



TOYOTA BOSHOKU REPORT 2019

2018.4.1—2019.3.31









TOYOTA BOSHOKU REPORT 2019

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Editorial Policy

The Toyota Boshoku group is striving as a unified whole to overcome challenges to drive sustainable growth based on our 2020 Management Plan with the aim of realising our vision. This Integrated Report outlines the results of activities over the past year and future challenges, referring to numerous case examples of specific initiatives and interviews centred on our value creation story.

In the preparation of this report, we have referred to the *International Integrated Reporting Framework* (International <IR> Framework) advocated by the International Integrated Reporting Council and taken care to create easy-to-understand content for our readers. In the future as well, we intend to reflect the opinions of our readers and stakeholders and further evolve this report as an Integrated Report.

Scope of reporting

The information in this report applies to the Toyota Boshoku group in Japan and other regions throughout the world. However, the scope of reporting differs for each initiative. Information disclosure in this report is carried out according to the scope of reporting below.

- · Toyota Boshoku group: Japan, The Americas, Asia & Oceania, China and Europe & Africa regions
- · Toyota Boshoku: Toyota Boshoku Corporation
- · Japan region: Toyota Boshoku Corporation and Japan affiliates · Outside Japan: The Americas, Asia & Oceania, China and Europe & Africa regions
- Outside Japan: The Americas, Asia & Oceania, China and Europe & Africa region
 The scope for some items is stated on respective pages.

Period covered by report

This report contains performance data for fiscal 2019 (from April 1, 2018 to March 31, 2019). Some information on previous or later activities is also included.

Reference Guidelines

- IIRC International Integrated Reporting Framework
 (International <IR> Framework)
- (International <IR> Framework)

 Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor
- Dialogues for Collaborative Value Creation
 GRI Sustainability Reporting Standards (GRI Standards)
- Environmental Reporting Guidelines (Fiscal Year 2018 Version)
- Environmental Accounting Guidelines 2005

Environment Social Governance Guidance for Collaborative Value Creation

Cautionary statement with respect to forward-looking statements

This report contains forecasts and expectations that relate to future plans and strategies in addition to the expected financial results of Toyota Boshoku Corporation and the Toyota Boshoku group. These statements are not based on actual results from the past. Rather, they are estimates based on assumptions and opinions that have been formed by the Company from the information available at the time of writing.

They also involve risks and uncertainties relating to economic trends, the severe competition affecting the automobile industry and changes in global demand, taxation regulations, laws, systems, natural disasters and other matters. Accordingly, actual results may differ from the Company's forecasts.

Numerical values of financial results

Numerical values on financial results have been rounded off in this report.

The Web mark indicates that more detailed information can be found on our website.

PROFILE

The Toyota Boshoku group undertakes its business at development and manufacturing bases in the various countries and regions throughout the world.

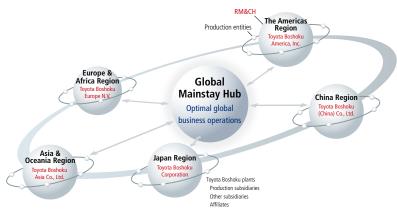
More than 50,000 motivated Toyota Boshoku group members enhance competitiveness, strengthen manufacturing capabilities and contribute to our customers and local communities in the different countries and regions.

Business Overview	Location	1-1 Toyoda-cho, Kariya-shi,	Business development	26 countries and regions	
		Aichi 448-8651, Japan	Number	07	
	Capital	8.4 billion yen	of sites	97 companies (including Toyota Boshoku)	
	Founded	1918	Net sales 1,417.3 billion yen	1,417.3 billion ven	
	Established	1950		/Ended March 21, 2010)	



One Hub per Region

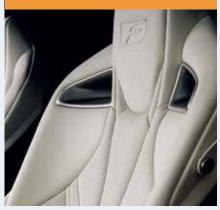
Along with close cooperation between the RM&CH and the Global Mainstay Hub, RM&CH work together with production entities in respective regions as part of the "one hub per region" structure.



Our three business domains provide the ultimate mobility life for customers around the world.

In the three domains of seat, interior & exterior and unit components, the Toyota Boshoku group has delivered a variety of products that realise enriched and higher-quality time and space to people in mobility interior spaces in order to generate excellent quality and new value.

Seat Business



The Toyota Boshoku group develops seats that elicit the maximum potential of each car, seats that make the vehicle easier to drive and that ensure the ultimate in comfort and pleasure. We aim to develop seats that provide comfort and safety for everyone in mobility in any setting around the

Message from the Segment Chief of the Seat Business Segment

▶P.29~30

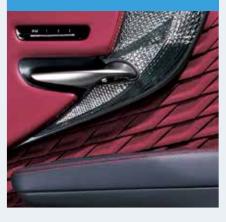


Automobile Seats



Sports seats (For automobile racing)

Interior & Exterior Business



The Toyota Boshoku group strives to deliver automobile interior spaces in which people from every country and region of the world can create unforgettable moments with family, friends and other loved ones that will last a lifetime. Staying one step ahead of the times, we develop interiors that enrich users' mobility life and ensure uncompromising comfort through total coordination of the automobile interior.

Message from the Segment Chief of the Interior & **Exterior Business** Segment

▶P.31~32

Interior Components





Interior system

Unit Components Business



In order to develop cars that ensure smooth and stable driving under any tough conditions, the Toyota Boshoku group manufactures products that maximise engine performance while contributing to realising a clean and comfortable vehicle interior space by developing next-generation filtration technology.

Message from the Segment Chief of the Unit **Components Business** Segment

P.33~34



Filters



Air filters

Cabin air filters



















Exterior Components





Door trims



Others Non-automobile Seats Railway seats (Photo provided by East Japan Railway Company) Aircraft seats **Textile Components** Seat fabrics Curtain-shield airbags Seatbelt webbings

Air Induction Systems Products











Electric Powertrain-related Products







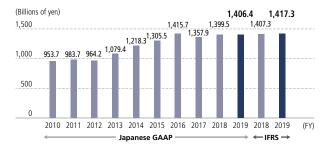
Financial / Non-Financial Highlights

Over the years, the Toyota Boshoku group has made efforts to strengthen competitiveness and management foundations throughout the organisation, thereby steadily enhancing profit-making capability since fiscal 2009. To swiftly respond to changing customer and society needs, in recent years we have accelerated investment and initiatives for the future that boost economic value and contribute to social value.

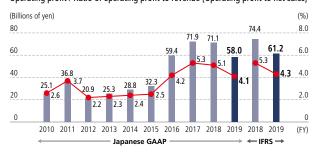
From fiscal 2019 the Toyota Boshoku group has adopted International Financial Reporting Standards (IFRS) and figures for fiscal 2018 have also been restated based on IFRS.

Financial Highlights

Revenue [Net sales]



Operating profit / Ratio of operating profit to revenue [Operating profit to net sales]



Ratio of operating profit to revenue [Operating profit to net sales]

Total assets / Ratio of equity attributable to owners of the parent [Capital adequacy ratio]



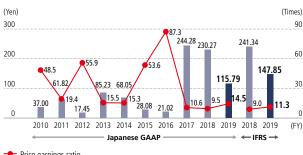
Ratio of equity attributable to owners of the parent [Capital adequacy ratio]

ROA: Ratio of total assets to profit attributable to owners of the parent [Return on assets] ROE: Ratio of profit to equity attributable to owners of the parent [Return on equity]



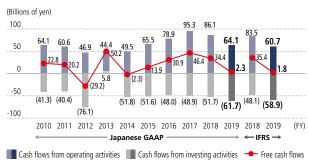
→ ROA → ROE

Basic earnings per share [Earnings per share] / Price earnings ratio

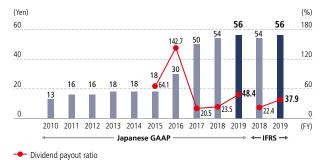


Price earnings ratio

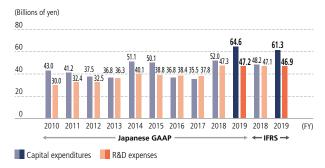
Free Cash Flows



Dividends per share / Dividend payout ratio

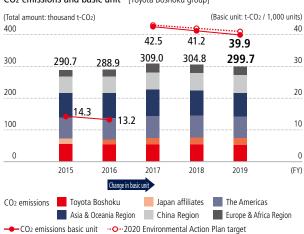


Capital expenditures / R&D expenses

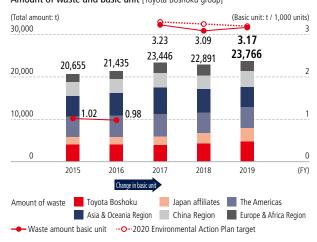


Non-Financial Highlights

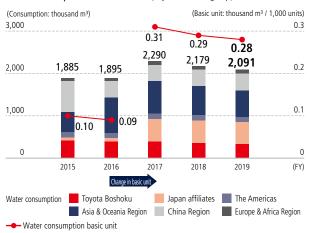
CO₂ emissions and basic unit* [Toyota Boshoku group]



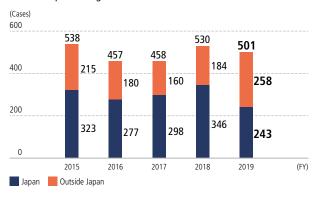
Amount of waste and basic unit [Toyota Boshoku group]



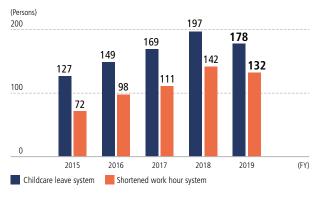
Water consumption and basic unit* [Toyota Boshoku group]



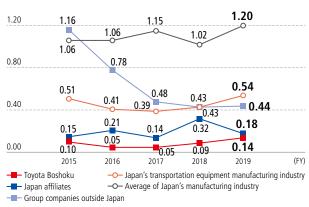
Number of patents registered



Users of childcare leave system and shortened work hour system [Toyota Boshoku]



Frequency rate of lost time accidents



^{*} From fiscal 2017, the Toyota Boshoku group shifted to using production volume instead of sales, which are susceptible to external factors, for the basic unit so that improvements are more accurately measured.

^{*} To improve accuracy, the Toyota Boshoku group revised CO₂ emissions in fiscal 2015 and the basic unit for CO₂ emissions in fiscal 2015, 2017 and 2018.

CO₂ emission data has been certified by a third party on the Company's website. Please refer to the Independent Assurance Report on our website.

Philosophy / VISION

The Toyota Boshoku Group formulated our corporate philosophy based on the Principles of Toyoda and under our vision, which articulates the type of company we aspire to become, we specify that "Looking into the future, we will create tomorrow's automobile interior space that will inspire our customers the world over."



1 Principles of Toyoda





Handing down the spirit of Sakichi Toyoda (established in 1935)

Always be faithful to your duties, thereby contributing to the company and to the overall good.

Always be studious and creative, striving to stay ahead of the times.

Always be practical and avoid frivolousness.

Always strive to build a homelike atmosphere at work that is warm and friendly.

Always have respect for spiritual matters, and remember to be grateful at all times.

Sakichi Toyoda

Background of the Establishment of the Principles of Toyoda

As his founding spirit, Sakichi Toyoda aimed to make contributions for the benefit of the world and people as well as for the advancement of society and the nation.

Sakichi decisively chose to move forward without hesitation as an inventor while marching ahead toward commercialisation to spread the benefits of his inventions throughout society.

To clearly state Sakichi's founding spirit as an everyday attitude, the Principles of Toyoda were established in 1935, five years after Sakichi's death, and these have been successively handed down over generations as Toyota Boshoku's current company creed.



Corporate Philosophy

1. Society

The Company will promote corporate growth while fulfilling the following responsibilities as a good corporate citizen:

- 1) Maintain ethical values, ensuring that our corporate activities are fair and transparent;
- 2) Supply safe products that do not harm the environment; Promote corporate activities that help protect the global environment;
- 3) Create a better society as a member of our local communities.
- 2. Customers

The Company will develop innovative technologies and products to deliver quality that satisfies our customers.

Shareholders
 Employees

The Company will promote innovative management policies that ensure future corporate growth and the trust of our shareholders. The Company will build and maintain positive labour-management relations, respect the individuality of its employees and create safe

5. Business partners

and comfortable workplaces.

The Company will promote open and mutually beneficial relationships with its business partners in pursuit of long-term growth and prosperity.



Code of Conduct

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

1. Business activities

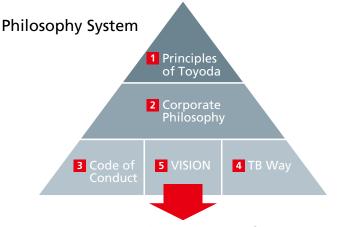
- (1) Dealings with customers (2) Dealings with suppliers (3) Dealings with political parties and public agencies
- (4) How to respond to anti-social forces (5) Ensuring safety and quality (6) Consideration of the environment (7) Global business activities
- (8) Protection of company assets (9) Respect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

2. Relations between employees and the company

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

3. As members of society

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



Toward our desired status for 2030



4 TB Way

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

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



5 VISION

The Company We Aim to Become

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

Our desired status in Business

Aiming to achieve "a company that persists in proposing excellent mobility for customers throughout the world"

Our desired status in Society -

Aiming to secure "a trusted company that grows together with all stakeholders"

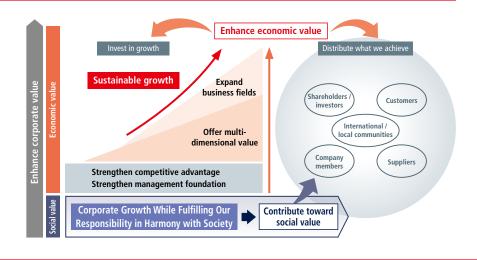


Define our desired status more specifically

QUALITY OF TIME AND SPACE

Offer "QUALITY OF TIME AND SPACE" in all mobility

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



The Toyota Boshoku group celebrated its 100th anniversary in 2018.

Our founding spirit to change with the times and contribute to society has been passed down over the generations and we are committed to carrying it on for the next 100 years.

Early beginnings

Toyoda Boshoku was founded by Sakichi Toyoda who believed in the importance of self-sufficiency in high-quality yarn to develop the automatic loom.

Shifted to automotive components business

A major change was made in business content to break away from the downturn in the textile market. Production of automotive components then became the Company's core business.

Evolution into a global

With the aim of becoming a true unique technology and expand

1918 1935 1950 1967 1980 1990 2004

1967

Company name changed from

Boshoku Corporation

Minsei Spinning Co., Ltd. to Toyoda

1918

Toyoda Boshoku Corporation was founded by Sakichi Toyoda





Founder: Sakichi Toyoda Head Plant in Taisho period

1921 Entered China Established Toyoda Boshoku Shou



Shanghai Plant of Toyoda Boshoku Shou

Important events

Formulated the Principles of Toyoda, which led to the TB Way and Corporate Philosophy

1943

Merged to Toyota Motor Co., Ltd. (now Toyota Motor Corporation)

Established Arakawa Sheet Metal Industries Co., Ltd. (later Araco Corporation)

Established Minsei Spinning Co., Ltd. as a separate independent entity from Toyota Motor Co., Ltd.

Established Takashimaya Nippatsu Industries Co., Ltd. (later Takanichi Co., Ltd.)

FY1951 1.9 billion yen

Established Minsei Spinning Co., Ltd.

2000

- · Stock listed on Tokyo Stock Exchange, First Section
- · Merged with Toyota Kakoh Co., Ltd. with a mainstay business in automotive carpet

2004

Araco Corporation (car interior components business), Takanichi Co., Ltd. and Toyoda Boshoku Corporation merged to form Toyota Boshoku Corporation



2005

- · Formulated the TB Way
- · Introduced the One Hub per Region structure

FY2007 1,082.7 billion yen

Exceed 1 trillion yen for the first time

FY2005 456.3 billion yen

Three companies merged to form Toyota Boshoku Corporation

Sales trend

Evolution of business domains



Entered the automotive components field (1970)



Started full-scale production of automotive filters (1985)



Started production of cabin air filter material by way of Melt Blown Construction Method (2009)



Started production of motor core constituent parts using the FHS process* (2013)

^{*} Toyota Boshoku's unique high-precision, high-speed stamping technology (Fine Hold Stamping process)

system supplier

global system supplier, the three companies were merged to establish a global production structure, deepen business fields.

Toward the future

Toyota Boshoku is accelerating reform and taking steps with a view to the future amid a once-in-acentury transformational period.

2018

2008

2008

- · Established Toyota Boshoku Somain S.A.S. (France) as our first seat assembly base in the EU region
- · Established the Toyota Boshoku Technical Skills Academy
- · Established Research Laboratories (now New Value Creation Centre)
- · Completed the Global Training Centre



Developed new-generation automotive seat frames

Established TB Kawashima Co.,

Ltd. for transportation interior

2009

materials business

2010

2011

2013

Started operations at Technical

Developed high impact-resistant

plastic together with Toyota

Central R&D Labs., Inc.

Skills Training Centre

2010

Completed construction of the No.2 building of the Sanage Technical Centre (concentrated development function for interior parts)



FY2016 1,415.7 billion yen

Historic high in sales

2015

2014

proving ground

 Integrated the seat frame mechanism component businesses of Aisin Seiki Co., Ltd. and Shiroki Corporation into the Company

2015

Completed Tajimi Technical Centre

 Developed new seat frames boasting light weight and high rigidity



2016

2016

- · Changed management structure (product business-based organisation)
- · Established Silicon Valley Office of Toyota Boshoku America, Inc.
- · Announced Mid-term Business Plan for Implementation 2020
- · Announced 2050 Environmental Vision

2017

- · Signed business partnership agreement with Tachi-S Co., Ltd.
- Took part in the 44th WorldSkills
 Competition for the first time and won a gold medal in the mechatronics category
- · Established a joint venture between Toyota Boshoku, Autoneum and Nihon Tokushu Toryo Co., Ltd.
- Signed an agreement on comprehensive promotion of industrial-academic collaboration with National University Corporation Kanazawa University

2018

- · Announced 2020 Management Plan
- · Celebrated 100th anniversary
- Concluded an agreement with Nagoya University to jointly research tidegenerating force
- Exhibited at CES2019
- Concluded a cooperation agreement with Iwate University centered on industrial technology development
- Concluded an agreement to establish a joint venture company for automobile seat production in the United States with Delta Kogyo Co., Ltd. and Toyo Seat Co., Ltd.



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



First application of seats made using the Foam in Place Method (2013)



Started production of fuel cell-related products (separators) (2014)



Jointly developed the Company's first aircraft seats with All Nippon Airways Co., Ltd. (2015)

Value Creation Process

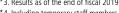
The Toyota Boshoku group seeks to realise our vision, "Looking into the future, we will create tomorrow's automobile interior space that will inspire our customers the world over" based on the identity of "HITOZUKURI*1," "MONOZUKURI" and R&D*2 as well as by leveraging our four business domains to support value creation.

- *1 Human resources development to realise Principles of Toyoda and Human-centered Monozukuri (Manufacturing and Craftsmanship)
- *2 Research, technology and development

Resources supporting value creation*3

Business activities that support value creation (Business model)

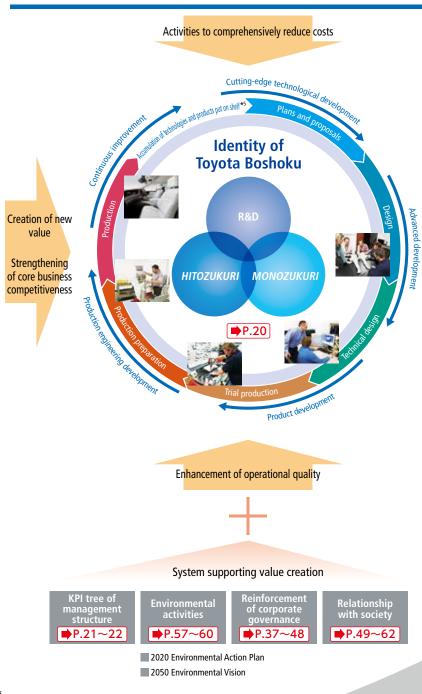




^{*4.} Including temporary staff members

^{*5.} This involves putting excellent technologies and information on products onto a shelf, which is a database, and applying these to next-generation product development.





