

TOYODA GOSEI REPORT 2024





We are a company that pursues
the possibilities of polymers to contribute to
a future of better mobility and living.

Company Creed

Boundless Creativity and Social Contribution

Management Philosophy

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 enhanced 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.



TG Spirit

Within the Toyoda Gosei Group, we have established TG Spirit as a common set of values for our work. With today's diversifying work styles and changing values, TG Spirit serves as an important foundation for around 40,000 employees working in 16 countries and regions around the world, who differ in nationality, gender, age, lifestyle, and other characteristics, to demonstrate their collective strength through teamwork. Despite these tremendous changes in our environment, we still place importance on and will continue to pass on the valuable mindsets and ways of thinking for performing our work that have been handed down to this day, and aim for sustainable corporate evolution and growth in the future.

◆ Customer Oriented

Think from the customer's perspective

How can we help customers get what they want?

◆ Ownership

Be responsible and proactive

Each and every TG employee is encouraged to feel a sense of ownership for the products that leave our doors.

◆ Respect

Respect for individuals and their perspectives

We will maintain respect for the individuality and perspectives of each person, be humble in our dealings with others regardless of nationality, gender, or rank, and always try to learn from each other.

◆ Challenge

Aim high, be resolute in the face of difficulties

We will aim high, set ambitious goals and work relentlessly toward achieving them no matter what the difficulties may be.

◆ Continuous Kaizen

Never be satisfied; improvement never ends

Using the approaches of genchi-genbutsu (go and see) and genjitsu (activities based on the actual situation) and asking why five times, we will constantly strive to bring our operations and products to the next highest level.

◆ Teamwork

Help each other, grow as a team

We will combine our strengths within teams, between departments, and between Toyoda Gosei Group companies to make One TG a reality.

Contents



About Toyoda Gosei

- 2 Company Creed/Management Philosophy/TG Spirit
- 4 Contents/Editorial Policy/Purpose of This Report



Value Creation Story

- 6 Message from the President
- 12 Toyoda Gosei in Numbers
- 14 History of Our Business Evolution and Value Creation
- 17 Our Competitive Advantages
- 18 Value Creation Process
- 20 Materiality (Key Issues)
- 24 Toyoda Gosei's Management Capital
- 26 Sustainability Management
- 27 Business Overview



Foundation of Value Creation

- 72 Quality Assurance
- 74 Environment
- 80 DX
- 81 Supply Chain Management
- 84 Human Rights Initiatives
- 86 Health and Safety
- 87 Contribution to Local Communities
- 88 Governance
- 96 Interview with Outside Directors
- 100 Compliance



Value Creation Strategy

- 36 Growth Strategy Overview
- 40 Expansion Strategy
- 42 **Feature:** The Future of TG INDIA
- 44 Development Strategy
- 52 Manufacturing Strategy
- 56 **Feature:** Implementing Automation Through Ingenuity and Innovation: Expanding "Simple/Slim & Sensible Automation" from Thailand Globally
- 58 Human Resource Strategy
- 66 Financial Strategy
- 68 Risk Management



Data

- 102 Officers
- 104 Consolidated 10-Year Financial Summary
- 106 Consolidated Financial Statements
- 110 Financial and Non-Financial Highlights
- 113 IR Activities and External Recognition
- 114 Company and Investor Information

Editorial Policy

This report was prepared for the purpose of enabling shareholders, investors, and other stakeholders to gain a deeper understanding of the Toyota Gosei Group. The report presents the Toyota Gosei Group's strategies and initiatives for creating medium- and long-term value. In editing, we refer to frameworks such as the "Integrated Reporting Framework" proposed by the IFRS Foundation, the "Integrated Disclosure and Dialogue Guidance for Value Co-creation" by the Ministry of Economy, Trade and Industry, and the "Intellectual Property and Intangible Assets Governance Guidelines" by the Cabinet Office. We strive to create concise and easily understandable content. For more detailed information on financial and non-financial information, please visit our shareholders and investors site and sustainability site on our official website.

Purpose of This Report

Financial Information

Website: Investor Relations
<https://www.toyoda-gosei.com/ir/>



Annual Financial Report

Non-Financial Information

Website: Sustainability
<https://www.toyoda-gosei.com/csr/>



Environment/Social/
Governance etc.

Toyota Gosei Report

<https://www.toyoda-gosei.com/csr/dl/>



Reporting Period

April 1, 2023 to March 31, 2024
 (Past initiatives and recent information are included where necessary to facilitate understanding of the disclosed information.)

Scope of Report

As a general rule, the report covers the 60 companies of the Toyota Gosei Group, consisting of Toyota Gosei Co., Ltd. and its subsidiaries and affiliates in Japan and overseas. (Some items are treated individually.)

Date of Issue

December 2024
 (Previous edition issued in December 2023, published annually)

Glossary

ICE: Internal Combustion Engine
 BEV: Battery Electric Vehicle
 HEV: Hybrid Electric Vehicle
 PHEV: Plug in Hybrid Electric Vehicle
 FCEV: Fuel Cell Electric Vehicle
 CASE: A term coined from the initial letters of Connected, Autonomous, Shared & Service, and Electric.
 CN: Carbon Neutrality
 CE: Circular Economy

Disclaimer

While every effort has been made to ensure the accuracy of the information contained in this report, we do not guarantee the accuracy or timing of updates, and are not liable for any problems, losses, or damages arising from updates, errors, or other issues in the provided information.

Message from the President

KOBUNSHI* is the keyword guiding us as we create new mobility solutions and build a robust management base.

Katsumi Saito

President, CEO

* "KOBUNSHI" is the Japanese word for "polymer," symbolizing the connections within Toyoda Gosei's businesses and organization.

**ONE TEAM,
ONE TG.**



Transformation Begins with Dialogue

On assuming the role of president in June 2023, it was my duty to envision the direction for the Company to achieve sustainable growth and development. This culminated in the announcement of our medium- to long-term management plan, 2030 Business Plan, in August last year. To foster understanding and engagement with this plan among our approximately 40,000 global employees, I began visiting our domestic and international Group companies, holding dialogue sessions to discuss our vision. In November, we also held a Global Summit, bringing together around 130 leaders from across the Group. Through open and multidirectional communication, we engaged in candid discussions on the strategies and initiatives necessary to achieve our management target. This focus on dialogue, something I deeply value, allowed us to come into alignment on our future direction and helped each individual feel personally invested in our collective vision. The vision set forth in the 2030 Business Plan is to become a company that pursues the possibilities of polymers to contribute to a future of better mobility and living. Our Company traces its roots back to a rubber research division within the Toyota Group, inheriting foundational expertise in polymer materials, including rubber and plastics. We have grown by refining our manufacturing techniques, skillfully manipulating and bonding polymers, as well as through advancements in equipment and mold technologies. We will continue honing our strength in polymers, fortifying it as the foundation for business growth. By introducing the concept of a “polymer-like organization,” we will extend the polymer principles we’ve cultivated in business to people and organizations. This concept reflects my aspiration for a flexible organization that values individuality and drives management innovation. Having long worked in human resources, I am convinced that people and organizations are the essence of a company’s strength, so laying a solid foundation in these areas is essential to building a successful company. During the dialogue sessions, I frequently received questions like, “What does a polymer-like organization look like in practice?” Without providing a direct answer, I encourage each individual to think and act independently, based on their roles and perspectives. I also explain that valuing each person and fostering a mutually stimulating environment enhances the organization, and the key to that is dialogue. Currently, we are advancing dialogue initiatives in various regions, including the Americas, India, and ASEAN. For example, polymer-inspired activities have been launched under the slogan “Break down silos” and are transcending regional

boundaries. I look forward to seeing these exciting initiatives expand further within each division and region.

Speed and Regional Autonomy: The Key to Growth

Environmental Changes

The business environment surrounding the entire automotive industry is undergoing significant and rapid transformation, led by developments in BEV. While Chinese automobile manufacturers are experiencing rapid growth and significantly expanding their BEV market share, particularly within China, Japanese automobile manufacturers are seeing a decline in production volumes. In response, we are focusing on expanding sales to these emerging Chinese automobile manufacturers in BEV-advanced markets, while also optimizing our production scale with an eye on the future of existing business. This will allow us to use our management resources efficiently and enhance our competitiveness. Although BEV sales have temporarily stabilized recently, we believe that global BEV adoption will continue steadily over the long term. In line with this trend, we anticipate that our main customers (Japanese automobile manufacturers) will develop their own BEV growth strategies. We aim to support Japanese automobile manufacturers, and ultimately Japan’s automotive industry as a whole, as a global supplier by enhancing our manufacturing strengths in areas such as quality, soundness, advanced manufacturing technologies, and environmental innovations. To achieve this, it is essential to transform our management approach, and I am personally committed to this goal. Two years ago, we introduced CxO roles centered on our global core functions to establish strategic business development within a polymer-like organization. To enable rapid and dynamic deployment of this strategy, we have shifted from a Japan-centric model to a globally decentralized structure, granting partial authority to regional operations to encourage regional autonomy. Additionally, we have promoted the Center of Excellence concept to support this strategic shift.

Promotion in Overseas Regions

Establishing a framework for swift product development and customer proposals tailored to each regional market is key to enhancing our competitiveness. Responding to the needs of BEV-leading automobile manufacturers and the rapidly growing Indian market will require us to take action more rapidly than ever before to carry out development targeted at regional demand. Since the end of last year, we launched the Global Technical Conference, in which our CTO and CSMO collaborate



Message from the President

with regional teams to concretely define sales and technology strategies for expanding our presence in each region. Through this initiative, we are enhancing technological collaboration across regions and executing strategies with a strong sense of urgency.

Delivered Value for Further Corporate Growth

In addition to contributing to the spread of new mobility, as a company that primarily uses petroleum-based resources, we view our role in supporting decarbonization as part of our value proposition to society. Our initiatives are centered on safety, comfort, and decarbonization.

To promote safety and comfort, we have long worked to reduce traffic fatalities through a range of airbag products as part of our focus on safety systems. As motorization progresses in emerging countries where traffic accidents may increase, we aim to promote the adoption of airbags and develop new safety devices and technologies that protect people in diverse accident scenarios, ultimately reducing casualties from traffic accidents.

BEVs and autonomous driving are becoming more widespread, so vehicle structures and passenger postures are expected to change significantly, with increased safety demands for pedestrians, cyclists, and other road users. As mobility diversifies, staying attuned to a wide array of consumer needs and responding to the evolving landscape of automotive technology will allow us to enhance safety and comfort, one of our core values, through the development and provision of advanced occupant protection products. We are aiming to become a comprehensive systems supplier for safety systems (including airbags, steering wheels, and seat belts) and increased our investment in Ashimori Industry Co., Ltd. in November 2023 to help achieve this. This partnership lets us take an integrated approach, leveraging complementary airbag and seat belt technologies and maximizing each company's assets. In June, a former executive of our Company assumed the role of president at Ashimori Industry Co., Ltd., promoting synergy through shared expertise in management, manufacturing, and other areas of the value chain.

To help improve comfort in interior and exterior components and weatherstrip products, we are adapting to changes in vehicle structure due to BEVs by linking interior and exterior components with safety systems. This integration aims to offer new features, such as thinner instrument panels and illuminated components. As one of the few manufacturers handling not only steering wheels and airbags but also interior

components, we leverage our strengths and polymer technologies to create uniquely comfortable environments that appeal to passengers' senses and improve energy efficiency. To achieve this, we are advancing and accelerating development technologies through our polymer-like organization initiative, transcending traditional business and organizational boundaries.

In our decarbonization initiatives, we are leveraging our extensive expertise in rubber and plastic to develop eco-friendly, high-performance materials, advance the development of our own products, and promote material recycling, enhancing our delivered value. Achieving carbon neutrality and a circular economy will require collaboration across the entire value chain to maximize our impact on society. Europe has taken the lead with related regulations, such as the ELV directive, which governs recycling and restricts hazardous substances. This shift provides an opportunity for us to build resource cycles across the supply chain through polymer technology, such as easy disassembly design and material recycling. Alongside activities in competitive areas like quality and technological innovation, we are also focusing on collaborative efforts to build societal systems for resource recovery, aiming to contribute to a decarbonized, recycling society and pursuing sustainable growth. Hydrogen will play a vital role in achieving carbon neutrality, and we are now seeing large-scale support for hydrogen implementation in regions like Europe and the



Under the banner of ONE TEAM, ONE TG, we vow to make the 2030 Business Plan a reality



We held a dialogue session with young employees and engaged in candid exchanges of opinions

U.S., including the expansion of hydrogen supply networks. In Japan, the Hydrogen Society Promotion Law will take effect in October 2024, and is expected to accelerate R&D, infrastructure development, and the use of hydrogen. For hydrogen vehicles, infrastructure considerations and cost efficiencies suggest that large commercial vehicles with defined routes may lead initial adoption. We currently produce high-pressure hydrogen tanks for Toyota Motor Corporation's MIRAI fuel cell vehicle and Commercial Japan Partnership Technologies (CJPT) vehicles, driving innovation to secure future orders. With inquiries from both domestic and international markets, we feel confident that our hydrogen tank business will become a key pillar supporting sustainable growth. Beyond the automotive sector, demand is emerging from other sectors such as industrial machinery, shipping, and rail. In April 2024, our hydrogen energy tank was fitted onto Japan's first hydrogen-powered passenger vessel, its first practical implementation in this application. We consider our hydrogen tank business a crucial area in our drive toward a decarbonized society and aim to provide value through a broad array of product offerings.

To Remain a Company of Integrity

Commitment to Quality

Recently, fraudulent actions in certification applications by domestic automobile manufacturers have come to light, sparking serious concern. At our Company, an investigation into past activities confirmed that no such issues were found in our product certifications. However, seeing this kind of misconduct reinforces the importance of establishing a corporate culture where psychological safety and open dialogue are prioritized. Following last year's issues in the automotive industry, each division head engaged directly with employees in regulatory and performance evaluation roles, listening to their challenges in real-time, including test evaluation and performance evaluation. I, too, held dialogues with employees, gaining candid insights into various concerns. Among them were concerns on aging testing facilities and evaluation process, and with labor and management together, we have already started addressing these concerns and are monitoring their effectiveness. Recognizing that this requires ongoing attention, we held a second round of dialogues this fiscal year to ask employees directly, "Has the culture or mindset shifted?" and "Are there any new challenges?" We are committed to continuous dialogue to foster a workplace where employees can work with pride and peace of mind, delivering quality products to our customers. We will continue to invest the necessary

time and resources into essential safety and quality initiatives, always striving to improve the workplace environment to maintain a reputation of integrity and trust.

Sustainability Initiatives

Our core strength lies in our advanced polymer materials, yet these rely on petrochemical resources that contribute to resource depletion and greenhouse gas emissions, which are linked to global warming. To deepen our commitment to decarbonization as part of our 2030 Business Plan, we have accelerated our goal of achieving carbon neutrality in Scopes 1 and 2 emissions, moving our target from 2050 to 2030.

Greenhouse gases primarily arise from processes such as molding, coating, and plating. We are implementing a detailed component- and process-based analysis of CO₂ emissions for each product to identify the most effective ways to reduce emissions through innovations in materials, processes, and equipment. Alongside ongoing energy conservation efforts, we are advancing our production technology innovation on a global scale to meet this ambitious goal. Internally, our environmental awareness has grown, leading to initiatives such as our business idea contest, where employees propose new environmentally-conscious business concepts. By integrating our core polymer technology with environmental preservation, we aim to drive sustainable growth.

As we expand our presence globally, effective global talent management is essential. Of our approximately 40,000 employees, around 80% are local hires from overseas, a proportion that will continue to increase. To ensure that each individual can realize their full potential, we are building a structure based on our human resource portfolio, with a stronger focus on developing local staff for leadership roles. By fostering regional autonomy, we aim to establish a management framework led by local talent, ultimately enabling swift decision-making and dynamic business operations driven by regional leadership.

Our workforce is predominantly comprised of individuals with expertise in automotive parts technology, manufacturing, and sales. However, we recognize a need for talent with experience in launching new business ventures and advancing DX, areas where we are currently under-resourced. To address this, we are leveraging our Corporate Venture Capital (CVC) investments to support talent development and encourage transformative change among employees. Through our CVC, we are actively investing in several start-ups that align closely with our core technologies. We hope that employees who gain experience in these innovative environments will bring back insights to catalyze change in our work



Message from the President

culture and operational approach. In June 2024, we appointed three new outside directors with skills in new business development and DX. Their high-level perspectives and expertise have provided valuable guidance, contributing to our strategic supervision and accelerating our progress in these areas. Regarding governance, discussions in our CxO meetings have enhanced pre-decision frameworks, significantly speeding up company-wide decision-making. As of June 2024, the ten members of the Board of Directors, which is the core of corporate governance, includes five outside directors. Outside directors, with diverse backgrounds and experiences that cannot be gained in our Company, make up the 50% of the Board of Directors, which broadens the scope of our discussions. We are already receiving insightful suggestions and feedback from these directors, and we are committed to sharing relevant information to deepen their understanding of our Company.

Achieving the 2030 Business Plan

The auto industry is undergoing a major transformation. The future is unclear and difficult to predict due to changes in people's values, worsening environmental and social issues, geopolitical risks, and other factors. Amid these challenges, we have set management targets of 1.2 trillion yen in revenue, 100 billion yen in operating profit, an operating profit ratio over 8%, and an ROE above 10%. Central to reaching these targets is adapting to new mobility solutions, including BEVs. This year, we have actively promoted our products at new product exhibitions and through PR efforts at overseas bases, generating numerous evaluations and business opportunities from domestic and international automobile manufacturers. Expanding our reach to local manufacturers in overseas markets is one of our priority measures, and we are making progress with orders for new vehicles entering the market. We will continue proposing solutions based on our advanced polymer technology to a diverse range of customers, including emerging automobile manufacturers, with an assertive, forward-looking approach. With the accelerating development of BEVs, we anticipate more specific requests from our customers. BEVs, equipped with cutting-edge technology, often incur higher costs than traditional internal combustion engine vehicles. Therefore, enhancing added value while reducing costs will be crucial to creating vehicles that satisfy users. For instance, integrating the front module can improve fuel efficiency and vehicle performance

while simplifying assembly processes and reducing design time for automobile manufacturers. The lack of engine noise in BEVs also increases the demand for quietness features to minimize external noise. To enhance product value in line with these changes, we aim to advance our IPL strategy to differentiate ourselves from competitors, prioritize key products, and identify the right timing for development.

Cost reduction through innovation in manufacturing is equally essential. Specifically, making production processes smarter and more automated will also address the global challenge of securing skilled personnel. We plan to increase our FY2024 capital investment by approximately 10 billion yen to 60 billion yen. By optimizing personnel allocation, utilizing IoT for quick defect analysis, reducing production lead times, and lowering energy consumption, we expect these investments to be highly profitable and effective as strategic investments for the future.

As we experience this Fourth Industrial Revolution, we recognize that advanced technology-driven automation is vital means of enhancing our competitive edge. At our Thailand facility, we proactively anticipated rising labor costs and focused on cost-effective automation through karakuri technology and collaborative robots. Through continuous trial and error, we have steadily accumulated both technology and know-how while developing skilled personnel. We refer to this as smart automation and are now expanding it globally to further enhance our manufacturing capabilities. This initiative epitomizes our Center of Excellence strategy, where the independent efforts of local national staff are reflected in our global operations, laying the foundation for a multi-polar management approach.

Our 2030 Business Plan places a strong emphasis on the Americas, a region showing steady growth. Although a significant increase in vehicle sales may be unlikely, our added-value propositions through superior QCD (quality, cost, and delivery) are helping us expand business with Detroit's Big Three: GM, Ford, and Stellantis.

India is another promising market with its growing population and economic development. To achieve business growth exceeding market expectations, we see high-productivity capacity expansion, driven by the smart automation developed in Thailand, as essential.

Expanding sales to local manufacturers, particularly through product proposals to companies like TATA, and supporting the Make in India initiative through local procurement are also crucial strategies. With India's high rate of traffic fatalities, awareness of automotive safety is rising. As demand for our safety system products is expected to grow further, we are committed to strategically investing, expanding operations, and fostering talent in response to this demand.

In China, the slowdown in economic growth has led to reduced domestic demand and intensified price competition among automobile manufacturers. Anticipating a consolidation of companies in the Chinese market in the future, we are closely monitoring the strategies of Japanese automobile manufacturers in China while establishing an efficient and flexible production system to mitigate the risk of declining sales. We are also aiming to enhance alliances to enhance our technological capabilities and responsiveness, expanding our reach to high-growth Chinese automobile manufacturers.

Enhancing Corporate Value

In FY2023, we achieved a record-high revenue of 1 trillion yen and an operating profit of 67.7 billion yen, with an operating profit ratio of 6.3%, driven by increased production among major clients.

Moving forward, we are targeting an 8% or higher operating profit ratio as outlined in our financial objectives in the 2030 Business Plan. To achieve this, we will actively invest in high-growth fields while focusing on ROIC across our business units and regions. We will also address low-revenue areas and reconfigure our business portfolio. To support sustainable growth in priority businesses and regions, we plan to increase investments in R&D and human capital, as well as pursue strategic M&A and alliances to achieve our financial objectives.

We updated our shareholder returns policy from a 30% or higher payout ratio to a minimum DOE (Dividend on equity

attributable to owners of parent) of 2.5% starting in FY2023. Additionally, we will continue flexible shareholder returns, such as the purchase of treasury shares that was completed in November 2023. We aim to enhance capital efficiency and maintain a stable, long-term total shareholder return (TSR) that exceeds the cost of equity attributable to owners of parent.

To Our Stakeholders

Reflecting on our 75th anniversary, I have spent this past year considering what I must achieve as the new president to lead our Company toward a future of sustainable growth. Ensuring business growth and development is a core part of my role as president, but that alone is not sufficient. As seen with recent automotive industry issues, if the management base stops emphasizing safety and quality, the very survival of the company could be at risk. My mission is to foster open dialogue with management and employees, establish a shared vision, and embrace change as we move forward together, ensuring our Company achieves sustainable growth and development in the future. By setting a clear path and empowering the next generation, I am committed to leaving a strong legacy for the future. To all stakeholders, I sincerely appreciate your continued support.

Katsumi Saito

President, CEO

October 2024



Toyoda Gosei in Numbers

Since Toyoda Gosei's establishment in 1949, we have been providing products and services with high functionality and quality based on our synthetic rubber, synthetic plastics and their formulation technologies in cooperation with various stakeholders involved in development, design, procurement, production and sales.



Establishment

75 years

In 1934, the rubber research department was established within Toyoda Automatic Loom Works, and in 1949, the predecessor "Nagoya Rubber" was founded. For over 70 years, we have been providing value to society, focusing on rubber and plastic technologies.



Number of locations

60 companies

(As of June 26, 2024)



Number of employees (Global)

38,951 people

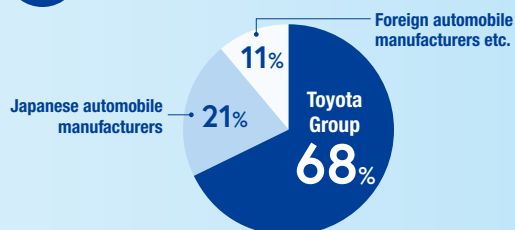


Revenue (IFRS)

¥1,071.1 bn



Sales ratio by customer



Overseas sales ratio

67.1%



Airbag share

World-wide **18%**

* Based on data from our Company as of March 2024

About 90% of the global market share is occupied by four companies, including ours, and we are consistently ranked among the top four.



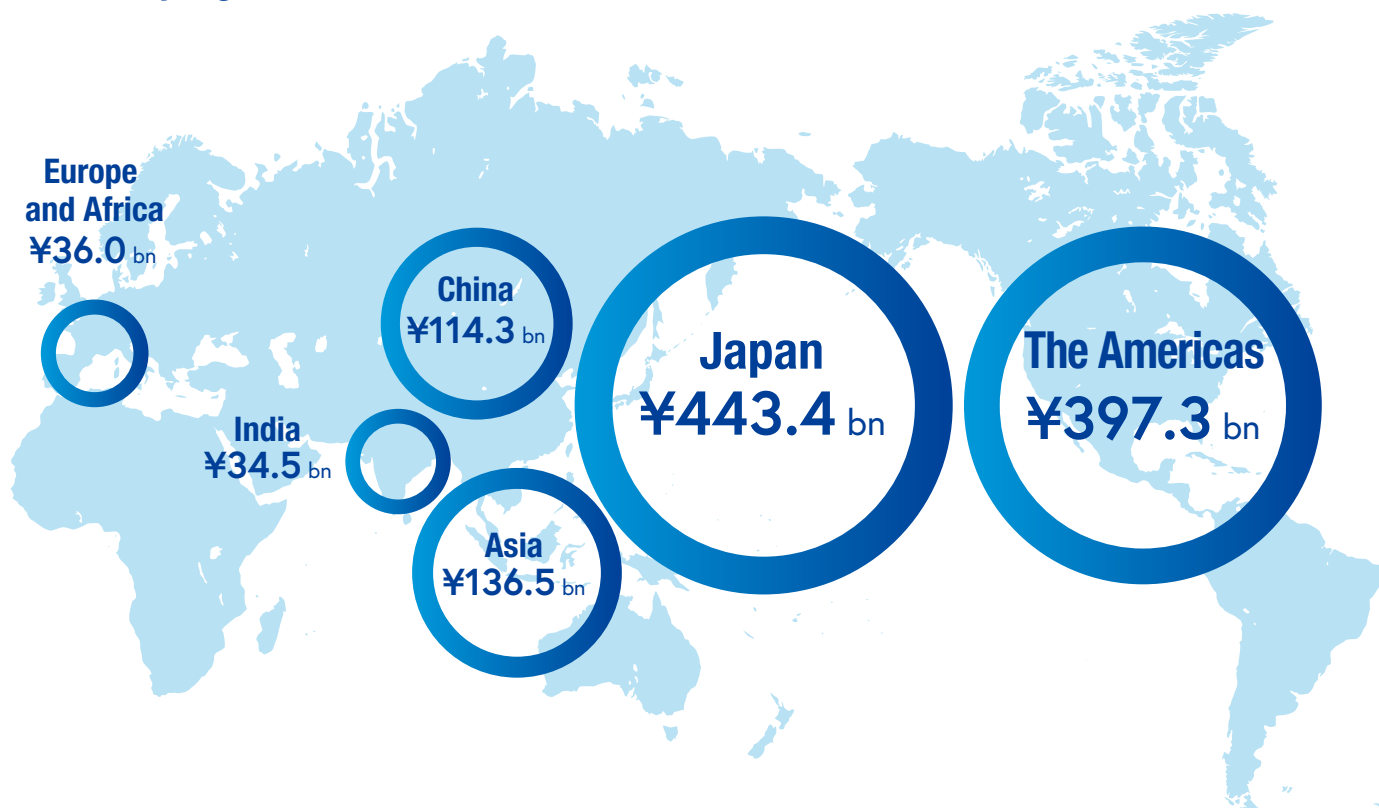
Credit rating (R&I)

A⁺

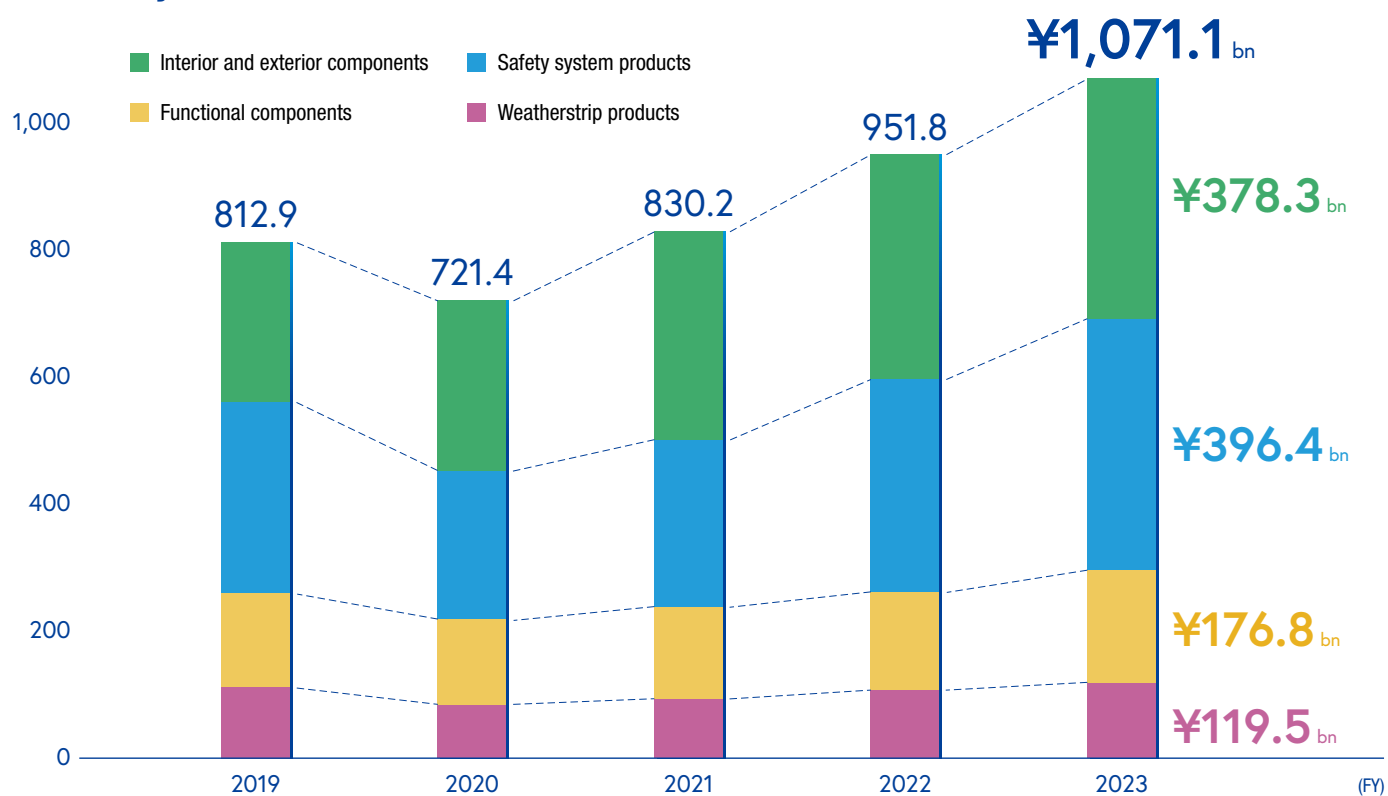
(As of October 2, 2024)

This data is based on the FY ended March 2024 or as of the end of March.

Revenue by region (FY ended March 31, 2024)



Revenue by business area



History of Our Business Evolution and Value Creation

Through manufacturing that leverages our unique technological capabilities in the rubber and plastic fields that we have cultivated since our founding, we respond to the needs of the times and provide new value to the world.

Founding to 1970s

Carrying on the spirit of Kiichiro Toyoda to develop rubber and plastic parts

In the late 1930s, Kiichiro Toyoda, who recognized the importance of rubber parts, established a rubber research department within the automotive division of Toyoda Automatic Loom Works. This was the origin of Toyoda Gosei. Kiichiro Toyoda would later go on to found Toyota Motor Corporation. Kiichiro's passion for research was carried over to Nagoya Rubber Co., Ltd., which was established in 1949.

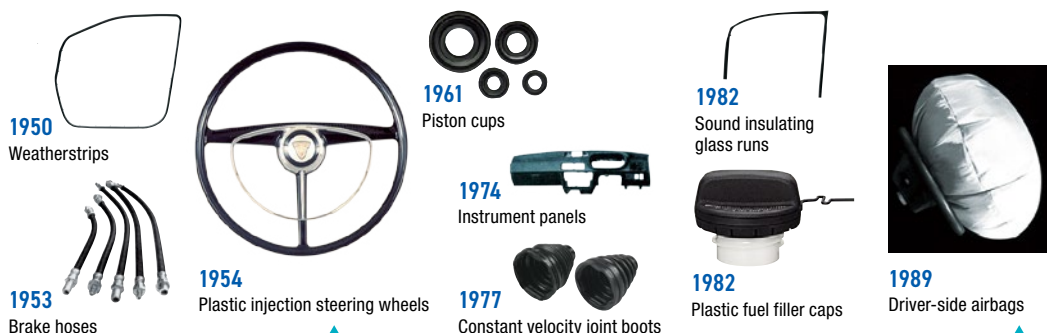
In the 1950s, Nagoya Rubber focused on the development and production of rubber parts for automobiles, and became the first JIS-certified plant in Japan to manufacture hydraulic brake hoses for automobiles. Nagoya Rubber also took on the challenge of producing

plastic steering wheels, which had previously been made of hard rubber. In 1954, the injection molding process was used to produce plastic steering wheels for Model FA trucks, and later, the same process was also used for the plastic steering wheels in the Toyopet Crown model.

From the 1960s onward, Nagoya Rubber expanded its business as Japan's automobile industry continued to grow and develop. In 1967, the Company opened the Inazawa Plant to produce plastic parts by injection molding, and subsequently expanded its production bases mainly in the Owari area. In 1973, the Company changed its name to the current Toyoda Gosei Co., Ltd.

1949▶ 1960▶ 1970▶ 1980

Knowledge in the fields of rubber and plastics



Experience in developing new businesses

The challenge of developing plastic injection steering wheels

In 1952, at the suggestion of Toyota Motor Co., Ltd., one of our major customers, we installed a 48-ounce injection molding machine manufactured by Watson-Stillman Co. of the United States. While some were apprehensive about adopting injection molding, which was still an excessive investment even with financial support from Toyota Motor Co., Ltd., we took a leap of faith and succeeded in putting the equipment into operation. This marked the beginning of the age of plastics for automotive parts.

Rubber Research Department, Toyoda Automatic Loom Works



Injection molding machine



1986 Start of R&D for blue LEDs

The challenge of developing airbags

Toyoda Gosei boasts the top share in the Japanese airbag market. It is generally assumed that Toyoda Gosei began to produce airbags as part of its steering wheel manufacturing business, but in fact, the Company felt a sense of urgency over new commercial rights for Toyota Motor Corporation's first airbag, and the Company felt that it had to develop airbags as quickly as possible, resulting in a bold new challenge against fierce development competition.

Global network



1949

Nagoya Rubber Co., Ltd. is established as a spin-off of the rubber research division of Toyota Motor Co., Ltd.

1957

Haruhi Plant begins operation

1967

Inazawa Plant begins operation

1973

Company name is changed to Toyoda Gosei Co., Ltd.

1976

Morimachi Plant begins operation

1977

U.S. Office is established in Illinois



1980

Head office is relocated to present location (Kiyosu, Aichi Prefecture)

1982

Bisai Plant begins operation



1989

TG Missouri Corporation is established

1980s to 2000s

Growing into a global company through commitment to research and development

As a member of the Toyota Group, our development and production of rubber and plastic parts for automobiles has expanded into various fields since the 1980s.

As a polymer manufacturer, we aim to be a development-oriented company and have enhanced our development capabilities by establishing the Kitajima Technical Center in 1995 and the Miwa Technical Center in 2009.

We also turned our attention to fields in other industries, and based on our thin-film formation technology developed in the automotive parts business, from 1986, we took on the

challenge of researching blue LEDs, whose development had numerous technological hurdles that were considered difficult to overcome. In 1995, we succeeded in achieving mass production of blue LEDs.

Until the end of the 1980s, Toyoda Gosei's overseas markets consisted of Taiwan and North America under a four-company system, but in the 1990s, we accelerated our overseas expansion. Following North America and Asia, we expanded to Australia, Europe, Central and South America, and Africa, and have now grown into a global company with 60 overseas and domestic companies.

1990

2000

2010

1997

Rubber recycling technology



1998

Curtain airbags



2003

Millimeter wave radar-compatible emblem



World's first

2008

Plastic fuel filler pipes



World's first

2010

Lightweight opening trim weatherstrips



World's first

2017

Large radiator grilles



2019

Plastic turbo ducts/
Battery cases

1991

Successful development of blue LEDs is certified

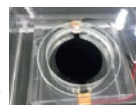
World's first

World's first! Successful development of blue LEDs

LEDs are being used in a growing range of fields as an environmentally-friendly light source because of their superior energy-saving performance. It was the commercialization of blue LEDs in the 1990s that made LED products possible. In 1986, under the guidance of Professor Isamu Akasaki of Nagoya University's Faculty of Engineering and with the cooperation of Toyota Central R&D Labs, Toyoda Gosei began developing a gallium nitride (GaN)-based blue LED, which was certified as a success in 1991. Until then, the development of blue LEDs was thought to be impossible. The challenge, which was the first of its kind in the world, was a series of uncertainties and obstacles.

2007

Start of R&D for e-Rubber



2010

Start of R&D for GaN power semiconductors



2019

Development with EBM Corp. of the Super BEAT heart surgery simulator that uses e-Rubber



1995

Kitajima Technical Center is established

1999

Toyoda Gosei North America Corporation is established



2000

Toyoda Gosei Europe N.V. is established



2001

Toyoda Gosei Asia Co., Ltd. is established



2006

Toyoda Gosei (Shanghai) Co., Ltd. is established

2008

Toyoda Gosei Minda India Pvt. Ltd. is established



2009

Miwa Technical Center is established



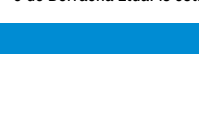
2013

Toyoda Gosei East Japan Co., Ltd. is established



2013

GDBR Industria e Comercio de Componentes Quimicos e de Borracha Ltda. is established



History of Our Business Evolution and Value Creation/ Our Competitive Advantages

2010s to Future

Contributing to the future with a focus on safety, comfort, and decarbonization

The 2010s brought new challenges for companies, such as measures to prevent global warming and the achieving of a sustainable society. In the automotive market, vehicles that do not rely on petroleum fuels, such as BEVs, are expected to play a leading role in the future, forcing major changes.

We have developed high-pressure hydrogen tanks for FCEVs using our polymer technology. This tank, jointly developed with Toyota Motor Corporation, is being used in Toyota's second-generation Mirai model, which started mass production in 2020. In response to the shift to BEVs, we will contribute to the reduction of traffic fatalities by offering optimal solutions for airbags and seat belts that accommodate

the changes in vehicle structure, and we will also innovate vehicle design and manufacturing with our polymer technology for realizing new mobility. Also, we will develop and recycle high-performance materials by utilizing our expertise in polymer materials, and will not only utilize our developed materials and technologies within the Company but also sell them outside the Company, and through these new businesses, we will contribute to achieving a decarbonized and recycling-oriented society.

We will continue to provide value to society in the three areas of safety, comfort, and decarbonization through the use of polymer technology.

2020



2020
Extra-large
spindle grilles



2021
Driver-side airbags for
better protection in
angled frontal
collisions/Pedestrian
protection airbags



2022
CNF
reinforced plastic



2023
Miniature wireless
charging holder



2023
Millimeter wave
compatible emblem
that emits light



2023
Topcoat-less
hot-stamped grilles



High-pressure
hydrogen tanks

2020

UV-C space disinfectors, which use UV-C (deep UV) LEDs, are launched. UV-C (deep UV) LEDs are confirmed to be highly effective in neutralizing COVID-19



2021
UV-C LED high-speed
surface disinfectors



2021
Smart insoles

2022

Success in making larger GaN substrates for next-generation power semiconductors



2023
Wireless power supply
receiver for smartphones



2014
Toyoda Gosei Irapuato Mexico,
S.A. de C.V. is established



2018
PT Toyoda Gosei Indonesia
is established



2019
Hubei Toyoda Gosei Zheng Ao
Rubber And Plastic Sealing
Technology Co., Ltd. is
established



2020
Inabe Plant begins operation



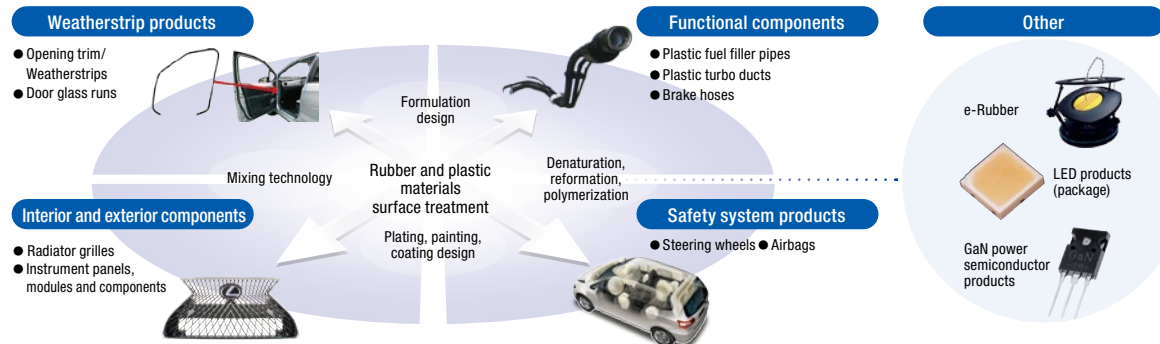
2023
Toyoda Gosei Technical
Center India

Our Competitive Advantages

Knowledge in the fields of rubber and plastics

Materials, manufacturing methods, and mold technology that give our products an edge

We are leveraging our foundations in basic research, which have been ongoing for multiple generations since the rubber research department was established by Kiichiro Toyoda, the founder of Toyota Motor Corporation, to create materials and manufacturing methods that anticipate the needs of our customers and the times for enhancing our competitive advantage.



Experience in developing new businesses

Innovative products

Under our company creed of “Boundless Creativity and Social Contribution,” we have had many successes over our 70-year history of quickly anticipating the needs of the times in areas such as safety and the environment, and developing suitable products. These experiences form the basis for our mindset of taking on challenges, as set out in the TG Spirit. We treasure this mindset that has been passed down to us by our predecessors, and will continue to evolve as a company by taking on the challenges of social issues.



Curtain airbags



Blue LEDs



Millimeter wave radar-compatible emblem



Lightweight opening trim

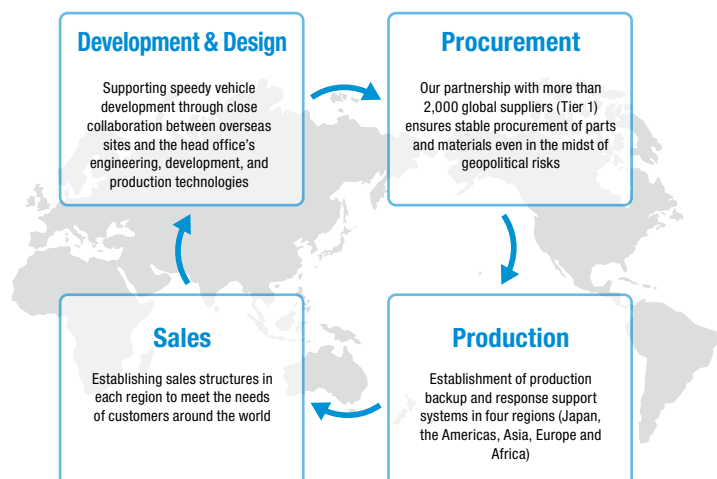


Plastic fuel filler pipes

Global network

Value chain that leverages our network of 60 Group companies in 16 countries/regions

Following our entry into the global car market, we have established more than 40 Group companies in about 20 years. Utilizing this global network, we deliver reliable technology and quality in a timely manner based on an optimal production system that takes into account customer needs and political conditions.



Value Creation Process

With the company philosophy of “Boundless Creativity and Social Contribution,” the Toyota Gosei Group leverages its knowledge in the fields of rubber and plastics, its global network, and its experience in developing new businesses. We will continuously meet social needs by providing automotive products and other innovations.

