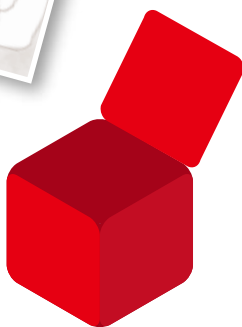


TOYOTA BOSHOKU REPORT 2015

2014.4.1—2015.3.31



TOYOTA BOSHOKU

All for your driving pleasure



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

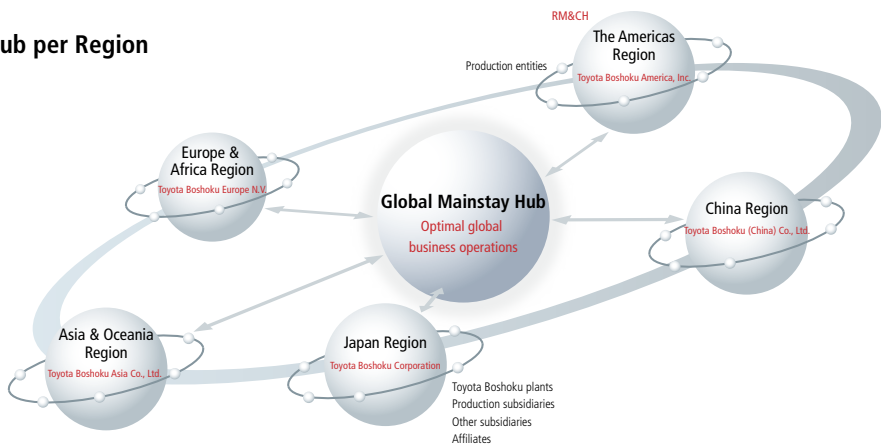
- 1. Society** The Company will promote corporate growth while fulfilling the following responsibilities as a good corporate citizen:
 - 1) Maintain ethical values, ensuring that our corporate activities are fair and transparent;
 - 2) Supply safe products that do not harm the environment; Promote corporate activities that help protect the global environment;
 - 3) Create a better society as a member of our local communities.
- 2. Customers** The Company will develop innovative technologies and products to deliver quality that satisfies our customers.
- 3. Shareholders** The Company will promote innovative management policies that ensure future corporate growth and the trust of our shareholders.
- 4. Employees** The Company will build and maintain positive labour-management relations, respect the individuality of its employees and create safe and comfortable workplaces.
- 5. Business partners** The Company will promote open and mutually beneficial relationships with its business partners in pursuit of long-term growth and prosperity.



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

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

● One Hub per Region



The Toyota Boshoku group has created a “one hub per region” structure in order to carry out optimal procurement, optimal manufacturing and optimal business operations throughout the world. Along with close coordination between Regional Management & Collaboration Hubs (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.



A Message from the Chairman and the President

In June 2015, the Toyota Boshoku group launched a new management structure. Following the merger of three predecessor companies, namely Toyoda Boshoku Corporation, the car interior operations of Araco Corporation and Takanichi Co., Ltd. in October 2004, the Toyota Boshoku group has established bases in 27 countries and built a production structure that meets the needs of customers worldwide. Through these efforts, we have steadily moved one step at a time closer to becoming a truly global company, which was the original objective of the merger. Most recently, we have embarked on a number of promising new initiatives that include the start of production of key components for fuel cell vehicles and the securing of our first-ever order for aircraft seats. Concurrently, as part of efforts to achieve a further leap forward as a global seat supplier, Toyota Boshoku, together with Aisin Seiki Co., Ltd. and SHIROKI Corporation, formed an agreement through which the mechanical seat frame component business of those two companies will be integrated into the operations of Toyota Boshoku. Under our new structure, we will accelerate initiatives implemented to the present, while globally, we will build an even more solid business foundation and bolster our competitiveness.

Despite these accomplishments, the market environment surrounding Toyota Boshoku remains clouded by uncertainty and harsh conditions are

likely to persist amid intensifying global competition, mainly in emerging countries. Under such circumstances, in aiming for continuous growth, Toyota Boshoku has first of all positioned the next two years as a period for forging a solid footing aimed at achieving sustainable growth. During this period, we will strengthen our corporate structure and focus on “exceeding the expectations of customers and creating products that inspire” so that Toyota Boshoku will continually be the “first choice” of customers.

Toyota Boshoku will strive to prevail globally as “a company that persists in proposing excellent mobility for customers throughout the world,” which is one of our aspirations for 2020. Also, in keeping with our corporate philosophy of “Promoting corporate growth in harmony with society while fulfilling our responsibilities as a good corporate citizen,” we will strive to create a company that is trusted by and grows together with all stakeholders. In doing so, we will pursue all necessary tasks and then move into action for the future of Toyota Boshoku and our loyal stakeholders.

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

August 2015

Chairman

Shuhei Toyoda

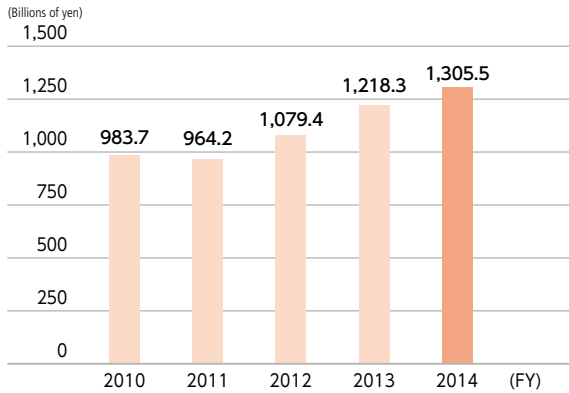
President

Yoshimasa Ishii

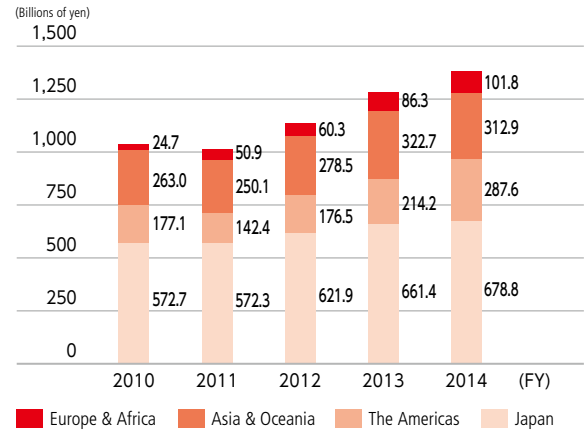
Fiscal 2014 Highlights

Financial Highlights

Net sales

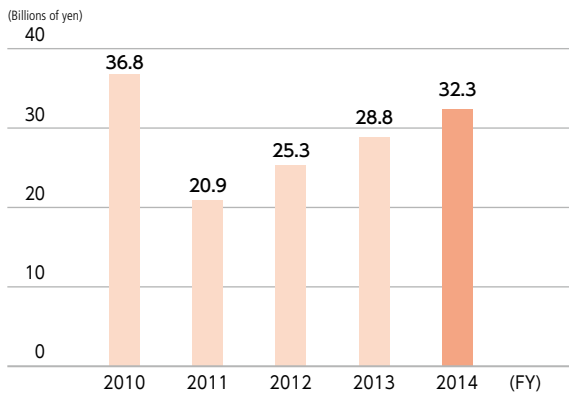


Net sales by geographic region

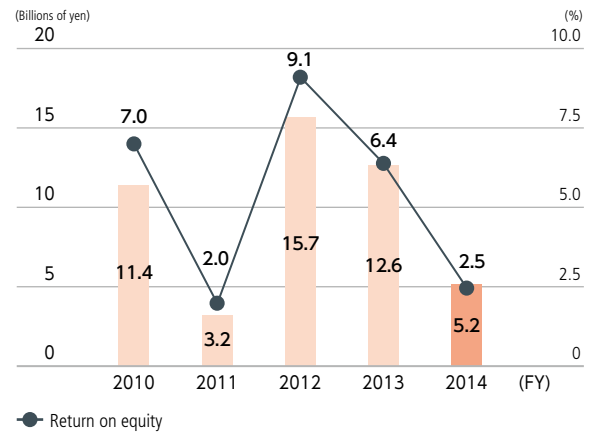


*Asia & Oceania includes China.
*Adjusted amounts for transactions among regions are not included.

Operating income



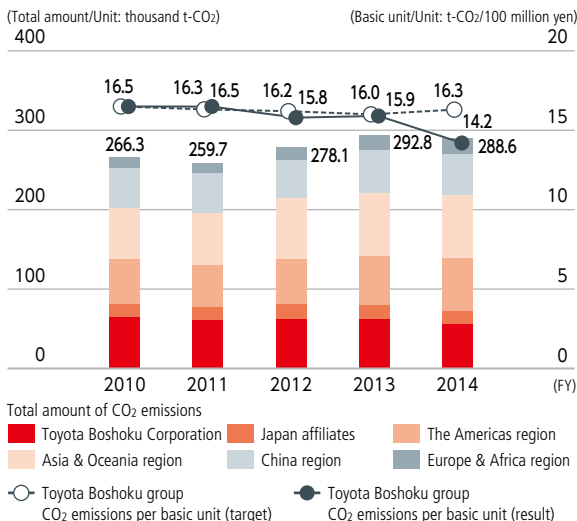
Net income/Return on equity



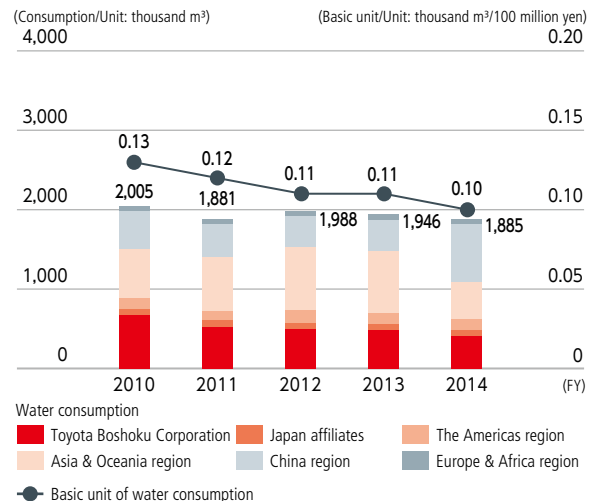
● Return on equity

Environmental Highlights

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



Water consumption results [Toyota Boshoku group]



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

Efforts to Achieve “Toyota Boshoku’s Aspirations” in 2014

New Challenges Start from Here

Promoting technological development in support of next-generation mobility

Separators and stack manifolds produced by Toyota Boshoku have been employed as fuel cell components in the MIRAI, the world’s first mass-produced fuel cell vehicle made by Toyota Motor Corporation. Toyota Boshoku also coordinated the entire cabin space of the MIRAI, including the seats and door trims, as the interior system supplier. Going forward, we will continue striving to create new products and technologies in tandem with evolution in fuel cell vehicles.

Pages 13 to 14



Fuel cell stack

Capability to create attractive, outstanding seats

A variety of interior parts combine to make time in the car more enjoyable and more comfortable. Of these, seats produced using the Foam in Place Method realise unprecedented levels of snugness, comfort and luxury and leave a lasting impression on passengers.

Pages 16 to 17



Seats utilising the Foam in Place Method

Aiming to achieve “our place in business”

Toyota Boshoku’s Aspirations for 2020

Quantum Leap Award recipients



Tackling challenges with tenacity in all aspects of our business activities

In 2014, Quantum Leap Awards were presented internally for exceptional initiatives among those undertaken by Toyota Boshoku group members based on a “Quantum Leap” spirit. We aim to drive further evolution in these achievements, realised on the back of passion and tenacity in which conventional preconceptions were dispelled in terms of ideas, ways of thinking and perspectives.

Pages 15 to 18

Fostering manufacturing capabilities globally

It is essential to enhance manufacturing capabilities in order to enable excellent mobility for customers around the world. Toyota Boshoku is developing human resources in different areas of the world, including Japan and in particular at the Technical Skills Training Centre, to enable to the highest levels in such areas as safety, quality and cost.

Page 31



All Toyota Boshoku Skills Competition

Toyota Boshoku’s Aspirations for 2020

Our place in business

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

Our place in society

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

Building foundations to be a company trusted by everyone

In order to enhance the level of compliance activities in respective areas, including Japan, Toyota Boshoku works hard to ensure legal compliance on a global basis and holds global legal affairs meetings that gather persons in charge of legal affairs from each region. By doing so, we are tackling various challenges in respective regions.



Training on legal affairs for learning the basics on contract reviews

Page 24

Creating a promotion framework for global energy conservation

Toyota Boshoku is promoting energy conservation activities across the entire organisation on a global scale and is undertaking energy-saving initiatives at each plant around the world based on mutual recognition from top management through to managers in charge of actual operations.

Page 46

Aiming to secure "our place in society"

Global activities aimed at becoming a good corporate citizen

In conducting business globally, the Toyota Boshoku group promotes communication with local communities as a good corporate citizen. At the same time, we are endeavouring to implement social contribution activities that address regional issues in such areas as the environment, youth development and education, and community-based initiatives.

Pages 37 to 38



Around 100 people took part in forest management activities. (Toyota Boshoku Tohoku "Eco-Forest of the Toyota Boshoku group in Ohira, Japan")



Toyota Boshoku cooperated with the construction of an elementary school building in Thailand with the hope of ensuring the healthy development of children.

Dialogue between Chairman and President

07

A new structure commenced in June 2015 underpinned by Chairman Shuhei Toyoda and President Yoshimasa Ishii. The new chairman and president introduce past initiatives and the next steps for the Toyota Boshoku group aimed at realising the Toyota Boshoku group's Aspirations for 2020 as elucidated in our 2020 Vision.

Special Features

13

Special Feature 1

Various Toyota Boshoku Parts Built into the MIRAI Fuel Cell Vehicle

— Broad Applications from Fuel Cell Components to Interior Components

13

Toyota Motor Corporation's MIRAI is the world's first mass-produced fuel cell vehicle incorporating next-generation eco-car features. Fuel cell components produced by Toyota Boshoku for the first time were incorporated into this vehicle and we also had a hand in the interior components.

Special Feature 2

Quantum Leap Award

Success Stories of Advancements Made with Passion and Tenacity

15

In 2014, which marked 10 years since the merger of the three companies, Toyota Boshoku group members submitted details of initiatives undertaken based on a "Quantum Leap" spirit, with awards for the best entries presented internally.

Special Extra

Challenging the Development of Aircraft Seats

— Bringing Comfort to All Kinds of Interior Space

19

Toyota Boshoku challenged the development of aircraft seats for the first time. The seats realise a high level of comfort by leveraging our know-how in developing automobile seats. The result is a passenger aircraft seat that leaves a lasting impression.

Social Activities

20

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

Environmental Activities

39

Working toward Environmental Conservation in All Facets of Business

Facts & Figures

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To Readers of Toyota Boshoku Report 2015

The editorial policy, scope of reporting and reference guidelines concerning this report are indicated on page 61.

| Top Dialogue | Shuhei Toyoda, Chairman and Yoshimasa Ishii, President

Toyota Boshoku Group's Next Challenges Begin under New Leaders

Chairman
Shuhei Toyoda

President
Yoshimasa Ishii

In June 2015, Toyota Boshoku launched a new management structure under the leadership of Chairman Shuhei Toyoda and President Yoshimasa Ishii. Here our new president and new chairman discuss the Toyota Boshoku group's initiatives to the present and its next steps for growth in working to realise its aspirations for 2020 as articulated by the 2020 Vision.

Toyota Boshoku group's Aspirations for 2020

Our place in business

A company that persists in proposing excellent mobility for customers throughout the world

Our place in society

A trusted company that grows together with all stakeholders

New Leaders for Anticipating the Changes of the Times

First of all, could you explain the background and events leading up to the appointment of President Ishii?

Toyoda I initially became involved in the company's management as Vice President from 2004 at the time of the merger of three predecessor companies, namely Toyoda Boshoku Corporation, the car interior operations of Araco Corporation and Takanichi Co., Ltd. Shortly thereafter, I assumed the duties of President in 2006. The merger of the three companies was aimed at shaping Toyota Boshoku into a "truly global company." The overarching objectives of this merger were to steadily respond to the global business development of automakers, develop and produce highly competitive products and grow into a company capable of competing with European and U.S. suppliers. Since the merger, we have worked hard to raise the sophistication of the technologies possessed by the original three companies in the interior components business. At the same time, we positioned overall interior components such as seats, door trims, headliners and floor carpets as one of our business domains. As a result, we can undertake development and offer proposals based on an all-encompassing perspective of interior spaces. Moreover, we combined our interior components business with filtration and powertrain components (FPT), textiles and exterior components to build a structure for developing and producing globally competitive products.

Ten years after the merger, Toyota Boshoku now operates bases in 27 countries around the world and has built a solid global business framework. To achieve further leaps forward as a "truly global company," we are preparing to execute a major plan with Aisin Seiki Co., Ltd. and SHIROKI Corporation that involves integrating the mechanical seat frame component businesses of those companies. Precisely because this is such a key period for Toyota Boshoku, the company decided it needed fresh thinking unrestrained by past precedents, youthful vitality and strong leadership capabilities. For this reason, the company asked Mr. Ishii to serve as its new President.

President Ishii, what are your thoughts about assuming the duties of President?

Ishii Until assuming this position, I worked at Toyota Motor Corporation (TMC), where I was in charge of sales and marketing for many years in Japan, North America and Europe. During this time, I became keenly aware of just how important understanding markets is for promoting the next product strategies and product development. Understanding markets means trying to grasp what customers want now, how competitors are responding to these desires and as a result what will be required in future markets.

Also, during my postings in Europe and the United States, I observed a variety of people with different mindsets and approaches all working together. This experience reaffirmed my awareness of the importance of the ways of fostering a sense of unity in an organisation in which people of different backgrounds come together and work toward shared goals. I also learned that respect for diversity is essential for cultivating this unity.

Teaming up with Chairman Toyoda, who is well-versed in *monozukuri* (manufacturing) from his extensive involvement at development and production sites, I intend to fully leverage my own experience and knowledge and push ahead vigorously to build an even stronger business foundation and play a leading role in connecting the company with the next generation toward realising the "future Toyota Boshoku."

Fiscal 2014—A Thoroughgoing Emphasis on Manufacturing from the Perspectives of Customers

Results Summary [Consolidated] (Billions of yen)

	Fiscal 2014	Amount of change
Net sales	1,305.5	87.1
Operation income	32.3	3.5
Ordinary income	41.0	0.7
Net income	5.2	(7.4)

Next, Chairman Toyoda, could you discuss Toyota Boshoku's business results and some of the noteworthy achievements in fiscal 2014?

Toyoda In fiscal 2014, consolidated net sales increased 87,100 million yen to 1,305,500 million yen due to such factors as increased unit production in The Americas region and the impact of exchange rates. Despite such income-reducing factors as the effects of product price fluctuations and the impact of product launches, consolidated operating income increased 3,500 million

yen to 32,300 million yen and ordinary income increased 700 million yen to 41,000 million due to such income-increasing factors as the implementation of rationalisation measures. However, net income decreased 7,400 million yen to 5,200 million yen due to the recording of an extraordinary loss.

During the year, Toyota Boshoku made important strides in a number of key areas. On the business front, one notable achievement was our move toward integrating the mechanical seat frame component business, which I mentioned previously. In technology development, Toyota Boshoku obtained orders for and began production of key components for fuel cells installed in TMC's MIRAI fuel cell vehicle by using a production method that applies our high-precision, high-speed stamping technologies, which are core technologies (see page 13). In seat development, we expanded the adoption of seats produced with the Foam in Place Method, which realises a balance between design and hold performance, to the new model LEXUS (see

page 16). Moving into fiscal 2015, in April Toyota Boshoku and All Nippon Airways Co., Ltd. jointly developed new economy-class seats for domestic flights. This marks our entry into the development and manufacture of aircraft seats (see page 19). We also significantly strengthened our technology development infrastructure. To this end, in April 2015 the Tajimi Technical Centre proving ground began full-fledged operations and I expect this will accelerate efforts to develop even better seats that meet the expectations of our customers.

Could you explain the thoughts underlying these achievements?

Toyoda Most of the products we create are those that people who actually ride in cars have the longest contact times with, so in this sense, we provide interior spaces consisting of seats and interior components. As articulated in the aspired image of our place in business within the 2020 Vision, our mission is

■ Fiscal 2015 Annual Slogan

Manufacturing that foresees the times and trends
Uncompromising products for customers
—Force through reforms for our future growth with a Quantum Leap and Tenacity—

■ Annual Global Hoshin (global policy) for Fiscal 2015 (Year ending March 31, 2016)

- 1. Fulfilling the statement made in the "Declaration of Structure Strengthening" by establishing a healthy and strong corporate structure**
 - 1) Make quantum improvement in QCD (Quality, Cost, Delivery) through *Monozukuri*, production sites reform and workplace capability reinforcement
 - 2) Make fundamental reform on profit structure by prioritising existing businesses and focusing on the prioritised businesses
 - 3) Strengthen regional management
 - 4) Develop IT infrastructure to underpin the global competitiveness
- 2. Creating and implementing a growth strategy**
 - 1) Deepen and make advancement in core businesses (seat/interior/FPT)
 - 2) Create a scenario to get new businesses that could become the foundation of future Toyota Boshoku
 - 3) Develop and provide high-valued "even better product"
- 3. Developing human resources who are a secure foundation of Toyota Boshoku and foster an attractive and inspiring corporate culture**
 - 1) Cultivate a culture where members mutually raise awareness of safety and health
 - 2) Create a corporate structure where members can practice TB Way, act with initiative, and work robustly with vitality
 - 3) Promote diversity and create an environment where diversity is embraced
- 4. Earning further trust of society by behaving and thinking as a good corporate citizen**
 - 1) Enhance environmental practices, CSR activities, and risk management



to be “a company that persists in proposing excellent mobility for customers throughout the world.” For this reason, we first of all have made efforts to develop products that give top consideration to customers and then propose these to automakers. By making such efforts, in recent years little by little we have also taken on the challenge of developing new technologies and incorporating these into our own company. This is enabling us to develop products that can meet the expectations of customers.

