Our CSR Philosophy

Toyota Tsusho Corporation’s Corporate Philosophy sets forth the company’s raison d’être and the resolve with which it manages its operations. Our Behavioral Guidelines define a code of action for all executives and employees. Toyota Tsusho’s basic management philosophy is based on a Fundamental Philosophy of unchanging ideals that should be passed on to future generations. Our Behavioral Guidelines describe how we will conduct CSR activities to realize our Corporate Philosophy.

CSR 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, and the OS&H Promotion Committee, with each committee discussing and deliberating the various CSR themes. Also, the ERM (Enterprise Risk Management) Department, which is responsible for Companywide integrated risk management, 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 Priorities

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

**Supply Chain CSR Survey**

The Toyota Tsusho Group is building a global supply chain, and to promote business conduct that reflects concern for human rights, occupational safety and health (OS&H), the environment and other fields of risk across our entire supply chain, we have established the Toyota Tsusho Supply Chain CSR Behavioral Guidelines. We share the guidelines with our suppliers and other business partners, and conduct questionnaires and onsite surveys as part of our supply chain management activities.

Business fields, nations and regions that represent risks in terms of our supply chain CSR are identified. A questionnaire is conducted based on the Toyota Tsusho Supply Chain CSR Behavioral Guidelines. A number of suppliers taking the questionnaire are chosen for onsite surveys to uphold the human rights and OS&H guidelines. Results of questionnaire and onsite surveys are verified. None of the suppliers in the year ended March 2015 survey were found to have problems. We work with suppliers in violation of the guidelines to gain their understanding and compliance, and together enhance supply chain CSR.

**Supply Chain CSR Survey Report**

In the fiscal year ended March 31, 2015, our questionnaire and onsite surveys targeted suppliers in the apparel and food products industries, both of which are often located in nations with human rights concerns, where the rights of laborers are often said to be at significant risk. The results uncovered no problems.

In a January 2015 onsite survey of Nantong Shipu Garment Co., Ltd.’s textile plant in China, we verified that, in the process of producing blouses, pants, coats, jackets and other garments, the supplier demonstrates adequate concern for personnel, OS&H, quality assurance, and environmental issues.

**Human rights**

When hiring, personnel managers work to comply with laws and regulations by, for example, checking IDs to ensure everyone hired is at least 18 years old. The plant offers programs for maternity leave and reduced work hours and we confirmed that the company shows concern for employee work-life balance.

**Safety**

The plant pays attention to worker safety, requiring, for example, that workers operating cutting machines wear metal safety gloves to prevent accidents. In quality assurance, defective products result in a recall, followed by a meeting of the plant’s quality committee to determine the cause. Customers are then provided with a report.

**Environment**

Offices and plant premises were clean, and even warehouse space was well-organized. Paper and fabric scraps leftover from cutting patterns and cloth are recycled as part of the plant’s environmental initiatives.
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 declined to 27 incidents in fiscal 2014 from 43 incidents in fiscal 2013 as a result of 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.

<table>
<thead>
<tr>
<th>Number of work-related accidents (lost time injuries)</th>
<th>Fiscal 2014</th>
<th>Fiscal 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>26 accidents</td>
<td>16 accidents</td>
</tr>
<tr>
<td></td>
<td>(5 lost time injuries)</td>
<td>(2 lost time injuries)</td>
</tr>
<tr>
<td>Overseas</td>
<td>50 accidents</td>
<td>76 accidents</td>
</tr>
<tr>
<td></td>
<td>(22 lost time injuries)</td>
<td>(41 lost time injuries)</td>
</tr>
</tbody>
</table>

OS&H Education

We believe that human resource cultivation is where safety management truly begins, so in addition to group employees, we also conduct safety training for 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 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. 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 business partners who take part in Toyota Tsusho’s Safety and Health Cooperation Council.
Toyota Tsusho Group’s Environmental Policy

1. As a responsible corporate citizen, we strive to reduce 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 impact on the environment by establishing an environmental management system and implementing 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

The Company 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 functions to rigorously enforce guidance on environmental matters and ensure 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 2014. In addition to the functions mentioned above, the conference went over 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

To ensure that our environmental management system is operating effectively, we conduct internal audits as well as third-party ISO 14001 audits through external auditing organizations.

