Dialogue: Securities Analyst × Outside Directors

Toward Realizing Independent Management to Maximize Corporate Value



Tairiku Sakaguchi
Senior Analyst, Equities Research Division
Mizuho Securities Co., Ltd.

Since 2006, conducted dedicated research analysis on the automobile industry, with a primary focus on the automotive parts sector

Ranked No. 1 in the Nikkei Veritas Analyst Ranking for the automotive parts sector for two consecutive years (2025–2026)

Takashi Wada
Outside Director

Appointed 2023
Previously President and Representative Director and Chairman of Sanken Electric Co., Ltd.

Shigeki Maeda
Outside Director

Appointed 2024
Previous positions include Executive Director of JETRO and Ambassador Extraordinary and Plenipotentiary to the Kyrgyz Republic

Respond to Market Discipline and Embark on Independent Management

Toyota Motor Corporation's equity stake has decreased, creating an opportunity for Toyoda Gosei to gain more direct exposure to the discipline of the market. As we pivot toward independent management, our outside directors are encouraging a transformation in decision making and employee awareness focused on corporate value.

Sakaguchi: Today, I would like to ask about discussions by the Board of Directors toward increasing corporate value, and the involvement of outside directors. First, I would like to hear about the biggest change, which is Toyota's reduction of its ownership stake. How do you view this change in capital structure from a governance perspective?

Wada: A reduction in Toyota's ownership stake to around 20% is more than a simple change in capital structure; it means that Toyoda Gosei must become a truly independent listed company, and transition to a management structure that engages directly with market discipline. Previously, the Company's stock price was not a focus of internal discussion, and for the most part, it went unnoticed. With the reduction in ownership stake, we have awoken to the risk of being abandoned by the market if we do not become strongly aware of our stock price and corporate value and are unable to independently increase corporate value. Each employee needs to reflect for themselves on what corporate value is, and why we must increase it. We recognize that the role of the outside directors is to indicate the essential discussion points and direction of initiatives for the Company to increase its corporate value, and to maximize the effectiveness of governance.

Maeda: In recent governance reforms, the principle that the primary role of outside directors is monitoring remains unchanged. However, it should be highly effective monitoring that increases the quality of risk-taking for medium- to long-term growth.

Meanwhile, as they also serve as a voice for shareholders, it is important that outside directors not only supervise, but also utilize their insight and communicate their views clearly to the executive side. While recognizing the principles of governance, we must also be prepared to step deliberately into an advisory role. We engage in Board of Directors discussions with this commitment in mind.

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The reduction in Toyota's ownership stake is a major turning point in the Company's ambition to achieve independent growth. Discussions have become more active as the Company seeks to break free from its passive mindset and pursue a proactive growth strategy, examining how to approach non-Toyota customers and nonautomotive parts markets, with a focus on corporate value.

Sakaguchi: The market is also watching to see how, following this change, Toyoda Gosei will make its own decisions about expanding into business with non-Toyota customers and markets outside the automotive parts sector.

Wada: Up until now, Toyoda Gosei has been supported by a strong foundational business relationship with Toyota and the growth of the automotive industry, which has enabled it to steadily accumulate earnings. However, it is true that this stable environment has allowed us to grow comfortable in some ways. Recently, there has been a growing awareness, particularly among younger employees, that we need to break free from long-held assumptions and stand on our own feet. However, further reforms in mindset are needed before individual employees will adopt a strong determination to develop future businesses and put this into concrete action. As an outside director, I intend to encourage this change in mindset across the entire organization through the management team.

Maeda: That's right. Also, to make mindset reforms even more effective, it is essential to adopt the perspective of capital efficiency—that is, how to invest in which fields, and how to recover the investment. We will engage in deeper discussion to maximize profits through optimal resource allocation and use this to drive increased corporate value.



Improving the Quality of Judgment to Support Risk-Taking

A major step toward further growth has been the conversion of Ashimori Industry Co., Ltd. into a wholly owned subsidiary. Outside directors verified multiple aspects regarding the appropriateness of the procedures, the protection of minority shareholders, and the effectiveness of the post-merger integration (PMI) process. This has enhanced the quality of management decisions and the Company's ability to explain those decisions to the market, thereby supporting disciplined, autonomous risk-taking.

Sakaguchi: The conversion of Ashimori Industry Co., Ltd. into a wholly owned subsidiary, completed in March 2026, drew attention from the market. In making the decision, what kind of discussion was conducted by the Board of Directors from the perspectives of protecting minority shareholders, ensuring procedural fairness, and carrying out an effective PMI process?

Wada: Ashimori Industry has strengths in the safety domain, and making it a wholly owned subsidiary had immense strategic significance in terms of expanding our customer base and creating synergies, while also being a big step toward Toyoda Gosei's independent growth. The risk of doing nothing was far greater, and the decision to acquire the company was necessary in my opinion. In the Board of Directors, we examined key considerations for proceeding with the M&A, such as the strategic significance of making it a wholly owned subsidiary, shareholder interests, and the protection of minority shareholders. We focused on determining whether management's decision was sound.

Maeda: The Board of Directors conducted thorough discussions about the appropriateness of the acquisition procedures and the legitimacy of the decision-making process. When the conditions were changed, we examined the entire process to confirm how the Board would be accountable to the markets. Looking ahead, the Company must meet the market expectations reflected in the rise in its stock price following the announcement by delivering strong business results, and create a virtuous cycle that realizes further increase in corporate value. PMI will be important in this regard.

Wada: Yes, that's right. The M&A does not end simply with the acquisition. The key to its success lies in the effectiveness of the PMI process that the Company will engage in going forward. In my own past experience, I have been involved in cases that took 10 years for synergy effects to emerge. Internally, there is a mood of relief at having made Ashimori Industry a subsidiary, but at Board meetings, we have sought to temper this mood and repeatedly discussed the effectiveness of the PMI. Persistent communication with respect for Ashimori Industry's culture will enable the Company to achieve a true harmonious integration, and we will continuously monitor to ensure the maximization of synergies.

Sakaguchi: With regard to the M&A process, there have been some market participants who questioned whether the transaction could have been completed sooner. What are your opinions about the decision-making process and validity of the decision?

Maeda: In the roadmap from our 2021 capital and business alliance, conversion into an equity-method associate, the appointment of management personnel, and on to consolidation as a wholly owned subsidiary, we examined the results and risks at each phase, then determined whether it was appropriate to proceed before moving forward. By moving through the steps, I believe we built a more reliable process that enables us to be accountable.

Wada: I view it the same way. In one sense, it was an unfamiliar, large-scale M&A, and it is true that we spent time going through it carefully. However, our governance functioned at each stage, and I think that we increased the speed of our independent, reliable decision making compared with the past.

