

FY2023

ESG BRIEFING

Date: November 25, 2022



Environment



Social



Governance

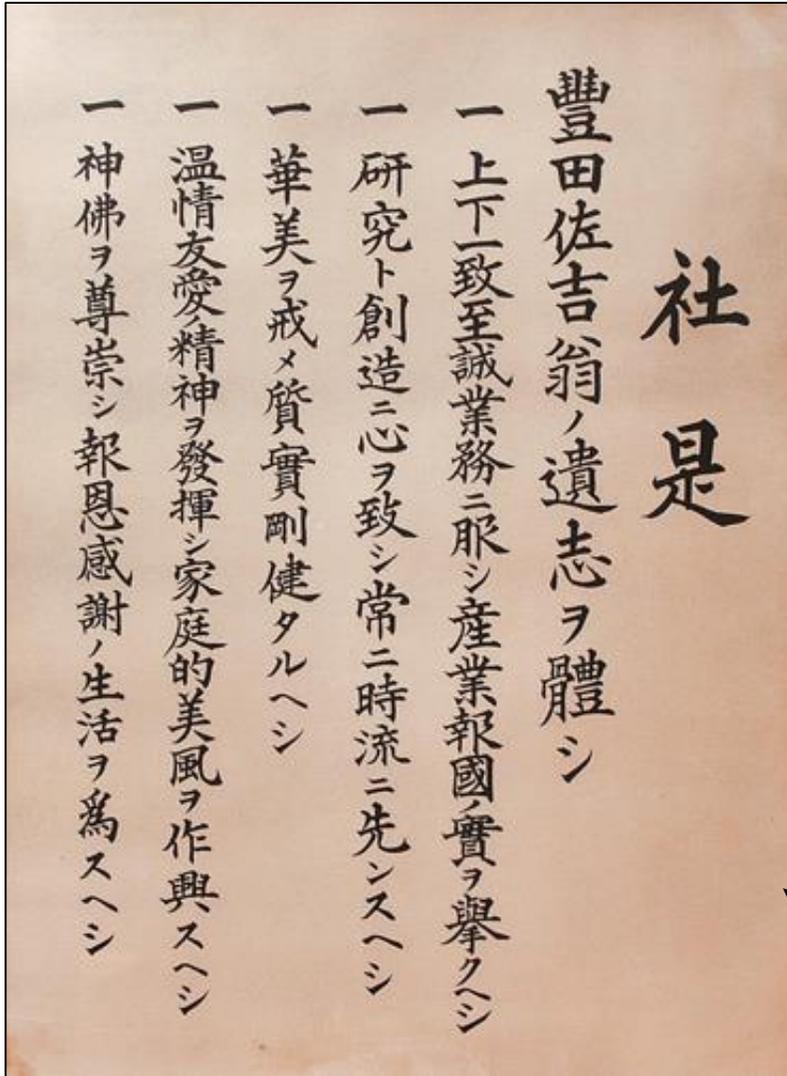
Message from the president

Inheriting our founding spirit of “for the world and for people”

“Gratitude” “Humility”

“A reliable company of choice”

“I like Toyota Boshoku”



Principles of Toyota

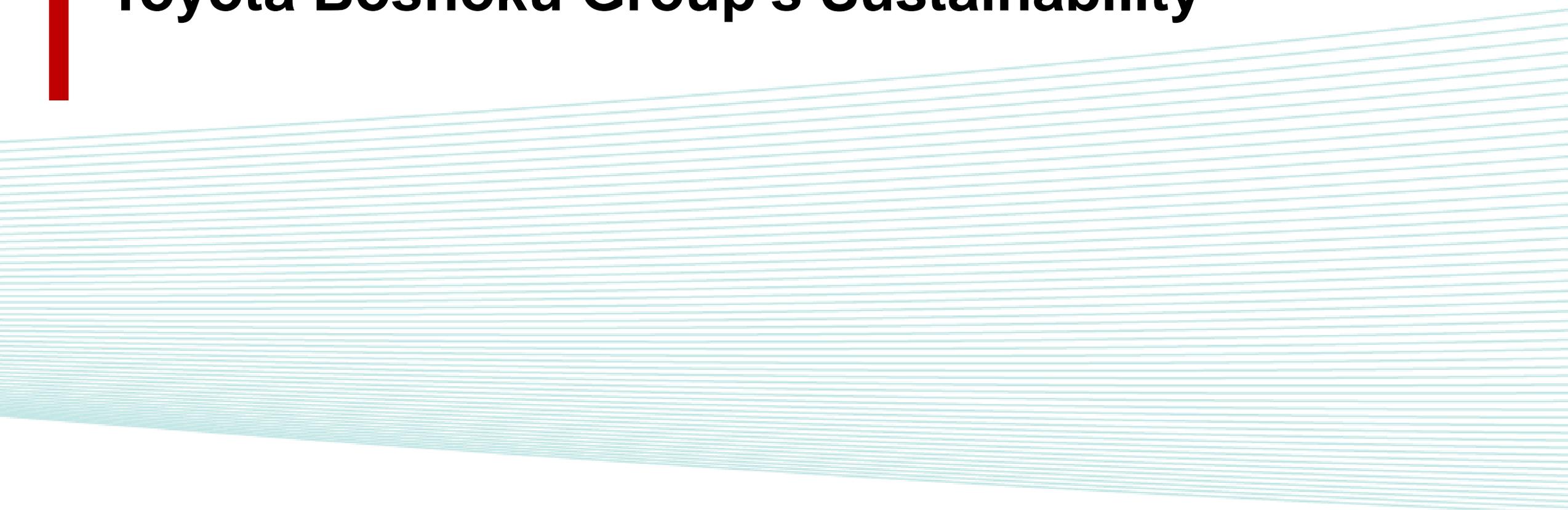
Handing down the spirit of Sakichi Toyoda (established in 1935)

- Always be faithful to your duties, thereby contributing to the Company and to the overall good.
- Always be studious and creative, striving to stay ahead of the times.
- Always be practical and avoid frivolousness.
- Always strive to build a homelike atmosphere at work that is warm and friendly.
- Always have respect for spiritual matters, and remember to be grateful at all times.



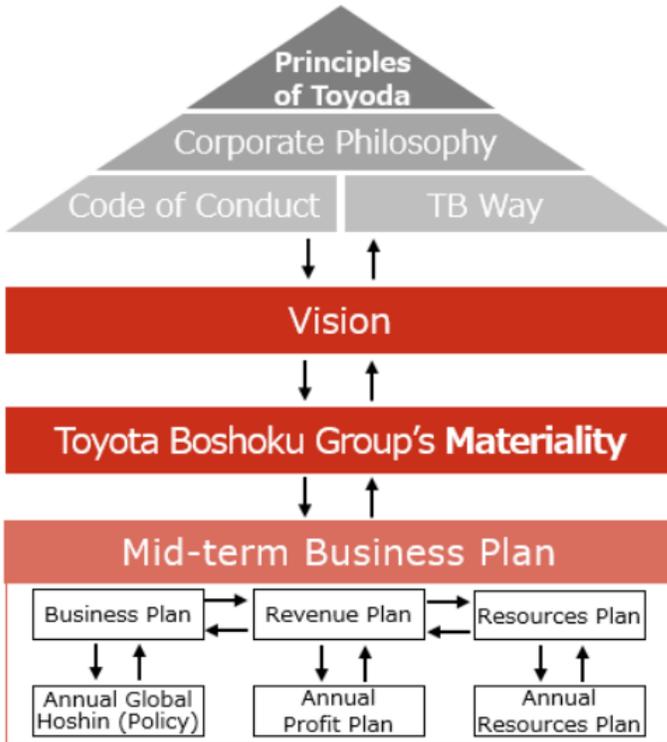
Chapter 1

Toyota Boshoku Group's Sustainability

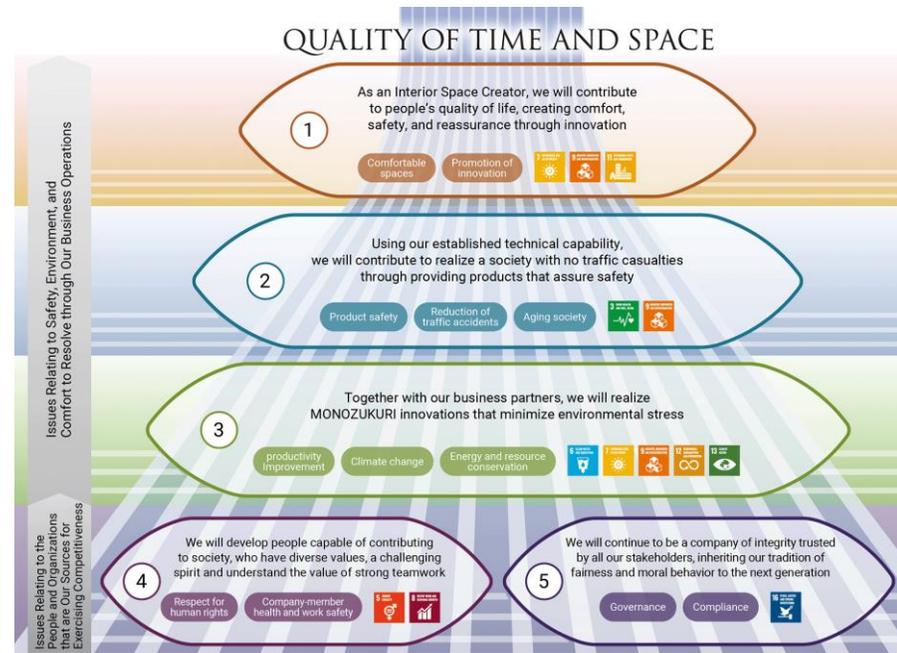


1. The Toyota Boshoku Group Sustainability Policy

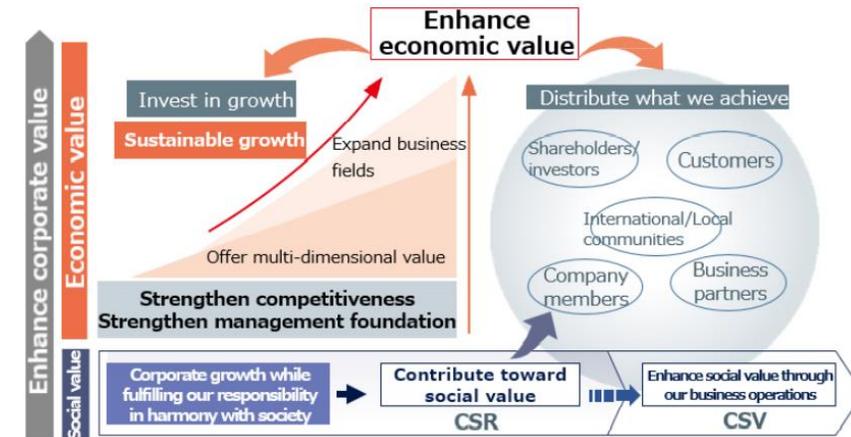
1) Management Concept



2) Materiality



3) The management structure we aim to become



We aim to become “a reliable company of choice” by working to resolve social issues through our business operations

2. ESG KPIs

The 25 ESG KPIs are presented at the Page 36.

