



# On publishing the Toyota Boshoku Report

The Toyota Boshoku group continues to hand down its founding spirit of “for the world and for people” and is engaged in operations that are a step ahead of the times. We are already actively involved in CSR<sup>1</sup> activities and have contributed to the achievement of the SDGs.<sup>2</sup> In line with a changing world, since March 2019 we have accelerated the shift from CSR to CSV<sup>3</sup> management. In July 2020, 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 November 2020, we announced our 2025 Mid-Term Business Plan, which incorporates measures to realize our materiality.

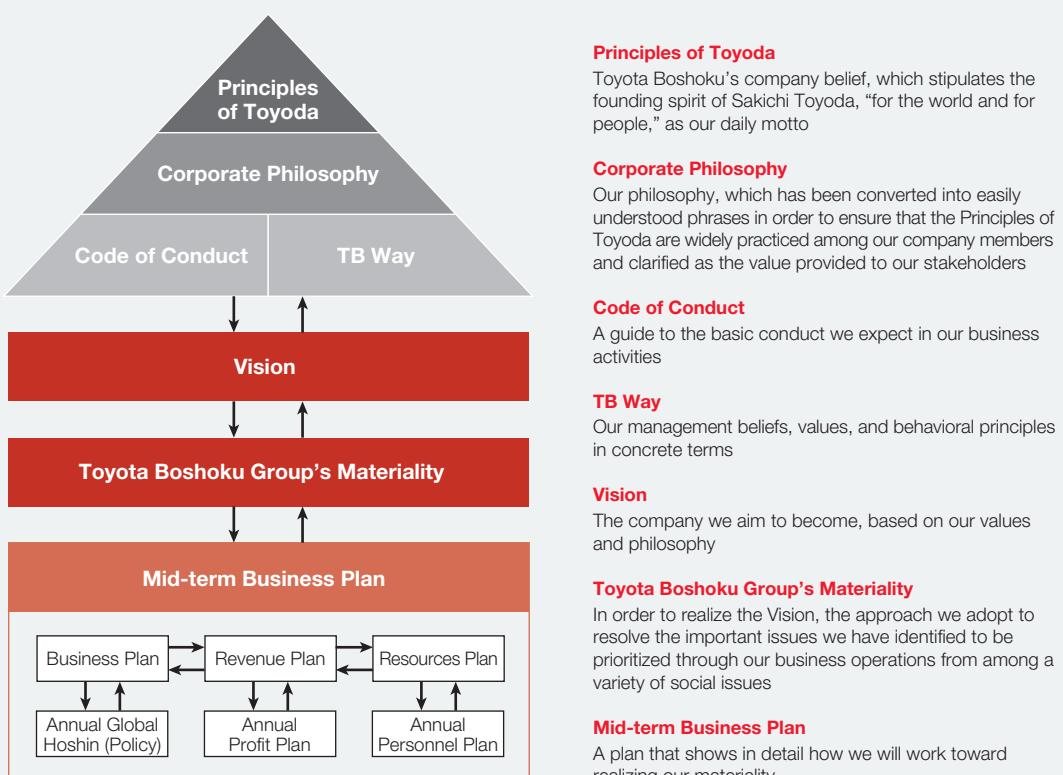
This report describes the group’s approach to the future and the action we are taking based on the 2025 Mid-Term Business Plan. Additionally, in order to update and disclose information on the origins and characteristics of the group, the structure of the report has been organized into chapters in accordance with the Management Concept shown in the figure below. We regard this report as a tool for deepening constructive dialogue with our stakeholders. We encourage you to read the report and provide us with your honest feedback about the group.

1 Corporate Social Responsibility

2 Sustainable Development Goals

3 Creating Shared Value

## Management Concept



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## Editorial policy

### 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, Asia & Oceania, China and Europe & Africa regions

**Toyota Boshoku**: Toyota Boshoku Corporation  
**Japan region**: Toyota Boshoku Corporation and Japan affiliates

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

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

### Period covered by the report

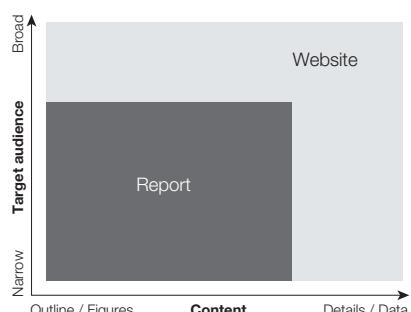
This report contains performance data for fiscal 2021 (from April 1, 2020 to March 31, 2021). Some information on activities outside this period is also included.

### Reference guidelines

- IIRC 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
- Environmental Reporting Guidelines 2018
- Environmental Accounting Guidelines 2005

### 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

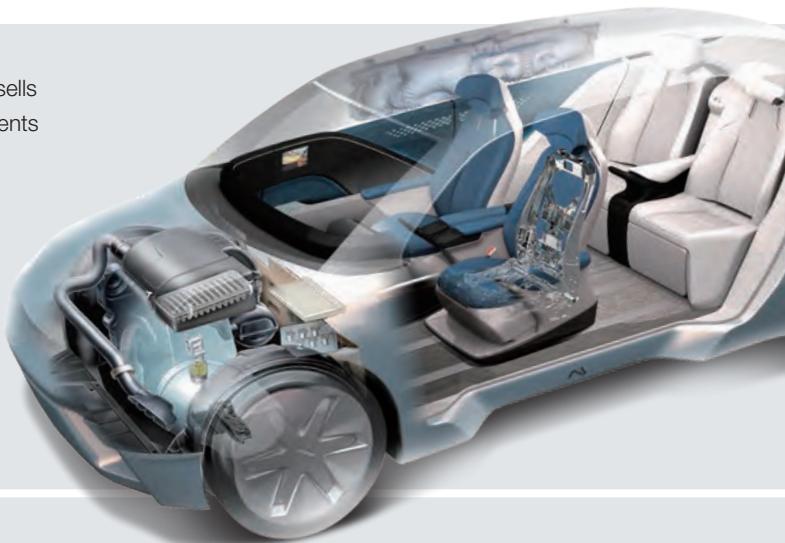
This report contains forecasts and expectations that relate to future plans and strategies in addition to the expected financial results of Toyota Boshoku Corporation and the Toyota Boshoku group. These statements are not based on actual results from the past. Rather, they are estimates based on assumptions 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.

## About the Toyota Boshoku group

The Toyota Boshoku group primarily manufactures and sells automobile-related parts such as seats, interior components including door trims, exterior components such as bumpers, and unit components including air filters and stack manifolds. Utilizing the technologies we have cultivated through the development and production of automobile seats, we have expanded our business fields, including entering the aircraft and railway seat business. We aim to become a supplier that is trusted and chosen by customers.



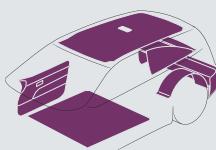
### Three product businesses



#### Seat Business

**Automobile Seats**  
**Non-automobile Seats**

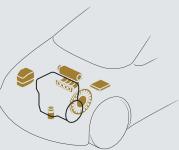
Business revenue **893.1** billion yen



#### Interior & Exterior Business

**Interior Components**  
**Exterior Components**

Business revenue **250.5** billion yen

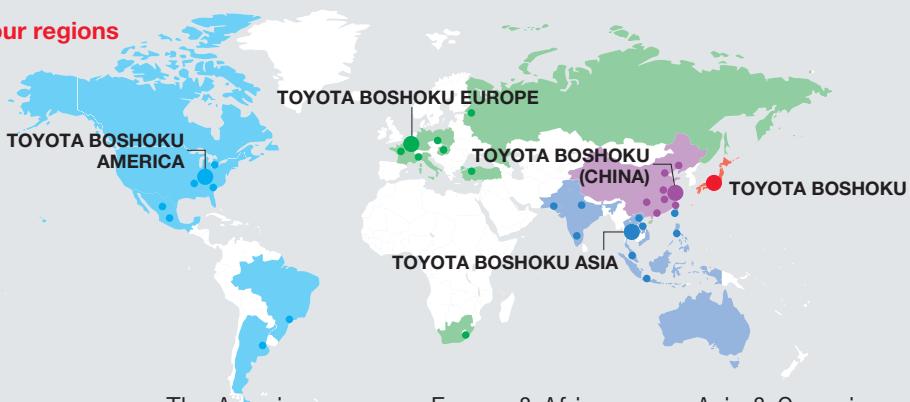


#### Unit Components Business

**Filter products**  
**Plastic parts for internal combustion engine (ICE)**  
**Fuel cell-related products**  
**Electric powertrain-related products**

Business revenue **89.3** billion yen

### Four regions



**Number of company members**

**50,899**

**Number of companies**

**98**

(including Toyota Boshoku)

#### The Americas

Affiliates	<b>20</b> companies
Number of company members	<b>12,855</b>
Revenue	<b>246</b> billion yen (down 9.8% year-on-year ▼)
	272.9      246.0 FY2020      FY2021

#### Europe & Africa

Affiliates	<b>10</b> companies
Number of company members	<b>5,185</b>
Revenue	<b>82.6</b> billion yen (down 6.5% year-on-year ▼)
	88.3      82.6 FY2020      FY2021

#### Asia & Oceania

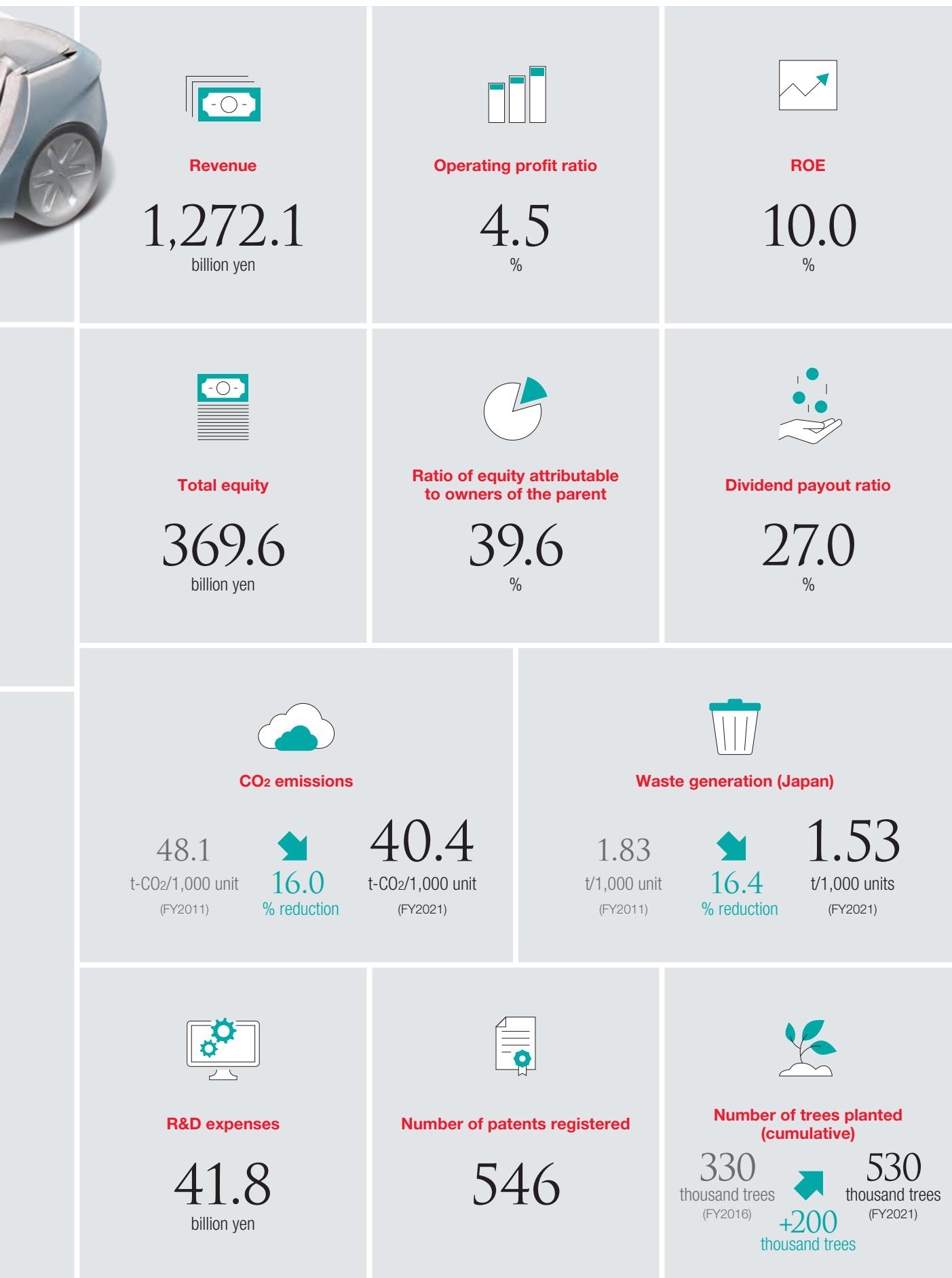
Affiliates	<b>43</b> companies
Number of company members	<b>17,339</b>
Revenue	<b>324.2</b> billion yen (down 2.9% year-on-year ▲)
	333.8      324.2 FY2020      FY2021

#### Japan

Affiliates	<b>24</b> companies
Number of company members	<b>15,520</b>
Revenue	<b>699.6</b> billion yen (down 8.9% year-on-year ▼)
	768.3      699.6 FY2020      FY2021

#### Notes:

1 Revenue of each region is before deduction of internal sales 2 Revenue in FY2021 has been affected by reduced production resulting from the coronavirus pandemic

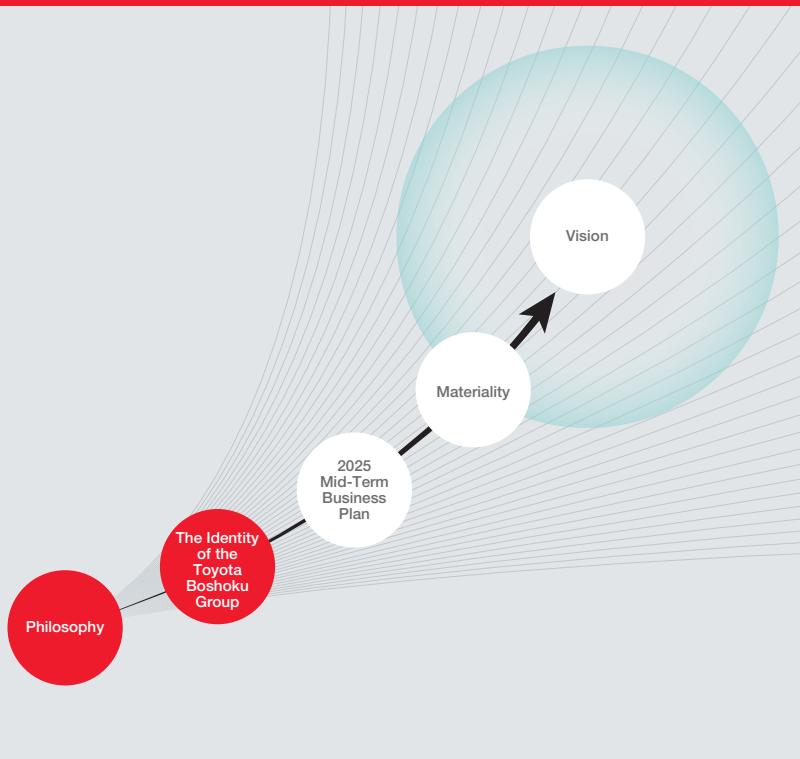




# Management Concept

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

- 06 Philosophy
- 07 The path of value creation
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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

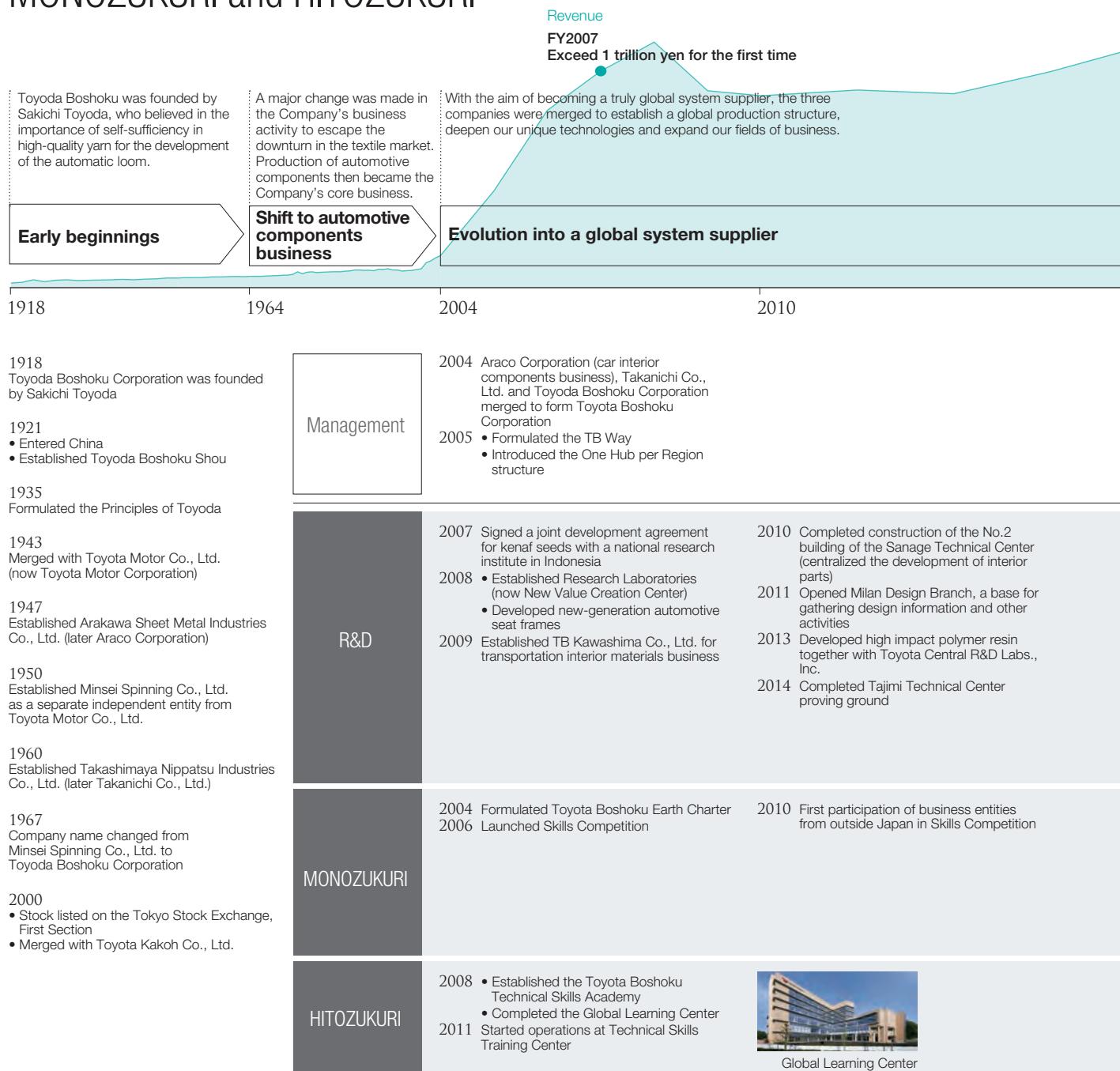
- (1) A healthy social lifestyle (2) Contribution to society (3) Corporate information and publicity (4) Insider trading (5) Traffic safety

### TB Way

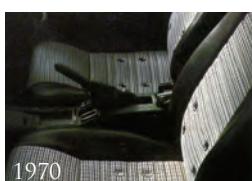
We contribute to society by developing leading-edge technologies and manufacturing high-quality products.

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



Started development of automotive seat fabrics



Started full-scale production of automotive filters



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



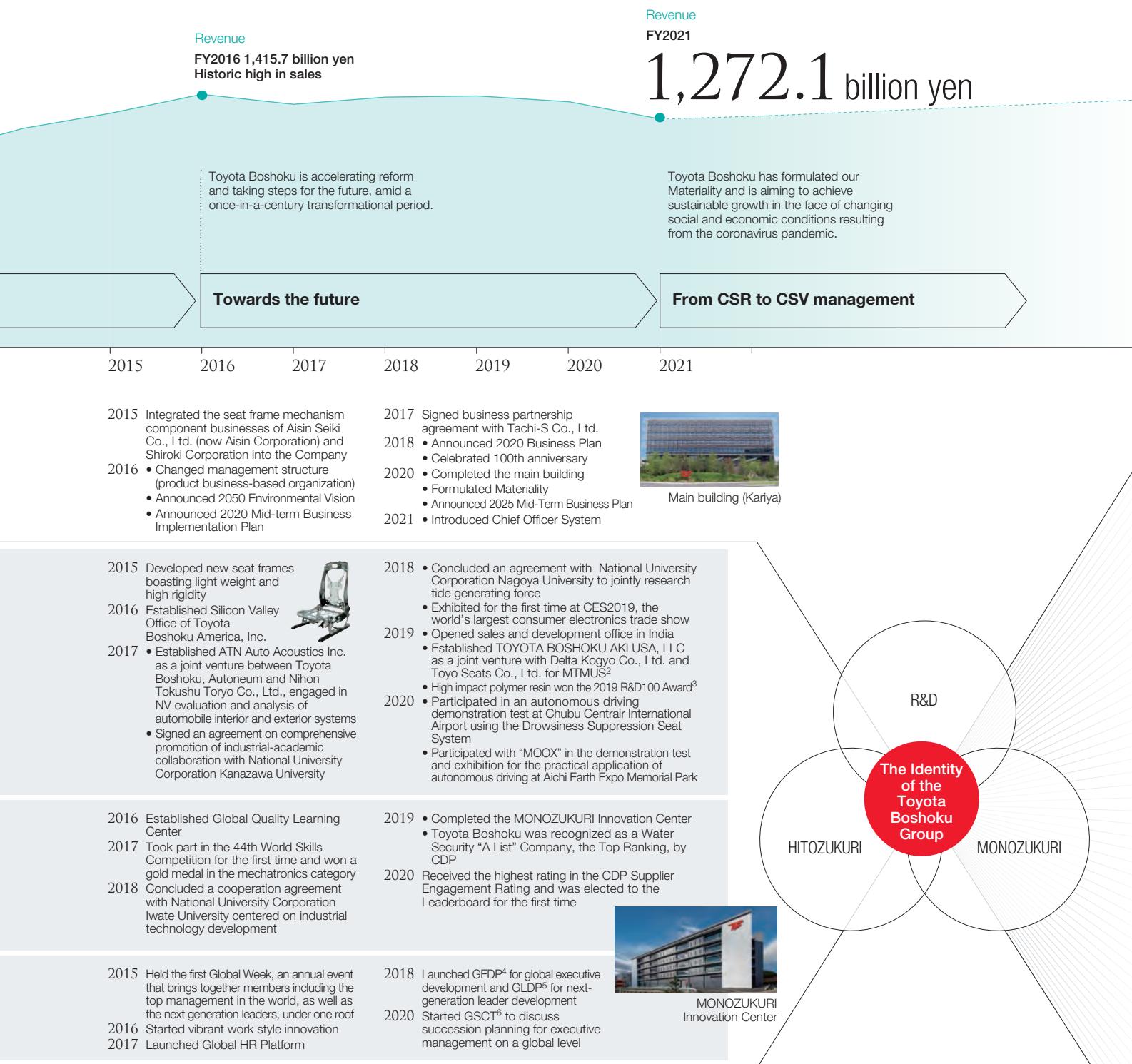
Started production of motor core constituent parts using the FHS process<sup>1</sup>



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

<sup>1</sup> 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



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)

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

<sup>3</sup> 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

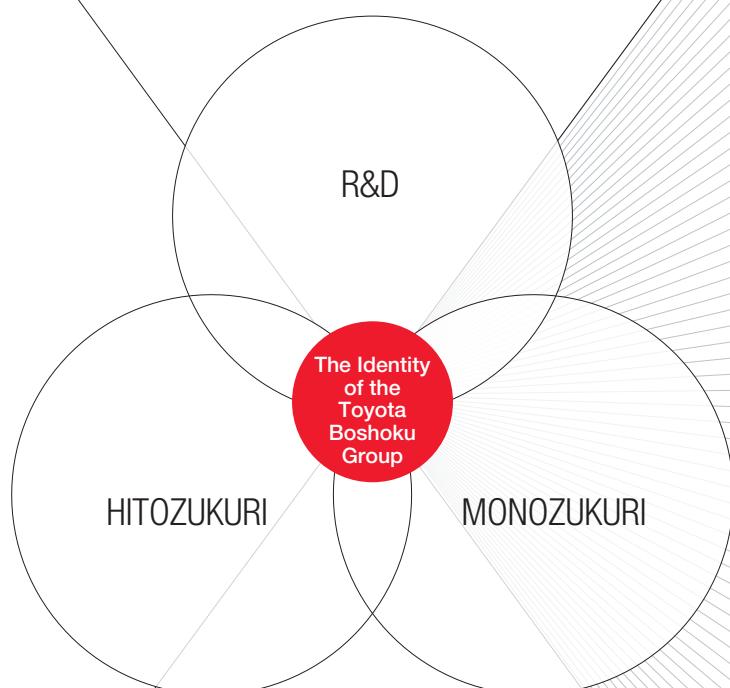
<sup>4</sup> Global Executive Development Program

<sup>5</sup> Global Leader Development Program

<sup>6</sup> 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

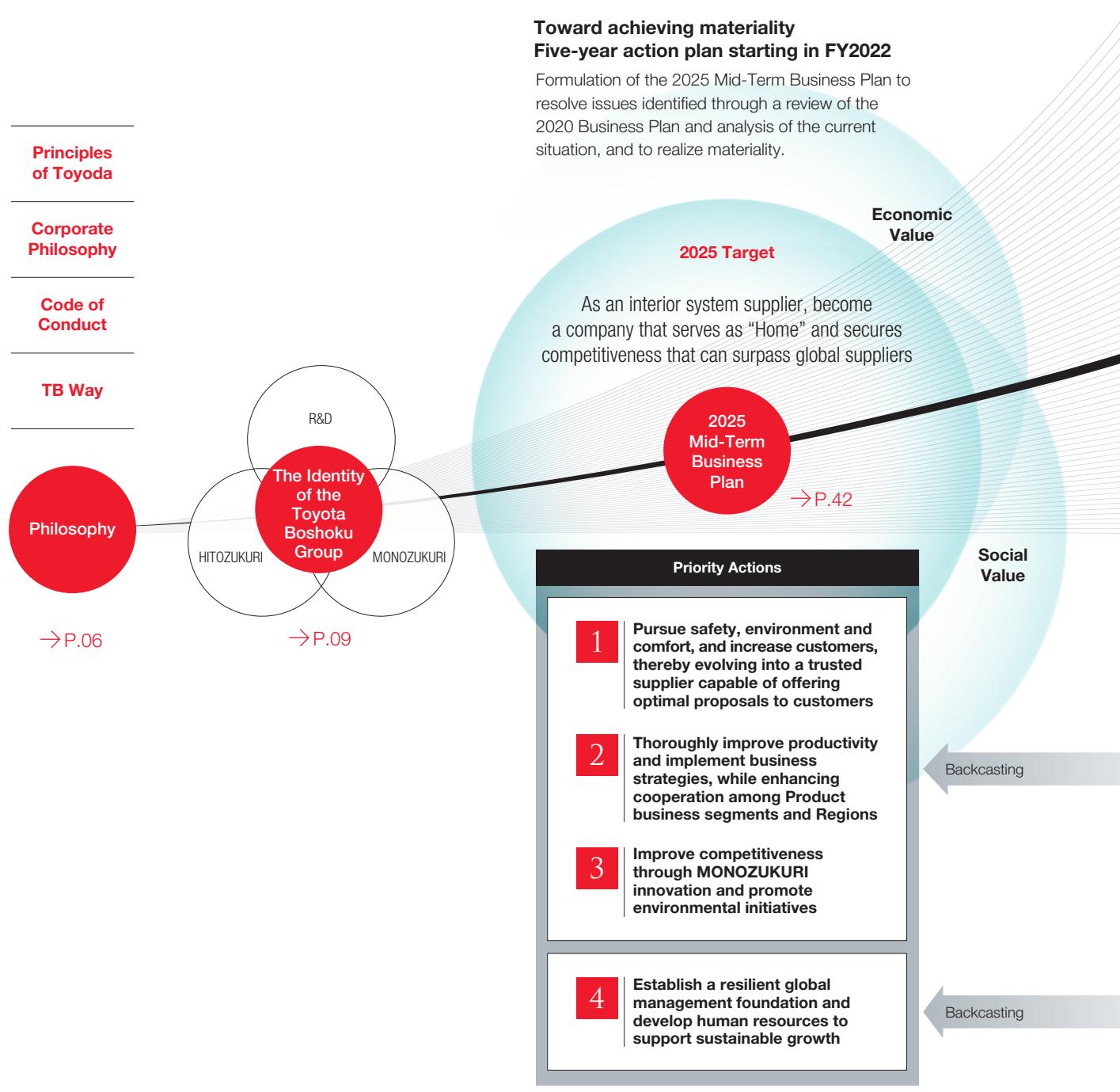
Number of companies that participated in the Annual Supplier Meeting online 158

\* 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 *Gench-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

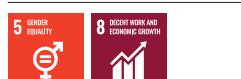


3 Together with our business partners, we will realize MONOZUKURI innovations that minimize environmental stress



#### 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

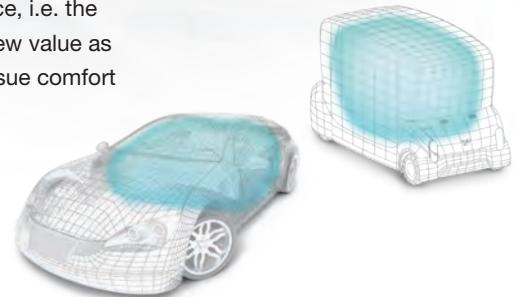




## Aiming to be an Interior Space Creator, leading the creation of new value for mobility spaces



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.

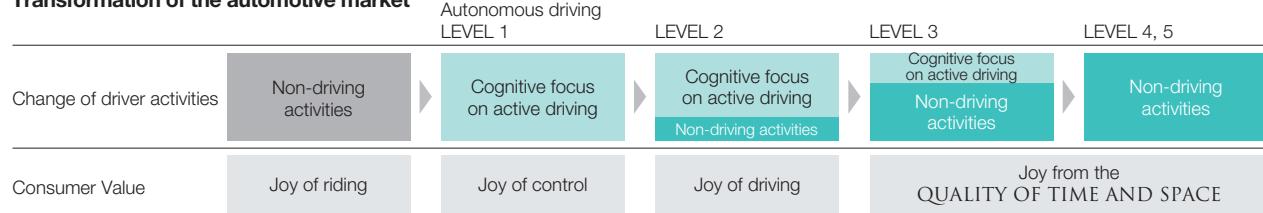


### Responding to the evolution of technologies such as CASE<sup>1</sup> and MaaS<sup>2</sup>, and changing values in relation to automobiles

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,<sup>3</sup> which provides comfortable time and space envisaging autonomous driving levels 3 and 4, and MOOX,<sup>4</sup> 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



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.

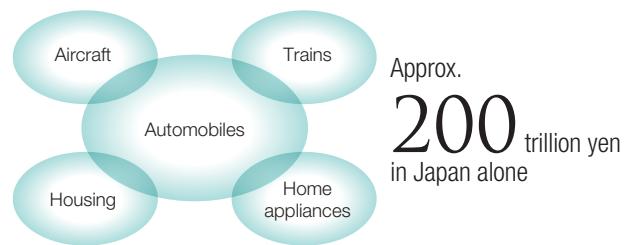
4. A word coined from the combination of MOBILE and bOX, this means a private space that can be utilized freely while in motion. An autonomous driving concept vehicle in which the space is utilized for a variety of services.

