open recruitment system, receive consultations from suppliers, and try to ensure that operations proceed smoothly by serving as a point of contact for them. I am also working to create a system to dispatch veterans who meet the needs of the client company so that both sides can grow together. Although we are still in the process of exploring, it is always fun to discover something new no matter how old we are. Many of our senior employees have a wide range of work experience, and we are working to create an environment where their strengths can be put to use.



Takashi Nakano
Group Leader, Purchasing Division

Career Development for Young Employees

In the automotive industry, which is said to be undergoing a once-in-a-century major transformation, we must enhance our corporate competitiveness for further growth and development as a company. To this end, we believe that it is essential for each and every employee to achieve their fullest potential and growth, while gaining a sense of fulfillment and satisfaction by drawing up their own career plans and achieving self-fulfillment.

Since FY2021, we have been implementing Waku-Cari

Initiatives (initiatives to raise awareness of career development with excitement and high energy) and positioning the three pillars of the Waku-Cari Initiatives as priority measures as shown in the table below. In the future, we will further expand measures (career development initiatives) to help employees realize their individual career plans in cooperation with their supervisors, centering on “a safe and secure place to work” and “a stage where people can play an active role.”

Visualization	<ul style="list-style-type: none"> • Creation of career path models (To show a model of career visions, career routes, and other career options available at the Company and to expand the image of career paths) • Creation of a career development guide (a tool to support career autonomy by showing the knowledge base and ideas for career development) • Career design training for employees in their 20s/30s/40s
Developing awareness	<ul style="list-style-type: none"> • Career autonomy support • Management training (education for managers on career autonomy support for subordinates and management concepts and methods by outside instructors) • Career development information sessions for employees (motivate non-management staff to take control in developing their own careers)
Career development initiatives	<ul style="list-style-type: none"> • Open recruitment-type rotation policy • Exchange meetings with different industries • Transfer of employees for overseas training

I've been living overseas for five years. I have a new job with global connections

In my fourth year with the company, I was given the opportunity to be transferred to North America under the Overseas Young Employees Training Transfer Program. During my free time while overseas, I participated in legal training, cross-cultural camps, and volunteer activities to gain a better understanding of different cultures. During my second assignment to North America, I had a child there and became interested in the differences in the educational systems between Japan and the U.S. I've been living overseas for five years now. It is a valuable asset for me that I have been able to broaden my perspective and make global connections regardless of my position. As the environment surrounding the automobile industry is dramatically changing, I would like to continue to chart new paths by trying to develop new products with our overseas members without being bound by preconceived notions.



Hironori Takagi
IM Engineering Division

I would like to make use of the skills and network that I developed at Woven City

Before being transferred to Woven City two years ago, I was engaged in product development for automobile exterior components. As one of the people in charge of the wellbeing area of Woven City, I am involved in creating something from scratch in collaboration with people with various backgrounds, such as software developers, architects, and lawyers. Since this is an unprecedented project to create a demonstration city, plans are frequently revised. I am learning so many things every day, such as the flexibility to quickly respond to changes and the communication skills to bring together the feelings of many people toward a single goal. I hope to make use of the skills and network I have developed at Woven City even after I return to my position.



Mitsue Tanaka
Transferred to Woven by Toyota, Inc.

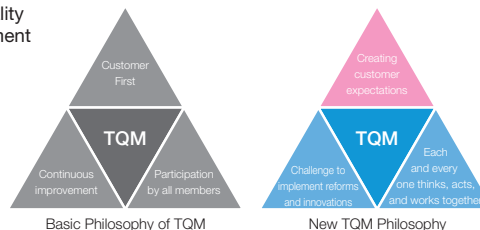
Global Uniform Quality Assurance

Enhancing Corporate Structure through TQM^{*1} Initiatives

Based on the basic principles of TQM, we are implementing TQM initiatives throughout the company to enhance product and work quality and human and organizational vitality to create a flexible and strong corporate structure. In addition to traditional improvement initiatives such as the Workplace Management Improvement Initiative and Small Group Initiatives, we have established and are developing a new TQM philosophy based on the concept of anticipating change and changing how we do work. Through TQM initiatives, we aim to create a workplace where employees can discuss anything with each other, and we are

working to foster a value creation mindset in addition to a quality mindset while enhancing psychological safety.

*1 Total Quality Management



Establishment of a Quality Assurance System and Human Resource Development That Can Respond to Future Business and Environmental Changes Quality Assurance System Adapted to New Technologies and Newly Developed Products

We have obtained ISO 9001/IATF 16949 certification for our quality assurance system and have established a quality management system. We are also building quality into new products using an Initial Management System that checks the degree of completion of each process from planning to design to production. We are

continuously working to improve the Initial Management System to ensure quality that meets customer expectations for new technologies, newly developed products, software, and experience-oriented businesses that are changing due to CASE, MaaS, and other factors.

Establishing a Quality Mindset of Customer First and Quality First

The president's Declaration of Global Quality Improvement, the Declaration of Thought and Action for each employee's position and job, and the Global Quality Month in November are all part of our efforts to establish a Customer First and Quality First mindset among all Group members, including suppliers and overseas

bases, through periodic review of their own actions. We have also established a Quality Learning Center where each and every one of our employees can learn about the concepts and attitudes that should be valued in manufacturing, and where they can constantly learn about quality, from its origins to future initiatives.

Developing Human Resources Capable of Taking on the Challenge to Implement Reforms and Innovations

With the rapid expansion of DX in recent years, it has become essential to have human resources who can utilize big data and link it to the creation of new value. We are enhancing our practical education for human resources who can utilize statistical quality control (SQC) and machine learning (ML) methods through

industry-academia collaboration^{*2} and other methods.

*2 Lecturers from Shiga University and Toyota Group experts



Toyota Group machine learning practice seminar

Ensuring Manufacturing Quality and Continuous Improvement Initiatives Creation of Self-Contained Processes in the Safety Parts Process

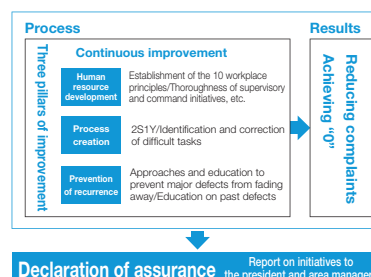
In order to deliver safe and reliable products to our customers around the world, we are working toward self-contained processes^{*3}, particularly in the production process of safety parts, which are directly

related to the basic performance (driving, turning, stopping) and safety of vehicles.

*3 Under the philosophy of "Quality is built into the process," we will not produce or pass on defective products.

Ongoing Quality Assurance Declaration Initiatives

We are conducting Quality Assurance Declaration Initiatives with the aim of cultivating a workplace culture that enables continuous improvement and creating manufacturing sites that are resilient to change. In these initiatives, all employees participate in improvement initiatives from the perspectives of developing human resources, developing processes, and preventing recurrences, and when targets are achieved, the section manager issues a declaration of assurance to the president and area managers. The entire Group is working together to implement these initiatives, aiming for quality that earns the trust of customers globally.



On-site confirmation meeting by the president and vice president (Top: Japan, Bottom: North America)

Supply Chain Management

Basic Procurement Policy

The Toyoda Gosei Group has set a Basic Procurement Policy based on the concept of coexistence and co-prosperity with our suppliers. We aim to deepen

our partnerships with suppliers while achieving sustainable growth for both of us.

Basic Procurement Policy

1. Globally Optimized Procurement

We procure the optimum raw materials, products, and equipment fairly from a global perspective, taking into consideration cost, quality, technology, and production. We also welcome proposals from suppliers for new technologies, manufacturing methods, and new products.

2. Mutual Development Based on Mutual Trust

We aim to enhance the collective strength of the Toyoda Gosei Group based on open and fair relationships with our suppliers, mutually strengthening our corporate structures, innovating our management, and building relationships of mutual trust.

3. Efforts for a Sustainable Society

Toyoda Gosei has established action guidelines on social issues to be addressed, including the SDGs, and shares these guidelines with suppliers in carrying out initiatives. We also aim to ensure complete legal compliance and confidentiality in corporate operations, including our supply chain.

Our Supply Chain and Global Expansion

We directly deal with 421 suppliers for products and parts, 327 suppliers for materials and equipment, and a total of 773 suppliers including other suppliers in Japan and overseas.

As our business expands globally, we are collaborating with purchasing managers in each region, taking into consideration all aspects of quality, cost, risk avoidance, and other factors. Global procurement

liaison meetings are held twice a year to share information and engage in dialogue to resolve issues related to sustainability initiatives in addition to QCD (quality, cost, and delivery).

	Products & parts	Materials & equipment	Other	Total
Suppliers (number of companies)	421	327	25	773

Business with New Suppliers

We have an entry form on our website for open dialogue regarding new proposals and new business dealings. In addition to QCD assessments at the start of new business dealings, we also check the status of the other party's management initiatives based on their

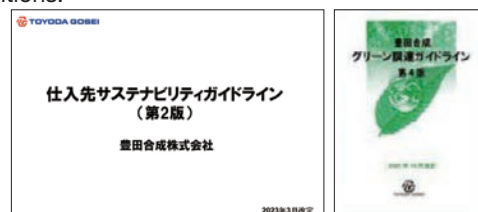
level of support for our sustainability guidelines and other factors, and at the same time, we explain the various guidelines we have developed and seek their understanding when concluding various contracts and memorandums of understanding.

Initiatives with Suppliers

Sustainability Initiatives throughout the Supply Chain

We have created the Supplier Sustainability Guidelines (2nd Edition) for the purpose of ensuring the understanding, dissemination, and implementation of our sustainability initiatives by suppliers. These guidelines set policies related to human rights, labor, the environment, compliance, and other matters. In addition to social aspects (including eliminating child labor, forced labor, and discrimination, and ensuring equal opportunity, reductions in long working hours, and compliance with minimum wage laws), the guidelines also require compliance with environmental aspects such as water use and biodiversity by suppliers. With regard to the environment, our Green Procurement Guidelines require suppliers to reduce CO₂ emissions, recycle resources including waste, and manage chemical substances. For conflict minerals,

we ask suppliers to be responsible in their procurement of resources and raw materials, and once a year, we conduct a survey on conflict minerals with the cooperation of all suppliers. As described above, we are accelerating initiatives needed for sustainable growth over our entire supply chain, matched to the various changing social conditions.



Conducting self-assessments of suppliers in accordance with the Supplier Sustainability Guidelines revised in March 2023

Implementing Carbon Neutral Initiatives in the Supply Chain

To achieve our goal of carbon neutrality throughout our entire supply chain, we started joint initiatives with our suppliers in 2021.

We started CO₂ emission reduction initiatives in 2022 after holding presentations and gaining an understanding of the current situation for recognizing the issues faced by individual suppliers. In addition to study sessions at the Energy Saving Dojo where Toyoda Gosei's energy-saving expertise is exhibited, support for measurement of actual energy usage, and various training sessions to prepare reduction themes and implement reduction initiatives tailored to individual suppliers, we also held the Carbon Neutral (CN) Initiative Conference in September 2023. About

120 participating companies brought together examples of reductions and issues they have faced over the past year, and group discussions by industry sector were held for sharing issues. We will continue to implement carbon neutral initiatives in cooperation with our suppliers.



CN Initiative Conference held in September 2023. 122 participants from 118 companies attended, including those who participated via the Web.

Strengthening Our Partnerships with Suppliers

Every April, we hold procurement policy briefings where we explain our management philosophy, the business environment, and company policy to about 250 major suppliers in Japan, share our issues and targets, and regularly confirm results and discuss improvements through anticipated value roundtables. In addition, starting in FY2019, we have designated December of each year as Supplier Month as an opportunity to express our gratitude and respect to our suppliers and to listen to their honest opinions with humility, and we aim to build better relationships with our suppliers by presenting them with letters of

appreciation to express our gratitude for their daily efforts.

We also hold procurement liaison meetings six times a year to introduce examples of initiatives and share information, and to hold seminars on social issues such as carbon neutrality.

Since FY2020, we have established a Management Troubleshooting Consultations Office for managers in our suppliers for receiving inquiries from them on various management issues, and we strive to provide consultations for those issues and advise them on highly effective solutions.

Support for Suppliers So That We Can Grow Together

To support our suppliers, we implement various initiatives from the perspective of safety, sustainability, quality, cost and production. No matter what the case, we are implementing these initiatives in association with human resource development support, such as transfer of our own skilled workers or accepting core personnel from our suppliers. In addition, we provide indirect support for the initiatives of the Kyowa-kai, which is organized by suppliers for the purpose of mutual study and horizontal deployment of best practices, and from 2022, the Winning (Value) Technology Exhibition has been hosted by the Kyowa-kai with the aim of strengthening the competitiveness of both parties by utilizing suppliers' accumulated

knowledge to enhance the added value of our products.

In 2023, we also began to leverage the strengths of both parties by sharing information on our problems (needs) and the proposals (seeds) of the Kyowa-kai.



The Winning Technology Exhibition held in September 2023. About 1,100 visitors attended the exhibition of various "value techniques" from participating companies.

Monitoring of Supplier Information

We request suppliers with whom we have ongoing transactions to submit a supplier survey sheet covering management information at least once a year, and we strive to quickly resolve risks and solve problems by visiting and interviewing suppliers

regarding major changes.

Also, we conduct supplier evaluations, including QCD, to sort out the strengths, weaknesses, and challenges of each company before considering the details of transactions.

Health and Safety

Basic Philosophy on Health and Safety

The Toyota Gosei Group considers employee safety and mental and physical health to be one of our most important management issues, and we do our best to

ensure secure and pleasant workplace environments for all business operations.

Health and Safety Initiatives

Based on the above basic philosophy, we have established the Safety and Health Declaration and are working to spread our company initiatives.

Safety and Health Declaration	1. We will comply with all laws and company regulations and standards related to safety and health.
	2. We will keep in mind that “Safety takes priority over everything else” and ensure that each and every one of us acts in a “safety-first” manner.
	3. We will engage in initiatives with a sense of ownership, and strive to foster a culture of safety in which all employees participate and are mutually enlightened.

Implementation System

The Central Safety and Health Committee, chaired by the general manager in charge of the Safety & Health Promotion Division and attended by the president, the labor union chairperson, all plant managers in Japan, and the presidents of domestic and overseas subsidiaries, meets four times a year to report and deliberate on various safety and health-related measures, and report the results of these deliberations to the Board of Directors.