Input

Requests from society Social issues from Toyota Gosei's perspective

Providing both innovations in automotive technology (BEVs, CASE) and a safer mobility society	Demographic changes (declining birthrate and aging population)
Changes in company competitiveness with accelerating digital/IT transformation	Changing values and diversifying work styles
Increasingly serious problems in the global environment	BCP risks
Business transformation due to climate change and resource shortages	Rising geopolitical risks

Management Base and Sources of Competitiveness

	Human Capital Diverse human resources to support value creation	▶ P.24
	Manufacturing Capital Global network to realize variety of solutions	▶ P.24
	Intellectual Capital Knowledge and technology platform to transform business models and build competitive advantages	▶ P.24
	Social and Relationship Capital Engagement with stakeholders	▶ P.25
	Natural Capital Global management for transformation to positive impact	▶ P.25
	Financial Capital Strong financial base	▶ P.25

Business Model

Company Creed/ Management Philosophy

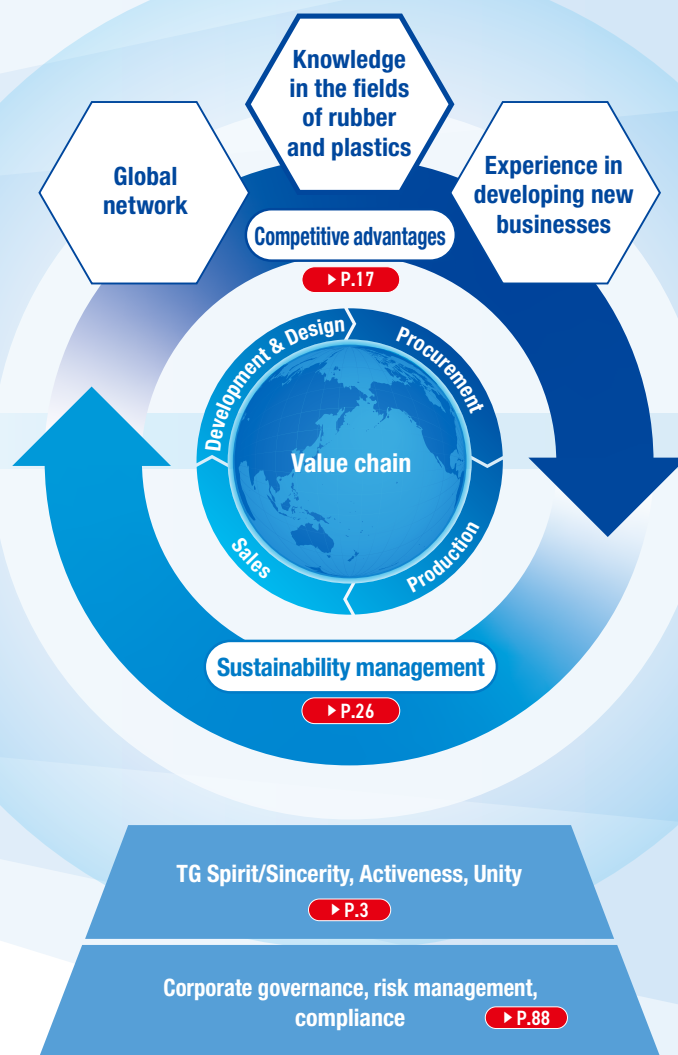
▶ P.2

Materiality

▶ P.20

Medium-Term Business Plan “2030 Business Plan”

▶ P.36

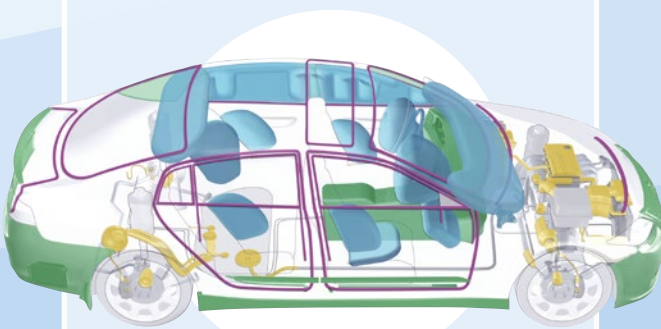


Increase sustainable corporate

Output

Outcome

Business, Products



Automotive parts



Safety system products

▶ P.28



Interior and exterior components

▶ P.30



Functional components

▶ P.31



Weatherstrip products

▶ P.32

Other

General Industry Products, LED/
e-Rubber, Re-S Eco-brand

▶ P.33

Our Vision

What we aspire to be

Become a company that pursues the possibilities of polymers
to contribute to a future of better mobility and living.

Delivered value

“Safety,” “Comfort,” and “Decarbonization”

Basic policy

Focus on fields that balance social value
and economic value

Providing value to stakeholders and society



Natural environment

- Prompt response to climate change
(Contributing to carbon
neutrality, circular societies)



Shareholders, investors

- Stable, sustainable shareholder returns
- Providing transparent IR information



Employees

- Active participation of a diverse workforce
- Stimulating and pleasant workplace environment



Customers

- Contributing to business growth, purpose realization
- Providing safe and reliable products
- Flexible response to business transformation



Suppliers

- Sustainable, equitable and fair business dealings
- Mutual development based on mutual trust



Local communities, government

- Achieving a safer, more secure, and more
comfortable mobility society
- Contributing to sustainable community
development



Materiality (Key Issues)

With “Boundless Creativity and Social Contribution” as our company creed, we aim to contribute to the realization of a sustainable society through our growth by achieving both social value and economic value.

In order to realize the vision for the Company and the delivered value set forth in the 2030 Business Plan, we have designated and worked on several key areas as “materiality” where we can make a particular contribution from among various social issues, such as social forecasts and SDGs, taking into consideration the changing business environment.

Materiality Identification Process

STEP 1 Selection of materiality candidates

Selection of issues to be considered (59 items) by sustainability implementation members with reference to social issues, market and social trends, GRI standards, SDGs, and the materiality of other companies etc.

STEP 2 Evaluation and analysis of materiality candidates

Analysis and evaluation based on our materiality (management philosophy, management capital, interaction with competitive advantages and strengths, etc.) and the materiality of our stakeholders (contribution to social issues, promotion of ESG activities, etc.)

STEP 3 Assessment of appropriateness by management

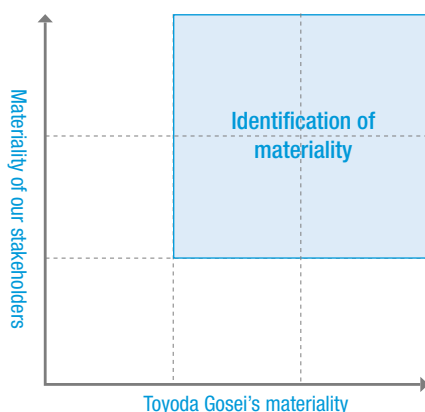
Interviews with outside directors, executives, and investors on identified material issues, including identification processes, to evaluate the appropriateness of materiality

STEP 4 Identification of materiality

Selection of priority topics to be addressed through deliberations by the Management Council


STEP 5 Review

Review of initiatives linked to corporate policies, confirmation at Sustainability Council, and periodic review of materiality



Business Operations

Management Base

Social Issues/Megatrends		
	<ul style="list-style-type: none"> Provide both innovations in automotive technology (electrification and intelligence) and a safer mobility society Changes in company competitiveness with accelerating digital/IT transformation 	Expansion of CASE (BEV/FCEV) market Expansion of MaaS market Market changes Accelerate adoption of digitalization, IoT, and DX
	<ul style="list-style-type: none"> Increasingly serious problems in the global environment Business transformation due to climate change and resource shortages (tightening of regulations) 	Environment and resources
	<ul style="list-style-type: none"> Demographic changes (declining birthrate and aging population) Changing values and diversifying work styles 	Human capital
	<ul style="list-style-type: none"> BCP risks Rising geopolitical risks 	Supply chain Governance

Opportunities and Risks	Time of occurrence			Corporate impact	
	Short-term	Medium-term	Long-term	Positive (Opportunities)	Negative (Risks)
Strategic market entry of new technologies and products driven by BEV adoption (OEM and supply chain evolution)	●	●	●	↑↑	↓↓
Expansion of BEV-leading markets and the rise of BEV-leading OEMs (shifts in market and power dynamics)	●	●	●	↑	↓↓
Increased demand for environmentally friendly HEVs and PHEVs	●	●	●	↑↑	
Expansion of FCEV market			●	↑↑↑	
Advancement of technology for preventing traffic accidents	●	●	●	↑↑↑	
Reduced demand for fuel system components		●	●		↓↓
Changes in user values on vehicle and vehicle usage (development of transportation infrastructure, demand for a more comfortable cabin environment)		●	●	↑↑	↓↓
Automotive market expansion due to infrastructure improvements and laws and regulations in emerging countries	●	●	●	↑↑↑	
Optimization from production to delivery (real-time monitoring, predictive maintenance, automation, etc.)	●	●	●	↑↑↑	
Market expansion in new fields through green technology* and green transformation	●	●	●	↑↑↑	↓↓
Change in competitiveness due to adoption of carbon pricing		●	●	↑↑↑	↓↓↓
Full utilization of rubber and plastic materials and development of materials (recycled materials, lighter weight, material replacement, and new materials)	●	●	●	↑↑↑	↓↓
Large-scale disasters due to extreme weather conditions	●	●	●	↑↑	↓↓↓
Promotion of energy efficiency and renewable energy (reducing energy costs, GHG emissions)	●	●	●	↑↑↑	
DE&I promotion for diversification of thinking, skills, and experience	●	●	●	↑↑↑	
Human resource portfolios for efficient use of human capital	●	●	●	↑↑↑	
Rising labor costs, hiring difficulties	●	●	●		↓↓
Production impact, supply chain disruptions, and human casualties due to geopolitical risks, infectious diseases and disasters	●	●	●	↑↑	↓↓↓
Shortages and rising costs of parts and raw materials, along with increasing logistics costs	●	●	●		↓↓↓
Serious quality issues and recalls	(●)	(●)	(●)		↓↓↓
Cyberattacks and scam emails	(●)	(●)	(●)		↓↓↓
Leakage of confidential information	(●)	(●)	(●)		↓↓
Antitrust law violations (bid rigging and cartels)	(●)	(●)	(●)		↓↓

* Green technology:
Technologies and products that solve or mitigate environmental problems (e.g., technologies and products that contribute to more lightweight designs and decarbonization)

Short-term (within 3 years),
medium-term (until 2029),
long-term (after 2030)

↑ : Positive impact,
↓ : Negative impact

Materiality (Key Issues)

	Social Issues/ Megatrends	Key Sustainability Issues (Materiality)	Main Initiatives (Social Issues/ Opportunities and Risks to Be Addressed)
Business Operations		<ul style="list-style-type: none"> Responding to the transformation of the automobiles Reducing traffic fatalities for realizing a safer and comfortable mobility society 	<ul style="list-style-type: none"> Development of new products for BEVs Expanding sales to BEV leading markets and OEMs
		<ul style="list-style-type: none"> Creating new businesses utilizing core technologies 	<ul style="list-style-type: none"> Development and sales expansion of airbag products to deliver safety and comfort to all Expanding new businesses by leveraging experience in new business development Deployment of corporate venture capital Business innovation through the promotion of digitalization
Management Base		<ul style="list-style-type: none"> Creating a decarbonized society by reducing CO₂ emissions and greenhouse gas emissions Creating a recycling-oriented society through waste reduction and water risk reduction 	<ul style="list-style-type: none"> Creating environmentally-friendly businesses by leveraging our knowledge in the rubber and plastics fields Globally integrated operations to achieve carbon neutrality Contribution to a recycling-oriented society (Car to Car recycling)
		<ul style="list-style-type: none"> Living together with local communities Use of diverse human resources and respect for human rights 	<ul style="list-style-type: none"> Initiatives rooted in local communities (local self-reliant management, Center of Excellence) Diversity, equity & inclusion Safety and health management Enhancing quality and supply chain to support sustainability management Responding to geopolitical and economic risks
		<ul style="list-style-type: none"> Corporate governance as a company with integrity Ensuring compliance 	<ul style="list-style-type: none"> Enhancing of BCP resilience Enhancing of internal controls

KPIs and Medium- to Long-term Targets (FY2030)

- BEV-related share of revenue: 40%
- Target Setting Formula
BEV production volume/Car production volume
* Based on S&P Global Information

- Airbag production volume: +1.5 fold increase (compared to 2022)

- Based on cash allocation
(Allocating funds mainly for R&D, human resources, and strategic investments with the aim of expanding fields that contribute to safety, comfort, and decarbonization)

- Scopes 1 and 2: Carbon neutral
- Scope 3: -27.5% (compared to 2019)
- Renewable energy adoption rate: 100%
- Waste volume (total) [non-consolidated]:
-50% (compared to 2012)
- Waste volume (unit) [overseas]:
-55% (compared to 2015)

- Percentage of employees receiving training on human rights: 100%
- Employee engagement affirmation rate [non-consolidated]: 75%
- Ratio of national staff in executive positions (vice presidents and above) at overseas locations: 60% or more
- Number (ratio) of female managers [non-consolidated]: 100 (8.8%)
- Ratio of mid-career hires in management positions [non-consolidated]: 30% or more
- Number of serious accidents: 0
- Percentage of suppliers implementing sustainability activities: 100%

- Number of major legal violations: 0
- Major cyber security incidents: 0

Relevant SDGs
Most Important Areas

Achieving a safer and more comfortable mobility society



Solving social issues by creating innovations



Realization of a decarbonized, recycling-oriented society



Sustainable growth through diverse workforce



Fair and transparent corporate governance system

Toyoda Gosei's Management Capital ~Management capital cultivated over 75 years of history~

Management capital is an important source of sustainable enhancement of corporate value. Toyoda Gosei builds management capital through repeated cycles of value creation based on our management philosophy, and invests capital at the appropriate time in business opportunities and risks that we foresee.



Human Capital

Transformation into a dynamic
"polymer-like organization"
that supports corporate
evolution and growth

Toyoda Gosei operates in 16 countries and regions around the world with 60 Group companies. We aim to achieve sustainable evolution and growth by becoming a dynamic polymer-like organization that brings out the individuality and power of employees with diverse values and talents from different nationalities, genders, ages, and lifestyles, and generates new creativity and power through organic linkups.



Manufacturing Capital

Providing safety, comfort, and
decarbonization to customers
around the world by leveraging
our global network and knowledge
in the rubber and plastics field

In order to meet the needs of our customers around the world in a timely manner, we have established sales and technical structures that are closely linked to each region and an optimal global production and delivery system. In addition, we are enhancing our manufacturing capabilities by innovatively evolving our manufacturing methods and production facilities based on our knowledge of rubber and plastics, a strength we have cultivated for 75 years. Additionally, we have adopted Internal Carbon Pricing (ICP) and make investment decisions based on the balance between the global environment and economic activities.



Intellectual Capital

Pursuing the possibilities of
polymers and refining our
one-of-a-kind R&D capabilities
to further enhance our
competitive advantages

It is important for us to anticipate the needs of society and our customers, and to have the technological capabilities to offer solutions that focus on the future changes with the changing automobile industry. R&D capabilities are the source of our corporate growth, and we have invested approximately 100 billion yen in R&D over the past three years to conduct R&D for new and existing businesses that pursue the potential of polymers. We are further enhancing our competitive advantages by utilizing IP landscaping and other techniques to improve the accuracy and speed of our decision-making process for new business development.

Number of employees

38,951 people

Ratio of overseas employees

75.9%

Ratio of national staff in executive positions

35%

Women in management positions (non-consolidated)

39 people

Ratio of mid-career hires in management positions (non-consolidated)

32.1%

Employee engagement (non-consolidated)

56.0%

Number of locations

60 companies (As of June 26, 2024)

Capital investment cost

¥49.4 bn (FY ended March 31, 2024)

CO₂ emissions reduction (non-consolidated)

-36.2% (compared to FY ended March 31, 2015)

R&D expenses

¥39.2 bn (FY ended March 31, 2024)

Development and engineering staff (non-consolidated)

2,213 people

Number of patents held

Japan 2,529 cases
Overseas 2,184 cases

This data is based on the FY ended March 2024 or as of the end of March.



Social and Relationship Capital

Building strong relationships with stakeholders through careful dialogue

The auto industry is undergoing a major transformation with the advances in electrification and automated driving. In order to realize our management vision, smooth cooperation with various stakeholders is important. Through repeated and careful dialogue with stakeholders and by providing value to society, we will build and maintain strong relationships of mutual trust and continue to evolve steadily while flexibly adapting to a challenging business environment.



Natural Capital

Initiatives for climate change and resource recycling utilizing the environmental technologies and knowledge we have developed

In 1993, we launched our full-scale environmental initiatives with the First Environmental Action Plan, and have been vigorously implementing various initiatives for more than 30 years. Natural capital is the source of materiality (key issues) and outcomes, and by further advancing the knowledge and technologies for environmental conservation, which we have cultivated, and the knowledge in the rubber and plastics fields, which is one of our competitive advantages, we aim to efficiently invest natural capital in resources and reduce environmental impact, thereby achieving both conservation of the global environment and resources and the creation of economic value.



Financial Capital

Sound financial management to support sustainable growth and enhance corporate value

Endeavor to obtain sustainable growth and to increase our value as an enterprise by supporting growth through a balance of financial growth potential, soundness, and efficiency. To achieve an ROE of 10%, exceeding our cost of capital, we have introduced new management indicators such as our unique TG-ROIC* from the perspective of improving asset efficiency. We will practice more multifaceted financial management.

Number of suppliers (non-consolidated)

Approx. **600** companies

University collaboration researches

**Nagoya University,
Osaka University,
Tohoku University**

No. of individual meetings for analysts and institutional investors

129 times

Total energy input

2.374 million GJ

* Gigajoule = 1,000,000,000 J

Total material input

45,189 t

Water resource input

985,000 m³

Renewable energy input

54,000 GJ

Acquisition rate of ISO 14001 for production sites

100%

(Environmental management system)

TG-ROIC*

15.5% (FY2023)

* TG-ROIC = $\frac{\text{Operating profit}}{\text{Fixed assets} + \text{Inventories}}$

ROE

10.6% (FY ended March 31 2024)

Credit rating (R&I)

A⁺ (As of October 2, 2024)

Sustainability Management

Basic Approach to Sustainability Initiatives

Toyoda Gosei's company creed of "Boundless Creativity and Social Contribution" was formulated based on the Toyota Principles, and has been passed down from generation to generation as the basis of Toyoda Gosei's management.

This thinking is also seen in our sustainability concept of contributing to solving environmental and social issues

through our business activities.

To continue as a company that is trusted and valued by stakeholders and society, we will pursue management that integrates key sustainability issues with our medium- to long-term business plan, aiming for the sustainable development of society and sustainable growth of Toyoda Gosei in line with the changes of the times.

Examples of our major products that contribute to resolving environmental and social issues



Compact UV-C LED water purification unit

Energy-saving LED technology is used to also contribute to hygiene by disinfecting air and surfaces and purifying water



Safety system products (such as airbags, etc.)

Contributes globally to reducing the number of traffic fatalities and injuries



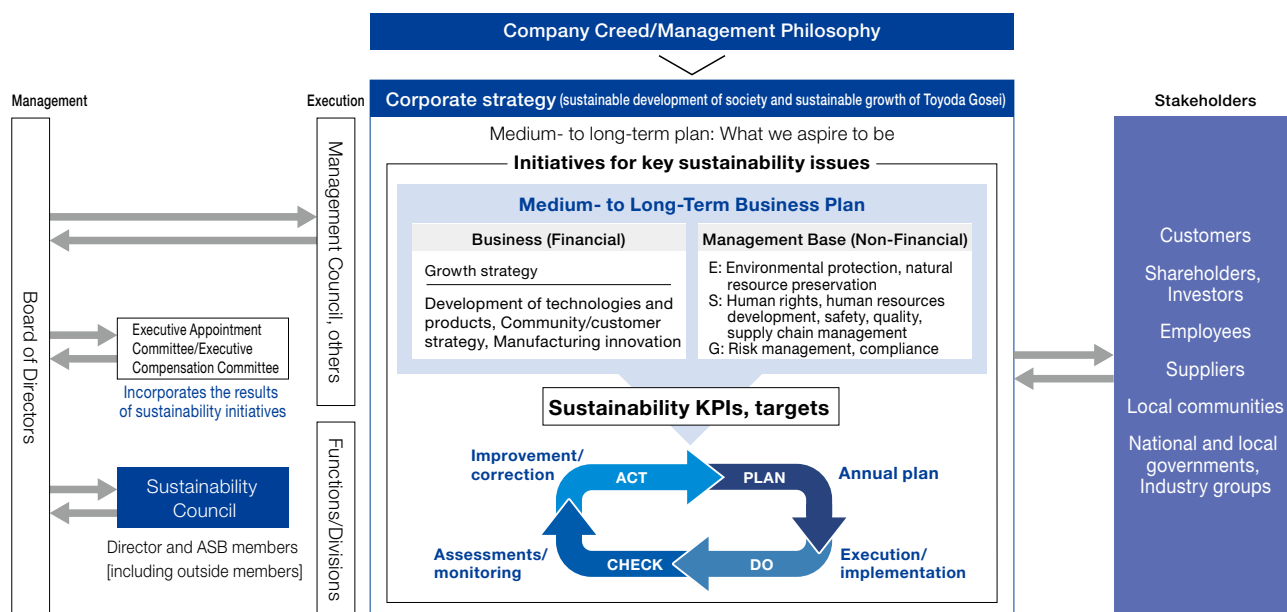
FCEV products (hydrogen tanks)

Contributes to achieving a hydrogen society for carbon neutrality and reduced environmental impact

Implementation System

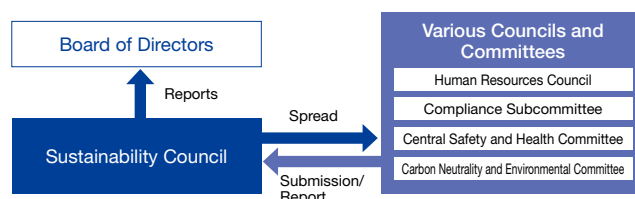
We have built a management system to further efforts for the sustainable development of society and sustainable growth of Toyoda Gosei through business activities based on our company creed and management philosophy.

Emphasis is placed on repeated dialogue with all of our stakeholders, establishment of KPIs and targets to achieve our medium-term business plan, and performing the PDCA cycle.



Sustainability Council

In this Council, in order to accelerate our sustainability initiatives, we have established the structure shown on the right to deliberate and decide on priority issues and confirm the status of implementation.



Business Overview

Since Toyoda Gosei's establishment in 1949, we have been providing products and services with high functionality and quality based on our rubber, plastics and their formulation technologies in cooperation with various stakeholders involved in development, design, procurement, production and sales.

Safety Systems

Since starting mass production of driver-side airbags in 1989, we have introduced various airbags to the market, achieving 360° full coverage that protects occupants from impacts at various directions. In addition to producing pedestrian protection devices, we are actively developing next-generation technologies such as preventive safety.

 For more details ▶ <https://www.toyoda-gosei.com/seihin/safety/>



Interior and Exteriors

We offer a wide range of interior parts, including instrument panels and console boxes that enhance interior comfort, as well as exterior parts like radiator grilles that contribute to vehicle design. Many of these products are highly visible, ensuring not only functionality but also high aesthetic quality.

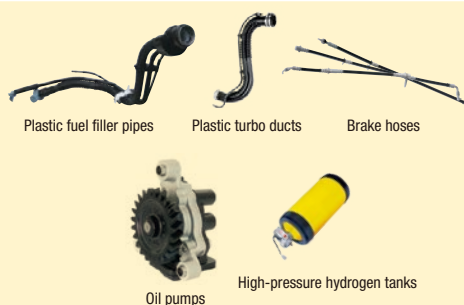
 For more details ▶ <https://www.toyoda-gosei.com/seihin/naigaisou/>



Functional Components

Our fuel and brake-related components are essential for supporting the fundamental functions of "driving," "turning," and "stopping." Alongside exceptional quality, we pursue weight reduction and compact design, maintaining a world-class market share over many years.

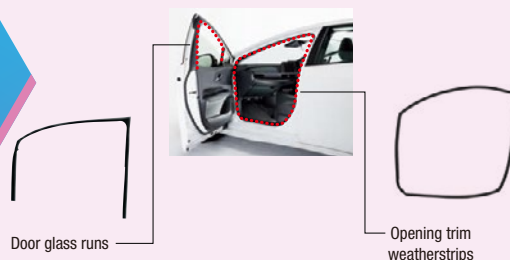
 For more details ▶ <https://www.toyoda-gosei.com/seihin/kinou/>



Weatherstrips

Products like door and window seals protect interiors from rain, wind, and noise, while also aiding smooth door operation and window movement. These products hold a top market share globally and are supplied from production bases both in Japan and internationally.

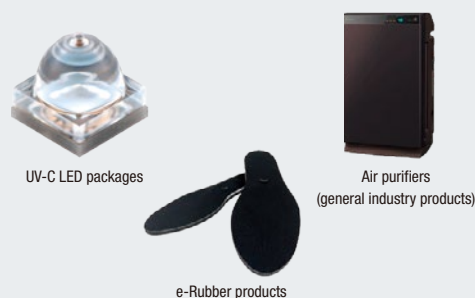
 For more details ▶ <https://www.toyoda-gosei.com/seihin/body/>



Life Solution

Leveraging the expertise and technological capabilities gained through automotive parts and blue LED development and production, we are developing and selling products in new fields.

 For more details ▶ <https://www.toyoda-gosei.com/seihin/lifesolution/>



Safety Systems

Strengths

- Product development utilizing world-class CAE technology*
- Development and production bases covering growing markets
- System proposal capability integrating surrounding components with airbags

* Computer-aided engineering (CAE) analysis technology in the mechanical design process

Issues

- Product development addressing diverse accident scenarios
- Development and production systems ready to meet global market expansion
- Product development adapting to the transformation of mobility

Priority Initiatives for FY2023

In addition to securing orders for existing products, recent developments, including high-performance steering wheels and far-side airbags, have been highly praised, leading to new business expansion with customers in Europe and the Americas.

Enhanced Global Production System

In India, a growth market, we have relocated and expanded our R&D base to enhance local development capabilities. To support the increase in automobile production, we have expanded the Neemrana Plant in the north and will establish a new plant in Halohalli in the south by 2026.

In Brazil, we are also expanding production capacity for safety systems to support increased sales, with production facilities for airbags and steering wheels scheduled to commence operation in July 2025.



Toyota Gosei Technical Center India



Neemrana Plant in India (Operational in '24)

Development of New Products

To prepare for stricter future assessments and the expansion of autonomous driving, we are advancing the development of high-function seat belts and airbags optimized for diverse accident scenarios and occupant physiques, creating occupant protection systems with optimal combinations. We will also conduct development of new concept occupant protection products, such as lap airbags, that improve the degree of freedom in cabin interior design and accommodate diverse riding postures, particularly during autonomous driving.



Lap airbag

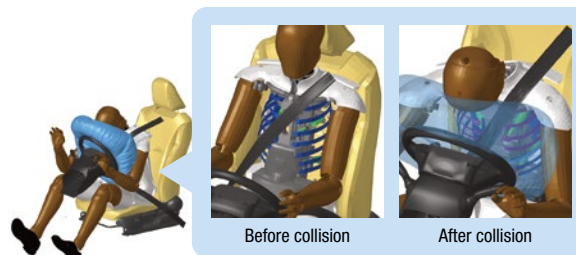
A bag integrated into the seat belt inflates to protect the occupant

Enhancing Relationships with Partner Manufacturers

In addition to our existing efforts, we are enhancing our partnerships by collaborating on various activities with specialized manufacturers to grow as a comprehensive safety systems supplier and remain competitive.

Integrated Airbag and Seat Belt Development

In November 2023, we increased our investment in Ashimori Industry Co., Ltd., a seat belt manufacturer, to enhance our capital and business partnership. Specifically, by complementing each other's technologies and expertise, we are now proposing airbag and seat belt sets to customers, highlighting the potential for system development, which has led to greater participation in advanced development and expanded orders. Furthermore, we are introducing Toyoda Gosei's TPS principles to Ashimori Industry Co., Ltd., promoting efficient manufacturing by improving productivity and streamlining processes to save space. Production outsourcing for certain airbags is planned to begin around the summer of 2025. Through such efforts, the two companies will maximize synergies across development, design, sales, procurement, and production.



Integrated development of airbag and seat belt

Enhancing Competitiveness in Inflators

For inflators, a key component of airbags, we are sharing our growth and sales strategies with specialized manufacturers Daicel Corporation and Nippon Kayaku Co., Ltd., working together to enhance product competitiveness through localization and unified manufacturing in target regions like India and ASEAN.

With Daicel Corporation, we launched the "TGD Project" (TG = Toyoda Gosei, D = Daicel) to establish a new inflator production line at Daicel's Harima Plant. By leveraging both companies' manufacturing strengths, we achieved approximately 50% reduction in capital investment costs, reduced labor requirements, and shortened production speeds, resulting in both cost savings and high-quality production. Additionally, with our Executive Vice President, COO, CMO Hiroshi Yasuda's appointment as an advisor to Daicel Corporation, we are enhancing collaboration across a broader range of areas, including new business opportunities, to promote mutual growth.

Moving forward, we will continue to contribute to a safer and more comfortable mobility society globally through the dissemination of safety components.



TGD line inspection by our management team

Interior and Exteriors

Strengths

- Capabilities to develop, design, and produce high-quality decorative variations, electromagnetic wave-transparent products, and mechanical products
- Factories equipped with the latest production technologies for major manufacturing processes (molding, painting, etc.)
- Realization of new decorative technologies, such as hot stamping and in-mold painting

Issues

- Development of products and production technology that anticipates design, functionality, and end-user needs, as well as customer trends
- Cost reduction and productivity improvement through state-of-the-art manufacturing (automation and production technology development)
- Development of recycled materials and expansion of material production equipment to support carbon neutrality

Priority Initiatives for FY2023

We have developed LED shadow illumination that enhances the diversity of interior design options and creates a unique interior space suitable for BEVs. Additionally, we developed the world's first emblem that combines millimeter-wave radar transparency and luminescence functions, which fuses advanced functionality and design, leading to new orders. In the Americas, a key region for our company, we are enhancing production capacity at our subsidiaries TG Missouri Corporation and TG Kentucky, LLC. This includes large painted products such as radiator grilles and back door garnishes, to offer a wide variety of high-function, design-responsive products that meet the evolving demands of HEVs, BEVs, and other diverse vehicle types.

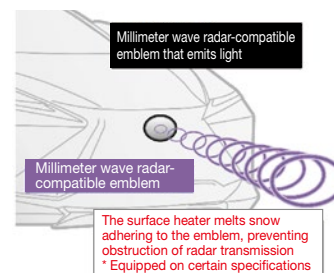
We plan to further expand our development and production framework across the Americas. In Japan, we are expanding our Seto Plant, enhancing production capacity while working to reduce CO₂ emissions by making the new building all-electric for implementing manufacturing that is also environmentally friendly.



LED shadow illumination



Millimeter wave radar-compatible emblem that emits light



Functional Components

Strengths

- Development of environmentally-friendly products by leveraging our expertise in the rubber and plastic fields
- Technology and manufacturing for high-quality production of critical safety parts
- Global supply system

Issues

- Development of low-CO₂ emission products for BEVs (natural-derived materials, use of material recycling, more lightweight designs, etc.)
- Development of products for BEVs, development of fuel system products (including CN fuels, e-fuels, etc.), and securing production resources

Priority Initiatives for FY2023

To support OEMs' multi-pathway strategy, we are promoting an all-encompassing approach.

For gasoline, HEV, and PHEV vehicles, we are expanding sales of fuel system products that meet enhanced fuel evaporative gas (EVAP) regulations in regions where these standards are becoming stricter.

For BEVs, we are allocating resources toward product and component technology development related to thermal control for batteries and other components to expand our business in line with BEV adoption.

For FCEVs, high-pressure hydrogen tanks equipped with storage efficiency technology have been adopted in the Crown Sedan.

In addition, these high-pressure hydrogen tanks are being used in ships and portable hydrogen cartridges, supporting hydrogen utilization across various forms of mobility and fields in everyday life. Through this, we continue contributing to the realization of a hydrogen-based society.

<Portable hydrogen cartridge (provided by Toyota Motor Corporation)>



For domestic use



For Europe

Passenger ship equipped with hydrogen tank "HANARIA"



(Photo sourced from MOTENA-Sea website)

<Reference: Image for expanding hydrogen tank applications to realize a hydrogen society>



For passenger vehicles

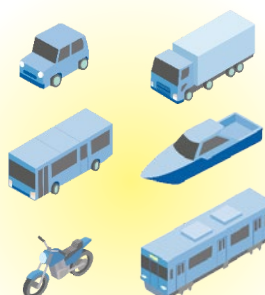


For commercial vehicles (large)

High-pressure hydrogen tanks



Offering size variations to meet mounting needs



Various types of mobility, etc.

Weatherstrips

Strengths

- Rubber desulfurization and recycling technology
- Product development and evaluation technologies that contribute to more quiet cabin by leveraging knowledge in the rubber and plastics fields

Issues

- Establishment of a sustainable sealing product business despite the use of rubber materials that are difficult to recycle due to their high CO₂ emissions
- To meet the growing need for quietness due to the shift to electrification while reducing product costs

Priority Initiatives for FY2023

Initiatives Leveraging Our Strengths

In line with its goal of pursuing environmentally conscious and sustainable business practices as an automotive parts manufacturer, Toyoda Gosei is actively engaging in rubber recycling by leveraging rubber desulfurization and regeneration technology within its WS business.

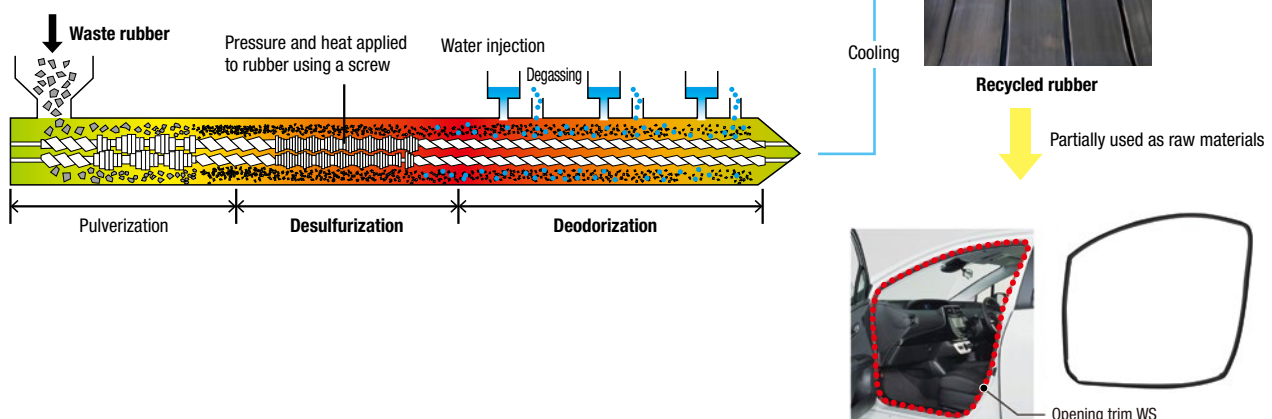
Already, recycled rubber is being used in in-house products such as weatherstrips and hoses. This year, Toyoda Gosei completed technological and product developments aimed at increasing the proportion of recycled materials used. Recognized for these efforts, the opening trim WS received the Mobility Component Award (Super Manufacturing Parts Grand Prize) in the FY2023.

Moving forward, Toyoda Gosei aims to develop and manufacture even higher-quality recycled rubber and to broaden its applications. Additionally, the WS business is contributing to quietness improvement by leveraging knowledge in the rubber and plastics fields. By improving sealing products around doors and windows, the company is helping to block external noise and enhance cabin quietness. In FY2023, Toyoda Gosei also advanced technology development that enables lightweight components while maintaining quietness performance, balancing improved fuel efficiency and driving performance.

With these advancements in quietness and lightweighting, Toyoda Gosei contributes to creating a more comfortable mobility environment.

<Our rubber recycling technology>

By applying optimal pressure and heat, molecular bonds that give rubber its elasticity are broken, **enabling “high-quality” rubber recycling in a “short time.”**



Life Solution

Strengths

- Knowledge of LED field and materials
- Industry-academia-government collaboration

Issues

- Acceleration of establishment of technologies for quick business development in new fields

Priority Initiatives for FY2023

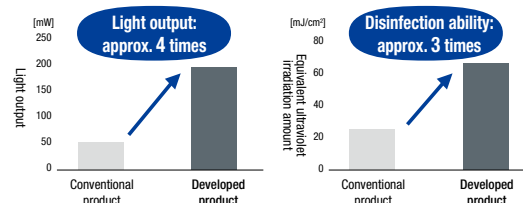
UV-C LED Business

UV-C light disrupts the genetic information of viruses and bacteria, inhibiting their reproduction, making it effective for various sterilization applications. Compared to traditional mercury lamps for sterilization, UV-C LEDs are mercury-free, environmentally friendly, compact, and long-lasting. These features led to the widespread use of UV-C LEDs during the COVID-19 pandemic in devices for air and surface sterilization. However, mercury lamps are still used in facilities like water treatment plants that require high sterilization power due to the lower output of UV-C LEDs.

By applying its expertise in blue LED crystallization and design, the company developed a UV-C LED achieving a world-leading optical output of approximately 200 milliwatts per chip (operated at 350 mA). By enhancing the LED's element structure, the extractable light output was increased by approximately four times, and sterilization capacity was boosted by about three times.

The expanded use of UV-C LEDs, including as a potential mercury lamp replacement, is expected to contribute to a more hygienic, thus safer and more comfortable, living environment.

High-output UV-C LED



Healthcare Business

With Japan approaching a super-aging society, there is a need to develop digital healthcare technologies for pre-disease, prevention, and prognosis in order to extend people's healthy life spans. In particular, early detection of frailty, a precursor to long-term care needs, is especially significant for the elderly.

The company is developing a system to detect pre-disease states using an insole with built-in pressure sensors (e-Rubber) to measure balance data of elderly when they walk and then process it through AI. In this development, we are participating in the Moonshot R&D project of the Cabinet Office in Japan, and are implementing efforts to improve the accuracy of data collection and analysis through medical-engineering collaboration with the university medical school, which is a partner in the project. We are also conducting demonstration tests with the general public in tie-ups with large-scale commercial facilities and local governments to accelerate activities for social implementation.



Left: e-Rubber insoles



Right: Demonstration test at a commercial facility

“Re-S” Ethical Brand



As part of its efforts toward a sustainable society and SDGs management, Toyoda Gosei is reducing environmental impact across its entire production cycle, from material procurement to disposal. One of the key initiatives is the upcycling of materials that were previously difficult to recycle, such as airbag fabrics, into products for its ethical brand “Re-S.” Launched in September 2020, “Re-S” was born from the company’s internal *Mottainai* Activities, which began in 2018. This brand repurposes discarded automotive materials, creating upcycled products and promoting the reduction of waste. The name “Re-S” combines elements of “Re-use,” “Re-born,” and “Sustainability” to reflect its focus on enhancing environmental

sustainability.

“Re-S” uses discarded automotive parts to produce and sell upcycled products, such as durable tote bags made from airbag fabrics, thus contributing to environmental preservation and efficient resource utilization.

The brand also actively collaborates with various partners, including apparel brands, disability facilities, universities, and even entertainment industry figures (such as comedians). These collaborations support regional industry revitalization through product planning, sales, and events with professional baseball teams.

Additionally, the entire process from material procurement to product planning and sales is carried out by employees, helping the company build new knowledge and experience.

After four years of operations, “Re-S” continues to evolve its sustainability-focused project into one that also values people and the community. The brand has opened a store in the Endoji honmachi shopping district in Nagoya, where it engages with customers to raise awareness and enhance its brand recognition.

Moving forward, “Re-S” aims to further enhance both social and economic value, continuing to improve its corporate value.



● For more information about the “Re-S” ethical brand:

Instagram



X



LINE



Online
Shop



(Japanese only)



Value Creation Strategy

- 36 Growth Strategy Overview
- 40 Expansion Strategy
- 42 **Feature:** The Future of TG INDIA
- 44 Development Strategy
- 52 Manufacturing Strategy
- 56 **Feature:** Implementing Automation Through Ingenuity and Innovation: Expanding “Simple/Slim & Sensible Automation” from Thailand Globally
- 58 Human Resource Strategy
- 66 Financial Strategy
- 68 Risk Management

Growth Strategy Overview

Message from the COO

We will execute our 2030 Business Plan to pave the way for sustainable growth at Toyoda Gosei.

Hiroshi Yasuda
Executive Vice President, COO



New Medium-Term Business Plan 2030 Business Plan

2030 Business Plan

In August 2023, Toyoda Gosei announced the 2030 Business Plan as our medium- to long-term management plan to achieve sustainable business growth in the future by providing social value in response to changes in the mobility society. Our goal is to become a company that pursues the possibilities of polymers to contribute to a future of better mobility and living, and we will deliver safety through safety systems, comfort through interior and exteriors, and decarbonization to society through the development of new businesses for polymer materials to society.

Overview of the 2030 Business Plan

The 2030 Business Plan sets forth our vision of becoming a company that pursues the possibilities of polymers to contribute to a future of better mobility and living, and we aim

to further enhance our strengths by expanding our business domain using polymer technologies such as rubber and plastics. The manufacturing of parts rooted in polymer technology is our original business, and at the same time, it is the business we carried on from the rubber research

Vision for the company

Become a company that pursues the possibilities of polymers to contribute to a future of better mobility and living.

Delivered value

Through safety systems

Safety

Through interior & exteriors

Comfort

Through new businesses for polymer materials

Decarbonization

Basic policy

- Focus on fields that balance social value and economic value. (business portfolio reshuffling)

Priority measures

- Restructure for growth from priority businesses, regions, and customers (expand sales in safety systems, interior/exterior, and materials businesses to local automobile manufacturers in North America, India, and China)
- Forge strategic alliances to accelerate growth globally and strategically reinforce development and intellectual properties (IP).
- Revamp management with a "polymer-like organization" that organically binds people and the organization.

FY2030 management targets

Revenue
¥1,200.0 bn

Operating profit
¥100.0 bn

Operating profit ratio
8%

ROE
10%

department of our predecessor, Toyota Industries Corporation. We view this as our strength and a source of profits, and we are strongly committed to expanding our business into new areas while maintaining and developing our wealth of knowledge and advanced technological capabilities. Our specific growth areas are (1) safety, (2) comfort, and (3) decarbonization, and we aim to achieve sustainable business development by focusing on areas that combine social and economic value. We aim to achieve revenue of 1,200 billion yen, operating profit of 100 billion yen, operating profit ratio of 8%, and ROE of 10% by increasing our economic value while enhancing our presence value. To achieve these goals, we will implement structural reforms for priority businesses (safety systems, interior and exterior components), regions, and customer service, as well as forge strategic alliances to accelerate growth globally and strategically reinforce development and intellectual properties (IP). At the same time, we will implement the invigoration of our people and organizations. By evolving into a “polymer-like organization,” in which people and departments work closely together and demonstrate high creativity and productivity, we will be able to respond to changes in the environment while freely changing the shape of the organization and create new value.

Enhancing Social and Economic Value

Mobility will change in 2030 due to advances in CASE and decarbonization, and that people's relationships with cars will also change significantly. The first change is the acceleration in resource recycling. We envision the creation of a social system that will create a large cycle, including the final disposal of ELVs (End-of-Life Vehicles). The second change is the proliferation of clean energy. As the energy mix is rapidly changing, there is expected to be a need to improve energy efficiency, including fuel efficiency, in mobility as well. In addition to the environment, the concept of mobility is shifting from a means of transportation to a space for relaxation. The trend toward viewing mobility as something that provides more values, such as relaxation or entertainment will accelerate. The final change is human coexistence with new forms of mobility. As various forms of mobility are created, functions for communication between cars and between cars and pedestrians will be required. As the automobile industry and other companies work to implement the mobility society of the future, and as vehicle manufacturing changes, we also will support new vehicle manufacturing while reexamining what our products should offer.

Mobility Society Envisioned in 2030: Advances in CASE and Decarbonization



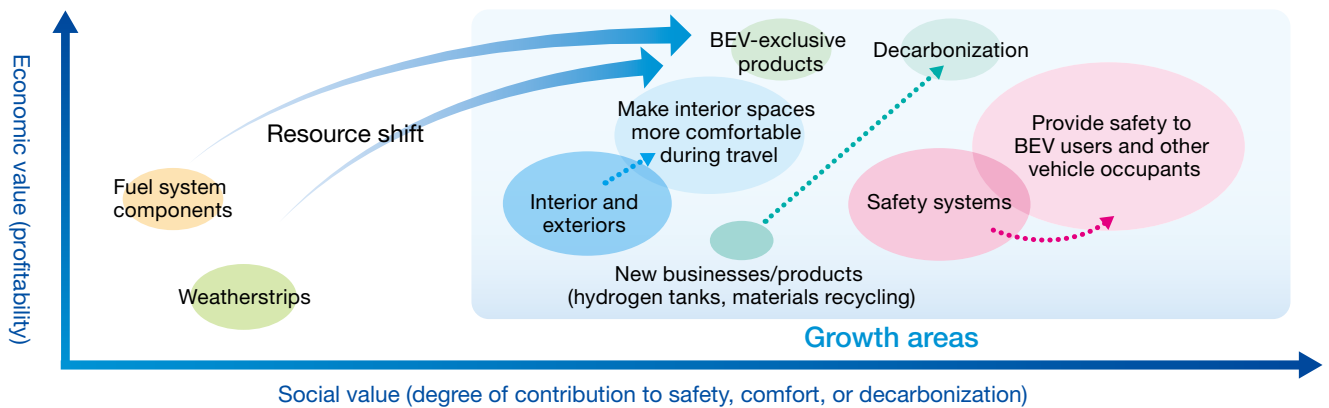
Growth Strategy Overview

Business Portfolio Restructuring for Growth

We will shift our resources to growth areas that deliver both social and economic value. We currently have four main product areas: safety systems, interior and exterior components, functional components, and weatherstrips. While restructuring these businesses, we will shift and expand our

business domain to contribute to the improvement of safety and comfort of society. Also, we will develop new businesses and products, such as hydrogen tanks and material recycling, to contribute to decarbonization. In restructuring of our business portfolio, we will adopt TG-ROIC management and invest efficiently for each region and business.

