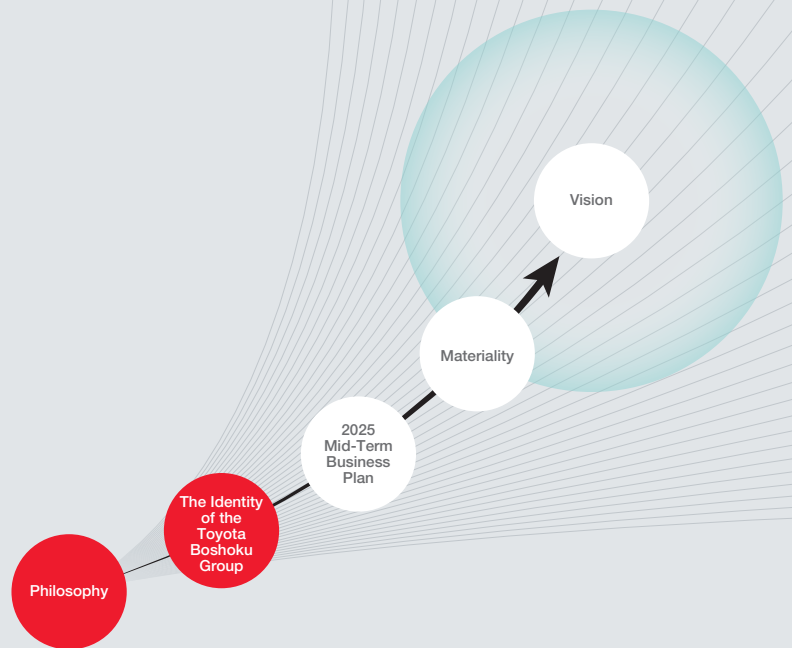




Management Concept

—With “for the world and for people” as our starting point—

- 06 Philosophy
- 07 The path of value creation
- 09 The identity of the Toyota Boshoku group (management resources)
- 11 Value creation process
- 13 Market changes and outlook



With “for the world and for people” as our starting point

Philosophy

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

Corporate Philosophy

- | | |
|-----------------------------|--|
| 1. Society | The Company will promote corporate growth while fulfilling the following responsibilities as a good corporate citizen:
1) Maintain ethical values, ensuring that our corporate activities are fair and transparent;
2) Supply safe products that do not harm the environment; Promote corporate activities that help protect the global environment;
3) Create a better society as a member of our local communities. |
| 2. Customers | The Company will develop innovative technologies and products to deliver quality that satisfies our customers. |
| 3. Shareholders | The Company will promote innovative management policies that ensure future corporate growth and the trust of our shareholders. |
| 4. Employees | The Company will build and maintain positive labor-management relations, respect the individuality of its employees and create safe and comfortable workplaces. |
| 5. Business partners | The Company will promote open and mutually beneficial relationships with its business partners in pursuit of long-term growth and prosperity. |

Code of Conduct

As members of the Toyota Boshoku group, we declare that we will observe rules and carry out sensible actions in accordance with this code of conduct.

1. Business activities

- (1) Dealings with customers (2) Dealings with suppliers (3) Dealings with political parties and public agencies
(4) How to respond to anti-social forces (5) Ensuring safety and quality (6) Consideration of the environment
(7) Global business activities (8) Protection of company assets
(9) Respect for intellectual property rights (10) Handling of confidential information

2. Relations between employees and the company

- (1) Global human resources development (2) How to build a meaningful workplace (3) Prohibition of illegal and antisocial acts

