TOYOTA BOSHOKU



TOYOTA BOSHOKU REPORT 2025

2024.4.1–2025.3.31

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Editorial policy

On publishing the Toyota Boshoku Report



Takeshi Ogiso
Chief Strategy Officer, Corporate Planning Segment

Toyota Boshoku publishes an integrated report every year to provide our stakeholders with a deeper understanding of the group's initiatives to enhance its corporate value.

Key Points of the Toyota Boshoku Report 2025

The roadmap toward the realization of our Target and Vision has been presented in more concrete terms, including reviewing the basics of our defining characteristics.

- Toyota Boshoku's beginnings and future (Our Origins, Business model, The identity of the Toyota Boshoku group)
- Vision spun from the Principles of Toyoda
- What is an Interior Space Creator (ISC)?
- The 2030 Mid-term Business Plan

We hope you can gain an understanding of our activities as we transform ourselves and strive to become a company that wins your support and empathy, and to this end, we value the opinions of all our stakeholders. We encourage you to provide us with your honest feedback.

Lastly, we hereby state that this report has been prepared in good faith with the involvement of management and in cooperation with the relevant divisions, and that the information contained herein is accurate.

Scope of reporting

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

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

Period covered by the report

This report contains performance data for fiscal 2025 (from April 1, 2024 to March 31, 2025).
Some information on activities outside this period is also included.

Reference guidelines

- IFRS Foundation's IFRS Sustainability Disclosure Standards, and International Integrated Reporting Framework (International <IR> Framework)
- Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation
- Cabinet Office, Intellectual Property & Intangible Assets Governance Guidelines
- GRI Standards
- ISO 26000
- Task Force on Climate-related Financial Disclosures (TCFD)
- Taskforce on Nature-related Financial Disclosures (TNFD)
- Ministry of Environment's Environmental Reporting Guidelines 2018

Cautionary statement with respect to forward-looking statements

This report contains forecasts and expectations that relate to future plans and strategies in addition to the expected financial results of Toyota Boshoku Corporation and the Toyota Boshoku group. These statements are not based on actual results from the past. Rather, they are estimates based on assumptions and opinions that have been formed by the Company from the information available at the time of writing. They also involve risks and uncertainties relating to economic trends, the severe competition affecting the automobile industry and changes in global demand, taxation regulations, laws, systems, natural disasters, and other matters. Accordingly, actual results may differ from the Company's forecasts.

Numerical values of financial results

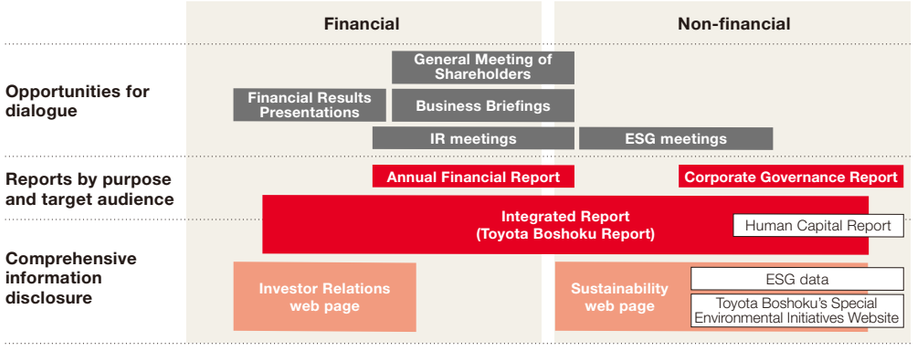
The numerical values of financial results have been rounded off in this report.

About the cover page



Our cover page comprises the main visual from our corporate PR video, which describes the expansion of our business from textiles—our origin business—and the future potential of mobility. We are pursuing our concept of providing "QUALITY OF TIME AND SPACE" in all forms of mobility, bringing value to the automobile interior space and the time spent there.
(Reference) PR video
https://www.youtube.com/watch?v=rwt2XID-oRY

Toyota Boshoku's information disclosure system



Various documents can be accessed at the link below.

Financial Results, Business Briefing, Annual Financial Report, Corporate Governance Report (available in Japanese only), and Human Capital Report
https://www.toyota-boshoku.com/global/company/library/

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

Sustainability
https://www.toyota-boshoku.com/global/sustainability/

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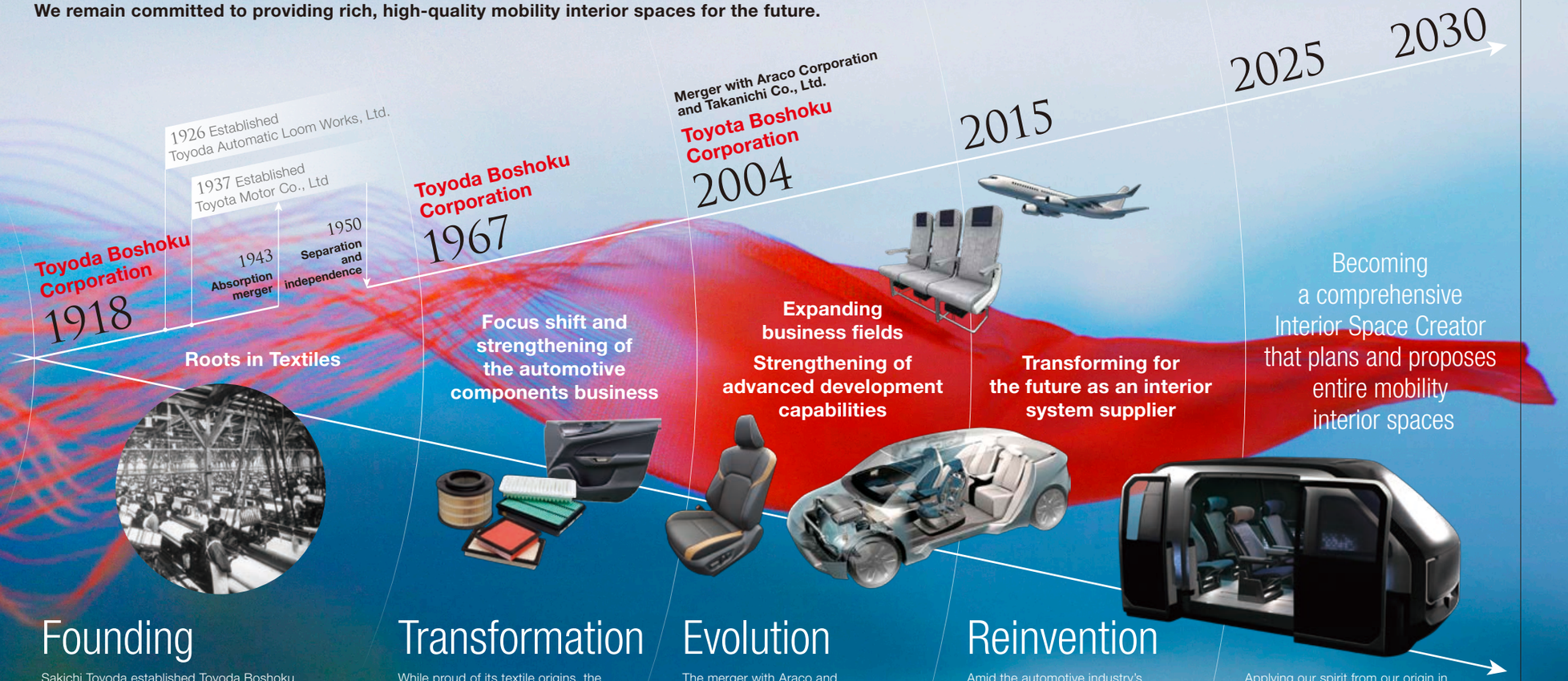
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Our Origins

For the world and for people

**Toyota Boshoku has made key decisions and transformed its business in response to changing times.
Our founding spirit "for the world and for people" guides our principles of creating human-centered products and running a people-focused business.
We remain committed to providing rich, high-quality mobility interior spaces for the future.**



Founding

Sakichi Toyoda established Toyoda Boshoku on his belief that independently producing high-quality yarn was essential to the development of the automatic loom industry. He grew the company into a comprehensive textile and weaving operation, handling everything from cotton spinning to woven fabric production.

Transformation

While proud of its textile origins, the company responded to the industry's decline by shifting focus to automotive components production.

Evolution

The merger with Araco and Takanichi formed a truly global system supplier with a competitive structure for supplying complete interior components, including seats and door trims.

Reinvention

Amid the automotive industry's once-in-a-century paradigm shift, the company began consolidating its seat frame mechanism components business and strengthening the integrated development and production system to reinvent itself for the future.

Applying our spirit from our origin in textile manufacturing to all aspects of materials, design, and space creation technologies to propose innovative "mobility interior space concepts" encompassing seats and all interior components.

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Business model

Delivering comfortable mobility interior space to the world

Toyota Boshoku group is a global automotive parts manufacturer specializing in seats, interior and exterior products, and filters. We provide end-to-end services —from planning to development, manufacturing, and supply—for automakers inside and outside Japan, including Toyota Motor Corporation. We work closely with our customers to provide products tailored to their specific needs and deliver safe, environmentally friendly, and comfortable mobility interior spaces to customers worldwide.

Global operations

23 countries and regions

90 sites

Revenue

1,954.2 billion yen

Mobility interior space
1,821.1
Seat products, interior/exterior products

By product (billion yen)

Unit components
133.0
Fine & Power Train (FPT) products, electric products

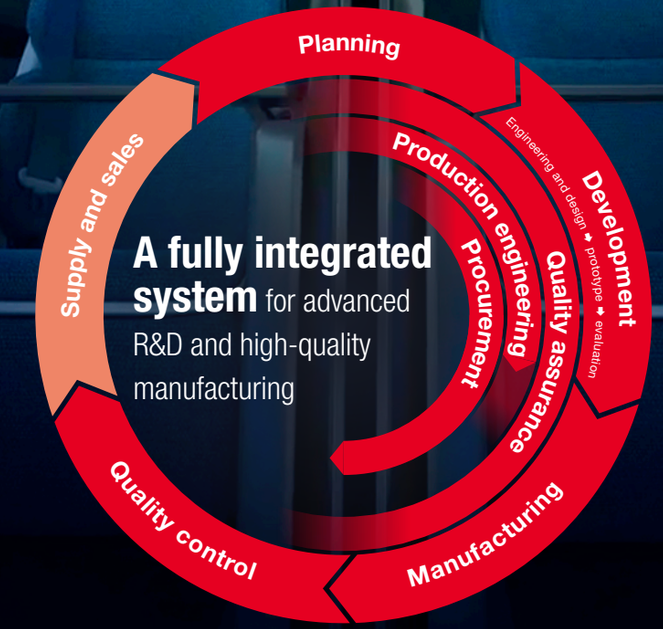
Global market share of automobile seats

12%

No. 3

Source: Toyota Boshoku calculation based on S&P Global Mobility data

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



From compact to luxury automobiles. Sedans to minivans.

We develop solutions concurrently for a wide range of vehicle models, and propose the optimal products

Delivering solutions for Toyota Motor Corporation and numerous automakers in Japan and around the world.

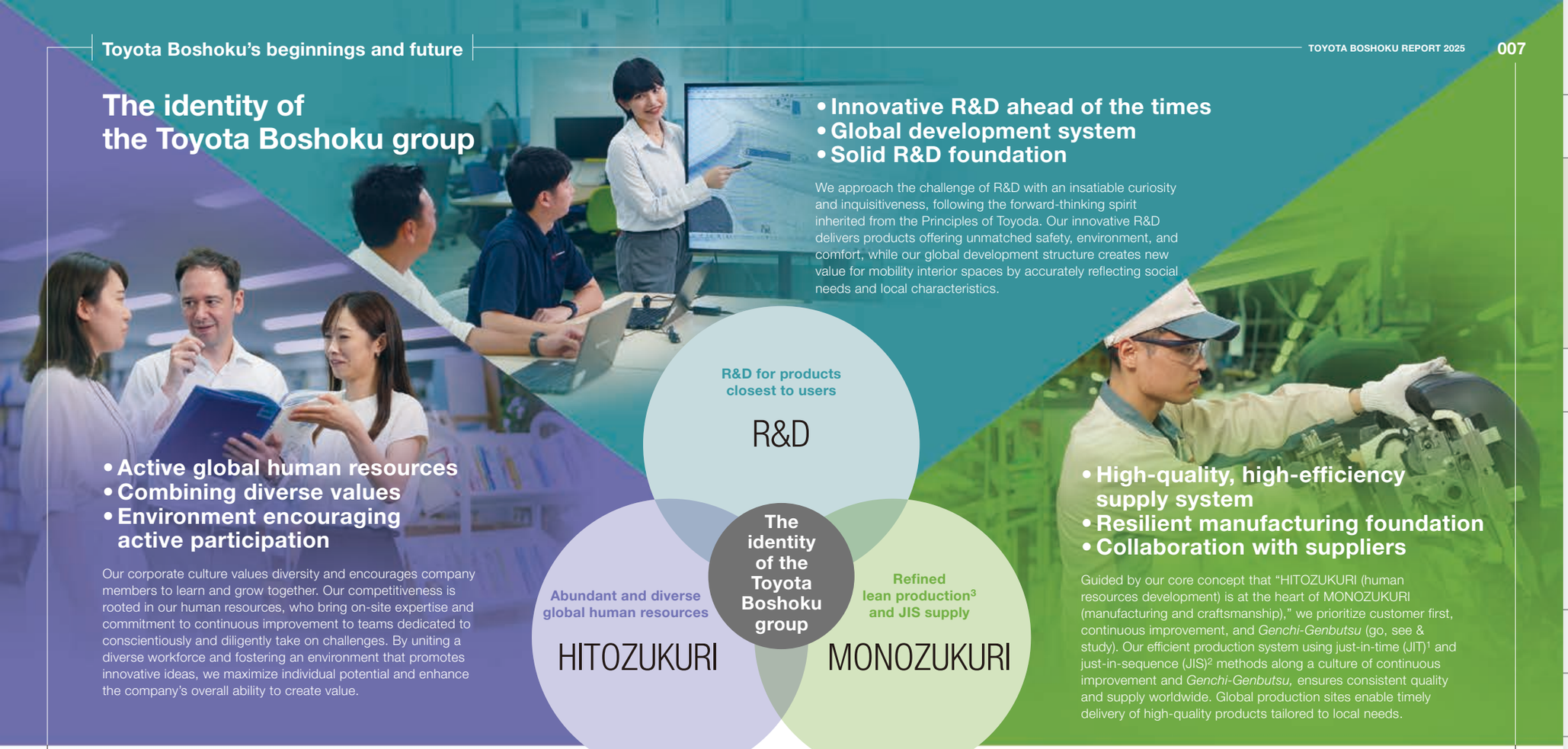
Advanced technology development and high-quality manufacturing geared to the end user

For cars and all mobility equipment.

Providing new value for all mobility interior spaces—from cars to aircraft and railroad cars

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The identity of the Toyota Boshoku group



• Innovative R&D ahead of the times
• Global development system
• Solid R&D foundation

We approach the challenge of R&D with an insatiable curiosity and inquisitiveness, following the forward-thinking spirit inherited from the Principles of Toyoda. Our innovative R&D delivers products offering unmatched safety, environment, and comfort, while our global development structure creates new value for mobility interior spaces by accurately reflecting social needs and local characteristics.

• Active global human resources
• Combining diverse values
• Environment encouraging active participation

Our corporate culture values diversity and encourages company members to learn and grow together. Our competitiveness is rooted in our human resources, who bring on-site expertise and commitment to continuous improvement to teams dedicated to conscientiously and diligently take on challenges. By uniting a diverse workforce and fostering an environment that promotes innovative ideas, we maximize individual potential and enhance the company's overall ability to create value.

• High-quality, high-efficiency supply system
• Resilient manufacturing foundation
• Collaboration with suppliers

Guided by our core concept that "HITOZUKURI (human resources development) is at the heart of MONOZUKURI (manufacturing and craftsmanship)," we prioritize customer first, continuous improvement, and *Genchi-Genbutsu* (go, see & study). Our efficient production system using just-in-time (JIT)[1] and just-in-sequence (JIS)[2] methods along a culture of continuous improvement and *Genchi-Genbutsu,* ensures consistent quality and supply worldwide. Global production sites enable timely delivery of high-quality products tailored to local needs.

Optimal solutions leveraging the identity of the Toyota Boshoku group

The Toyota Boshoku Group has built innovative R&D capabilities, advanced manufacturing technologies, global production and supply networks, and human resources to support these capabilities. These strengths enable us to deliver high-quality products and services, as well as tailored solutions for specific industry and market needs.

1 A production method that produces only what is needed, when needed, and in the required amount.
2 Supply products in the proper sequence based on the customer's production schedule. When used in conjunction with Just-In-Time, it enables both the customer and our company to reduce inventory.
3 A production method that eliminates waste for fully optimized quality, cost, and delivery times.

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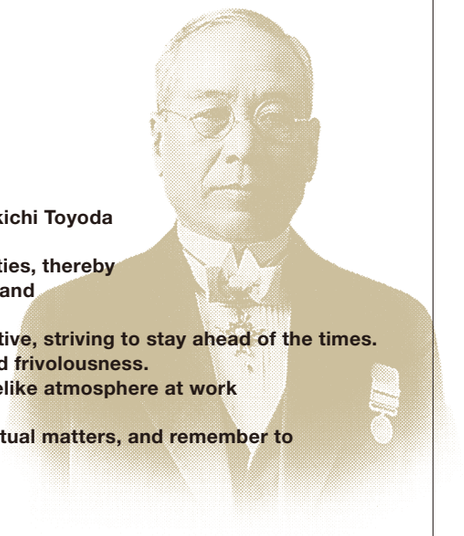
Vision spun from the Principles of Toyoda

Inheriting our founding spirit of for the world and for people

Sakichi Toyoda, the founder of the Toyota Group and also the founder of Toyoda Boshoku (the forerunner to Toyota Boshoku), driven by a desire to help others and serve his country, achieved business growth by contributing to society through invention, tapping into one's own wisdom to create something new. Arguably, this embodied what we now call Creating Shared Value (CSV), or the simultaneous realization of social and economic value. Sakichi Toyoda's research, creativity, and warm family-oriented approach, features which were ahead of their time, have been passed down to his successors and disseminated as the Principles of Toyoda. While cherishing this aspiration, which has been handed down to us for over 100 years, we have clearly set out our management beliefs, values, and behavioral principles as the TB Way. In putting this into practice, we are striving to become a company that continues to be needed by society, by working earnestly to resolve social issues.

The automotive industry is facing a period of major change, said to occur only once every 100 years, and the environment surrounding our group is also undergoing major shifts. Against this backdrop, our Vision, which sets out the company we aim to become, advocates," Looking into the future, we will create tomorrow's mobility interior space that will inspire our customers the world over."

With our sights set on the future, the Toyota Boshoku group aims to provide "QUALITY OF TIME AND SPACE" in all forms of mobility, bringing value to the interior space and the time spent there, while responding flexibly to the evolution of mobility and changes in values.



Principles of Toyoda

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

- **Always be faithful to your duties, thereby contributing to the company and to the overall good.**
- **Always be studious and creative, striving to stay ahead of the times.**
- **Always be practical and avoid frivolousness.**
- **Always strive to build a homelike atmosphere at work that is warm and friendly.**
- **Always have respect for spiritual matters, and remember to be grateful at all times.**

TB Way

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

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

Vision

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

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Value creation process

Toward realizing our Vision—

The Toyota Boshoku group will enhance its corporate value and contribute to the realization of a sustainable society by leveraging the identity of the Toyota Boshoku group, comprising R&D, MONOZUKURI and HITOZUKURI, to provide the ultimate mobility life in pursuit of safety, the environment and comfort.

Materiality

The approach we adopt to resolve the important issues to be prioritized by the Toyota Boshoku group through our business operations

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Vision

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

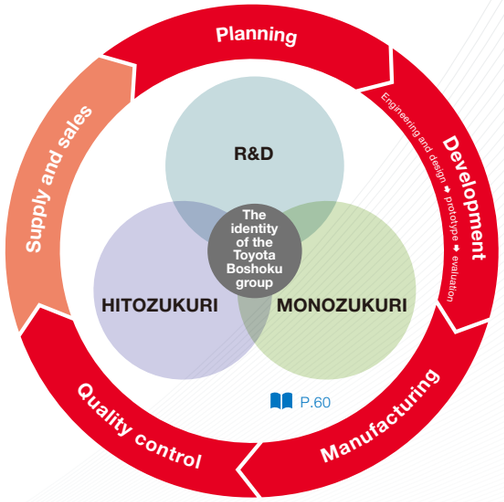
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Management resources

- **Financial capital**
- **Manufacturing capital**
- **Intellectual capital**
- **Human capital**
- **Social and relationship capital**
- **Natural capital**

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Business activities



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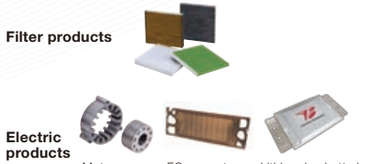
Mobility interior spaces

Aiming to be the Interior Space Creator



Unit components

Contribution to multi-pathway



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Created value

QUALITY OF TIME AND SPACE

To have all stakeholders feel, **"I like Toyota Boshoku"**



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Principles of Toyoda

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Business and products

Products that provide the ultimate mobility life for customers around the world

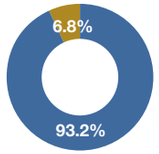
Toyota Boshoku group has delivered a variety of products that realize enriched and higher-quality time and space to people in the mobility society in order to generate excellent quality and new value.

Revenue (FY2025)
1,954.2 billion yen

Operating profit (FY2025)
42.3 billion yen

Share of revenue

Unit components

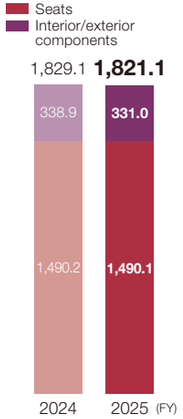


Mobility interior spaces

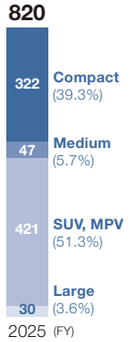
Mobility interior spaces

Making it possible for people around the world to spend precious time with their family, friends, and loved ones in automobiles, aircraft and other mobility interior spaces, in even greater comfort.
As the Interior Space Creator which plans and develops the entire mobility interior space, we aim to provide a comfortable and appealing space value that is one step ahead of the times, transcending the boundaries of individual products such as seats, interiors, and exteriors.

Revenue by product
(billion yen)



Automobile seat production volume and model mix
(10,000 units)



Product lineup

Automobile seats



Seats
Seat frames & devices



Executive lounge seats

Non-automobile seats



Railway seats
(Photo provided by East Japan Railway Company)



Aircraft seats

Interior components



Interior system



Headliners

Exterior components



Bumpers



Fender liners

Others (Textile components)

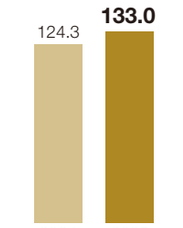


Seat fabrics

Unit components

Supporting smooth and stable driving in any kind of harsh environment: we are researching and developing filter products that maximize engine performance, as well as next-generation technologies such as motor cores and FC separators.
Based on our multi-pathway strategy, which addresses electrification, hydrogen, and internal combustion engines, we are contributing to the realization of clean and comfortable mobility interior spaces through the advancement of next-generation powertrain components.

Revenue by product
(billion yen)



Product lineup

Filter & powertrain (FPT) products*
* For internal combustion engines

Filter products



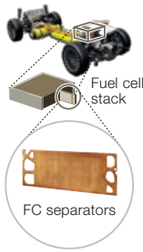
Air filters

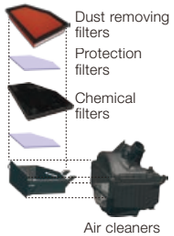
Plastic parts for Internal Combustion Engine (ICE)

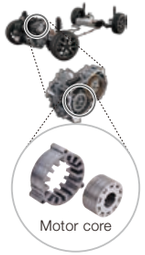


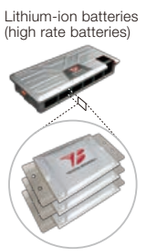
Air induction systems

Electric products
For FCEV (Fuel Cell Electric Vehicle), HEV (Hybrid Electric Vehicle), BEV (Battery Electric Vehicle)









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Management resources and strengthening them

Management resources	Reason for emphasizing	Enhancement measures (●) / Challenges (▲)
Financial capital	We will achieve sustainable growth by maximizing cash flow and executing optimal allocation, while maintaining a sound financial base.	● Secure solid returns on growth/strategic investments ● Maximize operating cash flow, including asset efficiency ● Hold constructive dialogue with shareholders and investors ▲ Increase capital efficiency and strengthen financial health in tandem
Manufacturing capital	We are pursuing high-quality manufacturing with the world as our stage. In order to produce and deliver the optimum products at the optimum time in each region, we will strengthen MONOZUKURI competitiveness by taking an integrated approach, all the way from planning, engineering and design through to manufacturing and logistics.	● Establish a competitive next-generation manufacturing system ● Realize on-site capability for continuous improvement ▲ Combine the skills of craftspeople with insourced technology ▲ Realize next-generation logistics throughout the supply chain
Intellectual capital	We have challenged the approach to R&D, driven by an insatiable curiosity and inquisitiveness ahead of the times. We will offer “QUALITY OF TIME AND SPACE” in all forms of mobility while drawing on our accumulated knowledge and expertise.	● Strengthen our planning/proposal and R&D capability for the entire mobility interior space ● Promote intellectual property strategies that contribute to technology strategies focused on Interior Space Creator, multi-pathway, and new business creation ▲ Respond rapidly to multi-pathway and carbon neutrality in anticipation of future changes ▲ Secure control and software engineers
Human capital	For the Toyota Boshoku group, as we expand our sites around the world, human resource strategy is one of the most important management issues in securing, assigning, and developing human resources for realizing a growth strategy. We will strengthen the development and utilization of human resources at the global level.	● Develop people and environments where we can continue to generate new value and ideas ● Promote the success of diverse human resources and support their growth ● Pursue ease of working ▲ Accelerate the appointment of local personnel to key posts
Social and relationship capital	The Toyota Boshoku group’s business activities are built on cooperation with a wide variety of stakeholders. We believe that by building good relationships with stakeholders, we can improve our competitiveness and create new business opportunities. In the spirit of co-existence and co-prosperity, we aim to grow together with our stakeholders.	● Co-create value through collaboration with startup companies, industry, government, and academia using Corporate Venture Capital (CVC) ▲ Secure MONOZUKURI competitiveness throughout the supply chain and realize next-generation logistics in the entire supply chain ▲ Provide feedback to management through active dialogue with stakeholders
Natural capital	Our social life and economic activities depend on the many blessings (ecosystem services) provided by nature. We are working together to address environmental issues through our business activities and contribute to the realization of a sustainable society.	● Shift to mono-materials through simplification of materials and introduction of alternative materials in product design ● Increase the ratio of renewable energy and introduce energy-saving items ▲ Visualize and reduce GHG emissions (Scope 1, 2 and 3) throughout the product life cycle ▲ Reduce water withdrawal, taking into account the water resource situation in each country and region

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Management resources and strengthening them

Management resources	Capital invested			Major achievements and external evaluations	
	INPUT			**OUTPUT**	
Financial capital	**Equity capital (equity attributable to owners of the parent) at beginning of period** 449.5 billion yen	**Operating cash flow** 121.8 billion yen	**Cash and cash equivalents at beginning of period** 244.1 billion yen	**Operating profit ratio**	2.2 %[2]
				Dividend on equity (DOE)	3.4 %
				Equity ratio (Ratio of equity attributable to owners of the parent)	40.9 %
				ROE	3.7 %[2]
				Market share	Seats: No. 3 in the world / Door trims: No. 2 in the world
Manufacturing capital	**Number of production sites** 119 sites	**Capital investment** 78.1 billion yen	**Inventory turnover (raw materials, work in progress, finished products)** 7.1 days	**Rate of new product development leading to Interior Space Creator**	15 %
				Number of external presentations and papers	93 /year
				Number of patent applications	371 /year
Intellectual capital	**Number of R&D bases** 12 bases	**R&D expenses** 55.1 billion yen	**Number of patents held** 4,244	**Ratio of men taking childcare leave**	69 %
				Paid holiday utilization rate	96.5 %
				Employee engagement positive response rate	51 %
Human capital	**Number of consolidated group members worldwide** 45,004[1]	**Proportion of company members working in regions outside Japan** 68.5%	**Overall cost of development training** 2.0 billion yen	**Total number of participants in social contribution activities**	3,085 /year
				Total number of suppliers participating in supply chain MONOZUKURI improvement activities	2,539 /year
Social and relationship capital	**Global footprint** 23 countries and regions	**CVC investment amount (number of investments)** 1.4 billion yen (17 investments)	**Number of investors and analysts meetings** 156 times in FY2025	**GHG emissions (Scope 1 and Scope 2)**	207,771 t-CO_2e
				Amount of waste	28,392 t
Natural capital	**Total energy consumption** 3,130,072 GJ	**Water withdrawal** 3,012 thousand m^3		**Renewable energy installation ratio**	46 %

As of March 31, 2025 (including fiscal 2025 results)
1 Excluding temporary company members

2 Impact of impairment loss

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Co-creation with stakeholders

Society | Customers | Company members | Business partners

Examples of co-creation	Stakeholders involved
R&D Co-creating development of materials and technologies with diverse partners to realize next-generation mobility and carbon neutrality In collaboration with a diverse range of partners, including automakers, universities, and startups, we are developing new materials and technologies that contribute to reducing our environmental impact and enhancing comfort. In joint research with universities, the development of plant-based resin materials is progressing, and it is hoped they will help to reduce CO_2 emissions in comparison to petroleum-based materials while maintaining performance as interior components. In addition, the realization of a comfortable automobile interior space and the use of biometric sensing technology are also advancing. Through corporate venture capital (CVC), we work with startups to implement innovative technologies in society, such as technology for converting human senses into data and technology for experiencing the mobility interior space using extended reality (XR). Such co-creation is not limited to mere technological development, but also serves as the foundation for new value creation.	Startup companies Universities and research institutions Automakers R&D divisions / Purchasing divisions Suppliers / Chemical manufacturers
Manufacturing Enhancing production efficiency in smart factories using AI and IoT through collaboration between the site of operations and technology divisions We are promoting a shift to smart factories that utilize AI and IoT, collaborating with technology divisions, equipment manufacturers, and suppliers, in addition to drawing on proposals from company members. For example, on automated assembly lines using collaborative robots, we have introduced automatic inspection systems that use image recognition, and systems that visualize the operating status of equipment in real time. Through human–robot collaboration, we are aiming to enhance safety, productivity and quality in an integrated manner. This also promotes a reduction in the workload at the site of operations and the transfer of skills. Through improvement activities carried out with suppliers, we are also working to conserve energy, promoting a reduction in electricity consumption.	Environmental organizations and certification bodies Production engineering divisions Manufacturing divisions DX divisions / Quality divisions Suppliers / Equipment manufacturers
Supply and installation JIT supply and reduced environmental impact through collaboration with logistics and manufacturing sites We work with DX divisions, suppliers, logistics companies, and automakers to achieve both just-in-time (JIT) supply and environmental soundness. By delivering the necessary parts at the right time, we are able to streamline production and reduce inventories. We are also using AI-based logistics optimization in order to improve the efficiency of delivery routes. As a result, we have reduced CO_2 emissions during transport. We are also contributing to waste reduction by promoting simplification and reuse of product packaging. We aim to reduce our environmental impact throughout the supply chain, and are working to realize sustainable manufacturing.	Automakers Purchasing divisions / DX divisions Production management divisions / Logistics divisions Suppliers / Logistics companies

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Use

Disposal and recycling

Examples of co-creation	Stakeholders involved

Providing products that contribute to comfort and safety through co-creation with automakers

We are promoting product development from the user's perspective in cooperation with stakeholders, including automakers. Aiming to improve customer comfort and safety, our seats are designed to provide precise support for the occupant's posture. This maintains comfort even after long hours of driving and also helps to improve driver concentration. Furthermore, occupant protection performance is enhanced through a safety design that takes into account impact mitigation in the event of an accident and coordination with airbags. We aim to provide products that exceed expectations by proposing the optimal products for different vehicle models and market needs.

- Local governments
- End-users
- Automakers
- R&D divisions
- Quality divisions
- Sales companies

Promoting a recycling-based society and resource reuse in cooperation with local governments and NGOs

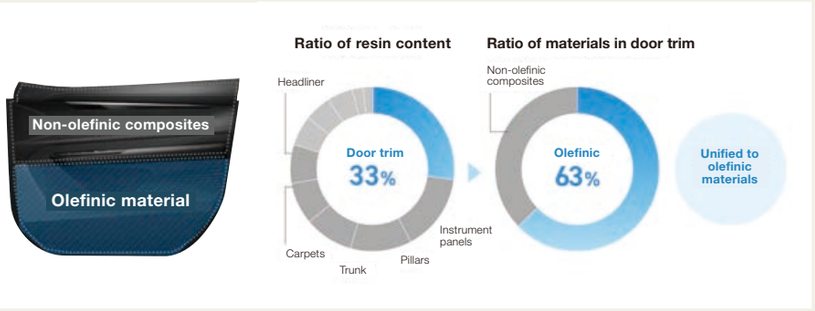
We are promoting highly recyclable designs in cooperation with local governments and NGOs, aimed at the collection and recycling of used products at the disposal stage. For example, by separating and reprocessing urethane materials from used car seats, and then reusing them as new interior components, waste is reduced. In addition, the promotion of easy-disassembly designs and a shift to the use of single materials have improved recycling efficiency. These initiatives have resulted in the effective use of resources as well as a reduction in raw material costs. We plan to expand these initiatives in the future as part of our efforts toward realizing a recycling-based society.

- Government and local government
- NGOs and environmental organizations
- R&D divisions
- Environmental divisions
- Automobile recycling industries
- Materials recycling companies
- Industrial waste processing companies

Practical case study: Development of mono-material door trims

Toward sustainable manufacturing through a shift to mono-materials

Currently, approximately 80% of all automobiles (by gross weight) are recycled, but insufficient progress in the recycling of interior parts poses a challenge. This is because interior components are made up of several different materials, complicating the process of sorting and collecting them. Among interior resin parts, which weigh approximately 30 kg per vehicle, at Toyota Boshoku we have focused on door trims, which use a particularly large amount of resin, and have developed mono-material door trims composed entirely of olefin materials. By transitioning to the use of single materials while maintaining performance and design, we are improving the efficiency of disassembly work and are also contributing to the reduction of CO_2 emissions during recycling.



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Materiality

Materiality	The meaning and concepts of materiality	Related SDGs
Issues relating to safety, environment, and comfort to resolve through our business operations		
1 As the Interior Space Creator, we will contribute to people's quality of life, creating comfort, safety, and reassurance through innovation Comfortable spaces / Promotion of innovation	Toyota Boshoku group has consistently developed its operations "for the world and for people," expanding from textiles into automotive parts and contributing to the enhancement of safety and reassurance in people's daily lives. We are evolving into the Interior Space Creator, providing products and services such as those employing sensor-based biometric information to achieve comfort, which means enabling people to live with confidence while staying true to themselves (realization of smart cities).	
2 Using our established technical capability, we will contribute to realize a society with no traffic casualties through providing products that assure safety Product safety / Reduction of traffic accidents / Aging society	To contribute to the ambitious target of a society of "zero traffic casualties," we will continue to offer high-quality, high-safety products (integrated seats, seatbelts, airbags, and other such products) and services that optimize Toyota Boshoku's strengths in R&D that is part of Toyota Boshoku's identity.	
3 Together with our business partners, we will realize MONOZUKURI innovations that minimize environmental stress Reduction of environmental loads / Productivity improvement / Climate change / Energy and resource conservation / Cooperation with business partners	Aiming for a sustainable global environment in which children can live happily with smiles on their faces, we will make effective use of business resources and achieve the Challenge 6 goals in our 2050 Environmental Vision. To accomplish this, we will work with our business partners to realize innovation and improve productivity in MONOZUKURI (and all manufacturing-related processes), utilizing the latest leading-edge technologies, while promoting initiatives focusing on the three priority areas of global warming prevention, resource circulation, and co-existence with nature.	
Issues relating to the people and organizations that are our sources for exercising competitiveness		
4 We will develop people capable of contributing to society, who have diverse values, a challenging spirit and understand the value of strong teamwork Ensuring diversity / Workstyle innovation / Respect for human rights / Company-member health and work safety	To continue challenging ourselves to find solutions for the world's problems, we will develop autonomous human resources by bringing together talented individuals from around the world, who understand different ideas and ways of thinking, respect one another, and think together.	
5 We will continue to be a company of integrity trusted by all our stakeholders, inheriting our tradition of fairness and moral behavior to the next generation Governance / Compliance / Strengthened information security / Fair and equitable procurement	To continue being a company that is trusted by all stakeholders and grows together with them, we will continue to practice "ensuring that our corporate activities are fair and transparent," as enshrined in our Corporate Philosophy and the Principles of Toyoda that embody the concepts of Sakichi Toyoda, while "doing what is right" as laid down in the TB Way.	

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Materiality

In July 2020, we defined as our materiality the identification of important issues to be prioritized through our business operations from among a variety of social issues and the approach we adopt to resolve them.

Approach to materiality formulation

From April 2019 to July 2020, we made a company-wide effort to identify important issues and formulated our materiality in six steps (see next page).

The important issues identified were classified into those that “maximize the positive effects,” which enrich people and their lives, and those that “minimize the negative effects,” which avoid risk. They were then organized into “issues relating to safety, environment, and comfort to resolve through our business operations,” and “issues relating to the people and organizations that are our sources for exercising competitiveness.” The materiality of the Toyota Boshoku group was determined by adding the approach we adopt to resolve each issue.

As part of a series of processes, the management team and next-generation leaders, together with the Global Management Strategy Division (now the Corporate Planning Division), the lead division, held a total of 27 consultations, after which the Board of Directors decided on the materiality.

Subsequently, in addition to the financial targets for measuring economic value set out in the 2025 Mid-term Business Plan, in December 2021 we established ESG KPIs—one of several types of non-financial KPIs that measure social value—to realize our materiality.

Approach to the formulation of ESG KPIs

- Organization from an ESG standpoint
- In line with the Toyota Boshoku Group Sustainability Policy
- Progress toward materiality can be measured
- In line with the Corporate Governance Code
- Respond to the demands of society

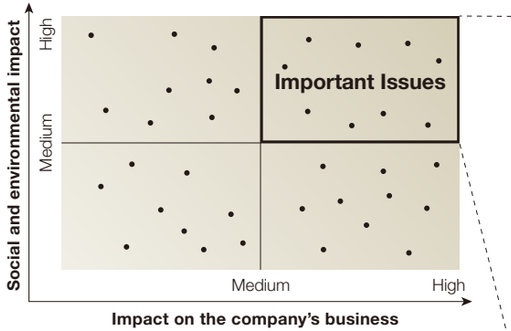
Management of materiality progress

At the CSV Promotion Meeting (Chairperson: CSO (Chief Strategy Officer) in charge of the Corporate Planning Segment), which is held twice a year, issues and the direction to take for enhancing corporate value based on our approach to CSV are reported and deliberated on, and consideration is also given to reviewing materiality itself in response to changes in the environment. Progress on the ESG KPIs, which manage progress on materiality, are also checked at the CSV Promotion Meeting, and the degree of achievement is followed up along with materiality. We also reviewed the ESG KPIs in conjunction with the formulation of the 2030 Mid-term Business Plan.

Plotting of social issues and extraction of important issues

E Environment S Social G Governance

＋ Matters for which positive effects are to be maximized − Matters for which negative effects are to be minimized



Issues to Resolve through Our Business Operations (E S)

Issues Relating to Sources for Exercising Competitiveness (S G)

Safety	Environment	Comfort
1. Product safety ＋	4. Reduction of environmental loads −	9. Comfortable spaces ＋
2. Reduction of traffic accidents −	5. Improve productivity ＋	10. Promotion of innovation ＋
3. Aging society −	6. Climate change −	
	7. Energy and resource conservation −	
	8. Cooperation with business partners ＋	

People	Organization
11. Ensuring diversity ＋	15. Compliance −
12. Workstyle innovation ＋	16. Governance −
13. Respect for human rights ＋	17. Strengthened information security −
14. Company-member health and work safety −	18. Fair and equitable procurement ＋

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Materiality formulation process

		Participants		
		Company Members	External Stakeholders	Directors/ Officers
STEP 0	**Comprehensive activities for CSR, CSV, ESG, SDGs, etc.** ● **Lecture for officers and division general managers** In addition to the regular members of the CSR Promotion Meeting (now the CSV Promotion Meeting), officers and relevant division general managers involved in the formulation of the 2025 Mid-term Business Plan attended the meeting to deepen their understanding of CSV management. ● **Lecture on SDGs for officers, entity top management, and next-generation leaders** Held as part of the "Global Week" program, where officers, entity top management and next-generation leaders of the Toyota Boshoku group gathered to discuss the future of the group and how to realize it, deepening understanding of the SDGs. ● **SDGs card game and discussions on social issues (41 next-generation leaders from 13 countries participated)** A card game format was used to deepen understanding of the SDGs and social issues. Subsequently, discussions were held on social issues surrounding the Toyota Boshoku group as well as management issues, based on important concepts for the company included in our philosophy.	✓		✓
STEP 1	**Understanding social issues** ● **Clarification of SDGs and other social issues** As well as the SDGs, identifying more than 100 social issues by focusing also on social issues in the countries and regions in which the Toyota Boshoku group operates. ● **Verification of social issues where we are already making contributions** Creating a life cycle value chain map of the Toyota Boshoku group's business, and organizing contributions to resolving social issues that have already been implemented from both positive (opportunities) and negative (risks) perspectives.	✓		
STEP 2	**Extraction of social issues** ● **Verification of social issues to be tackled as the company's philosophy** Re-affirming and understanding the meaning embedded in our philosophy, and confirming whether resolution of the social issues identified is consistent with the philosophy. ● **Verification of social issues that can be resolved by maximizing the company's strengths** Confirming whether the issues can be solved by leveraging the identity of the Toyota Boshoku group: R&D, MONOZUKURI, and HITOZUKURI. ● **Discussions by the Materiality working group**: 10 sessions (17 participants)	✓		

		Participants		
		Company Members	External Stakeholders	Directors/ Officers
STEP 3	**Verification of stakeholder expectations** ● **Investor interviews**: 3 times (7 participants from 3 companies) ● **Survey of company members**: 1 time (covering 260 people) ● **Verification of management issues**: Based on the results of the above interviews and questionnaires, confirm consistency with internal policy.	✓	✓	✓
STEP 4	**Plotting of social issues and extraction of important issues** ● **Organization of social issues and identification of important issues to prioritize** Verification from the perspectives of "social and environmental impact" and "impact on the company's business," and identification of important issues to prioritize. ● **Formulation of five aspects of materiality in alignment with the company's Vision** Identifying five materiality issues, organized into two categories: "issues relating to safety, environment, and comfort to resolve through our business operations" and "issues relating to the people and organizations that are our sources for exercising competitiveness."	✓		
STEP 5	**Verification of validity** ● **Discussion in a CSV Promotion Meeting** In February 2020, an extraordinary CSR Promotion Meeting (now the CSV Promotion Meeting) was held to discuss the composition and wording of (expressions used in) our materiality. In order to deepen company members' understanding of our materiality, it was decided to compile the reasons for selecting this text as "Meaning and Concepts." ● **Discussions with outside directors and outside Audit & Supervisory Board members** Two briefings were held for outside officers (in April and July 2020). Based on the points raised, the positioning of materiality in management was clarified, and the management system was organized as "Management Concept."	✓		✓
STEP 6	**Decision on materiality** ● Toyota Boshoku Group's Materiality was finalized at the Board of Directors meeting in July 2020.			✓
STEP 7	**Establishment of ESG KPIs** ● We established ESG KPIs to measure social value. The goal is to achieve them with a view to realizing our materiality.	✓		✓

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Value provision case study 1



Heat management technology achieving both cabin comfort and reduced environmental impact

Related materiality

1 As the Interior Space Creator, we will contribute to people's quality of life, creating comfort, safety, and reassurance through innovation

Comfortable spaces | Promotion of innovation

3 Together with our business partners, we will realize MONOZUKURI innovations that minimize environmental stress

Reduction of environmental loads | Productivity improvement | Climate change | Energy and resource conservation | Cooperation with business partners

Lowering energy consumption while pursuing comfort, through reduced heat accumulation in the cabin and direct heating/cooling control

What kinds of initiatives?

