

Management resources and strengthening them

Toward sustainable growth

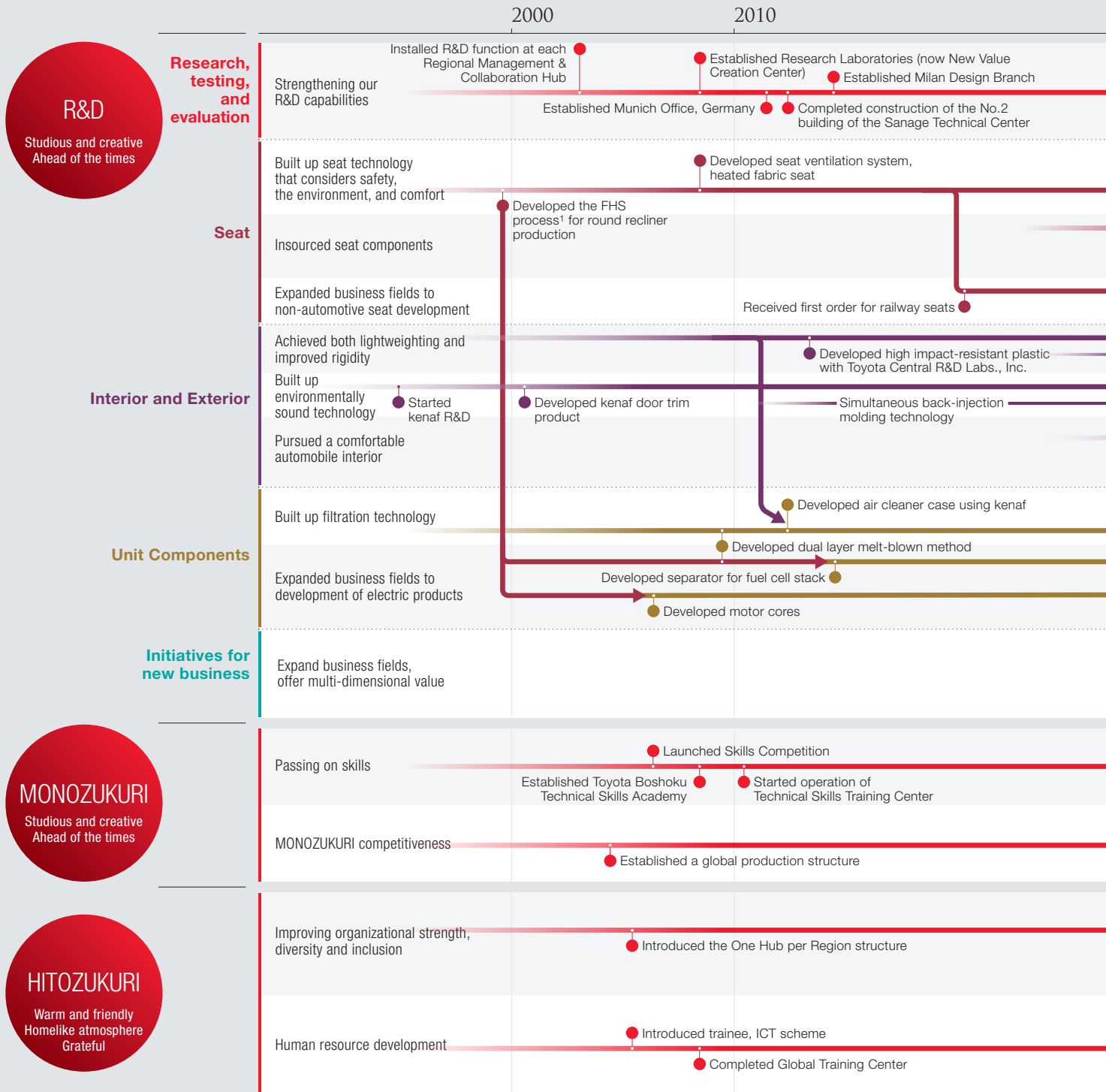
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Management resources we have acquired

Drawing on the identity of the Toyota Boshoku group, cultivated along with our founding spirit, as a management resource

The Toyota Boshoku group has unique strengths cultivated over more than a century. While anticipating developments in CASE and MaaS even amid a challenging business environment, we aim to create new value that only the Toyota Boshoku group can deliver, drawing on the management resources we have acquired as the source of this value.