These audits pay particular attention to the standard of environmental risk management, status of compliance with environmental laws and regulations, and readiness for responding to environmental emergencies to ensure rigorous environmental compliance. Furthermore, in the event of an environmental accident, Toyota Tsusho has a strict reporting structure in place whereby the business unit on hand takes immediate action to reduce the impact and report the accident within an hour to all relevant departments. The reporting structure then proceeds up the ladder to investigate and analyze the cause and take corrective action to prevent the accident from recurring.

[Preliminary Environmental Assessment of Investment Projects]

Toyota Tsusho conducts preliminary environmental assessments before proceeding with investment projects under its management.

Assessment of the property, plant and equipment involved in an investment project is carried out in strict accordance with a checklist of 10 important environmental concerns comprising seven types of pollution*2, industrial waste, harmful chemical substances, and flammable substances.

Environmental Performance (1) Saving Energy

Toyota Tsusho has established an Energy-Saving Promotion Council in striving to reduce CO2 emissions. This council is responsible for setting and implementing energy management standards for reducing CO2 emitted from Toyota Tsusho’s offices and conducting energy-efficiency audits to ensure that energy consumption is being managed on an ongoing basis. Apart from that, Toyota Tsusho is also endeavoring to reduce CO2 emissions during transport with means that include modal shift*3 from trucks to rail or ship transport, higher container loading ratios, and enhanced distribution efficiency.

Environmental Performance (2) Increasing Waste Recycling and Lowering the Landfill Waste Ratio

The Company also has a 3Rs*4 program in place to promote waste reduction. Under this program, the group strives to recycle resources through kaizen programs for improving waste separation and recycling, and by maximizing the amount of reusable resources that can be sold for recycling. The Company also follows guidelines set by Japan’s Ministry of the Environment for thermal recycling*5 in striving to reduce the group’s landfill waste ratio, or the final amount of waste that cannot be safely recycled or incinerated as energy. Going forward, the Toyota Tsusho Group will strive to maintain and improve its 3Rs waste reduction and zero emissions program.

[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. The group finished the disposal of its low density PCB waste for the most part in fiscal 2014, and is working toward completing the disposal of its high density PCB waste in fiscal 2015.

Structure for Promoting Environmental Management

Energy management planning promoters

- President & CEO
- Chief division officers
- Divisional directors in charge of regions in Japan and customer coordination
- Environmental management general supervisor (executive vice president)
- Environmental management representative (director in charge of the Safety and Global Environment Management Department)
- Global Environment Management Group, Safety and Global Environment Management Department (Secretariat)
- Conference on the Global Environment

Energy management general supervisor (environmental management general supervisor)

- President & CEO
- Chief division officer of the Administrative Division
- Environmental management representatives
- Energy-Saving Promotion Council

| STAKEHOLDER DIALOGUE |

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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 Corporation 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. With our global partners, we are also striving to foster a corporate culture that encourages co-creation through the activities of a diverse workforce. Within this culture, we are prioritizing the development of employees capable of launching global businesses and management talent capable of building relations with counterparts at global leading 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 Corporation’s Behavioral Guidelines state that we will “respect people, and create an active workplace worth working in.” In keeping with this principal, 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 Corporation 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 training and engage not only our employees but also those of our affiliates in human rights enlightenment activities.

[Fair hiring]
Toyota Tsusho Corporation’s hiring activities focus on fairly determining whether an individual’s abilities, skills, motivation and aptitude are consistent with the position Toyota Tsusho seeks to fill. To build awareness, those in charge of hiring are required to undergo education in human rights, and guidance including human rights enlightenment training has been introduced for new employees.

Promoting Diversity (Diversity & Inclusion)

In an ever-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 promote measures to support flexible, highly productive ways of working that enrich both their work and personal lives. 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.

Diversity & Inclusion feature → p26

Overseas Crisis Management

(Security Measures)

To enhance collection and sharing of information on overseas crisis management, the Toyota Tsusho Group has set up an Overseas Crisis Management website, and has begun offering new training programs. 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.”

