

We aim to ensure sustainable growth with an eye on the future.

The Toyota Boshoku group has started new initiatives with an eye on the future toward the achievement of the aspirations stated in our vision. We aim to build a company that is trusted by all stakeholders and that can drive sustainable growth through the pursuit of a strong and flexible business structure that is resilient to shifts in the external environment.

Toward the formulation of a growth strategy

Toyota Boshoku has switched to a product business oriented structure from a traditional function-based structure, and we have begun formulating a sustainable growth strategy in line with this as we look to the future.



Top Dialogue

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Interviews with the Group Chiefs of the Product Business

P16

Interviews with the Group Chiefs of the Regional Business

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Formulated 2050 Environmental Vision

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

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Aiming to achieve "our place in business"

VISION

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

Evolving Toyota Boshoku's Environmental Technology



The Toyota Boshoku group is actively promoting the development of products that are environmental friendly. Efforts are being made to reduce the weight and size of components along with maintaining and enhancing comfort and performance. By doing so, we are contributing to a reduction in CO₂ emissions.

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Aiming to secure "our place in society"



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

VISION

Toyota Boshoku group's Aspirations

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

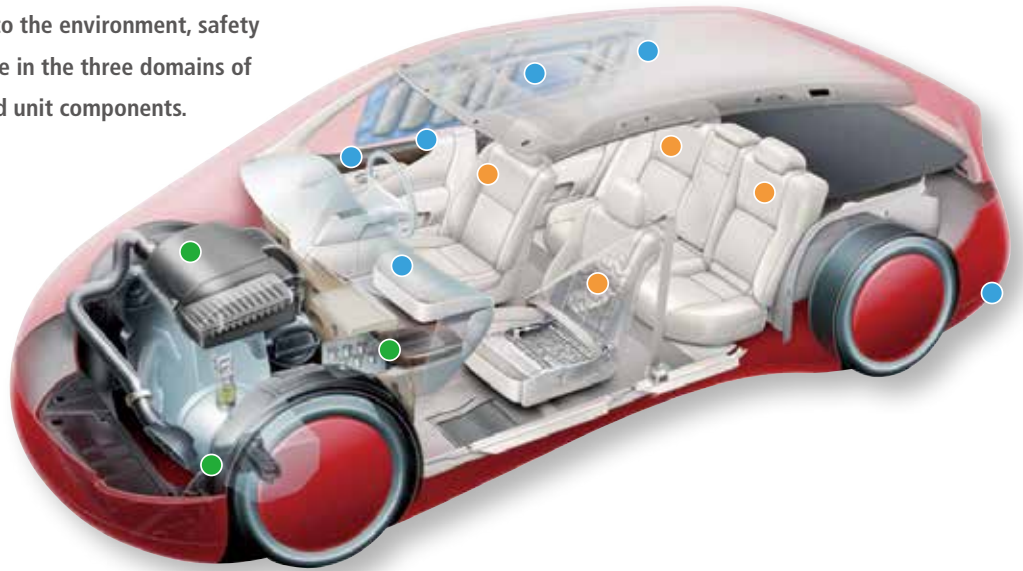
(2) A trusted company that grows together with all stakeholders.

- 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.

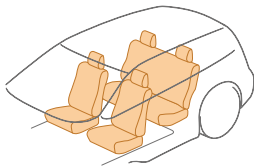
Our three business domains provide the ultimate mobility life for customers around the world.

The Toyota Boshoku group delivers excellent quality and new value that contributes to the environment, safety and comfort of interior space in the three domains of seats, interior & exterior, and unit components.

- Seats
- Interior & Exterior
- Unit Components



Seat Business



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

Interview with the Group Chief of the Seat Business Group

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Automobile seats



Seat frames



Sports seats (For automobile racing)

New category

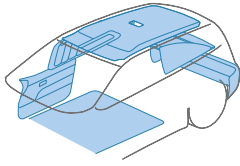


Aircraft seats



Railway seats (Photo provided by East Japan Railway Company)

Interior & Exterior Business



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

Interview with the Group Chief of the Interior & Exterior Business Group

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Interior Components



Interior systems



Headliners



Illuminations



Door trims



Floor carpets



Instrument panels



Electric sunshade systems



Silencers



Package trays

Textile Components



Seat fabrics



Seatbelt webbings



Curtain-shield airbags

Exterior Components

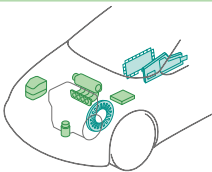


Bumpers



Fender liners

Unit Components Business



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

Interview with the Group Chief of the Unit Components Business Group

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Filters



Air filters



Oil filters



Cabin air filters

Fuel Cell-related Products



Stack manifolds



Separators

Air Induction Systems Products



Air induction systems



Air cleaners



Intake manifolds (For horizontally opposed engine)

Cylinder head covers



Oil mist separators

Electric Powertrain-related Products



Motor core constituent parts (For hybrid system)

To meet customer expectations in the various countries and regions of the world, we are establishing development and manufacturing bases globally.

More than 50,000 motivated Toyota Boshoku group members maximise the diversity of members in the different countries and regions of the world and work to ensure unparalleled manufacturing operations to contribute to our customers and local communities.

(Ended March 31, 2016)

Business Overview

Location 1-1 Toyoda-cho, Kariya-shi, Aichi 448-8651, Japan
 Capital 8.4 billion yen
 Founded 1918
 Established 1950

Business development **27** countries and regions

Number of sites **113** companies

Net sales **1,415.7** billion yen

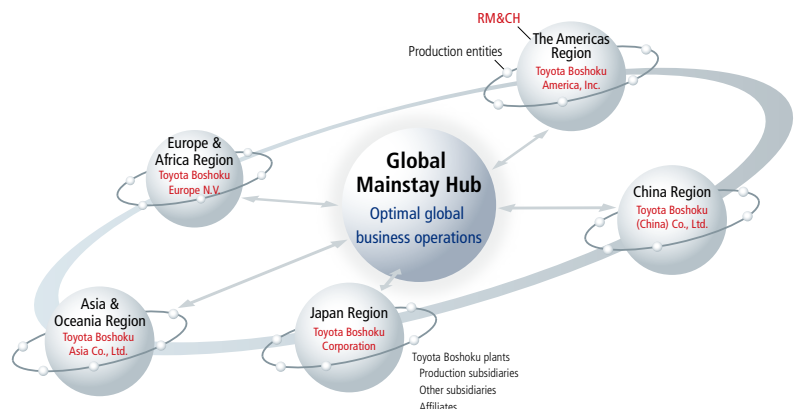
Global Network



Interviews with the Group Chiefs of the Regional Business Units **P19-22**

One Hub per Region

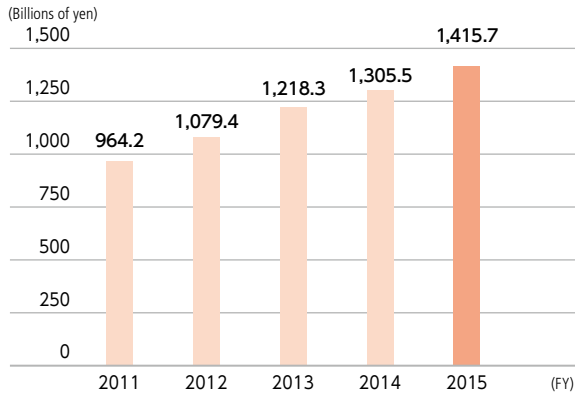
Along with close coordination between the RM&CH and the Global Mainstay Hub, RM&CH work together with production entities in respective regions as part of the "one hub per region" structure.



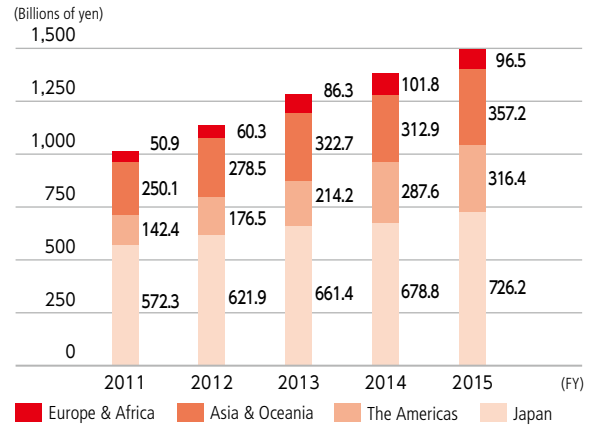
Fiscal 2015 Highlights

Financial Highlights

Net sales

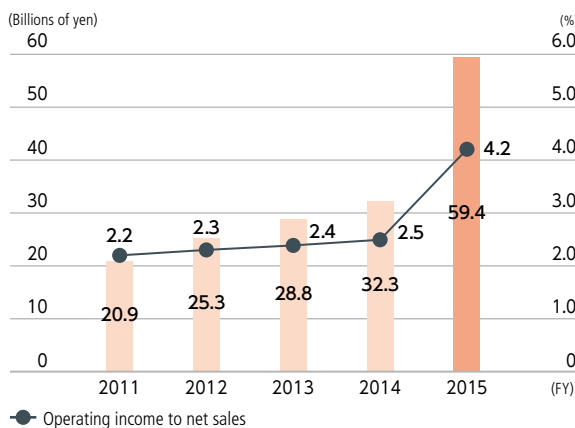


Net sales by geographic region

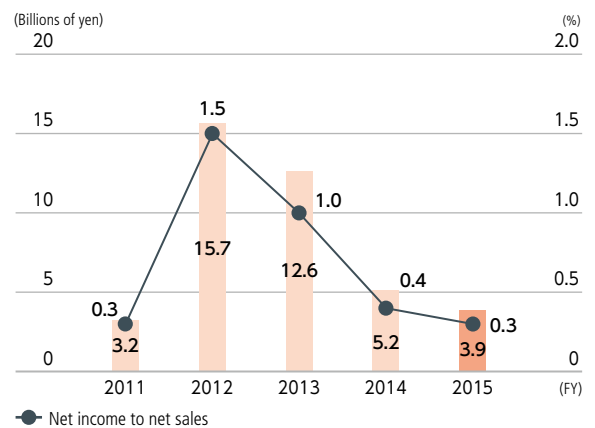


*Asia & Oceania includes China.
*Adjusted amounts for transactions among regions are not included.

Operating income / Operating income to net sales

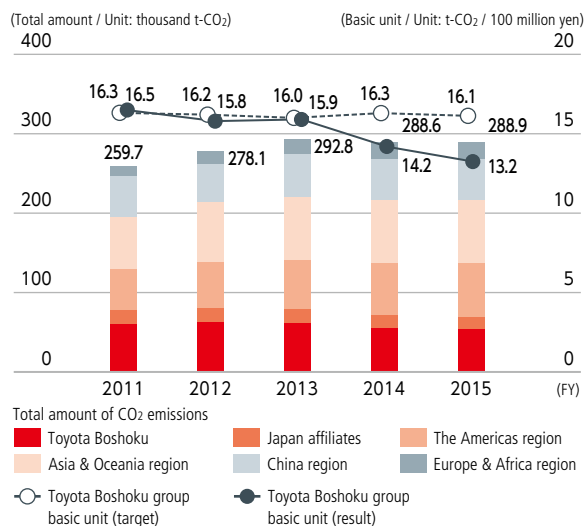


Profit attributable to owners of parent / Net income to net sales

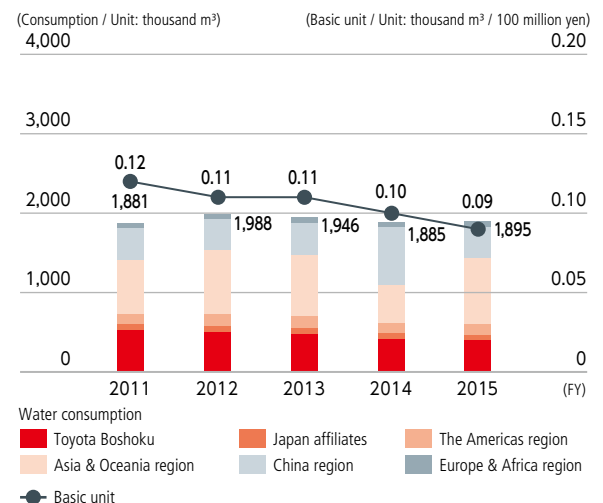



Environmental Highlights

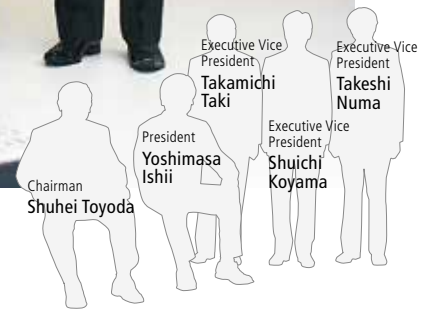
Total amount of CO₂ emissions and basic unit [Toyota Boshoku group]



Water consumption results [Toyota Boshoku group]



The assurance symbol  is presented for data disclosed on CO₂ emissions that has received an independent assurance (see page 60 for details).



A Message from the Chairman and the President

From April 2016, the Toyota Boshoku group implemented major changes to its management structure and launched a new organisational and management structure with the aim of achieving sustainable growth.

The market environment currently is likely to remain harsh amid ongoing uncertainty and expected intensifying global competition. Under these conditions, the Toyota Boshoku group has positioned the two-year period from fiscal 2015 through fiscal 2016 as a time for strengthening its corporate structure and the group is working in unison to solidify our business footing and promote structural reforms. Of particular note, from October 2015 we have been determining and undertaking top-priority tasks that include thoroughly strengthening our development capabilities and production engineering and production capabilities. In fiscal 2016, Toyota Boshoku plans to decisively complete these initiatives and is establishing new strategies aimed at realising sustainable growth under our new structure as we look toward the future of the Toyota Boshoku group.

Regarding our environmental efforts, we formulated and began executing our 2050 Environmental Vision. This vision articulates

our targets and the directions we are pursuing from a long-term perspective as we strive for sustainable growth while firmly responding to the demands of the international community.

On a different front, we will contribute to further enriching and raising the quality of time people spend inside mobility interior spaces as a company that persists in proposing an excellent mobility life for customers throughout the world, which is one of the Toyota Boshoku group's aspirations.

Additionally, we will make our utmost efforts to create a trusted company that grows together with all stakeholders based on our corporate philosophy of promoting corporate growth while fulfilling our responsibilities as a good corporate citizen. As we work toward these objectives, each and every person will seriously consider the tasks we must undertake and then move into action for the future of the Toyota Boshoku group and our loyal stakeholders.

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

August 2016

Chairman

Shuhei Toyoda

President

Yoshimasa Ishii

9 — ■ **Top Dialogue**
 Toyota Boshoku President Ishii welcomes Ms. Sakie Akiyama, CEO & Founder of Saki Corporation, for a dialogue on the ideal type of management for achieving sustainable growth and on various corporate social responsibility (CSR) initiatives.

15 — ■ **Interviews with the Group Chiefs of the Product Business and Regional Business Groups**
Aiming for Sustainable Growth through Growth Strategies Evolving around Products and Regions

16 — ■ **Product Business**

19 — ■ **Regional Business**

23 — ■ **Special Extra**
Movie Theatre Seats Based on Toyota Boshoku's Knowledge of Seat Development
 – Creating a Special Space with the Ultimate in Premium Seating
 For the first time, Toyota Boshoku has engaged in creating movie theatre seats, handling all aspects of design and development, from material selection to the finished product.

24 — ■ **Social Activities**
Promoting Corporate Growth While Fulfilling Our Responsibilities as a Good Corporate Citizen

45 — ■ **Environmental Activities**
Working toward Environmental Conservation in All Facets of Business

■ **Formulated 2050 Environmental Vision**

■ **Special Feature:**
Toyota Boshoku's Environmental Technology Evolving with Automobiles
 While maintaining and enhancing comfort and performance, Toyota Boshoku initiatives seek to reduce the weight and size of components, thus contributing to a reduction in CO₂ emissions.

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Top Dialogue

Strategies for Each Product Business

Strategies for Each Regional Business

Special Extra

Social Activities

Environmental Activities

Financial Report

Editorial Policy
 Toyota Boshoku Report 2016 is edited to provide easy-to-understand reports on various initiatives in aiming to become a truly global company.
 In this year, we are focusing on introducing the directions to which the Toyota Boshoku group should aspire and various strides toward our vision.
 We held a dialogue concerning the style of management for the future and the importance of CSR activities and received input from an outside management representative. 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 realising the new Environmental Vision we have formulated.
 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, 2015 to March 31, 2016. 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 4

■ **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.

Sections for which more detailed information can be found on our website are indicated with .

Making a Further Leap Forward and Strengthening Competiveness under a New Structure for Sustainable Growth

President
Yoshimasa Ishii

CEO & Founder, Saki Corporation
Sakie "Jodie" Akiyama

In April 2016, the Toyota Boshoku group started off toward its next stage under a new management structure with the aim of achieving sustainable growth. Here, Toyota Boshoku President Ishii welcomes Ms. Sakie Akiyama, CEO & Founder of Saki Corporation, for a dialogue on the ideal type of management for achieving sustainable growth and on various corporate social responsibility (CSR) initiatives.

VISION

Toyota Boshoku group's Aspirations

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.

Initiatives and Achievements in Fiscal 2015

Akiyama What types of initiatives have you focused on during the one year since becoming president?

Ishii First of all, I worked to understand various issues concerning the Toyota Boshoku group by meeting with as many people as possible both inside and outside the company to listen to their frank opinions about issues they face and their awareness of problems. These meetings reaffirmed my awareness of a number of issues, one of which is that Toyota Boshoku is still not meeting customer expectations. In response, I took steps to strengthen our corporate structure and solidify our business footing. Among these measures, I have focused on three points in particular as top-priority issues since autumn 2015.

The first is to strengthen our development capabilities, production engineering and production capabilities, which form the foundation of a *monozukuri* (manufacturing) company. As part of these efforts, we once more implemented a major overhaul of initiatives undertaken to the present. For the approximately 1,000 items we identified during this process, we clarified and systematised matters that need to be undertaken at the executive, division general manager and operational personnel levels. By successfully completing each item, I am confident we can raise levels of customer trust and further strengthen the fundamental competitiveness of our manufacturing.

The second priority is to build a management information infrastructure. Following the merger of three companies in 2004 that formed the current Toyota Boshoku, we have focused on responding to a wide range of projects and promoting the global expansion of our production and development. At the same time, however, the establishment of group-wide common systems and an information infrastructure has failed to keep pace with our global business expansion. Upon clarifying the ideal shape of our future business operations and business management, we plan to accelerate efforts to build an IT-based management foundation to speed-up decision-making and raise business management capabilities that are indispensable for global management.

Third, we will build systems such as personnel systems that will enable the more than 50,000 members working globally at our over 100 business entities to fully deploy their capabilities and create a corporate culture that allows company members to work energetically. Toyota Boshoku has already adopted a personnel evaluation system to reward members who make outstanding efforts and produce results. Also, we have created structures that encourage diverse human resources at a variety of workplaces to decisively take on challenges. We will continue to promote these three initiatives in fiscal 2016 as well.

CEO Akiyama, with the passing of a year, where does your company stand at this point in time?

Sakie "Jodie" Akiyama

Ms. Sakie "Jodie" Akiyama established Saki Corporation in April 1994 and currently serves as its CEO & Founder. The company is a top global manufacturer in the field of industrial-use visual inspection robots. Guided by its corporate principle, "Challenging the creation of new value," Saki Corporation undertakes its business based on its management priorities of "employee satisfaction," "product quality" and "customer satisfaction" with the aim of securing the top position in the global market for its brand-name products and achieving long-term stable growth.

In 2005, Ms. Akiyama won the "Courageous Management Award" Grand Prix presented by the Tokyo Chamber of Commerce and Industry. In 2006, she placed second in the Business leader category and third in the Overall category for the Women of the Year 2006 presented by *Nikkei WOMAN* magazine. Ms. Akiyama is currently a committee member of the Japanese government's Industry-Academia-Government Collaborative Roundtable on Human Resources Development in Science and Technology.





Akiyama Saki Corporation is a venture company that we started from the ground up guided by our management principle of “Challenging the creation of new value.” Our foremost management theme is to secure the highest levels of market recognition and customer trust. To achieve this objective, we have worked to continually pinpoint the latest needs and provide solutions in the form of technologies and products. We have also consistently emphasised technology development and capital investments even when our business results turned sharply downward in the wake of the collapse of Lehman Brothers in 2008. Thanks to this approach, the products we developed back then have finally grown to become our mainstay products.

Could you explain Toyota Boshoku’s business results for fiscal 2015?

Ishii Looking at our business results for fiscal 2015, consolidated net sales increased 110.2 billion yen from the previous year to reach an all-time high of 1,415.7 billion yen. Despite such income-reducing factors as an increase in production preparation costs, consolidated operating income increased 27.0 billion yen to 59.4 billion yen and ordinary income increased 15.0 billion yen to 56.1 billion yen. This was due to such income-increasing factors as the impact of a rise in revenue and the implementation of rationalisation measures. Nevertheless, profit attributable to owners of parent decreased 1.3 billion yen to 3.9 billion yen due to the recording of extraordinary losses that included the liquidation of businesses at European subsidiaries.

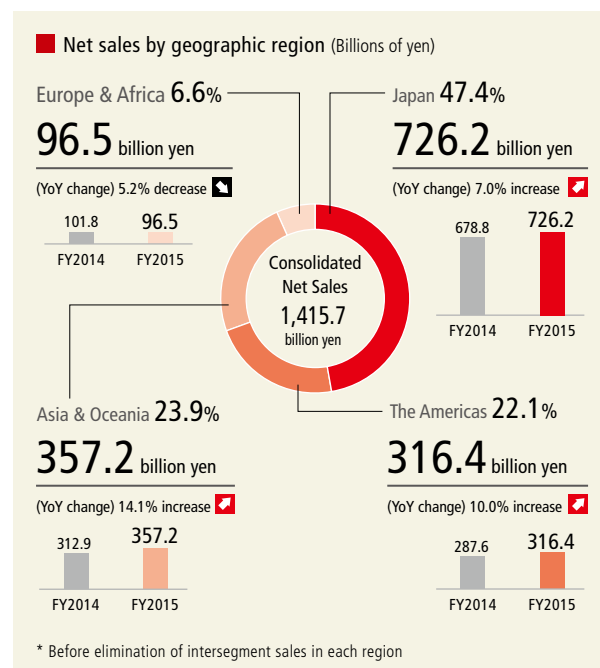
By geographic region, in Europe, despite the implementation of a host of profit structure reforms up to the present, some of our businesses continued to encounter strong headwinds.

Results Summary [Consolidated]	(Billions of yen)	
	Fiscal 2015	Amount of change
Net sales	1,415.7	110.2
Operating income	59.4	27.0
Ordinary income	56.1	15.0
Profit attributable to owners of parent	3.9	(1.3)

We considered drastic business restructuring and other measures to raise profitability. Further, to avoid incurring even wider losses in the future, we ultimately sold all our shares in three consolidated subsidiaries, namely Boshoku Automotive Europe, Boshoku Automotive Poland and Boshoku Automotive Czech. We also sold a portion of the business handled by Toyota Boshoku Europe’s Munich branch. At the same time, Toyota Boshoku established a joint venture* with the buyer of the shares and will continue to carry out a portion of the door trim business in its automotive interior components business. I believe it is essential that we maintain points of contact with Europe given that numerous regulations and technologies in the automobile industry originate from Europe. Also, from the perspective of improving our global competitiveness as well, carrying out business with European automakers is essential. With these factors in mind, we will continue to carry out the automobile seat business and part of the door trim business, as we have maintained a solid business footing for further raising our future presence in Europe.

Turning to The Americas, our Japan-U.S. integrated profit structure reform activities undertaken to the present are also yielding positive results, as evidenced by the recording of profits in The Americas for the first time in eight fiscal terms.

*Joint venture company: Megatech Boshoku Europe (Czech Republic)
Items produced: automotive interior components (natural fibre door trims), established in June 2016



Defining Sustainable Growth

Akiyama President Ishii, what are your ideas about the form of growth you envision for the future?

