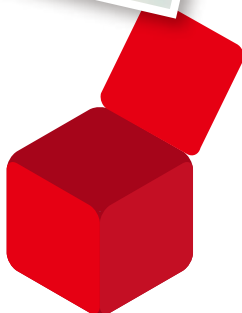


TOYOTA BOSHOKU REPORT 2014

2013.4.1—2014.3.31



TOYOTA BOSHOKU

Marking the 10th Anniversary of the Merger as We Head toward 2020

The Toyota Boshoku group was created in 2004 with the aim of becoming a truly global company. As we build on our achievements of the past 10 years, during which time we continually met new challenges while handing down the sentiments of our three predecessor companies, we will indomitably move ahead to realise Toyota Boshoku's aspirations for 2020.

2014

2020

Toyota Boshoku's Aspirations for 2020

■ Our place in business

- (1) A company that persists in proposing excellent mobility for customers throughout the world
- 1) Readily provide products tailored to the various lifestyles of respective regions through innovative technologies that are unique to the Toyota Boshoku group and consistent in its manufacturing quality.
 - 2) Have an established presence in terms of unique value by creating innovative, next-generation products that exceed customers' expectations.
 - 3) Strive to provide customers with environmentally friendly and enriched lifestyles by boldly pursuing inroads into new businesses.

■ Our place in society

- (2) A trusted company that grows together with all stakeholders
- 1) Resourceful and multi-talented human resources drawn by the appeal of the Toyota Boshoku group, with members working enthusiastically in all regions worldwide
 - 2) Recognised as a company that is trusted and indispensable to society, customers, business partners and shareholders
 - 3) Capable of carrying out unequalled *monozukuri* in every region of the world while carrying out *kaizen* continuously

Philosophy

Based on the Principles of Toyoda, which encapsulate the ideas of founder Sakichi Toyoda, the Toyota Boshoku group formulated our corporate philosophy for maintaining the trust of all stakeholders and our vision, which articulates the type of company we aspire to become. With the corporate philosophy and vision serving as a framework, we have established clear policies, targets and plans for our business, social and environmental activities. We have also formulated the TB Way and the Toyota Boshoku group code of conduct to ensure that all company members share common values and behaviour.

Principles of Toyoda

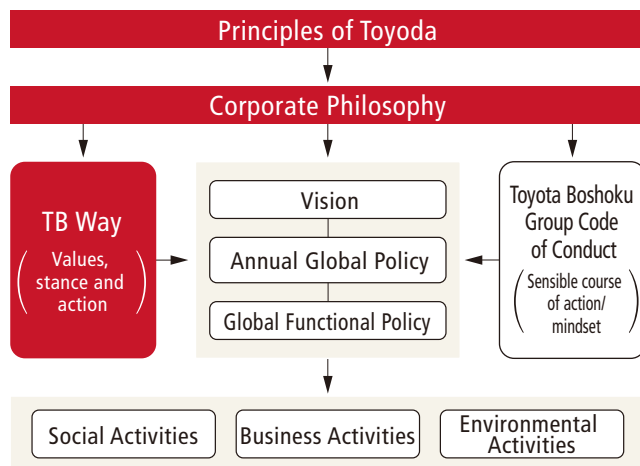
Handing down the spirit of Sakichi Toyoda (established in 1935)



Sakichi Toyoda



- Always be faithful to your duties, thereby contributing to society and to the overall good.
- Be at the vanguard of the times through endless creativity, inquisitiveness and pursuit of improvement.
- Always be practical and robust, and avoid extravagant and frivolous practice.
- Always strive to build a homelike atmosphere at work, one that is warm and friendly.
- Be reverent, and show gratitude for things great and small in thought and deed.



Corporate Philosophy

- | | |
|----------------------|---|
| 1. Society | The Company will promote corporate growth while fulfilling the following responsibilities as a good corporate citizen: <ol style="list-style-type: none"> 1) Maintain ethical values, ensuring that our corporate activities are fair and transparent; 2) Supply safe products that do not harm the environment; Promote corporate activities that help protect the global environment; 3) Create a better society as a member of our local communities. |
| 2. Customers | The Company will develop innovative technologies and products to deliver quality that satisfies our customers. |
| 3. Shareholders | The Company will promote innovative management policies that ensure future corporate growth and the trust of our shareholders. |
| 4. Employees | The Company will build and maintain positive labour-management relations, respect the individuality of its employees and create safe and comfortable workplaces. |
| 5. Business partners | The Company will promote open and mutually beneficial relationships with its business partners in pursuit of long-term growth and prosperity. |

TB Way

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

1. We meet challenges with courage and creativity, to realise our dreams.
2. We carry out *kaizen* continuously, aiming to achieve higher goals.
3. We practice *genchi-genbutsu* by going to the source to analyse problems and find their root causes.
4. Once a decision is made, we move quickly to carry out the plan, with passion and a sense of mission.
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.

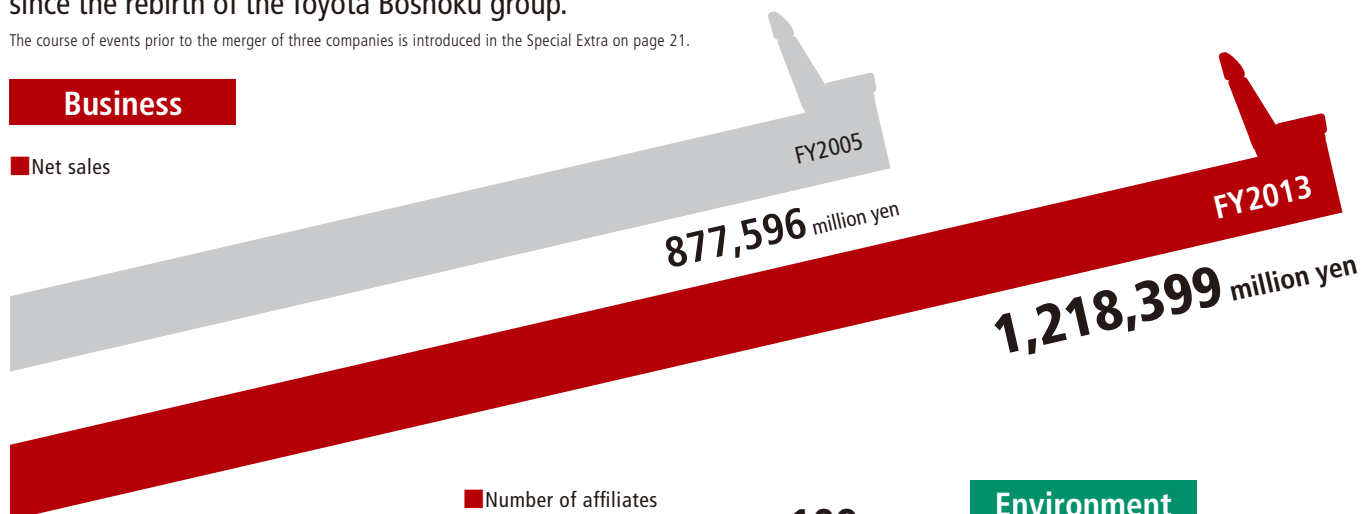
10 Years of Challenge and Growth

Through various data and photographs, we take a look back at the course of events during the 10 years since the rebirth of the Toyota Boshoku group.

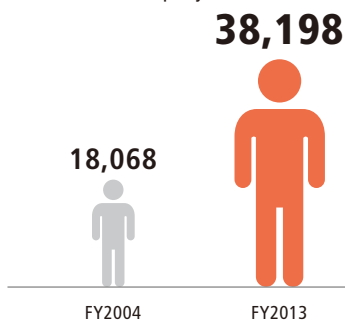
The course of events prior to the merger of three companies is introduced in the Special Extra on page 21.

Business

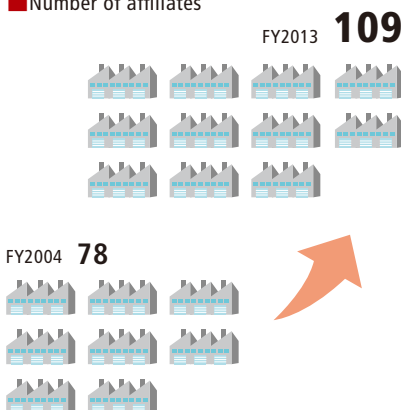
■ Net sales



■ Number of company members

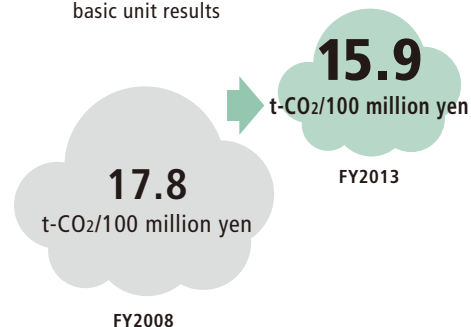


■ Number of affiliates



Environment

■ Amount of CO₂ emissions per basic unit results



Technology/Products



2005
Relax Captain Seat



2006
Headliner illumination



2007
Leather instrument panels

2008
Next-generation seat frames



2008
Round recliners utilising fine hold stamping (FHS) process



2009
"La Seat" cover-exchangeable seats



2009
Seat cushion using plant-derived material



2009
Intake manifold for horizontally opposed engine



2009
Cabin air filter made by dual layer melt blow construction method



2010
Resin cylinder head cover with OCV

2004

Merger of three companies
Period for creating a "strong corporate structure" toward the future

2007

Phase 2: Period for "gaining a foothold and establishing a foundation for growth"

2008

● 90th anniversary of establishment

Principal events at Toyota Boshoku



October 2004
Start of Toyota Boshoku



December 2006
First All TB Skills Competition



December 2006
Global reforestation activities started (Indonesia).



October 2008
Research Laboratories established.



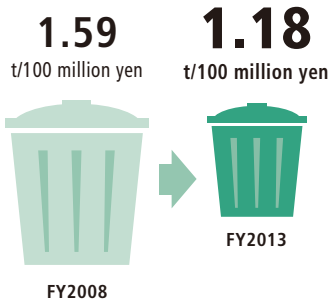
November 2008
Global Learning Centre completed.



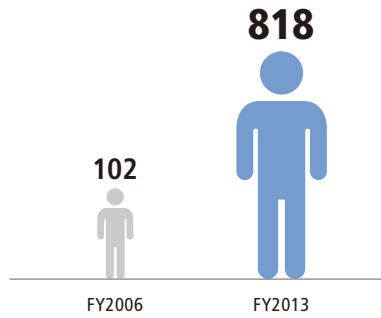
April 2009
Toyota Boshoku Technical Skills Academy opened.

CSR activities

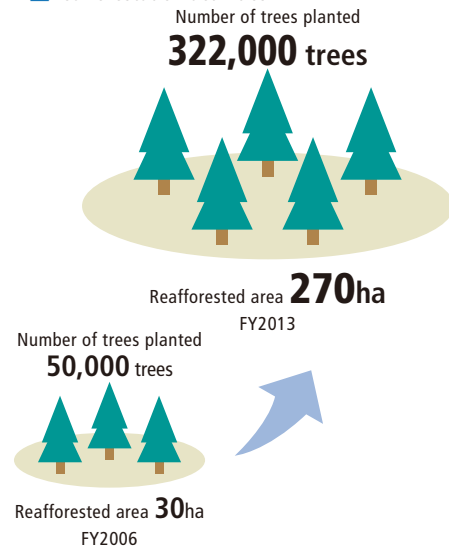
Amount of waste and basic unit results



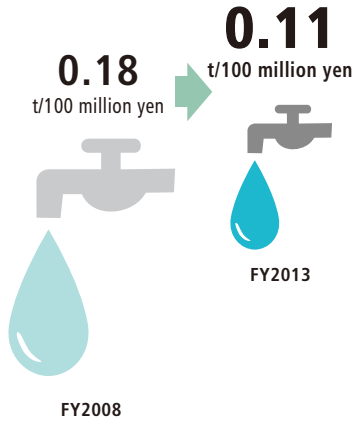
Number of persons registered with the Toyota Boshoku Volunteer Centre



Reafforestation activities

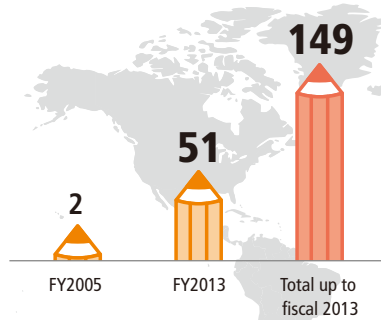


Amount of water consumption per basic unit results

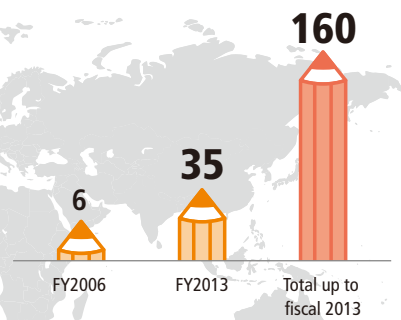


Nurturing of global human resources

Users of trainee*1 system



Users of ICT*2 system



*1 Trainee: Toyota Boshoku members who learn about business operations outside Japan

*2 Intra-Company Transfer: Toyota Boshoku members from outside Japan who visit Japan to learn about business operations

We introduce various types of comparable data following the Toyota Boshoku group merger. Periods of comparison differ depending on the start date of initiatives and the start date of data collection.

2011 Sports seat exclusively for automobile racing



2012 TB sports seat



2013 Railway seats



2013 Fabric wall decoration for home interiors "Nunokabe"

2012 Air cleaner case using plant-based kenaf material



2013 Motor core constituent parts for hybrid systems



2013 Innovative sports seat utilising the Foam in Place Method

2011

Structural reform period aimed at making major strides

2014

10th anniversary of merger

2018

100th anniversary of establishment

Toward 2020



May 2010 No. 2 building of the Sanage Development Centre completed.



February 2011 Technical Skills Training Centre established.



April 2011 First exhibit at Auto Shanghai 2011



July 2011 Boshoku Automotive Europe established.



September 2011 Toyota Boshoku Milan Design Branch established.



September 2013 First exhibit at IAA 65th International Motor show



Kazuhiko Miyadera
Executive Vice President

Shuhei Toyoda
President

Shuichi Koyama
Executive Vice President

Takamichi Taki
Executive Vice President

A Message from the President

The Toyota Boshoku group will mark a milestone in 2014 as we commemorate the 10th anniversary of the merger of three predecessor companies, namely Toyoda Boshoku Corporation, the car interior operations of Araco Corporation and Takanichi Co., Ltd., in October 2004.

During these past 10 years, over 40 new bases have started up production and operation. At the same time, Toyota Boshoku has built a one hub per region structure, with Regional Management & Collaboration Hubs (RM&CH) serving as the core, and established global production and supply structures capable of responding to customer needs in regions worldwide. We have also moved ahead one step at a time and are now close to becoming a truly global company, which was our main objective when the three companies merged.

Despite these achievements, the market environment surrounding Toyota Boshoku is likely to remain severe and the outlook precludes optimism. These difficult conditions include intensifying competition primarily in emerging countries, while over the medium term in Japan markets are expected to shrink along with declining birth rates and the shift of automobile production to overseas locations will likely accelerate.

Under these challenging circumstances, the Toyota Boshoku group has established "Toyota Boshoku's Aspirations for 2020" and is making group-wide efforts to address a variety of issues to realise these aspirations. To ensure our ongoing survival as "a company that persists in proposing excellent mobility for customers throughout the world," Toyota Boshoku will meet new challenges for all forms of interior space and work to expand business in continually growing emerging countries. At the same time, in keeping with our corporate philosophy of "Promoting corporate growth in harmony with society while fulfilling our responsibilities as a good corporate citizen," we will strive to create a company that is trusted by and grows together with all stakeholders.

On the occasion of the 10th anniversary of the merger, each and every member will once again return to the basics and perform each job to completion without compromise to ensure the sustainable development of the company. Concurrently, all group members are united in addressing various issues with a never-give-up spirit in striving to make a Quantum Leap.

In the future as well, I ask for your ongoing support and encouragement.

August 2014

President

07 **President's Interview**

Professor Mika Takaoka discusses the overall course of events during the 10 years since the merger as well as themes in meeting key challenges in the run-up to 2020 with Dr Shuhei Toyoda, President of Toyota Boshoku.



13 **Special Features**

Special Feature 1 Toyota Boshoku Proving Ground Off to a Start — One Step Closer to Producing the Ideal Seat

In this introduction, we focus on seat production, which has evolved with the commencement of operations at the Tajimi Technical Centre proving ground.



Special Feature 2 Biotechnology Leads the Environmental Age — Aiming to Drive Further Innovation from Kenaf to Bio-Alloy

We introduce Toyota Boshoku initiatives to develop products using plant-derived raw materials and future possibilities.



Special Feature 3 Manufacturing Capabilities That Prevail over Global Competition — The Key is Fostering People with Advanced Maintenance Skills

We introduce measures being taken to foster maintenance personnel, which is the key to prevail over increasingly fierce global competition.



Special Feature 4 Creating Forests and Regional Green Belts around the World — Reforestation Activities Aiming to Make Turkey Greener

We introduce Toyota Boshoku's global reforestation activities that started from an "Eco Forest" in Indonesia in 2006.



Special Extra The Moments That Led Us to Today From the founding of Toyoda Boshoku to the rebirth of Toyota Boshoku

As of 2014, 10 years have passed since Toyota Boshoku undertook a new challenge with a corporate merger. We take a look back at the key moments in the history of Toyota Boshoku, Araco and Takamichi, the cornerstones of the new company.



22 **Social Activities** Promoting Corporate Growth While Fulfilling Our Responsibilities as a Good Corporate Citizen

41 **Environmental Activities** Working toward Environmental Conservation in All Facets of Business

54 **Facts & Figures**

64 **Third-Party Comments**

To Readers of *Toyota Boshoku Report 2014*

The editorial policy, scope of reporting and reference guidelines concerning this report are indicated on page 63.

Now Is the Time to Return to the Basics on the 10th Anniversary of Our Merger and Meet Further Challenges in the Run-Up to 2020



President
Dr Shuhei Toyoda

We view times of difficulty as opportunities for achieving growth using our never-give-up spirit.

During fiscal 2013 we tackled numerous challenges under the 2020 Vision. This was a year that saw Toyota Boshoku achieve notable results in implementing a variety of measures while also addressing key issues. In this *Toyota Boshoku Report 2014*, we once again welcome Professor Mika Takaoka, who provided her insights and advice in 2010. In this report, Professor Takaoka discusses the overall course of events during the 10 years since the merger as well as themes in meeting key challenges in the run-up to 2020 and the state of corporate social responsibility (CSR) activities with Dr Shuhei Toyoda, President of Toyota Boshoku.

Marking the 10th Anniversary of the Merger

Takaoka In October 2004, the rebirth of the Toyota Boshoku group was created through a merger and in 2014 you commemorate your 10th anniversary. Reflecting back, how do you assess the initiatives you have implemented to the present?

Toyoda With the overarching goal of becoming a truly global company, three companies, namely Toyoda Boshoku Corporation, Araco Corporation, which engaged in car interior operations, and Takanichi Co., Ltd., merged their operations 10 years ago. I believe the newly formed Toyota Boshoku created by this merger became a company bound by a sense of solidarity within a relatively short time. During this initial period, our most urgent task was to create

personnel and labour-management frameworks. In doing so, we made meticulous preparations and took a step-by-step approach to unifying our evaluation indicators and other functions. Our remaining task was to establish a global rating system, which is a job evaluation standard.

Nonetheless, during this same time we also encountered a host of difficult issues. These included differences among regions, each with its own unique sensitivities, in addition to disparities in human resources arising from the different corporate cultures of the three merged companies. Despite these hurdles, we successfully completed these systems in fiscal 2013.

Takaoka I am sure there were both advantages and disadvantages to merging companies with different values, technologies and histories.



Professor at Rikkyo University
College of Business, Ph.D. in economics

Mika Takaoka

Professor Mika Takaoka specialises in the theory of consumer behaviour and the theory of logistics systems and engages in research based on the theme of theoretical analysis of the formation and transformation of trading systems among companies. In the area of CSR, Professor Takaoka undertakes activities mainly from the perspectives of corporate management, marketing and brands. Professor Takaoka's books include *Sustainable Lifestyle Navigation* (JUSE Press Ltd.) and she has also co-authored *CSR and Corporate Management* (Gakubunsha Co., Ltd.), *Grand Design of Spaceship Earth* (Special Project on Eco-innovation and Eco-business for Sustainable Development) and *Global Warming and Green Economics* (Special Project on Eco-innovation and Eco-business for Sustainable Development).

How did you lead Toyota Boshoku under these circumstances?

Toyoda All three companies shared a common devotion to *monozukuri* (manufacturing) and for this reason I do not think there are any disadvantages. Of course there were some differences, but after the merger we learned from each other's strengths and sought to improve ourselves by learning from others, which in turn raised synergies.

During the past 10 years, we have met the challenge of taking on two large tasks. The first is pursuing the image of what we aspire to be as an automobile components manufacturer and the second is developing our global operations. I learned about the ideal image of a components manufacturer from European mega-suppliers. I heard these suppliers claim that even if they meet the evaluation standards of automakers, they do not ship components under any circumstances unless they meet their own in-house evaluation standards. I believe this stance symbolises their pride and confidence. Following the merger, we initially undertook manufacturing based on the evaluation standards of the automakers we served. However, we were convinced that as a components manufacturer we needed our own unique standards to independently develop and manufacture products we consider to be excellent and that satisfy our customers. Acting on this conviction, over the past 10 years we have created Toyota Boshoku's own unique design standards embodying our own experiences that also

include dealing with and overcoming defect problems.

Looking ahead, we will continue to reliably assure quality even in areas not visible to customers as we strive to be a components manufacturer that can propose its products to customers with confidence.

We have also made steady strides in developing our global business. After the merger the Toyota Boshoku group had 20 affiliated companies in Japan and 58 companies outside Japan, but we did not really function globally as a group. To address this situation, in 2007 we established a structure based on the concept of one hub per region whereby each region undertakes functional, horizontally aligned activities with Regional Management & Collaboration Hubs (RM&CH) serving as the core. Through this initiative, Toyota Boshoku has successfully established production and supply structures capable of meeting the needs of customers in regions worldwide. All global functions, including the more than 40 bases created during the past 10 years, are organically linked and we are gradually nearing the image to which we aspired at the time of the merger.

Fiscal 2013 Was a Year of Challenges and Leaps Forward

Takaoka Could you explain some of the initiatives Toyota Boshoku undertook in fiscal 2013 as well as the results of these efforts?

Toyoda Looking at our overall business results, we achieved growth in sales and profits from the previous fiscal year thanks to increased unit production in The Americas and Europe & Africa regions and to the impact of currency exchange rates. Amongst our accomplishments, it is worthwhile mentioning that, in development we completed our own long-desired proving ground, the Tajimi Technical Centre, in March 2014 and commenced trial operations.

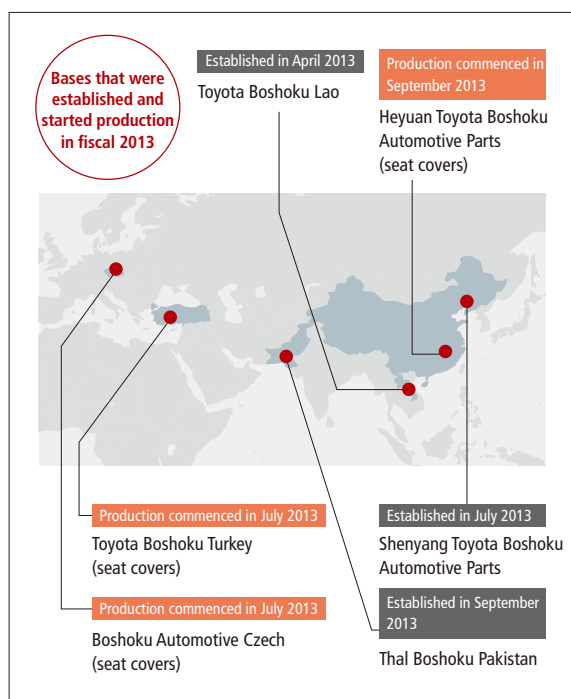
We also made important achievements in production. With the aim of bolstering our cost competitiveness in emerging countries, we established new production bases in Turkey and Laos to undertake labour-intensive sewing operations and promoted new business development in Pakistan, China (Shenyang), India and Thailand. In terms of products, we took on the challenge of actively developing business in new fields. The results of these efforts included providing seats for the *Gran Class* car of the Hokuriku *Shinkansen* (Bullet train) and making our first delivery of seat assemblies to BMW.

Consolidated Financial Highlights (billions of yen)

	FY2012	FY2013
Net sales	1,079.4	1,218.3
Operating income	25.3	28.8
Ordinary income	33.9	40.2
Net income	15.7	12.6

Takaoka So you have started trial operations at your new proving ground. However, I have heard that it is almost unprecedented for an automobile components manufacturer to operate its own proving ground. What made you decide Toyota Boshoku needs to do this?

Toyoda We built the proving ground to create seats that offer ideal



Proving Ground

▶▶ A detailed description of the proving ground is provided on pages 13 and 14 of Special Feature 1.

ride quality, comfortable interiors and higher performance filtration and powertrain components. Given that we are a components manufacturer, we must be able to evaluate our products from the standpoint of customers and confidently provide them with components. Our development engineers can immediately ride in test vehicles in order to confirm and evaluate components on a timely basis. Everybody involved in development, not only those in charge of evaluations, can test seats at any time and personally experience the good and bad points of the products they have been involved in developing. I envision this type of environment of making the proving ground a venue for nurturing members who will spur the growth of the overall Development group.

Takaoka Looking back at fiscal 2013, Toyota Boshoku strived to make great leaps forward and promoted a number of challenging initiatives. Did you face any notable issues?

Toyoda Yes, we incurred higher-than-expected, one-time expenses accompanying the launch of new products in The Americas region and this squeezed profits. This indicates that our regionally led human resources development and structural strengthening initiatives lagged behind and functional collaboration with the Global Mainstay Hub was inadequate. Therefore, we will emphasise collaboration more than ever with RM&CH to carry out improvement activities and strengthen structures at production entities.

In Europe, although we have actively expanded our business with European automakers following the establishment of Boshoku Automotive Europe through an acquisition in 2011, our profits have not improved. In light of this situation, we will undertake profit improvement activities in addition to further streamlining our organisation in the Europe region and enhancing efficiency. We must also keep a close eye on what can be delegated to each region as well as areas requiring the involvement of the Global Mainstay Hub such as areas where functional collaboration with the Global Mainstay Hub is essential as well as tasks such as increasing and strengthening members.

Toyota Boshoku group's Aspirations for 2020

- **Our place in business** A company that persists in proposing excellent mobility for customers throughout the world
- **Our place in society** A trusted company that grows together with all stakeholders

Takaoka Although there are advantages to delegating autonomous decision-making to regional companies, there are probably also instances when you suddenly realise these companies have taken a completely different track. You can also build on and improve the strengths of these local companies.

Leading Toyota Boshoku toward 2020

Takaoka Two years have passed since the launch of the 2020 Vision in 2012. How do you plan to lead Toyota Boshoku up to 2020?

Toyoda First of all, I am reaffirming awareness among all company members that we share the two aspirations for 2020 as articulated in our 2020 Vision. Under this vision, we have set extremely high goals for fiscal 2020, with a consolidated net sales target of 1,600.0 billion yen and a new customer business sales ratio of 30%. In working toward these goals, however, up to now we have had a tendency to focus only on pursuing numerical targets. I would like to emphasise that company members should once again take to heart the image of what the Toyota Boshoku group aspires to be and work with tenacity to realise this aspiration while striving for sustainable growth. An actual numerical target itself is not important. Rather, I have realised that reaffirming our awareness that development capabilities and production engineering capabilities, along with raising our strengths for developing new technologies, are what is really important. In undertaking the challenging task of expanding new customer business, our high level of technology became evident and taking this new step forward into new business fields was a major achievement. Looking ahead, we will focus carefully on how we align and match our own strengths with customer needs.

Takaoka Under the 2020 Vision, you have set the ambitious goal of achieving an operating income to net sales ratio of 5%. From the perspective of retail management and brand management, those products with added value enable higher operating profit ratios. In view of this, while maintaining your pride as a components manufacturer, I think it is essential to make efforts so that customers will say, "I want to buy this car because it is equipped with Toyota Boshoku's seats."

