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Toyoda Gosei Co., Ltd.

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<https://www.toyoda-gosei.com/>

The corporate governance of Toyoda Gosei Co., Ltd. is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Views

Under the Company Creed “Boundless Creativity and Social Contribution” and the Management Philosophy that embodies it, we, Toyoda Gosei Co., Ltd. (the “Company”), aims to grow as a global company that is trusted by all stakeholders, including society, shareholders, customers, suppliers, and employees, and acts flexibly and swiftly in today’s dramatically changing business environment, delivering the highest levels of satisfaction to customers worldwide through safety, comfort, well-being, and the environment.

We recognize that the most important management issue to achieve this is to enhance and reinforce our corporate governance with the aim of ensuring sound and efficient corporate management, and strive to build and maintain an organizational structure that can respond appropriately to changes in the environment and fair and transparent management systems.

In addition, we support the Corporate Governance Code established by the Financial Services Agency and the Tokyo Stock Exchange, and are striving to enhance our corporate governance by autonomously implementing various measures based on the intent and spirit of its philosophy and principles.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company fully complies each principle of the Corporate Governance Code revised in June 2021.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-4 Cross-Shareholdings]

• Policies on strategic shareholdings

In consideration of the economic ripple effect on the Company from a medium-to-long-term perspective, our policy is to investigate stocks comprehensively and then to hold stocks that are deemed necessary for our strategy from the perspectives of maintaining and strengthening relationships of trust and business relationships with various stakeholders and maintaining relationships with the local community.

• Verification

We carefully examine the value of holding of each stock from both the qualitative viewpoints such as promoting of business alliance, maintaining and strengthening the business relationship and ensuring the stability of the supply chain, and quantitative considerations such as the transaction status and investment yield (dividend). Whether or not to hold such stock is examined at a meeting of the Board of Directors each year.

We intend to reduce as appropriate holdings of stocks that are deemed as lacking sufficient significance to justify the stockholding.

• Policy on the exercise of voting rights

We exercise voting rights for stocks held for strategic purposes comprehensively considering whether each proposed resolution will contribute to sustainable growth by increasing the medium-to-long-term corporate value of the issuing company. When we exercise our voting rights on (i) a resolution with regard to appointment of, or compensations for, directors and/or Audit & Supervisory Board members of a company that has major concerns in corporate governance, such as the occurrence of social scandals or whose very poor performance has continued for certain period of time, or (ii) a resolution that will have a significant impact on corporate value or interests of shareholders such as mergers or other restructuring proposals, we will make inquiries to such company about the plan for improving corporate value before exercising our voting rights.

{Principle 1-7 Related Party Transactions}

When the Company enters into a transaction with a director, the Board of Directors monitors the transactions (pre-approval and confirmation of results) in accordance with the Companies Act.

When the Company enters into a transaction with a major shareholder or the like, if such transaction has high importance in light of certain prescribed judging criteria, such transaction is subject to a prior approval that may be given after full discussion among the relevant departments in the Company. The terms and conditions of transactions with such parties shall be equal to those of arms-length transactions.

{Principle 2-4 Ensuring Diversity, Including Active Participation of Women}

{Supplementary Principle 2-4①}

Toyoda Gosei's Management Philosophy includes "establishing a vibrant corporate culture through respect for individuality and the value of enhanced teamwork." Specifically, we emphasize the three pillars of our human resource strategy: Promotion of human resources development, active participation of a diverse workforce, and creation of a positive and pleasant corporate culture. We are making efforts to invigorate the company by hiring and training diverse personnel, including women, foreign nationals, mid-career hires, and people with disabilities, and provide fair and impartial training, assessment, and promotion. For detailed information on things such as the number of female managers, personnel training, and development of the environment in the company as examples of our activities for a diverse workforce, please see our integrated report (Toyoda Gosei Report), which is available in the Toyoda Gosei Library on the company's website (<https://www.toyoda-gosei.com/>).

{Principle 2-6 Roles of Corporate Pension Funds as Asset Owners}

The Company's pension funds are managed by the Toyoda Gosei Corporate Pension Fund. Given that the management of corporate pension funds affects not only the stable asset formation of employees but also the Company's own financial position, we dispatch personnel with the necessary expertise from the finance and human resources departments to the said pension funds managing entity. In addition, the said entity is monitored by the Asset Management Committee, whose meeting is held every month.

{Principle 3-1 Full Disclosure}

The Company is making the following efforts to enhance information disclosure in order to ensure transparency and fairness in the Company's decision-making and to achieve effective corporate governance.

{Principle 3-1(i) Company objectives (e.g., business principles), business strategies and business plans}

We have formulated a Management Philosophy ((1) Good Corporate Citizenship, (2) Proper Business Operation, (3) Sustainable Growth, (4) Customer Satisfaction, (5) Conservation of Global Environment and Resources, and (6) Respect for the individual) that embodies the Company Creed "Boundless Creativity and Social Contribution," and are striving to achieve sustainable growth and increase corporate value over the medium to long term through proper collaboration with a wide range of stakeholders.

The 2025 Business Plan (released May 2018) was formulated as a medium-to-long-term business plan to respond to dramatic changes in the business environment and achieve sustainable growth in the future. Please see the Corporate Information on the company's website (<https://www.toyoda-gosei.com/>).

We aim to grow as a global company that responds flexibly and swiftly to major environmental changes and delivers secured environment, safety and comfort to customers worldwide. To achieve this, we established three pillars of activity: "Venture into innovation, new mobility," "Strategy for growing markets and fields," and "Innovative manufacturing at production sites." Through the development of new products that respond to the progress of autonomous driving and electrification, commercialization of new technologies and business growth of airbags and other products, we aim to achieve our business targets for FY2025: sales revenue of over 1 trillion yen, an operating margin of 8% and ROE of 10%.

[Principle 3-1 (ii) Basic views and guidelines on corporate governance based on each of the principles of the Code]

Such matters are described in "I-1 Basic Philosophy" above in this Report.

[Principle 3-1 (iii) Board policies and procedures in determining the remuneration of the senior management and directors]

- Policies

Compensation for Directors consists of 'Monthly Remuneration (Fixed Remuneration)', 'Cash Bonus (Short-term Incentive)' and 'Share-based Remuneration (Long-term Incentive)' based on the thinking that compensation should serve as an appropriate incentive to try to sustainably raise the value of the company. The standard allocation of Monthly Remuneration: Cash Bonus: Share-based Remuneration shall be in ratio of approximately 70%:20%:10%.

Monthly Remuneration shall be awarded reflecting responsibilities, experience and payment trends at other companies.

Cash Bonus shall be determined based on consolidated operating profit for the fiscal year, taking into comprehensive account factors such as achievement status of annual plan, the level of employee bonuses, payment trends at other companies, medium-to long-term business result, past payments and ESG management contribution, etc.

