

Governance <G>

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



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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 outside directors and Audit & Supervisory Board members, 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 also 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. Based on this, we are building and maintaining fair and transparent management systems and organizational systems that can respond precisely to environmental changes.

Corporate governance system

Toyoda Gosei has adopted an audit and supervisory board system and set up the shareholders' meeting, Board of Directors, Audit & Supervisory Board, and accounting auditors as statutory entities. We have also put in place internal auditors and other internal control systems including internal audits.

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

A system of corporate officers is used to speed up decision-making and business execution. For important business matters, monthly management meetings are held. Functional meetings and committee meetings relevant to key areas such as technology, costs, and personnel are also held as needed for good management decisions.

The Audit & Supervisory Board consists of five members and holds regular meetings. Members also attend important meetings such as Board of Directors' meetings and audit each department and subsidiary, through which they fulfill their function of auditing corporate management.

Accounting auditors are external auditors who combine auditing functions with a commitment to ensuring an independent and fair auditing system. The company adopts the current system because audit, supervisory, and execution functions are well coordinated with each other under this

structure, with legality and efficiency of the company's decision-making and business execution sufficiently ensured. Additionally, Toyoda Gosei pursues consummate corporate governance by voluntarily implementing a range of policies in accord with the letter and spirit of the ideals and principles in Japan's Corporate Governance Code formulated by the Financial Services Agency and the Tokyo Stock Exchange.

Also, in order to strengthen the supervisory function of the Board of Directors and to increase the objectivity and transparency of the decision-making process, we have established an Executive Appointment Committee and Executive Compensation Committee under the Board of Directors as non-mandatory advisory committees, both of which are majority-independent and chaired by an outside director. The roles and membership of the two committees are as follows.

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Name	Role	Members
Executive Appointment Committee	Deliberates and reports on proposals regarding the appointment and dismissal of directors and Audit & Supervisory Board members (Appointment of president, etc.)	Chairman Naoki Miyazaki, President Toru Koyama, Outside Director Sojiro Tsuchiya, Outside Director Kimio Yamaka (Chairperson), Outside Director Mayumi Matsumoto
Executive Compensation Committee	Deliberates and reports on the compensation system for directors and their individual compensation (Restricted stock-based compensation, etc.)	Chairman Naoki Miyazaki, President Toru Koyama, Outside Director Sojiro Tsuchiya, Outside Director Kimio Yamaka (Chairperson), Outside Director Mayumi Matsumoto