The cabin temperature rises rapidly when exposed to direct sunlight. For example, on a day when the outside temperature is 35°C, with the air conditioning turned off, the temperature inside the vehicle can exceed 50°C in just one hour, and the dashboard can reach 70°C. In addition, a lot of energy is needed to reduce the heat accumulated inside the vehicle. The Toyota Boshoku group combines technologies cultivated through the development of seats and interior products to create a comfortable automobile interior space while contributing to improved energy efficiency.

Key points of value provision

Technology that realizes comfort

Heat-shielding fabric inspired by silver ants
Far-infrared reflective headliner
Thermal comfort seat

Reduced environmental impact

Suppressed rise in temperature
Improved energy efficiency

① Heat-shielding fabric inspired by silver ants

Technology A fabric that suppresses increased temperature in vehicle interior parts. It mimics the body hair structure of the desert-dwelling silver ant, which reflects sunlight and suppresses a rise in body temperature.

Benefits Reduction of up to 20°C[1]

1 Test results under simulated conditions

② Far-infrared reflective headliner

Technology When the roof panel is heated by solar radiation, far-infrared rays (radiant heat) are emitted. This radiant heat is reflected by the reflective layer on the headliner, thereby suppressing a temperature rise in the headliner material and preventing heat from entering the vehicle interior.

Benefits 2.5°C reduction[2]

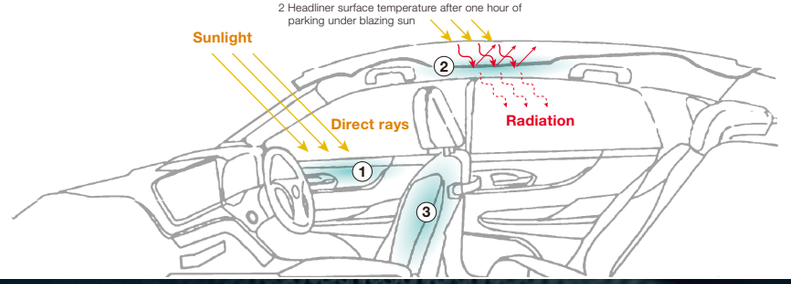
2 Headliner surface temperature after one hour of parking under blazing sun

③ Thermal comfort seat

Technology Human-centered direct heating/air conditioning with seat heater and seat ventilation system

Benefits Increased/decreased contact area between the occupant's back and the seat through pneumatics,[3] for enhanced warm and cool sensations

3 Utilizing air pressure



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Value provision case study 2

Providing comfortable, safe, and reassuring products through an integral evaluation of the occupant and car

Related materiality

1 As the Interior Space Creator, we will contribute to people's quality of life, creating comfort, safety, and reassurance through innovation
Comfortable spaces
Promotion of innovation

2 Using our established technical capability, we will contribute to realize a society with no traffic casualties through providing products that assure safety
Product safety
Aging society
Reduction of traffic accidents

3 Together with our business partners, we will realize MONOZUKURI innovations that minimize environmental stress
Reduction of environmental loads
Productivity improvement
Climate change
Energy and resource conservation
Cooperation with business partners

Pursuing the ultimate in ride quality through vehicle evaluations and full use of simulations

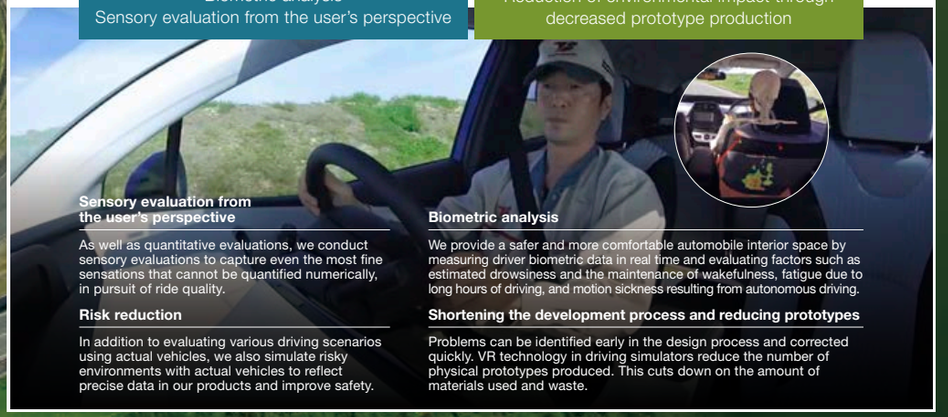
What kinds of initiatives?

The Tajimi Technical Center Proving Ground is equipped with a variety of driving scenarios to conduct vehicle assessments that envisage actual usage environments, including high-speed corners, hairpin curves, undulations and rough roads in addition to a 670-meter straight road. We are also committed to developing test drivers, with approximately 80% of the Evaluation Division personnel holding a specialist driving qualification. Approximately 5,000 technicians use this proving ground annually to improve performance and development on a daily basis. For evaluation and verification of our developed products, we introduced a driving simulator featuring a 360-degree virtual space. Weather and road surface conditions can be freely reproduced, enabling verification in an environment close to that of the actual vehicle. We aim to enhance dynamic ride quality performance by pursuing a driving feel in which the car and occupants become one, through accurate evaluations from the perspectives of both the mobility company and user.

Key points of value provision

Designing for both maximum safety and user comfort
Risk reduction
Biometric analysis
Sensory evaluation from the user's perspective

Accelerated development and environmental considerations
Shortening of the development process
Reduction of environmental impact through decreased prototype production



Sensory evaluation from the user's perspective
As well as quantitative evaluations, we conduct sensory evaluations to capture even the most fine sensations that cannot be quantified numerically, in pursuit of ride quality.

Risk reduction
In addition to evaluating various driving scenarios using actual vehicles, we also simulate risky environments with actual vehicles to reflect precise data in our products and improve safety.

Biometric analysis
We provide a safer and more comfortable automobile interior space by measuring driver biometric data in real time and evaluating factors such as estimated drowsiness and the maintenance of wakefulness, fatigue due to long hours of driving, and motion sickness resulting from autonomous driving.

Shortening the development process and reducing prototypes
Problems can be identified early in the design process and corrected quickly. VR technology in driving simulators reduce the number of physical prototypes produced. This cuts down on the amount of materials used and waste.

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Value provision case study 3

A hydrogen power system that can be installed in compact mobility



Related materiality

1 As the Interior Space Creator, we will contribute to people's quality of life, creating comfort, safety, and reassurance through innovation
Comfortable spaces | Promotion of innovation

3 Together with our business partners, we will realize MONOZUKURI innovations that minimize environmental stress
Reduction of environmental loads | Productivity improvement | Climate change | Energy and resource conservation | Cooperation with business partners

Realizing a hydrogen society by utilizing our core high-precision stamping technologies

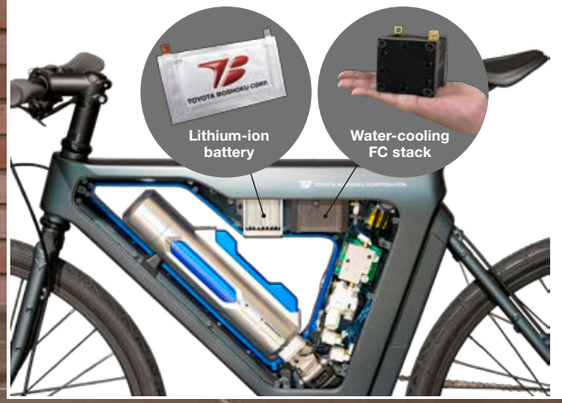
What kinds of initiatives?

Hydrogen energy is attracting global attention as a way to achieve carbon neutrality. The Toyota Boshoku group has developed the Hydrogen Power System, a compact hydrogen power generation system, by combining the production technology and expertise we have built up over many years. The system can be operated in compact mobility equipment and provides a clean means of transportation without any CO_2 emissions. Furthermore, it is equipped with a high-performance air filter that collects NOx (nitrogen oxides) and SOx (sulfur oxides) from the atmosphere. As well as a reduced environmental impact, it also contributes to improved air quality by emitting cleaner air. We will promote further utilization of hydrogen energy by deploying it in sharing services and 'last-mile mobility,' which are expected to become increasingly popular in the future.

Key points of value provision

Technology that combines our strengths
Application of our precision stamping, resin molding, and hydrogen technologies

Safety and environmental considerations
A compact, low-pressure, safe hydrogen power generation unit



Application of our precision stamping, resin molding, and hydrogen technologies

Developed small water-cooled fuel cells through innovations in the forming and shape of the FC separator, manufactured using our proprietary method and molding technology.

A compact, low-pressure, safe hydrogen power generation unit

As it is low-pressure (less than 1 MPa), no handling license is required, it is easy to handle, and can be mounted on electric bicycles and other forms of mobility.

Team Breakthrough
Hydrogen-based fuel supply system contributes to carbon neutrality
https://www.toyota-boshoku.com/global/teambreakthrough/technology/007/

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Value provision case study 4



Aggregating data at the Global Maintenance Center for task visualization, fault analysis, and predictive maintenance

Related materiality

1 As the Interior Space Creator, we will contribute to people's quality of life, creating comfort, safety, and reassurance through innovation
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Using digital technology to display maintenance personnel assignments and tasks in real time

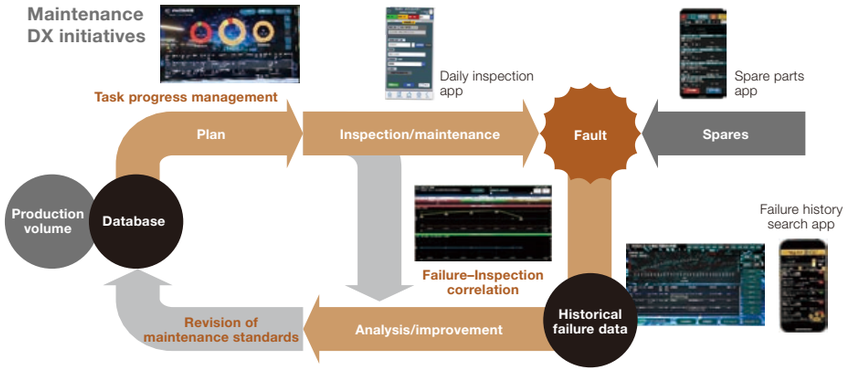
What kinds of initiatives?

In anticipation of a declining workforce in the future, securing maintenance personnel has become a challenge. To prevent breakdowns and promote efficient operations, we established a Global Maintenance Center at the Sanage Plant in April 2024 and commenced full-scale operation in fiscal 2026. More than 10 monitors are lined up to display equipment failures and recovery status in real time. In addition, support can be enhanced by visualizing the progress of tasks and optimizing staffing levels. All analysis monitors and company cell phone maintenance apps have been developed by young maintenance personnel, and we are also committed to developing digitally savvy human resources for the future, with plans to roll out this initiative to other plants in Japan.

Key points of value provision

Smart maintenance
Streamlining of maintenance work, such as inspection and repair of production facilities, using digital technology
Prevention of breakdowns before they occur

Raising productivity
Reduction of equipment failures and variability
Reduction of late delivery risk
Ability to make data-driven proposals



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Message from the President



Masayoshi Shirayanagi
President
Chief Executive Officer

Forging a path through innovation and challenge

Aiming to be a company that creates the future of the mobility interior space

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—— Firstly, could you provide an overview of performance in fiscal 2025?

While I take a serious view of the impairment loss that was recorded, there are clear indications of solid progress in our efforts to improve profitability in each region.

Although the Toyota Boshoku group's global seat production volume in fiscal 2025 decreased to 8.20 million units (down by 0.38 million units from the previous fiscal year), we were able to secure consolidated revenue of 1,954.2 billion yen, almost the same level as the previous fiscal year (up 0.5 billion yen from the previous fiscal year), partly due to a positive foreign exchange effect. In terms of profit, however, operating profit and net profit decreased significantly, by 42.3 billion yen (down 36.8 billion yen from the previous fiscal year) and 16.7 billion yen (down 41.8 billion yen from the previous fiscal year), respectively, due to the impact of production cuts, increased overhead costs, and a 31.3 billion yen impairment loss on fixed assets recorded in Japan and the Americas in the fourth quarter (P.49).

As a member of top management, I take a serious view of this significant impairment loss. However, if we consider the figures excluding the impairment loss, operating profit growth exceeded our initial plan due to a boost from new products and progress in streamlining, and I believe that various ongoing company-wide measures to improve profitability are steadily taking effect.

With regard to the Americas business, while we have been taking actions for some time to recover up-front investments made prior to the coronavirus pandemic, in fiscal 2024 we worked to rebuild our financial base through a capital increase in Toyota Boshoku America, The Americas Regional Management & Collaboration Hub (P.54). Furthermore, in fiscal 2025, we established the America Region Support Department, and have made intensive efforts to optimize personnel and improve productivity, with some success. The recent impairment charge was also made to further improve asset efficiency.

In order to improve earnings primarily in our Americas business, in April 2025 we launched the Global Craftsmen Team, a team under the direct control of the president consisting of around 10–20 elite personnel with a wealth of experience outside Japan. Over the next few years, we will focus on rebuilding our Americas business with strong will and determination until the Kaizen mindset takes root in the organizational culture.

—— What is the business outlook for fiscal 2026 and your approach to current issues?

Despite growing uncertainty in the external environment, we expect to increase revenue and profits by boosting production globally, launching new products, and promoting rationalization.

In fiscal 2026, we expect seat production to increase to 8.30 million units (up 0.1 million units from the previous fiscal year) and revenue to reach 2 trillion yen (up 45.7 billion yen from the previous fiscal year) through increased global production. In terms of profit too, we expect operating profit to increase to 80.0 billion yen (up 37.6 billion yen from the previous fiscal year) due to factors including the production ramp-up, new product launches, and rationalization.

As for current issues, we place particular importance on improving the profitability of our Americas business, as mentioned earlier, and on responding to dynamic changes in the Chinese market.

First, with regard to the Americas, we will grasp information as quickly as possible, including on tariffs, and will carefully determine whether we should respond immediately, or respond calmly with a medium- to long-term perspective. In the short term, we will focus on reducing cost, including fixed costs, to minimize the impact of tariffs, but our top priority must be to maintain our supply chain. We intend to continue dialogue with our suppliers and customers, and strengthen cooperation with industry associations.

In the North American market, a new plant, Toyota Boshoku Western Kentucky, is scheduled to begin operations in November 2025. The plant will introduce a next-generation transport system through autonomation of on-site logistics to build a stable production base that is unaffected by such factors as labor shortages and wage hikes. We also plan to achieve integrated device production, from pressing to assembly, by manufacturing devices in-house. Once this gets on track, we will roll it out horizontally to existing plants in the Americas, thereby strengthening the earning power of each group company (P.54).

Meanwhile, we view China as a market that represents the cutting edge of the current automobile industry, and we are aware that it is extremely important to be recognized in this market in order to compete on a global scale. Although the Toyota Boshoku group's China business is expected to continue its downward trend in production for the next two to three years, we aim to shift to a leaner profit structure through the positive effects of up-front investments. As a specific example, the Xiaohudao smart factory in the Guangzhou area, completed in September 2024, is using digital technology to reduce personnel and logistics costs through unmanned on-site logistics operations and autonomation of production lines. This makes it possible to maintain high profit margins even during periods of reduced production. (P.43) We plan to roll out these initiatives within China, and also to other regions.

We are prepared for a year with many unpredictable factors, including exchange rates, disputes, tariffs, and inflation. However, I am confident that the company-wide efforts we have made to date to increase production, develop new products, and streamline our operations will lead to solid results. It is not an easy path, but I will take the lead in bringing the entire company together to meet these challenges.

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Could you talk about the current status of the 2030 Mid-term Business Plan and future progress?

We are steadily advancing four corporate strategies to realize our 2030 Target.

In the 2030 Mid-term Business Plan (2030 MTP), which we launched in fiscal 2025, we have been working toward our desired future status by promoting four corporate strategies: enhancing our planning & proposals and R&D capabilities, acquiring MONOZUKURI (manufacturing and craftsmanship) competitiveness, and strengthening our sales capability, while also strengthening our management foundation which will serve as the basis for these measures.

I consider "enhancing our planning & proposals and R&D capabilities" to be of particular importance. In order to realize our 2030 Target, we need to look at things not from the perspective of a conventional "parts manufacturer," but from the perspective of a "mobility company" that considers the entire mobility interior space, and furthermore, from the perspective of the "user" beyond that. With this in mind, starting in fiscal 2025, we have formulated a product roadmap (renamed from the technology roadmap), which clarifies the software and hardware technologies that we need to in-source in order to realize a comfortable mobility interior space, their development methods, and the timing of their commercialization and market launch (P.37). At the same time, the requirements of the mobility interior space differ from region to region, and so it is also important to listen to the views of manufacturers and the market from the "mobility company's perspective," correctly grasp the needs of each country and region, and build a development system accordingly (P.47).

In the Chinese market, for example, electrification, software-defined next-generation vehicles (SDVs), and exciting innovations in the automobile interior space are progressing faster than in any other region. This really struck me when I visited the Shanghai International Automobile Industry Exhibition (Auto Shanghai) this spring, as if I were walking through a city of the future. The evolution of the automobile interior space goes beyond what we had imagined, and I am keenly aware of the urgent need to put in place a local development system and build deep relationships with local manufacturers.

With regard to "acquiring MONOZUKURI competitiveness," which is the foundation of a manufacturer's competitiveness, we are promoting autonomation at our plants in each region, while thoroughly adhering to the principle of not applying autonomation to processes where to do so would be wasteful. After eliminating any such wasteful effects, our aim with autonomation is not simply to reduce costs, but also to enhance both productivity and quality, thereby optimizing our overall MONOZUKURI capability.

With regard to "strengthening our sales capability," we have positioned the expansion of orders from customers other than our main customer, Toyota Motor Corporation, as an important pillar. Up until now, the Toyota Boshoku group has built a stable supply system by establishing sites around the world and promoting local procurement in line with Toyota Motor Corporation's global expansion. One of our key strengths is our ability to grow our business globally through the timely supply of seats and door trims at our many Just-In-Time (JIT) plants, synchronized to Toyota Motor Corporation's production. In particular, in conducting operations over many years with a keen sense that if our own production stops, then Toyota Motor Corporation will also come to a halt, we have developed human resources with outstanding on-site skills and responsiveness, and this is an important asset for our company.

On the other hand, due to our specialized structure oriented toward Toyota Motor Corporation, there are also some issues in terms of building relationships and developing business with other customers. In order to overcome this situation, in recent years we have instilled a more outward-looking stance across the entire group. We have established sites close to our target new customers in various parts of the world, and have worked to build relationships of trust by exploring their needs through close communication and detailed proposal activities. As a result, orders from non-Toyota customers are steadily increasing (P.44).

In the Indian market in particular, we expect to see significant sales expansion opportunities over the next two to three years, and in January 2025, we are establishing



I exchanged opinions with company members at the Takaoka Plant on issues specific to manufacturing worksites, including autonomation, and on developing the workplace. Through dialogue, we utilize feedback from the frontlines in management. Since becoming president in fiscal 2023, I have made workplace visits to 59 divisions, and visits to 72 entities in and outside Japan (as of September 3, 2025).

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a new India Strategy Department. We will vigorously promote the launch of products and the expansion of sales channels that meet the regional characteristics and requirements of the northern, western, and southern regions, respectively, with a sense of urgency.

With respect to "strengthening the management foundation," the Toyota Boshoku group's primary focus is on improving the quality of human resources. At the start of the 2030 MTP, we drew up a "human resources portfolio" that clearly defines what kind of human resources we need, where we need them, and how many we need. Based on this portfolio, we are now systematically developing recruitment and training strategies, and are steadily implementing specific measures (P.82).

However, to truly harness the power of human capital, it is not enough to simply have outstanding human resources. As a member of management, I believe it is my responsibility to create a workplace environment in which each individual has a high level of motivation and a sense of engagement, and can demonstrate their own abilities. Up until now, I have focused on creating a workplace that is accepting of diversity, and on fostering a secure, safe, and open corporate culture. To create a workplace where people can say what they want to say has been what I have consistently valued since assuming the position of president in fiscal 2023. Initially, there were times when my questions were met with silence, but now I can sense that the dialogue is gradually broadening, and feedback from our operational sites is reaching management. In fiscal 2025, we revamped our company members awareness survey (EX Survey), and will further accelerate improvements in measures going forward (P.84).

Since assuming the position of president, I myself have continued to communicate messages within the company and engage in dialogue with each division based on the policies of "clearly stating our direction," "listening to people's frank opinions," "fostering a sense of togetherness," "changing the awareness and actions," and "supporting the growth of each individual." Although fostering a corporate culture cannot be achieved overnight, I will continue to develop various systems and disseminate messages throughout the company in order to change the mindset of each and every company member and increase their motivation.

What are your thoughts on management with an awareness of capital efficiency?

As well as investing aggressively in growth and returning profits to shareholders, I aim to raise awareness among company members of the need to enhance corporate value.

The P/B ratio and stock price are not just numbers, but rather a "report card" that shows how we are valued by the market. Fiscal 2025 marked the 20th anniversary of the three-company merger, and we conducted a campaign to encourage company members to join the employees' shareholding association. In addition to helping company members build stable assets for the future, this initiative is also part of creating a company where people feel a sense of conviction in our goals and have dreams for the future, as set out in the 2030 MTP. Membership in the employees' shareholding association is a means for company members to become directly involved in the company's growth as shareholders, and increase their sense of participation in management. From fiscal 2026, the Management Tree (P.51) will be used to visualize how each member's activities are linked to the stock price. We are fostering a mindset whereby company members can engage in their day-to-day work with an awareness of our stock price. Personally speaking and also as an organization, we will strive to spread awareness of the need to enhance corporate value.

Management as a whole has been focused until now on earnings, and has promoted income-centered management, but we are now entering a phase in which the way we generate earnings is being questioned. Going forward, my aim is to steer management with a strong awareness of the balance sheet, steadily improving capital efficiency (ROE) while looking to achieve sustainable growth through strategic investments.

Specifically, while ensuring the stability of our financial base, we will promote autonomation that leads to higher productivity (halving processing costs by fiscal 2031 compared to fiscal 2024 P.41), develop technologies to create new value in the mobility interior space, and strengthen our business structure in India and other growth markets, while also making ongoing, strategic investments in human capital to support the company.

In addition, we are making earnest efforts to strengthen shareholder returns. Starting from fiscal 2025, we are introducing DOE (dividend on equity) as part of our dividend policy, and in the near-term our policy is to maintain stable and sustainable shareholder returns with a target DOE of 3% or higher. We will continue to vigorously promote management that balances the enhancement of corporate value with our responsibility to shareholders.

What was the intention behind the organizational reforms implemented in April 2025?

Our aim is to simultaneously increase the speed and accuracy of development by reorganizing the R&D division.

The reorganization of the R&D division was born out of the earnest desire of our operational sites and management to promote "faster and more reliable" development. In order to become the Interior Space Creator (ISC), which is our target for 2030, we recognize that we must have the total capability to go beyond the mere manufacturing of individual products to create new value in the entire mobility interior space. To achieve this, we determined that an organizational structure that promotes speed and accuracy of development while also taking on the challenge of entering new business fields was

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essential. In April 2024, the existing Seat Business Segment and Interior & Exterior Business Segment were unified under the concept of “mobility interior space” and reorganized into a two-segment structure corresponding to the “planning & proposals” and “R&D” functions. Furthermore, the production engineering units that had been dispersed throughout the various businesses were consolidated and integrated as the Production Engineering Segment in order to improve our overall MONOZUKURI competitiveness.

In April 2025, we took this reform one step further by reorganizing the existing Research & Development Segment into three segments: the Technical Management Segment, Advanced Technology Development Segment, and Product Evaluation Segment. The aim of this new structure is to create a system capable of speedy and accurate development of various technologies that will support the promotion of the 2030 MTP.

The Technical Management Segment is responsible for managing and optimizing the core technologies developed in the seat, interior & exterior and other businesses, and for promoting the acquisition of the required capabilities and focused investment in new fields. Meanwhile, the Advanced Technology Development Segment is tasked with accelerating the planning of the mobility interior space to create new businesses that transcend conventional fields and attract new customers, and to rapidly commercialize new value fields. The Product Evaluation Segment’s role is to objectively and comprehensively evaluate developed products from the mobility company’s perspective, and feed the results back to each R&D division.

This new three-segment structure clearly separates the development and evaluation functions, and while exercising a sound checking function, will simultaneously increase the speed and accuracy of development.

— Lastly, do you have a message for our stakeholders?

By creating new value in various mobility interior spaces, we aim to be a company that transforms people’s lifestyles and contributes to society.

The ISC concept to which we aspire does not refer to a specific product or business area, but rather to a concept that expresses our desire to be a company that contributes to solving social issues by providing “QUALITY OF TIME AND SPACE” in all forms of mobility. We ourselves need to confront the questions and shape our future. Some have suggested that our target and goals for 2030 are “low resolution,” and I am keenly aware of this issue myself. That is why, over the course of this year, we will link our current initiatives to specific KPIs, honestly admit any shortcomings, and clearly demonstrate our commitment to moving forward while making corrections without hesitation. I believe that we can realize our goal of becoming the ISC by fusing the four corporate strategies that we are currently promoting, namely, “planning & proposals capability and R&D capability,” “MONOZUKURI competitiveness,” “sales capability,” and “management foundation.”

The automotive industry is entering a major transformational period due to new technological innovations such as CASE and MaaS. This also presents a great opportunity for us, and we aim to be an organization that can transform people’s lifestyles through the creation of new value, while expanding our business to fields such as aircraft. To realize this challenge, we place importance on the concept of DCAP (Do-Check-Adjust-Plan): first take action—don’t reject something by reason alone, but give it a try and then make improvements. I will share this sense of urgency throughout the company, and have a culture of challenge take root.

In addition to development based on the aforementioned product roadmap, as a way of planting seeds for the future, we began demonstration testing of “Remotouch,” a remote massage system utilizing remote tactile transmission technology, at the Expo 2025 Osaka, Kansai in collaboration with NTT, Inc. We have also embarked on various challenges for the future; for example, together with OUGI Inc., a start-up company that develops content and operates tours for tourists visiting Japan, we will start a demonstration test involving a combination of the digital content bus "The XR RIDE," which will operate within OSAKA Satellite EXPO 2025, and our MOOX-RIDE mobility experience support system (P.39).

We are also focusing on strengthening our IR activities and reflecting in management the feedback we receive through dialogue with our shareholders and analysts. At technology presentations and hands-on experience events, our technological advantage was verified on a *Genchi-Genbutsu* (go, see & study) basis, by witnessing the progress made with our 2030 MTP and by actually experiencing the ride quality of our seats. The opinions we receive are also reported and discussed at Board of Directors meetings to enhance the quality of management decisions.

I believe the business domain that is the mobility interior space has the power to excite people. That is why we will continue to take on challenges in a wide range of fields, optimizing our management resources while collaborating with external companies and organizations.

We, the Toyota Boshoku group, intend to continue to be an indispensable company which can provide mobility interior spaces that inspire our customers around the world. We aim to be a company about which our customers, shareholders, company members, partners, suppliers, local communities, and all other stakeholders are able to feel, “I like Toyota Boshoku.” I very much hope to gain the continued understanding and support of all our stakeholders.

Masayoshi Shirayanagi
President
Chief Executive Officer

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What is an Interior Space Creator (ISC)?

A company that offers

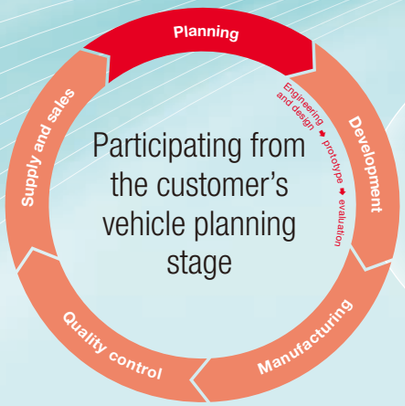
QUALITY OF TIME AND SPACE

for the entire interior space in all mobility, capable of planning and developing integrated seating and interior systems, and making proposals from the vehicle planning stage.

ISC does not mean that we make specific products or operate our business in a specific field of service. The concept is something that does not yet exist anywhere, and is totally new. For this reason, the Toyota Boshoku group is defining the meaning itself, presenting this to society, and proving its value through implementation. Transcending the category of an automobile component manufacturer, we create new values that exceed customer expectations.

Our target business model (representative examples)

We participate in the customer's vehicle planning stage, taking a co-creation approach to identify potential needs. Through proposals from the perspective of the entire interior space, we contribute to maximizing customer value with more comprehensive solutions not limited to the provision of a single product.





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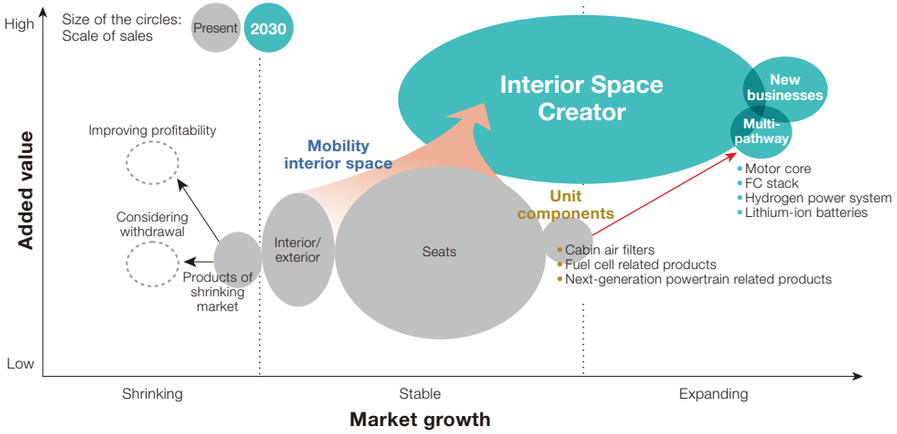
Business portfolio and customer portfolio strategies

Business portfolio

We are reviewing our business portfolio in order to realize our 2030 target to “Become a company as the Interior Space Creator which contributes in solving social issues while expanding product range and customer base.” Rather than viewing seats, interior & exterior, etc. as separate areas, we will increase the added value of the entire mobility interior space as the Interior Space Creator, while also investing resources in electric products, a growth area. We will also nurture new businesses to a level at which they become our next-generation core business.

Changing scale of sales

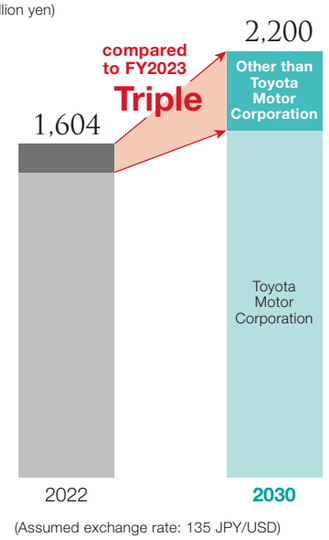
- **Expanding added value beyond the classification of seats and interior/exterior components as the Interior Space Creator**
- **Investing in growth fields such as electric products and developing new businesses**



Customer portfolio

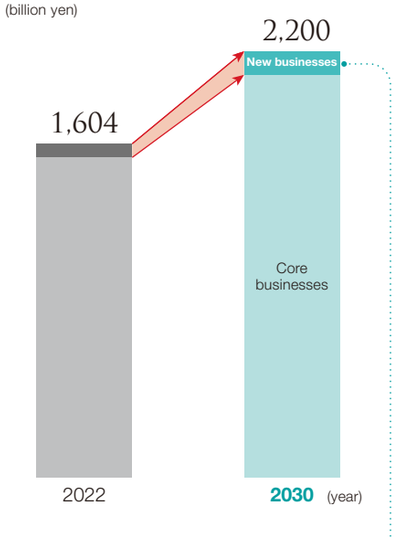
By strengthening its sales capability, Toyota Boshoku group will further expand sales channels by 2030 in addition to ensuring our existing Toyota business. To expand sales channels, we will proactively promote order-taking activities to customers other than strategic OEMs based on sales channels we have acquired in the reorganization of the seat frame mechanical components business through the transfer of commercial rights. We will also work toward acquisition of orders from new businesses.

Changing ratio of revenue by customer



(Assumed exchange rate: 135 JPY/USD)

Changing ratio of revenue by business



Expanding sales for new customers (MaaS servicers)

Expanding non-automobile sales

Expanding sales of aircraft seats

Use of a hydrogen power system

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Overview of the 2030 Mid-term Business Plan

The Toyota Boshoku group is pursuing the enhancement of corporate value and sustainable growth, setting out our 2030 Target in order to realize our Vision. Inheriting our founding spirit of "for the world and for people," we aim to achieve steady growth by consistently contributing to society in our own unique way, and linking this to solid business results.

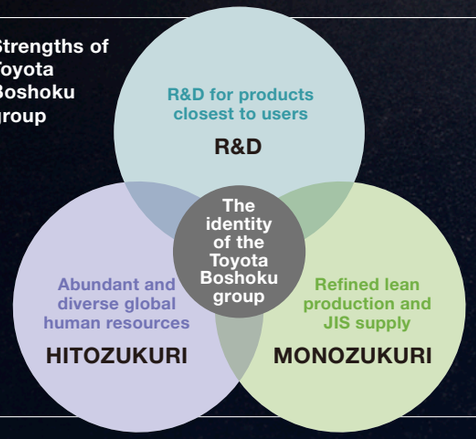
2030 Target

Become a company as the Interior Space Creator which contributes in solving social issues while expanding product range and customer base

Change in the external environment

Rising expectations for comfortable vehicle interior space

Strengths of Toyota Boshoku group



Corporate strategies

1. Enhance **"Planning & Proposals Capability"** for comfortable mobility interior space and **"R&D Capability"** for realizing it
2. Acquire **"MONOZUKURI Competitiveness"** to be trusted and selected throughout our supply chain
3. Strengthen **"Sales Capability"** to expand the range of products and customers
4. Strengthen **"Management Foundation"** to support growth

Financial targets for 2030

Revenue	2,200 billion yen
Operating profit	150 billion yen
Operating profit ratio	7%
DOE[1]	3% or more (Dividend payout ratio around 30% is considered)
Equity ratio[2]	Around 50%

We are aiming for our highest ever operating profit ratio, while maintaining and increasing our share of each market. In terms of shareholder returns, we have introduced DOE as a new indicator to achieve stable returns of 3% or more.

Non-financial targets for 2030

To become a company with which all of our stakeholders feel an affinity and say, "I like Toyota Boshoku," we have established KPIs for each of the ESG categories and are conducting activities.

1 Dividend on equity ratio
2 Ratio of equity attributable to owners of the parent

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Environmental awareness and corporate strategy

Transformation of the automobile market

—— Changing global competition and increasing geopolitical risks

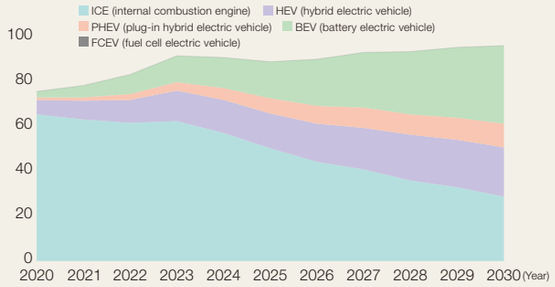
Environmental and social issues

Rising geopolitical risks, such as the invasion of Ukraine, U.S.-China tensions, and growing protectionism, have disrupted the free trade system and driven the need to restructure supply chains. As China and the Global South gain influence, regional optimization has become essential to maintaining competitiveness, prompting OEMs to accelerate localization strategies. At the same time, OEMs are shifting their powertrain strategies from a focus on battery electric vehicles (BEVs) to a multi-pathway approach that also encompasses hybrid and plug-in hybrid EVs (HEVs and PHEVs), reflecting a broader deployment of diverse electrification technologies. These trends are increasing the necessity for flexibility in meeting manufacturers' evolving needs.

Market awareness

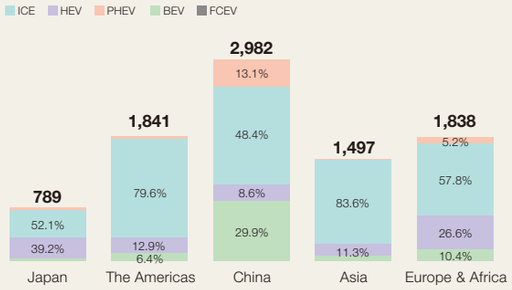
Data **Projected global automobile production volume**

(Million vehicles)



Data **FY2025 powertrain production trend by region**

(10,000 vehicles)



Source: Calculated internally based on S&P Global Mobility data (May 2025)

Diversifying powertrain (multi-pathway approach)

From BEV-centered to multiple practical options including PHEVs and HEVs

Automakers stepping up localization strategies

BEV production continues strong in Europe and is rapidly increasing in China, while PHEVs and HEVs remain dominant in Japan and the Americas. Keys to remaining competitive will be adapting flexibly to each market's needs and optimizing regional operations.

Corporate strategies

1 Enhance **"Planning & Proposals Capability"** for comfortable mobility interior space and **"R&D Capability"** for realizing it

Overall mobility interior space planning exceeding customer expectations

Insource technology needed for overall mobility interior space planning

P.36 Approach to the value we provide
P.37 Product roadmap

3 Strengthen **"Sales Capability"** to broaden the range of products and customers

Expand sales to new customers, such as emerging BEV OEMs and Chinese OEMs

Expand sales to customers outside the existing frameworks, including makers of aircraft, aftermarket parts, electric components, and service providers

P.44, 45 Strengthening sales capability

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Diversification of values

—— Diversifying values for age groups and regions

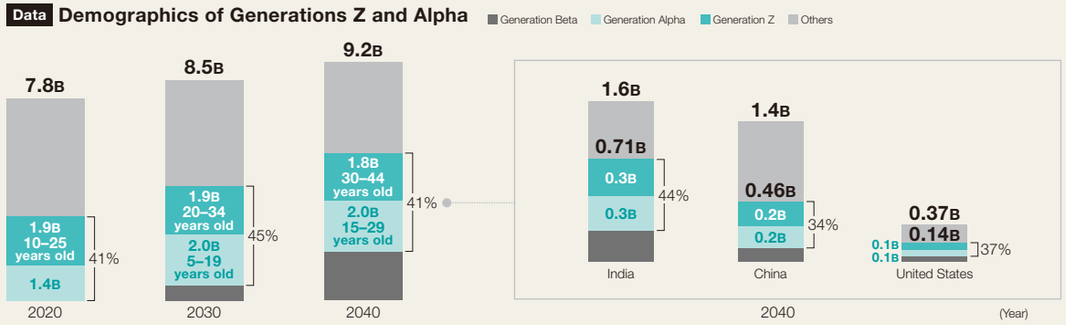
Environmental and social issues

As Generation Z and Generation Alpha become the global population majority, their digital-native values and interest in social issues are significantly influencing consumer behavior. At the same time, the elderly and emerging markets in the Global South remain important customer segments. Companies must therefore offer products and services that meet the diverse needs of different generations and regions.

This shift is driving growing demand for prioritizing experiential value during time spent inside vehicles. Meanwhile, product design is also evolving to include such concepts as software-defined vehicles (SDVs) and modularization.

Market awareness

Data **Demographics of Generations Z and Alpha**



Source: Calculated internally based on Frost & Sullivan data (August 2023)

Technological innovation

Flexible development systems and in-house technologies are essential to adapting to evolving product designs due to SDV and vehicle modularization (shift from hardware- to software-led product design)

Increasing need to prioritize experiential value during time spent inside vehicles

Key is meeting diverse values while maintaining development speed and flexibility

Corporate strategies

1 Enhance **"Planning & Proposals Capability"** for comfortable mobility interior space and **"R&D Capability"** for realizing it

Overall mobility interior space planning exceeding customer expectations

Insource technology needed for overall mobility interior space planning

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P.37 Product roadmap

Gain a competitive edge by developing advanced, optimal products to secure project orders (product roadmap)

➡**Improve the development process (system)**

Reconstruct the development process to reduce man-hours

➡**Improve drawing completeness**

Thoroughly standardize components and design processes, and reformulate the Design Navigation and Guidance System

P.61 The identity of the Toyota Boshoku group -Messages from CxOs
P.70 DX at the Toyota Boshoku group

➡**Increase development speed in each region Strengthen cooperation with R&D divisions outside Japan**

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Nature positive

—— Decarbonization, circular economy, and coexistence with nature

Environmental and social issues

The heavy dependence of modern economies on natural capital has raised concerns about long-term sustainability. Environmental issues, such as climate change, resource depletion, growing waste, and biodiversity loss, are becoming increasingly severe. Addressing these challenges is essential for companies to achieve sustainable growth and meet their social responsibilities.

Market awareness

Climate change and the transition to a decarbonized society
Reduce GHG emissions across product life cycles and proactively meet environmental regulations

Resource depletion, increased waste, and biodiversity loss
Use renewable resources and manufacturing methods that protect biodiversity

Workforce diversification

—— Active participation by a diverse workforce of older, female, and foreign individuals enhances organizational flexibility and creativity

Environmental and social issues

Declining birthrates and aging populations have made securing labor a common issue in virtually all countries and regions. In this environment, it is vital to support the active participation of diverse talent by providing flexible work styles and equitable opportunities. Advancing DX for technology inheritance and smart factories is also essential to boost productivity and offset labor shortages.

Market awareness

Create a work environment supporting an active and diverse workforce
Provide flexible work styles and equitable opportunities

Advance DX for technology inheritance and productivity
Offset labor shortages with smart factories and digitalization

Corporate strategies

1 Enhance **"Planning & Proposals Capability"** for comfortable mobility interior space and **"R&D Capability"** for realizing it

Gain a competitive edge by developing advanced, optimal products to secure project orders (product roadmap)

P.36 Approach to the value we provide

➡**Treat environment as a technology for space design and incorporate it to the product roadmap items**

P.37 Product roadmap e.g. mono-material

2 Acquire **"MONOZUKURI Competitiveness"** to be trusted and selected throughout our supply chain

Sustainable and connected logistics in response to manpower shortages and carbon neutrality

P.40 Sustainable manufacturing through autonomation, logistics, and DX

2 Acquire **"MONOZUKURI Competitiveness"** to be trusted and selected throughout our supply chain

Introduction of revolutionary production line responding to declining workforce, DX, and D&I

P.40 Sustainable manufacturing through autonomation, logistics, and DX

4 Strengthen **"Management Foundation"** to support growth

Creation of an organizational climate in which diverse human resources can play an active role through the promotion of local human resources and women, etc.