### 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

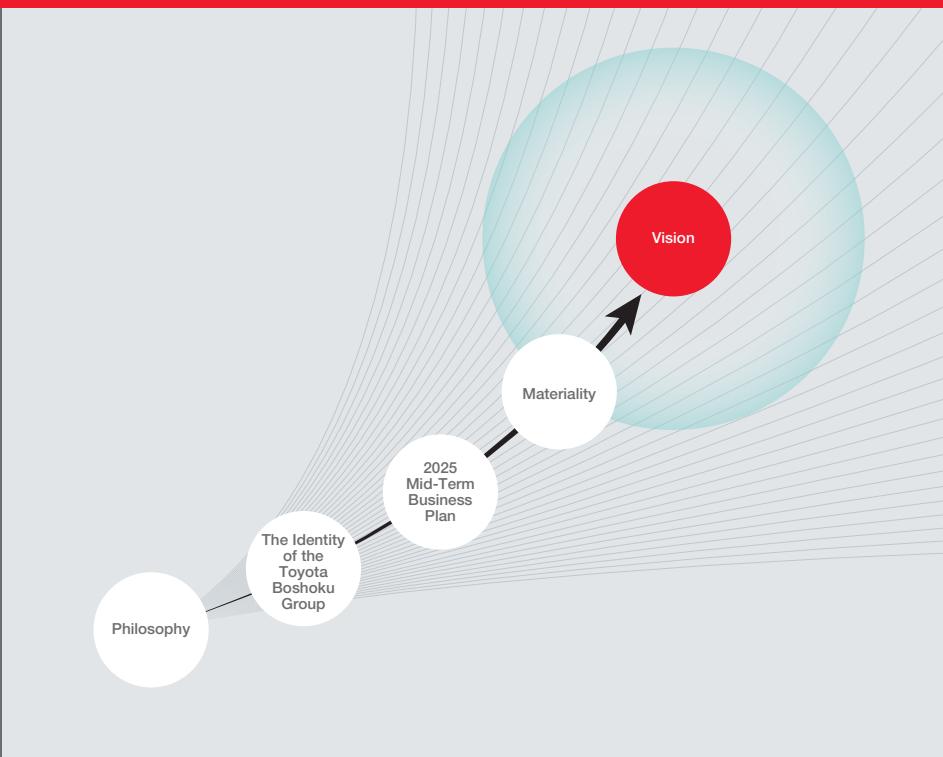




# Vision

— Our desired status for the future —

- |    |   |
|----|---|
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| 27 | Special Feature 1<br>MOOX –an autonomous<br>driving mobility service<br>space designed for MaaS                                       |
| 31 | Special Feature 2<br>Formulation of 2025 Environmental<br>Action Plan   |
| 33 | Disclosure of information in line<br>with the recommendations of the<br>Task Force on Climate-related<br>Financial Disclosures (TCFD) |



# Vision

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

Achieving sustainable growth in terms of both social and economic value

The Toyota Boshoku group has as its corporate belief the Principles of Toyoda, which bring together the ideas of Sakichi Toyoda, the founder of the Toyota Group. To continue to earn the trust of all stakeholders, we have established our Corporate Philosophy as well as our Vision, which describes the company we aim to become. This Vision advocates, "looking into the future, we will create tomorrow's automobile interior spaces that will inspire our customers the world over," and our aim is to offer "QUALITY OF TIME AND SPACE" in all mobility.

In order for the Toyota Boshoku group to achieve this Vision and realize sustainable growth, we believe it is essential to increase social and economic value through our business activities; in other words, to grow while fulfilling our responsibility in harmony with society. As indicated by the concept of CSV, this means that we aim to grow by addressing social needs and resolving social issues in order to enhance social value, while at the same time enhancing economic value as well. 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 competitiveness. 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, re-investing the results for future growth, and returning them to our stakeholders.

The automotive industry is facing a period of major change, said to occur only once every 100 years, and the environment surrounding our group is also undergoing major changes. Given these circumstances, the group will further accelerate its shift to CSV management, whereby we enhance and circulate both social and economic value while maintaining a long-term perspective.

Our desired status for the future

### Recognition of social conditions and market environment in 2025

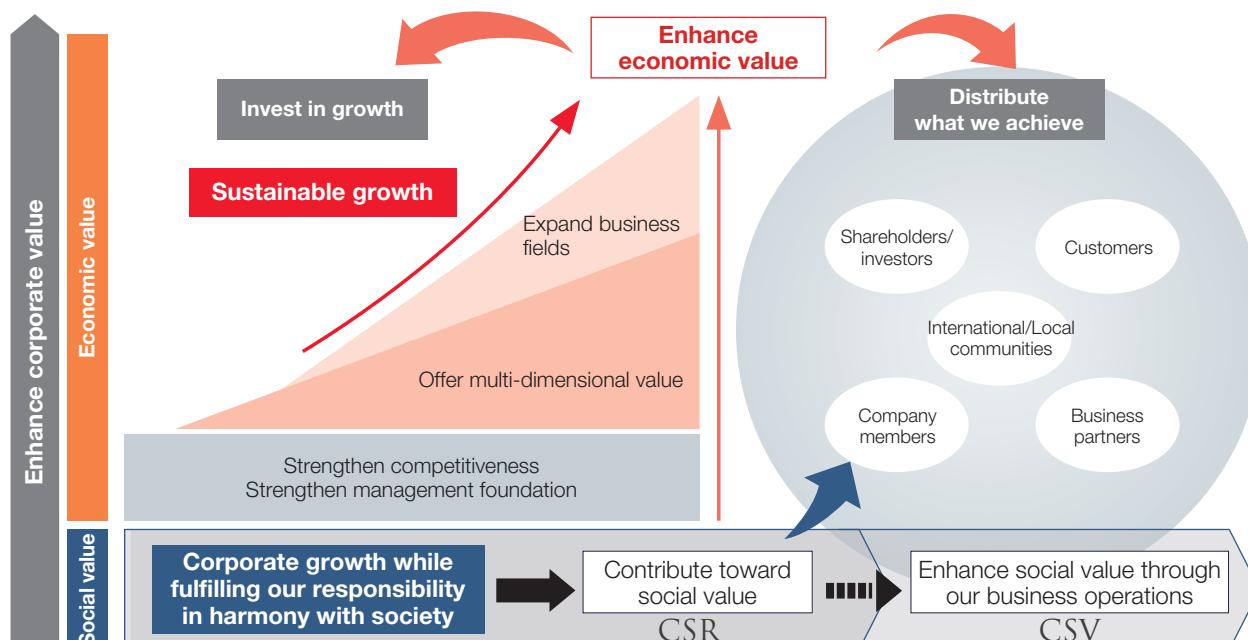
<b>Social Environment</b>	<ul style="list-style-type: none"> <li>● Global warming through climate change, transition to a carbon neutral society</li> <li>● Emergence of waste disposal issues and water resource issues</li> <li>● Growing population, aging of society</li> <li>● Evolution of digitalization and AI</li> <li>● Creative destruction of business models and loss of boundaries</li> <li>● Changes in values and lifestyles in the wake of the coronavirus pandemic</li> </ul>
<b>Changes in Automobiles</b>	<ul style="list-style-type: none"> <li>● Mobility revolution through the development of CASE, MaaS           <ul style="list-style-type: none"> <li>• Monetization of software data, enhancement of added value in mobility experience through provision of service content</li> <li>• Progress in autonomous driving technology through market entrants from other sectors</li> <li>• Change from ownership to sharing</li> <li>• Acceleration of electrification in response to tighter environmental regulations (ZEV<sup>1</sup> regulations)</li> <li>• Resolution of traffic issues through smart city traffic systems</li> </ul> </li> </ul>
<b>Changes in Automotive and Automotive Parts Markets</b>	<ul style="list-style-type: none"> <li>● Tightening of environmental and safety regulations, introduction of regulations in emerging countries equivalent to those in developed countries</li> <li>● Modularization of components and advance of vertical/horizontal integration in response to the evolution of technology</li> <li>● Changes in component structure/requirements to adapt to changes in cars (support for heat and sound insulation, lightweighting)</li> <li>● Market polarization (shift to ultra-high value-added in POV<sup>2</sup>)</li> </ul>

1 Zero Emission Vehicle: An electric vehicle or fuel cell vehicle that produces no emissions

2 Personally Owned Vehicle

### The management structure we aim to become

We distribute to our stakeholders what we achieve by enhancing economic value, and enhance corporate value on a medium- to long-term basis by re-investing for growth.





Takeshi Numa  
President

Our desired status for the future



We will pursue further enhancement of corporate value in line with our 2025 Mid-Term Business Plan

### **Review of FY2021**

Various insights gained from the coronavirus pandemic

Fiscal 2022 is the first year of our 2025 Mid-Term Business Plan, which we announced in November last year, and I would like us to make a start at a strong pace in order to realize the plan. First, I would like to review our initiatives in the last fiscal year.

In fiscal 2021, the coronavirus pandemic had a major impact on economic and social activities worldwide. In order to cope with this unprecedented crisis, the Toyota Boshoku group was quick to launch the COVID-19 Countermeasures Meeting in March 2020 as a company-wide, cross-functional organization, thereby working to ensure business continuity by grasping the global infection situation and robustly implementing preventive measures.

In addition, as part of the Kokoro Hakobu Project, comprising support activities that the Toyota Group is working on together, we donated approximately 180,000 masks, including those manufactured in-house, to support local governments and medical institutions that are making daily efforts to deal with infectious diseases.

On the other hand, the challenging business environment brought about by the coronavirus pandemic also provided an opportunity for each division to thoroughly review the operational quality of all work. In particular, our operational efficiency activities known as "Eliminate, Reduce and Change

## Message from the President

Activity,” which have been ongoing since fiscal 2020, have accelerated in each division, and we have made great progress in improving the efficiency of our respective operations as well as reforming the way we work in preparation for the coming new normal era.

In terms of manufacturing operations, the MONOZUKURI<sup>1</sup> Innovation Center, which was completed at the Sanine Plant in January 2020, has greatly advanced the digitization of production preparation operations. By using the center as a hub to remotely provide support to countries outside Japan, we have been able to significantly reduce the number of production preparation manpower.

In fiscal 2021, faced with a crisis in the form of the coronavirus pandemic, I believe we strengthened our solidarity as a group, and at the same time, this was an opportunity for each and every one of our company members to reevaluate their role and responsibility, and to ask themselves how their work is helping society.

In the process of implementing COVID-19 countermeasures, I myself realized that many tasks can be done efficiently on a remote basis, but of course there are exceptions. For example, in OJT<sup>2</sup>-based human resource development, we assess the level of understanding and implementation by having the junior member actually carry out the task. However, we can only know whether they have truly understood or not by checking the results on a *Genchi-Genbutsu* (go, see & study) and by inference from their facial expression and/or tone of voice. This process can be rather difficult unless it is done on a face-to-face basis. In this sense, I gained many insights into the possibilities and limitations of remote working, and in this sense, I feel this year was very meaningful for our future transformation.

1 Manufacturing and craftsmanship

2 On-the-job training

### Summary of the 2020 business plan

#### Steady progress in initiatives to enhance corporate value over the medium- to long-term

Fiscal 2021 was also the final year of our 2020 Business Plan (hereinafter referred to as the previous mid-term plan). The previous mid-term plan, which started in fiscal 2017, set out the following four tasks aimed at enhancing our corporate value: (1) Corporate growth while fulfilling our responsibility in harmony with society; (2) Strengthen management foundation; (3) Strengthen competitiveness; and (4) Offer multi-dimensional value and Expand business fields. Below I provide a brief review of the results of our initiatives over the past five years. (1) In the area of Corporate growth while fulfilling our responsibility in harmony with society, we developed activities with an emphasis on the ESG (Environmental, Social and Governance) perspective. Particularly with regard to the environment, we have promoted systematic initiatives based on our 2050

Environmental Vision and 2020 Environmental Action Plan. In 2020, we declared our support for the TCFD<sup>3</sup> recommendations, and in March 2021, we were selected for the CDP<sup>4</sup> Supplier Engagement Rating Leaderboard, their highest level of recognition.

(2) In terms of Strengthen management foundation, human resource development as well as the centralization and utilization of information were the issues to address. In order to successfully run the operations of 98 global sites, it was very important to assign local members to important positions and develop our members’ communication skills to solve problems. We have also introduced a system that allows us to obtain information and make quick decisions using ERP.<sup>5</sup>

Furthermore, going forward we will use our main building in Kariya, which was completed in May 2020 to make timely management decisions and further increase the speed of on-site improvements.

(3) In the area of Strengthen competitiveness, as we look to bolster our core operations, we were able to identify our strengths and weaknesses in materials and construction methods by benchmarking thoroughly against our competitors around the world, and to identify the points of competitiveness that we need to strengthen in order to become “Home.”<sup>6</sup>

We have also focused on innovation in seat devices, and as a result, the one-motor power seat has been adopted in Toyota’s new SUV, the Yaris Cross. As a result of simultaneously achieving weight reduction and cost savings by reducing the number of power components, I believe we were able to extend the CO<sub>2</sub> reduction effect of improved fuel efficiency and user comfort to vehicles at more affordable prices. I am confident that its use in a wide range of vehicles will lead to solutions for social issues in the future.

(4) In the area of Offer multi-dimensional value and Expand business fields, we are developing various initiatives in response to changes in the automotive industry, such as CASE<sup>7</sup> and MaaS.<sup>8</sup> We have developed our own high-power rechargeable lithium-ion batteries, drawing on Toyota Boshoku’s strengths in microfiber and high-precision stamping technologies. We have begun to investigate how the development could be used for non-automotive applications. In addition, we are building partnerships with NTT DOCOMO, INC. and other companies from other industries with which we had few connections in the past. This includes activities such as the development of MOOX, an interior space model that supports autonomous driving and aims to provide new value while in motion, and participation in a demonstration test using the Drowsiness Suppression Seat System. Based on these diverse achievements, and excluding the impact of the coronavirus pandemic, operating profit for fiscal 2021 is estimated at approximately 71.3 billion yen. In other words, we have achieved our target of 70 billion yen in operating profit by 2020, which was stated in our previous mid-term plan, and I feel that we have steadily strengthened our earning power as a company over the past five years.

Our desired status for the future

3 Task Force on Climate-related Financial Disclosures

4 Carbon Disclosure Project: An NGO established in the UK that operates a global information disclosure system to help investors, companies, cities, nations, and regions manage their environmental impact

5 Enterprise Resource Planning: A cross-functional core system for centrally managing company-wide information and effectively utilizing management resources

6 As part of our "Home & Away" strategy, "Home" means capable of creating added value on a *Genchi-Genbutsu* (go, see & study) basis and have competitive advantage compared to competitors. In contrast with this, "Away" refers to businesses or regions in which other companies have more advantages than we do in terms of expertise.

7 Connected, Autonomous, Shared, and Electric

8 An abbreviation of Mobility as a Service, a new concept of mobility that seamlessly links all modes of transportation other than the private car as a single service, using ICT (Information and Communication Technology)

## Management policy from a medium- to long-term perspective

### Clarifying what we need to do now, starting from our aspirations for the future

Despite these many achievements and gains in our previous mid-term plan, I recognize that there are still some issues to be addressed. In particular, the fact that fixed costs have grown significantly during our growth process to date, while revenue and marginal profit have not increased, is an important point of reflection. I also see it as a major challenge for us to further strengthen our global risk management.

In order to overcome these challenges and achieve sustainable growth, it is important to create a future vision of what we are aiming for from a more long-term perspective than ever before, and to consider what we should do now by backcasting from our ideal future.



I believe that sustainable growth means becoming a company that continues to be needed by society by working earnestly to solve social issues through our business operations.

To achieve this, we need to take the conventional concept of CSR (Corporate Social Responsibility) one step further and practice CSV (Creating Shared Value) management that pursues both social value and economic value.

With this in mind, we established the Toyota Boshoku group's Materiality in July 2020.

Based on our management philosophy system, which originates in the Principles of Toyoda, we have identified the important issues to be prioritized by Toyota Boshoku through our group's operations from among a variety of social issues, and have organized and clarified the approach we adopt to resolve them as our materiality. We firmed up the details step by step, including a working group of younger members and heated discussions among the management team for more than a year. Furthermore, based on these five aspects of materiality, we have defined our desired status in 2030 as "Creating new value as an Interior Space Creator," and our 2025 target, which is the halfway point, as being "As an interior system supplier, become a company that serves as "Home" and secures competitiveness that can surpass global suppliers."

## Formulation of 2025 mid-term business plan

A serious mid-term business plan that has been thoroughly discussed and thought through

In April 2021, we launched our 2025 Mid-Term Business Plan (hereinafter referred to as the new mid-term business plan). The new mid-term business plan sets forth four priority actions, as well as activity targets and specific implementation items / points for each initiative (see p.47–68 for details of the new mid-term business plan).

To formulate the new mid-term business plan, we conducted a total of 200 small-group meetings, such as quality circle activities, over a period of more than a year. Our main aim was to uncover the issues and consider how to address them by reviewing the current situation starting from zero, without being bound by the existing framework. At the beginning of our activity, it took time to understand and there was some backlash because it was a new and unconventional method. However, our company members on the frontline, including officers, thought deeply about what kind of company we are aiming to be and how to achieve that. As a result, I am proud to say that we were able to develop a plan with a higher level of commitment than ever before. This time, we made it necessary to hold discussions in English with local members who have been placed in important posts. I also think it was significant that the time created by the reduction in travel resulting from the coronavirus pandemic could be devoted to these discussions,

## Message from the President



and that all the participants were able to tackle the issues with tenacious determination.

In order to achieve the new mid-term business plan, which has been formulated with commitment and high-level goals, our organizational structure has also been drastically reorganized. At the management level, we introduced a diversity matrix to the Board of Directors to ensure the diversity of members essential for future governance, and introduced Chief Officer System to speed up management decision-making and execution.

With regard also to our leaders, we actively appointed young management members as field chiefs and center chiefs in order to develop the next generation through practical experience and bolster our organizational capability.

We have also set up new divisions to promote themes where there are high expectations in society, including carbon neutrality, health management, and digital transformation (DX). Additionally, we have established new organizations in areas that need to be strengthened in the future, in order to create new businesses and accelerate partnerships with external parties, as well as pursue efficiency in the global supply chain.

### Thoughts on corporate reform

#### Having a sense of urgency —if we don't change, we won't survive

In the new mid-term business plan, we have set ourselves higher goals than ever before. At the root of this is a strong sense of urgency, with the feeling that if we don't change, we won't survive. In order for the Toyota Boshoku group as a whole to change, it is necessary for not only management, but also each and every member to think, decide, and act on their own initiatives, with an awareness of the need for reform.

Since assuming the position of president three years ago, I have communicated within the company that customer first, *Genchi-Genbutsu*, and communication are the basis of all our operations. As we move forward with the new mid-term business plan, we have communicated the following four messages within the company to ensure that these fundamentals are thoroughly implemented and we improve the quality of our operations: (1) Express your greetings and

gratitude to others; (2) Create an open workplace; (3) Top management and other managers to take the initiative as leaders, and pursue goals without fear of failure; and (4) Practice thorough cost and lead time reduction.

When an organization is aiming for ambitious goals, it is essential that supervisors and subordinates, as well as team members, recognize and respect each other. In order to foster such a culture, we officers greet our colleagues and express our gratitude. I believe that without this, no matter how much we tell our company members to be honest, straightforward, and have nothing to hide, this would not be conveyed to them, and as a result we would not be able to achieve an open workplace.

To achieve ambitious goals that are not simply an extension of the past, it is necessary to approach the task in a way that is also not an extension of the past. We have been practicing “Eliminate, Reduce and Change Activity,” and I expect that all company members, including our leaders, will come up with completely fresh ideas in the future by rethinking things from zero and solving problems from new angles, without being bound by precedents.

I also believe that in order to transform a company, it is of utmost importance that all company members, regardless of their position or job title, have the awareness that they are the main players. Through the implementation of this new mid-term business plan, I hope we will become a company in which all our company members view reform as their own personal task, and where each and every company member thinks, decides, takes actions on their own initiatives with the awareness that they must change for their own future. To this end, we are working to improve the operational quality of all work through TQM<sup>9</sup> activities while developing a training system that ensures we will do our fundamental activities as a matter of course.

On the other hand, I think there are some things that should not change. I am speaking about our company belief, the Principles of Toyoda. This includes the words, “Always be faithful to your duties, thereby contributing to the company and to the overall good.” This is about resolving social issues through our group's operations, “for the world and for people,” and is in essence a way of thinking that aims for a sustainable future, as represented by the current SDGs. I think this leads to our materiality. Another one of my favorite parts is, “Always be

practical and avoid frivolousness." Even though the coronavirus pandemic has put us in a very difficult situation, I believe that we must be creative in how we spend our money, eliminate waste using the TPS (Toyota Production System) concept, and stick to every millimeter, every gram, every second, and every yen. There are many important things in the Principles of Toyoda that are still relevant today, and I would like to continue to pass on this spirit of *Fueki Ryuko*<sup>10</sup> (continuity and change) to all of our company members.

<sup>9</sup> Total Quality Management: To maintain a flexible and resilient corporate structure, activities aimed at increasing the vitality of people and the organization, and in turn, creating customers and improving their satisfaction, based on the essential principles of "customer first," "total participation," and "continuous improvement"  
<sup>10</sup> Incorporating new things and changes while not forgetting those essential elements that never change

### Message to stakeholders

We will continue to be a company "for the world and for people" for the next 100 years

I was appointed president in 2018, just when the Toyota Boshoku group celebrated its 100th anniversary. I feel a strange sense of destiny in this coincidence, and while inheriting our founding principles, I will continue to pass on the Principles of Toyoda to the next generation as we look forward toward the next 100 years. At the same time, I will strive to nurture company members who can realize these Principles, and fulfill my responsibility as president at this milestone.

We hope to contribute more than ever to solving various social issues by maximizing the identity of the Toyota Boshoku group, namely: R&D, MONOZUKURI (manufacturing and craftsmanship) and HITOZUKURI (human resources development).

Of course, many of the issues that exist in the world, including global environmental and energy problems, cannot be solved by our company alone. In addition to collaboration with our customers, partner companies and suppliers, I would like to aim for a sustainable society by collaborating globally with external parties who possess technologies, know-how and functions that we do not, as well as with end users from a customer-first perspective.

We are moving forward with our search to establish the fourth and fifth pillars of business in areas other than our current core business, looking even further ahead beyond 2030.

One example is the development of food production technology that utilizes the tide generating force caused by the waxing and waning of the moon, as a way of preventing a future global food crisis. In collaboration with Iwate University, we are also developing biodegradable plastic using inedible seaweed as a way to tackle to the problem of marine plastic waste.

We will continue to pursue new value creation through further collaboration between industry, academia, and government by utilizing the New Value Creation Center, which

was established for the purpose of open innovation, and the Technical Advisory Board, which includes outside experts.

We are aiming for QUALITY OF TIME AND SPACE (offering high-quality time and space in all forms of mobility), and this is expanding from automobiles to other fields including aircraft, trains and ships. Housing, smart cities, connected cities, and all other living and community spaces on the planet can also be viewed as markets that are seamlessly connected to mobilities. By taking further flight on the wings of our imagination, our business domain can deepen and further evolve to four-dimensional time and space, including the infinite possibilities of space colonies in outer space.

With such big dreams in mind, I would like us to achieve sustainable growth by enhancing our corporate value, while at the same time continuing to be a sincere company that is trusted by all stakeholders and welcomed by local communities around the world. Please continue to put your trust in the future initiatives of the Toyota Boshoku group.



Takeshi Numa  
President

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## Message from the CFO



Yoshihiro Ito  
Director, Operating Officer  
CFO

# We aim to achieve the goals of our Mid-Term Business Plan through strategic allocation of the management resources gained from MONOZUKURI

## Mission of the CFO

Supporting sustainable growth through the development and implementation of appropriate financial strategies and funding plans

My name is Yoshihiro Ito, and I was appointed as the Chief Financial Officer (CFO) in April 2021. Since joining the company in 1980, I have mainly worked in the sales division and business management division. I also have about 11 years of experience working overseas, all of which were in the United States. My first assignment in the United States was about 24 years ago, when I was involved in company management for around six years as Executive Coordinator at TRIM MASTERS, INC., a joint venture between our group and a local company.

Subsequently, I transferred twice to Toyota Boshoku America (TBA), the Regional Management & Collaboration Hub (RM&CH) for the Americas, for three years starting in 2010 and two years starting in 2016, where I served as Vice President and President, respectively. During my time with TBA, as the person responsible for financial management for the entire Americas region, I worked on revising the management structure of the RM&CH and business entities, on formulating business strategies in cooperation with local subsidiaries, and on strengthening cost planning activities.

I believe the mission of a CFO is to support the sustainable growth of a company through the development and implementation of appropriate financial strategies and funding plans. In order to achieve this, it is important that we use the management resources obtained from MONOZUKURI (manufacturing and craftsmanship), which is at the heart of our group's operations, to return profits to our shareholders and make strategic investments for future growth from a medium- to long-term perspective.

By leveraging my experience of working in the United States and collaborating with our RM&CHs worldwide, I aim to accelerate management decision-making and execution, improve capital efficiency by promoting selection and concentration, earn even greater trust from our stakeholders, and sustainably enhance our corporate value.

## Current financial position

Taking the coronavirus pandemic as an opportunity to strengthen our financial condition

During the period of the 2020 Business Plan (referred to below as the "previous mid-term plan"), we achieved record levels of consolidated operating profit in fiscal 2017, the first year of the plan, and in fiscal 2018. However, from fiscal 2019 to 2020, there was a temporary decrease in profit, as we made various strategic investments to sow the seeds of future growth. Accordingly, fiscal 2021, the final year of the previous mid-term plan, was supposed to be a period of "harvest" again. However, the unexpected outbreak of COVID-19 forced the group to cut production to an unprecedented degree, and we faced an extremely severe business environment.

At the same time, in order to overcome the unprecedented crisis triggered by the pandemic, our divisions promoted even more comprehensive initiatives to improve operational efficiency, reduce expenses, and lower costs. As a result, we have made progress in strengthening our financial base through enhancements in many areas, including fixed costs, development costs, and capital investment. In addition, the coronavirus pandemic provided an opportunity for us to make great strides in reforming the way we work, including a dramatic increase in the rate of teleworking as we move toward the "new normal," in some divisions reaching over 50%.

As a result of these concerted efforts by the entire group, we estimate that, excluding the impact of the pandemic, we were able to achieve our previous mid-term plan target of 70 billion yen in operating profit in fiscal 2021. In terms of capital efficiency and financial strength, we have largely met our targets of 10% ROE and 40% equity ratio, and we believe we have now secured our growth potential and financial soundness.

## Message from the CFO

### 2025 Mid-Term Business Plan

Maximize cash flow by expanding business fields and improving productivity

Our 2025 Mid-Term Business Plan (referred to below as “new mid-term business plan”) started in fiscal 2022. The new mid-term business plan has set unprecedentedly challenging goals for fiscal 2026, the final year of the plan: revenue of 1.6 trillion yen plus alpha, operating profit of 100 billion yen plus alpha, and an operating profit ratio of 6–7%. In fiscal 2022, the first year of the plan, we have set targets of 1.4 trillion yen in revenue and a record-high 72 billion yen in operating profit, in order to set off at a strong pace and achieve our final goals. The whole company is making concerted efforts to realize these goals.

The basis for our financial strategy in the new mid-term business plan is “maximization of cash flow” and “optimal allocation of capital and funds.” As a manufacturing business, we are looking to maximize cash flow through enhancement of revenue, by expanding our business fields, and through improvements in manufacturing productivity. For new products, we will monitor the achievement of cost planning targets by vehicle model and product on a global basis, by analyzing both financial and non-financial data using the management information infrastructure tools we have constructed to date. For existing products, meanwhile, we aim to accelerate management decision-making by visualizing the progress we are making on streamlining targets and other data in a timely manner.

### 2025 Mid-Term Business Plan

FY2026 management target	
Revenue (100 million yen)	16,000+ $\alpha$
Operating profit (100 million yen)	1,000+ $\alpha$
Operating profit ratio	6–7%
ROE	10% or higher
Equity ratio	Around 40%
Net asset (100 million yen)	4,000
Dividend payout ratio	Around 30%
Capital investments (100 million yen) (FY2022–2026 total)	2,500+ $\alpha$
R&D expenses (100 million yen) (FY2022–2026 total)	2,000+ $\alpha$

### Risk Management

Introducing business evaluation metrics with an awareness of capital costs

For the risks associated with business activities, we visualize and manage both financial and non-financial data. Due to their nature, many of our products are manufactured in locations close to our customers, meaning that the risk to profits from exchange rate fluctuations is limited. Since our net debt ratio is also low, liquidity and interest rate risks are not particularly high. On the other hand, to counter the risk of sales fluctuations, we aim to realize more resilient business operations by reducing variable and fixed costs, thereby lowering the break-even point.

In addition, we have partially revised the evaluation metric for business profitability from fiscal 2022. For operating profit ratio, we have changed the evaluation standard from 5% to 6% or higher, and for the break-even point, we have changed the standard to “average of the past five years” in order to properly assess the characteristics of each company and business. These will be applied to deliberations concerning orders and business continuity, and will lead to strategic use of management resources through rigorous evaluation of business practices.

Feasibility assessments of new businesses, etc. previously employed IRR\* at a uniform rate of 7%. As the group has a global presence in a wide range of countries, we have collected country risk information from sources such as open data and rating agency surveys on each country, and employ country-specific IRRs that take into account the cost of capital, in order to objectively assess risk and make optimal investment decisions. Additionally, with regard to feasibility assessments and investment plans for new businesses carried out by our operating companies in each region, Head Office also conducts risk assessments that include stress events such as forecasts for lower-than-expected production volume and interest rate fluctuations. This allows us to objectively monitor business feasibility and increase the probability of success in our business investments.

\* Internal Rate of Return

### Optimal allocation of capital and funds

Promoting strategic allocation for sustainable growth

In addition to returning profits to shareholders, we plan to strategically allocate the cash flow generated by our business activities to investments in alliances, capital expenditures, and in R&D for future growth.

The group has been making various strategic investments to achieve sustainable growth, and the results are steadily appearing. With the completion of the MONOZUKURI Innovation Center at the Sanage Plant in January 2020 and the main

Our desired status for the future

building in May 2020, we are making significant progress in strengthening our management foundation, including the establishment of a manufacturing system for the next generation and organizational management with a view to global optimization. Additionally, investment in alliances is also contributing significantly to our group's competitive advantage, such as the consolidation of the seat frame mechanism component business acquired from Aisin Seiki Co., Ltd. (now Aisin Corporation) and Shiroki Corporation in 2015, the signing of a business partnership agreement with TACHI-S Co., Ltd. in 2017 and the establishment of a joint venture in North America in 2019 with Delta Kogyo Co., Ltd. and Toyo Seat Co., Ltd.

In the five years of the new mid-term business plan, we will continue to aggressively implement investments that contribute to business expansion and profitability enhancement. Capital investment is projected to be 250 billion yen plus alpha over the five years to fiscal 2026, and R&D expenses are projected to be 200 billion yen plus alpha over the same period. In addition, we will make upfront investments in new businesses, including through M&A and alliances, and create corporate value through business incubation. In addition to the above, we plan to make steady investments in line with changes in the business environment, including implementing measures to achieve carbon neutrality, promoting DX and IoT, and adapting to the "new normal" era.