E: Carbon Neutrality

Hirotsugu Kobayashi Center Chief, Carbon Neutral Environment Center

	<p>ESG KPIs</p> <div style="background-color: #c8e6c9; border-radius: 10px; padding: 10px; display: inline-block;"> <p>Production CO₂ emissions reduction ratio</p> </div>	<p>Related pages</p> <p>P10, 11</p>
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S : R&D

Takashi Yamamoto CTO (Chief Technology Officer)

	<p>ESG KPIs</p> <div style="background-color: #bbdefb; border-radius: 10px; padding: 10px; display: inline-block;"> <p>Rate of new product development leading to Interior Space Creator</p> </div> <div style="background-color: #bbdefb; border-radius: 10px; padding: 10px; display: inline-block; margin-top: 10px;"> <p>Ratio of vehicles that are expected to use products that contribute to traffic safety</p> </div>	<p>Related pages</p> <p>P21, 22</p> <p>P23</p>
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S: Cultural Reform, D&I

Nobuhisa Nagata CHRO (Chief Human Resource Officer)

	<p>ESG KPIs</p> <div style="background-color: #bbdefb; border-radius: 10px; padding: 10px; display: inline-block;"> <p>(Number of women at management positions)*</p> </div>	<p>Related pages</p> <p>P26</p>
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* Publicly released indicator other than ESG KPIs

G: Governance

Masayoshi Shirayanagi CEO (Chief Executive Officer)

	<p>ESG KPIs</p> <div style="background-color: #fff9c4; border-radius: 10px; padding: 10px; display: inline-block;"> <p>Number of serious cyber security incidents</p> </div>	<p>Related pages</p> <p>P34</p>
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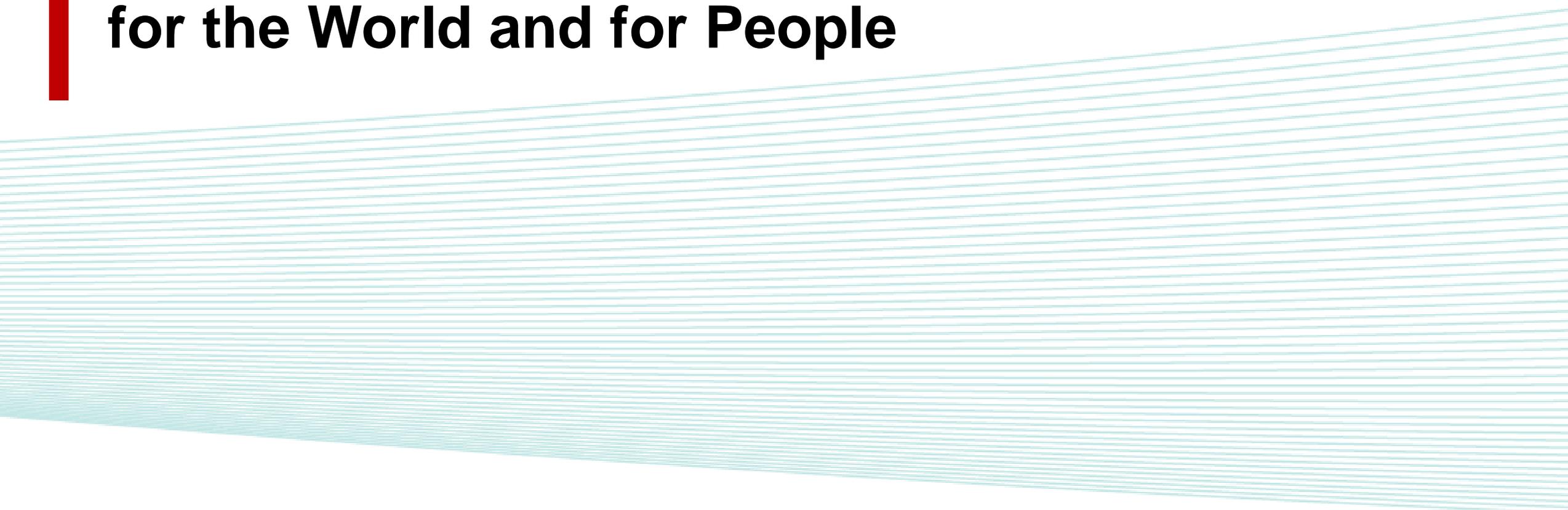
By promoting activities based on ESG KPIs, we aim to achieve materiality and realize our desired status for 2030*

* Our desired status for 2030: To become a sustainable, leading global company by enhancing corporate value (Creating new value as an Interior Space Creator)



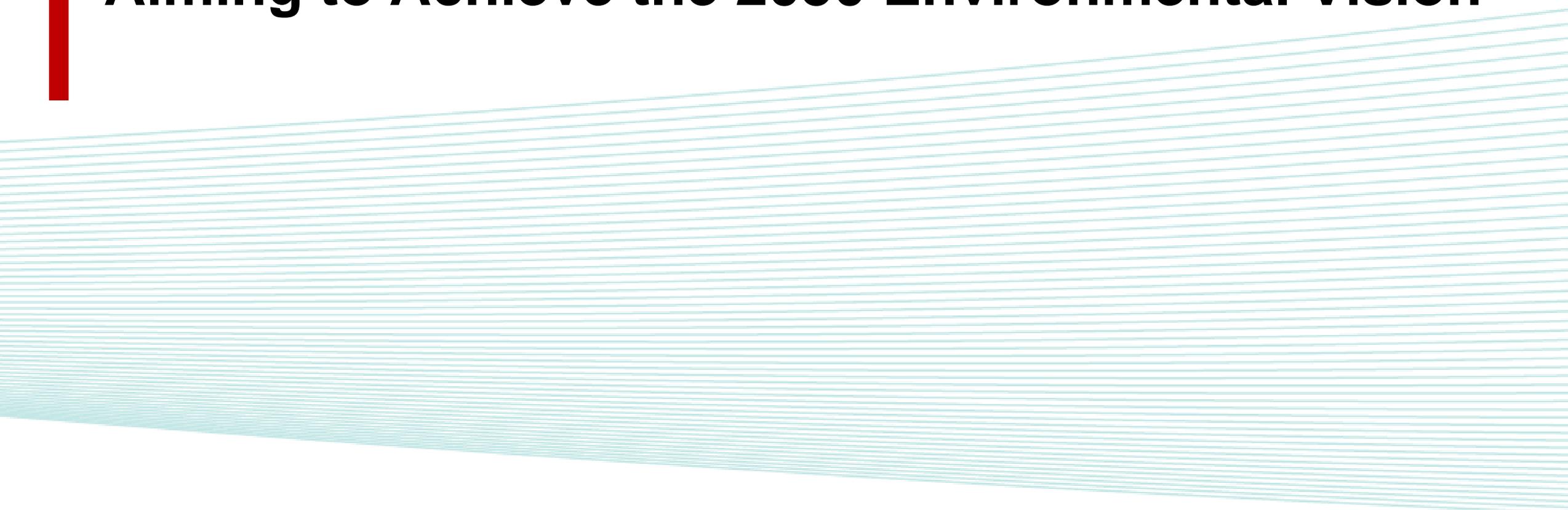
Chapter 2

Initiatives to Resolve Social Issues for the World and for People



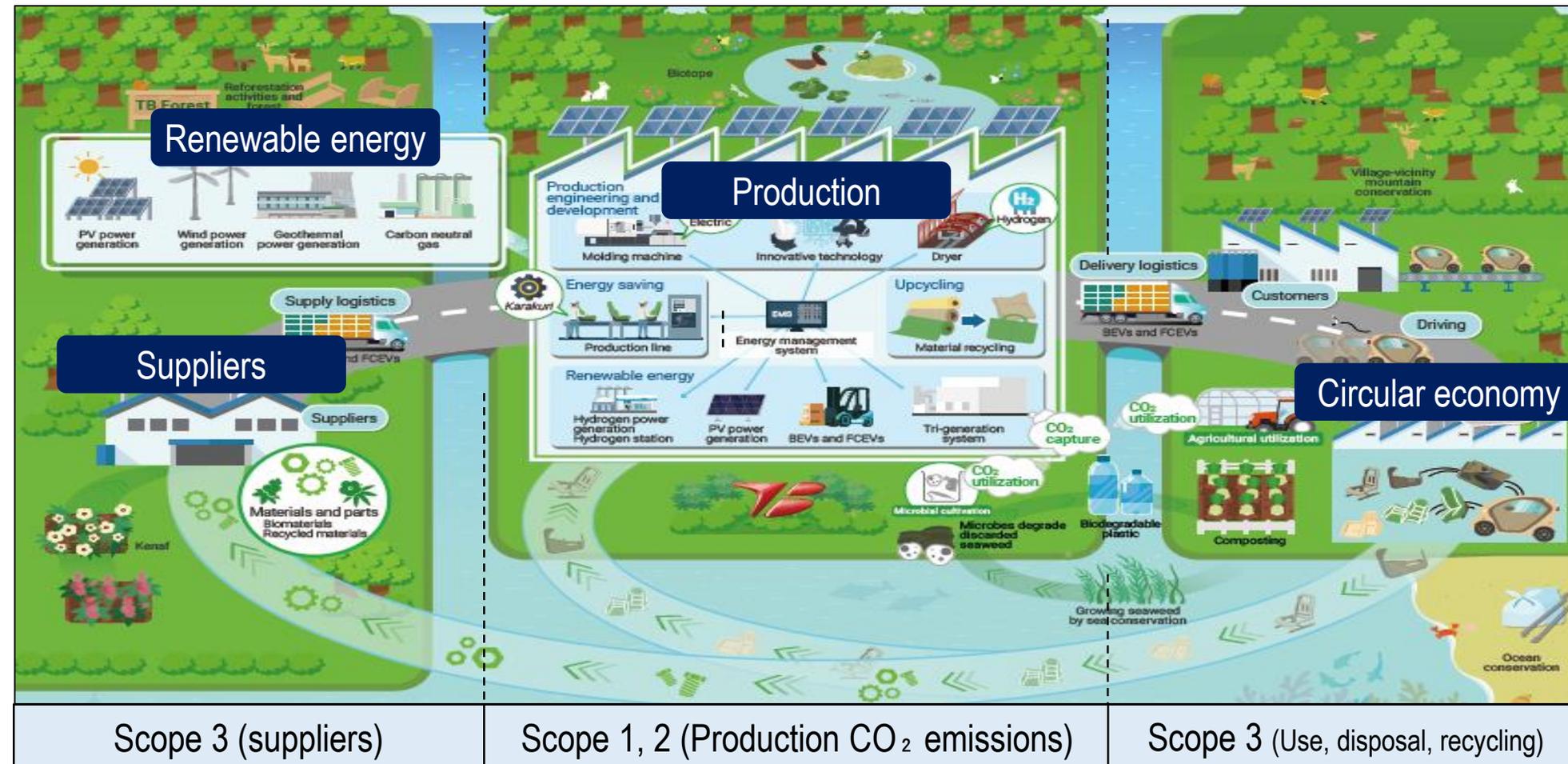


Environment: Aiming to Achieve the 2050 Environmental Vision



1. To achieve the 2050 Environmental Vision

Toward 2030, reorganize the issues to be tackled based on our strategies, social issues, and market trends



