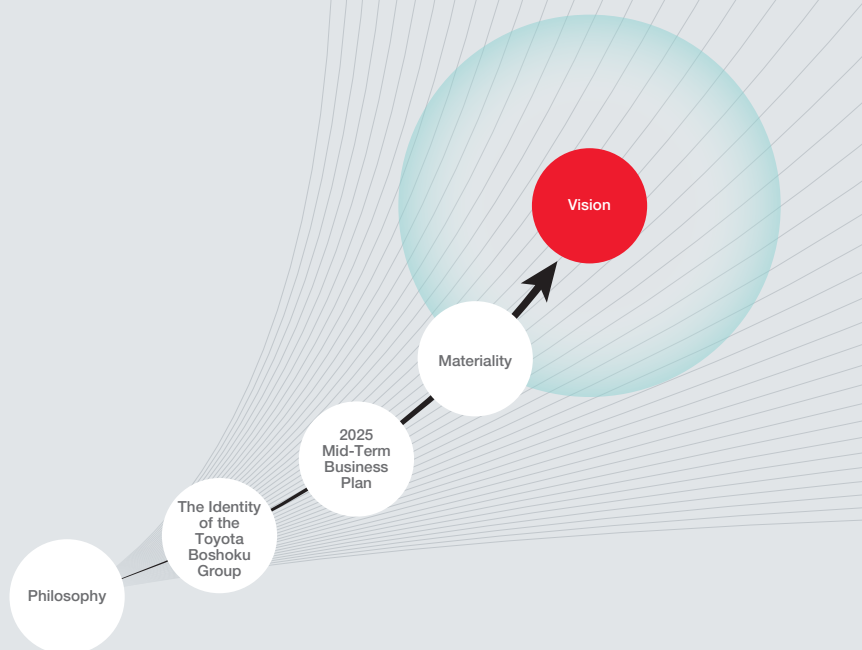




# Vision

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# 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**

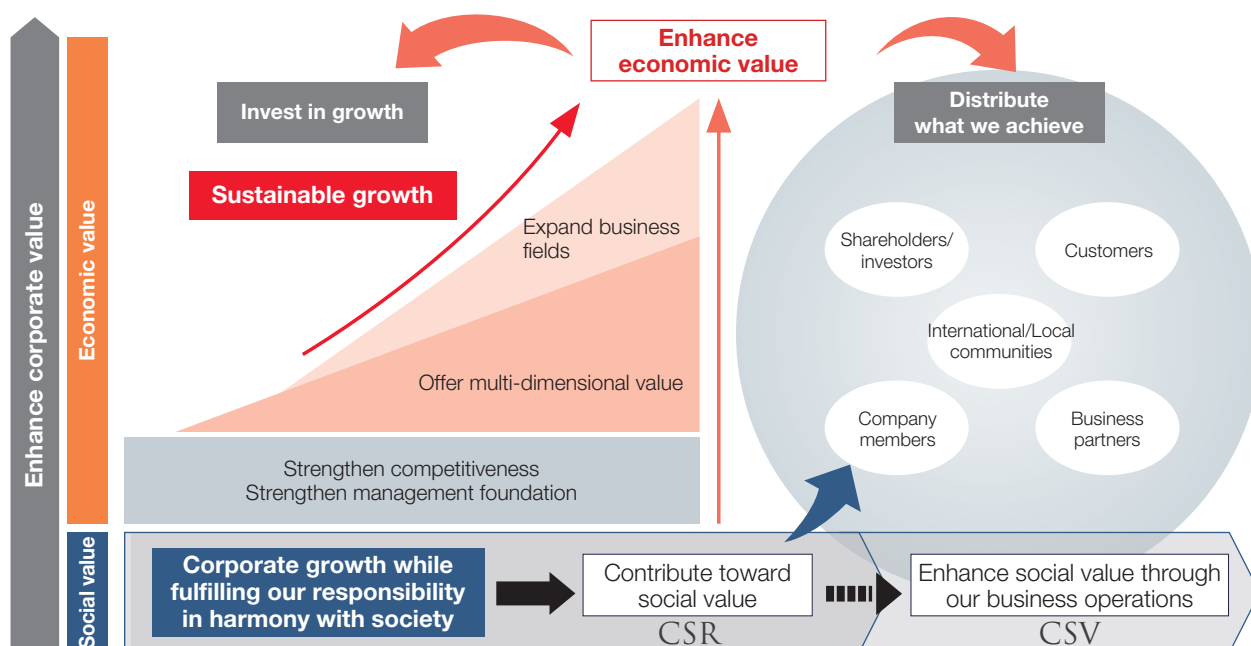
<b>Social Environment</b>	<ul style="list-style-type: none"> <li>● Global warming through climate change, transition to a carbon neutral society</li> <li>● Emergence of waste disposal issues and water resource issues</li> <li>● Growing population, aging of society</li> <li>● Evolution of digitalization 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> </ul> </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>
<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 Sanage 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.