## **Message to Stakeholders**

### Realizing fair and open communication

The group aims to enhance its corporate value by aggressively investing the profits generated through its business activities in growth areas to maximize earnings, as well as by creating new value as an Interior Space Creator, and helping to address social issues through our business operations. Based on the principle of maintaining stable dividends for all shareholders, we pay dividends by comprehensively taking into consideration factors including our consolidated business performance and dividend payout ratio. In fiscal 2021, we paid a year-end dividend of 35 yen per share, the highest ever, including a special dividend of 3 yen per share to thank our shareholders for their support even amid the challenging environment brought about by the coronavirus pandemic. This meant that for the full year, the dividend paid was 45 yen per share.

I believe that an important role of the CFO is also to maintain fair and open communication with all stakeholders, including shareholders and investors. In our IR activities, as well as general financial results briefings we hold conferences for overseas investors and briefings for individual investors, in an effort to hear the views of a wide range of people. We also engage in so-called "debt IR" activities for rating agencies and other organizations to obtain their views on our financial soundness from various perspectives, and this leads to flexible financing.

We will continue to engage in dialogue with all of our stakeholders, listen to their opinions, and strive to enhance the disclosure and dissemination of information to ensure a correct understanding of our group. I very much hope to gain your continued understanding and support of the Toyota Boshoku group.

*Yoshihiro Ito*

Director, Operating Officer  
CFO

# 1

## MOOX—an autonomous driving mobility service space designed for MaaS

MOOX, a word coined from the combination of MOBILE and bOX, 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



- Excellent UX<sup>1</sup>
- Design
- Function
- Craftsmanship
- 1 User eXperience

- Complete vehicle interior value management

- Product strategy
- Cost control
- Procurement
- Manufacturing
- Quality management



### For a variety of settings, including business, dining, and medical

Image of the value that MOOX provides in the cabin space. Envisioned for use with a variety of services, such as in-vehicle work, food ordering and dining, and remote medical care.

### The Toyota Boshoku group aims to be an Interior Space Creator

At the Tokyo Motor Show in October 2019, Toyota Boshoku declared for the first time that it aimed to become an Interior Space Creator. At the same time, we presented MX191, a near-future interior space mockup that shows the future direction of our business.

The group's goal as an Interior Space Creator is not only to provide high-quality products, but also to take the lead in creating new value for

mobile spaces.

To achieve this, we have drawn up a three-step roadmap. In Step 1, we will work to "strengthen advanced development (strengthen collaboration within the Toyota Group)"; in Step 2, we will promote our evolution into "a system supplier that manages the entire interior space"; and in Step 3, we aim to offer solutions that realize our position as "Interior Space Creator."

The result of Steps 1 and 2 is the MX191, which was unveiled at the Tokyo Motor Show. Five Toyota Group

companies<sup>2</sup> have collaborated, each incorporating their own advanced technologies into a single interior space, including a variety of seat arrangements for autonomous driving levels 3 and 4, safety systems to protect passengers, and mode switching for different scenes such as refreshing, relaxing, and waking up.

For Step 3, the autonomous driving concept space MOOX was developed based on our vision for a MaaS market-focused interior space. In anticipation of the arrival of MaaS, in February 2021 we conducted a

Our desired status for the future

**In the entertainment  
arena**

A new and interactive experience is provided with devices that bring sound, vibration, and fragrance to match the AR images of the car windows that correspond to the operation of the passenger's gestures (motion)

**MOOX**

demonstration experiment at Aichi Earth Expo Memorial Park in Aichi Prefecture to confirm customer acceptance of the system, which aims to add value by connecting various services to the time spent traveling in a vehicle.

2 Aisin Seiki Co., Ltd. (now Aisin Corporation), DENSO Corporation, Toyoda Gosei Co., Ltd., Tokai Rika Co., Ltd., Toyota Boshoku Corporation

MaaS will bring about changes that will create new business opportunities

MaaS (Mobility as a Service) is the concept of using ICT (Information and Communications Technology) to seamlessly connect to modes of transportation other than a personally owned vehicle; in other words, to consider mobility itself as a service.

In the world of autonomous driving, which is expected to become widespread in the future, it will be

possible to provide services while in motion to passengers who are freed from driving. Furthermore, with the development of MaaS, which combines public transportation, car sharing, taxis, car rentals, autonomous driving services, and other transportation options to meet the diverse transportation needs of users, it is predicted that more and more customers will view cars as something to share rather than something to own.

Automotive parts manufacturers may not be able to achieve sustainable growth if they rely only on the business of

(from left)

**Katsuhiro  
Yamauchi**

Project General Manager,  
Interior Space  
Visioneering Center

**Tokuyuki  
Nishikawa**

Group Manager,  
Interior Space Design  
Group,  
Interior Space Planning  
Dept.  
Interior Space Planning  
& Development DIV.

**Nobuki  
Hayashi**

Group Manager,  
Connected Design  
Group,  
UX Planning Dept.  
Interior Space Planning  
& Development DIV.

## Special Feature

receiving and delivering parts for new vehicles. Therefore, the MOOX demonstration experiment verified the results of R&D aimed at creating a new business. The following are some of the technologies that have been incorporated and implemented in MOOX.

The first is the tailored space system (the ability to remove and replace seats/interior items). The interior of the vehicle can be freely modified to accommodate the use of the space for a variety of services such as business and entertainment. With an eye on the aftermarket, we envision monetization through replacement of seats and interiors.

The second is a device that helps to provide content on the move. Transparent displays that deliver augmented reality (AR) games and live performances are installed in the car windows, and the seats vibrate and scents are diffused in conjunction with the AR images. This provides an interactive experience with AR images that change according to the driving position and gestures of the passengers. This is where the group's control technology for real-time delivery of content and information in accordance with vehicle location information comes into play.

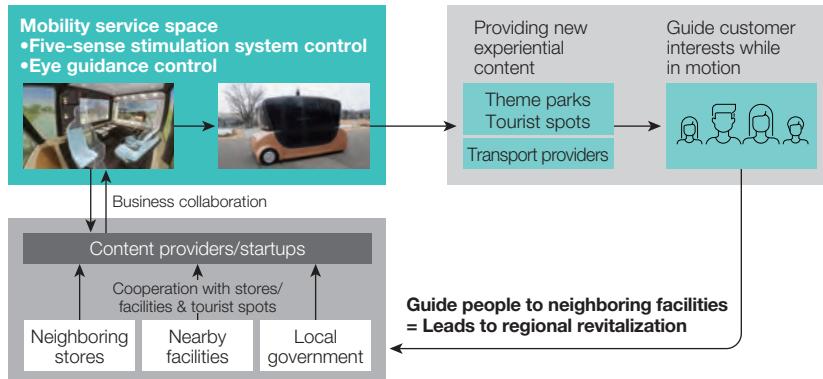
### Results obtained and issues identified through the demonstration experiment

This demonstration experiment was part of Aichi Prefecture's project to promote the implementation of autonomous driving in society. Co-creatively implementing the project together with Toyota Boshoku were NTT DOCOMO, INC., JTB Corp. and Toyota Motor Corporation. These four companies, each with their own areas of expertise, planned and verified new mobility business, planned and developed new mobility service, and verified the possibility of social change through new mobility experience.

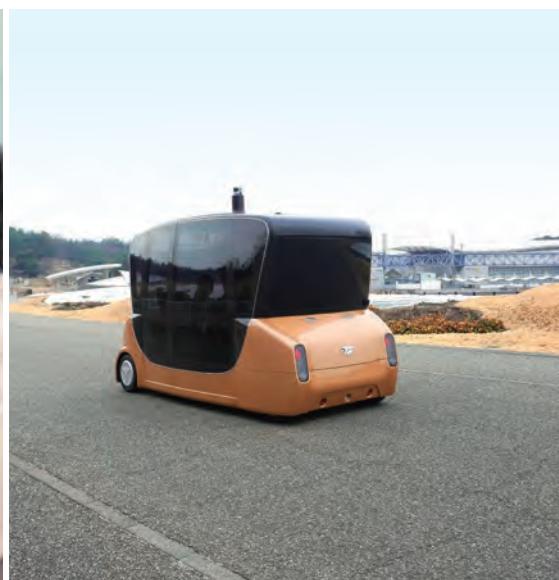
About 300 people boarded the MOOX as it circled the park's plaza, experiencing the new service on the move. In terms of technology, we achieved our target of at least 80% eye guidance effect by controlling the 3D sound and vibration within the space. We also conducted a questionnaire among those who test rode the vehicle, asking them to rate their impressions of the interior space and content, as well as the value of the content they experienced. We received positive responses from about 80% of the participants.

As a result of the demonstration experiment, we confirmed that services would be accepted by people during motion. On the other hand, we also

### Contributing to society in the mobility service space



Aim to implement a system that can encourage tourism to the surrounding area based on the value provided by MOOX



Our desired status for the future

found that a more concrete revenue model would be needed for social implementation. Particularly in terms of profitability, we will need to advance even further beyond MOOX, which can carry three passengers, to support multiple-passenger, as well as to develop more sophisticated control technology to provide the right content at the right time according to the target.

### Challenge with a new theme

In fiscal 2022, we will focus on simultaneous experience of experiential content in multi-passenger vehicles. The challenge with multi-passenger vehicles is that passengers vary in age and other attributes, as well as in their interests and preferences. The key to development is how to provide content that each and every one of them can enjoy. To achieve this, real-time content delivery and switching technology through 5G communication is necessary. If we can implement a system that simultaneously delivers multiple content to meet various expectations, it will be possible to provide targeted content and information to vehicles on public roads in cooperation with various stores and facilities. We believe that by providing local and tourist information, we will be able to guide people after they leave the vehicle and

Voice of a Co-Developer

#### **Impressive onsite development capability that quickly gives shape to ideas**

On this occasion, we collaborated on a demonstration experiment under the theme of "transportation with a new interior space experience," and I was very impressed by Toyota Boshoku's ability to quickly give shape to the diverse ideas of young members and overseas members on site. Our 5G technology was also utilized in the experiment, and the dynamic AR content developed by your company, which is superimposed onto the scenery using location information, various sensors, and sensory stimulation devices, was highly rated by the governor of Aichi Prefecture, the media, and many other test passengers.



**Mr.  
Tadashi Okino**  
Senior Manager  
Business Design  
ICT Design  
Corporate Sales Department,  
Tokai Regional Office  
NTT DOCOMO, INC.

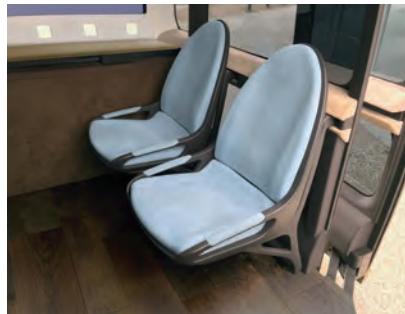
In the near future, mobility that contributes to social innovation is expected to develop around the world, and not only mobility performance but also serviceability in the interior will become even more important. I have high expectations that Toyota Boshoku, which has the technology to create and control the interior space, will make a significant contribution to the development of this field by utilizing the results of the experiment.

contribute to the revitalization of local areas. Moving forward toward implementation, as an Interior Space Creator we will continue to take on the challenge of providing service spaces that meet a variety of needs, rather than limiting ourselves to manufacturing.

### Create value by always being aware of what users are looking for

In order to realize the services (space creation) we are aiming for, we will

actively promote collaboration with content providers and other industries. We will evolve from being a parts supplier to an Interior Space Creator that continues to connect with customers even after the products have been delivered. Now that the group has entered a period of transformation, we will strive to provide value to society by always considering what users want rather than what we sell.



#### **Experiencing vehicle test ride and content in the demonstration experiment**

Left: MOOX carrying passengers through the Aichi Earth Expo Memorial Park  
Center: Tailored space system, offering removable and replaceable seats and interior items. One vehicle can efficiently provide a variety of spaces  
Right: Projecting AR images that change according to the position and movement of the passengers



# 2

FEATURE

## Formulation of 2025 Environmental Action Plan



**Global forestation activities**

Tree planting to fight desertification in the Inner Mongolia Autonomous Region of China. We are aiming to plant a total of 640,000 trees globally by 2025.



**Solar panels at the MONOZUKURI Innovation Center**

The Toyota Boshoku group as a whole is systematically introducing renewable energy and promoting carbon neutrality

### Toward the realization of the 2050 Environmental Vision

In May 2016, the Toyota Boshoku group formulated the 2050 Environmental Vision, based on the belief that it is necessary to take a long-term perspective on environmental issues and set even more ambitious goals.

We have set six Stretch Environmental Goals to 2050, including the Challenge of achieving zero CO<sub>2</sub> emissions in our business activities, and are promoting Environmental Action Plans covering five-year periods.

### Targets achieved under 2020 Environmental Action Plan

Under the 2020 Environmental Action Plan, which covers the five-year period from fiscal 2017, in order first of all to reduce CO<sub>2</sub> emissions, we promoted daily improvements through energy-saving diagnoses and systematic upgrading to

high-efficiency equipment, expansion of solar power generation using renewable energy, and deployment of gas cogeneration facilities that improve overall efficiency by recovering exhaust heat. We also promoted efficient logistics and other measures. Through these activities, we produced solid results and achieved our targets.

The Toyohashi-Kita Plant and Toyohashi-Higashi Plant have achieved zero wastewater by recycling water treated in septic tanks. Toyota Boshoku Shiga is implementing the recycling of waterjet wastewater from the carpet production process. We have also developed Weets, a cooling and circulating water purification system that uses our proprietary filtration technology to help reduce water consumption.

We are also working to reduce the natural resources used in our production activities, and have developed high impact-resistant plastic with world-leading performance in collaboration with Toyota

Central R&D Labs., Inc. This has resulted in a 20% weight reduction in door trims.

With regard to forestation, we made steady progress, and achieved our targets via tree planting activities in various areas around the globe, including Vietnam, China, and in the Amazon basin, in cooperation with NGOs.

Issues do remain, however, including the speed at which environmental problems are addressed, and the development of environmental strategies and systems through internal and external collaboration.

### Changing the CO<sub>2</sub> emission target from base unit to total amount in the 2025 Environmental Action Plan

The 2025 Environmental Action Plan commencing in fiscal year 2022 sets out implementation items to be tackled over the next five years, based on progress to date, in order to address the four

Our desired status for the future

## Overview of 2020 Environmental Action Plan / Targets for 2025 Environmental Action Plan

2050 Environmental Vision 6 Stretch Environmental Goals		2020 Environmental Action Plan				2025 Environmental Action Plan	
		Action items	Specific implementation items and targets	Results	Evaluation	Targets	
1	 Challenge of achieving zero CO <sub>2</sub> emissions in the Toyota Boshoku group	CO <sub>2</sub> emissions	17% reduction from FY2009 (Toyota Boshoku)	30% reduction	<input type="radio"/>	25% reduction from FY2014 (Global)	
		CO <sub>2</sub> emissions per unit of production (base unit)	17% reduction from FY2009 (Toyota Boshoku) 15% reduction from FY2011 (Global)	17% reduction 16% reduction	<input type="radio"/> <input type="radio"/>	15%	
2	 Challenge of achieving zero CO <sub>2</sub> emissions in the product life cycle	Renewable energy installation rate	—	—	—	• Review plans and progress of manufacturing products factoring in lightweighting for new car models • Review plans and progress of manufacturing products factoring in features other than lightweighting for new car models	
		Develop products that contribute to top-class fuel efficiency	• Realize product lightweighting • Implement thermal management (reduce air conditioning load by developing heat-shielding interior materials)	• Commercialized door trims employing high impact-resistant plastic <sup>1</sup> (approx. 20% lighter than conventional trim)	<input type="radio"/>		
		Promote product development for next-generation automobiles	• Develop high-efficiency technology for filters and powertrain components ⇒ Expand mass production of HEV motor parts and FC parts	• Developed and commercialized heat-shielding ceilings (reduced air-conditioning load by reflecting infrared rays)	<input type="radio"/>		
		Develop products using plant-derived raw materials and expand commercialization	• Use plant-derived materials in automotive parts	• Commercialized door trims made of kenaf base material	<input type="radio"/>		
		Cut CO <sub>2</sub> emissions from logistics activities	10% reduction from FY2011 (Toyota Boshoku)	30% reduction	<input type="radio"/>	14% reduction from FY2012	
3	 Challenge of achieving zero wastewater in the Toyota Boshoku group production processes by water recycling	Reduce water consumption and emissions in production processes	• Carry out innovative initiatives, such as developing more compact production lines in conjunction with line remodeling • Continue promoting activities to reduce water consumption, taking into account the water conditions in each country and region • Reduce water consumption through waste elimination and highly efficient use • Reduce water consumption through recycling	• Achieved complete recycling of wastewater from the carpet production process • Achieved zero wastewater by building system for recycling water treated in septic tanks • Developed cooling and circulating water purification system (Weets) • Was named a CDP Water Security A Company (2019)	<input type="radio"/>	6% reduction from FY2014	
4	 Challenge of minimizing natural resources usage	Water consumption per unit of production (base unit)	—	—	—	• Looking to 2030, set target values for use of non-petroleum and recycled materials, and develop scenarios for commercialization • Promote research to accelerate use of plant-derived materials	
5	 Challenge of minimizing wastes produced by the Toyota Boshoku group	Reduce the use of fossil fuel resources by employing plant-derived raw materials	• Further promote use and reuse of recycled materials • Promote development and design that makes effective use of resources by further utilizing plant-derived materials	• Recycled kenaf base material into wood decks for Misawa Homes Co., Ltd. • Jointly developed high impact-resistant plastic with Toyota Central R&D Labs., Inc.	<input type="radio"/>	14% reduction from FY2012	
6	 Challenge of planting 1.32 million trees as part of reforestation activities	Waste volume per unit of production (base unit)	12% reduction from FY2009 (Toyota Boshoku) 10% reduction from FY2011 (Japan region)	44% reduction 16% reduction	<input type="radio"/> <input type="radio"/>		
		Packing and packaging materials	12% reduction from FY2009 (Toyota Boshoku)	40% reduction	<input type="radio"/>		
		Promote environmental and social contributions through forestation activities and forest conservation activities	170,000 trees (cumulative total: 500,000 trees)	200,000 trees (cumulative total: 530,000 trees)	<input type="radio"/>	140,000 trees (cumulative total: 640,000 trees)	

1 Combining polyamide (PA11), a 100% inedible plant-derived resin, and the petroleum-derived resin polypropylene (PP), the material is formed into a "salami structure" by controlling dispersion of the resins at the nanometer level, resulting in a plastic with approximately ten times the impact strength of PP.

2 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.

environmental issues we will face in the future: climate change, resource depletion, water scarcity, and a biodiversity crisis. This plan is also an action plan to promote one of the Toyota Boshoku group's materiality items formulated in fiscal 2021: Together with our business partners, we will realize MONOZUKURI innovations that minimize environmental stress.

In particular, we have changed our target for CO<sub>2</sub> emissions from the previous base unit to the total amount in order to address growing calls for carbon neutrality in Japan and overseas. Given that production volumes will increase as part of our future growth strategy, reducing the total amount of emissions will be a significant challenge, but we aim to achieve our targets by implementing three measures: daily improvements; utilizing innovative technologies; and making use of renewable energy through the installation of solar power generation

equipment, etc.

Furthermore, we aim to achieve zero CO<sub>2</sub> emissions in the product life cycle by steadily promoting the lightweighting of our products and the development of products compatible with next-generation automobiles. We also aim to set target values for the use of non-petroleum and recycled materials, and develop scenarios for commercialization.

### Promoting initiatives

In order to achieve carbon neutrality, which is a major demand in society and also an important opportunity, in April 2021 we established the Carbon Neutral Environment Division. Moving forward, we will set up working groups for each product life cycle and establish a promotion system to push forward toward the realization of carbon neutrality.

**TAIRA SUGURU**  
Deputy Field Chief,  
Safety Health &  
Environment Field  
Division General  
Manager, Carbon  
Neutral Environment  
Division



### Toward achieving carbon neutrality

We have established ambitious targets in the 2025 Environmental Action Plan, and our goal is zero CO<sub>2</sub> emissions in 2050.

To achieve these targets, we need to reduce CO<sub>2</sub> emissions throughout the product lifecycle, from material procurement to product manufacturing, use, and disposal. As well as all divisions of the Toyota Boshoku group, we will work together proactively with our stakeholders, including the Toyota Group, Japan Automobile Manufacturers Association, Japan Auto Parts Industries Association and others in the automotive industry.

# Disclosure of information in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

In April 2020, the Toyota Boshoku group endorsed the final recommendations of the TCFD<sup>1</sup> in order to clearly demonstrate that we are incorporating climate change into our management strategy for sustainable growth. We will continue making efforts to disclose information in line with the TCFD's recommended disclosure items.

<sup>1</sup> Task Force on Climate-related Financial Disclosures

<sup>2</sup> An organization established in 2009 as the successor to the Financial Stability Forum. Its role includes measures, regulation, and supervision of international finance.

The TCFD was established by the Financial Stability Board (FSB)<sup>2</sup> at the request of the G20 to study climate-related information disclosure and how financial institutions should respond. Its final report, released in June 2017, recommends that companies disclose information on the following items related to climate change-related risks and opportunities.



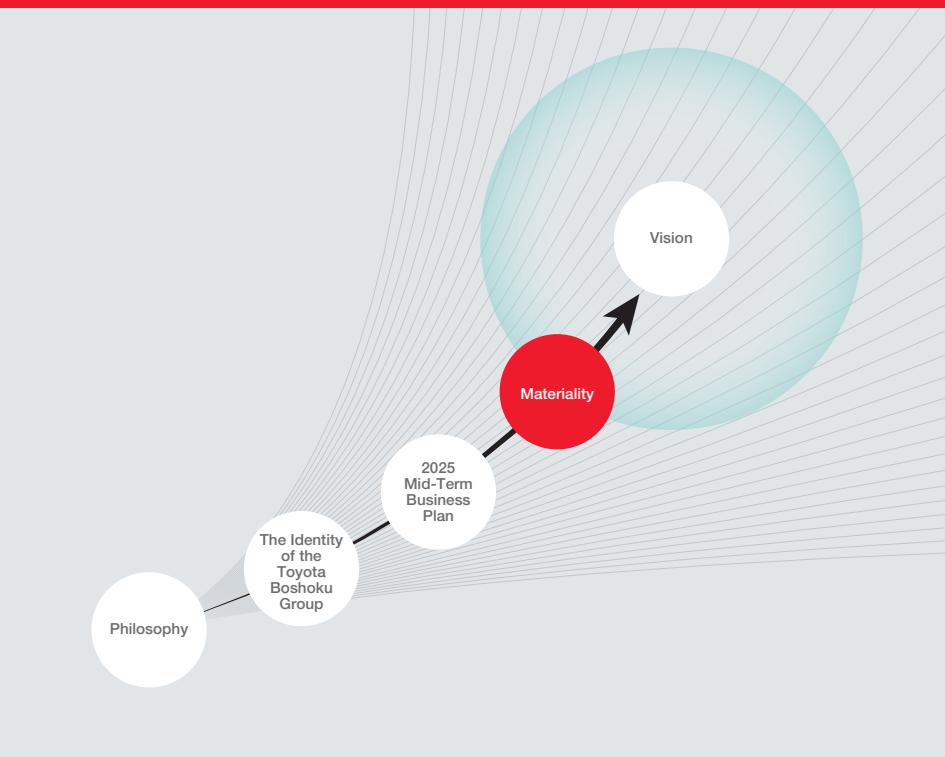
	<b>Recommended disclosures</b>	<b>Action status</b>										
<b>Governance</b>	<ul style="list-style-type: none"> <li>a. Describe the organization's governance around climate-related risks and opportunities.</li> <li>b. Describe management's role in assessing and managing climate-related risks and opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>● Decision-making at the Board of Directors, and business execution at the Corporate Strategy Meeting, Corporate Planning Meeting, Corporate Management Meeting, etc.</li> <li>● Based on decisions made by the Board of Directors and instructions given by the Corporate Strategy Meeting, Corporate Planning Meeting, Corporate Management Meeting, etc., the Carbon Neutral Environment Promotion Meeting and the Environmental Committee in each region examine and implement practical environmental measures.</li> <li>● Materiality is formulated as the approach we adopt to identifying and resolving issues including climate change, and this is finalized by the Board of Directors.</li> <li>● The Toyota Boshoku group checks KPIs every month based on the 2050 Environmental Vision and the 2025 Environmental Action Plan, implements target management and monitoring for each milestone at the Carbon Neutral Environment Promotion Meeting, and reports and discusses the content thereof at meetings of the Board of Directors.</li> <li>● Climate-related opportunities are reviewed by the Carbon Neutral Environment Promotion Meeting, after which the Corporate Planning Meeting determines the response policy (decides on investment in opportunities).</li> <li>● The Risk Management Promotion Meeting, CSV Promotion Meeting, and Corporate Management Meeting confirm the status, and the details of this are reported and discussed at meetings of the Board of Directors to review the Company's goals and strategies.</li> <li>● In terms of the identification, assessment and management of the Toyota Boshoku group's climate-related risks (typhoons, floods, etc.), ultimately reports are made to and approvals are given by the Risk Management Promotion Meeting, which in turn reports the details to the Board of Directors.</li> </ul>										
<b>Strategy</b>	<ul style="list-style-type: none"> <li>a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term.</li> <li>b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</li> <li>c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</li> </ul>	<ul style="list-style-type: none"> <li>● Long-term: Toyota Boshoku group has formulated and announced the 2050 Environmental Vision.</li> <li>● Materiality is formulated as the approach we adopt to identifying and resolving medium- and long-term important issues.</li> <li>● Medium-term: 2030 Target and 2025 Environmental Action Plan have been formulated, and we are promoting activities to achieve our medium-term targets.</li> <li>● A medium- and long-term CO<sub>2</sub> emission reduction scenario has been established.</li> <li>● The 2025 Mid-Term Business Plan has been formulated and medium-term business strategy/financial plan clarified.</li> <li>● Short-term: Each year, Toyota Boshoku group companies formulate and implement annual CO<sub>2</sub> emission reduction targets.</li> <li>● Scenario analysis is not yet implemented.</li> </ul>										
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>a. Describe the organization's processes for identifying and assessing climate-related risks.</li> <li>b. Describe the organization's processes for managing climate-related risks.</li> <li>c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</li> </ul>	<ul style="list-style-type: none"> <li>● Identification and assessment of climate-related risks is determined by the Carbon Neutral Environment Promotion Meeting, and approved and implemented by the Risk Management Promotion Meeting.</li> <li>● <b>In addition, climate-related opportunities are reviewed by the Carbon Neutral Environment Promotion Meeting, after which the Corporate Planning Meeting determines the response policy (decides on investment in opportunities).</b></li> </ul> <p>A risk management promotion system is constructed, an inventory of significant risks is made, and risks are evaluated using the following methods. This includes climate-related risks.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; text-align: center; padding: 5px;">Importance</td> <td style="width: 10%; text-align: center; padding: 5px;">=</td> <td style="width: 30%; text-align: center; padding: 5px;">Impact</td> <td style="width: 10%; text-align: center; padding: 5px;">X</td> <td style="width: 30%; text-align: center; padding: 5px;">Responsiveness</td> </tr> <tr> <td style="text-align: center; padding: 5px;">Risk Level</td> <td style="text-align: center; padding: 5px;">=</td> <td style="text-align: center; padding: 5px;">Importance</td> <td style="text-align: center; padding: 5px;">X</td> <td style="text-align: center; padding: 5px;">Likelihood of occurrence</td> </tr> </table>	Importance	=	Impact	X	Responsiveness	Risk Level	=	Importance	X	Likelihood of occurrence
Importance	=	Impact	X	Responsiveness								
Risk Level	=	Importance	X	Likelihood of occurrence								
<b>Metrics and Targets</b>	<ul style="list-style-type: none"> <li>a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</li> <li>b. Disclose Scope 1, Scope 2 and, Scope 3 greenhouse gas (GHG) emissions and the related risks.</li> <li>c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</li> </ul>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%; vertical-align: top; padding: 5px;"> <b>Medium- and long-term targets</b> </td> <td style="width: 60%; vertical-align: top; padding: 5px;"> <ul style="list-style-type: none"> <li>● 2050 Environmental Vision Challenge of achieving zero CO<sub>2</sub> emissions in the Toyota Boshoku group</li> <li>● Challenge of achieving zero CO<sub>2</sub> emissions in the product life cycle</li> <li>● 2030 target 38% reduction in CO<sub>2</sub> emissions versus FY2014</li> <li>● 2025 Environmental Action Plan 25% reduction in CO<sub>2</sub> emissions versus FY2014</li> </ul> </td> </tr> <tr> <td style="vertical-align: top; padding: 5px;"> <b>Monitoring metrics</b> </td> <td style="vertical-align: top; padding: 5px;"> <ul style="list-style-type: none"> <li>● Scope 1, Scope 2 CO<sub>2</sub> emissions and energy usage (Toyota Boshoku group)</li> <li>● Scope 3 CO<sub>2</sub> emissions (Toyota Boshoku)</li> </ul> </td> </tr> <tr> <td style="vertical-align: top; padding: 5px;"> <b>FY2021 results (1,000 t-CO<sub>2</sub>)</b> </td> <td style="vertical-align: top; padding: 5px;"> <ul style="list-style-type: none"> <li>● Scope 1: 43 (Toyota Boshoku group)</li> <li>● Scope 2: 241 (Toyota Boshoku group)</li> <li>● Scope 3: 4,496 (Toyota Boshoku)</li> </ul> </td> </tr> </table>	<b>Medium- and long-term targets</b>	<ul style="list-style-type: none"> <li>● 2050 Environmental Vision Challenge of achieving zero CO<sub>2</sub> emissions in the Toyota Boshoku group</li> <li>● Challenge of achieving zero CO<sub>2</sub> emissions in the product life cycle</li> <li>● 2030 target 38% reduction in CO<sub>2</sub> emissions versus FY2014</li> <li>● 2025 Environmental Action Plan 25% reduction in CO<sub>2</sub> emissions versus FY2014</li> </ul>	<b>Monitoring metrics</b>	<ul style="list-style-type: none"> <li>● Scope 1, Scope 2 CO<sub>2</sub> emissions and energy usage (Toyota Boshoku group)</li> <li>● Scope 3 CO<sub>2</sub> emissions (Toyota Boshoku)</li> </ul>	<b>FY2021 results (1,000 t-CO<sub>2</sub>)</b>	<ul style="list-style-type: none"> <li>● Scope 1: 43 (Toyota Boshoku group)</li> <li>● Scope 2: 241 (Toyota Boshoku group)</li> <li>● Scope 3: 4,496 (Toyota Boshoku)</li> </ul>				
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# Materiality

— Accelerating the shift to CSV management —

- 35 Materiality formulation process
- 37 Materiality at a glance
- 39 Materiality penetration initiatives



## Materiality formulation process

### 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).

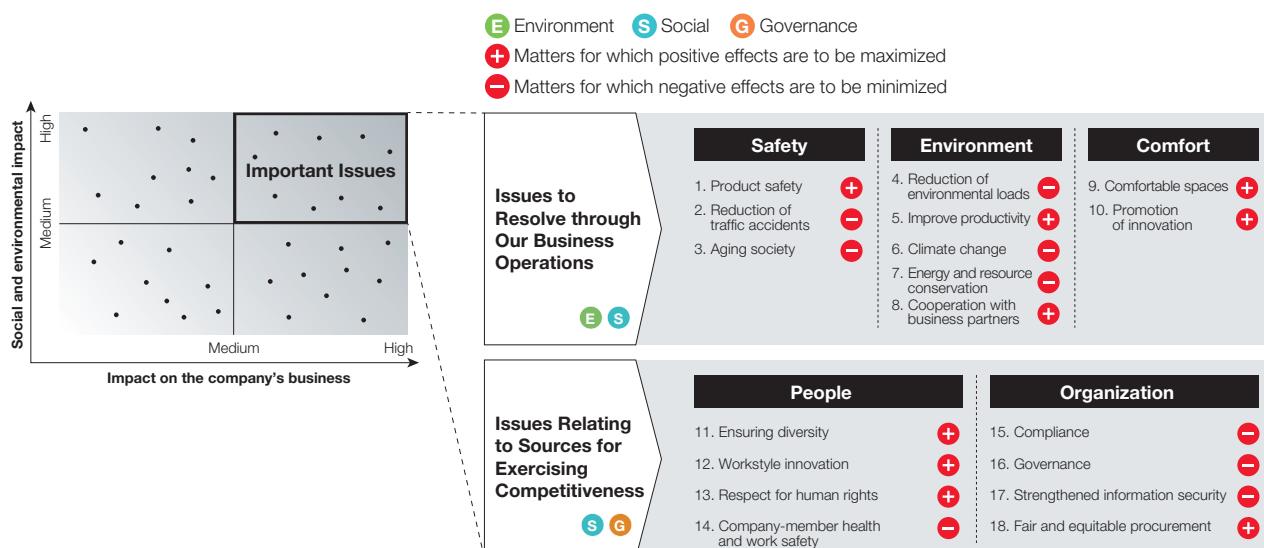
### Materiality formulation process and approach

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



### Toyota Boshoku Group's Materiality

→P.37

## Materiality formulation process

STEP 0

**Comprehensive activities for CSR, CSV, ESG, SDGs, etc.**

- **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.

