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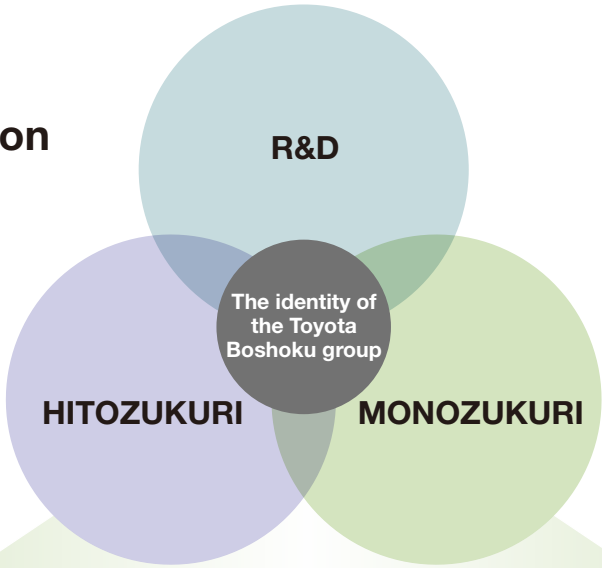
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The identity of the Toyota Boshoku group in action



As of March 31, 2025 (including fiscal 2025 results)

R&D

R&D for products closest to users

Solid R&D foundation Global development system	R&D expenses	55.1 billion yen
	R&D bases	12 bases
	Number of R&D personnel	3,450
Innovative R&D ahead of the times	Number of patents held	Japan 2,399 Outside of Japan 1,845

MONOZUKURI

Refined lean production and JIS supply

Resilient manufacturing foundation	Capital investment	78.1 billion yen
	Production sites	119 sites
High-quality, high-efficiency supply system	Inventory turnover (raw materials, work in progress, finished products)	7.1 days
Collaboration with suppliers	Total number of suppliers participating in supply chain MONOZUKURI improvement activities	2,539 companies/year

HITOZUKURI

Abundant and diverse global human resources

Active global human resources	Number of consolidated group members worldwide ¹	45,004
	Proportion of company members working in regions outside Japan	68.5%
Combining diverse values	Number of participants in global executives training programs  P.65	34/year
Environment encouraging active participation	Number of ICTs ²	55/year
	Number of trainees ³	48/year

¹ Excluding temporary company members
² Intra Company Transferee: A human resources development system in which company members of group companies outside of Japan can enhance their practical skills at Toyota Boshoku through *Genchi-Genbutsu* (go, see & study) experience
³ Dispatch young Toyota Boshoku company members to entities outside Japan

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R&D



Hiroki Tsunoda
Director, Operating Officer
Chief Technology Officer

Enhancing our planning & proposals and R&D capabilities for the entire mobility interior space to secure an advantage

To become a sustainable, leading global company through the enhancement of corporate value, we need to achieve the creation of new value as the Interior Space Creator.

We ourselves will raise the value of the mobility interior space from the perspective of a mobility company rather than a conventional parts manufacturer, taking into consideration the entire space, and be capable of making new proposals. I believe that this is our true mission as the Interior Space Creator. Therefore, in April 2025, we significantly revised our R&D system in order to speed up the decision-making process of technology development and its execution. We will continue to aim for a system that can respond rapidly to social changes.

Going forward, we will promote activities allied to a product roadmap that incorporates the technologies to be in-sourced, and will make plans and proposals for the entire mobility interior space, including control and software, in pursuit of safety, the environment, and comfort.

We will also continue to focus on promoting measures to strengthen development, aimed at streamlining development in support of the above, and on intellectual property strategy to secure an advantage. Working as one across divisions, we will take on the challenge of the next stage with a determination to continue evolving in terms of both speed and quality.

MONOZUKURI (manufacturing and craftsmanship)



Norimichi Adachi
Director, Operating Officer
Chief Manufacturing Officer

Pursuing ease of manufacturing and achieving world-leading MONOZUKURI competitiveness

Our goal in this rapidly changing environment is to achieve world-leading MONOZUKURI competitiveness, surpassing our competitors. To realize this, we aim to halve processing costs by 2030. Halving processing costs comprises an initiative to reduce processing costs by 50% by combining the skills of craftspeople with innovative technology.

This initiative will take the following process. First, we will pursue ease of production and rationalization by thoroughly eliminating waste in on-site operations. Next, these rationalized operations will be subject to automation. Lastly, we will evaluate within the system whether the effects of automation are reliably linked to management, and continue to make improvements to further enhance our competitive edge. In fiscal 2026, we will steadily implement these three steps by integrating manufacturing technology, production technology, and quality technology, while also pursuing “ease of production” from the design stage within a next-generation framework, thereby realizing a structure in which automation can be easily applied. By 2030, we will realize production lines of diversity where everyone can work, including seniors, women, and people with disabilities, and contribute to solving social issues.

HITOUZUKURI (human resources development)



Yasuhiro Fueta
Executive Managing Advisor
Chief Human Resource Officer

Creating an environment that promotes inclusion and generates new values and ideas

To become the Interior Space Creator, it is essential to further develop human resources and build an environment that can create new value and ideas from a broad user perspective. The promotion of diversity and inclusion is an important key to achieving this.