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.
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.

Environment

We believe that the preservation of the Earth’s environment is essential to creating prosperous communities. Based on this principle, we are contributing to the realization of a low-carbon and recycling-oriented society through our business activities, while striving to maintain and preserve biodiversity and ecosystems through social contribution activities. As part of encouraging our employees to be more environmentally aware, our training program for new employees includes conservation activities. In the fiscal year ended March 31, 2015, 67 new employees visited and helped remove trash from the Fujimae Tidal Flat (Nagoya City and Tobishima Village, Aichi Prefecture), one of Japan’s most notable stopovers for migratory birds and a registered site under the Ramsar Convention.

Education

We are 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. Our 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. We hope to expand our support for students from Africa, where the Company is strategically developing business. This will not only lead to fostering future business partners, but will contribute to the growth of the communities in which we do business.

Welfare

We are supporting various welfare programs around the world, including programs for people with disabilities, poverty countermeasures in developing nations, and efforts to improve diets, as well as activities contributing to the advancement of para-sports. 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. Toyota Tsusho Group co-sponsored the Tokai Wheelchair Twin Basketball Kariya Tournament, and employee volunteers contributed to running the tournament.

Great East Japan Earthquake Recovery Support

We continue to respond to the recovery needs of the disaster 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 sales of food products from the disaster region. In the fiscal year ended March 31, 2015, these “markets” were held once each at the Nagoya and Tokyo Head Offices, and generated a total of ¥700,000 in sales.* The Toyota Tsusho Group will continue its support of those in the disaster region through these ongoing efforts.

* For Nagoya, this includes sales of products intended to support the disabled.
Management Structure

Board of Directors
① Chairman of the Board*
Satoshi Ozawa
② President & CEO*
Jun Karube
③ Executive Vice President*
Mikio Asano
④ Executive Vice President*
Yasuhiko Yokoi
⑤ Executive Vice President*
Kuniaki Yamagiwa
* Representative Director

⑥ Senior Managing Director
Takumi Shirai
Chief Division Officer of Metals Division

⑦ Senior Managing Director
Soichiro Matsudaira
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⑳ Audit & Supervisory Board Member
Kazunori Tajima
Executive Officers

[Managing Executive Officers]

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

Minoru Murata
President of Toyota Tsusho America, Inc.

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

Hiroyuki Niwa
Deputy Chief Division Officer of Automotive Division

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

Hajime Sakaguchi
Deputy Chief Division Officer of Administrative Division

[Executive Officers]

Kiyoyoshi Oba
Deputy Chief Division Officer of Global Parts & Logistics Division

Yuji Hamamoto
Deputy Chief Division Officer of Machinery, Energy & Project Division

Yoshiiro Inoue
Deputy Chief Division Officer of Machinery, Energy & Project Division

Mitsuihiro Tsubakimoto
Executive Deputy Chief Division Officer of Chemicals & Electronics Division

Jun Eyama
Deputy Chief Division Officer of Global Parts & Logistics Division

Hideki Kanatani
Deputy Chief Division Officer of Chemicals & Electronics Division and President of Toyotetsu Chempitas Corporation

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

Ichiro Kashitani
Vice Chairman of the Management Board of CFNO S.A.

Naoki Takeuchi
Deputy Chief Division Officer of Administrative Division

Yasuhiro Nagai
Deputy Chief Division Officer of Administrative Division and Toyota Branch Manager

Hiroshi Tasaka
Deputy Chief Division Officer of Consumer Products & Services Division and President of Fukusuke Corporation

Masanori Kondo
Deputy Chief Division Officer of Machinery, Energy & Project Division

Satoshi Suzuki
Deputy Chief Division Officer of Global Parts & Logistics Division

Motoya Hayata
Deputy Chief Division Officer of Food & Agribusiness Division

Naoki Saito
Deputy Chief Division Officer of Metals Division

Hiroshi Tominaga
Deputy Chief Division Officer of Administrative Division and President of Toyotetsu 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
Deputy Chief Division Officer of Administrative Division, Deputy Chief Division Officer of Metals Division and 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 Administrative Division