Envisioned Business Portfolio in 2030 (circle size denotes revenue)

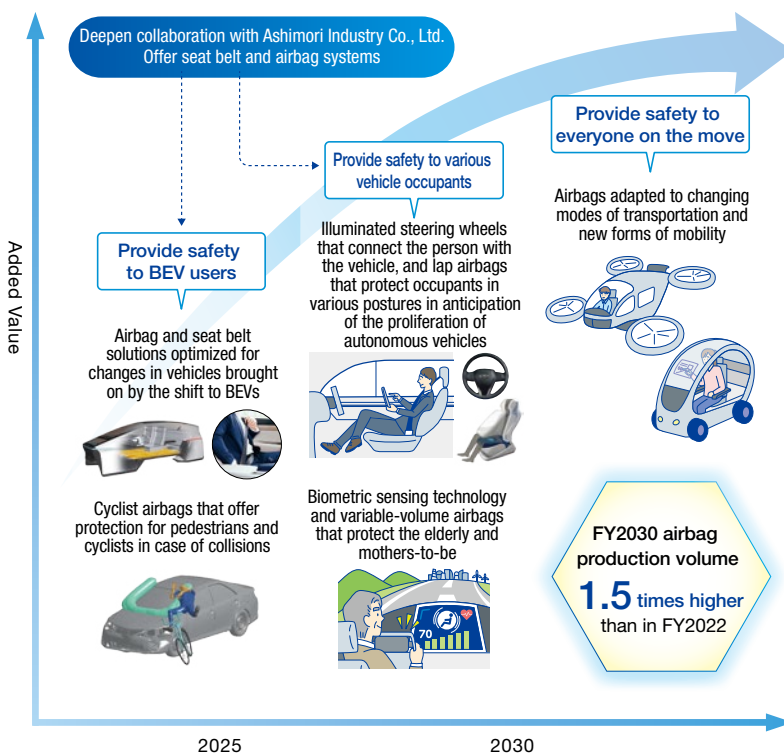


Value Delivered by Toyota Gosei

Through safety systems

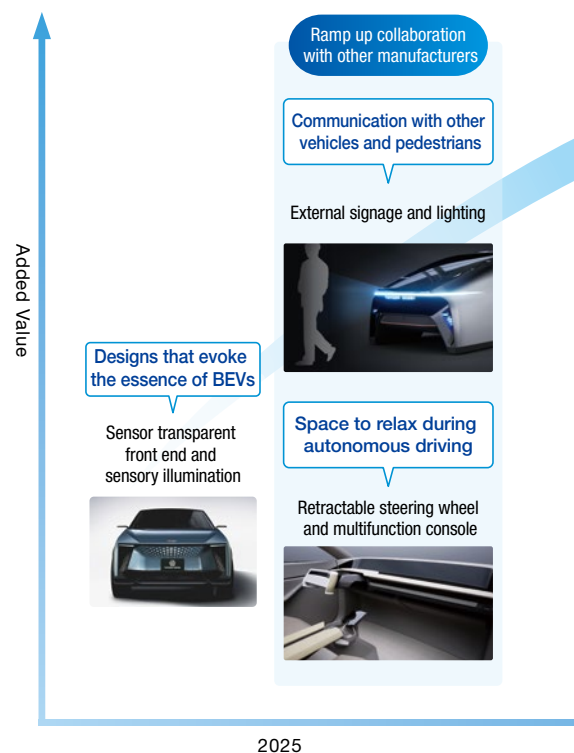
Contributing to Safety

- Over the years, we have reduced road deaths by supplying airbags of various types.
- As BEVs and autonomous vehicles proliferate, our next task is to develop and bring to market sophisticated products for protecting vehicle occupants.



Through interior & exteriors

- By integrating safety systems and illuminated products into interior and exteriors, we will offer new functionality suited to BEVs.



Progress of the 2030 Business Plan

A year has passed since the announcement of the Plan, and the environment surrounding Toyoda Gosei remains challenging:

- Geopolitical risks remain high, including protectionist trade policies in various countries and ongoing conflicts in the Middle East and between Russia and Ukraine
- Japanese automobile manufacturers are struggling in China, while Chinese automakers are making significant gains globally
- The trend toward Battery Electric Vehicles (BEVs) is slowing down, with automobile manufacturers shifting away from a BEV-only approach and considering a broader range of powertrain options.

While there may be regional differences in emphasis, we recognize these changes and maintain the core strategy behind our business portfolio restructuring outlined in the 2030 Business Plan.

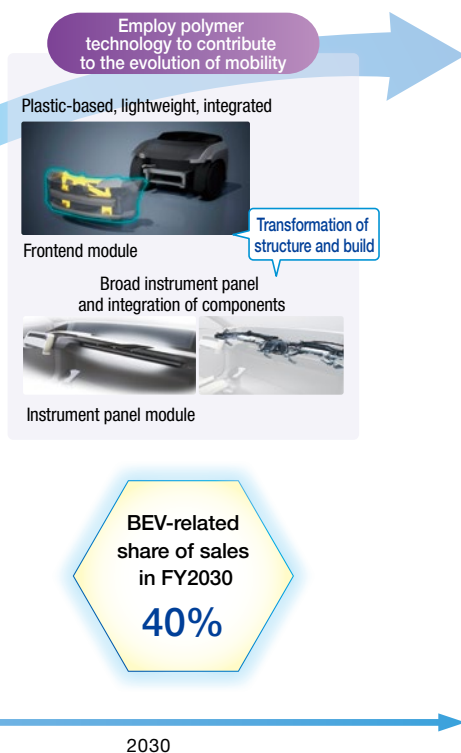
As part of our commitment to safety, we have enhanced our

development framework by establishing a technical center in India to expand the sales of our safety systems in the region. In terms of production, we have not only boosted our production capacity but have also implemented localization of parts procurement, advancing our “Make in India” initiative. In addition, as part of our commitment to enhancing comfort, we are expanding our production capacity for interior and exteriors in North America.

Furthermore, as a strategic alliance to accelerate the structuring of our business portfolio, we increased our investment ratio in Ashimori Industry Co., Ltd., reinforcing the partnership between the two companies. By combining Ashimori Industry’s main product, seat belts, with our airbags, we aim to grow our safety systems business. Additionally, as part of our review of unprofitable businesses, we have completed the closure of our U.K. operations. We will continue to steadily implement our 2030 Business Plan and work towards further enhancing the corporate value of Toyoda Gosei.

Contributing to Comfort

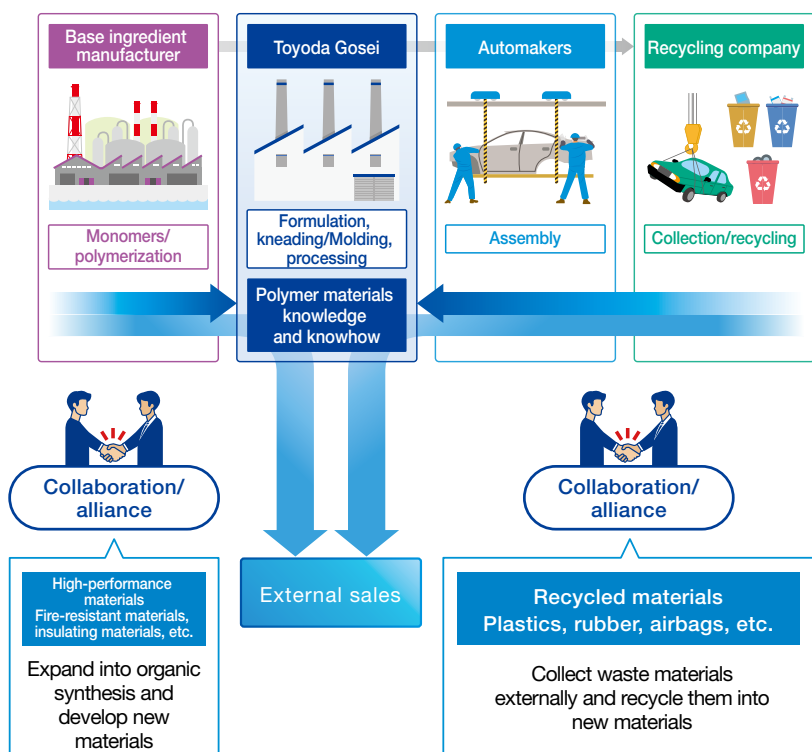
- With our polymer technology, we will also upgrade car designs and manufacturing to bring about new forms of mobility.



Through new businesses for polymer materials

Contributing to Decarbonization

- Harness our knowledge of polymer materials (formulation, kneading) to focus on development and recycling of high-performance materials.
- Contribute to decarbonization and recycling promotion in society at large by not only utilizing the materials ourselves but also selling them externally.



Expansion Strategy

Message from the CSMO

In response to the dynamic changes in the automotive industry, we are defining strategic directions for regions, customers, and products globally to ensure Toyota Gosei's sustainable growth. We are committed to expanding sales and improving profitability.

Makoto Hasegawa
Corporate Officer, CSMO



Role of the CSMO

Until now, we have expanded our business in line with the growth of our key customers. However, as we look toward future growth, we recognize the need to proactively anticipate trends and make our own flexible decisions. We are building a framework that allows us to flexibly adapt our sales strategies in response to market and competitor movements, as well as end-user needs.

To optimize the allocation of company-wide resources, we are clarifying the regions, products, and customers that require focused efforts, forecasting market sizes by powertrain in each region, and conducting discussions and proposals on business risks. Furthermore, in light of changes in the external environment, we are developing sales forecasts for the next five years. These projections will support the formulation, execution, and progress management of mid- to long-term strategies, which we will adjust as necessary.

Medium- to Long-term Business Plan: The 2030 Business Plan



Environmental Perspective (1) Opportunities in the BEV sector and slower BEV growth for opening opportunities for HEVs and PHEVs

- The automotive industry is rapidly shifting towards electrification as part of efforts to achieve decarbonization. Although the initial surge in demand has stabilized, we anticipate steady growth in Battery Electric Vehicle (BEV) adoption.
- At the same time, demand for Hybrid Electric Vehicles (HEV) and Plug-in Hybrid Electric Vehicles (PHEV) is on the rise. For our company, this demand for HEV and PHEV-specific components, alongside our existing product lineup, offers a significant opportunity to drive further sales growth.

Environmental Perspective (2) View on the Chinese market: Expanding sales to local OEMs

In China, which has become the world's largest automotive market, BEV market share has expanded significantly, presenting challenges for Japanese automobile manufacturers. While we expect competitive response measures, we are also actively pursuing market expansion among local customers in China as part of our strategy to ensure our survival in this market, and we are beginning to see positive results.

《Progress toward Achieving the 2030 Business Plan》

Regarding the sales outlook through 2028, we are on track to meet targets by expanding sales in key regions, specifically the Americas and India, and with major customers. In order to achieve our 2030 sales targets, current order activity is increasingly important, and we are aiming to expand sales comprehensively, including in the BEV sector.

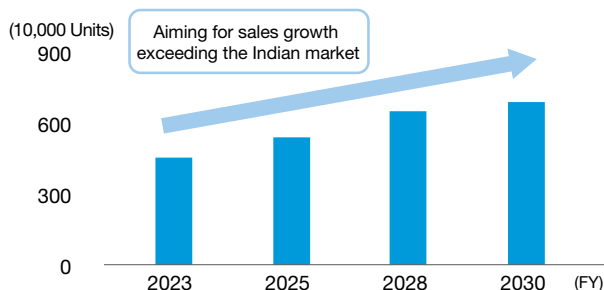
1. The Americas Aiming to expand sales opportunities by leveraging BEV growth

- While we anticipate a modest increase in vehicle production, we expect the progress of BEV adoption to expand business opportunities. This includes products combining new functionalities, such as illuminated interior and exterior components, as well as cooling hoses essential for thermal management. We aim to drive sales growth by proposing new high-value-added products that align closely with market needs.
- For foreign clients, we are working to establish executive-level connections and adopt a balanced, targeted order acquisition strategy, aiming to build medium and long-term business relationships and expand sales.

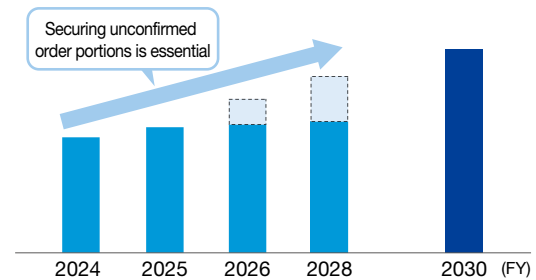
2. India Targeting business growth that outpaces market growth

- In the Indian market, where Japanese customers represent half of our market share, we anticipate steady market growth driven by the ongoing advancement of motorization. Indian OEMs are also showing strong interest in expanding their market share. With rising awareness of safety, along with stricter regulations and crash safety assessments, we expect increased demand for airbags. Our goal is to achieve business growth exceeding overall market growth by expanding sales not only to Japanese customers but also to new customers. To support this, we are enhancing our local sales framework and enhancing facilities within India that allow for complete technical and evaluation processes to swiftly meet customer needs.

Forecast for Production Volume in the Indian Market



Medium- to Long-Term Sales Projection



3. Safety Systems business Aiming for the world's No. 2 market share and sales of over 500 billion yen

- In addition to the growing focus on safety in emerging markets, the trend of increasingly stringent regulations and crash safety assessments in developed countries is also a key pillar of our business growth.
- Furthermore, with the progress of BEVs and the future of autonomous driving, airbags designed to protect passengers will require enhanced functionality and added value to adapt to changes in vehicle interior spaces.
- Currently, we are advancing collaborative development of integrated seat belt and airbag systems with Ashimori Industry Co., Ltd., aiming to foster mutual growth.

4. Interior and Exterior Components business Opportunities presented by growth in BEVs

With the growing BEV adoption, there is increasing demand for our specialized plastic products that support innovative design and further lightweighting to extend driving range. Additionally, as customers' manufacturing processes undergo significant changes, the opportunity to supply in modular units presents a substantial growth opportunity for our business.

Feature

The Future of TG INDIA

Building a company where everyone can envision the future together

Today's action will decide your future.

Let's make a company where we can see the future!

Bijay Krishna Shrestha

Corporate Officer and Head of the India Regional Headquarters



With 26 years of history in India, TG leverages its experience with market changes and growth, integrating TG's global management excellence and technical expertise (Japan and India) to drive further development. To embody the spirit of One Team, One India, over 4,000 employees are aligned toward India's medium to long-term goals for 2030. These goals are shared company-wide and broken down into specific targets and activities

for each department.

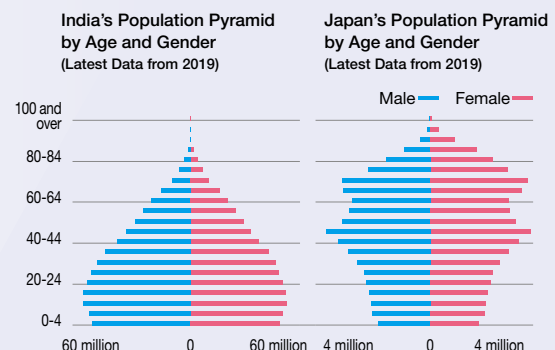
Our factories, headquarters, and partner Uno Minda will integrate in a polymer-inspired manner, each fulfilling its respective role while respecting one another, with the goal of establishing India as a key pillar of TG. Also, we aim to create a company that is both appealing and fosters a strong sense of belonging.

India's Economic Development

India's rapid development has led to its population reaching 1.4 billion, surpassing China to become the world's most populous nation. With an average age of 26 and over 60% of the population being of working age, India is poised for sustained economic growth in the coming decades.

The economy has been growing at a rate exceeding 7%, with GDP projected to rise from approximately \$4 trillion in 2024 to \$19 trillion by 2047. Additionally, it is forecast that India will become the world's third-largest economy by 2030. The current Modi administration, recently re-elected in the federal elections, has expressed a strong commitment to continuing economic policies focused on rapid development of infrastructure and human capital. In the IT sector, India is

leading global economic growth through the implementation of AI and digitalization.

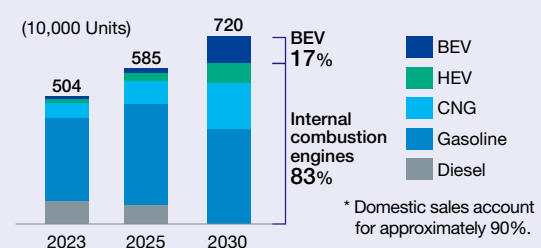


Current State of the Automotive Industry

India's automotive industry consists of segments including two- and three-wheelers, passenger vehicles (PV)/SUVs, light commercial vehicles (LCV), and heavy commercial vehicles (HCV). The PV market, in particular, is projected to grow from the current 4 million units to approximately 7 million units by 2030. Market share is dominated by Maruti Suzuki (MSIL) at 42%, followed by Hyundai (15%), Tata (12%), Mahindra (11%), Toyota (6%), and KIA (5%), with the top four companies accounting for 80% of the market. The regulatory environment supports a range of powertrains, from traditional gasoline to CNG, and allows for diverse options, including HEVs/PHEVs and BEVs. In this context, each OEM has set forth aggressive business growth strategies to align with projected 2030 sales targets. MSIL, which is focusing on shifting from budget cars to high-quality vehicles as its growth strategy, aims to expand its production capacity from around 2.25 million units today to approximately 4 million units by 2030. Toyota is also expanding

its capacity, with plans to increase production from around 340,000 units in the south to approximately 440,000 units by 2027 through new line expansion. Additionally, it has announced plans to further expand capacity in central India toward 2030, designating Toyota Kirloskar Motor (TKM) as a regional hub for the Middle East, East Asia, and Oceania. New facilities will support these goals.

Production Volume (Passenger Vehicles) in India



The Path Forward for TG India

In India's rapidly growing automotive market, TG India has established key strategies—Expanding Customer Capacity, Make in India, and Alliance Partner Strategy—to achieve business growth that surpasses market expansion. Amid a rapidly changing market environment marked by production increases and expanded sales, each OEM plans to increase the airbag installation rate to improve safety ratings. In response to these changes, we have established a new R&D center in the north to build technical capabilities that meet customer needs. In addition, we expanded our Neemrana Plant in 2024. In addition, we are planning to establish the new Harohalli Plant in the south and expand the Gujarat Plant in the west by 2026.

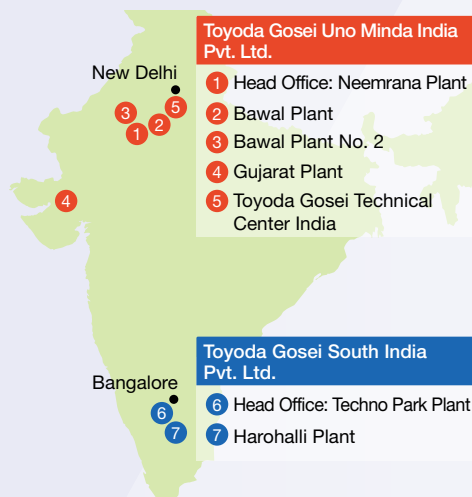
On the talent front, developing global talent to support rapid business growth is an urgent priority. Our management team is utilizing Toyoda Gosei's talent development programs and AOTS^{*1} to first cultivate leaders, who will then drive a bottom-

up approach to develop national staff. For our technical workforce, we are actively recruiting young and talented individuals. Through the ICT^{*2} program, we are enhancing skills by providing training in Japan, Thailand, and the United States. For operators, we conduct training at educational facilities that consolidate the expertise of the Toyota Group, with plans to expand this training model across India.

Furthermore, we consider our strengths to be in advancing true localization (Make in India) by prioritizing raw materials in our product materials, as well as in leveraging synergies and networks with Uno Minda, our business partner in India, to further expand our operations. We remain committed to pursuing ongoing growth in our business in India.

^{*1} Association for Overseas Technical Scholarship

^{*2} Internal Company Transfer



Toyoda Gosei Technical Center India



Harohalli Plant

Our CSR activities focus on four pillars: Safety, Environment, Health, and Education.

Safety

In India, where the number of fatalities from traffic accidents is the highest in the world, we promote traffic safety awareness in society by conducting traffic safety lectures and distributing helmets to students and the public at universities and driving schools.

Environment

To support environmental conservation, we are involved in the restoration of dried-up lakes. Furthermore, to promote nature conservation and provide income opportunities for low-income residents, we are planting coconut trees in nearby areas to contribute to community revitalization.

Health

We are actively working to contribute to addressing health-care challenges in India, which is home to approximately 25% of the world's impoverished population. Our efforts include establishing drinking water facilities and public eco-toilets in nearby communities, supporting cataract surgery costs, and donating wheelchairs.

Education

We also support educational initiatives in the regions surrounding our company and nearby villages. To foster self-sufficiency and development in these villages, we promote gender equality by encouraging women's active participation in society and helping to create environments where women can thrive.



Development Strategy

Message from the CTO

Anticipating social challenges beyond 2030, we are accelerating technological development for our global users, contributing to the realization of prosperity in the future.

Mitsuhiro Nawashiro
Director and Corporate Officer, CTO



Development Efforts toward the 2030 Business Plan

We are developing products to expand our car-centered technologies into diverse fields, aiming to contribute to the overall progress of future society.

Our 2030 Business Plan focuses on delivering value through three key initiatives: “Safety” based on our safety systems, “Comfort” grounded in interior and exterior

components, and “Decarbonization” through new businesses in high-performance polymer materials. To support the 2030 Business Plan, we are driving forward four core development policies aimed at addressing social challenges:

1. Expanding plastic-based products in line with the shift to plastic structural components and developing comfort-oriented products with a focus on autonomous driving
2. Developing technologies and creating new businesses to lead carbon neutrality and the circular economy, as part of our response to a decarbonized society
3. Focusing on solutions in the key areas of Energy, Healthcare, and Smart Homes
4. Enhancing our global R&D framework to better serve regional and customer needs

Mobility Development

For mobility in 2030 and beyond, we will assess the future of CASE (Connected, Autonomous, Shared, Electric), which is constantly evolving, and we are working to enhance the added value of existing components, develop modular and systemized solutions, and ultimately deliver new, vehicle-wide value. By staying ahead of societal changes, we aim to develop technologies that enable mobility spaces that adapt to diverse needs, connectivity between mobility and daily life, and safety for all occupants.

In the automotive industry, while the adoption rate of BEVs has slowed, we anticipate that the share of BEVs will increase in the long term, particularly beyond 2030. For Toyota Gosei, vehicle electrification, including BEVs, presents an opportunity to enhance the added value of our products.

As vehicle electrification progresses, there will be a need to support extended range through lightweighting with plastic materials, provide spacious and comfortable interiors, and adapt occupant protection to new vehicle structures.

In the area of lightweighting, the use of plastic materials plays an essential role by offering design flexibility, enhanced strength and rigidity, and ease of functional integration. Through our unique technologies, we are advancing the use of plastic in structural components to create new designs and architectures, contributing to the future of mobility.

On the other hand, as autonomous driving technology becomes more widespread, in-vehicle spaces and how they are used will diversify. We are advancing the development of technologies to create personal spaces and planning products that anticipate changes in values alongside CASE advancements. Also, in line with the widespread adoption of BEVs and autonomous driving, we are working to optimize airbags and seat belts to enhance safety performance. To provide safety for diverse occupants, we contribute to reducing traffic fatalities through innovations such as illuminated steering wheels that connect people with vehicles, adjustable-capacity airbags for various postures, and lap airbags.

《 Expanding Plastic-based Products in Line with the Shift to Plastic Structural Components 》

As the trend for vehicle electrification progresses, lightweighting to extend driving range and modularization to simplify manufacturing have become key development themes. Although replacing metal components with plastic is only one approach to lightweighting, plastic structural components are particularly well-suited for modularization when installing in vehicles. They offer freedom of shape that enables integration of complex parts, along with properties that enhance strength and rigidity through reinforced fibers, ribs, and variable thicknesses, and ease of functional integration with surrounding parts. These components also offer enhanced freedom of design, with the potential to transform vehicle architecture.

By combining our unique expertise in design, materials, and manufacturing, we aim to develop one-of-a-kind products. We

are advancing the use of plastic in structural components across both interior and exterior parts, meeting core vehicle performance standards while creating new designs and architectures. This effort contributes to the future of all types of vehicles, including not only BEVs but also internal combustion engine (ICE) vehicles.



Achieving seamless design through plastic-based structures and modularization

《 Providing Comfortable Spaces for Autonomous Driving 》

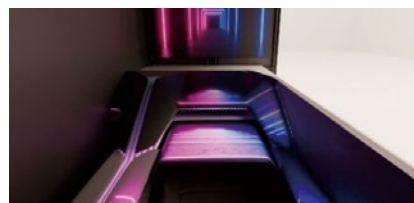
Autonomous driving technology is advancing rapidly, with research and development ongoing in regions such as Japan, China, and Western countries. Practical trials are being conducted with autonomous taxis and buses, and regulatory frameworks are under consideration to support these efforts, paving the way for future implementation.

As autonomous driving technology becomes more widespread, in-vehicle spaces and ways of spending time within the vehicle are diversifying. To respond to these changes, we are developing elemental technologies that enable the creation of personalized spaces.

We believe it is essential to approach the rapid changes brought by CASE from a realistic and technical perspective, making accurate future predictions and planning products from a global perspective that anticipates shifts in people's values. Toyota Gosei is one of the few manufacturers that handle both safety systems, such as steering wheels, and interior and exterior components. Leveraging this strength, we aim to create uniquely functional spaces by combining modular technologies for components like the steering wheel, instrument panel, and center

console. By integrating sensory elements—such as light, fragrance, and sound—that appeal to all five senses and interact with each other, we believe we can generate new value in in-vehicle spaces.

Furthermore, as BEVs lack engine noise, external sounds are more easily heard. To enhance the quietness of the cabin, we are pursuing new developments in weatherstrip products. Anticipating the value expected in mobility solutions that support future lifestyles, we aim to conceptualize and bring to life large ideas, such as spaces and mobility as a whole, while envisioning products that exceed user expectations and contribute to the future of mobility.



Toyota Gosei's vision of the cockpit beyond 2030

Safety System Development

《 Providing Safety to Various Vehicle Occupants 》

With increasingly stringent regulations and assessments, collision safety technology continues to evolve each year, leading to a reduction in fatalities from traffic accidents. However, approximately 1.2 million lives worldwide remain lost each year due to traffic incidents. To address this, we are committed to our ultimate goal of zero fatalities and injuries from traffic accidents. One aspect of this commitment is addressing the social challenge of protecting a variety of occupants, including vulnerable occupants such as elderly passengers and children. We are advancing our airbags with variable technology and enhancing development collaboration with seat belt manufacturers to enhance seat belt functionality. Together, we are developing an optimized occupant protection system that combines these features.

We are also developing technology for safety devices aimed at protecting vulnerable road users, such as pedestrians and cyclists.

In addition to conventional pedestrian protection airbags, we are working on product development incorporating advancements in external vehicle detection technology, continuing our mission to deliver safety to society.



Pedestrian protection airbag

Development Strategy

《 Expanding into New Markets with CAE Analysis Technology Developed for Automotive Safety 》

The CAE (Computer-Aided Engineering) analysis technology we have developed in our automotive safety technology enables the simulation and evaluation of not only crash test dummies but also realistic human models. In collaboration with medical institutions and universities, we have enhanced our CAE analysis technology to achieve world-class accuracy in simulating human tolerance, including internal organs.

Using this technology, we can recreate various vehicles and human bodies on a computer, simulate accidents, predict injury mechanisms, and provide feedback to inform new product development.

Looking ahead, we plan to leverage our CAE analysis technology—originally developed for automotive safety—to address life-saving challenges in new markets beyond automobiles, including motorcycles, drones, and electric

scooters. By identifying safety issues and injury mechanisms, we aim to develop safety devices that contribute to solving societal challenges.

Our commitment is to expand the reach of safety technology beyond automobiles to other forms of mobility, ensuring safety for all people on the move, and contributing to the realization of a safe future mobility society.



Airbag for drones

Carbon Neutrality/Circular Economy

We are bringing together a wide range of technologies—including lightweighting, 100% recyclability, easy disassembly design (monomaterialization), molding process innovation, and the development of bio-materials—to achieve and advance carbon neutrality and a circular economy.

As a specialized manufacturer of polymer materials, such as rubber and plastic, we are intensifying our efforts to support a decarbonized society through developments in carbon neutrality and circular economy initiatives. We are also committed to proactively addressing future ELV (End-of-Life Vehicle) regulations and advancing our carbon neutrality timeline.

Our efforts to maximize the use of recycled materials, in both upstream and downstream processes, include securing recycled

resources and ensuring the quality of recycled materials through technological development.

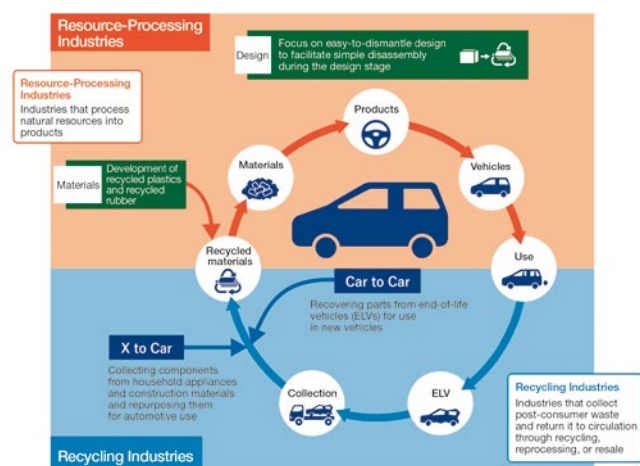
In recycled plastics developed from ELV-sourced materials, we are moving forward with product development and market entry, with plans to expand this to other products in the future.

For rubber recycling, we are advancing our proprietary desulfurization technology to improve the quality of recycled materials, allowing for higher blending ratios and enabling commercialization as a viable material.

Also, we are taking on new challenges in material development, such as creating wood biomass-infused plastics, as part of our commitment to exploring innovative new materials.

《 Efforts in Upstream and Downstream Processes for Maximizing Recycled Material Use 》

In Europe, the proposed ELV directive has been published, and in Japan and various industries, there is a growing focus on circular economy initiatives aimed at economic security, resource constraints, and carbon neutrality. Our circular economy efforts focus on maximizing the use of recycled and bio-based materials. In particular, for the recycled material use, on the downstream side¹, we are working to secure the quantity and improve the quality of discarded materials by implementing national projects and industry collaborations. To this end, we are considering a broad range of waste sources, including not only ELV² but also PIR³ and PCR⁴ materials. On the upstream side⁵, we are leveraging our strengths in polymer technology to explore differentiated, cost-effective process development. We have launched products using recycled plastics and recycled rubber into the market. Moving forward, we will continue to ensure the quality and stable supply of recycled materials through ongoing technological development.



¹ Industry for the collection, recycling, reuse, and disposal of waste materials

² End of Life Vehicle: A vehicle that has reached the end of its usable life

³ Post-Industrial Recycled: Waste generated during the product manufacturing stage

⁴ Post-Consumer Recycled: Waste generated by consumers after product use

⁵ Industries involved in producing products and services

《 Development of Recycled Plastics from ELV-Sourced Materials 》

We are focusing on the development of recycled plastic materials to enhance circularity and reduce CO₂ emissions throughout the entire vehicle lifecycle. Recycled raw materials used in recycled plastics often contain various foreign substances and mixed materials due to the collection process from the market, making them unsuitable for direct use in automotive parts.

Through collaboration with recycled material manufacturers, we are working on the development of recycled polypropylene (PP) materials suitable for automotive parts by utilizing technologies for effective removal of foreign substances and modification of polymer materials. In FY2024, we used recycled PP derived from ELV-sourced materials collected from domestic end-of-life vehicles in automotive parts and launched these products in the market.

To further expand the use of recycled plastics, we are also participating in the government-supported Circular Economy Social Implementation Project, accelerating partnerships within the recycling industry and advancing the application of various recycled materials in automotive parts.



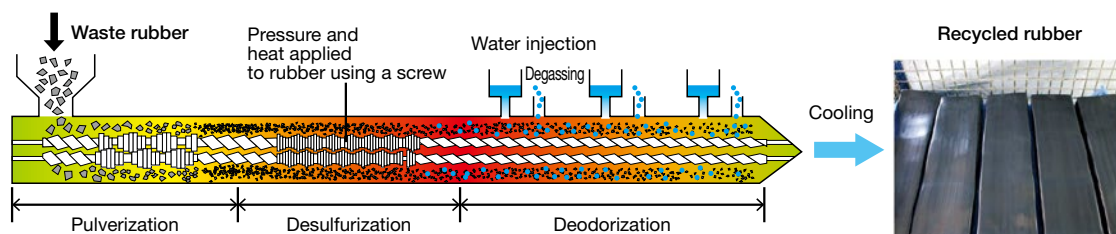
Examples of products using ELV-sourced recycled materials: (From left) glove box, lower grille

《 Advances in Rubber Desulfurization Technology: Increasing Recycled Rubber Blending Ratios 》

Since 1997, our Morimachi Plant has utilized our proprietary rubber desulfurization technology to recycle scrap generated during the manufacturing process, such as opening trim weatherstrips, blending it back into new materials. Through ongoing development of desulfurization technology, we have successfully produced recycled materials with significantly improved physical properties and odor, enabling us to dramatically increase the blending ratio in new materials from

around 5% to as much as 20%. This summer, we installed new equipment that has doubled our recycling capacity.

We are also working on developing chemical desulfurization technology using agents that have demonstrated selective sulfur bond cleavage at the laboratory level. Moving forward, we plan to steadily improve the quality of recycled materials, further contributing to the circular economy for automotive rubber.



《 Initiatives for Wood Biomass-Infused Plastics 》

As part of our efforts toward decarbonization, we are developing environmentally friendly plastic materials that incorporate modified lignin extracted from cedar wood into polyurethane and nylon, which are used in components like car steering wheels. Modified lignin, unlike wood fibers, can be incorporated into polyurethane structures. By combining this modified lignin with our material technologies, we have achieved a high bio-content material that maintains physical properties and durability comparable to conventional materials. Using this as a substitute for petroleum-based materials can contribute to CO₂ reduction, with the goal of practical application in the future.

Furthermore, implementing wider use of modified lignin is part of our initiative to add value to the abundant cedar wood resources across Japan. This effort not only enhances effective utilization of cedar but is also expected to help reduce cedar pollen, a known allergen.



^{*1} This development is a collaborative effort within the High-Performance Lignin Material Development Consortium, led by the Forestry and Forest Products Research Institute, a national research and development agency, to realize a decarbonized society.

^{*2} Polyurethane for steering wheels is currently under development at Toyoda Gosei, and the steering wheel insert is being co-developed with Tendo Co., Ltd.

Development Strategy

New Business/Solution Development

To achieve the vision set forth in our 2030 Business Plan—becoming a company that pursues the possibilities of polymers to contribute to a future of better mobility and living—we are developing solutions aimed at addressing societal challenges, with a focus on the fields of Energy, Healthcare, and Smart Homes.

In the Energy sector, GaN (gallium nitride) power devices, which reduce power loss, are gaining attention as energy usage is expected to increase with the widespread adoption of new technologies. In collaboration with Osaka University, we are developing GaN crystal technology and are working toward the early practical application of GaN substrates larger than 6 inches,

as well as high-performance GaN devices.

In the Healthcare sector, to enable a more and safer lifestyle, we have achieved a world-leading output in UV-C (deep ultraviolet) LED technology, which we aim to expand for disinfection applications in water, air, and other areas.

In the Smart Homes sector, as a partner dedicated to creating better living, we are participating in Toyota Home's initiatives to create new value for urban communities. We are co-developing products with Ossia Inc. (U.S.), including demonstrations of next-generation wireless power supply through microwave electricity supply, with plans for market entry in the near future.

《 Creating New Social Value through Co-Creation with Venture Companies 》

To deliver new social value to a broader audience using the technology developed in our automotive business, we are focused on creating new businesses that aim to solve societal challenges. We have identified Energy, Healthcare, and Smart Homes as key areas and are actively pursuing solutions in these fields. As a core strategy for new business creation, we are committed to co-creation with promising startups that aim to drive social transformation. In 2019, we established a corporate venture capital (CVC) fund, through which we have invested in and co-developed projects with 25 companies to date. For example, in the Healthcare sector—one of our focus areas—we have invested in ThinkCyte, a company working on cell

separation and analysis technology using AI-based cellular image analysis. This technology enables high-speed, high-accuracy early detection of leukemia and is expected to be utilized in drug discovery in the future. As part of our co-creation efforts, we have begun developing plastic microfluidic devices essential for cell separation.

We are also continuing our secondment program for employees to work within invested startups, providing young members with new career opportunities while fostering talent that will drive future business growth and lead the creation of new businesses.



ThinkCyte's AI-driven cell fluorescence analyzer, VisionSort™

"ThinkCyte's mission is to contribute to groundbreaking treatments and diagnostics by utilizing our next-generation image-based high-speed cell sorting technology, developed through the integration of diverse fields such as advanced imaging, machine learning, and microfluidics. Leveraging Toyota Gosei's expertise in plastic material molding and mold processing, we aim to bring plastic microfluidic devices to practical application."



Waichiro Katsuda
CEO, ThinkCyte Inc.



Yoko Kawamura
Head of Applied Microfluidics
Group, ThinkCyte Inc.

《 Microwave Electricity Supply 》

Our microwave electricity supply technology strategically combines our established wireless power supply expertise—developed through core technologies such as magnetic resonance-based luminescent resistive knobs—with a framework for generating new business focus areas and our corporate venture capital function for acquiring next-generation technology platforms.

Nagoya University's Toyoda Gosei Industry-Academia Collaboration Research Division joined the initial development phase, utilizing CAE-based rapid prototyping and human protection simulation verification to not only enhance wireless performance but also accelerate the transition to commercialization, including alignment with domestic regulatory standards.

Our partner in this endeavor is Ossia Inc., a pioneering company in microwave electricity supply with the world's largest intellectual property portfolio in this field. In our joint development with Ossia, which began in 2020, we created a 2.4 GHz power transmission and reception system. In FY2023, we were awarded Ossia's "Best Partner of the Year" and received the CES 2024 Innovation Award for our original 5.75 GHz receiver. We have established a comprehensive partnership covering development and manufacturing, aiming for an early market launch and global sales leadership.

To minimize reputation risk and ensure early market entry, we will begin business demonstration in 2024 with the Toyota Home Miyoshigaoka Project and are planning to showcase this technology at the Expo 2025 Osaka, Kansai, Japan.



CES 2024 Award recipient



Miyoshigaoka Project Community Opening

《 GaN Power Devices 》

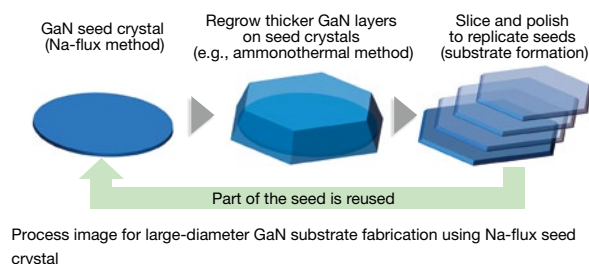
With the dramatic increase in power usage anticipated due to the widespread adoption of EVs and AI, expectations are rising for next-generation power semiconductors capable of controlling electricity with higher efficiency. Toyoda Gosei has focused on GaN (gallium nitride) power semiconductors, a material used in blue LEDs, and is actively developing technologies for practical application, from crystal growth to device development.

The Na-flux method, which we have refined in collaboration with Osaka University, allows for the growth of high-quality GaN crystals over a large area. Using these crystals as seeds, we aim to increase thickness through more productive growth methods, then slice and replicate them to achieve early market entry for GaN substrates of 6 inches or more (see image at right).

In a Ministry of the Environment project in which we participate, we collaborate with industry-leading companies and universities to conduct re-growth and substrate fabrication experiments for 4- to 6-inch seed crystals. We have also provided our proprietary vertical power semiconductor devices to Nagoya University, where motor drive tests simulating EV applications have begun. Our goal is to bring GaN power semiconductors to practical application at an early stage, significantly contributing to carbon neutrality by reducing CO₂ emissions globally.



6-inch seed crystal produced from hexagonal Na-flux GaN crystal



Development Strategy

Intellectual Property Strategy

Intellectual capital is a source of sustainable growth. To enhance our intellectual capital, the Development Division has established

an IP Landscape Project and conducts Backcast IPL and Forecast IPL initiatives.

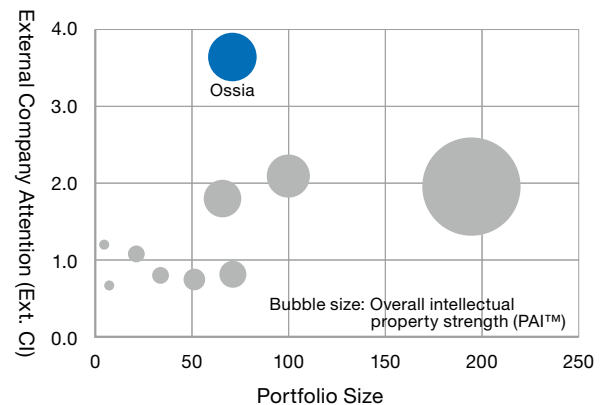
《 Backcast IPL: Creating New Topics and Applications 》

The goal of Backcast IPL is to contribute to early commercialization of new initiatives and support sustainable growth by leveraging intellectual property information in alignment with the growth strategies of our 2030 Business Plan.

Through Backcast IPL, we facilitate the creation and implementation of new businesses, such as microwave electricity supply and GaN-based power semiconductors, as well as the early implementation of environmentally-conscious technologies such as developing recycling techniques for plastic and rubber. Initiatives include an overview and analysis of internal and external technologies, idea brainstorming, and support for enhancing relationships with external partners.

In one of our initiatives, for example, we conducted a value assessment and analysis of patents held by our partner company, Ossia Inc., in the field of microwave electricity supply, using this information to formulate our development strategy.

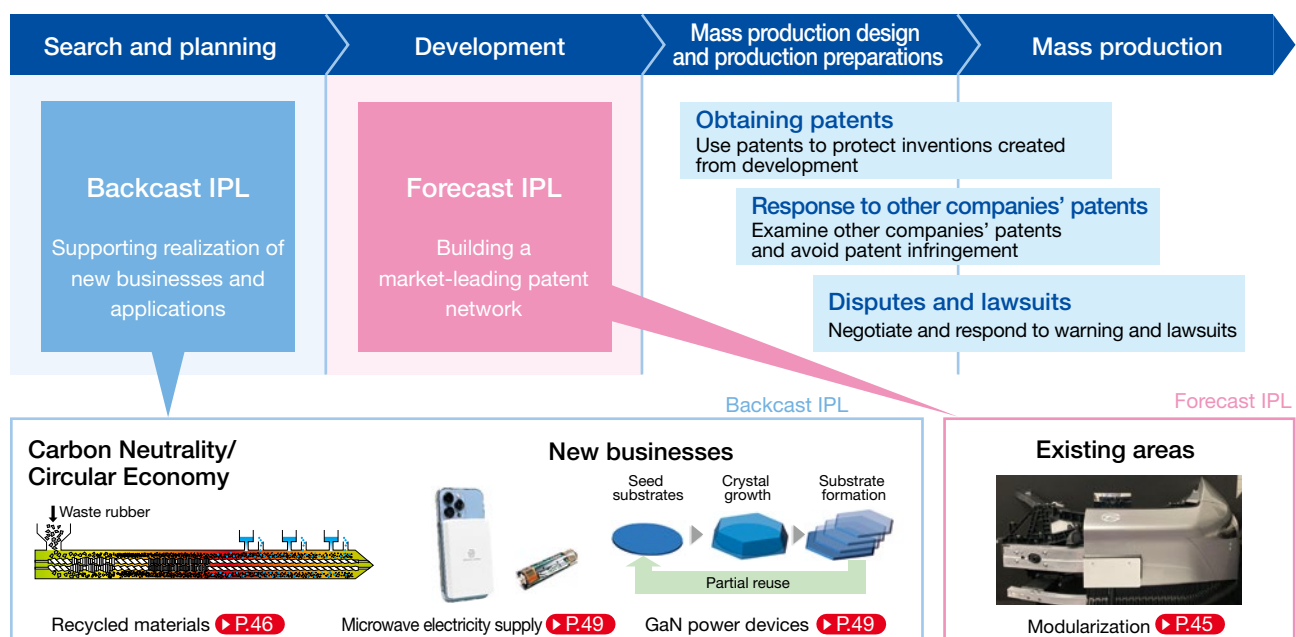
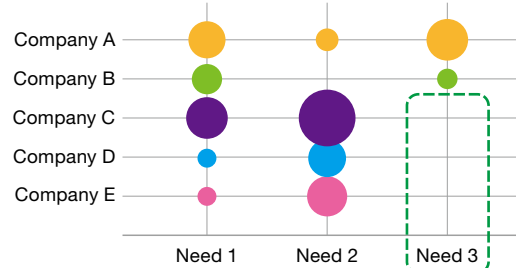
Overview of Each Company Using Intellectual Property Information



《 Forecast IPL: Building a Market-Leading Patent Network 》

Forecast IPL is an initiative to transform our patent network to align with the future market and evolving values and needs, following the 2030 Business Plan. Through this approach, we aim to realize our business strategies and maximize the value of our intellectual property. Furthermore, to enhance modularization technology, we conduct comparative analysis of our patent filing trends with those of other companies, working to build and reinforce our patent network.

