



TOYODA GOSEI REPORT

2018



## Management Philosophy

# Boundless Creativity and Social Contribution

### Good corporate citizenship

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

### Proper business operation

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

### Sustainable growth

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

### Customer satisfaction

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

### Conservation of global environment and resources

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

### Respect for the individual

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

#### Editorial policy

This report was compiled with the aim of providing shareholders, investors, and all other stakeholders with a deeper understanding of the Toyoda Gosei Group. It describes the fiscal 2017 business performance of the Group and explains the Group's strategy and efforts for creating medium and long-term value. Every effort was made to keep the Report straightforward and understandable. The investor relations (IR) report was prepared with reference to the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC), while the environmental, social, and governance (ESG) report was prepared with reference to the Global Reporting Initiative (GRI) Standards.

#### Reference guidelines

- International Integrated Reporting Framework (International Integrated Reporting Council (IIRC))
- GRI Standards (Global Reporting Initiative)
- Environmental Reporting Guidelines, 2012 Edition (Ministry of the Environment, Japan)
- Environmental Accounting Guidelines, 2005 Edition (Ministry of the Environment, Japan)

\* Environmental data is available on our website.  
For CO<sub>2</sub> emissions we received third-party verification.  
<http://www.toyoda-gosei.co.jp/csr/>

#### Period covered by report

April 1, 2017 to March 31, 2018  
This report principally covers the period above, but content related to other periods may be included as needed.

#### Scope

Toyoda Gosei Group  
The scope is outlined individually for some items.

#### Date of issue

November 2018  
(Last published in August 2017; issued once a year)

#### Disclaimer

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

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### Foundation Supporting Value Creation

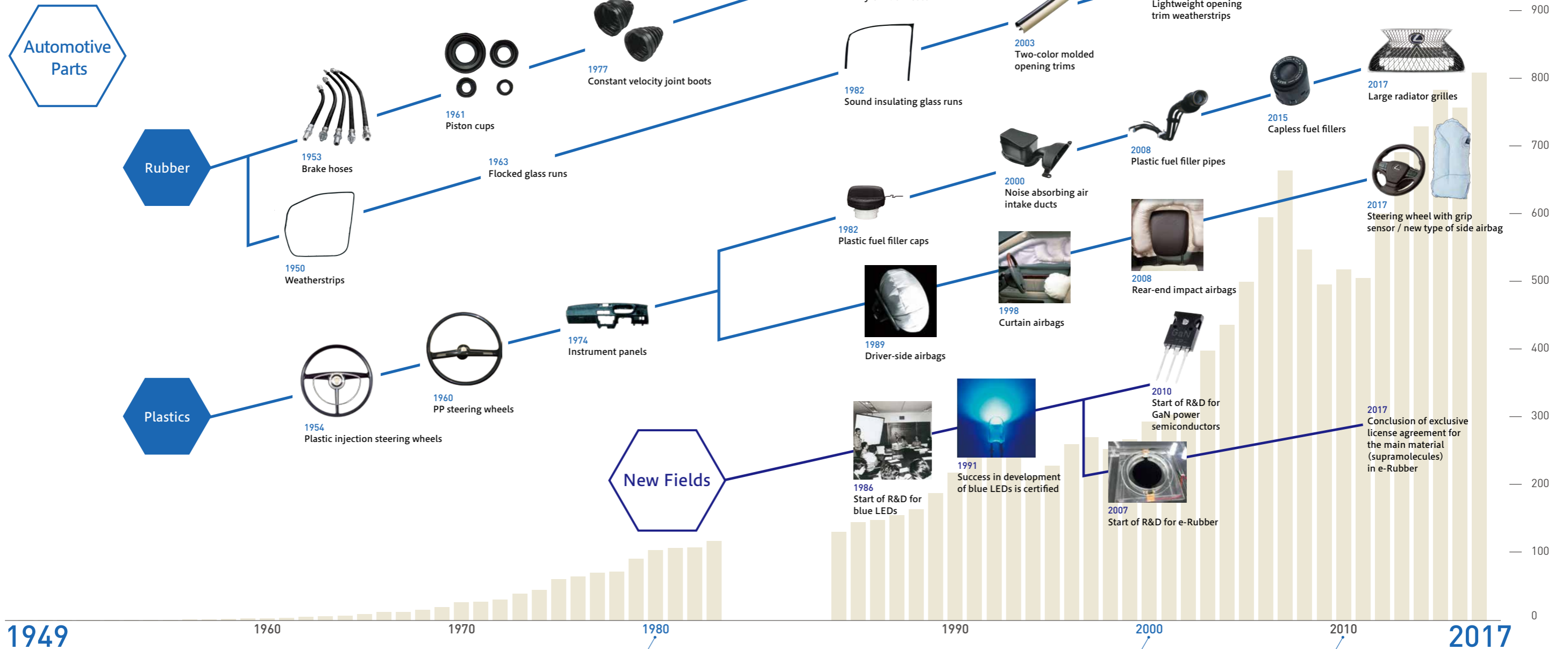
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# History of Toyota Gosei

Since its founding, Toyota Gosei has provided new value to the world through manufacturing that meets the needs of the times with original technology in the fields of rubber and plastics.



## 1949 1960 1970 1980 1990 2000 2010 2017

### Early years [1949~1979]

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



### Expansion [1980~1999]

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



### Becoming a global corporation [2000~2009]

- 2000 Toyoda Gosei Europe N.V. is established
- 2001 Toyoda Gosei Asia Co., Ltd. is established
- 2005 ISO / TS16949 certification
- 2006 Toyoda Gosei (Shanghai) Co., Ltd. is established
- 2008 Toyoda Gosei Minda India Pvt. Ltd. is established
- 2009 Miwa Technical Center is established



### Providing new value [2010~]

- 2013 Toyoda Gosei East Japan Co., Ltd. is established
- GDBR Industria e Comercio de Componentes Quimicos e de Borracha Ltda. is established
- 2014 Toyoda Gosei Irapuato Mexico, S.A. de C.V. is established
- 2016 Toyoda Gosei Minda India Pvt. Ltd. Completion of Bawal Plant and start of operations
- 2018 Toyoda Gosei Minda India Pvt. Ltd. Completion of Gujarat Plant and start of operations



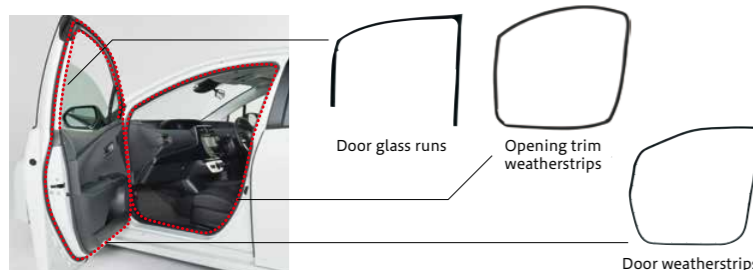
# Business Sectors, Locations

## Toyota Gosei Group business sectors

### Automotive Parts

#### Weatherstrips — ¥131.9 billion (16.3%)

Weatherstrips seal the gaps at door and window frames to keep out wind, rain, and noise. These products are essential for comfortable cabin interiors.



#### Functional Components — ¥125.3 billion (15.5%)

These rubber and plastic components support the basic vehicle functions of driving, turning and stopping. Toyota Gosei technology ensures quality for these key safety-related parts.



#### Interiors and Exteriors — ¥309.5 billion (38.4%)

Interior and exterior parts contribute to comfortable cabin spaces and attractive exteriors.

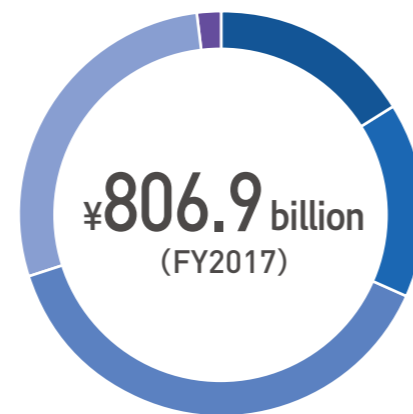


#### Safety Systems — ¥225.5 billion (28.0%)

We develop many types of airbags to protect vehicle occupants from impacts from various angles. We also provide steering wheels and other products with attractive design.



Sales by financial segment

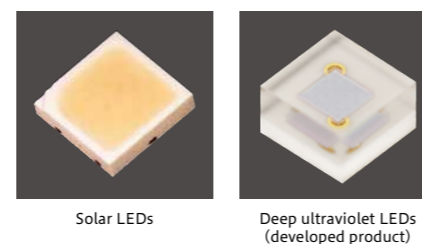


### Other Areas

#### LEDs

LEDs with new added value are being developed.

¥14.5 billion (1.8%)



#### General Industry, New Fields

We have used our automotive parts and LED technology to develop and produce products in various other fields. In particular, we are aiming for the early commercialization of e-Rubber, a next-generation artificial muscle.



## Global Network (FY2017)



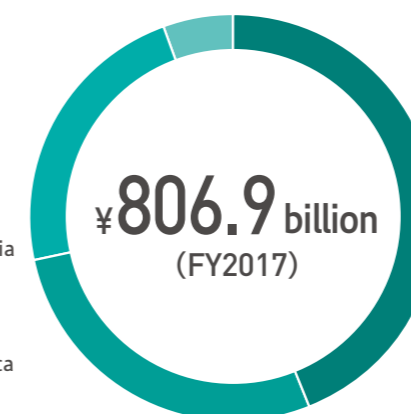
Sales by region

Japan  
¥381.3 billion

Americas  
¥241.2 billion

Asia & Australia  
¥197.6 billion

Europe & Africa  
¥47.9 billion



Note: Sales by region includes amounts for internal transactions within the Group, and so does not match the total value for consolidated sales.

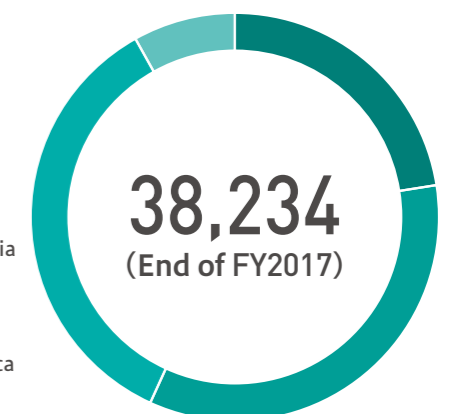
Employees by region

Japan  
8,603 (22.5%)

Americas  
13,122 (34.3%)

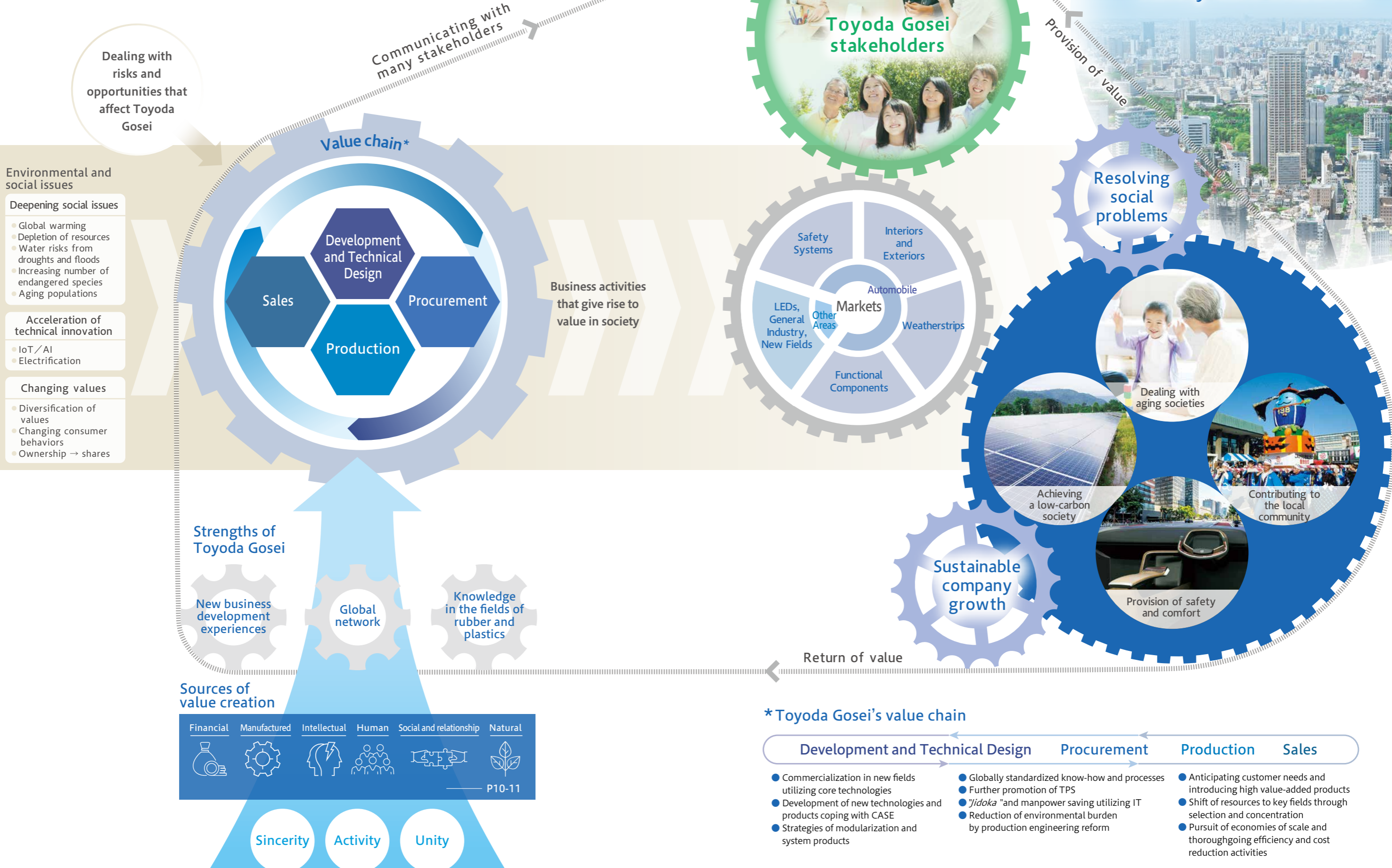
Asia & Australia  
13,410 (35.1%)

Europe & Africa  
3,099 (8.1%)



# Toyoda Gosei's Value Creation Process

A society of well-being, safety and comfort

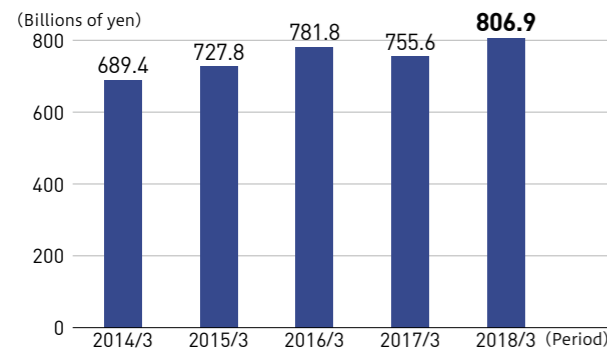


# Financial and Non-Financial Highlights

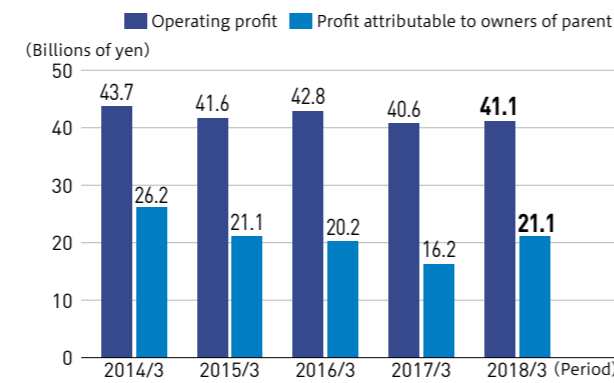
## Financial Data



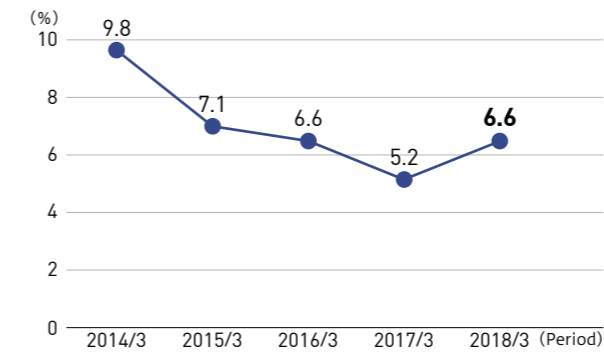
### Net sales



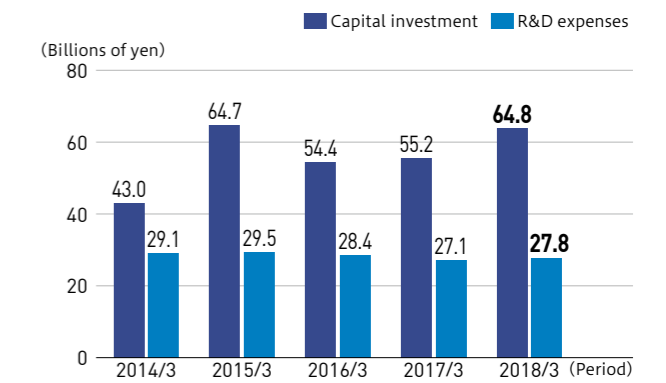
### Operating profit / Profit attributable to owners of parent



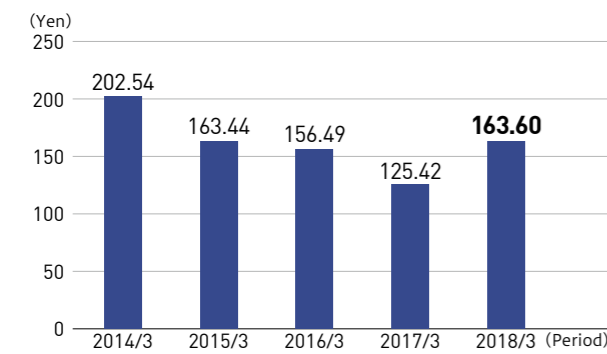
### Return on equity (ROE)



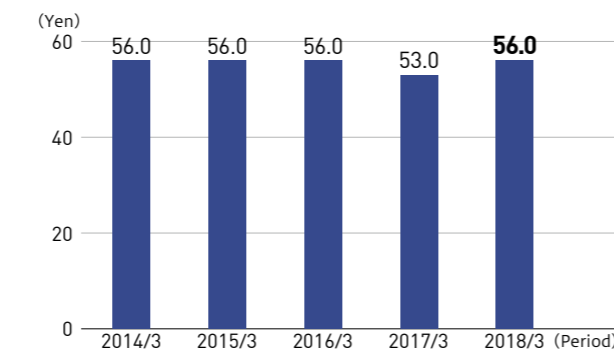
### Capital investment / R&D expenses



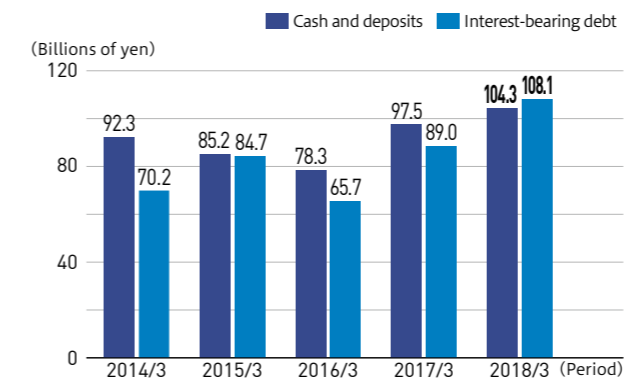
### Net income per share



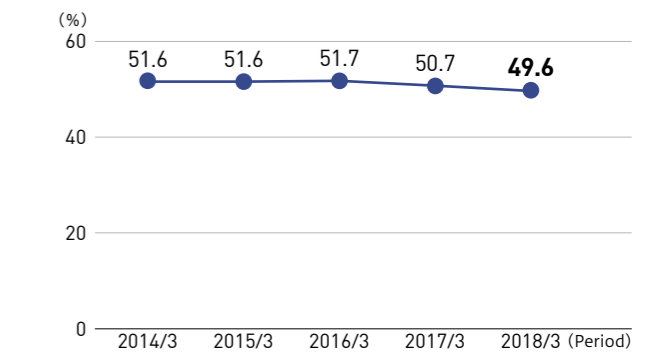
### Annual dividends



### Cash and deposits / Interest-bearing debt



### Equity ratio



## Non-Financial Data



### Manufactured

#### Capital investment

¥ **64.8** billion/FY2017

We recognize capital needs with a long-term view for capital investment and financing in Japan and other countries, including dealing with market globalization and strengthening our business in growing markets.