Ishii In terms of growth, we would like to aim for sustainable growth. We can achieve sustainable growth through efforts to raise our competitiveness. This means realising growth supported by a strong and flexible business structure that is resilient to shifts in the external environment. Of course any extreme changes in the external environment will inevitably have a huge impact on our business results so we cannot always assume growth every year. Instead of pursuing growth only in the form of business expansion, I would like to maintain a long-term growth track attained by also improving our competitiveness and building a strong business structure.

Akiyama I agree with you. Saki Corporation's mainstay products are Automated Optical Inspection (AOI) systems used in electronic components mounting processes. Our mission is to do whatever we can to continually supply products and services that support our customers' business continuity and development. Saki Corporation is a small enterprise, and as such, our business results tend to be affected enormously by changes in the external environment. This is why we must be strong and flexible to survive.

Our own business results were dealt a severe blow after the collapse of Lehman Brothers. To prevail against global competition, we continuously developed cutting-edge technologies, actively employed superbly skilled local staff at our overseas bases, created structures to fully leverage their capabilities and worked to realise a long-term growth track that truly anticipates the future.

President Ishii, where have you started your efforts for realising sustainable growth?

Ishii From April 2016, we first of all broadly reorganised our management structure into four units (Corporate Operation Unit, Product Business Unit, Regional Business Unit, Functional Collaboration Reinforcement Unit) and simplified our organisation (see page 15). Under this reorganisation, several executives who previously held concurrent posts within the organisation have been assigned exclusively to specific posts that are basically organisation unit managers. We also clarified the roles, responsibilities and authority of executives as well as simplified our decision-making process.

Especially noteworthy, within the Product Business Unit (see pages 16-18), we set up three business groups for the Seat, Interior & Exterior and Unit Components businesses, respectively. By doing so, we have established a structure for considering and executing measures for realising the ideal shape of each product business in the future and for leading the way in building growth strategies. A key role of these business groups will be to seriously consider ways to close the gap between our present capabilities and technologies and the aspired shape for the future.

Additionally, we set up a structure for the respective business groups to manage and execute planning, development and production preparation by throughput for each individual product project along with formulating and implementing growth strategies.

In the Regional Business Unit (see pages 19-22) that handles actual production, logistics and other functions in each region, we will clarify the aspired shape of this business from the perspective of competitiveness and economic rationality centring on the production structure. This unit must build structures close to its customers to respond to customer needs while maintaining quality, cost and delivery and reliably securing profits. We also will clarify the roles of our global R&D and raise collaboration between the respective regions and the Global Mainstay Hub as we operate and manage businesses and maximise profit.

Akiyama I first get the impression that these major changes to your management approach reflect your own identity and personality. Toyota Boshoku is an originating company of the Toyota Group and is strongly associated with manufacturing. President Ishii, you have abundant experience in global marketing strategy planning and creating management systems, so I am thinking you were appointed president to spark innovation from a fresh perspective. It is extremely difficult to create an environment conducive to open and straightforward discussion that requires genuine rather than formal answers. Toyota Boshoku's initiatives for trying to realise such an environment are truly outstanding.

Ishii Instead of trying to be an innovator myself, I intend to create an environment that fosters innovation. By reviewing our organisation and re-examining our meeting bodies globally, we have created an unprecedented level of vitality internally.



These efforts to create innovation are generating results in various areas. For example, when we established Toyota Boshoku America Silicon Valley Office to perform information research and analysis of leading-edge technologies for automated driving and interior spaces, an unexpectedly large number of young members raised their hands in expressing their eagerness to work at that office.

The Product Business Unit that will handle future innovation will determine technologies needed for realising our aspired shape and decide how to develop these technologies. This will be part of a mid-term management plan incorporated into an action plan and roadmap.

“Quality of time and space,” Direction of Growth Strategy

Akiyama I love cars and drive a BMW i3 equipped with seats made by Toyota Boshoku. From this perspective, I have a strong interest in Toyota Boshoku’s future growth strategy. President Ishii, could you describe the types of products Toyota Boshoku will provide to markets around the world and the concepts embodied in these products?

Ishii The mobility environment is dramatically evolving and diversifying as vehicle concepts to the present are being profoundly reshaped. These changes include not only an increase in electric vehicles and fuel cell vehicles but also the advent of automated driving, car sharing and personal mobility. Toyota Boshoku seats and other products are not immune to these trends. For example, further advances in automated driving require that besides just considering mobility we must also think about enhancing the comfort of interior cabin space that enables passengers to spend their time in a more meaningful way. With this in mind, concepts for raising the value of time spent inside mobility interior spaces is crucial.

Toyota Boshoku’s vision contains our aspiration of “A company that persists in proposing excellent mobility for customers throughout the world.” In keeping with this aspiration, our fundamental mission should focus on “Quality of time and space.” In other words, we should provide enriched and high-quality time and space to people in mobility interior spaces as we consider the direction of our growth for the future. I would also like to consider what the Toyota Boshoku group can do in this area and expand the ways we can respond. We will take the initiative and lead markets with proposals which offer values in comfort that considers design, light, sound and air as a single space in addition to providing value in terms of safety and the environment.

CEO Akiyama, I can truly relate to your company’s corporate philosophy of “Challenging the creation of new value.”

Akiyama Creating new value hinges on being able to keenly perceive shifts in the environment and respond with quick action. Therefore, when considering ways to enhance perceptiveness, I naturally end up focusing on the so-called *Sangen Shugi* (Three Reals Philosophy) consisting of *Genba* (actual place), *Genbutsu* (actual thing) *Genjitsu* (actual facts). This philosophy means go and see for yourself and understand the actual situation. Since our inception, our design development engineers have regarded the locations of our customers as their very own development sites. These engineers believe that possessing sensibilities whereby the joy of customers is equivalent to their own joy is one of their key strengths that in turn allow them to perceive new needs.

There is one successful achievement in particular that serves as the starting point for our company. This was when one of our inspection instruments produced at a plant operated by just two



of us was introduced at a production line in a core plant that manufactured the world’s most advanced portable audio devices at that time. We talked directly to the customer, observed the actual location and were able to rapidly make continuous improvements in the presence of the customer. This enabled us to win the confidence of our customer. We call this process the Direct Feedback Cycle and have positioned this as a core competency.

Ishii We share the same spirit of manufacturing. Toyota Boshoku seeks to develop and offer seats, interior and exterior components, and unit components as dream-filled products. We plan to establish the direction of our growth strategy in autumn 2016 and formulate a roadmap that specifies the matters we must execute by 2020. Toyota Boshoku will decisively complete efforts to solidify our

business footing, while drawing up our growth strategy toward the realisation of our aspired shape. We will also clarify targets to be attained in 2020 and devise concrete initiatives as our medium-term management plan. By decisively executing this medium-term management plan, Toyota Boshoku will strive to achieve sustainable growth. You can count on this.

CSR Initiatives Befitting Sustainable Growth

Akiyama The importance of CSR is rising in striving for sustainable growth evolving around business strategies and regional strategies. What are your thoughts on this?

Ishii In terms of CSR, I believe we must work to meet the needs and expectations of all stakeholders. We will strive to meet the expectations of the communities where we undertake our business as well as customers, company members, suppliers, shareholders and



investors by raising and appropriately allocating the corporate value generated through our businesses.

First of all, in terms of the environment, we are a company engaged in manufacturing and therefore environmental activities are naturally of paramount importance. We consider global warming as being in a particularly critical state. In response, we have formulated the 2050 Environmental Vision and set six Stretch Environmental Goals (see page 46) and will take on the challenge of achieving zero CO₂ emissions in business activities and zero CO₂ emissions in product lifecycles. As a concrete action plan for realising the 2050 Environmental Vision, we formulated the 2020 Environmental Action Plan and activities under this plan will be started in fiscal 2016. In non-environment-related areas, to the present we have devoted

major efforts toward compliance, risk management and social contributions. Going forward, we will undertake our activities while broadening our perspective and considering how we can contribute to all stakeholders and how to assess these contributions. We will position CSR as the core of our corporate management and give shape to initiatives in our medium-term management plan while using new KPIs* that will be formulated in fiscal 2016 to implement and assess the progress status of these initiatives.

* Key Performance Indicator

Akiyama We are now in an age when CSR activities should be positioned as one business plan and taking action is essential. I understand as well that a company must realise a high level of respectability worthy of the trust of society beyond creating any indicators and plans. My company undertakes business based on the management pillars of "employee satisfaction," "product quality" and "customer satisfaction." However, when it comes to CSR, we place top priority on initiatives for quality.

Finally, what kind of year do you expect in fiscal 2016?

Ishii I expect this to be a year in which we implement new ambitious initiatives such as those I have explained. We will place top priority on successfully completing measures undertaken since fiscal 2014. These include strengthening development and production capabilities to solidify our footing as well as clarifying growth strategies toward the future of the Toyota Boshoku group under our new organisation and structure. The Toyota Boshoku group undertakes its business globally backed by numerous people with diverse personalities and skills. I would like to make this a year when we take our first step toward becoming a company where these diverse human resources can actively play key roles at their respective workplaces throughout the world toward creating a future for the Toyota Boshoku group. For this reason, from the standpoint of diversity management, I seek to create an environment that encourages people to think on their own about various issues. This includes thinking about the types of systems that fully maximise the capabilities of each person, the ways in which members can contribute to society while also achieving personal growth, and what type of future they can envision for the company.

We will vigorously push forward with efforts to raise corporate value through sustainable growth to meet the expectations of our shareholders. In working toward this objective, I ask for your ongoing support. CEO Akiyama, I am confident we can meet your expectations as well.

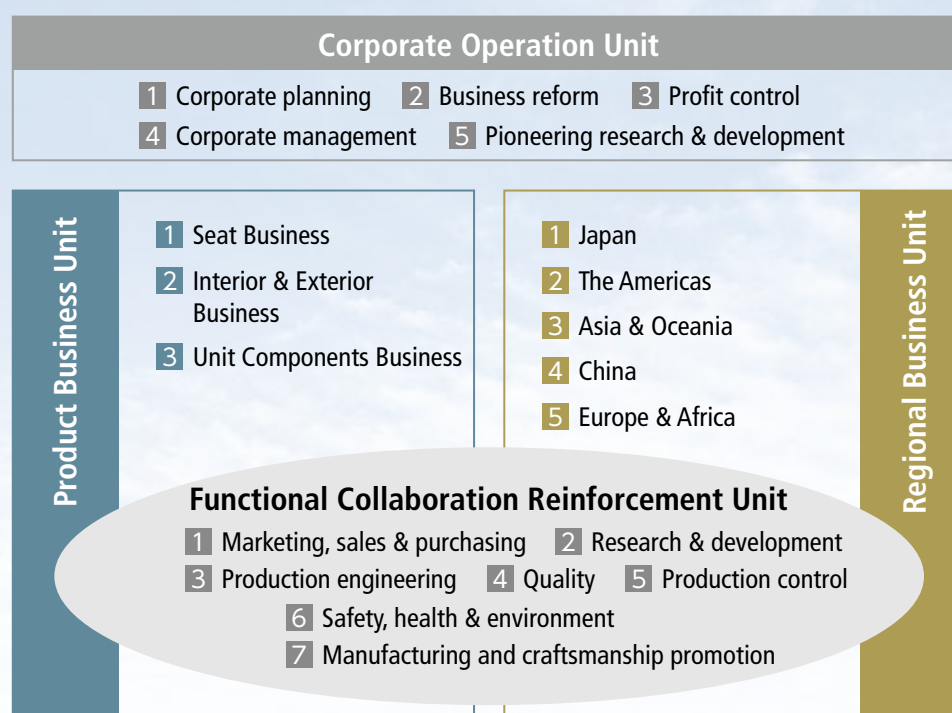
Akiyama I know you will. I am looking forward to your good results. Thank you for inviting me to this dialogue today.

Ishii It has been my pleasure as well.

Aiming for Sustainable Growth through Growth Strategies Evolving around Products and Regions

The mobility environment in the automobile industry is now changing dramatically and consumer preferences are expected to become increasingly diverse. With the Product Business and Regional Business serving as two pillars, Toyota Boshoku will stride forward dynamically to build a solid business structure and improve competitiveness while formulating future growth strategies that anticipate changes in the market environment and in the preferences of end-user customers. Here, we interview the group chiefs of each Product Business and Regional Business groups to learn about the future growth potential in their businesses and regions and their aspirations for these businesses.

[Structures and organisations for formulating and executing growth strategies]



Product Business

Toyota Boshoku will strengthen its development capabilities and production technologies and production capabilities as well as formulate and implement growth strategies under a newly initiated structure consisting of three business headquarters, namely the Seat Business Group, the Interior & Exterior Business Group and the Unit Components Business Group.

Regional Business

Toyota Boshoku will raise the fundamental competitiveness of its manufacturing and utilise the respective characteristics of five geographic regions consisting of Japan, The Americas, Asia & Oceania, China and Europe & Africa.

Strategies for Each Product Business

Seeking to Provide “Quality of time and space”

In aiming for sustainable growth, the Toyota Boshoku group executes its fundamental mission of “Quality of time and space,” or in other words, providing enriched and high-quality time and space for people in mobility. Our efforts to realise this mission are focused on three businesses, namely the Seat, Interior & Exterior, and Unit Components businesses. Here, three group chiefs in charge of each headquarters discuss the direction of future growth and share their aspirations for their businesses.



Seat Business

Increasing competitiveness and creating new value that realises the next generation of comfort

Executive Managing Officer
Group Chief, Seat Business Group
Kohei Hori



With production lines at over 40 bases worldwide, the Seat Business is the Toyota Boshoku group’s mainstay business. Globally, however, we rank third in the industry and in fact still lag behind the top-ranked mega-suppliers. Given this, it is absolutely essential that we solidify our footing and accelerate efforts to develop appealing new products and execute business structural reforms to ensure growth in the coming years.

■ Promoting the development of even higher added-value products

I believe that responding to the rapidly approaching major changes in the mobility environment, firmly grasping the needs of users and raising the quality of time and space will be the sources of our competitiveness.

First, in terms of development, I am confident that we are fully leveraging the benefits of the integration of the mechanical seat frame component businesses of Aisin Seiki Co., Ltd. and Shiroki Corporation into the operations of Toyota Boshoku in November 2015. We will move ahead in developing even higher added-value products by drawing on our technologies cultivated to the present and combining various newly added control system technologies, including seat motor technologies.

Automated driving is now just around the corner and automated control is expected to be adopted for all vehicle functions. For example, there will probably be a need for a system that wakes up and relaxes drivers based on biological information received using the seat as a sensor. I would like to see Toyota Boshoku offer proposals for creating new value such as providing comfortable rides based on health conditions and driving situations.

Turning to production, I foresee a likely need to re-evaluate our current production bases, and this will probably involve reorganisation. First, we will hold extensive discussions about our approach to production and establishing a flexible and highly efficient production structure resilient to external changes. Among our current production lines, there are only a few areas where both humans and robots can actually work together, and we need to consider where, for example, robots can perform a greater share of heavy work.

■ Initiatives for fiscal 2016

In fiscal 2016, our first priority will be to steadily draw out the benefits derived from the Seat Business integration I alluded to previously and to decisively create new strategies for the future.

The Seat Business will also enhance its high added-value functional components and take specific actions to promote the spread of devices that pursue convenience, such as power seats and easy-to-use seat configurations.

Another key objective will be to actively promote human resources development in anticipation of the arrival of self-driving. The Seat Business will nurture control systems engineers and plans to create a development team in the United States, which is at the forefront of automated driving, to grasp cutting-edge trends and needs and disseminate related information.

Sales, technology and production engineering functions are all working in unison to discuss customer needs and product marketability with the aim of producing even better seats and providing diverse values to automakers.

Interior & Exterior Business

Strengthening collaboration across the board and becoming a systems supplier customers can count on

Managing Officer
Group Chief, Interior & Exterior Business Group
Masamichi Sobajima



The Interior & Exterior Business is guided by its mission of coordinating, proposing and providing a variety of components and products as a systems supplier. We intend to increase our collaboration with the Seat Business and other businesses to create more appealing mobility spaces.

■ Encouraging free thinking and developing creative products

I believe the driving force that propels our long-term growth will be the development of people capable of thinking and acting on their own and making proposals rather than passively waiting for top-down instructions. Acting on this belief, the Interior & Exterior Business will make its utmost efforts to create an open workplace environment and corporate culture that enables members to work energetically and perform their jobs based on unconstrained ideas. We also plan to nurture the capabilities of members so that we can develop products depended on by customers worldwide as a systems supplier, raise total coordination capabilities and offer the

highest level of mobility life.

■ Initiatives for fiscal 2016

In fiscal 2016, our principal tasks will be to develop human resources and focus on teamwork as well as identify the overall strengths and weaknesses of the Interior & Exterior Business. In conjunction, we will draw up and execute an action plan for growth. For human resources development, the Interior & Exterior Business will build structures that enable members to acquire a diverse range of capabilities spanning such functions as materials, development and design, and production technologies. At the same time, we will establish an environment where members are organically linked as a team in performing their jobs.

On a different front, we must continuously develop core technologies such as those for lighter weight, heat management and noise and vibration harshness (NVH) based on our elemental technologies for realising safety and low costs. It will also be essential for this business to take measures for responding to the

needs of each geographic region, such as by offering superbly competitive products for emerging markets and top-of-the-line products for Europe.

Besides developing and selecting optimal design, technologies and production methods, the Interior & Exterior Business must also address changes in mobility space accompanying the advent

of automated driving. A crucial objective is to create new value while pursuing safety and comfort. We will continually take on the challenge of creating products that use the sensibilities and unique aesthetic senses of Japanese people and ensure these products are recognised as global standards.

Unit Components Business

Expanding our business fields and pursuing systemisation in four main product lines

Managing Officer
Group Chief, Unit Components Business Group
Shouji Adachi



The Unit Components Business separates its product lineup into four categories, namely filters, air induction systems, fuel cell (FC)-related products and electric powertrain-related products, and emphasises the strengths of each product line. We will broaden our business fields for FC-related products and electric powertrain-related products and believe these are highly promising business fields for the future.

■ Strengthening competitiveness through highly functional and systematised products

To expand sales and build brand power for its filter products, the Unit Components Business will introduce highly functional products that help create comfortable air in the cabin space as well as launch price-competitive products in the after-market. At the same time, we must also cultivate new markets.

For air induction systems, our main objective is to offer products ranging from ducts to head covers as systems. Also, by strengthening our proposal capabilities I believe we can expand our sales channels and grow to become a leading company.

As for FC-related products, with an eye on future market growth, we will expand and systematise our FC-use air induction systems and FC stack peripheral products and propose system products that combine these.

In electric powertrain-related products, the Unit Components Business intends to undertake development focused on the further

diffusion of hybrid vehicles (HV) and electric vehicles (EV) to respond to changes in power sources and expand our business fields.

We also believe that human resources are important. Specifically, we must develop human resources who possess an awareness of markets, knowledge of production technologies, sensibilities for keenly perceiving deeper trends and the ability to undertake flexible and advanced R&D.

Achieving sustainable growth will also depend on the Unit Components Business establishing a recognised presence not just in Japan but also globally in addition to offering automakers and end users more enriched and high-quality time and space in mobility.

■ Initiatives for fiscal 2016

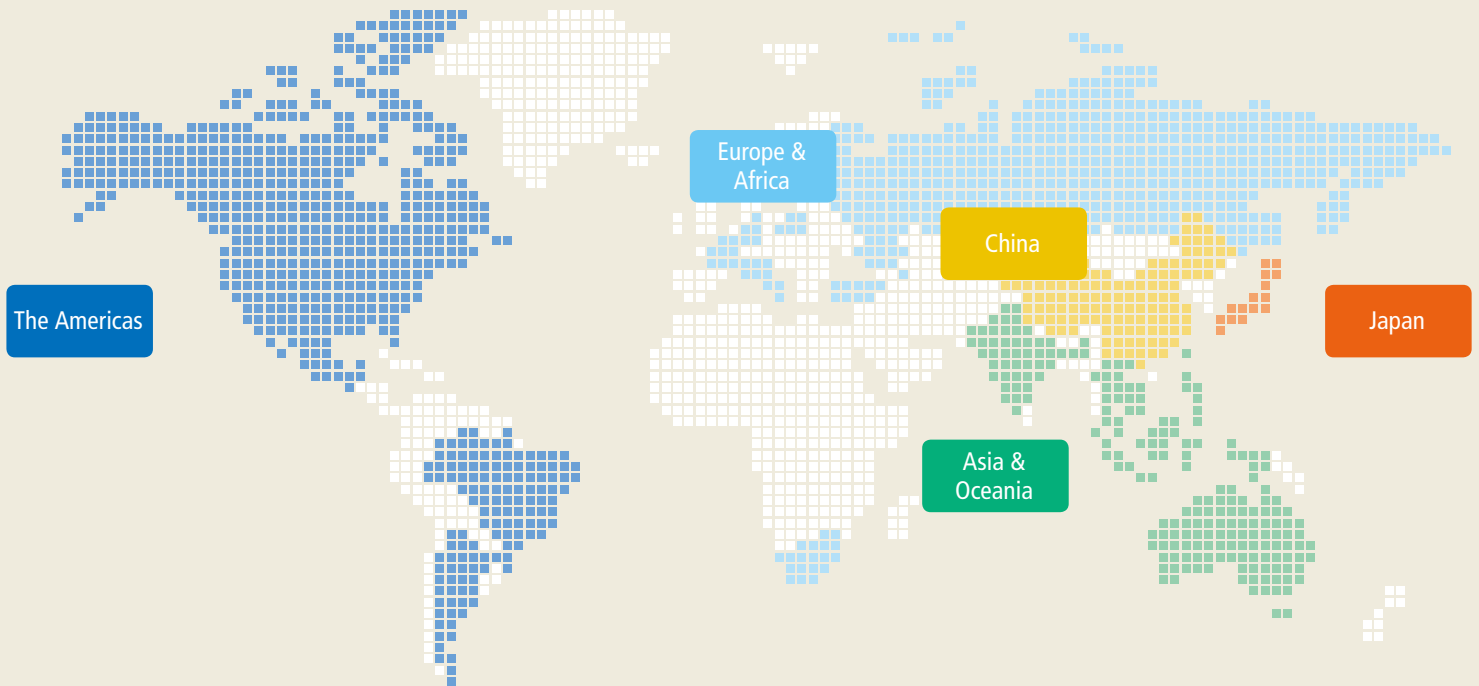
We plan to appoint leaders for undertaking integrated operations from planning to production in our four categories and promote systematisation within each of these product lines.

Along with this, the Unit Components Business will enhance the efficiency of product development and create various systems and speed up the time from development to mass production. We will develop each person's technical skills and capabilities as well as encourage the creation of system products based on new concepts through vertical linkages between people. We will actively implement a host of measures based on the belief that getting off to a running start will determine our shape in 2020.

Strategies for Each Regional Business

Achieving Global Growth Utilising the Unique Characteristics of Each Region

To raise competitiveness and realise sustainable growth, the Toyota Boshoku group is focusing on ensuring stronger-than-ever operations and management in the five geographic regions of Japan, The Americas, Asia & Oceania, China and Europe & Africa. As part of these efforts, we are working to realise strong manufacturing and are developing our human resources. Here we introduce the direction of our strategies and the ideas of each headquarters' group chief leading their respective regions.



Japan

Building a lean production structure as the "mother" for the five geographic regions

Business environment in the Japan region

Japan's market has now entered a mature phase as unit sales of automobiles have peaked and this has sparked intense competition. The Japan region's key mission is to collaborate closely with the growth strategies of the Product Business, refine manufacturing capabilities cultivated to the present and promote the global spread of Toyota Boshoku's advanced materials, production engineering and production methods.