Diagram of Priority Areas for Patent Enhancing



Enhanced Global R&D System

Amid rapidly changing global dynamics, it is essential to enhance local development capabilities to respond swiftly to customer demands. In 2023, we hosted a Global Summit to discuss challenges toward achieving our 2030 Business Plan. Also, we held Global Technical Conferences focused on key regions—North America, China, and India—to discuss strategies and enhance local frameworks aimed at expanding sales to local OEMs, resulting in concrete action plans. In North America, which remains a key market, we are enhancing our framework to streamline series order development and reallocate resources toward advanced development.

In China, where the BEV market continues to grow, we are localizing development and design capabilities to meet the needs of OEMs. For the expanding Indian market, we are enhancing our organization by establishing a new development center to support personnel expansion and the localization of design and evaluation, thereby positioning ourselves to expand sales in this growing market and to new customers. In Europe, we are enhancing our capabilities to research and disseminate the latest information on BEVs, laws and regulations, and carbon neutrality, connecting these insights to our global initiatives.

《 Enhancing the “Antenna Function” of Our Central R&D Hubs 》

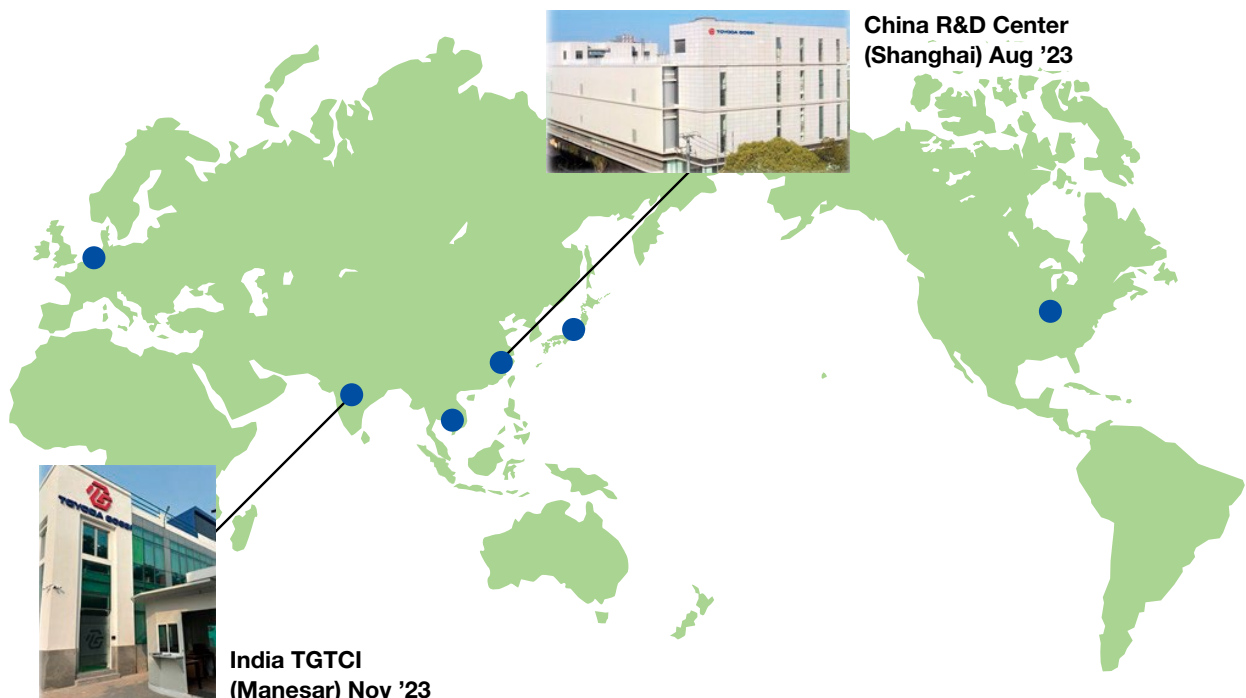
To effectively respond to global markets, we need agile development tailored to the preferences of each country. We are building local structures and systems responsible for trend research (benchmarking) and acquiring

and disseminating regulatory and assessment information. In particular, we are enhancing our information gathering and dissemination on regulations and assessments, with a focus on Europe.

《 Enhancing Local Development and Design Capabilities 》

We are working to establish a system that enables development and design to be completed locally. Especially, to respond promptly to the demands of local customers, we are increasing the number of national staff members.

To advance vehicle compatibility development efficiently and swiftly, we are enhancing our testing, evaluation, and CAE capabilities, while promoting product development for BEVs and CASE. We are particularly enhancing our framework in North America and India as key regions.



Manufacturing Strategy

Message from the CMO

Our Vision for the Factory of the Future: One That Can Respond Swiftly to Change

Hiroshi Yasuda

Executive Vice President, CMO



To survive as a company, it is essential that we respond to various environmental changes anticipated in the future—such as climate change caused by global warming, a declining birthrate and aging population, and increasingly diverse customer needs— even in the field of manufacturing, where certainty is often prioritized. The factory of the future that we create must be one that can swiftly adapt to these changes. At the same time, if we look at the present, we are already being required to undergo significant transformations ourselves in response to developments such as changes in national strategies for BEV adoption and certification challenges.

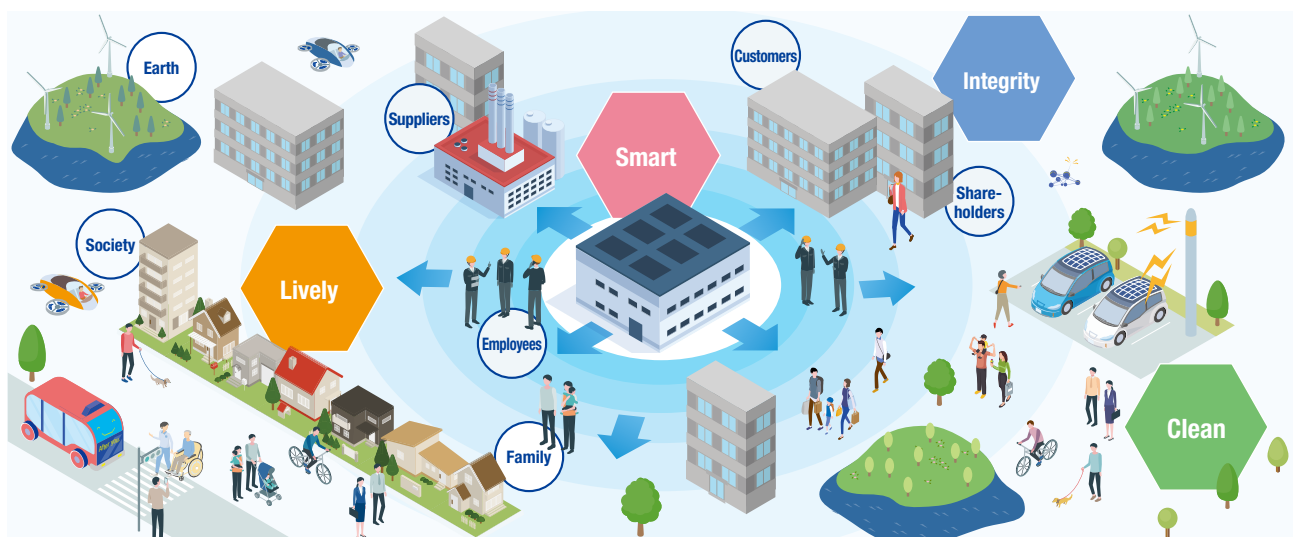
As part of our 2030 Business Plan, we have set the goal of creating smart factories that will enable us to double productivity. In the 2030s, mobility is expected to undergo significant changes driven by the advancement of CASE technologies and decarbonization. To adapt to these changes, it will be essential to deliver new value through manufacturing. By combining the Toyota Production System (TPS) philosophy of continuous improvement, which we have cultivated over the years, with the latest technologies for digital transformation (DX), standardization, and automation, we aim to accelerate the development of smart factories that enable groundbreaking new value creation and productivity improvements. Furthermore, by building a

global network capable of real-time information sharing, we will enable faster management decision-making and proactive responses, achieving factories that can swiftly adapt to change.

Today, we have been transforming our factories into smart factories that balance carbon neutrality and productivity improvements, such as the Inabe Plant (2020), new plant of Toyota Gosei East Japan Co.,Ltd. (2022), new South China plant (2023), and other new facilities. We will continue to plan and implement initiatives to achieve the 2030 Business Plan without halting this transformation.

➤ TG Advanced Factory Concept

The factories we envision for the future must go beyond merely improving productivity in manufacturing. They must also be capable of providing new value that helps address all social challenges, serving the needs of our stakeholders. To that end, we have formulated the “TG Advanced Factory Concept,” which aligns with our management philosophy. This concept builds upon the foundation of highly productive, “smart” factories based on TPS, while incorporating three additional values: “Lively,” “Clean,” and “Integrity,” to define the TG Advanced Factory Concept.



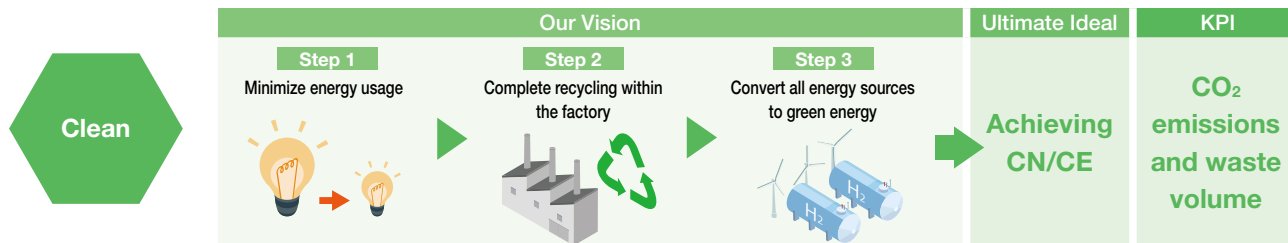
《 Lively Factories Where Everyone Can Work 》

As times change, so do the ways people work. In line with these changes, we will transform the relationship between people and machines. By achieving a high level of collaboration between humans and machines, we aim to enable flexible working styles that can adapt to individual values, creating workplaces where everyone can work in a lively and fulfilling way.



《 Clean Factories 》

Plastic and rubber molding are our core technologies, and the use of thermal energy is unavoidable. However, through steadfast energy-saving efforts, process integration, downsizing, material recycling, and production technology innovations, we will reduce CO₂ emissions and waste. These initiatives aim to contribute to preserving a rich and sustainable Earth for future generations in the face of a variety of environmental changes.



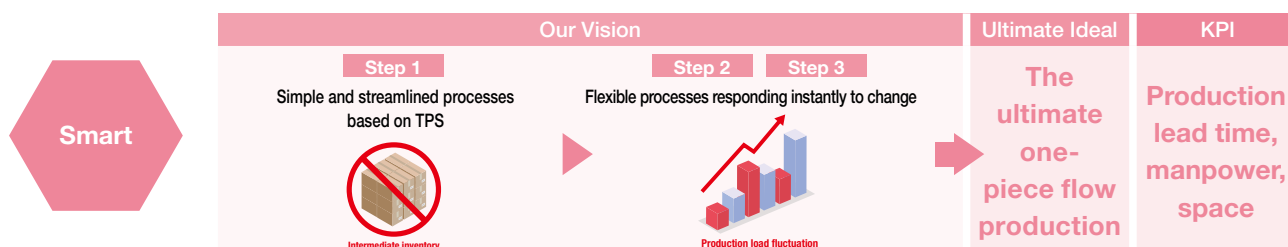
《 Integrity in Factories 》

Most disasters and defects stem from human-dependent tasks requiring careful attention. By digitizing human tasks, visualizing areas that require careful attention, and working to eliminate them, we will create factories where people can work comfortably and with peace of mind. Furthermore, management indicators—including production loads and inventory levels—will also be digitized, enabling consistently optimal management decisions. Even in human-centered manufacturing, we will deliver reliable peace of mind to all our stakeholders.



《 Smart Factories 》

To respond swiftly to unprecedented changes, processes must be simplified and streamlined to enhance agility. The essence of our manufacturing lies in pursuing net productivity through the thorough elimination of waste, in line with the Toyota Production System (TPS). Also, by using technological innovations to combine process integration, standardization, and automation, we will create refined manufacturing environments that are flexible, intelligent, and quick to adapt to sudden and severe changes—ultimately achieving one-piece flow production at its finest.

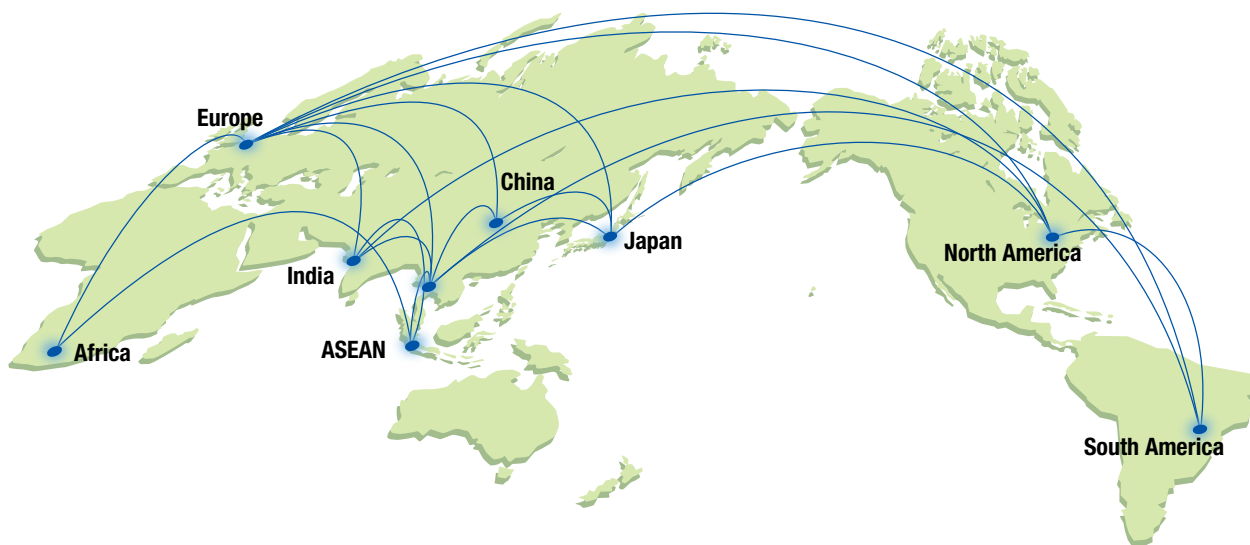


Manufacturing Strategy

Global Collaboration for Realization

To achieve the 2030 Business Plan, we must implement manufacturing strategies globally and immediately to bring our vision to life. The traditional “single hub, one-way” approach—where Japan designs and plans while overseas sites execute—has made it difficult to swiftly respond to diverse environmental changes occurring across global regions. To address this, we have

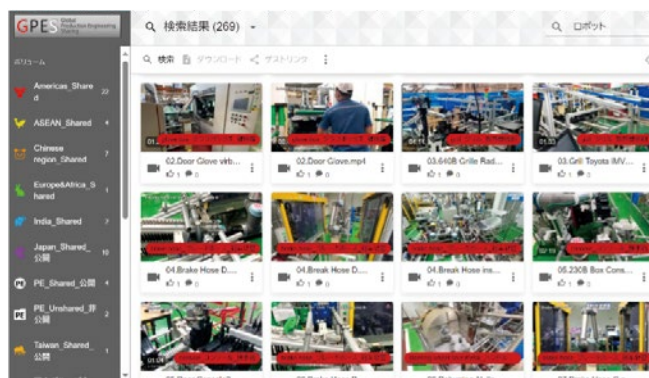
adopted the CoE (Center of Excellence) philosophy, which leverages the strengths of each region and site on a global scale. By enhancing global collaboration and shifting to a “multi-hub, multi-directional” approach, each region and site can refine and share their unique strengths, enabling the swift global implementation of manufacturing strategies.



《 An Information Platform Connecting Engineers 》

We have launched GPES (Global Production Engineering Sharing) as a platform for sharing the latest information on manufacturing at Global TG in video format. The concept behind GPES is to enable direct access to information anytime and to build a network where engineers can connect directly, transcending language barriers through video sharing. This platform facilitates the rapid global

deployment of manufacturing technologies. Engineers at overseas sites can now communicate directly via email, significantly shortening the time from idea to production while enhancing the quality of the outcomes. Feedback indicates that GPES has been instrumental in raising the level of improvements and will continue to play a vital role in the future.



GPES viewing interface (Global standard)

《 Global Expansion of CoE 》

Japan will continue to lead as a Center of Excellence (CoE) by driving innovations in production technologies that combine our long-cultivated core technologies—such as TPS and plastic/rubber manufacturing—with the latest advancements. By integrating and standardizing processes to streamline and simplify entire factories, we are transforming them into robust systems that are highly

adaptable to change. Furthermore, predictive maintenance through digital integration enables proactive responses, further enhancing our ability to adapt swiftly to changes. Meanwhile, TG Thailand has enhanced its capabilities in robotic integration and in-house production using karakuri mechanisms (low-cost mechanical systems) and is already playing an active role as a CoE.

Major examples

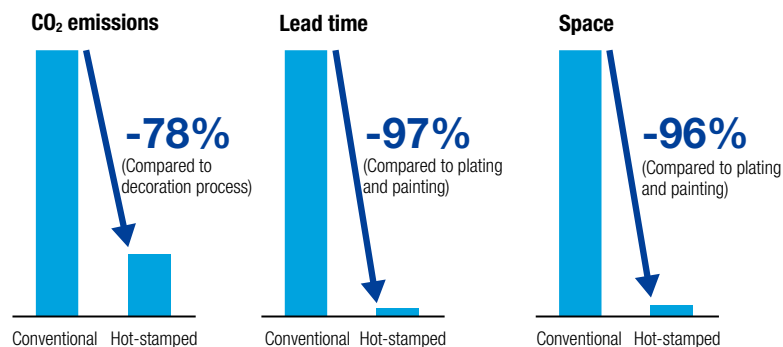
Clean × Smart: Hot Stamping Technology for Large Products

We have developed a new method to elevate the aesthetic quality of plastic injection-molded products to the level of painted finishes, while also achieving a metallic appearance equivalent to plating with a single transfer process. This innovation eliminates traditional painting and plating processes, which require large-scale facilities, by completing them during

the molding process. It achieves a high level of CO₂ reduction while simultaneously shortening lead times and reducing space requirements. By reducing intermediate inventory, this process creates production systems that are highly adaptable to change. Following its mass production success in Japan, we are rolling it out globally, starting in North America.

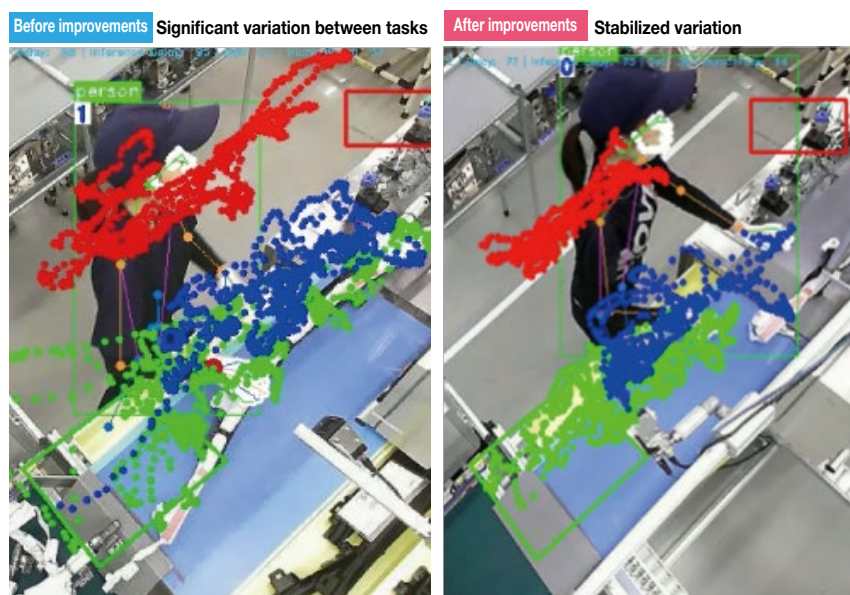


Use in the front grille of the Toyota Crown sedan



Integrity × Smart: AI-Based Skeletal Detection Technology

This technology enables real-time digitization of even the finest hand movements during work by analyzing video footage. In addition to eliminating unnecessary movements, it can detect hazardous tasks and deviations from standards. By removing the burden of human oversight in training, this technology helps prevent accidents and defects caused by human error. To ensure the successful implementation and adoption of human task digitization across regions with diverse cultures and practices, TGHQ is organizing caravans to visit local sites and implement the global utilization of this data.



Case study: Stabilizing and improving work areas through human task flow analysis using AI-based skeletal detection technology

Implementing Automation Through Ingenuity and Innovation:

Expanding “Simple/Slim & Sensible Automation” from Thailand Globally



Since the establishment of TG Pongpara Co., Ltd. in Thailand in 1994 (renamed Toyoda Gosei (Thailand) Co., Ltd. in 1998, now a consolidated subsidiary), Toyoda Gosei has focused on manual labor-intensive processes to leverage Thailand's labor cost advantages. In recent years, however, labor costs in Thailand have risen significantly year by year, creating a need for streamlining production processes through automation.

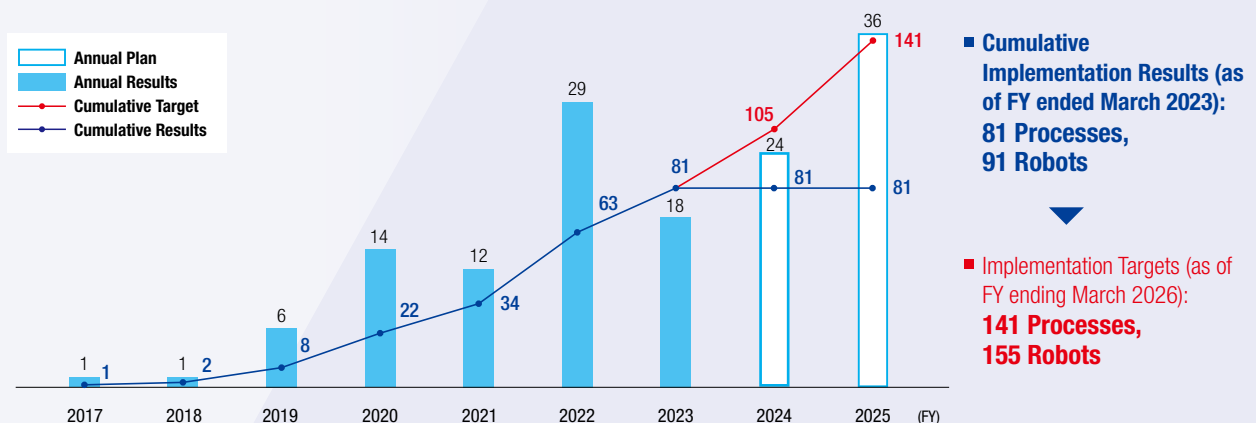
At the same time, directly implementing automation technologies from countries like Japan or North

America—where automation is more advanced—into TGT has proven challenging from an investment efficiency perspective, as comparable benefits cannot be achieved.

In response, TGT has implemented so-called “Simple/ Slim & Sensible Automation” by leveraging its long-standing expertise in karakuri technology^{*1}, combining ingenuity and innovation to develop low-cost, energy-efficient mechanical solutions.

^{*1} Karakuri technology: Mechanical systems that utilize mechanisms without motors or other power sources

Status of Robot Automation Implementation at TGT



1. What Is “Simple/Slim & Sensible Automation”?

We focus on collaborative robots^{*2} which are relatively affordable compared to conventional industrial robots and are starting to gain widespread adoption. By combining these robots with karakuri technology, a field TGT has long worked on, we are advancing the development of processes that deliver benefits with low investment.

Specifically, we have designed processing tools (EOAT^{*3}) attached to the robots, as well as tool changers for automatic tool changing, to be lightweight, simple, and highly reliable. For supplying parts and transferring finished products after processing, we utilize shooters based on karakuri



technology. These have a simple design that does not rely on motors or cylinders for power.

Also, for areas beyond robots, we are committed to in-house development and production, repeating cycles of trial and error to build and accumulate technical expertise.

^{*2} Collaborative robots: A type of industrial robot equipped with safety features that enable it to stop safely when operating near human workers. These robots can be integrated into the same workspace as humans once safety is confirmed.

^{*3} EOAT: End of Arm Tooling

2. Initiatives for Global Expansion

As global travel resumed in early 2023 following the end of the COVID-19 pandemic, we began expanding horizontally within the ASEAN region. In March 2023, we hosted the ASEAN Robot Summit.

At this summit, representatives from ASEAN sites participated in a factory tour at TGT, where they observed real-world examples of smart automation using robots in production environments. To provide further insights for implementation at their respective sites, participants also toured our development rooms, in-house equipment production shops, and the TPS Karakuri Dojo, where these solutions are developed.

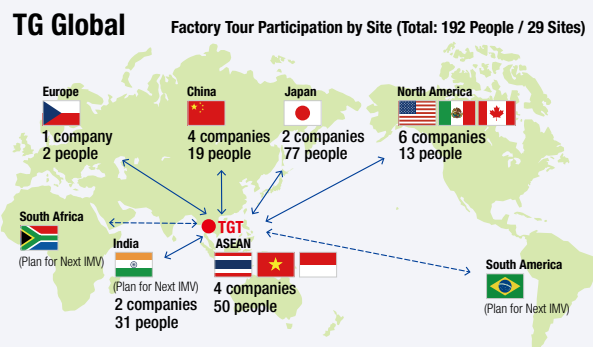
The knowledge gained from these efforts has been shared across TG Global. In regions with management environments similar to Thailand, such as India and Indonesia, where rising labor costs are a shared concern, these activities have led not only to factory tours but also to the acceptance of trainees (ICT^{*4}) for robotic automation education.

^{*4} ICT: Inter-Company Training

In November 2023, at the Global Summit^{*5} held in Japan, TGT's automation initiatives utilizing robots

were introduced. The positive response from this event led to an increase in factory visits to TGT from advanced automation regions such as Japan, North America, and China. As of May 2024, 192 individuals from 29 sites have visited Thailand to observe TGT's automation practices and experience firsthand the examples of smart automation driven by ingenuity and innovation.

^{*5} Global Summit: Held since 2013, this event brings together around 130 executives from TG Group companies to share insights on the current state of business, address common challenges, and foster stronger Group cohesion.



Chief of ASEAN Regional Headquarters Sadakazu Tani

Smart automation, which delivers results even in low-labor-cost regions, focuses on lightweight, simple, and highly reliable systems. The elemental technologies developed through this approach are applicable globally.

As a Center of Excellence (CoE), we at TGT are committed to rapidly deploying these technologies globally while providing robust support and assistance.

I firmly believe that the connections forged among engineers at various sites through these initiatives will serve as the foundation for TG Global's integration as a cohesive and strong polymer organization, ultimately enhancing our position as a leading manufacturing company.

Human Resource Strategy

Message from the CHRO

Unlocking Infinite Potential in People to Enhance Corporate Value through the Self-Actualization of Diverse Employees

Masaki Oka

Director, Corporate Officer, CHRO



Human Resource Strategy for Achieving the 2030 Business Plan

At Toyoda Gosei, under the 2030 Business Plan, we are redefining economic and social value while advancing reforms to our business structure. In doing so, we aim to adapt flexibly to environmental changes and foster a polymer-like organization capable of creating new value by energizing both people and the organization. The foundation of the value we provide to society lies in our people. By combining the specialized expertise cultivated through polymer technologies, such as rubber and plastic, with the organizational strength to transform that expertise into products, we are striving to become a polymer-like organization. This will enable us to drive the business growth and structural reforms outlined in the 2030 Business Plan. To achieve this, we are advancing our human resource strategies based on the following two key themes.

1. Allocation, Development, and Retention Based on a Talent Portfolio

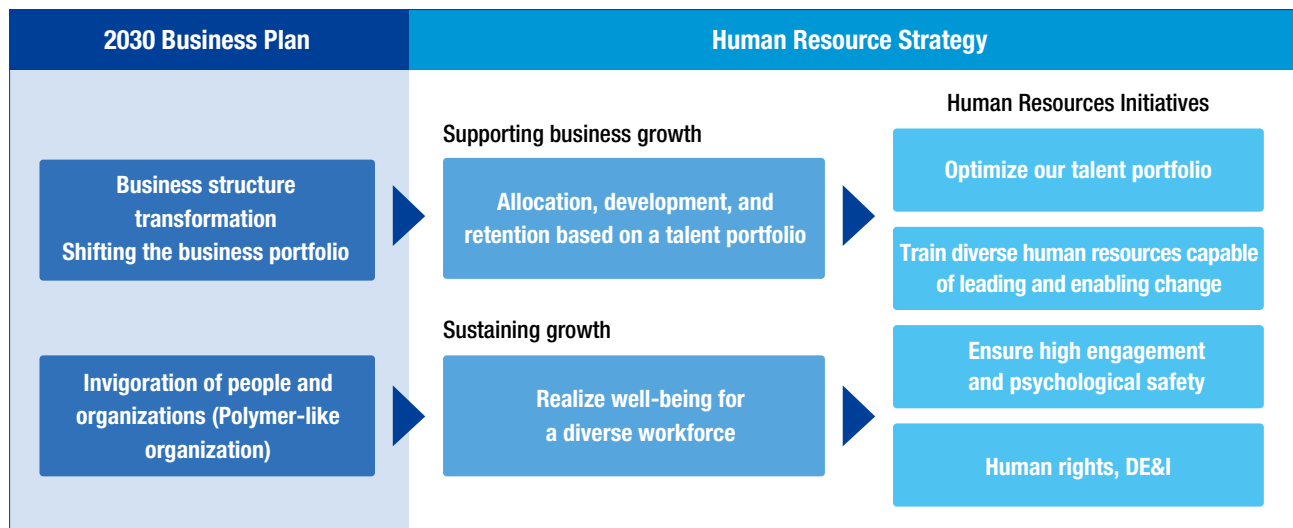
To realize business structure reforms, we are transforming the composition of our workforce. We have systematically defined the necessary types of talent and their areas of expertise as a "talent portfolio." Guided by this framework, we are focusing on planned development, appropriate allocation, and reliable retention of talent. At the same time, we support the growth of each individual team member, fostering their career development.

2. Realizing Well-Being for a Diverse Workforce

Enhancing the well-being of our members is essential for ensuring sustained business growth. By fostering psychological safety and enhancing engagement, we aim to create an organizational and workplace environment where members support one another and can perform to their fullest potential.

Through these two key themes of our human resource strategy, we will maximize our expertise in polymer technologies and organizational capabilities to achieve sustainable business growth as a polymer-like organization, balancing both economic and social value.

2030 Business Plan and Human Resource Strategy



Allocation, Development, and Retention Based on a Talent Portfolio (Aligning Business and Human Resource Strategies)

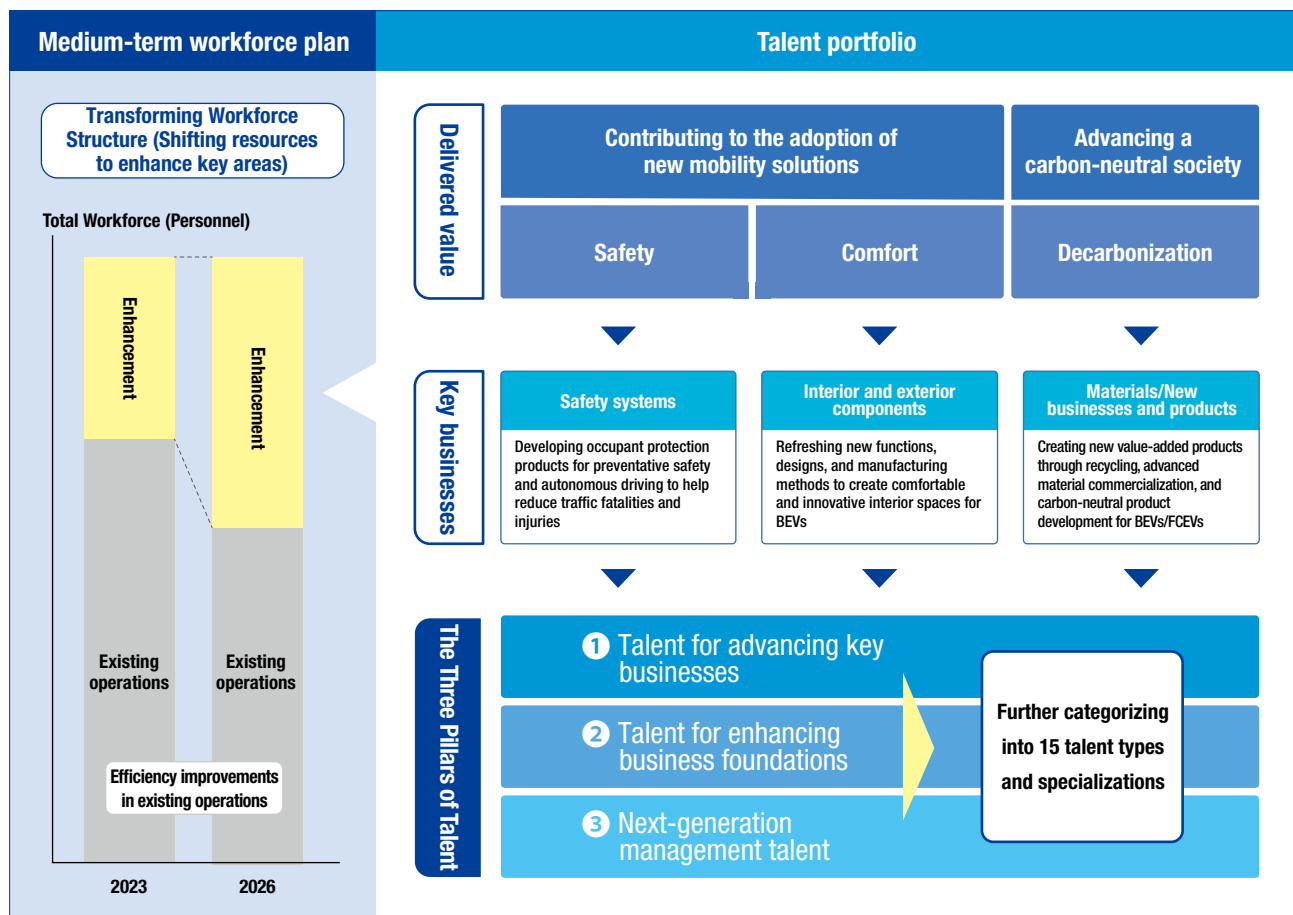
As part of our efforts to support business growth and enhance our business foundation, we have consistently worked on medium-term workforce planning. This involves identifying the necessary number of personnel in priority areas based on the needs of each department, streamlining existing operations, and tackling the challenge of transforming our workforce structure through a resource shift to these priority areas. Moving forward, under the 2030 Business Plan, we will build upon this direction of transforming our workforce structure as a human resources strategy toward 2030. We will reassess company-wide priority focus areas and personnel requirements needed to achieve the plan's objectives. By organizing these into a talent portfolio aligned with our business portfolio, we will not only manage workforce size but also improve the management of workforce quality. To clarify the types of talent we wish to cultivate for achieving the 2030 Business Plan, we have defined the "Three Pillars of Talent" within our talent portfolio, as shown in the diagram at right.

《 The Three Pillars of Talent 》

Talent for Advancing Key Businesses	Personnel responsible for themes directly tied to the key businesses of the 2030 Business Plan
Talent for Enhancing Business Foundations	Personnel who enhance business foundations across all operations
Next-Generation Management Talent	Next-generation leaders and overseas site heads who will lead the two areas above

These pillars are further divided into 15 distinct talent types, categorized to define the ideal talent portfolio required. By identifying gaps between our current talent and the talent needed to achieve the 2030 Business Plan, we will develop strategic plans for talent acquisition, allocation, and development. Furthermore, to support the career development and personal growth of our employees, we will use the talent portfolio to clarify career aspirations and facilitate the acquisition of necessary expertise.

Business Strategy and Required Talent



Human Resource Strategy

Talent Supporting Advancement of Key Businesses and Enhancing of Business Foundations

The first pillar of the “Three Pillars of Talent,” Talent for Advancing Key Businesses, includes personnel involved in the development of the key businesses outlined in the 2030 Business Plan: Safety Systems, Interior/ Exterior Components, and Materials/New Businesses & New Products. To achieve the business plan, efforts will focus on allocating and acquiring these talents. By clarifying the required talent and expertise in the talent portfolio, the Company will shift resources within internal talent while also enhancing recruitment of new

talent with specialized skills.

The second pillar, Talent for Enhancing Business Foundations, refers to personnel who support foundational functions across all business areas within the Company to achieve the 2030 Business Plan. This includes talent essential for expanding sales, enhancing production in key global regions, and advancing DX (digital transformation). Similar to the Talent for Advancing Key Businesses, efforts will be made to acquire, allocate, and develop this talent.

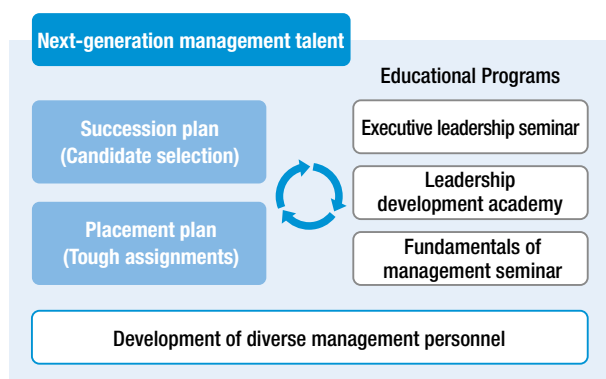
Examples of Required Talent

Talent Pillar	Initiatives to Achieve the 2030 Business Plan	Types of Required Talent
Talent for Advancing Key Businesses	Development of airbags and steering wheels for preventative safety and autonomous driving	Next-generation airbag and steering wheel development talent
	Development of interiors to create living spaces unique to BEVs	Next-generation spatial design talent
	Commercialization of recycled rubber and plastic materials for a decarbonized and circular society	Recycling and advanced materials commercialization talent
	Creation of new businesses, including the expansion of renewable energy	New value creation talent
Talent for Enhancing Business Foundations	Engineers and sales personnel supporting sales expansion in key global regions	Global engineers and sales talent
	Enhancing the level of integrated control technologies for supporting advanced electronic component development	Electronics talent
	Driving transformation of business processes and operations through data and digital tools	DX (Digital Transformation) talent

Acquiring and Developing Next-Generation Management Talent

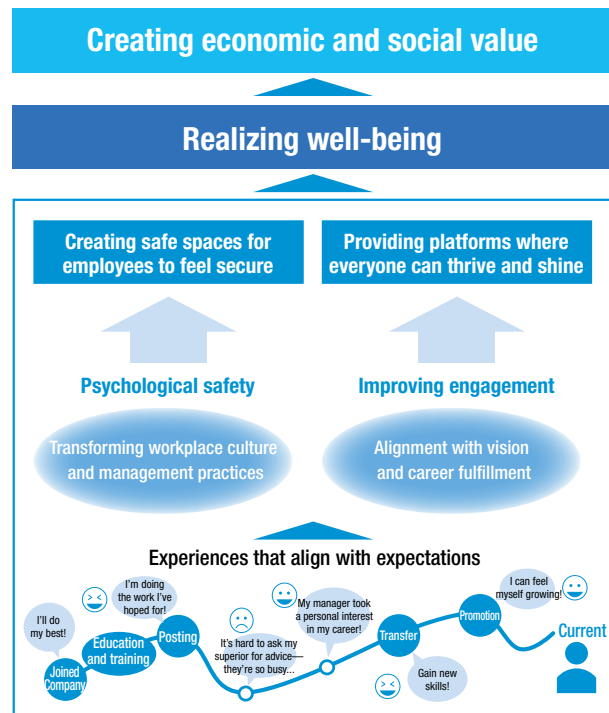
The third pillar focuses on “Next-Generation Management Talent,” who will be responsible for the Company’s future management. To systematically develop future leaders, we have clarified the key requirements for executive positions essential to executing management strategies. We are also implementing a succession planning system to select candidates, plan their education, and assign them to challenging roles (tough assignments).

Efforts are also underway to appoint and develop national staff executives at overseas sites. To accelerate these proactive appointments in various regions, we established a basic policy and targets for appointing national staff executives (vice president-level and above) in FY2021. Each business unit is actively working toward achieving these goals. In addition, we aim to achieve a 40% ratio of national staff executives by 2025. To this end, we are progressing with evaluating high-potential talent and creating development plans across all regions. Key initiatives include providing “Fundamentals of Management Skills Training” and “Issue-Based Problem Solving Training” for national staff executive candidates. We are also holding regional succession committees in the Americas, Southeast Asia, and China to share updates on development and recruitment activities for executive successors, as well as discuss challenges.



Realizing Well-Being for a Diverse Workforce

We believe that realizing well-being is essential for the sustainable growth of our business. To achieve this, we are working to ensure psychological safety and enhance engagement through the experiences employees have after joining the Company. To ensure psychological safety, we have focused on fostering two-way communication, encouraging dialogues between labor and management, and fostering an open workplace culture where employees feel comfortable expressing their honest opinions. The relationship between employees and their supervisors is particularly important for fostering individual vitality. Through management reforms, we are striving to **create safe spaces** built on empathy and trust. Furthermore, we believe that employees' recognition of their sense of purpose at the Company leads to greater motivation and engagement in their work. To this end, we are implementing initiatives to promote alignment with our vision. We are also committed to creating an environment where employees can build their careers and access growth opportunities, supporting each individual to shine on **a stage where they can thrive**.



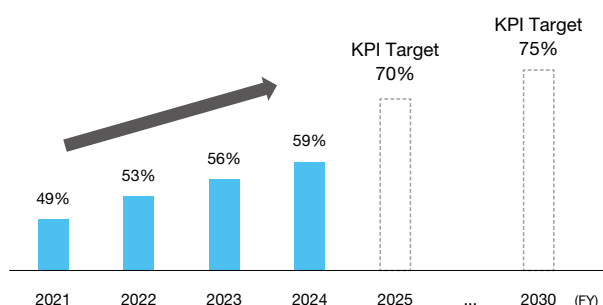
Experiences That Support Engagement

Since 2021, we have conducted engagement surveys targeting all employees, including those on international and domestic assignments, with the aim of improving employee engagement. While assessing the effectiveness of workplace culture reforms initiated in 2015, we have been tracking engagement scores, which reflect employees' sense of belonging to the Company and their willingness to contribute through their work. These insights have guided our initiatives to create more fulfilling workplaces. The survey's response rate has never fallen below 97%, and scores for questions about the expectation that the survey will lead to positive change have consistently remained above 66%.

In 2024, in light of diversifying values and changes in social conditions, we updated the survey to focus on

measuring experiences that support psychological safety and engagement, which are essential for realizing the well-being of each and every employee. These experiences assess whether employees' work and career align with their expectations and needs. With this update, the number of questions used to measure engagement was reduced* from five to three. The target score remains unchanged, with a goal of reaching 70% in 2025. Based on the survey results, we aim to identify the sources of motivation for each individual, fostering higher engagement and ultimately improving their overall well-being. To achieve this, we implement management initiatives that align with employee expectations by striving to use an approach from the employees' perspective.

Engagement Scores



* Engagement score: The average percentage of positive responses (response of 4 or 5 on a 5-point scale) to the following three questions:

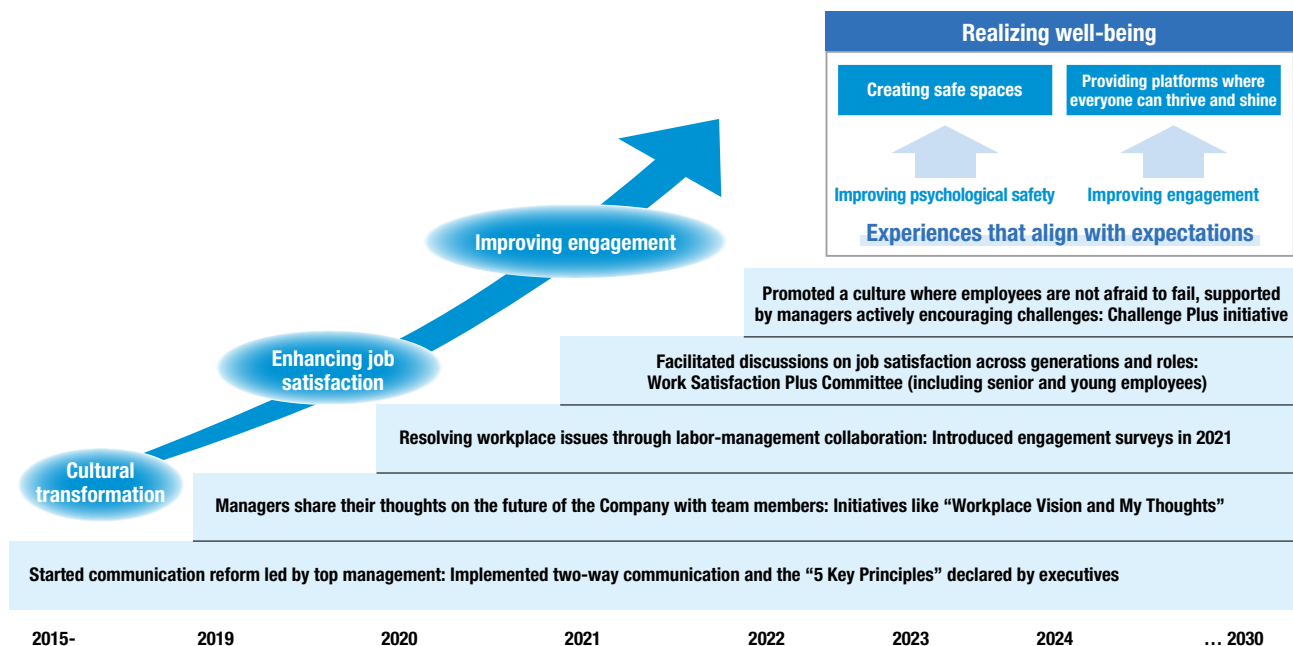
- I am willing to contribute more than what is expected of me in my work.
- I feel a sense of personal accomplishment through my work.
- I would actively recommend working at the Company to my acquaintances.