Toyoda In that regard, we must think extensively about where we can build our brand as a components manufacturer. First of all, I think it is important to build a track record in manufacturing to earn acclaim from customers who are particular about seats, just as we did with our sports seats.

Fiscal 2014: A Year for Returning to and Thoroughly Implementing the Basics

Takaoka What types of initiatives will you implement in fiscal 2014 and what are your thoughts about these measures?

Toyoda In view of achievements and issues in fiscal 2013, we will place emphasis on returning to and thoroughly implementing the basics. Our first and foremost task will be to "focus on *monozukuri* fundamentals." To this end, we will return to the basics and create robust worksites that follow established rules. At our primary factories, we will promote root-cause analysis activities for quality issues and exhaustively eliminate difficult work processes. To implement these measures, we increased and strengthened manufacturing supervisors in those geographic regions with weaknesses and improved functions of new project launches as well



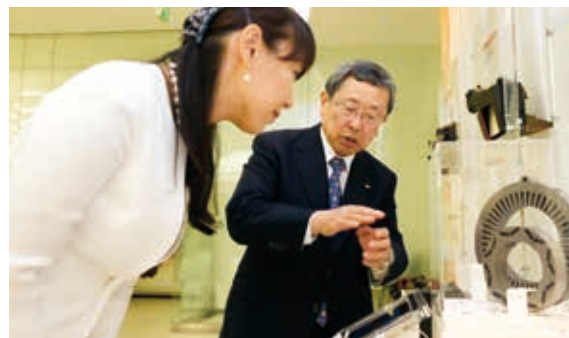
as reviewed our management system to ensure prompt responses whenever an abnormality occurs. Additionally, we will work to “strengthen synchronization of profit reform initiatives.” As specific measures, we will implement earning improvement activities, divided into themes drawing on individual Global Mainstay Hub functions and special management of primary projects by Global Mainstay Hub top management. By taking these measures, we intend to secure profits in line with our plans.

Takaoka Could you explain your ideas on human resources development and organisation building?

Toyoda In human resources development, I want to focus on extensively investigating ways to nurture members with judgment capabilities for thinking deeply about how anything that occurs affects them and their departments and members who have the sense and sensitivities to perceive and solve problems.

Takaoka In any industry, unprecedented events will naturally occur along with efforts to expand new businesses. When this happens, structures and human resources capable of flexible and appropriate decision-making are essential.

Toyoda On that note, we re-evaluated our global decision-making rules and directly delegated authority so that company members at the division manager level can assume responsibility for executing work. We are also making important strides in global human resources development. In line with these efforts, we actively utilise excellent and talented members of many different nationalities and have improved our Global Mobility Policy, which raises the fairness of treatment accompanying job transfers across national borders. To cultivate leaders capable of playing active roles globally, we provide instruction locally in addition to accepting future core overseas members for training in Japan to accelerate their development under a solid education system as we lay the foundation for making further leaps forward.



Global Mainstay Hub showroom

Toward the Realisation of the 2020 Vision

For realising the aspired image of “a company that persists in proposing excellent mobility for customers throughout the world”

Takaoka What types of measures will you take for realising the aspired image of “a company that persists in proposing excellent mobility for customers throughout the world” as articulated in the vision?

Toyoda I believe that acquiring the ability to develop products that satisfy customers is paramount. At present, fuel cell vehicles, hybrid vehicles, gasoline engine vehicles and diesel engine vehicles are all vying fiercely in terms of fuel economy and are thus striving to become even more lightweight. In response, we must actively promote technology development to address needs in this area.

Another key point will be what ways we can create appealing interior components and filtration and powertrain components. To create such products, we will clarify essential technologies and promote the evolution of our original technologies. In parallel, we will develop collaboration with new partners and foster advanced technologies at existing suppliers and skillfully introduce these to propose appealing products not found anywhere else.

Furthermore, developing materials that serve as a base for our technology development is also extremely important. I would like to raise our ability to develop competitive materials that appeal to our customers. As one example of how we are doing this, in fiscal 2013 Toyota Boshoku and Toyota Central R&D Labs., Inc. successfully co-developed a bio-plastic with world top-class impact strength. We have high expectations for expanding the range of applications for these bio-plastics in automotive parts as well as finding applications in non-automotive parts such as mobile terminals and regular home electronics appliances.

Production engineering and production method development are also crucial. I hope to bring production engineering and development functions closer together to realise collaboration so that optimal facilities and production methods can be proposed to match any given design.

To the present we have used collaboration to create technologies that include a two-layer melt-blow method for manufacturing cabin air filters; the fine hold stamping (FHS) process, a high-precision, high-speed stamping process for motor core

constituent parts; and the Foam in Place Method for sports seats. These technologies were created because design and production functions combined their strengths and worked relentlessly toward development. Going forward, I aim to strengthen our collaborative initiatives based on this same perspective.

For realising the aspired image of “a trusted company that grows together with all stakeholders”

Takaoka Toyota Boshoku’s aspired image of “a trusted company that grows together with all stakeholders” is described in the vision. What ideas are embodied in this aspired image?

Toyoda We can realise our aspired image of “our place in society” by fulfilling our social responsibilities through our business activities. First of all, by undertaking our main businesses we will create excellent products and generate profits, which we will share with the people of local communities and our company members across the world. Along with this, we have taken the advice received in 2010 from you, Dr Takaoka, and created CSR activity performance indicators in the Toyota Boshoku Report and have also been earnestly rotating the plan-do-check-act (PDCA) cycle for the past two years. We are in the process of further raising the level of our CSR initiatives so I would like to hear your ideas about the importance and essential shape of CSR in undertaking global business.

Takaoka The social environment surrounding CSR has recently undergone a dramatic evolution. I believe the perception of CSR has advanced as we have witnessed the permeation of ISO 26000, the international standard concerning the social responsibilities of organisations, while *G4 Sustainability Reporting Guidelines* were issued in March 2013.

I would like to stress that there also has been a change toward a method, in which materiality as a company is identified and reliability reported to stakeholders, and there is also greater emphasis on global CSR in supply chains and value chains.

As Toyota Boshoku develops its business globally, the scope and significance of its compliance, risk management and social contributions will also likely expand. Moreover, CSR initiatives will become increasingly important for product brands and corporate brands to be recognised by consumers.

Toyoda That is true. Our own manufacturing is not based on what we can do by ourselves. Rather, our manufacturing is possible only because of consumers, customers, our parts makers and our wide range of suppliers. Amid the sequence of manufacturing processes, we have worked to maintain fair competition and consider human rights and labour practices while achieving sustainable growth together with these stakeholders. In the future, I would like to consider the shape of CSR from a global perspective in the manner you have pointed out.



Developing Truly Global Human Resources

Takaoka In promoting various initiatives and measures, what are Toyota Boshoku’s most immediate tasks for attaining the vision? During our dialogue in 2010, you mentioned that you wanted to consider designating English as your official in-house language.

Toyoda To expand our business and strengthen collaboration with all regions while improving language capabilities is of course crucial. The importance of cultivating human resources possessing a global sense and sensitivities is also rising. We still have not made English our official in-house language. We do, however, currently hold certain meetings in English or with simultaneous interpreting and prepare English-language conference materials on a routine basis. Also, to receive a job promotion, company members are required to earn a TOEIC score of at least 600. We implement all these initiatives globally.

Even so, acquiring a broad perspective and a global sense is no easy matter. In view of this, we actively operate training and trainee systems so that members can gain true global sensitivities while acquiring foreign language skills by working one or two years in a different country.

Takaoka At companies and universities alike, developing global human resources really is the highest priority task. We encourage our students to study abroad, not just so students can simply acquire language skills, but because we think it is important for them to gain global sensitivities through first-hand exposure to local lifestyles and learning.

Finally, could you explain your aspirations for making great leaps forward in the future?

Toyoda We continue to take on challenges and achieve important results in the run-up to fiscal 2020, but are still addressing numerous issues. I believe that difficult times are the chance for Toyota Boshoku to always reassess and continuously strengthen its capability. We will work as one global team, realising with tenacity the expected status as laid out in our 2020 Vision. I am confident that you can look forward to the growth of the Toyota Boshoku group in the future.

Toyota Boshoku Proving Ground Finally Off and Running — One Step Closer to Producing the Ideal Seat

Trial operations have commenced at the Tajimi Technical Centre proving ground (Tajimi City, Gifu Prefecture). The site dynamically aligns with Toyota Boshoku's determination to meet the expectations of automakers and vehicle users by aiming to produce more comfortable, safe and secure seats and interiors as well as higher performance filters and powertrain components. In this introduction we focus on seat production, which has evolved with the commencement of operations at this proving ground.



Ikutomo Sakai
Division General
Manager, Evaluation
& Engineering
Division



Hiroaki Takano
Group Manager,
Management Group
of Tajimi Proving
Ground, Testing
Department, Evaluation
& Engineering Division

Proving ground born from passion to make the ideal seat

Not many interior components manufacturers have their own proving ground. The total length of the Tajimi proving ground is 1,800m and it includes a number of high-speed and hairpin curves, a 670m straightaway, rough terrain and a special course. It was born from a long-held desire to make the ideal car seat.

"There's a tendency to focus solely on development when making seats. We wanted a place where we could consider at all times what happens when the fitted seat is used in order to reflect these results in development," says Ikutomo Sakai. "We, and that includes top management, always believed that everyone engaged in development at Toyota Boshoku should work and be nurtured in an environment that encourages consideration of both the vehicle and passengers at all times."

"As the background to creating the proving ground, we were constantly pursuing what is an exceptional seat suited to an excellent car," remarks Hiroaki Takano. "First, we looked at what an excellent car entails. Despite differing viewpoints, the

most important thing is to ensure safety and security when driving. Translating this idea into seat development, the key is to support safe driving at all times for all types of customers."

An exceptional seat is one that supports each part of the body when the car moves from side to side and up and down when cornering or on uneven surfaces, and front and back when G-forces are in play. In other words, that means a seat in which the driver feels as one with the vehicle and doesn't become fatigued. To develop such a seat, it is necessary to always take the perspective of the person driving a car. That's why Toyota Boshoku decided to create the proving ground.

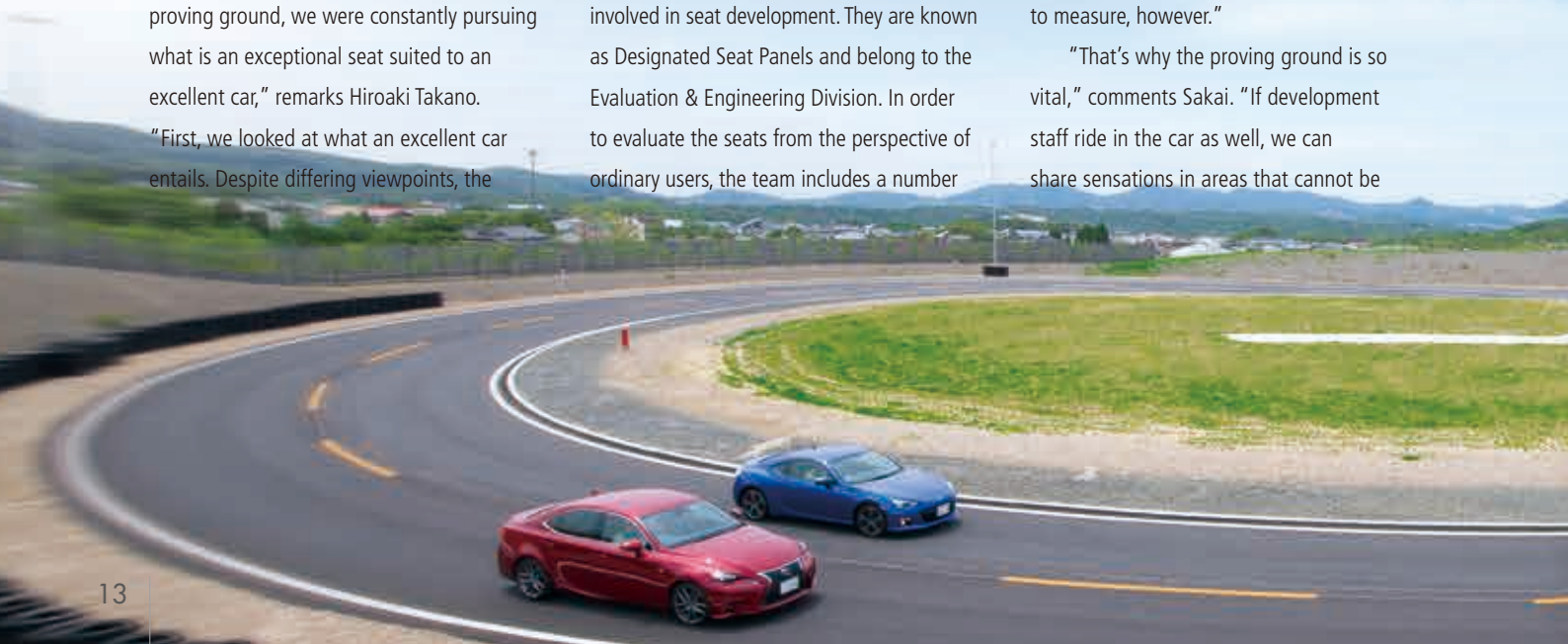
Seat development evolves through operation of proving ground

Specialist staff who evaluate performance, comfort and other factors are actively involved in seat development. They are known as Designated Seat Panels and belong to the Evaluation & Engineering Division. In order to evaluate the seats from the perspective of ordinary users, the team includes a number

of technical staff of differing physical frames and gender, assuming that the seat will be used by a diverse range of customers around the world. We also have a database of information that has been amassed alongside extensive seat development. Over the years, we have made maximum use of this data and aimed to achieve the ultimate products through repeated evaluation of seats for vehicles under development. So how will seat production change with the new proving ground?

"While accumulated data and lab measurements provide us with knowledge when developing a seat, quantifying results may not necessarily give us all the answers," explains Takano. "Even if the data presents good results, this may not translate into actual performance in the vehicle. Seats are key components that connect a person to the vehicle so it's critical to know how the person feels when using it. This is really hard to measure, however."

"That's why the proving ground is so vital," comments Sakai. "If development staff ride in the car as well, we can share sensations in areas that cannot be





■ Lane change guiding lines

By driving at a set speed along these guiding lines, it is possible to simulate the G-force when changing lanes.



■ Corner (85R)

On the 85m-radius corner, it is possible to experience the same G-force felt when turning at an intersection on an ordinary road.



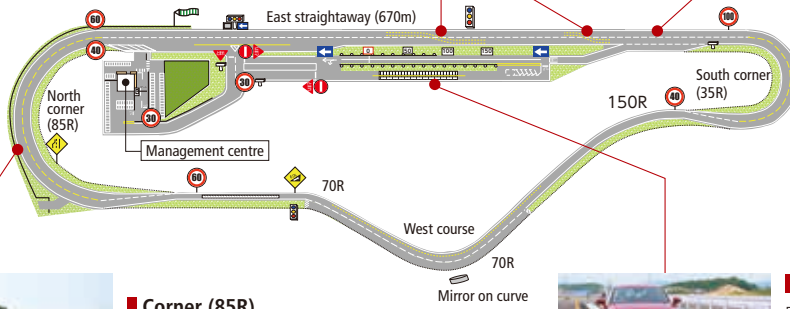
■ Special course

By reproducing a road with an uneven surface, we can evaluate the impact of vibrations in the car on seat comfort.



■ Straightaway

On the 670m straightaway, it is possible to assess conditions when driving at high speed.



determined solely through measurement results. This provides clues on how to make the seat even better. The proving ground allows us to experience the movement firsthand and gain an insight into the results with one's own senses. You also get an idea of how to quantify sensory-based evaluations toward making an exceptional seat, the ideal seat. Seats should be assessed in the manner they will be used, that is, while in motion. There's a lot we can do thanks to the proving ground."

In the past, we had to use the proving ground of another company and under time constraints get a limited number of experts known as Designated Seat Panels to ride in the car, provide dynamic evaluation and share the knowledge with related parties. The evaluations, however, did not at times adequately extend to perceptions and sensations.

"With our own proving ground, we can generate products that truly satisfy in a more timely and flexible manner," says Takano. "For that reason, besides the evaluation group, it's important for design, planning and assessment related personnel to hone their

skills to fully understand what constitutes a good product. If such development personnel can determine what's good and bad in a product by also taking notice of what they feel, it provides huge confidence when approaching the sales group and customers."

By evaluating and developing seats from the perspective of the user, we can produce even better seats with self-assurance.

■ Signalling the global standard for producing car seats from Toyota Boshoku

In producing car seats, it's imperative for Toyota Boshoku to fully come to grips with the needs of automakers and users and to have a firm idea about the product we want to make. The key is to always keep in mind customer expectations and an image of the ideal seat when conducting tests on the proving ground.

"I hope the proving ground can be used to build strengths that we can show to the world to persuade the next generation of customers to buy Toyota Boshoku seats," says Sakai. "For that reason, we have to put ourselves in the place of the person who will

purchase the car and sit in the seat. I believe that's where you'll discover the uniqueness of Toyota Boshoku."

Even if someone loves their car, there are bound to be certain things about it that aren't completely satisfying. If our development staff gain the ability to ascertain these evaluation standards through experience from a customer perspective, we can get closer to our goal of producing the ideal seat.

"The ultimate aim of our seat production is for the customer to realise the second they sit down in a new car that the seat was made by Toyota Boshoku and the reason they don't become fatigued after one or two hours is precisely because it's a Toyota Boshoku seat," notes Sakai. "We also seek to be rated by global automakers as the global standard in seats. To this end, I hope we can use the proving ground to enhance development and foster human resources development."

As a specialist seat manufacturer, Toyota Boshoku pursues the ultimate in comfort from a professional standpoint and will continue striving to produce the ideal seat.



Biotechnology Leads the Environmental Age — Aiming to Drive Further Innovation from Kenaf to Bio-Alloy

Toyota Boshoku was quick to tackle product development using plant-derived raw materials such as kenaf to realise a low-carbon society ahead of other companies. Currently in this field there are increasing calls for lighter weight and greater sophistication in line with expectations toward preventing global warming and moving away from petroleum resources. Within this context, we introduce Toyota Boshoku initiatives to develop products using plant-derived raw materials and future possibilities.

- 1999
Kenaf + thermoset resin
Success in practical application of kenaf board
- 2000
Kenaf + polypropylene
Door trim using kenaf base material
- 2002
Kenaf + polypropylene
Seat backboard using kenaf base material
- 2003
Kenaf + polypropylene
Door trim using kenaf base material
- 2003
Kenaf + polypropylene
Spare tyre cover using 100% plant-derived material
- 2009
Kenaf + polypropylene
Door trim ornament using high heat-resistant material
- 2012
Kenaf + polypropylene
Door trim and seat backboard using Simultaneous Back Injection (SBI) method
- 2012
Kenaf + polypropylene
Air cleaner case using injection moulding method
- 2013
New material
Developed bio-based plastic alloy

Contributing to the environment with kenaf-based product development

Toyota Boshoku started product development using plant-derived raw materials as far back as 1996. As an automotive components manufacturer, we realised the importance of focusing on kenaf because it grows quickly and absorbs a lot of CO₂ based on a commitment to develop products that contribute to the environment. This signalled the start of development for automotive components using kenaf fibre as the raw material.

“In the beginning it was difficult trying to effectively blend kenaf fibre with polypropylene fibre, which is used as an adhesive,” explains Tamotsu Nagaya, Department General Manager of the Biotechnology Development Department, Advanced Development Division. “Kenaf fibre is cut into 100mm strips and mixed with polypropylene fibre before putting it in mat form. The problem was that since the fibres themselves differ in length it was difficult achieving the high level of uniformity required for automotive parts.”



Tamotsu Nagaya
Department General Manager,
Biotechnology Development
Department, Advanced Development
Division

Nonetheless, Toyota Boshoku succeeded in producing a uniform mat in 1999, which was used in the door trim of the Celsior in 2000. During this period, internally we developed technology to mix kenaf and polypropylene, make it into a mat and put it in sheet form as well as technology to shape it. Then in 2002, we established our first line to produce kenaf board in Indonesia. Increasing production of kenaf base material provided the momentum to expand application to seat backboards and the number of vehicles employing the product started to grow.

“A second line was installed in Indonesia in 2004 and we further stabilised quality around the time our mass production of components using kenaf reached 3 million m³ in 2006,” says Nagaya. “As interest in the environmental performance of vehicles and the raw materials used in them grew, it became easier to make proposals for using kenaf material. Also, reducing the weight of components that provide all the benefits of plant fibre led to lighter body weight and greater fuel efficiency, which automakers are constantly pursuing. That’s why Toyota Boshoku’s initiatives have been in the spotlight from a social perspective.”

Development technologies leap forward with bioplastics

Toyota Boshoku decided to challenge the development of 100% biomass by using kenaf and plant-derived polylactic acid resin. In 2003, this product was used as the spare tyre cover for the Raum.

"Toyota Boshoku and Toyota Motor Corporation together with Toray Industries Inc. jointly developed the plant-derived material based on a commitment to achieve 100% biomass," comments Takayasu Mori, Division General Manager of the Material Engineering Development Division.



Takayasu Mori
Division General Manager, Material Engineering Development Division

"Although polylactic acid is weak against water and heat, we proposed a method of use that covers these weaknesses, which led to successful application. Realising a product that is 100% biomass was a huge leap forward for our biotechnology." Following this success, in 2009 we improved the low heat resistance weakness of polylactic acid by means of a technology for crystallising the acid, and the resulting product was applied in door trim base material for the Toyota SAI. Although it generally takes time for crystallisation to complete, we developed a high-speed crystallisation technology to accommodate the 70-second timeframe for the kenaf shape processing. This enabled heat resistance of 110°C. The technology that resulted led to 100% biomass components being widely used as base material for the interior components of automobiles.

Innovation in production technology drives competitiveness rivaling petroleum-derived resin

Most automotive components are combined with other parts to form a single component with very few made solely by shaping a certain material. Even with kenaf-derived components, kenaf board was press shaped before a resin-based material was attached in post-processing. Despite this, there were calls for greater productivity and lighter weight. That led to the development of the Simultaneous Back Injection (SBI) method, which enables both pressing and injection simultaneously. Door trim and other products made with this method have been employed in the Lexus GS, which debuted in 2012. While being a kenaf-based component, this product enables the same injection moulding as petroleum-based resin, thereby serving to enhance competitiveness. We had developed a technology that vastly decreased the time required for shaping. Compared with conventional resin-based components, it was possible to reduce weight by 30-40%, which opened the door to new possibilities.

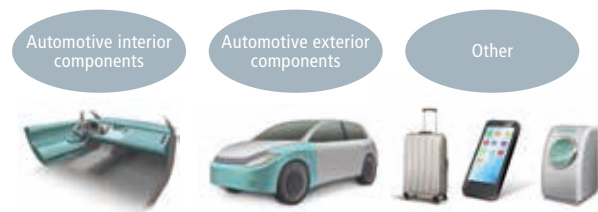
In addition, although products using kenaf fibre were

previously limited to base material stamping by way of pressing, the establishment of a different injection moulding method resulted in application in an air cleaner case, an engine-related component.

Development of bio-alloy that astonished the world and new possibilities for kenaf

Through the development of plant-based materials with a focus on being 100% biomass, Toyota Boshoku succeeded in also developing an all-new material. The material is known as bio-based plastic alloy with world-class impact strength that was announced in November 2013. It was jointly developed with Toyota Central R&D Labs., Inc. and significantly expands the applicable scope of bioplastics, which has put it in the spotlight.

Potential of bio-based plastic alloy



"Bio-based plastic alloy is not simply made by mixing plant-derived resin and petroleum-derived resin, but requires composite-type blending at the nano-level," says Mori. "This resulted in the world's first special structure known as a 'salami structure'." This attribute has enabled a drastic increase in impact strength as well as lighter weight. It also makes processing for complex shaping possible. Going forward, we have high expectations for this material to have broad application in addition to use in automotive parts.

Toyota Boshoku is developing new ways to use existing materials alongside the development of new materials. One example is kenaf design panels for use in home interiors, which we displayed at the Milano Salone international furniture fair in Italy. Making use of the texture of kenaf on the front surface gives rise to new possibilities, including application in the interior of the home as well as interior materials for automobiles.



Kenaf design panels

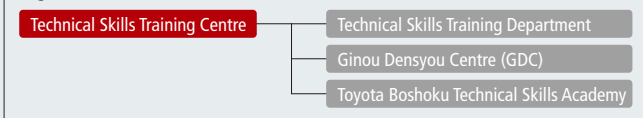
Starting with kenaf, Toyota Boshoku has spent close to 20 years challenging the development of products that contribute to the environment. This has led to application in a variety of different vehicles today. The technology arising from this has in turn led to the development of the world's first composite resin as well as new possibilities for kenaf. Toyota Boshoku's biotechnology is expected to evolve even further going forward.



Manufacturing Capabilities That Prevail over Global Competition — The Key is Fostering People with Advanced Maintenance Skills

The Technical Skills Training Centre was established in 2011 to enhance and pass on manufacturing skills. Systematic and coordinated manufacturing related education is being conducted there for personnel from around the world with a focus on three key activities.

Organisational structure



Three key activities

- Fostering managers and supervisors** — Develop manufacturing site leaders
- Establishing excellent manufacturing skills** — Enhance the capabilities of engineers supporting manufacturing sites
- Strengthening maintenance skills** — Nurture maintenance personnel to ensure equipment is used to its maximum potential



Kiyomi Nakatsuka
Department General Manager, Ginou Densyou Centre (GDC), Technical Skills Training Centre

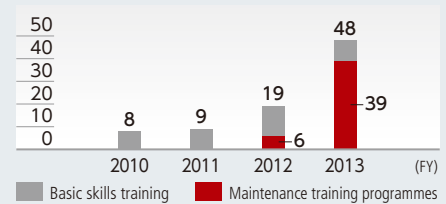


Atsushi Onishi
Department General Manager, Technical Skills Training Department, Technical Skills Training Centre



Masayoshi Ouchi
Academy Deputy Director, Toyota Boshoku Technical Skills Academy, Technical Skills Training Centre

Number of participants in training [Regions outside Japan] (Person)



The Technical Skills Training Centre is pouring its efforts into specialised education for staff in charge of maintaining equipment at production entities around the world. We are committed to developing maintenance personnel who provide adequate support to production sites. That's because we believe this is the key to prevail over increasingly fierce global competition.

An era of enhancing competitiveness through maintenance skills

The term "maintenance" refers to techniques used to keep production equipment in tip-top condition at all times while "maintenance personnel" refers to the specialist staff tasked with accomplishing this goal.

In recent years, production bases, lines and items have increased in the Toyota Boshoku group amid the global expansion of manufacturing. Each site has introduced the latest production equipment such as advanced industrial robots and electronic controls, which has driven the pressing need to develop maintenance personnel with specialised knowledge and skills to keep equipment appropriately maintained.

Taking the example of a production entity that is remote from urban areas, it is virtually impossible to get the

manufacturer or specialist external staff to come and see the equipment that has broken down at a moment's notice. If the machinery is stopped for a long period, production plans will fall behind, which could lead to business losses and cause problems for automakers. Having the ability to fix the problem oneself immediately, however, would not only shorten the period of inactivity but also reduce outsourcing costs. In order to raise the level of production quality and drive further corporate growth, the role of maintenance personnel in all regions is becoming increasingly critical.

Initiatives for education related to maintenance started in earnest in fiscal 2012. First, we provided education to 270 core maintenance personnel from Toyota Boshoku in coordination with committees aimed at improving maintenance capabilities and respective maintenance departments. Following this, we

added 450 maintenance personnel from affiliates in Japan in addition to the Production Engineering group. Toyota Boshoku has halved the number of serious accidents involving equipment over the past two years thanks to the three core actions concerning workplaces, committees and education. Corrective maintenance aims to restore equipment quickly and preventive maintenance aims to avert trouble before it occurs. To this end, we are seeking to enhance maintenance related education as a whole and to create production equipment that is resilient to breakdowns throughout the Toyota Boshoku group.

Developing human resources to protect production equipment cannot be completed simply by teaching ways to make repairs. It is also critical to raise awareness of the need for maintenance in addition to repair, which includes how to quickly identify where machinery has broken down and how to minimise repair time.

