

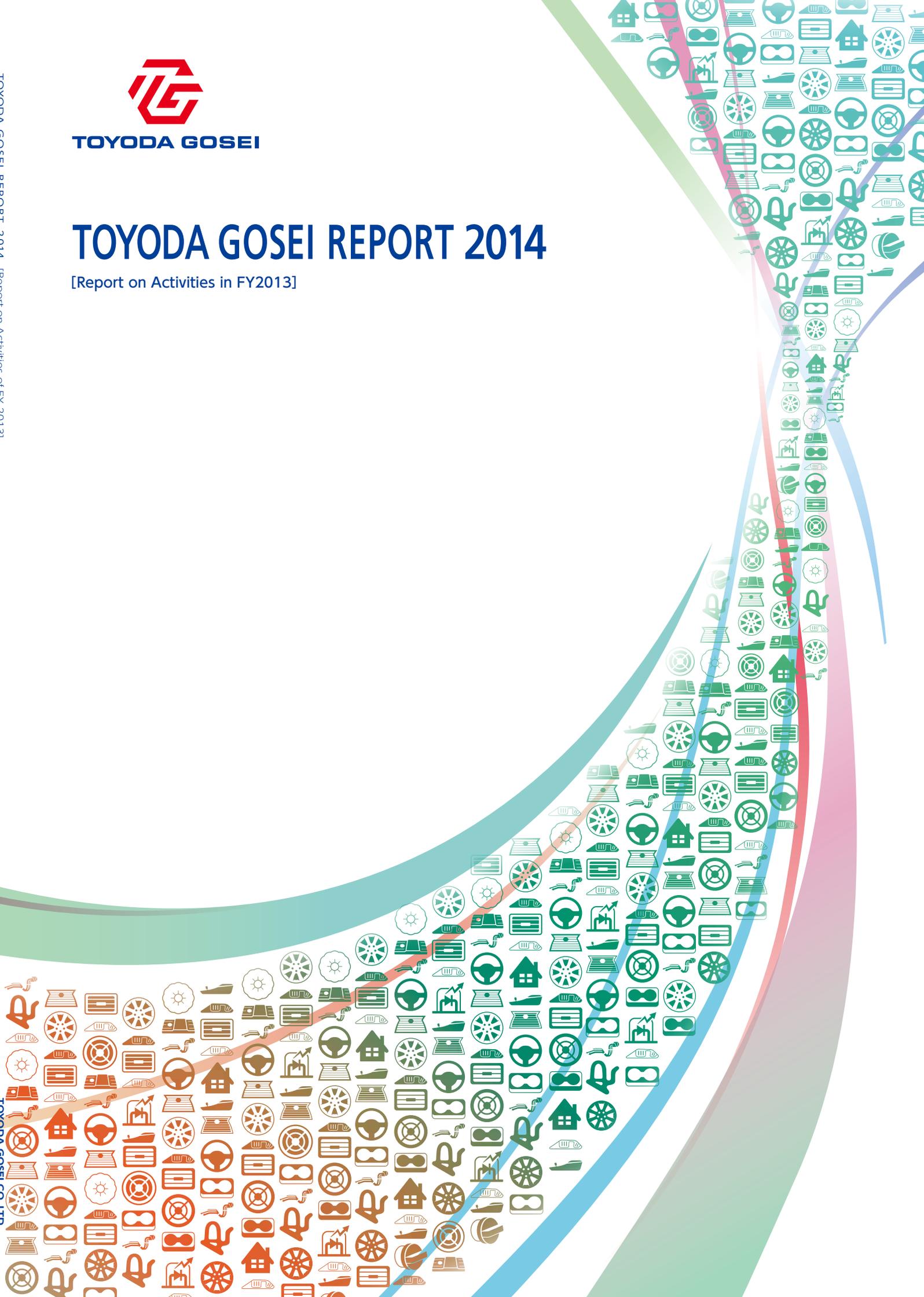


TOYODA GOSEI

# TOYODA GOSEI REPORT 2014

[Report on Activities in FY2013]

TOYODA GOSEI REPORT 2014  
Report on Activities of FY 2013



# Toyoda Gosei Group Management Philosophy

## Management Philosophy

### Boundless Creativity & Social Contribution

#### [Customer satisfaction]

We aim to provide products and services with satisfying quality and price in a timely manner, through advanced R&D and production engineering.

#### [Respect for individual]

We aim to realize a vibrant corporate culture through innovative thinking of individuals and enhanced team work value based on shared responsibility and mutual trust between employees and management.

#### [Good corporate citizenship]

We aim to, as a global corporation, strive to be a trustworthy, respected corporate citizen by honoring both the letter and the spirit of law and rule of every nation, and through community based business activities and contributing to industry, economy and the society.

#### [Respect for the environment]

We aim to dedicate ourselves to create a prosperous society and make the Earth a better place to live through our business activities such as providing environment preservation, energy-saving and safe products.

#### [Steady growth]

We aim to ensure steady growth as a global leading manufacturer in high-polymer and LED technologies through a strengthened corporate structure and the management that can adapt to changes.



## Charter for Business Ethics

This charter shows the ethical standards and values to be shared throughout the Toyoda Gosei Group.

#### [Corporate Social Responsibility]

#### [Company-Employee Relationship]

- Creation of healthy, pleasant workplaces
- Management of assets and confidentiality

#### [Company Business Activities]

- Development and production
- Sales
- Procurement
- International business
- Environmental conservation

#### [Company-Society Relationship]

- Public relations activities throughout the world
- Social contribution activities
- Elimination of antisocial forces
- Relations with public agencies

#### [Personal Conduct]

- Healthy social activities
- Prohibition of insider trading
- Traffic safety

## TG 2020 VISION

In conformance with our Management Philosophy, the TG 2020 VISION is a clear expression of the directions for the Group's efforts and where we want to be in 2020.

#### [What we aspire to become]

To be a truly global supplier of choice that delivers the highest levels of satisfaction to customers worldwide

#### [Main pillars of activity]

1. Delivering the best for less
2. Acquiring new technologies first
3. Consolidating business foundations

#### [Human resources : The key to our activity]

Enhance individual capabilities & Encourage inter-organizational cooperation

## TG Spirit

The key values shared by the TG Group globally

**[Customer Oriented] [Continuous Kaizen]**

**[ Challenge ] [ Respect ]**

**[ Ownership ] [ Teamwork ]**

## About TOYODA GOSEI REPORT 2014

### Editorial policy

This report was planned and developed as a single publication combining our Social/Environmental Report and Annual Report to give stakeholders a fuller understanding of the Toyoda Gosei Group's stances and activities in various areas, so that we may win their greater trust. This report stresses the issues we consider important and want to convey to our stakeholders to make our Group's business activities easy to understand. We have also included opinions from stakeholders and comments from employees engaged in various activities. This report is composed of an introductory section including special features and a main report covering the five categories of business, management, society, environment and finance. The feature in the introduction section looks at the activities of the TG Group in becoming One Team, One TG amid rapidly progressing globalization. This is followed by reports describing our activities in 2013 and their results in each global region.

### Period covered by report

April 1, 2013 to March 31, 2014

This report principally covers the period above, but content related to other periods may be included as needed.

### Scope

In principle, the companies covered are those consolidated in the Toyoda Gosei Group. The scope is outlined individually for some items.

### Caution regarding forecasts

This report includes predictions and forecasts pertaining to Toyoda Gosei's future plans, strategies, and business performance. These statements are based not only on past facts but on assumptions and opinions, made through information available at the time of writing. It also contains information on risks and uncertainties related to economic trends, intensification of competition in the automotive industry, market demand, taxes, laws, systemic changes, natural disasters and other factors. Please note that actual results may vary from our predictions.

### Reference Guidelines

- The Global Reporting Initiative (GRI)  
"Sustainability Reporting Guidelines Version 3.0 (G3.1)" \*1
- Ministry of the Environment  
"Environmental Reporting Guidelines, 2012 Edition" \*1  
"Environmental Accounting Guidelines, 2005 Edition"  
\* A comparative table of these guidelines can be found on our website.  
<http://www.toyoda-gosei.co.jp/csr/dl/>

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This report can also be viewed on the Toyoda Gosei website.  
<http://www.toyoda-gosei.com/>

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Stronger global competitiveness with deeper collaboration among group companies

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**As One Team, One TG, all 30,000 employees of the Toyoda Gosei Group are working with the shared aspiration of becoming a truly global supplier of choice that delivers the highest levels of satisfaction to customers worldwide.**



**Tadashi Arashima**  
President  
Toyoda Gosei Co., Ltd.

The Toyoda Gosei Group is a global supplier specialized in rubber and plastic automotive parts and light-emitting diodes (LEDs), with a network of 64 group companies in 18 countries and regions worldwide. Our recent development efforts focus on lighter and more compact automotive parts. These products meet rising demand for environmentally friendly components that contribute to energy-efficient cars. We are also vigorously supplying airbags and other components for safer driving, which is another element of international demand. Our endeavors further include the development of even more luminous and efficient LEDs, and other company-wide activities to reduce carbon emissions and other burdens on the global environment.

### **A look back at FY2013**

In FY2013, healthy North American and Chinese markets, along with new model launches in Japan, sustained the global automotive market, despite a production growth slowdown in Southeast Asia and other emerging markets. The LED market has continued to grow with the spread of smart phones, tablet computers, and LED lighting, but market entry by new companies has led to increasingly fierce price competition.

To achieve sustainable future growth in the changing business environment, we have been focusing on two areas: improving product competitiveness for business expansion, and moving aggressively in growing markets.

The first area, improving product competitiveness for business expansion, is exemplified by the development of the transparent acrylic radiator grille used on Toyota's new Harrier (Lexus RX) model. This invention received a Product Commendation in the Technical Division for improved appearance quality. Toyoda Gosei's airbag performance, especially in terms of faster deployment, has also greatly improved. Our newly developed knee airbags boast standardized design specifications and a simple, easy-to-assemble structure. The Slim Base Lights, our new LED fluorescent tubes, feature 50% less energy consumption and a six times longer service life than conventional fluorescent tubes, at about half the weight. Another product, Sanken Neo View LED lighting fixtures, jointly developed with Sanken Electric Co., Ltd., received the Good Design Award, Japan's leading industrial design award. These fixtures allow the light to be controlled to match various purposes.

Our second area of focus, moving aggressively in growing markets, is prompted by the increasing importance of interna-

tional markets. Sales outside Japan exceeded those within Japan in FY2013 for the first time in the company's history, and we are investing actively in many parts of the world. In the Americas, we established new companies and increased capacity at existing plants to deal with rising demand there. In Asia, we expanded a plant in Indonesia to meet growing demand for airbags and a plant in Tianjin, China, to increase sales of automotive sealing products. In Europe, we established a new company in Germany for sealing products to increase our business with European automakers and strengthen our revenue base. These and other efforts are serving to solidify our business foundation and strengthen our global presence.

## FY2014 and beyond

In the automotive parts business, we anticipate increasingly intense competition, including fierce price competition with suppliers from emerging countries and global competition in product development. In Japan, an aggressive move is necessary in the expanding market of Kei cars, vehicles with 660 cc engines. In the optoelectronics business, further growth is expected mainly in room and vehicle lighting, but growth in the backlight business will slow down, with the end of this cycle in the spread of tablet computers and other devices. Price competition also continues to drive prices down, increasing the severity of the business environment.

Aiming to become a truly global supplier of choice that delivers the highest levels of satisfaction to customers worldwide, as put forward in the TG 2020 VISION, we are adopting the key policies of:

- (1) Steady quality improvement with a manufacturing system that prevents the creation or passing on of defects;
- (2) World-class product creation and global expansion through process and material innovations;
- (3) Pursuit of product planning and the development of leading-edge technologies that meet market and customer needs; and
- (4) Sales expansion by integrating technology, manufacturing and marketing.

As One Team, One TG, the entire Group will work together to strengthen our technical development, marketing and manufacturing capabilities for sustainable growth.

## Environmental protection and CSR activities for sustainable societies

To grow as a good global corporate citizen together with all the societies in which we operate, the Toyota Gosei Group contributes to environmental protection and conducts volunteer activities rooted in local communities.

Based on our Fifth Environmental Protection Plan, established in FY2011, we have replaced 1,000 high ceiling mercury lamps with our own LED lighting at work sites in Japan. This is expected to reduce CO<sub>2</sub> emissions by about 60% compared with conventional mercury lamps. We plan to continue with this changeover until the remaining 2,000 lamps are replaced by FY2015. Since 2009, we have also been expanding our tree-planting project in Japan, China, Southeast Asia and the USA, to make workplaces greener, help unify employees and raise their environmental awareness, and build ties with local communities. At the end of FY2013, the number of trees planted already exceeded 240,000 at 16 locations internationally. Our environmental activities have been recognized outside the company. In an environmental management survey conducted by the Nihon Keizai Shimbun, Toyota Gosei was ranked ninth among Japanese manufacturers, which is the top ranking among Japanese automobile parts manufacturers, putting us in the top 20 for the seventh consecutive year.

Moreover, to help people in the East Japan region recover from the 2011 Earthquake and Tsunami, we have been donating LED security lights equipped with our own LEDs to Iwate and Miyagi prefectures. We also actively support sports activities in disaster-struck areas. We have been selling products from the region in our company cafeterias and are making other recovery support efforts aligned to the needs of the disaster areas.

Worldwide, we have continued our Global Society Activities, with participation growing to 7,000 people. Activities in FY2013 included visiting a center for disabled children in Thailand and an elderly welfare facility in the USA, donating daily use items, and helping people in other ways. We are actively continuing these efforts to support local communities in countries around the world.

## Final words

Under the management principles of customer satisfaction, social responsibility, and environmental friendliness, the entire Toyota Gosei Group will continue to do its utmost for all TG stakeholders. To provide quality products and make the world a better place, our 30,000 employees worldwide are working as One Team, One TG.

Feature

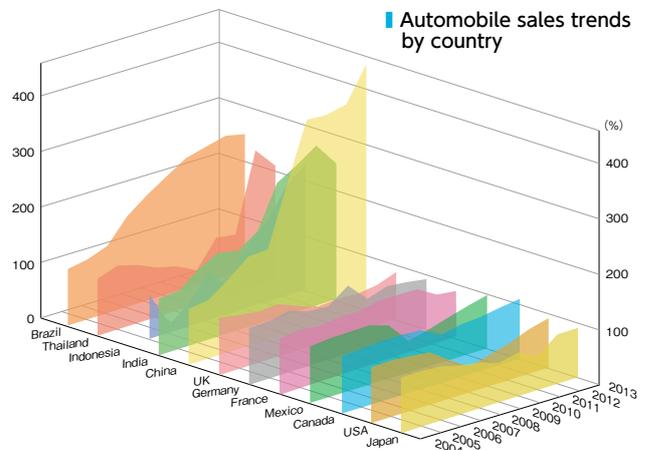
# Becoming One Team,

Stronger global competitiveness  
with deeper collaboration among group companies

## Emerging markets are key to growth

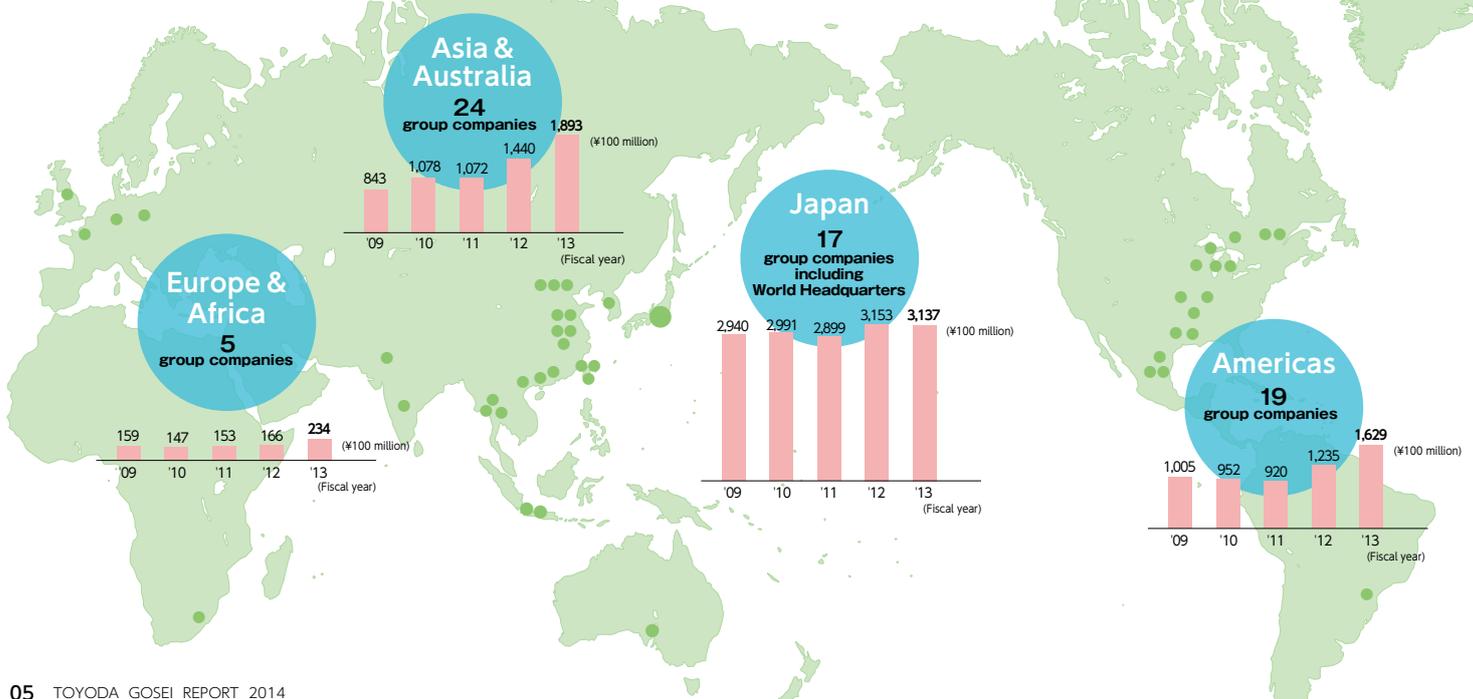
The globalization of Japan's automobile industry has continued to accelerate over the past several years. While sales rates for numbers of units sold are nearly flat for North America, Europe and Japan, countries such as China, India and Brazil show outstanding growth. These emerging economies now play a key role in the growth of the world market, and the automakers' movement toward localization of production in line with these trends has been striking. The Toyota Gosei Group opened its first American office in Illinois in 1977, and has since established operations in the Americas, Southeast Asia, China, India, and Europe. Today, we have grown to have 64 group companies in 18 countries and regions.

In FY2013, sales outside Japan exceeded sales within Japan for the first time in company history, further raising the importance of international markets. We established



Graphed with 2004=100 ※2005=100 for Indonesia  
Source: MarkLines

new companies in Germany and Mexico, expanded operations at plants in the USA and Canada, and enlarged plant facilities in Indonesia. Production preparations are also progressing steadily for the FY2014 startup of a Brazilian plant, our first in South America. We plan to aggressively enter growing markets and strengthen our business globally.



# One TG

## Global Summit examines and reaffirms mutual strengths

With the growing importance of international markets, we held a Global Summit in Japan over four days from September 13, 2013. This was an opportunity to reaffirm our strengths and take a good look at each other's operations in various countries, as we move toward the sustainable growth of Toyoda Gosei. The Summit brought together about 100 participants—both leaders of overseas operations (about 40 people) and participants from Japan. TG President Tadashi Arashima gave the keynote address, describing the purpose of the Summit and the things to value and respect in our daily work. He was followed by representatives from marketing, engineering, production, and other business areas, who explained TG's basic policies and mid- and long-term efforts. A designer also gave a presentation on new products and technologies from the design perspective. Other activities included tours of main rubber and plastics plants, where participants saw the actual work on various production lines, a safety workshop showing examples of unsafe situations and behaviors, and a *karakuri* workshop with examples of kaizen using traditional Japanese technical mechanisms without electricity. Presentations on successes at operations outside Japan allowed participants to share more information than before and reaffirm the strengths of Toyoda Gosei.



Keynote address by President Arashima



Presentation by designer



Plant tour

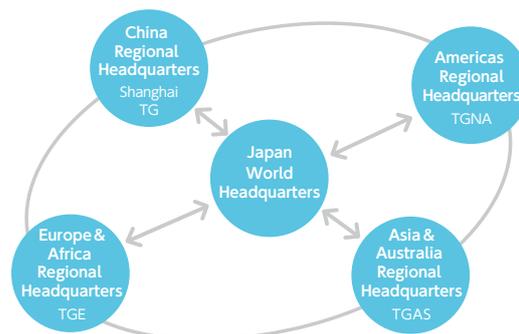


Safety workshop

## An opportunity for collaboration among Group companies

The Summit was followed by increased networking among group companies and the sharing of successful efforts at companies outside Japan. One example of this is the holding of mini-summits. People from production sites that have the same processes—plating, airbags, extrusion, leather-wrapping on steering wheels—have taken it upon themselves to share with each other issues they are facing and try to work out solutions in pursuit of the best processes. Another is greater use of kaizen activities using *karakuri*. Based on ideas they obtained in the *karakuri* workshop, various sites have taken measures to establish more efficient processes. In other activities, a representative from the Headquarters, which is leading efforts to reduce environmental impacts, visited North American companies to determine issues that need to be addressed and provide guidance to local representatives. We plan to spread this action to other regions as well. We also moved forward in sharing information on best practices among operations in various countries. For example, during a human resources and labor meeting in North America, a presentation was given on labor management practices at TG Czech.

The TG 2020 Vision sets the goal for the Toyoda Gosei Group of becoming a truly global supplier of choice that delivers the highest levels of satisfaction to customers worldwide. This Global Summit was one activity to move us toward achieving that goal. In the future we will continue these activities as One Team, One TG, working together and growing with open minds to become a truly global supplier.



# Global Reports

Regional leaders who attended the Global Summit report on 2013 trends, regional outlooks, and future efforts in the North America, Asia and Oceania, and Europe and Africa regions.

## North America

### Pursuit of expanded sales to non-Japanese manufacturers and improved profit structure

#### ■ Regional overview

North American automobile production continued to recover in FY2013, with steady growth to about 16.5 million units. Further moderate growth in production volumes is predicted with increasing demand and greater investment by auto manufacturers, centered on the USA and Mexico. Parts makers should see increasing orders from Japanese automakers, America's big three (GM, Chrysler, Ford), and other foreign automakers. This will serve to further to improve our business base in the USA, Canada, and Mexico.

#### ■ Results in FY2013

Efforts to increase sales and profits, based on the 2018 North American Sales Strategy we developed in FY2012, have begun to produce results with expanded sales to non-Japanese automakers. Steps taken in FY2013 to respond to increased production by our customers and create new sales included the start of operations at the Stratford Plant of TG Minto in Canada and the establishment of Toyoda Gosei Rubber Mexico S.A. DE C.V. to produce rubber hoses. Our efforts to improve technical capabilities and assure quality were also recognized with "Excellent" Awards from Toyota Motor Engineering & Manufacturing North America, Inc., including the receipt of a Launch Performance Award (Tundra) by Toyoda Gosei Texas LLC, a Quality Performance Award by TG Automotive Sealing Mexico S.A. DE C.V., and a Value Improvement Award by Toyoda Gosei North America Corporation on behalf of the Toyoda Gosei Group. Strengthening global collaboration with the World Headquarters and other regions, we will continue activities to expand sales and increase profits.

Serving our communities is also important to us, and we will continue to be active in this area. In March 2014,

Toyoda Gosei's Tree-Planting Project came to North America for the first time with a tree-planting event at TG Kentucky LLC. More than 4,000 volunteers, including TG employees, community residents and suppliers, participated in planting some 35,000 seedlings of native tree species.

