

Integrated Report 2016

Fiscal year ended March 31, 2016

Be the Right ONE

For the next 10 years, the Toyota Tsusho Group will evoke our ideal as “Be the Right ONE”

Next Steps
for New Growth

Competitive Edge
in Business

Stakeholder
Dialogue

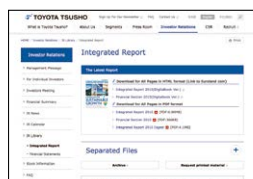


Editorial Policy

Until now, Toyota Tsusho has published an Annual Report, which mainly covers reporting focused on financial information, management strategies, performance and business activities, and a CSR Report, which mainly covers reporting focused on society and the environment. These two reports were published to deepen the understanding of Toyota Tsusho's activities among all stakeholders. However, considering that both reports are closely related to one another and our goal of fostering an even stronger understanding of Toyota Tsusho among our stakeholders, we have started producing an Integrated Report from the fiscal year ended March 2015. In the preparation of this report, we have referred to the International Integrated Reporting Framework (International <IR> Framework) advocated by the International Integrated Reporting Council (IIRC), the Sustainability Reporting Guidelines (version 4.0) of the Global Reporting Initiative (GRI), the Environmental Reporting Guidelines (2012 version) of the Ministry of the Environment in Japan and the ISO 26000 Guidance on Social Responsibility. In addition to reporting on management strategies, our performance, and business activities, the Integrated Report covers subjects such as Toyota Tsusho's Approach to CSR, which guides our efforts to resolve social issues and contribute locally through our business activities. As Toyota Tsusho endeavors to drive sustained growth in these and other ways, we hope that this report will help to deepen your understanding of the company. By revising the content of the Integrated Report in light of stakeholder opinions, we intend to continuously enhance the report so as to make it even more accessible to readers.

Website Information

Integrated Report 2016



[http://www.toyota-tsusho.com/
english/ir/library/integrated-report/](http://www.toyota-tsusho.com/english/ir/library/integrated-report/)

Environmental and CSR Information



[http://www.toyota-tsusho.com/
english/csr/](http://www.toyota-tsusho.com/english/csr/)

A Cautionary Note on Forward-Looking Statements

This report contains "forward-looking statements" about Toyota Tsusho's future plans, strategies, beliefs and performance that are not historical facts. These forward-looking statements are presented to inform stakeholders of the views of Toyota Tsusho's management but should not be relied on exclusively in making investment and other decisions. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from the information presented here, which is based on assumptions and beliefs in light of information currently available to the management at the time of publication. Readers are cautioned not to place undue reliance on these forward-looking statements.

The company assumes no obligation if these forward-looking statements do not reflect actual results due to new information, future events, or other developments. Earnings forecasts and other projections in this report were formulated and announced as of April 2016.

Integrated Report 2016

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VISION



MOBILITY



AFRICA

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An aerial photograph of a winding asphalt road through a lush green valley. The road curves from the bottom center towards the middle distance. The surrounding hills are covered in vibrant green grass, with some rocky outcrops visible. In the background, a range of mountains is silhouetted against a sky with soft, colorful clouds, suggesting a sunset or sunrise. The overall scene is serene and scenic.

Making

An aerial photograph of a mountain range. The foreground shows a rocky, grey ridge running diagonally across the frame. The hills are covered in vibrant green grass. In the distance, more mountain ranges are visible under a soft, hazy sky. The overall scene is serene and natural.

Our Way

We aim to be a value-generating enterprise that enhances the quality of life while honoring individuality, resonating with the community, and preserving environmental quality.

That means adapting our business model to serve ever-changing needs with new kinds of value that engender sustainability for the global community.

Step by step, we continue working to fulfill the exciting, long-term possibilities that we envision for society and for lifestyles.

About Us

We in the Toyota Tsusho Group provide products and services across diverse sectors for enriching life in nations worldwide. Underlying our business is a keen sense of our responsibility to our host communities in each nation and to the global community.

Solid Philosophy

Corporate Philosophy

Living and prospering together with people, society, and the Earth, we aim to be a value-generating corporation that contributes to the creation of a prosperous society.

Behavioral Guideline

As a good corporate citizen,

- We will strive for open and fair corporate activities;
- We will be socially responsible and strive for conservation of the environment;
- We will be creative and strive to provide added value; and
- We will respect people and strive to create an engaging workplace.

On July 1, 2016, we formulated the Global Code of Conduct & Ethics (10 creeds), which specifies the behavioral guidelines for employees

Global Code of Conduct & Ethics (10 creeds)

- 1) We are committed to "ANZEN" to create a safe and healthy work environment.
- 2) We will comply with all applicable laws and regulations including anti-corruption, anti-trust and competition law, and trade laws and regulations.
- 3) We are committed to accurate financial reporting.
- 4) We are accountable for compliance with all company rules.
- 5) We will act with integrity, honesty and transparency, and protect and develop trust among all stakeholders.
- 6) We will contribute to the sustainable development of society.
- 7) We will promote and pursue environmentally friendly corporate activities.
- 8) We will add value through innovation and "Kaizen" (continuous improvement).
- 9) We will respect human rights.
- 10) We will embrace diversity and inclusion within our company and society.

Fundamental Philosophy

Unchanging ideals that should be passed on to the future

Vision

Guidelines and signposts that we should reach within 10 years as we continue pursuing and realizing our fundamental philosophy

p34 Vision

Long-term Business Plan Annual Plan

Strategies for business activities reflecting shifts in the business environment, consisting of policies, concrete action plans and numerical targets

A Passion
for Business

On site,
Hands on,
In touch

Teamwork

The Toyota Tsusho Group Way

The bedrock principles that all Toyota Tsusho Group employees should share and the values that should be embodied in their actions to realize our fundamental philosophy and achieve our vision

Our Numbers

(As of March 31, 2016)

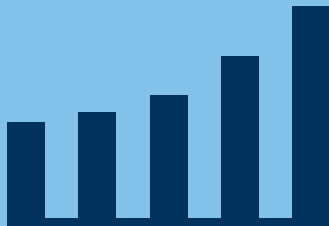


58,082

 people

Consolidated number of employees

The Toyota Tsusho Group seeks to actively leverage diversity to ensure that it is able to address constantly changing business environments and diversifying customer needs. The Group has 58,082 employees on a consolidated basis.

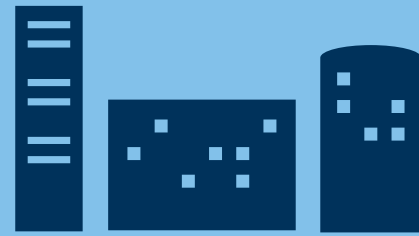


184.8

 billion yen

Investment amount during the fiscal year ended March 31, 2016

During the fiscal year ended March 31, 2016, we executed investments totaling ¥184.8 billion. We will continue to make investments within the scope of our operating cash flow.



991

 companies

Number of Group companies

There are now 991 Toyota Tsusho Group companies.



90+

 countries

Global Network

Toyota Tsusho has a network spanning Japan and approximately 90 countries overseas, developing its business through 991 Group companies.



53

 out of

54

 countries

Business expansion on the African continent

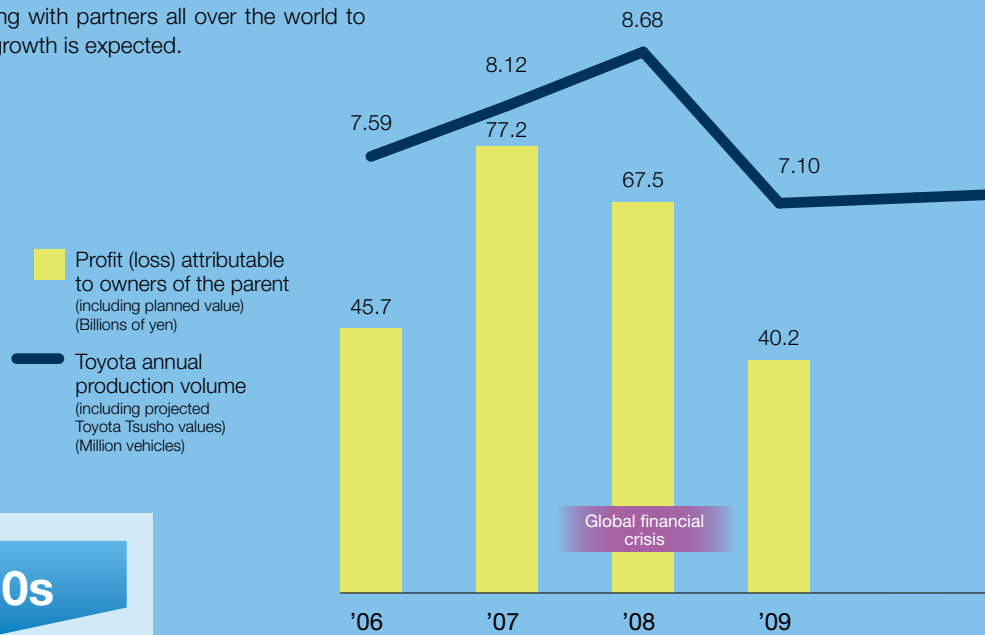
With its 2012 equity participation in CFAO S.A., Toyota Tsusho now conducts business in 53 out of the 54 countries in Africa.

Our History

Main Events

Apr. 2006 Merger with Tomen Corporation
Use the automotive sector as a base and focus on non-automotive sectors

Toyota Tsusho leverages its general trading and project management company functions such as information collection, logistics and financial functions to perform importing and exporting and brokerage of domestic business transactions, developing business with functions tailored to customers' requirements and adding original added-value. We are also engaged in development investment business, working with partners all over the world to accelerate investment in business fields where future growth is expected.



An era of growth centered on the automotive sector

Establishment–1970s

Roots in Vehicle Sales Finance and Exports

Established in 1936 as Toyoda Kinyu Kaisha to provide sales financing for Toyota vehicles. Dissolved after World War II under occupation policy to break up large industrial conglomerates. Transferred the trading division to Nisshin Tsusho Kaisha Ltd. (established in 1948 and later renamed Toyota Tsusho Corporation). As the Toyota Group's general trading company, it grew steadily, largely as an exporter of Toyota vehicles, and listed shares on the Nagoya Stock Exchange and the Tokyo Stock Exchange.

1980s–1990s

Overseas Expansion in Support of Toyota Motor Corporation's Globalization

Built vehicle distribution and sales networks to support Toyota Motor Corporation's growing presence in markets outside Japan and began participating in vehicle assembly, starting with a production venture in Pakistan. Broadened business in non-automotive sectors, fortifying non-automotive business through an alliance with trading company Kasho Company, Ltd., in 1999.



Era of using the automotive sector as a base and focusing on expanding in the non-automotive sector

2000s

Full-fledged Extension of Value Chains to Sectors Beyond the Automotive Sector through Strategic Alliances and Mergers

Entered a strategic alliance with trading company Tomen Corporation in 2000 and merged with Kasho Co., Ltd. in the same year. Merged with Tomen Corporation in 2006, greatly expanding business scale and scope and securing a platform for expansion beyond the automotive sector in such sectors as infrastructure, chemicals, and foodstuffs.

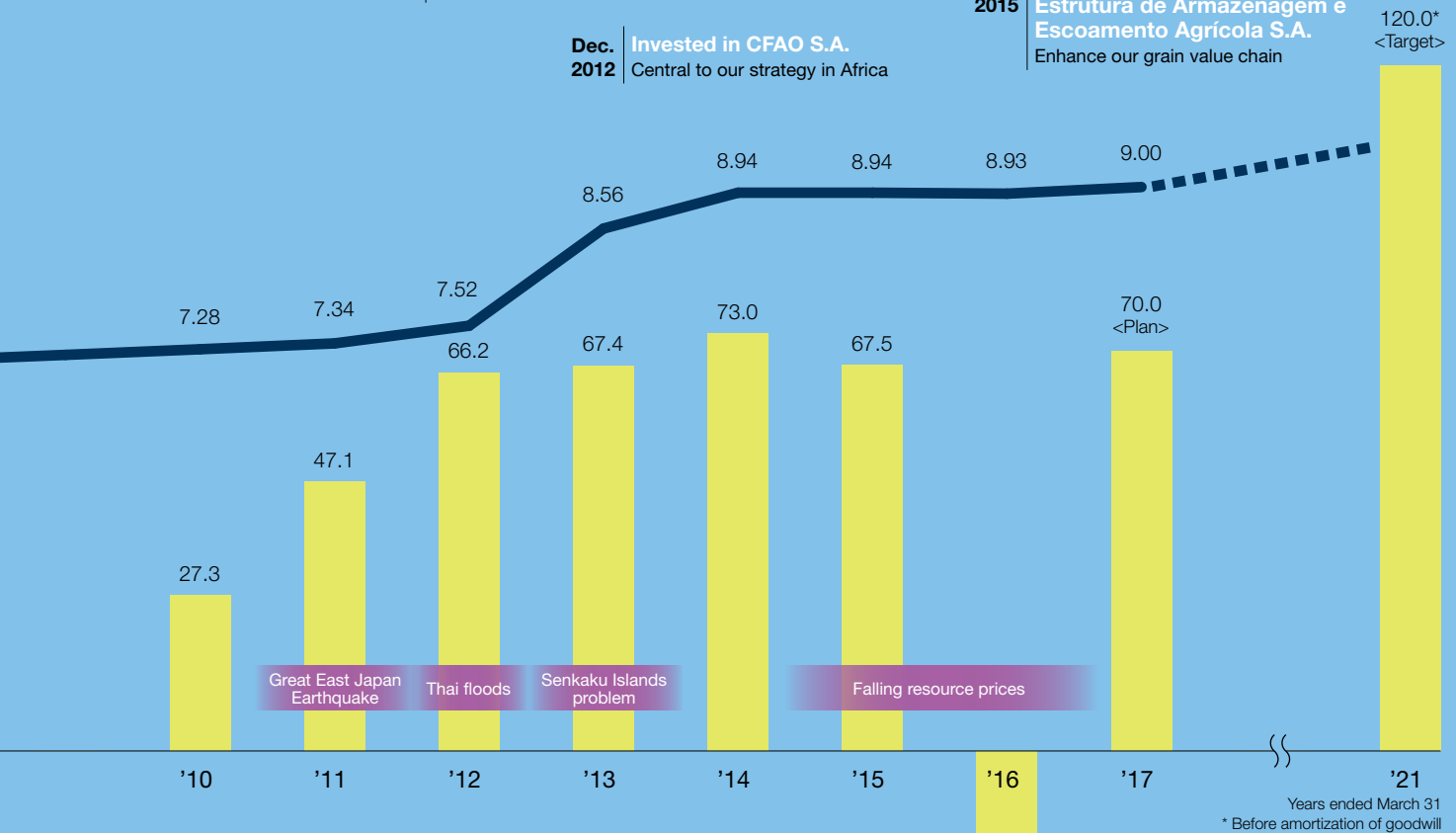
Jan. 2012 | Made Eurus Energy Holdings Corporation a subsidiary
Contribute to a green society with renewable energy


Dec. 2014 | Conducted Tomen Electronics Corporation a subsidiary
Maximize Group synergy

Mar. 2012 | Invested in Elematec Corporation
Move upstream in the electronics business

Dec. 2012 | Invested in CFAO S.A.
Central to our strategy in Africa

May 2015 | Investment in NovaAgri Infra-Estrutura de Armazenagem e Escoamento Agrícola S.A.
Enhance our grain value chain



 **GLOBAL 2020 VISION**

 **Global Vision**

2010s

Large-Scale Investment in Broadening Business Scope

Gained momentum in new business field investments. Acquired majority stake in French trading company CFAO S.A., which has extensive automotive and pharmaceutical operations in Africa, in 2012. Invested heavily in renewable energies, mainly in wind power and geothermal electricity generation.

Moving onto a new stage a decade after merging with Tomen Corporation

President & CEO's Message

Be the Right

To Our Stakeholders

The fiscal year ended March 31, 2016, was an important juncture in our corporate history: the 10th year since we acquired the trading house Tomen Corporation and the fifth year—the half-way point—under our GLOBAL 2020 VISION. Unfortunately, it was also a year when we posted our first after-tax deficit in 16 years.

We posted a loss attributable to owners of the parent of ¥43.7 billion, compared with net income of ¥67.6 billion in the previous year. Operating income was down 17.2%, to ¥140.2 billion, on a 5.7% decline in net sales, to ¥8,170.2 billion. The downturn in profitability resulted from impairment losses incurred on natural gas development projects in connection with the slump in natural resources prices and from losses recorded on investments in other sectors.

Although we are disappointed with our fiscal performance in the past year, recording the losses in question has enabled us to enter the present fiscal year with a clean slate. We can now focus on asserting the innate strengths of the Toyota Tsusho Group on achieving renewed growth. And we have sketched a roadmap for that growth with an updated Global Vision, which covers the 10 years from May 2016.

Our updated Global Vision calls for us to position the Toyota Tsusho Group as “The Right ONE” for customers, for partners, for employees, and for our host communities. I assure you that we will be working in that spirit to ensure sustainable growth and thereby fulfill your highest expectations of our organization.

President & CEO



ONE





Business Portfolio

We set out to shape a business portfolio balanced equally between automotive and non-automotive business when we acquired Tomen in April 2006. In 2011, we unveiled our GLOBAL 2020 VISION, which called for achieving broader balance in our business portfolio. Our new target was to achieve and equal, three-way balance among the three business domains of Mobility, Life and Community, and Earth and Resources (now Resources and Environment).

The automotive industry remains a growth industry, and we will continue to expand and upgrade our presence in the automotive sector even as we expand our presence elsewhere. We have built and refined a value chain in the Mobility domain that is unmatched at any other trading company. That value chain spans the entire breadth of the vehicle life cycle, including busi-

ness in product development, parts manufacturing and installation, logistics, sales finance, after-sales service, used vehicle marketing, and end-of-life vehicle recycling.

Our business in the Mobility domain with Toyota Motor Corporation has included nurturing capabilities in ensuring business continuity in crises. We exercised and honed those capabilities in the wake of the Great East Japan Earthquake of 2011 and the disastrous Thai floods of the same year. And those capabilities, born of our automotive business, serve us well today in all our lines of business.

In non-automotive sectors, we have built a large presence in renewable energies. That has included increasing our stake in Eurus Energy Holdings Corporation, Japan's leader in wind power generation, to a majority holding in 2012. We have also built a large presence in electronics. That has included acquiring a majority stake in the Japanese electronics trading company Elematec Corporation in 2012 and increasing our stake in 



“Under our Global Vision, we have reinforced our foundation for pursuing renewed growth for the Toyota Tsusho Group for the next 10 years.”

Tomen Electronics Corp., a semiconductor device trading company, to a majority holding in 2014. We have built a large presence, too, in foodstuffs. And we have fortified our value chain in foodstuffs greatly with the 2015 acquisition of the Brazilian grain distributor NovaAgri Infra-Estrutura de Armazenagem e Escoamento Agrícola S.A.

Another important investment was our 2012 acquisition of nearly all the shares of the French trading company CFAO S.A. That investment spans the Mobility domain and the Life and Community domain in the immensely promising African market. CFAO has extensive operations in Africa, notably in distributing and marketing vehicles, wholesaling pharmaceuticals and medical supplies, and producing and marketing consumer goods and beverages. Its business network there, combined with our pre-acquisition operations, has extended our business coverage to 53 of Africa's 54 nations. CFAO has brought non-Toyota brands to our vehicle distribution and marketing business in


Africa and bolstered our business portfolio in the Life and Community domain. We have bolstered that portfolio further by building African business with CFAO in the retail sector.

 **Feature: Africa**



Renewed Growth

Energy alternatives for curtailing output of carbon dioxide have been an emphasis for us in developing business in non-automotive sectors. Natural gas is one of those alternatives, and we had high expectations of our development projects in that sector. However, the collapse of energy prices, epitomized by the 75% decline in crude oil prices since 2012, betrayed those expectations.

Writing down our equity in the problematic gas projects has, as noted, purged our balance sheet of toxic assets. We have 

thereby reinforced our foundation for pursuing renewed growth in the years ahead.

Our painful experience with natural gas projects has prompted a rethinking of our core capabilities in natural resources development. We are sharpening our focus rigorously projects that offer compelling potential for exercising characteristic Toyota Tsusho strengths. Two good examples are our Argentine project for producing lithium, an essential component of the batteries for hybrid and electric vehicles, and our Chilean project for producing iodine, an essential component of nutritional and healthcare products. As for the ongoing gas projects, we will strive to trim operational costs there and minimize their adverse effect on our profitability.

An Updated Global Vision

Our Global Vision for the 10 years from May 2016 declares a commitment, as noted, to “Be the Right ONE” and articulates our fundamental strengths as the Toyotsu Core Values: Genba (the place where things are happening) Focus, Collective Force, and Innovator Spirit. Asserting those values will energize our efforts to fulfill the Global Vision amid continuing, profound change in the economic and business environment. Those values will thus shape the growth that we envision for the Toyota Tsusho Group in the three business domains of Mobility, Life and Community, and Resources and Environment.

p34 Feature: Vision



Be the Right ONE



Domain Strategy

New technologies and new business models are transforming the automobile industry, and we will mobilize our strengths in the Mobility domain to position the Toyota Tsusho Group in the vanguard of that transformation. Toyota Motor Corporation is building a Mexican plant that is scheduled to open in 2019 and that will have a production capacity of about 200,000 vehicles a year. We participate in the project through our business in automotive components and in operational services, and we are helping Toyota tackle unprecedented cost savings to serve demand in emerging markets.

Measures for broadening our presence in the Life and Community domain include expanding business in electronics, where we assert well-established strengths. We have subsidiaries that have built strong positions in automotive electronics, for example, and others that have built strong positions in consumer

electronics. Promoting closer coordination among those subsidiaries will help us keep abreast of fast-evolving technologies and maximize our contribution to advances in both sectors.

Another important emphasis for us in the Life and Community domain are our retailing operations. That includes expanding our retailing operations in Africa, where consumer spending is growing rapidly as incomes arise.

Our core strengths in the Resources and Environment domain include electric power, where we are Japan's leader in renewable generation; recycling; and foodstuffs. NovaAgri, our largest-ever investment in the foodstuffs sector, operates grain warehouses, railway shipment facilities, and export terminals in central and northeastern Brazil. The partnership with Toyota Tsusho is occasioning rapid progress in strengthening logistics at NovaAgri, which has a vibrant corporate culture. And we are moving to move the Brazilian company upstream into the “origination” business of purchasing grain directly from growers.



Long-Term Planning

We chart our progress toward fulfilling our corporate vision in reference to a rolling long-term plan. Our long-term planning outlines management strategy and policy for a five-year business horizon, and we revise the long-term plan annually in accordance with changes in the economic environment and in our corporate circumstances. Below is a summary of the chief strategic and policy emphases in our present long-term plan.

Management Strategy

Strengthen our earnings foundation and tackle opportunities in our three business domains.

- Pursue growth by reaffirming our fundamentals and reasserting our core values.
- Reallocate resources on a continuing basis in accordance with quantitative performance guidelines.

Investment Policy

Increase return on investment by employing quantitative benchmarks rigorously.

- Conduct investment within the scope of operating cash flow.
- Focus on project proposals that allow us to assert characteristic strengths.

Financial Policy

Strengthen our cash flow management.

- Reduce interest-bearing debt.
- Increase shareholder return (dividends) in stages.

This is a time for new beginnings in the Toyota Tsusho Group. We are reallocating our finite resources to projects where we can assert our core values most productively and thereby buttress profitability in our three business domains. In screening project proposals, we will limit our investment to what we can finance with operating cash flow. We will focus on projects that allow for asserting distinctive Toyota Tsusho strengths. And we will insist that prospective projects fulfill demanding, quantitative criteria for return on investment.

Our financial policy, meanwhile, will feature a heavy emphasis

Long-Term Plan (years to March 31, ¥ billion)

		2015 (results)	2016 (results)	2017 (plan)	2021 (targets)
Revenue and earnings	Net sales	8,663.4	8,170.2	7,300.0	9,400.0
	Operating income	169.4	140.2	144.0	220.0
	Profit (loss) attributable to owners of the parent	67.5	(43.7)	70.0	120.0
Financial position	Total assets	4,533.6	3,952.1	4,375.0	5,400.0
	Shareholders' equity	844.4	777.4	825.6	1,150.0
	Net assets	1,304.4	1,055.7	1,199.0	1,450.0
Management indicators	Net interest-bearing debt	1,233.5	1,102.7	1,050.0	1,200.0
	Risk assets/risk buffer	1/1	1.1/1	—	No more than 1.0
	Net return on equity	6.4%	(4.3)%	6.9%	10~13%
	Net Debt Equity Ratio (times)	1.1	1.2	1.1	No more than 1.5

Risk assets/risk buffer Less than 1.0

Maintain a sound and steady financial position by reallocating assets on a continuing basis in accordance with quantitative performance guidelines.

Net return on equity 10%~13%

Raise our net return on equity by observing investment indicators that reflect the cost of capital.

Net debt/equity ratio No more than 1.5

Achieve a positive free cash flow and curtail the growth in interest-bearing debt.

on cash flow. We will work to restore our free cash flow to surplus and thereby provide a foundation for reducing our interest-bearing debt and for raising our dividends in stages.

Our long-term plan calls for raising profit attributable to owners of the parent before amortization and goodwill to ¥120 billion by the fiscal year to March 31, 2021 (see table above). As for the net debt/equity ratio, we have set a ceiling of 1.5 for March 31, 2021. That is higher than ratio was at March 31, 2016, and it is to accommodate a possible increase in debt in connection with acquisitions and the potential effects of shifts in currency exchange rates and equity share prices.

Africa

The Toyota Tsusho Group, including CFAO, has built a strong and extensive presence in Africa. And we are working to increase

the African contribution to our earnings by fostering synergies between established Toyota Tsusho operations and CFAO's operations. That will include expanding our mutual automotive business and building on CFAO's strengths in pharmaceuticals and medical supplies, in consumer goods, and in beverages.

A joint venture between CFAO and the global retailer Carrefour S.A. opened a shopping center, PlaYce Marcory, in the Côte d'Ivoire in December 2015. The new shopping center has proved extremely popular, and we plan to open shopping centers in seven more African nations by 2020.

Another promising project that we are undertaking in Africa is an e-commerce service that we inaugurated in 2016. Banking regulations in most African nations have prevented consumers from engaging in online shopping in foreign currencies.

Our service, Africashop, provides a portal that allows African consumers to make purchases at international websites in their local currency. We inaugurated the Africashop service in Côte d'Ivoire and Senegal in April, and we plan to extend it to other African nations.

Yet another new initiative for us in Africa is a tie-up with the continent's largest provider of logistics services, France's Bolloré S.A. Bolloré and we signed a letter of intent in March 2016 that provides for our companies to engage in wide-ranging collaboration. We expect to expand existing businesses and foster new ones through interfacing between the Toyota Tsusho Group's African operations and Bolloré's logistics network.


Our African presence includes collaborative ventures with Japanese manufacturers. We assemble and market motorcycles in Nigeria, for example, with Yamaha Motor Co., Ltd., and serve as the Cameroon distributor for machine tools supplied by Makita Corporation.

Our progress in recruiting partners for collaborative projects in Africa has been slower than we had hoped. That is partly the result of the slump in prices for natural resources, which has affected some African nations adversely, and mixed trends in the global economy. In any case, we remain strong believers in

Africa's exciting prospects. We note, especially, the large and vibrant middle class that is emerging across the continent. And we abide by a long-term perspective in working to foster Africa's immense potential.

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Diversity

The geographical composition of our operating profitability has changed dramatically over the past decade. Ten years ago, business in Japan accounted for about 80% of our operating income. Today, we derive about 80% of our operating income from business in other nations.

Another aspect of our business that has changed dramatically is the diversity of our product and service portfolio. We once marketed most of our products and services at basically the 

“To achieve sustainable growth we will balance growth potential, asset efficiency and financial soundness while leveraging management resources to enhance corporate value.”



same specifications in different nations. Today, we encounter increasingly market-specific needs in most of our product and service categories, and we therefore need to localize our offerings further to address those needs.

Demand will continue to present increasing diversity and complexity across nations and regions. Addressing that trend responsively and thereby attaining sustainable growth will hinge on fostering creative synergies in our operations. We need to assimilate a diversity of cultures and values that will spawn new and useful business perspectives. In that spirit, we are transforming our approach to human resources management under the banner of Global Diversity and Inclusion.

Our increasingly diverse team will comprise motivated individuals who exercise initiative in regard to upgrading business processes, anticipating and responding to customer needs, and ensuring workplace safety. They will be individuals, too, who comply faithfully with rigorous standards of corporate ethics.

////////////////////
Shareholder Value

We abide by a dividend policy that provides for a minimum payout ratio of 25% of profit attributable to owners of the parent before amortization of goodwill and for stable, continuing returns to shareholders. That policy supersedes earnings fluctuations attributable to special factors, such as we experienced in the past fiscal year. We therefore raised the aggregate annual dividend per share to ¥62, from ¥56 for the previous year, as planned.

Dividend policy is part of our larger commitment to maximizing corporate value. Striving to fulfill that commitment includes allocating resources in a manner that balances growth potential, asset efficiency, and financial soundness. The corporate value that we seek to maximize through that approach comprises benefits for customers and for all our stakeholders and thus engenders confidence in the Toyota Tsusho Group.