<sup>1</sup> Manufacturing and craftsmanship

<sup>2</sup> 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,



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



## Our desired status for the future

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

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.



### 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



# FEATURE 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



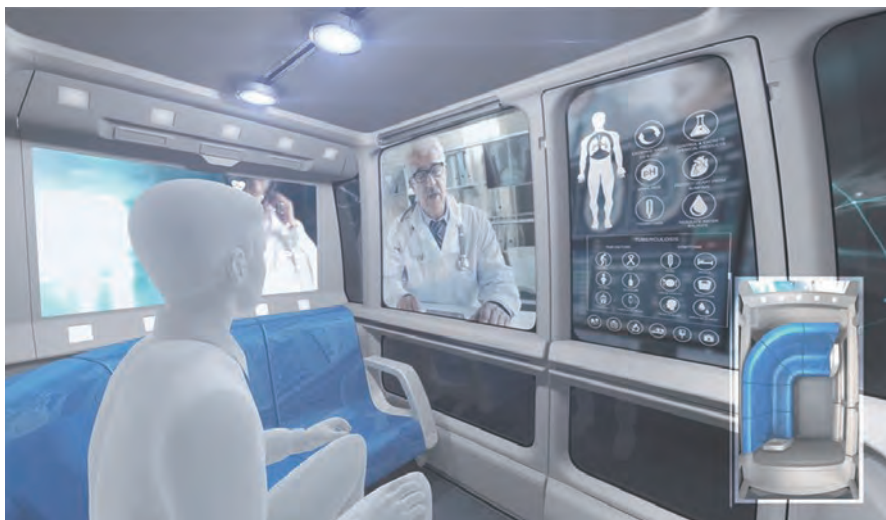
### INTERIOR SPACE CREATOR

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

Differentiating new value offering

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



(from left)

**Katsuhito  
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.

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

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.

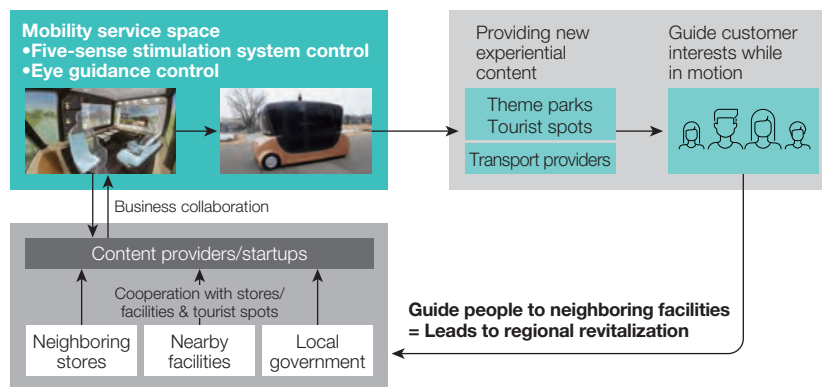
### Results obtained and issues identified through the demonstration experiment

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.