In fiscal 2025, we reviewed the treatment and evaluation system for rehiring senior human resources, and expanded the support system for balancing work and family life. We have also introduced a new company member engagement survey to visualize issues not captured by conventional KPIs and facilitate rapid improvements. Looking to the year 2030, we will advance our HR strategy with the theme of realizing the well-being of all stakeholders. Aiming to create an environment in which company members can act independently, we will improve company member engagement, support career autonomy, and promote initiatives to recruit and develop highly specialized human resources. We will do our utmost to balance the development of the Company with the happiness of our company members, and aim to be a company with which even more people feel an affinity.

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R&D

MONOZUKURI

HITOZUKURI

Key assets to strengthen in FY2026

- Enhance “Planning & Proposals Capability” for comfortable mobility interior space and “R&D Capability” for realizing it

- Build a global production system resilient to customers condition changes
- Provide robust on-site manufacturing support
- Develop a logistics network supporting end-to-end optimization

- Global talent management
- Support career advancement

Recognition of issues

- Improve design space capabilities aligned to the mobility company’s perspective
- Secure control and software engineers
- Strengthen product development capabilities in new areas

- Formulate a production system responsive to changing conditions and a foundation for profitability even during declining vehicle volumes
- Create a structure for combining expert craftsmanship and insourced technologies to constantly improve on-site capabilities
- Streamline logistics operations throughout supply chain and model lifespans; address labor shortages and reduce CO₂ emissions

- Accelerate promotion of local talent to key posts
- Realize career well-being

Action plan

- Prepare technologies and create a system for designing interior mobility spaces aligned to the mobility company’s perspective
- Plan and propose mobility interior spaces targeting customers and consumers
- Develop new products using insourced technologies (product roadmap)
- Develop materials and products for carbon neutrality and a circular economy
- Develop next-generation seat and interior/exterior products for multi-pathway vehicles
- Provide training and hire career specialists in electronic control and software technologies
- Review the development process
- Use the Design Navigation and Guidance System to improve drawing completeness and development efficiency
- Provide specialized training to improve technical skills

- Accelerate local production for local consumption globally and establish a consistent production system in each region. Prepare for new products with process simulations using repurposed cardboard and design zero-waste processes
- Develop advanced programs to pass on a culture of improvement and enhance skills and technologies through DX training, karakuri certification, skill competitions, and global biotech exchange meetings
- From the early stage of product project development, have each department involved in manufacturing identify all issues and front-load logistics requirements into the product designs
- Use DX and AI in parts procurement logistics to optimize routes and distribution plans, maximize performance, and improve operating efficiency

- Aggregate all Group company human resource data into a centrally operated system to accurately grasp talent data and accelerate decision-making for optimal placement and development
- Create a dedicated body in the HR Strategy Division to promote a culture of personal career development
- Build a system that supports career advancement through trying new roles, side jobs, age-specific career development and counseling sessions, and superior-subordinate sessions using a career planning sheet

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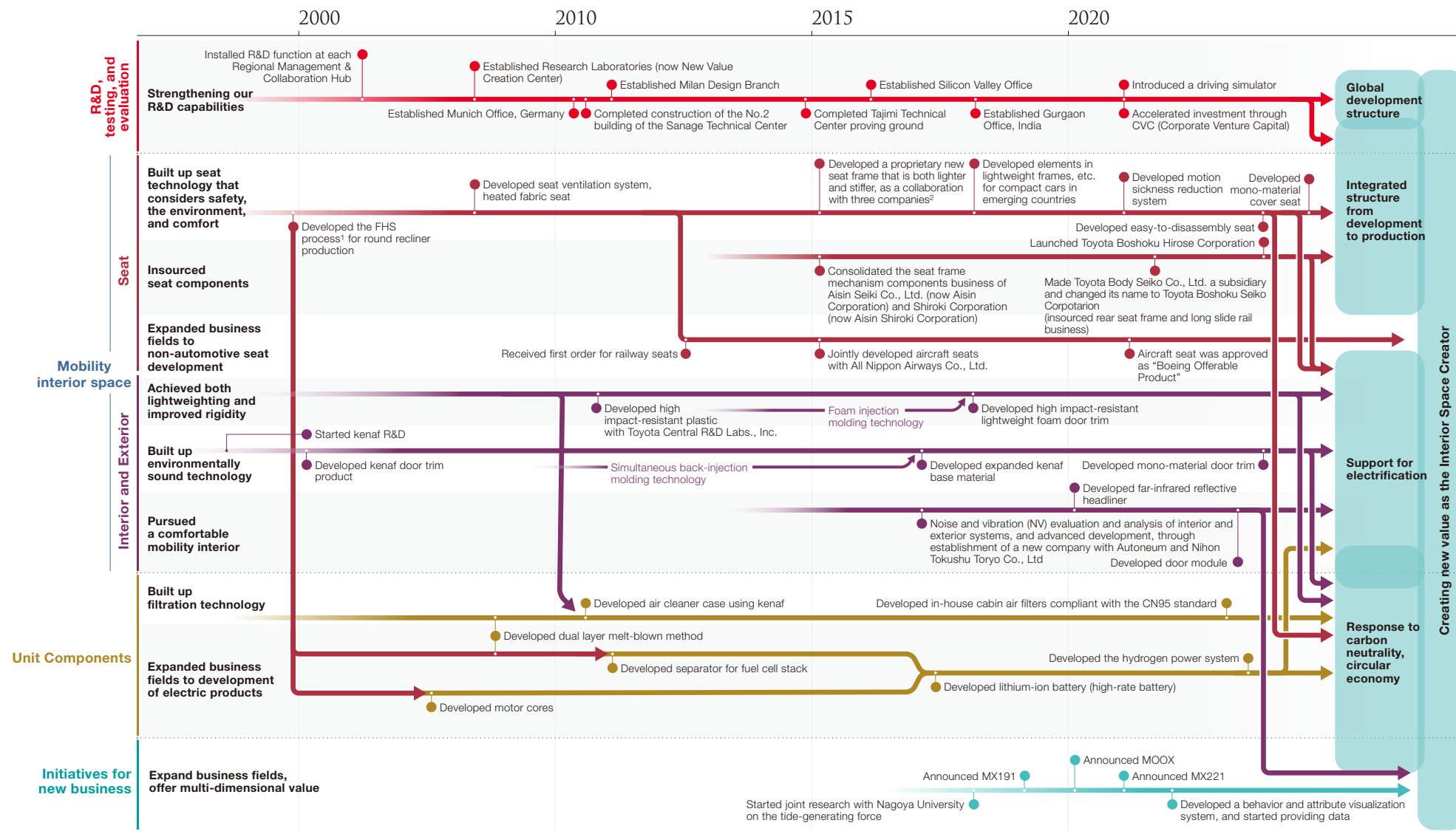
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Accumulated management resources—R&D