P.46 Strengthening the management foundation
P.83–84 Global human resource development, Diversity and inclusion

Workplace operational reform through DX promotion for flexible response to change and enhanced competitiveness

P.46 Strengthening the management foundation
P.69 DX at the Toyota Boshoku group

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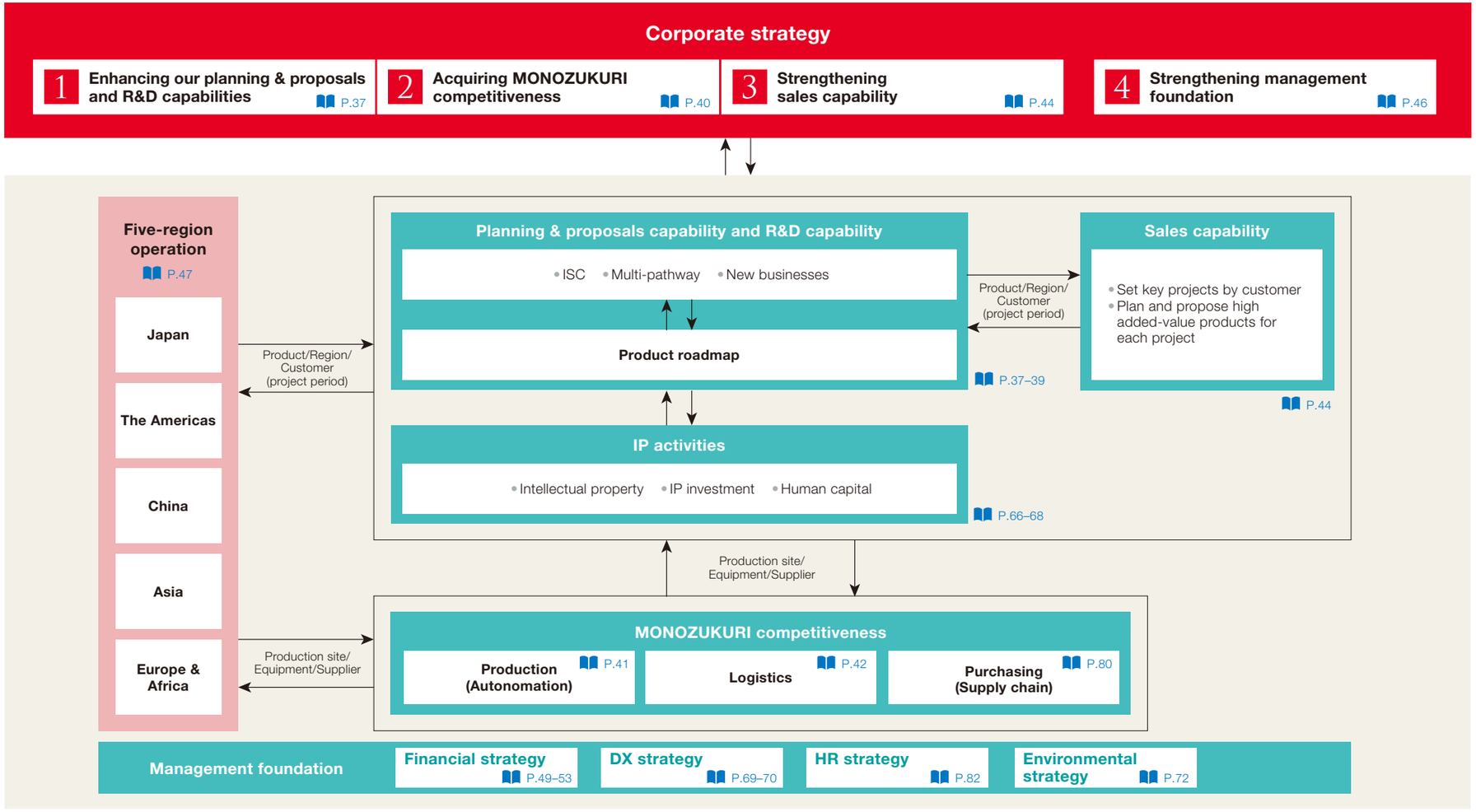
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Corporate strategies framework

Toyota Boshoku group has set four corporate strategies to realize our 2030 Target: Enhance planning & proposals and R&D capabilities; Acquire MONOZUKURI competitiveness; Strengthen sales capability; and Strengthen management foundation.
These strategies are structured based on our unique framework, and we have formulated 22 action plans tied to each strategy.
Concrete target values and a roadmap have been set through to 2030 for action plans, and as we strive to steadily advance them, we are sharing the progress status and issues throughout the company.
In addition, we are deploying our strategies across each function and division, and our five regions, and advancing flexible and effective plans developed in view of our global business expansion and regional characteristics.



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Approach to the value we provide

Three spaces to be realized and essential technologies, derived from materiality

To become the ISC, the Toyota Boshoku group has redefined its approach to space based on the space to be realized and 10 provided values both derived from our materiality, taking into account market trends and customer needs.
We envision spaces that can fulfill diverse values, and have clarified the essential technology groups that support these spaces.
These form the premise for our product roadmap (P.37) and are the basis for drawing up, in an integrated manner, the future direction of our spatial designs and R&D.



	What kind of space?	10 values (The value to be provided to realize that space)
DO MORE	Expanding possibilities	1 Freedom of movement for all 2 Expanding possibilities for people and society 3 To a more livable city
HAVE FUN	Driving enjoyment	4 Get more excited about moving 5 Space and experience according to your preference
FEEL GOOD	Enhancing well-being	6 Always convenient and comfortable 7 Healthy mind and physical
SAFETY		8 Making mobility safer
ENVIRON-MENT		9 Curbing climate change 10 Realization of a recycling-based society

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Corporate strategies

1 Enhancing our planning & proposals and R&D capabilities

Overview

Product roadmap: Products and technologies strategically organized by provided value

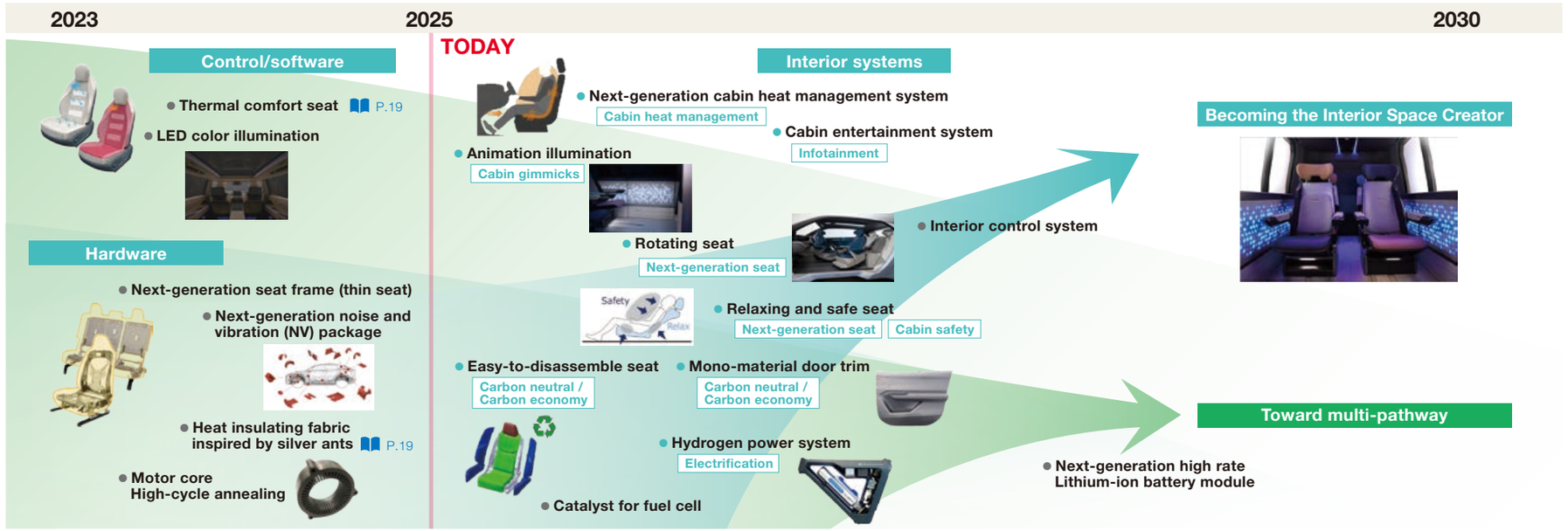
Under the approach to the value we provide presented on page 36, we systematically organize products and elemental technologies needed in the future and provide visualization with a product roadmap.
Our ISC function has expanded from developing mainly hardware to creating integrated space value including controls, software, and indoor systems.
We will take the multi-pathway approach to developing unit components for the diversifying automobile manufacturing.
These approaches follow our overall vision for contributing value in spatial design and technology for the mobility society of the future.

Targets for 2030

Percentage of new product development toward ISC

Currently
15% → 30%
(FY2025 results)

● : Development completed (● : FY2026 focus product)



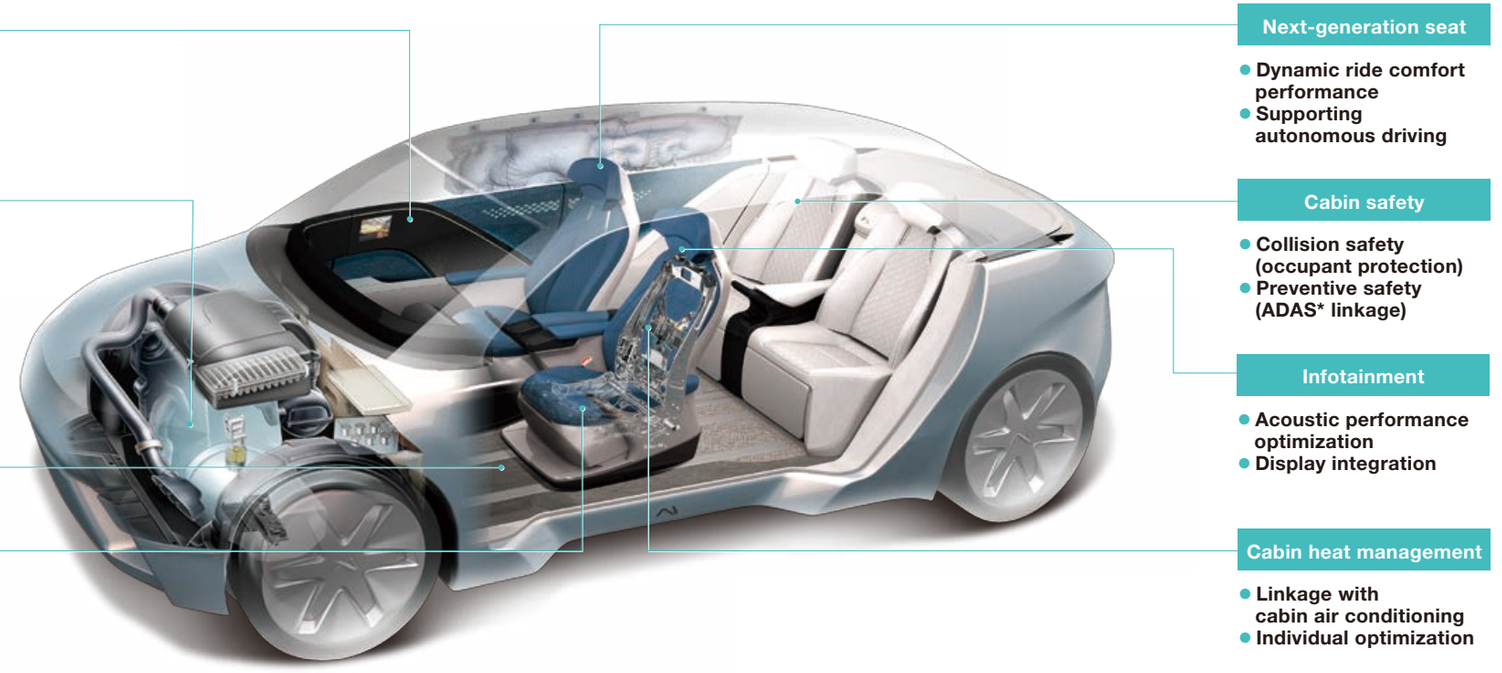
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Corporate strategies 1 Enhancing our planning & proposals and R&D capabilities

Realizing a product roadmap for creating value in the mobility interior space

Establishing a competitive advantage through core technologies and collaboration inside and outside the group

To realize our product roadmap, it is essential to build on the core technologies we have cultivated in-house, while also internalizing technologies developed through collaborations within the Toyota Group and with external partnerships.
This internalization will enable us to establish competitive advantage and maximize product value.
The Toyota Boshoku group is an automotive parts manufacturer that also seeks to create value beyond parts supply by incorporating the perspectives of automakers and mobility-tech companies.
We aim to be a highly competitive company creating new value that exceeds user expectations in mobility interior spaces as an ISC leveraging our technological development capabilities to deliver complete interior space proposals.



* ADAS: Advanced Driver Assistance Systems

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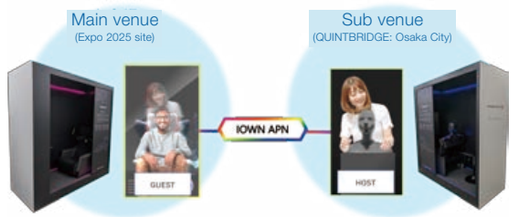
Examples of initiatives to create new businesses

Accelerating new business creation with open innovation

The Toyota Boshoku group has established a framework for accurately assessing emerging business needs and seamlessly advancing initiatives from technology exploration to commercialization. We are actively conducting demonstration testing of advanced technologies and new value propositions developed through open innovation fusing internal and external knowledge, with multiple proof-of-concept projects underway.
These initiatives are crucial to our business expansion, and we are pursuing them with a strong sense of urgence to ensure steady progress toward commercialization.

Demonstration testing of Remotouch and IOWN relaxation technology experiences

We are currently conducting proof-of-concept testing with NTT, Inc. to develop the Remotouch[1] relaxation seat, which uses NTT's Innovative Optical and Wireless Network (IOWN)[2] to reproduce the sense of a delicate touch of a remote care specialist in real time. The system uses the RealHaptics®[3] force and tactile transmission technology created by Keio University to remotely convey gentle stroking motions. The innovative technology opens up new possibilities for therapeutic comfort and care and was showcased at the NTT Pavilion at Expo 2025 Osaka, Kansai.



A visitor receives a relaxing gentle care from a visitor in another booth.

1 Previously named Remote Touch Therapy
2 NTT's next-generation information and communications infrastructure and concept
3 Technology enables free control of the actuator force; used for robots to sense and control force level based on the sensory feedback from people or objects



An enhanced travel experience unique to each area.

Bus exterior design

Expanding the mobility experience with XR: MOOX-RIDE bus created with OUGI Inc.

Toyota Boshoku's MOOX-RIDE mobility experience support system was installed on the XR RIDE, a digital content bus operating at the Osaka Satellite Expo 2025. The system uses extended reality (XR) technologies, such as augmented reality (AR) and virtual reality (VR), to control transparent displays, 3D sound, vibration, and mist devices for a fully immersive, location-based experience. The system features real-time interactive functionality with virtual guides from remote locations, adding a new dimension to mobility value for inbound tourists to Japan.

SRT × MOOX-RIDE: The future of urban transportation

Our MOOX-RIDE will be used on the next-generation urban transit system, Smart Roadway Transit (SRT) in Nagoya City. The system uses AR and VR to deliver content, providing new mobility value by allowing passengers to enjoy Nagoya City attractions while travelling on the SRT system. The SRT is attracting attention as an innovative form of urban transportation that improves connectivity and circulation between Nagoya and Sakae stations while also contributing to regional revitalization and enhancing the city's attractiveness. The autobody, content, and advertising for the control system are being constructed and tested with full-scale operations planned for fiscal 2026.



Transparent displays and sound convey information about the scenery outside the windows.

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2 Acquiring MONOZUKURI competitiveness

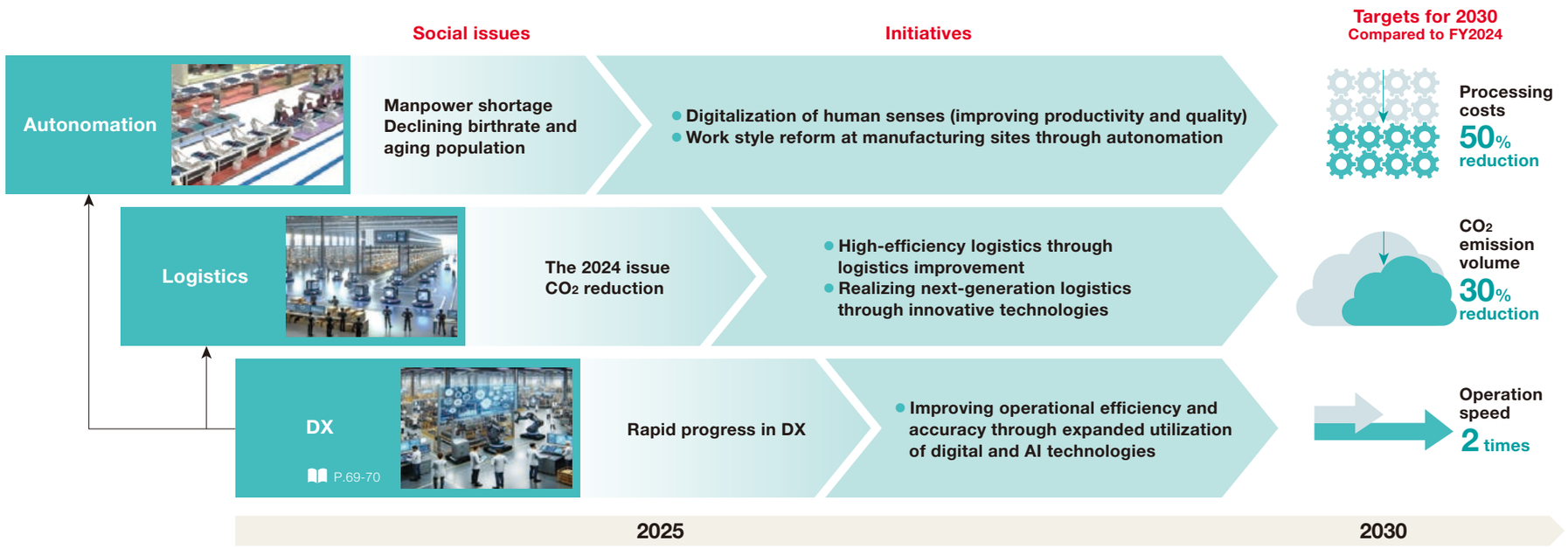
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Sustainable manufacturing through autonomation, logistics, and DX

The Toyota Boshoku group views social challenges, such as a shrinking workforce and the need to reduce environmental impact, as opportunities to advance manufacturing.
We are refining efficient production systems built on just-in-time (JIT) and just-in-sequence (JIS), introducing autonomation for labor savings and quality consistency, reforming logistics to optimize our supply structure, and applying DX to visualize processes and accelerate decision-making. These efforts enhance productivity and quality while building a flexible, sustainable global supply system. Together, they are creating a highly resilient manufacturing operation that strengthens our competitiveness.

Targets for 2030 (Compared to FY2024)

- Processing costs ..... 50% reduction
- CO_2 emission volume ..... 30% reduction
- Operation speed ..... 2 times



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Corporate strategies 2 Acquiring MONOZUKURI competitiveness

Roadmap to 2030—autonomation

Realizing a diversity line where everyone can work with half the processing costs and coexistence of people and robots

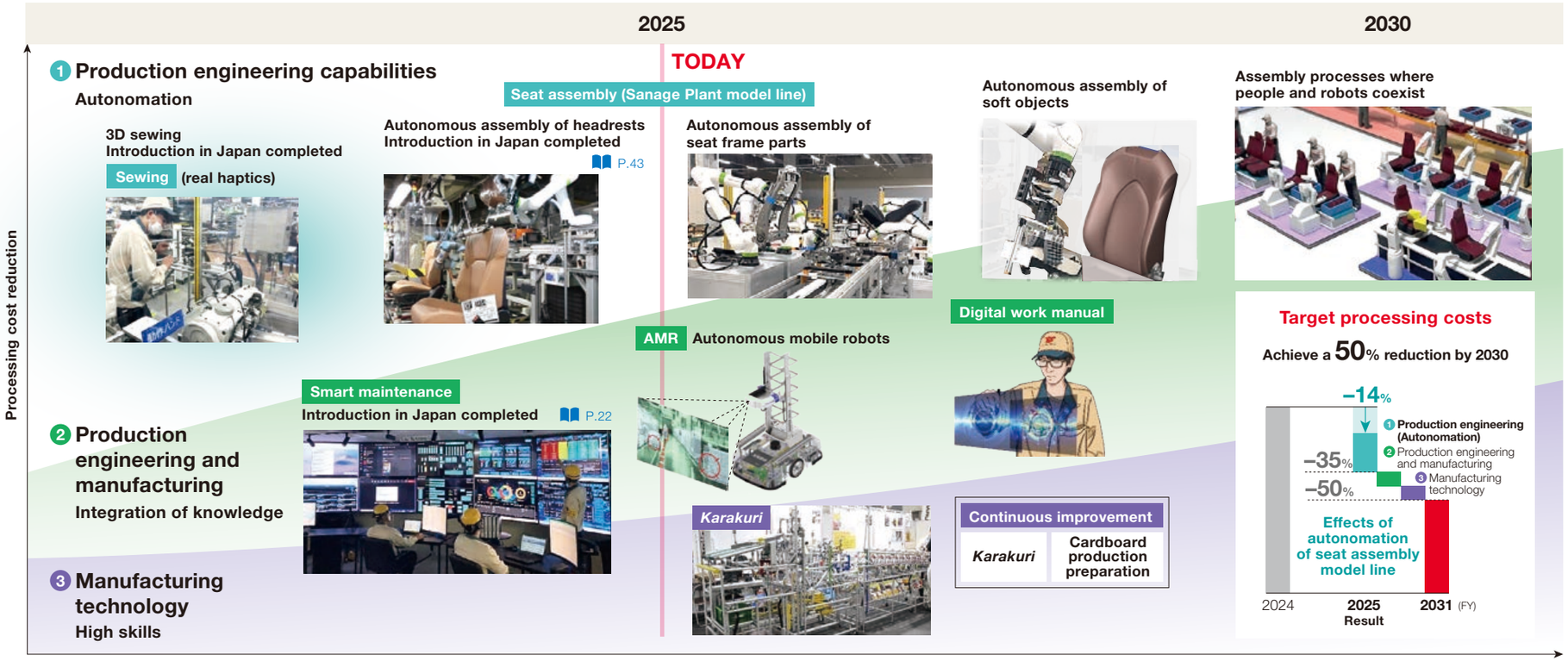
The Toyota Boshoku group is establishing a presence as a trusted and preferred manufacturer by creating a “diversity line where everyone can work” for people and robots to work in harmony. The line is being formulated with three core objectives.

1. **Production engineering capabilities:** Using sophisticated manufacturing technologies to design processes and develop equipment incorporating autonomation and labor saving
2. **“Integration of knowledge” in production engineering and manufacturing:** Combining the expertise of both areas to reduce processing costs and creating an environment where diverse talent can work
3. **Manufacturing technology:** Using skills and expertise cultivated in the field to maintain stable production balancing quality and efficiency and for continual productivity improvement

Targets for 2030

Reduce processing costs by 50% (compared to FY2024)

In fiscal 2025, the processing costs for seat assembly model line were **reduced by 14%** from the previous fiscal year.



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Roadmap to 2030—logistics

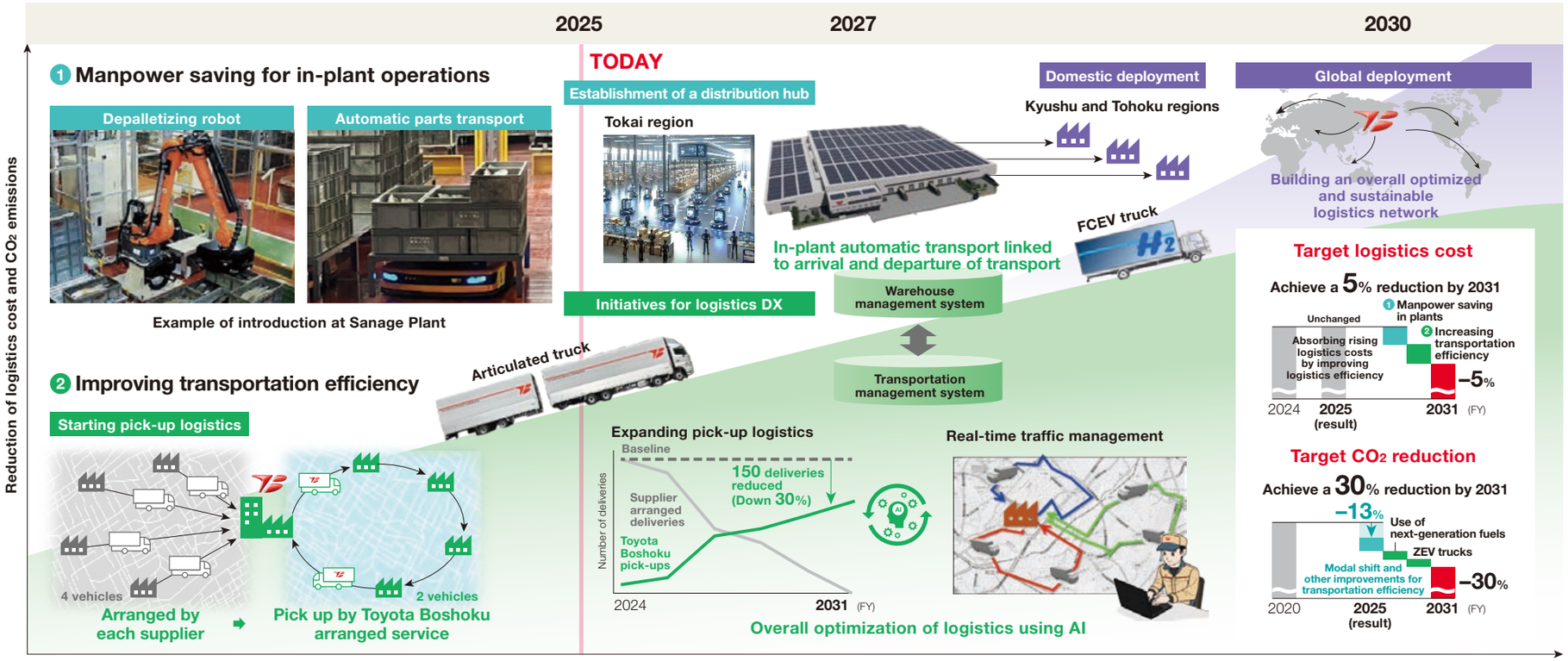
Address social issues and establish an optimal logistics system throughout the supply chain

Because the Toyota Boshoku group produces large-sized seats and interior/exterior components, optimized warehouse designs, high inventory turnover rates, and efficient transportation are essential. Amid increasingly complex social issues, we are working to create innovative logistics systems from the following two perspectives in order to solve problems in the logistics field and strengthen our competitiveness in the automotive market.

1 **Manpower saving for in-plant operations:** Incorporating automation equipment, such as for parts sorting and transport equipment

2 **Improving transportation efficiency:** Expanding pickup logistics, planning logistics using AI to optimize consolidated shipments and generate timetables, refining operation management

Manufacturing technology: Using skills and expertise cultivated in the field to maintain stable production balancing quality and efficiency and for continual productivity improvement



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Examples of sustainable manufacturing initiatives for 2030

Improving manufacturing efficiency with autonomation, logistics, and DX

Autonomation

Balancing productivity and quality through autonomous assembly and process optimization

Autonomous assembly of headrests

Autonomous assembly enables consistent assembly and reduces quality variance while streamlining the entire process and lowering technician walking and idle time. Line flow also improved with the installation of an automatic discharge mechanism. The result is a sustainable manufacturing system with a positive balance of productivity and quality.



Sanage Plant

Autonomation / Logistics / DX

Improved logistics and processes in Xiaohudao, Guangzhou City, China

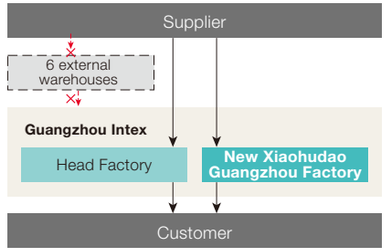
Xiaohudao Guangzhou Smart Factory (completed September 2024)



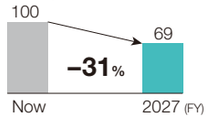
Xiaohudao Guangzhou Smart Factory

Improved logistics efficiency

1. Eliminated external inventory warehouse (44,000 m²)
2. Improved transportation efficiency



Transport costs



Improved efficiency with DX

Digitalizing products and data to transform the factory landscape and workstyles

1. Automated floor logistics operations



Internal transport



Parts receiving



Automated forklift

Operating profit ratio improved even during reduced production **+1%**

Automation benefits at the Xiaohudao Smart Factory

On-site logistics personnel	**–40%**
Logistics costs	**–870 million yen**
Earning power (operating profit ratio)	**+1%**

2. Production line autonomation

Autonomated assembly lines, AI wrinkle inspection, etc.



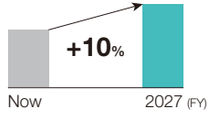


Unmanned quality inspection utilizing AI

Autonomation + TPS	Increased productivity	New workstyles

➡ **Reduced personnel by 10 people** per line

Per-person added value



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3 Strengthening sales capability

Overview

Sales capabilities to meet diverse needs

The Toyota Boshoku group is enhancing its sales capabilities to broaden its product range and customer base, shifting toward a proposal-driven approach to fully capture growth opportunities. In the context of rapidly evolving mobility, the company leverages the trust and technical expertise developed through its longstanding relationship with Toyota to deliver comprehensive mobility interior space plans tailored to diverse customer requirements. By engaging with customers from the earliest stages of planning, the company seeks to expand its order intake by proposing competitive products and solutions.

Wide range of customers

- Strategic OEMs in alliance with Toyota
- MaaS and mobility tech companies
- Airlines and other non-automotive mobility companies
- Emerging EV manufacturers (new BEV OEMs)

Targets for 2030

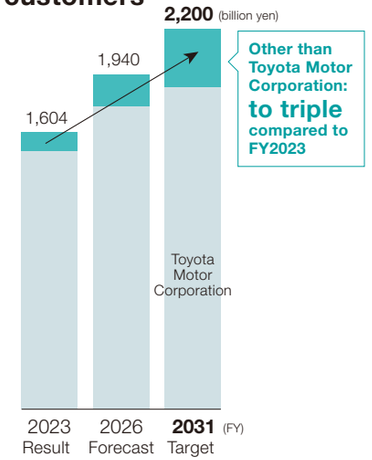
Sales to companies other than Toyota Motor Corporation

Compared to FY2023

3 times

2031 revenue target

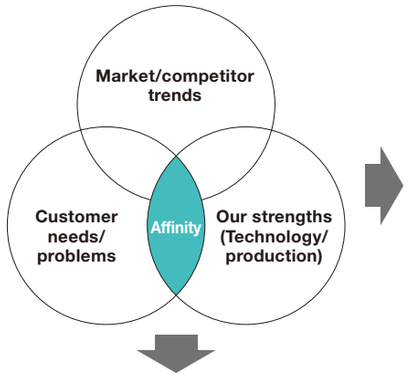
Triple sales to non-Toyota customers



(Assumed exchange rate: 135 JPY/USD)

Capturing orders from strategic OEMs

Increase sales through campaigns targeting new OEMs to win orders.

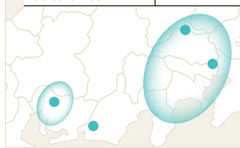


Matching customer needs and strengths of Toyota Boshoku to narrow down targets

Japanese OEMs

Organize and enhance sales structure, including establishing new sales bases

Sales base	Customer
Tokyo Sales Office	Aircrafts, Japanese OEMs
Ota Office	Strategic OEMs
Hamamatsu Sales Office	Strategic OEMs
Sales Segment	Toyota, Japanese OEMs
Osaka Sales Office	Strategic OEMs
Hiroshima Sales Office	Strategic OEMs



● Sales base

European OEMs

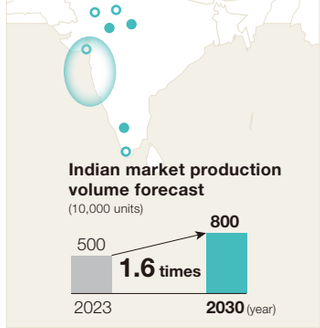
Using existing assets in Poland, expand sales to European OEMs that have plants nearby



● Production/sales base ○ OEM

Indian OEMs

Expand sales to Indian OEMs in the expanding Indian market



● Production base ○ Existing OEM

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Example of order acquisition activities

Aggressive sales efforts attract new inquiries and orders

Companies other than Toyota Motor Corporation

Use the trust and technical capabilities cultivated through the Toyota businesses to attract increasing orders from new OEMs.



TÜRKIYE

Company A

Obtained inquiries for seat cover business (Tier 2 business)

CHINA

Company C, Company D

Company C: Obtained orders for door trim business
Company D: Obtained inquiries for seat and door trim businesses

INDONESIA

Company B

Obtained orders for seat device business
Obtained orders for air cleaner business

AMERICA

Company E, Company F

Company E: Obtained orders for seat components business
Company F: Expanding business opportunities for robotaxi service providers

Aircraft

Promoting activities to receive orders from Japanese and overseas airlines and airframe manufacturers

1 Our first seats for new aircraft in service

Installed on the B787-10, which entered service in March 2024

Developed aircraft seats with All Nippon Airways Co., Ltd. (ANA) using automotive seat technology and expertise and our human-centered design philosophy to create high-quality products combining ease of use, comfort, reliability, and functionality.



2 Sales expansion to new airlines

Boeing-approved as Offerable Products for Boeing 737 and 787

Our products being listed in the catalog that airlines use when ordering new aircraft greatly increased order opportunities. We have received inquiries from several new airlines and are steadily securing orders. We are continuing to strengthen our activities to secure additional orders.

FY2016–	B767 for domestic flights replacement
FY2020–	B777 for domestic flights
FY2023–	B787-9 for domestic flights
FY2024–	B787-10 for domestic flights
FY2026 and after	Installation expanded to Japanese and overseas airlines

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4 Strengthening the management foundation

Overview

Strengthening the management foundation for growth

The Toyota Boshoku group is strengthening its management foundation to implement the key strategies to enhance our planning & proposals and R&D capabilities, acquire MONOZUKURI (manufacturing and craftsmanship) competitiveness, and strengthen our sales capabilities. To build a sustainable and flexible management system, we are fortifying our financial structure, promoting DX, fostering an organization of active and diverse talent, and pursuing carbon neutrality. Amid a rapidly changing business environment, these initiatives support the competitiveness and value creation of the entire company, providing a solid base for long-term growth.

Finance

Objective

Strengthen the financial base and improve investment efficiency to support sustainable growth

Main initiatives

- Strategically allocate cash to establish the financial position for achieving the 2030 financial goals

P.49

Digital transformation (DX)

Objective

Advance DX to improve operating efficiency and decision-making quality

Main initiatives

- Use DX to reform office functions to enhance our ability to flexibly respond to change and bolster competitiveness

P.69

Human resources

Objective

Develop and optimally allocate human resources to ensure the technical and organizational capabilities needed in the future

Main initiatives

- Secure personnel for business growth
- Create an organizational culture of active and diverse human resources

P.82

Environment

Objective

Create social value by contributing to carbon neutrality and a circular economy

Main initiatives

- Execute environmental management centered on the three priority initiatives of global warming prevention, resource circulation, and co-existence with nature

P.72

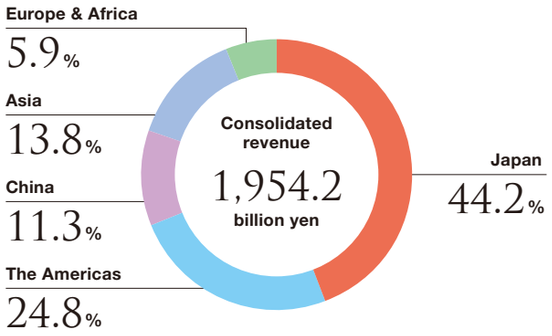
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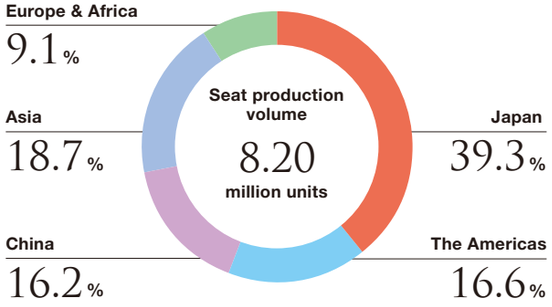
The Toyota Boshoku group conducts advanced R&D and high-quality manufacturing at 90 locations across 23 countries and regions worldwide.
Our global operations are organized into five regions, and we conduct business activities centered on the Regional Management & Collaboration Hubs, tailored to the unique market conditions, customer needs, and characteristics of each. Through the One Hub per Region structure, the head office and regional offices collaborate closely to optimize quality, cost, and delivery times, which supports sustainable growth and growing corporate value.

FY2025 results

Revenue by region



Seat production volume by region



Region	Affiliated companies	Number of company members*	Revenue
Japan	22	14,192	939.2 billion yen 1.8% increase compared to the previous fiscal year 922.8 → 939.2 (FY2024 → FY2025)
The Americas	21	12,900	489.0 billion yen 2.3% decrease compared to the previous fiscal year 500.3 → 489.0 (FY2024 → FY2025)
China	16	6,426	233.5 billion yen 1.1% decrease compared to the previous fiscal year 236.2 → 233.5 (FY2024 → FY2025)
Asia	22	7,130	286.2 billion yen 4.5% increase compared to the previous fiscal year 273.9 → 286.2 (FY2024 → FY2025)
Europe & Africa	9	4,356	118.1 billion yen 10.0% decrease compared to the previous fiscal year 131.2 → 118.1 (FY2024 → FY2025)

* Excluding temporary company members

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Issues and priority actions by region

Region	Characteristics and trends	Issues	Key initiatives
Japan	• Declining birthrate, aging and decreasing population • HEVs becoming mainstream, EVs gradually increasing	Upfront investment early return and maximization, profitability improvement [External factors] Rising costs due to inflation, declining demand [Internal factors] Increasing development costs and capital investment (due to upfront investment phase), low profitability of unit parts	• Increase marginal profit ratio by adding more value to products • Cut processing costs by 50% with autonomation • Reduce logistics costs by using new logistics centers • Reduce labor and improve operating efficiency (double speed) through DX • Pursue synergies with new subsidiaries
The Americas	• Tariffs • EVs and PHEVs becoming more common • SUVs and pickup trucks remain popular • Economic disparity and underdeveloped infrastructure in Central and South America	Transitioning to a sustainable profit structure [External factors] Unexpected unit sales declines due to semiconductor shortages and other factors, rising costs due to inflation [Internal factors] Production inefficiencies due to labor shortages and higher turnover rates	• Strengthen on-site leaders and maintenance staff training • Review production systems • Promote DX and autonomation • Reduce inter-factory logistics • In-house production of seat devices (ensure competitiveness through integrated production, improve productivity, localize procurement)
China	• New energy vehicles (NEVs) gaining popularity • New EV brands are growing rapidly • Priority on design, digital UX, and cost competitiveness • Trend for smart and more luxurious interiors	Responding to changes in the market environment [External factors] Rapid market shift to BEVs, intensifying price competition [Internal factors] Decreasing competitiveness of Japanese brands	• Accelerate development speed • Propose and plan products targeting Chinese users • Strengthen regional partnerships
Asia	• Motorization is progressing • Governmental ZEV policies are increasing • High demand for motorcycles and compact cars • Priority on cost, but demand for safety and comfort growing • Expanding EV market in India	Maximizing growth opportunities and optimizing costs [External factors] Underdeveloped infrastructure, price competition [Internal factors] Insufficient local production flexibility	• Increase local procurement rates • Tailor product development to local needs (simple yet comfortable) • Expand business in India • Locally procure motor cores
Europe & Africa	• Emphasis on sustainability and recyclability • Accelerating EV and FCV adoption, spread of SDVs	Meeting environmental regulations and developing new markets [External factors] Strengthening environmental regulations [Internal factors] Increasing supply chain complexity	• Use existing assets to expand sales • Develop interior designs with sustainable materials and circular design • Establish sustainable procurement

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Message from the CFO

Deepening financial strategy and dialogue to achieve the 2030 Mid-term Business Plan



Hiroyuki Suzuki
Chief Financial Officer

Basic approach to finance, and financial policy

Steadily carrying out the tasks at hand to support management

My name is Hiroyuki Suzuki, and I was appointed Chief Financial Officer (CFO) in April 2025. I have been involved in accounting, mainly management accounting, for more than 30 years. Since assuming a management position, I have also gained experience in the field of financial accounting, and in recent years I have been extensively involved in both areas of work. I have always endeavored to fulfill my mission as a compass for management, including during the financial crisis following the collapse of Lehman Brothers, when the business outlook was extremely uncertain, and the period of turmoil resulting from the completely unforeseen coronavirus pandemic. My basic attitude at work is not to be overly pessimistic, even when the future is unpredictable, but to steadily carry out the tasks at hand, one by one.

Most recently, I was also involved in the formulation of the 2030 Mid-term Business Plan in the Corporate Planning Segment. The 2030 Mid-term Business Plan is a highly ambitious plan that aims for Toyota Boshoku to become the Interior Space Creator while increasing profitability. First, I will clearly define what we need to do in the short to medium term, and steadily carry out these tasks while communicating the process and results to all of our stakeholders, including our shareholders and investors, in a timely and appropriate manner.

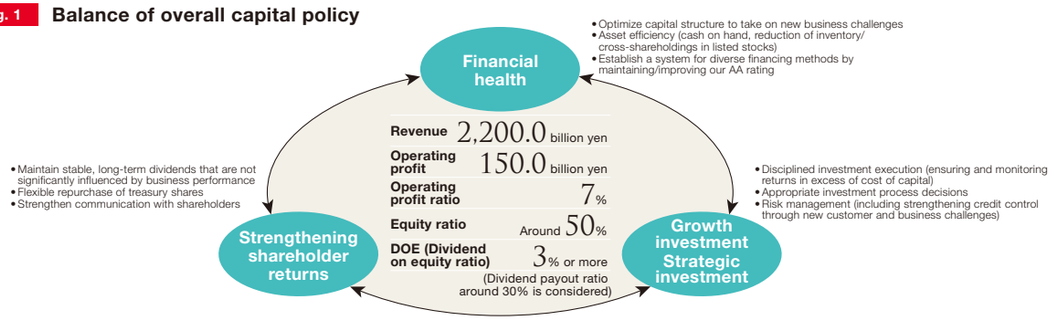
The cornerstones of our financial strategy are maximization of cash flow and optimal allocation. These are also clearly stated in our 2030 Mid-term Business Plan, and in addition to this policy, going forward we will be even more conscious of the balance of overall capital policy, and will promote investment for growth, the strengthening of shareholder returns, and financial health in a unified manner (➡see Fig. 1). To achieve sustainable growth, we will advance our financial strategy while keeping in mind the alignment of day-to-day management decisions with medium- to long-term strategy.

Review of fiscal 2025 and outlook for fiscal 2026

Adapting to change and making a fresh start

Fiscal 2025 was a year of heightened social and economic uncertainty. Although revenue increased, operating profit declined significantly from the previous fiscal year, reflecting unstable global conditions, ongoing inflation, and production cuts at major customers, as well as the impact of impairment losses in the Americas and Japan.

Fig. 1 **Balance of overall capital policy**



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The impairment loss in the Americas business was due to investment in new products that significantly exceeded the depreciation implemented prior to the coronavirus pandemic. In addition to the decline in volume due to the coronavirus pandemic and shortage of semiconductors, as well as the effects of inflation, changes in the external environment, including labor shortages after the pandemic, resulted in the impairment loss, with returns not sufficient enough to cover the sum invested. As the person responsible for finance, I deeply regret that we were unable to respond adequately to the situation and prevent this result, although this was partly due to operational difficulties triggered by the pandemic that no-one could have anticipated.

In fiscal 2026, amid further uncertainty in the business environment, including heightened geopolitical risks around the world, inflation is expected to persist in Japan, and labor costs are expected to continue to rise due to social demands. Notwithstanding this external environment, we aim to establish a profit structure that is resilient to these factors.

