

## 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

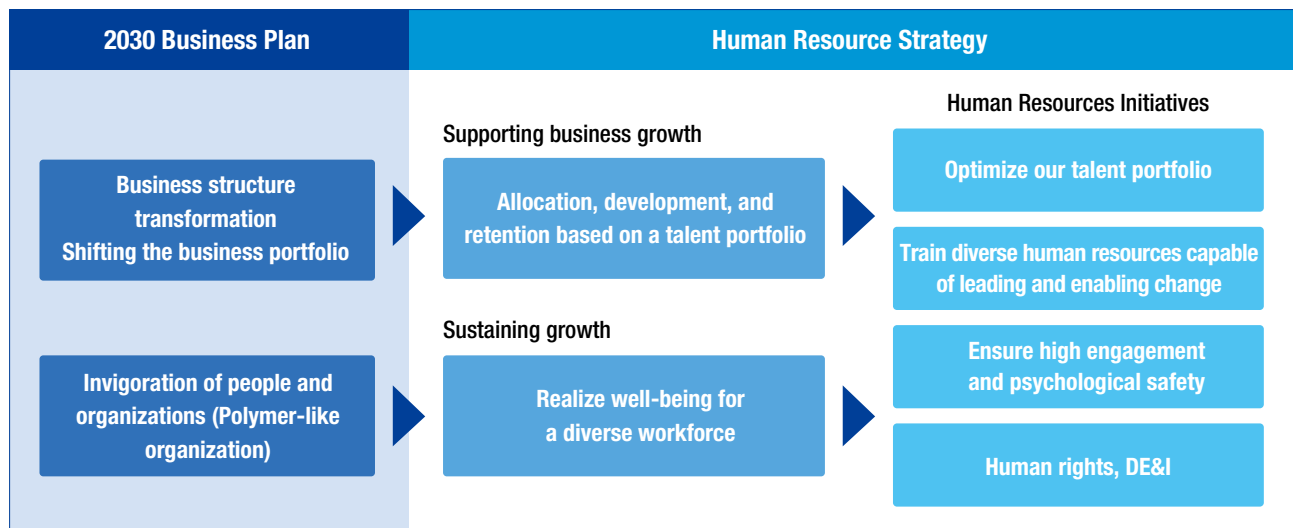
To realize business structure reforms, we are transforming the composition of our workforce. We have systematically defined the necessary types of talent and their areas of expertise as a "talent portfolio." Guided by this framework, we are focusing on planned development, appropriate allocation, and 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)