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

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

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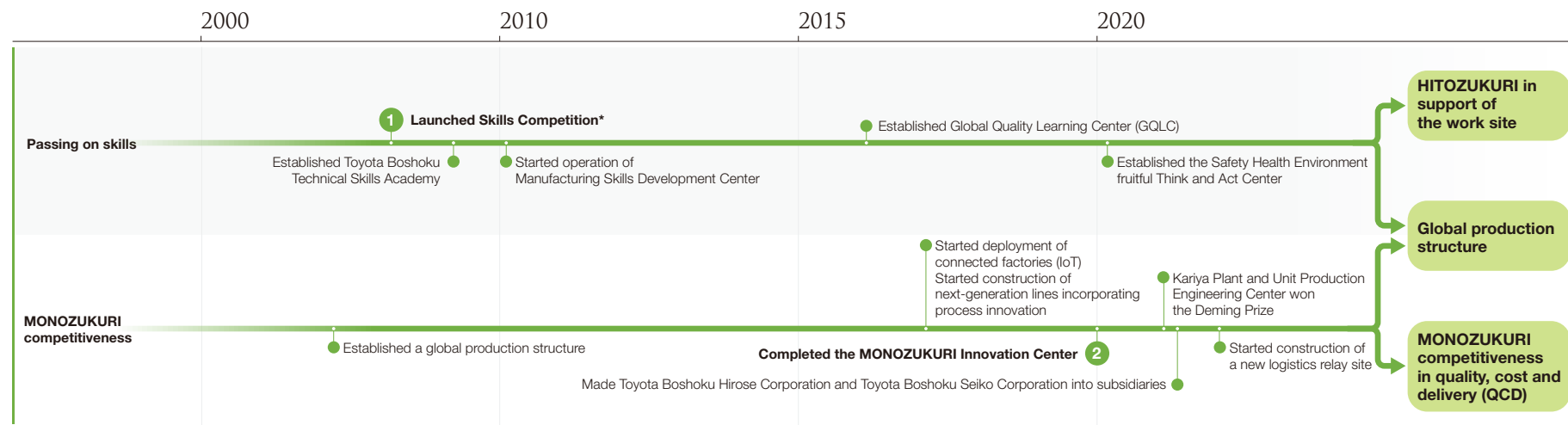
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Accumulated management resources—MONOZUKURI



* An annual skills competition for company members working at our sites of manufacturing. The competition was canceled in fiscal 2021, and in fiscal 2022 and 2023 only one category was held online globally, while the other categories were held only in Japan

Initiative background and objectives

1 Skills Competition

As we continue innovating manufacturing technology to improve productivity and environmental performance, we hold Skills Competitions to cultivate engineers with the skills to find solutions for the next century.

