

QUALITY OF TIME AND SPACE

TOYOTA BOSHOKU
REPORT

2023

— 2022.4.1-2023.3.31 —

PURPOSE

Contributing to society by developing leading-edge technologies and manufacturing high-quality products

Inheriting “For the world and for people,” the founding spirit of Sakichi Toyoda, the founder of the Toyota group and also the founder of Toyoda Boshoku (the forerunner to Toyota Boshoku), we have been conducting our business activities for over 100 years. We aim to be a company that continues to be needed by society, by working earnestly to resolve social issues through our business operations.

Principles of Toyoda

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.



Sakichi Toyoda

The identity of the Toyota Boshoku group

The identity of the Toyota Boshoku group has been cultivated over more than a century. We have consistently focused on HITOZUKURI (human resources development) and MONOZUKURI (manufacturing and craftsmanship) from the customer's perspective, based on the concept that “human resources development is at the heart of manufacturing.” Furthermore, we carry out human-centered advanced R&D, since our products come into direct physical contact with people.



Five materiality issues

We have defined as our materiality the identification of important issues to be prioritized through our business operations from among a variety of social issues and the approach we adopt to resolve them. We aim to realize five materiality issues related to Safety, Environment, Comfort, People, and Organizations.



Three product businesses

We provide customers around the world with the ultimate mobility life in the three business domains of Seat, Interior & Exterior, and Unit & Exterior. As a system supplier, the Toyota Boshoku group aims to be an Interior Space Creator capable of providing total coordination of the entire automobile interior space.



VALUE

Offer “QUALITY OF TIME AND SPACE” in all mobility

The Toyota Boshoku group has declared its aim of becoming an Interior Space Creator, leading the creation of new value for mobility spaces. We are pursuing comfort in mobility spaces, on the foundation of safety and the environment. For greater freedom and greater enjoyment. We propose personalized solutions that bring value to the time spent in the vehicle interior and to mobility spaces.



Develop products that contribute to traffic safety

So that everyone traveling in mobility spaces is safe and secure at all times, we are working to develop seats that ensure safety in any posture and realize highly reliable manufacturing.



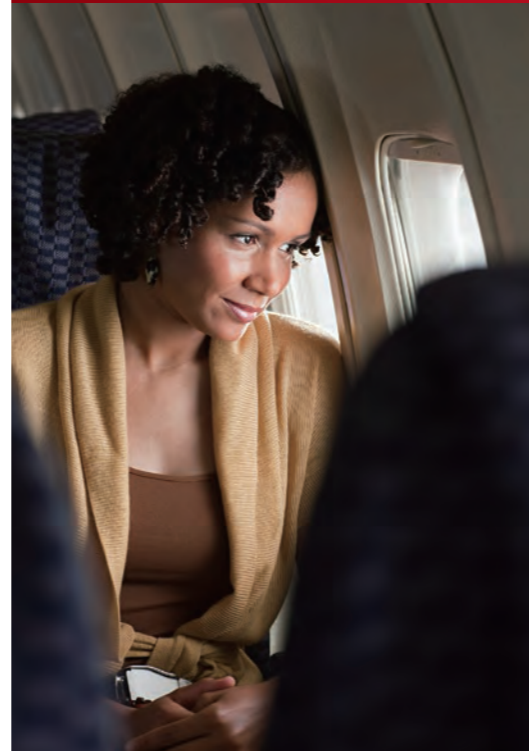
Contribute to sustainable mobility

We realize environmentally sound mobility through measures including the use of sustainable materials and products that are compatible with electric vehicles.



Bring value to mobility spaces

We are developing technologies that can respond to the evolution of automobiles and changing values. We provide more enjoyable and comfortable mobility for all.



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This section indicates the future path, covering the Company's purpose and how we will provide value. We explain the activities required for the Toyota Boshoku group to achieve sustainable growth, including the ongoing 2025 Mid-Term Business Plan, which incorporates measures to realize our materiality; and the KPIs managing this materiality.

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This section reviews how we will draw on the accumulated identity of the Toyota Boshoku group as a source of our competitive advantage, and how we will apply this to our business activities as management resources going forward. We also indicate the challenges recognized by the group and how we are addressing them in order to achieve further growth. The special feature introduces areas including our efforts to strengthen the identity of the Toyota Boshoku group which we are focusing on around the world, and activities related to sustainability.

Topic covered

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This section explains how we view future business development in light of our recognition of the environment over the medium to long term. We also present measures based on a SWOT analysis carried out for each business in order to execute our business portfolio strategy. We report on progress with initiatives and also focus on the latest development case studies as well as R&D results in new businesses.

Topic covered

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We carry out transparent, fair and prompt decision-making from the standpoint of all stakeholders, and this section reports on matters including compliance with the Corporate Governance Code. We also feature a message from the Chairman, acting as the Chair of the Board of Directors, on the operation of the Board of Directors and efforts to build our corporate culture, as well as a conversation between outside directors Dr. Seto and Mr. Ito on the state of governance at the Company, the challenges we face, and future prospects.

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This section covers the materiality formulation process, our history and financial data, etc., as supplementary information required for an understanding of the Toyota Boshoku group's value creation.

Editorial policy

On publishing the Toyota Boshoku Report

This report has been compiled in a comprehensive manner as an "integrated report" that presents not only financial information, but also "non-financial" information, the unseen value that is the source of value creation, in order to provide a deep understanding of the Toyota Boshoku group's potential and the process of enhancing corporate value over the medium to long term.

This fiscal year, we have described our management resources more concretely than ever before in order to realize our Vision, which indicates the company we aim to become. The special feature introduces areas including our initiatives around the world to strengthen the identity of the Toyota Boshoku group, and activities related to sustainability.

We hope that this presentation of the Toyota Boshoku group's efforts to achieve sustainable growth will serve as a tool for deepening constructive dialogue with our stakeholders.

Scope of reporting

The information in this report applies to the Toyota Boshoku group in Japan and other regions throughout the world. However, the scope of reporting differs for each initiative. Information disclosure in this report is carried out using the following reporting definitions:

Toyota Boshoku group: Japan, The Americas, China, Asia & Oceania, and Europe & Africa regions

Toyota Boshoku: Toyota Boshoku Corporation

Japan region: Toyota Boshoku Corporation and Japan affiliates

Outside Japan: The Americas, China, Asia & Oceania, and Europe & Africa regions

The scope for some items is stated on the respective pages.

Period covered by the report

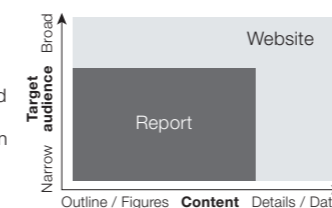
This report contains performance data for fiscal 2023 (from April 1, 2022 to March 31, 2023). Some information on activities outside this period is also included.

Reference guidelines

- IFRS Foundation's IFRS Sustainability Disclosure Standards
- VRF International Integrated Reporting Framework (International <IR> Framework)
- Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation
- GRI Sustainability Reporting Standards (GRI Standards)
- ISO 26000
- Task Force on Climate-related Financial Disclosures (TCFD)
- Environmental Reporting Guidelines 2018

Importance and completeness

This report focuses on information of particular importance and has been edited so as to be easy to read and understand. Further information is disclosed on our website. (<https://www.toyota-boshoku.com/global/>)



Cautionary statement with respect to forward-looking statements

This report contains forecasts and expectations that relate to future plans and strategies in addition to the expected financial results of Toyota Boshoku Corporation and the Toyota Boshoku group. These statements are not based on actual results from the past. Rather, they are estimates based on assumptions and opinions that have been formed by the Company from the information available at the time of writing. They also involve risks and uncertainties relating to economic trends, the severe competition affecting the automobile industry and changes in global demand, taxation regulations, laws, systems, natural disasters, and other matters. Accordingly, actual results may differ from the Company's forecasts.

Numerical values of financial results

The numerical values of financial results have been rounded off in this report.



Masayoshi Shirayanagi
President
Chief Executive Officer

Unerringly seize opportunities and create value amid rapid market changes

Reflections on my first year in office

Focusing on strengthening competitive advantage in every sense of the word

It has already been a year since I assumed the position of President last June. Looking back, the environment has undergone dizzying changes, including large fluctuations in production volume, material and logistics costs that have remained high, the slowing economy and the prolonged Russia-Ukraine crisis, and faster-than-expected progress in CASE, especially electrification, in the automotive sector. Given this extremely uncertain outlook, we have been doing everything we can over the past year to clarify our position and strengthen our competitiveness in every sense of the word.

For example, in terms of production, we had to safeguard production not only at our own plants but also throughout the supply chain in response to a shortage of parts and a sharp rise in costs, and we overcame these difficulties by creating a system of

collaboration among our own plants and by communicating with suppliers in a timely manner. In addition, in order to strengthen our response to the drastic changes in the environment, we also promoted the acceleration of decision-making, including reviewing our global production and supply system, and revising our organizational structure and meeting bodies to speed up management. Furthermore, commercial rights and development/production functions for OEMs other than Toyota Motor Corporation were transferred from Aisin Corporation and Aisin Shiroki Corporation, and we advanced efforts to strengthen our competitive advantage even more.

In terms of sales, we continued to aggressively pursue orders from automakers (“strategic OEMs”) that have an alliance relationship with Toyota Motor Corporation, our main customer. We expanded new business, especially in Asia, by strengthening communication and exploring potential needs through the establishment of new sales offices and the holding of technology exhibitions at customers’ sites.

In terms of sustainability, we were named an A List Company by CDP for both the Climate Change and Water Security categories, submitted a letter of

World-leading competitiveness

Message from the President

commitment for SBT certification, and initiated a human rights due diligence process.

Another area I have focused on is dialogue with front-line sites. In fiscal 2023, I visited 17 affiliates in Japan and 27 affiliates outside Japan, and engaged in dialogue with many company members at various sites. My motto is, “Turn your heads toward the external world and take a *Genchi-Genbutsu* (go, see & study) approach when going astray.” Through my site visits and dialogue, it was clear to me how each site is firmly implementing the PDCA cycle on the ground while looking to the future. I was able to experience firsthand the high level of motivation of each and every individual, and I myself was also energized by this. If our group works together as one, I am certain that we will be able to achieve the goals set forth in our mid-term business plan, as well as our 2025 target and our desired status for 2030. The last year was also one that deepened that confidence.

Summary of fiscal 2023 performance and outlook for fiscal 2024

Driving plans forward in a challenging business environment

In fiscal 2023, the second year of the 2025 Mid-Term Business Plan, consolidated revenue increased to 1,604.0 billion yen (up 12.8% from fiscal 2022) due to increased production resulting from a recovery in demand globally as well as foreign exchange effects, despite a challenging environment. In terms of profit, despite company-wide measures to secure earnings, operating profit declined to 47.6 billion yen (down 20.9%) and net profit attributable to owners of the parent declined to 14.6 billion yen (down 62.6%) owing to factors including a change in the model mix caused by parts supply issues in Japan and costs associated with the termination of the Russian operations.

In light of the changes in the environment since the formulation of the 2025 Mid-Term Business Plan, we reconfigured the level of achievement of our goals in order to realize our Vision, our desired status for 2030, and 2025 target, and identified the gap from the current situation. Taking this gap as a management issue, we have established MONOZUKURI competitiveness, R&D capability, sales capability, and management foundation as our Mid-Term Business

Hoshin, which we will strengthen continuously until 2025. (➡p. 29) In addition to these four items, activities that require acceleration due to ongoing issues from the previous year or changes in the environment with respect to annual targets have been designated as “fiscal year priority follow-up items.” In fiscal 2024, we are working on four fiscal year priority follow-up items: Response to the battery electric vehicle (BEV) market, Penetration of environmental management, Utilization of digital technology, and Promotion of TQM.

Although the market environment is expected to remain uncertain, we forecast an increase in revenue to 1,800.0 billion yen, due to factors including sales expansion to strategic OEMs in Asia and other regions. Despite the fact that we will maintain our policy of making up-front investments such as capital expenditures, environmental investments and investment in digital transformation (DX) after careful consideration on the respective necessity, we are also projecting an increase in profit due to the effects of increased production, boost from new products and the establishment of an efficient production system.

Growth strategy

Responding accurately to market changes

Steadily strengthening R&D capabilities in line with our roadmap

In order to become a company that provides new value to the entire automobile interior space as an Interior Space Creator in 2030, I would like us to have a world-leading competitive advantage in the seat, interior & exterior, and unit components businesses, expand the orders we receive from single items to systems, and be entrusted with even more items, in more regions, and in more development areas.

As one example, we have taken over the seat frame mechanism components business from Aisin Corporation and Aisin Shiroki Corporation, and are also in the process of making Toyota Body Seiko Co., Ltd. a subsidiary of Toyota Boshoku. This will enable the companies to truly share with each other their knowledge and expertise in development, production engineering, manufacturing, procurement, and other areas. We hope to quickly realize synergies to strengthen our competitiveness.

Meanwhile, we have drawn up a technology

roadmap to further bolster our R&D capabilities, which are at the root of manufacturing. First, we clearly define what a comfortable, safe, and secure automobile interior space is, and then we examine each of the specific technologies needed to realize this. We have made a sharp distinction between those technologies that we will produce in-house and those where we will seek the support of business partners. At the same time, we have determined how to acquire each technology, and are steadily making progress in line with our roadmap. It is also important for us to proactively make proposals for items we have developed to our client OEMs, and reflect in the technology roadmap the knowledge we have gained. In particular, we are looking to refine the technology roadmap with our sights on areas such as electrification, autonomous driving, MaaS, as well as our response to environmental issues. (➡pp. 31, 58)

Establishing systems to seize electrification as a major opportunity

The electrification of automobiles is rapidly accelerating around the world. In April 2023, we exhibited at the Shanghai International Automobile Industry Exhibition, and were reminded once again that Chinese manufacturers have a dominant presence in this field. Although the pace of progress varies from country to country, there is no doubt that the share of BEVs will increase worldwide.

We see this trend as a significant opportunity to expand our business, and we are likewise focusing our efforts on responding to automotive electrification. Previously, we had thought that the impact of electrification on our core seats and interior business would not be so significant. However, in the process of thorough benchmarking against our competitors, we have come to understand that with regard to one of the biggest challenges for electric vehicles, namely how to extend driving range, optimizing the components and materials used in the vehicle body and seat frames, as well as heat management in the automobile interior space, are more important factors than we had envisaged, and can contribute to improving electric power efficiency. We continue to make preparations with a sense of urgency, so that we can identify these new EV-specific requirements and propose the optimal products and systems. However, we cannot do everything alone. We need to work together with our customers, the automakers, from the early stages of product planning for seats

and other products, and carry out development taking the vehicle body and frame into consideration.

In unit components, in order to better secure business opportunities in new markets, from fiscal 2024 we have changed the previous Unit Components Center and Unit Production Engineering Center of the Unit Components Business Segment into the FPT Products Business Field and Electric Products Business Field. By establishing a system that allows us to perform all processes from product planning and development to production preparation under single management, we are able to meet our customers’ needs at an unprecedented pace. (➡p. 65)

Creating next-generation rideshare spaces, including MX221

The Toyota Boshoku group is also focusing on value creation for MaaS, which is expected to become a new market for mobility. One example of this is the MX221, a rideshare space envisaging autonomous driving level 4. This product was planned through collaboration among six companies in the Toyota Group, including Toyota Boshoku, and was developed as a configurable cabin space solution tailored to a variety of users based on the concept of Diversatility.* This is where we maximize our expertise in safety and seating comfort, cultivated through our automotive seat business. By presenting specific automobile interior spaces such as the MX221, we are conveying to the market what kind of value we can bring to society as an Interior Space Creator, and by listening to market feedback, we can reconfirm the direction we should be taking.

In January 2023, we exhibited the MX221 at the CES 2023 consumer electronics trade show in Las Vegas, where it was well received by many visitors. MX ACCESS (for wheelchair users) was particularly well received. After the trade show, we continued to make individual presentations to customers around the world, and we are now receiving a wide variety of inquiries from various fields, not only about the MX221, but also about the automobile interior space in general. (➡pp. 47, 67) We can feel our customers’ high expectations for this product and sense its future business potential. We are aiming for further technological development in this field, while continuing to take market feedback on board, and plan to advance from the planning and demonstration phase to the implementation phase, with the hope of bringing it to fruition as a business by 2025.

* A term coined by combining the words “Diversity” and “Versatility”

Message from the President

Strengthening human capital

Focusing on human resources development

While we are pushing forward with initiatives to strengthen our human capital, including placing HR strategy on the Board of Directors agenda, we recognize the need to make our efforts more visible to those outside the company as well. I believe that human resources are a company's most crucial asset, and that their development and growth are also the source of corporate value.

Since fiscal 2023, we have been working to identify our existing human capital and clarify the quality and quantity of human resources we will need in the future (HR portfolio). During fiscal 2024, we will clarify what abilities and skills are needed for us to become an Interior Space Creator, and to what degree these will be required.

In August 2022, we launched "Re:act," a program for developing innovative human resources that provides opportunities for spontaneous action, and "We:ave," an open application-based practical education program. In fiscal 2023, a space-themed workshop was held as part of "Re:act," with 1,629 participants. With "We:ave," 11 selected members participated in "Basic," a practical training program for innovation. In fiscal 2024, we plan to take our activities one step further with the "Advance" program. (▶ p. 46)

In parallel with these efforts, we will continue to focus on diversity and inclusion initiatives. The entire

group is promoting the development of an environment in which a diversity of company members of differing gender, nationality, age, and physical abilities/disabilities, can achieve their full potential and flourish. In fiscal 2023, we launched the Employee Network Resource Group (ENRG), a system for hearing the real voices of company members, and a number of ENRGs have been set up, including those for young members, senior members, and people with disabilities. In addition, the women's ENRG took the lead in organizing a convention to promote the success of women, which featured lectures and panel discussions by people from outside the company.

(▶ p. 45)

The health of each and every company member is essential for a vibrant and active career. We are committed to health management, and in fiscal 2023, we were again certified as an Excellent Enterprise of Health and Productivity Management 2023 (White 500) selected by the Ministry of Economy, Trade and Industry in collaboration with Nippon Kenko Kaigi (Japan Health Council). I myself have been swimming 12 times a month for 30 years. I encourage our company members to practice what is good for their body and mind at every opportunity.

Message to stakeholders

Aiming to continue being a company of choice

In order to ensure MONOZUKURI competitiveness, which is stated as the first pillar of our Mid-term Management Hoshin, I believe it is necessary to enhance our total strength as a company, including planning, development, production engineering, manufacturing, procurement, and sales, as well as the human resources and workplace culture that are the source of all of these. In order to maximize the potential of human resources, it is essential to foster an open workplace culture.

It will become increasingly important for each company member to take his or her own decisions at their work site and act quickly. This requires a workplace culture in which everyone can openly express their opinions without concern for hierarchical relationships.

In order to prevent incidents of corporate misconduct, the Toyota Boshoku group has established consultation services, including for our suppliers. However, separate from the establishment of such a system, I believe it is important to have a workplace culture in which anyone who feels even slightly that something is wrong can openly point it out to others, and I myself am conscious of taking the initiative to listen to the voices of those around me. For example, since becoming President, I have had more opportunities to give speeches within the company, and on each such occasion, I make sure to carry out a survey, read through all the responses, and make use of them in our measures and in my own actions.

I believe the key to creating an open workplace is to trust and entrust. Therefore, since assuming the position of President, I have asked all our managers to ensure that they trust their subordinates and delegate tasks to them. However, I also tell them that the manager has ultimate responsibility, and that I want them to be sure to follow up on progress and also be ready to give advice. As a result of entrusting tasks, there are likely to be many mistakes initially. In the long run, however, the experience of failure, like the experience of success, always leads to personal growth. The important thing is to try it yourself without fear of failure. This will nurture human resources who can think for themselves and lead to the development of a workplace culture with a high degree of autonomy.

Another thing I tell all our managers is, "Let's always be in good spirits!" Even when I myself come in contact with bad news, I try to avoid looking displeased as

much as possible, and to always smile and express my gratitude. I believe this will make for a cheerful and positive workplace atmosphere. By creating this kind of positive workplace atmosphere and continuing to consistently communicate an entrust and nurture policy, I would like to foster an open workplace culture that will serve as the foundation of our competitiveness and lead to speedier management.

I am confident that our growth strategy, which aims to create new value while anticipating the development of CASE and MaaS, is becoming something that our customers and many other stakeholders can look forward to. As I have been saying ever since I took office, my greatest desire is to be a company for which our customers, shareholders, company members, partners, suppliers, local communities, and various other internal and external stakeholders feel an affinity and are able to say, "I like Toyota Boshoku," and to continue being a company that is chosen by them.

We, the Toyota Boshoku group, will continue to make steady progress toward the achievement of our 2025 Mid-Term Business Plan, and beyond that to the realization of being an Interior Space Creator. I very much hope to gain the continued understanding and support of all our stakeholders.

Masayoshi Shirayanagi

President
CEO



Message from the CFO

Financial strategy for realizing world-leading competitiveness



Shunichi Iwamori
 Director, Operating Officer
 Chief Financial Officer

Review of fiscal 2023

Progress in strengthening the corporate structure despite a challenging environment

In fiscal 2023, my first year as CFO, we operated in a very difficult environment, with large fluctuations in automobile production volume due to a shortage of semiconductors, material and logistics costs that continued to remain high, and the prolonged Russia-Ukraine crisis. While recognizing that the role of the CFO is to support the sustainable growth of the company through the implementation of financial strategy and the accumulation of results, amid a drastically changing external climate it was a year that made me acutely aware once again of the importance of safeguarding production and employment throughout the supply chain, including our suppliers, as well as strengthening the corporate structure and management foundation to enable us to respond flexibly to environmental changes.

For example, our suppliers who provide us with raw materials, have similarly faced soaring prices for materials and energy. If business with our suppliers is not conducted in an orderly fashion, they will face a business crisis due to deteriorating cash flow, etc., and the craftsmanship they have cultivated will also be put in jeopardy. Through repeated communication with our suppliers, working closely with them and occasionally being direct with each other, we continued making concerted efforts to confront the difficult situation, with our main focus on safeguarding the entire supply chain.

In fiscal 2023, performance reflected the challenging conditions. Although revenue grew, due in

part to a recovery in production after the coronavirus pandemic, operating profit decreased owing to the impact of changes in the external environment as well as deterioration in the car model mix. In particular, we decided to withdraw from our Russian operations as we concluded it would be difficult to continue in light of the protracted Russia-Ukraine crisis. It is extremely regrettable that we were unable to maintain the business we had nurtured and continue to employ the company members we had grown together with.

Progress under the 2025 Mid-Term Business Plan is focused on the evaluation of processes, such as whether the transformation of the corporate structure has progressed, and whether sales expansion and the internalization of technology are proceeding as planned. For example, we are steadily strengthening our R&D capabilities, which form the foundation of manufacturing, in line with our roadmap. I believe the year was one in which we made steady progress in strengthening our corporate structure; for example, making progress in expanding sales to strategic OEMs in the Asia region.

Outlook for fiscal 2024

Responding to production fluctuations and making strategic investments for the future

Although uncertainty is expected to continue in the second half of fiscal 2024, vehicle production is on the

road to recovery as the semiconductor shortage is gradually resolved, and high levels of production are forecast going forward. We will continue to respond robustly to market changes, while at the same time remaining disciplined in our strategic investments, which are the seeds we are planting for sustainable growth.

Capital investment in fiscal 2024 is expected to be at a record high level. Our largest investments will be for the construction of new plants outside Japan to improve efficiency through production consolidation, and for the improvement of logistics efficiency within Japan. We anticipate benefits over the medium to long term from these investments, and improved transportation efficiency will also contribute to lower CO₂ emissions and further bolster our competitiveness.

In addition, with the transfer of the seat frame mechanism components business from Aisin Corporation and Aisin Shiroki Corporation, we have begun to do business with new partners. Toyota Boshoku Hirose Corporation, which became a new member of the Toyota Boshoku group in April 2023, aims to further strengthen the competitiveness of the Toyota Boshoku group by leveraging its expertise in manufacturing competitive seat devices and experience of doing business with a wide range of customers. Going forward, local subsidiaries of Aisin Shiroki Corporation in Indonesia and India will become subsidiaries of the Toyota Boshoku group, followed by Toyota Body Seiko Co., Ltd. (a subsidiary of Toyota Auto Body Co., Ltd.). We will further strengthen our competitive advantage by applying our manufacturing and technological capabilities, which enable us to provide high value-added products and services, to our existing businesses.

| | 2025 Mid-term Business Plan target | FY2023 results | FY2024 full-fiscal year forecasts |
|--|--------------------------------------|----------------|-----------------------------------|
| Revenue (billion yen) | 1,600+ α | 1,604.0 | 1,800 |
| Operating profit (billion yen) | 100+ α | 47.6 | 69 |
| Operating profit ratio | 6–7% | 3.0% | 3.8% |
| ROE | 10% or higher | 3.7% | 8.1% |
| Ratio of equity attributable to owners of the parent | Around 40% | 39.8% | 40% |
| Net asset (billion yen) | 400 | 436.8 | 470 |
| Dividend payout ratio | Around 30% | 89.1% | 38.5% |
| Capital expenditures (billion yen) | 250+ α (FY2022–2026 total) | 50.7 | 82 |
| R&D expenses (billion yen) | 200+ α (FY2022–2026 total) | 47.3 | 49 |

* Announced on July 28, 2023

Message from the CFO

As a result of the aforementioned business transfer and other factors, the share of sales to customers other than Toyota Motor Corporation is expected to increase further in fiscal 2024 from the 8% share achieved in fiscal 2023, and so our target of 13% in fiscal 2026 is now in sight. We will strengthen financial support in order to win more orders from strategic OEMs, especially in emerging countries such as Indonesia and India.

Medium- to long-term financial strategy

Maximization of cash flow and optimal allocation

I think the basic policy in our financial strategy is to maximize cash flow and implement optimal allocation. We will continue aiming to achieve sustainable growth by continuously and systematically executing investments in various areas in line with our medium- to long-term strategy, while maintaining a sound financial base.

The scale of investment is planned to be approximately 250 billion yen in capital expenditure and 200 billion yen in R&D expenses over the five-year period from fiscal 2022 to 2026. Major projects include global investment in production facilities and promotion of automation on production lines using robots, AI, and sensing technologies for the new generation TNGA* being promoted by Toyota Motor Corporation, our largest customer. In addition, we aim to further strengthen our earnings base by bolstering our manufacturing structure, including establishing a new logistics site in Japan and constructing a new plant in the United States.

We will continue to aggressively pursue environment-related investments and accelerate activities toward our goal of reducing CO₂ emissions by 50% by 2030 (compared to fiscal 2014) and achieving carbon neutrality by 2050. In May 2023, we updated the results of our scenario analysis and disclosed future applicable costs in order to enhance information disclosure under the Task Force on Climate-related Financial Disclosures (TCFD). We will use the timing of model changes to promote upgrading to production facilities with lower CO₂ emissions, the introduction of renewable energy to production sites, and more efficient transportation using a new logistics site. In addition, with regard also to biodiversity, which will be a focal point in the future, we are developing highly sustainable products that address resource depletion.

In terms of investment in R&D, we are actively budgeting for R&D expenses to make our products easier to recycle, and we will create technologies that lead to the realization of a circular economy throughout the value chain.

In terms of investment in human capital, we are working to promote the success of our diverse human resources by introducing a common global HR system and promoting the exchange of human resources between regions outside of Japan, as well as promoting innovative human resource development programs to foster leaders who can create new businesses.

* Toyota New Global Architecture: An initiative of Toyota Motor Corporation directed toward structural reform of automobile manufacturing with the aim of greatly improving basic performance of vehicles and product appeal

Capital efficiency

Improving capital efficiency by optimizing country-specific characteristics

In order to implement disciplined investment, we are now considering verifying the efficiency of return on invested capital in addition to internal rate of return (IRR), which we have been using for business feasibility assessment hitherto. In business expansion outside of Japan, previously we have built similar production lines in each country in line with global standards. While this has its advantages, such as ease of horizontal deployment, in recent years it has become apparent that it is difficult to reflect regional characteristics, such as supply chains and labor costs in each country. Therefore, we have begun to consider the possibility of verifying capital efficiency by focusing on return on invested capital (ROIC) by country, taking into account regional characteristics. However, if different production methods and lines are introduced

in different countries in the future based on capital efficiency, this could have the adverse effect of making it difficult to provide support and technical training to neighboring countries as we did in the past. We are promoting discussions about verifying the efficiency of ROIC as a tool for in-depth debate with the local site and management as we seek to further improve capital efficiency while leveraging the expertise and experience we have accumulated to date.

Message to stakeholders

Enhancing corporate value by executing financial strategy

The Toyota Boshoku group aims to enhance corporate value by actively investing profits generated through its business activities in growth areas and maximizing net earnings per share, thereby increasing our earning power. We pay dividends to shareholders based on the principle of maintaining long-term stable dividends, taking into consideration factors including consolidated earnings and the dividend payout ratio.

For fiscal 2023, we increased the annual dividend by 6 yen from the previous year to 70 yen per share. We will continue to meet your expectations by maintaining stable dividends over the long term as well as considering the possibility of share buybacks, aiming to improve our price-to-book (P/B) ratio by maximizing market capitalization.

I recognize that an important role of the CFO is also to strengthen communication with all our stakeholders. In fiscal 2023, we newly held an ESG briefing in response to requests for non-financial information disclosure. Through in-depth dialogue, we will listen sincerely to the voices of our stakeholders, and at the same time we will communicate our thoughts and specific activities for sustainable growth in a more appropriate manner. My hope is that by doing so, you will feel an affinity with us and ultimately become a “fan” of Toyota Boshoku. I very much hope to gain your continued support and understanding of the Toyota Boshoku group.