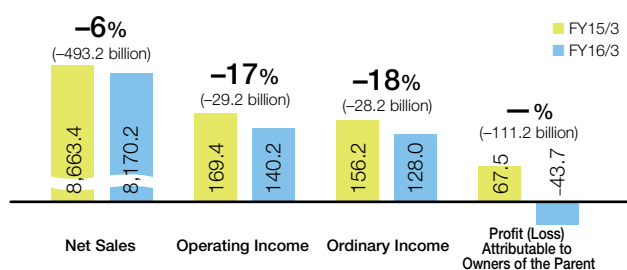
Review of Operating Results and Overview of Financial and Investment Strategies

Review of Operating Results for the Fiscal Year Ended March 31, 2016

Toyota Tsusho's consolidated net sales, operating income, and ordinary income all declined year on year in the fiscal year ended March 31, 2016, and the Company recorded a loss attributable to owners of the parent, deteriorating from a profit in the previous fiscal year. The Company recognized impairment losses totaling ¥63.5 billion on resource development projects after revising down the business value more conservatively, mainly to reflect a sharp fall in crude oil prices. For non-resource development projects, we recognized impairment losses totaling ¥39.2 billion after reevaluating the assets and

businesses of investees. In addition, ¥11.0 billion in deferred tax assets were reversed to account for a downward revision of Toyota Tsusho's earnings outlook on a non-consolidated basis. In total, these and other factors amounted to a loss of ¥113.7 billion attributable to extraordinary factors. As a result, Toyota Tsusho posted a ¥43.7 billion loss attributable to owners of the parent in the fiscal year ended March 31, 2016, posting a loss for the first time since the fiscal year ended March 31, 2000.

Consolidated Financial Results (Billion yen)



Extraordinary Factors behind the Loss Attributable to Owners of the Parent (Billion yen)

Item	Project	Full Year (Actual)
Resource development projects	Canadian gas	(15.0)
	Australian gas	(45.1)
	Indian rare earth	(3.4)
	Subtotal	(63.5)
Non-resource development projects	European scrap metal	(11.2)
	Loss on valuation of stocks listed overseas	(5.6)
	Loss on liquidation of affiliates, etc.	(22.4)
	Subtotal	(39.2)
Tax effect	Subtotal	(11.0)
	Total	(113.7)

Key Points to Toyota Tsusho's Financial Strategy

Financial affairs of the Toyota Tsusho Group are managed with an eye to maintaining a sound financial position while achieving stable growth. The chief benchmarks for management are return on equity (ROE) as a cost indicator of shareholders' equity, net debt-equity ratio (DER) as an indicator of financial stability, and cash flow as an indicator of cash movements.

Accordingly, we focused rigorously on fundamental maneuvers such as the optimization of inventory and the steady recovery of

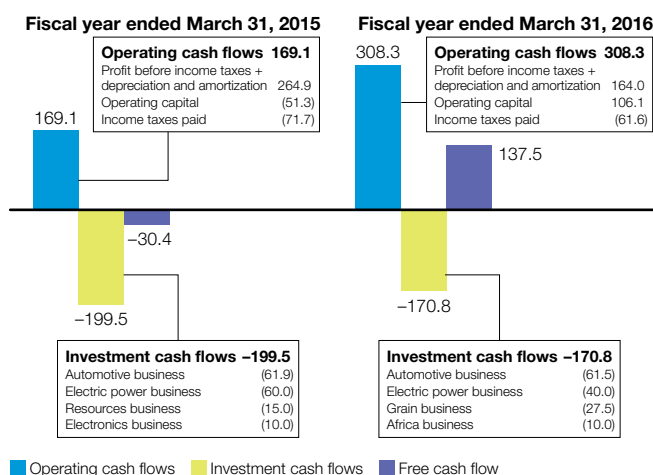
debts-receivable in the fiscal year ended March 31, 2016. This contributed to a substantial improvement operating cash flow from ¥169.1 billion in the previous fiscal year to ¥308.3 billion. The result was a positive free cash flow of ¥137.5 billion, marking the first net surplus for this figure since March 31, 2012.

Going forward, Toyota Tsusho aims to reduce interest-bearing debt and establish a lean financial position by maintaining positive free cash flow.

Balance Sheet Status (Billion yen)

	March 31, 2015	March 31, 2016	Change
Balance Sheet			
Current assets	2,769.2	2,425.8	(343.4)
Non-current assets	1,764.4	1,526.2	(238.2)
Total assets	4,533.6	3,952.1	(581.5)
Current liabilities	2,061.7	1,737.1	(324.6)
Non-current liabilities	1,167.4	1,159.1	(8.3)
Total liabilities	3,229.1	2,896.2	(332.9)
Net assets	1,304.4	1,055.7	(248.7)
Shareholders' equity	1,125.5	888.6	(236.9)
Shareholders' equity ratio	25%	22%	(3%)
Net interest bearing debt	1,233.5	1,102.7	(130.8)
ROE	6.4%	(4.3)%	(10.7)%
Net DER	1.1	1.2	0.1
Current ratio	134%	140%	6%

Cash Flows (Billion yen)



Approach to Investments

The Toyota Tsusho Group continues to apply a long-term strategy for investing in the further growth of its core businesses and in building the next pillars of growth. In the fiscal year ended March 31, 2016, we invested ¥61.5 billion in the automotive field and ¥123.3 billion in non-automotive fields, for a total of ¥184.8 billion.

We will continue to leverage our strengths to invest in growth areas and highly profitable businesses. Investment amounts will be kept within the scope of operating cash flows. We will enhance investment

returns by selectively investing in projects that make the most of our strengths and adhering rigorously to quantitative evaluation standards. Investments will also be subject to annual monitoring, ensuring that rules for withdrawal from an investment are strictly administered and encouraging more efficient replacement of assets.

p16 Business Investment Cycle Management

Investment amounts during the Fiscal Year Ended March 31, 2016 (Billion yen)

Investment amounts during the fiscal year ended March 31, 2016 (Aggregate)

		Description	Amount
Automotive	• Dealer network development (CFAO S.A and others) • Automotive production-related facilities in North America	Total	61.5
	Non-automotive	• Solar and wind power generation projects (Eurus Energy) • Acquisition of NovaAgri • Pharmaceutical retail business (CFAO S.A)	Total
		Total	184.8

Shareholder Returns Policy

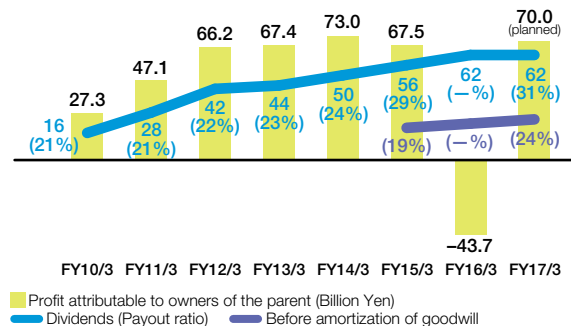
Our dividend policy is to provide shareholders stable, ongoing returns by targeting a 25% payout ratio of profit attributable to owners of the parent before amortization of goodwill. Although the Company recorded a ¥43.7 billion loss attributable to owners of the parent in the fiscal year ended March 31, 2016, the majority of this was due to temporary extraordinary factors. Accordingly, Toyota Tsusho raised its annual dividend by ¥6 from the previous fiscal year to ¥62 per share as initially planned.

For the fiscal year ending March 31, 2017, we plan to pay a dividend of ¥62 per share, for a 24% payout ratio of projected profit attributable to owners of the parent before amortization of goodwill. We intend to continue our policy of providing our shareholders with stable, ongoing returns.

Dividend Policy

Provide shareholders stable, ongoing returns by targeting a 25% payout ratio of profit attributable to owners of the parent before amortization of goodwill.

Dividends (Yen/share)



Business Investment Cycle Management

Optimizing Asset Allocation

Maximize corporate value through asset allocation that evinces balanced emphasis on growth, efficiency, and soundness.

Investment Policy

Increase returns on investment by rigorously employing quantitative benchmarks

- Selective investment within operating cash flow
- Focus on project proposals that allow us to assert our characteristic strengths

Initiatives to Improve Business Investment

We take a long-term and strategic perspective in business investment, focusing on fields with high potential for market growth where we can make the most of our strengths. The same perspective is also applied in reviewing our past business investments. We will improve our future investments by using the reviews to identify issues in investments that did not progress according to the initial forecasts, sharing the issues internally to come up with solutions, and adapting the solutions to the next generation of business investments.

Visible issues

Business environment analysis and business evaluation

Business partner selection

Specialization, experience and management capability

Adapt to customer needs and market environments



Solutions

- Focus on businesses where Toyota Tsusho can make the most of its expertise to provide a unique vision for the future
- Enable administrative officers to strengthen their support and checks by having them follow up the investments over the long term

Risk Management Policy

Risks are centrally managed by the ERM Department, which quantitatively evaluates not only the corporate risk assets but also the various enterprise risks including investment and financing risk, credit risk, and sovereign risk, and builds and strengthens the risk management framework on a consolidated basis.

Toyota Tsusho's policy for managing risk is based on two tenets. These are (1) Limit total risk assets to no more than the amount of the risk buffer, and (2) Assess and ensure risk-return profile.

(Billion yen)	FY14/3 Actual	FY15/3 Actual	FY16/3 Actual	FY21/3
Risk assets (RA)	890.0	980.0	850.0	—
Risk buffer (RB)	790.0	990.0	790.0	—
RA : RB	1.13 : 1	0.99 : 1	1.08 : 1	Multiple of 1.0 or less



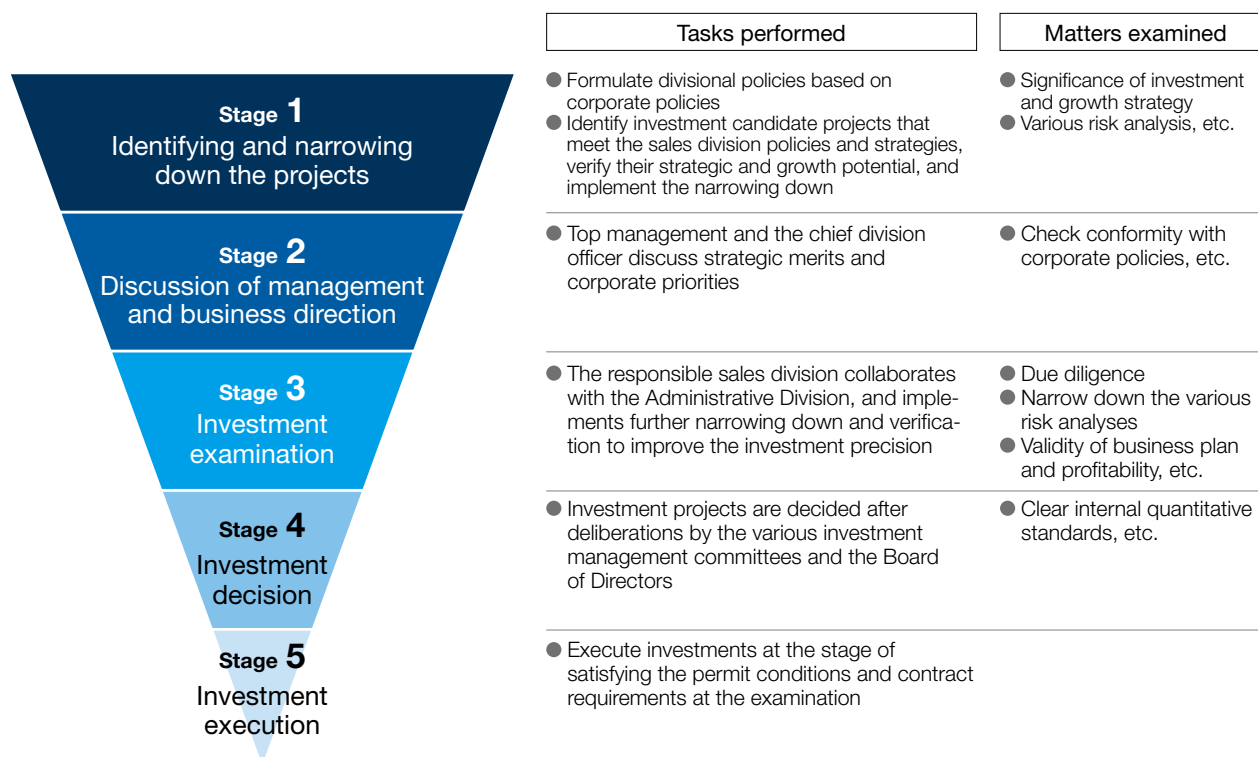
Risk assets^(1) exceeded the risk buffer^(**2) in the fiscal year ended March 31, 2016. Toyota Tsusho will enhance its risk-return profile and improve the soundness and stability of its financial position by reshaping its asset portfolio, improving funding efficiency, and rigorously selecting new investments.**

*1. Risk assets: The Company measures risk assets as the maximum amount of anticipated loss when a risk materializes mainly by multiplying the amount of assets on the balance sheet by the risk weight, namely the maximum expected loss rate.

*2. Risk buffer: Management strength = Shareholders' equity

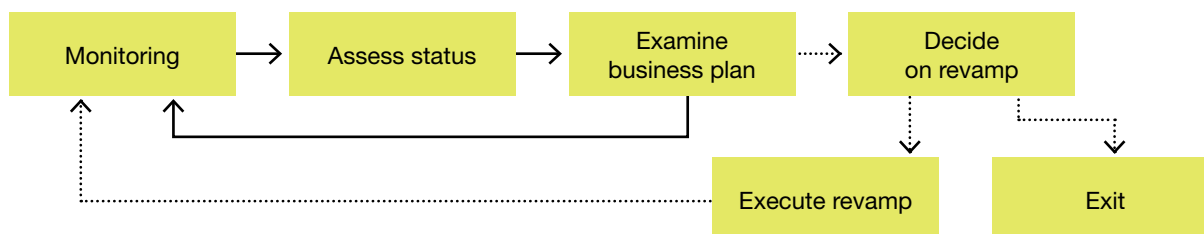
Examination Processes of New Business Investments

- Each sales division identifies and selects investment projects that may be in line with corporate policies and strategies. Those that are confirmed to be in line with corporate policies then proceed to further examination.
- Officers assigned from the Administrative Division participate in the process from the preliminary examination stage to discuss, examine, and decide to execute from various perspectives.



Monitoring of Existing Business Investments

- After an investment is executed, it is monitored in strict adherence with the Company's quantitative management standards to secure investment returns and ascertain that the returns are commensurate with the risk assets. When they are less than the internal quantitative standards, verify and judge whether the business can continue, and proceed to operate strictly under the withdrawal rules.

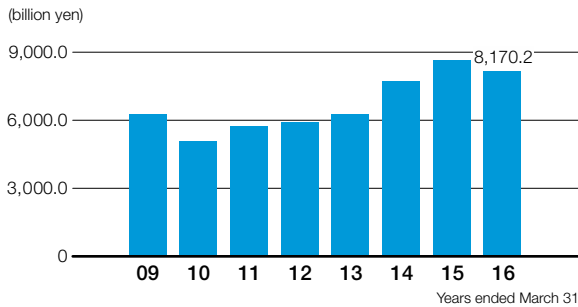


Financial Highlights

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31

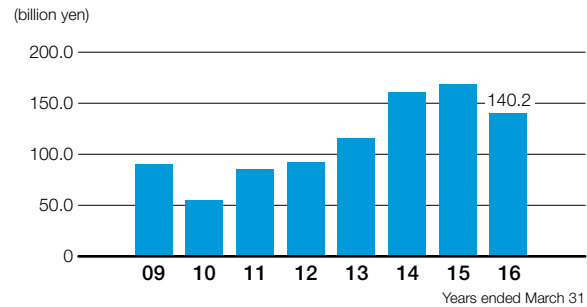
Net Sales

-493.2 billion yen



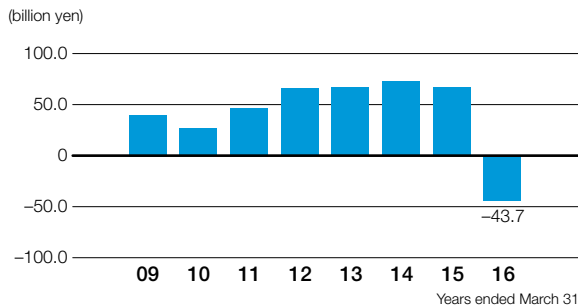
Operating Income

-29.1 billion yen



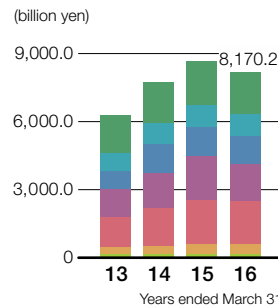
Profit (Loss) Attributable to Owners of the Parent

-111.2 billion yen



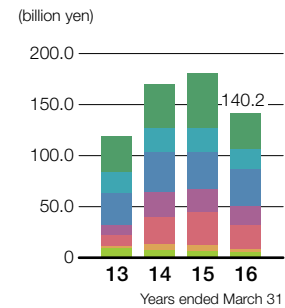
Segment Sales*

Metals
Global Parts & Logistics
Automotive
Machinery, Energy & Project



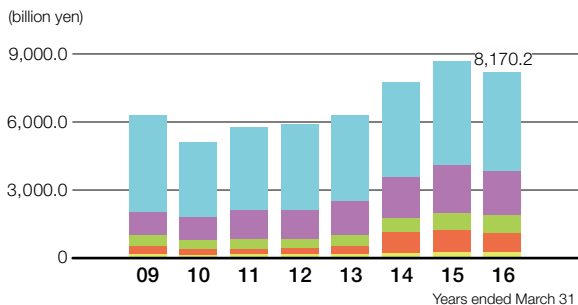
Segment Operating Income*

Chemicals & Electronics
Food & Agribusiness
Consumer Products & Services

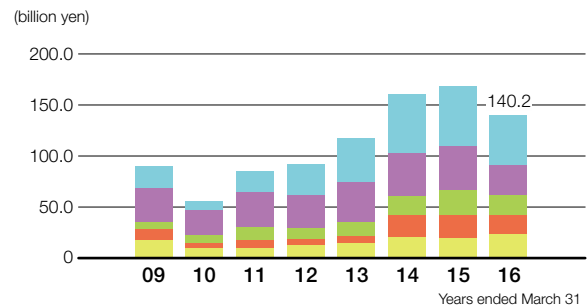


Regional Sales

Japan Asia & Oceania North America Europe Others



Regional Operating Income



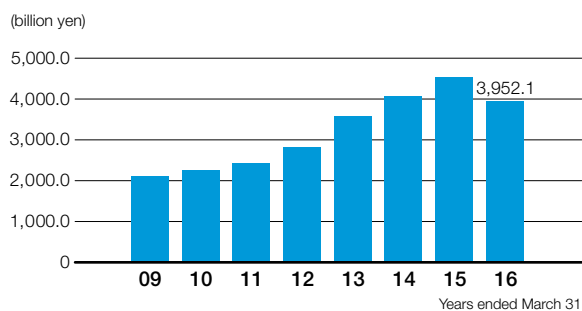
* In April 2011, the Company reorganized.

* Effective April 1, 2013, the name of the Consumer Products, Services & Materials Division was changed to the Consumer Products & Services Division.

* Effective April 1, 2014, the name of the Global Production Parts & Logistics Division was changed to the Global Parts & Logistics Division.

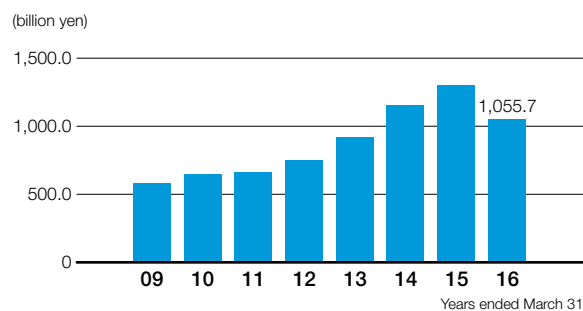
Total Assets

-581.5 billion yen



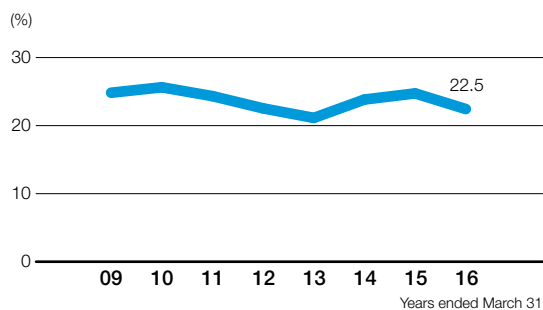
Total Net Assets

-248.7 billion yen



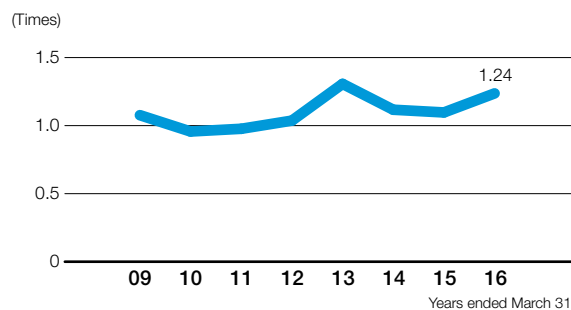
Shareholders' Equity Ratio

-2.3 points



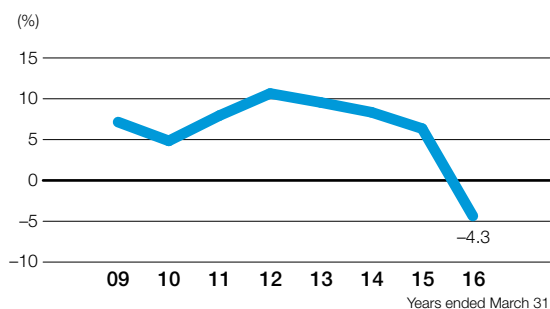
Net Debt Equity Ratio

+0.14 points



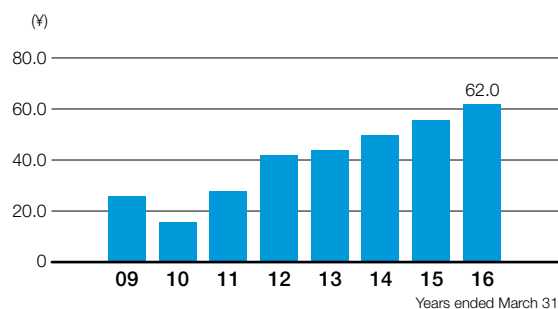
ROE

-10.7 points



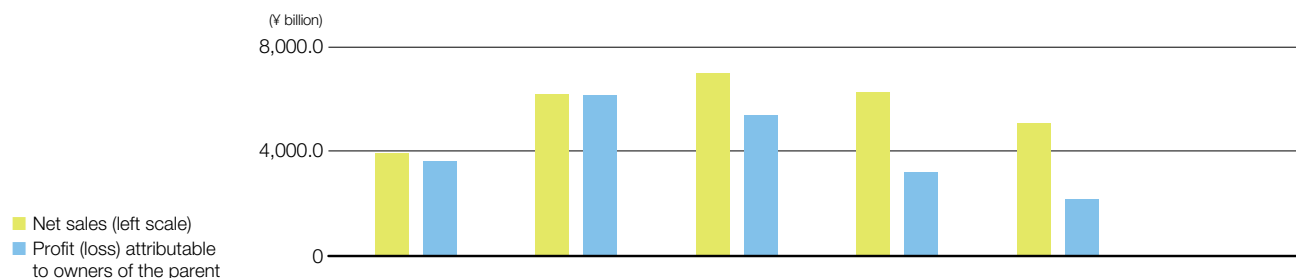
Cash Dividends per Share

+6.0 yen



Eleven-Year Financial Summary

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31

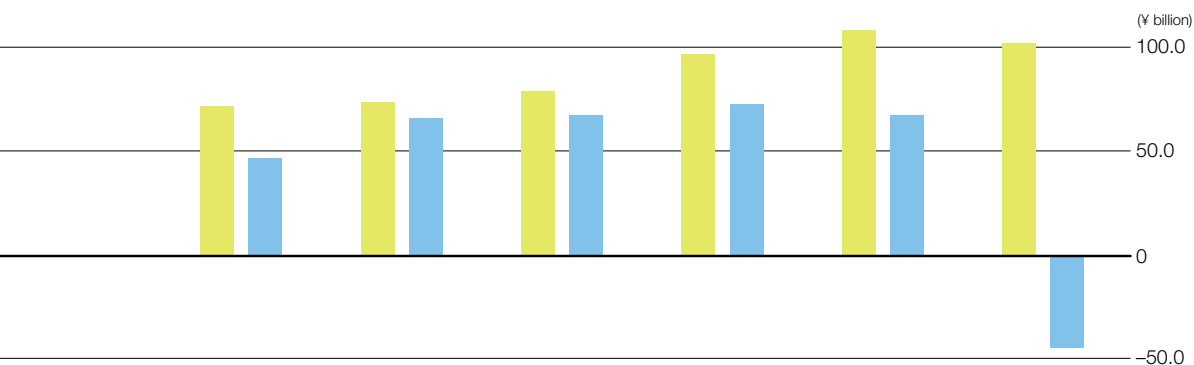


	(Note 1)				
	2006/3	2007/3	2008/3	2009/3	2010/3
Results of Operations:					
Net Sales ^(Note 3)	¥3,945,319	¥6,212,726	¥7,000,353	¥6,286,996	¥5,102,261
Gross Profit	221,593	328,459	369,524	326,679	280,790
SG&A Expenses	141,536	218,456	237,853	235,661	225,199
Operating Income	80,057	110,003	131,671	91,017	55,591
Share of Profit of Entities Accounted for Using Equity Method	1,180	7,342	11,065	6,610	7,364
Profit (Loss) Attributable to Owners of the Parent ^(Note 4)	45,733	77,212	67,506	40,224	27,339
Financial Position at Year-End:					
Total Assets	¥1,602,702	¥2,462,229	¥2,603,207	¥2,130,089	¥2,274,547
Total Net Assets ^(Note 5)	314,319	626,539	639,731	586,996	650,215
Net Interest-Bearing Debt	431,844	677,580	600,250	573,920	563,066
Cash Flows:					
Net Cash Provided by Operating Activities	¥ 33,089	¥ 44,599	¥ 104,728	¥ 123,760	¥ 100,217
Net Cash Used in Investing Activities	(119,379)	(31,159)	(36,717)	(54,827)	(73,090)
Net Cash Provided by (Used in) Financing Activities	90,453	(46,555)	(23,058)	4,614	(107,623)
Cash and Cash Equivalents at End of Period	75,032	125,603	174,197	242,530	170,714
Per Share:					
Profit (Loss) Attributable to Owners of the Parent:					
Basic	¥161.88	¥231.47	¥192.44	¥114.73	¥78.08
Diluted ^(Note 6)	160.75	230.30	192.08	114.72	—
Cash Dividends for the Year	18.00	26.00	30.00	26.00	16.00
Dividend Payout Ratio	11.1%	11.2%	15.6%	22.7%	20.5%
Financial Measures:					
ROE	16.6%	15.7%	11.6%	7.2%	4.9%
Shareholders' Equity Ratio	19.6%	23.5%	22.5%	24.9%	25.7%
Net Debt Equity Ratio (times)	1.37	1.17	1.02	1.08	0.96
Common Stock:					
Number of Shares Outstanding at Year-End	282,867	354,056	354,056	354,056	354,056

Notes: 1. Toyota Tsusho Corporation merged with Tomen Corporation on April 1, 2006. The figures for the fiscal year ended March 31, 2006, and before were based on the former Toyota Tsusho Corporation.

2. The U.S. dollar amounts have been translated from the amounts stated in yen, solely for the convenience of the readers, at the rate of ¥112.68 = U.S.\$1, the approximate exchange rate prevailing on March 31, 2016, which was the final business day of financial institutions in the fiscal year ended March 31, 2016.

3. Commission income was included in net sales from the fiscal year ended March 31, 2007, as a result of the reconsideration of the presentation of consolidated financial statements.



2011/3	2012/3	2013/3	2014/3	2015/3	Millions of Yen 2016/3	Thousands of U.S. Dollars (Note 2) 2016/3
¥5,743,649	¥5,916,759	¥6,304,354	¥7,743,237	¥8,663,460	¥8,170,237	\$72,508,315
330,730	343,999	403,888	582,498	634,572	616,042	5,467,181
245,432	251,596	288,013	421,177	465,115	475,742	4,222,062
85,297	92,403	115,875	161,321	169,456	140,299	1,245,110
13,636	15,396	17,646	13,783	4,060	(5,676)	(50,372)
47,169	66,205	67,432	73,034	67,571	(43,714)	(387,948)
¥2,436,248	¥2,837,428	¥3,592,368	¥4,072,728	¥4,533,693	¥3,952,100	\$35,073,659
667,378	751,747	920,043	1,156,080	1,304,483	1,055,777	9,369,692
581,366	672,137	998,626	1,088,974	1,233,559	1,102,786	9,786,883
¥ 79,884	¥ 63,782	¥ 124,156	¥ 133,937	¥ 169,100	¥ 308,338	\$ 2,736,403
(74,046)	(58,771)	(323,389)	(135,587)	(199,512)	(170,839)	(1,516,143)
77,751	97,358	223,374	5,356	108,247	(225,202)	(1,998,597)
252,747	354,755	391,352	412,032	499,157	399,191	3,542,696
					Yen	U.S. Dollars (Note 2)
¥134.78	¥189.34	¥192.58	¥208.01	¥192.23	¥(124.26)	\$(1.10)
—	—	192.42	207.82	192.10	—	—
28.00	42.00	44.00	50.00	56.00	62.00	0.55
20.8%	22.2%	22.8%	24.0%	29.1%	—	—
8.0%	10.7%	9.6%	8.4%	6.4%	(4.3)%	—
24.4%	22.6%	21.2%	23.9%	24.8%	22.5 %	—
0.98	1.04	1.31	1.12	1.10	1.24	—
					Thousands of Shares	
354,056	354,056	354,056	354,056	354,056	354,056	—

4. Net income (loss) was restated as profit (loss) attributable to owners of the parent from the consolidated fiscal year ended March 31, 2016, following the application of the Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) and related standards.
5. Effective from the fiscal year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the "Accounting Standard for Presentation of Net Assets in the Balance Sheet."
6. Figures for diluted profit (loss) attributable to owners of the parent per share are not shown for the fiscal years ended March 31, 2010, 2011, and 2012, as there were no potential stocks with dilution effect during these years.