In addition to the deliberation results of the Central Safety and Health Committee, the entire company works together to implement initiatives by repeatedly disseminating safety information through the president’s New Year message and company newsletters. We also regularly share information with our suppliers through procurement liaison meetings and other means.

Targets and Achievements (Global)

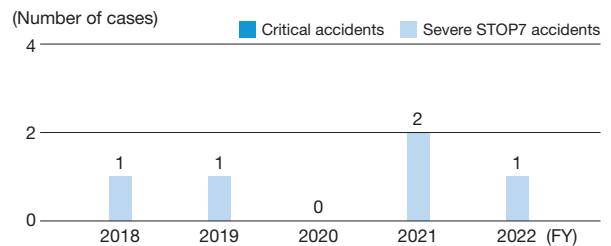
Based on the belief that it is the company’s responsibility to ensure that all employees return home from work in the same good health state as they arrived at work, we have set a global target of zero critical¹ and severe² STOP7³ accidents, and are implementing various measures. In FY2022, we implemented initiatives to prevent entanglement accidents by focusing on eliminating hazardous sources, isolating hazardous sources, and shifting to inherent safety measures through automation and other means.

*1 Critical: Death

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

*3 STOP7: Seven events that may cause serious injury: (1) Crushing or entanglement, (2) Heavy object, (3) Drop or fall, (4) Electric shock, (5) Vehicle, (6) Hot object, explosion, or gas, (7) Amputation

Global Critical and Severe STOP7 Accidents (including contractors and engineering companies)



Ensuring the Safety at Domestic and Overseas Subsidiaries

We have been using safety and fire prevention maps (SFPM) since FY2020 for the purpose of visualizing the safety and fire prevention levels and rectifying weaknesses of our domestic and overseas subsidiaries. For domestic subsidiaries, on-site physical audits and support are conducted three times a year (13 companies: 39 times in total), and for overseas subsidiaries, priority guidance companies have been designated from this fiscal year, and web-based guidance meetings utilizing videos and various materials

are held once a month (2 companies: 15 times in total) to improve safety and fire prevention levels.



On-site physical audits and guidance for domestic subsidiaries



Web-based guidance meetings for overseas subsidiaries

Health Management Initiatives

We conduct health management initiatives to ensure that all of our employees remain healthy, both physically and mentally.

Health Declaration: To Achieve “Boundless Creativity and Social Contribution”

1. We believe the health of our employees is an important management resource and will strive to foster a corporate culture that puts safety and mental and physical health first.
2. We will strive to create positive and vibrant workplaces where employees can work energetically, and develop our personnel.
3. To help improve the health of employees and their families, we will raise health awareness for disease prevention.

Implementation System

As a subordinate organization of the Central Safety and Health Committee, the Health and Happiness Promotion Council is held four times a year for the purpose of expanding health management. This council aims not only to ensure healthy workplaces but also workplaces with happiness, and with the Safety & Health Promotion Division as the executive office,

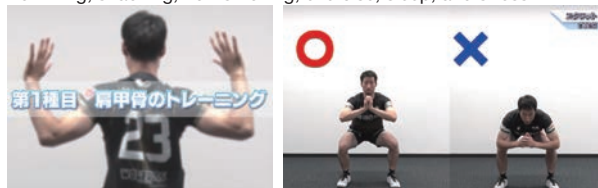
industrial physicians, the Human Resources Division, the health insurance union, and the labor union all work together to discuss health and happiness management initiatives. In addition, the matters discussed and decided upon are deployed to the Safety and Health Committee at each business site.

Health Challenge 8 in Health Management Initiatives

We are working on health management initiatives with the aim of ensuring that each and every employee can work with energy and healthily. Of the KPIs defined in Health Challenge 8*, stress, sleep, and exercise, which had low scores, were designated as priority items for FY2022, and various initiatives were implemented, including the distribution of exercise-promoting videos. In recognition of these initiatives, we were certified as a Sports Yell Company 2023 by the Japan Sports

Agency and as a Health & Productivity Management Outstanding Organization 2023 (White 500) by the Ministry of Economy, Trade and Industry (METI).

* Health Challenge 8 is a metric consisting of 8 KPIs: weight, breakfast, drinking, snacking, non-smoking, exercise, sleep, and stress.



Exercise video by Wolfdogs Nagoya players

Initiatives to Maintain and Improve Women’s Health

As part of our initiatives to support the health of working women, a Women’s Health Seminar was held for the first time for managers and female employees. In March 2023, a special menu (Pink Ribbon Lunch) was offered in the cafeteria and various information was provided as a part of the Women’s Health Week event. Also, individual letters and educational materials were sent to raise awareness of the importance of breast and uterine cancer screening. In recognition of these initiatives, the company

received the Partner Award for Cancer Prevention Campaign (Information Provider Category) from the Cancer Prevention Corporate Action Project sponsored by the Ministry of Health, Labour and Welfare.



Plaque for Partner Award for Cancer Prevention Campaign in Information Provider Category



Example of Pink Ribbon Lunch

Contribution to Local Communities

In order to be a good corporate citizen, as expressed in our management philosophy, we are actively engaged in global initiatives in four key areas: social welfare, environmental conservation, youth development, and community crime prevention. In February 2023, our volunteer group Wheelchair Doctors received the Selection Committee’s Special Award at the 2nd Car, Society, and Partnership Awards in recognition of their longstanding and hardworking efforts to make a difference. We will continue to

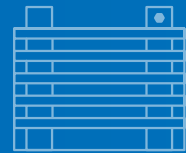
increase opportunities for participation in social contribution initiatives within the company and implement initiatives that benefit the community.



Wheelchair Doctors at the CSP Award Ceremony



Wheelchair Doctors repairing a wheelchair



To continue to be a trusted company, we are working to enhance corporate governance throughout the Toyoda Gosei Group. We are improving the appropriateness and efficiency of our operations by developing and operating internal control systems to create a fair and transparent corporate governance system, while we ensure its effectiveness through management supervision and audits by outside directors and outside Audit & Supervisory Board members. Furthermore, we are also implementing legal compliance, corporate ethics, and risk management activities.

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 effectively to a changing business

environment.

Additionally, Toyoda Gosei pursues consummate corporate governance by voluntarily implementing a range of policies in accord with the letter and spirit of the ideals and principles in Japan's Corporate Governance Code, formulated by the Financial Services Agency and the Tokyo Stock Exchange.

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 eight 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. Furthermore, by introducing the Chief Officer System in June 2023 and transferring some of the president's authority and responsibilities to the Chief Officers, we will cross over the boundaries of business and regional operation bases to manage priority functions on a global basis, thereby realizing highly strategic business execution and accelerating the speed of management. For important business matters, meetings for the General Managers' Council and Management Council are held monthly. Functional council and committee meetings

relevant to key areas such as technology, costs, and personnel are also held as needed to ensure appropriate 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 uses 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.

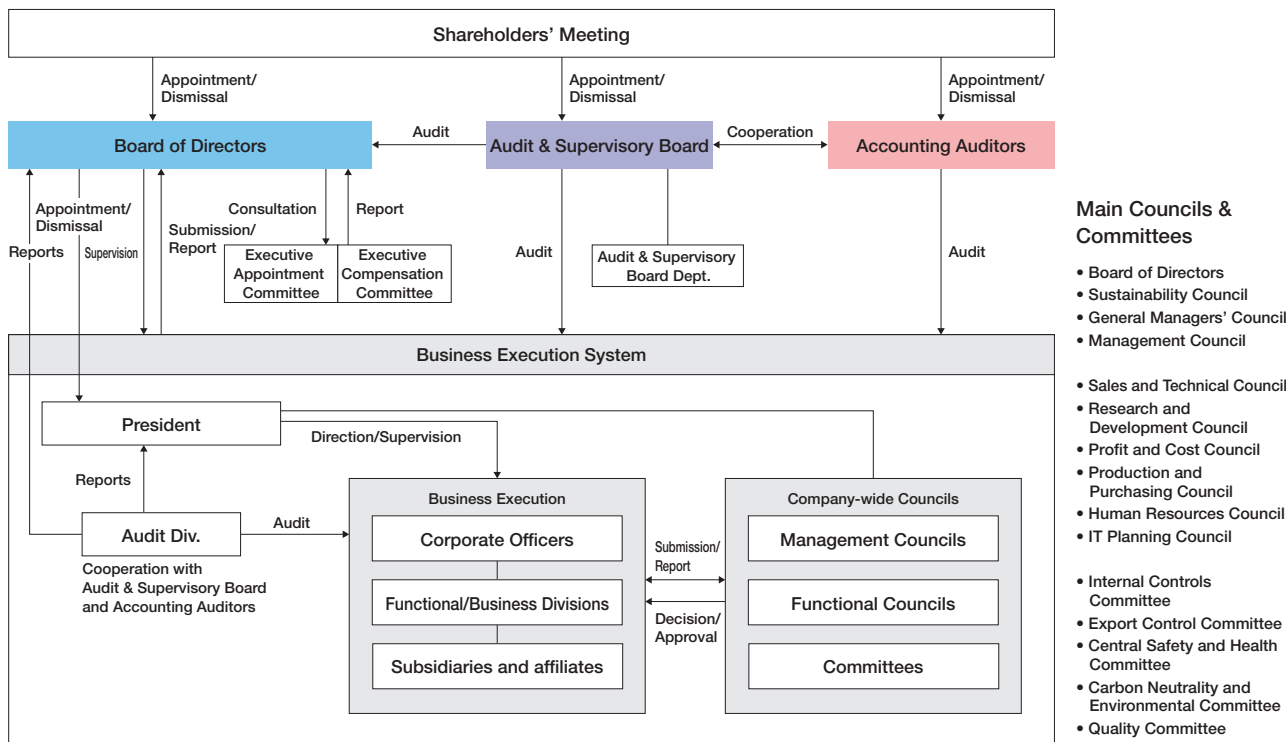
Also, in order to strengthen the supervisory function of the Board of Directors and to increase the objectivity and transparency of the decision-making process, we have established the Executive Appointment Committee and Executive Compensation Committee under the Board of Directors as non-mandatory advisory 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 initiative to improve and reinforce them. In April 2023, we revised the basic policy with the aim of improving internal controls, including management of subsidiaries. Also, to cultivate a healthy internal controls

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



Sustainability Council

In November 2021, we established our new Sustainability Council with the aim of achieving sustainable corporate growth, improving corporate value, and contributing to the sustainable development of society. In this Council, we work diligently to discuss and decide on key action items related to sustainability and confirm how the initiatives are progressing with a sense of urgency. Chaired by the president, the Council consists of all directors, including those from outside the company, Audit & Supervisory Board members, and general managers of divisions, including those in overseas regions, and implements

balanced sustainability measures with a high degree of objectivity and transparency.

Frequency	Generally meets twice yearly
Chairperson	President
Members	All directors and Audit & Supervisory Board members (including outside directors and Audit & Supervisory Board members), general managers of divisions and overseas regional operation bases
Main Agenda	<ul style="list-style-type: none"> Make decisions on key action items related to sustainability Report on the status of implementation of key action items and target values Make decisions on important external disclosure items

Executive Compensation Committee and Executive Appointment Committee

Toyoda Gosei's Executive Compensation Committee and Executive Appointment Committee are composed of members of which more than half are outside directors.

The chair of both committees is appointed from outside directors to further enhance transparency and objectivity.

Name	Role	Members	Attendance (FY2022)
Executive Compensation Committee (Number of meetings in FY2022: 1)	Deliberates and reports on the compensation system for directors and their individual compensation (restricted stock-based compensation, etc.)	Katsumi Saito, president*	—
		Naoki Miyazaki, director	1/1
		Kimio Yamaka, outside director (chairperson)	1/1
		Mayumi Matsumoto, outside director	1/1
		Takashi Wada, outside director*	—

* Assumed position in June 2023

Name	Role	Members	Attendance (FY2022)
Executive Appointment Committee (Number of meetings in FY2022: 2)	Deliberates and reports on proposals regarding the appointment and dismissal of directors and Audit & Supervisory Board members (appointment of the president, etc.)	Katsumi Saito, president*	—
		Naoki Miyazaki, director	2/2
		Kimio Yamaka, outside director (chairperson)	2/2
		Mayumi Matsumoto, outside director	2/2
		Takashi Wada, outside director*	—

* Assumed position in June 2023

Policies and Procedures to Appoint and Remove Senior Officers and Nominate Candidates for Directors and Audit & Supervisory Board Members

Nominations of candidates for directors and Audit & Supervisory Board members are made after deliberation and reporting by the Executive Appointment Committee, followed by a resolution of the Board of Directors and a subsequent Shareholders' Meeting.

The nomination policy for senior officer and director candidates is based on the candidate's personal

magnetism in terms of their ability to make accurate and prompt decisions after taking into account the balance of knowledge, experience, and capabilities of the management team and the Board of Directors as a whole. The candidates are comprehensively nominated and appointed on the basis of their ability to fully comply with laws and corporate ethics.

Skills Matrix

- The following table shows each director's and Audit & Supervisory Board (ASB) member's expected field of specialty based on their past experience.
- The composition of our Board of Directors and Audit & Supervisory Board (ASB) as a whole takes into consideration the balance of knowledge, experience, and abilities, as well as diversity and number of members.

Skill	Name	Katsumi Saito*	Hiroshi Yasuda	Masaki Oka	Mitsuhiro Nawashiro**	Naoki Miyazaki	Kimio Yamaka	Mayumi Matsumoto	Takashi Wada**	Kenji Oiso	Yamato Suzuki	Chika Kako	Hitoshi Kuwayama*	Masahiko Yokoi**
	* Assumed position in June 2022 ** Assumed position in June 2023	Director President	Director Vice President	Director	Director	Director	Director <small>Outside Independent</small>	Director <small>Outside Independent</small>	Director <small>Outside Independent</small>	ASB Member	ASB Member	ASB Member <small>Outside</small>	ASB Member <small>Outside Independent</small>	ASB Member <small>Outside Independent</small>
Corporate management		●	●	●	●	●			●					●
Overseas operations		●	●		●	●								
Finance		●	●	●		●	●			●				
Legal/Risk management		●				●					●		●	●
Technology			●		●							●		
Manufacturing (production/quality management)			●		●				●			●		
Sales					●									
Environment and energy			●			●	●	●				●		
Personnel		●				●	●	●	●					●
DX		●	●	●	●	●			●					
New business (non-automotive)					●	●			●					
Attendance at Board of Directors' meetings (Apr. 2022–Mar. 2023)		–	13/13	13/13	–	13/13	13/13	13/13	–	13/13	13/13	13/13	11/11	–
Attendance at Audit & Supervisory Board meetings (Apr. 2022–Mar. 2023)		–	–	–	–	–	–	–	–	12/12	12/12	12/12	10/10	–

The nomination policy for Audit & Supervisory Board member candidates is to nominate candidates from a comprehensive perspective of putting the right person in the right position while ensuring a balance between diverse perspectives on corporate management, including knowledge of finance, accounting, and legal affairs, and knowledge of the Company's business.