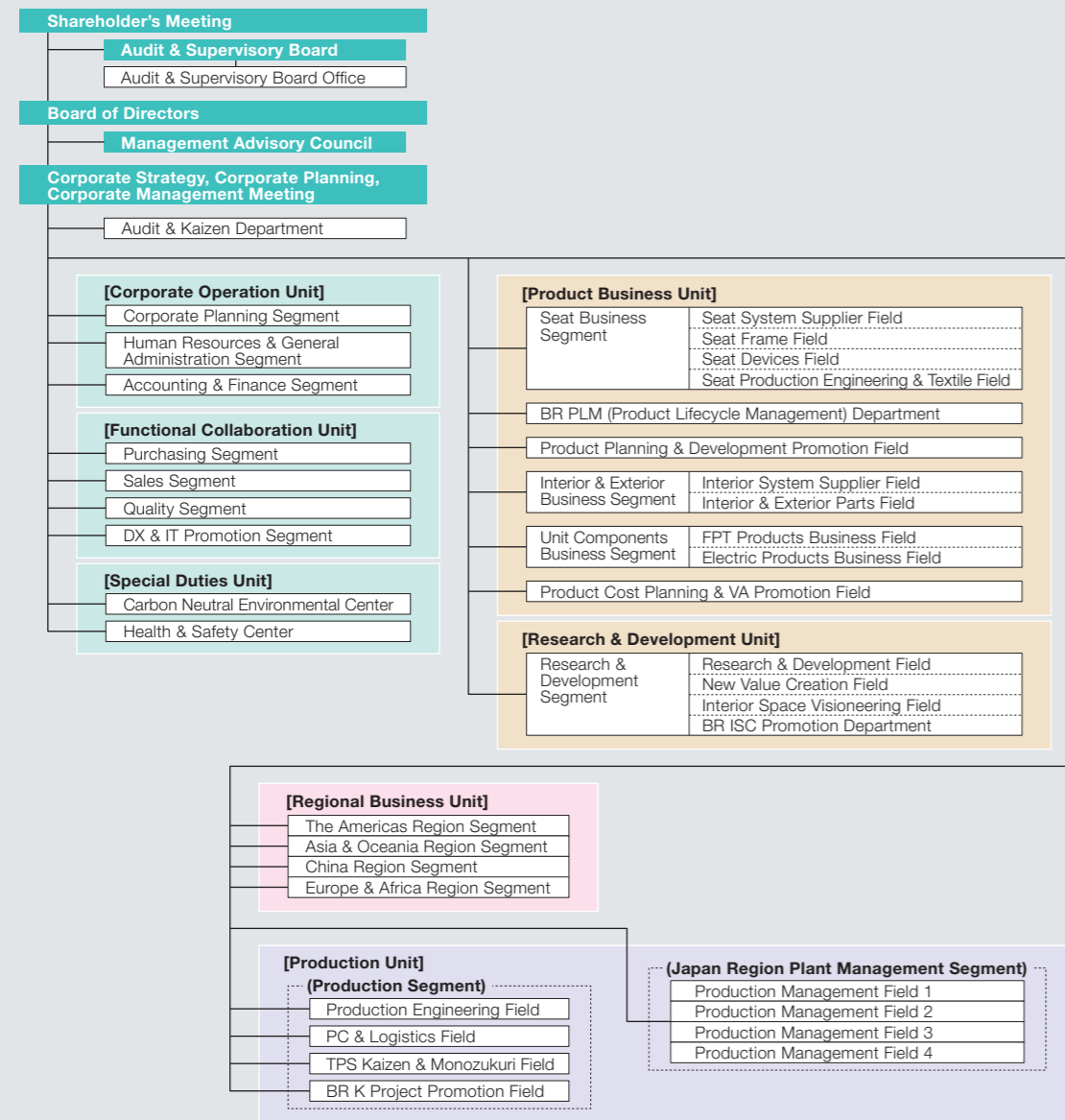
Shunichi Iwamori
 Director, Operating Officer
 CFO

Main strategic investments for the future

| Field | Details |
|------------------------|--|
| Production / Logistics | Establishment of a new seat device company in the US |
| | Establishment of a new logistics site in Japan |
| | MONOZUKURI innovation using robots and AI / sensing technologies |
| Alliances | Reorganization of the seat frame mechanism components business globally |
| | Investment in startup companies through Corporate Venture Capital (CVC) |
| Environment | Investment in energy conservation and renewable energy at production plants |
| | Response to the circular economy (material recycling, biomass conversion, etc.) |
| R&D | Support for CASE/MaaS (development of next-generation mobility services, rideshare spaces, etc.) |
| | Support for BEVs (thin seats, electric products [motor cores, FCs], etc.) |
| Human capital | Innovative human resource development, promotion of diversity and inclusion |

Organization & Chief Officer structure

Organization Chart As of September 1, 2023

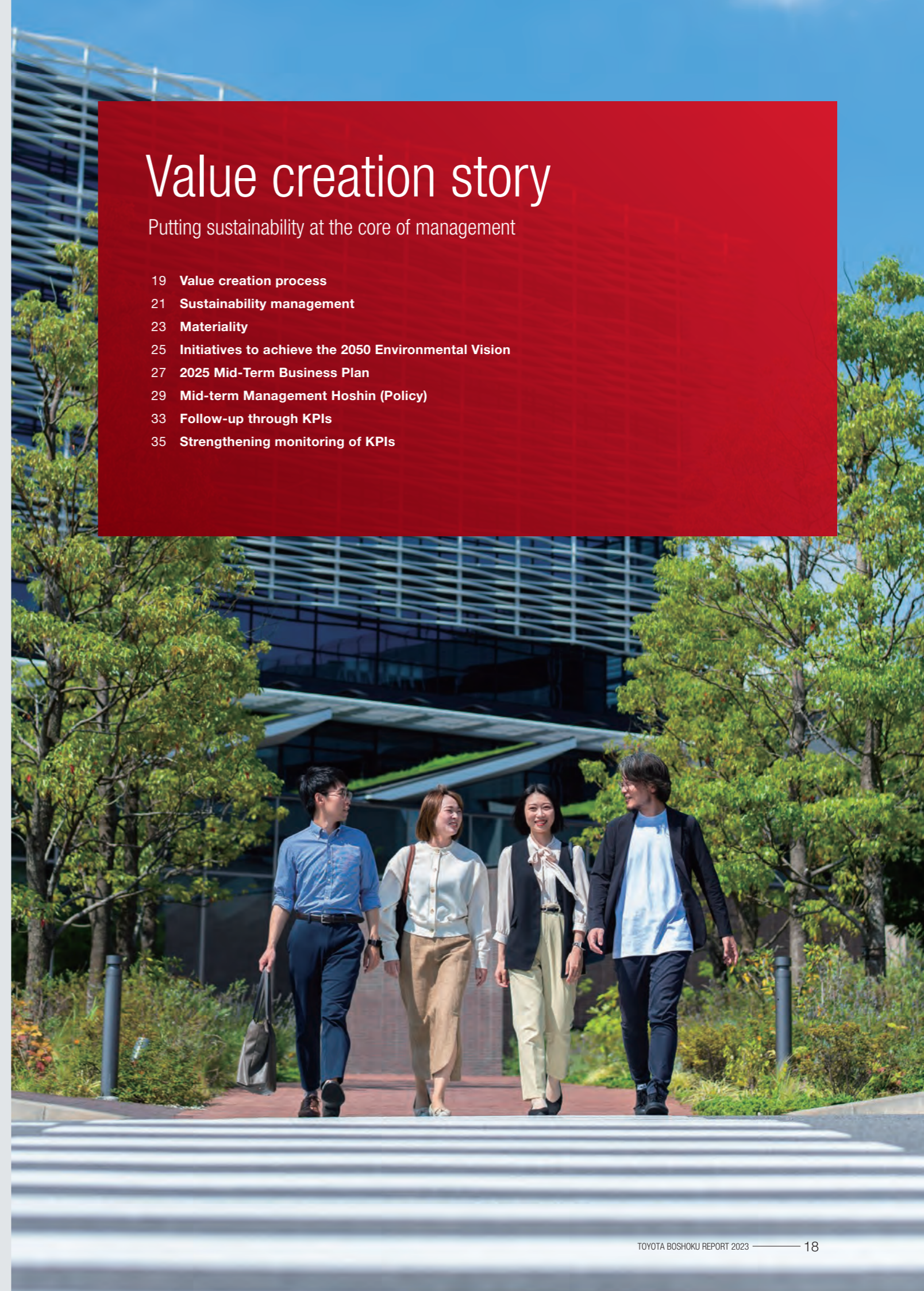


| CxO | | Organization management |
|------|------------------------------------|--|
| CRO | (Chief Risk Officer) | Audit & Kaizen Department |
| CEO | (Chief Executive Officer) | |
| CMO | (Chief Manufacturing Officer) | Production Engineering Field, PC & Logistics Field, TPS Kaizen & Monozukuri Field, Japan Region Plant Management Segment, BR K Project Promotion Field |
| CTO | (Chief Technology Officer) | Seat Business Segment, Interior & Exterior Business Segment, Unit Components Business Segment, BR PLM Department, Product Planning & Development Promotion Field, Product Cost Planning & VA Promotion Field, Research & Development Segment |
| CFO | (Chief Financial Officer) | Accounting & Finance Segment |
| CPO | (Chief Purchasing Officer) | Purchasing Segment |
| CHRO | (Chief Human Resource Officer) | Human Resources & General Administration Segment |
| CCNO | (Chief Carbon Neutral Officer) | Carbon Neutral Environmental Center |
| CCO | (Chief Customer Officer) | Sales Segment |
| CDO | (Chief Digital Officer) | DX & IT Promotion Segment |
| CSO | (Chief Strategy Officer) | Corporate Planning Segment |
| CBO | (Chief Branding Officer) | Interior Space Visioneering Field |
| CQO | (Chief Quality Officer) | Quality Segment |
| RCEO | (Regional Chief Executive Officer) | The Americas Region Segment |
| | | Asia & Oceania Region Segment |
| | | China Region Segment |
| | | Europe & Africa Region Segment |

Value creation story

Putting sustainability at the core of management

- 19 Value creation process
- 21 Sustainability management
- 23 Materiality
- 25 Initiatives to achieve the 2050 Environmental Vision
- 27 2025 Mid-Term Business Plan
- 29 Mid-term Management Hoshin (Policy)
- 33 Follow-up through KPIs
- 35 Strengthening monitoring of KPIs



Value creation process

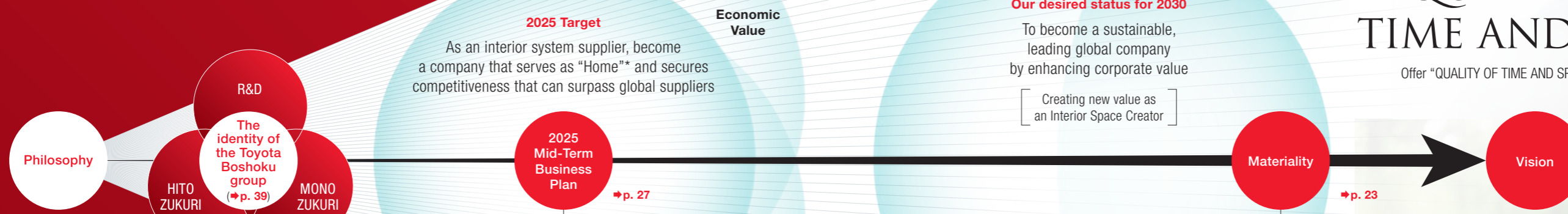
To realize our Vision, we have drawn up our desired status for 2030 and we will steadily implement plans.

In order to realize our Vision and be the company we aim to become, the Toyota Boshoku group has clarified its materiality (the approach we adopt to resolve the important issues we have identified to be prioritized through our business operations from among a variety of social issues), as well as our 2025 target and our desired status for 2030. Then, in 2020, we formulated the 2025 Mid-Term Business Plan, an action plan to achieve this materiality. We will implement this plan while maximizing our underlying philosophy and the strengths we have developed over our 100-year history.

Looking into the future, we will create tomorrow's automobile interior space that will inspire our customers the world over.

QUALITY OF TIME AND SPACE

Offer "QUALITY OF TIME AND SPACE" in all mobility



- Principles of Toyoda (p. 01)
- Corporate Philosophy
- Toyota Boshoku Group Guiding Principles
- TB Way
- Seat Business
- Interior & Exterior Business
- Unit Components Business

Five-year action plan starting in fiscal 2022 aimed at achieving materiality

Formulation of the 2025 Mid-Term Business Plan to resolve issues identified through a review of the 2020 Business Plan and analysis of the current situation, and to realize materiality.

- Mid-term Management Hoshin (policy unchanged until 2025)**
- 1 Secure MONOZUKURI competitiveness to be a trusted and chosen supplier
 - 2 Acquire the R&D capabilities to respond to future changes
 - 3 Acquire the sales capabilities that allow us to make proposals to customers around the world
 - 4 Establish a management foundation to support sustainable growth

* "Home" means a business or region that is capable of creating added value on a *Genchi-Genbutsu* (go, see & study) basis and has competitive advantage compared to competitors.

Economic Value

Social Value

Backcasting

Our desired status for 2030

To become a sustainable, leading global company by enhancing corporate value

Creating new value as an Interior Space Creator

The Toyota Boshoku group defines as our materiality the identification of important issues to be resolved through our business operations from among a variety of social issues and the approach we adopt to resolve them.

Issues Relating to Safety, Environment, and Comfort to Resolve through Our Business Operations

- 1 As an Interior Space Creator, we will contribute to people's quality of life, creating comfort, safety, and reassurance through innovation
- 2 Using our established technical capability, we will contribute to realize a society with no traffic casualties through providing products that assure safety
- 3 Together with our business partners, we will realize MONOZUKURI innovations that minimize environmental stress

Issues Relating to the People and Organizations that are Our Sources for Exercising Competitiveness

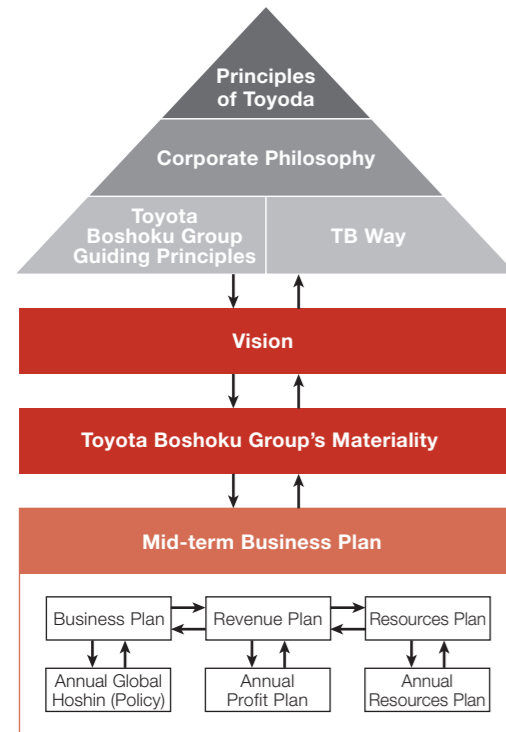
- 4 We will develop people capable of contributing to society, who have diverse values, a challenging spirit and understand the value of strong teamwork
- 5 We will continue to be a company of integrity trusted by all our stakeholders, inheriting our tradition of fairness and moral behavior to the next generation



Sustainability management

Management framework for enhancing corporate value

Management Concept



Principles of Toyoda

Toyota Boshoku's company belief, which stipulates the founding spirit of Sakichi Toyoda, "for the world and for people," as our daily motto

Corporate Philosophy

Our philosophy, which has been converted into easily understood phrases in order to ensure that the Principles of Toyoda are widely practiced among our company members and clarified as the value provided to our stakeholders

Toyota Boshoku Group Guiding Principles

A guide to the basic conduct we expect in our business activities

TB Way

Our management beliefs, values, and behavioral principles in concrete terms

Vision

The company we aim to become, based on our values and philosophy

Toyota Boshoku Group's Materiality

In order to realize the Vision, the approach we adopt to resolve the important issues we have identified to be prioritized through our business operations from among a variety of social issues

Mid-term Business Plan

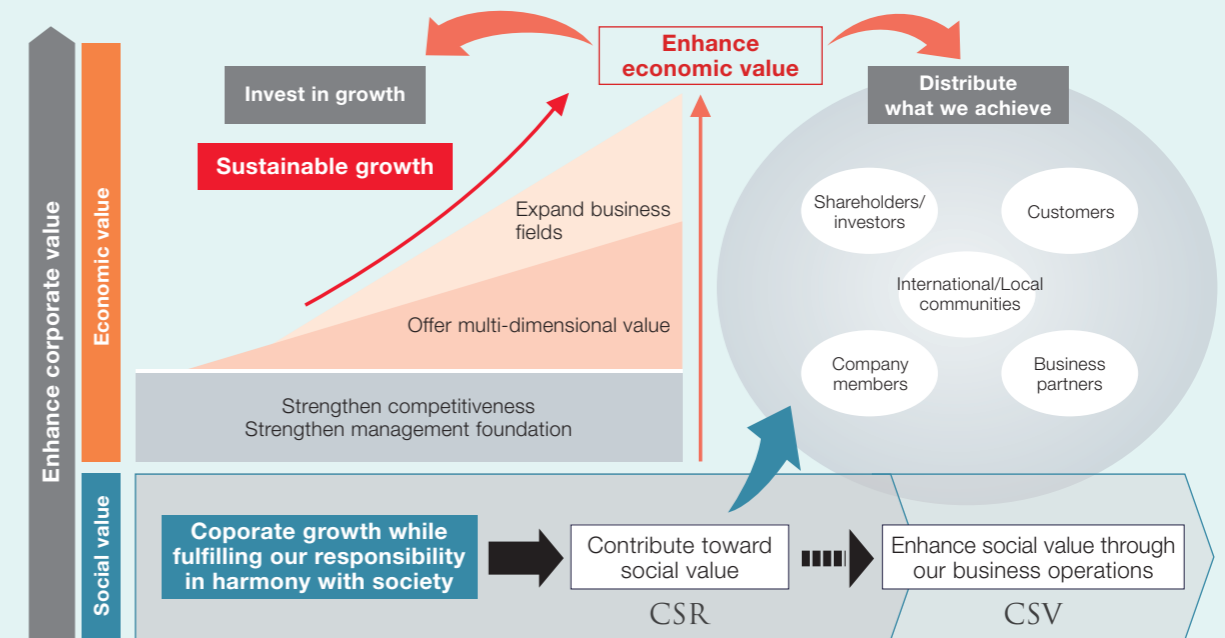
A plan that shows in detail how we will work toward realizing our materiality

Achieving sustainable growth in terms of both social and economic value

In order for the Toyota Boshoku group to realize its Vision and achieve sustainable growth, we believe it is essential to respond to the needs of society and solve social issues, thereby enhancing our social value while at the same time increasing our economic value.

The Toyota Boshoku group has organized this approach as "the management structure we aim to become," and we are striving to offer multi-dimensional value to customers and society and to expand our business fields while strengthening our management foundation and competitive advantage. We aim to enhance our corporate value over the medium to long term by maximizing the economic value generated by our group through our business activities, reinvesting the results for future growth, and returning them to our stakeholders.

The management structure we aim to become



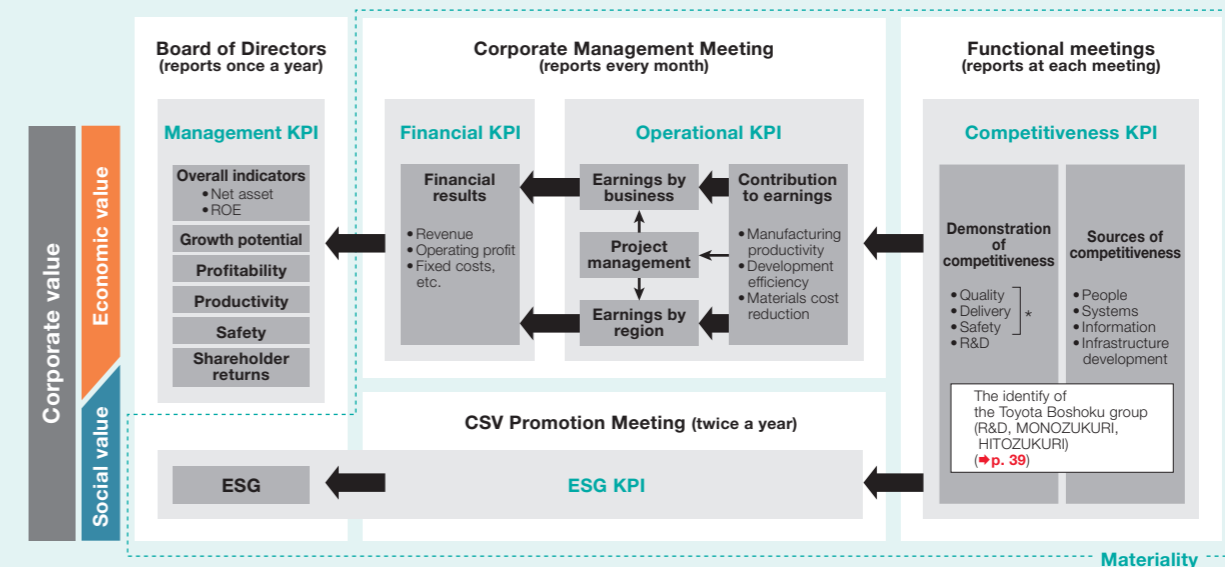
To realize the management structure we aim to become

Organizing a Business Management Structure and following up on KPI progress

In order to realize the management structure we aim to become, we have developed the Business Management Structure, which is a system for effectively utilizing and controlling management resources, and we follow up on progress using KPIs. While strengthening the monitoring of management, we measure the degree of achievement of our mid-term business plan and implement the PDCA cycle, as necessary, to get back on track.

We aim to enhance both economic and social value, and control them with the Management KPI, Financial KPI, Operational KPI, Competitiveness KPI, and ESG KPI.

Business Management Structure



* Reported at Corporate Management Meeting

Materiality

Important issues to be prioritized by 2030 and penetration measures by region

Issues relating to safety, environment, and comfort to resolve through our business operations

| Materiality | The meaning and concepts of materiality | Related SDGs |
|--|--|--------------|
| <p>1</p> <p>As an Interior Space Creator, we will contribute to people's quality of life, creating comfort, safety, and reassurance through innovation</p> <p>Comfortable spaces Promotion of innovation</p> | <p>Toyota Boshoku group has consistently developed its operations "for the world and for people," expanding from textiles into automotive interiors and contributing to the enhancement of safety and reassurance in people's daily lives. We are evolving into an Interior Space Creator, providing products and services such as those employing sensor-based biometric information to achieve comfort, which means enabling people to live with confidence while staying true to themselves (realization of smart cities).</p> | |
| <p>2</p> <p>Using our established technical capability, we will contribute to realize a society with no traffic casualties through providing products that assure safety</p> <p>Product safety Reduction of traffic accidents Aging society</p> | <p>To contribute to the ambitious target of a society of "zero traffic casualties," we will continue to offer high-quality, high-safety products (integrated seats, seatbelts, airbags, and other such products) and services that optimize Toyota Boshoku's strengths in R&D that is part of Toyota Boshoku's identity.</p> | |
| <p>3</p> <p>Together with our business partners, we will realize MONOZUKURI innovations that minimize environmental stress</p> <p>Reduction of environmental loads Productivity improvement Climate change Energy and resource conservation Cooperation with business partners</p> | <p>Aiming for a sustainable global environment in which children can live happily with smiles on their faces, we will make effective use of business resources and achieve the targets set out in our 2050 Environmental Vision, including zero CO₂ emissions, zero wastewater from production processes, and minimal volumes of natural resources used and waste produced. To accomplish this, we will work with our business partners to realize innovation and improve productivity in MONOZUKURI (and all manufacturing-related processes), utilizing the latest leading-edge technologies.</p> | |

Issues relating to the people and organizations that are our sources for exercising competitiveness

| Materiality | The meaning and concepts of materiality | Related SDGs |
|--|--|--------------|
| <p>4</p> <p>We will develop people capable of contributing to society, who have diverse values, a challenging spirit and understand the value of strong teamwork</p> <p>Ensuring diversity Workstyle innovation Respect for human rights Company-member health and work safety</p> | <p>To continue challenging ourselves to find solutions for the world's problems, we will develop autonomous human resources by bringing together talented individuals from around the world, who understand different ideas and ways of thinking, respect one another, and think together.</p> | |
| <p>5</p> <p>We will continue to be a company of integrity trusted by all our stakeholders, inheriting our tradition of fairness and moral behavior to the next generation</p> <p>Governance Compliance Strengthened information security Fair and equitable procurement</p> | <p>To continue being a company that is trusted by all stakeholders and grows together with them, we will continue to practice "ensuring that our corporate activities are fair and transparent," as enshrined in our Corporate Philosophy and the Principles of Toyoda that embody the concepts of Sakichi Toyoda, while "doing what is right" as laid down in the TB Way.</p> | |

Materiality formulation and penetration initiatives

In July 2020, we defined as our materiality the identification of important issues to be prioritized through our business operations from among a variety of social issues and the approach we adopt to resolve them. (▶ p. 87)

In addition, in order for our company members—the main actors of the initiatives—to understand their meaning and take ownership, we are implementing various penetration measures in each region, centering on the Regional Management & Collaboration Hubs.

Management of materiality progress

In addition to the financial targets established in the 2025 Mid-Term Business Plan, in December 2021 we established ESG KPIs, which measure social value.

The ESG KPIs consist of seven environmental, 10 social, and eight governance items, with a responsible person assigned for each item and targets set for each fiscal year through fiscal 2026, as well as targets set for fiscal 2031. (▶ p. 33)

Initiatives for materiality penetration in each region (FY2023 results)

THE AMERICAS

- Sent out TBA Executive Message for Materiality
- Created training tools and started training for all Toyota Boshoku America company members

FY2024 Plans

- Translating training tools into Spanish and Portuguese and starting training in non-English-speaking regions
- Developing and implementing sustainability policy and ESG KPIs



CHINA

- Continued internal dissemination of materiality through Chinese language version of materiality video
- Creating materiality posters and deploying them within the region
- Proactive communication of materiality through PR activities such as motor shows

FY2024 Plans

- Implementing training for new company members
- Implementing surveys to gauge degree of understanding of materiality

JAPAN

- Monthly delivery of messages and quizzes concerning sustainability, including materiality, on the PC startup screen
- Conducting lectures on sustainability, including materiality, in new company member training and position-based training

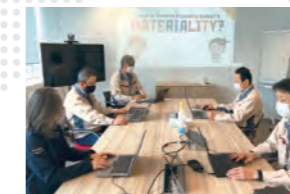


EUROPE & AFRICA

- Designating every May as "Materiality Month," interactive seminars are held with the participation of all regional entities. The introduction of specific activities stimulates sustainability awareness and action.
- Implementing sustainability management using ESG KPIs within the region

FY2024 Plans

- Review of ESG KPIs within the region to comply with the Corporate Sustainability Reporting Directive (CSRD) introduced in Europe



ASIA & OCEANIA

- Continued viewing of materiality videos at monthly orientations
- Continued display of materiality on all company members' PC screen-savers

FY2024 Plans

- Strengthening penetration activities by utilizing regional CSR meetings



Initiatives to achieve the 2050 Environmental Vision

Accelerating environmental management to achieve a sustainable society

In 2016, the Toyota Boshoku group formulated the 2050 Environmental Vision, and we have been striving to conserve and preserve the global environment by working to reduce our environmental impact from various angles.

However, global environmental issues such as climate change, natural resource depletion, and the biodiversity crisis are becoming more serious as each year passes.

Against this backdrop, in order to further focus on solving environmental issues and contribute to the conservation and preservation of the global environment, we reviewed the Toyota Boshoku group's past activities and our future target, based on the Toyota Boshoku Basic Policy of Biodiversity formulated in 2011, and in July 2023 drew up three priority actions. We aim to further contribute to global environmental conservation by promoting these three key initiatives: measures to prevent global warming in response to climate change, resource circulation in response to the depletion of natural resources, and co-existence with nature in response to the biodiversity crisis.

Additionally, with the formulation of the priority actions, we extended the scope of our activities and revised our Stretch Environmental Goals to Challenge 6. The whole group is working together to address environmental issues through our business activities and contribute to the realization of a sustainable global environment.

Vision

We will work together with all stakeholders with the aim of creating a sustainable global environment where children can lead their lives with a smile.