With regard to Share-based Remuneration, company introduced Compensation for Granting of Restricted Shares to further promote sharing value with shareholders and to achieve sustained improvement of the corporate value of the Company.

- The total amount of the monthly remuneration and bonuses for Directors shall be no more than 650 million yen annually (for outside directors it shall be no more than 65 million yen annually). The total Compensation for Granting of Restricted Shares for directors, excluding outside directors, shall be no more than 100 million yen annually. The amounts for both are decided at the annual shareholders' meeting on June 12, 2020.

Outside Directors and Audit & Supervisory Board members shall not receive payment of Cash Bonuses nor Share-based Remuneration as they fulfill monitoring and supervisory function from an independent standpoint.

- Procedures

After contingent upon fair and transparent deliberation by the Executive Compensation Committee (established in 2019) of which majority is outside directors, within the range determined by a decision at the shareholders' meeting, compensation is determined by a chair of the Board of Directors based on a delegation resolution of the Board of Directors. In March 2020, the chairperson of the committee was changed from internal director to an outside director to enhance transparency and fairness further.

At the Executive Compensation Committee, compensation levels, the background and thinking that led to decisions on compensation are confirmed, and their appropriateness is reviewed and reported.

{Principle 3-1 (iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and Audit & Supervisory Board Members candidates}

• Policies

When the Board of Directors appoints or nominates senior officers or candidates for directors or Audit & Supervisory Board members, the Board of Directors shall comprehensively consider the following factors: the balance of knowledge, experience, and capabilities of the entire management team and the Board of Directors, ability to make accurate and prompt decisions, reputations in the Company and their capability in complying with laws and corporate ethics.

Candidates for Audit & Supervisory Board members are nominated considering various factors comprehensively so as to ensure the right person in the right place, procuring the balance of diversity of perspectives regarding business management such as knowledge of finance, accounting, legal affairs, and other knowledge about the Company's business.

If senior officers or candidates for directors are found to have committed fraudulent acts or seriously violated laws and regulations or the Articles of Incorporation, we will take procedures for their dismissal.

• Procedures

The candidates are nominated by a resolution of the Board of Directors based on a recommendation of an Executive Appointment Committee (established in 2019) of which a majority of members are outside directors, and then are finally appointed by a resolution of the General Meeting of Shareholders.

In March 2020, the chairperson of the committee was changed from internal director to an outside director to enhance transparency and fairness further.

{Principle 3-1 (v) Explanations with respect to the individual appointments/dismissals and nominations based on (iv)}

The career history and the reasons for the selection of candidates for director and of Audit & Supervisory Board member are posted on the website of the Company for the General Meeting of Shareholders.

{Supplementary Principle 3-1③}

Please see the Sustainability section on Toyoda Gosei's website (<https://www.toyoda-gosei.com/>) for more on our thoughts and efforts with regard to sustainability. Based on materiality (important issues), we have compiled the allocation and strategy of management resources including human capital and intellectual properties, and formulated the 2025 Business Plan as a medium- to long-term management plan including the contents related to the business portfolio. For details on our investment in human capital, please see Supplementary Principle 2-4 ①. About investment in intellectual assets, we proceed with our efforts using the IP landscape, and then we analyze our position and continue to link to intangible asset formation in existing businesses and the creation of new businesses. (<https://www.toyoda-gosei.com/csr/governance/chizai/>).

In responding to climate change, we identified risks and opportunities, including those associated with resource depletion, in agreement with and based on the guidelines of the TCFD in May 2019. We consider responding to this to be an important business challenge, and we are strengthening our efforts from a global perspective. For details, please see the Sustainability section of the Toyoda Gosei website (<https://www.toyoda-gosei.com/>) and our securities reports.

In May 2022, we have formulated the "Toyoda Gosei Group Human Rights Policy" to further accelerate human rights initiatives. We will continue to promote such efforts in the future. For details, please refer to the "Social –Employee Relations" page on our web page (<https://www.toyoda-gosei.com/csr/social/report2/>).

{Principle 4-1 Roles and Responsibilities of the Board of Directors (1)}

{Supplementary Principle 4-1 ①}

The Board of Directors has established the “Board of Directors Rules” and other internal regulations, which clarifies matters that should be judged and decided by the Board of Directors and the matters that should be judged and decided by the management members of the Company.

With regard to matters other than certain the execution of important operations, authorities may be delegated to the management members of the Company depending on the amount and nature of the relevant transaction.

{Principle 4-9 Independence Standards and Qualification for Independent Directors}

When selecting candidates for independent outside directors, the Board of Directors places great importance on their extensive experience and high-level insight in the business management, in addition to the qualifications for outside directors required under the Companies Act. Furthermore, we require the satisfaction of the qualifications required for an independent director (or an independent Audit & Supervisory Board member) stipulated by each stock exchange at which the stock of the Company is listed and absence of risks of conflict of interests with ordinary shareholders as conditions to be appointed as independent outside directors.

{Principle 4-10 Use of Optional Approach}

{Supplementary Principle 4-10①}

We have appointed three independent outside directors with deep experience and expertise in company management, manufacturing, and the environmental and energy fields. Decisions on appointment of director and senior management (including succession plans) and compensation are made after deliberations and reports of the "Executive Appointment Committee" and "Executive Compensation Committee", which are chaired by an independent outside director, with the majority being independent outside directors in order to enhance independence and objectivity. At the Executive Appointment Committee, in recognition of the skills and circumstances necessary to achieve the management policy, considers whether such appointment are in alignment with the management policy, and whether candidates are suitable based on their personality, career, and the skills they possess. At the Executive Compensation Committee, the compensation levels, the background and thinking that led to those decisions are explained, and actively seeks the opinions of independent outside directors on the appropriateness of those compensation levels.

{Principle 4-11 Preconditions for Board and Audit & Supervisory Board Effectiveness}

{Supplementary Principle 4-11①}

- Philosophy with regard to overall balance, diversity, and scale
- The Board is composed with consideration of mobility, expertise, and diversity.
- Toyoda Gosei’s Board of Directors consists nine Directors and five Audit & Supervisory Board Members, for a total of 14 people. The Board of Directors considers various factors comprehensively including the balance of expertise and the fields of specialty of the Board members so as to cover the functions and business fields of the Company, the principle of “the right person in the right place” that is required for accurate and quick decision making as well as the diversity of the Board members.

We appoint independent outside directors with management experience and insight developed at other companies, and one of the directors and one of the Audit & Supervisory Board members is a woman. For details, please see II 1. “Relationship between Directors and company (1) (2), relationship between Audit & Supervisory Board Members and company (1) (2).” The skill matrix of Toyoda Gosei directors is described on the company website (<https://www.toyoda-gosei.com/>).

The current number of the directors (including outside directors) is nine, which we believe to be an appropriate size for accurate and quick decision-making.

- Policy and procedures for appointment of directors

As described in Principle 3-1 (iv).