Hideyuki Inazumi
Deputy Chief Division Officer of Machinery, Energy & Project Division and President of Euras Energy Holdings Corporation

Atsushi Aoki
Deputy Chief Division Officer of Chemicals & Electronics Division

Haruyuki Hattori
Deputy Chief Division Officer of Food & Agribusiness Division

Tetsuya Kamiya
Deputy Chief Division Officer of Chemicals & Electronics Division

Note: Company names and titles are as of July 1, 2015.
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**

The Company has established the following Corporate Philosophy: “Living and prospering together with people, society, and the Earth, we aim to be a value-generating corporation that contributes to creation of a prosperous society.” The group has established Behavioral Guidelines as a fundamental code of conduct for realizing this philosophy in a legally compliant and appropriate manner as a good corporate citizen.

In accordance with the Corporate Philosophy, we established the Basic Policies on Establishing Internal Control Systems. By putting in place systems for ensuring proper operations throughout the Company, we seek to pass on to younger employees a deeper understanding of the Toyota Tsusho Group Way, which sets forth the group’s unique values, beliefs, and daily principles of conduct. The overriding goal is to fulfill the group’s mission by creating value from the customer’s perspective.

Guided by these Basic Policies, we are actively working to further raise management efficiency, enhance transparency, enforce rigorous compliance, and establish a more sound financial position. We are also working to enhance our public relations (PR) and investor relations (IR) activities to foster a broader understanding of the group.

**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 Board of Directors comprises 16 directors, three of whom are outside directors, who make important management decisions and supervise the execution of business by directors. Directors are appointed for a one-year term, and the Board of Directors meets once each month, in principle.

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 independent auditors, 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.

Toyota Tsusho conducts groupwide management based on the divisional system. Currently, the Company has a total of eight divisions: seven product divisions and the Administrative division. Each division is led by a director appointed as chief division officer. The duties of these directors encompass conducting management at both the corporate level and maintaining an understanding of business execution at divisional levels. Executive officers exclusively focus 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 operations by the Board of Directors, clarify authority and responsibilities, and strengthen internal control.

To ensure appropriate operations throughout the group, Toyota Tsusho holds meetings of groupwide management committees to share group policies and exchange information. Toyota Tsusho strives to ascertain and manage the financial condition and important matters relating to business execution. Depending on the status of subsidiaries’ systems, Toyota Tsusho will dispatch directors and Audit & Supervisory Board members to supervise and audit operations as necessary. Furthermore, internal audits are conducted by Toyota Tsusho’s ERM Department.
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.

○ Executive Committees
Executive Committees comprise councils for deliberation on business execution, and include the Executive Board Members’ Meeting, Operating Committee, Policy Committee, Investment and Loan Committee, and Investment and Loan Meeting.

○ ERM Committee and ERM Conference
While ensuring the independence of internal audits, the ERM Committee audits the process of managing individual risks, discerns risks for the Toyota Tsusho Group, and sets risk buffer limitations. The ERM Conference conducts screening of the above-mentioned items for the ERM Committee.

○ CSR Committee
This committee discusses and drafts plans related to the building blocks of CSR, including safety, the environment, compliance, and corporate contribution activities.

○ Corporate Management Committees
Corporate management committees provide opportunities for discussion among executives in charge of multiple divisions throughout the Company and are designed to discuss and determine policies on themes of important management strategy that span the entire Company.

<Description and Objectives of the Corporate Management Committees>
- Human Resources Enhancement Committee: Discuss various themes related to human resource training to reinforce human resources.
- Corporate Business Promotion Committee: Discuss policies and budgets for specific new business involving the entire Company.
- Overseas Regional Strategy Committee: Planning and promotion of strategies for key overseas markets, as well as for emerging nations and resource-rich nations.
- Cost Reduction and Kaizen Promotion Committee: Promote reductions in costs throughout the Company, and share and develop improvement case studies throughout the Company.
- IT Strategy Committee: Discuss Companywide policies on IT strategies.
Appointed Outside Directors