Priority actions



Challenge 6

Global warming prevention

1 GHG Net-zero¹ in the product life cycle



2 GHG Net-zero in the plant



Resource circulation

3 Sustainable resource circulation



4 Waste minimization



Co-existence with nature

5 Water resource impact minimization



6 Conservation and regeneration of natural capital



¹ To achieve net zero greenhouse gas emissions

Initiatives for the TCFD recommendations

In April 2020, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). By extensively analyzing the impact of climate change on our business and the risks and opportunities that result from it based on scenarios, we are reviewing the applicable costs and reflecting them in our management strategy. Based on the results of scenario analysis, we will continue to strengthen our response to risks and opportunities and work on further information disclosure.

| | Causes | Risks / Opportunities | Assessment | Actions | Response cost ² (FY2024) |
|--|--|---|-------------|---|-------------------------------------|
| Transition risks and opportunities (1.5 to 2°C ³) | Enhancement of climate change policies, including carbon pricing | • Increase in procurement costs by introducing carbon prices, etc. | Risk | • Survey of suppliers (CO ₂ emissions, efforts to reduce CO ₂ emissions, etc.), Promotion of activities for setting CO ₂ emission reduction targets • Support for suppliers (Sharing of energy saving cases, joint development of new materials and new methods, joint purchase of renewable energy, etc.) | – |
| | | • Increase in operating costs due to the direct impact of the introduction of carbon prices or its indirect impact on energy prices | Risk | • Introduction of highly efficient equipment to promote further energy saving and promotion of the development of new methods • Promotion of the introduction of renewable energy • Optimization of logistics (Reduction of CO ₂ emissions associated with transportation through the promotion of local production for local consumption) | 4.5 billion yen |
| | | • Increase in cost due to investment in energy saving and renewable energy for decarbonization | Risk | • Optimization of investment by introducing ICP (Internal Carbon Pricing) ⁵ | – |
| | Enhancement of efforts to promote vehicle electrification | • Expansion of business in new fields through collaboration between Toyota group companies | Opportunity | • Expansion of new business domains and diversification of provided value | 1.3 billion yen |
| | | • Increase in demand for electrified products | Opportunity | • Further planning and development of electrified products | 2.9 billion yen |
| | Change in evaluation by customers and the consumer value standard (raised environmental awareness, etc.) | • Decrease in sales due to lower demand for products with insufficient low-carbon technology | Risk | • Planning and development of products to further reduce carbon emissions • Planning and development of plant-derived products and lightweight products • Improvement of recyclability and promotion of simple disassembly design | 3.2 billion yen |
| • Increase in sales by developing low-carbon products • Expansion of demand for plant-derived products and lightweight products • Enhancement of competitiveness by developing technology to improve recyclability | | Opportunity | | | |
| Physical risks and opportunities (4°C ⁴) | Worsening of extreme weather, including heavy rain and subsequent flooding | • Decrease in sales due to the impact of supply chain disruption on production | Risk | • Risk management using a system to manage the range of supplier impact • Selection of logistics routes that minimize the impact of disaster | – |
| | | • Decrease in sales due to factory shutdown | Risk | • Enhancement of the BCP system (Creation of manuals and establishment of an information collection/sharing system) | – |

Commitment to SBT certification

In October 2022, we submitted a commitment letter to SBTi, an organization that certifies Science Based Targets (SBT), which are greenhouse gas emission reduction targets consistent with the levels required by the Paris Agreement, and have made a commitment to working toward obtaining SBT certification.

Participation in the Ministry of Economy, Trade and Industry's GX League

In May 2023, we participated in the Ministry of Economy, Trade and Industry's Green Transformation (GX) League.⁶



Toyota Boshoku joins 30by30 Alliance for Biodiversity

In October 2022, we joined the 30by30⁷ Alliance for Biodiversity led by Japan's Ministry of the Environment, and endorse the Alliance's objectives.



² The response costs will be updated in accordance with the next mid-term business plan
³ 1.5°C scenario: NZE (IEA World Energy Outlook 2021); 2°C scenario: SDS (IEA World Energy Outlook 2021)

⁴ RCP 8.5 (IPCC 5th Assessment Report)

⁵ Putting a price on the amount of carbon dioxide emitted by a company in the course of its business

⁶ A collaborative platform where industry, the government, academia, and financial institutions take on the challenge of rapidly achieving carbon neutrality and promote the transformation of the overall economic and social system, including stakeholders other than themselves

⁷ The objective is to effectively conserve at least 30% of terrestrial and marine areas as healthy ecosystems toward the goal of halting and restoring biodiversity loss by 2030

2025 Mid-Term Business Plan

Overview of the mid-term business plan and initiatives to achieve goals

The 2025 Mid-Term Business Plan, which began in fiscal 2022, reached its second anniversary in March 2023. Having first reassessed the current situation and fleshed out our 2025 target, we are promoting activities to achieve our goals.

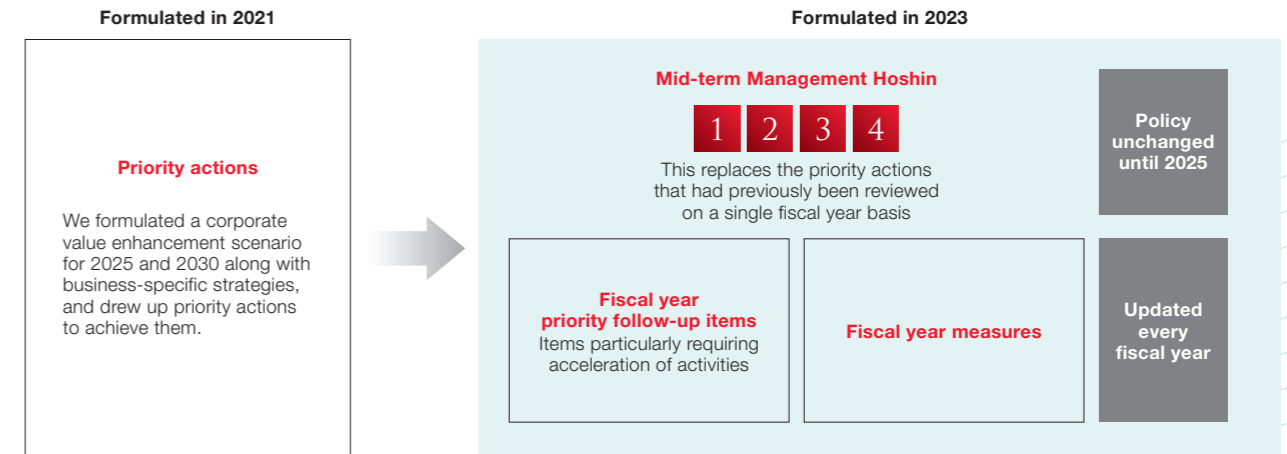
In order to realize our 2025 target, namely, "As an interior system supplier, become a company that serves as 'Home'" and secures competitiveness that can surpass global suppliers," we aim to secure a world-leading competitive advantage for each product and become the supplier of choice for customers around the world.

On the other hand, we recognize that there is a gap between our goals and the current situation, in terms of factors such as scope for further improvements in cost and quality, the speed of expanding the fields where we operate as an interior system supplier, and activities to expand sales to non-Japanese auto manufacturers.

Therefore, by rolling out the 2025 Mid-Term Business Plan in December 2022 and clarifying our management issues, based on changes in the environment, we formulated a Mid-term Management Hoshin (policy) to achieve the 2025 Mid-Term Business Plan. The Mid-term Management Hoshin replaces the previous "priority actions," and will remain unchanged until 2025, with measures tied to each fiscal year.

* "Home" means a business or region that is capable of creating added value on a *Genchi-Genbutsu* (go, see & study) basis and has competitive advantage compared to competitors

Review of 2025 Mid-Term Business Plan



Overview of the 2025 Mid-Term Business Plan

| Mid-term Management Hoshin (policy unchanged until 2025) | Details of initiatives | Fiscal year measures (FY2024) |
|---|------------------------|--|
| 1 Secure MONOZUKURI competitiveness to be a trusted and chosen supplier | → p. 30 | <ul style="list-style-type: none"> Design and manufacturing quality improvement Cost planning that outperforms competitors Reduction of lead time from planning/development to production/delivery |
| 2 Acquire the R&D capabilities to respond to future changes | → p. 31 | <ul style="list-style-type: none"> Promotion of technology roadmap Acquisition of technological capabilities as an interior system supplier Automobile interior space solutions system Generating the seeds of new business and sowing them in society |
| 3 Acquire the sales capabilities that allow us to make proposals to customers around the world | → p. 32 | <ul style="list-style-type: none"> Promotion of activities to win orders with our sights on 2030 Strengthening of proposal capabilities Gaining the trust of customers |
| 4 Establish a management foundation to support sustainable growth | | <ul style="list-style-type: none"> Decision-making process improvement Visualization of management information (→ p. 35) Creating an open workplace culture Encouraging company members to take on new challenges Formulation of a human resources portfolio for 2030 Enhanced disclosure of human capital |

Business strategies

(→ p. 57)

Existing businesses

- Reinforce core businesses and expand sales to new customers
- Raise earning power and promote investments in new growth fields

New businesses

- Respond to the advancement of CASE/MaaS
- Respond to electrification along with market expansion
- Promote new businesses that may serve as our fourth or fifth core businesses

Strategies by region

| | Japan | The Americas | China, Asia & Oceania | Europe & Africa | Revenue |
|---------------------|------------|--------------|-----------------------|-----------------|--------------|
| Seats | ⊙ | ⊙ | ↗ | ↗ | 1,120 |
| Interior & Exterior | ↗ | ⊙ | ⊙ | ⊙ | 320 |
| Unit Components | ↗ | ⊙ | ↗ | ⊙ | 160 |
| Revenue | 830 | 290 | 400 | 150 | 1,600 |

(billion yen)
Intracompany eliminations (70)

- ↗ **Sales expansion**
- Expand sales in China, Asia & Oceania along with market growth
 - Expand fields in Japan
 - Expand customers in Europe & Africa

- ⊙ **Reform of earnings structure**
- Reorganize plants in Japan and The Americas
 - Completely local procurement in China, Asia & Oceania, Europe & Africa

2025 Target

As an interior system supplier, become a company that serves as "Home" and secures competitiveness that can surpass global suppliers

Mid-term Management Hoshin (Policy)

Promotion status of 2025 Mid-Term Business Plan

Below we outline the main initiatives and promotion status of the 2025 Mid-Term Business Plan, which began in fiscal 2022.

Materiality and KPIs

| Mid-term Management Hoshin (Policy) (policy unchanged until 2025) | Related materiality | Related main KPIs (▶ p. 33) |
|---|---|--|
| Secure MONOZUKURI competitiveness to be a trusted and chosen supplier ▶ p. 30 | <ul style="list-style-type: none"> ③ Reduction of environmental loads <ul style="list-style-type: none"> Productivity improvement Climate change Energy and resource conservation ④ Workstyle innovation <ul style="list-style-type: none"> Company-member health and work safety | <ul style="list-style-type: none"> ● Production CO₂ emissions reduction ratio ● Waste emissions reduction ratio ● Water consumption reduction ratio ● Total work productivity ratio ● Number of serious accidents involving company members, outside contractors, and visitors ● DX certification |
| Acquire the R&D capabilities to respond to future changes ▶ p. 31 | <ul style="list-style-type: none"> ① Comfortable spaces Promotion of innovation ② Product safety Reduction of traffic accidents ③ Reduction of environmental loads | <ul style="list-style-type: none"> ● Ratio of sales of unit components of electrified products that will lead to minimization of environmental impact ● Rate of new product development leading to Interior Space Creator ● Ratio of vehicles that are expected to use products that contribute to traffic safety ● Number of patent applications ● Number of external presentations and papers |
| Acquire the sales capabilities that allow us to make proposals to customers around the world ▶ p. 32 | <ul style="list-style-type: none"> ① Comfortable spaces Promotion of innovation ② Product safety | <ul style="list-style-type: none"> ● Ratio of sales to companies other than Toyota Motor Corporation ● Ratio of sales in new business |
| Establish a management foundation to support sustainable growth | <ul style="list-style-type: none"> ④ Ensuring diversity Company-member health and work safety ⑤ Governance Compliance Strengthened information security | <ul style="list-style-type: none"> ● Ratio of female managers ● Health checkup rate ● Degree of implementation of the Toyota Boshoku Group Guiding Principles ● Number of serious cyber security incidents |

MONOZUKURI competitiveness

Securing MONOZUKURI competitiveness to be trusted and selected

Based on the identity of the Toyota Boshoku group, we are working to strengthen our overall MONOZUKURI competitiveness, from planning and design through to manufacturing and logistics in a single integrated process, aiming to achieve a competitive advantage over our competitors by 2025.

For example, we are working to achieve each of the 2030 goals while utilizing digital engineering, including realizing

development and production preparation in a short period of time, improving logistics efficiency, automation of operations, and passing on skills.

In the 100 years since our founding, we have inherited and cultivated this identity of the Toyota Boshoku group comprising R&D, MONOZUKURI and HITOZUKURI, and draw on this as the source for achieving quality, cost and delivery (QCD) that surpasses that of our competitors.

Achieving QCD surpassing competitors

MONOZUKURI innovation based on advanced automation

Response to shortage in labor population



Automation of sewing process

2030 target
Processing cost
-40%*

* Effect of automation of production lines for all products

Combining voluntary cardboard training with VR: Realizing development and production preparation in a short period of time



Simulation of the actual production process reproduced in cardboard

Use of VR to verify workability in 3D

2030 target
Lead time shortened
-30%

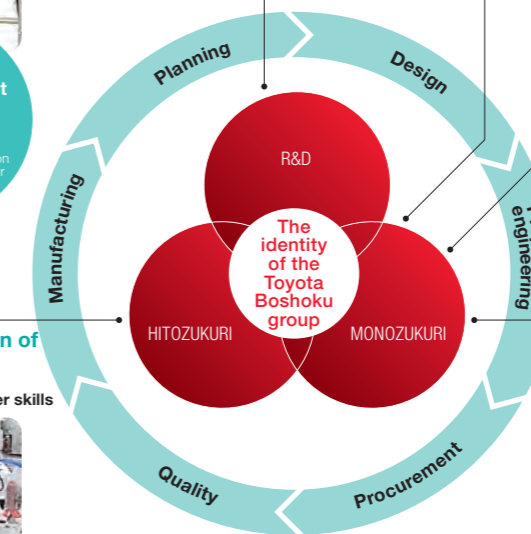
Succession of skills by digitization of craftsman's skills

Reduction of the period necessary to master skills



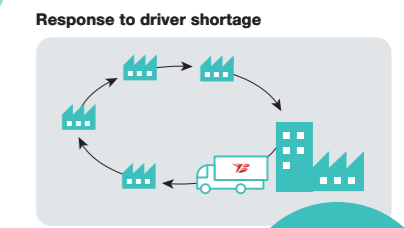
Digitization of know-how

2030 target
Period necessary to master skill
-50%



Based on the "identity of the Toyota Boshoku group" we have cultivated so far, we will realize QCD that surpasses competitors

Improving distribution efficiency (white distribution)



Milk-run logistics

2030 target
Distribution cost
-20%

Mid-term Management Hoshin (Policy)

R&D capabilities

Acquiring the R&D capabilities to respond to future changes

To realize a comfortable, safe, and secure automobile interior space, we have drawn up a technology roadmap and have clarified the required technology items. As well as accumulating technologies, we will ensure technological superiority by systematically acquiring the technologies and development facilities that we will need in the future.

We will proactively make proposals to our client automakers for items we have developed in line with the

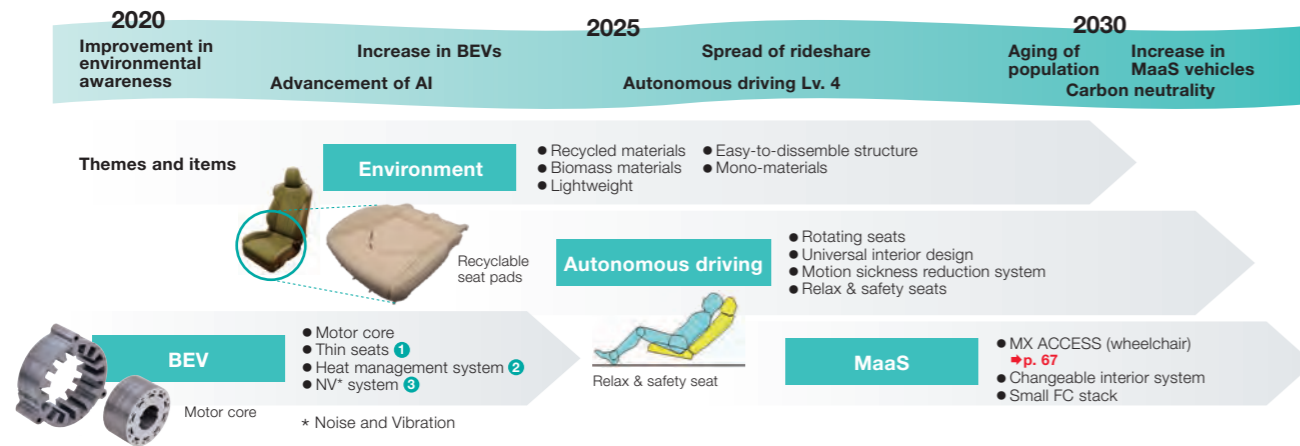
technology roadmap, and reflect in the technology roadmap the knowledge we have gained.

In particular, we will respond quickly to changes in the environment while refining the technology roadmap, with a view to addressing areas including the environment, BEVs, autonomous driving, and MaaS.

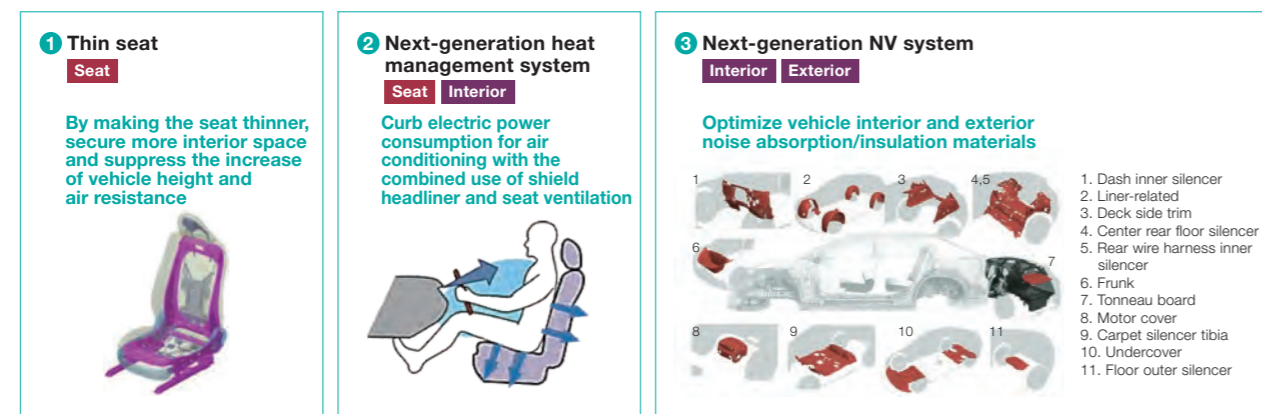
We will accelerate development aimed at becoming an Interior Space Creator, based on the technology roadmap.

Technology roadmap

Based on the technology roadmap, accelerate development to become an Interior Space Creator



Developing various items for BEVs, an urgent task



Sales capabilities

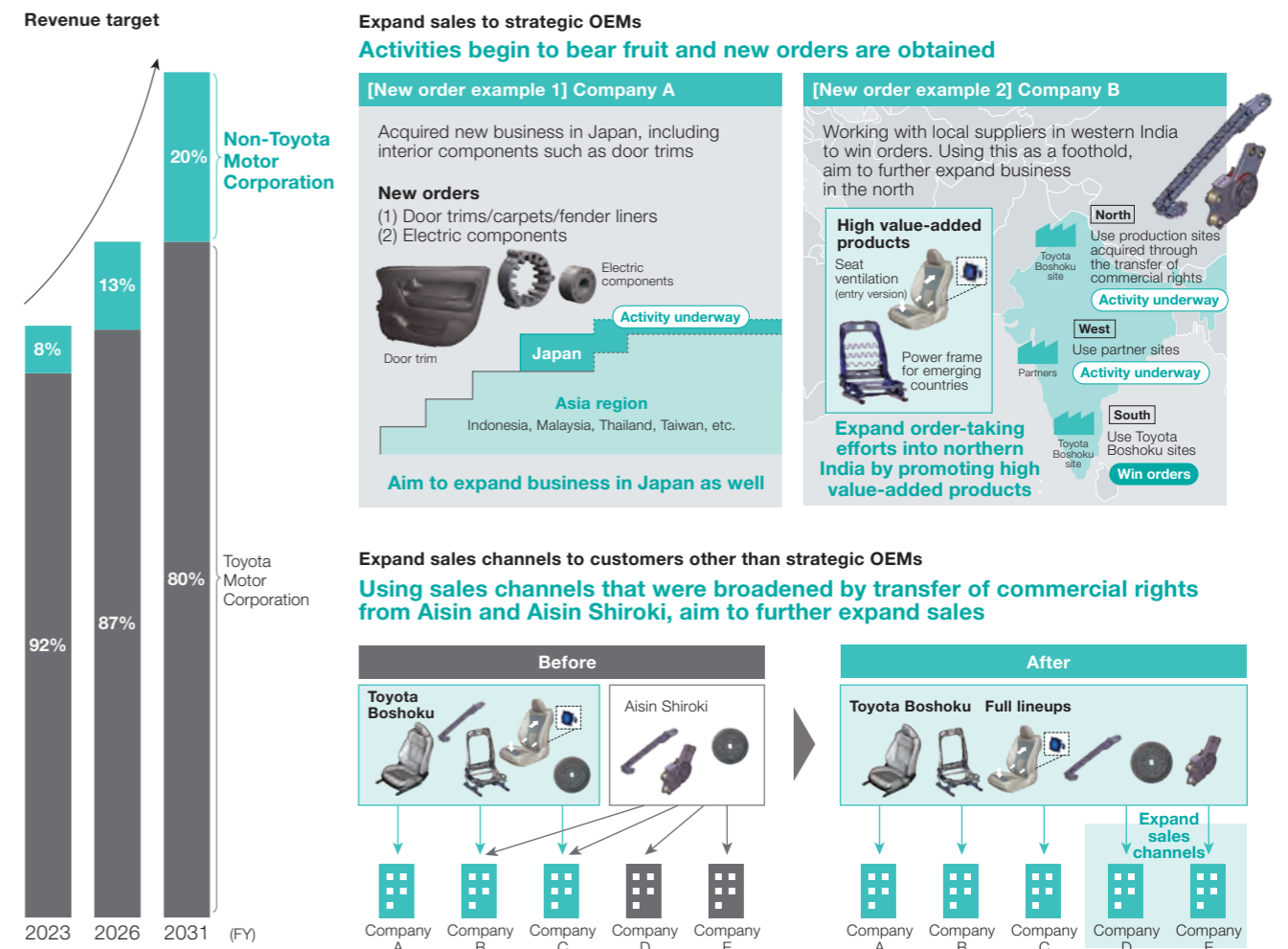
Acquiring the sales capabilities to make proposals to customers around the world

We are working to strengthen our sales capabilities with the aim of offering the Toyota Boshoku group's products to customers around the world.

To date, we have been promoting activities to win orders mainly from strategic OEMs that have an alliance relationship with Toyota Motor Corporation, but we are aiming to further expand our sales channels as we move toward 2030.

While utilizing the sales channels acquired through the transfer of commercial rights from Aisin Corporation and Aisin Shiroki Corporation following the reorganization of the seat frame mechanism components business, we will promote activities to win orders from new customers other than strategic OEMs.

Promoting activities to win orders from strategic OEMs



Follow-up through KPIs

Economic value

The Toyota Boshoku group has set financial targets for fiscal 2026 in its 2025 Mid-Term Business Plan in order to measure financial value. Progress is reviewed twice a year to manage the degree of achievement.

| KPIs | FY2026 targets | FY2023 results | FY2022 results | FY2023 financial review |
|---|--------------------------------------|----------------|----------------|--|
| Revenue (billion yen) | 1,600.0+ α | 1,604.0 | 1,421.4 | Despite the impact of production constraints resulting from component supply issues and other factors, the Toyota Boshoku group benefited from increased production due to a recovery in demand globally, as well as foreign exchange effects. While falling short of our full-year forecast, revenue increased by 182.5 billion yen (12.8%) to 1,604.0 billion yen compared to fiscal 2022. |
| Operating profit (billion yen) | 100+ α | 47.6 | 60.2 | Although there were benefits from increased production due to a recovery in demand globally, operating profit decreased by 12.6 billion yen (-20.9%) to 47.6 billion yen compared to fiscal 2022, mainly due to changes in the model mix resulting from component supply issues in Japan, and expenses (7.2 billion yen) associated with the termination of the Russian operations. |
| Operating profit ratio | 6–7% | 3.0% | 4.2% | There was a decrease of 1.2 percentage points from fiscal 2022. To secure budget for future growth, we will increase profitability by further streamlining fixed costs and reducing cost. |
| ROE | 10% or higher | 3.7% | 10.9% | Income tax expenses rose due to a reversal of deferred tax assets totaling 10.1 billion yen, as earnings deteriorated in the United States owing to higher material and transportation costs, as well as higher labor costs and overheads due to the effects of inflation. As a result, net profit attributable to owners of the parent decreased by 24.5 billion yen (-62.6%) compared to fiscal 2022, leading to a 7.2-percentage points reduction in ROE. |
| Ratio of equity attributable to owners of the parent | Around 40% | 39.8% | 40.0% | Total assets increased by 42.6 billion yen to 1,007.3 billion yen, mainly due to an increase in cash and cash equivalents and trade receivables. Meanwhile, equity attributable to owners of the parent increased by 14.5 billion yen to 400.7 billion yen. As a result, the ratio of equity attributable to owners of the parent decreased by 0.2 percentage points. |
| Net asset (billion yen) | 400 | 436.8 | 423.8 | Net assets increased by 13.0 billion yen from the end of fiscal 2022, mainly due to the recording of 14.6 billion yen in net profit attributable to owners of the parent. |
| Dividend payout ratio | Around 30% | 89.1% | 30.5% | We have increased the annual dividend by 6 yen from fiscal 2022 to 70 yen per share, a dividend payout ratio of 89.1%. Excluding the impact of costs associated with the termination of the Russian operations and the reversal of deferred tax assets in the United States, the dividend payout ratio would be approximately 40%. |
| Capital investments (billion yen) | 250+ α (FY2022–2026 total) | 50.7 | 38.3 | In addition to measures for new products as well as rationalizing and upgrading production facilities, a new logistics relay center (Toyota City, Aichi Prefecture) was established to improve the efficiency of distribution of auto parts, resulting in an increase of 12.4 billion yen to 50.7 billion yen compared to fiscal 2022. |
| R&D expenses (billion yen) | 200+ α (FY2022–2026 total) | 47.3 | 44.8 | We are committed to developing advanced, high-quality products and technologies that meet the needs of our customers. In addition to investment in human resources, we have strengthened R&D to provide new value by reorganizing the seat frame mechanism components business and promoting a global development system, resulting in an increase of 2.5 billion yen compared to fiscal 2022. |

Social value

KPIs for measuring the Toyota Boshoku group's social value are organized within an ESG framework to measure progress on materiality. These ESG KPIs are reflected in officers' compensation according to the degree of achievement (▶ p. 78).

For other ESG results, please refer to the ESG data on our website. <https://www.toyota-boshoku.com/global/sustainability/data/esg/>

| KPI | FY2031 targets | FY2026 targets | FY2023 results | Scope | Responsible person | Materiality | |
|---------------------|--|----------------------|----------------------|--------------------------------------|----------------------|--------------------------------------|-----|
| Environment | Production CO ₂ emissions reduction ratio (compared to FY2020) | -50% | -25% | -24% | Toyota Boshoku group | CCNO | ③ |
| | Renewable energy installation ratio | 40% | 15% | 23% | Toyota Boshoku group | CCNO | ③ |
| | CO ₂ emissions ratio in logistics (compared to FY2012) | -20% | -14% | -30% | Toyota Boshoku group | CCNO | ③ |
| | Waste emissions reduction ratio (compared to FY2012) | -20% | -14% | -20% | Toyota Boshoku group | CCNO | ③ |
| | Water consumption reduction ratio (compared to FY2014) | -8% | -6% | -35% | Toyota Boshoku group | CCNO | ③ |
| | Symbiosis with nature (number of trees planted) | Cumulative 770k | Cumulative 640k | Cumulative 650k | Toyota Boshoku group | CHRO | ③ |
| Social | Ratio of sales of unit components of electrified products that will lead to minimization of environmental impact | 45% | 10% | 6.5% | Toyota Boshoku group | CTO | ③ |
| | Number of patent applications | 500/year | 320/year | 325 | Toyota Boshoku | CTO | ① ② |
| | Number of external presentations and papers | 120/year | 90/year | 66 | Toyota Boshoku | CTO | ① ② |
| | Rate of new product development leading to Interior Space Creator | 30% | 15% | 5% | Toyota Boshoku | CTO | ① |
| | Ratio of vehicles that are expected to use products that contribute to traffic safety | 50% | 20% | - | Toyota Boshoku | CTO | ② |
| | Number of participants in social contribution activities (annual) | Total 2,000 | Total 2,000 | Total 2,980 | Toyota Boshoku | CHRO | ④ |
| | Degree of implementation of the Toyota Boshoku Group Guiding Principles | 100% | 100% | 87% | Toyota Boshoku group | CHRO | ⑤ |
| | Number of stress checks conducted for all company members | 1/year | 1/year | 1/year | Toyota Boshoku | Center Chief, Health & Safety Center | ④ |
| | Health checkup rate | 100% | 100% | 87% | Toyota Boshoku | Center Chief, Health & Safety Center | ④ |
| | Number of serious accidents involving company members | 0 | 0 | 0 | Toyota Boshoku group | Center Chief, Health & Safety Center | ④ |
| Governance | Number of serious accidents involving outside contractors and visitors | 0 | 0 | 0 | Toyota Boshoku group | Center Chief, Health & Safety Center | ③ ⑤ |
| | Number of environmental abnormalities and complaints | 0 | 0 | 1 | Toyota Boshoku group | CCNO | ③ ⑤ |
| | Number of serious cyber security incidents | 0 | 0 | 1 | Toyota Boshoku group | CDO | ⑤ |
| | DX certification | DX-Excellent company | DX-Excellent company | DX certified company | Toyota Boshoku | CDO | ⑤ |
| | Number of violations of antitrust laws | 0 | 0 | 0 | Toyota Boshoku group | CHRO | ⑤ |
| | Number of violations of anti-bribery laws | 0 | 0 | 0 | Toyota Boshoku group | CHRO | ⑤ |
| Human Rights | Response to human rights risks in the supply chain (development of human rights due diligence) | Expansion ratio 100% | Expansion ratio 100% | Study sessions with suppliers | Toyota Boshoku group | CPO | ④ ⑤ |
| | External awards from customers | 5 | 5 | 8 | Toyota Boshoku | CCO | ⑤ |
| | Compliance with timely and appropriate disclosure | 100% | 100% | 100% | Toyota Boshoku group | CHRO | ⑤ |

Accelerating decision-making by strengthening monitoring of KPIs

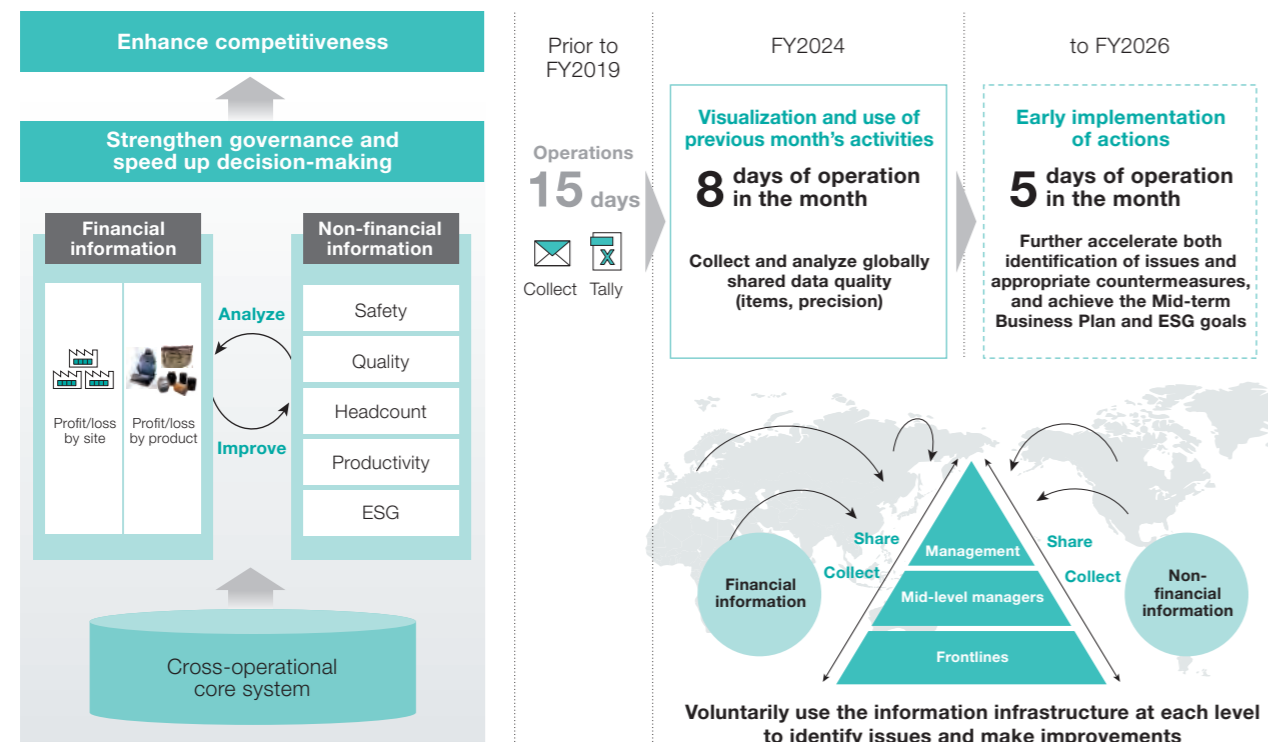
We are promoting standardization so that management decisions in relation to economic and social value KPI targets for 2025 and 2030 can be made based on quantitative data. Additionally, we aim to evolve our current system (management information infrastructure) so as to further enhance management control.