Objectives

- (1) Provide skill improvement training
Hone skills and build pride through friendly competitions
- (2) Cultivate workplace culture of skill sharing
Create a workplace culture of teaching and learning where supervisors and experienced members pass on skills to juniors
- (3) Confirm skill levels worldwide
Confirm skill levels throughout the group and enhance the MONOZUKURI skills at all sites worldwide



This year's 18th Skills Competition in fiscal 2025 featured 13 categories with 215 participants from 25 sites across 13 countries and regions

Initiative background and objectives

2 MONOZUKURI Innovation Center

Established to deepen the identity of the Toyota Boshoku group and enhance manufacturing competitiveness

Objective

- (1) Accelerate technology development across functions and businesses
- (2) Formulate smooth manufacturing processes integrating development, production engineering, quality, and plants
- (3) Improve equipment and mold quality to eliminate rework losses
- (4) Incorporate quality information from the market into development and production preparation to prevent flaw recurrence and improve quality
- (5) Foster a safety-first culture with hands-on training
- (6) Train the human resources who will be responsible for future manufacturing operations



The center's name reflects our commitment to forward-looking MONOZUKURI innovation.

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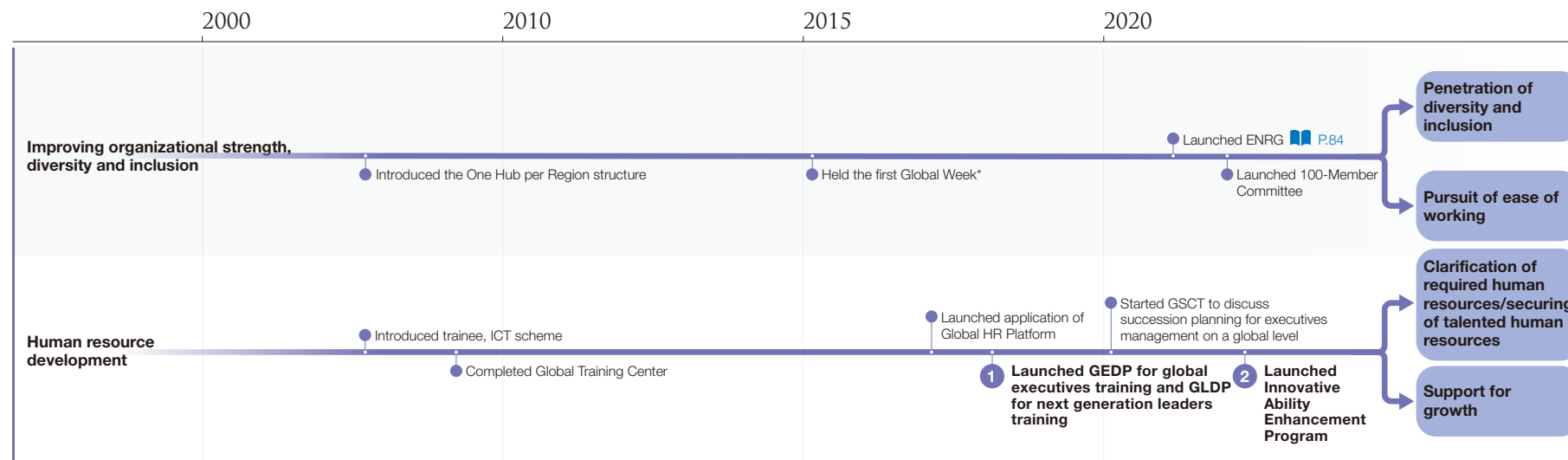
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Accumulated management resources—HITOUZUKURI



* An event where once a year, executives, top management of business entities from Japan and around the world, and next-generation leaders gather to share information on issues facing the Toyota Boshoku group and its future direction, and to deepen mutual understanding.

Background to the initiative

1 Global Executives Development Program

The Global Executives Development Program (GEDP) and Global Leaders Development Program (GLDP) seek to develop the company's future global and next-generation management personnel beginning early in their careers.

The programs provide essential management knowledge and practical training in strategy planning and human resources organizational development.

In fiscal 2025, the Creators Development Program (CDP) was launched to help participants build communication skills, networks, and hands-on experience to become leaders who will inspire the "I like Toyota Boshoku" view in our stakeholders.



A discussion on the ideal leadership profile to drive our future global development

Background to the initiative

2 Innovative Ability Enhancement Program

The innovative Ability Enhancement Program Re:act and We:ave, launched in fiscal 2023, Re:act bring in external presenters for presentations and idea-generation workshops. We:ave also enables participants to collaborate with external partners to create, refine, and propose original business ideas. Additional development opportunities include short-term secondments to venture companies and joint initiatives with companies beyond our usual business network.



Program members brainstorming and discussing ways to make a business idea actionable

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Intellectual property strategy



In recent years, the importance of intellectual property has become even greater for securing a global competitive advantage, and we position it as of utmost importance in our corporate strategies.

For Toyota Boshoku as well, intellectual property is the source of competitive advantage and sustainable growth, and therefore its protection and development are essential. We regularly report on the status of Intellectual Property (IP) activities at the Board of Directors, propose IP strategy at the R&D Segment Planning Meeting, a company-wide body, and promote new IP value creation activities.

Specifically, in addition to existing patent application activities, we introduced a framework incorporating strategic IP activities, and are promoting the company-wide construction of a patent network that will be a strength for Toyota Boshoku.