If a candidate for senior officer or director is found to have committed any fraudulent act or seriously violated any law or regulation, or the Articles of Incorporation, we will take procedures for their dismissal.

Reasons for Skill Selection and Its Definition

Skills required by the Board of Directors and Audit & Supervisory Board are selected to implement the medium- to long-term business plan with the aim of achieving sustainable growth and increasing the corporate value of the Company.

To make appropriate management decisions that contribute to the Toyoda Gosei's sustainable growth and enhancement of corporate value based on experience and a proven track record in corporate management in the drastically changing global business environment surrounding Toyoda Gosei.

To grow our business globally by utilizing overseas business experience and knowledge of the overseas business environment and business management.

To establish an accurate financial reporting system and a solid financial foundation, to invest in growth to achieve sustainable growth and increase corporate value, and to realize appropriate shareholder returns.

To implement the establishment of a governance structure based on legal compliance and appropriate risk management, to build a foundation for sustainable growth and increased corporate value, as well as to improve the effectiveness of supervision.

To achieve business growth as indicated in the medium-term business plan through technological innovation using advanced technology and through skills and expertise in medium- to long-term product planning and development.

To adopt innovative production technologies and improve manufacturing sites and to maintain and improve product quality as a company with its main focus on the automotive parts manufacturing and sales business.

To expand sales globally in response to changing automobile needs and to continue to provide high value-added products based on skills and knowledge in preparation of sales strategies and information gathering through smooth communication with customers.

To accelerate and implement initiatives integrated with business operations in areas requiring environmental consideration and to fulfill our social responsibility.

To develop and maximize the abilities of each and every employee by utilizing knowledge of diversity, inclusion, respect for human rights, and wellbeing.

To implement business transformation and establish a corporate culture utilizing digital technology, which is necessary to strengthen the Company's management foundation and build new businesses.

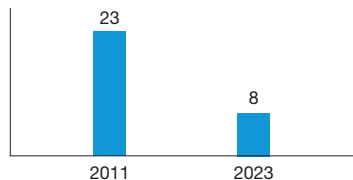
To plan and implement medium- to long-term plans to search for, develop, and launch new businesses in non-automotive fields, and to expand new businesses in the future.

Changes in Numbers of Directors and Audit & Supervisory Board Members

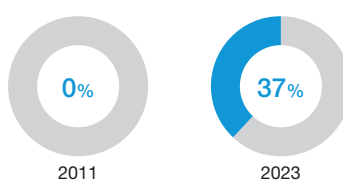
In 2012, Toyoda Gosei adopted a system of corporate officers and downsized its Board of Directors to nine directors from 23 as of 2011. It appointed its first outside director in 2015.

The Board currently comprises eight directors, three or 37% 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.

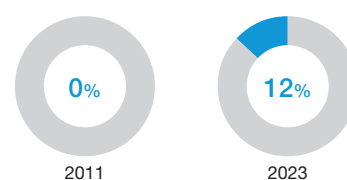
No. of Directors



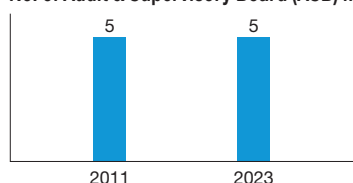
Outside Director Ratio



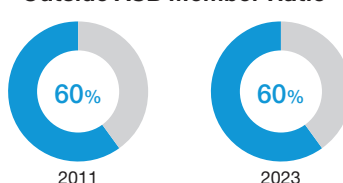
Female Director Ratio



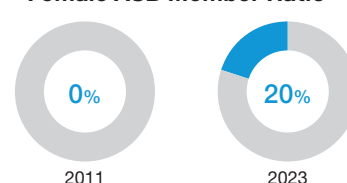
No. of Audit & Supervisory Board (ASB) members



Outside ASB Member Ratio



Female ASB Member Ratio



Major Initiatives to Strengthen the Governance Structure

	2012	2015	2019	2020	2021	2022	2023
Board of Directors and Audit & Supervisory Board	<ul style="list-style-type: none"> Reduced number of appointed directors 		<ul style="list-style-type: none"> Changed ratio of outside directors to 1/3 Established Executive Compensation Committee and Executive Appointment Committee Appointed a female director 	<ul style="list-style-type: none"> Appointed an independent outside director as a chairperson of both committees Appointed a female Audit & Supervisory Board member 			
Business Execution System	<ul style="list-style-type: none"> Adopted a corporate officer system 	<ul style="list-style-type: none"> Started implementation of Japan's Corporate Governance Code 	<ul style="list-style-type: none"> Reduced the number of corporate officers 				<ul style="list-style-type: none"> Adopted the Chief Officer System
Councils and Committees	<ul style="list-style-type: none"> Corporate Conduct Ethics Committee Environmental Committee 		<ul style="list-style-type: none"> Changed name to Compliance and Risk Management Committee 		<ul style="list-style-type: none"> Established the Sustainability Council 		<ul style="list-style-type: none"> Changed name to Internal Controls Committee Changed name to Carbon Neutrality and Environmental Committee

Board of Directors

The Board of Directors deliberates from many different perspectives on the direction of management, including management and business strategies, then reports and discusses on progress after any necessary resolutions have been passed. In such a way, the Board supervises from a number of different viewpoints on whether management strategies are being

executed appropriately. In addition to strengthening the Company's internal control system and risk management system, in recent years the Board of Directors has been working to achieve sustainable corporate growth amid a chaotic business environment, including political instability, worsening environmental problems, and the COVID-19 pandemic.

Main Agenda Items and Reports by the Board of Directors in FY2022

Topic	Main Agenda Items and Reports
Management/Business Strategies	<ul style="list-style-type: none"> Medium- to long-term business strategy Domestic and overseas subsidiaries' business strategies (expansions, mergers, downsizing) Business execution reports (results, production, quality, safety, technology/development, intellectual property, priority risk management, etc.) Progress report on matters resolved by the Board
Corporate	<ul style="list-style-type: none"> Financial results, etc. Appointment of directors and Audit & Supervisory Board members, appointment of executives, executive compensation Sustainability measures Internal control systems, internal audit department reports
Investment and Loan Projects	<ul style="list-style-type: none"> Investment in buildings and facilities for expansion of domestic and overseas production bases Financing for domestic and overseas subsidiaries

Number of Agenda Items and Reports by the Board of Directors in FY2022

	1Q	2Q	3Q	4Q	Total
Agenda Items	16	2	8	9	35
Reports	14	8	9	8	39
Total	30	10	17	17	74

Evaluation of the Effectiveness of the Board of Directors

Effective functioning of corporate governance is essential for the Company's sustainable growth, to enhance corporate value, and to contribute to the sustainable development of society. Therefore, to ensure the effectiveness of the roles and responsibilities of the Board of Directors, evaluations and opinions are heard every year from members of the Board. The Board of Directors then analyzes, evaluates, and deliberates on measures for improvement. In FY2022, debriefings with all nine directors and all five Audit & Supervisory Board members were conducted to assess their performance. As a result, Toyoda Gosei found no material deficiencies across any of its assessments and concluded that the Board continues to function effectively.

As in the previous year, the Board received high ratings for its openness and candid discussions and support for outside officers. We believe that questions and opinions from outside officers are important for our decision-making process, and we will continue these efforts. However, regarding the Board's discussions on medium- to long-term policies, which has been an issue

for some time, members commented that opportunities were provided for discussion at the Board of Directors' meetings, but more active discussion was desired, and that opportunities for discussion of measures and strategies were desired rather than reports on initiatives. Accordingly, Toyoda Gosei will set up opportunities for discussion and exchange of opinions not limited to the Board of Directors' meetings. Regarding the resumption of opportunities to understand the actual situation on the front line through on-site visits, we have resumed process inspections for the agenda items raised by the Board of Directors' meetings as a priority, and we will further expand such opportunities this year. In addition, we are working to improve communication by holding lunch gatherings to ensure opportunities exclusively for communication among outside officers, and by replacing individual interviews with roundtable discussion-type meetings with all outside directors for further improving communication. Through these efforts, we will work to further improve the effectiveness of the Board in the current fiscal year.

Board Effectiveness Evaluation Process

Evaluation Method	Debriefing Items (Main Items)
Interview: Nine directors and five Audit & Supervisory Board members Evaluation process: Analysis of interviews and debriefing results to ensure anonymity	<ul style="list-style-type: none"> • Roles and responsibilities of directors • Supervisory function of the Board * More detailed sub-items are laid out under the main items of the debriefing to allow for a well-rounded evaluation. • Deliberations within the Board • Support for outside officers

FY2022 Board Effectiveness Evaluation Results

Issues Identified	Measures
Enhancing discussions on medium- to long-term plans and future visions	Enhance discussion of the 2030 Business Plan and its initiatives for medium- to long-term management strategy and corporate value enhancement
Providing information to outside officers	<ul style="list-style-type: none"> • Provide more in-depth information through explanations of business operations by executives in charge • Enhance opportunities for discussion with officer candidates • Resume opportunities for on-site visits that had been suspended due to COVID-19 measures
Opportunities for exchange of opinions among outside officers	Plan opportunities for exchange of opinions among outside officers to further improve governance
Ensuring further diversity of the Board	Continue to select candidates with diversity in mind based on the skill matrix and to treat this as an ongoing issue for consideration

Issues Evaluated in FY2021 for Board Effectiveness and Status of Initiatives in FY2022

Main Feedback (Issues) in FY2021	Initiatives in FY2022
Enhancing discussions on medium- to long-term plans and future visions	Continued to provide opportunities for discussion and reporting at the Board of Directors' meetings on initiatives to improve corporate value and medium- to long-term management strategies in response to changes in the business environment
Discussions on measures to respond to environmental changes (CASE, etc.)	
Explanations on the background of individual investments and their relationship with medium- to long-term strategies	Discussed individual projects at the executive level after indicating the direction of capital investment to make projects easier to understand
Ensuring time for outside officer liaison meetings	Increased the time given for outside officer liaison meetings for further exchange of ideas and discussions
Ensuring further diversity of the Board	Continued selection of diversity-conscious candidates by arranging experience and expertise required for the growth of the Company in a skills matrix

Expected Roles of and Support for Outside Directors

All three outside directors possess a wealth of experience and keen insight. Mr. Yamaka brings a wealth of experience and insight in the areas of finance and the environment, Ms. Matsumoto in the areas of the environment and the SDGs, and Mr. Wada in the areas of corporate management and manufacturing. 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 frontline 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 also attends various other meetings, including the Sustainability Council, Sales and Technical Council, Carbon Neutrality and Environmental Committee, and ad hoc meetings.

Outside Directors and Outside Audit & Supervisory Board Members

At the annual Shareholders' Meeting, held on June 15, 2023, Kimio Yamaka, Mayumi Matsumoto, and Takashi Wada were appointed as outside directors, and Masahiko Yokoi was appointed as an outside Audit &

Supervisory Board member. Including Chika Kako and Hitoshi Kuwayama, who are currently in office, a total of three outside Audit & Supervisory Board members have been appointed.

Election of Outside Directors and Outside Audit & Supervisory Board Members

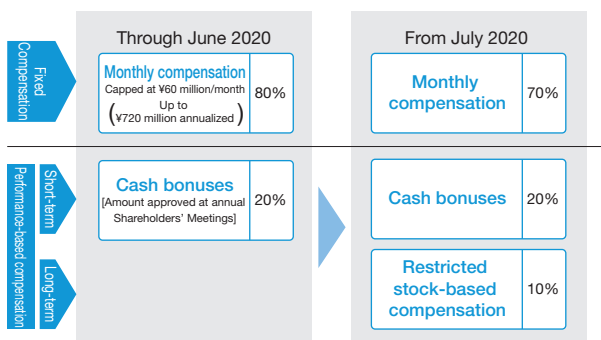
Appointment	Name	Independent Director/Auditor	Reason for Appointment
Outside directors	Kimio Yamaka	○	To benefit from his management oversight and advice based on his extensive experience and expertise in finance, particularly policy finance, project due diligence, and the environmental and energy sectors. 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.
	Takashi Wada	○	To benefit from his management oversight and advice based on his extensive experience and expertise in the management of manufacturing companies over many years. Mr. Wada 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.
Outside Audit & Supervisory Board members	Chika Kako		To incorporate into 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.
	Hitoshi Kuwayama	○	To incorporate his extensive experience and deep insight as a lawyer in the auditing of Toyoda Gosei. Mr. Kuwayama has been designated as an independent auditor because he meets the requisite criteria and is deemed free of potential conflicts of interest with regular shareholders.
	Masahiko Yokoi	○	To incorporate his extensive experience and deep insight as a manager in the auditing of Toyoda Gosei. Mr. Yokoi has been designated as an independent auditor because he meets the requisite criteria and is deemed free of potential conflicts of interest with regular shareholders.

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 their determination include the degree to which fiscal yearly plans are attained, employees' bonus levels, bonus levels at other companies, medium- to 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.

Director Compensation Scheme



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 audit 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.

Total Compensation for Each Officer Class, Total by Each Type of Compensation, and 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 (People)
		Fixed Compensation	Performance-based compensation	Non-cash Compensation	
		Monthly compensation	Cash bonuses	Stock-based Compensation	
Directors (excluding outside directors)	325	222	74	28	6
Audit & Supervisory Board members (excluding outside members)	76	76	—	—	2
Outside officers	70	70	—	—	7

* Bonuses are provisions for FY2022.

Internal Audits, Audit & Supervisory Board Members' Audits, and Accounting Audits

We have set up the 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, General Managers' Council, and Management Council, listen to reports on business

from directors and others, inspect financial statements and other important documents, and conduct on-site 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 FY2022 accounting audit of Toyoda Gosei were Satoko Nakatani and Kosaku Kawahara 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.

Interview with Outside Officers

Two outside officers, Mr. Wada and Mr. Yokoi, who took office in June 2023, discussed governance and the 2030 Business Plan.



Takashi Wada
Outside Director

Masahiko Yokoi
Outside Audit &
Supervisory Board Member

We have great expectations for the growth of Toyoda Gosei, which aims to bring together the future dreams of its stakeholders by providing value in safety, comfort, and decarbonization.