In fiscal 2023, non-financial information such as safety, headcount, facility productivity, and environment was collected and visualized globally. In particular, in the area of environment, we have made it possible to identify information such as CO₂ emissions and the rate of introduction of renewable energy in response to Scope 1 and 2. As this has made it possible to automate the process from information input to document creation, information can now be shared

in a timely and efficient manner.

In fiscal 2024, we will promote improvements to enable all levels of management, including executives, managers, front-line workers, and practitioners, to proactively utilize integrated management information. In particular, the economic value KPI and certain social value KPI, which have now been visualized, can be monitored by the Corporate Management Meeting while utilizing the management information infrastructure to immediately identify issues and make improvements. In addition, we are promoting faster decision making by shortening the lead time to information visualization (visualization of previous month's activities now operational on 8th of the current month instead of 15th). We are also further promoting visualization of the ESG KPIs, and will realize centralized management of economic and social value KPIs.

Aim of management information infrastructure



Management resources and strengthening them

Toward sustainable growth

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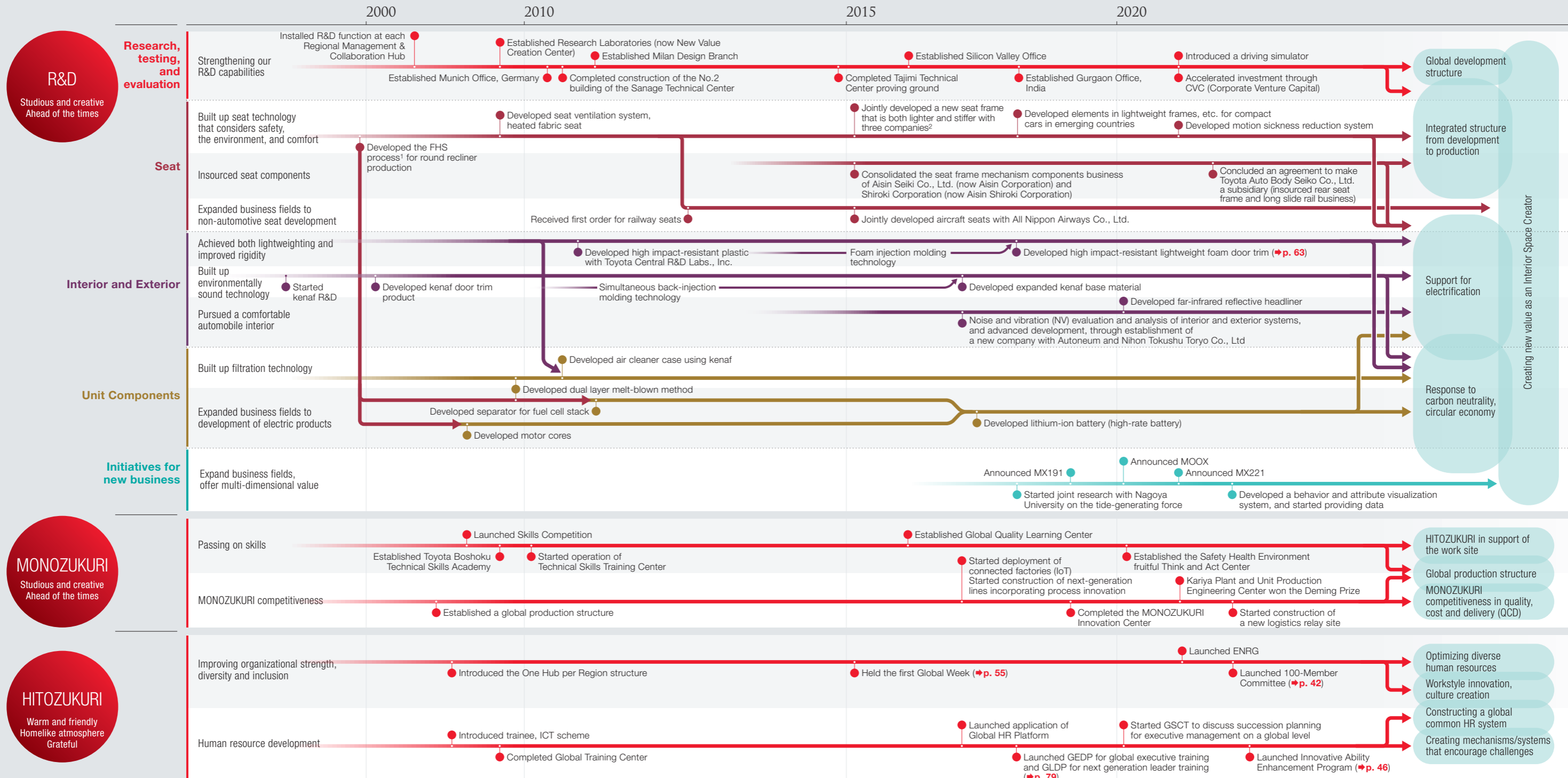
Management resources we have acquired

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.

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)



The identity of the Toyota Boshoku group (management resources)

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 ¹) | 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

R&D

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.

The identity of the Toyota Boshoku group (management resources)



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 |

Special feature: Management resources that generate new value

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



Number of companies

91

(including Toyota Boshoku)

Number of company members

53,430

(including temporary company members)

| | 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) | 317.7 (2022) 388.7 (2023) | 212.1 (2022) 244.6 (2023) | 190.4 (2022) 249.6 (2023) | 96.2 (2022) 108.2 (2023) |

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.

Special feature: Management resources that generate new value (Japan)

JAPAN

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

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

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

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.

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.



THE AMERICAS

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.



HITOZUKURI

Drawing on training experience to lead the project support team

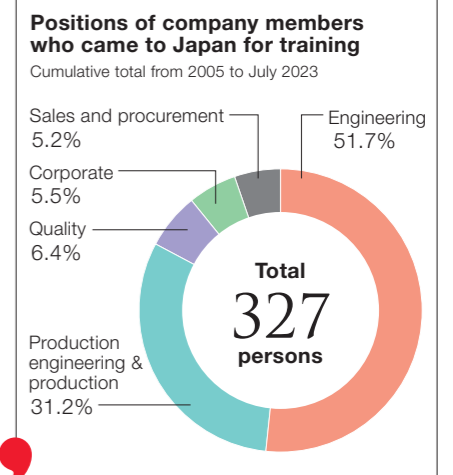
| | | |
|-------------|----------------------------|------------|
| Environment | Social | Governance |
| Materiality | Mid-term Management Hoshin | |



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.

* Advanced 3D CAD software



Special feature: Management resources that generate new value (China)

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.

| | 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.

CHINA

R&D / HITOZUKURI

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

| | | |
|-------------|----------------------------|------------|
| 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.



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.



Special feature: Management resources that generate new value (Asia & Oceania)



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.

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.

ASIA & OCEANIA

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)



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.



Special feature: Management resources that generate new value (Europe & Africa)

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.



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.



EUROPE & AFRICA



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.

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.



MONOZUKURI

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.

Business portfolio

Accelerating transformation of the business model

- 57 The surrounding environment
- 59 Business portfolio strategy
- 61 Seat Business
- 63 Interior & Exterior Business
- 65 Unit Components Business
- 67 Initiatives for new business

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 | <p>Formulation of health and safety roadmap Toyota Boshoku Kyushu</p> <p>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.</p> |
| Environment | <p>Formulation of a roadmap to achieve the Environmental Vision Toyota Boshoku Shiga</p> <p>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.</p> |
| Quality | <p>Quality improvement activities that win trust Toyota Boshoku Hanoi</p> <p>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.</p> |

* Parts Per Million



The surrounding environment

Finding new growth opportunities by identifying changes in demand and customer needs

Awareness of the environment

The world's growing and aging population, the concentration of population in urban areas, and traffic accidents have become major social issues. In addition, to address climate change and other environmental issues, there is a need to curb global warming, achieve resource recycling and symbiosis with nature, among other goals. As well as geopolitical risks, the environment surrounding the Toyota Boshoku group is becoming more complex than ever, including diversifying values. Below, we set out the Toyota Boshoku group's perception of the business environment based on a PEST analysis of political, economic, social, and technological factors.

PEST Analysis

| | |
|---|--|
| <h3>Politics</h3> <ul style="list-style-type: none"> ● Unstable global situation, rising geopolitical risks ● Carbon neutrality moving into the implementation phase <ul style="list-style-type: none"> - Global response to climate change risk - Vacillating trends in internal combustion engine (ICE) vehicle regulations - Promotion of renewable energy and realization of a hydrogen society ● Increasing social expectations for biodiversity restoration and advocacy of "nature positive" ● Human rights and environmental due diligence throughout the supply chain, becoming mandatory globally ● Response to diversity and inclusion by acknowledging, accepting, and optimizing diversity | <h3>Economy</h3> <ul style="list-style-type: none"> ● Rise of seven major emerging countries,¹ growth slowdown in developed countries —Shifting balance of power ● Shift to a circular economy based on the three principles of elimination, circulation, and regeneration ● Emerging scarcity of water, food, and resources, and the strengthening of economic security ● Spread of ESG investment, which is gaining importance on a global scale <p><small>1 China, India, Russia, Brazil, Indonesia, Mexico, Türkiye</small></p> |
| <h3>Society</h3> <ul style="list-style-type: none"> ● World population tops 8 billion <ul style="list-style-type: none"> - Low birthrates and aging populations in developed countries, and population explosion in emerging countries - Increase in traffic accidents along with aging society - Healthy life expectancy is becoming important in relation to tightening healthcare expenditure ● Social issues due to concentration of population in urban areas and overcrowding (infectious disease risk, increased traffic congestion, air pollution) ● Growth of Generation Z, a major new consumer segment, as influential buyers ● The push for "ethical" consumer behavior and the ripples of the sharing economy ● Promotion of Smart Cities, a future society that utilizes technology to realize a life of well-being | <h3>Technology</h3> <ul style="list-style-type: none"> ● Diffusion of AI, IoT, 5G, and other technologies of the future, and the digital transformation this requires ● Society 5.0, a vision of the future society that will be opened up by the advanced fusion of the cyber and physical spaces ● Post-COVID innovations that set the standard for contactless and automation ● Real-time reproduction of the real world in cyber space. Growing utilization of digital twin |

Response based on environmental awareness

The mobility sector is changing rapidly due to factors such as growing environmental awareness and the advance of CASE, MaaS, and digitization. Against this backdrop, we intend to respond to growth opportunities by meeting diversifying needs, and to flexibly address risks such as environmental concerns and entrants from other sectors by strengthening our technological and MONOZUKURI capabilities. To this end, we have established the future we want to achieve, and the value we want to provide. We have clarified the additional technologies that will be needed, and have created a technology roadmap for the future. To realize a comfortable, safe, and secure automobile interior space, we will steadily promote R&D in accordance with this roadmap. (▶ p. 31)

Impact on the Toyota Boshoku group from trends in the mobility sector

| Trends in the Mobility Sector | Impact on the Toyota Boshoku group (● = opportunity / ▲ = risk) |
|---|--|
| Decarbonization and the transition to a circular economy | <ul style="list-style-type: none"> ● Growing public interest in carbon neutrality ▲ Tightening of material regulations in anticipation of a recycling-oriented society ▲ Cost increases due to compliance with environmental regulations |
| Market changes and new business opportunities brought about by the evolution of mobility | <ul style="list-style-type: none"> ● Contributing to a society with zero traffic casualties ● Creating new businesses that solve social issues <ul style="list-style-type: none"> - Supporting preventive care and outdoor life for the elderly ● Appearance of emerging OEMs and servicers ▲ Changes in and reorganization of the competitive landscape among OEMs ▲ Entrants from other sectors with the emergence of SDV² |
| Paradigm shift in values and consumer behavior | <ul style="list-style-type: none"> ● Creating new value that matches diversifying needs ▲ Trend of non-ownership of automobiles |

2 Software Defined Vehicle. Software-driven development of vehicles and vehicle manufacturing

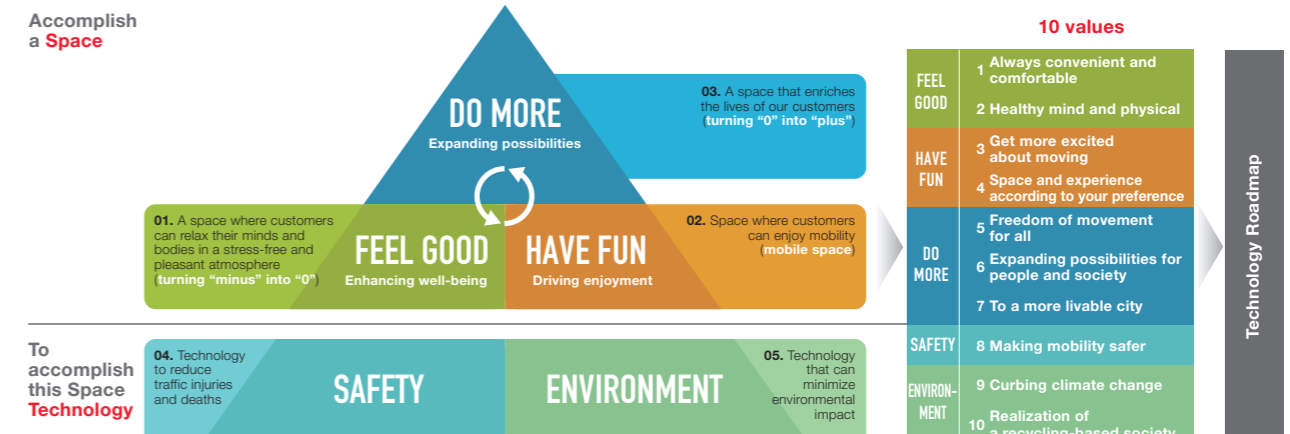
Promoting development based on the technology roadmap

Vision Looking into the future, we will create tomorrow's automobile interior space that will inspire our customers the world over

Materiality

- 1 As an Interior Space Creator we will contribute to people's quality of life, creating comfort, safety, and reassurance through innovation
- 2 Using our established technical capability, we will contribute to realise a society with no traffic casualties through providing products that assure safety
- 3 Together with our business partners, we will realize MONOZUKURI innovations that minimize environmental stress

(▶ p. 23)

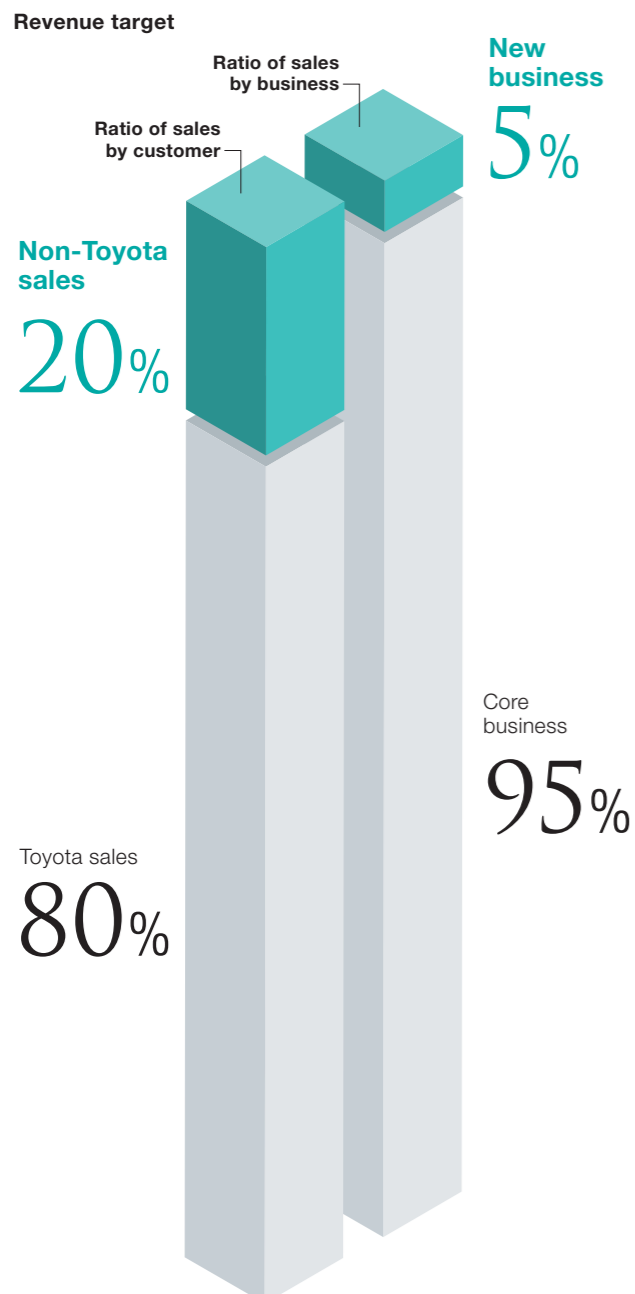


Business portfolio strategy

Implementing a business portfolio strategy aimed at our desired status for 2030

The Toyota Boshoku group aims to be a company that creates an environmentally sound society in which people have smiles on their faces and lead enriched lives.

With the goal of creating new value as an Interior Space Creator, which is our desired status for 2030, we aim to achieve a ratio of 20% of sales to companies outside of Toyota Motor Corporation by strengthening our competitive advantage and offering multi-dimensional value. In addition, our aim is to increase the percentage of revenue generated by new business, by promoting operations that are compatible with CASE and MaaS, and by creating new value.



Promoting activities to win orders from non-Toyota customers

As an initiative to strengthen our sales capability, we will implement sales expansion activities moving toward 2030.

To date, we have been promoting activities to win orders mainly from automakers that have an alliance relationship with Toyota Motor Corporation (strategic OEMs), but we are aiming to further expand our sales channels as we move toward 2030.

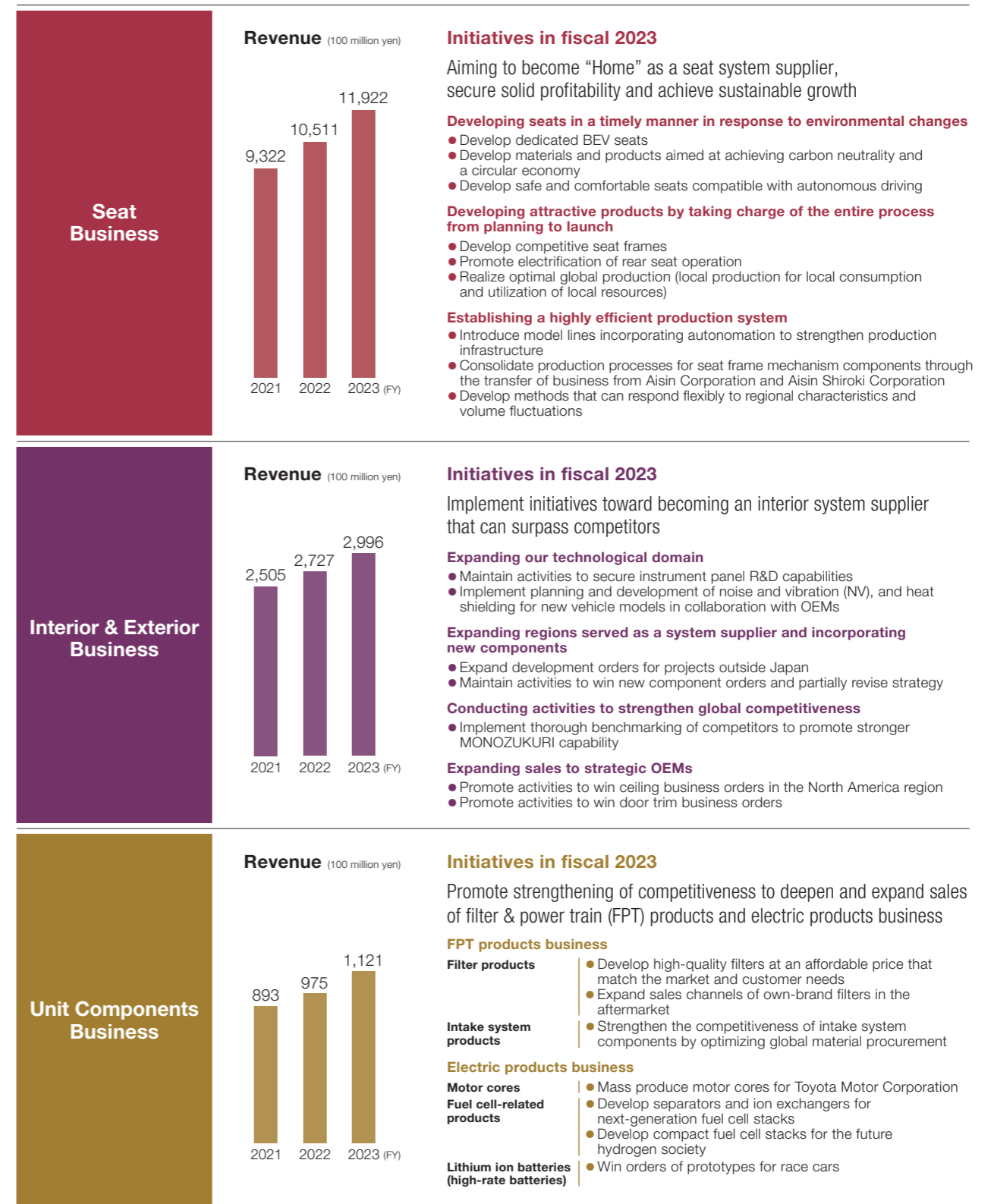
Using as the basis the sales channels acquired through the transfer of commercial rights resulting from the reorganization of the seat frame mechanism components business, we will promote aggressive activities to win orders from customers other than strategic OEMs. (▶p. 29)

New business model through new businesses

The Toyota Boshoku group is committed to the development of cutting-edge technologies in accordance with the Principles of Toyoda, namely: "Always be studious and creative, striving to stay ahead of the times."

Pursuing "safety," "environment," and "comfort" as part of our materiality, we will create new value as an Interior Space Creator and promote the creation of new businesses. Furthermore, by building a new business model, we aim to achieve sustainable growth and are striving to be a company that continues to be needed by society. (▶p. 67)

Core business performance (FY2023)



From fiscal 2022, New Business Promotion is included in the Seat Business segment due to a review of management categories. Revenue for fiscal 2021 is also presented in the reclassified categories

Business portfolio strategy

Seat Business

Aiming to become “Home” as a seat system supplier, secure solid profitability and achieve sustainable growth

In order to become a seat system supplier that is trusted and chosen by a large number of customers, we need to respond with urgency to the rapid changes in the environment, including electrification, carbon neutrality, and autonomous driving. The Toyota Boshoku group will develop appealing, high-quality products that address market trends and a diversity of requirements by acquiring our own unique R&D capabilities in areas such as seat-related controls, safety restraints, and infotainment.¹ We aim to achieve sustainable growth by making proposals to a large number of customers and having these products adopted by them.

¹ The generic name for systems that realize the provision of both information and entertainment



Hiroki Tsunoda
Operating Officer
Chief Technology Officer
Segment Chief,
Seat Business Segment

| SWOT Analysis | | Strength | Weakness |
|-------------------|---|--|---|
| | | S+ | W- |
| Opportunity O+ | SO strategy ++ (maximize strengths) Collaboration with Toyota Group companies × Changing user needs due to social and environmental issues and changing market trends (CASE, MaaS, BEV, carbon neutrality) Realize competitive products and development of methods in response to social issues and environmental changes, in cooperation with group companies Strengthening the competitiveness of the transferred seat frame mechanism components business × Expansion of sales channels through the transfer of commercial rights Expand sales of seat assemblies and frame mechanism components to customers other than Toyota Motor Corporation by maximizing the sales channels gained through the acquisition of business | | WO strategy -+ (overcome weaknesses) Few customers other than Toyota Motor Corporation × Changing user needs due to social and environmental issues and changing market trends (CASE, MaaS, BEV, carbon neutrality) Develop products that can address changes in the environment and market, make proposals to OEMs other than Toyota Motor Corporation to meet their needs, and promote activities to win orders |
| | Threat T- | ST strategy +- (reduce the impact of threats) Global integrated system from planning to production × Expansion of threats to Toyota business by competitors Serve as the “Home” of seats by applying the knowledge gained through sales expansion to development and proposals, thereby steadily securing Toyota business Possession of development and production sites that can respond globally × Changes in the competitive landscape among OEMs associated with autonomous driving and electrification Strengthen activities to win orders for new OEM business outside of Japan by leveraging our global development and production systems | |

Strategy

Aiming to be the seat system supplier of choice for many customers, with world-leading advanced technology, high product competitiveness and a broad product lineup

Fiscal 2024 Action Plan

- Develop dedicated BEV seats
- Realize thermal management through development of seat air-conditioning systems
- Develop new materials and new methods aimed at achieving carbon neutrality and a circular economy
- Strengthen the sales system for customers other than Toyota Motor Corporation
- Realize optimal global production planning
- Optimize resources through reorganization of the frame mechanism components business

Product Development Case Study 01

Newly developed front seat frame adopted in new Toyota Yaris Ativ in the Asia region

Toyota Boshoku's front seat frame developed for emerging markets has been adopted in the new Toyota Yaris Ativ in Thailand and Malaysia. This frame was developed to improve cost competitiveness and performance based on the concept of high-quality products at an affordable price. In addition, we have pursued a highly robust design, by optimizing the reinforced fabric structure of the seat covers to match the performance of the side airbags installed in the front seats. We are providing value-added products that meet emerging market needs through quality-focused design improvement activities.



Product Development Case Study 02

Seats used in new Suzuki Grand Vitara and new Toyota Urban Cruiser Hyryder in India

The Grand Vitara and Urban Cruiser Hyryder are the result of a collaboration between Suzuki Motor Corporation and Toyota Motor Corporation, and feature Toyota Boshoku seats. By utilizing our wrinkle prediction simulation for the front seat, we were able to both achieve a complex molded design and a smooth launch, from development through to production. Furthermore, Suzuki's first seat ventilation system also utilizes our accumulated expertise. For the rear seats, we also developed a compact and lightweight frame with a seatback lock featuring a dual level angle adjustment function.



Product Development Case Study 03

Toyota's new Alphard and Vellfire models feature seats that provide a comfortable ride and convenient seating arrangements

The second-row seats feature the power long slide² mechanism. This is a world-first system that allows 480 mm of forward/backward slide both by automatic and manual operation. It is possible to change the speed of the seat slides depending on whether there are occupants, allowing for improved convenience and a varied seating layout. As a relaxation function, the heated area of the seat is now larger, and is also included in ottomans and armrests for improved comfort. In this way, we have realized seats with a luxurious feel, combining both convenience and comfort.