Issues to be tackled

Scientific basis

Setting reduction targets such as SBT based on LCA

Circular economy

Natural resource depletion
CO₂ emissions reduction

Information disclosure

Timely disclosure through TCFD, TNFD and CDP

Carbon footprint

Response to carbon carbon tax
Management by product

Biodiversity

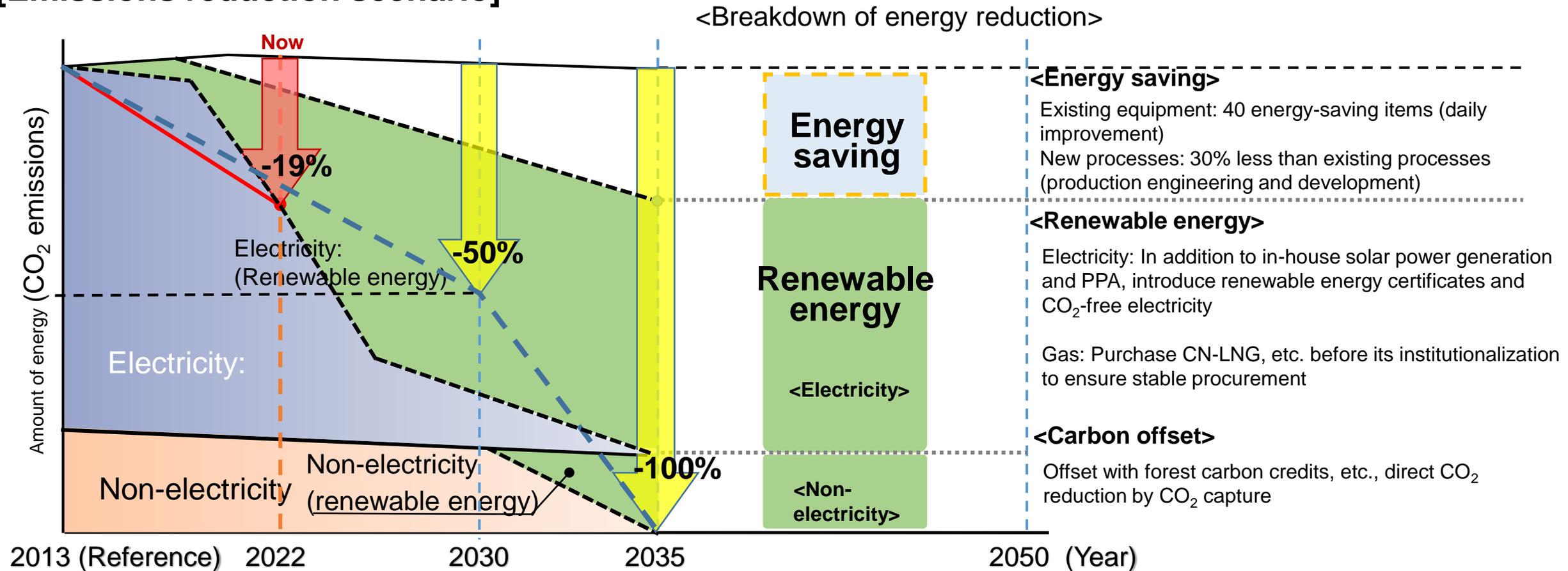
Symbiosis with nature
(Preventing overexploitation)

Work together with our stakeholders to achieve zero CO₂ emissions in the product life cycle, with the aim of creating a sustainable global environment where children can lead their lives with a smile

2. Production CO₂ reduction (Scope 1, 2)

Plant CO₂ carbon neutrality

[Emissions reduction scenario]

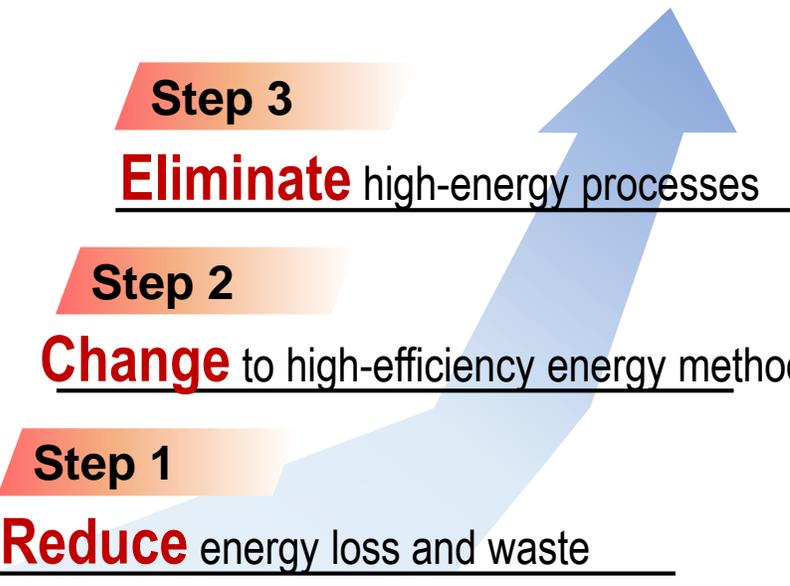


Aiming at 50% reduction in 2030 and 100% carbon neutrality in 2035

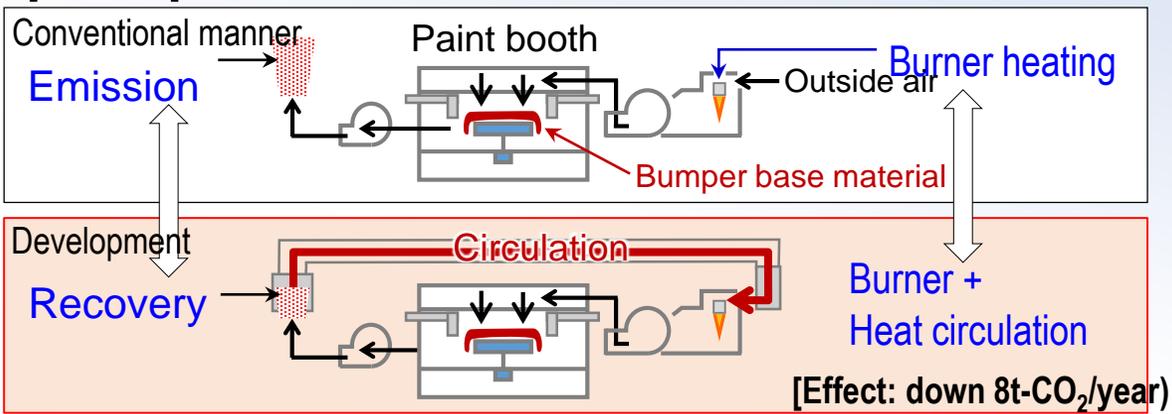
3. Addressing environmental issues through MONOZUKURI (Scope 1, 2)

CO₂ emissions reduction through energy-saving activities

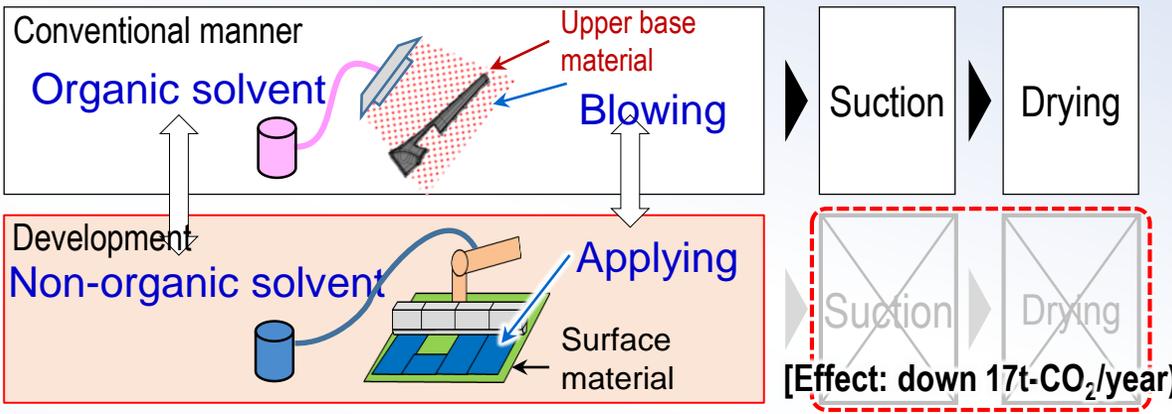
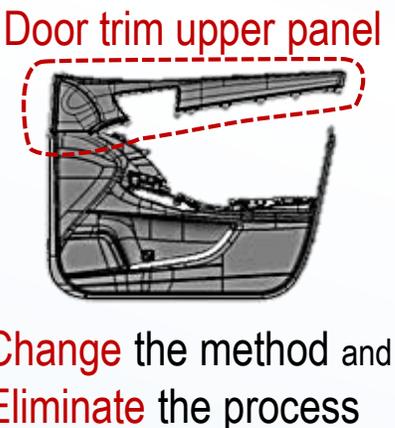
Concept and initiatives in production engineering and development



