

Corporate Governance Report

CORPORATE GOVERNANCE

Toyoda Gosei Co., Ltd.

Last Update: December 25, 2023

Toyoda Gosei Co., Ltd.

Katsumi Saito, President & CEO

Contact: Corporate Planning Division

Securities code: 7282

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

The corporate governance of Toyoda Gosei Co., Ltd. (the “Company”) is described below.

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

1. Basic Views **[Updated]**

Under the Company Creed “Boundless Creativity and Social Contribution”, we, Toyoda Gosei Co., Ltd. (the “Company”), embody the Management Philosophy. To continue as a company that is trusted and valued by all stakeholders, including society, shareholders, customers, suppliers, and employees, the Company aims to grow as a global company. The Toyoda Gosei Group harnesses the power of all employees in Group companies and acts flexibly and swiftly in today’s dramatically changing business environment, and we have and will continue to deliver satisfaction to customers worldwide in the form of safety, comfort, well-being, the environment, and decarbonization to enrich transportation and people's lives.

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.

Disclosure Based on each Principle of the Corporate Governance Code **[Updated]**

[Principle 1-4 Cross-Shareholdings]

- Policies on strategic shareholdings

We thoroughly investigate the significance of holding stocks (promotion of business alliances, maintenance and strengthening of business relationships) and their economic benefits (dividends) from a medium- to long-term perspective, and hold those judged to be necessary from a policy perspective.

As necessary, we will reduce holdings for which the significance of ownership is not judged to be significantly clear.

- 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.

- 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 are undertaking various measures based on the three pillars of our human resources strategy: "promotion of human resources development," "active participation of a diverse workforce," and "creation of a positive corporate culture." In human resources development, we aim "to create a workforce group who can think independently and take on challenges." In addition to providing educational opportunities for "specialized knowledge in the field of rubber and plastics" and "the problem-solving methods and PDCA cycle" that we have cultivated, we are also working to develop "digital human resources"—people who will be responsible for implementing DX promotion.

We hire and train a diverse workforce, including women, foreign nationals, mid-career hires and people with disabilities. We are making efforts to invigorate the company by giving opportunities for fair and impartial training, assessment, and promotion to all employees and providing an environment where every person can display their abilities and play an active role.

In creating a positive corporate culture, we quantitatively measure employee satisfaction and other parameters in addition to

previous measures. We have also begun engagement surveys for further improvements, and will continue these activities to raise employee engagement. As examples of the active roles of our diverse workforce, detailed information on things such as the number of female managers, the percentage of mid-career hires in management positions, the proportion of local executives in our overseas business operations, and our human resources development and programs to improve the company environment is available in our integrated report (TG Report) on our 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.

In August 2023, the 2030 Business Plan was formulated as a medium-to-long-term business plan to provide social values for changing mobility society and achieve sustainable growth in the future. Please see the Company on the company's website (<https://www.toyoda-gosei.com/>).

The 2030 Business Plan sets forth our vision of becoming a company that pursues the possibilities of polymers to contribute to a future of better mobility and living, and we aim to further enhance our strengths by expanding our business domain using polymer technologies such as rubber and plastics. Our specific growth areas are (1) safety, (2) comfort, and (3) decarbonization, and we aim to achieve sustainable business development by focusing on fields that balance social and economic value. We aim to achieve sales revenue of 1,200 billion yen, operating profit of 100 billion yen, operating profit ratio of 8%, and ROE of 10% by increasing our economic value while enhancing our presence value.

[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 (<https://www.toyoda-gosei.com/>) 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. We have identified important areas where we can contribute to solving social issues as materiality. Based on these, we have organized strategies for effectively allocating management resources, including human capital and intellectual capital, and leveraging competitive advantages. In August 2023, we have also formulated the 2030 Business Plan (medium- to long-term management plan), which includes content regarding reorganization of our business portfolio. For details on our investment in human capital, please see Supplementary Principle 2-4 ①. About investment in intellectual capital, 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 eight Directors and five Audit & Supervisory Board Members, for a total of 13 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 and Audit & Supervisory Board members is described on the company website (<https://www.toyoda-gosei.com/>).

The current number of the directors (including outside directors) is eight, 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]

To raise the effectiveness of the Board of Directors, we interview Board members every year. All nine directors and five Audit & Supervisory Board members were interviewed in FY2022 and their effectiveness was examined. The results indicated that all items were generally appropriate, and the Board of Directors were assessed to be effective.