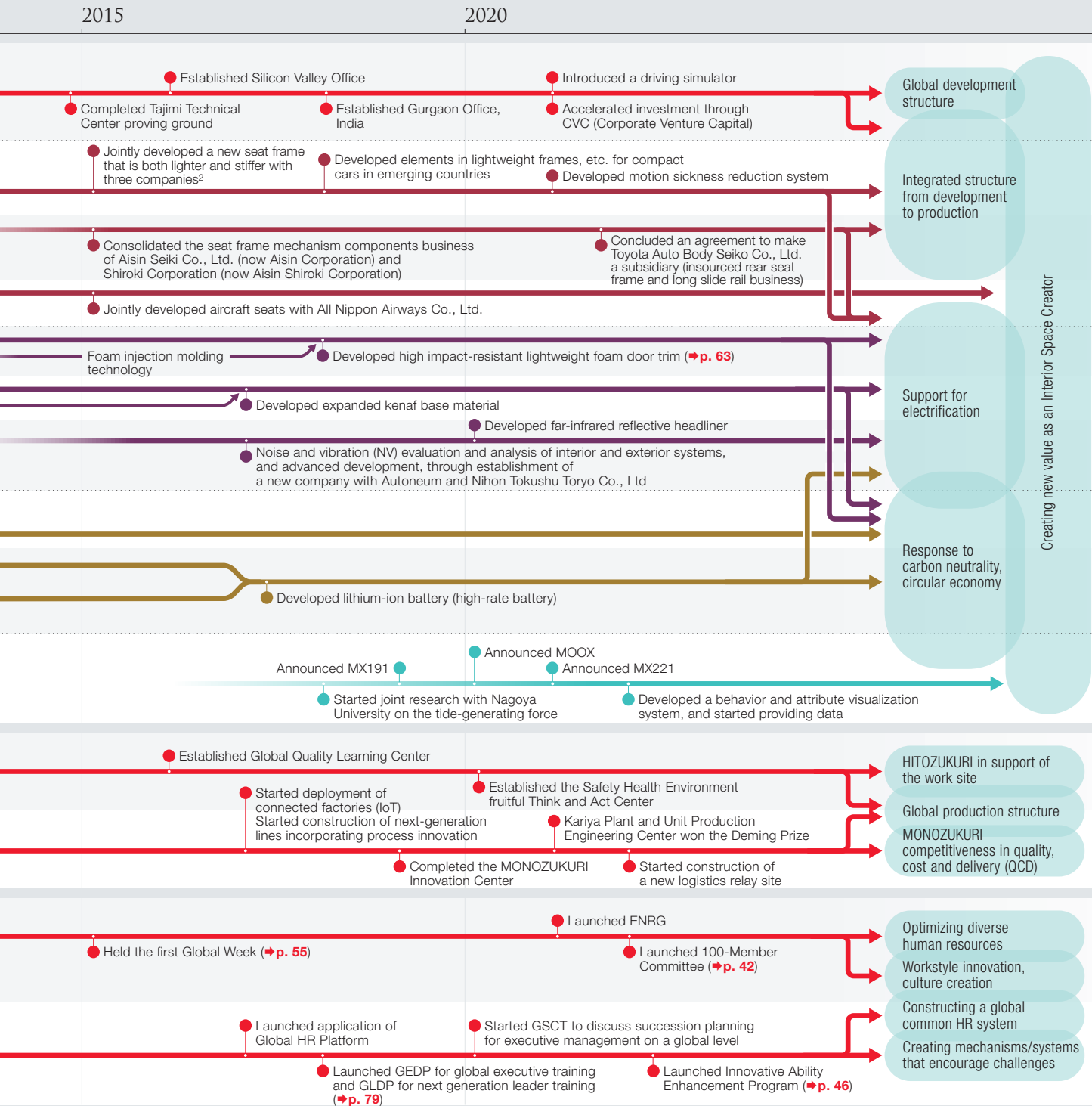


Toward sustainable growth

For details of our R&D and innovation, please refer to our website. <https://www.toyota-boshoku.com/global/development/>

1 Fine Hold Stamping process: Our proprietary high-precision, high-speed stamping technology

2 Toyota Motor Corporation, Aisin Seiki Co., Ltd. (now Aisin Corporation) and Shiroki Corporation (now Aisin Shiroki Corporation)



Aggressive investment in management resources, the source of value creation

Strengths / Our identity (management resources)

(Figures are as of March 31, 2023)

Pursuing “comfort” in mobility spaces based on “safety” and “environment”

R&D

In order to offer “Quality of time and space” in all forms of mobility, we take on the challenge of R&D with an insatiable curiosity and spirit of inquiry, while staying ahead of the current trends. We are committed to developing high-quality and safe products for our customers around the world with passion, a sense of mission, and tenacity.

R&D foundation	Development bases	13 bases
	R&D expenses	47.3 billion yen
Intellectual property	Number of patents held	Japan 1,899
		Outside of Japan 1,502

Cultivated over 100 years, creating “affection” based on “trust” and “reassurance”

MONOZUKURI

We place great value on customer first, continuous improvement, and *Genchi-Genbutsu* (go, see & study). We have set ourselves the challenge of developing environmentally sound production and manufacturing technologies for the next 100 years through a fusion of reasonable price, high-quality products with cutting-edge technology.

Manufacturing foundation	Manufacturing sites	122 sites
	Capital investment	50.7 billion yen
	Total number of contestants in the All Toyota Boshoku Skills Competition (1st to 16th competition total!)	2,745

¹ First held in Japan in fiscal 2007. Held annually on a global basis since fiscal 2011. However, due to the coronavirus pandemic, the competition was canceled in fiscal 2021, and in fiscal 2022/2023 only one category was held online globally, while the other categories were held only in Japan.

Combining and maximizing the power of 50,000 global members to support future value creation

HITOUZUKURI

The Toyota Boshoku group has a corporate culture that respects a diversity of values, where we learn and grow together; and teamwork that challenges us to unite our minds with honesty and sincerity. By fostering a challenging spirit, we aim to realize our vision of diverse human resources being drawn by the appeal of the Toyota Boshoku group, with company members working vibrantly in all regions worldwide.

Diverse human resources globally	Number of group members ²	53,430
	Proportion of members working in regions outside Japan ²	72.4%
Collaboration with suppliers	Number of companies that participated in the Annual Supplier Meeting	164

² Including temporary company members



Officer's message

Enhancing R&D capability through the use of a technology roadmap



Hiroki Tsunoda
Chief Technology Officer

To realize “Create new value as an Interior Space Creator,” our desired status for 2030, it is imperative that we improve our R&D capability and secure an advantage. In fiscal 2023, we drew up a technology roadmap and clarified the items to be developed and technologies to be strengthened. We will continue to make refinements in line with changes in society including CASE, MaaS, and the environment. We will also use our technology roadmap to accumulate technologies and create new businesses, as well as systematically acquire the technologies and development facilities we will need in the future. Furthermore, in order to secure an advantage, we will also focus on intellectual property strategy and aim to work closely with each business while utilizing our newly established Intellectual Property Strategy Meeting.

Issues and concrete measures

		Recognition of issues and strengths to be further acquired	Concrete measures/activities
Global development strategy/structure		<ul style="list-style-type: none"> Strengthen proposals for the overall automobile interior space and increase recognition among automakers Maintain and improve R&D capability in response to changes in the environment 	<ul style="list-style-type: none"> Clarify and acquire the key technologies and resources needed to continuously create and realize the technology roadmap items Strengthen the R&D structure
Insatiable curiosity and inquisitiveness ahead of the times		<ul style="list-style-type: none"> Create businesses for the MaaS market, etc. Promote open innovation on a global scale Strengthen development capabilities for new technologies and commercialize them at the earliest opportunity 	<ul style="list-style-type: none"> Strengthen space planning and system development capabilities in line with customer needs Search for, invest in, and collaborate with startup companies in North America, China, and other regions Develop innovative human resources
Intellectual property strategy/structure		<ul style="list-style-type: none"> Visualize intellectual property related to existing technologies and products Develop a structure and strategic activities for the utilization of intellectual property Strengthen analytical capabilities by utilizing IP landscape* 	<ul style="list-style-type: none"> The Intellectual Property Strategy Division (newly established in 2023) will formulate and implement intellectual property strategies for each business Develop IP strategic human resources Develop and expand research and analysis tools External collaboration
Response to changes in the business environment	BEV	<ul style="list-style-type: none"> Create and accelerate the development of advanced technological items specific to the BEV interior space Create advanced technological items with an eye toward the future 	<ul style="list-style-type: none"> Identify and clarify BEV-specific customer expectations Make new proposals for advanced technological items and promote development
	Carbon neutrality, circular economy	<ul style="list-style-type: none"> Establish methods to achieve 30% reduction in CO₂ emissions in product materials by 2030 (compared to 2019) Establish methods to achieve carbon neutrality and a circular economy in product materials by 2050 	<ul style="list-style-type: none"> Reduce the volume of materials used in products (lightweighting) R&D and product applications that utilize material recycling and bio-derived materials Develop products that are easy to recycle (easy disassembly structure, material unification) ▶ p. 63 Recycle difficult-to-recycle materials and apply them to products by acquiring chemical recycling technology

* Defined in the Intellectual Property Skill Standards published by the Japan Patent Office. Consists of ascertaining trends in individual technologies and patents, and performing in-house analysis, competition analysis, market analysis, etc., integrating intellectual property information and market information.