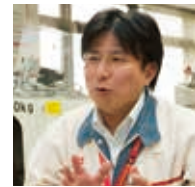
Global trainees with clearly defined objectives and passion

In order to deploy maintenance training programmes on a global scale, trainees from respective regions in which the Toyota Boshoku group operates gather together for beginners' courses on maintenance. To date, the courses have focused on individual topics, but this has recently changed to a more structured approach that aims to nurture global staff.

The content of the new courses concentrates on basic knowledge and technology in such areas as sequence control, motor control, equipment diagnosis and trouble shooting that can be applied to manufacturing sites anywhere in the world. Maintenance personnel from Argentina, Mexico and China took part in a course that ran from May to June in 2014.

We spoke with some of the trainees. "I learned a lot from the experienced and knowledgeable instructors that I hope to pass on to my colleagues back in my home country." (F.R. Chavarria). "I took part in the automation programme and hope to assist those involved in production." (L. Gutierrez). "My mission is to reduce the time required for maintenance in order to contribute to corporate profit. I hope to learn problem-solving techniques to help find the root cause of issues before I

go home." (N.S. Rodriguez). "I want to gain knowledge about the latest injection moulding equipment and learn about how to maintain it." (J. Gripro). These and other comments demonstrate the clear objectives of the trainees and how serious they are about learning.



Kiyoshi Ohya
Chief expert at Toyota Boshoku
Technical Skills Academy

Instructor Kiyoshi Ohya (chief expert at Toyota Boshoku Technical Skills Academy) aims to meet their enthusiasm. "Once the trainees adequately learn the basics of production equipment and machinery, they can step up to apply the knowledge and overcome any problems with which they are faced. The latest production equipment is complex, so I use actual replicas and simplistic explanations so they can apply what they have learned on their own production lines," he says. "Equipment and machinery used in Japan, North America, Europe and ASEAN countries are made by different manufacturers so even though the basic structure is the same the details differ. We employ the devices actually installed at the entities of the trainees as one of our unique means to ensure the training will benefit each individual site."

Trainees participating in this educational programme are expected to be active as leaders in maintenance as soon as they return to their home country owing to the immense benefits of training in a small group despite differences in experience depending on the region and individual.

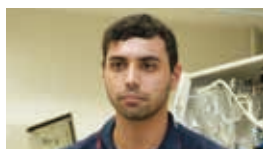
Communicating Toyota Boshoku manufacturing to the world and the next generation

The skills education system, which includes maintenance training programmes, supports manufacturing within the Toyota Boshoku group, beginning with the very basics. The education aims to nurture leaders for manufacturing sites and enhance the skills of engineers who provide support at manufacturing sites, while maintenance training programmes seek to ensure equipment is used to maximum potential. By integrating these three sides in the training we hope to contribute to global business development and further accelerate manufacturing-based education going forward.

Trainees



Juan Gripro
Argentina
Experience in maintenance: 7 years



Luis Gutierrez
Argentina
Experience in maintenance: 1 year



Nicolas Saeuz Rodriguez
Mexico
Experience in maintenance: 22 years



Francisco Rodriguez Chavarria
Mexico
Experience in maintenance: 9 years

Creating Forests and Regional Green Belts around the World

— Reafforestation Activities Aiming to Make Turkey Greener

Reafforestation programmes span the globe

The Toyota Boshoku group's reafforestation activities started from an "Eco-Forest" in Indonesia in 2006 and have now grown to encompass 12 countries as part of a global campaign. Our wide-ranging activities extend from planting trees, forest management and environmental preservation to regional interaction.

Toyota Boshoku group reafforestation

Main countries and regions of reafforestation activities

FY2006 to FY2013 total Area covered: 270ha Number of trees planted: 322,000

Turkey



Sakarya Province, Turkey
*Introduced on the next page

China



Afforestation activities started in Tianjin in 2012. Since 2013, we have planted trees in conjunction with respective companies in the China region with the aim of preventing desertification and improving the land in the Alxa area of Inner Mongolia. We will continue with these efforts going forward.

Japan



Reafforestation activities have been undertaken in various regions, beginning with Kashimo (Gifu Prefecture) in 2008 and including Seburi (Saga Prefecture), Ohira (Miyagi Prefecture) and Ozuchi (Shiga Prefecture). We are moving ahead with activities related to regional interaction and youth development through reafforestation.

Thailand



Company members from six companies in Thailand teamed up to start planting activities in Rayong Province, Thailand, in 2006. Every year since 2011, many company members have been taking part in the activities in an effort to regenerate mangrove forests that have been devastated along coastal areas.

Indonesia

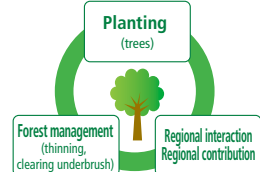


We started reafforestation activities at Mount Bromo in the State of East Java in 2006. Approximately 300,000 trees on 160ha of land have been planted thus far. Education related to environmental preservation and guidance on improving lifestyles in conjunction with local government institutions and non-governmental organisations is also provided.

Lush, green Kashimo forest



Features of Toyota Boshoku group reafforestation



Reafforestation activities aim to make Turkey greener

Toyota Boshoku Turkey and TB Sewtech Turkey have been undertaking tree-planting activities since 2008 with the objective of ensuring environmental protection by rejuvenating devastated forest areas. Around 350 people took part in tree planting in March 2014, including company members, their families and local government body officials. Approximately 1,000 saplings were planted in Sakarya City on a hillside where the forest had been destroyed.



Working to enhance environmental awareness on the part of members and their families

These activities are being undertaken in collaboration with local government bodies with efforts being made to enhance environmental awareness among members and their families as well as enable regional interchange in addition to contributing to the environment. Participants have been given saplings and asked to nurture them at home with plans to replant them starting in autumn of this year. This ongoing project seeks to contribute to ongoing reafforestation activities in the Turkey region as we proceed with social contribution activities rooted in local communities based on the shared philosophy of the Toyota Boshoku group to “aim to grow in harmony with our local communities as a good corporate citizen.”



Expectations for ongoing activities and development

Republic of Turkey Ministry of Forestry and Water Affairs, Sakarya Office

Unfortunately, the amount of forests in the world is decreasing. In the case of Turkey, however, the amount of forests is increasing due to recent efforts. I believe that the latest tree-planting activities are very helpful in preserving the regional environment. I hope that these activities are continued and that Toyota Boshoku contributes to the protection of nature and the

environment in the region going forward.



Ahmet Serdar Onat
Sakarya Office
Republic of Turkey Ministry of Forestry and Water Affairs

Fostering a mindset to protect the environment

From a person in charge of reafforestation activities at Toyota Boshoku Turkey

These activities were planned in seeking to enhance awareness of environmental preservation. More people than expected participated in the major activity held on March 1. As part of the process for further increasing awareness among members, a total of 400 saplings were given out to participants to nurture at home.

We did our best to make sure that members became increasingly aware of environmental preservation as the saplings grew with the aim of creating a lush, green region.




Sinem Celik Akin
Toyota Boshoku Turkey

The Moments That Led Us to Today

From the founding of Toyoda Boshoku to the rebirth of Toyota Boshoku

The year is 2014, and 10 years have passed since Toyota Boshoku undertook a new challenge with a corporate merger. We take a look back at the key moments in the history of Toyoda Boshoku, Araco and Takanichi, the cornerstones of the new company.


1918 Toyoda Boshoku founded



Founder: Sakichi Toyoda
Sakichi Toyoda, inventor of the automatic loom and founding father of the Toyota Group, established the Toyoda Automatic Loom Works in 1911 (name changed to Toyoda Automatic Spinning and Weaving Plant in 1914). By around 1917, it had grown to be one of the leading companies in Aichi Prefecture with 1,000 looms, making it increasingly difficult to ensure smooth operations independently. This prompted Sakichi to reorganise into a corporate structure, which led to the founding of Toyoda Boshoku in 1918.

Organization, integration
Absorbed into Toyota Motor Co., Ltd. in 1943
Spun off


1950 Birth of Minsei Spinning



The company took a new step forward at the Kariya Plant (current) by installing 55,000 spindles and 668 cotton looms.

Rows of looms at the factory


1967 Renamed Toyoda Boshoku once again



Amid a downturn in the textile industry, Taizo Ishida was appointed chairman of Toyota Motor Co., Ltd. (name at time) who immediately set about reconstructing the company. The company name was changed to Toyoda Boshoku once again. This year would have marked the 100th year of the birth of the company's founder Sakichi Toyoda.

Chairman Ishida hang sign with new company name.


1973 Started production of fabric for seats



Seat fabric with exceptional fire resistance was developed while examining entry into the automotive parts field. It was first applied in the knit and fabric of the Celica and Sprinter.

Seat fabric supplied by the later named Araco and Takanichi


1985 Started full-fledged production of air filters



A new factory was built inside the Kariya Plant and production of air filters started in earnest following transfer from Nippondenso (name at time). An integrated system from design (including R&D divisions) and pilot production to the finished product was established.

Production process for air filters


1990 Expanded business for automotive parts



A production system for moulded headliners, headliner base material and fender liners, etc., was established following transfer from Toyota Motor.

Process of decorating the moulded headliner

2000 Merged with Toyota Kakoh




Merged with Toyota Kakoh, a specialist in automotive interior components with a focus on floor carpet. This was a major step toward becoming an interior system supplier.

Ceremony commemorating the merger with Toyota Kakoh


2004 Toyota Boshoku reborn

Merger




Araco

1947 Arakawa Sheet Metal Works founded
Pilot production for three steel bodies for SA model passenger cars commenced at the request of Kiichiro Toyoda. Delivery was to be in just over 70 days. The bodies were successfully delivered after operating round the clock.




Production of body for SA model passenger car

1967 Started production at Sanage Plant
The Sanage Plant was built to increase production of interior components and to expand and enhance the custom design department and facility for pilot production.




Officials observe the planned site for the plant.

1987 First foray overseas
The joint company Shin San Shing was established in Taiwan and the company continued to enter overseas markets, namely the U.S.A. and Indonesia.



Signing ceremony for joint company


1988 Developed AAR seat
The interior parts development department was newly established with the aim of enhancing development potential for interior parts. This led to the development of the original AAR seat.



AAR seat


Takanichi

1960 Takashimaya Nippatsu Industries founded
Toyota Motor Co., Ltd. (name at time) established this interior components maker incorporating the interior technologies of Takashimaya Kosakusho and the spring technologies of Nippon Hatsujo for the production of interior components for the Publica, the "people's car."




Publica, the "people's car"

1968 Production volume topped one million units
The Publica was a huge hit and production continued to grow, which led to the establishment of a series of factories, namely in Toyota, Yokosuka and Takaoka. In just eight years since its founding, production volume topped one million units.



Seat for the Toyota Sports 800

1983 Advent of an era of internationalisation
Technical assistance agreements were concluded with four companies, including the first overseas company NHK Springs (Thailand) (name at time). An overseas affairs department was set up to take charge of international affairs such as technical support and component export. Four foreign engineers with exceptional skills were employed in preparation for entry to overseas markets in the future.



First foreign engineers employed

The merger was made with the aim of strengthening competitiveness as an interior systems supplier, and Toyota Boshoku was reborn. This was the first step toward the goal of becoming a company that can provide comfortable interior space and world-class filters to customers around the globe.

The capital of the new company was increased from ¥4.93 billion to ¥8.4 billion, the number of company members jumped from 3,500 to 20,000, and net sales increased significantly from ¥118.5 billion to ¥877.5 billion (fiscal 2005).

21

Social Activities

Promoting Corporate Growth While Fulfilling Our Responsibilities as a Good Corporate Citizen

The Toyota Boshoku group is working to build an enterprise that contributes to society and is promoting corporate growth while fulfilling our responsibilities as a good corporate citizen. We defined our commitment to stakeholders in our corporate philosophy and undertake business activities based on this commitment to fulfil our social responsibilities, with the aim of continuing to be trusted by customers, shareholders and all other stakeholders.

■ Report on CSR Performance Indicators	23
CSR Management	25
Together with Customers	29
Together with Company Members	31
Together with Shareholders and Investors	36
Together with Suppliers	37
Together with Global Society & Local Communities	39

Environmental Activities

Working toward Environmental Conservation in All Facets of Business

The Toyota Boshoku group aims for growth that is in harmony with the environment and strives to preserve the environment in all areas of our business activities. We promote environmental conservation worldwide and work together to reduce environmental loads by conducting eco-friendly development, design, production and logistics. At the same time, we create products that are both comfortable and ecologically responsible by maximising the potential of our environmental technologies in order to contribute to the realisation of a sustainable society.

■ Report on Environmental Activities	41
■ Fiscal 2013 Results (Toyota Boshoku group 2015 Environmental Action Plan)	43
1. Environmental Management	45
2. Development and Production Activities for the Realisation of a Low-Carbon Society	49
3. Technology Development and Production Activities for Building a Recycling-Oriented Society	51
4. Reduction of the Use of Substances with Environmental Impact and Carrying Out Social Activities in Co-Existence with the Natural Environment	53



● We make efforts to disclose environmental information on the Toyota Boshoku website. Please refer to the following site for details.
URL : <http://www.toyota-boshoku.com/global/about/csr/index.html>

Photo: Spiral Magnus wind turbine at the Sanage Plant, which efficiently generates power through low revolution with minimal noise

Report on CSR Performance Indicators





The Toyota Boshoku group has established its visionary goal under its 2020 Vision to be “a trusted company that grows together with all stakeholders” as our aspired image of “how we want to be viewed by society in 2020.” The Toyota Boshoku group is collectively carrying out social activities to realise this aspiration. Measures were taken in fiscal 2013 to review all initiatives from the perspective of the seven core themes of ISO 26000 with the aim of enhancing the level of activities.

Medium-term targets for social activities and fiscal 2013 summary and key issues for fiscal 2014

Sustainability theme	Mid-term targets	FY2013 action results	Self-assessment	FY2014 targets	Page	
 <p>CSR Management</p>	Corporate governance <ul style="list-style-type: none"> Maintain and improve governance system to ensure management transparency 	<ul style="list-style-type: none"> Clarified meeting bodies needed for decision-making and built efficient meeting system Strengthened global collaboration of management strategy functions Reviewed global regulations concerning decision-making (once/year) 	○	<ul style="list-style-type: none"> Further clarify meeting bodies needed for decision-making and build efficient meeting system Review global regulations concerning decision-making (once/year) 	25	
		<ul style="list-style-type: none"> Improve and operate internal control system Create global auditing system 	<ul style="list-style-type: none"> Refined auditing items suited to standard auditing items and respective workplaces Implemented monitoring regarding control activities in operations 	○	<ul style="list-style-type: none"> Improve quality of internal auditing Continuously implement monitoring regarding control activities in operations 	25
	Compliance	Thorough compliance awareness <ul style="list-style-type: none"> Firmly establish a system and structure that enables promotion of compliance globally 	<ul style="list-style-type: none"> Promoted regional CSR activities based on Global Compliance Programme (GCP) Implemented training on laws and regulations tailored to respective regions Promoted the participation in Corporate Ethics Month by all members company-wide 	○	<ul style="list-style-type: none"> Promote autonomous regional CSR activities Implement List of Legal Risk Activity in each region Continuously promote the participation in Corporate Ethics Month by all members company-wide 	26
		Compliance with laws and regulations and awareness raising <ul style="list-style-type: none"> Improve global compliance system and continuously promote zero law violations 	<ul style="list-style-type: none"> Implemented training on compliance with antitrust laws and on anti-bribery (Implemented at least once in each region) Held training for Export Compliance Promotion Committee members and training course by grade (Implemented 22 times) 	△	<ul style="list-style-type: none"> Deployment and commence operation of programme on compliance with antitrust laws and on anti-bribery in each region (more than once/year) Continuously implement training for Export Compliance Promotion Committee members and training course by grade 	26 27
		Intellectual property management <ul style="list-style-type: none"> Improve global intellectual property management system 	<ul style="list-style-type: none"> Put into practice the regulations for handling inventions at RM&CH Developed patent application management system and patent assurance system at RM&CH 	○	<ul style="list-style-type: none"> Continuously put into practice the regulations for handling inventions at RM&CH Continuously develop patent application management system and patent assurance system at RM&CH 	27
		Confidentiality and information security management <ul style="list-style-type: none"> Strengthen confidentiality management at a global level 	<ul style="list-style-type: none"> Reviewed and strengthened confidentiality management system at a global level (checked basic items of confidentiality management) 	○	<ul style="list-style-type: none"> Thoroughly prevent leaks of confidential information by making a global list of confidentiality related risks 	27 28
		<ul style="list-style-type: none"> Enhance global security level 	<ul style="list-style-type: none"> Observed the All Toyota Security Guidelines (ATSG) 	○	<ul style="list-style-type: none"> Redouble individual awareness of confidentiality management 	28
	Thorough reinforcement of risk management <ul style="list-style-type: none"> Reinforce risk management on a global level 	<ul style="list-style-type: none"> Formulated production restoration BCP*1 Refined initial-response BCP Strengthened the level of disaster-mitigation countermeasures 	○	<ul style="list-style-type: none"> Develop a global disaster response manual Conduct comprehensive disaster-related training worldwide 	28	
	 <p>Together with customers</p>	Promoting education, training and awareness-raising activities for quality <ul style="list-style-type: none"> Secure quality assurance professional personnel who are capable of assuming their roles globally Promote global quality control (QC) activities and enhance educational system 	<ul style="list-style-type: none"> Developed professional personnel in quality over the short term Based on quality education system, consolidated quality education through mutual attendance of respective design, production engineering and quality divisions 	○	<ul style="list-style-type: none"> Strengthen Total Quality Management activities and human resources development 	29 30
		Enhance and strengthen quality assurance system <ul style="list-style-type: none"> Establish global quality assurance system 	<ul style="list-style-type: none"> Effectively utilised and firmly established All TB Quality Information Leading System*2 (AQUILES) Improved AQUILES to realise global expansion 	△	<ul style="list-style-type: none"> Visualise response status at Global Quality Committee and follow up on progress 	—
<ul style="list-style-type: none"> Consolidated global TS 16949 acquisition plan and followed up on progress Developed a system for sharing the skills of internal auditors and identified problems 		<ul style="list-style-type: none"> Established personnel in charge of business partners at Toyota Boshoku, expanded initiatives to 20 worst companies and strengthened quality target achievement activities Clarified where responsibility lies for development and guidance responding to “safety, quality and production” with the establishment of parent factory Promoted and quickly standardised measures responding to defects delivered through the audit improvement technology conference Accelerated and firmly established the issuance of quality news reports 	○	<ul style="list-style-type: none"> Strengthen education for departments aiming to attain TS 16949 (12 plants in regions outside Japan) Maintain China Compulsory Certification (Cases of legal non-compliance: 0) 	29	
Deployment of quality-related activities <ul style="list-style-type: none"> Significantly reduce products with defects delivered and delivery complaints 	<ul style="list-style-type: none"> Continue activities to prevent key quality defects through 5N activities (Cases of defects due to omission in 5N registration: 0) Create and promote use of a list comprising past defects to prevent recurrence (Cases of defects caused by omission from drawing or omission from process: 0) Continue EDER*3 activities in vehicles launched this fiscal year 	△		30		

*1 Business Continuity Plan *2 Quality control system *3 Early Detection, Early Resolution

(Assessment ○: Exceeded targets ○: Achieved △: Partially achieved ×: Not achieved)

Sustainability theme		Mid-term targets	FY2013 action results	Self-assessment	FY2014 targets	Page
 <p>Together with company members</p>	Full respect for human rights	<ul style="list-style-type: none"> Reinforce respect for human rights training 	<ul style="list-style-type: none"> Implemented training to raise awareness of human rights for Toyota Boshoku members who were new hires and promoted. 	○	<ul style="list-style-type: none"> Conduct ongoing implementation of respect for human rights training 	31
	Respecting diversity	<ul style="list-style-type: none"> Enhance reemployment system Promote active employment of global human resources 	<ul style="list-style-type: none"> Rehired retired members (all members who wish to be rehired) Actively hired people of different nationalities besides Japanese to join Toyota Boshoku as members Unable to achieve new statutory employment ratio of persons with disabilities of 2.0% 	△	<ul style="list-style-type: none"> Create a system for promoting activities among senior personnel Actively hire people of different nationalities besides Japanese to join Toyota Boshoku as members Achieve new statutory employment ratio of 2.0% for persons with disabilities 	31 32
	Promotion of human resources development	<ul style="list-style-type: none"> Globally expand human resources development Develop personnel system and training programmes for nurturing Toyota Boshoku Global Leaders (TBGL) 	<ul style="list-style-type: none"> Continuously implemented Master Trainer Programme Expanded members utilising the Intra-Company Transfer (ICT) system and trainee system (ICT: 35 persons; trainee system: 51 persons) Enhanced All TB Skills Competition (added three new types of job) Reinforced technical-related training (39 people from regions outside Japan accepted for a course on maintenance) Established a personnel management system for nurturing global leaders 	○	<ul style="list-style-type: none"> Promote recruitment of local members for global leader positions Firmly establish a system for nurturing TBGL Expand members utilising ICT and trainee systems (ICT: 50 persons; at least 60 trainees) Further strengthen measures to improve language ability Further strengthen maintenance skills in each region Enhance supervisor education and expand globally 	32 33
	Promoting safety and health and health building	<ul style="list-style-type: none"> Create global management in terms of safety and health activities 	<ul style="list-style-type: none"> Implemented safety inspections by top management with an emphasis on STOP6**4 → Creation of human resources and workplaces where serious accidents never occur (Cases of major accidents: 0) Newly established <i>Anzen Dojo</i> at new production entities (Percentage of Toyota Boshoku group with <i>Anzen Dojo</i>: 100%) Improved the implementation of Behaviour-Based Safety by utilising <i>Anzen Dojo</i> (pedestrian crossings, pointing and calling, stair handrails, etc.). (93% ⇒ 95%) Improved workplace environment corresponding to special health checks (Steps taken to resolve workplace issues: 100%) 	○	<ul style="list-style-type: none"> Implement "dedicated safety time" incorporating mutually enlightening dialogue on safety (Create a mutually enlightening culture of safety) Implement safety inspections by top management with an emphasis on STOP6 (cultivate human resources and create a workplace in which major accidents do not occur under any circumstances) Improve the implementation of Behaviour-Based Safety (pedestrian crossings, pointing and calling, stair handrails, etc.). Improve workplace environment corresponding to special health checks 	34 35
		<ul style="list-style-type: none"> Promote the development of physical and mental health 	<ul style="list-style-type: none"> Promoted mental health related activities Implemented measures to prevent lifestyle-related diseases (Health guidance provided: 100%) 	△	<ul style="list-style-type: none"> Promote mental health related activities (Reduce number of absentees due to mental health) Implement measures to prevent lifestyle-related diseases (Health guidance 100%, stop-smoking initiatives on-site) 	35
 <p>Together with shareholders and investors</p>	Enhancing corporate value and reinforcing information disclosure	<ul style="list-style-type: none"> Earn greater trust by disclosing information in a timely and appropriate manner 	<ul style="list-style-type: none"> Steadily implemented timely disclosure according to laws and regulations 	○	<ul style="list-style-type: none"> Steadily implement timely disclosure according to laws and regulations 	36
		<ul style="list-style-type: none"> Develop a stable shareholder base through proactive investor relation activities 	<ul style="list-style-type: none"> Implemented financial results briefings, individual visits to investors and small meetings Implemented plant tours for individual shareholders 	○	<ul style="list-style-type: none"> Implement financial results briefings, individual visits to investors and small meetings Implement plant tours for individual shareholders 	36
 <p>Together with suppliers</p>	Practicing open, fair and transparent business dealings and implementation of CSR activities in supply chain	<ul style="list-style-type: none"> Globally develop basic procurement policy Expand and permeate the Toyota Boshoku supplier CSR guidelines to global suppliers 	<ul style="list-style-type: none"> Continued to practice basic procurement policy Developed CSR guidelines for the supply chains of respective suppliers Promoted procurement activities that give considerations to human rights and the environment (initiatives for conflict minerals) 	○	<ul style="list-style-type: none"> Continue to practice basic procurement policy Develop and permeate CSR guidelines for the supply chains of respective suppliers Continuously promote procurement activities that give considerations to human rights and the environment (initiatives for conflict minerals) 	37
	Creation of a global procurement system	<ul style="list-style-type: none"> Strengthen global procurement capability and procurement foundation 	<ul style="list-style-type: none"> Continuously implemented General Meeting of Global Suppliers Developed system of global cost benchmarks (promoted system development) Strengthened global SPTT**5 activities 	○	<ul style="list-style-type: none"> Continuously implement General Meeting of Global Suppliers Use IT for global cost benchmark data Further strengthen global SPTT activities 	38
 <p>Together with global society & local communities</p>	Social contribution activities	<ul style="list-style-type: none"> Promote global social contribution activities rooted in regions by respecting cultures and customs of regions in respective countries 	<ul style="list-style-type: none"> Promoted activities that will steadily respond to local needs Implemented according to plan and expanded activities Promoted activities in cooperation with international activity organisations 	○	<ul style="list-style-type: none"> Create opportunities for social contribution activities around business sites that anyone can do Improve participation rate in social contribution activities 	39 40

*4 S: Safety T: Toyota O: 0 (Zero Accident) P: Project 6: 6 items (Being caught in machines, coming in contact with heavy objects, coming in contact with vehicles, falling, electrocution and coming in contact with heated objects)

*5 Supplier Parts Tracking Team: Outsourced production and manufacturing preparation follow-up activities carried out by a team



CSR Management

The Toyota Boshoku group is working to further enhance corporate governance through respecting international behavioural rules in compliance with laws, regulations and ethics in order to carry out sustainable business activities and meet the expectations and earn the confidence of all stakeholders.

Fundamentals of CSR activities

The Toyota Boshoku group designates such matters as accountability, transparency, respect for stakeholders' interests, respect for the rule of law, respect for international codes of conduct and respect for human rights as the fundamentals of corporate social responsibility (CSR) activities based on our corporate philosophy, the TB Way and the Toyota Boshoku group code of conduct. On this basis, measures are taken to enhance CSR through various definable aspects of corporate activities. Additionally, our global CSR Committee promotes CSR activities around the world by formulating policies for group-wide CSR efforts, developing activities, following up on their progress and deliberating on and evaluating priority action items for implementation.

Global CSR promotion system



Corporate governance

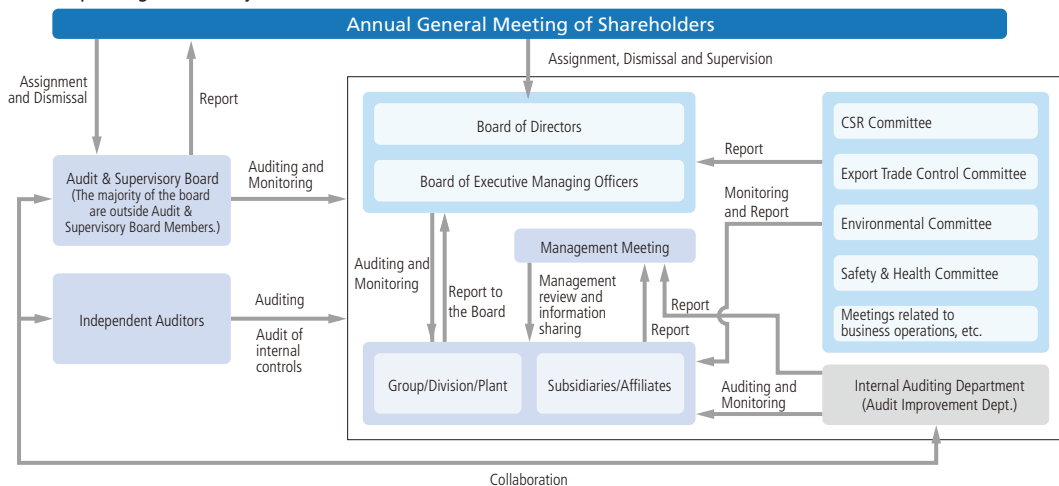
We are working to strengthen corporate governance to enhance the corporate value of the Toyota Boshoku group and ensure highly sound, transparent and efficient management.

Corporate governance system

The Board of Directors holds meetings at least once a month to decide on important management issues, such as policies for the fiscal year, project plans and investment in facilities, while also monitoring conditions related to the implementation of operations.