Forging a Solid Footing Aimed at Achieving Sustainable Growth

Along with achievements in new fields, a number of new issues accompanying growth came to light in fiscal 2014. What points require close attention in fiscal 2015?

Toyoda As our first issue, we had a tendency to concentrate excessively on pursuing numerical targets of our 2020 Vision such as consolidated net sales and the new customer business sales ratio. Also, it became apparent that we are not sufficiently responding to the expectations of our valued customers in terms of safety and quality. There was also inadequate collaboration among each internal function and among each region around the world, including Japan. To directly address and surmount these issues, we have positioned the next two years as a period for “forging a solid footing aimed at achieving sustainable growth” for the purpose of building a healthy and strong corporate structure. Moreover, to realise our aspirations for 2020, we must build true competitive strengths and create a strategy for sustainable growth in the future. In parallel, we must also develop human resources who will support these initiatives.

Toyota Boshoku’s sense of crisis about various issues and the direction of initiatives for addressing these issues are reflected in the Fiscal 2015 Annual Slogan and Four Global Hoshins (see page 9).

Toyoda Our Annual Global Hoshin (global policy) for fiscal 2015 is crucial in our efforts to achieve further growth. To overcome the current harsh business environment, we must inevitably “establish a strong corporate structure,” “create and implement a growth strategy,” “develop human resources and foster an

attractive and inspiring corporate culture” and “earn the further trust of society.” I am confident that we can successfully achieve our goals if everyone in the group works as one together with President Ishii and pursues these tasks toward the realisation of our aspirations for 2020. I am committed to making my best efforts together with President Ishii to implement this global policy and thereby ensure that we fulfil our roles as the two main pillars of management.

Ishii Although I have taken over the reins of President, Toyota Boshoku will continue to undertake business in accordance with its aspirations for 2020 and global policy. I recognise that determining how we execute these policies or maximise results through the achievements we build up daily and throughout the year is my mission. I will work to strengthen the systems and frameworks already in place. Concurrently, I will create a work environment that allows each person to adequately exert his or her strengths, with the collective efforts of each individual then serving as the strength of organisations and the competitive strength of the company.

What points must be emphasised as the premises for promoting the global policy?

Toyoda In promoting the global policy, I have called upon all group company members to “perform their jobs properly” and “undertake even better manufacturing.” Performing one’s job properly entails thinking deeply about the purpose of that job, sharing a unified spirit with related departments, pursuing the best ways of undertaking one’s duties and then finishing a job to completion. Better manufacturing means that when we attain a goal we should then pursue higher goals rather than resting on our laurels. This will spur the development of products through novel concepts unconstrained by the status quo and also enable a thoroughgoing re-evaluation of our creation of quality and production lines from an all-encompassing perspective ranging from materials delivery to shipments.

What are your thoughts on this President Ishii?

Ishii What impresses me about the global policy is that it sets policies spanning various functions rather than focusing on completing work within each function for the purpose of raising collaboration among all surrounding functions and each global business entity.

Toyoda A crucial task is ensuring that initiatives to solidify our footing and strengthen our corporate structure are finished to completion. People like me who were originally engineers tend to be obsessed with good manufacturing only from an engineering standpoint. In addition to having such a perspective, however, corporate managers must possess a keen management sense. I hope President Ishii, who has experienced brutal competition globally in sales finance, can fully deploy his skills in this area.

Ishii First of all, I would like to make Toyota Boshoku a company where all persons can fully exert their capabilities and reach their fullest potential. The current Toyota Boshoku was formed 11 years ago through a merger of three companies and currently plans to integrate the mechanical seat frame component business in autumn 2015. Globally, Toyota Boshoku

is now a corporate group with more than 100 business entity companies in 27 countries and over 50,000 company members. Toyota Boshoku is also a company in which people from diverse cultures who possess different values, historical backgrounds, experiences and ways of thinking and performing their jobs all work together. We must ensure that this diversity becomes a source of our competitive strengths rather than an impediment. I intend to foster a corporate culture in which people mutually accept and respect other ways of thinking and working, mutually learn from each other and try to create even better methods. I would also like to make Toyota Boshoku a company where individual efforts and abilities are fairly evaluated and rewarded regardless of origin or nationality and that provides opportunities for growth. At the same time, I also envision Toyota Boshoku as being a company where the goals of the entire company, each organisation and individuals are all clearly aligned and that provides an actual sense of how much each person contributes to everyone and to society as well as the actual value of our own existence as a company. My goal is to build management frameworks to realise such a company. For the time being, however, I will start by listening to people in various positions and observing first hand, and gaining a firm understanding of





how various systems and frameworks actually function. For this purpose, I will also focus on building an environment conducive to frank discussions. I will of course also visit regions outside Japan to ascertain the awareness of problems by management-level staff while also actually observing management methods and touring production sites.

True Competitiveness and Corporate Social Responsibility (CSR) Required of a Global Company

First, what are your aims as Toyota Boshoku takes new steps in fiscal 2015?

Toyoda We must raise our competitiveness to prevail globally to ensure we continue achieving sustainable growth as a company. The Toyota Boshoku group has enormous potential, but realising this potential requires true competitive strengths.

Ishii As pointed out by Chairman Toyoda, whether we can achieve growth in the future hinges on our competitive strengths. To raise our competitiveness, we must earn the trust of automakers by providing interior spaces that exceed customer expectations and continuing to undertake manufacturing that transforms interior space into inspiration. Making repeated efforts in this area will earn the trust of TMC as a most-valued customer and make us the “first choice” of customers. This will then enable us to be recognised, sought after and chosen by other automakers, leading to an expansion in business. In this manner, I would like to establish a sustainable growth cycle by taking on the challenges of manufacturing.

Along with true competitive strengths, there are expectations for global companies to raise the level of their CSR activities. What types of initiatives are you focusing on?

Toyoda To the present, the Toyota Boshoku group has promoted CSR activities centred on compliance, risk management and social contribution activities. CSR is based on the major premise of first generating profits through business activities and then steadily returning these profits to society, shareholders and company members. In addition, we aim to realise a sustainable

society and also earnestly promote environmental activities. To help reduce greenhouse gases (GHGs) globally, we undertake activities for cutting CO₂ emissions that encompass our supply chain as well as promote activities for creating forests in Japan and other countries and regions throughout the world. Besides just reducing GHGs, I believe we are contributing to the betterment of local communities through these activities.

Ishii CSR is becoming a global benchmark for evaluating companies and represents an important management theme. I believe the Toyota Boshoku group’s corporate philosophy truly embodies the principles of CSR. I am hoping that all our business activities benefit society. Of course, in any case I also wish to ensure that Toyota Boshoku is fair to all stakeholders.

Toyoda I totally agree. I will strive to support initiatives in this area as well going forward.

Finally, President Ishii could you provide a message to stakeholders?

Ishii I will always try my best to act “genuinely.” To make something meaningful and effective, I believe it is important to look squarely at the truth (reality) without any prejudices and stereotypes, determine the real essence of a matter and then move into action. This applies to the implementation of manufacturing that I have discussed up to here, the execution of our global policy, as well as the creation of management frameworks based on diversity. I regard this approach as acting “genuinely.”

I will “genuinely” pursue what needs to be done for the future of Toyota Boshoku and its hard-working company members as well as the stakeholders who give us their loyal support, and then I will move into action.

Finally, I would like to ask our stakeholders for their ongoing support as we work toward the Toyota Boshoku group’s future growth and development.

Various Toyota Boshoku Parts Built into the MIRAI Fuel Cell Vehicle

— Broad Applications from Fuel Cell Components to Interior Components

The MIRAI is the world's first mass-produced fuel cell vehicle made by Toyota Motor Corporation that is sure to be the next-generation eco-car. On top of zero CO₂ emissions when on the road, this car features exceptional environmental performance, attractive drivability and a futuristic interior, all of which have put it right in the spotlight. Fuel cell components produced by Toyota Boshoku for the first time were incorporated into this vehicle and we also had a hand in the interior components. The features and selling points of the Toyota Boshoku products used in the MIRAI are introduced herein.

Challenging new domains

In this current endeavour, Toyota Boshoku produced the separator and stack manifold as fuel cell components for the first time. However, the path to development was far from smooth and required a number of related departments to come together to get the job done.

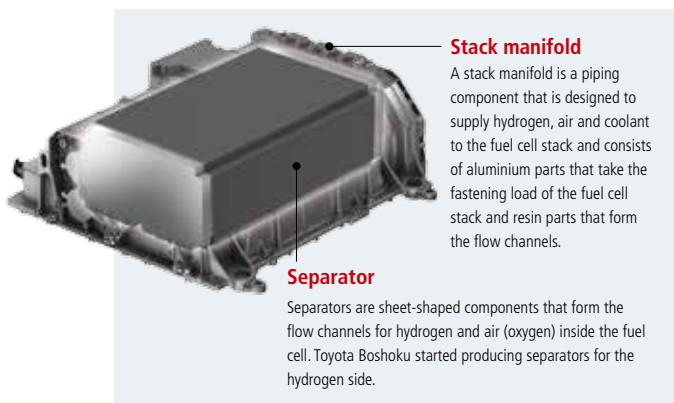
Fuel cell components

Components produced by Toyota Boshoku

- Separators
- Stack manifold
- Ion exchanger, etc.

Fuel cell stack

A fuel cell stack consists of cells in which a Membrane Electrode Assembly (MEA), where catalysts are applied to a polymer electrolyte membrane, is sandwiched together with separators. A stack of hundreds of cells is referred to as a fuel cell stack.



Ion exchanger

An ion exchanger removes impure ions in the fuel cell stack coolant and maintains insulating capacity in order to sustain electricity generation efficiency.



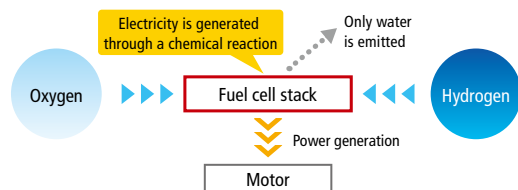
Silencer for fuel cell air compressors

Silencers are set inside the air compressor, which pumps air to the fuel cell, to reduce minute vibrations, thus contributing to exceptional quietness.



Fuel cell system for making electricity from hydrogen and air

In fuel cell vehicles, hydrogen and oxygen from the air are fed into the fuel cell known as the fuel cell stack and electricity is generated by way of a chemical reaction. No CO₂ is produced in this process and only water is emitted, making it a truly clean source of power. The performance of this fuel cell stack impacts the driving performance of the MIRAI.



Production of separators supporting the fuel cell

Since they influence electricity generation efficiency, separators are components that require an extremely high degree of precision. With very little know-how in the field, Toyota Boshoku set in motion a repeated cycle of trial production, evaluation and improvement as part of the development process. All phenomena that occurred were inserted into a matrix and challenges extensively analysed until we succeeded with the development of unique high-precision stamping technologies suitable for strong titanium material with high acid resistance, a process deemed very difficult. In addition to realising a microchannel configuration for hydrogen, this, together with our production technology enabling mass-production, contributed to the manufacture of



Stamping process for separators

the MIRAI. Going forward, we will use this result as a springboard to further cultivate the market in the fuel cell field. (See page 15 for further details.)



Development and production of a stack manifold for the MIRAI

For the latest development, Toyota Boshoku had to make the stack manifold as small as possible. To do this, we worked on an insert-moulding process



Stack manifold

that enabled us to pour the resin into dies in shapes set as large aluminium parts. Moulding parameters were complex due to the integrated moulding of materials with differing expansion rates. To overcome this issue, we altered the design and the die, adjusted the pressure used to pour the resin and conducted an evaluation in a gruelling environment based on assessment criteria exceeding required levels. Through these efforts, we were able to determine ideal moulding conditions. The establishment of this production process helped reduce the thickness of the parts, thereby contributing to a reduction in the overall size of



Stack manifold inspection process

the fuel cell stack. Toyota Boshoku expects that the inspection process for the stack manifold will be broadly applied to moulding for other parts going forward.



Members of the team involved in the production of fuel cell components

Interior components



Components produced by Toyota Boshoku

- Seats
- Door trims
- Headliners
- Floor carpets
- Silencers, etc.

Making full use of the strengths of an interior system supplier

An expansive neo-futuristic space beckons upon opening the door of the MIRAI. Settling back into the seat provides a superb feeling of snugness and comfort as the body is enveloped. A feature of the design is the feeling of oneness with the seat in which not even the seams are felt.

At Toyota Boshoku, we coordinated the entire cabin space of the MIRAI as the interior system supplier. The seats realise a snug fit and superior hold thanks to the Foam in Place Method. Soft-texture pads were employed for the door trims while bright silver decoration was used throughout. The shape and design were given a feeling of continuity that included using the same colour as the headliners for part of the pillar garnish. This resulted in an art-like space overall.

Being able to contribute to the futuristic feel and comfort personified in the MIRAI was a big step forward for Toyota Boshoku. We will continue to aim to realise interior vehicle spaces that are even more comfortable and beautiful.



Door trim

Quantum Leap Award

Success Stories of Advancements Made with Passion and Tenacity



Since formulating the 2020 Vision and Mid-Term Management Plan Until 2015 in 2012, the Toyota Boshoku group has worked with tenacity in tackling major challenges toward achieving lofty goals based on the concept "Quantum Leap." In 2014, which marked 10 years since the merger of the three companies, members and teams from all Toyota Boshoku group companies submitted details of initiatives undertaken by themselves based on a "Quantum Leap" spirit for the Quantum Leap Award, with awards for the best entries presented internally.

Here, we introduce some of these results that were realised on the back of passion and tenacity in which production, development, production technology and other departments and functions transcended boundaries to come together and dispel conventional preconceptions in terms of ideas, ways of thinking and perspectives.

The comments of the award recipients are presented herein.



Realised mass-production of separators for fuel cells via development of a new production method that opens the way to the future in precision stamping process technologies

The Gold Award was given to members for developing a new production method for separators for fuel cells. The separator is a component used in the fuel cell stack, which is the source of power in the MIRAI, Toyota Motor Corporation's fuel cell vehicle. Hundreds of separators stacked one upon the other make up the fuel cell stack, the car's power unit. Hydrogen channels and cooling channels are formed on both sides of each separator where the electricity generated is collected and transported.

"With separators, we employ stamping for thin titanium material and form minute channels for hydrogen and coolant water to flow along. In a typical stamping process, the material is drawn out and formed in accordance with the stamping die. The problem we faced was that even the titanium, which boasts exceptional strength and durability, would break when drawn out too far," explain Kazuyuki Hirata and Harutaka Oda of the Functional Components R&D Division. "Toyota Boshoku has a proven record in the development and production of functional parts for car seats and motor cores for hybrid vehicles based on precision stamping technologies that bind deformed materials into a form. On this occasion, we further advanced this concept and developed a new production method in which we control the movement of materials during the forming process."



Functional Components R&D Division
Kazuyuki Hirata

Even material that tends to break upon stretching can be drawn out extremely thinly while press forming by beating and extending each part in the same manner as gold leaf. Devising the principles of the production method and achieving success, however, were

indeed a completely different story. Toyota Boshoku had a mountain of challenges to overcome to achieve this in a limited period of time, including the design for a shape befitting the properties of titanium material, development of a stamping die that realises processing precision with almost zero variance, and development and introduction of precision measuring equipment to confirm processing accuracy.

"Everyone involved from manufacturing, machinery and prototype production to quality, administration and sales worked in unison to push through the difficult times and develop the new production process and stamping die. We worked with passion and tenacity on production preparations until we finally established a viable mass-production system," says Yasutaka Takagi of the Kariya Manufacturing Division. "Now we can realise advanced quality, processing precision and production efficiency, and as a result, we have succeeded in creating foundations for new core technology for Toyota Boshoku." Rather than being



Inspection process for separators conducted under strict control for dust, temperature and other factors



Functional Components R&D Division
Harutaka Oda



Kariya Manufacturing Division
Yasutaka Takagi

satisfied with the status quo, recipients of the award are trying to think of ways to further expand our development domain in the fuel cell field.



Promoted development and production of appealing seats using the Foam in Place Method personifying the uniqueness of Toyota Boshoku

The Silver Award was given to members for development, production and quality control technology in creating seats utilising the Foam in Place Method. Since being employed on the new LEXUS IS, Toyota Boshoku has been producing seats using the Foam in Place Method based on a fresh, new concept. Compared with traditional production methods, the concept allows for greater freedom in design to realise an extremely snug fit and luxury feel.

When people choose a vehicle, ride comfort and seating comfort are key features. In order to achieve a snug fit for the seats, the shape had to contour to the hard part of the body and the soft part of the body had to sink into the seat. Rather than applying the old method of covering urethane pads with the seat cover to achieve this, an all-new production method was developed in which the seat cover and urethane pads are moulded together in the die to realise ultimate performance. Since the production process differs from conventional methods, a new die structure was created based on a novel new concept. Traditional seat pad moulds have a simple structure that is divided into two parts, the upper and lower. To achieve the complex configuration of seats created utilising the Foam in Place Method, however, it was necessary to place the seat cover between the die and the urethane and to ensure perfect alignment with no wrinkles or depressions when inserting the urethane. Despite this complicated structure, it had to be easy to handle during production as well.

“We fundamentally altered the way we handle genuine

leather to fit the new production method,” recalls Takahisa Shinya of the Product Planning and Management Centre. “A large number of wrinkles would appear in the concave section of the seat, which is critical to achieve a snug fit, when using genuine leather for seats produced using the Foam in Place process. This basically made leather unusable, and in the beginning, some suggested that we should give up. But we were determined to meet customer needs and set about examining the material with an electronic microscope. This helped us put a finger on the cause of the wrinkles and enabled us to apply the material to the seats.”

“Another challenging theme was incorporating an air-conditioning function into the back part of the seat. We were encouraged by the fact that since it was a world-first in development, there were bound to be world-first mistakes along the way as well. We started with the development of the tools and construction method and eventually completed the world’s first seat created utilising the Foam in Place Method with an air-conditioning function,” says Yuya Yamamura of the Seat Production Engineering Division with a smile. The seat using the Foam in Place Method was a significant result seen as a true innovation in Toyota Boshoku’s seat production.



Product Planning and Management Centre
Takahisa Shinya



Seat Production Engineering Division
Yuya Yamamura



Seats using the Foam in Place method have been adopted in a variety of vehicles since initial application in the LEXUS IS released in May 2013.



All members who supported the development and production of the seat for the LEXUS IS



Bio-based plastic alloy boasting world-class impact strength realised through nano order structure control

The Bronze Award was awarded to members for developing a bio-based plastic alloy with world-class impact strength. It was jointly developed by Toyota Boshoku and Toyota Central R&D Labs, Inc. and realised a “salami structure” that is effective for impact strength and the world’s first “salami in co-continuous

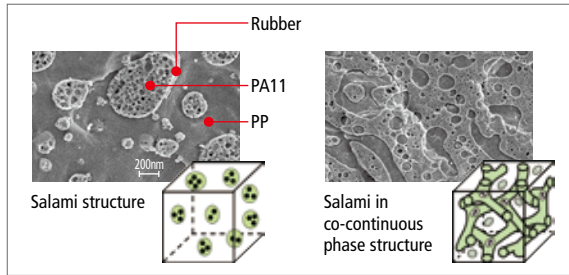
phase structure” that evolved from this.

Masayuki Kito of the Material Engineering Development Division had the following to say. “Previously,



Material Engineering Development Division
Masayuki Kito

we made inroads in development of resin using polylactic acid, but we decided to challenge the use of the resins polypropylene (PP) and plant-derived polyamide 11 (PA11).” The problem was



that PP and PA11 separate when blending is attempted. Through repeated hypothesis and testing, however, Kito finally came up with an advanced method to produce the alloy and applied it to material design. This enabled control of the structure at the nano level. “Bio-based plastic alloy has gained the attention of global resin manufacturers. That means there is potential for us to drive significant growth in our technology to develop and produce original materials going forward. The real challenge starts now,” relates Kito with strong conviction.



Spreading the will to improve throughout the organisation through daily profit and loss management aimed at creating a strong plant with earnings power

An initiative to create a strong plant by implementing daily profit and loss management of TBDN Tennessee, which is engaged in the production and sale of such products as automotive air cleaners, also garnered the Bronze Award. Carl Pfountz and Naoto Isomura, who are involved with management and accounting at the company, were the ones to promote the initiative.

“Previously with monthly account settlement information, it was only top management who were aware of the business condition of the plant,” says Isomura. “People on the frontline are far removed from the actual plant situation. On top of this, monthly data is out-of-date by the time it is tabulated, so even if results diverge from forecasts and countermeasures are taken, it may be too late.”



TBDN Tennessee
Carl Pfountz

“Practicing day-to-day profit and loss management has enabled us to link daily activities with the results of the entire plant not only for management but also for members on the factory floor,” adds Pfountz.

In the process of introducing the initiative, there was some opposition

due to concerns that daily profit and loss management would cause confusion if brought into the management of the plant. But once it was put in place, the result of efforts made by members emerged in profit/loss performance, which helped boost motivation. “Now we can feel the pulse of the company. We will continue spreading this initiative until our company is known for its excellence throughout the group,” remarked the two of them in reference to their hopes for the future.