### Intellectual

#### R&D expenses

¥ **27.8** billion/FY2017

Taking advantage of our core technologies in rubber, plastics and LEDs, we are continuing to develop new technologies and products in various fields, such as the e-Rubber that is promising for use in surgical training simulators in the field of medicine.



### Human

#### Training young people for international assignments

**22** people/FY2017

We are giving business experience in other countries with different languages and cultures to young people age 26 to 32 from an early stage, with the aim of training personnel who are prepared to act globally in the future.



### Social and relationship

#### Number of business continuity plan simulation trainings

**25** times/FY2017

In preparation for a large-scale disaster such as the predicted giant Nankai Trough earthquake, we have established a crisis management system based on human life first, community support, and early recovery. Disaster response personnel across the company are working to improve their skills.



### Natural

#### Amount of CO<sub>2</sub> reduced

**6,000** t-CO<sub>2</sub>/FY2017

The Paris Agreement went into effect in November 2016. In February of that year we established the "TG 2050 Environmental Challenge," our targets for long-term challenges in the environmental field to be achieved by 2050.

## Letter from the President

# Achieving sustainable growth by responding flexibly and rapidly to a dramatically changing environment



*N. Miyazaki*

President

I would first like to extend my gratitude to our shareholders, investors and all other stakeholders.

### Massive business environment change

There is intense competition in the automobile industry to develop autonomous driving, electric vehicles and other new technologies, and it has spread globally with amazing speed. This and other changes have already brought huge waves of change to the environment for our main business, but even bigger changes are anticipated. To grow sustainably amid such a major shift, we will need to respond rapidly to change with an even greater sense of urgency, to be resolute in seeking innovation without letting existing values hold us back, and to use limited resources effectively.

### A look back on fiscal 2017

Last year we adopted the key words “foresee, prioritize and take prompt action” with the aim of being more strategic in our business endeavors.

To strengthen our business foundations, we stepped up efforts to establish production sites in fast growing developing countries. In India, which continues to experience high growth, we started operations at our Bawal Plant in the north and established a new plant in the state of Gujarat in the west. In Brazil we acquired full ownership of Pecval Industries, a manufacturer of interior and exterior parts, and in Vietnam we also established a new plant.

To further grow our business in airbags, which are expected to see rising demand globally with the introduction of new or stricter safety regulations in many countries, we have made a series of capital tie-ups with major airbag parts manufacturers.

In product development, we were able to launch new, high-value added products on the market in the fields of safety and comfort. They included a steering wheel with grip sensor that can be applied in advanced driving support systems and new weatherstrips that received awards from our customers. At the Tokyo Motor Show, we exhibited next-generation concept models and other displays with a view to the age of autonomous driving that will soon be here, and visitors to our booth gained a deep understanding of the future we envision for the company.

### Fiscal 2018 was a year of going all out

The composition of automotive parts themselves continues to change. One example is the tendency for parts to be ordered in larger bundled units than in the past. The capability to develop, design, and deliver products as modules or systems rather than single parts is expected to be a precondition for suppliers that will attract business from customers.

In the area of product development we are responding to this shift by accelerating the development of product modules that add electronic components to our core technologies in rubber and plastics, where we excel in cockpit and front grille products.

For this purpose we are increasing our collaboration with others rather than doing everything ourselves, while continuing to refine our strengths in rubber and plastics technology and our global reach. Through partnerships with suppliers, other businesses, startups and others, we are adding to the store of knowledge both inside and outside the company and making concerted efforts in the spirit of ONE TEAM, ONE TG. We believe this will lead to further growth.

### Formulation of 2025 Business Plan

In May 2018, Toyoda Gosei announced its mid- and long-term business plan, the 2025 Business Plan, as a concrete manifestation of our strategy. In this highly uncertain age, the 2025 Business Plan expresses our determination to take the changing business environment as an opportunity and to be a supplier of choice for global customers in areas where Toyoda Gosei has a solid presence and superior products.

The 2025 Business Plan contains: (1) our newly redefined expression of what we aspire to be, (2) business objectives for each field, and (3) three key areas of activity that form our underlying policy for achieving these objectives. We will steadily execute each item in the Plan with the aim of sustainable growth. (See page 16.)

## To stakeholders — Our new management philosophy

In April 2018 we revised our management philosophy for the first time in eight years.

Previously, our management philosophy was considered to be something for company executives and employees. In recent years, however, the value of coexistence with all of our stakeholders, both inside and outside the company, has taken on greater importance.

With the changes in society, it has also become more important for companies to openly express their thoughts

on fulfilling their social responsibilities as a company.

Based on the above, and with the idea of our management philosophy being a declaration to stakeholders, we have reviewed its wording and replaced certain items. (See below.)

With the belief that a company is a public institution that is greatly dependent on economic and social development, “Good corporate citizenship” is positioned as the first clause in our new management philosophy and “Proper business operation” as the second. Clauses three to five are declarations to each set of stakeholders, while clause six is a declaration to ourselves that forms the overall foundation for fulfilling our social responsibilities.

### Declaration to stakeholders through our new management philosophy

#### 1. Good corporate citizenship

**Main stakeholders** All stakeholders

Companies cannot exist or grow without economic and social development. As a global corporation, we will conduct our business with consideration of differences in cultures and customs and make positive efforts to resolve issues faced by local communities.

#### 2. Proper business operation

**Main stakeholders** All stakeholders

We will hold ourselves accountable in conducting fair and ethical business activities. We will comply with all laws and regulations, build systems and mechanisms to ensure sound and efficient management, and aim to earn the trust of our stakeholders.

#### 3. Sustainable growth

**Main stakeholders** Shareholders, Toyoda Gosei Group, suppliers

Toyoda Gosei’s growth and development is supported by many suppliers. While making utmost efforts for further growth and development, we will improve the collective abilities of the Toyoda Gosei Group to meet the expectations of our wide range of stakeholders.

#### 4. Customer satisfaction

**Main stakeholders** Customers

As a manufacturer, delivering quality products and reasonably priced services to our customers in a timely manner is among our first duties. For that purpose we will make unceasing efforts for technical and manufacturing innovations, stronger supply chains and other improvements.

#### 5. Conservation of global environment and resources

**Main stakeholders** Society

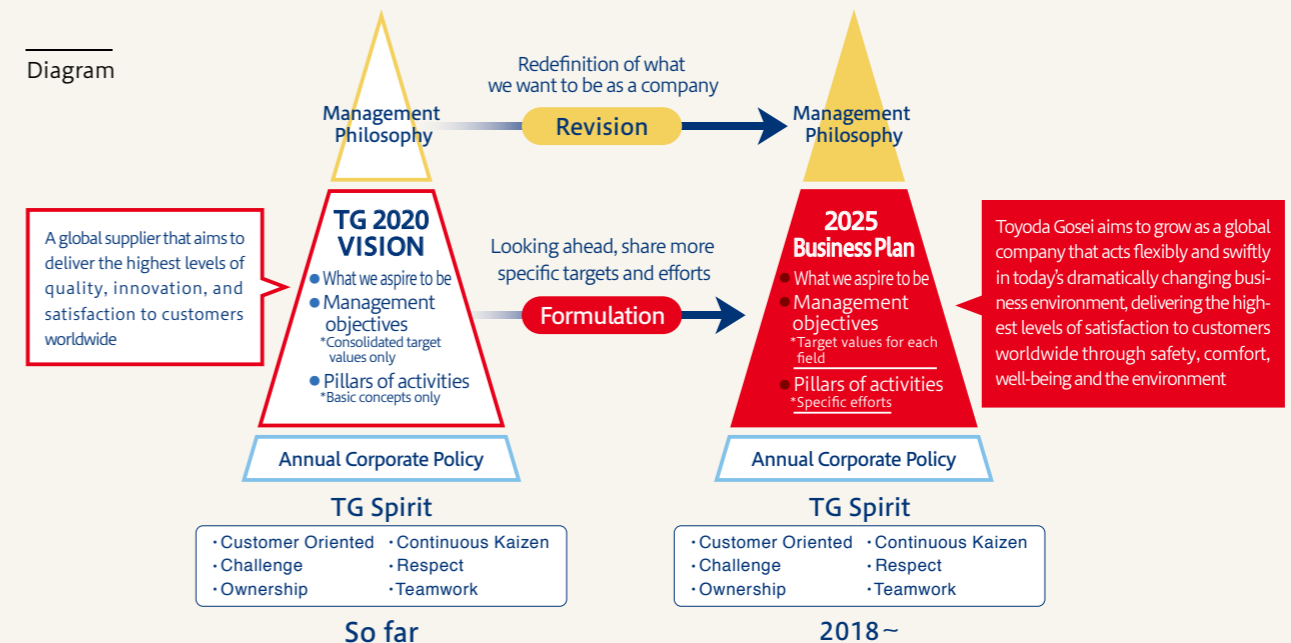
It is the duty of those of us living today to leave a beautiful earth for the future. An essential condition for our existence and activity as a company is to use the knowledge and skills we possess to aggressively tackle environmental problems.

#### 6. Respect for the individual

**Main stakeholders** Employees

We as individuals are the foundation that supports the growth of the company. With mutual respect and team cooperation, we will aim for both personal growth and to be a company where employees can work with high aspirations and motivation.

Diagram



## ESG (environmental, social, governance) efforts

The ESG (environmental, social, governance) movement has attracted global attention recently. At Toyoda Gosei we had already reflected that concept in the new management philosophy mentioned above, and have been focusing energy in those areas from the time before the ESG concept arose.

One example of this can be seen in the fact that the predecessors to this report were the company’s environmental reports. We have long made vigorous efforts to contribute to the environment, and were ranked tenth in the manufacturing sector in the 2018 Nikkei Environmental Management Survey.

The sustainable development goals (SDGs) for 2030 adopted by the United Nations in 2015 with global agreement take up environmental problems as a major issue and demand further strengthening and enhancement of environmental measures in each country and company.

In line with these trends, in January we moved the company’s Environment Division from the Production Headquarters to the direct jurisdiction of the President. This year we will conduct companywide, lateral activities

across the various business headquarters.

For CSR activities as well, we aim to be a company with local roots that grows together with the community. Employees carry out these types of activities at each of our locations around the world, and will continue to do so in the future.

From the perspective of governance, we will revise our corporate governance code in a timely fashion and continue to be a company that meets the demands of society for corporate governance.





# New Medium and Long-Term Business Plan, "2025 Business Plan"

In Toyota Gosei's 2025 Business Plan, our medium and long-term business plan, we lay out three key areas that take advantage of the Toyota Gosei Group's cultivated strengths.

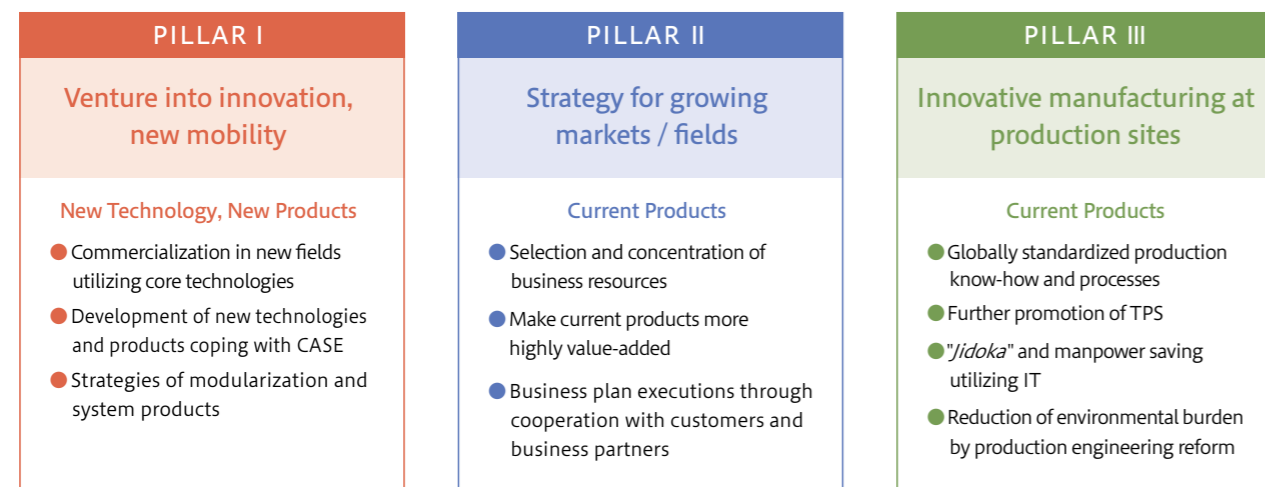
This shows not only numerical targets or how we seek to expand the scope of our business, but also new efforts to contribute to society and to grow sustainably.

## What we aspire to be

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

## Financial objectives

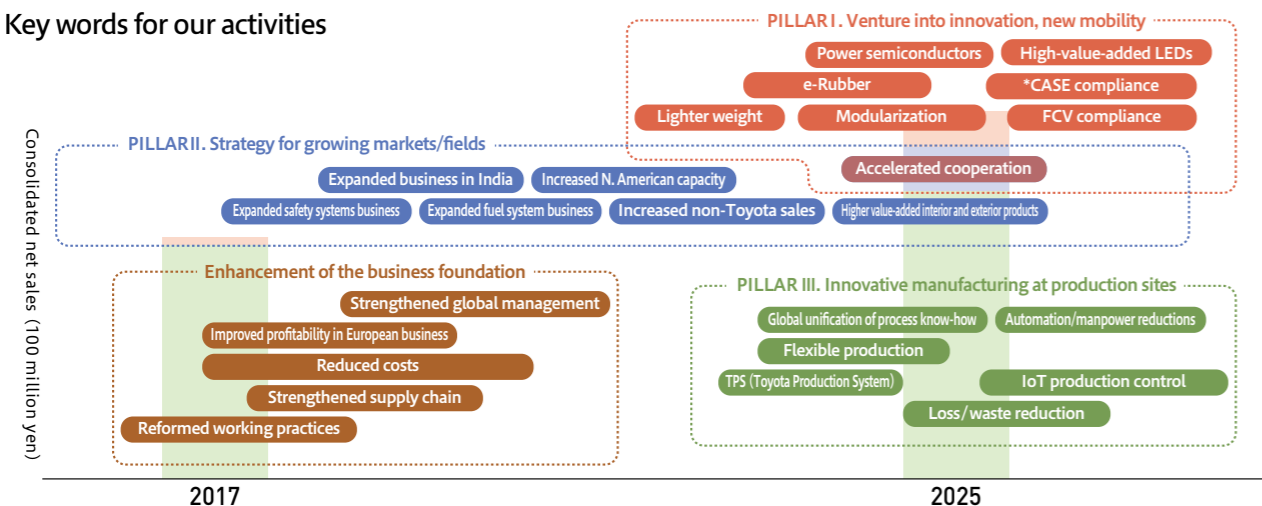
	FY2017	FY2025
Net sales	¥ 807 billion	¥ 1 trillion
Operating profit ratio	5.1%	8%
ROE (Return on equity)	6.6%	10%



## Enhancement of the business foundation

- Strengthening global operation
- HR development
- Business activities with integrity

## Key words for our activities



\*CASE: Connected Autonomous Shared Electric

## PILLAR I // Venture into innovation, new mobility

### Course of action

- Early realization of new business through innovative technology
  - Innovation derived from TG core technologies (rubber & plastic materials/LED)
  - Contribution to near future needs of relief (environment and health), safety, and comfort through differentiated technologies
- Development of new technologies and products responding to drastic changes of the car itself (CASE)

### Key action items

#### Early realization of new business through innovative technology

- Develop and establish e-Rubber business and cultivate its market (innovative soft-robot)
- Develop and commercialize power devices (high-frequency power source, wireless power supply)
- Develop high-value-added LEDs and their applications

#### Development of new technologies and products responding to drastic changes of the car itself (CASE)

- Create new values/new products for the next generation (Autonomous driving/vehicles, electrification)
- Enhance added-value of conventional products (Modularization, systemization)
- Develop technology to sustain new products (Light weight, innovative manufacturing processes)

### Key points for implementation

In "Venture into innovation," we are looking toward the early establishment of the new businesses that will be our next pillar. Crucial here will be to launch new technologies and business plans with consideration of the company's business and value chain, and to accelerate innovations with partners with whom we can carve out businesses together, without insisting on doing everything ourselves.

Of course, we must not neglect to improve our own technology when working together with good partners.

In "Venture into new mobility," we are working to develop new technologies and products compatible with the drastic changes that are occurring in automobiles themselves (CASE). For example, by continuing to develop new products and raise the added value of existing products (modularization), we will be able to meet the new expectations of customers worldwide.

## Venture into innovation ①

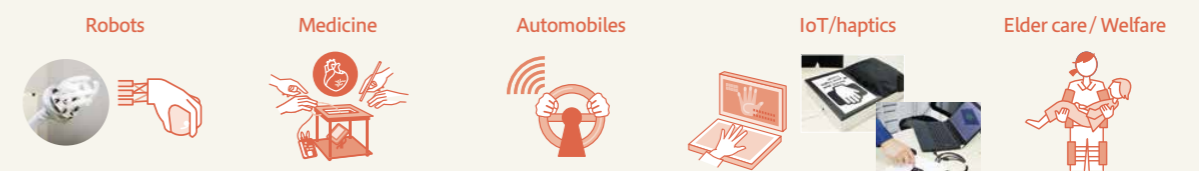
### "e-Rubber," a next-generation rubber that functions with electricity and mechanical force

e-Rubber is a rubber artificial muscle that has been under development for more than 10 years. TG has concluded an exclusive license agreement with a Tokyo University startup, and has been making approaches to companies in a wide range of fields, including medicine, nursing care and welfare, IoT, and robots. We are also aiming to establish new business opportunities in the automobile business. We have already developed a surgical training simulator in collaboration with a Waseda University venture. Sales are planned to start in the autumn of 2019. We also have ongoing projects in fluid control, haptics, pressure sensors and other areas.



Reproducing the beating of the heart by taking advantage of the characteristics of e-Rubber, which maintains its properties well and moves quickly

#### Promising areas of use



SPOT-LIGHT

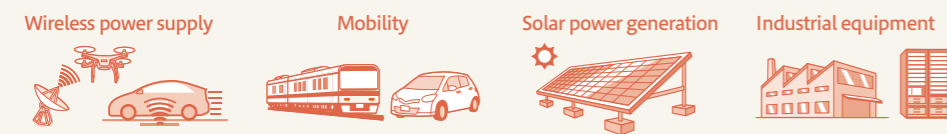
Venture into innovation ②

**GaN power semiconductors—Energy-saving key devices with the application of LED technology.**

Next-generation type of power semiconductors (electronic components that convert/control power). Using the gallium nitride (GaN) crystal growth technology cultivated in the development and production of LEDs, we are developing products that contribute to more efficient and smaller electronic devices.



Promising areas of use



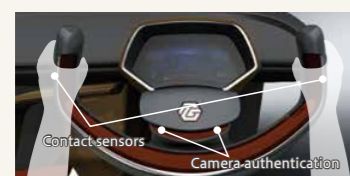
Venture into new mobility

**Next-generation cockpit module**

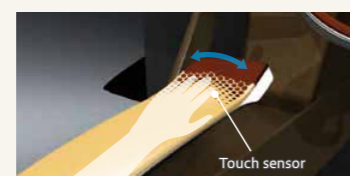
Equipped with human-machine interface functions for communication between people and vehicles, creating a more secure and comfortable interior space.