Officer's message

Acquiring MONOZUKURI competitiveness to weave the future of Toyota Boshoku



Hiroshi Ioki
Chief Manufacturing Officer

We are working on setting the future direction of manufacturing and bringing it to fruition with a view to realizing our desired status in 2030. In fiscal 2023, we began formulating the 2030 MONOZUKURI Strategy. Taking a holistic view of manufacturing, from development through to production engineering and manufacturing, we linked our technology roadmap to the development of methods, clarified issues and arranged initiatives to resolve them.

In fiscal 2024, we will clarify our desired status of manufacturing with a view to 2030, and based on this, formulate manufacturing strategies for each process. At the same time, through robust benchmarking against other companies, we will ascertain where we stand in terms of competitiveness and establish a competitive advantage. By improving our MONOZUKURI competitiveness, we aim to become a trusted and chosen company.

Issues and concrete measures

		Recognition of issues and strengths to be further acquired	Concrete measures/activities
Global production structure		<ul style="list-style-type: none"> ● Build a production system that can flexibly respond to changes in the environment and a structure that ensures profitability ● Establish a competitive next-generation manufacturing system that is trusted and chosen by customers ● Make our plants carbon neutral 	<ul style="list-style-type: none"> ● Develop production systems that can respond to increased production by customers ● Accelerate local procurement on a global basis ● Reduce costs through reorganization of logistics sites ● Clarify the desired status for plants/processes in the 2030 MONOZUKURI Strategy ● Develop methods and clarify/acquire the resources needed to realize the technology roadmap items
HITOZUKURI in support of the work site		<ul style="list-style-type: none"> ● Create a workplace in which a diverse range of human resources can work with enthusiasm and maximize their potential ● Establish innovative production lines centered on automation 	<ul style="list-style-type: none"> ● Build next-generation factories where everyone can play an active role, and deploy them globally
MONOZUKURI competitiveness in quality, cost and delivery (QCD)	Quality	<ul style="list-style-type: none"> ● Enhance quality evaluation from end-users 	<ul style="list-style-type: none"> ● Improve design and manufacturing quality by incorporating customer feedback into KPIs ● Create ideal systems and processes that integrate design, production engineering, and manufacturing ● Create systematic mechanisms and a culture for preventing critical quality problems
	Cost	<ul style="list-style-type: none"> ● Strengthen profitability through highly accurate cost planning activities ● Secure cost competitiveness that surpasses that of competitors 	<ul style="list-style-type: none"> ● Promote Kaizen activities to reduce standard costs and efficient management activities by managers ● Reduce the volume of materials used in products ● Clarify target values (e.g. marginal profit ratio)
	Delivery	<ul style="list-style-type: none"> ● Create systems for short-term development processes (shorten the lead time from planning and development to production and delivery to meet the needs of a wide range of customers) 	<ul style="list-style-type: none"> ● Visualize design lead time as a base unit ● Strengthen TPS* practices and plant digitalization ● Identify where we stand through benchmarking against competitors

* Toyota Production System



Officer's message

Bringing together diverse identities to enhance corporate value



Yasuhiro Fueta
Chief Human Resource Officer

The Toyota Boshoku group is working to promote the creation of workplaces where all company members can work with pride and aspiration, encourage the success of a diversity of human resources, and foster an open workplace culture. In fiscal 2023, training in harassment prevention and communication skills improvement was provided to all members at the Senior Specialist level and above, including officers, in order to reassess the nature of a workplace environment where members can work with peace of mind.

In fiscal 2024, we will launch a 100-Member Committee consisting of members with diverse identities, and will make use of the members' diverse ideas and perspectives in our HR strategy and personnel system reform. By energizing people and the organization, we will maximize the potential of each company member and enhance corporate value.

Issues and concrete measures

	Recognition of issues and strengths to be further acquired	Concrete measures/activities
Optimizing global and diverse human resources	<ul style="list-style-type: none"> ● Create an environment where a diversity of company members can maximize their potential ● Promote local human resources to top management at each site and develop human resources who can flourish outside their home country ● Enhance systems that support the well-being of company members ● Ensure the success of role models who lead the way in the reform of the culture and mentality ● Develop next-generation leaders and encourage them to flourish without being bound by past successes or conventional workstyles 	<ul style="list-style-type: none"> ● Utilize the diverse opinions of the Committee of 100 in HR strategy and personnel system reform ● Develop and promote human resources capable of leading reform of the culture and mentality ● Develop and promote local human resources ● Formulate the next mid-term business plan reflecting HR strategy ● Add diversity and inclusion and workplace culture reform to the evaluation items in training assessments, and review the evaluation method
Common global HR system	<ul style="list-style-type: none"> ● Create a wage and bonus system that supports members who learn and grow ● Reform the HR system to be in line with global standards, rather than Japan-specific 	<ul style="list-style-type: none"> ● Simplify the wage system to ensure that compensation is commensurate with market value ● Consider bonus allocation based on the mid-term business plan, contribution to cross-divisional projects, and taking on the challenge of innovative human resource development
Workstyle innovation, culture creation	<ul style="list-style-type: none"> ● Ensure that workstyle innovation and workplace culture creation spreads throughout the Company and group ● Promote workstyle innovation, correction of long working hours, and joint participation in housework and childcare ● Provide incentives to work more efficiently 	<ul style="list-style-type: none"> ● Encourage officers and division general managers to lead by example ● Strengthen communication of the President's message and convey messages through development assessments of candidates for executive positions ● Consider an incentive system for members who reduce working hours and improve results by increasing efficiency
Creating mechanisms/systems that encourage challenges	<ul style="list-style-type: none"> ● Realize the commercialization of ideas generated through innovative human resource development programs (Re:act, We:ave) ● Create a system and culture in which chief officers, officers, and executives benchmark themselves against the activities and systems of competitors and leading companies, and make improvements 	<ul style="list-style-type: none"> ● Build HR systems that encourage members to take on challenges ● Introduce a skills matrix for executives, self-assessment in development assessments, and additional bonus according to the type/level of challenge taken on