[Supplementary Principle 4-11②]

Important concurrent positions held by each director and each Audit & Supervisory Board member including concurrent positions at listed companies are disclosed in the Business Report and Reference Materials for the General Meeting of Shareholders. Please see the company website (<https://www.toyoda-gosei.com/>).

[Supplementary Principle 4-11③]

Toyoda Gosei interviews the members of the Board of Directors every year to raise the effectiveness of the Board. All nine directors and all five Audit & Supervisory Board members were interviewed in fiscal 2021, and their effectiveness was examined. From the results, all items were generally appropriate and were assessed to be effective.

Particularly high evaluations were received for “lively discussions and ease of making remarks,” “discussion agendas focused on priority issues,” and “support for outside officers.” On the other hand, the opinion was also expressed that there needs further enhancement to be more “discussion of medium- to long-term policy,” which as an issue from before. Other opinions expressed included the lack of “opportunities to grasp the actual situation through on-site observation” and the lack of “places for discussion with direct dialogue between directors” due to the influence of Covid-19. We will try to implement site inspections and informal meetings in a round-table format, and to improve communication through site visits and face-to-face discussions. The opinion was also expressed that preparation is needed to “ensure greater diversity in the Board of Directors” with a view to the future, and so the experience and expertise considered to be necessary for company growth have been expressed in a skills matrix, and we will continue our efforts to ensure diversity.

[Principle 4-14② Training policy for Directors and Audit & Supervisory Board Members]

We appoint, as directors and Audit & Supervisory Board members, persons eligible to fulfill their duties and responsibilities (including legal liabilities) and familiar with the Company’s business, finance, and organization. In addition, we provide continuous training opportunities to them.

Directors attend lectures by internal and external instructors with content appropriate to the Companies Act and occasional circumstances, and are provided opportunities to participate in external seminars. By providing such opportunities, we facilitate the directors’ acquisition of necessary knowledge and understanding of their roles and responsibilities.

Audit & Supervisory Board members attend lectures by instructors from inside and outside the Company and are provided opportunities to participate in external seminars. By providing such opportunities, we facilitate Audit & Supervisory Board members’ acquisition of necessary knowledge and understanding of their roles and responsibilities.

As we believe it is important for outside directors to have a deep understanding of our company in making important decisions, we arrange opportunities to visit each business location and suppliers and provide information related to each of our functions and business areas.

[Principle 5-1 Policy for Constructive Dialogue with Shareholders]

The officer in charge of Corporate Strategy Headquarters oversee communications with shareholders and investors, and actively respond through various initiatives including financial results briefings.

Related departments in the Company that support such communications, establish infrastructure for such communications under close cooperation within the Company through planning of communication opportunities and sharing of relevant information in the Company in order to realize constructive communications.

As measures for communications with shareholders, we hold financial results briefings for institutional investors and small briefing sessions (small meetings), facility tours for institutional investors guided by the officer in charge, individual meetings with institutional investors and ESG session. The president, the chief of corporate strategy headquarters, officers or persons responsible from the finance and accounting departments, officers or persons responsible from related departments, and outside directors participate depending on the purpose of the dialog. Based on the opinions and requests from shareholders and investors gained through these opportunities, we will further enhance opportunities for dialogue.

For opinions and requests received in such communication opportunities, reports are made to management in company-wide meetings, while reported as feedback to related departments and at the same time information is shared in the Company.

As stated in our disclosure policy, during the “silent period” before the announcement of financial results, communications with shareholders and investors are restricted, and internal information is strictly managed. When the Company has any insider information, the insider information is controlled and internal information is strictly managed.

<https://www.toyoda-gosei.com/ir/disclosurepolicy/>

2. Capital Structure

Foreign Shareholding Ratio	From 10% or more to less than 20%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Toyota Motor Corporation	55,459,486	42.82
The Master Trust Bank of Japan, Ltd. (Trust account)	13,192,600	10.18
Custody Bank of Japan, Ltd.(Trust account)	7,844,800	6.05
Sumitomo Mitsui Banking Corporation	5,049,402	3.89
Toyoda Gosei Employee Stock Ownership association	1,626,641	1.25
Nippon Life Insurance Company	1,592,615	1.22
The Dai-ichi Life Insurance Company ,Ltd.	1,381,890	1.06
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	1,223,073	0.94
Daiei Sangyo Kaisha, Ltd.	1,041,289	0.80
Denso Corporation	1,002,531	0.77

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

Supplementary Explanation

• In the large shareholding report (change report) provided for public viewing dated Dec. 7, 2021, Sumitomo Mitsui DS Asset Management Co., Ltd. and joint holder Sumitomo Mitsui Banking Corporation were reported as owning the respective shares below as of Nov. 30, 2021. We were unable to confirm the real number of shares held by Sumitomo Mitsui DS Asset Management Co., Ltd. as of March 31, 2022, and so it is not included in the status of the major shareholders mentioned above. The content of that large shareholding report (change report) is as follows.

• Individual or company name Sumitomo Mitsui DS Asset Management Co., Ltd.

No. of share certificates, etc. held (thousand shares) 4,250

Share certificate ownership ratio (%) 3.27

• Individual or company name Sumitomo Mitsui Banking Corporation

No. of share certificates, etc. held (thousand shares) 5,049

Share certificate ownership ratio (%) 3.88

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange (Prime), Nagoya Stock Exchange (Premier)
Fiscal Year-End	March
Type of Business	Transportation Equipment
Number of Employees (consolidated) at the End of the Previous Fiscal Year	More than 1000 persons
Sales (consolidated) as of the End of the Previous Fiscal Year	From JPY 100 billion or more to less than JPY 1 trillion
Number of Consolidated Subsidiaries at the End of the Previous Fiscal Year	From 50 companies or more to less than 100 companies

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholders

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5. Other Special Matters which may have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Structures and Operations

Organization Form	Company with Audit & Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15 persons
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Director
Number of Directors	9 persons
Election of Outside Directors	Elected
Number of Outside Directors	3 persons
Number of Independent Outside Directors	3 persons

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Sojiro Tsuchiya	From another company									△			
Kimio Yamaka	From another company												
Mayumi Matsumoto	Academic												

- * Categories for “Relationship with the Company”
 - * ”○” when the director presently falls or has recently fallen under the category;
“△” when the director fell under the category in the past
 - * “●” when a close relative of the director presently falls or has recently fallen under the category;
“▲” when a close relative of the director fell under the category in the past
- a. Executive of the Company or its subsidiaries
 - b. Non-executive director or executive of a parent company of the Company
 - c. Executive of a fellow subsidiary company of the Company
 - d. A party whose major client or supplier is the Company or an executive thereof
 - e. Major client or supplier of the listed company or an executive thereof
 - f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit & Supervisory Board member
 - g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
 - h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
 - i. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board members are mutually appointed (the director himself/herself only)
 - j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
 - k. Others

Outside Directors’ Relationship with the Company (2)
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Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Sojiro Tsuchiya	○	He was a management executive officer of Denso Corporation until June 2013. It has been 9 years since he retired from a management executive officer of Denso Corporation (director and executive vice president). Although the Company has a business relationship with Denso Corporation, the transaction amount is less than 0.1% of our sales.	He holds experience working in the corporate management of Denso Corporation as a Director, as well as insight on overall manufacturing which he accumulated at corporations including Denso Corporation and other organizations for many years. He will provide supervise the management of the Company and offer advice based on his extensive experience and high-level insight. The Company has designated him as an independent director because the Company judges that he satisfies the requirement to be an independent director and there is no conflict of interest between him and general shareholders.
Kimio Yamaka	○	-	He holds experience working in the fields of finance and project review mainly for government policy finance and in the field of environment and energy. He will provide supervise the management of the Company and offer advice based on his extensive experience and high-level insight.