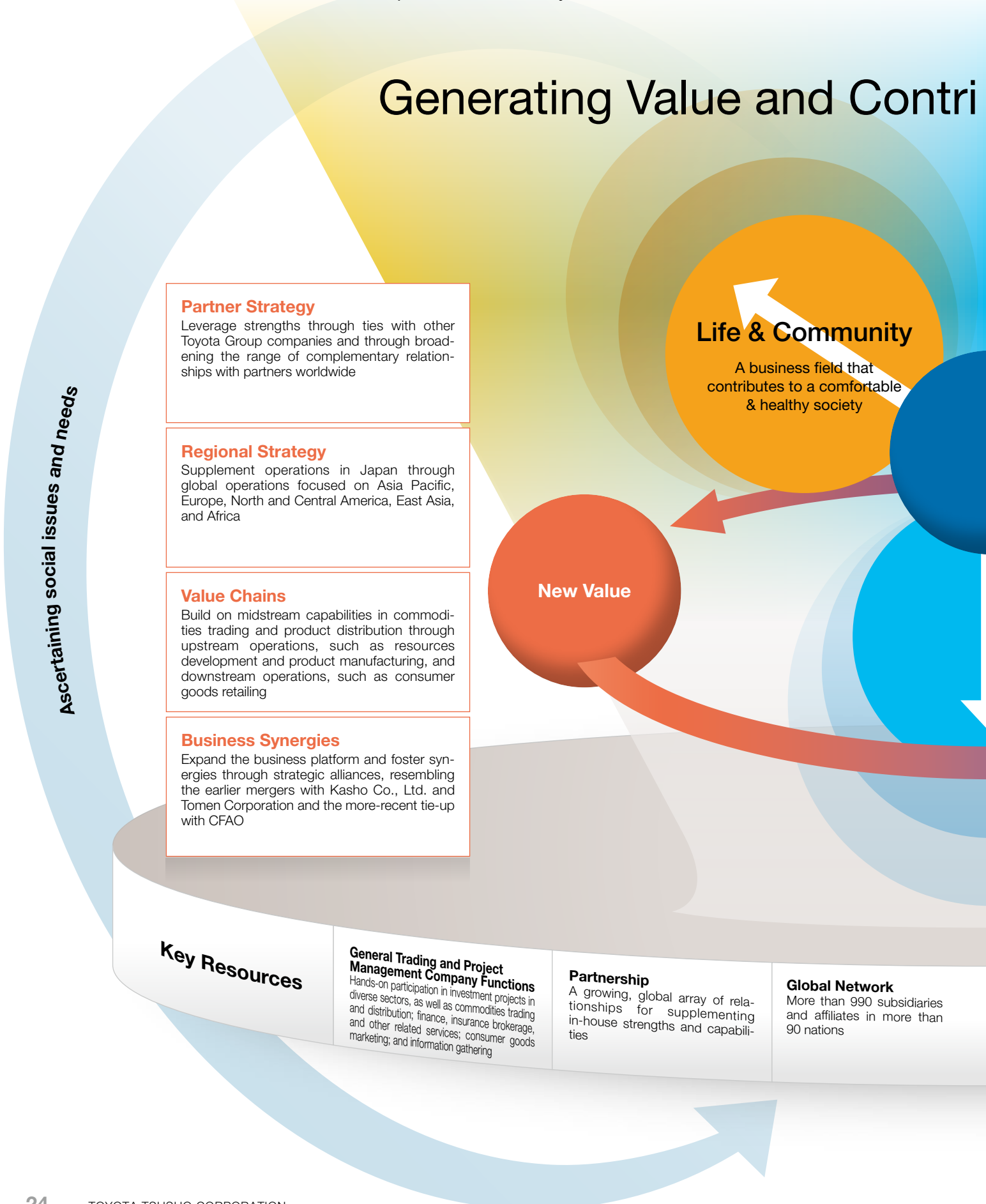




Next Steps for New Growth

- 24** Business Model
- 26** Our Strengths
 - 26** 1. Sustainable Value Creation
 - 28** 2. CSR Activities Map
- 30** A Dialogue
- 33** Feature
 - 34** 1. VISION
 - 35** 2. MOBILITY
 - 36** 3. AFRICA

Generating Value and Contri



Contributing to Social Vitality

Create Value by Allocating Resources in Accordance with Balanced Emphasis on Growth, Efficiency, and Soundness

Toyota Tsusho creates value to contribute to a richer society as a company, and is building a business model that identifies social issues and needs in order to "create value by allocating resources in accordance with balanced emphasis on growth, efficiency, and soundness." While striving to leverage strengths cultivated in the Mobility domain to raise growth in the Life & Community and Resources & Environment fields to a new level, Toyota Tsusho will also expand initiatives in communities and territories in new areas where we can utilize our expertise for sustainable growth.

Resources & Environment

A business field that contributes to a sustainable society

Toyotsu Core Values

Optional Resource Allocation

Mobility

A business field that contributes to future convenient society

Ascertaining social issues and needs

Present and Future Strengths

Realize our vision by building a balanced business portfolio by fostering new businesses in the Life and Community and Earth and Resources domains while reinforcing and leveraging well-established operations in the Mobility domain

Investment Management

Step up rigor in prioritizing and monitoring investment projects and in enforcing guidelines for dealing with projects that do not meet expectations

Financial Strategy

Accompany growth with a strong financial position, focusing on return on equity, the net debt/equity ratio, and cash flow

Risk Management

Establish reserves to buffer risk and limit the total pool of risk assets to the size of those reserves

Workplace Focus

Workplace focus for solving problems and streamlining workflows based on the Toyota Production System

Human Resources

A global team of motivated professionals and a corporate commitment to promoting diversity

Financial Capital

A solid balance sheet and robust cash flow

Governance

A commitment to transparency in management and rigorous compliance with the highest standards of corporate ethics

1. Sustainable Value Creation

Toyota Tsusho integrates internal and external resources in its value chains, thereby creating new value. The Company strives for sustainable growth as a value-generation corporation that helps to build a prosperous society.

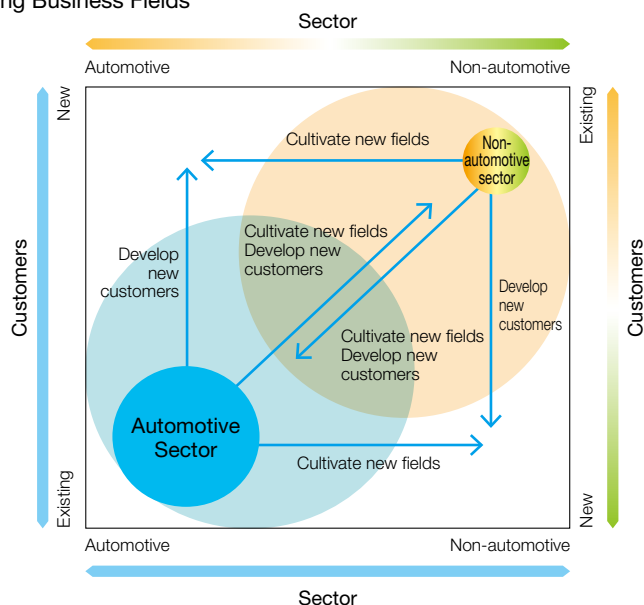
Expanding Functions and Business Fields

Toyota Tsusho leverages its general trading and project management company functions such as information collection, logistics and financial functions to perform importing and exporting and brokerage of domestic business transactions, developing business with functions tailored to customers' requirements and adding original added-value. We are also engaged in the development investment business, working with partners all over the world to accelerate investment in business fields where future growth is expected.

■ Toyota Tsusho Corporation's Symbolic Functions



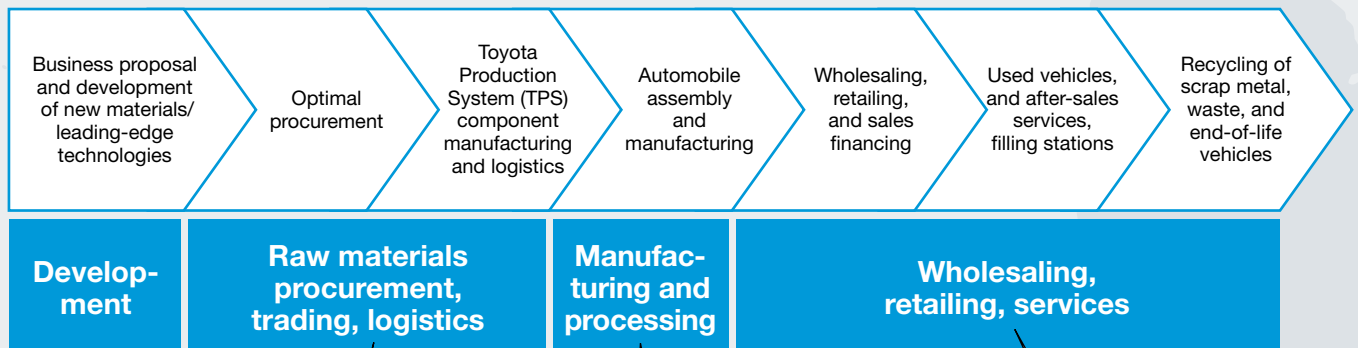
■ Expanding Business Fields



A Value Chain that Creates Added Value

Toyota Tsusho does not simply trade materials and products. Through collaboration with affiliated companies and business investment, we provide original value by applying our functions in a wide range of fields exceeding the traditional scope of a trading company. Our value chain extends from resource development for producing raw materials to planning, proposal, and construction of efficient supply systems, and finally to reuse and recycling of waste materials.

Business and Functions across the Automotive Value Chain



Social and Environmental Initiative

Strengthen monitoring of suppliers in the apparel and food industries to rigorously avoid purchasing any products or materials produced with forced labor or child labor.



Responding to Conflict Minerals

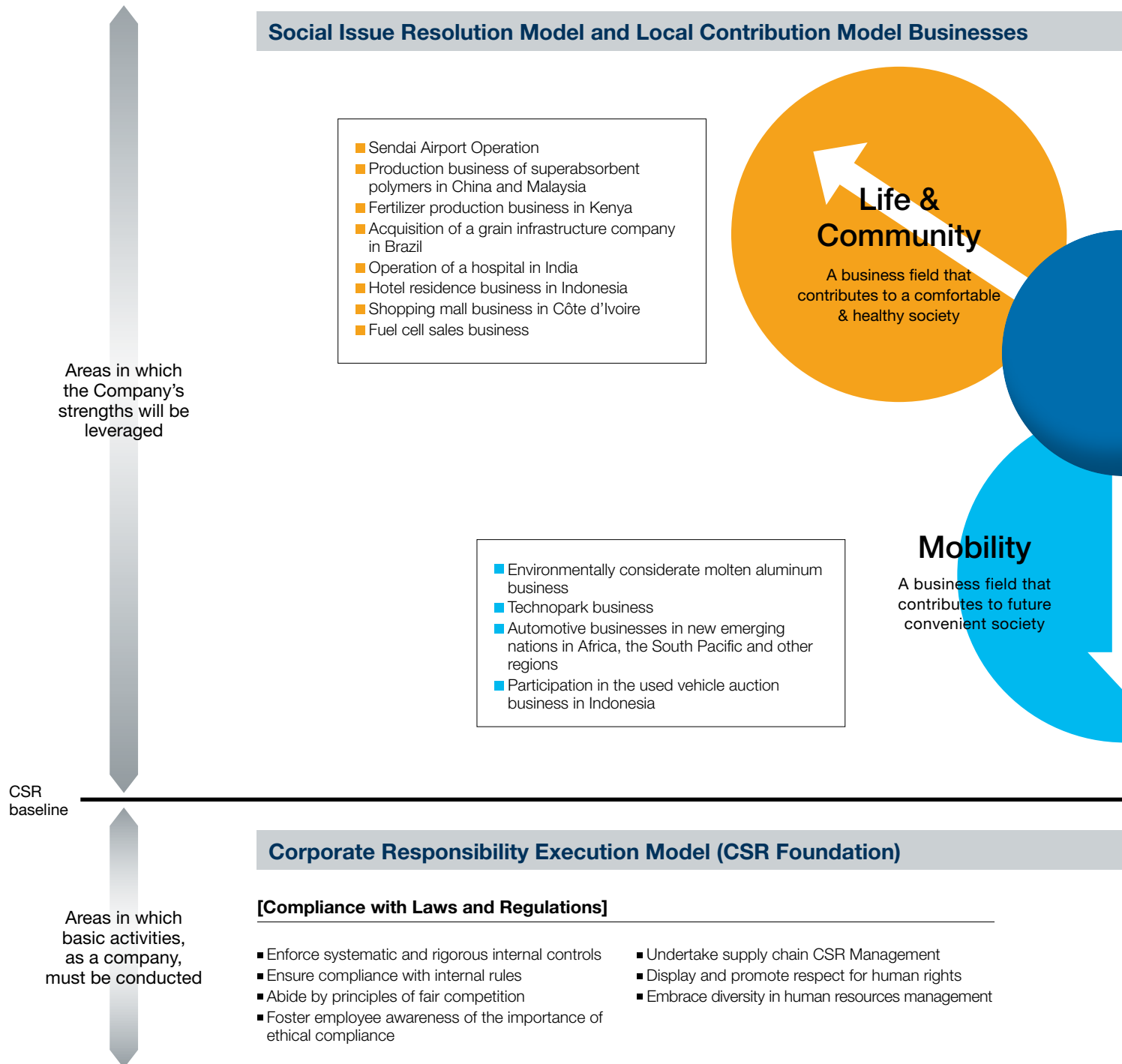
There are global concerns about the use of mineral resources mined in the Democratic Republic of Congo (DRC) and nine surrounding countries being a source of funding for armed groups that are causing human rights violations, environmental destruction and other serious problems. Since 2013, annual surveys have been conducted to track and determine whether or not these conflict minerals are present in the global supply chains of companies centered on publicly listed U.S. companies. As a member of those supply chains, Toyota Tsusho has proactively served as a survey participant.

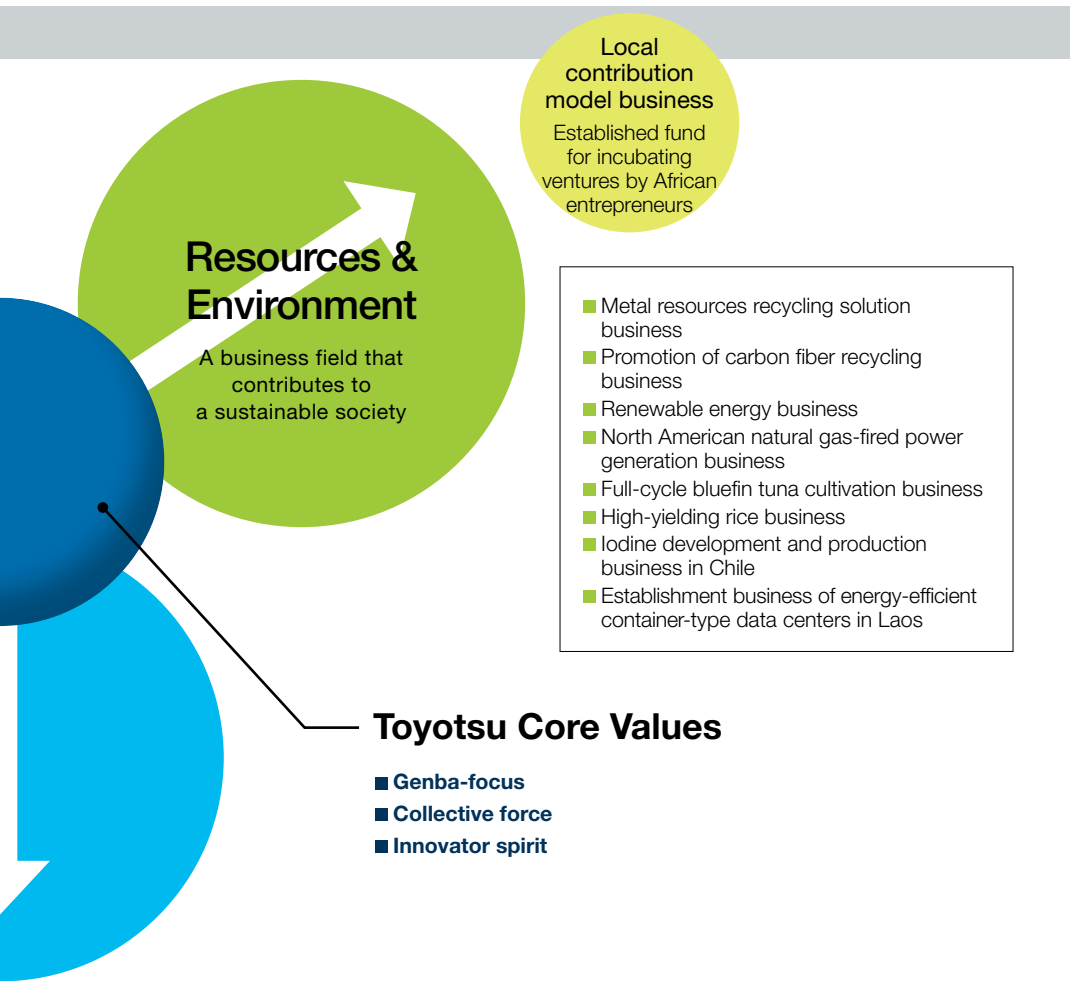
Operate hydrogen filling stations to promote the growth of fuel cell vehicles.



2. CSR Activities Map

As a “value-generating corporation that contributes to the creation of a prosperous society,” Toyota Tsusho is launching businesses that provide solutions to various social issues.





Social Contribution (Charitable Business) Model

Environment



Welfare



Education



[Risk Management]

- Undertake risk management on a consolidated basis
- Ensure information security management
- Practice rigorous environmental stewardship
- Enforce comprehensive workplace guidelines for health and safety
- Conduct business continuity management (BCM)

[Information Disclosure]

- Provide thorough disclosure on the Company website
- Make information easy to understand for all stakeholders
- Hold fiscal results briefings and individual meetings with investors
- Continue upgrading the content and quality of corporate publications, including the Integrated Report and the Business Report

The mounting emphasis on environmental, social, and governance criteria in investment obliges companies to look beyond traditional financial benchmarks in evaluating prospective projects and in monitoring ongoing projects. Toyota Tsusho's president and CEO Jun Karube and outside director Yoriko Kawaguchi discuss the importance of fulfilling corporate social responsibility in attaining sustainable growth. Kawaguchi, who has served as Japan's minister of environment and minister of foreign affairs, brings to the board of directors an invaluable perspective of rare breadth (see profile below).

Fulfilling corporate social responsibility is one in the same with management

Karube We at Toyota Tsusho believe that fulfilling corporate citizenship is one in the same with management. Our philosophy calls for enriching society through our products, services, and operations, and our behavioral guidelines emphasize good corporate citizenship and human respect.

p4 Solid Philosophy

Kawaguchi I agree with the positioning of corporate citizenship and management as two faces of the same coin. Toyota Tsusho adopted its corporate philosophy as presently expressed back in 1991. I admire the foresight and perspective that the people here exhibited in acknowledging that companies exist for the good of society.

Karube Our work in fulfilling our corporate social responsibility at Toyota Tsusho spans three categories: fulfilling our basic responsibility as a corporation, maximizing our contribution to society, and addressing issues of broad social concern. Fulfilling our basic responsibility as a corporation means doing things like abiding by rigorous standards of ethical behavior and undertaking thorough risk management. As for maximizing our social contribution, that means shaping our operations to engender social



A Dialogue Corporate Social Responsibility



and economic vitality in our host communities and supplementing our business operations with public-interest activities.

A good example of the second category is our Kohinoor Energy Limited joint venture in Pakistan with the Saigol Group. That venture operates a thermal power plant in Lahore and operates a clinic near the plant that provides free medical care to members of the community. It also builds schools where education is available free of charge.

The third category encompasses mobilizing our strengths to build businesses aimed directly at addressing issues of broad social concern. This is biggest long-term priority in fulfilling our corporate social responsibility. Our ongoing projects in this category include operating hospitals in India to support advances in preventive and therapeutic health care, distributing pharmaceuticals in Africa through our CFAO subsidiary, ameliorating poverty and hunger by developing fertilizer business in Kenya, investing in large-scale agricultural production in

Kazakhstan, and extending fishery resources by raising bluefin tuna from larvae.

p28 CSR Activities Map

I've taken a strong personal interest in our bluefin tuna project, which is a joint undertaking with Osaka's Kinki University, with the Fisheries Agency at the Ministry of Agriculture, Forestry and Fisheries, and with Nagasaki Prefecture. The project is an excellent example of productive collaboration between industry, academia, and government. We and our project partners have pooled complementary resources in building a commercially successful and ecologically beneficial business.

Kawaguchi I am a member of an advisory committee at the Tokyo Foundation that oversees research into corporate social responsibility. A Tokyo Foundation survey has revealed that numerous Japanese companies are addressing environmental issues, especially in regard to preventing climate change and pollution, but that few are tackling the issue of ecological preservation.

bility and Sustainable Growth



The bluefin tuna project exemplifies the potential for asserting Toyota Tsusho strengths usefully in a sector that other companies are not addressing. Working with partners, as you are doing there, will be increasingly important in fortifying initiatives for fulfilling corporate social responsibility. Let us note, too, that issues of broad social concern tend to transcend national boundaries. I therefore look forward to seeing Toyota Tsusho bring its international perspective and resources to bear in tackling those issues.

Society and companies benefit in tandem when companies address social needs

Kawaguchi Toyota Tsusho is especially active in Africa. That continent is poised to become a driver of global economic growth for the next generation.

Karube We had more than 40 expatriates from Japan stationed in Africa as of April 2016—more than any other Japanese trad-

ing company. Exemplifying our African commitment is our robust presence in Kenya. We have signed a memorandum of understanding with the Kenyan government that provides for comprehensive cooperation in promoting national development. That cooperation is unfolding in conjunction with Kenya's Vision 2030 program for raising incomes and standards of living.

In addition to fostering skills and enterprise in Kenya's automobile industry, we are participating in geothermal power development and in other undertakings for tapping the nation's potential. The know-how that we are deploying in Kenya is bolstering a foundation for sustainable development, and we hope to propagate that positive momentum in neighboring nations.

We operate in the spirit of the proverb, "Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime." Thus has our work in the automotive sector in Kenya included establishing the Toyota Kenya Academy to nur-

ture technical skills and management expertise. It has also included teaming with the Japan International Cooperation Agency to provide Kenya with construction equipment and agricultural equipment and related training.

In another African initiative, we have established a fund to nurture venture businesses on the continent. That will help lay a foundation for economic self-sufficiency there. And we hope that some of the ventures that we nurture will grow into businesses that serve our goal of resolving issues of broad social concern.

Kawaguchi I applaud your interest in addressing issues of broad social concern.

A crucial challenge that arises there centers on the question of how to establish connections between the company's operations and those issues. The effort needs to begin with identifying social needs and concerns, not with assaying the company's capabilities and resources. I call that favoring an "outside in" approach, rather than an "inside out" approach, in building business.



In the 1990s, I was in charge of environmental management and quality assurance at Suntory Limited (now Suntory Holdings Limited). That work taught me the importance of coming to terms with customer expectations and sensitivities. We didn't use the term "corporate social responsibility" back then, but the experience has resonated with my more-recent work at the Tokyo Foundation in connection with corporate social responsibility.

Companies need to deal with issues of concern to society by identifying needs in society and in the marketplace and by developing products, technologies, and services to address those needs. Society and companies benefit in tandem when companies address social needs through that process of identifying and addressing needs.

Everything we do needs to begin with ensuring adherence to rigorous standards of corporate ethics

Karube We remain focused on fulfilling our basic corporate responsibility even as we move to address broader social issues. I note, especially, that everything we do needs to begin with ensuring adherence to rigorous standards of corporate ethics. We distinguish here between simply abiding by laws and regulations and ensuring comprehensive ethical compliance. In other words, we work to ensure that our people steer clear of any gray area between legally acceptable and unacceptable behavior, as well as avoiding outright legal and regulatory infractions.

Our business model at Toyota Tsusho provides for of securing sound returns on socially beneficial business nurtured through hard work and cumulative wisdom. And that includes maintaining a reputation for corporate integrity. That's why I remind our people repeatedly through email messages and other channels of the importance of abiding by rigorously ethical behavior.

Kawaguchi Toyota Tsusho's operations comprise hundreds of companies and relationships with thousands of partners around the world. Doesn't that present challenges in regard to developed shared awareness of corporate social responsibility?

Karube We work systematically to promote the fulfillment of corporate social responsibility throughout our supply chain. That has included issuing the Toyota Tsusho Supply Chain CSR Behavioral Guidelines in 2012 and conducting online and on-site surveys of related activity in 2014. Ensuring fair labor practices is an important emphasis for us in regard to corporate social responsibility in our supply chain. And our survey work has focused on industrial sectors and nations where human rights are a special concern. We have just begun to scratch the surface, however, and we have a long way to go in mobilizing our supply chain in fulfilling corporate social responsibility.

Companies can transform the world for the better

Kawaguchi I like the way that Toyota Tsusho tackles corporate social responsibility on a companywide basis and that it manages that effort through a committee chaired by the president and CEO. Fulfilling corporate social responsibility needs to be a job for every employee and not just for some organizational unit set up for that



purpose. Toyota Tsusho has several lines of business that yield important benefits for society, and that is a source of pride for the employees engaged in those operations. I want all employees to approach their work with an awareness that companies can transform the world for the better.

Karube We see a growing number of young employees who accompany a passion for work with a passion to serve society. Our operations frequently involve work in challenging environments, as in Africa, yet a lot of our young people exhibit an eagerness to participate in bettering life for people in those venues.

Kawaguchi That tells me that you are doing a good job of attracting capable, motivated people and of helping them exert their full potential. For a company to keep up with fast-changing needs, it requires employees who possess a keen social perspective. The commitment at Toyota Tsusho to promoting diversity and inclusion is therefore especially important.

Karube Our organization is on the right track in regard to fulfilling basic corporate responsibility and maximizing social contribution. We need to do a lot more, however, in regard to addressing issues of broad social concern. That needs to be more than a matter of simply doing something for the world when the opportunity arises. We need to view business from the perspective of those issues and work systematically and entrepreneurially to build businesses that address the inherent needs and opportunities. I therefore call on our people to think carefully about the social context of their work and envision ways to address issues of broad social concern through their work.

In conclusion: Fulfilling corporate social responsibility increases corporate value

Kawaguchi In preparing for this dialogue, I took a fresh look at Toyota Tsusho's activity in fulfilling its corporate social responsi-

bility. I reaffirmed my perception that is that this company is tackling the right issues and has put in a place an effective framework for that purpose.

Karube Fulfilling corporate social responsibility increases corporate value. We at Toyota Tsusho have approached that task from the perspective of fulfilling our basic responsibility as a corporation and from the perspective of maximizing our contribution to society. As our next step, we need to move proactively in addressing issues of broad social concern.

p42 Division Overview

Yoriko Kawaguchi

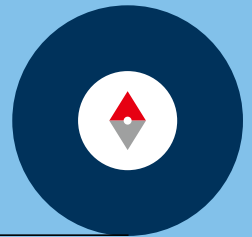
Profile—

- 1965–1993 Japan's Ministry of International Trade and Industry (now Ministry of Economy, Trade and Industry); career includes serving as the ministry's representative at Japan's US embassy and as the ministry's director general of global environmental affairs
- 1993–2000 Managing director, Suntory Limited (now Suntory Holdings Limited)
- 2000–2001 Minister of the environment
- 2002–2004 Minister for foreign affairs
- 2005–2013 Member, House of Councillors
- 2013– Professor, Institute for Global Affairs, Meiji University
- 2014– Outside director at Toyota Tsusho
- 2015– Distinguished fellow, Tokyo Foundation



Feature

1. VISION



2. MOBILITY



3. AFRICA



Feature



In May 2016, Toyota Tsusho formulated the Global Vision as a new vision that provides guidelines and signposts for the Company's progress over the next 10 years.

Ideal image

For the next 10 years,
the Toyota Tsusho Group will evoke our ideal as



Be the Right ONE

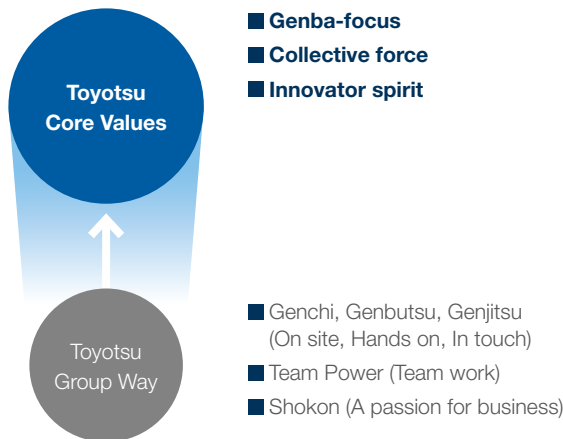
The Right ONE for you The best assurance of safety, quality, and reliability — based on your needs (Genba)

The Right ONE for us Maximization of individual capabilities, global networks and diversity to create synergistic strengths

The Right ONE for future... Unique insights and capabilities to explore new possibilities for the future and sustainable society

Toyotsu Core Values

To realize the Global Vision through our specific plans, we will embody the Toyotsu group way through the Toyotsu Core Values. These are the strengths and assets that we will strive to maximize over the next 10 years.



We will focus on Toyotsu Core Values and further enhance these elements while displaying and utilizing them.

Global Vision — Toyotsu Core Values to realize growth —

As the heart of the Toyotsu Core Values, we will continue to invest our efforts in our three priority business domains.