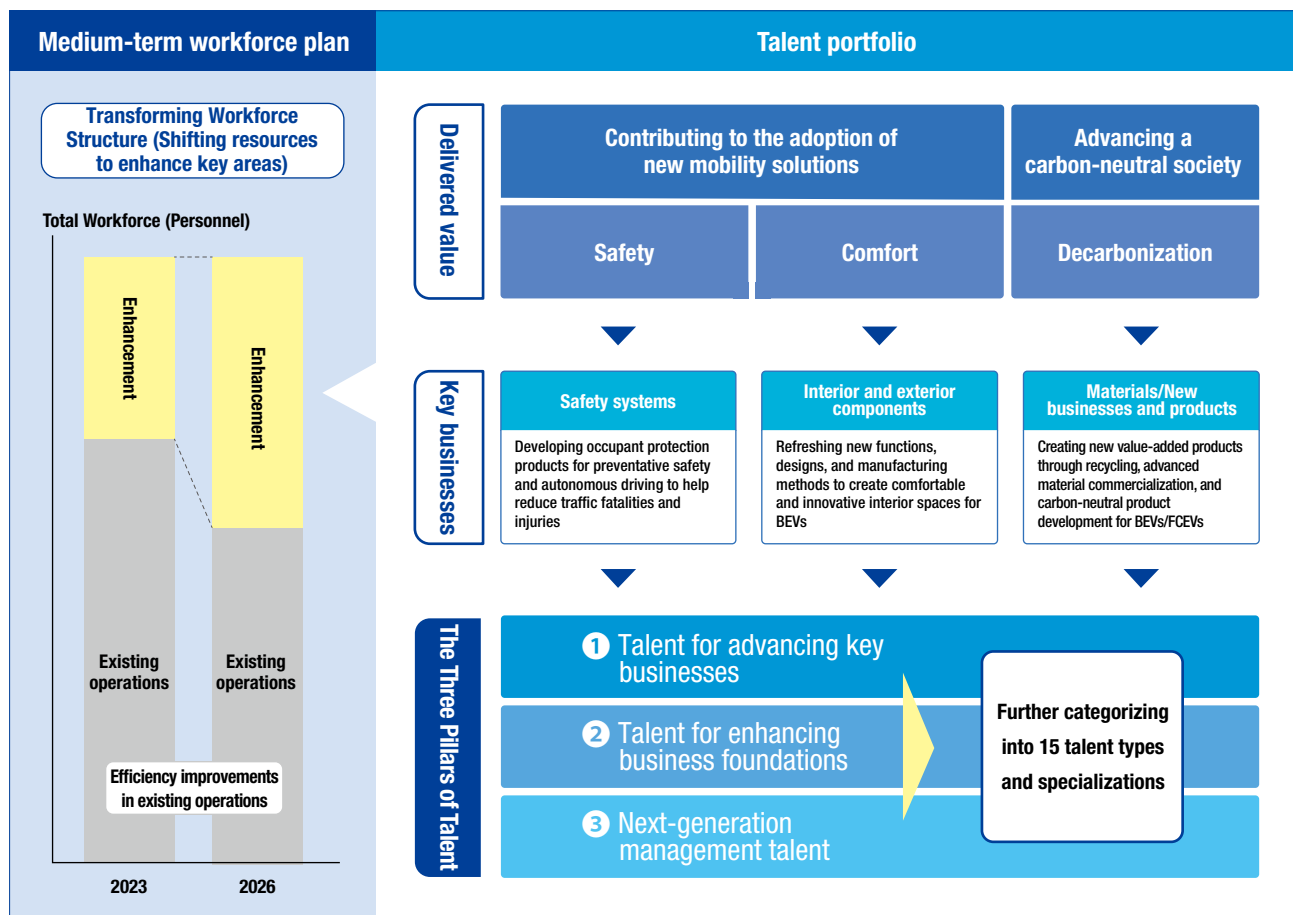
As part of our efforts to support business growth and enhance our business foundation, we have consistently worked on medium-term workforce planning. This involves identifying the necessary number of personnel in priority areas based on the needs of each department, streamlining existing operations, 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.

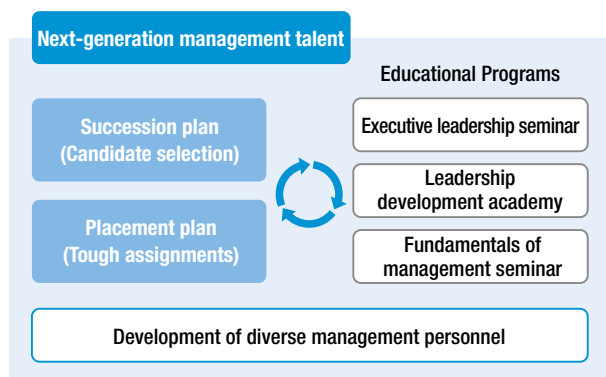
#### Examples of Required Talent

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.