In addition, we believe in the importance of respect for diversity and originality, while continuing to nurture highly creative human resources who will be responsible for R&D, in order to further enhance future value creation. We position the development of this human capital as an important activity in our IP strategy, and are implementing a range of related policies. Going forward, through practical experiences, we will continue to engage in nurturing human resources able to promote value creation.

IP Activity VMV (Vision Mission Value)

Toyota Boshoku considers intellectual property as an important asset for management and one of our fundamental policies (Hoshin) is to secure global competitiveness and ensure flexibility in our business operations which contribute to our business strategies. We have defined new VMV (Vision, Mission & Value) for IP activities to strengthen our IP strategies, to realize our 2030 Target.

By communicating this VMV internally and externally, we are broadly sharing our approach to IP activities, with the aim of boosting empathy and co-creation with more stakeholders. We believe that this will lead to new value creation, which will strengthen our competitiveness and produce sustainable growth.

In addition, all of the members of the Intellectual Property Strategy Division proactively participated in the setting of VMV for IP activities, whereby we were able to deepen their understanding. As a result, they consider the VMV to be their own words, and are making good use of it in their day-to-day IP activities.

Vision	Creating the future of Toyota Boshoku's technology and management through intellectual property
Mission	Take advantage of intellectual property to realize value creation and value acquisition
Value	(1) [IP] Offense and defense (2) [IP investment] Options & focus/utilization of rights (3) [Human capital in IP activities] Sharing/empathy/co-creation

IP governance structure

From fiscal 2024, Toyota Boshoku has reported on the status of IP activities once a year at the Board of Directors meeting. Furthermore, we are implementing ongoing discussions

concerning IP strategy as part of the proceedings at the R&D Segment Planning Meeting, a company-wide body.

To further invigorate IP activities, we established an IP Committee chaired by the Field Chief of the Technical Administration Field in which the heads of each engineering division take part. This committee promotes management related to IP activities through information coordination and sharing of opinions with the Board of Directors and the R&D Segment Planning Meeting. In addition, an IP Promotion Committee member is selected by each engineering-related division to promote IP activities within their division. The IP Promotion Committee WG, comprised of the Intellectual Property Strategy Division and IP Promotion Committee members from each division, undertakes the necessary training for IP activities and endeavors to resolve practical issues.

In this way, by collaborating from management through to the promotion committee members in each division, creating a structure that enables information sharing and discussion, we aim to strengthen IP activities company wide.



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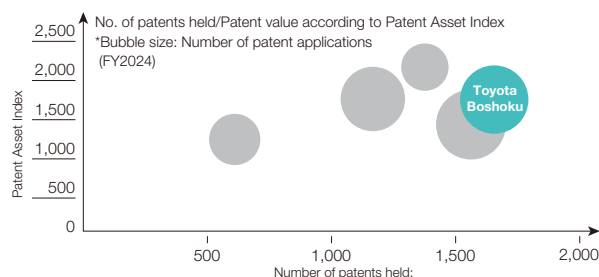
Intellectual property strategy

Intellectual property

Visualization of patent value

We use the Patent Asset Index, provided in Patent Sight by LexisNexis, as an objective measure of our patents held in order to ascertain the current status of patents globally and conduct a comparative analysis with our competitors. We are undertaking activities to increase patent value while maintaining our patent superiority.

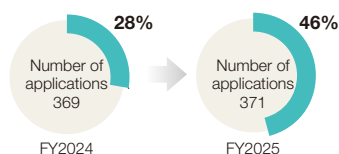
Comparison with competitors in the field of automotive seats



Patent application linked to our product roadmap

Each fiscal year, Toyota Boshoku utilizes the proportion of product roadmap patent applications among all patent applications as a KPI indicating the status of establishing engineering strength. In fiscal 2024, the proportion of product roadmap patent applications was approximately 30%, but by bolstering our IP activities, we increased this to around 50% in fiscal 2025. A higher proportion indicates that we are making strategic patent applications related to key development themes, which we believe leads to enhancement of our core technologies and competitiveness.