[VISION]

The Company We Aim to Become

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

Our desired status in business

Aiming to achieve "a company that persists in proposing excellent mobility for customers throughout the world"

Our desired status in society

Aiming to secure "a trusted company that grows together with all stakeholders"

Value provided by the Toyota Boshoku group

Toward our desired status for 2030

QUALITY OF TIME AND SPACE

Offer "QUALITY OF TIME AND SPACE" in all mobility





New Business Promotion

Aim to create new value and quickly commercialise development results (including nonautomotive seats and textile components)

▶P.35~36

Enhanced capital efficiency ROE 9.6% 4.3% Operating profit margin Total equity growth 3.3 billion yen

Fiscal 2019 results

Dividend payout ratio	37.9%
Income taxes	27.3 billion yen

Stakeholder return

Member motivation and growth Innovation of vibrant work style

Member satisfaction (KPI on vibrant work environment) 67.8% ▶P.53

Established a work environment for diverse members Completed basic design for Global HR Platform P.54

Growth Number of people qualified with

National Trade Skill Testing & Certification

Total: 1,642 P.55

Provision of value to customers

Toyota Boshoku group Seat production

7.51 million units

Seat sales ranking (Toyota Boshoku research) No. 3 globally

Offer "QUALITY OF TIME AND SPACE"

Installed seats and interior products in new LEXUS UX

Development of new technologies

High added value Development of rechargeable lithium-ion

▶P.33

Environment / Energy saving / Reduce mould yield ratio Development of cooling and circulating water purification system

▶P.59

Economic value

Enhance economic value through profit improvement by expanding financial results **▶**P.29~36

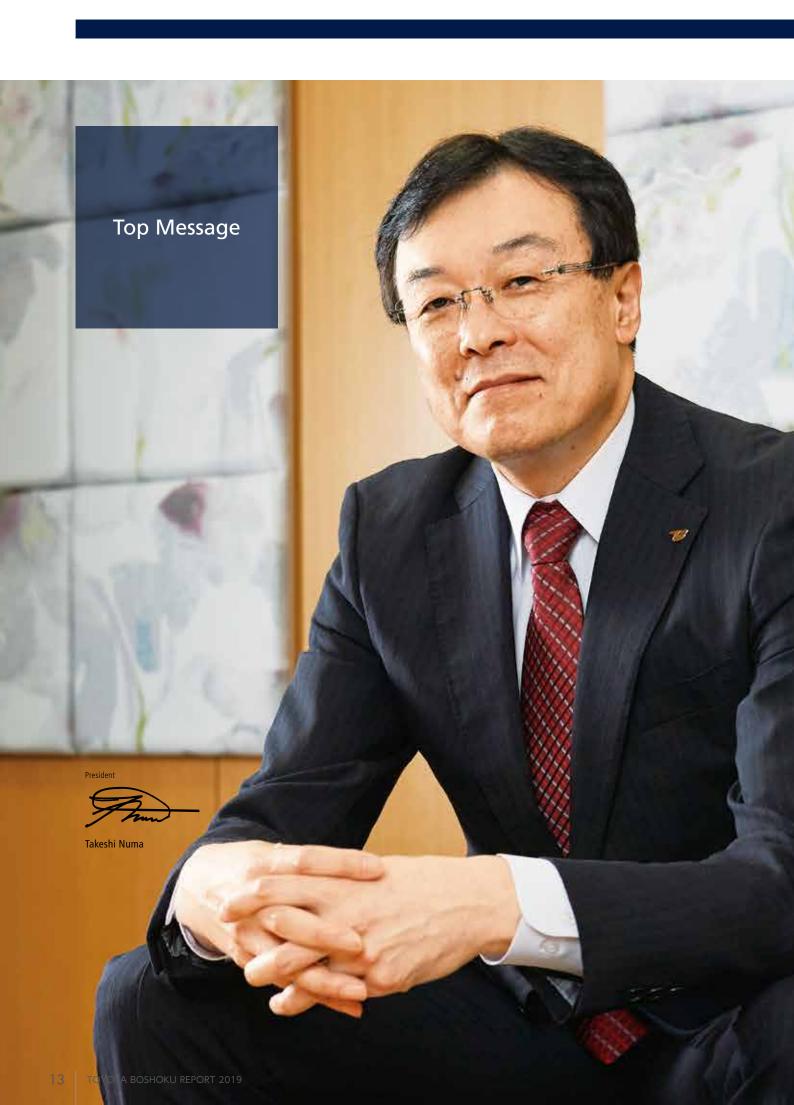
Social value

Contribute toward social value through distributing economic results to stakeholders and corporate growth while fulfilling our responsibility in harmony with society

▶P.49~62

2020 **Management Plan**

Revenue 1,400.0 billion yen Operating profit 70.0 billion yen Operating profit margin 5.0%



Anticipating the Future and Laying the Foundation for the Next Generation amidst a Transformational Period

In working toward its desired status, the Toyota Boshoku group is steadily implementing the Mid-term Business Plan for Implementation and accelerating new value creation for future growth. Amidst this transformational period in the automotive industry, Toyota Boshoku President Takeshi Numa explains Toyota Boshoku's most recent issues and its initiatives for the future.

In 2018, we celebrated the milestone of the 100th anniversary of our forerunner Toyoda Boshoku Corporation. I also assumed the duties of president of Toyota Boshoku in 2018, and during this past year I have deeply felt the weight of our long history. At the same time, we also started out on our next 100 years and steadily achieved results toward the attainment of the Mid-term Business Plan for Implementation, which we announced in November 2016.

These evolving seat functions will also likely spur changes to the fitting and layout of ceilings, door trims, carpets and other aspects of interior spaces and an expansion in mobility services will lead to a diversification of values demanded by customers. I am concerned that unless we can offer plans and proposals that anticipate these changes and needs, we run the risk of becoming a company that merely creates commodity products requested by customers.

In the Midst of a Once-In-a-Century Transformational Period

The automotive industry is currently witnessing a once-in-a-century transformational period. The breathtaking speed of changes in the business environment is accelerating beyond expectations as we are being forced to respond to emerging new trends that include the advance of CASE*1 and MaaS*2 while industry reorganisation gains momentum and other industries such as consumer electronics manufacturers enter the automotive industry. I expect these evolving trends will also significantly reshape our own product lineup. For example, we are likely to see changes in the mechanisms and functions demanded by customers. This includes demand for seats that can be freely rotated and moved during autonomous driving and for a variety of functions such as seatbelts, airbags and air conditioning that centre around actual seats.

Two Measures for New Businesses Promotion

In view of this evolving environment, we will solidify our business footing and aim to realise our desired status. In doing so, during fiscal 2019 we implemented two measures for promoting new businesses to further improve profits while raising the value provided in our existing businesses. Specifically, we established the New Value Creation Centre as a new organisation that integrates the Pioneering Development Field and the Research Laboratories. Simultaneously, we established the New Business Promotion Segment and promoted the emergingmarket compact car business, aircraft seat business and textile business and also developed such new products as rechargeable lithium-ion batteries and cooling and circulating water purification systems (Weets, see page 34). We also enhanced our proposal capabilities for the future and this enabled us to secure new orders for two types of aircraft seats from ALL NIPPON AIRWAYS CO., LTD. (For details, refer to page 35.)

^{*1} Connected, Autonomous, Shared and Electric

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

Profits Decrease due to Upfront Investments for the Future

In fiscal 2019, we posted increased sales and lower operating profit, as revenue increased by 9.9 billion yen from fiscal 2018 to 1,417.3 billion yen and operating profit decreased by 13.1 billion yen from fiscal 2018 to 61.2 billion yen. (For further details, refer to page 63.) Regarding the outlook for business results in fiscal 2020, the Toyota Boshoku group forecasts decreases in revenue and operating profit, with expected revenue of 1,390.0 billion yen, a decrease of 27.3 billion yen from fiscal 2019, and operating profit of 53.0 billion yen, a decrease of 8.2 billion yen from fiscal 2019. Versus the 2020 Management Plan (for details, refer to the diagram on page 15) announced in 2018, management indicators such as revenue, equity ratio, ROE and the dividend payout ratio in our full-year forecast for fiscal

Review of 2020 Management Plan

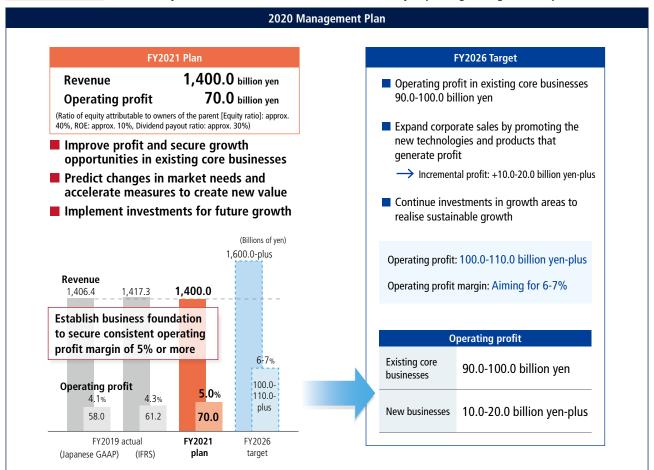
ltem	Vision	FY2019	FY2020 forecast	
	VISIOII	Japanese GAAP	IFRS	IFRS
Revenue [Net sales]		1,406.4 billion yen	1,417.3 billion yen	1,390.0 billion yen
Operating profit		58.0 billion yen	61.2 billion yen	53.0 billion yen
Operating profit margin	Steadily maintain 5% or higher	4.1%	4.3%	3.8%
Total equity [Net assets]		313.0 billion yen	329.3 billion yen	_
Ratio of equity attributable to owners of the parent [Equity ratio]	Around 40%	36.7%	36.8%	38.2%
ROE	Around 10%	8.0%	9.6%	10.2%
Dividend payout ratio	30%	48.4%	37.9%	35.9%

2020 are virtually progressing in line with the plan. However, operating profit is expected to fall short of the target, with a 13.0 billion yen variance between the target of 66.0 billion yen and the forecast of 53.0 billion yen. The expected decline in operating profit mainly reflects the impact of changes in the external environment such as a shift in model mix

2020 Management Plan

Basic approach

- Accomplish Mid-term Business Plan for Implementation coping with changes in market trends
- Steadily realise financial benefits from our efforts by improving management capabilities





Adopting Completely New Perspectives as We Accelerate Cost Reduction Activities and Build a Global Management Foundation

away from previously robust minivans and SUVs to sedans and compact vehicles as well as soaring raw materials costs. Other income-reducing factors include our proactive upfront investments aimed at strengthening future competitiveness. (For details, refer to page 65, Factors underlying changes in operating profit.) To rebound from the impact of this changing environment, the entire company will work in unison to achieve an unprecedented high level of rationalisation in fiscal 2020.

Directly Addressing Issues One by One

To build a strong corporate structure capable of withstanding rapid changes in the external environment, we are adopting completely new perspectives in pushing ahead with cost reduction activities while stepping up efforts to build a global management foundation. As an example, the price of nylon raw materials for numerous Toyota Boshoku products has soared approximately twofold over the past two years. To counter these rising costs, the Toyota Boshoku group is reviewing product design structures and promoting the shift to low-cost, proper-grade materials in addition to undertaking

unified activities with suppliers such as encouraging local procurement.

Furthermore, we are implementing measures for sophisticating business management to accelerate decision-making and increase operational efficiency. As one such measure, from fiscal 2020, we eliminated the posts of Managing Officers, Executive Functional Officers and Functional Officers and consolidated these posts as Kanbushoku*3. I am confident this move will result in quick decision-making and accelerate speed from the strategy planning stage to execution. In conjunction, we are making progress with "innovation of vibrant work style" for realising more efficient work styles and improving productivity by raising worker-friendliness and satisfaction of company members. In parallel, we are promoting TQM*4 activities that maximise the capabilities of organisations, processes and people essential for realising sustainable growth and improving the work

^{*3} We eliminated the posts of Managing Officers, Executive Functional Officers and Functional Officers (a reduction of 31 persons) and established *Kanbushoku* that includes division general manager-level and department general manager-level positions. This has enabled the allocation of the right persons for the right places for a wide range of posts that include Segment Chiefs, Field Chiefs and Centre Chiefs.

^{*4} Total Quality Management: Refers to activities aimed at enhancing the vitality of people and the organisation, thus increasing customer creativity and satisfaction, based on the basic philosophies of "customer first," "full-member participation" and "continuously carrying out kaizen" to ensure flexible and resilient corporate quality.

quality of each and every company member. (For details, refer to page 51.)

To sharpen the competitiveness of MONOZUKURI (manufacturing), we are also focusing on creating representative model lines in each business that collaborate extensively with such functions as quality, manufacturing, production engineering and development. At the same time, we are strengthening production engineering and capabilities with the aims of introducing the Internet of Things (IoT) and artificial intelligence (AI), reducing losses and ensuring competitiveness. As part of these efforts, in November 2019 the MONOZUKURI Innovation Centre will be completed at the Sanage Plant. This will accelerate product development through collaboration with production engineering, development, manufacturing and quality and will also enable centralisation of information from each plant. In doing so, we will build a production structure that can quickly move into action. We are also undertaking a reorganisation of our domestic production plants. To this end, we have devised a plan for reducing the current number of plants by approximately 30% in the run-up to 2025 and by consolidating production we will vigorously streamline operations and reduce logistics costs. Along with this, we will clearly map out strategies for each region and each plant that focus on the issues of whether to undertake just-in-time production or intensively produce the necessary number of products

irrespective of the order of production.

Although the Toyota Boshoku group is facing an extremely harsh operating environment, we will steadily implement activities through "shop by shop" approach based on similar types of process classifications to solve various issues and I will take the lead in addressing issues with a strong determination to attain the Mid-term Business Plan for Implementation 2020.

Advanced Development for Being an Interior Space Creator

As I mentioned earlier, now is the time to quickly respond to the dramatic changes in our business environment. Besides strengthening our footing, we will accelerate future-looking initiatives and strengthen advanced development to become an Interior Space Creator (see page 19) that leads the way in creating new value for mobility spaces.

In January 2019, the Toyota Boshoku group displayed our products and technologies for the first time ever at CES*5, the world's largest consumer electronics trade show, held in the U.S. city of Las Vegas. Based on the theme of QUALITY OF TIME AND SPACE, we made proposals on how to spend

*5 Consumer Electronics Show: This show exhibits numerous new products as well as many prototypes



First time to exhibit at CES 2019 held in January 2019

time comfortably inside interior spaces, and these proposals also encompassed safety, confidence and environmental aspects. In anticipation of autonomous driving, we developed and equipped seats with a function that incorporates algorithms for detecting changes in the occupant's physical status. With this function, sensors are attached to seats to detect biological information for determining the emotional state of drivers. If the sensors detect that the driver is drowsy, the function reacts by awakening the driver such as by vibrating the seat and blowing cold air. This exhibit at CES 2019 enabled us to gain significant attention from automakers and start-up companies, and this gave us enormous confidence about our future possibilities.

There are also some areas where it will be difficult for us to achieve growth as an Interior Space Creator by relying only on our own technologies. For this reason, establishing partnerships with Toyota Group companies and start-up companies is essential. We hope to accelerate our move toward this type of open innovation.

Initiatives toward Sustainable Growth

▶P.19~20

Aiming to be a Global Supplier Trusted and Chosen by Customers

Human resources represent the most vital source of our competitiveness in working toward the attainment of our management targets. Without the vitality and growth of each and every company member, we could never attain our management targets and other goals. In view of this, we will provide venues where company members can actually sense the growth achieved through their daily work



Special Feature Identity of the Toyota Boshoku Group

▶P.23~28

and enhance education and training systems to further strengthen human resources development. We will strive to ensure this human resources development, or "HITOZUKURI," leads to next-generation "MONOZUKURI" and R&D to create value that exceeds customer expectations and allows us to achieve growth as a global supplier that is trusted and chosen by customers.

Striving to Improve Medium- and Longterm Value on the Basis of Corporate Growth in Harmony with Society

The Principles of Toyoda, which are the basis of our corporate philosophy, embody the concept of managing the company for the benefit of the world and people rather than only pursuing benefits for our own company. While inheriting the DNA of these Principles, we strive to enhance corporate value by contributing to the realisation of a sustainable society through our main businesses from the perspective of environmental, social and governance (ESG) factors and the Sustainable Development Goals (SDGs). Regarding returns to shareholders, Toyota Boshoku's basic policy is to continually maintain long-term, stable dividends. In keeping with this policy, in fiscal 2019 we increased annual cash dividends per share by 2 yen from fiscal 2018 to 56 yen.

In last year's Toyota Boshoku report, I mentioned I have valued and acted in accordance with three principles: Customer First, genchi-genbutsu (Go, see and study) and communication. With these three principles serving as action policies, I believe it is crucial to always consider what is important for our stakeholders and move into action especially during these times of drastic change. Going forward, based on our determination to achieve corporate growth in harmony with society, we will raise our economic value and share the positive results of these efforts with stakeholders in various forms while also reinvesting for the future, thereby enhancing corporate value over the medium and long term. Please look forward to the future of the Toyota Boshoku group.

Initiatives to Contribute to Social Value

▶P.49~62

Initiatives toward Sustainable Growth

Since our earliest days, we have cultivated the identity of "HITOZUKURI," "MONOZUKURI" and "R&D." These strengths have laid the foundations for business activities and a business model that support the creation of value in the Toyota Boshoku group, enabling us to establish a strong position in the market with our core businesses of Seat, Interior & Exterior and Unit Components.

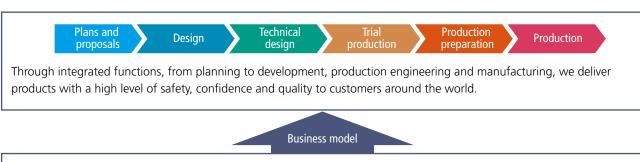
The business environment is changing drastically, however, with advance of CASE and the need to respond to new MaaS trends. Perceiving these changes as business opportunities, we will tackle new challenges from a fresh perspective that goes beyond a mere extension of past endeavours.

By further refining our identity going forward, we believe we can create significant new value.

Toyota Boshoku group's identity and business model

Over the years, we have poured our efforts into *HITOZUKURI* and *MONOZUKURI* from the customer's perspective based on the belief that manufacturing forms an integral part of human resources development.

One feature of our products is that users touch them directly. That's why we always keep people in mind during MONOZUKURI as a way to connect with them and produce items that we know they will feel affection for. Based on MONOZUKURI, we will leverage our advanced R&D to continue providing comfort value.



R&D in pursuit of comfort in mobility spaces with a basis in safety and the environment

Promote technological innovation with a view to the future

Strengths

• Product development in consideration of the user
• Response to social issues

• Passion, sense of mission and tenacity

HITOZUKURI that supports our next 100 years by combining and maximising the capabilities of our 50,000 members worldwide

Values we pass on

Strengths

- Honesty and sincerity
- Diverse values
- Challenging spirit
- Teamwork

MONOZUKURI (manufacturing) capabilities cultivated for 100 years that create affection based on trust and confidence

Uphold the Customer First philosophy

Have a challenging spirit for advanced engineering and processing technologies

- Continuous improvement
- Find the root cause of a problem through genchi-genbutsu
- Customer First
- Combination of good products at a reasonable prices and leading-edge technology

Spearhead the creation of new value in interior space

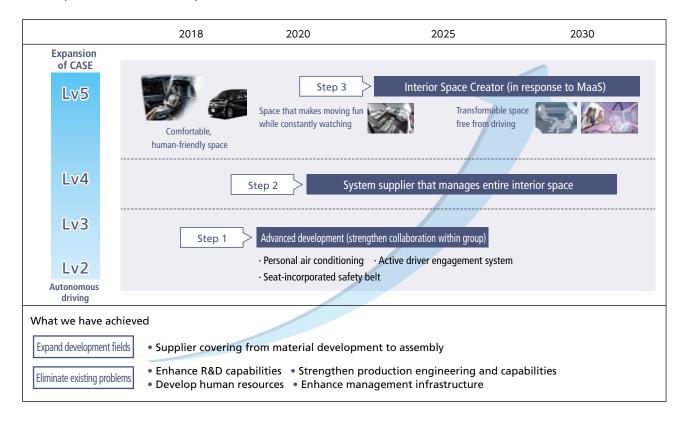
The Toyota Boshoku group is strengthening advanced development with the aim of being an Interior Space Creator offering "QUALITY OF TIME AND SPACE."

Interior Space Creator

We aim to deliver high-quality products by realising our desired status of offering "QUALITY OF TIME AND SPACE" in all mobility. We also seek to be an Interior Space Creator that can provide new value to interior space in response to MaaS, which includes providing services to customers.

Offering interior spaces for an enjoyable and fun autonomous driving experience

Roadmap to become an Interior Space Creator

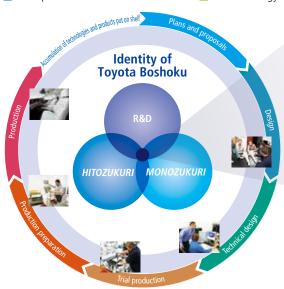


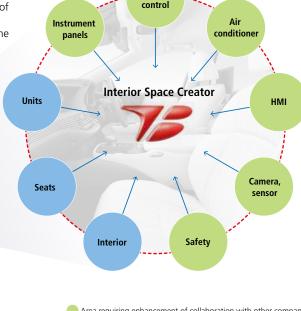
Toward our desired status for 2030 QUALITY OF TIME AND SPACE

Offer "QUALITY OF TIME AND SPACE" in all mobility

Toyota Boshoku will strive to evolve into an Interior Space Creator and provide new value in mobility based on our identity of "HITOZUKURI," "MONOZUKURI" and "R&D" and our business model.

- Reinforce existing technologies in core businesses and accelerate technology development in response to CASE
- Accelerate the building of cooperations with companies possessing the technology we require





Flectronic

- Area requiring enhancement of collaboration with other companies
- Area requiring enhancement of proprietary technologies

Framework for enhancing

The Toyota Boshoku Group's Management Concept and KPI Tree of Management Structure

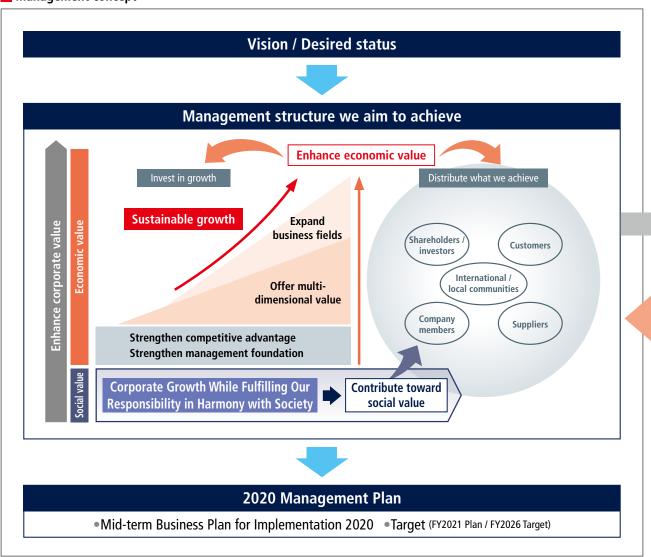
The Toyota Boshoku group undertakes various corporate activities for attaining our Vision and realising our desired status. To attain the management structure we aim to achieve, Toyota Boshoku established the KPI tree of management structure to follow its state of progress.

The Toyota Boshoku group pursues sustainable growth focused on efforts for strengthening our competitiveness and management foundation while aiming to contribute toward social value through enhancing company growth and fulfilling our responsibility in harmony with society as a good corporate citizen. This will enhance our economic value. We will then distribute to our stakeholders what we achieve by enhancing economic value and will enhance

corporate value on a mid-to-long-term basis and meet stakeholder expectations by re-investing in growth.

To realise the "management structure we aim to achieve," we established a framework for effectively utilising and managing our management resources and are setting the KPI tree of management structure to follow progress toward achieving our goals.

Management concept



Economic value

We strengthen our competitiveness through initiatives under the Mid-term Business Plan for Implementation in order to solidify our medium- to long-term earnings foundation, manage the business operations that support the Toyota Boshoku group's value creation and generate financial results. We will pursue the enhancement of economic value through profit growth achieved by re-investing in growth areas.

Social value

We contribute toward social value through distributing to our stakeholders economic value and enhancing company growth while fulfilling our responsibility in harmony with society.