3. As members of society

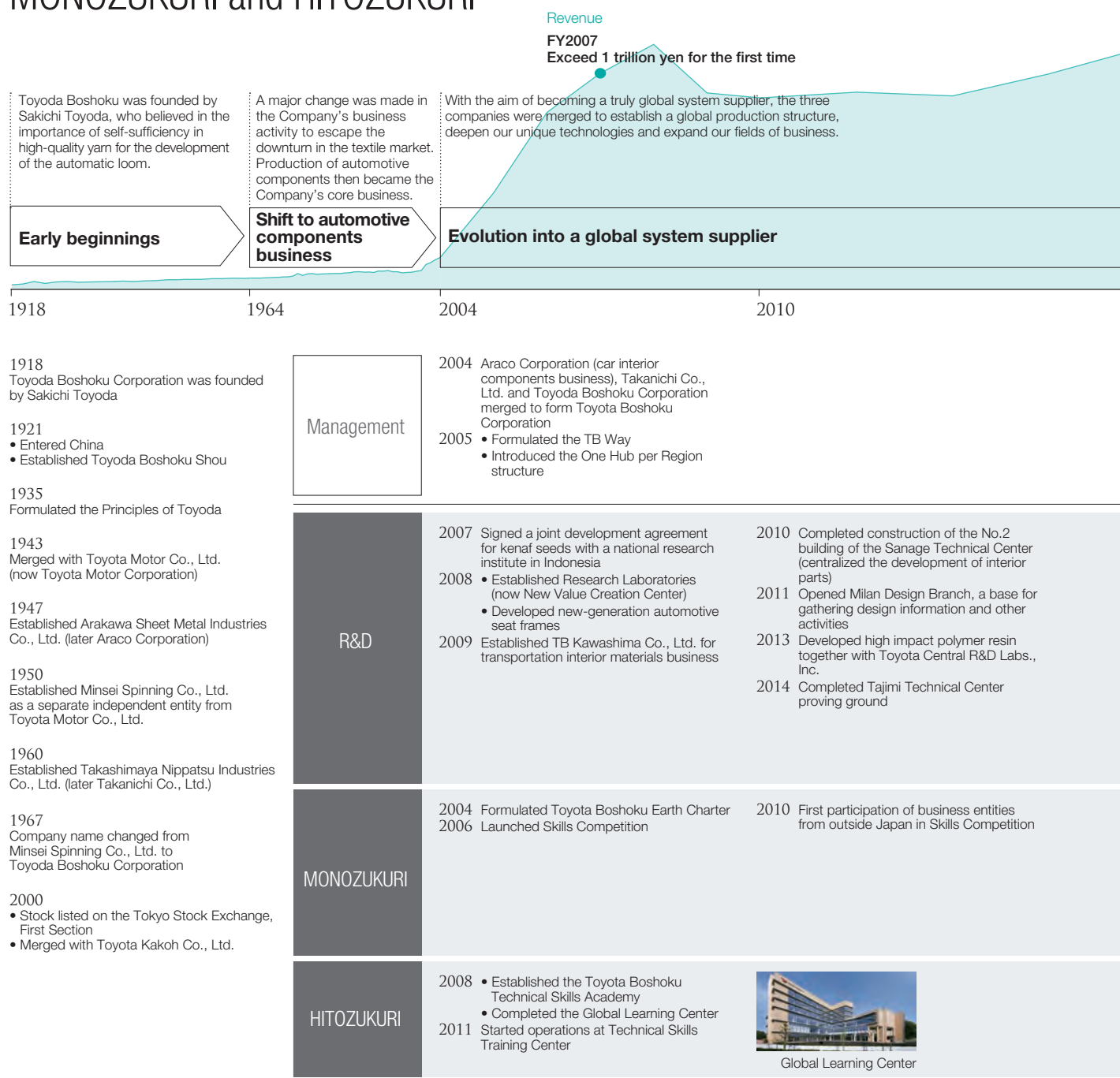
- (1) A healthy social lifestyle (2) Contribution to society (3) Corporate information and publicity (4) Insider trading (5) Traffic safety

TB Way

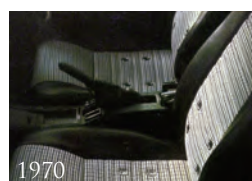
We contribute to society by developing leading-edge technologies and manufacturing high-quality products.

1. We meet challenges with courage and creativity, to realize our dreams.
2. We carry out *kaizen* continuously, aiming to achieve higher goals.
3. We practice *genchi-genbutsu* by going to the source to analyze problems and find their root causes.
4. Once a decision is made, we move quickly to carry out the plan, with passion and a sense of mission.
5. We seek to do our best, act professionally and take responsibility for our actions.
6. We respect the values of other cultures and accept differences, with an open mind and a global perspective.
7. As a good corporate citizen, we do what is right and contribute to society.
8. We respect the individual and use teamwork to produce the best result.