Proportion of patent applications based on product roadmap

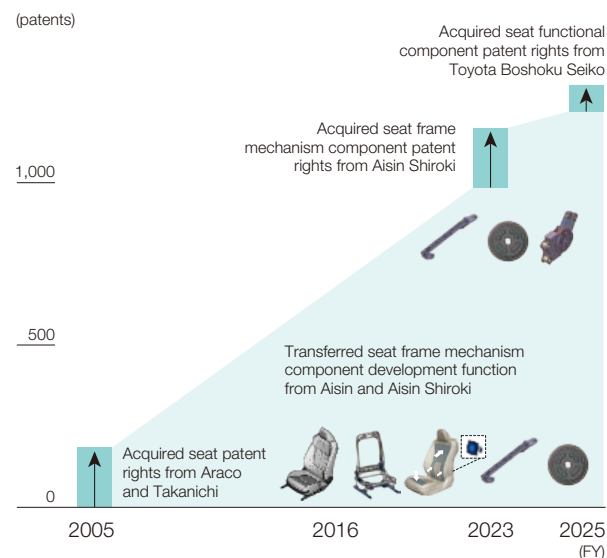


IP investment

Strengthening business competitiveness through IP investment

In fiscal 2005, Toyoda Boshoku Corporation, Araco Corporation, and Takanichi Co., Ltd. merged, and we consolidated the patent rights held by the three companies for automotive seats. Later, in fiscal 2016, in order to strengthen competitiveness in our seat frame mechanism function, the seat frame mechanism component development function was transferred from Aisin Corporation and Aisin Shiroki Corporation, and in fiscal 2023, we acquired patent rights to those development functions. Furthermore, in fiscal 2025, we acquired the patents held by Toyota Boshoku Seiko Corporation, which became our subsidiary in fiscal 2024, such as the patent for the long slide rail. In this way, we now have a streamlined structure able to invest in automotive seat product development, from assembly through to components and functional components. In this way, we are strengthening business competitiveness through strategic IP investment.

Number of registered patents in the automotive seat field

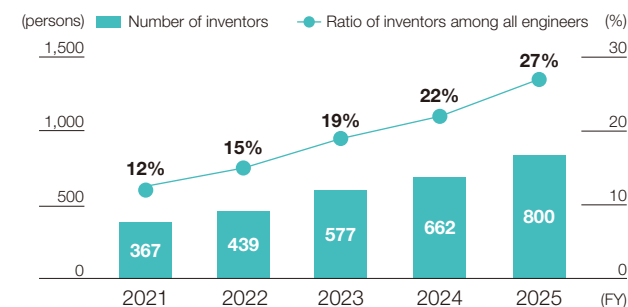


Human capital in IP activities

Developing creative human resources

Through patent application activities that lead to value creation, Toyota Boshoku aims to develop creative personnel able to continuously produce ideas. We set the ratio of company members involved in patent applications as inventors among all engineers as a KPI for the nurturing of creative human resources in intellectual property. By increasing this ratio, engineers will experience value creation themselves, which we believe will produce a virtuous cycle leading to generation of more ideas.

Number of inventors/ratio of inventors



Nurture human resources to promote value creation activities

As a new initiative for promoting value creation activities, seven members of the Intellectual Property Strategy Division took part in a training program run by the HR Strategy Division. In this program, they learned methods and facilitation skills for value creation, and are now working in the role of facilitator for in-house idea generation. These activities not only contribute to the invigoration of value creation activities, they also lead to enhancement of the skills of the Intellectual Property Strategy Division members. In addition, promoting sharing of opinions, empathy, and co-creation with related internal parties also contributes to fostering a creative environment company wide.

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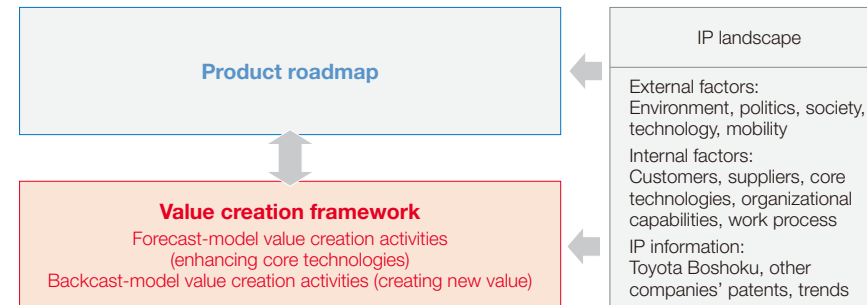
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Intellectual property strategy

We set the two approaches of forecasting and backcasting, labeled our value creation framework, as a framework for systematic advancement of IP value creation activities towards realizing our 2030 Target. In our forecast-model value creation activities, we leverage the IP landscape (analysis incorporating internal/external factors and IP information), endeavoring to forecast future technology needs related to development themes in line with our product roadmap, while enhancing our core technologies. In our backcast-model value creation activities, we undertake activities for new value creation, back-calculating from our desired future status, based on the results of analysis of external environment and social issues from the IP landscape. Through these activities, we enhance our product roadmap. By combining these two approaches, we achieve strategic value creation leveraging intellectual property, leading to the strengthening of engineering capabilities and competitiveness.



Forecast-model value creation activities

In line with our product roadmap, we position highly innovative and progressive development themes that conform with market needs, reconfirming the strengths of our products and technology and devising strategies for each product and technology while utilizing the IP landscape. In addition, we are advancing the construction of a patent portfolio that includes peripheral functions and uses. Through such initiatives, we are strategically enhancing our group's core technologies and establishing a foundation that will lead to enhancement of our competitive advantage.