Raising manufacturing capabilities based on safety, quality and the environment

Safety, quality and the environment serve as the foundation of operations at all our plants and affiliates. I believe that steadily and earnestly promoting measures in these areas will help raise the level of our production operations. Initiatives promoted to the present have already yielded notable results. For example, in 2015 we won the Best *Karakuri KAIZEN* Prize as well as the encouragement prize of the QC Circle Kaoru Ishikawa Award. As other achievements, an increasing number of members have now obtained qualifications such as technician and maintenance technician qualifications. The



Director, Executive Managing Officer
Group Chief, Japan Region Group

Tokuji Yamauchi

Japan region will continue to solidify its footing by accelerating efforts to strengthen business management and develop human resources capable of supporting manufacturing.

■ Measures for sustainable growth

There are still variances in manufacturing capabilities among our plants and affiliates. To eliminate these differences we will promote the autonomy of each site by executing measures to raise their levels of manufacturing. We are now able to move quickly to carry out such measures by integrating these plants and affiliates through changes to their management structures. By leveraging the unique advantages of the Japan region and promoting mutual

enlightenment valuing harmony among people, plants and affiliates are now able to adequately utilise on-site knowledge as we aim to build lean production structures that can respond flexibly to changes and implement measures in advance. As the “mother” for raising manufacturing capabilities globally, the Japan region will fulfil its responsibility for developing future site managers and management teams at each site around the world.

To become a company trusted by members and their families and other stakeholders, we will raise the value of our existence by establishing bright and invigorating workplace environments and build a lean production structure

The Americas

Strengthening manufacturing foundation and becoming a company that can prevail in a major market

■ Business environment in The Americas region

In the United States, prospects for significant growth in the automobile market had remained dim since the collapse of Lehman Brothers in 2008. The picture brightened in fiscal 2015, however, as the volume of new car sales, centring on pickups and SUVs, posted an increase that was underpinned by the impact of low crude oil prices and a buoyant economy.



Executive Managing Officer
Group Chief, The Americas
Region Group
Yoshihiro Ito

■ Further strengthening our earnings base

Net sales in The Americas region increased thanks to a rise in production in the North American market and the impact of exchange rates. At the profit level as well, the positive results of our Japan-U.S. integrated profit structure reform activities have also emerged and we recorded an operating profit in The Americas for the first time in eight fiscal terms.

We achieved these results through steady measures to reduce fixed costs, such as promoting local procurement of components and trimming logistics costs, and through the strengthening of our

manufacturing foundation by extensively standardising business operations and creating efficient processes to assure high quality. Going forward, we will further strengthen our earnings base and in regions outside North America we will closely observe market trends and build an earnings structure strongly resilient to changes in the external environment.

■ Measures for sustainable growth

To earn even higher levels of trust from customers and further improve our competitiveness, we will promote the creation of an efficient development structure by bolstering collaboration between the development structures of Toyota Boshoku and The Americas Regional Management & Collaboration Hub (RM&CH).

Additionally, The Americas region will strive for optimal production and formulate strategies for each product and region as well as plan and develop highly appealing added-value products that reflect market trends.

In working toward these objectives, we will enhance the education of members who actually work at business sites and focus on people-to-people exchanges with Japan and promote member participation in technical skills development programmes. This will help ensure that diverse human resources can improve by learning from each other as they attain growth. In implementing these measures, we will strive to become an indispensable company that earns the trust of society.

Asia & Oceania

Enhancing production and logistics structures in this region dotted with diverse countries and expanding markets for compact cars

Business environment in the Asia & Oceania region

A notable feature of the Asia & Oceania region is the presence of numerous distinctive countries with different historical backgrounds, cultures and national land sizes. Owing to these features, it is necessary to respond to and devise measures for each country individually rather than undertaking business that covers the region as a whole.



Executive Managing Officer
Group Chief, Asia & Oceania
Region Group
Yasushi Minami

Building production and logistics structures

Our businesses in this region can be broadly categorised into businesses undertaken completely within one region and businesses consisting mainly of exports to other countries as part of the broader supply chain. A typical example of a business undertaken completely within one region is seat assembly and the latter includes seat covers and press components. In 2014, we further enhanced our production structure in Asia with the startup of production at Toyota Boshoku Lao and Thal Boshoku Pakistan.

In Asia, the development of infrastructure such as the East-West

Economic Corridor and the North-South Corridor is progressing, and in response, we must re-evaluate our logistics. At the same time, we are strengthening our foundation in safety and quality.

Meanwhile, creating appeal that reflects the region is also important. To respond to expanding markets for compact cars, besides the development of products in Japan used in common worldwide, we will also leverage our strengths of being able to achieve cost reductions extending to raw materials and materials and to plan and develop products that incorporate opinions of local customers. We will also closely observe processes spanning development to manufacturing for Toyota Motor Corporation's Innovative International Multi-purpose Vehicle (IMV) and Entry Family Car (EFC) sold and produced mainly in the southern hemisphere.

Measures for sustainable growth

We plan to strengthen our competitiveness as an RM&CH through initiatives that include implementing standardisation in manufacturing and reforming the awareness of members.

We not only enable highly motivated members to tackle new challenges and provide them with venues for playing active roles but also implement measures so that all members can take pride in their jobs and company.

Competition across all countries is expected to intensify as tariffs within ASEAN are reduced in actuality to zero in 2018. We will also respond to the discontinuation of production by a customer in Australia. Another emerging issue will be how to configure our businesses in this region. Therefore, we will focus closely on issues in each country, discuss our aspired shape and prepare and implement plans to strengthen our earnings base and raise the value of our presence.

China

Establish a local development structure and raise competitiveness in this growing market

Business environment in the China region

China's automobile market is a true battleground. Besides the presence of the world's leading automakers, the emergence of Chinese automakers is also becoming increasingly conspicuous. With drastic changes occurring year after year, the one major change

that lies ahead is the adoption of new fuel economy regulations of 100km / 5L (20km / L) in 2020.

Development that responds to the needs of the region

Until recently, development, evaluation and sales were each carried out at separate locations and this made organic collaboration difficult. In March 2015, we took an important step in improving this situation when we began operations at a new company



Director, Executive Managing
Officer
Group Chief, China Region
Group
Sunao Yamamoto

building that integrates our headquarters and R&D functions into a single location. Our proposal-based activities have already led to the adoption of seats and interior components by automakers, and in fiscal 2016 we intend to accelerate these activities. We are also introducing test evaluation equipment to respond to various regulations and strengthening collaboration among departments as we establish a structure for quickly responding to customer needs.

As another task, we will analyse the respective strengths and weaknesses of each business entity and implement appropriate countermeasures. We will also carry out efficient procurement by taking advantage of economies of scale for such materials as surface materials, resin materials, steel materials and urethane materials.

■ Measures for sustainable growth

We have worked in the past to develop the abilities of locally

employed human resources and now a priority issue for the future will be to develop and appoint management personnel.

In China, there is a deep trust of Japanese brands, and with this in mind, we will work to become a trusted company on the corporate level. I envision our ideal form as being a company that is loved by our customers and with members who feel their jobs are meaningful.

As part of social contribution activities, the entire China region began undertaking tree-planting activities in Inner Mongolia in 2013 to prevent desertification (see page 44). Regarding our initiatives in fiscal 2016, we increased the number of participants, which included the first-time participation of local partner companies, and also increased the number of trees planted.

In the future as well, I would like to continue being a group trusted by Chinese society.

Europe & Africa

Taking a strategic approach in the region where automobile trends are born

■ Business environment in the Europe & Africa region

Next-generation trends are born in Europe, which is filled with automakers boasting distinguished histories and tradition, plus there is so much to learn in this region in terms of technologies and design. The automobile market in Europe is likely to maintain its current state. On the other hand, we expect markets in Russia, Turkey and South Africa to grow steadily.

Nonetheless, exchange rates and resource prices have a tremendous impact on our operations and so this outlook also includes a host of uncertainties.

■ Reducing fixed costs and developing human resources

Our task is to further raise the strengths of human resources and organisations capable of responding flexibly to fluctuations in mass production and changes in the external environment such as

currency exchange and political conditions. Accordingly, we have worked to realise lean operations, reduce fixed costs and logistics costs, and improve quality. At the management level, we have strengthened cost management.

During the current fiscal year several new model vehicles are scheduled to be launched within the region. We first of all intend to make reliable responses and promote smooth production preparations.

■ Measures for sustainable growth

Our operations in Europe face several inherent difficulties. Besides differences in countries, currencies and languages, each production entity is situated in a different location and the currency exchange situations vary in each country. For these reasons, promoting the self-reliance and strengthening of each regional entity is essential. To do so, we will strengthen our manufacturing more than ever before, build clear and transparent management structures and undertake well-planned human resources development.

As other measures, we will immerse ourselves in manufacturing in the fiercely competitive European market, learn from each other and apply the strengths acquired from this experience to help strengthen the Toyota Boshoku group as we strive to become a company trusted by customers.

Finally, we will optimise our resources by restructuring our business in Europe and make our utmost efforts to further improve our earnings power.



Executive Managing Officer
Group Chief, Europe & Africa
Region Group
Masaya Ishii

Creating a Special Space with the Ultimate in Premium Seating

For the first time, Toyota Boshoku has engaged in creating premium movie theatre seats, which were installed in the Midland Square Cinema 2 that opened on July 15, 2016 in front of Nagoya Station in Aichi Prefecture, Japan. Toyota Boshoku took charge of all aspects of design and development*, from styling and material selection to the finished product. In this section we present Nakanihon KOGYO Co., Ltd., which runs the theatre, and introduce the attractive features and particular areas of focus in design that make the seats so suitable for the new theatre.

* Design and development: Toyota Boshoku / Development of synthetic leather: TB Kawashima / Design and production: Kotobuki Seating Co., Ltd.



Seat features

Headrest

The soft texture greets users the instant they sit down while the shape of the headrest pad ensures a nice snug fit.

Side panels

The side panels give the feel of a private space, enabling users to fully concentrate on the movie screen. The lighting on the panel top and the footlights transport users to another world.

Armrest

Compressed and processed Japanese cedar was used for the end pieces to accentuate the smooth texture and beautiful wood grain.

Interview with Toru Hattori, President of Nakanihon KOGYO

Bringing smiles to customers' faces



President & CEO
Nakanihon KOGYO Co., Ltd.
Toru Hattori

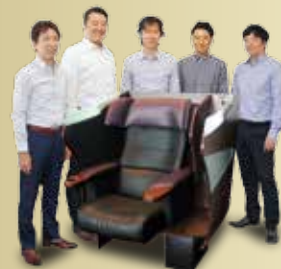
Midland Square Cinema 2 started from a desire to provide a special space that transcends traditional concepts based on our corporate philosophy of creating better products that can be enjoyed in a better environment. In addition to a high-quality image and sound system as well as diverse programming, our key area of focus was the seating. We wanted to deliver seats that bring a smile to the faces of more customers, and that's why we requested the help of

Toyota Boshoku, professionals who know all about seating comfort and who have worked for years on different kinds of seats in addition to those for automobiles such as seating for the *Shinkansen* (bullet train) and aircraft.

It was extremely stimulating working with people from Toyota Boshoku, whose strong determination in production really struck a chord with me. As an example, even though I felt the seats were already to an excellent standard, they would tell me there was still room for improvement, and it was this commitment to comfort that came across strongly. Their tenacity in leaving no stone unturned, even for parts invisible to the naked eye like the sensation of the armrest, resulted in a truly premium seat, and that excites me.

Midland Square Cinema has two annexes with a total of 14 screens, the most of any cinema complex in Nagoya City, so we can show a wide variety of films that will meet the expectations of all kinds of movie lovers. First and foremost, come along and experience it for yourself. The seats, the sound, the images, the films – everything combines to give you a truly premium space to enjoy your movie.

In making unique Toyota Boshoku seats



Members involved in the project

- (From left)
- | | |
|---|---|
| Division General Manager, Marketing & Sales Planning Division
Mitsuru Sugiura | Department General Manager, Marketing & Sales Planning Division
Akinori Ebato |
| Chief, Interior & Exterior Advanced Development Division
Seiji Chaza | Interior & Exterior Advanced Development Division
Shingo Okahara |
| Department General Manager, Design Division
Hitoshi Yasuda | |

Movie theatres are not your everyday space and we wanted to make a seat that really maximises that feeling of enjoyment for moviegoers. We relied on ergonomics to draw out the ultimate shape and angle of the seat surface along with the position and feel of the armrest. By doing so, we produced a seat that provides a feeling of comfort the moment you sit down and that ensures you do not get tired no matter how long you are there. We paid careful attention to colour and materials as well, and the surface of the seats features antibacterial and antivirus processing, a first for synthetic leather.



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

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Targets and Results of Social Activities

P25

CSR Management

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Together with Customers

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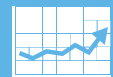
Together with Company Members

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Together with Shareholders and Investors

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Together with Suppliers

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Together with Global Society & Local Communities

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Report on Environmental Activities

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Formulated 2050 Environmental Vision

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Special Feature: Development and Design in Harmony with the Environment Toyota Boshoku's Environmental Technology Evolving with Automobiles

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Review of Five-year Toyota Boshoku group 2015 Environmental Action Plan

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

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

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

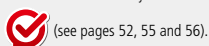
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Independent Assurance

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Starting in fiscal 2015, Toyota Boshoku receives Independent Assurance on some of its environmental performance indicators in order to enhance the reliability of environmental information. Indicators that have been assured are indicated with the assurance symbol



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 ecofriendly 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.

Targets and Results of Social Activities

The Toyota Boshoku group has established its visionary goal under its vision to be “a trusted company that grows together with all stakeholders” as our aspired image of our place in society. The Toyota Boshoku group is collectively carrying out social activities to realise this aspiration. Measures were taken in fiscal 2015 to review our initiatives from the perspective of the seven core themes of ISO 26000 with the aim of enhancing the level of activities.

Targets and Results of Social Activities

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

Sustainability theme	Mid-term targets	FY2015 action results	Self-assessment	FY2016 targets	Page		
 CSR Management	Corporate governance	<ul style="list-style-type: none"> Selected two outside directors Responded in line with the Corporate Governance Code and disclosed status Implemented review of regulations concerning decision-making and meeting bodies Implemented evaluation of effectiveness of Board of Directors 	○	<ul style="list-style-type: none"> Enhance content of response in line with the Corporate Governance Code Review quarterly regulations concerning decision-making and meeting bodies Increase effectiveness and dynamism of Board of Directors 	27		
		<ul style="list-style-type: none"> Improve and operate internal control system Create global auditing system 	<ul style="list-style-type: none"> Shared audit findings with the division in charge and inspected response, etc. 	○	<ul style="list-style-type: none"> Conduct planned internal audits Prevent fraud and misconduct by sharing deficiency cases 	28	
	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"> Achieve zero serious violations of law Further utilise and raise awareness of the whistle-blowing system Increase the degree of implementation of guiding principles through Corporate Ethics Month, etc. 	28 29	
			<ul style="list-style-type: none"> Improve global compliance system and continuously promote zero law violations 	<ul style="list-style-type: none"> Firmly established programme on compliance with antitrust laws and anti-bribery and promote consistent compliance Continuously implemented training for Export Compliance Promotion Committee members and training course by grade 	○	<ul style="list-style-type: none"> Achieve zero serious violations of law Inspect and enhance compliance with antitrust laws and anti-bribery using the List of Legal Risk Conduct training on various laws globally, including for executive officers 	29 30
		Intellectual property management	<ul style="list-style-type: none"> Improve global intellectual property management system 	<ul style="list-style-type: none"> Achieved 100% of target for number of patent applications in Japan and RM&CH Realised zero patent infringements through continuous implementation of patent assurance activities 	○	<ul style="list-style-type: none"> Promote activities to enhance the quality of patents and achieve the target number of patents granted Continue checking activities to ensure early identification of problem patents to prevent patent infringements 	30
			<ul style="list-style-type: none"> Strengthen confidentiality management at a global level Enhance global security level 	<ul style="list-style-type: none"> Conducted self-inspections and improved weak points at RM&CH using confidentiality-related risk standards in each region Currently deploying to respective business entities in sequence 	○	<ul style="list-style-type: none"> Strengthen measures to prevent leaks of confidential information Conduct ongoing self-inspections related to confidentiality risk Strengthen internal education 	30
		Thorough reinforcement of risk management	<ul style="list-style-type: none"> Reinforce risk management on a global level 	<ul style="list-style-type: none"> Make preparations to ensure impact does not spread to other regions (Conducted drills to ensure quick resumption of production at Toyota Boshoku plants) Implemented drills for major disaster response at all RM&CH 	○	<ul style="list-style-type: none"> Narrow down to core risk focused on business continuity and conduct related measures 	31
	 Together with customers	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"> Continue training to increase the quality skills of members engaged in quality-related fields and deploy activities to improve problem-solving capabilities Certified auditors Each RM&CH: assign at least two 	32 34	
		Enhance and strengthen quality assurance system	<ul style="list-style-type: none"> Establish global quality assurance system 	<ul style="list-style-type: none"> Acquired TS 16949 at 6 plants outside Japan Cases of legal non-compliance: 0 	○	<ul style="list-style-type: none"> Promote planned acquisition of certification Establish product audit system 	32
			<ul style="list-style-type: none"> Significantly reduce products with defects delivered and delivery complaints Ensure swift discovery and response to defects in products in the market 	<ul style="list-style-type: none"> Strengthened degree of completion in terms of quality toward mass production Strengthened EDER*1 activities for new products Missed target for the number of cases of free repairs 	△	<ul style="list-style-type: none"> Prevention of significant quality issues Swift discovery and response to defects in products in the market 	33 34

*1 Early Detection and Early Resolution

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

Sustainability theme	Mid-term targets	FY2015 action results	Self-assessment	FY2016 targets	Page	
 Together with company members	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 	36
	Respecting diversity	<ul style="list-style-type: none"> Promote active employment of global human resources Enhance reemployment system Actively promote female members 	<ul style="list-style-type: none"> Unable to achieve 10% of regular recruitment for people of different nationalities besides Japanese to join Toyota Boshoku as members Unable to achieve statutory employment rate of 2.0% for persons with disabilities Created a scheme for the job posting system Conducted workplace interviews with young female members 	△	<ul style="list-style-type: none"> Actively hire people of different nationalities besides Japanese to join Toyota Boshoku as members (10% of regular recruitment in 2017) Achieve statutory employment rate of 2.0% for persons with disabilities Achieve smooth launch of job posting system Provide flex-time for members with shortened working hours and examine and enable telecommuting Implement measures to develop and promote active roles for female members 	36
	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"> Revised the timeframe for Global Leader Training Nurtured Master Trainers in each region Expanded the framework for dispatching Global Trainees Provided English training depending on level for personnel requiring English ability Promoted attending courses on Maintenance Training Implemented supervisor education in China 	○	<ul style="list-style-type: none"> Conduct Global Leader Training Continue to nurture Master Trainers Encourage use of Global Trainee System Continue to implement measures to improve English ability Provide Karakuri Training from regions outside Japan and participate in exhibitions Implement supervisor education in Europe 	37 38
	Promoting safety and health and health building	<ul style="list-style-type: none"> Create global management in terms of safety and health activities Promote the development of physical and mental health 	<ul style="list-style-type: none"> Created inspection standards using a map of STOP6*2 hazard sources as a tool and deployed to each plant Implemented "safety communication time" incorporating mutually enlightening dialogue on safety Improved the implementation of safety basic actions (pedestrian crossings, pointing and calling, stair handrails, etc.) 	○	<ul style="list-style-type: none"> Promotion of creating a safe and comfortable workplace in which fatal accidents never occur (zero serious accidents) Realise a rate of 100% in factoring in standards for process design and equipment design in pursuit of intrinsic safety (Japan) 	38 39
			<ul style="list-style-type: none"> Promoted mental health related activities 1) Held mental health seminars for executive officers and management personnel 2) Completed preparations for response to enactment of stress check law Promoted ongoing initiatives to prevent lifestyle diseases (Provided health guidance following medical checkup in 100% of cases and took steps to reduce the number of members with BMI of 25 or more and the smoking rate) 	○	<ul style="list-style-type: none"> Promote mental health related activities Implement activities to prevent mental illness by using a stress check Implement ongoing initiatives to prevent lifestyle-related diseases (Continue to provide health guidance after medical checkup in 100% of cases, reduce the number of members with BMI of 25 or more, set target for reducing smoking rate and promote activities to achieve this) 	—
 Together with shareholders and investors	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 Regularly convened Information Disclosure Committee 	○	<ul style="list-style-type: none"> Ensure appropriate disclosure through operation of Information Disclosure Committee Make decision on obligations once a month Achieve 100% in compliance rate for timely disclosure 	40
		<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, analysts meeting, individual visits to investors and small meetings Implemented plant tours for individual shareholders Released financial statements in English on our website 	○	<ul style="list-style-type: none"> Hold first and third quarter financial results briefings Take part in conferences with overseas investors Hold seminars for individual investors 	40
 Together with suppliers	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 CSR activities to global suppliers 	<ul style="list-style-type: none"> Renewed basic transaction agreements (added CSR related provisions) with all companies Held CSR study sessions for suppliers Promoted procurement activities that give considerations to human rights and the environment (initiatives for conflict minerals) 	○	<ul style="list-style-type: none"> Expand content of CSR study sessions for suppliers Continuously implement procurement activities that give considerations to human rights and the environment (initiatives for conflict minerals) 	41 42
	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"> Expand and maintain activities under the Annual Supplier Meeting in Japan and each region Currently introducing a global cost benchmark system Strengthened ties through meetings for global SPTT activities*3 in global vehicle types 	△	<ul style="list-style-type: none"> Expand Annual Supplier Meeting in Japan and each region and establish a commendation system Introduce and expand a global cost benchmark system Continue and strengthen global SPTT activities 	42
 Together with global society & local communities	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"> Implemented activities in conjunction with NPOs at all entities (support of those less fortunate, tree-planting activities, etc.) Participants in Japan region increased by 23% year on year through cooperation of rank-based group gatherings, etc. 	○	<ul style="list-style-type: none"> Create opportunities for social contribution activities in nearby business locations that are easy to participate in 	43 44

*2 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)

*3 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 fulfils its social responsibility by conducting corporate activities based on the TB Way and the Toyota Boshoku group code of conduct, which express the values and behavioural principles shared throughout the group in line with the corporate philosophy of group management. We designate such matters as accountability, transparency, ethical behaviour, 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. On this basis, measures are taken to enhance CSR through various definable aspects of corporate activities.

Corporate governance

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

Specifically, the Company will advance the following:

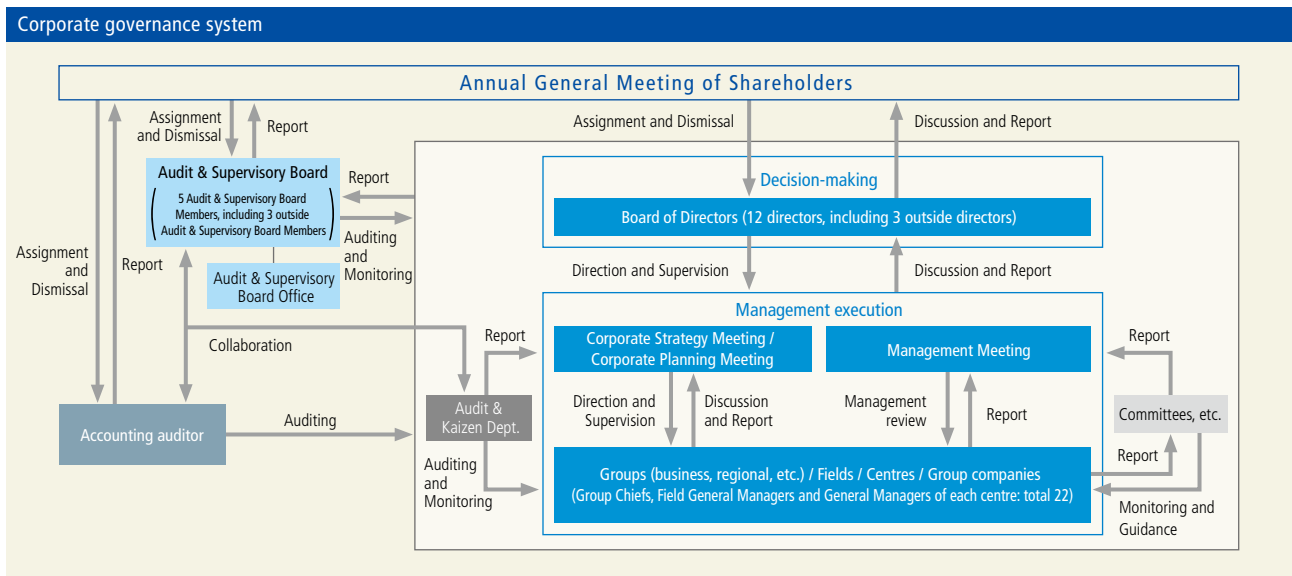
(1) Securing the rights and equal treatment of shareholders;

(2) Appropriate cooperation with stakeholders other than shareholders; (3) Ensuring appropriate information disclosure and transparency; (4) Appropriate execution of the roles and responsibilities of the Board of Directors; and (5) Engaging in constructive dialogue with shareholders.

