

TOYOTA BOSHOKU REPORT

2011 2010.4.1—2011.3.31



Design your passion

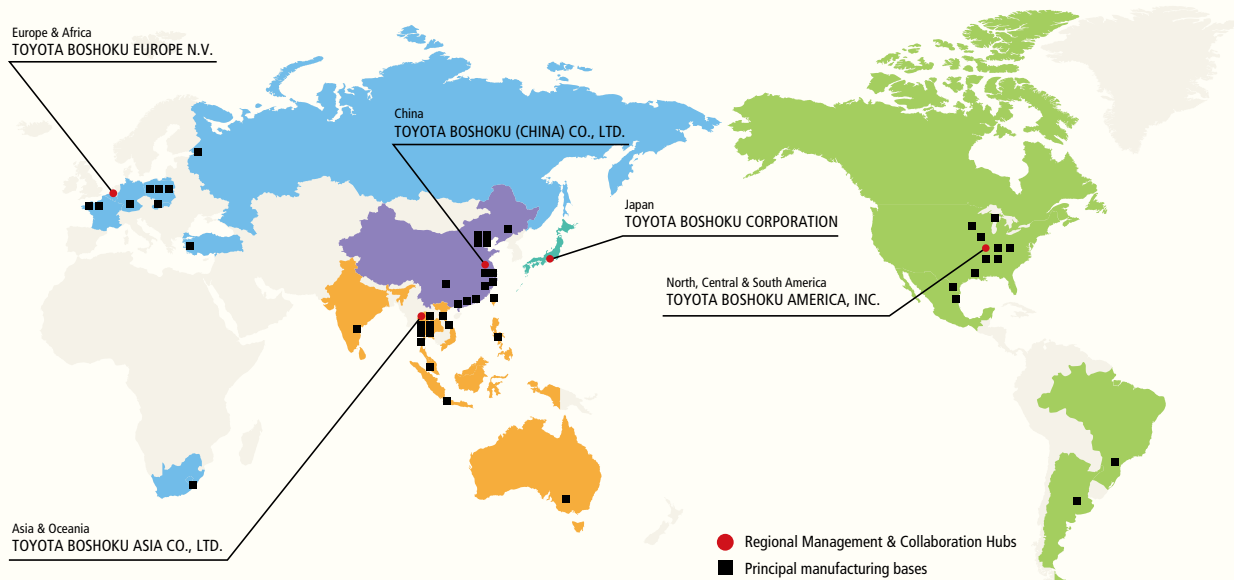




To ensure that we consistently act in a responsible manner as a company that meets the trust and expectations of society, the Toyota Boshoku group undertakes its business, social and environmental activities adhering to its corporate philosophy, vision, the TB Way and the Toyota Boshoku group code of conduct.

The Toyota Boshoku group will work together to further raise the level of these activities while enhancing corporate value and making contributions globally.

One Hub per Region



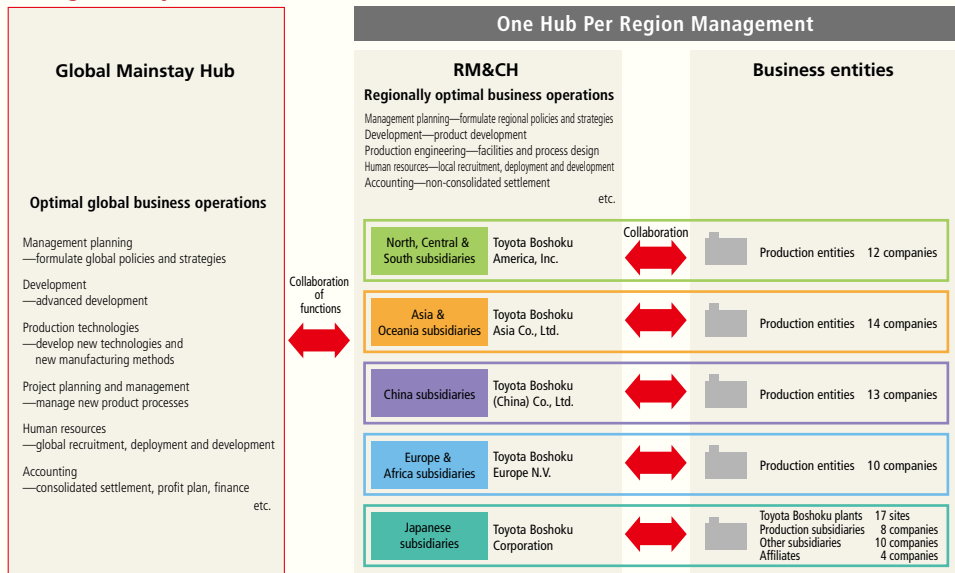
The Toyota Boshoku group carries out optimal procurement, optimal manufacturing and optimal operations all over the world.

The Global Mainstay Hub undertakes all functions that include management planning, development, production technologies and human resources from a global perspective in carrying out its operations.

For geographic regions, under "one hub per region" management, we have divided the world into the five regions of North, Central & South America, Asia & Oceania, China, Europe & Africa, and Japan. Production entities in each region work together as one while the Regional Management & Collaboration Hubs (RM&CH) closely coordinate functions with the Global Mainstay Hub. We are further raising efficiency by having the RM&CH in each region carry out uniform management in their respective regions.

Management system

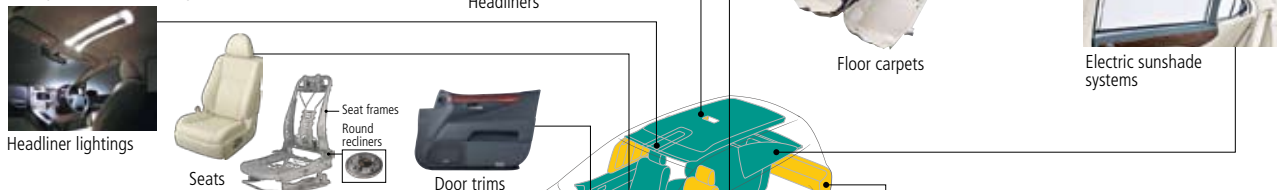
(As of July 1, 2011)



Main Products

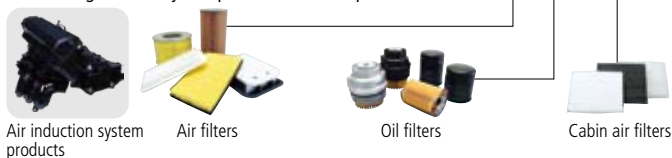
Interior Components

Providing integrated and effectively coordinated systems of interior space with seats, door trims, headliners, floor carpets and other components, we aim to pursue total beauty, comfort and safety.



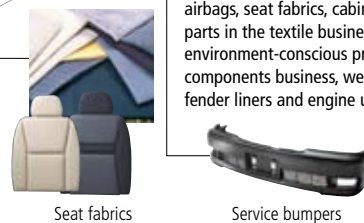
Filtration and Power Train Components

Using a world-leading filtration technology, the Company produces air induction system products, lubricating system products for engines such as oil filters with replaceable elements, vehicle air conditioning filtration system products and other products.



Textiles, Exterior Components and Other

The Company develops new materials in fabrics for airbags, seat fabrics, cabin headliner materials and other parts in the textile business while working to create environment-conscious products. Also, in the exterior components business, we manufacture service bumpers, fender liners and engine undercovers.



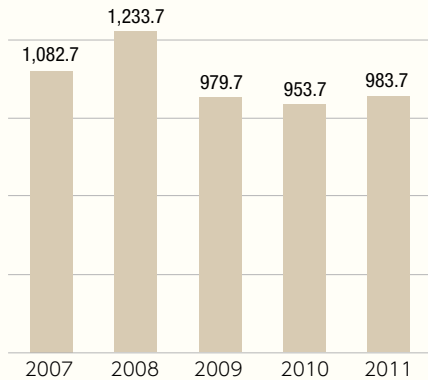
Consolidated Financial Highlights

(Years ended March 31)

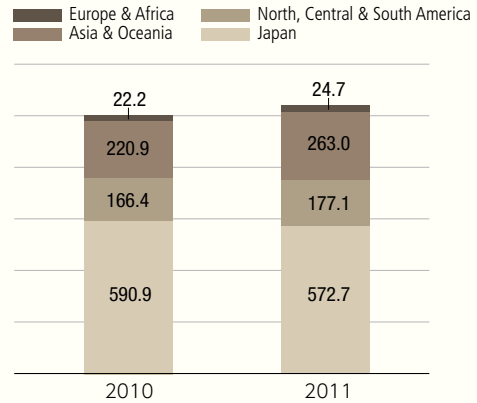
In Japan, despite the effects of higher production in the first half supported by a subsidy programme for the purchase of eco-cars, including the Toyota Prius, full-year sales declined year-on-year owing to lower production volume in the second half, which resulted from the termination of the subsidy programme, as well as to the effects of the Great East Japan Earthquake.

Outside Japan, we achieved increases in sales and profits in all regions due to the production of new models and increased production of RV-type models mainly in North, Central & South America and Asia. Also contributing to these results was the profit structure reforms we have undertaken in each region. As a result, Toyota Boshoku recorded increases in consolidated net sales and profits.

Net sales (Billions of yen)

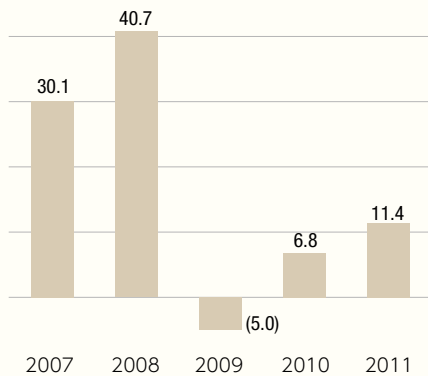


Net sales by geographic region (Billions of yen)

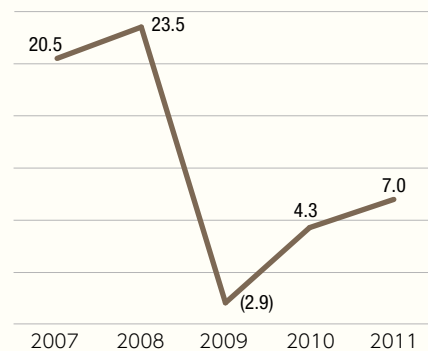


* Toyota Boshoku changed its geographic segment classifications in the fiscal year ended March 31, 2011. In conjunction, Toyota Boshoku has adjusted and listed these geographic segments in a similar format for the fiscal year ended March 31, 2010. Adjusted amounts for transactions among regions are not included.

Net income (loss) (Billions of yen)



Return on equity (ROE) (%)



Corporate Philosophy

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

Vision

The company we aim to become

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

Message toward the realisation

Design your passion with TOYOTA BOSHOKU

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

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

The Toyota Boshoku group offers safe and comfortable



Manufacturing

To offer products that appeal to people of all different countries throughout the world and that are recognised globally for high quality, the Toyota Boshoku group works together with suppliers and undertakes manufacturing from the perspective of customers.

▶ Page 9 President's Interview



Development Capabilities

As an interior system supplier, Toyota Boshoku is taking on the challenge of total technological innovation for interior components, filtration and power train components and textiles and exterior components from the unique perspective of interior space without being constrained by the current shape of vehicles.

▶ Page 15 Special Feature-1

Toyota Boshoku's Initiatives Support the Development of Next-Generation Vehicles from the Perspective of Automobile Interior Space



Philosophy

Based on the Principles of Toyoda, which encapsulate the ideas of founder Sakichi Toyoda, the Toyota Boshoku group formulated our corporate philosophy for maintaining the trust of all stakeholders and our vision, which articulates the type of company we aspire to become. With the corporate philosophy and vision serving as a framework, we have established clear policies, targets and plans for our business, social and environmental activities. We have also formulated the TB Way and the Toyota Boshoku group code of conduct to ensure that all company members share common values and behaviour.

Corporate Profile (As of March 31, 2011)

Name:	TOYOTA BOSHOKU CORPORATION
Global Mainstay Hub:	1-1 Toyoda-cho, Kariya-shi, Aichi
Established:	May 1950
Representative:	Shuhei Toyoda, President
Capital:	8.4 billion yen
Number of employees:	27,856 (consolidated) *excluding temporary/contract personnel
Consolidated business results:	Net sales 983.7 billion yen / Operating income 36.8 billion yen

For more detailed company information, please refer to our website: <http://www.toyota-boshoku.co.jp/en>

automobile interior space to people around the world.



Human Resources Development

To expand business globally, we will develop personnel with high-level skills and techniques and who are adept at manufacturing. At the same time, we will promote programmes in different countries all over the world aimed at developing trainees into advanced trainers.

▶ Page 21 Special Feature-2
Growth from Trainee to Trainer

Global Development

To achieve further growth as a truly global company, the Global Mainstay Hub and RM&CH will collaborate closely and promote efficient management while carrying out strategic business that accurately ascertains market trends in each region.

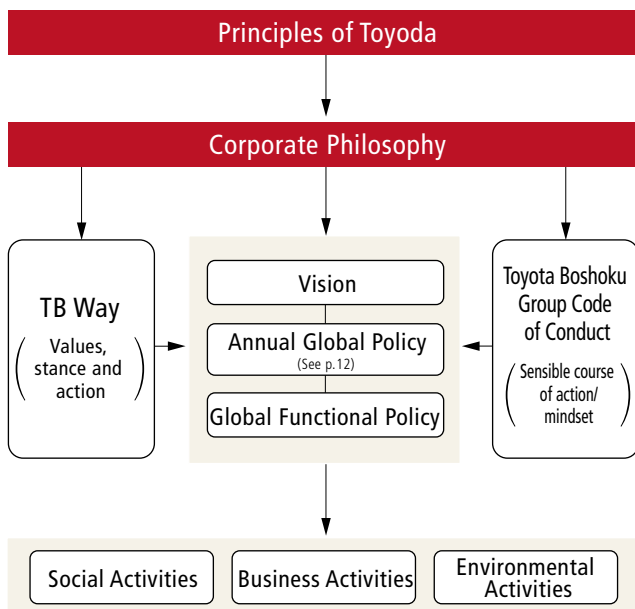
▶ Page 23 Global Topics



Environmental Technologies

The Toyota Boshoku group is working in concert to undertake a variety of global initiatives to address environmental issues, which is now being demanded of companies. These initiatives include formulating the FY2015 Environmental Action Plan and creating technologies and products and building production processes that contribute to the environment.

▶ Page 49 Environmental Activities Highlights



Principles of Toyota

Handing down the spirit of Sakichi Toyoda (established in 1935)



Sakichi Toyoda



Always be faithful to your duties, thereby contributing to society and to the overall good.

Be at the vanguard of the times through endless creativity, inquisitiveness and pursuit of improvement.

Always be practical and robust, and avoid extravagant and frivolous practice.

Always strive to build a homelike atmosphere at work, one that is warm and friendly.

Be reverent, and show gratitude for things great and small in thought and deed.

A Message from the President



Mitsuyuki Noguchi
Executive Vice President

Teruyuki Minoura
Chairman

Shuhei Toyoda
President

Koji Iida
Executive Vice President

Manufacturing that foresees the times and trends Uncompromising products for customers

I would like to express my sympathy to the many persons who suffered damage in the Great East Japan Earthquake as well as to their families.

The recent disaster dealt an enormous blow not only to Japan's automobile production but also to the global supply chain. At the same time, however, the disaster instilled in me a strong awareness that Toyota Boshoku is involved in manufacturing that is supported by such a large number of people.

Although a bit more time will still be needed before our production is completely restored, we will unite our strengths and work in concert to overcome this crisis together with our business partners.

On the basis of our "Second Founding" up to 2010, the Toyota Boshoku group has designated fiscal 2011 as the first year for making major strides to become a top global company. In doing so, we will make unprecedented efforts to develop products that satisfy customers and thoroughly pursue product quality by listening to the voices of our true customers—those who actually use our products—and firmly grasping their needs.

As one other priority issue, I would like to see everybody work to "establish a business foundation directed toward new growth." Growth in automobile markets, mainly emerging markets, is forecast. However, the shift to compact cars, coupled with intense price competition, means that we cannot hope to achieve dramatic growth in sales by relying only on our current business. Therefore, I would like to actively move forward with an emphasis on expanding new business transactions, entering new markets and developing new products.

Going forward, we will continue to attain the highest levels in manufacturing that earn the trust and meet the expectations of our customers.

July 2011

President

A handwritten signature in black ink that reads "Shuhei Toyoda".

INDEX

Table of Contents

President's Interview 09

Dr. Shuhei Toyoda, President of Toyota Boshoku Corporation, discusses strategies for global manufacturing that utilises teamwork as well as his future vision for making major strides to become a top global company.

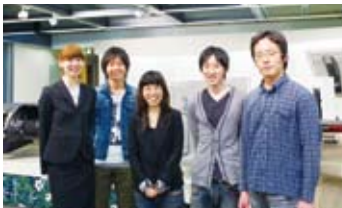


Focus 15

Special Feature-1

Toyota Boshoku Initiatives Support the Development of Next-Generation Vehicles from the Perspective of Automobile Interior Space

University students participated in a seminar to learn about challenges and efforts under way.



Special Feature-2

Growth from Trainee to Trainer

We report on initiatives for human resources development that hand down and strengthen the spirit of *monozukuri* (manufacturing) globally by enabling personnel to make the transition from learning to instructing.



Global Topics 23

Social Activities 28

Environmental Activities 48

Facts & Figures 64

Third-Party Comment 84

To Readers of Toyota Boshoku Report 2011

Editorial Policy

Toyota Boshoku Report 2011 is edited to provide easy-to-understand reports on various initiatives on which the Toyota Boshoku group is focusing its efforts in undertaking its business operations globally. The report introduces the desired directions and initiatives concerning the Toyota Boshoku group's key themes. These include manufacturing that supports high quality, human resources development, initiatives for corporate social responsibility (CSR) and implementation of environmental management.

Additionally, we place importance on dialogues with stakeholders from a CSR perspective and received the cooperation of university students in the Special Feature section. Just as with last year's report, this report also includes an expert third-party comment that evaluates the entire report, and we intend to utilise this evaluation in producing next year's report.

● Scope of reporting

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

● Period covered by report

This report contains performance data from April 1, 2010 to March 31, 2011. Some information on previous or later activities is also included.

● Reference Guidelines

- Japan's Ministry of the Environment *Environmental Reporting Guidelines: Towards a Sustainable Society* (2007 Version)
- Japan's Ministry of the Environment *Environmental Accounting Guidelines* (2005 Version)
- Global Reporting Initiative (GRI) *Sustainability Reporting Guidelines 2006*

● Issuing of next report

Planned in July 2012

■ Cautionary statement with respect to forward-looking statements

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

■ Numerical values of financial results

Numerical values on financial results written in this report have been simplified by rounding off fractions.

President's Interview

Focus

Global Topics

Social Activities

Environmental Activities

Facts & Figures



President
Shuhei Toyoda

Combining Our Collective Strengths to Manufacture Attractive Products that Satisfy Customers Ambitiously striding forward to become a truly global company

With the aim of becoming a truly global company, the Toyota Boshoku group has worked in concert to actively undertake its business activities and has steadily recorded numerous achievements. Currently, in 2011, the group has set a host of challenging new targets. Dr. Shuhei Toyoda, President of Toyota Boshoku Corporation, explains what lies ahead for the Toyota Boshoku group, which has already embarked on a path toward the future.



Moderator
Division Manager
Public Affairs Division
Akira Nega

Uniting our numerous strengths and building strong bonds

Q First, could you discuss your thoughts about the Great East Japan Earthquake, an epic disaster said to occur just once every thousand years?

I am deeply saddened by the unprecedented catastrophe that struck eastern Japan suddenly. I would like to offer my thoughts and prayers to the persons who lost their lives and convey my heartfelt sympathy to those who suffered damages from the disaster.

In the recent disaster, the devastated regions received numerous types of support from countries worldwide that included the help of rescue teams and donations of relief money. However, considerable time will still likely be needed before a full recovery is achieved. Once again, I strongly believe that Japan must unite with a spirit of mutual assistance and cooperation to overcome this national crisis.

Q The earthquake also had a major impact on supply chains at the global level. What are your thoughts regarding this point?

Disruptions to logistics and procurement networks reaffirmed my awareness that Toyota Boshoku is involved in manufacturing together with such a large number of other companies and people. Also, these linkages are far wider than I had imagined and this surprised me.

On the other hand, I noticed articles in newspapers and other media that took a critical view of the Just-in-Time (JIT)* system, which involves stocking no inventories. However, I believe that it was precisely because of the JIT system that we were able to immediately ascertain the state of production in stricken areas, quickly pinpoint the location of problems and promptly take appropriate measures. I feel that the effectiveness of the JIT system was amply demonstrated by the quick speed of just two months following the earthquake with which we were able to establish a clear outlook for restoring production.

In addition to cooperation among all internal departments, overcoming the current crisis will also require cohesiveness that encompasses our customers and business partners. I am confident the Toyota Boshoku group as well as the many people involved in manufacturing with Toyota Boshoku will be bound by even stronger bonds after we eventually overcome this crisis.



President Toyoda inspects damage at Toyota Boshoku Tohoku Corporation.

Q Based on your experiences and reflections on the earthquake, in what ways will you cooperate with Toyota Boshoku's wide-ranging business partners in the future to create an even stronger foundation for manufacturing?

The recent earthquake heightened my recognition that Toyota Boshoku is supported not only by first- and second-tier suppliers but also by numerous other suppliers that include third-tier and fourth-tier suppliers. In the future, we must confirm the smallest details of the state of our supply chain. This includes ascertaining where third-tier, fourth-tier and other suppliers actually undertake manufacturing, whether they have multiple manufacturing bases and where they procure their raw materials. Overseas, we are progressing with local procurement in various regions of the world. There are some instances, however, when our local suppliers actually obtain their materials and other items from Japan. This therefore cannot be considered true local procurement and is a point we need to re-evaluate.

In conjunction with these measures, we are making company-wide efforts to analyse and evaluate alternative products. I believe it is far better to have a variety of procurement routes for diversifying our procurement risk. At each of our bases, the decision on whether to carry out local procurement, import or have suppliers set up local operations will also become increasingly important.

*Just-in-Time: Manufacturing with the necessary parts in only the necessary amounts when needed.

Impact of the Great East Japan Earthquake on the Toyota Boshoku group

Direct damage	Plants suffering damage	Toyota Boshoku Tohoku Corporation / 2 plants (Iwate Prefecture and Miyagi Prefecture) TB Sewtech Tohoku Corporation / 1 plant (Iwate Prefecture)
	Extent of damage	Buildings: Partial damage to ceilings and walls / Equipment: No damage
Impact on operations	Operating status	Operations were suspended (except for some lines) immediately after the earthquake on March 11. All plants in Japan resumed operations as of May 2011. Operating rates for the April-June period were approximately 70% globally and around 50% in Japan. From July, operations had virtually returned to normal and production will be increased from September.
	Impact on business results for the fiscal year ended March 31, 2011 (consolidated)	Net sales: Reduced by approximately 25 billion yen / Profit: Reduced by approximately 4 billion yen (1.8 billion yen of this amount was treated as an extraordinary loss) / Volume of seat production: Reduced by approximately 180 thousand units (impact was only on a non-consolidated basis)

Q Could you tell us about Toyota Boshoku's activities to provide support in the disaster areas?

Following the earthquake, we immediately launched a task force and sent relief supplies to group companies and surrounding evacuation centres in the disaster-affected areas. We also dispatched support staff from relevant departments to assist with the recovery. Additionally, the Toyota Boshoku group as a whole donated 70 million yen in relief money.

I personally visited Toyota Boshoku Tohoku Corporation within the disaster-stricken area to confirm the extent of damage, the state of response measures and our contribution activities. During this time, I also conveyed my deepest appreciation to those persons who devoted their utmost efforts toward the recovery and restoration of the disaster-affected areas.

Together with all members, I wish for the safety of everyone who suffered damages as well as for a quick recovery and restoration. The funds received from the members of the Toyota Boshoku group have been donated to collection organisations, beginning with the social welfare organisation Central Community Chest of Japan. Additionally, we are supporting participation of group members in volunteer activities to assist with reconstruction. Toyota Boshoku will continue to provide our utmost support.



Relief supplies presented to Kitakami City and Ohira Village.

Strengths and issues and becoming a truly global company

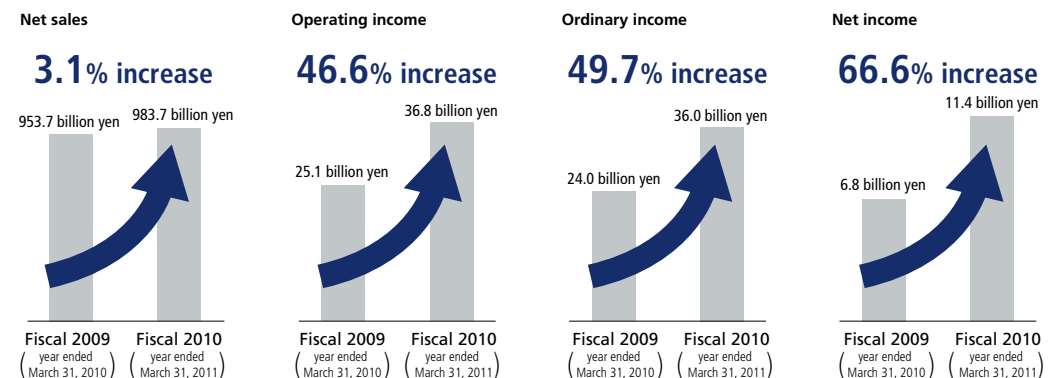
Q Could you discuss business results for the fiscal year ended March 31, 2011?

In the automotive industry, severe conditions persisted due to the ongoing strengthening of the yen and the termination of a subsidy programme for the purchase of eco-cars in Japan, resulting in lower unit sales of new cars. Despite these challenging circumstances, the Toyota Boshoku group posted consolidated net sales of 983.7 billion yen, an increase of 29.9 billion yen, or 3.1%, from the previous fiscal year. We recorded ordinary income of 36.0 billion yen, up 49.7%, and net income of 11.4 billion yen, an increase of 66.6% from the previous fiscal year.

The Toyota Boshoku group has achieved smooth progress in strengthening its corporate structure through measures to reform the profit structure implemented since fiscal 2009. Nonetheless, the impact of the Great East Japan Earthquake has created a harsh outlook for our consolidated business results for the fiscal year ending March 31, 2012, and we forecast that both net sales and profits will decline. Specifically, we forecast consolidated net sales of 930.0 billion yen, a 53.7 billion yen, or 5.5%, decrease from the previous fiscal year; operating income of 26.0 billion yen, a decrease of 29.3%; ordinary income of 28.0 billion yen, down 22.2%; and net income of 11.0 billion yen, a decrease of 3.5%.

On a brighter note, despite some variances among regions worldwide, in June, unit production began gradually rebounding from the decline after the earthquake. We project that production volume will surpass our initial forecast from around September and, depending on future unit increases, could also exceed our target for the year. Toyota Boshoku will take every possible measure to ensure response to increased production in regions around the world.

Fiscal 2010 Results



**In view of business results for fiscal 2010, what must be done in the future to ensure further strong growth and development?**

One of our most crucial tasks is to firmly capture emerging markets and gain acceptance by a wide range of customers as a car interior system supplier. This means that even in countries outside Japan, we must become a global company capable of properly carrying out development and production above and beyond Japan. For us to attain this goal, besides bolstering our product development and technology development capabilities, it will also be crucial to strengthen our procurement, sales, organisational and management capabilities. As the basis of these efforts, developing global human resources is of course indispensable. By nurturing people, I would like to see Toyota Boshoku steadily acquire the abilities to compete successfully around the world.

We will anticipate changes in the business environment and decisively allocate resources at the critical times. Concurrently, we will make unprecedented efforts to create a lean and powerful corporate structure by raising and maximising the efficiency of existing work.