Sakaguchi: Thank you. It is clear to see that the outside directors are not simply functioning as brakes, but that they enable management to take risks confidently and appropriately by examining the strategic rationale, the enhancement of shareholder value, consideration for minority shareholders, and the effectiveness of PMI, to enhance the quality of decision-making. I feel even more certain that this has led to the increase in stock price over the past year.

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Global Strategy Pursuing the Factors That Will Enable the Company to Win

Toyoda Gosei's global strategy has traditionally been to formulate strategy passively in reaction to customer demand and the Company's situation. The Company is now evolving to proactive strategy formulation that shows the path to winning based on comparison with its competition and market data. The outside directors have called for rigorous data validation and helped embed competitive benchmarking in the decision-making processes of each business division.

Sakaguchi: The competitive landscape is becoming much more intense with the emergence of Chinese manufacturers and other factors. In this situation, why has Toyoda Gosei been able to distinguish itself from other companies and establish a strong position in the growth markets of India and North America? What kind of discussions are taking place at Board of Directors meetings?

Wada: India and North America require different approaches to achieving growth. In India, where the Company has already made progress on localization, the key is to develop business with local automakers. For this, it is essential to take a market-led approach that is closely attuned to local product-development priorities, and the Company is accelerating initiatives to build structures and develop human resources who can support proposals that respond to local needs.

In North America, on the other hand, the Company has expanded mainly through Toyota, and most of the work of localization lies ahead. If the Company is to seek business with non-Toyota customers in North America, it needs to undertake a complete renewal of its organization looking ahead to 2030, including its policy on the use of human resources.

Maeda: I believe that success in the global market requires localization of five essential aspects: production; products, including procurement; technology development; human resources; and management. From this perspective, the Company is only halfway there in North America. It has started to focus on developing global talent, such as external assignments and training of junior employees, but I believe it needs to accelerate these efforts further.

Sakaguchi: Maeda-san, as an outside director with diverse overseas experience and an objective viewpoint, what kind of changes did you call for in the Company's decision making on investment in growth markets such as India?

Maeda: At the time of my appointment as advisor in 2023, I was aware that there were significant issues with the insufficient volume of primary data to form the assumptions for a global strategy proposal, and with the low resolution of that data. I repeatedly stated that we needed to thoroughly gather basic data and to feed that into marketing. As a result, the strategy development process has changed dramatically. Competitive benchmarking is now a regular feature of each business division's materials, and the Company's market share and target markets are clearly identified. Toyoda Gosei's global strategy has evolved into a strategy that shows the path to winning based not on customer requests or the Company's own circumstances, but on competitive analysis and market data. Now more than ever, as the competitive environment becomes more intense with the emergence of Chinese manufacturers and other factors, the Board of Directors is also drawing on data to rigorously pursue the factors that will enable the Company to win.

Sakaguchi: In accelerating your global strategy, what kind of issues need to be addressed with the current head office-led governance structure and the management structure at overseas locations? How do you think these should be changed going forward?

Maeda: Ensuring the success of the global strategy requires a fundamental reform of the management structure at the Company's overseas locations, by which I mean localization of management. Up until now, the Company has had a complete hub-and-spoke structure, but going forward it needs to shift to management that emphasizes initiatives in each region. In India it already has local human resources in top management, who play key roles in management decision making. Using successful examples like these as model cases and applying them in other regions is an important challenge going forward.



Visualizing the Human Capital Who Will Execute Growth Strategies

The effectiveness of the Company's global strategy depends on the development of local management personnel who can make rapid decisions and next-generation leaders who can take on challenges across business domains. Outside directors have called strongly for identification and dynamic placement of next-generation leaders through the Executive Appointment Committee to ensure that human capital does not become a bottleneck for strategy execution.

Sakaguchi: To lead the global strategy to success, development of management personnel and next-generation leaders who will support the strategy execution is a major challenge. In the automotive parts industry, amid challenges such as the concentration of overseas experience among a limited group of employees, how is Toyoda Gosei monitoring the development of its global talent?

Wada: After my appointment as outside director, when I reviewed the management structure at overseas locations I was surprised to learn that locations where local human resources serve as top management are only in India. In my previous role in the semiconductor industry, around 80% of locations had local talent

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serving as top management, so I recognized that this situation was a serious issue for global management. Local talent who are able to hold their own when dealing with local customers are essential for executing global strategy. We outside directors are constantly calling for the identification of talent for the next generation through the governance framework, such as the Executive Appointment Committee. At this point, we do not yet have a clear picture of the next generation of leaders, but going forward we will encourage further disclosure of the evaluation criteria and development processes, and continuously monitor the effectiveness of human capital governance.

Maeda: Actually, last year there were more new employees who wanted to work in a global setting than we had expected, which I found very encouraging. However, it remains to be seen whether they can maintain that aspiration and actually take on the challenge of an overseas posting. We outside directors have noted with concern that there is a tendency for existing business domains to lock their human resources in, which could become a barrier to their development. To remove this barrier and develop multi-skilled human resources who are able to operate across business domains, all outside directors will make a united call for promoting HR system reforms to increase mobility and strengthening the human capital needed to support strategy execution.

Sakaguchi: Mobility across business domains is also directly linked to the development of future management personnel. I often visit Toyoda Gosei's Thailand operation, and each time I see local employees taking the lead on improvement activities deeply grounded in the conditions on site. I hope these independent efforts will produce tangible results, including their adoption across the Group's global operations.

Creating a Management Framework That Will Realize the Sustainable Increase of Corporate Value

Achieving a PBR of above 1.0x is not the final goal, but the starting line for sustainably increasing corporate value. To enhance portfolio management that links the turnaround of underperforming businesses with growth investment, the Company is developing systems that link governance directly with management decision-making, including reforms of the executive compensation system.

Sakaguchi: The current executive compensation still has a high ratio of fixed compensation, with stock-based compensation making up only around 10%. To increase management's commitment to sustainably increasing corporate value, what consideration is being given to compensation systems that incentivize the management team to change, for example linking capital efficiency indicators, such as TG-ROIC, and TSR with executive compensation assessment indicators?

Wada: KPIs for executive compensation are internal and external indicators of what the Company is aiming to achieve. At the Executive Compensation Committee, we are reviewing the KPIs to find an optimal balance between short- and long-term targets, and between fixed- and variable compensation. Specifically, in addition to TG-ROIC and ROE, as well as TSR, we are also considering non-financial indicators such as CO_2 reduction and the percentage of female managers, as we work to develop highly effective systems to promote change.

Sakaguchi: With a large number of automobile parts manufacturers currently facing the issue of having a PBR below 1.0x, the Company has recently attracted attention in the market for achieving a PBR above 1.0x. However, this level is not the final goal, but merely the starting line for further increasing corporate value. To make the corporate value increase sustainable, what challenges need to be overcome?