The Company currently utilises an Audit & Supervisory Board system. Five Audit & Supervisory Board Members (includes three outside Audit & Supervisory Board Members, two of whom are designated as outside auditors appointed by the stock exchanges) attend key company meetings in accordance with audit procedures and plans formulated by the Audit & Supervisory Board. They also conduct audit hearings and visiting audits as well as monitor the execution of operations of directors and the administration and the status of financial affairs of the group's subsidiaries. The Company has established a post dedicated to internal auditing as well. Toyota Boshoku also has introduced an executive officer system separating executive roles into management decision-making and execution of operations with the objective of improving management efficiency and

Corporate governance system



strengthening the supervision functions required in executing operations.

In fiscal 2013, the Company strived to build a governance system appropriate to the globalisation of business by reviewing rules related to global approval directed toward realising swift decision-making and regional autonomy. Going forward, the Company will clarify the meeting structures necessary for making decisions and promote the creation of an efficient meeting system.

● Development and operation of internal control system

The Toyota Boshoku group fosters a sound corporate climate based on the TB Way, which expresses the group's values, actions and stance. It also ensures thorough adherence to the Toyota Boshoku group code of conduct—the mindset of company members in performing their duties—through various educational programmes for members.

In addition, self-inspections are conducted on the status of internal controls via a checklist in order to regularly review and assess organisational governance processes, and the respective internal auditing departments are working to prevent inappropriate behaviour and mistakes at all our global locations by conducting audits at Toyota Boshoku divisions, plants, subsidiaries and affiliates.

Compliance

Legal and regulatory compliance as well as completely fair and transparent corporate activities are needed to earn and maintain the trust of society as a good corporate citizen.

● Thorough compliance awareness

The Toyota Boshoku group clarifies its overall concept, promotion system, scope of activities and goals for compliance in each region based on a compliance policy and conducts activities to enhance the level of compliance initiatives in each region including Japan. The Company continuously convened Regional CSR Committees again in fiscal 2013 and followed up on activities. In fiscal 2014, Toyota Boshoku will set key regulations

and applicable laws for the fiscal year and work to prevent violations with a focus on the legal domain.

■ Global development of List of Legal Risk

Toyota Boshoku is clarifying legal risks with regard to specific legal matters that need to be complied with as they relate to the various activities of the group. Based on this, efforts are being made to review and evaluate legal matters, correct areas of inadequacy and enhance compliance.

■ Considerations for human rights

Measures regarding basic matters such as respect for human rights have become essential in conjunction with the expansion of global business activities. In addition to adhering to laws and regulations as a matter of course, companies are expected to co-exist with local communities by respecting various cultures and values as well as individuality. At the Toyota Boshoku group, we are working to raise members' awareness through various training related to our corporate philosophy and monthly activities.

● Compliance with laws and regulations and awareness raising

The Toyota Boshoku group globally promotes training on laws and regulations and awareness-raising activities in order to thoroughly comply with respective types of laws and regulations related to our businesses.

■ Compliance with antitrust laws

Understanding and complying with the antitrust laws of respective countries is essential in carrying out global business activities.

To this end, Toyota Boshoku established the Company



Legal-based seminar for executive officers

Policy on Antitrust Law, in which we clearly declared that the Company will not tolerate any behaviour violating antitrust laws and company members will not commit any violations, with this declaration being shared in each region. Additionally, we formulated the Antitrust Law Compliance Rules with an emphasis

on rules when contacting competitor companies, thereby improving the system to prevent violations from occurring.

■ **Thoroughgoing export control**

The Toyota Boshoku group promotes activities in line with the Export Compliance Programme (Export CP) in order to appropriately implement security export control aimed at maintaining international peace and safety.

■ **Initiatives regarding Corporate Ethics Month**

Every year, the Toyota Boshoku group holds Toyota Boshoku group Corporate Ethics Month on a global basis with full participation by members. During this month, efforts are made to enhance ethics awareness through various initiatives such as confirming the basic principles and reviewing members' behaviour internally and externally.

■ **Education and awareness raising**

Toyota Boshoku has developed a training system for compliance that includes such core topics as antitrust law and bribery prevention and is also working to ensure that all company members, including new hires and members who were promoted, can acquire the necessary knowledge regarding compliance. Additionally, we are providing training in Japan and at affiliates outside Japan that takes into account the business of each company and conditions in each country and region.

● **Intellectual property management**

The Toyota Boshoku group respects the intellectual property of third parties and appropriately values its own intellectual property, which is viewed as a key management asset essential for global business development. We continuously work to enhance the protection and utilisation of our intellectual property.

■ **Aiming to strengthen patent application system**

Toyota Boshoku promotes initiatives to increase the number of patent applications befitting the scale of business as well as their quality. In this respect, we are working to boost motivation toward the creation of inventions as well as vitalise application activities through managing targets for the number of patent

applications by each technical division, in-house training and the patent compensation system, as well as patent application support activities from the intellectual property department. Particularly in recent years, we are promoting application activities in Europe and the United States as well as in the China region and emerging countries in response to the globalisation of business activities.

In order to protect our intellectual property rights and prevent infringement of other companies' rights, in addition to enlightenment mainly by providing information to designers on other companies' patents that they should bear in mind, we also incorporated patent assurance activities into project development processes as a means of promoting initiatives to prevent the infringement of other companies' rights in each project.

Furthermore, in tandem with promoting global development, in fiscal 2013 we started to operate a structure for effectively utilising the group's intellectual property rights on a global basis and promoted the establishment of regulations for handling inventions in each region and the creation of a patent application management system. Going forward, we will promote the implementation of these regulations and the establishment of a management system in each region as well as work to enhance motivation for inventions among members and stimulate patent filing activities.

● **Confidentiality and information security management**

The Toyota Boshoku group considers the appropriate management of confidential information to be an important element of our business activities. We seek optimal systems and frameworks for managing confidential information in order to pursue sound corporate activities.

■ **Strengthening organisation for security and enhancing basic conduct**

The Toyota Boshoku group established the Risk Management Working Committee as a sub-organisation of the CSR Committee to create a global confidentiality management system. The General Administration Division, which consists of respective functional divisions, and the Technical Administration, Production Engineering Management, Production Control and IT Promotion

Taking care that all members do all common tasks properly

Based on the idea that legal compliance and risk management form the foundations of CSR activities, Toyota Boshoku Kyushu has sought to strengthen the management system and initial response system by identifying risk factors. Besides a proposal system called 3M (Manners, Morals, Model) implemented as an independent initiative, which awards people who serve as role models in adhering strongly to manners and morals, Toyota Boshoku Kyushu is also building a culture in which members are able to handle routine matters within daily activities. Going forward, we aim to be a company trusted even more by society.



The company continuously holds workshops related to risk management.

TB Voice

There have been an increasing number of inquiries and requests internally about this initiative, demonstrating a strong desire to “take care of one’s workplace by oneself” and high level of motivation. Although adhering to laws, regulations and rules should be done as a matter of course, we will work to firmly establish activities and enhance awareness among members aimed at enabling full member participation and ensuring everyone always remains alert.



Person in charge of CSR activities
Toyota Boshoku Kyushu
Takahisa Babasaki

divisions cooperate to conduct confidentiality and information security management.

In fiscal 2013, all companies in Japan were checked in accordance with security guidelines and the status of confidentiality management was examined and verified in each region.

Thorough Reinforcement of Risk Management

The Toyota Boshoku group is working to comprehensively reinforce risk management via the creation of an effective risk management system in order to respond swiftly to management risk, risk in daily operations and other risks such as disasters and accidents.

Basic risk management policy

- 1 Endeavour to predict and prevent crises
- 2 Give maximum priority to assuring the safety of human life should a crisis occur
- 3 Should a crisis occur, centralise information and promptly investigate the cause, respond appropriately and minimise damage
- 4 In case of significant social damage or impact, release information promptly in good faith

Risk management system

The Toyota Boshoku group is striving to predict and prevent incidents, centred on the Risk Management Working Committee, and promoting activities to minimise the impact should a

crisis occur. The committee controls risk-related matters at the functional divisions of Toyota Boshoku, as well as other group companies in different regions, and is working to enhance risk management on a global basis.

Enhancing risk management

The Toyota Boshoku group clarifies preventive measures and ways to handle incidents if they occur in the Crisis Management Regulations. Detailed self-evaluations are repeatedly conducted at each site to develop adequate emergency and evacuation drills. Problem areas are reviewed and focus is placed on creating a system to minimise risk in times of emergency.

During fiscal 2013, we revised the initial-response business continuity plan (BCP) assuming a large-scale disaster upon implementing repeated comprehensive training for disaster prevention.

Reinforcing large-scale disaster countermeasure structure

Toyota Boshoku has established the Large-Scale Disaster Countermeasure Committee in order to strengthen aspects of disaster prevention and reinforce the structure from the initial response system when a crisis occurs to restoring production and respective functions. The Company further deepened cooperation of the Global Mainstay Hub functions with each region and strengthened the crisis management system throughout the group.



Together with Customers

The Toyota Boshoku group considers that the responsibility of a company engaged in manufacturing is to provide customers with products that can be used with peace of mind. On this basis, we are placing the highest priority on safety and quality in all stages including design, manufacturing and sales.

Promoting education, training and awareness-raising activities for quality

In order to ensure the safety and quality of our products, the Toyota Boshoku group has confirmed the fundamentals of quality assurance in the three areas shown below and is promoting education, training and awareness-raising activities related to quality.

- 1 Devise technical drawings that factor in quality
- 2 Create a process that guarantees the quality of drawings
- 3 Enhance quality in daily manufacturing operations

The Toyota Boshoku group conducts systematic education, training and awareness-raising activities that can be shared and built into the three domains of design, production technology and quality in order to ensure product quality and is also developing professional human resources with regard to quality at an adequate global level. In fiscal 2013, we reviewed our education system concerning quality and offered 39 courses based on this system, with a total of 470 people taking one of the courses.

Enhance and strengthen quality assurance system

On the basis of securing the safety of customers and with the aim of satisfying customers around the world and delivering products that inspire, the Quality Assurance Division and Quality Control Division of the Quality Improvement Corporate Division have joined forces to enhance the quality assurance system for the Toyota Boshoku group.

● Reinforcing our global quality assurance system

The Toyota Boshoku group is working to strengthen our quality assurance system in parallel with global business expansion.

First, at quality function meetings, global policy related to quality management is formulated and key issues are discussed and followed up on while determining the quality policy of each region and its implementation status. Information is shared at the global level to enable effective quality-related measures.

Additionally, the Company is cooperating through quality function meetings held at each RM&CH to ascertain the status of quality for respective regions and deploy initiatives toward achieving targets.

● Expansion of ISO/TS 16949 certification

The Toyota Boshoku group promotes acquisition of ISO/TS 16949 certification to meet the requirements of various automakers, including in Europe and the United States. In order to prevent deficiencies in the supply chain, the group has obtained this certification.

In fiscal 2013, in addition to six Toyota Boshoku plants, seven plants at six entities in regions outside Japan were newly certified, making a total of 52 plants with the certification. Ongoing efforts will be carried out to realise further improvements.

Deployment of quality-related activities

The Toyota Boshoku group deploys quality-related activities from the perspective of people who drive cars as well as automakers.

● Prevention of significant quality issues

To prevent major quality deficiencies, the most important initiative we undertake is known as 5N activities, which identify areas that are either new or have been modified in the design of a new product from five perspectives: structure, materials, manufacturing method, processing and application. This approach helps to thoroughly eliminate any deficiencies in advance.

For instance, if a totally new material is slated for use, it is set and registered as a product subject to 5N activities. Development, product technology, procurement and quality divisions then work together to prevent deficiencies in key areas of quality through evaluation and verification activities. The implementation status of 5N activities is evaluated at a production transfer meeting held at each stage. Products for which these activities have not been completed do not make it to market.

In this way, in the Toyota Boshoku group all products



"Wind, forest, fire, mountain circle" leader
QC Circle
Tianjin Intex Auto Parts
Yao Lei

Aiming to enhance QC Circle activities in the China region

Toyota Boshoku (China) takes the lead in efforts to improve basic workplace skills throughout the China region. Besides providing regular education, QC Circle activities are increased annually on the back of rising awareness, including the participation of each company within the region in QC Circle presentations of outstanding companies, which has steadily boosted the level of quality. Up to 3,600 people engaged in 326 QC Circle activities from 15 companies in the region took part in a regional competition held in 2013. Tianjin Intex Auto Parts, which was chosen as the representative, secured the gold award at the All Toyota Boshoku QC Circle presentation.

TB Voice Initially, members had little knowledge of QC and it took time to identify the cause of issues. With the cooperation of other departments that transcends departmental walls, we made steady improvements such as reviewing inspection methods and changing moulds. There was a real sense of satisfaction each time we achieved a goal. Above all, it was easy to see the growth in all members. We will implement other improvement activities while keeping the customer foremost in mind.



Efforts were made aimed at eliminating deficiencies in door ornaments.

components slated for commercialisation worldwide are subject to these activities globally in order to make further improvements and prevent core product deficiencies and claims.

● Design and process development to prevent defects in products

The Toyota Boshoku group is undertaking efforts on a daily basis in design and process development to prevent defects both inside the organisation and at suppliers. In fiscal 2013, we worked to prevent initial defects and outflows by expanding the presentation of case studies related to quality and major suppliers under management in addition to guidance by giving full-time positions to relevant persons in charge. Moreover, we had suppliers implement a system for evaluating quality in consideration of quality results, and top management at suppliers are taking the lead in promoting activities to improve quality.

● Swift discovery and response to defects in products in the market

Toyota Boshoku promotes activities aimed at swift discovery and response to serious defects in products in the market. Defects with a high propensity to cause harm, which occur frequently or may impact the market, are classified into two rankings and registered. Countermeasures are then implemented in line with a set deadline based on comprehensive follow-up procedures. Clear rules are defined for defects designated with a high ranking, including countermeasures, the deadline for implementation and method of implementation.

● Promotion of QC Circle/SQC activities

As part of Total Quality Management activities, the Toyota Boshoku group conducts QC Circle activities for members with technical skills and Statistical Quality Control (SQC) activities for members with administrative and technical skills.

As for QC Circle activities, in addition to tier-based training for leaders, advisors and supervisors, the Toyota Boshoku Promotion and Operational Case Study presentation is held in Japan as an occasion for presenting activity results. The All Toyota Boshoku QC Circle presentation is also held annually to present global activities, in which circles that have won in preliminary competitions in respective regions worldwide participate and make presentations. In addition, we urged members engaged in quality-related fields to undergo the QM/QC Examination as a means to foster professional human resources in this area.

In SQC activities, training is conducted according to introductory-level, intermediate-level and advanced-level job classifications, including announcing the results of activities, which serves to boost knowledge and technologies related to quality control.

● Consumer response

In order to protect the rights of customers using our products, the Toyota Boshoku group cooperates with automakers to quickly respond when receiving claims for automobile manufacturing components, thereby ensuring repair, replacement and other appropriate service. As for products besides car components, we are responding to various customer needs as well.



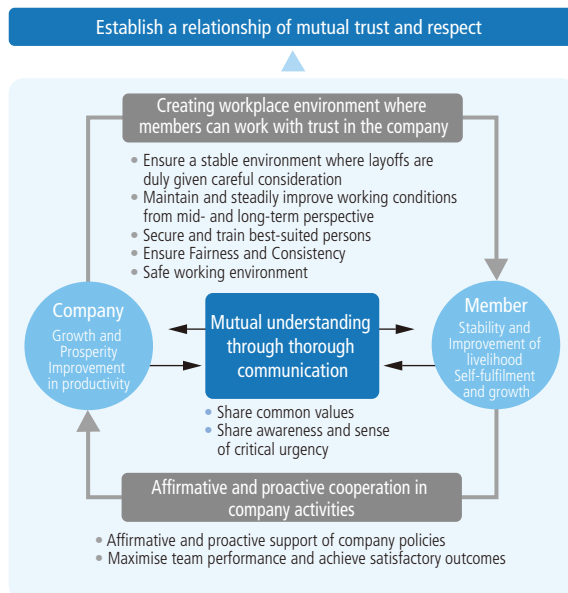
Together with Company Members

Mutual understanding based on comprehensive communication forms the backbone of the relationship between Toyota Boshoku group members and companies. Top management and other supervisory tiers make their utmost efforts to provide information along with frequent discussions among all levels of the organisation. In this way, we take every opportunity to promote the sharing of common values and an awareness of problems and risks, thereby enhancing communication.

Creating workplace environment where members can work with trust in the company

The Toyota Boshoku group has codified its corporate philosophy and set of values to be shared by each member in the TB Way. Each member endeavours to create a bright, enjoyable and motivating work environment so that everyone can work to his or her full potential and satisfaction.

Basic concept of Human Resources Management (HRM)



● Building stable labour-management relations

The Toyota Boshoku group believes that the Company's continuous progress results in the greater satisfaction of members. We aim to foster labour-management relations built on mutual trust, in which everyone is working to fulfil their responsibilities for a more prosperous society.

■ Stable employment with fair and honest evaluations and working conditions

We endeavour to ensure stable employment where layoffs are duly given careful consideration and to maintain and steadily improve working conditions from a mid- and long-term perspective. We also implement fair and honest policies that ensure a discrimination-free workplace. In recruitment, we

aim to secure and foster the most appropriate human resources based on a medium- to long-term plan that takes into account such aspects as the current composition of members, global management strategy and environment changes. Moreover, we are taking steps to lower labour-related risks and create good labour-management relations while also conducting a survey for members that focuses on morals, with the results reflected in corporate policy.

■ Labour-management communication

The Toyota Boshoku group is deepening mutual understanding and trust by organising various occasions such as periodic round table conferences involving labour and management. Additionally, labour and management utilise various committees and sub-committees to discuss a wide range of topics, including pay, welfare and benefits, work policies, production and safety, and are working to create a safe, motivating workplace.

Full respect for human rights

The Toyota Boshoku group strives to ensure that the individuality and humanity of our members is respected in accordance with our corporate philosophy and the TB Way.

● Initiatives to safeguard members' human rights

We do not advocate discrimination, defamation or other such improper conduct based on race, gender, age, nationality, religion, disability, sickness or injury. As a global corporate group, we strictly respect the laws and social regulations of other countries and regions, as well as forbid the use of child or forced labour.

Respecting diversity

The Toyota Boshoku group is working to provide a work environment where members with the will to work can demonstrate their abilities and continue to work enthusiastically. Although history, culture, laws and social customs differ by country or region, all members,

including the leaders of each company, understand that fundamental philosophies are shared and constant and thus act in accordance with this basic idea.

● Galvanising global human resources

The Toyota Boshoku group works to enhance the global awareness of members and recruits exceptional and talented human resources irrespective of nationality. In order to further promote cross-border transfers, we formulated basic rules concerning conditions for transferring as the Global Mobility Policy, which was implemented in January 2014.

● Encouraging employment of persons with disabilities

Members with disabilities play active roles in different positions at the Toyota Boshoku group. We will continue to work to create an environment that is easy to work in, including increasing the number of workplaces employing persons with disabilities and expanding the number of assistants per site and barrier-free facilities.

● Supporting the balance of work and childcare/nursing care

Toyota Boshoku has abolished non-scheduled working hours and introduced a nursing care leave system while creating a workplace environment that encourages people to use these systems. In Japan, the Company operates Tacchicchi House infant day care centres in cooperation with five Toyota group companies. We will continue supporting the further harmonisation of work and childcare/nursing care that includes examining whether to open our own day care centres.

Promotion of human resources development

The Toyota Boshoku group aims to ensure that all company members in many parts of the world understand and implement the values, stance and action outlined in the TB Way. Meeting challenges, continuously carrying out *kaizen*, practicing *genchi-genbutsu* (Go, see & study), respecting individuality, pursuing the root cause and ensuring implementation from start to finish

are also part of the TB Way.

● Nurturing of global leaders

In order to overcome ever-increasing global competition, the Toyota Boshoku group nurtures management-oriented human resources that can be active globally, transcending country and



Global leader training

business entity barriers, and is working to create an appealing company that attracts exceptional people from around the world.

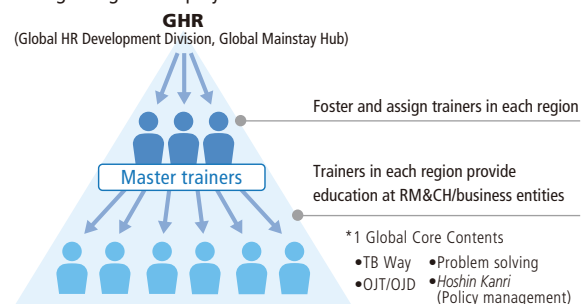
In fiscal 2013, we formulated a basic framework for global personnel management that covers such areas as position, qualification, evaluation and compensation. In order to nurture future managers, we select exceptional human resources to take part in a special education programme (global leader training).

● Global development of human resources training programme

We foster human resources who can work across borders and train locally recruited personnel in each region. The biggest challenge with developing human resources concerns learning the philosophy, work style and capabilities of the Toyota Boshoku group, irrespective of location around the world. We are working to develop people (master trainers) in each region who can teach educational content GCC*1 that should be learned by all members throughout the Toyota Boshoku group.

Follow-up training has been provided since fiscal 2013 to master trainers who are active in each region in an effort to firmly establish and further enhance GCC.

Strengthen global deployment of GCC





Educational leader in Europe region
Toyota Boshoku Europe
Jose Elejabeitia

Aiming to spread and practice the TB Way in each region

Master trainer training (MTT) teaches methods related to the TB Way, problem-solving, on-the-job training (OJT)/on-the-job development (OJD) and *Hoshin Kanri* (Policy management) that are key to work in the Toyota Boshoku group and fosters educational leaders who can spread these methods in each region. We have established a system enabling the penetration of GCC to each region following training, which includes sharing the conditions and challenges in trainer activities in respective areas and supporting promotion plans.



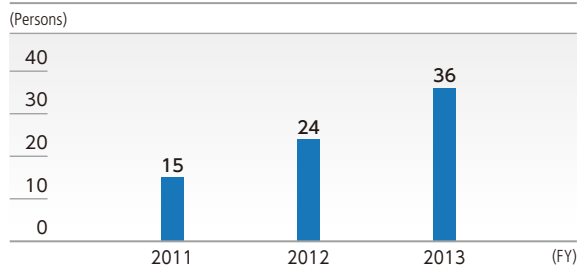
I received training in 2012 and conveyed what I had learned within my region. In addition, I worked with other members in the region to create a system for enhancing skills and motivation in the workplace. In providing education in different regions, I also get a feeling of personal growth, the same as with course participants. The TB Way is a truly wonderful way of thinking. Going forward, I will keep the TB Way in mind at all times and aim to be a role model for those around me.



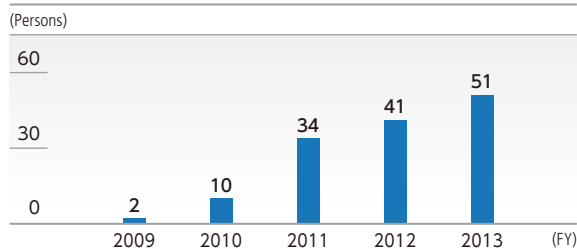
Group discussion

A short-term (1-2 years) personnel transfer system (trainee system/Intra-Company Transfer (ICT) system) is also actively being implemented within the Toyota Boshoku group so that members attain a more global outlook as well as foreign language ability by experiencing work in a different country.

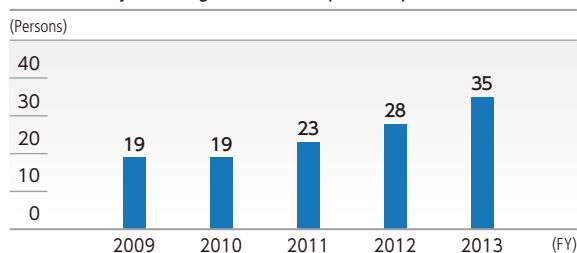
Participants in master trainer course



Users of trainee system (Japan → Regions outside Japan)



Users of ICT system (Regions outside Japan → Japan)



Specialised skills related education

Toyota Boshoku uses its Technical Skills Training Centre as a centre for enhancing and passing on manufacturing skills globally.

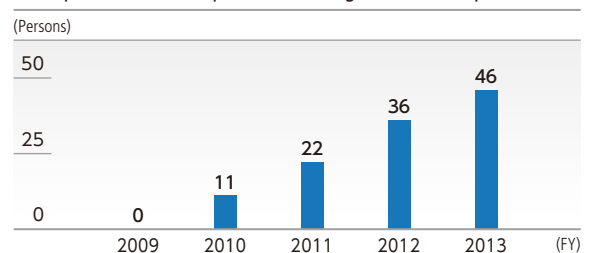
The Technical Skills Training Centre conducts education based on the three pillars of “fostering managers and supervisors,” “establishing excellent manufacturing skills” and “strengthening maintenance skills” in order to develop human resources who can achieve the highest levels in terms of quality, cost, delivery and safety.

In terms of fostering managers and supervisors, we provide eight-month special training prior to being promoted involving education on problem-solving and roles by job classification. Following promotion, personnel undertake practical training as supervisors on a simulated line.

In terms of establishing excellent manufacturing skills, we provide education on specialised knowledge for each process required for manufacturing based on the TB-Global Skill Training and Recognition System as well as on quality, safety, TPS*¹ and TPM*² in each process.

In terms of strengthening maintenance skills, we aim to

Participants in skills competition (from regions outside Japan)



improve these skills throughout the group through 37 short courses for specialised skills such as the equipment maintenance system and by making use of longer courses for beginner and intermediate levels.

Toyota Boshoku has set up the Toyota Boshoku Technical Skills Academy in order to cultivate leaders in charge of imparting technical skills in the workplace, thereby working to nurture personnel who are balanced in terms of "mind, body and spirit" and capable of operating at a global level. In addition, 184 people, including 46 from regions outside Japan, took part in the All TB Skills Competition in fiscal 2013, in which representatives from each business entity competed on skills and knowledge related to manufacturing.



All TB Skills Competition

*1 Toyota Production System
*2 Total Productive Maintenance

Education on maintenance is introduced in Special Feature 3 on pages 17-18.

Promoting safety and health and health building

The Toyota Boshoku group implements safety and health activities under a Basic Safety and Health Policy in order

to establish a corporate culture that places a priority on safety and health at work. Moreover, a new Safety Vision was formulated in November 2013 and activities were initiated aimed at ensuring a mutually enlightened culture of safety.

Basic Safety and Health Policy

In order to establish a corporate culture of safety first, we declare that we will not produce, handle, transport or dispose of products or materials unless people's safety, health and environment are protected.

Safety Vision

We will pursue family-oriented fine customs as the root of the Toyota Group's founding and strive as one globally to ensure a culture of safety with zero accidents by providing safe interior vehicle spaces at a world-class level that satisfy all customers.

Creation of global management of occupational safety and health activities

Aiming to create a safe work environment, the Toyota Boshoku group works to enhance health and safety at work through activities based on an Occupation Safety & Health Management System (OSHMS).



Person in charge of safety
Toyota Boshoku Gateway
Natthapong Sukkuea

Establish unique *Anzen Dojo* to increase safety awareness

Toyota Boshoku Gateway (Thailand) upgrades the *Anzen Dojo* every year and aims to achieve unique safety-related items assuming an accident near company members. In particular, with regard to trouble shooting, we made an apparatus that allows members to experience being pulled in equipment as a form of education based on the ideas of members. Also, we reproduce in a miniature and easy-to-understand manner conditions that may occur in a major disaster. Such unique actions improve safety awareness among members and reduce the number of accidents compared with before we introduced the *Anzen Dojo*.

TB Voice Everyone was a bit embarrassed at first and reluctant to go even if they were pointing and calling. But after repeatedly emphasising the importance of preventing accidents on a routine basis and actively calling for participation to experience the *Anzen Dojo*, the number of people aware of the safety activities has gradually increased. Going forward, we will actively promote safety awareness activities, beginning with use of *Anzen Dojo*, so that all members keep the idea of zero accidents firmly in mind and act with appropriate levels of safety at all times.