▶ Chapter 1:

Providing a push when making big decisions and major changes needed to strengthen corporate governance

Wada: I joined Sanken Electric in 1979, whose main products are semiconductors, electronic components, and power supply systems, and have been with the company for over 40 years. My first assignment was in the Information Systems Department, where for about 20 years I installed ever-changing IT technologies, from host

computers to online systems, at sales and production sites. Since I experienced the first period of digitalization in Japan and the world, I am open-minded about implementing DX, which has attracted growing attention recently.

After that, I was involved in a wide range of areas, including the secretarial section, materials and production management, and factory and production control, and from 2015, I served as president for six years and chairman for one year. At the time of my appointment as president, the company was in a very difficult situation in terms of performance and finances due to the lingering

effects of the Great East Japan Earthquake and other factors, and we were proceeding with large-scale structural reforms and new growth strategies at the same time. Despite the difficult business environment, we invested in R&D to strengthen our development capabilities, which are the seeds of sustainable growth. With regard to work styles, we launched a project called the New Normal Project led by young employees and established an operations center to implement reforms in work styles, and were among the first to introduce the abolition of uniforms, a flextime system, an open plan system, remote meetings, and other measures. Thanks to these efforts, a teleworking system was almost fully in place at the onset of the COVID-19 pandemic, enabling us to minimize disruptions to conducting work due to the spread of the infection.

I have the impression that Toyoda Gosei has a no-nonsense corporate culture and a DNA of steadily accumulating runs through hits rather than trying to slug one-hit home runs. This culture is quite similar to Sanken Electric, and has both good and bad points at times. For example, when major changes or decisions need to be made, there is hesitation. I think one major role of an outside director is to give a push to management when it is in doubt. On the other hand, this position has the important role of supervising management execution, and I think there are things that the execution side does not want to be known or, if possible, does not want to say. Having been in the execution position in Sanken Electric, I understand that well, but in order to overcome difficult issues, it is essential to build a relationship of trust and a sense of unity, and communication is the only way to achieve this. I hope to be in a position where I can consult with the corporate officers and everyone on site about any doubts they may have as they share information with me. I have experienced a number of tough management decisions in an industry different from Toyoda Gosei, and I have no vested interest, so I hope that my experience will be of some help.

▶ Strengthening crisis management to remain a company of integrity

Yokoi: My career is completely different from Mr. Wada. I became a reporter for the Asahi Shimbun in 1978 and have been at the forefront of the media world ever since.

When I was a correspondent in New York, I encountered the Tylenol Incident, in which a lethal drug was mixed into a fever medicine and several people who took it died. It is considered the gold standard of risk management. When I analyzed the company's response in my own way, I found two key points. The first was that the company's credo clearly prioritized its stakeholders, with the number one priority being the customer, or end user. Another was the overwhelming speed with which the company responded to prevent the damage from spreading. They were able to make quick decisions because they were completely unwavering in their basic principles of what the company valued most.

Later, as head of the society department and editorial bureau of the Asahi Shimbun's Tokyo headquarters, I was in a position to uncover a series of suspected cases that led to corporate fraud and a political administration change. On the other hand, as a media outlet representing Japan, I was often denounced by society and other media outlets, and I experienced five press conferences to explain and apologize for my reporting, and I learned firsthand that if you do not act with integrity and speed when something goes wrong, it can be fatal. Based on this experience, the first thing I did when I became president of Nagoya Broadcasting Network was to create a crisis management team of three elite department heads in order to rebuild a crisis management system. I also reviewed the regulations pertaining to internal controls to ensure that we do not betray the trust of viewers, which is the most important factor in the media.

As an outside Audit & Supervisory Board member for Toyoda Gosei, one of the things I must fulfill is to help with crisis management. Toyoda Gosei is a sincere company and has probably had very few crises that have shaken its management. I would like to help create a system that, when an emergency occurs, concentrates information and makes decisions immediately based on the principle of what we should protect.

The next area in which I would like to help is with internal regulations. Internal regulations, especially those related to internal controls, show what the organization values most. Toyoda Gosei is a B to B company, so in the past, we may have been oriented toward automobile manufacturers, our direct customers, but as Toyoda Gosei expands its business domains in the future, it will

be necessary to let end users and the rest of the world know what the company values and to have them recognize the value in its existence. I would like to utilize my experience in the media to assist in this regard.

Chapter 2:

A corporate culture that welcomes diverse opinions from outside officers

Wada: Toyota Gosei's Board of Directors has been very good in that it takes the time to provide us, the outside officers, with a thorough explanation in advance and that the business divisions and people on the front lines provide us with a lot of information. I believe that in the future, as our understanding of each of our businesses progresses, we will build up to full-fledged discussions at board meetings. We are also provided with opportunities to have specific topics for outside officers explained to us, so we are beginning to share a common understanding of issues based on our respective skills and areas of expertise.

Yokoi: As Mr. Wada mentioned earlier, our role is to encourage while closely monitoring execution. We do not want to give rubber-stamp approval, but rather want to provide support while discerning the direction that should be taken in the future. To do this, it is of utmost importance to stimulate discussion at board meetings. This is not an easy task, but the chairperson encourages attendees to speak up, and is working to ensure that the president and others on the executive side have an

appropriate sense of urgency. The effectiveness of the Board of Directors has been further enhanced by diverse viewpoints and active discussions, and this is a very positive step in the right direction.

Wada: In this era of VUCA (volatility, uncertainty, complexity, and ambiguity), various structural changes are taking place, and the automobile industry is undergoing a once-in-a-century transformation. This is an important period of change for the company, and it would be a good idea to add speed and challenge above all else to the values of our employees. If each and every employee of the Toyoda Gosei Group can take a step forward with the mindset of not being afraid of failure, speeding up, taking on challenges, and never giving up, we will be closer to achieving the 2030 Business Plan.

Yokoi: The expectations of the times and of society for Toyoda Gosei have been gradually changing. Is it really enough for us to continue with our past approach of professionalism, which is to perfectly complete the work we have been contracted to do? In order to venture into new business areas, it is necessary to have a corporate culture that matches the new business areas. In his presentation of the 2030 Business Plan, company president Saito spoke passionately about his attachment to rubber and plastics, the roots of the Company's business, and he linked their chemical structures to organization theory through the term "polymers." He also expressed his strong commitment to change this company through his specialty, which is human resources. I felt that Mr. Saito has become the president at the right time.

From now on, we must actively communicate to not only shareholders, employees, and business partners, but also to the wider public so that they feel that they can entrust their lives to this company because of its products, they can join this company and trust that it will take their lives on the right path, or they want to form an alliance with this company.

Wada: Toyoda Gosei is a Toyota Group company in which Toyota Motor Corporation holds more than 40% of the shares and accounts for more than half of its sales. This fact remains unchanged, so it is absolutely necessary for us to grow by leveraging the strengths of



the Group. Conversely, if the concentric circles of the Group are broken up when the Toyota Group implements its once-in-a-century transformation and competes with automakers around the world, the Japanese auto industry will be weakened, and so I believe that now is the time to focus on Group growth.

However, looking ahead, we should consider creating the seeds for Toyoda Gosei to grow as an individual and to put its growth on track. We must aim for growth through our own creativity and power, rather than leaving it to others. It is the role of outside officers such as myself to offer our opinions and push them forward.

Chapter 3:

Achieving the 2030 Business Plan

Wada: In the 2030 Business Plan, we set management targets of 1.2 trillion yen in sales revenue and 100 billion yen in operating profit, but investors will judge whether these targets are large or small. As a manufacturer, Toyoda Gosei's first major goal is to generate profits from its products and to create value for society by ensuring that customers and end-users also value the quality of its products. Since it is our employees who actually create that value, it is most important that our goals are incorporated into each of our business divisions and that each and every employee is able to understand these goals and link them to action. In addition, we must also evaluate whether or not the resources for those actions is sufficient.

The other day, I told the president that we should visualize the skill map of the entire human capital and quickly evaluate which skills are lacking and which are too much. Only then can we create an effective training plan for individual personnel, and thus set targets for enhancing the workforce. Without such an assessment, the company will only be able to take partial measures, such as hiring mid-career workers due to a lack of expertise in a certain area, and it is difficult to succeed this way. The same is true for women's advancement. The objective is not to create female section managers for the target of 100 female managers in Toyoda Gosei in Japan, but rather to quickly incorporate women's thinking into management. It is important to think about how to first develop section managers, and from there, develop them into division managers and corporate officers. This



will also require an inventory of employee skills. It is important to approach essential issues with a firm grasp of the overall picture.

Yokoi: Medium- to long-term management plans have two objectives. One is to provide a specific itinerary for growth, and the other is to share the goal of what kind of company it will be in the future with its stakeholders. The plan works well in terms of visualizing the goals. It makes clear management's will to be this kind of company. The plan is not about abstract compliance, but rather it is a declaration of what we will follow and what we will comply with. We have demonstrated the first step in this direction.

Toyoda Gosei is a company that will grow through the pursuit of safety and comfort. With regard to carbon neutrality, we will not only prevent harm from being done to the environment but also make it our corporate mission to do business with a focus on decarbonization. In other words, we are a company that brings together the future dreams of its stakeholders. I have great expectations for this vision.

Wada: That's right. As a corporate group that creates social value in line with the times and delivers it in a timely manner, I would like to do my utmost to support Toyoda Gosei's strategies and challenges so that our stakeholders will support us.

Message from the CRO

We aim for sustainable growth and development through initiatives to control risk and the challenge to turn risk into opportunity.

Risks Surrounding Toyota Gosei

There are a diverse range of risks that could shake the foundations of management, and they are making the situation unclear and uncertain. They include the strategic business risks of the automotive industry in the midst of a period of major change, as well as natural disasters, infectious diseases, trade restrictions and sanctions, human rights violations, and information security.

In order to continue sustainable growth and development as a company, it has become important to understand and accurately address these risks.

Controlling Risks

The Internal Controls Committee, chaired by the president, has been established to implement specific measures through three subcommittees: the Risk Management Subcommittee for selecting and mitigating important risks, the Compliance Subcommittee for ensuring thorough compliance with corporate ethics and laws, and the Internal Audit Subcommittee to implement internal auditing in a systematic manner.

In particular, as a response to key risks, we have been focusing on the following measures; preparations for a Nankai Trough earthquake since we are located in the Tokai region in Japan, prompt sharing of information and strengthening of cooperation at the global level to continue production operations under such circumstances as the COVID-19 pandemic and the impact of the conflict in Ukraine, visualization and systematic improvement of cybersecurity measures, and so on.



Hiromasa Zaitso

Corporate Officer
CRO

Future Initiatives

In June 2023, we created the new role of CRO. We have been implementing preventative measures to mitigate risks and prompt and appropriate responses to incidents when they occur. Going forward, as CRO, I will work to raise the overall level and respond more flexibly by providing horizontal coordination to relevant departments within the company and to affiliates in Japan and overseas. We will address issues related to the organizational structure in a cross-organizational manner from the standpoint of the CRO, such as different departments being responsible for different types of risks and the difficulty of identifying the responsible department due to the involvement of multiple departments depending on the type of risk. In addition, several issues have emerged, which require responses in cooperation with entities in each region on a global basis such as the revision of laws and regulations on trade controls in various countries. We will work to develop internal response systems and specific measures to deal with such complex and multifaceted risks. Although there are an increasing number of risks for which it is difficult to know the correct response, we will prepare for them by assessing the current situation and developing response scenarios based on a variety of situations. We are committed to risk management with the belief that enhancing our ability to respond to contingencies will be a proactive approach to turning risks into opportunities for the Company.

Risk Management

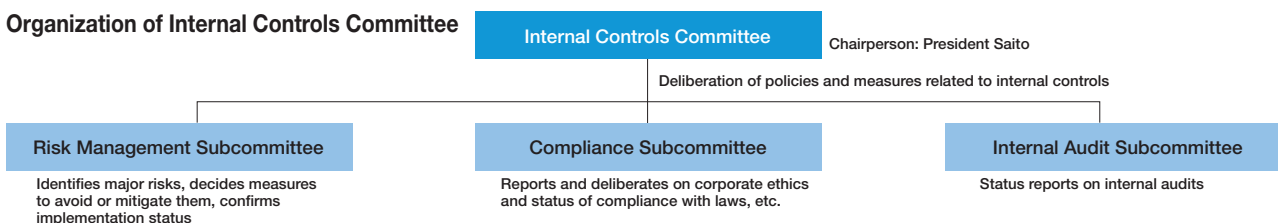
Basic Philosophy

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 meetings of the Board of Directors, Internal Controls Committee, and various general councils.

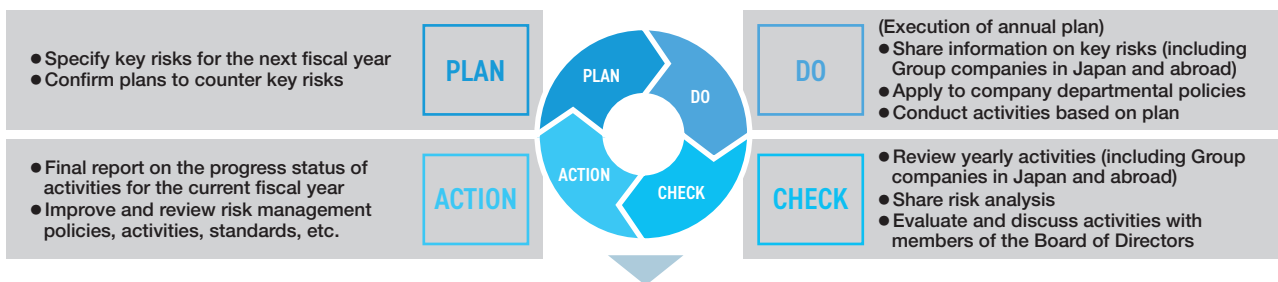
An Internal Controls Committee headed by the company president identifies key risks, determines measures to counter them, and checks on the progress in executing these measures. In this way,

these measures are made more effective. In addition, initiatives to deal with key risks or unexpected risks due to political instability or other external factors are discussed regularly by the Board of Directors, and continuous improvements are made. Moreover, Risk Management and Response Guidelines have been established. These guidelines show the actions taken to prevent potential risks and to respond to problems appropriately and quickly.

Organization of Internal Controls Committee



Principal risk management activities



External disclosure of activities (securities report, corporate governance report, integrated report, company website, etc.)