Participants		
Company Members	External Stakeholders	Directors/ Officers
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

STEP 1

**Understanding social issues**

- **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**

- **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**

- **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**

- **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**

- **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

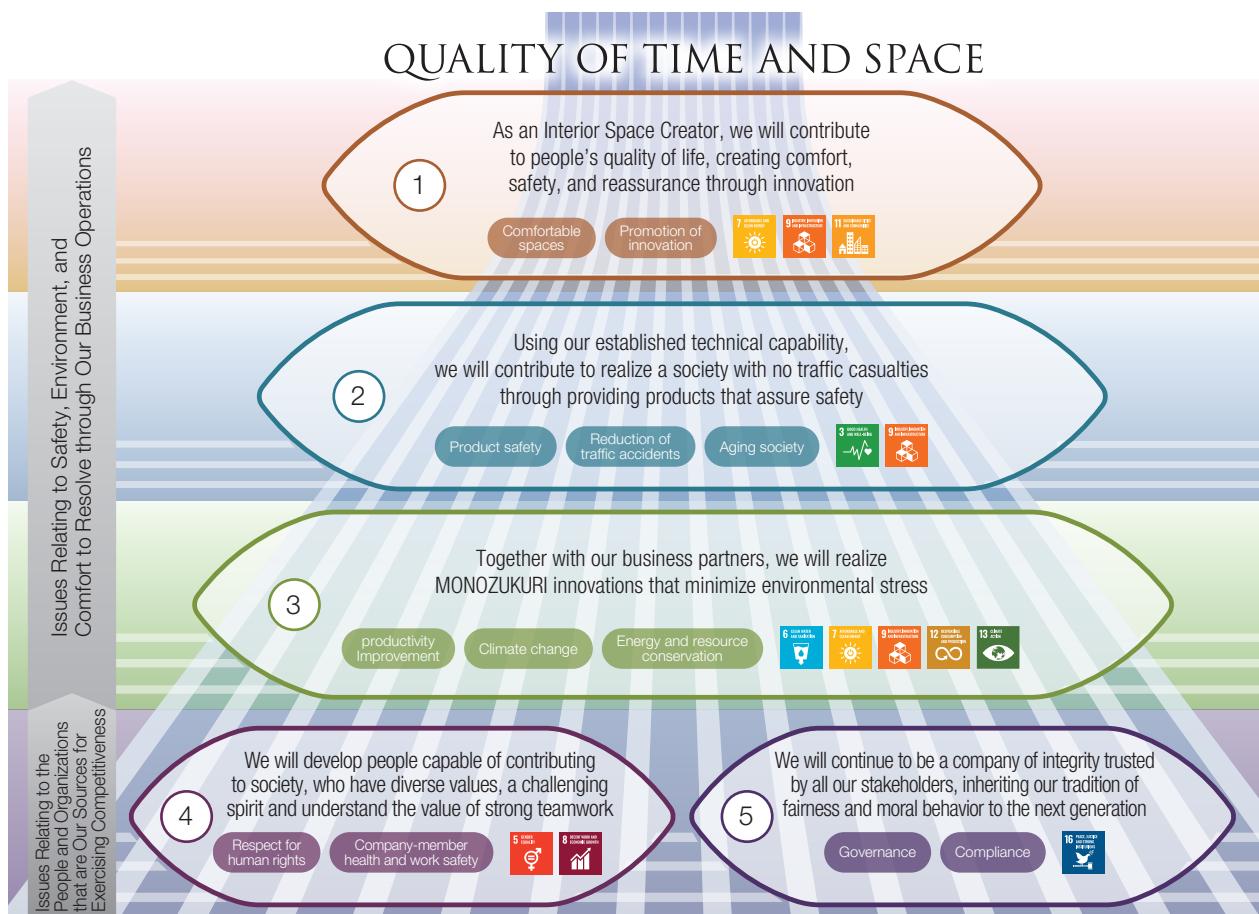
**Decision on materiality**

- Toyota Boshoku Group's Materiality was finalized at the Board of Directors meeting in July 2020.



## Materiality at a glance

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

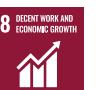
## The meaning and concepts of materiality

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

#### Related SDGs

<span style="color: #8B4513;">█</span> <b>1</b> 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>	  
<span style="color: #0070C0;">█</span> <b>2</b> Using our established technical capability, we will contribute to realize a society with no traffic casualties through providing products that assure safety	<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&amp;D that is part of Toyota Boshoku's identity.</p>	 
<span style="color: #6B8E23;">█</span> <b>3</b> Together with our business partners, we will realize MONOZUKURI innovations that minimize environmental stress	<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 CO<sub>2</sub> 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

<span style="color: #800080;">█</span> <b>4</b> 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>	 
<span style="color: #800080;">█</span> <b>5</b> 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.

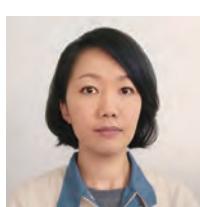
Materiality explanation video  
(YouTube will open)



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)



# EUROPE & AFRICA



## 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.



Supinda Phanthong  
Toyota Boshoku Asia  
General Administration Division  
Supervisor



# ASIA &

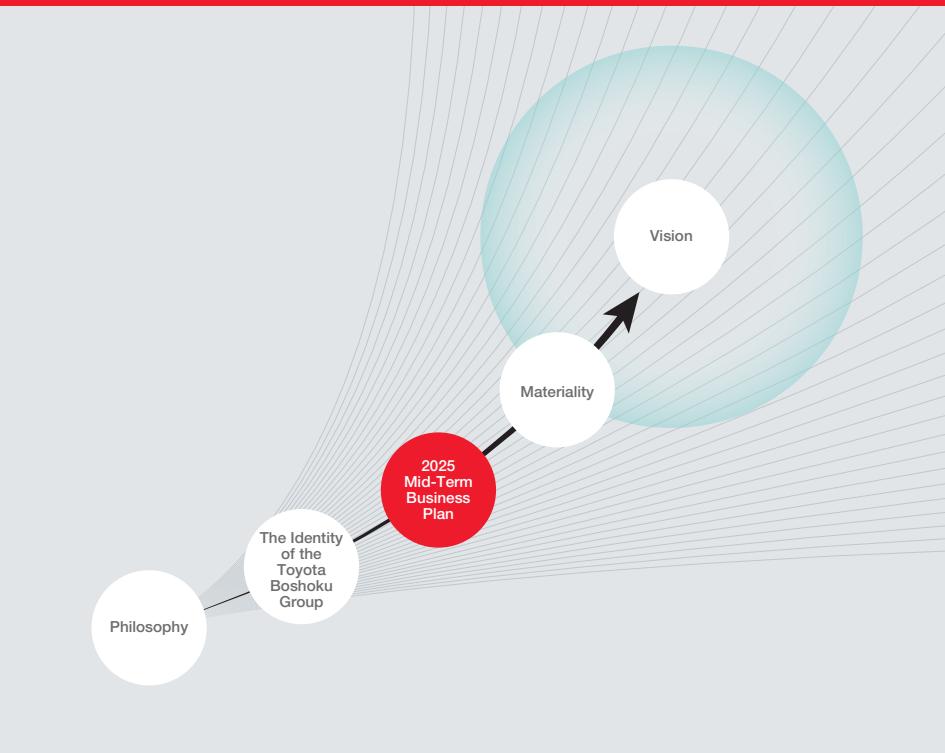
# OCEANIA



# Mid-Term Business Plan

— Action plan to realize materiality —

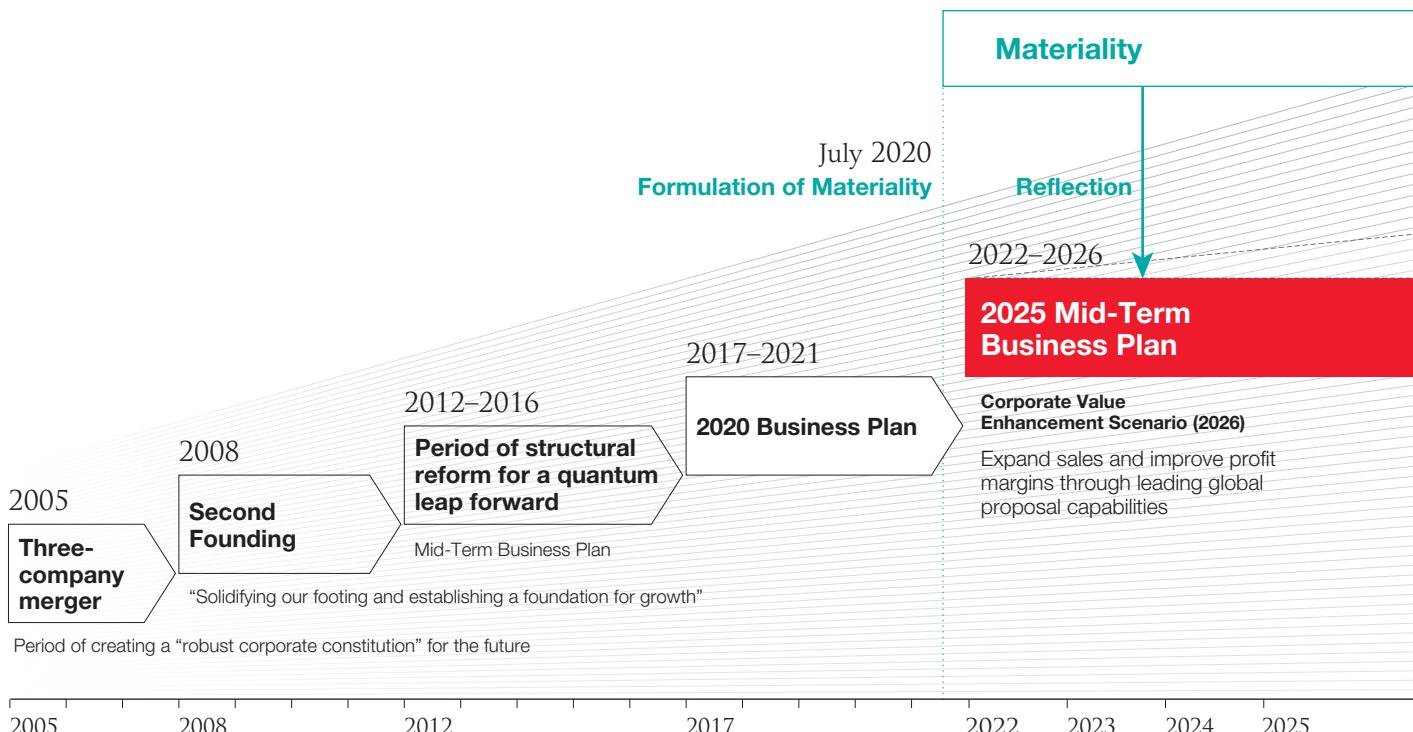
43	Overview of business planning
45	Review of 2020 Business Plan
47	Overview of new Mid-Term Business Plan
49	Priority Action 1
53	Priority Action 2
57	Priority Action 3
61	Priority Action 4
65	Strategy by Business
69	Messages from Outside Directors
71	List of KPIs



## Overview of business planning

In fiscal 2021, the Toyota Boshoku group formulated a five-year mid-term business plan starting in fiscal 2022, based on our materiality.

In this process, we clarified our desired status for 2030 and 2025 target, while also setting out our path for medium- to long-term growth and the issues to be resolved during that time.



### Steady growth since three-company merger Achieved sales of 1 trillion yen in FY2007

In October 2004, there was a three-way merger between Araco Corporation (car interior components business), Takanichi Co., Ltd. and Toyota Boshoku Corporation. As the Toyota Boshoku group, we set out to become a leading global interior system supplier and filter manufacturer.

We achieved our initial target of 1 trillion yen in sales in fiscal 2007. The period from fiscal 2008 onward was positioned as our “second founding,” during which we focused on completing our advance measures for growth and solidifying our foundation to become a “truly global system supplier.” We promoted structural reforms during the mid-term business plan period starting in fiscal 2012, and achieved sales of 1.4 trillion yen in fiscal 2016.

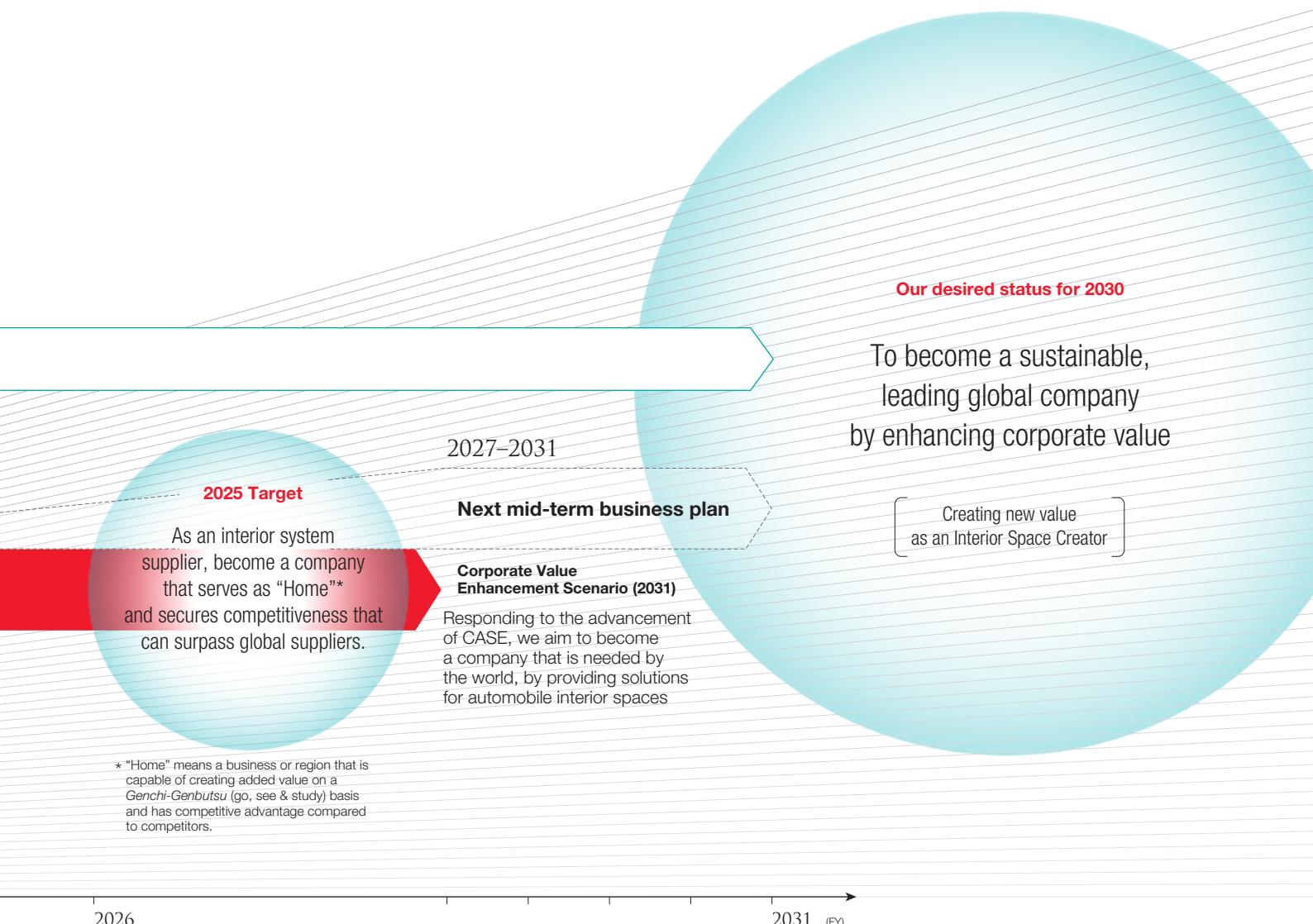
In our subsequent 2020 Business Plan (see p.45–46 for details), we strengthened our competitiveness and management foundation, and built a corporate structure capable of securing stable earnings. Although we fell short of our targets in the final

year of the plan, due in part to the coronavirus pandemic, we completed preparations for the next step by further bolstering our structure through our response to the severe conditions.

To enhance corporate value, formulated materiality as the approach we adopt to resolve important issues

From fiscal 2020, the Toyota Boshoku group began planning its 2025 Mid-Term Business Plan. Aiming to realize a transformation from conventional CSR to CSV management, we identified the important issues to be addressed to achieve this. To enhance corporate value, we formulated materiality as the approach we adopt to resolve the important issues (see p.35–38 for details) to be prioritized through our business operations, identified from among a variety of social issues. We have formulated our 2025 Mid-Term Business Plan based on this materiality.

## Action plan to realize materiality



Launch of the 2025 Mid-Term Business Plan, which clearly sets out measures for implementing materiality

The 2025 Mid-Term Business Plan announced in November 2020 is a medium-term plan for realizing our materiality (see p.47–48 for details). We aim to accomplish the plan while also incorporating issues left over from the 2020 Business Plan.

In the 2025 Mid-Term Business Plan, we have clearly stated our Corporate Value Enhancement Scenario up to the years 2030 and 2025, having determined our desired status for 2030 and 2025 target. These have been backcasted from our desired status for 2030, which is the future vision we have set based on our materiality.

The growth story that the Toyota Boshoku group aims to tell through a series of policies and plans is as follows. Namely, over the five-year period starting in fiscal 2022, we will consolidate our ability to be entrusted by customers worldwide with automobile interior spaces, by manufacturing high-quality products at an affordable price and expanding our product range. In addition,

through activities to win the Deming Prize,\* we will improve the operational quality of all work and equip ourselves with the ability to solve social issues through innovation. This will enhance not only our competitiveness, but also our presence and experience in the market, and will expand our field of business. Over the next five years, we aim to build a track record of proposing solutions for automobile interior spaces, and become a trusted partner in the global market. We will also establish a position as an Interior Space Creator that itself creates new value.

The founding spirit of the Toyota Boshoku group, “for the world and for people,” is the accumulation of small steps. By determining what we need to do and steadily accomplishing each task one by one, we will grow into a corporate group that can make an even better and more significant contribution to society.

- \* One of the highest awards on TQM (Total Quality Management) in the world established by Union of Japanese Scientists and Engineers

# 2020 Business Plan

(For the five-year period 2016–2020)

## 2020 Mid-term Business Implementation Plan

<b>Social value</b>	<p><b>1</b> Contribute to enhancing social value through activities that meet the expectations of every stakeholder</p>				
<b>Economic value</b>	<table border="0"> <thead> <tr> <th style="text-align: center; font-weight: bold;">Corporate Value Enhancement Scenario</th> <th style="text-align: center; font-weight: bold;">Business Strategies</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <p>Establish a corporate structure capable of securing operating profit ratio of 5% or more</p> <hr/> <p><b>2</b> Solidify our footing by implementing the Mid-term Business Implementation Plan</p> <p><b>3</b> Raise “earning power” in core businesses</p> <p><b>4</b> Create new value by foreseeing social needs</p> </td><td style="vertical-align: top;"> <p><b>Existing businesses</b></p> <ul style="list-style-type: none"> <li>● Improve profitability and ensure continuous expansion of core businesses</li> </ul> <p><b>New businesses</b></p> <ul style="list-style-type: none"> <li>● Develop and commercialize products in growth fields by utilizing our technological capabilities</li> <li>● Develop products for emerging markets and find new customers</li> <li>● Promote commercialization of new business needs</li> </ul> </td></tr> </tbody> </table>	Corporate Value Enhancement Scenario	Business Strategies	<p>Establish a corporate structure capable of securing operating profit ratio of 5% or more</p> <hr/> <p><b>2</b> Solidify our footing by implementing the Mid-term Business Implementation Plan</p> <p><b>3</b> Raise “earning power” in core businesses</p> <p><b>4</b> Create new value by foreseeing social needs</p>	<p><b>Existing businesses</b></p> <ul style="list-style-type: none"> <li>● Improve profitability and ensure continuous expansion of core businesses</li> </ul> <p><b>New businesses</b></p> <ul style="list-style-type: none"> <li>● Develop and commercialize products in growth fields by utilizing our technological capabilities</li> <li>● Develop products for emerging markets and find new customers</li> <li>● Promote commercialization of new business needs</li> </ul>
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In 2016, we formulated the 2020 Mid-term Business Implementation Plan, a five-year plan, and carried out activities in line with the four pillars of “Corporate growth while fulfilling our responsibility in harmony with society,” “Strengthen management foundation,” “Strengthen competitiveness,” and “Offer multi-dimensional value/Expand business fields.” The goal here was to “establish a corporate structure capable of securing operating profit ratio of 5% or higher” by leveraging the foundation established through structural reforms and solidifying

our footing following the three-company merger of 2004.

We are also focused on developing new technologies and new products in anticipation of the environment surrounding mobility in 2030. Another focus is CSR activities, especially from an environmental perspective, and we have formulated an environmental action plan and other measures to meet the expectations of our stakeholders while complying with laws, regulations, and ethics.

## Business targets

### Steadily strengthening earning power in preparation for the next step

Looking back on the 2020 Business Plan, we fell short of our targets in the final year of the plan, due in part to the coronavirus pandemic, with revenue of 1,272.1 billion yen compared to our target of 1,400 billion yen, and operating profit of 57.1 billion yen compared to our 70 billion yen target. However, we estimate that, excluding the impact of the pandemic, we achieved our targets.

Furthermore, our earning power has been steadily improving as a result of our enhanced competitiveness and management foundation. In addition, issues for sustainable growth in response to environmental changes (see p.46 for details) have been clarified.

	Target	Result
<b>Revenue</b> (100 million yen)	14,000	12,721
<b>Operating profit</b> (100 million yen)	700	571
<b>Operating profit ratio</b>	5% or higher	4.5%
<b>ROE</b>	10% or higher	10.0%
<b>Equity ratio</b>	Around 40%	39.6%
<b>Capital investments</b> (100 million yen) (FY2019–FY2021)	1,800	1,667
<b>R&amp;D expenses</b> (100 million yen) (FY2019–FY2021)	1,400	1,346

Action plan to realize materiality

## Major achievements and issues

We have been able to strengthen our advanced development with a view to 2030, including collaboration with the Toyota Group. A symbolic result of this effort is the MX191, an automobile interior space model designed for autonomous driving levels 3 and 4. Another achievement has been the establishment of a business foundation for the new customer

business, including the development of the compact car business in emerging nations and commercialization of the aircraft seat business.

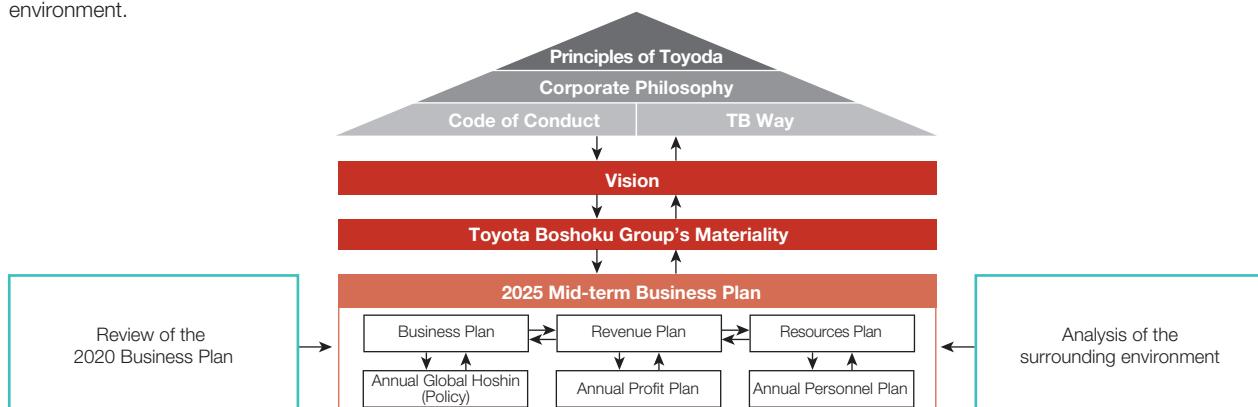
Although we have achieved these results, there are still issues to be addressed, and we aim to realize further growth by solving these issues.

2020 Mid-term Business Implementation Plan		Major achievements	Issues
<b>1</b>	<b>Corporate growth while fulfilling our responsibility in harmony with society</b>		
	Contribute to enhancing social value	<ul style="list-style-type: none"> <li>Examined a shift to CSV management and formulated materiality</li> </ul>	<ul style="list-style-type: none"> <li>Formulating next Mid-term Business Plan based on materiality (see p.35–38)</li> </ul>
<b>2</b>	<b>Strengthen management foundation</b>		
	Strengthen global management foundation	<ul style="list-style-type: none"> <li>Create Business Management Structure</li> <li>Developed efficient organizations</li> <li>Promoted global utilization of human resources</li> </ul>	<ul style="list-style-type: none"> <li>Create management information infrastructure</li> <li>Further promote “vibrant workstyle innovation”</li> </ul>
<b>3</b>	<b>Strengthen competitiveness</b>		
	Develop new technologies and new products towards 2030	<ul style="list-style-type: none"> <li>MOOX (see p.27–30)</li> <li>Tide generating force</li> <li>Five senses + air quality system development</li> </ul>	<ul style="list-style-type: none"> <li>Plan commercialization of growth strategy items</li> </ul>
	Strengthen system supplier system	<ul style="list-style-type: none"> <li>Trial launch of model project</li> </ul>	<ul style="list-style-type: none"> <li>Expand business fields</li> </ul>
	Further enhance our fundamental capabilities in manufacturing	<ul style="list-style-type: none"> <li>Make a 26% reduction in development man-hours</li> <li>Promote plant autonomy</li> </ul>	<ul style="list-style-type: none"> <li>Promote digitization</li> <li>Utilize global R&amp;D</li> <li>Realize optimal production and supply systems</li> <li>Establish a procurement base to strengthen competitive advantage</li> </ul>
<b>4</b>	<b>Offer multi-dimensional value/Expand business fields</b>		
	Promote new businesses	<ul style="list-style-type: none"> <li>Developed products for emerging nations, and launched pilot production of lithium ion batteries</li> </ul>	<ul style="list-style-type: none"> <li>Establish mass-production technology in response to market electrification</li> </ul>

## Formulation of 2025 Mid-Term Business Plan

We proceeded to formulate the 2025 Mid-Term Business Plan based on elements including our materiality formulated in 2020, internal issues for 2025, and analysis of the surrounding environment.

We will strive to enhance our corporate value by solving social issues through our business operations.



# 2025 Mid-Term Business Plan

In the 2025 Mid-Term Business Plan, our target is “As an interior system supplier, become a company that serves as “Home”<sup>1</sup> and secures competitiveness that can surpass global suppliers.” We have formulated a Corporate Value Enhancement Scenario and Business strategies for 2025 and 2030, and have drawn up Priority Actions to achieve them.

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

## 2025 Target

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

### Corporate Value Enhancement Scenario

#### 2025

- Expand sales and improve profit margins through leading global proposal capabilities
- (1) Strengthen corporate structure (with the break-even point reduced to below 70%) by reinforcing existing core businesses, and reallocate resources to growth fields
  - (2) Differentiate our products based on thorough competitor benchmarking, expand sales to strategic OEMs other than Toyota
  - (3) Improve work quality through efforts to win the Deming Prize
  - (4) Consolidate the ability to solve social issues through innovation

#### 2030

- Responding to the advancement of CASE, we aim to become a company that is needed by the world, by providing solutions for automobile interior spaces
- (1) Maintain earnings from existing core businesses
  - (2) Acquire expertise and capabilities necessary to become an Interior Space Creator, and seek efficient ways to introduce technologies, including alliances
  - (3) Establish a mobility space solution business model and make achievements
  - (4) Implement work reform (digital transformation (DX)) based on thorough systemization to ensure resources

### Priority Actions

- 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** Thoroughly improve productivity and implement business strategies, while enhancing cooperation among Product business segments and Regions →P.53
- 3** Improve competitiveness through MONOZUKURI innovation and promote environmental initiatives →P.57
- 4** Establish a resilient global management foundation and develop human resources to support sustainable growth →P.61

### Business Strategies

#### Existing businesses

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

#### Seats

→P.66

#### Interior & Exterior

→P.67

#### Unit Components

→P.68

#### New businesses

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

#### Priority Actions by business and region

##### ① : Priority Action 1

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

##### ② : Priority Action 2 ③

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

	Japan	The Americas	Asia & Oceania (incl. China)	Europe & Africa	Revenue (100 million yen)
<b>Seats</b>	◎	◎	↗	↗	10,700
<b>Interior &amp; Exterior</b>	↗	◎	◎	◎	3,100
<b>Unit Components</b>	↗	◎	↗	◎	1,600
<b>Other</b>					600
<b>Revenue</b>	8,300	2,900	4,000	1,500	16,000
					Intracompany eliminations (700)

Action plan to realize materiality

## 2025 Mid-Term Business Plan's Business Target

### Targets related to economic value

We aim to achieve revenue of 1,600 billion yen plus alpha by expanding sales of existing core products and acquiring new OEMs. We are targeting operating profit of 100 billion yen plus alpha, with a operating profit ratio of 6–7% and ROE of 10% or higher, while securing future growth budget by reducing fixed costs and lowering the cost of goods sold through further efficiency enhancements.

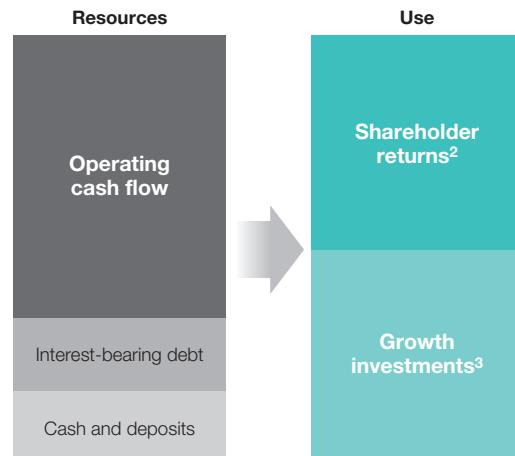
Our policy is to use the cash flow generated to return profits

to our shareholders and to invest in growth. With regard to returns to shareholders, we aim to steadily increase profits based on the approach of long-term dividend stability, and to increase the dividend per share, with a target dividend payout ratio of around 30%. In addition, to further accelerate the pace of growth, we will strategically and aggressively implement alliance investments, capital investments, and R&D.