With regard to our business in Japan, the Head Office is responsible for many of the functions that oversee the entire global operations, which makes it easy for fixed costs to increase. Another factor weighing on earnings is the fact that there is little export business from Japan due to the promotion of local production for local consumption. Going forward, we aim to optimize short-term profits and maximize medium- to long-term profits in Japan and globally by normalizing existing fixed costs and accelerating and maximizing returns.

In the Americas business, although uncertainty is increasing due to the tariff policies of the Trump administration and other factors, we will focus on improving profitability by positioning fiscal 2026 as a year for a fresh start. Specifically, we have launched a Global Craftsmen Team, a group under the direct control of the president, to review the production system, accelerate DX and autonomation initiatives, and turn around loss-making sites. In addition, with the launch of the new Toyota Boshoku Western Kentucky plant in November 2025, we are aiming for in-house production of seat device components. We will also promote enhanced efficiency by introducing a next-generation transport system to apply autonomation to on-site logistics (P.54).

In the China business, our major customers are also expected to face a tough battle due to the rapid shift to BEVs and intensifying price competition in the market, but we will maintain and expand sales while broadening our range of products and customers. In addition, with our Xiaohudao logistics facility initiative in the Guangzhou area, the use of digital technology to create a smart factory has enabled various reforms, including unmanned on-site logistics operations and autonomation on production lines, as well as the elimination of external warehouses, thereby reducing direct personnel and logistics costs. By building on the effects of these initiatives, we will work to maintain and strengthen our ability to generate earnings even during periods when production volume does not increase significantly.

Through the promotion of the above initiatives, we expect to achieve our revenue target under the 2025 Mid-term Business Plan, but challenges remain with regard to operating profit and the operating profit ratio. I recognize that this was mainly because we were unable to fully respond to changes in the market that could not have been anticipated when the 2025 Mid-term Business Plan was drawn up, and we intend to persevere tenaciously in our efforts to achieve this goal (see Fig. 2, Fig. 3).

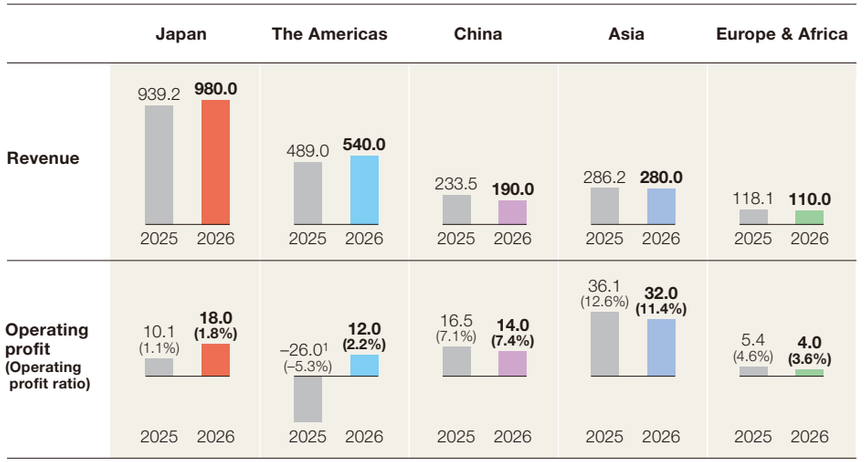
Fig. 2 **Trend in Financial KPI**

	FY2024 results	FY2025 results	FY2026 forecast	2025 Mid-term Business Plan	2030 Mid-term Business Plan
Revenue	1,953.6 billion yen	1,954.2 billion yen	2,000.0 billion yen	1,600.0 +α billion yen	2,200.0 billion yen
Operating profit	79.2 billion yen	42.3 billion yen[1]	80.0 billion yen	100.0 +α billion yen	150.0 billion yen
Operating profit ratio	4.1%	2.2%[1]	4.0%	6–7%	7%
Equity ratio[2]	39.8%	40.9%	Around 40%	Around 40%	Around 50%
DOE[3] (Dividend payout ratio)	3.7% (**27.3%**)	3.4% (**91.8%**)[1]	3.3% (**30.7%**)	– Around **30%**	3% or higher (Around **30%** is considered)

1 Impact of impairment loss 2 Ratio of equity attributable to owners of the parent 3 Dividend on equity ratio

Fig. 3 **Revenue and profit by region**

(billion yen) (FY)



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Toward achieving the 2030 Mid-term Business Plan

Increasing the resolution of strategy execution

As mentioned above, in addition to our basic policy of cash flow maximization and optimal allocation aimed at achieving the 2030 Mid-term Business Plan, we intend to focus more than ever on the balance of overall capital policy, and promote a financial strategy that is mindful of strengthening our financial base and capital efficiency.

In our dialogue with shareholders and investors to date, we have received comments regarding the path to achieving our mid-term business plan, and that it is low resolution. As one of the responses to this issue, in addition to the existing discussions on a functional axis, we are now developing a plan on a regional axis. By strengthening the bottom-up identification of issues and formulation of countermeasures, we will increase the resolution for achievement of the mid-term business plan.

Another initiative for organizing and clarifying the path toward achieving our mid-term business plan is the formulation of a Management Tree (➡see Fig. 4). The ultimate goal of this is to enhance corporate value, and we will use the Management Tree as a tool to visualize how each member's work contributes to corporate value, with the aim of building a common understanding throughout the company. By having company members clearly understand the logic of how improving the results of their respective work in each segment and division leads to the enhancement of corporate value, we intend for them to have increased motivation in their daily work, a sense of ownership in relation to management issues, and an enhanced feeling of togetherness as an organization. Furthermore, by fostering a workplace culture that allows each and every member to actively participate in management, we will make efficient use of limited resources, and the entire company will work together to achieve the 2030 Mid-term Business Plan.

Management with awareness of the P/B ratio

Strengthening earning power to restore trust

I recognize that increasing shareholder value is one of the most important management issue. However, most recently the P/B ratio has remained under 1x, and ROE, an indicator of earning power, fell to 3.7% at fiscal 2025, below the 7.5% cost of equity. This does not meet the expectations of our shareholders and investors (➡see Fig. 5, Fig. 6).

The main reasons for this included a one-off impairment loss in the Americas and other areas, which caused a worsening of profit. Going forward, we intend to improve ROE by building a sustainable earnings base that is unaffected by external factors. In fiscal 2026, the equity ratio is projected to recover to around 40% and ROE to 10.8%, and we will continue to pursue a financial strategy to achieve our 2030 Mid-term Business Plan target of a 50% equity ratio, while aiming for improved ROE.

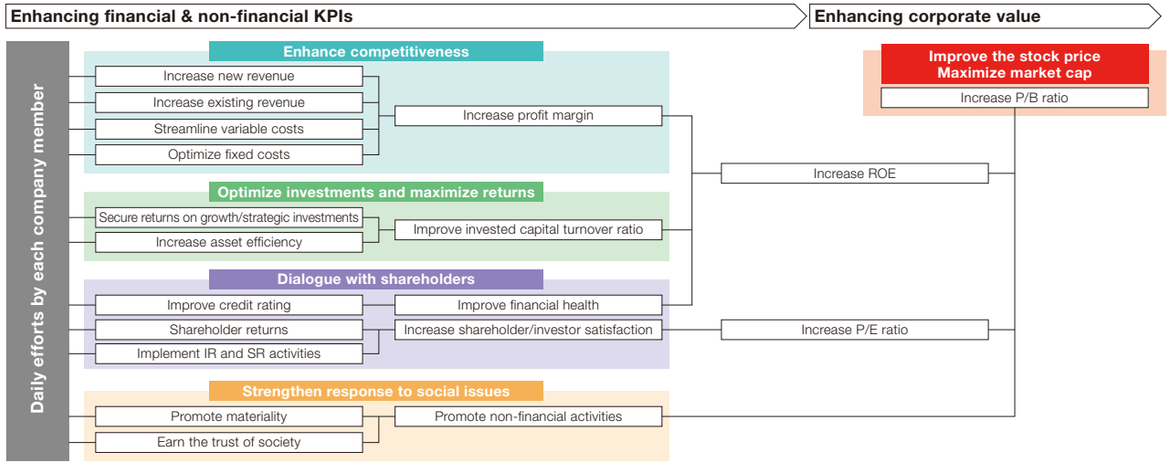
We believe that improving our equity ratio is necessary as a financial base for expanding business with a variety of customers and taking on new business challenges. By building a stable financial base, we also aim to maintain and improve our long-term credit rating (AA)* and achieve diverse and efficient financing.

I recognize that securing cash is particularly important in increasing ROE. The source of various growth strategies and shareholder returns is the cash generated by our business activities, and we intend to generate more cash by increasing the profitability of each of our businesses, which will lead to enhanced shareholder value through higher net profit.

We are also working to improve the P/E ratio and promote non-financial activities in tandem. I believe that the P/E ratio represents the value that our shareholders and investors expect for the future of the company, and through IR and SR activities, we will strive to have them feel an affinity with our initiatives for the future. We are also engaged in activities aimed at solving social issues, and have established ESG KPIs (📖 P.57) for items that we place particular importance on.

* Based on Japan Credit Rating Agency, Ltd. (JCR)

Fig. 4 Management Tree



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Maximizing cash flow

Focusing on leveling-up our cash generation ability

We are also focusing on maximizing cash flow. While improving our ability to generate operating cash flow by reshaping our profit structure, we are promoting both investment for growth and asset efficiency.

In terms of investment for growth, we are implementing a set of measures to sow the seeds for the future, including turning around loss-making sites, expanding new orders, and strengthening our manufacturing capability, together with verification of the effectiveness of these measures. Meanwhile, to improve asset efficiency, we are reducing inventory and introducing a cash management system, among other measures. In Japan, we are consolidating funds, and outside Japan, we are building a global fund management system. By working to eliminate the uneven distribution of funds globally, we will strengthen financial governance and reduce cash on hand. Aiming to continue to manage our assets efficiently, we are working to improve inventory turnover and the cash conversion cycle (➡see Fig. 7, Fig. 8).

In addition, we use ROIC by country as a supplemental internal indicator for investment decisions. We divide our global operations into five regions and manage earnings in each region, calculating the cost of capital by country. For new investment projects, we measure returns compared to the cost of capital by country, and use this information in discussions about the adequacy of plans, including the scale of investment.

Optimal allocation and shareholder return policy

Achieving a virtuous cycle of growth and returns

To build a competitive advantage in the future, we are focusing on aggressive investment in technology, products, and human resources. While working on areas including our technology strategy centered on the realization of Interior Space Creator, multi-pathway, and new business creation, as well as strengthening our manufacturing capability through autonomation, developing new customers and implementing electrification, we are strengthening our investment in human capital to support these goals.

With regard to capital investment, amid rising costs due to inflation, we are implementing robust management on a project-by-project basis to ensure the recovery of up-front investments and accelerate the timing of recovery. Although R&D costs are trending as expected, a shortage of human resources has become apparent, and we are strengthening our recruitment and training programs as a strategic investment in human resources to support future growth.

We are also seeking to access high-growth areas and capture business synergies through alliances and corporate venture capital (CVC) investments. These are based on strategic decisions aimed at a qualitative shift in our business portfolio, rather than simply expanding our investment targets (➡see Fig. 9).

Our basic policy for the return of profits to shareholders is to continue paying stable dividends over the long term, with a target DOE (dividend on equity ratio) of 3% or higher, and to repurchase of treasury shares flexibly in response to the business environment. We will continue to practice optimal allocation while maintaining a balance between corporate growth and returns (➡see Fig. 10).

Fig. 5 P/B ratio trend (at end of period)

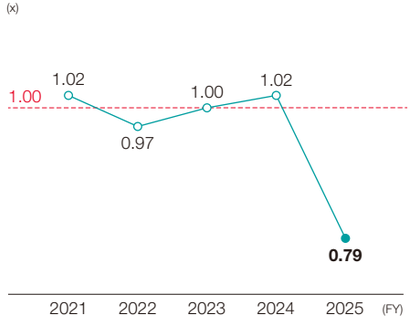
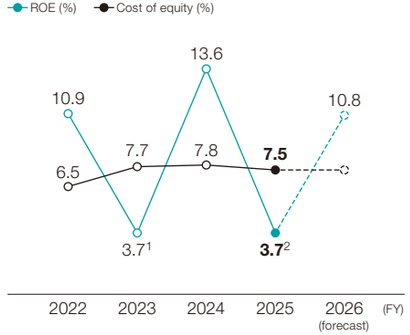


Fig. 6 Cost of equity × ROE



1 Impact of deferred tax asset reversal in the US
2 Impact of impairment loss

Fig. 7 Inventory turnover (raw materials, work in progress, finished products)

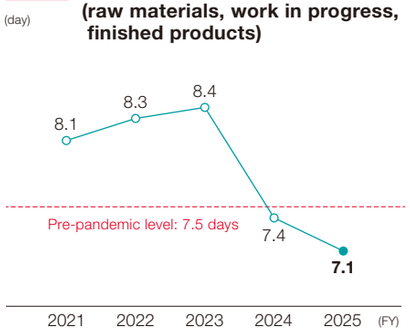
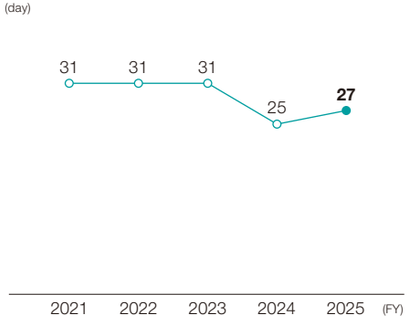


Fig. 8 Cash conversion cycle



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Dialogue and message to stakeholders

Developing a sense of affinity and trust through dialogue

As our partners in co-creating corporate value, we place great importance on dialogue with our shareholders and investors. In fiscal 2025, we had the opportunity to interact with a total of 1,743 individuals (up 145% year-on-year) through business briefings and various conferences, etc. (➡see Fig. 11). In particular, in response to a shift in the composition of our shareholders, significantly expanded communication with individual shareholders. As a result, we have obtained more opinions than ever before, and intend to draw on them to make improvements going forward.

Under such circumstances, I take seriously the fact that the P/B ratio is currently below 1x. I recognize that one of the reasons for this is that we have not been able to communicate to our shareholders and investors in a concrete and timely manner the progress we have made toward achieving our 2030 Mid-term Business Plan and the results of our measures, and so we will continue with our efforts to improve the quality of information disclosure and dialogue, including through enhanced IR and SR activities.

Lastly, in 2025, we celebrated a major milestone: the 100th Annual General Meeting of Shareholders. With a renewed sense of gratitude to our shareholders who have supported us over so many years, we will continue to meet their expectations through sustainable growth.

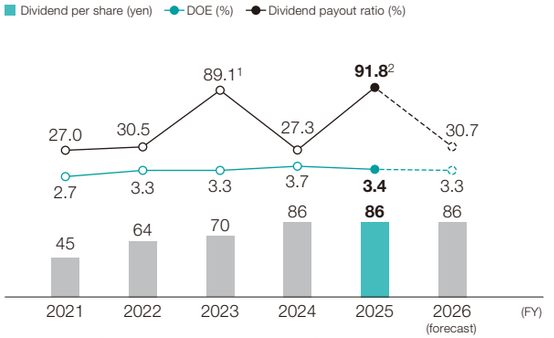
By listening sincerely to your feedback and conducting highly transparent and reliable management, we hope that as many people as possible will become “fans” of Toyota Boshoku. I very much hope to gain your continued support and understanding.

Fig. 9 CVC

Area related to our company	Investment results & specific examples		
	Results	Company	Business activity
Automobile interior space MONOZUKURI	**2 companies**	Diver-X Inc. and others	Developed the world’s first glove-type VR controller with a haptic feedback function. It features an innovative haptic module using shape memory alloy (SMA) and linear resonant actuators (LRA) to combine realistic tactile sensation with a compact design.
Automobile interior space	**8 companies**	EV Motors Japan Co. Ltd. and others	Developed an ultra-low-power consumption EV bus equipped with proprietary Active Inverter technology. It realizes smooth output control with minimal peaks, preventing battery deterioration (meaning longer battery life) and significantly reducing power consumption (for extended driving range).
MONOZUKURI	**2 companies**	ugo, inc. and others	Developed security and inspection robots that can move autonomously, and an integrated robot management system.
Well-being	**1 company**	Craif, Inc.	Developed a highly accurate early cancer detection test from a simple urine draw, by capturing urinary miRNA in combination with AI.
Others	**4 companies**	Synspective Inc. and others	Provided solutions by analyzing satellite data, and developed and operated small satellites * Listed on the Growth Market of the Tokyo Stock Exchange in December 2024

Invested in 17

Fig. 10 Changes in dividend-related KPIs



1 Impact of deferred tax asset reversal in the US
2 Impact of impairment loss

Fig. 11 Frequency of dialogue with stakeholders

Content	FY2023		FY2024		FY2025	
	Frequency	No. of people	Frequency	No. of people	Frequency	No. of people
With institutional investors	130	617	147	710	153	661
With individual investors	-	-	-	-	3	1,082
Total	130	617	147	710	156	1,743

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Materials

Transforming the Americas into a sustainable profit-making region

In the Americas, we are conducting company-wide rationalization and working to boost product capabilities, aiming to convert the business to a sustainable profit structure.
In addition to increasing production numbers of focus products, and improving expense efficiency, we are striving to improve profitability and investment efficiency through a review of organizational systems.

Main actions FY2024–FY2025

1. Enhancing financial soundness

As the earnings situation remains tough in the Americas, we promoted Kaizen activities led by the front line through human resource development, optimization of work distribution, and process improvement, while maintaining our order of priorities: safety and health, quality, and productivity. We strived for financial soundness in readiness for a sharp rise in fluctuating labor expenses, including the biggest issue of wage increases.

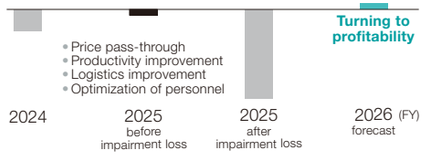
- Increased capital transfer from Toyota Boshoku to Toyota Boshoku America. Through this, we paid off debt, and further bolstered the financial constitution

2. Setting up America Region Support Department

In order to improve profitability at loss-making sites in the Americas, we established the America Region Support Department, aiming to turn profitable in fiscal 2026. Focused on improving Toyota Boshoku Kentucky (TBKY) and Toyota Boshoku Sewtech de Mexico (TBSMX), which have large losses.

- As a result of enhancing productivity and optimizing personnel, we achieved significant improvement, but did not reach profitability, and recorded an impairment loss on fixed assets

FY2025 operating profit of North and Central America region



Initiatives of FY2026

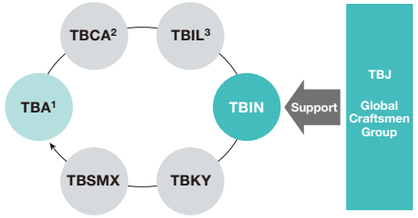
3. Accelerating profit improvement activities

We reaffirm the direct link between workplace capability disparities and profitability, and deploy activities conducted in fiscal 2025 to other sites. The newly formed our Global Craftsmen Group provides support.

- Operate in unity with the local team
- Improve formation efficiency and establish decisive workplace capabilities

- Focus on Toyota Boshoku Indiana (TBIN) in fiscal 2026
- Increase marginal profits
  - Enhance training of on-site leaders and maintenance members
  - Review production system
  - Promote DX and autonomation
- Optimize fixed costs
  - Implement the early retirement program

Deployment of profit improvement activities



4. Improving logistics efficiency

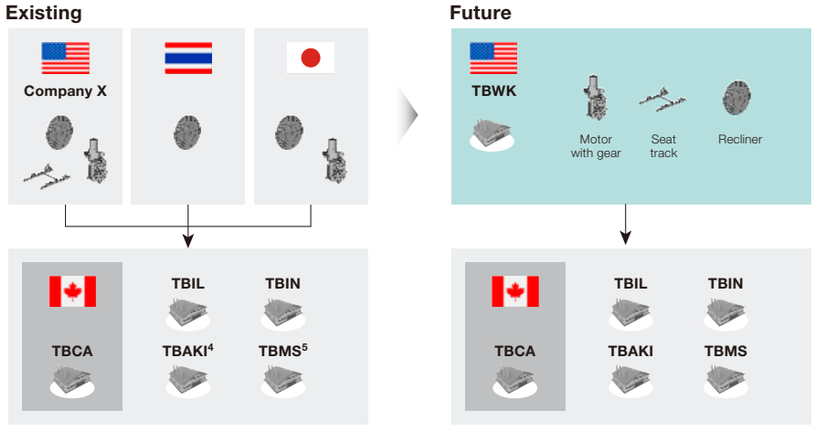
We reorganize logistics in the Midwest for door trim production.

- Produce injection components through to assembly at one plant in a customer location (Reduce inter-plant logistics through local consumption of local production)

5. Operation of new plant TBWK

We build a structure entirely responsible for press and paintwork to seat track and power rail manufacturing, through to final assembly, to achieve reduction in inter-process lead-time, and quality stabilization. In addition, we plan to introduce autonomation of in-house logistics and next-generation transport systems.

- In-house manufacturing of seat devices
- Integrated production at Toyota Boshoku Western Kentucky (TBWK) to ensure competitiveness: Improved productivity and localized procurement (operation start in November 2025)



1 Toyota Boshoku America 2 Toyota Boshoku Canada 3 Toyota Boshoku Illinois 4 Toyota Boshoku AKI USA 5 Toyota Boshoku Mississippi

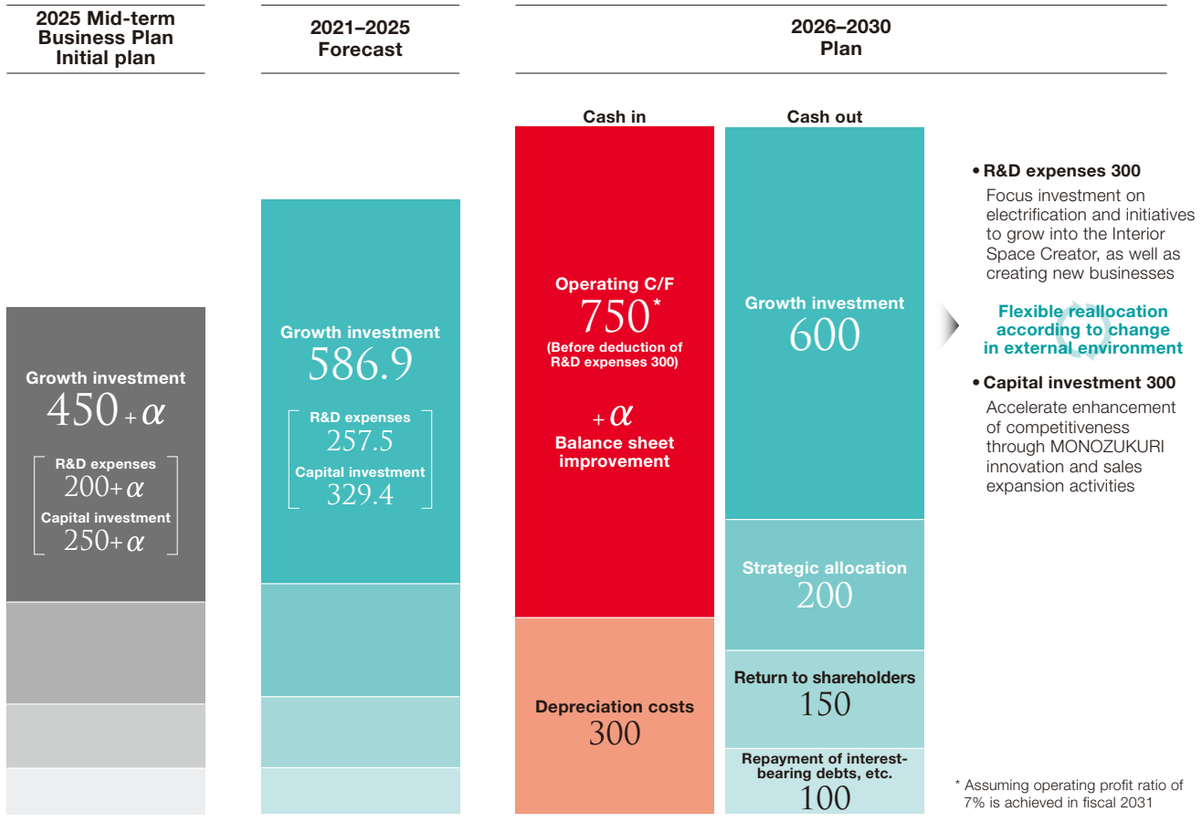
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Cash flow maximization and optimal allocation

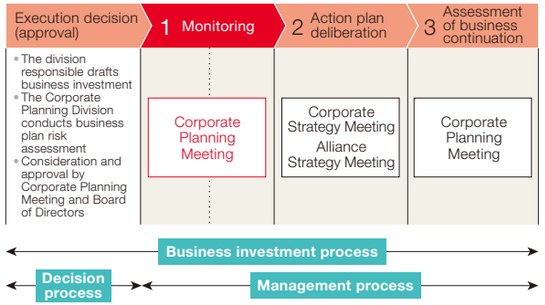
In addition to our basic policy of financial strategy set out in 2023, namely, to maximize cash flow and execute optimal allocation to achieve the 2030 Mid-term Business Plan, we are moving forward with new challenges. We are focusing more than ever on the balance of overall capital policy, and are mindful of strengthening our financial base and capital efficiency.

Cash Allocation (billion yen)



* Assuming operating profit ratio of 7% is achieved in fiscal 2031

Investment risk management



Toyota Boshoku group operates its business in countries around the world, and investment decisions therefore require a global perspective.

We use open data and ratings organizations in each country, collecting and analyzing country risk information. Based on this, we assign an internal rate of return (IRR), factoring in capital costs by country, conducting investment decisions with an objective awareness of risks.

In addition, at the head office, we conduct risk assessment incorporating stress events, such as production downturn estimation and interest-rate fluctuations, for new business feasibility assessments and investment plans prepared by business companies in each country. In this way, we objectively monitor business feasibility in efforts to increase the certainty of successful business investment.

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Financial

To realize our 2030 Target, Toyota Boshoku group is advancing CSV management to simultaneously increase both economic and social value by resolving social issues through our business operations.
In order to measure economic value, we established financial targets for fiscal 2026 and fiscal 2031. Progress is reviewed to manage the degree of achievement.

KPIs	FY2024 results	FY2025 results	FY2026 targets	FY2031 targets	FY2025 financial review
Revenue (billion yen)	1,953.6	**1,954.2**	1,600.0+α	2,200.0	Revenue increased by 0.5 billion yen to 1,954.2 billion yen compared to fiscal 2024 despite a decrease in global production volume, owing to foreign exchange effects.
Operating profit (billion yen)	79.2	**42.3**	100.0+α	150.0	Operating profit decreased by 36.8 billion yen (–46.5%) to 42.3 billion yen compared to fiscal 2024, due to factors including the impact of production cuts and increased overhead costs, as well as impairment losses.
Operating profit ratio	4.1%	**2.2%**	6–7%	7%	There was a 1.9 percentage points decrease compared to fiscal 2024, due to an increase in overhead costs and a decrease in operating profit resulting from impairment losses. We will continue to increase profitability through measures including cost reductions and further streamlining of fixed costs, while steadily implementing up-front investments for the future.
DOE (Dividend On Equity Ratio)	3.7%	**3.4%**	–	3% or higher	Due to the potential for significant fluctuations in earnings due to changes in the external environment, etc., in addition to consolidated earnings and dividend payout ratio, we employ DOE based on the policy of maintaining long-term stable dividends. We implement stable profit return, based on a standard DOE of 3% or more.
Ratio of equity attributable to owners of the parent	39.8%	**40.9%**	Around 40%	Around 50%	Total assets decreased by 33.6 billion yen to 1,094.8 billion yen compared to fiscal 2024 due to impairment losses being recorded in the Americas and other regions. Meanwhile, due to the decrease in earnings, equity attributable to owners of the parent decreased by 2.1 billion yen to 447.4 billion yen. As a result, ratio of equity attributable to owners of the parent was 40.9%, an increase of 1.1 percentage points.
ROE	13.8%	**3.7%**	10% or higher	10% or higher	In addition to factors including the impact of production cuts and an increase in future-oriented expenses, impairment losses were recorded in the Americas and other regions. As a result, equity attributable to owners of the parent decreased by 41.8 billion yen (71.4%) compared to fiscal 2024, leading to a 10.1 percentage points decrease in ROE.
Dividend payout ratio	27.3%	**91.8%**	Around 30%	Around 30%	We maintained the annual dividend at the fiscal 2024 level of 86 yen per share, a dividend payout ratio of 91.8%.
Capital investment (billion yen)	74.3	**78.1**	250.0+α (FY2022–2026 total)	300.0 (FY2027–2031 total)	As a result of investments focused on measures for new products and rationalization/upgrading of production facilities, primarily in Japan and the Americas, there was an increase of 3.7 billion yen to 78.1 billion yen compared to fiscal 2024.
R&D expenses (billion yen)	50.3	**55.1**	200.0+α (FY2022–2026 total)	300.0 (FY2027–2031 total)	In fiscal 2025, we developed thermal comfort seats that contribute to comfort and energy conservation in seats and interior & exterior products, as well as environmentally friendly mono-material cover seats and door trims, etc. Additionally, in unit components, we are committed to adding value to electric products, such as hydrogen bicycles equipped with the hydrogen power system. R&D expenses totaled 55.1 billion yen.

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Monitoring progress status of KPIs

For other ESG results, please refer to the ESG data on our website.
https://www.toyota-boshoku.com/global/sustainability/data/esg/

Non-financial [Environment] [Social] [Governance]

KPIs for measuring the Toyota Boshoku group's social value are organized within an ESG framework to measure progress on materiality. These ESG KPIs are reflected in officers' compensation according to the degree of achievement. P.89 **Aiming to become a company with which all our stakeholders feel an affinity and say, "I like Toyota Boshoku," we are managing the degree of achievement while gauging overall progress on the basis of these KPIs, which we will focus on until 2030.**

	KPIs	FY2025 results	FY2026 targets	FY2031 targets	Scope	Responsible person P.107	Materiality
Environment	Plant GHG emissions reduction ratio (total volume) (compared to FY2020)	**-41%**	-25%	-50%	Toyota Boshoku group	CCNO	3
	Ratio of reduction in Scope 3 emissions (total volume) (compared to FY2020)	**Up 31%***	-18%	-30%	Toyota Boshoku group	CCNO	3
	Renewable energy installation ratio	**46%**	35%	50%	Toyota Boshoku group	CCNO	3
	Waste emissions reduction ratio (compared to FY2012)	**-10%**	-14%	-20%	Toyota Boshoku group	CCNO	3
	Water withdrawal reduction ratio (compared to FY2014)	**-42%**	-6%	-8%	Toyota Boshoku group	CCNO	3
	Ratio of recycled materials applied to products	**Recycled resin development**	Completion of recycled resin development	25% or more	Toyota Boshoku group	CTO	1 3
	Symbiosis with nature (number of trees planted)	**Cumulative 760k**	Cumulative 640k	Cumulative 770k	Toyota Boshoku group	CHRO	3
Social	Number of "people-friendly" autonomation items implemented (1) Implementation rate on mass production (2) Achievement rate of processing cost reduction target	**(1) 71% (2) 56%**	(1) 100% (2) 100%	(1) 100% (2) 100%	Toyota Boshoku	CPEO	3 4
	Implementation of Supplier Satisfaction Survey	**Expansion ratio 100%**	Expansion ratio 100%	Expansion ratio 100%	Toyota Boshoku	CPO	5
	Number of participants in social contribution activities (annual)	**Total 3,085**	Total 3,100	Total 3,500	Toyota Boshoku	CHRO	5
	Ratio of female managers	**3.0%**	4.0%	>5.0%	Toyota Boshoku	CHRO	4
	Ratio of men taking childcare leave	**69% (99% applicant take-up)**	90% (100% applicant take-up)	90% (100% applicant take-up)	Toyota Boshoku	CHRO	4
	Number of non-Japanese company members	**153**	135	180	Toyota Boshoku	CHRO	4
	Ratio of new product development leading to Interior Space Creator	**15%**	15%	30%	Toyota Boshoku	CTO	1
	Number of patent applications	**371/year**	320/year	500/year	Toyota Boshoku	CTO	1 2
	Number of external presentations and papers	**93/year**	90/year	120/year	Toyota Boshoku	CTO	1 2
	Ratio of those who have an exercise habit (40 years and older)	**21%**	24%	30%	Toyota Boshoku	Center Chief, Health & Safety Center	4
	Rate of company members receiving thorough medical examinations after general health checkups	**99%**	100%	100%	Toyota Boshoku	Center Chief, Health & Safety Center	4
	Number of fatal accidents involving company members	**0**	0	0	Toyota Boshoku group	Center Chief, Health & Safety Center	4
	Number of fatal accidents involving outside contractors and visitors	**0**	0	0	Toyota Boshoku group	Center Chief, Health & Safety Center	3 5
Governance	Implementation of continuous tax payments to the state and regions	**Tax payment made in all countries where the group operates**	Tax payment made in all countries where the group operates	Tax payment made in all countries where the group operates	Toyota Boshoku group	CFO	5
	Degree of implementation of the Toyota Boshoku Group Guiding Principles	**89%**	90%	90%	Toyota Boshoku group	CHRO	5
	Number of environmental abnormalities and complaints	**0**	0	0	Toyota Boshoku group	CCNO	3 5
	Number of serious cyber security incidents	**0**	0	0	Toyota Boshoku group	CDO	5

* Increase due to revision of the scope of calculation and improved calculation accuracy

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Strengthening monitoring of KPIs

We are promoting standardization so that management decisions in relation to economic and social value KPI targets for 2030 can be made based on quantitative data, thereby aiming to refine business management.

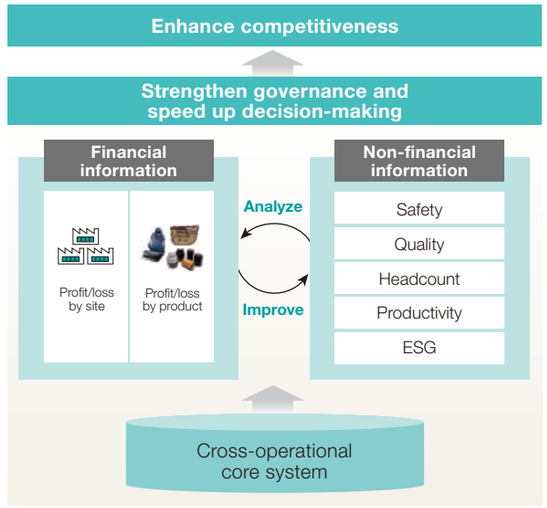
In addition to financial information, non-financial information such as safety, quality, headcount, facility productivity, and environment was collected and visualized globally. In particular, in the area of environment, we manage information such as GHG emissions and the rate of introduction of renewable energy. The economic value KPIs and certain social value KPIs, which have now been visualized, are centrally managed by means of the management information infrastructure, and monitoring is carried out for each KPI item while utilizing this in the Corporate Management Meeting. Thresholds can be set for predictive management to immediately identify issues and take appropriate countermeasures. We are promoting faster decision making by shortening the lead time to information visualization, with visualization of the previous month's activities now operational within 8 business days of the current month (applicable to financial information; within 10 business days for non-financial information).

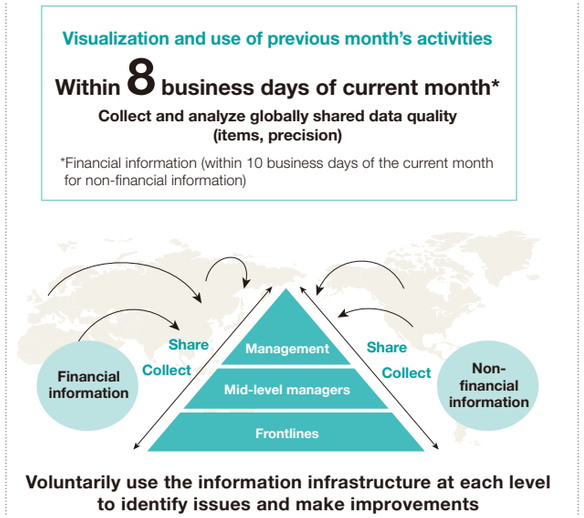
Business Management Structure

We have developed the Business Management Structure, which is a system for effectively utilizing and controlling management resources, and we follow up on progress using KPIs. While strengthening the monitoring of management, we measure the degree of achievement of our medium-term business plan and implement the PDCA cycle, as necessary, to get back on track.

We aim to enhance both economic and social value, and control them with the Management KPI, Financial KPI, Operational KPI, Competitiveness KPI, and ESG KPI.

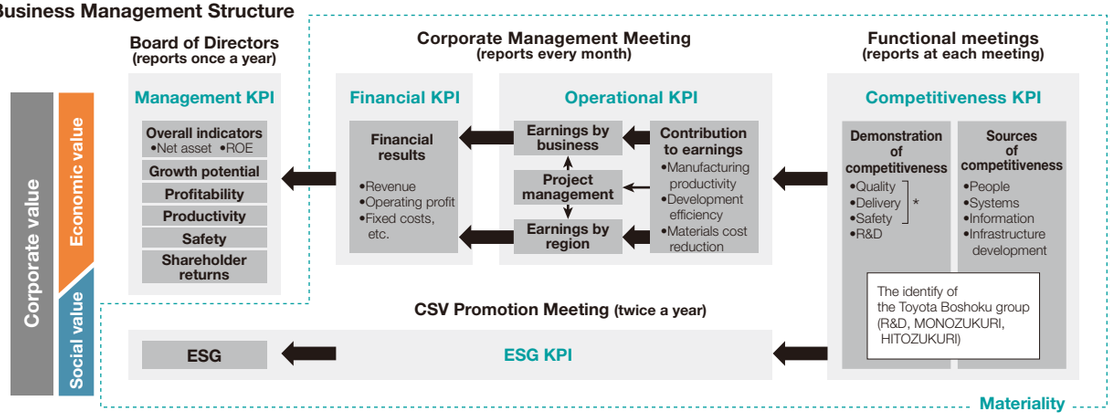
Target of management information infrastructure





Voluntarily use the information infrastructure at each level to identify issues and make improvements

Business Management Structure



* Reported at Corporate Management Meeting

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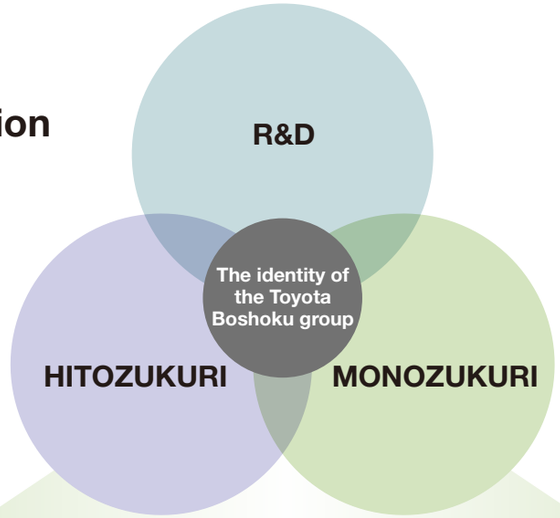
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As of March 31, 2025 (including fiscal 2025 results)

R&D

R&D for products closest to users

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

MONOZUKURI

Refined lean production and JIS supply

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

HITOZUKURI

Abundant and diverse global human resources

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

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

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R&D



Hiroki Tsunoda
Director, Operating Officer
Chief Technology Officer

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

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

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

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

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

MONOZUKURI
(manufacturing and craftsmanship)



Norimichi Adachi
Director, Operating Officer
Chief Manufacturing Officer

Pursuing ease of manufacturing and achieving world-leading MONOZUKURI competitiveness

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

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

HITOZUKURI
(human resources development)



Yasuhiro Fueta
Executive Managing Advisor
Chief Human Resource Officer

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

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

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

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R&D

Key assets to strengthen in FY2026

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

Recognition of issues

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

Action plan

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

MONOZUKURI

Key assets to strengthen in FY2026

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

Recognition of issues

- Formulate a production system responsive to changing conditions and a foundation for profitability even during declining vehicle volumes
- Create a structure for combining expert craftsmanship and insourced technologies to constantly improve on-site capabilities
- Streamline logistics operations throughout supply chain and model lifespans; address labor shortages and reduce CO_2 emissions

Action plan

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

HITOZUKURI

Key assets to strengthen in FY2026

- Global talent management
- Support career advancement

Recognition of issues

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

Action plan

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

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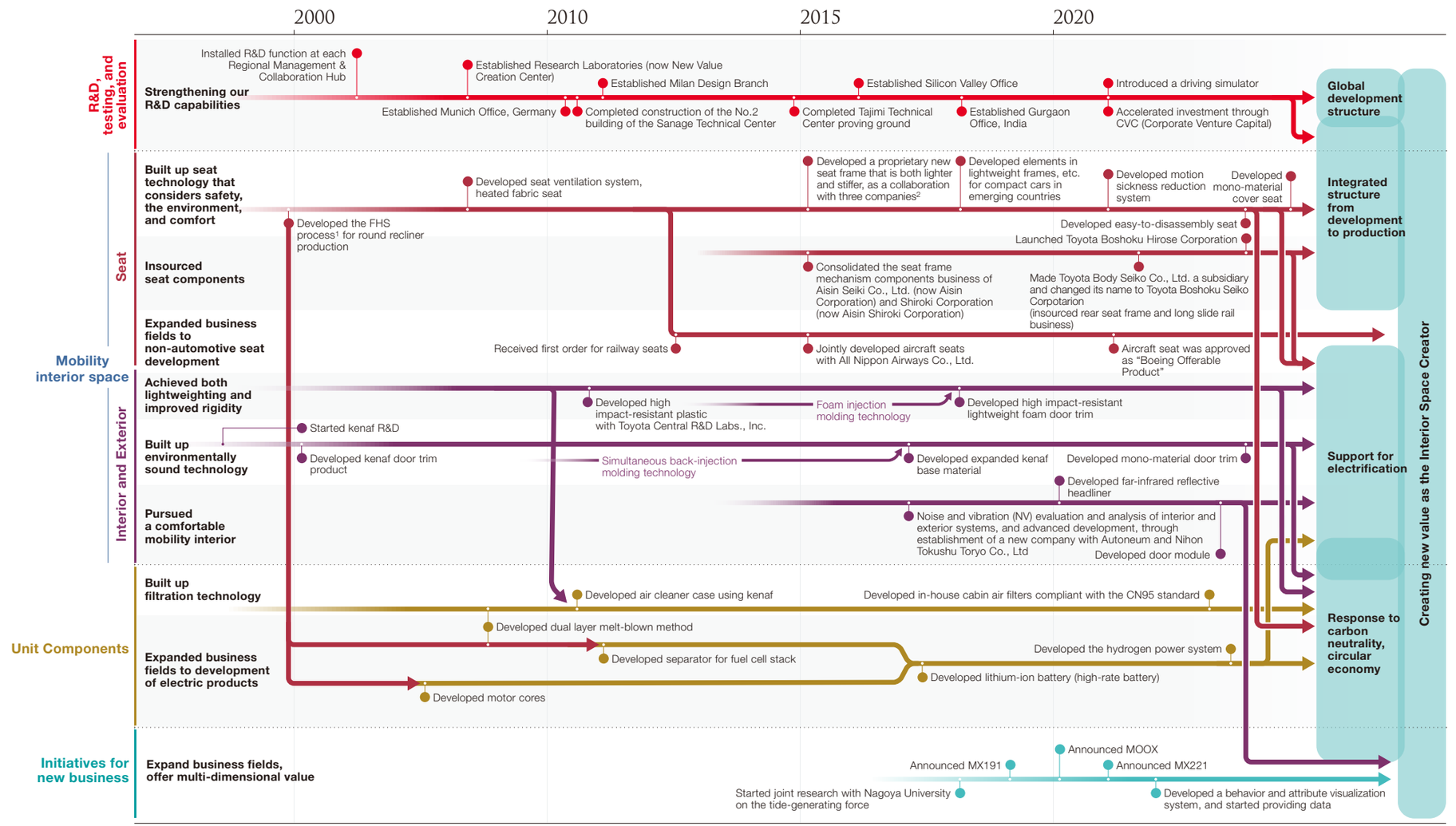
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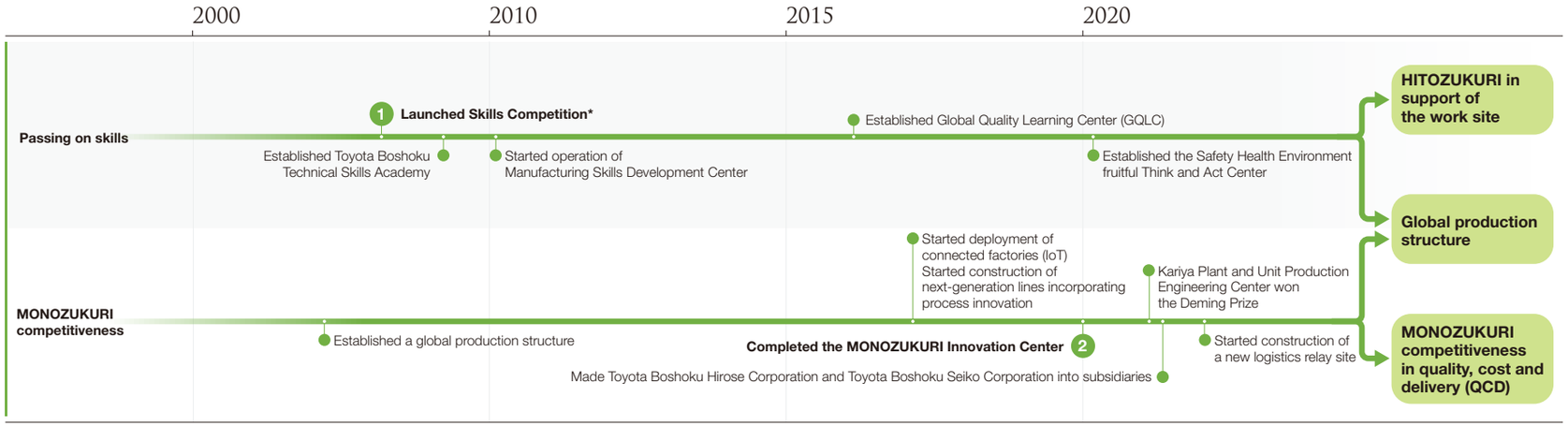
Accumulated management resources—R&D



1 Fine Hold Stamping process: Our proprietary high-precision, high-speed stamping technology 2 Toyota Motor Corporation, Aisin Seiki Co., Ltd. (now Aisin Corporation) and Shiroki Corporation (now Aisin Shiroki Corporation)

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Accumulated management resources—MONOZUKURI



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

Initiative background and objectives

1 Skills Competition

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

Objectives

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



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

Initiative background and objectives

2 MONOZUKURI Innovation Center

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

Objective

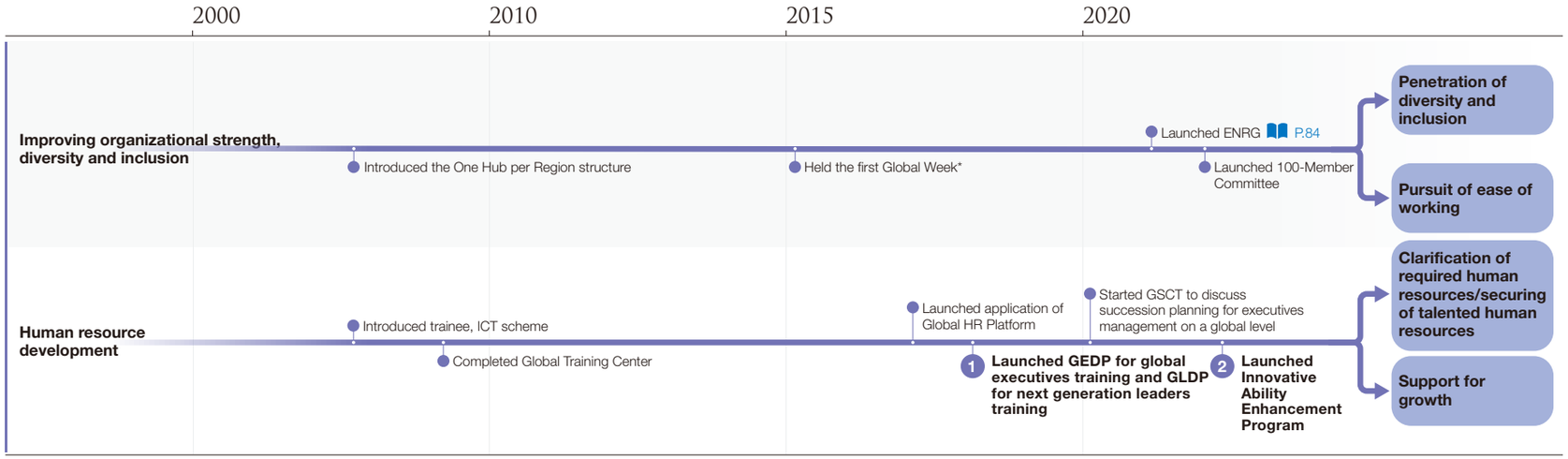
(1) Accelerate technology development across functions and businesses
(2) Formulate smooth manufacturing processes integrating development, production engineering, quality, and plants
(3) Improve equipment and mold quality to eliminate rework losses
(4) Incorporate quality information from the market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



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

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Accumulated management resources—HITOZUKURI



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

Background to the initiative

1 Global Executives Development Program

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

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

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



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

Background to the initiative

2 Innovative Ability Enhancement Program

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



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

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Intellectual property strategy

Message from the Field Chief



Mami Kato
Field Chief,
Technical Administration Field

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

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

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

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

IP Activity VMV (Vision Mission Value)

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

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

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

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

IP governance structure

From fiscal 2024, Toyota Boshoku has reported on the status of IP activities once a year at the Board of Directors meeting. Furthermore, we are implementing ongoing discussions concerning IP strategy as part of the proceedings at the R&D Segment Planning Meeting, a company-wide body.