Annual Global Policy for Fiscal 2011 (Year ending March 31, 2012) / Priority Items

※ Develop a stronger manufacturing foundation by overcoming the earthquake disaster through collective efforts across the entire Toyota Boshoku group globally, including business partners

1. Strengthen initiatives for manufacturing high-quality products that satisfy customers

- (1) Establish original standards and exceptional quality that will earn the trust and meet the expectations of customers around the world
- (2) Thoroughly pursue product quality and establish a solid quality assurance system from the fundamental standpoint of quality assurance across the entire Toyota Boshoku group

2. Strengthen product and manufacturing capabilities that will become the sources of growth

- (1) Create attractive products and distinctive technologies outstripping competitors
- (2) Achieve smooth startup of new plants and launch of new products as well as high quality and lean manufacturing

3. Establish business foundation directed toward new growth

- (1) Acquire new customers and develop new businesses, and improve systems
- (2) Build a next-generation profit foundation in emerging countries
- (3) Formulate and implement alliance strategy to complement the Company's growth
- (4) Challenge "reduce by half" activities by anticipating changes in the business environment

4. Make further strides toward becoming a truly global company

- (1) Clarify mission and build a management structure that will realise swift management decision-making in an appropriate manner
- (2) Secure resources in response to the acceleration of globalisation and further strengthen human resources development

5. Steady promotion of various measures aimed at enhancing safety, corporate social responsibility (CSR) and workplace fundamentals**Fiscal 2011 Slogans**

**Manufacturing that foresees the times and trends
Uncompromising products for customers**

**What are the key points for realising high-quality products that satisfy customers?**

I seek to create products that satisfy customers worldwide and that are unrivalled and recognised globally. To create products that appeal to people of all different countries throughout the world, we must undertake manufacturing from the perspective of customers starting from the development phase. By incorporating quality into design from the standpoint of customers, utilising processes that assure the quality of the design and thoroughly building-in quality at production sites, I am confident we can create products recognised for high quality in all regions of the world.

Q So this approach will enable the creation of attractive products that will drive growth while strengthening manufacturing?

Developing attractive products requires that persons involved in development possess a sense of passion. It is essential that developers continually keep this in their hearts. Further, they need to collect various information, occasionally attend motor shows, exhibitions and fashion shows to obtain new ideas, and then make thorough considerations and undertake planning and development. I intend to build unique brands. Toyota Boshoku already possesses a wealth of experience and the high-level technology capabilities needed for creating such brands. All we need to do now is continue pursuing this goal with absolute determination. To support our dedication in these efforts, I would like to enhance our ability to foresee and identify trends in laws, regulations, technologies and markets, as well as the situation in respective regions.

For areas related to advanced development, material science and bioscience being promoted at the Research Laboratories are also crucial. At the same time, we should actively promote the development of next-generation new products that apply our lightweight solutions, heat management and new polymer technologies.

Q What is necessary for establishing a business foundation for achieving new growth?

In automobile markets, emerging countries are forecast to record increases, but the shift to compact cars and fierce price competition means that we can no longer expect to achieve sales growth by relying only on our current business. Therefore, we have established a structure for securing new customers and new business while maintaining our existing business.

As one noteworthy growth initiative in this area, in June 2011 Toyota Boshoku acquired the interior business of Austria-based Polytec Holding AG, one of Europe's premier component suppliers. The newly acquired business began operations in July as Boshoku Automotive Europe GmbH. In our drive to become a comprehensive interior manufacturer that plays an active role throughout the world, one of our long-standing objectives has been to secure new business especially in the European region. Our recent business acquisition thus marks an important first step toward realizing this goal and provides us with a solid foothold for achieving new growth in Europe. In the world-leading European market, we will actively undertake an array of initiatives that include investigating trends among our global competitors, cultivating new customers, expanding new fields and new businesses, and acquiring new technologies.

Overview of Boshoku Automotive Europe GmbH

Headquarters: Geretsried, Germany

Representative: CEO Yasunobu Hara (Executive Managing Officer, Toyota Boshoku Corporation)

Business operations: Development, manufacture and sales of automotive interior components

Net sales: Approximately 40.8 billion yen* (forecast)

Number of employees: Approximately 2,000

*The above figures were calculated based on data obtained by Toyota Boshoku from Polytec as of June 10, 2011 and include all assets covered by the business acquisition. A conversion rate of 120 yen/1 euro was used for the fiscal year ended December 2010.

For emerging countries, in 2010 Toyota Boshoku established the Emerging Country Strategy Council to promote the establishment of a business foundation in emerging countries. In those emerging countries where we already have production entities, we will strengthen our profit foundation and secure new business. In countries where we have yet to set up such entities, we plan to undertake initiatives that include building business foundations. In any case, we are formulating different strategies and taking a proactive approach for respective countries and will continue promoting these initiatives.

To achieve new growth, we must further solidify our foundations. We aim to dramatically increase our cost competitiveness and are transforming the Profit Structure Reformation Committee, which is in its third year, into a framework for undertaking "reduce by half" activities. In development, we are striving for epoch-making improvements to elements of productivity and design that include reducing the number of parts by half and using common parts. In production preparations, we are reducing investments in facilities and moulds by half and reducing the size of facilities by half.

Q Looking ahead, what types of measures will you implement to "further push forward toward becoming a truly global company"?

To accelerate decision-making as we expand overseas business, we must continually change the allocation of roles between the Toyota Boshoku group, Regional Management & Collaboration Hubs (RM&CH) and business entities in each region, while examining the actual capabilities and circumstances of these companies. At present, active communication is taking place via various types of global conferences and other forums. However, we must still further reinforce our structure to ensure



Opening ceremony at Boshoku Automotive Europe GmbH

the Toyota Boshoku group can undertake management with a sense of solidarity, whereby Toyota Boshoku fulfils the role of "Global Mainstay Hub" and promotes activities in close cooperation with RM&CH and local business entities. In fiscal 2011, we will formulate our "Global Business Operation Standards" and we plan to build a structure to ensure the application of these standards. We are also proceeding with developing and swiftly implementing a "Global Evaluation System" for effectively utilising human resources in regions throughout the world.

I believe a "truly global company" is "a company that contributes to the development and growth of the regions and countries where it undertakes its business operations." Each one of our business entities and RM&CH will work to contribute to the economic growth and social development of each region by undertaking locally based development, procurement and manufacturing with sincerity. These activities are also the origins of the Toyota Boshoku group's corporate social responsibility and are an ongoing task.

For further growth, looking to the future

Q Could you describe your medium-to-long-term vision as you make major strides to become a top global company?

Let me answer by summarising what I have explained up to this point. The targets of our future global development will be emerging countries and Europe. Looking at emerging countries, we will actively promote regional optimisation of development, procurement and production that is focused on markets. At the same time, we will develop excellent reasonably priced products and strengthen planning proposal capabilities spanning all areas of car interiors. In Europe, we seek to create attractive products to become an interior system supplier trusted by world-leading car manufacturers throughout Europe. To acquire the essential capabilities in this area, it will be extremely important to gain momentum in Europe.

Regarding our organisational structures, we aim to strengthen the global deployment of various functions. I believe that RM&CH development divisions in particular need to extend their functions all the way to development using local materials while performing evaluations. These companies have already reached high levels in this area.

Q Finally, what points would you like to emphasise for the group as it works together to become a top global company?

I ask everyone to devote themselves to their work while always keeping in mind five keywords: "challenges," "generosity," "speed," "teamwork" and "professional."

Nothing can begin without taking on "challenges." There are many things that become evident only by doing so. For example, when we tackle new challenges, our own weaknesses will come to light. In such times, we then must seriously consider what should be done next. This leads to a sense of urgency that something must be done, which creates energy and wisdom. I believe that taking on challenges will ultimately strengthen the company and that we can prevail against the competition on a global scale by accumulating and learning from "valuable failures" resulting from taking on challenges.

Regarding "generosity," you will be able to become a member of a truly global company through accepting diversity and learning humility from others.

I feel strongly that "speed" is an indispensable element of competitiveness. If you carefully think matters through, then you should make up your mind and execute decisions quickly.

Concerning "teamwork," you should adopt an approach whereby each member strives to attain the goal of a team by trusting the work of other team members and taking responsibility for your own work and the results of that work.

Finally, I consider "professionals" as "persons who execute their own responsibilities to the fullest and make constant efforts." I would like to see everybody aim to be a professional and make daily efforts. Of course, I will also perform my management duties keeping in mind these five keywords.

As a member of top management of Toyota Boshoku, I am always grateful for the diligent and hard work of each and every member. I believe we are steadily moving in the right direction and I expect that each member will fully exert his or her capabilities.

The Toyota Boshoku group will combine its collective strengths to undertake a variety of activities in the future in moving toward a new stage to ensure we meet the trust of our customers around the world. I have high expectations that we will reach our objectives.



Focus

Toyota Boshoku Passion

Special Feature **1**

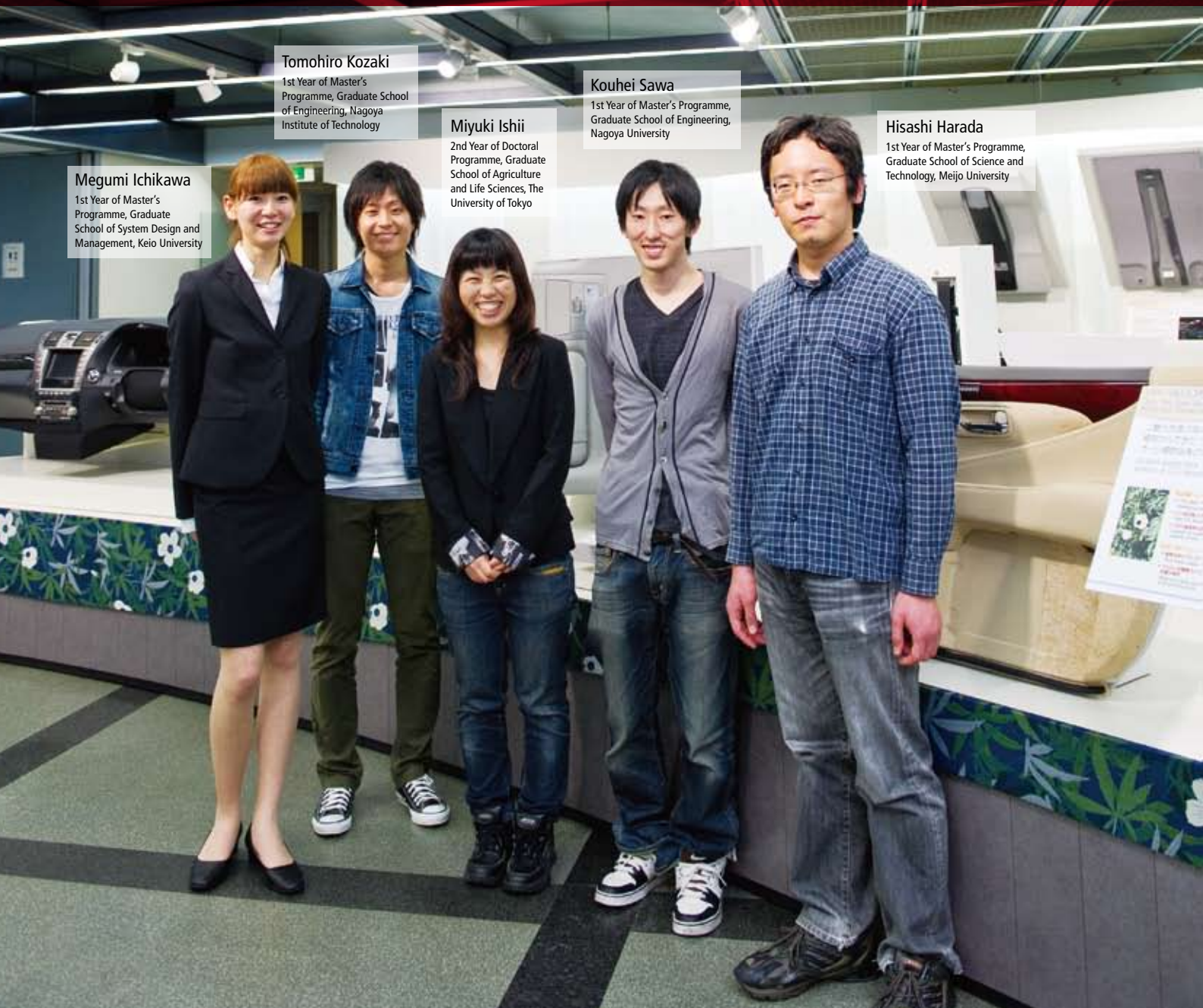
Toyota Boshoku Initiatives Support the Development of Next-Generation Vehicles from the Perspective of Automobile Interior Space

The race for the development of next-generation vehicles such as hybrid and electric cars is heating up among automakers amid stricter environmental regulations worldwide.

Toyota Boshoku as an interior system supplier aims to improve the performance of our products, which include interior components, filtration and power train components, and textiles and exterior components, among others. At the same time, we promote new technologies that provide total support to the development of next-generation vehicles from the unique perspective of interior space.

To broaden understanding of these initiatives and strengthen communication with end users, we invited a group of students, the leaders of tomorrow's society, to the No. 2 building of the Sanage Development Centre*.

*June 7, 2011



Tomohiro Kozaki

1st Year of Master's Programme, Graduate School of Engineering, Nagoya Institute of Technology

Kouhei Sawa

1st Year of Master's Programme, Graduate School of Engineering, Nagoya University

Miyuki Ishii

2nd Year of Doctoral Programme, Graduate School of Agriculture and Life Sciences, The University of Tokyo

Hisashi Harada

1st Year of Master's Programme, Graduate School of Science and Technology, Meijo University

Megumi Ichikawa

1st Year of Master's Programme, Graduate School of System Design and Management, Keio University

How will interior space change in the development of next-generation vehicles?



016

Focus

Yaoichi: There are two key areas often spoken about with next-generation vehicles, specifically, extending cruising distance* and stable fuel (energy) supply. Car interior and cabin space are less common topics. You probably think these areas will stay roughly the same as past models. Today, I will introduce some of the technologies Toyota Boshoku is working on based on the idea that interior space must be changed for the development of next-generation vehicles. I'll also explain the challenges with next-generation vehicles and how Toyota Boshoku addresses these in terms of development.

The biggest challenge for next-generation vehicles concerns fuel consumption. The cruising distance of next-generation cars and electric cars, in particular, lags behind that of gasoline vehicles. As such, a key issue is how to run next-generation cars on minimal

energy. By making each part lighter and reducing air resistance, we are working to increase distance as much as possible using the same power and energy.

The next biggest challenge concerns comfort. Electric cars don't have heaters that derive heat from the engine, meaning they consume more energy. To maintain comfort levels with as little energy as possible, we are working to improve heat-insulating effects and to develop products and systems that boost thermal efficiency.

A key topic in the development of next-generation vehicles is the creation of a comfortable interior space while improving fuel efficiency.

* The distance a ship or aircraft can travel on one load of fuel. The term has also been applied to automobiles with the advent of electric cars.



Shinichi Yaoichi

Department Manager, Interior Space Planning Department, Product Planning & Management Centre

"I'm in charge of new product planning. By grasping market trends and needs through marketing and research and sharing the information in-house, I support technological development in different areas of specialisation."

Next-generation vehicles refer to hybrid cars, plug-in hybrid cars, electric cars, fuel cell cars and low-emission diesel cars that use far less fossil fuels such as gasoline.

Students' area of research and the purpose for taking part in this seminar

Ishii: I'm conducting R&D into the use of bamboo from a physicochemical perspective. Although this isn't related to car interiors, I'm interested in next-generation vehicles.

Ichikawa: I'm specialising in agriculture, which is only marginally related to this research, but I love to drive. To be honest, I haven't taken much notice of the interior up until now.

Sawa: I'm researching the solid state of the electrolyte part of lithium-ion batteries used in hybrid cars. I'm interested in how that relates to next-generation vehicles and car interiors.

Harada: I'm conducting R&D into next-generation thin-film displays and devices. I only know hybrid and fuel cell as next-generation cars. I'd like to find out how environmental aspects and cabin space can be combined.

Kozaki: I'm researching fluid dynamics with a particular interest in fuel consumption and comfort. In the future, I'd like to become a researcher for an automaker and so would like to hear from current researchers.

Toyota Boshoku technology saves energy while ensuring a comfortable interior space

017

Technology that improves heat-insulating effects

Yaoichi: Electric cars employ heaters that operate like home air-conditioning systems. Since they consume a great deal of power, we are developing interior components that keep warm air in to increase heat-insulating effects.

In particular, we are focusing on door trims, headliners and carpet materials, which play a major part in heat loss due to a large surface area. We are incorporating the philosophy behind heat insulation used in the walls of homes into one specifically for automobiles in conducting research aimed at increasing heat-insulating effects.

Ishii: It's an interesting concept to use technology from the home in the car interior. Cars and homes are similar in the sense that they are both spaces that people use.



Fumitoshi Akaike

Advanced Engineering Development Division, Development Department 2

"I'm in charge of developing products that are one step ahead of the times such as next-generation safety seats and power-conserving interior components."

Technology that reduces power needed for cooling and heating

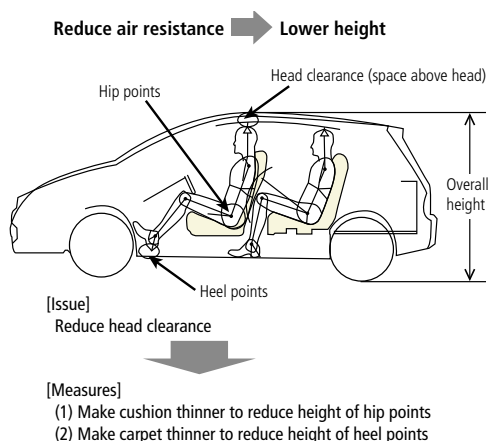
Yaoichi: In Japan, it is said that around 80% of people drive alone. That means there is significant waste in air-conditioning that covers the entire interior space. Power consumption is also high in addition to the engine. We research technology that adjusts sensory temperature and retains comfort while using minimal power by generating heat and sending warm air to the driver from the seat.

Sawa: Can the seat both cool and heat?

Akaike: The seat performs both functions. We need to overcome difficulties associated with differences in summer and winter conditions, however, as we proceed with development.

Technology that curbs air resistance

Yaoichi: Reducing air resistance while driving is an effective way to improve fuel efficiency, particularly at high speeds. One method to achieve this is to minimise the profile area of the car, or in other words, reduce the overall height. Since lowering the height makes the interior space more cramped, we are trying to design lower hip points and overcome technical issues to make seats thinner so as not to compromise comfort.



Thin-type headliner speaker born from research into reducing air resistance

One other initiative to reduce air resistance involves research into shifting the speaker from the door to the headliners and reducing car width while maintaining spacious interior space. We had to consider head clearance (space above the head) as well and thus attempted to make the speaker thinner. The result was a thin-type headliner speaker that generates clear sound with minimal road noise.



Testing thin-type headliner speaker prototype

Use of plant materials

Yaoichi: Toyota Boshoku aims to realise a carbon neutral status by reducing CO₂ throughout the product lifecycle by using plant materials such as kenaf in interior components.

From kenaf seed development to pre-board production

Kenaf is a type of annual grass that grows quickly and has high CO₂ absorption capabilities (seven times more than cedar). Focusing on these features, 10 years ago we commenced kenaf cultivation in Indonesia where climatic conditions are perfect. We introduced a



Interior components using kenaf

start-to-finish system, from seed development to production of pre-board, a base material used in car interiors. In recent products, we developed deck board made of kenaf for the Toyota Vitz and Ractis.

Ishii: Have you considered using other types of plant materials besides kenaf?

Ichioka: Kenaf is an exceptional material. However, we are also examining the possibility of using other plant materials. We decided to use kenaf in interior components due to its superior fibre strength and lightweight properties, plus the fact that it is in stable supply since it grows in such a short period. We are currently researching plant materials befitting each region and hope to use other types in consideration of local production for local consumption.

Reducing parts weight

Yaoichi: We were successful in reducing the weight of different parts around the engine and in the seat frame after reviewing each material and structure. This enabled us to improve fuel efficiency.

Nomura: We significantly reduced weight by using plastics in place of aluminium in parts required for high heat resistance such as the intake manifold (supplies air to engine interior) and engine head cover.

Kito: We succeeded in reducing the weight of a portion of the seat frame by 1.8kg, or 14%, compared with conventional models. This was achieved by using high-tension steel plates that are pliable enough to withstand the moulds yet retain high rigidity, and by reviewing the frame structure and the shape of parts.

Sawa: Are there any disadvantages of reducing weight?

Yaoichi: There are no disadvantages. Besides decreasing overall vehicle weight, by reducing weight in specific products positioned above the centre of gravity and in the overhang (dotted line in diagram), we can improve both driving stability and fuel efficiency.



TB-NF110 new-generation seat fitted in Toyota Prius



Fumitaka Ichioka
Material Development
Department, Biotechnology
Development Division

"I'm developing original Toyota Boshoku plant-derived materials."



Takeshi Nomura
FPT Engineering Department 32,
FPT Engineering Division 3

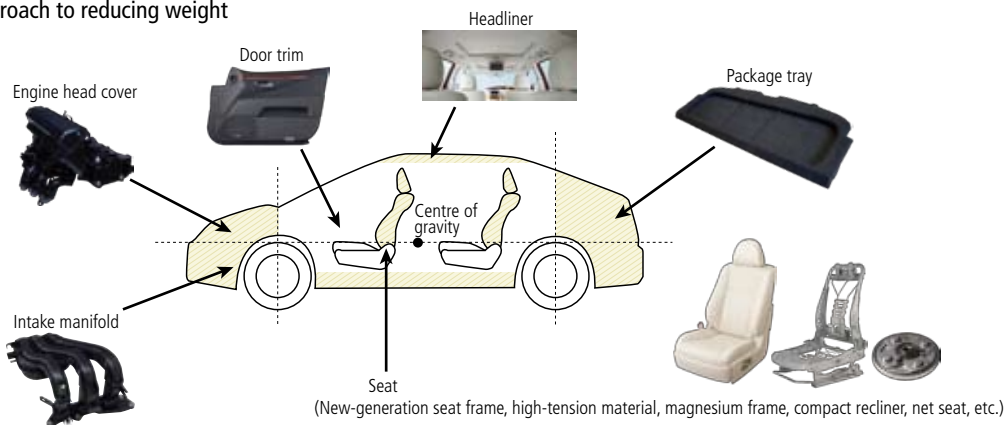
"I'm in charge of designing the intake manifold, engine head cover and other parts around the engine."



Hidekazu Kito
Seat Design Department 11, Seat
Design Division 1

"I'm in charge of designing standard frames inside the front seat for cars developed subsequent to the Prius."

Approach to reducing weight



Aiming to improve performance by repeating testing and evaluation cycle

019

Yaichi: Toyota Boshoku is working to improve performance by repeating a cycle that consists of conducting various simulation tests, using the data to make prototypes, evaluating results and linking them to the next stage of design. Here, we introduce the facilities used for testing and evaluation.

Thread test

Shiga: This equipment evaluates seat distortion and damage inflicted on a person (dummy) in a crash. Since merely suppressing seat deformation may still result in major injuries to the human body, we are examining which areas need to be strengthened and which can be distorted to ascertain an ideal mix.



Daisuke Shiga

Seat Strength Testing Group, Seat Function Evaluation & Engineering Department, Evaluation & Engineering Division

"I test and evaluate newly developed seats and their functionality at the prototype stage. In case of any defects, we work together with design departments to formulate countermeasures and increase performance."



Thread test

Ichikawa: It seems that Toyota Boshoku holds a ceremony for dummies damaged in crash tests. I have the impression that R&D is undertaken with a sense of dedication.

Testing and evaluating comfort

Yaichi: This machine reproduces the vibrations that occur when driving on the road or a test course. We evaluate comfort levels that are difficult to quantify by using various types of seats and human subjects.



Testing and evaluating comfort

Benchmark room

Yaichi: The Data Centre collates and analyses information related to products and technology of interior components manufacturers worldwide. Any company member can utilise and share up-to-the-minute data, thereby contributing to effective technological development.



Benchmark room

Initiatives in basic research

Kawai: At the Research Laboratories, we develop unique elemental technologies based in science from keywords such as the environment, social responsibility and human beings for interior parts and space. Current initiatives are being undertaken from among the four research domains of macromolecular materials, human science, bioscience and energy-conversion materials.

In terms of producing higher quality plants, for example, we conduct research aimed at modifying the properties of plants through biotechnology. By doing so, we seek to boost the quality of plants to absorb more CO₂ and become more resilient to environmental changes.

We are also working to develop materials that generate power through static electricity as the source. Research is carried out on how electron flow can be used to generate power by linking and detaching different materials.



LED power-generating equipment using static electricity



Sung-Jin Kawai
Research Laboratories

"I specialise in the bioscience field and am in charge of research using microorganisms and the development of bioplastics."

Seminar participants' impressions



Miyuki Ishii

I realised one must be proficient in diverse fields to work with car interiors. In particular, I came to understand the depth of R&D required to apply housing-related technology for heat insulation. I'd like to be involved in research that incorporates ideas from diverse domains.



Megumi Ichikawa

I was most inspired by the thin-type headliner speaker. I'd like to ride in one of those cars one day. I realised that many people with highly specialised skills exist behind the scenes.



Tomohiro Kozaki

I had no idea how many thousands of times each seat is tested for durability and the extent of analysis done on products gathered from manufacturers worldwide.



Kouhei Sawa

It was amazing how the heater of an electric car influences interior space. When I heard the heater was made lighter after considering overall car balance, I realised technology is more advanced than I thought.



Hisashi Harada

I was impressed by how much thought goes into giving consideration to the environment, especially efforts to reduce CO₂ from the product design stage and improve fuel efficiency in the usage stage by reducing weight.

Creating a complete interior space as an interior system supplier

I truly appreciate everyone who attended the seminar to hear about our initiatives in developing next-generation vehicles. It was very fruitful and effectively crossed generational lines.

Toyota Boshoku is undertaking efforts for the development of automobile interior space to ensure the three fundamental properties of environmental friendliness, safety and comfort from an all-encompassing perspective as an interior system supplier. Naturally, we also work to develop individual technologies and improve quality as well.

We hope you gained a good understanding of some of

our technological development concepts and the areas we are working on.

We will create more opportunities like this in the future, and through interaction with customers, drive R&D forward so that we can meet their needs.



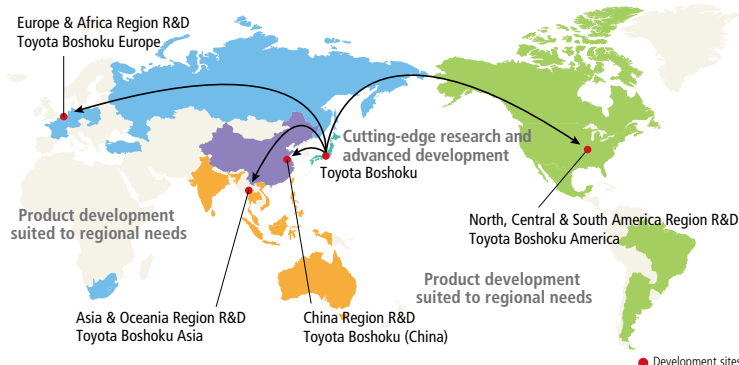
Shinichi Yaoichi

Toyota Boshoku technology development framework

Toyota Boshoku's technology development is based on the fundamental spirit: "Be at the vanguard of the times through endless creativity, inquisitiveness and pursuit of improvement. (Principles of Toyoda)."

The R&D conducted at each Regional Management & Collaboration Hub aims to develop products suited to each region's needs based on cutting-edge research and advanced development from Japan (looking 5 to 10 years ahead).

Our manufacturing integrates technology, development, production technology and production. By implementing an integrated system close to customers, we hope to meet the expectations of customers all over the world.



Growth from Trainee to Trainer

In order to expand business globally, it is necessary to have a network that can deliver high-quality products to customers anywhere and anytime, as well as human resources with the techniques and skills to make this a reality. The Toyota Boshoku group trains personnel adept at manufacturing while also promoting programmes in different countries all over the world aimed at developing trainees into advanced trainers.

021

Here, we introduce three young people from Toyota Boshoku South Africa (Pty) Ltd. ("TBSA") who have made this transition. They initially learned the fundamentals of manufacturing from support staff sent from Japan just after TBSA's establishment. Thereafter, they underwent training to become instructors and have made a significant leap forward in their development.

On a mission to learn the essentials

On January 17, 2011, Elvis Naidu, William Mkhize and Mbongeni Wanda arrived at Japan from South Africa amid the snowy and cold weather. The three young persons had great expectations and were extremely eager to begin the three-month training period in skills transfer at the Toyota Boshoku Technical Skills Training Centre. They had only one thing in mind: To learn everything there was to know about Toyota Boshoku, from advanced technology to different techniques and know-how.

On the learning side

The story of the development of these three individuals goes back six years.