Maeda: Having achieved a PBR above 1.0x, a strong consensus is forming inside the Company that it must maintain and develop this, and never allow the PBR to fall below this level. To ensure this, the Company must link it with sustainable growth and increase in corporate value by optimizing its business portfolio and further accelerating growth investment going forward. This will also help to realize the independent management that can achieve the Company's goal of maximizing corporate value.

Wada: That's right. The Company's main challenges are moving beyond the growth trajectory it has been on so far and turning around or restructuring underperforming businesses and products, as well as enhancing the earning capability of core businesses and increasing the sophistication of portfolio management by using the resources generated in this way to invest in the next generation of growth. It needs to look beyond the 2030 Business Plan, and clearly show the market its long-term growth scenario to explain how it will



engage with existing and new business domains, and how it will deal with Toyota and non-Toyota businesses.

By building frameworks that can support people in taking on challenges, even with a risk of failure, such as the Company's next-generation GaN power semiconductor technology, the Company can achieve further enhancement of corporate value.

Maeda: As Wada-san has said, the first task is to optimize the business portfolio and maximize investment efficiency through rigorous selection and concentration, including a clear assessment of underperforming businesses. As outside directors, we will further strengthen our monitoring function to ensure that this initiative proceeds in a highly effective manner in line with market discipline, and contribute to the sustainable enhancement of Toyoda Gosei's corporate value.

Sakaguchi: Thank you for your answers. With ROE approaching the 10% level in the forecast for this fiscal year also, investors are calling for the Company to move up to a higher stage.

Through today's discussion, you have shown clearly that as outside directors you raise key points regarding management decision-making from a market perspective to drive transformation. Going forward, I will continue to watch closely to see how these discussions will translate into concrete results.

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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 promoting strict legal compliance and corporate ethics, as well as risk management activities.

Basic Philosophy

We believe improving and strengthening corporate governance in order to ensure robust, efficient business management is essential to achieving sustainable growth. Accordingly, we are building and maintaining fair and transparent management and organizational systems that can respond effectively to a changing business environment.

Additionally, Toyoda Gosei enhances corporate governance by voluntarily implementing a range of policies in accord with the letter and spirit of the ideals and principles in the Corporate Governance Code of Japan, formulated by the Financial Services Agency and the Tokyo Stock Exchange.

Corporate Governance System

Toyoda Gosei has adopted the structure of a company with an Audit & Supervisory Board 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 control systems, including an internal audit function. The Board of Directors consists of nine directors and holds regular meetings on a monthly basis (extraordinary meetings held as needed), at which matters prescribed by laws and regulations or the Articles of Incorporation, as well as important management matters such as corporate strategy, 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 intend to achieve global optimization of priority functions, transcending regional and business boundaries in order to realize strategically driven operations that are executed with speed. 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.

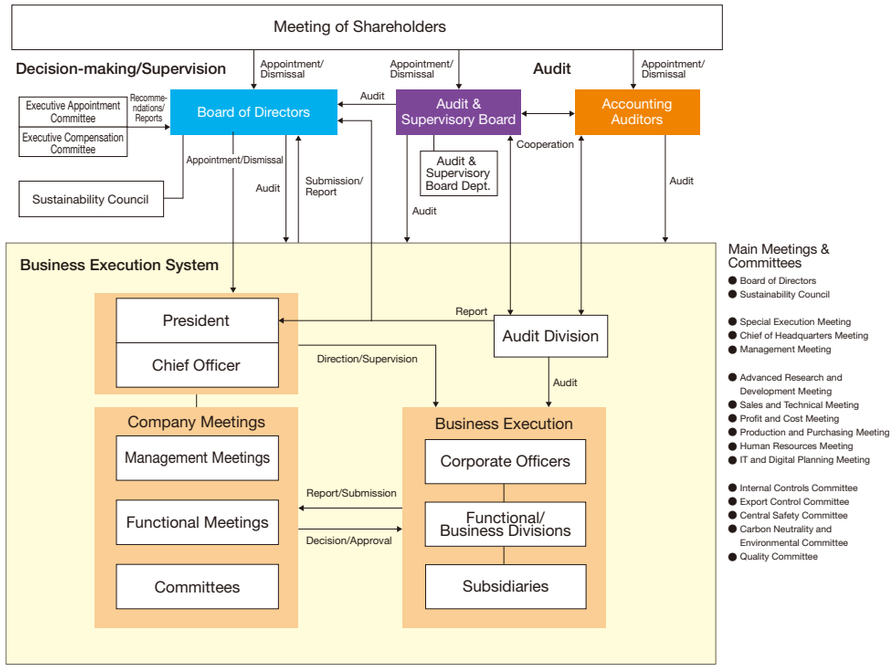
Moreover, for important business matters, decision-making meetings on important matters, Headquarters General Managers' Meetings and Management Meetings are held monthly. Functional meetings and committee meetings relevant to key areas such as safety, quality, environment, technology, revenue, and personnel 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 management oversight function. Together with audits by the accounting auditor, an external auditor, these activities ensure an independent and impartial audit system.

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 voluntary advisory committees.

Corporate Governance Chart



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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 on 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 June 2025, to further reinforce our framework for legal and regulatory compliance, we transferred the Regulatory Compliance Office, established in June 2023, from the Development Division to the Quality Assurance Headquarters and elevated its organizational standing from an Office to a Division. This strengthened the independence of regulatory certification operations and their audit function.

Regarding Group management, to cultivate a healthy internal controls environment at Toyoda Gosei and its subsidiaries, all Group companies are guided by our common Management Philosophy. Shared compliance guidelines, the Toyoda Gosei Group Charter for Business Ethics, have also been instituted and rolled out 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.

Executive Compensation Committee and Executive Appointment Committee

Toyoda Gosei's Executive Compensation Committee and Executive Appointment Committee have a majority of outside directors. Each committee is chaired by an outside director to further enhance transparency and objectivity.

Name	Role	Members	Attendance (FY2025)
Executive Compensation Committee (Number of meetings in FY2025: 3)	Deliberates and decides on the compensation system for directors and their individual compensation (restricted stock-based compensation, etc.)	Naoki Miyazaki, chairman Katsumi Saito, president Takashi Wada, outside director (chairperson) Masanori Furukawa, outside director Shigeki Maeda, outside director Makoto Aou, outside director	3/3 3/3 3/3 3/3 3/3 3/3
Executive Appointment Committee (Number of meetings in FY2025: 2)	Discusses proposals regarding the appointment and dismissal of directors and Audit & Supervisory Board members (appointment of the president, etc.)	Naoki Miyazaki, chairman Katsumi Saito, president Takashi Wada, outside director (chairperson) Masanori Furukawa, outside director Shigeki Maeda, outside director Makoto Aou, outside director	2/2 2/2 2/2 2/2 2/2 2/2

Sustainability Council

We have established the Sustainability Council, which convenes twice a year, with the aim of achieving sustainable corporate growth, improving corporate value, and contributing to the sustainable development of society. In this Council, we carefully discuss and decide on key action items related to sustainability in line with the times 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 based on the result of discussion by the Executive Appointment Committee, followed by a resolution of the Board of Directors and approval at the General Meeting of Shareholders.