TBDN Tennessee
Naoto Isomura



TBDN Tennessee members involved in the initiative



Challenging all types of interior space — Development of seat for Gran Class railway cars

The President’s Award was given to members for an initiative to develop a railway seat for the new E7 and W7 Gran Class cars of the JR Hokuriku Shinkansen (bullet train). This is a world-class, high-grade seat born from an all-new concept based on development and production



Product Planning and Management Centre
Tadayuki Mabuchi



Gran Class seat overflowing with a luxury feel (right) and table cut out of aluminium (above)



technology and experience accumulated in automobile seats.

Tadayuki Mabuchi of the Product Planning and Management Centre recalls the start of development. "We had the idea that we wanted to apply Toyota Boshoku technology to all kinds of interior space and so decided to see if we could devise a seat for the luxurious *Gran Class* car in the *Shinkansen*. Automobiles are vehicles for individuals, but railway cars are for the public. Since the approach to legislation and the manufacturing culture differs for each, in the beginning we really were at a loss at how to move forward. Everyone in the project team, however,



Production based on skilled craftsmanship
(Fujisusono Plant)

studied hard and we eventually overcame the difficulties."

Hiroshi Asai of the Design Division had the following to say. "The short timeframe of 10 months from planning to the start of

production was a first, but we kept in close contact with the customer in pursuit of the ideal design." For seat function and design, it was necessary to consider the ease of seat cleanliness and maintenance after train operations commenced. This was something that hadn't been experienced before with automobile seats. Cleaning and maintenance staff members from the railway operator were welcomed to the company and repeated examinations were conducted until solutions were found.

Gran Class seats are packed with attractive features, including genuine leather boasting a luxury feel, a table and reading light cut out of aluminium, and reclining capability that doesn't cause one's back to shift. The culmination of integrated efforts from development and production technology to manufacturing has provided new impetus to Toyota Boshoku's seat production.



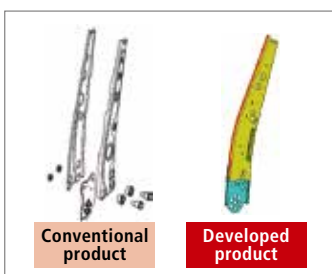
Design Division
Hiroshi Asai



Realised development and production of high-strength rear seat back side frame

One further initiative that resulted in members receiving the President's Award concerned the development and production of a high-strength side back frame for rear seats equipped in minivans. Rear seat frames are required to be lightweight and yet have advanced impact performance. In order to achieve both, it was necessary to stamp a thin, high-tensile steel sheet into a frame configuration and then weld this into a tubular shape. This was no easy task, however. The frame has to be bow-shaped in order to secure knee anterior space, but forming is extremely difficult because the ultra-high-tensile steel sheet is hard and difficult to be stretched. It was therefore deemed impossible to stamp the thin square tube made from the ultra-high-tensile steel sheet without causing distortion.

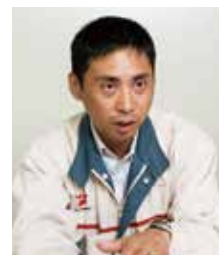
Tatsuhiro Nanya of the Metal Components Production Engineering Division says that a "simple philosophy and flexible concept" helped to make the impossible possible. "We devised a new production method in conjunction with my supervisor at that time and a die manufacturer. This involved forming an ultra-



high-tensile steel sheet into an integral closed cross-section structure bow-shaped frame, aligning the ends and laser welding the entire length."

Atsutaka Mitsuhashi of the Seat Standard Components Design Division says that "compared with the conventional structure in which two pressed parts are layered on top of one another and welded together, this production process makes it possible to achieve both high strength and lightweight properties by aligning the ends and welding the entire length." However, this was not the only issue that needed to be overcome. Since there was very little time until the start of production, it was necessary to develop the production method, conduct product design and make preparations for production all at the same time. Despite this difficult task, a number of divisions joined forces to get the job done.

Seat frames made using this new method are currently being steadily mass produced. This has provided the seat frames with yet another source of competitiveness on top of the new production method and production technology.



Metal Components Production Engineering Division
Tatsuhiro Nanya



Seat Standard Components Design Division
Atsutaka Mitsuhashi

Challenging the Development of Aircraft Seats

— Bringing Comfort to All Kinds of Interior Space



Toyota Boshoku has succeeded in developing aircraft seats for the first time. We teamed up with All Nippon Airways Co., Ltd. (ANA) in the development of a seat that has been fitted in Boeing 767-300 aircraft since May 2015. The seats realise a high level of comfort that brings together ANA's know-how and Toyota Boshoku's experience in developing seats for automobiles. The result is a passenger aircraft seat that will leave customers with a lasting impression.



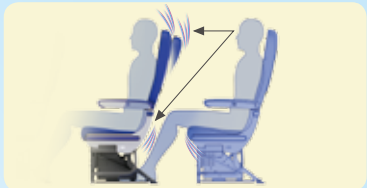
Toyota Boshoku has spent over 60 years in pursuit of the ultimate in ride quality, comfort and safety for automobile seats. A few years ago, we then decided to broaden our horizons and shift from a sole commitment to automobiles to try and provide a comfortable ride in all kinds of interior space. On this occasion, we challenged aircraft, a new field for Toyota Boshoku. We first set our minds to exactly what was required in an aircraft seat. This involved trying our hand at a number of areas in which we had no experience. We began by studying legal matters related to aviation and attained design approval from the Ministry of Land, Infrastructure, Transport and Tourism's Civil Aviation Bureau and permission for a workplace to manufacture the seats.

From development to production, everyone came together to produce a completely new aircraft seat with the aim of ensuring that each and every customer who boards the plane will be as comfortable as possible in limited space.

Seat features

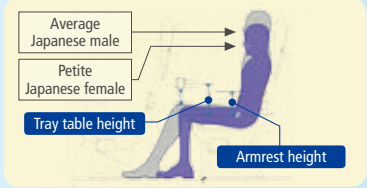


Creating a sense of space



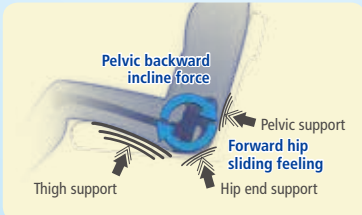
The rounded edges of the headrest provide a sense of openness that widens the passenger's field of view. Fabric is used at the passenger eye-level to contribute to a soft and welcoming atmosphere.

Maximum user friendliness

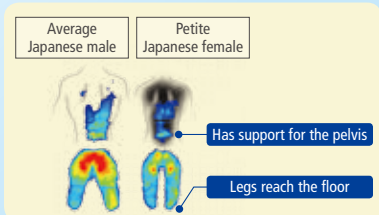


The layout accommodates a variety of body types. The position and shape of the tray table and armrest were achieved through a range of tests.

Devotion to comfort



The seat is structured to limit muscle fatigue around the hips and maintain a relaxing posture by firmly supporting the pelvis, a core part of a person's body.



The seat has been designed to evenly distribute pressure on the body, making it comfortable for any physique.

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.

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Environmental Activities



Working toward Environmental Conservation in All Facets of Business

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



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

Report on CSR Performance Indicators

The Toyota Boshoku group has established its visionary goal under its 2020 Vision to be “a trusted company that grows together with all stakeholders” as our aspired image of “how we want to be viewed by society in 2020.” The Toyota Boshoku group is collectively carrying out social activities to realise this aspiration. Measures were taken in fiscal 2014 to review our initiatives from the perspective of the seven core themes of ISO 26000 with the aim of enhancing the level of activities.

Medium-term targets for social activities and fiscal 2014 summary and key issues for fiscal 2015

Sustainability theme	Mid-term targets	FY2014 action results	Self-assessment	FY2015 targets	Page		
 CSR Management	Corporate governance	<ul style="list-style-type: none"> Maintain and improve governance system to ensure management transparency 	<ul style="list-style-type: none"> Added bodies needed for decision-making and integrated multiple bodies in light of operating conditions Reviewed global regulations concerning decision-making (Implemented in June) 	○	<ul style="list-style-type: none"> Introduce two outside directors (June) Decide on method of response and disclose information in accordance with Japan's Corporate Governance Code (Disclose items by December) Review meeting bodies and global regulations concerning decision-making (once/year) 	23 24	
		<ul style="list-style-type: none"> Improve and operate internal control system Create global auditing system 	<ul style="list-style-type: none"> Conducted regular internal audits Did not create follow-up system for overseas audits 	△	<ul style="list-style-type: none"> Improve dissemination and method of sharing information and increase effectiveness of audits 	23 24	
	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"> Conducted activities led by CSR Committee in each region Implemented List of Legal Risk Activity in each region Deployed Corporate Ethics Month globally with all companies participating 	○	<ul style="list-style-type: none"> Further promote autonomous regional CSR activities in each region (Expand upon list) Continuously promote the participation in Corporate Ethics Month by all members company-wide 	24
		Compliance with laws and regulations and awareness raising	<ul style="list-style-type: none"> Improve global compliance system and continuously promote zero law violations 	<ul style="list-style-type: none"> Deployed and commenced operation of programme on compliance with antitrust laws and on anti-bribery laws in each region Continuously held training for Export Compliance Promotion Committee members and training course by grade 	○	<ul style="list-style-type: none"> Firmly establish programme on compliance with antitrust laws and anti-bribery and promote consistent compliance Continuously implement training for Export Compliance Promotion Committee members and training course by grade 	24 25
		Intellectual property management	<ul style="list-style-type: none"> Improve global intellectual property management system 	<ul style="list-style-type: none"> Continuously put into practice the regulations for handling inventions at RM&CH Continuously developed patent application management system and patent assurance system at RM&CH 	○	<ul style="list-style-type: none"> Achieve 100% of target for number of patent applications in Japan and RM&CH Realise zero patent violations through continuous implementation of patent assurance activities 	25
		Confidentiality and information security management	<ul style="list-style-type: none"> Strengthen confidentiality management at a global level 	<ul style="list-style-type: none"> Prepared confidentiality-related risk standards with RM&CH and undertook inspections 	○	<ul style="list-style-type: none"> Use confidentiality-related risk standards in each region to make a list of confidentiality-related risks in the Toyota Boshoku group Undertake improvement activities aimed at reducing confidentiality-related risk 	25 26
			<ul style="list-style-type: none"> Enhance global security level 				
	Thorough reinforcement of risk management	<ul style="list-style-type: none"> Reinforce risk management on a global level 	<ul style="list-style-type: none"> Prepared BCP*1 at RM&CH and Japan affiliates Conducted integrated exercises for countermeasures against disaster in the Japan region 	○	<ul style="list-style-type: none"> Make preparations to ensure impact does not spread to other regions Continue with activities to mitigate disaster particular to a region Implement integrated exercises for countermeasures against disaster at RM&CH 	26	
	 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"> Encouraged members engaged in quality-related fields to take the QC Examination, Grade 3 Encouraged members to acquire quality-related qualifications such as audits for key processes / TS 16949 	△	<ul style="list-style-type: none"> Achieve 80% acquisition rate for QC Examination, Grade 3 by enhancing educational support (Quality Assurance Division, Quality Control Division) Foster and appropriately assign certified auditors*2 (At least two in each RM&CH) 	27 28
		Enhance and strengthen quality assurance system		<ul style="list-style-type: none"> Acquired at 8 plants in regions outside Japan (Acquisition delayed at four plants due to change of plans) 	△	<ul style="list-style-type: none"> Strengthen education for departments aiming to attain TS 16949 (New acquisition: 9 plants / Already acquired: Maintained certification at 100% of plants) 	27
<ul style="list-style-type: none"> Establish global quality assurance system 			<ul style="list-style-type: none"> Underwent audits based on ongoing audit plan and responded to requirements from authorities (Cases of legal non-compliance at 14 target plants: 0) Underwent ongoing audits at Fujioka and Tahara plants by Chinese certification authority (Cases of legal non-compliance: 0) 	○	<ul style="list-style-type: none"> Devise and implement an audit plan for legal attributes requiring audit in each country as a means to improve product audit system (Cases of legal non-compliance: 0) 	27	
Deployment of quality-related activities		<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"> Revised related regulations to improve activities for initial stage control Promoted preparation of FMEA*3 related to seats and products in interior design divisions Increased speed of information sharing and made swift improvements in newly launched vehicles through cooperation between related departments 	△	<ul style="list-style-type: none"> Prevent significant quality-related issues (Cases of shotgun issuance: 0 / Cases of significant quality-related issues: 0) Strengthen degree of completion in terms of quality at gate review for pre-series production and mass-production (First-try pass rate and cancellation rate for initial stage control: Improve by 10% versus 2014) Revise FMEA textbook and provide education Strengthen EDER*4 activities for new products (Response rate: At least 90%) Reinforce activities to eliminate free-of-charge repair costs (Cases of free-of-charge repairs: Reduce by 50% versus fiscal 2010) 	27 28	





*1 Business Continuity Plan

*2 Internal qualification enabling audit of significant quality-related attributes

*3 Failure Mode and Effect Analysis: A systematic method of identifying and preventing problems in products or processes before they occur

*4 Early Detection, Early Resolution

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

Sustainability theme	Mid-term targets	FY2014 action results	Self-assessment	FY2015 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"> Conduct ongoing implementation of respect for human rights training 	29	
	Respecting diversity	<ul style="list-style-type: none"> Promote active employment of global human resources Enhance reemployment system Actively recruit 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 2016) Implement policy of maximising use of senior members (Examine effective measures after identifying workplace conditions) Achieve statutory employment ratio of 2.0% for persons with disabilities Implement policy promoting active role of female members based on voluntary action plan 	29 30	
	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"> Continue to conduct Global Leader Training Continue to nurture Master Trainers Encourage use of Global Trainee System (Expand scope of dispatched workers from Japan to 70 people) Examine and implement measures to strengthen English ability for members requiring these skills Further strengthen maintenance skills in each region Further enhance supervisor education and expand globally 	30 31	
	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"> Implemented safety inspections by top management with an emphasis on STOP6**5 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.). Improved workplace environment corresponding to special health checks 	△	<ul style="list-style-type: none"> Implement inspections for STOP6, which clarifies requirements and procedures aimed at eliminating fatal accidents, and develop members with high sensitivity toward risks through these activities Continuously implement "dedicated safety time" incorporating mutually enlightening dialogue on safety Further improve the implementation of safety basic actions (pedestrian crossings, pointing and calling, stair handrails, etc.) 	32 33
			<ul style="list-style-type: none"> Implemented mental health related activities Implemented measures to prevent lifestyle-related diseases (Health guidance provided: 100%, stop-smoking initiatives on-site) 	○	<ul style="list-style-type: none"> Promote mental health related activities Continuously implement measures to prevent lifestyle-related diseases (Provide guidance on insurance after medical checkup in 100% of cases, stop-smoking initiatives on-site) 	33
 Together with shareholders and investors	<ul style="list-style-type: none"> Enhancing corporate value and reinforcing information disclosure Develop a stable shareholder base through proactive investor relation activities 	<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 implement timely disclosure according to laws and regulations Regularly convene Information Disclosure Committee 	34	
		<ul style="list-style-type: none"> Steadily implemented timely disclosure according to laws and regulations Implemented financial results briefings, individual visits to investors and small meetings Implemented plant tours for individual shareholders 	○	<ul style="list-style-type: none"> Steadily implement timely disclosure according to laws and regulations Regularly convene Information Disclosure Committee Implement financial results briefings, individual visits to investors and small meetings Implement plant tours for individual shareholders Expand and enhance IR information in English on the website 	34	
 Together with suppliers	<ul style="list-style-type: none"> Practicing open, fair and transparent business dealings and implementation of CSR activities in supply chain Creation of a global procurement system 	<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"> Thoroughly practice basic procurement policy Develop and permeate CSR activities to the supply chains of respective suppliers Continuously implement procurement activities that give considerations to human rights and the environment (initiatives for conflict minerals) 	35 36	
		<ul style="list-style-type: none"> Strengthen global procurement capability and procurement foundation 	○	<ul style="list-style-type: none"> Continuously implement General Meeting of Global Suppliers Started use of global cost benchmark system in Japan Enhanced and strengthened global SPTT**6 activities 	○	<ul style="list-style-type: none"> Continuously implement General Meeting of Global Suppliers and expand implementation of general meeting to respective regions globally Expand use of global cost benchmark system Enhance and strengthen global SPTT activities and develop human resources
 Together with global society & local communities	<ul style="list-style-type: none"> Promote global social contribution activities rooted in regions by respecting cultures and customs of regions in respective countries 	<ul style="list-style-type: none"> Promoted and supported activities for business entities undertaken by Toyota Boshoku and RM&CH Implemented social contribution activities in conjunction with business entities (such as tree planting in Inner Mongolia) Undertook activities in collaboration with NPOs and NGOs, etc. 	○	<ul style="list-style-type: none"> Promote activities that meet the needs of each region Increase the number of participants in social contribution activities in the Japan region by 20% year on year Continue to undertake activities in cooperation with NPOs and NGOs, etc. 	37 38	

*5 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)

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



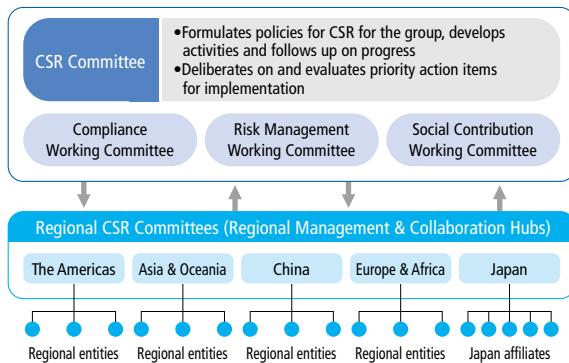
CSR Management

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

Fundamentals of CSR activities

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

Global CSR promotion system



Corporate governance

The Toyota Boshoku group has stated as the first part of its corporate philosophy the desire to “promote corporate growth while fulfilling the following 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 and will strive to expand and enhance its corporate governance.

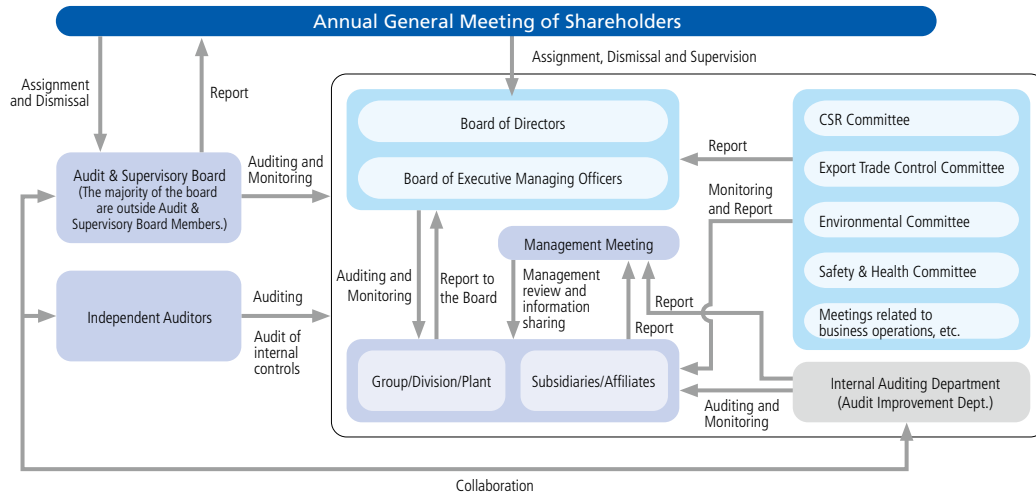
Specifically, the Company will advance the following: (1) Securing the rights and equal treatment of shareholders; (2) Appropriate cooperation with stakeholders other than shareholders; (3) Ensuring appropriate information disclosure and transparency; (4) Appropriate execution of the roles and responsibilities of the Board of Directors; and (5) Engaging in constructive dialogue with shareholders.

Corporate governance system

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

The Company currently utilises an Audit & Supervisory Board

Corporate governance system



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

In fiscal 2014, the Company refined its agenda items and worked to provide advance briefings to outside executive officers in order to bring more vitality to the Board of Directors with a view to introducing outside directors. Efforts were also made to build a governance system appropriate to the globalisation of business by delegating authority to executive officers and other managerial personnel in charge of respective regions as a means to accelerate regional decision-making and business execution.

In fiscal 2015, the Company will seek to further expand and enhance its supervision functions through the introduction of outside directors.

Development and operation of internal control system

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

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

Compliance

Legal and regulatory compliance as well as completely fair and transparent corporate activities are needed

to earn and maintain the trust of society as a good corporate citizen.

Thorough compliance awareness

The Toyota Boshoku group clarifies its overall concept, promotion system, scope of activities and goals for compliance in each region based on a compliance policy and conducts activities to enhance the level of compliance initiatives in each region including Japan. From fiscal 2014, the Company continuously convened meetings with Regional Management & Collaboration Hubs (RM&CH) and deepened understanding of respective regions in order to heighten ties between Toyota Boshoku and each region with the objective of enhancing and strengthening compliance activities globally.

In fiscal 2015, in addition to further reinforcing legal compliance around the world, Toyota Boshoku will hold the Global Legal Conference that gathers persons in charge of legal affairs from each region to share and resolve regional issues as the Toyota Boshoku group.

● Global development of List of Legal Risk

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

● Considerations for human rights

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

Compliance with laws and regulations and awareness raising

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

● Thoroughgoing compliance with antitrust laws

Understanding and complying with the antitrust laws of

respective countries is essential in carrying out global business activities. To this end, Toyota Boshoku established the Company Policy on Antitrust Law, in which we clearly declared that the Company will not tolerate any behaviour violating antitrust laws and company members will not commit any violations, with this declaration being shared in each region. Additionally, we formulated the Antitrust Law Compliance Rules with an emphasis



Training on legal affairs for learning the basics on contract reviews

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

● Thoroughgoing export control

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

● Initiatives regarding Corporate Ethics Month

Every year, the Toyota Boshoku group holds Toyota Boshoku group Corporate Ethics Month on a global basis with full participation by members. During this month, efforts are made to enhance ethics awareness through various initiatives such



Workplace discussion (TB Technogreen)

as confirming the basic principles and reviewing members' behaviour internally and externally.