Next-generation cockpit module



- **Smart steering wheels**  
Drivers' physical status sensed with built-in cameras and sensors



- **Multifunctional console**  
· Movable console to accommodate relaxation mode (posture changes)  
· Handier, more intuitive operation with touch panel



- **Display instrument panel**  
External and warning information displayed on instrument panel

**Next-generation front module**

Sensor functions that support autonomous driving integrated in lightweight plastic body

- **Integrated grille**  
· Equipped with cameras and radar, etc., that do not detract from external appearance  
· Car's direction and other information communicated to people nearby with LED lights
- **Plastic bodies**  
· Contributes to longer cruising distances of EVs through lighter weight  
· Greater design freedom with plastic



Next-generation front module

**PILLAR II Strategy for growing markets / fields**

Course of action

- **Prioritized global sales expansion and securing profit (selection and concentration of business resources)**

**Key action items**

**Redefine the strategy by business field**

- Weatherstrips: Noise reduction, profit reform in prioritized regions
- Functional Components: Focus on fuel systems (weight reduction)
- Interiors and Exteriors: Increase value of products (decoration, millimeter-wave radar compatible emblem)
- Safety Systems: Regional strategy focusing on profitability

**Prioritize regions for sales expansion**

- North America: Enhance production capacity for major customers' production increases, sales expansion to non-Toyota/non-JPN OEMs
- China: Sales expansion of global link cars (Toyota, non-JPN OEMs) and new customers
- India: Sales expansion to catch up with the growth of the market (mainly J-OEMs)

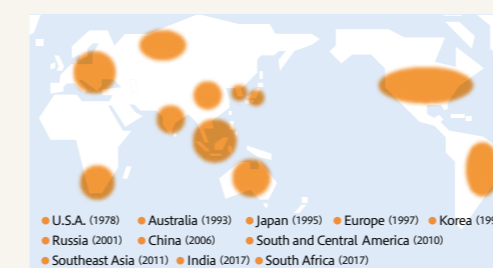
**Key points for implementation**

Looking at markets and trends for existing products by product field, we see much potential for growth including modularization and higher added value in IE products and increased business in SS products with the favorable conditions of increasing safety regulations. We are now making solid preparation for this. On regional axes, we need to ensure competitiveness in China, India and other emerging markets where automobile production is increasing, as well as in the major markets of North America and elsewhere. There are many possibilities for expanding sales to major customers, actively cultivating new customers, and increasing future profits. To ensure that this potential growth in existing products leads reliably to sales and profits, we will deploy a focused strategy, selecting and concentrating management resources, pursuing economies of scale, and thoroughly increasing efficiency.

**New or stricter safety regulations in countries around the world**

The United States has been a leader in safety regulations, introducing the world's first New Car Assessment Program (NCAP) forty years ago. After that airbags spread rapidly with the adoption of laws to make front impact airbags standard. This was followed by assessment regulations in Japan and Europe, and in recent years this trend has spread to Southeast Asia, India, China and other countries of the world. These regulations are becoming stricter each year, and demand for airbags is expected to grow.

**Safety regulations (assessments) have spread across the world**  
(Prepared with reference to individual country NCAP sites)



In recent years, an increasing number of developing countries are introducing regulations while those in developed countries become stricter

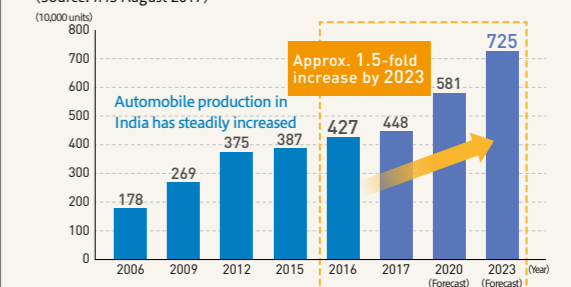
**SPOT-LIGHT**

**Rapidly growing Indian automobile market**

Automobile production in India is predicted to grow to about 6 million units in 2020. Today India is the world's fifth largest automobile producer, but it is likely to become the third largest in the near future. It introduced an automobile impact safety performance test in 2017 and made both driver side and passenger side airbags compulsory. India has developed original exhaust regulations, which will become stricter in 2020. It is a promising market for sales and business growth in SS and FC products with safety and environmental technology.

**Automobile production in India**

(Source: IHS August 2017)



## PILLAR III Innovative manufacturing at production sites

**Course of action** ● Realizing highly value-added factories through innovative manufacturing at production sites

### Key action items

- Globally standardize production processes and know-how
- Develop compact and lean production lines, TPS promotion (1/n process, consolidation of supply parts, flexible process with multiple products)
- Promote manufacturing, "Jidoka" and manpower saving utilizing IT (IoT, AI)
- Reduce environmental burden through production engineering innovation and recyclable energy

### Key points for implementation

In the coming years existing products will need a further competitive edge. To achieve that edge, we will need to make processes more efficient and versatile, standardize effective new practices, knowledge and techniques across the company, and create mechanisms so that these things can be shared and spread rapidly and globally to Group companies and vendors. We will also make efforts to allot resources to new fields and introduce automation and labor-saving processes in aging societies with fewer workers. Processes will be carried out on compact, low-investment lines to improve productivity.

The key to all this will be IT. Utilizing IoT and AI, we will improve production and work efficiency and develop, from among engineers with knowledge in rubber and plastics, core data science personnel who can utilize big data to steadily innovate in production floor manufacturing.

## Basis for Action Enhancement of the business foundation

**Course of action** ● Strengthen global management, HR development, and perform/undertake business activities with integrity

### Key action items

#### Enhance global business management

- Self-sustainable overseas affiliates and governance by HQ
- Globally optimized production layout and logistics reform
- Cooperation with global business partners
- Strengthen supply chain (production and supply system)
- Strengthen quality assurance systems (cope with emerging countries and new technologies/products)

#### HR development

- Development of global HR, professional HR
- Diversity, work style reform

#### Business activities with integrity

- Thorough compliance and enhancement of internal controls as a company of integrity

### Key points for implementation

Today, TG's international locations account for more than half of company profits, and it is important that we strengthen global governance with independence in each region and location and the head office in Japan serving as the global headquarters. These days it does not take much to shake the foundations of a business, and we need to focus efforts on thorough compliance and risk management. At the same time, we are reforming cost structures to improve profitability in key business areas, including radically changing previous ways of doing things.

Developing our people is also important in achieving our goals. Whatever the challenge, human ability is what allows us to overcome it. We are conducting business activities with integrity, and promoting diversity and reform in the way we work.

### Establishment of Inabe Plant for environmentally-friendly FCV products

A new plant has been established in the city of Inabe in northern Mie Prefecture, Japan to produce high-pressure hydrogen tanks for fuel cell vehicles (FCVs). This is TG's twelfth plant in Japan. As a "front-line eco plant" suitable for the production of a key component of FCVs, we are introducing compact, energy-saving equipment to reduce CO<sub>2</sub> emissions during production and using renewable energy, plus automated, labor-saving processes using the latest information technology (IoT, AI) and other technology. Operations are scheduled to begin in early 2020 with innovative manufacturing.



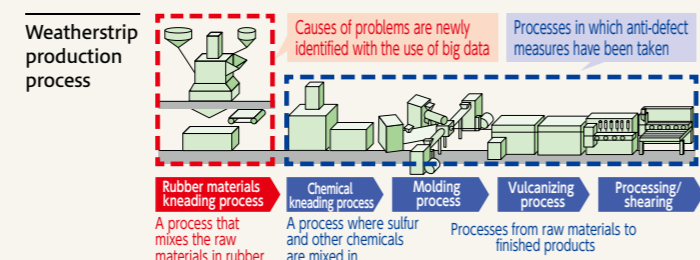
The Inabe Plant, TG's twelfth plant in Japan

### Process kaizen with the use of big data

The Toyota Group is collaborating with Shiga University to train people who can analyze and use big data. This will increase competitiveness on the production floor.

At our Morimachi Plant, big data was used to improve the appearance quality of weatherstrips. We had previously taken measures to deal with problems based on the experience of veteran workers, but some unresolved issues remained. Then, using big data collected from production equipment, the entire process was analyzed again and the cause of the problems was traced back to the previous process of rubber materials kneading, which is the stage before the processes where we had taken measures up to that time. The problems were successfully eliminated by making improvements in the kneading time, temperature and other factors.

The use of big data in addition to the experience that has been cultivated by veteran workers will increase the accuracy and speed of production kaizen.



SPOT-LIGHT

### Strengthening business operations in collaboration with global partners

In the growing Indian market, TG has partnered with India's Uno Minda Group, an expert in local business practices, since 2011. The Uno Minda Group has a history of about 60 years in the Indian automobile industry, and has grown to have 52 factories and 8 research and development centers in the country. To meet the needs of customers in the coming years, we are building an optimum production and supply network through collaborations that utilize the mutual strengths of partners and vendors.

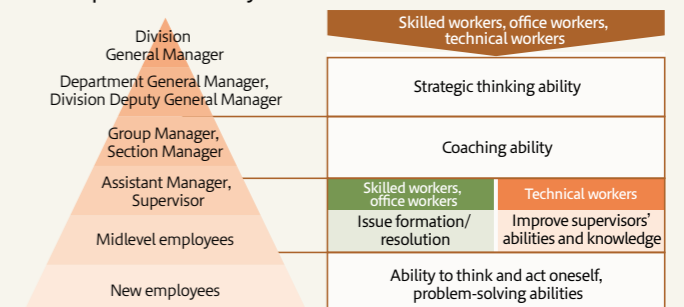


President Naoki Miyazaki shakes hands with Chairman Nirmal K. Minda (right) of the Uno Minda Group

### Organizational promotion of sustainable growth in employees

The TG Learning Center was established in January 2017 as the company's headquarters for human resources development. We are strengthening TG's foundations by creating a system that places greater emphasis on human resources development, including a comprehensive review of training programs, an expanded educational system for training by rank and type of skill, participation in the Skills Olympics, and support for the acquisition of public qualifications. Our next efforts will be for Group-wide personnel development, creating a support mechanism to cultivate human resources at affiliates in Japan and internationally and developing similar functions in the four global regions.

#### Level-specific education system



SPOT-LIGHT

### Approach to CSR

With the company creed of “Boundless creativity and social contribution,” we are undertaking a wide range of efforts in the key CSR areas of environmental preservation, creating pleasant workplaces, and creating livable communities based on good corporate governance. Through business activities that contribute to the creation of a better society, such as providing airbags that reduce injuries during accidents and lighter weight parts that contribute to improved automobile fuel economy and reduced carbon emissions, we will grow sustainably as a company and meet the expectations of our stakeholders around the world, including customers, shareholders, investors, employees, suppliers and local communities.



### Relationships with stakeholders

Stakeholders	Declaration	Communication
Customers	We will provide in a timely manner products and services with quality and prices that satisfy customers, based on research and development and manufacturing technology that anticipates future changes.	• CS/Business activities • Website
Shareholders, investors	Our 2025 Business Plan clearly shows our medium and long-term management targets and strategic policy for sustainable growth.	• Financial statements (4 times/year) • Financial results briefings (2 times/year), annual shareholders' meeting (1 time/year) • Website • Individual meetings • IR tools (general reports, business reports)
Employees	We respect the individuality of each person while at the same time increasing our collective strength through teamwork, achieving a vibrant corporate culture with meaningful work based on labor-management trust and mutual responsibility.	• Intranet/in-house communications • Workshops • Employee surveys (6 times/year) • Central labor-management consultations (5 times/year) • Departmental labor-management consultations (6 times/year)
Suppliers	Based on open and equal relationships with suppliers, we strengthen each other's corporate cultures, strive for management innovation, and raise the collective Group strength.	• Procurement activities • Procurement liaison meetings
Local communities	We contribute as a good corporate citizen to development of the economy and society through business activities rooted in each country and community and social contribution activities.	• Contributing to the community through business • Participation in volunteer activities
National and local governments, industry organizations	We have built systems for strict legal compliance and thorough corporate ethics, and conduct our business activities with integrity.	• Complying with laws/regulations • Participation in industry-academia-government collaboration projects • Participation in industry organizations

### Materiality determination process

#### STEP 1 Identifying issues

The Toyoda Gosei Group identified issues to be investigated with reference to the GRI Standards, which are international guidelines for CSR (ESG), and sustainable development goals (SDGs) for the growth of international society.

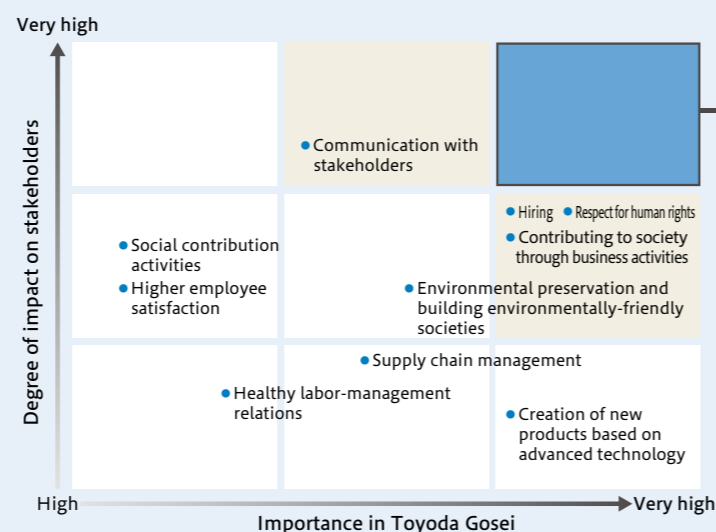


#### Efforts toward SDGs

Through its business activities, the Toyoda Gosei Group contributes to the achievement of the sustainable development goals (SDGs) that international society (all United Nations member nations) are targeting for 2030.

#### STEP 2 Judging the importance of each element from internal and external perspectives

The issues for consideration identified in STEP 1 were placed on a materiality map. Based on interviews with experts and stakeholders, items placed in the “very high region” by either were judged to be issues of utmost importance.



#### STEP 3 Materiality determination

The important issues identified in STEP 2 were investigated by a project team made up of people from relevant departments, and nine key CSR issues were decided. This materiality is obviously of interest to and has a strong impact on stakeholders. These issues are positioned as important themes for the Toyoda Gosei Group as well.

Environment (E)	Social (S)	Governance (G)
<ul style="list-style-type: none"> <li>Building Low-Carbon Societies                             <ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions</li> <li>Reductions in greenhouse gases</li> </ul> </li> <li>Building Recycling Societies                             <ul style="list-style-type: none"> <li>Reductions in waste</li> <li>Reduction of water usage</li> </ul> </li> <li>Environmental Management                             <ul style="list-style-type: none"> <li>Compliance, management system creation</li> <li>Fostering of environmental awareness</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Personnel                             <ul style="list-style-type: none"> <li>Development of people with an international outlook</li> <li>Promotion of work-life balance</li> <li>Promotion of diversity</li> </ul> </li> <li>Occupational Health and Safety                             <ul style="list-style-type: none"> <li>Creation of safe and pleasant workplaces</li> <li>Sound management</li> </ul> </li> <li>Higher Product Quality</li> <li>Living with the Local Community</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance                             <ul style="list-style-type: none"> <li>Transparency in corporate governance and management</li> </ul> </li> <li>Thorough Compliance                             <ul style="list-style-type: none"> <li>Corporate ethics and legal compliance</li> </ul> </li> </ul>



# Environment <E>



**Toshihiro Yokoi**  
Director, Managing Officer

## We contribute to preservation of the earth's environment through all of our business activities to leave a greener, richer world to our children

We obtain many resources from the earth—water, food and clothing as well as raw materials such as rubber, resin, and metal. At the same time, we inflict damage on the earth through the emission of greenhouse gases and depletion resources as a result of overuse in our daily lives and business activities.

To leave a rich, green earth to the children who will build the future, Toyoda Gosei has been implementing Environmental Action Plans every five years. We have also formulated a long-term vision in our TG 2050 Environmental Challenge and are working to preserve the environment. These activities have earned Toyoda Gosei a high ranking by the press and others, and we will further intensify our efforts. We will also continue working actively to create a corporate culture and develop personnel for the implementation of sustainable environmental preservation activities.

### Basic philosophy

The Toyoda Gosei Group formulated its 1<sup>st</sup> Environmental Action Plan in 1993 based on its environmental policy, and since that time has been actively confronting environmental issues.

Recognizing the need to tackle environmental issues from a long-term perspective, we announced the TG 2050 Environmental Challenge, our long-term environmental targets, in 2016. That same year we formulated our 6<sup>th</sup> Environmental Action Plan for activities and targets over the five years until

2020, and have been promoting environmental activities.

To achieve environmental management that meets the expectations of society, we have established regional headquarters in North America, China, and Asia and put in place a global system for regional management in four global centers. To achieve the targets in our TG 2050 Environmental Challenge, we will conduct steady, Group-wide activities with a medium-term view until 2030 in addition to the existing 2020 targets.

### Environmental Policy

#### 1. Environmentally-friendly corporate activities

We are keenly aware that all stages of our business relate deeply to the environment, from development, production, and sales activities to end-of-life disposal. The Toyoda Gosei Group, including all internal departments, domestic and international affiliates, and suppliers, conducts all business activities with concern for the environment in cooperation and coordination with customers, government 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 activities, we listen to the opinions of people at all levels of society and work to improve our activities wherever we can.

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

The Toyoda Gosei Group specializes in the field of high polymers—rubber and plastics. Our symbol is the benzene ring, a hexagonal hydrocarbon structure that is the starting point for polymers. Borrowing from the six sides of the benzene ring, the TG 2050 Environmental Challenge sets six challenges to strengthen our environmental efforts with a long-term view to the year 2050.



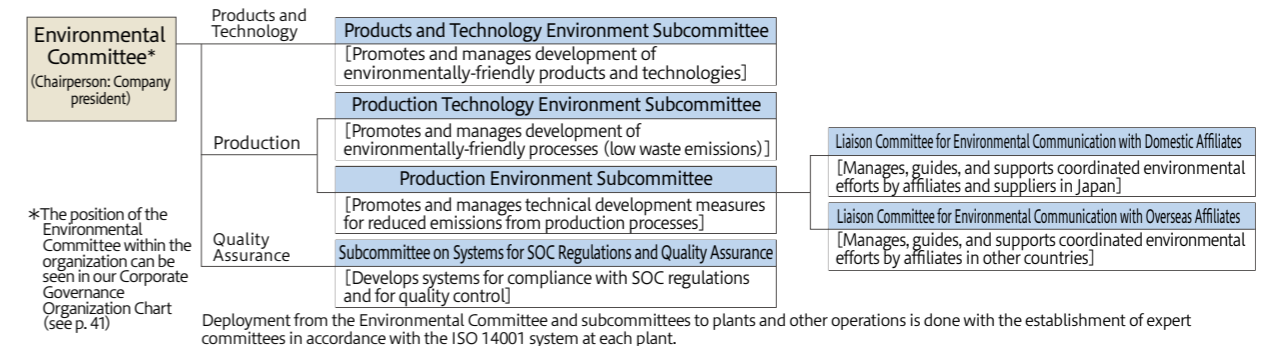
### Environmental organization

Our medium and long-term policy and key action items are discussed and decided in an Environmental Committee chaired by the company president. The Environmental Committee consists of four subcommittees in the areas of products, production, and quality. The subcommittees are further broken down into working groups that promote and manage

areas such as reductions in energy use, waste products, and VOC emissions, and preservation of the environment. In this way, environmental preservation and management activities are conducted from an expert perspective.

A liaison committee has also been established to share information with related companies in Japan and abroad.

#### Environmental organizational structure



### Risk and opportunity associated with climate change and resource depletion

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

	Risk	Opportunity
Climate change	Cost increases from carbon tax and soaring energy prices	Development of lighter weight, next-generation automotive parts Cost reductions from efficient energy use
Resource recycling	Effects of water shortages and floods on production activities Cost increases from difficulty in procuring materials, soaring material prices	Cost reductions from re-use and decreased use of water Cost reductions from recycling technology, use of fewer materials
Management	Loss of trust in the company from legal violations and other environmental problems	Raise brand strength by enhancing environmental activities

### Resource utilization and environmental emissions in business activities

To lessen the amount of energy, material and other resource inputs, and maximum product output, we are utilizing our skills in product development, process development and workplace

kaizen in efforts to improve through business activities. The input resources we use include environmentally-friendly materials and clean energy.

INPUT		OUTPUT	
<b>Total material input</b>	41,121t	<b>Products</b>	
Plastic	23,570t	<b>Emitted into the atmosphere</b>	
		NOx**4	92t
<b>Total energy input</b>	3,110,000Gj*1	CO2	13,400t-CO2
Purchased electricity	1,570,000Gj	Dust	0t
City gas	1,330,000Gj	Volume of substances subject to PRTR	110t
LPG	70,000Gj	VOC**5 emissions	361t
<b>Water resource input</b>	1,510,000m <sup>3</sup>	<b>Waste discharge</b>	
Industrial water	840,000m <sup>3</sup>	General waste	16t
		For-profit disposal by sale	7,212t
		Volume of substances subject to PRTR	83t
<b>PRTR**2 substances usage</b>	923t	<b>Wastewater</b>	
		Total wastewater	1,070,000m <sup>3</sup>
		Nitrogen emissions**6	10.5t
		Phosphorus emissions**6	0.9t
		COD emissions**6	5.3t
		Volume of substances subject to PRTR	0.3t

\*1 Gigajoule (1,000,000,000 joules)  
\*2 Pollutant Release and Transfer Register  
\*3 Sulfur Oxide  
\*4 Nitrogen Oxide  
\*5 Volatile Organic Compounds  
\*6 Range of target: 4 plants of Haruhi, Inazawa, Heiwacho and Seto, Kitajima Technical Center, Miwa Technical Center and Sun-Court Inoguchi

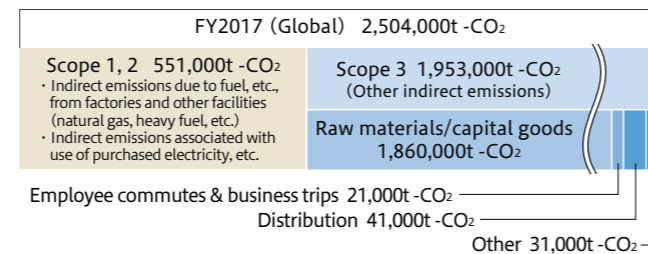


## Environmental impact in the value chain

From the perspective of preserving the earth, we have surveyed and disclosed not only GHG emissions (Scope 1\*1, Scope 2\*2) in our business activities but also emissions in our entire value chain including excavation of raw materials and product use and disposal (Scope 3\*3). To increase precision for a more accurate picture, we reviewed the calculation method and data collection for Scope 3.