Response to Key Risks

Operating foundation risks (primarily handled by CRO) and business strategy risks (primarily handled by CFO) based on the business environment are assessed from the perspective of impact on operations (financial impact, etc.) and possibility of occurrence (frequency),

and key risks are identified. Key risks are reflected in company policy as important action items, and initiatives are made to mitigate or prevent risks.

Examples of Key Risks

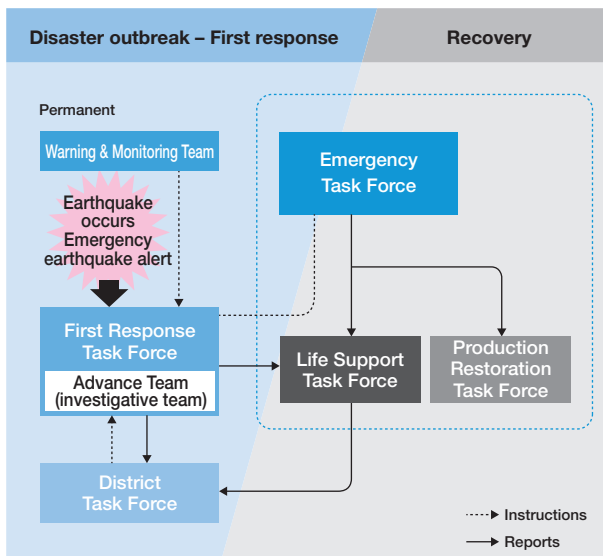
Classification		Main Key Risks	
Size of risk Impact on operations (financial impact, etc.) × Possibility of occurrence (frequency)	Large	<ul style="list-style-type: none"> ● Large-scale disasters (earthquakes, storm and flood damage, etc.) ● Risks, opportunities, and responses based on TCFD ● DX support ● Recalls due to serious quality issues 	<ul style="list-style-type: none"> ● Cyberattacks/scam emails ● Carbon neutrality measures ● Raw material procurement, energy price hikes, etc. ● BEV conversion measures ● Injuries and operation shutdowns due to serious work accidents
	Medium	<ul style="list-style-type: none"> ● Leakage of confidential information ● Trade friction 	<ul style="list-style-type: none"> ● Traffic accidents (causing serious damage/injury) ● Incidents of harassment
	Small	<ul style="list-style-type: none"> ● Antitrust law violations ● Business operations with partner companies 	<ul style="list-style-type: none"> ● Interruption of business operations due to fire or explosion accidents

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 the Crisis Management Project, resilience training has been conducted more than 180 times for directors and members of antidisaster 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 Toyoda Gosei companies but also at Group companies and suppliers are conducted regularly. Assessments using anti-earthquake measure implementation status check sheets, clarification of weak points with graphs, presentation of responses taken at Toyoda Gosei and other companies, and collaborative preparation of business continuation plans (BCP) are carried out.

Disaster Response



Initiatives 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 in the event of a disaster ● Equipping all locations with a multi-channel access (MCA) radio system^{*1} and satellite phones ● Installation of crisis management servers (earthquake-resistant structure) and emergency power generators ● Operation of a DR² system and DCs^{*3}
System measures	<ul style="list-style-type: none"> ● Implementation of site and building safety assessments ● Training in operation of earthquake early warning systems and employee safety information systems ● Preparation of supply chain information ● Preparation of a business continuity plan (BCP)
Skills	<ul style="list-style-type: none"> ● Ongoing resilience training (disaster simulation exercises)

*1 Radio system used in Japan for various purposes, from daily operations to emergencies and disasters

*2 System for restoring and repairing damaged systems (Disaster Recovery)

*3 General term for special facilities equipped with and operating computers, data communications, and other equipment (Data Center)

Enhancing Our Global Risk Response

In response to global risks that occur not only in Japan but also in other countries (e.g., parts and raw material shortages, the Ukraine conflict, etc.), we are taking necessary actions on a global basis to quickly assess the situation (weekly BCP reports) both in

Japan and overseas. Standardization is also underway so that domestic and international locations can take measures on their own initiative, and we are enhancing our ability to respond to key risks seen in the business environment of each company.

Basic Policy for Cybersecurity Measures

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, as well as at major suppliers. 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. At domestic and international Group companies and major suppliers, specific measures are stratified and executed based on the size of the impact on Toyoda Gosei and inspection results for cybersecurity risk measures at each company. Regular reports and discussions are conducted in all company-wide councils, and cybersecurity measures are implemented together globally.

Main Cybersecurity Measures

Classification		Measures (domestic and international Group companies and suppliers respond in accordance with the size of the impact)	
Prevent leakage due to negligence	Facility and equipment measures	<ul style="list-style-type: none"> ● Data encryption on personal computers 	<ul style="list-style-type: none"> ● USB device connection controls
	System measures	<ul style="list-style-type: none"> ● Security measures when sending emails out of the company (mandatory cc to superior's email address, encryption of attached files) 	
Prevent leakage and damage due to malicious intent	Facility and equipment measures	<ul style="list-style-type: none"> ● Installation of computer anti-virus software ● Constant monitoring of unauthorized communications ● Prevention of unauthorized connections to the network 	<ul style="list-style-type: none"> ● Firewalls to control communication with outside parties ● Detecting and preventing tampering with systems open to the public outside the company
	System measures	<ul style="list-style-type: none"> ● Confidentiality pledge ● Stricter standards for allowing items to be taken from premises 	<ul style="list-style-type: none"> ● Restricted access to file servers
Educational activities (morale measures)		<ul style="list-style-type: none"> ● Security training for employees ● Company-wide confidentiality controls inspections and on-site audits using check sheets 	<ul style="list-style-type: none"> ● Training in responding to targeted email attacks

Compliance

Basic Philosophy

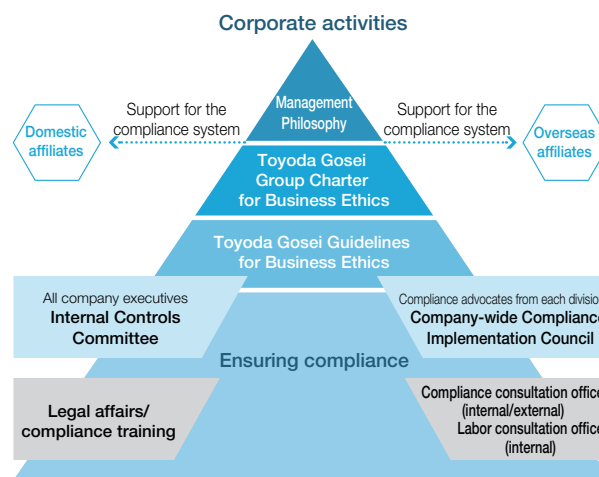
Toyoda Gosei's management philosophy states, "We promote business operations with integrity through the establishment of a system founded on thorough compliance and corporate ethics." Together with highly ethical and fair business practices, we strive for thorough compliance in all areas based on this philosophy. The Toyoda Gosei Group Charter for Business Ethics sets forth shared values and a

code of conduct for the entire Toyoda Gosei Group. Group companies in Japan and other countries then formulate and implement their own code of conduct 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 Implementation System

Toyoda Gosei has established the Internal Controls Committee with the Company's president serving as chairman and all company officers as members, whose 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 the Company-wide Compliance Implementation Council so that they will be incorporated into the activities of each workplace. The Committee works for thorough compliance with a unified approach between management and the workplace.

Toyoda Gosei Compliance Implementation System



Specific Compliance Initiatives

Training and Educational Activities

Toyoda Gosei conducts various training and education activities with the aim of raising and solidifying compliance awareness in every employee. Trainings are conducted by level in the company and by risks corresponding to the work. The level-specific trainings target new officers, new managers, mid-level employees, new employees and others as an opportunity to spread and deepen awareness of compliance at various career stages. Risk-specific training is conducted for specific risks. These trainings include training for transferees

prior to overseas assignments, antitrust law training for people in sales and other business departments, training for sports clubs, and more. The training programs are proactive in incorporating online training so that a large number of eligible participants can participate. Educational tools are also prepared, including a Compliance Academy that is regularly published in the company newsletter, and Compliance KY Case Studies using various case study materials.

List of Workshops/Education at Toyoda Gosei

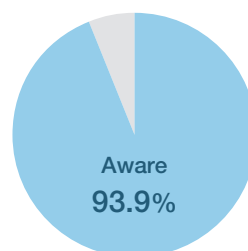
Category	Workshop name/education	Recipients	Main content	Frequency	
Workshops	For each level	Workshops/study sessions for officers	Company officers	Company law, fiduciary duty, etc.	As needed
		New manager training	New managers	Compliance, mindset as a manager, antitrust laws, bribery, etc.	1 time/year
		Legal affairs/compliance training	General employees (mid-level)	Compliance, contracts, internal company regulations, laws (anti-trust laws, bribery, etc.)	1 time/year
		Fifth-year employee training	General employees (skilled workers)	Compliance in manufacturing settings	1 time/year
	New employee training	New employees	Compliance, laws	When joining the company	
	For each risk	Pre-overseas assignment training	Management/General employees	Key points on compliance in other countries (antitrust laws, bribery, etc.)	As needed
		Antitrust law training	Management/General employees (sales)	Laws, internal company regulations	1 time/year
		Product liability law training	Management/General employees (technical)	Laws, internal company regulations	1 time/year
Training for sports clubs		Management/General employees (athletes, staff)	Compliance overall	1 time/year	
Education	Compliance Academy (company newsletter)	All employees	Presentation of compliance cases	4 times/year	
	Compliance KY Case Studies	All employees	Theme-based case studies and interpretations (100)	-	

Compliance Awareness Surveys and Self-Inspections

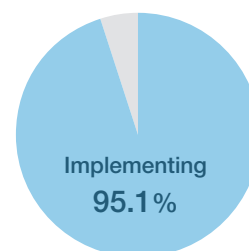
To ascertain the degree to which compliance awareness has been incorporated into the company and whether there are any signs of problems, we conduct an annual compliance implementation questionnaire survey of all employees. The results of the survey are reported to the Internal Controls Committee, and measures are implemented throughout the company, and each workplace also conducts improvement activities led by compliance advocates by referring to the departmental feedback reports of the questionnaires. Domestic and overseas Group companies conduct annual self-inspections of the status of their compliance implementation systems, status of compliance with antitrust and competition laws, bribery regulations, and other important laws and regulations, as well as risks in key functions including internal controls, human resources, accounting, procurement, and quality. The results of these inspections are reviewed by each functional

department of the Company, and feedback reports are provided to support each company in making improvements and taking action so that the entire Toyoda Gosei Group is working to ensure thorough compliance by implementing the PDCA cycle.

From the FY2022 Compliance Implementation Questionnaire



I am aware of most of the information in the Toyoda Gosei Guidelines for Business Ethics



We are implementing compliance and conducting awareness campaigns in the workplace

Initiatives for the Prevention of Antitrust and Competition Law Violations

The Group Charter for Business Ethics states that the Toyoda Gosei Group will conduct business activities with a spirit of “fair and free competition” (compliance with antitrust and competition laws). We have formulated the Codes of Conduct for Antitrust Law Compliance as guidelines to be followed by our employees, and are working to ensure thorough

compliance by employees through training and educational activities. Antitrust law compliance manuals based on the laws of each country are prepared for the regions where Group companies are located, and initiatives are made to prevent anticompetitive acts globally.

Anti-Bribery Initiatives

The Group Charter for Business Ethics clearly states that in Toyoda Gosei Group’s relationships with government agencies and political parties, we shall strictly refrain from any actions that could be mistaken for “back-scratching” or cronyism in the eyes of society in general, and shall strive to maintain highly transparent and sound relationships. We have also

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

Initiatives to Ensure thorough Export Controls

Toyoda Gosei has established an import/export controls system to ensure that goods, technical materials, software, and other items subject to import/export restrictions, as well as items that violate laws and regulations (such as counterfeit products), are not taken out of the country or brought into the country without proper authorization.

In addition to ensuring compliance with laws and regulations through the Security Export Control System and company regulations, the Company ensures that domestic and overseas Group companies conduct installation and check for defects through self-inspection, and provide appropriate support in cooperation with the head office and overseas control companies.

Early Detection and Correction of Problems through an Internal Reporting System

We have established compliance consultation offices both inside and outside the company for the purpose of early detection and correction of compliance issues and violations of internal rules and laws and regulations in the course of business operations. Outside lawyers are in charge of the external offices to deal with problems from an objective standpoint. This system allows all employees of the company and family members living with them to receive consultations, and the company takes thorough measures to protect their privacy and ensure that they will not be treated unfairly because of their report. In addition to the internal consultation office of each Group company in Japan, they also have a common external compliance consultation office with

the Company. Overseas Group companies also have external or internal consultation services. In FY2022, as a result of making the consultation offices known to all and building trust, 66 reports and consultations were received from within the company and its domestic affiliates, mainly concerning labor management, workplace problems, and harassment. These cases were promptly investigated and appropriate corrective measures were taken to resolve the issues.

No. of Compliance Consultations/Reports (Japan)

FY	2019	2020	2021	2022
No. of cases	48	69	42	66

Officers (As of October 31, 2023)



President, CEO

Katsumi Saito

Apr. 1988 Joined Toyoda Gosei
 June 2012 General Manager, Technical Administration Division, Toyoda Gosei
 Jan. 2015 General Manager, Human Resources Development Division, Toyoda Gosei
 June 2018 Corporate Officer, Toyoda Gosei (Retired in June 2019 due to a change in the board system)
 Jan. 2019 President, TG Meteor GmbH
 June 2023 President, CEO, Toyoda Gosei



Vice President, CFO, CMO

Hiroshi Yasuda

Apr. 1982 Joined Toyoda Gosei
 June 2012 Corporate Officer, Toyoda Gosei
 June 2016 Director, Managing Officer, Toyoda Gosei
 June 2018 Director, Senior Managing Officer, Toyoda Gosei
 June 2019 Director, Corporate Officer, Toyoda Gosei
 June 2023 Executive Vice President, Toyoda Gosei (CFO/CMO)



Director, Corporate Officer

Masaki Oka

Apr. 1985 Joined Toyota Motor Corp.
 Jan. 2014 General Manager of Related Business Department, Toyota Motor Corp.
 Jan. 2015 Adviser, Toyoda Gosei
 June 2015 Corporate Officer, Toyoda Gosei
 June 2018 Director, Managing Officer, Toyoda Gosei
 June 2019 Director, Corporate Officer, Toyoda Gosei



Director, Corporate Officer, CTO

Mitsuhiro Nawashiro

Sept. 1997 Joined Toyoda Gosei
 Jan. 2011 General Manager, Manufacturing Division 3, Interior & Exterior Components Business Unit, Toyoda Gosei
 Mar. 2018 President, Toyoda Gosei Minda India Pvt. Ltd.
 June 2018 Corporate Officer, Toyoda Gosei (Retired in June 2019 due to a change in the board system)
 June 2021 Corporate Officer, Toyoda Gosei



Director

Naoki Miyazaki

Apr. 1980 Joined Toyota Motor Co., Ltd.
 June 2008 Managing Officer, Toyota Motor Corp.
 Apr. 2013 Senior Managing Officer, Toyota Motor Corp.
 Apr. 2014 Adviser, Toyoda Gosei
 June 2014 Executive Vice President, Toyoda Gosei
 June 2015 President, Toyoda Gosei
 June 2020 Chairman, Toyoda Gosei
 June 2021 Director, Toyoda Gosei

Significant Concurrent Positions:

Vice Chairman, Toyota Boshoku Corporation
 Outside Audit & Supervisory Board member, Hino Motors, Ltd.