² Standard equipment for Executive Lounge



Product Development Case Study 04

Aircraft seat developed by Toyota Boshoku approved as an Offerable Product for the Boeing 737

In March 2023, an aircraft seat developed by Toyota Boshoku was approved by Boeing as an Offerable Product for the Boeing 737 MAX family. This follows Offerable Product seat certification for the Boeing 787 Dreamliner in 2021. When airlines place orders for new aircraft, they select seats and other products from among certified offerable products, and so gaining accreditation has increased our opportunity to win orders from a variety of airlines.

Going forward we aim to further expand aircraft seat business with providing valuable products and services to the customers.

Interior & Exterior Business

Initiatives toward becoming an interior system supplier that can surpass competitors, while strengthening our competitiveness

Our goal is to become "Home" in the interior area by 2025. In fiscal 2023, the Toyota Boshoku group made progress as planned by acquiring design and performance planning capabilities and new component R&D capabilities. We are also expanding the scope (regions, development areas, and items) that we are entrusted with as an interior system supplier ("interior SS"), while also working to acquire new commercial distribution channels. In order to make the optimal interior proposals to customers, it is necessary to improve our component planning capabilities based on an understanding of vehicle performance. In fiscal 2024, while actively participating in performance planning areas such as noise & vibration (NV) and side impact, we will generate positive results from our activities to become a recognized presence as an interior SS. In addition, as electrification progresses, we will work together with Toyota Motor Corporation to propose modular structures for competitive interior components.



Seiji Teraji
Operating Officer
Segment Chief, Interior & Exterior
Business Segment

SWOT Analysis

| | Strength S+ | Weakness W- |
|-------------------|---|---|
| Opportunity O+ | <p>SO strategy ++ (maximize strengths)</p> <p>A structure and proposal capabilities for total interior coordination × Advance of EVs Proposals for automobile interior space planning to address changes in vehicle structure and proposals for new product structures such as modules × Expansion of interior business to customers other than Toyota Motor Corporation Expand the interior SS area including development and incorporation of new components Development of materials using plant-derived raw materials × Response to carbon neutrality Expand the application of kenaf to design components</p> | <p>WO strategy -+ (overcome weaknesses)</p> <p>Business responsiveness to new customers × Expansion of interior business to customers other than Toyota Motor Corporation Strengthen sales to new OEMs Lack of knowledge on comfortable automobile interior space (NV, heat shielding) × Advance of EVs Implement product planning for interiors to meet vehicle performance requirements</p> |
| Threat T- | <p>ST strategy +- (reduce the impact of threats)</p> <p>A structure and proposal capabilities for total interior coordination × Cost competitiveness of Chinese and other local manufacturers Propose appealing products while ensuring cost competitiveness</p> | <p>WT strategy -- (minimize the impact of negatives)</p> <p>Competitiveness of existing products × Cost competitiveness of Chinese and other local manufacturers Strengthen global cost competitiveness Low recognition as an interior SS × Intensifying competition due to the emergence of local manufacturers Carry out sales activities to strategic OEMs utilizing total proposal capabilities</p> |

Strategy

Become a true interior system supplier capable of providing everything for the entire interior, from the concept stage

Fiscal 2024 Action Plan

- Expand the scope of work entrusted to us as an interior SS
- Develop new products such as modules compatible with electrification
- Develop carbon neutral-compatible recycling technology and mono-material product structures
- Strengthen competitiveness of core technologies

Product Development Case Study 01

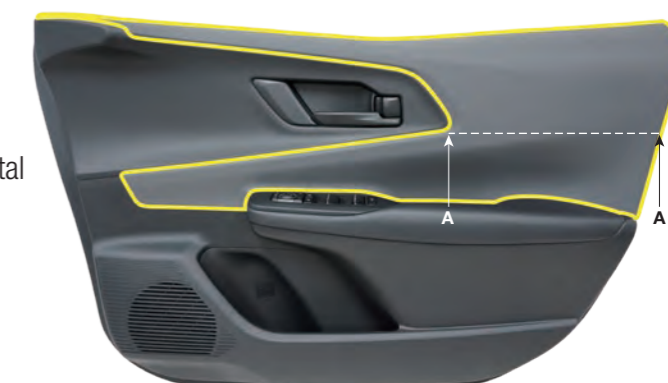
Door trim using adhesive with reduced environmental impact adopted for new Toyota Prius

A new environmentally sound adhesive that does not contain organic solvents has been adopted for the adhesive used to attach the surface material to the upper part of the door trim.

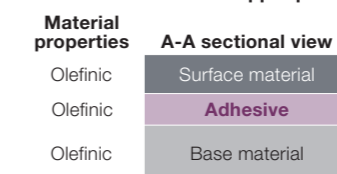
By unifying the material with the other door trim components, it has become possible to recycle the material of the upper part, which previously could not be recycled and was disposed of, thereby contributing to the circular economy.

Additionally, in the process of applying adhesive to the surface material, a new technique was developed in cooperation with the manufacturing division that allows only the required amount of adhesive to be applied. Two processes, drying and backside coating, have been reduced, and CO₂ emissions from the manufacturing process have also decreased.

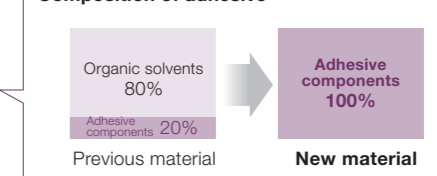
We have developed door trims and created processes that are worker-friendly while also contributing to the realization of carbon neutrality.



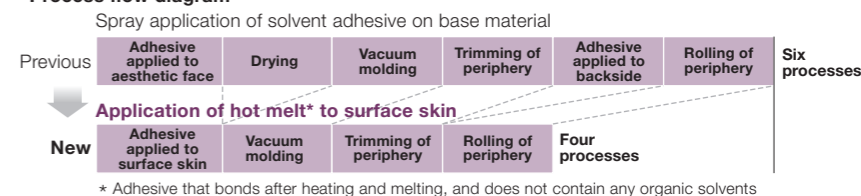
Structure of door trim upper part



Composition of adhesive

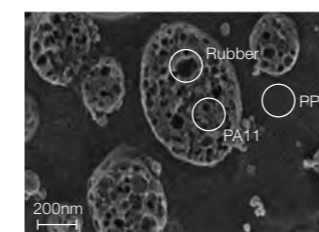


Process flow diagram



Product Development Case Study 02

High impact-resistant plastic receives the Award for Science and Technology of the Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology



Salami structure of high impact-resistant plastic

In May 2023, a high impact-resistant plastic jointly developed in 2013 by Toyota Boshoku and Toyota Central R&D Labs, Inc., received the 2023 Award for Science and Technology (Development Category) of the Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology. This award recognizes groundbreaking R&D or an invention that contributes to the development and improvement of the social economy and people's lives, and is put into actual use.



Product Development Case Study 03



An office table using kenaf base material for the tabletop

Commercialization of an office table using kenaf board in the tabletop

Since kenaf absorbs more CO₂ during its growth phase compared with needle- and broad-leaved trees, we have been using kenaf board, a mixture of kenaf and polypropylene, for automotive interior materials to help reduce weight and achieve carbon neutrality. We are expanding the use of kenaf base material in order to apply the technology we have cultivated so far to areas other than automotive parts. Utilizing our expertise in kenaf board processing technology in the field of office furniture, in 2022, an office table that employs kenaf base material for the tabletop was commercialized through joint development with Itoki Corporation.

Business portfolio strategy

Unit Components Business

Pursuing global business opportunities by leveraging proprietary technologies

In fiscal 2023, the Toyota Boshoku group raised its proprietary motor core technology to the production level and won new orders. In addition, we have enhanced our prototype high-rate batteries to the level of practical application and provided them to customers outside of Japan for testing. We have also begun using e-commerce for our filter and powertrain (FPT) products to expand sales in the global aftermarket. In fiscal 2024, we carried out a reorganization to consistently accelerate the process from product planning through to development and production, for both electric and FPT products. We will further expand our field of business outside of Japan by optimizing the technology we have amassed to date. We will support each individual within the division so that they have the confidence to identify and proactively engage new global business partners.



Ikutomo Sakai
Segment Chief, Unit Components Business Segment
Deputy Segment Chief, Research & Development Segment

SWOT Analysis

| | Strength | Weakness |
|-------------------|---|--|
| | S+ | W- |
| Opportunity O+ | <p>SO strategy ++ (maximize strengths)</p> <p>New product development capability and competitive advantage by utilizing our core technologies</p> <ul style="list-style-type: none"> × Increased demand for electrified products <p>Development of electric products utilizing core technologies</p> <ul style="list-style-type: none"> × Growing need for filters to provide a comfortable automobile interior space <p>Strengthen our filtration expertise and expand applications</p> <ul style="list-style-type: none"> A global production and supply system × Increased demand for electrified products <p>Establishment of a global production and supply system for electric products</p> <ul style="list-style-type: none"> × Growing need for filters to provide a comfortable automobile interior space <p>Expand sales of filter products to regions with growing markets</p> | <p>WO strategy -+ (overcome weaknesses)</p> <p>Lack of recognition for production and development of electric products</p> <ul style="list-style-type: none"> × Public interest in SDGs and carbon neutrality <p>Development of carbon-neutral compliant electric products</p> <ul style="list-style-type: none"> × Increased demand for electrified products <p>Product planning for carbon neutrality</p> <ul style="list-style-type: none"> Promotion of DX × Discovery of new businesses associated with electrification <p>Break away from production-oriented approach by strengthening marketing mechanisms and systems</p> <ul style="list-style-type: none"> Support for high-mix production × Growing need for filters to provide a comfortable automobile interior space <p>Establish a global supply system for aftermarket filters</p> |
| Threat T- | <p>ST strategy +- (reduce the impact of threats)</p> <p>New product development capability and competitive advantage by utilizing our core technologies</p> <ul style="list-style-type: none"> × Soaring raw material costs <p>Strengthen product development and supply systems that can respond to changes in the environment</p> <ul style="list-style-type: none"> Industrial-academic collaboration with group companies and universities × Intensifying competition due to market entrants from other sectors <p>Industrial-academic collaboration for business model transformation in response to environmental changes</p> <ul style="list-style-type: none"> A global production and supply system × Acceleration of electrification, including BEVs <p>Determine the optimal regional solutions (ensure competitiveness of engine-related parts)</p> | <p>WT strategy -- (minimize the impact of negatives)</p> <p>Lack of recognition for production and development of electric products</p> <ul style="list-style-type: none"> × Intensifying competition due to market entrants from other sectors <p>Increase recognition of our electric products</p> <ul style="list-style-type: none"> Maximizing utilization of existing production facilities × Intensifying competition due to market entrants from other sectors <p>Increase development speed by leveraging DX</p> |

Strategy

Deepen and expand sales of electric and FPT products by leveraging core technologies developed in existing businesses

Fiscal 2024 Action Plan

- Develop products with carbon neutrality in mind
- Promote sales expansion of filter products and motor cores on a global basis
- Develop compact fuel cell stacks for the future hydrogen society
- Realize vibrant work style innovation and develop human resources
- Further promote TQM activities

Product Development Case Study 01

Motor cores used in Toyota's new Noah and Voxy models

As well as products such as seats, door trims, cabin air filters, and oil filters, our motor cores for hybrid systems have been adopted to support electrification.

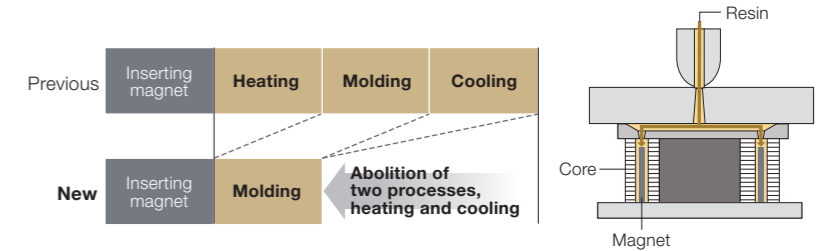
In order to accommodate the concurrent production of Noah and Voxy, we optimized facility capacity to reduce investment and incorporated a mechanism to prevent the mixing of different materials and products, which is a concern for mixed-flow production lines. This has ensured our competitive advantage in terms of both cost and quality.

Product Development Case Study 02

Development of new technologies such as magnet molding method using motor core thermoplastic resin

We have developed a heatless magnet molding process using thermoplastic resin. The elimination of the heating and cooling processes also contributes to carbon neutrality.

This has been made possible by our world-leading high-precision stamping technologies as well as our precision mold technology, which has an integrated process from mold development through to fabrication and maintenance. Utilizing these technologies, we will also continue to expand production outside Japan.



Product Development Case Study 03

"Clean Air Filter Premium" Enhanced deodorizing power also tackles food odors

The three-layer structure of the filter intercepts particles such as dust and pollen from outside the car thanks to highly efficient dust removal capabilities, and can remove odors from exhaust fumes (acetaldehyde) and pets (ammonia). In addition, the amount of activated carbon has been increased to tackle food odors such as from fast food, something that was requested by many respondents to our survey. Odors are reduced in about 5 minutes and are almost completely eliminated in about 10 minutes. We will utilize this technology in other filter products in order to continue to contribute to the realization of a comfortable automobile interior.

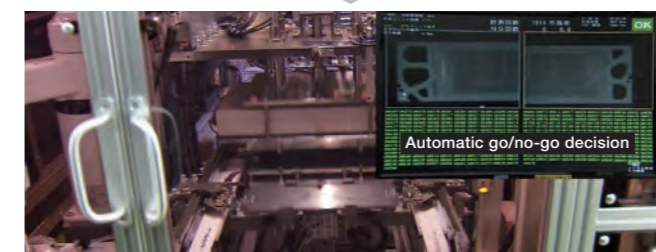


Product Development Case Study 04

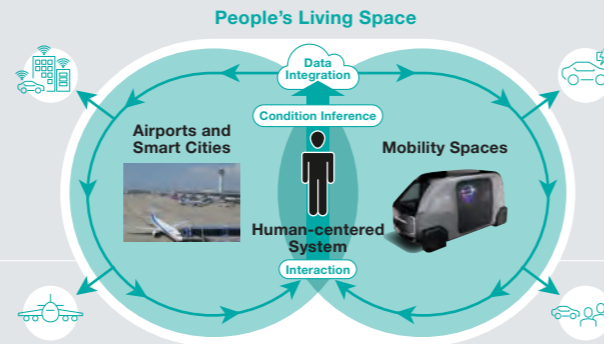
Development of a visual automation-based inspection device for fuel cell separators using AI

To improve the quality of fuel cell separators used in the Toyota Mirai, the conventional visual inspection by human operators has been replaced with an automation-based inspection employing a 4K camera to detect minute defects. Through in-house development of an automation-based inspection device that combines AI with a camera, we were able to reduce the inspection decision time by one third while keeping investment low. As a result, the false positive detection rate was expected to approach zero. In fiscal 2024, we will begin demonstration testing in the prototype process to establish reliability. We will also consider horizontal deployment to other electric product processes.

We will further strengthen our competitive advantage through rapid manufacturing, in line with the development of electrification.



Initiatives for new business



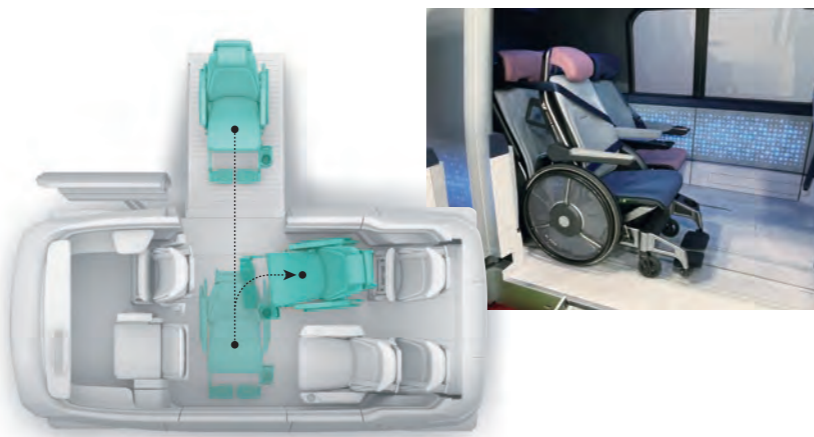
Becoming an Interior Space Creator

The Toyota Boshoku group is aiming to be an Interior Space Creator, leading the creation of new value for mobility spaces. As well as mobility spaces, we are expanding our target area to the entire living space in which people live, and are promoting the creation of new value to watch over and guide people. We will provide new value to meet diverse needs and contribute to people's quality of life by developing human-centered systems that infer people's conditions and guide them to a better state.

Case Study 01

Freedom of movement for all. MX ACCESS, enabling vehicle boarding without a helper

MX ACCESS was developed as a mobility independence support for wheelchair users, envisioning a rideshare space in the age of autonomous driving. With a one-touch wheelchair fixing structure and a three-point seatbelt that the user can attach by oneself, wheelchair boarding can be completed in one minute without the need for a helper. We are pursuing not only convenience, but also safety and comfort.



Case Study 02

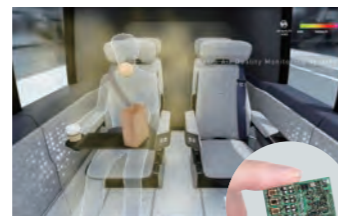
Providing a behavior and attribute visualization system

With the goal of improving the satisfaction of airport visitors, we developed a system to visualize and analyze people's behavior and attributes. Data from cameras and Wi-Fi packet sensors installed in the airport is analyzed and provided to operators. The service has already been launched at Chubu Centrair International Airport, and is being used to understand how people spend their time and to predict their needs. We are planning to expand the service to other airports and facilities in the future.

Case Study 03

Accelerating investment in startups

We are promoting the development of technologies in response to the evolution of automobiles and changes in values, including autonomous driving and mobility sharing. In fiscal 2023, we invested in Aroma Bit, Inc., a company whose work involves visualizing aromas, and jointly exhibited items that realize comfort at CES 2023. We have also invested in Motion Lib, Inc.,¹ NearMe, Inc.,² and H2L, Inc.³ to create new value in the mobility space while actively incorporating outside technology and knowledge.



Sensor detects residual odors in the vehicle



A vehicle is allocated after deodorization to ensure a comfortable cabin space

1 Possesses haptics technology that enables machines to reproduce and transmit "just the right amount of human strength"
 2 Conducts nationwide development of new mobility sharing services using AI
 3 Is engaged in research and business development of BodySharing®, a new generation of sensory sharing technology following on from audio-visual technology

Governance

Establishing a resilient global management foundation

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Toyota Boshoku's corporate governance

Governance quick reference table

| | |
|--|--|
| Form of organizational design | Company with Audit & Supervisory Board |
| Number of directors (o/w number of outside directors) | 9 (4) |
| Number of Audit & Supervisory Board members (o/w number of outside Audit & Supervisory Board members) | 4 (2) |
| Term of directors | 1 year |
| Chief officer system | Yes |
| A voluntary committee equivalent to the Nomination Committee or the Compensation Committee | Management Advisory Council |
| Compensation system for directors (Excluding outside directors) | (1) Fixed compensation (monthly compensation), (2) Performance-linked compensation (bonuses), reflecting ESG-related evaluation, (3) Stock compensation (transfer-restricted stock) ▶ p. 78 |
| Accounting auditor | PricewaterhouseCoopers Arata LLC |

One aspect of the Toyota Boshoku group's materiality is to continue to be a company of integrity that is trusted by all our stakeholders. We are doing this by strengthening governance and compliance as issues related to people and organization, which are the sources of our competitive advantage.

Since the three-company merger in fiscal 2005, the group has focused ever more on strengthening corporate governance. In terms of directors and Audit & Supervisory Board members, we have appointed a female outside director and are addressing skills disclosure, while in terms of officer compensation, we have introduced a medium- to long-term incentive system to reflect ESG-related evaluations in compensation.

The CSR Promotion Meeting, which had been in operation since fiscal 2007, changed its name to the CSV Promotion Meeting in fiscal 2021. In the process of incorporating CSV ideas into management, its agenda has been reviewed and discussions on operations that contribute to resolving social issues, etc. have been revitalized.

Going forward, the Toyota Boshoku group will continue to implement reforms on multiple fronts to achieve highly transparent and effective corporate governance.

Initiatives to strengthen corporate governance

| | Previous | 2005 (2005 Start of Toyota Boshoku) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 (FY) |
|---|----------|---|---|---|--|--|---|---|--|--|
| Board of Directors and Audit & Supervisory Board | | ● Election of outside Audit & Supervisory Board members ● Shortening of the term of office of directors to one year (2006) | ● Election of outside directors (2016) ● Start of evaluation of the effectiveness of the Board of Directors (2017) | ● Streamlining of Board of Directors (2018) ● Revision of rules of the Board of Directors (2018) ...delegation of authority to execution functions | ● Establishment of Management Advisory Council (2019) | | | ● Appointment of female director (2022) ● Disclosure of directors skill matrix (2022) | ● Disclosure of Audit & Supervisory Board members skill matrix (2023) ● Start of assessments of the effectiveness of the Audit & Supervisory Board (2022) | |
| Officer Compensation & System Reform | | | | | ● Introduction of medium- to long-term incentive system (2019) | | ● Introduction of transfer-restricted stock compensation system (2021) | | | |
| Business Execution System | | | ● Change in management structure ...Strengthening management of product business axis (2017) | | | ● Changes of the officer structure ...reduction in number of officers (2020) | | ● Introduction of Chief Officer System (2022) ● Abolition of the executive vice president position (2022) ● Appointment of young management members who excel in their field of specialization to field chiefs and center chiefs (2022) | | ● Expansion of Chief Officer System (2024) |
| Promotion Meetings / Committees | | ● Establishment of CSR Promotion Meeting (2007) ● Establishment of Environmental Affairs Committee ● Establishment of Safety & Health Committee | ● Establishment of Risk Management Promotion Meeting (2017) ● Integration of Safety/Health/Environment Function Meeting (2017) | ● Establishment of the Information Disclosure Committee (2011) | | ● Renamed to CSV Promotion Meeting (2021) | ● Establishment of DX Promotion Meeting (2022) ● DX Certification (2023) | ● Separation of the meeting into ● Carbon Neutral Environment Promotion Meeting (2022) ● Safety & Health Function Meeting (2022) | | ● Health & Safety Function Meeting (2023) |

Message from the Chair of the Board of Directors

Increasing the ratio of outside directors and debating important management policies

I was appointed Chair of the Board of Directors in June 2012. At that time, there were 11 directors and no outside directors, but we have since streamlined the Board of Directors and promoted the appointment of outside directors, who now account for 44% of the total. I believe that we have made progress in strengthening functions to accelerate decision-making while ensuring management supervision and the legality and appropriateness of the execution of duties.

Our current outside directors have a variety of backgrounds: in business administration, international legal affairs, innovation, and the auto parts business. Combined with the extensive business experience of our internal directors, there is lively discussion at the monthly Board of Directors on both the opportunities and risks. Compared to when I first assumed the chairpersonship, I feel that both the quality and quantity of discussions have evolved considerably.

In fiscal 2023, the agenda included not only individual investment projects, but also a number of themes related to business strategy and sustainability. For example, with regard to our initiatives in the Seat Business Segment moving toward 2030, we discussed matters including the ratio of sales to companies other than our main customers, the timescale for achieving this ratio, and the status of support for battery electric vehicles (BEVs). At that time, we gained the advice of our outside directors from a variety of perspectives, ranging from the need for strategic alliances to specific measures for securing resources (▶ p. 76).

On the other hand, there are also challenges. Although we have had free, open and constructive discussions at the Board of Directors, I have sometimes felt that internal directors have refrained from speaking out on matters outside the scope of their own duties. Going forward, I would like to further enhance the quality of the Board of Directors by, for example, sharing the status of internal deliberations from the internal directors' perspective, so as to narrow down the discussion points and stimulate debate. Based on

this policy, I intend to fulfill the role of Chair to ensure that the Board of Directors ultimately works together as a unified body, while respecting different opinions, pointing us in a better direction for the enhancement of the group's corporate value.

Focusing also on building our corporate culture while fulfilling my role as Chair of the Board

Although I am the Chairman with executive authority, I believe that I am in a position to ensure smooth coordination between execution and supervision at the Board of Directors. Drawing on my experience in a wide

range of fields at Toyota Motor Corporation and Toyota Boshoku, as well as important positions outside the group, I am committed to the management of the Board of Directors and the development of our corporate culture, serving as a bridge between the outside and internal directors.

In particular, I am focused on our *Genchi-Genbutsu* (go and observe) code of conduct to ascertain the facts, which is an important part of our philosophy including the Principles of Toyoda, as well as human resource development based on this. From my desire to apply this approach in building our corporate culture, occasionally I convey to our company members, at their respective workplaces, the importance of ascertaining the facts on the ground through

Genchi-Genbutsu before taking the required action. When faced with numerous problems, we are often so caught up in our own thinking that we fail to see things as they really are. I believe that using my position to convey these insights will encourage company members to think and act on their own. While the actual penetration and promotion activities in each department fall under the responsibility of the President and subordinate personnel, I would like to contribute my experience and knowledge to the development of our corporate culture by providing advice and support.

As Chair of the Board of Directors, I will continue to promote the strengthening of governance and the building of a corporate culture that meets the expectations of all our stakeholders.



Shuhei Toyoda
Chairman
Chair of the Board of Directors

A conversation between outside directors

Supporting challenges toward sustainable growth

The Toyota Boshoku group believes it is important to maintain and improve the efficiency, fairness, and transparency of management, and we are working to enhance our corporate governance. We asked outside directors Dr. Seto and Mr. Ito, who took office in June 2022, to talk about the governance of the Company, the challenges, and their expectations for the future.

Giving opinions from various perspectives

Seto ● Having spent many years in R&D in the science and engineering field, I am keeping a close eye on whether our technical capabilities are being maintained and strengthened. And since I'm based in an educational institution, I am also focused on human resource development and open innovation.

Ito ● My background is in the same industry as Toyota Boshoku. I would like to contribute to the sustainable growth of our Company by expressing opinions from the perspectives of various stakeholders, including our customers and business partners, drawing on my experience of working in corporate planning and overseas. Also, I've been involved in the planning and implementation of various measures in the HR division, so like you, I am also focused on human resource development.

Discussions that go beyond reporting and approval

Seto ● I've experienced being a director for one year, and I feel that discussions at the Board of Directors have been increasingly lively, with a diversity of opinions and suggestions. Also, I think that reporting was timely on matters such as corporate hoshin (policy), business-specific strategies, HR strategy, and ESG initiatives. (▶p. 75) I feel that solid progress is being made particularly with ESG, with the first ESG briefing having been held in November 2022, and also after hearing reports on initiatives including carbon neutrality.

Ito ● The status of IR and dialogue with institutional investors was also reported on, and I sensed how the Company was also being attentive to minority shareholders. While ESG is organized in a systematic way, I feel there could be more industry-leading initiatives. For example, since seats—our core product—are made from a variety of materials, my hope is that we will lead the industry in sorted recycling and contribute to society from a circular economy perspective.

Seto ● I agree. I think this is a topic that should be considered in order to find a way to solve the problem, rather than postponing it to the next generation.

Ito ● If I had to name an issue with regard to how the Board of Directors is run, I would say it is to be aware that the Board of Directors is a forum for discussion. I think it would be even more effective if discussions were held at an early stage, before reaching a resolution.

Seto ● That's very true. I'd also like to know what the process and discussions were that led to the conclusion.

Ito ● And something else: it would be good if the Board followed up on how our points were or weren't reflected, and if so, why.

Seto ● In terms of structure, I'm hoping for an increase in the number of female officers, from a diversity perspective. Since the Japanese government has set a target for FY2030, it's important that we constantly visualize the current situation and challenges, and develop executive candidates from a long-term perspective.

Ito ● Regarding the succession plan, why not first discuss also with the outside officers whether the process for determining the plan is appropriate? I would also like to increase dialogue with our company members.

Seto ● We've spoken with members of the young and female company member groups, but do you agree that we also need to have a dialogue with more senior executives?

Ito ● Yes, I'd be delighted to play a role if outside officers were also expected to evaluate individual candidates who are in the succession plan.

Ito ● Yes, I really want everyone to take on more and more challenges. Since our company members are the driving force behind taking on new challenges and transforming the Company, I'd like to discuss internal revitalization at the Board of Directors as well, based on the results of the ethics survey and other factors.

Seto ● If Toyota Boshoku is to seize the significant opportunities and make a leap forward in this transformational period, we need to have the courage to take a step forward with a challenger's mindset. I hope to see innovation based on new ideas, enhanced external collaboration, and a challenging disposition take root in our corporate culture, and as a Board member, I intend to support this.

The courage to take a step forward in a transformational period

Seto ● The automotive industry is undergoing a once-in-a-century transformational period, and in order to overcome this challenge, we must further enhance our technological capabilities as a manufacturing company. At the same time, in terms of commercialization, it's not just technical capability but also marketing that's important. I feel that China and the United States are becoming the frontrunners, especially for BEVs. I think we need to take steps to create businesses that can lead rather than just "keep pace."

Ito ● I'm hopeful about how our mainstay seat business will be affected by the shift to BEVs, but also concerned. After gaining a solid understanding of our competitors' strengths and weaknesses through thorough benchmarking, and by expanding sales to customers other than Toyota Motor Corporation, I think we can expect to gain new knowledge, improve our ability to make proposals to our customers, and increase our competitive advantage. I think our expectations of the Company are growing as specific actions become more clearly defined.

Seto ● I agree. We've set a goal of 20% of sales to customers other than Toyota Motor Corporation, and I would like to see us take on the challenge of achieving that goal.