\*1 Greenhouse gas emissions emitted directly by the company itself (natural gas and other fossil fuels, etc.)  
 \*2 Indirectly emitted greenhouse gases (electricity, etc.)  
 \*3 Greenhouse gases emitted in the supply chain that are indirectly emitted by the company (manufacturing, transport, business travel, commuting, etc.)

CO<sub>2</sub> Emissions by Scope Level

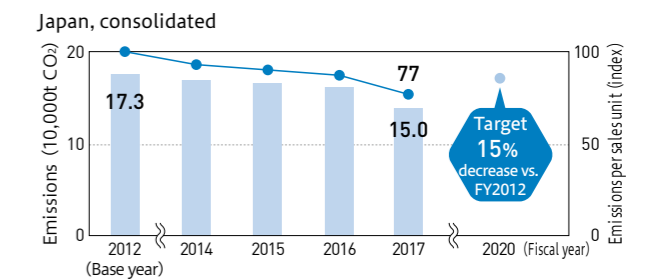
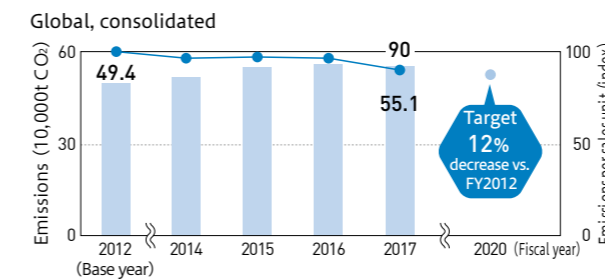


## Renewable energy

Renewable energy, including clean solar and wind energy, is being systematically introduced. Outside Japan, we are pushing to expand renewable energy use by installing solar

power generation systems or purchasing green energy in China, Thailand, Vietnam, India and other countries.

CO<sub>2</sub> emissions, CO<sub>2</sub> emissions per sales unit (index)\*4



## Building low-carbon societies

In addition to lighter weight products that lead to improved vehicle fuel efficiency, we are reducing CO<sub>2</sub> emissions through improved productivity and more efficient distribution.

### Basic philosophy

Toyoda Gosei believes it is imperative, as concluded in the Paris Agreement, to keep the rise in global temperature to less than 2°C and to achieve greenhouse gas emissions of essentially zero by the end of this century. To minimize CO<sub>2</sub> emissions as presented in the TG 2050 Environmental Challenge, we are utilizing new production techniques and product development skills with an eye toward next-generation vehicles together

with our cultivated manufacturing skills. Plans for execution are included in our 6<sup>th</sup> Environmental Action Plan with activities targets for 2020. We are now formulating our targets and scenario for 2030. To reduce CO<sub>2</sub> emissions over the entire product lifecycle, we are making efforts to increase efficiency in distribution and other areas.

### Reducing CO<sub>2</sub> emissions

The Toyoda Gosei Group is reducing CO<sub>2</sub> emissions in the product stage, production stage, and over the entire

lifecycle to achieve the targets set in its 6<sup>th</sup> Environmental Action Plan.

#### Product development stage: Environmentally-friendly product development

In the product stage, we are making efforts across technical fields in materials technology, product design, and production technology to provide environmentally-friendly, next-generation automobile parts and develop products that

are lighter in weight for improved fuel efficiency and lower energy consumption. Examples include interior parts such as instrument panel peripheral parts and functional parts such as hoses.

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

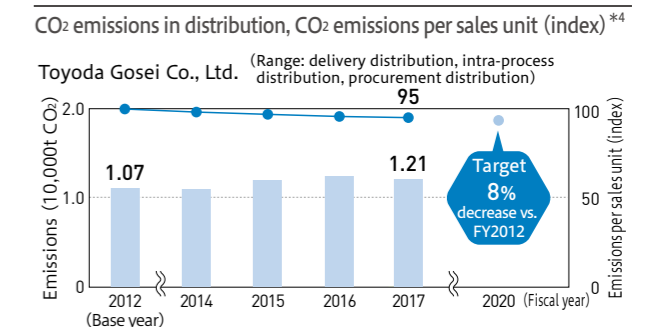
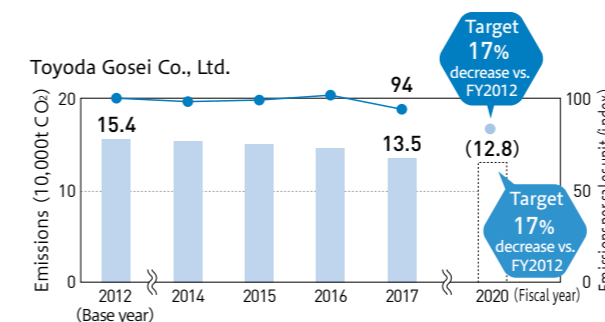
In the production stage, we are developing new production techniques that minimize energy usage and introducing energy-saving equipment through the Production Engineering Technology Environment Subcommittee started in fiscal 2016. We also conduct regular kaizen to thoroughly eliminate waste.

Today, the TG ESCO (expert team that conducts reduction activities with *genchi-genbutsu*) formed in 2016 is conducting kaizen activities that include the latest technologies and collecting and applying information on best practices from other companies.

#### Recycling: Reductions in materials procurement, more efficient distribution

We have formulated and are expanding green procurement guidelines for environmentally-friendly materials procurement. Together with regular surveys and confirmation of compliance status, we also support companies attempting kaizen.

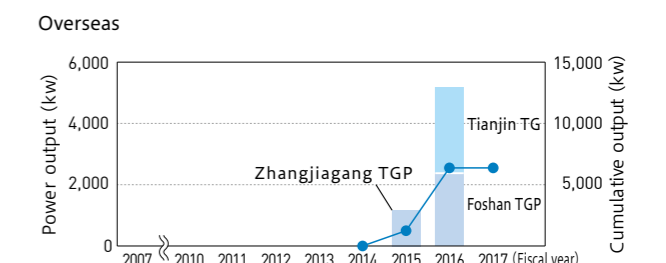
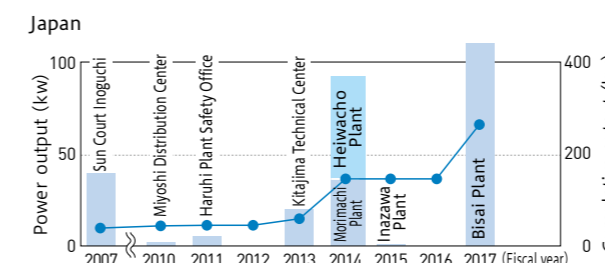
We are also aggressively pursuing activities to reduce CO<sub>2</sub> emissions over the product lifecycle, including efforts to increase distribution efficiency by improving loading efficiency, reviewing transport methods and other efforts.



\*4 Emissions per sales unit (index) is a figure obtained taking FY2012 as 100 [CO<sub>2</sub> conversion factor]  
 The CO<sub>2</sub> conversion factors used for Japan\*5 are the 1990 Keidanren factors. The CO<sub>2</sub> conversion factors used for other countries are from the GHG Protocol (2001).

\*5 Electricity: 0.3707t-CO<sub>2</sub>/MWh, class A fuel oil: 2.69577t-CO<sub>2</sub>/kL, LPG: 3.00397t-CO<sub>2</sub>/t, town gas: 2.1570t-CO<sub>2</sub>/1,000 Nm<sup>3</sup>, kerosene: 2.53155 t-CO<sub>2</sub>/kL, LNG: 2.68682t-CO<sub>2</sub>/t, gasoline: 2.36063t-CO<sub>2</sub>/kL (excluding external factors of gas companies' town gas heat conversion)

### Solar power generation graph

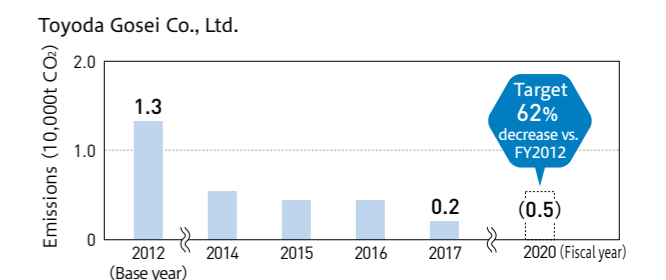


## Reductions in 6 greenhouse gases\*6

Of the six greenhouse gases, Toyoda Gosei Co., Ltd. uses three (HFC, PFC, SF<sub>6</sub>) and is conducting activities to reduce all of them. By FY2015 we had completed a switch to alternative gases with a low environmental impact for the shield gas used in the production of steering wheel cores and other gases. This has resulted in an 81% decrease in greenhouse gases since 2012. We will continue these reduction activities in the future.

\*6 Hydrofluorocarbon (HFC), perfluorocarbon (PFC), sulfur hexafluoride (SF<sub>6</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), nitrogen trifluoride (NF<sub>3</sub>)

Trend in greenhouse gas (6 gases) emissions (CO<sub>2</sub> equivalents)





## Building recycling societies

Through reductions in waste and water use volumes and the design of easily recyclable products, we use limited resources effectively and contribute to a recycling society.

### Basic philosophy

To achieve the recycling society envisioned in our TG 2050 Environmental Challenge, we aim to minimize emissions and water use volumes and use resources effectively by reducing the volume of materials used, designing easily recyclable products, and other efforts.

### Reduction in waste

To reduce waste in production processes and achieve our 2020 targets, we are taking measures to combat waste at its source and recycle. We have also started a waste reduction project with coordination among plants and production technology, materials technology, and product design departments to strengthen efforts to combat waste at its source. Individual plants conduct reduction activities with *genchi-genbutsu*, while item identification by outside experts is conducted to reduce rubber, plastic and liquid waste.

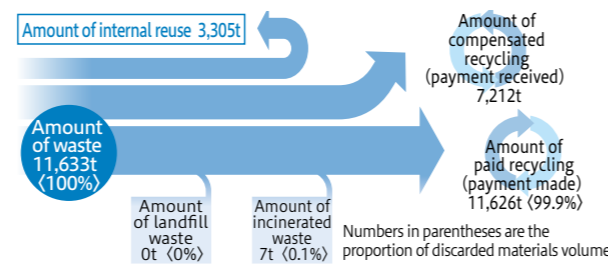
Study sessions are also held to promote waste reduction at both domestic and international Group companies.

The packing material used in product transport is being reduced to prevent products from being dirtied by increasing

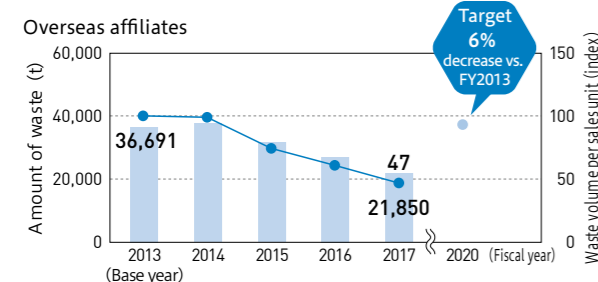
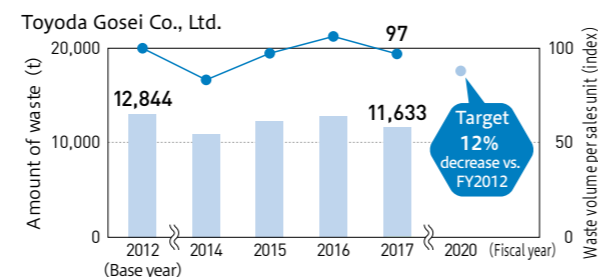
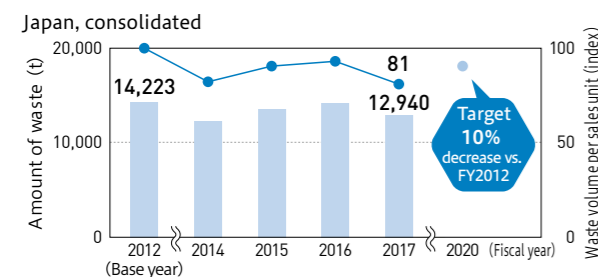
The frequent water shortages and floods that are occurring in all parts of the world have become a major problem. We are attempting to identify these risks in every country and region of the world where we have operations while also striving for reduced water usage, water recycling, and cleaner wastewater.

the number of times reusable containers are used in the field and maintaining cleanliness. Reduction with the use of covers on reusable containers is also being pursued.

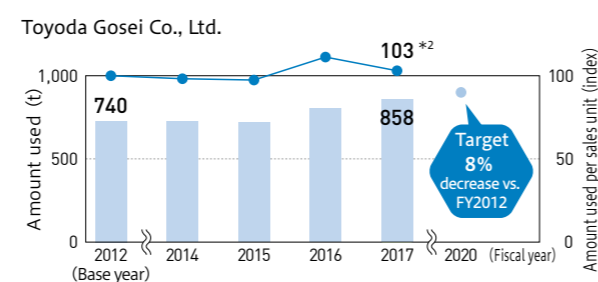
Amounts of waste generated and disposed of (results for FY2017: Toyoda Gosei)



Waste volume, waste volume per sales unit (index) \*1



Amount of distribution packing material used/Amount used per sales unit (index) \*1

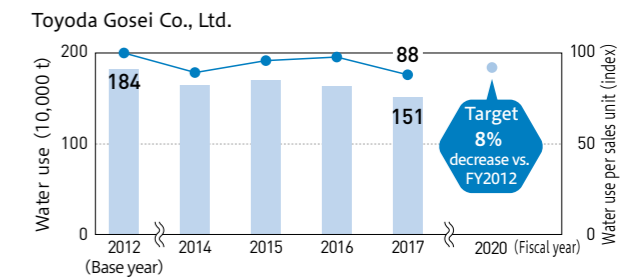
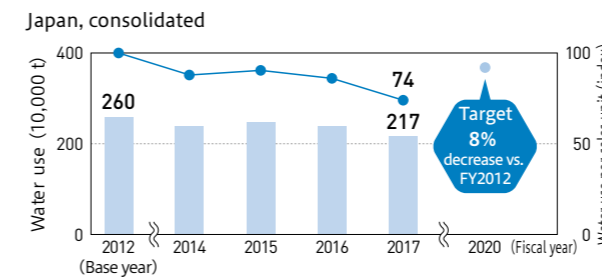


\*1 The amount of waste per sales unit (index) is a figure obtained taking the base year as 100  
 \*2 Increased shipments of spare parts due to disasters continues. The amount of packing material used also increased with the larger size of parts.

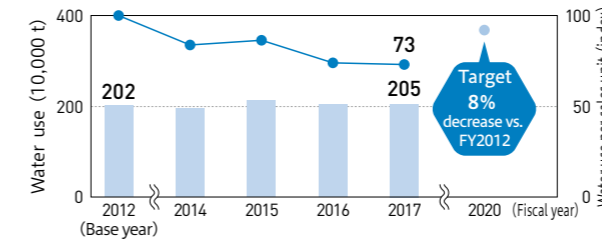
## Decreased water usage

To achieve the 2020 targets, we are working on *kaizen* through TG ESCO (expert team that conducts reduction activities with *genchi-genbutsu*) activities. Water use has been reduced 12% compared with FY2012 levels by correcting loss and leakage in water use amounts.

Water use and water use per sales unit (index) \*3



Overseas affiliates



\*3 Water use per sales unit (index) is a figure obtained taking FY2012 as 100

## Environmental management

While working for environmental preservation, we are continuing employee training and education programs so that every employee can act with awareness of the environment.

### Basic philosophy

Together with attempts to strengthen selection and control of chemical substances for the creation of people- and environment-friendly products and processes, we faithfully comply with laws and regulations in each country and customer criteria related to the atmosphere

and wastewater.

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

### Control of chemical substances contained in products

To strengthen the management of chemical substances in our products, we control legally regulated substances in each country, substances that are self-regulated by automakers, and substances covered by our own company regulations. We watch the trends in European REACH\*4 regulations and the EU RoHS Directive and have a system in place to respond rapidly when these

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

\*4 Registration, Evaluation, Authorization and Restriction of Chemicals



## ISO 14001 environmental audit

Toyoda Gosei and its domestic and international affiliates acquire ISO 14001 environmental management system certification. Internal environmental audits are carried out by audit teams composed of members from business areas outside those being audited in order to raise the independence and objectivity of the audits. Toyoda Gosei Co., Ltd. commissions external reviews by the Japan Quality Assurance Organization (JQA) to assess whether our environmental management systems are run properly in accordance with ISO14001.

### Production sites subject to environmental management

Toyoda Gosei	10 locations
Affiliates in Japan	7 locations
Overseas Affiliates	Americas: 10 locations, Asia & Australia: 8 locations, China: 7 locations, Europe/Africa: 3 locations

## Activities to eliminate compliance and environmental violations and complaints

Regular checks are conducted by expert departments and maintenance and management are carried out to ensure not only legal compliance but also that no environmental problems or complaints occur. Preventive activities such as environmental preservation walks are also conducted to combat risks. In addition, we analyze problems that occur at other companies, inspect similar facilities, and take preventive

measures at both domestic and international affiliates to make sure that we do not experience similar problems.

We are ensuring the proper disposal of devices containing PCBs. Waste from 848 units had been disposed of by FY2017, and we are continuing these efforts for the disposal of remaining units at an early date.

## Environmental education

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

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

### Environmental education system

#### Level-specific training

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

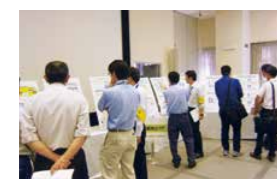
#### ISO Education

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

## Activities to raise environmental awareness

For the continuation of environmental preservation activities, we are attempting to raise environmental awareness among employees with regular events such as Environment Month and environmental presentations.

Surveys of all employees are conducted each year to assess employees' environmental awareness, and educational activities are carried out based on the results.



Environment Month Environmental exhibition



Environmental forum Lecturer: Takenori Takahashi, Konica Minolta



Environment Month New environmental symbol (Adopted after employee entries including domestic and international affiliate companies)



Environment Month Eco tours (observation of living creatures)

## Other important issues

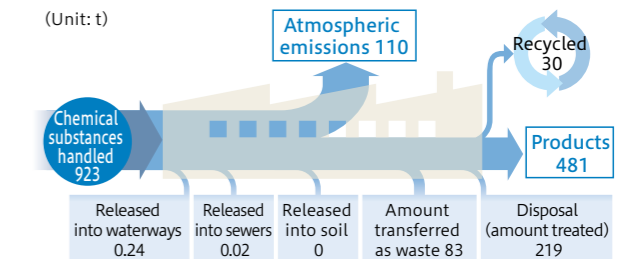
Together with efforts for environmental preservation, we are trying to increase recognition of the importance of protecting nature and biodiversity and contribute to the creation of environmentally-friendly societies.

### Reduced use of substances of concern

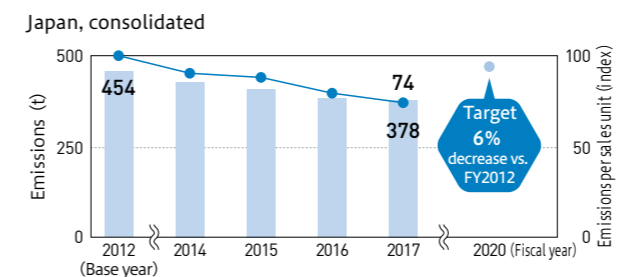
In production processes, we are switching to water-based paint and release agents, making painting lines more compact, improving coating efficiency, and making other efforts to reduce to the Pollutant Release and Transfer Register (PRTR) substances and volatile organic compounds (VOCs).