KPI tree of management structure

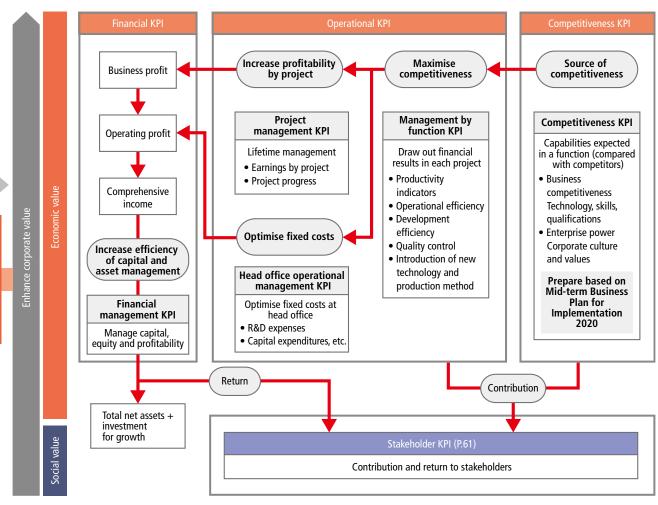
A framework for effectively utilising and managing our management resources

The Toyota Boshoku group distributes to our stakeholders what we achieve after strengthening our competitiveness and enhancing economic value through our business activities. We also realise sustainable growth and enhance corporate value over the medium and long term by focusing on investment aimed at growth.

We have established a KPI tree of management structure and systemised it as follows in order to realise the management structure we aim to achieve.

- 1) Financial KPI: Enhance economic value through profit improvement by expanding financial results
- 2) Operational KPI: Generate financial results by solidifying earnings foundation with project-based management
- 3) Competitiveness KPI: Strengthen competitiveness by promoting the Mid-term Business Plan for Implementation
- 4) Stakeholder KPI: Contribute toward social value through distributing economic results and corporate growth while fulfilling our responsibility in harmony with society

In addition to strengthening management oversight, we will measure the attainment level toward realising the management structure we aim to achieve and visualise the extent of contribution the operations of each member is making to the Company.



Tree structure for target management

-ollow progress using KPIs

The Toyota Boshoku group classifies into a tree structure the financial KPI, operational KPI, competitiveness KPI and stakeholder KPI, and thoroughly implements initiatives to enhance corporate value in an integrated manner from top management through to members working on the front line. In addition, we are working to continuously increase corporate value while following up on progress and undertaking predictive management at management meetings held once a month, attended by inside directors, audit & supervisory board members, segment chiefs and field chiefs.



Special Feature: Identity of the Toyota Boshoku Group

We aim to be a corporate group that will remain trusted over the next 100 years by enhancing our identity, namely "HITOZUKURI," "MONOZUKURI" and "R&D," and by combining them with one another. The following interviews with the leaders explain the basic concept and initiatives regarding our identity.





HITOZUKURI

Development of global human resources to create the next 100 years Sharing values, creating a global system and OJT are the key

Basic concept

As a good corporate citizen, the Toyota Boshoku group aims to enhance its medium- and long-term corporate value by pursuing sustainable growth in harmony with society. The foundation for the enhancement of corporate value is people. Without the development of people, we would not be able to create the next 100 years.

We are a global corporate group consisting of nearly 100 companies operating in 26 countries and regions. We place importance on a diversity in which members from around the world share common values such as the Principles of Toyoda and TB Way (see page 7) and mutually respect different ideas. We will develop a culture where the right person assumes the right position and takes leading roles globally, and where "people" develop "people" irrespective of differences in nationality, gender, religious faith or other attributes. This will be followed by the formation of an organisation with a sense of unity, which will provide greater value to the world. To this end, we will establish a globally common personnel system. Based on the strong belief that "people" develop "people," we also make strong efforts in on-the-job training (OJT), focusing on the development of subordinates through high-quality communication

Evolution of a Global HR Platform

We introduced a globally common HR system called the Global HR Platform with the aim of encouraging the development of our human resources on a global scale. Consequently, the Global HR Platform (qualifications and evaluation criteria) for managerial-level positions has been put into effect around the world, making it possible for us to facilitate transfers and the utilisation of optimal human resources on a global scale. (For details, refer to page 54.) Furthermore, the Regional Succession Committee (RSC) has been established to optimise the development of successors on a regional basis. The required successors are clearly identified and are systematically developed by means

of OJT. Discussions at RSC are summarised and reviewed at the meeting for developing global successors, and optimal staffing (transfers and utilisation) has commenced on a global level. In the future, we will encourage the development of self reliant human resources who share common values and are capable of completing operations in their regions.



Our executive candidates are developed selectively and systematically with the aim of progressing more strongly with our global, consolidated and integrated management.

The essence of "innovation of vibrant work style" is high-quality communication between supervisors and subordinates.

For company members to work energetically and feel that their work is worthwhile, it is important to ensure that they truly feel that they contribute to their company and are being developed. This requires high-quality communication between supervisors and subordinates in their daily work. More specifically, supervisors should carry out process management by assigning tasks that are challenging and require a slightly higher skill level than that of subordinates. In the process of doing so, supervisors check whether their subordinates create a work plan and control processes including deadlines; whether they strive to improve; whether they practice *genchi-genbutsu* with the facts on the spot before making decisions; and whether they



have cost awareness; among other aspects. In this way, subordinates are guided through their daily communication. Leading subordinates to success and praising them whenever they achieve successful results. This is the cycle of success and generates a sense of achievement and confidence in subordinates and helps them to improve. This is the essence for enabling company members to work energetically.

For "innovation of vibrant work style," all companies and plants in our group are committed to creating processes and workplaces for everyone to work more efficiently and effectively. In addition, in terms of the HR system, we have introduced flextime and telework, which allow members to flexibly choose the hours they work and places they work. In this way, we are providing more work style options and have developed an environment in which members can work more energetically and vibrantly. (For details, refer to page 53.)

Ongoing efforts regarding HITOZUKURI as a global company

The global HR systems and OJT should ensure that the appropriate individuals assume the appropriate positions and take leading roles globally, irrespective of differences in nationality, gender, religious faith or other attributes. Our workplaces will build the culture of human resources development through "people" developing "people." Our regional locations will grow more self reliant and help to maximise our global organisational strength. In this way, we will provide greater value to the world.

TOPICS

Encouraging diversity at manufacturing sites and office reforms aimed at improving productivity



Guangzhou Intex (China) introduced dedicated line for women expecting a child to the sewing process, which is generally performed while standing. This allows members to sit down to operate the sewing machine. Care is exercised by dividing their processes in accordance with the length of their pregnancy.



The free address seating system eliminates departmental barriers and stimulates communication. A company member is allowed to choose the best place depending on what they do, thereby leading to improvements in productivity.

Special Feature: Identity of the Toyota Boshoku Group





Rooted in the Toyota Production System

Making Good Products to Satisfy Customers by
Establishing a Strong, Flexible System

Basic concept

The Toyota Boshoku group originated from Toyoda Boshoku Corporation, a company founded by Sakichi Toyoda. Continuing Sakichi Toyoda's enthusiasm for *MONOZUKURI*, we always base everything on a customer's perspective and seek to create products on a BtoBtoC* basis. We always think about how to deliver good products at reasonable prices, in a timely manner, efficiently and in accordance with customers' needs.

We are not a company that only makes products. We have a consistent function throughout the entire process from design to trial production, development, production engineering and production. For production, we have many different processes encompassing pressing, resin moulding, welding, coating, assembly and many others. They are our great strength and characteristics.

Recently, the trends and market environment surrounding automobiles and customers' needs have been changing

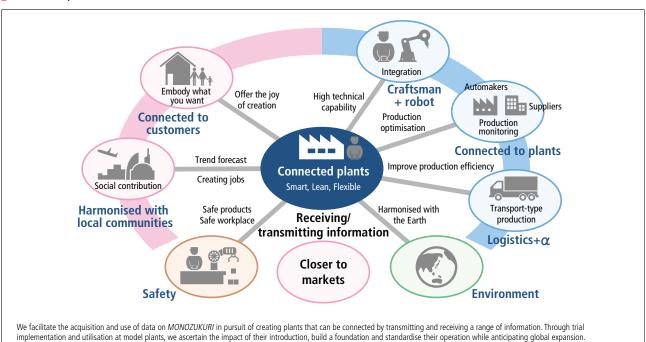
faster than ever. To keep pace with these changes, we need to constantly pursue a production system and supply speed that will enable us to efficiently handle quality and changes in demand, based on a thorough understanding of the sales approaches and production plans of an automaker.

* Business to Business to Customer: Striving to provide products that take the perspective and viewpoint of a customer into account so that we can meet the expectations of customers "Business" and end users "Customer" who actually ride in the vehicle.

Shortening the lead time is the key to competitiveness

Automakers, our clients, constantly pursue shorter lead times in an effort to adapt to changes in the market and fluctuations in demand. To address changes in demand from automakers in a timely manner and become more competitive in MONOZUKURI, we also strive to shorten lead

Connected plants





time. Lead time can be broadly divided into three stages: development, preparation for production and production. Shortening the lead time must be considered for each of the stages. In other words, we always try to foresee changes in the market, rapidly develop products to satisfy demand, build a process for starting production early while ensuring safety and quality in the products that are developed, and ensure timeliness and efficiency to satisfy customers' needs (quantity and type). This requires the shortening of the lead time in production and logistics throughout the process from the arrangement of components to the delivery of completed products to automakers. It is also necessary to consider the overall lead time and efficiency and decide whether to adapt our production to the order of production in the automakers or to increase efficiency by intensively producing the necessary number of products irrespective of the order of production.

Shortening the lead time in logistics between suppliers and production locations is also important. For example, even if you order components every day, you will not be able to shorten the lead time if the truck operates only once a week, because it cannot be allowed to leave before it is fully loaded. Accordingly, we utilise the carriers' junction locations and cooperatively transport the components of suppliers and production bases from the same region. By doing so, we seek to streamline transportation and establish cost-minimum logistics where we can adapt flexibly to quantitative fluctuations.

What is needed for "good MONOZUKURI"

In the future, plants will be required to make their processes compact and resistant to many different fluctuations. We also foresee our future and are committed to *MONOZUKURI* with utilisation of the Internet of Things (IoT). We utilise IoT in controlling plants and visualising productivity, and we use artificial intelligence (AI) and robots for developing innovative processes and standardisation. These will be successively expanded on a global scale. IoT enables us to view the production status in a timely manner and quickly

identify and improve problems and run a plan-do-checkact (PDCA) cycle. We will then standardise processes and maintenance and strive to shorten the lead time further in an effort to become more competitive.

It is also necessary to thoroughly implement the Toyota Production System. We will enhance productivity in our work, equipment and materials; reduce costs; coordinate the process from development to manufacturing; and develop processes that are geared toward the different regions and customers. This should lead to our customer first, competitive practice of MONOZUKURI.

TOPICS

Monozukuri Innovation Centre

(scheduled to be completed in November 2019)



The cooperation between development, production engineering, quality assurance and plants will be strengthened. Preparations for production are streamlined. Our customer first efforts to secure quality will be strengthened even further. We will also streamline and raise the level and improve the efficiency of our MONOZUKURI through the utilisation of Al and automation technology and other means.

Special Feature: Identity of the Toyota Boshoku Group





R&D

Pursuing New Value of Automobile Interior Spaces
Broader Possibilities from the Vehicle Interior

Basic concept

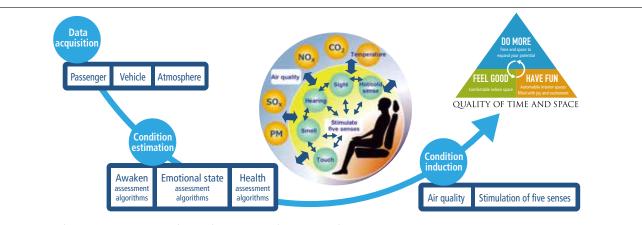
The basis of our R&D originated from Sakichi Toyoda, our founder who was constantly ahead of the times in developing products. In automobile seats, our mainstay products, the Toyota Boshoku group has harnessed our track record of more than 60 years and our expertise in the manufacture of automobile seats, stayed ahead of global needs and pursued the advancement of our technological strengths. We carefully select materials, maximise the characteristics of each component and can offer customers safe, assured and comfortable seats. This is our strength. We have evaluation and test equipment that is equivalent to an original equipment manufacturer (OEM) and our own test course as we engage in product development based on the perspective of a driver and a passenger. Furthermore, we focus on the development of materials, and, in 2018 we launched eco-friendly products including components using high impact-resistant plastic (see page 58) and kenaf, a plant-based material.

In recent years, the extension of Connected, Autonomous, Shared and Electric (CASE) and Mobility as a Service (MaaS) has drastically changed the environment surrounding mobility. Continued progress in the technology of autonomous driving will relieve drivers from driving and generate new value in terms of transportation times. Prior to that, the definition of an ideal automobile seat was that it was comfortable for the driver. From here on, we will also see a rise in demand for a "comfortable, human-friendly space" that is geared toward all drivers and passengers in terms of the usage and situation, and that satisfies individuals' requirements. We take the changes in the environment as an opportunity and will continue to strengthen our advanced development activities with the aim of becoming an interior space creator (see page 19) to lead the creation of new value of mobility spaces offering such aspects as new experiences, time and spaces unlike anything else that has been available to date.

Accelerate efforts transcending conventional borders

As we strengthen our advanced development activities, we focus particularly on "human-centred development." One example is the development of a system for combining the five senses of human beings with the internal air quality inside a vehicle to create the optimal conditions for a driver and a passenger. This system was incorporated into the Interior Space Model AceS, which was first exhibited at CES 2019 in January 2019. We have introduced a technology that is able to estimate a driver's level of sleepiness and

Developing a control system that combines the five human senses with air quality



The condition of a driver is estimated on the basis of a range of his/her biological information, and the five senses and air quality are controlled accordingly. A driver's condition will be guided and greater safety, confidence and comfort will be ensured. Beyond that, the driver will even be inspired. All of these are aimed at achieving QUALITY OF TIME AND SPACE.



emotional state by detecting his/her biological information and keep him/her from becoming sleepy accordingly, as well as a technology that provides safety, confidence and comfort by stimulating the five senses with vibrations, music, light or other stimuli that suit a given situation. Efforts are underway toward commercialisation.

We perceive that the expansion of the world of MaaS will create a new form of UX*. For example, it could make a vehicle into a venue for meetings and for entertainment such as watching videos.

By offering customers a variety of services as well as tangible goods such as seats and interior components, we will deliver valuable time and spaces for drivers and passengers. MOOX, a cabin space model, was also exhibited and enabled visitors to experience the new and unprecedented value to be offered.

* User Experience: Experience obtained by a user through a product or service

Accelerating efforts to serve society as well

Activities are underway at the New Value Creation Centre, which was established in April 2018, with the aim of serving society to a greater extent through our research in 2030 and thereafter. In October 2018, a plant-growing technology using the tidal force, the force that generates high and low tide, was disclosed for the first time in the world, garnering a significant reaction. We have also established the Technical Advisory Board, a think tank consisting of experts outside our group, and we aim to sow seeds that are valuable to society as soon as possible through research and development.

Our efforts to continue creating new value and serve society will be accelerated.

TOPICS

Exhibited at CES 2019 for the first time

Cabin space model AceS (Active Comfort Engaging Space)



The cabin space model assumes Level 4 autonomous driving. The camera installed inside the vehicle and the sensor embedded in the seat implement four 'human-centred' systems including the maintenance of wakefulness, personal air-conditioning, automatic posture/ physical build detection and adjustment, and an emotion-linked interior.

MOOX, a cabin space model



The cabin space model assumes Level 5 autonomous driving. It also assumes use in many different service spaces such as those for business and entertainment. With a flexible seat layout, MOOX arranges the systems in accordance with a given situation.

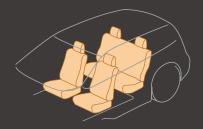
Business Introduction

In this section, we hear from the Segment Chief in each business (Seat, Interior & Exterior, Unit Components and New Business Promotion) about respective initiatives and future developments.

Seat Business

Aiming to Be a Seat Professional That Leads Not Only Our Automakers Customers But Also the Market

Operating production lines in regions worldwide, the Seat Business continuously pursues safety, confidence and comfort as the Toyota Boshoku group's mainstay business. We leverage collaboration inside and outside of the Toyota Group to provide more competitive seats and respond to new environments brought about by such innovations as autonomous driving and electrification.



SWOT analysis



- Stable business as a seat system supplier
- Collaboration structure with Toyota Group companies
- High potential derived from business integration and business alliances



• Order-receiving activities targeting new customers



- Possibilities for seats accompanying the advent of autonomous driving
- Emerging opportunities for deepening collaboration with other companies in the same industry



• Trend toward global mega-suppliers

Operating Officer Segment Chief, Seat Business Segment Masanobu Ishikawa 29 TOYDTA BOSHOKU REPORT 2019

Looking back at fiscal 2019

Fiscal 2019 saw the Seat Business respond to the vehicles launched by Toyota Motor Corporation such as the Corolla Sport, LEXUS ES and LEXUS UX. The development of a new seat frame based on the TNGA* concept introduced in 2015 helped reduce development man-hours through standardisation and enhanced efficiency. In addition, the integration of the mechanical seat frame component businesses of Aisin Seiki Co., Ltd. and Shiroki Corporation has led to a 30% increase in development efficiency through the unification of development processes and the shift to centralised production. The resources generated through this streamlining are being redirected into the development of new functions and seat development with a view to the future of autonomous driving in preparation for further growth. In terms of activities aimed at expanding sales, we have established a framework enabling us to make swift proposals to automakers by having technical and sales locations nearby, which includes extending the Osaka Marketing Office and setting up the Hiroshima Marketing Office.

* Toyota New Global Architecture is an initiative by Toyota Motor Corporation directed toward structural reform of automobile manufacturing with the aim of greatly improving the basic performance and product appeal of vehicles.

Fiscal 2020 and onward

With the imminent launch of a number of car models in fiscal 2020 and beyond, we will promote further standardisation and greater efficiency as well as make preparations for the future, especially by revising our production and supply system. In the United States, an



agreement was concluded between Toyota Boshoku, Mazda seat manufacturer Delta Kogyo Co., Ltd. and Toyo Seat Co., Ltd. for the establishment of a joint venture company for automobile seat production and sales. We will leverage the know-how and resources of both companies with the aim of producing more competitive seats.

Also, we will strive to bring shape to a locally optimal production and supply system for seat components. In each region, we plan to look into the best location for production, which will include examining the viability of centralised production. We will also propose development with a focus on the seat surface and materials, which significantly impact design and finish quality. This is in keeping with our commitment to be able to have automakers entrust us with everything. To help achieve this,

we established the BR Trim-Cover Innovation Dept., a specialty unit within the Seat Business Segment, in April 2019, thereby strengthening our proposal capabilities.

Amid remarkable technological innovations in the automobile industry such as autonomous driving, we believe there will be changes in the way people spend time inside a car and how that interior space is utilised, and in turn, the role required of the seat is expected to drastically change. By anticipating customer needs, we can take a proactive stance toward advanced development to create high value-added devices and propose seat arrangement. Going forward, the Seat Business Segment will work as one to produce attractive products that exceed customer expectations.

Key points of initiatives in fiscal 2019

- Launch of several car models
- Strengthening of development system by promoting standardisation
- Invigoration of order activities mainly by establishing marketing offices
- Enhancement of office environment

Action plan for fiscal 2020

- Optimise production system in each region
- Strengthen ties with other companies
- Bolster competitiveness to counter global mega-suppliers
- Pursue the possibility of seats alongside developments in autonomous driving

Seats that pursue comfort installed in the LEXUS UX

This seat features a high-quality design and functionality suitable for LEXUS urban style compact crossover cars

through a pursuit of ease of driving and comfort. Seat ventilation and a stitch-line sewn with a skilled technique invoke a feeling of fine quality throughout the seat. In addition, Toyota Boshoku's uniquely developed Foam in Place Method was used in the development of a sports seat exclusively for the F SPORT, the sports car in the LEXUS UX lineup, realising a great sense of fit and hold.

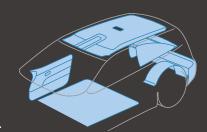


We employed quilting based on a traditional Japanese embroidery technique known as *sashiko*.



Working to Create an Attractive Mobility Space by Anticipating Market Changes as a System Supplier

The Interior & Exterior Business produces and sells a versatile selection of components and products that include door trims, headliners and floor carpets. Additionally, this business offers a total range of proposals and coordination of interior spaces as an interior system supplier. We proactively strive to create attractive interior spaces in consideration of people's five senses relating to new texture, design, acoustics and light.



SWOT analysis

· Global supply structure



- Original production engineering that reduces environmental impacts and achieves high quality
- A structure and proposal capabilities for coordinating entire interiors

Weaknesses

• Cost competitiveness of existing products



- Respond to next-generation mobility that includes connected cars, autonomous driving and car sharing
- Heightened need for resinification and lighter weight



- Intensifying global cost competition
- Acceleration in market changes and technological innovation

Looking back at fiscal 2019

In fiscal 2019, efforts focused on launching multiple new products such as the new model Corolla by Toyota Motor Corporation, for which global production is underway. Resin material realising a reduction of around 20% in weight compared with conventional base material while maintaining world-class impact resistance was employed as door trim for the new model Crown. Many customers have expressed their high expectations in the resin for its ability to reduce the weight and the environmental burden of vehicles. Moving ahead, we will further raise the cost competitiveness of this material and look to expand its application. In addition, we succeeded in automating the process for rapping the surface skin on the door trim used in the LEXUS ES, a difficult procedure that was previously performed by hand. This has enabled us to propose products that offer both a sense of luxury and cost competitiveness.

Fiscal 2020 and onward

In fiscal 2020, we will roll out a series of new products in Russia, China, Taiwan, Thailand and other places, putting into place the necessary preparations. In this segment's core businesses of door trims and headliners, we aim to realise further good products at a reasonable prices and strengthen initiatives to bolster profitability.

In the future, the functions required in these products are expected to change significantly compared with conventional products corresponding to the advancement in autonomous driving and MaaS. At CES 2019 held in

January 2019, we presented a dynamic comfort system that we intend to incorporate into the product strategy and plans of the items we proposed in fiscal 2020. This will include determining how to build the cameras and sensors





into this system in a beautiful design.

Amid intensifying global competition, it is necessary to further promote the creation of good products at reasonable prices toward fiscal 2021. Besides building on past efforts to strengthen activities to reduce production costs, we seek to enhance product attractiveness by integrating design and production engineering; shift to a simpler component structure and establish a simple production process in line with this; focus on local procurement; and reflect the results in the manufacturing entities of each region. Also, activities to modify work styles for design operations that we have undertaken since 2018 are expected to improve design capabilities and help establish an environment full of vitality.

