



All three compensation caps were approved at the annual shareholders' meeting on June 12, 2020.

Based on the methods mentioned above, the Board of Directors votes to set compensation within the limits set

### 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 and SR 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 insider information emerges in the company, it is tightly controlled as part of thorough information management.

silent period before earnings reports are released. If 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
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>

• Issuance of the "Toyoda Gosei Report"  
• Dissemination of financial information and IR materials on the website

## Risk management

### Basic philosophy

We are working to prevent risks that could have grave consequences for management and to minimize damage in adverse events. For these purposes, we identify risks in each function and make decisions on how to respond in the Compliance and Risk Management Committee and general meetings. A Compliance and Risk Management Committee headed by the company president identifies key risks, determines measures to counter them, and checks on the progress in executing these measures. In this way, we make these measures more effective.

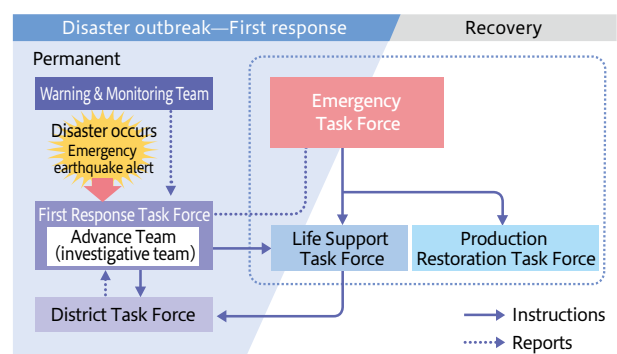
For each type of risk in safety, quality, and the environment, the departments in charge have established regulations and key points and conduct proper business management, such as implementing measures as needed based on assessments of operational status.

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

We have put into place a crisis management system for the event of a massive disaster, such as the predicted Nankai Trough earthquake or natural disasters due to climate change. This system is based on the principles of human life first, community support, and early recovery. Specifically, in addition to infrastructure and system measures based on the project, we have conducted resilience training more than 120 times for directors and members of anti-disaster departments since FY2013. These efforts are based on our belief that 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.

Moreover, Risk Management and Response Guidelines have been established. These guidelines show the behaviors to adopt to prevent potential risks and to respond to problems appropriately and quickly. At the beginning of 2020, an emergency response task force led by the company president was set up to deal with the novel coronavirus. Actions taken to minimize the impact of the novel coronavirus included (1) preventing infections by having people work from home and cancelling company internal events, (2) implementing measures for the event that an infection occurred in an employee, (3) maintaining our production network by monitoring issues, including at our suppliers, and (4) introducing profit improvement measures.

#### Disaster response



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 (BCP) 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 the entire company 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 BCP</li> </ul>

**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 overseas business

bases. 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	<p>Tangible measures</p> <ul style="list-style-type: none"> <li>• Printing restrictions with ID card authentication on multifunction machines and dedicated drawing printers</li> </ul>
	<p>Intangible measures</p> <ul style="list-style-type: none"> <li>• Data encryption of all PCs</li> <li>• Security measures when sending emails out of the Company (mandatory cc to superiors, encryption of attached files)</li> </ul>
Prevention of malicious unauthorized leaks	<p>Tangible measures</p> <ul style="list-style-type: none"> <li>• Increased surveillance cameras</li> <li>• Installation of wire locks to prevent PC theft</li> <li>• Restrictions on writing onto external storage media</li> </ul>
	<p>Intangible measures</p> <ul style="list-style-type: none"> <li>• Confidentiality pledge</li> <li>• Stricter applications for taking items from premises</li> <li>• Restricted file server access</li> <li>• System use records and access log records monitoring</li> <li>• Strengthened hacking prevention measures (Internet)</li> <li>• Prevention of unauthorized connection of terminals brought in from outside</li> </ul>
Educational activities (ethics)	<ul style="list-style-type: none"> <li>• New employee education</li> <li>• Company-wide security control voluntary inspections using check sheets</li> <li>• On-site checks of each department</li> <li>• Training in responding to targeted attack emails</li> </ul>

**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 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 Guidelines for Business Ethics, which it expects every employee to follow, and has worked to familiarize all employees with these guidelines.