Combining a focus on R&D with a commitment to MONOZUKURI and HITOZUKURI



Business and product changes



1970
Started development of automotive seat fabrics



1985
Started full-scale production of automotive filters



2009
Started production of cabin air filter material using the Dual Layer Melt Blown Construction Method



2013
Started production of motor core constituent parts using the FHS process¹



2013
Received first order for railway seats Utilized in the Gran Class of the Hokuriku Bullet Train (Shinkansen) (Photo provided by East Japan Railway Company)

¹ Fine Hold Stamping process: Toyota Boshoku's unique high-precision, high-speed stamping technology

With “for the world and for people” as our starting point

Revenue

FY2016 1,415.7 billion yen
Historic high in sales

Revenue

FY2021

1,272.1 billion yen

Toyota Boshoku is accelerating reform and taking steps for the future, amid a once-in-a-century transformational period.

Toyota Boshoku has formulated our Materiality and is aiming to achieve sustainable growth in the face of changing social and economic conditions resulting from the coronavirus pandemic.

Towards the future

From CSR to CSV management

2015

2016

2017

2018

2019

2020

2021

- 2015 Integrated the seat frame mechanism component businesses of Aisin Seiki Co., Ltd. (now Aisin Corporation) and Shiroki Corporation into the Company
- 2016
- Changed management structure (product business-based organization)
 - Announced 2050 Environmental Vision
 - Announced 2020 Mid-term Business Implementation Plan

- 2017 Signed business partnership agreement with Tachi-S Co., Ltd.
- 2018
- Announced 2020 Business Plan
 - Celebrated 100th anniversary
- 2020
- Completed the main building
 - Formulated Materiality
 - Announced 2025 Mid-Term Business Plan
- 2021
- Introduced Chief Officer System



Main building (Kariya)

- 2015 Developed new seat frames boasting light weight and high rigidity
- 2016 Established Silicon Valley Office of Toyota Boshoku America, Inc.
- 2017
- Established ATN Auto Acoustics Inc. as a joint venture between Toyota Boshoku, Autoneum and Nihon Tokushu Toriy Co., Ltd., engaged in NV evaluation and analysis of automobile interior and exterior systems
 - Signed an agreement on comprehensive promotion of industrial-academic collaboration with National University Corporation Kanazawa University



- 2018
- Concluded an agreement with National University Corporation Nagoya University to jointly research tide generating force
 - Exhibited for the first time at CES2019, the world's largest consumer electronics trade show
- 2019
- Opened sales and development office in India
 - Established TOYOTA BOSHOKU AKI USA, LLC as a joint venture with Delta Kogyo Co., Ltd. and Toyo Seats Co., Ltd. for MITMUS²
 - High impact polymer resin won the 2019 R&D100 Award³
- 2020
- Participated in an autonomous driving demonstration test at Chubu Centrair International Airport using the Drowsiness Suppression Seat System
 - Participated with “MOOX” in the demonstration test and exhibition for the practical application of autonomous driving at Aichi Earth Expo Memorial Park

- 2016 Established Global Quality Learning Center
- 2017 Took part in the 44th World Skills Competition for the first time and won a gold medal in the mechatronics category
- 2018 Concluded a cooperation agreement with National University Corporation Iwate University centered on industrial technology development

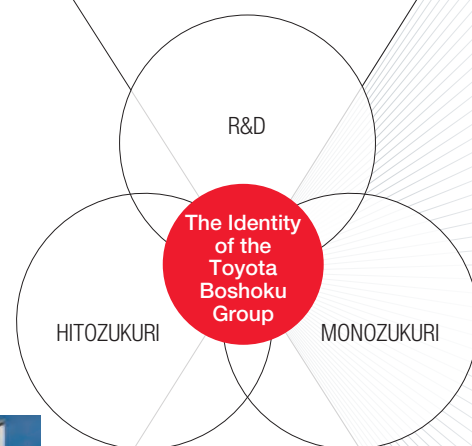
- 2019
- Completed the MONOZUKURI Innovation Center
 - Toyota Boshoku was recognized as a Water Security “A List” Company, the Top Ranking, by CDP
- 2020 Received the highest rating in the CDP Supplier Engagement Rating and was elected to the Leaderboard for the first time



MONOZUKURI Innovation Center

- 2015 Held the first Global Week, an annual event that brings together members including the top management in the world, as well as the next generation leaders, under one roof
- 2016 Started vibrant work style innovation
- 2017 Launched Global HR Platform

- 2018 Launched GEDP⁴ for global executive development and GLDP⁵ for next-generation leader development
- 2020 Started GSCT⁶ to discuss succession planning for executive management on a global level



2013

First application of seats made using the Foam in Place Method



2014

Started production of fuel cell-related products (separators)



2015

Jointly developed the Company's first aircraft seats with All Nippon Airways Co., Ltd.