#### ■ Looking ahead

Continuing steady growth is predicted for the North American region in FY2014. With renewed awareness of the importance of this region, we are focusing on five areas—safety, quality, strengthened manufacturing, human resources development, and CSR/compliance—to expand sales and achieve stable production and higher profitability. To ensure safe workplaces with no major accidents, we are cultivating people and workplaces through activities centered on our North America Safety Committee, sharing good examples among operations. To maintain the highest levels of quality, we are continuing activities begun in January 2014 to develop people and processes that prioritize quality. To strengthen manufacturing and improve our profit structure, group companies are collaborating more closely, production and engineering are working together for process innovation and smooth new product startup, and we are establishing optimum production layouts across North America. To develop the core human resources we need to raise organizational strength for future growth, we are implementing phased management and middle management training at each location. And in the area of CSR/compliance, we are continuing activities to contribute to our local communities, including the first tree-planting event in North America in Toyoda Gosei's Tree-Planting Project, and cultivating an awareness of compliance through education and training of all employees.

#### Message

Stronger manufacturing and thinking across divisional boundaries were shared concerns at the Global Summit, and we reaffirmed the importance of quality differentiation and human resources development. I felt we are truly "One Team." For the sustained growth of our business in North America, collaboration with operations in all countries is important. We are increasing such collaboration while incorporating successful activities from other regions, referring to global benchmarks and ideas to achieve policy goals. In addition to our quality assurance activities, last year we shared information on IS systems with Toyoda Gosei Czech and actively pursued cross-regional efforts.

#### Toru Koyama

President of  
Toyoda Gosei  
North America  
Corporation



## Asia

### Reliable technology transfer, local procurement, and in-house production to strengthen sales activities and increase our competitiveness in the region

#### Regional overview

While economic growth in Asia overall is strong, large differences exist between countries and regions. Indonesia continues to show growth of more than 10%, and in FY2013 automobile sales exceeded 1.2 million units. The low cost green cars (1,000cc class) introduced in the second half of FY2012 are now also selling well. In India, where high interest and rising fuel costs have contributed to sluggish automobile sales, signs of an upturn are seen with the announcement in February 2014 of a lowering of the automobile commodity tax. We are also seeing moves by automakers to source parts locally and other ways to optimize procurement in order to strengthen their competitiveness in the region.

#### Results in FY2013

In Thailand we held an exhibition in May 2013 to promote new products and technologies and raise the name recognition of the Toyoda Gosei Group. In Indonesia, production of passenger-side as well as driver-side airbags was begun to meet the demands brought by the new ASEAN New Car Assessment Program (ASEAN NCAP). We also began local production and delivery of leather-wrapped steering wheels, previously delivered from Thailand; expanded plant buildings

to meet demands from increased vehicle sales; and took the first steps toward in-house production of metal cores and plastic parts. In India we began local production of extrusion materials previously imported from Thailand, and achieved integrated production of body sealing parts, including mixing, extruding, and secondary processing.

#### Looking ahead

With rising labor costs in Asia, reducing labor hours through simple automation and kaizen will be an important task in FY2014. We will also continue activities to reduce costs and maintain price competitiveness. In individual countries, we are making efforts to increase sales to customers other than Toyota Motor Corporation in Thailand. We are procuring more parts locally in Indonesia while also beginning in-house forming of steering wheel cores and plastic covers for low-cost compact cars. A new assembly factory for fuel hoses and other functional parts is also planned. To improve our price competitiveness with local suppliers in India, we are expanding production facilities such as extrusion lines, beginning production of steering wheel die cast products in-house, and moving toward more local procurement.

#### Message

At TG's Global Summit we learned about the status of activities in Japan and other countries, while at the same time discovering what is lacking in the Asia & Oceania region and what we can do to improve. We became more aware of the need for an attitude of learning from each other, exchanging information and cooperating, and stronger promotion of our products globally. We also recognized that orders in one region affect other regions. The Summit motivated us to work harder to prevent accidents, strengthen compliance, and improve QC circle activities. We will do our best to make the entire Asia & Oceania region a driver in the globalization of Toyoda Gosei.

Kyoji Ikki

President of  
Toyoda Gosei  
Asia Co., Ltd



## Asia and Oceania (China)

### Increased price competitiveness with top priority on safety and quality as production and sales of Japanese automakers recovers

#### Regional overview

Sales of Japanese automakers began to recover in FY2013, following a period of sluggishness due to anti-Japanese sentiment stemming from island territorial disputes and other problems. In all of China, a new record was set with sales of nearly 22 million automobiles, an increase of 13.9% from the previous year. Both production and sales led the world for the fifth consecutive year, while the growth rate recovered to double digits after falling to below 5% for the previous two years.

#### Results in FY2013

In addition to our ongoing activities to win orders from Toyota Motor Corporation, in FY2013 we did our utmost to expand business with other automakers. In China we are conducting sales activities with engineering and sales in long-term collaboration, while building a solid foundation as a global supplier. We have built strong relationships of trust with customers, and have started to become involved from the stage of product development in new vehicle development. These efforts have borne fruit with

the receipt of many commendations from customers in the areas of quality, R&D, supply, and environmental protection.

### ■ Looking ahead

In FY2014 we will strengthen technical functions at Toyoda Gosei (Shanghai) and conduct sales activities with a united engineering and sales team. We will install evaluation equipment for this purpose and move into a research and development zone. A plant expansion is

planned for Toyoda Gosei (Foshan) Rubber Parts Co. to increase sales of fuel parts, and plans are underway for an expansion at Toyoda Gosei (Foshan) Auto Parts Co. to grow business with new customers. Toyoda Gosei Group companies in China are united in working to raise productivity, strengthen local procurement, and develop human resources. The adoption of stricter environmental measures amid rising environmental concern in China is good news for Japanese automakers, who boast advanced environmental technologies, and we hope to actively use this in our sales promotions.

### Message

Through their conversations with executives from the World Headquarters and other regions at TG's Global Summit, our local staff was greatly motivated. We learned about efforts in Japan and other countries, gaining hints for improvement of our own operations. Currently we are carrying out activities to instill the TG Spirit and issuing an in-house newsletter with the aim of cultivating a One Team, One TG mindset. We are also strengthening our engineering functions for the localization of product and part assessment, and from 2014 will hold Chinese QC circle conferences to enhance TQM activities.

### Ryo Onishi

President of  
Toyoda Gosei  
(Shanghai) Co.,Ltd.



### Europe and Africa

## New business centered on European automakers, localization of production, and a stronger product development base

### ■ Regional overview

The European automobile industry retains its excess production capacity and the major automakers continue in fierce price competition using multiple purchase incentives. The number of units sold in the 30 EU countries was 12.3 million, stuck at the same level since 1995. The African market, on the other hand, is being propelled by a growing middle class, and Japanese and other manufacturers are launching new models to meet the diversification of consumer tastes.

### ■ Results in FY2013

The trust we have built with our accomplishments in the supply of automotive sealing products led to the acquisition of new business with a British automaker in FY2013. In other business areas, we acquired new orders centered on interior parts from Japanese manufacturers, orders for millimeter wave radar compatible

emblems from a German manufacturer, and orders for airbags to be equipped on a newly developed vehicle from a Japanese manufacturer. We also established Toyoda Gosei Meteor GmbH and acquired the assets of Meteor Gummiwerke (Germany) to produce weatherstrips. This will strengthen our business foundation in Europe both by expanding business with European automakers and making available to us the original technologies of Meteor.

### ■ Looking ahead

In FY2014 we will build a foundation for local design to accommodate increased production of interior and exterior parts. We will also look into local production of plastic filler pipes, and work to create systems that will allow us to quickly reflect European needs in new automotive sealing products and strengthen the development and design of safety system products for European customers.

### Message

The Global Summit was an opportunity for us to learn about successful activities and improvements in other locations and get to know and share information with our colleagues in other countries. The Toyoda Gosei Group will grow with all group companies around the world working together, and the Summit motivated us to strive for further development as a global corporation. This will include strengthening sales activities with reference to successful activities in other countries, raising our awareness of compliance, and cultivating the problem-solving skills of employees.

### Tetsumi Ichioka

President of  
Toyoda Gosei  
Europe N.V.



## Global Milestones in FY2013

The Toyoda Gosei Group is expanding in growing markets and consolidating its operating foundation with the aim of being a true global supplier. Here are some of our major milestones in FY2013.

### Americas

#### 1 Operation at new plants in the USA and Canada

Production started at new plants to make plastic fuel tubes in the USA and instrument panel components in Canada to meet growing demand in North and South American markets.



USA: TG Fluid Systems USA Corporation Powell Plant



Canada: TG Minto Corporation Stratford Plant



#### 2 Establishment of new company in Mexico

A new company (Toyoda Gosei Rubber Mexico S.A. de C.V.) was established in Mexico to produce rubber hoses to strengthen competitiveness and strengthen our supply system in North and South American markets.



Toyoda Gosei Rubber Mexico

#### 3 Start of production preparations in new company in Brazil

Production equipment is being gradually installed for the start of full operation at a production base established in Brazil in March 2013.



GDBR Industria e Comercio de Componentes Quimicos e de Borracha Ltda.

### Asia & Oceania

#### 4 Expansion of plant in Indonesia

An Indonesian plant was expanded in July 2013 to meet growing demand for airbags in the ASEAN region.



Area of expansion

P.T. Toyoda Gosei Safety Systems Indonesia



### Europe & Africa

#### 5 Establishment of new company in Germany

A new company (Toyoda Gosei Meteor GmbH) to produce weatherstrips and other products was established in Germany in January 2014 in order to expand business with European automakers and strengthen our business foundation in Europe.



Toyoda Gosei Meteor GmbH



# Business Portfolio

Expanding business globally as a best partner in the fields of polymers and optical semiconductors

## Business area

### Automotive Sealing Products

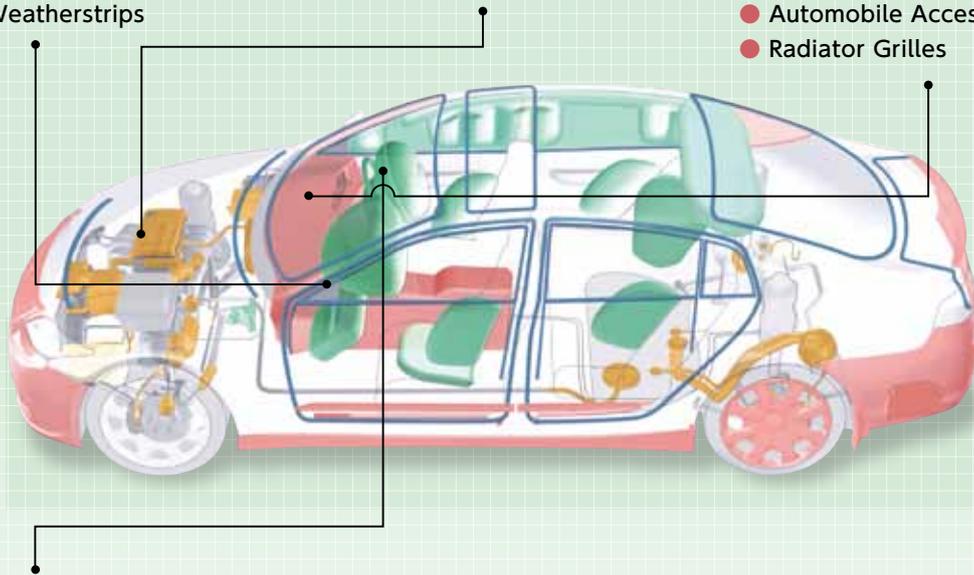
- Door Glass Runs
- Door Weatherstrips
- Opening Trim Weatherstrips
- Luggage Weatherstrips

### Functional Components

- Fuel Tank Module Components
- Power Train Parts
- Chassis and Drive Train Parts

### Interior and Exterior Parts

- Instrument Panels Modules and Components
- Interior Products Using LEDs
- Automobile Accessory Parts
- Radiator Grilles



### Safety System Products

- Airbags
- Steering Wheels
- Pop-up Hood Actuators

### Optoelectronic Products

- LED Lamps, Chips, Modules

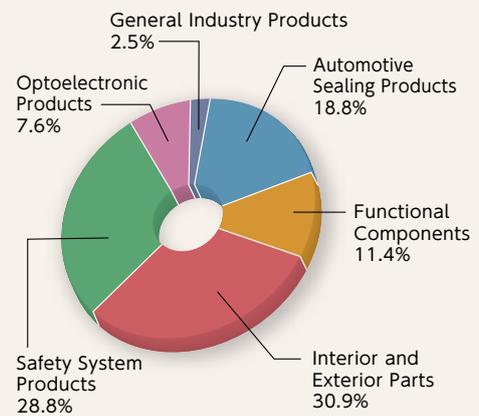
### General Industry Products

- Telecommunication Device Components
- Air Conditioning Products
- Home Construction Components
- Construction and Industrial Machinery Components

## Sales by business field

(Rounded down to nearest billion yen)

	FY2013		FY2012		Change (%)
	Amount (billion yen)	Component ratio (%)	Amount (billion yen)	Component ratio (%)	
Automotive Sealing Products	129.6	18.8	115.7	19.3	12.0
Functional Components	78.6	11.4	66.0	11.0	19.0
Interior and Exterior Parts	213.0	30.9	185.9	31.0	14.6
Safety System Products	198.7	28.8	167.5	28.0	18.6
Automobile Parts Business Total	620.0	89.9	535.2	89.3	15.8
Optoelectronic Products	52.0	7.6	54.8	9.1	▲5.0
General Industry Products	17.3	2.5	9.4	1.6	84.0
<b>Total</b>	<b>689.4</b>	<b>100.0</b>	<b>599.6</b>	<b>100.0</b>	<b>15.0</b>



# Reports by Business Area



## Automotive Sealing Products

### Highlights of FY2013

#### ■ Greater use of environmentally-friendly surface treatment agents

For manufacturing that lessens environment impacts, we apply water-based surface treatment agents with the aim of reducing volatile organic compounds, a substance of concern. Conventional door weatherstrip surface treatment agents are modified to achieve the required performance of each product, and applicable products for opening door trim and sun roof weatherstrips are expanded.



① Door glass runs  
② Opening trim weatherstrips  
③ Door weatherstrips



The best door sealing structures are proposed for diverse door function and design needs



Lightweight opening trim for compact cars  
Rubber materials and metal inserts are modified to achieve lighter weights

### FY2013 (consolidated)

Sales : 129.6 billion yen

Percentage of company sales : 18.8%



## Functional Components

### Highlights of FY2013

#### ■ Expanded global production of lightweight (plastic) parts

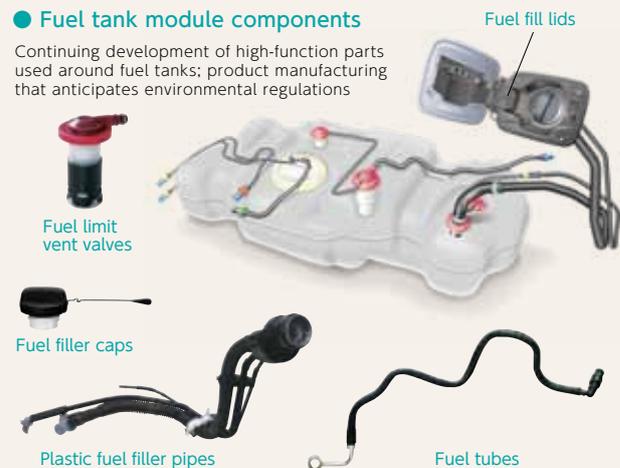
Rising fuel costs and growing environmental awareness in recent years has increased demand for more lightweight, environmentally-friendly automobile parts.

In 2013 we began preparations to mass produce plastic fuel filler pipes globally. Previously, they had been produced only in Japan.

In 2014 we expanded production of lightweight parts made of plastic, including turbo ducts and fuel filler lids. Additionally, we are continuing to develop plastic and rubber materials and products with properties such as flexibility, electrical insulation, and low thermal conductivity for alternative energy vehicles including hybrid, electric, and fuel cell vehicles.

#### ● Fuel tank module components

Continuing development of high-function parts used around fuel tanks; product manufacturing that anticipates environmental regulations



#### ● Hoses, turbo ducts, and boots

Development of hoses and boots that support braking, engine, and driving systems



### FY2013 (consolidated)

Sales : 78.6 billion yen

Percentage of company sales : 11.4%



## Interior and Exterior Parts

### Highlights of FY2013

- Development/production of stylish instrument panels
- Development/production of transparent grilles

To survive the fierce competition of the global auto industry, we are innovating our manufacturing processes and eliminating waste and loss. At the same time, we are developing production technology to shorten lead times from material procurement to finished product, and strengthening our corporate culture. By strengthening production in all countries and spreading production technology development to countries other than Japan, we continue to refine our global competitiveness.

In FY2013 we began production of instrument panels with a new design look, as well as transparent acrylic radiator grilles that make use of two-color molding technology. We also began selling millimeter wave radar system-compatible emblems in countries outside Japan.



#### Instrument panels

Instrument panel modules for new designs



#### Console boxes

Lid slides backward/forward to open/close for easier use



#### LED map lamp units



#### Radiator grilles

Transparent acrylic radiator grilles that use two-color molding technology

### FY2013 (consolidated)

**Sales** : 213.0 billion yen

**Percentage of company sales** : 30.9%



## Safety System Products

### Highlights of FY2013

- Increasing production capacity for safety system products in Indonesia

In addition to driver-side airbags, we produce newly-developed, compact passenger-side, side, curtain, and knee airbags at locations worldwide. These airbags protect vehicle occupants; to protect pedestrians we also produce pop-up hood actuators that lift the rear part of the hood instantaneously to lessen impacts on the heads of pedestrians during collisions.

Together with efforts to develop high performance airbags that protect vehicle occupants in collisions of all forms, we are actively working on fusion technology that combines preventive safety in next-generation products. In development, we are expanding the scope of safety beyond vehicle occupant safety to also include pedestrian safety, and developing pedestrian protection airbags. We are achieving cost reductions with design and production technology innovation and focusing effort on meeting demand in emerging economies such as China, India, ASEAN, and Brazil where the spread of airbags is anticipated. Demand for airbags is rising in ASEAN countries with the introduction of automobile safety evaluation tests, and we will meet this demand with expansion of an Indonesian plant, introduction of new production facilities, and enhanced production capacities.

Driver-side airbags Passenger-side airbags Curtain airbags Rear-end impact airbags



Knee airbags  
Seat cushion airbags  
Side airbags  
RR seat console airbags



#### Pedestrian protection airbags (under development)

Airbags deploy during front collisions to protect pedestrians



#### Pop-up hood actuators

Pedestrian head protection devices

### FY2013 (consolidated)

**Sales** : 198.7 billion yen

**Percentage of company sales** : 28.8%



## Optoelectronic Products

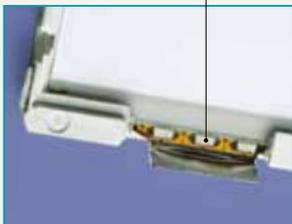
### Highlights of FY2013

- Expanding our the core LED business of LEDs for tablet computers to LED area lighting

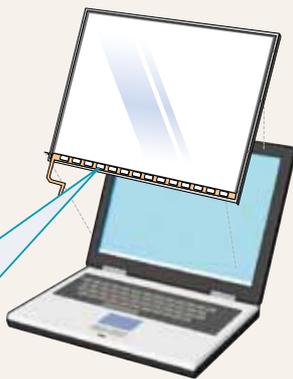
Our lineup revolves around white LEDs with world-class brightness and low power consumption. Our core LED business is the high-end notebook computer and tablet computer market, from which we are expanding to a second key market of room and area lighting. The high-luminosity, high-efficiency technology of our LEDs is recognized in the market, and we aim to expand this business with the development and supply of LED chips and packages with even higher cost performance.



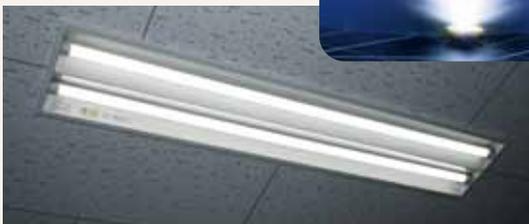
White LED packages for computers



LED backlights for notebook computers



White LED packages for area lighting



LED fluorescent lamps

### FY2013 (consolidated)

Sales : 52.0 billion yen

Percentage of company sales : 7.6%



## General Industry Products

### Highlights of FY2013

- Increasing orders for air purifiers among general industry products

In FY2013 we began production of a new kind of dehumidifying/humidifying air purifier and attempted to expand sales with new orders for air humidifier purifiers. We plan to increase sales with continuing orders of the 2014 model. We will also work to develop products in new fields based on collaborations between our development divisions and products including construction machinery parts that utilize automobile technology, home construction materials with the application of anti-vibration technology and pocket lights using our LEDs.

At a Chinese subsidiary that produces mobile phone cases, we have taken orders for two new smart phone models following FY2013 and will start efficient, low-waste production.



Mobile phone cases



Air purifiers



LED dynamo lights

### FY2013 (consolidated)

Sales : 17.3 billion yen

Percentage of company sales : 2.5%

# Corporate Governance

We are building a corporate structure that can respond quickly to environmental changes, based on sound management and organizational efficiency

## Responsive, efficient, and healthy corporate management

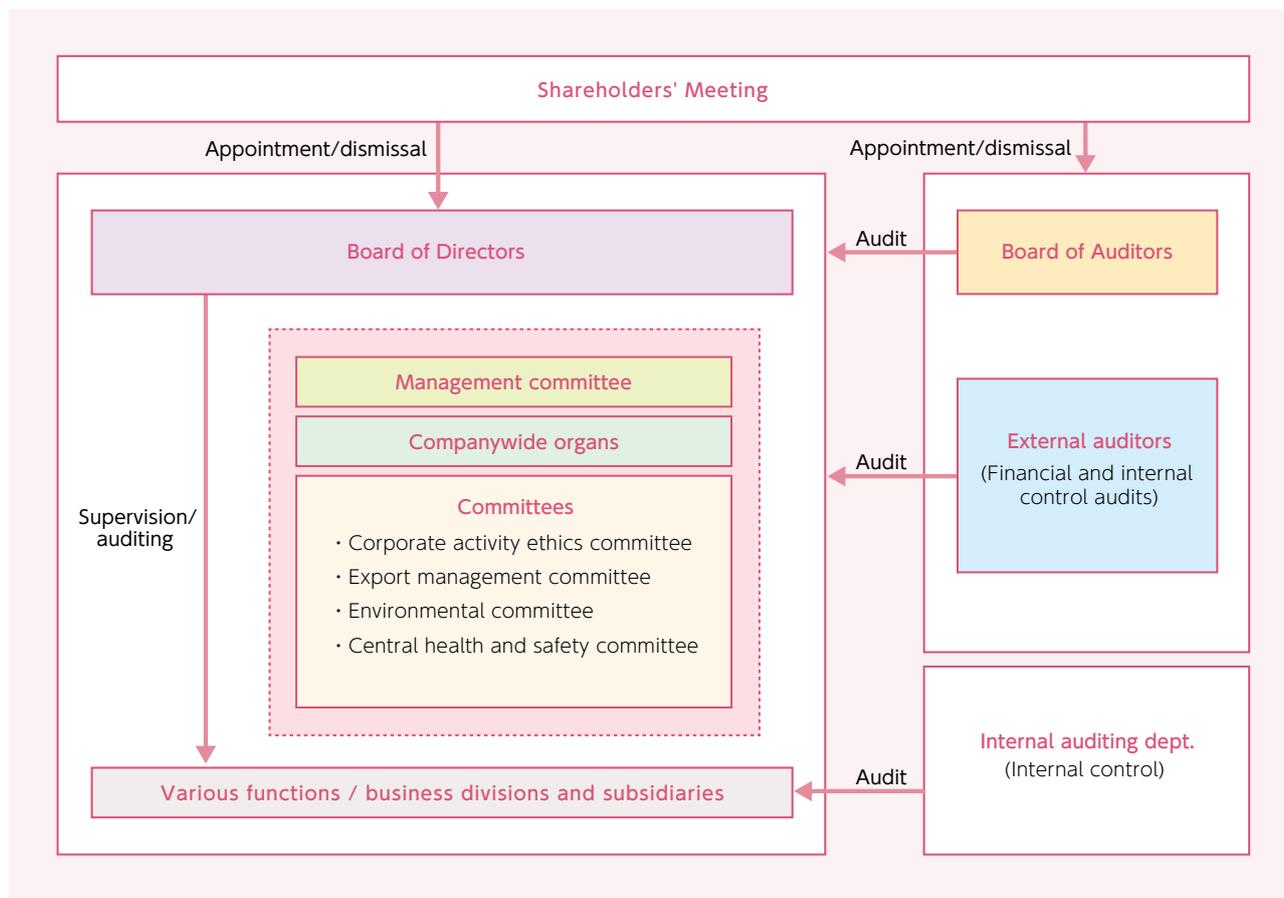
For sound, efficient management of our business, we are strengthening corporate governance with the stable rise of shareholder value as a top management priority. This means maintaining an organizational structure that can respond swiftly and properly to environmental changes and a fair, transparent, and robust management system that meets the expectations of shareholders, customers, and other stakeholders.

