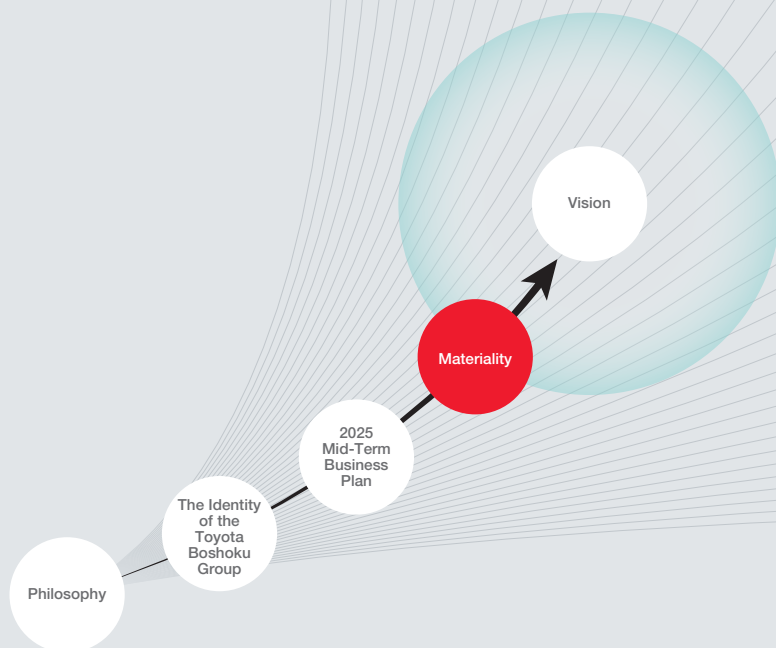




Materiality

— Accelerating the shift to CSV management —

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Positioning of materiality

At the Toyota Boshoku group, as we strive to transform from CSR to CSV management, we have continued to enhance our corporate value by contributing to the realization of a sustainable society through our business operations. Contributing to society is a management approach we have inherited from our founding spirit of “for the world and for people.”

With the goal of enhancing corporate value, we have formulated the Toyota Boshoku group’s materiality as part of the process of drafting the 2025 Mid-Term Business Plan. We defined 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.

In July 2020, we finalized our materiality, and in November of the same year, we announced our Mid-Term Business Plan to realize this. Progress will be monitored and followed up by the KPI Tree of Business Management Structure (see p.71 for details).

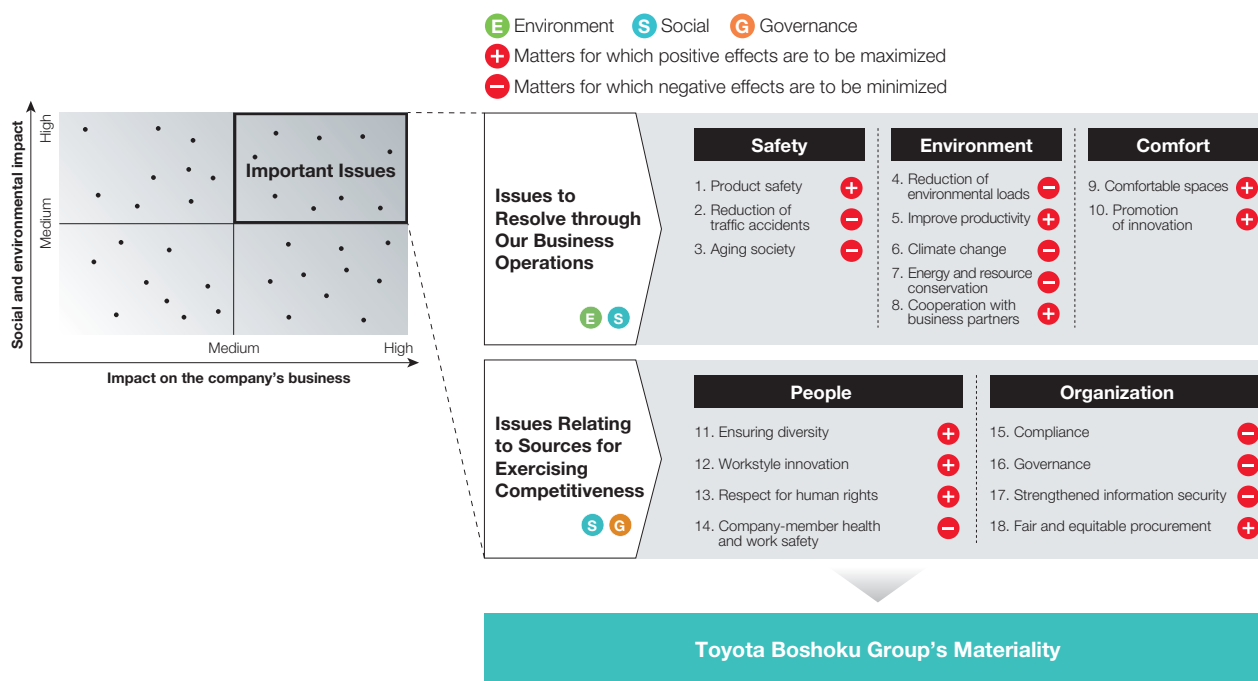
Materiality formulation process and approach