Takafumi Seto
Outside Director



Kenichiro Ito
Outside Director

Corporate governance

Basic stance

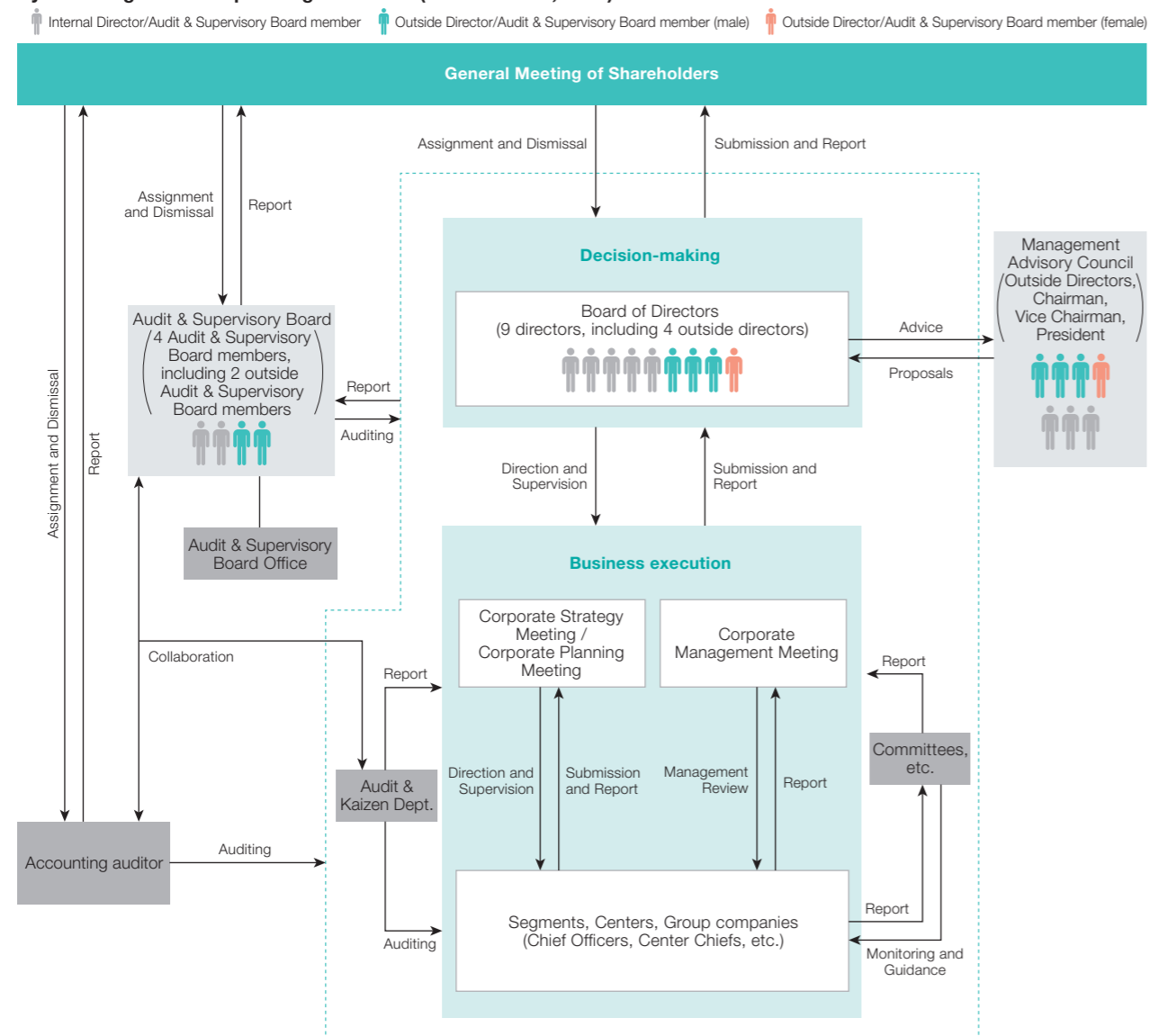
The first item in our Corporate Philosophy is “corporate growth while fulfilling our responsibilities in harmony with society as a good corporate citizen,” and we are promoting sustainable corporate activities through rigorous adherence to corporate ethics. We believe it is important to maintain and further improve the efficiency, fairness, and transparency of management, and we aim to enhance corporate governance based on five specific items: (1) ensure shareholders’ rights and equality; (2) ensure appropriate cooperation with stakeholders other than shareholders; (3) ensure appropriate information disclosure and transparency; (4) appropriate

execution of the roles and responsibilities of the Board of Directors; and (5) constructive dialogue with shareholders. We have also established a basic stance on compliance and risk management, and are implementing activities accordingly.

Response to the Corporate Governance Code

Toyota Boshoku has determined that it is in compliance with all principles of the Corporate Governance Code. Please refer to our Corporate Governance Report, which was submitted to the Tokyo Stock Exchange.

System diagram of corporate governance (as of June 13, 2023)



Corporate governance system

Toyota Boshoku has appointed five internal directors and four outside directors with extensive experience and broad insight. Through their supervisory function, the outside directors serve to ensure the legality and appropriateness of decision-making by the Board of Directors and the execution of duties by directors.

The four persons appointed as outside directors satisfy the requirements for independent directors as stipulated by the Financial Instruments Exchange. They have been designated as independent directors of the Company because it has been determined that there is no risk of conflicts of interest with general shareholders.

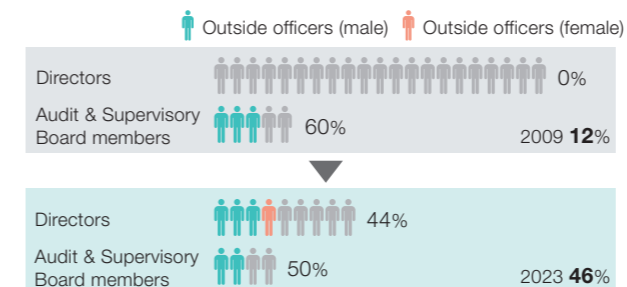
In addition, we have adopted a corporate auditor system, in which a four-person structure that includes two outside Audit & Supervisory Board members audits the management of directors.

Audit & Supervisory Board members audit the business execution of directors, as well as the business and financial condition of subsidiaries in and outside Japan. Such initiatives, including assigning dedicated staff to the Audit & Supervisory Board Office, help strengthen the functions of the Audit & Supervisory Board.

The two persons appointed as outside Audit & Supervisory Board members satisfy the requirements for independent auditors as stipulated by the Financial Instruments Exchange. They have been designated as independent auditors of the Company because it has been determined that there is no risk of conflicts of interest with general shareholders.

The Management Advisory Council was established as a forum for the candid exchange of opinions related to such matters as management issues, appointment and dismissal of management, nomination of candidates for director and Audit & Supervisory Board member, and compensation for management and directors.

Ratio of outside officers



Business execution system

Toyota Boshoku adopts an organization consisting of seven units (Corporate Operation, Product Business, Regional

Business, Functional Collaboration, Research & Development, Production, and Special Duties). We have introduced a Chief Officer System to ensure cross-functional cooperation, and have assigned Center Chiefs, etc. so as to clarify roles, responsibilities, and authority, simplify the decision-making process, and make quick management decisions.

The Corporate Planning Meeting is held twice a month to ascertain the status of implementation of the above, share information on important management issues, and make decisions, while the Corporate Strategy Meeting is held as necessary to deliberate and set the direction for company-wide management strategies. In this way, as well as ensuring thorough deliberation on issues prior to submission to the Board of Directors, we strive to quicken our response to management challenges. In addition, we have established the Corporate Management Meeting, where information is shared among internal directors, standing Audit & Supervisory Board members, Chief Officers, Center Chiefs, etc., as well as various committees and meeting bodies, so as to enhance deliberations on individual matters and regularly monitor and follow-up on the status of business execution based on policies decided by the Board of Directors.

Roles of various meeting bodies

| Meeting body | Role | Frequency |
|------------------------------|---|---------------|
| Corporate Strategy Meeting | Deliberation and orientation of important company strategies | As needed |
| Corporate Planning Meeting | <ul style="list-style-type: none"> Important management decision-making Information sharing on important matters Deliberation and approval of measures to address important business execution issues | Twice a month |
| Corporate Management Meeting | <ul style="list-style-type: none"> Monitoring of the execution of important business operations (predictive management) Responding to issues quickly and efficiently Sharing information with all officers | Once a month |

(1) Board of Directors

Number of meetings held in FY2023: 13

The Board of Directors convenes at least once a month, and as the management decision-making body, decides on important management matters such as legal matters, corporate hoshin (policy), business plans and capital expenditure plans, and also monitors business execution. The Board of Directors is chaired by the Chairman. Items that should be submitted to the Board of Directors are stipulated in rules of the Board of Directors, and other items are

Corporate governance

delegated to the President, Chief Officers, Center Chiefs, etc. in accordance with the Authorization Policy.

(2) Audit & Supervisory Board member, Audit & Supervisory Board

Number of meetings held in FY2023: 14

The Audit & Supervisory Board consists of two standing Audit & Supervisory Board members and two outside Audit & Supervisory Board members, and the lead standing Audit & Supervisory Board member serves as Chair of the Audit & Supervisory Board.

The main items discussed by the Audit & Supervisory Board include the selection of standing Audit & Supervisory Board members, audit policy and audit implementation plans, status of development and operation of internal control system, appropriateness of audit method performed by accounting auditors and the results thereof, and the preparation of audit reports.

With regard to the activities of Audit & Supervisory Board members, they conduct audits of internal divisions and domestic and overseas group companies based on the audit policy and annual plans, communicate with directors, etc., attend the Board of Directors, Corporate Planning Meeting and other important meetings, inspect important documents, etc., and exchange information with the internal auditing department and accounting auditors.

(3) Management Advisory Council

Number of meetings held in FY2023: 5

To incorporate independent perspectives, the Management Advisory Council is composed of four outside directors (Akihiro Koyama, Junko Shiokawa, Takafumi Seto, Kenichiro Ito), as well as Chairman Shuhei Toyoda, Vice Chairman Naoki Miyazaki, and President Masayoshi Shirayanagi. The chair of the Management Advisory Council is the Chairman.

The Management Advisory Council, as an advisory body to the Board of Directors, deliberates on important management strategies and issues, the selection and dismissal of management, compensation, succession planning and other matters, and has the authority to determine the amount of individual compensation for directors upon resolution by the Board of Directors.

In addition, the Management Advisory Council's members, agenda and activities were resolved by the Board of Directors in December 2018 as the Management Advisory Council Rules.

Main discussions at the Board of Directors in FY2023

| | |
|---|---|
| General Meeting of Shareholders | <ul style="list-style-type: none"> Decision on convocation and agenda items Approval of business reports, financial statements, etc. Condition of the exercise of voting rights on agenda items at the General Meeting of Shareholders |
| Executive officers and organization | <ul style="list-style-type: none"> Selection of representative director and executive director Directors' compensation and bonuses |
| Business planning, management strategy | <ul style="list-style-type: none"> Formulation of global hoshin (policy) Deliberation on strategy including business advancement, alliances, reorganization, etc. Status of investment in and collaboration with startup companies |
| Sustainability | <ul style="list-style-type: none"> ESG status Status of environmental initiatives, including TCFD and scenario analysis results Approach to human rights due diligence Status of initiatives to prevent occupational accidents Status of response to business risks Status of health management HR strategy Status of quality initiatives DX promotion strategy Internal governance structure relating to intellectual property |
| Other | <ul style="list-style-type: none"> Implementation of interim dividend Report on operational status of basic policy on the development of internal control systems Approval and report on transactions involving a conflict of interest Implementation and report on assessments of the effectiveness of the Board of Directors Examination of stockholdings Operational status of whistle-blowing system Items related to property and assets |

Main discussions at Audit & Supervisory Board in FY2023 (excluding audit reports)

| | |
|--------------------------------------|---|
| General management | <ul style="list-style-type: none"> Company member safety and health management, environmental management initiatives |
| Internal control and auditing | <ul style="list-style-type: none"> Basic policy on the development of internal control systems, etc. Status of risk management Status of global internal auditing system Japan and non-Japan subsidiary audit results |
| Other | <ul style="list-style-type: none"> Assessment of the effectiveness of the Audit & Supervisory Board |

Main discussions at Management Advisory Council in FY2023

| | |
|-------------------------------------|--|
| Officer compensation | <ul style="list-style-type: none"> Compensation criteria for directors and operating officers Percentage of monetary compensation and number of shares under the transfer-restricted stock compensation plan for directors (excluding outside directors) |
| Organization & structure | <ul style="list-style-type: none"> Structure of directors and Audit & Supervisory Board members, and organizational changes Selection of individuals for promotion to operating officer |

Board of Directors' comments on "Initiatives of the Seat Business Segment Toward 2030" (excerpts)

Sales to automakers other than Toyota Motor Corporation

- The target ratio of sales to companies other than Toyota Motor Corporation in 2030 is 20%. To better ensure we achieve our target, we are implementing sales activities targeting Chinese-made battery electric vehicles (BEVs) and manufacturers other than strategic OEMs, etc.
- We should apply the knowledge gained from sales to other companies to boost the Toyota Boshoku group's competitive advantage.

Response to BEV strategy

- It is necessary to identify possible business opportunities in relation to advanced BEV models in North America associated with environmental change, including the need to address carbon neutrality.
- We need to promote this while carefully assessing the situation so that deals can be secured with manufacturers developing self-driving BEVs.

Recruitment

- In the process of tackling the BEV market, we anticipate a shortage of staff as the years progress.
- The HR division is expanding mid-career and new graduate hiring. For outsourcing, we are also exploring recruitment agencies and new outsourcing partners.
- We are also considering hiring through a subsidiary design contracting company, in various regions.
- In terms of activities to recruit students, we will ensure sufficient dissemination of information to assist students themselves in envisioning their future career, and would also like to strengthen relationships with research labs and make use of alumni visits and internships.

Tackling the Chinese market

Responding to market expansion

- Given the rapid increase in the number of BEVs in the Chinese market, we need to keep pace with this increase.
- This is premised on developing seats for BEVs, but as Chinese manufacturers tend to prefer unique products, we will need to respond by strengthening development systems in China.
- We are aware that it will be difficult to make inroads alone, so we are urgently looking into options including the possibility of alliances with other companies.

- As we think selecting a partner where it is a win-win situation for both parties will be the key to determining the winners and losers of business, we will need to carefully consider this issue.

Securing local human resources

- China is a large market with growth potential, but it is difficult to secure resources.
- The China Regional Management & Collaboration Hub has an R&D function and employs over 100 company members. However, there is also significant personnel turnover, and this is recognized as an issue.
- The labor market is in flux and there also is an outflow of human resources. To retain them, we believe that a key point is to enhance the appeal of the company to attract human resources.

Corporate governance

Support structure for outside directors and Audit & Supervisory Board members

Internal directors and standing Audit & Supervisory Board members provide explanations about required knowledge pertaining to areas such as the Company's businesses, financial affairs and organizations when outside directors and outside Audit & Supervisory Board members assume office. The Company also sends materials of the Board of Directors beforehand to outside directors and outside Audit & Supervisory Board members and provides them with prior explanations on the important matters of agenda items submitted to the Board of Directors. Furthermore, outside directors and Audit & Supervisory Board members are provided with reports on the progress of global hoshin (policy), and plans are made for them to tour plants and offices. The Company has assigned Audit & Supervisory staff to the Audit & Supervisory Board Office as part of a structure for supporting the day-to-day auditing activities of standing Audit & Supervisory Board members. They also support the auditing activities of outside Audit & Supervisory Board members through the operation of the Audit & Supervisory Board.

Evaluation results of the effectiveness of the Board of Directors

Toyota Boshoku analyzes and evaluates the effectiveness of the Board of Directors as follows.

(1) Method

- a. The operational status and response to issues identified in the past are analyzed and reported to the Board of Directors in January.
- b. The Segment Chief in charge of the administrative office of the Board of Directors conducts a questionnaire and interviews with all directors and Audit & Supervisory Board members, including outside members, in February.
- c. The evaluation results and the direction to be taken to resolve issues are summarized and reported to the Board of Directors in March for discussion.

(2) Overview of fiscal 2023 evaluation results

- a. We have continued to make improvements by enhancing the topics discussed at the Board of Directors meetings, including business strategy and the intellectual property management system, and by enhancing information provision through the implementation of pre-Board meeting briefings for outside officers, reporting on the status of information disclosure such as ESG briefings, and participation in business debriefings, plant visits, and important meetings. As a result, the evaluation has shown

- b. On the other hand, a view was expressed that the Board of Directors should deepen its discussion of company-wide strategy, human capital, and intellectual property strategy, and promote discussion using materials that clearly explain the background, main points, and issues of each case.
- c. There was also a request for improvement in areas such as discussions on dialogue with investors, the establishment of a forum for the exchange of opinions among outside officers only, and further enhancement of facility visits, including sites outside Japan.

(3) Key challenges and improvement measures

- Toyota Boshoku will strive to make the following improvements to ensure even greater effectiveness of the Board of Directors.
- a. Deepen strategic discussions
We will organize the necessary agenda items throughout the year and systematically implement topics related to company-wide strategy, human capital, intellectual property strategy, etc. We will also further improve information provision and meeting materials to facilitate discussion.
 - b. Enhance support for outside officers
We will provide relevant information to deepen understanding of the Company and contribute to discussions at the Board of Directors, including annual plans and reports on the status of dialogue with investors, opportunities for communication among outside officers only, and enhanced facility visits that develop strategies and investment opportunities.

Policy for deciding the amount of officers' compensation and the calculation method

The "Policy for deciding the amount of compensation for Directors and Operating Officers" is resolved by the Board of Directors.

(1) Basic approach

- In order to realize a compensation system that is highly linked to the Company's business performance, the following are reflected in part of the compensation structure:
- a. we set the disparity between positions reasonably in light of the roles and responsibilities, and
 - b. grant stock-based compensation under the transfer-restricted stock compensation plan to directors other than outside directors.
- In addition, in order to reflect annual performance and

- efforts to improve medium-term corporate value in compensation (bonus),
- c. the Company's uniform annual performance and the degree of achievement of annual hoshin (policy) by each individual for the single year, and
- d. evaluation of medium-term corporate value enhancement in terms of the enhancement of social value and economic value.

(2) Approach to the level of compensation

For the level of compensation, we select companies listed on the Prime Market of the Tokyo Stock Exchange for benchmarking, based on their corporate size, consolidated revenue, consolidated operating profit, and number of company members and we confirm the appropriateness of compensation amounts while also incorporating the results of external compensation survey organizations.

(3) Directors' compensation

Annual compensation for directors is limited to 600 million yen (including 70 million yen for outside directors), as resolved at the Ordinary General Meeting of Shareholders held on June 17, 2020. The number of directors as of the close of this Ordinary General Meeting of Shareholders was nine, including four outside directors.
Please see the table below, "Structure of Directors' Compensation," for details on the types of compensation, payment criteria, and the structure of compensation.

(4) Compensation for outside directors

Outside directors are paid only fixed monthly compensation as they are expected to fulfill their roles and responsibilities from a standpoint completely independent of business execution.

(5) Compensation for Audit & Supervisory Board members

Audit & Supervisory Board members are paid only fixed monthly compensation and there is no variable factor based on performance. Compensation for Audit & Supervisory Board members is determined through discussion among the Audit & Supervisory Board members within the limit of compensation set by resolution of the Ordinary General Meeting of Shareholders held on June 14, 2022 (not to exceed 130 million yen per year; the number of Audit &

Total amount of compensation, etc. for directors and Audit & Supervisory Board members (April 2022–March 2023)

| Category | Total compensation, etc. by type (million yen) | | | | |
|---|--|---|---|--|------------------------------|
| | Total compensation, etc. (million yen) | Fixed compensation (Monthly compensation) | Performance-linked compensation (Bonuses) | Stock compensation (Transfer-restricted stock) | Number of persons to be paid |
| Director (of which outside directors) | 417 (48) | 245 (48) | 131 (—) | 39 (—) | 13 (6) |
| Audit & Supervisory Board Member (of which outside Audit & Supervisory Board members) | 96 (20) | 96 (20) | — | — | 5 (3) |
| Total (of which outside officers) | 513 (68) | 342 (68) | 131 (—) | 39 (—) | 18 (9) |

Notes: 1. The above fixed compensation includes four directors and one Audit & Supervisory Board member who retired as of the close of the 97th Ordinary General Meeting of Shareholders held on June 14, 2022.
2. The number of persons to whom performance-linked compensation (bonuses) and stock compensation (transfer-restricted stock) will be paid is five directors (excluding outside directors).

Structure of Directors' Compensation

| Type of Compensation | Payment Criteria | Structure of Compensation | Category |
|---|--|---------------------------|-----------------------|
| Fixed Compensation (Monthly compensation) | Compensation table: Set according to position (level of responsibility). Set the disparity between qualifications at a certain rate, and set the amount of compensation according to the index for each position. | 55% | Monetary compensation |
| Performance-Linked Compensation (Bonuses) | 1) Reflect performance for a single fiscal year in the compensation (bonus) table according to position, based on consolidated operating profit. ¹ 2) Reflect medium-term enhancement of corporate value in the bonus payment amount according to the achievement rate (0–150%) based on the contribution to economic value enhancement (20% increase in net assets) and contribution to social value enhancement (20% increase in ESG evaluation score ²) after three years. ³ [Structure of bonus] | 35% | |
| | | 100% | |
| Stock compensation (Transfer-restricted stock) | Issue shares to directors, excluding outside directors, which are restricted from sale for a certain period of time (the total amount of stock-based compensation is to be no more than 100 million yen per year, as resolved at the Ordinary General Meeting of Shareholders held on June 17, 2020; from 2021, the Board of Directors will resolve the timing and distribution of compensation) | 10% | Stock compensation |

¹ Consolidated operating profit for the fiscal year ended March 31, 2023 was 47.6 billion yen.
² From fiscal 2023, the evaluation indicator for social value enhancement has been changed from a CSR evaluation score to an ESG evaluation score for CSV activities.
³ Net assets for the fiscal year ended March 31, 2023 were 436.8 billion yen, and the ESG evaluation score was 3.9 points (out of 5.0 points).

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Supervisory Board members as of the close of this Ordinary General Meeting of Shareholders was four).

(6) Procedures for determining compensation, etc.

In order to ensure the appropriateness of the level and amount of compensation and transparency in the decision-making process, the decision on specific individual compensation payments based on the policy for deciding the amount of compensation is entrusted to the Management Advisory Council, which is composed of four independent outside directors, Chairman (the Chair of the Council), Vice Chairman, and the President.

The process is set forth in the Board of Directors Rules and the Management Advisory Council Rules, and since the amount of compensation for each individual director is determined through established procedures, the Board of Directors believes that the details thereof are in line with the policy for deciding the amount of compensation.

(7) Transfer-restricted stock compensation

The Board of Directors is scheduled to decide on the specific payment period and allocation using the stock compensation limit (within 100 million yen per year and within 100,000 shares per year) defined at the General Meeting of Shareholders held on June 17, 2020.

| | |
|---|--|
| Applicable recipients | Toyota Boshoku directors (excluding outside directors) |
| Timing and distribution of allowance | Decided by the Board of Directors |
| Shares compensation system upper financial limit | Up to 100 million yen per year |
| Upper limit on shares allowance | Up to a total of 100,000 regular shares per year for applicable board members |
| Period of restrictions on shares transfer | Until immediately after stepping down as Toyota Boshoku director |
| Amount paid | Set by the Board of Directors at an amount that will not provide undue advantage to the applicable board member(s), based on the Tokyo Stock Exchange closing price of regular Toyota Boshoku shares on the last business day before the Board of Directors resolution |
| Conditions for lifting restrictions on shares transfer | Restrictions will be lifted upon expiry of the period of restrictions. However, restrictions will also be lifted upon expiration of term of office, death, or stepping down as director for other legitimate reasons. |
| Non-compensation acquisitions | In cases where illegal activity has taken place, or there is other justifiable reason established by Toyota Boshoku's Board of Directors, Toyota Boshoku can acquire allotted shares without compensation during the period of restrictions on shares transfer. |

Policy and procedure for appointing and dismissing senior management, and nominating candidates for director and Audit & Supervisory Board member

The appointment and dismissal of senior management and the nomination of candidates for director and Audit & Supervisory Board member are discussed and deliberated by the

Management Advisory Council before the Board of Directors makes a resolution. Our policy for the appointment of senior management and the nomination of director candidates is based on a comprehensive review from the perspective of having the right people in the right places, so that accurate and prompt decisions can be made while taking into consideration the extent to which they can cover their respective business fields.

The policy on nomination of candidates for Audit & Supervisory Board member involves a comprehensive examination of whether the person has knowledge regarding finance and accounting, a general understanding of the Company's business and diverse perspectives on corporate management.

The policy on nomination of candidates for outside director and Audit & Supervisory Board member involves a comprehensive examination of the requirements for externality stipulated in the Companies Act and the independence criteria established by the Financial Instruments Exchange, and whether the person has extensive experience and broad insight.

Support for training the next generation of executive management candidates

Through discussions at operating officer level and above at the GSCT,¹ an executive management successor development committee, and at the GSC,² a successor development committee for global key posts (such as candidates for the presidents of business entities, directors, and division general managers), we are promoting optimal global assignment of human resources with a focus on their development, regardless of background. We have introduced a skills matrix (▶p. 80) for executives as well, in order to visualize their skills and experience. In addition, we run global executive training programs (GEDP³ and GLDP⁴) to develop future executive candidates, among others.

The GEDP and GLDP started in fiscal 2019 and are both held once a year. From fiscal 2019 to fiscal 2023, 70 people participated in the GEDP and 94 in the GLDP.

In addition, from fiscal 2023, we have expanded the scope of the GEDP and GLDP to further focus on developing young executive candidates, with participation by 22 participants in the GEDP and 25 participants in the GLDP planned in fiscal 2024.

At the GEDP and GLDP, participants learn about the Toyota Boshoku group's history and common values, develop basic management skills, and receive training to improve their organizational and human resource management capabilities to maximize the organization's strengths.

¹ Global Succession Committee by Top Executives
² Global Succession Committee
³ Global Executive Development Program: Selective training program for senior executive positions
⁴ Global Leader Development Program: Selective training program for junior executives and managers

Skill matrix of Director and Audit & Supervisory Board member (as of June 13, 2023)

| Position | Name | Management Advisory Council | Corporate management | Global | R&D | MONOZUKURI (production) | Sales and procurement | Finance and Accounting | Human resources and HTOZUKURI | Legal and compliance | Environment and energy | IT and digital |
|---|-----------------------|-----------------------------|----------------------|--------|-----|-------------------------|-----------------------|------------------------|-------------------------------|----------------------|------------------------|----------------|
| Chairman | Shuhei Toyoda | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | | | ✓ |
| Vice Chairman | Naoki Miyazaki | ✓ | ✓ | ✓ | | | | ✓ | ✓ | ✓ | ✓ | ✓ |
| President | Masayoshi Shirayanagi | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Director, Operating Officer | Hiroshi Ioki | | ✓ | ✓ | ✓ | ✓ | | | | | ✓ | ✓ |
| Director, Operating Officer | Shunichi Iwamori | | ✓ | ✓ | | ✓ | ✓ | ✓ | | | ✓ | ✓ |
| Outside Director | Akihiro Koyama | ✓ | | ✓ | | | | ✓ | ✓ | ✓ | | |
| Outside Director | Junko Shiokawa | ✓ | | ✓ | | | | ✓ | | ✓ | | |
| Outside Director | Takafumi Seto | ✓ | | | ✓ | ✓ | | | ✓ | | ✓ | ✓ |
| Outside Director | Kenichiro Ito | ✓ | ✓ | ✓ | | | | ✓ | ✓ | | | |
| Standing Audit & Supervisory Board Member | Yasushi Minami | | ✓ | ✓ | ✓ | ✓ | | | | | | ✓ |
| Standing Audit & Supervisory Board Member | Kazuo Koide | | ✓ | ✓ | | | ✓ | | ✓ | | ✓ | |
| Outside Audit & Supervisory Board Member | Hiroyuki Yokoyama | | ✓ | ✓ | ✓ | ✓ | | | | ✓ | | |
| Outside Audit & Supervisory Board Member | Hiroshi Miura | | ✓ | ✓ | | | | ✓ | | ✓ | | |

Reasons for election of outside officers

| Classification | Name | Independent Officer | Supplementary explanation regarding suitability items | Reasons for election | Number of Board of Directors, Audit & Supervisory Board attended in fiscal 2023 |
|-----------------------------------|-------------------|---------------------|---|--|---|
| Directors | Akihiro Koyama | ✓ | — | Mr. Koyama was elected as a director because it was deemed that he could reflect his research into such areas as corporate finance and corporate governance and also his expert knowledge acquired over many years in corporate management from a global perspective in the management of the Company and contribute to maintaining and strengthening of the Company's corporate governance. | Board of Directors 13/13 meetings |
| | Junko Shiokawa | ✓ | — | Ms. Shiokawa was elected as a director because it was deemed that she could reflect in the management of the Company the broad insight she has gained as a lawyer on global cases related to investment funds, finance, cross-border M&A, and investment fund-related dispute resolution, and contribute to maintaining and strengthening of the Company's corporate governance. | Board of Directors 13/13 meetings |
| | Takafumi Seto | ✓ | — | Dr. Seto was elected as a director because it was deemed that he could reflect in the management of the Company his research in conjunction with his diverse engineering knowledge and skills, and offer valuable insights regarding pioneering research for future society, as well as conduct joint research with the Company on the theme of realizing comfortable spaces for near-future automobiles, and contribute to the Company's future business. | Board of Directors 11/11 meetings ⁵ |
| Audit & Supervisory Board members | Kenichiro Ito | ✓ | Mr. Ito is a Member of the Board of Directors and Senior Executive Officer of Denso Corporation, a business partner of the Company. | Mr. Ito was elected as a director because it was deemed that he could reflect his experience as a Member of the Board of Directors and Senior Executive Officer of Denso Corporation, where he also serves as Chief Human Resources Officer, the Head of the general administration and human resources division, the Head of North America, the Head of Europe, and the Head of South Korea, as well as his broad knowledge of the human resources and finance divisions, and contribute to maintaining and strengthening the Company's corporate governance. | Board of Directors 11/11 meetings ⁵ |
| | Hiroyuki Yokoyama | ✓ | Former Executive Advisor, Daihatsu Motor Co., Ltd., a business partner of the Company | Mr. Yokoyama was elected as an Audit & Supervisory Board member because it was deemed that he could reflect his experience in the Quality Assurance Division and at overseas locations at Toyota Motor Corporation, as well as his extensive experience and insight gained at Daihatsu Motor Co., Ltd., in the audit system of the Company and contribute to maintaining and strengthening of the Company's corporate governance. | Board of Directors 13/13 meetings Audit & Supervisory Board 13/14 meetings |
| | Hiroshi Miura | ✓ | — | Mr. Miura was elected as an Audit & Supervisory Board member because it was deemed that he could reflect his experience as a certified public accountant and broad insights related to accounting, financial auditing and governance from his experience over many years in financial auditing and corporate management advisory services, and contribute to maintaining and strengthening the Company's governance. | Board of Directors 11/11 meetings ⁶ Audit & Supervisory Board 11/11 meetings ⁶ |

⁵ Directors Takafumi Seto and Kenichiro Ito were nominated as outside directors at the 97th Ordinary General Meeting of Shareholders, held on June 14, 2022.