Toyota Boshoku has a department dedicated to making production preparations and training local staff on technology and skills when a new factory or production line is launched in respective areas of the world. When TBSA was established in July 2005, 15 Japanese staff went to South Africa to assist with the set up for the purpose of starting operations in April of the following year.

"It is critical to develop local staff at our production sites around the world," says Hiroto Honda, Department Manager of the Production Promotion



Department within the Project Planning & Management Division, who was sent to TBSA. "We have to teach people hired locally the fundamentals of Toyota Boshoku manufacturing so they become proficient in our work procedures, technology and techniques before commencing operations."

"Imparting knowledge about Japanese manufacturing to local staff in other countries isn't easy due to differences in ethnicity and language," says Noboru Shibata, Assistant Manager of the Production Promotion Department within the Project Planning & Management Division. "At that time, first of all, to strengthen the lines of communication, we ate together and tried to make jokes in each other's language. Everyone was serious and diligent when it came to work though."



Noboru Shibata
Assistant Manager,
Production Promotion
Department, Project Planning
& Management Division

Hiroto Honda
Department Manager,
Production Promotion
Department, Project Planning
& Management Division

The need to become trainers

Five years after the inauguration of TBSA, all three individuals had become team leaders in their respective areas: Naidu in seat frame welding, Mkhize in seat assembly and Wanda in door trim assembly. For the company to advance further, however, they knew that the next essential step was to develop local staff and pass on more advanced techniques. The three did not hesitate to have the chance to go to the Technical Skills Training Centre to be trained in skills transfer, and were duly selected. Each of them were proud and happy to have the opportunity to become a true professional.

Toyota Boshoku South Africa

Together with enthusiastic local staff willing to learn



Yoshiomi Matsushima
President

TBSA was the first manufacturing base for Toyota Boshoku in Africa. It started when production of seats and door trims was transferred there from Toyota South Africa Motors (Pty) Ltd (TSAM).

Sequencing production is a key feature of the production site. Interior components are manufactured in sync with TSAM production lines and in the same order and amount, and are delivered in order upon completion. No finished items are kept in stock, which drives a sense of urgency and an intense atmosphere. All the same, company members work affably

together. Other features of TBSA include a young average age of personnel and a strong desire to learn. I am confident that company members trained by the three individuals will grow and in turn help nurture others in the same way in a cycle of human resources development.

Overview of Toyota Boshoku South Africa (Pty) Ltd.

Location: Kwazulu Natal State, Republic of South Africa (Durban outskirts)
Established: July 2005 / Production commenced: April 2006
Principle business: Manufacture of seats and door trims, etc.
Employees: Approx. 630



Mbongeni Wanda (left)



William Mkhize (right)



Elvis Naidu (left)

Joy at learning more advanced skills

“At the Technical Skills Training Centre, the policy for each programme was to wait until we had fully comprehended and acquired the necessary skills before proceeding to the next step,” remarks Naidu. “We knew from the beginning that we could start teaching as advanced trainers immediately after returning to South Africa since we’d learned so many things about the production sites, from technical to theoretical perspectives.” Although the training was moving ahead according to plan, and despite the enthusiasm of the three and the excellent preparations of the Technical Skills Training Centre, unexpected problems arose.

“Their hearts didn’t seem to be in it. They just stared down and never made eye contact despite our best efforts to engage them,” relates Yoshiharu Fukagawa, Department Manager of the Ginou Densyou Centre (GDC) at the Technical Skills Training Centre. “I talked with them frankly, and it was then that I found out that the problem was simply that they thought it was rude to look us in the eye while we were speaking.”

Cases such as this highlight unexpected differences in culture and customs. Based on this experience, trainers at the Technical Skills Training Centre were able to quickly bridge the gap with the South Africans and move forward confidently with the training.



Implementing lessons learned

“As a result of enhancing our skills, we also became acutely aware of the need to enhance capabilities at TBSA,” says Mkhize. “After returning, we immediately set about visualising manuals and passing on the points of

interest we’d learned with other staff members through hands-on practice.”

“We gained confidence and felt more motivated after the three months of training,” says Naidu. “We set up an area within TBSA to conduct similar training.”

“In my capacity as a supervisor, I’m creating a programme aimed at increasing productivity and improving quality and safety, along with nurturing multi-functional personnel in order to develop future leaders,” says an enthusiastic Wanda.

“Both they and we worked hard to increase respective capabilities,” says Fukagawa, who kept a close eye on the trainees. “We came to understand differences in culture, making it a great experience overall.” Toyota Boshoku is currently developing a core human resources training programme for each region of the world in which it operates, with the objective of achieving further success stories such as the one at the Technical Skills Training Centre.

Growth beyond expectations of plant manager



Masanori Inaya
Plant Manager, Toyota Boshoku
South Africa (Pty) Ltd.

“The three individuals were able to put to use what they’d learned soon after returning to South Africa. I didn’t expect such rapid development. The change in awareness as leaders was particularly surprising,” says Masanori Inaya, Plant Manager at TBSA. “It would be ideal if they could pass on the techniques and skills and develop personnel who use the local Zulu language, not Japanese or English. I hope to continue mentoring them to further enhance their supervising skills.

Technical Skills Training Centre

Realising Toyota Boshoku manufacturing in every factory worldwide



Masaaki Yamamoto
Department Manager,
Technical Skills
Training Department



Yoshiharu Fukagawa
Department Manager,
Ginou Densyou
Centre (GDC)

The Technical Skills Training Centre was established in February 2011. Its purpose is to consolidate the skills transfer capabilities of the Production Control Division, which is comprehensively transferring the techniques and spirit of Toyota Boshoku manufacturing throughout the Toyota Boshoku group sites around the world, and impart the human resources development capabilities of the Global HR Development Division. With the establishment of the Technical Skills Training Centre, personnel can learn the skills and spirit of manufacturing through the *genchi-genbutsu* (Go, see & study) experience as well as create a system for passing on those skills.

Personnel who master the areas of safety, quality and cost have a major part to play in developing staff members at production sites worldwide.



Overview of Facilities at Technical Skills Training Centre

All necessary equipment for skills training has been incorporated into the centre, which consists of a training wing (eight floors) and a practical learning wing (three floors). The Toyota Boshoku Technical Skills Academy, which opened in fiscal 2009, has also been relocated there. The training wing comprises specialised practical rooms related to motor control and materials while the practical learning wing comprises a wide range of machines such as numerical control (NC) machines, a lathe and miller, with plans to introduce a simulated production line in the future.

North, Central & South America



Further improving earnings by reducing costs in existing businesses and raising profitability of new projects

During fiscal 2010, we continued to take concerted efforts to improve our earnings. In doing so, we undertook multifaceted initiatives that included cutting costs by promoting local procurement of parts, reducing such fixed costs as logistics expenses and raising productivity. Consequently, we achieved a solid performance in our existing businesses. In our new projects as well, the positive results of our profit structure reform activities also began to emerge.

Fiscal year topics

023

As an initiative for enhancing productivity, we promoted improvements to various processes based on shortening lead times. As part of these efforts, we reviewed the layout of facilities at our 88 production lines and were able to eliminate 108 processes throughout our entire operations in North, Central and South America.

Additionally, we worked to enhance our education structure and accelerate the handing down of technical skills by assigning and developing personnel to serve as trainers at main plants.

Measures for reorganising and expanding our business

Toyota Boshoku Mississippi, LLC. is moving ahead with production preparations for seats and door trims in gearing up for the start of local production of the Toyota Corolla in October 2011. We aim to stabilise start-up quality based on the watchwords "timely provision of high-quality products that satisfy customers."

Meanwhile, we are also continuing to reorganise the Toyota Boshoku America group companies. To this end, we integrated Total Interior Systems-America, LLC. and Toyota Boshoku Indiana, LLC., thereby achieving further progress in reducing fixed costs and effectively utilising human resources. Similarly, we converted ARJ Manufacturing, L.L.C., formerly a joint venture with Johnson Controls, Inc., into a wholly owned subsidiary of Toyota Boshoku America, Inc. We are currently working to reform ARJ Manufacturing's business structure to position it as a core company in press components.



Toyota Boshoku Mississippi, LLC.

Medium-to-long-term strategies and goals

Net sales in fiscal 2010 surpassed initial targets due to the launch of new models, including the Toyota Sienna and Highlander in the United States in fiscal 2009 and the Cadillac SRX in Mexico the same fiscal year. Nevertheless, we posted unfavourable results at the operating income level.

To secure profits even amid severe price competition, a top-priority issue will be to further streamline fixed costs and build an organisation based on low costs. We will also strive to secure profits in emerging markets, where low-priced products predominate. At the same time, we will make efforts to expand non-Toyota vehicle business by strengthening production technologies that are capable of reliably starting up new projects. To undertake these initiatives, we will promote the development and deployment of local human resources.

There are concerns about a decline in unit production by Japanese-affiliated automakers due in part to the impact of the Great East Japan Earthquake. Nevertheless, we will strive to overcome this adversity by thoroughly reducing costs while building a flexible business foundation that can respond accurately when demand recovers.

● Regional Management & Collaboration Hub

Toyota Boshoku America, Inc.

■ Business entities

U.S.A.: 7 companies / Canada: 1 company / Mexico: 2 companies / Brazil: 1 company / Argentina: 1 company



Akira Furusawa
Chairman
Toyota Boshoku America, Inc.



Trends in the automobile market

Unit sales of automobiles in North America in 2010 amounted to approximately 10.6 million vehicles, virtually the same level as in the previous year. Automobile sales in 2011 were initially projected to reach the 13.03 million level, but this forecast was revised down to 12.09 million vehicles due to the surge in crude oil prices and the impact of the Great East Japan Earthquake (as of June 2011). In this manner, the market is forecast to begin expanding from fiscal 2011 and is expected to rebound to the pre-2007 level of 15 million to 17 million vehicles from 2014. (Source: Survey by HIS Inc.)

Asia & Oceania

(ASEAN / Australia / India / Taiwan)

Grasping the unique needs of the region through our community-based stance and management methods



Besides posting higher net sales during fiscal 2010, all 13 Toyota Boshoku Asia Co., Ltd. group companies continued to achieve profits owing to the effects of profit structure reform activities undertaken since fiscal 2009. We will strive to maintain and expand these favourable results by promoting initiatives that accurately grasp the unique characteristics of markets in the Asia region.

Fiscal year topics

Starting a supervisor training programme in Thailand

Asia is blessed with an abundant workforce but is also a region where workforce management is extremely difficult. The quality of supervisors, who interact with company members on a daily basis, is also believed to have an enormous impact on labour-management relations.

With the aim of raising our workforce management capabilities in Thailand, Toyota Boshoku Asia established a supervisor education system and began providing training under a three-month curriculum starting in September 2010. Based on the high evaluation of persons who completed this training course, we plan to expand the implementation of this programme to other regions besides Thailand.

Developing dies and jigs specifically for Asia that are suited to high-mix, low-volume production

In promoting cost reduction activities in Asia, it is necessary to have processes, dies and jigs that are suited for high-mix, low-volume production rather than for mass production methods. In April 2010, a new machine plant was opened under the control of Toyota Boshoku Asia. This plant will develop dies and jigs specifically for use in Asia and will promote initiatives to supply these to each production entity in the region.

Steadily promoting quality and productivity improvement activities

We are working to raise quality and productivity by promoting changes in company members' awareness. Through such efforts, Toyota Boshoku Siam Metal Co., Ltd. and PT. Toyota Boshoku Indonesia have achieved dramatic improvements in the productivity of press processes.

Meanwhile, Toyota Boshoku Filtration System (Thailand) Co., Ltd. is implementing activities to reduce defects in the oil filter manufacturing process and has achieved a 97% reduction in discarded defective products compared with fiscal 2006.



Workshop on defects

Trends in the automobile market

In 2010, unit sales of automobiles in Asia and Oceania grew dramatically, mainly in India, Thailand and Indonesia, to approximately 6 million vehicles, an increase of around 30% from the previous fiscal year. The market for compact cars is expected to expand further over the medium term to 2015.

Medium-to-long-term strategies and goals

Strengthening our response to the compact car market

Amid expectations of a rapid expansion in demand for compact cars, we will ensure that we succeed in this growth market by taking such measures as promoting cost reductions that extend to materials fields and will strengthen our business foundation.

Proposing automobile interior space in Asia

In Asia, purchasers of vehicles are not always the persons who drive these vehicles, and there are numerous instances in which even mid-size and smaller vehicles are driven by a chauffeur. In view of this situation, we are actively proposing "automobile interior space that can be enjoyed by customers in Asia" with an emphasis on rear seat interior comfort that provides convenience and pleasure to the user.

Raising the competitiveness of the kenaf business

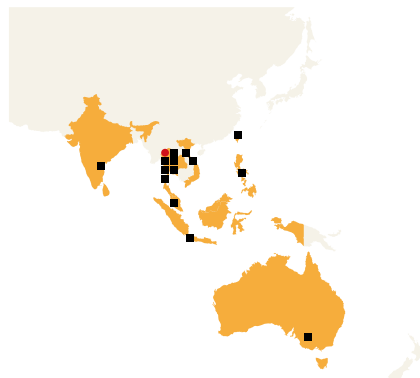
In our kenaf business, in which we undertake integrated operations ranging from seed development to pre-board production (interior materials), we are carrying out an extensive review of the structure of this business and boosting competitiveness.

Regional Management & Collaboration Hub

Toyota Boshoku Asia Co., Ltd.

Business entities

Thailand: 6 companies / India: 1 company / Indonesia: 1 company / Malaysia: 1 company / Philippines: 1 company / Taiwan: 1 company / Vietnam: 2 companies / Australia: 1 company



Shozo Ishikawa
Chairman
Toyota Boshoku Asia Co., Ltd.

024

Global Topics

China

Securing new business in the continually growing market backed by our extensive track record in production and local development strengths



Since commencing production of interior components in 2002, we have secured orders for all seats and door trims for Toyota vehicles in China. We undertake integrated operations in China ranging from design to development and test evaluations and will utilise our ability to make proposals covering all areas of automobile interior space, which is one of our strengths, as we strive to secure new business.

Fiscal year topics

025

Establishing a local integrated development structure

By transferring to China the materials and product test evaluation functions previously undertaken in Japan, we have accelerated development and reduced costs as well as established a local development structure for integrated development ranging from design to development and test evaluations. For locally developed vehicles as well, including the Toyota Corolla EX, we are establishing a local structure for making quick responses in accordance with the requests of our customers. We have earned high acclaim for our development proposal capabilities not only for seats but also for the design of entire automobile interior spaces, and have been receiving requests from Chinese automakers seeking to develop their own brand vehicles.

Expanding items produced and strengthening quality and cost competitiveness

Besides interior components, we are expanding the items we produce to include seat fabrics, oil filters and air cleaners. In April 2011, we received an order for plastic cylinder head covers, marking the first time that the Toyota Boshoku group has received an order for this product anywhere outside Japan.

In conjunction with Toyota Motor's RR-CI* activities, we are performing benchmarking in cooperation with Toyota Boshoku and are working to offer excellent products at even lower costs.

* *Ryohin* (quality), *Renka* (low price), Cost and Innovation

Initiatives for expanding and reorganising our business

In September 2010, Toyota Boshoku (China) Co., Ltd. and Changchun Faway Automobile Components Co., Ltd. established Changchun Faway Toyota Boshoku Auto Parts Co., Ltd. in Changchun, Jilin Province. The new

Trends in the automobile market

China's automobile market is expected to continue expanding in 2011 against a background of 10% GDP growth. On the other hand, competition is expected to intensify further due to the ongoing expansion of production capacity. At the Auto Shanghai 2011 motor show in April, each automaker focused on promoting their environmentally responsive and own brand vehicles while showcasing their initiatives for developing original and appealing vehicles.

company will begin manufacturing such interior components as seats and door trims in 2012 and will expand its sales routes as a major base in northeast China.

Medium-to-long-term strategies and goals

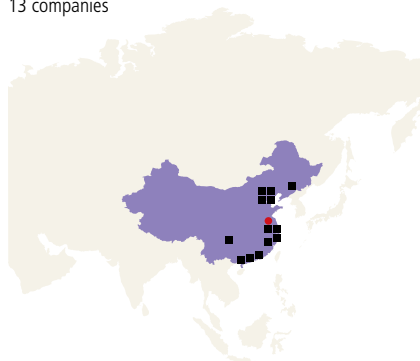
Amid the ongoing rapid growth of China's automobile market, a major task will be to "establish a business foundation directed toward new growth." We plan to carry out integrated operations ranging from design to development and test evaluations and will utilise our capabilities in proposals covering the entire spectrum of automobile interior spaces, which is one of our strengths. We will proactively carry out proposal activities targeting not only existing customers but also Chinese automakers, which are accelerating efforts in areas such as developing environmentally responsive vehicles as well as their own brand vehicles. At the same time, we will utilise these strengths to actively promote sales to European and U.S. automakers in China. We will also offer excellent products at unbeatable prices and that are unrivalled anywhere.



Products on display at the Shanghai GM Technology Exhibition

● **Regional Management & Collaboration Hub**
Toyota Boshoku (China) Co., Ltd.

■ **Business entities**
13 companies



Fumitaka Ito
Representative
Toyota Boshoku (China) Co., Ltd.

Europe & Africa

Becoming a comprehensive manufacturer of interior components capable of playing an active role globally and strategically expanding business and raising quality



Toyota Boshoku Somain S.A.S.'s assembly plant in France has commenced operations and continues to smoothly carry out production. Amid the fiercely competitive market, the group is further raising quality levels, while working in concert to carry out profit structure reform activities centred on reducing fixed costs.

Fiscal year topics

Fortifying our sales and development structures

To respond to the needs of European automakers, we strengthened our sales structure by opening an office in Munich, Germany, the centre of Europe's auto industry, as well as enhanced our development evaluation capabilities at our base in Brussels, Belgium.

Quality improvement initiatives earn awards from customers

With the aim of reflecting end-user opinions concerning quality into products, Toyota Boshoku Türkiye Otomotiv Sanayi Ve Ticaret A.Ş., which serves as a model plant for quality control, is cooperating with Toyota Motor to extensively promote activities to identify causes of defects and improvements. These efforts have led to a sharp decline in the number of user claims. By implementing such activities, Toyota Boshoku Turkey was awarded for its high quality from customers.



Quality Award Trophy

Initiatives for expanding business

In June 2011, local production began at a plant for seat frames and seat covers at TBAI Poland Sp z o.o., a joint venture with Aisin Seiki Co., Ltd.

Also during the fiscal year, we acquired the interior business of Polytec Holding AG, which engages in the component business mainly in Europe. In July 2010, the recently acquired business began operating

as a new company at its bases in Germany, Poland and other locations under the name Boshoku Automotive Europe GmbH. The new company also has commenced business transactions with major German automakers.

Medium-to-long-term strategies and goals

One of our long-standing objectives has been to secure new business in Europe in line with the Toyota Boshoku Group's efforts to become a comprehensive interior manufacturer that plays an active role throughout the world. The recent acquisition of Polytec's interior business will provide us with an important foothold for securing new business. Looking ahead, we will work to expand the scope of our business and also plan to actively participate in the business development of European automakers in regions outside Europe.

Meanwhile, France-based Toyota Boshoku Somain, which has begun seat assembly, occupies an important position as our first seat production base in the European Union. In addition to seats, Toyota Boshoku Somain will work to secure additional orders for headliners, air cleaners and cabin air filters, and will expand the range of items manufactured.

We are also further progressing with the localisation of the procurement of parts and materials throughout Europe and Africa and will steadily build a manufacturing foundation suited to the region.

● Regional Management & Collaboration Hub

Toyota Boshoku Europe N.V.

■ Business entities

France: 2 companies / Germany: 1 company / Poland: 3 companies / Russia: 1 company / Slovakia: 1 company / Turkey: 1 company / South Africa: 1 company
(As of July 1, 2011)

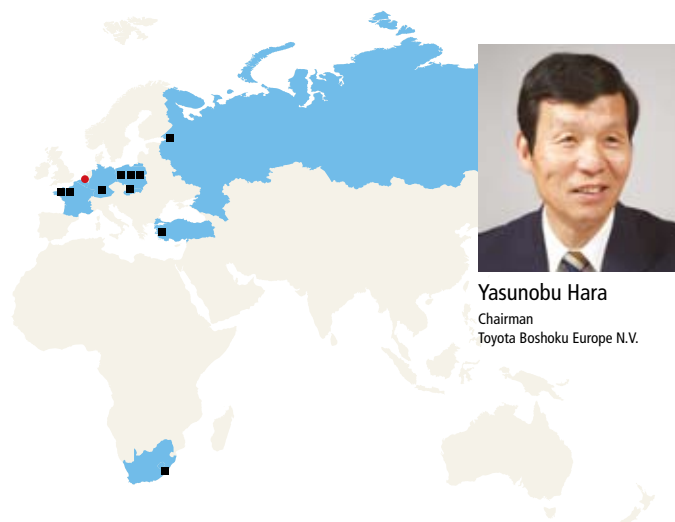
026

Global Topics

Trends in the automobile market

Automobile unit sales in Europe in fiscal 2010 declined approximately 5% from the previous year to around 14 million vehicles, marking the third consecutive year-on-year decrease. This decline is attributable to the major impact of the termination of policies to provide incentives for vehicle purchases in the principal countries of Europe. From 2011, although there were signs of recoveries in Germany's and France's automobile markets, the markets of the United Kingdom, Italy and Spain continue to shrink.

Vehicle sales in South Africa recovered to the 490,000 level, up 24% from the previous year, but still remain at the 2004 level.



Yasunobu Hara
Chairman
Toyota Boshoku Europe N.V.

Japan



Strengthening technology development and production capabilities and undertaking manufacturing globally

Although manufacturing is gradually recovering from a decline in the aftermath of the Great East Japan Earthquake, we are undertaking extensive reforms to our profit structure as we respond to such factors as a decline in domestic production and a shift to compact cars. As a top-tier global interior system supplier, we aim to carry out global manufacturing in regions worldwide together with the Toyota Boshoku group.

Fiscal year topics

027

No. 2 building of the Sanage Technical Centre completed

The No. 2 building of the Sanage Technical Centre was completed in May 2010. As a result, this consolidates functions such as the development of automotive interior systems and the management of production technologies and production.

By deepening collaboration with each department and strengthening planning proposal and technology development capabilities, we are working to develop products with enhanced cost competitiveness and provide even more attractive and comfortable automobile interior space as an interior system supplier.

TB Kawashima commences full-scale operations

In July 2010, TB Kawashima Co., Ltd., a joint venture among Toyota Boshoku, Kawashima Selkon Textiles Co., Ltd. and Toyota Tsusho Corporation, began full-scale operations as a company for the manufacture and sales of interior materials for transportation equipment.

To successfully compete within the harsh business environment, TB Kawashima will further promote rationalisation and enhance efficiency, while proceeding with globalisation that can respond to markets throughout the world and develop products with enhanced functionality and design.

Toyota Boshoku Tohoku Miyagi Plant begins production

In January 2011, Toyota Boshoku Tohoku Corporation's Miyagi Plant commenced seat production for the Toyota Yaris sedan for Central Motor Co., Ltd.

Completed in August 2010, the Miyagi Plant is a Toyota Boshoku group cutting-edge sustainable plant. Based on the theme "Harmonising with the Local Community and



Toyota Boshoku Tohoku Corporation's Miyagi Plant

Environment," the plant is reducing CO₂ emissions and making use of natural energy with features that include air-conditioning systems that use geothermal heat and natural daylight for top lighting.

Although production was suspended for approximately one month after the Great East Japan Earthquake, production is now steadily rebounding.

Medium-to-long-term strategies and goals

Cognizant that improving profits and responding to the shift to compact cars are urgent tasks, we will continue to push forward with profit structure reforms. We will also raise competitiveness in quality, cost and delivery (QCD) that aims for thorough emphasis on built-in quality and manufacturing that can respond flexibly to changes in manufacturing.

Specifically, through manufacturing reform activities (R-50 Committee Activities (Reduction by half)), we aim to increase the efficiency of development as well as reduce production preparation expenses and raise operational efficiency on a global basis. Additionally, we will establish common global standards for acquiring technical skills and will operate a technical skills certification system for each product and work process. Going forward, we plan to standardise parts manufacturing standards in each region of the world to assure the same consistent quality.

Plants and Offices in Japan

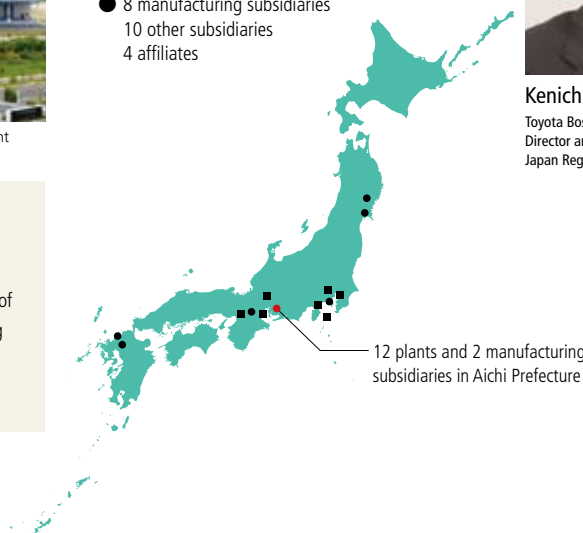
- Global Mainstay Hub
- 17 plants
- 2 marketing offices, 1 part centre

Associated companies

- 8 manufacturing subsidiaries
- 10 other subsidiaries
- 4 affiliates



Kenichi Noda
Toyota Boshoku Corporation
Director and Executive Managing Officer
Japan Region Business Management



Trends in the automobile market

In the Japanese market, a decline in sales volumes due to the termination of a subsidy programme for the purchase of eco-cars, coupled with the impact of the Great East Japan Earthquake, has created an uncertain outlook. Growing emphasis on fuel efficiency is expected to underpin widening demand for compact cars and hybrid cars.



A class on manufacturing conveys how important and interesting manufacturing is to children.

Social Activities

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

Social Contribution Activities Highlights	29	Together with Suppliers	43
Promoting Philanthropic Activities	31	Together with Local Communities	45
Together with Customers	36	Together with Shareholders and Investors	47
Together with Company Members	38		

The Toyota Boshoku group is working to build an enterprise that contributes to society, and is promoting corporate growth while fulfilling our responsibilities as a good corporate citizen. We defined our commitment to stakeholders in our corporate philosophy and undertake business activities based on this commitment to fulfil our social responsibilities, with the aim of continuing to be trusted by customers, shareholders and all other stakeholders.

Social Contribution Activities Highlights



Five years of forest cultivation

Reforestation in Asia and Japan brings smiles to faces

The "Eco-Forest" of the Toyota Boshoku group in Bromo (Indonesia)

The Toyota Boshoku group conducts reforestation activities in Southeast Asia and Japan as part of our global social contribution activities. The aims are to contribute to the prevention of global warming through the protection of tropical and natural forests and to bring joy to local people engaged in such activities.

As a company existing for society

The new Toyota Boshoku was inaugurated upon the merger of three companies in 2004. As a company operating on a global basis so early in our history, we have had meaningful discussions on how we can best connect with society. As a result, we first positioned environmental protection and nurturing youth as the most important of our social contribution activities in taking the lead in the automotive industry. In terms of environmental protection activities, efforts revolve around reforestation in Southeast Asia, where destructive logging of tropical forests is a major issue. This program has become the symbol of our global social contribution activities.

The Toyota Boshoku group has numerous production entities in Southeast Asia. PT. Toyota Boshoku Indonesia has commenced reforestation activities in Indonesia with a start-to-finish system from cultivation to product commercialisation with the aim of utilising

kenaf, which absorbs a high level of CO₂ as it grows, in the interior components of automobiles.

