



## 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 in consideration of the duties of each position. The amount of bonuses is calculated in consideration of business performance and other factors, 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.

## 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 outside 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

## Communication with shareholders 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's president or relevant officer; plant tours for institutional investors with explanations by the officer in charge; direct visits by the officer and persons 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 compliance with fair disclosure rules, Toyoda Gosei restricts dialogue with shareholders and investors and thoroughly controls information in the Company during a silent period before earnings reports are released. If

## Compliance

### Basic philosophy

Toyoda Gosei's management philosophy states, "We promote business operations with integrity through the establishment of a system founded on thorough compliance and corporate ethics." We strive for thorough compliance in all areas based on this philosophy.

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

### 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)	407	311	96	9
Audit & Supervisory Board members (excluding outside members)	76	76	—	2
Outside officers	58	58	—	6

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

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

The results of the assessment for fiscal 2018 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.

insider information emerges in the Company, it is tightly controlled as part of thorough information management.

### Main IR activities

Targeted persons	IR activities	
Domestic institutional investors (including securities analysts)	Individual discussions, financial results briefings, facility tours, telephone conferences	<ul style="list-style-type: none"> <li>• Issuance of the "Toyoda Gosei Report"</li> <li>• Dissemination of financial information and IR materials on the 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>	

the entire Toyoda Gosei Group worldwide, and Group companies in Japan and other countries formulate their own behavioral guidelines based on the Charter. Toyoda Gosei Co., Ltd. has also 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 the Compliance and Risk Management Committee with the Company's 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 services 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 penetration of compliance transparency and whether there are signs of violations. *Kaizen* activities are then conducted based on the results.

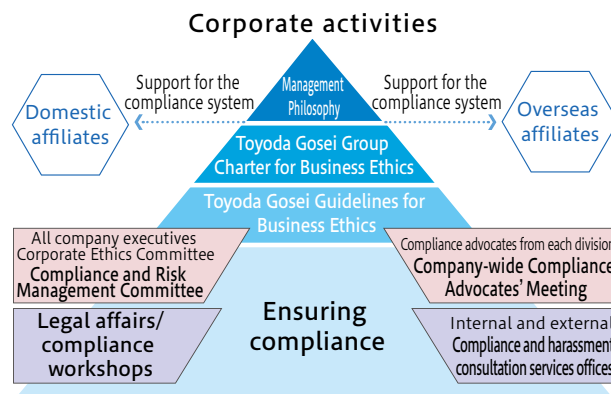
For Group companies in Japan and other countries, a voluntary check sheet is used to check their basic policy and systems for compliance, the status of compliance with important laws including anti-trust laws and bribery and corruption laws, and risks in key areas such as human resources, finance, sales, procurement, safety, and quality. Based on the results, *kaizen* activities are conducted.

## Risk management

### Basic philosophy

With the aims of preventing risks that could have grave consequences for management and minimizing damage in the event that adverse events do occur, we identify risks in each function and make decisions on how to respond in the Compliance and Risk Management Committee and general meetings.

## Compliance



#### ● Efforts to prevent violations of anti-trust laws

Toyoda Gosei has prepared guidelines for Japan and key regions where Group companies are located (United States, EU, China, Thailand, India, Brazil, and others), and is undertaking efforts 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 laws 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. Education activities are continuously conducted for employees through training for each level and risk.



Compliance training

For each type of risk in safety, quality, and the environment, 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.

Moreover, Risk Management and Response Guidelines