Recognizing Change to Provide New Added Value

In our mainstay Mobility field, we aim to provide new added value by recognizing change.



An Automotive Value Chain Spanning a Wide Range of Fields

Toyota Tsusho does not simply trade materials and products. As a general trading and project management company that specializes in the mobility business, we invest in strengthening our functions, and provide new value by utilizing these functions in a wide range of fields that exceed their traditional boundaries. Through this process, we are creating a value chain that extends from resource development of rare-earth resources, lithium, and other raw materials, to planning, proposal, and construction of efficient supply systems, and then finally to reuse and recycling of waste materials.

We are involved in a wide range of businesses in which we work directly with customers to address on-site needs. For example, we possess our own processing plants at which we store and process steel materials and operate a molten aluminum production business in which we transport aluminum in a molten state to engine and tire wheel factories. In our tire and wheel assembly business, assembled tires and wheels are delivered to manufacturers' production lines. At the end of the value chain, we collect iron and steel scraps created during factory processing, and then reuse these materials. In these pursuits, we employ the Toyota Production System (TPS) to support efficient operation and provide greater value.

In its logistics operations, Toyota Tsusho utilizes Company-owned warehouses and trucks to provide efficient logistics and storage. This business is being continually improved through coordination with customers through such means as the planning and development of packaging materials that save space and prevent products from damage and the creation of packing techniques to complement these.

In this way, we will connect and integrate the flow of processes in the mobility business from development through to recycling. We will build our own robust automotive value chain and by looking at the "on site, hands on, in touch" aspects within the chain, we will commit ourselves to increasing added value. This is our greatest strength. By expanding the value chain we have built in the Mobility domain to other business domains, we will develop a business structure with secondary and tertiary earnings pillars after Mobility.

Reinforce Functions and Services Tailored to Customer Needs

In recent years, we have been strengthening a variety of functions and services in upstream to downstream fields.

In upstream fields, Toyota Tsusho was the first Japanese company to participate in a lithium resource development project, which is essential to the growth of plug-in hybrid vehicles (PHVs) and electric vehicles (EVs).

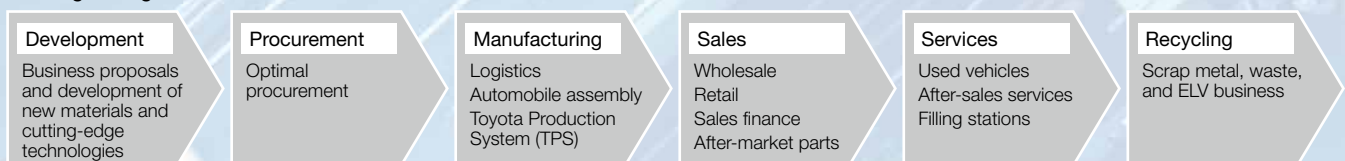
In midstream fields, Toyota Tsusho has been developing a technopark business to meet the needs of Japanese automobile and parts manufacturers looking to expand and develop markets overseas. This business provides total service to the manufacturers including hard elements, such as the rental of factory land and buildings, as well as soft elements, such as administrative and accounting services. Elsewhere, in our efforts to bring our automotive sales operations closer to the consumer, we have been involved in captive finance and lease, and used vehicle sales to make the vehicles we sell accessible to as many consumers as possible.

In downstream fields, we operate hydrogen stations to promote the growth of fuel-cell vehicles. Going forward, we will expand and strengthen the Mobility domain value chain with a view to developing a hydrogen manufacturing business.

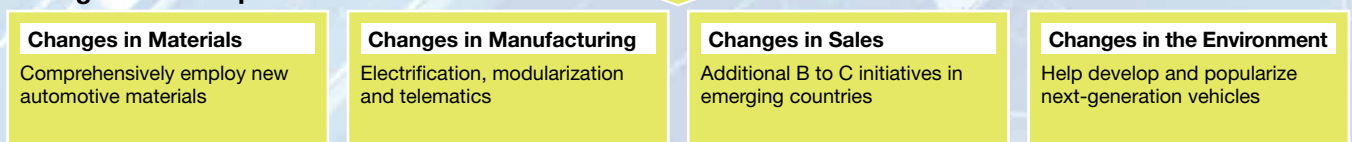
The automotive industry today is entering a period of dramatic change, including environmental changes including a push towards weight reduction and miniaturization, as well as a shift to local procurement. As a pioneer within the Toyota group, we have an essential part to play in proposing new value-added businesses, and striving to create them.

We will continue to win our customers' trust by providing stable supplies through a robust value chain. To this end, we will continue to devote attention to business continuity management, including by proposing and developing new technologies and materials, and promoting production and sales strategies designed to meet regional needs.

Existing Strengths



Taking on New Capabilities



Earn customer trust by continuing to propose highly valuable business, deepening value chains, and ensuring stable supply

Feature

Expanding Business Domains through Initiatives Rooted in Local Communities

Our operations in Africa stretch back over 90 years, beginning in 1922 with the import of cotton from East Africa, and starting the automotive export business in 1964, among other activities. In 1991, we invested in local distributors in Angola, and started automobile sales operations. Since then, we have accelerated our business investments in Africa, establishing a regional headquarters in South Africa in 2000, and acquiring the automotive business of a British trading company in six South East African countries in 2001. Today, we are working to expand our automotive value chain and broaden its scope, including offering automobile manufacturing support in South Africa and sales finance and used vehicle sales in Kenya.

Since the start of the 2000s, we have responded to a rapid surge in demand for electric power by stepping up our investment in the infrastructure business, including the delivery of equipment for power plant projects in Egypt. In 2011 we received an order for Kenya's largest geothermal power project.

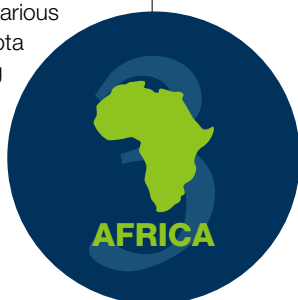
Through such efforts, Toyota Tsusho has taken root in Africa by expanding its scope in automobile sales and other downstream businesses, endeavoring to develop markets from the long-term perspective of growing together with the various regions and people of Africa. In August 2012, Toyota Tsusho signed a memorandum of understanding (MOU) to provide comprehensive support towards achieving the national vision of Kenya. Together

with an executive committee of the Kenyan government, we are now working on the development of the nation's electric power and energy, oil and mineral resources, environmental preservation, and agricultural industrialization sectors in addition to our endeavors in the automotive business.

In Sub-Saharan Africa, meanwhile, local economies are moving away from resource dependence, and industrial diversification is a pressing issue. In this situation, we established the social venture fund Toyota Tsusho CSV Africa Pte. Ltd. in Mauritius in 2014, the first Japanese fund of its kind in Africa. We also established the human resource development center Toyota Kenya Academy in Kenya. In human resource development we undertake technician development in areas outside of the automotive field, such as construction machinery and agricultural machinery, and have also implemented a management program for leadership training. We plan to expand this initiative into Southern, Central and West Africa.



The Toyota Kenya Academy—a human resource development center established in July 2014



Towards a No.1

Here we explain our initiatives in Africa, which are

Investment in CFAO S.A. for Developing Business Multilaterally

Our business foundation in Africa was solidified even further when we acquired equity in CFAO S.A., a major French trading company, in 2012. CFAO has a diverse African business portfolio centered on automobile sales with operations in 33 African nations that also includes a pharmaceutical wholesaling business, and the production and sales of soft drinks and beer. With a business network that spans all of West Africa, CFAO was an ideal partner for building a complimentary relationship with Toyota Tsusho's business foundation in southeastern Africa. In addition, CFAO has a strong foundation in vehicles and the orientation of CFAO's corporate strategy was in line with our strategy of strengthening business beyond the mobility business. Our investment in CFAO, which came to ¥234.5 billion, is the largest business investment we have ever undertaken as a strategic alliance.



Overview of CFAO S.A. (as of December 31, 2015)

Established	1887
Employees	12,370
Sales	€3,436 million
Net Income	€107 million
Capital	€10.3 million
Shares listed	NYSE Euronext Paris (since December 2009)
Investments	39 nations and seven regions (of which 34 are in Africa)
Toyota Tsusho's equity interest	97.5%

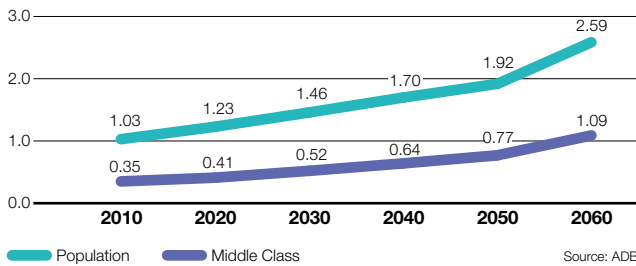


Developing Consumer Markets through a Network Covering 53 Countries

Toyota Tsusho has developed business in East Africa and Southern Africa, where English is spoken, while CFAO has focused on business development in Central and West Africa. Through their joint operations, the two companies cover 53 of the 54 countries in Africa, and have developed a professional workforce numbering some 14,500 Africans.

We will take full advantage of our business network covering 53 nations and the business know-how that both companies

Reference: Africa's Population (Billion)



have acquired in Africa, developing not only the mobility business, but also the retail and consumer goods business and pharmaceutical wholesaling business over the long term.

To give an example of one way the alliance is working, in 2015 a joint venture was established between Yamaha Motor Co., Ltd. and CFAO, CFAO Yamaha Motor Nigeria Ltd., which has resulted in local motorcycle manufacturing operations and created employment opportunities.

In addition to its automotive operations, CFAO is also developing its EURAPHARMA pharmaceutical wholesaling business, which has the leading market share in Northwest Africa. We have assisted this operation by making investments to improve sales and distribution quality as well as deploying our Toyota Production System (TPS) know-how and providing on-site support such as Kaizen improvement activities. We are also stepping up our initiatives from a long-term perspective with regard to CFAO in its alliance with French company Carrefour S.A., the world's second-largest supermarket chain, which is one of CFAO's challenge areas. Based on our expertise in production and logistics, we plan to combine the strengths of CFAO and Carrefour to open up new consumer markets going forward, with our sights set on the rapidly growing middle class.



A shopping center opened in Côte d'Ivoire in December 2015

CFAO all rights reserved

Presence in Africa

vital to realizing sustainable growth

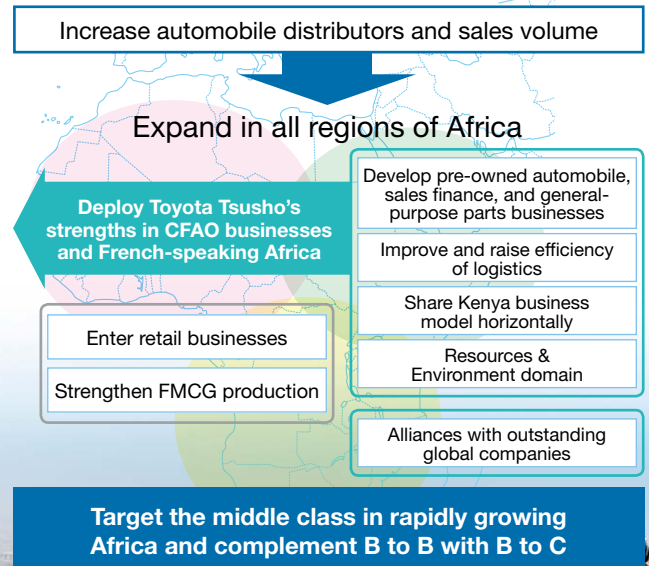
Toward a Stronger No. 1 Allied Group in Africa

After many years of political instability, Africa is recently becoming more stable with increasing progress in democratization. With the emergence of a middle class and expansion of consumer markets, we will aggressively develop our consumer businesses in collaboration with CFAO.

In January 2016, we signed a letter of intent with French conglomerate Bolloré S.A., the owner of Africa's largest logistics network. Looking ahead, we plan to build a collaborative framework for diverse operations such as infrastructure and distribution.

Toyota Tsusho will not consider its work finished once investment activities and project execution are complete. Rather, we will work toward conducting ongoing operations with strong connections to local communities. To expand our presence in Africa, we plan to contribute to the independent development of African society through our business, as well as human resource development and CSR activities.

Generate synergy with CFAO from a long-term perspective





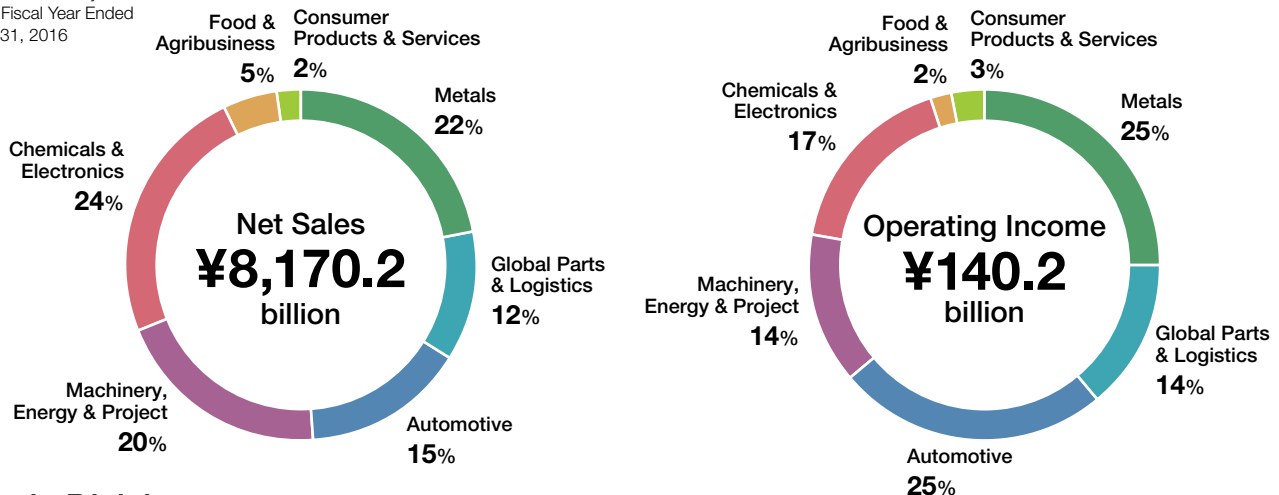


Competitive Edge in Business

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At a Glance

Business Results by Division
for the Fiscal Year Ended
March 31, 2016



Metals Division

The Metals division mainly handles steel products and specialty products, steel construction materials, non-ferrous metal ingots and precious metals, aluminum products, copper, and copper alloy products, iron & steel scrap and nonferrous metals scrap, ferro-alloy products, and pig iron, recycling of end-of-life vehicles (ELVs), auto parts and waste catalysts, rare earth resources and rare metals. The division manufactures, processes, sells, and disposes of the products listed above.

Net Sales (billion yen)

13/3	1,694.1
14/3	1,828.2
15/3	1,961.0
16/3	1,817.4
17/3 (Forecast)	1,800.0

Operating Income (billion yen)

13/3	36.2
14/3	43.6
15/3	54.3
16/3	37.4
17/3 (Forecast)	40.0

Total Assets (billion yen) / ROA (%)

13/3	5.0	719.9
14/3	5.7	765.8
15/3	6.3	862.6
16/3	5.0	745.7

Global Parts & Logistics Division

The Global Production Parts & Logistics division mainly handles component parts for automotive production. The division manufactures, sells and provides services for these products. It also conducts a logistics business and a tire assembly business.

Net Sales (billion yen)

13/3	790.8
14/3	891.6
15/3	927.5
16/3	999.0
17/3 (Forecast)	1,000.0

Operating Income (billion yen)

13/3	19.7
14/3	22.9
15/3	22.8
16/3	21.6
17/3 (Forecast)	20.0

Total Assets (billion yen) / ROA (%)

13/3	7.2	274.3
14/3	7.3	317.1
15/3	7.0	328.0
16/3	6.8	320.8

Automotive Division

The Automotive division mainly handles passenger vehicles, commercial vehicles, light vehicles, motorcycles, trucks and buses, and automotive parts. The division sells and provides services for the products listed above.

Net Sales (billion yen)

13/3	781.9
14/3	1,298.0
15/3	1,306.5
16/3	1,252.3
17/3 (Forecast)	1,100.0

Operating Income (billion yen)

13/3	31.2
14/3	39.6
15/3	36.4
16/3	37.9
17/3 (Forecast)	26.0

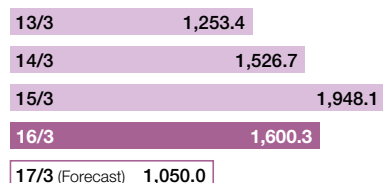
Total Assets (billion yen) / ROA (%)

13/3	5.4	581.1
14/3	5.6	713.5
15/3	5.0	730.2
16/3	5.8	652.8

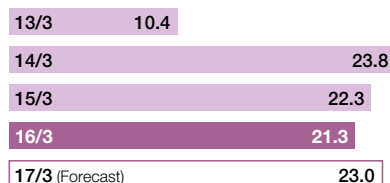
Machinery, Energy & Project Division

The Machinery, Energy & Project division mainly handles machine tools, testing and measuring instruments, electronic machinery, environmental equipment, coal, crude oil, and natural gas products, petrochemical products, liquefied petroleum gas (LPG), infrastructure projects, construction machinery, and industrial machinery. The division sells and provides services for the products listed above. The division also conducts an energy and electric power supply business, and a water treatment business.

Net Sales (billion yen)



Operating Income (billion yen)



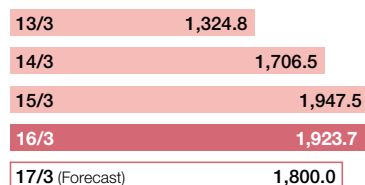
Total Assets (billion yen) / ROA (%)



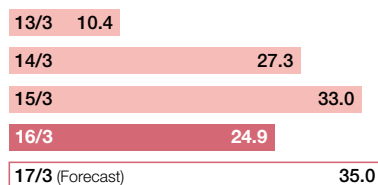
Chemicals & Electronics Division

The Chemicals & Electronics division sells and provides services for component parts for automobile production, semiconductors and electronic parts, modular products, automotive embedded software, network integration, maintenance and support, operation, and help desk, IT devices and equipment, overseas IT infrastructure exports, PCs, PC peripherals and software, and ITS (Intelligent Transport Systems) equipment. The division also processes, manufactures, sells and provides services for plastics and rubber, rubber, batteries, electronic materials, specialty and inorganic chemicals, fat and oil products, chemical additives, and pharmaceuticals and pharmaceutical ingredients.

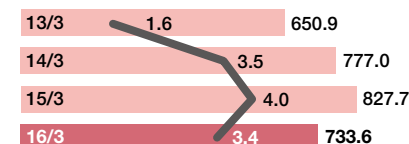
Net Sales (billion yen)



Operating Income (billion yen)



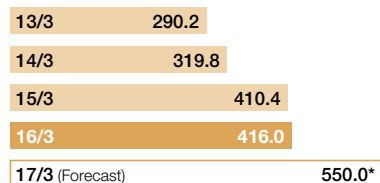
Total Assets (billion yen) / ROA (%)



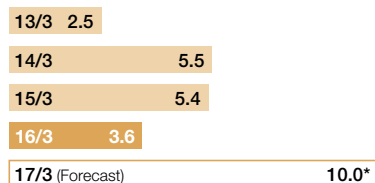
Food & Agribusiness Division

The Food & Agribusiness division mainly handles feed and oilseeds, grains, processed foods, food ingredients, agriculture, marine and livestock products, and alcoholic beverages. The division manufactures, processes, sells, and provides services relevant to the products listed above.

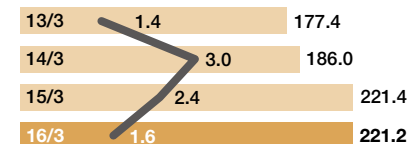
Net Sales (billion yen)



Operating Income (billion yen)



Total Assets (billion yen) / ROA (%)



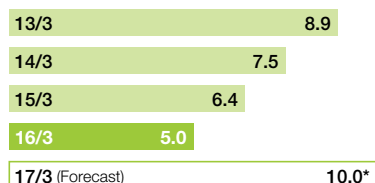
Consumer Products & Services Division

The Consumer Products & Services division mainly handles the sales and servicing of property, casualty and life insurance, brokered securities, textile products, apparel, nursing care and medical products, construction and housing materials, and office furniture, as well as operates general hospitals and hotel residences.

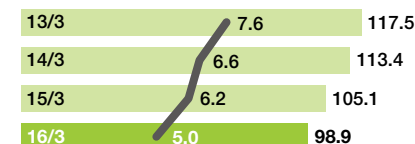
Net Sales (billion yen)



Operating Income (billion yen)



Total Assets (billion yen) / ROA (%)



* Effective April 1, 2016, the Food & Agribusiness and Consumer Products & Services Divisions were combined to form the Food & Consumer Services Division.

Division Overview

Metals Division

Business Fields

Automotive steel products	Processing and distribution of automotive steel sheets and specialty steel products
Steel products	Processing and distribution of steel sheets, steel pipes and steel rods, and energy and infrastructure-related metal business
Nonferrous metals	Processing and distribution of aluminum, copper, tin, platinum group metals, rare metals and rare-earth resources
Steel raw materials	Compliant collection and recycling of waste metal from factories and cities, and collection and dismantling of end-of-life vehicles (ELVs) for recycling as scrap metal

Market Environment

- Sluggish market conditions reflecting the supply and demand gap for materials are expected to continue for the foreseeable future, while the trend toward “local production, local consumption” of materials is expected to gain momentum. Notably, in the automotive sector, demand for materials is expected to become increasingly diverse and sophisticated in line with the trend to reduce the weight of vehicles and adopt electric vehicles (EVs).

Risks and Opportunities

- The division believes that preparing for risks such as lower demand and sluggish market conditions due to economic stagnation, the tightening of trade regulations such as safeguards, the replacement of existing materials by customers, and stricter environmental regulations, will open up opportunities to transform businesses, cultivate new markets, and create new businesses. The risks we face include. With this in mind, we will strive for operations that balance measures for reinforcing our business foundation and measures for achieving redoubled growth.

Business Strengths

Rather than viewing steel and nonferrous metals simply as commodities, the Metals division sees them as products with unique properties and functions. This approach allows us to provide optimal products and logistics matching the needs of both suppliers and users.

In the steel sheet business, the division’s processing bases in Japan and overseas are able to deliver products flexibly in response to demand. We achieved this through an IT-enabled ordering system and an efficient logistics system. In addition, our steel blanking business caters to user needs in nations worldwide.

In the steel bars and tubes business, in addition to processing and marketing specialty steel bars and tubes, we market steel construction materials.

In the nonferrous metals business, leveraging a global trading system centered on Japan, London, and Singapore, we are mitigating market volatility risk and expanding businesses. The division also operates molten aluminum production and other businesses around the world, and is engaged in the development of rare-earth resources, rare metals and other mineral resources.

In the steel raw materials business, our environment-friendly initiatives include recycling iron and steel scrap from plants, demolished buildings, and dismantled



Director's Comment

The Metals division is strengthening operations in the core domain of Mobility while also accelerating innovation in the fields of recycling and resource development.



Minoru Murata

Managing Director,
Chief Division Officer
of Metals Division

ELVs. Currently, the division is extending the scope of these activities beyond metals.

■ Medium- to Long-Term Initiatives and Priority Strategies

The Metals division pursues fluid coordination between its automotive steel products, steel products, nonferrous metals, and steel raw materials businesses. The division leverages its overseas networks to provide procurement capabilities and takes advantage of its processing and logistics capabilities in Japan and overseas to cater to customer needs. With this as its base, the division is steadily growing automotive businesses and non-automotive businesses to continue creating and providing business value. Leveraging our robust on-site capabilities and safety management abilities, we will strengthen our relationships with prominent business partners around the world as we maximize earnings from existing businesses, ensure the commercialization of projects in progress, seek out promising new projects, and take other steps to expand business operations.

In its mainstay automotive businesses, the division gives form to new functions and businesses, promoting sales to customers that are not only limited to the

Toyota Group to further improve upon operations. At the same time, synergies are being pursued between automotive businesses and non-automotive businesses. These synergies will be utilized as we continue to cater to fields related to energy and infrastructure and other comparatively large markets with high growth potential, as well as in fields in which our strengths can be put to use in the recycling and resource development field. Working to secure earnings over the long term, the division will rapidly and aggressively invest strategically in its business. At the same time, it will solidify its operating foundations by redoubling safety measures, promoting stricter compliance, reducing costs, enhancing functions, expanding sales channels, cultivating human resources, and exiting unprofitable businesses. Through these efforts, the division aims to quickly develop a business structure that strikes a balance between aggressive expansion and reinforcement of existing foundations. Furthermore, we are bolstering overseas staff to boost revenues from overseas operations in pursuit of our medium- and long-term targets.

Strategic Initiatives

Lithium Resources Mining Project in Argentina

Since 2010, Toyota Tsusho has been promoting its lithium resources mining business, part of an effort to respond to the growing demand for lithium-ion batteries as the market for hybrid vehicles and electric vehicles continues to expand. In 2012, Toyota Tsusho acquired a 25% interest in a mining project located at the Salar de Olaroz salt lake in the northwestern Argentinian province of Jujuy. With loan guarantees provided by the Japan Oil, Gas and Metals National Corporation (JOGMEC), the project began production of lithium carbonate in December 2014 as the first such lithium resources mining project by a Japanese company. As the sole sales agent of the lithium carbonate produced by the project, we will utilize our global network to make shipments to customers worldwide, including Japan, in order contribute to meeting demand both at home and around the world. Looking ahead, we will continue to advance this business to ensure a steady supply of lithium resources.



Established an Automotive Steel Pipe Processing Company in Mexico

As the automobile industry continues to advance, demand for steel pipe processing has been increasing in step with expansion in the market for automotive steel. In response, Toyota Tsusho established Toyota Tsusho Steel Pipe de Mexico S.A. de C.V. in July 2015 as a steel pipe processing company in Parque Industrial Querétaro, State of Querétaro, Mexico, with efforts now under way to commence mass production. The new company is a joint venture with Toyotsu Steel Pipe & Tubular Products Co., Ltd., which has expertise on the processing of various types of steel pipes, and Toyota Tsusho Mexico, S.A. de C.V., an expert in the local market. The new joint venture will enable the division to further expand its value chains through existing logistic and office networks, while supporting customer needs for the localization of procurement.



Initiatives to Address Social Issues through Business Activities

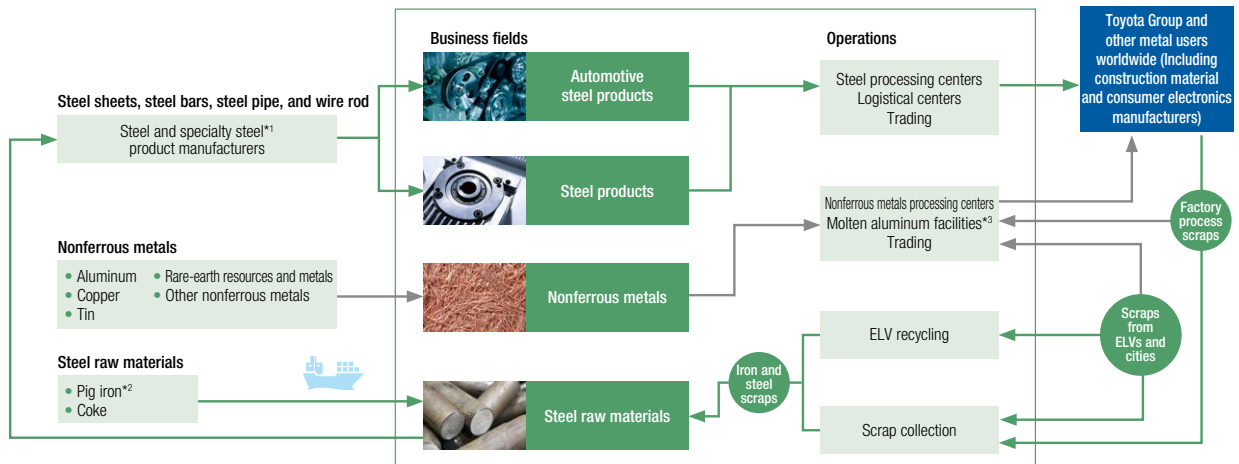
Issue	Measure
Realize a smart and efficient society in future	Environmentally considerate molten aluminum business
Realize a sustainable society	Metal resources recycling solution business

Toyota Tsusho's Unrivaled Value Creation Businesses

High-Quality Processing, Logistics, and Storage Services

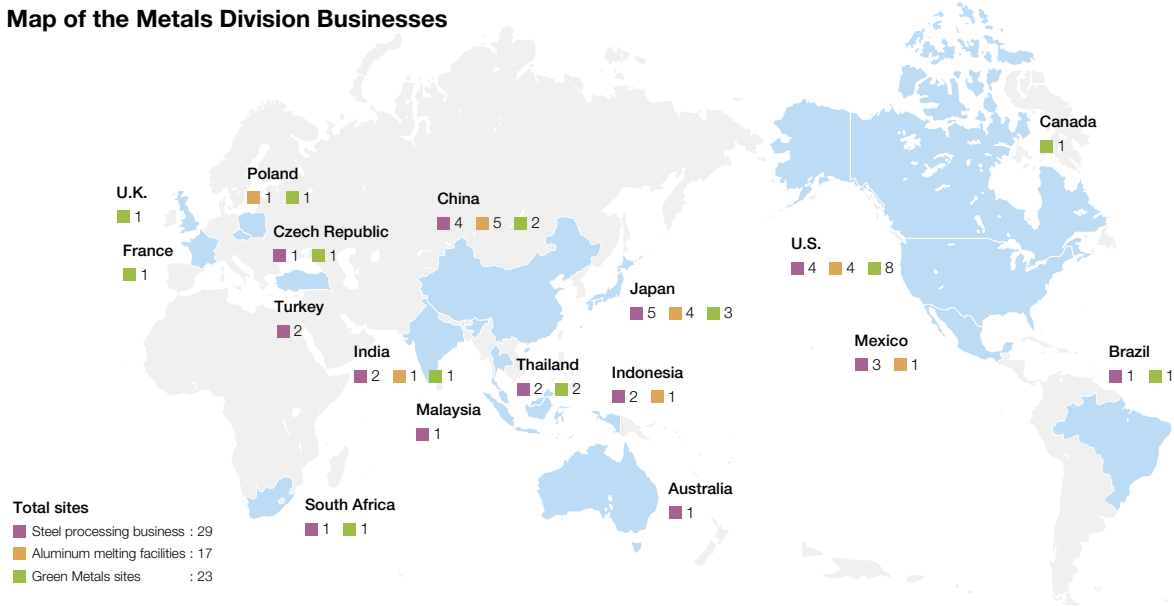
The greatest differentiating feature of Toyota Tsusho's metals business is the high efficiency with which it coordinates its operations with those of processing companies and manufacturers in Japan and overseas. An example of these high-quality operations is our steel processing centers, which play a pivotal role in our steel sheet business. The centers facilitate the sharing of information between suppliers and users and provide efficient processing, logistics, and storage optimally suited to each company's production status. Furthermore, in the nonferrous metals

business, Toyota Tsusho supplies aluminum molten instead of in the conventional form of ingots as this reduces overall energy costs and environmental burden. In addition to these supply functions, the Metals division also operates a recycling business in which it collects and processes ELVs and waste metal from factories. These highly functional businesses are operated out of 69 bases in 17 nations, and we will continue to expand the scope of operations going forward.