Energising the local community through reforestation

We commenced reforestation activities in Indonesia in 2006 following a period of preparation. The location of the programme is three hours from the nearest town at an altitude of 2,500m in an area under the control of the Directorate General of Forest Protection and Nature Conservation, Minister of Forestry of the Republic of Indonesia (Bromo Tengger Semeru National Park management office). Although it is officially a national park, the mountain areas bear the scars of illegal logging. Toyota Boshoku and Toyota Boshoku Indonesia teamed up with the Indonesian government and other relevant parties that include the management office of the National Park, a local environmental-focused non-governmental organisation (NGO) (LEM21) and the Japan International Forestry Promotion & Cooperation Centre to rehabilitate the forest by planting trees and to support the livelihoods of local citizens by creating jobs based around tree-planting activities. We also promoted education concerning environmental preservation and guidance on how to enhance livelihoods through the local NGO. This initiative aims to have local

PT. Toyota Boshoku Indonesia

Indonesia "Eco-Forest of the Toyota Boshoku group in Bromo"

Agreement period: August 2006~March 2011
Northern region of Bromo Tengger Semeru National Park, East Java River
Area covered: 160 hectares (270,000 trees)

Toyota Boshoku Thailand group

Thailand Six Toyota Boshoku group companies cooperate on tree planting

Agreement period: November 2006~
Nikompattana, Rayong Province
Area covered: 3.2 hectares (2,200 trees)

Toyota Boshoku Corporation

Japan "Eco-Forest of the Toyota Boshoku group in Kashimo"

Agreement period: January 2008~March 2013
Nakatsugawa City, Gifu Prefecture
Area covered: 7 hectares (2,000 trees)

2006



2007

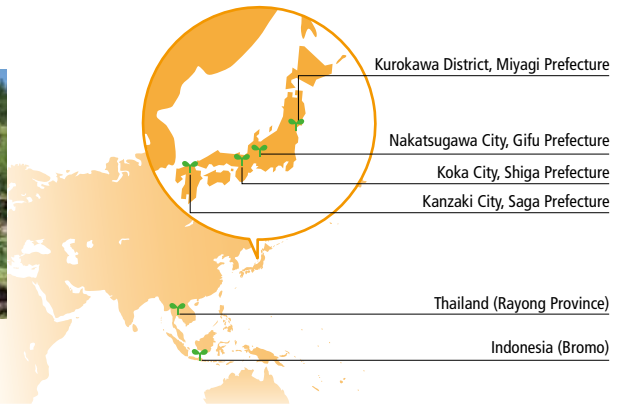
2008



"Eco-Forest of the Toyota Boshoku group in Kashimo"



Afforestation activities in Kashimo



people autonomously carrying on the activities.

In our initial five-year plan for reforestation in Indonesia we planted 270,000 trees across 160 hectares. During that time, we have come to understand the significance of reforestation activities from a global perspective. This includes the participation of Toyota Boshoku members from Japan in local tree-planting tours as well. We have been able to provide vital employment opportunities to communities in mountain villages, a programme that has been evaluated highly in terms of social contribution. Going forward, we plan to hold forums to deepen ties with local businesses and government in the downstream region of the East Java River. We will also continue to cultivate forests, educate people on environmental preservation and provide guidance on how to enhance lifestyles.

From Indonesia to Thailand and Japan

In 2006, the Company commenced reforestation activities in Thailand. The programme began with tree planting in Rayong Province, which faces the problem of deforestation, and has been gradually expanded. Many members from group companies in Thailand participated as volunteers to plant 2,200 trees across 3.2 hectares of land. Plans are in place to conduct similar activities from 2011 in light of local needs.



Tree planting in Thailand

While restoring tropical forests in Southeast Asia, the Toyota Boshoku group responded to requests for reforestation activities in Japan as well, and in January 2008, started an initiative called the "Eco-Forest of the Toyota Boshoku group in Kashimo" for Nakatsugawa City in Gifu Prefecture. In addition to being the first reforestation programme in Japan by Toyota Boshoku, it was the first such initiative for Gifu Prefecture under an agreement concerning reforestation with companies.

Reforestation activities in Japan have continued for three years together with people in local forestry industry groups based on the concept of listening to local opinions and bringing joy to local citizens

through these activities. Approximately 300 company members take part every year, which in turn has nurtured their personal growth. Events held in conjunction with tree planting and afforestation aim to make participation enjoyable for company members and their families, such as having the Forestry Women's Group make local dishes and snacks using local ingredients. The Kashimo initiative is not limited to reforestation. It has also deepened interaction with local elementary and junior high schools. For example, the Toyota Boshoku track and field club provides instruction on running and the basketball club holds basketball clinics. Also, junior high school students and other local people participate in the Global *Ekiden* (relay road race). In such ways, Toyota Boshoku is broadening its interchange with the local community.



Basketball clinic in Nakatsugawa City

Listening to local opinions

Reforestation activities in Kashimo are recognised as a successful example of deepening bonds with the local community while protecting the environment, thereby prompting similar action in Kyushu, Tohoku and Shiga. In 2009, Toyota Boshoku Kyushu Corporation started an initiative called "Eco-Forest of the Toyota Boshoku group in Seburi" in Saga Prefecture. In 2010, an initiative was introduced by Toyota Boshoku Tohoku Corporation in Miyagi Prefecture known as "Eco-Forest of the Toyota Boshoku group in Ohira." In June 2011, Toyota Boshoku Shiga Corporation started "Eco-Forest of the Toyota Boshoku group in Ozuchi." Each of these initiatives prioritises response to the needs of local people. The fundamental policy of our social contribution activities is to identify the desires of the local community and make sure members are fully aware of our intent.

A common goal of the Toyota Boshoku group's global social contribution activities is to further deepen the principles behind our social contribution activities and develop various initiatives around Japan and the world that enable us to fulfil our role as a good corporate citizen.

Toyota Boshoku Kyushu Corporation

Japan "Eco-Forest of the Toyota Boshoku group in Seburi"

Agreement period: January 2009~December 2014
Kanzaki City, Saga Prefecture
Area covered: 2.7 hectares

Toyota Boshoku Tohoku Corporation

Japan "Eco-Forest of the Toyota Boshoku group in Ohira"

Agreement period: August 2009~August 2014
Kurokawa District, Miyagi Prefecture
Area covered: 15 hectares

Toyota Boshoku Shiga Corporation

Japan "Eco-Forest of the Toyota Boshoku group in Ozuchi"

Agreement period: January 2011~January 2016
Koka City, Shiga Prefecture
Area covered: 71.8 hectares

2009

2010

2011



Promoting Philanthropic Activities

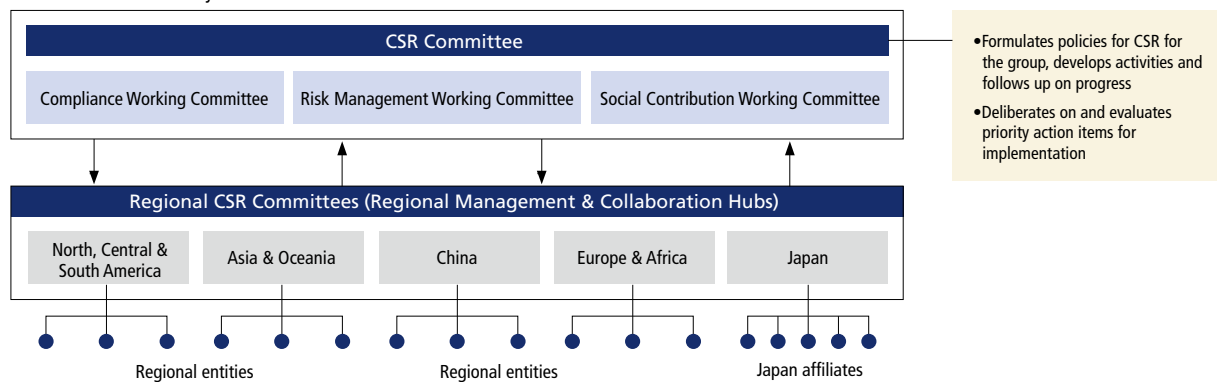
In order to meet the expectations and earn the confidence of stakeholders around the world, the Toyota Boshoku group complies with laws, regulations and ethics. Further, we fulfil our responsibilities as a corporate citizen in addition to contributing to society through manufacturing.

Fundamentals of philanthropic activities

Compliance, risk management and social contribution activities are positioned as priority corporate social responsibility (CSR) actions for the Toyota Boshoku group based on our corporate philosophy, the TB Way and the Toyota Boshoku group code of conduct with the aim of meeting the expectations and confidence of society through

responsible behaviour. We strongly promote initiatives for stakeholders as a global enterprise. Our global CSR Committee promotes CSR activities around the world by formulating policies for group-wide CSR efforts, developing activities, following up on their progress and deliberating on and evaluating priority action items for implementation.

Global CSR Promotion System



031

Strengthening corporate governance

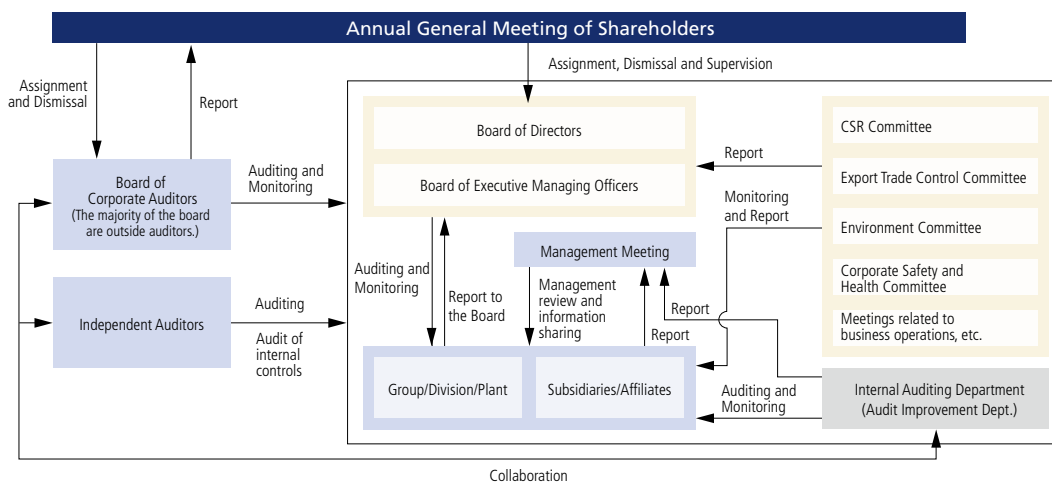
We are working to strengthen corporate governance to enhance the corporate value of the Toyota Boshoku group and ensure highly sound, transparent and efficient management.

Corporate governance system

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

conditions related to the implementation of operations.

The Company currently utilises an auditor system. Five auditors (includes three outside auditors, two of whom are appointed as outside auditors) attend key company meetings in accordance with audit procedures and plans. They also conduct audit hearings and visiting audits as well as monitor the execution of operations of directors and the administration and the status of financial affairs of the group's subsidiaries. The Company has established a dedicated post for internal auditing as well. Toyota Boshoku also has



introduced an executive officer system separating executive roles into management decision-making and execution of operations with the objective of improving management efficiency and strengthening the supervision functions required in executing operations.

Every year, the Company reviews regulations related to global approval in consideration of the balance between local circumstances, merit and governance and decision-making along with advancements in business globalisation.

Current status of internal controls

The Toyota Boshoku group established the TB Way, which clearly expresses the group’s values, stance and action to foster a sound corporate culture. It also ensures thorough adherence to the Toyota Boshoku group code of conduct—the mindset of company members in performing their duties—through various educational programmes for members.

In addition, Toyota Boshoku and our group companies conduct self-evaluations on the status of internal controls via a checklist and the respective internal auditing departments are working to prevent

inappropriate behaviour and mistakes globally by conducting audits at Toyota Boshoku divisions, plants, subsidiaries and affiliates. Audit results are reported to top executives. The departments also receive advice from auditors and cooperate with auditors in the conduct of auditing activities.

Enhancing disclosure

The Toyota Boshoku group is committed to disclosing information required by shareholders, investors, business partners and local communities in a timely and appropriate manner as well as conducting public information-sharing activities that society can trust. This is stated in the Toyota Boshoku group code of conduct, which was formulated by the CSR Committee as a guide for the behaviour of the company and its members. Based on this, the Public Affairs Division, Accounting & Finance Division and Legal Division have formed an information management department for the strict management of corporate information and disclosure of information in an accurate, timely and fair manner.

Further permeation of compliance

Legal and regulatory compliance as well as completely fair and transparent corporate activities are needed to earn and maintain the trust of society as a good corporate citizen. To that end, it is essential that individual members have a proper awareness, make appropriate judgments and act responsibly.

Toyota Boshoku has declared our corporate philosophy as “promoting corporate growth while fulfilling our responsibilities as a good corporate citizen.” As we undertake business activities around the world, we instruct

members throughout the entire group to conduct themselves using good judgment and awareness.

Strengthening and enhancing compliance promotion system

The global CSR Committee was established in fiscal 2010. It is chaired by the Company’s president and includes the participation of top management from Regional Management & Collaboration Hubs (RM&CH). This enables the Company to reinforce and promote CSR activities globally. CSR-based action plans are formulated at

Compliance promotion system



the RM&CH based on the policies set forth by the CSR Committee and implemented by respective group companies. Going forward, Toyota Boshoku will strengthen and enhance an action cycle of policy management, implementation, review and improvement centred on the CSR Committee.

Legal risks

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

Initiatives regarding Corporate Ethics Reinforcement Month

The month of October has been designated as Toyota Boshoku group Corporate Ethics Reinforcement Month, during which important activities related to permeating and enhancing compliance are carried out. The aim of the activities is to shed light on and resolve issues concerning implementation of the TB Way and creation of a motivating work environment through discussion and self-evaluations.

The following actions were taken in fiscal 2010 to develop global activities and enhance initiatives group-wide.

- **Message from top management**
Reaffirm importance of compliance to each member.
- **Workplace discussion**
Promote discussion among all company members in the workplace led by respective leaders.
- **Formulation and implementation of "our promise"**
Formulate and implement "our promise" as a workplace rule upon discussion of various issues.
- **Self-evaluation of workplace and discussion with directors**
Workplace leaders conduct self-evaluation of the TB Way, code of conduct and workplace management, and discuss the results and issues with relevant directors.

Corporate Ethics Reinforcement Month (Hold workplace discussions, etc.)

	Number of workplaces implemented	Number of participants
Toyota Boshoku Corporation	568	7,431
Japan affiliates	171	2,539
Regional affiliates outside Japan	304	10,368
Total	1,043	20,338

Education and awareness raising

The Toyota Boshoku group is working to raise compliance awareness by conducting various educational sessions and providing information related to compliance.

We also conduct training by job classification, which includes providing explanations of aspects of compliance required for different positions. In this way, every member can acquire the necessary knowledge. A total of 565 people took this training in fiscal 2010. In addition, we provide across-the-board professional training using e-learning. We also have planned and implemented education transcending job classification such as on different legal issues for executive officers, Japanese expatriates and subsidiaries to promote the permeation of compliance.

The Legal Division and functional divisions comprising the Compliance Working Committee are working to develop thoroughgoing enlightenment activities by using reports on legal issues and other tools to disseminate compliance-related information.

Improving consultation and reporting contacts

The Toyota Boshoku group has established an environment in which it is easy to seek recommendations on compliance-related issues. Members can seek consultation or report issues concerning workplace problems, legal violations and internal misconduct. Reporting contacts have been set up both inside and outside the Company.

In fiscal 2010, a survey was conducted on the internal reporting system at each group company to ascertain a detailed picture of the situation and review any necessary measures for improvement. During fiscal 2011, Toyota Boshoku, RM&CH and respective regional entities established a "global hotline" connecting each entity via the Internet, which will improve the internal reporting system.

Compliance-related education system Fiscal 2010

	Toyota Boshoku group compliance training		Legal professional training	Monthly event
	Toyota Boshoku Corporation	Group companies	Toyota Boshoku Corporation	
Executive officers	Seminar on legal matters for executive officers Training for newly appointed executive officers	Training for newly appointed executive officers		Monthly events related to corporate ethics, environment, safety and health, quality, confidential information, etc.
Upper management	Training for new recruits Training prior to overseas dispatch			
Professional personnel	Training for introducing new members Training for introducing mid-career personnel	Monthly discussion	Subcontracting laws Mental health Product Liability/intellectual property Environment, health and safety	

Thorough reinforcement of risk management

The Toyota Boshoku group is working to comprehensively reinforce risk management via the creation of an effective risk management system in order to respond swiftly to management risk, risk in daily operations and other risks such as disasters and accidents.

Basic risk management policy

- 1 Endeavour to predict and prevent crises
- 2 Give maximum priority to assuring the safety of human life should a crisis occur
- 3 Should a crisis occur, centralise information and promptly investigate the cause, respond appropriately and minimise damage
- 4 In case of significant social damage or impact, release information promptly in good faith

Risk management system

The Toyota Boshoku group has established a Risk Management Working Committee based on the CSR Committee to predict and prevent incidents, and to promote activities to minimise the impact should a crisis occur. The committee controls risk-related matters at the functional divisions of Toyota Boshoku as well as group companies in Japan and other group companies in different regions, and is working to enhance risk management on a global basis. (See page 31 for a diagram of the global CSR promotion system.)

Enhancing risk management

The Toyota Boshoku group clarifies preventive measures and ways to handle incidents if they occur in the Crisis Management Regulations and the Crisis Management Guidebook formulated in 2008. Detailed self-evaluations are repeatedly conducted at each site to develop adequate emergency and evacuation drills. Problem areas are reviewed and focus placed on creating a system to minimise risk in times of emergency.



Emergency drill

In fiscal 2010, we expanded efforts to identify issues through self-evaluation. In Japan, emergency drills were held in conjunction by three factories using an MCA radio system*, specifically, the Global Mainstay Hub (Kariya Plant), Sanage Plant and Fujioka Plant. The aim was to test connection during simulation of a widespread disaster. We will strengthen links between plants and permeate awareness of disaster prevention by implementing the drills in conjunction with many plants.

With regard to traffic safety activities, a company-wide traffic safety committee has been formed to issue a traffic accident report and implement activities aimed at raising awareness (6,045 people on patrol). In fiscal 2011, we will execute comprehensive measures that consist of risk prediction related training in small group meetings at workplaces and reviewing high-risk areas on routes to and from work.

* The MCA radio system does not use public telecommunication networks so it is not affected by the disruption of public networks in the event of a disaster.

TOPICS | Response to the Great East Japan Earthquake

Initial response

An emergency task force under the leadership of the Company president was set up pursuant to a decision by top management in the immediate aftermath of the disaster to quickly collect and relay information, and assess the crisis level. This enabled us to make decisions and take action quickly to provide emergency relief supplies and restore production, mainly to the Production Control Division and Purchasing Division.

An emergency communications network was in operation for the Toyota Boshoku group in Japan using an MCA radio system when phone lines were disrupted immediately after the disaster. This enabled the swift gathering and distribution of information between the emergency task force and Toyota Boshoku Tohoku Corporation. At the same time, responses to the current disaster also identified several issues that need to be addressed.

In light of these reflections, in fiscal 2011 we will introduce a system to confirm the safety of members, beginning with the systemisation of a business continuity plan, and enhance initial response by providing for people who are unable to return home after a disaster.

Production restoration response

Following the earthquake, we held crisis-response meetings every day in which we confirmed the safety of members and their families and the status of group companies and suppliers, as well as discussed measures toward restoring production. We clarified the situation point by point in terms of procurement and shifted to alternate parts and materials. The Toyota Boshoku group worked together as one to normalise production as quickly as possible.

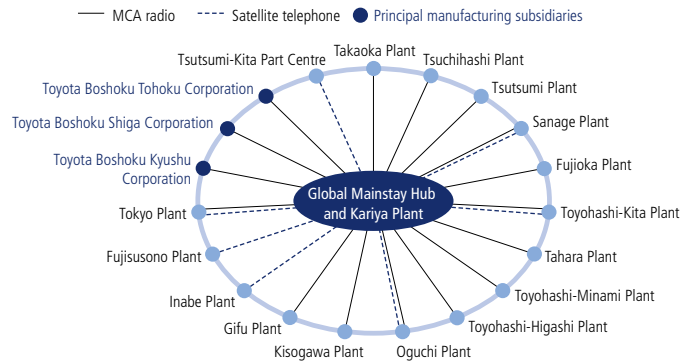


Production restoration meeting

Emergency contact network

Toyota Boshoku has established a disaster prevention network linking all plants and offices in Japan using the MCA radio system for emergency communication. A satellite telephone network covers plants and offices located outside the MCA radio area. We are also working on establishing a network for work sites outside Japan based mainly on satellite telephone.

Emergency contact network in Japan (As of March 31, 2011)



Security and information security management

The Toyota Boshoku group considers the appropriate management of confidential information to be an important element of our business activities. We seek optimal systems and frameworks for managing confidential information in order to pursue sound corporate activities.

In fiscal 2010, we enhanced operational rules in accordance with the Security Control Regulations and introduced an educational programme for all members aimed at increasing awareness of security management. As part of efforts to develop a system to combat information leaks, we introduced document management systems such as for technical standards and further enhanced activities by creating a response manual in the event that leaks occur.

Strengthening organisation for security and enhancing basic conduct

The Toyota Boshoku group established the CSR Committee and Risk Management Working Committee to create a global security management system. The General Administration Division, which consists of respective functional divisions, and the Technical Administration, Production Engineering Management, Production Control as well as Information Systems divisions cooperate to conduct security and information security management.

In fiscal 2011, we intend to expand the document management systems company-wide to strengthen security management and to bolster security controls for confidential and personal data.



Spot check during the month of augmenting security management

Initiatives for intellectual property management

The Toyota Boshoku group respects the intellectual property of third parties and appropriately values its own intellectual property, which is viewed as a key management asset essential for global business development. We continue working to enhance the management of our intellectual property.

As a result, we significantly exceeded our objective.

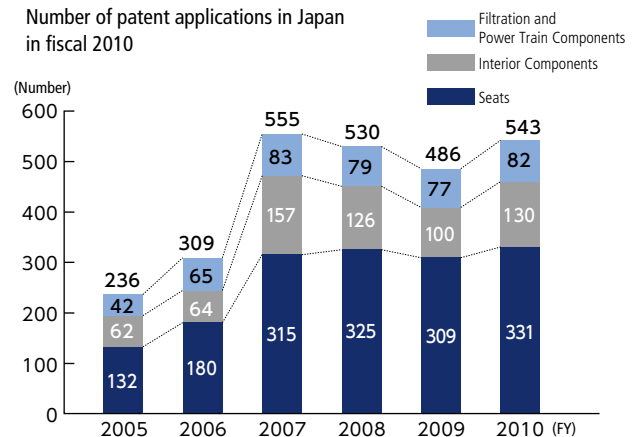
In the future, we intend to create a system for the integrated management of intellectual property rights for the entire group so they can be utilised effectively worldwide as part of our efforts to realise a global development system.

In fiscal 2010, we standardised the handling of inventions as well as the procedure for managing industrial property rights at affiliates as set forth in patent guarantees.

Aiming to strengthen patent application system

Toyota Boshoku undertakes efforts to increase the number of patent applications befitting the scale of business as well as their quality. In fiscal 2010, we expanded the scope of technologies subject to patent trend analysis and enhanced both the quality and quantity of information provided to development divisions. We also set a target for the number of patent applications and vitalised invention activities through improved education of intellectual property related matters.

Number of patent applications in Japan in fiscal 2010



Together with Customers

The Toyota Boshoku group is working in unison to enhance quality and establish a quality assurance system by returning to the basics.

Basic philosophy on customers

Society has become increasingly interested in product quality. The Toyota Boshoku group works to develop products based on the Customer First principle and is rebuilding its quality assurance system by going back to the basics to prevent recurrence of claims from the market and so that competitive advantage does not decline.

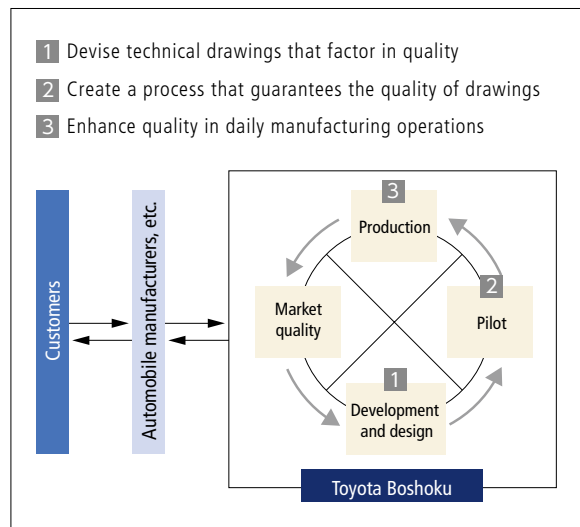
Going back to the basics in quality assurance

The Toyota Boshoku group has reconfirmed the fundamentals of quality assurance in the three areas shown in the diagram on the right in accordance with quality function policy and is working on various quality assurance related activities.

In order to ensure optimal quality assurance, it is important for each and every company member to implement the concept of *Jikotei-kanketsu* (all processes in-house). Specifically, it refers to deciding on what is normal and abnormal individually as well as one's own behaviour.

The Toyota Boshoku group established a department to promote *Jikotei-kanketsu* not only within the production section but also to share and permeate the *Jikotei-kanketsu* concept with development and production preparation members and to carry out *kaizen*

(continuous improvement). We promote activities for each step from start to finish in order to develop products with world-class performance.



Strengthen quality assurance system

With the aim of satisfying customers around the world and delivering products that inspire, the Quality Assurance Division and Global Quality Control Division of the Quality Improvement Group have joined forces to enhance the quality assurance system for the Toyota Boshoku group.

Enhance quality assurance system

We are working to strengthen our quality assurance system throughout the Toyota Boshoku group in parallel with global business expansion.



First, at quality function meetings, global policy related to quality management is formulated and key issues are discussed and followed up on while determining the quality policy of each region and its implementation status. Information is shared at the global level to enable effective quality-related measures. Quality function meetings are held at each RM&CH. Top management from group companies within the region participate to ascertain the status of quality for respective regions and deploy initiatives toward achieving targets.

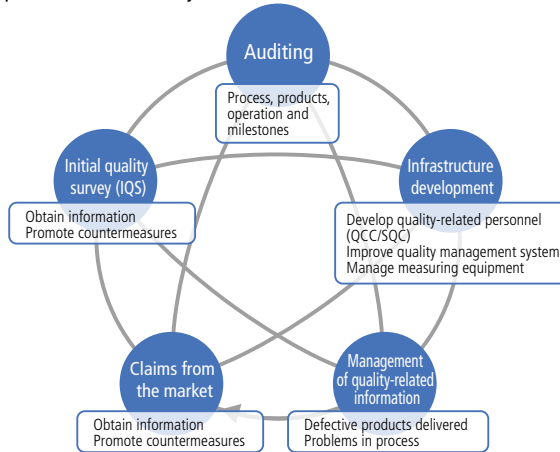
Expansion of ISO/TS 16949 certification

The Toyota Boshoku group promotes acquisition of ISO/TS 16949 certification to meet the requirements of many automakers worldwide, including in Europe and the United States. In order to prevent deficiencies in the supply chain, the group has obtained this certification at five plants in Japan and 24 regional entities around the world. The certified plants and bases conduct external and internal audits and swiftly reflect the results in top management agendas to enable *kaizen* activities. In fiscal 2011, we will further strengthen initiatives to acquire certification throughout the group.

Deployment of quality-related activities

The Toyota Boshoku group deploys quality-related activities from the perspective of persons who actually drive the car as well as automakers.

Operations of the Quality Assurance Division



Promotion of QC Circle/SQC*¹ Activities

As part of TQM activities*², which are company-wide quality management initiatives, we promote QC Circle/SQC activities at the level of small groups worldwide.

QC Circle activities have been extended to include group companies and suppliers in Japan. Outside of Japan, RM&CH are taking the lead in promoting similar activities. In fiscal 2010, we introduced educational and *kaizen* activities at respective regional entities. Our efforts have been effective in North America, ASEAN nations, China and Europe, as demonstrated in the presentations made that were selected from each entity.

SQC activities, which target administrative and technical divisions, are being deployed across the board.



7th All Toyota Boshoku QC Circle presentation

*1 Statistical Quality Control

*2 Total Quality Management activities refer to initiatives that aim to make personnel and the organisation more dynamic based on the concepts of "Customer First," "company-wide participation" and "kaizen" in order to maintain a strong and flexible corporate structure.

Prevention of significant quality issues

To prevent product claims and major quality deficiencies, we conduct what are known as 5N activities for all parts earmarked for commercialisation. With 5N activities, we identify areas that are either new or have been modified in the design of a new product from five perspectives: new structure, new materials, new manufacturing method, new processing and new application. This approach helps to eliminate any deficiencies in advance. For example, if a totally new

material is slated for use in the design of a new product, it is set and registered as a product subject to 5N activities. Development, product technology, procurement and quality divisions then work together to prevent deficiencies in key areas of quality through evaluation and verification activities. Implementation status of 5N activities is evaluated at a production transfer meeting held in each stage. Products for which these activities have not been completed do not make it to market.