### FY2026 management target

<b>Revenue</b> (100 million yen)	16,000 + $\alpha$
<b>Operating profit</b> (100 million yen)	1,000 + $\alpha$
<b>Operating profit ratio</b>	6–7%
<b>ROE</b>	10% or higher
<b>Equity ratio</b>	Around 40%
<b>Net asset</b> (100 million yen)	4,000
<b>Dividend payout ratio</b>	Around 30%
<b>Capital investment</b> (100 million yen) (FY2022–2026 total)	2,500 + $\alpha$
<b>R&amp;D expenses</b> (100 million yen) (FY2022–2026 total)	2,000 + $\alpha$

### Capital management



2 Increase per-share dividend and shareholder returns from various perspectives

3 Investments for alliance to become "Home"

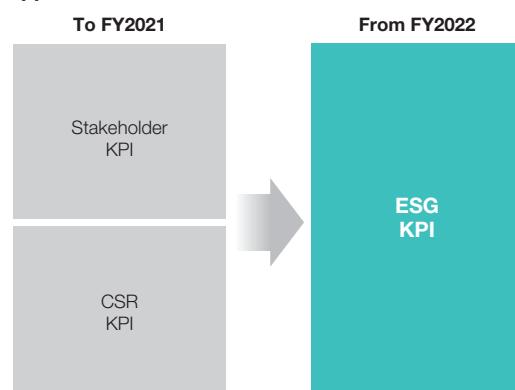
Capital investments and R&D investments for future growth

### Targets related to social value

To establish new metrics for measuring social value as we move toward CSV management, we have begun to configure targets from the perspective of ESG. Based on these KPIs, we will meet the expectations of our stakeholders by realizing our materiality and enhancing our corporate value.

We will build a system to monitor the achievement of KPIs and implement the PDCA cycle, aiming to improve corporate value in terms of both social and economic value.

### Approach to KPIs



# 1

Pursue safety, environment and comfort, and increase customers, thereby evolving into a trusted supplier capable of offering optimal proposals to customers

## Activity Targets

Revenue

1,600 billion yen +  $\alpha$

## The surrounding environment

- Pressing need to address the transformation of automobile interior components with the advancement of CASE and MaaS

## Related Materiality

Materiality Nos. ① ② ③

## Issues in the 2020 Mid-term Business Implementation Plan

- Develop plan to commercialize growth strategy items and add items that will contribute to earnings
- Expand business fields and build a system supplier structure for the future
- Improve development efficiency by promoting digitalization and further strengthening collaboration among R&D bases globally

## Implementation Items / Points

1	Promote advancement of front and rear seat frames that continuously surpass competitors and pursue innovation in next-generation seat devices	Acquire technology advantage through robust benchmarking	→ P.50
2	Globally expand the SS (system supplier) field by having the ability to plan the entire automobile interior space and exercising new technologies and global procurement capacity	Region, Development Field, and Item expansion activities	→ P.51
3	Expand sales to strategic OEMs (including Toyota alliance partners)	Transformation into a leading global proposal-driven manufacturer	—
4	Promote new growth strategic items for electrification	Make a leap toward future growth strategy	→ P.52
5	As an Interior Space Creator, establish a business model leading to further growth of Toyota Boshoku group	Maximize the benefits of collaboration within the Toyota Group	—

**Main Initiatives**

1

Promote advancement of front and rear seat frames that continuously surpass competitors and pursue innovation in next-generation seat devices

Materiality No.

3

The group is pursuing innovation in next-generation seat devices in its 2025 Mid-Term Business Plan.

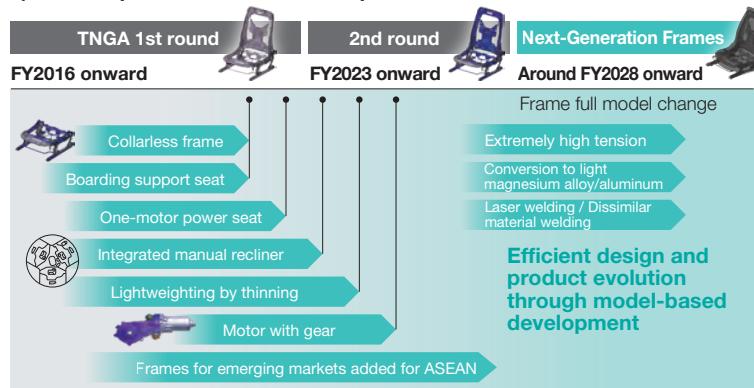
**1) Seat front frames**

Firstly, for front frames, in 2015 we launched frames as a part of the TNGA program and have been implementing component lightweighting, introduction of high value-added products such as boarding support seats, and cost minimization in order to maintain and improve our competitive advantage. For the next generation frames, we will develop frames with specifications that can be accepted by a wide range of customers by adopting lightweight materials and new production methods, as well as promoting more efficient design through model-based development.\*

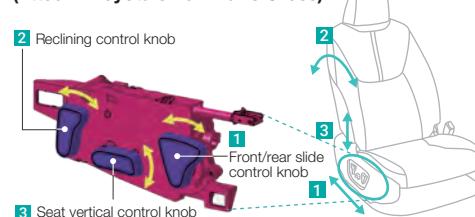
**2) Seat rear frames**

For rear frames, the new frames that had been established for each model have also been standardized into four types under the TNGA concept, thereby achieving economies of scale. For next-generation frames, we will continue to adopt new technologies including lightweighting.

\* A product development technique that actively incorporates computer simulation. Aims to shorten the product development period and increase efficiency by using computer modeling to verify operation and performance, which was previously done with actual prototypes.

**1) Roadmap for front frame development**

One-motor power seat  
(fitted in Toyota's new Yaris Cross)



- Developed a special clutch box and realized seat functionality equivalent to Power 6 way with "one-motor"
- Achieved lightweighting and price reduction by reducing power components, enabling installation of power seats in affordable-priced vehicles that previously had only manual seat configuration
- Aiming for adoption in a wide range of models

**2) Roadmap for rear frame development**

	TNGA		Next-Generation Frames
	Up to FY2016	FY2016 onward	Around FY2028 onward
Sedan		Panel frame	
Hatchback Small SUV	Newly establish exclusive frames for each model	Pipe frame	Multi-materials [resin frame, aluminum frame]
Mid-size SUV		Fold-down back frame	Laser welding
Minivan		Minivan back frame	Structural adhesives

Long slide rail (fitted in Toyota's new Sienna)



- Fitted a variable slide load mechanism, achieving development of a product with excellent operability
- Reduces the effect of the seat's own weight compared to the conventional system, enabling smooth backward and forward sliding
- In future, we plan to offer this product to more customers by enhancing convenience through further multi-functionalization and sensor control

## Main Initiatives

2

Globally expand the SS (system supplier) field by having the ability to plan the entire automobile interior space and exercising new technologies and global procurement capacity

Materiality No.

2

Our activities are based on three axes: Region, Development Field, and Item.

### 1) Region

We are currently working as an interior system supplier for Toyota Motor Corporation in Japan, Asia, China and parts of Europe. Going forward, we will acquire a procurement capability for North American projects in order to expand the regions where we are active as an interior system supplier.

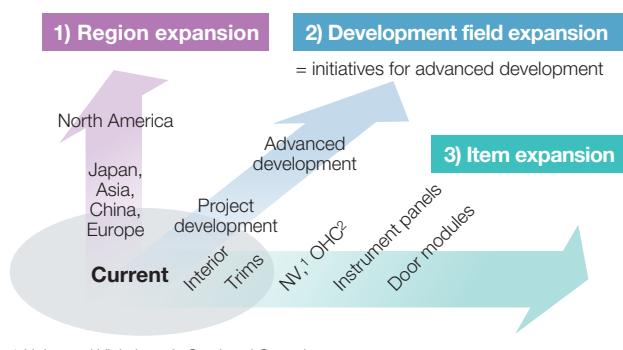
### 2) Development field

In the expanded new product field, we are launching a pilot project for advanced development to gain the ability to manage all the steps in the value chain, from design to development, evaluation, procurement, manufacturing, quality assurance, and sales.

### 3) Item

We are promoting activities to acquire components that are not within the scope of the current interior system supplier. With regard to instrument panels, we are working with OEMs to acquire skills and techniques in design, production, and quality assurance in preparation for future item expansion. In door modules, we aim to add value by modularizing components such as wire harnesses and regulators and delivering them directly to customer assembly lines.

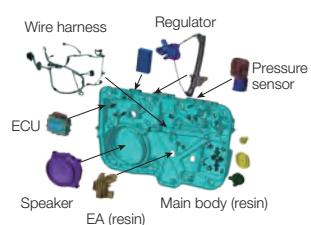
## Expanding interior system supplier business fields



1 Noise and Violation 2. Overhead Console

### <Examples of Activities>

- (1) Instrument panels: Acquire skills and techniques in design, production, quality assurance, etc. in preparation for future item expansion
- (2) Door modules: Putting wire harness, regulator and other necessary parts in modules to facilitate assembly of door trims and increase added value



**By advancing efforts to expand business fields, we will expand our capacity as an interior system supplier and serve as "Home" in the interior area**

## Initiatives for field expansion

- Adoption decided
- Efforts for adoption being made

Vehicle model	Start of production	1) Region				2) Development field	3) Item		
		China	North America	Asia	Europe		NV, OHC	Instrument panels	Door modules
B	2023	-	●	-	-	●	●		
C	2023	-	-	-	-	●	●	○	
D	2023	-	-	-	-	●	●		○
E	2024	-	●	-	●	●	●		

**Expected effect: Revenue growth of 30 billion yen (FY2026)**

**Main Initiatives****4****Promote new growth strategic items for electrification****Materiality Nos.**

1 2

To address the future electrification of automobiles and environmental issues, we are promoting the following activities in relation to electrified components.

**1) Mass production of motor cores for HEVs**

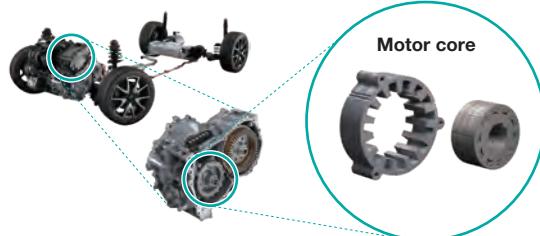
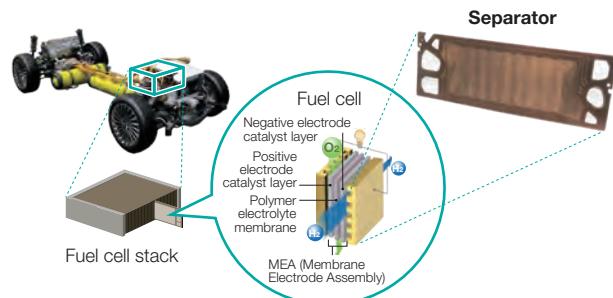
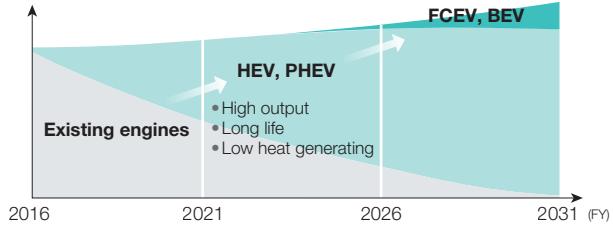
A new size motor core was adopted for Toyota's new Yaris and a new line was installed at the Kariya Plant to start mass production.

**2) Separator for fuel cell stack**

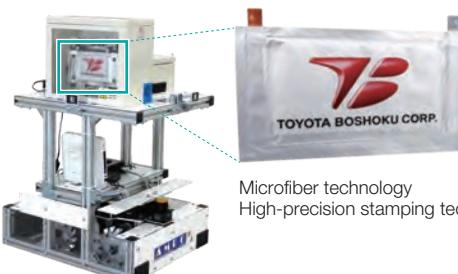
Utilizing the group's unique high-precision stamping and mold technologies, this was adopted for use in Toyota's new MIRAI. The formation process for the path along which hydrogen and cooling water flows to the separator has been significantly shortened, making it possible to achieve 10 times the previous production capacity.

**3) Lithium-ion batteries**

We are developing products using our microfiber and high-precision stamping technologies, which are the Toyota Boshoku group's strengths, and have set up a pilot line at the Kariya Plant to verify quality and mass-producibility. We are also considering applications other than automobiles, and have installed lithium-ion batteries in automatic guided vehicles at our plants.

**Status of support for electrification****1) Motor cores for HEVs****Building a highly extensible production system****2) Separator for fuel cell stack****Utilizing our unique high-precision stamping and mold technologies****3) Lithium-ion batteries****Utilizing our microfiber and high-precision stamping technologies**

Automatic guided vehicle



Lithium-ion batteries

Microfiber technology  
High-precision stamping technology

# 2

Thoroughly improve productivity and implement business strategies while enhancing cooperation among Product business segments and Regions

**Activity Targets**

**Operating profit** 100 billion yen +  $\alpha$

**The surrounding environment**

- Need to strengthen core business and enhance profitability to address future change in the automotive industry

**Related Materiality**

Materiality No. ③

**Issues in the 2020 Mid-term Business Implementation Plan**

- Maximize the effects of restructuring in the Japan region

**Implementation Items / Points**

1	Promote true localization in Asia and China to raise marginal profit	→P.54
2	Improve production systems in China and the Americas ready to respond to production increase at our main customer	Effective use of limited investment and resources →P.55
3	Maximize the effects of restructuring in the Japan region	→P.56

**Main Initiatives**

1

Promote true localization in Asia and China to raise marginal profit

Materiality No.

3

To raise marginal profit, we are aiming for “true localization” by achieving localization of raw materials and difficult-to-produce parts.

**1) PP (polypropylene) resin materials**

In the Asia region, we have completed evaluating materials from local suppliers that implement a *Ji Kotei-Kanketsu* (JKK) approach for PP resin material production, from naphtha refining to compounds, and will employ the materials from next-generation models.

**2) Seat precision stamping parts**

In China, we are tackling the challenge of purchasing difficult-to-produce parts locally, including precision stamping parts for seat power reclining.

**3) Seat lifter brakes**

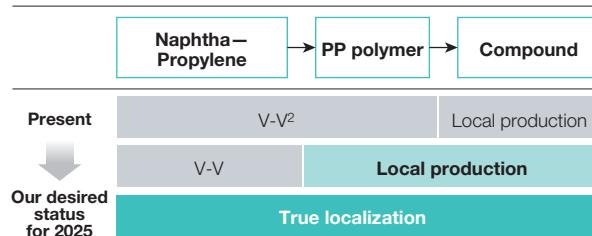
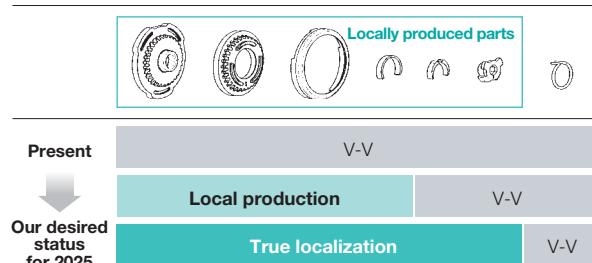
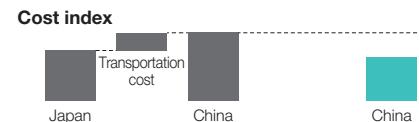
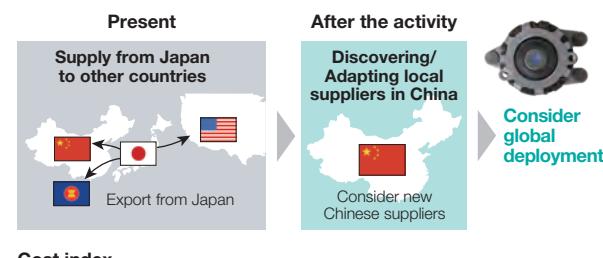
An example of localization of a difficult-to-produce part is a seat lifter brake<sup>1</sup>. Currently, we are mainly exporting from Japan to

other countries, but going forward we aim to improve our cost competitiveness by discovering and adapting local suppliers in the China region to supply the entire world.

**4) PA66 (nylon 66) material**

Reacting to the global tightening of demand for PA66 material, first of all we promoted ordering from multiple suppliers to stably secure the required volume and achieve mutual complementing of materials between regions. In the future, we will implement a shift to more versatile material and improve our cost competitiveness globally throughout the supply chain in cooperation with our suppliers.

<sup>1</sup> A height adjusting device for the seat cushion

**Our desired status for 2025****1) PP resin materials****2) Seat precision stamping parts****3) Seat lifter brakes****(4) PA66 material**

Issues	1) Difficulty in securing material 2) Price spike
Countermeasures	STEP 1: Mutually complement materials between regions (to secure quantities) STEP 2: Change to more versatile material (PA6 material)

<sup>2</sup> Vendor to Vendor

### Main Initiatives

2

### Improve production systems in China and the Americas ready to respond to production increase at our main customer

In order to respond more flexibly than ever to the diversifying needs of the market and the shortening production cycles of our customers, we are working on the reorganization of production systems globally.

Typical examples of our initiatives are the streamlining of sites in Japan, the reorganization of production systems across regions in the Americas, and the improvement of production systems in China in line with business expansion.

In the Americas region, we are working to reorganize our production system mainly in the Indiana region in preparation for increased production by customers. The plant where we are located is nearby to customer plants. Competition for human resources is fierce, and rising labor costs have also become an issue. As a countermeasure, we are considering centralization and decentralization of processes.

Specifically, the resin molding and assembly processes in door trim production will be consolidated at the Kentucky Plant. For seat production, we have started exploring the possibility of consolidating the production of seat frames from the Illinois Plant to the Tennessee Plant.

Meanwhile, in the China region, we aim to increase the production capacity of our plants with a view to expanding our business. In particular, we will begin to boost production capacity in the Guangzhou region, but we are also aiming to maximize plant profits by looking to increase capacity through minimal investment in both production capacity and logistics reorganization in the Tianjin region.

In Japan, we are in the process of streamlining our sites and reorganizing logistics, among other measures, to improve marginal profit.

#### Reorganization of sites globally

**Promote global reorganization of sites, including consolidating production operations by 2025 (Consider centralization and decentralization of production processes)**

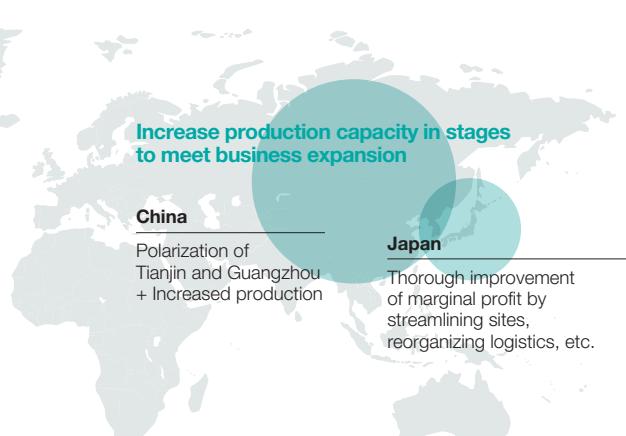


#### Reorganization of the Americas region

##### Improvement of production systems in the Indiana region

Process	Seat frames		
	Stamping, welding Sub Assy	Welding Assy	Seat Assy
Present	Tennessee Plant	Illinois Plant Indiana Plant	
After reorganization	Tennessee Plant		Illinois Plant

Welding Assy will be consolidated to the Tennessee Plant



Door trims			
	Middle board (rolling surface skin on base metal)	Upper board (vacuum forming)	
Present	Kentucky Plant	Illinois Plant Indiana Plant	
After reorganization	Kentucky Plant		Illinois Plant

Boards and a part of Door Assy will be consolidated to the Kentucky Plant

**Main Initiatives****3****Maximize the effects of restructuring in the Japan region****Materiality No.****3**

In the Japan region, we are required to respond more quickly and flexibly to market needs, such as production reorganization across the regions of our customers, and unprecedented production fluctuations. We are working to further increase the flexibility of production and supply to meet the expectations of our customers throughout the supply chain.

In fiscal 2021, we reorganized three sites: Fuji Susono Plant, Bisai Plant, and affiliated company TB Sewtech Kanto.

In fiscal 2022, we will expand the scope of our affiliates and reorganize them, aiming to maximize the effects of this reorganization.

In the area of logistics, we have merged two affiliated companies, TB Logistics Service and Kotobuki Rikuun, and are working to improve the competitiveness of logistics not only for

our group, but also for the Toyota Group as a whole by implementing more in-depth logistics reorganization.

Specifically, we will implement measures such as improving profitability through lower logistics costs by setting logistics KPIs and managing them on a global basis, including consolidating/eliminating transportation routes and improving truck loading rates. We will also contribute to carbon neutrality by reducing CO<sub>2</sub> emissions. In this way, we will continue striving to enhance our corporate value.

**Restructuring in the Japan region****Expand production reorganization, including at affiliated companies as well as our own sites****Actions for 3 priority regions****Own region**

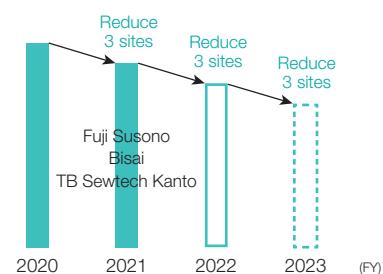
Process reallocation,  
especially in the fiber business

**Toyota region**

Accelerate restructuring focusing  
on concentration of production  
processes and integration of logistics

**Toyohashi region**

Start to shorten production lead times  
including affiliates

**Reorganization of production sites****Reduce logistics costs through logistics reorganization and logistics KPI management, and accelerate the reduction of CO<sub>2</sub> emissions**

# 3

## Improve competitiveness through MONOZUKURI innovation and promote environmental initiatives

### Activity Targets

- Establish a MONOZUKURI foundation globally that makes us a reliable company of choice
- Have the MONOZUKURI competitiveness to support our future evolution as an Interior Space Creator

### The surrounding environment

- Production and logistics systems must be urgently built throughout the supply chain in order to become carbon neutral

### Related Materiality

Materiality No. 3

### Issues in the 2020 Mid-term Business Implementation Plan

- Strengthen MONOZUKURI competitiveness through digital transformation (DX)
- Realize an optimal global production and supply system
- Develop mass production technology in response to market electrification

### Implementation Items / Points

1	Improve work quality by implementation of TQM by all company members	Promote understanding of and familiarization with TQM activities to secure competitive advantage in the future	→
2	Realize an optimal global production and supply system	Achieve the target break-even point	→
3	Establish supply bases for global competitiveness	Build robust supply chain management	→ P.58
4	Strengthen global MONOZUKURI competitiveness by promoting DX	Create “connected factories” in the global supply chain	→ P.59
5	Minimize environmental stress by promoting MONOZUKURI innovation	Achieve the 2050 Environmental Vision by implementing environmental management	→ P.60

## Main Initiatives

3

### Establish supply bases for global competitiveness

Materiality No.

3

In order for us to realize competitive manufacturing on a global scale, it is essential to promote strong collaboration between the many suppliers supporting us and each division, and to conduct globally unified activities to restructure the supply chain, based on development, collaboration, and discovery of suppliers, with the aim of growing together.

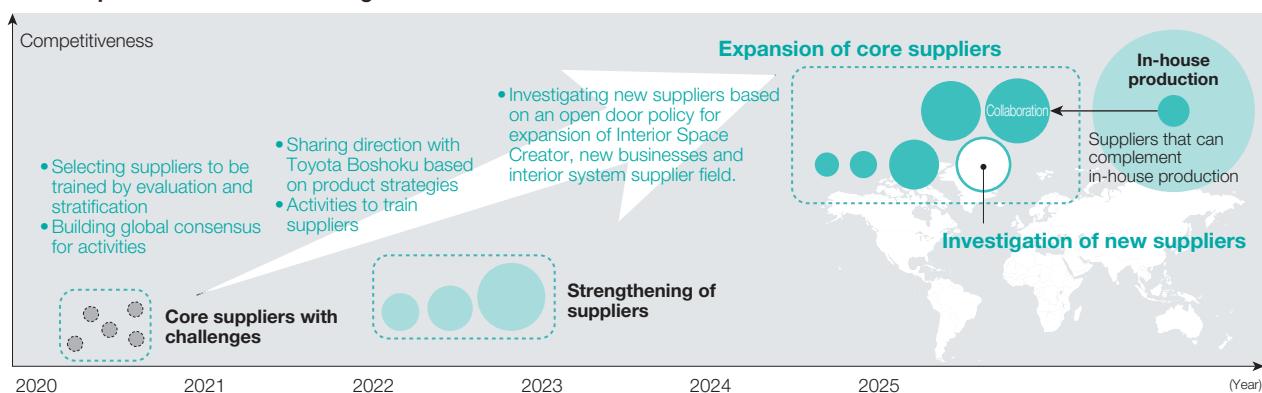
In each region, we hold an Annual Supplier Meeting, and our suppliers carry out activities on quality, safety and CSR to strengthen their business structure. We also have discussions with suppliers regarding the issues at hand while suppliers are set Safety, Quality, Cost, and Delivery (SQCD) achievement targets. Through these activities, as our 2025 Target, we will expand core supplier groups capable of achieving higher-level SQCD, and develop suppliers that can complement our in-house production.

#### Specific examples of core supplier cultivation and training activities:

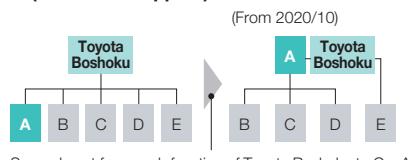
- 1) To develop suppliers that can be fully entrusted with seat cover, we have seconded personnel from each division of Toyota Boshoku to strengthen their functionality
- 2) To strengthen door trim surface rolling suppliers, we are conducting improvement activities in unison with our suppliers to strengthen their corporate structure, including profitability
- 3) In recent years, business succession among suppliers has become an issue, and as a countermeasure, we and our suppliers have held TOP management meetings to share our advantages and disadvantages. We make up for the suppliers such as by promoting activities to strengthen the next generation of managers

#### Restructuring supply chains through evaluation and stratification (higher-level SQCD)

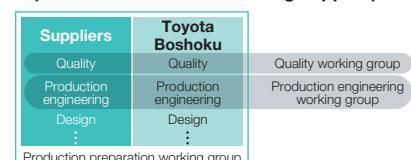
##### Roadmap to Achieve Our 2025 Targets



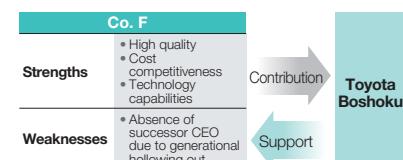
##### 1) Cultivation of core suppliers (trim cover supplier)



##### 2) Supplier Development Activity (door trim surface skin rolling supplier)



##### 3) Supplementing suppliers



### Main Initiatives

#### 4

#### Strengthen global MONOZUKURI competitiveness by promoting DX

Materiality No.

3

As we work to strengthen MONOZUKURI competitiveness through the promotion of DX, we are focused on the following three areas as the main pillars, with the MONOZUKURI Innovation Center, completed in January 2020, serving as the hub.

The first pillar is the use of IoT technology. By visualizing the operation status of production sites and utilizing manufacturing traceability information, we will achieve consistent quality globally, promote sign monitoring, accelerate site improvements, and enhance on-site capabilities. At present, we are promoting the rollout of IoT to sites outside of Japan by the end of 2025, and will build a Global Information Network connecting Japan and regions outside of Japan.

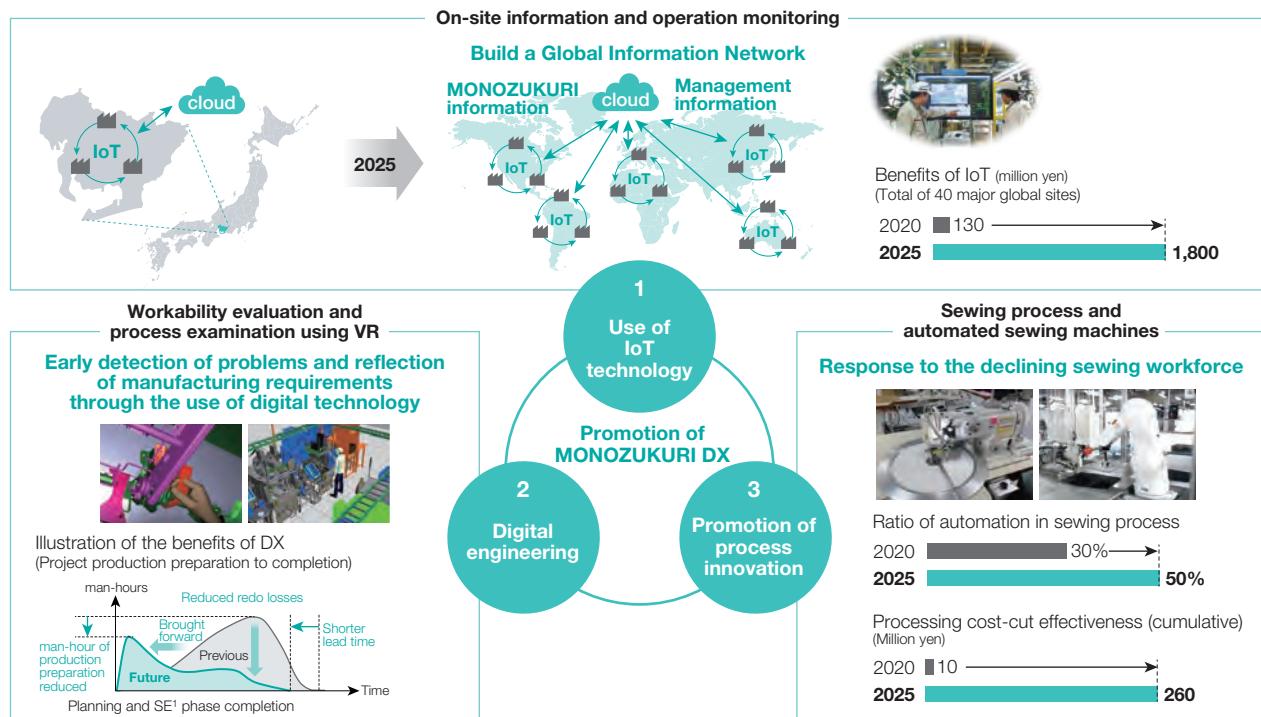
The second pillar comprises our digital engineering initiatives.

At the early stage of production preparation, by integrating conventional knowledge such as the TPS (Toyota Production System) with digital technologies such as VR and simulation, we will shorten lead times, and reduce man-hours and redo losses. Automation, AI, and sensing technologies will become important.

The third pillar is process innovation incorporating the above elements. This will accelerate digital engineering as we aim to realize innovative processes and work style reform.

Through these three pillars, we aim to further improve our MONOZUKURI competitiveness by the resulting enhancement of on-site capabilities through IoT, and the strengthening of production readiness through digital engineering and process innovation.

#### Three pillars for strengthening MONOZUKURI competitiveness by promoting DX



<sup>1</sup> Simultaneous Engineering: Vehicle development based on concurrent implementation of the technology, production engineering and manufacturing stages.

**Main Initiatives****5****Minimize environmental stress by promoting MONOZUKURI innovation****Materiality No.**

3

The Toyota Boshoku group has set a goal of zero CO<sub>2</sub> emissions in its 2050 Environmental Vision, has clearly defined milestones to reduce emissions by 25% in fiscal 2026 and by 38% in fiscal 2031 compared to fiscal 2014, and is achieving these targets every year.

We are working on the following three specific initiatives for carbon neutrality.