● Education and awareness raising

Toyota Boshoku has developed a training system for compliance that includes such core topics as antitrust law and bribery prevention and is also working to ensure that all company members, including new hires and members who were promoted, can acquire the necessary knowledge regarding compliance. Members from the Legal Division at Toyota Boshoku and RM&CH provide training in consideration of each country and each region that includes training in Regional CSR Committees.

Intellectual property management

The Toyota Boshoku group respects the intellectual property of third parties and appropriately values its own intellectual

property, which is viewed as a key management asset essential for global business development. We continuously work to enhance the protection and utilisation of our intellectual property.

● Aiming to strengthen patent application system

Toyota Boshoku promotes initiatives to increase the number of patent applications befitting the scale of business as well as their quality. In this respect, we are working to boost motivation toward the creation of inventions as well as vitalise application activities through managing targets for the number of patent applications by each technical division, in-house training and the patent compensation system, as well as patent application support activities from the intellectual property department. Particularly in recent years, we are promoting application activities in Europe and the United States as well as in the China region and emerging countries in response to the globalisation of business activities.

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

In fiscal 2015, we will work to promote global patent application activities while remaining aware of increases in the balance of payments for intellectual property.

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 hold meetings at workplaces and conduct voluntary inspections in an

effort to raise awareness of the need for confidentiality. On top of this, in the CSR Committee, management performs inspections and follow-ups on a regular basis. At affiliates in and outside Japan, efforts are being made to establish a confidentiality management system and heighten awareness among members in collaboration with functional divisions at Toyota Boshoku.

In fiscal 2014, we reviewed part of our educational programme at Toyota Boshoku and changed the content being taught to make sure it was appropriate for each layer of the organisation while also setting up education for members dispatched outside the Japan region. In regions outside Japan, we established a regional version of our Security Guidelines based on the Security Guidelines in place in Japan.

In fiscal 2015, we will promote activities to strengthen and improve our framework by making a list of confidentiality-related risks on a Toyota Boshoku group basis and work 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. The CSR Committee and each functional committee evaluate the status and conduct follow-up of these 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 2014, the Japan region conducted integrated exercises for countermeasures against disaster with the aim of confirming and improving the effectiveness of the BCP. In regions outside Japan, RM&CH devised their own BCPs in accordance with the particular risks of the region.

Moreover, with the aim of ensuring swift restoration of production, we are implementing measures in the supply chain, taking steps to mitigate disaster in production equipment and striving to develop personnel who can act in an emergency based on production restoration drills.

Formulating a more effective BCP in preparation for disasters

Japan

TB Technogreen has been contracted for maintenance work at Toyota Boshoku's plants and has poured its efforts into creating a state of preparedness that enables mobilisation in an emergency to be able to assist in immediate production restoration when damage has been caused to a building, structure or equipment due to disaster. The company formulated a BCP in 2012 and conducts emergency evacuation drills and simulation training three times a year in which disaster headquarters are established. By consistently factoring in amelioration points based on the results of the drills, it is improving its BCP and making it more effective. Going forward, TB Technogreen aims to further solidify partnerships with business partners to increase the level of trust in the company.

TB Technogreen
Head of Secretariat, Safety Promotion Division
Hidenori Miyamoto



Trial operation of a generator during simulation training

We hold workshops twice a year that simulate a real disaster to enhance our skills. This includes courses on life-saving techniques and how to use the emergency generator and escape ladder from the second floor. We also try to raise awareness of the need for disaster prevention among members while engineers voluntarily attain Emergency Risk Discriminator qualification so that they can evaluate the level of danger in buildings that have been damaged and determine the degree of priority for restoring the plant. In this way, we are creating a framework to ensure the swift recovery of damaged plants.





Together with Customers

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

Promoting education, training and awareness-raising activities for quality

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

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

The Toyota Boshoku group conducts systematic education, training and awareness-raising activities that can be shared and built into the three domains of design, production 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 2014, we prepared a skills map required for supervisory tiers related to quality, candidates dispatched to regions outside Japan and leaders for the next period as a means to improve skills, and in fiscal 2015, we will work to formulate a human resources development plan based on a skills map.

Enhance and strengthen quality assurance system

On the basis of securing the safety of customers and delivering products that inspire, all the Quality Improvement Corporate Division members have united to enhance the quality assurance system for the Toyota Boshoku group.

Reinforcing our global quality assurance system

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

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

Additionally, the Company is cooperating through quality function meetings held at each RM&CH to ascertain the status of quality for respective regions and deploying initiatives toward achieving targets. In fiscal 2014, 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. In order to prevent deficiencies in the supply chain, the group has obtained this certification.

In fiscal 2014, eight plants at entities outside Japan were newly certified, making a total of 60 plants with the certification. Ongoing efforts will be carried out to realise further improvements.

Deployment of quality-related activities

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

Prevention of significant quality issues

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 major quality deficiencies, identify areas that are

either new or have been modified in the design of a new product from five perspectives: structure, materials, manufacturing method, processing and application. This approach helps to thoroughly eliminate any deficiencies in advance. For instance, if a totally new material is slated for use, it is set and registered as a product subject to 5N activities. Development, product 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. Moreover, we had suppliers incorporate the system for evaluating quality in consideration of quality results, and top management at suppliers are voluntarily taking the lead in continuing and promoting quality improvement activities.

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 countermeasures, the deadline for implementation and method of implementation, thereby enabling a swift response.

Promotion of QC Circle/SQC activities

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

In SQC activities, training is conducted according to introductory-level, intermediate-level and advanced-level job classifications, including announcing the results of activities, which serves to advance knowledge and technologies related to quality control. 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 foster professional human resources in this area.

Consumer response

In order to protect customer's rights, the Toyota Boshoku group takes immediate actions in cooperation with our customers upon receipt of field complaints. We provide services such as repair and replacement to meet requests from various customers.

Bringing vitality to QC Circle activities in the China region

China

Toyota Boshoku (China) takes the lead in the China region in developing instructors to teach quality assurance staff and providing education to facilitators and advisors in each business entity in the region. Efforts have also been made to promote each course within respective business entities as a means to eliminate the gap in skill levels and bring vitality to QC Circle activities in the region. Toyota Boshoku Foshan, which was selected to represent the China region, won the Gold Award at the 11th All Toyota Boshoku QC Circle presentation.

Toyota Boshoku Foshan QC Circle Leader of the "Curative of defective parts" circle
Ouyang Zhiping



Efforts revolved around making improvements by removing foreign matter from the resin surface of oil filter elements.

We worked to make improvements to our equipment in order to eliminate foreign matter from the resin surface. Although most members participated in QC Circle activities for the first time, we were able to achieve some significant results by making thorough adjustments to the equipment by ourselves with the cooperation of people around us. This included holding a study session on production engineering and maintenance. We will continue to introduce improvements while actively becoming more knowledgeable and enhancing our capabilities.





Together with Company Members

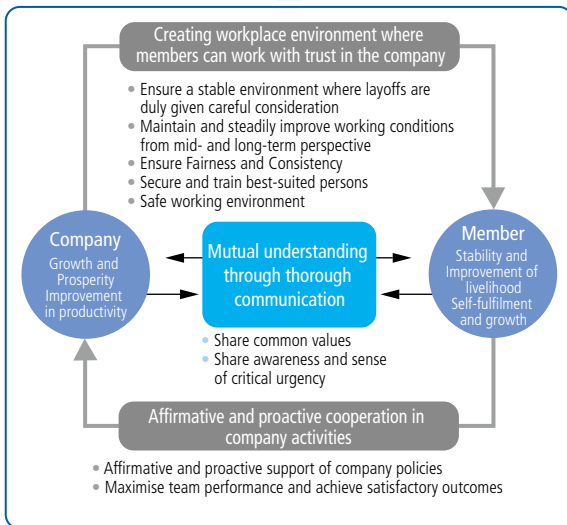
Mutual understanding based on comprehensive communication forms the backbone of the relationship between Toyota Boshoku group members and companies. Top management and other supervisory tiers make their utmost efforts to provide information along with frequent discussions among all levels of the organisation.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

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

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

Basic concept of Human Resources Management (HRM)

Establish a relationship of mutual trust and respect



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 lower labour-related risks and 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 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 where 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.

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 and is working to provide a work environment where members can exert their full potential and continue to work with enthusiasm. Although history, culture, laws and social customs differ by country or region, all members, including the leaders of each company, understand that fundamental philosophies are shared and constant and thus act in accordance with this basic idea.

Galvanising global human resources

The Toyota Boshoku group works to enhance the global awareness of members and recruits exceptional and talented human resources irrespective of nationality. In January 2014, 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 other regions in order to further promote the exchange of global human resources.

Encouraging employment of persons with disabilities

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

Promoting active roles for female members

In fiscal 2014, Toyota Boshoku formulated and announced a voluntary action plan*1 to encourage more active roles among female members at work. We will make vigorous efforts based on this plan that include training to promote a change in awareness among women and management and the formulation of a medium-term career plan for each individual.

*1 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. In fiscal 2015, the Company independently opened and started operating a group day nursery and day care centre on premises for the first time to support members' child-raising efforts in addition to operating 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

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



Global Leader Training

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

In fiscal 2014, we established an environment enabling discussion concerning management-oriented human resources at a consistent global standard, and in fiscal 2015, we will launch an RSC*2 in each region to devise and promote a management-oriented human resources development plan for the future while also continuing to implement Global Leader Training, a special education programme.

*2 Regional Succession Committee

Global development of human resources training programme

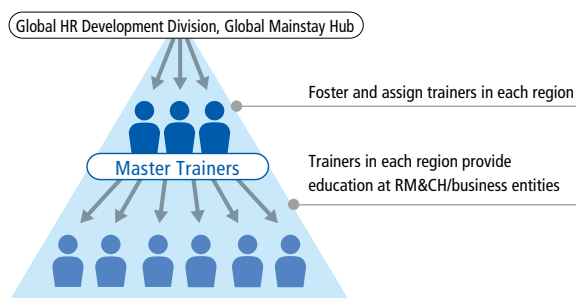
We foster human resources who can work across borders. The biggest challenge with developing human resources concerns learning the philosophy, work style and capabilities of the Toyota Boshoku group, irrespective of location around the world. We are

working to develop people (Master Trainers) in each region who can teach educational content GCC*³ that should be learned by all members throughout the Toyota Boshoku group.

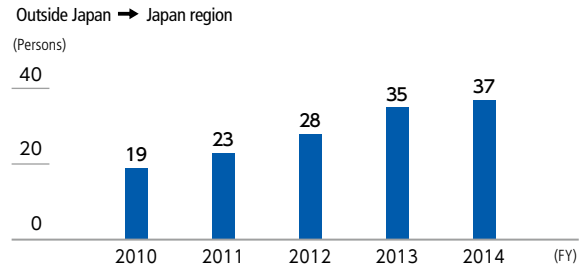
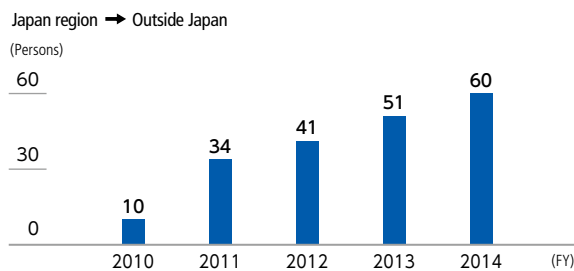
Additionally, skill-up training has been provided to Master Trainers who are active in each region in an effort to firmly establish and further enhance GCC. A short-term (1-2 years) personnel transfer system (Global Trainee System) is also actively being implemented within the Toyota Boshoku group so that members attain a more global outlook as well as foreign language ability by experiencing work in a different country.

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

Strengthen global deployment of GCC



Users of global trainee system



Specialised skills related education

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

The Technical Skills Training Centre works to “foster exceptional managers and supervisors,” “establish excellent manufacturing skills,” “strengthen maintenance skills,” “nurture core young human resources” and “nurture human resources who can act with appropriate levels of safety” in order to develop human resources and enhance workplace capabilities to enable the highest levels in terms of safety, quality, cost, delivery and environment.

In terms of fostering exceptional managers and supervisors, we nurture human resources who can think and act for themselves through the global deployment of special training aimed at acquiring the knowledge required to be a supervisor and training for production supervisors through practice on mock production lines.



All TB Skills Competition

Learning the philosophy of *kaizen* and related initiatives via *genchi-genbutsu*

U.S.A

Toyota Boshoku held training sessions in Japan for plant managers in The Americas with the aim of strengthening the production system and profit structure of Toyota Boshoku America group companies. Some 22 plant managers from The Americas region took part and learned about the philosophy of *kaizen* and related initiatives being undertaken at respective plants in Japan via *genchi-genbutsu*. They took what they had learned back home and have been working to connect it with improvement activities as leaders of the companies in The Americas. The Company will continue to hold similar training sessions.



Leader of training session for plant managers in The Americas, Toyota Boshoku Mississippi **Larry Burgess**

Participants learn how to strengthen the production system and earnings foundation via *genchi-genbutsu* and get an insight into the extent of the impact of continuously carrying out *kaizen* activities on the Toyota Boshoku group. As leader of the training session, I provide support to plant managers in The Americas through training to achieve objectives related to safety, quality and profit improvement in the region. At the same time, I strive to further boost awareness of the TB Way among members of my own plant to raise the ability to make improvements.



Listening intently to an explanation at a plant

In terms of establishing excellent manufacturing skills, we make sure that our members are highly skilled by way of basic skills training, *karakuri* 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. A total of 200 members from 15 countries, including 49 from outside Japan, pitted their manufacturing skills against one another in the All TB Skills Competition for fiscal 2014.

In terms of strengthening maintenance skills, we are striving to improve these skills throughout the group through 42 short courses for specialised skills such as mechanical systems, electrical systems and mould maintenance, as well as by making use of maintenance courses comprising from two weeks to three months in accordance with needs.

In terms of nurturing core young human resources, we develop members at the Toyota Boshoku Technical Skills Academy who are balanced in "mind, body and spirit" and capable of operating at a global level.

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 *Anzen Taikan Dojo* (Simulated Accident Dojo) and develop members capable of taking appropriate levels of safety on their own.

Promoting safety and health and health building

The Toyota Boshoku group implements safety and health activities under a Basic Safety and Health Policy in order to establish a corporate culture that places a priority on safety and health at work. Moreover, a new Safety Vision was formulated in November 2013 and activities were initiated aimed at ensuring a mutually enlightened culture of safety.

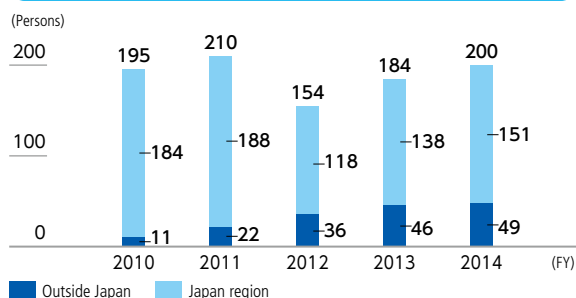
Basic Safety and Health Policy

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

Safety Vision

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

Participants in skills competition



Independent establishment of maintenance training centre

Thailand

Although Toyota Boshoku Siam Metal has been teaching members about safety using the *Anzen Taikan Dojo*, it also decided to construct a maintenance training centre independently that enables training assuming a disaster at the company amid the growing importance of maintenance-related education. The centre is complete with training equipment such as for air cylinder control and robot operation. Maintenance staff can experience danger during robot operation and undergo practical training concerning countermeasures. This company won the Bronze Award in the safety category at the fiscal 2014 Toyota Boshoku Global Awards* in recognition of these safety-related activities.



Training on replacing a motor, including safety behaviour

Toyota Boshoku Siam Metal
In charge of safety

Thikhamporn Kullabut

Even with awareness of the importance of safety, some members may not understand the true meaning. The *Anzen Taikan Dojo* and training centre provide the opportunity to experience dangers that may occur in the course of daily work, which I believe has altered perspectives toward safety and increased crisis awareness. We will continue making use of the *dojo* and centre as part of our safety activities.



*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 safety, the environment and quality

● 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 firmly establish a foundation for building a culture of safety by evaluating initiatives based on the results of audits and eliminating weaknesses and other measures. We also developed safety standards for each country according to local laws and regulations to enhance the level of safety globally.

In fiscal 2014, we clarified inspection requirements for STOP6, 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. We will work to further enhance the level of all regions under the leadership of RM&CH by promoting the development of people with high sensitivity to risk through these activities.

● Efforts to build a mutually enlightened culture of safety

The Toyota Boshoku group promotes health and safety activities aimed at achieving zero industrial accidents.



Toyota Boshoku holds safety-related presentations to further enhance safety awareness.

We also systemise our safety education

programme, conduct education locally through Toyota Boshoku persons in charge in each region and develop *Anzen Dojo* globally in order to create and establish a mutually enlightened culture of safety. In regions outside Japan, we have completed establishment of *Anzen Dojo* at all production sites and are pushing ahead with the development of human resources aimed at eliminating fatal accidents through training that makes use of regional characteristics around the world.

In fiscal 2014, all 9,912 members from Toyota Boshoku's production group and administrative and technical groups passed an exam in basic conduct in an *Anzen Dojo* at all Toyota Boshoku plants.

The *Anzen Taikan Dojo* was established as a core facility in safety education in an effort to strengthen initiatives to prevent accidents by enhancing company members' sensitivity toward risks. In fiscal 2014, a total of 2,363 members have participated in this activity from respective regions, thereby raising awareness toward preventing accidents.

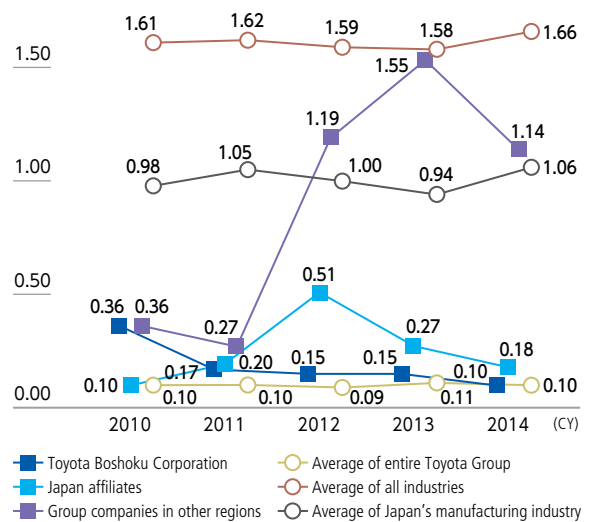


Training for prediction of danger at Boshoku Automotive Poland

Lost time injury rate

(Number)

2.00



● 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 live healthy and energetic lives not only while they are working but also after retirement.

We are also promoting initiatives to enhance company members' healthy living as a means of creating a workplace in which all members can work enthusiastically and in good health.

● Conducting health checks for all members

We are undertaking activities toward the implementation of health checks for 100% of members in all regions by fiscal 2015, not just those regions where checks are mandatory by law, so that all Toyota Boshoku group members can equally 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 and Legal Division, and Corporate Strategy Division.

Fiscal 2014 distribution of profits

Business results for fiscal 2014 are shown on pages 53 and 54.

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

Briefings for analysts and investors

The Toyota Boshoku group regularly holds results briefings with the Company president and executive officers in order to aid analysts and institutional investors in understanding Toyota Boshoku’s financial situation and business strategies. In fiscal 2014, two briefings were held after the second quarter of the year and after the fiscal year-end.



IR results briefings (Tokyo)

Additionally, we are actively pursuing communication with investors through various occasions, including small meetings and

interviews with analysts and institutional investors, visiting institutional investors and holding seminars for individual investors.

Plant tours for shareholders

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



Plant tours for shareholders

In fiscal 2014, we held a plant tour at the Toyota Boshoku Kariya Plant on the day of the Annual General Meeting of Shareholders in June. Around 70 of the applicants took part in the tour.

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

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 (The Americas,



Global website

Asia & Oceania, China, Europe & Africa and Japan).



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

- 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 2014, we requested Toyota Boshoku's major suppliers (approximately 100 companies) to expand the scope of their CSR activities, and in fiscal 2015, we will request suppliers, including secondary and tertiary suppliers, to work on quality assurance, production preparations and appropriate preparations for safety and major disasters as key themes.

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) Preventing 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 are responding to regulatory issues concerning conflict minerals that are broad matters of concern in the automobile industry.

Green procurement and green purchasing

The Toyota Boshoku group is strengthening its response to legal compliance related to various environmental regulations in respective countries and regions, including the global REACH Regulation*, based on our Green Purchasing Guideline, and we are working actively to reduce environmental burden with all suppliers. In fiscal 2014, we formulated and implemented regional versions of our Green Purchasing Guideline at suppliers in respective regions.

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

Building of environmental management systems (EMS) at suppliers

The Toyota Boshoku group promotes environmental preservation activities in collaboration with suppliers aimed at creating a sustainable society. Toyota Boshoku requires its suppliers of parts, raw materials, auxiliary materials and equipment to establish EMS based on the acquisition of ISO 14001 certification. As a result, in fiscal 2014, all 87 major suppliers have acquired ISO 14001 certification.

ISO 14001 certification acquisition

	2011	2012	2013	2014
Supplier companies	92	88	87	87
Certified companies	88	83	86	87
Certification rate (%)	96	94	99	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 2014, We used model cases at a CSR-related lecture presentation held by our major suppliers (approximately 100 companies) as guidance on BCP formulation. On top of this, we introduced the progress of initiatives being undertaken at Toyota Boshoku and representative supplier companies and implemented and promoted opinion exchange sessions.