Senior officer and director candidates are appointed on the basis of a comprehensive evaluation of their ability to quickly make correct judgments, the respect in which they are held by others, and their fulfillment of legal and ethical obligations, while also ensuring that the management team and Board of Directors as a whole possesses the appropriate balance of knowledge, experience, and capabilities.

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 understanding 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.

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Skills Matrix

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

Position	Directors									Audit & Supervisory Board members				
Name / Skills	Naoki Miyazaki	Katsumi Saito	Hiroshi Yasuda	Mitsuhiro Nawashiro	Masayoshi Hachisuka	Takashi Wada (Outside, Independent)	Masanori Furukawa (Outside, Independent)	Shigeki Maeda (Outside, Independent)	Makoto Aou (Outside, Independent)	Kenji Oiso	Yoshiyuki Fujita	Chika Kako (Outside)	Hitoshi Kuwayama (Outside, Independent)	Masahiko Yokoi (Outside, Independent)
Corporate management	●	●	●	●	●	●			●		●			●
Global	●	●	●	●	●			●			●			
Finance/Accounting	●	●	●		●					●				
Legal/Risk management	●	●			●		●	●					●	●
Technology/Development			●	●							●	●		
Manufacturing (Production/Quality management)			●	●		●					●	●		
Sales				●							●			
Environment/Energy	●		●									●		
Personnel	●	●				●	●	●	●					●
DX	●	●	●	●	●	●		●	●					
New business (non-automotive)	●			●		●	●		●					
Executive Compensation Committee (◎ indicates chairperson)	○	○				◎	○	○	○					
Executive Appointment Committee (◎ indicates chairperson)	○	○				◎	○	○	○					
Attendance at Board of Directors' meetings (FY2025)	17/17	17/17	17/17	17/17	15/15 *1	17/17	17/17	17/17	17/17	17/17	15/15 *1	17/17	17/17	17/17
Attendance at Audit & Supervisory Board meetings (FY2025)	–	–	–	–	–	–	–	–	–	13/13	10/10 *1	13/13	13/13	13/13

Skill Selection Reasons/Definitions

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.

Corporate management	To make appropriate management decisions that contribute to Toyoda Gosei's sustainable growth and enhancement of corporate value based on experience and a proven track record in corporate management in the drastically changing global business landscape.
Global	To grow our business globally by utilizing overseas business experience and knowledge of overseas business environments and business management practices.
Finance/Accounting	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.
Legal/Risk management	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, and to improve the effectiveness of supervision.
Technology/Development	To achieve business growth as indicated in the medium- to long-term business plan through technological innovation using advanced technology and through skills and expertise in medium- to long-term product planning and development.
Manufacturing (Production/Quality management)	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.
Sales	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.
Environment/Energy	To accelerate and implement initiatives integrated with business operations in areas requiring environmental consideration and other such fields and to fulfill our social responsibility.
Personnel	To develop and maximize the abilities of each and every employee by utilizing knowledge of diversity, inclusion, respect for human rights, and well-being.
DX	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.
New business (non-automotive)	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.

*1 Attendance since June 2025

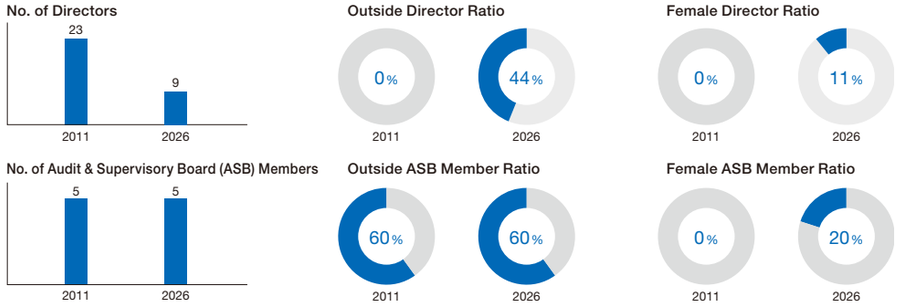
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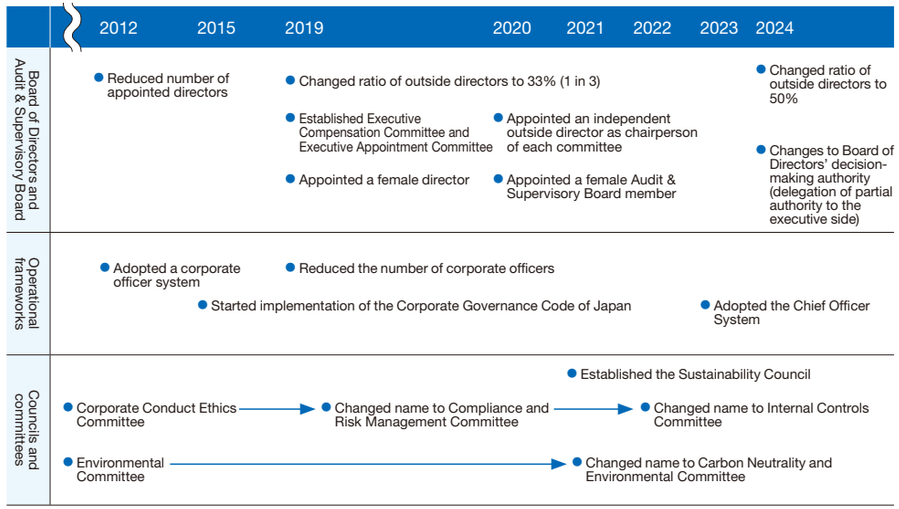
Changes in Numbers of Directors and Audit & Supervisory Board Members

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

The Board currently comprises nine directors, four of whom are outside directors, accounting for 44% of the total number of directors. There is one female outside director. The outside director appointments have increased the Board's objectivity and diversity.



Major Initiatives to Enhance the Governance Structure



Board of Directors

The Board of Directors deliberates on the direction of management, including management and business strategies, from many different perspectives, then reports, discusses and makes resolutions on progress as necessary. In this 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 the authority to make certain decisions. In addition to enhancing the Company's internal control systems and risk management systems, in recent years the Board of Directors has been working to achieve sustainable corporate growth amid a volatile business environment characterized by shifting market conditions, and worsening economic security, geopolitical risks, and environmental problems.