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

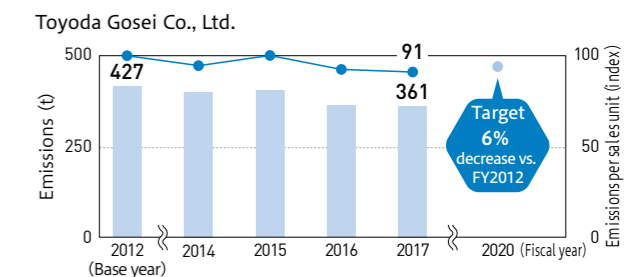
### Volumes and flow of emitted PRTR substances



### VOC emissions/emissions per sales unit (index) \*1



\*1 Emissions per sales unit (index) is a figure obtained taking FY2012 as 100



## Biodiversity

The Toyoda Gosei Group is conducting aggressive activities to protect nature and working for the creation of environmentally-friendly societies. Examples are our plant afforestation project, biotope creation and environmental

education.

One of our 2020 targets is to conduct similar activities in water areas and enhance them in coordination with the Toyota Group, government agencies, NPOs and others.

### Mid-range plan for 2020

We have drafted a mid-range plan for biodiversity activities and are carrying out these activities with the slogan "Working to save our water, the source of life on earth."

### Plant afforestation

Our plant afforestation project was begun in 2009, and we have since planted about 300,000 trees at 26 locations around the world. The seedlings planted in these activities are grown in the company.



Toyoda Gosei Czech, s.r.o. / Tree-planting in September 2017.

### Biotope creation

We are creating biotopes suited to each area around the world. To make it easier to secure the space and minimize costs, we have been creating biotopes in regulating ponds in coordination with government agencies and others.



Rendering (Heiwacho)

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

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

- Breeding endangered creatures
- Protecting rare species in biotopes (From FY2017)
  - Plant afforestation
  - Biotope creation
- Creation of biotopes in regulating ponds Heiwacho Plant (scheduled for completion in November)
- Fostering organisms in clean and beautiful seas
- Environmental preservation in tidal flats (From FY2018)
  - Preservation of Fujimae Tidal Flats (scheduled for October)
- Abundant water with abundant forests
- Creation of "Toyoda Gosei Forest" (provisional name) (From FY2019)
  - Candidate sites being selected
- Protecting local aquatic life
- Eradicating non-native species (From FY2018)
  - Eradication of lance-leaved coreopsis (June)
  - Environmental education through nature observation
  - Eco tour (June)



# Social <S>

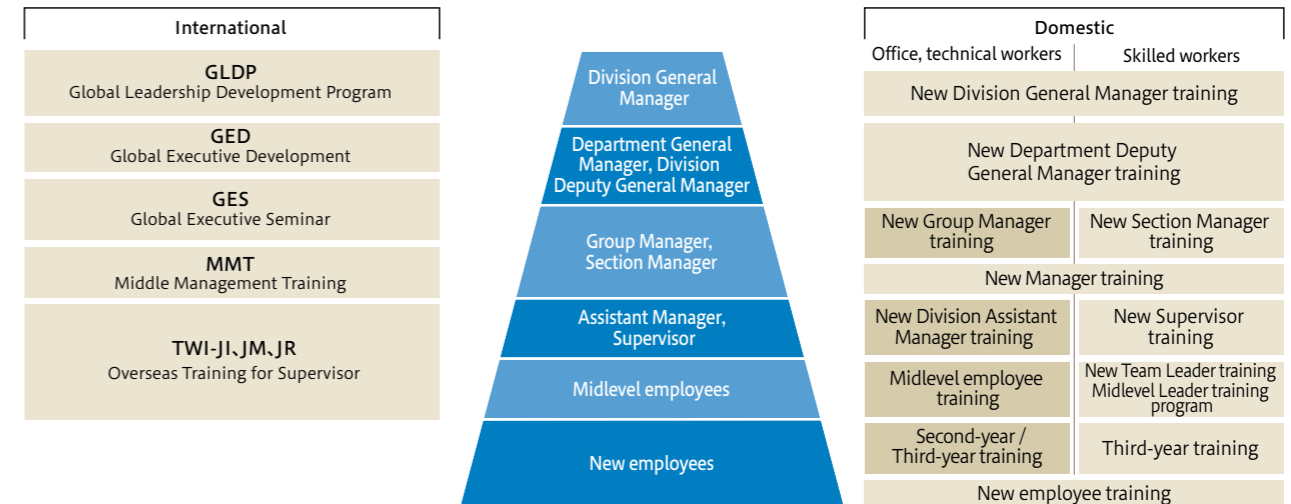


Hiromasa Zaitzu  
Corporate Officer

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

As a good corporate citizen, the Toyoda Gosei Group aims to contribute to development of the economy and society through business activities rooted in each country and community and social contribution activities. To build a foundation for those endeavors, we are developing professionals who can act globally and promoting diversity and work-style reforms. We respect the individuality of each person while increasing our collective strength through teamwork to achieve a vibrant corporate culture with meaningful work. We will continue to conduct research and development in anticipation of future changes, raise the level of our manufacturing technology, strengthen our supply chain and make constant *kaizen* efforts to satisfy our customers.

### Level-specific education system



### Personnel development

#### A global workforce of employees who think and act independently

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

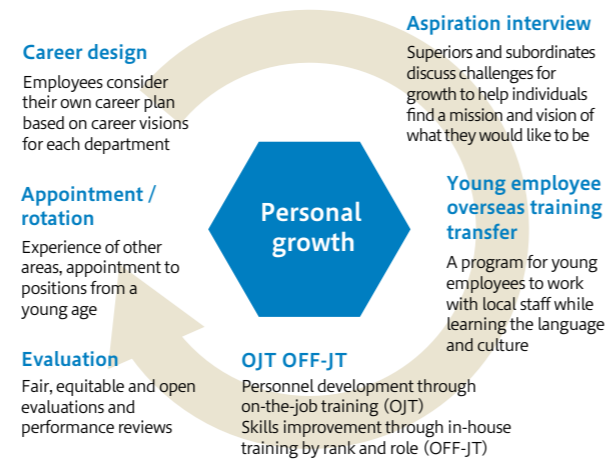
#### Three key areas of personnel development



#### Framework for personnel development that supports growth

In the Toyoda Gosei Group, our personnel management system features aspiration interviews and visualization of mid- and long-term career design for each employee, as well as rotation of young employees so that they experience a wide range of work. We are also enhancing our level-specific and specialty training to give employees opportunities to acquire needed abilities and skills.

#### Personnel development cycle



#### Enhanced training programs, invigorated personnel development

A broad range of efforts based on individual career visions are underway, including measures and study programs in Japan to develop people who can perform globally and next-generation leaders, and personnel development programs for all global employees.



#### Training manufacturing personnel

With the aim of strengthening our production floors, the source of our competitiveness as a manufacturing company, we are enhancing technical education for employees of each level working at manufacturing sites and in each field of expertise. Technical education spanning four months was provided to 51 skilled workers who joined the company in April 2018. Following training in safety basics on the production floor (danger simulations) and basic manufacturing education including practical training in die

maintenance, fabrication of two-legged walking robots, and disassembling and reassembling automobiles, they received practical training on a manufacturing shop floor for two months.



New employee training

### Work-style reforms

From FY2017 we began efforts to make work more efficient with the use of IT and reviews of meeting structures with the aim of every employee thoroughly executing his or her essential tasks. Overall activities entailing a range of efforts to change the way we work are conducted for work-style reforms. To deal with changes with a sense of speed and raise the quality of work, we are communicating more closely than ever before in the workplace, eliminating waste, and adopting a working style with a varied pace.

#### The keys of work-style reforms



Conference on work-style reform and better communication



Regular meetings of work-style reform leaders



Examples of work-style reform activities

Perspective	Item	Efforts
Concentration on essential work	Establishment of a concentration time	• 11:00 to 12:00 each day is set as "concentration time" (as a rule, NO meetings, NO telephoning, NO instruction. Workers are notified with music played at 11:00 a.m.)
Increased work efficiency	Review of meeting structure	• Abolishment of preliminary meetings, minimization of the number of participants, time, and frequency • Thorough reinforcement in observing company rules and etiquette
	Arrangements, meetings forbidden from going beyond the fixed time	• Going beyond the fixed time every Wednesday and Friday is forbidden as a rule
	Work kaizen using IT tools	• Reduction of travel time, increased work speed (introduction of mobile teleconferences, etc.) • Task automation with RPA*1
Work-style with varied pace	Workplace management kaizen	• Training in workplace management and work process kaizen
	Encouraging people to take annual vacation	• Encourage general workplace employees to take full annual leave and 3-day weekends • Set annual vacation targets for key positions and monitor whether this vacation is taken

\*1 Robotic process automation



To encourage interactions among work areas, glassed-in meeting spaces are set up in the center of the floor.

employees and strengthen personal connections. Together with creating an environment where people can work for long

What we want for each person

The ability to play an active role and grow as an important employee, who works with energy and creates results in an open and fair environment.

Three key priority measures for activity

Support for the training and active roles of women

Reforming the attitudes and behaviors of superiors

Creating a workplace culture

Target values for 2020

- 1 Women account for at least 20% of new graduates hired (office, technical positions)
- 2 Women occupy at least three times more key positions (compared with 2014)

times with a sense of security, there is also support for career advancement.



Roundtable discussion of work styles and workplace culture

Respect for human rights

Respect for individual human rights and privacy both in and out of work are set in employee behavioral guidelines in the Toyoda Gosei Guidelines for Business Ethics. We are striving to create healthy and pleasant workplaces where the

character and individuality of each person is respected and that are free of discriminatory behavior, sexual harassment and power harassment.

Human rights education

In both new employee education and new manager training, we provide education on human rights. Participants learn the reality of discrimination and deepen their understanding of the importance of performing their daily work with

consideration of the rights of others. Personnel are sent to external training to learn in greater depth about rights problems. In these and other ways we are trying to train people with a superior sense of human rights.

Hiring of diverse personnel

Toyoda Gosei hires a wide range of people, including foreign nationals, women, people with disabilities, and people who are rehired after retirement. Together with efforts to vitalize the company, we strive to hire and train employees in a fair and equal manner with a respect for diversity.

Encouraging the active roles of women

A special organization was established in 2010 that has been active in the three key areas of (1) support for the training and active roles of women, (2) reforming the attitudes and behaviors of superiors, and (3) creating a workplace culture. Our aim is to create a situation in which people can be active and grow in a fair environment regardless of sex. A working group of volunteers in key positions in the company was started in 2018 and has begun working to raise the management level and review the work styles of people in key positions with the themes of promoting the active roles of diverse employees and the work-life balance of the members themselves and their subordinates. "Tea meetings" are also held to listen to the troubles and thoughts of female

Toyoda Gosei Co., Ltd. employee composition (FY2017)

	Male	Female	Total
No. of employees	5,797	677	6,474
Average age	42.5	39.1	42.1
Average length of employment	18.6	15.5	18.3

Workplaces that welcome people with disabilities

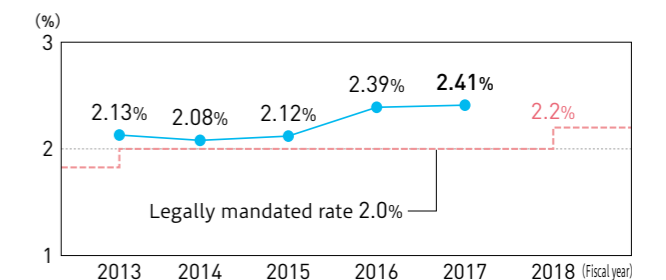
Toyoda Gosei Co., Ltd. actively employs persons with disabilities. The Committee for Employment of People with Disabilities plays a central role in hiring, job assignments, education, establishment of stable positions, and awareness. We place particular emphasis on helping persons with disabilities establish stable positions and improving the work environment with the installation of Braille blocks, elevators,

voice guidance, and Carry Dun emergency stair evacuation chairs based on periodic interviews to understand current situations. Work that people with disabilities can perform is identified, and they are systematically hired and placed. In FY2017, 125 people with disabilities were hired (as of January 1, 2018). This was a hiring rate of 2.41%, exceeding our target (legally mandated employment rate ≥2.0%).



Communication with sign language in the workplace

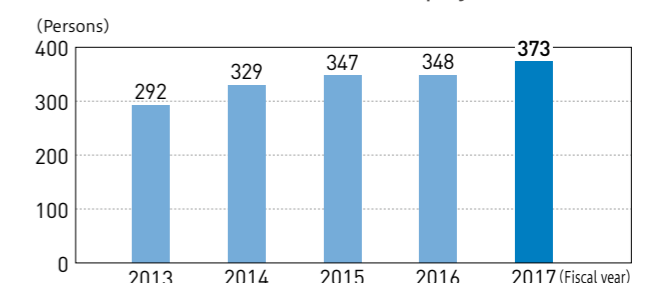
Changes in employment rate for people with disabilities (Toyoda Gosei Co., Ltd.)



Creation of an environment for stable work after retirement

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

Trend in cumulative number of re-employed retirees





## Work-life balance

Toyoda Gosei Co., Ltd. is adopting a system wherein each employee can select a working style with consideration of work-life balance, supporting employees so that they can work with a sense of security and motivation. Support to balance childcare and work includes systems for shorter working hours and holiday day-care, plus family-care seminars. For these efforts we have been certified by the Ministry of Health, Labor and Welfare as a “Childcare Support Corporation.” For nursing care support we are also undertaking activities to increase knowledge and familiarize employees with our systems. We have established new systems for reduced days or reduced working hours so that people can undergo treatment for disease while continuing to work, and for a balance between medical care and work.



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



Holiday day-care



Family-Care Seminar (support for childcare-work balance)

	Childcare leave	Care leave	Reduced working hours
FY2017	60	7	58*1

\*1 Childcare 54 /nursing care 2 /medical treatment 2

## Aiming for “Zero Accidents”

Toyoda Gosei Co., Ltd. aims for zero accidents through Safe Personnel and Safe Workplace programs, with the president overseeing all efforts as the company’s general health and safety manager.

The FY2017 Safe Personnel program focused on holding handrails on stairs and stopping and checking in both directions at stop points on walkways within plants as keys

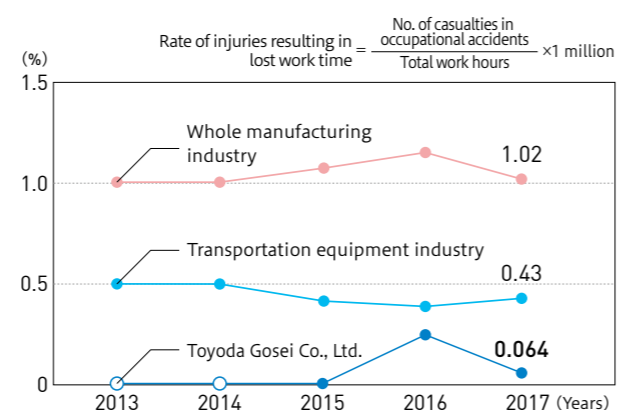


Sentinel activity

for worker safety. We are trying to maintain these rules and raise compliance by posting guards.

In Safe Workplace activities we aim to improve the safety of high risk equipment where serious accidents (STOP 7) can occur. Risk assessments incorporating a reverse KY (*kiken yochi*, or hazard prediction) approach are conducted and measures are implemented with a clear priority order.

Trends in rate of work accidents (rate of injuries resulting in lost work time)



## Maintaining and improving mental and physical health

Toyoda Gosei implements measures to maintain and promote employees’ mental and physical health.

### Mental health activities

Toyoda Gosei Co., Ltd. provides regular mental health education for workers of each level, with emphasis on managers and supervisors to encourage management with a view to mental health in the workplace and smooth communication. A bimonthly mental health bulletin is also distributed to all workers to improve self-care abilities. In each place of business, counseling is provided by in-house occupational health nurses, medical nurses and external counselors to maintain and promote mental health.

### Physical health activities

Together with various types of educational activity to maintain and promote health, health classes are held for employees at milestone ages with the aim of preventing lifestyle-related diseases. Support is also given to smokers who want to quit.

These activities and other efforts to consider employee health management from the perspective of company operation were recognized in February 2018 with certification as an “Outstanding Health Management Corporation—White 500” by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.\*2

\*2 Nippon Kenko Kaigi: An organization formed to conduct effective activities in conjunction with private organizations and the full support of government agencies, in order to increase healthy lifespan and proper medical care for each person in Japan as the population rapidly ages and there are fewer children.



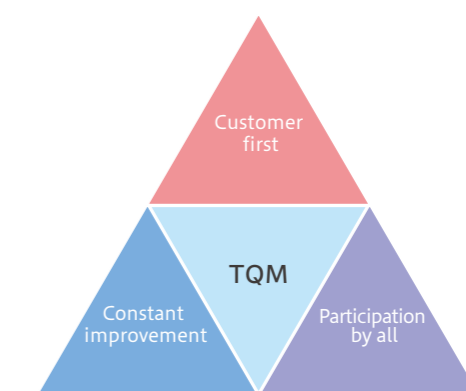
### Health education system

Division General Manager	Department General Manager, Division Deputy General Manager	Group Manager, Section Manager	Assistant Manager, Supervisor	Section leaders	General employees
Milestone age (35, 45 years old) health education/locomotive syndrome prevention seminar					
Manager’s mental health (follow-up) education			Assistant manager / supervisor mental health education		
Mental health department deputy general manager education					

## Uniform global quality assurance

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

### Fundamental principles of TQM





## Monitoring and responding to manufacturing processes and market quality

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

do not produce or pass on any defects and developing workers with a high sensitivity to safety and to avoiding mistakes. We also have fulltime auditors who audit and improve processes at all production sites globally.

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

## Collaboration with suppliers

Our partnerships with suppliers are very important to us for smooth business operations. Every April, Toyoda Gosei Co., Ltd. holds a procurement policy briefing with about 200 suppliers of products, machining processes, materials, facilities, and molds. We inform suppliers of upcoming issues and efforts, including our business environment and direction, and share our procurement policy for the year with regard to safety, quality, delivery, price, technology, global expansion and CSR. We also give awards to show our appreciation to suppliers for achievements in their fields, while encouraging all suppliers to continue making progress. Every quarter, we hold a procurement liaison meeting with about 100 suppliers,

where we share production information and information on quality improvements, compliance, safety, earthquake measures, confidentiality, chemical substance control and human resources development.



Procurement policy briefing, Japan



Procurement policy briefing, China

## Supply chain management

We aim to deepen, grow and develop our partnership with suppliers based on our basic procurement policy.

### Basic procurement policy

#### 1. Optimum global procurement

In the process of procuring product materials, products and parts, production equipment, dies/molds and other goods needed for our business, we conduct comprehensive assessments of suppliers from a global perspective. This includes quality, cost, volume/delivery, technology, and the supplier's attitude to continuous improvement. We do our utmost to make purchases in a fair and open manner.  
We also welcome proposals from suppliers for new technologies and methods and new products.

#### 2. Mutual growth based on mutual trust

We want to grow together with our business partners through dealings based on a long-term vision. To this end we work to build strong relationships of trust through close communication with suppliers.

#### 3. Thorough environmental protection and legal compliance

We do our utmost to ensure environmental protection and legal compliance in all our development, design, and production activities. In procurement we follow the principles of purchasing items with minimal environmental impact and conducting our activities in ways that reduce environmental impacts.  
We also exercise extreme care for full legal compliance and confidentiality in relation to our procurement activities.

## Support for suppliers

We support strong supplier structures with “*genchi-genbutsu*” (go-and-see activities), and work for their growth. In addition to standardized work and defect prevention to avoid serious quality problems, and lowering of cost prices for higher competitiveness, we involve suppliers in mold and product

design. Through sectional committee activities we share information necessary for quality improvements with suppliers. We also conduct checks and risk assessment for compliance with Japan's Industrial Safety and Health Act to help support the creation of safe workplaces and prevent fires and disasters.

## Green procurement

We do our utmost for environmentally-friendly procurement based on our Green Procurement Guidelines (4<sup>th</sup> Edition), which consist of three components: establishing environmental management systems; improving regulatory compliance and environmental performance; and managing harmful substances. To reduce environmental impacts, we strive to enhance suppliers' internal organizations and systems and raise the level of their production activities. Positive results have been achieved, such as acquisition of

ISO 14001 certification and reduction of energy consumption and waste. We comply with increasingly strict chemical substance regulations around the world and monitor the chemicals contained in items procured from suppliers. We also coordinate with suppliers in complying with European ELV (end-of-life vehicle) and REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulations, and in the management of volatile organic compounds.