**1) Promotion of daily improvements**

Completion of 40 items for energy-saving improvement and promotion of *Karakuri Kaizen*<sup>2</sup>

**2) Application of innovative technologies**

Introduction of an experimental plant with CO<sub>2</sub> recovery and methanation system

**3) Introduction of renewable energy**

Systematic introduction of solar power generation via PPA<sup>3</sup>

In our 2025 Environmental Action Plan, we set out our aim of achieving a 15% renewable energy adoption rate by fiscal 2026,

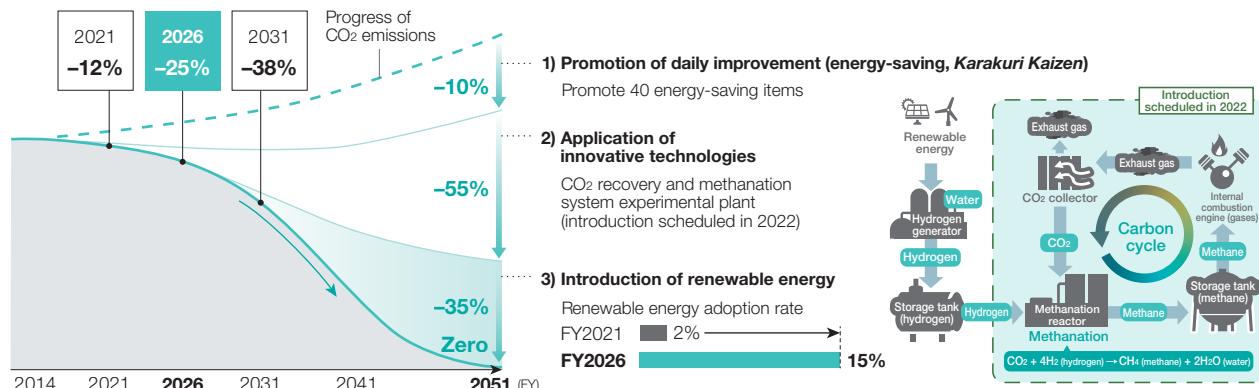
including solar power, and we are promoting this globally.

Reducing lifecycle CO<sub>2</sub> emissions is also an important issue, and we will expand the scope of our activities to include the entire value chain.

In order to meet the ambitious target of carbon neutrality by 2050, we have established the Carbon Neutral Environment Division and will enhance collaboration with the Toyota Group, Japan Automobile Manufacturers Association, Japan Auto Parts Industries Association, etc.

2 On-site problems and issues are identified by the people working there, and improvements are made with a smaller environmental impact and at lower cost by using natural energy such as gravity and simple mechanisms/systems such as gears and the principle of leverage.

3 Power Purchase Agreement: A direct agreement between a party that generates electricity and a user

**Challenge of achieving zero CO<sub>2</sub> emissions in the Toyota Boshoku group in 2050 (Base year: FY2014)****Challenge of achieving zero CO<sub>2</sub> emissions in the product life cycle**

Promote activities throughout the entire value chain

# 4

Establish a resilient global management foundation and develop human resources to support sustainable growth

## Activity Targets

Integrate and utilize management information to monitor progress toward achieving the 2025 Mid-Term Business Plan, and expedite decision-making

### The surrounding environment

- To respond to drastic change in the business environment, we need to build a system that enables rapid and transparent management decision-making, and to develop and optimize human resources globally to support this system

### Related Materiality

Materiality Nos. ④ ⑤

### Issues in the 2020 Mid-term Business Implementation Plan

- Continuously improve risk-response capabilities through the PDCA cycle
- Further enhance the Business Management Structure
- Speed up and steadily implement the PDCA cycle for management
- Develop human resources using skill maps
- Further promote vibrant work style innovation

## Implementation Items / Points

1	Integrate core business information and follow-up using Corporate Performance Management (Core: Sales, Development, Investment, Production, Headcount, Profit)	→P.62
2	Expedite decision-making (Accelerate identification of issues and implementation of countermeasures)	Improve efficiency of input resources and maximize returns →P.62
3	Develop global human resources capable of contributing to enhancing corporate value (We will develop people capable of contributing to society, who have diverse values, a challenging spirit and understand the value of strong teamwork)	→P.63

**Main Initiatives****1**

Integrate core business information and follow-up using Corporate Performance Management (Core: Sales, Development, Investment, Production, Headcount, Profit)

**2**

Expedite decision-making

(Accelerate identification of issues and implementation of countermeasures)

**Materiality No.**

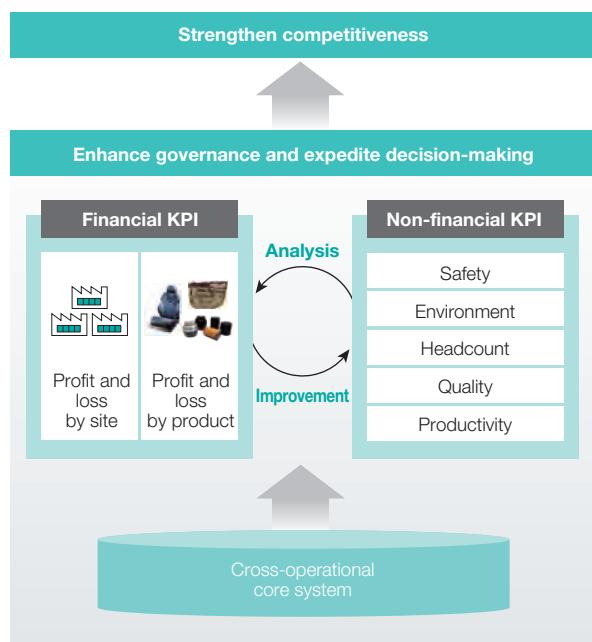
5

We are promoting the integration of financial and non-financial information related to manufacturing, including sales, development, investment, production, and headcount, which is a prerequisite for the 2025 Mid-Term Business Plan, with the aim of monitoring achievement of the mid-term business plan and expediting decision-making.

We are building an infrastructure that can be shared globally among management, administrators and members. We have shortened the lead time for collecting financial information and improved the accuracy of profit and loss figures for each product as well as profit and loss forecasts by consolidating and

centralizing the financial information of each region and site from all over the world in a timely manner.

Going forward, we will further strengthen governance and accelerate decision-making by refining the profit and loss forecasts in our mid-term business plan, monitoring progress, and enhancing manufacturing-related non-financial information, and thereby steadily implement our 2025 Mid-Term Business Plan.

**Integration of Management Foundation Information**

### Main Initiatives

3

### Develop global human resources capable of contributing to enhancing corporate value

(We will develop people capable of contributing to society, who have diverse values, a challenging spirit and understand the value of strong teamwork)

Materiality No.

4

As the Toyota Boshoku group expands its business globally, it is important for us to maximize the use of our limited management resources and improve our organizational capabilities.

In order for company members around the world to work with vigor and to maximize our achievements as an organization, we are promoting the creation of an organization that nurtures people and a system that makes the most of each individual's skills.

Based on the Global HR Platform, which is a common global Human Resource system, we are promoting the following points—first in Japan, then based on those results, expanding to various regions around the world.

#### 1) Develop a structure for training personnel and optimizing skills

We will develop autonomous and highly specialized human resources by drawing up a development plan based on skill maps linked to the division of duties, and by having supervisors and members work together to improve problem-solving skills through OJT.

#### 2) Optimize and standardize organization

We are establishing guidelines of management span and organizational templates to promote proper allocation of functions.

#### 3) Create appropriate personnel plans

We will formulate appropriate personnel plans based on global personnel guidelines, and promote a lean organization with the right people in the right positions and a work environment in which diverse human resources can play an active role.

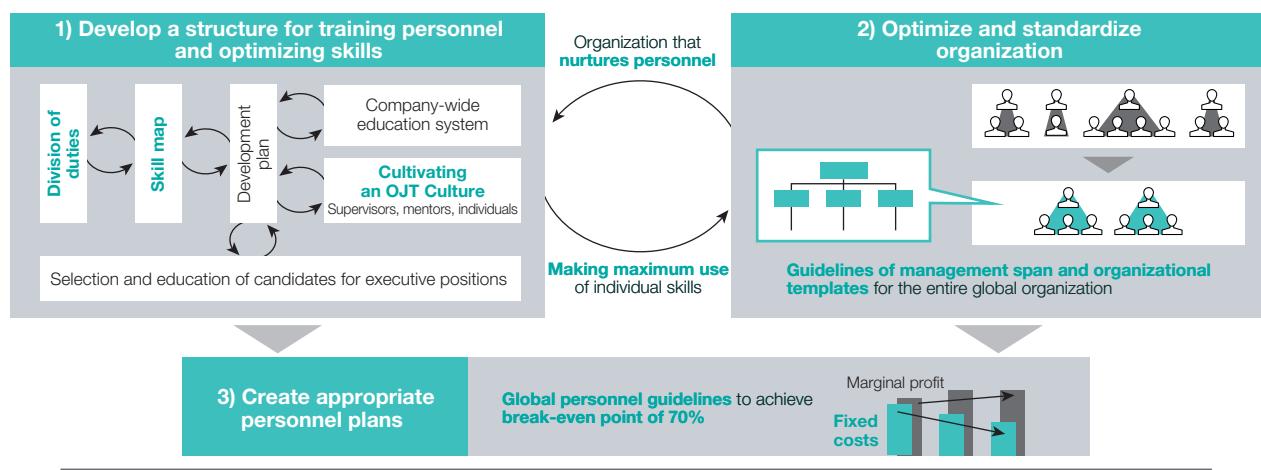
In the future, we will continue with promotion of executive candidates to cross-regional positions based on GSCT<sup>1</sup> deliberations, education under the programs for executives and managers (GEDP,<sup>2</sup> GLDP<sup>3</sup>), as well as further promotion of diversity.

<sup>1</sup> Global Succession Committee by Top Executives: Succession Plan Committee by COO (Chief Officer titles) and above executives

<sup>2</sup> Global Executive Development Program: Selective training program for senior executive positions

<sup>3</sup> Global Leader Development Program: Selective training program for junior executives and managers

### Global Human Resource Development Structure



## TOPICS

### Development of manufacturing skills

The Toyota Boshoku group has held a Skills Competition every year since fiscal 2007 to develop outstanding manufacturing skills. Since fiscal 2011, the competition has been held as “the All Toyota Boshoku Skills Competition,” including participants from around the world who have won their qualifying rounds.

Although the event was canceled in fiscal 2021 due to the coronavirus pandemic, there were calls from many people to hold an event to ensure that the “spirit of MONOZUKURI” was not forgotten even under such circumstances. We therefore held a “New Year Koma Taisen,” a competition to make spinning tops known as “koma,” to which each site connected remotely. Participants used their own creativity and ingenuity to design and fabricate their own spinning tops, competing on rotation time and durability.



All sides bringing their A-game

### Social contribution through company sports activities

Four clubs—Long Distance Team, Women’s Basketball Team, Rowing Team, and the Toyota Boshoku Kyushu Handball Team—are engaged in activities that contribute to the development of young people under our corporate philosophy “The Company will promote corporate growth while fulfilling the following responsibilities as a good corporate citizen.” For example, we hold sports classes for children, not only to improve their technical level, but also to teach them the importance and fun of sports. We also give lectures on achieving one’s dreams and hard work. We will continue to contribute to the local community through social contribution activities in response to “new normal” and each club’s activities.



Hands-on handball class at an elementary school

### Forestation activities

Our group’s forestation activities are spreading around the world, with the goal of planting 1.32 million trees by 2050. Not only our company members, but also their families, our business partners, labor unions, and local residents participate in these forestation activities, providing an opportunity to learn and think about biodiversity and a sustainable global environment. In fiscal 2021, we planted 61,000 trees, exceeding our target of 54,000 trees, bringing the total number of trees planted by fiscal 2021 to 530,000. (Breakdown of trees planted per region: Japan—23,000, the Americas—8,000, Asia & Oceania—12,000, China—15,000, Europe & Africa—3,000)

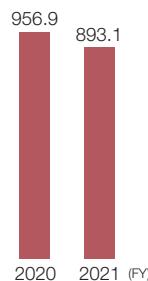


With the cooperation of a French environmental conservation organization, Toyota Boshoku France members and their families participated in planting 600 trees on the company’s premises

## Results of FY2021 initiatives

### Seat Business

#### Revenue (billion yen)



#### Producing attractive products as an industry-leading seat professional

We will continue to pursue comfort, safety, and reassurance, and contribute to people's quality of life through even more competitive manufacturing of high-quality seats based on MONOZUKURI innovation, in collaboration with Toyota alliance partners and other business partners.

#### Initiatives in fiscal 2021

##### Aiming to become the “Home” of seats, strengthen our competitive advantage through in-depth benchmarking and sales to other companies

###### Maximizing seat value

- Develop the SAFETY seat to meet the needs of the CASE society
- Create new value and bring products to fruition
- One-motor power seat for Toyota's new Yaris Cross (world's first)
- Dual-position rear seatback lock for Toyota's Harrier
- Easily operated long slide rail in Toyota's new Sienna
- TNGA minivan integrated frame
- Seatback-linked retractable ottoman

###### Adopting seats that are suited to their application

###### Achieving the world's leading design, quality and cost competitiveness through in-depth benchmarking

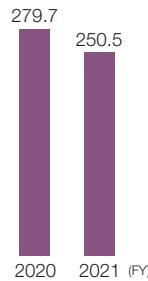
- Develop world-leading, next-generation front seat frame
- Expand business through collaboration with Toyota Group on future technologies

###### Establishing a highly efficient production system

- Complete a model line incorporating production infrastructure such as IoT and automation
- Consolidate production processes for seat frames and functional products
- Develop evolvable construction methods that can respond to regional characteristics and volume fluctuations

### Interior & Exterior Business

#### Revenue (billion yen)



#### Develop and promote future business strategies aimed at being an interior system supplier

Be entrusted with the planning, design, development, procurement, and production of the entire vehicle interior, and provide high value-added interior space globally. Be consistently competitive and recognized as a global interior system supplier by doing business with a large number of OEMs.

#### Initiatives in fiscal 2021

##### Initiatives to become an interior system supplier

###### Incorporating new components and expanding our technological domain

- Start activities to acquire instrument panel R&D capabilities
- Start planning and R&D proposal activities for noise, vibration, and heat insulation
- Start development as a system supplier in China and North America

###### Expanding regions served as a system supplier

###### Conducting activities to strengthen global competitiveness

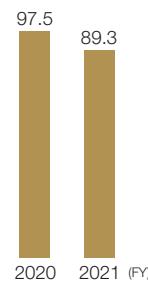
- Establish an all-Toyota Boshoku production scheme that conforms to the standard door trim structure

###### Expanding sales to strategic OEMs

- Orders for BMW ceiling business in China region

### Unit Components Business

#### Revenue (billion yen)



#### Accelerate new product development looking into the age of electrification, create new values forwarding new business with applying core technologies

This business with main four products: filter products, plastic parts for internal combustion engine (ICE), fuel cell (FC)-related products, and e-powertrain-related products. In addition to sales expansion of existing business of filters and plastic parts for ICE, we will outspread product range of motor cores and FC-related products in response to vehicle electrification.

#### Initiatives in fiscal 2021

##### Strengthen existing and new business competitiveness, and evaluate technological capabilities

###### Existing businesses

- Enlarge lineups of high-quality and reasonably-priced parts for filter market of oil, cabin and air
- Spread our original brand in aftermarket in China and Thailand

###### Plastic parts for ICE

- Expand sales by improving performance and price competitiveness
- Start production of unit components at Miyagi Plant (subsidiary Toyota Boshoku Tohoku)

###### Motor core

- Be awarded small type motor core for Toyota's new Yaris and start mass production

###### FC-related products

- Start mass production of separators for fuel cell stack of Toyota's new MIRAI
- Be ready for small volume production with pilot production line

###### Lithium ion batteries

Revenue in FY2021 has been affected by reduced production resulting from the coronavirus pandemic

## Seat Business

### Toward achieving fiscal 2026 targets

Aiming to be the seat supplier of choice for many customers, with world-leading advanced technologies and product lineups

Aiming to achieve the targets set out in our 2025 Mid-Term Business Plan, we define “Home” as being able ourselves to add value from the end-user’s perspective as a seat supplier, surpassing our rivals in terms of competitiveness, and being chosen by customers. Specifically, this means offering high product competitiveness and a broad product lineup, and proposing seats with industry-leading advanced technology.

Also, it is essential to thoroughly improve quality in order to win the Deming Prize, and to expand sales to Toyota and non-Toyota OEMs. We will work to achieve the goals as we aim to become a “Home” of seat business.



Takashi Yamamoto

Director, Operating Officer,  
Chief Technology Officer,  
Segment Chief, Seat Business  
Segment

### SWOT Analysis

#### Strengths

- Stable business as a seat system supplier
- Collaborative structure with Toyota Group companies
- High potential derived from business integration and business alliances
- R&D and production sites located worldwide

#### Weaknesses

- Activities to receive orders from new customers
- Internalization of new technologies required for CASE and MaaS

#### Opportunities

- Possibilities of seats in conjunction with the transition to autonomous driving
- Opportunities for strengthening collaboration
- Initiatives for the SDGs
- Initiatives for carbon neutrality

#### Threats

- Trend of global mega-suppliers
- Entry into CASE and MaaS from other industries
- Response to COVID-19

### Strategy

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

- **Pursue the possibilities of seats in response to CASE and MaaS**  
Provide new value in mobility interior space

- **Realize highly efficient production**  
Enhance competitiveness by consolidating and automating production processes

- **Strengthen sales to other companies**  
Strengthen competitiveness to counter global mega-suppliers and lead the industry

### Fiscal 2022 Action Plan

- Achieve integrated product development by enhancing conventional processes from development through to production
- Study product development and business models with considering CASE and MaaS
- Strengthen proposals from the end-user’s perspective through thorough benchmarking
- Optimize the global production structure
- Further strengthen ties with other companies

## Interior & Exterior Business

### Toward achieving fiscal 2026 targets

Aiming to become an interior system supplier that can offer integrated solutions from design to production

In order to become an interior system supplier that surpasses our competitors, we will strengthen our response as a system supplier, not only in Japan but also on a global scale. To achieve this, we believe it is important to make a clean break from the attitude of waiting for customer requests and instructions, and instead be able to make proposals to customers by taking charge of the entire process from design and development through to procurement and production.

We will carry out initiatives aimed at achieving carbon neutrality, improve our design capabilities, become fully familiar with the overall structure of each vehicle, and propose products that also take account production and manufacturing, by benchmarking thoroughly and marketing appropriately.



Seiji Teraji

Operating Officer,  
Segment Chief, Interior & Exterior  
Business Segment  
Center Chief, Product Planning and  
Development Promotion Center

### SWOT Analysis

#### Strengths

- A structure and proposal capabilities for total interior coordination
- Production engineering for achieving high quality
- Global supply structure

#### Weaknesses

- Response capabilities to new customers
- Competitiveness of existing products

#### Opportunities

- Provision of space planning proposals and products to meet the diversified needs of OEMs and service providers.
- Increased importance of vehicle interior NV and heat management along with development of EVs

#### Threats

- Entry from different industries
- Acceleration in technological innovation
- Competitiveness of global manufacturers in China, etc.

### Strategy

Become a true interior system supplier, entrusted with the planning, design, development, procurement, and production of the entire interior

- Formulate plans to win orders for components for the entire interior and start activities to achieve these plans
- Expand sales to strategic OEMs
- Strengthen MONOZUKURI competitiveness

### Fiscal 2022 Action Plan

- **Expand the parts and business fields**
- **Achieve global expansion as a system supplier**
- **Expand sales to strategic OEMs**
- **Strengthen competitiveness of core technologies**
- **Strengthen efforts to become carbon neutral**

## Unit Components Business

### Toward achieving fiscal 2026 targets

Aiming to expand e-powertrain product range by utilizing core technologies from exiting business and to deepen expertise and increase sales of current products

To expand “high-in-demand” e-powertrain product range, it is necessary to grasp needs from customers and to clarify required design and production technologies. We will provide appealing products which outperform competitors by utilizing our experiences as a filter manufacturer and our technological development capabilities in high-precision stamping and plastic molding.

For existing business, we will secure overwhelming competitiveness and expand sales by further deepening our filtration expertise and production engineering capabilities.



**Masami Sakakibara**  
Segment Chief, Unit Components Business Segment  
Center Chief, Unit Components Center

### SWOT Analysis

#### Strengths

- Performance and cost competitiveness of existing products
- New product development capability by utilizing our core technologies (high-precision stamping, plastic molding, and filter media production technologies)

#### Weaknesses

- Maximum utilization of existing production facilities
- Insufficient market recognition degree for e-powertrains and fuel cell components

#### Opportunities

- Increasing demands for e-powertrain components from trends in vehicle electrification
- Growing needs for filters to provide comfortable vehicle interior space

#### Threats

- Market expanding speed of vehicle electrification
- New supplier entries to market

### Strategy

Expand e-powertrain related product range by utilizing our core technologies, deepen expertise and expand sales of existing products

#### ● Expand new businesses

- Further mass-production technology accumulation for lithium-ion battery
- More enhancement of our core technologies for HEV and FCEV related products and application expansions

#### ● Deepen expertise and expand sales of existing products

- Ever-intensify our filtration expertise and expand applications
- Secure overwhelming competitiveness through production engineering of plastic parts
- Strengthen competitiveness in aftermarket

### Fiscal 2022 Action Plan

- **Realize vibrant work style innovation and develop human resources**
- **Improve further competitiveness and expand sales of existing products**
- **Be awarded projects of lithium-ion battery**
- **Build a global production system for minimum investment for existing product sales expansion**
- **Promote mass production of motor cores and fuel cell (FC) products**

### In risk management, the key thing is to manage indications of future risks and watch for risks that go unnoticed by the management team

The materiality approved by the Board of Directors has a dual structure: 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. By identifying the priority issues to be addressed from among the numerous social issues, I believe we have given structure to our initiatives for sustainable growth.

Our 2025 Mid-Term Business Plan started in fiscal 2022. In order to make timely management decisions to promote the plan, we need to centrally manage global information such as cost management, finance, and human resources. With our history of mergers, it is taking time for us to consolidate our systems, but I look forward to the early realization of the current project to strengthen our foundation for management information.

Risk management is also important in order to further strengthen corporate governance. I believe that managing early signs of future risks is key to this. Future risks lay hidden in our daily operations, and it is important to analyze and address the real issues based on feedback from our members. With regard to the system for whistle-blowing, regular reports are made to the Board of Directors, and as an outside director, I intend to keep a close eye on the reported our employee voice to identify any lurking major issues that management is unaware of.

Takeshi Ogasawara  
Outside Director



Junko Shiokawa  
Outside Director

### Contributing to Toyota Boshoku's global development by drawing on my experiences as an international lawyer

I am honored to be newly appointed as an outside director of Toyota Boshoku, which I believe is one of the leading Japanese companies with global operations driving the Japanese economy. In dialogue with management, I was deeply impressed by their genuine attitude toward manufacturing and their global vision, and am excited to become part of the team.

I started my career as a lawyer in Japan and have been building most of my career abroad in the UK, the US and Hong Kong. I have had no connections with the Toyota Group in the past and am highly independent. In my role as an outside director, I believe that I am expected to review the management with the fresh eyes of an outsider and express my own opinions independently.

The automotive industry is at a turning point as the global economy is shifting to decarbonization and is forced to change due to the coronavirus pandemic. I believe that my experiences as an international lawyer may contribute to the global development of Toyota Boshoku in such a challenging time.



## Hoping to set ambitious goals as we work to achieve a high level of materiality

Akihiro Koyama  
Outside Director

I have been involved in research on finance, corporate governance, and Japanese-style management at universities in Japan and abroad. Utilizing this experience, I would like to contribute to the future enhancement of our company's corporate value by focusing on proposals for management improvement that reflect the comprehensive evaluation of corporations that has been emphasized in recent years, especially materiality.

In fiscal 2021, we began full-scale discussions on materiality, and announced five important issues to be addressed as a priority. In fiscal 2022, we are establishing numerical targets for materiality, and I hope that ambitious targets will be set.

We held numerous meetings within the company before formulating our materiality. I believe that if we can communicate to the outside world what kind of discussions were held and what our thoughts were in formulating our materiality, we will be able to deepen understanding among our stakeholders.

To strengthen corporate governance, I have expressed a wide range of opinions at Board of Directors meetings based on the findings of my own research. Going forward, I will also make suggestions on how our company will respond to the revised Corporate Governance Code, which was published in June 2021.



Hiroyuki Ina  
Outside Director

## It is important to make a concrete action plan toward becoming an Interior Space Creator

With my many years of experience in the automotive electronic control equipment business, I have provided input to management by drawing on my knowledge of development, design, product quality and manufacturing.

Each of the four outside directors has a different background, which works quite effectively for board meeting discussions by reflecting an exchange of opinions from a variety of perspectives. The provision of information and sufficient explanations in advance makes the actual deliberations go smoothly, although I hope to see more interactive discussions being encouraged for those topics that could determine the future direction of the company, such as important investments.

Our desired status for 2030 is to create new value as an Interior Space Creator. In order to realize this, it is important to put into a concrete action plan how to achieve a marketing capability and the necessary human resources in a way that focuses on the end user, in what areas to strengthen our product capabilities, how to link this to efficient design, and what kind of competitive advantage to develop, including in manufacturing. I will continue to make proposals on sustainable growth for our company, while being mindful of offering different perspectives to those within the company.



## List of KPIs

The Toyota Boshoku group has established ESG KPIs as indicators for measuring the social value created as we move toward realizing CSV management. This provides a structure for targets related to people and organizations from an ESG perspective.

For Environment, we have set target values for the 2025 Environmental Action Plan (see p. 32 for details); for Society, we have set items related to diversity of human resources and relationships with local communities; and for Governance, we

have set items related to compliance, etc.

In fiscal 2021, CO<sub>2</sub> emissions and other values for Environment and Society improved compared with the previous fiscal year.

From fiscal 2022 onward, we plan to redefine our KPIs and implement initiatives in line with the Toyota Boshoku group's materiality announced in fiscal 2021. We will continue to aim for sustainable growth through the enhancement of both social and economic value.

### ESG KPIs FY2021 Results

Values in parentheses are FY2020 values  
↑ indicates improvement over FY2020

Major KPIs	Environment		Society		Governance	
	Indicator	Value	Indicator	Value	Indicator	Value
CO <sub>2</sub> emissions (total volume)	273.7 thousand t-CO <sub>2</sub> /year [-5% versus FY2020]	↑	Rate of female managers	2.0% (1.9%)	Compliance with timely and appropriate disclosure (Timely disclosure rate)	100% (100%)
Renewable energy introduction rate	2% [- versus FY2020]		Employment rates of persons with disabilities	2.39% (2.21%)	Number of confidential information leaks	0 (0)
Logistics CO <sub>2</sub> emissions (total volume)	6,590 t-CO <sub>2</sub> /year [-13% versus FY2020]	↑	Rate of non-Japanese in P2 or higher positions	0.12% (0.11%)	Number of serious legal violations	0 (0)
Waste generation (per unit)	2.54 t/1,000 units [-5% versus FY2020]	↑	Vibrant workstyle KPI (work motivation) positive rate	71.5% (67.2%)	Supplier satisfaction	Injustice reports: 0 (0)
Water usage (per unit)	0.22 thousand m <sup>3</sup> /1,000 units [-19% versus FY2020]	↑	Number of fatal accidents	0 (0)		
			Rate of participation in QC circle	90.7% (85.2%)		
			Number of environmental abnormalities and complaints	1 (1)		
			Sustainable tax payment to local or national authorities	Tax paid in all relevant countries (same as above)		

### Examples of initiatives in FY2021

In order to increase the vibrant workstyle KPI (work motivation) positive rate, the group worked to improve the operational quality of all work through a greeting campaign, promotion of teleworking, and TQM activities. In particular, in "Eliminate, Reduce and Change Activity," we have been able to reduce working hours by an average of five hours per person per month, by making an

inventory of work to determine whether it is necessary, and by thoroughly reviewing meetings.

In addition, regular meetings and conferences with suppliers were held remotely or via video streaming, which led to an increase in supplier satisfaction, in spite of the coronavirus pandemic.



# Governance

— Establishing a resilient global management foundation —

- 73 Corporate Governance
- 79 Directors, Audit & Supervisory Board Members and Operating Officers
- 81 Compliance / Risk Management

**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), (3) Stock compensation (transfer-restricted stock) (see p.76 for details)
Accounting auditor	PricewaterhouseCoopers Arata LLC

## 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.

## 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.

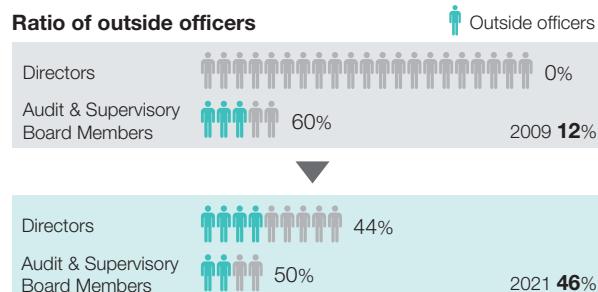
In addition, we have adopted a corporate auditor system, in which a four-person structure that includes two outside Audit & Supervisory Board members audits the management of directors.

Audit & Supervisory Board members audit the business execution of directors, as well as the business and financial condition of subsidiaries in Japan and overseas. 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.

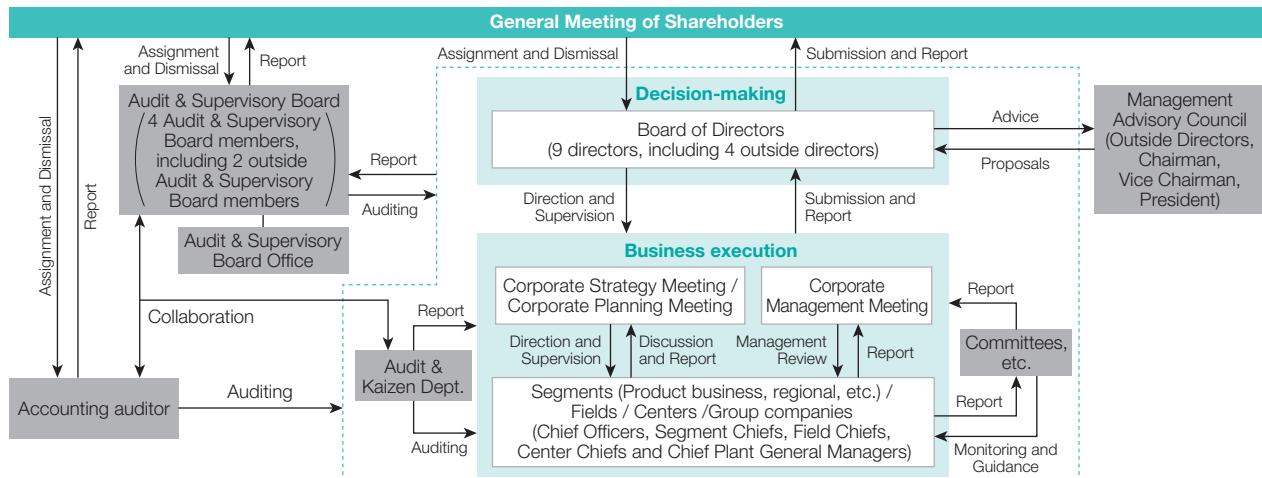


## Business execution system

Toyota Boshoku adopts a simple organization consisting of four units (Corporate Operation, Product Business, Regional Business and Functional Collaboration Reinforcement) and Plant Management. We have introduced a Chief Officer System to ensure cross-functional cooperation, and have assigned Segment Chiefs, Field Chiefs, Center Chiefs, and Chief Plant General Managers so as to clarify roles, responsibilities, and authority, simplify the decision-making process, and make quick management decisions.

Prior to submission to the Board of Directors, the Corporate Strategy Meeting and the Corporate Planning Meeting deliberate thoroughly on the issues in order to quicken response to

## System diagram of corporate governance (as of September 1, 2021)



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, Segment Chiefs, etc., as well as various meeting bodies and committees, 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.