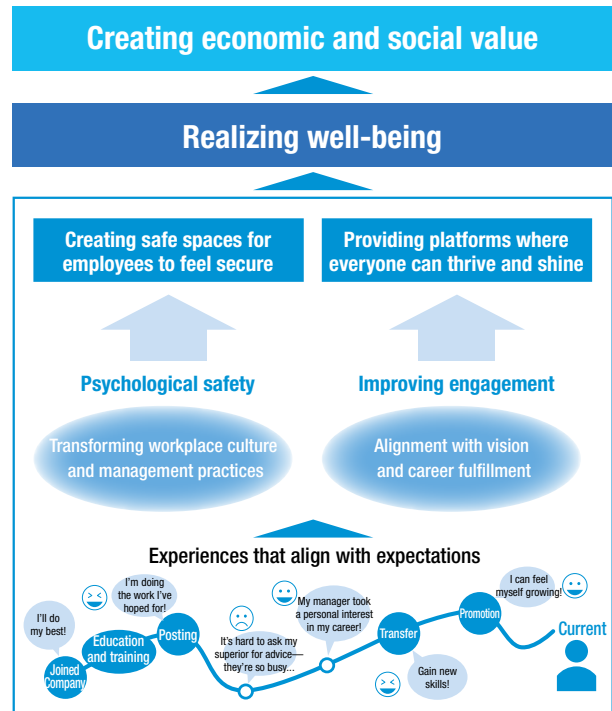


## Realizing Well-Being for a Diverse Workforce

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**.



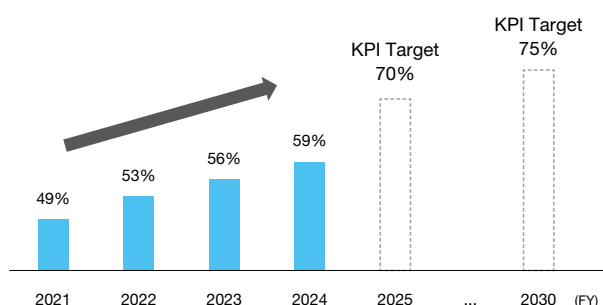
## Experiences That Support Engagement

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:

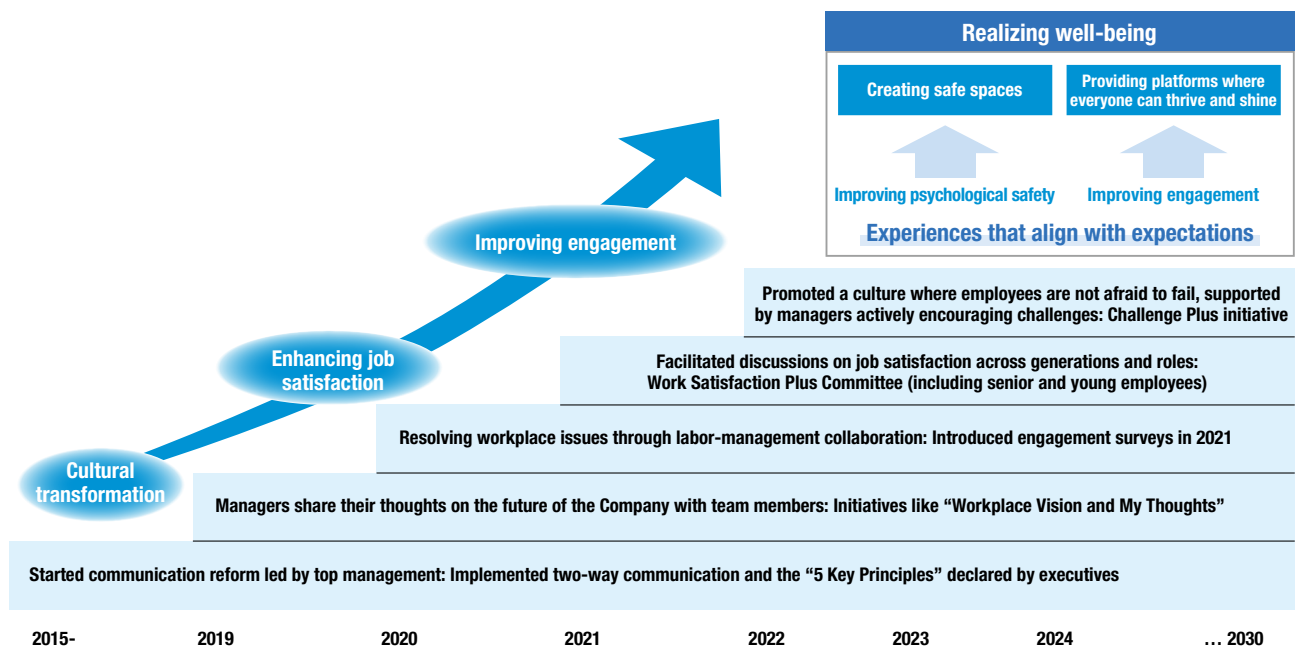
- I am willing to contribute more than what is expected of me in my work.
- I feel a sense of personal accomplishment through my work.
- I would actively recommend working at the Company to my acquaintances.