<table>
<thead>
<tr>
<th>Major concurrent positions (as of July 1, 2015)</th>
<th>Reason for selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jiro Takahashi</td>
<td>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 Chamber of Commerce &amp; 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.</td>
</tr>
<tr>
<td>Yoriko Kawaguchi</td>
<td>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.</td>
</tr>
<tr>
<td>Kumi Fujisawa</td>
<td>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.</td>
</tr>
</tbody>
</table>

Appointed Outside Audit & Supervisory Board Members

<table>
<thead>
<tr>
<th>Reason for selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tetsuro Toyoda</td>
</tr>
<tr>
<td>Kyoji Sasazu</td>
</tr>
<tr>
<td>Kazunori Tajima</td>
</tr>
</tbody>
</table>

Executive Compensation

Director compensation is determined by allocating a total amount that is within the limit set by the general meeting of shareholders. The president appointed by the Board of Directors determines compensation for individual directors by taking into overall account such factors as differences in posts, changes in profit within the Company during the fiscal year, and the business environment in which the Company operates.

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.

<table>
<thead>
<tr>
<th>Executive category</th>
<th>Total amount of compensation and other remuneration (Millions of yen)</th>
<th>Total amount of compensation by executive category (Millions of yen)</th>
<th>Number of executives (People)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors (excluding outside directors)</td>
<td>908</td>
<td>548</td>
<td>—</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board members (excluding outside Audit &amp; Supervisory Board members)</td>
<td>86</td>
<td>86</td>
<td>—</td>
</tr>
<tr>
<td>Outside Audit &amp; Supervisory Board members</td>
<td>63</td>
<td>63</td>
<td>—</td>
</tr>
</tbody>
</table>

1. Amounts of compensation above include compensation for one director and one Audit & Supervisory Board member who resigned following the general meeting of shareholders held in 2014.
2. At the general meeting of shareholders held in 2007, the upper limit for compensation of directors was set at ¥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 ¥16 million.
Toyota Tsusho has adopted the system of a Company with a Board of Auditors to ensure management transparency and streamlined the Board of Directors and introduced an executive officer system with the aim of strengthening internal control.

Messages from Outside Directors

“**I focus on providing management with advice based on my experience in corporate management.**”

Toyota Tsusho works with business partners around the world and is developing business in new sectors. Given the rising level of investment involved, I believe the company needs to broaden its perspective, gather information carefully, and upgrade its risk management, even if doing so entails expenditures.

Employees at Toyota Tsusho, as at other general trading and project management companies, tend to be quick on their feet and to have a talent for foreign languages. These are skills I hope they will use to go out into the front lines, see things for themselves, and build personal relationships that they can leverage in business.

Although Toyota Tsusho is broadening its business scope as a general trading and project management company, its roots are in the automotive business. Toyota Tsusho is unique among general trading and project management companies in engaging in value-added business across the entire life cycle of automobiles, from the production of new vehicles to their eventual recycling.

I am counting on Toyota Tsusho to leverage its competence in the automotive sector in developing business in other sectors. I am also counting on the company to blaze new horizons for the Toyota Group by tapping its abundance of information resources and by sharing its perspective as a general trading and project management company.

“**An outside director’s job is to represent the interests of the shareholders.**”

At meetings of the Board, I bring a shareholder’s perspective to verifying whether Toyota Tsusho is acting appropriately in terms of corporate management and efforts to address pertinent issues and whether it is structured for maximal profitability. I am straightforward in calling management’s attention to the issues that I perceive.

Based on my experience as Japan’s Minister of the Environment and Minister for Foreign Affairs, I speak out from the perspective of whether Toyota Tsusho, as a general trading and project management company whose business spans the globe, is devoting appropriate concern to geopolitical and economic risks. Environmental initiatives are also of great importance in regard to corporate sustainability.

I give Toyota Tsusho high marks for incorporating an emphasis on maintaining environmental quality in its corporate philosophy and for undertaking extensive business in environmental fields. Attaining short-term profitability can be difficult in businesses focused on safeguarding the environment, but I hope that the company will continue to press ahead with environmentally oriented business initiatives while working to minimize risk. Risk is part of business, of course, and I am counting on Toyota Tsusho’s Administrative division to support the sales divisions with effective mechanisms for managing risk.