Case 1: Bumper paint process



Case 2: Door trim surface material bonding process

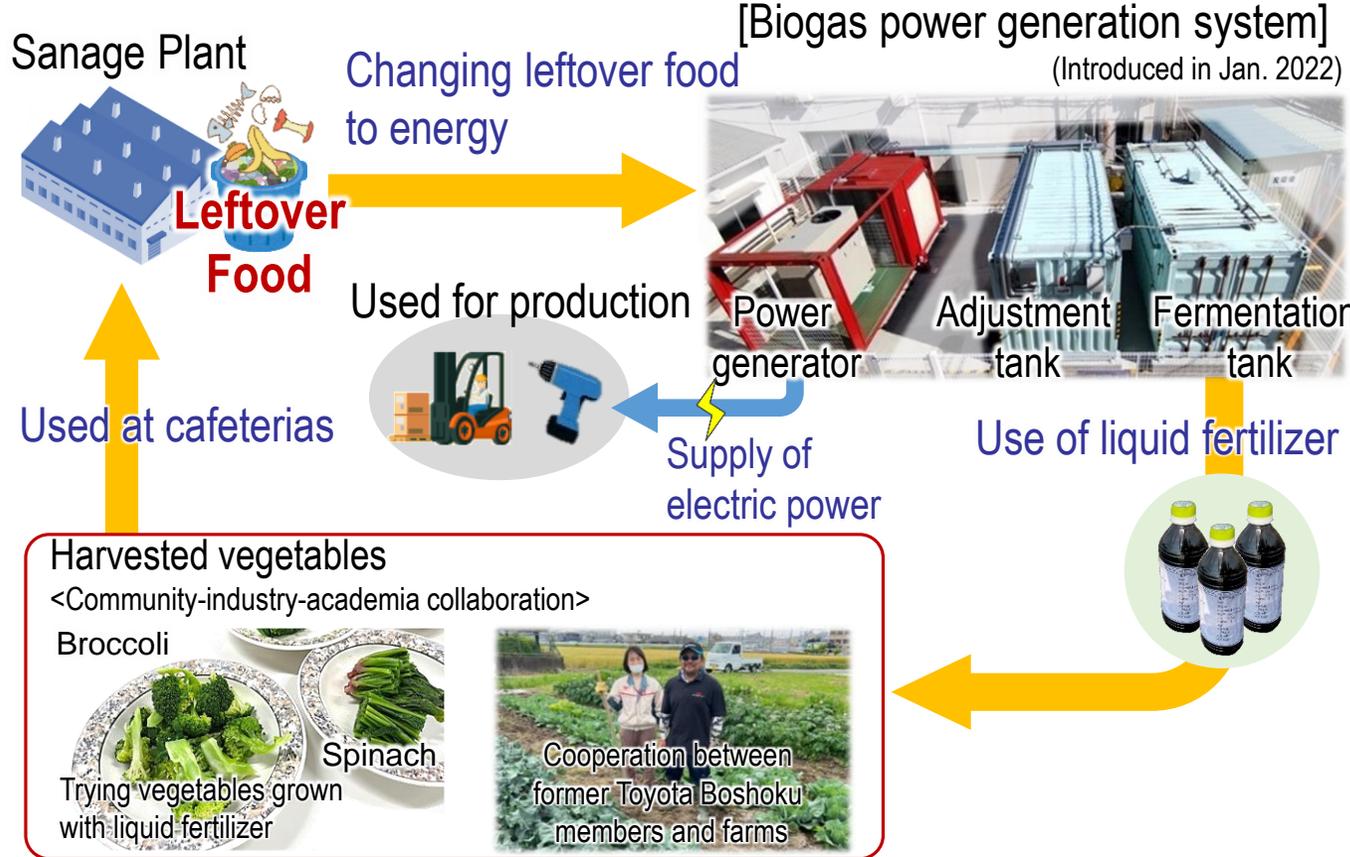


“Reduce, change, and eliminate” to steadily reduce CO₂ emissions

4. Creating a recycling-oriented society to achieve SDGs (Scope 1, 2)

Effective utilization of waste that could not be reduced

[Initiatives aimed at food recycling]



[Upcycling of discarded surface material and contribution to local communities]



Promote activities in coordination with society

5. Addressing environmental issues through MONOZUKURI (Scope 3)

Initiatives for CO₂ reduction throughout the value chain

[Activities in cooperation with suppliers]

[Results of FY2023 activities]

- ① Held a decarbonation seminar through supplier group
- ② Request to increase reduction items in CO₂ emissions survey

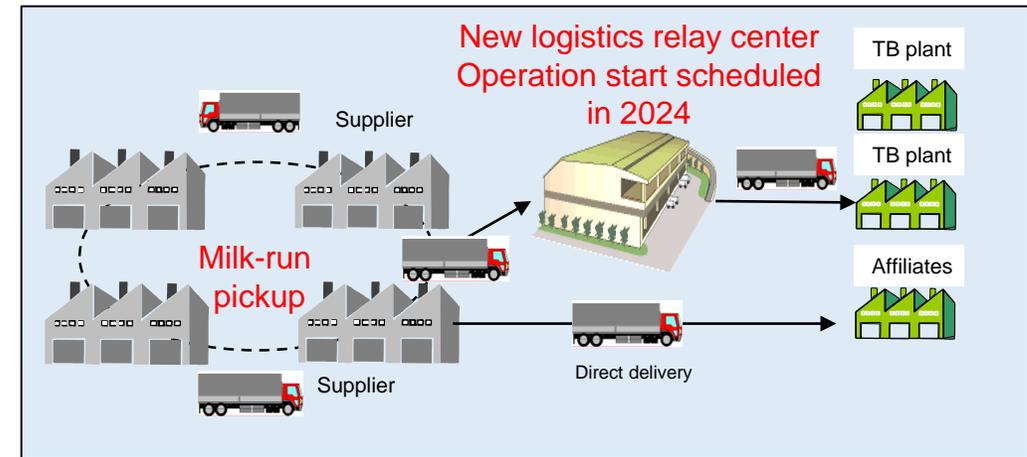
[Decarbonation seminar by Sunshine]



- Seminar for steps from grasping current situation through setting targets, and formulation of a reduction plan by external instructors
- Training on visualization of CO₂ emissions and team discussions

[Reviewing transportation system to realize efficient logistics]

- ① Promoting milk-run logistics and setting up new logistics relay center (Toyota City)



- ② Merger of affiliated subsidiaries to optimize operations

Merged group logistics subsidiaries on October 1, 2021



Work together for CO₂ emissions reduction of Scope 3 throughout the entire value chain

6. Initiatives for circular economy (Scope 3)

Formulation and implementation of material strategies for carbon neutrality

[Specific actions]
<Material recycling>



End-of-life vehicles



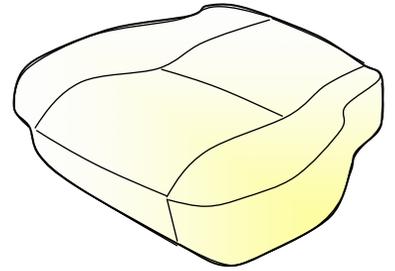
Recycled PP resin



Crushed urethane

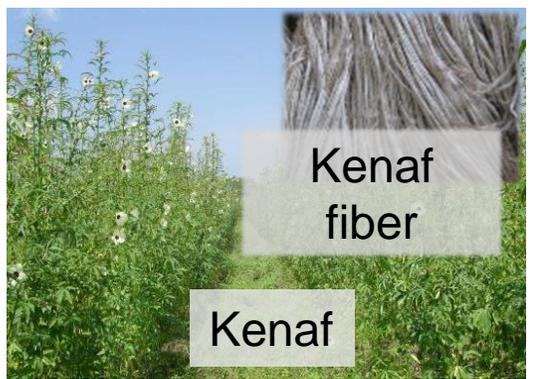


Door trims made with recycled PP resin



Seat pad made with crushed urethane

<Use of biomass>



Kenaf fiber

Kenaf



Kenaf pre-board



Kenaf base material

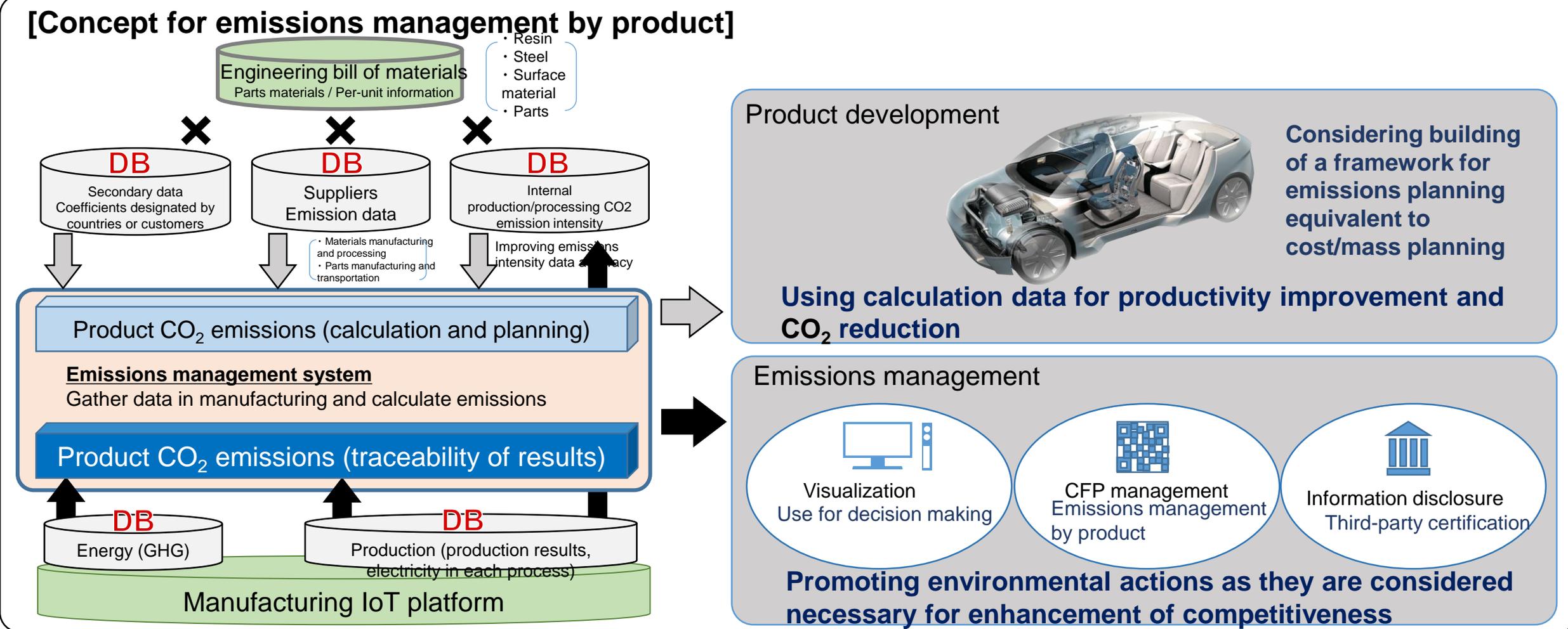


Door trims made with kenaf base material

Realizing products from recycled materials

7. Responding to LCA through MONOZUKURI (All Scopes)

Establishing a framework for emissions management



Ensure information disclosure to and obtaining certifications for targets from third-party organizations, such as TCFD and SBT, to enhance competitiveness

8. Initiatives for conservation of biodiversity

Activities for biodiversity conservation

Announced support for the 30by30 Alliance (2022)



30by30 is an initiative to effectively conserve at least 30% of land and ocean as a sound ecosystem by 2030 toward achieving the goal of halting and reversing loss in biodiversity by 2030 (Nature Positive)

Joining the All Toyota Green Wave Project (since 2015)

Activity to remove lance-leaf coreopsis* (2022)



* Designated as an invasive alien plant

Activities to conserve wild birds at Toyota Boshoku France (2021)