Like the previous year, the Board received high ratings for “its openness and candid discussions” and “its support for outside directors.” Toyoda Gosei considers questions and opinions from outside directors to be important in making decisions, and will continue these efforts. However, “the Board’s discussions on medium- to long-term policies” have been regarded as an issue for some time, and opinions expressed include that “although opportunities to take up these issues are offered in Board of Directors meetings, more intense discussion would be better,” and “Greater opportunity for discussion of measures and strategies would be preferable to reports on efforts that have been made.” We will continue to provide opportunities for discussion and exchange of opinions, including occasions outside of Board of Directors’ meetings. People have also asked about “the resumption of opportunities to see situations first-hand through on-site visits.” We have resumed process inspections related to matters that will be up for discussion at Board of Directors meetings, and will increase such opportunities this year. We are also holding luncheon gatherings to ensure opportunities for “communication among outside directors themselves,” and to improve communication have switched the interview method to a round-table discussion with all outside directors from than the previously conducted individual interviews. Through these efforts, we are working to further improve the effectiveness of the system in the current fiscal year.

[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.

To help Outside Audit & Supervisory Board Members obtain a deeper understanding of Status of Toyoda Gosei, we provide opportunities for feedback on the content of audits performed by full-time auditors in each division of the company's Headquarters and in domestic and overseas subsidiaries. We also provide opportunities to training sessions, seminars by internal and external instructors, and inspect plants and subsidiaries.

[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.

Opinions and requests received through such dialog are reported to management in companywide meetings, while feedback is also given and information shared with Outside Directors, Outside Audit & Supervisory Board Members and related departments. 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/>

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

In August 2023, Toyoda Gosei prepared the 2030 Business Plan and updated our financial policy.

We endeavor to boost business growth through a balance of growth potential, soundness, and efficiency, and to increase corporate value through efficient administration of businesses with attention paid to cost of capital.

① Achieve efficient balance sheet management

Introduction of TG-ROIC for 10% ROE (More efficient use of non-current assets and inventories), Reduction of cross-shareholdings

② Implement returns to shareholders that reflect capital efficiency

Steady and continuous dividend increases, Flexible acquisition of treasury shares

③ Reduction of cost of equity

Proactive disclosure of financial and non-financial information, Diversification of shareholder base

Please see below for details.

- 2030 Business Plan

Website(<https://www.toyoda-gosei.com/kigyounin/>)

- Integrated Report (Toyoda Gosei Report 2023)

Website(<https://www.toyoda-gosei.co.jp/csr/dl/>)

In addition, we will analyze and evaluate the cost of capital, return on capital, and market valuation once a year at the Board of Directors meeting in the future to promote improvements.

[Disclosure of Dialogue with Shareholders]

Toyoda Gosei discloses information in a timely, appropriate and fair manner, and actively engage in dialogue with shareholders and investors to ensure that the opinions we receive are appropriately reflected in our corporate activities and lead to increased corporate value.

The status of dialogue between shareholders/investors and management, etc. during the immediately preceding fiscal year is as follows.

(1) Main respondents and means of dialogue with shareholders and investors

Please refer to Principle 5-1

(2) Summary of shareholders and investors with whom we have had dialogue

Domestic and foreign institutional investors, Major shareholders, Analysts, Individual shareholders, etc.

(3) Main themes and concerns of the dialogue

Medium- to long-term strategy, Business Strategy (business axis, regional axis, customer axis, and electrification support), Business portfolio improvement, ESG (business opportunities triggered by decarbonization, Relationship between management strategy and human resource strategy, Issues identified and addressed by the Board of Directors, reduction of cross-shareholdings, etc.)

(4) Status of feedback of shareholders and investors' opinions to management

- Report at management meeting for each quarterly financial results and outside officer liaison meeting consisting of outside directors and outside Audit & Supervisory Board members

(5) Items incorporated based on dialogue

- Promote business portfolio improvement
- Review of financial policy (Management with attention paid to balance sheet, Efficient administration of businesses with attention paid to cost of capital(asset efficiency and capital efficiency), Strategically cash allocation, etc.)
- Reasons for skill selection in the skills matrix, Disclosure of definitions (Notice of general meeting of shareholders, Integrated Report (Toyoda Gosei Report 2023))