Creation of a global procurement system

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

General meeting of suppliers

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

In fiscal 2014, 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 General Meeting of Global Suppliers to be held in 2018.



General Meeting of Suppliers in Japan



Awards presentation ceremony at the General Meeting of Regional Suppliers in The Americas region

Creation of a cohesive global procurement system

The Toyota Boshoku group is creating a global procurement system and is working to deepen connections with all suppliers. As a fundamental system to standardise procurement information from respective countries worldwide, a unit price database for components and raw materials called TB-WAVE has been rolled out to such regions as Japan, The Americas and Europe & Africa.

In fiscal 2014, we finished building a cost benchmark system related to components and raw materials that is connected with TB-WAVE on a global scale. The system utilises a database that can line up and compare identical components in respective regions, including Japan, and going forward, we will work to implement the system globally.

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 2014, we 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 introduced the activities across a wide spectrum from Thailand, Indonesia, India and Argentina to South Africa.

We also worked to nurture human resources who can promote SPTT activities in each region.



Together with Global Society & Local Communities

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

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

Activities with local citizens

The Toyota Boshoku group wants to support the people in each of the regions where we operate worldwide and hopes to continue as a trusted company deeply rooted in each region. In this way, we can build strong bonds with local communities.

U.S.A.

Toyota Boshoku Kentucky



Gave Christmas presents to less fortunate children.

Mexico

TB De Mexico



Interacted with children at a local day care centre.

Turkey

Toyota Boshoku Turkey



Conducted training at an elementary school on wearing a seatbelt in the backseat.

Brazil

Toyota Boshoku Do Brasil



Invited children from an orphanage and presented them with toys and other gifts.

Belgium

Toyota Boshoku Europe



Members participated in a charity marathon and conducted fund-raising.

Poland

TBAI Poland



Donated books to a local school library.

Thailand

Toyota Boshoku Siam Metal



Donated school supplies to local children.

Environmental activities

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

Global reforestation activities

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



Around 100 people took part in forest management activities. (Toyota Boshoku Tohoku "Eco-Forest of the Toyota Boshoku group in Ohira, Japan")

Foster youth through education

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

Improving school environments

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

India

Toyota Boshoku Automotive India



Helped establish pedestrian crosswalks.

China

Guangzhou Intex Auto Parts



Helped improve the local water supply.

Tianjin Toyota Boshoku Automotive Parts



Held a sports festival and invited local autistic children.

Ningbo Araco



Provided comfort to residents of a home for the elderly.

Philippines

Toyota Boshoku Philippines



Provided dental check-ups in the region in cooperation with local officials.

Japan

TB Logistics Service



Provided unused vehicles to areas affected by the Great East Japan Earthquake.

TB Corporate Service



Supported the sale of goods produced at a facility for persons with disabilities.

TB Kawashima



Provided special lessons on work to local high school students.

Aiming to be a company needed by the community

Russia

Due to the fact many new companies have made inroads into the Europe & Africa region, it is necessary to be a company that is deeply rooted in the community as quickly as possible. In this context, efforts are being made to meet the needs of the local community, notably by planting trees, conducting cleanup activities and nurturing youths by donating books to local libraries and schools. Toyota Boshoku in Russia received an incentive award in the social contribution category of the Toyota Boshoku Global Awards in fiscal 2014 for significantly increasing the number of social contribution activities being carried out compared with the previous fiscal year. These activities included beautification of a forest park and collecting unneeded batteries.

Toyota Boshoku in Russia
In charge of social contribution activities

Svetlana Kozlova (Left) and Polina Kostina (Right)

Over the years, we have conducted activities that have made the community realise our importance, including devising interesting events so that the families of members can also participate and properly reporting the results of our activities. Even now, many members take part with their families and awareness inside the company has changed. We will continue with these activities and do our best to be a company that is needed by the community.



Delivering medicine, toys, sweets and other items to an orphanage



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

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

The Toyota Boshoku group announced our 2015 Environmental Action Plan in fiscal 2011 and we are working to promote environmental activities with a view to 2015.

Within the 2015 Plan, we have set concrete and quantitative objectives based on the following three pillars, which are grounded in solid environmental management, and are pushing ahead with related activities.

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

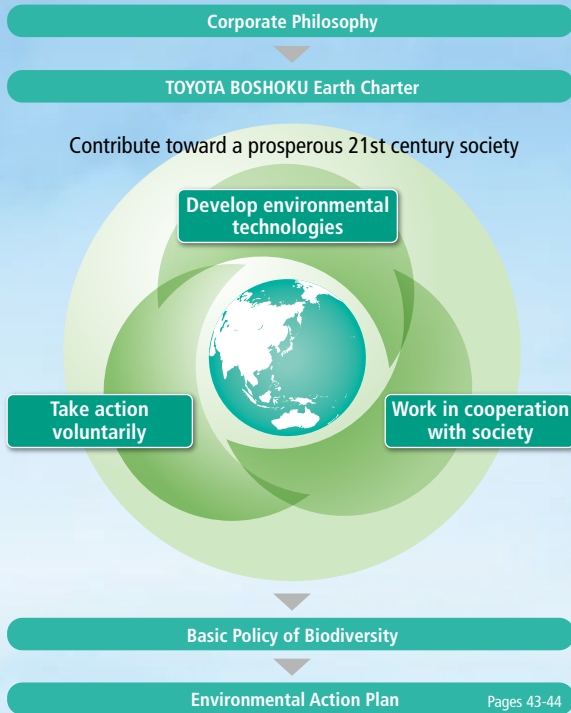
In fiscal 2014, we made efforts to contribute to environmental preservation through initiatives and goals for the year that serve as milestones toward the achievement of our 2015 objectives.

Going forward, we will implement activities aimed at carrying out *kaizen* continuously as we seek to attain the goals of the 2015 Plan. At the same time, we will continue working on environmental initiatives as a group in consideration of the aspirations we have articulated in our 2020 Vision.



Chairman of Environmental Committee
Executive Vice President
Takamichi Taki

TOYOTA BOSHOKU Earth Charter



TOYOTA BOSHOKU Earth Charter

1. Contribute toward a prosperous 21st century society

Aim for growth that is in harmony with the environment, and work to reduce environmental burdens throughout all areas of business activities. We will contribute toward realising a "sustainable society" by carrying out activities that take into consideration biodiversity and co-existence with nature.

2. Develop environmental technologies

By seeking to tap the potential offered by environmental technologies, we will produce goods that are both comfortable and ecologically responsible. We will involve ourselves in the development of new technologies that can make worthwhile social contributions.

3. Take action voluntarily

Develop a voluntary improvement plan based on thorough preventive measures and compliance with laws that address environmental issues while promoting continuous implementation toward global environmental conservation.

4. Work in cooperation with society

Build close and cooperative relationships with a wide spectrum of individuals and organisations involved in environmental preservation, including related companies and industries.

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

Toyota Boshoku group 2015 Environmental Action Plan



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

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



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

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



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



Environmental management


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

Kashimo forest where Toyota Boshoku undertakes reforestation activities in Gifu Prefecture, Japan


Fiscal 2014 Results (Toyota Boshoku group 2015 Environmental Action Plan)

In fiscal 2011, the Toyota Boshoku group formulated the 2015 Plan, which outlines the implementation plan for environmental activities from fiscal 2011 to fiscal 2015. During fiscal 2014, we successfully achieved our targets for all items.

(Assessment ○: Achieved)

Action items for 2015 Plan		FY2014 concrete initiatives/goals, etc.	FY2014 results	Self-assessment	Page	
 Environmental management	Management	(1) Strengthen and promote consolidated environmental management <ul style="list-style-type: none"> ① Promote activities for reducing environmental impact by enhancing activities of Environmental Committees ② Promote continuous improvements by building and enhancing the operation of environmental management systems (EMS) ③ Comply with Toyota Boshoku group environmental laws and strengthen activities to prevent environmental risk 	<ul style="list-style-type: none"> ● Conduct plant patrols using risk map globally ● Acquire ISO 14001 certification at two companies ● Introduce a global prior assessment system for environmental pollutants 	<ul style="list-style-type: none"> ● Completed environmental risk map at all regions and companies outside Japan. Started patrols inside and outside plant premises. ● Acquired ISO 14001 certification according to plan (Toyota Boshoku Do Brasil, Toyota Boshoku Somain, TB Sewtech Turkey, Changchun Faway Toyota Boshoku Auto Parts) ● Formulated global rules and conducted audits to ensure compliance with environmental laws and regulations 	○	43 44 45
		(2) Promote environmental conservation activities in cooperation with business partners Request that suppliers build and operate EMS and abide by laws	<ul style="list-style-type: none"> ● Confirm acquisition status of ISO 14001 certification and promote maintenance of certification acquisition 	<ul style="list-style-type: none"> ● Companies targeted for certification: Completed acquisition of Eco-Action 21 certification based on ISO 14001 	○	35
		(3) Ensure environmental management in product development Steadily promote LCA*1 management at the development stage	<ul style="list-style-type: none"> ● Rebuild and implement LCA promotion system 	<ul style="list-style-type: none"> ● Designated vehicle types and formulated activity policy 	○	47
		(4) Promote sustainable plant activities	<ul style="list-style-type: none"> ● Formulate roadmap for reducing CO₂ emissions globally and complete review 	<ul style="list-style-type: none"> ● Completed review of global roadmap 	○	—
		(5) Enhance and promote environmental education globally <ul style="list-style-type: none"> ① Systemise and promote global environmental education for raising members' environmental awareness ② Provide environmental education and promote enlightenment activities globally through coordination with Toyota Boshoku group companies 	<ul style="list-style-type: none"> ● Establish and standardise system for environmental education globally ● Conduct awareness-raising activities related to the direction for the environment and energy ● Propose valid and ongoing enlightenment activities in such areas as energy and resource conservation 	<ul style="list-style-type: none"> ● Confirmed the statuses of implementation of environmental education globally ● Held a lecture on environmental and energy trends (June) ● Held an energy conservation "experiential" exhibition and a lecture on energy conservation as well as presented awards for exceptional activities 	○	45 46
		(6) Enhance activities for communication with stakeholders through active disclosure of environmental information <ul style="list-style-type: none"> ① Further enhance the provision of environmental information through the Toyota Boshoku Report and other communication tools ② Promote activities for communication with local communities 	<ul style="list-style-type: none"> ● Exhibit and introduce products using plant material at Automotive Engineering Exposition and other events (12 or more locations/year) ● Release environmental news and features from Japan and overseas in the Toyota Boshoku Report and internal magazine (10 or more items/year) ● Continuously implement plant observation tours and environmental education ● Continuously implement area social gatherings ● Promote volunteer support activities 	<ul style="list-style-type: none"> ● Exhibited environmental products at events such as Automotive Engineering Exposition (12 locations/year) ● Released environmental news and features in the Toyota Boshoku Report and internal magazine (17 items/year) ● Implemented plant observation tours for elementary and junior high schools students and teachers in the vicinity and environmental education ● Continuously implemented area social gatherings (Kariya/Sanage district) ● Supported volunteer environmental activities in each region globally 	○	— 45


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

Action items for 2015 Plan		FY2014 concrete initiatives/goals, etc.	FY2014 results	Self-assessment	Page																																											
 Development and production activities for the realisation of a low-carbon society	Development and design	(1) Promote the development of technologies for next-generation vehicles <ul style="list-style-type: none"> ① Promote the development of weight-saving (lighter-weight) products for improving fuel efficiency ② Establish and promote weight-saving target values for all project units for new vehicle models 	<ul style="list-style-type: none"> ● Develop weight-saving technology for urethane pad ● Establish and promote weight-saving target values for each developed vehicle 	<ul style="list-style-type: none"> ● Completed evaluation of limit to lower density in urethane pad ● Achieved qualitative and quantitative targets for each developed vehicle in fiscal 2014 (including aircraft seats) 	○	— 47																																										
		Production and logistics	(2) Reduce CO ₂ emissions in production activities <ul style="list-style-type: none"> ① Promote the development of production technologies with the aim of achieving a 30% reduction in CO₂ emissions of new production process ② Promote CO₂ emission reduction activities by making daily improvements and utilise renewable energy 	<ul style="list-style-type: none"> ● Continue factoring in energy conservation measures in new lines ● Reduce total CO₂ emissions per unit of sales by 1% (globally) Reduce total amount by 1.6% (Japan) ● Introduce co-generation systems (start operation at Gifu Plant in October) 	<ul style="list-style-type: none"> ● Succeeded in factoring in energy conservation measures in each new production process (reduced by 30% compared with standard) ● Reduced CO₂ emissions per unit of sales by 1.6% (globally) and reduced total amount by 8.6% (Japan) through completion of zero-investment improvement items extracted from an energy conservation diagnosis ● Completed construction of a co-generation system and started operation as planned 	○	— 47 48																																									
	(3) Reduce CO ₂ emissions in logistics activities Promote activities that further raise transportation efficiency		<ul style="list-style-type: none"> ● Promote activities to reduce number of delivery vehicles based on logistics meetings ● Improve load efficiency by promoting mixed loads ● Reduce CO₂ in logistics by switching vehicle class depending on load amount 	<ul style="list-style-type: none"> ● Combined deliveries going in the same direction ● Implemented activities to enhance transport loading 	○	48																																										
	<CO ₂ emissions in production and logistics>		<table border="1"> <thead> <tr> <th colspan="2"></th> <th colspan="2">Item</th> <th>Unit</th> <th>FY2014 targets</th> <th>FY2014 results</th> <th>Self-assessment</th> </tr> </thead> <tbody> <tr> <td rowspan="6">CO₂ emission</td> <td rowspan="4">Production</td> <td rowspan="3">Basic unit</td> <td>Toyota Boshoku group</td> <td rowspan="4">t-CO₂/100 million yen</td> <td>16.3</td> <td>14.3</td> <td>○</td> </tr> <tr> <td>Toyota Boshoku</td> <td>10.8</td> <td>8.8</td> <td>○</td> </tr> <tr> <td>Japan affiliates</td> <td>9.6</td> <td>8.5</td> <td>○</td> </tr> <tr> <td>Regions outside Japan</td> <td>20.3</td> <td>18.2</td> <td>○</td> </tr> <tr> <td rowspan="2">Logistics</td> <td rowspan="2">Emission</td> <td>Toyota Boshoku</td> <td>t-CO₂</td> <td>63,653</td> <td>56,635</td> <td>○</td> </tr> <tr> <td>Japan affiliates</td> <td>t-CO₂</td> <td>5,055</td> <td>4,326</td> <td>○</td> </tr> </tbody> </table>							Item		Unit	FY2014 targets	FY2014 results	Self-assessment	CO ₂ emission	Production	Basic unit	Toyota Boshoku group	t-CO ₂ /100 million yen	16.3	14.3	○	Toyota Boshoku	10.8	8.8	○	Japan affiliates	9.6	8.5	○	Regions outside Japan	20.3	18.2	○	Logistics	Emission	Toyota Boshoku	t-CO ₂	63,653	56,635	○	Japan affiliates	t-CO ₂	5,055	4,326	○	
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[Scope of reporting] In environmental activities, net sales are calculated using Toyota Boshoku's unique standard. The scope of reporting is as follows.

- Toyota Boshoku: Global Mainstay Hub, plants and offices in Japan (16 plants)
- Japan affiliates: Production entities (9 companies), others (7 companies)
- The Americas region: Regional Management & Collaboration Hub (1 company), production entities (13 companies)
- Asia & Oceania region: Regional Management & Collaboration Hub (1 company), production entities (12 companies)
- China region: Regional Management & Collaboration Hub (1 company), production entities (13 companies)
- Europe & Africa region: Regional Management & Collaboration Hub (1 company), production entities (11 companies)

(Assessment ○: Achieved)

Action items for 2015 Plan		FY2014 concrete initiatives/goals, etc.	FY2014 results	Self-assessment	Page																											
 Technology development and production activities for building a recycling-oriented society	Development and design (1) Promote recycling design and develop technologies for effective use of limited resources Promote recycling design that reduces the number of parts and improves ease of disassembly	<Seats> ● Formulate next-generation standard rear seat frame structure ● Investigate standardisation of panel-type seatback parts for three vehicles <Door trims> ● Use the 3Rs*2 in official drawings for vehicles under development and continue to factor in an environment-related checklist ● Reduce the number of constituent parts or fastening points for vehicles under development	<Seats> ● Completed common scenario for rear seat frame standard structure for sedan and hatchback ● Promoted common use of components for panel-type seatbacks <Door trims> ● Issued technical drawings designed with "Easy to Dismantle Mark" for at least five vehicles ● Implemented activities to verify and factor in the 3Rs and an environmental checklist for each component for vehicles that official drawings have been issued	○	—																											
	(2) Develop and expand the use of plant-derived materials that can recycle CO ₂ Promote the development and product commercialisation of plant-derived materials such as kenaf	● Expand vehicle types that use products made from kenaf materials ● Propose interior materials for automobiles ● Create bio-scenarios ~ bio-roadmap ● Employ new weight-saving technology	● Employed on three Toyota vehicles and one non-Toyota vehicle ● Actively proposed for interior materials for automobiles ● Completed roadmap for bio-related technology ● Proposed weight-saving technology for new vehicles	○	49																											
	(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	● Visualise progress status of items for reducing waste ● Develop annual plan for items to promote reuse as a resource	[Japan affiliates] ● Visualised waste processing (type, amount, processing method, etc.) and promoted reuse of waste as a resource [Toyota Boshoku] ● Promoted reuse of waste as a resource and set objective of 150t reduction annually	○	49																											
	② Establish targets individually giving consideration to water environmental issues in each country and region and continually reduce the volume of water usage	● Global target: Reduce by 1% year on year	[Japan affiliates] ● TB Kawashima: Reused cooling water for wastewater processing and rinse water for toilets (reduced by 7,350m ³) [Asia & Oceania] ● Toyota Boshoku Siam Metal: Reused water treated using RO equipment for watering the grass (reduced by 7,200m ³)	○	50																											
③ Promote streamlining of packaging specifications and the use of returnable containers <Waste emissions, volume of packing and packaging material usage, volume of water usage>	● Promote cross-organisational deployment of cases of improvement	● Continuously conducted cross-organisational deployment of cases of improvement and achieved nine packaging improvements/year	○	49 50																												
		<table border="1"> <thead> <tr> <th colspan="2">Item</th> <th>Unit</th> <th>FY2014 targets</th> <th>FY2014 results</th> <th>Self-assessment</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Waste emissions</td> <td>Basic unit</td> <td rowspan="3">t/100 million yen</td> <td>0.87</td> <td>0.64</td> <td>○</td> </tr> <tr> <td>Toyota Boshoku</td> <td>1.00</td> <td>0.86</td> <td>○</td> </tr> <tr> <td>Japan affiliates Regions outside Japan</td> <td>1.57</td> <td>1.26</td> <td>○</td> </tr> <tr> <td>Volume of packing and packaging material</td> <td>Consumption</td> <td>Toyota Boshoku</td> <td>t</td> <td>2,201</td> <td>1,960</td> <td>○</td> </tr> </tbody> </table>	Item		Unit	FY2014 targets	FY2014 results	Self-assessment	Waste emissions	Basic unit	t/100 million yen	0.87	0.64	○	Toyota Boshoku	1.00	0.86	○	Japan affiliates Regions outside Japan	1.57	1.26	○	Volume of packing and packaging material	Consumption	Toyota Boshoku	t	2,201	1,960	○			
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*2 Reduce, Reuse, Recycle *3 Reverse Osmosis (membrane)

Action items for 2015 Plan		FY2014 concrete initiatives/goals, etc.	FY2014 results	Self-assessment	Page
 Reduction of the use of substances with environmental impact and carrying out social activities in co-existence with the natural environment	Development and design (1) Strengthen management of products that contain chemical substances Steadily switch away from the use of substances with environmental impact and strengthen the structure for managing their usage	● Decide on response policy for former deca-BDE**4 aftermarket products and specify targeted parts ● Clear standards for VOC*5 in targeted vehicles	● Promoted response to former deca-BDE aftermarket products and specified response policy ● Currently specifying targeted parts as planned ● Cleared VOC standards in targeted vehicles	○	50
	Production (2) Reduce the use of substances with environmental impact in production activities Curb emissions of PRTR*6, VOC and other atmospheric pollutants	Curb use and emissions of PRTR, VOC and other atmospheric pollutants ● Reduce consumption by changing materials and production method ● Ensure suitable purchase volume and inventory quantity ● Investigate switch to products containing low levels of designated substances ● Reduce consumption of touch-up coating	[Toyota Boshoku] ● Reviewed cleaning method for adhesive dispensing robots ● Reduced amount of cleaning thinner by shortening cleaning time ● Reduced consumption by optimising the scope of adhesive application ● Raised yield of coating by enhancing application efficiency [Japan affiliates] ● Conducted internal recycling of cleaning thinner	○	50
	Cooperation with society (3) Undertake efforts toward conservation of biodiversity Formulate biodiversity guidelines and aim for co-existence with the ecosystems of surrounding communities	● Preserve ecosystems through environmental protection activities based on the Basic Policy of Biodiversity	● Promoted environmental protection activities globally	○	51
	(4) Promote social contribution activities in order to co-exist with nature Promote activities that contribute to the environment and society such as environmental preservation, forest management and reforestation activities in cooperation with the companies in the Toyota Boshoku group and the surrounding communities	● Reforestation activities in Japan region: Promote activities in each region ● Reforestation activities in regions outside Japan Promote activities at business entities in respective regions (Indonesia · China · Thailand · Philippines · Turkey)	● Reforestation activities by Japan region: Conducted in line with plans ● Toyota Boshoku (Kashimo) ● Toyota Boshoku Kyushu (Sefuri) ● Toyota Boshoku Shiga (Ozuchi) ● Toyota Boshoku Tohoku (Ohira) ● Select candidate site as benchmark to expand region ● Reforestation activities by outside Japan region: Conducted in line with plans Indonesia: Implemented follow-up activities led by Toyota Boshoku Indonesia China: Implemented activities led by Toyota Boshoku (China) Thailand, Philippines, Turkey: Continued with activities through local production entities	○	51

*4 Deca Bromo Diphenyl Ether *5 Volatile Organic Compounds *6 Pollutant Release and Transfer Register



Environmental Management

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

Promoting environmental management

The Toyota Boshoku group 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.