In addition to legally mandated bodies such as a general shareholders' meeting, board of directors, and board of auditors, we are creating an environment that allows accounting auditors to conduct fair audits. For an agile management structure that can respond to changes in the business environment and to clarify the responsibilities of directors, we have shortened directors' terms to one year and introduced an executive officer system to separate

business execution and management supervision functions. We are also putting into place a system that can check management execution, with deliberative bodies and committees to discuss and decide important issues, and developing an internal control system for the purpose of appropriate and effective business management.

To foster a healthy internal control environment, all group companies share a common management philosophy. We have also established a common charter of business ethics for the group. While respecting the management independence of subsidiaries, we also receive regular business reports from them and monitor the propriety and legality of their business practices through advance reports and a review system. Nonexecutive directors and auditors are also sent to key subsidiaries to observe and check their business operations.

### Corporate Governance System



# Compliance

Establishing compliance as a good corporate citizen

## Thorough, group-wide compliance

To ensure that employees obey all laws and regulations and maintain a keen sense of corporate ethics, Toyoda Gosei carries out thorough compliance activities. In 1997, we established a Corporate Ethics Committee with the President serving as chairman and all company executives as members. In 2009, we replaced the legal liaison officer, who served mainly to circulate information relevant to respective divisions, with a Compliance Advocate in each division to lead its activities and ensure thorough compliance with management and job-site employees working as a team. We have also established internal and external compliance consultation services where employees facing compliance problems in their work can seek guidance for a quick resolution. The Toyoda Gosei Group Charter for Business Ethics sets out shared values and behavioral standards for the Toyoda Gosei Group and serves as compliance behavioral guidelines. Based on this Group Charter, Toyoda Gosei and all group companies worldwide have formulated their own specific behavioral guidelines. At Toyoda Gosei we have also prepared the Toyoda Gosei Guidelines for Business Ethics for all employees.

### Compliance



### Educational activities for compliance awareness

We are continuing various educational activities to instill in all employees the importance of compliance. Regular compliance training targets employees at different levels in the company and different risks. In addition, we present simple compliance lessons in cartoon format in company newsletters and fuller descriptions of legal compliance cases posted to company message boards. We are also continuing activities to uncover latent risks in each department and implement measures to prevent problems from occurring. Compliance activities at the company level help employees recognize risks in their own department and take necessary steps.

Every year we conduct a compliance survey of all employees to determine the level of understanding of compliance they have acquired through these activities. November 2013 was

Compliance Month, and feedback on survey results was given to make improvements where necessary. Intensive compliance training for employees of every level was also carried out.

### Major workshops

Workshop name	Times held	Participants
New employee workshop	2 times	48
New manager workshop	1 time	51
Legal affairs workshop (for mid-career employees)	5 times	256
Sales division antitrust workshop	7 times	124
Workshops for individual divisions	3 times	142

### Strengthening compliance systems of affiliates worldwide

We actively support affiliate companies in conducting independent compliance activities based on the corporate policy of Toyoda Gosei.

In 2013, we held a compliance liaison conference for affiliate companies in Japan to provide various kinds of support and share information. Special focus was on support for newly established affiliates as they developed a compliance system.

In September 2013 we held a global summit to bring together the leaders of all our international affiliates in one place. The summit stressed the importance of complying with anti-trust laws and preventing bribery, and working to strengthen the compliance system of the Toyoda Gosei Group as a whole.

# Risk Management

Risk management at Toyota Gosei consists of employee training and quality assurance activities for products, as well as information security and disaster prevention measures.

## Preparations for large-scale earthquake disasters

Toyota Gosei conducts risk management to prepare ourselves to respond in cases of disaster that threaten our management and operations. In the wake of the Great East Japan Earthquake

of 2011 we launched a Crisis Management Project and have worked to raise our ability to withstand major earthquakes.

### Crisis Management Project

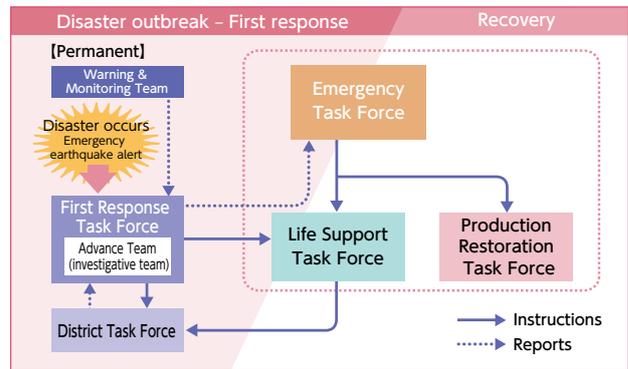
The Crisis Management Project launched in 2012 aims to strengthen our emergency response abilities by enhancing crisis management in two main areas: upgrading and enhancing first responses and clarifying recovery procedures for quick restoration of production. In 2013 we conducted communications training using Japan's multi-channel access (MCA) radio system (used for various purposes from daily work to emergency and disaster situations), satellite telephones, and tablet computers at each location, and conducted trial operation of a system to confirm the whereabouts and well-being of company individuals. We also began operation of a system that updates every hour with data on work arrival and departure and business trips. In a desktop exercise,

flow diagrams were prepared and action procedures were clarified for restoration of production following a disaster. We have selected alternative production sites in advance, backed up information systems, and reviewed our network environment. Operations at a disaster recovery system to restore and repair damaged systems and specialized data centers for computer and data communications equipment are also being started incrementally. Resilience training was conducted four times to improve practical skills in responding to unforeseen events. We will continue to strengthen coordination between locations and departments and improve our abilities in first response and restoration of production and design functions.

### First response in disasters and measures for early recovery

With human life first and early recovery as basic principles, we are reinforcing buildings and facilities to better withstand earthquakes. In 2013 we continued regular disaster response drills and upgraded operations training for a rapid communication system and a system to confirm the whereabouts of employees and their families in earthquakes. We also constructed and regularly update a database for early recovery, including the location of alternative facilities and the specific skills of employees. We installed an emergency response server in the first response head office and are developing systems to utilize various kinds of information. We were fortunate not to have suffered any human loss or major impacts on production or quality in the Great East Japan Earthquake of 2011, but will continue to establish systems with recognition of the importance of crisis management.

#### Disaster Response



### Strengthening information security measures and raising awareness

Toyota Gosei maintains strict confidentiality of information. In 2013 we continued to conduct annual checks of the compliance status of each division, while also conducting on-site audits of certain divisions. Self-inspections are also done at affiliates in Japan, major affiliates in other countries, and production sites in China (starting from fiscal 2013). We provide operating standards for information system security and issue a manual for protecting confidentiality. With the use of this manual, all employees are trained in information confidentiality through new employee education (including those hired mid-career) and confidentiality officers in each division. This manual is revised as necessary and security news is issued from time to time to strengthen security and raise employee awareness.

#### Enhanced Measures

	Mode	Measures
Prevention of leaks from negligence	Hard	<ul style="list-style-type: none"> <li>Prevention of uncontrolled printing or removal through employee ID authentication at digital copiers/printers and technical drawing printers</li> </ul>
	Soft	<ul style="list-style-type: none"> <li>Data encryption of all PCs</li> <li>E-mail security reinforcement (mandatory supervisor CC)</li> </ul>
Prevention of malicious unauthorized leaks	Hard	<ul style="list-style-type: none"> <li>Inspection of removed materials (twice monthly)</li> <li>Increased surveillance cameras</li> <li>Wired PCs                             <ul style="list-style-type: none"> <li>Laptop PCs</li> <li>Desktop PCs</li> </ul> </li> <li>External HDDs</li> </ul>
	Soft	<ul style="list-style-type: none"> <li>Stricter access privileges to file servers</li> <li>Restrictions on items taken out / stronger check function</li> <li>Acquisition and monitoring of system usage records and access records</li> <li>Prevention of unauthorized access (main building/IS Center, Technical Center)</li> </ul>
Ethics		<ul style="list-style-type: none"> <li>Review of security management rules</li> <li>In-house security management education</li> <li>On-site inspections of each division</li> </ul>

# Customer Relations

We offer attractive products and services with the customer and quality foremost in mind.

## Integrated quality assurance, from development to production

Toyoda Gosei aims to be a fully global supplier of choice delivering the highest levels of satisfaction to customers worldwide. Our business activities are integrated with a quality assurance system covering every stage from development to production, all based on our Basic Quality Policy. Every one of our plants has obtained certification in the ISO9001 (certification by JQA-QM7318, QMA11826/12256/12238/13130/12841) and ISO/TS16949 (certification by JQA-AU0094/0091/0160/0124) international standards for quality management systems. Each plant also sets its own quality control goals based on the principles of Total Quality Management, or TQM—activities that are designed to enhance the quality of goods and work through constant improvement and the participation of all, and to improve the quality of goods, services, and management based

on the customer first principle. We also issue Quality System Global Standards with rules and expert advice for quality improvement. Since FY2010, we have distributed these standards to all TG locations worldwide as guidelines for local staff to follow in ensuring consistent product quality.

### Basic Quality Policy

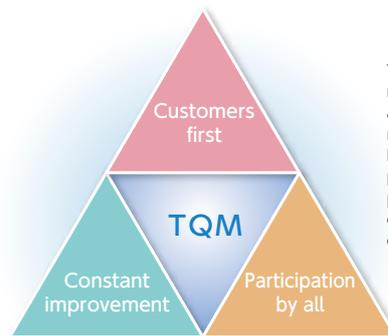
Every employee shall bear in mind the concepts of “Quality First” and “The Next Process is the Customer,” engaging in mutual cooperation to provide outstanding products and services that ensure customer trust and satisfaction.

## TQM for a stronger, better company

In keeping with the Quality First concept, we advance TQM programs at every level of the company, from the top executives to staff and line workers. All employees make constant improvements from their respective positions to ensure higher-quality products and work and to increase personal and organizational vitality.

The first step in developing global quality control (QC) activities in FY2013 was the solicitation of superior examples from Thailand and India, with the individuals responsible presenting these examples at a small group (QC circle) meeting in Japan. By developing TQM programs globally based on these small group activities, we will strengthen the entire Toyoda Gosei Group.

### Fundamental principles of TQM



TQM—Total Quality Management—involves activities aimed at constant improvement and participation by all, based on the customer-first principle for better-quality products and work, and to energize individuals and the organization.

### TQM activities at Toyoda Gosei

Level	Category
Managerial	Improving workplace management
Staff	Small group activities (group kaizen) Improving SQC (Statistical Quality Control) and QE (Quality Engineering) capabilities (engineering)
Line	Small group activities (QC circle)



Small group (QC circle) meeting



## Sales activities aligned with customer needs

Sales activities are our first point of contact with the customer, and are crucial to responding to the needs of our diverse global customer base by learning what customers need, getting development information from key members in technology and procurement, and incorporating the information in sales promotions. Our sales personnel cultivate good relationships with customers while gathering and analyzing

various types of information on matters essential to customers and the problems they face. The content is communicated to relevant departments within TG and used in presenting customized proposals to meet our customers' diverse needs, thus helping to build relationships of mutual trust.

## Monitoring and responding to manufacturing processes and market quality

We promote defect-free process completion in the manufacture of safety-related parts affecting basic automotive functions. Two core approaches are adopted to ensure that our products never have major quality defects: development of processes using automation to prevent production or passage of any defective parts; and development of personnel to enhance awareness of quality and eliminate mistakes. We also have full-time auditors who audit and improve processes at all our production sites globally, while site managers provide leadership in the quality assurance declaration program that has been applied successfully in Japan. These and other activities are undertaken with the aim of earning the reputation among customers worldwide that “Toyota Gosei equals quality.”

Systems are also in place to convey information on quality problems occurring in the market via automakers and swiftly pass it on to the relevant internal divisions. Any defective product is recalled and analyzed, causes immediately investigated, and measures taken to prevent a recurrence of the problem. When it is difficult to pinpoint the cause of a problem and develop solutions internally, we team up with automakers’ and conduct tests using test vehicles, cooperating on faster and surer ways to prevent recurrence of such problems.



Activities for improving trust in the market

### VOICE

Quality Assurance Division  
Hiroki Yamashita



Since 2012 we have conducted a program of “quality assurance declarations” with the twin aims of developing quality-conscious personnel who minimize mistakes and processes that avoid production or passage of defective parts. Specifically, section heads at production sites conduct independent personnel and process development, while the company president checks these processes at all worksites. Superior programs are then developed across the entire company. This has resulted in greater attention to quality and spurred further improvements, with all leaders completing “assurance declarations” by 2013. We are working hard to continue and spread this program to provide greater assurance to our customers.

## Customer praise for TG as a superior supplier

Our products are delivered to automakers around the world, supporting the basic performance of their vehicles. Automak-

ers commend their best suppliers each year, and in 2013 Toyota Gosei again received many of these honors.

### Awards for quality in FY2013

Award	Recipient company	Awarding company
Excellent Award-Quality Performance	Toyoda Gosei Automotive Sealing Mexico S.A. de C.V.	Toyota Engineering & Manufacturing North America
Supplier Excellence 2013	TG Missouri Corporation	Yamaha Motor Corporation, USA.
Achievement in Quality Management	Toyoda Gosei South Africa (Pty) Ltd.	Toyota South Africa Motors (Pty) Ltd.
Best Quality Award	Tianjin Toyoda Gosei Co., Ltd.	Changan Suzuki Automobile Co., Ltd.
Market 5-Year 50% Reduction Award	Fong Yue Co., Ltd.	Kuozui Motors, Ltd.
Quality	TG Kirloskar Automotive Pvt. Ltd.	Toyota Kirloskar Motor Private Ltd.
In Recognition of the Outstanding Performance and Support	P. T. Toyoda Gosei Safety Systems Indonesia	P.T. Hino Motors Manufacturing Indonesia
Zero PPM Quality Achievement	P. T. Toyoda Gosei Safety Systems Indonesia	Krama Yudha Tiga Berlian Motors

### TOPICS Auto Shanghai 2013

#### First showing, with aim of improving brand recognition and customer ties in China

Aiming to increase sales and brand recognition in China, the world’s biggest market, we made our first appearance at Auto Shanghai at the Shanghai New International Expo Center April 20-29, 2013. With around 2,000 car and part manufacturers from around the world, Auto Shanghai is an enormous motor show that draws over 800,000 visitors.

TG is a global supplier in the polymer field, mainly in rubber and plastics, and we focused on products that help to protect the environment and enhance safety and comfort with the theme “Toyota Gosei—delighting customers around the world.” Attendance by general visitors and numerous VIPs and company executives means the news about our technological capabilities and business reached a wide audience.



## Tokyo Motor Show 2013

TG was an exhibitor at the Tokyo Motor Show held November 23 to December 1, 2013 at Tokyo Big Sight. Our theme for this show was "One team, One TG: Rubber and Plastic Polymer Technologies to Help Build Safe, Comfortable, Environmentally-Friendly Cars." Displays to exhibit safety and environmental technologies included a wire mockup demo vehicle equipped with various types of airbags, an airbag simulator that visitors could try out, and master-crafted radiator grilles to show our plating, coating, and other decorative technologies. Our booth was ideally located near the car manufacturers' booths, which served to attract numerous visitors to our displays. With the first auto show press briefing by our company's president, coverage by Japanese and foreign media networks, and other publicity efforts, we were able to communicate our message to an extensive audience.



### Safety



**360° full-coverage airbag**  
Wire mockup is fitted with airbags and pop-up hood actuator to protect passengers and pedestrians.



**Milliwave radar system-compatible emblem**  
Specialized emblem is transparent to milliwave radar. Superior design makes full use of our decorative technologies.

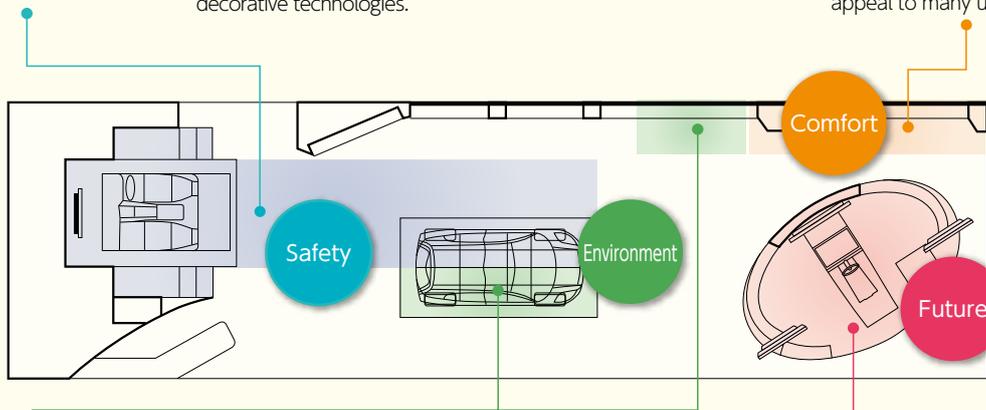


**Airbag simulator**  
Simulating the experience of an airbag inflating, this unit was a hit that constantly drew huge crowds.

### Comfort



**Elegant large radiator grilles**  
Showcasing our plastic molding, metal plating, and other decorative technologies, these oversize radiator grille designs appeal to many users' tastes.



### Environment



**Door weatherstrip, opening trim, glass run**  
A rethinking of methods (rubber foam molding) and materials resulted in reduced weight in a variety of weatherstrip products.



**Plastic fuel filler pipe**  
Replacing metal with plastic reduces weight by over 1kg.

### Future



**Interactive smart steering wheel**  
This conceptual model of the steering wheel, a critical interface between driver and vehicle, includes functions for greater safety, convenience, and comfort.



# Employee Relations

With policies based on respect for humanity and safety, we aim to create healthy and secure workplaces

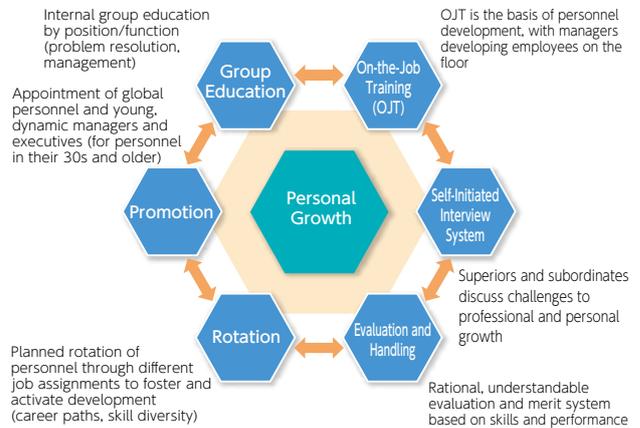
## A global workforce of employees who can think and act independently

Toyota Gosei's vision is to develop a global workforce and demonstrate our combined strengths, for which we are aiming to enhance the workplace and spur employee initiative through mutual respect and skills improvement. Young employees with the potential to handle international assignments are enrolled in foreign language training, and through one-year overseas internships (on-loan system for training) and other work with national staff at overseas sites, we systematically develop workers who can act at the global level in the future.

### Key HR Concepts

- Train highly specialized professionals with a broad perspective
- Recruit a diverse global workforce to respond better to local issues
- Have employees show mutual support and teamwork across regional, work boundaries

### Human Resources Systems



## Human resource development with solid education programs

Toyota Gosei is committed to education programs to develop personnel capable of responding effectively to internationalization and formulating and resolving problems. Since FY2012, we have been proactive in training employees who incorporate quality control in all their work. We moved up schedules for our younger employees' basic problem-solving education—from their fifth or sixth year after joining the company to the third year—enabling them to apply problem-solving approaches at an early stage. Our mechanism allows employees to interact with superiors in practical problem-solving situations encountered in work, with superiors providing proper on-the-job training.

We also stress language education for new and younger employees. From informal acceptance by the company to official employment, new employees practice e-learning for personal development and gain motivation to learn English after joining our company through intensive training with native English-speaking instructors. Our global employees also start on development from an earlier age. With augmented content in the Language Skills Cultivation Program for Younger Employees, launched in FY2011 for employees in their 20s and 30s, a total of 280 employees in FY2013 learned English skills that directly relate to their work.

With continuous updating of human resources development, since FY2009 we have shifted from the use of outside lecturers to in-house lecturers, except in specialized fields. Con-

veying the knowledge and skills they have accumulated on the job, experienced employees help other employees acquire practical knowledge and skills applicable to actual work duties. Going forward, we will continue honing these programs for cultivating skilled personnel.

Total participants in Language Skills Cultivation Program: **280**

### Training Structure

Position/ title	Type of training	Basic technical training		Overseas-related training	
		Training system for engineers	Training system for skills	Training for transferred/local employees	Language training
Div. leaders & assist. div. leaders	Div. leaders & assist. div. leader training				
GL/ Managers	Management training for GL/managers Newly appointed GL policy development training	Training system for engineers	Training system for skills	Training for transferred/local employees	Language training
TL	Management training for TL				
Assist. managers	Management training for assistant managers				
General employees	Level 4 problem resolution follow-up training Training for 3rd year employees Mid-career leader training program				
New employees	Training for new employees English training for new employees				

## Global human resources development

As "locally-based Toyota Gosei," our business throughout the world requires us to contribute to the economic and social well-being of each country and community we work in and to localize through our overseas affiliates.

With the aim of localizing administration, we develop our global human resources through integration with national staff. In FY2013, we conducted a Global Executives Seminar for 17 executive trainees from North America, Europe, Asia and Oceania, and Middle Management Training for 17 divi-

sion leader candidates from China. We also started an intra-company transferee (ICT) program, transferring employees from overseas locations to our company on internships. Currently, one employee from India, one from China, and two



Global Executives Seminar

from Thailand have been transferred, and we plan to expand this program. We also promote other programs, such as accepting ten local employees from Thailand and Vietnam via the Overseas Human Resources and Industry Development Association (HIDA) with practical on-the-job training over one to six months.