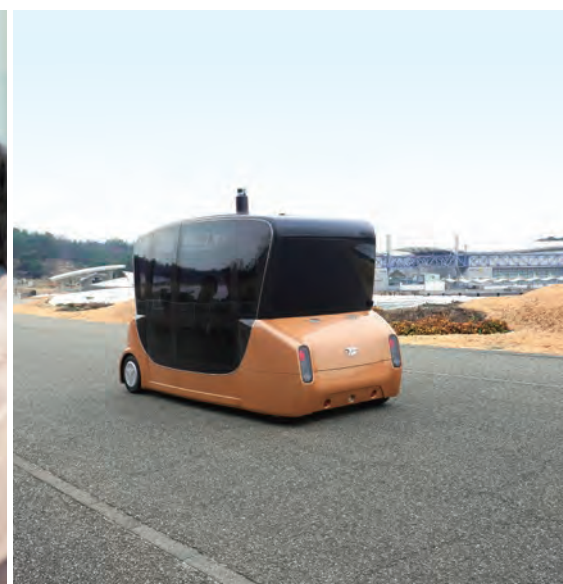
About 300 people boarded the MOOX as it circled the park's plaza, experiencing the new service on the move. In terms of technology, we achieved our target of at least 80% eye guidance effect by controlling the 3D sound and vibration within the space. We also conducted a questionnaire among those who 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-passengers, 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

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.

## Voice of a Co-Developer

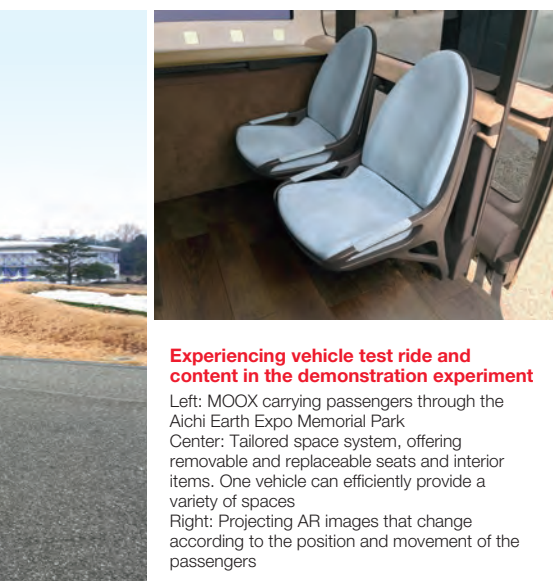
### Impressive onsite development capability that quickly gives shape to ideas

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.

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.