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

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

Board of Directors — Oversight by Board of Directors

Corporate Strategy Meeting, Corporate Planning Meeting, Corporate Management Meeting

R&D Segment Planning Meeting	Chairperson: Chief Technology Officer IP strategies • Discusses the direction of IP strategies and confirms progress • Checks the consistency of technology strategy and our product roadmap • Manages patent application
IP Committee	Chairperson: Field Chief of the Technical Administration Field • Sets targets, checks progress, and shares information on IP activities in each division
IP Promotion Committee WG	• Shares information and exchanges opinions with each division • Carries out IP training in each division

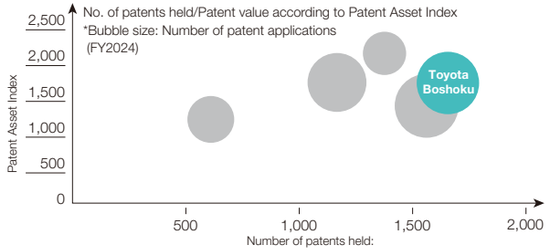
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Intellectual property

Visualization of patent value

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

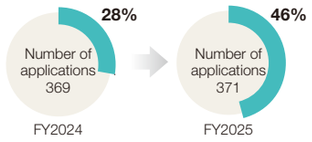
Comparison with competitors in the field of automotive seats



Patent application linked to our product roadmap

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

Proportion of patent applications based on product roadmap

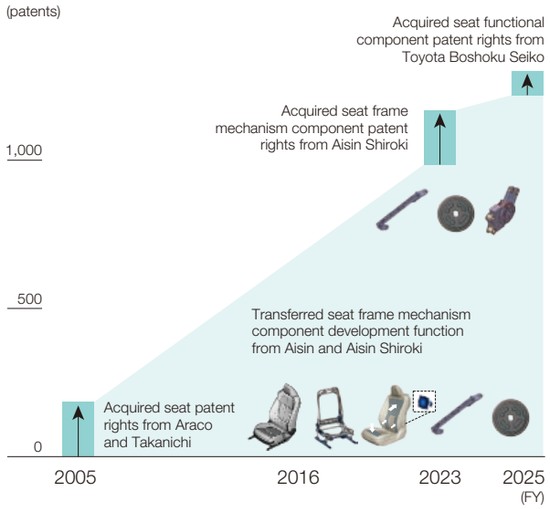


IP investment

Strengthening business competitiveness through IP investment

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

Number of registered patents in the automotive seat field

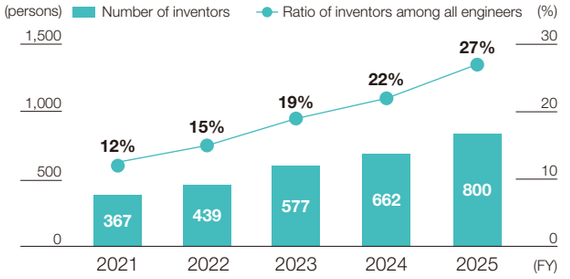


Human capital in IP activities

Developing creative human resources

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

Number of inventors/ratio of inventors



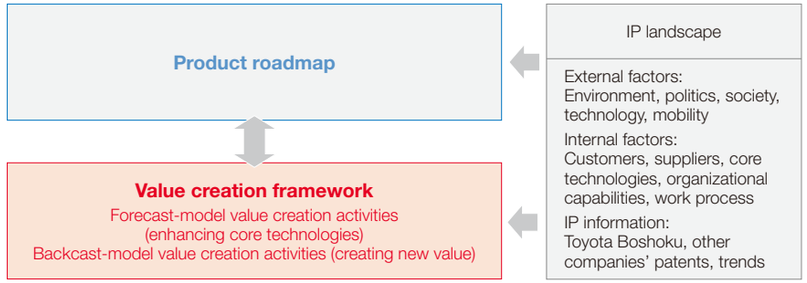
Nurture human resources to promote value creation activities

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

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Intellectual property strategy

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



Forecast-model value creation activities

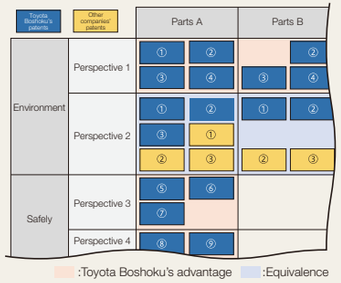
In line with our product roadmap, we position highly innovative and progressive development themes that conform with market needs, reconfirming the strengths of our products and technology and devising strategies for each product and technology while utilizing the IP landscape. In addition, we are advancing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

Activity case study: Construction of a product patent portfolio

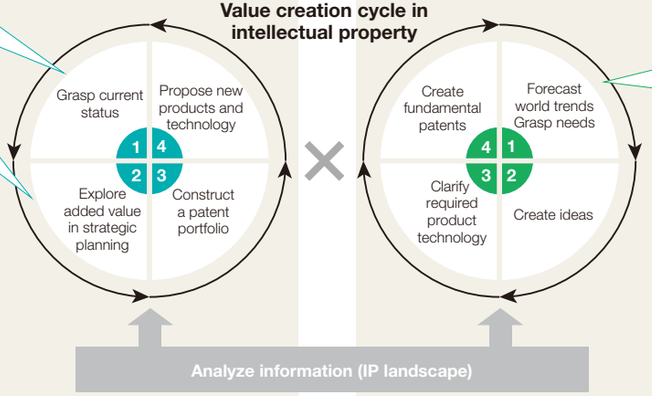
We set key development themes from the perspective of innovativeness and market needs, using the IP landscape to understand the status of related technologies of Toyota Boshoku and other companies

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

Evaluating advantage from the perspective of patent acquisition by component



Value creation cycle in intellectual property



Backcast-model value creation activities

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

Activity case study: Value creation workshop looking toward 2035

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

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





View of the Value Creation Activities Facilitator

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

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

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



Takuro Saito
Intellectual Property Strategy Division

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DX at the Toyota Boshoku group

1 Strengthen our R&D capabilities

Related strategie: 1 Enhancing planning & proposals capability and R&D capability

Engineering & Development

Become faster and more flexible. With connected development

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

3 Strengthen the management information infrastructure

Related strategie: 4 Strengthening management foundation

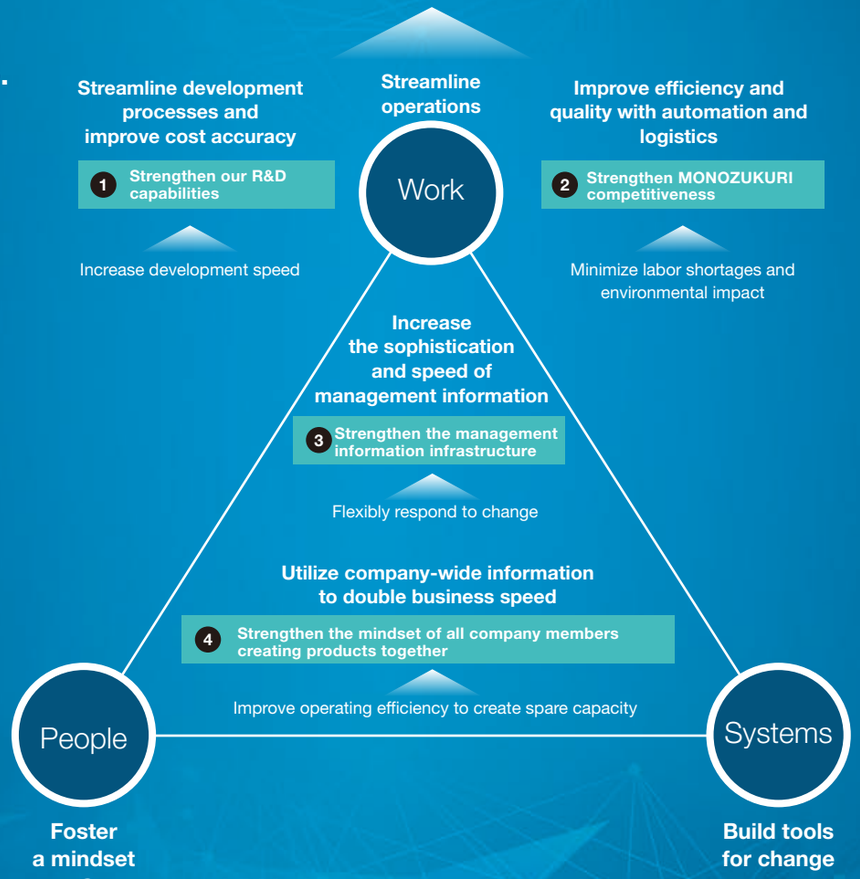
Business Platform

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

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

Connect & Weave.

DX at Toyota Boshoku



Connected DX changes people, work, and systems

2 Strengthen MONOZUKURI competitiveness

Related strategie: 2 Acquiring MONOZUKURI competitiveness

Manufacturing

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

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

4 Strengthen the mindset of all company members creating products together

Corporate Culture & Mind

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

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

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1 Strengthen our R&D capabilities

Design process standardization and efficiency improvement

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

Cost standards to improve project estimate accuracy

We are building **a system that accumulates "basic product information" at development through to production**, and are promoting the construction of a system that can calculate and visualize different types of information including CO_2 emissions, cost, and mass, which is needed for prompt and highly accurate management decisions.

2 Strengthen MONOZUKURI competitiveness

Autonomating manufacturing and optimizing production and logistics management

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

We are also integrating our production and logistics planning to improve logistics efficiency. Load leveling and delivery route optimization not only reduce CO_2 emissions but also improve working conditions for truck drivers.

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

3 Strengthen the management information infrastructure

Improving and accelerating management information operations

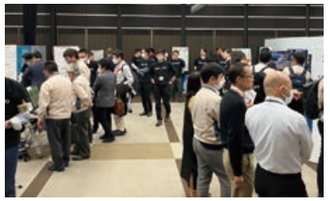
We have built a system that collects, consolidates, and visualizes all financial and non-financial information relevant to management. The systems are supporting quicker, more accurate management decisions as well as shortened the monthly closing period and improved information processing speed, and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

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

4 Strengthen the mindset of all company members creating products together

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

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



Our internal DX & AI Expo in December 2024 featured 46 presentations showcasing how company members are leveraging digital tools. Some 1,600 members experienced and shared real-world examples of generative AI and latest digital technologies along with the business improvements they delivered. The event fostered a digital culture and created opportunities for like-minded colleagues to connect across departments.

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

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

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

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2050 Environmental Vision

In 2016, the Toyota Boshoku group formulated the 2050 Environmental Vision, and we have been striving to conserve and preserve the global environment by working to reduce our environmental impact from various angles.

However, global environmental issues such as climate change, natural resource depletion, and the biodiversity crisis are becoming more serious as each year passes.

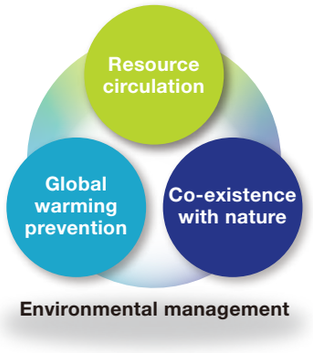
Against this backdrop, in order to further focus on solving environmental issues and contribute to the conservation and preservation of the global environment, we reviewed the Toyota Boshoku group's past activities and our future target, based on the Toyota Boshoku Basic Policy of Biodiversity formulated in 2011, and in July 2023 drew up three priority actions. We aim to further contribute to global environmental conservation by promoting these three key initiatives: measures to prevent global warming in response to climate change, resource circulation in response to the depletion of natural resources, and co-existence with nature in response to the biodiversity crisis.

Additionally, with the formulation of the priority actions, we extended the scope of our activities and revised our Stretch Environmental Goals to Challenge 6. The whole group is working together to address environmental issues through our business activities and contribute to the realization of a sustainable global environment.

Vision

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

Priority actions



Challenge 6

Global warming prevention

1 GHG Net-zero[1] in the product life cycle

2 GHG Net-zero in the plant

Resource circulation

3 Sustainable resource circulation

4 Waste minimization

Co-existence with nature

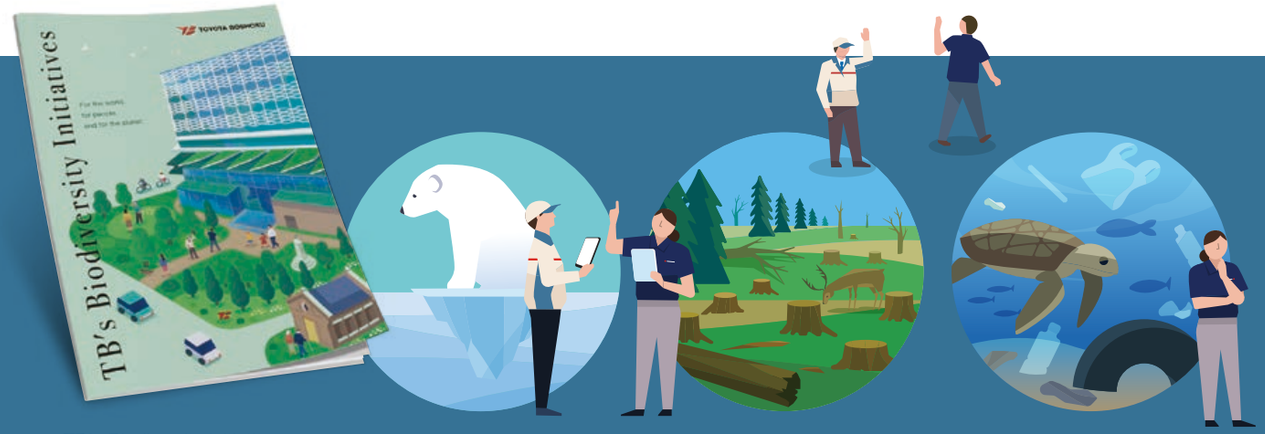
5 Water resource impact minimization

6 Conservation and regeneration of natural capital

1 To achieve net zero greenhouse gas emissions

TB's Biodiversity Initiatives

TB's Biodiversity Initiatives communicates Toyota Boshoku group's environmental activities in an easy-to-understand format for local communities, students, and our company members. By reading them in conjunction with our past achievements and initiatives posted on our corporate website and elsewhere, we aim for readers to become familiar with the global activities that Toyota Boshoku is undertaking.



TB's Biodiversity Initiatives

https://www.toyota-boshoku.com/_assets/dl/company/library/biodiversity_initiatives_en.pdf

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Response to the TCFD

Toyota Boshoku group is working as one team to contribute to global environmental protection for the realization of a sustainable society, based on our Corporate Philosophy to “Promote corporate activities that help protect the global environment.” We are advancing disclosure of relevant information based on the frameworks of the Task Force on Climate-related Financial Disclosures (TCFD) and aim to contribute further to global environmental conservation.
For details, please refer to our website. https://www.toyota-boshoku.com/global/sustainability/environment/management/tcfd/

Scenario analysis setup scenarios

We have identified short-term, medium-term, and long-term risks and opportunities based on the 1.5 and 2°C scenario developed by the International Energy Agency (IEA), in which the impact of transition to a low-carbon society is tangible, and the 4°C scenario developed by the Intergovernmental Panel on Climate Change (IPCC), in which the physical impact becomes apparent.

1.5 and 2°C scenario	4°C scenario
NZE (IEA World Energy Outlook 2021) SDS (IEA World Energy Outlook 2021)	RCP 8.5 (IPCC 5th Assessment Report)

Identified risks and opportunities

In our assessment of financial impact, we identified important risks and opportunities as events whose respective scores, when multiplied together, produce a value of 6 or higher, using four levels of “likelihood of occurrence,” and three levels of “business impact.”

	Causes	Risk impact level	Business impact	Likelihood of occurrence Low (0, 1, 2, 3) High	Business impact Small (1, 2, 3) Large
Transition risks (1.5 and 2°C[1])	Enhancement of climate change policies, including carbon pricing	Procurement	• Increase in procurement costs by introducing carbon prices, etc.	3	2
			• Increase in operating costs due to the direct impact of the introduction of carbon prices or its indirect impact on energy prices	3	3
		Direct operations	• Increase in cost due to investment in energy saving and renewable energy for decarbonization	3	3
	Enhancement of efforts to promote vehicle electrification	Product demand	• Expansion of business in new fields through collaboration between Toyota group companies	3	2
			• Increase in demand for electrified products	3	3
	Change in evaluation by customers and the consumer value standard (raised environmental awareness, etc.)		• Decrease in sales due to lower demand for products with insufficient low-carbon technology	3	3
			• Increase in sales by developing low-carbon products	3	3
			• Expansion of demand for plant-derived products and lightweight products	3	3
			• Enhancement of competitiveness by developing technology to improve recyclability	3	3
Physical risks (4°C[2])	Worsening of extreme weather, including heavy rain and subsequent flooding	Procurement	• Decrease in sales due to the impact of supply chain disruption on production	3	2
		Direct operations	• Decrease in sales due to factory shutdown	3	2

1 1.5°C scenario: NZE (IEA World Energy Outlook 2021); 2°C scenario: SDS (IEA World Energy Outlook 2021)
2 RCP 8.5 (IPCC 5th Assessment Report)

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Response to the TCFD

Impact assessment and results

We compiled the actions to address the identified risks and opportunities, and their single-year costs.

	Causes	Risks/Opportunities	Assessment	Actions	Response cost (FY2025)
Transition risks (1.5 and 2°C)	**Enhancement of climate change policies, including carbon pricing**	• Increase in procurement costs by introducing carbon prices, etc.	**Risk**	• Survey of suppliers (GHG emissions, efforts to reduce GHG emissions, etc.), Promotion of activities for setting GHG emission reduction targets • Support for suppliers (Sharing of energy saving cases, joint development of new materials and new methods, joint purchase of renewable energy, etc.)	–
		• Increase in operating costs due to the direct impact of the introduction of carbon prices or its indirect impact on energy prices	**Risk**	• Introduction of highly efficient equipment to promote further energy saving and promotion of the development of new methods • Promotion of the introduction of renewable energy • Optimization of logistics (Reduction of GHG emissions associated with transportation through the promotion of local production for local consumption)	**2.2 billion yen**
		• Increase in cost due to investment in energy saving and renewable energy for decarbonization	**Risk**	• Optimization of investment by introducing ICP (Internal Carbon Pricing)*	
	Enhancement of efforts to promote vehicle electrification	• Expansion of business in new fields through collaboration between Toyota group companies	**Opportunity**	• Expansion of new business domains and diversification of provided value	**1.0 billion yen**
		• Increase in demand for electrified products	**Opportunity**	• Further planning and development of electrified products	**2.7 billion yen**
	Change in evaluation by customers and the consumer value standard (raised environmental awareness, etc.)	• Decrease in sales due to lower demand for products with insufficient low-carbon technology	**Risk**	• Planning and development of products to further reduce carbon emissions • Planning and development of plant-derived products and lightweight products • Improvement of recyclability and promotion of simple disassembly design	**1.7 billion yen**
		• Increase in sales by developing low-carbon products • Expansion of demand for plant-derived products and lightweight products • Enhancement of competitiveness by developing technology to improve recyclability	**Opportunity**		
Physical risks (4°C)	**Worsening of extreme weather, including heavy rain and subsequent flooding**	• Decrease in sales due to the impact of supply chain disruption on production	**Risk**	• Risk management using a system to manage the range of supplier impact • Selection of logistics routes that minimize the impact of disaster	–
		• Decrease in sales due to factory shutdown	**Risk**	• Enhancement of the BCP system (Creation of manuals and establishment of an information collection/sharing system)	**0.3 billion yen**

* Putting a price on the amount of carbon dioxide emitted by a company in the course of its business

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Response to the TNFD

Relationship between Toyota Boshoku's business activities and natural capital

We analyzed nature-related risks and opportunities, referring to the framework of the Taskforce on Nature-related Financial Disclosures (TNFD), to understand nature dependencies and impacts of our group business and further three priority actions measures to global warming prevention in response to climate change, circular economy in response to the depletion of natural resources, and co-existence with nature in response to the biodiversity crisis.

For details, please refer to our website. https://www.toyota-boshoku.com/global/sustainability/environment/management/tnfd/

Analysis process

We analyzed by LEAP approach of TNFD framework.

Locate	Evaluate	Assess	Prepare
Identify priority region	**Grasp dependencies and impacts**	**Assess risks and opportunities**	**Prepare action and disclosure**
We narrowed down priority region of direct operations based on TNFD five standards. (Conservation significance, Ecosystem integrity, Low integrity, Water stress, Nature dependencies and impacts)	We identified the key items of nature dependencies and impacts for each supply chain, including upstream, direct operations and downstream using the TNFD recommended tool ENCORE.*	We identified and assessed risks and opportunities of each supply chain, including upstream, direct operations, and downstream based on identified dependencies and impacts by two factors: impact and potential.	We connect our group business strategy and action with identified risks and opportunities. Then we organized it. This time we disclosed the analyzed result.

Results from LEAP analysis

Causes	Impact stage	Classification	Risks/Opportunities	Actions
Increased importance of sustainable raw material procurement	**Procurement**	**Risk**	• Increase in raw material procurement cost by legislation of raw material procurement step	• Development of products for improvement of recyclability and substitution of sustainable material
		Opportunity	• Improvement of product value by sustainable procurement	• Improvement of raw material traceability precision • Enhancement of raw material management by further tightening raw material-related requirements
Enhancement of nature-related policy	**Direct operation**	**Risk**	• Increase in operation cost by enhancement of Environmental legislation (Soil, Air, Water quality, Waste)	• Introduction of highly efficient equipment to promote environmental impact reduction and promotion of the development of new methods • Enhancement of organization for circular economy
		Opportunity	• Improvement of corporate value by water resources impact reduction	• Promotion of initiatives for further water resource impact reduction based on a model zero-wastewater plant that uses water recycling
Change in evaluation by customers and the consumer value standard (raised environmental awareness, etc.)	**Product demand**	**Risk**	• Decrease demand by not being able to meet customer requirements regarding to circular economy	• Development of products for improvement of recyclability and substitution of sustainable material
		Opportunity	• Increase in demand for plant-derived products and lightweight products • Enhancement of competitiveness by developing technology to improve recyclability	• Planning and development of plant-derived products and lightweight products • Improvement of recyclability and promotion of simple disassembly design
Worsening of extreme weather, including shortage of water and flooding	**Procurement**	**Risk**	• Decrease in sales due to the impact of supply chain disruption on production	• Risk management using a system to manage the range of supplier impact • Selection of logistics routes that minimize the impact of disaster
	Direct operation		• Decrease in sales due to factory shutdown	• Enhancement of the BCP system (Creation of manuals and establishment of an information collection/sharing system)

* Exploring Natural Capital Opportunities, Risks and Exposure: The assessment tool of nature-related which is developed by The UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and Natural Capital Finance Alliance (NCFA), etc.

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2030 Environmental Action Plan

The Toyota Boshoku group has formulated the 2030 Environmental Action Plan for the next five years. The Environmental Action Plan is formulated every five years as an action plan linked to the Mid-term Business Plan in order to realize our 2050 Environmental Vision. In addition to reviewing the 2025 Environmental Action Plan, we will set more specific goals and promote initiatives in order to respond to rapidly changing social trends in recent years.

	2050 Environmental Vision Challenge 6	2030 Environmental Action Plan 2030 target	2030 Environmental Action Plan Action items	Related SDGs
Global warming prevention	1 GHG Net-zero in the product life cycle	• Reduction of emissions over the product life cycle: 30% or more	Promote CO_2 reduction items that contribute to material and component manufacturing	
			Reduce CO_2 emissions in the product life cycle in cooperation with material and component manufacturers	
			Visualize Scope 1,2,3 emissions	
		• CO_2 emissions in logistics: 30% reduction compared to FY2020	Introduce clean energy and more fuel-efficient items	
			Reduce CO_2 emissions through the pursuit of efficient logistics activities	
	2 GHG Net-zero in the plant	• CO_2 emissions 50% reduction compared to FY2020	Minimize CO_2 emissions in daily improvement activities	
			Develop and adopt the most advanced and innovative production technologies	
		• Adoption rate of renewable energy: 50%	Update as necessary and promote renewable energy adoption scenarios tailored for individual country/regional policy	
			Study potential use of next generation energy and carbon offset technology (such as CO_2 recovery) in our company with the mid to long-term roadmap	
Resource circulation	3 Sustainable resource circulation	• Establishment of technology to use 30% recycled resin by 2030	Develop recycled resin materials and technology applicable to automobile interior parts	
			Promote development of products to which recycled resin can be applied	
			Secure stable supply of recycled resins and waste plastic to serve as their raw materials	
	4 Waste minimization	• Basic unit of waste emissions: FY2020 or lower	Promote minimization of wastes generated in production activities by reducing the defect rate and improving the yield rate	
			Achieve waste-free product design and development of materials/techniques	
Co-existence with nature	5 Water resource impact minimization	• Basic unit of water withdrawal: 34% reduction compared to FY2020	Reduce water use taking into account the water conditions in each country and region	
			Reduce water withdrawal by developing water-less processes and water recycling technologies	
		• Robust compliance with voluntary standards for water discharge quality	Carry out water discharge management with voluntary standards that are stricter than national and regional statutory standards	
	6 Conservation and regeneration of natural capital	• Green space offset rate in business operations area 100%	Ascertain the current status of green spaces owned by Toyota Boshoku group and strengthen conservation activities	
			Promote regionally and globally impactful biodiversity conservation activities	
		• Number of trees planted: 140,000 (Cumulative total: 900,000)	Strengthen promotion of tree planting and greening activities globally	
Environmental management		Compliance with national and regional laws and regulations, and activities to prevent environmental abnormalities and complaints		
		Collaboration with all stakeholders		
		Human resource development and social contribution through environmental education		

* Applicable scope in all cases is the Toyota Boshoku group

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Challenge 6 initiatives—global warming prevention

1 GHG Net-zero in the product life cycle

The Toyota Boshoku Group has set targets based on its approach to SBT,[1] and is promoting R&D in areas such as product lightweighting, material substitution including recycled materials, and thermal management.

In addition, with the recent developments in regulations such as the EU Batteries Regulation and Carbon Border Adjustment Mechanism (CBAM), which make PCF[2] reporting compulsory, the importance of calculating CO_2 emissions throughout the life cycle has increased, and we are making preparations, including the establishment of systems.

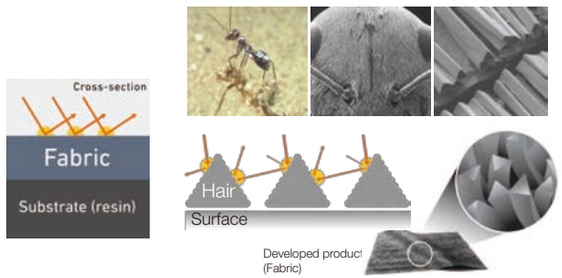
1 Science Based Targets: Greenhouse gas emission reduction targets consistent with the levels required by the Paris Agreement
Toyota Boshoku's reduction target has been certified for fiscal 2025.
Toyota Boshoku acquired SBT certification | News | Toyota Boshoku

2 Product Carbon Footprint: CO_2 emissions per product

[2030 Environmental Action Plan]
- Reduction of emissions over the product life cycle: 30% or more
- CO_2 emissions in logistics: 30% reduction compared to FY2020

Reducing CO_2 emissions during driving through thermal management

We are developing thermal management technologies that reduce vehicle energy consumption in order to contribute to improved fuel and electricity costs.



Source: Norman Nan Shi (2015) *Keeping cool: Enhanced optical reflection and radiative heat dissipation in Saharan silver ants*, Science, Fig.1(A), (B), (D) pp. 298-301 from Keeping cool: Enhanced optical reflection and radiative heat dissipation in Saharan silver ants | Science-

One of these initiatives is the development of interior components with silver ant heat-shielding surface material. Inspired by the body hair structure of desert-dwelling ants, this material has a triangular cross-sectional microstructure that effectively reflects visible light and near-infrared rays, thereby suppressing a rise in surface temperature. Applying this technology to automobile interiors is expected to reduce the energy load when using air conditioning, thereby improving fuel efficiency and electricity costs.

In addition, the light-reflecting properties of this material create a high-quality texture, achieving both design and functionality. This also contributes to improved comfort in the automobile interior space (P.19).

Reducing GHG emissions in the supply chain

In cooperation with Sunshine (Toyota Boshoku suppliers' association; P.80), a Decarbonization School is held in which Toyota Boshoku company members and experts serve as lecturers. In fiscal 2025, they introduced energy-saving initiatives at the Toyota Boshoku Toyohashi Plant and gave lectures on basic knowledge and methods for understanding the total GHG emissions of the company and formulating reduction targets and plans. TB's Biodiversity Initiatives P.7

Reducing CO_2 emissions through logistics improvement and streamlining

Aiming to strengthen our logistics competitiveness, we are constructing a new logistics relay site. This will help streamline logistics and further promote the introduction of clean energy and fuel-efficient items to help reduce CO_2 emissions.

2 GHG Net-zero in the plant

Aiming for a 100% reduction in GHG emissions in the plant by 2035, the Toyota Boshoku group is systematically introducing renewable energy at our sites worldwide, as we respond to the need for carbon neutrality.

[2030 Environmental Action Plan]
- CO_2 emissions 50% reduction compared to FY2020
- Adoption rate of renewable energy: 50%

Promotion of initiatives to ensure completion of Toyota Boshoku's 40 initiatives for energy conservation

Forty items were selected from among energy-saving improvement items and are being prioritized globally. Through this activity, we aim to maintain motivation by encouraging voluntary energy-saving efforts and by clarifying goals. We are also promoting energy conservation activities through measures including the distribution of manuals and cross-diagnosis.

Purchased Green Power Certificate for electricity generated at a local junior high school

Since fiscal 2024, Toyota Boshoku has purchased electricity generated by Fujioka Minami Junior High School's solar power generation equipment as a Green Power Certificate.[3] Spurred on by this initiative, we have welcomed students from the school to the Manufacturing Skills Development Center, where the certificates are used, to provide environmental education.

Educating the future partners who will build a sustainable society together with us | Global warming prevention | Activity report | Toyota Boshoku's Special Environmental Initiatives Website

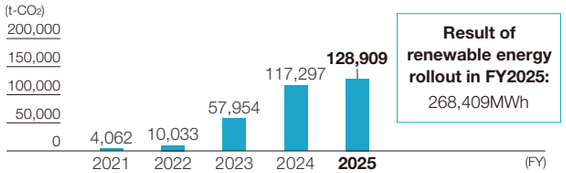
3 Green Power Certificates are issued as a means of trading the environmental value of green power, separately from the electricity.

Constructed large-scale solar power generation facilities in the Europe region

Toyota Boshoku Türkiye and TB Sewtech Turkey, manufacturing subsidiaries in Europe, constructed solar power generation facilities outside of their premises in fiscal 2025 (maximum power generation capacity of 10 MWP).

As a result, Toyota Boshoku Türkiye will reduce CO_2 emissions by approximately 5,100 t-CO_2/year, and TB Sewtech Turkey by approximately 700 t-CO_2/year. The electricity demand of both companies has now been fully covered by renewable energy generated in-house.

Contributing to CO_2 reduction through renewable energy [Toyota Boshoku group]



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Challenge 6 initiatives—resource circulation

3 Sustainable resource circulation

In recent years, reporting on the planned and actual amount of recycled materials used has become mandatory in Japan as well, and an increasing number of companies in the automotive sector have set numerical targets for the use of recycled materials. Recognizing the importance of sustainable resource utilization, Toyota Boshoku is also actively promoting the use of recycled materials.

[2030 Environmental Action Plan]
- Establishment of technology to use 30% recycled resin by 2030



1 Cycle of non-automotive product recycling

Carrying out initiatives to improve ease of disassembly to promote recycling

Automobile seats are composed of several materials to provide safety and comfort. As a result, the disassembly process is complex and it is proving difficult to achieve efficient recycling.

Toyota Boshoku is reviewing its product structures from the design stage and is developing structures that are easy to disassemble. This allows used components to be recovered as recycled materials.

This initiative reduces resource depletion, and also reduces the energy consumption associated with mining and processing new materials, contributing significantly to the reduction of CO_2 emissions.



Developing technology to utilize waste plastic from containers and packaging in automobile parts

In March 2025, Toyota Boshoku concluded the Kameoka Future Creation Environmental Partnership Agreement and began technical verification for utilizing plastics collected as waste in Kameoka City, Kyoto Prefecture for automobile parts.

The emissions source Kameoka City (partner: Gomi no Gakkou Inc.), Toyama Kankyo Seibi Co., Ltd. (recycling business operator) and Eikou Bussan Co., Ltd. (compounder[2]) will work together in an integrated arterial and venous system[3] to solve technological issues in recycling, with the aim of implementing the developed technology in automotive parts.

2 A company that processes plastic materials to produce materials for specific applications
3 A system of resource circulation that integrates arterial industries such as manufacturing with venous industries that reintroduce materials into society through recycling

4 waste minimization

Toyota Boshoku has been promoting waste reduction in its production activities by reducing the defect rate and improving the yield rate, and we will continue with these activities. Furthermore, we have revised the base year for our target value in order to promote waste reduction at the design and development stage, incorporating a switch to mono-materials and an easy-disassembly design, with the aim of long-term waste reduction.

[2030 Environmental Action Plan]
- Basic unit of waste emissions: FY2020 or lower

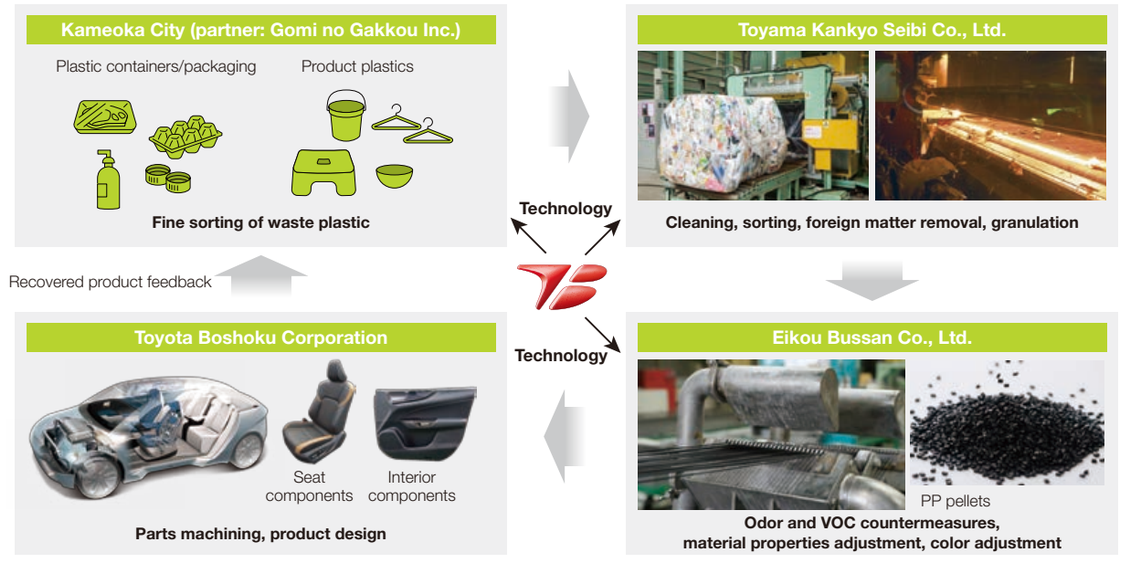
Developing mono-material products, leading to reduction of in-process waste

Numerous resins are used in automobile interior parts. Conventional composite materials are difficult to separate and have often been discarded because they cannot be recycled.

Toyota Boshoku group is promoting mono-material initiatives to unify the materials used into a single material while maintaining product performance.

Not only does this enable recycling into new products, but is also expected to reduce the environmental impact by improving yields, increasing in-process recycling efficiency, and reducing waste (P.15).

Verification of waste container/packaging plastic recycling: Chart of collaboration



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Challenge 6 initiatives—co-existence with nature

5 Water resource impact minimization

There are now urgent calls to identify how corporate activities depend and impact on natural capital, and to utilize natural capital in a sustainable manner. The Toyota Boshoku group is promoting initiatives to conserve water resources, an important natural capital, and is focused on their optimization and management based on the TNFD framework, with the aim of minimizing its environmental impact.

[2030 Environmental Action Plan]
- Basic unit of water withdrawal: 34% reduction compared to FY2020
- Robust compliance with voluntary standards for water discharge

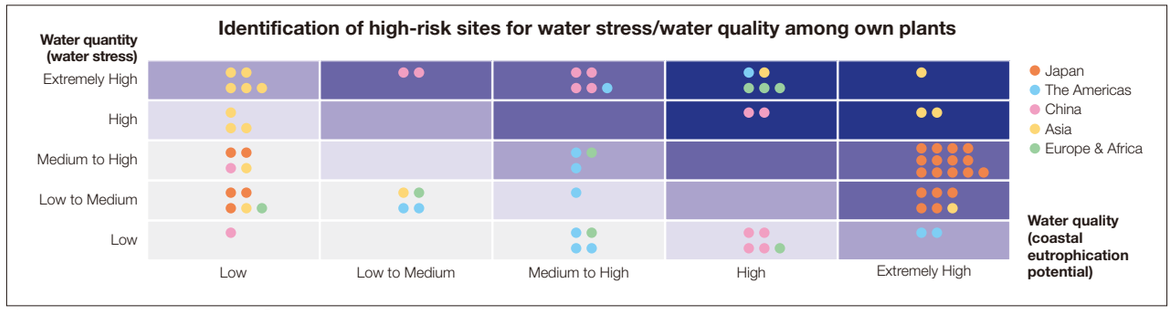
Water quality and quantity risk assessments

Water risk assessments were conducted at group production sites inside and outside Japan (109 sites) using the World Resources Institute's Aqueduct* tool. We are assessing the potential for depletion or shortage of water resources using "water stress" as an indicator for water quantity, based on the balance between water supply and demand in the region.