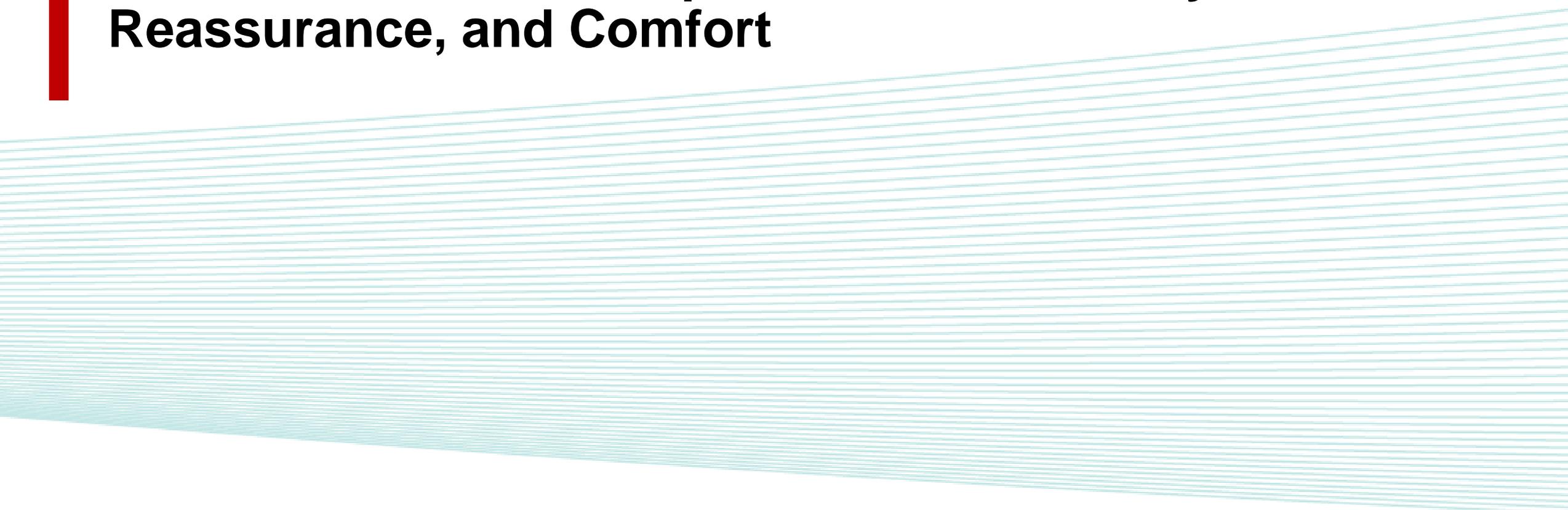


Planted shrubs in the company sites to provide habitats for birds, with an expectation of restoring the number of birds

While contributing to protection of habitats for endemic species through the 30by30 and other mechanisms, advancing preparations for disclosure in accordance with TNFD



**Social:
To Realize an Interior Space based on Safety,
Reassurance, and Comfort**



1. Toyota Boshoku's desired status: "Interior Space Creator"

Target

- Interior Space Creator



Value to realize

QUALITY OF TIME AND SPACE
Offer "QUALITY OF TIME AND SPACE"
in all mobility



Quality of life

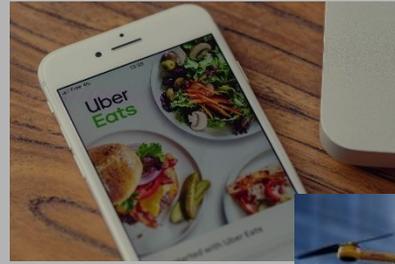


As an Interior Space Creator, we will contribute to people's quality of life

2. Social trends and consumer needs

C

Accelerating instantization of life



出典1



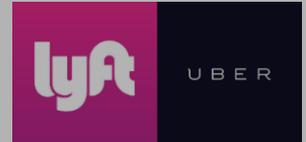
出典2

NETFLIX

出典3

amazon

出典4



出典5

A

Improving quality of life



出典6



出典7



出典8

S

Changing values mainly among Generation Z



出典9



出典10



出典11

E

Improving awareness of environmental issues



出典12



出典13



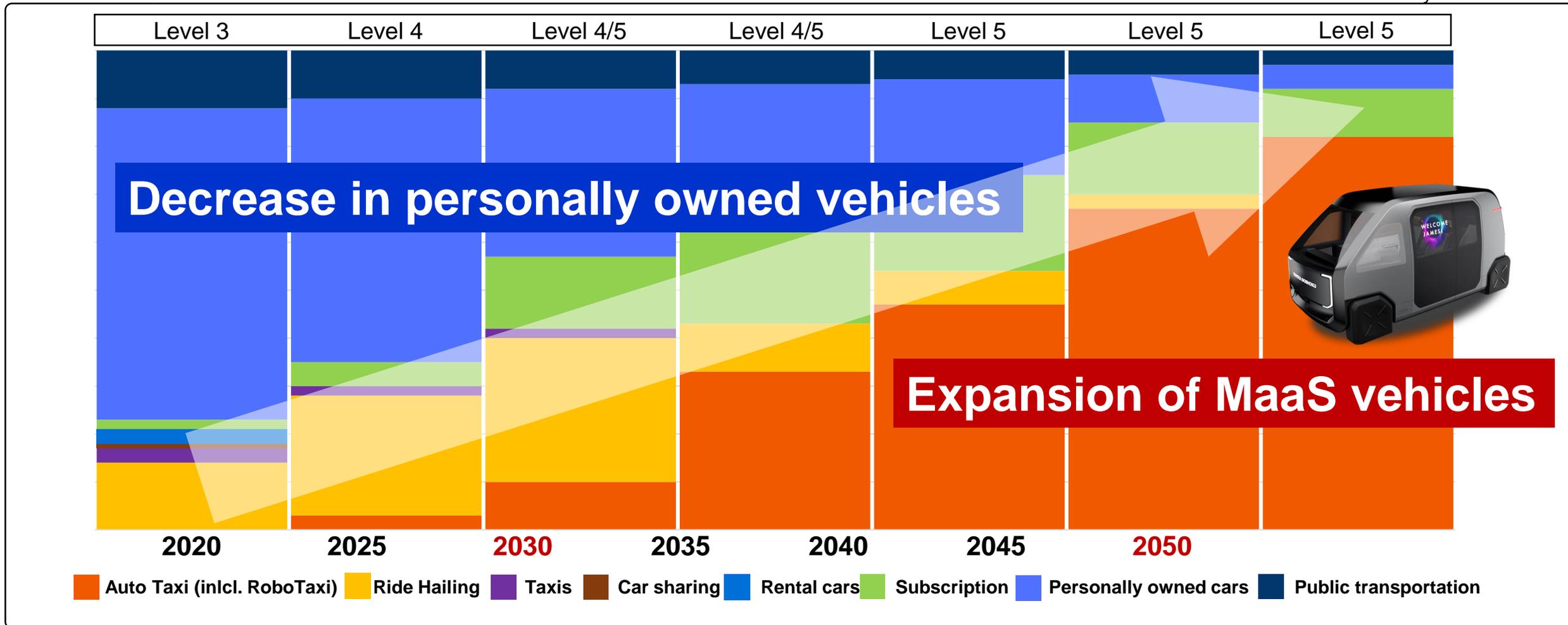
出典14

Further acceleration of CASE is expected

3. Changes in social issues and the automotive industry

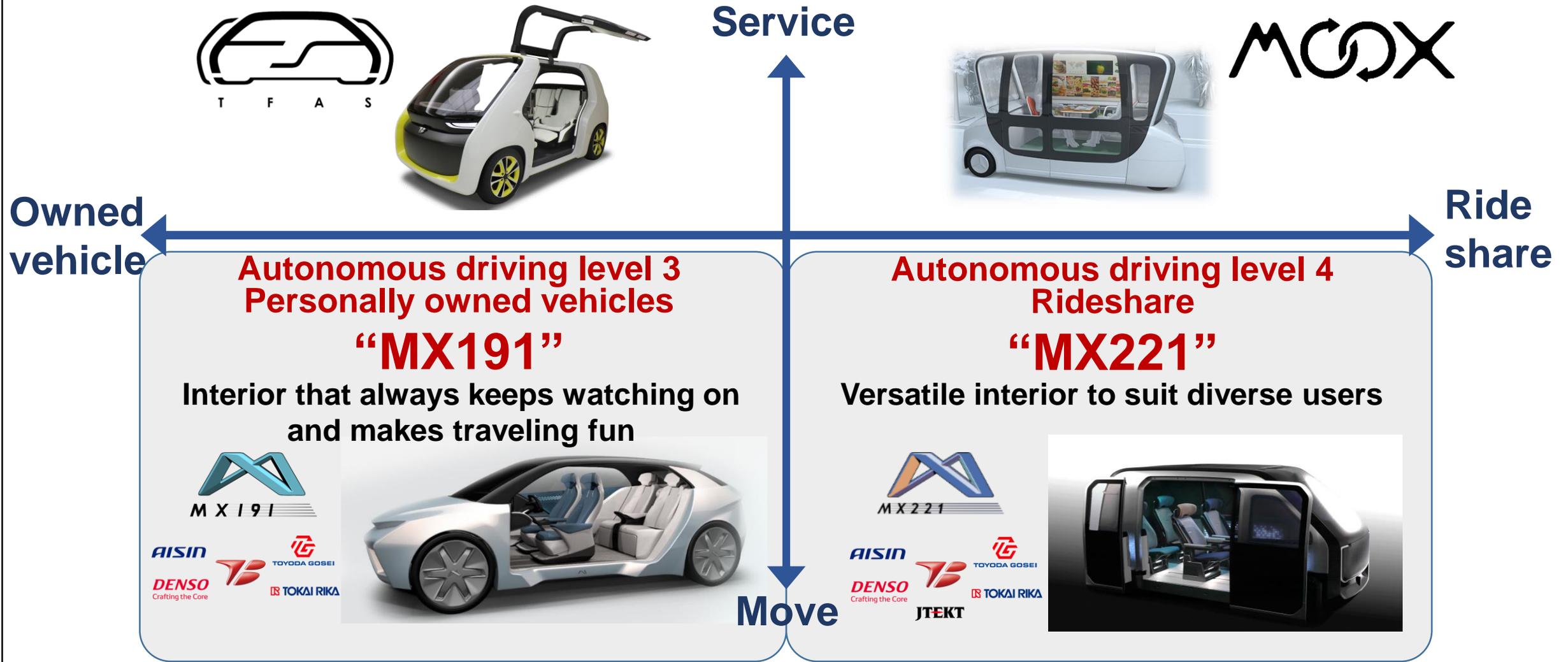
Mobility market transition forecast in metropolitan areas

* Figure: Created by Toyota Boshoku based on various market forecasts by research firms



Necessary to respond to expansion of MaaS vehicles

4. Aiming to become an Interior Space Creator



Promoting concept plans suitable for needs

5. Case study 1

System to ease motion sickness

FEEL GOOD

DO MORE

Background: While autonomous driving, around **40%** of people desire **actions likely to cause motion sickness**

Value offered: Supporting mitigation of motion sickness and quick recovery

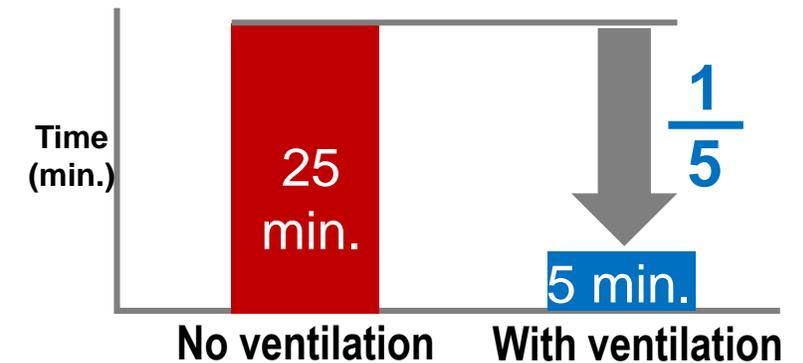
Function: **Cooling the driver's neck with ventilation from seat to support easing of motion sickness**