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



### 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 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

2020 Environmental Vision		2020 Environmental Action Plan				2025 Environmental Action Plan	
6 Stretch Environmental Goals		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	○	25% reduction from FY2014 (Global)	
		CO <sub>2</sub> emissions per unit of production (base unit)	17% reduction from FY2009 (Toyota Boshoku)	17% reduction	○		
			15% reduction from FY2011 (Global)	16% reduction	○		
		Renewable energy installation rate	—	—	—	15%	
		Develop products that contribute to top-class fuel efficiency	<ul style="list-style-type: none"> <li>Realize product lightweighting</li> <li>Implement thermal management (reduce air conditioning load by developing heat-shielding interior materials)</li> </ul>	<ul style="list-style-type: none"> <li>Commercialized door trims employing high impact-resistant plastic<sup>1</sup> (approx. 20% lighter than conventional trims)</li> <li>Commercialized cylinder head covers for TNGA<sup>2</sup> (approx. 30% lighter than conventional covers)</li> </ul>	○	<ul style="list-style-type: none"> <li>Review plans and progress of manufacturing products factoring in lightweighting for new car models</li> <li>Review plans and progress of manufacturing products factoring in features other than lightweighting for new car models</li> </ul>	
		Promote product development for next-generation automobiles	<ul style="list-style-type: none"> <li>Develop high-efficiency technology for filters and powertrain components</li> <li>Expand mass production of HEV motor parts and FC parts</li> </ul>	<ul style="list-style-type: none"> <li>Developed and commercialized heat-shielding ceilings (reduced air-conditioning load by reflecting infrared rays)</li> </ul>	○		
2	 Challenge of achieving zero CO <sub>2</sub> emissions in the product life cycle	Develop products using plant-derived raw materials and expand commercialization	<ul style="list-style-type: none"> <li>Use plant-derived materials in automotive parts</li> </ul>	<ul style="list-style-type: none"> <li>Commercialized door trims made of kenaf base material</li> </ul>	○		
		Cut CO <sub>2</sub> emissions from logistics activities	10% reduction from FY2011 (Toyota Boshoku)	30% reduction	○	14% reduction from FY2012	
		Reduce water consumption and emissions in production processes	<ul style="list-style-type: none"> <li>Carry out innovative initiatives, such as developing more compact production lines in conjunction with line remodeling</li> <li>Continue promoting activities to reduce water consumption, taking into account the water conditions in each country and region</li> <li>Reduce water consumption through waste elimination and highly efficient use</li> <li>Reduce water consumption through recycling</li> </ul>	<ul style="list-style-type: none"> <li>Achieved complete recycling of waterjet wastewater from the carpet production process</li> <li>Achieved zero wastewater by building system for recycling water treated in septic tanks</li> <li>Developed cooling and circulating water purification system (Weets)</li> <li>Was named a CDP Water Security A Company (2019)</li> </ul>	○		
		Water consumption per unit of production (base unit)	—	—	—	6% reduction from FY2014	
		Reduce the use of fossil fuel resources by employing plant-derived raw materials	<ul style="list-style-type: none"> <li>Further promote use and reuse of recycled materials</li> <li>Promote development and design that makes effective use of resources by further utilizing plant-derived materials</li> </ul>	<ul style="list-style-type: none"> <li>Recycled kenaf base material into wood decks for Misawa Homes Co., Ltd.</li> <li>Jointly developed high impact-resistant plastic with Toyota Central R&amp;D Labs., Inc.</li> </ul>	○	<ul style="list-style-type: none"> <li>Looking to 2030, set target values for use of non-petroleum and recycled materials, and develop scenarios for commercialization</li> <li>Promote research to accelerate use of plant-derived materials</li> </ul>	
		Waste volume per unit of production (base unit)	12% reduction from FY2009 (Toyota Boshoku) 10% reduction from FY2011 (Japan region)	44% reduction 16% reduction	○	14% reduction from FY2012	
3	 Challenge of achieving zero wastewater in the Toyota Boshoku group production processes by water recycling	Packing and packaging materials	12% reduction from FY2009 (Toyota Boshoku)	40% reduction	○		
		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)	○	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.



Recommended disclosures		Action status
Governance	<b>a. Describe the organization's governance around climate-related risks and opportunities.</b> <b>b. Describe management's role in assessing and managing climate-related risks and opportunities.</b>	● Decision-making at the Board of Directors, and business execution at the Corporate Strategy Meeting, Corporate Planning Meeting, Corporate Management Meeting, etc.
		● 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.
		● 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.
		● 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.
		● 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).
		● 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.
		● 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.
Strategy	<b>a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term.</b> <b>b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</b> <b>c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</b>	● Long-term: Toyota Boshoku group has formulated and announced the 2050 Environmental Vision.
		● Materiality is formulated as the approach we adopt to identifying and resolving medium- and long-term important issues.
		● Medium-term: 2030 Target and 2025 Environmental Action Plan have been formulated, and we are promoting activities to achieve our medium-term targets.
		● A medium- and long-term CO <sub>2</sub> emission reduction scenario has been established.
		● The 2025 Mid-Term Business Plan has been formulated and medium-term business strategy/financial plan clarified.
		● Short-term: Each year, Toyota Boshoku group companies formulate and implement annual CO <sub>2</sub> emission reduction targets.
		● Scenario analysis is not yet implemented.
Risk Management	<b>a. Describe the organization's processes for identifying and assessing climate-related risks.</b> <b>b. Describe the organization's processes for managing climate-related risks.</b> <b>c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</b>	● 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.  <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>  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. <div><div>Importance</div> = <div>Impact</div> × <div>Responsiveness</div><div>Risk Level</div> = <div>Importance</div> × <div>Likelihood of occurrence</div></div>
Metrics and Targets	<b>a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</b> <b>b. Disclose Scope 1, Scope 2 and, Scope 3 greenhouse gas (GHG) emissions and the related risks.</b> <b>c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</b>	<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>