● Environmental Committee

The Environmental Committee (Japan) 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



Status of Activities by Committee

Safety & Health and Environmental Committee for Europe & Africa

Weekly meetings are held via video conference in order to reduce CO₂ emissions. In Turkey, this committee is further reducing water consumption, which includes devising rules on the amount of water to be used on greenery around factories as well as soliciting poster designs regarding water conservation and displaying them for everyone to see.



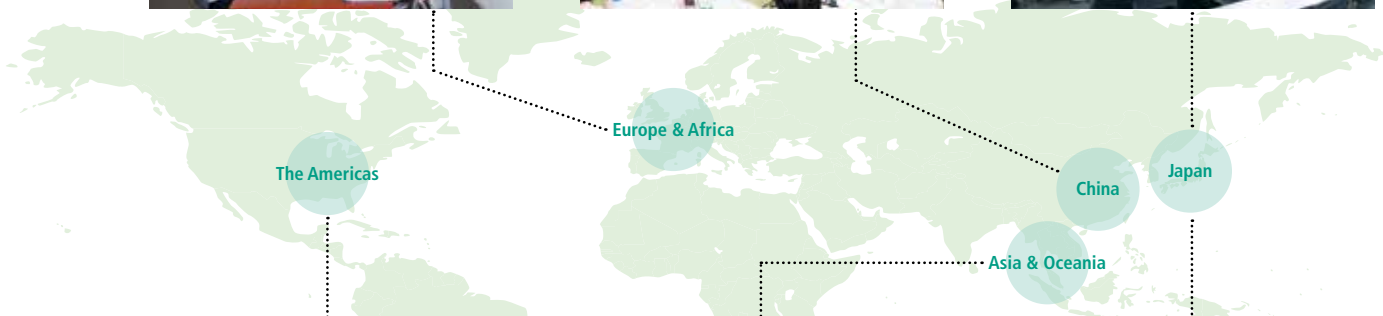
Safety & Health and Environmental Committee for China

In China, it is extremely important that we take steps related to the water environment since there are many regions facing high water-related risks. Toyota Boshoku business entities in China are making efforts in different areas that include creating a system that promotes the reduction of water consumption through the reuse of cooling water and enables the management of consumption on a daily basis.



Environmental Committee (Japan)

We worked to promote environmental activities across the board on an ongoing basis with the aim of strengthening environmental activities on product environmental and production environmental fronts and reducing in environmental impact. All annual environmental targets were achieved again on the back of efforts that included enhancing compliance and initiatives to reduce substances with environmental impact.



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

The Americas region enhances environmental management at each company via "treasure hunting" activities, which involve looking for areas to save energy and making necessary improvements and conducting an environmental audit by the Regional Management & Collaboration Hub (RM&CH). Steps were also taken to ensure proper management of chemical substances while cleanup and tree-planting activities were implemented.



Safety & Health and Environmental Committee for Asia & Oceania

In this region, we are strengthening the management of targets related to water consumption due to the high number of production processes that use high levels of water. One case saw a significant reduction for the year primarily thanks to efforts to utilise recycled water when watering the grass. Such cases are being deployed to other sites as a means to further promote water-saving activities.



Safety & Health and Environmental Committee for Japan affiliates

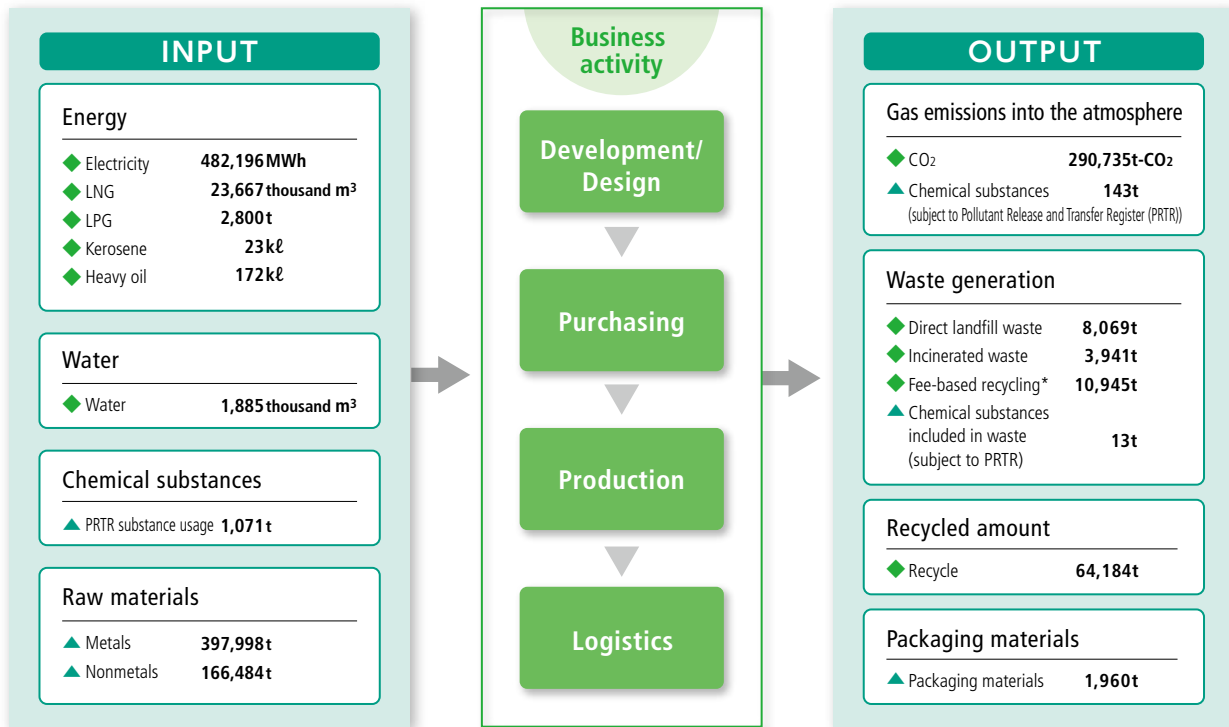
We conduct on-site confirmation on an ongoing basis regarding environmental activities along with serving as a platform for advancing mutual improvements in environmental activities at each company. The committee made a list visualising waste for each company, which resulted in more appropriate waste treatment and improved skills on the part of waste managers.



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

Resource consumption for business activities and emissions causing environmental loads in fiscal 2014

◆ Toyota Boshoku group ▲ Toyota Boshoku Corporation



* Waste that is recycled for a fee

Environmental accounting

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

Cost of environmental preservation

In fiscal 2014, the environmental accounting of the Toyota Boshoku group recorded investment of 1,648 million yen, costs

(Unit: Millions of yen)

Environmental accounting	Toyota Boshoku Corporation		Japan affiliates		Regions outside Japan	
	Investment amount	Cost amount	Investment amount	Cost amount	Investment amount	Cost amount
Business area cost						
Pollution prevention	73	93	1	37	105	71
Global environmental conservation	1,047	127	51	6	287	39
Resource circulation	12	247	4	118	10	64
Administration cost	0	187	0	33	0	54
R&D cost	58	458	0	15	—	—
Social activity cost	0	11	0	4	0	6
Environmental remediation cost	0	1	0	0	0	0
Subtotal	1,190	1,124	56	213	402	234
Total	2,314		269		636	
Aggregate	Investment amount	1,648	Cost amount	1,571		

Depreciation and amortisation is not included in the costs.

of 1,571 million yen and economic effects of 2,824 million yen.

Economic effects of environmental preservation measures

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

Material effects of environmental preservation measures

Examples of improvements in waste reductions and reductions in CO₂ emissions are provided in this report on pages 47-51.

(Unit: Millions of yen)

Economic effects	Toyota Boshoku Corporation	Japan affiliates	Regions outside Japan
Cost reduction through energy saving	231	4	179
Resource saving & reduction of waste disposal costs	549	57	1,138
Profit on sale of recycled materials	319	1	347
Total	2,824		

(Unit: t-CO₂)

Material effects	Toyota Boshoku Corporation	Japan affiliates	Regions outside Japan
Energy saving	4,029	168	2,662

(Unit: t)

Material effects	Toyota Boshoku Corporation	Japan affiliates	Regions outside Japan
Waste disposal	1,121	358	685

ISO 14001 acquisition status

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

In fiscal 2014, we worked to strengthen ties within the group. As one example, members of Toyota Boshoku's Safety & Health, Environment Division provided support when business entities outside Japan newly sought to attain ISO 14001 certification. As a result, the four companies Toyota Boshoku Do Brasil, Toyota Boshoku Somain, TB Sewtech Turkey and Changchun Faway Toyota Boshoku Auto Parts newly acquired ISO 14001 certification.

As of March 2015, we had attained certification for our environmental management system at all 85 business entities.

External audits

Audits were carried out by a certification body in each country and region in a systematic manner in fiscal 2014 as well, with all business entities subject to the audit evaluated as having zero non-conformance items and operating all required ISO 14001 items appropriately.

Environmental risk management

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. As an example, in order to identify the risk of environmental abnormalities and complaints early on both inside and outside our plants, we utilise an environmental risk map to promote activities to prevent risk from manifesting by assuming environmental risks and actually patrolling the premises and periphery in carrying out a thorough investigation.

Environmental communication

The Toyota Boshoku group is committed to communication with local citizens. In fiscal 2014, we once again invited local elementary and junior high school students to our plants for a tour of production facilities and an explanation of our environmental initiatives.

Toyota Boshoku has also continued to provide environmental education at elementary schools since fiscal 2013. This year children learned about the importance of water and protecting the creatures that live in water.

We will continue our efforts to undertake regular communication-based interaction with local communities and reflect opinions and desires in business and environmental preservation activities.

Environmental education and awareness raising

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

Also, a variety of enlightenment activities are held globally every year during Environment Month in June and Energy Conservation Awareness Month in February. Mizuho Information & Research Institute, Inc. was invited to hold a lecture on the environment with a focus on the importance of environmental activities with a view to future environmental trends. During Energy Conservation Awareness Month, we held an energy conservation "experiential" exhibition visualising the effects of energy conservation as well as a lecture on energy conservation given by personnel visiting from Toho Gas Co., Ltd.



Energy conservation "experiential" exhibition



Lecture on energy conservation

TOPICS

Toyota Boshoku group Global Awards “Environmental Award”

The Toyota Boshoku group presents awards to business entities 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 2014 for their efforts in promoting exceptional environmental activities.

Gold Award	●Toyota Boshoku Shiga
Silver Award	●Toyota Boshoku Sanage Plant ●Toyota Boshoku Canada
Bronze Award	●Tianjin Feng'ai Automotive Seat Parts ●Toyota Boshoku Gifu Plant ●Toyota Boshoku Kyushu



Recipients of the Toyota Boshoku group Global Awards “Environmental Award”



Toyota Boshoku Shiga's Kankyo Dojo

Candidates for the Environmental Award are selected based on evaluations of environmental performance, environmental activities and secretariat activities. The Gold Award for fiscal 2014 went to Toyota Boshoku Shiga.

Various activities undertaken by Toyota Boshoku Shiga attributed to the award, including an initiative to eliminate air leaks, a priority energy conservation item for fiscal 2014 that was conducted twice a year and proved highly effective in saving energy. In addition, the company held research sessions once a month on waste separation in an effort to reduce waste from unique perspectives. In terms of environmental awareness activities for members, the company provided education using a *Kankyo Dojo* (Environmental Dojo) enabling first-hand experience of the effects of energy conservation and waste reduction. This and other actions served to both make improvements and raise awareness and will become model activities for other sites. Toyota Boshoku Shiga also received an award from Shiga Prefecture for its efforts to help create a low-carbon society in fiscal 2014. The company was recognised for the environmental initiatives undertaken by its members and the unique methods used to boost environmental awareness.

TOPICS

Creating a promotion framework for global energy conservation

Toyota Boshoku has established the Energy Conservation Session as a sub-organisation of the Environmental Committee dedicated to energy conservation. The Energy Conservation Session promotes activities aimed at saving energy in plants and administrative and technical divisions across the entire company.

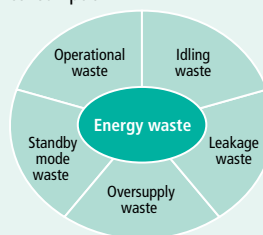
Members promoting energy conservation activities in secretariats and respective plants carry out visualisation of energy waste in each organisation and explain the results to top management at each plant so that they can take steps to heighten understanding among company members. This ensures mutual recognition from top management through to managers in charge of actual operations, which aids in implementing energy conservation activities at each plant.

Focus on improving energy conservation (Five areas of waste in energy consumption)

In order to totally eliminate waste based on the philosophy of TPS*, Toyota Boshoku visualises five areas of waste in energy consumption. Efforts to improve energy conservation are led by the Energy Conservation Session with the aim of creating workplaces in which all members can go about their daily tasks while remaining conscious of energy waste.

* Toyota Production System

Five areas of waste in energy consumption

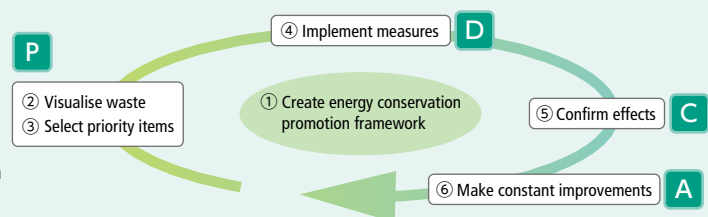


Visualising waste and making sure everyone understands

Idling waste	When machines are in operation but are not processing products
Leakage waste	Loss from energy leakage when equipment and other facilities are defective or break down
Oversupply waste	When more energy than required is supplied, resulting in energy loss
Standby mode waste	When machinery equipment does not appear to be in operation but energy is in fact being consumed
Operational waste	Loss of energy due to inadequate management

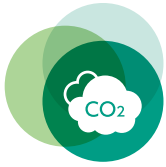
Promoting continuous energy-saving initiatives

Toyota Boshoku rotates the plan-do-check-act (PDCA) cycle centred on an energy conservation promotion framework in order to advance energy-saving initiatives on an ongoing basis, which has led to steady improvements.



Initiated efforts and presented awards for cases of improvement during Energy Conservation Awareness Month

Examples of best practices for energy conservation activities undertaken at respective plants are initiated throughout the Toyota Boshoku group with the aim of ensuring more effective energy-saving initiatives. Additionally, in order to raise the motivation of each company member, Toyota Boshoku recognises the results of respective activities and presents awards for exceptional practices during Energy Conservation Awareness Month.



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

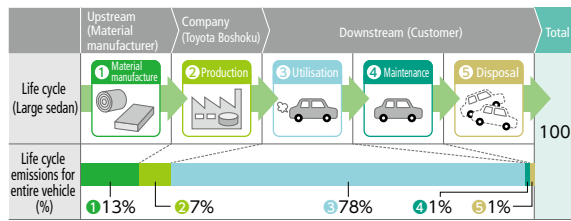
The Toyota Boshoku group works to reduce CO₂ emissions in all areas, from development and design to production and logistics, in order to help prevent global warming.

Development and design

Activities to reduce CO₂ emissions in the life cycle of Toyota Boshoku products

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.

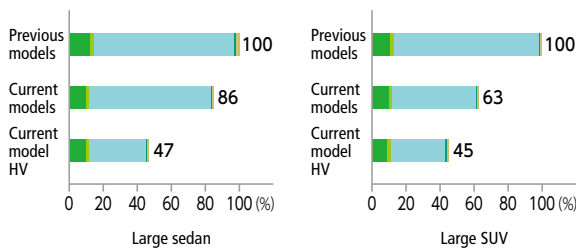
Product life cycle



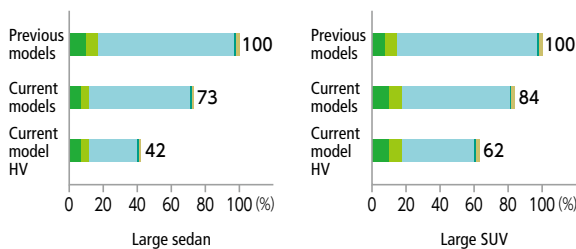
We have conducted Life Cycle Assessment (LCA) and worked to make products lightweight in order to reduce environmental impact as part of new product development for automakers. As a result, current models have ensured the steady implementation of reducing environmental impact during the utilisation period.

Reduction in CO₂ emissions in the life cycle for seat and door products

Life cycle of car seat



Life cycle of door trim



1 Material manufacture 2 Production 3 Utilisation 4 Maintenance 5 Disposal

* Graph data compares Toyota Boshoku products against a standard of 1.0 for previous models.
 * Figures for "utilisation" are calculated by determining CO₂ emissions for the entire vehicle during the utilisation stage and apportioning the amount for Toyota Boshoku products based on the percentage of weight.
 * Figures for current model hybrid vehicles (HVs) are displayed for reference.

Production and logistics

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

Efforts to reduce CO₂ emissions

The Toyota Boshoku group has been undertaking energy conservation diagnostic activities since fiscal 2013 and has identified approximately 500 items group-wide with a focus on energy items that can be improved immediately. Energy-saving initiatives are critical from an economic standpoint as they help reduce costs in addition to minimising CO₂ emissions. Based on the results of energy conservation diagnostics, we actively implement energy-saving initiatives at respective plants and companies.

As a result, we achieved our target of 16.3t-CO₂/100 million yen per basic unit in fiscal 2014 with a result of 14.3t-CO₂/100 million yen.

CO₂ emissions in production process (Toyota Boshoku group)

[Fiscal 2014 target]

303 thousand t-CO₂

[Fiscal 2014 result]

291 thousand t-CO₂

Calculation of greenhouse gas emissions

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

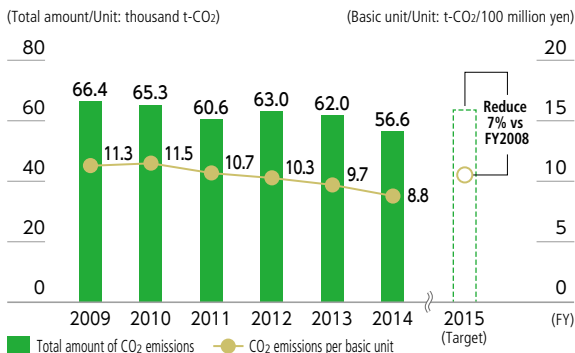
CO₂ conversion coefficient

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

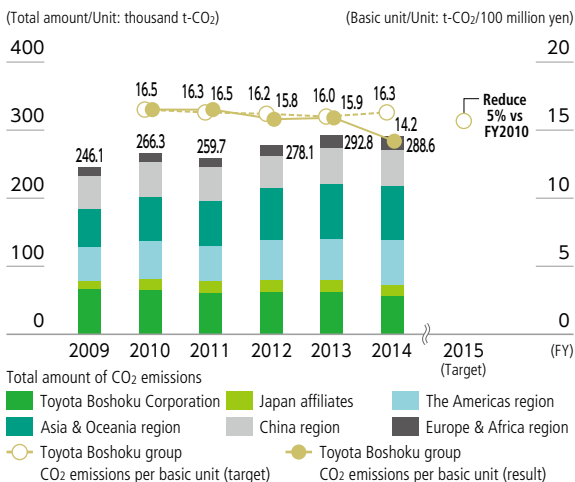
Identifying CO₂ emissions in the supply chain

Toyota Boshoku coordinates with suppliers and customers to further visualise the impact of the Company's products on the environment and enable transparency of information. In order to prevent global warming, we will promote even greater reductions in CO₂ emissions by expanding the number of vehicle models and products subject to this evaluation.

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



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



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

TOPICS

Gifu Plant: Introduction of a co-generation system

A co-generation system* was introduced at Toyota Boshoku's Gifu Plant in October 2014. In addition to boosting efficiency on environmental and economic fronts, the objectives were to secure an emergency power supply at the time of power outages and disasters as risk response and to contribute to the people of the region. Introduction of the system is expected to lead to a reduction of around 18% in annual CO₂ emissions and a 4% decrease in costs at the plant compared with pre-installation.

Going forward, Toyota Boshoku will continue to look into the introduction of similar systems at other plants to further reduce CO₂ emissions.



Co-generation system at Gifu Plant

*Co-generation system: A complex system whereby power is produced by running a generator with an engine fuelled by gas, while at the same time, the steam and hot/cold water produced from the generator's waste heat are supplied to other equipment.

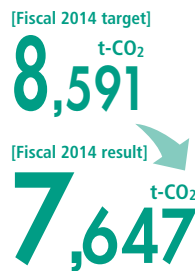
Reducing CO₂ emissions in logistics

Toyota Boshoku regularly held logistics meetings again in fiscal 2014 and worked to improve load efficiency by reducing the number of delivery vehicles and promoting mixed product loads. Specifically, we integrated deliveries going in the same direction, thereby reducing the total number of deliveries made. We also shared cases of improvement through continued participation in Toyota Group logistics and environmental liaison meetings where we actively exchanged information.