Corporate governance system

In addition to resolutely responding to the Corporate Governance Code, Toyota Boshoku is working to strengthen corporate governance with the aim of increasing corporate value.

The Board of Directors holds meetings at least once a month



(Revised June 2016)



to decide on important management issues in such areas as legal matters, policies for the fiscal year, project plans and investment in facilities, while also monitoring conditions related to the implementation of operations. In fiscal 2015, the Company selected two outside directors with extensive experience and broad knowledge in corporate management and other areas in order to ensure the legality and appropriateness of decisions made by the Board of Directors and directors' business execution. The number of outside directors also will be increased to three in fiscal 2016 to further enhance objectivity in monitoring management.

Rate of attendance by outside directors at Board of Directors meetings

Fiscal year	2015
Attendance rate (%)	96

In addition, Toyota Boshoku evaluated the effectiveness of the Board of Directors in line with the Corporate Governance Code and reviewed regulations concerning decision-making and meeting bodies.

Toyota Boshoku will change its management structure from fiscal 2016 with full-time executive officers positioned as organisation unit managers within each field and group in an effort to clarify the roles, responsibilities and authority of executive officers and simplify the decision-making process to enable speedier management judgment.

The Company has also adopted an Audit & Supervisory Board system in which directors' management is audited by a five-person structure that includes three outside auditors. Audit & Supervisory Board Members attend key company meetings and conduct audit hearings and visiting audits to each division as well as audit the execution of operations of directors and the administration and the status of financial affairs of the group's subsidiaries.

Attendance rate of outside auditors at Board of Directors meetings and Audit & Supervisory Board meetings

Fiscal year	2013	2014	2015
Attendance rate at Board of Directors meetings (%)	77	74	95
Attendance rate at Audit & Supervisory Board meetings (%)	79	77	97

Development and operation of internal control system

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

The Toyota Boshoku group states in its corporate philosophy that the Company will seek to promote corporate growth while fulfilling our responsibilities as a good corporate citizen.

Thorough compliance awareness and system creation

The Toyota Boshoku group clarifies its overall promotion system, scope of activities and goals for compliance in each region, including Japan, and conducts activities under strong leadership from top management based on a global policy. The Company continuously convened meetings with Regional Management & Collaboration Hubs (RM&CH) to enhance cooperation and thereby improve and strengthen compliance activities globally.

Personnel in charge of legal affairs in each region shared

knowledge of issues at regular intervals through such means as the Global Legal Conference. This served to promote mutual understanding and deepen cooperation between regions as well as reinforce the implementation of global compliance activities.



The Global Legal Conference aids in resolving issues and deepens mutual understanding in each region.

Education and awareness raising

Toyota Boshoku has developed a training system for compliance that includes such core topics as antitrust law and anti-bribery 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. Personnel in charge of legal affairs from the Legal Division at Toyota Boshoku and RM&CH conduct workshops in Regional CSR Committees in consideration of the conditions of each country and each region.

[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 our corporate philosophy and reviewing members' behaviour internally and externally.

In fiscal 2015, Toyota Boshoku released a management message



Workplace discussion (TB Sewtech De Mexico)

stating that it would prioritise compliance. Workplace discussions were also held based on the theme of confirming compliance in the workplace.

[Considerations for human rights]

Measures regarding basic matters such as respect for human rights have become essential in conjunction with global business activities. At the Toyota Boshoku group, we are working to raise members' awareness through various training related to our corporate philosophy and monthly activities in order to ensure compliance with laws and regulations as well as co-existence with local communities by respecting various cultures, values and individuality.

[Global development of List of Legal Risk]

The Toyota Boshoku group 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. In fiscal 2015, the Company, led by RM&CH, worked to enhance a list of fields relating to labour laws in all regions outside Japan.

[Enhancing consultation and whistle-blowing system]

The Anything Goes Counseling Office has been set up internally as well as a reporting contact at a designated law firm externally to establish an environment in which members from group companies in Japan can easily seek advice without fear of reprisal. Members can seek consultation or report issues concerning such matters as workplace problems, legal violations and internal misconduct. Initiatives are also being pursued to establish a whistle-blowing system in regions outside Japan in order to develop a global system.

● 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 laws and regulations related to our businesses.

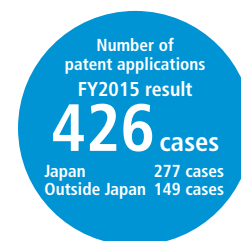
[Thoroughgoing compliance with antitrust laws]

Toyota Boshoku established the Company 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 globally. 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.

Toyota Boshoku formulated a compliance manual and conducts training globally that includes an Executive Legal Seminar and training for relevant departments while related internal rules have also been created at each site. The Company is therefore deepening understanding of its stance toward antitrust laws, which includes verifying operating conditions, and of cautionary points in conducting business operations. In addition, the Antitrust Law Compliance Rules were established mainly to regulate information exchange with competitors and this forms part of a structure to prevent infringements.

[Comprehensive efforts toward anti-bribery]

The Toyota Boshoku group is making efforts to increase understanding of regulations in respective countries related to preventing corruption such as bribery and is establishing a



framework for compliance. In fiscal 2015, the implementation status of this framework was inspected globally and the necessary corrections made in order to comply with the Anti-bribery Guideline formulated in the previous fiscal year.

[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.

● 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]

The Toyota Boshoku group 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.

In fiscal 2016, we will assign a person to promote patents in each division of Toyota Boshoku and clarify their roles, and work

to strengthen cooperation between the intellectual property department and respective divisions.

● 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 created a global confidentiality management system to conduct confidentiality and information security management. At Toyota Boshoku, in addition to strengthening activities in conjunction with respective functional divisions, we have assigned a person responsible for confidentiality management and a person in charge of confidentiality management within each division who can ascertain the weaknesses in each workplace through on-site discussion. We are looking into measures to mitigate confidentiality risk and are working to make ameliorations and improvements. In regions outside Japan, RM&CH undertook self-inspections using confidentiality risk standards that match the characteristics of each region and we deployed in sequence measures to resolve weak points at each site within a region.

In fiscal 2015, we promoted activities to strengthen and improve our framework by making a list of confidentiality-related risks on a Toyota Boshoku group basis and worked to expand and enhance education and awareness-raising efforts for each member.

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

In the Toyota Boshoku group, respective functional divisions factor in initiatives to prevent and reduce various risks into their action plans and promote activities accordingly. Although the CSR Committee has evaluated risk management and conducted follow-up, the newly established Risk Management Function Meeting was split off and has been operating independently as of fiscal 2016 in order to further strengthen activities.

[Preparing for large-scale natural disasters]

In the Toyota Boshoku group, we continually make improvements to our business continuity plan (BCP) in preparation for a large-scale natural disaster.

In fiscal 2015, the Japan region set up company-wide disaster response headquarters at the Sanage, Kariya and Takaoka plants and conducted integrated disaster drills at the same time company-wide by assuming an actual disaster. Some 20 sites participated in the drills, including each plant and Japan affiliates. Drills concerning initial response by the company-wide disaster response headquarters were conducted in connection with the company-wide disaster drills while other drills were conducted with the aim of ensuring swift resumption of production at plants as part of efforts to make improvements and create a more effective BCP. In regions outside Japan, we conducted focused disaster response drills at all RM&CH. In addition, we are working to increase the efficiency of information

collection by employing a regionally uniform safety confirmation system in the ASEAN region in addition to Japan.



Initial response drill by the company-wide disaster headquarters (Toyota Boshoku Sanage Plant)



Evacuating to a location outside in an integrated company disaster drill (Toyota Boshoku Kariya Plant)

Together with Customers



The Toyota Boshoku group has an integrated system of design, manufacturing and sales and is committed to production that prioritises safety and quality in order to provide high-quality, high value-added and attractive products from the customer's perspective and standpoint, thereby inspiring and exciting customers.

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 engineering 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 2015, we formulated a human resources development plan based on a skills map that establishes the capabilities necessary to be a supervisor related to quality, candidate for dispatch to regions outside Japan and a future team leader in the workplace.

Enhance and strengthen quality assurance system

On the basis of securing the safety of customers and delivering products that inspire, we are striving to enhance the quality assurance system for the Toyota Boshoku group on the back of integrated efforts by the Quality Assurance Division, Global Quality General Control Department and TQM Promotion Department in the quality field.

● Reinforcing our global quality assurance system

The Toyota Boshoku group, including group companies around the world, is working to strengthen our quality assurance system.

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. The Company is cooperating with each region to ascertain the status of quality within regions and deploying initiatives toward achieving targets. In fiscal 2015, audits were performed in each region for key processes in an effort to make improvements while courses were given with the aim of nurturing members able to audit these key processes.

● Establishment of product auditing system

In addition to safety assessments of individual automotive parts, it is also necessary to respond to certification systems related to safety

in completed automobiles. The Toyota Boshoku group is maintaining China Compulsory Certification, a safety standard for products imported to China, and going forward, we will formulate an auditing plan for important features in relevant legislation in respective countries and regions and conduct auditing as required.

● Expansion of ISO/TS 16949 certification

The Toyota Boshoku group promotes acquisition of ISO/TS 16949 certification to manage and maintain quality assurance systems. ISO/TS 16949 is the international standard related to a quality management system that provides for defect prevention and the reduction of variation and waste in the automotive supply chain.

In fiscal 2015, six plants at entities outside Japan were newly certified, making a total of 69 plants with the certification.

Deployment of quality-related activities

The Toyota Boshoku group deploys quality-related activities to realise safety and comfort for customers who drive cars as well as automakers.

● Prevention of significant quality issues

The Toyota Boshoku group is implementing 5N activities globally for all parts earmarked for commercialisation and is working to further advance skills in order to prevent major quality deficiencies and claims.

5N activities, one of the most important initiatives with regard to preventing quality issues, identify areas that are either new or have been modified in the design of a new product or process 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, production engineering, 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.

● 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 2015, we set up a model line toward the establishment of a work manual so that anyone can produce good quality products and conducted inspection of the manual and compliance with its provisions as we continue to promote activities that serve to raise 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 global market. Defects with a high propensity to cause harm, which occur frequently or may impact the market, are classified by level of importance 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

Enhanced production efficiency through process automation



Thailand

Maintenance, production engineering and *Kaizen* groups united to conduct activities aimed at implementing improvements, including process automation. Members regularly held interviews to ascertain concerns in the workplace and generated ideas on ways to make improvements that even involved cooperation from manufacturers. In fiscal 2015 alone we achieved automation in at least 10 processes. Further, we increased productivity while keeping investment to a minimum primarily by creating as many different *karakuri* mechanisms in-house as possible, and as a result, we received the Gold Award in the productivity category of the Toyota Boshoku Global Awards* for fiscal 2015.



Members of the *Kaizen* team from Toyota Boshoku Filtration System (Thailand)

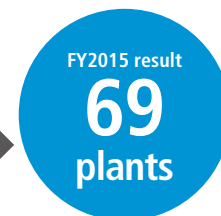
* Toyota Boshoku Global Awards: Annual awards presented for outstanding activities and to business entities and plants in the Toyota Boshoku group that have achieved significant results in such categories as productivity, safety and quality

It was particularly hard to create *karakuri* mechanisms in determining how to reduce costs and make improvements. However, the results we generated can be attributed to united company efforts that saw all members visiting the work site and taking part in a series of investigative sessions that included the president. Communication across divisions and departments also increased, which led to a rise in awareness of the need for improvements throughout the organisation.



Repeated investigative and instruction sessions were conducted on-site.

ISO/TS 16949
certified entities



countermeasures, the deadline for implementation and method of implementation, thereby enabling a swift response. In fiscal 2016, we will continue making an analytical system for defective parts in the frame that have been newly added to Toyota Boshoku parts in line with consolidation of the seat frame component business.

● Promotion of QC Circle / SQC activities

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

As for QC Circle activities, in addition to tier-based training for leaders, advisors and supervisors, the QC Circle 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 including Japan participate and make presentations. As an example of interchange with a country outside Japan, in the preliminary competitions in the Asia & Oceania region, the TQM Promotion Department took the lead in providing guidance on how to prepare materials and offering advice on all of the cases presented, which served to further enhance the level of results.

In SQC activities, training is conducted according to introductory-level, intermediate-level and advanced-level job classifications and is used to help resolve issues and problems. This promotes the



Learning about SQC using actual cases

sharing of activity results via presentations and serves to advance knowledge and technologies related to quality. As a means to determine the results of these activities and assess individual capabilities, we urge members engaged in quality-related fields to undergo the QM/QC Examination so we can continuously foster professional human resources in this area.

● 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 components, thereby ensuring repair, replacement and other appropriate service. As for products besides car components, we are responding to various customer needs as well.

Guangzhou Intex Auto Parts shines with GOOD FACTORY Award

Guangzhou Intex Auto Parts, Toyota Boshoku group's production company in China, won the GOOD FACTORY Award for fiscal 2015 issued by the Japan Management Association. This company has clarified the steps required to reach its ideal condition led by local members and is promoting initiatives to raise quality with local suppliers based on the theme "manufacturing process innovation undertaken together with suppliers." As a result of these activities, Guangzhou Intex Auto Parts was recognised for reducing products with defects delivered and received the Manufacturing Process Innovation Award.

*This award recognises factories that generate exceptional results in activities related to structural innovation such as increasing productivity or quality and covers Japanese companies in Japan and the Asia region.



Members of the project promotion team (from left):
Yinhuan Lu, Zhiyong Chen and Li Wang

The award has contributed to an awareness of the need to further increase quality among suppliers as well as personnel at Guangzhou Intex Auto Parts and has also given us more confidence at work. Going forward, we will set even higher targets and take the steps needed to make improvements.

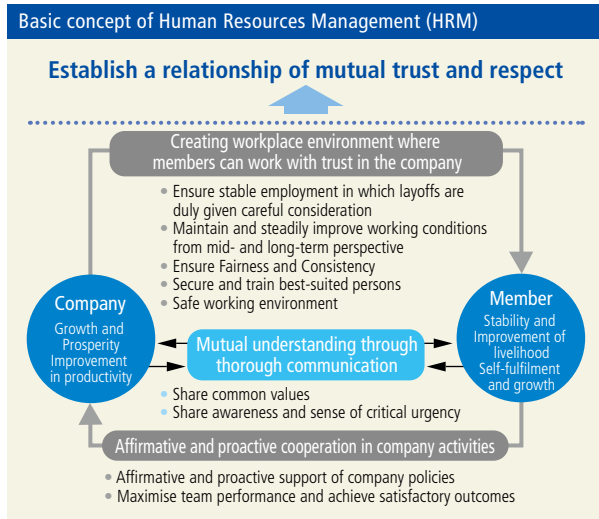
Together with Company Members

Motivated and vibrant workers lead to growth of the individual and growth of the entire company. We are seeking to create a company in which everyone feels encouraged by increasing the quality of communication between supervisors and subordinates and pursuing challenges and making improvements.



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 we can maximise diverse individuality and everyone can work to his or her full potential and satisfaction.



also conduct a survey for members that focuses on morals, with the results reflected in corporate policy.

[Stable employment with fair and honest evaluations and working conditions]

Labour and management constantly exchange opinions through such occasions as the Labour-Management Council in an effort to ensure stable employment in which layoffs are duly given careful consideration and to maintain and steadily improve working conditions from a mid- and long-term perspective. In addition, we promote the development of human resources by conducting evaluations that use standards reflecting Toyota Boshoku's values and also implement fair and honest policies for all members.

[Secure and foster the most appropriate human resources]

Our recruitment activities are based on a medium- to long-term plan that takes into account such aspects as the current composition of members, management strategy and environment changes with the aim of securing the most appropriate human resources globally. We endeavour to recruit diverse human resources and deploy our human resources development policies on a global scale.

● Building relations of mutual trust and responsibility between labour and management

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.

● Mutual understanding through proper communication

The Toyota Boshoku group is taking steps to create good labour-management relations. We are deepening mutual understanding and trust through such occasions as labour-management round-table discussions. 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 striving to create a safe, motivating workplace. We

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 respects the individuality and capabilities of each individual since promoting diversity is key to corporate growth. With this in mind, we are working to provide a work environment where members can continue to work with enthusiasm by minimising limitations in work so that everyone can exert their full potential. Although history, culture, laws and social customs differ by country or region, all members, 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. We formulated basic rules concerning conditions for transferring across countries and regions as the Global Mobility Policy and we are looking to permeate and firmly establish this system in each region in order to further promote the exchange of global human resources.

● Encouraging employment of persons with disabilities

Toyota Boshoku and Japan affiliates are working to create an environment that is easy to work in for members with disabilities so they can play active roles in different positions at the Toyota Boshoku group. This includes increasing the number of workplaces employing persons with disabilities, expanding the number of assistants per site and barrier-free facilities, and identifying new workplaces in which members with disabilities can take on active roles. Going forward,

we will strengthen initiatives aimed at achieving the statutory 2.0% employment rate of persons with disabilities.

Employment rate of persons with disabilities [Toyota Boshoku]

Fiscal year	2011	2012	2013	2014	2015
Employment rate of persons with disabilities (%)	1.83	1.75	1.85	1.89	1.90

● Promoting active roles for female members

The Toyota Boshoku group actively takes steps to empower women in the workplace. Examples include training to promote a change in awareness among women and management, formulating a medium-term career plan for each individual and preparing development plans for women as assistant managers based on a voluntary action plan* to encourage more active roles among female members at work that was formulated in fiscal 2014.

* Toyota Boshoku aims to increase the number of women in managerial roles by two-fold in 2020 and five-fold in 2030 compared with 2014.

● 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.

From fiscal 2016, we expanded application of a flexible schedule system to members on shortened work hours. This has enabled more diverse work styles. The Company operates group day nursery and day care centres on premises as well as infant day care centres for members in cooperation with five Toyota Group companies. These and other initiatives support the balance of work and childcare / nursing care.



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

The Toyota Boshoku group nurtures management-oriented human resources that can be active globally, transcending country and business entity barriers, and is



Global Leader Training

working to create an appealing company that attracts exceptional people from around the world.

In fiscal 2015, we launched a Regional Succession Committee in each region that devised and implemented a management-oriented human resources development plan for the future. We also continue to provide Global Leader Training, a special education programme as part of our efforts to identify and develop candidates for global leaders.

Global development of human resources training programme

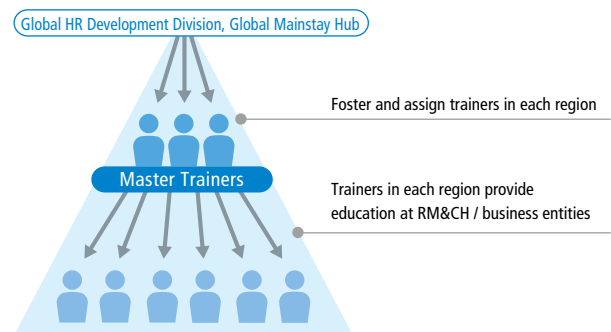
In order to foster human resources who learn the philosophy, work style and capabilities of the Toyota Boshoku group and who can work across borders, irrespective of location around the world, we are working to develop people (Master Trainers) in each region who can teach educational content GCC* that should be learned by all members throughout the Toyota Boshoku group.

Additionally, skill-up training has been provided to Master Trainers who are active in each region in an effort to firmly establish and further enhance GCC. A short-term (1-2 years) personnel transfer

system (Global Trainee 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.

* Global Core Contents: TB Way, Problem solving, OJT / OJD, *Hoshin Kanri* (Policy management)

Strengthen global deployment of GCC



[Specialised skills related education]

Toyota Boshoku uses its Technical Skills Development Promotion Division as a centre for enhancing and passing on manufacturing skills globally. Here, we are working to “foster exceptional supervisors,” “establish excellent manufacturing skills,” “strengthen maintenance skills,” “nurture human resources who can act with appropriate levels of safety” and “nurture core young human resources” in order to develop human resources and enhance workplace capabilities to enable the highest levels in terms of safety, quality and delivery.

In terms of fostering exceptional supervisors, we conduct training for such members globally as well as promote creating an environment in which each region can implement basic skills training and Maintenance Training on their own. As an example, in the China region, unique training has been conducted that also makes use of the Technical Skills Training Centre, which includes specialist training on sewing machines and sewing techniques. In addition, we will provide logistics and engineering training from fiscal 2016 for members scheduled for dispatch and engineering staff at plants in response to growing needs to learn basic knowledge related to production management and logistics in regions outside Japan.



In terms of establishing excellent manufacturing skills, we make sure that our members are highly skilled by way of basic skills training, *Karakuri* Training courses on techniques to drive precision workmanship and mechanisms using threads, springs and hydraulic power, and taking part in Worldskills Competitions and the All TB Skills Competition.

The *Karakuri* Training that started in fiscal 2015 will be segmented in terms of content from fiscal 2016 with the aim of promoting implementation and further enhancing workplace competencies. We are expanding and enhancing the training so that more members gain an insight into and learn from *karakuri* improvements.

A total of 208 members, including 47 participants from 15 countries outside Japan, pitted their manufacturing skills against one another in the All TB Skills Competition for fiscal 2015.

In terms of strengthening maintenance skills, we are striving to improve these skills through 33 short courses for specialised skills such

as mechanical systems, electrical systems and mould maintenance, as well as by making use of Maintenance Training comprising from two weeks to three months in accordance with needs.

In terms of nurturing human resources who can act with appropriate levels of safety, we are working to enhance company members' sensitivity toward risks at the Safety Sensation *Dojo* (Simulated Accident Dojo) and develop members capable of taking appropriate levels of safety on their own.

In addition, at the Toyota Boshoku Technical Skills Academy, we promote the development of young members who are balanced in "mind, body and spirit" and capable of operating at a global level and who will be core to the organisation. In 2016, we started accepting students for the academy from outside Japan for the first time and currently one young member from Taiwan is learning with the other members.

Promoting safety and health and health building

The Toyota Boshoku group implements safety and health activities as labour-management cooperative efforts under a

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.

Basic Safety and Health Policy in order to establish a corporate culture that places a priority on safety and health at work.

Safety Culture 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.

Developing highly safety-conscious human resources



In the Toyota Boshoku group, we are taking on activities to raise safety awareness with the objective of establishing workplaces in which members can work safely and with peace of mind. We have been creative with our educational content alongside the different needs at each site so that all members actively participate in safety-related activities.

Tianjin Feng'ai Automotive Seat Parts regularly analyses examples of industrial accidents that have occurred at other companies through its safety managers and visualises measures to prevent such incidents. In addition to raising sensitivity to danger among members through repeated team discussions regarding issues in each process, the company is working to create an environment in which members feel free to provide advice and warning to each other.

TBMECA Poland has been enhancing and expanding its educational content since fiscal 2014 as well, particularly in terms of teaching safe work methods based on chemical substance management and ergonomics. Further, the company holds a safety knowledge contest twice a year during designated Safety Months in an effort to raise safety awareness so that members can deepen safety-related knowledge and act in a safe manner of their own accord.



On-site safety inspection (Tianjin Feng'ai)



Safety-related workshop (TBMECA)

● Creation of global management of occupational safety and health activities

Creating a safe work environment is a priority issue for companies and local communities. With this in mind, the Toyota Boshoku group works to enhance safety and health at work through activities based on an Occupation Safety & Health Management System (OSHMS).