<Motion sickness experiment>



<Time required to recover from sickness*>



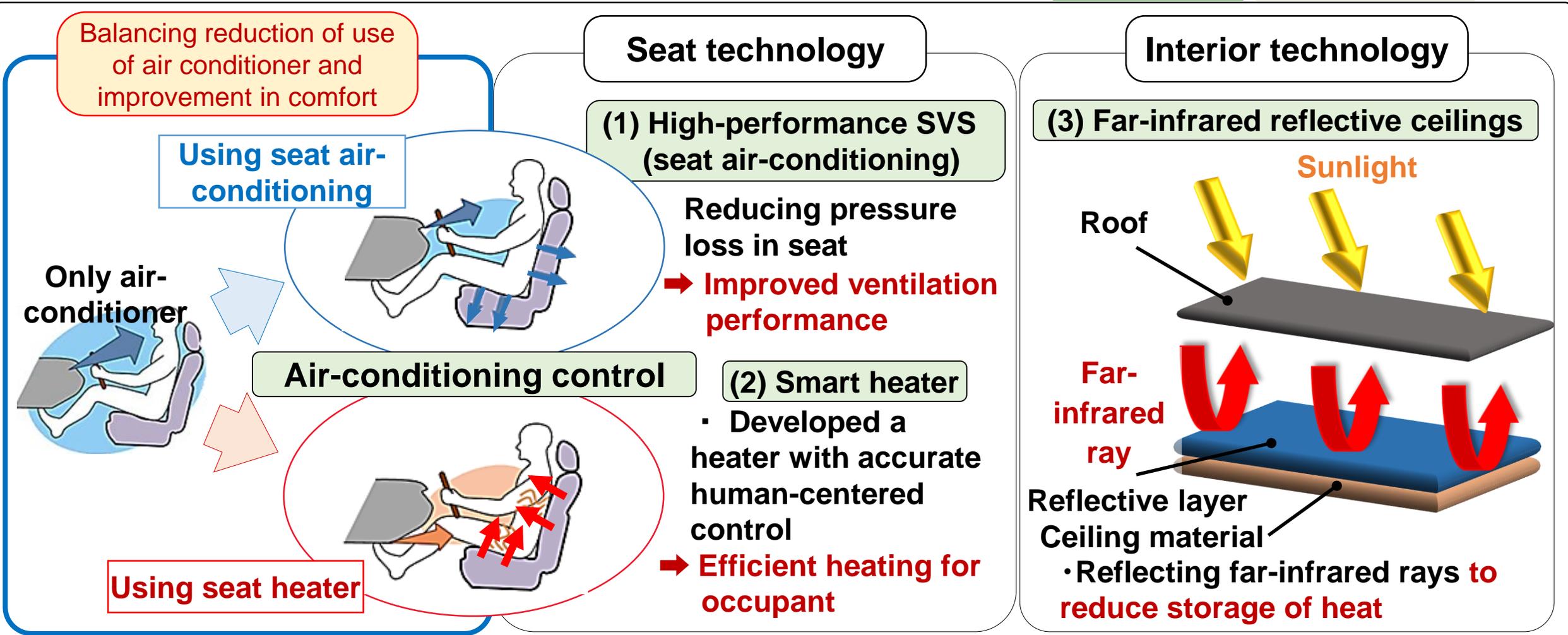
* An example of test result by Toyota Boshoku

Expand the value to all types of mobility and contribute to society by offering a meaningful travel time

6. Case study 2

Improving power consumption efficiency by heat management

Environment **FEEL GOOD**



Enrich both the environment and people by balancing the reduction of energy consumption and the improvement in comfort

7. Case study 3

Relax & safety seats

Safety

DO MORE

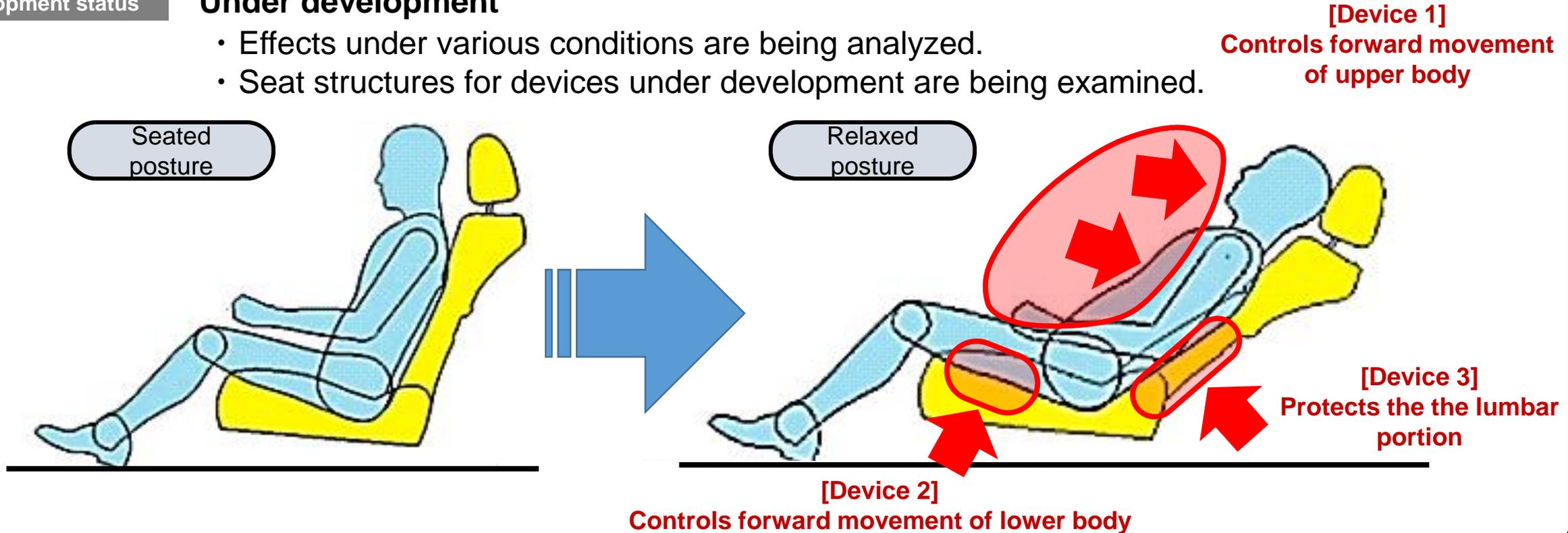
Objective

Development of measures to mitigate crash energy on passengers in a relaxed posture

Development status

Under development

- Effects under various conditions are being analyzed.
- Seat structures for devices under development are being examined.

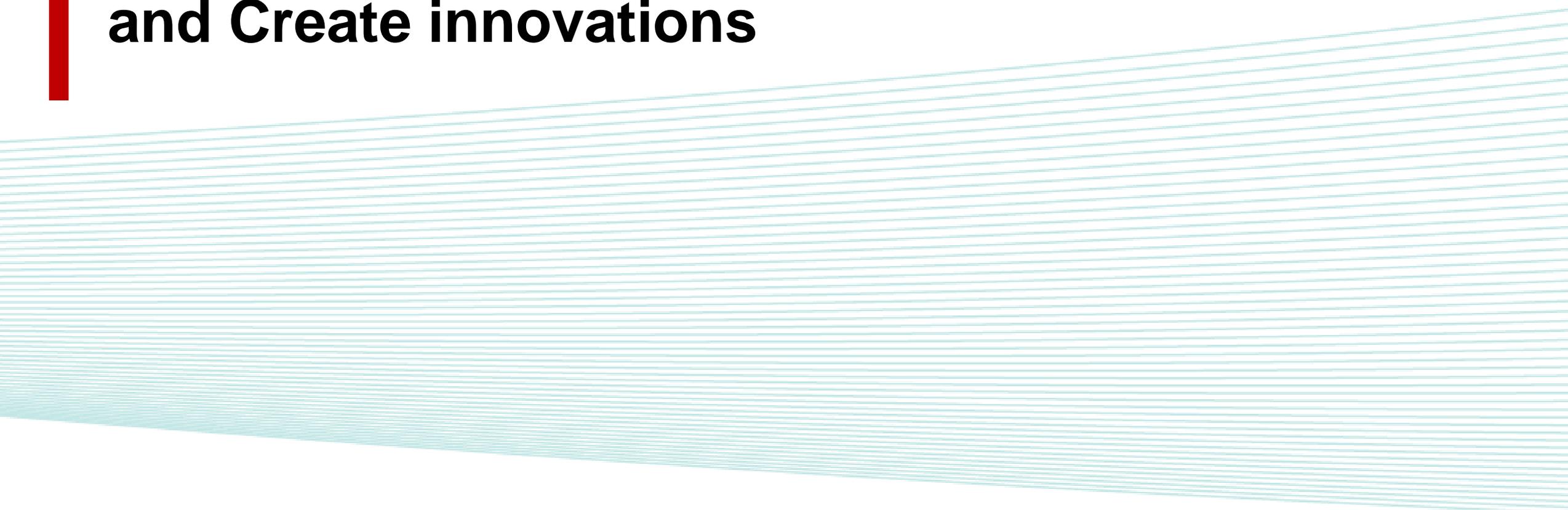


Realize an interior space with greater freedom by balancing comfort and mitigation of crash energy