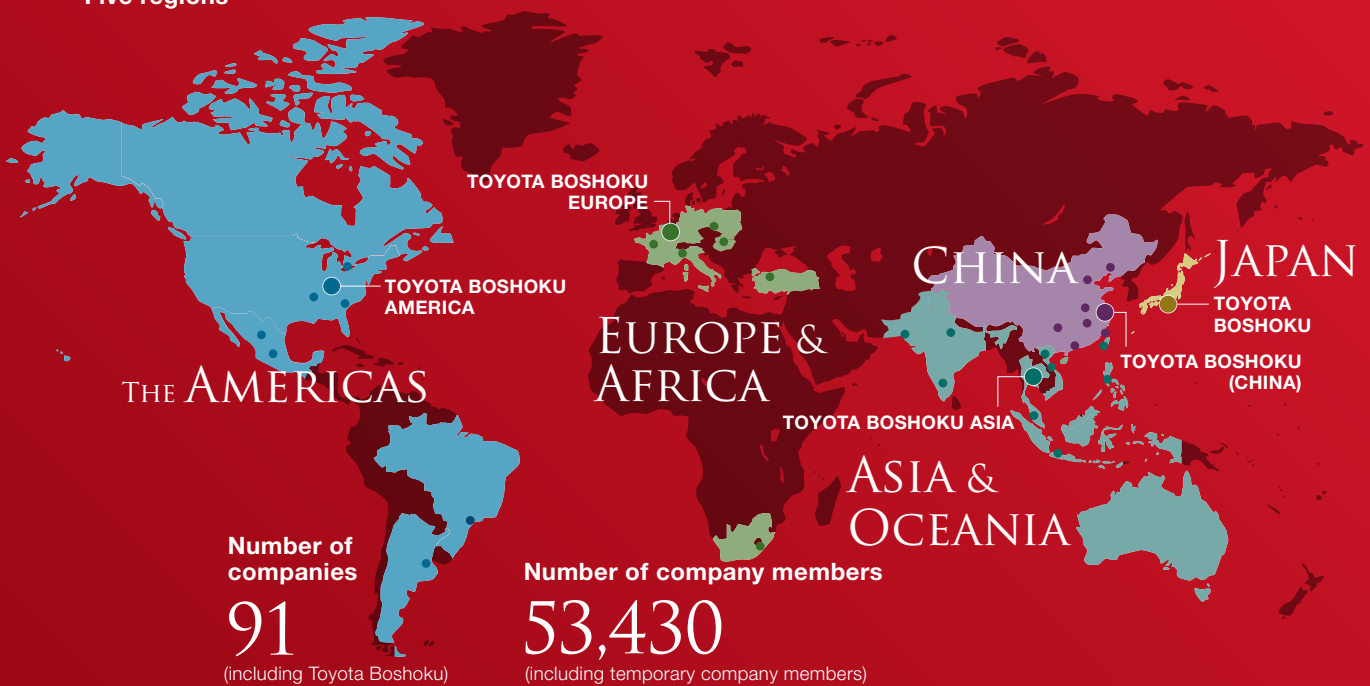
Creating new value with management resources amassed around the world as the source

With the founding spirit of “for the world and for people” as its starting point, the Toyota Boshoku group has 91 sites in 25 countries and regions worldwide, and is committed to advanced technological development and high-quality manufacturing. In our history spanning over a century, we have continued to grow while drawing on our strengths in R&D, MONOZUKURI and HITOZUKURI while overcoming various difficulties. We will continue to provide new value by maximizing our management resources centered on this identity of the Toyota Boshoku. The special feature introduces areas including our efforts to strengthen the identity of the Toyota Boshoku, which we are focusing on around the world to achieve the sustainable growth of the Toyota Boshoku group, and activities related to sustainability.

Environment	Social	Governance
Materiality	Mid-term Management Hoshin	

The symbols on the left indicate the relationship between each initiative and activity.

Five regions



	Japan	The Americas	China	Asia & Oceania	Europe & Africa
Affiliates	20 companies	20 companies	18 companies	22 companies	10 companies
Number of company members	14,766	13,177	9,309	10,065	6,113
Revenue (billion yen)	700.6 (2022) / 732.9 (2023 FY)	317.7 (2022) / 388.7 (2023 FY)	212.1 (2022) / 244.6 (2023 FY)	190.4 (2022) / 249.6 (2023 FY)	96.2 (2022) / 108.2 (2023 FY)

Revenue of each region is before deduction of internal sales

R&D / MONOZUKURI

Aiming to further strengthen competitiveness

Environment	Social	Governance
Materiality		Mid-term Management Hoshin

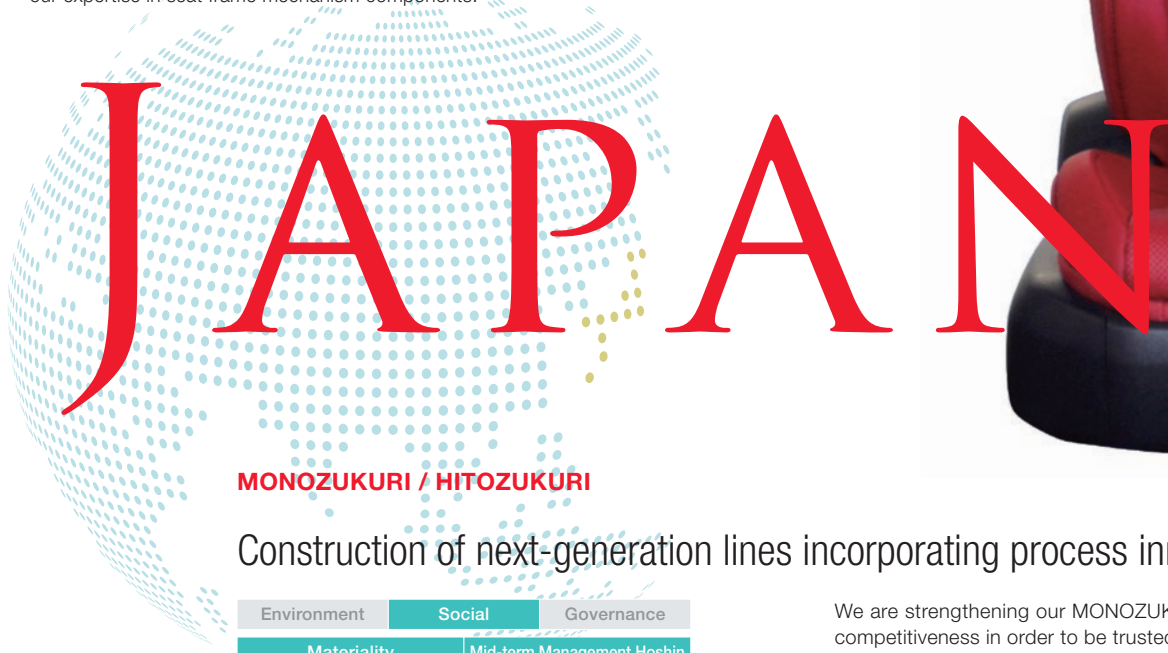
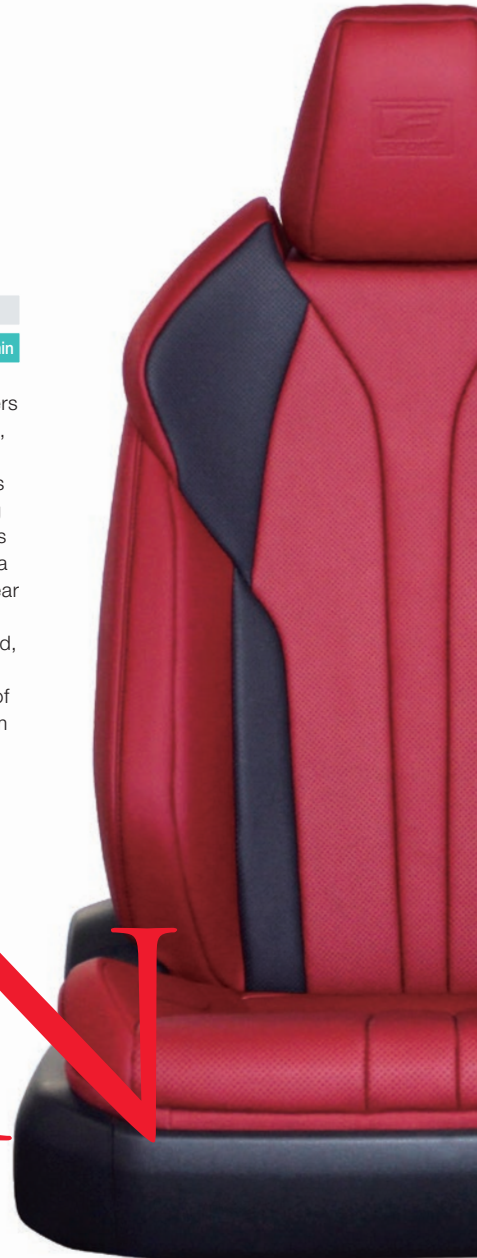
To strengthen the competitiveness of the automotive seat business and serve as “Home” as an interior system supplier, since 2015 we have been progressively consolidating the development and production functions of seat frame mechanism components. In order for the Toyota Boshoku group to implement all processes from development to production, we have carried out the transfer of production in Japan, including the transfer of commercial rights for OEMs other than Toyota Motor Corporation from Aisin Corporation and Aisin Shiroki Corporation in fiscal 2023, and the launch of Toyota Boshoku Hirose in fiscal 2024. By making Toyota Auto Body Seiko Co., Ltd. a subsidiary in October 2023, we will maximize synergies by leveraging our knowledge gained from sales to other companies and our expertise in seat frame mechanism components.