2019

Announced MX191 at the Tokyo Motor Show



2020

MOOX Participated in a demonstration test at Aichi Earth Expo Memorial Park (see p.27 for details)

2 Mazda Toyota Manufacturing, U.S.A., Inc.: Joint venture of Toyota Motor Corporation and Mazda Motor Corporation

3 A venerable and prestigious award sponsored by R&D World Magazine in the US. Honors the 100 most outstanding products and technologies developed by world-class research institutions and companies and put to practical use in the past year

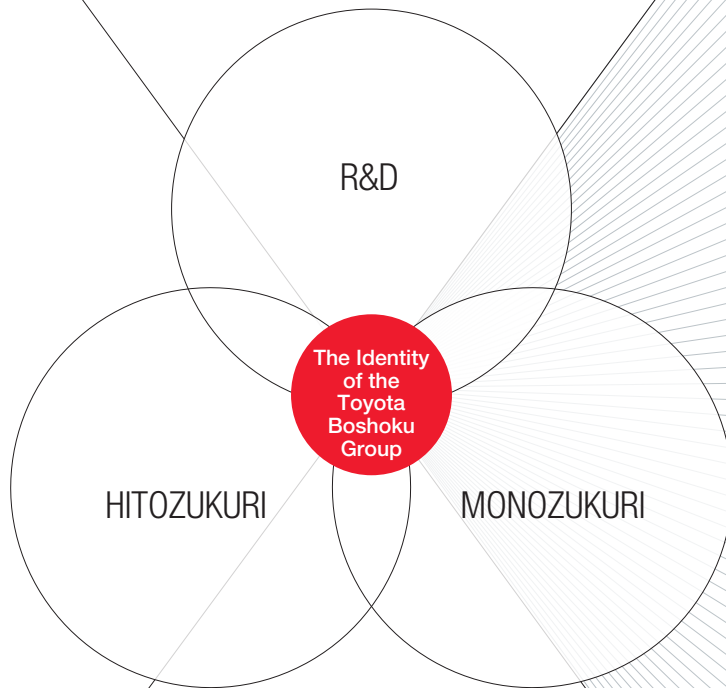
4 Global Executive Development Program

5 Global Leader Development Program

6 Global Succession Committee by Top Executives

Our strengths, cultivated over more than 100 years, are the source of our value creation

The Toyota Boshoku group has consistently focused on HITOZUKURI and MONOZUKURI from the customer's perspective, based on the concept that "human resources development is at the heart of manufacturing." In addition, taking into account the nature of our products, i.e. that people have direct physical contact with them, we will continue to provide "comfort value" through advanced R&D based on manufacturing that considers people, connects with them, and makes them feel an affection for our products.



R&D—

Pursuing "comfort" in mobility spaces based on "safety" and "environment"

- Product development that considers the customers who will use the products
- Passion, sense of mission, tenacity
- Global collaboration for better products
- Innovation

MONOZUKURI—

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

- Customer First
- Fusion of reasonable price, high-quality products with cutting-edge technology
- *Kaizen* (continuous improvement)
- Find the root cause of a problem through *Genchi-Genbutsu* (go, see & study)

HITOZUKURI—

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

- Diverse values
- Teamwork
- Challenging spirit
- Honest and sincere

With “for the world and for people” as our starting point

In order to offer high-quality 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 with passion, a sense of mission, and tenacity in a global collaborative system that sets high goals and achieves them.