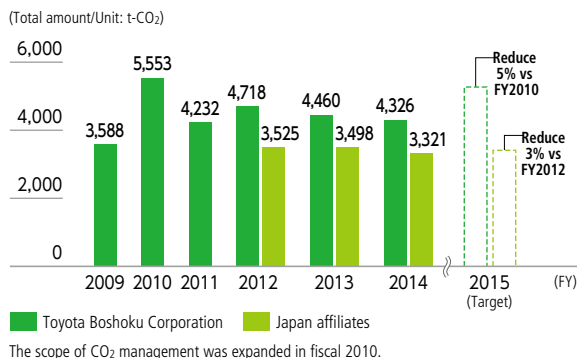
As a result, we achieved our target of 8,591t-CO₂ in fiscal 2014 with a result of 7,647t-CO₂.

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

Reducing CO₂ emissions in logistics (Japan region)



Total CO₂ emissions in logistics (Japan region)



The scope of CO₂ management was expanded in fiscal 2010.

TOPICS

Continuing to promote eco-driving

TB Logistics Service has promoted eco-driving as its corporate policy for more than 10 years. These efforts have resulted in a reduction of CO₂ emissions emitted by its trucks. In fiscal 2014, the Inabe Marketing Office in Mie Prefecture won the Minister of Land, Infrastructure, Transport and Tourism Award in a contest of initiatives for eco-driving* sponsored by the Foundation for Promoting Personal Mobility and Ecological Transportation (Eco-Mo Foundation). The office was recognised for its structured efforts that included standardising driving procedures for short-distance routes with large differences in elevation.

*This contest broadly evaluates initiatives for eco-driving in logistics, and in fiscal 2014, approximately 500 entries were received from around Japan.



Transport members from TB Logistics Service



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

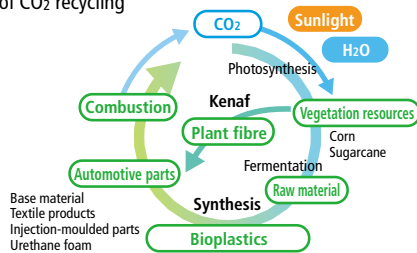
Toyota Boshoku has been pouring its efforts into shifting from petroleum-derived materials to plant-derived materials that can recycle CO₂ with the aim of creating a recycling-oriented society.

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 (currently Lexus) in 2000. Additionally, Toyota Boshoku has developed numerous products made with plant-derived material, including the development of completely plant-based components that combine kenaf with polylactic acid, as well as bio-urethane, which uses castor oil as a plant material aside from kenaf.



We have also jointly developed technology with Toyota Central R&D Labs., Inc. to realise a bio-based plastic alloy with top-class impact strength that is made using the advanced composition of plant-derived resin and petroleum-derived resin.

Image of CO₂ recycling



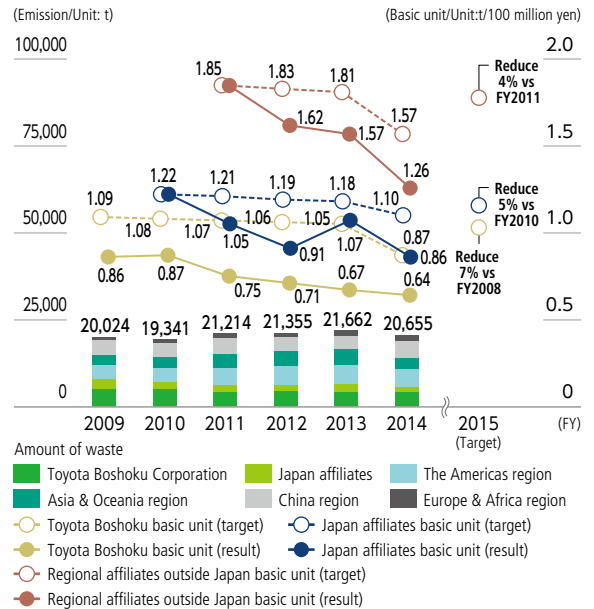
Production and logistics

Toyota Boshoku group's recycling activities

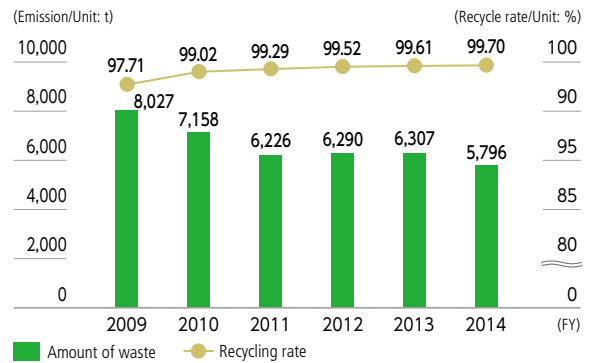
The Toyota Boshoku group promoted recycling initiatives to transform waste into valuable items in the market and conducted visualisation of waste treatment as part of efforts to ensure appropriate waste disposal methods.

As a result, we achieved our target of 23,831t with a result of 20,655t. With regard to the basic unit for waste, we achieved a result of 1.29t/100 million yen compared with our target of 1.02t/100 million yen.

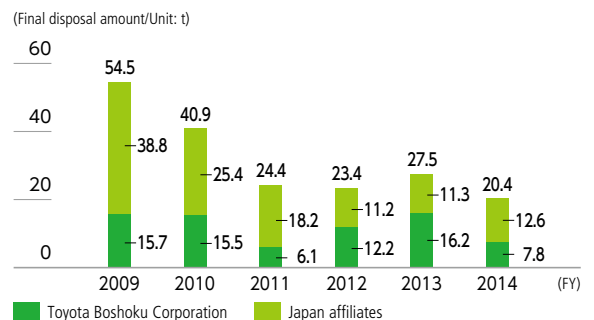
Amount of waste and basic unit [Toyota Boshoku Corporation]



Amount of waste and recycling rate [Japan region]



Amount of final waste disposal [Japan region]



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 2014, we succeeded in reducing packaging material by 55t per year by making nine different improvements. Of these, we confirmed that improvements made to packaging conducted for replacement bumpers by using thinner 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, we achieved our reduction target of 2,201t with a result of 1,960t.

Packing and packaging material use [Toyota Boshoku Corporation]



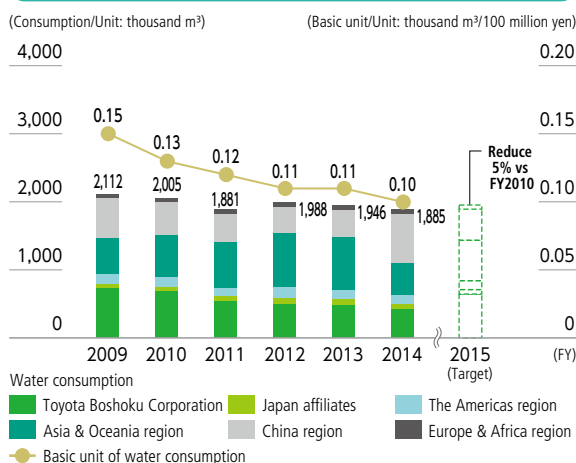
Reuse of water resources

The Toyota Boshoku group continued implementing initiatives that place value on water at respective sites in fiscal 2014. Efforts included reuse of rainwater, reclaimed water and cooling water, and use of wastewater purified with an Reverse Osmosis (RO) system for greenification.

As a result, we achieved a result of 1,885 thousand m³ compared with the target of 2,206 thousand m³ for water consumption.

We will strive to strengthen our framework for the day-to-day management of water consumption and to reuse process wastewater, particularly at business entities in the Asia region.

Water consumption results [Toyota Boshoku group]



Amount of water used (Toyota Boshoku group)

[Fiscal 2014 target] 2,206 thousand m³/year
 [Fiscal 2014 result] 1,885 thousand m³/year



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

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

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

Activities to reduce emissions of chemical substances

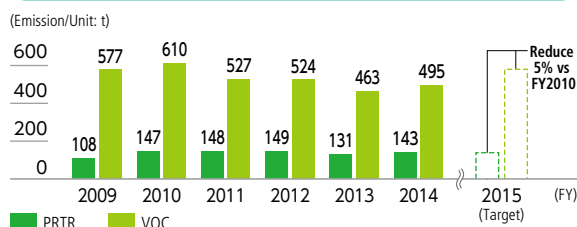
We are undertaking activities to reduce the amount of Pollutant Release and Transfer Register (PRTR) substances and Volatile Organic Compounds (VOC) used and emitted from plants. This includes shortening cleaning time and employing low-content VOC thinner.

As a result, we achieved our target of 547t for VOC with a result of 495t.

VOC emissions (Toyota Boshoku)

[Fiscal 2014 target] 547^t
 [Fiscal 2014 result] 495^t

PRTR substances/VOC emissions [Toyota Boshoku]



Toyota Boshoku Basic Policy of Biodiversity

Conservation of biodiversity and sustainable use of natural resources along with climate change countermeasures (global warming prevention) are essential environmental issues that should be promoted on a global scale. The Toyota Boshoku group formulated the Toyota Boshoku Basic Policy of Biodiversity in November 2011 based on the philosophy of the Conference of the Parties to the Convention on Biological Diversity (COP10).

Basic Concepts

We, as the Toyota Boshoku group, strive to achieve the maintenance of biodiversity and sustainable use of natural resources. We also contribute to achieving a society that co-exists with nature. We are undertaking efforts to reduce impacts on biodiversity and pursue the potential of

environmental technologies that help to maintain biodiversity in all of our business activities.

Action Guidelines

1	Make the best use of nature: Pursue environmental technologies ·Development of technologies and prevalence of biological resources such as plant-derived materials ·Promote the development of technologies in recycling design and reduce the weight of automotive parts ·Enhance the management of chemical substances in products
2	Co-existence with nature: Consideration of the impact of business activities ·Make an effort to understand the impacts of our business activities, and continuously reduce these impacts ·Promote efficient utilisation of energy, resource saving and reduction of substances of concern ·Consideration of surrounding areas including land use
3	Nurture nature: Cooperation and collaboration with society ·Raise the biodiversity awareness of members and promote voluntary activities for the conservation of biodiversity ·Contribute to building a society to cultivate biodiversity such as promoting reforestation globally in cooperation with government, local communities and non-governmental organisations
4	Sharing of information: Disclosure and communication of information ·Share information with society regarding biodiversity conservation activities being carried out and their results

Co-existence with nature

Environmental preservation activities based on our biodiversity policy

Based on the third guideline of the Toyota Boshoku Basic Policy of Biodiversity, "Nurture nature," we conducted reforestation activities in respective regions and environmental education aimed at protecting biodiversity.

Europe & Africa region

Cleanup activities near plant

Efforts are made to pick up trash and fallen leaves at a local park based on the philosophy of wanting to keep each region beautiful. These activities also gave company members a good opportunity to heighten awareness of environmental protection.



Toyota Boshoku in Russia: Cleanup activity at a local park

China region

Reforestation activities

In fiscal 2014, we undertook tree-planting activities in the Alxa area of Inner Mongolia in conjunction with respective companies in the China region. A total of 5,400 trees have been planted in the two-year period since fiscal 2013. We will continue with similar activities in the China region.



China region: Tree-planting activities in Inner Mongolia

The Americas region

Environmental activities at local elementary schools

We conducted environmental activities in this region that included cleanup events undertaken by members and their families and planting gardens with local children using donations from suppliers.



Toyota Boshoku Argentina: Cleanup activity at an elementary school

Asia & Oceania region

Greening activities on the plant site

Every year we undertake greening activities planting a set number of trees. In fiscal 2014, we once again planted 87 trees, thus providing verdant workplaces.



Toyota Boshoku Asia: Greening activities on the premises

Japan region

Reforestation activities

We conducted reforestation activities three times during the year as part of the Toyota Boshoku group's "Eco-Forest" initiative. In addition to forest management, we actively promoted regional interaction.



Toyota Boshoku Kyushu: Forest management activities

Facts & Figures

Financial Report & Corporate Information

■ Management's Discussion and Analysis of Financial Conditions and Operating Results	53
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■ Product Lineup	57
■ Toyota Boshoku Group Network	59
■ Investor Information / Directors, Audit & Supervisory Board Members and Managing Officers	61

● Scope of Consolidation

The consolidated financial statements include the accounts for all subsidiaries. Refer to pages 59-60 for the corporate names of principal consolidated subsidiaries.

● Application of the Equity Method

Investments in all affiliates are accounted for by the equity method. Refer to page 60 for the corporate names of principal affiliates. The fiscal years for certain affiliates accounted for by the equity method are different from that of the Company. The Company is using the financial statements for their respective fiscal years.

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, 2015), despite growth in production volume in the United States, difficult conditions continued in other regions, beginning with emerging countries. In Japan, lingering concern over the impact of a reactionary decline is leading to ongoing uncertainties.

Amid these conditions, the Toyota Boshoku group made company-wide efforts to raise corporate value based on our "Quantum Leap" spirit, while in 2014 we marked a decade since the merger among three automotive interior components manufacturers, namely Toyoda Boshoku Corporation, Araco Corporation and Takanichi Co., Ltd. Moreover, in line with our aim of becoming the world's leading seat supplier, Toyota Boshoku Corporation, together with Aisin Seiki Co., Ltd. and SHIROKI Corporation, formed a basic agreement through which Toyota Boshoku will acquire the mechanical seat frame component business operated by those two companies.

Regarding technology development, we secured orders for and began production of key components for fuel cells fitted in Toyota Motor Corporation's MIRAI vehicle by using a production method that applies the high-precision, high-speed stamping technologies that represent one of Toyota Boshoku's core technologies. Additionally, we expanded the adoption of our seats to the new model LEXUS by promoting development that uses the Foam in Place Method, which attains a balance between design and holding properties. Meanwhile, Toyota Boshoku and DENSO Corporation jointly developed Premium, a high-performance clean air filter. This filter is outstanding in terms of dust removal in response to PM2.5 (fine particulate matter) as well as deodorising and antibacterial functions. Also, our railway seats installed on the *Gran Class* car of the JR Hokuriku *Shinkansen* (bullet train) are earning high acclaim from customers.

Toyota Boshoku also made progress in strengthening our production structure. To assure our competitiveness in seat covers, we separated and relocated sewing processes to new production bases

as we strived to optimise our production bases. We have already commenced production at TB Sewtech Turkey, Toyota Boshoku Lao and Heyuan Toyota Boshoku Automotive Parts in China. In April 2015, Toyota Boshoku also established TB Sewtech Argentina (presently Sewtech Argentina). At TBAI Poland, we newly adopted a unit-type conveyor that enables the conveyor length to be easily shortened to respond to fluctuations in production volume, and by doing so, we raised production efficiency.

Due to such factors as increased unit production in The Americas and the impact of exchange rates, consolidated net sales of the Toyota Boshoku group increased 87,102 million yen (7.1%) to 1,305,502 million yen.

Operating income

Despite such income-reducing factors as the impact of product price fluctuations as well as the impact of the launch of products, operating income increased 3,570 million yen (12.4%) to 32,393 million yen due to such factors as the implementation of rationalisation measures.

Non-operating income (expenses) and Ordinary income

Non-operating income decreased 3,091 million yen (18.9%) from the previous fiscal year to 13,236 million yen due to a decrease in insurance proceeds.

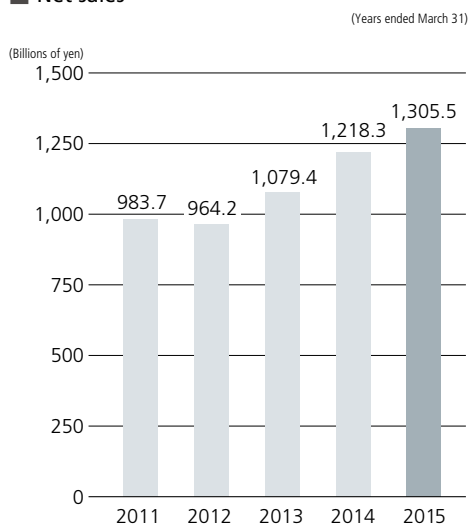
Non-operating expenses decreased 318 million yen (6.5%) to 4,538 million yen due to a decrease in depreciation.

As a result, ordinary income amounted to 41,091 million yen and the ordinary income margin was 3.1%.

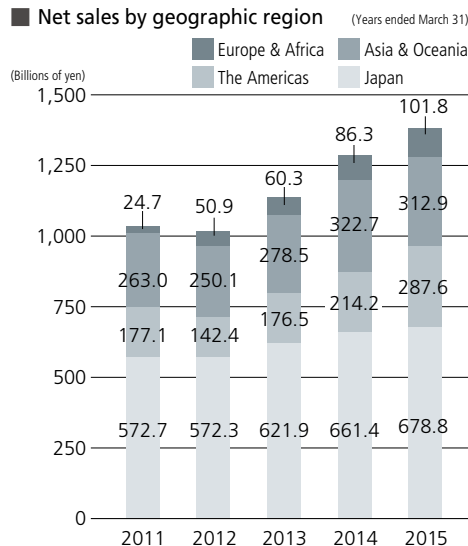
Extraordinary income or loss, Income taxes and Income taxes-deferred

An extraordinary loss of 16,256 million yen was mainly recorded due to such factors as an impairment loss on noncurrent assets in The Americas and Europe & Africa regions.

Net sales



Net sales by geographic region



*Adjusted amounts for transactions among regions are not included.

Income taxes and income taxes—deferred decreased 274 million yen (1.9%) to 14,387 million yen. The ratio of income before income taxes and minority interest increased from 41.4% in the previous fiscal year to 57.9%.

Minority interest in net income of subsidiaries

Minority interest in net income of subsidiaries decreased 2,906 million yen (35.7%) to 5,242 million yen due mainly to a decline in profits at consolidated subsidiaries in Asia & Oceania.

Net income

Net income decreased 7,406 million yen (58.7%) to 5,204 million yen from the previous fiscal year. Net income per share was 28.08 yen.

Assets, Liabilities and Net assets

Total assets at fiscal year-end increased 60,672 million yen to 719,680 million yen from the previous fiscal year-end due to an increase in notes and accounts receivable—trade and a rise in property, plant and equipment along with an increase in capital investment.

On the other hand, total liabilities increased 45,716 million yen from the end of the previous fiscal year to 455,642 million yen owing to a rise in notes and accounts payable—trade.

Total net assets increased 14,956 million yen from the end of the previous fiscal year to 264,038 million yen. This was due mainly to an increase in foreign currency translation adjustment accompanying the progression of the weakening of the yen.

Cash flow

Net cash provided by operating activities amounted to 65,536 million yen. Despite such cash-decreasing factors as income taxes

paid of 11,678 million yen and a decrease in notes and accounts payable—trade of 3,926 million yen, the increase in cash resulted mainly from income before income taxes of 24,834 million yen and depreciation and amortisation of 40,121 million yen.

Net cash used in investing activities was 51,615 million yen. Despite such cash-increasing factors as proceeds from sales of property, plant and equipment of 2,849 million yen and proceeds from withdrawal of time deposits of 1,306 million yen, this was due to such cash outflows as purchase of property, plant and equipment of 54,962 million yen and payments into time deposits of 1,228 million yen.

Net cash provided by financing activities was 516 million yen. Despite such cash-reducing factors as repayments of long-term loans payable of 6,677 million yen, cash increased due mainly to a net increase in short-term loans payable of 9,036 million yen.

Capital expenditures

During the fiscal year under review, total capital expenditures amounted to 50,190 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 14,336 million yen and were for measures for new products and for rationalising and upgrading production facilities.

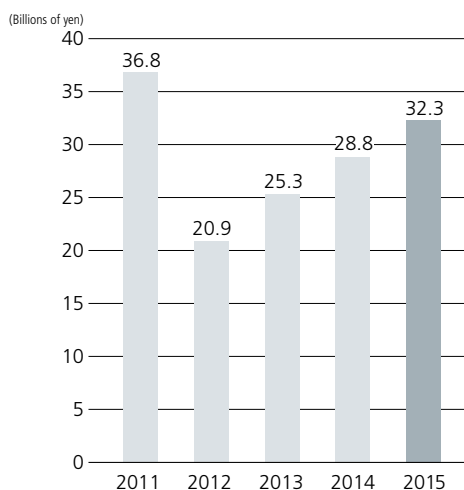
Capital expenditures in The Americas amounted to 9,437 million yen and were mainly for measures for new products and for rationalising and upgrading production facilities.

Capital expenditures in Asia & Oceania amounted to 18,481 million yen and were mainly for measures for new products, rationalising and upgrading production facilities and for the construction of Shenyang Toyota Boshoku Automotive Parts' new plant.

Capital expenditures in Europe & Africa were 7,934 million yen and were mainly for measures for new products and rationalising and upgrading production facilities.