Using water quality as an indicator of "coastal eutrophication potential," we are assessing the potential for effluent arising from plants to affect the phenomenon of abnormal phytoplankton growth (such as red tide).

Based on the results of the assessment, we will reduce water withdrawal and properly manage water discharge in consideration of the water situation in each country and region.

TB's Biodiversity Initiatives P.12



* An open data program developed by the World Resources Institute for assessing and analyzing water risk

6 Conservation and regeneration of natural capital

Reducing the impact of development on the natural environment through specific measures is known as mitigation. One of the "five principles of mitigation" is "compensating" for impacts by replacing or providing alternative resources or environments. Based on this approach, the Toyota Boshoku is promoting initiatives as a compensatory measure whereby an area equivalent to the land area used for business activities is managed as green space, and by conducting activities that contribute to the enhancement of biodiversity value.

[2030 Environmental Action Plan]
- Green space offset rate in business operations area 100%
- Number of trees planted: 140,000 (Cumulative total: 900,000)

Conservation activities at the Shiokawa tidal flats

The Shiokawa tidal flats, which straddle Toyohashi and Tahara cities, once covered an area of 2,000 ha. Although they have now shrunk to 280 ha due to the development of reclaimed land, they are still the largest tidal flats in the Chubu region and are known as one of the best migratory bird sites in Japan. The Toyota Boshoku group owns several plants and conducts business activities on the reclaimed land, and, as such, we are in a position to coexist with the creatures that use the tidal flats. This is why we are continually conducting conservation activities on the Shiokawa tidal flats.





In April 2025, 184 new company members took part in cleanup activities.

TB's Biodiversity Initiatives P.11

Tajimi Technical Center Proving Ground greening activities

The land acquired for the construction of the Tajimi Technical Center (Tajimi City, Gifu Prefecture) is an old mining site where silica sand was once mined. The impact on the local environment had become apparent in the form of dust and sand during strong winds and muddy water runoff during rainfall. In order to fulfill our responsibility as a landowner, we have formulated a greening plan to bring the area closer to the natural environment that existed prior to the mine's operation. Initially, it was difficult for plants to establish themselves, but as a result of soil modification and runoff countermeasures taken in cooperation with the local government and on the advice of specialized operators, seeds successfully germinated after about a year, and the return of plants and animals has now been confirmed. In recognition of these initiatives, in October 2024 the site was recognized by Japan's Ministry of the Environment as a Nationally Certified Sustainably Managed Natural Sites, a biodiversity conservation area. Going forward, we will continue to engage in activities that lead to the restoration of the local ecosystem.

In 2011 at the time of acquisition of the land



In 2023 at the time of application as a Nationally Certified Sustainably Managed Natural Sites



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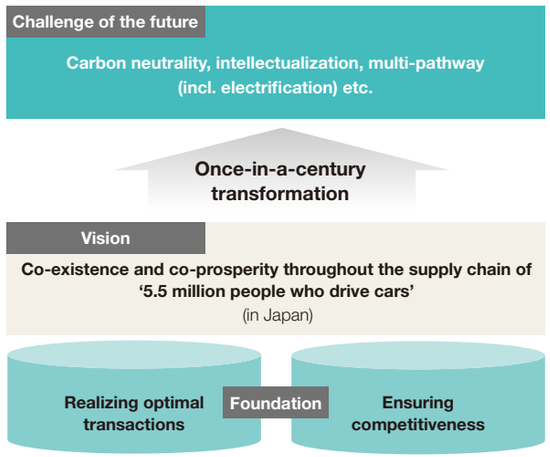
Basic stance

Using fair and equitable procedures, the Toyota Boshoku group purchases raw materials, parts and equipment from a large number of suppliers throughout the world based on our Basic Purchasing Policy. We will grow with our suppliers by putting into practice the spirit of a win-win relationship while fulfilling our social responsibilities in the supply chain with the aim of enhancing corporate value.

Building a global purchasing system

As we expand our business globally, we are actively promoting local purchasing while comprehensively assessing multifaceted factors such as safety, quality, and cost. Through these efforts, we are building a flexible supply system that is adapted to regional characteristics, and are working together with suppliers as a unified group to achieve optimal global procurement.

At the Suppliers Convention held each year, we aim to build a sustainable supply chain based on trust and collaboration by directly communicating messages from the president and our Purchasing Policy, and by deepening dialogue with all of our suppliers.



Message from the CPO



Hideaki Hosoe
Chief Purchasing Officer

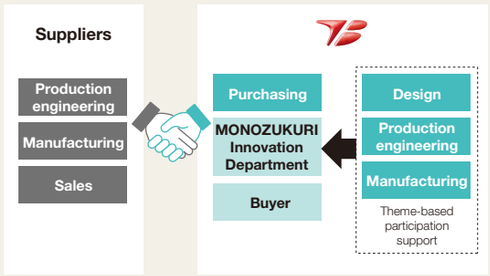
Amid this period of great change in the automotive industry, as we take on the challenges of the future including carbon neutrality, the shift to AI, and multi-pathway, we are aiming for coexistence and co-prosperity throughout the supply chain on a foundation of optimizing transactions and ensuring our competitiveness.

Aiming to ensure that our suppliers have a competitive edge, in fiscal 2024 we established the MONOZUKURI Innovation Department, bringing together people with experience in manufacturing, production engineering, and other areas. We have also strengthened our initiatives to resolve on-site issues and problems, and to develop human resources through team activities between Toyota Boshoku and our suppliers. These initiatives are also being expanded outside Japan.

Furthermore, in order to fare transactions we have established a highly transparent purchasing process and are aiming to strengthen governance including by regularly reporting the status of initiatives to internal management.

We will continue to work together with our suppliers to build a robust purchasing system.

System of team activities with suppliers



Enhancing competitiveness through collaboration with suppliers

Together with our suppliers, we are promoting mutual learning activities to bolster competitiveness and achieve sustainable growth. We support suppliers in strengthening their functions by accepting staff on secondment according to their needs, and we are also promoting collaboration with Sunshine, a Toyota Boshoku suppliers' association. Sunshine is an association of 124 suppliers that works to raise the level of the entire supply chain through study sessions on safety, health, and quality enhancement, the sharing of good practices, and dialogue to resolve issues.

In addition, as a response to social issues such as carbon neutrality, since fiscal 2023 the Sunshine Decarbonization School has been held. We are promoting goal-setting and human resource development among the member companies through lectures by external experts related to energy conservation methods and the formulation of CO_2 reduction plans.

Furthermore, at a management roundtable session hosted by Sunshine, Toyota Boshoku officers and representatives of Sunshine discussed the theme of "autonomation in MONOZUKURI competitiveness" and shared measures to address issues such as securing human resources and cost-effectiveness. We are working together with our suppliers to achieve growth as we deepen relationships of trust through two-way communication.

Going forward, we will continue to work with our suppliers to enhance corporate value through purchasing activities that meet our social responsibilities.



Sunshine Decarbonization School completion ceremony

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Quality

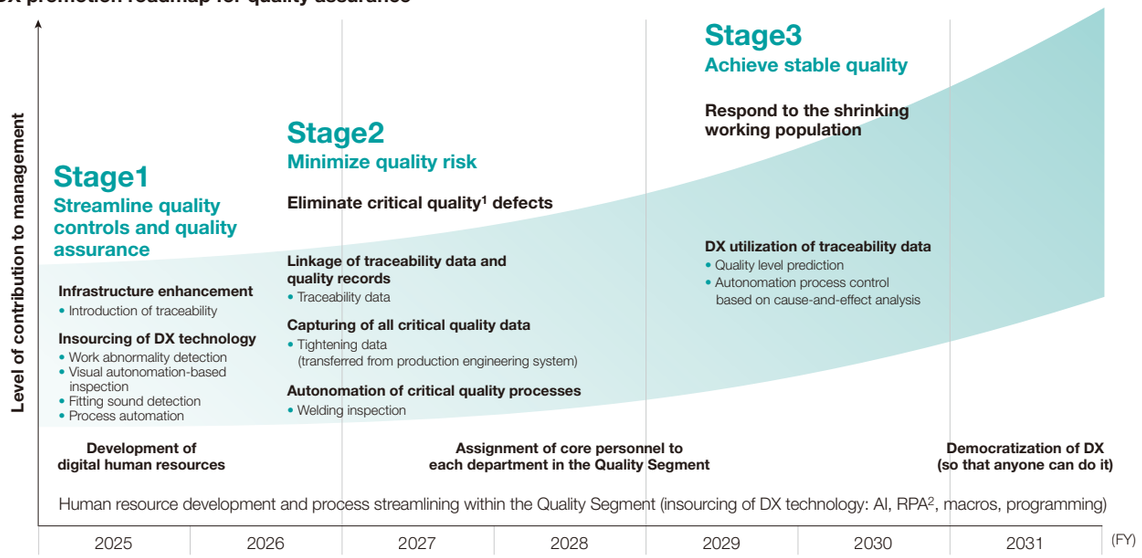
Basic stance

Based on the customer first philosophy originated from the Principles of Toyoda—being unified to make contributions for the world and for people—and our strength related to MONOZUKURI cultivated for 100 years, the Toyota Boshoku group aims to become an Interior Space Creator by 2030, whereby we contribute to solving social issues while expanding our product range and customer base. To achieve this goal, we are working to thoroughly implement quality first and develop human resources on a global scale. It is our mission to always consider matters from the customer's perspective and position, to ensure safety and reassurance, and to provide customers with attractive and inspiring products and quality.

DX deployment and promotion

We are actively deploying and promoting DX. While utilizing DX to prevent quality misconduct, we are making preparations to enable quality assurance that is equal to or better than the current state, even in the event that we have a low-headcount structure due to the shrinking working population.

DX promotion roadmap for quality assurance



1 The quality of products and parts assembled in manufacturing to ensure safety and compliance with regulations
2 Robotic Process Automation: Technology to automate processes using software robots

Human resources underpinning quality

We define TQM as "activities to enhance the vitality of company members and organizations," and, as our basic philosophy on TQM, we are promoting its implementation based on the three pillars of customer first, continuous kaizen, and total participation, as stated in the Principles of Toyoda. In addition, through TQM we are changing the way we have been working and are strengthening the organization, process, and company members that form our management foundation, thereby striving to improve the operational quality of all work.

Strengthening governance through the Quality Management Division

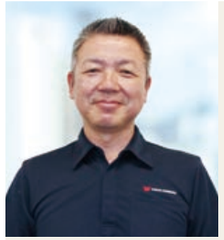
In April 2024, the Quality Assurance Division was reorganized and a new Quality Management Division was established. As a result, we have transitioned to a two-division system comprising the Quality Assurance Division and the Quality Management Division. The Quality Management Division plans and operates quality-related misconduct prevention measures on a horizontal, company-wide basis, and is strengthening governance with a focus on the following three areas.

1. Fact verification
Issues are identified through periodic interviews with company members, and an improvement cycle is implemented to nip misconduct in the bud at an early stage.

2. Creating a system and structure to prevent misconduct
The introduction of a system is being promoted to reduce human intervention in testing for certification work. In addition, through self-directed study activities on regulatory certification in cooperation with automakers, the aim is to review work processes and achieve standardization.

3. Reforming employee awareness and workplace culture
Drawing on case studies from other companies as training materials, we provide opportunities for company members to take ownership of quality and put this into practice through quality-related misconduct prevention training and the in-house Global Quality Learning Center (GQLC).

Message from the CQO



Hideki Matsuura
Chief Quality Officer

In the course of hearing about other companies' certification issues at their sites of operations, it became clear that the background issues included rapid business expansion, scheduling pressures, an atmosphere in which it is difficult to express one's true feelings, and the inability to get resources to the operating site when and as needed. Given that Toyota Boshoku has also had similar environments in the past, we feel a strong sense of urgency. Founder Sakichi Toyoda's belief that a product should never be sold unless it has been carefully manufactured and fully tested in the commercial trial, with completely satisfactory results, is not limited to the quality of a product, but also relates to the quality of the work itself. Based on this belief, we recognize that it is essential for all company members working in the Toyota Boshoku group to have the attitude of asking themselves whether their work is being performed correctly and whether there are any areas that need improvement, on a *Genchi-Genbutsu* (go, see & study) basis. To realize this, we will promote TQM and, while utilizing DX, will do our utmost to strengthen our organization, processes, and people as we become the ISC.

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Human resource strategy

Human capital management

The Toyota Boshoku group has consistently focused on R&D, MONOZUKURI and HITOZUKURI from the customer's perspective, based on the concept that "HITOZUKURI is at the heart of MONOZUKURI." People are the source of corporate value, and we place importance on human capital management, positioning people as our most important management resource. We aim to achieve sustainable growth and strengthen our competitive advantage through the creation of an environment in which diverse human resources can work autonomously and maximize the power of the organization.

Overview of human resource strategy



For details, please refer to the Human Capital Report https://www.toyota-boshoku.com/global/company/library/human_capital/

Human resource strategy

1	Clarification of required human resources	Aim to secure the required human resources in the three areas of activity in a timely and efficient manner by establishing systems for recruiting and developing human resources based on the human resource portfolio, and for monitoring human resource activities.
2	Securing of talented human resources	Strengthen the competitiveness of personnel recruitment required in the areas of activity in order to become an Interior Space Creator and expand globally.
3	Support for growth	From the perspective of seeking innovations for the future, aim to develop human resources who bring flexibility and creativity, and contribute to the growth of the organization as a whole through their deep knowledge as experts and understanding of a wide range of industries and business perspectives.
4	Penetration of Diversity & Inclusion	Aim to create an organization in which people with diverse backgrounds and values can create new value by respecting and optimizing each other's differences.
5	Pursuit of ease of working	Through the development of flexible, efficient, and creative work rules and an open workplace, encourage new challenges and create an environment in which company members can work happily with enjoyment.
6	Promotion of health & safety	Based on the belief that the top priority should be placed on health and safety at work, promote health management and safety & health management to realize an environment in which company members are both mentally and physically healthy, and can work with peace of mind.
7	Adherence to compliance and ethics	Aim for continuous organizational operation and a reliable environment by implementing initiatives to ensure adherence to compliance and respect for human rights, as well as risk management.

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Global human resource development

Support for growth

Positioning and overview of global HR strategy

For the Toyota Boshoku group, an organization with many locations worldwide, a human resources (HR) strategy aimed at securing, assigning and fostering talents who can realize our growth strategy is a critical management challenge. We aim to secure human resources with expertise; assign them to appropriate positions; and make sure they are compatible with our growth strategy in accordance with our human resources portfolio that looks ahead to our 2030 Target. This policy supports the development of business.

Optimal placement

Our Global HR Platform is a global common platform for managers and above. Through this platform, we realize the optimal global allocation of human resources and promote their development in order to maximize global organizational capabilities.

Application of Global HR Platform



• Number of locations promoting local employees to president or director	**18** locations
• Percentage of local employees holding executive (officer, manager) positions at outside Japan business sites	**29.5**%
• Number of local employees appointed as company presidents	**10**
• Number of local employees appointed as directors	**26**

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

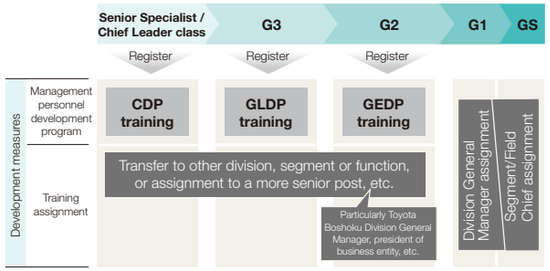
System for developing the next generation of management, and results

Next100 is aimed at the systematic development of future management resources. We are implementing a global executives training program by selecting 100 human resources, primarily young people, women, and non-Japanese members, who will be the future leaders of the Toyota Boshoku group. In addition discussions are held at the GSC[1] and RSC[2] about the placement of human resources selected for the Next100 across business entities and divisions.

In fiscal 2025, we started implementing the CDP,[3] for members of the Next100. This program provides participants with the experience of putting their intentions into words, making partnerships, and experiencing the outputs, aimed at developing leaders who can realize our hope to be a company that gives everyone the feeling that, “I like Toyota Boshoku.”

We have established a forum for senior management and operating officers to discuss succession planning. For each target level, discussions are held on an ongoing basis each year by the GSCT[4] for succession of officers, by the GSC for succession of presidents of business sites in regions outside Japan and persons in senior positions at Regional Management & Collaboration Hubs, and by the RSC for succession of other key posts. P.102

Illustration of the next generation management personnel development system



• Global executives development program participants	
GEDP[5]	**13**
GLDP[6]	**21**
CDP	**33**
• Frequency of GSCT/GSC	**5** times a year

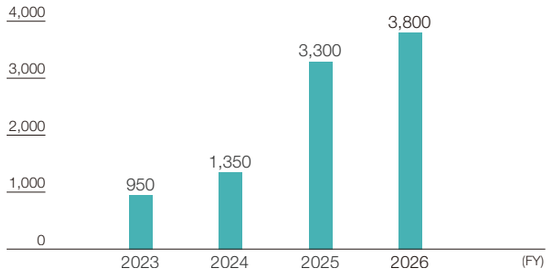
Strengthening the organizational culture and management capabilities

At the Toyota Boshoku group, we support growth by encouraging self-realization and behavioral change by each company member, aiming to create an even more open workplace.

As part of this, we provide opportunities once a year for a review from various perspectives, including supervisors, subordinates, colleagues and other divisions, to help members understand how others view their professional conduct. Up until now, the system has been only used for managerial positions, but since fiscal 2025, we expanded the scope to include section chief class members, and in fiscal 2026 are implementing it for approximately 3,800 members including directly hired full-time personnel at affiliated companies inside and outside Japan.

Feedback results are used not only to clarify individual strengths and issues, but also to improve behavior and review development policy through interviews with supervisors and career interviews. This is becoming established as a system for both individual growth and improvement of the organization’s management capabilities.

Trend in number of persons subject to 360-degree feedback



1 Global Succession Committee: Global key post (presidents of business sites, director, division general manager, etc.) successor development committee comprising members at the level of Toyota Boshoku Chief Officer and above, including regional CEO
2 Regional Succession Committee: Successor development committee for key posts other than those discussed in the GSC by Segment Chiefs or Chief Officers/Field Chiefs/Division General Managers and regional CEOs/Operating Officers
3 Creators Development Program: Selective training for young members approaching manager level
4 Global Succession Committee by Top Executives: Executive management successor development committee comprising members at the Operating Officer level and above
5 Global Executives Development Program: Selective training program for senior executives positions
6 Global Leaders Development Program: Selective training program for junior executives and managers

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Diversity and inclusion

Penetration of diversity and inclusion

Basic stance

We are fostering an environment in which everyone, including women, non-Japanese members, young people, seniors, and people with disabilities can freely and openly express their own ideas, through the creation of an open workplace culture. We believe that by fusing the knowledge possessed by such a diversity of human resources, this will energize innovation, resulting in business expansion as well as the creation of new businesses.

To create this open workplace, we conduct lectures and e-learning training for managers and others on harassment, compassionate communication, the importance of diversity and inclusion (D&I), and unconscious bias.

Cross-organizational D&I promotion system

In fiscal 2023, we established the Employee Network Resources Group (ENRG), a system of networking groups that works to understand the real views of company members and communicate them to management to resolve problems. It comprises the following groups: “Women,” “Non-Japanese Members,” “Young People,” “Seniors,” and “People with Disabilities.” In fiscal 2025, the five ENRGs took the lead in organizing D&I Week. The People with Disabilities group held hands-on events such as wheelchair basketball and a game in which participants had to communicate with others while wearing noise-generating headphones. The Non-Japanese Members group, meanwhile, held a tasting of candy from different countries. These events provided an opportunity to deepen understanding and empathy among the participants.





Support for diverse workstyles

To create an environment in which individuals can maximize their potential, we are expanding systems that support the balance between work and home life.

In particular, to encourage men to take childcare leave, we have introduced a system to compensate their income when they take childcare leave for more than one month, which raises awareness and promotes understanding in the workplace.

Main systems	Contents
Short-time working system	Available until the child turns 18 (can be used in conjunction with teleworking), with a choice of 4–7 hours of work time
F Care Leave	Combined and re-named menstrual and morning sickness leave, etc. as “F Care Leave”, which some members had been uncomfortable to request due to the naming
Life Support Leave	Enables leave to be taken for fertility treatment and family care (with no gender restriction)
Support for men taking childcare leave	Established a support fund system to supplement the decrease in income when members take one month or more of childcare leave, to encourage more people to take leave

- Number of participants in ENRG activities (annual) Approx. **100**
- Specific measures introduced via ENRGs
  -Change of uniform (polo shirt) design
  -Review of the height of company noticeboards to make them wheelchair-friendly
- Number of company members using short-time working system **247**
- Ratio of men taking childcare leave **69**%
- Average days of childcare leave taken by men **48** days

As of March 31 (including fiscal 2025 results)

Well-being

Pursuit of ease of working

Promoting well-being

We view well-being as an essential component of sustainable growth. In order to promote well-being more effectively, we have categorized the elements of well-being into five elements, and the relevant divisions are proactively working on them. Through these activities, we aim to improve engagement and become a company about which all stakeholders say, “I like Toyota Boshoku.”

5 elements of Well-being

Element	Definition	Desired state
Career	Career satisfaction	Creating the environment for everyone to flourish
Social	Harmony of interpersonal relationships	Building good interpersonal relationships
Physical	Mental and physical health	Living each day in a healthy state
Financial	Economic sufficiency	Eliminating concerns about one’s financial future
Community	Connection to the local community	Fostering a sense of purpose through connection to the local community and others

Member engagement survey

From fiscal 2025, we revamped our employee survey to the Toyota Boshoku EX (Employee Experience) Survey. This enables analysis of each workplace and benchmarking with other companies, and links feedback from company members more effectively to HR strategy, measures, and workplace improvements.

In addition, the positive response rate for employee engagement, which indicates the willingness to voluntarily contribute to the organization and to our performance goals, has been set as a KPI. The survey results are analyzed at each workplace, and improvement measures are discussed, implemented, and registered in the system. We are promoting the creation of an open workplace where we can grow together.

- Employee engagement positive response rate **51**%

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Initiatives for respect of human rights

Adherence to compliance and ethics

The Toyota Boshoku group regards respect for human rights as a way of thinking that underpins the TB Way and the Toyota Boshoku Group Guiding Principles, values and behaviors that are shared by all company members, and the whole group is actively putting it into practice. As a global company, we deeply understand the importance of respect for human rights, and the group is working together as one to promote activities while being mindful of regional and cultural differences.

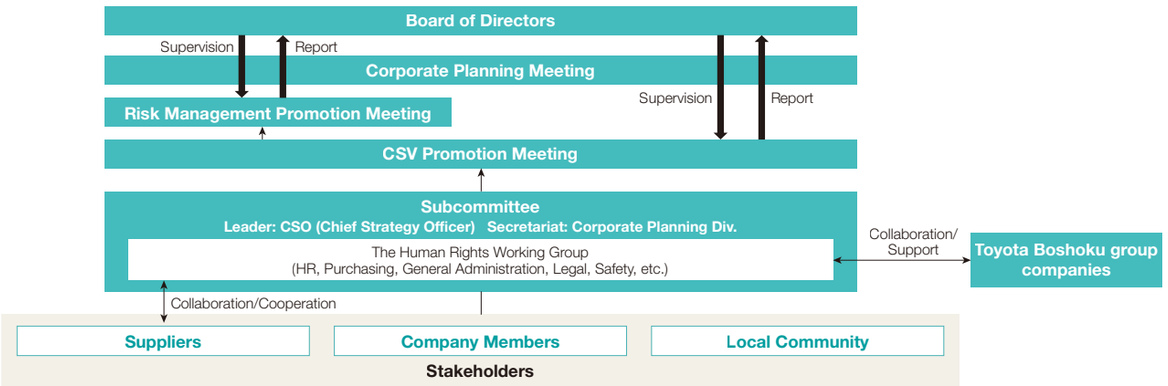
Basic stance and human rights policy

The Toyota Boshoku Group Human Rights Policy was formulated with the approval of the Board of Directors in November 2021. Based on international norms including the Universal Declaration of Human Rights, and with the United Nations Guiding Principles on Business and Human Rights serving as an implementation framework, we promote initiatives for respect of human rights. We expect that this policy not only applies to our company members, but is also understood and upheld by all stakeholders.

Priority themes

- Diversity
- Discrimination and Harassment
- Forced Labor and Child Labor
- Occupational Health and Safety

Promotion structure for human rights initiatives



Human rights due diligence

Human Rights Policy clearly outlines our approach to the implementation of due diligence, and through ongoing education and training, as well as dialogue and consultation, we are committed to ensuring respect for human rights, working together with regional communities, our customers, company members, suppliers, business partners, and others. We will continue to carry out human rights due diligence aimed at building a sustainable value chain.

Human rights due diligence implementation status

Having started human rights due diligence in fiscal 2023, each year we expand the regions where it is conducted and the number of companies subject to due diligence. Human Rights Working Groups and a task force team have been launched in each region in order to accurately assess the impact on people and ensure that mitigation measures are taken after risk identification. Based on 19 human rights issues related to the Toyota Boshoku group and its value chain, written and interview surveys are conducted in the light of regional characteristics and circumstances.

In fiscal 2026, we are promoting human rights due diligence initiatives, expanding the scope to include the Americas Regional Management & Collaboration Hub and group companies in Asia.

Region	Results of human rights due diligence implementation Figures in brackets indicate the number of implementation companies in fiscal 2025
Japan*	18 (10) companies / 18 companies
Europe & Africa	9 (8) companies / 9 companies
Asia	1 (1) company / 16 companies
The Americas	Due to implement in FY2026

* Including Toyota Boshoku

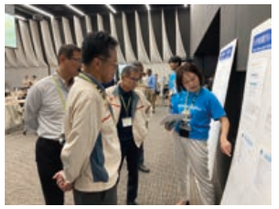
Identified risks

As a result of the human rights impact assessment of each Toyota Boshoku group company, we identified working hours as a new human rights risk in addition to harassment and occupational health and safety, which are priority themes in the Toyota Boshoku group Human Rights Policy. While strengthening existing efforts, we are promoting new initiatives to mitigate risks.

Educational activities

We are committed to raising awareness of human rights through training and education. We hold lectures and training sessions on human rights for officers, division general managers and above, as well as presidents of group companies, including those at sites outside Japan, to enable them to take ownership of human rights issues and be able to lead initiatives. In addition, we publish Human Rights News for all company members, distribute educational videos, maintain an internal portal site, and use mascot characters to disseminate information. Furthermore, every December, the Toyota Boshoku Group Human Rights Week is held to provide opportunities to think about human rights.





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Initiatives for respect of human rights

Promotion of localization

In developing our global initiatives to ensure respect for human rights, we are promoting localization in consideration of the cultural and social backgrounds of each region. By establishing a system for each region and having local company members take the initiative in activities to identify, assess, and improve risk, we are able to accurately identify human rights risks that are often overlooked in a uniform response, and link them to highly effective countermeasures. This locally driven initiative is the foundation of our sustainable activities, and contributes to our efforts to meet international human rights standards and enhance relationships of trust with local communities. These are important activities in terms of Toyota Boshoku group fulfilling its responsibilities as a global company.

In the Europe & Africa region, human rights due diligence was launched in fiscal 2024 at the Regional Management & Collaboration Hub, and in fiscal 2025 at group companies within the region. For this initiative, Toyota Boshoku Europe (TBEU), the Regional Management & Collaboration Hub, established a task force team with Corporate Strategy as its secretariat, and assigned personnel from relevant divisions at TBEU and group companies in Europe & Africa. They are promoting activities in cooperation with Toyota Boshoku's Human Rights Working Group.

Promotion of localization—comments from a responsible staff member



Tomina-Stefani Pavlova
Corporate Strategy Division
Toyota Boshoku Europe

I was part of the task force team, promoting human rights due diligence in the Europe & Africa region (EA region). In fiscal 2025 our aim was to establish an operation method that suits our region while utilizing the Toyota Boshoku know-how. Through this activity, our final goals were to map the level of human rights risk and vulnerability of the management system across all group companies in the region to identify all gaps and to create mitigation plans to minimize any potential violation of human rights.

As it was our first human rights due diligence activity, creating a framework where each functional leader of the Regional Management & Collaboration Hub to be able to take the initiative as their own matter, and to independently organize and report on the status of their functions across the region was particularly important. In order to do so, I made sure to communicate closely with each leader, to carefully check the progress and to share with everyone what were the issues I was noticing along the way. I also spent a lot of time analyzing the human rights impact assessment results and providing feedback to each company. This gave me an opportunity to look deeper into our regional context, identify human rights risks, and how this will help our HITOZUKURI (human resource development) further.

I am happy how the human rights due diligence activity has evolved so far, as it took roots in the EA region and I am confident that it will bring results in the next fiscal year and beyond.



Joost Sunt
HR & General Administration Division
Toyota Boshoku Europe

As the human resources leader of the Regional Management & Collaboration Hub, I worked to promote human rights due diligence in EA region. As many human rights issues relate to the HR domain, I added a Human Rights briefing session -supported by Toyota Boshoku in the EA regional HR conference. Understanding of human rights issues has increased, enabling more accurate human rights impact assessments and risk identification.

In December 2024, I deployed the Human Rights News and an awareness video for all EA region members in conjunction with the Human Rights Week that Toyota Boshoku launched and called on group companies to join for the first time. It was difficult to create subtitles in the languages of each country, but we were able to convey the importance of respect for human rights to our manufacturing staff as well.

Currently, human rights impact assessments have been completed in the region, and in the future, implementation and monitoring of mitigation measures will be promoted as daily management. We will work continuously in collaboration with various companies to ensure that human rights due diligence take root in the region.

Initiatives in the supply chain

In May 2022, we established the Toyota Boshoku Group Supplier Sustainability Guidelines based around the Toyota Boshoku Group Human Rights Policy, aiming to prevent violations of human rights from occurring, and to build a sustainable supply chain. In addition, in order to promote understanding of these guidelines and have them established, we hold a briefing every year. Furthermore, self-assessments (SAQ) have been conducted by our Japanese suppliers (since fiscal 2023) and tire one suppliers in the Americas and Europe (since fiscal 2024).

Status of SAQ implementation

Each year, through the SAQ, we ascertain and identify the status of protection of human rights and working conditions at our suppliers. A survey was carried out again in fiscal 2025, and this confirmed there to be no suppliers that pose a high risk. In future surveys, where human rights risk is discovered, we will conduct individual dialogue and provide support for prevention and improvement. In addition, we are extending human rights initiatives throughout the supply chain, and aim to minimize human rights risk throughout the value chain.

Provision of a Grievance Redress mechanism for suppliers

The Toyota Boshoku group has established a Grievance Redress Mechanism in order to properly handle reports of and consultations on human rights violations and unfair treatment. After first investigating and confirming the details of the report, we feed back the results of the investigation to whistleblower, and take corrective measures, as necessary.

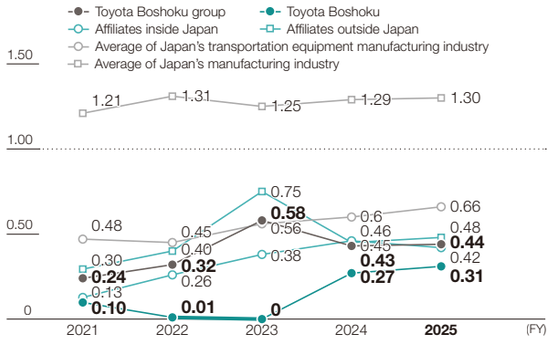
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Safety and Health / Health and Productivity Management

Our Basic Philosophy for Safety and Health, and our Basic Safety and Health Policy

Based on a Basic Safety and Health Policy, the Toyota Boshoku group implements safety and health activities as labor-management cooperative efforts in order to establish a corporate culture that places the top priority on safety and health at work. We also work globally to enhance safety and health at work through activities based on an Occupational Safety and Health Management System (OSHMS). Furthermore, in order to absolutely prevent the occurrence of fires, we conveyed Toyota Boshoku's stance on fire prevention and conducted management-led inspection in each area, held emergency preparation drills using fire extinguisher and fire hydrants for all members, and worked to raise awareness towards fire prevents.

Lost time injury frequency rate (Lost time or more severe)[1]



1 (Number of deaths and injuries due to occupational accidents / total number of actual working hours) x 1,000,000

• Safety manager training participants:	**96**
• Number of companies in the association:	**47**
• Fatal accidents in construction by outside contractors:	**0**

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

Our basic health and productivity management policy & objectives

Recognizing that promotion of improved health among our company members is an important management task, we have established the Toyota Boshoku Health Declaration with the aim of promoting health-improving activities on a medium- to long-term basis. Labor and management will continue working together to build a corporate culture and working environment where company members can work energetically and healthily in both mind and body.

Health and productivity management initiatives and establishing a culture of health

Priority measures being implemented to reduce the smoking rate include visits to smoking cessation clinics, assistance in purchasing nicotine patches, and a Smoking Cessation Collaboration Challenge. In addition, an initiative known as the TB Nutrition Education Project encourages company members to deepen their own interest in and knowledge of food. Besides educational activities, we have implemented a campaign to offer menus featuring salads and protein-rich food at low prices. Furthermore, Health Activities Promotion Leaders are assigned to each division to promote a variety of plans so that members can enjoy and engage in health activities in the workplace. Through this, we are striving to raise health awareness among company members. Going forward, we will also strengthen our initiatives in sleep and women-specific health issues, and with the goal of ensuring that each and every company member is healthy and happy in both mind and body, and is able to perform to the best of their ability, we will provide health support from both a physical and mental perspective.

Certified as an Excellent Enterprise of Health and Productivity Management

Various health activities were evaluated, and in fiscal 2025 Toyota Boshoku was again recognized in the large enterprise category of the 2025 Certified KENKO Investment for Health Organization Recognition Program (White 500). This means we have now been recognized for four consecutive years.

• Smoking rate	**26.0**%
• BMI of 25 or more	**31.3**%
• Ratio of those with exercise habits*	**42.3**%

* 30 minutes or more of exercise at least once a week

Staying healthy together with workplace colleagues



Motokazu Iino
Health Activities Promotion Leader
Tokyo Quality Control Department,
Toyohashi Tokyo Quality Control Division

In order to energize company-wide health activities, each division is assigned a Health Activities Promotion Leader. I play this role at the Tokyo Plant, where I encourage members to participate in health measures and coordinate their activities, thereby promoting health on a workplace basis.

I am particularly conscious of creating an environment where the entire workplace can participate in health activities while having fun. I am trying different ways to raise awareness of health naturally, by planning visiting health lectures and other events.

In addition, as a Health Activities Promotion Leader, I myself participated in the Health Activities Promotion Leader Workshop, and was able to understand my state of health based on my own health checkup results, and to learn about lifestyle habits that are suited to me. In particular, noticing an imbalance in my diet made me realize the importance of food, and since attending the workshop, I have started to prepare my own lunch with an awareness of the staple food, side and main dishes. Going forward, I would like to focus on exercise as well, and aim to build a healthier body.



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Basic information

Governance quick reference table

Form of organizational design	Company with Audit & Supervisory Board
Number of directors (o/w number of outside directors) Outside officers	9 (4)
Number of Audit & Supervisory Board members (o/w number of outside Audit & Supervisory Board members) Outside officers	5 (3)
Term of directors	1 year
Chief officer system	Yes
A voluntary committee equivalent to the Nomination Committee or the Compensation Committee	Management Advisory Council
Compensation system for directors (Excluding outside directors)	(1) Fixed compensation (monthly compensation), (2) Performance-linked compensation (bonuses), reflecting ESG-related evaluation, (3) Stock compensation (transfer-restricted stock) P.101
Accounting auditor	PricewaterhouseCoopers Japan LLC

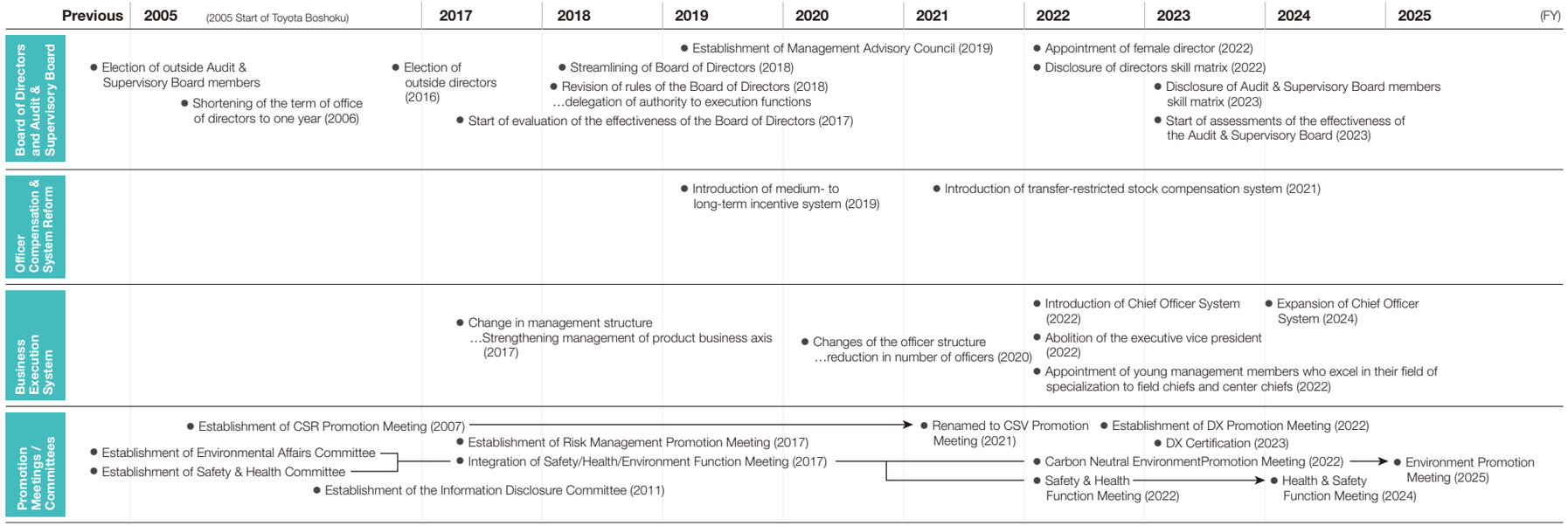
One aspect of the Toyota Boshoku group's materiality is to continue to be a company of integrity that is trusted by all our stakeholders. We are doing this by strengthening governance and compliance as issues related to people and organization, which are the sources of our competitive advantage.

Since the three-company merger in fiscal 2005, the group has focused ever more on strengthening corporate governance. In terms of the structure of officers, we have appointed a female outside director and are addressing skills disclosure, while in terms of officer compensation, we have introduced a medium-to long-term incentive system to reflect ESG-related evaluations in compensation.

The CSR Promotion Meeting, which had been in operation since fiscal 2007, changed its name to the CSV Promotion Meeting in fiscal 2021. In the process of incorporating CSV concept into management, its agenda has been reviewed and discussions on operations that contribute to resolving social issues, etc. have been revitalized.

Going forward, the Toyota Boshoku group will continue to implement reforms on multiple fronts to achieve highly transparent and effective corporate governance.

Initiatives to strengthen corporate governance



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Message from the Chair of the Board of Directors

Enhancing the effectiveness of strategy and governance through dialogue and in-depth discussion

Shuhei Toyoda
Chair of the Board of Directors



Deepening strategic discussions based on actual conditions

In fiscal 2025, our Board of Directors worked to deepen strategic discussions in a way that better reflects actual conditions, with a view to sustainably enhancing our corporate value. We focused on accurately identifying changes in the business environment and issues related to the business structure, and on promoting reforms from a medium- to long-term perspective, rather than merely taking short-term actions. As part of this, improving the profitability of the Americas business was positioned as one of the most important themes, and discussions focused on rebuilding the support system, human resource development, and visualization of profitability, spending more time than ever before on these issues. In addition to addressing the short-term issue of cost recovery for losses from equipment downtime, we also worked to organize structural issues including inventory management and price negotiations, ultimately leading not only to numerical improvements, but also to fundamental reforms including revision of the organizational structure and HR strategy.

To enhance the quality of these discussions, we also place importance on site visits and dialogue with company members by outside directors and outside Audit & Supervisory Board members. In fiscal 2025, visits to plants and technology exhibitions enabled the participants to deepen their understanding of our sophisticated products, as exemplified by motor cores, as well as to experience firsthand the challenges of MONOZUKURI amid global expansion and initiatives to bolster our MONOZUKURI capabilities at the Global Maintenance Center utilizing DX. Through these experiences, I can sense that our discussions on corporate strategy and capital investment have become more substantive, and our decision-making more precise. Roundtable meetings with officers and company members also provided a very valuable opportunity to receive frank and meaningful feedback and to identify issues and signs of changes in the workplace. The officers have been able to accurately fulfill their primary role of representing the shareholder's perspective from an independent standpoint and reflecting this in the Board of Directors meetings, while deepening their understanding of our business, and have greatly contributed to improving the quality of discussions at the Board of Directors meetings.

Deepening management through free and open dialogue

The newly introduced informal discussions, which are held after the Board of Directors meeting to allow Board members to freely exchange opinions, has further increased the depth and breadth of discussions by focusing on specific themes while encouraging the free exchange of ideas. Frank and substantive discussions have developed on important issues related to our medium- to long-term direction and management fundamentals, helping to further enhance the effectiveness of the Board of Directors.

This initiative began when, through interviews to assess the effectiveness of the Board of Directors in fiscal 2024, the recognition was shared that opinions can be freely expressed at meetings, but not necessarily discussed in depth. Since its launch, it has been very well received by outside officers, particularly as a valuable opportunity for internal directors to actively state their opinions. Many participants have commented that the meeting is extremely useful as a forum for an exchange of opinions that leads to deeper discussion, reaffirming the significance of this initiative. From fiscal 2026, we are also considering the introduction of a framework for outside officers to propose topics, and expect that these discussions will be organically connected to the Board of Directors.

Evolving governance through corporate culture

To achieve further growth as a company, we must not only manage risk appropriately, but also possess the decision-making ability to take risks in order to connect them to opportunities. The decision to invest in the business in India, which we discussed in January 2025, was taken based on a careful assessment of both the strategic significance and potential risk, balancing reliability and growth potential. (P.93) Such discussions are made possible by a well-defined risk management process and a sound corporate culture, which are the foundation for assertive decision-making.

In fiscal 2025, we continued to receive constructive feedback from outside officers from a wide range of perspectives. The effectiveness of the Board of Directors as a whole has steadily improved as a result of the relationships of trust they have built with internal management and the frank and substantive dialogue they have engaged in, while maintaining their independent position. Each individual is independently deepening their own knowledge, and an approach has taken root whereby they are taking the initiative in proactively fulfilling their own role.

I believe that the combination of a sound corporate culture and strategic governance is the cornerstone of securing our sustainable growth and the trust of society. In particular, we are working on fostering a culture in which awareness of safety, quality and manufacturing is a key theme, and in which the essentials can be grasped through *Genchi-Genbutsu* (go, observe with utmost attention in detail and ask whys) and continuous Kaizen. From a global perspective, there are some situations where *Genchi-Genbutsu* is not sufficiently practiced at the local site and does not result in substantive improvement, or where there isn't a shared awareness of the essence of structured ideas and systems. In the course of making steady improvements, company members experience insights and make unexpected discoveries, and this leads to even better products as a result. I believe that fostering such a culture throughout the organization is at the core of building a corporate culture, and we are promoting its realization through *Genchi-Genbutsu*.

I will continue to keep in mind that a sound corporate culture and strategic governance are two sides of the same coin, and as Chair of the Board of Directors, I will continue to work with all our officers to meet the challenge of achieving sustainable growth. I very much hope to gain your continued understanding and support.