R&D / MONOZUKURI

Promoting activities to win orders from strategic OEMs

Environment	Social	Governance
Materiality		Mid-term Management Hoshin

We have positioned automakers that are partners of Toyota Motor Corporation as strategic OEMs, and are promoting activities to win orders. Aiming to achieve a share of sales to customers other than Toyota Motor Corporation exceeding 20% in 2030, we have been promoting activities to increase orders for seats, primarily in the Asia region. In fiscal 2023, our activities began to bear fruit with new orders for door trims and other interior products received in Japan. Going forward, we aim to win new orders, by utilizing the production sites acquired through the transfer of commercial rights for the seat frame mechanism components business.



MONOZUKURI / HITOZUKURI

Construction of next-generation lines incorporating process innovation

Environment	Social	Governance
Materiality		Mid-term Management Hoshin

We are strengthening our MONOZUKURI competitiveness in order to be trusted and chosen by customers.

A next-generation model line utilizing AI and automation technologies has been installed at the Sanage Plant in Japan, and we are rolling out the next-generation line realized here at each of our production sites.

The 1,200-ton pressing line, which we have promoted as a model line for automation since 2020, has been automated to 90% of its capacity, and currently we are working on automating the remaining transport portion. In the welding process, so-called “kankotsu” work (involving intuition and skills) and visual inspection work, which draw on human experience, have been automated using AI and sensing technologies, resulting in an automation rate of 40%.

In addition to the above, we will promote manufacturing innovation utilizing digital engineering in order to realize our future vision for 2030, which we have elaborated for each process.





MONOZUKURI

Received highest rating in CDP survey

Environment	Social	Governance
Materiality	Mid-term Management Hoshin	

Toyota Boshoku Corporation was selected as an “A List Company,” the highest rating in both the Climate Change and Water Security categories of the survey conducted by CDP (formerly the Carbon Disclosure Project), one of the most trusted rating organizations among investors. In addition, we were selected as a Supplier Engagement Leader, the highest rating in the Supplier Engagement Rating, which evaluates supply chain-wide efforts to address climate change issues. This is a result of the high rating given to our climate change and water security initiatives, as well as our efforts in collaboration with customers, suppliers, and other business partners.

HITOUZUKURI

Initiation of human rights due diligence

Environment	Social	Governance
Materiality	Mid-term Management Hoshin	

The Toyota Boshoku group’s Human Rights Policy specifies the implementation of human rights due diligence, and we began full-scale human rights due diligence initiatives in fiscal 2023. In fiscal 2023, we conducted a risk survey of Toyota Boshoku Corporation, and identified harassment and working hours as human rights risks. Going forward, we will promote measures to mitigate risks, focusing on the identified human rights risks, including the implementation of prevention and mitigation measures. In addition, we will expand the areas where human rights due diligence is implemented and strengthen our activities aimed at ensuring respect for human rights together with all members of our group and our suppliers.

HITOUZUKURI

Diversity and inclusion

Environment	Social	Governance
Materiality	Mid-term Management Hoshin	

The Toyota Boshoku group is promoting the creation of an open workplace culture where everyone can openly and freely express their ideas, regardless of gender, age, nationality, or physical ability.

In fiscal 2023, we established the Employee Network Resource Group (ENRG), a system for hearing direct feedback from company members and discussing measures to promote activities. Following the establishment of a women’s ENRG and a young persons’ ENRG in fiscal 2023, we are expanding our activities in fiscal 2024, with the establishment of ENRGs for seniors and people with disabilities.

We also believe that ensuring diversity is the foundation for promoting innovation, and together with a diversity promotion plan, we will formulate the HR portfolio required for our future business operations and promote activities accordingly.





HITOUZUKURI

Innovative human resource development programs

Environment	Social	Governance
Materiality	Mid-term Management Hoshin	

Two programs were launched in fiscal 2023 with the aim of expanding our business fields and developing leaders in the creation of new businesses. The first is Re:act, which provides each company member with the opportunity to take voluntary action. Many company members experienced the joy of independently creating and discussing ideas through workshops and idea contests. The second is We:ave, a practical training program for innovation. Eleven people selected from within the company participated in a six-month dedicated training program where they refined their own business ideas and presented them through external exchanges. Two outstanding ideas are progressing to the next step, aimed at commercialization.

Company members who participated in We:ave as inaugural trainees commented, "It raised my awareness of continuing to learn through exposure to the outside world," and, "It increased my awareness of expressing my ideas in my own words."

HITOUZUKURI

Health management in collaboration with Health Activities Promotion Leaders

Environment	Social	Governance
Materiality	Mid-term Management Hoshin	

With the CEO as the person holding chief responsibility, we are committed to health management so that company members can continue to work in good health with enthusiasm. We also aim to improve the ability of company members themselves to understand and work with the health information they need (health literacy), and we are implementing measures that enable them to easily engage in lifestyle improvement.