We continue to team up with collaboration partners to implement "Let's make ever-better products" activities aimed at enhancing profit-making capabilities and technological capabilities in order to become a supplier trusted and chosen by automakers. Going forward, we will add advanced development capabilities to the mix and undertake initiatives that will be the source of competitiveness and take us ahead of our competitors.

Key points of initiatives in fiscal 2019

- Launch of car models for the global market
- Promotion of standardisation of global production engineering
- Advancement of automation processes

- Steadily launch car models for the global market
- Strengthen price competitiveness

Action plan for fiscal 2020

 Expand and reinforce "Let's make ever-better products" activities

Won The Technological Development Award issued by Society of Automotive Engineers of Japan

Developed lightweight moulded foam door trim with high impact resistance

Toyota Boshoku won The Technological Development Award at the 69th Society of Automotive Engineers of Japan Awards*1 for its lightweight moulded foam door trim with high impact resistance. The Company's technology was recognised for its ability to improve impact resistance and rigidity required for automotive components and further reduce weight. (For details, refer to page 58.)



*1 Award for significant contribution and achievement in automobile technology with the aim of encouraging advancements in automotive engineering and technology

Unit **Business**

Enhancing Development, Proposal and Production Capabilities Components the Competitiveness of Existing Businesses and Promoting Development Responding to the Further Evolution in

The Unit Components Business is promoting initiatives in anticipation of the age of electrification, with efforts centring on our four core product lines consisting of filters, air induction systems, fuel cell (FC)-related products and electric powertrain-related products. We are leveraging our unique strengths in high-performance filters and air induction systems as well as electric powertrainrelated products and fields related to fuel cells, which support electrification. At the same time, we are promoting the development of new businesses that utilise our core technologies.



SWOT analysis

- · Development capabilities in existing businesses
- Strenaths
- Core technologies that create new businesses (Production engineering in precision stamping, plastic moulding and filter mediums)
 - Facilities for handling various types of evaluations, testing and trial production



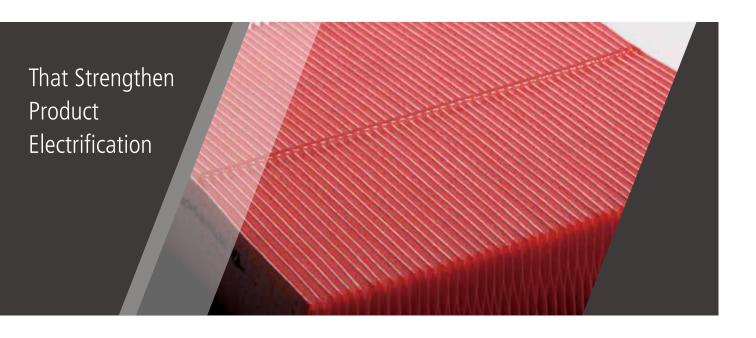
- Internal system to expand sales
- · Market changes in powertrain field in line with electrification
- Rising global interest in environmental issues
- · Potentials of new businesses
- Further acceleration of market changes
- · Price competitiveness of global mega-suppliers

Looking back at fiscal 2019

Fiscal 2019 was a year in which the Unit Components Business advanced sales expansion of existing businesses. Of particular note, filters of good products at reasonable prices were well received by customers and orders increased in the aftermarket. In addition, preparations were made to increase orders of engine air induction type resin products with investigations into the optimal production system underway. In October 2018, we relocated production in Tianjin to a new plant and increased the facility's size in order to establish a production system capable of responding to the business expansion of automobile filter products in China. Production at the site commenced. We also made preparations for hybrid-related components, for which demand is expected to rise, through the establishment of a production plant. These initiatives were put into effect on the back of high acclaim received in different fields such as our technological capabilities and production engineering capabilities enabling us to meet our customers' sophisticated requirements. Going forward, efforts will be made to develop new products by leveraging our core microfiber technology and precision mould and moulding and press technologies.

Further, the rechargeable lithium-ion battery released in 2018 is recognised for its high output and long life while having a compact design. In particular, the battery has stimulated significant interest from sports automakers in Europe for use in high-spec sports cars. Moving ahead, we aim to further refine product performance and quality and develop a supply system that brings us business opportunities.





Fiscal 2020 and onward

In fiscal 2020, we will develop and strengthen our production system in response to the expansion of existing products. In particular, we have had an increasing number of inquiries concerning air induction components, notably resin components, from various customers. We will make the necessary adjustments so that the Miyagi Plant of our subsidiary TOYOTA BOSHOKU TOHOKU CORPORATION can be newly used as a production site for unit components. In addition, we have already started shipment of samples for a rechargeable lithium-ion battery and plan to establish a pilot line at the Kariya Plant during fiscal 2020 with a view to mass production. We are also making progress in the project to utilise the Kariya Plant as the mother plant for our Unit Components Business in addition to having the option of collaboration with suppliers. This forms part of our plans to rebuild our production system.

Moreover, we started sales of our cooling and circulating water purification system (Weets) outside of the company in April 2019 and will make efforts to expand sales going forward.

Although we are progressing mostly in line with our action plan, we will strive to establish a workplace environment, strengthen the line of communication between managers and workers, and thoroughly reduce wasted man-hours in order to further accelerate our initiatives.

Key points of initiatives in fiscal 2019

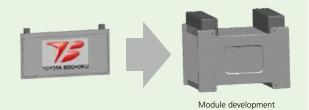
- Expansion of sales in existing businesses
- Launch of a new plant in Tianjin
- Development of a rechargeable lithium-ion battery
- Acceleration of business creation for cooling and circulating water purification systems (Weets)

Action plan for fiscal 2020

- Expand sales and strengthen system for existing businesses
- Rebuild production line and production capacity
- Pursue possibilities for new businesses in line with electrification

Promoting and strengthening development of a rechargeable lithium-ion battery

Toyota Boshoku has developed a rechargeable lithiumion battery utilising separators that apply our proprietary microfiber technology and unique precision stamping technology. We are currently developing the form of the battery so that it can incorporate a high-output cell and be used for automotive application along with development of a module and package. Efforts are being made to actively propose the product to automakers, which includes having displays at various exhibitions.





Creating Strategies for New Businesses and Promoting the Establishment of Business Management and Promotion Structures to Drive Expansion of Business Fields and Sustainable Growth

The New Business Promotion Segment includes centres for each business: Emerging-market Compact Car Business, ACT (Aircraft & Train) Business and Textile Business. Within the segment, we also assign specialists for planning and promoting business commercialisation and provide support for commercialising needs and seeds. New businesses are then put on a track as pillars of the Toyota Boshoku group's future contributing to the enhancement of corporate value.

Review of fiscal 2019 and future developments

In the Emerging-market Compact Car Business, we have strengthened efforts to expand business in India and the ASEAN region. We are close to completing development of a series of good products at reasonable prices that meet regional needs following market research in emerging countries and the setting of benchmarks. Going forward, we will augment our product lineup in accordance with region and vehicle classification. In terms of initiatives to boost sales to automakers in emerging markets, we established an office in Gurgaon City as a base targeting in particular sales expansion in India, a key market. The aim will be to obtain orders in the growing Indian market and increase sales.

In the ASEAN region, we will proactively implement activities to gain orders from automakers in conjunction with Toyota Boshoku Asia, our Regional Management &



Collaboration Hub (RM&CH).

In the ACT* business, we leveraged the know-how refined in the Company's automobile seat development business and entered the aircraft seat market. Earning high acclaim for their comfort and safety since making their debut in 2015, Toyota Boshoku's seats were adopted on two All Nippon Airways (ANA) domestic flight models in economy class seating. The seats are scheduled to be installed in eight Boeing 777-200 and 11 Boeing 787-8 models in autumn 2019 (a total of approximately 6,000 seats). There are business opportunities in the offing for

* Aircraft & Train

Key points of initiatives in fiscal 2019

Compact Car Business

- Emerging-market Promotion of business in India and ASEAN
 - Planning and development of good products at a reasonable prices seats for emerging markets

ACT Business

- Strengthening of order activities
- Development of base frames in seats that meet new standards

Textile Business

 Reinforcement of capacity at ASEAN production sites

Action plan for fiscal 2020

Compact Car Business

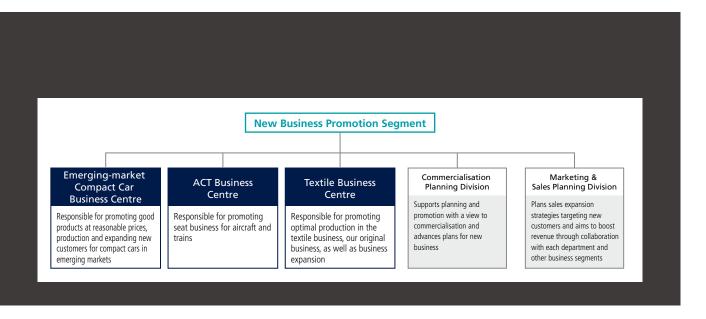
- Emerging-market Strengthen order activities in India and **ASEAN** region
 - Further enhance price competitiveness for all components, including seats

ACT Business

- Actively implement sales activities for aircraft manufacturers in Japan and Asia
- Strengthen aircraft seat component supply chain

Textile Business

Reshape product strategy



the aircraft seat business if we can show that we have the ability to secure orders for seats used in newly built aircraft in addition to replacement demand. Toyota Boshoku aims to increase sales in the aircraft seat business and make this area into a pillar of earnings.

In the textile business, we are leveraging our unique double weaving technology to gain exceptional competitiveness in the curtain-shield airbag field. To meet growing needs in emerging markets, we made capital investment in a production entity in Thailand in 2018 and significantly increased production capacity. We seek to

further enhance our share in curtain-shield airbags, for which demand is projected to increase in the light vehicle and compact car market in emerging regions. At the same time, we will develop safety-related equipment built into seats, namely airbags and seatbelts, that will be necessary in a future autonomous driving environment.

In addition, we are working to establish multi-faceted evaluation criteria so we can correctly assess and nurture breakthrough ideas born at the New Value Creation Centre in order to grow seeds of innovation that lead to future earnings. By doing so, we aim to drive sustainable growth.

Newly employed aircraft seat

Development of this new seat can be attributed to the addition of inventive new methods to enhance seated comfort and usability in our pursuit of the ultimate seat. In terms of seated comfort, the seat contours to a wide range of body sizes for a good sense of fit while the shape of the backrest frame has been optimised and comfort improved. In terms of usability, the table and armrest height and form factor details have been designed with usability in mind. The seat includes a full range of functions, including a new touch panel personal monitor, and also has a slim design for a feeling of roominess and space.





Management

Interview with an Outside Director

Contributing to Corporate Growth and Stakeholders through Wholesome, Substantive Discussion and Appropriate Advice

Outside Director

Akihiro Koyama

Professor, Faculty of Economics, Gakushuin University Doctor of Business Management

Evaluation of Board of Directors / Governance

Evaluation of corporate governance system

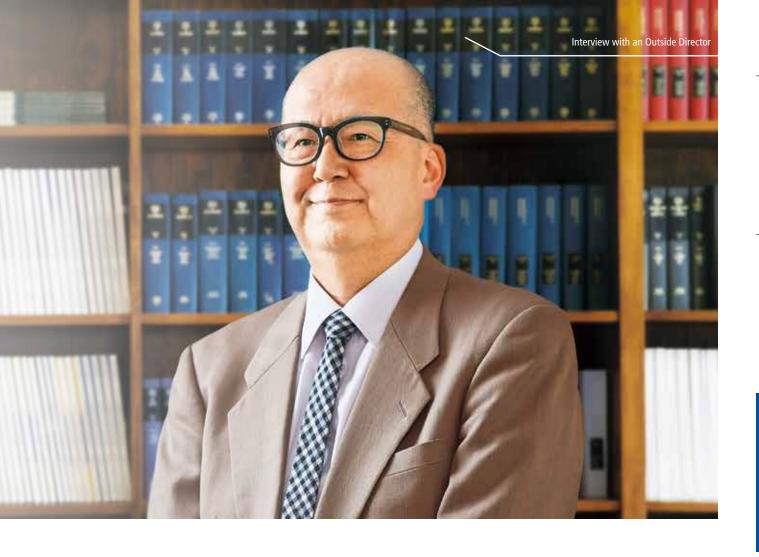
Since being appointed by the Board of Directors in June 2018, I have used my extensive experience researching the differences between Japanese and German corporate governance and in corporate finance to express my opinion and offer advice on a wide variety of topics.

Toyota Boshoku has established an environment that encourages substantive discussion from multiple standpoints, for example, by appointing four of the Company's 10 directors as outside directors with different backgrounds and areas of expertise. Toyota Boshoku is also committed to separating business execution and oversight. In April 2019, the corporate structure was changed and the number of officers was reduced from 31 to 20, consisting of the Chairman who holds a position above that of operating officer, Vice Chairman, President, Executive Vice Presidents, Directors, Operating Officers and Audit & Supervisory Board Members – a move that has been commended for accelerating decision-making and the implementation of management planning.

In the German corporate governance system that I am researching, it is strictly prohibited to concurrently carry out business execution and oversight. However, I don't believe this is the desired approach for oversight since it doesn't enable an understanding of the expertise required for business. As with Toyota Boshoku, I think it is more beneficial to have a balanced corporate governance

system in which there are both independent outside directors as well as persons who serve concurrently as an operating officer and a director. Of course, whether or not corporate governance is functioning properly depends on the ethical framework and capability of top management even when system design is exceptional. I will evaluate from an impartial standpoint whether the actions of management are aimed at enhancing corporate value rather than serve a self-centred agenda.





Agenda, mission and role of the Board of Directors

Role as an outside director and recommendations for strengthening governance

At Board of Directors meetings, I requested detailed explanations of such matters as capital cost calculations and the approach to profitability and internal reserves for global investment projects in fiscal 2019, and judged the eligibility and expressed my opinion. With regard to the acquisition of shares, I asked about the level of internal agreement on the company subject to the acquisition as well as its characteristics, provided my assessment and led discussion based on the responses. When the topic of initiatives aimed at enhancing corporate value was on the agenda, I was impressed with the direction of management strategy to expand business domains, tackle new challenges using core technology and contribute to a future mobility society.

The automobile industry is currently faced with a significant turning point. I would like to see Toyota Boshoku lead the industry by transcending the framework of the Toyota Group and heightening its presence throughout the industry. Amid this wave of change, Toyota Boshoku must strive to raise corporate value over the medium to long term as a company that is loved and by supporting society and its company members. When I conduct plant inspections, my personal impression is that many company members are proud of working as a

member of the Toyota Group and I get the feeling that the local community respects Toyota Boshoku.

In recent years, there has been an emphasis on expanding the number of outside directors and strengthening the functions of the Audit & Supervisory Board with the aim of bolstering corporate governance, requirements that should be met at the same time. Going forward, I will keep a close watch on initiatives to raise corporate value so as to contribute to shareholders and become a company that is highly rated by society and that people expect great things of.

Mar. 1976	B.A. Faculty of Commerce, Hitotsubashi University
Mar. 1981	Ph.D., Graduate School of Commerce, Hitotsubashi University
Apr. 1981	Lecturer (Full-Time), Faculty of Economics, Gakushuin University
Apr. 1988-	Professor, Faculty of Economics, Gakushuin University (to present)
Apr. – Aug. 1995	C4 (Full-Time) Professor, Faculty of Law and Economics, Bayreuth
	University Germany

June 2018— Director, the Company

[Research fields]

[Profile]

Economic analysis of corporate governance based on the theory of neoinstitutional economics, especially on the principal-agent theory (control of management by shareholders, participation of shareholders in management, research on corporate governance), theoretical and empirical analysis on corporate valuation based on Quantitative and qualitative factors (corporate scoring, bond rating, bankruptcy prediction, etc.), comparative analysis of German and Japanese business management

Directors, Audit & Supervisory Board Members and Operating Officers

Directors 10 directors, including 4 outside directors/Average age: 63 years old

(As of June 12, 2019)

Chairman

Management Advisory Council

Term of office as Director: 15 years



Apr. 1977 Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation (TMC))

June 1998 Member of the Board of Directors, TMC

June 2001 Managing Director, TMC and President & CEO, Toyota Motor Engineering & Manufacturing Europe

Sept. 2001 Member of the Board of Directors (with Managing Director status), TMC

Apr. 2002 President & CEO, Toyota Motor Europe NV/SA June 2003 Member of the Board of Directors (with Senior Managing Director status), TMC

June 2004 Executive Vice President, the Company June 2006 President, the Company

June 2015 Chairman, the Company (to present)

Teruo Suzuki

Term of office as Director: 1 year

Unit Chief, Product Business Unit

Apr. 1979 Joined Toyota Motor Co., Ltd. (now Toyota Motor

June 2009 Operating Officer, the Company June 2010 Managing Officer, the Company

President, Toyota Boshoku America, Inc.

June 2015 Chairman serving concurrently as President, Toyota Boshoku America, Inc.

June 2016 Director, Executive Managing Officer, the Company

Apr. 2018 Vice President, the Company

June 2018 Executive Vice President, the Company (to present)

President Takeshi Numa

Management Advisory Council

Term of office as Director: 3 years

Unit Chief, Corporate Operation Unit

Unit Chief, Quality Field Unit Chief, BR North America Project Promotion Dept.

Apr. 1981 Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation (TMC))

Apr. 2012 Managing Officer, TMC Apr. 2016 Vice President, the Company

June 2016 Executive Vice President, the Company

Apr. 2018 President, the Company (to present)

Executive Vice President

Corporation (TMC))

June 2013 Executive Managing Officer, the Company and

June 2017 Executive Managing Officer, the Company

Executive Vice President Yoshihiro Ito

Term of office as Director: 1 year

Unit Chief, Regional Business Unit Unit Chief, Purchasing & Sales Field

Apr. 1980 Joined Arakawa Auto Body Co., Ltd. (now Toyota Boshoku Corporation)

June 2009 Operating Officer, the Company

June 2010 Managing Officer, the Company and Director and Vice President, Toyota Boshoku America, Inc.

June 2014 Director serving concurrently as Executive Managing Officer, the Company Apr. 2016 Director and Chairman serving concurrently as

President, Toyota Boshoku America, Inc. June 2016 Executive Managing Officer, the Company

Apr. 2017 President, Toyota Boshoku America, Inc.

Apr. 2018 Vice President, the Company

June 2018 Executive Vice President, the Company (to present)

Executive Vice President Shinji Kano

New appointment



Corporation (TMC))

Jan. 2013 Advisor, the Company

June 2013 Managing Officer, the Company

Apr. 2017 Executive Managing Officer, the Company Apr. 2019 Vice President, the Company

June 2019 Executive Vice President, the Company (to present)

Yasuhiro Fueta

Term of office as Director: 2 years



Apr. 1983 Joined Toyota Motor Corporation (TMC)

Jan. 2015 Advisor, the Company

June 2015 Managing Officer, the Company

June 2017 Director, Managing Officer, the Company

Apr. 2018 Director, Executive Managing Officer, the Company Apr. 2019 Director, Operating Officer, the Company (to present)



Outside Director

Term of office as Director: 2 years



May 2004 Executive Officer, UFJ Bank, Limited

June 2004 Executive Director, UFJ Bank, Limited

Jan. 2006 Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) (now MUFG Bank, Ltd.)

May 2007 Managing Executive Officer, MUFG Bank

June 2008 Managing Executive Director, MUFG Bank

May 2011 Senior Managing Director, MUFG Bank
June 2012 Deputy President and Representative Director, MUFG Bank

June 2016 Executive Advisor, MUFG Bank

June 2017 Director, the Company (to present)
June 2018 Advisor, MUFG Bank (to present)

Outside Director Akihiro Koyama

Term of office as Director: 1 year

Management Advisory Council

Apr. 1981 Lecturer (Full-Time), Faculty of Economics, Gakushuin

Apr. 1988 Professor, Faculty of Economics, Gakushuin University Mar. 1995 C4 (Full-Time) Professor, Faculty of Law and

Economics, Bayreuth University, Germany

Sept. 1995 Professor, Faculty of Economics, Gakushuin University (to present)

June 2018 Director, the Company (to present)



Outside Director Kazue Sasaki

Outside Director Independent Directo

Outside Director Hiroyuki Ina

Outside Director Independent Director Management Advisory Council

New appointment

Management Advisory Council

Apr. 1977 Joined Toyoda Automatic Loom Works, Ltd. (now Toyota Industries Corporation) June 2003 Director, Toyota Industries Corporation

June 2006 Managing Director, Toyota Industries Corporation June 2008 Senior Managing Officer, Toyota Industries Corporation June 2009 President, Toyota Industrial Equipment

Manufacturing, Inc. June 2010 Director (with Senior Managing Director status),

Toyota Industries Corporation June 2011 Senior Managing Director, Toyota Industries Corporation

June 2013 Executive Vice President, Toyota Industries

Corporation (to present)

June 2016 Director, the Company (to present)



Apr. 1981 Joined Nippondenso Co., Ltd. (now DENSO Corporation)

June 2009 Executive Director, DENSO Corporation June 2015 Senior Executive Director, DENSO Corporation Apr. 2019 Senior Executive Officer DENSO Corporation

(to present)

June 2019 Director, the Company (to present)



Audit & Supervisory Board Members 4 audit & supervisory board members, including 2 outside audit & supervisory board members /Average age: 67 years old

Standing Audit & Supervisory Board Member

Standing Audit & Supervisory Board Member Sunao Yamamoto

Term of office as Audit & Supervisory Board Member: 1 year

Term of office as Director: 3 years



Apr. 1974 Joined Arakawa Auto Body Co., Ltd. (now Toyota Boshoku Corporation) Operating Officer, the Company June 2005

June 2011 Managing Officer, the Company June 2012 Executive Managing Officer, the Company June 2013 President, Toyota Boshoku (China) Co., Ltd. June 2015

Director serving concurrently as Executive Managing Officer, the Company Chairman, Toyota Boshoku (China) Co., Ltd. June 2017 Executive Managing Officer, the Company

June 2018 Standing Audit & Supervisory Board Member, the Company (to present)

Term of office as Audit & Supervisory Board Member: 4 years Terukatsu Mizutani Apr. 1977 Joined The Tokai Bank, Ltd. (now MUFG Bank, Ltd.)