## Contributing to local communities

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

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

### Social Welfare



Introduction of fund-raising meals in cafeterias



Wheelchair repair in welfare institutions

### Environmental Preservation



Environmental education for elementary school students



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

### Youth Development



Support for Boys and Girls Invention Club



Sports clinics

### Community Safety



Anti-crime patrols



Traffic safety patrols

### Sports Promotion



Trefuerza volleyball team



Blue falcons handball team



Scorpions basketball team

Since winning its first league championship in 2015, Toyoda Gosei's Trefuerza volleyball team has advanced to the finals for three consecutive years. It and the company's handball and basketball teams are all active in domestic Japanese leagues. These teams foster a feeling of unity between employees and the community and enrich everyone's lives.

# Governance <G>



**Toru Koyama**  
Director, Senior Managing Officer

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

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

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

### 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. We are building and maintaining organizational systems that can respond precisely to environmental changes, and implementing and fair and transparent management

systems.

Toyoda Gosei supports the Corporate Governance Code formulated by the Financial Services Agency and the Tokyo Stock Exchange, and has voluntarily implemented various policies based on the letter and spirit of those principles and rules to enhance our corporate governance.

#### Corporate governance system

Toyoda Gosei has adopted an audit and supervisory board system and set up the shareholders' meeting, Board of Directors, Board of Auditors, and accounting auditors as statutory entities. We have also installed internal auditors and other internal control systems.

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

A system of corporate officers is used to speed up decision-making and business execution. For important business

matters, monthly management meetings are held. Functional conferences and committee meetings relevant to key areas such as technology, costs, and personnel are also held as needed for good management decisions.

The Board of Auditors consists of five auditors and holds regular meetings. Auditors 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 ensuring an independent and fair auditing system.

#### Internal control systems

Toyoda Gosei has formulated a basic policy for setting internal controls, based on the provisions of the Companies Act. By establishing internal control systems for things including discussion of important matters, checks of business execution status, internal audits, compliance, and risk management

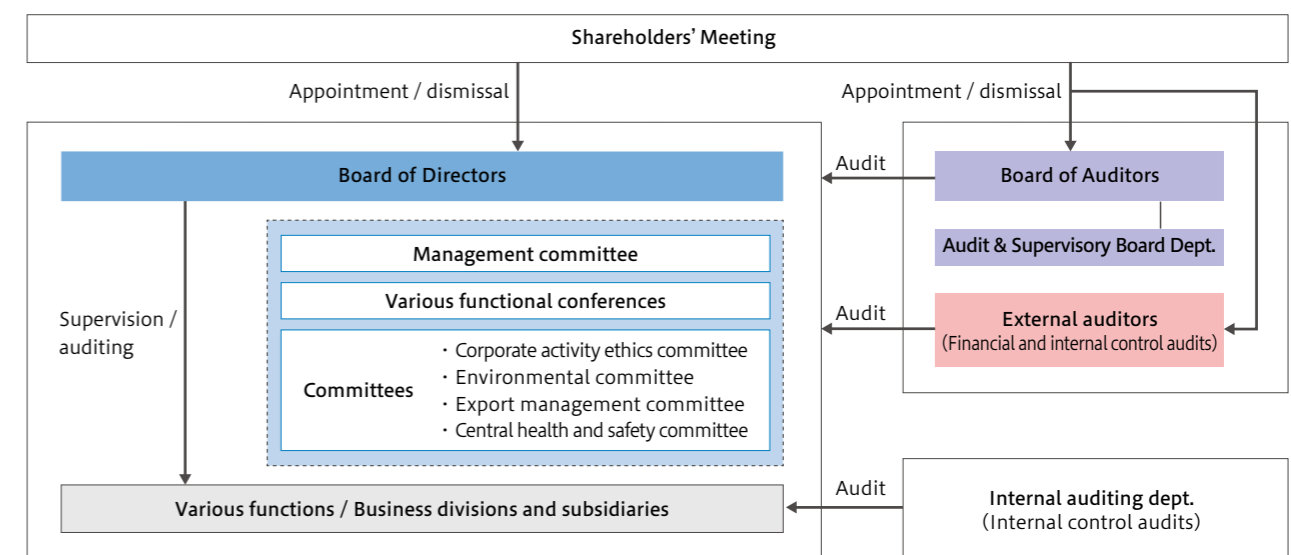
in line with this policy, we are striving to build and operate systems to ensure business propriety. The establishment and operational status of internal controls is examined each year at a Board of Directors' meeting, and continuous efforts are made to improve and strengthen these controls.

## Internal controls for the Toyoda Gosei Group

To cultivate a healthy internal control environment at Toyoda Gosei and its subsidiaries, all Group companies share established Corporate Principles. The Toyoda Gosei Group Charter for Business Ethics, a shared guideline for compliance, has also been instituted and systems are being spread to subsidiaries. While respecting the independence of subsidiary

management, we receive regular business reports and set up systems to confirm the propriety and legality of subsidiaries' businesses through advance approval reports. We also send non-executive directors and auditors to key subsidiaries in a system to monitor and act as a check on their business execution.

### Corporate governance system



## Internal audits, auditors' audits, accounting audits

An Audit Division consisting of eight people has been set up for internal audits. With the aims of both achieving business objectives and preventing dishonest practices or falsification, internal audits are conducted across the entire business from the perspective of legality and rationality based on an internal auditing plan approved by corporate managers at the beginning of each term. This includes audits of the internal control design and operation status in each department.

The results of internal audits are reported to corporate managers via officers in charge of internal audits, and recommendations for improvements in the audited departments are given based on the audit results. The effectiveness of internal audits is increased by confirming the improvement plans and results. Audit plans are prepared through the exchange of opinions with Audit & Supervisory Board members, while at the same time reports on the status of internal audits and their results are made to Audit & Supervisory Board members as required to share information.

To increase the effectiveness of auditors' audits, criteria for auditors' audits have been enacted that establish the basic related items. Audits are then conducted based on the pertinent criteria. Each auditor follows the auditing policy and audit plan

established by the Audit & Supervisory Board in conducting surveys and interviews in the company and affiliates. They actively participate in Board of Directors meetings, management meetings, and other important meetings and committees, listen to reports on the business from directors and others, view financial statements and other important documents, visit and audit offices and subsidiaries, ensure legality and propriety, and audit the execution of business by directors from the perspectives of protecting assets and rights and preventing loss. A special section has been established to assist the auditors' audits.

The certified public accountants who perform the accounting audits of Toyoda Gosei are Eiichi Yamanaka and Tomohiro Nishimura of the firm PricewaterhouseCoopers Aarata LLC. They are assisted in the accounting audits of Toyoda Gosei by 11 certified public accountants, 5 accountants who have passed the accountant examination, and 6 others.

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



## Outside directors, audit & supervisory board members

Toyoda Gosei appointed two outside directors, Sojiro Tsuchiya and Kimio Yamaka, at its annual stockholders' meeting on June 15, 2018. Two outside audit & supervisory board members, Takeshi Uchiyamada and Masami Hadama, were also appointed. Together with current outside audit & supervisory board member Hideomi Miyake, the total number of outside audit & supervisory board members that have been appointed is now three.

When electing outside directors, emphasis is placed on extensive experience in corporate management and other areas, plus deep insight. This is in addition to outside requirements from the Companies Act. The outside audit & supervisory board members elected are people with deep experience and knowledge in their field of specialty and management. They stand as outsiders with little direct vested interest and a certain distance from the management team.

Outside audit & supervisory board members attend directors' meetings and serve to raise the viability of management oversight, such as seeking proper explanations for the status of the performance of the Board of Directors. They also visit offices and subsidiaries as appropriate to conduct direct audits while coordinating with other auditors. They meet regularly with accounting auditors and the internal auditing department, which includes an internal control auditing function, with regard to their

respective auditing plans, implementation status, and auditing results, and contact them as needed to exchange opinions and share information for efficient and effective auditing.

Election of outside directors and outside audit & supervisory board members

Appointment	Name	Independent director	Reason for appointment
Outside directors	Sojiro Tsuchiya	○	To reflect his extensive experience and deep insight as a corporate manager in the management of Toyoda Gosei
	Kimio Yamaka	○	To reflect his extensive experience and deep insight in policy finance and the environmental and energy fields in the management of Toyoda Gosei
Outside audit & supervisory board members	Takeshi Uchiyamada		To reflect his extensive experience and deep insight as a corporate manager in the auditing of Toyoda Gosei
	Masami Hadama	○	To reflect his extensive experience and deep insight in law in the management of Toyoda Gosei
	Hideomi Miyake	○	To reflect his extensive experience and deep insight as a corporate manager in the auditing of Toyoda Gosei

## On executive compensation

Director compensation consists of base compensation and bonuses. The base compensation is within a range with an upper limit decided at the general shareholders' meeting, and determined with consideration of the duties of each position. The amount of bonuses is calculated with consideration of business performance, and determined through a resolution at the general shareholders' meeting.

The base compensation of audit & supervisory board members is determined in consultation with the audit & supervisory board members and within a range with an upper limit decided at the general shareholders' meeting.

### Officer compensation

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

Officer class	Total executive compensation (Millions of yen)	Total amount by type of compensation (Millions of yen)		Number of subject officers (People)
		Base compensation	Bonuses	
Directors (excluding outside directors)	467	342	125	10
Audit & supervisory board members (excluding outside audit & supervisory board members)	74	74	-	3
External officers	58	58	-	5

\* Bonuses are the provision of allowance in the given fiscal year.

## Ensuring the effectiveness of the Board of Directors

At Toyoda Gosei, the Board of Directors Office conducts annual interviews of all directors and audit & supervisory board members, including external ones, on the effectiveness of the Board of Directors. The roles and responsibilities of the Board of Directors, the level of discussions, opportunities to improve effectiveness and other matters are assessed from

multiple perspectives and the results are reported to the Board of Directors.

The results of the assessment for FY2017 showed that the Board displayed a sufficient level of effectiveness. Meaningful opinions were expressed in the assessment process, and efforts to improve the effectiveness will continue.

## Communication with stockholders and investors

For constructive dialogue with shareholders and investors, we have established a system for conducting such dialogue in a coordinated manner, planning opportunities and sharing necessary information.

This dialogue is carried out through financial results briefings or small meetings for institutional investors with explanations by the company president or relevant officer; plant tours for institutional investors with explanations by the officer in charge; direct visits by people in charge of IR to institutional investors, and other means. Based on the opinions and desires of shareholders and investors obtained, further opportunities for dialogue are being enhanced.

In the period before earnings reports, dialogue with shareholders and investors is restricted during a silent period and information is thoroughly controlled in the company. If insider information emerges in the company, the said

insider information is controlled and information control is thoroughly implemented.

### Main IR activities

Targeted persons	IR activities	
Domestic institutional investors, securities analysts	Individual discussions, financial briefings, plant tours, telephone conferences	<ul style="list-style-type: none"> <li>• Issuance of the "Toyoda Gosei Report"</li> <li>• Dissemination of financial and IR information on website</li> </ul>
Overseas institutional investors	Individual discussions, participation in IR events	
Individual shareholders and investors	<ul style="list-style-type: none"> <li>• Briefings for individual investors</li> <li>• Plant tours after annual shareholders' meeting</li> <li>• Issuance of "Report on Business Results"</li> </ul>	

### Message from outside director

## I would like to see Toyoda Gosei continue contributing to society through manufacturing

Since I was appointed as an outside director in June 2015, Toyoda Gosei's business environment has changed greatly. During this time the company has needed to make decisions quickly and flexibly to achieve sustainable growth. At directors' meetings, I have done my best to give objective advice utilizing my past experience and knowledge so that the decision-making at those meetings is transparent.

I have worked in a manufacturing company similar to Toyoda Gosei, and have found one thing to be crucial in corporate management of a manufacturing company—contributing to society through manufacturing. The string of corporate scandals that have been revealed in recent years has shaken trust in Japanese manufacturing, and has unfortunately betrayed the expectations of society.

Manufacturing consists of the consolidation of many functions, including technical development, sales, procurement, production, and quality control. If activities in each of these areas are carried out in good faith, work will proceed comprehensively and products with quality and cost that satisfy customers can be delivered in a timely manner.

The leading role in manufacturing is played by the production plant. I have actively visited Toyoda Gosei's plants and the plants of Group companies in Japan and other countries. There I talk with the plant personnel as much as possible, and communicate to them the things I notice from the perspective of an outsider so that they can carry out their essential roles.

I would like to support the Toyoda Gosei Group in continuing to contribute to society through suggestions with a detailed focus on manufacturing.



**Sojiro Tsuchiya**  
Outside Director (Independent)

## Compliance

### Basic philosophy

Toyoda Gosei's management philosophy states that, "we will build systems for thorough legal compliance and corporate ethics, and undertake business activities with integrity." We strive for thorough compliance in all areas.

The Toyoda Gosei Group Charter for Business Ethics sets forth shared values and behavioral standards for the entire

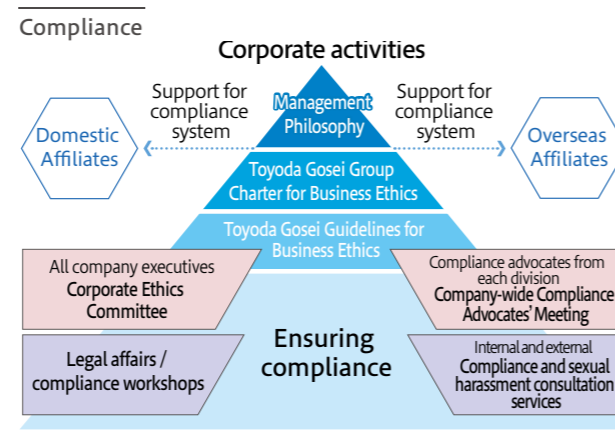
Toyoda Gosei Group worldwide, and Group companies in Japan and other countries incorporate this Charter into their own behavioral guidelines. Toyoda Gosei Co., Ltd. has established the Toyoda Gosei Behavioral Ethics Guidelines, which it expects every employee to follow, and has worked to familiarize all employees with these guidelines.



## Compliance system

Toyoda Gosei has established a Corporate Ethics Committee with the company president serving as chairman and all company officers as members. Together with compliance advocates in each division, the committee works for thorough compliance with a unified approach between management and the workplace.

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



### Specific efforts

#### ● Compliance consultation office

To identify and resolve compliance problems at an early stage, Toyoda Gosei has established internal and external compliance consultation offices and an internal harassment consultation office.

Group companies in Japan have their own consultation offices, in addition to which they have established a joint external compliance consultation office together with Toyoda Gosei. Group companies in other countries have established external or internal consultation offices.

#### ● Compliance activity checks and *kaizen*

Toyoda Gosei conducts “compliance entrenchment questionnaires” of all employees each year to confirm compliance transparency and whether there are signs of violations. *Kaizen* activities are then conducted based on the results.

A voluntary check sheet is used for Group companies in Japan and other countries to check their basic policy and systems for compliance, the status of compliance with important laws including competition laws and bribery and corruption laws, and risks in key areas including human resources, finance, sales, procurement, safety and quality. *Kaizen* activities are then conducted based on the results.

#### ● Efforts to prevent violations of competition laws

Guidelines have been prepared for Japan and key regions where Group companies are located (USA, EU, China, Thailand, India, Brazil, others), and efforts are undertaken globally to prevent anti-competitive acts at Toyoda Gosei Group companies.

Specific behavioral guidelines that Toyoda Gosei expects employees to follow in various business activities, especially sales activities, are embodied in the Codes of Conduct for Antitrust Law Compliance in the company’s internal regulations, and thorough compliance is expected of employees.

Continuing education activities are also conducted through special training in competition law and regular compliance training for each level within the company.

#### ● Anti-bribery efforts

Toyoda Gosei has formulated Global Anti-Bribery Guidelines as a common guide to conducting transparent and sound business activities globally, and is doing its utmost to prevent bribery and corruption at all Toyoda Gosei Group companies. Continuing education activities are conducted for employees through training for each level and risk.



Compliance training

## Crisis Management Project in anticipation of large-scale earthquake disasters

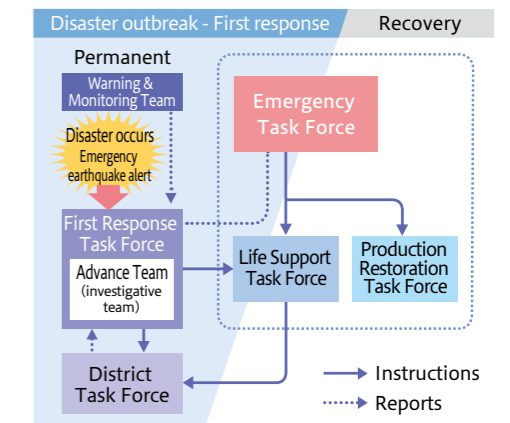
Japan is a land of earthquakes, and we have put into place a crisis management system for the event of a massive earthquake based on the principles of human life first, community support, and early recovery. Specifically, we are carrying out a Crisis Management Project to strengthen our ability to deal with disasters, focusing on the two areas of developing and enhancing first responses and clarifying response procedures for quick restoration of production. Since 2013 we have conducted resilience training more than 80 times for directors and members of anti-disaster departments, based on the idea that in addition to infrastructure and system measures, improving the skills of response personnel is essential. We

have also established specific procedures for the recovery of affected buildings, facilities, and processes 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 our own companies but also at affiliates and suppliers are conducted regularly. Assessments using “anti-earthquake measures implementation status check sheets,” clarification of weak points with graphs, introduction of responses taken at Toyoda Gosei and other companies, and cooperative preparation of business continuation plans are carried out.

### Efforts to date

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

### Disaster response



## Strengthening information security measures and raising awareness

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

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

### Enhanced measures

Classification	Measures	
Prevention of leaks from negligence	Hard	• Printing restrictions with ID card authentication on multifunction machines, dedicated drawing printers
	Soft	• Data encryption of all PCs • Security measures when sending emails out of the company (cc to superiors, encryption of attached files)
Prevention of malicious unauthorized leaks	Hard	• Increased surveillance cameras • Installation of wire locks for prevent PC theft • Restrictions on writing onto external storage media
	Soft	• Confidentiality pledge • Stricter applications for removing items from premises • Restricted file server access • System use records • Strengthened hacking prevention measures (Internet) • Prevention of unauthorized connection of terminals brought in from outside
Educational activities (ethics)	• New employee education • Companywide security control voluntary inspections using check sheets • On-site checks of each department • Training in responding to standard email	

## Risk management

### Basic philosophy

With the aims of preventing risks that can have huge impacts on management and to minimize damage in the event that adverse events do occur, we are identifying risk in each function in cross-departmental meetings and making decisions on how to respond. For each type of risk in safety, quality, and other areas, the department in charge has established regulations and key points and conducts proper

business management, such as implementing measures as needed based on assessments of operational status.

Risk Management and Response Guidelines have also been established. These Guidelines summarize basic matters related to risks and show the behaviors to adopt to prevent potential risks and to respond appropriately and quickly in the event that problems occur.