Specifically, we are engaged in efforts to increase the number of company members who take the Health Challenge Eight,* while encouraging the use of a health app (PepUp) as a support tool. We plan health checkup result challenges and inter-department walking rallies within the app, and also encourage company members to change their behavior by providing incentives such as points for achieving goals. Furthermore, we promoting activities in cooperation with Health Activities Promotion Leaders assigned to each department with the aim of improving health while having fun.

* Eight items that define a healthy lifestyle to prevent lifestyle-related diseases, consisting of proper weight, breakfast, drinking, snacking, non-smoking, exercise, sleep, and stress



Special feature: Management resources that generate new value (The Americas)



R&D

Introducing the latest technologies and identifying market needs (US)

Environment	Social	Governance
Materiality		Mid-term Management Hoshin

Products including MOOX, MX ACCESS (▶p. 67), and MX221 were exhibited at CES 2023 (Las Vegas, Nevada), under the leadership of Toyota Boshoku headquarters. Our exhibit was well attended all day every day, with more than 300 visitors experiencing the mockups.

We also showcased our products exhibited at CES2023 at the Plug and Play Tech Center in Silicon Valley, where we directly communicated our thoughts and technological capabilities to over 190 business partners, including automakers, start-ups, and technology companies over a four-day period.

Through such dialogue, we aim to deepen our understanding of our business partners' expectations and the needs of society, and to create new value.

THE

AM

MONOZUKURI / HITOZUKURI

Biodiversity education (Argentina)

Environment	Social	Governance
Materiality		Mid-term Management Hoshin

In February 2022, a huge forest fire broke out in Argentina. In addition to making donations to three elementary schools in Santo Tomé that were affected, three company members from Toyota Boshoku Argentina (TBAR) visited the schools and provided biodiversity education. More than 190 children participated in the education, which served as an opportunity to deepen their understanding of the importance of biodiversity and to communicate the objectives of the Toyota Boshoku 2050 Environmental Vision.

Efforts were also made by school teachers to inform the children about the importance of caring for trees and preserving the environment. The children conveyed to us what they felt through pictures, and it proved to be an equally illuminating initiative for TBAR.

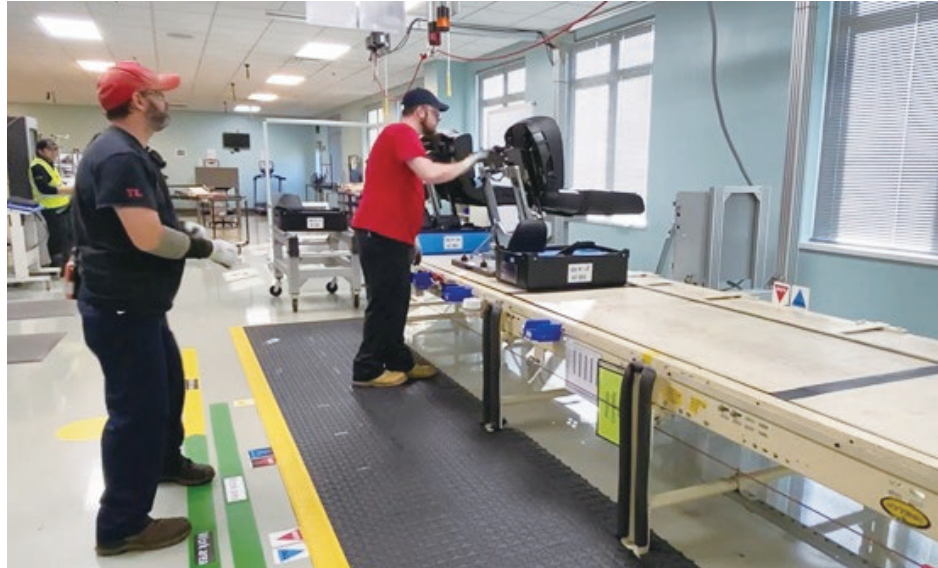


MONOZUKURI / HITOZUKURI

Human resource development through plant skills training (us)

Environment	Social	Governance
Materiality	Mid-term Management Hoshin	

In the face of challenges such as large fluctuations in production volume and a chronic shortage of human resources, in 2021 we established a Model Dojo for the purpose of developing our members' skills. The Dojo is staffed by full-time trainers and serves as a place for basic education and training of new company members. In addition, in 2022 a "task force team" was established. We have begun to expand the scope of the Model Dojo to include leadership work-site training for team/group leaders. The TBA Technical Skills Training Center that was established in 2014 is also undergoing improvements in order for members to acquire the maintenance skills that meet the needs of Toyota Boshoku America group company. We will continue to promote human resource development through factory skills training while expanding the Dojo throughout the U.S. region in order to strengthen MONOZUKURI competitiveness.



ERICAS

HITOZUKURI

Drawing on training experience to lead the project support team

Environment	Social	Governance
Materiality	Mid-term Management Hoshin	



Alice Knoebel
Toyota Boshoku America
Seat Design
Senior Manager

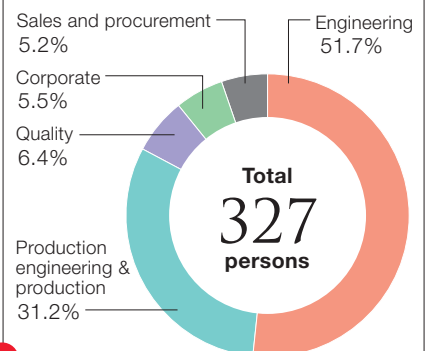


I lead a team of engineers in TBA's Seat Design Division that supports projects for seats manufactured in Canada and the state of Indiana. As part of the company's plan to develop design engineers, I used the ICT (Inter Company Transfer) scheme twice (for a total of two years) to study drawing creation and engineering calculations related to seat design in Japan. In particular, during my second training, I was involved in a project for seats produced in North America, and after returning to the States, I continued to participate in the project on the North American side, using my improved skills with CATIA (Computer-Aided Three-Dimensional Iterative Application).*

What I learned in Japan is still alive in me more than 10 years later. I believe that sharing this knowledge with the team members helps to improve the performance of the team as a whole.

Positions of company members who came to Japan for training

Cumulative total from 2005 to July 2023



* Advanced 3D CAD software

R&D / MONOZUKURI

Strengthening R&D capabilities in response to the advance of BEVs



Environment	Social	Governance
Materiality		Mid-term Management Hoshin

We promoted proposals for door trims to the emerging Chinese EV brand HiPhi, carrying out all processes from structural design through to production within the region. Thanks to a system for improving the completeness of the design from the early structural planning stage and the use of 3D drawings to identify and quickly resolve issues, it was possible to achieve development in a short period of time.