Experiencing trouble shooting

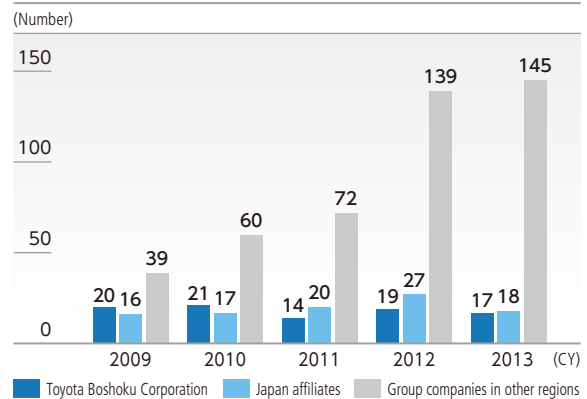
Toyota Boshoku has formulated OSHMS operating standards that have been deployed and operated at all work sites including comprehensive work divisions since fiscal 2013. These standards have been expanded to all regions globally in addition to Japan to firmly establish a foundation for building a culture of safety in respective countries by eliminating weaknesses and taking other measures. Research regarding laws and regulations pertaining to occupational safety and health in respective countries was also implemented and development of safety standards according to laws and regulations of each country was promoted to enhance the level of safety globally. In fiscal 2013, top management conducted safety inspections and we instituted activities to firmly establish risk assessment globally in order to create workplaces where there are absolutely no major accidents such as being caught and being pulled in equipment or coming in contact with heavy objects. Going forward, we will work to further enhance the level of all regions under the leadership of RM&CH.

■ Strengthening initiatives to further develop safety awareness

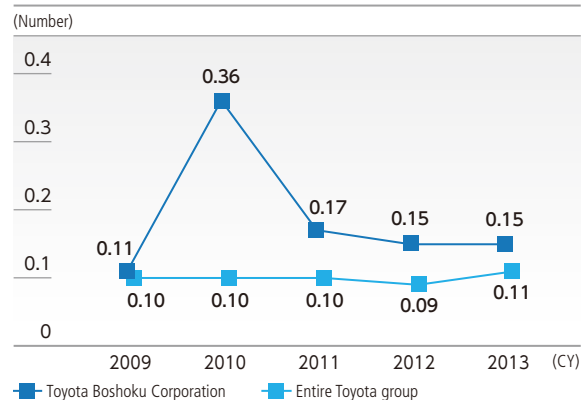
The Toyota Boshoku group promotes safety and health activities aimed at achieving zero industrial accidents. To further establish a culture of safety, we introduce new safety education programmes and develop *Anzen Dojo* globally. In fiscal 2013, 10,816 members from Toyota Boshoku's production group and administrative and technical groups passed an exam in basic conduct in an *Anzen Dojo* at all Toyota Boshoku plants. In respective regions outside Japan, the establishment of *Anzen Dojo* has been completed at all production bases and efforts are continuing to develop safety-oriented personnel through standardised training globally.

The *Anzen Taikan Dojo* (Simulated Accident Dojo) was established as a facility specialised in safety education in an effort to strengthen initiatives to prevent accidents by enhancing company members' sensitivity toward risks. In fiscal 2013, a total of 1,898 members have participated in this activity from respective regions, thereby raising awareness toward preventing accidents.

Number of industrial accidents over time



Lost time injury rate



■ Initiatives to enhance healthy living

The Toyota Boshoku group is promoting initiatives to enhance company members' healthy living as a means of creating a workplace in which all members can work enthusiastically in good health and develop a system so that all group members can equally receive health checks. Health management staff and industrial physicians are working in cooperation to support maintaining and enhancing personnel's mental and physical health.

In fiscal 2013, we undertook activities toward implementation of health checks for 100% of members in all regions by fiscal 2015, not just those regions where checks are mandatory by law. In Japan, we steadily promoted initiatives to improve the health of all members through various efforts such as by taking steps to prevent lifestyle-related diseases.



Together with Shareholders and Investors

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

Enhancing disclosure

The Toyota Boshoku group is committed to disclosing information required by shareholders, investors, business partners and local communities in a timely and appropriate manner as well as to carrying out public information-sharing activities that earn the trust of society. This is stated in the Toyota Boshoku group code of conduct, which was formulated by the CSR Committee as a guide for the behaviour of the company and its members. Based on this, Toyota Boshoku strictly manages corporate information and discloses information in an accurate, timely and fair manner through the Information Disclosure Committee, which is comprised of the External Affairs & Public Relations Division, Accounting & Finance Division and Legal Division.

● Fiscal 2013 distribution of profits

Business results for fiscal 2013 are shown on pages 55 and 56.

In continuing to place priority on providing shareholders with stable dividends, annual cash dividends of 18 yen per share were paid for the current fiscal year.

● Briefings for analysts and investors

The Toyota Boshoku group regularly holds results briefings with the Company president and executive officers in order to aid analysts and institutional investors in understanding Toyota Boshoku's financial situation and business strategies. In fiscal 2013, two briefings were held after the second quarter of the year and after the fiscal year-end.

Additionally, we are actively pursuing communication with investors through various occasions, including small meetings and interviews with analysts and institutional investors, visiting institutional investors and holding seminars for individual investors.



IR results briefings (Tokyo)

● Plant tours for shareholders

We hold tours of our plants and facilities, in which shareholders can observe our production lines to get a deeper understanding of the Toyota Boshoku group.

In fiscal 2013, we held a plant tour at the Toyota Boshoku Takaoka Plant on the day of the Annual General Meeting of Shareholders in June. Around 80 of the applicants took part in the tour.

On these occasions, visitors were able to observe assembly and processing lines for car seats and door trims and receive explanations of business operations. The exchange of ideas and question and answer sessions also served to strengthen communication with individual shareholders.



Plant tours for shareholders (Toyota Boshoku Takaoka Plant)

● Disseminating information through our website

The Toyota Boshoku group posts various disclosure materials in a timely manner on our website including an introduction of our business, press releases and financial results briefing materials. We will continuously strive to disclose information to customers, shareholders and investors worldwide in a timely and appropriate manner to further deepen understanding of the Toyota Boshoku group.

URL for The Americas region site

<http://www.toyota-boshoku.com/us/index.html>

URL for Asia & Oceania region site

<http://www.toyota-boshoku.com/asia/index.html>

URL for China region site

<http://www.toyota-boshoku.com/china/index.html>

URL for the Europe & Africa region site

<http://www.toyota-boshoku.com/eu/index.html>

URL for Japan region site

<http://www.toyota-boshoku.com/jp/index.html>



Together with Suppliers

Using fair and equitable procedures, the Toyota Boshoku group purchases parts, raw materials and equipment from a large number of suppliers throughout the world. Together, we will grow by putting into practice the spirit of a win-win relationship while fulfilling our social responsibilities in the supply chain.

Open, fair and transparent trade and implementation of CSR activities in the supply chain

In addition to conducting procurement activities based on a basic procurement policy, Toyota Boshoku will meet rising demand for CSR activities in the supply chain as business expands.

Basic procurement policy

- 1 Open and fair trade
- 2 Mutual development based on mutual trust
- 3 Promotion of eco-friendly green procurement
- 4 Local procurement as a good corporate citizen
- 5 Thorough legal compliance and ensuring confidentiality

Strengthening legal compliance initiatives

The Toyota Boshoku group code of conduct specifies a code of behaviour for procurement activities that achieve trust and respect. Members of the Toyota Boshoku group pledge to act in accordance with these guidelines. We have established compliance themes for important areas and drawn up action plans to promote initiatives for legal compliance. In terms of procurement, as a fundamental aspect of our business activities, we aim to deepen our understanding of and comply with relevant laws and regulations including respective laws and regulations pertaining to antitrust laws, subcontracting changes laws, labour laws and the environment.

In fiscal 2013, Toyota Boshoku supported a CSR-related lecture presentation for our major suppliers (approximately 100 companies). This confirmed the importance of corporate management focused on CSR.

Permeation of Toyota Boshoku suppliers CSR guidelines

At the Toyota Boshoku group, we are promoting CSR activities in the supply chain through efforts to permeate the Toyota Boshoku suppliers CSR guidelines with the aim of contributing to the ongoing advancement of society together with all suppliers.

In order to fulfil CSR together with suppliers, these guidelines stipulate our stance regarding "compliance," "protection of human rights and improvement of labour conditions,"

"contributing to society through corporate activities" and "mutual development with our suppliers through our business transactions."

In Japan, we requested all suppliers to work to prevent corruption in the supply chain at scheduled supplier conferences in fiscal 2013.

Promoting procurement activities that consider human rights

As a means to strengthen its CSR activities, Toyota Boshoku has revised its basic supplier agreements to request the following: (1) Respect of human rights and building awareness of social responsibility in the supply chain; (2) Preventing bribery; (3) Ensuring fair transactions; and (4) Removing antisocial forces. We will update all supplier agreements in Japan starting July 2014. Moreover, we are responding to regulatory issues concerning conflict minerals that are broad matters of concern in the automobile industry.

Green procurement and green purchasing

The Toyota Boshoku group is strengthening its response to legal compliance related to various environmental regulations in respective countries and regions, including the global REACH Regulation*, based on our Green Purchasing Guideline, and we are working actively to reduce environmental burden with all suppliers.

*A regulation on "Registration, Evaluation, Authorisation and Restriction of Chemicals" enforced in Europe

Building of environmental management systems (EMS) at suppliers

The Toyota Boshoku group promotes environmental preservation activities in collaboration with suppliers aimed at creating a sustainable society.

Toyota Boshoku requires its suppliers of parts, raw materials, auxiliary materials and equipment to establish EMS based on the acquisition of ISO 14001 certification. As a result, in fiscal

ISO 14001 certification acquisition

	2010	2011	2012	2013	2014 (Target)
Supplier companies	92	92	88	87	87
Certified companies	88	88	83	86	87
Certification rate (%)	96	96	94	99	100

2013, 86 of its 87 major suppliers, or approximately 99%, have acquired ISO 14001 certification. The remaining one company is expected to acquire certification in fiscal 2014.

Creation of a global procurement system

As business becomes more global in nature, the Toyota Boshoku group is working as a whole to promote local procurement and realise optimal global procurement together with suppliers, giving due consideration to all aspects such as quality, safety and cost.

● General Meeting of Global Suppliers

Every year, a General Meeting of Global Suppliers and General Meeting of Regional Suppliers are held for Toyota Boshoku's principal suppliers to explain the surrounding business environment and the group's current direction. This is held in order to deepen communication with suppliers and gain their understanding and cooperation regarding procurement policy.

In fiscal 2013, a General Meeting of Regional Suppliers was held in such places as North America, Thailand, South Africa, Turkey and Japan. Topics included initiatives to expand modularisation and standardisation of components for major automakers, continuing to ensure high quality, efforts to develop "Ryohin-Renka" (good, low-cost products) and strengthening risk management.



General Meeting of Global Suppliers in The Americas region



Awards presentation ceremony at the General Meeting of Global Suppliers (Award for Excellence presented to Indosafety Sentosa Industry)

● Creation of a cohesive global procurement system

The Toyota Boshoku group is creating a global procurement system and is working to deepen connections with all suppliers. As a fundamental system to standardise procurement information from respective countries worldwide, a unit price database for components and raw materials called TB-WAVE has been rolled out to such regions as Japan, The Americas and Europe & Africa. Further, we are proceeding with the introduction of a database that can line up and compare identical components in respective regions, including Japan, with the aim of creating a cost benchmark system related to components and raw materials connected with TB-WAVE on a global scale.

● Deployment of global Supplier Parts Tracking Team (SPTT) activities

In promoting global operations, it is essential to strengthen and expand ties with suppliers regarding materials, parts, equipment and other items when setting up new production lines and launching new products.

The Toyota Boshoku group is promoting activities to assure the quality of its products by helping suppliers in Japan and other regions enhance the quality of their production processes, beginning with the production preparation stage. Such actions, referred to as global SPTT activities, enable an optimum procurement system that resolves issues and generates comprehensive benefits from different perspectives when purchasing parts externally, notably in such areas as quality, amount, price, distribution and timely delivery.

In fiscal 2013, we held global SPTT meetings and strengthened prevention of quality issues through bridge-building activities between production countries and countries engaged in subsequent processes.

● Strengthening risk management in the supply chain

Toyota Boshoku has proceeded with the introduction of a supplier safety confirmation system as part of efforts to strengthen risk management in the supply chain. It was introduced in January 2014 as an information system to assess the situation of each supplier in a large-scale disaster and determine what kind of support is required.



Together with Global Society & Local Communities

In conducting business globally, the Toyota Boshoku group promotes communication with local communities as a good corporate citizen. Accordingly, we endeavour to implement social contribution activities that tackle challenges in respective regions.

To bring more smiles to faces the world over, we will continue deploying activities aimed at contributing to society.

Activities with local citizens

The Toyota Boshoku group wants to support the people in each of the regions where we operate worldwide and hopes to continue as a trusted company deeply rooted in each region.

In this way, we can build strong bonds with local communities.



Environmental activities

The Toyota Boshoku group believes in the need for each and every member to respond to the demands of society to implement various environmental activities.

● Global reforestation activities

We conduct reforestation activities mainly in Indonesia, Thailand, China, Turkey and Japan to help protect the environment globally.



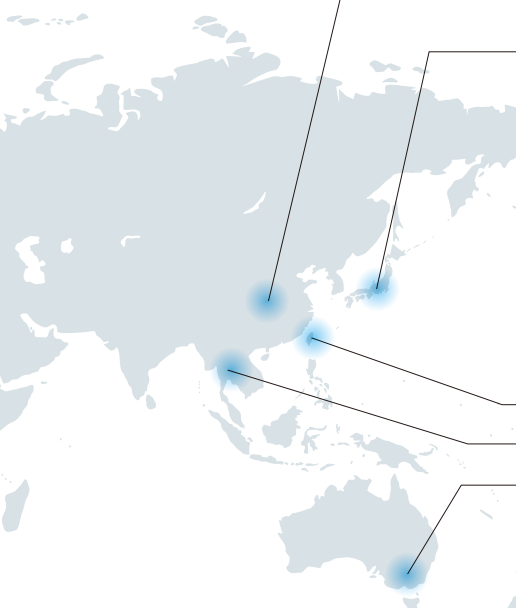
Tree-planting activities in Rayong Province, Thailand

Foster youth through education

The Toyota Boshoku group wants to help the children of the world and is pushing ahead with programmes to support children's sound development.

● Improving school environments

The Toyota Boshoku Managers' Association has been undertaking efforts since 2007 in collaboration with the international non-governmental organisation Plan Japan to build seven elementary schools in four countries in which the Toyota Boshoku group entities operate that include Indonesia, Vietnam and Thailand.



China

Chengdu Toyota Boshoku Automotive Parts



Conducted fund-raising activities for the Chengdu earthquake disaster zone.

Kunshan Toyota Boshoku Automotive Parts



Gave clothing and fruit to local orphanages.

Tianjin Feng'ai Automotive Seat Parts



Visited people in homes for the elderly.

Japan

Toyota Boshoku Kyushu



Handball club members cooperated with a traffic safety campaign in the city.

Toyota Boshoku Shiga



Donated toys for babies to a city welfare organisation.

Toyota Boshoku Tohoku



Supported an sports festival for persons with disabilities.

Australia

Toyota Boshoku Australia



Donated to local library and toy museum.

Thailand

Toyota Boshoku Filtration System (Thailand)



Supported the provision of prosthetic legs by collecting tabs from cans.

Taiwan

Shin San Shing



Conducted cleanup activities on the roads around the factory.



Person in charge of social contribution activities
Toyota Boshoku Indiana
Angel Novinger

Consistent efforts rooted in the local community

Toyota Boshoku conducts social contribution activities in respective regions aimed at ensuring harmony with the local community. In The Americas region, we are implementing various activities together with non-profit organisations in line with the needs of the region, which includes not only donations through fund-raising and investment but also local cleanup activities, providing food and clothing to the less fortunate and promoting interchanges with schools. In particular, Toyota Boshoku Indiana won the gold award in the social contribution category of the Toyota Boshoku group Global Awards 2013 in recognition of its efforts.

TB Voice By consistently implementing social contribution activities in the community, we have steadily enhanced awareness among members and increased the amount of donations and donated items each year. I was very pleased that I was actually able to benefit

the local community while increasing the number of willing members. Moving ahead, I hope to plan further appealing programmes that are rooted in the local community as well as further expand the range of these activities.



Participating in a charity supporting cancer sufferers

Report on Environmental Activities

Aiming to be a globally acclaimed, pioneering environmental company by further promoting the Toyota Boshoku group 2015 Environmental Action Plan

We aim to help realise a sustainable society in which our business activities co-exist in harmony with the environment.



Chairman of Environmental Committee
Executive Vice President
Takamichi Taki

The Toyota Boshoku group promotes environmental activities based on the 1. TOYOTA BOSHOKU Earth Charter and as stated in the Corporate Philosophy to protect the global environment. The mid-term 2. Toyota Boshoku group 2015 Environmental Action Plan (hereinafter, "2015 Plan") covering the period from fiscal 2011 to fiscal 2015 sets concrete and quantitative objectives for advancing environmental activities.

Within the 2015 Plan, the following three items are being implemented as key initiatives based on (1) environmental management, which aims to create foundations for promoting strong management focused on the environment.

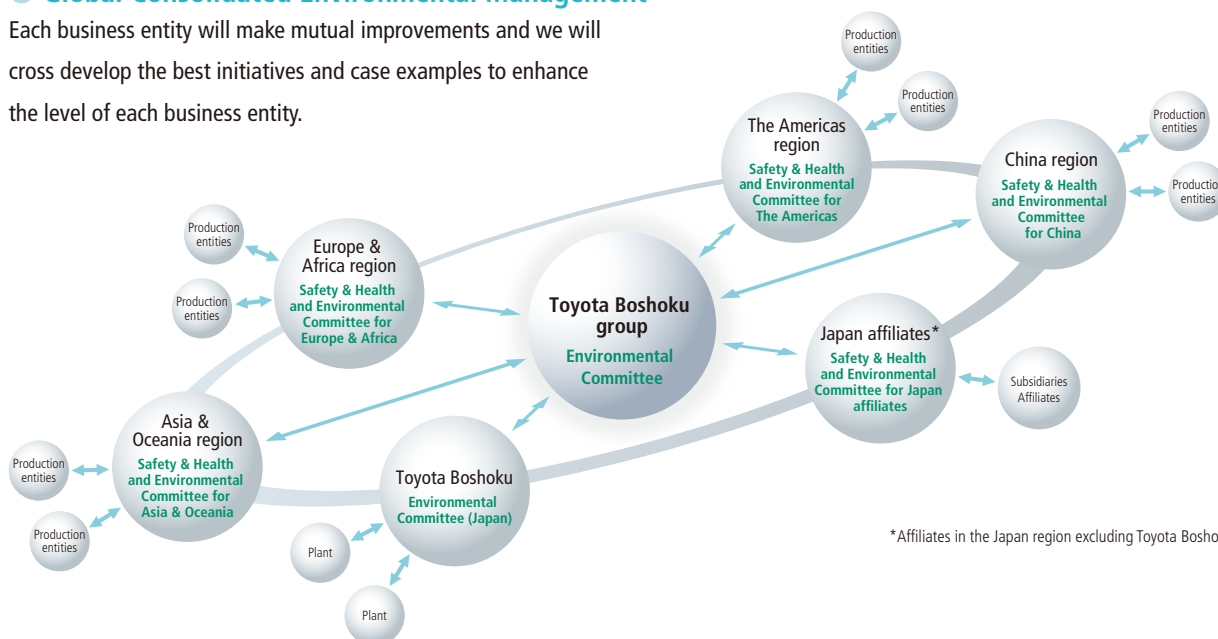
- (2) Development and production activities for the realisation of a low-carbon society
- (3) Technology development and production activities for building a recycling-oriented society
- (4) Reduction of the use of substances with environmental impact and carrying out social activities in co-existence with the natural environment

The Toyota Boshoku group executes environmental management as an integrated whole with the 2015 Plan as the shared environmental policy, and efforts are being made to institute environmental activities befitting each country and region.

Going forward, we will continue to actively implement environmental activities globally and contribute to the realisation of a sustainable society in addition to striving to achieve our 2020 Vision.

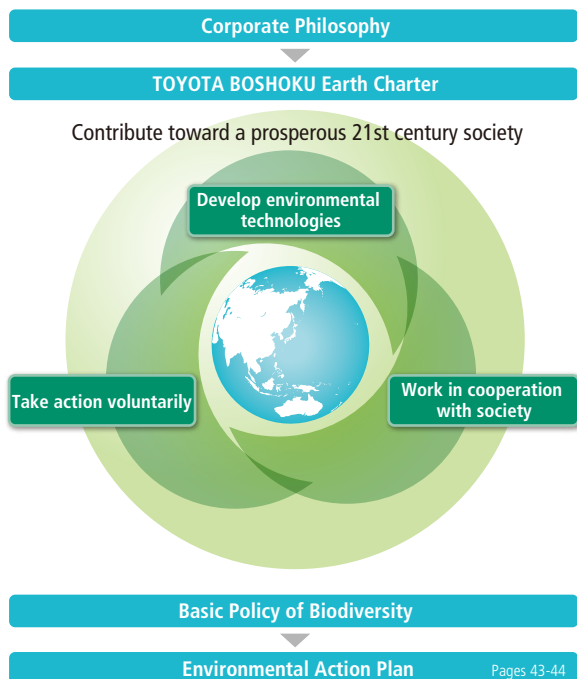
● Global Consolidated Environmental Management

Each business entity will make mutual improvements and we will cross develop the best initiatives and case examples to enhance the level of each business entity.



*Affiliates in the Japan region excluding Toyota Boshoku

1. TOYOTA BOSHOKU Earth Charter



TOYOTA BOSHOKU Earth Charter

- 1. Contribute toward a prosperous 21st century society**
Aim for growth that is in harmony with the environment, and work to reduce environmental burdens throughout all areas of business activities. We will contribute toward realising a “sustainable society” by carrying out activities that take into consideration biodiversity and co-existence with nature.
- 2. Develop environmental technologies**
By seeking to tap the potential offered by environmental technologies, we will produce goods that are both comfortable and ecologically responsible. We will involve ourselves in the development of new technologies that can make worthwhile social contributions.
- 3. Take action voluntarily**
Develop a voluntary improvement plan based on thorough preventive measures and compliance with laws that address environmental issues while promoting continuous implementation toward global environmental conservation.
- 4. Work in cooperation with society**
Build close and cooperative relationships with a wide spectrum of individuals and organisations involved in environmental preservation, including related companies and industries.

Toyota Boshoku and all consolidated subsidiaries share the above Charter as the Toyota Boshoku group charter.

2. Toyota Boshoku group 2015 Environmental Action Plan



(1) Environmental management

The Toyota Boshoku group actively promotes group environmental activities based on the TOYOTA BOSHOKU Earth Charter. In strengthening these activities, we will work to enhance and expand consolidated environmental management and increase environmental awareness among group members while aiming to further promote environmental activities across all companies and contribute to the realisation of a sustainable society.



(2) Development and production activities for the realisation of a low-carbon society

Toyota Boshoku aims to further improve environmental performance, safety and comfort in automobiles, and to this end, will advance the development of technology for next-generation vehicles and lightweight technology to enhance fuel efficiency. In addition, we are working to reduce CO₂ emissions in production and logistics.



(3) Technology development and production activities for building a recycling-oriented society

Toyota Boshoku is actively utilising plant-derived materials that can recycle CO₂ such as kenaf and is taking steps to improve resource recycling and resource conservation in all areas from development and design to production and logistics.




(4) Reduction of the use of substances with environmental impact and carrying out social activities in co-existence with the natural environment

Toyota Boshoku will promote social activities in co-existence with the natural environment from the perspective of biodiversity and protecting ecosystems by evaluating the impact of environmental loads in all business activities and enhancing measures to reduce this burden.

Fiscal 2013 Results (Toyota Boshoku group 2015 Environmental Action Plan)


In fiscal 2011, the Toyota Boshoku group formulated the 2015 Plan, which outlines the implementation plan for environmental activities from fiscal 2011 to fiscal 2015. During fiscal 2013, we successfully achieved our targets for all items.

(Assessment ○: Achieved)

Action items for 2015		FY2013 concrete initiatives/goals, etc.	FY2013 results	Self-assessment	Page	
 Environmental management	Management	(1) Strengthen and promote consolidated environmental management <ul style="list-style-type: none"> ① Promote activities for reducing environmental impact by enhancing activities of Environmental Committees ② Promote continuous improvements by building and enhancing the operation of environmental management systems (EMS) ③ Comply with Toyota Boshoku group environmental laws and strengthen activities to prevent environmental risk 	<ul style="list-style-type: none"> ● Create risk map globally to prevent abnormalities and complaints ● Acquire ISO 14001 certification at three companies ● Clarify people's roles, checklist and evaluation standards and conduct audits to check legal compliance system 	<ul style="list-style-type: none"> ● Completed creation of risk map globally ● Acquired certification according to plan (Toyota Boshoku in Russia, TBAI Poland, Toyota Boshoku Mississippi) ● Formulated global rules and conducted audits to ensure compliance with environmental laws and regulations 	○	45 46
		(2) Promote environmental conservation activities in cooperation with business partners Request that suppliers build and operate EMS and abide by laws	<ul style="list-style-type: none"> ● Confirm acquisition status of ISO 14001 certification and promote maintenance of certification acquisition 	<ul style="list-style-type: none"> ● Acquired certification in line with objectives 	○	37
		(3) Ensure environmental management in product development Steadily promote LCA*1 management at the development stage	<ul style="list-style-type: none"> ● Rebuild and implement LCA promotion system 	<ul style="list-style-type: none"> ● Designated vehicle types and formulated activity policy 	○	—
		(4) Promote sustainable plant activities	<ul style="list-style-type: none"> ● Formulate roadmap for reducing CO2 emissions globally and complete review 	<ul style="list-style-type: none"> ● Completed review of global roadmap 	○	—
		(5) Enhance and promote environmental education globally <ul style="list-style-type: none"> ① Systemise and promote global environmental education for raising members' environmental awareness ② Provide environmental education and promote enlightenment activities globally through coordination with Toyota Boshoku group companies 	<ul style="list-style-type: none"> ● Provide education globally ● Approve proposals for valid and ongoing enlightenment activities in such areas as energy and resource conservation 	<ul style="list-style-type: none"> ● Completed deployment of E-JIT activities*2 in all regions ● Promoted activities based on global deployment of enlightenment activities during Environmental Month and Energy Conservation Awareness Month 	○	48
		(6) Enhance activities for communication with stakeholders through active disclosure of environmental information <ul style="list-style-type: none"> ① Further enhance the provision of environmental information through the Toyota Boshoku Report and other communication tools ② Promote activities for communication with local communities 	<ul style="list-style-type: none"> ● Expand and enhance public relations activities regarding global environmental information ● Promote products at international exhibitions and events ● Release global environmental news in internal magazine ● Continuously implement plant observation tours and environmental education ● Continuously implement area social gatherings ● Promote volunteer support activities 	<ul style="list-style-type: none"> ● Released environmental news and topics from the Toyota Boshoku group in each issue ● Exhibited products that use plant materials (Frankfurt Motor Show, Tokyo Motor Show) ● Released special feature on the environment in March issue of internal magazine (6 pages) ● Implemented plant observation tours for elementary and junior high schools in the vicinity and environmental education ● Continuously implemented area social gatherings (Kariya/Sanage district) ● Supported volunteer environmental activities in each region globally 	○	— 53

*1 Life Cycle Assessment: Overall assessment for total environmental load of products from production through to use and up to disposal


*2 Energy-Just In Time activities: This refers to using just the required amount of energy at the required time to produce the required amount (activities to eliminate waste when using energy).