R&D foundation

Development bases 13 bases

R&D expenses 41.8 billion yen

Intellectual property

Number of patents held Japan 1,924 Outside of Japan 1,589



It is important for us to always keep in mind the end user's perspective, with an awareness of “B to B to C,” whereby we are trusted and chosen by customers. Based on the concept that people are the foundation of MONOZUKURI, we promote manufacturing with an emphasis on HITOZUKURI. We will continue to 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 entities 76 entities

Capital investment 46.7 billion yen



The Toyota Boshoku group has a corporate culture that respects diversity, where we learn and grow together; and teamwork that challenges us to unite our minds with honesty and sincerity. By fostering a challenging spirit that leads to self-fulfillment and job satisfaction, 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* 50,899

Proportion of members working in regions outside Japan* 69.5%

Collaboration with business partners

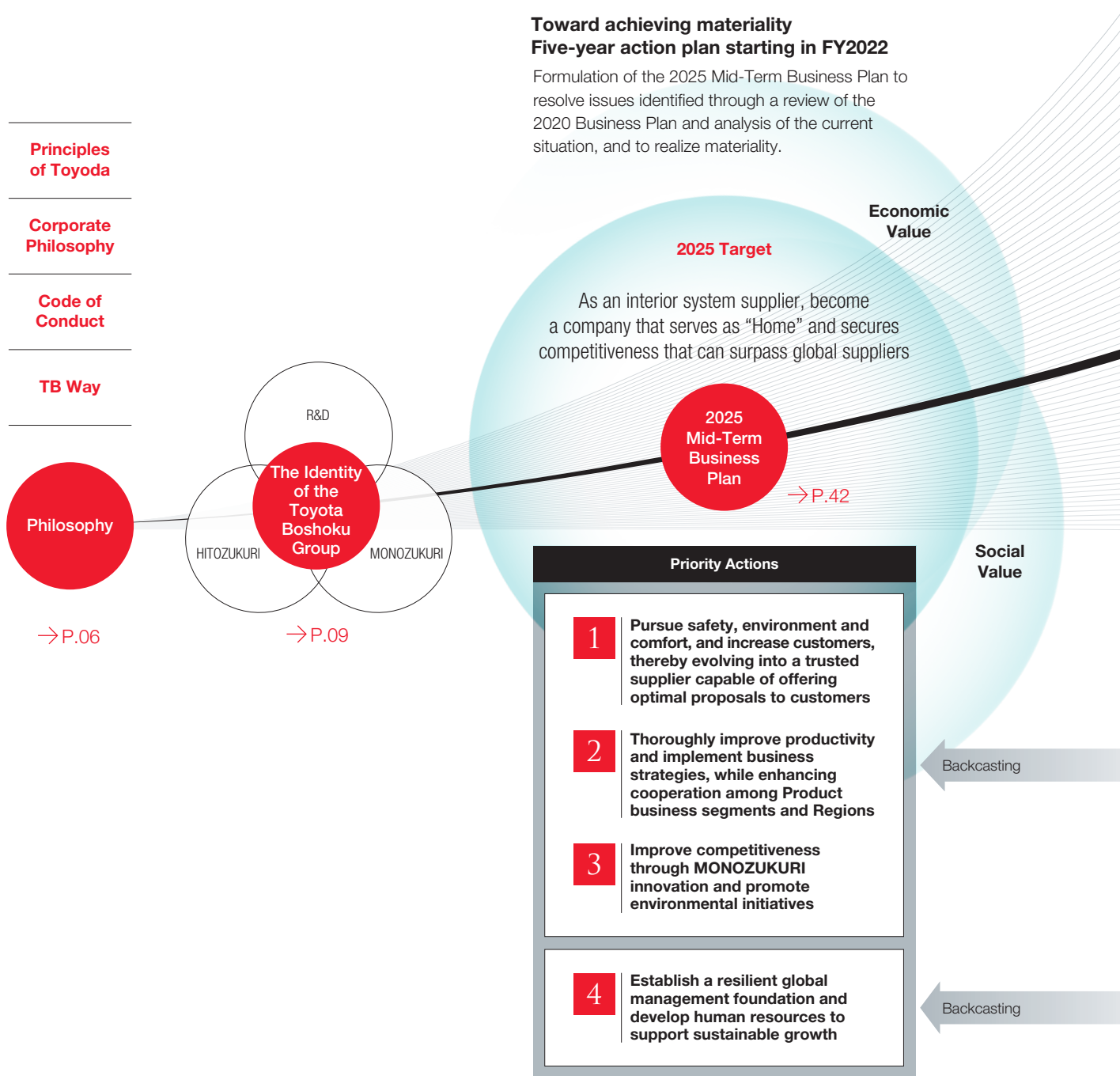
Number of companies that participated in the Annual Supplier Meeting online 158

* Including temporary company members



We aim to enhance our corporate value by drawing a roadmap for growth to 2030, and steadily implementing our plan

In order to realize our Vision and be the company we aim to become, in 2020 the Toyota Boshoku group formulated 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) and 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.