In addition, the development of seats for the battery electric model bZ3 for BYD TOYOTA EV TECHNOLOGY CO., LTD., a joint venture established by Toyota Motor Corporation and BYD Company Ltd. of China, has been shortened by 18 months from the previous development timescale through activities to shorten the evaluation period and the early involvement of the manufacturing division.

We will continue to strengthen our ability to plan and propose products that meet our customers' needs in China while aiming to reduce the development timescale, so as to keep pace with the development speed of Chinese manufacturers.

R&D / HITOZUKURI

Exhibited at the Shanghai International Automobile Industry Exhibition. Proposals for growing healthcare needs are also on the horizon

CH

Environment	Social	Governance
Materiality		Mid-term Management Hoshin

We exhibited at the Shanghai International Automobile Industry Exhibition to promote the Toyota Boshoku group's initiatives and to win new business. The group's booth attracted 50,000 visitors over the 10-day period and received more than 70 media mentions. In addition to raising awareness and lifting our profile, we were able to collect opinions and feedback that will prove useful for future planning and development. Furthermore, many visitors, including European manufacturers in addition to local Chinese makers, were interested in our products and technological capabilities. We will continue to make ongoing follow-ups that result in new business.

In addition, based on market trends identified from end-user feedback and social issues unique to China, we recognized health promotion as a new issue to be solved. Contributing to strong health awareness and the expansion of preventive medicine is essential. To prevent an increase in chronic diseases caused by lifestyle-related illnesses, we will conduct research in Chinese medicine and other areas, and explore start-up technologies to provide value.



	2013	2022 (cumulative)
 Green area	2.0	150 _{ha}
 Participants in local activities	33	453
 CO₂ reduction	54	2,335 _{thousand kg}



MONOZUKURI

10th anniversary of forestation activities in Inner Mongolia

Environment	Social	Governance
Materiality	Mid-term Management Hoshin	

Since 2013, Toyota Boshoku China has taken the lead in implementing reforestation activities in the Tengger Desert in China's Inner Mongolia autonomous region. As well as our company members in the China region, a total of 453 people from business partners and Japan have participated in the project, planting approximately 130,000 seedlings on around 150 hectares of land over the 10-year period from 2013 to 2022.

In recognition of these activities, Toyota Boshoku China was presented with the Eco-China Contribution Award by the Chinese National Forestry and Grassland Administration in September 2018, received the Best Contributing Corporation Award from the China Green Foundation in 2019, the Ecological Civilization Award from GoldenBee ThinkTank and China Sustainability Tribune in 2021, and the China Automobile Enterprise CSR Excellence Award from the China Association of Automobile Manufacturers in 2022. We will continue to take on the challenge of achieving our goal of 1.32 million trees planted by 2050.

INA

MONOZUKURI

Robust cost reduction activities to address intensifying competition

Environment	Social	Governance
Materiality	Mid-term Management Hoshin	

The rise of local manufacturers in the Chinese region has intensified competition in the market. To further strengthen its competitive advantage, Tianjin Intex is working to reduce cost by making improvements to labor costs and materials. In addition to reducing takt time, we have set seven KPIs, including reducing the defect rate and promoting automation, and are working to achieve them. In particular, the hourly volume of urethane produced per person ranks first among all of the Toyota Boshoku group's sites, thanks to the concerted efforts of the manufacturing, production engineering, and quality control divisions.

In fiscal 2024, we will continue to enhance our MONOZUKURI competitiveness by improving work precision and further increasing hourly production volume.





R&D / MONOZUKURI

Production activities aimed at maximizing MONOZUKURI competitiveness

Environment	Social	Governance
Materiality		Mid-term Management Hoshin

The Toyota Boshoku group is committed to manufacturing close to the customer, with a thorough focus on quality, cost, and delivery. In Asia, where there is strong demand for compact cars, we are working to further strengthen our competitiveness through (1) development of regionally optimized products, (2) Kaizen in the way we purchase materials, (3) completely local procurement, and (4) Kaizen of our manufacturing methods. Particularly, with regard to (4) Kaizen of our manufacturing methods, we undertook a thorough review of the optimal number of processes for compact cars using measures including an in-kind simulation of production facilities reproduced in cardboard, fusing TPS and DX. As part of the consolidation of seat frame mechanism components, we concluded agreements to transfer a portion of the shares of PT. SHIROKI INDONESIA and SHIROKI AUTOMOTIVE INDIA PVT. (subsidiaries of Aisin Shiroki Corporation) to Toyota Boshoku Asia, in July and August 2023 respectively, making them subsidiaries. We are planning to make them wholly-owned subsidiaries by the end of 2025.

ASIA & O

R&D

Providing products of value that meet the needs of the region

Environment	Social	Governance
Materiality		Mid-term Management Hoshin

In 2035, the number of automobiles produced in Southeast Asia and South Asia is expected to increase 1.8-fold compared with 2019 (pre-COVID pandemic). Taking this as an opportunity, we will also strengthen sales to customers other than Toyota Motor Corporation.

We have developed products tailored to compact cars, which are best suited to the region. These are high-quality products at an affordable price, which completely eliminate unnecessary functions and concentrate on the required functions while also pursuing safety. Armed with these products, we are expanding sales, especially in India. In addition, we will provide added value suited to user needs and lifestyles, such as a seat ventilation system for cooling seats.

Trend in number of automobiles produced in Southeast Asia and South Asia

(10,000 vehicles)

Source: Calculated in-house based on S&P Global Mobility data (July 2023)



HITOUZUKURI

Development of training programs to support sustainable growth



Environment	Social	Governance
Materiality	Mid-term Management Hoshin	

In the Asia region, we are implementing personnel transfers between sites within the region, and are promoting human resource development through transfers. This will lead to members gaining extensive work experience of different production items and different countries, while also improving their management skills through appointment to positions such as presidents of business entities.

First, in order to promote this kind of human resource development in Thailand, where we have multiple sites, we are working to unify the executive compensation system, which had been operated independently by each base, and to promote the exchange of human resources. In addition, Toyota Boshoku India is revising its assessment and promotion system in order to properly appraise members who have worked hard and to encourage career advancement for talented personnel. Furthermore, we have also launched activities for region-wide discussion of succession and training plans based on HR development plans created at each site. In order to promote human resource development based on the succession plans that have been drawn up, the region will work together to manage human resources, including evaluation, promotion, transfer, and training.

CEANIA



R&D

Promoting food production utilizing tide-generating force, and contributing to a recycling-oriented society

(Thailand)

Environment	Social	Governance
Materiality	Mid-term Management Hoshin	

Research into tide-generating force (the causal relationship between the rhythm of the lunar phases and the growth of plants and organisms is used to speed up the rate of growth) is continuing in Japan, and we have now started research in Asia as well.