Action items for 2015		FY2013 concrete initiatives/goals, etc.	FY2013 results	Self-assessment	Page																																																										
 Development and production activities for the realisation of a low-carbon society	Development and design	(1) Promote the development of technologies for next-generation vehicles <ul style="list-style-type: none"> ① Promote the development of weight-saving (lighter-weight) products for improving fuel efficiency ② Establish and promote weight-saving target values for all project units for new vehicle models 	<ul style="list-style-type: none"> ● Promote project proposals for thin-walled base material ● Propose development project for materials with different mass per unit area ● Establish and promote weight-saving target values for each developed vehicle 	<ul style="list-style-type: none"> ● Completed development of material aiming for properties required for door trims and completed proposal for application ● Promoted development proposal for carpet material for project next fiscal year ● Achieved qualitative and quantitative targets for each developed vehicle in fiscal 2013 	○	49 49																																																									
		Production and logistics	(2) Reduce CO2 emissions in production activities <ul style="list-style-type: none"> ① Promote the development of production technologies with the aim of achieving a 30% reduction in CO2 emissions of new production process ② Promote CO2 emission reduction activities by making daily improvements and utilise renewable energy 	<ul style="list-style-type: none"> ● Continue factoring in energy conservation measures in new lines ● Reduce total CO2 emissions per unit of sales by 1% (globally) Reduce total amount by 2% (Japan) ● Introduce co-generation systems (Toyota Boshoku two-year plan) 	<ul style="list-style-type: none"> ● Succeeded in factoring in energy conservation measures in each new production process (reduced by 30% compared with standard) ● Reduced CO2 emissions per unit of sales by 3.7% by thoroughly eliminating energy waste during operating and non-operating hours (globally), reduced total amount by 4% (Japan) ● Completed first year of construction as planned 	○	— 49 50																																																								
	(3) Reduce CO2 emissions in logistics activities Promote activities that further raise transportation efficiency		<ul style="list-style-type: none"> ● Promote activities to reduce number of delivery vehicles based on logistics meetings ● Improve load efficiency by promoting mixed loads ● Reduce CO2 in logistics by switching vehicle class depending on load amount 	<ul style="list-style-type: none"> ● Reduced CO2 emissions by 5% year on year by reducing the number of delivery vehicles based on logistics meetings, promoting mixed loads and improving load efficiency 	○	50																																																									
	<CO2 emissions in production and logistics>		<table border="1"> <thead> <tr> <th rowspan="2">Item</th> <th rowspan="2">Category</th> <th rowspan="2">Unit</th> <th>FY2013 targets</th> <th>FY2013 results</th> <th>Self-assessment</th> </tr> <tr> <th></th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td rowspan="4">CO2 emission</td> <td rowspan="4">Production</td> <td>Toyota Boshoku</td> <td>Emission</td> <td>t-CO2</td> <td>65,003</td> <td>61,975</td> <td>○</td> </tr> <tr> <td></td> <td>Basic unit</td> <td>t-CO2/100 million yen</td> <td>11.2</td> <td>9.7</td> <td>○</td> </tr> <tr> <td>Japan affiliates</td> <td>Basic unit</td> <td>t-CO2/100 million yen</td> <td>9.8</td> <td>8.5</td> <td>○</td> </tr> <tr> <td>Regions outside Japan</td> <td>Basic unit</td> <td>t-CO2/100 million yen</td> <td>22.3</td> <td>21.5</td> <td>○</td> </tr> <tr> <td></td> <td>Toyota Boshoku group</td> <td>Basic unit</td> <td>t-CO2/100 million yen</td> <td>16.0</td> <td>15.9</td> <td>○</td> </tr> <tr> <td rowspan="2">CO2 emission</td> <td rowspan="2">Logistics</td> <td>Toyota Boshoku</td> <td>Emission</td> <td>t-CO2</td> <td>5,026</td> <td>4,460</td> <td>○</td> </tr> <tr> <td>Japan region</td> <td>Emission</td> <td>t-CO2</td> <td>4,064</td> <td>3,498</td> <td>○</td> </tr> </tbody> </table>	Item	Category	Unit	FY2013 targets	FY2013 results	Self-assessment				CO2 emission	Production	Toyota Boshoku	Emission	t-CO2	65,003	61,975	○		Basic unit	t-CO2/100 million yen	11.2	9.7	○	Japan affiliates	Basic unit	t-CO2/100 million yen	9.8	8.5	○	Regions outside Japan	Basic unit	t-CO2/100 million yen	22.3	21.5	○		Toyota Boshoku group	Basic unit	t-CO2/100 million yen	16.0	15.9	○	CO2 emission	Logistics	Toyota Boshoku	Emission	t-CO2	5,026	4,460	○	Japan region	Emission	t-CO2	4,064	3,498	○				
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[Scope of reporting] Information regarding environmental activities covers the following business locations.

- Toyota Boshoku: Global Mainstay Hub, plants and offices in Japan (16 plants)
- Japan affiliates: Production entities (9 companies), others (7 companies)
- The Americas region: Regional Management & Collaboration Hub (1 company), production entities (13 companies)
- Asia & Oceania region: Regional Management & Collaboration Hub (1 company), production entities (14 companies)
- China region: Regional Management & Collaboration Hub (1 company), production entities (13 companies)
- Europe & Africa region: Regional Management & Collaboration Hub (1 company), production entities (10 companies)

(Assessment ○: Achieved)

Action items for 2015		FY2013 concrete initiatives/goals, etc.	FY2013 results	Self-assessment	Page																																																										
 Technology development and production activities for building a recycling-oriented society	Development and design (1) Promote recycling design and develop technologies for effective use of limited resources Promote recycling design that reduces the number of parts and improves ease of disassembly	<Seats> ● Apply and standardise components in China and emerging countries <Door trims> ● Continue to factor in the 3Rs*3 and a checklist in official drawings for vehicles under development	<Seats> ● Promoted standardisation of components for panel-type seatbacks in line with objectives <Door trims> ● Established mark for ease of disassembly in official drawings for vehicles under development and issued drawings ● Completed activities to verify and factor in the 3Rs and an environmental checklist for each component for vehicles that official drawings have been issued	○	—																																																										
		(2) Develop and expand the use of plant-derived materials that can recycle CO ₂ Promote the development and product commercialisation of plant-derived materials such as kenaf	● Expand vehicle types that use products made from kenaf materials ● Propose kenaf products that utilise exposed kenaf board ● Create bio-scenarios – bio-roadmap ● Develop weight-saving technology using plant materials	● Employed on four Toyota vehicles and two non-Toyota vehicles ● Exhibited kenaf design panels at Milano Salone international furniture fair (Italy) ● Strengthened system for scenario formulation with information agency ● Completed 80% of objectives for new weight-saving technology	○	15 16 51																																																									
	Production and logistics (3) Reduce waste materials and efficiently use resources in production activities and logistics activities ① Reduce emissions by raising yields and taking other measures to reduce waste at the source and promote effective use of resources ② Establish targets individually giving consideration to water environmental issues in each country and region and continually reduce the volume of water usage ③ Promote streamlining of packaging specifications and the use of returnable containers <Waste emissions, volume of packing material usage, volume of water usage>	● Visualise progress status of items for reducing waste ● Develop annual plan for items to promote reuse as a resource	[Regions outside Japan] ● Formulated and deployed a list of items for reducing waste and implemented activities for reduction befitting each plant and business entity [Toyota Boshoku] ● Strengthened reuse of waste as a resource and implemented improvements (340t reduction)	○	51																																																										
		● Global target: Reduce by 1% year on year	● Reduced water consumption by 8% year on year (globally) [Details of key reductions] <Japan affiliates> ● TB Kawashima: Added a system to stop supply of cooling water in drying machines for fabric during non-operating hours (19,600m ³ reduction) <Asia & Oceania> ● STB Textiles Industry: Reused wastewater from dyeing process (13,000m ³ reduction)	○	52																																																										
● Promote cross-organisational deployment of cases of improvement (eight improvements to packaging a year)		● Continuously conducted cross-organisational deployment of cases of improvement and achieved 12 packaging improvements/year	○	52																																																											
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*3 Reduce, Reuse, Recycle

Action items for 2015		FY2013 concrete initiatives/goals, etc.	FY2013 results	Self-assessment	Page																						
 Reduction of the use of substances with environmental impact and carrying out social activities in co-existence with the natural environment	Development and design (1) Strengthen management of products that contain chemical substances Steadily switch away from the use of substances with environmental impact and strengthen the structure for managing their usage	● Complete a switch to the use of substances with less environmental impact (HBCD*4•DEHP*5•DBP*6) ● Clear required values for VOC*7 inside the cabin of vehicles for next fiscal year	● HBCD: Completed switch from former aftermarket products (Dec. 2013) ● DEHP, DBP: Completed switch (Dec. 2013) ● VOC: Cleared required values for three Japanese vehicles and two Chinese vehicles	○	53																						
		(2) Reduce the use of substances with environmental impact in production activities Curb emissions of PRTR*8, VOC and other atmospheric pollutants	[Toyota Boshoku] ● Reduce consumption by changing materials and production method ● Investigate switch to products containing low levels of designated substances [Japan affiliates] ● Introduce system for calculating chemical substances	[Toyota Boshoku] ● Improved internal recycling rate for cleaning thinner (Aug. 2013) ● Completed switch to cleaning thinner with low levels of designated substances (Aug. 2013) [Japan affiliates] ● Introduced system for calculating chemical substances and conducted more precise calculation	○	53																					
	<Emission of substances subject to PRTR and VOC>		<table border="1"> <thead> <tr> <th>Item</th> <th>Category</th> <th>Unit</th> <th>FY2013 targets</th> <th>FY2013 results</th> <th>Self-assessment</th> </tr> </thead> <tbody> <tr> <td>Emission of substances subject to PRTR</td> <td>Toyota Boshoku</td> <td>Emission</td> <td>t</td> <td>150</td> <td>131</td> <td>○</td> </tr> <tr> <td>Emission of substances subject to VOC</td> <td>Toyota Boshoku</td> <td>Emission</td> <td>t</td> <td>567</td> <td>463</td> <td>○</td> </tr> </tbody> </table>	Item	Category	Unit	FY2013 targets	FY2013 results	Self-assessment	Emission of substances subject to PRTR	Toyota Boshoku	Emission	t	150	131	○	Emission of substances subject to VOC	Toyota Boshoku	Emission	t	567	463	○				
	Item	Category	Unit	FY2013 targets	FY2013 results	Self-assessment																					
Emission of substances subject to PRTR	Toyota Boshoku	Emission	t	150	131	○																					
Emission of substances subject to VOC	Toyota Boshoku	Emission	t	567	463	○																					
Production (3) Undertake efforts toward conservation of biodiversity Formulate biodiversity guidelines and aim for co-existence with the ecosystems of surrounding communities (4) Promote social contribution activities in order to co-exist with nature Promote activities that contribute to the environment and society such as environmental preservation, forest management and reforestation activities in cooperation with the companies in the Toyota Boshoku group and the surrounding communities	● Continue with biodiversity risk management Devise countermeasures that factor in targets	● Selected three core materials through ongoing biodiversity risk management (plant-derived materials, packing and packaging materials, metals)	○	—																							
	● Reforestation activities in Japan: Promote activities in each region ● Reforestation activities in regions outside Japan [Indonesia]: Conduct follow-up activities led by Toyota Boshoku Indonesia [China]: Implement activities led by Toyota Boshoku (China) [Thailand]: Continue with activities through local production entities	● Reforestation activities by Japan group: Conducted in line with plans <Toyota Boshoku (Kashimo), Toyota Boshoku Kyushu (Seburi), Toyota Boshoku Shiga (Ozuchi), Toyota Boshoku Tohoku (Ohira)> ● Reforestation activities by group outside Japan: Conducted in line with plans [Indonesia]: Implemented follow-up activities led by Toyota Boshoku Indonesia [China]: Implemented activities led by Toyota Boshoku (China) [Thailand]: Continued with activities through local production entities	○	17 18 53																							

*4 Hexabromocyclododecane (Fire retardant) *5 Diethylhexylphthalate (Plasticiser) *6 Dibutyl phthalate (Plasticiser) *7 Volatile Organic Compounds *8 Pollutant Release and Transfer Register



(1) Environmental Management

Based on the TOYOTA BOSHOKU Earth Charter, we will make collective efforts as a group to contribute to preserving the global environment in order to realise a sustainable society.

Promoting environmental management

The Toyota Boshoku group established the Environmental Committee to promote environmental activities throughout the group on a global basis, and accordingly, and is continuously carrying out initiatives.

Environmental Committee

Persons in charge in each region comprise this committee, which makes policy recommendations and follows up on progress for environmental activities in all areas, from development and design to production and logistics, toward the achievement of the 2015 Plan.

Promotion system



Status of Activities by Committee

Environmental Committee (Japan)

Toyota Boshoku pours its efforts into both product environmental and production environmental aspects. In order to promote environmental activities, the Environmental Committee (Japan) convenes to identify the status of activities of respective environmental committees and follow up on actions.

Safety & Health and Environmental Committee for Japan affiliates

Affiliates in Japan take turns as administrator for the Safety & Health and Environmental Committee. This committee is tasked with ascertaining the progress of environmental activities and serves as a venue for advancing mutual improvements through on-site confirmation with the aim of raising the level of each company.

Safety & Health and Environmental Committee for The Americas

The Americas region continued to hold “treasure hunting” activities in fiscal 2013. With this, production and conservation managers from the Regional Management & Collaboration Hubs (RM&CH) and respective production entities formed a team that identified energy consumption via *genchi-genbutsu* (Go, see & study) and proposed further ideas for improvement. A report of the activities was made to each company in order to actively share pertinent information.

In addition, annual compliance audits are being conducted by RM&CH to thoroughly enhance compliance with environmental laws and regulations.

Safety & Health and Environmental Committee for China

In the China region, we constantly keep abreast of developments in laws and regulations and work to implement appropriate environmental activities in



Safety & Health and Environmental Committee for China

China, which is undergoing immense environmental changes, through the Safety & Health and Environmental Committee for China.

Also, each production entity is taking concerted measures to reduce water consumption in light of concerns over the impact of a worsening water environment in China.

(Details of these activities are introduced on page 52.)

Safety & Health and Environmental Committee for Asia & Oceania

In the Asia & Oceania region, we created an environmental compliance system centred on RM&CH in order to ensure compliance with environmental legislation and regulations, which was a common challenge in fiscal 2013. Production entities in many countries monitored regulatory developments in their own country and reported on areas mandating compliance, the current status of compliance and ideas for improvements to RM&CH based on the most appropriate timing in order to keep abreast of conditions throughout the region.

Going forward, we will actively promote adherence to laws and regulations and other environmental initiatives.

① Product Environmental Committee

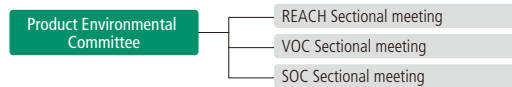
We have been consistently convening the Product Environmental Committee since fiscal 2004 and implementing related activities amid an increasing global focus on the reduction of environmental burdens caused by chemical substances and appropriate risk management. In addition to ensuring compliance with the environmental laws and regulations of each country, including the Act on the Evaluation of Chemical Substances Regulation of Their Manufacture, etc. in Japan and the REACH regulation*¹ in Europe, this committee has worked to advance activities to reduce chemical substances of very high environmental concern.

In fiscal 2013, we strengthened our system for collecting information on chemical substance regulations in each country as well as our chemical substance management system primarily through a review of the management system for products that contain chemical substances.

In fiscal 2014, we will continue working to ensure the appropriate management of chemical substances and to develop products that are environmentally friendly.

*1 A regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) enforced in Europe in June 2007

Product Environmental Committee promotion framework



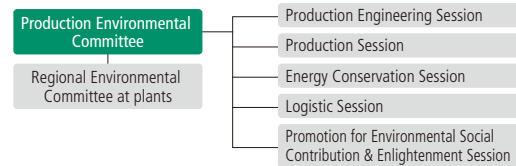
② Production Environmental Committee

The Production Environmental Committee has been tackling environmental initiatives in production and logistics since fiscal 2004 with the aim of thoroughly reducing the impact of CO₂ and waste emitted in the manufacturing process on the environment.

The committee also verified progress relative to fiscal year targets based on the 2015 Plan at each plant four times in fiscal 2013 and is working to further promote environmental preservation with the aim of steadily achieving these targets. In addition, on-site patrols are conducted by members of each plant, with case examples of activities related to energy conservation, waste reduction and other areas reported and shared.

Also, the Production Engineering Session, Production Session, Energy Conservation Session, Logistic Session and Promotion for Environmental Social Contribution & Enlightenment Session have been established to strengthen environmental activities in each function and activities are being promoted.

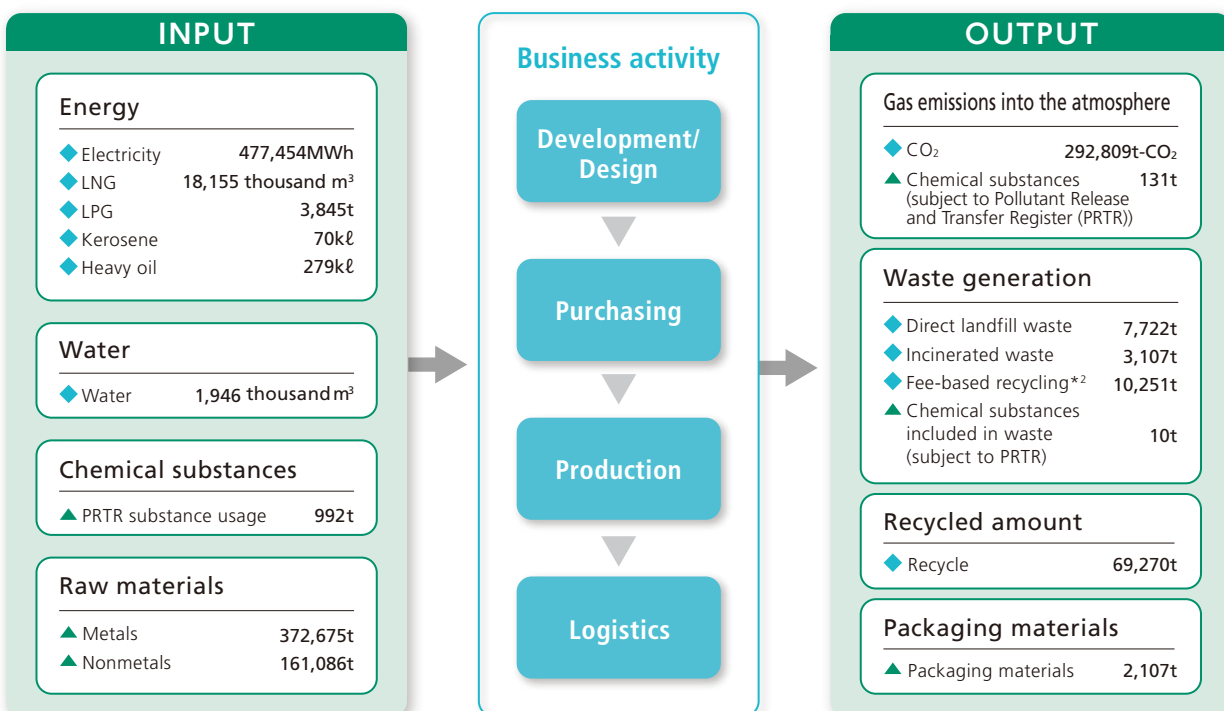
Production Environmental Committee promotion framework



Our business activities and the environment (Resource consumption for business activities and emissions causing environmental loads)

Resource consumption for business activities and emissions causing environmental loads in fiscal 2013

◆ Toyota Boshoku group ▲ Toyota Boshoku Corporation



*² Waste that is recycled for a fee

■ Safety & Health and Environmental Committee for Europe & Africa

This committee follows up on the progress of environmental activities in the Europe & Africa region in view of the circumstances in each country in order to enable response to changes in such areas as environmental controls in Europe.

In addition, environmental managers from respective production entities assigned remotely hold telephone conferences regularly to facilitate constant information exchange and consultation as well as verify concrete ideas for improvements and policies aimed at achieving goals. We are working to enhance mutual awareness and advance environmental activities throughout the region.



Committee meeting held by video conference

ISO 14001 acquisition status

The Toyota Boshoku group has established independent rules related to the acquisition and operation of ISO 14001 and has completed acquisition and renewal of certification as planned centred on efforts by the group's respective RM&CH.

As of March 2014, we had attained certification for our environmental management system at all 84 business entities. Toyota Boshoku Mississippi, TBAI Poland and Toyota Boshoku in Russia newly attained ISO 14001 accreditation in fiscal 2013.

● External audits

Audits were carried out by a certification body in each country and region in a systematic manner in fiscal 2013 as well, with all business entities subject to the audit evaluated as having zero non-conformance items and operating all required ISO 14001 items appropriately.

Environmental risk management

At the Toyota Boshoku group, in order to prevent environmental accidents and pollution we are strengthening activities to realise zero abnormalities and complaints by identifying risks and implementing countermeasures through management and using an environmental risk map based on voluntary standards that are stricter than regulations require.

TOPICS

Enhancing risk management through use of environmental risk map

The Toyota Boshoku group conducts risk management from the perspective of local residents and strengthens patrol standards for both outside and inside plants in order to enhance environmental risk management.

The risk map is revised as required and efforts are made to enable swift response to any risk factor by constantly visualising and sharing new information.

We will continue to utilise the risk map to promote activities to prevent risk with an emphasis on taking the perspective of local citizens.



Environmental patrol



Environmental risk map (image)

Status of legal compliance

There was one case in the Toyota Boshoku group of exceeding the legal standard level related to domestic wastewater. We made a report to the relevant authorities and completed corrective action, and thereafter confirmed that there was no recurrence.

We will further strengthen activities to prevent environmental risk by enhancing daily management in the Toyota Boshoku group.

Environmental communication

The Toyota Boshoku group is committed to communication with local citizens. We will continue our efforts to undertake regular communication-based interaction with local communities and reflect opinions and desires in business and environmental preservation activities.

Environmental education and awareness raising

The Toyota Boshoku group undertakes systematic environmental education through training for new hires, general training and training by job classification and workplace content.

TOPICS

Conducting environmental education at nearby elementary schools

Toyota Boshoku started providing environmental education at nearby elementary schools in fiscal 2013 with the aim of building the impetus for eco-friendly action by thinking about environmental issues together with children.

In order to ensure a connection to existing coursework, a meeting was held with the schools in advance and programmes were formulated. The topic introduced was "global warming prevention," an area Toyota Boshoku views as very important. We came up with inventive ways for the children to think for themselves and provide their own opinions for reducing CO₂ emissions from trucks and forest conservation. Participating children stated that they came to understand the ingenuity applied in reducing CO₂ from trucks and that they would place more importance on caring for forests. The schools expressed their gratitude for providing the opportunity for the children to think about the environmental issues surrounding them.



Toyota Boshoku members provide education at Kano Elementary School in Toyota City



Giving a lesson at Asuke Elementary School in Toyota City

Also, a variety of enlightenment activities are held every year during Environment Month in June and Energy Conservation Awareness Month in February. In fiscal 2013, we convened briefings during Environment Month to promote energy-saving activities throughout the Toyota Boshoku group. During Energy Conservation Awareness Month, we held an energy conservation "experiential" exhibition, which displayed the results of energy-saving initiatives in an easy-to-understand manner, so that people could gain good insight into energy conservation through their own experience. On the same day, we invited a team from Chubu Electric Power Co., Inc., who gave a lecture on energy conservation in light of electricity trends in Japan.



Energy conservation "experiential" exhibition



Lecture on energy conservation

Environmental accounting

The Toyota Boshoku group believes that it is important to assess the effectiveness of our investment and cost in terms of environmental preservation in order to improve the efficiency of administration and make rational decisions. The cost, economic and material effects of environmental preservation were calculated based on the *Environmental Accounting Guidelines* (2005 Version) issued by Japan's Ministry of the Environment.

● Cost of environmental preservation

In fiscal 2013, the environmental accounting of the Toyota Boshoku group recorded investment of 1,529 million yen, costs of 1,451 million yen and economic effects of 800 million yen.

● Economic effects of environmental preservation measures

The economic effects of our environmental preservation measures were calculated from three ascertained items that were based on a sound rationale. Deemed effects such as risk avoidance effects are not taken into account.

● Material effects of environmental preservation measures

Examples of improvements in waste reductions and reductions in CO₂ emissions are provided in this report on pages 49-53.

(Unit: Millions of yen)

Environmental accounting	Toyota Boshoku Corporation		Japan affiliates		Regions outside Japan	
	Investment amount	Cost amount	Investment amount	Cost amount	Investment amount	Cost amount
Business area cost						
Pollution prevention	146	95	27	19	211	80
Global environmental conservation	418	149	127	26	447	6
Resource circulation	5	247	45	123	10	23
Administration cost	—	229	—	37	—	62
R&D cost	93	252	0	76	—	—
Social activity cost	0	18	0	5	0	3
Environmental remediation cost	0	1	0	0	0	0
Total	662	991	199	286	668	174
	1,653		485		842	
	Total investment amount	1,529	Total costs	1,451		

(Unit: Millions of yen)

Economic effects	Toyota Boshoku Corporation	Japan affiliates	Regions outside Japan
Cost reduction through energy saving	33	2	35
Resource saving & reduction of waste disposal costs	579	60	1,642
Profit on sale of recycled materials	399	5	—

Material effects	Toyota Boshoku Corporation	Japan affiliates	Regions outside Japan
Energy saving (t-CO ₂)	2,913	102	2,919
Waste disposal (t)	1,401	183	913

Depreciation and amortisation is not included in the costs.



(2) Development and Production Activities for the Realisation of a Low-Carbon Society

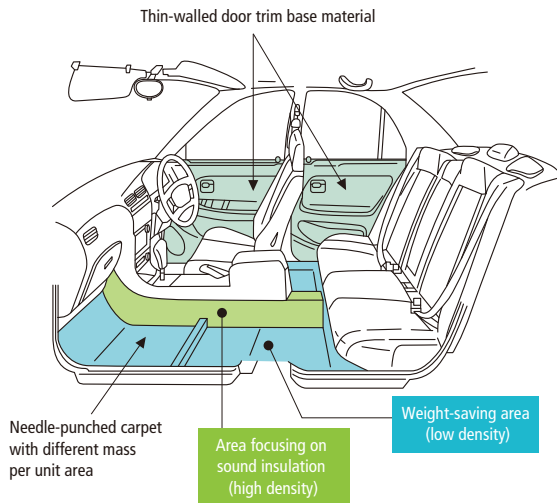
The Toyota Boshoku group works to reduce CO₂ emissions in all areas, from development and design to production and logistics, in order to help prevent global warming.

Development and design

Toyota Boshoku aims to further improve environmental performance, safety and comfort in automobiles by promoting technological development for next-generation vehicles. In terms of environmental performance, we continue to push ahead with developing lighter interior products such as seats, door trims and carpet to contribute to greater fuel efficiency when driving a vehicle in particular.

■ Door trims realising lighter weight (Thin-walled door trims base material)

Toyota Boshoku conducted development aimed at reducing the weight of the door trim base material by 1kg per vehicle. The key point was success in significantly reducing the weight of the base material by strengthening the glass fibre material and enhancing the degree of elasticity. Building on this success, we will propose commercialisation of this kind of door trim.



■ Carpet realising lighter weight (Needle-punched carpet with different mass per unit area)

Toyota Boshoku implemented development efforts with the aim of reducing the weight of carpet per vehicle by 350g. We succeeded in this endeavour while maintaining sound insulating properties. Building on this success, we will propose commercialisation of this kind of carpet.

Production and logistics

The Toyota Boshoku group is actively working to reduce CO₂ emissions in production and logistics processes.

● Efforts to reduce CO₂ emissions

At the Toyota Boshoku group, we are continuously working to save energy. In fiscal 2013, we promoted energy-saving initiatives on a group-wide basis that included verifying the progress of energy conservation activities being implemented by committees in respective regions, beginning with the global Environment Committee, and continuously conducting energy audits. As a result, we achieved our target of 16.0t-CO₂/100 million yen per basic unit in fiscal 2013 with a result of 15.9t-CO₂/100 million yen.



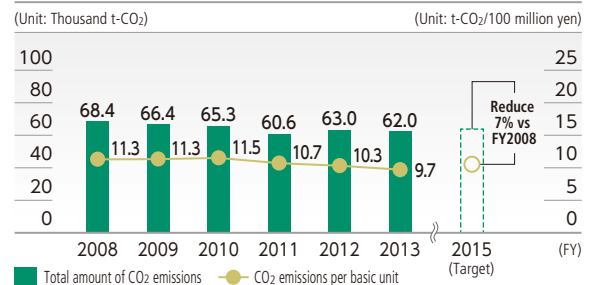
Calculation of greenhouse gas emissions

The CO₂ conversion coefficient has been fixed so that voluntary improvements can be evaluated. Japanese group companies use the values provided in the following table, while group companies globally use values issued in each region in 2001. The amount of CO₂ reduced via co-generation is calculated using the average for thermal power, with the results reflecting emission amounts.