## 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.



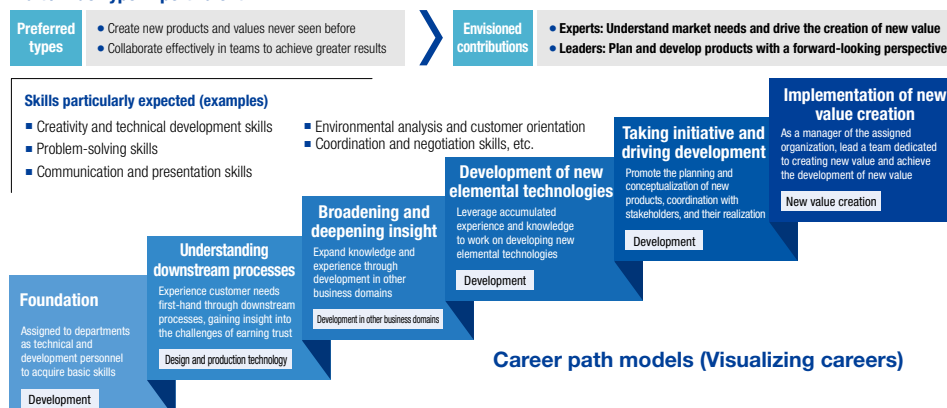
## Supporting Career Autonomy

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**

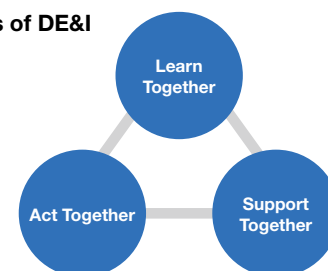
Let's advance together  
towards a diverse future

#### 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"> <li>Advance Program: Identifies developmental challenges for promotion to management roles, provides necessary responsibilities and opportunities, and improves skills</li> <li>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</li> </ul>
	Skilled Roles	<ul style="list-style-type: none"> <li>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)</li> </ul>
2. People with Disabilities	<ul style="list-style-type: none"> <li>Workplace accommodations</li> <li>Collaborations with special subsidiary companies to meet statutory employment rates</li> <li>Expansion of workplaces and job categories where employees with disabilities can thrive</li> </ul>	
3. Support for Work-Life Balance	<ul style="list-style-type: none"> <li>Policy Design and Systems Development: Expanded childcare and caregiving leave and systems for reduced working hours exceeding statutory requirements</li> <li>Awareness Campaigns: Seminars for balancing childcare and work (targeted at managers) and caregiving seminars (for employees aged 55+)</li> </ul>	
4. LGBTQ	<ul style="list-style-type: none"> <li>Policy Design and Systems Development: Application of employee benefits to those with partnership certificates</li> <li>Awareness Campaigns: Creation of educational guidebooks</li> </ul>	

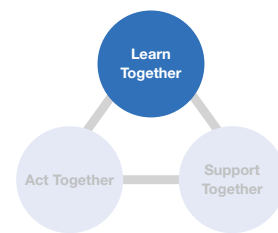
## 《 1. Women's Empowerment 》

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 》

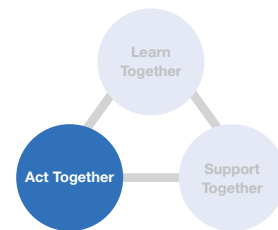
The Company has consistently conducted hiring of individuals with disabilities, particularly in manufacturing roles. To help prospective employees gain a clear understanding of what working in a manufacturing environment entails, we conduct pre-employment internships in collaboration with special support 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

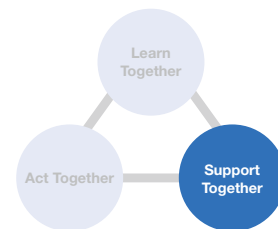


Caregiving practice session during a seminar



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.