Toyota Boshoku has incorporated operating rules into internal safety and health standards and expanded these standards to all work sites, including administrative and technical groups. The aim is to promote the building of a culture of safety by evaluating initiatives based on the results of audits and eliminating weaknesses and other measures. In addition, we made a handbook (Japanese and English versions) of safety standards that should be shared throughout the group and distributed it to members in all regions.

In fiscal 2015, we clarified inspection requirements for STOP6*¹, such as being caught and being pulled in equipment or coming in contact with heavy objects, and conducted safety inspections to create workplaces where there are absolutely no major accidents (fatalities). We also took steps to establish risk assessment procedures worldwide.

*1 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)

[Efforts to build a mutually enlightened culture of safety]

The Toyota Boshoku group promotes health and safety activities aimed at achieving zero industrial accidents. We also systemise our safety education programme and conduct education locally through Toyota Boshoku



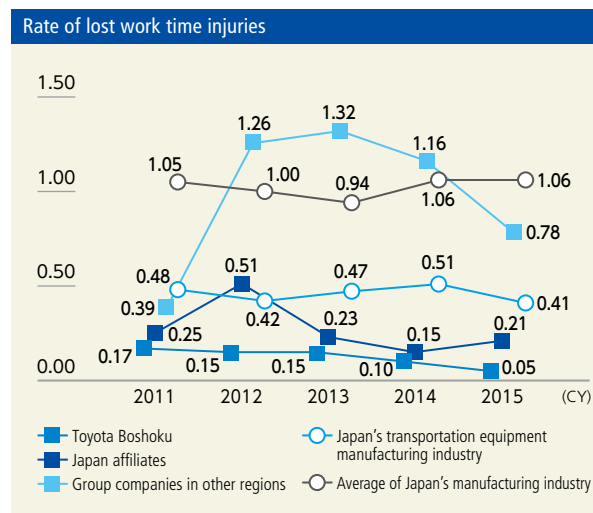
Safety awareness survey by interactive questionnaire

persons in charge in each region in order to create and establish a mutually enlightened culture of safety. During Global Week*² held in April each year, a global safety conference is conducted with participation by management from all regions to advance human resources development worldwide aimed at eliminating major accidents.

In fiscal 2015, we started activities to raise the level of our safety

management system based on survey findings in The Americas region. We received outside consulting and aim to build up a system of continual improvement befitting regional culture and customs, and create an even more advanced and mutually enlightened culture of safety.

*2 A week in which executive officers, division general managers, site managers and representatives from other entities gather together for discussions as a group in a way that transcends regional and functional frameworks



● Promoting healthy human resources and instilling a culture of health

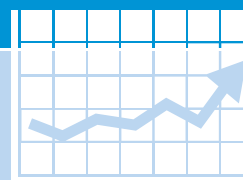
The Toyota Boshoku group is taking steps to ensure the health of all company members and to create and instill a culture of health so that everyone can be healthy and energetic, both mentally and physically, not only while they are working but also after retirement.

To achieve this, we are supporting the health of all members from both physical and mental perspectives through an integrated system of industrial physicians and staff promoting health.

[Conducting health checks for all members]

We are undertaking activities toward the implementation of health checks for 100% of members in all regions, not just those regions where checks are mandatory by law, so that all Toyota Boshoku group members can receive health checks.

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.

Enhancement of corporate value and reinforcement of information disclosure

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

● Fiscal 2015 distribution of profits

Business results for fiscal 2015 are shown on pages 61 and 62.

In continuing to place priority on providing shareholders with long-term stable dividends, annual cash dividends of 30 yen per share were paid for the current fiscal year.

● Briefings for shareholders 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 September 2015, we held a round-table conference with analysts to deepen their understanding of the new president and our future management. This included a Q&A session with the president and executive vice presidents and a tour of the Sanage Plant. Additionally, we



Financial results briefings (Tokyo)

are actively pursuing communication with shareholders and investors through various occasions, including small meetings and interviews with analysts and

institutional investors as well as visiting institutional investors.

In fiscal 2016, we are planning to take part in conferences and hold individual meetings for institutional investors outside Japan as well as seminars for individual investors. In addition, we plan to hold tours of plants and facilities with the aim of furthering understanding of Toyota Boshoku’s business activities among investors.

● Plant tours for shareholders

We hold tours of our plants and facilities to deepen understanding of the Toyota Boshoku group among shareholders.



Plant tours for shareholders (Sanage Plant)

In fiscal 2015, we showed around 80 people the processes for seats, door trim and other products at our Sanage Plant on the day of the Annual General Meeting of Shareholders in June.

● Disseminating information through our website

The Toyota Boshoku group posts important information in a timely manner on our website including an introduction of our business, press releases and financial results briefing materials.

We are working to expand and enhance our information disclosure items in English on our global website (<http://www.toyota-boshoku.com/global>) as a means to further deepen understanding of the Toyota Boshoku group among shareholders and investors worldwide. In line with this, we are also striving to enhance information disclosure and disclose information in a timely and fair manner on our regional websites (Japan, The Americas, Asia & Oceania, China and Europe & Africa).

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, the Toyota Boshoku group will meet rising demand for CSR activities in the supply chain as business expands.

Basic procurement policy [Web](#)

- 1 Open and Fair Transactions
- 2 Mutual Development through Mutual Trust
- 3 Promotion of "Green Purchasing"
- 4 Promotion of Local Purchasing as a Good Corporate Citizen
- 5 Law-abidingness and maintaining Confidentiality

● Strengthening CSR in the supply chain

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 actual procurement, we have decided on action themes and plans for each priority area and are promoting initiatives aimed at strengthening CSR throughout the supply chain. This includes complying with laws and regulations pertaining to antitrust laws, subcontracting laws, labour laws and the environment in Japan as well as similar laws and regulations in regions outside Japan. We also seek to contribute to local communities and create a risk management system for large-scale disasters.

In fiscal 2015, at the General Meeting of Global Suppliers, we requested Toyota Boshoku's major suppliers (approximately 100 companies) to work on quality assurance in the supply chain, including secondary and tertiary suppliers, production preparations and appropriate preparations for safety and major disasters as key themes. In addition, we held lecture presentations with the theme of developing CSR in the supply chain.

● Promoting procurement activities that consider human rights

As a means to strengthen its CSR activities, Toyota Boshoku requests the following for its basic supplier agreements: (1) Respect of human rights and building awareness of social responsibility in the supply chain; (2) Prohibiting bribery; (3) Ensuring fair transactions; and (4) Removing antisocial forces. In fiscal 2014, we completed the update of all supplier agreements in Japan.

Moreover, we continue to respond to regulatory issues concerning conflict minerals that are broad matters of concern in the automobile industry, and we are conducting surveys by going back along secondary and tertiary suppliers every year.

● 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 [Web](#), 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 to establish EMS based on the acquisition of ISO certification. As a result, in fiscal 2015, all 87 major suppliers have acquired ISO 14001 certification.

ISO 14001 certification acquisition

Fiscal year	2012	2013	2014	2015
Supplier companies	88	87	87	87
Certified companies	83	86	87	87
Certification rate (%)	94	99	100	100

● Reinforcing risk management in the supply chain

Toyota Boshoku operates a supplier safety confirmation system at times of large-scale disaster and encourages the formulation of

BCPs as part of efforts to strengthen risk management in the supply chain. In fiscal 2015, we roughly doubled the number of suppliers subject to the supplier safety confirmation system as we further expand the scope.

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.

● Annual Supplier Meeting

Every year, a Global Annual Supplier Meeting and Annual Supplier Meeting in each region are held for Toyota Boshoku group 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 2015, we pushed ahead with preparations to establish this framework in each region with a view to inviting excellent suppliers from each region to the Toyota Boshoku Global Annual Supplier Meeting to be held in 2018. In China, we held general meetings in Guangzhou in addition to Chengdu.



Annual Supplier Meeting in Japan



Awards presentation ceremony at the Annual Supplier Meeting at Toyota Boshoku Asia

● 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 entities as ASEAN and Europe & Africa for the first

time. Moreover, we launched a cost benchmark system related to components and raw materials that is connected with TB-WAVE on a global scale. This is being deployed to respective regions while dealing with any operational issues.

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

In deploying global operations, it is becoming increasingly important 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 other regions enhance their production processes, from beginning with the production preparation stage to getting their businesses on track after the launch of new products.

Such actions, referred to as global SPTT activities, help create face-to-face ties between suppliers and members of various divisions, including procurement, design and quality control, as well as enable problem solving and mutual benefits via *genchi-genbutsu* from different perspectives, notably in such areas as quality, amount, price, distribution and timely delivery.

In fiscal 2015, we continuously placed emphasis on preventing problems in quality and manufacturing and production preparation by building bridges from developed to developing nations in addition to conducting the activities in each country. To this end, we realised the smooth start-up of production activities in Thailand, Indonesia, India and Argentina to South Africa.

We also worked to nurture human resources who can promote SPTT activities in each region. In fiscal 2015, we held meetings on global SPTT activities in which we shared global and local issues and discussed initiatives.

Together with Global Society & Local Communities



The Toyota Boshoku group will implement social contribution activities in response to local issues based on our shared corporate philosophy in which we endeavour to promote corporate growth while fulfilling our responsibilities as a good corporate citizen.

Toyota Boshoku group areas of focus

Activities with local citizens

Environmental activities

Foster youth through education

Global social contribution activities

The Toyota Boshoku group hopes to continue as a trusted company. In this way, we can build strong bonds with local communities and promote environmental activities. This section includes some of the activities we are undertaking in each region.

Activities with local citizens

Environmental activities

(see page 59)

U.S.A.

TBDN Tennessee



Cooperated with a programme to grow vegetables run by a social welfare organisation.

Brazil

Toyota Boshoku Do Brasil



Planted around 200 fruit trees, etc., around the company.

Russia

TOYOTA BOSHOKU in Russia



Conducted fund-raising activities and used the proceeds to get presents for children in an orphanage.

Vietnam

Toyota Boshoku Hanoi



Cleaned up a local tourist area.

Argentina

Toyota Boshoku Argentina



Interacted with children at a local children's facility.

France

Toyota Boshoku Somain



Donated to a local social support organisation.

Turkey

Toyota Boshoku Turkey



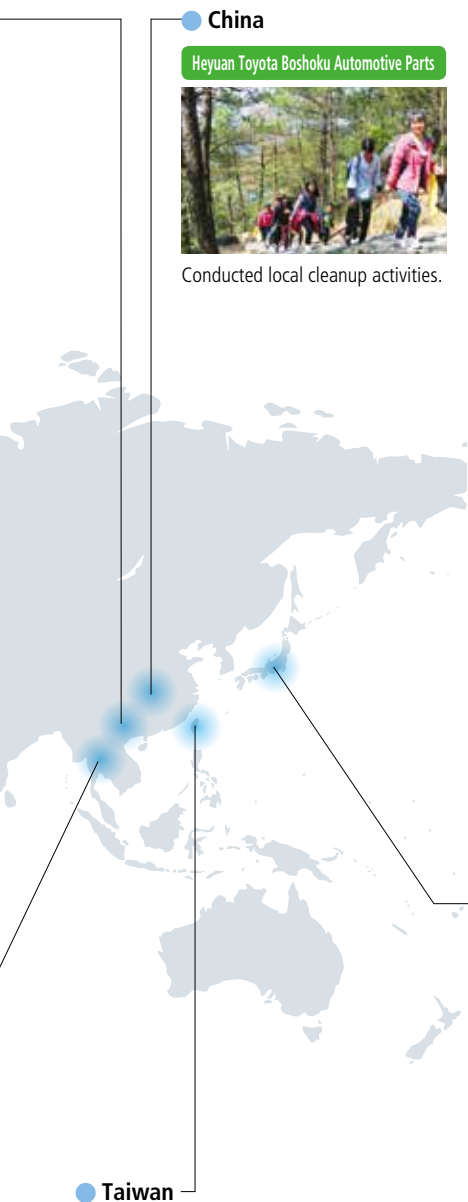
Implemented tree-planting activities in Sakarya Province.

Thailand

Boshoku Automotive (Thailand)



Conducted tree-planting activities in Rayon Province.



China

Heyuan Toyota Boshoku Automotive Parts



Conducted local cleanup activities.

Toyota Boshoku (China)



Planted 14,420 trees in four years to prevent desertification in Inner Mongolia.

Kunshan Toyota Boshoku Automotive Parts



Gave fruits to a local orphanage.

Japan

Toyota Boshoku Tohoku



Participated in local cleanup activities.

Toyota Boshoku



Held a woodworking class using tree trimmings with students from a special needs class.

Taiwan

Shin San Shing



Gave Christmas cards to children affected by the Great East Japan Earthquake.

Foster youth through education



Personal connection with a smile

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

[Strengthened club activities]

Toyota Boshoku Kyushu Handball Team holds handball classes for children from a children's facility nearby and personally gives the children Christmas presents. The team endeavours to deepen exchange by inviting the children to league matches. The children cheer on team members and give them a sense of courage.

Community-based social contribution activities



U.S.A.

We promote community-based activities in conjunction with NPOs in such areas as youth development, education, welfare and the environment. In addition to continued fund-raising and volunteer activities, we provide food relief to victims of natural disasters and those less fortunate and support education in high schools. While these and other efforts help local needs, company members also devise their own plans and carry out activities. Our initiatives were recognised with the Gold Award in the social contribution category of the Toyota Boshoku Global Awards for fiscal 2015.

CSR regional team leaders at Toyota Boshoku Kentucky (from left):

Julie Mullins, Rebecca Greenwell, Mike French, Lorrie Collier



Team members come up with ways the company can lend a hand to resolve local challenges. More than 20 activities were added in fiscal 2014 that we started tackling this fiscal year. We put guidelines for applications and the results of activities on a noticeboard inside the company, which has served to steadily raise member interest.

The number of participants in social contribution activities and the total amount of money raised have grown significantly compared with fiscal 2014.

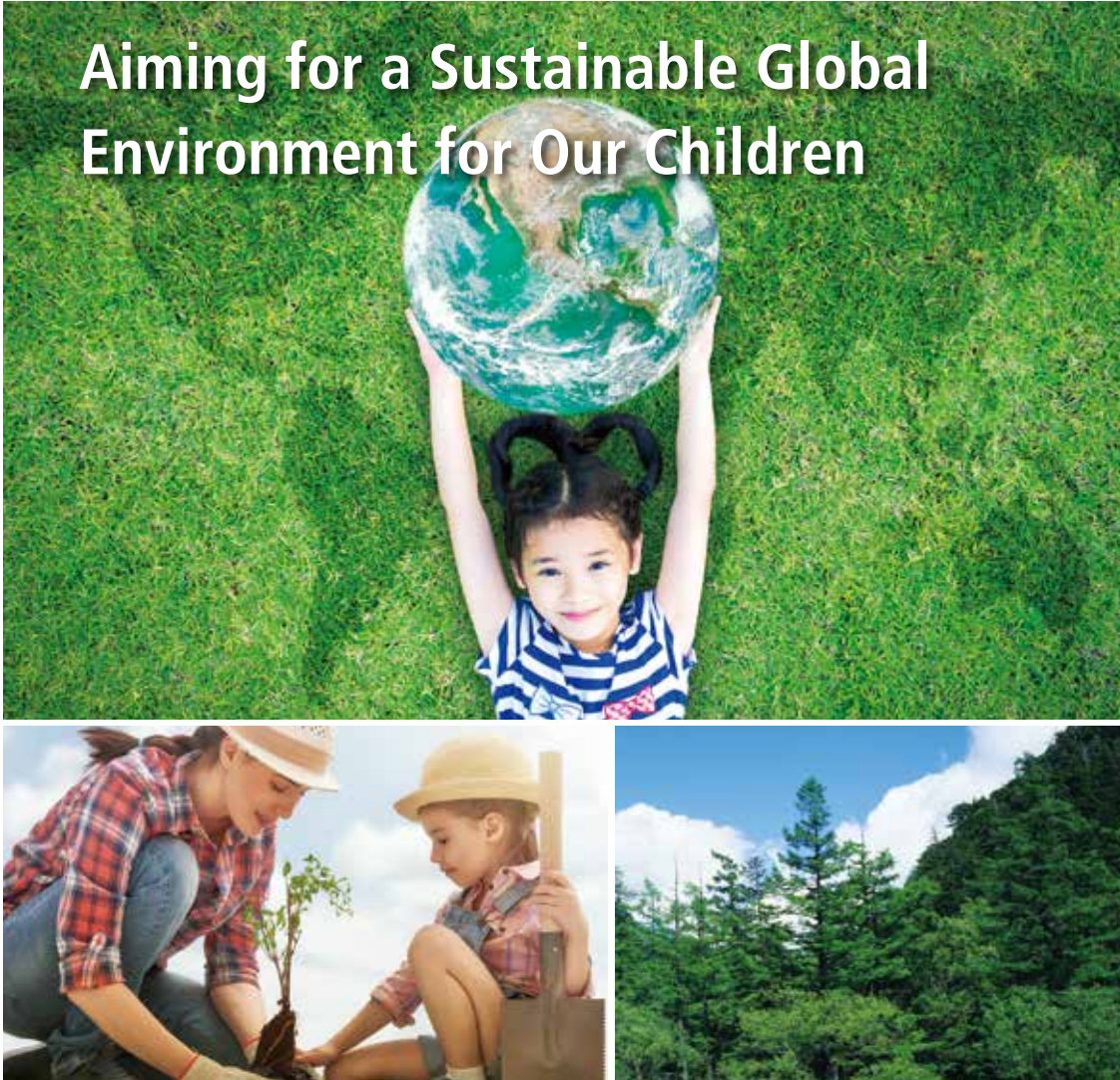


Preparing presents for local children

We will continue pouring efforts into youth development activities, including planning programmes in which local children can learn about the manufacturing business.

Formulated 2050 Environmental Vision

Aiming for a Sustainable Global Environment for Our Children



The Toyota Boshoku group recently formulated its 2050 Environmental Vision based on the belief that it is necessary to take a long-term perspective toward environmental issues and tackle them at an even higher level. The vision establishes six Stretch Environmental Goals to be realised by 2050, including the challenge of achieving zero CO₂ emissions in business activities. At the same time, we have initiated new activities in line with our 2020 Environmental Action Plan, which is a medium-term plan of action aimed at realising the vision.

Humankind is currently facing numerous environmental challenges including climate change, water scarcity, resource depletion and a biodiversity crisis. In particular, global warming has reached a critical level. In light of these issues, the international accord concerning climate change known as the Paris Agreement was adopted at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) in December 2015 aimed at keeping the global average temperature increase to well below 2°C and to pursue efforts to limit it to 1.5°C above pre-industrial levels. The agreement included the target of zero greenhouse gas (GHG) emissions due to human activity in the second half of this century and monitoring the global situation and revising targets every five years. In response to this, the Toyota Boshoku group will set very challenging targets under the 2050 Environmental Vision and continue to revise our action plan every five years.

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









Director, Executive Managing Officer
Field General Manager, Safety,
Health & Environmental Field
Tokuji Yamauchi

Formulated 2020 Environmental Action Plan Based on the 2050 Environmental Vision

**2050
Environmental
Vision**

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

	2050 Environmental Vision (6 Stretch Environmental Goals)	Action items for 2020 Environmental Action Plan	
Establishment of Low Carbon Society (Climate Change, CO ₂)	 1 Challenge of achieving zero CO₂ emissions in the Toyota Boshoku group The Toyota Boshoku group will take on the challenge of "achieving zero CO ₂ emissions from all of our plants by 2050." We will strive to reduce CO ₂ emissions significantly through the development of innovative production technology, the development of products and material engineering, the improvement of plants and the utilisation of renewable / next generation energy.	1 Promote the development of innovative production technology with low CO ₂ emissions 2 Promote the use of renewable energy suitable for individual countries and regions 3 Study the possibility of utilising next generation energy within the company, and define the mid- to long-term outlook for the utilisation of such energy 4 Minimise the CO ₂ emissions in daily production activities	
	 2 Challenge of achieving zero CO₂ emissions in the product life cycle Instead of focusing only on the reduction of CO ₂ emissions during our auto parts production process, Toyota Boshoku will take on the challenge of "achieving zero CO ₂ emissions" in all stages of product life cycle from production to use, disposal and recycling of products.	5 Product development that contributes to top-level fuel efficiency 6 Promote product development to support next generation automobiles 7 Develop and commercialise products using plant-derived materials 8 Reduce CO ₂ emissions through the pursuit of efficient logistics activities	
	 3 Challenge of achieving zero wastewater in the Toyota Boshoku group production processes by water recycling The Toyota Boshoku group currently uses water in product cleaning and painting processes. Moving forward, we will take on the challenge of "achieving zero wastewater in the Toyota Boshoku group production processes by water recycling" through the establishment of a circulation system by replacing the existing processes with water-less process, purifying and recycling wastewater as well as using rainwater.	9 Reduce the amount of water used in production activities and wastewater	
	 4 Challenge of minimising natural resources usage The Toyota Boshoku group will take on the challenge of "minimising natural resources usage" through the promotion of readily disassemblable and recyclable design, the development of recycling technologies to realise a material cycle and the replacement of materials with a wider range of plant-derived materials.	10 Reduce the use of fossil fuel resources through the utilisation of plant-derived raw materials	
	 5 Challenge of minimising wastes produced by the Toyota Boshoku group The Toyota Boshoku group will take on the challenge of "minimising wastes produced by the Toyota Boshoku group" and embarking on various efforts including the design and method development enabling efficient use of resources, the development of recycling technologies and 100% material recycling (to make parts from parts).	11 Reduce the amount of waste generated in production activities and promote the effective use of resources 12 Reduce the amount of packaging materials used in logistics activities and effective use of resources	
	 6 Challenge of planting 1.32 million trees as part of reforestation activities Toyota Boshoku will take on the challenge of "planting 1.32 million trees as part of reforestation activities" by harnessing its group network to contribute to the habitat conservation for endemic species in individual regions and countries, the protection of forests and the restoration of abundant habitats.	13 Promote environmental social contribution programmes through forest-creating activities / forest conservation activities	
	Management	Management	14 Promote the reinforcement of the consolidated environmental management
			15 Strengthen the chemical substance management system
16 Reduce the VOC* emissions from production activities			
17 Promote environmental activities in collaboration with business partners (suppliers)			
18 Promote environmental management in product development			
19 Strengthen environmental education to pass the environmental conservation activities on to future generations			
20 Enhance communication with stakeholders through active disclosure of environmental information			

Environmental Activities

From the 2020 Environmental Action Plan, the Toyota Boshoku group will use production volume instead of sales, which is susceptible to external factors, for the denominator of intensity performance metrics used to manage the action items 1-7 and 11 so that improvements are more accurately measured. Likewise, the calculation method for CO₂ emissions from logistics (item 8) will be revised in order to measure the improvement more accurately.

* Volatile Organic Compounds (covers 100 substances designated by Japan's Ministry of the Environment)

Special Feature



Development and Design in Harmony with the Environment Toyota Boshoku's Environmental Technology Evolving with Automobiles



The Toyota Boshoku group is actively promoting the development of environmentally friendly products with the aim of realising a low-carbon society. As one example, in automobile seats, efforts are being made to reduce the weight and size of components along with maintaining and enhancing comfort and performance. By doing so, we are contributing to greater fuel efficiency and a reduction in CO₂ emissions in vehicles. While the functionality and performance of components have evolved greatly in line with evolution in automobiles, Toyota Boshoku has driven evolution in environmental technology at the same time. This Special Feature introduces the initiatives Toyota Boshoku has taken in environmental technology and the ways we contribute to the environment with a focus on the automobile seat employed in the Prius in 2015.



Toyota Boshoku's environmental technology is being put to effective use here, there and everywhere.

Inside the engine room

From aluminium to plastic

Toyota Boshoku shifted from aluminium to nylon resin with exceptional heat resistance and strength in the intake manifold*³ built into the Toyota Corolla in 2000, thereby significantly reducing weight. The plastic intake manifold is now being used in a wide range of vehicles made by different manufacturers. Weight has been reduced by approximately 60% compared with conventional aluminium products for the horizontally opposed engine employed in 2009.