Main Agenda Items and Reports by the Board of Directors in FY2025

Topic	Main Agenda Items and Reports
Management/ Business strategies	• Medium- to long-term business strategy • New business strategies • Annual management plan • Domestic and overseas subsidiaries' business strategies (expansions, mergers, downsizing) • Business execution reports (results, production, quality, safety, technology/development, intellectual property, priority risk management, etc.) • Progress report on matters resolved by the Board • Cross-shareholdings • Issuance of bonds
Corporate	• Financial results, etc. • Appointment of directors and Audit & Supervisory Board members, appointment of executives, executive compensation • Sustainability measures • Internal control systems, internal audit department reports
Investment and loan projects	• 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 FY2025

	Q1	Q2	Q3	Q4	Total
Agenda items	15	5	9	13	42
Reports	12	10	15	15	52
Total	27	15	24	28	94

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, each year, members of the Board are asked to share their opinions and assessments. The Board of Directors then analyzes, evaluates, and deliberates on measures for improvement.

In FY2025, debriefings with all nine directors and all five Audit & Supervisory Board members were conducted to assess their performance. As a result, Toyoda Gosei found improvements in each area of its assessments and concluded that the Board continues to function effectively.

In particular, the Company continued to receive high ratings for the composition and scope of its Board of Directors, its openness and candid discussions, and the support for outside directors.

Regarding the discussion of medium- to long-term strategies, which was identified as an issue, in FY2025, we developed the business, regional, and functional strategies that have been discussed since FY2024 into a cross strategy discussion combining the business and regional themes. In the India business, where we aim to achieve growth that exceeds market growth, we promoted exploration of priority strategies through on-site observation by outside directors, and increased the certainty of strategy execution. Issues raised included the need to deepen strategic discussion looking beyond 2030, and to have discussion regarding increasing corporate value with an awareness of stakeholders. Based on these improvement points, we will work to further increase the effectiveness of the Board of Directors.

Board Effectiveness Evaluation Process

Evaluation Method	Debriefing Items (Main Items)
Interviews: Nine directors and five Audit & Supervisory Board members Evaluation process: Analysis of interviews and debriefing results to ensure anonymity	• Roles and responsibilities of directors • Deliberations within the Board • Supervisory function of the Board • Support for outside officers Note: More detailed sub-items are laid out under the main items of the debriefing to allow for a well-rounded evaluation.

Issues Evaluated in FY2024 for Board Effectiveness and Initiatives in FY2025

FY2024 Effectiveness Evaluation Issues	Initiatives in FY2025
Further discussions are required regarding overall optimization (prioritization and strategic focus of business areas across the entire company and within regions)	• Started cross strategy discussion combining business and regional themes Discussed strategy in priority markets of the Americas and India, centered on the Safety Systems Products and Interior and Exterior Parts businesses, which are growth drivers. In the India business in particular, explored priority strategies through on-site observation
Opportunities for information exchange between outside and internal officers outside of the Board of Directors	• Enhanced communication between internal and outside officers Use of outside officer liaison meeting (three times)

FY2025 Board Effectiveness Evaluation Results (Issues)

Issues Identified	Measures
Deepen strategic discussion looking beyond 2030	Plan opportunities for broad exchanges of views, not limited to the Board of Directors' meeting
Discussion on increasing corporate value with awareness of stakeholders	
Improvement of Board of Directors meeting materials	Efficient operation through preparation of materials that clearly lay out target discussion points and risks

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Expected Roles of and Support for Outside Directors

We have appointed four outside directors, each with a wealth of experience and keen insight, primarily in areas such as corporate management, manufacturing, international affairs, public administration, advanced IT, DX, new business creation, talent development, and organizational management. To further promote diversity on the Board of Directors and the advancement of women, we have appointed one female director.

The four outside directors 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 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 officers 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 Ordinary General Meeting of Shareholders, held on June 24, 2026, we appointed four outside directors: Takashi Wada, Masanori Furukawa, Shigeki Maeda, and Makoto Aou.

We also appointed three outside Audit & Supervisory Board members: Chika Kako, Hitoshi Kuwayama, and Masahiko Yokoi.

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

Role	Name	Independent Director/Auditor	Reason for Appointment
Outside director	Takashi Wada	○	Takashi Wada contributes management oversight and advice based on his extensive experience and expertise running manufacturing companies over many years. Mr. Wada has been designated as an independent director 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, 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 director 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 director 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 contribute valuable oversight and advice to the Company's management. Ms. Aou has been designated as an independent director 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		Chika Kako has experience gained from her career at Toyota Motor Corporation, where she served mainly in vehicle development and materials development roles, as well as experience being involved in management as a managing officer at the same company. Her wealth of experience and keen insight are expected to enhance the auditing of the Company.
	Hitoshi Kuwayama	○	Hitoshi Kuwayama's extensive experience and deep insight as a lawyer are expected to enhance the auditing of the Company. Mr. Kuwayama has been designated as an independent officer because he meets the requisite criteria and is deemed free of potential conflicts of interest with regular shareholders.
	Masahiko Yokoi	○	Masahiko Yokoi's extensive experience and deep insight as a manager are expected to enhance the auditing of the Company. Mr. Yokoi has been designated as an independent officer 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.

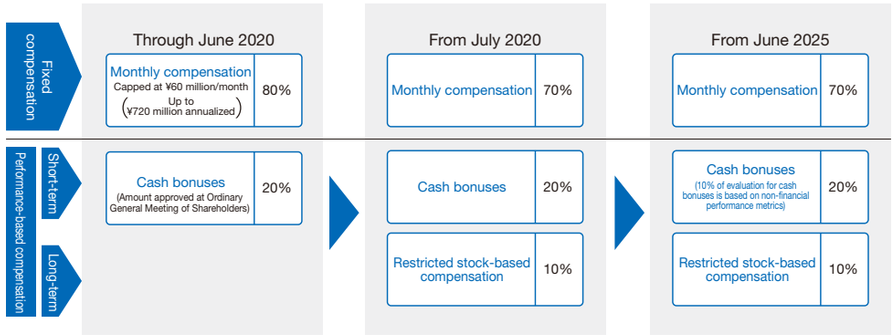
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Monthly compensation is set at a fixed amount that reflects the recipient's job responsibilities and experience as well as compensation levels at other companies. Cash bonuses are based primarily on fiscal yearly consolidated operating profit. Secondary 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. Regarding the key issues identified in the FY2023 Board effectiveness evaluation, namely the executive compensation system addressing social issues, a revised system design incorporating increased non-financial evaluation items and weightings was completed and put into effect starting in FY2025.

Stock-based compensation is intended as an incentive to promote sustained growth in Toyoda Gosei's value. It is paid in the form of restricted stock-based compensation to promote greater alignment with the objectives of other shareholders.

Director Compensation Scheme



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 Ordinary General Meeting of Shareholders 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 Ordinary General Meeting of Shareholders held on June 14, 2024.