Management Members (As of June 15, 2018)



**Naoki Miyazaki**  
President

1980 Joined Toyota Motor Company  
2008 Managing Officer, Toyota Motor Corp.  
2013 Senior Managing Officer, Toyota Motor Corp.  
2014 Executive Vice President, Toyoda Gosei  
2015 Appointed President, Toyoda Gosei (current)



**Masakazu Hashimoto**  
Executive Vice President

1980 Joined Toyota Motor Company  
2002 Joined Toyoda Gosei  
2005 General Manager for Technology, Safety Systems Business Unit, Toyoda Gosei  
2012 Corporate Officer, Toyoda Gosei  
2014 Managing Officer, Toyoda Gosei  
2016 Senior Managing Officer, Toyoda Gosei; Chief, Research & Development Headquarters Toyoda Gosei (current)  
2017 Director, Toyoda Gosei  
2018 Appointed Executive Vice President, Toyoda Gosei (current)



**Tomonobu Yamada**  
Director, Senior Managing Officer

1981 Joined Toyoda Gosei  
2007 General Manager, First Sales Division, Toyoda Gosei  
2010 Director, Toyoda Gosei  
2012 Corporate Officer, Toyoda Gosei  
2014 Managing Officer, Toyoda Gosei; Chief, Sales Headquarters, Toyoda Gosei (current)  
2016 Appointed Director, Toyoda Gosei (current); appointed President, Toyoda Gosei (Shanghai) Co., Ltd. (current)  
2017 Appointed Senior Managing Officer (current), Toyoda Gosei; oversees General Industry Products Div., Toyoda Gosei (current)



**Toru Koyama**  
Director, Senior Managing Officer

1982 Joined Toyoda Gosei  
2005 General Manager, Development Division, Safety Systems Business Unit, Toyoda Gosei  
2012 Corporate Officer, Toyoda Gosei; President, Toyoda Gosei North America Corp.  
2016 In charge of Corporate Planning Division, Toyoda Gosei (current); Appointed Director, Toyoda Gosei (current); Chief, Purchasing Headquarters, Toyoda Gosei (current)  
2018 Appointed Senior Managing Officer, Toyoda Gosei (current)



**Kimio Yamaka**  
Outside Director (Independent)

1980 Joined Japan Development Bank  
2007 Deputy Director-General, Development Bank of Japan  
2009 Appointed Director of the Energy Strategy Institute Co., Ltd. (current)  
2016 Appointed Director, Toyoda Gosei (current)



**Katsumi Tanabe**  
Audit & Supervisory Board Member (full-time)

1981 Joined Toyota Motor Sales Co., Ltd.  
2006 General Manager, European Business Dept., Toyota Motor Corp.  
2012 Project Senior Manager, TME-Japan, Toyota Motor Corp.  
2013 Auditor, Toyoda Gosei; Corporate Officer, Toyoda Gosei (current)  
2017 Appointed Full-Time Audit & Supervisory Board Member, Toyoda Gosei (current)



**Hitoshi Mizutani**  
Audit & Supervisory Board Member (full-time)

1982 Joined Toyoda Gosei  
2009 Deputy General Manager, Finance & Accounting Division, Toyoda Gosei  
2010 Executive Vice President, TG Missouri Corp.  
2015 General Manager, Finance & Accounting Division, Toyoda Gosei; Deputy General Manager, Finance & Accounting Division, Toyoda Gosei  
2016 Appointed Full-Time Audit & Supervisory Board Member, Toyoda Gosei (current)

Managing Officers

Yasushi Miyamoto  
Takashi Ishikawa  
Ryo Onishi  
Yoshiyuki Fujita

Corporate Officers

Kazuaki Maeda  
Junichiro Kako  
Hiroki Fukui  
Masahiko Ito  
Todd Huber  
Hiroyasu Hirayama  
Hiromasa Zaitzu  
Yutaka Ogasawara  
Tadashi Yamamoto  
Makoto Hasegawa  
Misao Fukuda  
Katsumi Saito  
Mitsuhiro Nawashiro



**Hiroshi Yasuda**  
Director, Senior Managing Officer

1982 Joined Toyoda Gosei  
2006 General Manager, Planning Division, Safety Systems Business Unit, Toyoda Gosei  
2010 President, Toyoda Gosei Czech, s.r.o.  
2012 Corporate Officer, Toyoda Gosei  
2016 Director, Managing Officer, Toyoda Gosei; Chief, Production Headquarters, Toyoda Gosei (current); General Manager, Plastic Parts Production Center, Toyoda Gosei; President, Tianjin Toyoda Gosei Co., Ltd.  
2017 Oversees Quality Assurance Headquarters, Toyoda Gosei  
2018 Appointed Director, Senior Managing Officer, Toyoda Gosei (current)



**Toshihiro Yokoi**  
Director, Managing Officer

1982 Joined Toyota Motor Company  
2008 Executive Vice President, PT Toyota Motor Manufacturing Indonesia  
2011 Project Senior Manager, Human Resources Development Division, Toyota Motor Corp.  
2012 Project General Manager, Corporate Planning Division, Toyoda Gosei  
2012 Corporate Officer, Toyoda Gosei  
2015 Appointed Managing Officer (current), Toyoda Gosei  
2017 Appointed Director, Toyoda Gosei (current); Chief, Corporate Management Headquarters, Toyoda Gosei (current)  
2018 Chief, General Administration and Human Resources Headquarters, Toyoda Gosei (current); in charge of Safety & Health Promotion Division, Toyoda Gosei (current); in charge of Environment Division, Toyoda Gosei (current)



**Masaki Oka**  
Director, Managing Officer

1985 Joined Toyota Motor Corp.  
2012 Project Senior Manager, Finance & Accounting Division, Toyota Motor Corp.  
2014 General Manager, Related Business Department, Toyota Motor Corp.  
2015 Adviser, Toyoda Gosei; Corporate Officer, Toyoda Gosei; General Manager, Finance & Accounting Division, Toyoda Gosei; in charge of IT Planning Division, Toyoda Gosei  
2016 Deputy Chief, Finance & Accounting Headquarters, Toyoda Gosei; in charge of Audit Division, Toyoda Gosei (current)  
2017 Chief, Finance & Accounting Headquarters, Toyoda Gosei (current)  
2018 Appointed Director, Managing Officer, Toyoda Gosei (current); Chief, IT Headquarters, Toyoda Gosei (current)



**Sojiro Tsuchiya**  
Outside Director (Independent)

1975 Joined Nippondenso Co., Ltd.  
2002 Director, Denso Corp.  
2004 Managing Officer, Denso Corp.  
2007 Senior Managing Director, Denso Corp.  
2011 Executive Vice President, Denso Corp.  
2013 Advising Executive Engineer, Denso Corp.  
2015 Appointed Director, Toyoda Gosei (current); Adviser, Denso Corp.



**Takeshi Uchiyamada**  
Outside Audit & Supervisory Board Member

1969 Joined Toyota Motor Company  
1998 Director, Toyota Motor Corp.  
2001 Managing Director, Toyota Motor Corp.  
2003 Senior Managing Director, Toyota Motor Corp.  
2005 Executive Vice President, Toyota Motor Corp.  
2012 Vice Chairman of the Board of Directors, Toyota Motor Corp.  
2013 Appointed Chairman of the Board of Directors, Toyota Motor Corp. (current)  
2018 Appointed Audit & Supervisory Board Member, Toyoda Gosei (current)



**Masami Hadama**  
Outside Audit & Supervisory Board Member (Independent)

1993 Appointed public prosecutor  
2006 Public Prosecutor, Special Investigation Dept., Tokyo District Public Prosecutors Office  
2007 Registered lawyer, partner at TMI Associates (current)  
2008 Professor, Sophia University Graduate School of Law  
2012 Representative, TMI Partners  
2014 Appointed Audit & Supervisory Board Member, Toyoda Gosei (current)



**Hideomi Miyake**  
Outside Audit & Supervisory Board Member (Independent)

1968 Joined Toyoda Iron Works Co., Ltd.  
1993 Director, Toyoda Iron Works Co., Ltd.  
1999 Managing Director, Toyoda Iron Works Co., Ltd.  
2003 Senior Managing Director, Toyoda Iron Works Co., Ltd.  
2005 President, Toyoda Iron Works Co., Ltd.  
2011 Chairman, Toyoda Iron Works Co., Ltd.  
2015 Appointed Audit & Supervisory Board Member, Toyoda Gosei (current)  
2016 Appointed Senior Adviser, Toyoda Iron Works Co., Ltd. (current)



# Financial Report

## Consolidated 11-Year Financial Summary

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

		FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Operating results	Net sales	¥662,497	¥546,380	¥495,002	¥516,982	¥504,518	¥599,615	¥689,477	¥727,846	¥781,886	¥755,601	<b>¥806,938</b>
	Operating profit	52,125	15,833	26,202	29,952	20,415	36,706	43,798	41,603	42,824	40,675	<b>41,136</b>
	Ordinary profit	50,541	12,155	26,574	27,549	20,287	36,777	45,847	43,792	41,490	39,007	<b>43,200</b>
	Profit before income taxes	48,203	9,125	23,926	27,192	19,076	36,571	46,101	39,851	36,710	31,288	<b>35,775</b>
	Profit attributable to owners of parent*1	30,802	3,951	14,255	17,116	8,971	21,429	26,214	21,155	20,255	16,233	<b>21,175</b>
Financial position	Current assets	203,863	145,891	198,537	183,293	229,238	244,798	279,281	291,246	281,212	305,273	<b>328,524</b>
	Cash and deposits	53,662	43,000	67,783	56,586	70,715	79,073	92,364	85,283	78,388	97,553	<b>104,309</b>
	Non-current assets	272,878	245,866	235,807	233,268	225,555	244,846	262,596	316,926	306,160	315,425	<b>333,819</b>
	Property, plant and equipment	228,019	204,515	194,457	191,261	183,864	196,163	210,214	250,557	241,408	245,666	<b>259,537</b>
	Total assets	476,741	391,757	434,344	416,562	454,794	489,644	541,877	608,172	587,373	620,699	<b>662,388</b>
	Current liabilities	154,806	101,314	130,857	123,379	149,968	157,748	168,136	180,795	162,592	170,574	<b>189,075</b>
	Short-term loans payable*2	19,845	14,557	19,355	20,200	23,300	35,978	39,069	41,848	21,073	31,762	<b>43,722</b>
	Non-current liabilities	67,973	78,740	73,572	59,107	67,457	59,751	73,462	88,902	96,937	110,663	<b>119,403</b>
	Bonds payable	10,000	10,000	10,000	10,000	0	0	0	0	0	0	<b>10,000</b>
	Long-term loans payable	27,402	41,839	34,245	19,348	34,397	23,329	31,138	42,929	44,691	57,261	<b>54,458</b>
	Total liabilities	222,779	180,055	204,429	182,487	217,426	217,500	241,598	269,697	259,530	281,237	<b>308,479</b>
Shareholders' equity	214,867	209,766	221,724	233,365	238,400	255,201	275,840	289,321	301,756	311,127	<b>324,890</b>	
(Reference) Interest-bearing debt	57,248	66,397	63,600	49,548	57,698	59,307	70,207	84,777	65,765	89,023	<b>108,181</b>	
Cash flows	Cash flows from operating activities	75,229	47,843	68,199	62,586	51,112	52,451	55,448	51,283	77,765	60,401	<b>60,848</b>
	Cash flows from investing activities	(55,291)	(55,945)	(36,574)	(52,579)	(37,027)	(40,989)	(45,680)	(62,432)	(56,261)	(82,131)	<b>(39,201)</b>
	Cash flows from financing activities	(20,742)	5,604	(7,426)	(18,785)	2,224	(6,128)	(732)	(238)	(24,736)	14,794	<b>6,541</b>
Key performance indicators	Return on sales (%)	4.6	0.7	2.9	3.3	1.8	3.6	3.8	2.9	2.6	2.1	<b>2.6</b>
	Total asset turnover (times)	1.42	1.26	1.20	1.22	1.16	1.27	1.34	1.27	1.31	1.25	<b>1.26</b>
	Equity ratio (%)	48.3	50.3	49.2	52.2	48.6	51.7	51.6	51.6	51.7	50.7	<b>49.6</b>
	Return on equity (ROE) (%)	14.2	1.8	6.9	7.9	4.1	9.0	9.8	7.1	6.6	5.2	<b>6.6</b>
	Capital investment	53,128	58,209	34,326	46,983	37,623	39,097	43,085	64,733	54,498	55,218	<b>64,816</b>
	Depreciation and amortization	40,309	41,258	43,007	44,481	41,964	38,633	38,743	39,353	44,462	40,902	<b>44,037</b>
	R&D expenses	25,990	24,837	26,066	25,617	25,936	27,279	29,170	29,579	28,409	27,164	<b>27,864</b>
	Number of employees at year-end (consolidated)	27,036	25,792	26,084	26,964	29,108	30,190	31,672	34,754	35,903	36,679	<b>38,234</b>
Per share information (yen)	Annual dividends	46.00	36.00	36.00	36.00	36.00	44.00	56.00	56.00	56.00	53.00	<b>56.00</b>
	Earnings per share (EPS)	238.61	30.55	110.19	132.27	69.33	165.63	202.54	163.44	156.49	125.42	<b>163.60</b>
	Dividend payout ratio (%)	19.28	117.84	32.67	27.22	51.93	26.57	27.65	34.26	35.79	42.26	<b>34.23</b>

\*1 "Net income" for FY2010 or before

\*2 Including current portion of long-term loans payable and redemption of bonds within 1 year

## Financial Review

### Operating results

#### Summary

In fiscal 2017, the global economy overall stayed on a recovery track while being exposed to political and policy risks in the United States and major European countries and geopolitical risks in the Middle East, the situation in North Korea and other matters. There was concern of a slowdown in the Chinese economy, but it remained firm, supported by government economic measures and external demand. In developed countries employment continued to improve while capital investment also increased, sustaining the economic recovery. Economic growth in developing countries also accelerated, centered on Russia and Brazil, favored by rising prices for natural resources.

In the Japanese economy both consumer spending and capital investment remained firm amid turbulent domestic and foreign politics, in a stable expansion.

The automobile industry sold more vehicles than in the previous fiscal year thanks to the introduction of new vehicles, although the number of units sold in Japan decreased due to problems from falsified fuel economy tests and inspections. In other countries, while the number of units sold in the United States, which had been a favorable market, decreased, a recovery was seen in Asia and Europe. Worldwide, increasing demand was maintained.

In the LED industry, prices continued to decline for lighting and backlights due to price competition and the emergence of competing technologies such as organic electroluminescence.

Under these circumstances, the Toyoda Gosei Group continued its aim of being a truly global supplier of choice that delivers satisfaction to customers worldwide, endeavoring to ensure safety and raise quality globally with its corporate policy of first creating a corporate culture and developing mechanisms so that major accidents and serious quality problems will never occur.

To follow the path of sustainable growth as a global supplier, we have also prioritized efforts to develop technologies and expand sales in ways that correspond to environmental changes and future needs, and to build a solid revenue base that supports sustainable growth.

In the automotive parts business, we have introduced a series of attractive new products to the market based on our technical development. These products include steering wheels with grip sensors that automatically detect the status of the driver's grip on the steering wheel and provide feedback to the autonomous driving system, large radiator grilles that are lighter in weight with an improved design and a dynamic shape, and glass runs with a stylish new configuration that improve quietness and provide comfortable interior spaces. This has resulted in expanded sales.

We have accelerated movement toward the commercial-

ization of next-generation "e-Rubber" as one aspect of our technical development for the future. e-Rubber is promising for applications such as artificial muscle, with a next-generation power source (actuator) that moves with electricity, as well as for commercialization in tactile or pressure sensors that take advantage of the softness of rubber. Measures and efforts are being executed in rapid succession to move steadily toward commercialization, including strengthening the organization that will work toward commercialization, concluding tie-ups with venture companies, and actively displaying e-Rubber in trade shows and other venues. We have also formulated a medium- and long-term management plan for fiscal 2025 that sets our course for sustainable growth in a rapidly changing environment. Prior to its announcement in May 2018, we announced our medium-term business outlook for fiscal 2020 as a milestone in May 2017 and explained our medium-term management objectives and short-term priority measures.

For the fiscal year under review, net sales increased to 806.9 billion yen (up 6.8% year on year), based on increased sales in our automotive parts business and the effects of exchange rate fluctuations.

Despite a worsening product mix, increased fixed costs and other factors, operating profit increased to 41.1 billion yen (up 1.1% year on year), ordinary profit grew to 43.2 billion yen (up 10.7% year on year) and profit attributable to owners of parent rose to 21.1 billion yen (up 30.4%).

(Billions of yen)		
Consolidated operating results	FY2017	FY2016
Net sales	806.9	755.6
Operating profit	41.1	40.6
Profit attributable to owners of parent	21.1	16.2

#### Operating results by segment

In the automotive parts business, net sales increased to 792.3 billion yen (up 7.5% year on year), based on expanded sales to mainly Toyota Motor Corporation and Japanese customers not in the Toyota Group, as well as the exchange rate effects from a weaker yen. Meanwhile, segment profit was 41.9 billion yen (down 9.2% year on year), due to a worsening product mix and increased fixed costs, despite the effects of increased sales and

(Billions of yen)		
Sales by segment	FY2017	FY2016
Automotive parts	792.3	737.0
Weatherstrips	131.9	134.4
Functional Components	125.3	117.6
Interiors and Exteriors	309.5	273.1
Safety Systems	225.5	211.8
Optoelectronic	14.5	18.5

Groupwide rationalization efforts.

Net sales in the optoelectronic business totaled 14.5 billion yen (down 21.6% year on year), due to decreased sales for LED products for backlights. Segment loss was 844.0 million yen (up from a segment loss of 5.5 billion yen in the previous fiscal year), due to decreased fixed costs and other factors.

#### Sales by region

To expand sales and build a revenue base, we have made a powerful push to grow our airbag business, one of the drivers of Toyoda Gosei's growth. Specifically, to meet the needs of the growing market in Asia, particularly India, we established a new plant in Bawal, Haryana, which is in northern India, and then began working to establish another new plant in the western state of Gujarat. We are preparing to meet growing demand by strengthening our local business structure and raising cost competitiveness. We have also strengthened our development structure in developed countries to meet the needs for airbag diversification and an increasing number of airbags in cars due to stricter safety regulations. Through a capital tie-up with a business partner that produces inflators—a key component of airbags—and other activities, we enhanced our production capability to meet this growing demand.

We are also enhancing our global business structure to build other revenue bases. In Europe, which has been a challenging market for us, we are reviewing the division of roles in our three locations and have begun optimizing our production and cost structures. In South America, we have strengthened our production capabilities for interior and exterior parts by making Pecval Industria Ltda. in Brazil, a company in which we previously had only an equity interest, a wholly owned subsidiary.

(Billions of yen)		
Sales by region	FY2017	FY2016
Japan	381.3	361.9
Americas	241.2	230.1
Asia & Australia	197.6	179.0
Europe & Africa	47.9	45.4

### Financial position

#### Capital requirements and financial policies

The Toyoda Gosei Group had made capital investment of 64.8 billion yen in the fiscal year under review. Our planned capital investment in the next consolidated fiscal year will be mainly to enhance production capacity for inflators made in-house and plastic fuel filler pipes in Japan, and in other countries to strengthen production in India and enhance airbag production capacity in Vietnam, and to enhance our

ability to expand production of plastic fuel filler pipes in North America.

We will continue to look at capital requirements with a long-term view for capital investment and financing globally, including responses to globalization of markets and enhancing our business in growing markets.

The outstanding balance of interest-bearing debt at the end of the fiscal year under review, including loans and bonds payable, was 108.1 billion yen. The outstanding balance of cash and deposits was 104.3 billion yen.

(Billions of yen)		
Investment, cash and debt	End of FY2017	End of FY2016
Capital investment	64.8	55.2
Cash and deposits	104.3	97.5
Interest-bearing debt	108.1	89

#### Cash flows

The outstanding balance of cash and cash equivalents (excluding time deposits with maturities greater than three months) on a consolidated basis at the end of the fiscal year under review increased 28.0 billion yen over the previous consolidated fiscal year, to 97.9 billion yen. This was mainly due to cash inflow of 60.8 billion yen from operating activities, net decrease in time deposits of 21.4 billion yen and fundraising of 34.1 billion yen from long-term loans and issuance of bonds, despite outlays of 60.9 billion yen for the acquisition of non-current assets. Cash flows and related factors during the fiscal year under review were as follows.

##### ● Cash flows from operating activities

Operating activities provided net cash of 60.8 billion yen, an increase of 400 million yen compared to 60.4 billion yen in the previous fiscal year. This was due to increases in profit before income taxes and adjustment of depreciation, profit and loss of non-fund items, despite an increase in income taxes paid.

##### ● Cash flows from investing activities

Investing activities used net cash of 39.2 billion yen, a decrease of 42.9 billion yen compared to 82.1 billion yen in the previous fiscal year. This was due mainly to a net decrease in time deposits.

##### ● Cash flows from financing activities

Financing activities provided net cash of 6.5 billion yen, a decrease of 8.2 billion yen compared to 14.7 billion yen in the previous fiscal year. This was due mainly to an increase in repayments of loans.