2. Capital Structure

Foreign Shareholding Ratio

From 10% or more to less than 20%

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Toyota Motor Corporation	55,459,486	42.82
The Master Trust Bank of Japan, Ltd. (Trust account)	10,600,200	8.18
Custody Bank of Japan, Ltd. (Trust account)	9,889,400	7.63
Sumitomo Mitsui Banking Corporation	5,049,402	3.89
Toyoda Gosei Employee Stock Ownership association	1,855,025	1.43
Nippon Life Insurance Company	1,592,615	1.22
The Dai-ichi Life Insurance Company ,Ltd.	1,381,890	1.06
SSBTC CLIENT OMNIBUS ACCOUNT	1,288,350	0.99
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM	1,187,273	0.91
Daiei Sangyo Kaisha, Ltd.	1,041,289	0.80

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	None
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Name of Parent Company, if applicable	None
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Supplementary Explanation

· In the large shareholding report (change report) provided for public viewing dated Sep. 7, 2022, Sumitomo Mitsui DS Asset Management Co., Ltd. and joint holder Sumitomo Mitsui Banking Corporation were reported as owning the respective shares below as of Aug. 3031, 2022. We were unable to confirm the real number of shares held by Sumitomo Mitsui DS Asset Management Co., Ltd. as of March 31, 2023, 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) 3,863

Share certificate ownership ratio (%) 2.97

· Individual or company name Sumitomo Mitsui Banking Corporation

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

Share certificate ownership ratio (%) 3.88

· In the large shareholding report (change report) provided for public viewing dated Dec. 6, 2022, 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, 2022. We were unable to confirm the real number of shares held by Sumitomo Mitsui DS Asset Management Co., Ltd. as of March 31, 2023, and so it is not included in the status of the major shareholders mentioned above. The content of

[Translation]

that large shareholding report (change report) is as follows.

· Individual or company name Sumitomo Mitsui Trust Asset Management Co., Ltd.

No. of share certificates, etc. held (thousand shares) 2,313

Share certificate ownership ratio (%) 1.78

· Individual or company name Nikko Asset Management Co., Ltd.

No. of share certificates, etc. held (thousand shares) 4,612

Share certificate ownership ratio (%) 3.55

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange: Prime Market Nagoya Stock Exchange: Premier Market
Fiscal Year-End	March
Business Sector	Transportation Equipment
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 or more and fewer than 100

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

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5. Other Special Circumstances which May have a 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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board*
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*Referred to as "Company with *Kansayaku* Board" in the Corporate Governance Code reference translation

Directors

Number of Directors Stipulated in Articles of	15 persons
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[Translation]

Incorporation	
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Director (Other Director)
Number of Directors	8 persons
Election of Outside Directors	Elected
Number of Outside Directors	3 persons
Number of Independent Directors	3 persons

Outside Directors' Relationship with the Company (1)

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

*Categories for "Relationship with the Company".

(Use "○" 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; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
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.

[Translation]

			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	○	—	<p>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.</p> <p>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.</p>
Takashi Wada	○	Takashi Wada was an executive at Sanken Electric Co., Ltd. until June 2022. One year has passed since he resigned from that executive position (Chairman and Representative Director) of Sanken Electric. Toyoda Gosei has a business relationship with Sanken Electric, but the amount of that business accounts for less than 0.1% of the consolidated sales of the respective companies.	<p>To benefit from his many years of experience in managing a manufacturing company, and from his supervision and advice to the management of Toyoda Gosei based on that wealth of experience and deep insight.</p> <p>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.</p>

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
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[Translation]

Voluntarily Established Committee Equivalent to Nomination Committee	Executive Appointment Committee	5	0	2	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Executive Compensation Committee	5	0	2	3	0	0	Outside Director

Supplementary Explanation

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Audit and Supervisory Board Member*

*Referred to as "*kansayaku*" in Corporate Governance Code reference translation

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	8 persons
Number of Audit and Supervisory Board Members	5 persons

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

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 Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	3 persons
Number of Independent Audit and Supervisory Board Members	2 persons

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m

[Translation]

Chika Kako	From another company								○		○						
Hitoshi Kuwayama	Lawyer																
Masahiko Yokoi	From another company																

*Categories for “Relationship with the Company”.

(Use “○” 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; and “▲” when a close relative of the director fell under the category in the past.)