* “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.

With “for the world and for people” as our starting point

Vision

→ P.14

Materiality

→ P.34

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

Formulating our materiality to be achieved

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



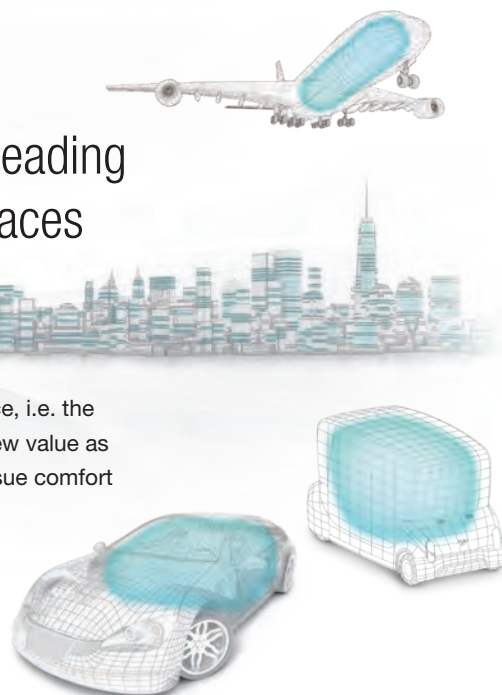
Issues Relating to the People and Organizations that are Our Sources for Exercising Competitiveness

- 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



Aiming to be an Interior Space Creator, leading the creation of new value for mobility spaces

As a system supplier, the Toyota Boshoku group integrates the entire space, i.e. the components of mobility, as a single package. We will continue to create new value as an Interior Space Creator by providing solutions to realize spaces that pursue comfort based on the premise of safety and the environment.



Responding to the evolution of technologies such as CASE¹ and MaaS², and changing values in relation to automobiles

The automotive market is facing a period of major change, said to occur only once every 100 years. The Toyota Boshoku group is advancing with R&D in response to the evolution of technologies such as CASE and MaaS, and to changing values in relation to automobiles. For example, in terms of the evolution of autonomous driving technology, we are leading the creation of new value for mobility spaces. This includes the creation of

MX191,³ which provides comfortable time and space envisaging autonomous driving levels 3 and 4, and MOOX,⁴ which envisions the use of space for a variety of services. We are also expanding and upgrading our products that support electrification in order to adapt to changes in energy in society—from engines to hybrids, hydrogen fuel, and electrification.

Transformation of the automotive market

		Autonomous driving LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4, 5
Change of driver activities	Non-driving activities	Cognitive focus on active driving	Cognitive focus on active driving Non-driving activities	Cognitive focus on active driving Non-driving activities	Non-driving activities
Consumer Value	Joy of riding	Joy of control	Joy of driving	Joy from the QUALITY OF TIME AND SPACE	

1. Connected, Autonomous, Shared, and Electric

2. Mobility as a Service: This is a concept for seamlessly linked new mobility that combines all types of transportation other than personally owned vehicles as one service

3. MX is an abbreviation of "Mobility eXperience." An automobile interior space model designed for autonomous driving levels 3 and 4.

4. A word coined from the combination of MObile and bOX, this means a private space that can be utilized freely while in motion. An autonomous driving concept vehicle in which the space is utilized for a variety of services.

Expanding our target to non-automotive mobility, and even to the entire living space

As well as automobiles, in future the Toyota Boshoku group will expand the spaces in which it provides value to aircraft and trains. Furthermore, the entire living space of "smart cities" and "connected cities" can also be viewed as a potential market.

In Japan alone, the market for space-related products such as automobiles, aircraft, trains, home appliances, and housing, is worth approximately 200 trillion yen. So if, for example, we were to capture a 1% share of this market, we would be a company with 2 trillion yen in revenue.

Potential market image