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 discussion by the majority-independent Executive Compensation Committee. In February 2026, the Board of Directors resolved to revise the policy on determining the details of individual directors' compensation. Accordingly, the policy was changed so that, based on a delegation resolution by the Board of Directors, the details of individual directors' compensation will be determined by the Executive Compensation Committee, which is chaired by an outside director and composed of a majority of outside directors.

Total Compensation for Each Officer Class, Total by Each Type of Compensation, and Number of Officers Receiving the Compensation

Officer Class	Total Executive Compensation (Million yen)	Total Amount by Type of Compensation (Million yen)			Officers Applicable to (People)
		Fixed Compensation	Performance-based Compensation	Non-cash Compensation	
		Monthly Compensation	Cash Bonuses	Stock-based Compensation	
Director (excluding outside directors)	395	210	153	31	6
Audit & Supervisory Board members (excluding outside members)	78	78	—	—	3
Outside officers	90	90	—	—	8

Notes: 1 The cash bonus represents the provisions for FY2025.
2 The above number of officers includes one director and one Audit & Supervisory Board member who retired upon the conclusion of the 102nd Ordinary General Meeting of Shareholders held on June 19, 2025, and one outside director who retired on November 30, 2025.

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

We have set up the Audit Division composed of nine members to handle internal audits. Based on an internal audit plan reported to the Board of Directors at the start of the fiscal year, the division conducts internal audits across the overall business from a perspective of legal compliance and rationality with the aims of achieving management objectives and preventing fraud and errors. Each functional department develops internal controls in accordance with its respective function, and the Audit Division's internal audit activities include monitoring the status of their development and implementation.

The results of internal audit activities are reported to management, the Board of Directors, the Audit & Supervisory Board, and the Internal Controls Committee. In addition, audited departments are given recommendations for improvements based on the audit results, and the effectiveness of internal audits is increased by checking their improvement plans and results. Moreover, the internal audit plan is created through exchange of opinions with the Audit & Supervisory Board members. Furthermore, the execution status and audit results of internal audit activities are reported to the Audit & Supervisory Board members as they become available to share information.

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 FY2025 accounting audit of Toyoda Gosei were Masahide Kobayashi and Hiroki Kawamagari 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.

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Risk Management

Contributing to Sustainable Corporate Value Enhancement by Transforming Risks into Opportunities and Controlling Risks

Risks the Company Faces

Amid significant changes in the external environment—from shifts in international affairs and rising geopolitical risks, such as in the Middle East, to the growing threat of cyberattacks—as well as growing external demands regarding respect for human rights and compliance with environmental regulations, the business landscape is undergoing substantial transformation. Within the automotive industry specifically, a surge in protectionism is manifesting itself via the imposition of tariffs, while the pace of electrification has slowed. 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. The importance of risk management is greater than ever as we strive to remain a trusted “company of choice” in the eyes of stakeholders and society.

Risk Management Activities for Achieving the 2030 Business Plan

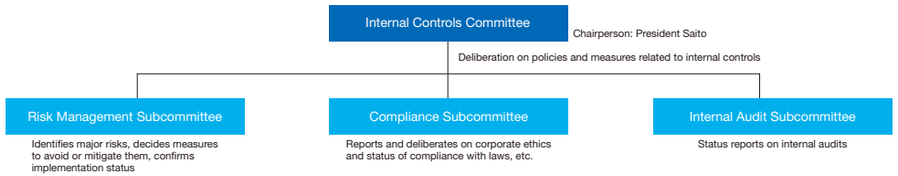
Fundamental Initiatives

The Company makes use of 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, for which we seek to minimize losses if they materialize. 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.

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 back-casting 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.

Internal Controls Committee Organizational Diagram



Key Risk Management Activities



Review of FY2025

For Business Strategy Risks, we incorporated changes in the business environment, such as global economic conditions, tariff trends in major countries, projections for diverse powertrains, and the rise of Chinese automobile and parts manufacturers overseas, into each strategy to increase the certainty of achieving our 2030 Business Plan. For Management Foundation Risks, we continued our efforts to address quality certification issues in the automotive industry by enhancing organizational structures and reforming workplace culture. Specific initiatives included identifying workplace challenges while also elevating the independent organization for regulatory certification management from an office to a division.

In response to the situation in the Middle East, we conducted a review of our supply chain to secure materials for which we have concerns regarding supply, and collaborated with our customers to allocate available supplies appropriately. We also took steps to enhance communication with suppliers in order to comply with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and the Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators. In addition, as an initial response when risks materialize, we clarified practical procedures for the initial response to a cyberattack and conducted tabletop exercises for geopolitical risk scenarios.

*1 An analytical method that categorizes the external environment into four factors—political, economic, social, and technological—to assess their impact on a company
*2 An analytical method that interprets the market environment from the perspectives of customers, competitors, and the company itself

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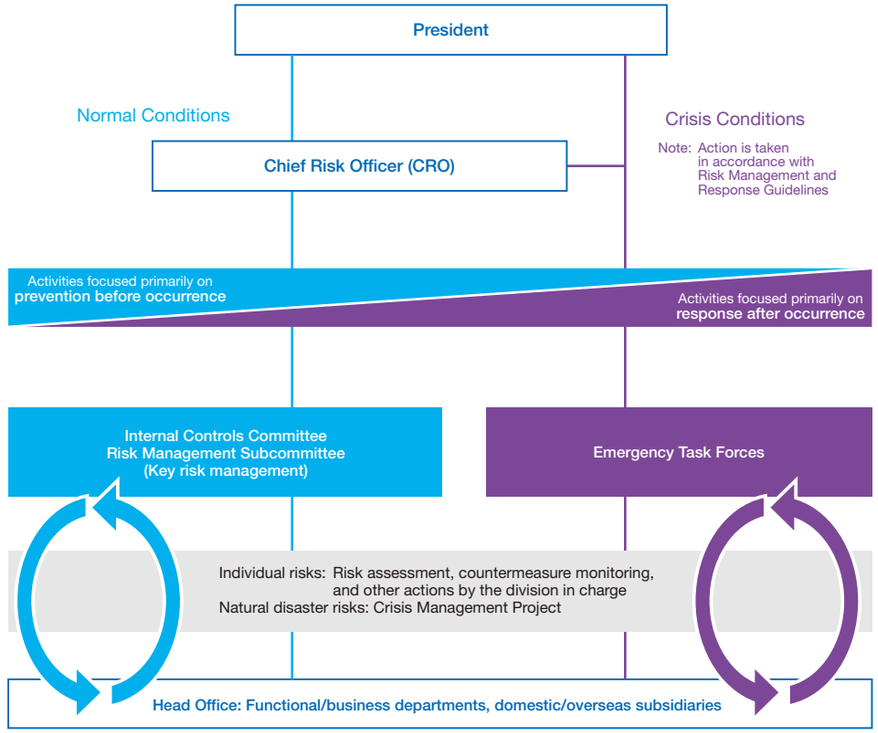
Risk Management

Among the key risks, those with significant global impact were shared with Group companies both domestically and internationally. Throughout the year, we implemented the PDCA cycle for risk mitigation measures. Particular attention was paid to compliance efforts in areas under public scrutiny, such as quality certification and fair business transactions. Matters pertaining to economic security are being addressed through a working group that reflects domestic and international trends.