### (1) Board of Directors

#### Number of meetings held in FY2021: 12

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 delegated to the President, Chief Officers, Segment Chiefs, Field Chiefs, Center Chiefs, and Chief Plant General Managers in accordance with the Authorization Policy.

#### Main discussions in FY2021

<b>General Meeting of Shareholders</b>	<ul style="list-style-type: none"> <li>● Decision on convocation and agenda items</li> <li>● Approval of business reports, financial statements, etc.</li> <li>● Decision on candidates for director and Audit &amp; Supervisory Board member</li> </ul>
<b>Executive officers and organization</b>	<ul style="list-style-type: none"> <li>● Selection of representative director and executive director</li> <li>● Directors' compensation and bonuses</li> <li>● Introduction of Chief Officer System</li> <li>● Appointment of Operating Officers, Segment Chiefs, Field Chiefs and Center Chiefs</li> </ul>
<b>General management</b>	<ul style="list-style-type: none"> <li>● Formulation of Toyota Boshoku's materiality</li> <li>● Formulation of 2025 Mid-Term Business Plan</li> <li>● Formulation of global hoshin (policy)</li> <li>● Deliberation on business advancement, alliances, reorganization, etc.</li> <li>● Items related to property and assets</li> <li>● Implementation of interim dividend</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>● Report on operational status of basic policy regarding maintenance of internal control system</li> <li>● Approval and report on transactions involving a conflict of interest</li> <li>● Implementation and report on assessments of the effectiveness of the Board of Directors → Details on pp.75–76</li> <li>● Condition of the exercise of voting rights on agenda items at the General Meeting of Shareholders</li> <li>● Examination of stockholdings</li> <li>● Operational status of whistle-blowing system → Details on p.81</li> <li>● Report on efforts for consistent information disclosure</li> <li>● Report on status of response to business risks including COVID-19 and cybersecurity → Details on pp.82–83</li> <li>● Report on initiatives relating to quality</li> </ul>

### (2) Audit & Supervisory Board Member, Audit & Supervisory Board

#### Number of meetings held in FY2021: 13

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 Meeting, Corporate Planning Meeting and other important meetings, inspect important documents, etc., and exchange information with the internal auditing department and accounting auditors.

#### Main discussions in FY2021 (excluding audit reports)

<b>General management</b>	<ul style="list-style-type: none"> <li>● Company member safety and health management, environmental management initiatives</li> </ul>
<b>Internal control and auditing</b>	<ul style="list-style-type: none"> <li>● Basic policy on the development of internal control systems, etc.</li> <li>● Consideration on introducing KAM (Key Audit Matters)</li> <li>● Status of global internal auditing system</li> <li>● Results of remote audit of overseas subsidiaries</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>● Response to COVID-19</li> </ul>

### (3) Management Advisory Council

#### Number of meetings held in FY2021: 5

The Management Advisory Council is composed of four outside directors (Takeshi Ogasawara, Akihiro Koyama, Junko Shiokawa, Hiroyuki Ina), as well as Chairman Shuhei Toyoda, Vice Chairman Naoki Miyazaki, and President Takeshi Numa. 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.

## Initiatives to strengthen corporate governance

Previous	2005 (2005 Start of Toyota Boshoku)	2017	2018	2019	2021	2022	(FY)
Board of Directors/ Audit & Supervisory Board	<ul style="list-style-type: none"> <li>● Election of outside Audit &amp; Supervisory Board members</li> <li>● Shortening of the term of office of directors to one year (2006)</li> </ul>	<ul style="list-style-type: none"> <li>● Election of outside directors (2016)</li> </ul>	<ul style="list-style-type: none"> <li>● Start of evaluation of the effectiveness of the Board of Directors (2017)</li> </ul>	<ul style="list-style-type: none"> <li>● Revision of rules of the Board of Directors (2018) ...delegation of authority to execution functions</li> <li>● Streamlining of Board of Directors (2018)</li> </ul>	<ul style="list-style-type: none"> <li>● Establishment of Management Advisory Council (2019)</li> </ul>	<ul style="list-style-type: none"> <li>● Introduction of transfer-restricted stock compensation system (2021)</li> </ul>	
Business Execution System						<ul style="list-style-type: none"> <li>● Appointment of female director (2022)</li> </ul>	
Promotion Meeting/ Committee		<ul style="list-style-type: none"> <li>● Change in management structure: Strengthening management of product business axis (2017)</li> </ul>				<ul style="list-style-type: none"> <li>● Introduction of Chief Officer System (2022)</li> </ul>	

## 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, directors and Audit & Supervisory Board members are provided with reports on the progress of global hoshin (policy), and 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.



Visit to the MONOZUKURI Innovation Center

## 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

- ① The operational status and response to issues identified in the past are analyzed and reported to the Board of Directors in January.
- ② The Segment Chief in charge of the administrative office of the Board of Directors conducts a questionnaire of and interviews with all directors and Audit & Supervisory Board members, including outside members, in February.
- ③ 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 2021 evaluation results

- ① As a result of continuous improvements, such as the implementation of reports on risk and compliance through the planning of agenda items, as well as the participation of outside officers in discussions during the formulation of the 2025 Mid-Term Business Plan, the effectiveness of the Board of Directors in making important management decisions and supervising business execution has been ensured.
- ② Although the 2025 Mid-Term Business Plan was discussed, opinions were expressed about the need for discussions on more future-oriented topics, setting appropriate time for deliberations in line with the agenda, and about further increasing the diversity of the Board members.

③ In addition, there was a request for improvement in the provision of information to outside officers and an increase in the frequency of communication among directors in order to facilitate discussions.

### (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.

#### ① Make an annual plan for the agenda and deepen strategic discussions

Systematically conduct discussions on topics such as carbon neutrality and health promotion, as well as future-oriented digital transformation (DX), by further refining the necessary agenda items throughout the year and ensuring adequate time for them.

#### ② Conduct opinion exchange meetings

By having each outside officer present points for improvement to the Company from their respective fields of expertise, and by having free discussions, aim to provide suggestions for future-oriented strategies and enhance communication among directors.

#### ③ Enhance information provided to outside officers

To further invigorate discussions, have outside officers make visits related to agenda items and provide related information to outside officers.

#### ④ Ensure member diversity

Further increase diversity by organizing and utilizing the required experience and expertise as a skill matrix.

### 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,

① we set the disparity between positions reasonably in light of the roles and responsibilities, and

② 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),

③ the Company's uniform annual performance and the degree of achievement of annual hoshin (policy) by each individual for the single year, and

④ evaluation of medium-term corporate value enhancement in terms of the enhancement of social value and economic value

are reflected in part of the compensation structure.

#### (2) Approach to the level of compensation

For the level of compensation, we select companies listed on the first section of the Tokyo Stock Exchange based on their corporate size, consolidated revenue, consolidated operating profit, number of employees and other factors, and conduct benchmarking based on the results of external compensation survey organizations to confirm the appropriateness of compensation amounts.

### Structure of Directors' Compensation

Type of Compensation	Payment Criteria	Structure of Compensation	Category
<b>Fixed Compensation<sup>1</sup> (Monthly compensation)</b>	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%	
<b>Performance-Linked Compensation<sup>1</sup> (Bonuses)</b>	1 Reflect performance for a single fiscal year in the compensation (bonus) table according to position, based on consolidated operating profit. 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 CSR evaluation score) after three years. [Structure of bonus]	35%	Monetary compensation
<b>Stock compensation (Transfer-restricted stock)</b>	(1) Reflection of single-year results (82%)  (2) Medium term (18%)	100%	Stock compensation

<sup>1</sup> 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.

### (3) Structure of 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.

### (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, 2012 (not to exceed 8 million yen per month; the number of Audit & Supervisory Board members as of the close of this Ordinary General Meeting of Shareholders was five).

### (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 Board), 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.

### Total amount of compensation, etc. for directors and Audit & Supervisory Board members

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
<b>Director</b> (of which outside directors)	459 (43)	282 (43)	137 —	40 —	11 (4)
<b>Audit &amp; Supervisory Board Member</b> (of which outside Audit & Supervisory Board members)	94 (18)	94 (18)	—	—	5 (2)
<b>Total</b> (of which outside officers)	554 (61)	376 (61)	137 —	40 —	16 (6)

### Policy and procedure for nominating candidates for director and Audit & Supervisory Board member

A decision is made on the appointment and dismissal of directors and Audit & Supervisory Board members following debate and discussion by the Management Advisory Council.

The policy on appointment to management and nomination of candidates for director takes into account the fields he/she can cover. This also includes a comprehensive examination to ensure the right person is assigned to the right position so that decision-making is fast and accurate.

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.

### Director Skill Matrix (as of September 1, 2021)

Position	Name	Management Advisory Council	Corporate management	Industry knowledge	Governance	Overseas business	R&D	MONOZUKURI (production)	Sales and procurement	Finance	Human Resources	Legal and compliance	Environment and energy
Chairman	Shuhei Toyoda	○	●	●	●	●	●	●	●	●			
Vice Chairman	Naoki Miyazaki	○	●	●	●	●				●	●	●	●
President	Takeshi Numa	○	●	●	●	●	●	●	●				●
Director, Operating Officer	Yoshihiro Ito		●	●	●	●			●	●	●		
Director, Operating Officer	Takashi Yamamoto		●	●	●		●	●					●
Outside Director	Takeshi Ogasawara	○	●		●	●				●		●	
Outside Director	Akihiro Koyama	○				●				●		●	
Outside Director	Junko Shiokawa	○			●	●				●		●	
Outside Director	Hiroyuki Ina	○	●	●	●		●	●					

### 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 2021
Directors	Takeshi Ogasawara	○	Advisor, MUFG Bank, Ltd., business partner of the Company	Mr. Ogasawara was elected as a director because it was deemed that he could reflect his extensive experience and broad insight as a manager in the management of the Company and contribute to the maintenance and strengthening of the Company's corporate governance.	Board of Directors 12/12 meetings
	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 the maintenance and strengthening of the Company's corporate governance.	Board of Directors 12/12 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 the maintenance and strengthening of the Company's corporate governance.	Board of Directors — meetings <sup>2</sup>
	Hiroyuki Ina	○	Senior Executive Officer, DENSO Corporation, business partner of the Company	Mr. Ina was elected as a director because it was deemed that he could reflect his many years of experience and broad insight in business management of the electronic components that form the backbone of an automobile and contribute to the maintenance and strengthening of the Company's corporate governance.	Board of Directors 12/12 meetings
Audit & Supervisory Board members	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, in the audit system of the Company and contribute to the maintenance and strengthening of the Company's corporate governance.	Board of Directors 12/12 meetings Audit & Supervisory Board 13/13 meetings
	Masakazu Aida	○	—	Mr. Aida was elected as an Audit & Supervisory Board member because he has many years of experience as a manager and it was deemed that he could reflect his extensive experience and the broad insight he has gained in the audit system of the Company and contribute to the maintenance and strengthening of the Company's corporate governance.	Board of Directors 12/12 meetings Audit & Supervisory Board 13/13 meetings

<sup>2</sup> Director Junko Shiokawa was nominated as an outside director at the 96th Ordinary General Meeting of Shareholders, held on June 11, 2021.

## Directors, Audit & Supervisory Board Members and Operating Officers

(As of July 1, 2021)



## Directors

9 directors, including 4 outside directors Average age: 64 years old

**1 Shuhei Toyoda**Chairman Term of office as Director:  
17 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 and 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)

**4 Yoshihiro Ito**Director, Operating Officer Term of office as Director:  
3 years

Chief Financial Officer  
 Chief Branding Officer  
 Apr. 1980 Joined Arakawa Auto Body Co., Ltd. (now Toyota Boshoku Corporation)  
 June 2009 Operating Officer, the Company  
 June 2010 Managing Officer, the Company and Director and Vice President, Toyota Boshoku America, Inc.  
 June 2014 Director serving concurrently as Executive Managing Officer, the Company  
 Apr. 2016 Director and Chairman serving concurrently as President, Toyota Boshoku America, Inc.  
 June 2016 Executive Managing Officer, the Company  
 Apr. 2017 President, Toyota Boshoku America, Inc.  
 Apr. 2018 Vice President, the Company  
 June 2018 Executive Vice President, the Company  
 Apr. 2021 Director, Operating Officer, the Company (to present)

**7 Akihiro Koyama**Outside Director Term of office as Director:  
3 years

Apr. 1981 Lecturer (Full-Time), Faculty of Economics, Gakushuin University  
 Apr. 1988 Professor, Faculty of Economics, Gakushuin University  
 Mar. 1995 Q4 (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)

**2 Naoki Miyazaki**

Vice Chairman New appointment

Chief Risk Officer  
 Audit & Kaizen Department  
 Apr. 1980 Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation (TMC))  
 June 2008 Managing Officer, 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. (to present)  
 June 2021 Director, Toyoda Gosei Co., Ltd. (to present)  
 Vice Chairman, the Company (to present)

**5 Takashi Yamamoto**Director, Operating Officer Term of office as Director:  
1 year

Chief Technology Officer  
 Segment Chief, Seat Business Segment  
 Apr. 1982 Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation (TMC))  
 Apr. 2014 Managing Officer, TMC  
 Jan. 2018 Advisor, the Company  
 Apr. 2018 Executive Managing Officer, the Company  
 Apr. 2019 Operating Officer, the Company  
 Apr. 2020 Vice President, the Company  
 June 2020 Executive Vice President, the Company  
 Apr. 2021 Director, Operating Officer, the Company (to present)

**8 Junko Shiokawa**

Outside Director New appointment

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)  
 June 2010 Joined the Hong Kong Office, Conyers Dill & Pearman  
 July 2010 Registered as a Foreign Lawyer in Hong Kong  
 Nov. 2014 Joined the Hong Kong Office, Hamleys (Partner)  
 June 2017 Outside Director of Asahi Net, Inc.  
 Sept. 2018 Joined the Hong Kong Office, Withers (Partner) (to present)  
 June 2021 Director, the Company (to present)

**3 Takeshi Numa**President Term of office as Director:  
5 years

Chief Executive Officer  
 Chief Strategy Officer  
 Chief Quality Officer  
 Apr. 1981 Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation (TMC))  
 Apr. 2012 Managing Officer, TMC  
 Apr. 2016 Vice President, the Company  
 June 2016 Executive Vice President, the Company  
 Apr. 2018 President, the Company (to present)

**6 Takeshi Ogasawara**Outside Director Term of office as Director:  
4 years

Apr. 1977 Joined The Tokai Bank, Ltd.  
 May 2004 Executive Officer, UFJ Bank, Limited  
 June 2004 Executive Director, UFJ Bank, Limited  
 Jan. 2006 Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) (now MUFG Bank, Ltd.)  
 May 2007 Managing Executive Officer, MUFG Bank, Ltd.  
 June 2008 Managing Executive Director, MUFG Bank, Ltd.  
 May 2011 Senior Managing Director, MUFG Bank, Ltd.  
 June 2012 Deputy President and Representative Director, MUFG Bank, Ltd.  
 June 2016 Executive Advisor, MUFG Bank, Ltd.  
 June 2017 Director, the Company (to present)  
 June 2018 Advisor, MUFG Bank, Ltd. (to present)

**9 Hiroyuki Ina**Outside Director Term of office as Director:  
2 years

Apr. 1981 Joined Nippondenso Co., Ltd. (now DENSO Corporation)  
 June 2009 Executive Director, DENSO Corporation  
 June 2015 Senior Executive Director, DENSO Corporation  
 Apr. 2019 Senior Executive Officer, DENSO Corporation (to present)  
 June 2019 Director, the Company (to present)

## Audit &amp; Supervisory Board Members

4 Audit & Supervisory Board members, including 2 outside Audit & Supervisory Board members  
Average age: 67 years old**10 Yasushi Minami**Standing Audit & Supervisory Board Member  
Term of office as Audit & Supervisory Board Member: 1 year

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)

**11 Yasuhiro Fueta**Standing Audit & Supervisory Board Member  
New appointment

Apr. 1983 Joined Toyota Motor Corporation (TMC)  
 Jan. 2015 Advisor, the Company  
 June 2015 Managing Officer, the Company  
 June 2017 Director, Managing Officer, the Company  
 Apr. 2018 Director, Executive Managing Officer, the Company  
 Apr. 2019 Director, Operating Officer, the Company  
 June 2020 Operating Officer, the Company  
 June 2021 Standing Audit & Supervisory Board Member, the Company (to present)

**12 Hiroyuki Yokoyama**Outside Audit & Supervisory Board Member  
Term of office as Audit & Supervisory Board Member: 2 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)

**13 Masakazu Aida**Outside Audit & Supervisory Board Member  
Term of office as Audit & Supervisory Board Member: 3 years

Apr. 1975 Joined Chubu Electric Power Co., Inc.  
 July 2007 Managing Executive Officer, Chubu Electric Power Co., Inc.  
 June 2009 Director, Senior Managing Executive Officer, Chubu Electric Power Co., Inc.  
 June 2011 President, Techno Chubu Co., Ltd.  
 June 2018 Audit & Supervisory Board Member, the Company (to present)

## Operating Officers

**Hiroshi Ioki**Top Plant General Manager  
 Chief Manufacturing Officer**Shoji Adachi**Segment Chief, Europe & Africa Region Segment  
 President, Toyota Boshoku Europe N.V.**Hiroki Tsunoda**Segment Chief, Asia & Oceania Region Segment  
 President, Toyota Boshoku Asia Co., Ltd.**Kazuo Koide**Segment Chief, China Region Segment  
 President, Toyota Boshoku (China) Co., Ltd.**Seiji Teraji**Segment Chief, Interior & Exterior Business Segment  
 Center Chief, Product Planning and Development Promotion Center

## Basic stance

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 its overall promotion system, scope of activities and goals for compliance 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.

## Strengthening compliance and initiatives for human rights

In addition to antitrust laws and anti-bribery measures, 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 executive officers and members. In doing this, we 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 internal whistle-blowing system while promoting continuous improvements to this system. We have also established "Anything Goes Counseling Window" as an internal window and contracted with a law office as an external window for consultation and reporting -a place to discuss and report workplace problems, legal violations, and internal misconduct -which is also available to group companies in Japan. Additionally, we have set up, and are making use of similar window 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.

## Strengthening dissemination and practical application of the Code of Conduct

The Toyota Boshoku Group Code of Conduct (see p.06 for details)—the basis of compliance—is distributed to all company members,

### Number of consultations from Toyota Boshoku and Domestic subsidiaries

(FY)	2017	2018	2019	2020	2021
<b>Anything Goes Counselling Window<sup>1</sup> (cases)</b>	87	134	152	107	163
<b>Compliance Consultation Window<sup>2</sup> (cases)</b>	12	9	8	12	9

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, laws and regulations, violations of company rules, and unfair practices

and is covered thoroughly during education and training, including training received upon joining the company, promotion, and overseas transfers. Additionally, we are spreading The Toyota Boshoku Group Code of Conduct globally via translation into foreign languages, including English and Mandarin. We strive to strengthen dissemination and practical application of the Code of Conduct at each and every workplace. We also seek to raise compliance awareness by providing training via e-learning on the topics of compliance, the Code of Conduct and the whistle-blowing system, as well as by undertaking activities at companies throughout the global Toyota Boshoku group during Corporate Ethics Month.

## Intellectual property management

The Toyota Boshoku group regards intellectual property as an important management asset that is indispensable for our global business development, and is committed to protecting and utilizing it while respecting the intellectual property of others. With regard to filing and obtaining rights for intellectual property, we promote filing of the appropriate volume of applications and holding of the appropriate number of rights while assessing cost-effectiveness.

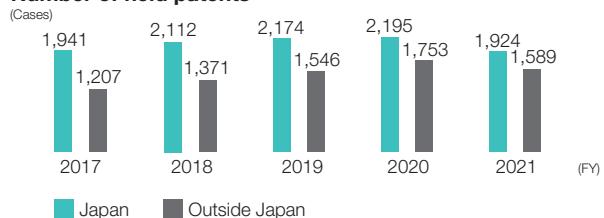
We are also focusing on developing patent guarantee activities to ensure that we do not infringe the patents of other companies. In addition, in order to encourage company members to create intellectual property, we are reforming our remuneration system so that it is appropriate and focuses on fairness, including generous incentives for good inventions.

In fiscal 2020, we started activities to provide the patent analysis information obtained from IP landscape<sup>3</sup> to our business segments and employ the information in design, development and review of our direction.

Moving forward, the Toyota Boshoku group will provide our management personnel with comprehensive analysis results for information on intellectual property, technology, services, markets, and competitors, and will broaden the scope of our activities to optimize the use of this information in our business strategy. We will also focus on strengthening the intellectual property cooperation system by promoting self-reliance in each of the regions where we have R&D bases, mainly in Japan, but also in the Americas, Asia & Oceania, China, and Europe & Africa.

3 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.

### Number of held patents



## Risk Management

Establishing a resilient global management foundation

### Basic stance

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.<sup>4</sup>

<sup>4</sup> Risk of losing societal trust

### Risk management activities

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. Toyota Boshoku strives to prevent and minimize damage by identifying and managing risks in an integrated manner and sharing risks within the Toyota Boshoku group.

In fiscal 2021, we strengthened our risk response to natural disasters by conducting evacuation drills in a manner that avoided the “Three Cs” of virus transmission, by stockpiling masks, operating information tools (including a safety confirmation system), and by developing systems for initial response to coronavirus. Japan has experienced several powerful typhoons in recent years, and with this in mind, we have revised our typhoon response manual to clarify the roles of related functions in the event of a typhoon, and to establish a system that can respond quickly in an emergency. With the introduction of the Chief Officer System in 2021, we have established a new position of Chief Risk Officer (CRO) and a global risk management system for the group centered

on the CRO in order to promote more effective risk management activities.

### Initiatives in fiscal 2021

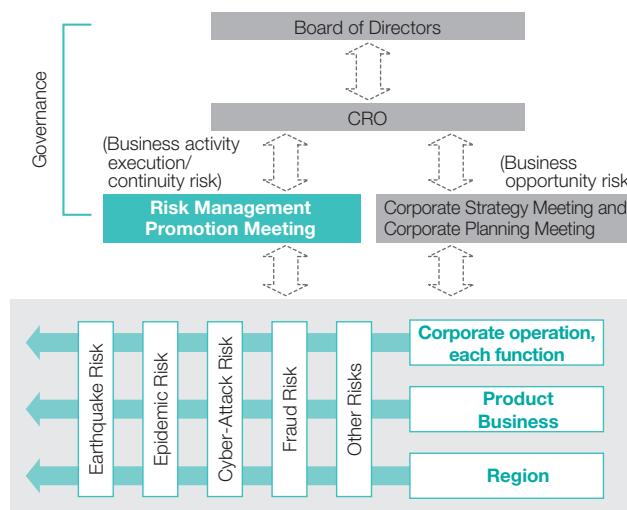
Risks were evaluated on a five-point scale based on factors including their impact on the company and likelihood of occurrence, and group priority risks (earthquakes, epidemics, cyber-attacks, etc.) were selected for group-wide efforts following discussions at the Risk Management Promotion Meeting.

Among these, and also from the perspective of digital transformation (DX), in parallel with strengthening countermeasures against cyber-attacks we reviewed related regulations in accordance with the guidelines and clarified the emergency response system. In addition, education and training was repeatedly conducted to simulate actual cyber-attacks.

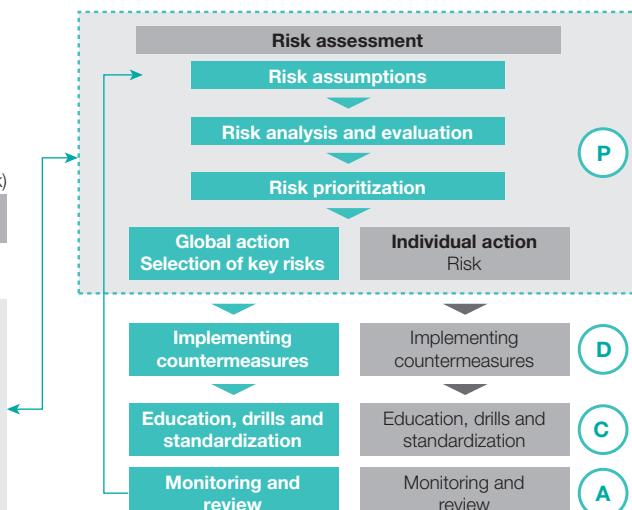
As part of preventative measures taken in response to the fund-leakage incident that occurred in Europe in 2019, a recurrence preventative measures committee has been established, with the President taking the position of overall responsibility, and the Segment Chief, Corporate & Profit Management Segment taking responsibility for promotion. Additionally, we have implemented numerous measures, including reviewing our business dealings and workflow, improving system support, building a climate of rules compliance, increasing awareness among company members, engaging in company member training, and sending further emails to all management positions and overseas accounting positions designed to prompt caution.

From 2021, we are working under the supervision of the Risk Management Promotion Meeting to ensure dissemination and establishment of preventive measures, as well as to prevent loss of vigilance about danger over time.

### The risk management system, and associated activities



■ Confirmation at the Risk Management Promotion Meeting



## 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 re-created our group-wide Information Security Policy from the ground up, 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, based on the All Toyota Security Guideline (ATSG) common to the Toyota Group and other guidelines, the Company and its domestic and overseas consolidated subsidiaries are working to establish internal systems, disseminate rules, provide training, and conduct checks so that the same level of security can be ensured globally. Since the ATSG are reviewed periodically to ensure that they can respond to a rapidly changing environment, the group companies in each region conduct evaluations and measures based on the latest standards.

As a result of workstyle innovation, as well as the effects of the coronavirus pandemic on working environments, work from locations such as company members' homes and from satellite offices has become more widespread. In response to this, we have strengthened the security of our IT environment, updated our confidentiality management regulations and procedures,

and taken measures to prevent leaks of confidential information.

Additionally, in response to an increase in the number of viruses and targeted phishing in recent years, we carry out training of company members, as well as periodically send imitation phishing emails to improve company members' ability to detect scams.

## Initiatives for DX (Digital Transformation)

In April 2021, we established a new Chief Information System Officer and a new DX & IT Promotion Field to build a DX promotion system and accelerate further digitization and business process innovation.

### Major Initiatives

Utilize IT technology globally and across businesses and functions to reform business processes, such as by improving operational quality and shortening lead times.

Make effective investments and optimize core systems in order to strengthen supply chain management, including the foundations of management information, MONOZUKURI, and the implementation of DX in PLM.\*

Maintain public trust, as well as build a safe, solid, and sustainable system environment to ensure continuation of our business activities.

\* Product Lifecycle Management: unified management of product data throughout its entire life cycle, from planning, to development, production, sales, all the way to eventual disposal.

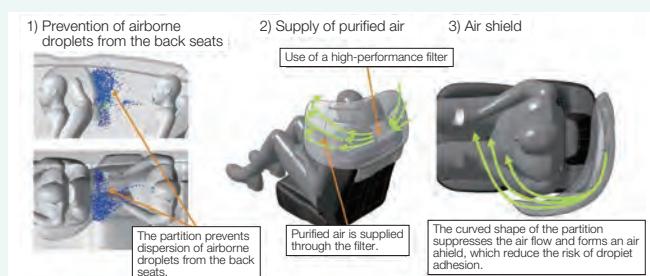
## TOPICS

Toyota Boshoku has developed a partition that can be retrofitted to the driver's seat of vehicles as a splash shield in the passenger cabin, and started full-scale demonstration tests using commercial taxis in April 2021.

The newly developed partition is designed for attachment to the driver's seat. In addition to preventing the dispersion of droplets, attaching a blower fan with a filter to the partition also supplies clean air to the driver's seat. An air shield is

also formed as another measure for reducing the risk of droplet adhesion.

These features were designed based on technology that Toyota Boshoku has cultivated through our experience in the development of human-centered spaces. By retrofitting the partition to the driver's seat of taxis and other shared vehicles, we will provide a comfortable, safe, and reassuring cabin space.



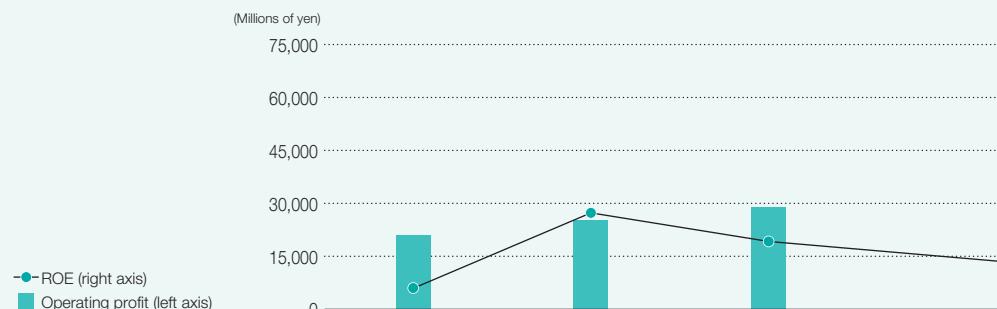


# Financial / Corporate Information

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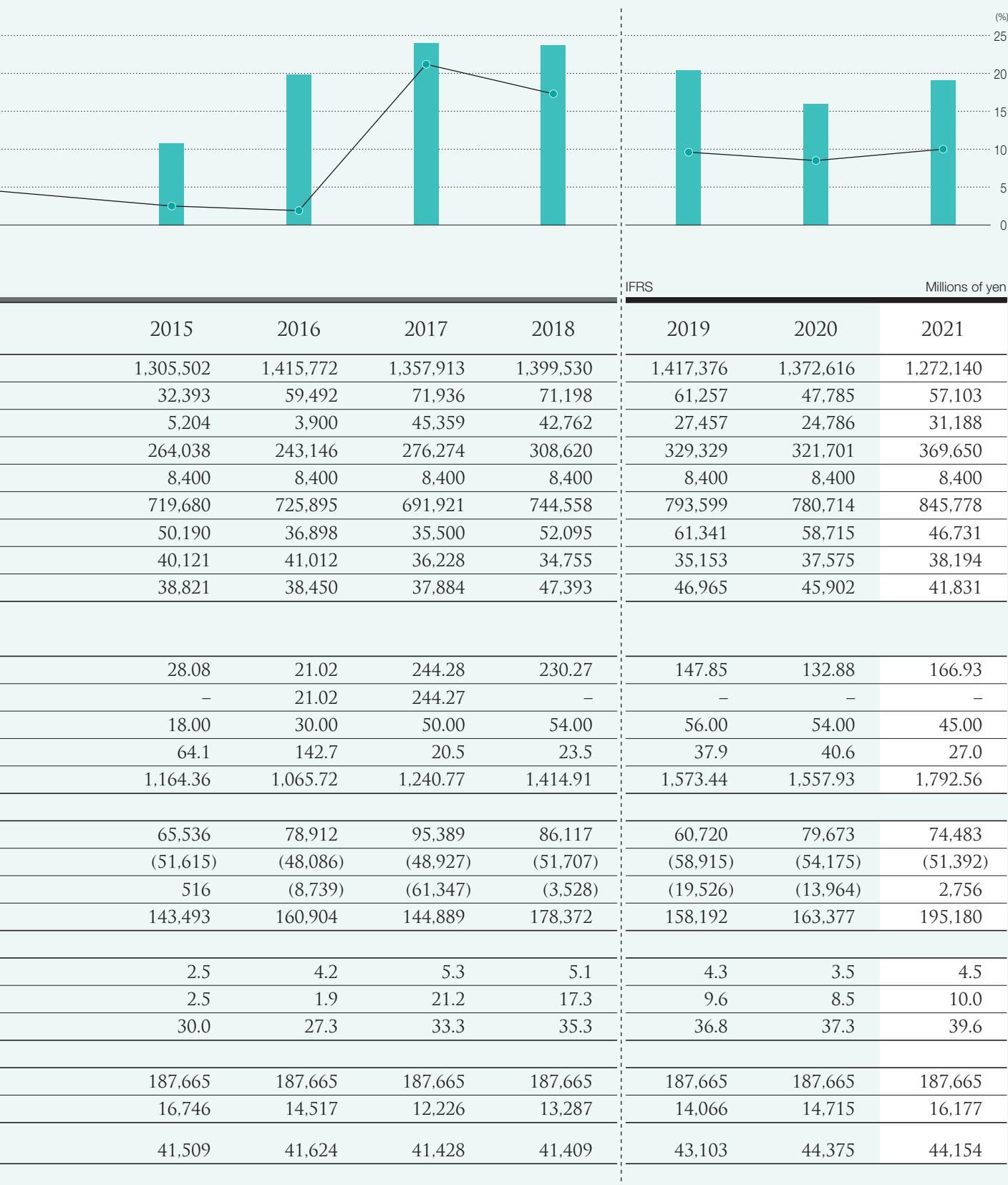


## 10-Year Financial Summary



Japanese GAAP			
FY Years ended March 31	2012	2013	2014
Revenue	964,295	1,079,497	1,218,399
Operating profit	20,910	25,302	28,823
Profit attributable to owners of the parent	3,232	15,792	12,610
Total equity	190,347	220,740	249,082
Capital stock	8,400	8,400	8,400
Total assets	597,654	583,955	659,008
Capital expenditures	37,583	36,805	51,116
Depreciation	31,529	32,744	36,302
R&D expenses	32,543	36,321	40,189
<b>Per Share Data (Yen)</b>			
Basic earnings	17.45	85.23	68.05
Diluted earnings*	-	-	-
Cash dividends	16.00	18.00	18.00
Dividend payout ratio (consolidated) (%)	91.7	21.1	26.5
Equity attributable to owners of the parent	868.93	1,010.49	1,115.69
<b>Cash Flow (Millions of yen)</b>			
Net cash provided by operating activities	46,920	44,474	49,590
Net cash provided by (used in) investing activities	(76,108)	5,826	(51,867)
Net cash provided by (used in) financing activities	30,748	(41,942)	(5,636)
Cash and cash equivalents	113,947	129,323	126,648
<b>Financial Indicators (%)</b>			
Ratio of operating profit to revenue	2.2	2.3	2.4
ROE: Ratio of profit to equity attributable to owners of the parent	2.0	9.1	6.4
Ratio of equity attributable to owners of the parent	26.9	32.1	31.4
<b>Shareholders' Equity (at fiscal year-end)</b>			
Number of shares issued (Thousands)	187,665	187,665	187,665
Number of shareholders	22,040	21,239	22,191
Number of employees (excluding temporary employees)	31,883	32,986	38,198

\* With regard to diluted earnings per share [diluted net income per share of common stock] in 2012, 2013, 2014, 2015, 2018, 2019, 2020, and 2021, there were no latent shares with dilutive effects.