			The Company has designated him as an independent director because the Company judges that he satisfies the requirement to be an independent director and there is no conflict of interest between him and general shareholders.
Mayumi Matsumoto	○	—	She holds experience working as a news anchor and researcher in the broad fields of social issues, environment and energy. She will provide supervise the management of the Company and offer advice based on her extensive experience and high-level insight. The Company has designated her as an independent director because the Company judges that she satisfies the requirement to be an independent director and there is no conflict of interest between her and general shareholders.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson
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	Committee's Name	Total Number of Members	Number of Full-time Members	Number of Internal Directors	Number of Outside Directors	Number of Outside Experts	Number of Others	Chairperson of the Committee
Optional Committee corresponding to an Appointment Committee	Executive Appointment Committee	5	0	2	3	0	0	Outside Director
Optional Committee corresponding to Compensation Committee	Executive Compensation Committee	5	0	2	3	0	0	Outside Director

Supplementary Explanation

[Auditors]

Establishment of an Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	8 persons
Number of Audit & Supervisory Board Members	5 persons

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Department

Audit & Supervisory Board members, Internal Audit Department and accounting auditors have regular meetings on their audit systems, audit policies, audit plans, implementation status, audit results, etc., and have contact, exchange opinions and share information with each other so as to promote efficient and effective audits.

Appointment of an Outside Audit & Supervisory Board Member	Appointed
Number of Outside Audit & Supervisory Board Members	3 persons
Appointed Number of Independent Audit & Supervisory Board Members	2 persons

Outside Audit & Supervisory Board Member's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Chika Kako	From another company							○		○				
Hideomi Miyake	From another company										△			
Hitoshi Kuwayama	Attorney at Law													

* Categories for "Relationship with the Company"

- * "○" when the director presently falls or has recently fallen under the category;
- "△" when the director fell under the category in the past
- * "●" when a close relative of the director presently falls or has recently fallen under the category;
- "▲" when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or executive of a parent company of the Company
- d. Audit & Supervisory Board members of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Audit & Supervisory Board member
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board member himself/herself only)
- k. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board members are mutually appointed (the Audit & Supervisory Board member himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board member himself/herself only)
- m. Others

Outside Audit & Supervisory Board Member's Relationship with the Company (2)
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Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Chika Kako		-	She holds experience mainly in the vehicle development and materials development divisions of Toyota Motor Corporation, as well as experience with management of Toyota Motor Corporation as a Managing Officer. The Company expects her to reflect her such extensive experience and high-level insight on the audit of the Company.
Hideomi Miyake	○	Until June 2016, he was a management executive officer of Toyoda Iron Works Co., Ltd. 6 years have passed since he retired from a management executive officer of Toyoda Iron Works Co., Ltd. (director and chairperson). Although the company has a business relationship with Toyoda Iron Works Co., Ltd., the transaction amount is less than 0.1% of our sales.	The Company expects him to reflect his extensive managerial experience and high-level insight on the audit of the Company. The Company has designated him as an independent Audit & Supervisory Board member because the Company judges that he satisfies the requirement to be an independent Audit & Supervisory Board member and there is no conflict of interest between him and general shareholders.
Hitoshi Kuwayama	○	-	The Company expects him to reflect his extensive experience and high-level insight as a lawyer on the audit of the Company. The Company has designated him as an independent Audit & Supervisory Board member because the Company judges that he satisfies the requirement to be an independent Audit & Supervisory Board member and there is no conflict of interest between him and general shareholders.

[Independent Directors and Independent Audit & Supervisory Board Members]

Number of Independent Directors and Independent Audit & Supervisory Board Members	5 persons
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Other Matters relating to Independent Directors and Independent Audit & Supervisory Board Members

All Outside Directors and Independent Audit & Supervisory Board Members who qualify as independent officers are designated as independent officers.

[Incentives]

Incentive Policies for Directors	Compensation for Granting of Restricted Shares
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Supplementary Explanation

The policy of compensations for directors is as described in Chapter I-1 【Disclosure based on the principles of the Corporate Governance Code】〔Principle 3-1 Effective Disclosure of Information〕〔Principle 3-1 (iii) Policies and Procedures of the Board in determining Compensations for Senior Officers and Directors〕 of this Report. Compensation for Directors consists of ‘Monthly Remuneration (Fixed Remuneration)’, ‘Cash Bonus (Short-term Incentive)’ and ‘Share-based Remuneration (Long-term Incentive)’. The standard allocation of Monthly Remuneration: Cash Bonus: Share-based Remuneration shall be in ratio of approximately 70%:20%:10%.

Recipients of Stock Options	
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Supplementary Explanation

[Compensation for Directors]

Disclosure of Individual Directors’ Compensation	No Individual Disclosure
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Supplementary Explanation

The total amount of compensations for directors is disclosed in the securities report.

Policy on Determining Compensation Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining the Amounts of Compensations and Calculation Methods thereof
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The policy of compensations for directors is as described in Chapter I-1 【Disclosure based on the principles of the Corporate Governance Code】〔Principle 3-1 Effective Disclosure of Information〕〔Principle 3-1 (iii) Policies and Procedures of the Board in determining Compensations for Senior Officers and Directors〕 of this Report

[Support System for Outside Directors and/or Outside Audit & Supervisory Board Members]

Explanations are given in advance to outside directors and outside Audit & Supervisory Board members regarding important matters in the Board of Directors. Audit & Supervisory Board Department has been established as a dedicated organization to assist the execution of duties by Audit & Supervisory Board members.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

{Overview of the Current Corporate Governance System and Reasons for Adopting the System}

We have selected company with Audit & Supervisory Board and have established General Meeting of Shareholders, Board of Directors, Audit & Supervisory Board, and accounting auditors as statutory bodies. We have also established and operated an internal control system including internal audits.

The Board of Directors consists of nine Directors, and reports, deliberations and resolutions are made on matters stipulated by law and important management matters at monthly meetings of the Board of Directors (or extraordinary meetings of the Board of Directors when necessary).