*³ Part that supplies air to the engine interior



Plastic intake manifold
(for horizontally opposed engine)

Weight reduced by
approx. **60%**
vs conventional
products

Inside the door

From oil-derived resin to plant-derived resin

Kenaf fibres were first used in the base material for door trim for the Celsior in 2000, and its application has since been expanded to more vehicle models. Door trim base material employed in the Lexus GS in 2012 achieves around a 30-40% reduction in weight compared with 100% oil-derived base material (polypropylene) (see page 57 for details).



Door trim base material employed in the Lexus GS

Weight reduced by
around **30-40%**
vs conventional
models

Seat weight reduced by approx. **20%** vs conventional models

Reduced overall seat weight (front and rear) by around 20%

Toyota Boshoku performed exhaustive benchmark tests against competitors for each point on the automobile seat, identified challenges, set targets and worked to enhance component performance. Project members had a keen desire to build a better seat, and in addition to enhancing comfort, succeeded in reducing overall seat (front and rear) weight by approximately 20%. While working to reduce weight through such means as optimising the shape of the seat frame*¹ and revising the fastening method for components, Toyota Boshoku also realised a high level of rigidity. Safety performance was also enhanced, which included minimising whiplash in the event of a collision.

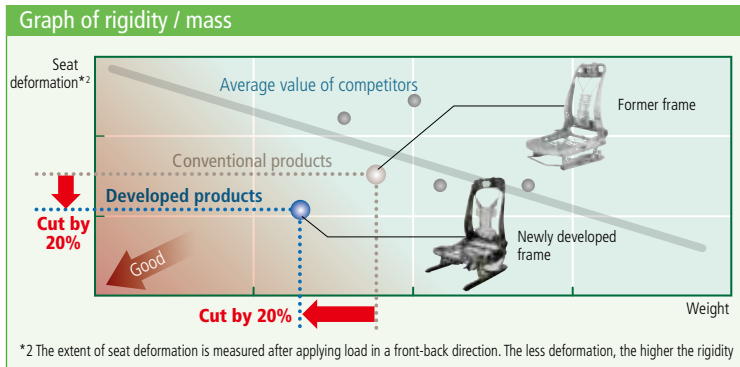
*¹ The seat frame was developed jointly with Toyota Motor Corporation, Aisin Seiki Co., Ltd. and Shiroki Corporation.

Reduced weight of front seat

Key points

- Reduced size of components by revising structure
- Reduced number of components (by 17% vs. conventional models)
- Made structural components of the seat frame thinner

Frame mass reduced by around **20%** vs conventional models



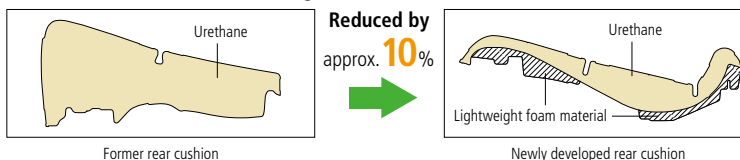
Reduced weight of rear seat

Key points

- Switched to resin for the seatback panel
- Used lightweight foam material for part of the rear cushion

Frame mass reduced by approx. **30%** vs conventional models
 Seatback mass reduced by approx. **10%** vs conventional models

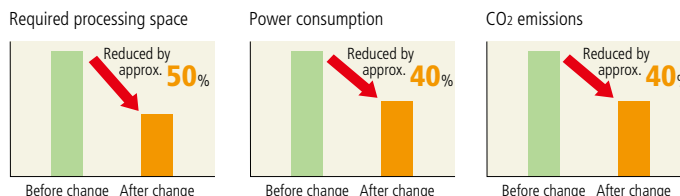
Cross-section of the rear cushion (Image)



Toyota Boshoku ensures that both durability and safety are at least equivalent to levels recorded in conventional models even when the materials used are lighter.

Improved welding process for seat frames

The simpler the production process, the more likely it is to achieve zero defects, which leads to higher quality. We revised and simplified the method of fastening components and the assembly order, for instance. In particular, in welding processes for the seat frame, we achieved a 50% reduction in the space required to do the work and a 35% reduction in the number of processes necessary, which contribute to a reduction in power consumption and CO₂ emissions in the production process.



About Kenaf

Kenaf is an annual grass that grows quickly and has high CO₂ absorption capabilities. Toyota Boshoku turned its attention to kenaf early on and has been working to develop products using kenaf since the latter part of the 1990s.

In an engine-related part



Toyota Boshoku developed an engine-related part (air cleaner case) using kenaf fibres in 2012. This product achieves a 10% reduction in weight and a 20% reduction in CO₂ emissions.

In fuel cells

Made product lighter

In 2010, Toyota Boshoku employed an integrated moulding method for the cylinder head cover for the first time in which the resin is poured into dies set into the shape of aluminium parts. The thickness of stack manifolds, which are fuel cell components employed in the fuel cell vehicle MIRAI released in 2014, was significantly reduced thanks to this process, and this has contributed to a reduction in fuel cell size.



Stack manifolds are piping components that supply hydrogen, air and coolant to the fuel cell stack and consist of aluminium parts that take the fastening load of the fuel cell stack and resin parts that form the flow channels.

In newly developed material

New bioplastic material

Bioplastic*⁴, which combines plant-derived resin made from castor oil and polypropylene at an advanced level, is a new material boasting world-class impact strength. We aim to apply the material to a wide range of domains in addition to application in automobile components.

*⁴ Jointly developed with Toyota Central R&D Labs., Inc.



Weight reduced by approx. **30%** vs conventional products

Door trim (developed product) using bioplastic can be made with foam injection moulding at high magnification, thus realising up to a 30% reduction in weight.

Review of Five-year Toyota Boshoku group 2015 Environmental Action Plan

The Toyota Boshoku group formulated the 2015 Environmental Action Plan, a medium-term plan for the environment implemented with the aim of realising a sustainable society whereby the environment and business activities exist in harmony. Efforts have been made during this period to achieve the goals set out in the plan.

As a result of our activities, we achieved all targets within the plan, such as those regarding CO₂ emissions and basic unit, and basic unit for waste.

Review of Five-year Toyota Boshoku group 2015 Environmental Action Plan (FY2011-2015)

(Assessment ○: Achieved)

Action items for 2015		Results for 2015	Self-assessment	Page	
Environmental management	Management	(1) Strengthen and promote consolidated environmental management 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"> Completed environmental risk maps at all regions and companies outside Japan. Implemented patrols inside and outside plant premises. Target companies: Acquired ISO 14001 certification according to plan (total sum: 86 plants) Formulated global rules and conducted audits to ensure compliance with environmental laws and regulations 	○	51
		(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"> Companies targeted for certification ISO 14001: Promoted continued acquisition of outside certification 	○	41 53
		(3) Ensure environmental management in product development Steadily promote LCA*1 management at the development stage	<ul style="list-style-type: none"> Calculated and released LCA values for representative vehicle types 	○	55
		(4) Promote sustainable plant activities	<ul style="list-style-type: none"> Completed formulation of long-term "2050 Environmental Vision" and medium-term "2020 Environmental Action Plan" 	○	46
		(5) Enhance and promote environmental education globally 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"> Implementation of environmental education globally based on environmental education system Held a lecture on environmental international trends (June) Held an energy conservation "experiential" exhibition and a lecture on energy conservation as well as presented awards for exceptional energy conservation cases (February) 	○	54
		(6) Enhance activities for communication with stakeholders through active disclosure of environmental information 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"> Enhanced environmental information by renewing website Continued to exhibit environmental products and engaged in PR for environmental technology at product trade shows in Japan and outside Japan Issued information on global environmental activities in the Toyota Boshoku Report and internal magazine <p>Promoted activities for communication with local communities</p> <ul style="list-style-type: none"> Introduced environmental activities and provided environmental education through plant tours, etc. Conducted information exchange through meetings with local citizens Encouraged volunteers to engage in local environment-related activities 	○	— 51 54

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


Action items for 2015		Results for 2015	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 ① Promote the development of weight-saving (lighter-weight) products for improving fuel efficiency	<ul style="list-style-type: none"> Urethane pad for rear seats and commercialised a thin, lightweight pad Succeeded in developing lightweight foam base material for door trim by utilising an ultra-high impact-resistant plastic alloy 	○	47																																											
		② Establish and promote weight-saving target values for all project units for new vehicle models	<ul style="list-style-type: none"> Proposed and incorporated a new structure and new method 	○	55																																											
	Production and logistics	(2) Reduce CO ₂ emissions in production activities ① Promote the development of production technologies with the aim of achieving a 30% reduction in CO ₂ emissions of new production process	<ul style="list-style-type: none"> Promoted CO₂ emission reduction activities in the planning stage through thorough energy conservation checks when introducing new lines and equipment and incorporating other measures Drew up development themes (design, development and production preparation stages) in the medium and long term and set targets for effectiveness 	○	55 56																																											
		② Promote CO ₂ emission reduction activities by making daily improvements and utilise renewable energy Systematically introduce and promote co-generation system and renewable energy-related activities and equipment	<ul style="list-style-type: none"> Achieved CO₂ reduction target figures by continuing to conduct energy conservation diagnostics and completing zero-investment items globally Looked into and systematically conducted installation of co-generation systems (introduced at Gifu Plant in 2014; planning at Sanage Plant in 2016) and systematically conducted installation of solar power generation facilities (at Kariya Plant in 2013 and 2014) 	○	55 56																																											
		(3) Reduce CO ₂ emissions in logistics activities Promote activities that further raise transportation efficiency <CO ₂ emissions in production and logistics>	<ul style="list-style-type: none"> Further promoted activities to enhance transportation efficiency: Combined deliveries going in the same direction and implemented activities to enhance transport loading ratio 	○	56																																											
			<table border="1"> <thead> <tr> <th colspan="2"></th> <th>Item</th> <th>Category</th> <th>Unit</th> <th>2015 Plan targets</th> <th>Self-assessment</th> </tr> </thead> <tbody> <tr> <td rowspan="6">CO₂ emission</td> <td rowspan="4">Production</td> <td>Toyota Boshoku</td> <td>Emission</td> <td>t-CO₂</td> <td>Reduce 7% vs FY2008</td> <td>○</td> </tr> <tr> <td>Basic unit</td> <td>t-CO₂ / 100 million yen</td> <td>Reduce 7% vs FY2008</td> <td>○</td> </tr> <tr> <td>Japan affiliates</td> <td></td> <td></td> <td></td> <td>○</td> </tr> <tr> <td>Regions outside Japan</td> <td>Basic unit</td> <td>t-CO₂ / 100 million yen</td> <td>Reduce 5% vs FY2010</td> <td>○</td> </tr> <tr> <td>Toyota Boshoku group</td> <td></td> <td></td> <td></td> <td>○</td> </tr> <tr> <td>Logistics</td> <td>Toyota Boshoku</td> <td>Emission</td> <td>t-CO₂</td> <td>Reduce 5% vs FY2010</td> <td>○</td> </tr> <tr> <td>Japan region</td> <td>Emission</td> <td>t-CO₂</td> <td>Reduce 3% vs FY2012</td> <td>○</td> </tr> </tbody> </table>			Item	Category	Unit	2015 Plan targets	Self-assessment	CO ₂ emission	Production	Toyota Boshoku	Emission	t-CO ₂	Reduce 7% vs FY2008	○	Basic unit	t-CO ₂ / 100 million yen	Reduce 7% vs FY2008	○	Japan affiliates				○	Regions outside Japan	Basic unit	t-CO ₂ / 100 million yen	Reduce 5% vs FY2010	○	Toyota Boshoku group				○	Logistics	Toyota Boshoku	Emission	t-CO ₂	Reduce 5% vs FY2010	○	Japan region	Emission	t-CO ₂	Reduce 3% vs FY2012	○	
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The Toyota Boshoku group uses sales (adjusted with exchange rates held constant at 2005 levels) for the denominator of intensity performance metrics used to manage environmental protection activities. The boundary of reporting is as follows.


[Boundary of reporting]

- Toyota Boshoku: Global Mainstay Hub, plants and offices in Japan (18 plants)
- Japan affiliates: Production entities (8 companies), others (7 companies)
- The Americas region: Regional Management & Collaboration Hub (1 company), production sites (12 companies)
- Asia & Oceania region: Regional Management & Collaboration Hub (1 company), production sites (12 companies)
- China region: Regional Management & Collaboration Hub (1 company), production sites (12 companies)
- Europe & Africa region: Regional Management & Collaboration Hub (1 company), production sites (7 companies)

(Assessment ○: Achieved)

Action items for 2015		Results for 2015			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> • Completed deployment of standardised frame in the hatchback vehicle types <Door trims> • Set "Easy to Dismantle Mark" for vehicle types that have issued formal drawings and contributed to enhanced recyclability • Verified and completed the factoring in of 3Rs*2 and environmental checklist for each component • Reduced number of components and fastening points to the extent possible without impacting performance			○	55																																	
		(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	• Continued to use kenaf products • Worked to commercialise new technology • Developed injection moulding technology using kenaf fibre and commercialised an air cleaner case • Developed simultaneous moulding technology for base material and the back side of plastic parts using natural fibre and commercialised an interior part • Started development for new items by creating a bio-scenario and a bio-related roadmap not involving natural fibres			○	47 57																																
	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 and packaging material usage>	• Reduced waste by raising yield • Promoting reuse of waste as a resource • Started recycling kenaf remnants • Started recycling containers by changing packaging and containers used for raw materials			○	57 58																																	
		• Reused wastewater, used for cooling in the production process, in cooling towers • Reused rainwater and drain water from machines with air-conditioning units			○	58																																	
		• Implemented cross-organisational deployment of improvement cases and achieved 36 cases of improvement in packaging for the year			○	58																																	
		<table border="1"> <thead> <tr> <th>Item</th> <th>Category</th> <th>Unit</th> <th>2015 Plan targets</th> <th>Self-assessment</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Waste emissions</td> <td>Toyota Boshoku</td> <td>Basic unit</td> <td>t / 100 million yen</td> <td>Reduce 7% vs FY2008</td> <td>○</td> </tr> <tr> <td></td> <td>Emission</td> <td>t</td> <td>Zero direct landfill waste (continued)</td> <td>○</td> </tr> <tr> <td>Japan affiliates</td> <td>Basic unit</td> <td>t / 100 million yen</td> <td>Reduce 5% vs FY2010</td> <td>○</td> </tr> <tr> <td></td> <td>Regions outside Japan</td> <td>Basic unit</td> <td>t / 100 million yen</td> <td>Reduce 4% vs FY2011</td> <td>○</td> </tr> <tr> <td>Packing and packaging material usage</td> <td>Toyota Boshoku</td> <td>Consumption</td> <td>t</td> <td>Reduce 7% vs FY2008</td> <td>○</td> </tr> </tbody> </table>			Item	Category	Unit	2015 Plan targets	Self-assessment	Waste emissions	Toyota Boshoku	Basic unit	t / 100 million yen	Reduce 7% vs FY2008	○		Emission	t	Zero direct landfill waste (continued)	○	Japan affiliates	Basic unit	t / 100 million yen	Reduce 5% vs FY2010	○		Regions outside Japan	Basic unit	t / 100 million yen	Reduce 4% vs FY2011	○	Packing and packaging material usage	Toyota Boshoku	Consumption	t	Reduce 7% vs FY2008	○		
		Item	Category	Unit	2015 Plan targets	Self-assessment																																	
	Waste emissions	Toyota Boshoku	Basic unit	t / 100 million yen	Reduce 7% vs FY2008	○																																	
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Packing and packaging material usage	Toyota Boshoku	Consumption	t	Reduce 7% vs FY2008	○																																		

*2 Reduce, Reuse, Recycle

Action items for 2015		Results for 2015			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 chemical substances contained in products Steadily switch away from the use of substances with environmental impact and strengthen the structure for managing their usage	• Completed preparation of a framework for confirming the makeup of materials and a list of chemical substances when introducing materials globally • Switched away from substances with environmental impact such as brominated flame retardants • Reduced and strengthened management system for VOC in components			○	59
	Production (2) Reduce the use of substances with environmental impact in production activities Curb emissions of PRTR*3, VOC and other atmospheric pollutants	• Reviewed the scope of robot application of mould-releasing agent and reduced the consumption of coating material • Reduced PRTR and VOC by switching from organic solvent to water-based solvents			○	59
	Cooperation with society (3) Undertake efforts toward conservation of biodiversity Formulate biodiversity guidelines and aim for co-existence with the ecosystems of surrounding communities	• Promoted environmental protection activities globally based on the Toyota Boshoku Basic Policy of Biodiversity			○	59
	(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 Toyota Boshoku group and the surrounding communities	• Promoted tree-planting, forest management and reforestation activities in cooperation with companies in the Toyota Boshoku group and surrounding communities globally and contributed to environmental preservation • Japan region: 5 locations • Regions outside Japan: 4 regions, 16 countries • Number of activities: 210 • Number of trees planted: 30 thousand			○	59

*3 Pollutant Release and Transfer Register

Environmental Management

Based on the TOYOTA BOSHOKU Earth Charter [Web](#), 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 implements environmental management activities on an ongoing basis that include convening sessions for the environmental committee in respective regions to confirm environmental initiatives, verifying cases of improvement via *genchi-genbutsu* (Go, see & study) and actively sharing best practices.

● Safety / Health / Environment Function Meeting

The Environmental Affairs Committee (Toyota Boshoku) supervises overseas related committees in each region and is responsible for setting the desired direction for the Toyota Boshoku group's environmental activities (product environmental and production

environmental aspects), confirming progress and following up on actions, and holding deliberations.

● Promotion system

Safety / Health / Environment Function Meeting

- Environmental Affairs Committee (Toyota Boshoku)
- Safety & Health and Environmental Committee for Japan affiliates
- CSR Committee for North, Central & South America, Environmental Working Group
- Safety & Health and Environmental Committee for Asia & Oceania
- Safety & Health and Environmental Committee for China
- Environmental Committee for Europe & Africa

● Status of Activities by Committee

Environmental Affairs Committee (Toyota Boshoku)

We strengthened environmental activities on product environmental and production environmental fronts aimed at achieving the targets of the 2015 Environmental Action Plan. All annual environmental targets were achieved by promoting management of chemical substances in products and initiatives to reduce substances with environmental impact.



Safety & Health and Environmental Committee for Japan affiliates

Persons responsible for promoting environmental activities at each company continued to implement opportunities for mutual learning. We are conducting on-site confirmation and cross-organisational deployment of activities across companies, including cases of exceptional improvement, activities to prevent abnormalities and complaints, and cases of energy conservation.



CSR Committee for North, Central & South America, Environmental Working Group

In addition to continuing "treasure hunting" activities, which involve looking for areas to save energy and making necessary improvements, this region undertakes energy conservation diagnostics and promotes improvement-based activities that focus on items to save energy that do not require investment. In the Mexico region, rainwater was used to water plants and trees, which resulted in a significant reduction in water consumption.



Safety & Health and Environmental Committee for Asia & Oceania

In this region, we are actively working to reduce water consumption, which includes the reuse of wastewater, used for cooling in the production process, in cooling towers, especially in business entities where water consumption is high. We also planted over 3,000 trees in the region in line with proactive efforts aimed at greening activities inside and outside plant premises.



Safety & Health and Environmental Committee for China


In China, we continue to implement appropriate management of chemical substances stipulated by law, further strengthen the reuse of water resources and undertake energy-saving activities based on energy conservation diagnostics. In particular, we pushed ahead with improvement activities offering significant spillover effects since so many regions are faced with severe water-related risks.



Environmental Committee for Europe & Africa

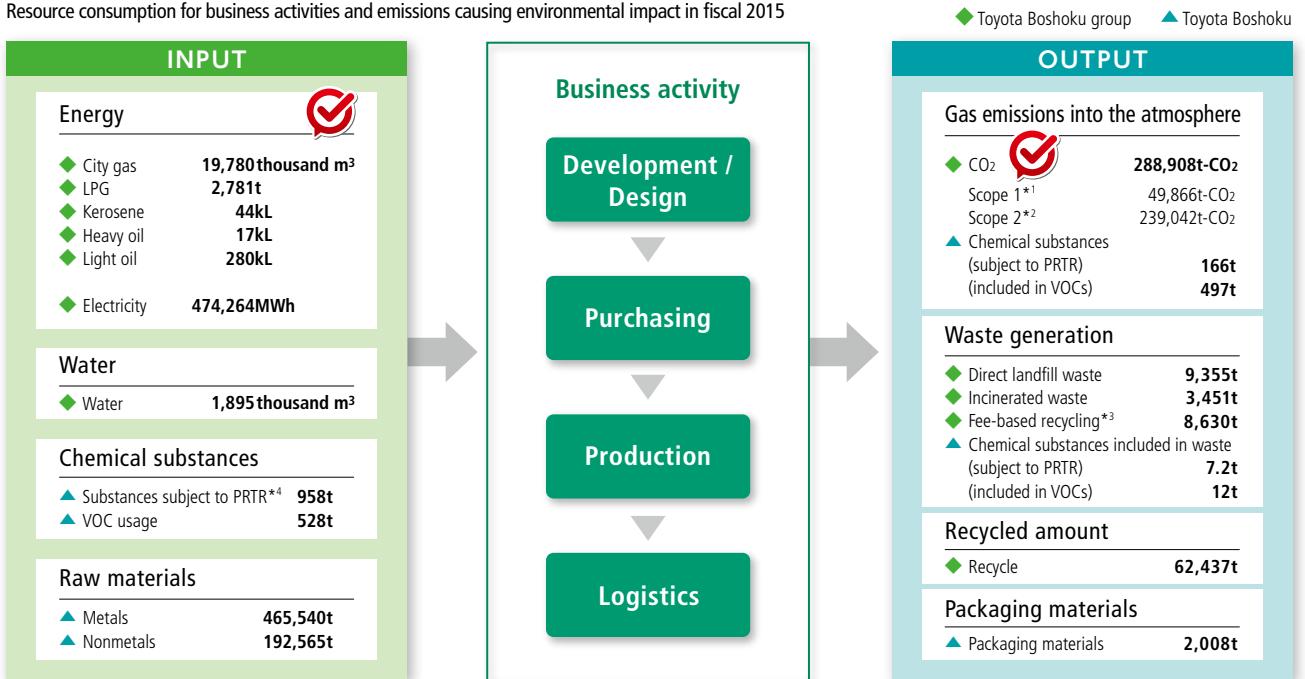
Weekly meetings were held to follow up on the progress of environmental activities at each company to ensure that actions are being implemented smoothly. The committee worked to enhance environmental activities at each company. In addition, tree-planting activities were actively undertaken in each country.



The assurance symbol  is presented for data disclosed on CO₂ emissions that has received an independent assurance (see page 60 for details).

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

Resource consumption for business activities and emissions causing environmental impact in fiscal 2015



*1 Direct discharge of greenhouse gas from operators themselves (fuel combustion, industrial processing) / Targeting city gas, LPG, kerosene, heavy oil and light oil in the Toyota Boshoku group
 *2 Indirect discharge that comes from electricity, heat and steam supplied from other companies / Targeting electricity in the Toyota Boshoku group
 *3 Waste that is recycled for a fee *4 Pollutant Release and Transfer Register

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.

● Cost of environmental preservation

In fiscal 2015, the environmental accounting of the Toyota Boshoku group recorded investment of 1,252 million yen, costs of 1,442 million yen and economic effects of 2,673 million yen.

(Unit: Millions of yen)

Environmental accounting	Toyota Boshoku		Japan affiliates		Regions outside Japan	
	Investment amount	Cost amount	Investment amount	Cost amount	Investment amount	Cost amount
Business area cost						
Pollution prevention	57	102	37	36	98	85
Global environmental conservation	487	137	63	35	412	64
Resource circulation	23	235	5	68	2	33
Administration cost	0	184	0	45	0	47
R&D cost	68	295	0	0	—	—
Social activity cost	0	15	0	5	0	4
Environmental remediation cost	0	52	0	0	0	0
Subtotal	635	1,020	105	189	512	233
Aggregate	Investment amount	1,252	Cost amount	1,442		

Depreciation and amortisation is not included in the costs.