## Overview of fiscal 2021

The coronavirus pandemic has triggered a global economic crisis of historic proportions. It has also had a major impact on social life: lifestyles are changing dramatically, social distancing has promoted a shift to contactless, and digitalization is accelerating in this new normal. In addition, as the response to climate change advances on a global scale, countries around the world are making further progress in their efforts to become carbon neutral. In Japan, as the economy continues to stagnate due to the effects of the pandemic, the government's declared goal of achieving net zero greenhouse gas emissions by 2050 has accelerated environmental measures, while digital transformation is also gaining momentum.

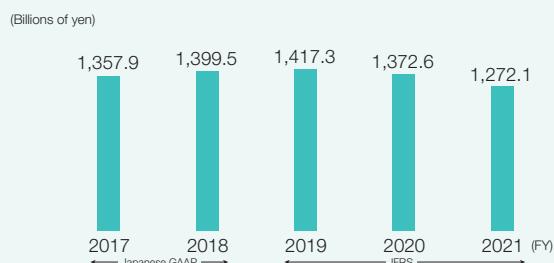
### Seat production volume

The Toyota Boshoku group's total seat production volume on a consolidated basis fell 520,000 units from fiscal 2020 to 7.02 million units. By geographic region, seat production volume in Japan decreased 370,000 units to 2.9 million units. In The Americas, total seat production volume decreased 130,000 units to 1.09 million units. In Asia & Oceania, seat production increased 90,000 units to 2.31 million units. In Europe & Africa, seat production decreased 100,000 units to 720,000 units.



### Revenue

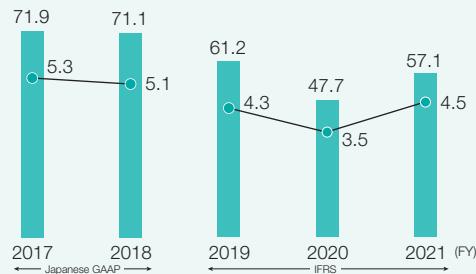
Consolidated revenue decreased by 100.4 billion yen (-7.3%) from fiscal 2020 to 1,272.1 billion yen, due to factors including the suspension of operations following the spread of COVID-19 in the first quarter.



### Profit

Consolidated operating profit increased by 9.3 billion yen (19.5%) to 57.1 billion yen, and profit before income taxes increased by 9.2 billion yen (19.3%) to 57.3 billion yen compared with fiscal 2020, as a result of increased production in China and company-wide efforts to streamline overhead costs, despite reduced production as a result of COVID-19. Profit attributable to owners of the parent increased by 6.4 billion yen (25.8%) to 31.1 billion yen compared to fiscal 2020.

■ Operating profit (Billions of yen)  
● Ratio of operating profit to revenue [Operating profit to net sales] (%)



### Revenue and operating profit by geographic region

#### -Japan

Revenue decreased by 68.6 billion yen (-8.9%) from fiscal 2020 to 699.6 billion yen due to the spread of COVID-19 and reduced production following the earthquake that occurred offshore Fukushima prefecture in February 2021. Operating profit increased by 3.8 billion yen (37.1%) from fiscal 2020 to 14.0 billion yen due to rationalization and streamlining of overhead costs, despite production cutbacks.

#### -The Americas

Revenue decreased by 26.8 billion yen (-9.8%) from fiscal 2020 to 246.0 billion yen due to reduced production following the spread of COVID-19. Operating profit increased by 0.6 billion yen (72.4%) from fiscal 2020 to 1.4 billion yen, due to factors including a decrease in preparatory production costs associated with the launch of new products and rationalization measures, despite production cutbacks.

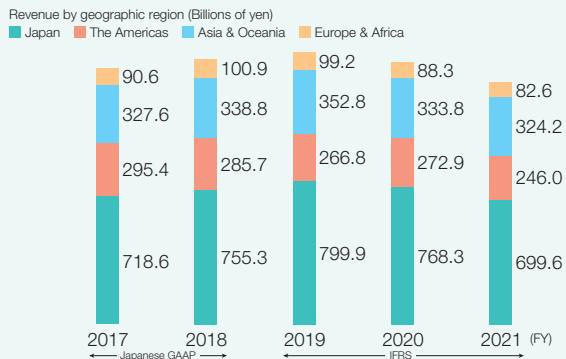
#### -Asia & Oceania

Despite increased production in China, revenue decreased by 9.6 billion yen (-2.9%) from fiscal 2020 to 324.2 billion yen, mainly due to reduced production resulting from the spread of COVID-19 in Asian countries such as Thailand and Indonesia. Operating profit increased by 1.9 billion yen (5.8%) from fiscal 2020 to 35.5 billion yen, mainly due to increased production in China and changes in the product mix.

#### -Europe & Africa

Revenue decreased by 5.7 billion yen (-6.5%) from fiscal 2020 to 82.6 billion yen, mainly due to reduced production following the spread of COVID-19. Operating profit increased by 3.0 billion yen (100.2%) to 6.0 billion yen, despite production

cutbacks, due to streamlining of overhead costs, foreign exchange effects, and the fact that an estimated loss associated with a fund leakage incident was recorded in fiscal 2020.



### Summary of Financial Position

Assets at the end of fiscal 2021 totaled 845.7 billion yen, an increase of 65.0 billion yen compared to the end of fiscal 2020, mainly due to an increase in cash and cash equivalents and trade receivables.

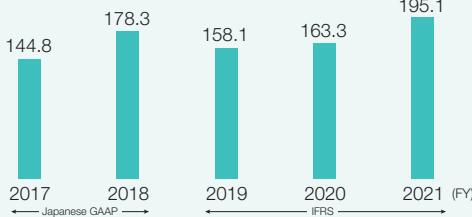
Meanwhile, liabilities increased by 17.1 billion yen compared to the end of fiscal 2020, to 476.1 billion yen. This was mainly due to an increase in long-term borrowings.

Capital increased by 47.9 billion yen compared to the end of fiscal 2020, to 369.6 billion yen. This was mainly due to the recording of net profit attributable to owners of the parent.

### Cash flow

Cash and cash equivalents at the end of fiscal 2021 on a consolidated basis increased 31.8 billion yen (19.5%) from the end of fiscal 2020 to 195.1 billion yen.

Cash and cash equivalents at end of period (Billions of yen)



### -Net cash provided by operating activities

Net cash provided by operating activities amounted to 74.4 billion yen. This was mainly due to such cash-increasing factors as profit before income taxes of 57.3 billion yen and depreciation and amortization of 39.9 billion yen, despite such cash-decreasing factors as an increase in trade receivables of 17.9 billion yen.

### -Net cash used in investing activities

Net cash used in investing activities amounted to 51.3 billion yen. This was mainly due to such cash-decreasing factors as expenditures of 48.9 billion yen for the acquisition of tangible fixed assets.

### -Net cash provided by financing activities

Net cash provided by financing activities amounted to 2.7 billion yen. Despite such cash-decreasing factors as repayment of long-term borrowings of 17.9 billion yen and repayment of short-term borrowings of 12.8 billion yen, cash increased mainly due to proceeds from long-term borrowings of 45.9 billion yen.

### Overview of capital expenditures

In fiscal 2021, total capital expenditures amounted to 46.7 billion yen. These investments were concentrated on measures for new products as well as rationalizing and upgrading production facilities. These consisted mainly of capital expenditures in Japan and Asia & Oceania.

Capital expenditures in Japan amounted to 29.0 billion yen, and were mainly for measures for new products, rationalizing and upgrading production facilities, and establishing new information systems. Capital expenditures in The Americas amounted to 5.1 billion yen, and were mainly for measures for new products, and rationalizing and upgrading production facilities. Capital expenditures in Asia & Oceania amounted to 10.4 billion yen, and were mainly for measures for new products, and rationalizing and upgrading production facilities. Capital expenditures in Europe & Africa amounted to 2.1 billion yen, and were mainly for measures for new products, and rationalizing and upgrading production facilities.

■ Capital expenditures (Billions of yen) ■ Depreciation (Billions of yen)



### Basic policy of R&D activities

The Toyota Boshoku group works to develop appealing, high-quality products that meet the expectations of all customers throughout the world by leveraging the Company's own unique technologies and structures in accordance with the basic concept of "developing products that earn the trust of and satisfy customers."

The Toyota Boshoku group anticipates the ongoing sophistication and diversification of customer needs, and strives to develop appealing technologies and products unrivaled by our competitors while further enhancing our core technologies. Additionally, we are building an optimal development system across the entire group that is focused on global markets through Regional Management & Collaboration Hubs (RM&CH) that carry out product development based on the needs of each respective region. Furthermore, we will continue to strengthen our competitiveness by carrying out thoroughgoing activities to realize high-quality products at reasonable prices to ensure we can respond to the rapid expansion of emerging country markets.

In fiscal 2021, R&D expenses, including development expenses recorded under intangible assets, amounted to 41.8 billion yen.



### Outlook for fiscal 2022

The outlook for the global economy in fiscal 2022 is expected to remain uncertain due to factors including the rapid spread of COVID-19 variants and trade friction between the US and China.

In terms of the Company's business environment, while demand is expected to recover on a global basis, the situation is likely to remain unpredictable due to concerns surrounding material supply issues resulting from semiconductor shortages and natural disasters such as cold waves (sudden drops in air temperature) and earthquakes.

Under these circumstances, we forecast growth in consolidated revenue to 1.4 trillion yen in fiscal 2022 (up 10.1% from fiscal 2021), mainly due to a recovery in global demand, despite risks from COVID-19 and component supply issues.

We expect operating profit to increase to 72 billion yen (up 26.1% from fiscal 2021) due to increased production and a boost from new products, driven by model changes, while making upfront investments for future growth. Net profit attributable to owners of the parent is expected to be 47 billion yen (up 50.7% from fiscal 2021).

### Fiscal 2022 forecast

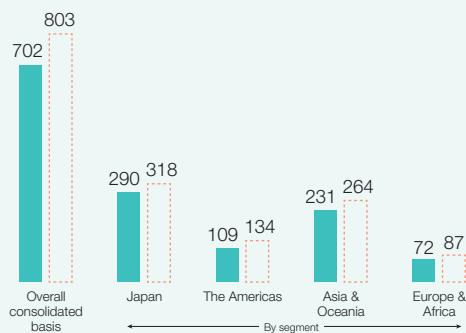
	FY2021 results	FY2022 forecast
Revenue	1,272.1 billion yen	1,400 billion yen
Operating profit	57.1 billion yen	72 billion yen
Profit attributable to owners of the parent	31.1 billion yen	47 billion yen
Seat production volume	7.02 million units	8.03 million units
Basic earnings per share	166.93 yen	251.54 yen
Cash dividends per share	45.00 yen	64.00 yen
Exchange rates	US dollar Euro	106 yen 124 yen
		105 yen 125 yen

\* Announced on July 30, 2021

### Seat production volume

On an overall consolidated basis, we forecast that seat production volume will increase by 1.01 million units from fiscal 2021 to 8.03 million units. By geographic region, in Japan, we forecast that seat production volume will increase 290,000 units from fiscal 2021 to 3.18 million units. In The Americas, production is expected to increase 250,000 units from fiscal 2021 to 1.34 million units. In Asia and Oceania, we forecast that total seat production volume will increase 320,000 units from fiscal 2021 to 2.64 million units. In Europe & Africa, we forecast that production will increase 150,000 units from fiscal 2021 to 870,000 units.

(10,000 units) ■ Fiscal 2021 results □ Fiscal 2022 forecast



### Factors underlying changes in operating profit

While making upfront investments for future growth, we envisage an increase in operating profit of 14.8 billion yen to 72 billion yen due to the effects of increased global production and a boost from new products, mainly in Japan and China, and we believe that our earnings capability is steadily improving.

Fiscal 2022 earnings forecast: Factors underlying changes in operating profit (Billions of yen)



### Forecast of results by geographic region

#### -Japan

Revenue is expected to be 760 billion yen, an increase of 60.3 billion yen from fiscal 2021. Operating profit is forecast to be

17.5 billion yen, an increase of 3.4 billion yen from fiscal 2021, due to increased production and a boost from new products, despite the impact of future-oriented investments.

#### -The Americas

Revenue is expected to be 280 billion yen, an increase of 33.9 billion yen from fiscal 2021. Operating profit is forecast to increase by 10.5 billion yen from fiscal 2021 to 12 billion yen, due to increased production and the elimination of temporary inefficiencies associated with model changes.

#### -Asia & Oceania

Revenue is expected to be 360 billion yen, an increase of 35.7 billion yen from fiscal 2021. Operating profit is forecast to increase by 0.9 billion yen from fiscal 2021 to 36.5 billion yen, due mainly to increased production and a boost from new products in China.

#### -Europe & Africa

Revenue is expected to be 90 billion yen, an increase of 7.3 billion yen from fiscal 2021. Operating profit is forecast to be 6 billion yen, about the same level as fiscal 2021, mainly due to increased production, despite higher overhead costs.

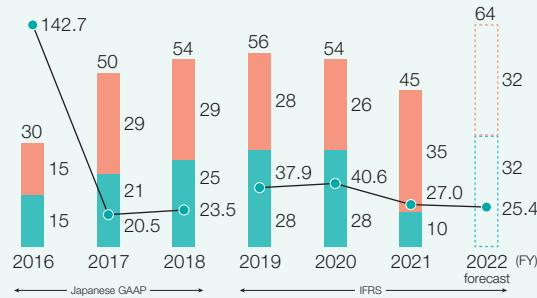
Revenue by region (Billions of yen)  
■ Japan □ The Americas □ Asia & Oceania □ Europe & Africa



### Cash dividends

For fiscal 2022, we plan to pay an annual dividend of 64 yen per share, an increase of 19 yen from fiscal 2021.

Trends in dividend (Yen)  
■ Interim dividend □ Year-end dividend -● Dividend payout ratio (consolidated) (%)



## Consolidated Statement of Financial Position

FY	Millions of yen	
	2020 (As of March 31, 2020)	2021 (As of March 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	163,377	195,180
Trade and other receivables	197,081	222,827
Inventories	68,166	61,848
Other financial assets	15,120	14,416
Income taxes receivable	4,827	3,710
Other current assets	8,976	8,868
<b>Total current assets</b>	<b>457,548</b>	<b>506,851</b>
<b>Non-current assets</b>		
Property, plant and equipment	256,661	263,841
Goodwill	4,871	4,881
Intangible assets	10,873	13,177
Investments accounted for using equity method	15,011	13,447
Other financial assets	18,561	26,219
Deferred tax assets	15,572	15,725
Other non-current assets	1,614	1,632
<b>Total non-current assets</b>	<b>323,166</b>	<b>338,926</b>
<b>Total assets</b>	<b>780,714</b>	<b>845,778</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	179,103	175,133
Bonds and borrowings	50,231	22,151
Other financial liabilities	3,410	4,076
Income taxes payable	6,302	7,498
Provisions	3,921	5,937
Other current liabilities	70,358	71,213
<b>Total current liabilities</b>	<b>313,327</b>	<b>286,010</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	74,301	119,623
Other financial liabilities	7,758	6,490
Retirement benefit liability	58,982	55,376
Provisions	255	224
Deferred tax liabilities	2,776	6,552
Other non-current liabilities	1,611	1,848
<b>Total non-current liabilities</b>	<b>145,685</b>	<b>190,116</b>
<b>Total liabilities</b>	<b>459,013</b>	<b>476,127</b>
<b>Equity</b>		
Share capital	8,400	8,400
Capital surplus	3,044	3,092
Retained earnings	289,880	316,931
Treasury shares	(1,674)	(1,620)
Other components of equity	(8,599)	8,131
<b>Total equity attributable to owners of the parent</b>	<b>291,051</b>	<b>334,935</b>
<b>Non-controlling interests</b>	<b>30,649</b>	<b>34,715</b>
<b>Total equity</b>	<b>321,701</b>	<b>369,650</b>
<b>Total liabilities and equity</b>	<b>780,714</b>	<b>845,778</b>

# Consolidated Statement of Profit or Loss

FY	Millions of yen	
	2020 (Fiscal year ended March 31, 2020)	2021 (Fiscal year ended March 31, 2021)
Revenue	1,372,616	1,272,140
Cost of sales	1,238,561	1,138,717
<b>Gross profit</b>	134,054	133,423
Selling, general and administrative expenses	84,323	77,774
Other income	5,847	6,243
Other expenses	7,792	4,789
<b>Operating profit</b>	47,785	57,103
Finance income	2,245	2,102
Finance expenses	2,865	1,437
Share of profit (loss) of investments accounted for using equity method	908	(423)
<b>Profit before income taxes</b>	48,074	57,345
<b>Income tax expense</b>	16,446	19,748
<b>Profit for the period</b>	31,628	37,597
Profit attributable to		
Owners of the parent	24,786	31,188
Non-controlling interests	6,841	6,408
<b>Profit attributable to owners of the parent per share</b>		
Basic earnings per share (Yen)	132.88	166.93
Diluted earnings per share (Yen)	—	—

## Consolidated Statement of Comprehensive Income

FY	Millions of yen	
	2020 (Fiscal year ended March 31, 2020)	2021 (Fiscal year ended March 31, 2021)
Profit for the period	31,628	37,597
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	257	2,552
Net change in fair value of equity instruments measured at fair value through other comprehensive income	(1,904)	4,663
Share of other comprehensive income of investments accounted for using equity method	100	23
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(13,317)	14,455
Net change in fair value of debt instruments measured at fair value through other comprehensive income	(0)	(8)
Share of other comprehensive income of investments accounted for using equity method	(302)	82
<b>Total other comprehensive income</b>	<b>(15,165)</b>	<b>21,769</b>
<b>Comprehensive income</b>	<b>16,462</b>	<b>59,366</b>
<b>Comprehensive income attributable to</b>		
Owners of the parent	11,636	50,506
Non-controlling interests	4,825	8,859

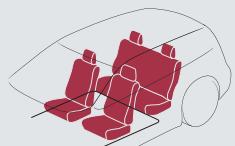
## Consolidated Statement of Cash Flows

FY	Millions of yen	
	2020 (Fiscal year ended March 31, 2020)	2021 (Fiscal year ended March 31, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	48,074	57,345
Depreciation and amortization	40,223	39,947
Interest and dividend income	(1,920)	(1,465)
Decrease (increase) in trade receivables	37,983	(17,965)
Decrease (increase) in inventories	(4,387)	8,004
Increase (decrease) in trade payables	(29,601)	(96)
Increase (decrease) in retirement benefit liability	1,659	(1,216)
Other	3,646	3,847
<b>Subtotal</b>	<b>95,678</b>	<b>88,401</b>
Interest received	1,725	1,303
Dividends received	1,046	1,460
Interest paid	(1,435)	(1,232)
Income taxes paid	(17,342)	(15,449)
<b>Net cash provided by (used in) operating activities</b>	<b>79,673</b>	<b>74,483</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(49,848)	(48,922)
Proceeds from sales of property, plant and equipment	1,799	1,818
Purchase of intangible assets	(3,235)	(5,494)
Purchase of equity instruments	(3,864)	(292)
Payments into time deposits	(8,118)	(8,382)
Proceeds from withdrawal of time deposits	10,041	11,033
Other	(949)	(1,153)
<b>Net cash provided by (used in) investing activities</b>	<b>(54,175)</b>	<b>(51,392)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	14,219	791
Repayments of short-term borrowings	(534)	(12,816)
Proceeds from long-term borrowings	—	45,909
Repayments of long-term borrowings	(3,674)	(17,923)
Dividends paid	(10,423)	(6,728)
Dividends paid to non-controlling interests	(4,660)	(4,856)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(6,883)	(36)
Repayments of lease liabilities	(2,007)	(1,786)
Other	(0)	205
<b>Net cash provided by (used in) financing activities</b>	<b>(13,964)</b>	<b>2,756</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(6,348)</b>	<b>5,955</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,184</b>	<b>31,802</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>158,192</b>	<b>163,377</b>
<b>Cash and cash equivalents at end of period</b>	<b>163,377</b>	<b>195,180</b>

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, seats that make the vehicle easier to drive and that 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

### 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

### 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

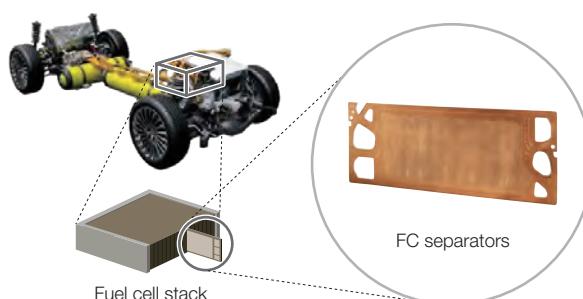


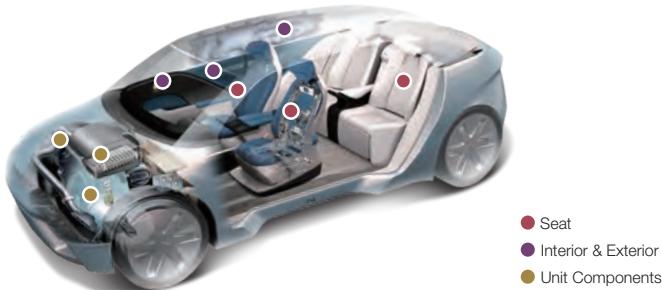
Air filters



Oil filters

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





Executive lounge seats



Lexus LS seats

**Non-automobile Seats**

Railway seats (Photo provided by East Japan Railway Company)



Aircraft seats



Headliners



Illuminations

**Exterior Components**

Bumpers



Fender liners

**Others (Textile Components)**

Seat fabrics



Seatbelt webbings



Curtain-shield airbags



Cabin air filters



MIRO

**Plastic Parts for Internal Combustion Engine (ICE)**

Air induction systems



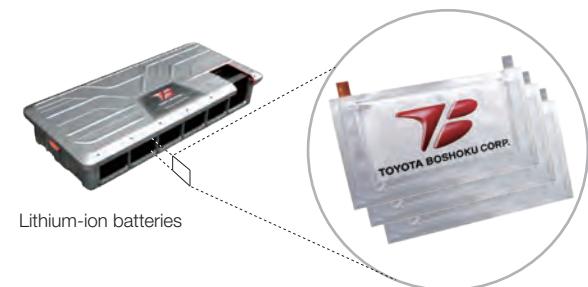
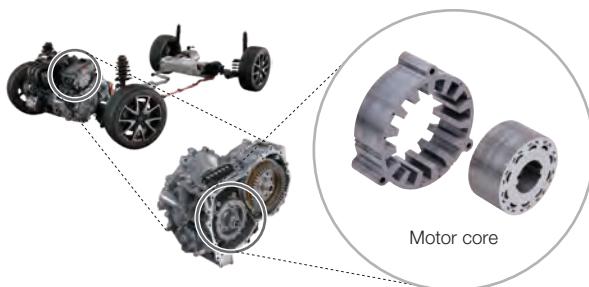
Air cleaners



Intake manifolds (For horizontally opposed engine)



Oil mist separators



# Investor and Corporate Information

As of March 31, 2021

## Corporate Data

Location	1-1 Toyoda-cho, Kariya-shi, Aichi 448-8651, Japan
Capital	8.4 billion yen
Number of employees (excluding temporary employees)	8,301 (non-consolidated) 44,154 (consolidated)
Founded	1918
Established	1950
Stock exchange listings	Tokyo Stock Exchange and Nagoya Stock Exchange
Securities code	3116
Independent auditor	PricewaterhouseCoopers Arata LLC
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation

## Number of Shareholders

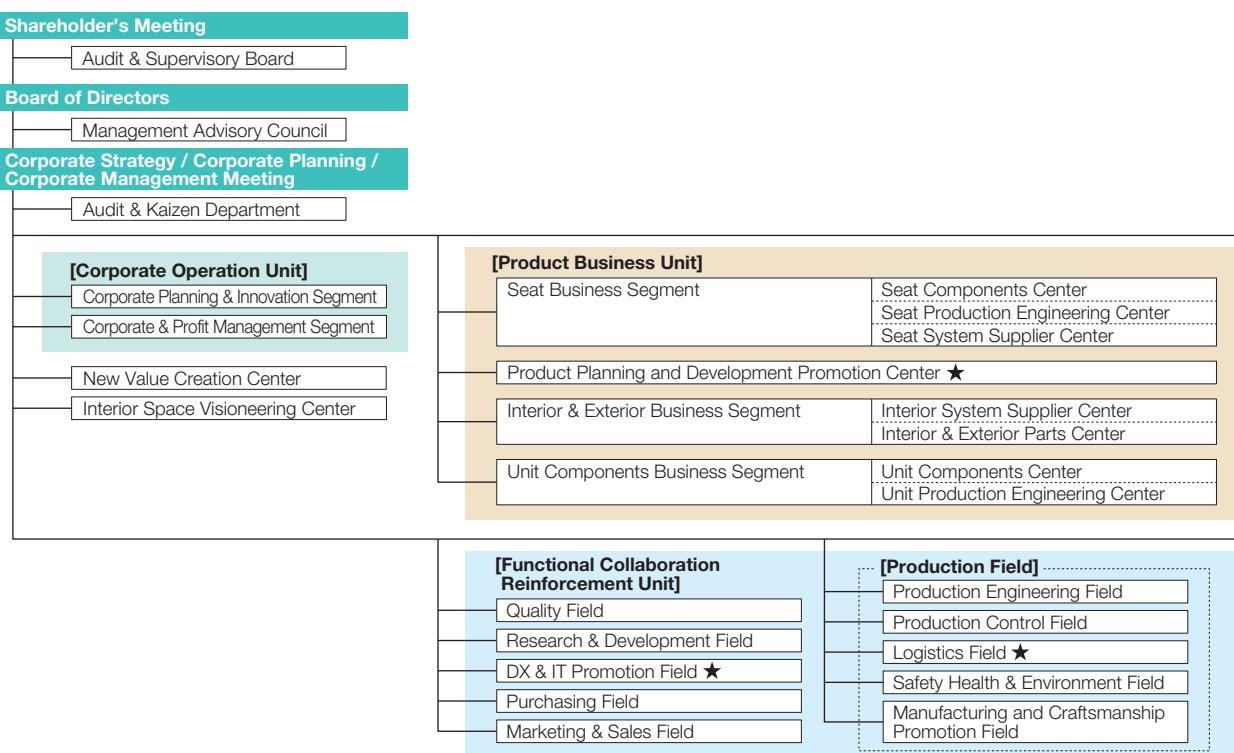
16,177

## Total Number of Shares

Number of shares authorized to be issued	500,000,000
Number of shares outstanding	186,847,278 (excluding treasury stock of 818,460)

## Organization Chart

As of July, 2021



**Evaluations by Outside Institutions****Inclusion in Indexes  
(Socially Responsible  
Investment)****Evaluations**

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 Sompo 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."

This NGO requires disclosure of strategies to address climate change and information on greenhouse gas emissions, and publishes an evaluation score worldwide. Toyota Boshoku received an A<sup>+</sup> rating in the Water Security category. For the Supplier Engagement Rating, we were elected to the Leaderboard.

Toyota Boshoku was certified as an Excellent Enterprise of Health and Productivity Management 2021 (large enterprise category) jointly selected by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

★ Newly established (as of April 1, 2021)

**[Responsibility and Duties of Chief Officers]**

CEO (Chief Executive Officer)	CSO (Chief Strategy Officer) Global Management Strategy	CFO (Chief Financial Officer): Corporate & Profit Management Segment
		CBO (Chief Branding Officer): Marketing & Sales Field, Purchasing Field (Global: Regional Corporate Management)
		CRO (Chief Risk Officer): Audit & Kaizen Department
		CTO (Chief Technology Officer): Product Business Unit (Seats, Interior & Exterior and Unit Components Business Segment, Product Planning and Development Promotion Center, New Value Creation Center, Interior Space Visioneering Center, Research & Development Field) : (Global: Regional R&D Management)
		CMO (Chief Manufacturing Officer): Regional Business Unit (The Americas, Asia & Oceania, China, Europe & Africa, Plant Management Unit, Production Field <sup>1</sup> ) : (Global: Manufacturing Management)
		1 Production Engineering Field, Production Control Field, Logistics Field, Safety Health & Environment Field, Manufacturing and Craftsmanship Promotion Field
		CISO (Chief Information System Officer): DX & IT Promotion Field
		COO (Chief Quality Officer): Quality Field

## Toyota Boshoku's CxO in Charge

CISO, CQO, CBO, CSO	CFO/CRO	CTO	CMO
---------------------	---------	-----	-----

**[Regional Business Unit]**

The Americas Region Segment	Corporate	R&D	Production Control, Production Engineering, Quality, Manufacturing
Asia & Oceania Region Segment			
China Region Segment			
Europe & Africa Region Segment			

**[Plant Management Unit]**

Japan Region Plant Management Segment	Top Plant General Manager	Production Management Center 1
		Production Management Center 2
		Production Management Center 3
		Production Management Center 4



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



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