- a. Person who executes business for the Company or its subsidiary
- b. A non-executive director or an accounting advisor of the Company or its subsidiaries
- c. Person who executes business for or a non-executive director of the Company's parent company
- d. An Audit and Supervisory Board Member of a parent company of the Company
- e. Person who executes business for a fellow subsidiary
- f. Person/entity for which the Company is a major client or a person who executes business for said person/entity
- g. Major client of the Company or a person who executes business for said client
- h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/ Audit and Supervisory Board Member
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to the auditor him/herself only)
- k. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
- l. Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
- m. Other

Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for 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.
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.

[Translation]

Masahiko Yokoi	○	—	To reflect his wealth of experience and deep insight in management in the auditing of Toyoda Gosei. 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.
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Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	5 persons
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Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

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

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Compensation for Granting of Restricted Shares (Other)
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Supplementary Explanation for Applicable Items

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%.

Persons Eligible for Stock Options	—
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Supplementary Explanation for Applicable Items

—

Director Remuneration

Status of Disclosure of Individual Director's Remuneration

No Disclosure for any Directors

Supplementary Explanation for Applicable Items

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

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

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 and 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.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Toru Koyama	Chairperson of Toyoda Gosei North America Corporation, Executive	upon request, handover of history and giving advice	full-time, with Remuneration	June 15, 2023	1 year

[Translation]

	Adviser to Toyoda Gosei				
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Toyoda Gosei North America Corporation: 100% subsidiary of Toyoda Gosei Co., Ltd.

Number of Persons Holding Advisory Positions (<i>Sodanyaku, Komon, etc.</i>) After Retiring as Representative Director and President, etc.	1 person
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Other Related Matters

- A person is asked to serve as executive adviser to Toyoda Gosei after a review by the Executive Appointment Committee and a decision by the Board of Directors.
- An executive adviser to Toyoda Gosei relates the history of Toyoda Gosei when he or she is consulted by officers of Toyoda Gosei and Toyoda Gosei group companies. He also utilizes his experiences and human network from his tenure as a Toyoda Gosei officer to give advice on Toyoda Gosei business.
- An executive adviser to Toyoda Gosei does not have the authority to engage in decision-making for the management of Toyoda Gosei.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, 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 eight 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). The Board of Directors deliberates from many different angles on the direction of management, including management and business strategies, then reports and discusses on progress after any necessary resolutions have been passed. In such a way, the Board supervises from a number of different viewpoints on whether management strategies are being executed appropriately. In addition to strengthening the Company’s internal control system and risk management system, in recent years the Board of Directors has been working to achieve sustainable corporate growth amid a chaotic business environment of political instability, worsening environmental problems, and COVID-19 pandemic.

A corporate officer system has also been introduced to speed up decision-making and business execution. In addition, a Chief officer system has been introduced, which transfers some of the authority and responsibility of the President to Chief officers. With this system, key functions will be managed globally beyond the framework of existing Business Headquarters and regional headquarters to execute highly strategic operations and speed up management. 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), chief officers 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]

For internal audits, we have established an internal audit department consisting of 11 members and conduct internal audits from the perspective of legality and rationality for all operations of the Company with the aim to achieve management goals and prevent fraud and errors based on internal audit plans reported at the Board of Directors Meeting 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 audit activities by the internal audit department include monitoring the status of maintenance and operation of internal controls of each functional department.

The results of internal audit activities are reported to the President, the Board of Directors, the Audit & Supervisory Board, and Internal Control Committee. In addition, 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. Internal audit plans are created through the exchange of opinions with Audit & Supervisory Board Members, and the status of internal

audit activities and audit results are reported to Audit & Supervisory Board members so as to share information as needed.

The Audit & Supervisory Board Members, the Internal Audit Department, and the Accounting Auditor hold regular meetings regarding their respective audit systems, audit policies, audit plans, implementation status, audit results, etc., and contact each other as necessary. In this way, these three parties exchange opinions and share information, and work together to promote efficient and effective audits.