A corporate officer system has also been introduced to speed up decision-making and business execution. For important management matters, a management meeting is held each month, and functional meetings and various committees on key functions including technology, cost, and personnel are held as needed to make accurate management decisions.

In addition, to accelerate efforts for sustainability, company-wide sustainability meeting (twice/year) has been established in 2021. We are making efforts on important effort items related to sustainability with the company president as the meeting chairperson and participation of all directors, Audit & Supervisory Board members (including outside directors and Audit & Supervisory Board members), and headquarters chiefs.

The Audit & Supervisory Board consists of five Audit & Supervisory Board members. It holds regular meetings and performs management monitoring functions through attendance at important meetings, including the meetings of the Board of Directors and audits of each department and subsidiary of the Company, which, together with the accounting audit by outside independent accounting auditors, enables the Company to secure an independent and fair audit system. Note that, appointment, dismissal and audit compensation of Audit & Supervisory Board members and external accounting auditors, too, judging by following discussion by the Audit & Supervisory Board.

The legality and efficiency of the decision-making and execution of duties of the Company is sufficiently secured based on these institutional designs under which audit, supervision and business execution of the Company is efficiently coordinated and functioning so that the Company has adopted the current system.

{Strengthening the Functions of Audit & Supervisory Board}

In order to enhance the effectiveness of audits by Audit & Supervisory Board members, we have established auditing standards for Audit & Supervisory Board members that stipulate basic matters related to audits, and audits are conducted based on those standards. Each Audit & Supervisory Board member conducts surveys and interviews with the Company and its subsidiaries in accordance with the audit policy and audit plan established by Audit & Supervisory Board members, and actively participates in important meetings and various committees such as the meetings of the Board of Directors and management meetings, and performs audits on the execution of duties of directors including audits of business reports from directors, inspection of important documents such as approval documents, inspection of offices and subsidiaries of the Company from the perspective of ensuring legality, ensuring appropriateness, protecting property and rights and prevention of loss.

In addition, a dedicated department that assists Audit & Supervisory Board members has been established so as to enables Audit & Supervisory Board members to perform audits more effectively.

{Internal Audits}

We have established an internal audit department and conducted, from the perspective of legality and rationality, internal audits for all operations of the Company with the aim to achieve management goals and prevent fraud and errors based on internal audit plans approved by management executive officers of the Company at the beginning of the fiscal year. In addition, each functional department has established internal controls in accordance with their respective functions, and internal audits by the internal audit department include audits of maintenance and operation of internal controls of each functional department.

The results of internal audits are reported to the Audit & Supervisory Board. In addition, starting from FY2021, they are reported directly to the Board of Directors to ensure objectivity. The effectiveness of the internal audits is increased by giving recommendations for improvements to audited departments based on the audit results, and confirming their improvement plans and results. In these ways, we are trying to improve the effectiveness of internal audits. Internal audit plans are created through the exchange of opinions with

Audit & Supervisory Board Members, and the status of internal audits and audit results are reported to Audit & Supervisory Board members so as to share information as needed.

{Limited Liability Agreement}

So that directors and Audit & Supervisory Board members can perform their essential duties more smoothly, pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, it is stipulated in the Articles of Incorporation that liability of directors (including past directors) and Audit & Supervisory Board members (including past Audit & Supervisory Board members) for damages of the Company under Article 423, Paragraph 1 of the Companies Act can be exempted within legal limits.

In addition, the Company, outside directors and outside Audit & Supervisory Board members have entered into a respective contract that limits liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under such contract is the amount specified in Article 425, Paragraph 1 of the same law.

The liability of a certain director or Audit & Supervisory Board member who has entered into a contract that limits the amount of liability for damages can be limited only in cases where there were no willful misconduct and gross negligence in the course of performance of the execution of duties of such director or Audit & Supervisory Board member and it is deemed particularly necessary to limit the amount of liability for damages in consideration of the factual content that was the cause of the liability, the circumstances of the execution of duties by such director or Audit & Supervisory Board member in question, and other circumstances.

3. Reasons for Adoption of Current Corporate Governance System

As mentioned above, the Company has adopted the current system based on the recognition that the management supervision system is fully prepared and functioning.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholders' Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	In connection with the Ordinary General Meeting of Shareholders, a "Notice of the Ordinary General Meeting of Shareholders" is sent out before the legal deadline and, the information posted in the "Notice of the Ordinary General Meeting of Shareholders" has been published electronically on TDnet and the website of the Company during the period after the resolution of the Board of Directors with regards to convocation of the Ordinary General Meeting of Shareholders and before the distribution of Notice of the Ordinary General Meeting of Shareholders.
Scheduling AGMs Avoiding the Peak Day	The Company holds a General Meeting of Shareholders avoiding the date on which General Meetings of Shareholders of companies are either most concentrated on or second most concentrated on.
Allowing Electronic Exercise of Voting Rights	The Company enables the exercise of voting rights through the Internet.
Participation in Electronic Voting Platform	The Company participates in an electronic voting platform operated by ICJ, Inc.
Providing Convocation Notice in English	The Company prepares English-language convocation notices and posts them on the electronic voting platform and the website of the Company.

2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	"The Disclosure Policy for Investors" are prepared and posted on the website of the Company

	https://www.toyoda-gosei.com/ir/disclosurepolicy/
Regular Investor Briefings for Individual Investors	In FY2021, we held two online briefing session.
Regular Investor Briefings for Analysts and Institutional Investors	The following activities are implemented as regular briefings and similar activities: <ul style="list-style-type: none"> -Holding financial results briefings for institutional investors in which the president or related officers provide explanations four times a year; -Holding small briefings (small meetings) in which the president and related officers provide explanations as needed; - Individual meetings with domestic and overseas institutional investors are held directly or online; -Holding annual facility tours for institutional investors organized by the Company about once a year; -Enabling IR interviews at overseas bases with online twice a year;
Regular Investor Briefings for Overseas Investors	The Company participates in IR events for overseas investors about two times a year. IR interviews at the headquarters are conducted according to the requests of institutional investors.
Posting of IR Materials on Website	On the website of the Company, financial results briefing materials, financial results and other performance information of the Company are posted and operation, products and ESG activities of the Company are explained clearly. On the website of the Company, movies of presentations at financial results briefings are distributed and applications for registration for the latest IR information mail delivery service are received. As a message from the officers in charge of finance, the policy for IR and financial policy of the Company are described.
Establishment of Department and/or Manager in Charge of IR	IR and Profit Control Department which consists of 2 managers (One manager is full-time position) and 3 staff (full-time position) is established. The Company has established the system under which other related departments participates in IR activities as needed.