Participants in global human resources development and training programs

42

## Training for global human resource development

Workshop name	Number of countries participating	Number of attendees
Global Executives Seminar	9	11
Middle Management Training	1 (China)	17
HIDA	2	10
ICT	3	4

## Employment

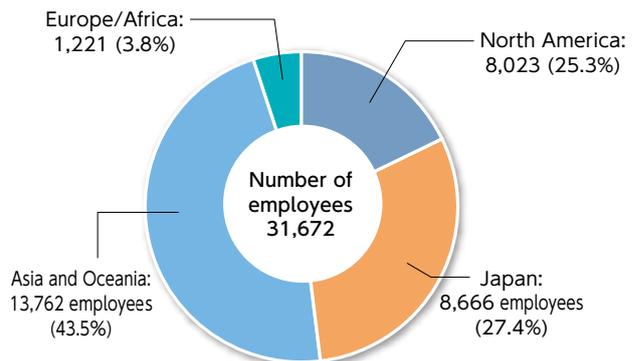
We promote fair and impartial employment and development and respect for diversity to ensure stable employment, with systems and environments where employees find it easy to work.

### Workforce composition (non-consolidated)

	2012			2013		
	Male	Female	Total	Male	Female	Total
No. of employees	6,068	695	*6,763	5,975	688	*6,663
Average age	41.4 yo	36.4 yo	40.9 yo	42.0 yo	37.1 yo	41.5 yo
Average length of employment	17.4 yr	11.9 yr	16.8 yr	18.0 yr	12.7 yr	17.5 yr

\*Total no. of employees does not include 407 employees dispatched overseas

### Number of employees by region (consolidated)(FY2013)



## Workplace management survey

We conduct an annual Workplace Management Survey to study employees' motivation to work and their attitudes regarding managers and the workplace. The aim is to understand problems in the workplace, improve the work climate, and utilize the findings in our human resources development.

Based on the results, we advance planned measures to make improvements to each division's weaknesses. Improvements incorporate good measures found both within and outside the company and provide individual support to those dealing with many problems.

## Support for a stable work-life balance

We strive to create a constantly improving system that places priority on work-life balance, encouraging independence and enabling all employees to choose their own way of working. We also provide support for our employees so they can work with greater motivation and peace of mind. We responded to our employees' needs in FY2013 with programs and events including Child-Rearing Day, Networking Event for Working Mothers, TG Family Day, and Holiday In-House Childcare. Of particular note is the improved support in balancing nursing care and work, with offerings like nursing care support workshops and guidebooks. We also

have educational activities to create working environments that make the support system easy to use. We aim to continue providing such support to employees with development of robust, effective programs. This plan was enacted in April 2011 and we were recognized a second time in July 2012 by the Ministry of Health, Labor and Welfare as a company actively working to support the development of the next generation with action plans based on work-life balance. We are making further efforts based on current action plans, mainly focusing on activities to understand the workplace.



TG Family Day (company tour for employees' families)



Holiday child care



"Kurumi" Next-Generation Nurturing Support certification mark



Guidebook for nursing care support

## Diversity

Toyota Gosei is committed to fostering a corporate culture that utilizes the diversity of our employees and enables them to make full use of their individual capabilities, without

regard to race, nationality, gender, or age. We have also established a system to enable workers of retirement age or with disabilities to maintain stable employment.

### ◆ Developing diverse human resources

In FY2010, we set up a specialized organization to promote workplace diversity and use of diversified human resources, with a particular focus on facilitating the utilization of women. Focusing on management-level positions, we hold workshops to raise awareness and change attitudes about women in the workplace with the aim of making management more conscious of company policies and the significance of diversity. We also provide women with venues for considering and cultivating their work style and future direction.

We surveyed female employees and their supervisors to study issues such as women's perceptions of their jobs, how supervisors cultivate and promote female subordinates, performance evaluations, and the pace of pay raises and promotions. With these issues identified, we formulated a

three-year development plan for utilizing women employees and in FY2013 held our first Career Design Forum for TG Women. We will continue to move forward with other specific measures.

.....  
**Career Design  
 Forums for TG  
 Women offered**  
 .....



Management training to advance utilization of women



Career Design Forum for TG Women

### ◆ Workplaces that welcome people with disabilities

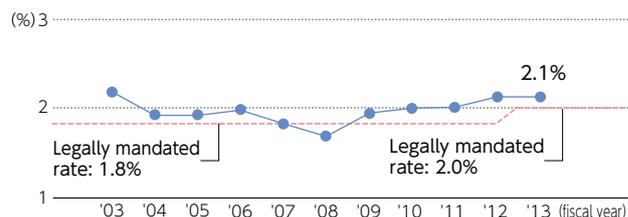
Toyota Gosei actively employs persons with disabilities. We aimed to exceed the legally mandated rate of 2.0%, and in 2013 hired 113 persons with disabilities (as of February 1, 2014) to achieve this target with a rate of 2.1%.

The Committee for Employment of People with Disabilities plays a central role in hiring, assignments, education, establishing stable positions, and awareness. We place particular focus on helping persons with disabilities establish stable positions, improving the work environment based on periodic interviews with these employees. We are pioneers in matching disabled persons with work suited to their abilities, with systems to guide them through the hiring to assignment stages.

.....  
 Employment rate for  
 people with disabilities:  
**2.1%**  
 .....

With our special subsidiary TG Welfare, the Toyota Gosei Group is taking further steps to promote employment of people with disabilities.

#### ■ Changes in employment rate for people with disabilities

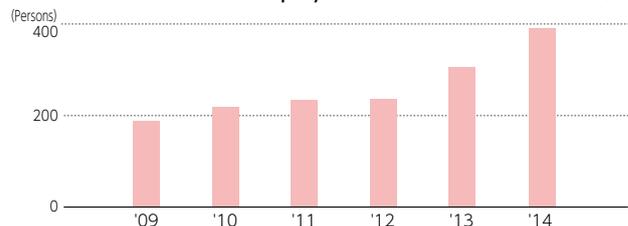


### ◆ System for stable work after retirement

Established in April 2006, our Retiree Re-Employment System enables employees to continue working with peace of mind even after retirement.

Since FY2013, post-retirement employees have been allowed to reduce the days or hours worked per week for a better work-life balance and greater diversity in working styles.

#### ■ Trend in Number of Reemployed Retirees



#### VOICE

Human Resources  
 Development Division

**Akinori Takagi**



Our approach in promoting diversity relies on connecting the company's growth and well-being to that of the individual, for a sustainable business environment that meets our needs and adapts to change by incorporating numerous ways of thinking, value systems, and other individual characteristics, without regard to nationality, gender, age, or other such factors.

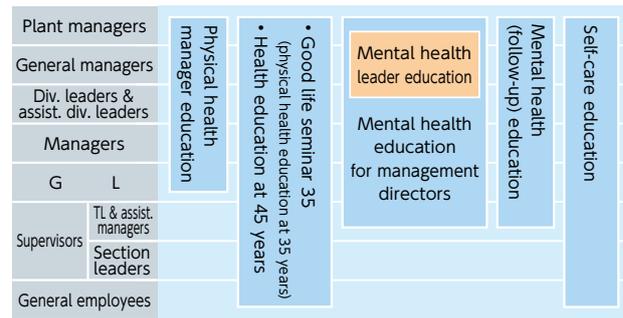
In FY2013 we held our first Career Design Forum for TG Women with the aim of having women think seriously about their own futures in fields that are trying to attract more women. This creates opportunities to move towards the future with increased awareness through exchanges with women in and outside the company.

We will continue to create an environment and climate where we make use of every individual's characteristics and where employees can work with vigor and purpose.

## Mental and physical health maintenance

Our employee health programs include various measures to ensure and improve employee health, focusing mainly on maintaining mental and physical health.

### Health Education System



### Continuing mental health education for management directors

To promote efficient workplace operations and smooth communication, we regularly held mental health education sessions in FY2013 for employees at every level, from newly appointed management directors, division leaders, and assis-

tant division leaders to section chiefs and group leaders. Qualified clinical nurses provided comprehensive counseling services at each location. That fewer individuals are coming in for consultations is proof of the program's effectiveness.

### Health management

Since FY2007 we have held our Good Life Seminar 35 for employees aged 35, providing education on day-to-day health management and preventing lifestyle-related diseases. In FY2010 we launched a smoking cessation program to provide support to employees trying to quit smoking. We have removed all cigarette vending machines from company premises and discontinued sales of cigarettes at company stores.

A program launched in FY2011 continues to provide employees aged 45 with practical education on eating habits, various forms of exercise, alcohol consumption, and other topics. Employees are also urged to wash their hands and gargle to prevent the spread of seasonal and new strains of influenza and other infectious diseases.

## Zero accidents

Under the leadership of the company president, who also acts as the company's general health and safety manager, we conduct Safe Personnel and Safe Workplace programs and other activities aimed at total accident prevention. Although in FY2013 we had zero serious accidents and injuries resulting in

lost work time, minor accidents continued apace. Activities such as notifying employees of past accidents, our Safety KY Dojo hazard awareness training, and safety awareness activities and safety inspections help create a safe and healthy work environment for all Toyota Group employees.

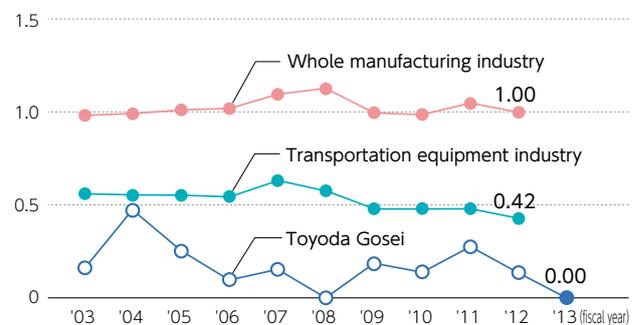
### Main Activities in FY2013

Activities	
Safety-Conscious Personnel	1 ● Informing employees of past accidents to prevent reoccurrence
	2 ● Creating safety awareness through comprehensive safety education (1) Safety education for management (2) Safety KY Dojo (3) Safety awareness activities for individual workplaces
	3 ● Application of OSHMS in safety activities and improving management
Workplace Safety	4 ● Ensuring safety around molds and cranes, where serious accidents occur
	5 ● Complete plant/site inspections, with no area omitted
	6 ● Inspection and correction of visibly aging equipment/facilities
	7 ● Strengthening measures to ensure safety in outside projects

### Trends in rate of work accidents

#### (rate of injuries resulting in lost work time)

Rate of injuries resulting in lost work time =  $\frac{\text{No. of casualties in occupational accidents}}{\text{Total work hours}} \times 1 \text{ million}$



## ◆ Safety KY Dojo/Hazard Awareness Academy

The company established the Safety KY Dojo (K is *kiken*, or “risk,” and Y is *yochi*, or “prediction”) in October 2013. Its purpose is to raise employees’ safety awareness and abilities by fostering sensitivity to risk and problem resolution skills, helping employees to detect risks in advance and take measures to prevent injuries. Cases of past accidents and unsafe conduct that may be anticipated in daily operations are reproduced with mannequins, and participants learn company safety rules through training to discover risks and safety problems.



Safety KY Dojo

### VOICE

Safety and Health  
Promotion Division

Chiyori Yamamoto



We’ve developed a variety of activities, mainly derived from OSHMS [Occupational Safety and Health Management Systems], to ensure all TG Group employees avoid injury and head home after work in excellent condition. While there are fewer accidents each year, we haven’t reduced the number to zero. We’ve also seen a rise in the number of accidents while an individual is walking and other accidents caused by carelessness, so we are placing greater focus on increasing safety awareness and skill. We will continue to promote health and safety programs throughout the entire Toyoda Gosei Group.

## ◆ Partnering with labor unions for a better workplace

Based upon our fundamental philosophy of mutual trust and shared responsibility in labor-management relations, we hold discussions with the labor union on wages, work environment and hours, and other working conditions at regularly held meetings of the Central Labor-Management Council, Divisional Labor-Management Council, and other groups. Particularly at the Divisional Labor-Management Council, division chiefs themselves directly discuss key workplace issues with union members with the aim of creating a more pleasant working environment.



Central Labor-Management Council

# Shareholder Relations

We strive to maximize understanding of Toyoda Gosei's achievements through increased corporate value and proactive disclosure.

## Business results and profits

Our automotive parts business for the current term enjoyed record revenues due to increases in vehicle production, aggressive expansion of sales to non-Japanese automakers, and correction of the excessively strong yen, resulting in overall sales of 689.4 billion yen, a 15.0% increase over the previous term.

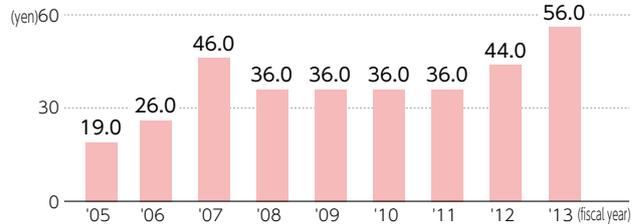
Thanks to the increased sales of automotive parts as well as rationalization measures, including a push by the entire Group to reduce cost prices, we achieved increases in both ordinary profit and net income for the current term, with ordinary profit increasing 24.7% to 45.8 billion yen and net income increasing 22.3% to 26.2 billion yen.

Due to these factors, we decided to distribute an annual dividend from surplus of 56 yen per share.

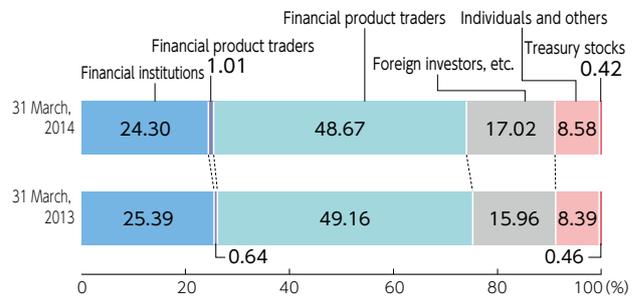


Report on Business Results

### Change in Dividends



### Distribution Status According to Shareholder



## Disclosure

Toyoda Gosei discloses information in a proper manner, regularly issuing reports via our website and with our IR tools (earnings summary, data for financial briefings, etc.), holding financial briefings, and participating in IR events. Specific steps include biannual earnings presentations for institutional investors and securities analysts, with materials from these meetings and other relevant financial information published on our website. In addition, we enthusiastically

provide information in individual investor meetings and to all of our many investors in Japan and overseas. As an open and transparent corporation, we strive to ensure correct evaluation of our corporate value by arranging individual plant tours for institutional investors and security analysts, publicizing our technical strengths, and participating in investor relations events.

### Main IR Activities

Targeted persons	IR activities	
Dom. instit. investors Securities analysts	Individual discussions, financial briefings	Toyoda Gosei Report issued
Overseas institutional investors	Individual discussions, participation in IR events	
Individual shareholders and investors	Plant tours after annual shareholders' meeting	Dissemination of financial and IR information on website
	Report on Business Results issued	



Presentation of financial results

# Supplier Relations

We will develop and grow together with our suppliers, based on strong cooperative ties.

## Basic Procurement Policy

Our basic procurement policy is to achieve an optimal global procurement system with a procurement framework that benefits TG, swiftly and accurately gauging changes in procurement conditions and customer and competitor attitudes,

ensuring compliance, and conducting business in a fair and open manner. All of this enables us to produce competitive products.

Based on the idea that it is our suppliers support who our company, we employ the principle of "*genchi, genbutsu, genjitsu*" (go-and-see; activities based on the actual situation) to strengthen the foundations of our business with our suppliers.

## Procurement policy briefings

We hold a procurement policy briefing every April to give our suppliers a clear understanding of our procurement policy for the coming fiscal year, with a description of our current business environment and our direction moving forward.

These briefings are attended by 170 suppliers of products, machining processes, materials, facilities, and molds. In addition to the above, procurement policy topics also include safety, quality, quantities, costs, technology, global expansion,

and CSR. We also give awards each year to show our appreciation to suppliers who have made noteworthy contributions in their fields, while encouraging all participating suppliers to continue making progress.



Procurement policy briefing

## Collaboration with suppliers

Four times a year, we hold a procurement liaison meeting with about 100 participating suppliers. The meeting focuses on ongoing themes such as developments in the area of production information, quality control, compliance and safety

activities, anti-earthquake measures, confidentiality, and harmful substances management. Various educational sessions and lectures on cultivation of human resources further deepen our relationships with our suppliers.

## Quality, safety/fire prevention, compliance, and other initiatives

We carry out programs to eliminate all major quality problems through standardized procedures, prevent shipment of defective product, and improve competitiveness by lowering cost price. We also urge supplier participation in the design of metal molds and products so that we may grow and develop together. Product quality receives special attention, and we regularly hold quality liaison meetings and provide our suppliers with information they need to improve quality.

Our fire prevention, disaster preparedness, and other safety activities include visits to areas affected in the Great East Japan Earthquake and requests to our suppliers to establish emergency response systems based on information obtained through reciprocal company observation tours. We also discuss management issues with suppliers and actively work to secure profits through cost price reductions.

## Green procurement

We continue to expand environmental activities based on our company's Green Procurement Guidelines (3rd Edition). The guidelines comprise three components: establishing environmental management systems; improving regulatory compliance and environmental performance; and harmful substances management. We have achieved good results in environmental management systems and regulatory compliance/environmental performance by requesting that suppliers take steps to reduce environmental impacts, as well as with changes at the organization and system levels

and programs to improve production, ISO 14001 certification, and measures to conserve energy and reduce waste. Measures to control harmful substances include reporting chemicals contained in products or materials we order from suppliers so that we may comply with increasing regulations around the world. We also coordinate with suppliers in complying with European ELV (end-of-life vehicle) and REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulations and regulations on managing volatile organic compounds.

### VOICE

Purchasing Division  
**Yuki Miura**



I am in frequent contact with our suppliers in my work, and the thought that I am a representative of my company brings a certain amount of tension to the work. As one responsible for furnishing our suppliers with information at procurement policy briefings, procurement liaison meetings, and other venues, I concentrate on providing information that is instructive and beneficial to the suppliers. I will continue to ask suppliers for their opinions and strive to provide information with consideration of their perspective.

# Involvement with Local Communities

As a good corporate citizen,  
we work to improve our local communities through activities with local residents.

## Growing volunteer activities

Toyoda Gosei strives to create better local communities through active involvement. In Japan our efforts have focused on traffic safety educational activities as an automotive parts manufacturer, as well as the four areas of support for the vulnerable, youth development, environmental protection, and community crime prevention. To motivate employees and encourage them to become involved in a wider range of volunteer activities, we have introduced a volunteer award system and social contribution education to raise awareness. Although the approaches of TG Group companies in various countries differ, we all strive to create close relationships

with local communities through volunteer and other community-oriented activities.

In FY2013, a total of more than 22,000 people participated in volunteer activities in Japan, about twice the number in FY2012. This is the second year of our Group-wide social contribution activities, with about 7,000 employees volunteering globally, expanding volunteer activities and strengthening ties with our communities.

To support reconstruction after the Great East Japan Earthquake, we donated security lights utilizing the features of our LED technology for well-lit towns.

## Social Welfare



### Charity Meals

Cafeterias at eight business locations introduced "charity meals" that raise 10 yen per meal for charity. Using the collected funds, wheelchairs and rehabilitation aides were purchased and donated to three welfare facilities in the community.



### Wheelchair Doctors

This volunteer group of employees visits welfare facilities for the elderly and hospitals in the community every month to repair, adjust or clean more than 500 wheelchairs a year. This program has continued since 1996.



### Selling goods produced by vocational training facilities

To support the independence of people who attend vocational facilities for the disabled, we provide places to sell hand-made bread and cookies at seven of our facilities every month. Any revenue earned is used to help finance the operation of vocational facilities.

## Environmental Protection



### Tree-planting project

To enhance employees' environmental awareness and promote communication within the company, we have conducted tree-planting activities at our plants since 2009. In FY2013 we planted 45,000 trees at three locations around the world.



### Cutting-edge "green factory"

With the Heiwacho Plant as a model, we have been conducting ecosystem surveys, cleanup activities, eco-learning and other activities with local communities since 2011 to preserve our environment.



### Community cleanups

In addition to routine cleaning at each facility, we conduct community cleanups twice a year with participation of more than 2,500 people including employees, their families, and local students.

## Youth Development



### Ichinomiya Boys and Girls Invention Club

With the aim of providing a place for children to enjoy making things and to grow creatively, we have given full support to this club since its establishment. In 2013, 125 children participated in the club's activities.



### Sports support activities

Athletes from our volleyball, handball and basketball clubs provide instruction to local elementary and junior high school children for their healthy growth and development. Many of these activities include people with disabilities.



### Neighborhood safety patrols

We have launched a program of neighborhood safety patrols in which employees volunteer to patrol key crime-prevention areas, such as around elementary and junior high schools and train stations.

## Community Safety



### Blue light crime prevention patrol

In July 2012 we began "blue light patrols" in cars equipped with blue lights. We have since expanded the area of these activities three-fold, and started crime-prevention activities with increased mobility.



### Donation of LED security lights

Since 2009 we have been donating our LED security lighting to communities to help them create brighter and safer cities without crime. By FY2013, we had donated to Kiyosu, Inazawa, and Ichinomiya cities.



### Traffic safety patrols

We are involved in educational traffic safety promotion activities aimed at reducing traffic accidents and protecting vulnerable road users. On the 10th, 20th and 30th days of each month, employee volunteers stand along roads near each facility to call for traffic safety in the community.

## Community Safety



### Traffic safety presentations

About 50 employees visit 14 nurseries and kindergartens around our facilities to teach children the importance of traffic safety using picture-card shows and videos. In FY2013 we marked the 28th anniversary of this activity.



### Patrol to eradicate drunk driving

Since 2008 our Morimachi Plant has been conducting activities to prevent drunk driving by patrolling community areas in cooperation with traffic safety-related organizations. These patrols to eradicate drunk driving continued in FY2013.

## Donations to those in need



### Toys for disadvantaged children

TG Automotive Sealing Mexico donated 450 toys to disadvantaged children in three areas near the company. Plastic bottles and cans were collected in the company and sold for money to buy the toys.

## Donations to those in need



### Presents to a nursing home

TG Missouri Corporation in the USA collected daily use articles (body soap, perfumes, etc.) from employees for donation to local elderly nursing homes.

## East Japan Reconstruction Support



### Donations of LED streetlights

We donated LED security lamps and lights using TG's high efficiency LED light sources to affected areas, based on their needs, for well-lit and safe streets.



### Sales of Northeast Japan specialty products

To help employees understand that they could support reconstruction even without going to the affected areas, we held Tohoku product exhibitions of confectionaries and foods popular in the Tohoku region at 13 company cafeterias in Japan.

## Other Activities



### Education on social contribution for new employees

We hold events for exchange between new employees and people with disabilities, to help our employees properly understand disabilities through interaction, learn ways to support people with disabilities, nurture a considerate spirit, improve their social and cooperative skills and expand their perspectives.



### Volunteer Award System

We give awards to employees who have conducted outstanding volunteer activities. This increases our employees' motivation to volunteer, and provides an incentive to widen the circle of volunteers.



Volunteer mark

## VOICE

General  
Administration Division  
**Chikako Yamada**



We conduct many activities that contribute to better communities and society, including tree-planting, global social contribution activities, support for recovery from the Great East Japan Earthquake, safety patrols, wheelchair doctor services, and the Ichinomiya Boys and Girls Invention Club. Employee understanding is essential for these activities, and we hope to increase the number of people supporting these activities so that participation is voluntary, continuous, and fun.

# Global Environmental Protection Activities

All member companies of the Toyota Group, including domestic and international affiliates and suppliers, undertake environmental protection activities in response to global environmental problems.