Nov. 2006 Joined the Company Feb. 2010 Division General Manager of Legal Division, the Company

June 2015 Standing Audit & Supervisory Board Member, the Company (to present)



New appointment

Apr. 1974 Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation (TMC))

June 2008 Managing Officer, Toyota Motor Corporation
Apr. 2012 Senior Managing Officer, Toyota Motor Corporation

2015 Adviser, Daihatsu Motor Co., Ltd.

June 2015 Executive Vice President, Daihatsu Motor Co., Ltd. Jan. 2019 Executive Adviser, Daihatsu Motor Co., Ltd. (to

June 2019 Audit & Supervisory Board Member, the Company (to present)



Term of office as Audit & Supervisory Board Member: 1 year

Apr. 1975 Joined Chubu Electric Power Co., Inc.

Managing Executive Officer, Chubu Electric Power July 2007 Co., Inc.

June 2009 Director & Senior Managing Executive Officer, Chubu Electric Power Co., Inc.

June 2011 Appointed President, Techno Chubu Co., Ltd.

June 2018 Audit & Supervisory Board Member, the Company (to present)





Hiroshi loki	Segment Chief, Japan Region Segment Centre Chief, Manufacturing Centre 3, Japan Region Group Plant General Manager, Kanto Plant			
Yasuhiro Fueta*	Segment Chief, Corporate & Profit Management Segment Department General Manager, BR Global Collaboration & Management Dept.			
Shouji Adachi	Segment Chief, Unit Components Business Segment			

^{*} Also holds the position of Member of the Board of Directors

endent Director Independent Director pursuant to the provisions of the Tokyo Stock Exchange and the Nagoya Stock Exchange Management Advisory Council Member of the Management Advisory Council

Governance

Corporate Governance



The Toyota Boshoku group has stated as the first part of its corporate philosophy the desire to promote corporate growth while fulfilling its responsibilities as a good corporate citizen in order to satisfy all stakeholders. To realise this, the Company recognises the importance of maintaining and improving management efficiency, fairness and transparency as a global company alongside efforts to ensure sustainable corporate activities and will strive to expand and enhance its corporate governance.

Specifically, the Company will advance the following: (1) Securing the rights and equal treatment of shareholders; (2) Appropriate cooperation with stakeholders other than shareholders; (3) Ensuring appropriate information disclosure and transparency; (4) Appropriate execution of the roles and responsibilities of the Board of Directors; and (5) Engaging in constructive dialogue with shareholders.

Response to the Corporate Governance Code

Toyota Boshoku has determined that it is in compliance with all principles of the Corporate Governance Code. We submitted the Corporate Governance Report to the Tokyo Stock Exchange.

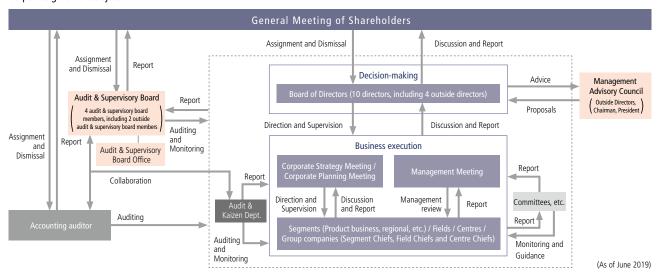
Corporate governance system

Toyota Boshoku is working to strengthen corporate governance with the aim of increasing corporate value.

The Board of Directors, the decision-making body for business management, resolves legal matters and important managementrelated matters and oversees business execution.

Such matters are deliberated upon extensively prior to submission to the Board of Directors by way of the Corporate Planning Meeting, which shares information and makes decisions on important management issues, and the Corporate Strategy Meeting, which debates such items as company-wide management strategy. This serves to quicken response to management challenges. In addition, efforts are made to regularly monitor and follow-up on the status of business execution at the Management

Corporate governance system



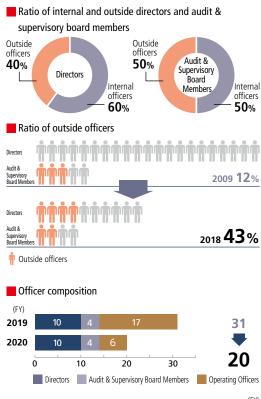
Meeting, where information is shared among internal directors, standing audit & supervisory board members and organisational heads from the different fields.

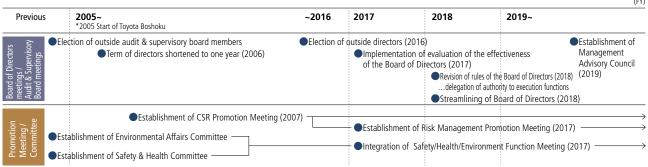
Initiatives for improving corporate governance

Toyota Boshoku appoints four outside directors with extensive experience and broad views in such areas as corporate management. The outside directors serve to ensure the legality and appropriateness of decision-making by the Board of Directors and the execution of duties by directors from an objective standpoint.

Toyota Boshoku adopts a corporate auditor system, in which a four-person structure that includes two outside audit & supervisory board members audits the management of directors. Audit & supervisory board members attend key meetings, make visiting audits and speak with personnel in each division as well as audit the business execution of directors and the business and financial condition of subsidiaries in Japan and overseas. Such initiatives as assigning dedicated staff to the Audit & Supervisory Board Office help strengthen the functions of the Audit & Supervisory Board.

In April 2019, the position of executive managing officer was changed to operating officer and the number of officers was reduced from 31 to 20.





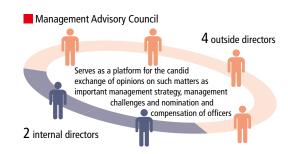
Establishment of Management Advisory Council

The Management Advisory Council was established as a forum for the candid exchange of opinions related to such matters as key management strategies, management issues, appointment and dismissal of management, nomination of candidates for director and audit & supervisory board member and compensation for management and directors. The council consists mainly of outside directors and is separate from organisations under the Companies Act.

Policy and procedure for nominating candidates for director and audit & supervisory board member

A decision is made on the appointment and dismissal of directors and audit & supervisory board members following debate and discussion by the Management Advisory Council.

The policy on appointment to management and nomination of



candidates for director takes into account the fields he/she can cover. This also includes a comprehensive examination to ensure the right person is assigned to the right position so that decisionmaking is fast and accurate.

The policy on nomination of candidates for audit & supervisory board member involves a comprehensive examination of whether the person has knowledge regarding finance and accounting, a general understanding of the Company's business and diverse perspectives on corporate management.

Reasons for election of outside officers

Classification	Name	Independent Officer	Supplementary explanation regarding suitability items	Reasons for election	Number of Board of Directors meetings, Audit & Supervisory Board meetings attended in fiscal 2019
	Takeshi Ogasawara	0	Advisor, MUFG Bank, Ltd. Business partner of the Company	Mr. Ogasawara was elected as a director because it was deemed that he could reflect his extensive experience and broad insight as a manager in the management of the Company and contribute to the maintenance and strengthening of the Company's corporate governance.	Attended 12 of 12 Board of Directors meetings
tors	Akihiro Koyama	0	Professor, Faculty of Economics, Gakushuin University	Mr. Koyama was elected as a director because it was deemed that he could reflect his expert knowledge acquired over many years in corporate finance, research into such areas as corporate governance and corporate management from a global perspective in the management of the Company and contribute to the maintenance and strengthening of the Company's corporate governance.	Attended 10 of 10 Board of Directors meetings (*1)
Direc	Kazue Sasaki		Executive Vice President, Toyota Industries Corporation Business partner of the Company	Mr. Sasaki has many years of experience as a manager and he was elected as a director because it was deemed that he could reflect his extensive experience and broad insight in the management of the Company and contribute to the maintenance and strengthening of the Company's corporate governance.	Attended 12 of 12 Board of Directors meetings
	Hiroyuki Ina	0	Senior Executive Officer, DENSO Corporation Business partner of the Company	Mr. Ina was elected as a director because it was deemed that he could reflect his many years of experience and broad insight into business management of the electronic components that form the backbone of an automobile and contribute to the maintenance and strengthening of the Company's corporate governance.	(*2)
upervisory embers	Hiroyuki Yokoyama	0	Executive Advisor, Daihatsu Motor Co., Ltd.	Mr. Yokoyama was elected as an audit & supervisory board member because it was deemed that he could reflect his experience in the Quality Assurance Division and at overseas locations at Toyota Motor Corporation, as well as his extensive experience and insight gained at Daihatsu, in the audit system of the Company and contribute to the maintenance and strengthening of the Company's corporate governance.	(*3)
Audit & supervisory board members	Masakazu Aida	0		Mr. Aida was elected as an audit & supervisory board member because he has many years of experience as a manager and it was deemed that he could reflect this extensive experience and the broad insight he has gained in the audit system of the Company and contribute to the maintenance and strengthening of the Company's corporate governance.	Attended 10 of 10 Board of Directors meetings Attended 10 of 10 Audit & Supervisory Board meetings (*4)

^{*1} Director Akihiro Koyama was elected as an outside director at the 93rd Ordinary General Meeting of Shareholders held on June 13, 2018, and following his selection, Board of Directors meetings were held 10

Policy and procedure for determining officers' compensation

Basic approach

The compensation system for directors (excluding outside directors), operating officers and other similar personnel is based on a reasonable and systematic framework that assures compensation is closely linked to overall company performance and that reflects job roles and responsibilities.

Compensation comprises monthly compensation (fixed amount) and bonus (amount dependent on results). Bonuses in particular are determined based on consolidated operating profit for each business year and upon giving comprehensive consideration to such factors as the degree of enhancement of corporate value (social value and economic value) over the medium and long term, dividends, company member bonus levels, trends at other companies and actual past bonus payments.

^{*2} Director Hiroyuki Ina was elected as an outside director at the 94th Ordinary General Meeting of Shareholders held on June 12, 2019.

^{*3} Audit & supervisory board member Hiroyuki Yokoyama was elected as an outside audit & supervisory board member at the 94th Ordinary General Meeting of Shareholders held on June 12, 2019.
*4 Audit & supervisory board member Masakazu Aida was elected as an outside audit & supervisory board member at the 93rd Ordinary General Meeting of Shareholders held on June 13, 2018, and following his selection, Board of Directors meetings were held 10 times and Audit & Supervisory Board meetings were held 10 times.

No bonuses are paid to outside directors and audit & supervisory board members because their role is to handle supervision and monitoring functions from an independent position.

A resolution concerning compensation was passed at the Ordinary General Meeting of Shareholders on June 14, 2012 in which the maximum amount of compensation was set at ¥50 million a month for all directors and ¥8 million a month for all audit & supervisory board members. The amount of compensation for each officer is determined within the scope of these totals.

The Management Advisory Council deliberates on compensation and other matters and makes recommendations to the Board of Directors in light of its findings before a decision is made.

The Management Advisory Council convened on March 29, 2019 as part of the process to determine compensation for executives for fiscal 2019.

Executive compensation system

Monthly compensation

The amount of compensation is determined based on the different ranks and positions in line with the role and work responsibilities as director and operating officer.

The amount of monthly compensation is determined in a reasonable manner by multiplying the standard total amount of compensation for the officers by a set percentage depending on work responsibilities.

Outside directors and audit & supervisory board members are paid fixed monthly compensation, with the amount set depending on respective roles rather than basic compensation with salary increase.

Bonuses

Consolidated operating profit and the increase in corporate value over the medium term are the indices used to determine bonuses. Bonuses based on these indices total at least 35% of the compensation amount.

The evaluation of bonuses reflects company-wide results for the fiscal year that is the amount of consolidated operating profit as well as the degree of achievement of fiscal year policy at the individual level, and also incorporates the extent to which corporate value has been enhanced over the medium and long terms.

Directors' compensation

Fiscal 2019 executive compensation for Company directors and audit & supervisory board members was as detailed below.

Figures in parentheses are the portion for outside officers.

rigures in parentaleses are the portion to dustate officer						
	Directors Company members Amount		Audit & supervisory board r	Total		
			Company members Amount Company members Amount		Company members	Amount
Directors' compensation	13 directors (5 directors)	348 million yen (43 million yen)	6 audit & supervisory board members (3 audit & supervisory board members)	94 million yen (18 million yen)	19 officers (8 officers)	442 million yen (61 million yen)
Directors' bonuses	6 directors (—)	149 million yen (—)	_	_	6 directors (—)	149 million yen (—)
Total	_	497 million yen (43 million yen)	_	94 million yen (18 million yen)	_	591 million yen (61 million yen)

Note: The above table includes the portions for three directors and two audit & supervisory board members (including one outside audit & supervisory board member) who retired at the conclusion of the 93rd Ordinary General Meeting of Shareholders held on June 13, 2018.

Board of Directors

The Board of Directors convenes at least once a month, and as the management decision-making body, decides on important management matters such as legal matters, corporate hoshin (policy), business plans and capital expenditure plans, and also monitors business execution.

Support structure for outside directors and audit & supervisory board members

Internal directors and standing audit & supervisory board members provide explanations about required knowledge pertaining to areas such as the Company's businesses, financial affairs and organisations when outside directors and outside audit & supervisory board members assume office.

The Company also sends materials about the Board of Directors meetings beforehand to outside directors and outside audit & supervisory board members and provides them with prior explanations on the important management issues of measures submitted to the Board of Directors. Additionally, the Company has assigned audit & supervisory staff to the Audit & Supervisory Board Office as part of a structure for supporting the business duties of audit & supervisory board members. Audit & supervisory staff support the daily auditing activities of standing audit & supervisory board members while also supporting the auditing activities of outside audit & supervisory board members through the operation of the Audit & Supervisory Board.

Key agenda items for Board of Directors in FY2019

Matters concerning Ordinary General Meeting of Shareholders	 Decision on convocation and agenda items Approval of business reports, financial statements, etc. Decision on candidates for director and audit & supervisory board member
Matters concerning executive officers and organisation	Selection of representative director and executive director Directors' compensation and bonuses Appointment of Operating Officers, Segment Chiefs, Field Chiefs and Centre Chiefs
Matters concerning shares, etc.	 Implementation of interim dividend
Matters concerning general management	Formulation of medium-term management plan and global hoshin Establishment of Management Advisory Council Deliberation on business advancement, alliances, reorganisation, etc. Items related to property and assets
Other	Approval and report on transactions involving a conflict of interest Implementation and report on assessments of the effectiveness of the Board of Directors Condition of the exercise of voting rights on agenda items at the Ordinary General Meeting of Shareholders Examination of stockholdings Operational status of internal control system Report on initiatives relating to quality

Evaluation results of the effectiveness of the Board of Directors

Toyota Boshoku analyses and evaluates the effectiveness of the Board of Directors as follows.

[Method]

- Analyse operational status and response to challenges identified in the past and report to Board of Directors in January.
- Deputy Segment Chief in charge of the administrative office of the Board of Directors interviews all directors and audit & supervisory board members, including outside members, in February.
- Evaluation results and the direction to be taken to resolve issues are summarised and reported to the Board of Directors in March for discussion.

[Interview items]

- Composition of the Board of Directors
 Report provided for discussion by the Board of Directors
 Opinion on and requests to the Management Advisory Council
- Agenda and status of discussion by the Board of Directors
 Support of outside directors

[Overview of Fiscal 2019 evaluation results]

- The effectiveness of the Board of Directors in making important management decisions and monitoring business execution was confirmed as a result of continued improvements that included streamlining the Board, increasing the ratio of outside directors, sending out materials and providing explanations to outside directors prior to meetings, and delegating authority to the team for executing agenda to narrow down items to those that are most prevalent.
- Although the Management Advisory Council held discussions on director nominations and compensation after its establishment in July 2018, there is a need to conduct regular reviews of how to proceed with discussions on management issues, including agenda items and date.
- There is a need to further improve support of outside directors.

[Key challenges and improvement measures]

Toyota Boshoku will strive to make the following improvements to ensure even greater effectiveness of the Board of Directors.

- The Company continues to take steps to enhance the diversity of its members, but in response to current circumstances, we will foster human resources internally to secure female members and promote the establishment of an environment that encourages English to secure non-Japanese members.
- In addition to deciding on individual business operations, we will identify strategic themes for debate at the Board of Directors and Management Advisory Council and formulate annual plans to enhance strategy discussions.
- We will provide information related to risk assessments and further enhance reports on the status of business execution as materials to aid in important decisions.
- We will systematically implement facility inspections in Japan and overseas for outside directors since this will deepen their understanding of the Company.

Compliance

Basic stance

The Toyota Boshoku group states in its corporate philosophy that the Company will seek to promote corporate growth while fulfilling its responsibilities as a good corporate citizen. At the same time, the Company clarifies its overall promotion system, scope of activities and goals for compliance in each region, including Japan, and conducts activities under strong leadership from top management, while personnel in charge of legal affairs in each region share knowledge of issues as well as improve and strengthen compliance activities.

Strengthening compliance and making considerations for human rights

In addition to antitrust laws and anti-bribery measures, the importance of making considerations for human rights is also increasing. Toyota Boshoku works to raise members' awareness of compliance and human rights and enhance the level of implementation through various training and educational activities for executive officers and members in order to ensure compliance with laws and regulations as well as co-existence with local communities by respecting various cultures, values and individuality. We have a global legal risk management system, while continuously taking steps to increase awareness of the whistle-blowing system globally and making continuous improvements to the whistle-blowing system.

Strengthening the permeation and practical application of the code of conduct

The Toyota Boshoku group implements education and training using the Toyota Boshoku group code of conduct (code of conduct) (see page 7), the basis of its compliance, as a teaching material. We strive to strengthen the permeation and practical application of the code of conduct at the workplace level. We also seek to raise compliance awareness by providing training via e-learning on the topics of compliance, the code of conduct and the whistle-blowing system and by undertaking Toyota Boshoku group Corporate Ethics Month activities.

Intellectual property management

The Toyota Boshoku group appropriately values our own intellectual property and we continuously work to enhance the protection and utilisation of our intellectual property with the view that it is a key management asset essential for global business development.

In fiscal 2020, we will endeavour to strengthen cooperation with design and development departments in each business group and region as well as our system for intellectual property cooperation with key sites overseas.

Number of serious legal violations





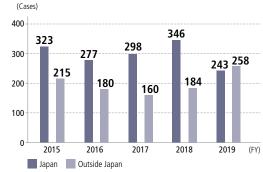
Executive Legal Seminar

■ Number of consultations

Fiscal year	2015	2016	2017	2018	2019
Anything Goes Counselling Office (cases)*	148	193	87	134	152
Compliance consulting contact window (cases)*	0	0	12	9	8

^{*}Consultation or report issues concerning such matters as workplace problems, legal violations and internal misconduct

Number of patents registered



Risk Management

Basic stance

The Toyota Boshoku group is working to comprehensively reinforce risk management and reduce risk in order to respond swiftly to major risk that includes management risk, risk in daily operations, risk such as disasters and accidents, risk arising from the external environment such as global warming and water and social reputation risk*.

* Risk of losing societal trust

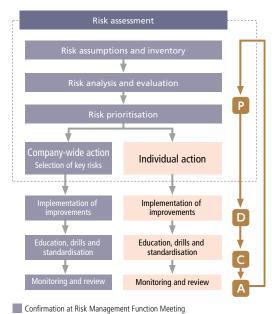
Principal risk management initiatives

Toyota Boshoku formulated 12 priority initiative themes in the three areas of business continuity, reputation and compliance between fiscal 2017 and fiscal 2019. We have strengthened risk management company-wide by sharing the state of progress of risk response activities at the Risk Management Promotion Meeting, which was established in order to prevent risks and minimise damage.

Nonetheless, we will work on our risk assessment company-wide from fiscal 2020 since we have been unable to identify all risks in our activities to date and the implementation of risk measures and continuous monitoring have been insufficient.

Through risk management, we aim to: (1) Identify all risks without exception; (2) Prioritise the different risks; (3) Share the objectives of measures and evaluate progress; and (4) Continuously improve risk management.

Risk management activities



Key initiatives in risk management up to fiscal 2019

Business continuity	Indispensable processes and facilitiesProduction plant explosions / firesSupplier issues	 Labour risk overseas (strikes) Reconfirm role of organisations and prepare manuals that complete initial response~restoration / reconstruction
Reputation	Respond to overworkPrevent supplier data falsification	 Initial response when misconduct scandal occurs Prevent mental health disorders
Others	Establish legal risk management structureGlobal-wide activities by the security export control structure	Respond to GDPR

Action plan for fiscal 2020

Toyota Boshoku has prepared a risk inventory chart comprising 10 classifications and 42 items for fiscal 2020. On this chart, we will plot the degree of importance of each risk from the perspectives of impact and ability to respond. We will then determine the degree of risk in five stages based on importance and possibility of occurring, and position the risk on the risk map so we can select company-wide priority risk areas. We will make further improvements to this chart in 2020 and beyond and run it through a plan-do-check-act (PDCA) cycle.

Confidentiality and information security management

The Toyota Boshoku group considers the appropriate management of confidential information to be an important element of our business activities. We created a global confidentiality management system to conduct confidentiality and information security management.

At Toyota Boshoku, in addition to strengthening activities in conjunction with respective functional divisions, we have assigned personnel responsible for confidentiality management and personnel in charge of confidentiality management within each division. We ascertain the weaknesses in each workplace through on-site discussion. We are looking into measures to mitigate confidentiality risk and are working to make ameliorations and improvements. In regions outside Japan, Regional Management & Collaboration Hubs (RM&CH) undertook self-inspections using confidentiality management standards that match the characteristics of each region and we deployed in sequence measures to resolve weak points at each site within a region across the organisation.

In fiscal 2019, we conducted training on management risk and security risk for executive officers as well as drills concerning response to computer incidents.

Risk inventory chart: 10 classifications

Large-scale disaster	Production and logistics
0 2 11 14 1 1	1.6
Occupational health and safety	Information security
Compliance	Supply chain
Compilative	Supply Chain
Economics, society	Finance
Business	Environment

Risk evaluation



Supplier recovery support

Toyota Boshoku supported the production recovery of a supplier affected by the heavy rain that fell in west Japan in July 2018. Around 60 members came together to help clean up inside the plant that was damaged by floodwater and support alternate production at other plants while also lending a hand to local residents. This also provided us with the chance to think about the impact of initial response on recovery speed, including the identification of accurate information in a timely manner and clarification of roles inside and outside the Company. We are pursuing the creation of a sturdier risk management system, for example, by reflecting our own issues identified through disaster recovery efforts in future response measures.



Providing support around the plant



Initiatives to Contribute to Social Value

The Toyota Boshoku group is implementing initiatives to become a company that can benefit society based on the Principles of Toyoda, which encapsulates the ideas of founder Sakichi Toyoda, and our corporate philosophy for maintaining the trust of all stakeholders. The initiatives aim to contribute to social value through harmonious growth with society and by giving back the fruits of our efforts to raise economic value, and to enhance corporate value over the medium and long term. The Toyota Boshoku group also seeks to drive growth together with global society and local communities by deploying activities that help advance society and protect the Earth.