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, the Global Management Strategy Division, the lead division, and next-generation leaders held a total of 27 consultations, after which the Board of Directors decided on the materiality. Going forward, the CSV Promotion Meeting, chaired by the President, will periodically review the materiality and revise it as appropriate in response to changes in the environment.

Plotting of social issues and extraction of important issues

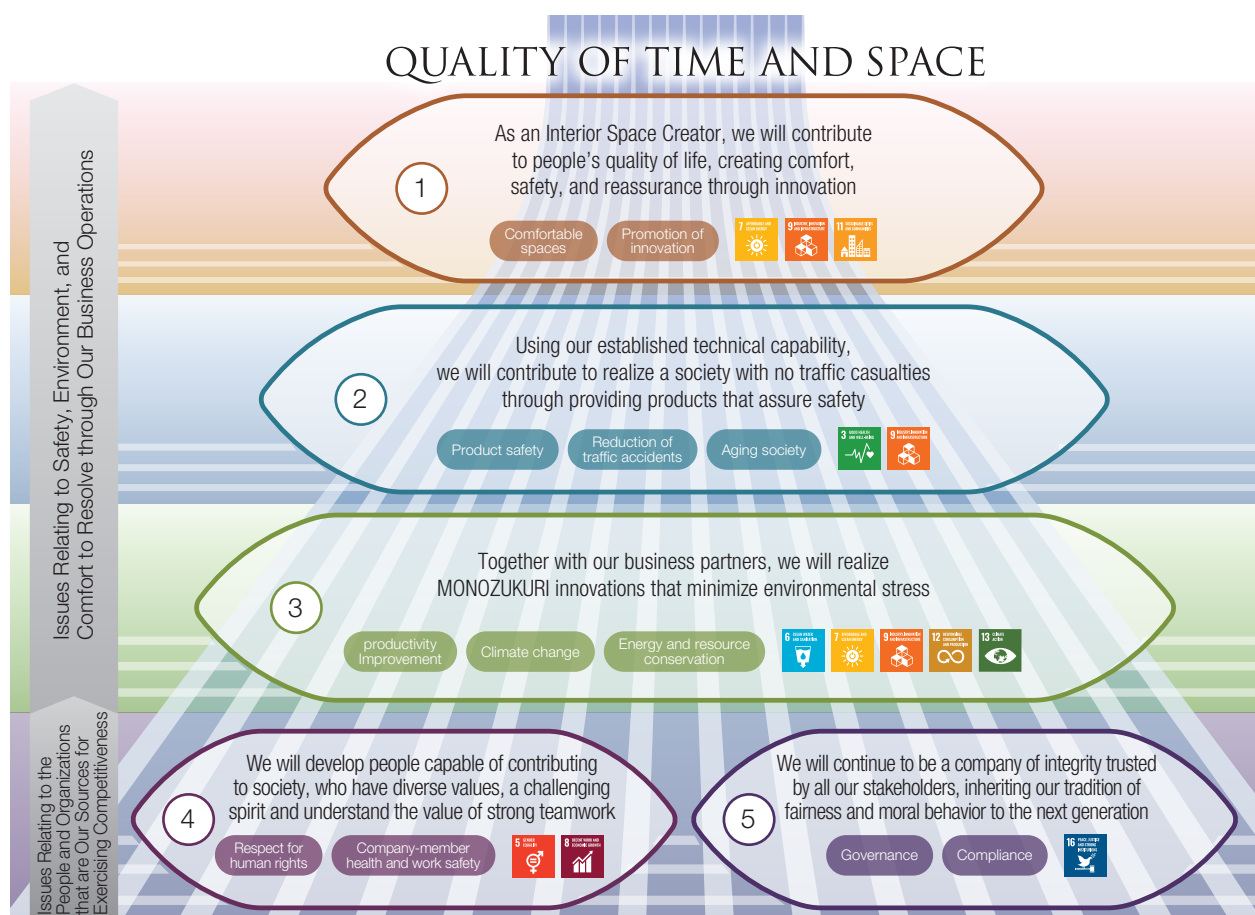


→ P.37

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 CSR 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 directors, 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 chaired by the president In February 2020, an extraordinary CSR 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 auditors 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. 			○

Toyota Boshoku Group's Materiality



In the figure, the vertical lines are like the warp threads in a loom, representing society, while the interwoven horizontal weft threads represent the group. The five materialities are represented by shuttles, which pass weft threads between the warp threads, as a representation of the group's interwoven efforts to achieve its Vision and realize a sustainable society through its business operations.

Relationship to Mid-Term Business Plan

In November 2020, the Toyota Boshoku group announced its 2025 Mid-Term Business Plan.

This plan is based on the materiality formulated in July of the same year, and shows in concrete terms how we will work to achieve it. We have also set ambitious goals that all company members will be motivated to achieve. In addition, we will create KPIs to link them to our materiality (see p.71 for details).




Materiality	2025 Mid-Term Business Plan	Priority Actions
1	1 Pursue safety, environment and comfort, and increase customers, thereby evolving into a trusted supplier capable of offering optimal proposals to customers	→ P.49
2	2 Thoroughly improve productivity and implement business strategies, while enhancing cooperation among Product business segments and Regions	→ P.53
3	3 Improve competitiveness through MONOZUKURI innovation and promote environmental initiatives	→ P.57