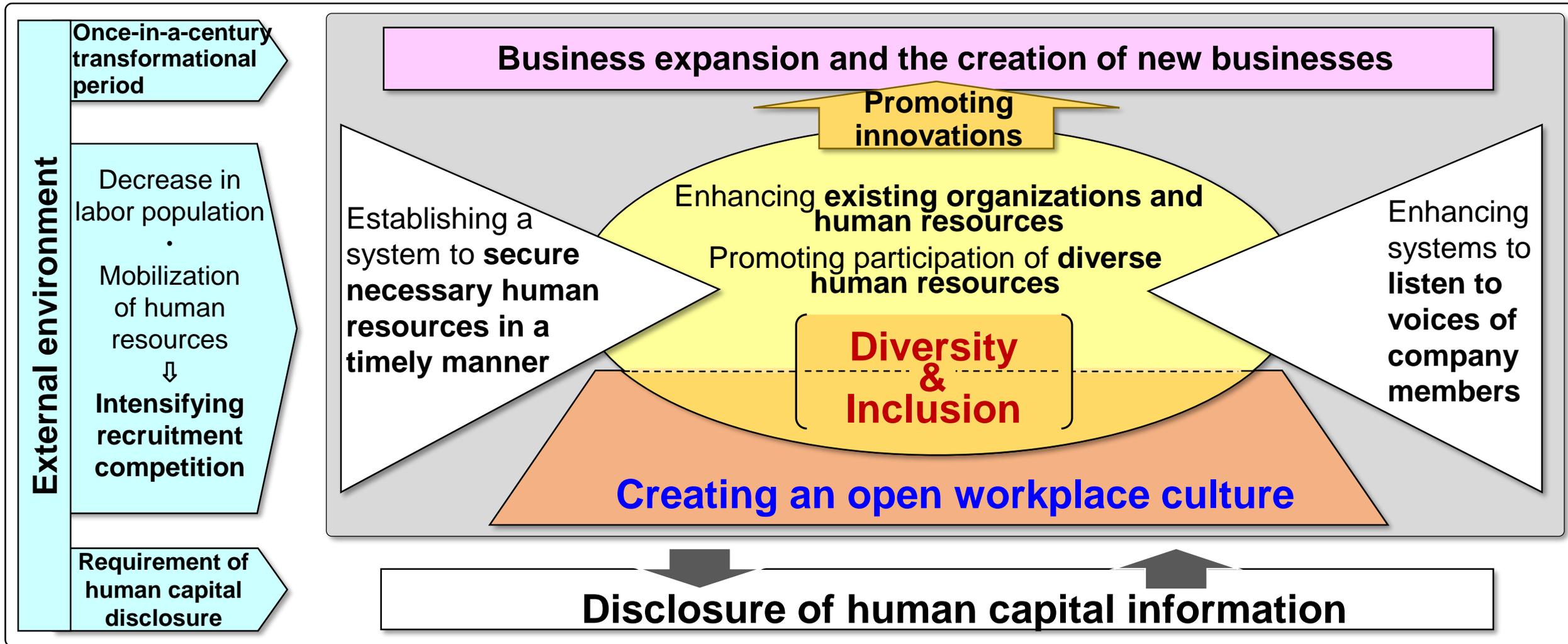


Social:

**For all Toyota Boshoku Members Work Vibrantly
and Create innovations**



1. Overview of personnel strategies



Organized the personnel strategies to realize our desired status for 2030

2. Diversity & Inclusion (D&I)

Outline of the GHR Platform (global common HR system)

	RSC Regional Succession Committee	GSC Global Succession Committee	GSCT Global Succession Committee by Top Executives
Detail	Forums for global discussions on human resources development and optimal assignment		
Subjects of discussion	Segment / regional Manager or higher level	Global presidents of business entities, top functional posts, general managers or higher level	Candidates for officers
	G0/G1 G2 G3	G0/G1 G2 G3	G0/G1 Candidates for officers G2 G3

<Women empowerment working group>



<Global executive training>

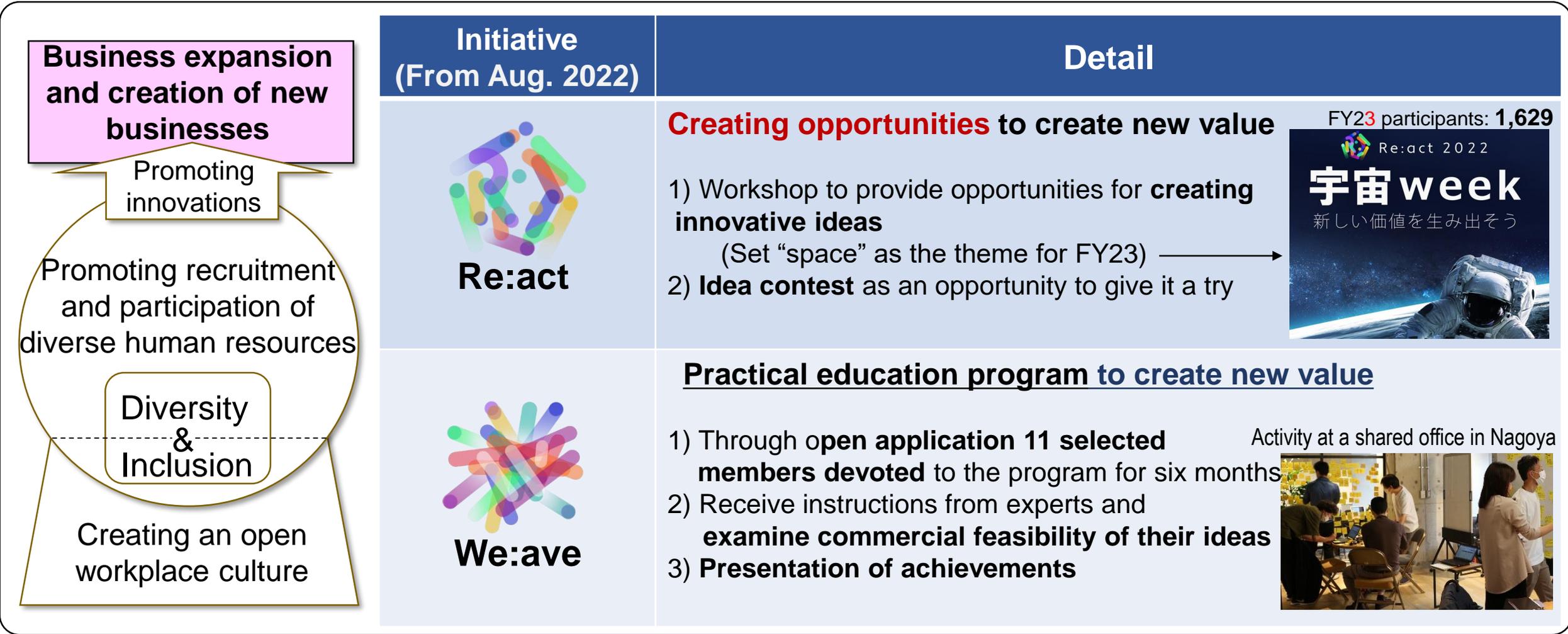


<Training for managers on prevention of harassment>



Promoting active participation of diverse human resources through D&I and the creation of an open workplace culture

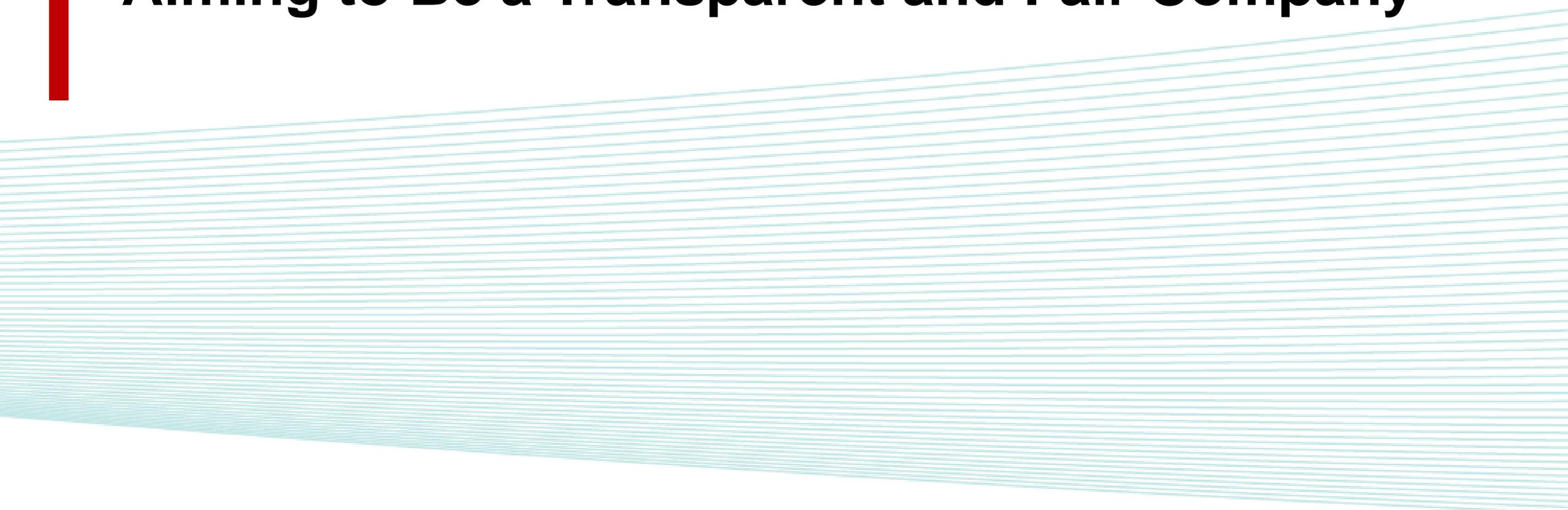
3. Innovative Ability Enhancement Program



Through the Innovative Ability Enhancement Program, develop human resources for business expansion and the creation of new businesses



Governance: Aiming to Be a Transparent and Fair Company



1. Initiatives to enhance governance

Fair and transparent company



Initiatives in red: to be explained today

1) Improve effectiveness of Board of Directors

- 1 Ensure members diversity
 - 2 Enhance agenda for Board of Directors
 - 3 Enhance support for outside officers
- etc.

2) Enhance compliance system

- 1 Improve whistleblowing system
 - 2 Initiatives for human rights
 - 3 Strengthen dissemination and practical application of the Code of Conduct
- etc.

3) Enhance risk management system

- 1 Risk Management Promotion Meeting
 - 2 Strengthen information security
 - 3 Initiatives for DX
- etc.

Aiming to be a fair and transparent company through initiatives to enhance governance

1) Improve effectiveness of the Board of Directors

1 Ensure members diversity

Board of Directors skill matrix		Corporate management	Industry knowledge	Governance	Overseas business	R&D	MONOZUKURI (production)	Sales and procurement	Finance and accounting	Human resources and HITOZUKURI	Legal and compliance	Environment and energy
Position	Name											
Independent Outside Director	Akihiro Koyama			●					●	●	●	
Independent Outside Director	Junko Shiokawa			●	●				●		●	
Independent Outside Director	Takafumi Seto			●		●	●			●		●
Independent Outside Director	Kenichiro Ito		●	●	●				●	●		
Chairman	Shuhei Toyoda	●	●	●	●	●	●	●				
Vice Chairman	Naoki Miyazaki	●	●	●	●				●	●	●	●
President	Masayoshi Shirayanagi	●	●	●	●			●	●			●
Director, Operating Officer	Takashi Yamamoto	●	●	●		●	●					●
Director, Operating Officer	Shunichi Iwamori		●	●	●			●	●			●

Composed of members with extensive experience and broad insight

1) Improve effectiveness of the Board of Directors

1 Ensure members diversity

Akihiro Koyama

Research into corporate finance, corporate governance, etc. and **expert knowledge in corporate management** from a global perspective

Professor, Faculty of Economics, Gakushuin University



Junko Shiokawa

Broad insight as a lawyer on global cases related to investment funds, finance, cross-border M&A, etc.

Consultant at Hong Kong Office, Conyers Dill & Pearman



Takafumi Seto

Scientific insights regarding pioneering research for future society in conjunction with diverse engineering knowledge and skills

Professor, Faculty of Frontier Engineering, Institute of Science and Engineering, Kanazawa University



Kenichiro Ito

Extensive international experience of serving as an executive officer in various regions and **broad knowledge of the human resources and finance divisions**

Member of the Board of Directors, DENSO CORPORATION



Supervising the adequacy of management with professional expertise and insights of outside directors

1) Improve effectiveness of the Board of Directors

2 Enhance agenda for Board of Directors

[Major agenda items for Board of Directors]

Statutory items

- Related to General Meeting of Shareholders
- Executive officers, organization, Directors' compensation
- Basic policy on the development of internal control systems
- Effectiveness assessment of the Board of Directors
- Operational status of whistle-blowing system

etc.