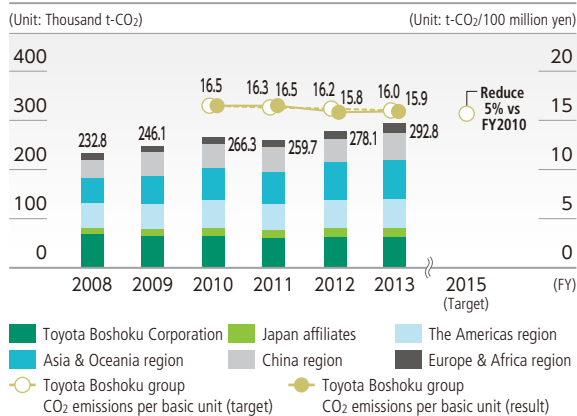
CO₂ conversion coefficient

Fuel	CO ₂ conversion coefficient
Purchased electricity	0.3707t-CO ₂ /MWh
Heavy oil	2.6958t-CO ₂ /kℓ
Kerosene	2.5316t-CO ₂ /kℓ
City gas	2.1570t-CO ₂ /thousand m ³
LPG	3.004t-CO ₂ /t

Total amount of CO₂ emissions and basic unit [Toyota Boshoku Corporation]



Total amount of CO₂ emissions and basic unit [Toyota Boshoku group]



In line with a change to the CO₂ conversion coefficient for power in fiscal 2011, total CO₂ from fiscal 2008 is calculated using the CO₂ conversion coefficient following this change.

Reducing CO₂ emissions in logistics

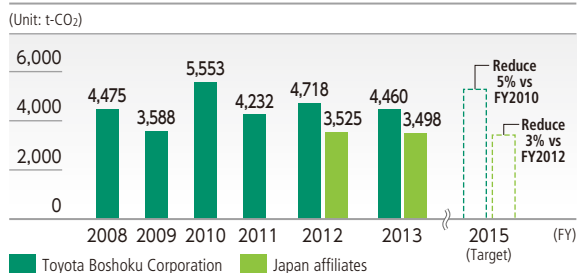
Toyota Boshoku has consistently implemented initiatives to reduce CO₂ emissions in logistics. In fiscal 2013, we regularly held logistics meetings and reported and shared the status of efforts to reduce the number of delivery vehicles. At the same time, we continued to participate in Toyota Group logistics and environmental liaison meetings and actively exchanged information. We also promoted activities to further improve load efficiency through mixed loads and cut CO₂ emissions by switching to the most appropriate vehicle class according to load amount. As a result, we achieved 7,958t-CO₂, bettering our fiscal 2013 target of 9,090t-CO₂.

Reducing CO₂ emissions in logistics (Japan region)



We will work to promote reduction in CO₂ emissions in logistics by disseminating examples of improvements made.

Total CO₂ emissions in logistics



The scope of CO₂ management was expanded in fiscal 2010.

TOPICS Strengthening promotion of energy-saving initiatives

Toyota Boshoku held its Energy Conservation Session every month and actively implemented energy-saving activities with the aims of achieving CO₂ reduction targets and minimising costs. We focused on the following five areas in particular.

- (1) Promote E-JIT activities*
- (2) Turn off circuit breakers during non-operating hours
- (3) Activities to eliminate air leaks
- (4) Activities to save electricity in summer
- (5) Energy conservation diagnosis

Of these areas, we checked the status of improvements via *genchi-genbutsu* and systematically identified new items of focus within the energy conservation diagnosis conducted through a team from Panasonic Environmental Systems & Engineering Co., Ltd. that we invited to all Toyota Boshoku plants, key production entities of our Japan affiliates and production entities in the China region.

As a result, we estimated that we were able to reduce CO₂ emissions by approximately 3,700t-CO₂ (equivalent to approximately 1.3% of Toyota Boshoku group emissions) and cut costs by approximately 86 million yen. Going forward, we will expand this energy conservation diagnosis worldwide and further promote energy conservation activities.



Energy conservation diagnosis

*Energy-Just in time activities: This refers to using just the required amount of energy at the required time to produce the required amount. The activities aim to eliminate waste when using energy.

TOPICS Presented awards for exceptional cases of energy conservation

The Toyota Boshoku group presented awards for exceptional cases of energy conservation during Energy Conservation Month held in February. Of the 150 initiatives executed, we selected those plants with exceptional achievements based on independent evaluation criteria such as items with the biggest improvement in the amount of energy saving and activities that can be expanded to other sites.



Members of Tianjin Feng'ai Automotive Seat Parts who helped ensure outstanding results in company-wide activities to eliminate air leaks

As a result, we awarded initiatives at Tianjin Feng'ai Automotive Seat Parts with the gold prize at the energy conservation awards ceremony for excellent achievement in promoting activities to eliminate air leaks.

Going forward, we will continue to implement energy conservation measures and help curb global warming as a group.



(3) Technology Development and Production Activities for Building a Recycling-Oriented Society

The Toyota Boshoku group incorporates the use of raw materials and other materials that can be recycled and considers product design and development with a view to the creation of a recycling-oriented society. We also work to reduce waste and water consumption in the production stage.

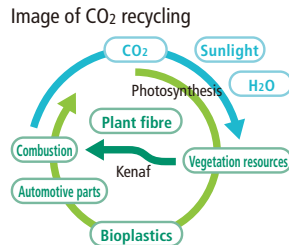
Development and design

Toyota Boshoku has been pouring its efforts into shifting from petroleum-derived materials to plant-derived materials that can recycle CO₂ with the aim of creating a recycling-oriented society.

Toyota Boshoku has worked on the development of materials that focus on the properties of kenaf since the latter half of the 1990s. We employed kenaf base material in door trims for the Toyota Celsior in 2000. Since then, we have worked to expand areas of application in addition to door trims, including seat backboards and package trays. We have also succeeded in increasing the vehicle types applying the material.

Toyota Boshoku has developed numerous products made with plant-derived material, including the development of completely plant-based components that combine kenaf with polylactic acid, as well as bio-urethane, which uses castor oil as a plant material aside from kenaf.

Development of plant-derived materials is introduced in the Special Feature 2 on pages 15-16.



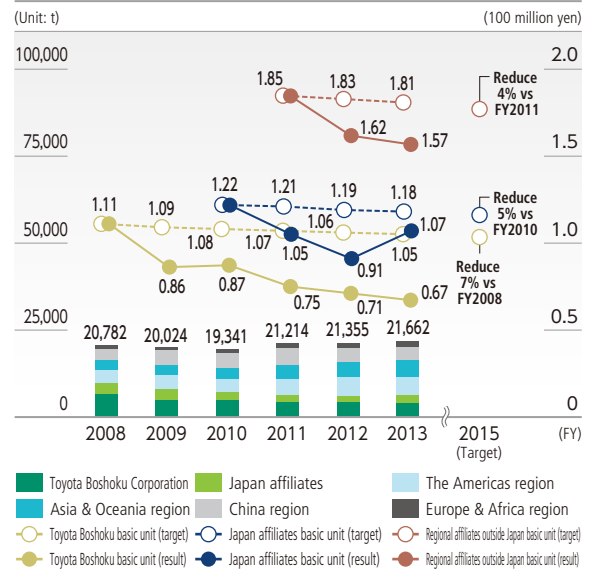
Production and logistics

● Toyota Boshoku group's recycling activities

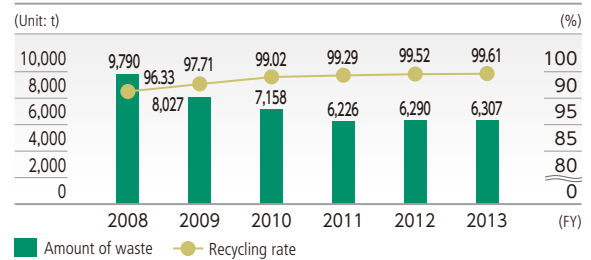
The Toyota Boshoku group implemented activities to reduce waste by further promoting recycling initiatives to transform waste into valuable items in the market and using an item matrix to reduce waste. As a result, we achieved our target of 24,469t with a result of 21,662t. With regard to the basic unit for waste, we achieved a result of 1.18t/100 million yen compared with our target of 1.4t/100 million yen.

Toyota Boshoku has achieved direct zero waste every year since fiscal 2007.

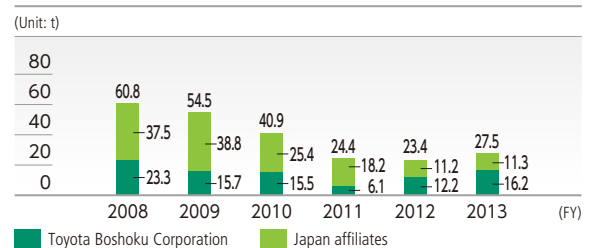
Amount of waste and basic unit [Toyota Boshoku Corporation]



Amount of waste and recycling rate [Japan region]



Amount of final waste disposal [Japan region]



● Reuse of water resources

From fiscal 2013, the Toyota Boshoku group continued, among other measures, to use rainwater and wastewater and conduct inspections for leaks. We achieved a result of 1,946 thousand m³ compared with the target of 2,174 thousand m³ for water consumption.

Amount of water used (Toyota Boshoku group)

[Fiscal 2013 target]

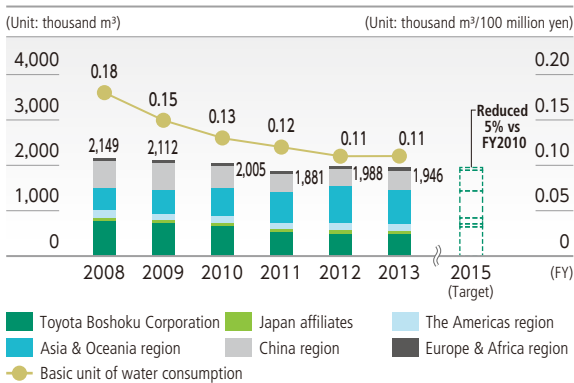
2,174 thousand m³/year

[Fiscal 2013 result]

1,946 thousand m³/year

In production entities in the Asia region, where the water environment is severe, we made efforts to conserve water in particular. In the Thailand and China region, we enabled the reuse of a significant amount of water resources mainly by reusing wastewater from the dyeing process, an initiative we have been working on since fiscal 2012.

Water consumption results [Toyota Boshoku group]



Reducing the amount of packing and packaging materials

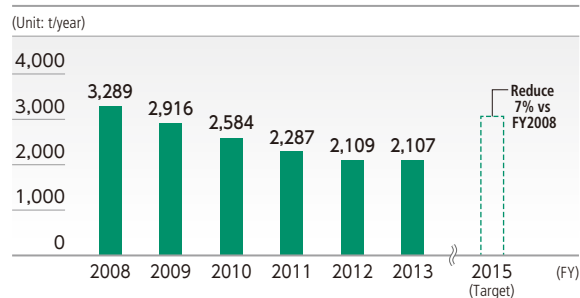
Toyota Boshoku uses packaging materials that have been agreed upon in advance with the customer. We work to reduce the amount of packaging materials used with the aim of enabling

more environmentally friendly packaging while keeping intact the quality of the product.

In continuing on from fiscal 2013, we succeeded in reducing packaging material by 24t per year by making 12 different improvements. Of these, we reduced the mass of packing material specifically for door trims and shifted to all-purpose packaging upon checking that there was no impact when delivering to customers, which led to a reduction in packaging material. In fiscal 2013, we achieved our target of 2,242t with a result of 2,107t.

Going forward, we will continue concerted efforts to reduce the consumption of packaging material and will promote activities aimed at enabling more environmentally friendly packaging.

Packing and packaging material use [Toyota Boshoku Corporation]



TOPICS

Kawashima Textile Manufactures (Shanghai) reuses wastewater from dyeing process

Kawashima Textile Manufactures (Shanghai) produces special textile products for industrial use such as automobile seats. In the piece-dyeing process for plain fabric, a lot of tap water was used for dyeing and cleaning, and there was concern that the amount of water consumption would reach close to the upper limit for wastewater in a plant. Accordingly, the company introduced purification processing equipment in 2012 and began reusing wastewater from the dyeing process.

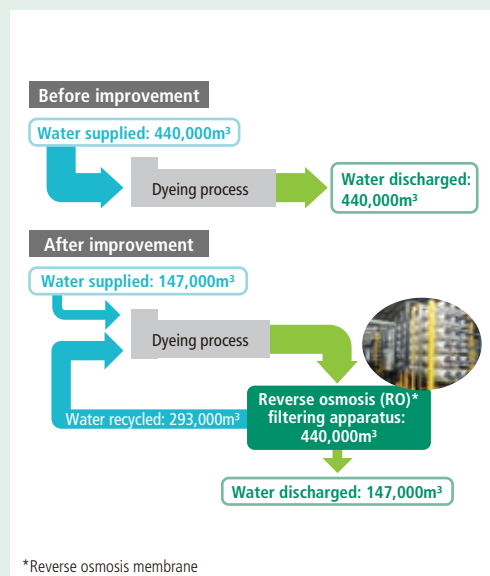
When the equipment was introduced, the company made sure that the quality of the reused water was fit for dyeing. Although previously around 440,000m³ of water was used annually, the company succeeded in reusing 293,000m³, which is equivalent to approximately two-thirds of that figure.

The company was recognised as an enterprise that protects the environment by the Municipal Government of Shanghai as a result of this activity. We will continue to promote further activities to save and reuse resources.

Member in charge of improvement



Kawashima Textile Manufactures (Shanghai)
Ding Wenbo



*Reverse osmosis membrane



(4) Reduction of the Use of Substances with Environmental Impact and Carrying Out Social Activities in Co-Existence with the Natural Environment

The Toyota Boshoku group clearly identifies global trends in environmental laws and regulations and promotes activities to reduce substances with environmental impact in both products and production. We also implement activities to protect biodiversity to realise a society in harmony with nature.

Development through to production

● Creating a management system for chemical substances

Toyota Boshoku is taking steps to manage chemical substances in all business activities from development and design to production and packaging.

Material classification	Management area	Product development and design	Production environment (work environment)	Mass-produced products	Packing/packaging materials
Component External product		Design drawing		Mass-produced product	
Surface materials, etc., with no impact on environment, etc.					
Adhesives, etc., that impact environment, etc.					
Raw materials making up product					
Coating, etc., for repairs that may adhere to products			Air Water quality Work environment Waste		
Equipment cleansers, etc., that may adhere to products					
Packing/packaging materials, cardboard, etc.					Packing/packaging materials
Department responsible		Material Engineering Development Div.	Environment Div. (Safety & Health Div.)	Quality Assurance Div.	Production Control Div.

● Activities to reduce emissions of chemical substances

We are advancing activities to reduce the amount of Pollutant Release and Transfer Register (PRTR) substances and Volatile Organic Compounds (VOC) used and emitted from plants. In fiscal 2013, we achieved our target of 150t for PRTR substances with a result of 131t and also achieved our target of 567t for VOC with a result of 463t. We will continue working to reduce the amount of chemical substances used and emitted by strengthening the management of these substances.

VOC emissions
(Toyota Boshoku)

[Fiscal 2013 target]

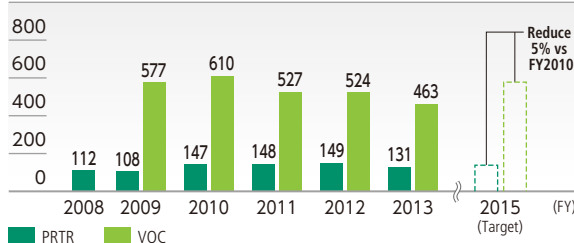
567^t

[Fiscal 2013 result]

463^t

PRTR substances/VOC emissions

(Unit: t)



Co-existence with nature

● Environmental preservation activities based on our biodiversity policy

The Toyota Boshoku group is taking strong measures with regard to reforestation and regional cleanup activities as means to protect the environment and contribute to the creation of a more abundant earth.

Our reforestation activities are introduced in the Special Feature 4 on pages 19-20.

The Americas region

Earth Day

Earth Day is held in April every year. We conduct environmental preservation activities at each company in The Americas region on this day. Respective companies undertook tree planting and other activities again in fiscal 2013, thereby contributing to environmental preservation.



ARJ Manufacturing

Asia & Oceania region

Mangrove planting activities

Mangrove planting activities are conducted every year mainly by production entities in Thailand. We will continue to systematically plant mangroves and promote efforts to prevent coastal erosion and protect marine ecosystems.



Toyota Boshoku Filtration System (Thailand)

China region

Tree-planting activities in Inner Mongolia

Toyota Boshoku (China) has been implementing the "TBCH Oasis Project" with representatives from group companies in the China region taking part in tree planting. Further efforts will continue to preserve the natural environment in this region.



Tree-planting activity in the China region

Europe & Africa region

Tree-planting initiatives

With the aim of ensuring a lush green region, we are undertaking tree-planting activities here. Company members' families also lend a hand to plant trees along public roads and other spaces.



Toyota Boshoku Turkey

Japan region

Reafforestation activities

We continue to promote forest management activities at Toyota Boshoku as well as Toyota Boshoku Tohoku, Toyota Boshoku Shiga and Toyota Boshoku Kyushu as Eco-Forests of the Toyota Boshoku group.



Toyota Boshoku Tohoku

Facts & Figures

Financial Report & Corporate Information

■ Management's Discussion and Analysis of Financial Conditions and Operating Results	55
■ 10-Year Financial Summary	57
■ Product Lineup	59
■ Toyota Boshoku Group Network	61
■ Investor Information / Directors, Audit & Supervisory Board Members and Managing Officers	63

● Scope of Consolidation

The consolidated financial statements include the accounts for all subsidiaries. Refer to pages 61-62 for the corporate names of principal consolidated subsidiaries.

● Application of the Equity Method

Investments in all affiliates are accounted for by the equity method. Refer to page 62 for the corporate names of principal affiliates. The fiscal years for certain affiliates accounted for by the equity method are different from that of the Company. The Company is using the financial statements for their respective fiscal years.

Overview of fiscal year

In the automobile industry during the fiscal year under review (year ended March 31, 2014), despite growth in production volume in the United States, difficult conditions continued in other regions, beginning with emerging countries. In Japan, favourable sales of automobiles were underpinned by a last-minute surge in demand prior to an increase in the consumption tax rate. Alternatively, lingering concern over the impact of a reactionary decline in demand following the tax increase is leading to ongoing uncertainties.

Under these circumstances, the Toyota Boshoku group worked in unison with a never-give-up spirit to undertake a host of tasks that included meeting the challenge of entering new business fields, securing new customers and further expanding business in emerging countries, which are expected to sustain growth in the future. As challenges undertaken for entering new business fields, we leveraged the technologies cultivated in automobile seats to develop railway seats that realise a sense of luxury and comfort, and these seats have been installed in the *Gran Class* of the Hokuriku *Shinkansen* (Bullet train). Similarly, we applied textile techniques, which relate back to the origin of our business in textiles, to develop and commence sales of Nunokabe, a wall decoration for home interiors that has superb design features and a high-grade sense.

Regarding activities for securing new customers, we established interior components production companies near production bases of automakers we serve as we worked to build a solid business foundation. Specifically, we built a structure for responding quickly and flexibly to the needs of customers by establishing Shenyang Toyota Boshoku Automotive Parts in China in July 2013, Boshoku Automotive (Thailand) in Thailand in November and Toyota Boshoku Relan India in India in March 2014. As initiatives for further expanding business in emerging countries, we set up a production structure with the establishment of Toyota Boshoku Lao, our first production base in Laos, in April 2013, and Thal Boshoku Pakistan, our first base in Pakistan, in August. At the same time, we worked to realise highly cost competitive manufacturing by establishing Heyuan Toyota Boshoku Automotive Parts in China.

Due to such factors as increased unit production in The Americas and the impact of exchange rates, consolidated net sales of the Toyota Boshoku group increased 138,902 million yen (12.9%) to 1,218,399 million yen.

Operating income

Despite such income-reducing factors as the impact of product price fluctuations as well as increases in miscellaneous expenses and R&D expenses, operating income increased 3,520 million yen (13.9%) to 28,823 million yen due to such factors as the implementation of rationalisation measures and increased production and higher revenue.

Non-operating income (expenses) and ordinary income

Non-operating income increased 3,448 million yen (26.8%) from the previous fiscal year to 16,328 million yen.

Non-operating expenses increased 588 million yen (13.8%) to 4,856 million yen due to an increase in loss on disposal of noncurrent assets.

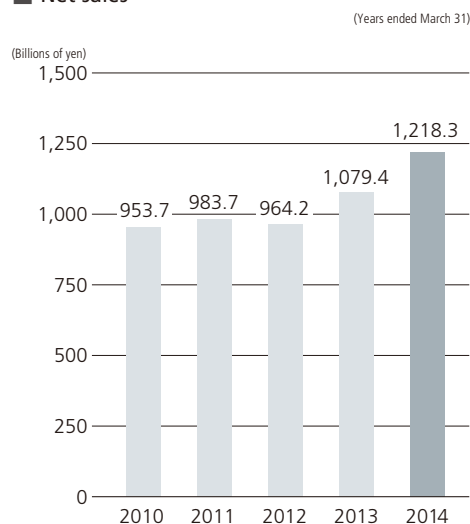
As a result, ordinary income amounted to 40,294 million yen and the ordinary income margin was 3.3%.

Extraordinary income or loss, Income taxes and Income taxes—deferred

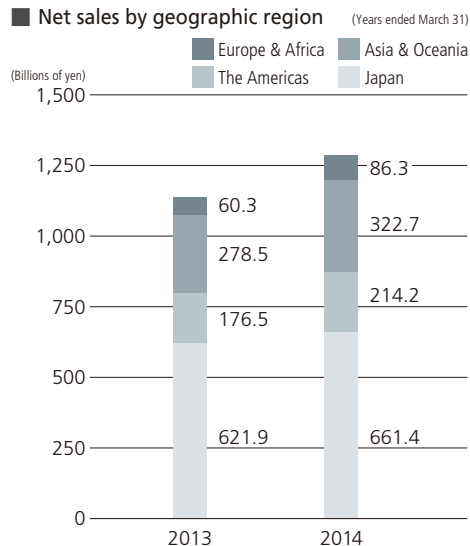
An extraordinary loss of 4,871 million yen was recorded due to such factors as an impairment loss on noncurrent assets in the Europe & Africa region.

Income taxes and income taxes—deferred increased 3,454 million yen (30.8%) to 14,662 million yen. The ratio of income before income taxes and minority interest increased from 34.1% in the previous fiscal year to 41.4%.

Net sales



Net sales by geographic region



*Adjusted amounts for transactions among regions are not included.

Minority interest in net income of subsidiaries

Minority interest in net income of subsidiaries rose 2,318 million yen (39.8%) to 8,149 million yen due mainly to an increase in profits at consolidated subsidiaries in Asia & Oceania.

Net income

Net income decreased 3,181 million yen (20.1%) to 12,610 million yen from the previous fiscal year. Net income per share was 68.05 yen.

Assets, liabilities and net assets

Total assets at fiscal year-end increased 75,053 million yen to 659,008 million yen from the previous fiscal year-end due to an increase in notes and accounts receivable—trade and a rise in property, plant and equipment along with an increase in capital investment.

On the other hand, total liabilities increased 46,712 million yen from the end of the previous fiscal year to 409,926 million yen owing to a rise in notes and accounts payable—trade. Total net assets increased 28,342 million yen from the end of the previous fiscal year to 249,082 million yen.

Cash flows

Net cash provided by operating activities amounted to 49,590 million yen. Despite such cash-decreasing factors as income taxes paid of 14,441 million yen and an increase in notes and accounts receivable—trade of 12,195 million yen, the increase in cash resulted mainly from income before income taxes of 35,422 million yen and depreciation and amortisation of 36,302 million yen.

Net cash used in investing activities was 51,867 million yen. Although there were such cash-increasing factors as proceeds from sales of property, plant and equipment of 3,687 million yen

and purchase of subsidiaries' shares resulting in changes in scope of consolidation of 3,505 million yen, this was due to such cash outflows as purchase of property, plant and equipment of 51,112 million yen and payments into time deposits of 8,551 million yen.

Net cash used in financing activities was 5,636 million yen. Despite proceeds from the issue of corporate bonds of 20,000 million yen, this was due mainly to such cash-reducing factors as repayments of long-term loans payable of 19,827 million yen and cash dividends paid to minority shareholders of 5,408 million yen.

As a result, cash and cash equivalents at end of year decreased 2,675 million yen (2.1%) from the previous fiscal year-end to 126,648 million yen.

Capital expenditures

During the fiscal year under review, total capital expenditures amounted to 51,116 million yen and these investments were concentrated on measures for new products and for rationalising and upgrading production facilities. These consisted mainly of capital expenditures at the Company as well as its consolidated subsidiaries in China and Asia.

Capital expenditures in Japan amounted to 16,888 million yen and were for measures for new products, rationalising and upgrading production facilities and establishing the Company's Tajimi Technical Centre.

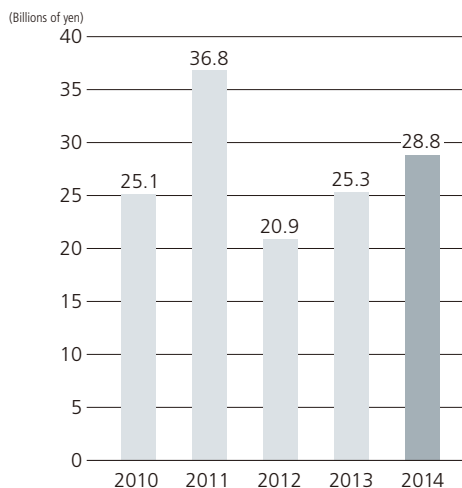
Capital expenditures in The Americas amounted to 8,902 million yen and were mainly for measures for new products and for rationalising and upgrading production facilities.

Capital expenditures in Asia & Oceania amounted to 20,516 million yen and were mainly for measures for new products, rationalising and upgrading production facilities and for the establishment of the headquarters and R&D centre at Toyota Boshoku (China).

Capital expenditures in Europe & Africa were 4,808 million yen and were mainly for measures for new products and rationalising and upgrading production facilities.