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Messages from Outside Officers

Business model innovation is the key to further growth



Yasuhiko Yamazaki
Outside Director

Sophisticated and advanced technical capabilities and a culture of dedication are the source of our competitiveness

Although I have been active in the same automotive parts sector, the first thing I felt when joining Toyota Boshoku was the difference in the scale of the products, the sensibility required, and the culture of the production site. Our products are large in size, and they require a just-in-time (JIT) response, with an emphasis on design and sensibility. What struck me when I observed manufacturing at the plant was the extremely high level of sophistication of the technology, despite it being difficult to apply autonomation and rationalization to the products. I can sense how there is a cycle of robust implementation and improvement of standardized work, and how the Toyota Production System (TPS) has taken root. Also, at Board of Directors meetings, I saw how each agenda item was incorporated into an action plan at a detailed level. I felt that this was the source of our competitiveness and the result of being supported by a dedicated and conscientious culture.

In addition, our outside officers possess a diverse range of expertise, and there is an open atmosphere that allows for a frank exchange of opinions. I believe that I can contribute to realizing even deeper discussions by venturing to make points and recommendations from a different perspective, while taking advantage of the affinity that comes from being a member of the same Toyota Group.

Discussion from a medium- to long-term perspective is necessary for efficient monetization

Seats and interior & exterior are areas which are difficult to clearly differentiate through technology, due to having elements that appeal strongly to our sensibility, and due to the wide variation in value standards. Because of this, it is essential not only to enhance the value of each product itself, but also to find value in the entire process of providing the product structure, planning, design, manufacturing, and delivery in an integrated manner, and to build a business model to monetize it. I believe that the key to our uniqueness lies in strengthening our evaluation technology and design capabilities, which enable us to make proposals concerning the viability and improvement of the specifications provided to us by automakers, rather than just accepting them as they are. I think that although the time and financial resources required are significant and a medium- to long-term strategy is important, this is worth discussing.

In addition, since local production is a prerequisite for expansion outside Japan, the key is to create a system that allows for flexible start-up of operations, even when on a small scale. Achieving this will require not only innovation in manufacturing, but also fundamental reforms, including a review of the product structure itself. I hope to actively communicate information and opinions that will be beneficial to our company, and to foster awareness of issues.

Now is the time for robust risk management as business expands



Yoshito Fujikawa
Outside Audit & Supervisory Board Member

Expecting to strengthen internal controls, including at group companies outside Japan

The strength of our corporate governance lies in the fact that the system has been organized and built to ensure its real-world operation. The annual schedule includes such activities as advance sharing to deepen discussions at Board of Directors meetings, roundtable meetings for outside officers only, business reports from each Segment, interviews with the president, and plant visits inside and outside Japan, all of which enable outside officers to understand the actual situation of the company and fulfill their expected roles.

These initiatives have further enhanced our understanding of information as outside Audit & Supervisory Board members, and have created an environment in which we can more accurately provide advice and suggestions to ensure the soundness and transparency of management.

At the same time, in terms of the audit system, I think one issue is that the degree of completeness differs between group companies outside Japan. To overcome this issue, global audit meetings are being held internally and training follow-ups are being conducted for the Audit & Supervisory Board members of the Regional Management & Collaboration Hubs. In the future, I hope that we will develop and appoint local people to become auditors outside Japan, so as to further strengthen the entire group's internal control system.

Deepening discussion in the intellectual property field from the perspective of a corporate lawyer

The Board of Directors is conscious of evaluating the company from the perspective of its various stakeholders. Particularly in the automotive industry, the optimization of transactions throughout the supply chain has become a social issue. Without long-term relationships of trust with business partners, a company cannot increase its competitive advantage. While we have long promoted proactive initiatives to ensure the optimization of transactions, I believe that the Board of Directors' renewed emphasis on the importance of this issue has further deepened awareness.

Also, based on my knowledge as a corporate lawyer, I point out the legal risks of agenda items. In particular, in the area of intellectual property, which I usually deal with, opportunities are provided for discussion with members of the Intellectual Property Strategy Division, which was launched in fiscal 2024, as well as with the Board of Directors. Going forward, there are plans to win new customers and expand our business on a global scale. As our business activities enter a new phase, the value of intellectual property will further increase. As an Audit & Supervisory Board member, I state my views at each meeting so that intellectual property activities become even more pertinent, while trying to provide explanations that are more deeply understood by each officer and member of the Intellectual Property Strategy Division.

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Corporate governance

Basic stance

The first item in our Corporate Philosophy is “corporate growth while fulfilling our responsibilities in harmony with society as a good corporate citizen,” and we are promoting sustainable corporate activities through rigorous adherence to corporate ethics. We believe it is important to maintain and further improve the efficiency, fairness, and transparency of management, and we aim to enhance corporate governance based on five specific items:(1) ensure shareholders’ rights and equality;(2) ensure appropriate cooperation with stakeholders other than shareholders;(3) ensure appropriate information disclosure and transparency;(4) appropriate execution of the roles and responsibilities of the Board of Directors; and (5) constructive dialogue with shareholders. We have also established a basic stance on compliance and risk management, and are implementing activities accordingly.

Response to the Corporate Governance Code

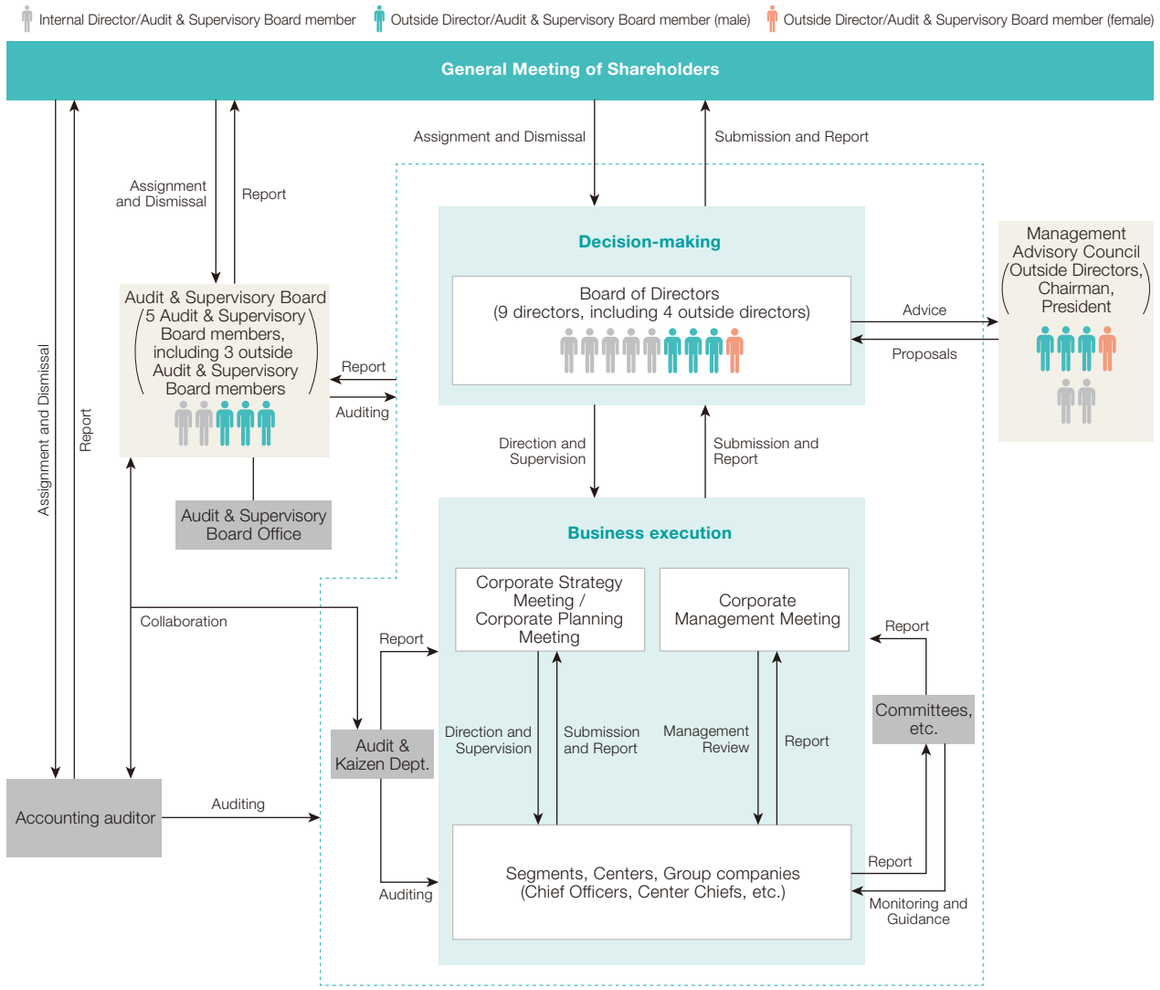
Toyota Boshoku has determined that it is in compliance with all principles of the Corporate Governance Code. Please refer to our Corporate Governance Report (provided in Japanese only), which was submitted to the Tokyo Stock Exchange.

Corporate governance system

Toyota Boshoku has appointed five internal directors and four outside directors with extensive experience and broad insight. Through their supervisory function, the outside directors serve to ensure the legality and appropriateness of decision-making by the Board of Directors and the execution of duties by directors.

The four persons appointed as outside directors satisfy the requirements for independent directors as stipulated by the Financial Instruments Exchange. They have been designated as independent directors of the Company because it has been determined that there is no risk of conflicts of interest with general shareholders. In addition, we have adopted a corporate auditor system, in which a five-person structure that includes

System diagram of corporate governance (as of June 11, 2025)



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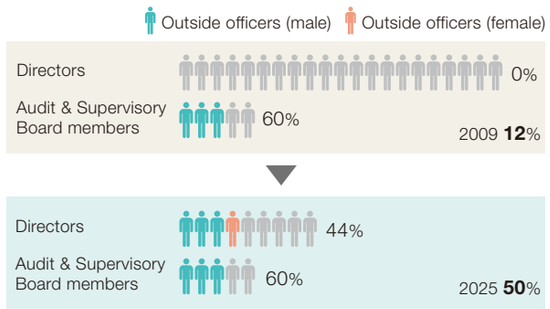
three outside Audit & Supervisory Board members audits the management of directors.

Audit & Supervisory Board members audit the business execution of directors, as well as the business and financial condition of subsidiaries in and outside Japan. Such initiatives, including assigning dedicated staff to the Audit & Supervisory Board Office, help strengthen the functions of the Audit & Supervisory Board.

The three persons appointed as outside Audit & Supervisory Board members satisfy the requirements for independent auditors as stipulated by the Financial Instruments Exchange. They have been designated as independent auditors of the Company because it has been determined that there is no risk of conflicts of interest with general shareholders.

The Management Advisory Council was established as a forum for the candid exchange of opinions related to such matters as management issues, appointment and dismissal of management, nomination of candidates for director and Audit & Supervisory Board member, and compensation for management and directors.

Ratio of outside officers



(1) Board of Directors

Number of meetings held in FY2025: 13

The Board of Directors convenes at least once a month, and as the management decision-making body, decides on important management matters such as legal matters, corporate hoshin (policy), business plans and capital investment plans, and also monitors business execution. The Board of Directors is chaired by the Chairman. Items that should be submitted to the Board of Directors are stipulated in rules of the Board of Directors, and other items are delegated to the President, Chief Officers, Center Chiefs, etc. in accordance with the Authorization Policy.

Main discussions at the Board of Directors (FY2025)

General Meeting of Shareholders	● Decision on convocation and agenda items ● Approval of business reports, financial statements, etc. ● Condition of the exercise of voting rights on agenda items at the General Meeting of Shareholders
Executive officers and organization	● Selection of representative director and executive director ● Directors' compensation and bonuses
Business planning, corporate strategy	● Formulation of global hoshin (policy) ● Deliberation on business advancement, alliances, reorganization, etc. ● Status of investment in and collaboration with startup companies ● Deliberation on capital investment ● Report on special profit improvement activities in the Americas ● Deliberation and report on IR activity plan
Sustainability	● Status of Environmental Initiatives ● Initiatives for Circular Economy ● Status of human rights due diligence ● Status of initiatives to prevent occupational accidents ● Status of response to business risks ● Status of health and productivity management ● HR strategy (Human Capital Report) ● Status of quality initiatives ● Status of DX promotion ● Progress in strategic intellectual property activities ● Status of Efforts to Fair Transactions
Other	● Implementation of interim dividend ● Report on operational status of basic policy on the development of internal control systems ● Approval and report on transactions involving a conflict of interest ● Implementation and report on assessments of the effectiveness of the Board of Directors ● Examination of stockholdings ● Operational status of whistle-blowing system ● Items related to property and assets

(2) Audit & Supervisory Board member, Audit & Supervisory Board

Number of meetings held in FY2025: 14

The Audit & Supervisory Board consists of two standing members and three outside members, and the lead standing member serves as Chair of the Audit & Supervisory Board.

Board of Directors discussion "Business Investment Strategy in India" (excerpts)

Strategic investment in growth markets (aggressive governance)

- Discussed the need to strengthen the supply system in light of the medium- to long-term growth potential of the Indian market. Gave careful consideration from multiple perspectives, including outside directors, based on a business feasibility assessment and multiple risk scenarios (demand fluctuation, forex, geopolitical risk, etc.).
- Upfront investment was confirmed to be reasonable and feasible through a risk assessment process, and this was supported as a "strategic decision to strengthen competitiveness."
- Shared recognition that deepening relationships with local companies and being capable of proposing trends is the source of competitiveness, and that it is important to develop speedy sales activities on that basis

Risk management and HR strategy (defensive governance)

- Carefully considered borrowing schemes and cost reduction measures from the perspective of both financial health and feasibility. A view was stated that there should be a balance between risk-taking and risk management
- In the area of securing and developing human resources, a report was made on initiatives to pass on skills and improve retention rates through the introduction of MONOZUKURI training and collaboration with universities, and this was assessed as "a sustainable HR strategy in collaboration with local communities"
- Shared recognition of the need to strengthen cooperation with the intellectual property unit to address risks related to business continuity, including patent strategy

Ensuring and differentiating competitive advantage

- Confirmed the policy of differentiation from competitors by strengthening relationships with customers from the planning phase, utilizing precision mold technology and ability to make proposals from the design stage
- A report was made on aiming to both improve marginal profit and secure production volume through local procurement of materials and streamlining of production processes, and this was supported as "strengthening competitiveness through local optimization"
- A policy of substantiating and differentiating the company's technological capability was set out, drawing on an evaluation system that is well placed to meet customer expectations (including the provision of motor core evaluation equipment), and a view was stated regarding the importance of "gaining trust through the visualization of technological capability"

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The main items discussed by the Audit & Supervisory Board include the selection of standing Audit & Supervisory Board members, audit policy and audit implementation plans, status of development and operation of internal control system, appropriateness of audit method performed by accounting auditors and the results thereof, and the preparation of audit reports.

We evaluate the effectiveness of the Audit & Supervisory Board in order to contribute to the enhancement of corporate value over the medium to long term. In fiscal 2025, questionnaires and interviews were conducted with all members of the Audit & Supervisory Board and Board of Directors, including those from outside the company. We are striving to improve the effectiveness of the Audit & Supervisory Board by recognizing issues that the Board should address in the future and working to address those issues, through measures such as analyzing content and obtaining evaluative opinions.

With regard to the activities of Audit & Supervisory Board members, they conduct audits of internal divisions and group companies inside and outside Japan based on the audit policy and annual plans, communicate with directors, etc., attend the Board of Directors, Corporate Planning Meeting and other important meetings, inspect important documents, etc., and exchange information with the internal auditing department and accounting auditors.

Main discussions at Audit & Supervisory Board (FY2025) (excluding audit reports)

General management	● Company member safety and health management, environmental management initiatives
Internal control and auditing	● Basic policy on the development of internal control systems, etc. ● Status of risk management ● Status of global internal auditing system ● Japan and non-Japan subsidiary audit results ● Status of fraud management
Other	● Evaluation of the effectiveness of the Audit & Supervisory Board

(3) Management Advisory Council

Number of meetings held in FY2025: 3

To incorporate independent perspectives, the Management Advisory Council is composed of four outside directors (Akihiro Koyama, Junko Shiokawa, Takafumi Seto, Yasuhiko Yamazaki), along with two internal directors (Chairman Shuhei Toyoda and President Masayoshi Shirayanagi). The chair of the Management Advisory Council is the Chairman. The Management Advisory Council, as an advisory body to the Board of Directors, deliberates on important corporate strategies and issues, the selection and dismissal of management, compensation, succession planning and other matters, and has the authority to determine the amount of individual compensation for directors upon resolution by the Board of Directors. Furthermore, the regulations of the Management Advisory Council established in December 2018 stipulate the members of the Management Advisory Council and the content of its agenda.

Main discussions at Management Advisory Council (FY2025)

Officer compensation	● Compensation criteria for directors and operating officers ● Percentage of monetary compensation and number of shares under the transfer-restricted stock compensation plan for directors (excluding outside directors)
Organization & structure	● Structure of directors and Audit & Supervisory Board members, and organizational changes ● Selection of individuals for promotion to operating officer

Support structure for outside directors and Audit & Supervisory Board members

Internal directors and standing Audit & Supervisory Board members provide explanations about required knowledge pertaining to areas such as the Company's businesses, financial affairs and organizations when outside directors and outside Audit & Supervisory Board members assume office. The Company also sends materials of the Board of Directors and Audit & Supervisory Board beforehand to outside directors and outside Audit & Supervisory Board members and provides them with prior explanations on the important matters of agenda items submitted to the Board of Directors. Furthermore, outside directors and outside Audit & Supervisory Board members are provided with reports on the progress of global hoshin (policy), and plans are made for them to tour plants and offices. The Company has assigned dedicated staff to the Audit & Supervisory Board Office as part of a structure for supporting the day-to-day auditing activities of standing Audit & Supervisory Board members. They also support the auditing activities of outside Audit & Supervisory Board members through the operation of the Audit & Supervisory Board.

Business execution system

Toyota Boshoku adopts an organization consisting of six units (Corporate Operation, Research & Development, Functional Collaboration, Production, Special Duties, and Regional Business). We have introduced a Chief Officer System to ensure cross-functional cooperation, and have assigned Center Chiefs, etc. so as to clarify roles, responsibilities, and authority, simplify the decision-making process, and make quick management decisions.

The Corporate Planning Meeting is held twice a month to ascertain the status of implementation of the above, share information on important management issues, and make decisions, while the Corporate Strategy Meeting is held as necessary to deliberate and set the direction for company-wide corporate strategies, as well as products and regional strategies. In this way, as well as ensuring thorough deliberation on issues prior to submission to the Board of Directors, we strive to quicken our response to management challenges. In addition, we have established the Corporate Management Meeting, where information is shared among internal directors, standing Audit & Supervisory Board members, Chief Officers, Center Chiefs, etc., as well as various committees and meeting bodies, so as to enhance deliberations on individual matters and regularly monitor and follow-up on the status of business execution based on policies decided by the Board of Directors.

Roles of various meeting bodies

Meeting body	Role	Frequency
Corporate Strategy Meeting	● Deliberation and orientation of important company strategies	As needed
Corporate Planning Meeting	● Important management decision-making ● Information sharing on important matters ● Deliberation and approval of measures to address important business execution issues	Twice a month
Corporate Management Meeting	● Monitoring of the execution of important business operations (predictive management) ● Responding to issues quickly and efficiently ● Sharing information with all officers	Once a month

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Directors, Audit & Supervisory Board members and Operating Officers (as of July 1, 2025)

Directors



Shuhei Toyoda 1
Chairman
Term of office as Director: 21 years



Shunichi Iwamori 4
Director, Operating Officer
Term of office as Director: 3 years
Regional Chief Executive Officer,
the Americas Region Segment
President, Toyota Boshoku America, Inc.



Junko Shiokawa 7
Outside Director
Term of office as Director: 4 years



Masayoshi Shirayanagi 2
President
Term of office as Director: 3 years
Chief Executive Officer
Chief Risk Officer
In charge of Audit & Kaizen Department



Norimichi Adachi 5
Director, Operating Officer
New appointment
Chief Manufacturing Officer
In charge of Production Unit



Takafumi Seto 8
Outside Director
Term of office as Director: 3 years



Hiroki Tsunoda 3
Director, Operating Officer
Term of office as Director: 1 year
Chief Technology Officer
In charge of Research & Development Unit
Segment Chief,
Technical Management Segment



Akihiro Koyama 6
Outside Director
Term of office as Director: 7 years



Yasuhiko Yamazaki 9
Outside Director
Term of office as Director: 1 year

Audit & Supervisory Board Members



Kazuo Koide 10
Standing Audit &
Supervisory Board Member
Term of office as Audit &
Supervisory Board Member: 2 years



Hiroshi Miura 13
Outside Audit &
Supervisory Board Member
Term of office as Audit &
Supervisory Board Member: 3 years



Hidenori Ozaki 11
Standing Audit &
Supervisory Board Member
New appointment



Yoshito Fujikawa 14
Outside Audit &
Supervisory Board Member
Term of office as Audit &
Supervisory Board Member: 1 year



Hiroyuki Yokoyama 12
Outside Audit &
Supervisory Board Member
Term of office as Audit &
Supervisory Board Member: 6 years

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Directors, Audit & Supervisory Board members and Operating Officers

Directors 9 directors, including 4 outside directors Officers average age: 63 years old

* Equivalent to previous Managing Officer, Executive Functional Officer and Functional Officer

Shuhei Toyoda 1

Chairman

Term of office as Director: 21 years

Apr. 1977 Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation (TMC))
June 1998 Member of the Board of Directors, TMC
June 2001 Managing Director, TMC and President & CEO, Toyota Motor Engineering & Manufacturing Europe NV/SA
Sept. 2001 Member of the Board of Directors (with Managing Director status), TMC
Apr. 2002 President & CEO, Toyota Motor Europe NV/SA
June 2003 Member of the Board of Directors (with Senior Managing Director status), TMC
June 2004 Executive Vice President, the Company
June 2006 President, the Company
June 2015 Chairman, the Company (to present)

Masayoshi Shirayanagi 2

President

Term of office as Director: 3 years

Chief Executive Officer
Chief Risk Officer
In charge of Audit & Kaizen Department

Apr. 1984 Joined Toyota Motor Corporation (TMC)
Apr. 2013 Managing Officer, TMC
Jan. 2018 Senior Managing Officer, TMC
Jan. 2019 Operating Officer, TMC
Jan. 2022 Operating Officer, the Company
June 2022 President, the Company (to present)

Hiroki Tsunoda 3

Director, Operating Officer

Term of office as Director: 1 year

Chief Technology Officer
In charge of Research & Development Unit
Segment Chief, Technical Management Segment

Apr. 1985 Joined Arakawa Auto Body Co., Ltd. (now Toyota Boshoku Corporation)
June 2013 Managing Officer, the Company
Apr. 2019 Global Grade S,* the Company
Apr. 2020 President, Toyota Boshoku Asia Co., LTD.
Apr. 2020 Operating Officer, the Company
June 2024 Director, Operating Officer, the Company (to present)

Shunichi Iwamori 4

Director, Operating Officer

Term of office as Director: 3 years

Regional Chief Executive Officer,
the Americas Region Segment
President, Toyota Boshoku America, INC.

Apr. 1989 Joined Toyoda Boshoku Corporation
Apr. 2017 Functional Officer, the Company
Apr. 2019 Global Grade S,* the Company
Apr. 2022 Operating Officer, the Company
June 2022 Director, Operating Officer, the Company (to present)
Apr. 2025 President, Toyota Boshoku America (to present)

Norimichi Adachi 5

Director, Operating Officer

New appointment

Chief Manufacturing Officer
In charge of Production Unit

Apr. 1989 Joined Araco Corporation
Apr. 2016 Functional Officer, the Company
Apr. 2019 Global Grade S,* the Company
Apr. 2025 Operating Officer, the Company (to present)

Akihiro Koyama 6

Outside Director

Term of office as Director: 7 years

Apr. 1981 Lecturer (Full-Time), Faculty of Economics, Gakushuin University
Apr. 1988 Professor, Faculty of Economics, Gakushuin University
Mar. 1995 C4 (Full-Time) Professor, Faculty of Law and Economics, Bayreuth University, Germany
Sept. 1995 Professor, Faculty of Economics, Gakushuin University
June 2018 Director, the Company (to present)
June 2024 Emeritus Professor, Gakushuin University (to present)

Junko Shiokawa 7

Outside Director

Term of office as Director: 4 years

Apr. 1995 Registered with Daiichi Tokyo Bar Association
Joined Nagashima & Ohno (now Nagashima Ohno & Tsunematsu)
July 1998 Seconded to London Office, European Bank for Reconstruction and Development
Oct. 2000 Joined New York Office, Sullivan & Cromwell LLP
Apr. 2002 Admitted as Attorney-at-Law in New York, the United States of America
Apr. 2005 Joined Barclays Capital Japan Limited (now Barclays Securities Japan Limited)
June 2010 Joined Hong Kong Office, Conyers Dill & Pearman
July 2010 Registered as Foreign Attorney-at-Law in Hong Kong
Nov. 2014 Joined Hong Kong Office, Harneys (Partner)
June 2017 Outside Director of Asahi Net, Inc.
Sept. 2018 Joined Hong Kong Office, Withers LLP (Partner)
June 2021 Director, the Company (to present)
Jan. 2022 Joined Hong Kong Office, Conyers Dill & Pearman (Consultant)
Apr. 2025 Joined Miura & Partners (Partner) (to present)

Takafumi Seto 8

Outside Director

Term of office as Director: 3 years

Apr. 1996 Postdoctoral fellow, Japan Society for the Promotion of Science
Apr. 1997 Joined Mechanical Engineering Laboratory
Oct. 2001 Joined National Institute of Advanced Industrial Science and Technology
Apr. 2007 Associate Professor, National University Corporation Kanazawa University
Sept. 2013 Professor, Institute of Science and Engineering, National University Corporation Kanazawa University(to present)
June 2022 Director, the Company (to present)

Yasuhiko Yamazaki 9

Outside Director

Term of office as Director: 1 year

Apr. 1986 Joined NIPPON DENSO CO., LTD.
June 2014 Executive Director, DENSO CORPORATION
Apr. 2019 Senior Executive Officer, DENSO CORPORATION
Jan. 2024 Executive Vice President, DENSO CORPORATION
June 2024 Director, the Company (to present)
June 2024 Representative Director, Executive Vice President, DENSO CORPORATION (to present)

Audit & Supervisory Board Members

5 Audit & Supervisory Board members, including 3 outside Audit & Supervisory Board members Average age: 65 years old

Kazuo Koide 10

Standing Audit & Supervisory Board Member

Term of office as Audit & Supervisory Board Member: 2 years

Apr. 1981 Joined Arakawa Auto Body Co., Ltd. (now Toyota Boshoku Corporation)
June 2014 Managing Officer, the Company
Apr. 2016 President, Toyota Boshoku (CHINA) Co., LTD.
Apr. 2019 Global Grade S,* the Company
Apr. 2021 Operating Officer, the Company
June 2023 Audit & Supervisory Board, the Company (to present)

Hidenori Ozaki 11

Standing Audit & Supervisory Board Member

New appointment

Apr. 1983 Joined Toyota Motor Corporation (TMC)
Apr. 2018 Functional Officer, the Company
Apr. 2019 Global Grade S,* the Company
Apr. 2021 President, Toyota Boshoku America, INC.
Apr. 2022 Operating Officer, the Company
June 2025 Audit & Supervisory Board, the Company (to present)

Hiroyuki Yokoyama 12

Outside Audit & Supervisory Board Member

Term of office as Audit & Supervisory Board Member: 6 years

Apr. 1974 Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation (TMC))
June 2008 Managing Officer, TMC
Apr. 2012 Senior Managing Officer, TMC
Apr. 2015 Adviser, Daihatsu Motor Co., Ltd.
June 2015 Executive Vice President, Daihatsu Motor Co., Ltd.
Jan. 2019 Executive Adviser, Daihatsu Motor Co., Ltd
June 2019 Audit & Supervisory Board Member, the Company (to present)

Hiroshi Miura 13

Outside Audit & Supervisory Board Member

Term of office as Audit & Supervisory Board Member: 3 years

Apr. 1985 Joined Eiwa Audit Corporation (now KPMG AZSA LLC)
Aug. 1989 Registered as Certified Public Accountant
Feb. 1992 Seconded to New York Office of Arthur Andersen LLP
June 2006 Representative Partner, KPMG AZSA & Co. (now KPMG AZSA LLC)
July 2009 Seconded to KPMG London Office (Head of EMA Global Japanese Practice [GJP])
Oct. 2013 Executive Board Member, KPMG AZSA LLC
July 2019 Executive Officer, KPMG AZSA LLC
June 2021 Outside Audit & Supervisory Board Member, Maruwa Unyu Kikan Co., Ltd. (now AZ-COM MARUWA Holdings Inc.) (to present)
July 2021 Representative CPA, Global Management Advisory Office (to present)
Nov. 2021 Executive Director, ORIX JREIT Inc. (to present)
Mar. 2022 Outside Director, MonotaRO Co., Ltd. (to present)
June 2022 Audit & Supervisory Board Member, the Company (to present)
June 2024 Independent Audit & Supervisory Board Member, OMRON Corporation (to present)

Yoshito Fujikawa 14

Outside Audit & Supervisory Board Member

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

Apr. 1995 Registered as attorney in Osaka
Joined Yodoyabashi Godo Law Office
(now Yodoyabashi & Yamagami Legal Professional Corporation) (to present)
June 1997 Registered as a patent attorney
Feb. 2019 Outside Statutory Auditor, StemCell Institute Inc. (to present)
June 2024 Audit & Supervisory Board Member, the Company (to present)

Operating Officers

Masaki Kuroyanagi

Top Plant General Manager
Chief Plant General Manager,
Production Management Field 2

Toshifumi Chujo

China Region Segment Regional Chief Executive Officer
President, Toyota Boshoku (CHINA) Co., LTD.

Hiroyuki Kato

Segment Chief, Mobility Space Development Segment

Satoshi Yamanouchi

Europe & Africa Region Segment
Regional Chief Executive Officer
President, Toyota Boshoku Europe N.V.

Hiroyuki Oi

Asia Region Segment
Regional Chief Executive Officer
President, Toyota Boshoku Asia Co., LTD.

Shinichi Yaoichi

Segment Chief,
Mobility Space Planning Segment

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Skills and reasons for election of directors

Table of skills

This table defines the experience and expertise (skills) that Toyota Boshoku requires in the Board of Directors to realize our 2030 Target.

We defined essential skills in 10 fields for the purpose of achieving continued growth amid the changing business environment, encompassing elements linked to execution of our 2030 Medium-term Business Plan and enhancement of corporate value.

Going forward, we will revise the skill items as required in response to changes in the business environment and strategies, in efforts to strengthen the functionality of the Board of Directors and to boost sophistication of governance.

Skill	Experience & knowledge concept	Requirements
Corporate management	Management discernment to achieve sustained growth in a changing business environment	Management experience and achievements in Japan and outside Japan
Global	Business management experience at sites outside Japan and global knowledge	Experience as a site manager or similar at a subsidiary outside Japan
R&D	Engineering ingenuity to create comfortable and safe interiors	Able to contribute as an Interior Space Creator
MONOZUKURI (manufacturing)	Manufacturing and engineering capability to consistently offer high quality products	Experience as a plant manager and in production engineering, etc.
Sales and purchasing	Sales and procurement capabilities to collaborate with business partners while striving to reduce environmental impact	Able to innovate through sales and procurement activities
Finance and Accounting	Financial strategy capabilities to boost capital efficiency and profitability	Able to execute highly transparent financial governance
HITOZUKURI (human resources)	Drive human resource development while respecting diversity and teamwork	Able to develop human resources who contribute to society
Legal and compliance	Enhance corporate value through compliance with laws and ordinances and risk management	Legal knowledge and capability in building governance structures
Environment and energy	Contribute to a sustainable society through environmental management	Environmental planning and proposal capabilities in a specialized field
IT and digital	Capable of management and business innovation through digital technology	Experience in organizational reform through the use of digital

Skill matrix and reasons for election (internal executive officers)

Classification	Name	Management Advisory Council	Corporate management	Global	R&D	MONOZUKURI (manufacturing)	Sales and purchasing	Finance and Accounting	HITOZUKURI (human resources)	Legal and compliance	Environment and energy	IT and digital	Reasons for election	Number of Board of Directors, Audit & Supervisory Board attended in fiscal 2025
Chairman	**Shuhei Toyoda**	○	●	●	●	●			●				In addition to having held important positions in bases outside Japan and his experience as a director, Dr. Toyoda has held posts successively as President and Chairman of the Company and possesses experience based on many years of involvement in the Company's operations. His wealth of experience and broad insight can be utilized for management of the Company.	Board of Directors 13/13 meetings
President	**Masayoshi Shirayanagi**	○	●	●			●	●	●				In addition to having held important positions in purchasing, accounting, and external and public affairs divisions, and bases outside Japan, Mr. Shirayanagi has been involved in the management of the Company as President. His wealth of experience and broad insight can be made use of for management of the Company.	Board of Directors 13/13 meetings
Director, Operating Officer	**Hiroki Tsunoda**		●	●	●						●	●	Mr. Tsunoda has been involved in company-wide R&D as Chief Technology Officer for mainly product planning and development, and new business promotion. He also has management experience as head of the regional headquarters in Asia. His wealth of experience and broad insight can be made use of for management of the Company.	Board of Directors 11/11 meetings*
Director, Operating Officer	**Shunichi Iwamori**		●	●		●	●	●					In addition to his experience in accounting and purchasing divisions at the Company as Chief Financial Officer and Chief Purchasing Officer, Mr. Iwamori was in charge of the Audit & Kaizen Department, which is the governance evaluation department. He was appointed as head of the regional headquarters in the Americas. His wealth of experience and broad insight can be made use of for management of the Company.	Board of Directors 13/13 meetings
Director, Operating Officer	**Norimichi Adachi**		●	●		●							Mr. Adachi has served as Chief Quality Officer of the Quality Segment and has been in charge of manufacturing at the regional headquarters in the Americas, and served as Segment Chief of the Production Segment. He has been involved in manufacturing in every part of the Company, and has management experience both in and outside Japan as head of regional headquarters. His wealth of experience and broad insight can be made use of for management of the Company.	–
Standing Audit & Supervisory Board Member	**Kazuo Koide**		●	●			●		●		●		In addition to having held important positions in purchasing, human resources, and the Audit & Kaizen Department, Mr. Koide possesses experience as head of the regional headquarters in China. His extensive management experience and broad insight can be made use of for the auditing system of the Company.	Board of Directors 13/13 meetings Audit & Supervisory Board 14/14 meetings
Standing Audit & Supervisory Board Member	**Hidenori Ozaki**		●	●			●				●		In addition to having held important positions in the sales division and bases outside Japan, Mr. Ozaki has experience in corporate planning and as head of the regional headquarters in the Americas. His abundant management experience and broad insight can be made use of for the auditing system of the Company.	–

* Since his appointment on June 12, 2024

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Skill matrix and reasons for election (outside officers)

Classification	Name	Management Advisory Council	Corporate management	Global	R&D	MONOZUKURI (manufacturing)	Sales and purchasing	Finance and Accounting	HITOZUKURI (human resources)	Legal and compliance	Environment and energy	IT and digital	Reasons for election	Number of Board of Directors, Audit & Supervisory Board attended in fiscal 2025
Outside Director	Akihiro Koyama	○		●				●	●	●			Dr. Koyama was elected as a director because it was deemed that he could reflect his research into such areas as corporate finance and corporate governance and also his expert knowledge acquired over many years in corporate management from a global perspective in the management of the Company and contribute to maintaining and strengthening of the Company's corporate governance.	Board of Directors 13/13 meetings
Outside Director	Junko Shiokawa	○		●				●		●			Ms. Shiokawa was elected as a director because it was deemed that she could reflect in the management of the Company the broad insight she has gained as a attorney on global cases related to investment funds, finance, cross-border M&A, and investment fund-related dispute resolution.	Board of Directors 13/13 meetings
Outside Director	Takafumi Seto	○			●	●			●		●	●	Dr. Seto was elected as a director because it was deemed that he could reflect in the management of the Company his research in conjunction with his diverse engineering knowledge and skills, and offer valuable insights regarding pioneering research for future society, as well as conduct joint research with the Company on the theme of realizing comfortable spaces for near-future automobiles, and contribute to the Company's future business.	Board of Directors 13/13 meetings
Outside Director	Yasuhiko Yamazaki	○	●	●	●	●			●				Mr. Yamazaki was elected as a director because it was deemed that he could reflect in the management of the Company his experience as an Executive Vice President of Denso Corporation, where he also serves as Chief Innovation Officer, Chief Quality Officer, Chief Human Resources Officer. He also has a wealth of global experience and knowledge working in various businesses, functions, and postings, including as the Head of overseas offices and the Head of company-wide manufacturing functions.	Board of Directors 10/11 meetings*
Outside Audit & Supervisory Board Member	Hiroyuki Yokoyama		●	●	●	●				●			Mr. Yokoyama was elected as an Audit & Supervisory Board member because it was deemed that he could reflect in the auditing system of the Company his experience in the quality assurance division and at locations outside Japan at Toyota Motor Corporation, as well as his extensive experience and insight gained at Daihatsu Motor Co., Ltd.	Board of Directors 13/13 meetings Audit & Supervisory Board 13/14 meetings
Outside Audit & Supervisory Board Member	Hiroshi Miura		●	●				●		●			Mr. Miura was elected as an Audit & Supervisory Board member because it was deemed that he could reflect in the auditing system of the Company his experience as a certified public accountant and broad insights related to accounting, financial auditing and governance from his experience over many years in financial auditing and corporate management advisory services.	Board of Directors 13/13 meetings Audit & Supervisory Board 14/14 meetings
Outside Audit & Supervisory Board Member	Yoshito Fujikawa				●			●	●	●		●	Mr. Fujikawa was elected as an Audit & Supervisory Board member because it was deemed that he could reflect in the auditing system of the Company his experience as an attorney-at -law and patent attorney, extensive knowledge and experience in corporate governance, litigation, and other dispute-related legal affairs, as well as in corporate legal work, including intellectual property, and can contribute to maintaining and strengthening to the Company's corporate governance.	Board of Directors 11/11 meetings* Audit & Supervisory Board 11/11 meetings*

Outside Director Yasuhiko Yamazaki is an Executive Vice President of Denso Corporation, a business partner of the Company.
Outside Audit & Supervisory Board Member Hiroyuki Yokoyama was formerly Executive Advisor at Daihatsu Motor Co., Ltd., a business partner of the Company.

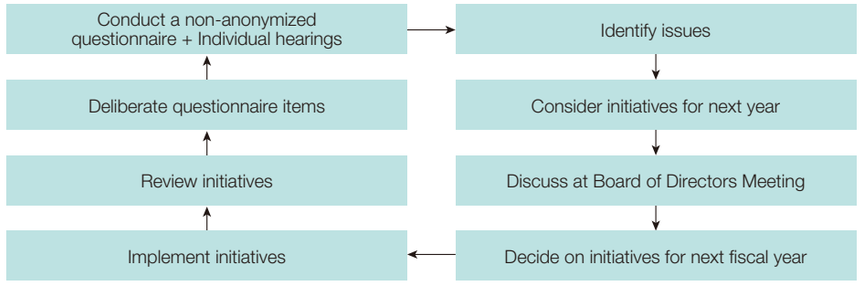
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Evaluation results of the effectiveness of the Board of Directors

Toyota Boshoku conducts annual evaluations of the Board of Directors to assess its effectiveness and drive continuous improvement, ensuring that it functions as a decision-making body that contributes to the sustainable enhancement of corporate value.

Evaluation process



FY2025 initiatives

In fiscal 2025, we have been enhancing strategic themes in the Board of Directors, such as new business strategy, human resource strategy, and intellectual property strategy. To further enhance the provision of information to outside officers, in addition to the pre-Board meeting briefings and plant and facility visits carried out to date, an informal meeting was held after the Board meeting for Board members to freely exchange opinions and discuss medium- to long-term corporate strategy. In addition, we have made improvements, such as holding roundtable meetings for outside officers, providing an opportunity for communication among outside officers.

Overview of FY2025 evaluation

Subject of evaluation	The company's Board of Directors meetings held between April 2024 and March 2025
Evaluators	All Directors and Audit & Supervisory Board members
Evaluation method	Non-anonymized questionnaire + Individual hearings

FY2025 evaluation results

The evaluation confirmed that the effectiveness of the Board of Directors in making important management decisions and supervising business execution has been ensured and improved.
On the other hand, opinions were expressed including requests for regular progress reports on important subjects and comprehensive risk information in Board of Directors meeting materials. In addition, there was found to be room for improvement on the point of the desirability of more detailed reports at Board of Directors meetings regarding responses to opinions and concerns raised by shareholders and investors.

FY2026 priority actions

(1) Develop an annual plan of regular progress reports
Systematically confirm important matters for which regular progress reports are stipulated by the Board of Directors, by incorporating them into the annual agenda schedule of the Board of Directors

(2) Promote dialogue with stakeholders
Enhance dialogue with stakeholders by discussing stakeholder opinions and concerns at Board of Directors meetings and formulating action plans to address them

(3) Enhance support for outside officers
In addition to continuing to utilize an informal meeting as a forum for discussing medium- to long-term strategy, we will strive to deepen understanding of the Company among outside officers by encouraging free and open discussions on themes proposed by outside officers



Activities to ensure understanding by outside officers

Toyota Boshoku considers plant visits, visits to sites inside and outside Japan, and interaction with company members by outside officers to be important initiatives to deepen understanding of the Toyota Boshoku group, and we continue to implement them on an ongoing basis.

Through a visit to the Guangzhou plant in China on a *Genchi-Genbutsu* (go, see & study) basis, the participants experienced the region's unique business environment and manufacturing innovations, and also learned about future developments. The approach to solving issues and training-related improvements was highly praised. On a visit to the Shanghai International Automobile Industry Exhibition, participants experienced cutting-edge technology and the challenging market environment, and shared an awareness of the issues for strengthening competitiveness. During interaction with company members at the Takaoka Plant, hearing the real views of company members reaffirmed the importance of giving consideration to the group's workers and creating a rewarding workplace. In addition, understanding was deepened concerning the strong on-site capability to manufacture multiple items sequentially being a part of the company's competitive advantage.

The insights and recommendations gained from the perspectives of outside officers are reflected in the direction of the company through dialogue with management, and this also improves motivation among company members. We will continue to carry out these activities to enhance corporate value by leveraging external perspectives.