Outside Director

Kimio Yamaka

Apr. 1980 Joined Japan Development Bank
 Apr. 2007 Deputy Director-General, Development Bank of Japan
 July 2009 Director of the Energy Strategy Institute Co., Ltd. (current)
 Dec. 2012 General Advisor on Energy Policy for Yamagata Pref. (current)
 Apr. 2014 Project Professor, Graduate School of Economics, Kyoto University (current)
 June 2016 Director, Toyoda Gosei

Significant Concurrent Positions:

Director of the Energy Strategy Institute Co., Ltd.
 Project Professor, Graduate School of Economics, Kyoto University
 General Advisor on Energy Policy for Yamagata Pref.



Outside Director

Mayumi Matsumoto

Oct. 1987 Contract newscaster, TV Asahi Corporation
 Apr. 1993 Contract newscaster, Japan Broadcasting Corporation
 July 2003 Freelance announcer, Horipro Inc.
 May 2008 Collaborative Researcher, Research Center for Advanced Science and Technology, The University of Tokyo
 May 2009 Project Researcher, Research Center for Advanced Science and Technology, The University of Tokyo
 Apr. 2011 Director, Principal Researcher, International Environment and Economy Institute
 Apr. 2013 Visiting Associate Professor, Special Division of Environmental and Energy Science, Komaba Organization for Educational Excellence (KOMEX), The University of Tokyo
 July 2017 Director, Japan Council for Renewable Energy
 June 2019 Director, Toyoda Gosei

Significant Concurrent Positions:

Visiting Associate Professor, Komaba Organization for Educational Excellence (KOMEX), The University of Tokyo
 Director, Principal Researcher, International Environment and Economy Institute
 Director, Japan Council for Renewable Energy



Outside Director

Takashi Wada

Apr. 1979 Joined Sanken Electric Co., Ltd.
 Apr. 2007 General Manager, Production Division, Production Headquarters, Sanken Electric
 June 2007 Corporate Officer, Sanken Electric
 Apr. 2009 Head, Production Headquarters, Sanken Electric
 June 2009 Director and Senior Vice President, Sanken Electric
 June 2012 Director and Executive Vice President, Sanken Electric
 Apr. 2015 President and Representative Director, Sanken Electric
 June 2021 Chairman and Representative Director, Sanken Electric
 June 2022 Senior Advisor, Sanken Electric
 June 2023 Director, Toyoda Gosei

Significant Concurrent Positions:

Senior Advisor, Sanken Electric



Audit & Supervisory Board Member
Kenji Oiso

- Apr. 1980 Joined Sumitomo Metal Industries, Ltd.
- Apr. 2002 Deputy Manager, Finance & Accounting Div., Sumitomo Metal Ind., Ltd.
- June 2004 Joined Mitsubishi Sumitomo Silicon, Co., Ltd.
- Mar. 2006 General Manager, Finance & Accounting Division, SUMCO Corp.
- Apr. 2011 Corporate Officer, SUMCO Corp.
- Apr. 2014 Functional Officer, Yokogawa Sumikin Bridge Corp.
- Jan. 2016 Joined Miraial Co., Ltd.
- Feb. 2016 General Manager, Finance & Accounting Division, Miraial Co., Ltd.
- Apr. 2017 Project General Manager, Finance & Accounting Division, Toyoda Gosei
- Apr. 2019 Managing Director, Toyoda Gosei Corporate Pension Fund
- June 2020 Audit & Supervisory Board Member, Toyoda Gosei



Audit & Supervisory Board Member
Yamato Suzuki

- Apr. 1987 Joined Toyota Motor Corp.
- Jan. 2012 Group Leader, Litigation Dept., Legal Division, Toyota Motor Corp. (Project Senior Manager)
- Jan. 2015 Project General Manager, Corporate Planning Division, Toyoda Gosei
- Jan. 2016 Deputy General Manager, Legal Division, Toyoda Gosei
- June 2016 General Manager, Legal Division, Toyoda Gosei
- June 2021 Audit & Supervisory Board Member, Toyoda Gosei



Outside Audit & Supervisory Board Member
Chika Kako

- Apr. 1989 Joined Toyota Motor Corp.
- Jan. 2015 Chief Engineer, Lexus International ZL, Toyota Motor Corp.
- Jan. 2018 Managing Officer, Toyota Motor Corp.
- Jan. 2019 Field General Manager, Material Technology Field, Advanced R&D and Engineering Company, Toyota Motor Corp.
- Jan. 2020 Senior General Manager, Material Technology Field, Advanced R&D and Engineering Company, Toyota Motor Corp.
- June 2020 Audit & Supervisory Board Member, Toyoda Gosei

Significant Concurrent Positions:

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



Outside Audit & Supervisory Board Member
Hitoshi Kuwayama

- Apr. 1990 Registered as attorney
Joined Midosuji LPC
- Apr. 1997 Partner at Midosuji LPC
- May 2011 Outside Company Auditor, Maxvalu Nishinoh Co., Ltd.
- Apr. 2012 Vice Chairman, Osaka Bar Association
- Apr. 2013 Part-time Lecturer, Kyoto University Law School
- May 2015 Outside Director, Maxvalu Nishinoh Co., Ltd.
- Apr. 2020 Senior Partner, Midosuji LPC
- June 2020 Outside Director, Zett Corporation (Audit and Supervisory Committee Member)
- June 2022 Audit & Supervisory Board Member, Toyoda Gosei

Significant Concurrent Positions:

Senior Partner, Midosuji LPC
Outside Director, Zett Corporation (Audit and Supervisory Committee Member)



Outside Audit & Supervisory Board Member
Masahiko Yokoi

- Apr. 1978 Joined the Asahi Shimbun Company
- June 2010 Director, Representative of Osaka Head Office of the Asahi Shimbun Company
- June 2013 Director, Nagoya Broadcasting Network Co., Ltd.
- June 2014 President and Representative Director, Nagoya Broadcasting Network
- June 2019 Chairman and Representative Director, Nagoya Broadcasting Network
- June 2022 Advisor, Nagoya Broadcasting Network

Significant Concurrent Positions:

Advisor, Nagoya Broadcasting Network

Corporate Officers

Hiromasa Zaitu (CRO)

Yutaka Ogasawara

Tadashi Yamamoto

Makoto Hasegawa (CSMO)

Kenji Hayashi

Nobuhisa Tanaka

Katsufumi Otani

Bijay Krishna Shrestha

Yasushi Okada

Consolidated 10-Year Financial Summary

Japanese GAAP		FY2013 (FY ended March 31, 2014)	FY2014 (FY ended March 31, 2015)	FY2015 (FY ended March 31, 2016)	FY2016 (FY ended March 31, 2017)	FY2017 (FY ended March 31, 2018)
Management Results	Sales	689,477	727,846	781,886	755,601	806,938
	Operating profit	43,798	41,603	42,824	40,675	41,136
	Ordinary profit	45,847	43,792	41,490	39,007	43,200
	Profit before income taxes and other adjustments	46,101	39,851	36,710	31,288	35,775
	Net profit attributable to owners of parent	26,214	21,155	20,255	16,233	21,175
Financial State	Cash and cash equivalents	92,364	85,283	78,388	97,553	104,309
	Current assets	279,281	291,246	281,212	305,273	328,524
	Property, plant and equipment	210,214	250,557	241,408	245,666	259,537
	Non-current assets	262,596	316,926	306,160	315,425	333,819
	Total assets	541,877	608,172	587,373	620,699	662,388
	Short-term borrowings [*]	39,069	41,848	21,073	31,762	43,722
	Current liabilities	168,136	180,795	162,592	170,574	189,075
	Bonds payable	–	–	–	–	10,000
	Long-term borrowings	31,138	42,929	44,691	57,261	54,458
	Fixed liabilities	73,462	88,902	96,937	110,663	119,403
	Total liabilities	241,598	269,697	259,530	281,237	308,479
	Shareholders' equity	275,840	289,321	301,756	311,127	324,890
	Reference: Interest-bearing debt	70,207	84,777	65,765	89,023	108,181
Cash Flow	Cash flow from operating activities	55,448	51,283	77,765	60,401	60,848
	Cash flow from investing activities	(45,680)	(62,432)	(56,261)	(82,131)	(39,201)
	Cash flow from financing activities	(732)	(238)	(24,736)	14,794	6,541
Key Indicators	Ratio of net profit to sales (%)	3.8	2.9	2.6	2.1	2.6
	Total asset turnover (times)	1.34	1.27	1.31	1.25	1.26
	Equity ratio (%)	51.6	51.6	51.7	50.7	49.6
	ROE (%)	9.8	7.1	6.6	5.2	6.6
	Capital investment	43,085	64,733	54,498	55,218	64,816
	Depreciation and amortization	38,743	39,353	44,462	40,902	44,037
	R&D expenses	29,170	29,579	28,409	27,164	27,864
	Number of employees at end of term (consolidated)	31,672	34,754	35,903	36,679	38,234
Per Share Information	Dividend per share (Yen)	56.00	56.00	56.00	53.00	56.00
	Basic earnings per share (EPS) (Yen)	202.54	163.44	156.49	125.42	163.60
	Dividend payout ratio (%)	27.65	34.26	35.79	42.26	34.23

* Including current portion of long-term borrowings and current portion of bonds payable

(Millions of yen) (Amounts are rounded down to the nearest million yen)

International Financial Reporting Standards (IFRS)	FY2017 (FY ended March 31, 2018)	FY2018 (FY ended March 31, 2019)	FY2019 (FY ended March 31, 2020)	FY2020 (FY ended March 31, 2021)	FY2021 (FY ended March 31, 2022)	FY2022 (FY ended March 31, 2023)
Revenue	807,958	840,714	812,937	721,498	830,243	951,877
Operating profit	35,179	36,525	17,888	36,479	34,172	35,069
Pre-tax profit	35,507	37,356	16,106	37,301	37,696	35,323
Net income attributable to owners of parent	21,361	23,309	11,226	35,205	23,352	16,004
Cash and cash equivalents	97,991	107,311	127,930	134,003	109,145	105,268
Current assets	357,666	382,106	359,565	380,578	425,165	419,108
Property, plant and equipment	241,581	257,728	273,479	290,246	316,901	327,838
Non-current assets	321,819	326,023	349,619	394,577	434,137	446,192
Total assets	679,485	708,129	709,185	775,155	859,302	865,300
Borrowings	43,722	32,396	44,657	42,835	43,924	32,906
Current liabilities	195,392	194,309	180,653	185,535	209,396	196,047
Bonds and borrowings	64,511	93,089	103,399	109,379	129,772	130,116
Non-current liabilities	118,435	133,674	158,256	169,164	187,111	182,885
Total liabilities	313,828	327,983	338,909	354,700	396,508	378,932
Equity attributable to owners of parent						
Reference: Interest-bearing debt	108,233	125,486	148,057	152,215	173,696	163,022
Cash flow from operating activities	44,004	57,463	65,247	67,247	27,658	53,973
Cash flow from investing activities	(21,832)	(55,491)	(54,174)	(49,949)	(59,427)	(31,952)
Cash flow from financing activities	5,966	7,749	12,525	(13,065)	2,206	(28,558)
Ratio of profit to revenue (%)	2.6	2.8	1.4	4.9	2.8	1.7
Total asset turnover (times)	1.23	1.21	1.15	0.97	1.02	1.10
Ratio of equity attributable to owners of parent (%)	50.1	50.0	48.7	50.5	49.9	51.8
ROE (%)	6.4	6.7	3.2	9.6	5.7	3.6
Capital investment	53,411	46,891	41,835	46,589	49,749	48,897
Depreciation and amortization	32,545	32,927	35,323	35,527	38,499	44,814
R&D expenses	27,684	30,025	31,374	31,000	33,543	34,254
Number of employees at end of term (consolidated)	38,234	39,429	39,403	38,823	39,511	38,942
Dividend per share (Yen)	56.00	60.00	60.00	60.00	60.00	60.00
Basic earnings per share (EPS) (Yen)	165.04	180.09	86.74	271.99	180.39	123.62
Dividend payout ratio (%)	33.93	33.32	69.17	22.06	33.26	48.55

Consolidated Financial Statements

(Millions of yen)

Consolidated Statements of Financial Position	Previous Consolidated Fiscal Year (As of March 31, 2022)	Current Consolidated Fiscal Year (As of March 31, 2023)
Assets		
Current assets		
Cash and cash equivalents	109,145	105,268
Trade and other receivables	182,595	185,640
Other financial assets	17,421	4,380
Inventories	94,862	99,171
Other current assets	21,140	24,646
Total current assets	425,165	419,108
Non-current assets		
Property, plant and equipment	316,901	327,838
Intangible assets	5,154	5,240
Other financial assets	50,650	50,239
Investments accounted for by the equity method	15,642	16,529
Assets for retirement benefits	5,741	3,581
Deferred tax assets	18,706	18,021
Other non-current assets	21,340	24,740
Total non-current assets	434,137	446,192
Total assets	859,302	865,300
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	147,942	142,453
Borrowings	43,924	32,906
Other financial liabilities	4,158	3,912
Income taxes payable	3,730	4,220
Provisions	2,648	4,503
Other current liabilities	6,993	8,049
Total current liabilities	209,396	196,047
Non-current liabilities		
Bonds and borrowings	129,772	130,116
Other financial liabilities	13,645	13,136
Liabilities for retirement benefits	32,420	31,867
Provisions	3,233	3,303
Deferred tax liabilities	5,304	3,211
Other non-current liabilities	2,734	1,249
Total non-current liabilities	187,111	182,885
Total liabilities	396,508	378,932
Capital		
Capital stock	28,069	28,093
Capital surplus	24,465	24,860
Treasury stock	(1,233)	(1,235)
Other components of equity	42,433	52,420
Retained earnings	335,069	344,275
Total equity attributable to owners of parent	428,804	448,413
Non-controlling interest	33,989	37,953
Total equity	462,794	486,367
Total liabilities and equity	859,302	865,300