Human Resource Strategy

Workplace Culture and Management Transformation

In 2015, a union-conducted survey revealed low levels of intrinsic job satisfaction among employees, prompting us to initiate workplace culture reforms. Since then, we have implemented a range of measures, including fostering workplace communication, delivering top-level messages, launching committees to enhance job satisfaction, and hosting lectures by external speakers. These efforts have addressed both workplace culture and management practices in a sustained manner.

The results of our Experience Survey indicate that these initiatives have yielded measurable improvements in workplace culture in areas such as workplace cooperation and communication. However, challenges remain regarding psychological safety and the ability of supervisors to inspire motivation among their team members. In 2024, we will intensify our efforts to promote further management transformation and enhance opportunities for dialogue.



《 Management Transformation 》

A three-year "Empathy-Driven OMOIYARI Communication Training" (five sessions total) conducted by a psychiatrist is being implemented for all executives and managers. (Session 1 in 2023, Sessions 2 and 3 in 2024, and Sessions 4 and 5 in 2025) In addition to this, workplace leaders will continue participating in "Creating an Empathetic Workplace Training," led by external instructors, building on last year's efforts.

Empathy-Driven OMOIYARI Communication Training
Participants: 1,207 (Session 1, FY2023)
Creating an Empathetic Workplace Training
Participants: Section Managers: 156, Group Leaders: 275

《 Dialogue Activities 》

To put the results of these training programs into practice, roundtable meetings are held in each workplace, providing opportunities for top management and department heads to engage in dialogue with team members.



Creating an Empathetic Workplace Training session



Roundtable meeting

Vision Alignment

To communicate the intent behind the 2030 Business Plan, top executives have personally visited workplaces to engage in direct dialogue with team members and labor union representatives. Building on this, in 2024, leaders from each division will host “Sharing Our Vision” meetings at all divisions to articulate their thoughts on the Company’s future and business strategies. Encouraging each individual to view the 2030 Business Plan as personally relevant and to reflect on their role



within it enhances their sense of purpose and engagement at work. By fostering opportunities for dialogue, management and supervisors aim to align with team members and clearly convey personalized expectations, saying, “This is how I hope you can contribute.” These efforts not only ensure the vision is well understood but also promote deeper alignment and empathy across the organization.



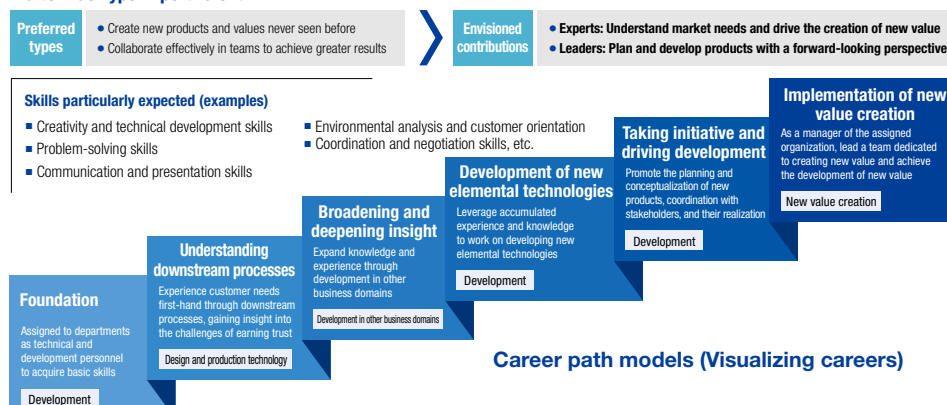
Supporting Career Autonomy

To inspire growth among mid-career and younger employees, a “Enhancing Job Satisfaction Working Group” was established in 2021. As part of this initiative, career development efforts were branded as “Waku-Career Initiatives,” focusing on three pillars: visualizing careers, raising awareness, and promoting career development. These three pillars have been integrated into company-wide programs.

These efforts have yielded tangible improvements in engagement among mid-career and younger employees (those in their 20s and 30s) year after year. However, challenges remain for employees in their 50s and 60s. Through dialogue with their supervisors about roles and career design, the Company aims to boost motivation and engagement among this demographic as well.

Examples of Waku-Career Initiatives

Multi/Wide Type Expert Talent



Cross-industry networking event
(Promoting career development)

Initiatives to Enhance Corporate Value

To enrich employee benefits and support their wealth-building efforts, the Company has introduced a Restricted Stock Incentive Program tailored for employee shareholder associations. This initiative aims to foster a deeper sense of shared value between

individual employees and the Company's shareholders and to enhance employees' sense of participation in management decisions. Shareholder association membership rate: Increased from 45% to 84% (as of October 2024)

Human Resource Strategy

Diversity, Equity, and Inclusion (DE&I)

Creating spaces where diverse talents feel they belong and providing platforms that shine a light on their individuality and contributions

In June 2024, I was appointed as a Chief of Diversity to lead the Company's diversity efforts. By fostering a workplace environment where individuals of all backgrounds can find purpose and excel, the Company aims to respect diverse experiences and values, enhance organizational strength, and drive sustainable growth.

Hiroko Ando
Chief Diversity Officer



Basic Philosophy

To incorporate diverse values and fresh perspectives into management, the Company has actively implemented the recruitment, development, and promotion of individuals from a wide range of backgrounds and attributes. Since 2020, the Company has focused on creating spaces and opportunities where diverse talents are welcomed and can thrive. Efforts have been directed toward fostering a culture of inclusion by developing systems, policies, and educational frameworks to support this goal. In 2023, to further embed the Company's diversity initiatives, employees were invited to propose ideas for a symbolic logo and slogan. The chosen slogan, "Let's advance together towards a diverse future through DE&I."



DE & I

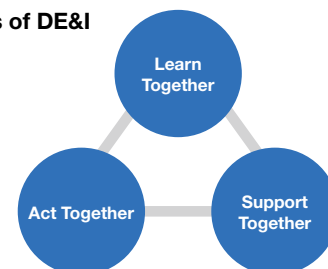
Let's advance together
towards a diverse future

Key Initiatives for Diversity, Equity, and Inclusion (DE&I)

To ensure the success of DE&I initiatives, we have developed an action plan centered on the principles of understanding and learning about diversity, supporting one another, and translating these efforts into meaningful actions.

We are implementing the following key initiatives to raise awareness among all employees, including lectures by external speakers, community activities planned by volunteers, and the establishment of "Empathy Month" as an awareness-raising event.

Core Pillars of DE&I Initiatives



Key Initiatives	Description and Key Activities	
1. Women's Empowerment	Administrative and Technical Roles	<ul style="list-style-type: none"> Advance Program: Identifies developmental challenges for promotion to management roles, provides necessary responsibilities and opportunities, and improves skills Encourage Program: Training for mid-career female employees to help them develop their careers by creating a leadership image that makes the most of their strengths through year-round training, workplace practice, and internal and external networking
	Skilled Roles	<ul style="list-style-type: none"> Creating a workplace where everyone can thrive: Led by female leaders in manufacturing, efforts are focused on improving workplace accommodations (e.g., enhancing managerial literacy and organizing intercompany networking events to develop role models)
2. People with Disabilities	<ul style="list-style-type: none"> Workplace accommodations Collaborations with special subsidiary companies to meet statutory employment rates Expansion of workplaces and job categories where employees with disabilities can thrive 	
3. Support for Work-Life Balance	<ul style="list-style-type: none"> Policy Design and Systems Development: Expanded childcare and caregiving leave and systems for reduced working hours exceeding statutory requirements Awareness Campaigns: Seminars for balancing childcare and work (targeted at managers) and caregiving seminars (for employees aged 55+) 	
4. LGBTQ	<ul style="list-style-type: none"> Policy Design and Systems Development: Application of employee benefits to those with partnership certificates Awareness Campaigns: Creation of educational guidebooks 	

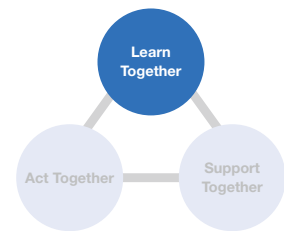
《 1. Women's Empowerment 》

In the manufacturing industry, the proportion of female employees tends to be low, and workplace environments are often designed with male employees as the default. This, combined with a lack of female role models, has delayed the promotion and development of female managers in the Company. To address this, we have set a target of promoting 45 female managers by 2025 and 100 by 2030, accelerating initiatives to support women's empowerment.

As one specific measure for administrative staff, we launched the Encourage Program, which helps participants better understand themselves, identify their strengths, and envision leadership roles that align with those strengths. For employees in manufacturing roles, we have started initiatives led by female leaders to create workplaces where everyone can work

comfortably.

Recent measures to create better workplaces for women include installing shelves for sanitary products in women's restrooms and assigning female consultants at each factory to create an environment where employees can easily seek advice. To further boost motivation, we actively organize exchange programs with other manufacturing companies. These programs provide opportunities for employees to learn from and engage with diverse role models of women thriving in manufacturing settings.



《 2. Employment of People with Disabilities 》

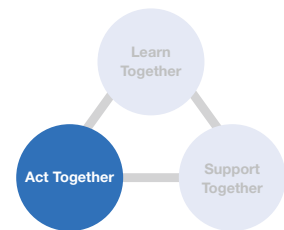
The Company has consistently conducted hiring of individuals with disabilities, particularly in manufacturing roles. To help prospective employees gain a clear understanding of what working in a manufacturing environment entails, we conduct pre-employment internships in collaboration with special support schools. By experiencing practical work during these internships, candidates are able to adapt more quickly to the workplace after joining the Company, setting the stage for their success.

From FY2024, we are enhancing our efforts to hire individuals for staff roles. This includes expanding the range of job categories available and actively participating in job fairs specifically designed for individuals with disabilities. These efforts aim to position the Company as an employer of choice. To ensure long-term employee

satisfaction, we have assigned life consultants at each business site. These consultants conduct regular care meetings to address concerns and help create a more supportive and accommodating workplace environment.



Mentoring an intern



《 3. Support for Work-Life Balance 》

We aim to create systems that enable employees to balance their careers with childcare, caregiving, or medical treatment while staying true to themselves. Additionally, we are fostering a workplace culture rooted in mutual support, reflecting the Japanese "otagaisama" spirit. Since 2023, we have been holding seminars for employees aged 55 and above to equip them with foundational knowledge for balancing caregiving and work. These seminars cover topics such as collaboration

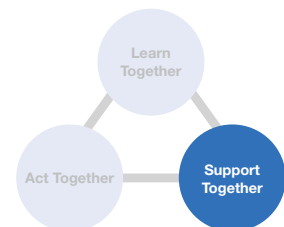


Caregiving practice session during a seminar



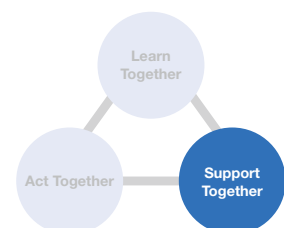
with local community support centers and basic caregiving techniques. For childcare support, we have implemented policies that exceed the standards set by the Childcare and Caregiver Leave Act. These include extended childcare leave until a child turns two years old and special leave that can be used for school events, among other purposes.

We have also actively promoted awareness campaigns targeting supervisors and workplace teams to encourage greater usage of childcare leave. These efforts have led to a significant increase in male employees taking childcare leave. Recognizing these initiatives, we were awarded the Platinum Kurumin Certification in FY2024.



《 4. LGBTQ Inclusion 》

In 2023, we introduced a Partnership Recognition System to create an environment where employees, regardless of sexual orientation, gender identity, or gender, can work authentically and vibrantly. Initiatives include hosting lectures for managers and developing internal educational guidebooks. In recognition of these efforts, we were awarded the Silver Rating in the PRIDE Index for FY2024.



Financial Strategy

Message from the CFO

Reviewing the Business Portfolio and Improving Capital Efficiency to Enhance Corporate Value

Masayoshi Hachisuka

Corporate Officer, CFO



》 FY2023 Results

In FY2023, consolidated revenue saw a significant increase, supported by stable semiconductor supply and robust demand, particularly in Japan and the Americas. Operating profit also experienced substantial growth, benefiting from higher sales volumes, the elimination of production inefficiencies caused by sudden production fluctuations in prior years, and the favorable impact of yen depreciation on exchange rates. Both revenue and profit reached record highs for the year.

》 New Financial Policies to Support the 2030 Business Plan

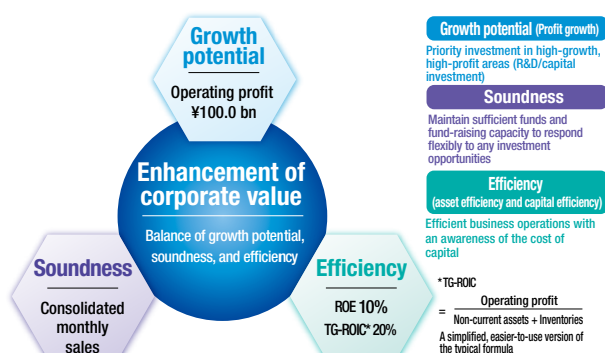
《 2030 Business Plan 》

In August 2023, we prepared 2030 Business Plan, setting management targets of 1,200 billion yen in revenue, 100 billion yen in operating profit, an 8% operating profit ratio, and an ROE of 10% or more, surpassing the 7-8% cost of equity for shareholders.

《 Financial Policy 》

We have revamped our financial policy to include efficiency alongside the traditional perspectives of growth and stability, aiming to enhance corporate value through a balance of these three elements.

To achieve an ROE of 10%, we will enhance our balance sheet management.



《 Growth Potential 》

Investment resources, including R&D, will be focused on high-growth and high-profitability businesses and regions. Regionally, we will prioritize the Americas and India. In terms of business areas, we will focus on interior and exterior components as well as safety system products. For example, in the Americas, we are preparing for the diversification of vehicles, including BEVs, by establishing a system capable of supplying a wide variety of large painted components for the front and rear sections of vehicles. We will continue to expand sales of interior and exterior products in the Americas. In India, awareness of vehicle safety is increasing, leading to the expanded adoption of airbags to protect passengers. To support this trend, we have enhanced production capacity and established an R&D center to swiftly respond to automobile manufacturers' development needs. This also enhances our local technological development capabilities. We are building a global R&D system that considers regional and customer-specific characteristics, while also making proactive investments in future growth areas. These include addressing CASE-related societal trends such as electrification, developing new materials and solutions that contribute to achieving CN/CE, and creating new business opportunities.

《 Soundness 》

In order not to miss out on growth opportunities, we will ensure that we have the sufficient funds and the fund-raising capacity to respond flexibly to any investment opportunities while also diversifying funding methods. In March 2024, we issued an Impact Bond through Sustainable Finance, a framework for funding ESG initiatives. This represents the first initiative in Japan to utilize the Sustainable & Positive Impact Finance Framework^{*1}.

Furthermore, starting with the implementation of global Group financing led by our head office to optimize fund efficiency, we are introducing regional pooling systems to further enhance efficiency and balance across regions.

*1 This sustainable finance framework complies with the Green Bond Principles and Social Bond Principles established by the International Capital Market Association (ICMA). Furthermore, as the first domestic impact finance framework, it aligns with the Positive Impact Finance Principles (PIF Principles) defined by the United Nations Environment Programme Finance Initiative (UNEP FI).

《Efficiency》

To achieve the 2030 Business Plan management target of an ROE of 10%, we are enhancing balance sheet management to improve asset and capital efficiency. From the perspective of improving asset efficiency, we have introduced our proprietary metric, TG-ROIC. TG-ROIC is calculated by dividing operating profit by the total of non-current assets and inventories, pursuing returns relative to the essential assets required for a manufacturing company.

For non-current assets, we have adopted the payback period method for individual investment decisions and have initiated its implementation in conjunction with TG-ROIC targets. The payback periods required for investment projects have been shortened and made more stringent compared to previous standards.

For inventories, to address the impacts of the COVID-19 pandemic and semiconductor supply shortages, we temporarily increased inventory levels. However, we are now reviewing these levels on a subsidiary-by-subsidiary basis to ensure they are returned to appropriate levels.

We have also closed our subsidiary in the United Kingdom and recorded impairments at a subsidiary in the Americas. These are examples of decisions made to exit unprofitable businesses from the perspective of asset returns.

Enhancing Shareholder Returns

To reward our shareholders for their continued support, we have adopted a basic policy of “stable and sustained dividend increases.”

To achieve this, we revised our dividend policy from the previous “30% or higher payout ratio” to a new target with a “minimum DOE (Dividend on Equity) of 2.5%.”

Also, we will pursue timely share buybacks to establish an optimal capital structure. We have significantly

reduced cross-shareholdings and used the proceeds for share buybacks. Through these shareholder return initiatives, we aim to enhance capital efficiency more than ever before and improve Total Shareholder Return (TSR) in a stable and long-term manner while being mindful of stock price performance.

In addition, we are actively disclosing information, including non-financial information, and expanding opportunities for engagement to diversify our shareholder base, particularly among overseas and individual investors. We are also enhancing information disclosure through our website and other channels to help reduce the cost of shareholders’ equity.

》Cash Allocation

Assuming that we will achieve the 2030 management targets, we estimate that the operating cash flow generated from FY2023 until FY2030 will be approximately 650 billion yen.

At the same time, we will streamline the balance sheet by using TG-ROIC as a key performance indicator and by further reducing cross-shareholdings.

We will invest 350 billion yen in capital investments, mainly in our priority businesses and regions. For shareholder returns, as I explained earlier, we will secure at least 100 billion yen as a source of funds for stable and continuous dividend increases. With the remaining 250 billion yen, we will make additional investments in highly profitable projects, as well as in discontinuous growth areas such as M&A and alliances, depending on the business environment and growth opportunities. In the absence of such investments, we will strategically allocate the cash to be used for additional shareholder returns from the perspective of improving capital efficiency. The operating cash flow for FY2023 exceeded the initial plan due to the strong performance of our current operations. We also carried out balance sheet streamlining initiatives in line with the aforementioned financial policy as planned.

FY2030 management targets

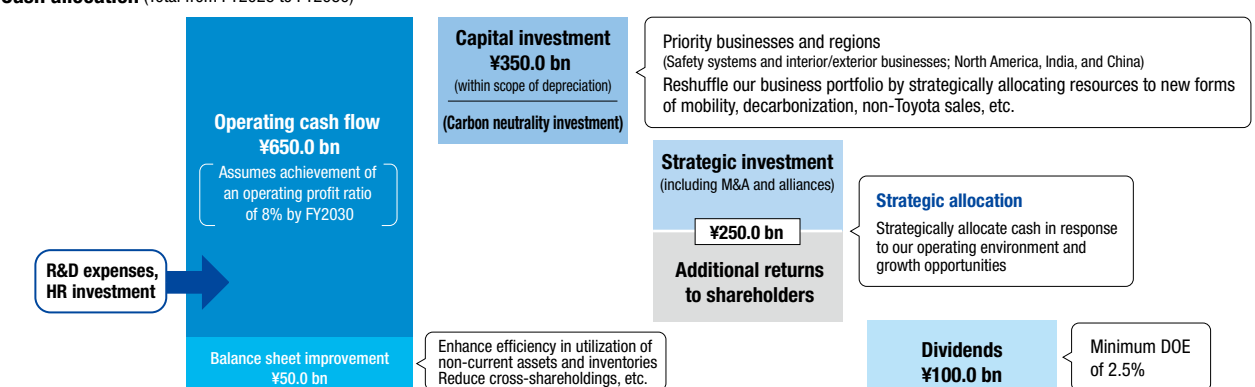
Revenue
¥1,200.0 bn

Operating profit
¥100.0 bn

Operating profit ratio
8%

ROE
10%

Cash allocation (Total from FY2023 to FY2030)



Risk Management

Message from the CRO

Contributing to Sustainable Corporate Value Enhancement through Transforming Risks into Opportunities and Risk Control

Katsufumi Otani

Corporate Officer, CRO



Risks Surrounding the Company

Amid significant changes in the external environment—including shifts in international affairs, geopolitical risks, and the increasing prevalence of cyberattacks—as well as growing demands for human rights protection and environmental regulations, the environment surrounding the Company is undergoing substantial transformation. And within the automotive industry, the progress of electrification has been slowing. In such a challenging business environment, characterized by a broad range of risks and unpredictable changes, achieving sustainable corporate value enhancement requires proactive adaptation to changes and the implementation of risk management on a global scale. Furthermore, in recent years, the automotive industry has faced a series of certification fraud incidents, undermining trust in product quality. In addition, compliance issues arising from improper transactions within supply chains have also emerged. I strongly feel that the importance of risk management is greater than ever to remain a trusted and indispensable company in the eyes of stakeholders and society.

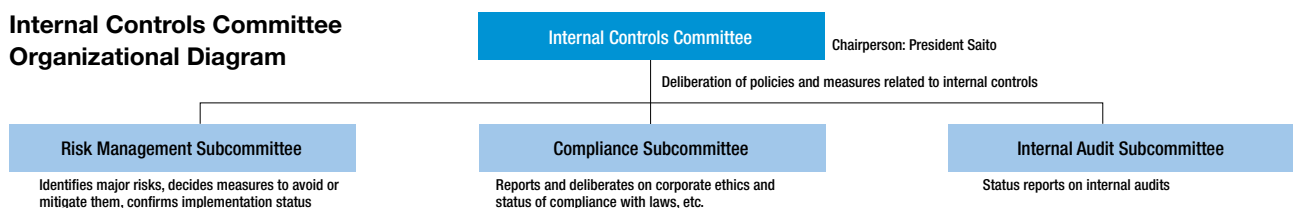
Risk Management Activities for Achieving the 2030 Business Plan

《 Fundamental Initiatives 》

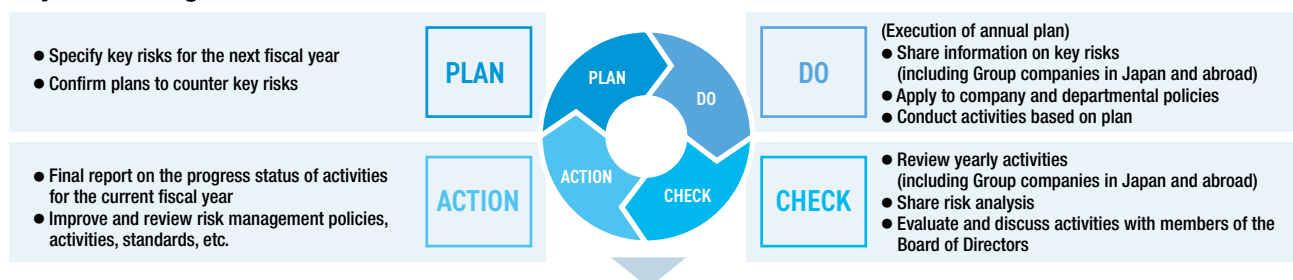
The Company leverages methods such as PEST*¹ and 3C*² to enhance information gathering and analysis. Through this analysis, we classify risks into two categories: Business Strategy Risks, which are viewed as opportunities for business growth, and Management Foundation Risks, which aim to minimize losses in the event of occurrence. Under the leadership of the CRO, we actively work to reduce each type of risk across the Group.

Specifically, the Internal Controls Committee, chaired by the president, meets twice annually. Within this committee, the Risk Management Subcommittee discusses key risks and follows up on risk mitigation measures. Key risks are selected annually through an analysis of external and internal environments, with risks evaluated based on their potential impact on management and the likelihood of occurrence.

Internal Controls Committee Organizational Diagram



Key Risk Management Activities



External disclosure of activities (securities report, corporate governance report, integrated report, company website, etc.)

For Business Strategy Risks, we formulate and execute plans for risk countermeasures, focusing on key initiatives aligned with our 2030 Business Plan. These plans are organized from both backcasting and forecasting perspectives. As part of this process, we revise strategies and apply them to our annual policies to drive further business growth. On the other hand, for Management Foundation Risks, we identify elements affecting sustainable management for each function and implement risk mitigation measures accordingly.

*1 An analytical method that categorizes the external environment into four factors—political, economic, social, and technological—to assess their impact on the Company

*2 An analytical method that interprets the market environment from the perspectives of customers, competitors, and the Company itself

《 Review of FY2023 》

For Business Strategy Risks, we incorporated changes in the business environment, such as international political instability, economic stagnation, the slowdown in BEV adoption, and the rise of Chinese automobile manufacturers, into each strategy to increase the certainty of achieving our 2030 Business Plan. For Management Foundation Risks, we addressed quality certification issues in the automotive industry by enhancing organizational structures and reforming workplace culture. Specific initiatives included the establishment of an independent organization for regulatory certification management and the identification of workplace challenges. In addition, we enhanced communication with suppliers to ensure compliance with antitrust laws and subcontracting laws. Among the key risks, those with significant global impact were shared with Group companies both domestically and internationally. Throughout the year, we implemented a PDCA cycle for risk mitigation measures. Particular attention was paid to compliance efforts in areas under public scrutiny, such as quality certification and transaction optimization. Regarding economic security, we established a new working group to implement measures that incorporate domestic and international trends. Furthermore, we created the Risk Management and Response Guidelines that outline the fundamental actions to be taken in the event of a risk materializing. This Guidelines specify the necessary steps to ensure appropriate and swift action if such a situation arises.

《 Future Initiatives 》

For Business Strategy Risks in FY2024, we identified 11 key risks. In addition to risks related to the changing strategies of automobile manufacturers and responses

to omnidirectional strategies due to the slowdown in BEV adoption, we added risks associated with the India business strategy, a key growth initiative, and risks related to addressing the global expansion of Chinese automobile manufacturers, particularly in ASEAN, which has been a longstanding focus. Based on this situation, we have incorporated these risks into specific business activities, such as strategic investments and product development, to drive progress.

For Management Foundation Risks, in addition to concerns over protectionist trade policies in various countries and geopolitical risks such as the prolonged regional conflicts involving the Middle East and Russia, we added labor shortages due to declining birthrates and aging populations, recruitment challenges, and management issues among emerging Chinese BEV manufacturers. We selected a total of 14 key risks, including these additions, and are working on specific measures to mitigate these risks. The selected key risks are shared with both domestic and international Group companies. Each company conducts risk assessments and independent inspection activities in collaboration with head office, implementing a group-wide PDCA cycle. In terms of economic security, the working group established in FY2023 continues to implement measures addressing legal trends in various countries. Also, in response to the changing environment and evolving requirements, we are enhancing the supply chain to ensure stable procurement of raw materials and components.

Furthermore, discussions on key risks, including those related to economic security and sudden risks arising from political instability, are held at the Board meetings. Through these discussions, we continuously implement improvements that align with changing circumstances.

《 Towards Sustainable Growth 》

Amid rapidly changing external environments driven by geopolitical risks and economic policies in various countries, as well as the increasing complexity of regulations and rules, it is essential to carefully analyze and evaluate each Group company. Based on these risk analyses, it is crucial to promptly implement effective risk mitigation measures with a sense of urgency, as well as to respond effectively to crises when risks materialize. To continue being a trusted company among our stakeholders, we will further enhance our risk management framework and strive for proactive risk responses to ensure responsible and sincere business operations.

Examples of Key Risks

Classification		Main Key Risks
Size of risk Impact on operations (financial impact, etc.) × Possibility of occurrence (frequency)	Large	<ul style="list-style-type: none"> Addressing carbon neutrality (including carbon pricing and rubber/plastic material adjustments) Addressing the circular economy (including green technology initiatives) Large-scale disasters (e.g., abnormal weather and others) Responding to growth sectors and markets Cyberattacks and scam emails Injuries and operation shutdowns due to serious work accidents Raw material procurement, energy price hikes, etc. Recalls due to serious quality issues Global expansion of Chinese automobile manufacturers
	Medium	<ul style="list-style-type: none"> Responding to BEV transition (including the launch of new products for the BEV market and addressing declines in fuel-related components) Supply chain disruptions (due to geopolitical, market, infectious disease, or disaster-related factors) Leakage of confidential information Harassment incidents Fires or explosions leading to an interruption of business operations Labor shortages (including rising labor costs) Trade friction (including issues related to economic security) Traffic accidents (fatal or severe negligence)
	Small	<ul style="list-style-type: none"> Insufficient development of patent networks

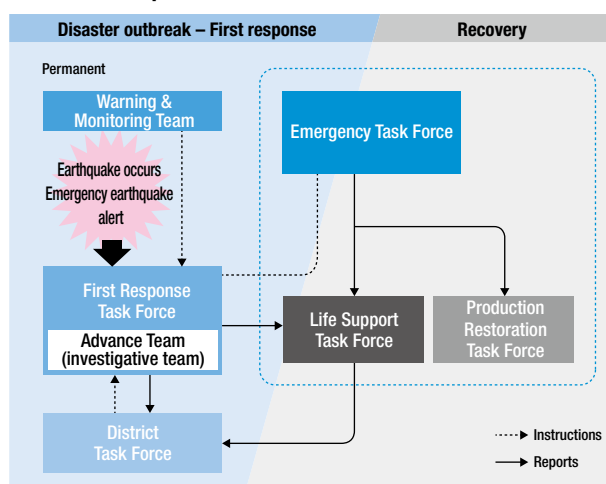
Risk Management

Crisis Management Project in Anticipation of Large-Scale Earthquake Disasters

A crisis management system has been put in place in 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 Crisis Management Project, resilience training has been conducted more than 210 times for directors and members of disaster response departments since FY2013. These efforts are based on the Company's belief that improving the skills of response personnel is essential. Specific procedures for the recovery of affected buildings, facilities, and

processes have also been established, 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 enhance crisis management not only in Toyota Gosei but also at Group companies and suppliers are conducted regularly. Assessments using earthquake preparedness measure checklists, clarification of weak points with graphs, presentation of responses taken at Toyota Gosei and other companies, and collaborative preparation of business continuation plans (BCP) are carried out.

Disaster Response



Initiatives to Date

Classification	Initiatives
Facility and equipment measures	<ul style="list-style-type: none"> Earthquake resistance measures for buildings and facilities Establishment of a disaster preparedness center to serve as an operations base for the entire company in the event of a disaster Equipping all locations with a multi-channel access (MCA) radio system*¹ and satellite phones Installation of crisis management servers (earthquake-resistant structure) and emergency power generators Operation of a DR*² system and DCs*³
System measures	<ul style="list-style-type: none"> Implementation of site and building safety assessments Training in operation of earthquake early warning systems and employee safety information systems Preparation of supply chain information Preparation of a business continuity plan (BCP)
Skills	<ul style="list-style-type: none"> Ongoing resilience training (disaster simulation exercises)

*1 Radio system used in Japan for various purposes, from daily operations to emergencies and disasters

*2 System for restoring and repairing damaged systems (Disaster Recovery)

*3 General term for special facilities equipped with operating computers, data communications, and other equipment (Data Center)

Cybersecurity Measures and Activities

To enhance 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, as well as at major suppliers. Confidentiality officers are assigned in all departments, and confidentiality training sessions are conducted based on information system security operating

standards and a confidential information management manual. At domestic and international Group companies and major suppliers, specific measures are stratified and executed based on the size of the impact on Toyota Gosei and inspection results for cybersecurity risk measures at each company. Regular reports and discussions are conducted in all company-wide councils, and cybersecurity measures are implemented together globally.

Main Cybersecurity Measures

Classification	Measures (domestic and international Group companies and suppliers respond in accordance with the size of the impact)	
Prevent leakage due to negligence	Facility and equipment measures	<ul style="list-style-type: none"> Data encryption on personal computers USB device connection controls
	System measures	<ul style="list-style-type: none"> Security measures when sending emails out of the Company (mandatory cc to superior's email address, encryption of attached files)
Prevent leakage and damage due to malicious intent	Facility and equipment measures	<ul style="list-style-type: none"> Installation of computer anti-virus software Firewalls to control communication with outside parties Constant monitoring of unauthorized communication Detecting and preventing tampering with systems open to the public outside the Company Prevention of unauthorized connections to the network
	System measures	<ul style="list-style-type: none"> Confidentiality pledge Restricted access to file servers Stricter standards for allowing items to be taken from premises
Training sessions (morale measures)	<ul style="list-style-type: none"> Security training for employees Training in responding to targeted email attacks Company-wide confidentiality controls inspections and on-site audits using check sheets 	



Foundation of Value Creation

- 72 Quality Assurance
- 74 Environment
- 80 DX
- 81 Supply Chain Management
- 84 Human Rights Initiatives
- 86 Health and Safety
- 87 Contribution to Local Communities
- 88 Governance
- 96 Interview with Outside Directors
- 100 Compliance

Quality Assurance

Through Collective Effort, Striving to Be Recognized as the “Quality TG” by All Global Customers

Makoto Kawase

Chief of Quality Assurance Headquarters



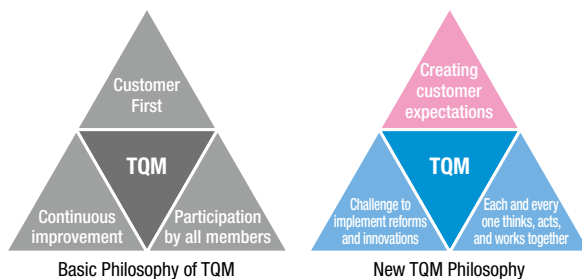
Our Commitment to Quality Assurance

■ Enhancing Corporate Structure through TQM*1 Initiatives

Based on the basic principles of TQM, we are implementing TQM initiatives throughout the company to enhance product and work quality and human and organizational vitality to create a flexible and strong corporate structure. In addition to traditional improvement initiatives such as the Workplace Management Improvement Initiative and Small Group

Initiatives, we are developing a new TQM philosophy based on the concept of anticipating change and changing how we do work. We are also working on fostering a culture and developing human talent to drive reforms and innovation in response to changing times.

*1 Total Quality Management



TQM Activities

Hierarchy	Initiatives
Managers	Workplace management transformation activities
Staff/ technical workers	Small group activities (team-based improvement activities) Activities to enhance practical skills in SQC*2/ML*3 *2 SQC: Statistical Quality Control *3 ML: Machine Learning
Skilled Roles	Small group activities (QC circle activities)

Developing Talent to Drive Reforms and Innovation

With the rapid expansion of DX (digital transformation) in recent years, it has become essential to develop talent capable of leveraging big data to efficiently reform work processes.

We are enhancing our practical education for talent who can utilize statistical quality control (SQC) and machine learning (ML) methods through industry-academia collaboration*4 and other methods.

*4 University professors and experts from the Toyota Group serve as instructors



Practical data science workshop

Fostering a Culture to Drive Reforms and Innovation

Based on the new TQM philosophy of taking on the challenge of implementing reforms and innovation, we are implementing Value Creation Community Activities with the goal of building communities that can take on the challenge of creating value.

Community Objectives

- Building connections beyond workplace boundaries to share a value-creation mindset
- Providing a space for individuals to engage in value creation
- Cultivating a culture where individuals are unafraid to change, adapt, and take on challenges, even in the face of failure



External exchange activities as part of the Value Creation Community

■ Establishing a Quality Mindset of Customer First and Quality First

In response to the Global Safety, Fire Prevention, and Quality Declaration issued by the president, all employees make a Declaration of Thought and Action based on their roles and responsibilities. During initiatives like Global Quality Month, employees reflect on their actions while prioritizing Customer First and Quality First. As part of this effort, we have established the Quality Learning Center to provide a space for learning and cultivating a quality-oriented mindset.



Learning activities at the Quality Learning Center

■ Ensuring Manufacturing Quality and Continuous Improvement Initiatives

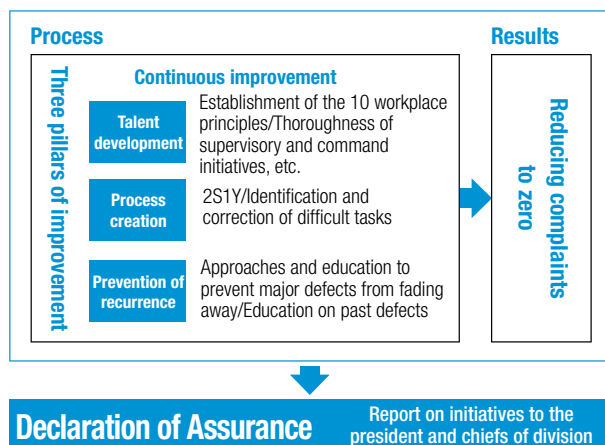
In order to deliver safe and reliable products to our customers around the world, we are working toward self-contained processes^{*5}, particularly in the production process of safety parts, which are directly related to the basic performance (driving, turning, stopping) and safety of vehicles.

We are continuously implementing the global standardization of equipment and management requirements—including the transition from human-based to equipment-based quality assurance—to ensure that no critical quality issues (such as recalls or

service campaigns) arise.

Furthermore, to create manufacturing sites that are resilient to change, we are implementing Quality Assurance Declaration Activities led primarily by manufacturing section managers. These activities focus on three pillars: Developing People, Developing Processes, and Preventing Recurrences. Once the targets are achieved, section managers issue a declaration of assurance to the president and area managers.

^{*5} Based on the philosophy of “Quality is built into the process,” we will not produce or pass on defective products in any of our processes.



On-site confirmation meeting by the president and vice president (Left: Japan, Right: North America)

■ Establishment of a Quality Assurance System That Can Also Respond to Future Business and Environmental Changes

Quality Assurance System Adapted to New Technologies and Newly Developed Products

We have obtained ISO 9001/IATF 16949 certification for our quality assurance system and have established a quality management system. We are also building quality into new products using an Initial Management System that checks the degree of completion of each process from planning to design to production. We are

continuously improving our Initial Management System to adapt to new technologies and development products driven by innovations such as CASE and MaaS, as well as emerging business areas like software, service-based businesses, and collaborations with new customers, alliances, and suppliers.

Enhancing Initiatives for Regulatory Compliance

To address the expansion of applicable regulations for new business areas, as well as the addition of new laws and amendments for existing products, we have established a Regulatory Compliance Office to enhance governance.

In addition to regularly conducting regulatory education, the Office implements efforts where company leadership directly engages with on-site personnel to listen to their challenges and drive improvements.

Environment

Taking on the challenge of carbon neutrality and a circular economy with the concerted strength of the Toyoda Gosei Group

Hiroshi Yasuda

Chief of Carbon Neutrality and
Environment Promotion Division



Global warming, resource depletion due to mass production and disposal, and waste problems have become shared issues worldwide. Under our slogan of “A Greener, Richer World for Our Children,” Toyoda Gosei is accelerating its efforts by bringing together the entire Group to realize carbon neutrality and a circular economy as soon as possible by maximizing its strengths in rubber and plastic polymer technologies in both production and products.

Contributing to Environmental Preservation through All Our Business Activities

Basic Philosophy

The Toyoda Gosei Group formulated its 1st Environmental Action Plan in 1993 based on its Environmental Policy, and since that time has been actively confronting environmental issues. In February 2016, we announced our long-term targets in the TG2050 Environmental Challenge, and have set milestone targets to be reached by 2030. We have also formulated a five-year action plan in which activity items

and targets are set and are carrying out activities to preserve the environment. Globally, we have placed integrated environmental functions in the regions of the Americas, China, ASEAN, and India. The Group is also making efforts as a whole with area control in five global regions, the above four plus Europe/South Africa. These efforts are made in conjunction with government agencies, customers, and suppliers.

Environmental Policy

1. Environmentally-friendly business activities

We are keenly aware that all stages of our business relate deeply to the environment, from development, production, and sales 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 initiatives, we listen to the opinions of people at all levels of society and work to improve our initiatives wherever we can.

TG2050 Environmental Challenge

The Toyoda Gosei Group specializes in the field of rubber and plastic polymers. 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 TG2050 Environmental Challenge sets six challenges to enhance our environmental efforts with a long-term view to the year 2050. As a roadmap to

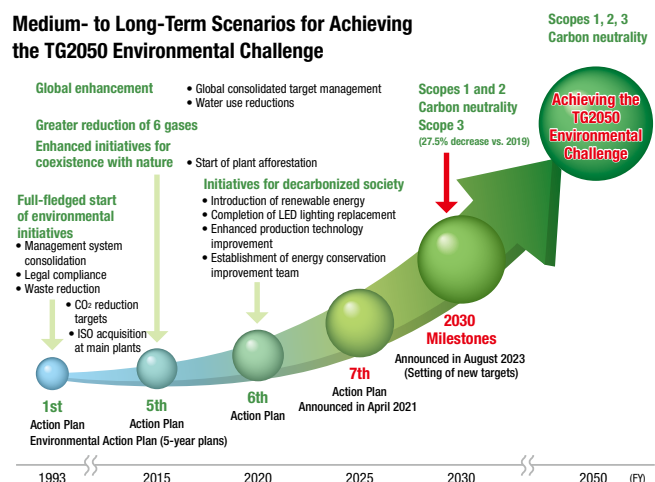
achieve that, we have formulated a five-year Environmental Action Plan and are actively working toward its implementation. Furthermore, in August 2023, we announced our decision to accelerate the achieving of carbon neutrality (Scopes 1 and 2) from 2050 to 2030 to enhance our response to climate change issues.

Environmental Action Plan | Toyoda Gosei (toyoda-gosei.com)

TG2050 Environmental Challenge (Six Challenges)



Medium- to Long-Term Scenarios for Achieving the TG2050 Environmental Challenge

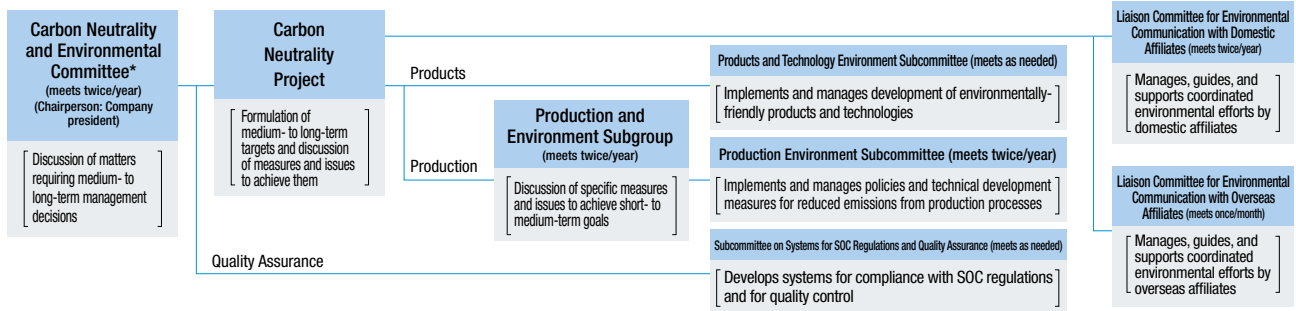


■ Implementing Organization

Our medium- to long-term policy and key action items are discussed and decided in a Carbon Neutrality and Environmental Committee chaired by the company president. The Carbon Neutrality and Environmental Committee consists of three subcommittees in the areas of products, production, and quality. In the area of production, a Production and Environment Subgroup has

been established to enhance environmental initiatives over the entire manufacturing process. As a subordinate organization under the subcommittee, we have established a working group to implement activities aimed at reducing environmental impact and prevention by reducing energy consumption, improving energy efficiency, and minimizing waste and water intake.

Environmental Organizational Structure

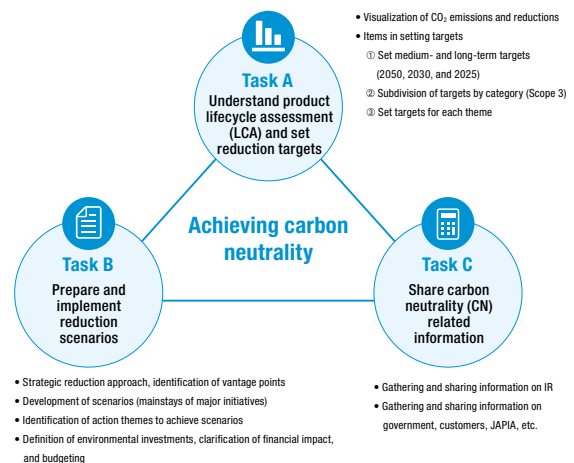


* The Carbon Neutrality and Environmental Committee is positioned within the organization as shown in the Corporate Governance System Chart (see p. 71), and the deployment of policies from the Carbon Neutrality and Environmental Committee, the Production and Environment Subgroup, and the respective subcommittees to plants and other operations is done by establishing expert committees in accordance with the ISO 14001 system at each plant.