*1. Standard steel mixed with silicon, manganese, nickel, chrome, copper, or other alloying elements
 *2. A product of smelting iron ore
 *3. Facilities used to manufacture molten aluminum alloy

Map of the Metals Division Businesses



Global Parts & Logistics Division

Business Fields

Global parts	The division provides optimal, integrated logistics for export/import and international procurement of automotive parts (v-v), with consolidated transportation and supply and demand management.
Logistics	The division provides logistics services that are linked directly to the production activities of customers. Logistics processes are designed and proposed based on customer needs and by using the Toyota Production System (TPS).
Global parts assembly	The division provides overseas tire and wheel assembly and other assembly services for automotive parts.
Automotive parts and accessories	The division provides integrated functions ranging from planning, development, materials procurement, production and sales of automotive interior and exterior parts and accessories
Aftermarket auto parts	The division has built a value chain for aftermarket auto parts, from development and procurement to marketing.



Market Environment

- Looking at trends in the markets where the division operates, we expect steady growth in the U.S. market, a growing number of customer and expanded investment in Mexico and India, and firm growth in other emerging markets. Moreover, we anticipate further advances in technological innovation aimed at realizing Next-Generation Mobility, and in materials development aimed at reducing the weight of vehicles and making them more environmentally friendly.

Risks and Opportunities

- The division views the forming of new transnational and transregional frameworks and agreements along with technological innovation as comprising significant changes that impact on markets and manufacturing structures. The division possesses the strengths to meet its customers constantly changing needs, and will therefore be able to provide an even higher level of value-added services.

Business Strengths

The Global Parts & Logistics division's network currently spans 29 nations with 159 bases operated by 83 overseas subsidiaries and overseas business entities, and possesses an active staff of 13,000 people, including those in Japan.

The division makes the most of these bases and logistics networks, and is building a global automobile parts supply chain by leveraging its optimal integrated logistics system for parts.

In addition to the assembly business, including tire assembly, the division is also engaged in automobile interior and exterior parts and accessories, for which it performs activities ranging from product planning and development through to the procurement and processing of raw materials.

The division possesses a function that encompasses a global logistics network and the management of supply and demand, and a manufacturing function that is unique to this division. By offering customers multiple combinations of these functions, the division appropriately meets a wide range of diversifying customer needs.



Director's Comment

The Global Parts & Logistics division utilizes the group's global networks and logistics infrastructure and a diverse range of "multi-functions," including supply and demand management and assembly support, to exercise the "selling power" that is characteristic of an investment and project management company.

Yuichi Oi

Senior Managing Director,
Chief Division Officer
of Global Parts & Logistics Division



□ Medium- to Long-Term Initiatives and Priority Strategies

In the core Mobility domain, the Global Parts & Logistics division is integrating and further developing product planning, raw material processing, supply and demand management, logistics, and assembly. In parallel, the division will spearhead the Company's advancement into emerging nations and new markets such as Mexico, India and the Mekong region.

Looking at medium- to long-term initiatives, the division is expanding its technopark business in which it helps automotive parts manufacturers move overseas and provides them with services for subcontracting processing. Looking ahead, the division is expanding the business primarily in emerging nations and regions in which the automobile industry is expected to grow up continuously. The division provides an environment in which customers can focus entirely on production, and is building an infrastructure for ensuring a stable supply of parts made to Japanese standards of quality even outside of Japan. As a result, the division will support Japanese' automakers' shift of production to emerging nations.

In addition, the division is investing efforts in a module business by combining the functions of procurement

and centralized logistics for parts with the processing and assembly functions to deliver parts assembled as modules to customers. The division is also strengthening its accessories business in which it offers services ranging from designing and developing its own automobile accessories, and also provides a parts mounting service for vehicles.

Among efforts aimed at value chain expansion, in upstream fields the division will continue to focus on strengthening and developing advanced technologies and materials. However, in downstream fields the division will expand the aftermarket autoparts business, eyeing the expansion of the automotive aftermarket through the increase in the number of vehicles owned worldwide.

In new fields, the division will leverage its expertise and strengths developed in existing businesses to develop its business into the aircraft field and other areas. Regarding to our business expansion, we will keep to search competitive.

Through these initiatives, the division is making the most of its strengths comprising such multi-functional capabilities as a global network, a logistics infrastructure, supply-demand management, and assembly. At the same time, the division will work with partners to more fully exercise its selling power.

Strategic Initiatives

Technopark Business Supporting the Shift of Japanese Manufacturers to Emerging Nations

In addition to operating rental factories, Toyota Tsusho's technopark business offers a package that includes contracted administrative and accounting functions to shuttle buses and meal services, in Indonesia, Thailand and India.

Recently, we established Techno Park Poipet Pvt. Co. Ltd. in Poipet, Cambodia to stay in step with the expansion of production sites to the Mekong region under the so-called Thailand-Plus One strategy. As a new service, the new company will undertake subcontracted auto parts processing for certain pre- and post-processing steps in auto parts manufacturing, in addition to providing training and staffing of manufacturing workers.

Going forward, the division will proactively expand the technopark business to regions with strong growth prospects which a growing number of automakers are entering. By doing so, the division will enable customers to focus even more on production, helping to boost the competitiveness of companies entering these markets.



Taking on New Fields (Aviation)

Utilizing the strengths we have built in the automotive field, the division is now looking to create new value and new business structures to contribute to the development of the aviation industry. In aircraft parts manufacturing, we are working to provide just-in-time material and parts supply functions to aircraft body and equipment manufacturers as we partner with technologically advanced aviation companies to manufacture aircraft parts. Most recently, Toyota Tsusho, together with a Japanese manufacturer, started operations at Asahi Aero Malaysia SDN BHD, which is engaged in surface treatment of aircraft parts. In the airport terminal management business, we will leverage our experience operating the international terminal at Wattay International Airport in Laos to participate in the operation of Sendai International Airport. Working closely with various partners, we will continue to aggressively expand our airport operation services both in Japan and abroad.



Initiatives to Address Social Issues through Business Activities

Issue	Measure
Realize a comfortable and healthy society	Fuel cell sales business
Realize a sustainable society	Promotion of carbon fiber recycling business

Toyota Tsusho's Unrivaled Value Creation Businesses

Creating an Optimal Value Chain for Customers

With the division's own logistics bases located around the world, the division is able to perform mixed loading and consolidated transportation ("milk-run") and relay station logistics ("cross-dock"). We have utilized IT to construct a worldwide logistics network that allows high-frequency deliveries in small lots to be filled by multiple manufacturers and suppliers.

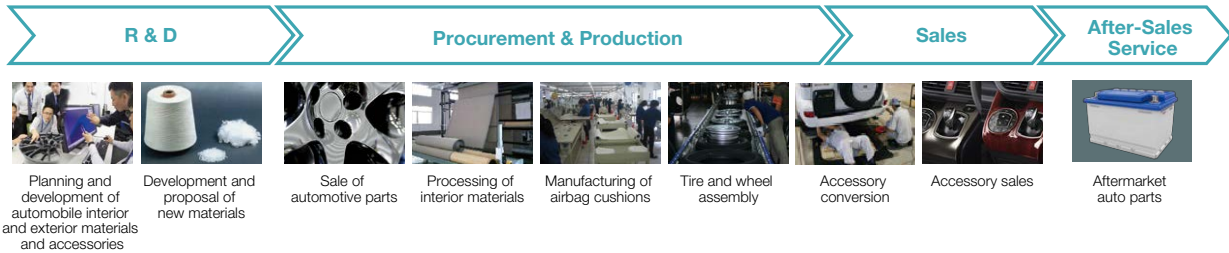
Combining these functions with order and inventory management and other supply and demand functions, the division is able to provide parts logistics services that respond to customer needs, while contributing to stable parts supply. This approach also helps customers reduce transportation costs, shorten delivery lead times and minimize inventories.

In accessories and materials, the division provides processing and provision functions such as product planning, design and development, parts supply, production preparation and quality assurance that form an essential part of each product's supply chain.

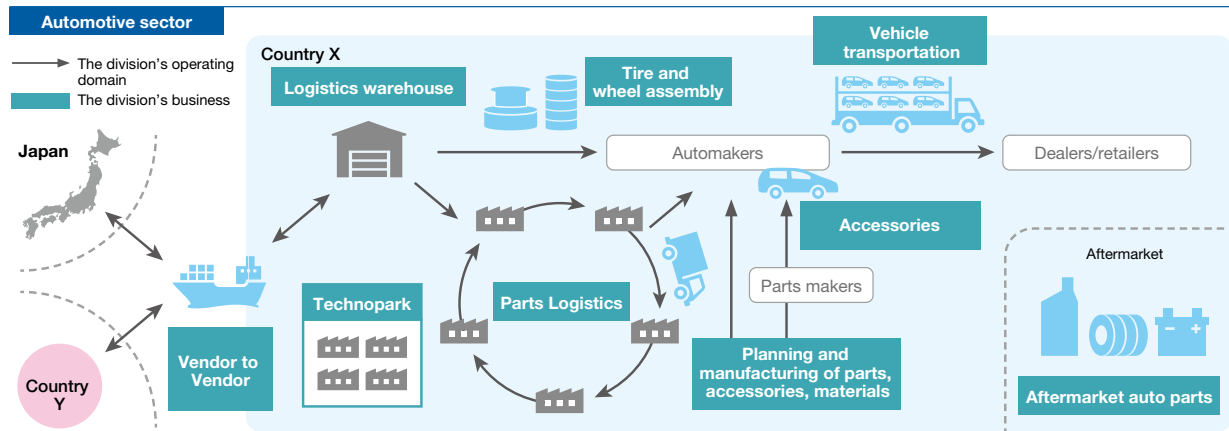
The division has built a system that contributes to optimizing the value chains of our customers in the manufacturing industry with other businesses including the technopark business, as well as parts assembly, vehicle transportation and accessories conversion.

As market needs change, we work to create new value by multiplying combinations of these various functions for customers.

Automotive Value Chains Provided by the Global Parts & Logistics Division



Business Lines of the Global Parts & Logistics Division



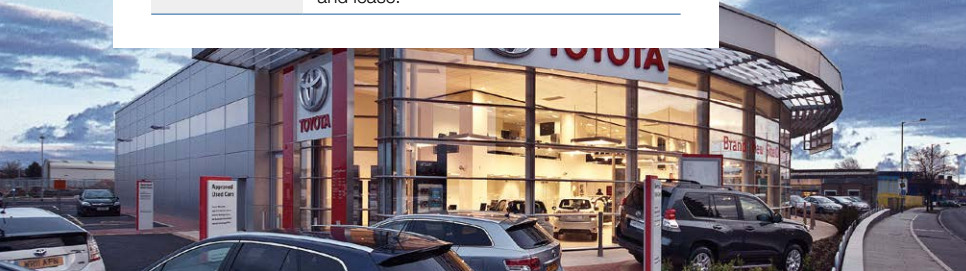
Non-automotive sectors



Automotive Division

Business Fields

Automotive distributors	On a global scale, the division operates an automotive distributor business, taking responsibility for all aspects of advancing automotive brands in the nations in charge of.
Automotive dealers	On a global scale, the division operates an automotive dealer business under distributors, providing comprehensive retail services, including after-sales services.
Value chains related to automotive sales	In nations where we operate business, the division is constructing comprehensive automotive value chains that include spare parts supply and after-sales services as well as small and medium-scale vehicle assembly, body mounting and conversion, used vehicle sales, and captive finance and lease.



Market Environment

■ In new emerging nations, the division's core markets, advances in motorization are expected to fuel growing demand in new and used vehicles finance and lease, and other businesses. In the mean time, industrialized nations are seeing ongoing technological innovation, including the use of digital technologies to approach customers as well as the digitalization of vehicles themselves.

Risks and Opportunities

■ In new emerging nations, the Automotive Division is subject to the risk of impacts from fluctuations in natural resource prices and geopolitical conditions. However, from a medium- to long-term perspective, the automobile market is expected to grow steadily in step with population increases and economic development. Accordingly, the division is working to establish a solid business foundation that will be resilient to changes in the external environment.

Business Strengths

The Automotive division exports passenger vehicles, trucks, buses, industrial vehicles, motorcycles, and spare parts that the Toyota Group and other companies manufacture in Japan and overseas to users all over the world. The division's global network covers 173 nations, and we are operating the distributor, dealer, and other businesses in the 84 nations.

The division is actively developing business centered on distributors, targeting new emerging nations where a full-fledged motorization trend can be expected in future as its core markets.

In countries where we operate the distributor business, we are promoting peripheral businesses tied in with our own sales channels such as small- and medium-scale vehicle assembly, body mounting and conversion, used vehicle sales, and captive finance and lease. In this manner, the division is working to construct and expand value chains related to automotive sales and draw out its unique strengths by developing and fusing various businesses and functions.

Through these multi-faceted automotive businesses in a large number of countries, we also monitor market information around the world, such as political and economic circumstances, market trends, and user



Director's Comment

The Automotive division aims to become the most reliable automobile sales group in the world, possessing the strategies, the expertise, and the human resources necessary to respond to the diverse range of markets seen across the globe.



Ichiro Kashitani
Managing Director,
Chief Division Officer
of Automotive Division

preferences, in a timely manner. This information is then applied to marketing strategies and communicated to manufacturers for incorporation into product development and production plans.

Capital participation in CFAO S.A. in 2012 has enabled the division to establish a network covering 53 out of 54 African countries—one that spreads across nearly all of the African continent. Going forward, we will continue to fully leverage the strengths of both Toyota Tsusho and CFAO to formulate and advance optimal business expansion measures while creating synergies.

□ **Medium- to Long-Term Initiatives and Priority Strategies**

The Automotive division aims to ensure safety and reliability for customers across all of the brands we handle, and enhance their confidence in our products and brands by bolstering the foundations of our own distributors and dealers through a trilateral sales structure that integrates vehicle sales, spare parts supply, and after-sales services.

Moreover, while harnessing the functions of the regional headquarters the division has set up in each region, the division will undertake activities that constantly give top priority to safety and the environment, in addition to the activities of its trilateral sales structure.

In addition, the division strives to ensure compliance and contribute to local communities through job creation, personnel training and other means. At the same time, the division aims to contribute to the development of a sound and comprehensive automotive and total industry by making the most of our extensive contacts to provide governments with policy recommendations.

The division also seeks to drive expansion of Toyota Tsusho's business fields by playing a leading role in pioneering new business opportunities outside of the automotive sector in new emerging nations.

Strategic Initiatives

Participation in the Used Vehicle Auction Business in Indonesia

In October 2015, Toyota Tsusho entered the used vehicle auction business in Indonesia through capital participation in PT. Balai Lelang Serasi, an Astra Group affiliate. This company conducts auction operations at 10 sites across Indonesia. Since its establishment in 2007, PT. Balai Lelang Serasi has continued to grow every year, and is now Indonesia's number 1 used vehicle auction company.

In Indonesia, the used market is also expected to expand dramatically in step with rapid growth in the market for new vehicles.

Leveraging the experience and expertise we have accumulated in Japan and new emerging nations to date, we aim to push ahead with the modernization of PT. Balai Lelang Serasi's operations, as we spur further growth in the auction business.

We also seek to expand business, with a view to creating new value chains derived from the auction business in the used vehicle market.



Opening of a New Outlet in Jamaica

In February 2016, Toyota Jamaica Limited, our affiliate, which undertakes distributor and dealer businesses for Toyota and Hino vehicles in Jamaica, opened a new outlet and completed renovation of its head office in Kingston, the country's capital.

The new outlet is located in an upscale residential neighborhood in a built-up area of Kingston. As the flagship Toyota dealership in Jamaica, where Toyota has the top market share, it will provide meticulous services that fully satisfy its customers.

Moreover, Toyota Jamaica Limited aims to expand business through efforts to capture additional demand by enhancing its head office, which is located in an industrial area, along with opening the new outlet, which will provide services primarily to individual customers.



Initiatives to Address Social Issues through Business Activities

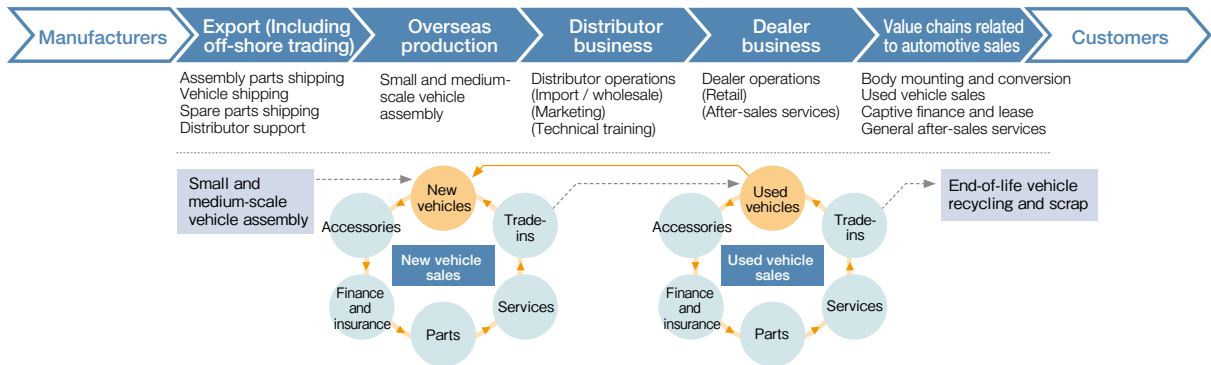
Issue	Measure
Realize a smart and efficient society in future	Contributing to nurturing sound markets and industries through automobile sales and the provision of high-quality services in new emerging nations

Toyota Tsusho's Unrivaled Value Creation Businesses

Integrated Trilateral Sales Structure and Robust Sales Value Chain

The division's distributor and dealer businesses form an integrated trilateral sales structure, which is composed of vehicle sales that involve introducing specifications that are suitable to the conditions of each nation, spare parts supply, and after-sales services, which include providing technical training for staff members. At the same time, we are working to construct and expand automotive sales value chains. To this end, we are expanding into small- and medium-scale

vehicle assembly, body mounting and conversion, used vehicle sales, and captive finance and lease as peripheral businesses tied in with our own sales channels. In addition, we have taken an active role in developing a used vehicle distribution business, as well as general after-sales services open to all customers in general, including for vehicles sold through other channels.



Worldwide Operations and Regional Strategies

The division is currently operating distributor and dealer businesses in 84 nations, mainly new emerging nations, and other regions where a full-fledged motorization trend can be expected in the future. We develop our operations by examining the needs of individual nations groups, which are formed based on region, and by adopting optimal policies that meet the specific needs of each region. The division has established regional headquarters in Africa, Asia,

Oceania, the Caribbean Sea, and other regions. Out of these regional headquarters, the division will explore new markets and expand sales networks based on all-encompassing regional strategies. These strategies incorporate product and branding strategies, including sales and marketing strategies, and the strategies for strengthening necessary functions and developing new businesses in order to construct and expand automotive sales value chains.



Machinery, Energy & Project Division

Business Fields

Machinery and equipment	Trading in manufacturing and distribution equipment, parts, and tools primarily for the automotive industry both domestically and internationally, and the design, repair, and installation of machinery.
Energy	Development and operation of electricity, gas, coal, and oil businesses, and trading in related products both domestically and internationally.
Plant and construction machinery	Supply and construction of plants related to electricity, oil, water, and offshore projects, trading in construction machinery both domestically and internationally, and development and operation of related businesses.

Market Environment

■ The division anticipates a mix of both positive and negative factors in the market environment. The positive factors include the Paris Agreement reached at COP21 conference, and the economic growth of emerging nations in Africa, over the medium and long terms. The negative factors include lackluster resource prices reflecting a supply glut due to the shale gas revolution, and uncertain international geopolitical conditions.

Risks and Opportunities

■ Risks include the impact of weak crude oil and gas prices that has continued since the latter half of 2014, along with the weak construction machinery market in connection with the decelerating Chinese economy. Meanwhile, the division sees opportunities including expanding demand for renewable energy in industrialized nations, expanding markets related to next-generation vehicles (fuel-cell vehicles and electric vehicles).

Business Strengths

The Machinery, Energy & Project division is developing its operations in three business fields. The machinery and equipment business field is centered on automotive industry. Meanwhile, the energy business field includes electricity, gas, oil, and coal projects. The third business field involves various types of plants as well as construction machinery.

In the machinery and equipment business field, the division provides integrated support capabilities for production equipment primarily to a wide range of automotive industries.

In the energy business field, the division's goal is to secure stable energy supplies over the long term. With this in mind, we procure crude oil from the Middle East and heavy oil from Southeast Asia and operate gas production businesses in Australia and North America and coal production businesses in Australia. In the power generation business, on a global scale we develop and operate renewable power generation businesses, including wind and solar power projects, as well as conventional thermal power generation businesses.

In the plant and construction machinery business field, the division's operations encompass business proposals, fund raising, engineering, procurement, and



Director's Comment

The Machinery, Energy & Project division is pursuing synergies across a wide range of business fields, such as machinery and equipment, energy, plant and construction machinery, in tandem with working to establish a position as No. 1 in the regions in which the Company specializes.

Toshiro Hidaka

Managing Director,
Chief Division Officer of Machinery,
Energy & Project Division



construction. Moreover, the division is focusing efforts on helping develop infrastructure in emerging nations while also promoting sales of construction machinery in these nations.

□ Medium- to Long-Term Initiatives and Priority Strategies

The operating environment is always changing, as seen in the curtailment of investment due to excess capital investment by automakers, the structural shifts in energy demand following the shale gas revolution and the rise in environment consciousness, and geopolitical changes in the Middle East and Africa. Accordingly, the Machinery, Energy & Project division is faced with the constant need to respond to changes in the operating environment through business initiatives.

Specifically, in the machinery and equipment business field, the division seeks to expand business by uncovering new business opportunities outside the automotive production and equipment business. This will be done by promoting robotic automation, for which there are growing needs in the manufacturing sector of emerging nations, and by conducting joint development of next-generation vehicles, for which there are high hopes for future advances. In the energy

business field, the division is establishing medium- to long-term businesses by participating in shipping businesses that add value to trading functions for oil, coal and other resources. As a business contributing solutions for improving the global environment, in the electric power business we are expanding our involvement in the creation of clean energy by concentrating on renewable energy (wind, solar, geothermal, biomass, etc.). In this way, we are helping to ensure the stable supply of electricity in countries throughout the world. In the plant and construction machinery business, we are focused on contributing to the economic development of emerging nations through project development and our high-quality infrastructure export strategy in Africa as a priority region.

Going forward, in business fields such as machinery and equipment, energy, and plants and construction machinery, while reinforcing the current earnings platform of existing businesses, the division will apply the expertise it has accumulated in the automotive production equipment sector to energy and infrastructure projects. In these and other ways, the division will work to foster stronger cooperation between each field, with a view to capturing new synergies and creating new businesses.

Strategic Initiatives

Participation in Construction and Operation of Natural Gas-Fired Thermal Power Plant

Toyota Tsusho has participated in the construction and operation of St. Joseph natural gas-fired combined-cycle power plant (“St. Joseph Energy Center”) in the state of Indiana, U.S.A. The St. Joseph Energy Center will have a nameplate capacity of 700 MW. Construction of the plant began in earnest in November 2015, with completion and the start of commercial operation planned for spring 2018. After the start of commercial operation, the plant’s output is scheduled to be supplied to PJM*, the largest wholesale electricity market in North America. Toyota Tsusho views North America as one of its crucial markets for the power business. The Company is working to realize a stable energy supply through the expansion of its power business with various project schemes for selling electricity. Toyota Tsusho will continue to push ahead with its environmentally friendly power business based on the use of natural gas and the adoption of systems with outstanding energy efficiency, as well as the use of renewable energy.

* PJM: Independent system operator serving all or parts of the 13 states in the northeastern United States as well as in Washington, D.C.



Crane Order for East Africa’s Largest Trade Port

Together with Mitsui Engineering & Shipbuilding Co., Ltd., Toyota Tsusho received a contract to supply gantry cranes to Kenya’s Mombasa Port, the largest trade port in East Africa. The gantry cranes to be supplied employ eco-friendly hybrid technologies to realize greatly reduced CO₂ emissions in comparison to similar cranes. The Mombasa Port is not only Kenya’s only international trade port but also serves as the entry point for East Africa. As such, the further development of this port is anticipated to contribute to economic growth throughout all of East Africa.



Initiatives to Address Social Issues through Business Activities

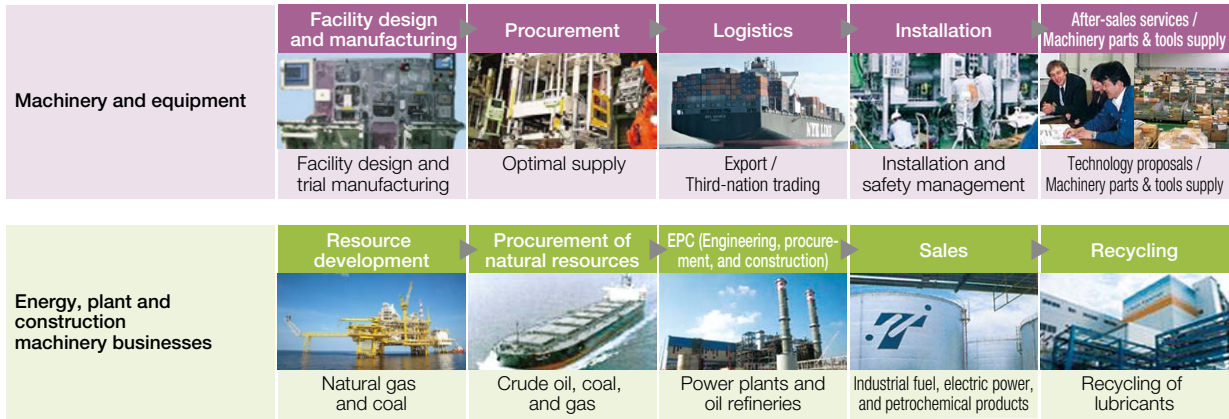
Issue	Measure
Realize a comfortable and healthy society	Sendai Airport operation business
Realize a sustainable society	Renewable energy business

Toyota Tsusho's Unrivaled Value Creation Businesses

Integrated Support Capabilities for Machinery and Equipment and a Value Chain that Extends from Development of Resources to Stable Supply

The division not only procures and markets various types of machinery and equipment but also provides comprehensive support services covering planning and solutions as well as technological development, quality control, logistics, installation, and after-sales services that make important contributions to the building of customers' pro-

duction systems. Aiming to ensure stable supplies of energy resources, on a global scale, the division develops, procures, and supplies such resources as oil, natural gas, and coal and develops and operates power generation and water treatment businesses.



Power Generation Businesses, Gas and Coal Resource Development and Production Projects, and Peripheral Businesses Conducted on a Global Scale

The division conducts renewable energy and other power generation businesses as well as gas and coal resource development and production projects. Moreover, it is expanding into businesses in peripheral fields, such as off-

shore gas field drilling rig and coal shipping terminal operations. These operations are advanced on a global scale to supply energy to Japan as well as to the rest of the world.

