

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.

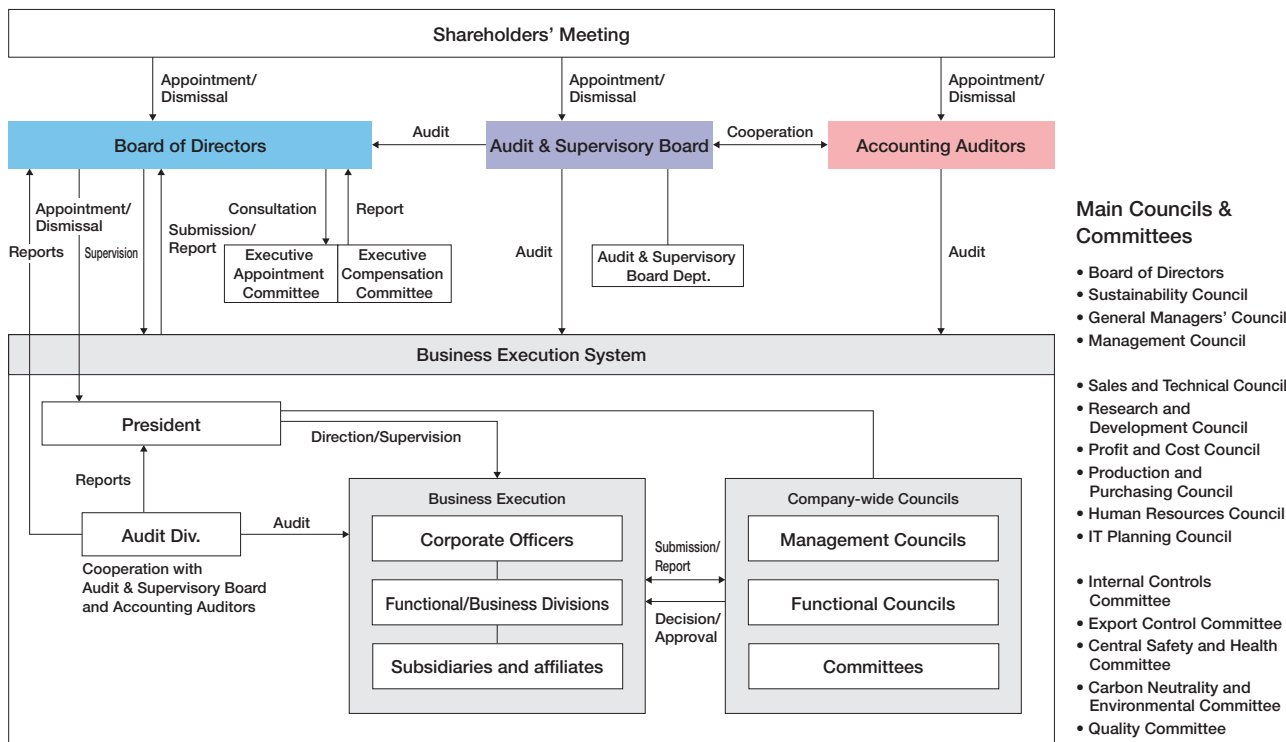
Also, in order to strengthen the supervisory function of the Board of Directors and to increase the objectivity and transparency of the decision-making process, we have established the Executive Appointment Committee and Executive Compensation Committee under the Board of Directors as non-mandatory advisory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

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

* 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.

Name * Assumed position in June 2022 ** Assumed position in June 2023	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**
	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>
Position at Toyoda Gosei													
Executive Compensation Committee ◎ indicates chairperson	○				○	◎	○	○					
Executive Appointment Committee ◎ indicates chairperson	○				○	◎	○	○					
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.

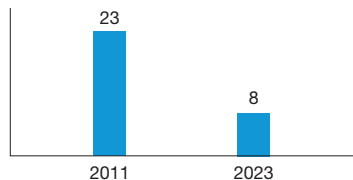
To plan and implement medium- to long-term plans to search for, develop, and launch new businesses in non-automotive fields, and to expand new businesses in the future.

Changes in Numbers of Directors and Audit & Supervisory Board Members

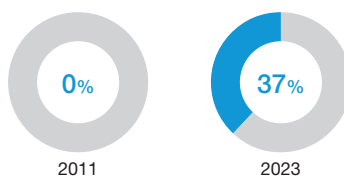
In 2012, Toyoda Gosei adopted a system of corporate officers and downsized its Board of Directors to nine directors from 23 as of 2011. It appointed its first outside director in 2015.

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.

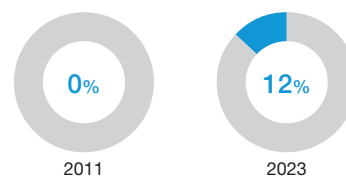
No. of Directors



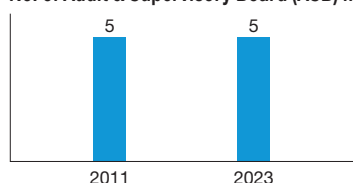
Outside Director Ratio



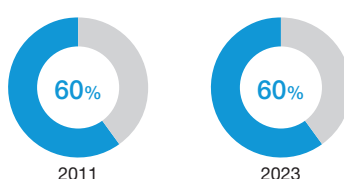
Female Director Ratio



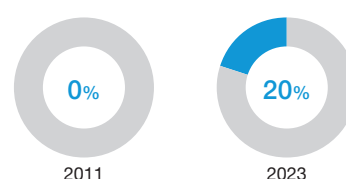
No. of Audit & Supervisory Board (ASB) members



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

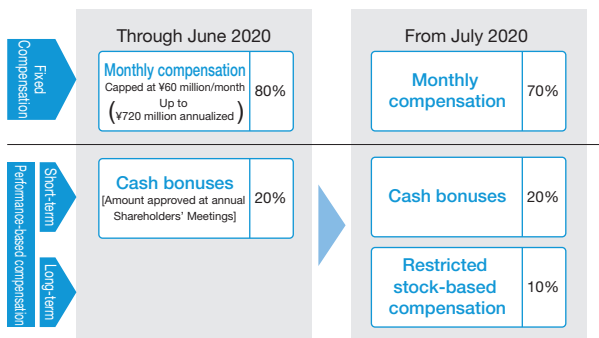
Appointment	Name	Independent Director/Auditor	Reason for Appointment
Outside directors	Kimio Yamaka	○	To benefit from his management oversight and advice based on his extensive experience and expertise in finance, particularly policy finance, project due diligence, and the environmental and energy sectors. 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 (Monthly compensation)	Performance-based compensation (Cash bonuses)	Non-cash Compensation (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.