Swift discovery and response to defects in products in the market

The Toyota Boshoku group promotes activities aimed at swift discovery and response to defects in products in the market. Defects with a high propensity to cause harm, that occur frequently or may impact the market are classified into two rankings and registered. Countermeasures are then implemented in line with a set deadline based on comprehensive follow-up procedures. Clear rules are defined for defects designated with a high ranking, including countermeasures, deadline for implementation and method of implementation.

We always strive to provide products that provide satisfaction through swift and precise countermeasures to defects.

Promotion of activities incorporating customer desires into product development

The Toyota Boshoku group obtains and analyses information related to product usage, usability and the need for improvement experienced during usage through a third-party initial quality survey (IQS). This picks up even the most detailed requirements and the results of the analysis are then rapidly reflected in product improvements and new product development, which in turn boosts customer convenience.

Quality control of externally delivered products

Externally delivered products refer to Toyota Boshoku brand products that are delivered directly to the customer from the supplier. The quality level of these products must be equivalent to in-house products. At the Global Quality Control Division, which is in charge of quality control for these products, staff members continue to provide guidance to suppliers directly. They consider this to be the best way to make steady quality improvements step by step together with suppliers. Monthly meetings on quality serve to exchange information with suppliers regularly to share cases of defects and countermeasures.



Monthly meeting on quality

Together with Company Members

The Toyota Boshoku group strives to create an environment in which members feel they can trust the company through mutual understanding realised by strong lines of communication. All members being proactive and taking the initiative towards implementing company policy also facilitates a relationship based on mutual trust and shared responsibility.

A relationship built by a trusted company and members who cooperate in a proactive manner and take initiative

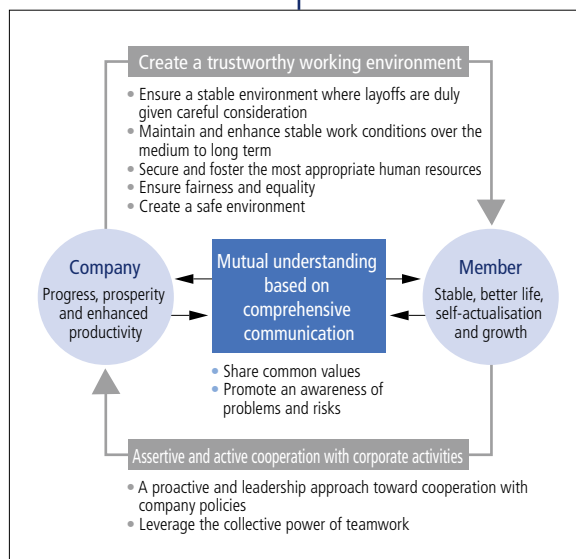
Mutual understanding based on comprehensive communication forms the backbone of the relationship between Toyota Boshoku group members and companies. Top management and other supervisory tiers take their utmost efforts to provide information along with frequent discussions among all levels of the organisation.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

Company progress and prosperity linked to personal satisfaction

The Toyota Boshoku group has codified its corporate philosophy and set of values to be shared by each member in the TB Way. It is the behaviour and respect for the TB Way that determines the level of its implementation. As such, we endeavour to create a bright, enjoyable and motivating work environment in which everyone can work to his or her full potential and satisfaction. Although history, culture, laws and social customs differ by country, region or entity, all members, including the leaders of each company, understand that fundamental philosophies are shared and constant and thus act in accordance with this basic idea.

Fundamental philosophy on personnel and labour relations

Establish a relationship based on mutual trust and shared responsibility



Comprehensive nurturing of human resources

The Toyota Boshoku group aims to ensure that all company members in many parts of the world understand and implement the values, stance and action outlined in the TB Way. Meeting challenges, continuously carrying out *kaizen*, practicing *genchi-genbutsu* (Go, see & study), pursuing the root cause and ensuring implementation from start to finish are also part of the TB Way.

Global development of human resources

We foster human resources who can work across borders and train locally recruited personnel in each region in order to respond to global business expansion and develop "one hub per region" management. The biggest challenge with developing human resources concerns the understanding and implementation of the TB Way. As a concrete initiative, we pour energy into education or a work style in which members resolve problems based on the TB Way, on-the-job training (OJT) and QC Circle activities.

To speed up global deployment of the educational programme concerning problem solving, we began nurturing trainers for RM&CH and regional entities in fiscal 2007. Trainers who complete the programme educate local staff, which broadens the horizons of those learning. In fiscal 2010, 40 such trainers provided problem-solving courses for around 500 people.

TB Voice



The joy of personal growth through teaching

Liu Lianfeng
Tianjin Intex Auto Parts Co., Ltd.

I was extremely grateful for the chance to learn how to become a trainer in problem solving.

The training made me realise that problem solving is a skill that is central to the work at Toyota Boshoku and is based on the TB Way, which should be shared among all members. After the training, I returned to my workplace and wrote down the problems I needed to resolve, namely, reducing work processes in the production line and clarifying roles. My new skill set enabled me to find ways to rationalise personnel and cut costs.

I now understand how it is more difficult to teach people something than do it yourself. In particular, it's tough trying to break down a problem step by step and simply convey the importance of finding the root cause of a problem through repeating the process of genchi-genbutsu. The more I teach the more I understand how to explain things simply. I hope to teach many more members in the future.

Going forward, I would like to increase my own problem-solving capabilities and nurture personnel at work to drive kaizen, create a team that can exert its full potential and boost efficiency.

In fiscal 2011, we intend to hold master trainer courses after bringing target participants to Toyota Boshoku in order to cultivate trainers who can teach the basic contents of the TB Way, policy management, problem solving and OJT in different parts of the world.

Further, we effectively utilise a "trainee system" and "intra-company transfer (ICT) system" in which one learns in the field for other entities within the group. With the trainee system, personnel of Toyota Boshoku heighten their practical skills through hands-on work at group companies outside Japan while with the ICT system, personnel from group companies outside Japan come to Toyota Boshoku for a similar programme. The ICT system in particular raises skill levels by fostering local staff related to development, production technology, production control and quality assurance with the aim of promoting localisation. Around 18 people underwent the trainee system between 2007 and fiscal 2010 while around 53 people used the ICT system. In fiscal 2011, we intend to significantly expand the number of people using both of these systems.

Education system

Administrative and technical divisions

Education for administrative and technical divisions comprises company-wide courses and professional training. These courses consist of common educational programmes centred on global themes. They include the TB Way, policy management, problem-solving techniques and OJT. In particular, the Global Mainstay Hub introduced a mentoring system to provide OJT support in fiscal 2006. Senior staff members support new members one-on-one for a year after learning the basic steps of OJT in terms of nurturing human resources and respecting each person's human nature.

In terms of professional training, we impart specialised knowledge and skills in areas that include quality, costing and financial management, technical development, production technology and manufacturing.



Company-wide meeting to present OJT results

Specialised skills

With regard to teaching specialised skills, we aim to develop members who can pass on valuable capabilities in manufacturing and who are highly competent in creating strong production sites in and outside of Japan. The key to this training is the GDC (Skills Transfer Centre), which commenced operations in March 2009. The centre's aim is to steadily build up skills in line with an advanced education programme to ensure the same level of competency and teaching style.

In fiscal 2010, we integrated the functions of human resources development into the GDC and established the Technical Skills Training Centre in order to increase manufacturing capabilities and pass them on globally. The Toyota Boshoku Technical Skills Academy also has been set up to train young leaders for the workplace. It accepts trainers from group companies throughout Japan and the world.

In September 2010, we held the 5th All TB Skills Competition with the aim of honing the capabilities of all members worldwide and passing on skills for the future. The contest covered 13 competitions across 11 job categories. A total of 197 people from 8 countries took part.

From fiscal 2011, we will transfer the Technical Skills Training Centre to inside the Toyota Boshoku Fujioka Plant and start a skills training system with set standards for learning in three stages.



5th All TB Skills Competition

TB Voice



All TB Skills Competition Gold prize, Seat Assembly

Clyde Richard Lapierre
Toyota Boshoku Canada, Inc. Elmira Plant

It was great to attend the All TB Skills Competition and have the chance to visit the plants of Toyota Boshoku in Japan. I learned many good ideas regarding kaizen, by observing other participants' skills firsthand, and at the same time, I felt that good ideas should be shared with all plants around the world. I plan to share this valuable experience with team members back home and use it to create better and easier work methods. I also thought it would be good to have a training centre in North America to enable more members to acquire higher skills in less time.

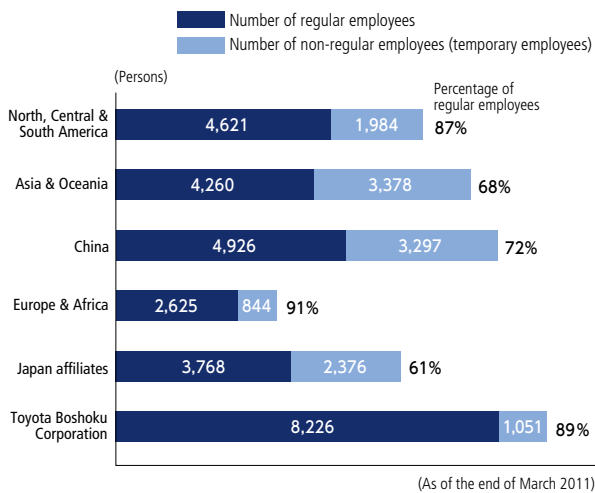
Building stable labour-management relations

The Toyota Boshoku group believes that the Company's continued progress results in the greater satisfaction of members. We aim to foster labour-management relations built on mutual trust, in which everyone is working to fulfil their responsibilities for a more prosperous society.

Stable employment with fair and honest evaluations and working conditions

We endeavour to ensure stable employment conditions by creating an environment where layoffs are duly given careful consideration and by maintaining and enhancing stable work conditions over the medium to long term. We also implement fair and honest policies that ensure a discrimination-free workplace. In recruitment, we aim to secure and foster the most appropriate human resources based on a medium- to long-term plan that takes into account such aspects as the current composition of members, global management strategy and environment changes.

Composition of employees



Labour-management communication

At Toyota Boshoku, various Labour-Management Committees discuss a wide range of topics, including pay, work policies, production and safety in order to maintain and enhance good labour-management relations and create a safe, motivating work environment. These committees include the Labour-Management Council, Labour-Management Committee, Labour-Management Round Table Conference, Production Committee and Safety and Health Committee.

At MEET* events, which are held three times a year, Toyota Boshoku encourages all members to become aware of issues and policies relating to members and labour as well as the environment of the Company.

* Make time to communicate, Exchange opinions, Establish relationships of mutual trust and respect and Teamwork!

TOPICS | Realising good labour-management relations

A trade association has been set up for each entity in China. These bodies are similar in structure to trade unions in Japan.

The trade association and respective companies hold labour-management round table discussions every month to strengthen communication. Besides sharing information on production outlook and other important matters, these occasions boost mutual understanding on topics such as workplace improvement and welfare programmes based on opinions gathered from members. The discussions are always positive and aim to build a strong relationship between labour and management as well as drive corporate advancement.



Trade association event at Toyota Boshoku (China) Co., Ltd.

Creating a safe workplace

The Toyota Boshoku group implements safety and health activities under a Basic Safety and Health Policy in order to establish a corporate culture that places a priority on safety and health at work.

Basic Safety and Health Policy

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

Development and introduction of a global Occupational Safety & Health Management System (OSHMS)

Aiming to create a safe work environment, the Toyota Boshoku group works to enhance health and safety at work through activities based on an OSHMS. All 17 plants in Japan conduct risk assessments activities* in the workplace in line with this system.

* A series of activities to find, eliminate and reduce potential dangers or hazards in the workplace

In fiscal 2010, in addition to self-evaluations and unifying the level of relevant matters as the benchmark, risk assessments were performed for the Toyota Boshoku group in Japan for all operations and new equipment. Managers were sent from Toyota Boshoku to areas outside Japan to 20 different regional entities, including RM&CH, to align activities against this benchmark through safety and health committees.

From fiscal 2011, we will set up safety and health committees worldwide and work to further enhance safety and health activities and share information as well as formulate a version of the Toyota Boshoku Safety Standards for each country.

Building and firmly establishing a culture of safety

Toyota Boshoku promotes safety and health activities aimed at achieving zero industrial accidents. To further establish a culture of safety, we introduced *Anzen Dojo* in fiscal 2009 as a measure to help implement safer conduct through basic training.

In fiscal 2010, 100% of these activities were introduced at Toyota Boshoku. Around 9,000 members from production divisions and administrative and technical divisions passed a 100-item exam related to changing awareness and basic conduct as part of the activities of *Anzen Dojo*, which have been established at around 30% of all Toyota Boshoku work sites worldwide.

In fiscal 2011, we aim to introduce *Anzen Dojo* at all Toyota Boshoku production entities.



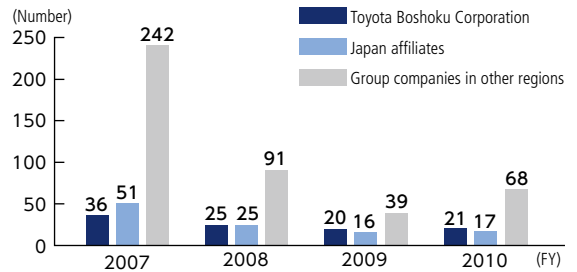
Anzen Dojo newly introduced at Toyota Boshoku South Africa (Pty) Ltd.

Guaranteeing safety at outside construction sites

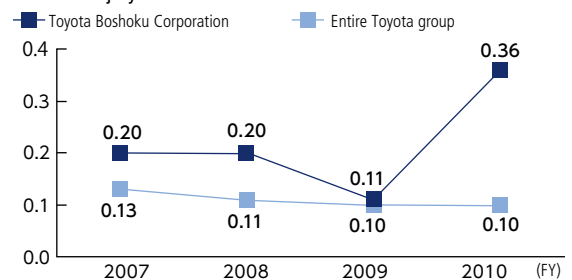
A key challenge is to guarantee safety at outside construction sites within our plant premises. We established the Toyota Boshoku Safety and Health Association in 2008 and expanded initiatives aimed at safety and health on-site for outside construction. In fiscal 2010, we held three safety-related meetings together with the association and worked to eliminate accidents.

Going forward, we will strive to make our facilities even safer through measures such as creating construction standards.

Number of industrial accidents over time



Lost time injury rate



Creating a healthy work environment

Toyota Boshoku is fully committed to creating workplaces where all members can work with health and vitality. Toward that end, our health management staff and industrial medical staff work together to support efforts in maintaining and improving physical and mental health.

Initiatives to enhance healthy living

In fiscal 2010, medical examinations were provided to all members and group companies in Japan, as well as Japanese expatriates at group companies in other regions and their families. In addition, we are continuing with a five-year no-smoking campaign that started in fiscal 2009. In fiscal 2010, we abolished smoking areas on premises, held sessions on quitting smoking and issued a challenge to stop smoking.

Mental health diagnoses

Toyota Boshoku provides mental health diagnoses for all members every three years to enable them to gauge their mental health. The level of health of organisations is analysed based on the diagnostic results. Data on the condition of each workplace is then fed back to each division to identify the status of members' mental health. Additionally, we offer mental health education classes and lectures by industrial physicians.

Creating an environment that facilitates consulting

The Toyota Boshoku group has set up the Anything Goes Counselling Office at different sites globally where employees can go and discuss any concerns they may have.

A workplace consultation system was set up in fiscal 2009 with the aim of achieving a bright, enthusiastic and open work environment where employees can talk about anything. In fiscal 2010, we

increased the number of consultants from 25 to 80 following courses for health workers and nurses.

We will continue developing our consultation system so that members can discuss their concerns in a comfortable setting.



Training to become consultants

Respecting diversity

The Toyota Boshoku group is working to provide a work environment where members with the will to work can demonstrate their abilities and continue to work enthusiastically.

Utilising diverse human resources

The Toyota Boshoku group recruits exceptional and talented human resources irrespective of nationality. The Global Mainstay Hub hired 21 people of different nationalities besides Japanese in fiscal 2010 and plans to increase this number.

Supporting post-retirement employment

Toyota Boshoku's Professional Staff and Skilled Staff systems for all retired members are being fully implemented. These systems are essential for ensuring corporate competitiveness by retaining the work potential of retirees amid a declining labour force while also giving retirees job satisfaction and motivation. As of the end of March 2011, 132 persons were rehired.

Encouraging employment of persons with disabilities

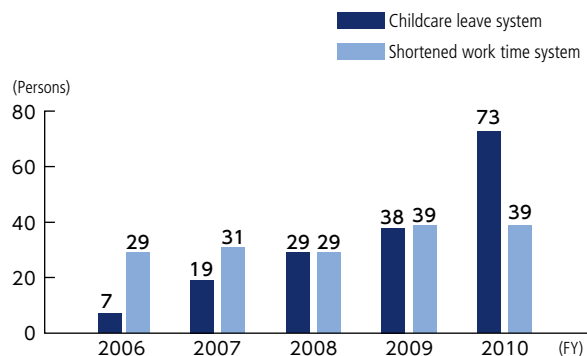
Members with disabilities play active roles in different positions at Toyota Boshoku. Going forward, we will work to create an environment that is easy to work in, including increasing the number

of workplaces employing persons with disabilities and expanding the number of assistants per site and barrier-free facilities.

Supporting the balance of work and childcare/nursing care

Toyota Boshoku has abolished non-scheduled working hours, reviewed the nursing care leave system for children and introduced a new nursing care leave system.

Users of childcare leave system and shortened work time system



Respecting individuality and humanity

The Toyota Boshoku group strives to ensure that the individuality and humanity of our members is respected in accordance with our corporate philosophy and the TB Way. We do not advocate discrimination, defamation or other such improper conduct based on race, gender, age, nationality, religion, disability, sickness or injury. As a global corporate group, we strictly respect the laws and social

regulations of other countries and regions. We forbid the use of child or forced labour. Company members and their families can seek consultation on concerns from the Anything Goes Counselling Office established in-house or report issues through designated attorneys externally. We have a well-organised system for our members to resolve concerns they may have without reservation.

Together with Suppliers

Using fair and equitable procedures, the Toyota Boshoku group purchases parts, raw materials and equipment from a large number of suppliers throughout the world. Together, we will grow by putting into practice the spirit of a win-win relationship.

Initiatives for suppliers

The Toyota Boshoku group works to procure reasonably priced, high-quality items in a timely manner through fair and open transactions for the mutual benefit of all involved companies. At the same time, based on cooperation with our suppliers, we aim for mutual development while addressing social obligations. This includes undertaking initiatives from a CSR perspective, environmental protection and other important issues.

Basic procurement policy

- 1 Open and fair trade
- 2 Mutual development based on mutual trust
- 3 Promotion of eco-friendly green procurement
- 4 Local procurement as a good corporate citizen
- 5 Thorough legal compliance and ensuring confidentiality

043

Efforts toward legal compliance

We aim to deepen understanding of, and comply with, laws related to antitrust, subcontracting, labour and the environment as a matter of course in procurement and other business activities. Toyota Boshoku has established compliance themes for important areas and drawn up action plans to promote initiatives for legal compliance.

The Toyota Boshoku group code of conduct specifies a code of behaviour for procurement activities that achieve trust and respect in our relationships with suppliers. Members of the Toyota Boshoku group pledge to act in accordance with these guidelines.

In February 2010, a workshop on subcontracting law was held. We invited outside lecturers and around 150 members took the course, including those from previously inspected departments and divisions, as a means of seeking to thoroughly confirm obligations and prohibited acts.

Formulation and permeation of Toyota Boshoku suppliers CSR guidelines

At the Toyota Boshoku group, the corporate philosophy, TB Way and Toyota Boshoku group code of conduct form the crux of our CSR policy. We ask all suppliers to familiarise themselves with this policy and are working to permeate the concepts through the formulation of CSR guidelines for suppliers with the aim of mutually contributing to the ongoing advancement of society.

These guidelines are made up of three main pillars in order to fulfil CSR with suppliers. Specifically, these entail sharing the same management stance, requests regarding the provision of products and services, and requests regarding the production process for products and services. In September 2010, we once again provided explanations of our CSR guidelines for suppliers in view of greater demand from society for CSR initiatives.

Initiatives in green procurement and green purchasing

At Toyota Boshoku, we preferentially purchase energy-efficient buildings and fixtures as well as green office supplies based on our philosophy of prioritising eco-friendly purchasing across the board and are working to procure safe components and materials in order to leave behind a lush and abundant environment for the next generation. We will continue aiming to establish a recycling-oriented society by actively pursuing green procurement and purchasing.

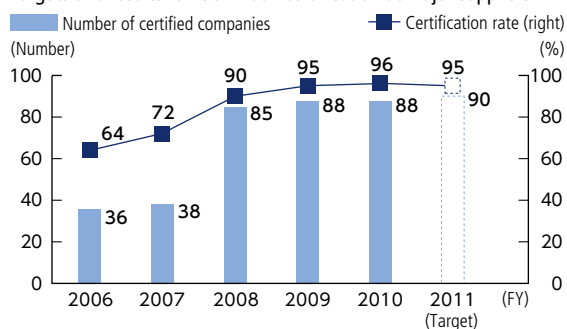
Support suppliers' efforts to create environmental management systems (EMS)

To help achieve a recycling-oriented society, the Toyota Boshoku group cannot rely on its efforts alone; coordinating environmental protection activities with its suppliers is essential. Toyota Boshoku requires its suppliers of parts, raw materials, auxiliary materials and equipment to establish EMS based on the acquisition of ISO 14001 certification. As a result, in fiscal 2010, 88 of its 92 major suppliers, or approximately 96%, have acquired ISO 14001 certification.

Moreover, Toyota Boshoku is stepping up its efforts to comply with various environmental regulations, which also includes working actively with suppliers to ensure compliance with the REACH regulation*.

* A regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) enforced in Europe in June 2007

Targets and results for ISO 14001 certification at major suppliers



ISO 14001 certification acquisition

	2006	2007	2008	2009	2010	2011 (Target)
Supplier companies	56	53	94	93	92	95
Certified companies	36	38	85	88	88	90
Certification rate	64	72	90	95	96	95

Efforts to create a global procurement system

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

General Meeting of Global Suppliers

Every year, a General Meeting of Global Suppliers is held for Toyota Boshoku's principal suppliers to explain the surrounding business environment and the group's current direction. This is held in order to gain their understanding and cooperation regarding procurement policy. On this occasion, awards were presented to suppliers with outstanding results for fiscal 2010. Subsequently, we explained that the Toyota Boshoku group requested that each of our suppliers strive to boost quality, provide reasonably priced products and strengthen development of technologies to reduce CO₂ in order to further our Customer First stance.



Received Outstanding Quality Award at General Meeting of Global Suppliers

Isao Morishita
President, KYOWA SANGYO CORP.

Our main products are sun visors for automobiles. Up until around four or five years ago, we had numerous problems with quality because we had yet to establish the basics of "decide, protect and check" due to inadequate standard procedural manuals and daily controls. We started to get help from Toyota Boshoku as well as people from relevant departments and managed to increase quality levels. We are deeply grateful for all the assistance in helping us get to this position.

In terms of specific initiatives, we investigated the cause of a problem, implemented countermeasures and tried to prevent recurrence via genchi-genbutsu. Under the guidance of top management, we accelerated kaizen activities, thoroughly investigated the root cause of issues and implemented countermeasures from the perspectives of preventing occurrence and spreading of quality problems.

Moving ahead, we will execute the initiatives recommended to us with the aim of eliminating quality problems and achieving zero problems in manufacturing processes such as improving and firmly establishing daily controls and enhancing systems to identify the cause of a problem and prevent recurrence using quality-related charts.

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

In promoting global operations, it is essential to strengthen and expand ties with suppliers regarding materials, parts, equipment and other items when setting up new production lines and launching



Global SPTT activities

new products. The Toyota Boshoku group is promoting activities to assure the quality of its products by helping suppliers in other regions boost the quality of their production processes, beginning with the production preparation stage. Such actions, referred to as global SPTT activities, enable an optimum procurement system that generates comprehensive benefits from different perspectives when purchasing parts externally. Key aspects to be considered include quality, price, distribution and timely delivery.

SPTT activities encourage frequent communication between suppliers and each relevant department through visits, guidance and education in order to solve quality, cost and delivery (QCD) issues with suppliers. Examples of issues include whether parts are supplied to each plant in a timely manner and whether high quality parts are consistently supplied.

* Outsourced production and manufacturing preparation follow-up activities carried out by a team

Creation of a cohesive global procurement system

The Toyota Boshoku group is working to create a global procurement system and strengthen ties with suppliers.

We are standardising work processes and making each step more visible in each region of the world, and discussing how best to ensure timely response in collaboration with the Global Mainstay Hub. To share procurement information globally, we have introduced a fundamental procurement system called TB-WAVE in each region. We are currently registering information in a timely manner and working to share this information.

In addition, we collate and analyse cost data in each region and clarify issues, and have started activities aimed at setting global cost benchmarks so that we can formulate countermeasures.

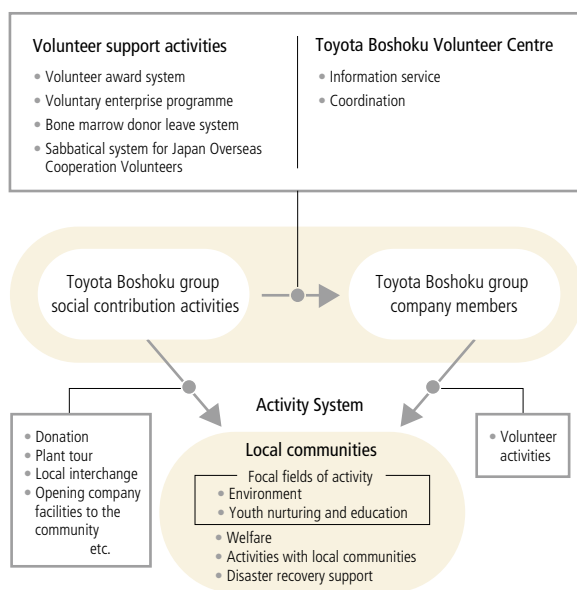
Through these activities, we aim to create an optimal global procurement system.

Together with Local Communities

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

Bringing smiles to faces beyond borders

The Toyota Boshoku group vigorously promotes welfare and activities with local citizens that are suited to the needs of respective regions, namely North, Central & South America, Asia & Oceania, China, Europe & Africa, and Japan. Activities focus on the environment, nurturing youth and education. To bring more smiles to faces the world over, we will continue deploying activities aimed at contributing to society.



Promotion system for social contribution activities

The Toyota Boshoku group established a Social Contribution Working Committee under the umbrella of the CSR Committee that develops and implements volunteer programmes and makes donations to worthy causes. Group members take the initiative in implementing volunteer activities. Additionally, the Global Mainstay Hub operates a Volunteer Centre that links members with local communities. The centre also provides assistance from the perspectives of the provision of information, coordination and other support measures.

Making use of leave systems

At Toyota Boshoku, we have set up a bone marrow donor leave system and a sabbatical system for Japan Overseas Cooperation Volunteers to support the volunteer activities of company members. In fiscal 2010, members used these systems on an individual basis.

045

TB Voice



Personal growth through Japan Overseas Cooperation Volunteers

Masayoshi Hyodo
Global Marketing & Sales Div.
Marketing & Sales Dept. 4

I decided to join the Japan Overseas Cooperation Volunteers because I wanted to broaden my world-view. I have been active in small towns in the Republic of Benin in West Africa since March 2011.

In the future, I plan to (1) enlighten local people of the need for hygienic well management; (2) enhance NGO management of garbage disposal and raise environmental awareness among the public; and (3) propose new cooking and food processing methods with the aim of boosting income for women's groups. Specific action plans will be determined in collaboration with town officials. Finally, it is my hope that local people can continue these activities on their own.

Through these volunteer activities, I get personal satisfaction when I receive thanks from people. Also, I can develop personally and broaden my world-view, plus I have a good opportunity to push my limits.



Japan Overseas Cooperation Volunteers in action in Africa

TOPICS | Introducing initiatives at Toyota Boshoku Kyushu Corporation

Toyota Boshoku Kyushu has established an independent volunteer centre, which supports members and their families so they can participate in various volunteer activities, beginning with forest cultivation and collecting clothing.

As a unique activity, the company set up a "fraction club" whereby members donate a fraction of their salary and bonuses to disaster relief, nurturing youth and environmental preservation.

Additionally, the company's handball club has created a donation system in which players and related personnel decide on an amount to donate on a personal level to the Japan Committee "Vaccines for the World's Children" (JCV) for each goal scored and match won. In fiscal 2010, around 7,500 vaccines were provided to children around the world.