(Millions of yen)

Consolidated Statements of Income	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
	(From April 1, 2021 To March 31, 2022)	(From April 1, 2022 To March 31, 2023)
Revenue	830,243	951,877
Cost of sales	(733,686)	(836,299)
Gross profit	96,557	115,577
Selling, general and administrative expenses	(64,050)	(76,519)
Other income	5,239	4,472
Other expenses	(3,574)	(8,460)
Operating profit	34,172	35,069
Financial income	5,912	3,681
Financial expenses	(2,651)	(3,691)
Equity in earnings of affiliates	264	263
Pre-tax profit	37,696	35,323
Income tax expense	(10,962)	(14,274)
Net income	26,734	21,048
Net income attributable to		
Owners of parent	23,352	16,004
Non-controlling interest	3,382	5,043
Net income	26,734	21,048
Net income per share		
Basic earnings per share (EPS) (Yen)	180.39	123.62
Diluted earnings per share (Yen)	180.38	123.61

(Millions of yen)

Consolidated Statements of Comprehensive Income	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
	(From April 1, 2021 To March 31, 2022)	(From April 1, 2022 To March 31, 2023)
Net income	26,734	21,048
Other comprehensive income		
Items not reclassified to profit or loss		
Equity financial assets measured at fair value through other comprehensive income	4,926	(1,155)
Remeasurement of defined benefit plans	221	397
Share of other comprehensive income of equity-method affiliates	37	1
Total items not reclassified to profit or loss	5,185	(756)
Items that may be reclassified into profit or loss		
Exchange differences on translation of foreign operations	20,533	12,396
Share of other comprehensive income of equity-method affiliates	841	460
Total items that may be reclassified into profit or loss	21,375	12,857
Other comprehensive income, net of tax	26,560	12,101
Comprehensive income	53,294	33,150
Comprehensive income attributable to		
Owners of parent	48,251	26,397
Non-controlling interest	5,043	6,753
Comprehensive income	53,294	33,150

(Millions of yen)

Consolidated Statements of Changes in Equity

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Treasury stock	Other components of equity		
				Exchange differences on translation of foreign operations	Equity financial assets measured at fair value through other comprehensive income	Remeasurement 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, 2021	28,046	25,626	(1,232)	(1,356)	19,116	—
Net income	—	—	—	—	—	—
Other comprehensive income	—	—	—	19,735	4,910	253
Total comprehensive income	—	—	—	19,735	4,910	253
Issuance of new shares	23	23	—	—	—	—
Repurchase of treasury stock	—	—	(1)	—	—	—
Dividends	—	—	—	—	—	—
Changes in interests in controlled subsidiaries	—	(1,184)	—	—	—	—
Change due to capital increase	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	29	—	—
Transfer to retained earnings from other components of equity	—	—	—	—	—	(253)
Total amount of transactions with owners	23	(1,161)	(1)	29	—	(253)
Balance as of March 31, 2022	28,069	24,465	(1,233)	18,407	24,026	—
Net income	—	—	—	—	—	—
Other comprehensive income	—	—	—	11,162	(1,149)	379
Total comprehensive income	—	—	—	11,162	(1,149)	379
Issuance of new shares	23	23	—	—	—	—
Repurchase of treasury stock	—	—	(1)	—	—	—
Dividends	—	—	—	—	—	—
Changes in interests in controlled subsidiaries	—	288	—	—	—	—
Change due to capital increase	—	—	—	—	—	—
Change in scope of consolidation	—	82	—	—	—	—
Transfer to retained earnings from other components of equity	—	—	—	—	(26)	(379)
Total amount of transactions with owners	23	395	(1)	—	(26)	(379)
Balance as of March 31, 2023	28,093	24,860	(1,235)	29,570	22,849	—

	Equity attributable to owners of parent				
	Other components of equity	Retained earnings	Total	Non-controlling interest	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2021	17,759	320,883	391,083	29,372	420,455
Net income	—	23,352	23,352	3,382	26,734
Other comprehensive income	24,899	—	24,899	1,661	26,560
Total comprehensive income	24,899	23,352	48,251	5,043	53,294
Issuance of new shares	—	—	46	—	46
Repurchase of treasury stock	—	—	(1)	—	(1)
Dividends	—	(9,063)	(9,063)	(2,593)	(11,657)
Changes in interests in controlled subsidiaries	—	—	(1,184)	1,606	421
Change due to capital increase	—	—	—	176	176
Change in scope of consolidation	29	(355)	(326)	383	57
Transfer to retained earnings from other components of equity	(253)	253	—	—	—
Total amount of transactions with owners	(224)	(9,165)	(10,529)	(426)	(10,955)
Balance as of March 31, 2022	42,433	335,069	428,804	33,989	462,794
Net income	—	16,004	16,004	5,043	21,048
Other comprehensive income	10,392	—	10,392	1,709	12,101
Total comprehensive income	10,392	16,004	26,397	6,753	33,150
Issuance of new shares	—	—	47	—	47
Repurchase of treasury stock	—	—	(1)	—	(1)
Dividends	—	(7,122)	(7,122)	(2,868)	(9,990)
Changes in interests in controlled subsidiaries	—	—	288	40	328
Change due to capital increase	—	—	—	39	39
Change in scope of consolidation	—	(82)	—	—	—
Transfer to retained earnings from other components of equity	(406)	406	—	—	—
Total amount of transactions with owners	(406)	(6,799)	(6,788)	(2,788)	(9,576)
Balance as of March 31, 2023	52,420	344,275	448,413	37,953	486,367

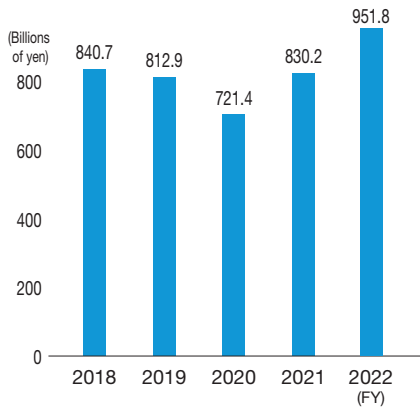
(Millions of yen)

Consolidated Statements of Cash Flow	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
	(From April 1, 2021 To March 31, 2022)	(From April 1, 2022 To March 31, 2023)
Cash flow from operating activities		
Pre-tax profit	37,696	35,323
Depreciation and amortization	41,944	47,633
Impairment loss (or reversal)	–	3,955
Increase (decrease) in provisions	(1,411)	119
Increase (decrease) in liabilities for retirement benefits	(414)	1,316
Decrease (increase) in assets for retirement benefits	(2,240)	300
Financial income	(5,235)	(7,610)
Financial expenses	2,566	3,623
Equity in (gains) losses of affiliated companies	(264)	(263)
Loss (gain) on sales of non-current assets	75	230
Decrease (increase) in inventories	(15,789)	(636)
Decrease (increase) in trade and other receivables	(25,283)	1,354
Increase (decrease) in trade and other payables	13,718	(11,212)
Other	(8,344)	(5,670)
Subtotal	37,019	68,464
Interest income received	1,740	2,489
Dividends received	1,178	1,202
Interest expenses paid	(2,582)	(3,603)
Income taxes paid	(9,697)	(14,578)
Cash flow from operating activities	27,658	53,973
Cash flow from investing activities		
Payments into time deposits	(20,189)	(4,882)
Proceeds from withdrawal of time deposits	13,297	19,623
Purchase of property, plant and equipment and intangible assets	(51,728)	(46,129)
Proceeds from sales of property, plant and equipment and intangible assets	1,206	1,615
Purchase of investments	(1,357)	(1,028)
Other	(656)	(1,149)
Cash flow from investing activities	(59,427)	(31,952)
Cash flow from financing activities		
Proceeds from short-term borrowings	54,362	20,703
Repayment of short-term borrowings	(34,138)	(48,450)
Proceeds from long-term loans payable	24,415	31,307
Repayment of long-term borrowings	(27,868)	(18,461)
Repayment of lease liabilities	(3,073)	(4,197)
Dividends paid	(9,071)	(7,120)
Dividends paid to non-controlling interests	(2,593)	(2,706)
Proceeds from payments from non-controlling interests	–	367
Other	175	(1)
Cash flow from financing activities	2,206	(28,558)
Net increase (decrease) in cash and cash equivalents	(29,562)	(6,537)
Cash and cash equivalents at beginning of year	134,003	109,145
Effect of exchange rate changes on cash and cash equivalents	4,704	2,660
Cash and cash equivalents at end of year	109,145	105,268

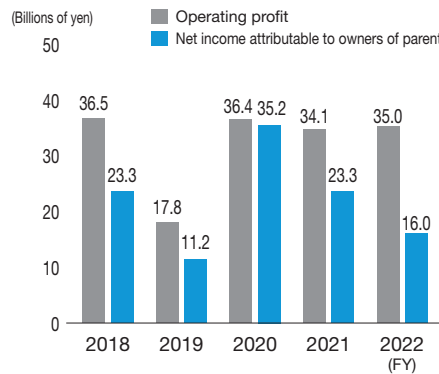
Financial Highlights

* The Toyota Gosei Group has adopted IFRS from the first quarter of the consolidated fiscal year ended March 31, 2019. Figures for the fiscal year ended March 31, 2018 have also been reclassified to IFRS basis.

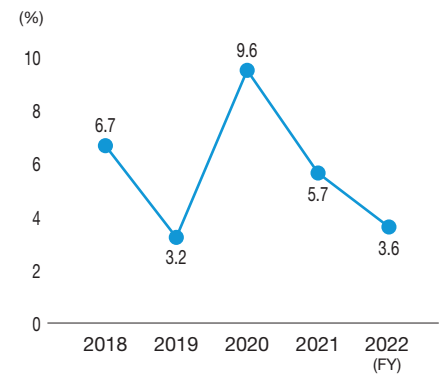
Revenue



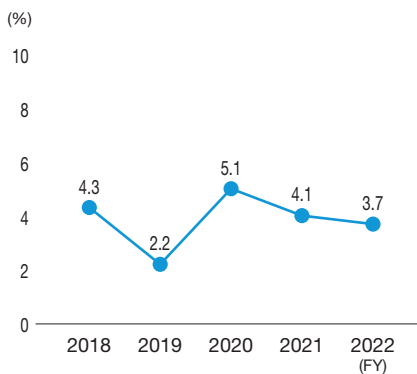
Operating profit/Net income attributable to owners of parent



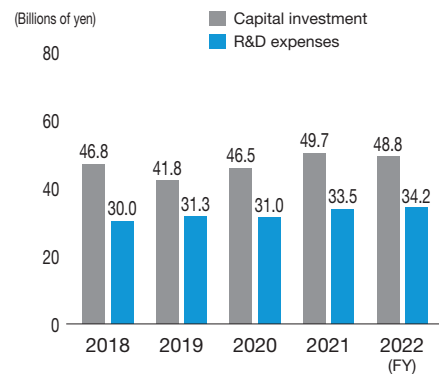
ROE



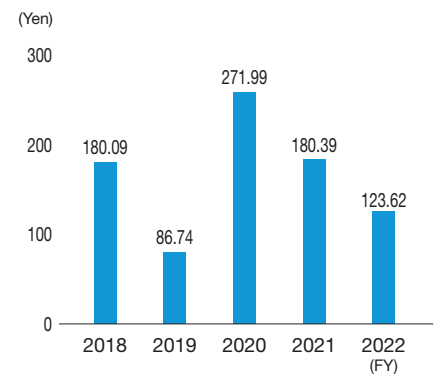
Operating profit ratio



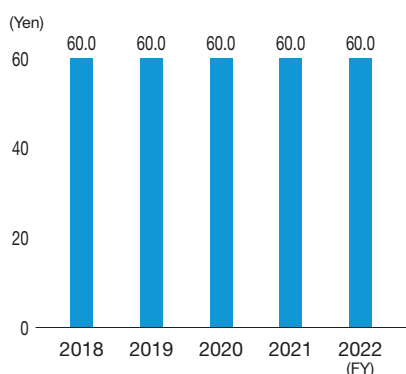
Capital investment/R&D expenses



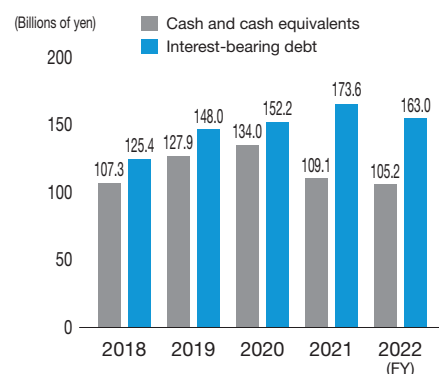
Basic net income per share



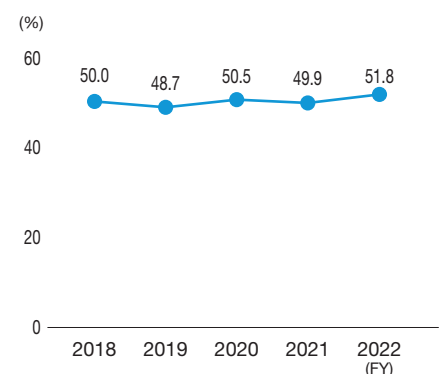
Dividend per share



Cash and cash equivalents/Interest-bearing debt



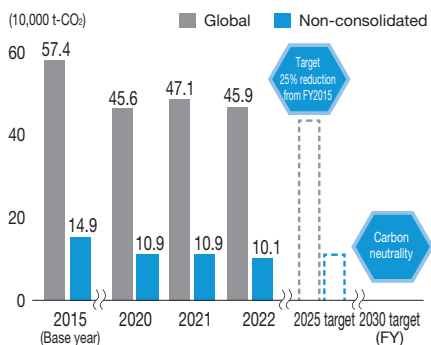
Ratio of equity attributable to owners of parent



Non-Financial Highlights

Environment

CO₂ emissions (Scopes 1 and 2)