Activity case study: Construction of a product patent portfolio

We set key development themes from the perspective of innovativeness and market needs, using the IP landscape to understand the status of related technologies of Toyota Boshoku and other companies

Strategic planning with consideration for safety, environment and comfort-related function

Evaluating advantage from the perspective of patent acquisition by component

		Toyota Boshoku's patents		Other companies' patents		Parts A		Parts B	
Environment	Perspective 1	①	②	③	④	①	②	③	④
	Perspective 2	①	②	③	④	①	②	③	④
	Perspective 3	⑤	⑥	⑦	⑧	⑤	⑥	⑦	⑧
	Perspective 4	⑨	⑩	⑪	⑫	⑨	⑩	⑪	⑫

①: Toyota Boshoku's advantage ②: Equivalence

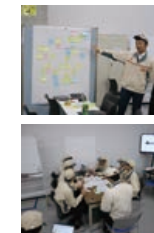
Backcast-model value creation activities

From fiscal 2025, we began backcast-model value creation activities aimed at new value creation with consideration of future trends and customer needs. In these activities, we used the IP landscape, sharing future market trends and needs with related divisions, while seeking products and technologies that will produce new value, and striving to develop fundamental patents. These activities provide IP information through the existing IP landscape, and also provide a facilitator role for the Intellectual Property Strategy Division, and the knowledge and skills required for new value creation. Through these activities, we endeavor to invigorate value creation activities and foster a company-wide creative environment through the empathy and co-creation with related parties.

Activity case study: Value creation workshop looking toward 2035

We hold value creation workshops with participants from each division with a variety of backgrounds, including members of Gen Alpha, Gen Z, Gen Y, women, and members with disabilities, promoting discussion that incorporates diverse perspectives.

At the workshops we share information including megatrends, global trends, customer needs, consumer needs, and technology development strategies, producing ideas relating to new value in mobility interior spaces with the future in mind, through repeated divergence and convergence in groups of five or six.



View of the Value Creation Activities Facilitator

Through the HR Strategy Division's training program, I was able to personally experience the joy of creation. In learning methods for repeated divergence and convergence while thoughtfully considering user issues and value provided, I experienced the importance of co-creation through dialogue.

While providing support to members in and outside of our divisions as facilitators, a change took place in the consciousness of participants, resulting in the switch from a passive to an active attitude. It stimulated dialogue for value creation, which I feel is expanding a creative environment throughout the company.

Going forward, I will leverage what I learned through real experiences, striving to foster a creative environment.



Takuro Saito
Intellectual Property Strategy Division

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● Intellectual property strategy

DX at the Toyota Boshoku group

Environment/Social

Foundation for sustainable value creation

Governance

Establishing a resilient global management foundation

Supplementary materials & data

DX at the Toyota Boshoku group

1 Strengthen our R&D capabilities

Related strategy: **1** Enhancing planning & proposals capability and R&D capability

Engineering & Development

Become faster and more flexible. With connected development

We aim to improve our efficiency and speed of development by utilizing digital technology to support design while reforming the design and development processes. In addition, while making full use of DX technology, we will strengthen the competitiveness of R&D by rapidly responding to diversifying needs.

3 Strengthen the management information infrastructure

Related strategy: **4** Strengthening management foundation

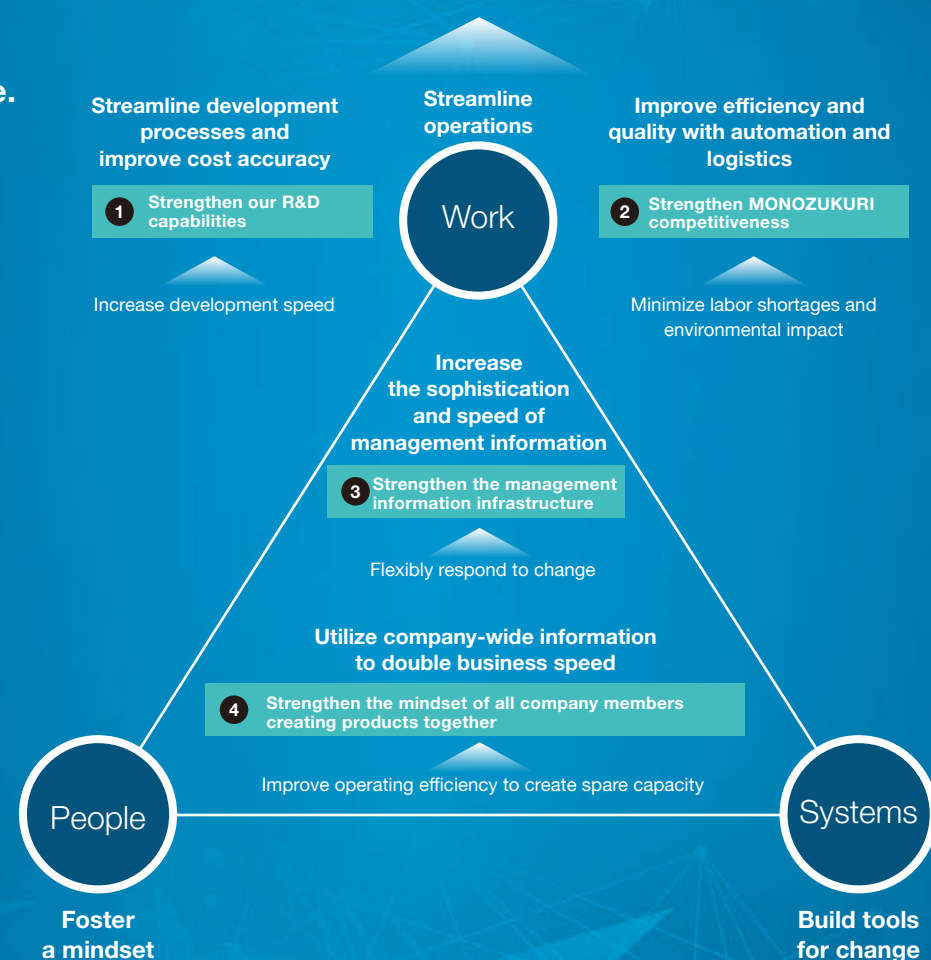
Business Platform

Visualize, realize, and take rapid action. With connected management

As well as consolidating and visualizing management information, we aim to accelerate management decision-making by quickly identifying and managing predictive indications in the business.