We appointed risk management officers for each region in FY2025 to strengthen risk management globally.

Furthermore, we created the Risk Management and Response Guidelines that outline the fundamental actions to be taken in the event of a risk materializing. These guidelines specify the necessary steps to ensure swift and appropriate action if such a situation arises.

Company-wide Risk Management System



Future Initiatives

For FY2026, we have selected five key Business Strategy Risks. These are the risk of failing to properly work toward achieving carbon neutrality, the circular economy, and nature-positive outcomes, the risk of being unable to build a value chain that keeps pace with various powertrain trends (including the establishment of supply chains and production systems capable of adapting to fluctuations in BEV demand). 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, we have selected risk factors that include the need to respond to US-China trade tensions and US-government policies, with tariffs of particular concern, as well as potential supply chain disruptions arising from inadequate responses to national regulations such as export restrictions on critical minerals, and high materials prices due to the conflict in the Middle East. We selected a total of nine 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 Board meetings. Through these discussions, we continuously implement improvements that align with changing circumstances.

Examples of Key Risks

Classification		Main Key Risks
Size of risk Impact on operations (financial impact, etc.) × Possibility of occurrence (frequency)	Large	• Addressing carbon neutrality, the circular economy, and nature positive initiatives (including matters pertaining to carbon pricing and rubber/plastic materials) • Large-scale disasters (e.g., abnormal weather) • Response to US government policies (and other geopolitical risks) • Supply chain disruptions arising from national regulations • Injuries and operation shutdowns due to serious work accidents • Recalls due to serious quality issues • Cyberattacks • Ensuring proper transactions
	Medium	• Fires or explosions leading to an interruption of business operations

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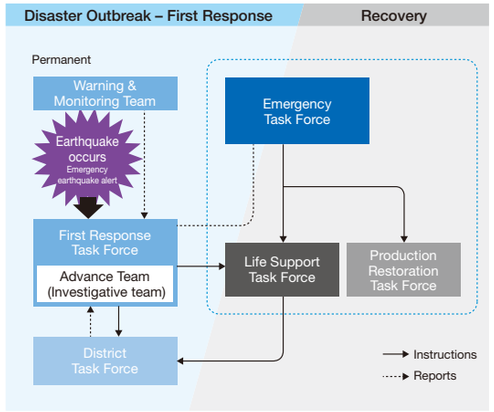
Examples of Risk Response

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 260 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. We have also established specific procedures for restoring affected buildings, facilities, and processes, as well as a production recovery system that provides for alternative production.

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 Toyoda 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 Toyoda Gosei and other companies, and collaborative preparation of business continuity plans (BCPs) are carried out.

Schematic of Response in a Large-Scale Disaster



Initiatives to Date

Classification	Measures
Facility and equipment measures	• 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 multi-channel access (MCA) radio system*1 and satellite phones • Deployment of Starlink to the First Response and Production Restoration Task Forces • Installation of crisis management servers (earthquake-resistant structure) and emergency power generators • Operation of a DR*2 system and DCs*3
System measures	• Implementation of site and building safety assessments • Training in operation of earthquake early warning systems and employee safety information systems • Preparation and visualization of supply chain information • Preparation of a business continuity plan (BCP)
Skills	• Ongoing resilience training (disaster simulation exercises)

*1 Radio system used in Japan for various purposes, from daily operations to emergencies and disasters
*2 Disaster Recovery: System for restoring and repairing damaged systems
*3 Data Center: General term for special facilities equipped with operating computers, data communications, and other equipment

Cybersecurity Countermeasures

The Company considers information security and management of confidential information to be priority issues for management, given the advance of digitalization, the increasing sophistication of cyberattacks, and the increase in attacks targeting supply chains, among others. In addition to protecting information assets and systems that support our business activities, we are also working to strengthen security globally with the aim of ensuring the continuity of critical operations such as procurement, production, shipping, and financial closing.

In particular, with regard to our supply chain, including head office, affiliates in Japan and overseas, and suppliers, based on business impact and risk assessment results, we are working to increase overall cyber resilience by conducting safety assessments and improvements, starting from critical sites and business partners.

In addition, to realize rapid responses and early recovery following an incident, we have strengthened the system for coordination across our global locations, and continuously conduct incident response drills, including management. We are also working to increase security awareness and response capabilities across the entire Group through global security meetings, including overseas sites.

The status of these activities and risk assessment results are reported regularly to management, and we are promoting continuous improvements taking account of the changing threat landscape and business environment. We will strive to sustainably increase corporate value and uphold stakeholder trust by protecting information assets and ensuring business continuity.

Main Cybersecurity Initiatives

Classification	Main initiatives
Prevention	• PC encryption • Measures against accidental email transmission • Access control • EDR implementation • Firewall installation • Enhanced defense against suspicious emails
Monitoring	• Unauthorized communication monitoring • Vulnerability monitoring
Recovery	• Incident response drills • Enhanced data backup and preservation
Education and awareness raising	• Targeted email drills • Group company audits • Supplier evaluation • Global awareness raising activities

Compliance

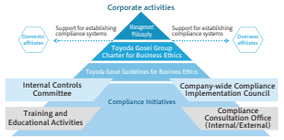
Basic Philosophy

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 a code of conduct based on the Charter. We have also established the Toyoda Gosei Guidelines for Business Ethics, which all employees are expected to follow, and work to ensure that all employees understand and follow these guidelines.

Compliance Implementation System

All company officers at Toyoda Gosei serve on the Internal Controls Committee, which reports on and discusses the status of compliance with business ethics, laws, and regulations. The items reported on and discussed in the Committee are shared with the compliance coordinators selected from each department in the Company-wide Compliance Implementation Council so that the necessary standards 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



Specific Compliance Initiatives

» For initiative details, please visit our website.
https://www.toyoda-gosei.com/csr/governance/compliance/

1. Training and Educational Activities

Toyoda Gosei conducts various training and education activities with the aim of raising compliance awareness in every employee. We provide level-specific training for newly appointed executives, newly appointed managers, new employees, and other personnel, as well as workshops tailored to specific risks such as those related to antitrust law.