⁶ Audit & Supervisory Board member Hiroshi Miura was nominated as an Audit & Supervisory Board member at the 97th Ordinary General Meeting of Shareholders, held on June 14, 2022.

Directors, Audit & Supervisory Board members and Operating Officers



(As of July 1, 2023)

Directors

9 directors, including 4 outside directors
Average age: 62 years old

Shuhei Toyoda 1

Chairman Term of office as Director: 19 years

Apr. 1977 Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation (TMC))
June 1998 Member of the Board of Directors, TMC
June 2001 Managing Director, TMC
June 2001 President & CEO, Toyota Motor Engineering & Manufacturing Europe NV/SA
Sept. 2001 Member of the Board of Directors (with Managing Director status), TMC
Apr. 2002 President & CEO, Toyota Motor Europe NV/SA
June 2003 Member of the Board of Directors (with Senior Managing Director status), TMC
June 2004 Executive Vice President, the Company
June 2006 President, the Company
June 2015 Chairman, the Company (to present)

Naoki Miyazaki 2

Vice Chairman Term of office as Director: 2 years

Chief Risk Officer
Audit & Kaizen Department

Apr. 1980 Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation (TMC))
June 2008 Managing Director, TMC
Apr. 2013 Senior Managing Officer, TMC
June 2014 Executive Vice President, Toyoda Gosei Co., Ltd.
June 2015 President, Toyoda Gosei Co., Ltd.
June 2020 Chairman, Toyoda Gosei Co., Ltd.
June 2021 Vice Chairman, the Company (to present)
June 2021 Director, Toyoda Gosei Co., Ltd. (to present)
June 2021 Outside Audit & Supervisory Board Member, Hino Motors, Ltd. (to present)

Masayoshi Shirayanagi 3

President Term of office as Director: 1 year

Chief Executive Officer

Apr. 1984 Joined Toyota Motor Corporation (TMC)
Apr. 2013 Managing Officer, TMC
Jan. 2018 Senior Managing Officer, TMC
Jan. 2019 Operating Officer, TMC
Jan. 2022 Operating Officer, the Company
June 2022 President, the Company (to present)

Hiroshi Ioki 4

Director, Operating Officer New appointment

Chief Manufacturing Officer
Top Plant General Manager

Apr. 1977 Joined Arakawa Auto Body Co., Ltd. (now Toyota Boshoku Corporation)
June 2012 Managing Officer, the Company
June 2012 President, Toyota Boshoku Asia Co., Ltd.
Apr. 2018 Executive Managing Officer, the Company
Apr. 2019 Operating Officer, the Company
June 2023 Director, Operating Officer, the Company (to present)

Audit & Supervisory Board Members

4 Audit & Supervisory Board members, including 2 outside Audit & Supervisory Board members
Average age: 67 years old

Yasushi Minami 10

Standing Audit & Supervisory Board Member Term of office as Audit & Supervisory Board Member: 3 years

Apr. 1977 Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation (TMC))
Feb. 2012 Advisor, the Company
June 2012 Managing Officer, the Company
June 2015 Executive Managing Officer, the Company
Apr. 2016 Chairman, Toyota Boshoku Asia Co., Ltd.
Apr. 2017 President, Toyota Boshoku Asia Co., Ltd.
Apr. 2019 Operating Officer, the Company
June 2020 Standing Audit & Supervisory Board Member, the Company (to present)

Kazuo Koide 11

Standing Audit & Supervisory Board Member New appointment

Apr. 1981 Joined Arakawa Auto Body Co., Ltd. (now Toyota Boshoku Corporation)
June 2014 Managing Officer, the Company
Apr. 2016 President, Toyota Boshoku (China) Co., Ltd.
Apr. 2019 Chairman, Toyota Boshoku S.,* the Company
Apr. 2021 Operating Officer, the Company
June 2023 Standing Audit & Supervisory Board Member, the Company (to present)

Operating Officers

Shoji Adachi

Regional Chief Executive Officer, Europe & Africa Region Segment
President, Toyota Boshoku Europe N.V.

Yasuhiro Fueta

Chief Human Resource Officer, Human Resources & General Administration Segment

Hiroki Tsunoda

Chief Technology Officer, Research & Development Segment
Segment Chief, Seat Business Segment
BR PLM Department

Seiji Teraji

Segment Chief, Interior & Exterior Business Segment

Hidenori Ozaki

Regional Chief Executive Officer, The Americas Region Segment
President, Toyota Boshoku America, INC.

Masaki Kuroyanagi

Regional Chief Executive Officer, Asia & Oceania Region Segment
President, Toyota Boshoku Asia Co., Ltd.

Shunichi Iwamori 5

Director, Operating Officer Term of office as Director: 1 year

Chief Financial Officer
Accounting & Finance Segment
Chief Purchasing Officer
Purchasing Segment

Apr. 1989 Joined Toyota Boshoku Corporation (now Toyota Boshoku Corporation)
Apr. 2017 Functional Officer, the Company
Apr. 2019 Global Grade S.,* the Company
Apr. 2022 Operating Officer, the Company
June 2022 Director, Operating Officer, the Company (to present)

Akihiro Koyama 6

Outside Director Term of office as Director: 5 years

Apr. 1981 Lecturer (Full-Time), Faculty of Economics, Gakushuin University
Apr. 1988 Professor, Faculty of Economics, Gakushuin University
Mar. 1995 C4 (Full-Time) Professor, Faculty of Law and Economics, Bayreuth University, Germany
Sept. 1995 Professor, Faculty of Economics, Gakushuin University (to present)
June 2018 Director, the Company (to present)

Junko Shiokawa 7

Outside Director Term of office as Director: 2 years

Apr. 1995 Registered with the Dai-ichi Tokyo Bar Association
Joined Nagashima & Ohno (now Nagashima Ohno & Tsunematsu)
July 1998 Seconded to London Office, European Bank for Reconstruction and Development
Oct. 2000 Joined the New York Office, Sullivan & Cromwell LLP
Apr. 2002 Admitted to the New York State Bar
Apr. 2005 Joined Barclays Capital Securities Japan Limited (now Barclays Securities Japan Limited)
Joined the Hong Kong Office, Conyers Dill & Pearman
Registered as a Foreign Lawyer in Hong Kong
Nov. 2014 Joined the Hong Kong Office, Harneys (Partner)
June 2017 Outside Director of Asahi Net, Inc.
Sept. 2018 Joined the Hong Kong Office, Withers (Partner)
June 2021 Director, the Company (to present)
Jan. 2022 Joined Hong Kong Office, Conyers Dill & Pearman (Consultant) (to present)

Takafumi Seto 8

Outside Director Term of office as Director: 1 year

Apr. 1996 Postdoctoral fellow, Japan Society for the Promotion of Science
Apr. 1997 Joined Mechanical Engineering Laboratory
Oct. 2001 Research scientist, National Institute of Advanced Industrial Science and Technology
Apr. 2007 Associate Professor, National University Corporation Kanazawa University
Sept. 2013 Professor, Institute of Science and Engineering, National University Corporation Kanazawa University (to present)
June 2022 Director, the Company (to present)

Kenichiro Ito 9

Outside Director Term of office as Director: 1 year

Apr. 1985 Joined NIPPONDENSO CO., LTD. (now DENSO CORPORATION)
June 2012 Executive Director, DENSO CORPORATION
Apr. 2019 Senior Executive Officer, DENSO CORPORATION
June 2021 Member of the Board of Directors and Senior Executive Officer, DENSO CORPORATION (to present)
June 2022 Director, the Company (to present)

Hiroyuki Yokoyama 12

Outside Audit & Supervisory Board Member Term of office as Audit & Supervisory Board Member: 4 years

Apr. 1974 Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation (TMC))
June 2008 Managing Officer, TMC
Apr. 2012 Senior Managing Officer, TMC
Apr. 2015 Adviser, Daihatsu Motor Co., Ltd.
June 2015 Executive Vice President, Daihatsu Motor Co., Ltd.
Jan. 2019 Executive Adviser, Daihatsu Motor Co., Ltd.
June 2019 Audit & Supervisory Board Member, the Company (to present)

Hiroshi Miura 13

Outside Audit & Supervisory Board Member Term of office as Audit & Supervisory Board Member: 1 year

Apr. 1985 Joined Ewa Audit Corporation (now KPMG AZSA LLC)
Aug. 1989 Registered as Certified Public Accountant
Feb. 1992 Seconded to New York Office of Arthur Andersen LLP
June 2006 Representative Partner, KPMG AZSA & Co. (now KPMG AZSA LLC)
July 2009 Seconded to KPMG London Office (Head of EMA Global Japanese Practice (GJP))
Oct. 2013 Executive Board Member, KPMG AZSA LLC
July 2019 Executive Officer, KPMG AZSA LLC
June 2021 Outside Audit & Supervisory Board Member, Maruwa Unyu Kikan Co., Ltd. (now AZ-COM MARUWA Holdings Inc.) (to present)
July 2021 Representative CPA, Global Management Advisory Office (to present)
Nov. 2021 Executive Director, ORIX JREIT Inc. (to present)
Mar. 2022 Outside Director, MonotaRO Co., Ltd. (to present)
June 2022 Audit & Supervisory Board Member, the Company (to present)

* Equivalent to previous Managing Officer, Executive Functional Officer and Functional Officer

Compliance / Risk management

Basic stance on compliance

The Toyota Boshoku group states in its Corporate Philosophy that the Company will promote corporate growth while fulfilling our responsibilities as a good corporate citizen. At the same time, the Company clarifies the nature and details of its compliance, its overall promotion system, as well as the scope and goals of activities on a global basis, and conducts activities under strong leadership from top management, while personnel in charge of legal affairs in each region share knowledge of issues as well as improve and strengthen compliance activities.

In addition, in order to put our Corporate Philosophy into practice, we have established the Toyota Boshoku Group Guiding Principles, which serves as the basis for compliance, and have distributed this to all company members. We strive to ensure thorough compliance through training at the points of joining the company and promotion, and prior to overseas transfers. Furthermore, we are raising awareness of compliance through activities such as Corporate Ethics Month, in which all Toyota Boshoku group company members participate.

The Board of Directors also monitors the status of these initiatives.

Strengthening compliance and initiatives for human rights

In addition to anti-bribery measures, and adherence to antitrust laws, the importance of respect for human rights is steadily increasing. The Toyota Boshoku group works to raise members' awareness of compliance and human rights and enhance the level of implementation through various training and educational activities for officers and company members. In doing this, we strive to achieve compliance with laws and regulations as well as co-existence with local communities through respect for various cultures, values and individuality. We have a global legal risk management system and continuously take steps to increase awareness of our whistle-blowing system while promoting continuous improvements to this system.

We have established "Anything Goes Counseling Window" as an internal window for discussing and reporting workplace problems, legal violations, and internal misconduct. Additionally,

Number of consultations from Toyota Boshoku and group companies in Japan

| (FY) | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|------|
| Anything Goes Counseling Window¹ (cases) | 152 | 107 | 163 | 190 | 201 |
| Compliance Consultation Window² (cases) | 8 | 12 | 9 | 13 | 16 |

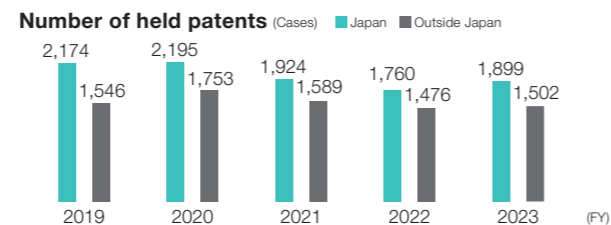
¹ Internal consultation and reporting desk for compliance and individual concerns, such as those related to work, human relations and family, etc.
² External consultation and reporting desk for issues such as compliance, violations of laws, regulations and company rules, and unfair practices

we have contracted with a law office as an external window (Compliance Consultation Window). Those windows can be used by all group companies in Japan. In terms of our overseas initiatives, we have set up, and are making use of similar windows for countries outside Japan, including both within individual group companies and on a regional level. We are creating an environment in which it is easy to consult without harming the interests of the whistleblowers.

In fiscal 2023, we received, investigated, and took appropriate action concerning 217 reports and counseling requests (mostly concerning labor issues, harassment, and interpersonal relationships) from both within Toyota Boshoku and from group companies in Japan.

Intellectual property management

The Toyota Boshoku group recognizes that intellectual property is an important asset, and indispensable for global expansion and development of our business. Thus, in order to guarantee our business' freedom and market predominance, we are promoting a creation and discovery of inventions, as well as relevant patent applications and acquisition activities. We are also committed to respecting the intellectual property of others, and perform thorough investigation to ensure that neither our products nor our R&D infringes on any intellectual property. In addition, in April 2023, the Intellectual Property Strategy Division was established as an independent unit, putting in place a system for more strategic protection and utilization of intellectual property. The Board of Directors also monitors activities. More than ever, we will continue to promote IP investments in order to develop strategic IP activities. (▶p. 40)



Basic stance on risk management

The Toyota Boshoku group is working to comprehensively reinforce risk management and reduce risks in order to respond swiftly to major risks including management risk, risk in daily operations, risk associated with disasters and accidents, risk arising from the external environment such as global warming and water, and social reputation risk.³

³ Risk of losing societal trust

Risk management activities

We have established a global risk management system for the group centered on the Chief Risk Officer (CRO), and carry out more effective risk management activities such as through monitoring of the status of risk response by the Board of Directors.

Businesses, regions, the corporate operation unit and other functions are working together to counter pertinent risks and implement a PDCA (plan-do-check-action) cycle for risk management activities. In order to prevent and minimize damage to the wider Toyota Boshoku group, Toyota Boshoku strives to identify and manage risks in an integrated manner, and share risks within the group.

Risk management initiatives in fiscal 2023

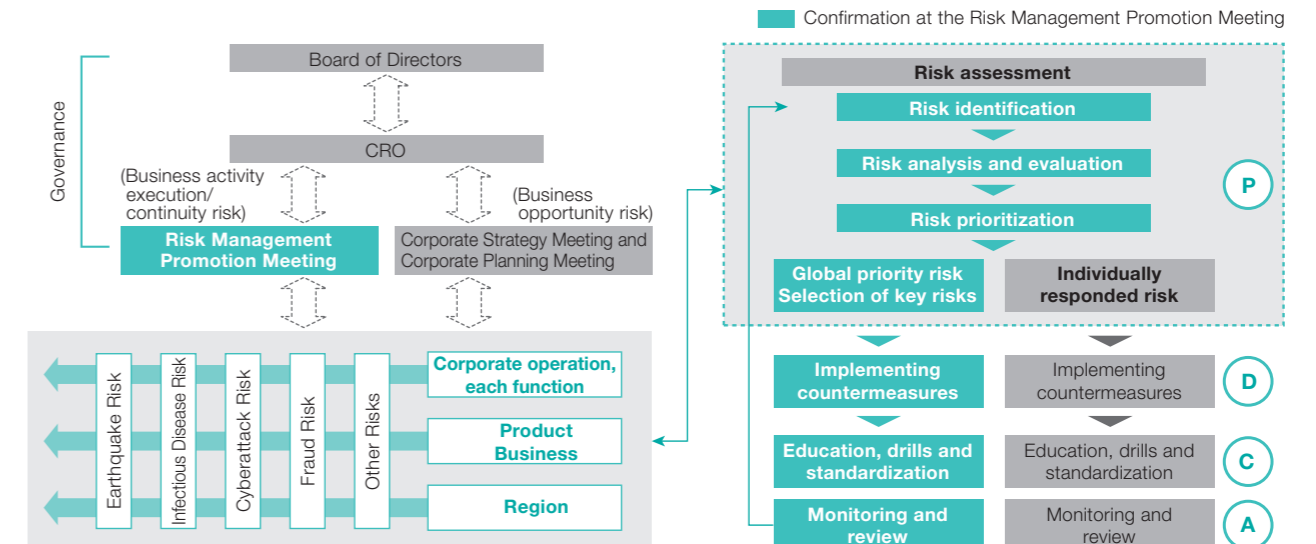
In fiscal 2023, under the global risk management system, we have worked to increase opportunities for mutual communication by disclosing and sharing information so that risk management activities can permeate not only in Japan but also in other countries.

In addition, we continuously develop our business continuity plan (BCP) with the aim of improving its effectiveness. We have conducted evacuation drills, stockpiled supplies for local residents, operated information tools (including a safety confirmation system), reviewed our response to and rules concerning COVID-19, and published manuals, among other measures.

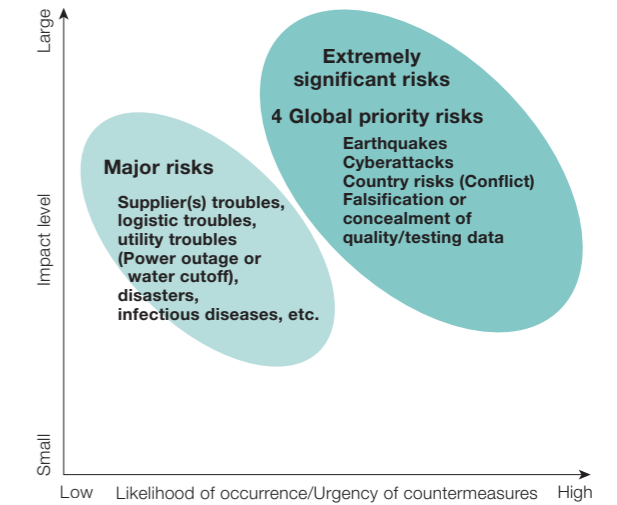
Global priority risks in fiscal 2024

Based on the results of the risk assessment for fiscal 2023, we selected global priority risks for fiscal 2024.

The risk management system, and associated activities



FY2024 Toyota Boshoku group risk map



Confidentiality management and information security

The Toyota Boshoku group considers the appropriate management of confidential information to be a key element of our business activities. We have both created a group-wide Information Security Policy, and assembled a global confidential information management system. Additionally, we are working together as one group to systematically and continuously strengthen our information security. In addition, once a year, the Company and its domestic and overseas consolidated subsidiaries collaborate to inspect the status of information security initiatives using the security guidelines, thereby improving internal systems,

rules, education, and technical measures to ensure the same level of security on a global basis. In addition to the establishment of systems, we believe in the importance of education, and regularly conduct activities to raise company members' security awareness such as through e-Learning training and drills in targeted e-mail.

The security guidelines are based on ISO 27001/27002, NIST (the United States' National Institute of Standards and Technology) Cybersecurity Framework, the Cybersecurity Management Guidelines of Japan's Ministry of Economy, Trade and Industry, etc., and are periodically reviewed to ensure they are responsive to changes in the environment.

We also update our confidentiality management rules and related procedures, and have introduced an internal information leak detection system to counter the risk of confidential information leaks.

In addition, we implement measures to counter unauthorized access gained through computer virus infection and other means, including ransomware, which has been on the rise in recent years. As well as our own measures, we have launched activities to raise the level of security measures throughout the supply chain, such as explaining the necessity of security measures and specific measures to our affiliates and suppliers.

Initiatives for digital transformation (DX)

(1) Digital human resource development

To ensure our future competitive advantage, the Toyota Boshoku group is committed to promoting DX for operational reform. In particular, "digital human resource development" is an indispensable initiative for company members to work together to promote DX with a sense of urgency.

We believe the following are necessary for the group's DX promotion:

- Promoting use of the optimal digital tools to support business process reform
- Strengthening human resources capable of making effective use in business of the growing volumes of data
- Acquiring knowledge for the safe use of digital tools/data

We will focus on education and other initiatives to develop human resources equipped with these capabilities.

(2) Four pillars of DX promotion

The group has defined and promotes four foundations as the scope of its DX initiatives.

a. MONOZUKURI foundation

Aiming to strengthen our MONOZUKURI competitiveness by enhancing and reforming our MONOZUKURI operations, from activities for winning orders through to development and production preparation, manufacturing

preparation, production and logistics, etc.

b. Management information infrastructure

Aiming to accelerate management decision-making by enhancing the aggregation and visualization of management information

c. Information utilization foundation

Aiming to contribute to business reform and new value creation by building a foundation that enables information retained by each project and business to be utilized across the entire company

d. Digital environment foundation

Further strengthening security measures to ensure the safety of systems and data, and promoting the development of digital human resources capable of making the best possible use of digital technology and data

(3) DX certification

In May 2022, we obtained DX-certified company status under the DX Certification System* established by the Ministry of Economy, Trade and Industry of Japan.

Additionally, in order to further accelerate DX initiatives, we established the DX & IT Promotion Segment under the leadership of the Chief Digital Officer, and have embarked on promoting the utilization of digital technology across the entire company, establishing an information utilization foundation, and promoting the development of digital human resources. We will continue to contribute to solving various social issues by fusing our group's strengths with digital technology.

* A government system for certifying companies that comply with the basic items of the Digital Governance Code and are DX strategy- and system-ready, based on the Act Concerning the Promotion of Information Processing

Details of our initiatives can be viewed on our website.

Compliance

<https://www.toyota-boshoku.com/global/sustainability/governance/compliance/>

Risk Management

<https://www.toyota-boshoku.com/global/sustainability/governance/risk/>

Initiatives for Intellectual Property

<https://www.toyota-boshoku.com/global/development/intellectual-property/>

DX at the Toyota Boshoku group

<https://www.toyota-boshoku.com/global/company/management/dx/>

Supplementary materials & data

87 **Materiality formulation process**

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95 **Business domains**

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Materiality formulation process

Materiality formulation process and approach

From April 2019 to July 2020, we made a company-wide effort to identify important issues and formulated our materiality in six steps (see figure on the right for details).

The important issues identified were classified into those that “maximize the positive effects,” which enrich people and their lives, and those that “minimize the negative effects,” which avoid risk. They were then organized into “Issues Relating to Safety, Environment, and Comfort to Resolve through Our Business Operations,” and “Issues Relating to the People and Organizations that are Our Sources for Exercising Competitiveness.” The materiality of the Toyota Boshoku group was determined by adding the approach we adopt to resolve each issue.

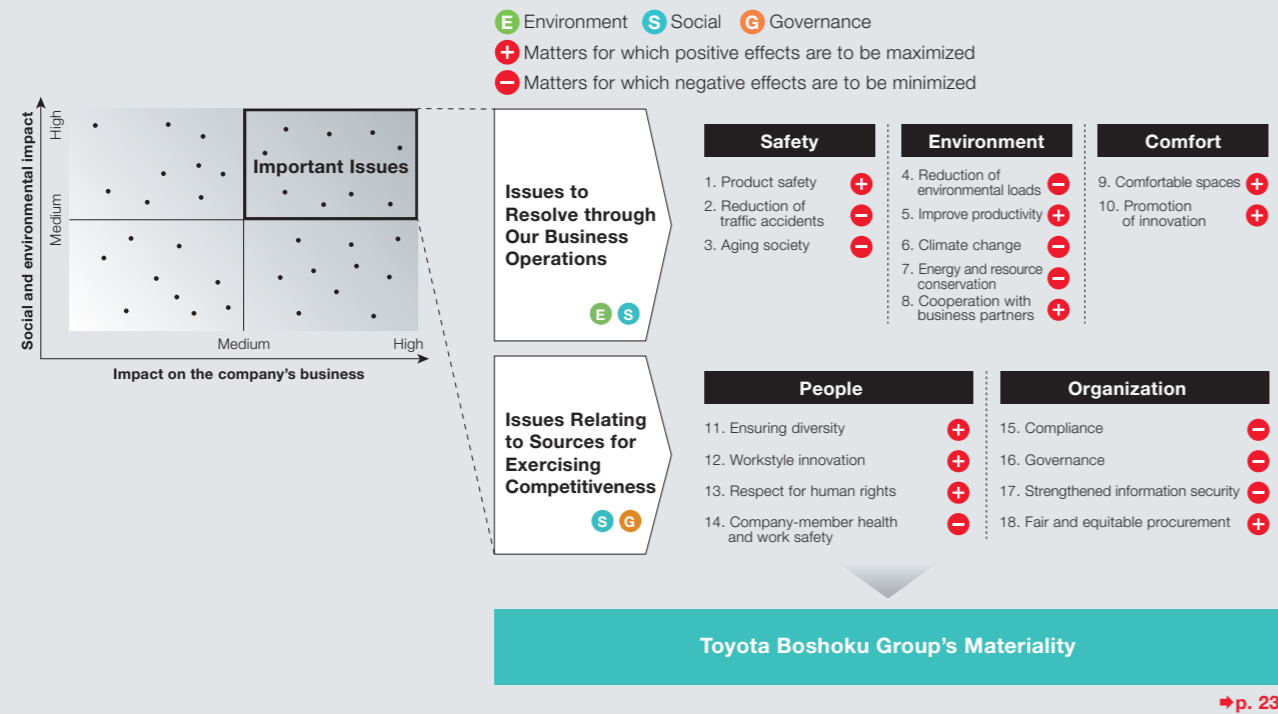
As part of a series of processes, the management team and next-generation leaders, together with the Corporate Planning Division, the lead division, held a total of 27

consultations, after which the Board of Directors decided on the materiality.

The CSV Promotion Meeting (Chair: Chief Strategy Officer (CSO) responsible for the Corporate Planning Segment), which is held twice a year, reports and deliberates on issues and the direction to take in order to enhance corporate value based on the concept of CSV. In fiscal 2023, matters discussed included CSV management and human rights initiatives, and initiatives to enhance corporate value aimed at achieving the 2025 Mid-Term Business Plan. Going forward, we will also consider reviewing our materiality itself in response to changes in the environment.

Progress with the ESG KPIs (→p. 34), which were drawn up in fiscal 2022, is also checked at the CSV Promotion Meeting, and the degree of achievement is followed up along with materiality.