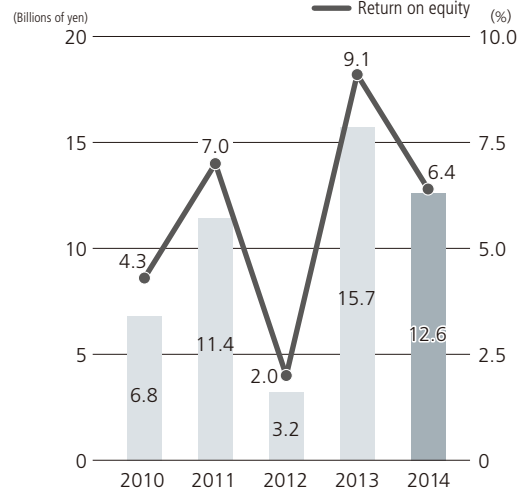
Operating income

(Years ended March 31)



Net income/Return on equity

(Years ended March 31)

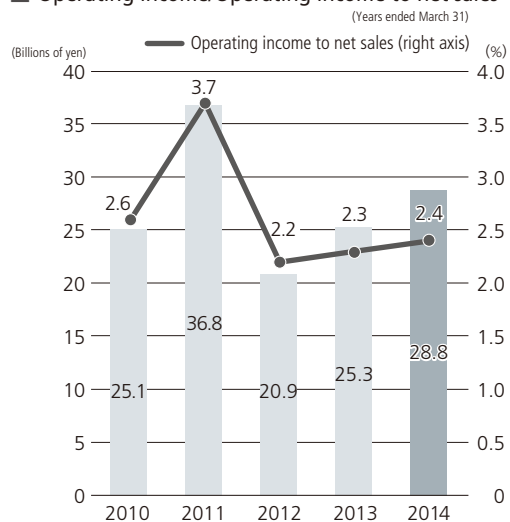


10-Year Financial Summary

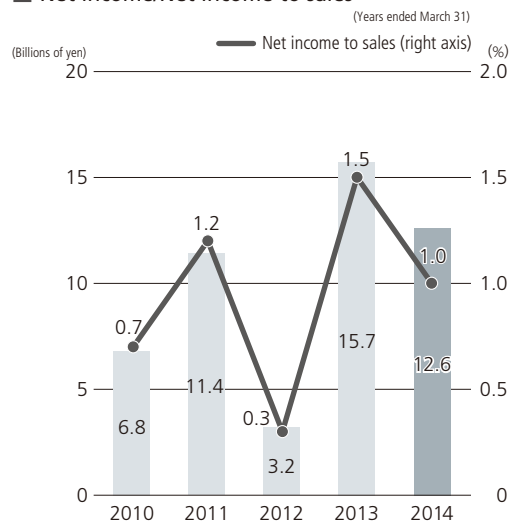
	2014	2013	2012	2011
Net sales	¥ 1,218,399	¥ 1,079,497	¥ 964,295	¥ 983,727
Operating income	28,823	25,302	20,910	36,856
Ordinary income	40,294	33,914	23,225	36,027
Net income (loss)	12,610	15,792	3,232	11,466
Total net assets	249,082	220,740	190,347	196,992
Capital stock	8,400	8,400	8,400	8,400
Total assets	659,008	583,955	597,654	504,472
Capital expenditures	51,116	36,805	37,583	41,229
Depreciation and amortisation	36,302	32,744	31,529	32,342
R&D expenses	40,189	36,321	32,543	32,434
Per Share Data (Yen)				
Net income (loss) (Basic)	¥ 68.05	¥ 85.23	¥ 17.45	¥ 61.82
Net income (Diluted) (Note 4)	—	—	—	61.82
Cash dividends	18.00	18.00	16.00	16.00
Net assets	1,115.69	1,010.49	868.93	890.78
Financial Indicators (%)				
Operating income to net sales	2.4	2.3	2.2	3.7
Ordinary income to net sales	3.3	3.1	2.4	3.7
Return on equity (ROE)	6.4	9.1	2.0	7.0
Shareholders' Equity (at fiscal year-end)				
Number of shares issued (Thousands)	187,665	187,665	187,665	187,665
Share price (Yen)	¥ 1,043	¥ 1,320	¥ 976	¥ 1,197
Market capitalisation (Millions of yen) (Note 5)	¥ 195,735	¥ 247,717	¥ 183,161	¥ 224,635
Number of employees	38,198	32,986	31,883	27,856

Notes 1. Despite the existence of latent shares, net income per share after adjustment for latent shares in fiscal 2009 is not stated because of a net loss per share.
 2. Effective from 2007, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Guidance No. 8) were applied.
 3. Figures for the first half of 2005 (from April 1, 2004 to September 30, 2004) are for the former Toyota Boshoku Corporation (pre-merger), and figures for the second half (from October 1, 2004 to March 31, 2005) are for the new Toyota Boshoku Corporation.

Operating income/Operating income to net sales



Net income/Net income to sales



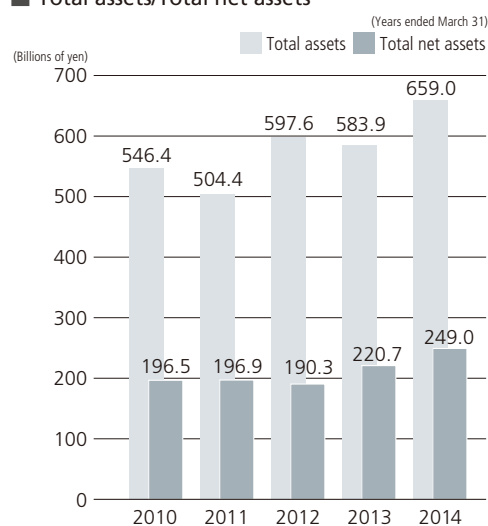
Millions of yen

	2010	2009 (Note 1)	2008	2007 (Note 2)	2006	2005 (Note 3)
¥	953,729	¥ 979,775	¥ 1,233,789	¥ 1,082,755	¥ 877,596	¥ 456,311
	25,143	14,054	65,596	48,381	33,764	17,867
	24,067	13,292	65,696	52,143	37,838	19,109
	6,882	(5,064)	40,720	30,105	21,187	8,979
	196,545	189,038	226,880	197,797	133,279	109,470
	8,400	8,400	8,400	8,400	8,400	8,400
	546,486	466,506	527,622	464,747	396,691	311,655
	43,076	60,496	52,961	47,550	50,480	21,306
	35,121	32,493	32,940	29,377	21,344	14,273
	30,021	28,968	31,717	26,404	24,828	15,236
¥	37.00	¥ (27.15)	¥ 217.76	¥ 160.76	¥ 111.60	¥ 68.65
	37.00	—	217.55	160.70	111.58	68.56
	13.00	20.00	35.00	24.00	16.00	12.00
	883.96	848.01	997.43	858.86	709.91	583.31
	2.6	1.4	5.3	4.5	3.8	3.9
	2.5	1.4	5.3	4.8	4.3	4.2
	4.3	(2.9)	23.5	20.5	17.5	12.9
	187,665	187,665	187,665	187,665	187,665	187,665
¥	1,796	¥ 1,011	¥ 2,985	¥ 2,790	¥ 1,984	¥ 2,630
¥	337,047	¥ 189,730	¥ 560,182	¥ 523,587	¥ 372,328	¥ 493,560
	27,613	27,078	26,942	24,643	21,132	18,068

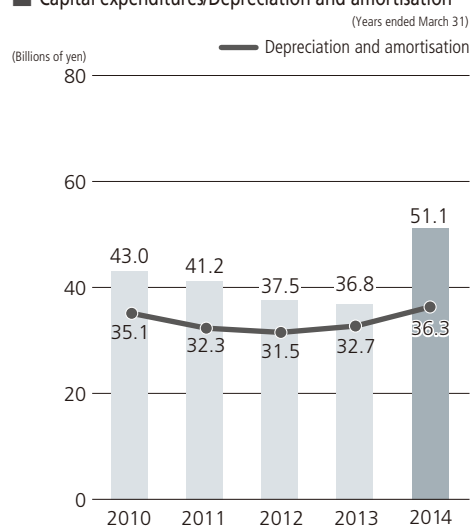
4. With regard to diluted net income per share of common stock in 2012, 2013 and 2014, there were no latent shares with dilutive effects.

5. Market capitalisation is calculated by multiplying the number of outstanding shares at fiscal year-end by the share price at the end of the period.

■ Total assets/Total net assets



■ Capital expenditures/Depreciation and amortisation

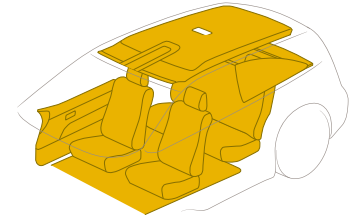


Product Lineup

We deliver high value-added products to customers all around the world.

Interior Components

Toyota Boshoku takes a comprehensive approach in developing the entire concept of interior spaces, from the development stage to design, procurement and production, as an interior system supplier for automobile manufacturers. In our pursuit to achieve comfortable, safe and attractive interiors, we provide integrated and effectively coordinated interior space systems comprised of seats, door trims, headliners, floor carpets and other components.



Interior systems

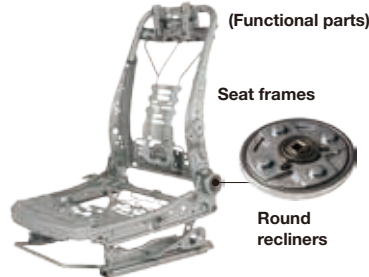


Door trims



Leather instrument panels

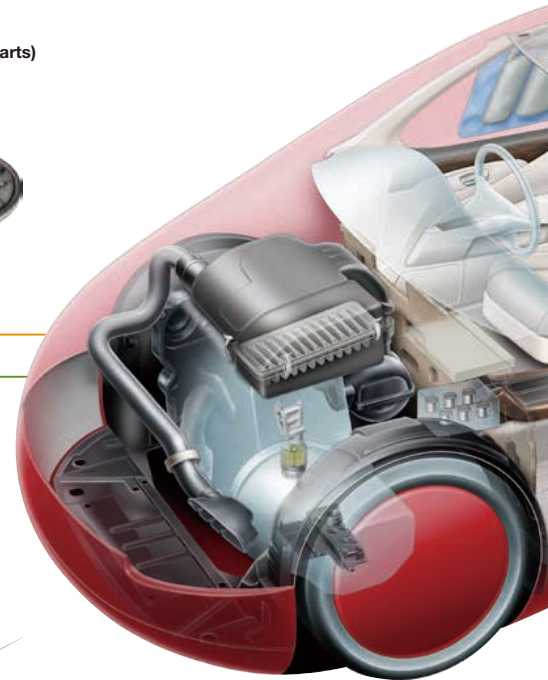
Seats



(Functional parts)

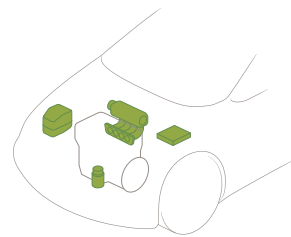
Seat frames

Round recliners



Filtration and Powertrain Components

Using world-leading filtration technology, Toyota Boshoku produces air induction system products, lubricating system products for engines such as oil filters with replaceable elements, vehicle air conditioning filtration system products and other products. Toyota Boshoku is working to develop and manufacture even higher added-value products that match the needs of society, including products that deliver enhanced performance and lower costs as well as modularised, systemised and environmentally friendly responsive products with improved comfort.



Air induction systems

By developing engine intake parts such as the air cleaner, intake manifold and cylinder head cover as a single system, weight reduction and a more compact design are realised while also contributing to improved engine performance.



Air cleaners



Intake manifolds



Intake manifold for horizontally opposed engine



Air filters



Automatic transmission fluid filters



Cabin air filters



Oil filters



Motor core constituent parts for hybrid systems



Headliners



Overhead consoles



Electric sunshade systems



Floor carpets



Silencers



Package trays

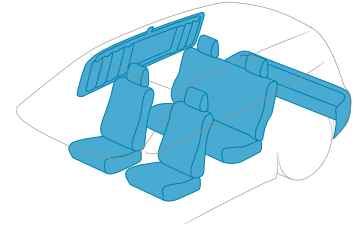
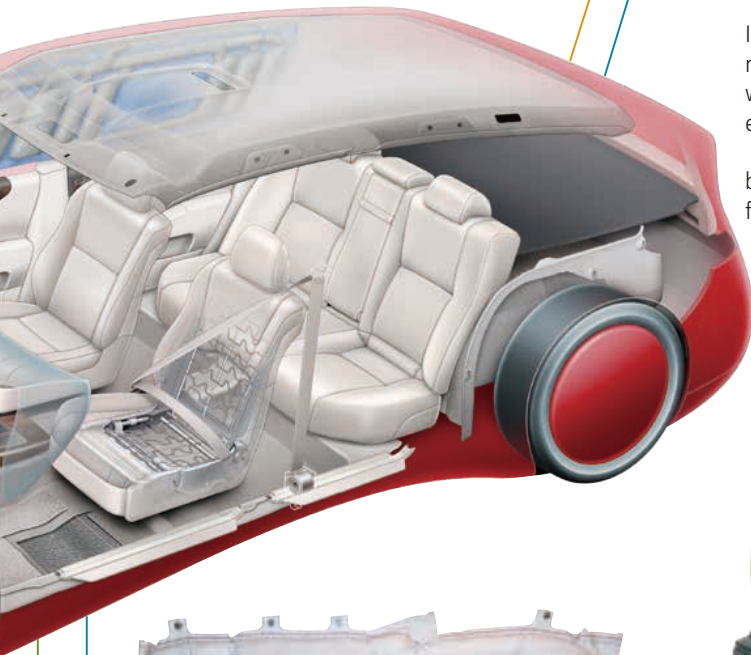


Centre floor consoles

Textiles and Exterior Components

In the textile business, one of our original businesses, Toyota Boshoku develops materials such as seat fabrics, fabrics for airbags and cabin headliner materials while undertaking concerted efforts that give full consideration to creating environmentally friendly products.

Also, in the exterior components business, we manufacture bumpers, fender liners and engine undercovers.



Strap belts and seatbelt webbings



Seat fabrics



Partition nets



Curtain-shield airbags



Bumpers



Fender liners

New Category



Fabric wall decoration for home interiors "Nunokabe"



Railway seats

Photo provided by East Japan Railway Company

The Americas



Regional Management & Collaboration Hub

U.S.A.

1 TOYOTA BOSHOKU AMERICA

Production entities

U.S.A.

- 2 ARJ MANUFACTURING
- 3 AUTOMOTIVE TECHNOLOGY SYSTEMS
- 4 SYSTEMS AUTOMOTIVE INTERIORS
- 5 TBDN TENNESSEE
- 6 TOYOTA BOSHOKU INDIANA
- 7 TOYOTA BOSHOKU KENTUCKY
- 8 TOYOTA BOSHOKU MISSISSIPPI
- 9 TRIM MASTERS
- 10 TB KAWASHIMA USA

Canada

11 TOYOTA BOSHOKU CANADA

Mexico

- 12 TB DE MEXICO
- 13 TB SEWTECH DE MEXICO

Brazil

14 TOYOTA BOSHOKU DO BRASIL

Argentina

15 MASTER TRIM DE ARGENTINA

Asia & Oceania



Regional Management & Collaboration Hub

Thailand

1 TOYOTA BOSHOKU ASIA

Production entities

Thailand

- 2 BOSHOKU AUTOMOTIVE (THAILAND)
- 3 S.K. AUTO INTERIOR
- 4 STB TEXTILES INDUSTRY
- 5 THAI SEAT BELT
- 6 TOYOTA BOSHOKU FILTRATION SYSTEM (THAILAND)
- 7 TOYOTA BOSHOKU GATEWAY (THAILAND)
- 8 TOYOTA BOSHOKU SIAM METAL
- 9 TB KAWASHIMA (THAILAND)

India

- 10 TOYOTA BOSHOKU AUTOMOTIVE INDIA
- 11 TOYOTA BOSHOKU RELAN INDIA
- 12 TB KAWASHIMA AUTOMOTIVE TEXTILE (INDIA)

Indonesia

- 13 TOYOTA BOSHOKU INDONESIA
- 14 ATEJA KAWASHIMA AUTOTEX

Malaysia

15 TOYOTA BOSHOKU UMW

Philippines

16 TOYOTA BOSHOKU PHILIPPINES

Taiwan

17 SHIN SAN SHING

Vietnam

- 18 TOYOTA BOSHOKU HAIPHONG
- 19 TOYOTA BOSHOKU HANOI

Australia

- 20 TOYOTA BOSHOKU AUSTRALIA
- 21 TB KAWASHIMA AUSTRALIA
- 22 AUSTRALIAN FABRIC LAMINATORS

Laos

23 TOYOTA BOSHOKU LAO

Pakistan

24 THAL BOSHOKU PAKISTAN

China



Regional Management & Collaboration Hub

China

1 TOYOTA BOSHOKU (CHINA)

Production entities

- 2 CHANGCHUN FAWAY TOYOTA BOSHOKU AUTO PARTS
- 3 CHENGDU TOYOTA BOSHOKU AUTOMOTIVE PARTS
- 4 FENG'AI (GUANGZHOU) AUTO SEAT PARTS
- 5 GUANGZHOU INTEX AUTO PARTS
- 6 HEYUAN TOYOTA BOSHOKU AUTOMOTIVE PARTS
- 7 KUNSHAN TOYOTA BOSHOKU AUTOMOTIVE PARTS
- 8 NINGBO ARACO
- 9 SHANGHAI TOYOTA BOSHOKU AUTOMOTIVE PARTS
- 10 SHENYANG TOYOTA BOSHOKU AUTOMOTIVE PARTS
- 11 TIANJIN FENG'AI AUTOMOTIVE SEAT PARTS
- 12 TIANJIN INTEX AUTO PARTS
- 13 TIANJIN KAHOU AUTOMOBILE DECORATION
- 14 TIANJIN TOYOTA BOSHOKU AUTOMOTIVE PARTS
- 15 TOYOTA BOSHOKU FOSHAN
- 16 KAWASHIMA TEXTILE MANUFACTURES (SHANGHAI)
- 17 KUNSHAN SHENGHE MOBILE DECORATION
- 18 SEIWA SEAT COVERS (BENGBU)
- 19 SHANGHAI KAWASHIMA SHENDA DYEING AND FINISHING

Europe & Africa



Regional Management & Collaboration Hub

Belgium

1 TOYOTA BOSHOKU EUROPE

Development site

Italy

2 TOYOTA BOSHOKU MILAN DESIGN BRANCH

Production entities

Germany

3 BOSHOKU AUTOMOTIVE EUROPE

France

4 TOYOTA BOSHOKU FRANCE

5 TOYOTA BOSHOKU SOMAIN

Poland

6 BOSHOKU AUTOMOTIVE POLAND

7 TBAI POLAND

8 TBMECA POLAND

Russia

9 TOYOTA BOSHOKU

Slovakia

10 TRIM LEADER

Czech

11 BOSHOKU AUTOMOTIVE CZECH

Turkey

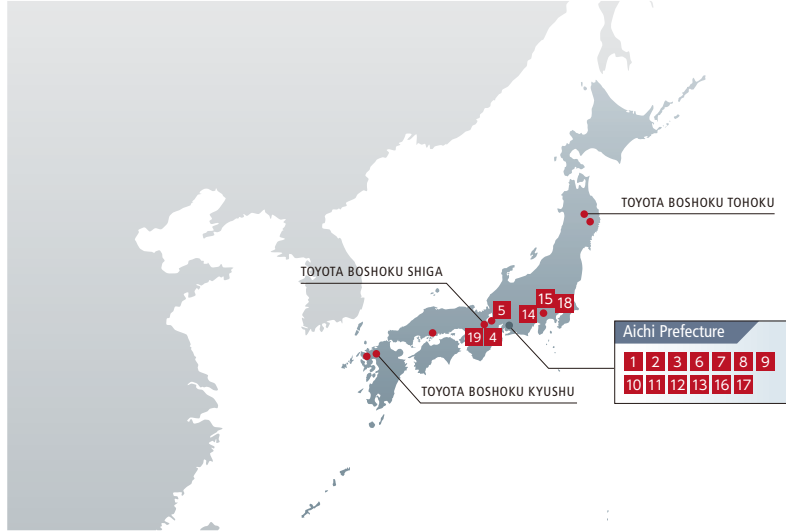
12 TOYOTA BOSHOKU TURKEY

13 TB SEWTECH TURKEY

South Africa

14 TOYOTA BOSHOKU SOUTH AFRICA

Japan



Global Mainstay Hub

1 Global Mainstay Hub

Plants and Offices in Japan

1 Kariya Plant

2 Oguchi Plant

3 Kisogawa Plant

4 Inabe Plant

5 Gifu Plant

6 Sanage Plant

7 Fujioka Plant

8 Takaoka Plant

9 Tsutsumi Plant

10 Toyohashi-Kita Plant

11 Toyohashi-Minami Plant

12 Toyohashi-Higashi Plant

13 Tahara Plant

14 Fujisusono Plant

15 Tokyo Plant

16 Tsuchihashi Plant

17 Tsutsumi-Kita Part Centre

18 Tokyo Office

19 Osaka Marketing Office

Production Entities

Subsidiaries

KYOEI ARACO

COWERK

TOYOTA BOSHOKU KYUSHU

TOYOTA BOSHOKU SHIGA

TOYOTA BOSHOKU TOHOKU

TB SEWTECH KANTO

TB SEWTECH KYUSHU

TB SEWTECH TOHOKU

TB KAWASHIMA

SEIWA

Affiliates

TOKAI CHEMICAL INDUSTRIES

TOYOTA BODY SEIKO

NARUCO

HIGH NEED INDUSTRY

Others

TB ENGINEERING

TB CREATE STAFF

TB CORPORATE SERVICE

TB TECHNOGREEN

TB LOGISTICS SERVICE

TB UNIFASHION

TECHNICAL LINKS DESIGN

As of March 31, 2014

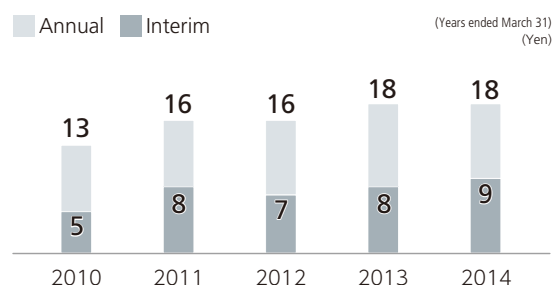
Total Number of Shares

Number of shares authorised to be issued	500,000,000
Number of shares outstanding	187,665,738

Number of Shareholders

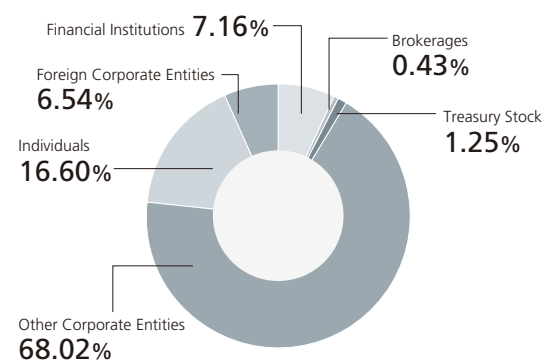
22,191

Dividends



Based on a stance to maintain stable dividends, the Company's basic policy is to pay dividends that meet the various expectations of shareholders upon comprehensively considering such factors as consolidated business results and the payout ratio. In fiscal 2013, the Company paid annual cash dividends per share of 18.00 yen, including an interim dividend of 9.00 yen and a year-end dividend of 9.00 yen.

Breakdown of Shareholders



Corporate Data

Capital	8.4 billion yen
Number of employees	8,280 (non-consolidated) 38,198 (consolidated)
Stock exchange listings	Tokyo Stock Exchange and Nagoya Stock Exchange
Securities code	3116
Independent auditor	PricewaterhouseCoopers Arata
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation

Directors, Audit & Supervisory Board Members and Managing Officers

As of June 13, 2014

Directors and Auditors

President	Shuhei Toyoda
Executive Vice Presidents	Shuichi Koyama Kazuhiko Miyadera Takamichi Taki
Directors and Executive Managing Officers	Hiroshi Ueda Kenichi Noda Fumitaka Ito Kohei Hori Tokuji Yamauchi Yoshihiro Ito
Directors	Mitsuhsa Kato Michio Adachi
Standing Audit & Supervisory Board Members	Masaki Katsuragi Yoshinori Ito
Audit & Supervisory Board Members	Akio Toyoda Hitoshi Yoshida Nobuaki Kato

Executive Managing Officers and Managing Officers

Executive Managing Officers	Shigetoshi Miyoshi Sunao Yamamoto Teruo Suzuki Yasushi Yoshikawa
Managing Officers	Nobuyuki Ozeki Osamu Kito Yasushi Minami Masaya Ishii Koichi Uemura Toshio Kawasaki Toshihiko Mori Ikuo Mochizuki Yukihide Hamajima Hisato Watanabe Shinji Kano Manabu Hachisuka Hiroshi Ioki Toshiyuki Kawasaki Hirokazu Kamenno Hiroki Tsunoda Kazuo Koide Yoshiomi Matsushima

Editorial Policy

Toyota Boshoku Report 2014 is edited to provide easy-to-understand reports on various initiatives in aiming to become a truly global company.

From fiscal 2012, we are focusing on introducing the directions to which the Toyota Boshoku group should aspire and various strides toward realising the 2020 Vision.

We place importance on dialogues with stakeholders from a corporate social responsibility (CSR) perspective and received the cooperation of an influential individual in the President's Interview section.

Regarding the special features, we aimed to provide a clear understanding of the Toyota Boshoku group's initiatives by introducing from various perspectives the challenges we face in achieving new inroads.

This report also includes third-party comments by an expert that evaluate the entire report, which will be reflected in producing next year's report.

● Scope of reporting

The information in this report applies to the Toyota Boshoku group in Japan and other regions throughout the world. However, the scope of reporting differs for each initiative.

● Period covered by report

This report contains performance data from April 1, 2013 to March 31, 2014. Some information on previous or later activities is also included.

● Reference Guidelines

- Japan's Ministry of the Environment *Environmental Reporting Guidelines* (2012 Version)
- Japan's Ministry of the Environment *Environmental Accounting Guidelines* (2005 Version)
- ISO 26000
- Global Reporting Initiative (GRI) *Sustainability Reporting Guidelines* Version 3.1

■ Cautionary statement with respect to forward-looking statements

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

■ Numerical values of financial results

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

Upon Reading *Toyota Boshoku Report 2014*



Professor
Katsuhiko Kokubu
Graduate School of Business
Administration
Kobe University

Professor Katsuhiko Kokubu completed his Ph.D. in business administration at the Graduate School of Business Administration of Osaka City University and assumed his current position from 2001 after serving as assistant professor at Osaka City University and Kobe University. He is the Convenor of the ISO/TC207/WG8 (working group on material flow cost accounting). His majors are environmental accounting, environmental management and CSR management. Professor Kokubu has published more than 15 books including *Accounting System that Supports Decision-Making in Environmental Management* (Chuokeizai-sha, Inc.) and *Material Flow Cost Accounting* (Nikkei Publishing Inc.). Professor Kokubu serves as the committee chairman and a committee member on various committees of the Ministry of Economy, Trade and Industry and the Ministry of the Environment.

Toyota Boshoku Report as an integrated report

The Toyota Boshoku Report covers all business activities, including social and environmental activities, and can be read as an integrated report that combines the financial report and sustainability report. Integrated reporting (framework announced at the end of 2013) recommended by the International Integrated Reporting Council (IIRC) emphasises the materiality of long-, medium- and short-term business objectives. As clearly evidenced by the lengthy interview with President Toyoda at the beginning of the report, the Toyota Boshoku group's report emphasises a long-term perspective and shows that Toyota Boshoku firmly maintains its stance as a company that creates value that is shared with numerous stakeholders.

CSR activities based on ISO 26000

The Toyota Boshoku group is implementing CSR activities based on ISO 26000 and the comprehensiveness of these activities can be highly regarded. I believe Toyota Boshoku's efforts to re-evaluate all initiatives with the aim of raising the level of CSR activities are also commendable. Of particular note, new content is being added in such categories as fair business practices, human rights, labour practices and diversity, and it is evident that Toyota Boshoku has made a great deal of effort in these areas. In environmental areas as well, the comparisons of objectives and results demonstrate that Toyota Boshoku is extending its activities further into various fields. I believe that activities to be emphasised will be more clear if materiality is considered when undertaking these diverse activities. CSR Key Performance Indicators (KPIs) are thus deemed to be an effective means of doing so.

Enhancing CSR activities that target the supply chain

CSR activities are not something that can be carried out by one company alone. Rather, there is a global need in this area for making responses across the entire supply chain. The Toyota Boshoku group is also enhancing its CSR activities at the supply chain level and this approach is to be commended. For example, improvements and progress can be recognised for governance-related activities such as preventing corruption and reinforcing risk management in the supply chain as well as for environmental-related initiatives, including the start of efforts to ascertain the volume of CO₂ emissions in the supply chain. The supply chain not only has an enormous impact on society and the environment but also has an important relationship in terms of making contributions that respond to social needs. Therefore, from the perspective of creating social value as well, I would like to see Toyota Boshoku promote the strengthening of its social and environmental-related activities at the supply chain level.



Yoshihiro Ito
Director and Executive
Managing Officer

Response to the third-party comments

For the current Toyota Boshoku Report, we focused on firmly conveying our initiatives for realising the 2020 Vision. At the same time, we were able to report on new content for social activities based on ISO 26000. Professor Kokubu applauded these points, and based on his comments we will undertake initiatives with even greater awareness of being "a trusted company that grows together with all stakeholders."

To advance this report one step further as an "integrated report," it goes without saying that the level of our actual CSR activities must also be raised. To do so, we recognise that proactive use of CSR KPIs and undertaking CSR with an awareness of materiality are essential, which was the opinion expressed by Professor Kokubu, and we will incorporate this opinion into our future CSR activities.

Although our fields have expanded globally during the 10 years following the merger of three companies, the responsibilities demanded of Toyota Boshoku as well as the needs we must address have also grown. In the future, we will continue to seriously promote a variety of initiatives as a global company to ensure we can adequately respond to opinions within society and these efforts will include strengthening our social and environmental activities.

For cars full of ideas and
lasting moments