● 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 55-59.

(Unit: Millions of yen)

Economic effects	Toyota Boshoku	Japan affiliates	Regions outside Japan
Cost reduction through energy saving	79	5	192
Resource saving & reduction of waste disposal costs	551	57	1,238
Profit on sale of recycled materials	179	1	371
Aggregate	2,673		

(Unit: t-CO₂)

Material effects	Toyota Boshoku	Japan affiliates	Regions outside Japan
Energy saving	1,390	170	2,855

(Unit: t)

Material effects	Toyota Boshoku	Japan affiliates	Regions outside Japan
Waste disposal	1,134	406	682

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 Regional Management & Collaboration Hubs (RM&CH).

Boshoku Automotive (Thailand) acquired certification in fiscal 2015.

External audits

Audits were carried out by a certification body in each country and region in a systematic manner in fiscal 2015 as well, with all plants subject to the audit evaluated as having zero non-conformance items and operating all required ISO 14001 items appropriately.

Environmental risk management

In the Toyota Boshoku group to prevent environmental accidents and pollution, we conduct environmental risk management based on voluntary standards that are stricter than regulations require.

In addition, we prevent environmental risks from manifesting by making a map of these risks assumed inside and outside plant premises and conducting rigorous patrols.

Toyota Boshoku group Global Awards "Environmental Award"

The Toyota Boshoku group presents awards to business sites and plants that have carried out exceptional environmental activities and achieved results in respective categories, including safety, the environment and quality. The following companies and plants were presented with the Environmental Award for fiscal 2015 for their efforts in promoting exceptional environmental activities.

Candidates for the Environmental Award are selected based on evaluations of environmental performance, environmental activities and secretariat activities, and from fiscal 2015, on-site audits. In fiscal 2015, Toyota Boshoku Shiga won the Platinum Award.

In addition to continuing to implement environmental initiatives, in fiscal 2015 as well as in fiscal 2014 Toyota Boshoku Shiga undertook high-level environmental activities that included

contributing to an enhanced environmental image on the part of the Toyota Boshoku group. This was achieved, for example, by participating in a symposium run by The shiga economic and industrial association.



Introduced one of its environmental activities at the external symposium (Toyota Boshoku Shiga)

Platinum Award*

■ Toyota Boshoku Shiga

Silver Award

■ Guangzhou Intex Auto Parts
■ Toyota Boshoku Sanage Plant

Bronze Award

■ Toyota Boshoku Hanoi
■ Toyota Boshoku Kyushu
■ Toyota Boshoku Tohoku

*Award given to sites that have won the Gold Award for three consecutive years (one Silver Award permitted)

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.

The Toyota Boshoku group works as one to implement environmental enlightenment activities every year during Environment Month in June and Energy Conservation Awareness Month in February. In the Japan region, we invited Mr. Keiji Nemoto,

General Manager of the Environmental Affairs Division at Toyota Motor Corporation, to give a lecture on Toyota's environmental initiatives and future vision during Environment Month. During Energy Conservation Awareness Month, we invited Ms. Masako Konishi, Deputy Director, Conservation Climate & Energy Project Leader, WWF Japan to talk about the latest international trends, centred on the Paris Agreement ratified at COP21 in 2015.

TOPICS Environmental communication ~Provided environmental education to local children~

Starting in fiscal 2013, Toyota Boshoku members are now in their third year of undertaking initiatives to convey the importance of the environment to local children. In fiscal 2015, we provided a programme on environmental protection that prompts children to think and act in a more environmentally friendly way.

The programme was designed for easy child participation by being based on the speed of learning typical of fifth grade students and the content of their textbooks with regard to the environment and the local community. Some of the children commented that they now understood the importance of the environment and others said that they now realised there were places lacking in water. Some students also asked about Toyota Boshoku's environmental activities. To this end, the programme served to increase awareness of the importance of environmental protection while

also stimulating interest in the environmental activities being undertaken by Toyota Boshoku.

Going forward, the Toyota Boshoku group will further strengthen its ties with the community through environmental education for local children and contribute to increasing awareness toward the environment among children, the leaders of the next generation.



Asuke Elementary School (Toyota city, Japan)



Kano Elementary School (Toyota city, Japan)

TOPICS Implementing activities worldwide during Environment Month and Energy Conservation Awareness Month

The Toyota Boshoku group carried out a variety of events during Environment Month and Energy Conservation Awareness Month befitting the culture and circumstances of each country so that people start to think in a fun way

about the environment. The scope of the activities has been expanded to include not only company members but also their families, which helped raise environmental awareness while having fun at the same time.



Held the environmental painting contest (Toyota Boshoku Argentina)



Environmental painting contest (Toyota Boshoku Turkey)



Local cleanup activity (Shin San Shing)



Park cleanup activity (Tianjin Toyota Boshoku Automotive Parts)



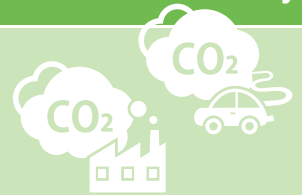
Local cleanup activity (Tianjin Feng'ai Automotive Seat Parts)



Local cleanup activity (Toyota Boshoku)

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.

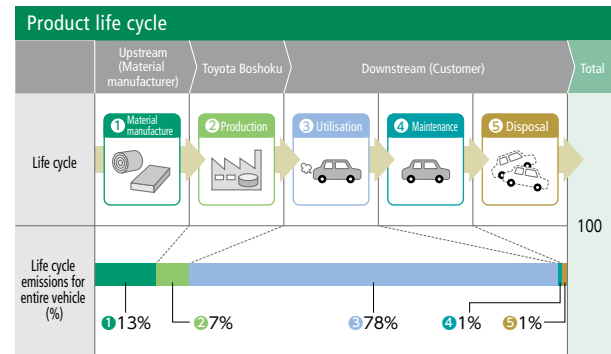


Development and design

Reduce CO₂ emissions in the life cycle of Toyota Boshoku products by reducing weights

Toyota Boshoku ascertains CO₂ emissions in the life cycle of core products, from their manufacture and sale to utilisation and disposal, and then takes action to reduce these emissions as a means to promote more environmentally friendly products.

As part of these efforts, we are working hard to reduce the weight and size of products since CO₂ during the utilisation period accounts for the majority of total emissions, and these initiatives are contributing to an increase in fuel efficiency and a reduction in CO₂ emissions in automobiles (see page 47-48 for details).



Production and logistics

Reduce CO₂ emissions in production

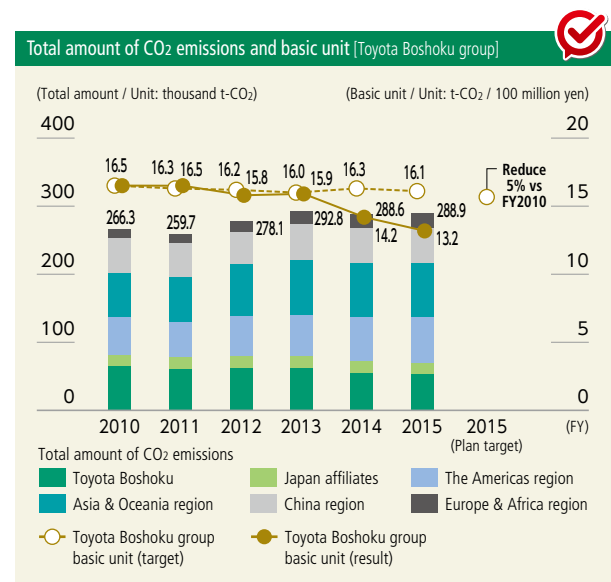
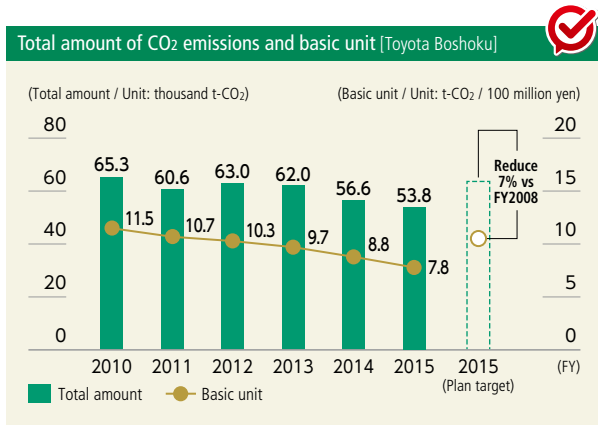
The Toyota Boshoku group is conducting energy-saving activities on an ongoing basis, centred on the Energy Conservation Session. In particular, energy conservation diagnostic activities are being implemented group-wide and we have implemented initiatives through to completion for the energy conservation items that we have extracted.

As a result, the Toyota Boshoku group achieved all of our targets for fiscal 2015. Specifically, we realised the Toyota Boshoku group target of 15.0t-CO₂ / 100 million yen with a result of 13.2t-CO₂ / 100 million yen; our target of 61,408t-CO₂ in total Toyota Boshoku

emissions with a result of 53,801t-CO₂; and our target of 9.5t-CO₂ / 100 million yen with a result of 7.8t-CO₂ / 100 million yen.

CO₂ conversion coefficient

Fuel	CO ₂ conversion coefficient
Purchased electricity	0.37t-CO ₂ / MWh
City gas	2.16t-CO ₂ / thousand m ³
LPG	3.00t-CO ₂ / t
Kerosene	2.53t-CO ₂ / kL
Heavy oil	2.70t-CO ₂ / kL
Light oil	2.64t-CO ₂ / kL




CO₂ emissions in production process
(Toyota Boshoku group)



Reducing CO₂ emissions in logistics
(Toyota Boshoku)

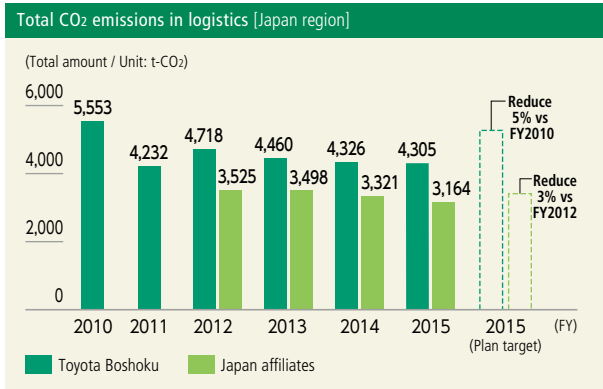


The assurance symbol  is presented for data disclosed on CO₂ emissions that has received an independent assurance (see page 60 for details).

Reducing CO₂ emissions in logistics

Toyota Boshoku regularly held logistics promotion meetings and worked to vitalise logistics-related activities at each plant. We implemented activities to enhance load efficiency through mixed loads and shifted to the appropriate vehicle class depending on the load amount. We also shared cases of improvement through continued participation in Toyota Group logistics and environmental liaison meetings.

As a result, Toyota Boshoku achieved its target of 4,978t-CO₂ with a result of 4,305t-CO₂ and Japan affiliates achieved their target of 3,387t-CO₂ with a result of 3,164t-CO₂.

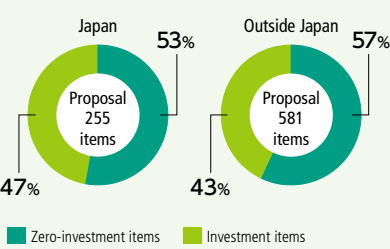


The scope of CO₂ management was expanded in fiscal 2010.

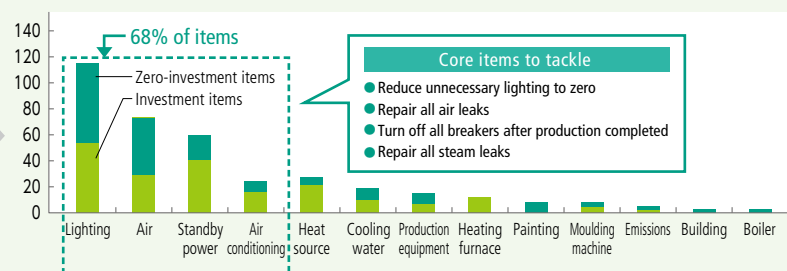
TOPICS Activities of the Energy Conservation Session

Toyota Boshoku's Energy Conservation Session is carrying out energy conservation diagnostic activities globally. This involves extracting and analysing items in which energy can be saved and then focusing on key items among those that can be implemented immediately with zero investment. We are decisively carrying out initiatives related to these areas.

At least half of the items can be implemented immediately with zero investment.



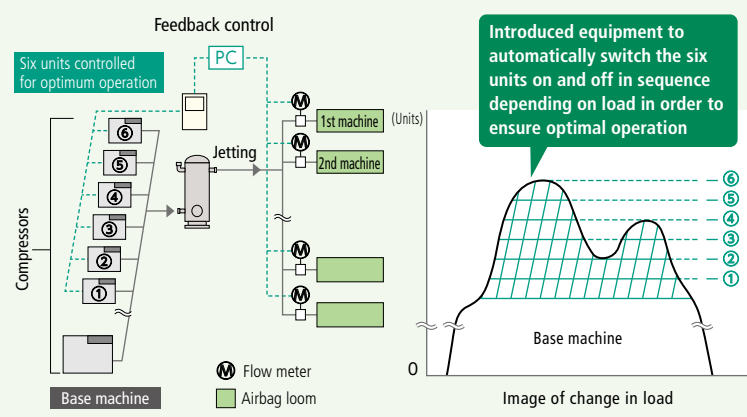
Narrow down to core items and make efforts company-wide.



TOPICS Energy conservation activities for air compressors

Toyota Boshoku Haiphong (Vietnam) has introduced equipment that enables control of air compressors, which account for a large portion of power consumption at the company, to realise optimum operation across the board. In addition, flow meters have been installed in each item of production equipment to identify and manage the amount of air required. As a result, this has helped optimise the operation of air compressors, thereby reducing CO₂ emissions and energy costs.

- Amount of CO₂ reduced over the year: 1,399t-CO₂
- Amount of energy costs reduced over the year: 23,415 thousand yen



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.

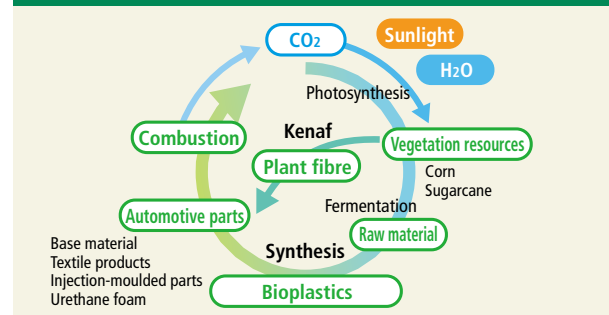
Toyota Boshoku has worked on the development of materials with a focus on the application of plant derivatives in industrial products since the latter half of the 1990s. The primary material has been kenaf, in which we have gradually been expanding the use of kenaf following its use as a base material in door trim for



the Toyota Celsior in 2000. Additionally, Toyota Boshoku has developed numerous products made with plant material, including the

development of completely plant-derived components that combine kenaf with polylactic acid, as well as bio-urethane, which uses castor oil as a plant material aside from kenaf. Door trim and air cleaner cases, an engine-related component, are among the core products that adopt plant-derived material (see page 47 for details).

Image of CO₂ recycling



Production and logistics

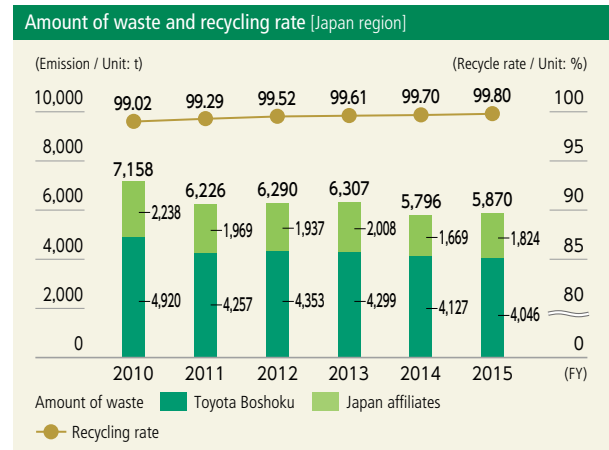
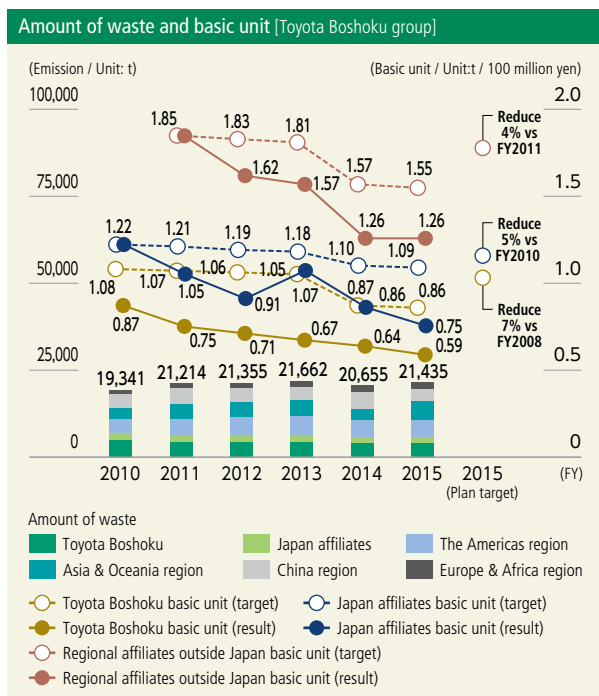
Recycling activities

The Toyota Boshoku group worked to raise yields and took other measures to reduce waste at the source as well as promoted

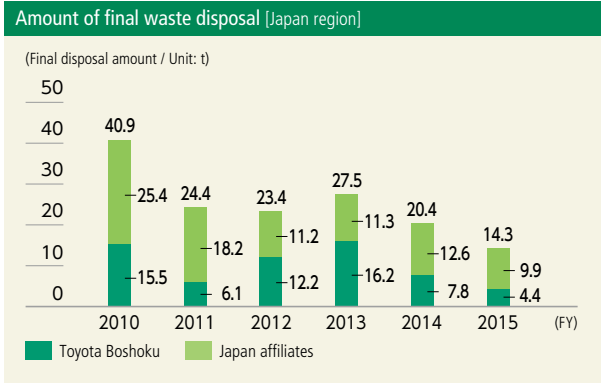
recycling initiatives to transform waste into valuable items in the market. We also pushed ahead with efforts to reduce the amount of waste generated and other recycling activities.

As a result, the Toyota Boshoku group achieved its target of 24,176t with a result of 21,435t. With regard to the basic unit for waste, the group achieved a result of 1.0t / 100 million yen compared with its target of 1.2t / 100 million yen.

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



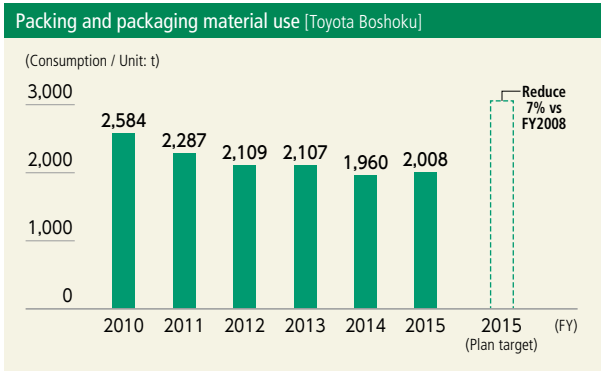
Amount of water used (Toyota Boshoku group)



Reducing the amount of packing and packaging materials

Toyota Boshoku works 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 fiscal 2015, we succeeded in reducing packaging material by 198t per year by making five different improvements. Of these, we confirmed that improvements made to packaging conducted for replacement bumpers by eliminating one kind of packaging



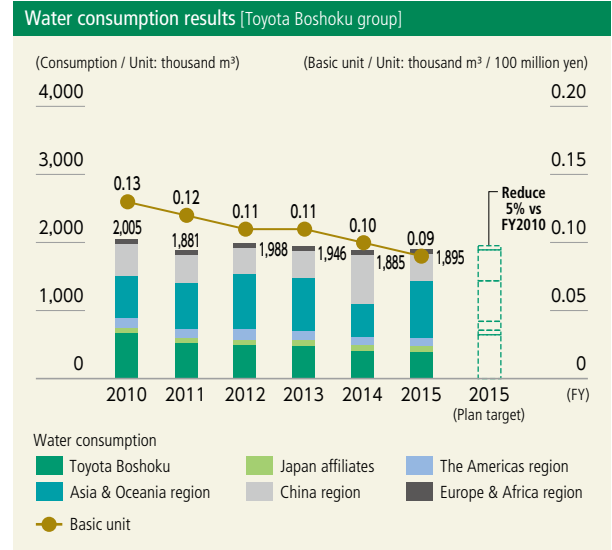
material, leading to a reduction in packaging consumption, did not cause any adverse impact on the product quality when delivered to automakers.

As a result, Toyota Boshoku achieved its reduction target of 2,054t with a result of 2,008t.

Reuse of water resources

The Toyota Boshoku group continued implementing initiatives that place value on water in fiscal 2015, with a particular focus on sites with processes that consume a lot of water. Efforts included reuse of rainwater, reclaimed water, cooling water and wastewater purified with a Reverse Osmosis (RO) system.

As a result, the Toyota Boshoku group achieved a result of 1,895 thousand m³ compared with its target of 2,050 thousand m³ for water consumption.



TOPICS Monitoring the quality of wastewater following treatment by using living creatures

The Toyota Boshoku Sanage Plant and TB Kawashima monitor water quality following wastewater treatment using machinery on a steady basis to confirm that there are no issues with effluent discharged into the river system. Additionally, the companies conduct monitoring of factory effluent following wastewater treatment by using killifish and crucian carp. In addition to using living creatures to manage the quality of factory effluent, it enables us to convey in simple terms the effects of wastewater treatment to local children when they visit the factory for tours after showing them the wastewater treatment process in a laboratory setting.



Factory tour at Toyota Boshoku Sanage Plant



Monitoring by using crucian carp (TB Kawashima)

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 formulated the Toyota Boshoku Basic Policy of Biodiversity and are implementing activities to protect biodiversity based on this policy in order to realise a society in harmony with nature.



Development through to production

● Creating a management system for chemical substances

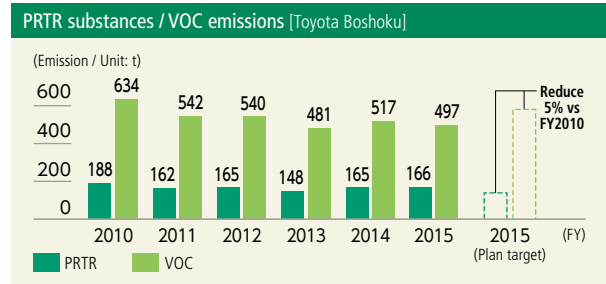
The Toyota Boshoku group is taking steps to manage chemical substances in all business activities from development and design to production and packaging.

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	
Raw materials making up product	Surface materials, etc., with no impact on environment, etc.				
	Adhesives, etc., that impact environment, etc.				
Secondary materials	Coating for repairs, etc., that may adhere to products		Atmosphere Water Work environment Waste		
	Equipment cleaners, etc., that do not adhere to products				
Packing / packaging materials, cardboard, etc.					Packing / packaging materials

● Activities to reduce emissions of chemical substances

We are undertaking activities to reduce the amount of Pollutant Release and Transfer Register (PRTR) substances and Volatile Organic Compounds (VOC) used and emitted from plants. This includes minimising areas to be coated and reducing the incidence of re-coating by revising the mould release agent coating method and reducing the consumption of coating material by improving the cleaning method.

As a result, we achieved our target of 178t of PRTR substances with a result of 166t and our target of 596t of VOC with a result of 497t.



Figures after fiscal 2010 have been restated in line with a review of the scope of calculation.