(Billions of yen)		
Cash flows	FY2017	FY2016
Cash flows from operating activities	60.8	60.4
Cash flows from investing activities	(39.2)	(82.1)
Cash flows from financing activities	6.5	14.7

## Consolidated Balance Sheets

(Millions of yen)

ASSETS	End of FY2017	End of FY2016	LIABILITIES	End of FY2017	End of FY2016
<b>Current assets</b>			<b>Current liabilities</b>		
Cash and deposits	¥ 104,309	¥ 97,553	Notes and accounts payable – trade	¥ 80,989	¥ 75,656
Notes and accounts receivable – trade	141,447	131,567	Short-term loans payable	18,595	18,092
Merchandise and finished goods	12,769	11,941	Current portion of long-term loans payable	25,126	13,669
Work in process	10,039	10,266	Accrued expenses	33,279	34,298
Raw materials and supplies	28,099	30,764	Income taxes payable	3,704	3,522
Deferred tax assets	5,153	4,341	Provision for directors' bonuses	194	181
Other	26,882	19,034	Provision for product warranties	858	1,020
Allowance for doubtful accounts	(177)	(195)	Deposits received from employees	4,745	4,655
<b>Total current assets</b>	<b>328,524</b>	305,273	Other	21,581	19,477
<b>Non-current assets</b>			<b>Total current liabilities</b>	<b>189,075</b>	170,574
<b>Property, plant and equipment</b>			<b>Non-current liabilities</b>		
Buildings and structures	196,243	185,758	Bonds payable	10,000	–
Accumulated depreciation	(111,872)	(107,081)	Long-term loans payable	54,458	57,261
Buildings and structures, net	84,370	78,676	Deferred tax liabilities	4,322	6,266
Machinery, equipment and vehicles	381,276	373,000	Net defined benefit liability	34,101	32,943
Accumulated depreciation	(289,538)	(288,430)	Other	16,520	14,191
Machinery, equipment and vehicles, net	91,737	84,569	<b>Total non-current liabilities</b>	<b>119,403</b>	110,663
Tools, furniture and fixtures	172,804	160,837	<b>Total liabilities</b>	<b>¥ 308,479</b>	¥ 281,237
Accumulated depreciation	(136,495)	(130,592)			
Tools, furniture and fixtures, net	36,308	30,244	<b>NET ASSETS</b>	<b>End of FY2017</b>	<b>End of FY2016</b>
Land	27,646	26,595	<b>Shareholders' equity</b>		
Construction in progress	19,474	25,580	Capital stock	¥ 28,027	¥ 28,027
<b>Total property, plant and equipment</b>	<b>259,537</b>	245,666	Capital surplus	29,150	29,314
<b>Intangible assets</b>			Retained earnings	268,930	255,001
Goodwill	37	217	Treasury shares	(1,218)	(1,216)
Software	1,363	1,439	<b>Total shareholders' equity</b>	<b>324,890</b>	311,127
Other	1,154	667	<b>Accumulated other comprehensive income</b>		
<b>Total intangible assets</b>	<b>2,555</b>	2,324	Valuation difference on available-for-sale securities	12,265	11,136
<b>Investments and other assets</b>			Foreign currency translation adjustment	(1,723)	865
Investment securities	58,333	51,520	Remeasurements of defined benefit plans	(6,794)	(8,250)
Net defined benefit asset	5,625	5,057	<b>Total accumulated other comprehensive income</b>	<b>3,747</b>	3,752
Deferred tax assets	4,435	6,275	<b>Non-controlling interests</b>	<b>25,271</b>	24,582
Other	3,400	4,650	<b>Total net assets</b>	<b>353,909</b>	339,461
Allowance for doubtful accounts	(69)	(69)	<b>Total liabilities and net assets</b>	<b>¥ 662,388</b>	¥ 620,699
<b>Total investments and other assets</b>	<b>71,726</b>	67,434			
<b>Total non-current assets</b>	<b>333,819</b>	315,425			
<b>Deferred assets</b>					
Bond issuance cost	45	–			
<b>Total deferred assets</b>	<b>45</b>	–			
<b>Total assets</b>	<b>¥ 662,388</b>	¥ 620,699			

## Consolidated Statements of Income

(Millions of yen)

	FY2017	FY2016		FY2017	FY2016
<b>Net sales</b>	<b>¥ 806,938</b>	¥ 755,601	Recall cost	–	1,165
<b>Cost of sales</b>	<b>704,703</b>	657,946	Compensation expenses	–	1,069
<b>Gross profit</b>	<b>102,235</b>	97,655	Loss on sales of non-current assets	691	432
<b>Selling, general and administrative expenses</b>			Other	1,519	1,778
Packing and transportation expenses	5,033	4,778	<b>Total non-operating expenses</b>	<b>5,333</b>	6,559
Provisions for product warranties	630	951	<b>Ordinary profit</b>	<b>43,200</b>	39,007
Salaries and allowances	20,508	19,179	<b>Extraordinary income</b>		
Retirement benefit expenses	1,315	1,391	Gain on step acquisitions	101	–
Provisions for directors' bonuses	184	168	Gain on bargain purchase	125	–
Depreciation	3,716	3,551	<b>Total extraordinary income</b>	<b>226</b>	–
Other	29,709	26,957	<b>Extraordinary losses</b>		
<b>Total selling, general and administrative expenses</b>	<b>61,099</b>	56,979	Loss on antitrust law	3,269	–
<b>Operating profit</b>	<b>41,136</b>	40,675	Loss on disposal of inventories	–	1,416
<b>Non-operating income</b>			Impairment loss	3,886	6,302
Interest income	1,495	753	Loss on liquidation of subsidiaries	495	–
Dividend income	685	650	<b>Total extraordinary losses</b>	<b>7,651</b>	7,718
Share of profit of entities accounted for using equity methods	1,044	765	<b>Profit before income taxes</b>	<b>35,775</b>	31,288
Gains on sales of non-current assets	1,247	156	<b>Income taxes - current</b>	<b>12,790</b>	11,119
Profit upon recognition of indemnification claims	985	–	<b>Income taxes - deferred</b>	<b>(1,654)</b>	1,155
Other	1,940	2,564	<b>Total income taxes</b>	<b>11,136</b>	12,274
<b>Total non-operating income</b>	<b>7,398</b>	4,891	<b>Profit</b>	<b>24,638</b>	19,013
<b>Non-operating expenses</b>			<b>Profit attributable to non-controlling interests</b>	<b>3,463</b>	2,780
Interest expenses	2,141	1,523	<b>Profit attributable to owners of parent</b>	<b>¥ 21,175</b>	¥ 16,233
Foreign exchange losses	981	589			

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2017	FY2016		FY2017	FY2016
<b>Profit</b>	<b>¥ 24,638</b>	¥ 19,013	<b>Comprehensive income attributable to:</b>		
<b>Other comprehensive income</b>			Owners of parent	¥ 21,182	¥ 17,776
Valuation difference on available-for-sale securities	1,121	1,270	Non-controlling interests	4,113	2,613
Foreign currency translation adjustment	(1,977)	(1,450)			
Remeasurements of defined benefit plans, net of tax	1,313	1,481			
Share of other comprehensive income of entities accounted for using equity method	199	75			
<b>Total other comprehensive income</b>	<b>657</b>	1,376			
<b>Comprehensive income</b>	<b>¥ 25,295</b>	¥ 20,390			

## Consolidated Statement of Changes in Equity FY2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	¥ 28,027	¥ 29,314	¥ 255,001	¥ (1,216)	¥ 311,127
<b>Changes of items during period</b>					
Dividends of surplus			(7,249)		(7,249)
Change in scope of consolidation			2		2
Profit attributable to owners of parent			21,175		21,175
Purchase of treasury shares				(1)	(1)
Change in ownership interest of parent due to transactions with non-controlling interests		(163)			(163)
Net changes in items other than shareholders' equity					
<b>Total changes of items during period</b>	-	(163)	13,928	(1)	13,763
<b>Balance at end of current period</b>	¥ 28,027	¥ 29,150	¥ 268,930	¥ (1,218)	¥ 324,890

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	¥ 11,136	¥ 865	¥ (8,250)	¥ 3,752	¥ 24,582	¥ 339,461
<b>Changes of items during period</b>						
Dividends of surplus						(7,249)
Change in scope of consolidation						2
Profit attributable to owners of parent						21,175
Purchase of treasury shares						(1)
Change in ownership interest of parent due to transactions with non-controlling interests						(163)
Net changes in items other than shareholders' equity	1,128	(2,589)	1,455	(4)	689	684
<b>Total changes of items during period</b>	1,128	(2,589)	1,455	(4)	689	14,447
<b>Balance at end of current period</b>	¥ 12,265	¥ (1,723)	¥ (6,794)	¥ 3,747	¥ 25,271	¥ 353,909

## Consolidated Statements of Cash Flows

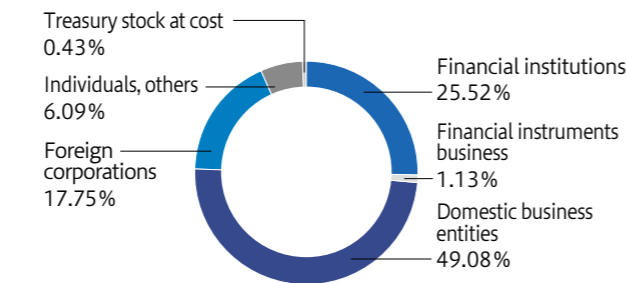
(Millions of yen)

	FY2017	FY2016
<b>Cash flows from operating activities</b>		
Profit before income taxes	¥ 35,775	¥ 31,288
Depreciation	44,037	40,902
Loss (gain) on step acquisitions	(101)	-
Gain on bargain purchase	(125)	-
Impairment loss	3,886	6,302
Amortization of goodwill	99	92
Increase (decrease) in allowance for doubtful accounts	(19)	18
Increase (decrease) in provision for product warranties	(152)	(100)
Increase (decrease) in net defined benefit liability	1,366	1,405
Decrease (increase) in net defined benefit asset	862	433
Interest and dividend income	(2,180)	(1,404)
Interest expenses	2,141	1,523
Foreign exchange losses (gains)	(1,080)	2,441
Share of loss (profit) of entities accounted for using equity method	(1,044)	(765)
Loss (gain) on sales and valuation of investment securities	2	(112)
Loss (gain) on sales and retirement of property, plant and equipment	(556)	276
Decrease (increase) in notes and accounts receivables - trade	(9,509)	(7,665)
Decrease (increase) in inventories	2,113	(1,078)
Decrease (increase) in other current assets	(5,255)	477
Increase (decrease) in notes and accounts payables - trade	4,202	(4,627)
Increase (decrease) in other current liabilities	(1,249)	(1,120)
Other, net	235	(209)
<b>Subtotal</b>	<b>73,448</b>	<b>68,078</b>
Interest and dividend income received	2,502	1,550
Interest expenses paid	(2,130)	(1,583)
Income taxes paid	(12,971)	(7,644)
<b>Net cash provided by operating activities</b>	<b>60,848</b>	<b>60,401</b>
<b>Cash flows from investing activities</b>		
Purchases of investment securities	(2,089)	(92)
Proceeds from sales and redemption of investment securities	410	138
Purchase of investments in capital of subsidiaries resulting in change in scope of consolidation	(494)	-
Purchase of property, plant and equipment and intangible assets	(60,914)	(55,004)
Proceeds from sales of property, plant and equipment	2,449	365
Net decrease (increase) in time deposits	21,406	(27,311)
Other, net	30	(226)
<b>Net cash used in investing activities</b>	<b>(39,201)</b>	<b>(82,131)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	198	(188)
Proceeds from long-term loans payable	24,187	27,031
Repayments of long-term loans payable	(13,943)	(3,267)
Proceeds from issuance of bonds	10,000	-
Proceeds from share issuance to non-controlling shareholders	163	174
Purchase of treasury shares	(1)	(1)
Cash dividends paid	(7,248)	(6,860)
Dividends paid to non-controlling interests	(2,235)	(2,060)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(3,866)	-
Repayments to non-controlling shareholders	(649)	-
Other, net	(61)	(33)
<b>Net cash provided by financing activities</b>	<b>6,541</b>	<b>14,794</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(65)</b>	<b>(1,350)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>28,122</b>	<b>(8,284)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>69,918</b>	<b>78,203</b>
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(49)	-
<b>Cash and cash equivalents at end of period</b>	<b>¥ 97,991</b>	<b>¥ 69,918</b>

## Company and Investor Information (As of March 31, 2018)

Location of headquarters	1 Haruhinagahata, Kiyosu, Aichi, 452-8564, Japan
Date of establishment	June 15, 1949
Capital	¥28 billion
Common stock	Authorized 200,000,000 shares Issued 129,457,110 shares (Excluding 552,901 shares of treasury stock)
Number of shareholders	10,285
Stock exchange listings	Tokyo Stock Exchange and Nagoya Stock Exchange
Shareholder registry administrator and special account management institution	Tokyo Stock Exchange and Nagoya Stock Exchange
Securities code	7282

### Distribution for each type of shareholder



### Major shareholders

Shareholder name	Number of shares held (unit: 1,000 shares)	Investment ratio (%)
Toyota Motor Corporation	55,459	42.83
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,600	5.09
Japan Trustee Services Bank, Ltd. (Trust Account)	5,797	4.47
Sumitomo Mitsui Banking Corporation	5,049	3.90
STATE STREET BANK AND TRUST COMPANY	1,881	1.45
NORTHERN TRUST CO. (AVFC) RE HSD00	1,763	1.36
Nippon Life Insurance Company	1,592	1.23
The Dai-ichi Life Insurance Company, Ltd.	1,535	1.18
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,465	1.13
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,388	1.07

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

## Toyoda Gosei Group Companies (As of April 1, 2018)

Company name	Products/business sector	Capital	Equity stake (%)	Business partner
<b>Japan</b>				
Ichiei Kogyo Co., Ltd.	Metal parts, safety system products	JPY 457 million	65	—
Hinode Gomu Kogyo Co., Ltd.	Weatherstrips, Functional Components	JPY 473 million	100	—
Hoshin Gosei Co., Ltd.	Interiors and Exteriors, Safety Systems	JPY 230 million	100	—
Toyoda Gosei Interior Manufacturing Co., Ltd.	Interiors and Exteriors	JPY 80 million	100	—
Kaiyo Gomu Co., Ltd.	Weatherstrips, Functional Components	JPY 36 million	53.6	—
TG Welfare Co., Ltd.	Miscellaneous goods sales, contract work (employment for people with disabilities)	JPY 10 million	100	—
TG Logistics Co., Ltd.	Transport, warehousing, vehicle maintenance, subcontracting, etc.	JPY 30 million	100	—
Tecno Art Research Co., Ltd.	Design, planning, model creation	JPY 152 million	34.2	—
TG Maintenance Inc.	Building cleaning and maintenance, equipment maintenance and management, building security	JPY 20 million	100	—
TG Opseed Co., Ltd.	Applied optoelectronics products	JPY 480 million	100	—
FTS Co., Ltd.	Fuel tanks, fuel system parts	JPY 3 billion	23.8	—
TGAP Co., Ltd.	Interiors and Exteriors, supplies, prototypes	JPY 36 million	100	—
TG-Techno Co., Ltd.	Mold design, staffing, business contracting	JPY 20 million	100	—
Chusei Gomu Co., Ltd.	Weatherstrips, Functional Components	JPY 39 million	33.4	—
TS Opto Co., Ltd.	Manufacture and sales of optoelectronics products	JPY 490 million	100	—
TG East Japan Co., Ltd.	Northeast Japan regional headquarters and production company	JPY 490 million	100	—
<b>Americas</b>				
Toyoda Gosei North America Corporation	North American regional headquarters	USD 240 million	100	—
TG Personnel Services North America, Inc.	North American personnel agency	USD 100,000	100 (TGNA100%)	—
TG Missouri Corporation	Interiors and Exteriors, Safety Systems	USD 30 million	80 (TGNA80%)	Mitsui & Co.

Company name	Products/business sector	Capital	Equity stake (%)	Business partner
TG Kentucky, LLC	Interiors and Exteriors, Functional Components	USD 54 million	100 (TGNA100%)	—
TG Fluid Systems USA Corporation	Functional Components	USD 10 million	100 (TGNA100%)	—
TG Automotive Sealing Kentucky, LLC	Weatherstrips, Safety Systems	USD 33 million	100 (TGNA100%)	—
TGR Technical Center, LLC	Evaluation of safety system products	USD 13 million	60 (TGNA60%)	TRAM
Toyoda Gosei Texas, LLC	Interiors and Exteriors	USD 22 million	100 (TGNA100%)	—
Toyoda Gosei Brownsville Texas, LLC	North American logistics company	USD 3 million	100 (TGNA100%)	—
Toyoda Gosei Holdings Inc.	WTG, TG Minto holding company	CAD 65 million	100	—
Waterville TG Inc.	Weatherstrips	CAD 30 million	100 (TGH100%)	—
TG Minto Corporation	Interiors and Exteriors	CAD 27 million	100 (TGH100%)	—
TAPEX Mexicana S.A. DE C.V.	Safety Systems	MXN 201 million	100 (TGNA100%)	—
Meteor Sealing Systems, LLC	Weatherstrips	USD 8 million	100 (TGM100%)	—
LMI Custom Mixing, LLC	Weatherstrips	USD 7.7 million	45 (TGM45%)	—
Toyoda Gosei Automotive Sealing Mexico, S.A. de C.V.	Weatherstrips	MXN 778 million	100 (TGNA100%)	—
Toyoda Gosei Personnel Services Mexico, S.A. de C.V.	Mexican personnel agency	MXN 1 million	100 (TGNA100%)	—
Toyoda Gosei Rubber Mexico, S.A. de C.V.	Functional Components	MXN 19 million	100 (TGNA100%)	—
Toyoda Gosei Irapuato Mexico, S.A. de C.V.	Interiors and Exteriors, Functional Components	MXN 781.8 million	90 (TGNA90%)	Toyota Tsusho
GDBR Industria e Comercio de Componentes Quimicos e de Borracha Ltda.	Weatherstrips, Interiors and Exteriors, Safety Systems	BRL 90 million	94.8	Toyota Tsusho, others
Pecval Industria Ltda.	Interiors and Exteriors	BRL 142.1 million	100	—
<b>Asia</b>				
Toyoda Gosei Asia Co., Ltd.	Thai regional headquarters	THB 824 million	100	—
Toyoda Gosei (Thailand) Co., Ltd.	Safety Systems, Interiors and Exteriors, Functional Components	THB 400 million	78.5 (TGAS78.5%)	PPC, others
Toyoda Gosei Rubber (Thailand) Co., Ltd.	Weatherstrips, Functional Components	THB 600 million	70 (TGAS70%)	PCR
P.T. Toyoda Gosei Safety Systems Indonesia	Safety Systems, Functional Components	USD 8.5 million	80	AOP
P.T. TG INOAC Indonesia	Sales of weatherstrip products	USD 200,000	51	INOAC
Toyoda Gosei Haiphong Co., Ltd.	Safety Systems	USD 54 million	95	Toyota Tsusho
Toyoda Gosei South India Pvt. Ltd.	Safety Systems, Interiors and Exteriors	INR 304 million	95	Toyota Tsusho
Toyoda Gosei Minda India Pvt. Ltd.	Safety Systems, Weatherstrips, Functional Components	INR 4.4 billion	91.8	Uno Minda
Minda TG Rubber Pvt. Ltd.	Functional Components	INR 505 million	49	Uno Minda
Tai-yue Rubber Industrial Co., Ltd.	Weatherstrips, Functional Components	TWD 149 million	45	Hongyu I&D, others
Fong Yue Co., Ltd.	Safety Systems, Interiors and Exteriors	TWD 200 million	75	Hongyu I&D, others
TE Opto Corporation	Development, manufacture, and sales of optoelectronics products	TWD 23 million	51	Epistar Corp., Twin Hill
Toyoda Gosei (Shanghai) Co., Ltd.	Design/technical development, sales/procurement	USD 2 million	100	—
Tianjin Toyoda Gosei Co., Ltd.	Functional Components, Safety Systems, Interiors and Exteriors	RMB 200 million	90.1	Toyota Tsusho, others
Tianjin Star Light Rubber and Plastic Co., Ltd.	Weatherstrips	USD 7.9 million	100	—
Toyoda Gosei Optoelectronics (Shanghai) Co., Ltd.	Optoelectronics product sales	USD 400,000	85	Mr. Cheng
Toyoda Gosei (Zhangjiagang) Co., Ltd.	Safety Systems, Interiors and Exteriors	USD 46 million	97.95	Kanto Kasei
Toyoda Gosei (Foshan) Rubber Parts Co., Ltd.	Weatherstrips, Functional Components	USD 16.5 million	70	Tai-yue Rubber, others
Toyoda Gosei (Tianjin) Precise Plastic Co., Ltd.	—	USD 10.53 million	98.6	Toyota Tsusho
Toyoda Gosei (Foshan) Auto Parts Co., Ltd.	Interiors and Exteriors	USD 19.1 million	95 (Toyoda Gosei 65%, Fong Yue 30%)	Toyota Tsusho
Fuzhou Fu-Yue Rubber & Plastic Industrial Co., Ltd.	Weatherstrips	USD 2.9 million	25.2	Tai-yue Rubber
Toyoda Gosei Korea Co., Ltd.	Market surveys, sales administration	KRW 300 million	100	—
<b>Europe &amp; Africa</b>				
Toyoda Gosei Europe N.V.	Design and technical development sales	EUR 500,000	100	—
Toyoda Gosei UK Ltd.	Weatherstrips, Interiors and Exteriors	GBP 38 million	91.1	Toyota Tsusho
Toyoda Gosei Czech, s.r.o.	Safety Systems, Functional Components, Weatherstrips	CZK 970 million	80	Toyota Tsusho
Toyoda Gosei Meteor GmbH	Weatherstrips	EUR 25,000	100	—
Toyoda Gosei South Africa (Pty) Ltd.	Safety Systems, Weatherstrips	ZAR 6 million	65	Toyota Tsusho



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