Connect & Weave.

DX at Toyota Boshoku



Connected DX changes people, work, and systems

2 Strengthen MONOZUKURI competitiveness

Related strategy: **2** Acquiring MONOZUKURI competitiveness

Manufacturing

Provide better, environmentally sound products, in a timely manner. With connected factories

We aim to use DX, including AI, to solve issues facing the manufacturing industry, such as labor shortages and carbon neutrality. We will promote MONOZUKURI reform to achieve high efficiency and high quality, bolstering our competitiveness.

4 Strengthen the mindset of all company members creating products together

Corporate Culture & Mind

Create products together, happily and enjoyably. With a connected corporate culture and mindset

Toyota Boshoku's DX places value on the awareness that each company member's work is connected to MONOZUKURI, and on having a mindset of all company members creating products together. We are engaged in activities to promote reform from the three perspectives of people, systems, and work.

Editorial policy

Toyota Boshoku's beginnings and future

Value creation story

Realization of our target

Strategy

Toward the realization of Interior Space Creator in 2030

Contributing to solving social issues

Executing the mid-term business plan

Strategically managing financial and non-financial data

Capital

Innovation-creating strengths

The identity of the Toyota Boshoku group in action

Messages from CxOs

Capital (strength) / Issues and measures

Accumulated management resources
—R&D

Accumulated management resources
—MONOZUKURI

Accumulated management resources
—HITOZUKURI

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1 Strengthen our R&D capabilities

Design process standardization and efficiency improvement

Our Design Navigation and Guidance System is a database of component standards and accumulated design expertise that enhances knowledge sharing, improves drawing completeness, and significantly reduces engineering man-hours, which makes our development process more efficient and improves our product quality. To this end, we are integrating generative AI and the latest technologies, improving our simulation technologies, and automating design processes **to create an environment where engineers can focus entirely on developing new technologies and products.**

Cost standards to improve project estimate accuracy

We are building **a system that accumulates “basic product information” at development through to production**, and are promoting the construction of a system that can calculate and visualize different types of information including CO₂ emissions, cost, and mass, which is needed for prompt and highly accurate management decisions.

4 Strengthen the mindset of all company members creating products together

Using digital tools to free up resources to build a stronger foundation

We are utilizing generative AI and other digital tools to boost productivity in daily tasks and expand our work capacity. Our DX team partners with departments that are proactive in adopting digital technologies, and we accumulate and share digital know-how through study sessions, information exchanges, and presentations. These efforts are **promoting the adoption of digital technologies and maximizing their benefits** across the company.

Our internal DX & AI Expo in December 2024 featured 46 presentations showcasing how company members are leveraging digital tools. Some 1,600 members experienced and shared real-world examples of generative AI and latest



2 Strengthen MONOZUKURI competitiveness

Automating manufacturing and optimizing production and logistics management

We are leveraging the latest digital technologies to accelerate automation in our MONOZUKURI (manufacturing) processes and introducing collaborative robots and AI to enhance production efficiency and quality.

We are also integrating our production and logistics planning to improve logistics efficiency. Load leveling and delivery route optimization not only reduce CO₂ emissions but also improve working conditions for truck drivers.

These initiatives aim to **enhance efficiency and quality across the entire value chain**, from production to logistics, while helping **address social issues** and strengthening our competitive advantage in the market.

digital technologies along with the business improvements they delivered. The event fostered a digital culture and created opportunities for like-minded colleagues to connect across departments.

We plan to further expand these initiatives and **build a foundation that enables all company members to immediately apply and benefit from digital technologies.**

Creating an agile environment where all company members can work safely and securely

We aim to create a workplace where all company members can work safely and securely. In addition to building a robust infrastructure and framework to withstand increasingly sophisticated cybersecurity risks, we are leveraging generative AI and the latest digital technologies to ensure the agility needed to swiftly respond to changes in the external environment. [P.105](#)

3 Strengthen the management information infrastructure

Improving and accelerating management information operations

We have built a system that collects, consolidates, and visualizes all financial and non-financial information relevant to management. The systems are supporting quicker, more accurate management decisions as well as shortened the monthly closing period and improved information processing speed, and allowed for quicker, more accurate management decisions ([P.58](#)).

Derived from “basic product information” at development through to production, and “production performance information” at the sites of manufacturing, **financial information such as sales and profits, and non-financial information such as GHG emissions, is collected, accumulated, and visualized in a timely and accurate manner**, leading to **prompt and highly accurate management decisions.**