List of Workshops at Toyoda Gosei

Category		Workshop Name	Recipients	Main Content	Frequency
Work-shops	For each level	Workshops/Study sessions for officers	Company officers	Companies Act, duty of due care, etc.	As needed
		New manager training	New managers	Compliance, mindset as a manager, antitrust laws, anti-corruption including anti-bribery	Once a year
		Legal affairs/Compliance training	General employees (mid-level)	Compliance, contracts, internal company regulations, laws (antitrust laws and anti-corruption including anti-bribery)	Once a year
		Fifth-year employee training	General employees (skilled roles)	Compliance in manufacturing settings	Once a year
		New employee training	New employees	Compliance, laws	When joining the company
	For each risk	Pre-overseas assignment training	Management/General employees	Key points on compliance in other countries (antitrust laws and anti-corruption including anti-bribery)	As needed
		Antitrust law training	Management/General employees (sales)	Laws, internal company regulations	Once a year
		Product liability law training	Management/General employees (technical)	Laws, internal company regulations	Once a year
		Training for sports clubs	Management/General employees (athletes, staff)	Compliance in general	Once a year

2. 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 such as misconduct or violations of antimonopoly laws, we conduct an annual compliance implementation questionnaire for all employees, and each workplace engages in improvement activities that are based on feedback reports from employee surveys. Group companies in Japan and overseas conduct annual self-inspections covering key functional risks, such as whether the companies are complying with critical laws or engaging in any corrupt practices. Based on these results, our functional departments guide each company in rule-setting and training, continuously reinforcing compliance across the Group by implementing the PDCA cycle. These activities are reported to the Internal Controls Committee, on which all company officers serve.

3. 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 and are working to ensure thorough compliance by employees through training and educational activities. Compliance manuals are prepared based on the laws of the countries where Group companies are located, to prevent anticompetitive conduct throughout our global operations.

4. Initiatives to Prevent Corruption

Toyoda Gosei Group clearly states in its Group Charter for Business Ethics that it prohibits corrupt practices, including bribery involving government agencies, political parties, and public officials (such as unduly collusive relationships or improper favoritism), and is committed to maintaining sound and transparent 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, and ensured that all employees are aware of them. In addition, we conduct local training tailored to specific regional risk profiles and are working to prevent corruption with the utmost diligence. These initiatives are reported to the Internal Controls Committee, in which all directors participate.

5. 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 issues such as compliance violations, and we operate the system appropriately to ensure that individuals who report concerns will not be treated unfairly because of their report. External contacts that are available to all Group companies in Japan are staffed by external lawyers who deal with problems from an objective standpoint. Overseas Group companies also have external or internal contacts. In FY2025, as a result of making the consultation offices known to all and having built trust, 79 reports were received from within the Company and its domestic affiliates. These cases were promptly investigated, and appropriate corrective action was taken.

No. of Compliance Consultations/Reports (Japan)

FY	2022	2023	2024	2025
No. of cases	66	84	68	79

Officers (As of September 30, 2026)



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	Advisor, 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 (current)



Katsumi Saito
Director, 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
June 2026	Director, President, CEO, Toyoda Gosei (current)



Hiroshi Yasuda
Director, 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
June 2026	Director, Executive Vice President, COO, CMO, Toyoda Gosei (current)



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 (current)



Masayoshi Hachisuka
Director, Corporate Officer, CFO

Apr. 1990	Joined The Long-Term Credit Bank of Japan, Ltd.
Apr. 1999	Joined Toyota Motor Corp.
Jan. 2016	Project Senior Manager, Accounting Div., Toyota Motor Corp.
Sep. 2021	General Manager, Capital Strategy & Affiliated Companies Finance Div., Toyota Motor Corp.
Jan. 2023	General Manager, Finance & Accounting Division, Toyoda Gosei
June 2024	Corporate Officer, Toyoda Gosei
June 2025	Director, Corporate Officer, Toyoda Gosei (current)



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 (current)



Masanori Furukawa
Outside Director

Apr. 1977	Joined Tajimi City Hall
Apr. 1987	Tajimi City Council Member
Apr. 1999	Gifu Prefectural Assembly Member
Apr. 2007	Mayor of Tajimi City
Apr. 2023	Advisor, Tajimi City Hospital (current)
June 2024	Director, Toyoda Gosei (current)



Shigeki Maeda
Outside Director

Apr. 1981	Joined the Japan External Trade Promotion Agency (currently the Japan External Trade Organization (JETRO), an independent administrative agency)
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
Apr. 2023	Advisor, Toyoda Gosei
June 2024	Director, Toyoda Gosei (current)

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Makoto Aou

Outside Director

June 2012	Corporate Officer, Pasona Tech Inc.
Feb. 2016	Founded ExaIntelligence Inc., Director and COO, ExaIntelligence Inc.
June 2016	Director, Pasona Tech Inc.
Oct. 2019	Project and Operations Producer for the Entrepreneur Support Facility “Nagono Campus” (current)
Oct. 2020	Founded LEO Co., Ltd., Representative Director & CEO (current)
June 2024	Director, Toyoda Gosei (current)



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.
Apr. 2014	Functional Officer, Yokogawa Sumikin Bridge Corp.
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 (current)



Yoshiyuki Fujita

Audit & Supervisory Board Member

Apr. 1983	Joined Toyoda Gosei
Jan. 2008	General Manager, Engineering Division 1, Safety Systems Business Unit, Toyoda Gosei
June 2014	Corporate Officer, Toyoda Gosei
Apr. 2016	President, Toyoda Gosei North America Corporation
June 2017	Managing Officer, Toyoda Gosei
June 2019	Corporate Officer, Toyoda Gosei (Due to a change in the board system)
June 2023	President, Toyoda Gosei (China) Investment Co., Ltd.
June 2025	Audit & Supervisory Board Member, Toyoda Gosei (current)



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 (current)
Apr. 2025	Executive Vice President, Senior General Manager, Material Technology Field, Advanced R&D and Engineering Company, Toyota Motor Corp. (current); General Manager, Toyota Technical Center Higashi-Fuji, Toyota Motor Corp. (current)



Hitoshi Kuwayama

Outside Audit & Supervisory Board Member

Apr. 1990	Registered as an attorney Joined Midosuji LPC
Apr. 1997	Partner at Midosuji LPC
May 2011	Outside Company Auditor, Maxvalu Nishinihon Co., Ltd.
Apr. 2012	Vice Chairman, Osaka Bar Association
Apr. 2013	Part-time Lecturer, Kyoto University Law School
May 2015	Outside Director, Maxvalu Nishinihon Co., Ltd.
Apr. 2020	Senior Partner, Midosuji LPC (current)
June 2020	Outside Director, Zett Corporation (Audit and Supervisory Committee Member) (current)
June 2022	Audit & Supervisory Board Member, Toyoda Gosei (current)



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 (current)

Corporate Officers

Yutaka Ogasawara
Tadashi Yamamoto
Makoto Hasegawa
Kenji Hayashi
Nobuhisa Tanaka
Katsufumi Otani
Bijay Krishna Shrestha
Yasushi Okada
Hiroko Ando
Shuji Watanabe
Makoto Kawase
Hiromi Hyuga
Mikine Hayashi

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