Fiscal 2019 Action Topics

Together with Stakeholders

- Customers
- Intensifying efforts to raise operational quality through activities to secure the Deming Prize
- Shareholders and Investors
- ▶ Continuing to provide stable dividends over the long term
- Company members
- ▶ Promoting "innovation of vibrant work style"
- ► Advancing diversity and inclusion
- ▶ Enhancing specialised skills related education
- Business partners
- ► Further promoting CSR procurement





Environmental Activities

 Six Stretch Environmental Goals and **Examples of Initiatives**











Social Activities

Together with Stakeholders

The Toyota Boshoku group contributes to customers, shareholders, investors, company members and suppliers through continued efforts to implement our corporate philosophy each day. These activities serve to drive growth for the entire group as well as for all stakeholders and individual company members.

Together with Customers

Basic stance

Aiming to be a supplier that is trusted and chosen by customers, Toyota Boshoku will make the most of accumulated manufacturing strengths and put them into effect on a global scale in order to improve quality. Our mission is to provide attractive products that move and excite our customers by taking their perspective and standpoint.

Establish global quality assurance system

In order to deliver safe products, thereby inspiring and satisfying customers, we are creating a global quality assurance system for the Toyota Boshoku group on the back of integrated efforts by the Quality Assurance Division and TQM Promotion Department in the Quality Field.

Establish framework to maintain the independence of quality and strengthen ties with customers

Toyota Boshoku maintains independence in its quality control function by ensuring clear roles and responsibilities for manufacturing management, quality control and manufacturing. In fiscal 2020, we introducing the Quality First Leader (QFL) system to foster a corporate culture that encourages top management to work sincerely toward quality enhancement. The system sees the Product Business Unit, Regional Business Unit and Functional Collaboration Reinforcement Unit join forces at the global level.

Establish process quality and standardisation to realise sustainable growth

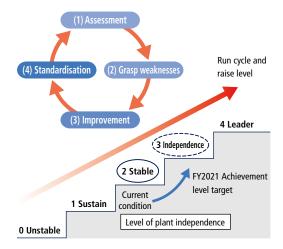
We are reviewing work styles and building systems for work standardisation and self-assessment as a means to raise operational quality.

Clarifying weaknesses and making improvements via assessments based on basic plant requirements

Basic plant requirements clarifying plant management are being deployed around the world. This serves to raise the level of independence at each plant. Initiatives under the Supplier Process Improvement Activity (SPIA) program, which is conducted in collaboration with suppliers, involves the sharing of weaknesses and concerns, undertaking countermeasures and advancing standardisation.

QFL Promotion System Global-QFL (Director overseeing quality) Purchasing & Sales **Business Seament** Field Production Interior & Exterior The Americas Engineering **Business Segment** - OFL Field Unit Components Asia & Oceania Production **Business Segment** - OFI Control Field Research & New Business China Development Promotion Seament Field Europe & Africa

 Clarification and improvement of weaknesses via assessments

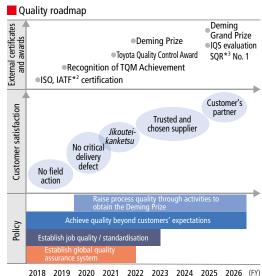


Efforts to achieve quality beyond customers' expectations

Enhancing the quality of technical drawings through front loading

The Toyota Boshoku group is striving to prevent issues in quality by reviewing and eliminating problems that can be envisioned in each division from the earliest stage of product development, which involves gathering together members from respective divisions, including design, production engineering, quality assurance, quality control, manufacturing and suppliers, and factoring the findings into design and evaluation standards. In addition, we conduct original market research to analyse usage by customers and temporal changes, which are to be reflected in design and evaluation standards in an effort to raise J.D. Power's IQS*1 evaluation.

*1 Initial Quality Study (IQS) serves as the industry benchmark for new-vehicle quality measured in the early stage of ownership.



Realise vision

Boost earnings

Reduce costs

Reduce loss and increase efficiency

Raise process quality

- *2 International Automotive Task Force
- *3 Supplier Quality Report (SQR) ranking suppliers

Deming Prize

Raise process quality through activities to secure the **Deming Prize*4**

Toyota Boshoku applies TQM to secure capabilities in terms of organisation, processes and members required for sustainable growth and to realise our vision.

Enhancing the process quality of each company member so as to eliminate loss, improve efficiency and reduce costs will help increase earnings.



Sakichi Tovoda



Organisation

*4 A prize given to companies with outstanding achievements in Total Quality Management (TQM)

Reinforcement and entrenching of TQM activities

Toyota Boshoku's Kariya Plant and Sanage Plant won the Recognition of TQM Achievement*5 under the Japan Quality Recognition Award program in September 2018 as the first step toward winning the Deming Prize in 2021, which is granted as proof that a supplier is implementing TQM activities effectively.

*5 An award issued by the Union of Japanese Scientists and Engineers that recognises organisations that contribute to enhanced corporate performance as well as quality

Fostering a quality-oriented corporate culture and human resources development

The Global Quality Learning Centre (GQLC) is a facility for listening to customer feedback and experiencing cases of quality issues. In fiscal 2019, GQLCs were established at the Regional Management & Collaboration Hubs (RM&CH) in The Americas, Asia & Oceania, China and Europe & Africa. A total of 30,000 company members have visited the GQLCs to learn the importance of our Customer First and Quality First principles from an end-user perspective.



The Recognition of TOM Achievement was awarded for being an exceptional company in the face of intense competition through TQM activities.



GQLC opening ceremony at Toyota Boshoku

Together with Shareholders and Investors

Basic Stance

The Toyota Boshoku group actively promotes efforts to disclose information and communicate in an appropriate and timely manner in addition to striving to enhance corporate value so as to earn the trust and support of shareholders and investors.

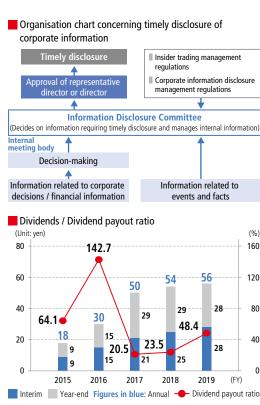
Enhancement of corporate value and reinforcement of information disclosure

The Toyota Boshoku group has stated in our disclosure policy that we are committed to "disclosing information required by shareholders, investors, business partners and local communities in a timely and appropriate manner as well as to carrying out public information-sharing activities that earn the trust of society." In this sense, we are striving to disclose information in an accurate, timely and fair manner. In order to ensure the appropriate disclosure of information, we strictly manage corporate information and are working actively on disclosure in the Information Disclosure Committee, which is comprised of members from Toyota Boshoku's External Affairs & Public Relations Division, Accounting & Finance Division, Legal Division and the Corporate Planning Division.

Distribution of profits to shareholders

In continuing to place priority on providing shareholders with longterm stable dividends, annual cash dividends of 56 yen per share were paid for the fiscal year under review.

We will actively invest profit generated through our business activities into growth areas to maximise total basic earnings per share (see page 67) and increase shareholder value.



*Stated using Japanese GAAP

Key initiatives in fiscal 2019

General Meeting of Shareholders (June 13, 2018)

No. in attendance350

○ Voting participation
 88.62%



Ordinary General Meeting of Shareholders

Dialogue with institutional investors and analysts

Total: 298 companies

Individual meetings

Financial results briefings

133 companies

189 persons

Facility tours for institutional investors and analysts

[Toyota Boshoku (China)]

Conferences with institutional investors
outside Japan

Dialogue with individual investors

Corporate information sessions for individual investors 5 times 361 persons



Held financial results briefings



Conferences with institutional investors

Together with Company Members

Basic Stance

As stated in our Vision, Toyota Boshoku's desired status is to have "resourceful and multitalented human resources drawn by the appeal of the Toyota Boshoku group, with members working vibrantly in all regions worldwide." We promote efforts to create a workplace in which all members in the Toyota Boshoku group feel that they are part of "One Team" and can work with pride and dreams, and enjoy their job. The Toyota Boshoku group aims to grow toward our goal of enhancing corporate value together with all company members.

Respect for humanity

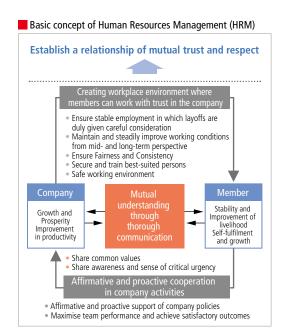
The Toyota Boshoku group strives to ensure that the individuality and humanity of our members is respected in accordance with our corporate philosophy to be shared by each member and the TB Way, which express our values and behavioural principles. We do not advocate discrimination, defamation or other such improper conduct based on race, gender, age, nationality, religion, disability, sickness or injury. At the same time, we strictly respect the laws and social regulations of other countries and regions, as well as forbid the use of child or forced labour.

Stable employment with fair and honest evaluations and working conditions

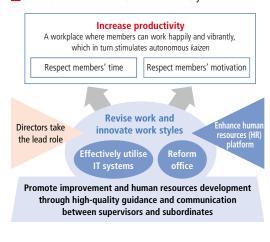
Based on a good labour-management relationship, labour and management work to fulfil respective responsibilities in an effort to ensure stable employment in which layoffs are duly given careful consideration and to maintain and steadily improve working conditions from a mid- and long-term perspective. In addition, Toyota Boshoku promotes the development of human resources by conducting evaluations that use standards reflecting our core values and also provides fair and honest conditions for all members.

Promote "innovation of vibrant work style"

"Innovation of vibrant work style" refers to the Toyota Boshoku group's challenge to reform the organisation and culture. Our aim is to create a workplace where members can work happily and vibrantly and that is more flexible, efficient and creative. We have steadily enhanced member satisfaction measuring the effectiveness of the activity (KPI on vibrant work environment) primarily by continuing to promote systematic and efficient business operations and the digitisation of documents. From fiscal 2020, Toyota Boshoku will introduce a telework program for administrative and engineering-related members, thereby increasing options and ensuring diverse working styles.



Overview of "Innovation of vibrant work style"



Company members' satisfaction: Positive response rate (KPI on vibrant work environment)

[Toyota Boshoku]

Fiscal year	2015	2016	2017	2018	2019
Company members' satisfaction: Positive response rate (%)	59.4	61.5	65.0	66.0	67.8

Global HR strategy

For the Toyota Boshoku group, an organisation with many locations worldwide, a human resources (HR) strategy aimed at securing, assigning and fostering personnel who can realise our growth strategy is a critical management challenge. We aim to recruit human resources with administrative and technical skills, specialised skills and advanced expertise; assign them to appropriate positions; and make sure they are compatible with our growth strategy in accordance with our "global medium-term HR plan" that looks ahead to fiscal 2026. This policy supports the development of business.

Our Global HR Platform seeks to harmonise competencies and work duties of supervisory and management members and make the most of the merits of each. Through this platform, we can realise the optimal global allocation of human resources and promote their development in order to maximise global organisational capabilities.

Promoting diversity and inclusion

The Toyota Boshoku group is working to establish a system befitting respective roles and contributions that respects diverse career types and work styles (independent choice) and embraces diversity irrespective of nationality, age, gender or physical/mental disability. We are also developing systems and an environment in which anyone can take on challenges and roles at any time.

Promoting active roles through the recruitment and optimal allocation of human resources from a global perspective

We are promoting active roles for diverse human resources by accepting trainees from group companies outside Japan, embracing movement across regions and actively accepting and employing internships from universities overseas.

Promoting active roles for female members

Toyota Boshoku is striving to create a framework and workplace environment that is both satisfying and motivating and encourages continued service through support of career development and work-life balance, and by changing the awareness of both female members and their supervisors.

Creating people-friendly processes and environments

Toyota Boshoku is designing people-friendly processes, systems and environment as well as educating managers and supervisors so that members with disabilities, female members and older personnel can work easily and vibrantly.

Application of Global HR Platform



No. of Users of Global HR Platform

Fiscal year*	2018	2019
No. of users	1.301	1.353

^{*}Totals are stated as of April 1 of the following fiscal year

Users of childcare leave system and shortened work hour system [Toyota Boshoku]

Fiscal year	2015	2016	2017	2018	2019
Childcare leave system (persons)	127(4)	149(9)	169(6)	197(8)	178(8)
Shortened work hour system (persons)	72	98	111	142	132

Figures in parentheses () represent the number of males out of the stated total using the systems.

Reemployment of retirees [Toyota Boshoku]

Fiscal year	2015	2016	2017	2018	2019	
Reemployment of retirees (persons)	140	163	193	219	267	

Employment rate of persons with disabilities [Toyota Boshoku]

Fiscal year	2015	2016	2017	2018	2019
Employment rate of persons with disabilities (%)	1.89	1.90	2.04	2.19	2.20



Toyota Boshoku launched a working group in fiscal 2018 aimed at reflecting the opinions of female members in policy and becoming a motivating company for them. In fiscal 2020, the working group plans to hold a forum for superiors and females and support female career development.

Toyota Boshoku has received certification from Aichi Prefecture recognising our efforts to promote active roles for females.

Specialised skills related education

The Toyota Boshoku group strives to enhance and pass on manufacturing skills globally in order to raise workplace abilities with the aim of fostering human resources who can achieve the highest levels of safety, quality and delivery.

In fiscal 2019, we continued working to foster exceptional supervisors, establish excellent manufacturing skills, strengthen maintenance skills, develop members who always work safely and nurture core young human resources. We launched Plant Management Requirement (PMR) training, which is structured around a philosophy of plant management based on basic plant requirements. The PMR training covers safety, quality, production, cost, personnel, production preparation and environment. Also, for our hearing impaired production members, we provide sign language interpretation for Safety Sensation Dojo (simulated accident dojo) training and for Technical Skills Acquisition training which includes Safety, Quality, Toyota Production System (TPS), and Total Productive Maintenance (TPM). In fiscal 2020, we will look to strengthen maintenance capabilities globally to bolster our manufacturing, which will include cleaning, inspecting and repairing dies in-house.

Toyota Boshoku Technical Skills Academy

Toyota Boshoku promotes the development of young members in mind, body and spirit who will be able to operate on a global level and will become core members of the organisation. Every year, we nurture members who can play active roles in the workplace by providing a variety of experiences such as training in Canada and activities with other academies. The Academy is also accepting young members from our overseas affiliates.

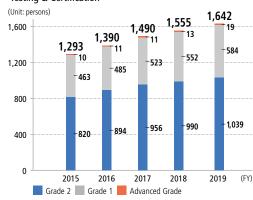
Promoting a global safety and health culture

The Toyota Boshoku group implements safety and health activities as labour-management cooperative efforts based on a Basic Safety and Health policy Web in order to establish a corporate culture that places priority on safety and health at work. The Toyota Boshoku group works globally to enhance safety and health at work through activities based on an Occupational Safety and Health Management System (OSHMS).

In fiscal 2019, we conveyed Toyota Boshoku's stance on fire prevention and conducted management-led inspections in the area to ensure no fires that endanger lives in accordance with this policy.

Toyota Boshoku was once again this year recognised as an Excellent Enterprise of Health and Productivity Management–White 500 by the Ministry of Economy, Trade and Industry for conducting medical checkups for all company members, implementing activities to prevent lifestyle-related diseases and lowering the smoking rate. We will continue enhancing health awareness among members by making plans in such areas as promoting exercises, dietary habits and mental health.

Total number of people qualified with National Trade Skill Testing & Certification



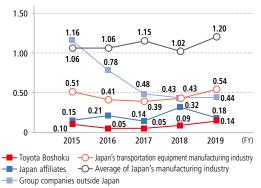
All TB Skills Competition

This competition is held every year to refine skills worldwide.



In fiscal 2019, 196 members took part in 17 work categories.

Frequency rate of lost time accidents



Smoking rate [Toyota Boshoku]



Together with Suppliers

Basic Stance

Using fair and equitable procedures, the Toyota Boshoku group purchases raw materials, parts and equipment from a large number of suppliers throughout the world based on our basic purchasing policy Web. Together, we will grow by putting into practice the spirit of a winwin relationship while fulfilling our social responsibilities in the supply chain with the aim of enhancing corporate value.

Promotion of CSR-related procurement

Toyota Boshoku requests the following for its basic supplier agreements: (1) Respect of human rights and building awareness of social responsibility in the supply chain; (2) Prohibiting bribery; (3) Ensuring fair transactions; and (4) Removing antisocial forces. Furthermore, we are working to strengthen CSR throughout the supply chain. This includes complying with laws and regulations pertaining to antitrust laws, subcontracting laws, labour laws and environmental laws in Japan as well as similar laws and regulations in respective countries and regions.

In fiscal 2019, we expanded this initiative globally so we can enable CSR-related procurement throughout the supply chain. In addition, we continue to respond to regulatory issues concerning conflict minerals* and are conducting surveys by going back along secondary and tertiary suppliers. At Toyota Boshoku, we conducted a self-check on purchasing ethics and an internal audit for all departments related to orders and confirmed that there were no cases of serious breaches. There were also no reports of dishonesty in a survey regarding supplier satisfaction.

In September 2019, we plan to conduct a satisfaction survey for business partners through a third-party institute in order to maintain fairness.

* Conflict minerals are minerals extracted in a conflict zone that are sold to perpetuate the fighting.

Promotion of green purchasing

The Toyota Boshoku group is strengthening our response to legal compliance related to various environmental regulations in respective countries and regions based on our Green Purchasing Guidelines Web, and working actively to reduce environmental burden. We also require our suppliers to establish environmental management systems (EMS) based on the acquisition of ISO certification aimed at creating a sustainable society.



A workshop on Supplier CSR Guidelines

Self-assessment on CSR

100% response rate from 446 companies

Global Annual Supplier Meeting

We held the Toyota Boshoku Global Annual Supplier Meeting, which was attended by 174 supplier companies from Japan, The Americas, Asia & Oceania, China and Europe & Africa. We aimed to strengthen cooperation globally and fostered a sense of unity.



Awards were presented to 16 supplier companies during the meeting.

Environmental Activities

Aiming for a Sustainable Global **Environment for Our Children**



Our environmental initiatives are based on the idea of corporate growth while fulfilling our responsibility in harmony with society, as stated in our Mid-term Business Plan for Implementation. The Toyota Boshoku group formulated our 2050 Environmental Vision based on the belief that it is necessary to take a long-term perspective toward environmental issues and tackle them at an even higher level. The group has established six Stretch Environmental Goals, including the challenge of achieving zero CO2 emissions in business activities. At the same time, we are working on environmental initiatives as a group based on our 2020 Environmental Action Plan.

Overview of initiatives in fiscal 2019

Toyota Boshoku has been implementing environmental activities toward the realisation of our 2020 Environmental Action Plan under our 2050 Environmental Vision. In fiscal 2019, we focused on initiatives aimed at the (1) Challenge of achieving zero CO₂ emissions in the Toyota Boshoku group, one of the six environmental challenges outlined in our 2050 Environmental Vision. In addition to a target for 2020, we formulated a target for 2030 as a medium- to long-term target and pushed forward with initiatives to help us get there. We also made steady efforts to achieve targets under our other challenges, and in fiscal 2019 realised all targets in such areas as CO₂ emissions, waste generation and water consumption Web.

In fiscal 2020, we will continue tirelessly implementing environmental improvement activities as a unified group toward the realisation of our 2020 Environmental Action Plan and in view of our desired stance in 2050.

2050 Environmental Vision Toyota Boshoku has established six Stretch Environmental Goals to be achieved in order to realise the 2050 Environmental Vision and will undertake activities based on the 2020 Environmental Action Plan as a medium-term plan.

Vision

We will work together with all stakeholders with the aim of creating a sustainable global environment where children can lead their lives with a smile.

Environmental Goals to 2050

Climate Change



Challenge of achieving zero CO2 emissions in the Toyota Boshoku group

⇒P.58

Challenge of achieving zero CO2 emissions in the product life cycle

Resource Depletion



Challenge of minimising natural resources usage

▶P.59



Challenge of minimising wastes produced by the Toyota Boshoku group

Water Scarcity



Challenge of achieving zero wastewater in the Toyota Boshoku group production processes by water recycling

Biodiversity Crisis



Challenge of planting 1.32 million trees as part of reforestation activities

▶P.60

For details of our environmental activities

On our website, we introduce our 2020 Environmental Action Plan (targets and results), key performance data and detailed initiatives.

The Web mark indicates that more detailed information can be found on our website.

To achieve our six Stretch Environmental Goals

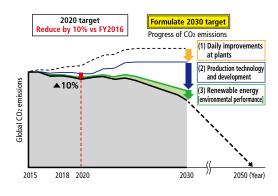
Here we introduce our main initiatives for fiscal 2019 that were implemented to achieve the targets set under our 2020 Environmental Action Plan and our 2030 targets based on our 2050 Environmental Vision.

Challenge of achieving zero CO₂ emissions in the Toyota Boshoku group

The Toyota Boshoku group takes on the challenge of "achieving zero CO2 emissions from all of our plants by 2050." We will strive to reduce CO2 emissions significantly through the development of innovative production technology, the technological development of products and materials, the improvement of plants and the utilisation of renewable / next generation energy.

Deployed 2030 target globally

In fiscal 2019, Toyota Boshoku undertook efforts worldwide to achieve our 2030 target with a view to the medium and long term in response to global demands to reduce greenhouse gas emissions and limit the increase in global warming to below 2°C in accordance with the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), the Paris Agreement and other protocols. We are working to make daily improvements at our plants by conserving energy, for example, as well as streamlining facilities, promoting production engineering and development with an awareness of energy consumption, raise production efficiency using the Internet of Things (IoT) and reduce the amount of energy used in production. In addition, we will prepare plans at each business entity to reduce energy consumption that factors in the use of renewable energy and also contributes to a reduction in CO₂ group-wide as part of our response to climate change.



2

Challenge of achieving zero CO₂ emissions in the product life cycle

Instead of focusing only on the reduction of CO₂ emissions during our auto parts production process, the Toyota Boshoku group takes on the challenge of "achieving zero CO₂ emissions" in all stages of the product life cycle from production to use, disposal and recycling of products.

More compact and lighter products and reduction in CO₂ emissions throughout the life cycle

It is said that the majority of CO₂ emissions throughout the life cycle of a vehicle are accounted for when driving. For that reason, we are taking steps in development and design based on the idea that reducing vehicle weight and size contribute to better fuel efficiency and a reduction in CO₂ emissions.