Business plans and strategies

- Formulation of global hoshin
- Formulation of Business Portfolio Policy
- Business advancement, alliances, and reorganization
- Risk management for COVID-19, cyber attacks, etc.
- Status of quality initiatives

etc.

ESG-related items

- Formulation of Sustainability Policy, Human Rights Policy
- Carbon neutrality initiatives
- Human resource development initiatives
- Intellectual property strategy, DX strategy
- Report on status of ESG KPIs

etc.

Enhance ESG-related agenda items and establish a system to comprehensively supervise management

2) Enhance compliance system

1 Whistle-blowing system improvement

Setting counseling windows for legal violations and internal misconduct at Toyota Boshoku and its subsidiaries

<Number of consultations from Toyota Boshoku and domestic subsidiaries>

(FY)	2018	2019	2020	2021	2022
Internal counselling window*1	134	152	107	163	190
Law firm counselling window*2	9	8	12	9	13

*1 Internal consultation and reporting desk for compliance and individual concerns, such as those related to work, human relations and family, etc.

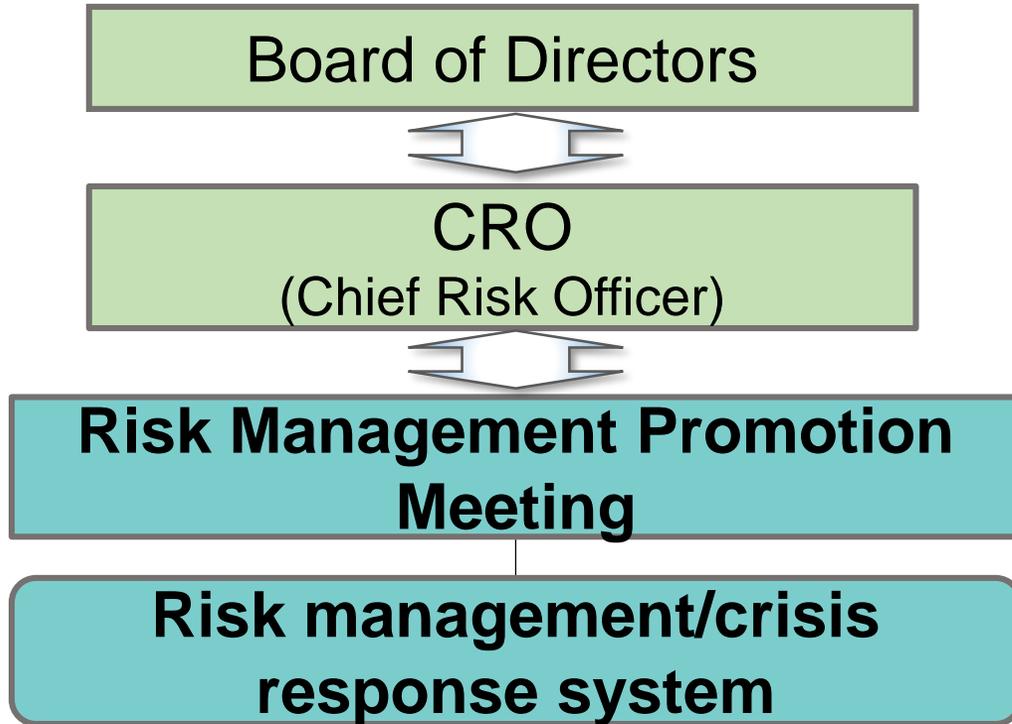
*2 Consultation and reporting desk for issues such as compliance, violations of laws, regulations and company rules, and unfair practices

Increase visibility and reliability of the counselling windows to facilitate earlier discovery and resolution of issues

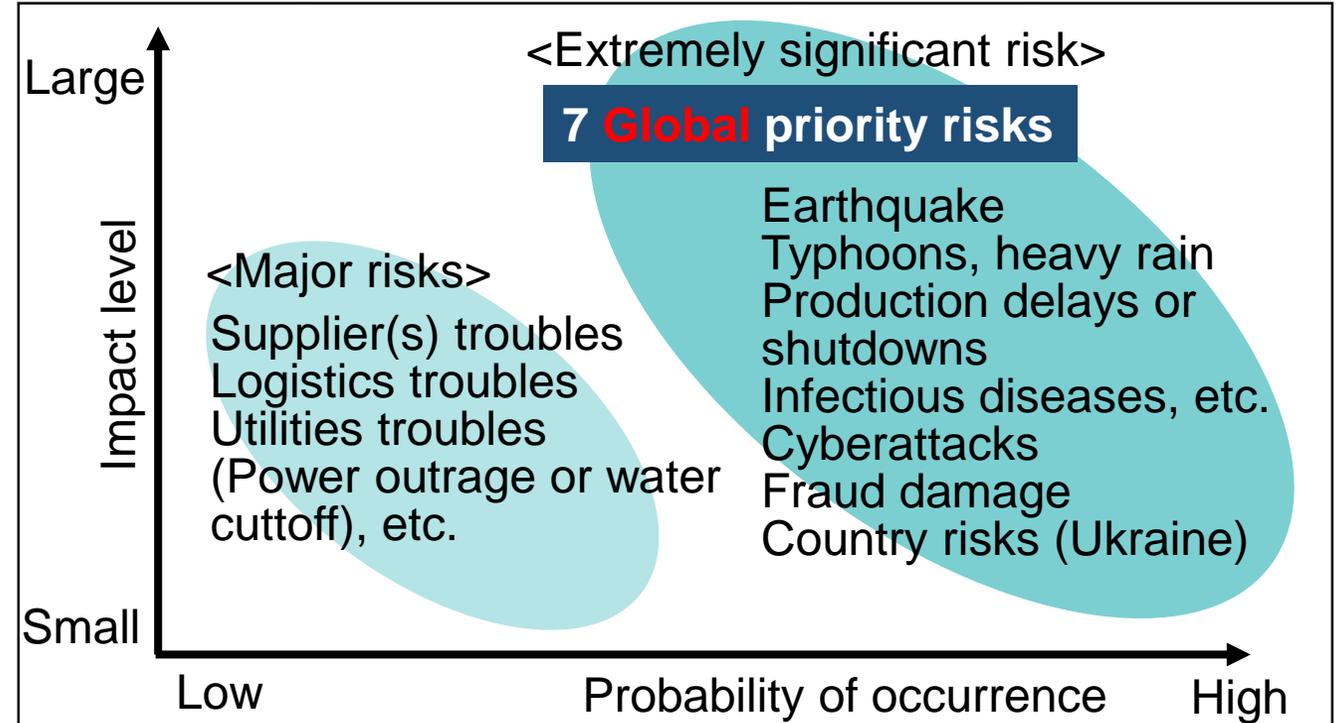
3) Enhance risk management system

1 Risk Management Promotion Meeting

Established a risk management system centered on CRO to address new business risks that may affect business management



FY2023 Toyota Boshoku Group risk map



Through internal sharing of risks, including management, based on the risk map, we aim to prevent risks and minimize damage in case of a crisis

Open the door! Tackle the challenges
together to a new century.



TOYOTA BOSHOKU

ESG KPI 25 evaluation items

ESG KPIs related to initiatives presented today

E (Environmental)					S (Social)					Governance				
NO.	KPI evaluation items	FY2022 results	Target		NO.	KPI evaluation items	FY2022 results	Target		NO.	KPI evaluation items	FY2022 results	Target	
			FY26	FY31				FY26	FY31				FY26	FY31
1	Production CO ₂ emissions reduction ratio (compared to FY2014)	Reduction of 1.6%	Reduction of 25%	Reduction of 50%	8	Number of patent applications	221	320/year	500/year	18	Number of environmental abnormalities and complaints	0	0	←
2	Renewable energy installation ratio	3.7%	15%	40%	9	Number of external presentations and papers	61	90/year	120/year	19	Number of serious cyber security incidents	-	0	←
3	CO ₂ emissions ratio in logistics (compared to FY2012)	Reduction of 36%	Reduction of 14%	Reduction of 20%	10	Rate of new product development leading to Interior Space Creator	50%	65%	75%	20	DX certification	-	DX-Excellent company	←
4	Waste emissions reduction ratio (compared to FY2012)	Reduction of 17.9%	Reduction of 14%	Reduction of 20%	11	Ratio of vehicles that are expected to use products that contribute to traffic safety	-	20%	50%	21	Number of violations of antitrust laws	0	0	←
5	Water consumption reduction ratio (compared to FY2014)	Reduction of 24.6%	Reduction of 6%	Reduction of 8%	12	Number of participants in social contribution activities	total 1,067	total 2,000	←	22	Number of violations of anti-bribery laws	0	0	←
6	Symbiosis with nature (number of trees planted)	50k	Cumulative 640k	Cumulative 770k	13	Degree of implementation of the Code of Conduct	78%	100%	←	23	Response to human rights risks in the supply chain (development of human rights due diligence)	-	Expansion ratio 100%	←
7	Ratio of sales of unit components of electrified products that will lead to minimization of environmental impact	4.2%	10%	45%	14	Number of stress checks conducted for all employees	1/year	1/year	←	24	External awards from customers	11 projects	5	←
					15	Health checkup rate	99.9%	100%	←	25	Compliance with timely and appropriate disclosure	100%	100%	←
					16	Number of serious accidents involving company members	0	0	←					
					17	Number of serious accidents involving outside contractors and visitors	0	0	←					

Sources for P18

1. <https://manamina.valuesccg.com/articles/835>
2. <https://www.prometec.net/nuestro-proyecto-para-un-dron-util/>
3. <https://logosmarcas.net/netflix-logo/>
4. <http://pngimg.com/download/61228>
5. Uber, Lyft And Commercial Truck Accidents - Lyft Decal Transparent PNG - 1056x556 - Free Download on NicePNG
6. <https://www.itmedia.co.jp/news/articles/1602/11/news027.html>
7. <https://www.hina.com/blog/24>
8. <https://www.eweek.com/innovation/cyberfest-conference-looks-at-road-ahead-for-iot-security/>
9. https://www.toyota-mobi-tokyo.co.jp/column/20220630_kinto_recommend
10. <https://why.mopress.io/press/YRdGp8KeDz>
11. <http://futurelab.assaabloy.com/en/security-in-the-sharing-economy/>
12. <https://www.thestar.com.my/news/nation/2017/11/18/traffic-jam-in-china-behind-viral-posting-of-mass-desertion-of-cars-in-germany/>
13. <https://www.theuniplanet.com/2017/04/poluicao-gerada-na-china-para-fabricar.html>
14. <https://www.wsj.com/articles/nyc-spends-more-on-recycling-collecting-than-regular-trash-1503585000>