[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 General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company has traditionally sought to disclose and send the notice of convocation as early as possible while ensuring the accuracy of information included therein (the notice is sent prior to the legal deadline both provided electronically and as a paper document).
Scheduling of the General Meeting of	Full consideration is given to the audit schedule of Audit & Supervisory Board

Shareholders on a Non-Peak Day	Members and accounting auditors in deciding the date for the annual shareholders' meeting, and a date is set that avoids the dates when general shareholders' meetings are most or second most concentrated.
Electronic Exercise of Voting Rights	Voting rights may be exercised electronically, and an electronic voting rights platform has been introduced.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in an electronic voting platform operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company prepares English-language convocation notices and posts them on the electronic voting platform and the website of the Company.
Other	—

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	<p>“The Disclosure Policy for Investors” are prepared and posted on the website of the Company</p> <p>https://www.toyoda-gosei.com/ir/disclosurepolicy/</p>	
Regular Investor Briefings held for Individual Investors	One online briefing session was held in FY2022, during which business strategy, the company's performance trends and other matters were explained by financial officers.	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	<p>The following activities are implemented as regular briefings and similar activities:</p> <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 at twice a year, midterm and final; - Individual meetings with domestic and international institutional investors are held directly or online each quarter by financial officers and departments involved in IR; - The Company holds respective business briefings, 	Held

	<p>facility tours, and technology exhibitions once each year as IR events for institutional investors. During these events, relevant officers explain the company’s business strategy, developed technology, and more;</p> <p>-Enabling IR interviews at overseas bases with once a year;</p> <p>-A shareholder relations (SR) meeting is held once a year for dialog on sustainability efforts, voting policy and other matters;</p>	
Regular Investor Briefings held for Overseas Investors	<p>The Company participates in IR events for overseas investors about two times a year.</p> <p>IR interviews are conducted according to the requests of institutional investors.</p>	Not Held
Online Disclosure of IR Information	<p>Financial results briefing materials, earnings summaries and other performance information are posted on the Toyoda Gosei website. The company’s operations, products, technologies, and our sustainability efforts and thinking are clearly presented.</p> <p>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.</p>	
Establishment of Department and/or Placement of a Manager in Charge of IR	<p>Financial Reporting 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.</p>	
Other		

3. Status of Measures to Ensure Due Respect for Stakeholders[Updated]

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	<p>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</p>

	<p>long term through proper collaboration with a wide range of stakeholders.</p> <p>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.</p>
<p>Implementation of Environmental Preservation Activities and CSR Activities, etc.</p>	<p>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 integrated report (Toyoda Gosei Report), available on the company’s website (https://www.toyoda-gosei.com/).</p>
<p>Formulation of Policies, etc. on Provision of Information to Stakeholders</p>	<p>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”</p> <p>https://www.toyoda-gosei.com/csr/governance/compliance/charter/</p>
<p>Other</p>	<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.” One of our human resource strategies is “to create an attractive corporate culture where people want to work,” and we have introduced a range of measures so that people with diverse values can play an active role with the assurance.</p> <p>In the area of human resource development, we aim “to create a workforce group of who can think independently and take on challenges.” In addition to providing educational opportunities for “specialized knowledge in the field of rubber and plastics” and “the problem-solving methods and PDCA cycle” that we have cultivated, we are also working to develop “digital human resources”—people who will be responsible for implementing DX promotion.</p> <p>We hire and train a diverse workforce, including women, foreign nationals, mid-career hires and people with disabilities. We are making efforts to invigorate the company by developing an environment where all employees have opportunities for fair and impartial training, assessment, and promotion,</p>

and each and every person can display their abilities and play an active role.

In creating a positive corporate culture, we analyze the results of regular engagement surveys, divide issues into those on the companywide and workplace levels, and undertake systematic activities for the improvement of each.

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 FY2023 (as of May 1, 2023), and we have achieved a hiring rate of 2.34%, exceeding the target (statutory employment rate) of 2.3% (revised upward to 2.3% in March 2021).

To promote greater involvement of senior employees, the retirement age was raised from 60 to 65 on April 1, 2022. We seek to combine the wealth of experience, techniques, and skills of senior employees with the ideas and perspectives of young employees to create new value. For this we will continue our efforts in the three areas of “raising motivation”, “improving health and physical fitness”, and “developing workplace environments” to encourage employees to keep working with vitality until the age of 65.

[Policies and Initiatives for Women’s Success]

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. For example, “in supporting the development and success of female employees,” we offer “management skills improvement training” to female employees who aspire to become leaders, while also actively implementing training rotations to “broaden their experience and perspectives.” In these and other ways we are strengthening our efforts to support the active roles of women as leaders. In skilled labor workplaces, we are developing manufacturing sites where people can perform the work regardless of sex or age by introducing modifications to minimize heavy work, such as by rethinking high-load tasks with expanded use of karakuri improvements and robots. This will encourage female employees to play active roles. 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.”