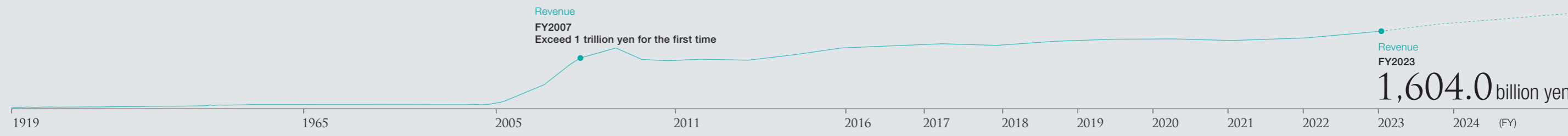
Plotting of social issues and extraction of important issues



Materiality formulation process

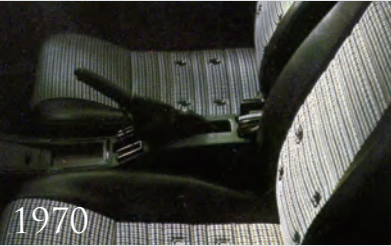


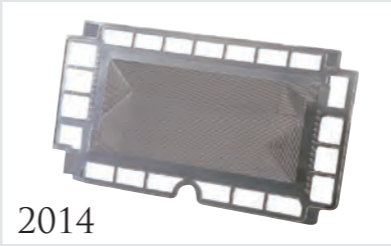







| | Participants | | |
|--|-----------------|-----------------------|--------------------|
| | Company Members | External Stakeholders | Directors/Officers |
| STEP 0 Comprehensive activities for CSR, CSV, ESG, SDGs, etc. | | | |
| <ul style="list-style-type: none"> Lecture for officers and division general managers In addition to the regular members of the CSV Promotion Meeting (now the CSV Promotion Meeting), officers and relevant division general managers involved in the formulation of the 2025 Mid-Term Business Plan attended the meeting to deepen their understanding of CSV management. Lecture on SDGs for officers, entity top management, and next-generation leaders Held as part of the “Global Week” program, where officers, entity top management and next-generation leaders of the Toyota Boshoku group gathered to discuss the future of the group and how to realize it, deepening understanding of the SDGs. SDGs card game and discussions on social issues (41 next-generation leaders from 13 countries participated) A card game format was used to deepen understanding of the SDGs and social issues. Subsequently, discussions were held on social issues surrounding the Toyota Boshoku group as well as management issues, based on important concepts for the company included in our philosophy. | ✓ | | ✓ |
| STEP 1 Understanding social issues | | | |
| <ul style="list-style-type: none"> Clarification of SDGs and other social issues As well as the SDGs, identifying more than 100 social issues by focusing also on social issues in the countries and regions in which the Toyota Boshoku group operates. Verification of social issues where we are already making contributions Creating a life cycle value chain map of the Toyota Boshoku group's business, and organizing contributions to resolving social issues that have already been implemented from both positive (opportunities) and negative (risks) perspectives. | ✓ | | |
| STEP 2 Extraction of social issues | | | |
| <ul style="list-style-type: none"> Verification of social issues to be tackled as the company's philosophy Re-affirming and understanding the meaning embedded in our philosophy, and confirming whether resolution of the social issues identified is consistent with the philosophy. Verification of social issues that can be resolved by maximizing the company's strengths Confirming whether the issues can be solved by leveraging the identity of the Toyota Boshoku group: R&D, MONOZUKURI, and HITOZUKURI. Discussions by the Materiality working group: 10 sessions (17 participants) | ✓ | | |
| STEP 3 Verification of stakeholder expectations | | | |
| <ul style="list-style-type: none"> Investor interviews: 3 times (7 participants from 3 companies) Survey of company members: 1 time (covering 260 people) Verification of management issues: Based on the results of the above interviews and questionnaires, confirm consistency with internal policy. | ✓ | ✓ | ✓ |
| STEP 4 Plotting of social issues and extraction of important issues | | | |
| <ul style="list-style-type: none"> Organization of social issues and identification of important issues to prioritize Verification from the perspectives of “social and environmental impact” and “impact on the company's business,” and identification of important issues to prioritize Formulation of five aspects of materiality in alignment with the company's Vision Identifying five materiality issues, organized into two categories: “Issues Relating to Safety, Environment, and Comfort to Resolve through Our Business Operations” and “Issues Relating to the People and Organizations that are Our Sources for Exercising Competitiveness.” | ✓ | | |
| STEP 5 Verification of validity | | | |
| <ul style="list-style-type: none"> Discussion in a CSV Promotion Meeting In February 2020, an extraordinary CSV Promotion Meeting (now the CSV Promotion Meeting) was held to discuss the composition and wording of (expressions used in) our materiality. In order to deepen company members' understanding of our materiality, it was decided to compile the reasons for selecting this text as “Meaning and Concepts.” Discussions with outside directors and outside Audit & Supervisory Board members Two briefings were held for outside officers (in April and July 2020). Based on the points raised, the positioning of materiality in management was clarified, and the management system was organized as “Management Concept.” | ✓ | | ✓ |
| STEP 6 Decision on materiality | | | |
| <ul style="list-style-type: none"> Toyota Boshoku Group's Materiality was finalized at the Board of Directors meeting in July 2020. | | | ✓ |
| STEP 7 Establishment of ESG KPIs | | | |
| <ul style="list-style-type: none"> We established ESG KPIs to measure social value. The goal is to achieve them with a view to realizing our materiality. | ✓ | | ✓ |

Our history



| Early beginnings | Shift to automotive components business | Evolution into a global system supplier | Towards the future | From CSR to CSV management |
|--|--|---|--|---|
| <p>Toyoda Boshoku was founded by Sakichi Toyoda, who believed in the importance of self-sufficiency in high-quality yarn for the development of the automatic loom.</p> <ul style="list-style-type: none"> 1918 Toyoda Boshoku Corporation was founded by Sakichi Toyoda 1921 Entered China Established Toyoda Boshoku Shou 1935 Formulated the Principles of Toyoda 1943 Merged with Toyota Motor Co., Ltd. (now Toyota Motor Corporation) | <p>A major change was made in the Company's business activity to escape the downturn in the textile market. Production of automotive components then became the Company's core business.</p> <ul style="list-style-type: none"> 1947 Established Arakawa Sheet Metal Industries Co., Ltd. (later Araco Corporation) 1950 Established Minsei Spinning Co., Ltd. as a separate independent entity from Toyota Motor Co., Ltd. 1960 Established Takashimaya Nipatsu Industries Co., Ltd. (later Takanichi Co., Ltd.) | <p>With the aim of becoming a truly global system supplier, the three companies were merged to establish a global production structure, deepen our unique technologies and expand our fields of business.</p> <ul style="list-style-type: none"> 2004 Araco Corporation (car interior components business), Takanichi Co., Ltd. and Toyoda Boshoku Corporation merged to form Toyota Boshoku Corporation Formulated Toyota Boshoku Earth Charter 2005 Formulated the TB Way Introduced the One Hub per Region structure | <p>Toyota Boshoku is accelerating reform and taking steps for the future, amid a once-in-a-century transformational period in the automotive industry.</p> <ul style="list-style-type: none"> 2015 Integrated the seat frame mechanism component businesses of Aisin Seiki Co., Ltd. (now Aisin Corporation) and Shiroki Corporation (now Aisin Shiroki Corporation) into the Company 2016 Changed management structure (product business-based organization) Announced 2050 Environmental Vision Announced 2020 Mid-term Business Implementation Plan | <p>Based on our materiality, Toyota Boshoku group is aiming to achieve sustainable growth in the face of changing social and economic conditions.</p> <ul style="list-style-type: none"> 2018 Announced 2020 Business Plan Celebrated 100th anniversary 2019 Established TOYOTA BOSHOKU AKI USA, LLC as a joint venture with Delta Kogyo Co., Ltd. and Toyo Seats Co., Ltd. 2020 Completed the main building at the Kariya headquarters Formulated Materiality Announced 2025 Mid-Term Business Plan Endorsed the TCFD recommendations 2021 Introduced Chief Officer System Partially transferred Aisin Shiroki Corporation's commercial rights in automotive seat frame mechanism parts for Suzuki Motor Corporation, Daihatsu Motor Co., Ltd. and Mazda Motor Corporation 2022 Moved to the Prime Market, a new market segment of the Tokyo Stock Exchange Obtained DX-certified company status Started investment in startups through CVC (Corporate Venture Capital) Signed agreements with Toyota Auto Body Co., Ltd. and Toyota Body Seiko Co., Ltd. to make Toyota Body Seiko a subsidiary of Toyota Boshoku 2023 The company spun off from Aisin Shiroki Corporation was renamed Toyota Boshoku Hirose Corporation and became a subsidiary of Toyota Boshoku Participated in the Ministry of Economy, Trade and Industry's GX League Concluded share transfer agreements for PT. SHIROKI INDONESIA and SHIROKI AUTOMOTIVE INDIA PVT. LTD. |

Business and product changes

| | | | | | |
|--|---|--|---|--|--|
|  <p>1970</p> <p>Started development of automotive seat fabrics</p> |  <p>2009</p> <p>Started production of cabin air filter material using the Dual Layer Melt Blown Method</p> |  <p>2013</p> <p>Received first order for railway seats utilized in the Gran Class of the Hokuriku Bullet Train (Shinkansen) <small>(Photo provided by East Japan Railway Company)</small></p> |  <p>2014</p> <p>Started production of fuel cell-related products (separators)</p> |  <p>2020</p> <p>MOOX Participated in a demonstration test at Aichi Earth Expo Memorial Park</p> |  <p>Hall of Our Steps (opened in 2022) Website (only available in Japanese) https://reserva.be/toyotaboshoku/about</p> |
|  <p>1985</p> <p>Started full-scale production of automotive filters</p> |  <p>2013</p> <p>Started production of motor core constituent parts using the FHS process</p> |  <p>2013</p> <p>First application of seats made using the Foam in Place Method</p> |  <p>2015</p> <p>Jointly developed the Company's first aircraft seats with All Nippon Airways Co., Ltd.</p> |  <p>2021</p> <p>MX221 Presented at CES 2022</p> | |

Past Mid-Term Business Plans



| Objectives of Merger | Elements of our strategy | | |
|--|--|--|---|
| <ul style="list-style-type: none"> Integrate seating systems and interior systems operations previously pursued independently by the three companies, as well as develop and propose car interiors from a comprehensive perspective Make use of the expertise and resources of all three companies to further accelerate overseas expansion <p>Vision: Aim to be a world-class interior system supplier and filter manufacturer (1) Offer comfortable and pleasant interior spaces (2) Offer world-class automotive filters (3) Build a global supply system</p> | <ul style="list-style-type: none"> Proactively implement policies to strengthen our capabilities, in terms of both “initiatives to solidify our footing” and “priority initiatives for future corporate growth”, as well as aim to become a truly global company that can operate and flourish in regions around the world Strengthen our technological capacity (development, production, manufacturing), product capacity, and profitability on a global scale | <ul style="list-style-type: none"> Pursue cutting-edge technology, in order to expand business fields Accelerate global business expansion centered on emerging countries Expand our business with a wide range of customers through business reforms and organizational restructuring Thoroughly implement lean, highly-efficient, and high-value added business in Japan | <ul style="list-style-type: none"> Perform action to achieve corporate growth while fulfilling our responsibility in harmony with society, strengthen management foundation, strengthen competitiveness, offer multi-dimensional value, and expand business fields Establish a corporate structure capable of securing an operating profit ratio of 5% or higher Focus on the development of new products and technology that anticipate the mobility environment of 2030 Pay particular attention to environmental actions |
| Main Achievements & Remaining Issues | | | |

Achievements

- Introduction of the One Hub per Region structure
- Development of new technology and beginning of production as an automotive interior system supplier
- Strengthening of our filter and powertrain components development and evaluation systems, thanks to completion of construction of the Kariya Development Center
- Re-evaluation and reorganization of our Japanese production systems
- Building of a production system to follow Toyota Motor Corporation’s overseas expansion

Issues

- Systematically engendering a sense of unity throughout the entire company
- Strengthening our business capacity as an interior system supplier (solidifying our business footing, implementing advanced measures focused on corporate growth, etc.)

Achievements

- Establishment of a global management system
- Creation of a development system that is consistent and integrated, from fundamental research all the way to cutting-edge technology, thanks to the establishment of the Research Laboratories (now called the New Value Creation Field), as well as completion of construction of the No.2 Building of the Sanage Technical Center
- Development of lightweight seating frames that enable CO₂ emissions reduction and products made using plant-derived materials
- Establishment of the Global Learning Center, and opening of the Toyota Boshoku Technical Skills Academy, in order to help our company members develop their skills, and train them to be able to flourish on a global scale
- Continuously bringing new production sites into operation at various location around the world

Issues

- Reduction of profit as a result of shrinking operations after the 2008 global financial crisis
- Response to changes in the automotive market (shifting trends from larger to smaller-size vehicles, etc.)

Achievements

- Making use of precise high-speed press technology to introduce HEV and FCV-focused products onto the market
- Expansion of business into emerging nations
- Creation and maintaining of foundation for new customer business
- Expansion into new fields, such as specialized racing car seats, railroad carriages, and aircraft

Issues

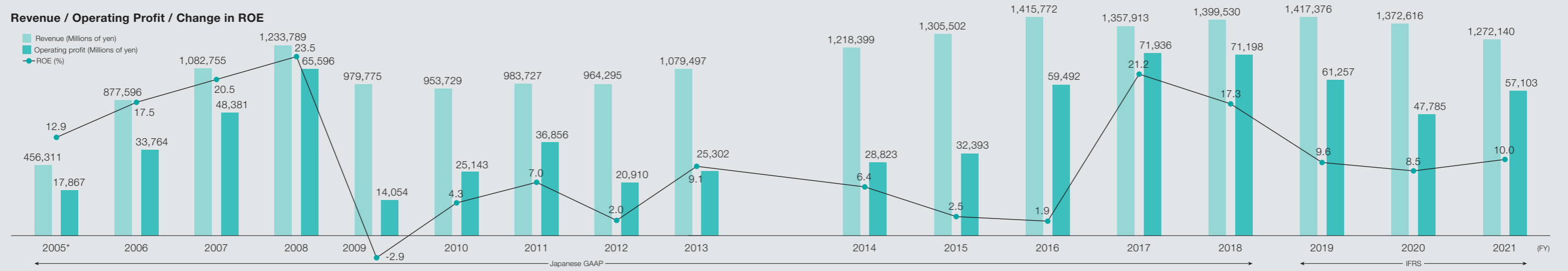
- Creating operations that can respond to sudden expansion of our business
- Worsening of profits due to disorganization resulting from new product being launched by our pre-existing business

Achievements

- Strengthening competitiveness and management foundation, and steadily increasing earning power
- Creation of the Business Management Structure, and maintaining a target management structure that is consistent and integrated, from individual sites all the way up to the management level
- Creation of a stable, resilient BCP that can appropriately respond to unforeseen circumstances
- Acceleration of cooperation and coordination between various divisions in relation to design, production engineering, and quality, thanks to completion of construction of the MONOZUKURI Innovation Center. Optimization of production and manufacturing preparations, thanks to use of digital technology.
- Strengthening advanced development to envision and prepare for 2030, including cooperation with the Toyota Group (MX191)

Issues

- Maintaining our management information infrastructure
- Further promoting of vibrant work style innovation



* Values for the first half of fiscal 2005 (April 1 to September 30, 2004) from pre-merger Toyoda Boshoku. Values for the second half of the year (October 1, 2004 to March 31, 2005) from post-merger Toyota Boshoku.

10-year summary

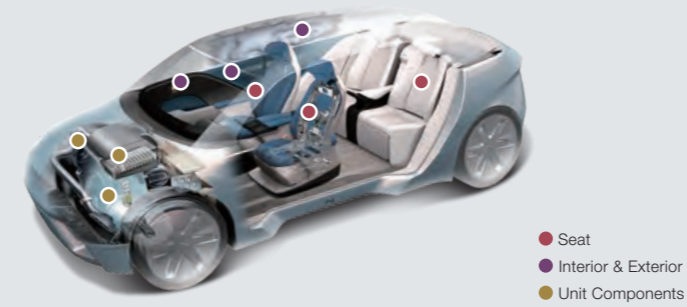
| FY Years ended March 31 | Japanese GAAP | | | | | IFRS | | | | | Millions of yen |
|--|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Revenue | 1,218,399 | 1,305,502 | 1,415,772 | 1,357,913 | 1,399,530 | 1,417,376 | 1,372,616 | 1,272,140 | 1,421,451 | 1,604,036 | |
| Operating profit | 28,823 | 32,393 | 59,492 | 71,936 | 71,198 | 61,257 | 47,785 | 57,103 | 60,290 | 47,672 | |
| Profit attributable to owners of the parent | 12,610 | 5,204 | 3,900 | 45,359 | 42,762 | 27,457 | 24,786 | 31,188 | 39,260 | 14,679 | |
| Total assets | 659,008 | 719,680 | 725,895 | 691,921 | 744,558 | 793,599 | 780,714 | 845,778 | 964,740 | 1,007,392 | |
| Capital stock | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 | |
| Total equity | 249,082 | 264,038 | 243,146 | 276,274 | 308,620 | 329,329 | 321,701 | 369,650 | 423,835 | 436,894 | |
| Capital expenditures | 51,116 | 50,190 | 36,898 | 35,500 | 52,095 | 61,341 | 58,715 | 46,731 | 38,326 | 50,773 | |
| Depreciation | 36,302 | 40,121 | 41,012 | 36,228 | 34,755 | 35,153 | 37,575 | 38,194 | 40,386 | 44,965 | |
| R&D expenses | 40,189 | 38,821 | 38,450 | 37,884 | 47,393 | 46,965 | 45,902 | 41,831 | 44,845 | 47,306 | |
| Per Share Data (Yen) | | | | | | | | | | | |
| Basic earnings | 68.05 | 28.08 | 21.02 | 244.28 | 230.27 | 147.85 | 132.88 | 166.93 | 210.15 | 78.57 | |
| Diluted earnings* | – | – | 21.02 | 244.27 | – | – | – | – | 210.13 | 78.56 | |
| Cash dividends | 18.00 | 18.00 | 30.00 | 50.00 | 54.00 | 56.00 | 54.00 | 45.00 | 64.00 | 70.00 | |
| Dividend payout ratio (consolidated) (%) | 26.5 | 64.1 | 142.7 | 20.5 | 23.5 | 37.9 | 40.6 | 27.0 | 30.5 | 89.1 | |
| Equity attributable to owners of the parent | 1,115.69 | 1,164.36 | 1,065.72 | 1,240.77 | 1,414.91 | 1,573.44 | 1,557.93 | 1,792.56 | 2,066.53 | 2,144.33 | |
| Cash Flow (Millions of yen) | | | | | | | | | | | |
| Net cash provided by operating activities | 49,590 | 65,536 | 78,912 | 95,389 | 86,117 | 60,720 | 79,673 | 74,483 | 122,933 | 89,428 | |
| Net cash provided by (used in) investing activities | (51,867) | (51,615) | (48,086) | (48,927) | (51,707) | (58,915) | (54,175) | (51,392) | (40,893) | (36,461) | |
| Net cash provided by (used in) financing activities | (5,636) | 516 | (8,739) | (61,347) | (3,528) | (19,526) | (13,964) | 2,756 | (48,664) | (40,812) | |
| Cash and cash equivalents | 126,648 | 143,493 | 160,904 | 144,889 | 178,372 | 158,192 | 163,377 | 195,180 | 237,952 | 248,195 | |
| Financial Indicators (%) | | | | | | | | | | | |
| Ratio of operating profit to revenue | 2.4 | 2.5 | 4.2 | 5.3 | 5.1 | 4.3 | 3.5 | 4.5 | 4.2 | 3.0 | |
| ROE: Ratio of profit to equity attributable to owners of the parent | 6.4 | 2.5 | 1.9 | 21.2 | 17.3 | 9.6 | 8.5 | 10.0 | 10.9 | 3.7 | |
| Ratio of equity attributable to owners of the parent | 31.4 | 30.0 | 27.3 | 33.3 | 35.3 | 36.8 | 37.3 | 39.6 | 40.0 | 39.8 | |
| Price earnings ratio (PER) | 15.3 | 53.6 | 87.3 | 10.6 | 9.5 | 11.3 | 9.7 | 11.0 | 9.5 | 27.2 | |
| Shareholders' Equity (at fiscal year-end) | | | | | | | | | | | |
| Number of shares issued (Thousands) | 187,665 | 187,665 | 187,665 | 187,665 | 187,665 | 187,665 | 187,665 | 187,665 | 187,665 | 187,665 | |
| Number of shareholders | 22,191 | 16,746 | 14,517 | 12,226 | 13,287 | 14,066 | 14,715 | 16,177 | 15,959 | 16,123 | |
| Stock price (yen) | 1,043 | 1,504 | 1,834 | 2,583 | 2,184 | 1,675 | 1,287 | 1,830 | 2,002 | 2,137 | |
| Number of company members (excluding temporary company members) | 38,198 | 41,509 | 41,624 | 41,428 | 41,409 | 43,103 | 44,375 | 44,154 | 44,264 | 44,581 | |
| CO ₂ emissions (t-CO ₂) | 312,348 | 311,975 | 310,465 | 324,528 | 330,235 | 322,977 | 318,431 | 304,455 | 307,218 | 255,804 | |
| Amount of waste (t) | 22,661 | 21,990 | 23,464 | 23,727 | 24,018 | 24,925 | 25,458 | 23,087 | 23,217 | 26,737 | |
| Water consumption (thousand m ³) | 4,303 | 4,352 | 4,271 | 4,143 | 4,321 | 3,994 | 3,731 | 3,590 | 3,266 | 3,369 | |
| Percentage of local company members holding executives (officer, manager) positions at overseas business sites | – | – | – | – | 14 | 19 | 23 | 25 | 21 | 25 | |
| Number of women at management positions (Toyota Boshoku) | – | – | – | – | 17 | 20 | 23 | 24 | 29 | 33 | |
| Number of female group manager level (Toyota Boshoku) | – | – | – | – | 53 | 51 | 55 | 57 | 65 | 64 | |
| Number of patents held (Japan) | – | – | – | 1,941 | 2,112 | 2,174 | 2,195 | 1,924 | 1,760 | 1,899 | |
| Number of patents held (outside Japan) | – | – | – | 1,207 | 1,371 | 1,546 | 1,753 | 1,589 | 1,476 | 1,502 | |

* With regard to diluted earnings per share [diluted net income per share of common stock] in fiscal 2014, 2015, 2018, 2019, 2020 and 2021, there were no latent shares with dilutive effects.

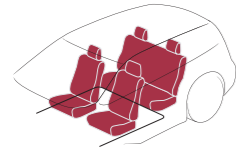
Business domains

Our three business domains provide the ultimate mobility life for customers around the world

In the three domains of seat, interior & exterior and unit components, the Toyota Boshoku group has delivered a variety of products that realize enriched and higher-quality time and space to people in mobility interior spaces in order to generate excellent quality and new value.



Seat Business



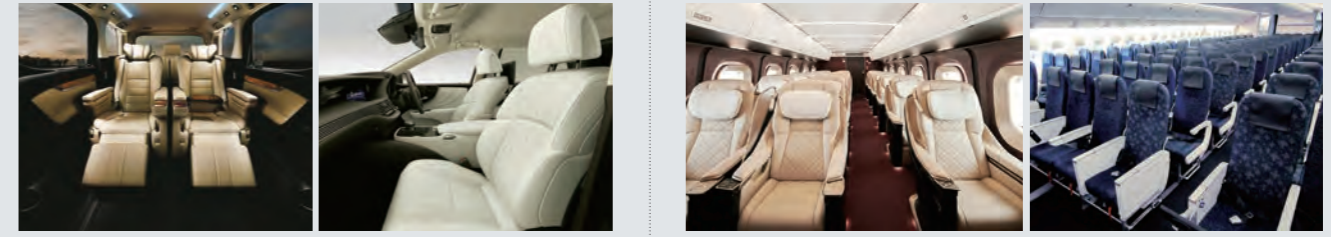
The Toyota Boshoku group develops seats that elicit the maximum potential of each car, which make the vehicle easier to drive and ensure the ultimate in comfort and pleasure. We aim to develop seats that provide comfort and safety for everyone in mobility in any setting around the world.

Automobile Seats



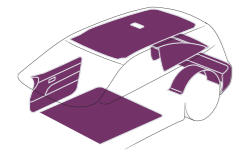
Seats Sports seats (For automobile racing) Seat frames

Non-automobile Seats



Executive lounge seats Lexus LS seats Railway seats (Photo provided by East Japan Railway Company) Aircraft seats

Interior & Exterior Business

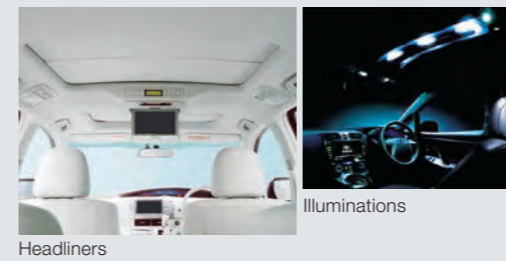


We strive to deliver automobile interior spaces in which people from every country and region of the world can create unforgettable moments with family, friends and other loved ones that will last a lifetime. Staying one step ahead of the times, we develop interiors that enrich users' mobility life and ensure uncompromising comfort through total coordination of the automobile interior.

Interior Components



Interior system Door trims



Headliners Illuminations

Exterior Components



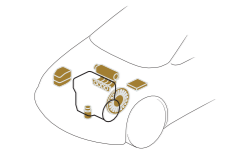
Bumpers Fender liners

Others (Textile Components)



Seat fabrics Seatbelt webbings Curtain-shield airbags

Unit Components Business

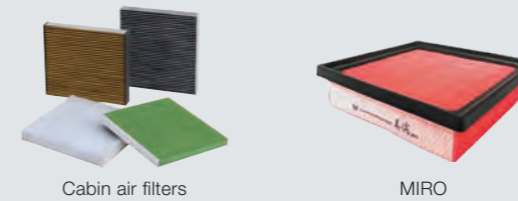


In order to develop cars that ensure smooth and stable driving under any tough conditions, we manufacture products that maximize engine performance while contributing to realizing a clean and comfortable vehicle interior space by developing next-generation filtration technology.

Filter Products



Air filters Oil filters



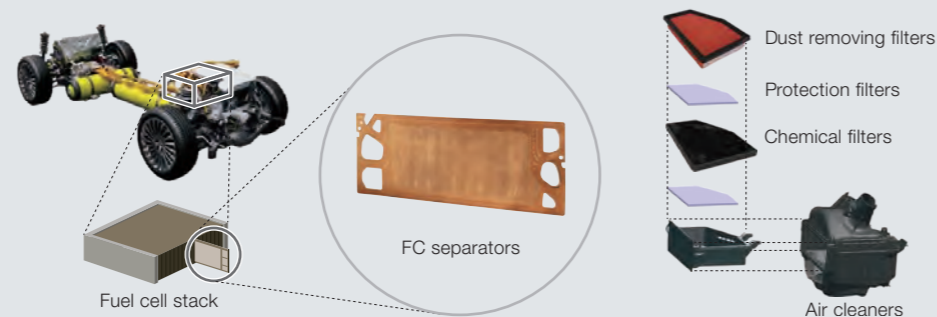
Cabin air filters MIRO

Plastic Parts for Internal Combustion Engine (ICE)



Air induction systems Air cleaners Intake manifolds (For horizontally opposed engine) Oil mist separators

For FCEV (Fuel Cell Electric Vehicle) HEV (Hybrid Electric Vehicle) BEV (Battery Electric Vehicle)



Stock and corporate information

Corporate data

Location
1-1 Toyoda-cho, Kariya-shi,
Aichi 448-8651, Japan

Capital
8.4 billion yen

**Number of company members
(excluding temporary company members)**
8,244 (non-consolidated)
44,581 (consolidated)
(As of March 31, 2023)

Founded
1918

Established
1950

Independent auditor
PricewaterhouseCoopers Arata LLC

Stock information

Number of shareholders
16,123 (as of March 31, 2023)

Number of shares authorized to be issued
500,000,000

Number of shares outstanding
186,884,185 (as of March 31, 2023)
(excluding treasury stock of 781,553)

Business year
April 1 to the following March 31

Ordinary General Meeting of Shareholders
Every June (The event is held to avoid dates on which many such shareholders' meetings are usually held)

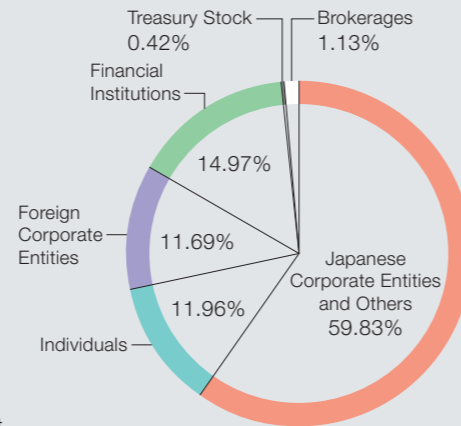
Stock exchange listings
Tokyo Stock Exchange Prime Market,
Nagoya Stock Exchange Premier Market

Securities code
3116

Payment of dividends
March 31 (Interim dividends, when paid,
are paid as of September 30.)

Custodian of the shareholders' register
Mitsubishi UFJ Trust and Banking Corporation

Breakdown of shareholders



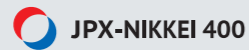
Inclusion in indexes (socially responsible investment)



FTSE Blossom Japan Sector Relative Index

The index was designed by FTSE Russell to measure the relative ESG-responsive performance of Japanese companies in each sector. To facilitate the transition to a low-carbon economy, companies are selected using their climate governance and climate change initiatives in the rating.

FTSE Russell confirms that Toyota Boshoku Corporation has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.
<https://www.ftserussell.com/products/indices/blossom-japan>



This stock index is jointly developed and operated by Japan Exchange Group, Inc., Tokyo Stock Exchange, Inc. and Nikkei Inc. The index is composed of "companies that are highly appealing as investments from the standpoint of investors."

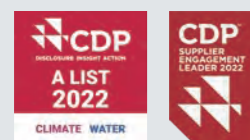


This stock index was established independently by Somo Asset Management Co., Ltd. Constituent companies are selected based on evaluations of their corporate ESG (environmental, social and governance) initiatives.



The Development Bank of Japan Inc. (DBJ) assigns scores to businesses for environmentally responsible management, selecting and ranking superior companies while setting conditions for financing according to those scores. Toyota Boshoku has received the bank's highest rating, and is recognized as "particularly innovative in its environmental efforts."

Evaluations

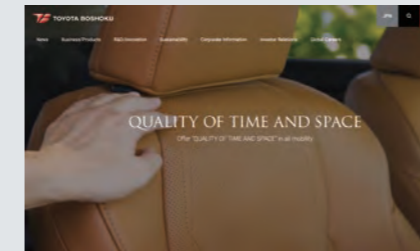


CDP is an NGO that requests disclosure of strategies to address climate change and information on greenhouse gas emissions, and publishes an evaluation score worldwide. Toyota Boshoku received the highest "A" rating in the two categories of "Climate Change" and "Water Security" in CDP 2022. Toyota Boshoku is the one of "Double A list" companies, which have been selected from among over 18,700 companies. Also, Toyota Boshoku received the highest rating, "Supplier Engagement Leader" in the Supplier Engagement Rating, which evaluates corporate supply chain engagement on climate issues.



Toyota Boshoku was certified as an Excellent Enterprise of Health and Productivity Management 2023 (White 500) jointly selected by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

Website links



Corporate website

<https://www.toyota-boshoku.com/global/>

Here we provide comprehensive information on the Toyota Boshoku group. Visitors to the site can learn more about Toyota Boshoku, including our business activities, R&D, sustainability initiatives, various ESG data, IR information, and employment opportunities.



Innovation at Toyota Boshoku

<https://tech.toyota-boshoku.com/global/>

Here we introduce the Toyota Boshoku group's initiatives related to R&D. Visitors to the site can learn about Toyota Boshoku's advanced technological capabilities—from our R&D strategy based on the future outlook, to design and the latest concept cars—as well as the targets we're aiming for with these capabilities.



Team Breakthrough

Creating the future through challenge and innovation

<https://www.toyota-boshoku.com/global/teambreakthrough/>

Team Breakthrough is a media site which introduces the Toyota Boshoku group's future-oriented thinking and most recent initiatives, organized around the four themes of R&D, sustainability, people, and MONOZUKURI.



Thank you for taking the time to read through the Toyota Boshoku Report 2023. This year's report considers how we can administer management resources as a source of growth and connect this to our desired status for 2025 and 2030. We hope you can gain an understanding of our activities as we transform ourselves and strive to become a company that wins your support and empathy, and to this end, we value the opinions of all our stakeholders. We encourage you to provide us with your honest feedback.



Corporate Planning Division
Toyota Boshoku Report 2023 Production Team

October 2023
Corporate Planning Division, Toyota Boshoku Corporation