4	4 Establish a resilient global management foundation and develop human resources to support sustainable growth	→ P.61
5		

The meaning and concepts of materiality

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

		Related SDGs
1	As an Interior Space Creator, we will contribute to people's quality of life, creating comfort, safety, and reassurance through innovation	<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>   
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	<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>  
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	<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 penetration initiatives

In order to realize our materiality, we believe it is important for our company members—the main actors of the initiatives—to understand its meaning, take ownership, and incorporate it in their daily work.

The Toyota Boshoku group is implementing a variety of measures to ensure that materiality is widely understood and practiced. This includes sending out messages to company members to convey management's thoughts on materiality, displaying materiality posters at workplaces, and distributing pocket cards to all company members. In addition, we created a video explaining materiality to promote understanding of its connection to our own work. Furthermore, we are developing materiality penetration activities tailored to each region, mainly through our Regional Management & Collaboration Hubs (RM&CH), which we introduce below.

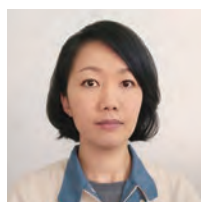
Materiality
explanation
video
(YouTube will open)



Discussing tasks and initiatives related to the targets for the SDGs in a working group on penetration activities



Creating a materiality map by pasting the relevant symbols for the SDGs onto an illustration listing each development function



Kaori Yokoyama
Toyota Boshoku Corporation
Seat Business Segment
Seat Strategy & Quality
Division

Promoting understanding through working activities

In the Seat Business Segment, where I work, we are planning activities in three steps: Know, Think, and Act, under the slogan “Not someone else, but everyone together.”

