

Materiality (Key Issues)

With the company creed of “Boundless Creativity and Social Contribution” we aim to achieve both economic and social value by contributing to the realization of sustainable societies through the growth of our company. In order to achieve our 2025 Business Plan, we are working on materiality items that are of high importance to us and to which we can make a particular contribution, from among various social issues, including social forecasts and SDGs, which are envisioned based on the changing business environment.

Materiality Identification Process

STEP 1 Selection of materiality candidates

Issues to be considered are identified (59 items) by sustainability advocates appointed from related divisions, with reference to social issues, market and social trends, GRI standards, SDGs, materiality of other companies, and other considerations.

STEP 2 Evaluation/analysis of materiality candidates

Analysis and evaluation based on importance to Toyoda Gosei (management philosophy, management capital, interactions with competitive advantages and strengths) and importance to stakeholders (contribution to social issues, promotion of ESG activities)

STEP 3 Validity evaluation by management

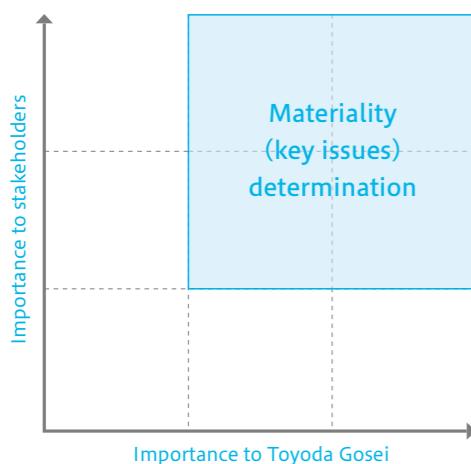
The validity of materiality is evaluated by interviewing outside directors, executives, and investors regarding the material issues identified, including specific processes.

STEP 4 Materiality identification

Selection of priority themes through deliberation by management bodies

STEP 5 Review

Review of initiatives tied to company policies, confirmation by the Sustainability Meeting, and regular review of materiality



Business activities	Related social issues	Materiality (key issues)	Major initiatives	Most crucial fields in related SDGs
Business activities	Provide both innovations in automotive technology (BEVs, CASE) and a safe and secure mobility society	Respond to the transformation of automobiles Achieve a safer and more comfortable mobility society by reducing the number of traffic fatalities	Development of new products for BEVs (Feature 2 ▶ P.26) <ul style="list-style-type: none"> Development of advanced safety technology, higher added value of steering wheel grips Next-generation decoration (decorative lighting, hot stamps, etc.), forward-looking interiors Cooling system for battery cooling and heat management Development and sales of airbags that deliver safety, comfort, well-being and the environment to all (Feature 1 ▶ P.24) <ul style="list-style-type: none"> Enhanced protection performance Development of crash safety systems in combination with seatbelts Development of various simulation technologies Creation of a production network for the spread of airbags in developing countries (India, Southeast Asia, etc.) 	
	Changes in company competitiveness with accelerating digital/IT transformation	Create new businesses that utilize core technologies	Building environmentally-friendly businesses leveraging our knowledge in the fields of rubber and plastics <ul style="list-style-type: none"> Expansion of material recycling, including reuse of plastic waste material and desulfurization and regeneration (▶ P.47) Development of products that use CNF-reinforced plastic (▶ P.26) Expand new businesses using our new business development experiences <ul style="list-style-type: none"> Development of hydrogen tanks for commercial vehicles (Feature 3 ▶ P.28) Development of water purification units and air and surface sterilization using UV-C (deep ultraviolet) LEDs (▶ P.38) Development of GaN power devices (Ministry of the Environment CO₂ reduction project) (▶ P.38) Development of smart insoles using e-Rubber Leveraging our core technologies for innovation: Corporate venture capital (Feature 4 ▶ P.30) Creation of products through company collaboration using recycling (expand Re-S brand) (▶ P.49) 	
Management base	Increasingly serious problems in the global environment	Contribute to decarbonized societies by reducing emissions of CO ₂ and other greenhouse gases Contribute to circular societies by reducing waste and water risks	Group-wide global activities for carbon neutrality (▶ P.44) <ul style="list-style-type: none"> Reduction of energy consumption with greater efficiency through daily <i>kaizen</i> and by innovating production engineering using IoT, AI Aggressive use of renewable energy Making lighter weight products for better fuel efficiency (minimize CO₂ during use) Design for easy disassembly (promote recycling, minimize waste) Facility investment decisions that balance economics and the environment through the introduction of ICP Horizontal deployment of measures to reduce CO₂ emissions of suppliers Contributing to circular societies (▶ P.47) <ul style="list-style-type: none"> Expansion of recycled decorative products, use of environmentally friendly materials Reduction of water intake/promotion of recycling, upgrading of wastewater treatment facilities for cleaner wastewater 	
	Changing values/diversification of work styles Fewer children/aging population	Coexist with local communities Promote diversification in employment / Respect human rights	Local activities through companies that grow together with the communities where they are rooted <ul style="list-style-type: none"> Business expansion and employment creation in developing countries Activities to support nature (woodland maintenance, plant afforestation, river and wetland protection, etc.) (▶ P.50) Contributing to the development of sustainable communities (environmental protection, social welfare, youth development, community crime prevention) (▶ P.67) Fostering a sense of unity between employees and the community through sports (▶ P.67) Diversity & inclusion, safety, health management (▶ P.54) <ul style="list-style-type: none"> Promotion of human rights policy and pleasant workplaces (creation of mechanisms, education, implementation) Company policies, workplace improvement activities based on engagement surveys Empowerment of women, hiring of people with disabilities, delayed retirement to promote the activity of senior employees Ensuring safe and pleasant workplace environments Health management to maintain and improve the health of employees Quality that supports sustainability and strengthening of supply chain <ul style="list-style-type: none"> Strengthened supply chain management (▶ P.64) Uniform global quality assurance (▶ P.66) 	
	Increasing political instability Unstable material supply due to COVID-19 pandemic	Corporate governance as a company of integrity Thorough compliance	Strengthening of corporate governance systems for sustainable growth (▶ P.68) <ul style="list-style-type: none"> Enhancement of ESG initiatives with establishment of new Sustainability Meeting Risk reduction activities and thorough compliance centered on Internal Control Committee Strengthened response to global risks (stable procurement of parts and materials, operation shutdowns related to COVID-19, cyberterrorism, etc.) Strengthened corporate governance with development of business plan and management systems in Group companies 	