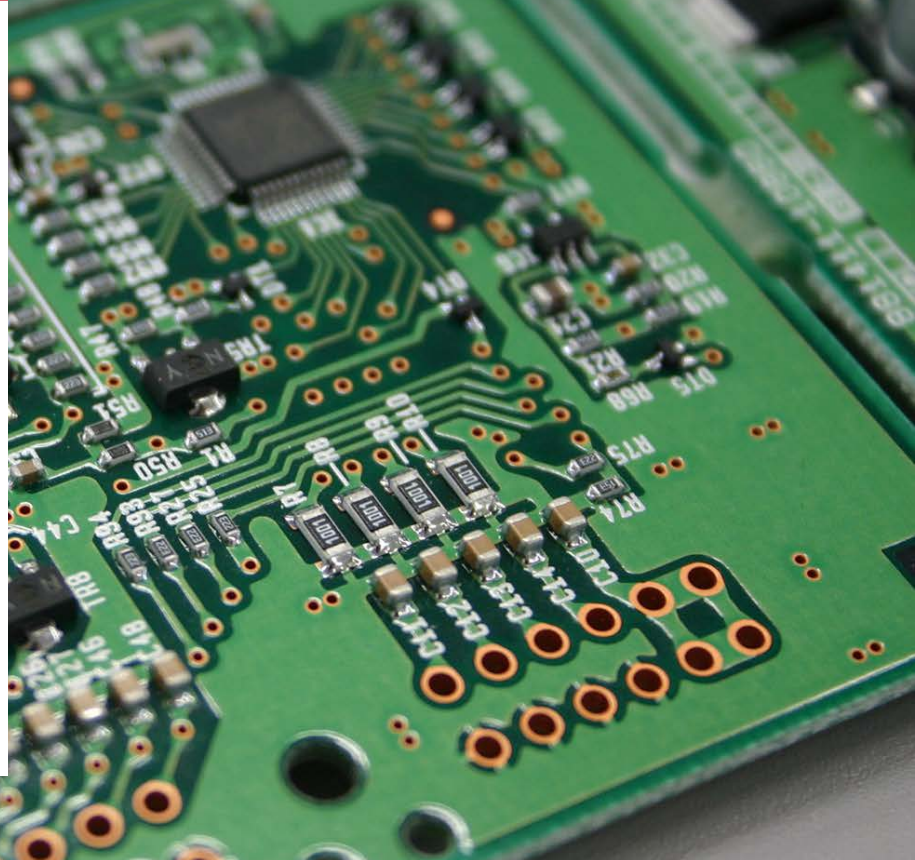


Chemicals & Electronics Division

Business Fields

Chemicals The automotive materials business is being developed on a global scale while leveraging integrated functions spanning the procurement, processing, sales and logistics of raw materials. The chemicals business is involved in a wide range of products, including consumer goods, fertilizers and pharmaceuticals. It procures raw materials in the upstream segment of the supply chain, sells intermediate products in the midstream segment, and manufactures consumer goods in the downstream segment.

Electronics The division handles electronics components and software that are incorporated into vehicles, consumer electronics, information technology devices and equipment, and industrial devices, and provides ICT services globally to various industries. In the Next-Generation Mobility business, the division provides automated driving and telematics-related products and services for the next generation's motorized society, while pioneering and commercializing new technologies.



Market Environment

■ The division expects demand to increase and needs to become increasingly diverse, particularly in emerging nations, as ICT is applied in earnest in all manner of industrial fields. In the automotive field, new materials will be developed with the aim of making vehicles more lightweight and environmentally friendly, and Next-Generation Mobility will accelerate, including automated driving.

Risks and Opportunities

■ Despite risks such as the drop in crude oil prices and an uncertain global economic outlook, the division will hone its ability to make proposals that fulfill customer needs through dialogue with customers, and supply products and services through strategic partnerships with a diverse range of suppliers. The division will also flexibly address technological innovation targeting software and content, in addition to hardware.

Business Strengths

The Chemicals & Electronics division expands its business while creating new synergies by combining the automotive materials, chemicals, electronic devices, and ICT solutions businesses.

In the automotive materials field, the division manufactures and sells automotive-use plastics and supplies parts, along with planning and proposing materials and parts for next-generation vehicles. Leveraging its global network, the division is working to address customer needs.

In the chemicals business, the division handles chemicals products for a wide range of fields, including packaging materials, detergent raw materials, and hygiene materials. The division also boasts strong sales capabilities and networks in Asia, which it is leveraging to drive business growth while aggressively expanding into new fields such as fertilizers and pharmaceuticals.

In the electronic devices business, we are Japan's largest trader of electronic components. The division handles a wide range of electronic components and software that are incorporated into vehicles, consumer electronics and industrial devices.

In the ICT solution business, the division is developing a network business that links a variety of people



Director's Comment

Guided by the basic principles of trading companies, namely, “Creating something from nothing” and “Serving society by anticipating change,” we will provide value to customers by fostering the growth of both individuals and the organization.

Soichiro Matsudaira

Senior Managing
Director,
Chief Division Officer
of Chemicals &
Electronics Division



and objects on a global basis. In Next-Generation Mobility, the division develops technologies for eco-friendly vehicles such as plug-in hybrid vehicles (PHVs) and electric vehicles (EVs), along with developing devices and services for “connected vehicles.” Other activities include developing infrastructure and technologies for the next generation’s motorized society in tandem with efforts to develop, establish and commercialize new services.

□ Medium- to Long-Term Initiatives and Priority Strategies

The Chemical & Electronics Division is involved in an expansive range of products, including vehicles, consumer goods, and resources. To address a confluence of diverse needs in industrialized and emerging nations, the division is spread across organizational and national boundaries to better unite our headquarters, overseas operating sites, and group companies and to utilize the collective strengths and synergies this creates to expand its business.

In the automotive materials business, the division will both expand its core business and achieve efficient management. It will expand across new regions and markets, and rise to the challenge of creating new

business through planning and proposals focused on next-generation vehicles.

In the chemicals business, the division will generate synergies by integrating business units with a competitive edge in the global market. The division will also meet the challenge of creating next-generation businesses that intelligently capture changes in society while nurturing future core earnings drivers.

In the electronic devices business, we anticipate the emergence of a society based on ever more high-speed and high-capacity information and communications technology (ICT) and will enhance business worldwide by upgrading, expanding and concentrating the expertise and functions of its major affiliates with this in mind.

In the Next-Generation Mobility field of the ICT solutions business, the group will address the progressive shift towards smart, digitalized vehicles and the growing sophistication of transportation infrastructure by accumulating superior technologies and harnessing new functions to develop its business.

Strategic Initiatives

Superabsorbent Polymer (SAP) Production Capacity Increased in China

SDP Global Co., Ltd., in which the company owns a 30% stake with the remaining 70% being held by Sanyo Chemical Industries, Ltd., recently boosted the disposable diaper-use SAP production capacity of its Chinese subsidiary, San-Dia Polymers (Nantong) Co., Ltd., to 230,000 tons per year. This move was designed to help it respond to the rapid growth in demand for SAP used in disposable diapers in China and other emerging nations. Toyota Tsusho will support the development of SDP Global Co., Ltd. and San-Dia Polymers (Nantong) with its sales and distribution networks as well as its raw material and fund procurement capabilities.

Moreover, SDP GLOBAL (MALAYSIA) SDN. BHD. was established as a new production base in Malaysia. To address growing demand supported by improving living standards in the ASEAN region, the new company plans to commence production from the second quarter of 2018.



Strengthened the Electronic Devices Business (Tomen Electronics Corporation)

Tomen Electronics Corporation supplies semiconductors, electronic parts, and modular products to a wide range of business fields globally.

In December 2014, Toyota Tsusho converted Tomen Electronics Corporation into a wholly owned subsidiary in order to speed up decision-making as it prioritizes the allocation of human and financial resources to growing fields. In July 2015, Tomen Electronics Corporation and Toyota Tsusho Electronics Corporation (100%-owned subsidiary of Toyota Tsusho) entered into a sales agent agreement with Tokyo Electron Device Ltd. to collaborate on business development in the automotive electronics field and industrial equipment fields including medical equipment and FA. The collaboration will be based on the “inrevium” brand of Tokyo Electron Device.



Initiatives to Address Social Issues through Business Activities

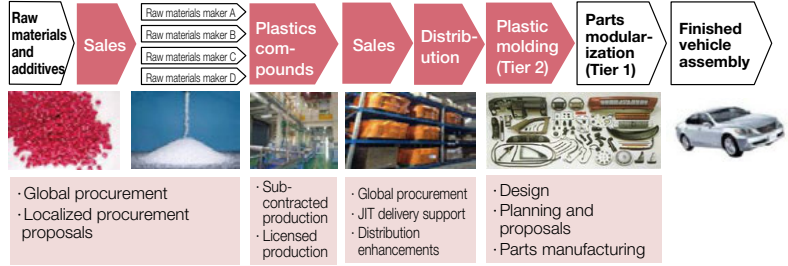
Issue	Measure
Realize a comfortable and healthy society	Fertilizer production business in Kenya
Realize a sustainable society	Iodine development and production business in Chile

Toyota Tsusho's Unrivalled Value Creation Businesses

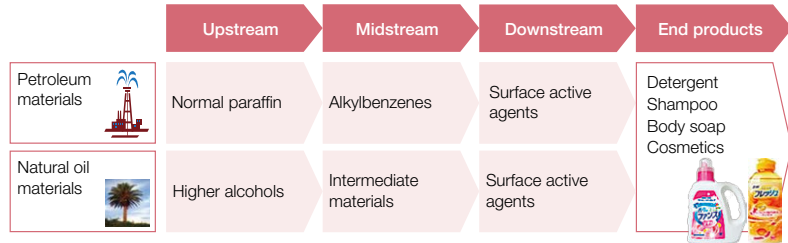
Value Chains for Automotive Materials and Chemicals

In the automotive materials business, we are globally developing integrated functions ranging from procurement of raw materials to plastics compounds, inventory and distribution, and parts processing. In the chemicals business, we have constructed value chains that span a wide range of products from upstream to mid- and downstream fields.

Automotive materials business



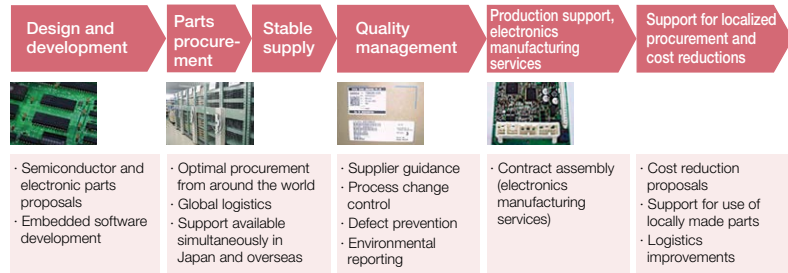
Chemicals business (Detergent value chain)



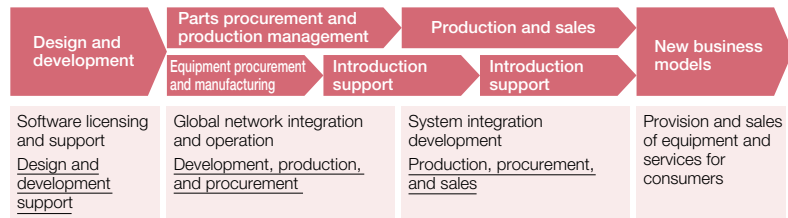
Electronic Devices and ICT Solutions Value Chains

In the electronic devices business, we stably supply electronic devices through domestic and overseas operating sites while making new technical proposals and carefully managing factors relating to quality, costs, delivery, and after-sales services (QCDS). In the ICT solutions business, we provide ICT services around the world and throughout various value chains.

Electronic devices business



ICT Solutions Business



Food & Consumer Services Division

Business Fields

Grain	The division boasts a leading share for grain import volumes in the domestic market. Through its four grain silos, the division provides a stable supply of grain.
Food	Leveraging a global network of manufacturing and processing sites, as well as catering companies, the division supplies safe and secure food while catering to diversifying needs. Initiatives are also under way to realize advanced recycling-oriented agriculture and aquaculture industry businesses.
Insurance	The division operates property and casualty insurance and life and health insurance agencies in Japan and overseas that provide services ranging from consulting to policy issuing, and is expanding overseas operations by establishing insurance brokerages.
Lifestyle	The division conducts planning, procurement, and production of lifestyle items ranging from cotton, textile, and apparel products, and also plans and operates related retail businesses. These operations are being expanded overseas as well as in Japan.
Living and health-care	The division is developing operations in the medical and housing fields in addition to selling and renting nursing care products and planning and producing housing materials and interior items.



Market Environment

- In Japan, consumer needs are diversifying amid a contracting market due to the country's declining population. Meanwhile, overseas, demand is expanding on the back of growing populations and economic growth primarily in emerging nations.

Risks and Opportunities

- Against the backdrop of risks such as climate change, the need to secure a stable supply of food resources is predicted to continue increasing further. In addition, the market has continued to expand steadily as people start to adopt more satisfying lifestyles, primarily in emerging nations. The division will build value chains globally, as it supplies safe and reliable goods and services according to the needs of consuming regions.

Business Strengths

The Food & Consumer Services division is helping to make people's lives more healthy and satisfying by undertaking business activities in five fields, namely the grain, food, insurance, lifestyle, and living and health-care businesses.

In the grain business, one of our strengths lies in our feed processing complexes, centered on four grain silos in Japan. These silos have piers that enable large vessels to dock alongside them. From the silos, we supply grains via a dedicated pipeline to compound feed millers further inland. In terms of volume, we are one of the leading handlers of feed grain in Japan.

In the food business, we are catering to diversifying needs by capitalizing on processing sites in Japan and overseas and a catering company. Imported food products are procured from stringently selected overseas suppliers, and then sold through the retail sector.

In the insurance business, we operate insurance sales agencies in Japan that provide various insurance plans. Overseas, we are expanding into new fields, such as offering project insurance, contents insurance, and other new insurance services.

In the lifestyle business, the division's apparel business takes advantage of strengths in functional materials and an extensive production network to act as a



Director's Comment

As the division in charge of leading the Life and Community domain, we seek to build new business models in conjunction with providing a safe, secure and satisfying living environment to customers and society as a whole.



Yoshiki Miura
Senior Managing
Director,
Chief Division Officer
of Food & Consumer
Services Division

comprehensive supplier covering fields ranging from development through to delivery and sales.

In the living and healthcare business, we are developing a healthcare business, a medical facilities and related services business, a hotel residence business that supports companies in expanding their operations overseas, and other businesses.

□ Medium- to Long-Term Initiatives and Priority Strategies

In the grain business, the Food & Consumer Services division is aiming to build a value chain that extends from grain accumulation and shipment overseas to sales in Japan and around the world. To this end, the division is expanding operations and market share in emerging nations on the consumption side, and strengthening alliances with strategic partners to bolster capacity and synergies among grain-producing nations on the procurement side.

In the food business, the division will invest to acquire manufacturing and sales capabilities by forging alliances and implementing mergers and acquisitions (M&As) targeting domestic and overseas food manufacturers. In this manner, the division will develop businesses overseas and expand food distribution operations focused on food services. Furthermore, plans call for developing recycling-oriented agricultural and aquaculture systems while helping

preserve biodiversity. With this in mind, the division will focus on agricultural produce cultivation, the aquaculture business, and compost and fertilizer manufacturing.

In the insurance business, the division will focus on strengthening agency and brokerage operations in Japan and overseas. At the same time, we will roll out comprehensive medical insurance services, primarily in emerging nations, and aim for further expansion of our business domains through development of unique insurance products and services in response to increasingly diversified risks.

In the lifestyle business, we will further strengthen our planning and proposal functions based on our proprietary fiber materials, in tandem with increasing our focus on manufacturing, with the goal of expanding our businesses in the Japanese market and growing in overseas markets as well.

In the living and healthcare business, we plan to contribute to the advancement of healthcare, by promoting the use of Japanese medical technologies and services in emerging nations, while aiming to introduce and develop related services in local hospitals. In the healthcare business, we aim to expand business with a stronger focus on services for the senior and active senior market segments, in addition to the existing nursing care product business. In the construction-related business, we will provide infrastructure on a global basis to support consumer lifestyles and corporate business activity, with an emphasis on services.

Strategic Initiatives

Acquisition of a Grain Infrastructure Company in Brazil

Toyota Tsusho recently acquired all shares of Brazilian grain infrastructure company NovaAgri Infra-Estrutura de Armazenagem e Escoamento Agrícola S.A. for conversion as a subsidiary. NovaAgri operates grain warehouses, railway shipment facilities, and export terminals in central and northeastern Brazil. With this acquisition, the Company has entered into not only grain infrastructure but also the grain accumulation and export business in Brazil.



Opening of Tower 2 at AXIA SOUTH CIKARANG, a Hotel Residence in Indonesia

Since 2014, Toyota Tsusho has operated AXIA SOUTH CIKARANG, which provides lodging and residence facilities and services to long-term expatriates and business travelers of Japanese companies, in the Lippo Cikarang district of Indonesia. In response to surging demand for lodging, Tower 2 of AXIA SOUTH CIKARANG was built and entered operation on April 2016, following on from Tower 1. Tower 2 will offer new types of guest rooms that were not available in Tower 1, along with newly installed features such as entertainment facilities and a business center, to meet a broad range of needs for long-term expatriates and business travelers.



Initiatives to Address Social Issues through Business Activities

Issue	Measure
Realize a comfortable and healthy society	Operation of a hospital in India
Realize a sustainable society	Full-cycle bluefin tuna cultivation and high-yielding rice business


Toyota Tsusho's Unrivalled Value Creation Businesses

Supporting People's Lives in a Wide Range of Business Fields

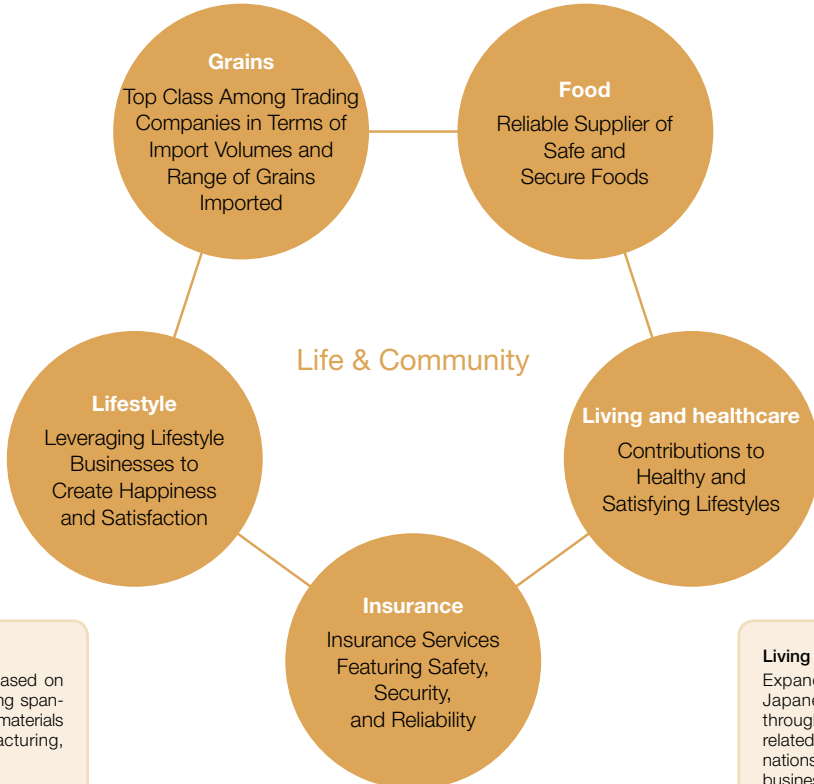
The Food & Consumer Services division provides a wide range of products and services that support people's lives. As the core division in charge of the Life and Community

domain, we will strive to constantly remain mindful of end consumers in the course of conducting business, as we respond swiftly to our fast-changing markets.

Grain
Invest in companies in the grain infrastructure business in Brazil, a major grain producer, in conjunction with building a value chain ranging from the procurement of grains to worldwide sales.




Food
Expand food distribution businesses such as the food service business by investing in catering companies, along with developing businesses that help to solve social issues related to agriculture and fisheries businesses.

Lifestyle
Provide added value based on integrated manufacturing spanning product planning, materials development, manufacturing, logistics, and sales.



Insurance
Expand business domains across a broad range of areas from individuals to corporations as a leading insurance agent in Japan, while developing comprehensive insurance services in Asia, centered on medical insurance.



Living and healthcare
Expand services that meet Japanese quality standards through general hospital and related operations in emerging nations and the hotel residence business.







Stakeholder Dialogue

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Management Structure



Board of Directors

① Chairman of the Board*
Satoshi Ozawa

② President & CEO*
Jun Karube

③ Executive Vice President*
Mikio Asano

CIO (Chief Information Officer), Responsible for Japan regional strategy & coordination, global strategy and management (deputy), Europe regional supervisor

④ Executive Vice President*
Yasuhiko Yokoi

In charge of Tokyo Head Office, Responsible for global strategy and management, Japan regional strategy & coordination (deputy), emerging markets regional supervisor

⑤ Executive Vice President*
Kuniaki Yamagiwa

Assistant to President, Responsible for global strategy and management (deputy)

* Representative Director

⑥ Senior Managing Director
Soichiro Matsudaira
Chief Division Officer of Chemicals & Electronics Division
East Asia regional supervisor

⑦ Senior Managing Director
Takashi Hattori
Assistant in charge of Tokyo Head Office,
Africa regional supervisor

⑧ Senior Managing Director
Yuichi Oi
Chief Division Officer of Global Parts & Logistics Division
Asia & Oceania regional supervisor

⑨ Senior Managing Director
Yoshiki Miura
Chief Division Officer of Food & Consumer Services Division

⑩ Managing Director
Hideki Yanase
Chief Division Officer of Administrative Division

⑪ Managing Director
Toshiro Hidaka
Chief Division Officer of Machinery, Energy & Project Division

⑫ Managing Director
Minoru Murata
Chief Division Officer of Metals Division,
North America regional supervisor

⑬ Managing Director
Ichiro Kashitani
Chief Division Officer of Automotive Division

⑭ Outside Director
(Member of the Board)
Jiro Takahashi

⑮ Outside Director
(Member of the Board)
Yoriko Kawaguchi

⑯ Outside Director
(Member of the Board)
Kumi Fujisawa

Audit & Supervisory Board Members

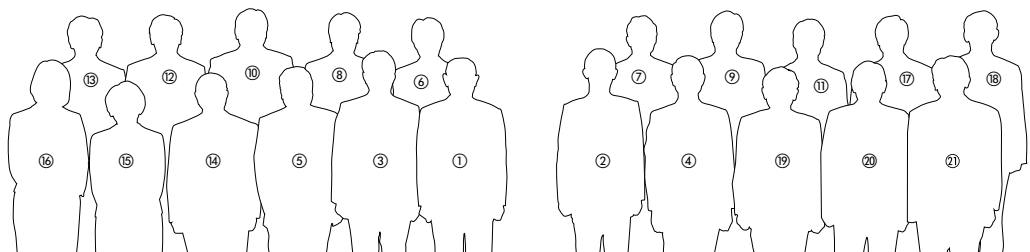
⑰ Audit & Supervisory Board Member (full-time)
Yoshihiro Shiji

⑱ Audit & Supervisory Board Member (full-time)
Yasushi Shiozaki

⑲ Audit & Supervisory Board Member
Tetsuro Toyoda

⑳ Audit & Supervisory Board Member
Kazunori Tajima

㉑ Audit & Supervisory Board Member
Yuichiro Kuwano





Executive Officers

[Managing Executive Officers]

Tetsuro Hirai

Deputy Chief Division Officer of Administrative Division and Deputy Chief Division Officer of Automotive Division

Yoshifumi Araki

President of S.C. Toyota Tsusho do Brasil Ltda.

Hirofumi Sato

President of Toyota Tsusho (Thailand) Co., Ltd.

Hiroyuki Niwa

Deputy Chief Division Officer of Automotive Division

Shizuka Hayashi

President of Toyota Tsusho India Private Ltd. and General Manager of Colombo Office

Takeshi Matsushita

Executive Deputy Chief Division Officer of Food & Consumer Services Division

Takahiro Kondo

Executive Deputy Chief Division Officer of Machinery, Energy & Project Division

Hideki Kondo

Deputy Chief Division Officer of Metals Division

Shigeki Tani

Deputy Chief Division Officer of Chemicals & Electronics Division and President of Tomen Electronics Corporation

Kiyoyoshi Oba

Deputy Chief Division Officer of Global Parts & Logistics Division

Yuji Hamamoto

Deputy Chief Division Officer of Machinery, Energy & Project Division

[Executive Officers]

Yoshihiro Inoue

Deputy Chief Division Officer of Machinery, Energy & Project Division

Mitsuhiro Tsubakimoto

Regional Chief Operating Officer for East Asia; Chairman of Toyota Tsusho (China) Co., Ltd.; General Manager of Beijing Office

Jun Eyama

Deputy Chief Division Officer of Global Parts & Logistics Division

Naoki Takeuchi

Deputy Chief Division Officer of Automotive Division

Yasuhiro Nagai

Deputy Chief Division Officer of Administrative Division and Toyota Branch Manager

Hiroshi Tasaka

Deputy Chief Division Officer of Food & Consumer Services Division
President of Fukusuke Corporation

Masanori Kondo

Deputy Chief Division Officer of Machinery, Energy & Project Division and Deputy Chief Division Officer of Automotive Division

Satoshi Suzuki

President of Toyota Tsusho Mexico, S.A. de C.V.

Motoya Hayata

Deputy Chief Division Officer of Food & Consumer Division
Chairman of NovaAgri

Naoji Saito

Deputy Chief Division Officer of Metals Division

Hiroshi Tominaga

Deputy Chief Division Officer of Administrative Division and President of Toiytsu Syscom Corporation

Hideyuki Iwamoto

Deputy Chief Division Officer of Administrative Division

Tsutomu Suzuki

President of Toyota Tsusho Europe S.A. and President of Toyota Tsusho U.K. Ltd.

Kazuo Yuhara

Assistant to global strategy and management; Deputy Chief Division Officer of Metals Division; Deputy Chief Division Officer of Machinery, Energy & Project Division

Naoyuki Hata

Deputy Chief Division Officer of Metals Division and Osaka Branch Manager

Masato Yamanami

Deputy Chief Division Officer of Automotive Division

Hideyuki Inazumi

Deputy Chief Division Officer of Machinery, Energy & Project Division and President of Eurus Energy Holdings Corporation

Atsushi Aoki

Deputy Chief Division Officer of Chemicals & Electronics Division

Haruyuki Hattori

Deputy Chief Division Officer of Food & Consumer Services Division

Tetsuya Kamiya

Deputy Chief Division Officer of Chemicals & Electronics Division

Shigeki Maeda

Deputy Chief Division Officer of Global Parts & Logistics Division

Akihiro Sago

President of Toyota Tsusho America, Inc.

Kazuyuki Urata

Deputy Chief Division Officer of Chemicals & Electronics Division

Toshimitsu Imai

Vice Chairman of the Management Board of CFAO S.A.

Note: Company names and titles are as of June 23, 2016.

Corporate Governance

Toyota Tsusho Corporation is actively pursuing increased management efficiency, transparency, thorough compliance and a healthy financial position on a base composed of our Audit & Supervisory Board member system and the executive officer system.

Basic Approach

As the Group's basic philosophy, Toyota Tsusho espouses a Corporate Philosophy of "Living and prospering together with people, society, and the Earth, and aiming to be a value-generating corporation that contributes to the creation of a prosperous society." The Group has established Behavioral Guidelines as a fundamental code of conduct for realizing this philosophy in a legal and appropriate manner as a good corporate citizen.

In accordance with this basic philosophy, we have put in place systems for ensuring proper operations throughout the Company. As a result, we have been actively working to further raise management efficiency, enhance transparency, enforce rigorous compliance, and establish a sounder financial position. In addition, in line with Japan's Corporate Governance Code, the enhancement of corporate governance is considered essential in order to extend the Company's earnings capabilities, and we address these issues seriously.

We recognize that providing added value that satisfies all our stakeholders and contributing to society work to accelerate the sustainable growth of the Toyota Tsusho Group itself, thereby resulting in improved corporate value.

Promotion Structure

Toyota Tsusho has adopted the system of a company with a board of auditors to ensure management transparency and soundness. In addition, the company has streamlined the Board of Directors and introduced an executive officer system with the aim of improving managerial efficiency and strengthening internal control.

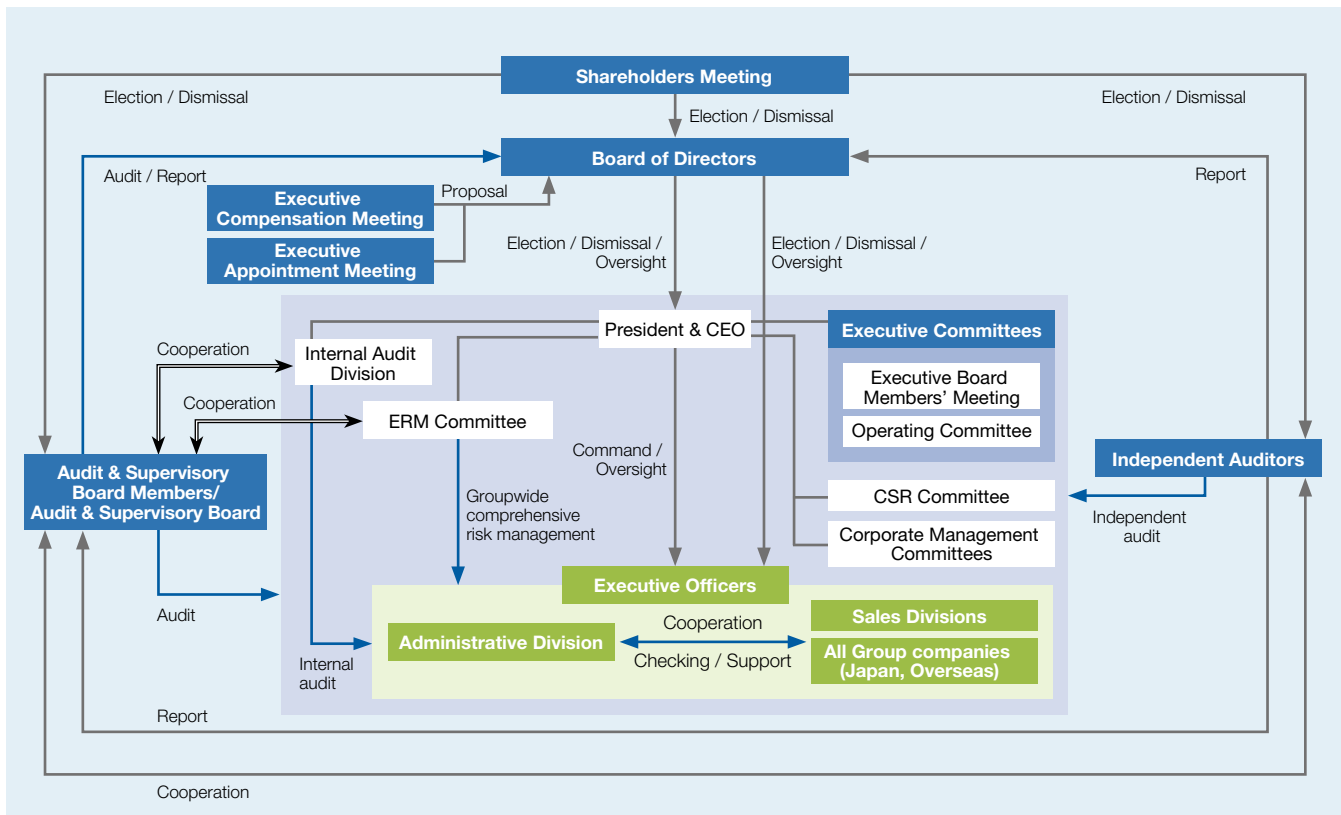
The Company conducts groupwide management based on the divisional system. Currently, the Company has a total of seven divisions: six product divisions and the Administrative division. Each division is led by a director appointed as chief division officer. The duties of these directors include conducting management at the corporate level while maintaining an

understanding of business execution at the divisional level. Executive officers focus exclusively on the management of their respective product division. By separating overall Company management (directors) and the execution of duties (executive officers) in this manner, Toyota Tsusho aims to strengthen supervision of the execution of duties by the Board of Directors, clarify authority and responsibilities, and strengthen internal control.