In January 2021, we launched a working group to plan and develop various activities, including materiality penetration measures and initiatives for the SDGs, and by the end of March we had held 17 working sessions. Through these working activities, we learned

and deepened our understanding of the connections between materiality, the 2025 Mid-Term Business Plan, and the SDGs.

In fiscal 2022, we will publish and post newspapers and hold round-table discussions so that the first step, “Know,” can be disseminated to each and every member of the Seat Business Segment.

Accelerating the shift to CSV management

Toyota Boshoku (China)

CHINA

Fostering common understanding through unique initiatives within China

In the China region, we have conducted activities to uncover the ideas of each and every company member, sharing with everyone what actions our company should take for the sustainable development of society, and how this is connected to people's lives.

From January 2021, we planned and developed regional internal newsletters and materiality posters for all regions, and from March to May, we held online study sessions, workplace discussions, and "My Materiality Implementation Declaration."

In the course of these measures, we were able to reaffirm that each and every one of us is committed to solving the social issues of China and the world, and share the desire to work together. As a result, calculated based on the rate of submission of My Materiality Implementation Declarations, we believe we have achieved a 75.9% penetration

rate of materiality in the China region, although we are aiming for a 90% penetration rate.

We will continue to develop an awareness of the need to solve social issues and create a culture of improvement, starting from our immediate surroundings.



Study sessions and discussions are held at each business entity



Ji Lei
Toyota Boshoku (China)
Corporate Planning Division



Discussing how to take action to solve social issues in our work and personal lives at a RM&CH

THE AMERICAS

Toyota Boshoku America

Realizing materiality with a sense of ownership

We are making daily efforts to ensure that we can act with an awareness of ourselves contributing to the realization of materiality. In fiscal 2021, we shared Toyota Boshoku's management

messages via e-mail and bulletin boards, as well as promoted understanding activities among all members such as holding briefing sessions at each site.

In the United States, the Biden administration is expected to tighten environmental regulations and there is a greater need than ever to address social issues. Going forward, we will be communicating the Americas region officers' messages and creating educational tools. Furthermore, we will accelerate the company-wide efforts as one team where all members can feel their work is contributing to the resolution of social issues.



Yuka Mekeatngam
Toyota Boshoku America
Corporate Strategy Division
Senior Specialist

President explains materiality to company members (Toyota Boshoku Illinois)



Materiality Month: From “Awareness” to “Action”

In Europe & Africa Region, we are promoting materiality activities to raise awareness in order to move from conventional CSR toward CSV-based management.

In FY2022, our first step was to create the regional Hoshin structure incorporating Toyota Boshoku Group’s materiality. In doing so, the link between Materiality, 2025 Mid-Term Business Plan and the Regional Action Plan could be realized.

In order also to raise awareness on a more individual level, we set May 2021 as a “Materiality Month.” We held 5 online workshops by inviting around 250 members from HQ and the management from our manufacturing companies. The workshops enabled us to have interactive communication through discussions and quizzes on Materiality and the SDGs. We believe we have started to create an environment where individuals can feel ownership and start taking action for this new initiative.



Megumi Palmer
Toyota Boshoku Europe
Corporate Strategy Division
Senior Business Analyst

Watching the materiality explanation video in an online workshop



Realizing materiality through daily work

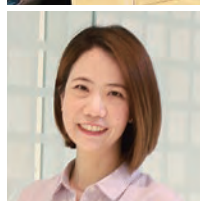
In the Asia & Oceania regions, we wish to foster awareness and the motivation to realize materiality through the achievement of regional and division hoshin (policy), and of each individual’s goals through their daily work.

As part of our penetration measures to instill materiality, company members watched a video explaining materiality at each of our sites, and we also translated our materiality into various languages. We are also focused on disseminating information through the intranet and internal newsletters to catch the attention of our company members from day to day.

Going forward, we will consider the results of the penetration activities conducted at each site within the region and employ them to implement the PDCA cycle for further penetration and implementation across the entire region.



Discussing the connection between each person’s daily work and materiality



Supinda Phanthong
Toyota Boshoku Asia
General Administration Division
Supervisor