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	We have formulated a Management Philosophy ((1) Good Corporate Citizenship, (2) Proper Business Operation, (3) Sustainable Growth, (4) Customer Satisfaction, (5) Conservation of Global Environment and Resources, and (6) Respect for the individual) that embodies the Company Creed “Boundless Creativity and Social Contribution,” and are striving to achieve sustainable growth and increase corporate value over the medium to long term through proper collaboration with a wide range of stakeholders. We have formulated the “Toyoda Gosei Group Charter for Business Ethics” and “Toyoda Gosei Guidelines for Business Ethics” as a supplement to the Management Philosophy, and we make efforts to appropriately collaborate with stakeholders and respect their interests through providing a guide on (a) ethical standards and values that should be shared and (b) specific action, from the five perspectives of “Corporate Social Responsibility, Company-Employee Relationships, Company Business Activity, Relationship with Society and Private Activity” and having all employees and group companies in Japan and overseas comply with the said guide.
Implementation of Environmental Activities, CSR Activities, etc.	Through our business activities, we contribute to the creation of a better society and the realization of a sustainable world, and meet the expectations of our customers, shareholders, employees, local communities and other stakeholders. For details on the results of these efforts, please see our annual

	report (Toyoda Gosei Report), available in the Toyoda Gosei Library on the company's website (https://www.toyoda-gosei.com/).
Development of Policies on Provision of Information to Stakeholders	As a company that is trusted by society, we have a policy of proactive and fair information disclosure and dialogue. "Toyoda Gosei Group Charter for Business Ethics" https://www.toyoda-gosei.com/csr/governance/compliance/charter/
Other	<p>{Promotion of Diversity}</p> <p>Toyoda Gosei's management philosophy includes "establishing a vibrant corporate culture through respect for individuality and the value of enhanced teamwork." Specifically, we emphasize the three pillars of our human resource strategy: Promotion of human resources development, diversity and inclusion of a diverse workforce, and creation of a positive and pleasant corporate culture. We are making efforts to invigorate the company by hiring and training diverse personnel, including women, foreign nationals, mid-career hires, and people with disabilities, and provide fair and impartial training, assessment, and promotion.</p> <p>We actively employ people with disabilities. Our "Employment Promotion Committee for Persons with Disabilities" plays a central role in employment, assignment, training, workplace retention and education. By clarifying the jobs that persons with disabilities can engage in and hiring and assigning them in a planned manner, 127 persons with disabilities were hired in FY2022 (as of June 1, 2022), and we have achieved a hiring rate of 2.32%, exceeding the target (statutory employment rate) of 2.3% (revised upward to 2.3% in March 2021).</p> <p>To promote greater involvement of senior employees, the retirement age was raised from 60 to 65 on April 1, 2022, and we are working to create an environment where people can continue working with a sense of security and high motivation without a break in their career at age 60. We will continue to put our efforts to enhance career education, foster a structural awareness of health and physical fitness, and create production sites with less physical burden. We also want to create a workplace culture where people can work energetically.</p> <p>{Policies and Initiatives for Women's Success}</p> <p>Efforts are being made in three key areas to promote the activity of women: (1) Training and support for the active roles of female employees, (2) Reforming the attitudes and behaviors of superiors, and (3) Creating a workplace culture. In one example of efforts for training and support for the active roles of female employees, in a "Challenge program" for female management candidates, efforts are made so that candidates have opportunities to systematically learn management skills through training and share concerns and give mutual advice through the practice of these skills in the workplace. In efforts to reform the attitudes and behavior of superiors, a working group was started in 2018 with volunteer management members, and has been conducting activities to raise the level of management and review working styles in management with such themes as "Promoting the activities of diverse employees" and "One's own and one's subordinates' work-life balance."</p> <p>We will continue to promote these activities, aiming to (1) having more than 40 female managers and (2) increasing the ratio of female graduates (regular position with the prospect of promotion) to over 20% by 2025.</p>

	<p>[Support for Balancing Work and Family]</p> <p>In order to balance work and childcare, our workplace environment and childcare leave system have been improved. This includes “Childcare Day” and “In-house Day Care for Holidays.” We also hold career building seminars (In FY2020 and FY2021, only material distribution to prevent the spread of Covid-19) for employees who have taken or plan to take childcare leave and spouses. In addition, we are working to enhance systems such as short working hours and nursing care leave to support nursing care.</p> <p>As a result of these efforts, we have certified as a “Childcare Support Company” by the Ministry of Health, Labor and Welfare. Going forward, we will continue to raise awareness in order to create work environments where childcare and nursing care support systems are easy to use, and will continue to enhance support and measures.</p>
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IV. Matters Related to the Internal Control System, etc.

1. Basic Views on Internal Control System and the Progress of System Development [Updated]

<p>The Company is striving to establish and operate a system which ensures the propriety of business activities of the Company and the entire group companies through formulating a “Basic Policy on Development of Internal Controls System” in accordance with the provisions of the Companies Act and deliberating important matters at meetings, checking the status of business execution, managing risks, ensuring compliance and establishing an internal control system including internal audits in compliance with the said basic policy. The status of the operation and development of the internal control system is reviewed annually in the meetings of the Board of Directors, and the internal control system is further improved and strengthened based on the status of operation.</p> <ul style="list-style-type: none"> • Basic Policy on Development of Internal Control System <ol style="list-style-type: none"> 1. Systems to ensure that the execution of duties by Members of the Board of Directors complies with relevant laws and regulations and the Articles of Incorporation <ol style="list-style-type: none"> (1) The Company shall thoroughly ensure that Members of the Board of Directors take actions in compliance with relevant laws and regulations and the Articles of Incorporation through training on legal knowledge required for Members of the Board of Directors. (2) In the execution of duties by Members of the Board of Directors, decisions shall be made after comprehensive considerations at the Board of Directors and cross-organizational meetings and committees. The items to be discussed at those meetings and committees shall be properly submitted as prescribed by relevant company rules. (3) The Company shall establish a committee regarding corporate ethics to discuss and determine actions for complying with relevant laws and regulations and corporate ethics. 2. Systems related to the retention and management of information pertaining to the execution of the duties by Members of the Board of Directors <p>Information relating to the execution of duties by Members of the Board of Directors shall be properly retained and managed by each responsible division based on relevant laws and regulations as well as applicable company rules.</p> 3. Rules and other systems related to the management of risk of loss at the Company <ol style="list-style-type: none"> (1) Risks related to business and investment, and risks related to safety, quality, the environment, etc., shall be managed company-wide at the Board of Directors and various cross-organizational meeting based on company rules, and appropriate decisions shall be made with regards to comprehending and responding to those risks. (2) Risks related to business and investment shall be managed properly for the area of responsibility of each business headquarters chief. For risks related to safety, quality, the environment, etc., the division in charge of each function shall properly manage the risks for which it is responsible.
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(3) The Company shall establish and operate guidelines regarding risk management for such as safety, quality, and environment.

(4) In preparation for the occurrence of disasters, the Company shall formulate business continuity plans and conduct disaster drills. In addition, the Company shall attempt to diversify risks by such as effecting insurance if necessary.

(5) The Company shall timely and properly disclose information as well as work on ensuring the accuracy of financial reporting by the Company through such as documenting a flow of funds and a system of management.