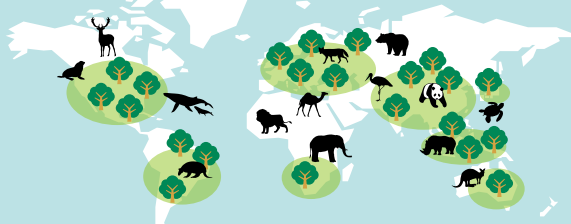
Co-existence with nature

The Toyota Boshoku group conducts activities aimed at protecting biodiversity based on the Toyota Boshoku Basic Policy of Biodiversity (refer to reforestation activities based on “3. Nurturing nature” on pages 43-44).

In addition, we have expanded our traditional reforestation activities and are pouring further efforts into a global programme that takes advantage of the Toyota Boshoku group’s network. By protecting forest ecology through forest preservation, we can also protect biodiversity.


Challenge of planting 1.32 million trees as part of reforestation activities

- Curb depletion of the world’s forests, protect living forests and contribute to the restoration of rich habitats
- Plant trees that suit the land and contribute to the protection of endemic species’ local habitats



The entire Toyota Boshoku group promotes the protection of natural habitats


Independent Assurance

Toyota Boshoku has received an independent assurance from KPMG AZSA Sustainability Co., Ltd. with regard to the collection, calculation and disclosure of CO₂ emissions generated in production that are stated in this report in accordance with standards set forth by Toyota Boshoku. The assurance symbol  is presented for indicators that have been assured.



Independent Assurance Report

To the President of Toyota Boshoku Corporation

We were engaged by Toyota Boshoku Corporation (the "Company") to undertake a limited assurance engagement of the environmental performance indicators marked with  for the period from April 1, 2015 to March 31, 2016 (the "Indicators") included in its TOYOTA BOSHOKU REPORT 2016 (the "Report") for the fiscal year ended March 31, 2016.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report, which are derived, among others, from the Environmental Reporting Guidelines of Japan's Ministry of the Environment.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of the Japanese Association of Assurance Organizations for Sustainability Information. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to the Company's Sanage plant selected on the basis of a risk analysis.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
August 31, 2016

Financial Report

Management's Discussion and Analysis of Financial Conditions and Operating Results

Overview of fiscal year

In the automobile industry during the fiscal year under review (year ended March 31, 2016), in the United States the volume of vehicle sales, centring on SUVs and pickup trucks, posted an increase supported by low gasoline prices and moderate economic growth. In Europe, unit sales of vehicles also trended firmly due to an improvement in the economy. On the other hand, difficult circumstances continued in China, Thailand and other Asian countries along with slowing economic growth. In Japan, the volume of sales of standard-sized cars was maintained at the same level of the previous year thanks to the introduction of popular new models. However, there was a reactionary decline in previously strong sales of mini-vehicles following a surge in demand prior to an increase in the tax rate on mini-vehicles. As a result, a mild downtrend in overall vehicle sales in Japan is continuing.

Amid these conditions, the Toyota Boshoku group has designated the two-year period up to fiscal 2016 as a time for strengthening our corporate structure and will once again return to our starting point and solidify our footing and carry out structural reforms.

Regarding technology development, based on the concept of Toyota New Global Architecture (TNGA), we developed a new standard frame for seats installed in the new model Prius.

In May 2015, Boeing 767-300 aircraft fitted with Toyota Boshoku's first aircraft seats began service on domestic routes operated by All Nippon Airways Co., Ltd.

For measures to strengthen our profit structure, in The Americas we promoted profit structure reforms based on the two pillars of "a thorough focus on the fundamentals of manufacturing" and "profit reform initiatives." As a result of these measures, we steadily made improvements in such areas as serious accidents, quality defects and delivery deficiencies and are transforming toward a corporate structure that can generate profits.

In Europe, we have made company-wide efforts to promote profit reforms. However, we concluded that to establish a viable business, we must execute drastic reforms that extend even one step farther. To avoid incurring even wider losses in the future, we therefore sold all our shares in three plants of Boshoku Automotive Europe as well as in Boshoku Automotive Poland and Boshoku Automotive Czech. Also, with the exception of the automobile seats business, we sold the automobile interior components business of Toyota Boshoku Europe's Munich branch. On the other hand, in working toward sustainable growth in the future, Toyota Boshoku established Megatech Boshoku Europe as a joint venture with the buyer of the shares to continue undertaking the door trim business that utilises our natural fibre-simultaneous back injection technology, which is

our independently developed production technology.

Due to such factors as a change in the vehicle model mix in Japan and the impact of exchange rates, consolidated net sales of the Toyota Boshoku group increased 110,270 million yen (8.4%) to 1,415,772 million yen.

Operating income

Despite such income-reducing factors as increases in miscellaneous expenses such as production preparation expenses accompanying model changes for principal vehicle models, operating income increased 27,099 million yen (83.7%) to 59,492 million yen due to such income-increasing factors as the impact of higher sales and the implementation of rationalisation measures.

Non-operating income (expenses) and Ordinary income

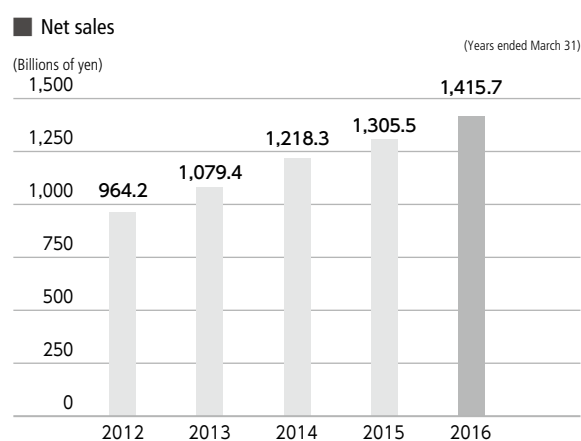
Non-operating income decreased 6,513 million yen (49.2%) from the previous fiscal year to 6,722 million yen due to a decrease in equity of net earnings of affiliates.

Non-operating expenses increased 5,553 million yen (122.4%) to 10,092 million yen due to the impact of exchange rates.

As a result, ordinary income amounted to 56,123 million yen and the ordinary income margin was 4.0%.

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

An extraordinary loss of 32,177 million yen was recorded mainly due to such factors as a loss on business liquidation in the Europe & Africa region.





IR Library

- Scope of consolidation
- Application of the equity method

The consolidated financial statements include the accounts for all subsidiaries. Investments in all affiliates are accounted for by the equity method. 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.

Income taxes and income taxes—deferred decreased 1,673 million yen (11.6%) to 12,713 million yen.

The ratio of income before income taxes decreased from 57.9% in the previous fiscal year to 53.1%.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests increased 2,088 million yen (39.8%) to 7,331 million yen from the previous fiscal year due mainly to increases in profits of consolidated subsidiaries in Asia & Oceania.

Profit attributable to owners of parent

Profit attributable to owners of parent decreased 1,303 million yen (25.0%) to 3,900 million yen from the previous fiscal year. Net income per share was 21.02 yen.

Cash flow

Net cash provided by operating activities amounted to 78,912 million yen. Despite such cash-decreasing factors as an increase in trade notes and accounts receivable of 19,430 million yen and income taxes paid of 18,808 million yen, the increase in cash resulted mainly from income before income taxes of 23,945 million yen and depreciation and amortisation of 41,012 million yen.

Net cash used in investing activities was 48,086 million yen. Despite such cash-increasing factors as proceeds from sales of property, plant and equipment of 2,249 million yen and proceeds from withdrawal of time deposits of 1,073 million yen, this was due

to such cash outflows as purchase of property, plant and equipment of 36,392 million yen and payments for the transfer and receipt of a business of 9,700 million yen.

Net cash used in financing activities was 8,739 million yen. Despite such cash-increasing factors as a net increase in short-term loans payable of 12,350 million yen, cash decreased due to repayments of long-term loans payable of 39,468 million yen.

Capital expenditures

During the fiscal year under review, total capital expenditures amounted to 36,898 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 in Japan as well as The Americas and China.

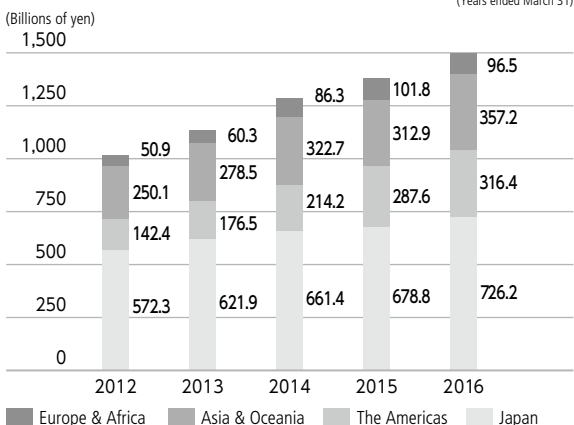
Capital expenditures in Japan amounted to 15,141 million yen and were for measures for new products and for rationalising and upgrading production facilities.

Capital expenditures in The Americas amounted to 5,149 million yen and were mainly for measures for new products and for rationalising and upgrading production facilities.

Capital expenditures in Asia & Oceania amounted to 12,307 million yen and were mainly for measures for new products, rationalising and upgrading production facilities and for the preparation for production at Shenyang Toyota Boshoku Automotive Parts.

Capital expenditures in Europe & Africa were 4,300 million yen and were mainly for measures for new products and rationalising and upgrading production facilities.

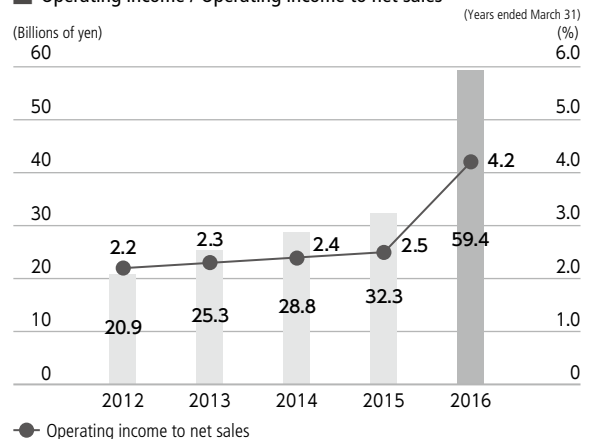
Net sales by geographic region



*Asia & Oceania includes China.

*Adjusted amounts for transactions among regions are not included.

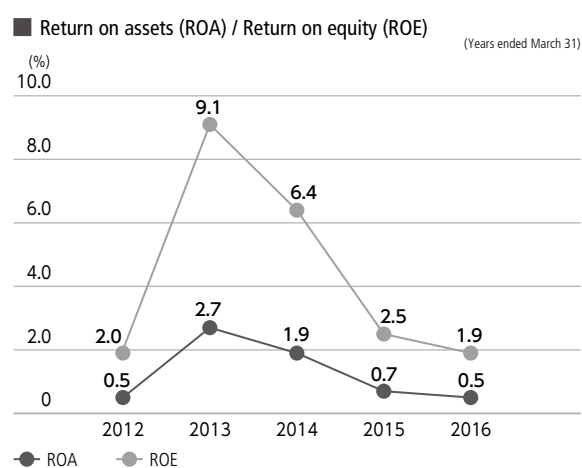
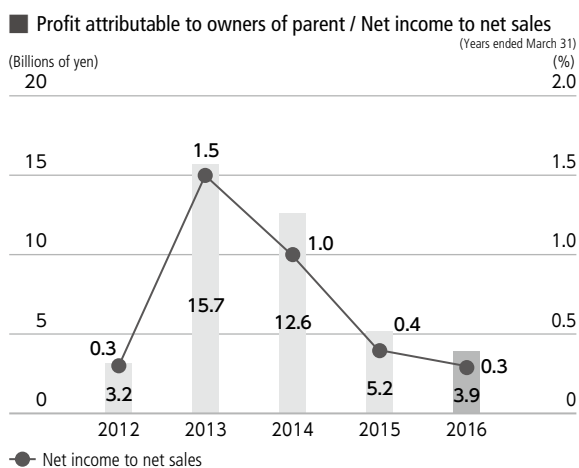
Operating income / Operating income to net sales



10-Year Financial Summary

	2016	2015	2014	2013
Net sales	¥ 1,415,772	¥ 1,305,502	¥ 1,218,399	¥ 1,079,497
Operating income	59,492	32,393	28,823	25,302
Ordinary income	56,123	41,091	40,294	33,914
Profit attributable to owners of parent	3,900	5,204	12,610	15,792
Total net assets	243,146	264,038	249,082	220,740
Capital stock	8,400	8,400	8,400	8,400
Total assets	725,895	719,680	659,008	583,955
Capital expenditures	36,898	50,190	51,116	36,805
Depreciation and amortisation	41,012	40,121	36,302	32,744
R&D expenses	38,450	38,821	40,189	36,321
Per Share Data (Yen)				
Net income (loss) (Basic)	¥ 21.02	¥ 28.08	¥ 68.05	¥ 85.23
Net income (Diluted)*	21.02	—	—	—
Cash dividends	30.00	18.00	18.00	18.00
Net assets	1,065.72	1,164.36	1,115.69	1,010.49
Cash Flow				
Net cash provided by operating activities	¥ 78,912	¥ 65,536	¥ 49,590	¥ 44,474
Net cash provided by (used in) investing activities	(48,086)	(51,615)	(51,867)	5,826
Net cash provided by (used in) financing activities	(8,739)	516	(5,636)	(41,942)
Cash and cash equivalents	160,904	143,493	126,648	129,323
Financial Indicators (%)				
Operating income to net sales	4.2	2.5	2.4	2.3
Ordinary income to net sales	4.0	3.1	3.3	3.1
Return on assets (ROA)	0.5	0.7	1.9	2.7
Return on equity (ROE)	1.9	2.5	6.4	9.1
Capital adequacy ratio	27.3	30.0	31.4	32.1
Shareholders' Equity (at fiscal year-end)				
Number of shares issued (Thousands)	187,665	187,665	187,665	187,665
Number of employees	41,624	41,509	38,198	32,986

* 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. With regard to diluted net income per share of common stock in 2012, 2013, 2014 and 2015, there were no latent shares with dilutive effects.



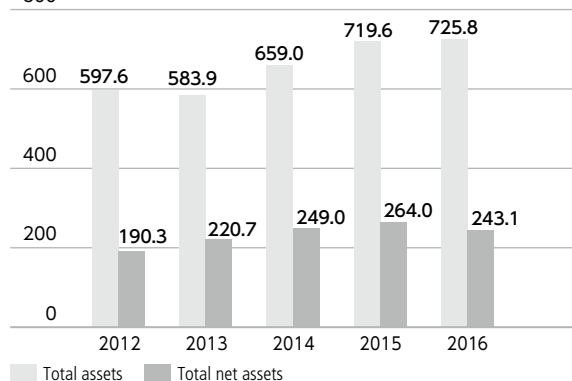
Millions of yen

	2012	2011	2010	2009	2008	2007
¥	964,295	¥ 983,727	¥ 953,729	¥ 979,775	¥ 1,233,789	¥ 1,082,755
	20,910	36,856	25,143	14,054	65,596	48,381
	23,225	36,027	24,067	13,292	65,696	52,143
	3,232	11,466	6,882	(5,064)	40,720	30,105
	190,347	196,992	196,545	189,038	226,880	197,797
	8,400	8,400	8,400	8,400	8,400	8,400
	597,654	504,472	546,486	466,506	527,622	464,747
	37,583	41,229	43,076	60,496	52,961	47,550
	31,529	32,342	35,121	31,672	32,940	29,377
	32,543	32,434	30,021	28,968	31,717	26,404
¥	17.45	¥ 61.82	¥ 37.00	¥ (27.15)	¥ 217.76	¥ 160.76
	—	61.82	37.00	—	217.55	160.70
	16.00	16.00	13.00	20.00	35.00	24.00
	868.93	890.78	883.96	848.01	997.43	858.86
¥	46,920	¥ 60,630	¥ 64,188	¥ 35,111	¥ 72,371	¥ 72,157
	(76,108)	(40,462)	(41,337)	(67,739)	(52,434)	(45,948)
	30,748	(15,345)	(13,547)	47,525	16,053	(5,885)
	113,947	113,950	113,124	102,457	92,280	60,089
	2.2	3.7	2.6	1.4	5.3	4.5
	2.4	3.7	2.5	1.4	5.3	4.8
	0.5	2.3	1.3	—	7.7	6.5
	2.0	7.0	4.3	(2.9)	23.5	20.5
	26.9	32.7	30.1	33.9	35.3	34.6
	187,665	187,665	187,665	187,665	187,665	187,665
	31,883	27,856	27,613	27,078	26,942	24,643

■ Total assets / Total net assets

(Billions of yen)

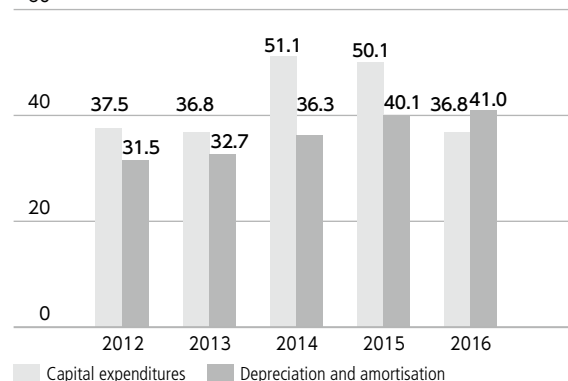
(Years ended March 31)



■ Capital expenditures / Depreciation and amortisation

(Billions of yen)

(Years ended March 31)



As of March 31, 2016

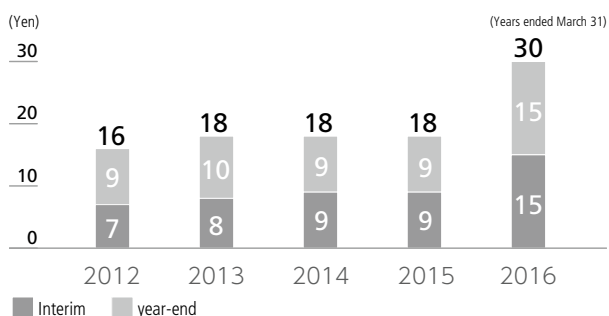
Total Number of Shares

Number of shares authorised to be issued	500,000,000
Number of shares outstanding	187,665,738
	(Including treasury stock of 2,047,337)

Number of Shareholders

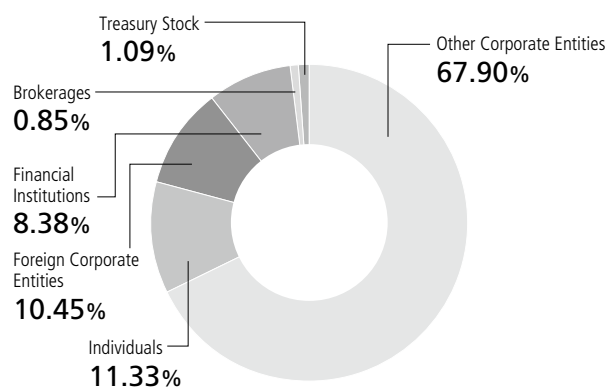
14,517

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 2015, the Company paid annual cash dividends per share of 30 yen, including an interim dividend of 15 yen and a year-end dividend of 15 yen.

Breakdown of Shareholders



Corporate Data

Location	1-1 Toyoda-cho, Kariya-shi, Aichi 448-8651, Japan
Capital	8.4 billion yen
Number of employees	8,219 (non-consolidated) 41,624 (consolidated)
Stock exchange listings	Tokyo Stock Exchange and Nagoya Stock Exchange
Securities code	3116
Independent auditor	PricewaterhouseCoopers Aarata LLC
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation

Directors, Audit & Supervisory Board Members and Managing Officers

As of June 14, 2016

Directors and Auditors

Chairman	Shuhei Toyoda
President	Yoshimasa Ishii
Executive Vice Presidents	Shuichi Koyama Takamichi Taki Takeshi Numa
Directors, Executive Managing Officers	Tokuji Yamauchi Sunao Yamamoto Teruo Suzuki
Directors	Mitsuhsa Kato Masahiro Morikawa* ¹ Kazue Sasaki* ¹ Michio Adachi* ¹
Standing Audit & Supervisory Board Members	Shigetoshi Miyoshi Terukatsu Mizutani
Audit & Supervisory Board Members	Shinichi Sasaki* ² Hitoshi Yoshida* ² Nobuaki Kato* ²

Executive Managing Officers and Managing Officers

Executive Managing Officers	Kohei Hori Yoshihiro Ito Yasushi Minami Masaya Ishii Masanobu Ishikawa
Managing Officers	Osamu Kito Yasuyuki Izuhara Toshio Kawasaki Ikuo Mochizuki Shinji Kano Manabu Hachisuka Hiroshi Ioki Toshiyuki Kawasaki Hirokazu Kamenon Hiroki Tsunoda Kazuo Koide Ikutomo Sakai Yasuhiro Fueta Shouji Adachi Masamichi Sobajima

*¹ Outside Director

*² Outside Audit & Supervisory Board Member

Third-Party Comments regarding *Toyota Boshoku Report 2016*



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 *Low Carbon Supply Chain 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.

Activities based on global trends

The year 2015 witnessed important movements internationally with respect to sustainability. At the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21), the Paris Agreement was adopted to address climate change problems and the United Nations announced its Sustainable Development Goals (SDGs) for 2030. In response to the conclusion of the Paris Agreement, the Toyota Boshoku group formulated the 2050 Environmental Vision and has further broken this down into the 2020 Environmental Action Plan. Such activities based on these international trends can be highly acclaimed. Besides only setting mere challenging goals, COP21 similarly emphasises the establishment of specific execution plans for realising these goals. The Toyota Boshoku group has also carefully examined the relationship between its goals and execution plan and I expect it to implement this plan toward the attainment of the goals.

Enhancement of KPIs

Compared with the previous fiscal year, the key performance indicators (KPI) in this year's report have been noticeably enhanced. I believe the increase in the number of indicators such as for corporate governance and diversity will be highly effective for visualising and improving CSR activities. The strengthening of CSR in the supply chain as well as strengthened safety and major disaster preparedness can be commenced for accurately reflecting recent social needs. In the future, I believe Toyota Boshoku's international presence will rise if it possesses an awareness of the relationship between CSR activities and the United Nations' SDGs and tries to incorporate such activities wherever possible. The SDGs consist of 17 goals and 169 targets and I believe that Toyota Boshoku should perhaps begin considering activities that can be linked to these SDGs.

Toward the deployment of CSR-based management

I have heard that from the current fiscal year the Corporate Planning Division will be the division responsible for the Toyota Boshoku group's CSR. For any company, CSR activities serve as an open window for society. For this reason, I wish to see Toyota Boshoku build a company-wide plan-do-check-act (PDCA) cycle and implement this in a format that can be utilised in its regular business. In particular, I believe the handling of CSR by the Corporate Planning Division is highly significant when considering the creation of social value emphasised by CSR. This year's report contains interviews with various Group Chiefs in addition to an interview with the President, which shows a strong awareness of collaboration with management. I am hoping to see this trend promoted further in the future.



Director, Executive
Managing Officer
Teruo Suzuki

Response to the third-party comments

The Toyota Boshoku group has started new initiatives in working toward building growth strategies aimed at sustainable growth. This report describes these initiatives and also introduces the newly formulated 2050 Environmental Vision. The social activities reporting section aimed to enhance the disclosure of information more than ever before. Professor Kokubu applauded these points, and based on his comments we will continue to undertake initiatives with a further awareness of being "a trusted company that grows together with all stakeholders."

We will strive to ensure that Professor Kokubu's opinion about international goals and guidelines leads to an enhancement of our future CSR activities. At the same time, we will stay closely attuned to the opinions and expectations of society and reaffirm our awareness that "CSR activities are the essence of management" and will further strengthen KPI based on management. I am confident that these efforts will enable the *Toyota Boshoku Report* itself to become an even more internationally recognised integrated report.

In the future as well, we will listen intently to the opinions of our wide-ranging stakeholders who have given us their support and will make our utmost efforts to achieve sustainable growth.

For cars full of ideas and
lasting moments