The Asia region is home to many of the world's leading agricultural countries, yet it is projected that by 2050 there will be a grain shortage of some 14–26%. Therefore, we have started testing of plant cultivation that utilizes tide-generating force, taking advantage of Asia's warm climate and proximity to the equator. In addition, we have introduced a biogas power generation system that utilizes leftover food. Cafeteria food waste is collected, converted into gas through microbial fermentation, and reused as fuel. As well as contributing to solving food issues, we will continue to promote recycling from both economic and environmental perspectives.



R&D

Strengthening sales to European OEMs

Environment	Social	Governance
Materiality	Mid-term Management Hoshin	

In Europe, there is a great deal of interest in sustainability, including environmental and human rights initiatives, and there is a need to address this.

The R&D Centers in Brussels (Belgium) and Munich (Germany) work together as one team with R&D bases in Japan, the Americas, and China on a variety of projects, including product development and identifying customer needs.

Currently, we are promoting our technological capabilities to European OEMs by proposing seats and interiors that are lightweight and have excellent recyclability, with carbon neutrality and circular economy as the keywords. In order to continue expanding and growing our operations, we will continue to pursue innovative technologies that meet the needs of our customers while staying alert to changes in the market.



EUROPE

Whinchat
(*Saxicola rubetra*)



MONOZUKURI

Obtained certification for biodiversity (France)

Environment	Social	Governance
Materiality	Mid-term Management Hoshin	

Toyota Boshoku France has been actively involved in tree-planting activities since 2021 as part of its efforts as a plant that coexists with wildlife, and in June 2022 was certified as an "LPO sanctuary" by the French League for the Protection of Birds (LPO).

LPO sanctuary is a program that began in 1921 to connect ecological networks by preserving places that serve as refuges for wild birds and other species. Of the 40,000 certified areas, only 250 are certified for companies.

HITOUZUKURI

Received “Great Place To Work” rating (Türkiye)

Environment	Social	Governance
Materiality	Mid-term Management Hoshin	

Since 2021, TB Sewtech Turkey has applied consecutively to Great Place To Work, an institute which conducts surveys and evaluations on companies that are a great place to work, and has been certified as a “Great Place To Work” based on survey responses and assessments by external experts.

The company was also included in the list of “Türkiye’s Best Employers” both in 2022 and this year, in recognition of factors such as company member satisfaction, quality of the working environment, organization and culture.

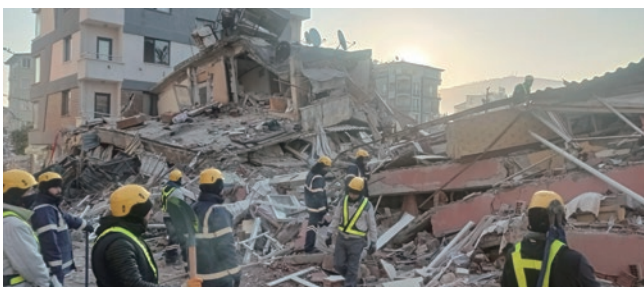


& AFRICA

FEATURE

Rescue operations in Türkiye earthquake

In February 2023, an earthquake struck near the Türkiye-Syria border. Two companies based in Türkiye, Toyota Boshoku Türkiye and TB Sewtech Turkey, donated tents, hygiene products, food, clothing and other items through Türkiye’s Disaster and Emergency Management Authority (AFAD). In addition, a rescue team of 35 company members trained in emergency disaster response was formed immediately after the earthquake. After receiving authorization for dispatch from AFAD, rescue operations were carried out in the affected area and 14 people were rescued from collapsed buildings.



MONOUZUKURI

Thorough risk management

Environment	Social	Governance
Materiality	Mid-term Management Hoshin	

All around the world, concerns are growing about the increase in natural disasters resulting from climate change, as well as the occurrence of major earthquakes. In the Europe & Africa region, our production sites likewise experienced major flooding due to record-breaking rainfall in South Africa in April 2022, and a major earthquake in Türkiye in February 2023. Additionally, in light of ongoing geopolitical tensions, we are constantly working to ensure forecasting/analysis and management of risk.

Our basic policy is as follows:

- 1. Place the highest priority on the lives and safety of company members**
- 2. Protect the employment of company members**
- 3. Maintain business, fulfill supply responsibilities to customers, support suppliers and the community**

We are conducting risk management in order to achieve these goals.

Topics: Global Week 2023

Discussing the future of the Toyota Boshoku group from all angles

After sharing their recognition of the current environment with a view to realizing the future of the Toyota Boshoku group, the participants discussed our desired status for 2030 from all angles. In addition, presentations that introduced outstanding initiatives from each site increased the participants' motivation and enabled them to learn from each other.



GLOBAL WEEK 2023

Gathering of senior managers and next-generation leaders from Japan and other regions around the world



Once a year, officers, top management of business entities, and next-generation leaders from Japan and around the world gather at the Global Week program to share information on issues facing the Toyota Boshoku group and its future direction, and to deepen mutual understanding. Held since 2015, this year was the first face-to-face meeting in four years following the coronavirus pandemic. Focusing on "The environment surrounding the Toyota Boshoku group and its future," this year's event deepened a sense of coming together for the further growth of the group through recognition of issues on a *Genchi-Genbutsu* (go, see & study) basis and mutual communication.

Main program

Day 1	<ul style="list-style-type: none"> The message from the President The surrounding environment and future <ul style="list-style-type: none"> #1: The surrounding environment #2: The need for open innovation #3: Panel Discussion – The direction of Open Innovation Visits to the Hall of Our Steps and the Kariya Plant
Day 2	<ul style="list-style-type: none"> Plant visits (Sanage, Fujioka, Takaoka) Visit to the MONOZUKURI Innovation Center
Day 3	<ul style="list-style-type: none"> Recognition of issues with a view to realizing the 2030 Mid-Term Business Plan Reflecting local needs in the technology roadmap and business roadmap Lecture: MONOZUKURI / HITOZUKURI "Suisen Reconstruction Assistance"
Day 4	<ul style="list-style-type: none"> Introduction to CES exhibit, visit to technology exhibition Visit to Sakichi Toyoda Memorial House

Outstanding initiatives at each site

Safety Formulation of health and safety roadmap Toyota Boshoku Kyushu

To establish safety standards, a health and safety roadmap was developed, and thorough training activities and comprehension tests were conducted. Safety meetings at the management level serve as inter-departmental cross-checks and promote voluntary and mutually educational activities in each department.

Environment Formulation of a roadmap to achieve the Environmental Vision Toyota Boshoku Shiga

A roadmap for achieving the Environmental Vision was formulated, and all members participated in watching videos and practical training. Forestation activities and community-based environmental conservation activities have also received letters of appreciation from government offices and prefectures.

Quality Quality improvement activities that win trust Toyota Boshoku Hanoi

Since around 2017, the company has been identifying quality issues and conducting robust quality improvement activities in each process. 0 ppm* in delivery defects has been achieved for three years running, winning high praise from customers.

* Parts Per Million