○ Board of Directors

The Board of Directors is comprised of 16 directors, 3 of whom are outside directors. The directors make important management decisions and supervise the execution of business by directors. The Company has submitted notification that the three outside directors are independent directors as they satisfy the Company's criteria for independent directors. Directors are appointed for a one-year term, and the Board of Directors meets once each month, in principle.

Corporate Governance Structure (As of June 2016)



In order for the outside directors to adequately fulfill their management and supervisory functions, we have built a support framework in which the Directors Secretariat (Corporate Planning Department) and the sales divisions provide a prior explanation as necessary, and allowing the outside directors to firmly understand the business details to stimulate discussion among the Board of Directors.

○ Audit & Supervisory Board

The Audit & Supervisory Board is made up of five Audit & Supervisory Board members, three of whom are outside Audit & Supervisory Board members, who perform a checking function from an external viewpoint. Audit & Supervisory Board members regularly exchange ideas with the directors, executive officers, and the independent auditor, as well as the Internal Audit division and other organizations. Through these actions, Audit & Supervisory Board members strive to ensure the legality, appropriateness, and efficiency of business execution. The Audit & Supervisory Board meets once each month, in principle.

Committee and Meeting Functions and Roles

The Company has established various committees and meetings to reinforce its corporate governance. Toyota Tsusho has established a Companywide lateral meeting structure wherein directors and executive officers examine measures for addressing management issues, consulting with the Board of Directors as necessary.

○ Establishment of an Executive Compensation Meeting and an Executive Appointment Meeting.

The Executive Compensation Meeting examines the compensation of directors,

and the Executive Appointment Meeting examines the nomination of directors. Both meetings include members who are outside directors, and the Board of Directors deliberates and makes resolutions after considering the results of these examinations.

Internal Control

On May 25, 2006, the Board of Directors of Toyota Tsusho approved the Basic Policies on Establishing Internal Control Systems. Guided by these Basic Policies, the Company confirms the efficiency and validity of its business operations. Once a year, these systems are monitored by the Board of Directors and, if necessary, the board reviews the regulations and business operations, and strives to improve their effectiveness.

As regards risk management, each division regularly measures its risk and conducts evaluations of its countermeasures. Moreover, the ERM Committee assesses and evaluates cross-organizational risk. The risk status of the Company and the Group is regularly reported to the Board of Directors, and responses to events that have a large impact on the entire Group are decided by the Board of Directors of the Company.

As regards internal audits, we audit the effectiveness of the internal control based on an annual plan. Audit & Supervisory Board members conduct their audits of the Company and its Group companies, attend important internal meetings, including those of the Board of Directors, and conduct monitoring and supervision of business execution and legal compliance. In April 2016, the Audit Group that had been inside the ERM Department was made independent as the Internal Audit Division under the direct control of the president, thereby strengthening the governance structure. Audit Department will conduct planning, proposals, and imple-

mentation related to the internal audit operations and the internal controls reporting system, on a consolidated basis.

Compliance System

Toyota Tsusho endeavors to ensure that executives and employees perform their duties in accordance with laws, regulations, and the Company's Articles of Incorporation. We have formed the CSR Committee, which is chaired by the president and CEO, to focus on approaches and activities addressing such priorities as environmental issues, social contribution activities, and safety promotion activities. In addition, in July 2016 the Company formulated the Global Code of Conduct & Ethics ("COCE"), which specifies behavioral guidelines for employees. COCE applies to both Japanese and overseas Group employees, and was developed in the common language of English. It will be used globally so it has been prepared in various language versions, including Japanese. The COCE booklet has been posted on the Company's intranet in all available languages, and the Company will circulate it thoroughly. Furthermore, all employees have access to internal and external reporting lines for reporting and consultation on items concerning business ethics.

○ Raising Awareness of Compliance

Toyota Tsusho offers various types of training and seminars in an effort to ensure compliance with laws and regulations and the internalization of specific codes of conduct in the day-to-day work of its executive and employees.

In the fiscal year ended March 31, 2016, we held training for various levels of the organization, including new employees, managers, and executives, as well as for specific groups such as newly-appointed executives at domestic group companies and employees about to be stationed overseas. We also implemented e-learning training for executives and employees on topics such as insider trading, bribery preventions, cartels, and CSR.

○ Strengthening the System

To enhance compliance awareness on a global basis, the Company established a specialized organization, the Compliance Administration Group, in the ERM Department in April 2016. The Compliance Administration Group formulates and oversees compliance policy.

Major activities of Outside Officers

Classification	Name	Meeting attended during the fiscal year	Classification	Name	Meeting attended during the fiscal year
Outside Directors	Jiro Takahashi	Board of Directors 18/18	Outside Audit & Supervisory Board members	Tetsuro Toyoda	Board of Directors 17/18 Audit & Supervisory Board 14/14
Outside Directors	Yoriko Kawaguchi	Board of Directors 15/18	Outside Audit & Supervisory Board members	Kyoji Sasazu	Board of Directors 17/18 Audit & Supervisory Board 13/14
Outside Directors	Kumi Fujisawa	Board of Directors 17/18	Outside Audit & Supervisory Board members	Kazunori Tajima	Board of Directors 18/18 Audit & Supervisory Board 14/14

Risk Management System

Toyota Tsusho has defined the word “risk” as used in the Risk Management Basic Policy as “events with the potential to cause unexpected losses in business operations, and damage to the Group’s assets and credit, etc.” The Company strives to recognize and examine the various risks that may arise from business operations. While ensuring the safety of management, the Company will strive to increase corporate value by adopting the basic approach that risks should only be taken within an appropriate and controlled range.

To accomplish the above, the Company established the ERM Department, which comprehensively manages the risks of the Group. The Company works to develop and enhance its risk management system on a consolidated basis in collaboration with various departments and Group companies, with emphasis on the overall risk faced by the entire Toyota Tsusho Group. Toyota Tsusho conducts financial risk management by regularly measuring the amount of risk assets, and striving to balance the total amount of risk assets with a suitable risk buffer (risk tolerance) on a consolidated basis. Moreover, to appropriately conduct risk management activities, the Company appropriately assesses and manages risks by formulating management rules and guidelines through the departments responsible for each type of risk, namely business investment, credit, market, country, health and safety, and environmental preservation risks.

In addition, the ERM Committee meets regularly with the vice-president as chairman, and strives to reach a companywide assessment of the risks described above to discover any problems, and to discuss and promote any necessary measures.

= Main Financial Risks =

○ Risk Asset Management

The Company measures risk assets as the maximum amount of anticipated loss when a risk materializes mainly by multiplying the amount of assets on the balance sheet by the risk weight, namely the maximum expected loss rate. The Company ensures the safety of management by regularly reporting to upper management the balance of the consolidated risk-asset total and the risk buffer.

The Company conducts country risk management to prevent any excessive concentrations of risk by correctly assessing the above-mentioned risk-asset total for every country, and keeping

the total under the upper limit determined for each country.

○ Business Investment Risk Management

The Company discusses the strategic and companywide priorities of any new investment, and examines the suitability of the investment in light of the Company’s investment standards, including the investment return from a broad viewpoint and various risk analyses. From an early stage, these examinations are conducted not only by the sales department in charge but also with the participation of the relevant managers from the Corporate Administrative Division.

Moreover, after making an investment, the Company continues monitoring such factors as to whether the Company obtained the investment return as planned and whether the Company secured a profit commensurate with the risk asset. If the investment did not proceed as planned, the Company then acts in line with the strict rules it has set for restructuring or withdrawing from such an investment.

○ Credit Risk Management

For credit risk management, the Company rates suppliers using its own criteria (8 levels) on details of financial transactions, and sets the limits for each type of transaction, such as accounts receivable or advances. In the case of a low-rated supplier, the Company reviews the transaction conditions, determines the transaction policy, such as the protection of accounts receivables or withdrawal, carries out individually focused management, and endeavors to prevent losses.

○ Market Risk Management

Position balance limits are defined for transactions exposed to the risk of commodity price fluctuations, such as inventory or purchase contracts with no sales contract, or the sales contracts with no purchase contract, and status of the limits are monitored regularly. Moreover, as regards financial instruments that are traded on certain exchanges and are subject to volatile price fluctuations, such as nonferrous metals, grains and cotton, in addition to position limits, the Company sets the loss limits, and manages them to minimize any losses occurring.

Information Disclosure (Communication With Stakeholders)

○ IR Activities

Toyota Tsusho believes that it is important

to carry out sincere and fair information disclosure, thereby fulfilling its responsibility of accountability to stakeholders such as investors and analysts. It is also important to build long-term relationships of trust and to obtain stakeholders’ trust and good evaluation through two-way communication. In order to achieve this objective, the Company will provide any information that it deems necessary on a continuous basis, and also develop IR activities to make use of third-party opinions, thereby improving management.

The Company holds financial results briefings four times a year for domestic analysts and institutional investors as a means of communicating with its shareholders and investors. We also hold business briefings and provide facility tours as appropriate to aid participants’ understanding of the Company’s business activities. (In fiscal 2015, for example, the Company held business briefings about the CFAO business and the hydrogen business.) For overseas investors, since fiscal 2014 the Company has made visits to Europe, Asia and the Middle and Near East, and continuously carried out individual meetings. The Company also carries out continual corporate briefings for individual investors and in fiscal 2015, these briefings were attended by about 1,300 people in a total of 12 countries.

○ General Meeting of Shareholders

To enable as many shareholders as possible to attend the Company’s General Meeting of Shareholders, the Company avoids holding this meeting on days when there is a large concentration of other shareholder meetings. In addition, the Company sends out its convocation notice for the General Meeting of Shareholders well in advance and also participates in platforms for exercising of voting rights, thereby allowing institutional investors both in and outside of Japan sufficient time to examine the details of the proposals.



An IR presentation in progress.

Appointment of Outside Directors

Some of the essential elements in the appointment of outside directors are a knowledge of governance and accounting, risk discovery capabilities, a variety of business-related insight, insight gained from global experience, and making a contribution to promoting diversity. Within this framework, the Company appoints outside directors by giving emphasis to candidates who possess a wealth of knowledge and experience.

Major concurrent positions (as of July 1, 2016)		Reason for selection
Jiro Takahashi	Representative Director and Chairman, MEIKO TRANS Co., Ltd.	Mr. Takahashi has served as a manager at MEIKO TRANS Co., Ltd., for several years and has also accumulated experience in his position as Chairman of the Nagoya Chamber of Commerce & Industry. He was selected as an outside director with the aim of incorporating his wealth of general management experience and broad range of expertise into the Company's management.
Yoriko Kawaguchi	Director, Japan Petroleum Exploration Co., Ltd.	Ms. Kawaguchi has work experience in several important government offices, such as, Minister for the Environment, and Minister for Foreign Affairs, and was also Managing Director of Suntory Holdings Ltd. (in charge of the Lifestyle and Environment Department). She was selected as an outside director with the aim of incorporating her wealth of specialized insight regarding environmental issues and international political and economic trends into the Company's management.
Kumi Fujisawa	Director, The Shizuoka Bank, Ltd. Director, CREEK and RIVER Co., Ltd.	In addition to having founded and served as representative director of an investment trust evaluation company, Ms. Fujisawa participated in establishing SophiaBank, and serves as its representative director. She has worked in the Ministry of Economy, Trade and Industry, the Finance Services Agency and has held many other government-related positions. Ms. Fujisawa was selected with the hope that her wealth of experience and wide-ranging insights can be incorporated in the Company's management.

Appointed Outside Audit & Supervisory Board Members

Reason for selection	
Tetsuro Toyoda	Mr. Toyoda also serves as an executive with one of the Company's important business partners. He was selected for his broad insights into and deep understanding of the Company's business, and his ability to bring a shareholder's perspective to providing appropriate oversight and control over the Board's performance of its duties.
Kazunori Tajima	As a certified public accountant, Mr. Tajima is well-versed in accounting and auditing, and was selected to bring his wealth of experience and expertise to providing a neutral, objective perspective to appropriate oversight and control over the Board's performance of its duties.
Yuichiro Kuwano	Mr. Kuwano has been active as an attorney-at-law for many years and was selected to bring his wealth of experience and expertise to providing a neutral, objective perspective to appropriate oversight and control over the Board's performance of its duties.

Executive Compensation

Compensation for executives is discussed and determined using as reference the opinion of the Executive Compensation Meeting, and set within the overall limit set by the General Meeting of Shareholders, taking into consideration the Company's performance, management environment and other factors.

Compensation for Audit & Supervisory Board members is discussed and determined at meetings of the Audit & Supervisory Board, and set within the overall limit set by the General Meeting of Shareholders, taking into consideration general conditions, responsibilities, and other factors.

Executive category	Total amount of compensation and other remuneration (Millions of yen)	Total amount of compensation by executive category (Millions of yen)			Number of executives (People)
		Basic remuneration	Stock options	Bonuses	
Directors (excluding outside directors)	544	544	—	—	15
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	85	85	—	—	3
Outside Directors & Outside Audit & Supervisory Board members	75	75	—	—	6

*1. Amounts of compensation above include compensation for two directors and one Audit & Supervisory Board member who resigned following the general meeting of shareholders held in 2015

*2. At the general meeting of shareholders held in 2007, the upper limit for compensation of directors was set at a monthly ¥90 million.

*3. At the general meeting of shareholders held in 2014, the upper limit for compensation of Audit & Supervisory Board members was set at a monthly ¥16 million.

Messages from the Outside Directors



Jiro Takahashi
Outside Director

“Investment in human resources translates personal potential into corporate vitality.”

Our fiscal results in the past fiscal year were a disappointment. And our efforts to achieve a turnaround in the present fiscal year unfold amid political and economic instability worldwide. We therefore need to draw fully on our experience and make the most of our capabilities.

Continuing investment is a fundamental function at any trading company. The targets of investment are diverse and encompass such undertakings as natural resources development, corporate acquisitions, and product deployment. Our most important investment, however, is our investment in human resources. Natural resources and manufactured products are subject to market fluctuations. People, however, are an unwavering asset. Investment in human resources translates personal potential into corporate vitality.

This is, as our president emphasizes, a time for new beginnings. Our corporate philosophy evokes

a lasting commitment, meanwhile, to serving society. Our initiatives for achieving renewed growth need to take place in conjunction with fulfilling that commitment. If Toyota Tsusho remains true to its core values and equips its people with reliable information and suitable capabilities, the turnaround will proceed apace.

Investment in people will become even more important in the years ahead. That is because new business in such sectors as information, environment, and energy will account for an increased weighting in Toyota Tsusho's business portfolio. Competing effectively in those sectors and in traditional sectors, such as vehicles, metals, and chemicals, will require new capabilities and perspectives. I look forward to taking part in putting in place a framework that will support sustainable growth for Toyota Tsusho in the changing business environment.



Yoriko Kawaguchi
Outside Director

“I strive to shape my input to elicit positive, concrete output.”

Fulfilling the responsibilities of an outside director is a demanding task. I am always reflecting on whether I have a sufficient understanding of Toyota Tsusho, whether I am championing shareholder value vigorously enough, whether I am voicing social expectations of the company forcefully enough, whether I am shaping my input in ways that will elicit positive, concrete output.

I perceive corporate governance at Toyota Tsusho to be functioning well. That is a tribute to conscientious work over the years by people in management and in the workplace. And I am happy to note that it

enables me to approach my responsibilities as a outside director in a forward-looking manner.

Tectonic shifts are under way worldwide in the realms of economics, technology, and politics. We need to carry out our work amid uncertainty about what the future holds. Corporate governance needs to provide an optimal framework for coping with that uncertainty. Good governance is not a matter of avoiding risk and opting always for the path of least perceived risk. Rather, it is a matter of managing risk effectively while anticipating needs and steering the company boldly toward new possibilities.



Kumi Fujisawa
Outside Director

“My comments at the board meetings focus on issues of fairness.”

I have high regard for the business momentum that Toyota Tsusho has managed to achieve in a trying environment. In representing shareholder interests on the board, I am eager to see the company maintain steady growth momentum. I concentrated during my first year on ensuring that the investment proposals from the sales divisions received fair consideration. In my second year, I have monitored and spoken out on fairness issues in the decision-making process for undertaking investments and for withdrawing from investment projects.

Another focus for me in the past year has been on gauging how well management policies and thinking are permeating the workplace. We on the board are responsible for ensuring that our entire organization is moving on a shared vector and that our corporate governance mobilizes employee capabilities in conformance with that vector. I have therefore secured opportunities to discuss with workplace employees the issues that we debate at our board meetings. And I have shared employee comments of special note with my fellow directors.

Outside directors and senior management hold a meeting after the monthly meeting of the Board of Directors to exchange information and share perceptions. In addition, in fiscal 2015 all the Company's executives also participated in the executive review meeting, at which they also actively exchanged opinions on management issues.

To promote interaction with employees, the Company also holds conversational meetings with all ranks of employees including general managers, group leaders, career-track personnel, and front-office staff. These help to increase employees' motivation by teaching them about the new corporate culture and way of thinking.

Toyota Tsusho's Approach to CSR

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Our CSR Philosophy

Rather than viewing CSR as a special undertaking, Toyota Tsusho sees it as being inseparable from the management of all corporate activities. Through these corporate activities, Toyota Tsusho is able to contribute to society in a sustained manner.

Toyota Tsusho's basic management philosophy is based on a Fundamental Philosophy of unchanging ideals that should be passed on to future generations. The Company's basic management philosophy sets forth the Toyota Tsusho Group's raison d'être and its Corporate Philosophy sets forth the resolve with which it manages its operations. The Company's Behavioral Guidelines describe how they will conduct CSR activities to realize their Corporate Philosophy.

Through putting these Behavioral Guidelines into practice, Toyota Shusho adheres to its basic policy of CSR activities to realize its corporate philosophy.

Fundamental Philosophy	
Corporate Philosophy	Living and prospering together with people, society, and the Earth, we aim to be a value-generating corporation that contributes to the creation of a prosperous society.
Behavioral Guidelines	As a good corporate citizen, we will: <ul style="list-style-type: none"> • Implement open and fair corporate activities • Fulfill our social responsibilities and conserve the global environment • Offer creativity and provide added value • Respect people and create an active working environment filled with job satisfaction

■ Global Code of Conduct & Ethics

Toyota Tsusho formulated the Global Code of Conduct & Ethics to provide more specific guidelines to support the Corporate Philosophy and announced it on July 1, 2016. The Global Code of Conduct & Ethics is a set of regulations for ethical conduct to be shared, firmly understood, and practiced throughout the world by every executive and employee of the Toyota Tsusho Group for the purpose of realizing the Corporate Philosophy and Global Vision.

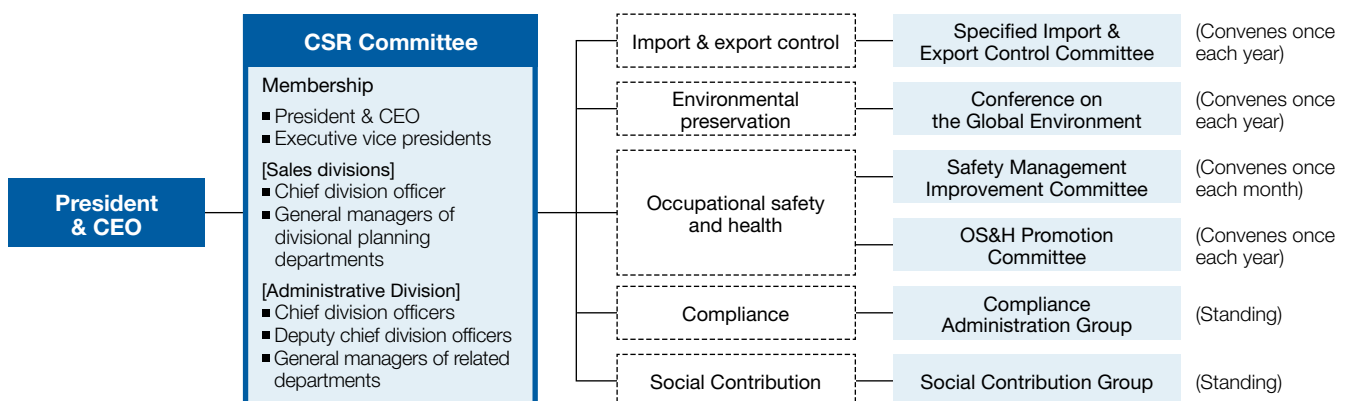
Global Code of Conduct & Ethics (10 creeds)

- 1) We are committed to "ANZEN" to create a safe and healthy work environment.
- 2) We will comply with all applicable laws and regulations; including anti-corruption, anti-trust and competition law, and trade laws and regulations.
- 3) We are committed to accurate financial reporting.
- 4) We are accountable for compliance with all company rules.
- 5) We will act with integrity, honesty and transparency, and protect and develop trust among all stakeholders.
- 6) We will contribute to the sustainable development of society.
- 7) We will promote and pursue environmentally friendly corporate activities.
- 8) We will add value through innovation and "Kaizen" (continuous improvement).
- 9) We will respect human rights.
- 10) We will embrace diversity and inclusion within our company and society.

Promotion Structure

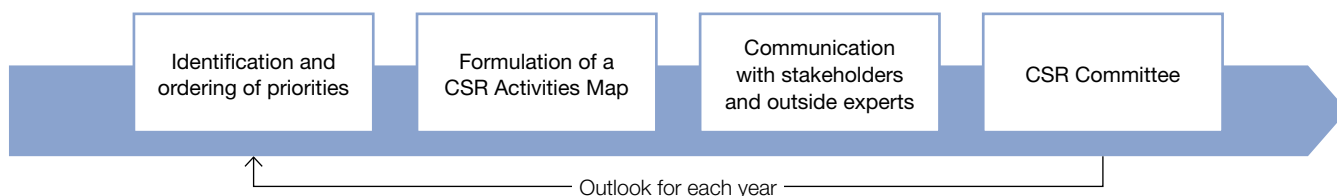
We have established the CSR Committee (chaired by the president & CEO) to serve as the central organization for promoting CSR throughout the group. This committee meets once each year. Organizations operating under the CSR Committee are the Specified Import & Export Control Committee, the Conference on the Global Environment, the Safety Management Improvement Committee, the Compliance Administration Group, the Social Contribution Group, and the OS&H Promotion Committee, with each committee discussing and deliberating the various CSR themes. Also, the Compliance Administration Group covers compliance, while the Social Contribution Group is a specialized organization that actively drives our social contribution efforts. Each organization strives to bolster its CSR activities under this structure.

CSR Promotion Structure



CSR Priorities

In consideration of stakeholder expectations and interests, and the group's potential economic, environmental and social impact, Toyota Tsusho subcategorizes its CSR initiatives into four fields and identifies the priorities it must uphold in conducting sustainable business activities.



■ Three Fields of CSR Initiatives

The visions for our three business domains were redefined when we formulated our Global Vision.

GLOBAL VISION 2020	Global Vision	Reason for the change
A business domain contributing to the evolution of next-generation vehicles	Mobility A business field that contributes to future convenient society	To clarify our recognition of this domain's contribution to caring for the environment while enhancing social convenience
A business domain contributing to better lifestyles	Life & Community A business field that contributes to a comfortable & healthy society	To clarify our recognition of this domain's contribution to comfortable and healthy societies
A business domain contributing solutions to global issues	Resources & Resources A business field that contributes to a sustainable society	To clarify our recognition of this domain's contribution to sustainable societies

■ Toyota Tsusho's Initiatives to Address Social Issues through Business Activities

Global Vision	Contributes to addressing social issues	Examples of initiatives
Mobility A business field that contributes to future convenient society	Constructs environments, recycling mechanisms, and industrial and technological infrastructure	<ul style="list-style-type: none"> Environmentally considerate molten aluminum business Technopark business Automotive businesses in new emerging countries in Africa, the South Pacific and other regions
Life & Community A business field that contributes to a comfortable & healthy society	Responds to alleviate poverty and hunger Responds to improve disease prevention and mortality risk	<ul style="list-style-type: none"> Fertilizer production business in Kenya Operation of a hospital in India Production business for superabsorbent polymers in China and Malaysia
Resources & Environment A business field that contributes to a sustainable society	Preserve ecosystems Responds to climate change Environments and recycling	<ul style="list-style-type: none"> Full-cycle bluefin tuna cultivation business Renewable energy business Promotion of carbon fiber recycling business

Supply Chain CSR

The Company established the Toyota Tsusho Supply Chain CSR Behavioral Guidelines in 2012. Under these guidelines, we aim to coordinate CSR initiatives and foster mutual support for sustainable growth throughout our supply chain by having our suppliers and other business partners share a common understanding of CSR.

■ Toyota Tsusho Supply Chain CSR Behavioral Guidelines

- Respect the human rights of employees and refrain from inhumane treatment of others.
- Prohibit forced labor, child labor, and insufficiently compensated labor.
- Strive to furnish a safe, hygienic, and healthy work environment.
- Refrain from discrimination in hiring.
- Comply with all related laws and international rules, conduct fair trading and thoroughly prevent corruption.
- Ensure the quality and safety of goods and services.
- Strive to maintain a sound global environment.
- Promptly and appropriately disclose information concerning the above.

Safety

The Toyota Tsusho Group's Policies on Safety and Health

- 1 Recognizing that good communications are paramount for ensuring safety and health, top management places a high premium on dialogue with employees.
- 2 While strictly adhering to relevant safety and health laws and the internal workplace business rules and procedures of our customers, we have established our own standards, as we work to raise the level of our safety and health management.
- 3 We utilize occupational safety and health management systems and implement *kaizen* (continuous improvement) as we aim to continually raise safety and health levels.
- 4 To promote safety and health activities at all companies throughout the Toyota Tsusho Group, we will establish the necessary organizations and structures and clarify the locations of responsibilities.
- 5 To progress with the creation of comfortable and healthy workplaces, we will provide all employees with sufficient and necessary education for ensuring their safety and health.

Structure for Promoting Occupational Safety and Health

Toyota Tsusho promotes occupational safety and health (OS&H) as an important CSR priority. We hold Weekly Safety Meetings to stop accidents from recurring and share information on safety and health, attended by "zero accident" promoters selected to be in charge of OS&H at each operating division. Also, the Safety Management Improvement Committee, which extends laterally across the entire company and is attended by divisional executives (chief division officers and directors in charge of "zero accident" promotion), meets monthly. Furthermore, top executives from 54 group companies in Japan convene once a year to hold a Toyota Tsusho Group OS&H Promotion Committee meeting to ensure information is shared as a group and to boost safety consciousness among top management.

Number of Work-Related Accidents

Lost time injury increased to 43 incidents in fiscal 2015 from 28 incidents in fiscal 2014 despite activities including "plant safety

diagnoses" and OS&H education to strengthen OS&H further, carried out at group companies throughout the world. Moving forward, Toyota Tsusho will continue to strive for "zero accidents" by making certain its "Anzen First (Safety First)" philosophy is shared globally throughout the group.

Number of work-related accidents (lost time injuries)

	Fiscal 2015	Fiscal 2014
Japan	45 accidents (7 lost time injuries)	26 accidents (6 lost time injuries)
Over-seas	66 accidents (36 lost time injuries)	50 accidents (22 lost time injuries)

OS&H Education

We believe that human resource cultivation is where safety management truly begins, so in addition to group employees, we also conduct OS&H education for corporate suppliers upon their request.

Rank-based safety training is also provided to new employees, mid-level employees, managers and executives, and we are expanding the scope of safety training, such

as the education we provide work supervisors, to include corporate suppliers.

To heighten employee sensitivity to danger by having them experience a taste of perilous work, in fiscal 2009 we established a Practical Safety Workshop at the Toyota Steel Center Co., Ltd. The workshop offers simulation of some 50 different types of danger, including being squeezed and danger involving heavy items. Workshop attendance is open to all group employees as well as the personnel of suppliers who take part in Toyota Tsusho's Safety and Health Cooperation Council.



Learning "Anzen First" from the bottom up

Structure for Promoting OS&H



Environment

Toyota Tsusho Group's Environmental Policy

- ① As a responsible corporate citizen, we strive to reduce our impact on the environment, conserve energy, recycle resources and eliminate environmental pollution, while placing a high priority on not disturbing the global environment in conducting business.
- ② We promote environment-related businesses, such as the efficient use of waste and the preservation of natural resources, and contribute to the realization of a recycling-oriented economy and society in collaboration with our affiliates and business partners.
- ③ We comply with all environmental requirements, including environmental laws and regulations and industry guidelines.
- ④ We participate in activities to reduce the impact on the environment by establishing an environmental management system and implement *kaizen* (continuous improvement) of these activities through periodic review and the application of creative ideas.
- ⑤ We enhance environmental awareness among employees by providing environmental training and promoting a thorough understanding of our environmental policy.