The Toyota Gosei Group carries out a variety of activities to reduce environmental impacts over the entire lifestyle of vehicles, based on our basic environmental policy. These activities include environmental considerations at every stage, from development, production, and sales activities to disposal, as well as efforts to respond quickly to changing laws and regulations and societal needs. We are also working to raise the environmental awareness of each employee to energize these activities. We will continue our efforts to reduce environmental impacts based on TG's Fifth Environmental Protection Plan, our action plan for FY2011 to FY2015.

## Environmental Policy

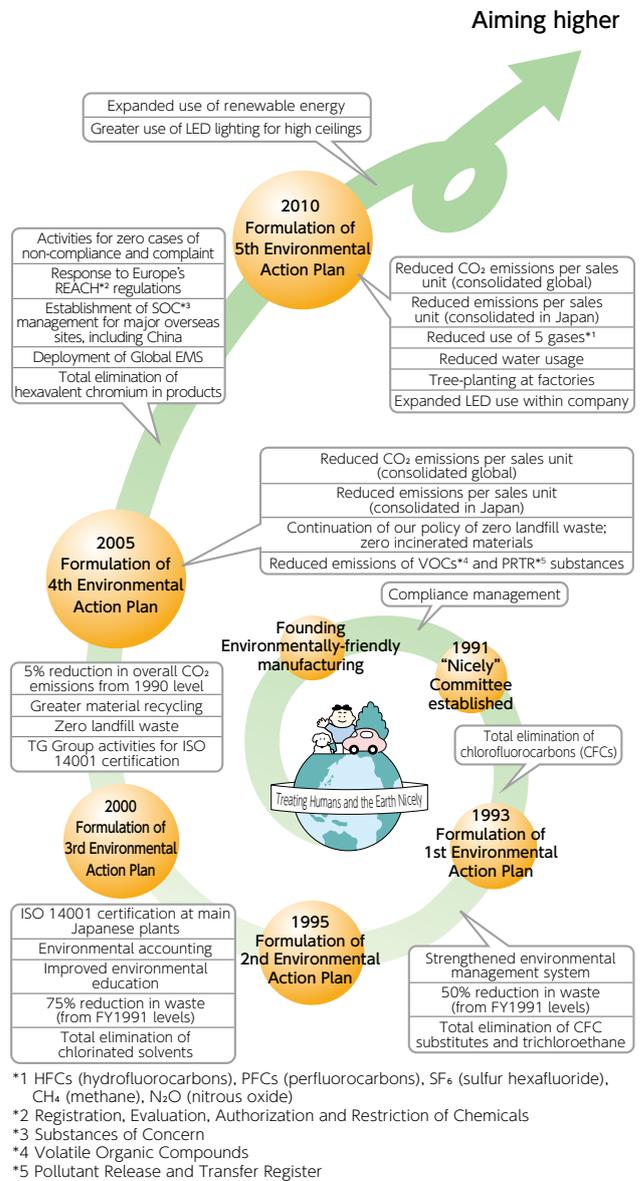
### 1 Environmentally-friendly corporate activities

We are aware that all stages of our business, from development, production, and sales activities to end-of-life disposal, are deeply related to the environment. The Toyota Gosei Group, including all internal departments, domestic and international affiliates, and suppliers, conducts all business activities with concern for the environment in cooperation and coordination with customers, government authorities, and others.

### 2 Good corporate citizenship

As a good corporate citizen, we participate in, support, and cooperate with environmental activities by many groups while also working on environmental activities in the community and broader society. We also provide education for all employees to support them in becoming involved in environmental activities as members of the community and society, and support social contributions and volunteerism.

### 3 We listen to the opinions of people at all levels of society while spreading information on these activities and working to improve them.



\*1 HFCs (hydrofluorocarbons), PFCs (perfluorocarbons), SF<sub>6</sub> (sulfur hexafluoride), CH<sub>4</sub> (methane), N<sub>2</sub>O (nitrous oxide)  
 \*2 Registration, Evaluation, Authorization and Restriction of Chemicals  
 \*3 Substances of Concern  
 \*4 Volatile Organic Compounds  
 \*5 Pollutant Release and Transfer Register

## Environmental enhancement organization

Environmental policy and key action items for the Toyota Gosei Group are discussed and decided by an Environmental Committee. The Environmental Committee consists of three subcommittees in the product, production, and quality areas. Liaison committees and working groups from these subcommittees work in coordination to promote environmental protection and management from an expert perspective.

### Environmental organization chart



Deployment from the Environmental Committee and subcommittees to plants and other operations is done with the establishment of expert committees in accordance with the ISO 14001 system at each plant.

# Fifth Environmental Action Plan

The Toyota Gosei Group is midway through its Fifth Environmental Action Plan and conducts various activities with the aim of contributing, through its products, to a low carbon, recycling-oriented, and environmentally-friendly society.

Theme	Measures Implemented	Results of Activities in FY2013	Page																													
Climate change prevention	<p><b>① Reduction of CO<sub>2</sub> emissions</b></p> <p><b>[Production]</b></p> <ul style="list-style-type: none"> <li>Replace inefficient equipment; improve existing equipment</li> <li>Expand use of LED lighting for high ceilings</li> <li>Greater use of renewable energy (solar power generation)</li> <li>Greater use of insulating paint</li> </ul>	<p>► <b>Examples of production-related efforts</b> .....</p> <ul style="list-style-type: none"> <li>Save energy by using more compact vacuum forming equipment built in-house</li> <li>Use of fewer pneumatic pumps in urethane steering wheel molding process</li> <li>More compact molds</li> </ul>	P34																													
	<table border="1"> <thead> <tr> <th></th> <th>Item</th> <th>FY2015 target</th> <th colspan="2">FY2013 Achievements</th> <th>Rating<sup>[2]</sup></th> </tr> </thead> <tbody> <tr> <td>Global, consolidated</td> <td>CO<sub>2</sub> emissions per sales unit</td> <td>33% reduction from FY2003 level</td> <td>69<sup>[1]</sup></td> <td>Reduced 31% from FY2003 level</td> <td>○</td> </tr> <tr> <td rowspan="2">Japan, consolidated</td> <td>CO<sub>2</sub> emissions per sales unit</td> <td>28% reduction from FY2003 level</td> <td>76<sup>[1]</sup></td> <td>Reduced 24% from FY2003 level</td> <td>○</td> </tr> <tr> <td>CO<sub>2</sub> emissions per sales unit</td> <td>26% reduction from FY2003 level</td> <td>76<sup>[1]</sup></td> <td>Reduced 24% from FY2003 level</td> <td>○</td> </tr> <tr> <td>Toyoda Gosei</td> <td>CO<sub>2</sub> emissions</td> <td>13% reduction from FY2003 level</td> <td>119,000 tons of CO<sub>2</sub></td> <td>Reduced 1% from FY2003 level</td> <td>○</td> </tr> </tbody> </table>		Item	FY2015 target	FY2013 Achievements		Rating <sup>[2]</sup>	Global, consolidated	CO <sub>2</sub> emissions per sales unit	33% reduction from FY2003 level	69 <sup>[1]</sup>	Reduced 31% from FY2003 level	○	Japan, consolidated	CO <sub>2</sub> emissions per sales unit	28% reduction from FY2003 level	76 <sup>[1]</sup>	Reduced 24% from FY2003 level	○	CO <sub>2</sub> emissions per sales unit	26% reduction from FY2003 level	76 <sup>[1]</sup>	Reduced 24% from FY2003 level	○	Toyoda Gosei	CO <sub>2</sub> emissions	13% reduction from FY2003 level	119,000 tons of CO <sub>2</sub>	Reduced 1% from FY2003 level	○		
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	<p>Distribution (Scope: Delivery, in-process and procurement distribution)</p> <ul style="list-style-type: none"> <li>Improved transportation efficiency</li> <li>Improved loading efficiency</li> <li>Shorter distribution routes by production close to customers</li> <li>Vehicle deployment matched to production volumes</li> </ul>	<p>► <b>Efforts in logistics</b> .....</p> <ul style="list-style-type: none"> <li>Direct delivery</li> </ul>	P35																													
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<p>Products</p> <ul style="list-style-type: none"> <li>Product design, materials development for weight reduction</li> <li>Development of products and materials in new areas corresponding to new energy trends</li> </ul>	<p>► <b>Examples of product-related efforts</b> .....</p> <ul style="list-style-type: none"> <li>Intercooler piping made of plastic</li> <li>Development of inflator damper (decreased weight)</li> </ul>	P35																														
<p><b>② Reductions in 5 gases*</b></p> <ul style="list-style-type: none"> <li>Substitutes for gases (HFC, PFC, SF<sub>6</sub>) used in magnesium casting and LED manufacture</li> </ul>	<p>► <b>Switch from 5 gases to substitute gases</b> .....</p>	P36																														
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Toyoda Gosei	Emissions of 5 gases	75% reduction from FY2003 levels	6,000 tons of CO <sub>2</sub>	Reduced 68% from FY2003 levels	○																											
Reduction of environmental impacts	<p><b>③ Reduced emissions</b></p> <p><b>[Production]</b></p> <ul style="list-style-type: none"> <li>Reduced waste at source through better yields</li> <li>In-house recycling of rubber, plastics, and metals</li> <li>Continue to have zero landfill waste</li> </ul>	<p>► <b>Production-related efforts</b> .....</p>	P36																													
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<p>Distribution (Scope: Delivery, in-process and procurement distribution)</p> <ul style="list-style-type: none"> <li>Slimmer packing specifications</li> <li>Greater use of returnable containers</li> </ul>	<p>► <b>Efforts in logistics</b> .....</p> <ul style="list-style-type: none"> <li>Cleaner returnable containers</li> </ul>	P37																														
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<p><b>[Products]</b></p> <ul style="list-style-type: none"> <li>Product design and materials development for easy recycling</li> </ul>	<p>► <b>Product-related efforts</b> .....</p>	P37																														
Effective use of resources	<p><b>④ Reduction in water use</b></p>	<p>► <b>Reduced water use and effective use of water</b> .....</p> <ul style="list-style-type: none"> <li>Reuse of waste water with a decompression-dehydration system in plating processes</li> </ul>	P37																													
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\*5 gases: Fluorocarbons, etc. [HFCs (hydrofluorocarbons), PFCs (perfluorocarbons), SF<sub>6</sub> (sulfur hexafluoride)], methane (CH<sub>4</sub>), nitrogen gases (N<sub>2</sub>O: nitrous oxide)  
 [1] This value takes the figure in the base year as 100. [2] ○: Goal for fiscal year achieved, x: Goal for fiscal year not achieved

Theme	Measures Implemented	Results of Activities in FY2013	Page												
Reduction of environmental impacts Control/reduction of substances of concern	<p><b>5 Reduction in VOC*1 emissions</b></p> <ul style="list-style-type: none"> <li>Reduce VOC use through switch to water-based paints, use of fewer solvents and substitute washing thinners, and use in optimized amounts</li> </ul> <table border="1"> <thead> <tr> <th></th> <th>Item</th> <th>FY2015 target</th> <th colspan="2">FY2013 achievements</th> <th>Rating<sup>[2]</sup></th> </tr> </thead> <tbody> <tr> <td>Toyoda Gosei</td> <td>VOC emissions per sales unit</td> <td>65% reduction from FY2003 level</td> <td>31<sup>[1]</sup></td> <td>69% reduction from FY2003 level</td> <td>○</td> </tr> </tbody> </table>		Item	FY2015 target	FY2013 achievements		Rating <sup>[2]</sup>	Toyoda Gosei	VOC emissions per sales unit	65% reduction from FY2003 level	31 <sup>[1]</sup>	69% reduction from FY2003 level	○	<p>▶ <b>Example of efforts to reduce VOC emissions</b> . . . . .</p> <ul style="list-style-type: none"> <li>Greater use of water surface treatment</li> </ul>	P38
		Item	FY2015 target	FY2013 achievements		Rating <sup>[2]</sup>									
Toyoda Gosei	VOC emissions per sales unit	65% reduction from FY2003 level	31 <sup>[1]</sup>	69% reduction from FY2003 level	○										
	<p><b>6 Stricter management of chemicals in products</b></p> <ul style="list-style-type: none"> <li>Global management of chemical substances in products</li> </ul>	<p>▶ <b>Compliance with EU REACH regulations and laws/regulations in China and other countries</b> . . . . .</p>	P38												
Community cooperation	<p><b>7 Planting native tree species on factory grounds</b></p> <ul style="list-style-type: none"> <li>Our goal is to plant 600,000 trees at about 60 locations worldwide over 10 years (starting from 2009)</li> <li>Wider use of renewable energy (solar energy)</li> </ul> <p><b>8 Social contribution activities</b></p> <p><b>9 Contributions to environmental policy</b></p>	<p>▶ <b>Examples of tree-planting at manufacturing plants</b> . . . . .</p> <ul style="list-style-type: none"> <li>Native trees were planted at 3 locations globally (bringing total to about 236,980 trees planted at 16 locations worldwide)</li> </ul> <p>▶ <b>Examples of community efforts</b></p> <ul style="list-style-type: none"> <li>Community cleanup activities . . . . .</li> <li>Concerted global social contribution activities . . . . .</li> </ul> <p>▶ <b>Participated in environmental policies of the Japan Auto Parts Industries Association, Japan Rubber Manufacturers Association and other organizations</b></p>	P41 P28 P29 —												
	Environmental management Greater environmental awareness, management	<p><b>10 Greater environmental awareness</b></p> <p><b>11 Stricter consolidated environmental management</b></p>	<p>▶ <b>Greater environmental awareness</b></p> <ul style="list-style-type: none"> <li>Systematic environmental education . . . . .</li> <li>Environment Month and other educational activities . . . . .</li> </ul> <p>▶ <b>Stricter consolidated environmental management</b></p> <ul style="list-style-type: none"> <li>Acquired ISO 14001 at sites worldwide; audited current status . . . . .</li> <li>Environmental audits (internal and external audits) . . . . .</li> <li>Global consolidated environmental management . . . . .</li> <li>Initiatives of domestic affiliates (TGAP) . . . . .</li> <li>Initiatives of overseas affiliates . . . . .</li> </ul> <p>(Toyoda Gosei (Zhangjiagang) Plastic Parts Co., Ltd.)</p>   <p>External environmental audit    On-site environmental audits in all countries</p>	P39 P40 P39 P39 P40 P42 P42											
		<p><b>12 Environmental activities in conjunction with our business partners</b></p> <p><b>13 Disclosure of environmental information</b></p>	<p>▶ <b>Thoroughgoing procurement strategy</b> . . . . .</p> <ul style="list-style-type: none"> <li>Held Procurement Strategy Meeting</li> <li>Spread system to control substances of concern globally</li> </ul> <p>▶ <b>Environmental information disclosure</b></p> <ul style="list-style-type: none"> <li>Exhibited at the Shanghai Motor Show 2013 . . . . .</li> <li>Exhibited at the Tokyo Motor Show 2013 . . . . .</li> <li>Issued Toyoda Gosei Report 2013</li> </ul>	P27 P19 P20											
<p><b>14 Environmental impact assessments (LCA*2) in product development</b></p>		<p>▶ <b>Visualization of status of CO<sub>2</sub> reduction and product recycling efforts</b></p>	—												
Contributions as an environmentally-friendly LED maker		<p><b>15 Greater use of LEDs in company</b></p> <p><b>16 Expansion of LED business</b></p>	<p>▶ <b>Greater use of LEDs in company</b> . . . . .</p> <ul style="list-style-type: none"> <li>Replaced fluorescent lighting with LEDs at business locations in Japan</li> <li>Switched high-ceiling lighting to LEDs</li> </ul> <p>▶ <b>Expansion of LED business</b> . . . . .</p> <ul style="list-style-type: none"> <li>Expanded the LED business for lighting</li> </ul>   <p>Light and color modulating base light (NVR2ZA)</p>   <p>Daytime light for conferences and events    Warm white light for banquets and parties</p>	P43 P43											

\*1 VOC: Volatile organic compounds  
\*2 LCA: Life Cycle Assessment (assessment of the environmental impact [CO<sub>2</sub> emissions, etc.] over the entire life cycle of a product from production and use to disposal)  
[1] This value takes the figure in the base year as 100. [2] ○: Goal for fiscal year achieved, ×: Goal for fiscal year not achieved

# Prevention of Climate Change

To reduce CO<sub>2</sub> emissions, TG is working to raise productivity and increase distribution efficiency, while also making vehicles lighter and improving our ability to use diverse energy sources.

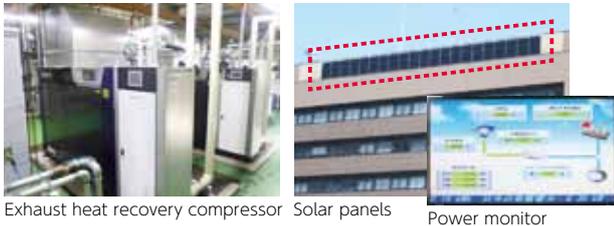
- \*1 Scope 1: Volume of greenhouse gases directly emitted by corporations themselves (fossil fuel, natural gas, etc.)
- \*2 Scope 2: Volume of greenhouse gases indirectly emitted (electric power, etc.)
- \*3 Scope 3: Volume of greenhouse gases indirectly emitted by corporations in their supply chains (production, transportation, business trips, commuting, etc.)

## Production Cutting energy waste and reducing CO<sub>2</sub> emissions

The Toyota Gosei Group contributes to the prevention of climate change by improving productivity and reducing energy use. To limit peak power and decrease energy use, "plant waste elimination squads" are establishing measures to reduce wasted energy during holidays and save energy. We are also setting up monitors to "visualize" and analyze energy use in some processes, in order to uncover and eliminate waste. Successful energy-saving efforts at Toyota Gosei are then shared with our domestic and international affiliates to continue these improvements elsewhere.

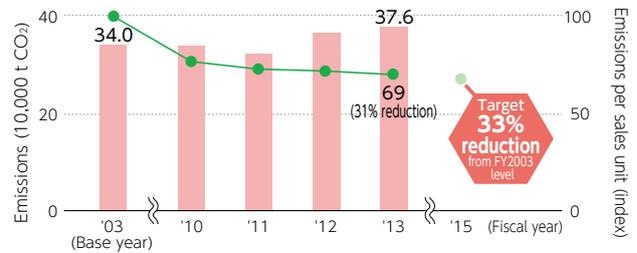
In FY2013, we applied compressor exhaust heat to boiler feed-water preheating and switched to LED high ceiling lights, among other efforts. To achieve our goal of using renewable energy equivalent to 1% of actual total purchase of peak power by 2017, we installed solar power generation at the Kitajima Technical Center. We also explored ways to save energy with *genchi-genbutsu* (go and see) inspections at both our domestic and international affiliates, and began activities that will lead to specific ideas for improvement.

In addition to Scope 1\*1 and Scope 2\*2 activities, which require environmental management such as set forth in the Energy Saving Law in Japan, we have been preparing for improved accuracy in each category for Scope 3,\*3 for which disclosure requirements are growing in recent years.

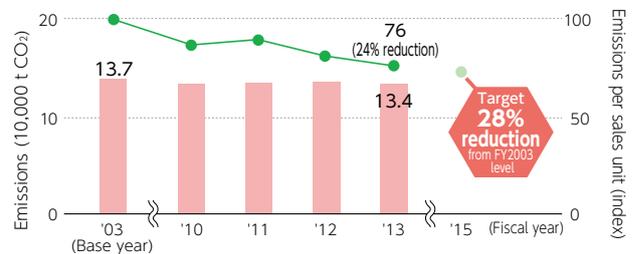


Exhaust heat recovery compressor    Solar panels    Power monitor

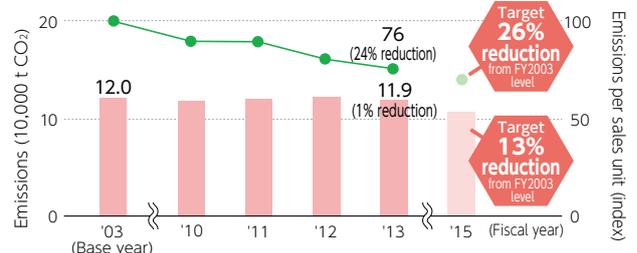
### CO<sub>2</sub> emissions, CO<sub>2</sub> emissions per sales unit (index)\*4 (global, consolidated)



### CO<sub>2</sub> emissions, CO<sub>2</sub> emissions per sales unit (index)\*4 (Japan, consolidated)



### CO<sub>2</sub> emissions, CO<sub>2</sub> emissions per sales unit (index)\*4 (Toyota Gosei)



\*4 CO<sub>2</sub> emissions per sales unit (index) is a figure obtained with the 2003 level as 100

#### CO<sub>2</sub> conversion factor:

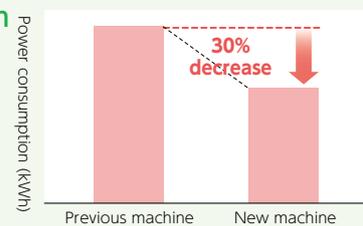
The CO<sub>2</sub> conversion factor used in Japan\*5 is the 1990 Japan Federation of Economic Organizations (*Keidanren*) factor. In the conversions in this report, the CO<sub>2</sub> reduction effect of co-generation calculated with the thermal power mean is reflected in CO<sub>2</sub> emissions. The CO<sub>2</sub> conversion factor used for countries other than Japan is that in the GHF protocol (2001).

\*5 Electricity: 0.3707 t CO<sub>2</sub>/MWh; heavy oil A: 2.69577 t CO<sub>2</sub>/kL; LPG: 3.00397 t CO<sub>2</sub>/t; city gas: 2.1570 t CO<sub>2</sub>/1,000 Nm<sup>3</sup>; kerosene: 2.53155 t CO<sub>2</sub>/kL; LNG: 2.68682 t CO<sub>2</sub>/t; gasoline: 2.36063 t CO<sub>2</sub>/kL

#### Example Production

### Saving energy by using more compact vacuum forming equipment built in-house

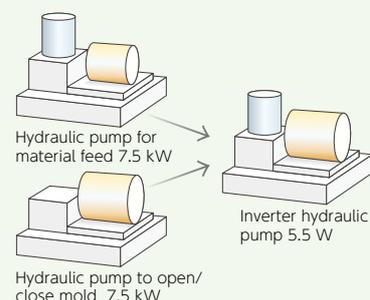
We reduced electricity use about 30% by switching from general-purpose vacuum forming equipment to machines we built in-house for the forming of instrument panels and other large products. These machines have upper and lower molds, and we were able to cut the number of hydraulic units in half by using a stationary lower mold. Energy use was also decreased with the use of a quick heater that is turned on only when needed. The equipment is now also smaller.



#### Example Production

### Fewer hydraulic pumps in urethane steering wheel molding process

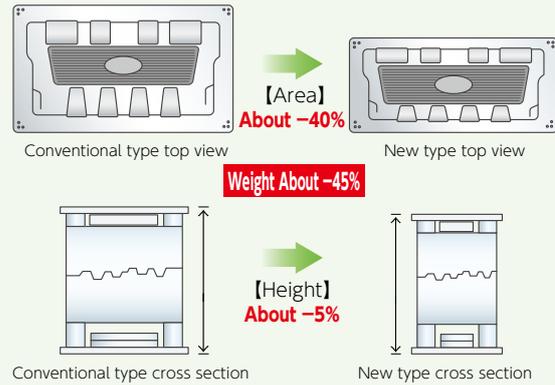
Power consumption was reduced 60% with the use of inverter pumps in the urethane steering wheel molding process. In the past, two hydraulic pumps were used in this process, one to supply materials and one to open and close the mold. Since they operate at different times, however, we devised a single inverter pump do both jobs, reducing the number of pumps from 37 to 17. In addition to saving energy, the reduced noise and heat from pump operation contributes to a better working environment.