■ Carbon Neutrality Project

Led by the president, with outside directors serving as advisors and relevant department heads as core members, we have launched a cross-departmental carbon neutrality project. This project enables swift decision-making and action across the entire product lifecycle.

System	With the president at the top, the project leader is the vice president, and the core members consist of department heads and above. This is a system that enables speedy and immediate managerial decisions and their implementation.
Initiative	Each task is led by the head of the relevant department to carry out the initiative.

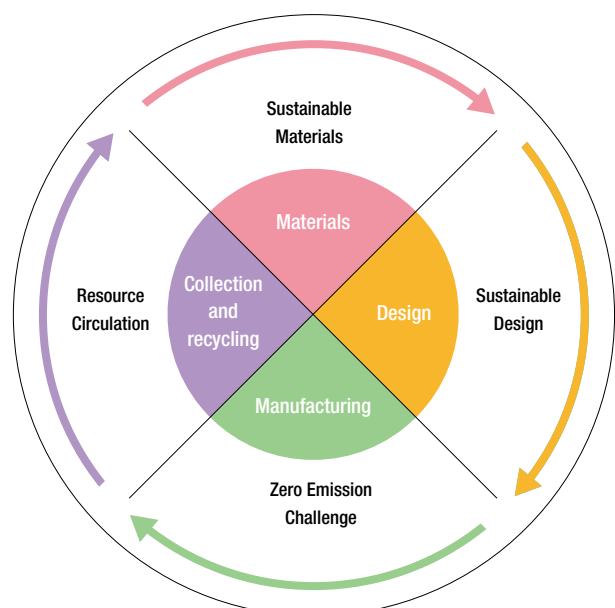


■ Strategy on Carbon Neutrality and Circular Economy

We have established a strategy on carbon neutrality and circular economy for the entire product lifecycle and are implementing initiatives for achieving it. We have set Sustainable Materials, Sustainable Design, Zero Emission Challenge, and Resource Circulation as our goals, and have incorporated them into specific content from four perspectives, and in this way, we aim to realize carbon neutrality and a circular economy and link it to viable businesses.

Materials	We will strive to procure recycled materials for also ensuring stable supply and expand the use of bio-materials.
Design	We will strive to develop lightweight designs, easily-disassembled designs, compact designs, and other improvements.
Manufacturing	In addition to day-to-day improvements, we will also study the adoption of innovative processes, such as process downsizing and reduction of heat energy, as well as the use of hydrogen.
Collection/recycling	We will systematically minimize waste in our plants and build a system to collect parts from the market.

Strategy on Carbon Neutrality and Circular Economy



Building a Decarbonized Society

■ Basic Philosophy

In order to achieve the Paris Agreement's goal of limiting the global average temperature increase to 1.5°C above pre-industrial levels, greenhouse gas emissions must be reduced to virtually zero by 2050. The Company recognizes societal demands for transitioning to a decarbonized society and supports the agreements on climate change countermeasures established under the Paris Agreement. In August 2023, we set a new goal to accelerate the achieving of carbon neutrality for CO₂

emissions generated by our production operations (Scopes 1 and 2) from 2050 to 2030, bringing the target forward by 20 years. Also, we established targets for CO₂ emissions associated with the procurement of materials, components, and products (Scope 3). Furthermore, we obtained international certification for decarbonization (SBT Certification) and are actively working across the entire value chain.

■ Endorsement of TCFD Recommendations

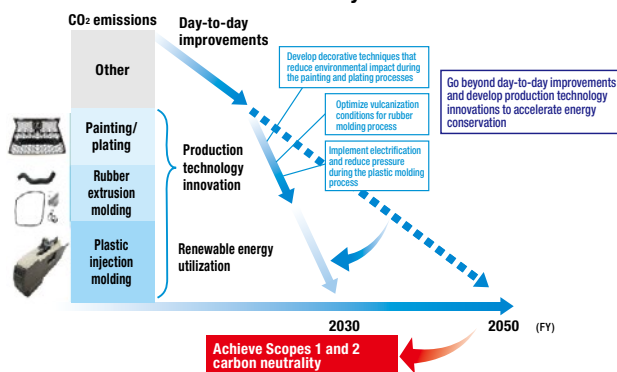
In May 2019, we expressed our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and conducted a scenario analysis of risks, opportunities, and responses based on the Guide. We are accelerating our efforts across our

business activities and proactively disclosing relevant information, including incorporating the results in our 2030 Business Plan and reviewing our TG2050 Environmental Challenge and 2030 milestones.

■ Moved Up the Timetable for Carbon Neutrality to 2030

Toyota Gosei has established a new target to achieve carbon neutrality for CO₂ emissions (Scopes 1 and 2) generated from its production operations that is 20 years earlier than the previous target by moving it up from 2050 to 2030. We are accelerating daily improvements and production technology innovations more than ever to minimize energy consumption. When updating equipment, we are actively making environmental investments by introducing Internal Carbon Pricing (ICP) to facilitate the transition to a decarbonized society. Also, we will utilize renewable energy sources, such as green power, to meet necessary energy demands.

Initiatives to Achieve Carbon Neutrality



■ Obtained International Certification for Decarbonization (SBT Certification)

In November 2023, we obtained certification from the Science Based Targets initiative (SBTi), an international initiative, recognizing our 2030 targets as being aligned with the Paris Agreement's objectives.



SBT-Certified Targets: Our FY2030 CO ₂ Reduction Targets (Compared to FY2019 levels)		SBT Standard
Scopes 1 + 2	-46.5%* ¹	-46.2% or more (1.5°C level)* ²
Scope 3 (Category 1)	-27.5%	-27.5% or more (WB2°C level)* ²

*1 The 2030 target aims to achieve carbon neutrality by combining renewable energy and other measures.

*2 Refers to CO₂ reduction levels aligned with global warming targets, where "1.5°C level" means keeping temperature increases below 1.5°C, and "WB2°C level" means well below 2°C.

For short-term targets, refer to our website.



Environmental Action Plan | Toyota Gosei (toyoda-gosei.com)

■ Reducing CO₂ Emissions

To achieve our 2030 target, we are reducing CO₂ emissions throughout the entire product lifecycle (Scopes 1, 2, and 3) by improving productivity and

efficiency of logistics, in addition to more lightweight designs for products leading to even higher vehicle fuel efficiency.

Product Development Stage: Environmentally-friendly Product Development

Materials

Design

In the product development stage, we are making headway in providing products for environmentally-friendly, next-generation vehicles and developing products with lighter weight for greater fuel efficiency and lower energy consumption and CO₂ emissions across the areas of materials technology, product design, and production technology. Examples include the development of high-pressure hydrogen tanks for FCEVs and efforts to switch

materials (e.g., from metal or rubber to plastic), reduce the number of components, integrate functions, and use more lightweight designs while ensuring quality for the strength and other properties of instrument panel peripherals and other interior and exterior components and of functional components such as hoses. We are also actively working with suppliers to develop materials with low CO₂ emissions, such as bio-materials and recycled materials.

Production Stage: Reductions with Development of New Processes, Daily Improvements

Manufacturing

We have set a 2030 milestone for achieving zero CO₂ emissions at our plants, and are rigorously reducing energy consumption through day-to-day improvements at plants, production technology innovations, utility efficiency enhancements, and more. Remaining energy

needs are being addressed through the expansion of renewable energy, such as installing solar power systems and purchasing green electricity. In particular, renewable energy initiatives are underway with the goal of converting all electricity to renewable energy by FY2030.

Logistics Stage: Improving Loading Efficiency

Design

Manufacturing

Materials

In collaboration with logistics companies, we are reducing CO₂ emissions by improving truck loading capacity and logistics efficiency through the use of AI and other means. We are also conducting demonstration

tests of renewable diesel fuel^{*3} as an alternative to diesel fuel and are studying its full-scale implementation.

^{*3} Renewable diesel fuel: Fuel made from waste cooking oil and other materials, reducing CO₂ emissions by 90% compared to petroleum-based fuels.

Materials and Parts Procurement Stage: Emission Reduction through Collaboration with Suppliers

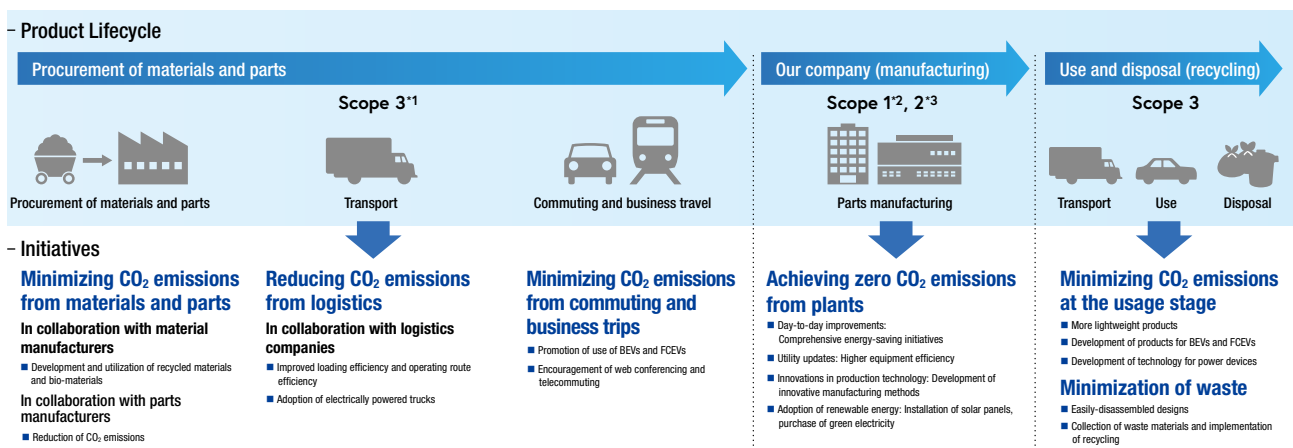
Materials

Manufacturing

We implement CO₂ reduction by sharing good practices with suppliers through the Energy Saving Dojo and supporting actual data measurements.

Initiatives to Reduce CO₂ Emissions in the Value Chain

— Toward Carbon Neutrality in the Value Chain by 2050 —



^{*1} GHG emissions in the supply chain indirectly emitted by the company (e.g., raw material production, transportation, business trips, commuting) ^{*2} GHG emissions directly emitted by the company itself (e.g., fossil fuels, natural gas)

^{*3} GHG emissions indirectly emitted by the company (e.g., purchased electricity)

■ Reduction of Greenhouse Gas (6 gases)^{*4} Emissions

Of the six greenhouse gases, Toyoda Gosei uses three (HFC, PFC, SF₆) and is conducting initiatives to reduce all of them. By FY2015, we had completed a switch to alternative gases with a low environmental impact for

the shield gas and other gases used in the production of steering wheel cores. We will continue these reduction initiatives going forward.

^{*4} Hydrofluorocarbon (HFC), perfluorocarbon (PFC), sulfur hexafluoride (SF₆), methane (CH₄), nitrous oxide (N₂O), nitrogen trifluoride (NF₃)

Building a Recycling-Oriented Society

Basic Philosophy

In order to mitigate resource depletion and water risks, we not only take measures for defects and yield, which are the focus of our manufacturing divisions, but also work on emission control and recycling involving material and production technologies in the sourcing divisions for contributing to the attainment of a

recycling-oriented society. For water, we identify risks in each country and region where we conduct business globally while also striving to reduce risks by reducing water usage, recycling water, and returning cleaner wastewater to the community.

Risks and Opportunities Related to Resource Recycling

We consider risks and opportunities related to resource recycling as important management issues, and we are working on them company-wide as one of our priority issues to be addressed.

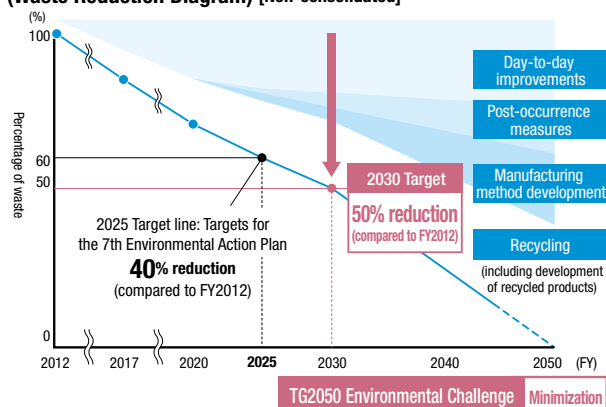
Issue	Risks	Opportunities	Measures
Resource depletion (shortage)	<ul style="list-style-type: none"> Reduced earnings and production hindered by difficulty in procurement of raw materials and price hikes 	<ul style="list-style-type: none"> Improved earnings through recycling technology and reduced material usage volume Improved corporate value through development of the above-mentioned technologies 	<ul style="list-style-type: none"> Development of more lightweight products Development of recycling technology for raw materials Expanding the use of plant-derived biomaterials and recycled materials
Water risk (quantity and quality)	<ul style="list-style-type: none"> Production hindered by difficulty in securing water necessary for production Drop in product quality due to deterioration in water quality Production hindered by water damage 	<ul style="list-style-type: none"> Improved earnings through reuse of water and reduced water usage Improved corporate value through development of the above-mentioned technologies 	<ul style="list-style-type: none"> Development of water reuse technology Expanding the use of rainwater Review of production system and installation locations of electrical facilities

Reduction of Industrial Waste

Establishment of 2030 Milestones

We are working to reduce industrial waste through measures such as curbing emissions, addressing sources of waste, recycling rubber and plastic scraps, and ensuring thorough sorting to maximize resource utilization.

Scenario for Minimizing Amount of Industrial Waste (Waste Reduction Diagram) [Non-consolidated]



Milestones for Minimizing Waste Volume: Global

Item	2025	2030	2050 (FY)
Toyoda Gosei	Compared to FY2012: 40% reduction	Compared to FY2012: 50% reduction	Minimization of waste volume
Overseas affiliates	Compared to FY2015: 50% reduction	Compared to FY2015: 55% reduction	

Development of Product Recycling Technology

Materials Design Manufacturing Collection/recycling

We develop and design easily recyclable products and materials by taking into consideration the entire lifecycle of automobiles. We are also developing recycling technology for waste material.

Technology Development for Recycling ELV* Parts

Key Item	Measures Implemented
New recycling	<ul style="list-style-type: none"> Composite material separation technology New recycling technology (high-quality material recycling)
Use of recycled materials in vehicles	<ul style="list-style-type: none"> ELV parts recycling technology Development of uses for recycled materials
Design of easily-recyclable products	<ul style="list-style-type: none"> Product design for easy dismantling Materials and composition changes for easy recycling

* ELV: End of Life Vehicle

Reduction of Waste Materials in the Production Stage

The Production Engineering Dept. and the Manufacturing Division are working together to implement source-level measures and recycling initiatives. At each plant, we are conducting inspections for all types of waste to identify items for reducing waste by using the genchi-genbutsu

system (collecting facts and data at the actual site of the work or problem) to implement waste reductions. We also share examples of waste reduction with both domestic and international Group companies to implement waste reduction throughout the entire Group.

Reduction of Packaging in the Distribution Stage

Collection/recycling

By washing returnable boxes* more frequently and keeping them clean, we are reducing the amount of packaging materials used to prevent products from being soiled. We are also reducing packaging materials by putting lids on

returnable boxes and making other changes while maintaining a balance between ensuring product quality and reducing the amount of packaging materials used.

* Boxes for transporting products

Reducing Water Risks

Manufacturing

Establishment of 2030 Milestones

In terms of water necessary for business activities, we comply with the laws and regulations established by each country. Also, we are assessing risks in both water usage and water quality in Japan and international locations, and making improvements at high-risk

locations. Even at low-risk sites, we are working to reduce water intake amounts by implementing measures such as utilizing rainwater. We are also working to systematically upgrade our wastewater treatment facilities to produce even cleaner wastewater.

Milestones for Minimizing Water Risk: Global

Item		2025	2030	2050 (FY)
High-risk areas	Water quality (4 sites)	Measures implemented at 2 sites	Measures implemented at 4 sites (all sites)	Minimization of water risk
	Water intake amount (7 sites)	Measures implemented at 3 sites	Measures implemented at 7 sites (all sites)	
Low-risk areas		Compared to FY2019: Water intake per sales unit: 6% reduction	Compared to FY2019: Water intake per sales unit: 11% reduction	

Building Environmentally-friendly Societies

Basic Philosophy

Based on the concept of Nature Positive, we have set coexistence with local communities as one of the materialities (key issues) to conserve biodiversity, and

are working on woodlands creation, building of biotopes, and conservation initiatives for tidal flats.

Risks and Opportunities Related to Biodiversity

We conduct initiatives by identifying risks and opportunities related to biodiversity. Going forward, we aim to enhance our contributions to

global environmental conservation while conducting disclosures based on the framework of the Taskforce on Nature-related Financial Disclosures (TNFD).

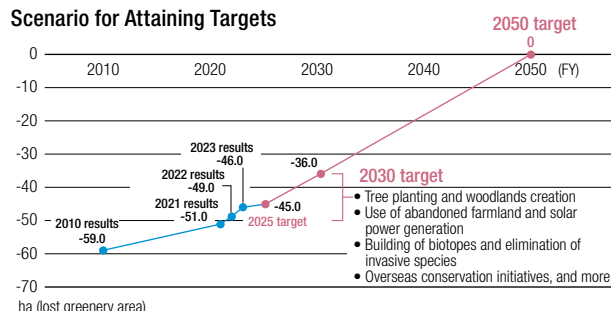
Issue	Risks	Opportunities	Measures
Reduction of natural capital	<ul style="list-style-type: none"> Reduced earnings and production hindered by difficulty in procurement of raw materials and price hikes Drop in product quality due to deterioration in water quality Decline in public trust in the Company due to damage to surrounding areas caused by the discharge of contaminated wastewater 	<ul style="list-style-type: none"> Business continuity by securing human resources and raw materials through nature conservation initiatives Sustainable production and enhancement of corporate value by securing good quality water resources through woodlands creation and river conservation 	<ul style="list-style-type: none"> Development of more lightweight products Development of recycling technology for raw materials Expanding the use of plant-derived biomaterials and recycled materials Enhancing wastewater management and related controls

Establishment of Medium- to Long-Term Targets

We have set a “No Net Loss of Greenery” goal of restoring 59 hectares of greenery by 2050, which is equivalent to the area of our plants, and are conducting initiatives to achieve this goal. Specifically, under the slogan “Connecting Activities with Water, the Source of Life,” we

are conducting initiatives in the areas of mountains, rivers, and oceans. Among these efforts, the biotope* maintained on the Company premises has been recognized as a biodiversity conservation area, designated as a “Nature Coexistence Site” by the Ministry of the Environment.

Scenario for Attaining Targets



The certified Heiwacho Plant biotope



DX

We aim to enhance and optimize management through the use of data and digital technologies.

Masayoshi Hachisuka
Chief of IT Headquarters



By centralizing and utilizing data, we provide timely information necessary for analysis and decision-making, achieving greater efficiency and more advanced business operations and management. To achieve this, it is essential to improve inefficient tasks and processes, reallocating those resources to higher value-added activities. Also, we need to shift to data-driven management at all levels—at sites, in business operations, and in management—by adopting data-based decision-making. These efforts go beyond merely improving business processes. They directly contribute to enhancing corporate value and presence. By leveraging innovative digital technologies, we will realize a customer-centric approach, transform organizational culture, and develop new innovations and business models.

Development of IT Solutions for Process Optimization and Operational Efficiency

We are working on building an IT platform to drive innovation in the engineering chain at every stage—sales, design, production preparation, and quality control—aimed at improving operational efficiency and shortening development cycles. Furthermore, by enhancing the supply chain infrastructure across procurement, manufacturing, quality, and logistics, we are pursuing productivity improvements, cost reductions, and shorter manufacturing lead times. As a new initiative, we have developed a system that uses AI to accurately measure the load volume of delivery

trucks, contributing to improved load efficiency. We believe that these process reforms should not only improve internal operations but also create value for our customers and the supply chain.

System for accurately measuring delivery truck load volume using AI



Enhancing the Infrastructure for More Advanced and Efficient Global Management

We are working to enhance our IT infrastructure to achieve more advanced and efficient management from a global perspective. We have also begun renewing our aging core systems. By revamping business processes in areas such as production management and accounting, we aim to improve the accuracy of procurement and production planning, refine progress

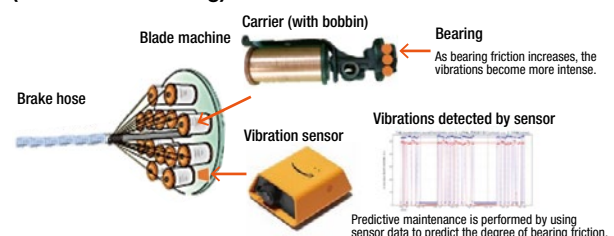
management, and enhance the overall efficiency of core business operations. Furthermore, by visualizing financial accounting and cost management data—including granular details on costs, revenue, and ROIC indicators—we will enable more advanced decision-making and efficient allocation of resources.

Development of Digital Technologies to Support DX and Identification and Development of Talent

In addition to enhancing cybersecurity measures and risk management, we are actively adopting the latest technologies, such as machine learning (AI)-based data analysis and cloud technologies. For example, we are utilizing data from vibration sensors in manufacturing sites for predictive maintenance and have developed a generative AI tool, RAG chatbot (Retrieval-Augmented Generation), to assist with material development tasks. Company-wide, we have introduced Generative AI Usage Guidelines to ensure the safe and effective use of conversational AI services. For developing digital talent, we are implementing measures tailored to various audiences, including specialized training in data science, literacy improvement programs for all employees, and

conducting citizen development through internal departments. We also aim to establish leadership and collaboration capabilities for DX implementation, enhance implementation structures, and foster a cultural transformation within the organization to support these efforts.

Predictive maintenance using vibration sensor data (AI machine learning)



Supply Chain Management

We aim to enhance our connections with suppliers and work together as one to achieve mutual sustainable growth.

Shuji Watanabe

Chief of Purchasing Headquarters



Supply Chain Management

Basic Procurement Policy

The Toyoda Gosei Group has set a Basic Procurement Policy based on the concept of coexistence and co-prosperity with our suppliers. We aim to deepen our

partnerships with suppliers while achieving sustainable growth for both of us.

1. Globally Optimized Procurement

We procure the optimum raw materials, products, and equipment fairly from a global perspective, taking into consideration cost, quality, technology, and production. We also welcome proposals from suppliers for new technologies and manufacturing methods, and new products.

2. Mutual Development Based on Mutual Trust

We aim to enhance the collective strength of the Toyoda Gosei Group based on open and fair relationships with our suppliers, mutually enhancing our corporate structures, innovating our management, and building relationships of mutual trust.

3. Efforts for a Sustainable Society

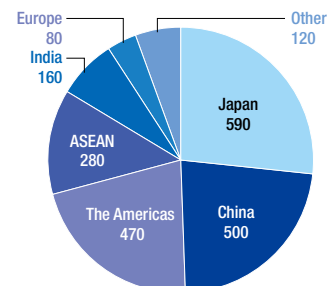
Toyoda Gosei has set activity norms as guidelines for initiatives that should be made for the SDGs and other social issues, and shared them with suppliers in carrying out activities. We also aim to ensure complete legal compliance and confidentiality in corporate operations, including our supply chain.

Our Supply Chain

Toyoda Gosei directly conducts transactions with approximately 600 suppliers, and globally, including overseas locations, the number exceeds 2,000 suppliers.

In our global business operations, we consider all aspects of SQDC (Safety, Quality, Delivery, and Cost) and are working to enhance collaboration among procurement personnel in each region to further implement local procurement.

Number of Suppliers by Region



Enhancing Global Collaboration

To achieve the goals of our 2030 Business Plan, we have been working to enhance our global procurement collaboration system since FY2024. We aim to align procurement strategies across regions—Japan, the Americas, Europe, ASEAN, China, and India—with the strategies of each business division combined to enhance competitiveness.

Strategies formulated at top-level meetings, including local representatives, are further detailed through discussions at the operational level, which include on-site visits. These efforts are implemented using a PDCA cycle.

Moving forward, we will continue to implement region-specific collaboration methods to improve procurement functions, advance sustainability initiatives, and enhance partnerships with local suppliers.



Scene from the July 2024 meeting in Europe

Business with New Suppliers

We have an entry form on our website for open dialogue regarding new proposals and business dealings. In addition to SQDC assessments at the start of new business dealings, we also check the status of the other party's management activities based on their level of support for our sustainability guidelines and other

factors, to manage risks starting from our first transactions. At the same time, together with the signing of contracts and memorandums of understanding, we explain the various guidelines that Toyoda Gosei has developed and seek their understanding.

Sustainability Initiatives

■ Incorporating Sustainability Across the Supply Chain

Recognizing the growing expectations for corporate sustainability initiatives, we have developed and shared the Supplier Sustainability Guidelines (2nd Edition) with our suppliers to promote understanding and practical implementation.

To enhance awareness of potential risks and encourage early countermeasures, we provide self-check sheets for suppliers to conduct self-assessments. Moving forward, we will collaborate with suppliers to implement improvements based on the assessment results.

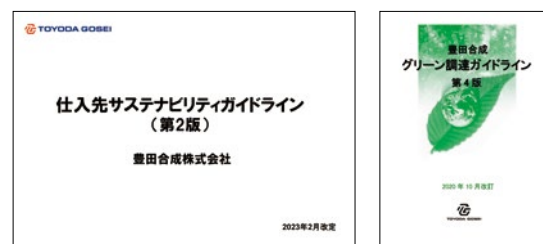
The Guidelines set policies related to human rights, labor, the environment, compliance, and other matters. In addition to social aspects (including eliminating child labor, forced labor, and discrimination, and ensuring equal opportunity, reductions in long working hours, and compliance with minimum wage laws), the Guidelines also require compliance with environmental aspects such as water use and biodiversity by suppliers.

With regard to the environment, our Green Procurement Guidelines require suppliers to reduce CO₂ emissions, recycle resources including waste, and manage chemical substances.

For conflict minerals, we ask suppliers to be responsible in their procurement of resources and raw materials, and once a year, we conduct a survey on conflict minerals with the cooperation of all suppliers.

As described above, we are accelerating initiatives needed for sustainable growth over our entire supply chain, matched to the various changing social conditions.

We are also working in collaboration with all our locations to globally expand the Supplier Sustainability Guidelines by incorporating regional characteristics.



■ Implementing Carbon Neutrality Initiatives

To achieve the carbon neutrality goals in our 2030 Business Plan, we recognize the importance of reducing Scope 3 emissions, which account for 70% of our CO₂ emissions. In collaboration with 140 key suppliers of product components, equipment, and molds, we are actively engaging in initiatives to understand their current states and challenges while maintaining close communication. Specifically, to help each supplier formulate reduction themes, we share our Energy Saving Casebook, host study sessions at our Energy Saving Dojo, and lend out various measuring instruments. We are also supporting suppliers in developing roadmaps to achieve medium- to long-term goals, including a 27% reduction by FY2030 and net zero by FY2050.

As part of these efforts, we hold the Carbon Neutral Initiative Conference twice a year, where group discussions among suppliers facilitate information sharing and problem-solving. From FY2024, we have begun globally expanding Japan's initiatives, and we will continue working toward decarbonization across the entire supply chain.



Tour of the Energy Saving Dojo (over 400 visitors from 100 companies)



Group discussion during the Carbon Neutral Initiative Conference

Enhancing Supplier Collaboration

■ Enhancing Our Partnerships with Suppliers

Every April, we hold procurement policy briefings where we explain our management philosophy, the business environment and company policy to about 250 of our major suppliers in Japan. After sharing our initiatives, challenges, and targets related to SQDC, compliance, and sustainability, we hold regular discussions to confirm results and make improvements through anticipated value roundtables. In addition, starting in FY2019, we have designated December of each year as Supplier Month as an opportunity to express our gratitude and respect to our suppliers and to listen to their honest opinions with humility, and we aim to build better relationships with our suppliers by presenting them with letters of appreciation to express our gratitude for their daily efforts.

We also hold procurement liaison meetings every month, where we introduce case studies on initiatives such as fire prevention, disaster preparedness, compliance, and cybersecurity. In addition, we conduct seminars on carbon neutrality and other social issues. In FY2020, we established Management Troubleshooting Consultations for suppliers and other business operators. We receive candid inquiries from them on various management issues, including corporate management, finance, human resources, and legal matters. This is done in small groups, where we try to give advice on effective solutions. These support consultations have exceeded 200 sessions, gradually fostering natural connections among suppliers. By sharing challenges, a positive cycle of mutual learning and collaboration has emerged.

■ Support for Suppliers So That We Can Grow Together

To support our suppliers, we implement various initiatives from the perspective of SQDC. Particularly in terms of safety, we are implementing fire prevention inspections for production equipment such as painting systems and proactive prevention initiatives based on risk assessments. For quality and production, we are conducting on-site improvements through manufacturing innovation initiatives, all while linking these efforts to talent development support. We are implementing these initiatives in association with talent development support, such as transfer of our own skilled workers or accepting core personnel from our suppliers. In addition, we provide indirect support for the initiatives of the Kyowa-kai, which is organized by suppliers for the purpose of mutual learning and sharing of best practices. From 2022, the Winning (Value) Technology Exhibition has been hosted by the Kyowa-kai with the aim of enhancing the competitiveness of both parties by utilizing suppliers' accumulated knowledge. Companies

have shared ideas, resulting in significant improvements.

To further enhance collaboration and accelerate progress, in 2023, we also began to leverage the strengths of both parties by sharing information on our problems (needs) and the proposals (seeds) of the Kyowa-kai. At the FY2024 Winning Technology Exhibition, we showcased many collaborative achievements, including those involving multiple suppliers.



FY2024 Winning Technology Exhibition

■ Monitoring of Supplier Information

We request suppliers with whom we have ongoing transactions to submit a survey sheet covering management information at least once a year, and we strive to quickly resolve risks and solve problems by visiting and interviewing suppliers regarding major changes.

In addition, based on annual evaluation results, we conduct on-site audits once a year at suppliers that meet our selection criteria in areas such as quality and safety. These audits are aimed at driving improvements.

■ Ensuring Fair Transactions

In our Declaration of Partnership Building, we pledge to engage in discussions with suppliers regarding the appropriate pricing of labor and rising energy costs.

We proactively reach out to suppliers, working closely with them through repeated consultations to address and resolve challenges.

Human Rights Initiatives

Basic Philosophy

The Toyoda Gosei Group respects and supports the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and other international norms. The Toyoda Gosei Group Charter for Business Ethics lays out our basic principles of “respecting human rights and the diversity, character, and individuality of each person and striving to create

workplaces that are free of discrimination and harassment and always healthy, pleasant and safe, based on labor-management cooperation.” This policy clearly prohibits discrimination, harassment, forced labor, child labor, and promotes respect for human rights.

Toyoda Gosei Group Human Rights Policy and Initiatives System

In April 2022, “Toyoda Gosei Group Human Rights Policy” was formulated. This policy was developed with input from external experts, deliberated in the Sustainability Council with participation from all executives and division heads, and approved by the

Board of Directors.

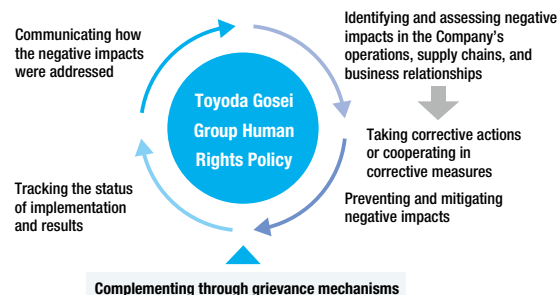
To enhance management’s commitment to human rights efforts, the Sustainability Council receives biannual progress reports on these initiatives.

 Human Rights Policy

Human Rights/Due Diligence

In alignment with the “UN Guiding Principles on Business and Human Rights,” the Group began implementing human rights due diligence in 2022. Human rights due diligence refers to a series of processes that identify negative human rights impacts in a company’s operations, supply chain, and other business relationships; prevent or mitigate those negative impacts; track implementation and results; and communicate how the negative impacts have been addressed.

Overall framework for initiatives related to human rights



Human Rights Impact Assessment

The Group conducted a human rights impact assessment in collaboration with external experts, covering both Toyoda Gosei and its suppliers, to identify priority human rights issues. A preliminary study was conducted to establish a comprehensive understanding of human rights risks related to the

business activities, products, and services of both the Group and its suppliers. In addition to the survey, we conducted a questionnaire, and in countries and regions with higher risks, we held interviews to assess the actual status of initiatives and identify challenges.

Salient Human Rights Issues

Within Our Group

Significant human rights issues	Affected stakeholders	Description
Harassment	<ul style="list-style-type: none"> Workers within our Group External parties such as business partners and suppliers 	All forms of harassment not only harm the dignity of victims but also deteriorate the working environment. Therefore, we will enhance preventive measures and establish corrective and remediation mechanisms.
Migrant workers	<ul style="list-style-type: none"> Foreign workers within our Group 	Since migrant workers (especially technical trainees domestically) tend to be particularly vulnerable, we will review their working and living conditions, aiming to prevent human rights abuses and establish corrective and remediation mechanisms.
DE&I	<ul style="list-style-type: none"> Workers within our Group 	A lack of understanding, consideration, and efforts regarding DE&I can result in lost career advancement opportunities, harassment, and discrimination. Therefore, we will enhance DE&I initiatives and build an environment where diverse talent can thrive.

Suppliers

Classification	Significant human rights issues
Domestic suppliers	Harassment, migrant workers (foreign technical trainees), DE&I
Overseas suppliers	Child labor, forced labor, migrant workers

Activities Based on Human Rights Policy

Foreign Technical Trainees

Six Group companies employing a total of 78 trainees conducted self-assessments on working conditions, safety, and health. Following this, our human rights officers carried out on-site inspections, including interviews with trainees and workplace tours. Some deficiencies were identified but were immediately

corrected, and no violations were found that could lead to human rights abuses. Additionally, as part of long-term career planning for trainees, we actively support their employment at local Group companies upon their return home.

One trainee spent five years at TG Logistics, a Toyoda Gosei Group company, engaged in molding operations as a technical trainee. Having become fond of TG's "Kaizen culture," the trainee joined Toyoda Gosei Haiphong in Vietnam in June 2024 after returning home. She is now responsible for process improvements, aiming to leverage her experience from past improvement activities and to further learn TPS to contribute to the Company.

Nguyen Thi Huong Thao (Toyoda Gosei Haiphong Co., Ltd.)



Employee Awareness and Education Activities

We conduct well-being and DE&I-themed lectures by external speakers, provide human rights policy guides in the company newsletter, offer online training for office staff, and roll out education tools for skilled workers. In addition, for harassment awareness, we provide training for executives, managers, and supervisors. Once a

month, we hold workplace readings of "TG Positive Workplace Support Squad," which summarizes DE&I and harassment awareness to ensure that all employees contribute to a harassment-free, healthy, and comfortable workplace.

Education initiatives

Target	Description	Frequency
Managers	Conduct training on basic human rights knowledge and unconscious bias	1 time/year
All employees	Provide foundational content on human rights through e-learning	1 time/year
Human rights managers	Participate in external study sessions to cover fundamental knowledge and current trends	As needed
Managers of Group companies	Conduct training on basic human rights knowledge and unconscious bias	1 time/year



Deliver harassment prevention training for managers

Activities for Domestic and Overseas Affiliates

To monitor HR and labor management conditions, we conduct an annual "self-inspection survey" for all domestic and overseas affiliates. As part of preventative efforts, we hold harassment and DE&I study sessions at

domestic affiliates, while overseas affiliates prepare an annual activity plan and work to reduce risks through shared educational resources and tools.

Consultation and Relief Services

We provide internal and external consultation channels accessible to employees of the Company and domestic affiliates. These services allow for anonymous consultations and reports, ensuring that no employee faces adverse treatment for seeking advice or reporting issues.

Additionally, since April 2024, we have participated in "JP-MIRAI Assist," which supports multilingual services and offers a specialized consultation system for foreign technical trainees.



Supply Chain Initiatives

In 2023, the Toyoda Gosei Group established the "Supplier Sustainability Guidelines" based on its Human Rights Policy, incorporating essential items for ensuring respect for human rights, such as the prohibition of child labor, forced labor, migrant labor abuse, and discrimination. We continue to raise awareness through

procurement liaison meetings, compliance training, and the distribution of educational tools. Additionally, this fiscal year, we plan to visit overseas suppliers to engage in proactive prevention and remediation of further human rights issues.

Health and Safety

■ Basic Philosophy on Health and Safety

The Toyoda Gosei Group considers employee safety and mental and physical health to be one of the most important management issues, and we do our best to ensure secure and pleasant workplace environments for all business activities.

■ Health and Safety Initiatives

In the Toyoda Gosei Group, Safety and Health Declaration is made and company activities are spread based on the above basic philosophy.

Safety and Health Declaration	1. We will comply with all laws and company regulations and standards related to safety and health.
	2. We will keep in mind that "Safety takes priority over everything else" and ensure that each and every one of us acts in a "safety-first" manner.
	3. We will engage in initiatives with a sense of ownership, and strive to foster a culture of safety in which all employees participate and are mutually enlightened.

■ Implementation System

The Central Safety and Health Committee, chaired by the general manager in charge of the Safety & Health Promotion Division and attended by the president, the labor union chairperson, all plant managers in Japan, and the presidents of domestic and overseas subsidiaries, meets four times a year to report and deliberate on various safety and health-related measures, and report the results of these deliberations

to the Board of Directors.

In addition to the deliberation results of the Central Safety and Health Committee, safety information is sent out repeatedly in the President's New Year message and company newsletters. The entire Toyoda Gosei Group carries out these activities. We also regularly share information with our suppliers through procurement liaison meetings and other means.

■ Targets and Achievements (Global)

We believe it is the Company's responsibility to ensure that everyone who works for us returns home in the same good health as when they arrived at work. We have implemented various measures to achieve our goal of zero critical,^{*1} severe^{*2}, and STOP7^{*3} accidents

		Results	Evaluation
No. of critical accidents	0	0	○
No. of severe STOP7 accidents	0	2	×

on a global basis aimed at a zero-accident, zero-incident workplace. In FY2023, we achieved the global goal of zero critical accidents, although two severe STOP7 accidents involving "crushing or entanglement" occurred at overseas subsidiaries.

*1 Critical: Death

*2 Severe: Victim loses part of body (or function)

*3 STOP7: Seven events that may cause serious injury: (1) Crushing or entanglement, (2) Heavy object, (3) Drop or fall, (4) Electric shock, (5) Vehicle, (6) Hot object, explosion, or gas, (7) Amputation

■ Ensuring the Safety at Domestic Subsidiaries

We have been using safety and fire prevention maps (SFPM) since FY2020 for the purpose of visualizing the safety and fire prevention levels and rectifying weaknesses of our domestic and overseas subsidiaries. Also in FY2023, we set standardized focus areas based on the self-evaluation results from each company. For domestic subsidiaries, we conducted audits and support sessions involving on-site inspections three times per year (39 times in total across 13 subsidiaries).



On-site physical audits and guidance for domestic subsidiaries



<https://www.toyoda-gosei.com/csr/social/report2/#SafetyHealth>

■ Health Management Initiatives

We conduct health management activities so that all people working in the Toyoda Gosei Group can continue working in both mental and physical health.

Health Declaration: To Achieve "Boundless Creativity and Social Contribution"

1. We believe the health of our employees is an important management resource and will strive to foster a corporate culture that puts safety and mental and physical health first.
2. We will strive to create positive and lively workplaces where employees can work energetically, and develop our personnel.
3. To help improve the health of employees and their families, we will raise health awareness for disease prevention.

■ Implementation System

As a subordinate organization of the Central Safety and Health Committee, the Health and Happiness Promotion Council is held four times a year for the purpose of expanding health management. This council aims not only to ensure healthy workplaces but also workplaces with happiness, and with the Safety & Health Promotion Division as the executive office,

industrial physicians, the Human Resources Division, the health insurance union, and the labor union all work together to discuss health and happiness management initiatives.

In addition, the matters discussed and decided upon are deployed to the Safety and Health Committee at each business site.

■ Health Challenge 8 in Health Management Initiatives

To enhance the foundation for fulfilling the Company's social responsibilities as outlined in our management philosophy, we are committed to health management so that each employee can work with energy and healthily for the long term.

Our health KPIs include the "Health Challenge 8" initiative, focusing on eight areas: weight, breakfast, drinking, snacking, non-smoking, exercise, sleep, and stress. To improve the low "exercise" scores, we hold an annual grip strength measurement event during the health checkup, encouraging everyone to consider

muscle strength and exercise as part of their health awareness.

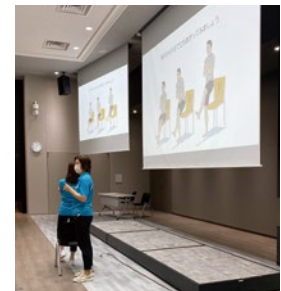


Grip strength measurement

In light of the retirement age extension to 65, we also include physical fitness assessments and exercise habit education in the "Career Design Training" conducted at age 55, supporting employees in maintaining health and vitality as they age.



Health education at age 55



In recognition of these initiatives, we were certified as a Sports Yell Company 2024 by the Japan Sports Agency and as a Health & Productivity Management Outstanding Organization by the Ministry of Economy, Trade and Industry (METI).

<https://www.toyoda-gosei.com/csr/social/report2/#SafetyHealth>



Contribution to Local Communities

In order to be a good corporate citizen and to foster growth alongside local communities, as expressed in our management philosophy, we are actively engaged in employee-led social contribution activities across the globe in four key pillars: social welfare, environmental conservation, youth development, and community

crime prevention.

We will continue to increase opportunities for participation in social contribution initiatives within the Company and implement initiatives that benefit the community.



Support for local children's cafeterias



Wheelchair doctors



Food drive



Donations to local child welfare facilities (Toyoda Gosei South Africa (Pty) Ltd.)

Governance

Establishing and operating transparent management systems to further enhance Group-wide corporate governance

To continue to be a trusted company, we are working to enhance corporate governance throughout the Toyoda Gosei Group. We are improving the appropriateness and efficiency of our operations by developing and operating internal control systems to create a fair and transparent corporate governance system, while we ensure its effectiveness through management supervision and audits by outside directors and outside Audit & Supervisory Board members. Furthermore, we are also implementing legal compliance, corporate ethics, and risk management activities.

Corporate Governance

■ Basic Philosophy

We view the enhancement and enhancing 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 effectively to a changing business environment.

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.

■ Corporate Governance System

Toyoda Gosei has chosen an audit and supervisory board company 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 ten 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 such as strategies related to corporate management are reported and resolved.

A system of corporate officers is used to speed up decision-making and business execution. Furthermore, by introducing the Chief Officer System in June 2023 and transferring some of the president's authority and responsibilities to the Chief Officers, we will cross over the boundaries of business and regional operation bases to manage priority functions on a global basis, thereby realizing highly strategic business execution and accelerating the speed of management. Additionally, in June 2024, we delegated part of the Board of Directors' decision-making authority to the executive side. Through this, we aim to enrich the discussion of management strategies in the Board of Directors, establish new Special Execution Meetings on important matters, and enhance execution speed and autonomous management.

Moreover, for important business matters, decision-making meetings on important matters, General Managers' Council and Management Council meetings are held monthly. Functional meetings and committee meetings relevant to key areas such as safety, quality, environment, technology, revenue, and personnel are also held as needed to ensure appropriate 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.

The Company uses 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.

Also, in order to enhance the supervisory function of the Board of Directors and to increase the objectivity and transparency of the decision-making process, we have established the Executive Compensation Committee and Executive Appointment Committee under the Board of Directors as non-mandatory advisory committees.