Match being played by the handball club

Environmental activities

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

Reforestation activities <since 2006>

We conduct reforestation activities mainly in Indonesia, Thailand and Japan to help protect the environment globally. (See pages 29 and 30 for details.)

Other activities

Toyota Boshoku Foshan Co., Ltd.: Planted 50 young trees on tree-planting day
TBMECA Poland Sp. Z o.o.: Planted trees in local parks
Toyota Boshoku Australia Pty Ltd: Planted 22 young trees around factory

Global environment cleanup campaigns

<since 2005>

We strive to make the environment more beautiful and collect garbage and empty cans from roads around our factories, local riverbeds and parks.



Toyota Boshoku Türkiye Otomotiv Sanayi Ve Ticaret A.Ş.: Company members cleaning up around the factory

Foster youth through education

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

Sports promotion by corporate club teams <since 2004>

Providing guidance in sports increases the physical strength of children and vitalises the local community.



Toyota Boshoku Corporation: Track and field club members providing instruction



Toyota Boshoku Corporation: Basketball club giving clinics

Improving school environments <since 2006>

We are working to improve the environment at schools where children are at a disadvantage. In conjunction with an NGO, the Toyota Boshoku Managers' Association has been contributing to the creation of elementary schools in Indonesia, Vietnam, the Philippines and Thailand. In addition, members from Toyota Boshoku Philippines Corporation participated in providing free school lunches to elementary schools.



Toyota Boshoku Philippines Corporation: Providing free lunches to elementary schools

Other activities

Toyota Boshoku Automotive India Private Limited: Donated toilets to elementary schools
Toyota Boshoku Europe N.V.: Donated to orphanages in Africa
Toyota Boshoku Corporation: Held classes on carpentry using forest thinning

Welfare and activities with local citizens

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

Welfare

We help to create a society in which persons with disabilities and the elderly can lead independent lives and participate in the community.

Activities with local residents

We contribute to local activities as a good corporate citizen based on the concept that companies are also members of the community.

Children with Down's syndrome interchange programme <since 2001>

We invited children with Down's syndrome to enjoy a cruise. This event marked 10 years since the start of the programme, in which around 500 people have been involved to date.



Toyota Boshoku Corporation: Children with Down's syndrome interchange programme

Visiting an elderly care facility

Every Christmas, personnel visit an elderly home to donate food and everyday goods and help make meals for the residents. After this, everyone has fun dancing together.



TB De Mexico, S.A. De C.V.: Visit to an elderly care facility

Other activities

STB Textiles Industry Co., Ltd.: Donated to a programme to support Aids patients
Toyota Boshoku Corporation: Collected relief clothing and promoted interchange with persons with disabilities
Toyota Boshoku America, Inc.: Donated blood

Together with Shareholders and Investors

The Toyota Boshoku group actively communicates with shareholders and investors, while enhancing corporate value through our business activities. Our dedication will continue to meet expectations that are the basis for their support and trust.

Aiming to boost corporate value

We are deeply appreciative of the support and trust we receive from shareholders and investors. In response, we seek to raise corporate value. The Company regards the distribution of profits to shareholders and investors as an important management policy. Accordingly, we make efforts to improve and strengthen our corporate structure and proactively expand our business.

Pursuing improved corporate value through long-term, stable growth, Toyota Boshoku will also ensure management transparency by disclosing business and financial information in a timely and appropriate manner.

Fiscal 2010 distribution of profits

Business results for fiscal 2010 are shown on pages 65-74. The Company's management policy is to always strive to distribute stable profits to its shareholders and investors to meet their expectations. On this basis and in due consideration, cash dividends for fiscal 2010 were increased by 3 yen from the previous fiscal year to 16 yen per share (annual).

Communication with shareholders and investors Briefings for analysts and investors

The Toyota Boshoku group regularly holds results briefings with the Company president and executive officers in order to aid analysts and institutional investors in understanding Toyota Boshoku's financial situation and business strategies.

In fiscal 2010, two briefings were held after the second quarter of the year and after the fiscal year-end. A number of analysts and institutional investors attended these briefings.

Furthermore, small meetings and interviews were held as necessary for analysts and institutional investors.

We also actively participated in seminars that serve as opportunities to communicate with individual investors.



Seminar for individual investors

Plant tours for shareholders

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

In fiscal 2010, we held tours at the Toyota Boshoku Sanage Plant on the day of the Annual General Meeting of Shareholders in June 2010 and in February 2011. A total of 91 people from among over 800 applicants took part in the tours. On these occasions, visitors were able to observe assembly and processing lines for car seats and door trims and receive explanations of business operations. The exchange of ideas and question and answer sessions also served to strengthen communication with individual shareholders.



Observing operations at the Kariya Plant following the Annual General Meeting of Shareholders in June 2010

Concerning the future

During fiscal 2010, we not only increased the number of seminars we held for individual investors but also expanded the scope of our activities and worked to deepen understanding of Toyota Boshoku through direct meetings with as many individual investors as possible.

Moving ahead, we will strive to make even more individual investors supporters of the Company through ongoing activities aimed at increasing their support.



Participation in plant tour for shareholders

Shareholder
Haruko Narita
(Nagoya City, Aichi Prefecture)

Nowadays, automobiles are essential for our daily lives. When I heard I could observe the production line for car seats, I was really interested. Robots effortlessly and exactly as instructed perform the desired operation in assembling the components making up the seats. I also realised that people put on the seat covers manually. It gave me a good insight into how much effort and care goes into production.

On the tour, I even received a detailed explanation of business results and I heard about company initiatives to boost profit margins. That has made me more interested in the corporate results side of the business. Please continue doing your best to develop and produce products that benefit society.



Reforestation activities in Nakatsugawa City, Gifu Prefecture

Environmental Activities

Working toward Environmental Protection in All Facets of Business

Environmental Activities Highlights	49
Environmental Management	51
Eco-Friendly Development and Design	57
Initiatives to Reduce the Environmental Impact of Production	58

048

Environmental Activities

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

Environmental Activities Highlights

Aiming to be a pioneering environmental company worldwide based on a new Environmental Action Plan

A new Environmental Action Plan has been formulated in consideration of the programmes implemented under the Y2010 Environmental Action Plan and the results of these activities. The Toyota Boshoku group collectively addresses issues demanded of companies on a global basis through the creation of technologies, products and production processes that contribute to environmental preservation.



Chairman of Environment Committee
Executive Vice President

Koji Iida

Efforts to Devise Y2015 Environmental Action Plan

The Toyota Boshoku group conducted environmental activities in all business areas such as product development, design, procurement, production and logistics based on the mid-term Y2010 Environmental Action Plan that ran from fiscal 2006 to fiscal 2010 and achieved targets under all items. Once a target was reached during the period, a new goal was set as needed to raise the bar even further. In light of this, we formulated a new mid-term Y2015 Environmental Action Plan that covers the period from fiscal 2011 to fiscal 2015 and outlines the group's key environmental mission. This plan incorporates the environmental changes and social trends of the past few years as well as response to the recent massive earthquake in Japan. The following three areas based on environmental management are key themes under the plan: (1) Development and production activities for the realisation of a low-carbon society, (2) Technology development and production activities for building a recycling-oriented society, and (3) Reduction of the use of substances with environmental impact and carrying out social activities in co-existence with the natural environment. Going forward, the group will unite together to continue to implement environmental activities.

Overview of Y2010 Environmental Action Plan

1. Prevention of global warming

- **<Products>**We established the Weight Saving Committee to reduce weight in automotive parts and promoted activities aimed at achieving voluntary targets. We developed lightweight foam material for door trims and new generation seat frames and achieved voluntary targets.



Lightweight door trim

- **<Production>**Toyota Boshoku sets CO₂ emission targets and the Toyota Boshoku group sets a target for the CO₂ basic unit* as part of energy conservation activities. The following targets were achieved as a result.

	Category	Targets	Results
Toyota Boshoku	Emission	Reduce by 6% versus FY2005 target	Reduced by 24%
Toyota Boshoku group	Basic unit	Reduce by 8% versus FY2005 forecast	Reduced by 20%

We started activities to reduce CO₂ at all group companies in fiscal 2008 and have been striving to strengthen and enhance these activities ever since.

*Emissions per unit of sales

3. Recycling of resources

- Expanded the use of RSPP* by developing new methods. Achieved internal targets annually.
- Developed a new material for injection moulding using kenaf as well as a moulding machine to enhance the use of plant-derived products. Promoted the use of carbon-neutral plant materials that absorb CO₂.



Silencer (RSPP)

*Recycled Sound-Proofing Products: Sound-proofing material for vehicles made from separated and recycled urethane and fibres from vehicle shredder dust

2. Reduction of environmental loads

- Established subcommittees for each issue related to environmental loads, which then set up a management system and implemented activities.
- Promoted planned action to ensure appropriate and timely response to laws and regulations.



A subcommittee in action

4. Environmental management

- Inaugurated Environment Committee for the Toyota Boshoku group and promoted global environmental management, environmental education and social contribution activities.
- Evaluated competitive advantage versus conventional vehicles through Life Cycle Assessment (LCA) of seats and door trims.
- Conducted education to increase awareness among company members engaged in development and design.



Environment Committee

Toyota Boshoku group Y2015 Environmental Action Plan

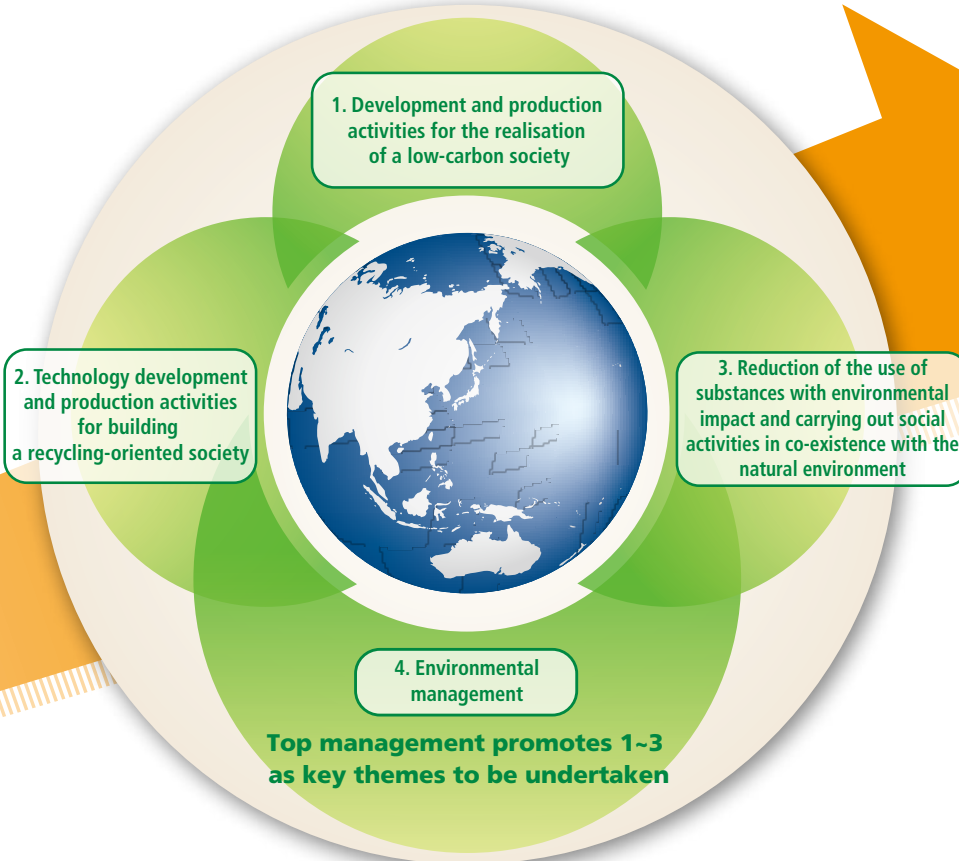
Aiming for a sustainable society that realises harmony between the environment and manufacturing

The Y2015 Environmental Action Plan makes improvements on the Y2010 Environmental Action Plan and declares three themes (1~3 below) as key areas to be tackled in light of current social trends and environmental changes as well as issues forecast from 2020 and beyond. We will promote "4. Environmental Management" to manage the various areas and reinforce activities on a global scale.

Please visit the Toyota Boshoku website for details of the Y2015 Environmental Action Plan http://www.toyota-boshoku.co.jp/en/csr/pdfset/2015plan_e.pdf

Environmental issues forecast between 2020 and 2050

- Global warming
- Population increase
- Reduction of tropical rainforests
- Desertification



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

— Promote the development of technologies for next-generation vehicles —

We aim to further enhance environmental performance, safety and comfort. In terms of environmental performance, we will promote manufacturing that contributes to improved fuel efficiency and work to reduce weight as well as boost heat-insulating properties inside the vehicle to cut heat loss.



Next-generation vehicle (image)

3. Reduction of the use of substances with environmental impact and carrying out social activities in co-existence with the natural environment

— Undertake efforts toward conservation of biodiversity —

Toyota Boshoku group environmental activities are designed to protect biodiversity. The Y2015 Environmental Action Plan aims to enhance and strengthen social contribution activities in order to co-exist with nature, such as evaluating environmental impact on nature throughout our business activities from the perspective of protecting biodiversity.

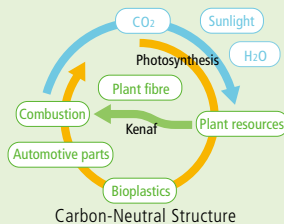


Restoration of degraded land by reforestation

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

— Develop and expand the adoption of carbon-neutral, plant-derived materials —

Kenaf and other plant materials are carbon-neutral, recyclable materials that absorb CO₂. We believe we can contribute to environmental preservation by using more plant materials in automotive parts. For that reason, it is necessary to ensure the stable supply of plant materials and enhance the commercial viability of automotive parts made from plants. Toyota Boshoku employs just as many plant-derived parts as oil-derived parts through integrated development and production from plant seeds to automotive parts. We are working to increase the use of plant-derived materials going forward. Our target is to attain a plant-derived materials usage rate of around 20% for interior materials.



4. Environmental management

— Promote sustainable plant activities —

Sustainable plant activities aim to create production facilities that utilise and co-exist with nature. This involves working to reduce CO₂ via the three key themes of "Eco-innovation," "Eco-energy" and "Eco-communication." We have set targets in the Y2015 Environmental Action Plan to promote sustainable plant activities over the medium and long terms and will further advance these efforts going forward.



Utilising natural energy sources

Environmental Management

The Toyota Boshoku group strives to preserve the global environment in order to realise a sustainable society.

Overview of the final year of Y2010 Environmental Action Plan

The Toyota Boshoku group formulated the Y2010 Environmental Action Plan in fiscal 2005, which outlines the implementation plan for environmental activities from fiscal 2006 to fiscal 2010.

Fiscal 2010 was the final year of the plan. As a result of environmental preservation activities initiated as a group, we managed to achieve all targets under each item related to the prevention of global warming, reduction of substances of concern, recycling of resources and environmental management.

Formulated a new Environmental Action Plan based on the results of the Y2010 Environmental Action Plan

Based on the results of the Y2010 Environmental Action Plan, we formulated the Y2015 Environmental Action Plan, which outlines the implementation plan for environmental activities from fiscal 2011 to fiscal 2015. The three key themes of the new plan are "development and production activities for the realisation of a low-carbon society,"

"technology development and production activities for building a recycling-oriented society" and "reduction of the use of substances with environmental impact and carrying out social activities in co-existence with the natural environment" based on enhanced environmental management. (Refer to pages 49-50.)

The following outlines the targets achieved in our main activities for fiscal 2010.

1. Prevention of global warming

(Legend of self-evaluation: ○: achieved, △: more than 90% achieved)

2006-2010 action items		Fiscal 2010 initiatives policy/goals		Fiscal 2010 action results		Self-evaluation	Page
Development and design	① Further weight saving of automotive parts to improve fuel efficiency	(1) Manage progress of vehicles focused on weight saving • Strengthen activities to set target figures through benchmarking (2) Reinforce system to achieve weight-saving targets over medium and long terms	(1) Achieved voluntary targets with two vehicles • Started to determine market-based qualitative and quantitative benchmarks for seats (2) Promoted Medium- to Long-term Working Group activities via the Weight Saving Committee	○	—		
	② Promote development of new products and technologies (for meeting emissions regulations, clean energy cars and energy diversification)	(1) Reduce heat loss in interior materials (2) Conserve energy in cabin space	(1) Achieved target for reducing heat loss in car interior (2) Achieved target for reducing power consumption in cabin space	○	—		
Production and logistics	③ Global reduction of CO ₂ emissions in production activities in each country/region (expansion of activities to include offices and other sites that are non-production divisions)	• Strengthen technological development toward reducing CO ₂ (1) Create sustainable next-generation plants for a low-carbon society (2) Formulate advanced CO ₂ reduction items through innovative technology and kaizen (continuous improvement)	(1) Formulated targets for reducing CO ₂ emissions by 2020 Formulated CO ₂ reduction scenario for production facilities and infrastructure (2) Respective production engineering departments established innovative development themes • Started modal shift in Tohoku region	○	59-60		
	④ Reduction of CO ₂ emissions in logistics						

Refer to page 59 for details on the status of CO₂ emission reductions in each region.

Item		Category	Challenging targets*1	Fiscal 2010 results	Self-evaluation
CO ₂ emission	Production	Non-consolidated	Emission 71,000t- CO ₂	68,800t- CO ₂	○
		Basic unit*2	12.7t- CO ₂ /100 million yen	12.1t- CO ₂ /100 million yen	○
	Consolidated	Basic unit	18.6t- CO ₂ /100 million yen	17.4t- CO ₂ /100 million yen	○
	Logistics	Non-consolidated	Emission 3,785t- CO ₂	3,255t- CO ₂	○

*1 Challenging voluntary targets were set within the Y2010 Environmental Action Plan to ensure overall goals were achieved.

*2 Emissions per unit of sales

2. Reduction of substances of concern

(Legend of self-evaluation: ○: achieved, △: more than 90% achieved)

2006-2010 action items		Fiscal 2010 initiatives policy/goals		Fiscal 2010 action results		Self-evaluation	Page
Development and design	⑤ Promotion of management and further reduction in the use of substances of concern (SOC) Elimination of SOCs (lead, mercury, cadmium and hexavalent chromium, etc.) globally Reduction of VOC* in the vehicle cabin * VOC: Volatile Organic Compounds HBDC: Hexabromocyclododecane Deca-BDE: Deca-brominated diphenyl ether (bromine-based flame retardant)	• Clarification of parts with lead solder for European market and steady promotion of switch to lead-free soldering	• Promoted switch to parts using low-temperature solder	○	—		
		• Implementation of substitution of HBDC	• Completed replacement of parts with HBDC in all vehicles	○	—		
		• Further promotion of halogen-free parts: Establishment and promotion of plan to gradually substitute and replace Deca-BDE	• Completed substitution plan for each vehicle • Conducted research on future trends for flame retardants	○	—		
		• Establishment of target figures for parts with VOC, substitution to substances with low VOC levels and creation of database	• Completed establishment of concrete target figures in key vehicle development Proposed unique Toyota Boshoku measurement method and cleared vehicle assessments	○	57		
Production	⑥ Reduction of the discharge of substances subject to the PRTR* law and VOC * PRTR: Pollutant Release and Transfer Register						

Item		Category	Challenging targets*1	Fiscal 2010 results	Self-evaluation
Emission of substances subject to PRTR	Non-consolidated	Emission	141t	147t	△*3

*3 Achieved Y2010 Environmental Action Plan targets but fell short of challenging targets.

3. Recycling of resources

(Legend of self-evaluation: ○: achieved, △: more than 90% achieved)

2006-2010 action items		Fiscal 2010 initiatives policy/goals	Fiscal 2010 action results	Self-evaluation	Page																																							
Development and design	⑦ Development of recycling technology that promotes smooth operation of recycling system in Japan and Europe <ul style="list-style-type: none"> Steady technological development towards achieving 95% recycling efficiency rate in Japan and Europe in 2015 <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> Recycling efficiency rate Japan: Equivalent to 92% in fiscal 2010 Europe: 85% in 2006 </div>	(1) Orders with new configuration (2) Development of new methods	(1) Received orders for three types of vehicle (2) Established new methods	○	—																																							
	⑧ Further promotion and expansion of recycling design <ul style="list-style-type: none"> Promotion of development and expansion of material and structure that can easily be dismantled or recycled Development and utilisation of renewable resources (plant raw material that is carbon-neutral*4, which absorbs CO₂) and expansion of use of recycled material 	(1) Enrichment of products that use kenaf material Technology development to extend the use of kenaf (2) Development of a new moulding machine for kenaf material	(1) Development of a new material for injection moulding using kenaf (2) Completed introduction of a new moulding machine for kenaf material	○	57																																							
Production and logistics	⑨ Further promotion of effective utilisation of resources towards a recycling-oriented society	• Division of items to be reduced by activity (waste reduction, treatment cost reduction) and promotion of cross-organisational programmes through coordination between plants	• Implemented cross-organisational programmes through Waste Reduction Working Group activities	○	62																																							
		• Cross-organisational implementation of items to improve packing (packaging specifications) introduced in 2008 and 2009	• Number of packing improvements: 17	○	61																																							
	<table border="1"> <thead> <tr> <th>Item</th> <th>Category</th> <th>Challenging targets*1</th> <th>Fiscal 2010 results</th> <th>Self-evaluation</th> </tr> </thead> <tbody> <tr> <td>Direct landfill waste</td> <td>Non-consolidated</td> <td>Discharged amount</td> <td>0t</td> <td>○</td> </tr> <tr> <td>Incinerated waste</td> <td>Non-consolidated</td> <td>Discharged amount</td> <td>94t</td> <td>○</td> </tr> <tr> <td rowspan="3">Discharged material (including recycled material)</td> <td rowspan="2">Non-consolidated</td> <td>Discharged amount</td> <td>21,405t</td> <td>○</td> </tr> <tr> <td>Basic unit</td> <td>3.9t/100 million yen</td> <td>3.7t/100 million yen</td> <td>○</td> </tr> <tr> <td>Consolidated</td> <td>Discharged amount</td> <td colspan="2">Shift to target management</td> <td>○</td> </tr> <tr> <td>Consumption of packing material</td> <td>Non-consolidated</td> <td>Used amount</td> <td>3,020t</td> <td>○</td> </tr> <tr> <td>Amount of water used</td> <td>Non-consolidated</td> <td>Used amount</td> <td>717 thousands m³</td> <td>○</td> </tr> </tbody> </table>		Item	Category	Challenging targets*1	Fiscal 2010 results	Self-evaluation	Direct landfill waste	Non-consolidated	Discharged amount	0t	○	Incinerated waste	Non-consolidated	Discharged amount	94t	○	Discharged material (including recycled material)	Non-consolidated	Discharged amount	21,405t	○	Basic unit	3.9t/100 million yen	3.7t/100 million yen	○	Consolidated	Discharged amount	Shift to target management		○	Consumption of packing material	Non-consolidated	Used amount	3,020t	○	Amount of water used	Non-consolidated	Used amount	717 thousands m ³	○			62
	Item	Category	Challenging targets*1	Fiscal 2010 results	Self-evaluation																																							
	Direct landfill waste	Non-consolidated	Discharged amount	0t	○																																							
Incinerated waste	Non-consolidated	Discharged amount	94t	○																																								
Discharged material (including recycled material)	Non-consolidated	Discharged amount	21,405t	○																																								
		Basic unit	3.9t/100 million yen	3.7t/100 million yen	○																																							
	Consolidated	Discharged amount	Shift to target management		○																																							
Consumption of packing material	Non-consolidated	Used amount	3,020t	○																																								
Amount of water used	Non-consolidated	Used amount	717 thousands m ³	○																																								

*4 Net zero carbon emissions during a product's life cycle

4. Environmental management

(Legend of self-evaluation: ○: achieved, △: more than 90% achieved)

2006-2010 action items		Fiscal 2010 initiatives policy/goals	Fiscal 2010 action results	Self-evaluation	Page
Management	⑩ Promotion of consolidated environmental management (Coverage: Toyota Boshoku group (excluding Toyota Boshoku))	(1) Establishment of global environmental action system (2) Enhancement of legal compliance at global level	(1) Convened Environment Committee (twice/year) (2) Established uniform group-wide system of legal compliance	○	49-54
	⑪ Strengthening of teamwork with suppliers <ul style="list-style-type: none"> Further promotion of environmental management with business partners Purchase of products that have environmental consideration 	(1) Confirmation of ISO 14001 acquisition	(1) Acquired at 88 of 92 companies	○	43-44
	⑫ Enhancement of environmental education	(1) Enhancement of rank-based educational materials (2) Education of environmental staff at group companies	(1) Expanded education of ISO 14001 such as by job classification (2) Implemented education and diagnosis related to energy conservation (Toyota Boshoku Asia, Toyota Boshoku America, Toyota Boshoku (China))	○	55
	⑬ Recommendation of eco-life to company members	(1) Recommendation of eco-life to company members when commuting (2) Measures to combat congestion during commuting hours around Sanage Plant	(1) Recommended public transport systems and promoted use of "park & ride" scheme (2) Eased congestion by reviewing commuting routes and parking locations	○	—
	⑭ Steady reduction of environmental loads through life cycle by operating and regularly implementing Eco-VAS*5	(1) Reduction of CO ₂ by implementing LCA*6 for seat frames (2) Implementation of LCA-related education (Plan: 60 people)	(1) Reduced CO ₂ through LCA for seat frames in new cars (2) Implemented LCA-related education (Results: 62 people)	○	—
Cooperation with society	⑮ Promotion of global social contribution activities	(1) Formulation and implementation of plans supporting communities and welfare (2) Improvement of social contribution activities in regions around the world	(1) Promoted cleanup, beautification, tree-planting and reforestation activities Made donations for disaster relief, conducted fundraising for charity and presented awards to business units that made significant achievements (2) Reported on activities by related committees	○	29-30 45-46
	⑯ Establishment of social contribution activities at sites in Japan	(1) Formulation and implementation of plans supporting communities and welfare (2) Promotion of company member participation in activities connected with the community, government, non-profit organisations and work committees	(1) Toyota Boshoku Kyushu Corporation and Toyota Boshoku Tohoku Corporation advanced reforestation activities Toyota Boshoku Shiga Corporation launched reforestation activities (2) Cleaned up, made donations and conducted fundraising at each business entity Company members from affiliates in Japan participated in key Toyota Boshoku programmes	○	29-30 45-46
	⑰ Information disclosure and enhancement of communication	(1) Continued publishing of Toyota Boshoku Report (2) Promotion of regional interchange activities	(1) Issued <i>Toyota Boshoku Report 2010</i> (Japanese and English) Released <i>Global Environmental Dialogue</i> (2) • Continued implementation of Kariya and Sanage area social gatherings • Exhibited at environmental exhibition (Messe Nagoya)	○	—

*5 Eco-Vehicle Assessment System, a new environmental assessment system adopted by Toyota Motor Corporation

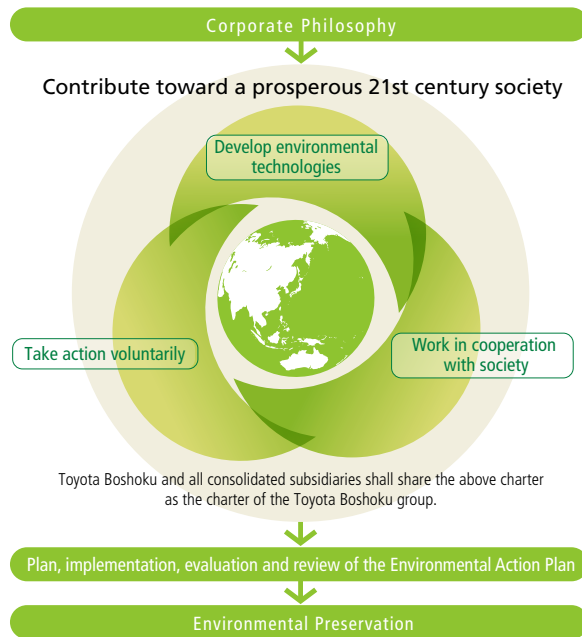
*6 Life Cycle Assessment: Overall assessment for total environmental load of products from production through to use and up to disposal

TOYOTA BOSHOKU Earth Charter

The Toyota Boshoku group promotes environmental preservation in the spirit of the TOYOTA BOSHOKU Earth Charter, which was established in 2004. We aim to realise a

sustainable society by practicing activities such as reducing environmental loads, developing environmental technologies and working in cooperation with society.