Structure for Promoting Environmental Management

Toyota Tsusho strives to realize the Toyota Tsusho Group's Environmental Policy through a Conference on the Global Environment that was established as an organization under the group's CSR Committee. The Conference on the Global Environment is held once a year, and functions to rigorously enforce guidance issued by the environmental management general supervisor concerning the environment. It ensures that examples of environmental improvement and measures preventing environmental accidents from recurring are shared throughout the group. Representatives from 62 group companies attended Toyota Tsusho's Conference on the Global Environment in August 2015. In addition to the functions mentioned above, the conference covered the proposed revisions of the ISO 14001*1 international standard for environmental management systems and introduced the environmental activities of overseas group companies.

*1 The Toyota Tsusho Group's environmental management system conforms to ISO 14001.

Environmental Compliance

The Toyota Tsusho Group has taken various measures in order to thoroughly ensure environmental compliance. Specifically, once every six months we evaluate our status of compliance with environmental laws and regulations. We conduct an environmental risk assessment every two years of equipment and facilities that might exert a burden

on the environment. Moreover; we are investigating whether we can build a mechanism to maintain sustained legal compliance and prevention of pollution through internal and external audits.

Furthermore, to mitigate the impact of an environmental accident, Toyota Tsusho regularly conducts training on immediate action for preventing the dispersion of pollution, and has a strict reporting structure in place whereby an accident is reported to all relevant departments in Japan and overseas.

[Preliminary Environmental Assessment of Investment Projects]

Toyota Tsusho conducts preliminary environmental assessments before proceeding with investment projects under its management. We work to conserve the natural environment and reduce the pollution risk.

Environmental Performance (1)

Saving Energy

To improve the efficient use of energy at Toyota Tsusho, we established an Energy-Saving Promotion Council in 2012 to formulate plans to reduce CO₂ emissions and manage the results. Specifically, this council is responsible for setting and implementing energy management standards for each business base, and strives to reduce CO₂ emissions from Toyota Tsusho's offices and commercial facilities. Moreover, we conduct energy-efficiency audits to confirm the management status of energy consumed by our facilities. The same audits are conducted for

group companies subject to Japan's Energy Saving Act. In addition, Toyota Tsusho is endeavoring to reduce CO₂ emissions with means that include modal shift*2 from trucks to rail or ship transport, higher container loading ratios, and enhanced distribution efficiency.

Overseas, we began a similar initiative that targeted Thailand and China.

*2 Modal shift: A change in the mode of transportation aimed at reducing CO₂ emissions and other environmental burdens.

Environmental Performance (2)

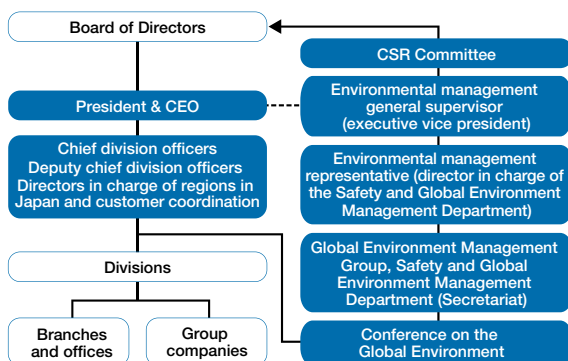
Increasing Waste Recycling and Lowering the Landfill Waste Ratio

The Toyota Tsusho Group promotes the increased recycling of waste as resources by means of rigorous waste separation. We also conduct thermal recycling of waste that cannot be recycled as resources, and have achieved zero emissions (0.5% or less). Going forward, the entire Toyota Tsusho Group will strive to maintain and improve its waste reduction programs.

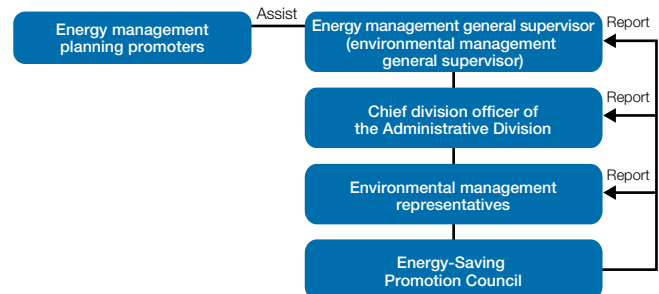
[Prompt Disposal of PCB Waste]

The Toyota Tsusho Group strives for the prompt and safe disposal of PCB waste in order to reduce environmental pollution risk. At the moment, the Group has finished the disposal of its high density PCB waste and low density PCB waste for the most part, and is working toward completing the disposal of both in fiscal 2017.

Structure for Promoting Environmental Management



Energy-Saving Promotion Council



Human Resources

Principles Concerning Employees

We aim to realize our management strategies without being constrained by past experiences or preconceptions and based on the watchwords "On site, Hands on, In touch." Accordingly, from the perspective of overall optimization, the Toyota Tsusho Group will employ, develop and advance employees who can cooperate and lead the way to an even better future.

Key Points for Promoting CSR from an Employee Perspective

- 1 Build an environment that allows employees to work with vitality.
- 2 Create frameworks for promoting constant and autonomous reforms and *kaizen*.
- 3 Develop human resources capable of responding flexibly, quickly and sincerely to changes in the global business environment.
- 4 Promote teamwork with an eye toward overall optimization as an organization.

Human Resource Development

[Basic stance]

Toyota Tsusho implements a diverse range of educational and training programs to develop personnel capable of exemplifying the keywords of the Toyota Tsusho Group Way: "A passion for business," "On site, Hands on, In touch" and "Teamwork" and to raise employee skill levels. To enable a diverse scope of human resources to thrive and sustainably achieve value creation with our global business partners, we are prioritizing the development of employees capable of launching global businesses and those with the management talent for interacting with their counterparts at other leading global companies.

[Education and training]

Toyota Tsusho has a three-part education system and program consisting of on-the-job-training, off-the-job-training (seminars), and self-improvement. Each year, every employee creates and submits a long-term career plan, and they are encouraged to take full advantage of these types of educational programs to help them achieve their plan.

Respect for Human Rights

[Basic stance]

Toyota Tsusho's Behavioral Guidelines state that we will "respect people, and create an active workplace worth working in." In keeping with this principle, we require all stakeholders involved in our corporate activities to prohibit discrimination on the basis of gender, age, nationality or disability and encourage respect for human rights.

[Consultation office]

Toyota Tsusho has set up a contact point for consultation on and reporting of sexual harassment, power harassment, and other human rights matters. The consultation contact point is available to all Toyota Tsusho Group employees irrespective of terms of employment. To raise employee awareness, we have introduced harassment-prevention

training and engage not only our employees but also those of our affiliates in human rights enlightenment activities.

Promoting Diversity (Diversity & Inclusion)

In a ceaselessly changing business environment, amid diversifying customer needs, the Toyota Tsusho Group believes that respect for and acceptance of diversity; including gender, age and nationality; and the ability to proactively take advantage of diversity, can help the group build an advantageous position. Diversity & Inclusion is thus being promoted as a part of our corporate strategy. We provide our diverse employees with opportunities for growth and a place to exercise their capabilities, and have initiated reforms to support flexible, highly productive ways of working that enrich both their work and personal lives. This includes encouraging our employees to take paid vacations, as well as our male employees to take childcare leave. We are creating an environment where diverse employees can work energetically, and at the same time we are implementing a number of measures to nurture a corporate culture that welcomes and takes advantage of diversity, as we also work to raise employee awareness.



The leadership of each group seriously discusses their reviews of the "working style" of their organization

Overseas Crisis Management (Security Measures)

Following a terrorist incident in Algeria in January 2013, we established the Security Management Group as a specialized organization within the Human Resources Department in April 2013 in order to reinforce the Toyota Tsusho Group's overseas crisis management. We also provide pre-assignment seminars to ensure that employees and their families understand the importance of maintaining personal safety and health management while living overseas. In May 2014, we strengthened our system for collecting and sharing information with the opening of a new Overseas Crisis Management website. New educational programs began in October of that year.

- (1) For those traveling overseas on business, a course to review "Basic Precautions During Overseas Business Trips."
- (2) For those stationed as managers of operating bases in high-risk nations, a program providing "Terrorism Precaution Training."

In 2015, we also carried out the expansion and enhancement of our overseas medical assistance services, and further strengthened our system that is available round-the-clock all-year-round, including medical consultations with a doctor by telephone when stationed overseas and emergency medical transport.

We will continue to accurately gauge changes in the international situation and further strengthen our ability to respond quickly and precisely in the event of an emergency.



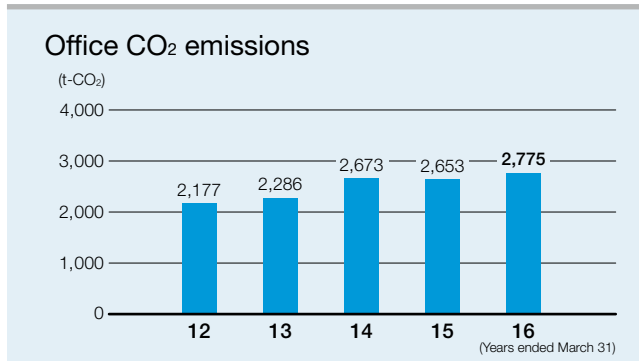
Self-defense training for escaping with the wounded from a terrorist attack

ESG Data

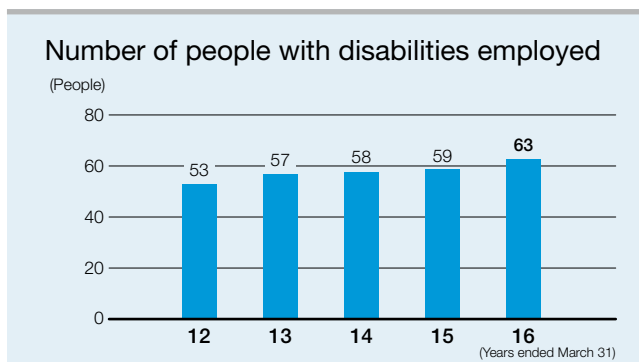
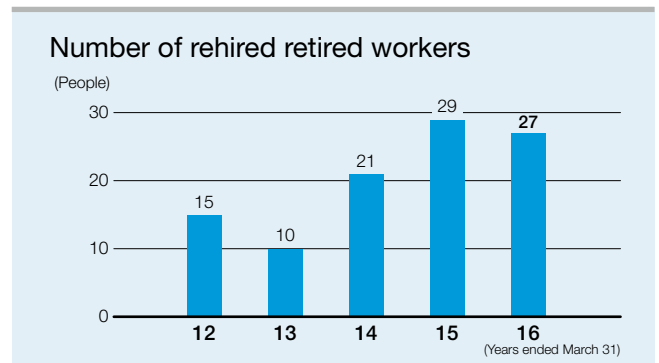
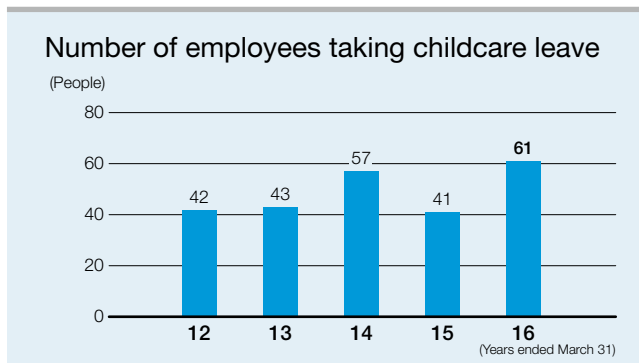
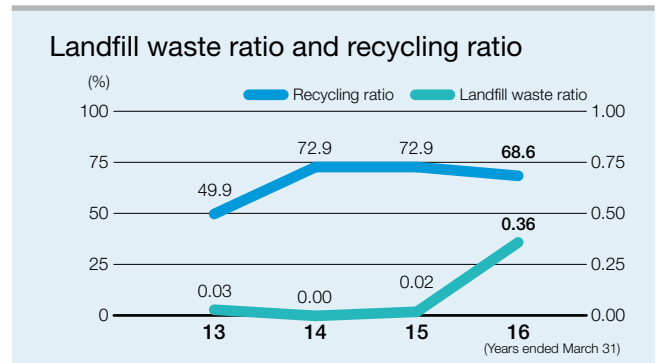
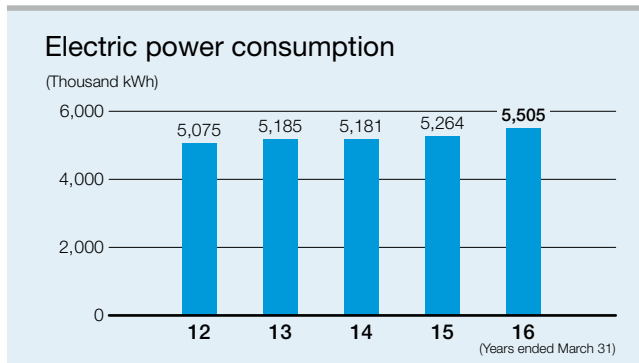
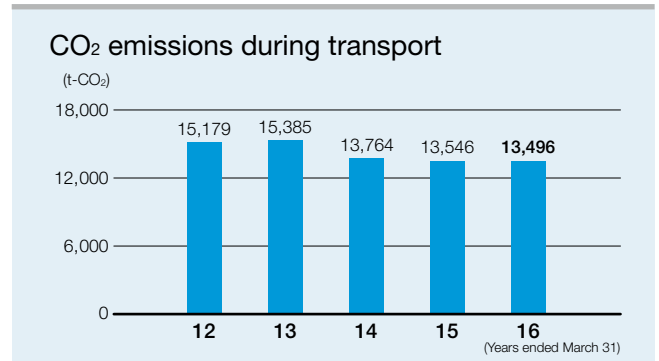


For further information about ESG data, please visit the Company's website.
<http://www.toyota-tsusho.com/english/csr/activities/>

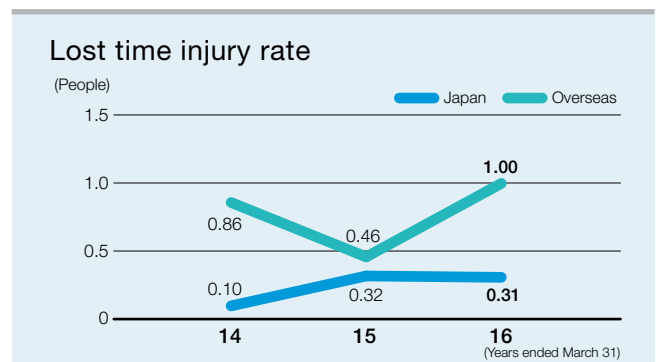
Toyota Tsusho is committed to disclosing data on ESG (environment, society, governance) in order to increase its corporate value over the long term.



* Facilities covered: Nagoya and Tokyo head offices, lighting/air conditioning



* Total including Toyotsu Office Service Corporation and Toyotsu Human Resource Corporation



* Lost time injury rate: An index showing the frequency of work-related accidents. The calculation is based on the number of work accident-related casualties per 1 million working hours.
 * Average national lost time injury rate for Japan in fiscal 2015: 1.61 (Ministry of Health, Labor and Welfare data)

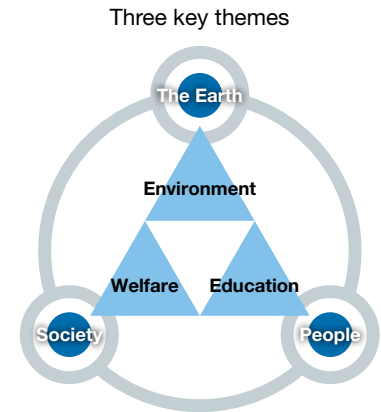
Social Contribution

Basic Policy for Social Contribution Activities

As a good corporate citizen, Toyota Tsusho Corporation aims to “live and prosper together with people, society and the Earth,” and to contribute to the creation of a prosperous society.

Promotion of Activities

Toyota Tsusho positions people (education), the Earth (environment) and society (welfare) as key themes in light of its Corporate Philosophy, and vigorously promotes social contribution activities around the world to help realize a more prosperous society. In terms of specific activities, we select and implement substantive and effective programs that strike a balance among the following three approaches of “by company,” “by officer and employee” and “by business activity.” Furthermore, to realize the creation of a prosperous society and fulfill its social responsibilities, Toyota Tsusho encourages and supports the participation of officers and employees in these activities while, at the same time, it engages in voluntary activities it can more effectively promote as a corporate entity.



Initiatives for the Environment

Participation in the Project for Reviving Forests after the 3.11 Disaster

Toyota Tsusho is participating in the Project for Reviving Forests after the 3.11 Disaster that Chiba Prefecture is conducting in collaboration with the NPO, Lifestyle Research Institute of Forests. This endeavor along Kujukurihama beach, which was struck by the March 2011 earthquake and tsunami, is a project for restoring the coastal forest by planting seedlings of Japanese black pine.

Fiscal 2015 was the project's first year, and about 100 employees volunteered to cut down the deadwood in the fall and plant 3,000 seedlings along 0.3 hectares of coastline in the early spring.

Five years after the earthquake, the volunteers participated in the strong hope that the coastal forest could be restored.



Approximately 100 employees volunteered to plant 3,000 Japanese black pine seedlings

Initiatives for Education

The Toyota Tsusho Exchange Students Scholarship Program

Toyota Tsusho is involved in various education-related activities including a scholarship program to provide a better educational environment for overseas exchange students, and support to improve the educational environments in regions where there is little access to education. This scholarship program provides scholarships to distinguished, self-supporting

exchange students enrolled at Japanese universities. This is not only intended to ease some of the economic concerns for the exchange student and improve learning effectiveness, but is also meant to encourage international exchange and contribute to developing human resources. To date, more than 300 exchange students have been the recipients of this support. In fiscal 2015, we expanded our support to exchange students from Africa, where we are strategically developing business, and provided support to 30 exchange students from 17 countries, including in Asia, Africa, Europe and the Americas. Looking ahead, we hope to further expand our support for students from Africa. This will not only lead to fostering future business partners, but will contribute to the growth of the communities in which we do business.



At a mixer we regularly hold for the exchange students

Education Support to Kindergartens, Elementary Schools and Junior High Schools in Thailand

In recent years, Toyota Tsusho (Thailand) Co., Ltd. has conducted its social contribution activities with a variety of themes under the slogan of “Toyota Tsusho: Sharing our love, and serving others with heartfelt care.”

In conjunction with Toyota Tsusho's 60th anniversary in 2017 and to fulfill the mission Toyota Tsusho should play in society, during the five-year period from 2013 to 2017 we will be working toward the goal of providing education support to a total of 60 kindergartens, elementary schools and junior high schools in Thailand that are short of resources and funds.



Children from the elementary schools receiving support

Initiatives for Welfare

Co-sponsorship of Wheelchair Twin Basketball Tournament

Since 2007, Toyota Tsusho has co-sponsored the Tokai Wheelchair Twin Basketball Kariya Tournament in the Toyota Tsusho - Aioi Nissay Dowa Insurance Cup.

Wheelchair twin basketball is a sport first developed in Japan, a team competition designed for quadriplegics with severe disabilities. The sport has proven effective in encouraging those cooped up at home or in care facilities to maintain and enhance their mental and physical health, and is greatly beneficial in improving the motivation of those individuals to participate in society.

To spread participation in the sport, we provide sponsorship support, and about 30 employees from both companies volunteered to help operate the tournament.



A heated wheelchair basketball game

Support for Children in Angola

In order to support the local children who are attending elementary schools and health centers in Angola's capital of Luanda, Toyota

de Angola, S.A. carries out activities to make the children happy, including by giving them toys, and providing with art lessons such as music, dancing, and painting.



Happy children

Great East Japan Earthquake Recovery Support

Toyota Tsusho continues to respond to the recovery needs of the disaster-struck region through support including adaption guidance

classrooms for children living in temporary housing and disaster region towns and employee participation in Disaster Area Recovery Support by the Toyota Group. The Company also supports recovery efforts by continuing to hold in-house markets offering food products from the disaster-struck region for sale. In addition to these markets, in fiscal 2015 we held activities to deliver toy building blocks to children in the disaster-struck areas. About 130 employees participated in filing down toy building blocks that were made from planks of wood left over from forest thinning activities in Japan. The employees made five boxes of toy building blocks and donated them to nursery schools and kindergartens in Fukushima Prefecture. The Toyota Tsusho Group will



Employees thought about the children in the disaster-struck areas as they volunteered

continue its support of those in the disaster-struck region through these ongoing efforts.

In Australian Region, Support for Recovery from Cyclone in Vanuatu

A cyclone in March 2015 damaged almost all of the crops such as fruits and vegetables in Vanuatu. Toyota Tsusho South Pacific Holdings Pty Ltd ("TTSPH") of Australia has a subsidiary in Vanuatu, and accordingly conducted a fundraiser for people affected, managing to gather donations of A\$2,100 from the employees of TTSPH. Moreover, TTSPH also matched this amount with a donation of its own. Together with contributions from the company's suppliers, TTSPH donated a total A\$7,000 to Vanuatu.

These donations were used to deliver the needed supplies of food and other living essentials to the people of Vanuatu.



Local people surrounded by the delivery of needed supplies



In 2014, we established the social venture fund Toyota Tsusho CSV Africa Pte. Ltd. ("CSV Africa") with the aim of discovering and developing businesses that directly solve problems faced by African nations, including job creation and income improvement, the improvement of living and welfare conditions, and access to foreign currency. In 2015, as its first investments, CSV Africa invested in a large-scale agricultural business in Zambia and a business sewing leather products in Ethiopia.

Investment Project No. 1: Agricultural Business in Zambia

(Investment amount: US\$3 million)

CSV Africa will conduct a large-scale farming business in cooperation with Amatheon Agri Zambia Ltd. ("AAZ"), a subsidiary of Amatheon Agri Holdings, a company that conducts agricultural business mainly in Sub-Saharan Africa. The farming business will be based in Mumbwa District, Central State, Zambia. The business includes the clearing and cultivating of about 2,700 hectares of unutilized land, the construction of irrigation facilities and the transportation of harvested produce, thereby providing employment for local people. The business plans to grow wheat, corn and soybeans, ingredients for staple foods, on the farm. In addition, it will give guidance in agriculture to farmers at large in the surrounding region and assist in the sale of their harvest. It will also work proactively to develop and build up the local communities.



An aerial photo of the Katonga Farm

Investment Project No. 2: Business Sewing Leather Goods in Ethiopia

(Investment amount: US\$300,000 dollars)

In Ethiopia, CSV Africa will invest in Hiroki Addis Manufacturing S.C., which operates a leather goods sewing workshop. The project will thereby support the leather business, a key industry in Ethiopia. This will create employment opportunities and help to improve income levels. CSV Africa will assist the enhancement of equipment at the sewing workshop, provide support for the acquisition of sewing skills by the employees, and also support management of the organization. In particular, technical skills will be taught by Japanese sewing experts and this should help each individual employee to become an artisan capable of sewing together leather products on their own, thereby assisting them to become financially independent. Currently, a local staff of 20 people have been divided into teams by product (clothes, bags, wallets), and the investment aims to promote their acquisition of sewing techniques from Japanese experts, and to improve the production volume of leather goods.



Sewing the leather from Ethiopian sheep, which is reputed to be the best sheep leather in the world

Organizational Chart

(As of July 1, 2016)



Regional Strategy & Coordination Department	
Nagoya head office Nagoya office Nagoya office 2 Tokyo head office	
Hokkaido branch Sapporo office Tohoku branch Niigata branch Hamamatsu branch Mishima sub-branch Toyota branch Osaka branch Hokuriku branch Hiroshima branch Takamatsu sub-branch Kyushu branch Nakatsu office	
Domestic offices	
Head offices	2
Branches	9
Sub-branches	2
Global Strategy and Management Department	
East Asia Regional Strategy and Management Department	
Asia & Oceania Regional Strategy and Management Department	
Pan-Africa Regional Strategy and Management Department	
Overseas Offices	
Overseas offices	24
Overseas trading subsidiaries	26

Administrative Division	
New Business Development Department Enterprise Risk Management Department Legal Department Corporate Planning Department Public Affairs Department IT Strategy Department Secretarial Department Global Human Resources Department	General Administration Department Accounting Department Business Accounting Department Finance Department Kaizen & Cost Reduction Department Global Logistics Management Department Safety and Global Environment Management Department
Metals Division	
Metal Planning Department Automotive Steel Products Department 1 Automotive Steel Products Department 2 Specialty Steel & Wire Rod Sales Department West-Japan Steel Products Department East-Japan Steel Products Department Steel Products Sales Department	Global Steel Sheet Sales Department Energy & Infrastructure Industry Steel Department Non-Ferrous Metal Department 1 Non-Ferrous Metal Department 2 – Base Metals Metal & Mineral Resources Department Recycling & Environmental Management Department
Global Parts & Logistics Division	
Global Parts & Logistics Planning Department Business Development Department Aftermarket Business Department Global Parts Department 1 Global Parts Department 2 Global Parts Department 3 Global Parts Department 4	Global Parts Functional Management Department Logistics Business Department Parts Assembly Business Department Accessory Business Department Automotive Parts Department Industrial Materials & Products Department
Automotive Division	
Automotive Planning Department KD Business Department Europe Automotive Department The Americas Automotive Department Asia & Oceania Automotive Department China Automotive Department Middle East & South West Asia Automotive Department	Africa Automotive Department Material Handling Machinery Department Hino Automotive Department Motor Brands Department Automotive Customer Service Department Automotive Business Innovation Department
Machinery, Energy & Project Division	
Machinery, Energy & Project Planning Department Power & Drive Train Machinery Department Automotive Body Machinery Department Machinery Project Department Power Project Development Department 1	Power Project Development Department 2 Energy Business Development Department Energy Trade Department Energy Infrastructure Project Department Construction Machinery & Project Department
Chemicals & Electronics Division	
Chemicals & Electronics Planning Department Automotive Materials Department 1 Automotive Materials Department 2 Biomass Chemicals & Petrochemicals Development Department Basic Chemicals Department	Industrial Chemicals Department Inorganic Chemicals Department Electronics Department Future Mobility Business Development Department Information Technology Business Department
Food & Consumer Services Division	
Food & Consumer Services Planning Department Agribusiness Department 1 Agribusiness Department 2 Osaka Agribusiness Department Food Department	Agriculture & Aquaculture Business Development Department Insurance Department Life Style Department Healthcare Department Estate Business Department

Corporate Data

(As of March 31, 2016)

Name	TOYOTA TSUSHO CORPORATION
Head Office	9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan
Established	July 1, 1948
Number of Employees	Parent company: 3,681 Consolidated: 58,082
Paid-in Capital	¥64,936 million
Common Stock	Authorized: 1,000,000,000 Issued: 352,063,781 (excluding 1,992,735 treasury stock)
Number of Shareholders	46,295

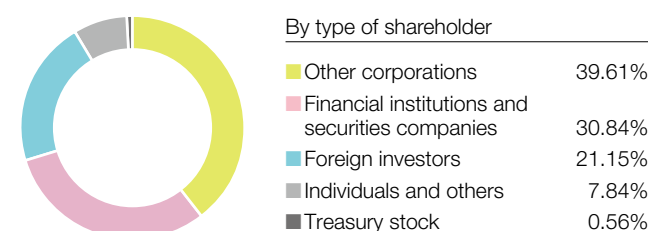
Stock Listings	Tokyo, Nagoya (Ticker code 8015)
Independent Auditors	PricewaterhouseCoopers Aarata
Transfer Agent for Shares Special Management of Accounts	Mitsubishi UFJ Trust and Banking Corporation
Address of Office	Stock Transfer Agency Department Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212
Mailing Address	Stock Transfer Agency Department Mitsubishi UFJ Trust and Banking Corporation 7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081 Phone (free dial within Japan): 0120-232-711 (Tokyo) 0120-094-777 (Osaka)
Handling Offices	All branches nationwide of Mitsubishi UFJ Trust and Banking Corporation All branches nationwide of Nomura Securities Co., Ltd.
Website	http://www.tr.mufig.jp/english/

Major Shareholders

Name	Number of shares (Thousands)	Shareholding (%)
Toyota Motor Corporation	76,368	21.69
Toyota Industries Corporation	39,365	11.18
The Master Trust Bank of Japan, Ltd.	22,058	6.27
Japan Trustee Services Bank, Ltd.	14,245	4.05
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	8,098	2.30
Mitsui Sumitomo Insurance Co., Ltd.	6,000	1.70
Sumitomo Mitsui Banking Corporation	4,249	1.21
Aioi Nissay Dowa Insurance Co., Ltd.	4,087	1.16
Tokio Marine & Nichido Fire Insurance Co., Ltd.	4,049	1.15
Nippon Life Insurance Company	3,522	1.00

* The calculation of shareholding ratios excludes treasury stock (1,992,735 shares).

Breakdown of Issued Shares



Credit Ratings (as of July 1, 2016)

	Long-term	Short-term
Rating and Investment Information (R&I)	A+ (Stable)	a-1
Standard & Poor's (S&P)	A+ (Stable)	A-1
Moody's	A3 (Stable)	—

Stock Price Range (left scale) and Trading Volume (right scale)

(¥ / Point)

4,000

3,000

2,000

1,000

0

(Thousand shares)

100,000

75,000

50,000

25,000

0



■ Toyota Tsusho Corporation ■ TOPIX ■ Trading volume



TOYOTA TSUSHO CORPORATION

9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan

TEL +81-52-584-5000

URL <http://www.toyota-tsusho.com/english>



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