Example Production

### More compact molds

We have developed compact molds with about half the bulk of previous molds and downsized the extrusion molding machines on which they are used, resulting in a 9% decrease in energy consumption. In the past we used large molds to prevent product defects and mold deformation or breakage. Based on simulations using our accumulated knowledge, we have developed better molds that eliminate parts of the mold that do not affect strength. We will continue to make smaller molds, starting with those for large products, and to share the technical information with our mold suppliers so that we can work together to strengthen our competitiveness.



Logistics

### Efforts to reduce transportation loss

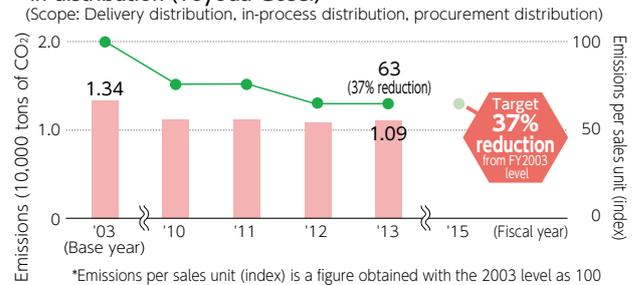
To reduce CO<sub>2</sub> emissions during transportation, we focused on improving load efficiency, shortening distribution routes, and improving allocation of vehicles in accordance with production volumes. In Japan, we went through a major change with the expansion of the Ichinomiya Distribution Center in FY2012, and took that opportunity to review and improve the transport efficiency on each of our routes. We re-examined the transport status to customers from each of our production locations. Where delivery volumes were large, we increased

transport efficiency through direct delivery to customers without going through our distribution centers. We will continue these activities while searching for new ideas to incorporate in further reducing transportation loss.

#### Three key activities in reducing CO<sub>2</sub> emissions in distribution

- 1 Increase load efficiency and reduce the number of vehicle trips
- 2 Change routes and shorten routes with production near customers
- 3 Explore means of transport with low CO<sub>2</sub> emissions

#### CO<sub>2</sub> emissions and CO<sub>2</sub> emissions per sales unit (index)\* in distribution (Toyota Gosei)



Products

### Lighter vehicles and reduced CO<sub>2</sub> emissions

We are working at the product and technical development stages to achieve lighter weights. In FY2013 we made concentrated efforts to reduce weights, including plastic instead of metal intercooler piping, lighter-weight inflator dampers,

and weatherstrip foaming. We also settled on key products for our efforts, and established weight reduction targets for each of those products. Our goal is to reduce the weight of these products by about 20% by FY2017.

Example Products

### Intercooler piping made of plastic

Weight reduction of about 40% was achieved in the intercooler piping parts that are located around the engine, by making them of plastic instead of metal. For this we needed to ensure selection of new materials that were resistant to long life coolant (LLC) and heat and maintained the flow volume of the coolant. We were able to reduce weight with no loss of function by using a new process that enables molding of hollow piping shapes with three-dimensional curves and establishing the best molding conditions. The use of plastic material also alleviates shape restrictions, such as pipe bending angle, giving a greater level of freedom in mounting design. We will continue to make these plastic pipes available to a wider range of vehicle models.



Example Products

### Development of lightweight inflator dampers

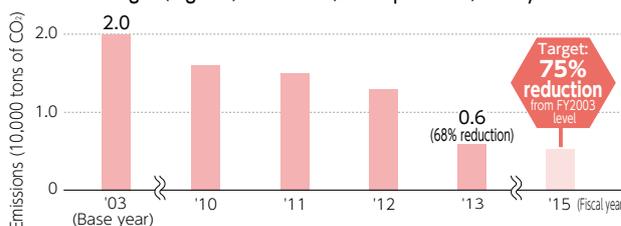
Weight reduction of about 10% was achieved by giving a damper role to the inflators used in airbags. Dampers have previously been used to cancel out unpleasant vibrations in steering wheels. By devising and developing a damper role for the airbag inflators that are also mounted in the steering wheel, we reduced up-down and side-to-side vibration three-fold compared with previous devices. We plan to expand the use of this type of product in the future.



## Reduction in greenhouse gases (5 gases)

Of the five greenhouse gases other than CO<sub>2</sub>, three are used at Toyoda Gosei and we are working to reduce their use. A switch to a substitute cleaning gas in LED chip production was completed in FY2013. We also plan to complete a transition to a substitute for the shield gas used in the production of metal cores for steering wheels by the end of FY2014. These efforts have resulted in a 68% reduction in greenhouse gases compared with FY2003.

### Greenhouse gas (5 gases) emissions (CO<sub>2</sub> equivalents) at Toyoda Gosei



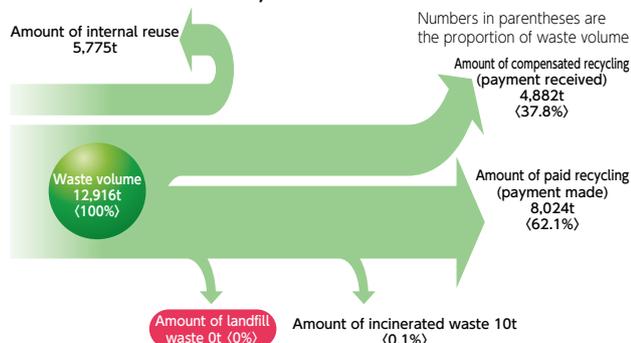
# Effective Use of Resources

Together with effective use of resources through reduction of waste materials and recycling plans, we are contributing to resource recycling.

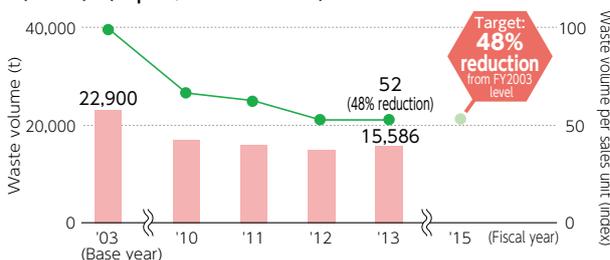
## Production Reduction in waste materials

The Toyoda Gosei Group is working to reduce all types of waste through measures to reduce waste at its source and recycling. Continuing from the previous year, in FY2013 we shared outstanding examples of waste reduction from inside and outside the company. We also made efforts to reduce rubber and plastic scrap and liquid waste through measures to prevent defects and improve yield ratios. In Japan we have advised affiliates on improvements through on-site visits and worked to increase recycling. This year we also started waste reduction activities globally. Our aim in spreading targets is to motivate waste reduction activities, for which we share examples that have been successful in Japan. Through these efforts we have achieved our annual targets for Toyoda Gosei nonconsolidated, Japan consolidated, and overseas affiliates. We are continuing these activities to meet our FY2015 targets, strengthening and enhancing efforts in the entire Toyoda Gosei Group worldwide.

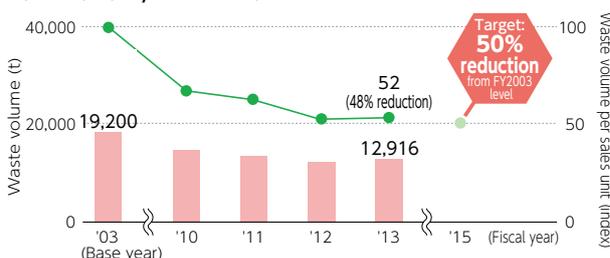
### Amounts of waste generated and disposed of (results for FY2013: Toyoda Gosei)



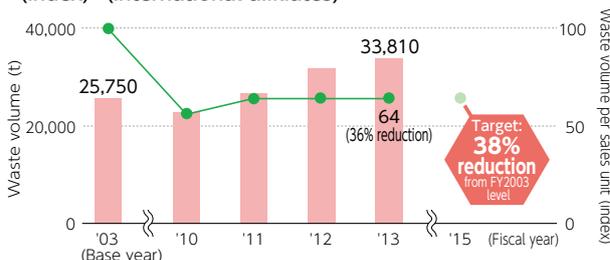
### Trends in waste volume and waste volume per sales unit (index)\* (Japan, consolidated)



### Trends in waste volume and waste volume per sales unit (index)\* (Toyoda Gosei)



### Trends in waste volume and waste volume per sales unit (index)\* (international affiliates)



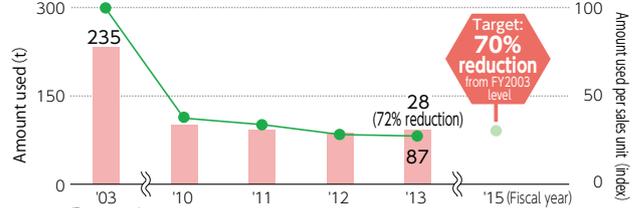
\*Waste volume per sales unit (index) is a figure obtained with the 2003 level as 100

Each year we set targets for reductions in the amounts of packaging materials used in returnable containers during product transport, and make improvements with the ultimate goal of “zero disposable packaging materials.” In FY2013 we continued activities from the previous year to use covers on returnable containers and place reusable partitions (protective material) in returnable containers. We also installed washers in the Bisai and Morimachi Plants and a cleaning machine in the Inazawa Plant to maintain the cleanliness of the containers and reduce the amount of packaging materials to prevent contamination. We established cleanliness criteria and encouraged each supplier to undertake its own activities to prevent contamination. The result was a reduction of 72% compared with FY2003 in the

use of packaging materials per sales unit. We will continue our efforts for cleaner returnable containers, prevention of contamination, and reduction of packaging materials.

#### ■ Amount of packaging materials used and amount used per sales unit (index)\* (Toyoda Gosei)

(Activities covered: Delivery distribution, in-process distribution, procurement distribution)



\*Amount used per sales unit (index) is a figure obtained with the 2003 level as 100

Toyota Gosei develops and designs products with recycling in mind, considered over the entire life cycle of the product. We are also developing recycling technology, including that for the reuse of polymer materials and composite products composed of several types of rubber and non-rubber materials. In FY2013 we continued our efforts from the previous year to use recycled rubber, for more effective use of resources. Toyota Gosei and its domestic affiliates will continue to work for a stable supply of recycled rubber.

#### ■ Development of technology for end-of-life vehicle parts recycling

Key items	Measures implemented
New recycling	<ul style="list-style-type: none"> <li>• New recycling technology (high quality material recycling)</li> <li>• Composite material separation technology</li> </ul>
Use of recycled materials in vehicles	<ul style="list-style-type: none"> <li>• Development of applications for recycled materials</li> <li>• End-of-life vehicle recycling technology</li> </ul>
Product design for easy recycling	<ul style="list-style-type: none"> <li>• Materials and composition changes for easy recycling</li> <li>• Product design for easy dismantling</li> </ul>

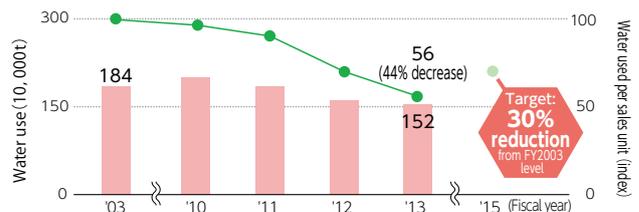
※ELV: End of Life Vehicle

## Reduced water use

Water is an important resource and Toyota Gosei is trying to use less water through reuse, discovery of waste, and improvements. In FY2013 we began using water that was not pure enough for production lines as make-up water for cooling towers in the Heiwacho Plant, reducing the total amount of water used at the plant by 20,000 m<sup>3</sup>, equivalent to about 7% of annual use. At the Haruhi Plant we have “visualized” water use and are conducting point-of-use surveys and anti-leakage measures, resulting in a reduction of 25,000 m<sup>3</sup>, or 8% of total annual water use at the plant. Through these and similar efforts we reduced water use company-wide by 5% from the previous year. We will continue doing everything we can to save water and use it effec-

tively, introducing “visualization” of water use at each plant and working to discover waste and make improvements.

#### ■ Water use and water use per sales unit (index)\* (Toyoda Gosei)

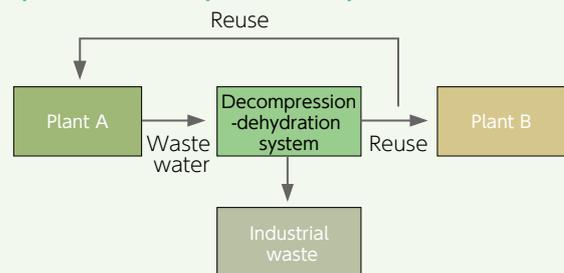


\*Water use per sales unit (index) is a figure obtained with the 2003 level as 100

### Example

#### Reuse of waste water with a decompression-dehydration system in plating processes

Water used in the plating process at the Kita Kitakyushu Plant has been reduced 60% by recycling. Water and solid material in the waste water produced in the plating process are separated in a decompression-dehydration system. This water is then reused in processes where it will not affect quality, such as exhaust gas scrubbers or paint products. Through these efforts we have reduced effluent that is treated as industrial waste to one-seventh the amount in previous lines.



# Control and Reduction of Environmental Substances

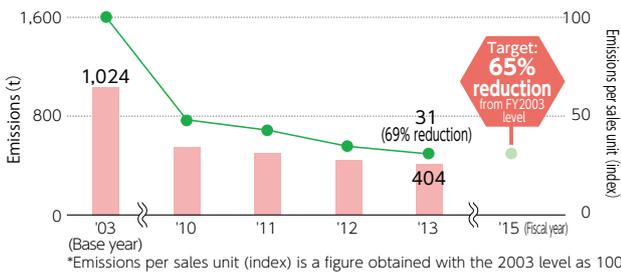
Stricter regulations on substances that impact the environment are being put in place worldwide. We are working to comply appropriately with these regulations, reviewing the materials we use and our manufacturing processes.

## Reduced use in production processes of substances that impact the environment

We are reducing Pollutant Release and Transfer Register (PRTR) substances and volatile organic compounds (VOCs) in our production processes through greater use of water-based coatings and products that can be used with coating-less glass runs. We

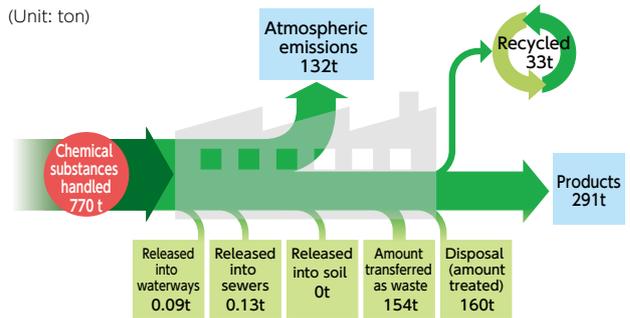
also exchange information and share good examples among business units, principally at the VOC Reduction Working Group, a sub-unit of the Production Environmental Subcommittee. We will continue to reduce the use of coatings and washing solvents.

### VOC emissions/emissions per sales unit (index) (Toyoda Gosei)



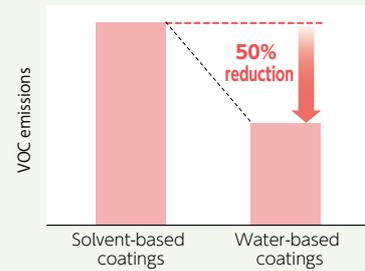
### Volumes and flow of emitted PRTR substances

(Unit: ton)



### Example Greater use of water surface treatment

With greater use of water-based coatings applied to rubber shield products for automobile doors and sun-roofs, we have cut the use of chemical solvents 50% from 2003 levels. The performance demanded of shield products differs depending on where they are used. This required multiple coatings, which made it difficult to increase the products on which water-based coatings can be used. By adding components for each function to a common base material, however, we have been able to make water-based coatings applicable to various performance demands. We are also working to steadily expand these efforts globally by adopting raw materials that meet to export regulations for each country and region.



## Stricter management of chemicals in products

European REACH\* regulations and other regulations on substances of concern are growing increasingly strict. At the same time, more and more countries are establishing new regulations. Automakers also have their own voluntary regulations. This means that Toyoda Gosei, as a global supplier, needs to closely control chemical substances. We manage some 5,000 chemical substances in line with regulated substances in each country, automakers' voluntarily regulated substances, and our own substance regulations. In preparation for stricter regulations in the future, we are working together with affiliates in other countries to gather information that will enable us to comply quickly whenever regulations are revised. To respond to the demands from each automaker, we have organized an expert team for the control of chemical substances and developed a system for integrated control of chemical substances, which we have introduced in Japan and China. From FY2014 we will sequentially introduce similar systems in Thailand, North America, and other regions. Compliance with strict regulations is essential for a company like TG that supplies its products to automakers, and we will continue to work with our overseas affiliates to enhance and strengthen our control of chemical substances.

\*REACH: Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals

### Regulations on chemical substances contained in products

Region	2010	2011	2012	2013
Europe	◆ EU ELV Directive Annex II revision	Annex II revision		
	◆ EU REACH regulations 31 additional SVHC	200 SVHC by 2020	41 additional SVHC 6 substances requiring authorization/designation	54 additional SVHC 13 additional SVHC
	◆ EU CLP regulations Classification and labeling notification			
North America	◆ USA EPA Action Plans	Announcement of 4 substance groups being considered	Investigations for additional chemicals covered by action plans Announcement of 2 substance groups being considered	
		Movements for individual state regulations		
Asia	◆ Environmental Administration of New Chemical Substances in China		◆ South Korean REACH regulations ◆ Amendment of South Korean ELV and RoHS regulations ◆ Hazardous Chemical Safety Control Ordinance (China)	
Japan	◆ Amendment of Chemical Substances Control Law			

# Environmental Management

The Toyota Gosei Group is committed to thorough environmental management and reduced environmental impacts through collaborative efforts by all group companies.

## Environmental activities in the Toyota Gosei Group

All Toyota Gosei Group companies are doing their utmost for strong environmental management and reduced environmental impacts.

We have been collecting environmental data from domestic affiliates since FY2001 and from overseas affiliates since

FY2003. Based on this data (CO<sub>2</sub> emissions, waste volumes), we set goals and establish practices for the entire group. In FY2013 we strengthened collaborations among group companies and carried out activities to achieve the goals set forth in the Fifth Environmental Action Plan started in FY2011.

### Production sites targeted for environmental activities

Category	Production Sites	Overseas Affiliates
Toyoda Gosei	<ul style="list-style-type: none"> <li>● Haruhi Plant</li> <li>● Nishimizoguchi Plant</li> <li>● Iwate Plant</li> <li>● Seto Plant</li> <li>● Inazawa Plant</li> <li>● Bisai Plant</li> </ul>	<ul style="list-style-type: none"> <li>● Kitakyushu Plant</li> <li>● Saga Plant</li> <li>● Morimachi Plant</li> <li>● Heiwacho Plant</li> <li>● Kanagawa Plant</li> <li>● Fukuoka Plant</li> </ul>
	<ul style="list-style-type: none"> <li>● Ichiei Kogyo Co., Ltd.</li> <li>● Hinode Gomu Kogyo Co., Ltd.</li> <li>● Toyoda Gosei Interior Manufacturing Co., Ltd.</li> <li>● Kaiyo Gomu Co., Ltd.</li> <li>● TG Opseed Co., Ltd.</li> <li>● Hoshin Gosei Co., Ltd.</li> <li>● TGAP Co., Ltd.</li> </ul>	
Affiliates in Japan	<ul style="list-style-type: none"> <li>■ North America                             <ul style="list-style-type: none"> <li>● TG Missouri Corporation</li> <li>● TG Kentucky, LLC</li> <li>● TG Automotive Sealing Kentucky, LLC</li> <li>● TG Fluid Systems USA Corporation</li> <li>● Toyoda Gosei Texas, LLC</li> <li>● TAPEX Mexicana S.A. de C.V.</li> <li>● Waterville TG Inc.</li> <li>● TG Minto Corporation</li> <li>● Toyoda Gosei Automotive Sealing Mexico S.A de C.V.</li> </ul> </li> <li>■ Asia and Oceania                             <ul style="list-style-type: none"> <li>● Toyoda Gosei (Thailand) Co., Ltd.</li> <li>● Toyoda Gosei Rubber (Thailand) Co., Ltd.</li> <li>● Toyoda Gosei Haiphong Co., Ltd.</li> <li>● TG Kirloskar Automotive Pvt. Ltd.</li> <li>● P.T. Toyoda Gosei Safety Systems Indonesia</li> </ul> </li> <li>■ Europe and Africa                             <ul style="list-style-type: none"> <li>● Toyoda Gosei Minda India Private Limited</li> <li>● Fong Yue Co., Ltd.</li> <li>● Tai-yue Rubber Industrial Co., Ltd.</li> <li>● Toyoda Gosei Australia Pty. Ltd.</li> <li>● Tianjin Toyoda Gosei Co., Ltd.</li> <li>● Tianjin Star Light Rubber and Plastic Co., Ltd.</li> <li>● Toyoda Gosei (Zhangjiagang) Co., Ltd.</li> <li>● Toyoda Gosei (Zhangjiagang) Plastic Parts Co., Ltd.</li> <li>● Toyoda Gosei (Foshan) Rubber Parts Co., Ltd.</li> <li>● Toyoda Gosei (Foshan) Auto Parts Co., Ltd.</li> <li>● Fuzhou Fu-Yue Rubber &amp; Plastic Industrial Co., Ltd.</li> <li>● Toyoda Gosei (Tianjin) Precise Plastic Co., Ltd.</li> </ul> </li> </ul>	

● Acquired ISO 14001 certification New companies and main plants aim to acquire ISO 14001 within three years of starting operation

## Environmental audits

Internal environmental audits at Toyoda Gosei are carried out by audit teams composed of members from business areas outside those being audited. We also commission reviews by the Japan Quality Assurance Organization (JQA) to assess whether our environmental management systems are being properly implemented in accordance with ISO 14001 (2004 version). As in previous years, in FY2013 these external environmental audits uncovered no issues at Toyoda Gosei or affiliate companies. We are currently preparing to restructure our system to comply with ISO 14001 revisions (2015 version).



Internal environmental audit



External environmental audit

## Environmental education in the Toyota Gosei Group

We educate Toyoda Gosei Group employees on environmental issues such as the destruction of nature, environmental pollution, the impact of production activities on the environment, and observance of environmental laws. Each year

the educational materials used are revised to deepen understanding by including case examples that emphasize understanding of problems and implementation of practices based on trends in laws and regulations.

### Environmental Education System

Recipients	Toyoda Gosei	Affiliate Companies	
		Japan	Overseas
Companywide	Education for new managers		
	Education for those posted overseas		
	Education for environmental key persons		
	Acquisition of environmental education qualifications		
	Education for new employees		
	Environment Month educational activities		

Recipients	Toyoda Gosei	Affiliate Companies	
		Japan	Overseas
ISO 14001-related	Education for environmental staff		
	Education to improve internal auditors' skills		
	Education to register internal auditors		
	Education for supervising managers		
	Education for key environmental facility workers		
	Education for general workers		

## Environmental education activities

Toyoda Gosei focuses on participation-based environmental activities to help employees develop an environmental

awareness that can be translated into action.