TOYOTA BOSHOKU Earth Charter



TOYOTA BOSHOKU Earth Charter

Contribute toward a prosperous 21st century society

Aim for growth that is in harmony with the environment, and set a challenge to reduce environmental burdens throughout all areas of business activities.

Develop environmental technologies

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

Take action voluntarily

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

Work in cooperation with society

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

053

Promoting environmental management

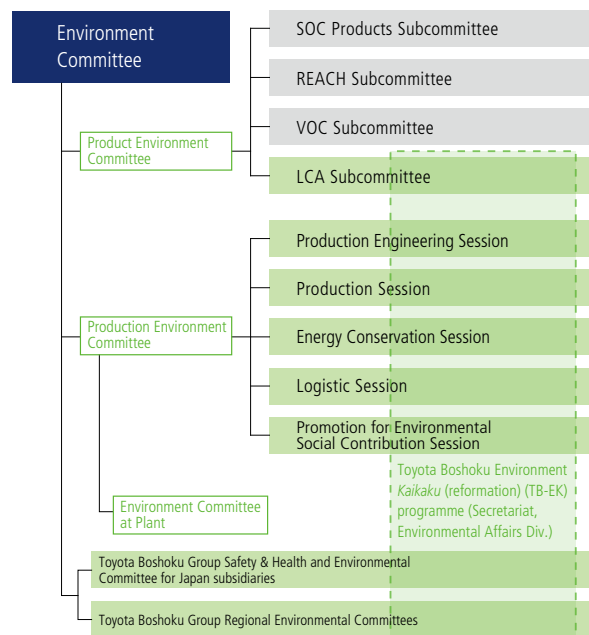
A global Environment Committee was established within the Toyota Boshoku group in June 2010 to strengthen and enhance environmental activities while continuing with independent programmes undertaken by environmental committees in respective regions. The group as a whole is working to bolster activities aimed at environmental preservation.

Promotion system

In order to organisationally and systematically promote environmental activities, Toyota Boshoku has established an Environment Committee. Under this structure, committees related to products and production, unit sessions at the practical level and project working groups have been created to promote ongoing environmental activities.

In addition, the Toyota Boshoku Environment *Kaikaku* (reformation) (TB-EK) programme has been carried out since fiscal 2007 to promote these activities in a functional manner. In fiscal 2010, formulating plans to reduce CO₂ emissions over the medium and long terms was the key focus of activities at the Production Engineering Session and the Logistic Session.

Environmental activity programme framework



Consolidated environmental management

The Toyota Boshoku group shares our environmental policy as well as collectively promotes environmental activities.

In fiscal 2010, we worked to reduce environmental loads globally such as by lowering CO₂ emissions at Toyota Boshoku in addition to creating a group-wide system for enhanced compliance and undertaking activities in line with the goals of the Y2010 Environmental Action Plan. We set up the global Environment Committee during the period and both improved and strengthened activities on a group-wide basis, including policy development, sharing and addressing issues and following up on the promotion of activities.



Environmental Committee for North, Central & South America

This environmental working group is working on environmental protection activities. It has continued with efforts to conserve energy since fiscal 2009 through an event known as "treasure hunting." Each company takes turns at convening a meeting to come up with new areas for improvements via *genchi-genbutsu* (Go, see & study). Best practices are shared within the group and applied. (Refer to page 59.)

Safety & Health and Environmental Committee for Asia & Oceania

This committee reported on the progress of activities and made inspection tours at each company in fiscal 2010 as well. In November 2010, 24 company members in charge of energy-saving efforts at each company were educated on ways to conserve energy held by staff of the Environmental Affairs Division of Toyota Boshoku with the aim of expanding energy-saving activities.



Learning about energy conservation

Safety & Health and Environmental Committee for China

This committee followed up on activities being implemented by respective companies including via videoconferences and started conducting inspection tours at each company in turn from fiscal 2010. To further enhance activities, staff members took part in a conference conducted by the Environmental Affairs Division of Toyota Boshoku in March 2011 to follow up on the status of activities and confirm the status of work sites.



Confirming the condition of a work site in China

Environmental Committee for Europe & Africa

This committee is working on activities mainly aimed at compliance with environmental laws, reduction of environmental loads in production and environmental and social contribution. Staff engaged in environmental affairs at Toyota Boshoku Somain S.A.S. in France, which was established in fiscal 2008, underwent training at Toyota Boshoku concerning environmental initiatives within the group as well as energy-saving activities, waste management and control of chemical substances in order to expand such activities internally. Moving ahead, the committee will advance efforts to preserve the environment in accordance with the conditions of each country.

Toyota Boshoku Group Safety & Health and Environmental Committee for Japan subsidiaries

This committee implemented cross-organisational programmes by confirming the status of initiatives at each company and making inspection tours of plants. In fiscal 2010, committee members checked initiatives being undertaken at Toyota Boshoku plants by visiting actual sites when committee meetings were held. Efforts are being made to enhance compliance and prevent abnormalities and complaints through on-site audits by Toyota Boshoku.

TOPICS | Toyota Boshoku Kyushu Corporation Environmental preservation activities together with the local community

Based on a medium-term target to be number one in SQCDE (Safety, Quality, Cost, Delivery, Environment) in the Toyota Boshoku group, Toyota Boshoku Kyushu implemented a series of environmental preservation and social contribution activities in fiscal 2010. These ranged from establishing a cross-sectional system, setting medium- and long-term targets concerning CO₂ reductions, participating in the Challenge 25 Campaign*¹ and planting trees and flowers with local citizens to beautify plant surroundings.



Forest maintenance

*¹ Formulated by Japan's Ministry of the Environment and commenced in January 2010

Environmental education and awareness raising

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

The Toyota Boshoku group once again continued to hold events during Environment Month in June and Energy Conservation Awareness Month in February during fiscal 2010.

During Environment Month, the president of Toyota Boshoku issued a message concerning the environment and the group made concerted efforts to raise eco-awareness. We also executed cleanup activities (refer to page 46) and conducted environmental work-site inspections. In addition, we held eco-tours of the No. 2 building of the Sanage Development Centre, one of our environmentally friendly facilities, to introduce the latest environmental equipment, the rooftop garden and other eco-focused initiatives, as well as environmental-related exhibitions displaying cutting-edge technologies such as our energy-saving devices. A total of 365 Toyota Boshoku members participated in these events.

During Energy Conservation Awareness Month, we collected examples of energy-related improvements made and displayed them at the Sanage Plant to promote energy-saving activities. We also held lecture presentations where experts spoke about the latest energy-saving points and technology. Through these efforts, 280 participating persons were able to enhance their awareness of energy conservation.

Environmental communication

The Toyota Boshoku group is committed to communication with local citizens.

Toyota Boshoku regularly invites representatives of local community associations and other residents to its plants for tours of the facilities and introduces eco-related initiatives. In December 2010, we invited district heads from Kariya City in Aichi Prefecture and held social gatherings for the Toyota Group (venue: Toyota Boshoku Global Mainstay Hub). Going forward, we will continue working to have regular communication-based interaction with local communities and reflect opinions and desires in business and environmental preservation activities.

Toyota Boshoku Filtration System (Thailand) Co., Ltd. conducts cleanup activities at local elementary schools with the aim of environmental preservation and contributing to the community. Many company members take part in these activities, which helps to strengthen communication with the local community.



Cleanup activities with elementary school students

Status of building environmental management systems

The Toyota Boshoku group is working hard to build and maintain environmental management systems. As of March 2011, we had acquired external accreditation for environmental management systems at 57 of 66 facilities.



EcoAction 21 certification attained by Technical Links Design

The following entities newly attained ISO 14001 accreditation in fiscal 2010: Toyota Boshoku Manufacturing Kentucky LLC., Tianjin Intex Auto Parts Co., Ltd. and Tianjin Toyota Boshoku Automotive Parts Co., Ltd. In addition, Technical Links Design Co., Ltd., an industrial design and consulting firm mainly engaged in the automotive sector, attained EcoAction 21*² certification.

Refer to the Toyota Boshoku website for details of accreditation.

*² Guidelines for environmental activities formulated by Japan's Ministry of the Environment

Environmental auditing (Internal auditing/External audits)

In fiscal 2010, all seven Toyota Boshoku sites in Japan underwent both internal and external audits. For internal audits, we gathered together internal auditors from each plant to conduct voluntary audits of each plant. This drives friendly competition among each person in charge and acts to improve respective plants. For external audits, each region was evaluated as being in compliance with ISO 14001 requirements and operating in a proper manner with no major non-conformities.

Environmental risk management

Toyota Boshoku is working to reduce environmental risk in relation to environmental incidents, pollution and legal violations. We manage risk based on target values voluntarily set to more stringent standards than regulations require. We also identify latent risks and take relevant preventive measures.

In fiscal 2010, Toyota Boshoku introduced and deployed activities across the board via *genchi-genbutsu* to mitigate risk through working groups in charge of non-compliance and complaints. Environmental audits were conducted at 17 group companies in Japan by Toyota Boshoku, which confirmed the effectiveness of improvements made to areas specified in audits performed in fiscal 2009. We will also audit group companies globally as needed and strengthen such activities going forward.

Environmental accounting

The Toyota Boshoku group believes that it is important to assess the effectiveness of our investment and cost in environmental preservation in order to improve efficiency of administration and make rational decisions. At the same time, we regard this as one means of providing comprehensive environmental information for all of our stakeholders.

We will endeavour to implement and utilise environmental accounting on a consolidated basis in order to improve the efficiency of our environmental preservation activities. The cost, economic and material effects of environmental preservation were calculated based on the Environmental Accounting Guidelines (2005 Version) issued by Japan's Ministry of the Environment.

Cost of environmental preservation

In fiscal 2010, the environmental accounting of the Toyota Boshoku group recorded investment of 741 million yen, costs of 2,338 million yen and economic effects of 993 million yen. The main investments were for the introduction of high efficiency air conditioning and

thermal insulation. The main costs were for testing related to R&D, recycling waste and environmental management system maintenance. Main investments of group companies included reuse of pallets in distribution (resource circulation), introduction of eco-friendly vehicles, installation of soundproof walls and the upgrade of cleaning towers.

Economic effects of environmental preservation measures

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

Material effects of environmental preservation measures

Examples of improvements in waste reductions and reductions in CO₂ emissions are provided in this report on pages 59-62.

(Unit: Millions of yen)

Environmental accounting	Toyota Boshoku Corporation		Japanese group companies		Group companies outside Japan		
	Investment amount	Cost amount*	Investment amount	Cost amount*	Investment amount	Cost amount*	
Business area cost	Pollution prevention	68	105	7	5	55	88
	Global environmental conservation	482	117	14	7	62	6
	Resource circulation	4	326	22	98	9	47
Upstream/Downstream cost	0	0	0	0	—	—	
Administration cost	3	254	6	38	9	96	
R&D cost	0	1,114	0	0	—	—	
Social activity cost	0	25	0	3	0	8	
Environmental remediation cost	0	1	0	0	—	—	
Total	557	1,942	49	151	135	245	
		2,499		200		380	

(Unit: Millions of yen)

Economic effects	Toyota Boshoku Corporation	Japanese group companies	Group companies outside Japan
Cost reduction through energy saving	327	133	39
Reduction of waste disposal cost	23	56	56
Profit on sale of recycled materials	359	—	—
Total	709	189	95

Material effects	Toyota Boshoku Corporation	Japanese group companies	Group companies outside Japan
Energy saving (t-CO ₂)	24,061	620	3,455
Waste disposal (t)	2,700	158	1,409

* Depreciation and amortisation is not included in the costs.

Eco-Friendly Development and Design

The Toyota Boshoku group takes the environment into account at each stage from development and design and procurement to production, use and disposal. We work to design products that are eco-friendly throughout their entire life cycle.

Initiatives in development and design

The design and development of environmentally friendly products at the Toyota Boshoku group is driven by parts evaluation DR*¹ and SE*².

***1 Design Review**

This entails using specialised knowledge to methodically and systematically evaluate design from the outset, make improvements and verify the results in order to secure high quality in product design.

***2 Simultaneous Engineering**

This entails concurrent development through close cooperation with relevant divisions and departments in areas such as design, production engineering, procurement and suppliers, thereby enabling the elimination of wasteful restarts.

Making automotive parts lighter to increase fuel efficiency

Four years have passed since the inauguration in November 2007 of four sessions to observe trends for seats, interior trims, filters and power trains, as well as developments at other companies, and of the Weight Saving Committee comprising special working groups aimed at reducing weight over the medium and long terms through advanced development. These efforts are focused on preserving the environment and strengthening global competitiveness. In fiscal 2010, we have adopted lightweight items across the board and achieved all voluntary targets for next-generation automobiles. We will promote activities such as market research aimed at producing the world's lightest automotive parts in fiscal 2011.

Compliance with European REACH Regulation*³

The REACH regulation for chemical substances went into effect in Europe in June 2008 amid a strengthening of environmental laws in recent years. The purpose of the regulation is to enable the registration and management of chemical substances in Europe as well as prohibit the production, sale and use of Substances of Very High Concern (SVHC)*⁴ to ensure product safety.

The Toyota Boshoku group inaugurated the REACH Subcommittee under the Product Environment Committee in December 2007 to cooperate with relevant divisions and departments and ensure thoroughgoing compliance with the REACH regulation in Europe. In fiscal 2008, we completed the inspection and registration of items for preliminary registration. In fiscal 2009, we selected and developed alternative materials to SVHCs and in fiscal 2010 completed replacement of HBCD*⁵, one type of SVHC, well ahead of the deadline of August 2015. We will work to develop environmentally friendly products in fiscal 2011.

*3 A regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) enforced in Europe in June 2007

*4 Chemical substances for which there is a concern that they may have an impact on the human body

*5 Hexabromocyclododecane (used as a flame retardant)

Activities to reduce VOC*⁶ in the vehicle cabin

We have been implementing activities to reduce VOC on a project unit basis related to "Voluntary Approach to Vehicle Cabin VOC Reduction" released by the Japan Automobile Manufacturers

Association, Inc. in February 2005. In addition, the VOC Subcommittee was established under the Product Environment Committee in June 2008 in response to vehicles being subject to VOC legislation in China, the first country in the world mandate legal compliance. Thereafter, related departments, including development, production engineering, plant and logistics departments, collaborated to reduce VOC levels in the cabin space. In fiscal 2008, we established an in-house system for VOC, and in fiscal 2009, we conducted activities to reduce VOC levels in each project in terms of parts and developed VOC evaluation methods. In fiscal 2010, we incorporated these methods into the development of components and into actual vehicles. We will continue to promote ways to reduce VOC levels in fiscal 2011.

TOPICS | Development of unique Toyota Boshoku VOC measurement method

Previously, VOC measurements were done using a test piece (approximately 0.01m²). In light of the need to make correlations between VOC measurements in the cabin space and for product units to adhere to legislation concerning VOC in the vehicle cabin, however, we developed a new measuring system known as the SUS box method. This method even enables VOC measurements for large product units such as the seat to be handled in-house. We will strengthen the development of materials and products with low VOC levels.



SUS box (cube type)

Development of plant-derived materials for interior materials

A door trim base material using kenaf base material was first adopted for the Toyota Celsior, which was launched in the domestic market in 2000. Currently, kenaf is being used in numerous products for interior materials, with around 3,000 tons of kenaf fibre presently being used every year. Aiming to stabilise the cost, quality and production volume of kenaf fibre, we are developing new cultivation techniques at a test farm in Indonesia. In addition to seed development, the test farm is promoting the development of technologies for increasing yields by optimising cultivating conditions and all-year-round cultivation, as well as retting technology*⁶ for the efficient extraction of fibres from kenaf and mechanisation to improve cultivating effectiveness. In addition, the knowledge and technology gained from the test farm are utilised by Toyota Boshoku to grow kenaf in Indonesia along with the consignment of cultivation to agricultural producers.

*6 Technology to extract fibre from the cortical layer of kenaf bast by refining the material via water-based microorganisms

Initiatives to Reduce the Environmental Impact of Production

Through TB-EK activities, the Toyota Boshoku group works to reduce environmental loads in all business operations encompassing development, design, procurement, production and logistics.

Our business activities and the environment

The Toyota Boshoku group is introducing energy-saving technologies into the production process, making other production-related improvements and increasing efficiency in logistics. We are also working throughout the group to reduce and control chemical substances in compliance with various laws and regulations. This includes waste reduction activities through recycling in our processes both inside and outside the company.

Final year of the Y2010 Environmental Action Plan

In fiscal 2010, the final year of the Y2010 Environmental Action Plan, the Toyota Boshoku group worked as one to reduce environmental loads toward achieving the plan's goals, which resulted in the attainment of targets for all items. (Refer to pages 51 and 52.)

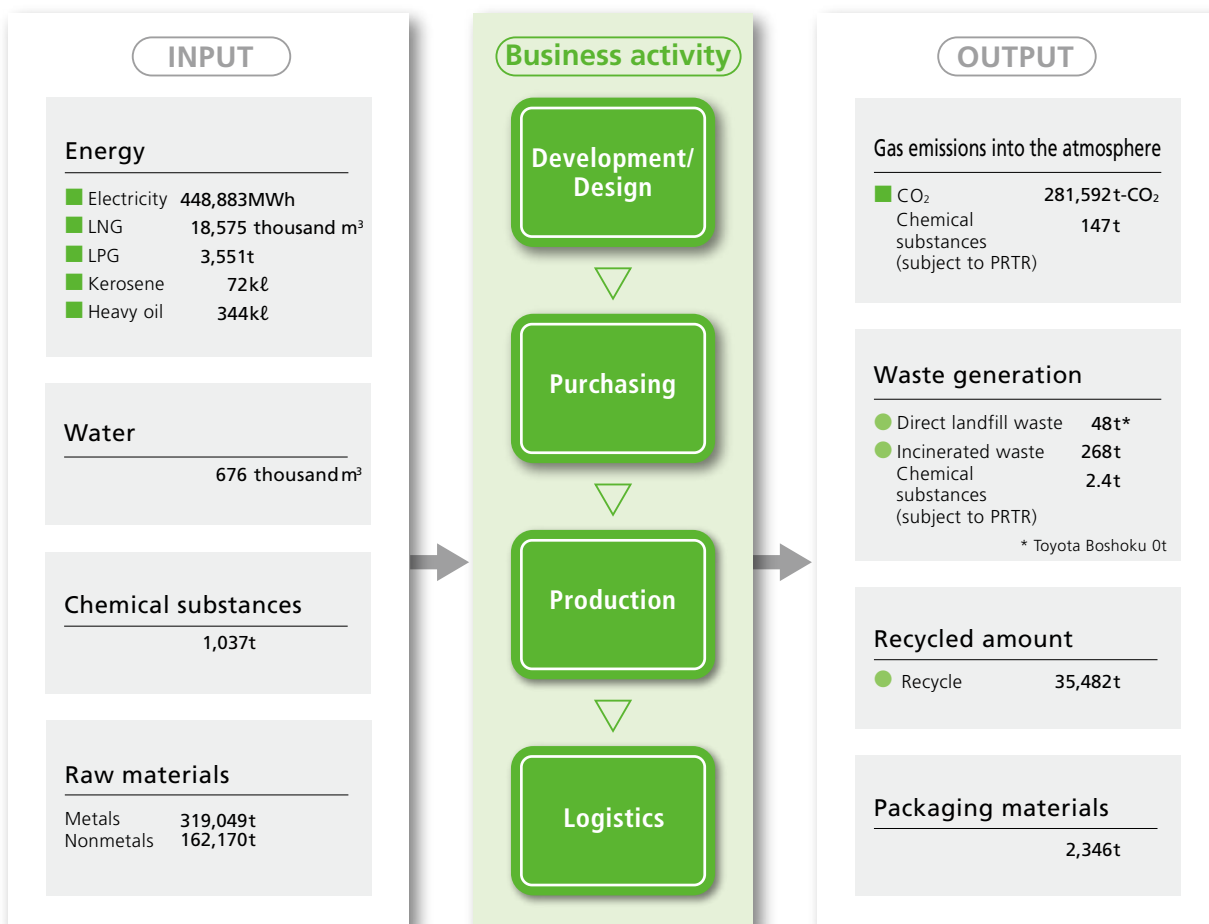
In particular, as a result of concerted efforts under the Global CO₂ Reduction Programme in recent years, we achieved both Y2010 Environmental Action Plan targets as well as challenging targets in this domain.

In terms of waste reduction, we pushed ahead with key activities to minimise the source of waste and promote reuse. Toyota Boshoku continues to maintain direct landfill waste of 0t. We achieved both Y2010 Environmental Action Plan targets as well as challenging targets for incinerated waste.

With regard to management of chemical substances, we comply with the relevant laws and regulations of each country as these expand globally and are promoting reduction and appropriate control in line with the legislation of respective countries.

Resource consumption for business activities and emissions causing environmental loads in fiscal 2010

- Total of Toyota Boshoku group
- Total of Japan group companies (including Toyota Boshoku Corporation)
Others refer to Toyota Boshoku Corporation only.



Preventing global warming

The Toyota Boshoku group positions preventing CO₂ emissions global warming as an important management issue. All group companies are undertaking efforts to reduce CO₂ emissions.

Efforts to reduce CO₂ emissions

Toyota Boshoku confirms the status of energy-saving activities implemented at each plant via *genchi-genbutsu* through Energy Conservation Working Group activities, including comprehending the status and visualisation of improvements made. Exceptional initiatives are executed throughout the organisation. In addition, we continue to promote efforts to reduce energy loss during non-operation (break time, holidays, etc.).

In fiscal 2010, we reduced power consumption from compressors by installing steam-driven models and switched to motor-driven pumps to inverters to recycle water at plants. As a result, we have achieved a reduction in CO₂ emissions. Specifically, we achieved a result of 68,800t-CO₂, bettering our Y2010 Environmental Action Plan target of 84,500t-CO₂ and our fiscal 2010 challenging target of 71,000t-CO₂. With regard to the basic unit for emissions, we achieved results of 12.1t-CO₂/100 million yen compared with the 2010 target of 17.6t-CO₂/100 million yen, and the more challenging target of 12.9t-CO₂/100 million yen.

We made Japanese and English versions of power reduction efforts during non-operation, energy-saving initiatives and successful cases of energy conservation as a means to reduce CO₂ emissions globally and shared the information across the group. Other efforts were directed mainly at educating personnel on energy saving within each business unit (refer to pages 54-60).

The need to conserve energy is paramount following the effects of the Great East Japan Earthquake that struck in March 2011. Energy-saving initiatives that could be implemented immediately were announced in the president's message given during Environment Month in June, whereby the group as a whole actively promoted energy-saving activities.

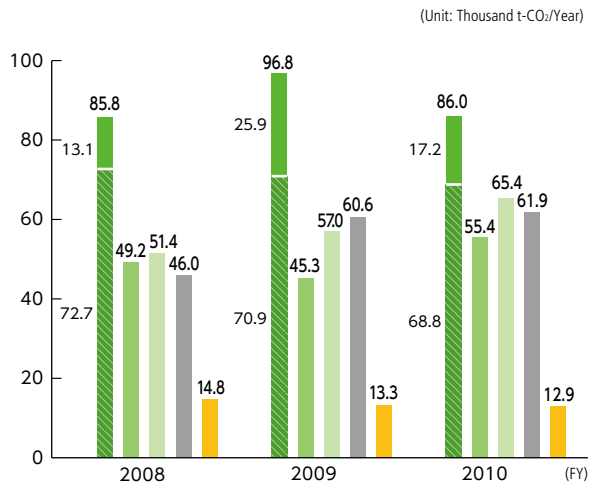
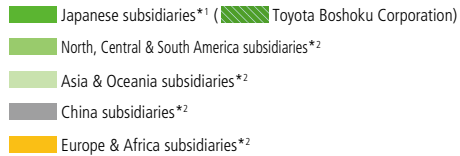
Calculation of greenhouse gas emissions

With regard to the CO₂ conversion coefficient, we keep the electricity conversion coefficient constant in order to evaluate the effectiveness of voluntary improvements. Japanese group companies use the values provided in the following table, while group companies globally use values issued in each region in 2000. The amount of CO₂ reduced via co-generation is calculated using the average for thermal power, with the results reflecting emission amounts.

CO₂ conversion coefficient

Fuel	CO ₂ conversion coefficient
Purchased electricity	0.3817t/MWh
Heavy oil (A)	2.7000t/kℓ
Kerosene	2.5308t/kℓ
City gas	2.2562t/thousand m ³
LPG (butane, propane)	3.0094t/t

CO₂ emissions



*1 Japanese subsidiaries (including sub-subsidiaries): Involved 16 companies up to fiscal 2009 and 17 companies from fiscal 2010.

*2 Subsidiaries outside Japan: Involved 42 companies in fiscal 2008, 45 in fiscal 2009 and 41 from fiscal 2010. For details, visit the Toyota Boshoku website.

TOPICS | North, Central and South American group companies implement treasure hunting activities and energy conservation education

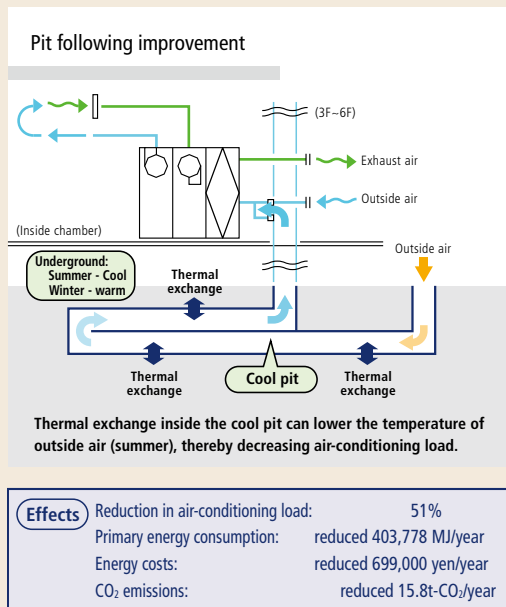
An energy conservation event known as "treasure hunting" was once again hosted by Toyota Boshoku America, Inc. This event is aimed at identifying areas in which energy is being wasted in respective companies and seeks to devise measures to make improvements. Many new ideas were put forward in fiscal 2010. In addition to energy conservation related education provided at this time, these efforts led to enhanced energy-saving techniques and heightened awareness among company members.



Energy conservation education

TOPICS | **Conserved energy in air conditioning through the use of a cool pit at the No. 2 building of the Sanage Development Centre**

At the No. 2 building of the Sanage Development Centre, newly established in 2010, we introduced an energy-saving system for air conditioning by using ground source heat.

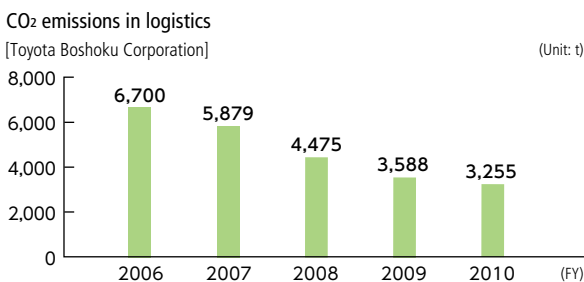


Reducing CO₂ emissions in logistics

The Toyota Boshoku group is implementing an efficient logistics plan that responds to monthly changes in production volume. In fiscal 2010, we vigorously promoted a policy of mixed loads and better load efficiency, including consolidating routes.

Efforts were made to expand modal shift*3 to further routes, mainly through rail use, to the Iwate area in the Tohoku region following on from the Kyushu region as an effective way to reduce the basic unit of CO₂ emissions in logistics. As a result, we achieved the target of 3,785t-CO₂ with a reduction to 3,255t-CO₂ (target ratio 86.0%). Moving ahead, we will strive to prevent global warming by promoting an understanding of CO₂ emissions in logistics throughout the group in Japan.

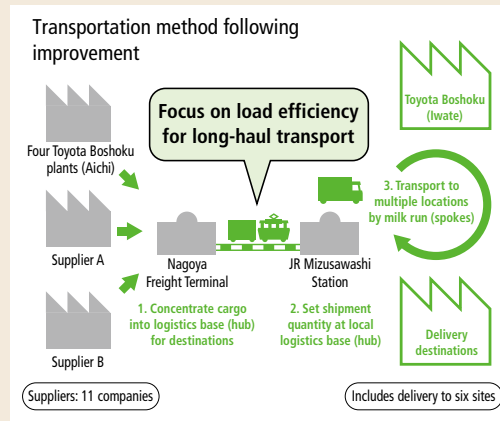
*3 Change method of transporting cargo and people, specifically, switching from vehicle and airplane to rail and ship



TOPICS | **Switch to shared rail transport (modal shift) to Tohoku region to reduce CO₂ emissions in logistics**

In addition to implementing modal shift for the Kyushu region, we developed and implemented a plan to use shared rail transport to the Tohoku region not only at Toyota Boshoku plants but also including other suppliers (11 companies). We increased transport efficiency, reduced transport costs and lowered CO₂ emissions in logistics by such means as establishing a transportation (hub and spoke)*4 method in cooperation with suppliers and delivery destinations.