4. Systems to ensure that the execution of the duties by Members of the Board of Directors at the Company and its Subsidiaries is performed efficiently

(1) Members of the Board of Directors shall set management policy by maintaining an overview of the entire Toyoda Gosei Group, consisting of the Company and the Subsidiaries, and provide direction and supervision for each business. Based on medium and long term management policies and annual corporate policies, the Company shall embody policies at each level of the organization and perform consistent policy management.

(2) Based on corporate policies, Members of the Board of Directors shall direct and supervise Corporate Officers and conduct swift and flexible decision making. Corporate Officers shall execute their duties with swiftness and flexibility based on the direction and supervision by Members of the Board of Directors.

(3) The Company shall clarify authorities and responsibilities for executing duties by company rules, and duties and budgets shall be executed based on such rules. Important matters shall be properly referred to the Board of Directors and relevant meetings and committees based on applicable referring standards.

5. Systems to ensure that the execution of the duties by the Company's employees and by the Subsidiaries' directors and employees complies with relevant laws and regulations and the Articles of Incorporation

(1) The Company shall clarify allocation of duties and approval authorities for managerial positions at each organization, establish compliance action guidelines such as charter for business ethics and guide for business ethics, and ensure dissemination to all employees through stratified education programs.

(2) Divisions in charge of each function at the Company shall establish and expand company rules and manuals for responsible functions, and ensure effectiveness by such as inspection. In addition, internal audit divisions at the Company shall check the status of implementation on a regular basis.

(3) The Company shall establish organizations responsible for compliance and attempt to foster consciousness of compliance among the Company through providing information on complying with relevant laws and regulations.

(4) The Company shall establish internal and external consulting hotlines for compliance, grasp information promptly, and attempt to develop a solution.

6. Systems to enable the Company to receive reports of matters regarding the execution of duties by the Subsidiaries' directors and others.

The Company shall attempt to create healthy environment of internal control at the Company and the Subsidiaries through sharing the management philosophy with the Subsidiaries and establishing the Toyoda Gosei Group Charter for Business Ethics, which is a common code of conduct, and expanding it to the Subsidiaries. The Company shall dispatch part-time Directors and part-time Audit & Supervisory Board Members to the important Subsidiaries and monitor and restrain the execution of duties by the Subsidiaries. The Company shall establish divisions in charge of managing the Subsidiaries, and confirm that the business of the Subsidiaries is appropriate through exchange of information regularly and as needed with the Subsidiaries.

1) Systems to enable the Company to receive reports of matters regarding the execution of duties by the Subsidiaries' directors and others

The Company shall require the Subsidiaries to establish and operate a prior approval and report system based on the Company's manuals. Important matters at the Subsidiaries shall be properly referred to the Company's Board of Directors and relevant meetings and committees based on applicable referral standards.

2) Rules and other systems related to management of the risk of loss at the Subsidiaries

The Company shall require the Subsidiaries to establish and properly manage a system to promote clarification and activities for risks related to business and investments and risks related to safety, quality, the environment, etc. The Subsidiaries shall also be required to establish crisis management and business continuation plans. Moreover, they shall be required to conduct activities to ensure the accuracy of financial reporting, such as documenting the flow of funds and system of management.

3) Systems to ensure that the execution of the duties by Members of the Board of Directors at the Subsidiaries is performed efficiently

The Company shall require the Subsidiaries to incorporate policies at each level of the organization and perform consistent policy management based on the Company's medium- and long-term management policies and annual corporate policies. The Subsidiaries shall also be required to clarify authority and responsibilities for executing duties by the company rules, and execute duties and budgets based on them. They shall be required to implement these policies properly and carry out conduct the business efficiently.

4) Systems to ensure that the execution of the duties by the Subsidiaries' directors and employees complies with relevant laws and regulations and the Articles of Incorporation

The Company shall require the Subsidiaries to clarify allocation of duties and approval authorities for managerial positions at each organization, establish compliance action guidelines such as guide for business ethics in accordance with the Toyoda Gosei Group Charter for Business Ethics distributed by the Company, and ensure dissemination to all employees through stratified education programs. The Company shall also require the Subsidiaries and the divisions in charge of the business to establish and expand the necessary company rules and manuals, and ensure effectiveness by such as inspection. Moreover, the Subsidiaries shall be required to establish an internal or external consulting hotline for compliance to grasp information promptly, and attempt to develop a solution.

7. Matters regarding employees who assist the duties of Audit & Supervisory Board Members in case where Audit & Supervisory Board Members request assignment of such employees

The Company shall appoint employees who assist the duties of Audit & Supervisory Board Members at the necessary number through discussion with full-time Audit & Supervisory Board Members. In addition, the employees who assist the duties of Audit & Supervisory Board Members shall support necessary investigations by following the instructions from Audit & Supervisory Board Members.

8. Matters regarding the independence of the employees described in Item 7 from Members of the Board of Directors

Employees who assist the duties of Audit & Supervisory Board Members shall belong to a dedicated department established under Audit & Supervisory Board Members. Personnel affairs (such as reassignment, evaluation, and other treatments) of those employees shall be determined through discussion with full-time Audit & Supervisory Board Members.

9. Matters related to ensuring the effectiveness of instructions from Audit & Supervisory Board Members to the employees described in Item 7

Employees who assist the duties of Audit & Supervisory Board Members shall not be ordered by Members of the Board of Directors, Corporate Officers, and other employees.

10. Systems for Members of the Board of Directors of the Company and its Subsidiaries to report to Audit & Supervisory Board Members, and systems regarding other reports to Audit & Supervisory Board Members

(1) Members of the Board of Directors shall timely and properly report to Audit & Supervisory Board Members regarding the execution of major duties through responsible divisions, and immediately report to Audit & Supervisory Board Members when detecting any facts likely to cause substantial detriment to the Company and the Subsidiaries.

(2) Directors and employees at the Company and the Subsidiaries shall report on business operations when requested by Audit & Supervisory Board Members, on a regular basis or whenever necessary.

11. Systems to ensure that a person who has made a report to Audit & Supervisory Board Members will not receive unfair treatment due to making the said report

(1) The Company shall ensure that Members of the Board of Directors, Corporate Officers, employees who have made a report to Audit & Supervisory Board Members will not receive unfair treatment due to making the said report.

(2) The Company shall ensure that Directors and employees of the Subsidiaries who have made a report to Audit & Supervisory Board Members will not receive unfair treatment due to making the said report, and shall disseminate that effect to Directors and employees of the Subsidiaries.

12. Matters regarding policies on processing prepayment or redemption of expenses arising from executing the duties by Audit & Supervisory Board Members, and on processing expenses or debt arising from executing other relevant duties

(1) The Company shall bear expenses arising from executing the duties of Audit & Supervisory Board Members at their request.

(2) The Company shall enable Audit & Supervisory Board Members to consult certified public accountants, lawyers, and others, and shall bear the consulting expenses.