■ Internal Control Systems

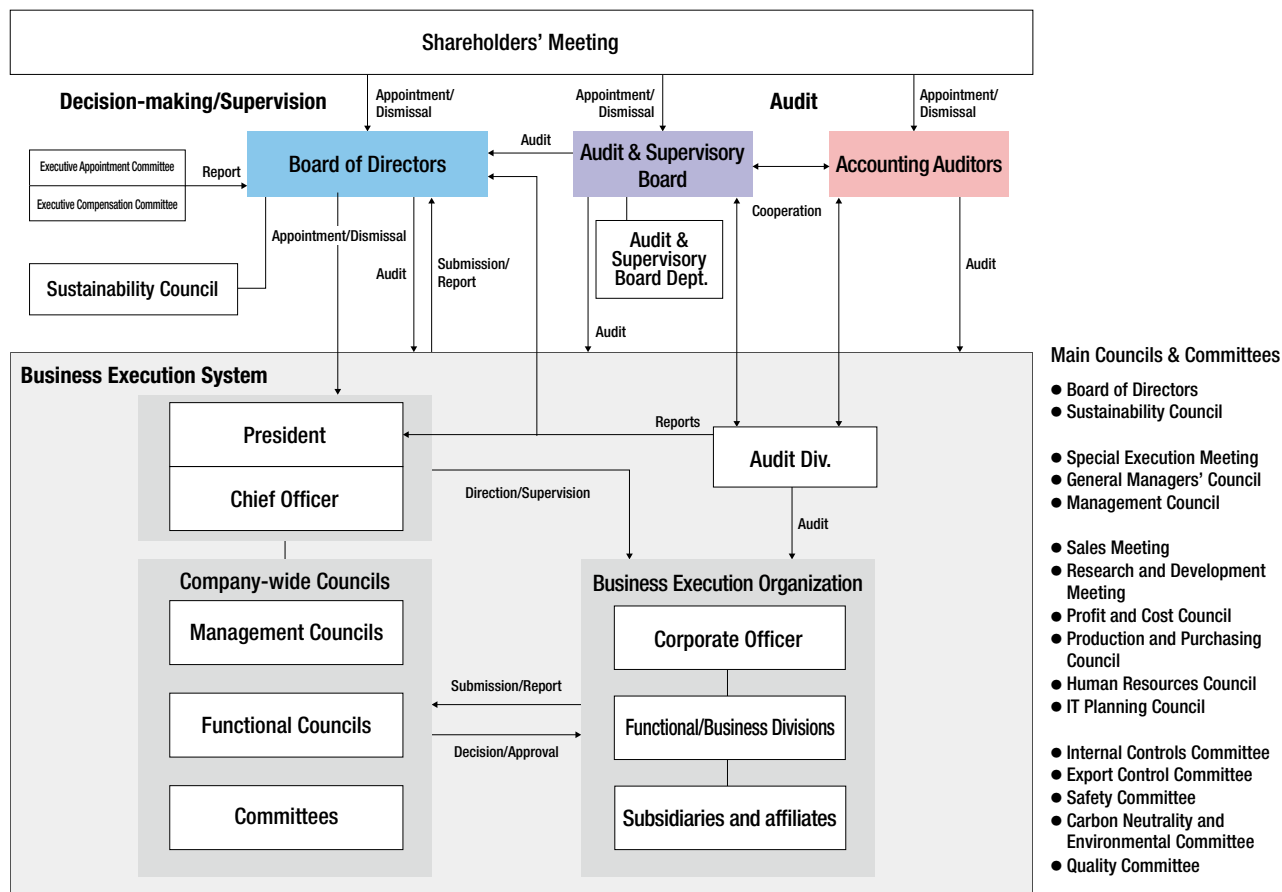
In accordance with the provisions of Japan's Companies Act, Toyoda Gosei has formulated a Basic Policy on Establishing Internal Controls. Under this policy, we are striving to ensure appropriate operations by establishing internal control systems, which help us deliberate important matters, establish related rules and guidelines, and handle internal audits, compliance and risk management. Every year, the Board of Directors checks the status of establishment and operation of internal controls in an ongoing initiative to improve and reinforce them. In April 2023, we revised the basic policy with the

aim of enhancing and operating internal controls, including those for subsidiary management. In addition, we established a Regulatory Compliance Office in June 2023 to further reinforce our regulatory compliance framework. Regarding group management, to cultivate a healthy internal controls environment at Toyoda Gosei and its subsidiaries, all Group companies share its management philosophy. The Toyoda Gosei Group Charter for Business Ethics, a shared guideline for compliance, has also been instituted and expanded to subsidiaries. While respecting the independence of subsidiary management, we receive

regular business reports from subsidiaries and set up systems to confirm the propriety and legality of subsidiaries' businesses through advance approval reports. We also send non-executive directors and Audit &

Supervisory Board members to key subsidiaries in a system to monitor and act as a check on their business execution.

Corporate governance system



Executive Compensation Committee and Executive Appointment Committee

Toyoda Gosei's Executive Compensation Committee and Executive Appointment Committee are composed of members of which more than half are outside directors.

The chair of both committees is appointed from outside directors to further enhance transparency and objectivity.

Name	Role	Members	Attendance (FY2023)
Executive Compensation Committee (Number of meetings in FY2023: 1)	Deliberates and reports on the compensation system for directors and their individual compensation (restricted stock-based compensation, etc.)	Naoki Miyazaki, chairman	1/1
		Katsumi Saito, president	1/1
		Mayumi Matsumoto, outside director (chairperson#)	1/1
		Takashi Wada, outside director	1/1
		Masanori Furukawa, outside director*	—
		Shigeki Maeda, outside director*	—
		Makoto Aou, outside director*	—

Appointed in June 2024 * Assumed position in June 2024

Name	Role	Members	Attendance (FY2023)
Executive Appointment Committee (Number of meetings in FY2023: 1)	Deliberates and reports on proposals regarding the appointment and dismissal of directors and Audit & Supervisory Board members (appointment of the president, etc.)	Naoki Miyazaki, chairman	1/1
		Katsumi Saito, president	1/1
		Mayumi Matsumoto, outside director (chairperson#)	1/1
		Takashi Wada, outside director	1/1
		Masanori Furukawa, outside director*	—
		Shigeki Maeda, outside director*	—
		Makoto Aou, outside director*	—

Appointed in June 2024 * Assumed position in June 2024

Sustainability Council

In November 2021, we established our Sustainability Council with the aim of achieving sustainable corporate growth, improving corporate value, and contributing to the sustainable development of society. In this Council, we work diligently to discuss and decide on key action items related to sustainability and confirm how the initiatives are progressing with a sense of urgency. Chaired by the

president, the Council consists of all directors, including those from outside the company, Audit & Supervisory Board members, and general managers of divisions, including those in overseas regions, and implements balanced sustainability measures with a high degree of objectivity and transparency.

■ Policies and Procedures to Appoint and Remove Senior Officers and Nominate Candidates for Directors and Audit & Supervisory Board Members

Nominations of candidates for directors and Audit & Supervisory Board members are made after deliberation and reporting by the Executive Appointment Committee, followed by a resolution of the Board of Directors and a subsequent Shareholders' Meeting.

The nomination policy for senior officer and director candidates is based on the candidate's personal

magnetism in terms of their ability to make accurate and prompt decisions after taking into account the balance of knowledge, experience, and capabilities of the management team and the Board of Directors as a whole. The candidates are comprehensively nominated and appointed on the basis of their ability to fully comply with laws and corporate ethics.

Skills Matrix

- The following table shows each director's and Audit & Supervisory Board (ASB) member's expected field of specialty based on their past experience.
- The composition of our Board of Directors and Audit & Supervisory Board (ASB) as a whole takes into consideration the balance of knowledge, experience, and abilities, as well as diversity and number of members.

Name * Assumed position in June 2023 ** Assumed position in June 2024	Naoki Miyazaki	Katsumi Saito	Hiroshi Yasuda	Masaki Oka	Mitsuhiko Nawashiro*	Mayumi Matsumoto	Takashi Wada*	Masanori Furukawa**	Shigeki Maeda**	Makoto Aou**	Kenji Oiso	Yamato Suzuki	Chika Kako	Hitoshi Kuwayama	Masahiko Yokoi*
	Chairman	President	Vice President	Director	Director	Director	Director	Director	Director	Director	Audit & Supervisory Board Member	Audit & Supervisory Board Member	Audit & Supervisory Board Member	Audit & Supervisory Board Member	Audit & Supervisory Board Member
						Outside Independent	Outside Independent	Outside Independent	Outside Independent	Outside Independent			Outside	Outside Independent	Outside Independent
Skills															
Executive Compensation Committee ◎ indicates chairperson	○	○				◎	○	○	○	○					
Executive Appointment Committee ◎ indicates chairperson	○	○				◎	○	○	○	○					
Corporate management	●	●	●	●	●		●			●					●
Overseas operations	●	●	●		●				●						
Finance	●	●	●	●							●				
Legal/Risk management	●	●		●				●	●			●		●	●
Technology			●		●								●		
Manufacturing (production/quality management)			●		●		●						●		
Sales					●										
Environment and energy	●		●			●							●		
Personnel	●	●		●		●	●	●	●	●					●
DX	●	●	●	●	●		●		●	●					
New business (non-automotive)	●				●		●	●		●					
Attendance at Board of Directors' meetings (From 2023/4 to 2024/3)	13/13	11/11	13/13	13/13	11/11	13/13	11/11	—	—	—	13/13	13/13	13/13	13/13	11/11
Attendance at Audit & Supervisory Board meetings (From 2023/4 to 2024/3)	—	—	—	—	—	—	—	—	—	—	12/12	12/12	12/12	12/12	10/10

The nomination policy for Audit & Supervisory Board member candidates is to nominate candidates from a comprehensive perspective of putting the right person in the right position while ensuring a balance through diverse perspectives on corporate management, including knowledge of finance, accounting, and legal affairs, and

knowledge of the Company's business.

If a candidate for senior officer or director is found to have committed any fraudulent act or seriously violated any law or regulation, or the Articles of Incorporation, we will take procedures for their dismissal.

Reasons for Skill Selection and Its Definition

Skills required by the Board of Directors and Audit & Supervisory Board are selected to implement the medium- to long-term business plan with the aim of achieving sustainable growth and increasing the corporate value of the Company.

To make appropriate management decisions that contribute to the Toyoda Gosei's sustainable growth, corporate value and promotion of our medium- to long-term business plan based on experience and a proven track record in corporate management in the drastically changing global business environment surrounding Toyoda Gosei.

To grow our business globally by utilizing overseas business experience and knowledge of the overseas business environment and business management.

To establish an accurate financial reporting system and a solid financial foundation, to invest in growth to achieve sustainable growth and increase corporate value, and to realize appropriate shareholder returns.

To implement the establishment of a governance structure based on legal compliance and appropriate risk management, to build a foundation for sustainable growth and increased corporate value, as well as to improve the effectiveness of supervision.

To achieve sustainable business growth through technological innovation using advanced technology and through skills and expertise in medium- to long-term product planning and development.

To adopt innovative production technologies and improve manufacturing sites and to maintain and improve product quality as a company with its main focus on the automotive parts manufacturing and sales business.

To expand sales globally in response to changing customers needs and to continue to provide high value-added products based on skills and knowledge in preparation of sales strategies and information gathering through smooth communication with customers.

To accelerate and implement initiatives integrated with business operations in areas requiring environmental consideration and to fulfill our social responsibility.

To develop and maximize the abilities of each and every employee by utilizing knowledge of diversity, inclusion, respect for human rights, and well-being.

To implement business transformation and establish a corporate culture utilizing digital technology, which is necessary to enhance the Company's management foundation and build new businesses.

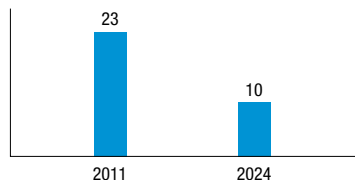
To plan and implement medium- to long-term plans to search for, develop, and launch new businesses in non-automotive fields, and to expand new businesses in the future.

■ Changes in Numbers of Directors and Audit & Supervisory Board Members

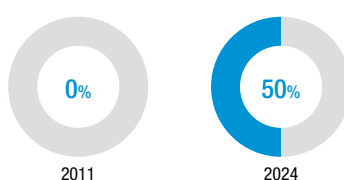
In 2012, Toyoda Gosei adopted a system of corporate officers and downsized its Board of Directors to nine directors from 23 as of 2011. It appointed its first outside director in 2015.

The Board currently comprises ten directors, five of whom are outside directors, accounting for 50% of the total number of directors. Two of the outside directors are women. The outside director appointments have increased the Board's objectivity and diversity.

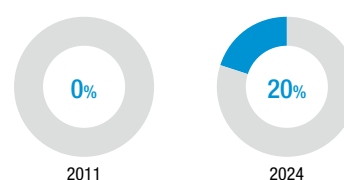
No. of Directors



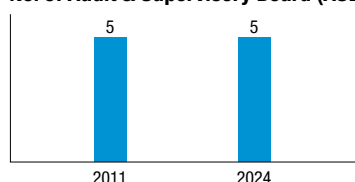
Outside Director Ratio



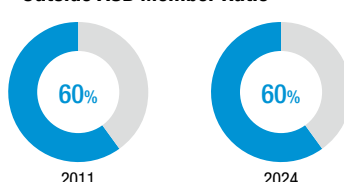
Female Director Ratio



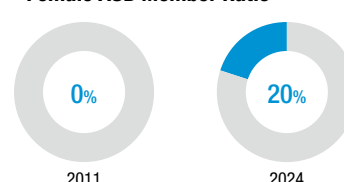
No. of Audit & Supervisory Board (ASB) members



Outside ASB Member Ratio



Female ASB Member Ratio



Major Initiatives to Enhance the Governance Structure

	2012	2015	2019	2020	2021	2022	2023	2024
Board of Directors and Audit & Supervisory Board	<ul style="list-style-type: none"> Reduced number of appointed directors 		<ul style="list-style-type: none"> Changed ratio of outside directors to 1/3 Established Executive Compensation Committee and Executive Appointment Committee Appointed a female director 	<ul style="list-style-type: none"> Appointed an independent outside director as a chairperson of both committees Appointed a female Audit & Supervisory Board member 				<ul style="list-style-type: none"> Changed ratio of outside directors to 1/2 Changes to Board of Directors' decision-making authority (delegation of partial authority to the executive side)
Business Execution System	<ul style="list-style-type: none"> Adopted a corporate officer system 	<ul style="list-style-type: none"> Started implementation of Japan's Corporate Governance Code 	<ul style="list-style-type: none"> Reduced the number of corporate officers 					<ul style="list-style-type: none"> Adopted the Chief Officer System
Councils and Committees	<ul style="list-style-type: none"> Corporate Conduct Ethics Committee Environmental Committee 		<ul style="list-style-type: none"> Changed name to Compliance and Risk Management Committee 		<ul style="list-style-type: none"> Established the Sustainability Council 		<ul style="list-style-type: none"> Changed name to Internal Controls Committee 	<ul style="list-style-type: none"> Changed name to Carbon Neutrality and Environmental Committee

■ Board of Directors

The Board of Directors deliberates from many different perspectives on the direction of management, including management and business strategies, then reports, discusses and makes resolutions on progress as necessary. In such a way, the Board supervises from a number of different viewpoints on whether management strategies are being executed appropriately. To enrich strategy discussions and ensure ample time for in-depth debate, we established Special Execution Meetings on

important matters on the executive side and delegated certain authorities. In addition to enhancing the Company's internal control system and risk management system, in recent years the Board of Directors has been working to achieve sustainable corporate growth amid a chaotic business environment, including changes in market conditions, economic security, geopolitical risks, and worsening environmental problems.

Main Agenda Items and Reports by the Board of Directors in FY2023

Topic	Main Agenda Items and Reports
Management/ Business Strategies	<ul style="list-style-type: none"> Medium- to long-term business strategy Annual policy Business execution reports (results, production, quality, safety, technology/development, intellectual property, priority risk management, etc.) Progress report on matters resolved by the Board
Corporate	<ul style="list-style-type: none"> Financial results, etc. Sustainability measures Appointment of directors and Audit & Supervisory Board members, appointment of executives, executive compensation Internal control systems, internal audit department reports
Investment and Loan Projects	<ul style="list-style-type: none"> Investment in buildings and facilities for expansion of domestic and overseas production bases Financing for domestic and overseas subsidiaries

Number of Agenda Items and Reports by the Board of Directors in FY2023

	1Q	2Q	3Q	4Q	Total
Agenda Items	15	7	12	8	42
Reports	13	7	12	11	43
Total	28	14	24	19	85

■ Evaluation of the Effectiveness of the Board of Directors

Effective functioning of corporate governance is essential for the Company's sustainable growth, to enhance corporate value, and to contribute to the sustainable development of society. Therefore, to ensure the effectiveness of the roles and responsibilities of the Board of Directors, evaluations and opinions are heard every year from members of the Board. The Board of Directors then analyzes, evaluates, and deliberates on measures for improvement. In FY2023, debriefings with all eight directors and all five Audit & Supervisory Board members were conducted to assess their performance. As a result, Toyoda Gosei found no material deficiencies across any of its assessments and concluded that the Board continues to function effectively.

As in the previous year, the Board received high ratings for its openness and candid discussions and support for outside officers. We believe that questions and opinions from outside officers are important for our decision-making process, and we will continue these efforts.

Regarding the long-standing issue of "medium- to long-term policy discussions," in FY2023, we enhanced communication outside the Board of Directors to deepen understanding among outside directors and outside Audit & Supervisory Board members. We supplemented information and understanding on our status, challenges, and strategies through activities such as outside executive liaison meetings, pre-meeting explanations, and site visits. As a result, we received evaluations indicating a positive contribution to deliberations and decision-making within the Board.

However, there were opinions that further expansion of strategic discussions was necessary. Therefore, we advanced the delegation of authority to the executive side, streamlined agenda topics for the Board of Directors, and secured time for long-term and strategic discussions to further improve the effectiveness of the Board of Directors. Through these efforts, we will work to further improve the effectiveness of the Board in the current fiscal year.

Board Effectiveness Evaluation Process

<Evaluation Method>	<Debriefing Items (Main Items)>
Interview: Eight directors and five Audit & Supervisory Board members Evaluation process: Analysis of interviews and debriefing results to ensure anonymity	<ul style="list-style-type: none"> • Roles and responsibilities of directors • Supervisory function of the Board • Deliberations within the Board • Support for outside officers <p>* More detailed sub-items are laid out under the main items of the debriefing to allow for a well-rounded evaluation.</p>

FY2023 Board Effectiveness Evaluation Results

Issues Identified	Measures
Expansion of strategic discussions on business, regional, and functional matters	Delegating authority to the executive side and narrowing down agenda topics to allow sufficient time for discussion
Enhancing the effectiveness of the succession plan	Creating opportunities for interaction with senior executives and executives who are future board candidates
Consideration of the executive compensation system (especially evaluation criteria)	Reviewing executive compensation systems to address social issues (including ESG and sustainability indicators)

Issues Evaluated in FY2022 for Board Effectiveness and Status of Initiatives in FY2023

FY2022 Effectiveness Evaluation Results (Issues)	Initiatives Situation in FY2023
Enhancing discussions on medium- to long-term plans and future visions	Enhance discussion of the 2030 Business Plan and its initiatives for medium- to long-term management strategy and corporate value enhancement (Issues Identified in FY2023, First Item)
Providing information to outside officers	<ul style="list-style-type: none"> • Provide more in-depth information through explanations of business operations by executives in charge • Enhance opportunities for discussion with officer candidates • Resume opportunities for on-site visits that had been suspended due to COVID-19 measures
Opportunities for exchange of opinions among outside officers	Plan opportunities for exchange of opinions among outside officers to further improve governance
Ensuring further diversity of the Board	Continue to select candidates with diversity in mind based on the skill matrix and to treat this as an ongoing issue for consideration

■ Expected Roles of and Support for Outside Directors

We have appointed five outside directors, each with a wealth of experience and keen insight, primarily in areas such as corporate management, manufacturing, environment and energy, international affairs, public administration, advanced IT, DX, new business creation, talent development, and organizational management. To further diversify the Board and promote women's participation, we appointed Makoto Aou, our second female director, following Mayumi Matsumoto, our first female director.

The five adeptly fulfill monitoring and advisory roles in addition to actively participating in Board discussions. In their monitoring role, they receive support in the form of departmental briefings on business operations and

challenges and direct access to frontline operations through on-site visits to domestic and overseas subsidiaries to better understand the actual state of operations. Additionally, they are briefed in advance on the content and background of resolutions to be voted on at Board meetings to facilitate sound decision-making.

At the same time, the outside directors advise on management and business challenges. Advisory opportunities include regularly scheduled liaison meetings attended by all outside directors and outside Audit & Supervisory Board members, each of whom attends various other meetings also, including the Sustainability Council, Carbon Neutrality and Environmental Committee meetings.

■ Outside Directors and Outside Audit & Supervisory Board Members

At the annual Shareholders' Meeting, held on June 14, 2024, Mayumi Matsumoto, Takashi Wada, Masanori Furukawa, Shigeki Maeda, and Makoto Aou were appointed as outside directors.

For outside Audit & Supervisory Board members, we selected Chika Kako as a new member, joining incumbent members Hitoshi Kuwayama and Masahiko Yokoi, for a total of three outside auditors.

Election of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members

Appointment	Name	Independent Director/Auditor	Reason for Appointment
Outside Director	Mayumi Matsumoto	○	To benefit from her management oversight and advice based on her extensive experience and high-level insight as a news anchor and researcher in the broad fields of social issues, environment, and energy in the management of Toyoda Gosei. Ms. Matsumoto has been designated as an independent auditor because she meets the requisite criteria and is deemed free of potential conflicts of interest with regular shareholders.
	Takashi Wada	○	To benefit from his management oversight and advice based on his extensive experience and expertise in the management of manufacturing companies over many years. Mr. Wada has been designated as an independent auditor because he meets the requisite criteria and is deemed free of potential conflicts of interest with regular shareholders.
	Masanori Furukawa	○	Masanori Furukawa, with a background as a city council member and mayor, has devoted nine terms (36 years) to local government and municipal administration. His extensive experience and high level of insight are expected to provide valuable oversight and advice for the Company's management. Mr. Furukawa has been designated as an independent auditor because he meets the requisite criteria and is deemed free of potential conflicts of interest with regular shareholders.
	Shigeki Maeda	○	Shigeki Maeda brings rich international experience from years of overseas assignments and a broad network within government agencies and the business world, supported by his role as a JETRO board member overseeing organizational operations and management. Drawing on this wealth of experience and deep insight, he provides supervision and advice on our Company's management. Mr. Maeda has been designated as an independent auditor because he meets the requisite criteria and is deemed free of potential conflicts of interest with regular shareholders.
	Makoto Aou	○	Makoto Aou has an entrepreneurial and managerial background in advanced IT business, as well as experience supporting companies in new business creation, DX, and diversity promotion. Her extensive experience and insight are expected to contribute valuable oversight and advice to the Company's management. Ms. Aou has been designated as an independent auditor because she meets the requisite criteria and is deemed free of potential conflicts of interest with regular shareholders.
Outside Audit & Supervisory Board Member	Chika Kako		To incorporate into Toyoda Gosei's audits her wealth of experience and keen insight gained from her career at Toyota Motor Corporation, where she served mainly in vehicle development and materials development roles and was involved in management as a managing officer.
	Hitoshi Kuwayama	○	To incorporate his extensive experience and deep insight as a lawyer in the auditing of Toyoda Gosei. Mr. Kuwayama has been designated as an independent auditor because he meets the requisite criteria and is deemed free of potential conflicts of interest with regular shareholders.
	Masahiko Yokoi	○	To incorporate his extensive experience and deep insight as a manager in the auditing of Toyoda Gosei. Mr. Yokoi has been designated as an independent auditor because he meets the requisite criteria and is deemed free of potential conflicts of interest with regular shareholders.

■ Executive Compensation

Directors' compensation consists of monthly fixed compensation and performance-based compensation in the form of cash bonuses (short-term incentive) and stock-based compensation (long-term incentive) based on the idea that directors should be appropriately incentivized to pursue sustained growth in Toyoda Gosei's value. Directors' compensation is split roughly 70:20:10 among monthly compensation, cash bonuses, and stock-based compensation, respectively.

Monthly compensation is set at a fixed amount that reflects the recipient's job responsibilities and experience as well as compensation levels at other companies. Cash bonuses are based primarily on fiscal yearly consolidated operating profit. Secondary variables that factor into their determination include the degree to which fiscal yearly plans are attained, employees' bonus levels, bonus levels at other companies, medium- to long-term earnings, previously paid bonus amounts, and contributions to ESG management. Stock-based compensation is intended as an incentive to pursue sustained growth in Toyoda Gosei's value. It is paid in the form of restricted stock-based compensation to promote greater sharing of value with shareholders.

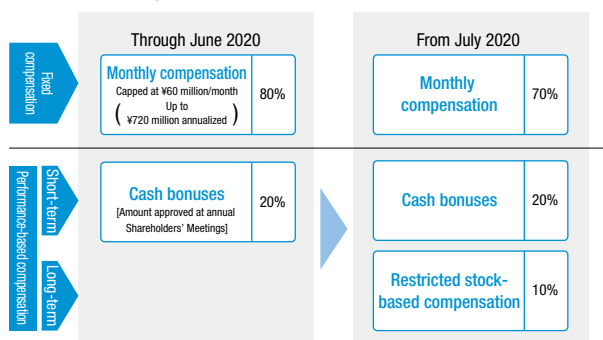
Directors' aggregate annual cash compensation (monthly compensation plus bonuses) is capped at 650 million yen (outside directors' share included). Directors' aggregate annual restricted stock-based compensation is capped at 100 million yen (outside directors are not eligible for restricted stock-based compensation). The compensation caps were approved at the annual Shareholders' Meeting on June 12, 2020. The total compensation for outside directors has been revised to a maximum annual limit of 100 million yen, as resolved at the June 14, 2024, Shareholders' Meeting.

Outside directors and Audit & Supervisory Board members receive only fixed monthly compensation because their role is to oversee and audit management from an independent vantage point.

Individual directors' compensation is set in accord with the above policies following a fair and transparent review/reporting process by the majority-independent Executive Compensation Committee.

At Executive Compensation Committee meetings, outside directors have made suggestions about further enlarging the incentive element of director compensation by, e.g., adjusting compensation to reflect the extent of directors' respective environmental contributions.

Director Compensation Scheme



Total Compensation for Each Officer Class, Total by Each Type of Compensation, and 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)
		Fixed compensation	Performance-based compensation	Non-cash Compensation	
Director (excluding outside directors)	327	196	106	23	8
Audit & Supervisory Board members (excluding outside members)	78	78	—	—	2
Outside officers	69	69	—	—	8

* Bonuses are provisions for FY2022.

■ Internal Audits, Audit & Supervisory Board Members' Audits, and Accounting Audits

We have set up the Audit Division to handle internal audits. With the aims of achieving financial objectives and preventing misconduct and mistakes, internal audits are conducted across the overall business (including audits of functional departments) based on an internal auditing plan approved by management at the beginning of each term. The results of internal audits are reported to management, and audited departments are given recommendations for improvements based on the audit results. The effectiveness of internal audits is increased by checking their improvement plans and results.

Each Audit & Supervisory Board member follows the auditing policy and audit plan established by the Audit & Supervisory Board when investigating the Company and subsidiaries. They attend the meetings of important deliberative bodies and committees including the Board of Directors, Special Execution Meeting on Important Matters, General Managers' Council, and Management Council, listen to reports on business from directors and

others, inspect financial statements and other important documents, and conduct on-site audits of offices and subsidiaries to audit the performance of duties by directors from the perspectives of ensuring legality and appropriateness, protecting assets and rights, and preventing loss. Moreover, a special department has been established to assist the Audit & Supervisory Board members' audits.

The certified public accountants who performed the FY2023 accounting audit of Toyoda Gosei were Satoko Nakatani and Kosaku Kawahara of PricewaterhouseCoopers Japan LLC.

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

Interview with Outside Directors

New outside directors Takashi Wada, appointed in June 2023, and Shigeki Maeda, appointed in June 2024, shared their candid perspectives on our ongoing corporate governance reforms and evaluations of the 2030 Business Plan, along with the key issues they have identified.



Takashi Wada

Outside Director

Shigeki Maeda

Outside Director

Amidst major changes in the automotive market,
I look forward to seeing the Company take on challenging initiatives to
showcase our presence and create corporate value
that exceeds stakeholder expectations.

▶ Times of major transformation, call for proactive approaches that emphasize bold attitudes

Maeda: At JETRO, I have supported numerous companies; international business endeavors, conducting interviews with local companies and visiting production sites. Based on that experience, I see three distinct strengths when evaluating the Company. The first is on-site strength. When visiting our factories and technical centers, I see employees who are committed to manufacturing and work diligently every day to improve processes. This dedication creates safe workplaces and

results in high-quality products that excel in terms of cost and competitiveness, which is truly inspiring.

The second strength is organizational unity. Our slogan, ONE TEAM, ONE TG., has permeated the entire organization, creating an open and collaborative atmosphere. Unlike many large companies where departments can become isolated, our management consistently emphasizes unity and teamwork in building our organization.

The third strength is commitment to environmental sustainability. In 2017, a year after the Paris Agreement, we announced our goal to achieve carbon neutrality by

2050. Last year, we set an even more ambitious target to achieve carbon neutrality for Scopes 1 and 2 emissions by 2030. Through innovative production technologies, continuous daily energy-saving improvements, and a transition to renewable energy, we are genuinely pursuing carbon neutrality. I believe these efforts will be highly valued by society. If we can showcase these strengths more widely, it will significantly boost our credibility and brand value, so I look forward to seeing a stronger media strategy in the future.

Wada: Our employees' seriousness and sincerity, along with their pride and sense of security as part of a leading Japanese group, might be factors in why we're not so adept at promoting ourselves. While these qualities are undoubtedly positive, they also reflect a certain caution toward change. Today's VUCA era requires agility in the face of change, so I feel we need to bring a more proactive "challenge-oriented mindset" to the forefront. In recent years, structural shifts are occurring everywhere, and the automotive industry is in the throes of major transformations. Competing in the Chinese market will be challenging, and in ASEAN, there is a constant risk of losing market share to the rapid rise of Chinese companies. To win in such a competitive landscape, we must be agile. As we navigate these changing times and aim to enhance corporate value, I would like to see us be bolder in taking on challenging initiatives to overcome obstacles and seize success.

Maeda: Becoming too comfortable with the status quo risks being left behind by market shifts. Business success isn't solely about working with agreeable people. Without a somewhat untamed spirit, it's hard to stay competitive. Personally, I think we could use a few more people with a bit of an edge.

Promoting governance reform conveys a strong intention to bring about change

Wada: Looking at our governance structure, this past year has seen significant reform, such as changes in

the composition of the Board of Directors, an increase in outside directors, and the appointment of female executives, all of which have introduced more diverse perspectives. These reforms seem to have accelerated the improvement of the Board's effectiveness. The shift in meeting content from mere reporting to a more strategic focus is a very positive trend, as is the participants' proactive approach toward open discussion. This shift reflects the executive team's awareness of the need to evolve governance.

Maeda: The Board of Directors now includes five internal and five outside directors, which helps ensure that the opinions of outside directors can be properly reflected in management decisions. This structure is a strong message from the executive team. However, current Board discussions remain largely at a peacetime level, and we don't yet know how the Board will respond when facing critical decisions. I believe it's essential to deepen discussions and conduct simulations in preparation for emergencies.

Wada: I agree with the need for further depth in discussions. Given the limited time available, we need to sharpen our focus on strategic topics and manage time more strictly. For instance, this year we introduced a written reporting system for the Board of Directors, which has proven highly effective for time management.

Maeda: To navigate the rapidly changing automotive industry, a shift in mindset is essential. This includes senior management taking on new approaches and challenges, which is no easy feat. Our role as outside directors is to drive reform forward by engaging proactively with the management team and providing recommendations. As we continue reforming the governance system, I hope to broaden the diversity within the executive team and make Board discussions more specific and strategic.

Wada: Enhancing corporate value also requires venturing into new businesses with a unique perspective. An example of a proactive challenge I can imagine us taking on is "developing technology and products to

Interview with Outside Directors

contribute to society while simultaneously creating new markets that enhance corporate value through innovative technology and product development that breaks away from conventional thinking.” Gradually increasing these unique, bold initiatives could create a highly positive trajectory for the Company.

» The challenges standing in the way of achieving the 2030 Business Plan lie in balancing and sharing responsibilities between business and regional operations

Maeda: The 2030 Business Plan sets ambitious management targets, with a goal of 1.2 trillion yen in revenue and 100 billion yen in operating profit, focusing particularly on North America, India, and China. I



interpret this plan as a commitment to expanding our sales to local automobile manufacturers and adapting to the new era, which I find a meaningful shift in the Company's direction and a clear signal of our willingness to take on challenges.

Wada: With the President strongly reinforcing this direction through IR, our role is to support that momentum. To raise revenue from 1 trillion to 1.2 trillion yen, we'll need to enhance our position within the Toyota Group while expanding sales beyond Toyota. This requires moving away from our traditional approach

and shifting our product development, marketing, and sales from a fulfillment to a proactive proposal model, along with a clear internal strategy to support this transformation.

Our current strategy is operating on three main axes: business, regions, and the head office function overseeing them. This structure sometimes makes governance less effective and causes resource shortages. To overcome these issues and achieve true growth, our business strategy division should carefully formulate and support these policies.

Maeda: The 2030 Business Plan covers various policies and goals for individual markets, but the most critical market is China, where BEV growth is well ahead. We are facing challenges in establishing our local sales and R&D structures, and without a solid plan to address these issues, our position may become difficult. Developing solutions for these challenges is urgent. I do have high expectations for the Indian market, where revenue growth has been strong. Given its demographic and domestic demand trends, India is set to continue growing, making it a highly promising investment opportunity. I believe now is the time to enhance our investments in India, and I intend to use my previous JETRO experience in the region to offer active recommendations.

In North America, a major source of our revenue and a key area in the 2030 Business Plan, maintaining our market presence while increasing visibility will be essential. We must enhance our strategies in North America, where we already collaborate with automobile manufacturers, such as Toyota and the Detroit Big Three, to ensure growth.

Each of these regions (China, India, and North America) has distinct challenges, but all are essential for our growth. Enhancing our initiatives in these markets will be key to achieving the 2030 Business Plan. We outside directors need to be actively involved, providing specific recommendations.

Wada: Enhancing group governance over our overseas subsidiaries and affiliates is an ongoing challenge in our global expansion. With more outside directors and a control structure in place, the Company is in a good position to prevent major issues like compliance scandals. However, we must continue enhancing governance without becoming complacent. Currently, the Company's structure operates on two axes, business and regions, but regional forces tend to be stronger overseas, making it challenging to unify governance on a global level. Prioritizing governance, not just the numbers, is crucial. Moving forward, it's essential to continue employee training and ensure that executives maintain a strong governance focus.

It's natural for regional heads to understand local characteristics best, and there's no issue with that approach. However, it's equally important not to defer too much or leave everything to regional leaders. Maintaining a balance and shared responsibility between business and regional leadership is essential for effective management.

» To enhance corporate value, the responsibility of outside directors is to support quick decision-making and flexible responses

Wada: In recent years, the importance of fraud prevention and compliance has increased significantly, especially for management and executives, who are expected to place compliance at the core of their responsibilities. As outside directors, we play a crucial role in this area. The Company must engage actively with internal and external stakeholders, as well as on-the-ground personnel, to observe actual conditions firsthand. By thoroughly understanding the field, as outside directors we can make well-informed contributions to the Board discussions and decisions, striving to provide rigorous oversight and constructive suggestions from an independent standpoint.

Maeda: Indeed, outside directors are tasked with acting

as a third eye to enhance the Company's risk management system. When tracing the root causes of misconduct or problems, it often comes down to information not being accurately communicated to top management. Preventing this requires comprehensive compliance training, as well as directly listening to the voices of on-the-ground staff to detect early risk indicators and encourage proactive responses. Regular training is also essential for all employees to deeply understand ethics and governance, and this training must be directly relevant to their daily operations. Our role as outside directors is, above all, to monitor with the objective of enhancing the corporate value of Toyoda Gosei. For the Company's growth, management reform based on data-driven insights is indispensable, and I intend to provide strategic guidance in this regard. Additionally, promoting employee well-being, creating a motivating work environment, and contributing to shared value creation (CSV) through community and partner engagement will be central to our monitoring from an independent perspective.

Wada: Supporting quick decision-making and flexible responses to enhance enterprise value is part of our duty. Especially in the area of DX, promoting these initiatives is vital for improving the Company's competitive edge. I built my career first in information systems and then continued to work in system development. I aim to leverage my experience to provide guidance that will lead to efficient data-based decision-making and concrete, actionable outcomes.



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." Together with highly ethical and fair business practices, 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 a code of

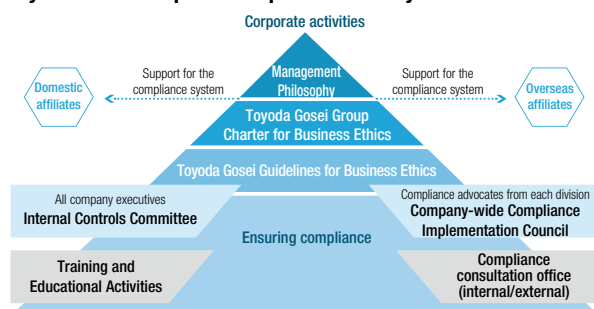
conduct for the entire Toyoda Gosei Group. Group companies in Japan and other countries then formulate and implement their own code of conduct based on the Charter. Toyoda Gosei Co., Ltd. has also established the Toyoda Gosei Guidelines for Business Ethics, which it expects every employee to follow, and has worked to familiarize all employees with these guidelines.

Compliance Implementation System

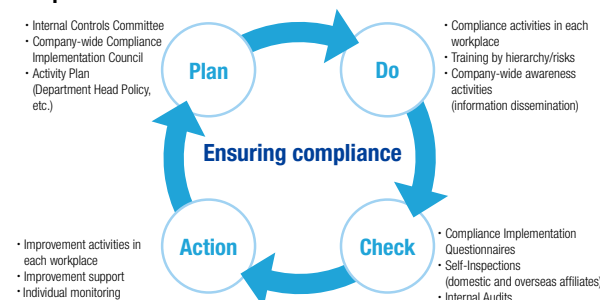
Toyoda Gosei has established the Internal Controls Committee with the Company's president serving as chairman and all company officers as members, whose activities include reporting on and discussing the status of compliance with business ethics, laws, and regulations. The items reported and discussed in the Committee are shared

with the compliance advocates selected by each department in the Company-wide Compliance Implementation Council so that they will be incorporated into the activities of each workplace. The Committee works for thorough compliance with a unified approach between management and the workplace.

Toyoda Gosei Compliance Implementation System



Compliance Activities' PDCA



Specific Compliance Initiatives

Training and Educational Activities

Toyoda Gosei conducts various training and education activities with the aim of raising and solidifying compliance awareness in every employee. Trainings are conducted by level in the Company and by risks corresponding to the work. The level-specific trainings target new officers, new managers, mid-level employees, new employees and others as an opportunity to spread and deepen awareness of compliance at various career stages. Risk-specific training is conducted for specific risks. These trainings include training

for transferees prior to overseas assignments, antitrust law training for people in sales and other business departments, training for sports clubs, and more. The training programs are proactive in incorporating online training so that a large number of eligible participants can participate. Educational tools are also prepared, including a Compliance Academy that is regularly published in the company newsletter, and Compliance Newsletter using various case study materials.

List of Workshops/Education at Toyoda Gosei

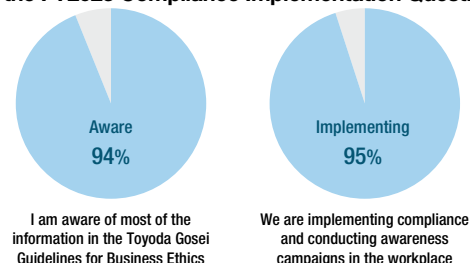
Category	Workshop name/education	Recipients	Main content	Frequency
Workshops	Workshops/study sessions for officers	Company officers	Company law, fiduciary duty, etc.	As needed
	New manager training	New managers	Compliance, mindset as a manager, antitrust laws, bribery including anti-bribery in general	1 time/year
	Legal affairs/compliance training	General employees (mid-level)	Compliance, contracts, internal company regulations, laws (antitrust laws and bribery including anti-bribery in general)	1 time/year
	Fifth-year employee training	General employees (skilled workers)	Compliance in manufacturing settings	1 time/year
	New employee training	New employees	Compliance, laws	When joining the company
	Pre-overseas assignment training	Management/General employees	Key points on compliance in other countries (antitrust laws and bribery including anti-bribery in general)	As needed
	Antitrust law training	Management/General employees (sales)	Laws, internal company regulations	1 time/year
	Product liability law training	Management/General employees (technical)	Laws, internal company regulations	1 time/year
Education	Training for sports clubs	Management/General employees (athletes, staff)	Compliance overall	1 time/year
	Compliance Academy (company newsletter)	All employees	Case studies presented in accessible comic format	4 times/year
	Compliance Newsletter	All employees	Legal understanding through other companies' cases	4 times/year
	Compliance KY Case Studies	All employees	In-house plausible case studies and interpretations (100)	—

■ Compliance Awareness Surveys and Self-Inspections

To ascertain the degree to which compliance awareness has been incorporated into the company and whether there are any signs of problems, we conduct an annual compliance implementation questionnaire survey of all employees. The results of the survey are reported to the Internal Controls Committee, and measures are implemented throughout the company, and each workplace also conducts improvement activities led by compliance advocates by referring to the departmental feedback reports of the questionnaires. Domestic and overseas Group companies conduct annual self-inspections of the status of their compliance implementation systems, status of compliance with antitrust and competition laws, other important laws and regulations, and on the absence of corrupt practices including bribery, as well as risks in key functions including internal controls,

human resources, accounting, procurement, and quality. Based on these results, our functional departments guide each company in rule-setting and training, continuously reinforcing compliance across the Toyoda Gosei Group by implementing the PDCA cycle.

From the FY2023 Compliance Implementation Questionnaire



■ Initiatives for the Prevention of Antitrust and Competition Law Violations

The Group Charter for Business Ethics states that the Toyoda Gosei Group will conduct business activities with a spirit of “fair and free competition” (compliance with antitrust and competition laws). We have formulated the Codes of Conduct for Antitrust Law Compliance as guidelines to be followed by our employees, and are working to ensure thorough

compliance by employees through training and educational activities. Antitrust law compliance manuals based on the laws of each country are prepared for the regions where Group companies are located, and initiatives are made to prevent anticompetitive acts globally.

■ Initiatives to Prevent Corruption

The Group Charter for Business Ethics clearly states that in Toyoda Gosei Group’s relationships with government agencies and political parties, we shall strictly refrain from any corrupt activities (e.g. “back-scratching,” cronyism) including bribery, and shall strive to maintain sound relationships. We have also formulated Global Anti-Bribery Guidelines as a common guide for global activities, which clearly prohibit

bribery, facilitation payments, accounting fraud, and other forms of corruption, ensuring all employees are aware. For suppliers, we have developed a “Supplier Sustainability Guidelines” to prevent corrupt practices throughout the supply chain. These initiatives are reported to the Internal Controls Committee, which includes participation of directors.

■ Initiatives to Ensure Thorough Export Controls

Toyoda Gosei has established an import/export controls system to ensure that goods, technical materials, software, and other items subject to import/export restrictions, as well as items that violate laws and regulations (such as counterfeit products), are not taken out of the country or brought into the country without proper authorization. In addition to ensuring

compliance with laws and regulations through the Security Export Control System and company regulations, the Company ensures that domestic and overseas Group companies conduct installation and check for defects through self-inspection, and provide appropriate support in cooperation with the head office and overseas control companies.

■ Early Detection and Correction of Problems through an Internal Reporting System

We have established compliance consultation offices both inside and outside the company for the purpose of early detection and correction of compliance issues and violations of internal rules and laws and regulations in the course of business operations. Outside lawyers are in charge of the external offices to deal with problems from an objective standpoint. This system allows all employees of the company and family members living with them to receive consultations, and the company takes thorough measures to protect their privacy and ensure that they will not be treated unfairly because of their report. In addition to the internal consultation

office of each Group company in Japan, they also have a common external compliance consultation office with the Company. Overseas Group companies also have external or internal consultation services. In FY2023, as a result of making the consultation offices known to all and building trust, 84 reports and consultations were received from within the company and its domestic affiliates, mainly concerning labor management, workplace problems, and harassment. These cases were promptly investigated and appropriate corrective measures were taken to resolve the issues.

No. of Compliance Consultations/Reports (Japan)

FY	2020	2021	2022	2023
No. of cases	69	42	66	84

Compliance Consultation Flow



Officers (As of October 31, 2024)



Naoki Miyazaki
Chairman

Apr. 1980 Joined Toyota Motor Co., Ltd.
June 2008 Managing Officer, Toyota Motor Corp.
Apr. 2013 Senior Managing Officer, Toyota Motor Corp.
Apr. 2014 Adviser, Toyoda Gosei
June 2014 Executive Vice President, Toyoda Gosei
June 2015 President, Toyoda Gosei
June 2020 Chairman, Toyoda Gosei
June 2021 Director, Toyoda Gosei
June 2024 Chairman, Toyoda Gosei



Katsumi Saito
President, CEO

Apr. 1988 Joined Toyoda Gosei
June 2018 Corporate Officer, Toyoda Gosei
(Retired in June 2019 due to a change in the board system)
June 2022 Corporate Officer, Toyoda Gosei
June 2023 President, Toyoda Gosei



Hiroshi Yasuda
Executive Vice President, COO, CMO

Apr. 1982 Joined Toyoda Gosei
June 2012 Corporate Officer, Toyoda Gosei
June 2016 Director, Managing Officer, Toyoda Gosei
June 2018 Director, Senior Managing Officer, Toyoda Gosei
June 2019 Director, Corporate Officer, Toyoda Gosei
June 2023 Executive Vice President, Toyoda Gosei



Masaki Oka
Director, Corporate Officer, CHRO

Apr. 1985 Joined Toyota Motor Corp.
Jan. 2014 General Manager of Related Business Department, Toyota Motor Corp.
Jan. 2015 Adviser, Toyoda Gosei
June 2015 Corporate Officer, Toyoda Gosei
June 2018 Director, Managing Officer, Toyoda Gosei
June 2019 Director, Corporate Officer, Toyoda Gosei

Significant Concurrent Positions:

Outside Audit & Supervisory Board member, Hino Motors, Ltd.