In fiscal 2019, door trim using high-impact resistant plastic, a resin material with world-class impact resistance, has been employed in the new model Crown. The use of foam moulding technology has enabled a reduction of around 20% in weight compared with conventional base material while maintaining advanced impact resistance.



Door trim using high-impact resistant plastic

H₂O

Challenge of achieving zero wastewater in the Toyota Boshoku group production processes by water recycling The Toyota Boshoku group recycles wastewater generated in the production process and is developing water-less processes with the aim of achieving zero wastewater. Efforts are also being made to reduce water consumption by using rainwater as part of the water supply. The Company contributes to energy conservation through cooling and circulating water purification systems using proprietary filtration technologies.

Water Environment Ecology Technology Systems (Weets)

Toyota Boshoku develops cooling and circulating water purification systems. These systems prevent and remove scale that adheres to metal cooling pipes. There are high expectations for use in conserving energy since the systems can cool inside moulds and dies in a uniform manner and reduce mould defects caused by insufficient cooling while rendering unnecessary the cleaning of the inside of the pipes. We will begin external sales of these systems in fiscal 2020 and look to expand sales going forward.



Cooling and circulating water purification systems for moulds and cooling towers

4



The Toyota Boshoku group is pushing ahead with the promotion of readily disassemblable and recyclable design, the development of technologies for material recycling and the replacement of materials with a range of plant-derived materials in an effort to help curb the depletion of fossil fuels and minerals.

Employing door trim using kenaf in the LEXUS UX

Toyota Boshoku continues to develop products using kenaf, which grows quickly and has high CO₂ absorption capabilities, with the aim of enhancing fuel efficiency and cutting CO₂ emissions by reducing vehicle weight. Such products are being used in a broad array of automotive components. In December 2018, door trim using kenaf was utilized in the LEXUS UX. Previously, kenaf was commonly used for the bottom part of the door trim, but the latest development has expanded application to the top section of the door trim, resulting in a more environmentally friendly product relative to its predecessor while realising the same reduction in weight.



Part of the kenaf base material for moulded door trims

5

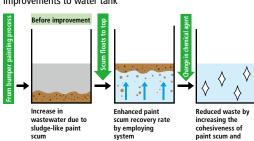


Challenge of minimising wastes produced by the Toyota Boshoku group The Toyota Boshoku group verifies activities to reduce waste at each plant and deploys best practices across the organisation such as reducing the defect rate and enhancing the recycling rate for components. We are also working on design and production preparations that realise a reduction in material loss rate.

Reducing waste by improving water tank drainage in the bumper painting process

In the bumper painting process at Toyota Boshoku Shiga, wastewater containing paint was kept in a water tank during the painting process and the scum was removed through a system that forces it to the surface. Changing the chemical agent to achieve this recovery has enhanced the detackification and agglomeration of the paint scum. This in turn has significantly enhanced the recovery rate of the paint scum. As a result, the water content of paint scum has been reduced from 80% to 48.5%, suppressing the amount of water replenishment required in the water tank. Water consumption has therefore been cut by 13t, with the amount of annual waste reduced from 87t to 64t.

Improvements to water tank



- Reduced water consumption by 13t
- Reduced annual waste from 87t to 64t

Challenge of planting
1.32 million trees as
part of reforestation
activities

The Toyota Boshoku group is working to protect biodiversity with a focus on reforestation based on the Toyota Boshoku Basic Policy of Biodiversity Web. Since fiscal 2016, the Company has participated in the Green Wave Project*, an activity being implemented by the Toyota Group. The sphere of activities of the project has been expanded to include group companies, local communities and government in an effort to promote reforestation.

Toyota Boshoku's reforestation activities

The Toyota Boshoku group's reforestation activities have spread around the world and tree-planting efforts continue in each region. Although we are progressing toward our target of planting 1,320,000 trees by 2050, we missed our target of 54,000 trees for fiscal 2019 with a total of 34,060 trees. Going forward, we will further deepen cooperation with NGOs and other related groups to increase our tree-planting and reforestation activities worldwide. We are determined to catch up on delays to plans from fiscal 2020 so we can meet our goal of 500,000 trees for 2020.

High acclaim for reforestation activities in China's Inner Mongolia Autonomous Region

Toyota Boshoku (China) has been undertaking reforestation activities aimed at preventing desertification in conjunction with different organisations since 2013. Approximately 56,000 seedlings have been planted in the Tengger Desert in the Inner Mongolia Autonomous Region over the past six years.

In recognition of these activities, Toyota Boshoku (China) was presented with an award for contributing to the ecosystem in China by the State Forestry Administration in September 2018.



Award for contributing to China's ecosystem

* Project aimed at creating a society that is in harmony with nature that has been implemented by the Toyota group since fiscal 2016

Cumulative number of trees by 2050



Result of reforestation in the Tengger Desert



The trees have taken root and started to grow well in the desert

Environmental Management

ISO 14001: 2015 certification

All business entities in Japan completed the transition to ISO 14001:2015, the new version of the standard, in fiscal 2018. Business entities in regions outside Japan completed the transition in fiscal 2019.

ISO 14001:2015 certification activities

	Japan	The Americas	Asia & Oceania	China	Europe & Africa
Completed transition in fiscal 2018 (companies)	16	6	10	11	6
Completed transition in fiscal 2019 (companies)	_	5	3	2	2
Sub total (companies)	16/16	11/11	13/13	13/13	8/8
Plan to complete transition in fiscal 2020 (companies)	_	_	_	_	_

Initiatives in the local community

The water quality general wastewater treatment facility at the Sanage Plant is constantly being monitored. Wastewater is reused to flush the toilets and in other ways to reduce water consumption and improve recycling. Local children are also invited to the plant to learn about the state of the global water shortage and the importance of water through hands-on experience of the wastewater treatment process and water quality analysis methods. The effects of water treatment are conveyed in an easy-to-understand manner such as

the introduction of monitoring using killifish to manage effluent in rivers. Through these activities, we aim to create a sustainable Earth together with local communities.



Parents and children observe killifish in a wastewater treatment facility as part of an eco tour run by Toyota City.

KPIs for Fiscal 2019 CSR Initiatives: Targets and Results

The Toyota Boshoku group constantly reviews management indicators in an effort to improve CSR activities so that our various corporate activities lead to the enhancement of corporate value.

■ Stakeholder KPI (KPI critical for enhancing social value)

(Assessment \bigcirc : Achieved \triangle : Target achievement rate 80 to <100% \times : Not achieved)

	_			•		
		Stakeholder KPI	FY 2019 targets	FY 2019 results	Evaluation	Page
Local	Return profits to society	Sustainable tax payments to local or national authorities	Make tax payments in all countries	Payments made	0	_
communities & global society	Establishment of a low-carbon society Environmental conservation	CO2 emissions and ratio of CO2 reduction with basic unit (t-CO2, t-CO2/units)	Reduce 2%/year	Reduced by 2.1%/year	0	6.58
	Innovative technologies	Number of world-first products developed	1	2	0	_
Customers	Provision of outstanding quality / S Customers first	IQS*1 evaluation of seats by J.D. Power	Standardise evaluation method for market quality and product appeal	Prepared a vehicle benchmark survey and standardised evaluation	0	51
Shareholders	Return profits to	Equity turnover ratio	4.4 times	4.8 times	0	_
and Investors	shareholders	Sustainable capitalisation by delivery of dividends (payout ratio)	Annual dividend: 56 yen	56 yen (37.9%)	0	52
Company members			Over 70% positive response rate to "satisfied with corporate life" question	67.8%	Δ	53
Business partners	Fair/transparent dealings	Compliance with guidelines for promoting fair transactions with subcontractors, etc.	Compliance: 100%	100%	0	56

CSR KPI (KPI contributing to enhanced social value)

(Assessment \bigcirc : Achieved \triangle : Target achievement rate 80 to <100% \times : Not achieved)

		CSR KPI	FY 2019 targets	FY 2019 results	Evaluation	Page
	Compliance	Implementation level for Guiding Principles	90%	84.5%		46
	Confidentiality management	Number of confidential information leaks	0	0	0	48
society	Compliance with laws and regulations	Number of bribery violations	0	0	0	46
global	Fair/transparent dealings	Number of violations of antitrust laws	0	0	0	46
∞ŏ		Number of environmental abnormalities and complaints*2	0	0	0	_
communities	Environmental conservation	Ratio of waste reduction with basic unit (t/units)	Reduce 1%/year	Reduce 1.1%/year	0	6
Local co	Environmental conservation	Rate of reduction in water consumption with basic unit (m³/unit) new	Reduce 0.5%/year	Reduced by 0.6%/year	0	6
		Number of trees planted as part of reforestation activities	54,000 trees/year	34,060 trees/year	×	60
	Social contribution	Number of volunteer activity participants (Japan)	Total number: 7,200	Total number: 7,708	0	_

G Governance S Social E Environment

Items disclosed for the first time in fiscal 2019 are marked with new.

^{*1} Initial Quality Study (IQS) serves as the industry benchmark for new-vehicle quality measured in the early stage of ownership.

^{*2} Abnormalities: In case oil, etc., has leaked into a public waterway at a level that exceeds legal, by law and agreement standard values

Complaints: In case of contact from a local citizen, government, etc., alleging physical damage or psychological effects on account of the company

			CSR KPI	FY 2019 targets	FY 2019 results	Evaluation	Page
			Number of prize-winning technology awards	More than one award	4	0	_
Customers	Customers first	S	Number of prize-winning quality awards new	More than one award in each region	Customer awards for quality (Japan: 1, Asia & Oceania: 3, China: 4, Europe & Africa: 2)	Δ	51
ers ors			Compliance with timely and appropriate disclosure	Compliance: 100%	100%	0	52
Shareholders and investors	Disclosing information in a timely and appropriate manner	G	Dialogue with investors	Investors' satisfaction Positive response rate: 70%	70%	0	52
Sha and			Provide impartial information to individual investors	Individual investors' satisfaction Positive response rate: 70%	85%	0	52
			Number of female managers	22 persons	20 persons	Δ	_
			Designated employment rates of persons with disabilities	Maintain employment rate 2.20%	2.20% (as of April 2019)	0	54
			Company members turnover rate of less than 3 years of joining the company	2.5% or less (approx. 14 persons)/ year	1.7% (10 persons)	0	_
	David for any service	S	Encouragement to take paid holidays	Incidence of people taking minimal paid leave Zero incidence of union members taking less than 12 days/year Zero incidence of managers taking less than six days/year	40 union members 44 managers	Δ	_
	Respect for company members	2	Rate of people taking 3-day paid leave: 100%	100%	98.2%		_
Company members			Overtime hours (Union members 660 hours/year)	Zero incidence of union members working more than 660 hours of overtime per year	0 persons		
			Overtime hours (Union members 70 hours new) for three consecutive months)	Zero incidence of union members working 70 hours of overtime for three consecutive months	0 persons	Δ	_
ŏ			Overtime hours (Managers 80 hours/month)	Zero incidence of managers working over 80 hours of overtime per month	72 persons		
			Number of fatal accidents (company members, temporary workers, fixed term workers)	0	0	0	55
	Safety/Health	S	Consultation ratio for legal health check/ Voluntary health check	100% consultation ratio for health checks in Japan region 100% in regions outside Japan	100% 100%	0	55
	Surctymeatan		Lifestyle disease: Ratio of persons with BMI of 25 or above	Target person ratio: 24.2% or less	28.9%	×	55
			Lifestyle disease: Smoking rate	33.9% or less	33.7%	0	55
			Stress check execution rate	100%	100%	0	_
			Hold briefing on Toyota Boshoku group Supplier CSR Guidelines	1/year	Held in September 2018	0	56
			Ensure suppliers conduct self-assessment	1/year Response rate of questionnaires: More than 95%	Held in September 2018 Response rate: 100%	0	56
			Supplier satisfaction	Cases of dishonest whistle- blowing: 0	Cases of dishonest whistle- blowing: 0	0	56
Business partners	Fair/transparent dealings	G	Conduct a self-check and internal audit on purchasing ethics inside Toyota Boshoku (departments related to purchasing and subcontracting)	1/year	Held in August 2018		56
Busi			Conduct a self-check and internal audit on purchasing ethics inside Toyota Boshoku (departments related to purchasing and subcontracting) (Cases of serious breach)	urchasing ethics inside Toyota Boshoku lepartments related to purchasing and ubcontracting) Cases of serious breach: 0 Cases of serious breach: 0		0	56
	Safety	S	Number of significant incidents by non- Toyota Boshoku group workers or members	Significant incidents: 0	Significant incidents: 0	0	_

G Governance S Social E Environment

Disclosure items added from fiscal 2019 are marked with new.

Financial Review

Overview of fiscal 2019 (year ended March 31, 2019)

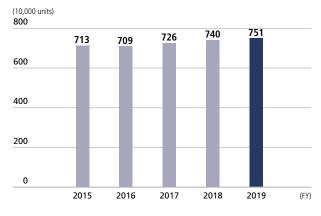
From fiscal 2019 the Toyota Boshoku group has adopted International Financial Reporting Standards (IFRS) and figures for fiscal 2018 have also been restated based on IFRS.

Looking at the world situation, although the growth rate of the US economy surpassed that of the previous year, the economic growth rates of Europe and China declined. At the same time, there are rising uncertainties that include protectionist policies in some regions that are being accompanied by trade frictions in addition to Brexit-related problems in Europe. There are also concerns of a slowdown of the Japanese economy, reflecting such factors as stagnating exports due to the impact of the deceleration of the Chinese economy.

Seat production volume

The Toyota Boshoku group's total seat production volume on a consolidated basis rose 110,000 units from fiscal 2018 to 7.51 million seats. By geographic region, in Japan seat production volume amounted to 3.16 million seats, virtually the same level as in fiscal 2018. In The Americas, total seat production volume declined 50,000 units from fiscal 2018 to 1.11 million seats due to decreased production in North America. In Asia & Oceania, seat production rose 160,000 units from fiscal 2018 to 2.35 million seats due mainly to increased production in China. In Europe & Africa, seat production amounted to 890,000 seats, the same level as in fiscal 2018.

Seat production volume

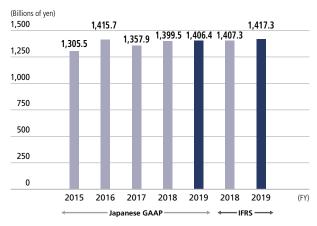


Profits and losses

Revenue [Net sales]

Revenue [net sales] increased 9.9 billion yen (0.7%) from fiscal 2018 to 1,417.3 billion yen due to such factors as increased production in Asia & Oceania.

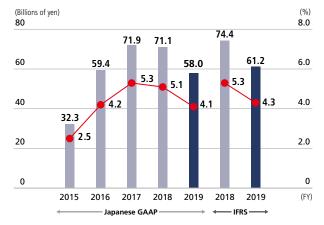
Revenue [Net sales]



Operating profit

Despite such income-increasing factors as the impact of higher production and the implementation of rationalisation measures, operating profit decreased 13.1 billion yen (17.7%) from fiscal 2018 to 61.2 billion yen due to such income-reducing factors as the impact of higher overhead costs.

Operating profit / Ratio of operating profit to revenue [Operating profit to net sales]



Ratio of operating profit to revenue [Operating profit to net sales]

Web Securities Report (Japanese only)

https://www.toyota-boshoku.com/jp/company/library/finance/

Financial results briefing materials

https://www.toyota-boshoku.com/global/ir/finance/

Profit before income taxes

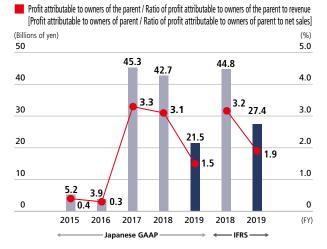
Profit before income taxes decreased 14.3 billion yen (18.9%) from fiscal 2018 to 61.4 billion yen due to a decline in operating profit and a decrease in foreign exchange gains.

Income tax expense

Income tax expense increased 4.1 billion yen (17.8%) from fiscal 2018 to 27.3 billion yen. The ratio of profit before income taxes increased from 30.6% in fiscal 2018 to 44.5%.

Profit attributable to owners of the parent [Profit attributable to owners of parent]

Profit attributable to owners of the parent [profit attributable to owners of parent] decreased 17.3 billion yen (38.7%) from fiscal 2018 to 27.4 billion yen.

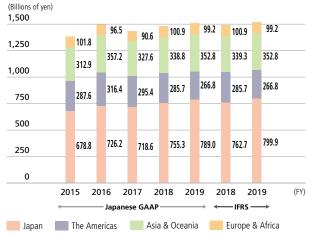


 Ratio of profit attributable to owners of parent to revenue [Profit attributable to owners of parent to net sales]

Revenue [net sales] and operating profit by geographic region

Revenue in Japan increased 37.1 billion ven (4.8%) from fiscal 2018 to 799.9 billion yen due to such factors as a model mix change. Despite the effects of rationalisation, operating profit declined 19.2 billion yen (74.4%) from fiscal 2018 to 6.5 billion yen due to the impact of product price changes, increased production preparation costs for new products and the impact of upfront investments for strengthening competitiveness in addition to the impact of an Advance Pricing Arrangement (APA). In The Americas, revenue declined 18.8 billion yen (6.6%) from fiscal 2018 to 266.8 billion yen due to the impact of decreased production as well as the impact of currency depreciation in South America. Despite such income-reducing factors as the impact of currency exchange rates, increased production preparation costs and the production end of some vehicle models, operating profit increased 9.7 billion yen (88.2%) from fiscal 2018 to 20.8 billion yen due to the impact of an Advance Pricing Arrangement (APA). In Asia & Oceania, despite the impact from the end of production in Oceania, revenue increased 13.5 billion yen (3.9%) from fiscal 2018 to 352.8 billion yen. Despite such income-increasing factors as the impact of higher production and the effects of rationalisation, operating profit decreased 7.6 billion yen (22.5%) from fiscal 2018 to 26.2 billion yen due to the impact of an Advance Pricing Arrangement (APA). In Europe & Africa, revenue decreased 1.6 billion yen (1.6%) from fiscal 2018 to 99.2 billion yen due to the impact of decreased production accompanying the production end of some models. Operating profit increased 0.3 billion yen (5.2%) from fiscal 2018 to 7.6 billion yen due to a model mix change and the impact of currency exchange rates.

Revenue [net sales] by geographic region



^{*} Asia & Oceania includes China.

 $^{{\}ensuremath{}^{*}}{\ensuremath{}^{*}}{\ensuremath{}^{A}}{\ensuremath{}^{djusted}}$ amounts for transactions among regions are not included.

Factors underlying changes in operating profit

Versus operating profit of 74.4 billion yen recorded in fiscal 2018, despite the profit-reducing effect of a model and product mix change, increased profit from higher production and the effects of new models as well as the impact of changes in production contributed to increased profit. On the other hand, although we absorbed the impact of product price changes through rationalisation efforts, such profit-reducing factors as increased depreciation expenses in Japan, production preparation costs for new products in North America and the impact of currency exchange rates in South America resulted in a 13.1 billion yen (17.7%) decline in operating profit to 61.2 billion yen.

Cash flow

Cash and cash equivalents at end of period on a consolidated basis in fiscal 2019 decreased 20.1 billion yen (11.3%) from fiscal 2018 to 158.1 billion yen.

Net cash provided by operating activities amounted to 60.7 billion yen. This was due mainly to such cash-increasing factors as profit before income taxes of 61.4 billion yen and depreciation and amortisation of 35.1 billion yen despite such cash-decreasing factors as income taxes paid of 26.0 billion yen and an increase in inventories of 17.5 billion yen.

Net cash used in investing activities was 58.9 billion yen. This was due mainly to such cash outflows as purchase of property, plant and equipment of 55.7 billion yen.

Net cash used in financing activities was 19.5 billion yen. Despite such cash-increasing factors as proceeds from long-term borrowings of 23.0 billion yen, cash decreased due to repayments of long-term borrowings of 20.0 billion yen, cash dividends paid of 10.5 billion yen and redemption of bonds of 10.0 billion yen.

Cash and cash equivalents at end of period

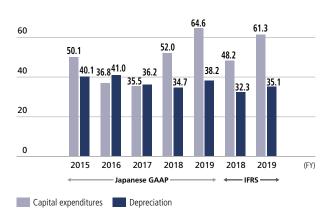
(Billions of yen) 200 178.3 178.3 160.9 158.1 158.1 150 143.4 144.8 100 50 0 2015 2016 2017 2018 2019 (FY) 2018 Japanese GAAP - IFRS -

Overview of capital expenditures

In fiscal 2019, total capital expenditures amounted to 61.3 billion yen and these investments were concentrated on measures for new products and rationalising and upgrading production facilities. These consisted mainly of capital expenditures in Japan and The Americas. Capital expenditures in Japan amounted to 27.3 billion yen and were mainly for measures for new products, rationalising and upgrading production facilities and establishing new information systems. Capital expenditures in The Americas amounted to 16.9 billion yen and were mainly for measures for new products and rationalising and upgrading production facilities. Capital expenditures in Asia & Oceania amounted to 13.2 billion yen and were mainly for measures for new products and rationalising and upgrading production facilities. Capital expenditures in Europe & Africa amounted to 3.7 billion yen and were mainly for measures for new products and rationalising and upgrading production facilities.

■ Capital expenditures / Depreciation

(Billions of yen)

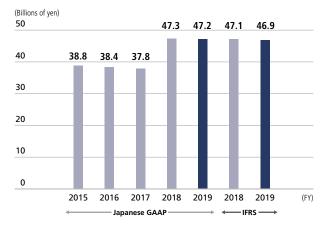


R&D

The Toyota Boshoku group works to develop appealing high-quality products that meet the expectations of all customers throughout the world by leveraging the Company's own unique technologies and structures in accordance with the basic concept of "developing products that earn the trust of and satisfy customers." The Toyota Boshoku group anticipates the ongoing sophistication and diversification of customer needs and strives to develop appealing technologies and products unrivalled by our competitors while further enhancing our core technologies. Additionally, we are building an optimal development system across the entire group

that is focused on global markets through Regional Management & Collaboration Hubs (RM&CH) that carry out product development based on the needs of each respective region. Furthermore, we will proceed with strengthening our competitiveness by carrying out thoroughgoing activities to realise good products at a reasonable prices to ensure we can respond to the sharp expansion of emerging country markets. In fiscal 2019, R&D expenses, including development expenses recorded under intangible assets, amounted to 46.9 billion yen.