“**When speaking out at Board meetings, I emphasize fairness.**”

I pay particular attention to the investment projects proposed by the sales divisions and to whether they are being screened fairly in accordance with rigorous standards. As a representative of the company’s shareholders, I also concern myself with whether the proposed investments will generate long-term profits and growth. We need to allocate the company’s finite human resources carefully.

With three outside directors present, meetings of Toyota Tsusho’s Board tend to be lively. Management responds in good faith to the diverse viewpoints expressed and imparts a reassuring tone to the proceedings. The open atmosphere encourages people to speak up, and the company moves swiftly in carrying out measures decided at the Board meetings. Issues raised at a Board meeting are often resolved by the next. That responsiveness has accelerated as our discussions have grown more focused.

Toyota Tsusho’s roots in manufacturing make the company unique among Japan’s general trading and project management companies. Its comprehensive and long-standing commitment to Africa also sets it apart from other general trading and project management companies. I hope to see Toyota Tsusho leverage those strengths in developing a new business model for global growth. And I will continue to learn more about each division’s business so that I might be of greater service in fulfilling the goals of the divisions and the company.
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 and social contribution activities. The committee also addresses business ethics and legal issues across all corporate activities. In addition, the Company has distributed to employees publications such as its Code of Ethics, including digests, which clearly state the Behavioral Guidelines that employees must observe based on Toyota Tsusho’s Corporate Philosophy. This is one way the Company is making its Code of Ethics known to all employees.

Internal Reporting

All employees, including temporary staff members and contract employees, have access to internal (ERM department) and external (law offices) reporting lines for reporting and consultation on items concerning business ethics. In accordance with the Whistleblower Protection Act, we take sufficient care to protect people who file such reports. The names of filers and other details are kept strictly confidential, and we prohibit any disadvantage accruing to filers in terms of position, rank, compensation, or other concerns. Moreover, the general manager of the ERM Department provides feedback on progress after a filing has been made.

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, 2015, 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.

Preventing Corruption

With the strengthening of global regulations against bribery, including the U.S. Foreign Corrupt Practices Act (FCPA) and the U.K. Bribery Act 2010, Toyota Tsusho is active in assessing corruption related-risks. Based on these assessments, we have formulated our own rules for preventing bribery and instituted a variety of other measures, including pre-screening of transactions involving governments, etc., reporting of entertainment and gifts provided to public employees, etc., as well as pre-screening of invitations to public officials, etc. We further work to prevent bribery by thoroughly familiarizing all of our executives and employees with these rules and other measures through orientation meetings.

Risk Management System

With respect to risk management, Toyota Tsusho established the ERM department and 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. Specifically, the ERM Department centralizes the monitoring of various risk information, and formulates management rules for various risks, conducts training programs, distributes manuals, and takes other actions through departments responsible for each type of risk. The Company appropriately recognizes and manages risks by formulating management rules and guidelines for risks requiring particular caution with respect to its business execution, namely investment and financing, credit, market, nation, occupational safety and health, and environmental risks.

Additionally, Toyota Tsusho conducts financial risk management by measuring the amount of risk assets, and striving to balance the total amount of risk assets with a suitable risk buffer on a consolidated basis.

Furthermore, the ERM Committee seeks to maintain an understanding of the above risks on a Companywide basis, identify issues, and take necessary countermeasures.

Information Disclosure

Toyota Tsusho promotes disclosure and dialogue by holding financial results briefings as well as individual meetings with domestic and overseas institutional investors.

We will continue to emphasize the value of this dialogue with investors, promptly communicating investor opinions to upper management and working to utilize that feedback in the operating the company.

To enable as many shareholders as possible to attend the shareholders meeting, we avoid holding this meeting on days when there is a large concentration of other shareholder meetings. For shareholders and other stakeholders who are unable to attend the meeting, we provide on-demand viewing through our website following the meeting. In addition, we send out our shareholder meeting convocation notice three weeks prior to the meeting to facilitate the exercise of voting rights by shareholders.

We also participate in platforms for the exercise of voting rights to enable institutional investors both in and outside Japan to smoothly exercise their rights.