### ◆ Educational programs for Environment Month

June 2013 was Environment Month for all companies of the Toyoda Gosei Group. Information on the environment was shared through posters, articles in the company newsletter, and other means to heighten environmental awareness. In a company-wide “Eco Declaration” campaign, employees produced personal Eco Declarations and then evaluated their efforts to put these declarations into practice. Eight employees received the “Excellent Eco Declaration Award” for the outstanding results of their activities. Twenty employees from headquarters and other domestic affiliates also toured Toyota Metal Co., Ltd., a company with advanced ecological practices. The participants observed processes used in dismantling end-of-life vehicles and recycling technologies and equipment developed by Toyota Metal. They also learned ways to recycle Toyoda Gosei products at the end of their service life and the importance of working for greater recycling in the company. To raise the effectiveness of our programs, we also held onsite environmental management inspections at Toyoda Gosei and domestic affiliates to determine the status at each location.



Company newsletter (TG Times)



Environment Month inspection tour



\*Eco Declarations by the Silver and Bronze Prize winners are listed at the bottom of pages 34 to 40.

### ◆ New environmental contribution award system established

In FY2013 Toyoda Gosei established a new “Environmental Contribution Award” system to raise environmental awareness and promote environment activities. Prizes for the most significant results from environmental activities are awarded in the categories of factory/office and production preparation. The winner in the factory/office category was the Bisai Plant, which reduced its environmental impact in every category and also established a Green Day for environmental activities involving the community. The winner in the pro-

duction preparation category was the SS Production Preparation Division, which succeeded in using alternative gases in place of the greenhouse gas sulfur hexafluoride (SF6)\*. We plan to expand the areas for inspection from FY2014.



Awards for the Bisai Plant and SS Product Production Preparation Division

### ◆ Green curtain planting

To enhance environmental awareness and reduce energy use during the summer, the Heiwacho Plant grew “green curtains” of goya (bitter melon) vines, which covered the buildings and reduced interior temperatures. This cut hourly energy consumption by 3.8 kWh. The goya fruits were then harvested in August and used in making the Okinawan dish “goya chanpuru” for a tasting party.



Green curtain



Tasting party

## Environmental management systems and environmental audits at overseas affiliates

To standardize environmental management for affiliates across the entire Toyoda Gosei Group, we have established a Global Environmental Management system. Toyoda Gosei’s wealth of technologies and expertise is made available to our affiliates, to help them improve management systems, share information, and comply with laws. Particularly in China, where environmental regulations are becoming more stringent, we are creating a more robust environmental management system centered at the region’s environmental headquarters. We are also continuing our program of onsite environmental audits at overseas affiliates. To keep up with the rapid globalization of our business, in FY2013 we held meetings to reaffirm with leaders of overseas affiliates the need to manage environmental risk, comply with laws and regulations, reduce environmental impacts, and make other environmental efforts. We conducted environmental audits at

three group companies in North America, two in Europe, and all China locations to confirm the status of their environmental management systems and help each other improve. In FY2014 we are continuing these onsite environmental audits and other steps to ensure more thorough and cooperative operation of environmental management systems for better global environmental management.



Overseas onsite environmental audit

## Elimination of environmental non-compliance and complaints

The Toyoda Gosei Group conducts activities for “zero environmental violations and complaints” to ensure full compliance with environmental regulations. In 2013, we analyzed examples of problems at other companies and inspected similar facilities throughout the Group, taking corrective measures where necessary to prevent such

problems at TG. We have also established Environmental Working Groups that conduct mutual inspections of plant and office waste processing facilities four times annually. As a result we have had no environmental violations in any country.

## Proper disposal and storage of equipment containing PCBs

We exercise the strictest care in storing used transformers and fluorescent lamp ballasts containing toxic and persistent PCBs (polychlorinated biphenyls). Thus far, we have properly disposed of 65 power capacitors containing high concentrations of PCBs. In FY2013 we began to dispose



Removal of transformers and capacitors

of transformers and capacitors with minute amounts of PCBs. We will continue with the proper disposal of these items as they are produced.

Category	Disposal status
High concentration PCB waste material	Power capacitors (65 units) properly disposed of in 2006 at the Toyota Office of the Japan Environmental Safety Corporation.
Minute amount PCB waste material	Transformers and capacitors (5 units) properly disposed of in 2013.

## Soil and ground water conservation

We carefully monitor and treat soil and ground water contamination from toxic substances such as trichloroethylene—formerly used as a cleaning agent—and pollutants entering from outside our premises. Observation wells installed at all plants are routinely checked to ensure that no soil or groundwater is contaminated with oils or other substances specified in the Soil Contamination Countermeasures Act. As contaminant concentrations at our Inazawa Plant have been below reference values for the past two years, our last report to government authorities was in FY2012. Monitoring

activity, however, continues. We conducted soil surveys at Toyoda Gosei Group offices and have completed surveys for Toyoda Gosei and our domestic affiliates.

Location	Target	Status of corrective measures
Haruhi Plant	Groundwater	Purification in progress (proactive treatment, as contamination from off-site sources is possible)
Inazawa Plant	Groundwater	Due to detection of substances we have no history of using, regular reports to the government contain results of measurements only. * Results below reference values since 2010 (administrative report completed)

## Restoration of wooded areas on factory sites worldwide

Launched with the 60th anniversary of the company’s foundation in 2009, Toyoda Gosei’s Tree-Planting Project has continued to expand and grow. Beyond the broader goals of protecting ecosystems and preventing climate change, the program aims to create more natural environments in tandem with local communities through activities to make factory grounds greener, improve employees’ environmental awareness and foster a sense of connection through participation by all, and build stronger community ties through joint efforts with residents. Our goal is to plant approximately 600,000 trees in about 60 TG locations worldwide.

In this project we are promoting “real woodlands” by cultivating—from seeds—native trees that are suited to each community’s natural environment, restoring these sites to a more natural state. Our tree plantings incorporate events that community residents, employees, and their families all can enjoy, fostering a sense of unity through participation. Management of the planted areas at each site continues, with

tree growth periodically measured and recorded, employees weeding the grounds, and other activities.

Tree plantings in FY2013 included events at our Seto Plant and Hinode Rubber Industries Co. in Japan and TG Kentucky LLC in the U.S.A. In all events to date total participation has grown to around 27,400 people, who have planted a total of about 237,000 trees covering some 52,250 square meters.



Seto Plant (Japan), November 2013



Hinode Gomu Kogyo co., Ltd. (Japan), December 2013



TG Kentucky LLC (U.S.A.), March 2014

### Growth status

(Heiwacho Plant)



Planted November 2009



April 2014

(Toyoda Gosei Thailand)



Planted February 2010



April 2014

## Environmental Efforts at Affiliated Companies

### Hoshin Gosei Co., Ltd.

#### Promoting craftsmanship in manufacturing that integrates safety, quality, and environmental protection. Actively working for better health, safety, and welfare.

A manufacturer and processor of parts used around instrument panels as well as mat clips and other plastic interior components for automobiles, Hoshin Gosei Co., Ltd. incorporates environmental protection measures in its production processes and conducts cleanup activities in areas around the company. Energy-saving measures include consolidating and centralizing injection molding machines and replacing fluorescent lighting with LEDs. The company also wraps steam pipes during winter with electric heating wire and insulating materials. This allows them to cease continuous operation of boilers, thereby reducing kerosene consumption 35%. A program to reduce waste material included reducing the amount of scrap by recoloring plastic parts and expanding use of pallets to increase recycling. Activities to minimize water usage include recirculating water used for cooling molding machines and other equipment.

Community activities for both environmental protection and corporate social contribution include monthly cleanup sessions in the neighborhoods around the company and traffic safety activities on school routes near the company.

The company employs manufacturing practices that integrate safety, quality, and environmental protection, believing that enhanced safety and health helps to prevent production problems (i.e., improve quality), and is linked to energy savings, reduction of waste products, and other environmental issues.

The company set up an "education dojo" to instill this thinking in employees and regularly spread awareness of the program. In addition to safety and health guidance for employees, the company has built an outdoor wooden deck and other spaces where employees can take breaks to refresh their spirits. Based on the core concepts of creating a safe workplace and safe workers, this approach to health and safety has received high praise, winning the Nagano Labor Bureau Director's "Superior Prize" for FY2013.



Hoshin Gosei Co., Ltd.



Awarded the Nagano Labor Bureau Director's "Superior Prize"

#### DATE

- Location: Nakagawa, Kamiina-gun, Nagano Prefecture
- Established: August 1974
- Capital: ¥230 million
- Business: Manufacture and processing of plastic automotive components
- ISO 14001 certification: June 2003
- ISO 9001 certification: January 2004
- OSHMS certification: October 2008

### Toyoda Gosei (Zhangjiagang) Plastic Parts Co., Ltd. (Zhangjiagang TGP)

#### Highly regarded for labor-management relations while operating under Zhangjiagang City's strict environmental regulations.

Located in Zhangjiagang City, about two hours northwest of Shanghai, Toyoda Gosei (Zhangjiagang) Plastic Parts Co., Ltd. (Zhangjiagang TGP) conducts operations including plastic automotive component molding, plating, and painting. Its location along the lower Yangtze River makes it subject to strict environmental regulations. Zhangjiagang has been designated a "National Model City for Environmental Protection" in China, and over its ten years of operation here Zhangjiagang TGP has become recognized locally as a top company for the environment.

Energy-saving measures include improvements to molding machine cooling pumps, inverter controls for plating air intake systems, and integration of two transformer rooms into a single room in line with production volumes, resulting in a 9% cut in energy consumption over the previous year. Water usage was reduced by installing a decompression-dehydration device for wastewater from plating processes, enabling reuse of wastewater condensed and collected through vacuum distillation and solid-liquid separation.

Waste is reduced by cutting waste at its source and recycling waste plastic included in plated items. Environmental protection activities include regular repair of floors in plating areas to prevent leakage of toxic wastewater and soil contamination, and systems to monitor wastewater constituents. A "blue card" system rewards employees who discover equipment or quality problems, while another system solicits ideas for improvements. These sorts of programs to prevent defects also tie into the company's environmental protection activities.

Corporate social responsibility (CSR) work includes community cleanups, blood drives, and donations. Together with Zhangjiagang TGSS, a tree-planting activity was held in March 2013 with some 2,300 employees, family members, local

citizens, and other participants planting 27,000 trees. Zhangjiagang TGP was also awarded by the People's Government of Zhangjiagang City in 2013 as an "enterprise with superior labor relations" for its outstanding labor-management relations.



Toyoda Gosei (Zhangjiagang) Plastic Parts Co., Ltd. (Zhangjiagang TGP)



Decompression-dehydration device



Cleanup activities



Tree-planting



"Enterprise with superior labor relations" award

#### DATE

- Location: Zhangjiagang Free Trade Zone, Jiangsu Province, 215634, China
- Established: November 2003
- Capital: ¥23 million
- Number of employees: 455
- Business: Manufacture of interior components
- ISO 14001 certification: December 2008
- ISO/TS16949 certification: October 2011

# Environmentally Efficient LEDs

Environmentally-friendly LED products manufactured in an integrated system. Greater use will contribute to the prevention of global warming.

## Wide use of LEDs within the company

We are increasing the use of LED lighting within the company. By last year we had finished switching about 70,000 lights from fluorescent type to LED. Now we are moving toward replacing high ceiling lighting at all business locations in Japan with LED lighting by FY2015. So far, a changeover of about 960 lights has been completed in eight plants and one office in the Kyushu region and leading "green" plants. All lighting in five business locations in Japan, including the Heiwacho Plant, has now been converted to LED.\* As a

manufacturer of LEDs, we will continue our educational activities and efforts for wider use of LEDs, contributing to environmental preservation and broad energy efficiency.

\*Excluding certain special lighting and processes



High-ceiling LED lighting

## Growing the LED business

LED products are characterized by energy efficiency and long service life. We develop and produce these environmentally efficient products at every step, from elements to light source modules. We are also developing surface-emitting LED room lamp units for automobiles. In these units the entire lamp gives off a uniform light that is 2.5-times brighter than conventional light bulbs while reducing power consumption about 84%. LEDs have been widely used as a backlight light source for liquid crystal displays in notebook and tablet computers and automobile meters. Recently we

have been focusing more effort on LED light sources for room lighting and plan to grow our business in this field.



Overhead console



Surface-emitting LED room lamp unit

## Actively promoting the advantages of LEDs at events and exhibitions

In FY2013 all lighting at our exhibition booths at the Shanghai Motor Show and other events were LEDs, showcasing energy savings and LED technology. At the Tokyo Motor Show our entire booth was bright and energy-saving with the use of slim base lights that have brightness equivalent to two fluorescent tubes. We also conducted a trial of the world's first 3m-LED tube light. At an exhibition in Messe Nagoya, we presented the "Vegefull Studio," developed in conjunction with Toyotomi Kiko, which uses LED lighting to grow plants. We also supported "Nagoya Akaria Night" in November, exhibiting a large tree that used light and color modulating

LED lamps to give a magical feel to the night sky.



Tokyo Motor Show 2013



LED lamps used in floor



Vegefull Studio

## LEDs at plants and facilities

To increase the use of LEDs we have been actively converting to LED lighting at Toyoda Gosei. We have also been promoting the use of LED lighting at offices, plants, and other facilities of the Toyota Group. In FY2013, LED lighting was adopted at many of these operations, including offices of Toyota Boshoku Kyushu and the Toyoake Plant of Churitsu Electric Corp.



Toyota Boshoku Kyushu



Toyoake Plant, Churitsu Electric Corp.

## Research into plant cultivation and color temperature

We are continuing to research and evaluate other LED products. In one such effort we are providing special LEDs for tests of indoor vegetable cultivation. Another is research on brightness and color temperature for pleasant and efficient lighting spaces. One product that has resulted from these efforts is a light and color modulating base light that can easily reproduce illuminance and color temperature to suit any setting in multipurpose rooms. For these lights we received a Good Design Award jointly with Sanken Electric Co. (Exhibited at the World Headquarters, Miwa Technical Center, and Heiwacho Plant.)



Light and color modulating base light (NVR2ZA)



Daytime light for conferences and events



Warm white light for banquets and parties

# Environmental Protection Costs

We do our utmost to properly understand the costs incurred for environmental protection in our business activities, and undertake appropriate environmental preservation activities.

In FY2013 our focus in environmental protection costs was on research and development, business operation sites (converting high-ceiling lighting to LED, recycling, reducing greenhouse gas emissions), and social activities (woodland restoration at factory

sites). The economic effects from these activities included lower waste disposal expenses as a result of measures to combat waste where it is generated and recycling, and reduced electricity expenses from more efficient facilities.

## Environmental protection costs

(Unit: ¥100 million)

Type of cost	Toyoda Gosei	Affiliates in Japan, total
Research and development costs*1	7.0	—
Costs within business areas*2	14.5	1.2
Management activity costs*3	1.2	0.2
Social activity costs*4	1.1	0.1
Costs for environmental measures*5	0.1	0
<b>Total</b>	<b>23.9</b>	<b>1.5</b>

- \*1 Costs for research and development of products that reduce environmental impact.
- \*2 Costs to reduce environmental impacts from production, including pollution control, reduced energy consumption, and waste disposal.
- \*3 Costs for management, including education, maintenance of the environmental management system, and measurements.
- \*4 Costs for such measures as tree-planting and beautification.
- \*5 Costs for dealing with environmental impacts from business operations.

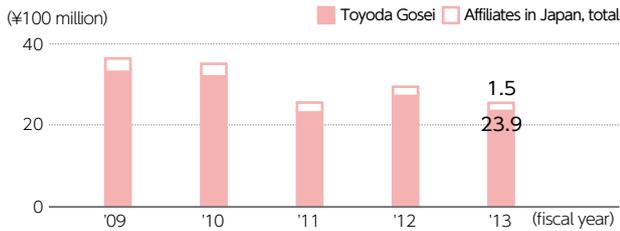
## Effects

(Unit: ¥100 million)

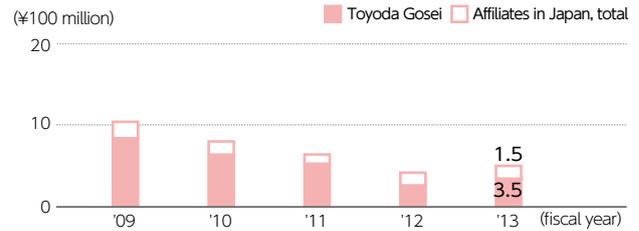
Item	Economic effect*6	
	Toyoda Gosei	Affiliates in Japan, total
Energy expenses	1.5	0.5
Waste-processing expenses	2.0	1.0
<b>Total</b>	<b>3.5</b>	<b>1.5</b>
Item	Quantitative effect*7	
Global warming prevention (CO <sub>2</sub> reduction)	5,500t-CO <sub>2</sub>	
Waste reductions (amount reduced)	895t	
Legal compliance	Described on page 41 (Japan plant data posted on Toyoda Gosei website)	

- \*6 The economic effects calculated here are those that can be ascertained based on solid evidence.
- \*7 Amounts are calculated for Toyoda Gosei alone.

## Environmental protection costs



## Economic effect



Please visit our website for environmental data. An independent review was commissioned for CO<sub>2</sub> emissions. <http://www.toyoda-gosei.co.jp/csr/>

### Independent opinion



**Mitsuru Sano**  
Professor  
Graduate School of  
Environmental Studies,  
Nagoya University

The purpose of this report is to explain to all stakeholders the activities of Toyoda Gosei as a global supplier of products and services in the fields of polymers and optical semiconductors. Following is my opinion as a third party, from the perspective of environmental reporting.

Toyoda Gosei is making good progress in its Fifth Environmental Action Plan, which serves as a roadmap for the company's environmental efforts from 2011 to 2105. This Plan was prepared based in their basic environmental policy. All targets for the year have been achieved, and some for 2015 have even been achieved ahead of time. This appears to be the result of activities by all employees for the action items laid out in each area. I hope they will continue this progress, never forgetting the support they receive from stakeholders.

In the area of research and development, further advances are being made in the development of lightweight parts made of plastic instead of metal to reduce the environmental impact. One specific example is their report on intercooler piping. This was a very interesting example of both reducing the environmental impact from production and raising competitiveness in Japan by sharing with suppliers technical information that incorporated the company's proprietary knowledge. In this case, the information was on the development of more compact molds that reduce the weight (volume) by half compared with previous molds.

On the systems front, I was impressed with their thorough management of chemical substances as a global supplier, using easy-to-understand diagrams that show what efforts were made when to enhance the management of the chemical substances contained in products. One can also see that they are making full efforts to strengthen operation of overall environmental management, such as by putting in place environmental management systems at their overseas affiliates.

Toyoda Gosei's Fifth Environmental Protection Plan has two years remaining, and they are continuing their activities to achieve all targets. As they progress in these efforts, I look forward to Toyoda Gosei products and services that are price competitive and feature rich, staying ahead of the times and leading the industry.

# Operating Results and Financial Position

## Analysis of operating results

In the term covered by this report, the world economy saw an economic slowdown in some emerging economies but also an overall gradual recovery in business conditions in the USA, Japan, and other developed countries.

In the automobile industry, growth in production volumes slowed in the Southeast Asian and other emerging economies that had been steadily expanding in recent years, but the global market overall was strong, propped up by healthy North American and Chinese markets and new model launches in Japan. In the LED industry, the market continued to grow with the spread of smart phones, tablet computers and other mobile devices, plus the wider use of LED lighting. Entry into the market of new companies, however, has meant increasingly severe price competition.

Faced with these conditions, the Toyota Gosei Group strives to be a supplier that provides the highest levels of satisfaction to customers, continuing from last year to give top priority to our company policy of "Ongoing quality improvements that raise customer satisfaction." All employees carry out quality activities and work to further improve quality. In moving toward sustainable future growth, our efforts are focused on expanding our business by raising product competitiveness as well as aggressive expansion in growing markets.

An example of expanding our business by raising product competitiveness in the automobile parts business is the development of a transparent acrylic radiator grille, which is used on Toyota's new Harrier (Lexus RX) model. The high-precision molding technology used for these grilles allows greater freedom of design. We have also developed knee air bags with much improved performance, including faster deployment than previous airbags. In the development of these products, we have greatly reduced the variety of parts by sharing design specifications and adopting simple, easy-to-build product structures. These efforts have been recognized by automakers for enabling them to install the same product on multiple vehicle models, and we have received commendations from customers. In the optoelectronics business, we have developed and begun selling Slim Base Lights. These are easily installable LED fluorescent tubes for

use in factories. They have a service life that is about six times longer than that of conventional fluorescent tubes, while consuming only about half as much electricity. We have also developed high intensity LED light sources that provide brightness equivalent to that of the mercury vapor lamps used in high-ceiling facilities such as factories and gymnasiums, and begun sales of high-ceiling LED lighting. Our efforts are focused not only on performance, but also on making products that will be popular with a wide range of general consumers. These efforts have been rewarded with the 2013 Good Design Award for the Sanken Neo View, a pleasant LED fluorescent tube with easily adjustable illuminance and color.

Our attention is not limited to the development of new products, however. We are also seeking to increase the efficiency of the logistics that support our business. Our logistics subsidiary, TG Logistics Co., Ltd., has pursued an improved distribution system that combines "just-in-time," a pillar of the Toyota production system, and greater load efficiency. This resulted in the receipt of the Logistics Award, the most prestigious award in the Japanese logistics industry. As for "aggressive expansion in growing markets," international markets are becoming increasingly important to Toyota Gosei, and we are actively investing in markets around the world.

In the European region, we established a new company after acquiring the rubber business from Meteor Gummiwerke in Germany. With this acquisition we have become the only automobile parts manufacturer to have development, manufacturing, and sales operations for weatherstrip products in the developed markets of Japan, America, and Europe.

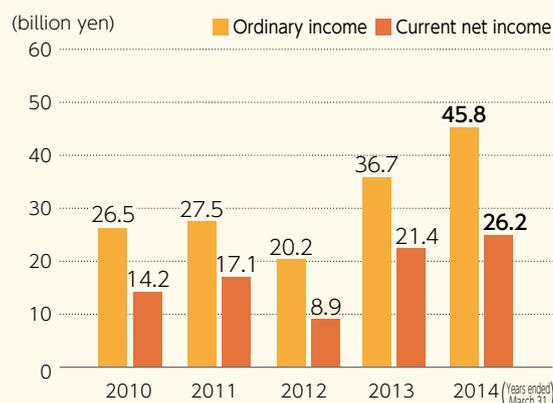
In the Americas, we established our third production subsidiary in Mexico, Toyoda Gosei Rubber Mexico, with the aim of strengthening our competitiveness and product supply system for rubber hoses.

In the Asia and Australia region, we invested in a plant expansion and facility capacity increases at P.T. Toyoda Gosei Safety Systems Indonesia. These improvements will raise the airbag production capacity to five times its current

### Sales



### Ordinary income / Current net income



level. In China, we have expanded the plant at Tianjin Star Light Rubber and Plastic Co., Ltd. to 1.5 times its current size and introduced a highly efficient production line in order to expand sales of automotive sealing products.

Total sales in the automotive parts business in this term were 689.4 billion yen (15.0% increase over the previous year), the highest in company history. This resulted from an increase in the number of automobiles produced and active expansion of sales to European and American automobile

manufacturers, as well as greatly increased revenue from a currency exchange effect with the correction of the strong yen. Profits were up as well. Thanks to increased sales in the automotive parts business and rationalizations such as cost reduction activities by the entire group, operating income was 43.7 billion yen (19.3% increase over previous term), ordinary income was 45.8 billion yen (24.7% increase over previous term), and current net income was 26.2 billion yen (22.3% increase over previous term).

## Analysis of financial position

### ◆ Assets, liabilities and net assets

Total assets in the current term increased 52.2 billion yen from the previous term, to 541.8 billion yen, due mainly to increases in tangible fixed assets, cash on hand, and money on deposit. Our liabilities increased 24.0 billion yen from the

previous term, to 241.5 billion yen, due mainly to bank loans. Our net assets recorded an increase of 28.1 billion yen compared to the end of the previous term, to 300.2 billion yen. This was due mainly to an increase in accumulated earnings.