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Details of FY2025 evaluation results

		Evaluation item	FY2025 Issue	FY2025 Initiative	Evaluation result	Issue	Initiatives in FY2026
1	Effectiveness of the Board of Directors	**Personnel composition** ● Is the number, balance, and diversity of the workforce appropriate? ● Is there oversight of the selection of potential successors and training plans?	—	—	While the number of personnel and the ratio of independent outside directors and Audit & Supervisory Board members are appropriate, there are areas for improvement in terms of diversity	● There are few managers, non-Japanese and female members ● The usefulness of having individuals from the Toyota Group has not been explained externally	● Ideas for communicating externally that outside officers are fulfilling their roles and responsibilities
		Status of discussions ● Are they open and constructive? ● Is there sufficient information provision?	● The progress of discussions is not understood ● Ideas are needed for fully reflecting diverse viewpoints within limited timescales and topics	● Sharing of the progress of discussions, including minutes of the Corporate Planning Meeting ● Implementation of informal meetings	Although there is room for improvement in the provision of information required for discussions, the discussions themselves have become more open than in fiscal 2024	● There is insufficient information provision on risk assessment	● Distribution of risk assessment materials at Board of Directors meetings
		Agenda ● Is agenda-setting appropriate? ● Are plans developed?	● The agenda for corporate strategy is inadequate	● Planning of agendas related to strategy	The agenda regarding company direction and strategy is configured in a balanced manner in line with the annual schedule, and has improved from before	● Follow-up on projects where this was indicated to be reported regularly is weak	● Identification of target projects and annual planning of periodic reports
		Operation and materials ● Is the timing, quality, and quantity of provided materials appropriate? ● Is the frequency and time of meetings appropriate?	● The decision-making points are not clear in many of the materials	● Improvement of documentation guidelines	Meeting management was adequate and the quality of materials also improved	● Target values are occasionally not quantitative ● Specific action plans are occasionally not described	● Further improvement of material creation guidelines
2		**Dialogue with shareholders and investors** ● Is a system for promoting dialogue and a policy for initiatives being considered? ● Are efforts being made to address shareholder and investor interest and concerns?	● There is insufficient discussion on how to incorporate shareholder and investor opinions into management	● Reporting and discussion of the annual IR plan and implementation results	New dialogue initiatives have increased opportunities for reporting, but not enough	● There is insufficient reporting on shareholder and investor interest and concerns	● Formulation of action plans ● Annual planning of IR reporting
3		**Support for outside officers** ● Is there sufficient information provision? ● Is the timescale for the pre-briefing adequate and effective? ● Is there information exchange among outside officers?	● There are insufficient opportunities to see the sites of operations ● There are few opportunities for interaction among outside officers	● Expansion of information provision opportunities ● Provision of opportunities for outside officers to interact with each other and with company members	Understanding of the agenda has been enhanced by post-Board meeting plant tours and business reports, and through information provided online and via video recordings	—	Further expansion of information provision opportunities. ● Board of Directors Meeting pre-briefings ● Facility visits ● Roundtable meetings with outside officers ● Roundtable meetings with company members etc.
4		**Management Advisory Council** ● Is the Management Advisory Council appropriately nominating executive management and directors and considering their compensation?	—	—	Both information and time are limited, and advance information provision and Q&A opportunities are desirable in order for it to function effectively	● Insufficient information is provided to determine the appropriateness of persons being promoted	● Providing opportunities to meet with company members who are candidates for executive management, through business briefings and lunch meetings
5		**Approach to evaluation of effectiveness** ● Is the method for evaluating effectiveness appropriate?	● There is insufficient use of third-party organizations	● Implementing a comparison with other companies on the effectiveness evaluation method	The methodology is appropriate, but the use of third-party organizations should continue to be considered	—	● Considering utilizing third-party organizations

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Policy for deciding the amount of officers' compensation and the calculation method

The "Policy for deciding the amount of compensation for Directors and Operating Officers" is resolved by the Board of Directors.

1. Basic approach

In order to realize a compensation system that is highly linked to the Company's business performance, the following are reflected in part of the compensation structure:

a. we set the disparity between positions reasonably in light of the roles and responsibilities, and
b. grant stock-based compensation under the transfer-restricted stock compensation plan to directors other than outside directors.
In addition, in order to reflect annual performance and efforts to improve medium-term corporate value in compensation (bonus),
c. the Company's uniform annual performance and the degree of achievement of annual hoshin (policy) by each individual for the single year, and
d. evaluation of medium-term corporate value enhancement in terms of the enhancement of social value and economic value.

2. Approach to the level of compensation

For the level of compensation, we select companies listed on the Prime Market of the Tokyo Stock Exchange for benchmarking, based on their corporate size, consolidated revenue, consolidated operating profit, and number of company members and we confirm the appropriateness of compensation amounts while also incorporating the results of external compensation survey organizations.

3. Directors' compensation

Annual compensation for directors is limited to 600 million yen (including 70 million yen for outside directors), as resolved at the Ordinary General Meeting of Shareholders held on June 17, 2020. The number of directors as of the close of this Ordinary General Meeting of Shareholders was nine, including four outside directors. Please see the right table "Structure of Directors' Compensation" on the right, for details on the types of compensation, payment criteria, and the structure of compensation.

4. Compensation for outside directors

Outside directors are paid only fixed monthly compensation as they are expected to fulfill their roles and responsibilities from a standpoint completely independent of business execution.

5. Compensation for Audit & Supervisory Board members

Audit & Supervisory Board members are paid only fixed monthly compensation and there is no variable factor based on performance. Compensation for Audit & Supervisory Board members is determined through discussion among the Audit & Supervisory Board members within the limit of compensation set by resolution of the Ordinary General Meeting of Shareholders held on June 14, 2022 (not to exceed 130 million yen per year; the number of Audit &Supervisory Board members as of the close of this Ordinary General Meeting of Shareholders was four).

Total amount of compensation, etc. for directors and Audit & Supervisory Board members (April 2024–March 2025)

Category	Total compensation, etc. (million yen)	Compensation, etc. by type (million yen)			
		Fixed compensation (Monthly compensation)	Performance-linked compensation (Bonuses)	Stock compensation (Transfer-restricted stock)	Number of persons to be paid
Director (of which outside directors)	408 (50)	252 (50)	115 (—)	40 (—)	11 (5)
Audit & Supervisory Board Member (of which outside Audit & Supervisory Board members)	105 (28)	105 (28)	—	—	5 (3)
Total (of which outside officers)	513 (79)	357 (79)	115 (—)	40 (—)	16 (8)

Notes:
1. The above compensation includes two directors who retired as of the close of the 99th Ordinary General Meeting of Shareholders held on June 12, 2024.
2. The number of persons to whom performance-linked compensation (bonuses) and stock compensation (transfer-restricted stock) will be paid is five directors (excluding outside directors).

Structure of Directors' Compensation

Type of Compensation	Payment Criteria	Structure of Compensation	Category
Fixed Compensation (Monthly compensation)	Compensation table: Set according to position (level of responsibility). Set the disparity between qualifications at a certain rate, and set the amount of compensation according to the index for each position.	55%	Monetary compensation
Performance-Linked Compensation (Bonuses)	1) Reflect performance for a single fiscal year in the compensation (bonus) table according to position, based on consolidated operating profit.[1] 2) Reflect medium-term enhancement of corporate value in the bonus payment amount according to the achievement rate (0–150%) based on the contribution to economic value enhancement (20% increase in net assets) and contribution to social value enhancement (20% increase in ESG evaluation score[2]) after three years.[3] [Structure of bonus] 100% 1) Reflection of single-year results (82%) / 2) Medium term (18%)	35%	Monetary compensation
Stock compensation (Transfer-restricted stock)	Issue shares to directors, excluding outside directors, which are restricted from sale for a certain period of time (the total amount of stock-based compensation is to be no more than 100 million yen per year, as resolved at the Ordinary General Meeting of Shareholders held on June 17, 2020; from 2021, the Board of Directors will resolve the timing and distribution of compensation)	10%	Stock compensation

1 Consolidated operating profit for the fiscal year ended March 31, 2025 was 42.3 billion yen.
2 From fiscal 2023, the evaluation indicator for social value enhancement has been changed from a CSR evaluation score to an ESG evaluation score for CSV activities. Of the 24 main indicators that make up the ESG evaluation score, 3 are related to climate change. Specifically, plant GHG emissions reduction ratio, scope3 emission reduction rate, and renewable energy introduction ratio. Please see "ESG KPIs: Targets and Results" for details. P.57
3 Net assets for the fiscal year ended March 31, 2025 were 490.0 billion yen, and the ESG evaluation score was 3.6 points (out of 5.0 points).

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6. Procedures for determining compensation, etc.

In order to ensure the appropriateness of the level and amount of compensation and transparency in the decision-making process, the decision on specific individual compensation payments based on the policy for deciding the amount of compensation is entrusted to the Management Advisory Council, which is composed of four independent outside directors, Chairman (the Chair of the Council), and the President.

The process is set forth in the Board of Directors Rules and the Management Advisory Council Rules, and since the amount of compensation for each individual director is determined through established procedures, the Board of Directors believes that the details thereof are in line with the policy for deciding the amount of compensation.

7. Transfer-restricted stock compensation

The Board of Directors is scheduled to decide on the specific payment period and allocation using the stock compensation limit (within 100 million yen per year and within 100,000 shares per year) defined at the General Meeting of Shareholders held on June 17, 2020.

Applicable recipients	Toyota Boshoku directors (excluding outside directors)
Timing and distribution of allowance	Decided by the Board of Directors
Shares compensation system upper financial limit	Up to 100 million yen per year
Upper limit on shares allowance	Up to a total of 100,000 regular shares per year for applicable board members
Period of restrictions on shares transfer	Until immediately after stepping down as Toyota Boshoku director
Amount paid	Set by the Board of Directors at an amount that will not provide undue advantage to the applicable board member(s), based on the Tokyo Stock Exchange closing price of regular Toyota Boshoku shares on the last business day before the Board of Directors resolution
Conditions for lifting restrictions on shares transfer	Restrictions will be lifted upon expiry of the period of restrictions. However, restrictions will also be lifted upon expiration of term of office, death, or stepping down as director for other legitimate reasons.
Non-compensation acquisitions	In cases where illegal activity has taken place, or there is other justifiable reason established by Toyota Boshoku's Board of Directors, Toyota Boshoku can acquire allotted shares without compensation during the period of restrictions on shares transfer.

Policy and procedure for appointing and dismissing management, and nominating candidates for director and Audit & Supervisory Board member

The appointment and dismissal of management and the nomination of candidates for director and Audit & Supervisory Board member are discussed and deliberated by the Management Advisory Council before the Board of Directors makes a resolution. Our policy for the appointment of management and the nomination of director candidates is based on a comprehensive review from the perspective of having the right people in the right places, so that accurate and prompt decisions can be made while taking into consideration the extent to which they have the skills required for execution and oversight.

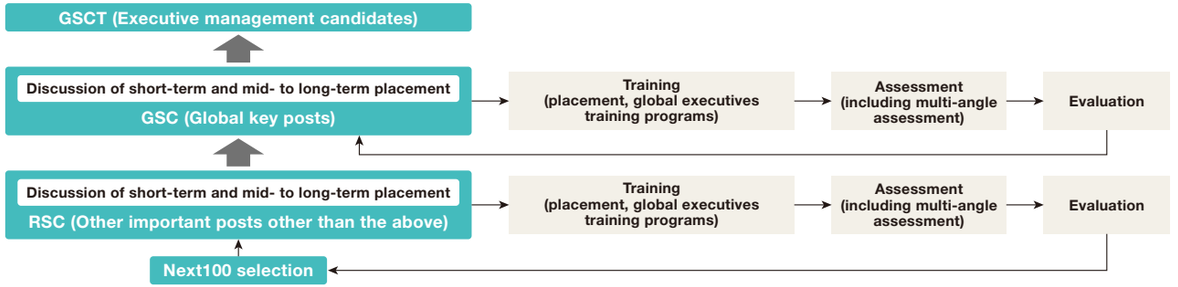
The policy on nomination of candidates for Audit & Supervisory Board member involves a comprehensive examination of whether the person has knowledge regarding finance and accounting, a general understanding of the Company's business and diverse perspectives on corporate management.

The policy on nomination of candidates for outside director and Audit & Supervisory Board member involves a comprehensive examination of the requirements for externality stipulated in the Companies Act and the independence criteria established by the Financial Instruments Exchange, and whether the person has extensive experience and broad insight.

Developing the next generation of executive management candidates

We regard the development of candidates for executive management and the planned selection and assignment of successors as important governance issues. Discussions on the development and optimal assignment of successors to posts including senior managers and the presidents of sites in and outside Japan are held by members currently at operating officer level and above, under the auspices of the Succession Committee. Committees are established for each target post, and discussions on candidates for executive management are held at the GSCT,[1] discussions on key global posts such as presidents of sites inside and outside Japan are held at the GSC,[2] and discussions on other key posts are held at the RSC[3] on an ongoing basis every year.

As part of our initiatives to develop successor personnel, we have introduced a skill matrix (P.97) for executive positions, and are examining personnel selection and development policy based on the skills and experience required for each target post as well as alignment with future business strategy. In addition, we run global executives development programs (GEDP[4] and GLDP[5]) to systematically develop global leaders. At the GEDP and GLDP, participants learn about Toyota Boshoku Group's history and common values, develop basic management skills, and receive training to improve their organizational and human resource



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management capabilities. From their launch in fiscal 2019 until fiscal 2025, 106 people participated in the GEDP and 131 in the GLDP.

Furthermore, from fiscal 2025 we began development of the Next100, selected primarily from among young, female, and non-Japanese company members who are set to become future management personnel. In addition to being the subject of discussions at the GSC and RSC, Next100 personnel are honing their qualities as next-generation leaders through the Creators Development Program (CDP) and other programs that allow them to build experience of putting their own intentions into words, and giving shape to these intentions with the involvement of their peers.

1 Global Succession Committee by Top Executives: Executive management successor development committee comprising members at the Operating Officer level and above
2 Global Succession Committee: Global key post (presidents of business sites, director, division general manager, etc.) successor development committee comprising members at the level of Toyota Boshoku Chief Officer and above, including regional CEO
3 Regional Succession Committee: Successor development committee for key posts other than those discussed in the GSC by Segment Chiefs or Chief Officers/Field Chiefs/Division General Managers and regional CEOs/Operating Officers
4 Global Executives Development Program: Selective training for mid-level senior managers
5 Global Leaders Development Program: Selective training for managers to young senior managers

Compliance

Basic stance

The Toyota Boshoku group states in its Corporate Philosophy that the Company will promote corporate growth while fulfilling our responsibilities as a good corporate citizen. At the same time, the Company clarifies the nature and details of its compliance, its overall promotion system, as well as the scope and goals of activities on a global basis, and conducts activities under strong leadership from top management, while personnel in charge of legal affairs in each region share knowledge of issues as well as improve and strengthen compliance activities.

Strengthening compliance and initiatives for human rights

In addition to anti-bribery measures and adherence to competition laws, the importance of respect for human rights is steadily increasing. The Toyota Boshoku group works to raise members' awareness of compliance and human rights and enhance the level of implementation through various training and educational activities for all company members including officers. In doing this, we strive to achieve compliance with laws and regulations as well as co-existence with local communities through respect for various cultures, values and individuality (P.85). We have a global legal risk management system and continuously take steps to increase awareness of our whistle-blowing system while promoting continuous improvements to this system.

Establishing and operating a consultation and whistleblowing system

The Anything Goes Counselling Window has been set up internally as well as a Compliance Consultation Window at a designated law firm externally to establish an environment in which members from group companies in Japan can easily seek advice without fear of reprisal. Members can seek consultation or report workplace problems involving issues such as labor relations, bullying, any types of harassment, and interpersonal relationships, as well as legal violations and internal misconduct.* Initiatives are also being pursued to establish a whistle-blowing system in regions outside Japan. Throughout fiscal 2025, 269 reports and counseling requests were received to internal and external windows from both within Toyota Boshoku and from group companies in Japan. These were investigated and appropriate actions were then taken.

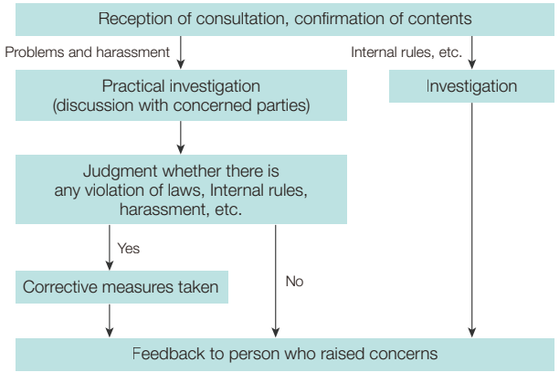
* Cartels, embezzlement and theft, bribery, conflicts of interest, excessive corporate gifting or entertaining with clients or suppliers, and preferential treatment or collusion with clients or suppliers, etc.

Number of consultations from Toyota Boshoku and group companies in Japan

(FY)	2021	2022	2023	2024	2025
Anything Goes Counselling Window[1] (cases)	163	190	201	238	255
Compliance Consultation Window[2] (cases)	9	13	16	11	14

1 Internal consultation and reporting desk for compliance and individual concerns, such as those related to work, human relations and family, etc.
2 External consultation and reporting desk for issues such as compliance, violations of laws, regulations and company rules, and unfair practices

Structure of the Anything Goes Counselling Window and the Compliance Consultation Window



For details, please visit our website.
Compliance
https://www.toyota-boshoku.com/global/sustainability/governance/compliance/

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Risk management

Basic stance

The Toyota Boshoku group is conducting risk assessments and working to comprehensively reinforce risk management and reduce risks in order to respond swiftly to major risks including management risk, risk in daily operations, risk associated with disasters and accidents, risk arising from the external environment such as global warming and water, corruption-related risks such as bribery, cartels, embezzlement, and conflicts of interest, and social reputation risk.[1]

1 Risk of losing societal trust

Risk management activities

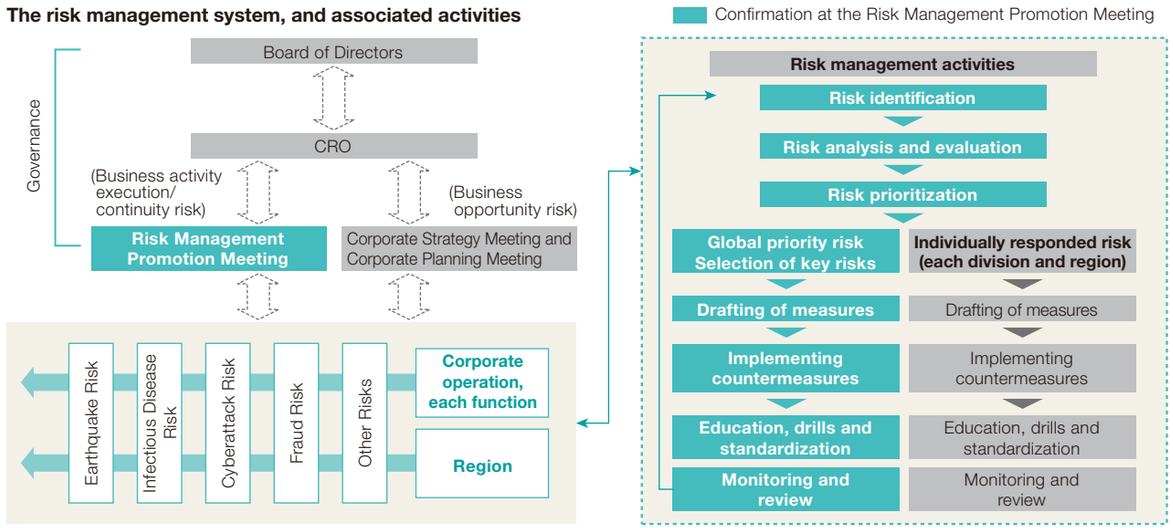
Centered on the Chief Risk Officer (CRO), regions, the Corporate Operation unit and other functions work together to continually implement a PDCA (plan-do-check-action) cycle for risk management, in order to counter the various risks affecting our business. The Risk Management Promotion Meeting has been established within the Toyota Boshoku group to address business execution and continuity-related risk on a global basis, and convenes twice a year.

We are performing even more effective risk management activities, including monitoring the status of risk response by the Board of Directors.

Main actions taken against priority risks in fiscal 2025

Risk	Main actions taken in fiscal 2025
Earthquakes	● Evacuation drills, drills for setting up a company-wide disaster response headquarters, on-site in-house firefighting organization drills ● Promotion of Business Continuity Management (BCM) activities, etc.
Cyberattacks	● Enhancement of company members' awareness of security (security training, targeted e-mail drills) ● Strengthening of security measures at affiliates/suppliers inside and outside Japan ● Automatic disconnection of PCs and servers suspected of being infected with viruses from the network, etc.
Fraud damage	● Prevention of past problems recurring, activities to have this established/entrenched ● Implementation of training by job level, various training programs, audits, etc.
Falsification or concealment of quality/testing data	● Internal hearings, periodic supplier inspections, establishment of a quality-related misconduct prevention mechanism, establishment of a system for checking certified work, education on quality fraud prevention, and awareness-raising through introduction of fraud cases among other companies at the Global Quality Learning Center (GQLC).

The risk management system, and associated activities



Global priority risks in fiscal 2026

Based on the results of the risk assessment for fiscal 2025, we selected global significant risks for fiscal 2026.

Risk map formulation process

Considering the risk environment surrounding the Toyota Boshoku group, the Chief Risk Officer (CRO) and others selected (drafted) the global priority risks based on:

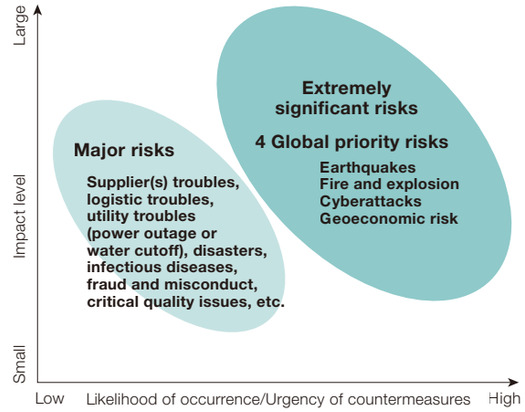
(1) results of risk analysis and assessment by the division responsible for risk;
(2) risks considered important by external organizations, etc.; and
(3) information on crises that have emerged within the Toyota Boshoku group.

These global priority risks were then discussed and finalized by the Risk Management Promotion Meeting.

4 Global priority risks in fiscal 2026

- Earthquakes
- Fire and explosion
- Cyberattack
- Geoeconomic risk

FY2026 Toyota Boshoku group risk map



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Confidentiality management and information security

The Toyota Boshoku group considers the appropriate management of confidential information to be a key element of our business activities. We have both created a group-wide Information Security Policy and assembled a global confidential information management system. Additionally, we are working together as one group to systematically and continuously strengthen our information security.

In addition, once a year, the Company and its consolidated subsidiaries inside and outside Japan collaborate to inspect the status of information security initiatives using the security guidelines, thereby improving internal systems, rules, education, and technical measures to ensure the same level of security on a global basis. In addition to the establishment of systems, we believe in the importance of education, and regularly conduct activities to raise company members' security awareness such as through e-Learning training and drills in targeted e-mail.

The security guidelines are based on ISO 27001/27002, NIST (the United States' National Institute of Standards and Technology) Cybersecurity Framework, the Cybersecurity Management Guidelines of Japan's Ministry of Economy, Trade and Industry, etc., and are periodically reviewed to ensure they are responsive to changes in the environment.

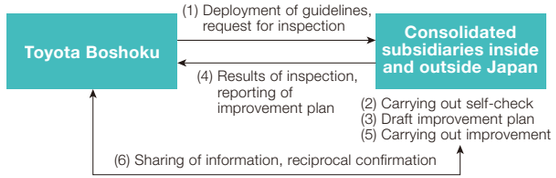
We also update our confidentiality management rules and related procedures, and have introduced an internal information leak detection system to counter the risk of confidential information leaks.

Particularly in recent years, we are focusing not only on in-house countermeasures, but also on close cooperation with group companies and suppliers to prevent weak spots emerging in any part of the supply chain. In order to counteract increasingly sophisticated and diverse cyberattacks, we are enhancing our specialized knowledge, and proactively providing explanations and proposals addressing the importance of confidentiality management and information security, along with specific countermeasures.

Also, we are working in unity with group companies and suppliers, aiming to further strengthen security measures.

Going forward, we will treat thorough protection of safety and security throughout the supply chain as a top priority issue, and aim to further advance by strengthening our activities each year.

Structure of activity promotion with consolidated subsidiaries



Specific confidentiality management actions undertaken

• Training of company members

1. Carrying out training for personnel in charge of confidentiality management / personnel responsible for confidentiality management in each Toyota Boshoku division (once a year)
2. Carrying out intra-division training using audio-based training materials posted on the intranet by personnel in charge of confidentiality management / personnel responsible for confidentiality management in each Toyota Boshoku division (once a year)
3. Carrying out various levels of training at Toyota Boshoku, including upon joining the company, upon receiving promotion, etc. (each training once a year)
4. Carrying out e-Learning training (once a year) and targeted e-mail drills (four times a year) for all company members in the Japan region, including officers

• Educational activities [Toyota Boshoku]

1. Posting information on the intranet, showing videos in cafeterias, displaying informational and caution-prompting message upon startup of personal-use PCs (twice a month)
2. Carrying out activities designed to improve awareness and understanding during Confidentiality Management Month[1] (October)

1 Carrying out distribution of CHRO (Chief Human Resource Officer) messages, workplace self-inspections, workplace discussions, etc.

• Audits

On-site audits[2] by personnel in charge of confidentiality management at Toyota Boshoku (once a year)

2 Compliance with confidentiality management rules are confirmed on a *Genchi-Genbutsu* (go, see & study) basis

• Strengthening Japanese affiliates

Toyota Boshoku visits affiliated companies in Japan to conduct on-site checks on the status of confidentiality management, identify any problems at each company and resolve them

• Provisions in line with our security guidelines

1. Systematic management planning (preparation of systems and rules, etc.)
2. Human resource management planning (training for company members, simulation training, etc.)
3. Technological management planning (improper system access/computer virus countermeasures, restoration measures, security surveillance, etc.)
4. Physical management planning (controlling access to relevant rooms/areas, etc.)
5. Preparation of response systems for accidents and hostile acts

For details, please visit our website.

Risk Management

https://www.toyota-boshoku.com/global/sustainability/governance/risk/

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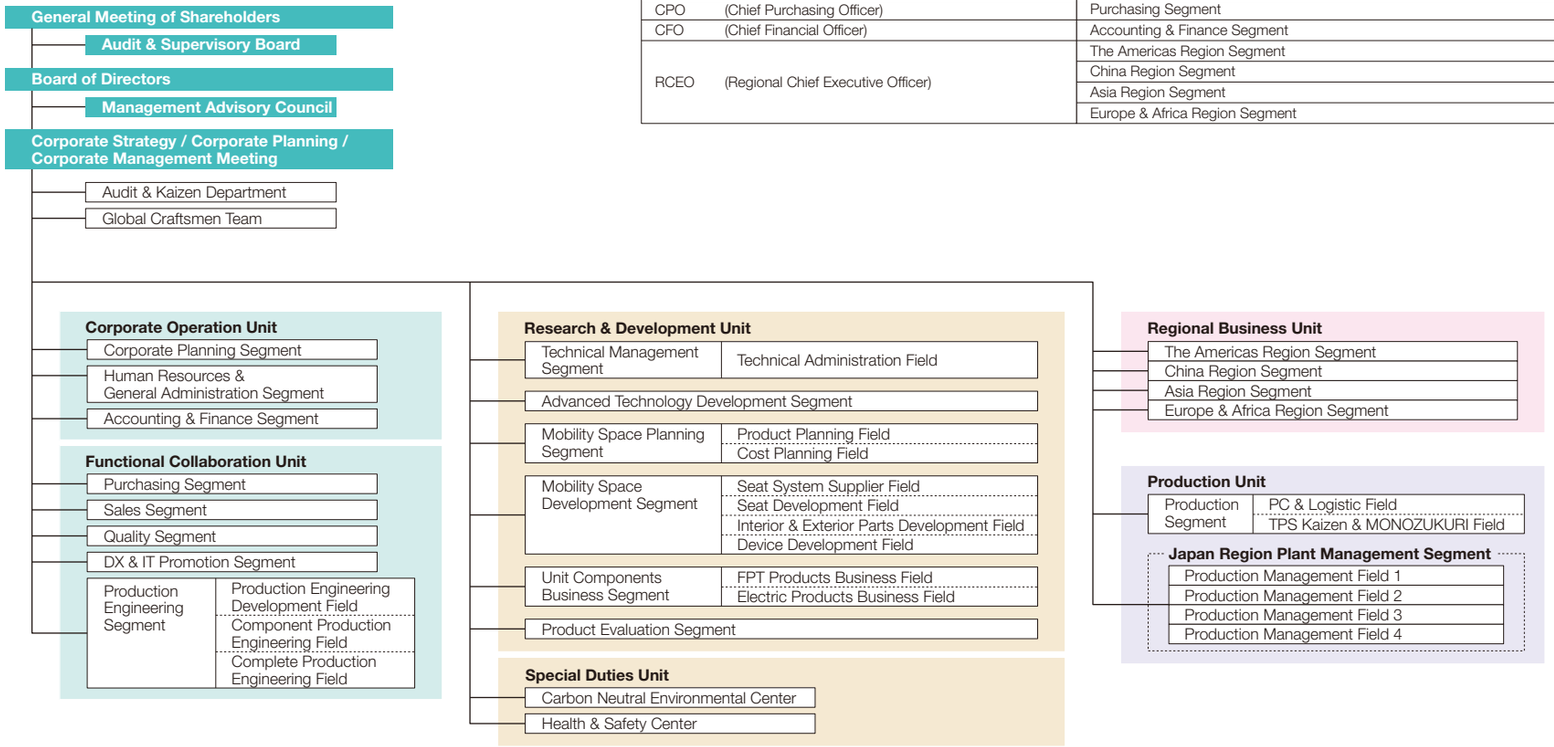
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Organization & Chief Officer structure

CxO		Organization management
CEO	(Chief Executive Officer)	
CRO	(Chief Risk Officer)	Audit & Kaizen Department
CTO	(Chief Technology Officer)	Mobility Space Planning Segment, Mobility Space Development Segment, Unit Components Business Segment, Technical Management Segment, Advanced Technology Development Segment, Product Evaluation Segment
CMO	(Chief Manufacturing Officer)	Production Segment, Plant Management Unit
CDO	(Chief Digital Officer)	DX & IT Promotion Segment
CCO	(Chief Customer Officer)	Sales Segment
CPEO	(Chief Production Engineering Officer)	Production Engineering Segment
CSO	(Chief Strategy Officer)	Corporate Planning Segment
CIO	(Chief Innovation Officer)	Responsible for innovation and new business ventures
CCNO	(Chief Carbon Neutral Officer)	Carbon Neutral Environmental Center
CHRO	(Chief Human Resource Officer)	Human Resources & General Administration Segment
CQO	(Chief Quality Officer)	Quality Segment
CPO	(Chief Purchasing Officer)	Purchasing Segment
CFO	(Chief Financial Officer)	Accounting & Finance Segment
RCEO	(Regional Chief Executive Officer)	The Americas Region Segment
		China Region Segment
		Asia Region Segment
		Europe & Africa Region Segment

Organization Chart As of June 11, 2025



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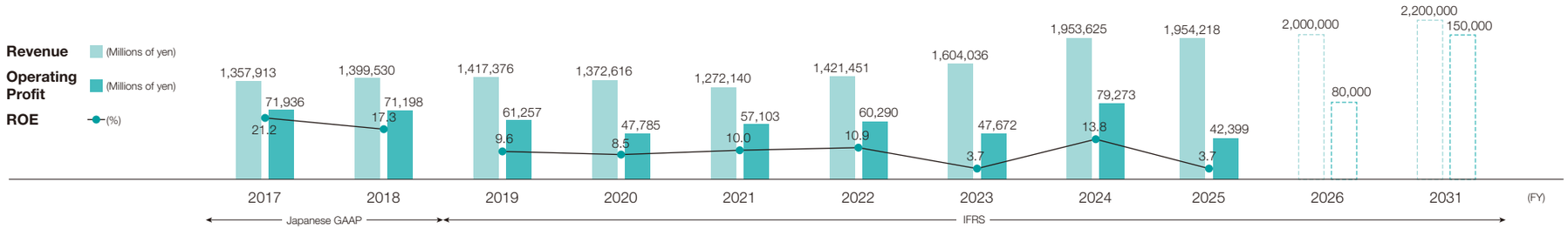
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Progress of mid-term business plan

		Elements of our strategy	Main Achievements & Remaining Issues
2020 Business Plan	**2016** **Aiming for sustainable growth**	• Perform action to achieve corporate growth while fulfilling our responsibility in harmony with society, strengthen management foundation, strengthen competitiveness, offer multi-dimensional value, and expand business fields • Establish a corporate structure capable of securing an operating profit ratio of 5% or higher • Focus on the development of new products and technology that anticipate the mobility environment of 2030 • Pay particular attention to environmental actions	**Achievements** • Strengthening competitiveness and management foundation, and steadily increasing earning power • Creation of the Business Management Structure, and maintaining a target management structure that is consistent and integrated, from individual sites all the way up to the management level • Creation of a stable, resilient BCP that can appropriately respond to unforeseen circumstances • Acceleration of cooperation and coordination between various divisions in relation to design, production engineering, and quality, thanks to completion of construction of the MONOZUKURI Innovation Center. Optimization of production and manufacturing preparations, thanks to use of digital technology. • Strengthening advanced development to envision and prepare for 2030, including cooperation with the Toyota Group (MX191) **Issues** • Maintaining our management information infrastructure • Further promoting of vibrant work style innovation
2025 Mid-term Business Plan	**2021** **Shifting to "CSV management" with the aim of realizing materialities and enhancing corporate value**	• Strengthen corporate structure by reinforcing existing core businesses • Pursue safety, environment and comfort, thereby evolving into a trusted supplier capable of offering optimal proposals to customers • Differentiate our products based on thorough competitor benchmarking, expand sales to strategic OEMs other than Toyota Motor Corporation • Improve competitiveness through MONOZUKURI innovation and promote environmental initiatives • Improve operational quality through efforts to win the Deming Prize • Establish a resilient global management foundation and develop human resources to support sustainable growth	**Achievements** • Reorganization of the seat frame mechanism components business; transfer of commercial rights and production from Aisin Corporation and Aisin Shiroki Corporation • Acceleration of development based on our technology roadmap towards becoming the Interior Space Creator • New value creation for the MaaS market (MX221) • Unit Components Business awarded the Deming Prize (November 2021) **Issues** • Realization as the Interior Space Creator • Association of initiatives for resolution of social issues to corporate value enhancement • Sales expansion to companies other than Toyota Motor Corporation
2030 Mid-term Business Plan	**2023** **Formulate our 2030 Target and 2030 Financial and Non-financial Targets with an eye on changing values relating to mobility interior spaces and the future society**	• Enhance planning & proposals capability for comfortable mobility interior space and R&D capability for realizing it • Acquire MONOZUKURI competitiveness to be trusted and selected throughout our supply chain • Strengthen sales capability to expand the range of products and customers • Strengthen the management foundation to support growth	**Achievements** • Ascertaining technologies we should acquire ourselves or through collaboration with other companies, applying these in our product roadmap, and driving development towards becoming the Interior Space Creator • Expanding order-taking activities for companies other than Toyota Motor Corporation **Issues** • Realization of Interior Space Creator



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10-year summary

	Japanese GAAP			IFRS						Millions of yen
FY Years ended March 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	1,415,772	1,357,913	1,399,530	1,417,376	1,372,616	1,272,140	1,421,451	1,604,036	1,953,625	1,954,218
Operating profit	59,492	71,936	71,198	61,257	47,785	57,103	60,290	47,672	79,273	42,399
Profit attributable to owners of the parent	3,900	45,359	42,762	27,457	24,786	31,188	39,260	14,679	58,521	16,719
Total assets	725,895	691,921	744,558	793,599	780,714	845,778	964,740	1,007,392	1,128,491	1,094,831
Capital stock	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400
Total equity	243,146	276,274	308,620	329,329	321,701	369,650	423,835	436,894	493,642	490,067
Capital investment	36,898	35,500	52,095	61,341	58,715	46,731	38,326	50,773	74,325	78,101
Depreciation	41,012	36,228	34,755	35,153	37,575	38,194	40,386	44,965	49,695	52,161
R&D expenses	38,450	37,884	47,393	46,965	45,902	41,831	44,845	47,306	50,350	55,108
Per Share Data (Yen)										
Basic earnings	21.02	244.28	230.27	147.85	132.88	166.93	210.15	78.57	315.17	93.65
Diluted earnings*	21.02	244.27	–	–	–	–	210.13	78.56	315.12	93.63
Cash dividends	30.00	50.00	54.00	56.00	54.00	45.00	64.00	70.00	86.00	86.00
Dividend payout ratio (consolidated) (%)	142.7	20.5	23.5	37.9	40.6	27.0	30.5	89.1	27.3	91.8
Equity attributable to owners of the parent	1,065.72	1,240.77	1,414.91	1,573.44	1,557.93	1,792.56	2,066.53	2,144.33	2,518.57	2,504.56
Cash Flow (Millions of yen)										
Net cash provided by operating activities	78,912	95,389	86,117	60,720	79,673	74,483	122,933	89,428	174,898	121,834
Net cash provided by (used in) investing activities	(48,086)	(48,927)	(51,707)	(58,915)	(54,175)	(51,392)	(40,893)	(36,461)	(86,698)	(60,955)
Net cash provided by (used in) financing activities	(8,739)	(61,347)	(3,528)	(19,526)	(13,964)	2,756	(48,664)	(40,812)	(91,595)	(54,377)
Cash and cash equivalents	160,904	144,889	178,372	158,192	163,377	195,180	237,952	248,195	244,191	249,721
Financial Indicators (%)										
Ratio of operating profit to revenue	4.2	5.3	5.1	4.3	3.5	4.5	4.2	3.0	4.1	2.2
ROE: Ratio of profit to equity attributable to owners of the parent	1.9	21.2	17.3	9.6	8.5	10.0	10.9	3.7	13.8	3.7
Ratio of equity attributable to owners of the parent	27.3	33.3	35.3	36.8	37.3	39.6	40.0	39.8	39.8	40.9
Price earnings ratio (PER)	87.3	10.6	9.5	11.3	9.7	11.0	9.5	27.2	8.1	21.2
Shareholders' Equity (at fiscal year-end)										
Number of shares issued (Thousands)	187,665	187,665	187,665	187,665	187,665	187,665	187,665	187,665	187,665	187,665
Number of shareholders	14,517	12,226	13,287	14,066	14,715	16,177	15,959	16,123	24,196	38,687
Stock price (yen)	1,834	2,583	2,184	1,675	1,287	1,830	2,002	2,137	2,569	1,988

* With regard to diluted earnings per share [diluted net income per share of common stock] in fiscal 2018, 2019, 2020 and 2021, there were no latent shares with dilutive effects.

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10-year summary

FY Years ended March 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Number of group members (excluding temporary company members)	41,624	41,428	41,409	43,103	44,375	44,154	44,264	44,581	46,972	45,004
GHG emissions (Scope 1, 2) (t-CO_2e)*	310,465	324,528	330,235	322,977	318,431	304,455	307,218	255,804	242,839	207,771
Amount of waste (t)	23,464	23,727	24,018	24,925	25,458	23,086	23,217	26,737	30,138	28,392
Water withdrawal (thousand m^3)	4,271	4,143	4,321	3,994	3,731	3,590	3,266	3,369	3,415	3,012
Percentage of local company members holding executives (officer, manager) positions at overseas business sites	–	–	14	19	23	25	25	21	29	29
Number of women at management positions (Toyota Boshoku)	–	–	17	20	23	24	29	33	35	40
Number of female group manager level (Toyota Boshoku)	–	–	53	51	55	57	65	64	74	88
Number of patents held (Japan)	–	1,941	2,112	2,174	2,195	1,924	1,760	1,899	2,312	2,399
Number of patents held (outside Japan)	–	1,207	1,371	1,546	1,753	1,589	1,476	1,502	1,791	1,845

* Third-party assurance obtained on the basis of CO_2 emissions until fiscal 2023

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Status of inclusion in ESG indexes, etc.

In recognition of our ESG initiatives to date, we have been selected as a constituent of ESG investment indexes or funds both in and outside Japan.

FTSE4Good

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Toyota Boshoku Corporation has been independently assessed, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series, the FTSE Blossom Japan Index, and the FTSE Blossom Japan Sector Relative Index. Created by the global index provider FTSE Russell, these indices are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices, and are used by a wide variety of market participants to create and assess responsible investment funds and other products.

JPX-NIKKEI 400

2025 Sompo Sustainability Index

DBJ 環境格付 2023

S&P/JPX Carbon Efficient Index

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CDP A List 2024

CDP 2021

2025 健康経営優良法人 KENKO Investment for Health 大規模法人部門 ホワイト500

2025年認定 くるみん 子育てサポートしています

SPORTS YELL COMPANY 2025

WITH GRADE AA Corporate Websites 2024 Nikko Investor Relations Co.,Ltd All Markets Ranking in Japan

Digital Transformation Certification

Participation in external initiatives

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

GX League

自然共生サイト認定 30by30

SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

For more information, please see “External Evaluations/Participation in External Initiatives” on our website. https://www.toyota-boshoku.com/global/company/evaluation/

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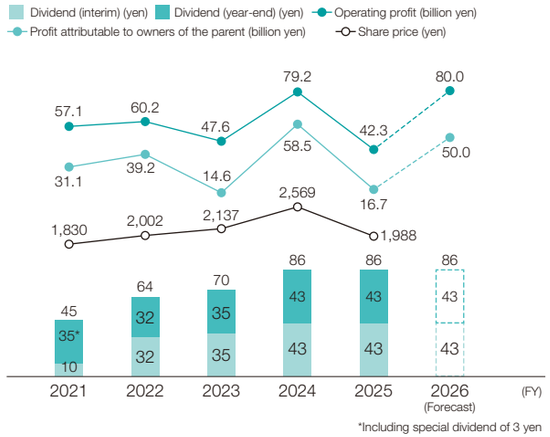
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Corporate data

Location	1-1 Toyoda-cho, Kariya-shi, Aichi 448-8651, Japan
Capital	8.4 billion yen
Number of company members (excluding temporary company members)	8,501 (non-consolidated) 45,004 (consolidated) (As of March 31, 2025)
Founded	1918
Established	1950
Independent auditor	PricewaterhouseCoopers Japan LLC

Trends in dividends, operating profit, profit attributable to owners of the parent and stock price

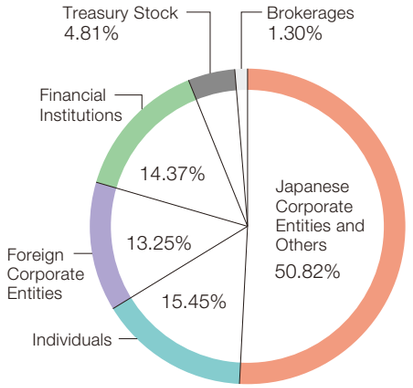


*Including special dividend of 3 yen

Stock information

Number of shareholders	38,687 (as of March 31, 2025)
Number of shares authorized to be issued	500,000,000
Number of shares outstanding	178,642,221 (as of March 31, 2025) (excluding treasury stock of 9,023,517)
Business year	April 1 to the following March 31
Ordinary General Meeting of Shareholders	Every June (The event is held to avoid dates on which many such shareholders' meetings are usually held)
Stock exchange listings	Tokyo Stock Exchange Prime Market, Nagoya Stock Exchange Premier Market
Securities code	3116
Payment of dividends	March 31 (Interim dividends, when paid, are paid as of September 30.)
Custodian of the shareholders' register	Mitsubishi UFJ Trust and Banking Corporation

Breakdown of shareholders



Major shareholders (Top 10)

Name of shareholder	Number of shares held	Shareholding ratio
Toyota Motor Corporation	57,931(Thousands)	32.43%
Toyota Fudosan Co., Ltd.	18,346	10.27
The Master Trust Bank of Japan, Ltd.	16,001	8.96
Toyota Industries Corporation	7,756	4.34
Custody Bank of Japan, Ltd.	7,656	4.29
NHK SPRING CO., LTD.	7,220	4.04
Toyota Boshoku Employees' Shareholding Association	3,941	2.21
STATE STREET BANK AND TRUST COMPANY 505001	3,255	1.82
JP MORGAN CHASE BANK 385632	1,634	0.91
TACHI-S CO., LTD.	1,316	0.74

Note:
1. The Company holds 9,023 thousand shares of treasury stock; these are excluded from the above major shareholders.
2. Calculations of shareholding ratios exclude treasury stock.

Editor's note

Thank you for taking the time to read through the Toyota Boshoku Report 2025.
Toyota Boshoku investor relations and other departments produced this report based on dialogue and discussions with shareholders and investors throughout the year and comments and views expressed by all stakeholders. The report was carefully prepared to provide a clear presentation of our efforts to create sustainable value and to reaffirm what makes Toyota Boshoku unique.
We hope this report will contribute to ongoing constructive dialogue with shareholders, investors, and all stakeholders.
November 2025

Toyota Boshoku Report 2025 Production Team

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