Mitsuhiro Nawashiro
Director, Corporate Officer, CTO

Sep. 1997 Joined Toyoda Gosei
June 2018 Corporate Officer, Toyoda Gosei
(Retired in June 2019 due to a change in the board system)
June 2021 Corporate Officer, Toyoda Gosei
June 2023 Director, Corporate Officer, Toyoda Gosei



Mayumi Matsumoto
Outside Director

Oct. 1987 Contract newscaster, TV Asahi Corporation
Apr. 1993 Contract newscaster, Japan Broadcasting Corporation
July 2003 Freelance announcer, Horipro Inc.
(Exclusive contract ended in Apr. 2009)
May 2008 Collaborative Researcher, Research Center for Advanced Science and Technology, The University of Tokyo
May 2009 Project Researcher, Research Center for Advanced Science and Technology, The University of Tokyo
Apr. 2011 Director, Principal Researcher, International Environment and Economy Institute
Apr. 2013 Visiting Associate Professor, Special Division of Environmental and Energy Science, Komaba Organization for Educational Excellence (KOMEX), The University of Tokyo
July 2017 Director, Japan Council for Renewable Energy
June 2019 Director, Toyoda Gosei

Significant Concurrent Positions:

Visiting Associate Professor, Komaba Organization for Educational Excellence (KOMEX), The University of Tokyo
Director, Principal Researcher, International Environment and Economy Institute
Director, Japan Council for Renewable Energy



Takashi Wada
Outside Director

Apr. 1979 Joined Sanken Electric Co., Ltd.
Apr. 2007 General Manager, Production Division, Production Headquarters, Sanken Electric
June 2007 Corporate Officer, Sanken Electric
Apr. 2009 Head, Production Headquarters, Sanken Electric
June 2009 Director and Senior Vice President, Sanken Electric
June 2012 Director and Executive Vice President, Sanken Electric
Apr. 2015 President and Representative Director, Sanken Electric
June 2021 Chairman and Representative Director, Sanken Electric
June 2022 Senior Advisor, Sanken Electric
June 2023 Director, Toyoda Gosei



Masanori Furukawa
Outside Director

Apr. 1977 Joined Tajimi City Hall
Apr. 1987 Tajimi City Council Member (three terms, 12 years)
Apr. 1999 Gifu Prefecture Assembly Member (two terms, 8 years)
Apr. 2007 Mayor of Tajimi City (four terms, 16 years)
Apr. 2023 Advisor, Tajimi City Hospital
June 2024 Director, Toyoda Gosei

Significant Concurrent Positions:

Advisor, Tajimi City Hospital



Shigeki Maeda
Outside Director

Apr. 1981 Joined the Japan External Trade Promotion Agency (currently the Japan External Trade Organization, an independent administrative agency, JETRO)
Aug. 1998 Deputy Director, JETRO New York Office
Dec. 2001 Principal Officer, Planning Department, JETRO Headquarters
Apr. 2006 Manager, Export Promotion Division, Market Development Department, JETRO Headquarters
Apr. 2008 Deputy Director, Research Planning Department, JETRO Institute of Developing Economies
Apr. 2010 Director, JETRO Singapore Office
Aug. 2013 Director, Japan Inbound Investment Department, JETRO Headquarters
Aug. 2015 Executive Director, JETRO
Sep. 2019 Ambassador Extraordinary and Plenipotentiary to the Kyrgyz Republic (Retired in Oct. 2022)
Apr. 2023 Adviser, Toyoda Gosei
June 2024 Director, Toyoda Gosei



Makoto Aou
Outside Director

June 2012 Corporate Officer, Pasona Tech Inc.
Feb. 2016 Founded ExalIntelligence Inc., Director and COO, ExalIntelligence Inc.
June 2016 Director, Pasona Tech Inc.
Oct. 2019 Project and Operations Producer for the Entrepreneur Support Facility "Nagono Campus"
Oct. 2020 Founded LEO Co., Ltd., Representative Director & CEO, LEO Co., Ltd.
June 2024 Director, Toyoda Gosei

Significant Concurrent Positions:
Representative Director & CEO, LEO Inc.
Project and Operations Producer, Nagono Campus
Professor at the School of Entrepreneurship, Musashino University
Visiting Associate Professor for Industry-Academia-Government Collaboration at Nagoya University



Kenji Oiso
Audit & Supervisory Board Member

Apr. 1980 Joined Sumitomo Metal Industries, Ltd.
June 2002 Deputy Manager, Finance & Accounting Div., Sumitomo Metal Ind., Ltd.
June 2004 Joined Mitsubishi Sumitomo Silicon, Co., Ltd.
Mar. 2006 General Manager, Finance & Accounting Division, SUMCO Corp.
Apr. 2011 Corporate Officer, SUMCO Corp. (Retired in Mar. 2014)
Apr. 2014 Functional Officer, Yokogawa Sumikin Bridge Corp. (Retired in Dec. 2015)
Jan. 2016 Joined Miraial Co., Ltd.
Feb. 2016 General Manager, Finance & Accounting Division, Miraial Co., Ltd.
Apr. 2017 Project General Manager, Finance & Accounting Division, Toyoda Gosei
Apr. 2019 Managing Director, Toyoda Gosei Corporate Pension Fund
June 2020 Audit & Supervisory Board Member, Toyoda Gosei



Yamato Suzuki
Audit & Supervisory Board Member

Apr. 1987 Joined Toyota Motor Corp.
Jan. 2012 Group Leader, Litigation Dept., Legal Division, Toyota Motor Corp. (Project Senior Manager)
Jan. 2015 Project General Manager, Corporate Planning Division, Toyoda Gosei
Jan. 2016 Deputy General Manager, Legal Division, Toyoda Gosei
June 2016 General Manager, Legal Division, Toyoda Gosei
June 2021 Audit & Supervisory Board Member, Toyoda Gosei



Chika Kako
Outside Audit & Supervisory Board Member

Apr. 1989 Joined Toyota Motor Corp.
Jan. 2015 Chief Engineer, Lexus International ZL, Toyota Motor Corp.
Jan. 2018 Managing Officer, Toyota Motor Corp.
Jan. 2019 Field General Manager, Material Technology Field, Advanced R&D and Engineering Company, Toyota Motor Corp.
Jan. 2020 Senior General Manager, Material Technology Field, Advanced R&D and Engineering Company, Toyota Motor Corp.
June 2020 Audit & Supervisory Board Member, Toyoda Gosei

Significant Concurrent Positions:
Senior General Manager, Material Technology Field, Advanced R&D and Engineering Company, Toyota Motor Corp.



Hitoshi Kuwayama
Outside Audit & Supervisory Board Member

Apr. 1990 Registered as attorney, Joined Midosuji LPC
Apr. 1997 Partner at Midosuji LPC
May 2011 Outside Company Auditor, Maxvalu Nishinoh Co., Ltd.
Apr. 2012 Vice Chairman, Osaka Bar Association
Apr. 2013 Part-time Lecturer, Kyoto University Law School
May 2015 Outside Director, Maxvalu Nishinoh Co., Ltd.
Apr. 2020 Senior Partner, Midosuji LPC
June 2020 Outside Director, Zett Corporation (Audit and Supervisory Committee Member)
June 2022 Audit & Supervisory Board Member, Toyoda Gosei

Significant Concurrent Positions:
Senior Partner, Midosuji LPC
Outside Director, Zett Corporation (Audit and Supervisory Committee Member)



Masahiko Yokoi
Outside Audit & Supervisory Board Member

Apr. 1978 Joined the Asahi Shimbun Company
June 2010 Director, Representative of Osaka Head Office of the Asahi Shimbun Company
June 2013 Director, Nagoya Broadcasting Network Co., Ltd.
June 2014 President and Representative Director, Nagoya Broadcasting Network
June 2019 Chairman and Representative Director, Nagoya Broadcasting Network
June 2022 Advisor, Nagoya Broadcasting Network
June 2023 Audit & Supervisory Board Member, Toyoda Gosei

Corporate Officer

Yutaka Ogasawara

Tadashi Yamamoto

Makoto Hasegawa
(CSMO)

Kenji Hayashi

Nobuhisa Tanaka

Katsufumi Otani (CRO)

Bijay Krishna Shrestha

Yasushi Okada

Masayoshi Hachisuka
(CFO)

Hiroko Ando

Consolidated 10-Year Financial Summary

Japanese GAAP		FY2014 (FY ended March 31, 2015)	FY2015 (FY ended March 31, 2016)	FY2016 (FY ended March 31, 2017)	FY2017 (FY ended March 31, 2018)
Management Results	Sales	727,846	781,886	755,601	806,938
	Operating profit	41,603	42,824	40,675	41,136
	Ordinary profit	43,792	41,490	39,007	43,200
	Profit before income taxes and other adjustments	39,851	36,710	31,288	35,775
	Net profit attributable to owners of parent	21,155	20,255	16,233	21,175
Financial State	Cash and cash equivalents	85,283	78,388	97,553	104,309
	Current assets	291,246	281,212	305,273	328,524
	Property, plant and equipment	250,557	241,408	245,666	259,537
	Non-current assets	316,926	306,160	315,425	333,819
	Total assets	608,172	587,373	620,699	662,388
	Short-term borrowings*	41,848	21,073	31,762	43,722
	Current liabilities	180,795	162,592	170,574	189,075
	Bonds payable	—	—	—	10,000
	Long-term borrowings	42,929	44,691	57,261	54,458
	Fixed liabilities	88,902	96,937	110,663	119,403
	Total liabilities	269,697	259,530	281,237	308,479
	Shareholders' equity	289,321	301,756	311,127	324,890
	Reference: Interest-bearing debt	84,777	65,765	89,023	108,181
Cash Flow	Cash flow from operating activities	51,283	77,765	60,401	60,848
	Cash flow from investing activities	(62,432)	(56,261)	(82,131)	(39,201)
	Cash flow from financing activities	(238)	(24,736)	14,794	6,541
Key Indicators	Ratio of net profit to sales (%)	2.9	2.6	2.1	2.6
	Total asset turnover (times)	1.27	1.31	1.25	1.26
	Equity ratio (%)	51.6	51.7	50.7	49.6
	ROE (%)	7.1	6.6	5.2	6.6
	Capital investment	64,733	54,498	55,218	64,816
	Depreciation and amortization	39,353	44,462	40,902	44,037
	R&D expenses	29,579	28,409	27,164	27,864
	Number of employees at end of term (consolidated)	34,754	35,903	36,679	38,234
Per Share Information	Dividend per share (Yen)	56.00	56.00	53.00	56.00
	Basic earnings per share (EPS) (Yen)	163.44	156.49	125.42	163.60
	Dividend payout ratio (%)	34.26	35.79	42.26	34.23

* Including current portion of long-term borrowings and current portion of bonds payable

(Millions of yen) (Amounts are rounded down to the nearest million yen)

International Financial Reporting Standards (IFRS)	FY2017 (FY ended March 31, 2018)	FY2018 (FY ended March 31, 2019)	FY2019 (FY ended March 31, 2020)	FY2020 (FY ended March 31, 2021)	FY2021 (FY ended March 31, 2022)	FY2022 (FY ended March 31, 2023)	FY2023 (FY ended March 31, 2024)
Revenue	807,958	840,714	812,937	721,498	830,243	951,877	1,071,107
Operating profit	35,179	36,525	17,888	36,479	34,172	35,069	67,703
Pre-tax profit	35,507	37,356	16,106	37,301	37,696	35,323	71,801
Profit attributable to owners of parent	21,361	23,309	11,226	35,205	23,352	16,004	51,454
Cash and cash equivalents	97,991	107,311	127,930	134,003	109,145	105,268	146,000
Current assets	357,666	382,106	359,565	380,578	425,165	419,108	455,187
Property, plant and equipment	241,581	257,728	273,479	290,246	316,901	327,838	341,789
Non-current assets	321,819	326,023	349,619	394,577	434,137	446,192	478,160
Total assets	679,485	708,129	709,185	775,155	859,302	865,300	933,347
Borrowings	43,722	32,396	44,657	42,835	43,924	32,906	38,937
Current liabilities	195,392	194,309	180,653	185,535	209,396	196,047	216,906
Bonds and borrowings	64,511	93,089	103,399	109,379	129,772	130,116	99,441
Non-current liabilities	118,435	133,674	158,256	169,164	187,111	182,885	149,706
Total liabilities	313,828	327,983	338,909	354,700	396,508	378,932	366,612
Equity attributable to owners of parent							
Reference: Interest-bearing debt	108,233	125,486	148,057	152,215	173,696	163,022	138,378
Cash flow from operating activities	44,004	57,463	65,247	67,247	27,658	53,973	128,368
Cash flow from investing activities	(21,832)	(55,491)	(54,174)	(49,949)	(59,427)	(31,952)	(40,686)
Cash flow from financing activities	5,966	7,749	12,525	(13,065)	2,206	(28,558)	(53,066)
Ratio of profit to revenue (%)	2.6	2.8	1.4	4.9	2.8	1.7	4.8
Total asset turnover (times)	1.23	1.21	1.15	0.97	1.02	1.10	1.19
Ratio of equity attributable to owners of parent (%)	50.1	50.0	48.7	50.5	49.9	51.8	56.0
ROE (%)	6.4	6.7	3.2	9.6	5.7	3.6	10.6
Capital investment	53,411	46,891	41,835	46,589	49,749	48,897	49,409
Depreciation and amortization	32,545	32,927	35,323	35,527	38,499	44,814	47,995
R&D expenses	27,684	30,025	31,374	31,000	33,543	34,254	39,295
Number of employees at end of term (consolidated)	38,234	39,429	39,403	38,823	39,511	38,942	38,951
Dividend per share (Yen)	56.00	60.00	60.00	60.00	60.00	60.00	95.0
Basic earnings per share (EPS) (Yen)	165.04	180.09	86.74	271.99	180.39	123.62	400.22
Dividend payout ratio (%)	33.93	33.32	69.17	22.06	33.26	48.55	23.64%

Consolidated Financial Statements

(Millions of yen)

Consolidated Statements of Financial Position	Current Consolidated Fiscal Year (As of March 31, 2023)	Current Consolidated Fiscal Year (As of March 31, 2024)
Assets		
Current assets		
Cash and cash equivalents	105,268	146,000
Trade and other receivables	185,640	183,871
Other financial assets	4,380	8,963
Inventories	99,171	87,493
Other current assets	24,646	28,858
Total current assets	419,108	455,187
Non-current assets		
Property, plant and equipment	327,838	341,789
Intangible assets	5,240	6,190
Other financial assets	50,239	60,500
Investments accounted for by the equity method	16,529	25,434
Assets for retirement benefits	3,581	2,418
Deferred tax assets	18,021	17,371
Other non-current assets	24,740	24,454
Total non-current assets	446,192	478,160
Total assets	865,300	933,347
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	142,453	149,795
Bonds and borrowings	32,906	38,937
Other financial liabilities	3,912	5,912
Income taxes payable	4,220	6,773
Provisions	4,503	4,987
Other current liabilities	8,049	10,499
Total current liabilities	196,047	216,906
Non-current liabilities		
Bonds and borrowings	130,116	99,441
Other financial liabilities	13,136	11,764
Liabilities for retirement benefits	31,867	31,271
Provisions	3,303	4,068
Deferred tax liabilities	3,211	1,699
Other non-current liabilities	1,249	1,461
Total non-current liabilities	182,885	149,706
Total liabilities	378,932	366,612
Capital		
Capital stock	28,093	28,114
Capital surplus	24,860	24,722
Treasury stock	(1,235)	(1,736)
Other components of equity	52,420	82,601
Retained earnings	344,275	388,635
Total equity attributable to owners of parent	448,413	522,337
Non-controlling interest	37,953	44,396
Total equity	486,367	566,734
Total liabilities and equity	865,300	933,347

(Millions of yen)

Consolidated Statements of Income	Current Consolidated Fiscal Year (From April 1, 2022) (To March 31, 2023)	Current Consolidated Fiscal Year (From April 1, 2023) (To March 31, 2024)
Revenue	951,877	1,071,107
Cost of sales	(836,299)	(913,195)
Gross profit	115,577	157,912
Selling, general and administrative expenses	(76,519)	(84,633)
Other income	4,472	4,539
Other expenses	(8,460)	(10,115)
Operating profit	35,069	67,703
Financial income	3,681	6,103
Financial expenses	(3,691)	(6,741)
Equity in earnings of affiliates	263	4,737
Pre-tax profit	35,323	71,801
Income tax expense	(14,274)	(13,476)
Net income	21,048	58,325
Net income attributable to		
Owners of parent	16,004	51,454
Non-controlling interest	5,043	6,871
Net income	21,048	58,325
Net income per share		
Basic earnings per share (EPS) (Yen)	123.62	400.22
Diluted earnings per share (Yen)	123.61	400.20

(Millions of yen)

Consolidated Statements of Comprehensive Income	Current Consolidated Fiscal Year (From April 1, 2022) (To March 31, 2023)	Current Consolidated Fiscal Year (From April 1, 2023) (To March 31, 2024)
Net income	21,048	58,325
Other comprehensive income		
Items not reclassified to profit or loss		
Equity financial assets measured at fair value through other comprehensive income	(1,155)	15,365
Remeasurement of defined benefit plans	397	944
Share of other comprehensive income of equity-method affiliates	1	92
Total items not reclassified to profit or loss	(756)	16,401
Items that may be reclassified into profit or loss		
Exchange differences on translation of foreign operations	12,396	25,711
Share of other comprehensive income of equity-method affiliates	460	925
Total items that may be reclassified into profit or loss	12,857	26,636
Other comprehensive income, net of tax	12,101	43,038
Comprehensive income	33,150	101,364
Comprehensive income attributable to		
Owners of parent	26,397	90,853
Non-controlling interest	6,753	10,510
Comprehensive income	33,150	101,364

(Millions of yen)

Consolidated Statements of Changes in Equity

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Treasury stock	Other components of equity		
				Exchange differences on translation of foreign operations	Equity financial assets measured at fair value through other comprehensive income	Remeasurement of defined benefit plans
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2022	28,069	24,465	(1,233)	18,407	24,026	—
Net income	—	—	—	—	—	—
Other comprehensive income	—	—	—	11,162	(1,149)	379
Total comprehensive income	—	—	—	11,162	(1,149)	379
Issuance of new shares	23	23	—	—	—	—
Repurchase of treasury stock	—	—	(1)	—	—	—
Dividends	—	—	—	—	—	—
Changes in interests in controlled subsidiaries	—	288	—	—	—	—
Change due to capital increase	—	—	—	—	—	—
Change in scope of consolidation	—	82	—	—	—	—
Transfer to retained earnings from other components of equity	—	—	—	—	(26)	(379)
Total amount of transactions with owners	23	395	(1)	—	(26)	(379)
Balance as of March 31, 2023	28,093	24,860	(1,235)	29,570	22,849	—
Net income	—	—	—	—	—	—
Other comprehensive income	—	—	—	23,006	15,452	940
Total comprehensive income	—	—	—	23,006	15,452	940
Issuance of new shares	21	21	—	—	—	—
Repurchase of treasury stock	—	—	(8,161)	—	—	—
Cancellation of treasury shares	—	(158)	7,659	—	—	—
Dividends	—	—	—	—	—	—
Transfer to retained earnings from other components of equity	—	—	—	—	(8,277)	(940)
Other	—	—	—	—	—	—
Total amount of transactions with owners	21	(137)	(501)	—	(8,277)	(940)
Balance as of March 31, 2024	28,114	24,722	(1,736)	52,576	30,024	—

	Equity attributable to owners of parent				
	Other components of equity	Retained earnings	Total	Non-controlling interest	Total
	Total				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2022	42,433	335,069	428,804	33,989	462,794
Net income	—	16,004	16,004	5,043	21,048
Other comprehensive income	10,392	—	10,392	1,709	12,101
Total comprehensive income	10,392	16,004	26,397	6,753	33,150
Issuance of new shares	—	—	47	—	47
Repurchase of treasury stock	—	—	(1)	—	(1)
Dividends	—	(7,122)	(7,122)	(2,868)	(9,990)
Changes in interests in controlled subsidiaries	—	—	288	40	328
Change due to capital increase	—	—	—	39	39
Change in scope of consolidation	—	(82)	—	—	—
Transfer to retained earnings from other components of equity	(406)	406	—	—	—
Total amount of transactions with owners	(406)	(6,799)	(6,788)	(2,788)	(9,576)
Balance as of March 31, 2023	52,420	344,275	448,413	37,953	486,367
Net income	—	51,454	51,454	6,871	58,325
Other comprehensive income	39,399	—	39,399	3,639	43,038
Total comprehensive income	39,399	51,454	90,853	10,510	101,364
Issuance of new shares	—	—	42	—	42
Repurchase of treasury stock	—	—	(8,161)	—	(8,161)
Cancellation of treasury shares	—	(7,500)	—	—	—
Dividends	—	(8,807)	(8,807)	(4,067)	(12,875)
Transfer to retained earnings from other components of equity	(9,217)	9,217	—	—	—
Other	—	(4)	(4)	—	(4)
Total amount of transactions with owners	(9,217)	(7,094)	(16,930)	(4,067)	(20,997)
Balance as of March 31, 2024	82,601	388,635	522,337	44,396	566,734

(Millions of yen)

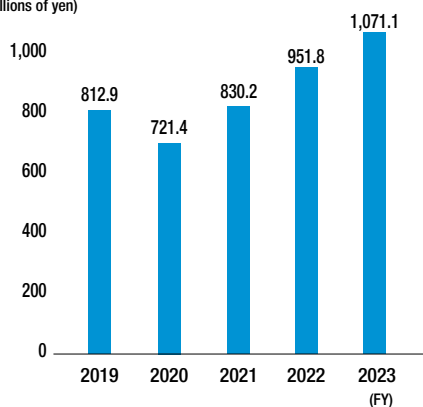
Consolidated Statements of Cash Flow	Current Consolidated Fiscal Year	Current Consolidated Fiscal Year
	(From April 1, 2022 To March 31, 2023)	(From April 1, 2023 To March 31, 2024)
Cash flow from operating activities		
Pre-tax profit	35,323	71,801
Depreciation and amortization	47,633	50,853
Impairment loss (or reversal)	3,955	3,502
Increase (decrease) in provisions	119	261
Increase (decrease) in liabilities for retirement benefits	1,316	1,205
Decrease (increase) in assets for retirement benefits	300	32
Financial income	(7,610)	(13,265)
Financial expenses	3,623	3,469
Equity in (gains) losses of affiliated companies	(263)	(4,737)
Loss (gain) on sales of non-current assets	230	594
Decrease (increase) in inventories	(636)	20,818
Decrease (increase) in trade and other receivables	1,354	9,298
Increase (decrease) in trade and other payables	(11,212)	667
Other	(5,670)	(450)
Subtotal	68,464	144,052
Interest income received	2,489	4,615
Dividends received	1,202	1,779
Interest expenses paid	(3,603)	(3,673)
Income taxes paid	(14,578)	(18,405)
Cash flow from operating activities	53,973	128,368
Cash flow from investing activities		
Payments into time deposits	(4,882)	(14,156)
Proceeds from withdrawal of time deposits	19,623	8,706
Purchase of property, plant and equipment and intangible assets	(46,129)	(46,709)
Proceeds from sales of property, plant and equipment and intangible assets	1,615	1,177
Purchase of investments	(1,028)	(2,536)
Proceeds from sales of investments	109	12,723
Other	(1,259)	108
Cash flow from investing activities	(31,952)	(40,686)
Cash flow from financing activities		
Proceeds from short-term borrowings	20,703	2,535
Repayment of short-term borrowings	(48,450)	(10,831)
Proceeds from long-term loans payable	31,307	3,265
Repayment of long-term borrowings	(18,461)	(27,748)
Proceeds from issuance of bonds	–	4,974
Repayment of lease liabilities	(4,197)	(4,189)
Purchase of treasury shares	(1)	(8,161)
Dividends paid	(7,120)	(8,808)
Dividends paid to non-controlling interests	(2,706)	(4,103)
Proceeds from payments from non-controlling interests	367	–
Cash flow from financing activities	(28,558)	(53,066)
Net increase (decrease) in cash and cash equivalents	(6,537)	34,615
Cash and cash equivalents at beginning of year	109,145	105,268
Effect of exchange rate changes on cash and cash equivalents	2,660	6,116
Cash and cash equivalents at end of year	105,268	146,000

Financial Highlights

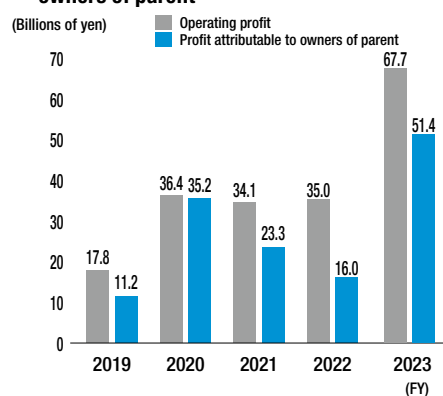
* The Toyota Gosei Group has adopted IFRS from the first quarter of the consolidated fiscal year ended March 31, 2019.

Figures for the fiscal year ended March 31, 2018 have also been reclassified to IFRS basis.

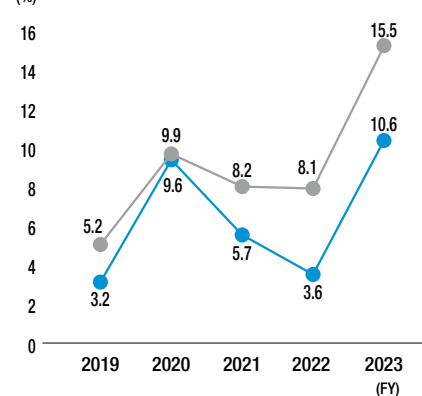
Revenue
(Billions of yen)



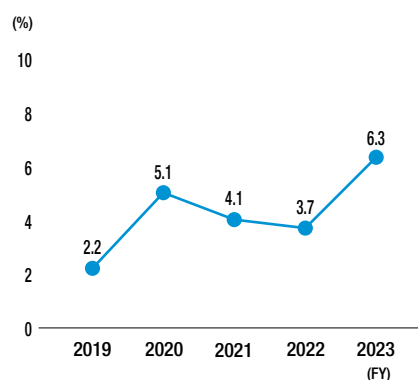
Operating profit/Profit attributable to owners of parent



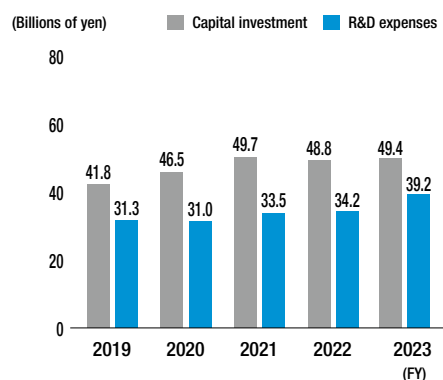
ROE/TG-ROIC
(%)



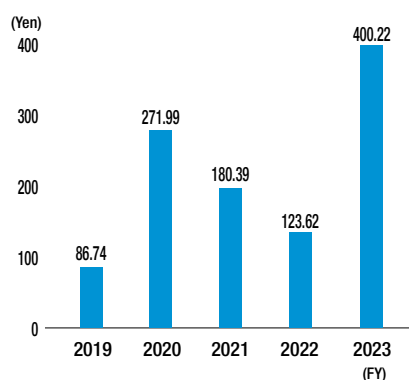
Operating profit ratio



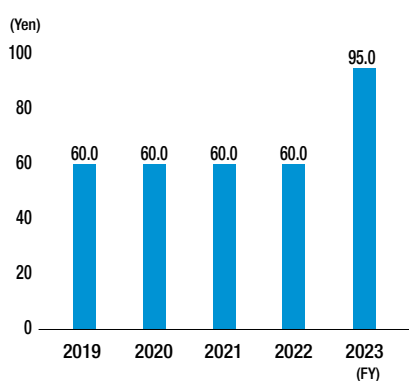
Capital investment/R&D expenses



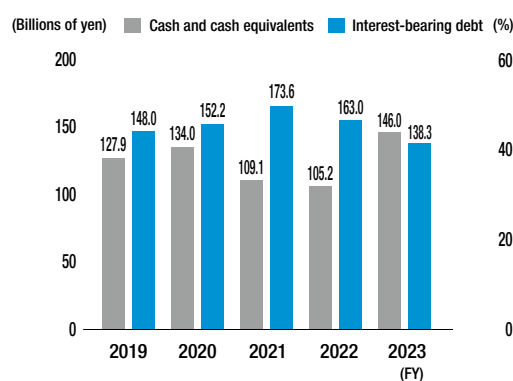
Basic net income per share



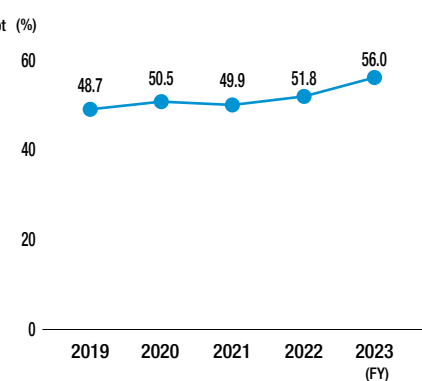
Dividend per share



**Cash and cash equivalents/
Interest-bearing debt**



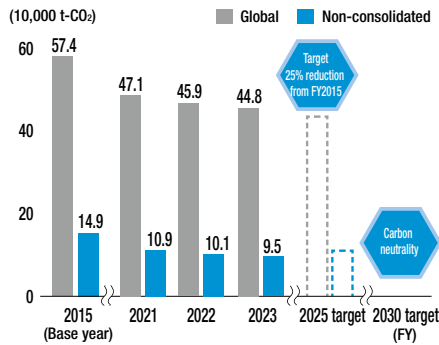
Ratio of equity attributable to owners of parent



Non-Financial Highlights

Environment

CO₂ emissions (Scopes 1 and 2)

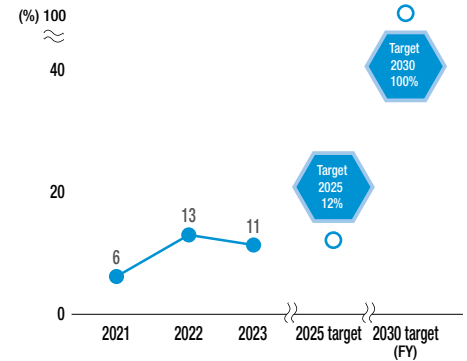


CO₂ emissions by Scope 3 Category (FY2023 Results) (Global)

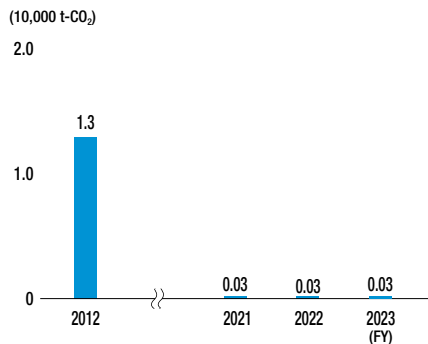
Emissions (10,000 tons)		2030 Target
FY2023 Result		
CO ₂ emissions (by Scope 3 Category) Total: 274.4		
Category 1	216.1	
Category 2	16.2	
Category 3	7.1	
Category 4	15.9	
Category 5	4.0	
Category 6	0.7	
Category 7	4.8	
Category 8	0.3	
Category 9	0.2	
Category 10	6.4	
Category 11	0.1	
Category 12	1.3	
Category 13	(Note)	
Category 14	(Note)	
Category 15	1.4	
Category 16		

(Note) Not applicable
*1 27.5% reduction from FY2019 (Category 1)

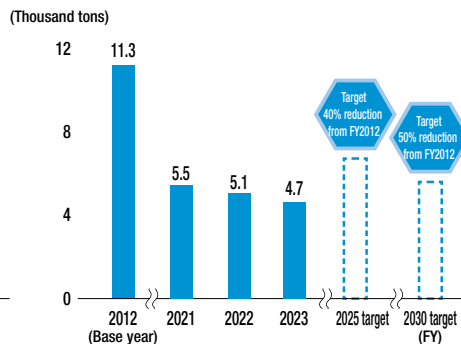
Renewable energy adoption rate (Global)



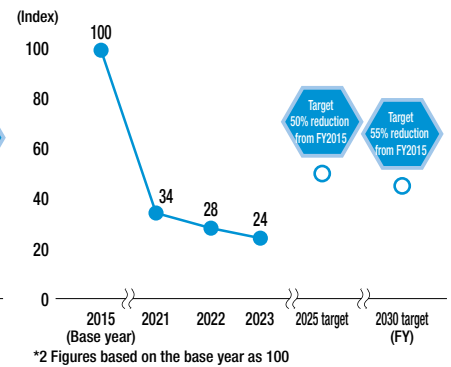
Greenhouse gas (6 gases) emissions (CO₂ equivalent) (Non-consolidated)



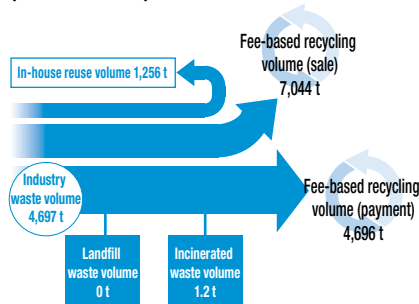
Industry waste volume (Non-consolidated)



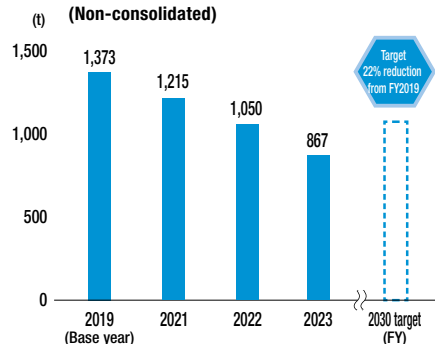
Waste volume per unit sales (index^{*2}) (Overseas affiliates)



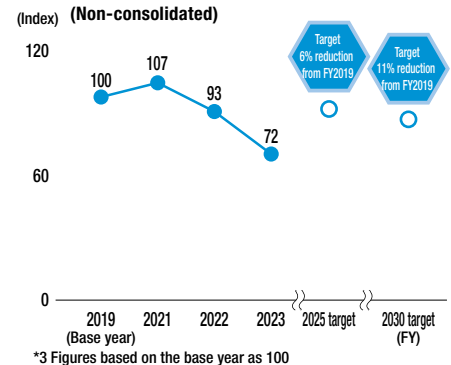
Industry waste generation and disposal (FY2023 result) (Non-consolidated)



Plastic industrial waste volume (Non-consolidated)



Water intake per unit sales (index^{*3}) (Non-consolidated)



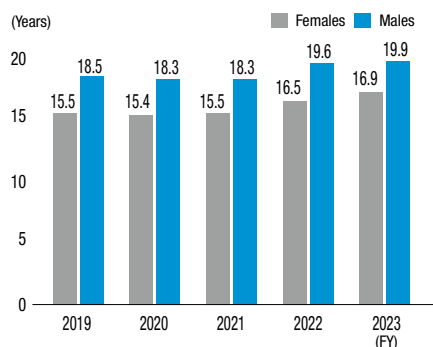
Non-Financial Highlights

Society

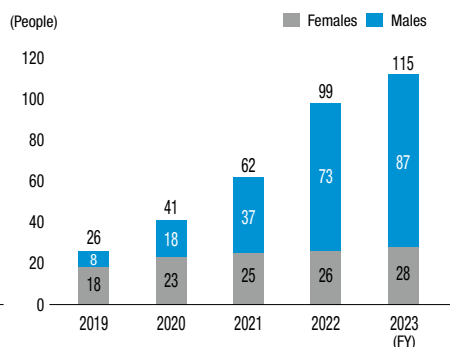
Results of Key Items in FY2023 and Targets for FY2025 and FY2030 (Non-consolidated)

Key item	FY2023 Result	FY2025 Target	FY2030 Target
Annual number of participants in training programs for executives	43	80	—
Ratio of employees dispatched overseas (Managers and technical and administrative staff)	24%	25% or more	—
Number of DX staff trained	260	270	400
Number of female managers	39 (3.6%)	45 (4.0%)	100 (8.8%)
Ratio of national staff in executive positions (Vice presidents and above at overseas affiliates)	35% (Global)	40% or more (Global)	60%
Ratio of mid-career hires in management positions	33%	30% or more	30% or more
Employment of people with disabilities	2.70% (Domestic affiliates)	Achievement of legally mandated employment ratio (Domestic affiliates)	—
Engagement survey results (Positive evaluation)	56%	70% or more	75% or more
Average overtime hours	14.8 hr/month/person or less	10.0 hr/month/person or less	—
Percentage of employees taking paid vacations	91%	95% or more	—
Percentage of male employees taking childcare leave	59.6%	75%	100%
Wage difference between men and women	77.8%	77%	82%

Average years of service by gender (Non-consolidated)

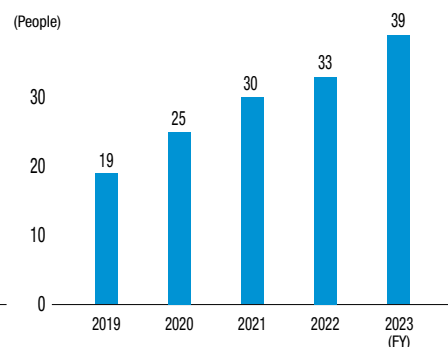


Number of employees taking childcare leave by gender (Non-consolidated)*1



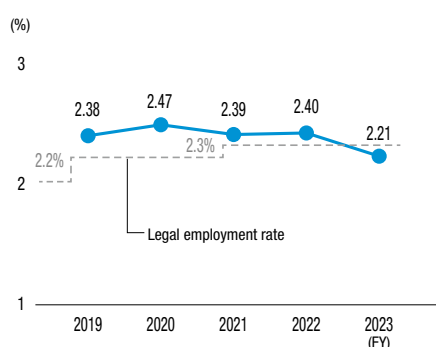
*1 Number of employees who started childcare leave during the fiscal year

Number of women in management positions (Non-consolidated)

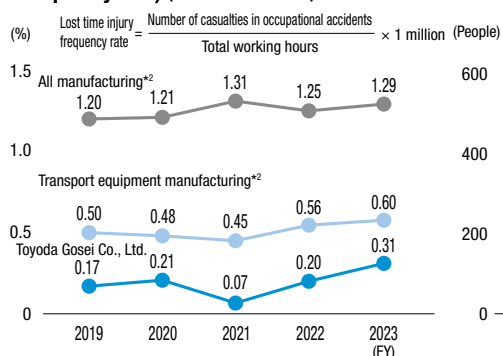


Governance

Employment rate of persons with disabilities (Non-consolidated)

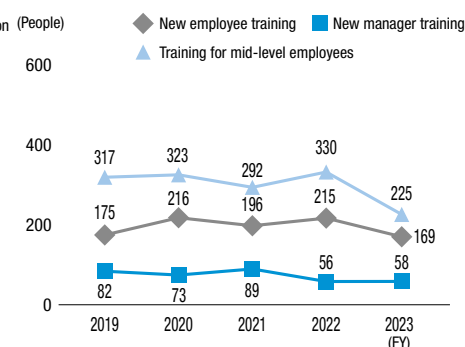


Occupational accident rate (lost time injury frequency rate) (Non-consolidated)



*2 Results from the Ministry of Health, Labour and Welfare's survey on occupational accident trends (Survey period: From January to December)

Number of employees receiving compliance training (Non-consolidated)








IR Activities

We place great importance on dialogue with investors, analysts, and other stakeholders, and actively provide feedback to management for enhancing corporate value.

Initiative	FY2021	FY2022	FY2023
No. of individual meetings for analysts and institutional investors	125 times	109 times	129 times
No. of financial results briefings for analysts and institutional investors	4 times	4 times	4 times
No. of business briefings and facility tours for analysts and institutional investors	2 times	3 times	2 times
No. of conferences sponsored by securities firms	3 times	2 times	3 times
No. of briefings for individual investors	2 times	1 time	1 time

External Recognition

Major Indices Where Toyoda Gosei Has Been Selected as a Constituent Stock

JPX Nikkei Index 400	 JPX-NIKKEI 400	FTSE Blossom Japan Sector Relative Index https://www.lseg.com/en/ftse-russell/indices/blossom-japan	 FTSE Blossom Japan Sector Relative Index
FTSE4Good Index Series https://www.lseg.com/en/ftse-russell/indices/ftse4good	 FTSE4Good	S&P/JPX Carbon Efficient Index	
FTSE Blossom Japan Index https://www.lseg.com/en/ftse-russell/indices/blossom-japan	 FTSE Blossom Japan Index		

External Recognition of Sustainability

Nikkei SDGs Management Survey 2023	 NIKKEI SDGs 経営調査 2023 ★★★★★	Health & Productivity Management Outstanding Organization (White 500)	 健康経営優良法人 2024 Health and productivity
CDP Climate Change 2023 Score: A- Supplier Engagement 2023 Score: A Water Security 2023 Score: A-	 CDP ENCLOSURE INQUIRY ACTION	Sports Yell Company 2024 +	 SPORTS YELL COMPANY 2024+
Ministry of the Environment 30by30 Heiwacho Plant biotope certified as a site for coexistence with nature	 30by30	Cancer Control Promotion Excellent Company	

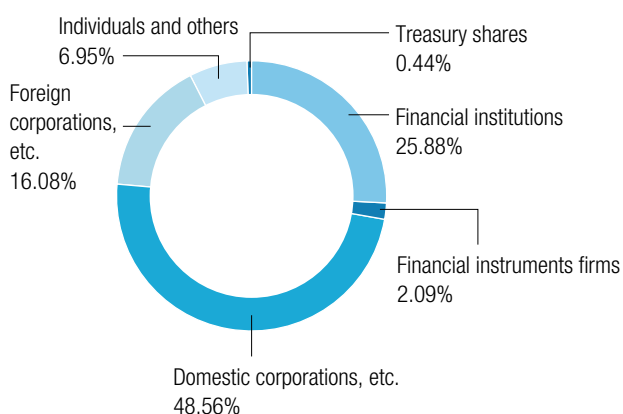
Company Information (As of March 31, 2024)

Head office address	1 Haruhinagahata, Kiyosu, Aichi, 452-8564, Japan	Number of consolidated subsidiaries	52 (Domestic: 12, Overseas: 40)
Date of establishment	June 15, 1949	Number of equity method affiliates	8 (Domestic: 4, Overseas: 4)
Capital stock	¥28.1 bn	Number of employees	Consolidated: 38,951, Non-consolidated: 6,688

Investor Information (As of March 31, 2024)

Total number of shares	Total number of authorized shares 200,000,000 Total number of shares issued and outstanding 127,053,431 (excluding 560,716 shares of treasury stock)	Administrator of shareholders' register and account management institution for special accounts	Mitsubishi UFJ Trust and Banking Corporation
Number of shareholders	12,851	Securities code	7282
Stock exchange listings	Tokyo Stock Exchange and Nagoya Stock Exchange		

Shareholder Distribution



Major Shareholders

Name of shareholder	Number of shares held <small>Thousands of shares</small>	Shareholding ratio
Toyota Motor Corporation	55,459	43.65%
The Master Trust Bank of Japan, Ltd. (Trust account)	10,598	8.34
Custody Bank of Japan, Ltd. (Trust account)	8,341	6.56
Sumitomo Mitsui Banking Corporation	4,207	3.31
Toyoda Gosei employee stockholding association	1,797	1.41
Nippon Life Insurance Company	1,592	1.25
BNYM AS AGT/CLTS 10 PERCENT	1,432	1.12
The Dai-ichi Life Insurance Company, Limited	1,381	1.08
Daiei Sangyo Kaisha, Ltd.	1,041	0.81
JUNIPER	995	0.78

* The shareholding ratio is calculated after deducting treasury stock.

Corporate Website

<https://www.toyoda-gosei.com/>



- News
- Company profile and philosophy/vision
- Products and technology information



Financial Information

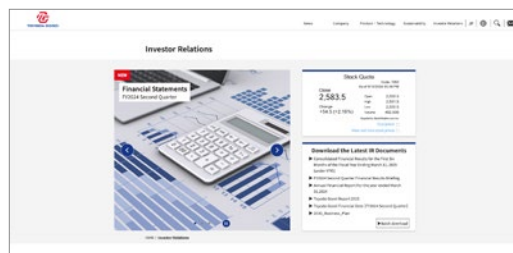
Website: Investor Relations

<https://www.toyoda-gosei.com/ir/>

Renewed in October 2024



- IR materials
Securities reports/Financial materials/
Business presentation materials, etc.
- Timely disclosure information
- Stock price and stock information
- To individual investors



Non-Financial Information

Website: Sustainability

<https://www.toyoda-gosei.com/csr/>



- Toyoda Gosei's sustainability promotion
- Environment/Social/Governance
- Data library/Reports
- GRI Standards comparison table
- Integrated reports
- Sustainable and positive impact
- Finance framework



TOYODA GOSEI CO., LTD.

1 Haruhinagahata, Kiyosu, Aichi, 452-8564, Japan

Phone: +81-52-400-1055

<https://www.toyoda-gosei.com/>