### ◆ Cash flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the period under review came to 92.0 billion yen, an increase of 13 billion yen over the figure of 78.9 billion yen

at the end of the previous period. The status of each cash flow in the current period and related factors are described below.

#### ■ Cash flow from business activities

Cash flow from business activities increased 2.9 billion yen to revenue of 55.4 billion yen, up from 52.4 billion yen the previous term. This was due to net profits before tax adjustments for this term and depreciation and amortization.

#### ■ Cash flow from financial activities

Cash flow from financial activities decreased 5.3 billion yen to expenditures of 700 million yen, down from 6.1 billion yen the previous term. This was due to balance of payments from dividend payments, and long-term loans and their repayment.

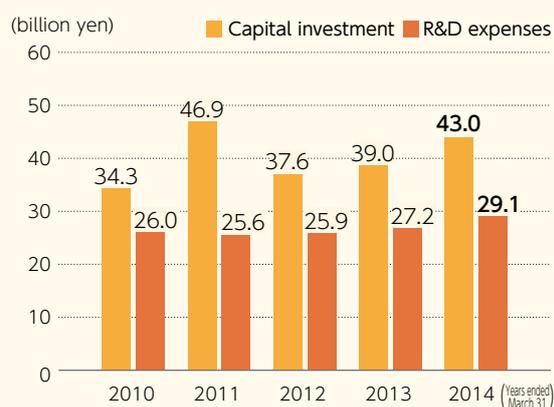
#### ■ Cash flow from investments

Cash flow from investments increased 4.6 billion yen, to expenditures of 45.6 billion yen compared with 40.9 billion yen the previous term. This was due to increased expenditures from acquisition of tangible fixed assets.

#### ■ Net assets



#### ■ Capital investment / R&D expenses



# Consolidated Five-Year Financial Summary

Toyoda Gosei Co., Ltd. and its Consolidated Subsidiaries  
Years ended March 31

(Unit: million yen) (Rounded down to nearest million yen)

	2014	2013	2012	2011	2010
<b>For the Year</b>					
Net sales	689,477	599,615	504,518	516,982	495,002
Operating income	43,798	36,706	20,415	29,952	26,202
Ordinary income	45,847	36,777	20,287	27,549	26,574
Current net income	26,214	21,429	8,971	17,116	14,255
Overseas sales	387,152	303,063	233,650	242,158	233,425
Depreciation and amortization	38,743	38,633	41,964	44,481	43,007
Capital expenditures	43,085	39,097	37,623	47,832	35,190
R&D expenses	29,170	27,279	25,936	25,617	26,066
<b>Per share of common stock (yen)</b>					
Net income per share-basic	202.54	165.63	69.33	132.27	110.19
Net income per share-diluted	202.53	—	—	132.27	110.17
Total net assets per share	2,161.58	1,955.47	1,708.41	1,680.96	1,650.90
Cash dividends per share	56	44	36	36	36
<b>At Year-End</b>					
Total assets	541,877	489,644	454,794	416,562	434,344
Total net assets	300,279	272,144	237,367	234,074	229,915
Capital stock	28,027	28,027	28,027	28,027	28,027
Number of shares outstanding (excluding treasury stock) (thousands of shares)	129,437	129,406	129,407	129,407	129,399
<b>Cash Flows</b>					
Net cash provided by operating income	55,448	52,451	51,112	62,586	68,199
Net cash used in investing activities	△45,680	△40,989	△37,027	△52,579	△36,574
Net cash provided by (used in) financing activities	△732	△6,128	2,224	△18,785	△7,426
Cash and cash equivalents end of year	92,020	78,924	69,914	54,326	67,490
<b>Indices</b>					
Return on equity (ROE) (%)	9.8	9.0	4.1	7.9	6.9
Return on assets (ROA) (%)	8.9	7.8	4.7	6.5	6.4
Rate of sales (ROS) (%)	6.4	6.1	4.0	5.8	5.3
Debt/Equity ratio (%)	24.9	23.4	24.3	21.2	27.7
Interest coverage (times)	39.4	44.7	21.3	35.7	24.2
EBITDA (millions of yen)	84,689	75,220	61,237	71,878	67,652
<b>Number of employees at year-end</b>	<b>31,672</b>	<b>30,190</b>	<b>29,108</b>	<b>26,964</b>	<b>26,084</b>

Note 1. Net income per share, ROE and ROA are computed based on the average number of shares, total net assets and total assets, respectively, for each consolidated fiscal year.

Note 2. Debt/Equity ratio = Interest-bearing debt / Total net assets

Note 3. Interest coverage = (Operating income + Interest and dividend income) / Interest expenses

Note 4. EBITDA = Income before income taxes + Interest expenses - Interest and dividends income + Depreciation and amortization

# Consolidated Balance Sheets / Consolidated Statements of Income

Toyoda Gosei Co., Ltd. and its Consolidated Subsidiaries  
March 31, 2014 and 2013

## Consolidated Balance Sheets

(Unit: million yen) (Rounded down to nearest million yen)

	2014	2013
<b>Assets</b>	<b>541,877</b>	489,644
<b>Current assets</b>	<b>279,281</b>	244,798
Cash and cash equivalents	92,364	79,073
Trade notes and accounts receivable	114,821	102,281
Inventory assets	48,583	48,785
Other current assets	23,511	14,658
<b>Fixed assets</b>	<b>262,596</b>	244,846
Property, plant and equipment	210,214	196,163
Intangible assets	2,291	2,524
Investments and other assets	50,090	46,158
<b>Total assets</b>	<b>541,877</b>	489,644

	2014	2013
<b>Liabilities</b>	<b>241,598</b>	217,500
<b>Current liabilities</b>	<b>168,136</b>	157,748
Trade notes and accounts payable	75,928	72,287
Short-term debt, etc.	43,565	40,470
Other current liabilities	48,642	44,989
<b>Long-term liabilities</b>	<b>73,462</b>	59,751
Long-term bank loans payable	31,138	23,329
Other long-term liabilities	42,324	36,422
<b>Net assets</b>	<b>300,279</b>	272,144
<b>Shareholders' equity</b>	<b>275,840</b>	255,201
Capital stock	28,027	28,027
Capital surplus	29,882	29,844
Accumulated earnings	217,930	197,329
Accumulated other comprehensive income	3,949	▲2,192
Subscription rights to shares	128	447
Minority interests in consolidated subsidiaries	20,359	18,688
<b>Total liabilities and net assets</b>	<b>541,877</b>	489,644

## Consolidated Statements of Income

(Unit: million yen) (Rounded down to nearest million yen)

	2014	2013
<b>Net Sales</b>	<b>689,477</b>	599,615
Cost of sales	597,062	521,051
<b>Gross profit</b>	<b>92,415</b>	78,563
Selling, general and administrative expenses	48,616	41,857
<b>Operating income</b>	<b>43,798</b>	36,706
<b>Non-operating expenses</b>	<b>5,494</b>	5,083
Interest expenses	1,299	823
Other non-operating income	4,195	4,259
<b>Non-operating expenses</b>	<b>3,445</b>	5,012
Interest expenses	1,144	838
Other non-operating expenses	2,301	4,173
<b>Ordinary income</b>	<b>45,847</b>	36,777

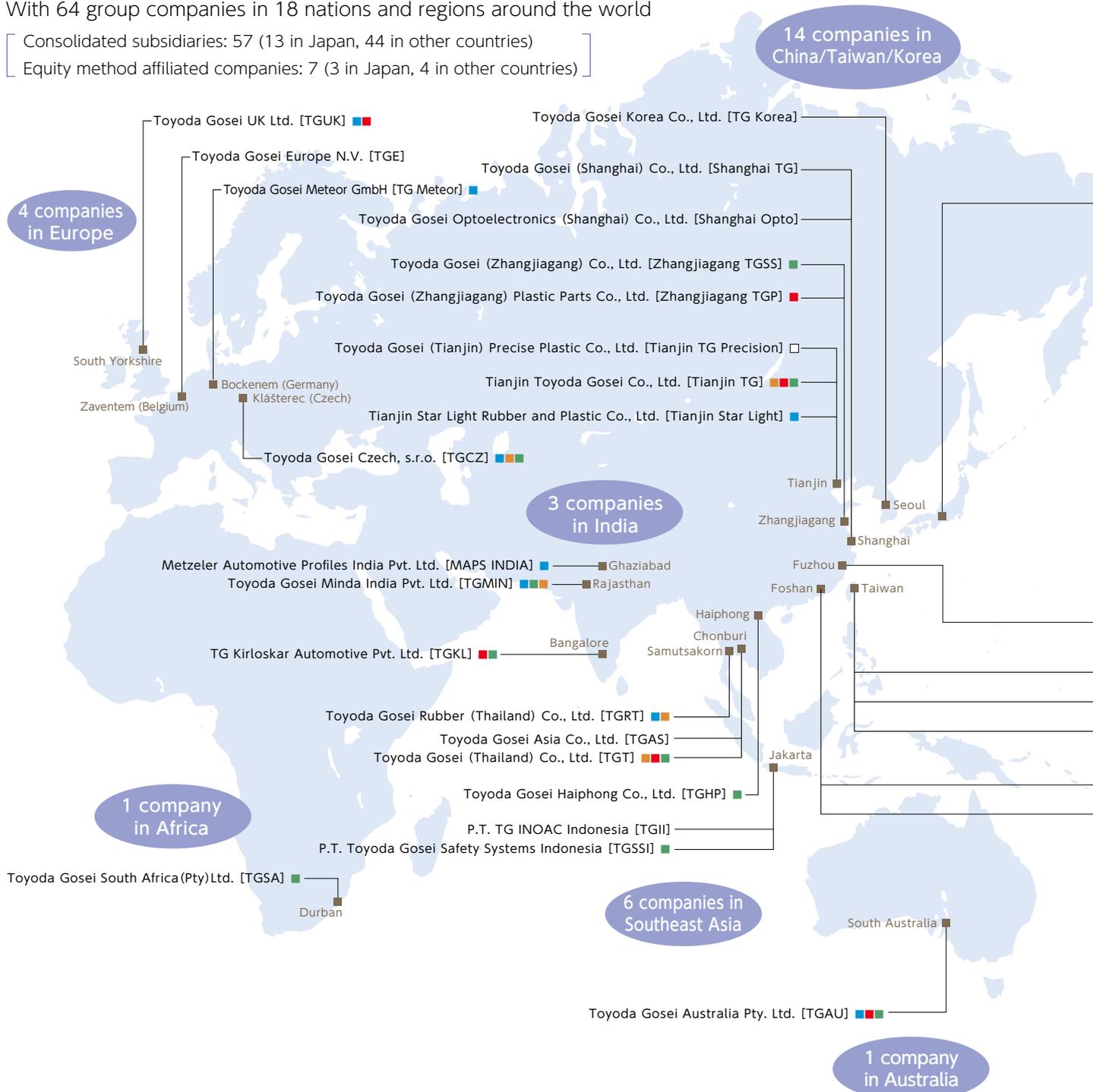
	2014	2013
<b>Extraordinary income</b>	<b>287</b>	224
Gain on reversal of subscription rights to shares	287	224
<b>Extraordinary losses</b>	<b>33</b>	430
Impairment loss on long-lived assets	-	427
Other extraordinary losses	33	3
<b>Income before income taxes and minority interests</b>	<b>46,101</b>	36,571
Income taxes - current	16,162	12,998
Income taxes - deferred	953	457
<b>Income before minority interests</b>	<b>28,985</b>	23,115
Minority interests in consolidated subsidiaries	2,771	1,685
<b>Net income</b>	<b>26,214</b>	21,429

# Corporate Data

## Global Network As of June, 2014

With 64 group companies in 18 nations and regions around the world

- Consolidated subsidiaries: 57 (13 in Japan, 44 in other countries)
- Equity method affiliated companies: 7 (3 in Japan, 4 in other countries)



World Headquarters



Toyoda Gosei North America Corporation



Toyoda Gosei Asia Co., Ltd.



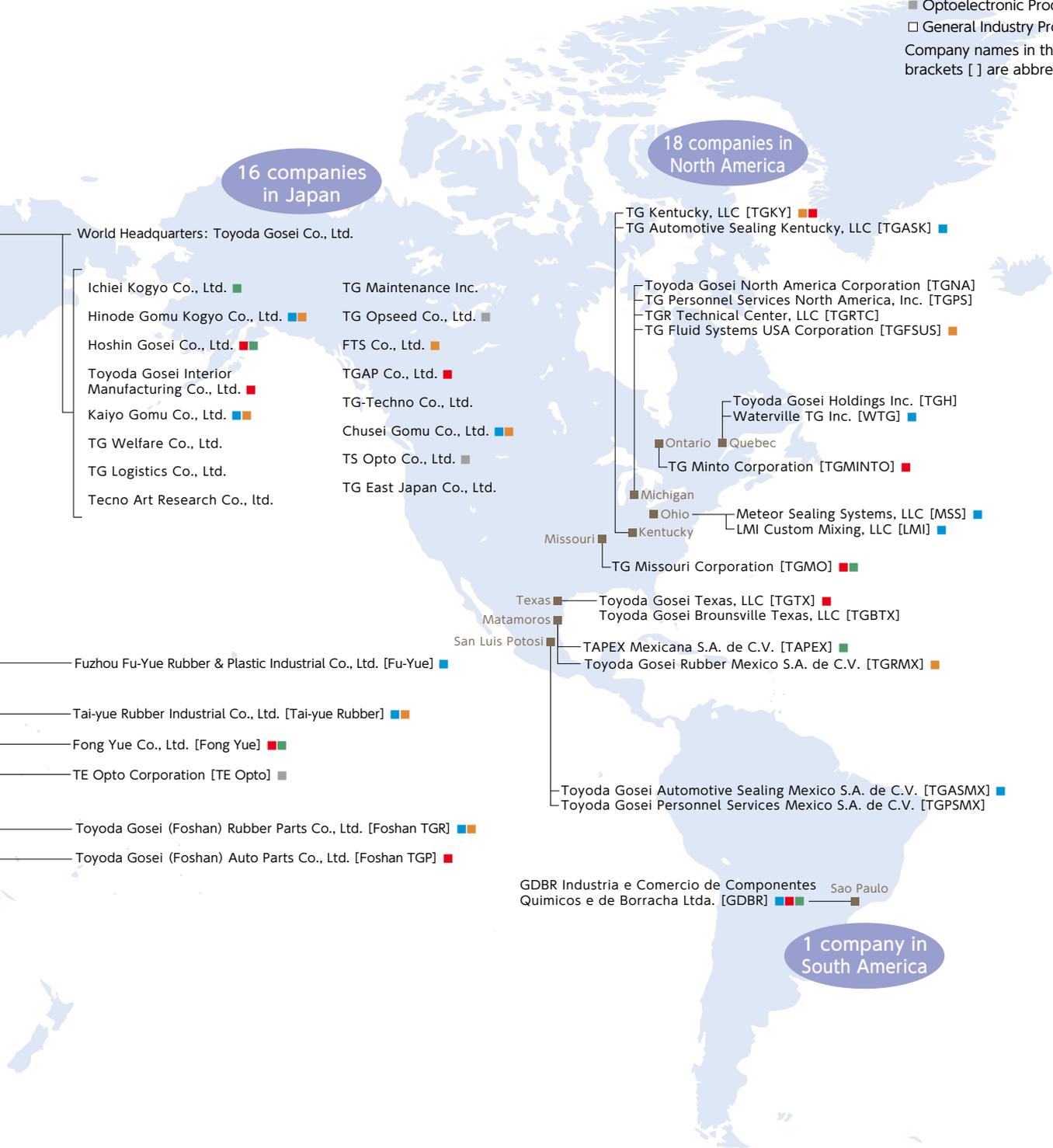
Toyoda Gosei Europe N.V.



TG Missouri Corporation

Product Group

- Automotive Sealing Products
  - Functional Components
  - Interior & Exterior Parts
  - Safety System Products
  - Optoelectronic Products
  - General Industry Products
- Company names in the square brackets [ ] are abbreviations.



16 companies in Japan

18 companies in North America

1 company in South America

World Headquarters: Toyoda Gosei Co., Ltd.

- Ichiei Kogyo Co., Ltd. ■
- Hinode Gomu Kogyo Co., Ltd. ■■
- Hoshin Gosei Co., Ltd. ■■
- Toyoda Gosei Interior Manufacturing Co., Ltd. ■
- Kaiyo Gomu Co., Ltd. ■■
- TG Welfare Co., Ltd.
- TG Logistics Co., Ltd.
- Tecno Art Research Co., Ltd.
- TG Maintenance Inc.
- TG Opseed Co., Ltd. ■
- FTS Co., Ltd. ■
- TGAP Co., Ltd. ■
- TG-Techno Co., Ltd.
- Chusei Gomu Co., Ltd. ■■
- TS Opto Co., Ltd. ■
- TG East Japan Co., Ltd.

- TG Kentucky, LLC [TGKY] ■■
- TG Automotive Sealing Kentucky, LLC [TGASK] ■
- Toyoda Gosei North America Corporation [TGNA]
- TG Personnel Services North America, Inc. [TGPS]
- TGR Technical Center, LLC [TGRTC]
- TG Fluid Systems USA Corporation [TGFSUS] ■
- Toyoda Gosei Holdings Inc. [TGH]
- Waterville TG Inc. [WTG] ■
- Ontario ■
- Quebec ■
- TG Minto Corporation [TGMINTO] ■
- Michigan ■
- Ohio ■
- Meteor Sealing Systems, LLC [MSS] ■
- LMI Custom Mixing, LLC [LMI] ■
- Kentucky ■
- Missouri ■
- TG Missouri Corporation [TGMO] ■■
- Texas ■
- Matamoros ■
- San Luis Potosi ■
- Toyoda Gosei Texas, LLC [TGTX] ■
- Toyoda Gosei Brounville Texas, LLC [TGBTX]
- TAPEX Mexicana S.A. de C.V. [TAPEX] ■
- Toyoda Gosei Rubber Mexico S.A. de C.V. [TGRMX] ■
- Toyoda Gosei Automotive Sealing Mexico S.A. de C.V. [TGASMX] ■
- Toyoda Gosei Personnel Services Mexico S.A. de C.V. [TGPSMX]

GDBR Industria e Comercio de Componentes Quimicos e de Borracha Ltda. [GDBR] ■■■ Sao Paulo ■

- Fuzhou Fu-Yue Rubber & Plastic Industrial Co., Ltd. [Fu-Yue] ■
- Tai-yue Rubber Industrial Co., Ltd. [Tai-yue Rubber] ■■
- Fong Yue Co., Ltd. [Fong Yue] ■■
- TE Opto Corporation [TE Opto] ■
- Toyoda Gosei (Foshan) Rubber Parts Co., Ltd. [Foshan TGR] ■■
- Toyoda Gosei (Foshan) Auto Parts Co., Ltd. [Foshan TGP] ■

Business Reports  
Management Reports  
Social Reports  
Environmental Reports  
Financial Reports  
Corporate Data



Toyoda Gosei Automotive Sealing Mexico S.A. de C.V.



Tianjin Toyoda Gosei Co., Ltd.



Toyoda Gosei Minda India Pvt. Ltd.



TG Kirloskar Automotive Pvt. Ltd.



Toyoda Gosei Czech, s.r.o.

# Network in Japan As of June, 2014

## Product Group

- Automotive Sealing Products
- Functional Components
- Interior & Exterior Parts
- Safety System Products
- Optoelectronic Products
- General Industry Products



Kitajima Technical Center



Miwa Technical Center



Miyoshi Distribution Center



World Headquarters/Haruhi Plant



Inazawa Plant



Morimachi Plant



Bisai Plant



Heiwacho Plant



Seto Plant

## Corporate Data As of March 31, 2014

Company emblem/Corporate name



Established June 15, 1949  
 Capital 28,027 millions of yen  
 Number of Employees 31,672 (consolidated)  
 6,663 (non-consolidated)

Location of Headquarters

1 Haruhinagahata, Kiyosu, Aichi

Fiscal year end

March 31

## Directors / Audit & Supervisory Board Members / Corporate Officers As of June 19, 2014

President

**Tadashi Arashima**

Executive Vice Presidents

**Naoki Miyazaki**      **Nobuyuki Shimizu**  
**Nobuo Fujiwara**

Director, Senior Managing Officers

**Masayoshi Ichikawa**      **Kazumi Otake**

Director, Managing Officer

**Daisuke Kobayashi**

Audit & Supervisory Board Members

**Yasushi Matsui**      **Toru Oguri**  
**Shinichi Sasaki**      **Yoshiro Hayashi**  
**Masami Hadama**

Managing Officers

**Yasushi Miyamoto**      **Atsushi Sumida**  
**Mitsuo Mori**      **Masakazu Hashimoto**  
**Tomonobu Yamada**

Corporate Officers

**Shinichi Goto**      **Motoo Tanaka**  
**Kazuaki Maeda**      **Toshihiro Yokoi**  
**Hiroshi Yasuda**      **Toru Koyama**  
**Katsumi Tanabe**      **Takashi Ishikawa**  
**Makoto Horie**      **Ryo Onishi**  
**Yoshiyuki Fujita**

## Stock Information As of March 31, 2014

**Common stock**      Authorized 200,000,000 shares  
 Issued 130,010,011 shares

**Stock exchange listings**      Tokyo Stock Exchange and  
 Nagoya Stock Exchange

**Number of shareholders**      14,935

**Transfer agent**      Mitsubishi UFJ Trust and  
 Banking Corporation  
 Stock Transfer Agency Department,  
 Mitsubishi UFJ Trust and Banking  
 Corporation  
 7-10-11 Higashi-suna, Koto-ku,  
 Tokyo 137-8081, Japan  
 Tel. 0120-232-711  
 (Toll-free number in Japan)

**Major shareholders (ten largest)**

Shareholder name	Number of shares held (1,000 shares)	Investment ratio (%)
Toyota Motor Corporation	55,459	42.65
Master Trust Bank of Japan, Ltd. (Trust Acct.)	7,183	5.52
Sumitomo Mitsui Banking Corporation	5,049	3.88
Japan Trustee Services Bank, Ltd. (Trust Acct.)	4,600	3.53
Nippon Life Insurance Company	1,611	1.23
Dai-ichi Life Insurance Company, Ltd.	1,493	1.14
Mitsui Sumitomo Insurance Co., Ltd.	1,162	0.89
Daiei Sangyo Kaisha, Ltd.	1,031	0.79
Toyoda Gosei employee shareholding assoc.	1,008	0.77
Denso Corporation	1,002	0.77



With regard to "creating an environment that is kind to both people and the Earth," and from the perspective of environmental conservation and the valid use of resources, we base our actions on three points, or three "don'ts": "Don't make/use" [*tsukuranaï*], "Don't throw away" [*sutenai*], and "Don't leave things to others" [*makasenai*]. Together, these phrases make up the slogan "Nicely" (the three "nai's," or "nai's-three," sound like "Nicely" when pronounced with a Japanese accent). "Treating humans and the Earth nicely" is the trademark of Toyota Gosei's environmental activities.



- This report is printed on paper with FSC certification, indicating that it was produced from properly managed forests.
- This report uses vegetable oil-based ink that does not contain volatile organic compounds.
- This report was made with a waterless printing method that does not produce harmful waste liquid in the printing process.
- This environmentally-friendly product was printed at a Green Printing-certified plant using printing materials that conform to green criteria.
- This report uses a universal design font with outstanding visibility and readability.
- Consideration was given to the color usage so that the graphics are easy to see by as many people as possible, regardless of individual differences in color vision.

## TOYODA GOSEI CO., LTD.

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Public Affairs Dept.

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