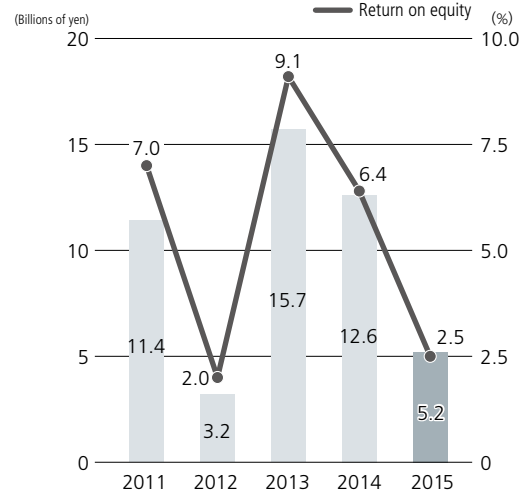
Operating income

(Years ended March 31)



Net income/Return on equity

(Years ended March 31)

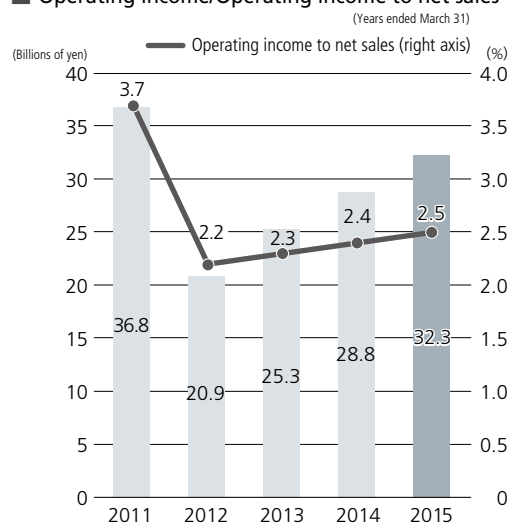


10-Year Financial Summary

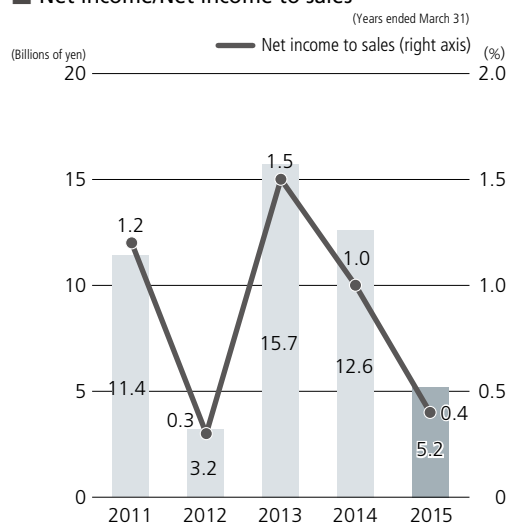
	2015	2014	2013	2012
Net sales	¥ 1,305,502	¥ 1,218,399	¥ 1,079,497	¥ 964,295
Operating income	32,393	28,823	25,302	20,910
Ordinary income	41,091	40,294	33,914	23,225
Net income (loss)	5,204	12,610	15,792	3,232
Total net assets	264,038	249,082	220,740	190,347
Capital stock	8,400	8,400	8,400	8,400
Total assets	719,680	659,008	583,955	597,654
Capital expenditures	50,190	51,116	36,805	37,583
Depreciation and amortisation	40,121	36,302	32,744	31,529
R&D expenses	38,821	40,189	36,321	32,543
Per Share Data (Yen)				
Net income (loss) (Basic)	¥ 28.08	¥ 68.05	¥ 85.23	¥ 17.45
Net income (Diluted) (Note 3)	—	—	—	—
Cash dividends	18.00	18.00	18.00	16.00
Net assets	1,164.36	1,115.69	1,010.49	868.93
Financial Indicators (%)				
Operating income to net sales	2.5	2.4	2.3	2.2
Ordinary income to net sales	3.1	3.3	3.1	2.4
Return on equity (ROE)	2.5	6.4	9.1	2.0
Shareholders' Equity (at fiscal year-end)				
Number of shares issued (Thousands)	187,665	187,665	187,665	187,665
Share price (Yen)	¥ 1,504	¥ 1,043	¥ 1,320	¥ 976
Market capitalisation (Millions of yen) (Note 4)	¥ 282,249	¥ 195,735	¥ 247,717	¥ 183,161
Number of employees	41,509	38,198	32,986	31,883

Notes 1. Despite the existence of latent shares, net income per share after adjustment for latent shares in fiscal 2009 is not stated because of a net loss per share.
 2. Effective from 2007, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Guidance No. 8) were applied.

Operating income/Operating income to net sales



Net income/Net income to sales

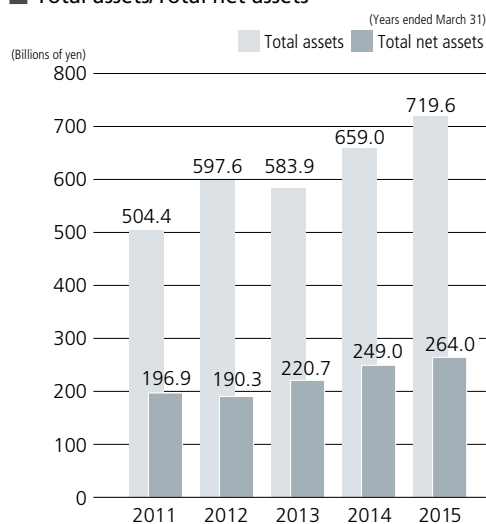


Millions of yen

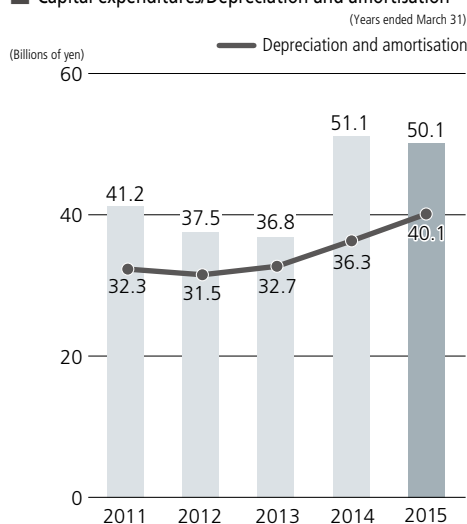
	2011	2010	2009 (Note 1)	2008	2007 (Note 2)	2006
¥	983,727	¥ 953,729	¥ 979,775	¥ 1,233,789	¥ 1,082,755	¥ 877,596
	36,856	25,143	14,054	65,596	48,381	33,764
	36,027	24,067	13,292	65,696	52,143	37,838
	11,466	6,882	(5,064)	40,720	30,105	21,187
	196,992	196,545	189,038	226,880	197,797	133,279
	8,400	8,400	8,400	8,400	8,400	8,400
	504,472	546,486	466,506	527,622	464,747	396,691
	41,229	43,076	60,496	52,961	47,550	50,480
	32,342	35,121	32,493	32,940	29,377	21,344
	32,434	30,021	28,968	31,717	26,404	24,828
¥	61.82	¥ 37.00	¥ (27.15)	¥ 217.76	¥ 160.76	¥ 111.60
	61.82	37.00	—	217.55	160.70	111.58
	16.00	13.00	20.00	35.00	24.00	16.00
	890.78	883.96	848.01	997.43	858.86	709.91
	3.7	2.6	1.4	5.3	4.5	3.8
	3.7	2.5	1.4	5.3	4.8	4.3
	7.0	4.3	(2.9)	23.5	20.5	17.5
	187,665	187,665	187,665	187,665	187,665	187,665
¥	1,197	¥ 1,796	¥ 1,011	¥ 2,985	¥ 2,790	¥ 1,984
¥	224,635	¥ 337,047	¥ 189,730	¥ 560,182	¥ 523,587	¥ 372,328
	27,856	27,613	27,078	26,942	24,643	21,132

3. 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.
 4. Market capitalisation is calculated by multiplying the number of outstanding shares at fiscal year-end by the share price at the end of the period.

■ Total assets/Total net assets



■ Capital expenditures/Depreciation and amortisation



Product Lineup

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

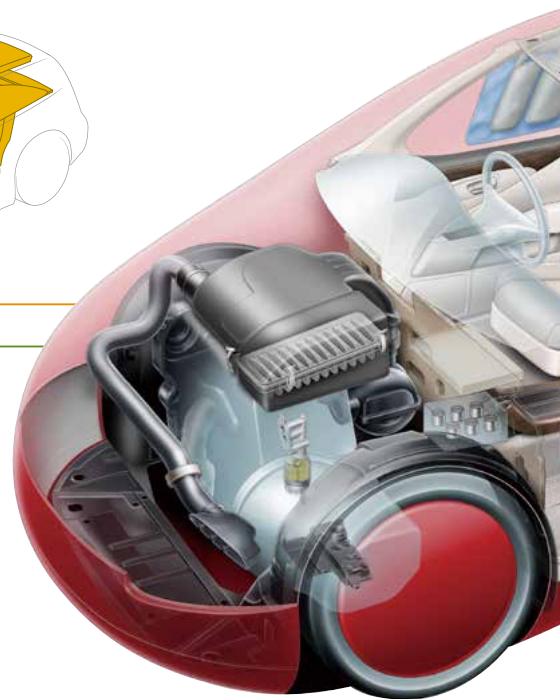
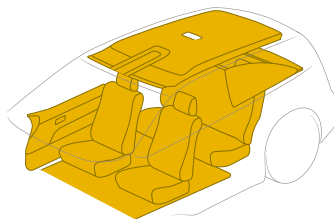
Interior Components

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



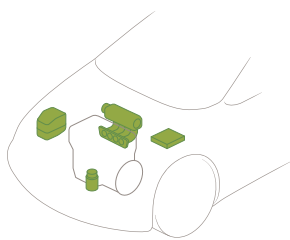
Interior systems

Seats



Filtration and Powertrain Components

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



Air induction systems

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



Intake manifolds
(For horizontally opposed engine)



Stack manifolds
(Fuel cell parts)



Separators
(Fuel cell parts)



Motor core constituent parts
(For hybrid system)



Air filters



Oil filters



Oil mist separators



Cylinder head covers



Cabin air filters



Door trims



Headliners



Headliner illuminations

Seat frames



Floor carpets



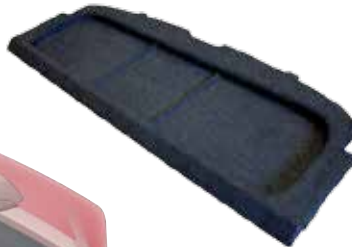
Silencers



Leather instrument panels



Electric sunshade systems



Package trays



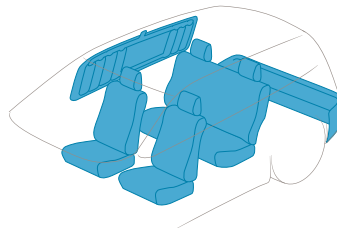
Textiles and Exterior Components

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

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



Strap belts and Seatbelt webbings



Seat fabrics



Fender liners



Bumpers



Curtain-shield airbags

New Category



Aircraft seats



Railway seats

(Photo provided by East Japan Railway Company)

TOYOTA BOSHOKU Group Network

The Americas



Regional Management & Collaboration Hub

U.S.A.

- 1 TOYOTA BOSHOKU AMERICA

Production entities

U.S.A.

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

Canada

- 11 TOYOTA BOSHOKU CANADA

Mexico

- 12 TB DE MEXICO
- 13 TB SEWTECH DE MEXICO
- 14 TB KAWATEX DE MEXICO

Brazil

- 15 TOYOTA BOSHOKU DO BRASIL

Argentina

- 16 TOYOTA BOSHOKU ARGENTINA
- 17 SEWTECH ARGENTINA

Asia & Oceania



Regional Management & Collaboration Hub

Thailand

- 1 TOYOTA BOSHOKU ASIA

Production entities

Thailand

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

India

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

Indonesia

- 13 TOYOTA BOSHOKU INDONESIA
- 14 ATEJA KAWASHIMA AUTOTEX

Malaysia

- 15 TOYOTA BOSHOKU UMW

Philippines

- 16 TOYOTA BOSHOKU PHILIPPINES

Taiwan

- 17 SHIN SAN SHING

Vietnam

- 18 TOYOTA BOSHOKU HAIPHONG
- 19 TOYOTA BOSHOKU HANOI

Australia

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

Laos

- 23 TOYOTA BOSHOKU LAO

Pakistan

- 24 THAL BOSHOKU PAKISTAN

China



Regional Management & Collaboration Hub

China

- 1 TOYOTA BOSHOKU (CHINA)

Production entities

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

Europe & Africa



Regional Management & Collaboration Hub

Belgium

1 TOYOTA BOSHOKU EUROPE

Development site

Italy

2 TOYOTA BOSHOKU MILAN DESIGN BRANCH

Production entities

Germany

3 BOSHOKU AUTOMOTIVE EUROPE

France

4 TOYOTA BOSHOKU FRANCE

5 TOYOTA BOSHOKU SOMAIN

Poland

6 BOSHOKU AUTOMOTIVE POLAND

7 TBAI POLAND

8 TBMECA POLAND

Russia

9 TOYOTA BOSHOKU

Slovakia

10 TRIM LEADER

Czech

11 BOSHOKU AUTOMOTIVE CZECH

Turkey

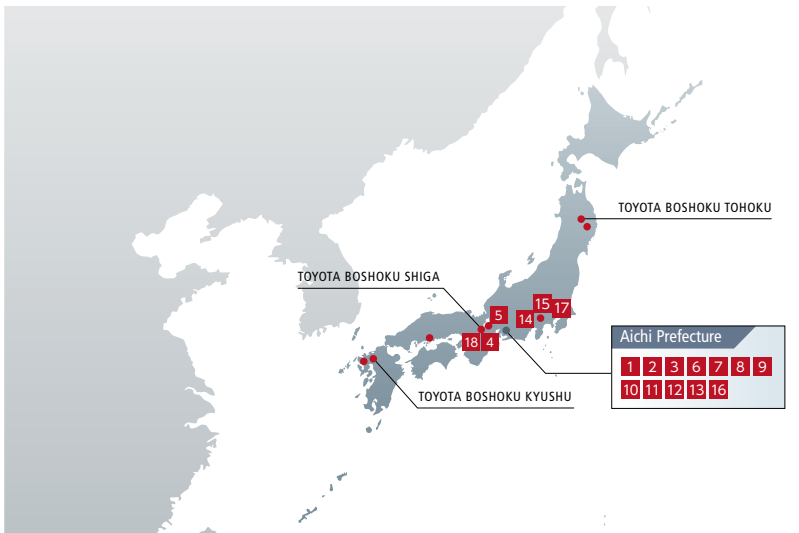
12 TOYOTA BOSHOKU TURKEY

13 TB SEWTECH TURKEY

South Africa

14 TOYOTA BOSHOKU SOUTH AFRICA

Japan



Global Mainstay Hub

1 Global Mainstay Hub

Plants and Offices in Japan

1 Kariya Plant

2 Oguchi Plant

3 Kisogawa Plant

4 Inabe Plant

5 Gifu Plant

6 Sanage Plant

7 Fujioka Plant

8 Takaoka Plant

9 Tsutsumi Plant

10 Toyohashi-Kita Plant

11 Toyohashi-Minami Plant

12 Toyohashi-Higashi Plant

13 Tahara Plant

14 Fujisusono Plant

15 Tokyo Plant

16 Tsuchihashi Plant

17 Tokyo Office

18 Osaka Marketing Office

Production Entities

Subsidiaries

ARACO

COWERK

TOYOTA BOSHOKU KYUSHU

TOYOTA BOSHOKU SHIGA

TOYOTA BOSHOKU TOHOKU

TB SEWTECH KANTO

TB SEWTECH KYUSHU

TB SEWTECH TOHOKU

TB KAWASHIMA

SEIWA

Affiliates

TOKAI CHEMICAL INDUSTRIES

TOYOTA BODY SEIKO

NARUCO

HIGH NEED INDUSTRY

Others

TB ENGINEERING

TB CREATE STAFF

TB CORPORATE SERVICE

TB TECHNOGREEN

TB LOGISTICS SERVICE

TB UNIFASHION

TECHNICAL LINKS DESIGN

Investor Information / Directors, Audit & Supervisory Board Members and Managing Officers

As of March 31, 2015

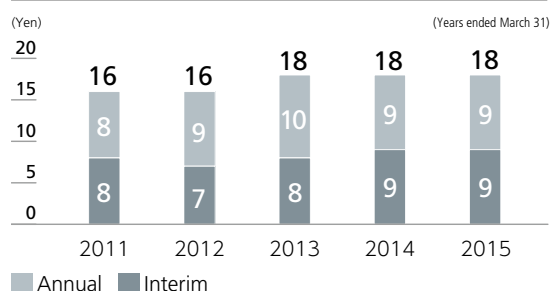
Total Number of Shares

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

Number of Shareholders

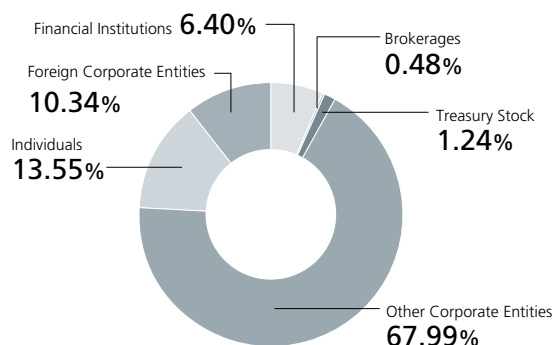
16,746

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 2014, the Company paid annual cash dividends per share of 18.00 yen, including an interim dividend of 9.00 yen and a year-end dividend of 9.00 yen.

Breakdown of Shareholders



Corporate Data

Capital	8.4 billion yen
Number of employees	8,227 (non-consolidated) 41,509 (consolidated)
Stock exchange listings	Tokyo Stock Exchange and Nagoya Stock Exchange
Securities code	3116
Independent auditor	PricewaterhouseCoopers Arata
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation

Directors, Audit & Supervisory Board Members and Managing Officers

As of June 12, 2015

Directors and Auditors

Chairman	Shuhei Toyoda
President	Yoshimasa Ishii
Executive Vice Presidents	Shuichi Koyama Kazuhiko Miyadera Takamichi Taki
Directors and Executive Managing Officers	Kohei Hori Tokuji Yamauchi Sunao Yamamoto Yoshihiro Ito
Directors	Mitsuhsa Kato Masahiro Morikawa Michio Adachi
Standing Audit & Supervisory Board Members	Shigetoshi Miyoshi Terukatsu Mizutani
Audit & Supervisory Board Members	Shinichi Sasaki Hitoshi Yoshida Nobuaki Kato

Executive Managing Officers and Managing Officers

Executive Managing Officers	Teruo Suzuki Yasushi Yoshikawa Yasushi Minami Masaya Ishii Osamu Kito Nobuyuki Ozeki Yasuyuki Izuhara Koichi Uemura Toshio Kawasaki Ikuo Mochizuki Yukihide Hamajima Shinji Kano Manabu Hachisuka Hiroshi Ioki Toshiyuki Kawasaki Hirokazu Kamenon Hiroki Tsunoda Kazuo Koide Yoshiomi Matsushima Ikutomo Sakai Yasuhiro Fueta Shouji Adachi Masamichi Sobajima
Managing Officers	

Editorial Policy

Toyota Boshoku Report 2015 is edited to provide easy-to-understand reports on various initiatives in aiming to become a truly global company.

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

We place importance on dialogues with stakeholders from a corporate social responsibility (CSR) perspective.

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

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

● Scope of reporting

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

● Period covered by report

This report contains performance data from April 1, 2014 to March 31, 2015. Some information on previous or later activities is also included.

● Reference Guidelines

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

■ Cautionary statement with respect to forward-looking statements

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

■ Numerical values of financial results

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

Third-Party Comments regarding *Toyota Boshoku Report 2015*



Professor
Katsuhiko Kokubu
Graduate School of Business
Administration
Kobe University

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

Fair to all stakeholders

President Ishii was appointed as the new president of Toyota Boshoku, and for this reason, I read the report giving particular attention to his dialogue with Chairman Toyoda at the beginning of the report. Among his comments, President Ishii stated, "In any case I also wish to ensure that Toyota Boshoku is fair to all stakeholders." I believe this is an extremely crucial stance when undertaking CSR-based management. Although ensuring fairness to all shareholders is no easy matter, this is the correct approach in terms of management because all stakeholders associated with a company serve as the source of business value. I hope this policy will be instilled in a visible manner within future CSR activities.

Comprehensive CSR activities and evaluation

The Toyota Boshoku group comprehensively undertakes CSR activities based on ISO 26000 and meticulously allocates medium-term targets for each activity and makes corresponding evaluations. This indicates that the plan-do-check-act (PDCA) cycle for CSR-based management is adequately established. The group's efforts to actively take on the challenges of new initiatives can also be highly acclaimed. These initiatives include undertaking risk management (business continuity plan (BCP)), promoting active roles for female members, making supply chain responses based on the crucial theme of safety and major disaster preparations, and carrying out activities for reducing CO₂ emissions during product life cycles. Supply chain and diversity are two areas where the group has clearly devoted even greater efforts. This suggests that Toyota Boshoku has determined that these areas have high materiality for a company. If this is the case, I believe that placing even greater emphasis on and disclosing information about activities in this field will enable the Toyota Boshoku group to more easily communicate its corporate message clearly.

Toyota Boshoku Report as an integrated report

The Toyota Boshoku Report combines the business activities report and the social and environmental activities report and thus satisfies the requirements of an "integrated report." That said, compared with a practical "integrated report" as advocated overseas, I believe it is important for Toyota Boshoku to expand upon Key Performance Indicators (KPIs) a bit more. The "highlights" section includes "environmental highlights" in addition to "financial highlights." However, adding "social highlights," which have high materiality, and positioning this as value creation generated by the Toyota Boshoku group's business activities will enable the report to evolve into one that fully deploys the spirit of an "integrated report." Because its CSR activities are already at such a level, I would like to see the Toyota Boshoku group make efforts to gain greater recognition from overseas investors.



Managing Officer
Yasuhiro Fueta

Response to the third-party comments

All group members are working as a team toward the realisation of "Toyota Boshoku's aspirations" under the 2020 Vision. In this year's report, we convey the results of these efforts as well as the priority items and issues under the new management structure that started this year. Also, we report on new initiatives in social contribution activities based on ISO 26000. Professor Kokubu applauded these points, and based on his comments we will undertake initiatives with the aim of being "a trusted company that grows together with all stakeholders."

We seriously accept Professor Kokubu's comments that enhancing materiality and KPIs is a task that will enable our report to evolve into an integrated report that is also recognised internationally. While working to improve our integrated report, we will also raise the level of our actual activities.

Together with realising steady growth amid harsh global competition, undertaking fair business activities is also an important responsibility for all of us in the Toyota Boshoku group carrying out activities globally with bases in 27 countries. In the future as well, we will listen intently to the opinions of our wide-ranging stakeholders throughout the world and continue to make efforts to realise our aspirations.

For cars full of ideas and
lasting moments