13. Other systems to ensure that audits by Audit & Supervisory Board Members are conducted effectively

(1) The Company shall ensure the attendance of Audit & Supervisory Board Members to major meetings and committees, and secure opportunities for accessing to important documents.

(2) The Company shall secure a system that Audit & Supervisory Board Members exchange opinions with Representative Directors, Accounting Auditors, and internal audit divisions on a regular basis.

(3) Internal audit division and divisions in charge of each function shall conduct audits of the Company and the Subsidiaries by collaborating with Audit & Supervisory Board Members if necessary, and report the results to Audit & Supervisory Board Members. In addition, those divisions shall support investigations by Audit & Supervisory Board Members when necessary.

• Summary of the status of operation

(1) Overall internal control system

The Company is striving to establish and operate a system which ensures the propriety of business activities of the Company and the entire group companies through formulating a “Basic Policy on Development of Internal Controls System” in accordance with the provisions of the Companies Act and deliberating important matters at various meetings, establishing and operating related rules and procedures ensuring thorough compliance, managing risks and establishing an internal control system including internal audits in compliance with the said basic policy. Through its operations, the Committee seeks to enhance internal control systems. We provide training on legal compliance to Directors and Corporate Officers as appropriate.

The status of the operation and development of the internal control system is reviewed annually in the meetings of the Board of Directors, and the internal control system is further improved and strengthened based on the status of operation.

(2) Compliance system

Compliance is ensured throughout the Company and its group companies in accordance with the “Toyoda Gosei Group Charter for Business Ethics”, which is a common code of conduct for the entire group companies, and each company's own action guidelines.

The Company's specific policies and activity plans are deliberated and decided by the Compliance Subcommittee in Internal Control Committee, chaired by the president, and distributed to all internal departments and domestic and overseas subsidiaries. We strive to ensure full legal compliance and establish corporate ethics. In addition, we have set up compliance consultation desks inside and outside the Company to find problems and take remedial actions promptly.

(3) Risk management system

In order to prevent an accident that have a significant impact on management, and to minimize damage in the event of occurrence of the accident, the Company established a “Risk Management Subcommittee” in 2019, which together with its regular operations, monitors risks in each function at various meetings across the organization and makes decisions about how to respond.

For various risks related to safety, quality, and the environment, each department in charge establishes rules and procedures, and conducts appropriate management such as implementing measures after evaluating the status of operation as necessary. In addition, we have established a “Crisis Management Response Guide” that summarizes basic matters related to risks, clearly describes what to do to prevent possible risks and take appropriate and prompt actions in the event of an emergency. Risks related to business and investment shall be managed company-wide at the Board of Directors and various cross-organizational meeting based on company rules, and appropriate decisions shall be made with regards to comprehending and responding to those risks.

(4) Management of the entire group companies

In order to create a sound internal control environment for group companies, we share the “Toyoda Gosei Management Philosophy” with group companies and have established a common code of conduct, the “Toyoda Gosei Group Charter for Business Ethics.”

While respecting the management autonomy of subsidiaries, we regularly receive business reports and confirm the appropriateness and legality of the operations of subsidiaries through pre-approval and reporting systems. In addition, part-time directors and part-time Audit & Supervisory Board members are dispatched to important subsidiaries of the Company to monitor and check the business execution of such subsidiaries.

(5) Performance of duties by directors

Based on the “Rules of Board of Directors”, a meeting of the Board of Directors is held every month and on an ad hoc basis. The Board of Directors makes decisions flexibly with a small number of people. Audit & Supervisory Board members also attend meetings of the Board of Directors. In addition, we have adopted a corporate officer system, and corporate officers flexibly execute their duties by providing resolutions of the Board of Directors to corporate officers at monthly management meetings.

(6) Performance of duties by Audit & Supervisory Board member

The Audit & Supervisory Board members attend major board meetings in addition to meetings of the Board of Directors, and audit and supervise the execution of duties by directors. In addition, the internal audit department (Audit Division) and accounting auditors exchange information closely and cooperate. To improve the independence and effectiveness of audits by Audit & Supervisory Board members and to facilitate audit work, an Audit & Supervisory Board Department has been established directly under the Audit & Supervisory Board to assist in the execution of duties by Audit & Supervisory Board members.

2. Basic Views on Eliminating Anti-Social Forces

The Company has established the “Toyoda Gosei Guidelines for Business Ethics” as a guideline for all people working at the Company in which “Elimination of Anti-Social Force” is stipulated and the Company implement policies on eliminating anti-social force.

- Basic policy on eliminating anti-social forces

We draw a sharp and resolute line with respect to the anti-social forces that pose a threat to the order and safety of civil society, and we will never involve ourselves with such forces for any motivation or reasons.

- Status of developments to eliminate anti-social forces

(1) Establishment of a general response department and a person responsible for preventing illicit requests
A general response department has been established in the headquarters of the Company. At the same time, we are developing a company-wide system to decide on a person who is responsible for dealing with such anti-social forces at each location.

(2) Cooperation with external specialized institutions

We exchange information on a regular basis with the police headquarters and the relevant police stations, and participate in liaison meetings organized by the authorities.

(3) Status of collecting and managing information on anti-social forces

In cooperation with external specialist organizations and experts, the latest information on anti-social forces is collected and managed by the corresponding department, and used for alerting the Company as necessary.

(4) Preparation of Manual

A collection of case studies on how to deal with unreasonable requests and behaviors is prepared and distributed to each department in the Company.

(5) Implementation status of training activities

a. Information on anti-social forces is provided through the intranet of the Company.

b. We are promoting various educational activities to prevent damages, such as having employees attend classes and seminars on eliminating anti-social forces offered by external specialized organizations.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

2. Other Matters Concerning Corporate Governance System

The Company has established the “Toyoda Gosei Guidelines for Business Ethics” as behavioral guidelines for all people working in the company. It includes actively and impartially providing corporate information to a wide range of stakeholders as a basic way of thinking, and we practice it.

- Overview of the Timely Disclosure System

- 1) The Company has established the “Rules for Timely Disclosure of Company Information” that provide for (a) the management of information concerning the Company and its subsidiaries and (b) the internal rules for organization and procedures for timely disclosure.
- 2) In accordance with internal rules, the department in charge of timely disclosure (General Administration Division) collects information through reports from departments in charge of the management of information subject to timely disclosure or by checking the materials of management meetings and the Board of Directors.
- 3) The department in charge of timely disclosure and the person responsible for timely disclosure (Chief of General Administration and Human Resources Headquarters) determines, based on the applicable laws and regulations, guidelines, etc. including Stock Exchange Rules and Financial Instruments and Exchange Act, whether disclosure of information is necessary.
- 4) When disclosure of information is determined by the said department and person, information is disclosed in a timely manner after report to the president and full-time Audit & Supervisory Board members.

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Toyota Gosei Co., Ltd. Corporate Governance System Chart