R&D expenses



Business and other risks

Risks such as the following could have an impact on the Toyota Boshoku group's business results, stock price, financial condition and other areas.

- (1) Economic conditions, etc.
- (2) Dependence on particular/certain customers
- (3) Latent risks in undertaking international activities or overseas business expansion
- (4) Exchange rate fluctuations
- (5) Price competition
- (6) Dependence on raw materials and components supply sources
- (7) New product development capabilities
- (8) Intellectual property rights
- (9) Product defects
- (10) Impact of disasters or power blackouts, etc.
- (11) Retirement benefit obligations

The above risks could cause unexpected events and lead to problems in executing production activities or other business activities. There is a possibility these events could have an adverse impact on the Toyota Boshoku group's business results and financial condition.

Financial Review

Outlook for fiscal 2020*1

In fiscal 2020, we expect to absorb income-reducing factors such as changes in product prices through the effects of increased production in addition to the implementation of rationalisation measures exceeding those of fiscal 2019. Nonetheless, we forecast that operating profit will decrease due to increased labour costs, a sharp rise in raw materials costs and responses for strengthening our competitiveness toward the future.

Fiscal 2020 results forecast (IFRS)

		FY2019 results	FY2020 forecast		
Revenue		1,417.3 billion yen	1,390.0 billion yen		
Operating profit		61.2 billion yen	53.0 billion yen		
Profit attributable to the parent	o owners of	27.4 billion yen	29.0 billion yen		
Seat production vol	ume	7.51 million units	7.75 million units		
Basic earnings per s	hare	147.85 yen	156.16 yen		
Cash dividends per	share	56.00 yen	56.00 yen		
Exchange rates	US dollar	111 yen	106 yen		
	Euro	128 yen	120 yen		

^{*1} Announced on July 31, 2019

Seat production volume

On an overall consolidated basis, we forecast that seat production volume will increase 240,000 units from fiscal 2019 to 7.75 million seats. By geographic region, in Japan, we forecast that seat production volume will increase 50,000 units from fiscal 2019 to 3.20 million seats. In The Americas, production is expected to increase 210,000 units from fiscal 2019 to 1.33 million seats. In Asia & Oceania, we forecast that total seat production volume will rise 40,000 units from fiscal 2019 to 2.38 million seats, supported mainly by expected production increases in China. In Europe & Africa, we forecast that seat production will decrease 50,000 units from fiscal 2019 to 840,000 seats.

Profits and losses

Regarding business results for fiscal 2020, the Toyota Boshoku group forecasts revenue of 1,390.0 billion yen. We forecast operating profit of 53.0 billion yen, a decrease of 8.2 billion yen from fiscal 2019, and profit attributable to owners of the parent of 29.0 billion yen, an increase of 1.5 billion yen. The Toyota Boshoku group assumes exchange rates of 1 US dollar/106 yen and 1 Euro/120 yen.

Forecast of results by geographic region

Revenue in Japan is expected to decrease 59.9 billion yen from fiscal 2019 to 740.0 billion yen. Despite such income-reducing factors as changes in product prices and increased overhead costs, we forecast that operating profit in Japan will increase 4.4 billion yen from fiscal 2019 to 11.0 billion yen due to the effects of increased production and the impact of an Advance Pricing Arrangement (APA) in the previous year.

In The Americas, revenue is expected to increase 33.1 billion yen from fiscal 2019 to 300.0 billion yen. Despite the effects of increased production, we forecast that operating profit will decline 16.8 billion yen from fiscal 2019 to 4.0 billion yen due to such factors as a change in model mix, an increase in production preparation costs for new products and the impact of an Advance Pricing Arrangement (APA) in the previous year.

In Asia & Oceania, we forecast a 2.8 billion yen decrease in revenue from fiscal 2019 to 350.0 billion yen. Despite such income-reducing factors as a model mix change and changes in product prices, we forecast that operating profit will increase 6.7 billion yen from fiscal 2019 to 33.0 billion yen due to the impact of an Advance Pricing Arrangement (APA) in the previous year.

In Europe & Africa, we expect revenue will decrease 9.2

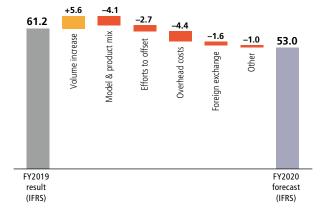
billion ven from fiscal 2019 to 90.0 billion ven. Operating profit is forecast to decrease 2.6 billion ven from fiscal 2019 to 5.0 billion yen due to decreased production and the impact of other income and expenditure differentials.

Factors underlying changes in operating profit

Despite the effects of increased production, we forecast that operating profit will decrease 8.2 billion yen from fiscal 2019 to 53.0 billion yen due to a product and model mix change and increased overhead costs such as production preparation costs.

Fiscal 2020 earnings forecast: Factors underlying changes in operating profit

(Billions of yen)



Capital expenditures

The Toyota Boshoku group plans to make capital expenditures totalling 180.0 billion yen over the threeyear period from fiscal 2019 through fiscal 2021. In addition to regular expenditures for strengthening, increasing, maintaining and upgrading facilities, these expenditures will be concentrated mainly on TB Industry 4.0 (IoT), the standardisation of production processes, accelerating the development of production engineering, raising quality and productivity, reorganising production plants and rebuilding internal infrastructures (establishing a management foundation, implementing office reforms). For fiscal 2020, we plan to make capital expenditures of 61.0 billion yen.

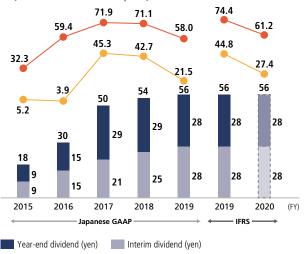
R&D

The Toyota Boshoku group plans to allocate a total of 140.0 billion yen for R&D over the three-year period from fiscal 2019 through fiscal 2021. These expenditures will be targeted at electrification, fuel cell (FC)-related products, cooling and circulating water purification systems and aircraft seats in new development fields, and for expanding our core businesses and raising profitability in fields for strengthening development. For fiscal 2020, we plan to allocate 47.0 billion yen for R&D.

Cash dividends

For fiscal 2019, Toyota Boshoku decided to increase interim cash dividends per share by 3 yen to 28 yen per share compared with the fiscal 2018 interim dividend and pay a year-end cash dividend per share of 28 yen, a decrease of 1 yen from fiscal 2018, and thereby increase annual cash dividends per share by 2 yen from fiscal 2018 to 56 yen. This amount represents an all-time high for a full-year dividend. For fiscal 2020, we plan to pay the same full-year dividend of 56 yen.

Trends in dividends, operating profit and profit attributable to owners of the parent [Profit attributable to owners of parent]



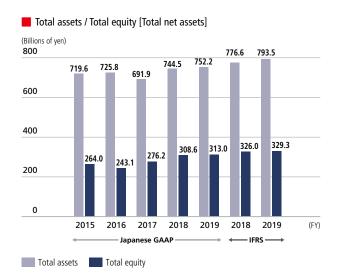


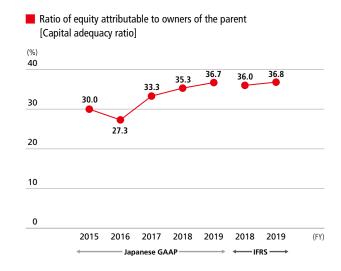
- Profit attributable to owners of the parent (billion yen) [Profit attributable to owners of parent] (billion yen)

10-Year Financial Summary

	Japa	inese GAAP							
		FY2010		FY2011		FY2012		FY2013	
Revenue [Net sales]	¥	953,729	¥	983,727	¥	964,295	¥ 1	,079,497	
Operating profit		25,143		36,856		20,910		25,302	
Profit attributable to owners of the parent [Profit attributable to owners of parent]		6,882		11,466		3,232		15,792	
Total equity [Total net assets]		196,545		196,992		190,347		220,740	
Capital stock		8,400		8,400		8,400		8,400	
Total assets		546,486		504,472		597,654		583,955	
Capital expenditures		43,076		41,229		37,583		36,805	
Depreciation		35,121		32,342		31,529		32,744	
R&D expenses		30,021		32,434		32,543		36,321	
Per Share Data (Yen)									
Basic earnings [Net income (Basic)]	¥	37.00	¥	61.82	¥	17.45	¥	85.23	
Diluted earnings [Net Income (Diluted)]*		37.00		61.82		_		_	
Cash dividends		13.00		16.00		16.00		18.00	
Equity attributable to owners of the parent [Net assets]		883.96		890.78		868.93		1,010.49	
Cash Flow									
Net cash provided by operating activities	¥	64,188	¥	60,630	¥	46,920	¥	44,474	
Net cash provided by (used in) investing activities		(41,337)		(40,462)		(76,108)		5,826	
Net cash provided by (used in) financing activities		(13,547)		(15,345)		30,748		(41,942)	
Cash and cash equivalents		113,124		113,950		113,947		129,323	
Financial Indicators (%)									
Ratio of operating profit to revenue [Operating profit to net sales]		2.6		3.7		2.2		2.3	
ROA: Ratio of total assets to profit attributable to owners of the parent [Return on assets]		1.3		2.3		0.5		2.7	
ROE: Ratio of profit to equity attributable to owners of the parent [Return on equity]		4.3		7.0		2.0		9.1	
Ratio of equity attributable to owners of the parent [Capital adequacy ratio]		30.1		32.7		26.9		32.1	
Shareholders' Equity (at fiscal year-end)									
Number of shares issued (Thousands)		187,665		187,665		187,665		187,665	
Number of employees (excluding temporary employees)		27,613		27,856		31,883		32,986	

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



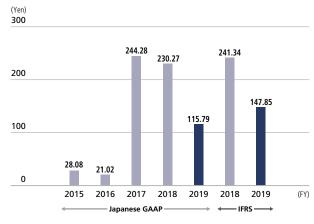


Years ended March 31

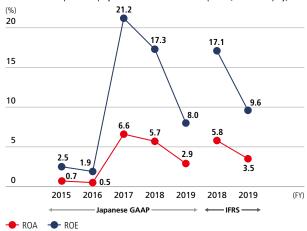
Millions of yen

												IFR	S		
	FY2014		FY2015		FY2016		FY2017		FY2018		FY2019		FY2018		FY2019
¥	1,218,399	¥	1,305,502	¥	1,415,772	¥	1,357,913	¥	1,399,530	¥	1,406,441	¥	1,407,392	¥	1,417,376
	28,823		32,393		59,492		71,936		71,198		58,065		74,429		61,257
	12,610		5,204		3,900		45,359		42,762		21,503		44,818		27,457
	249,082		264,038		243,146		276,274		308,620		313,021		326,022		329,329
	8,400		8,400		8,400		8,400		8,400		8,400		8,400		8,400
	659,008		719,680		725,895		691,921		744,558		752,281		776,611		793,599
	51,116		50,190		36,898		35,500		52,095		64,641		48,274		61,341
	36,302		40,121		41,012		36,228		34,755		38,274		32,347		35,153
	40,189		38,821		38,450		37,884		47,393		47,208		47,143		46,965
¥	68.05	¥	28.08	¥	21.02	¥	244.28	¥	230.27	¥	115.79	¥	241.34	¥	147.85
			_		21.02		244.27		_		_		_		_
	18.00		18.00		30.00		50.00		54.00		56.00		54.00		56.00
	1,115.69		1,164.36		1,065.72		1,240.77		1,414.91		1,487.58		1,506.17		1,573.44
¥	49,590	¥	•	¥	78,912	¥	95,389	¥	86,117	¥	64,114		•	¥	60,720
	(51,867)		(51,615)		(48,086)		(48,927)		(51,707)		(61,773)		(48,148)		(58,915)
	(5,636)		516		(8,739)		(61,347)		(3,528)		(19,526)		(3,528)		(19,526)
	126,648		143,493		160,904		144,889		178,372		158,192		178,372		158,192
	2.4		2.5		4.2		5.3		5.1		4.1		5.3		4.3
	1.9		0.7		0.5		6.6		5.7		2.9		5.8		3.5
	6.4		2.5		1.9		21.2		17.3		8.0		17.1		9.6
	31.4		30.0		27.3		33.3		35.3		36.7		36.0		36.8
	107.005		107.005		107.005		107.005		107.665		107.665		107.665		107.665
	187,665 38,198		187,665 41,509		187,665 41,624		187,665 41,428		187,665 41,409		187,665 43,103		187,665 41,409		187,665 43,103
-	ا الادا		41,509		41,024		41,420		41,409		43,103		41,409		43,103





ROA: Ratio of total assets to profit attributable to owners of the parent [Return on assets] ROE: Ratio of profit to equity attributable to owners of the parent [Return on equity]



Consolidated Statement of Financial Position

As of March 31, 2018 and 2019

Assets	IFRS Transition Date (As of April 1, 2017)	2018	2019
Current assets			
Cash and cash equivalents	¥ 146,193	¥ 178,372	¥ 158,192
Trade and other receivables	214,072	235,500	241,562
Inventories	45,330	48,571	65,282
Other financial assets	17,383	15,868	16,843
Income taxes receivable	4,114	2,923	4,637
Other current assets	9,447	8,916	7,103
Total current assets	436,542	490,153	493,621
Non-current assets			
Property, plant and equipment	207,845	214,689	233,978
Goodwill	4,882	4,882	4,876
Intangible assets	3,384	7,216	10,106
Investments accounted for using equity method	7,976	11,394	11,891
Other financial assets	16,998	21,495	20,587
Deferred tax assets	27,771	22,257	14,144
Other non-current assets	4,256	4,521	4,393
Total non-current assets	273,115	286,457	299,978
Total assets	¥ 709,657	¥ 776,611	¥ 793,599

As of March 31, 2018 and 2019

Liabilities and equity	IFRS Transition Date (As of April 1, 2017)	2018	2019
Liabilities			
Current liabilities			
Trade and other payables	¥ 181,030	¥ 196,088	¥ 207,166
Bonds and borrowings	27,917	35,369	22,923
Other financial liabilities	1,952	2,351	2,316
Income taxes payable	14,184	13,730	6,241
Provisions	3,462	2,517	2,793
Other current liabilities	62,042	67,906	67,195
Total current liabilities	290,589	317,964	308,637
Non-current liabilities			
Bonds and borrowings	66,031	71,687	91,838
Other financial liabilities	3,575	3,037	1,254
Retirement benefit liability	52,861	53,978	57,676
Provisions	258	252	255
Deferred tax liabilities	1,706	1,817	2,699
Other non-current liabilities	3,425	1,851	1,909
Total non-current liabilities	127,859	132,624	155,632
Total liabilities	418,448	450,589	464,269
Equity			
Share capital	8,400	8,400	8,400
Capital surplus	8,778	8,441	7,570
Retained earnings	226,886	261,187	275,160
Treasury shares	(3,874)	(3,874)	(3,875)
Other components of equity	5,521	5,553	4,943
Total equity attributable to owners of the parent	245,711	279,707	292,199
Non-controlling interests	45,496	46,314	37,130
Total equity	291,208	326,022	329,329
Total liabilities and equity	¥ 709,657	¥ 776,611	¥ 793,599

Consolidated Statement of Profit or Loss

For the years ended March 31, 2018 and 2019

(Millions of yen)

		, , , , ,
	2018	2019
Revenue	¥ 1,407,392	¥ 1,417,376
Cost of sales	1,253,952	1,269,857
Gross profit	153,440	147,518
Selling, general and administrative expenses	79,160	85,375
Other income	4,498	5,206
Other expenses	4,349	6,092
Operating profit	74,429	61,257
Finance income	2,950	2,562
Finance expenses	2,393	3,293
Share of profit of investments accounted for using equity method	862	962
Profit before income taxes	75,849	61,489
Income tax expense	23,216	27,352
Profit for the period	52,633	34,136
Profit attributable to		
Owners of the parent	44,818	27,457
Non-controlling interests	7,815	6,678
Profit attributable to owners of the parent per share		
Basic earnings per share (Yen)	¥ 241.34	¥ 147.85
Diluted earnings per share (Yen)		

Consolidated Statement of Comprehensive Income

For the years ended March 31, 2018 and 2019

	20	018	20)19
Profit for the period	¥	52,633	¥	34,136
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plans		(334)		(2,844)
Net change in fair value of equity instruments measured at fair value through other comprehensive income		1,016		(758)
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations		(862)		(60)
Net change in fair value of debt instruments measured at fair value through other comprehensive income		2		(11)
Share of other comprehensive income of investments accounted for using equity method		416		(187)
Total other comprehensive income		238		(3,863)
Comprehensive income		52,872		30,273
Comprehensive income attributable to Owners of the parent		44,361		24,003
Non-controlling interests	¥	8,510	¥	6,269

Consolidated Statement of Cash Flows

For the years ended March 31, 2018 and 2019

	2018	2019
Cash flows from operating activities		
Profit before income taxes	¥ 75,849	¥ 61,489
Depreciation and amortization	32,347	35,153
Interest and dividend income	(1,859)	(1,647)
Decrease (increase) in trade receivables	(24,752)	(5,795)
Decrease (increase) in inventories	(3,741)	(17,566)
Increase (decrease) in trade payables	16,984	9,557
Other	4,499	4,901
Subtotal	99,326	86,092
Interest received	1,711	1,463
Dividends received	390	694
Interest paid	(1,290)	(1,502)
Income taxes paid	(16,578)	(26,028)
Net cash provided by (used in) operating activities	83,559	60,720
Cash flows from investing activities		
Purchase of property, plant and equipment	(41,621)	(55,735)
Proceeds from sales of property, plant and equipment	2,111	2,243
Purchase of intangible assets	(4,502)	(4,436)
Purchase of equity instruments	(5,603)	(417)
Payments into time deposits	(3,003)	(4,466)
Proceeds from withdrawal of time deposits	4,433	3,311
Other	37	585
Net cash provided by (used in) investing activities	(48,148)	(58,915)
Cash flows from financing activities		
Proceeds from short-term borrowings	2,004	14,771
Repayments of short-term borrowings	(17,966)	(529)
Proceeds from long-term borrowings	6,651	23,000
Repayments of long-term borrowings	(6,245)	(20,054)
Proceeds from issuance of bonds	30,000	_
Redemption of bonds	_	(10,000)
Dividends paid	(10,024)	(10,582)
Dividends paid to non-controlling interests	(7,039)	(8,504)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(648)	(7,868)
Other	(259)	241
Net cash provided by (used in) financing activities	(3,528)	(19,526)
Effect of exchange rate changes on cash and cash equivalents	296	(2,458)
Net increase (decrease) in cash and cash equivalents	32,179	(20,179)
Cash and cash equivalents at beginning of period	146,193	178,372
Cash and cash equivalents at end of period	¥ 178,372	¥ 158,192

Investor Information

As of March 31, 2019

Total Number of Shares

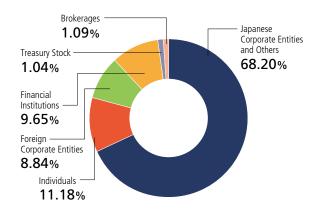
Number of shares authorised to be issued 500,000,000 Number of shares outstanding 185,707,225

(excluding treasury stock of 1,958,513)

Number of Shareholders

14,066

Breakdown of Shareholders



Corporate Data

Location 1-1 Toyoda-cho, Kariya-shi, Aichi 448-8651, Japan

Capital 8.4 billion yen

Number of employees 8,259 (non-consolidated) 43,103 (consolidated)

(excluding temporary employees)

Founded 1918 Established 1950

Securities code 3116

Independent auditor PricewaterhouseCoopers Arata LLC

Transfer agent Mitsubishi UFJ Trust and Banking Corporation

Evaluations by Outside Institutions

Inclusion in Indexes (Socially Responsible Investment)



JPX-NIKKEI 400

This stock index is jointly developed and operated by Japan Exchange Group, Inc., Tokyo Stock Exchange, Inc. and Nikkei Inc. The index is composed of "companies that are highly appealing as investments from the standpoint of investors."



This stock index was established independently by Sompo Japan Nipponkoa Asset Management Co., Ltd. Constituent companies are selected based on evaluations of their corporate ESG (environmental, social and governance) initiatives.

Buna no Mori

Established by Sompo Japan Nipponkoa Asset Management Co., Ltd., this stock index includes companies with a high awareness of environmental protection and that proactively promote environmental measures and other initiatives.



The Development Bank of Japan Inc. (DBJ) assigns scores to businesses for environmentally responsible management, selecting and ranking superior companies while setting conditions for financing according to those scores. Toyota Boshoku has received the bank's highest rating, and recognised as "particularly innovative in its environmental efforts."

Evaluations



This NGO requires disclosure of strategies toward climate change and information on greenhouse gas emissions and publishes an evaluation score worldwide. Toyota Boshoku earned a management level evaluation of B for its initiatives toward climate change and water.



Toyota Boshoku was certified as an Excellent Enterprise of Health and Productivity Management 2019 (White 500) jointly selected by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaiqi.

On Publishing the Toyota Boshoku Report

The Toyota Boshoku Report introduces the Toyota Boshoku group's initiatives for enhancing corporate value from business, governance, social and environmental aspects and we regard this publication as a valuable tool for providing stakeholders with a deeper understanding of the Toyota Boshoku group. This report is produced as an integrated report centred on the Value Creation Story that articulates how the Toyota Boshoku group is providing society with value leveraging its unique strengths cultivated to the present in keeping with the philosophy the group has ceaselessly handed down since its founding.

In this report, we aimed to enhance information on governance, such as by newly adding an interview with an Outside Director. At the same time, we provide concrete explanations about our initiatives related to "HITOZUKURI," "MONOZUKURI" and "R&D," which are Toyota Boshoku's strengths, through interviews with the respective persons in charge of these areas. In this manner, we further enhanced the reported content of this report.

The Toyota Boshoku group will resolutely implement the 2020 Management Plan toward the realisation of its Vision and will work as one throughout the company in addressing issues. In the future as well, we will listen faithfully to the opinions of our stakeholders throughout the world and will continue to make even greater efforts for enhancing corporate value.



Segment Chief, Corporate Planning & Innovation Segment
Hidenori Ozaki



External Affairs & Public Relations Division

1-1 Toyoda-cho, Kariya-shi, Aichi 448-8651, Japan

For more detailed information and the latest information regarding shareholders and investor relations and CSR, please visit our company website.



Investor Relations

https://www.toyota-boshoku.com/global/ir/



CSR

https://www.toyota-boshoku.com/global/csr/

Inquiries regarding this report and requests for booklets are accepted at "Contact us" on our company website. https://www.toyota-boshoku.com/global/inquiry/



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