We will continue to promote activities to achieve the goals of having (1) at least 45 women in management positions and (2) at least 20% women among new graduate hires (clerical positions: 50%, technical positions: 10% or more) by 2025.

[Support for Balancing Work and Family]

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 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.

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.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

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.

- Basic Policy on Development of Internal Control System

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

- (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

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.

3. Rules and other systems related to the management of risk of loss at the Company

(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.

(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 Measures for Eliminating Anti-Social Forces and Status of Development

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

- Information on anti-social forces is provided through the intranet of the Company.
- 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
Supplementary Explanation for Applicable Items	
—	

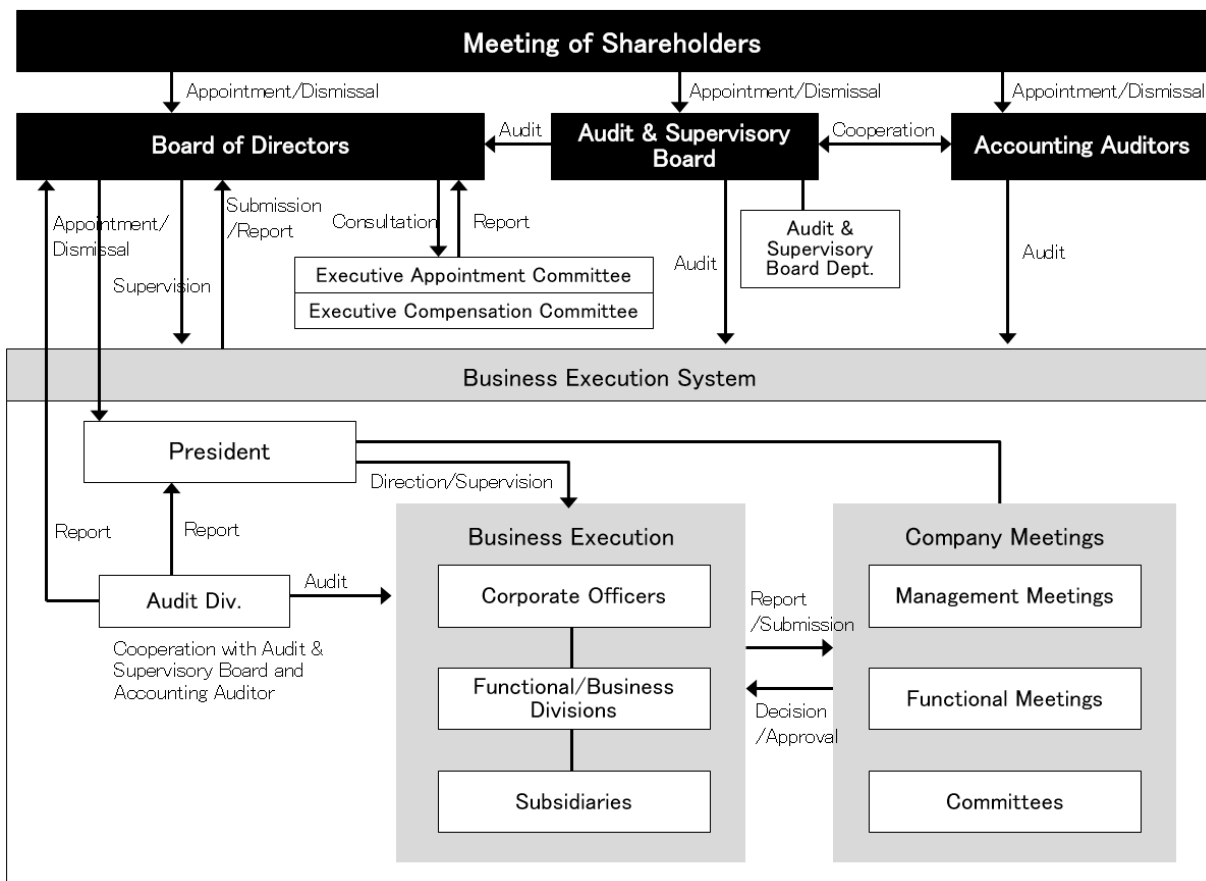
2. Other Matters Concerning the Corporate Governance System

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.

Toyota Gosei Co., Ltd. Corporate Governance System Chart



[Translation]

[Notes of caution]

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