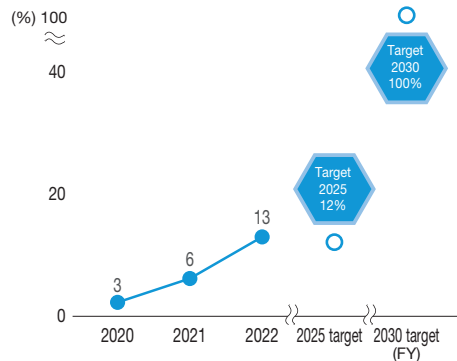


CO₂ emissions by Scope 3 Category (FY2022 Results) (Global)

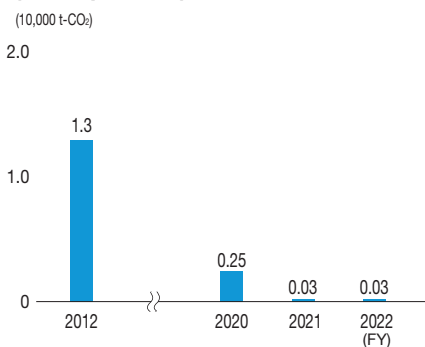
Scope/Category	Emissions (10,000 tons)
Scope 1	10.62
Scope 2	35.24
Scope 3	260.5
Goods and services purchased	209.3
Capital goods	16.3
Fuel and energy related activities	7.1
Upstream logistics	16.6
Waste generated by operations	4.0
Business travel	0.9
Employee commuting	4.5
Upstream leased assets	0.6
Product disposal	1.2

Minimal or not applicable for other than above

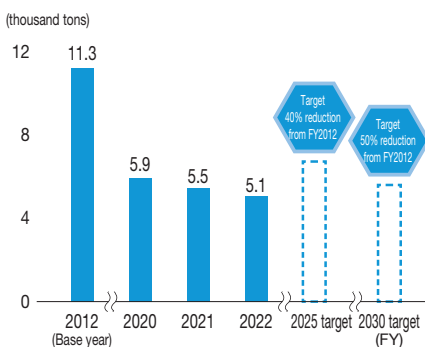
Renewable energy adoption rate (Global)



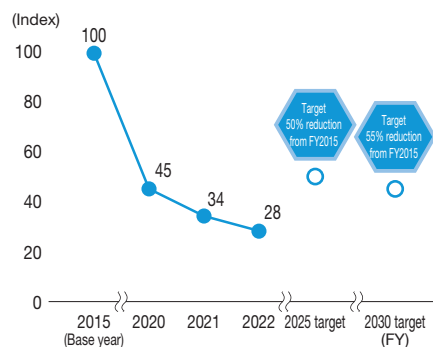
Greenhouse gas (6 gases) emissions (CO₂ equivalent) (non-consolidated)



Waste volume (non-consolidated)

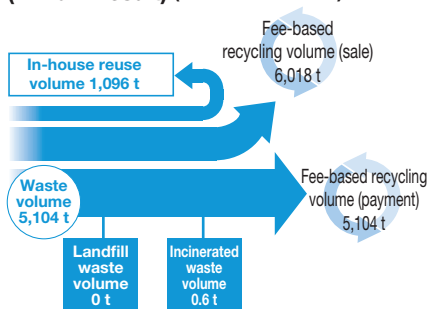


Waste volume per unit sales (index*1) (Overseas affiliates)

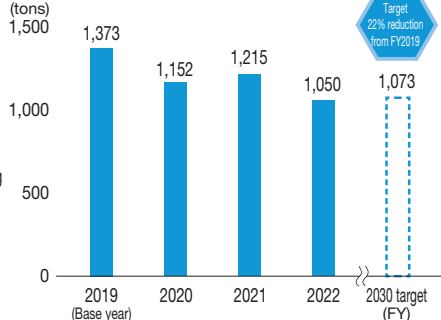


*1 Figures based on the base year as 100

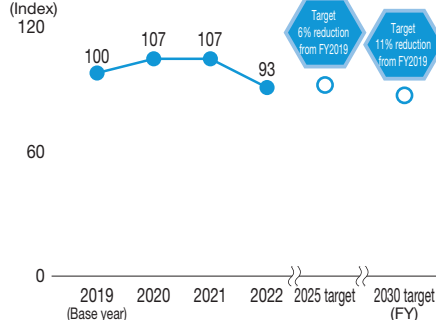
Waste generation and disposal (FY2022 result) (non-consolidated)



Plastic industrial waste volume (non-consolidated)



Water intake per unit sales (index*2) (non-consolidated)



*2 Figures based on the base year as 100

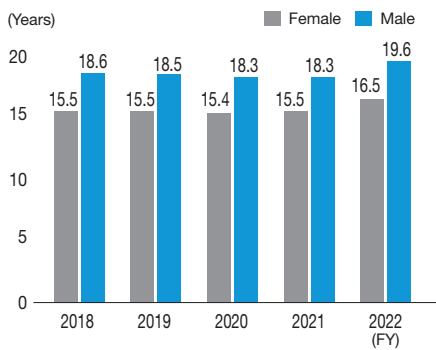
Non-Financial Highlights

Society

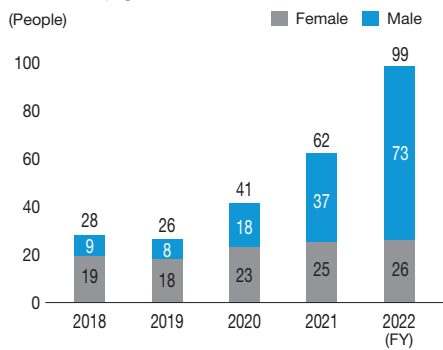
Results of Key Items in FY2022 and Targets for FY2025 and FY2030 (Non-Consolidated)

Key item	FY2022 Result	FY2025 Target	FY2030 Target
Annual number of participants in training programs for executives	60	80	—
Ratio of employees dispatched overseas (managers and technical and administrative staff)	21%	25% or more	—
Number of DX staff trained	190	270	400
Number of female managers	33	45 (4.0%)	100 (8.8%)
Ratio of local executives (vice presidents and above at overseas affiliates)	32% (Global)	40% or more (Global)	60%
Ratio of mid-career hires in management positions	30%	30% or more	30% or more
Employment of people with disabilities	2.79% (Domestic affiliates)	Achievement of legally mandated employment ratio (Domestic affiliates)	—
Engagement survey results (Positive evaluation)	59%	70% or more	75% or more
Average overtime hours	11.3 hr/month/person	10.0 hr/month/person or less	—
Percentage of employees taking paid vacations	94%	95% or more	—
Percentage of male employees taking childcare leave	44.8%	75%	100%
Wage difference between men and women	76.6%	77%	82%

Average years of service by gender (non-consolidated)

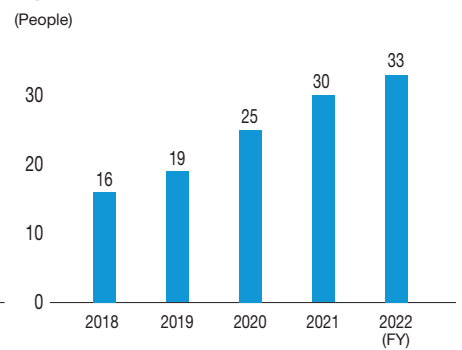


Number of employees taking childcare leave by gender (non-consolidated)*1

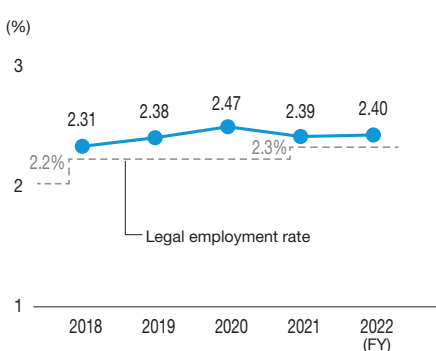


*1 Number of employees who started childcare leave during the fiscal year

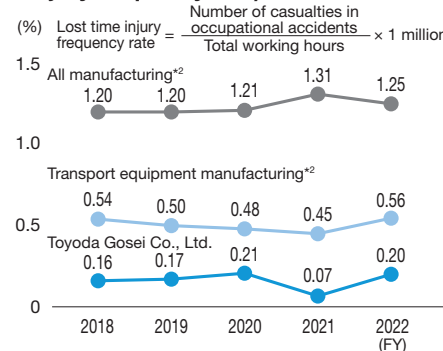
Number of women in management positions (non-consolidated)



Employment rate of persons with disabilities (non-consolidated)



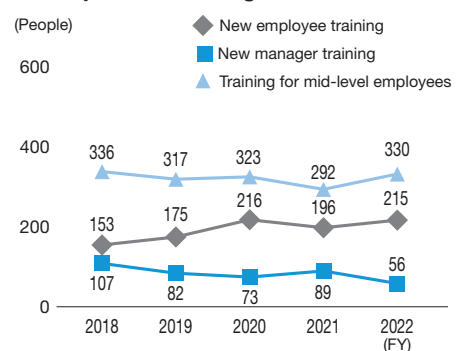
Occupational accident rate (lost time injury frequency rate) (non-consolidated)



*2 Results from the Ministry of Health, Labour and Welfare's survey on occupational accident trends (Survey period: January to December)

Governance

Number of employees receiving compliance training (non-consolidated)








IR Activities

We place great importance on dialogue with investors, analysts, and other stakeholders, and actively provide feedback to management for enhancing corporate value.

Initiative	FY2021 Result	FY2022 Result
No. of individual meetings for analysts and institutional investors	125	109
No. of financial results briefings for analysts and institutional investors	4	4
No. of business briefings and facility tours for analysts and institutional investors	2	3
No. of conferences sponsored by securities firms	3	2
No. of briefings for individual investors	2	1

External Recognition

Major Indices Where Toyoda Gosei Has Been Selected as a Constituent Stock

JPX Nikkei Index 400		FTSE Blossom Japan Sector Relative Index https://www.iaseg.com/en/ftse-russell/indices/blossom-japan	
FTSE4Good Index Series https://www.iaseg.com/en/ftse-russell/indices/ftse4good		S&P/JPX Carbon Efficient Index	
FTSE Blossom Japan Index https://www.iaseg.com/en/ftse-russell/indices/blossom-japan			

External Recognition of Sustainability

Nikkei SDGs Management Survey 2022		Health & Productivity Management Outstanding Organization (White 500)	
CDP Climate Change 2022 Score: B Supplier Engagement 2022 Score: A Water Security 2022 Score: B		Sports Yell Company 2023	
Ministry of the Environment 30by30 Heiwacho plant biotope certified as a site for coexistence with nature		Partner Award for Cancer Prevention Campaign in "Information Provider Category"	

External Recognition of Communication

Securities Analysts Association of Japan: 29th Awards for Excellence in Corporate Disclosure

Ranked 3rd in the automobile, parts, and tires category as a company that has continuously maintained a high level of disclosure

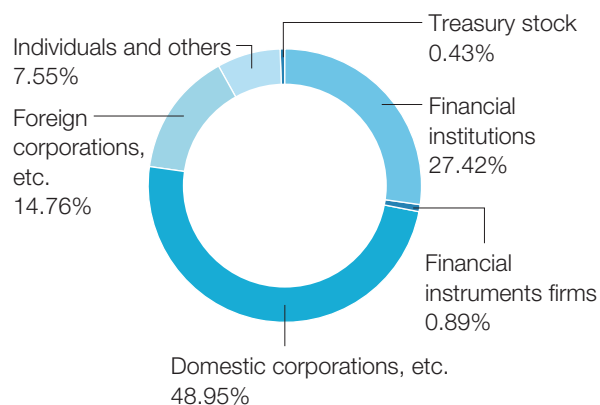
Company Information (As of March 31, 2023)

Head Office Address	1 Haruhinagahata, Kiyosu, Aichi, 452-8564, Japan	Number of consolidated subsidiaries	54 (Domestic: 13, Overseas: 41)
Date of Establishment	June 15, 1949	Number of equity method affiliates	7 (Domestic: 3, Overseas: 4)
Capital stock	¥28.0 bn	Number of employees	Consolidated: 38,942, Non-consolidated: 6,733

Investor Information (As of March 31, 2023)

Total number of shares	Total number of authorized shares 200,000,000	Administrator of shareholders' register and account management institution for special accounts	Mitsubishi UFJ Trust and Banking Corporation
	Total number of shares issued and outstanding 129,511,849 (excluding 559,255 shares of treasury stock)	Securities code	7282
Number of shareholders	13,314		
Stock exchange listings	Tokyo Stock Exchange and Nagoya Stock Exchange		

Shareholder Distribution



Major Shareholders

Name of shareholder	Number of shares held	Shareholding ratio
Toyota Motor Corporation	55,459 <small>Thousands of shares</small>	42.82%
The Master Trust Bank of Japan, Ltd. (Trust account)	10,600	8.18
Custody Bank of Japan, Ltd. (Trust account)	9,889	7.63
Sumitomo Mitsui Banking Corporation	5,049	3.89
Toyoda Gosei employee stockholding association	1,855	1.43
Nippon Life Insurance Company	1,592	1.22
The Dai-ichi Life Insurance Company, Limited	1,381	1.06
SSBTC Client Omnibus Account	1,288	0.99
State Street London Care of State Street Bank and Trust, Boston SSBTC A/C UK London Branch Clients- United Kingdom	1,187	0.91
Daiei Sangyo Kaisha, Ltd.	1,041	0.80

* The shareholding ratio is calculated after deducting treasury stock.

Corporate Website



<https://www.toyoda-gosei.com/>

Financial Information



Website: Investor Relations
<https://www.toyoda-gosei.com/ir/>
Financial Results/Securities Reports, etc.

Non-Financial Information



Website: Sustainability
<https://www.toyoda-gosei.com/csr/>
Environment/Social/Governance etc.

Re-S Eco-brand

As part of our efforts to reduce waste, we have developed the “Re-S” brand of products using scrap materials from the production processes of automotive parts such as airbags and steering wheels. Re-S comes from “Re-born” and “Re-cycle,” which start with the letters “Re,” and from the increased sustainability (S) by implementing environmentally friendly initiatives.



(1) Pen holders, pen cases, and business card holders made from genuine leather scraps and wood from forest thinning
 (2) Tote bags using airbags



Colored tote bag using a seat belt for the handle
 (Products made in collaboration with Ashimori Industry Co., Ltd., with which we have a business tie-up)



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TOYODA GOSEI CO., LTD.

1 Haruhinagahata, Kiyosu, Aichi, 452-8564, Japan

Phone: +81-52-400-1055

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