*4 Concentrate cargo into one site (hub) and distribute to each site (spokes).



Persons in charge of improvement



Kunio Osada
Department Manager
Production Control Department
Production Control Division
Toyota Boshoku Tohoku Corporation



Tsutomu Katsumata
Project Manager
Administration Department
Toyota Boshoku Corporation
Tohoku Iwate Plant

Reducing the amount of packing and packaging materials

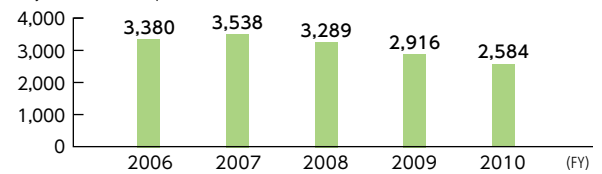
Toyota Boshoku delivers aftermarket parts using eco-friendly packing (packaging specifications). It is extremely important to effectively utilise our accumulated know-how to make ongoing improvements to packing and reduce the amount of packaging materials used. In fiscal 2010, we expanded several improvements made in the past group-wide, including switching from cardboard to bubble wrap and ensuring appropriate size and thickness of packaging materials. Improvements made in 17 areas helped reduce the amount used by 235t/year. Consequently, we achieved a result of 2,584t/year, which significantly exceeded our target of 3,020t/year (target ratio: 85.5%).

Further, we have been working to improve packing for aftermarket parts since fiscal 2007 and completed improvements to car bumper packing (switched to bubble wrap), which was the culmination of continued medium- to long-term efforts. This resulted in a considerable reduction in the amount of packing materials used. We will push ahead with further enhancements to packing and find new ways to ensure optimum environmental friendliness.

Packing and packaging material use

[Toyota Boshoku Corporation]

(Unit: t)



TOPICS | Reducing the amount of aftermarket parts packing materials used by changing packing style

The Toyota Boshoku Gifu Plant has improved packaging and packing specifications for Toyota Motor Corporation and aftermarket bumpers by switching from cardboard to bubble wrap. In addition, the plant worked with TB Logistics Service Corporation on packaging for equipment to be delivered in order to improve the load efficiency per truck.



Monthly shipments: 85,000, Reduction in amount used: 1,734t/year

Persons in charge of improvement



Toyota Boshoku Corporation Gifu Plant

Photo: Left

Yukio Ono

Playing Leader
Packaging and shipping related
Production Logistics Department
Production Logistics Division
Gifu Office

Photo: Centre, right

Tetsuhito Abe

Logistics Group
Gifu Administration Department
Gifu Production Division

Photo: Centre, left

Yutoshi Sato

Playing Leader
Packaging and shipping related,
Production Logistics Department
Production Logistics Division
Gifu Office

Photo: Right

Hiromasa Murata

CX
Logistics Group
Gifu Administration Department
Gifu Production Division

Chemical management

The Toyota Boshoku group works to reduce the range of chemical substances we use, particularly PRTR* substances, in order to comply with regulations being enforced on a global scale.

*Pollutant Release and Transfer Register

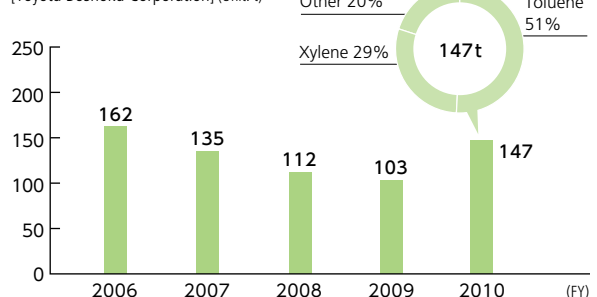
Reducing emissions of PRTR substances

Toyota Boshoku has a firm grasp of and is promoting activities to reduce newly added PRTR substances based on amendments to the PRTR Law from fiscal 2010. As means to reduce these substances, we continued to standardise adhesives from last fiscal year, reduced the scope of paint used through a quality review and switched to alternative materials. Although we already achieved our Y2010 Environmental Action Plan target of 199t by increasing production beyond plans, we fell short of our more challenging target of 141t with a result of 147t.

Further, in the Toyota Boshoku group, Toyota Boshoku Turkiye Otomotive Sanayi Ve Ticaret A.S and Shin San Shing Co., Ltd. have responded appropriately to the new legislation. Going forward, initiatives being implemented by Toyota Boshoku to reduce and control chemical substances will be introduced throughout the Toyota Boshoku group based on the laws and regulations of each region.

Emission of substances subject to PRTR

[Toyota Boshoku Corporation] (Unit: t)



Initiatives to recycle resources (waste management)

The Toyota Boshoku group endeavours to cut down on waste generation, maintain zero direct landfill waste, reduce incinerated waste and promote recycling internally and externally.

Waste reduction activities by Toyota Boshoku

Since fiscal 2007, Toyota Boshoku has continuously maintained direct landfill waste of 0t. For incinerated waste, we achieved the target of 94t with a significant reduction to 28t (target ratio: 30%). For both items, we have already attained the Y2010 Environmental Action Plan targets of 41t and 300t, respectively.

In terms of waste, we worked to reuse waste from production processes and implement measures to reduce waste at the source. The Waste Reduction Working Group led efforts to deploy these activities across the organisation. As a result, we achieved the challenging target of 21,484t with a reduction to 20,753t (target ratio: 97%). With regard to the basic unit for waste, we achieved a result of 3.7t/100 million yen compared with the challenging target of 3.9t/100 million yen.

Waste reduction activities by the Toyota Boshoku group

The Toyota Boshoku group seeks to reduce waste mainly by reducing waste at the source and through reuse. In addition, successful cases of waste reduction at Toyota Boshoku are deployed group-wide on and ongoing improvements made. The Toyota Boshoku Group Safety & Health and Environmental Committee for Japan subsidiaries makes inspection tours and promotes waste reduction in coordination with Toyota Boshoku. We will continue enhancing waste reduction activities across the group.

TOPICS | Waste reduction activities

The Iwate plant of Toyota Boshoku Tohoku Corporation worked to reduce adhesive use and liquid waste in the production process for the door trim of the Toyota Belta by adjusting the shape of the adhesive tube and making a design that facilitates easier absorption. The same process is being employed in other car production lines.

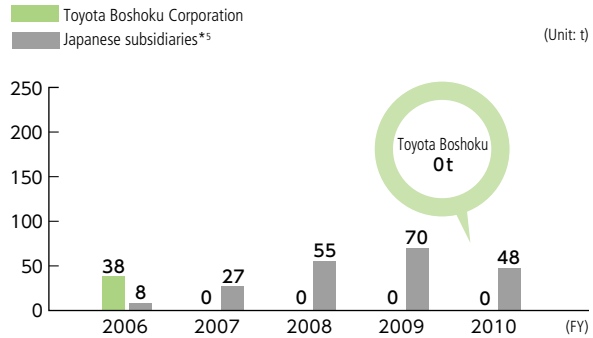
Person in charge of improvement



Kouya Takahashi
In charge of lining
Kitakami Production
Department. 2
Toyota Boshoku Tohoku
Corporation Iwate Plant

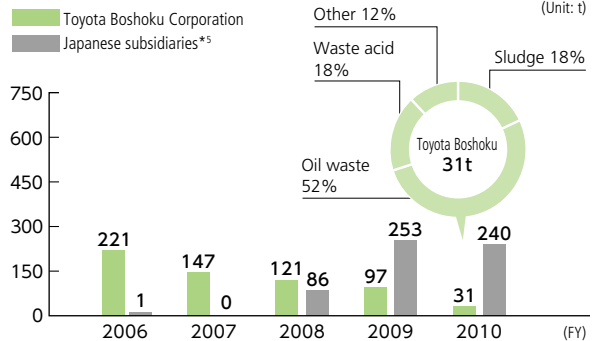
Amount of liquid waste from adhesive: Reduced by 2.2t/year
Reduction rate: 88%

Direct landfill waste



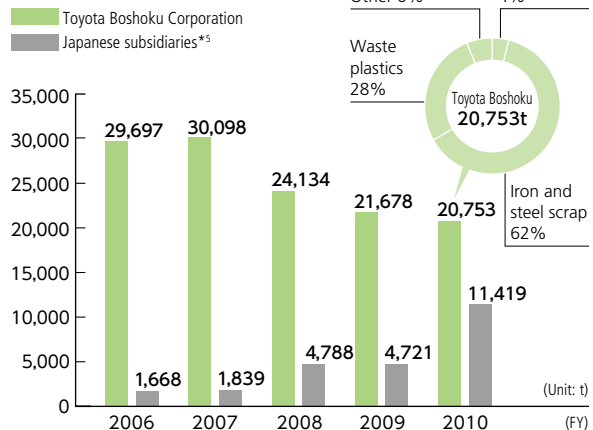
*Toyota Boshoku direct landfill waste for fiscal 2007, 2008, 2009 and 2010 was 0t.

Incinerated waste



*Incinerated waste for Japanese subsidiaries for fiscal 2007 was 0t.

Emissions



*5 Involved two companies up to fiscal 2007, 16 companies up to fiscal 2008 and 2009 and 17 companies from fiscal 2010. For details, visit the Toyota Boshoku website.

Initiatives for water resources and soil

The Toyota Boshoku group works actively to save precious water resources. We also purify soil and groundwater as well as store and dispose of polychlorinated biphenyls (PCBs) appropriately.

Conserving water resources

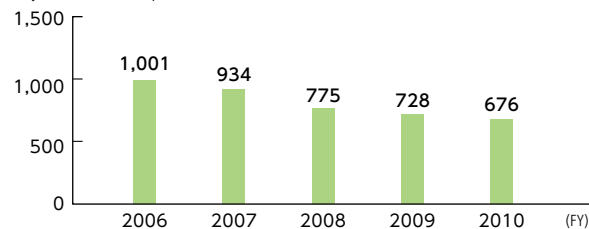
In fiscal 2010, Toyota Boshoku continued, among other measures, to use rainwater and wastewater and conduct inspections for leaks. In addition, as part of activities to reduce water consumption, we made a matrix of items related to water saving at each plant, visualised the status of implementation and shared the details of initiatives among all plants. As a result, we attained the challenging target of 717,000m³/year for water consumption with a reduction to 676,000m³/year (target ratio: 94%). We also achieved the Y2010 Environmental Action Plan target of 1,206,000m³/year. We will continue working to reduce water consumption through use of rainwater and wastewater and conserving usage.

In addition, we are striving to reduce water consumption across the board by deploying water-saving initiatives employed at Toyota Boshoku to other group companies.

Amounts of water used

[Toyota Boshoku Corporation]

(Unit: Thousand m³)



Soil and groundwater purification at Kariya Plant

At the Toyota Boshoku Kariya Plant, based on the "Provisional Guidelines for Soil and Groundwater" issued in 1994 by Japan's Ministry of the Environment, we have been conducting annual inspections for soil and groundwater contamination and are working to purify these resources since 1995.

With regard to the status of purification, we conduct regular monitoring and report the results of these measurements to the relevant administrative agency. Starting in 2001, we have been reporting to local communities at area social gatherings.



Social gathering in Kariya

Results of trichloroethylene measurements in fiscal 2010 (Environmental standard: 0.03mg/ℓ)

(Unit: mg/ℓ)

Name of plant	Concentration in groundwater within grounds	Current status
Kariya Plant	ND~0.024 (FY2008 results: ND~0.033) (FY2009 results: ND~0.024)	Purification in progress

ND: Not detectable; under minimum quantity value (less than 0.002)

PCB storage conditions

PCBs are now designated as prohibited substances. Waste PCBs now being stored must be treated at designated treatment facilities no later than July 2016.

We not only strictly manage stored PCBs in storage sheds designed to prevent concerns of PCBs leaking and permeating soils but also are progressing with safe, appropriate treatment of PCBs. In fiscal 2010, we appropriately disposed of 19 capacitors from the Oguchi Plant at the Japan Environmental Safety Corporation's Toyota Facility. We will continue to treat PCBs in a systematic manner.

Plant where stored	Capacitors	Ballasts	Other
Gifu Plant	18	0	0
Oguchi Plant	22	21	Carbonless paper (80kg)
Gotemba Plant	4	314	0
Tokyo Plant	1	0	0
Tsuchihashi Plant	0	2	0

Among capacitors, ballasts and other equipment that are no longer used, those recognised as containing low concentrations of PCBs are now stored appropriately in the same manner that high-concentration PCB wastes already have been stored.

Facts & Figures

Financial Report/Corporate Information

Management's Discussion and Analysis of	
Financial Conditions and Operating Results	65
10-Year Financial Summary	67
Consolidated Balance Sheets	69
Consolidated Statements of Income and	
Consolidated Statements of Comprehensive Income	71
Consolidated Statements of Changes in Net Assets	72
Consolidated Statements of Cash Flows	74
Product Lineup	75
Global Network	77
Corporate Organisation	82
Investor Information / Directors, Corporate Auditors	
and Managing Officers	83

● Scope of Consolidation

The consolidated financial statements include the accounts for all subsidiaries (77 companies). Refer to pages 77-81 for the corporate names of principal consolidated subsidiaries.

● Application of the Equity Method

Investments in all affiliates (10 companies) are accounted for by the equity method. Refer to page 81 for the corporate names of principal affiliates. The fiscal years for certain affiliates accounted for by the equity method are different from that of the Company. The Company is using the financial statements for their respective fiscal years.

Overview of fiscal year

In the automobile industry during the fiscal year under review (year ended March 31, 2011), the volume of vehicle exports increased over the previous fiscal year, reflecting growth of emerging nation markets and economic recoveries in various countries. The outlook in Japan remained uncertain, however, due to lower unit sales resulting from the termination of a subsidy programme for eco-cars along with the impact of the Great East Japan Earthquake.

Under these circumstances, the Toyota Boshoku group posted a 29,997 million yen (3.1%) increase in consolidated net sales to 983,727 million yen on the back of increased production in all regions except Japan. The group recorded net income of 11,466 million yen, an increase of 4,584 million yen (66.6%) from the previous fiscal year.

Operating income

Despite such income-reducing factors as product price fluctuations and a rise in miscellaneous expenses, operating income jumped 11,713 million yen (46.6%) to 36,856 million yen as a result of increases in sales and production in every region other than Japan and the rationalisation of operations through group-wide efforts to reform the profit structure.

Non-operating income (expenses) and ordinary income

Non-operating income increased 2,205 million yen (37.4%) from the previous fiscal year to 8,107 million yen due to such factors as an increase in equity in net earnings of affiliates.

Non-operating expenses increased 1,959 million yen (28.1%) to 8,937 million yen due to the effects of foreign exchange rates. As a result, ordinary income rose 11,960 million yen (49.7%) to 36,027 million yen.

Extraordinary income or loss and income taxes

An extraordinary loss of 2,412 million yen was recorded due to losses resulting from the impact of the Great East Japan Earthquake.

Income taxes increased 4,956 million yen (57.3%) to 13,605 million yen. The ratio of income before income taxes and minority interest increased from 37.6% in the previous fiscal year to 40.5%.

Minority interest in net income of subsidiaries

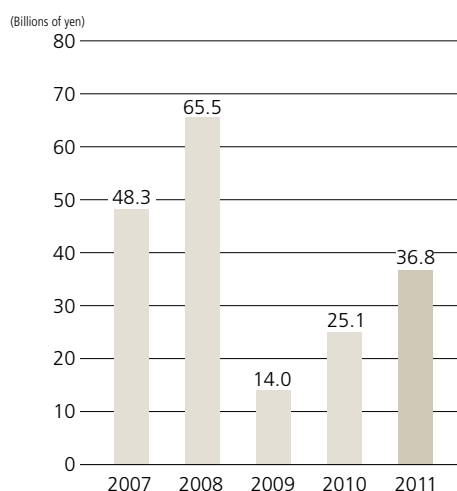
Minority interest in net income of subsidiaries increased 1,097 million yen (14.7%) to 8,542 million yen due mainly to a rise in profits at consolidated subsidiaries in Asia & Oceania.

Net income

Net income increased 4,584 million yen (66.6%) to 11,466 million yen. Net income per share was 61.82 yen.

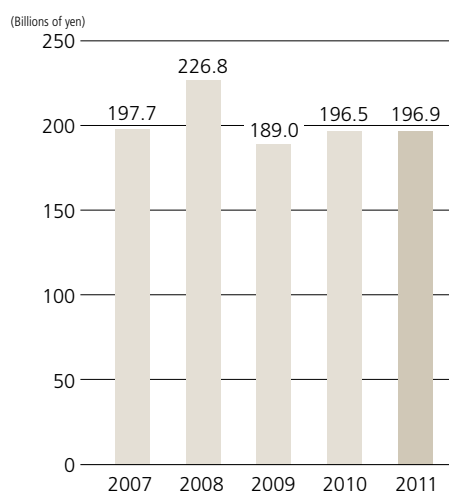
Operating income

(Years ended March 31)



Net assets

(Years ended March 31)



Assets, liabilities and net assets

Despite an increase in cash and deposits, total assets at fiscal year-end decreased 42,014 million yen to 504,472 million yen from the previous fiscal year-end due to a decrease in notes and accounts receivable—trade.

Total liabilities decreased 42,462 million yen from the end of the previous fiscal year to 307,479 million yen due to a decline in notes and accounts payable—trade.

Total net assets increased 447 million yen from the end of the previous fiscal year to 196,992 million yen due mainly to an increase in net income.

Cash flows

Cash and cash equivalents at end of year increased 826 million yen (0.7%) from the previous fiscal year-end to 113,950 million yen.

Net cash provided by operating activities amounted to 60,630 million yen. Despite such cash-decreasing factors as a decrease of 35,131 million yen in notes and accounts payable—trade, income taxes paid amounting to 15,117 million yen and an increase of 1,793 million yen in inventories, the increase in cash resulted from income before income taxes of 33,615 million yen, depreciation and amortisation of 32,342 million yen and a decrease of 31,018 million yen in trade notes and accounts receivable.

Net cash used in investing activities was 40,462 million yen. This resulted mainly from purchase of property, plant and equipment totalling 37,331 million yen.

Net cash used in financing activities was 15,345 million yen. This was due to cash-reducing factors such as a net decrease in short-term loans payable of 5,384 million yen, cash dividends paid to minority shareholders amounting to 8,453 million yen and cash dividends paid of 2,969 million yen.

Capital expenditures

During the fiscal year under review, total capital expenditures amounted to 41,229 million yen, in which these investments were focused on measures for new products and rationalising and upgrading manufacturing facilities.

Capital expenditures in Japan amounted to 23,266 million yen and were for measures for new products, rationalising and upgrading manufacturing facilities, and constructing the No. 2 building of the Sanage Development Centre.

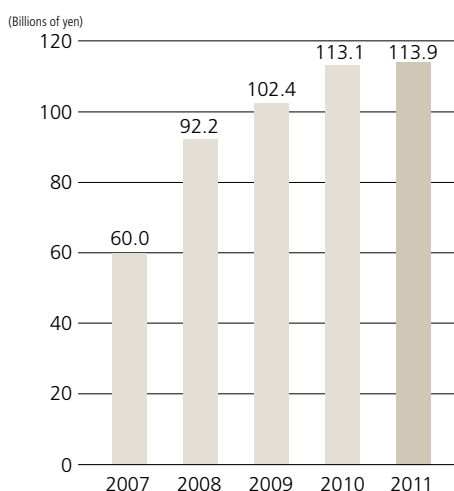
Capital expenditures in North, Central & South America totalled 3,401 million yen and were for measures for new products and for rationalising and upgrading manufacturing facilities.

Capital expenditures in Asia & Oceania amounted to 10,314 million yen and were for measures for new products and rationalising and upgrading manufacturing facilities.

Capital expenditures in Europe & Africa were 4,247 million yen and were for production preparations at Toyota Boshoku Somain S.A.S. and TBAI Poland Sp.z o.o.

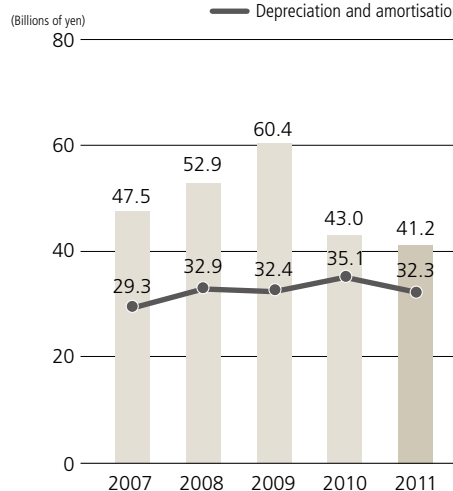
Cash and cash equivalents at end of year

(Years ended March 31)



Capital expenditures / Depreciation and amortisation

(Years ended March 31)



10-Year Financial Summary

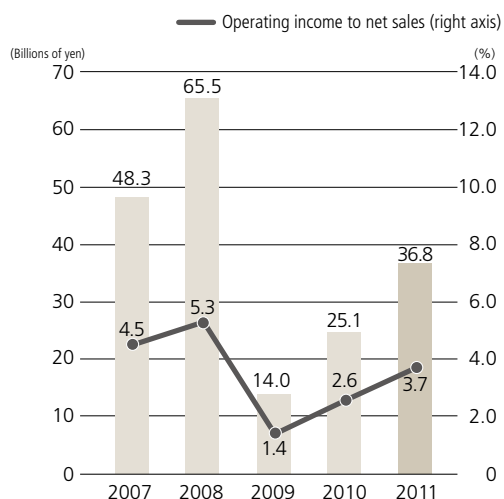
Years ended March 31

	Millions of yen			
	2011	2010	2009 (Note 1)	2008
Net sales	¥ 983,727	¥ 953,729	¥ 979,775	¥ 1,233,789
Operating income	36,856	25,143	14,054	65,596
Ordinary income	36,027	24,067	13,292	65,696
Net income (loss)	11,466	6,882	(5,064)	40,720
Total net assets	196,992	196,545	189,038	226,880
Capital stock	8,400	8,400	8,400	8,400
Total assets	504,472	546,486	466,506	527,622
Capital expenditures	41,229	43,076	60,496	52,961
Depreciation and amortisation	32,342	35,121	32,493	32,940
R&D expenses	32,434	30,021	28,968	31,717
Per Share Data (Yen/U.S. dollars)				
Net income (loss) (Basic)	¥ 61.82	¥ 37.00	¥ (27.15)	¥ 217.76
Net income (Diluted) (Note 6)	61.82	37.00	—	217.55
Cash dividends	16.00	13.00	20.00	35.00
Net assets	890.78	883.96	848.01	997.43
Financial Indicators (%)				
Operating income to net sales	3.7	2.6	1.4	5.3
Ordinary income to net sales	3.7	2.5	1.4	5.3
Return on equity (ROE)	7.0	4.3	(2.9)	23.5
Shareholders' Equity (at fiscal year-end)				
Number of shares issued (Thousands)	187,665	187,665	187,665	187,665
Share price (Yen, U.S. dollars)	¥ 1,197	¥ 1,796	¥ 1,011	¥ 2,985
Market capitalisation (Millions of yen, Millions of U.S. dollars) (Note 7)	¥ 224,635	¥ 337,047	¥ 189,730	¥ 560,182
Number of employees	27,856	27,613	27,078	26,942

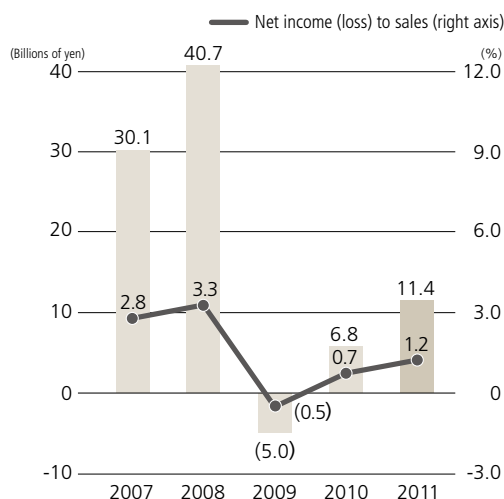
- Notes 1. Despite the existence of latent shares, net income per share after adjustment for latent shares in fiscal 2009 is not stated because of a net loss per share.
 2. Effective from 2007, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Guidance No. 8) were applied.
 3. Figures for the first half of 2005 (from April 1, 2004 to September 30, 2004) are for the former Toyota Boshoku Corporation (pre-merger), and figures for the second half (from October 1, 2004 to March 31, 2005) are for the new Toyota Boshoku Corporation.
 4. Figures for 2004 and before are for the former Toyota Boshoku Corporation.
 5. Figures in U.S. dollars for 2011 were converted at 83.15 yen, the exchange rate as of March 31, 2011.
 6. With regard to diluted net income per share of common stock before 2003, there were no latent shares with dilutive effects.
 7. Market capitalisation is calculated by multiplying the number of outstanding shares at fiscal year-end by the share price at the end of the period.

067

Operating income/Operating income to net sales

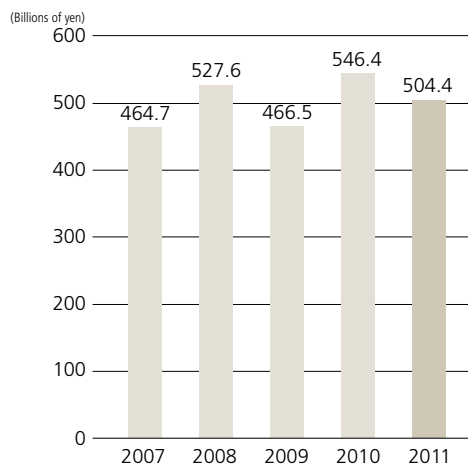


Net income (loss)/Net income (loss) to sales



Millions of yen						Millions of U.S. dollars
2007 (Note 2)	2006	2005 (Note 3)	2004 (Note 4)	2003 (Note 4)	2002 (Note 4)	2011 (Note 5)
¥ 1,082,755	¥ 877,596	¥ 456,311	¥ 118,553	¥ 107,321	¥ 91,864	\$ 11,830
48,381	33,764	17,867	5,331	5,034	4,337	443
52,143	37,838	19,109	5,314	5,006	4,372	433
30,105	21,187	8,979	2,839	3,002	2,507	137
197,797	133,279	109,470	29,396	26,966	25,414	2,369
8,400	8,400	8,400	4,933	4,933	4,933	101
464,747	396,691	311,655	71,433	64,526	60,269	6,067
47,550	50,480	21,306	6,941	7,814	6,327	495
29,377	21,344	14,273	5,774	5,872	6,016	388
26,404	24,828	15,236	5,570	4,646	3,472	390
¥ 160.76	¥ 111.60	¥ 68.65	¥ 40.95	¥ 43.33	¥ 37.33	\$ 0.74
160.70	111.58	68.56	40.93	—	—	0.74
24.00	16.00	12.00	9.00	8.00	7.00	0.19
858.86	709.91	583.31	439.86	403.42	378.36	10.71
4.5	3.8	3.9	4.5	4.7	4.7	
4.8	4.3	4.2	4.5	4.7	4.8	
20.5	17.5	12.9	10.1	11.5	10.2	
187,665	187,665	187,665	67,174	67,174	67,174	
¥ 2,790	¥ 1,984	¥ 2,630	¥ 899	¥ 531	¥ 671	\$ 14.39
¥ 523,587	¥ 372,328	¥ 493,560	¥ 60,389	¥ 35,669	¥ 45,073	\$ 2,701
24,643	21,132	18,068	3,494	3,089	2,750	

Total assets



Consolidated Balance Sheets

As of March 31, 2011 and 2010

(Assets)	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Current assets			
Cash and deposits	¥ 85,027	¥ 68,999	\$ 1,022
Notes and accounts receivable—trade	110,201	149,520	1,325
Short-term investment securities	34,245	47,404	411
Merchandise and finished goods	4,167	3,989	50
Work in process	4,518	4,047	54
Raw materials and supplies	14,807	14,930	178
Deferred tax assets	3,868	4,241	46
Other current assets	22,624	27,294	272
Allowance for doubtful accounts	(283)	(805)	(3)
Total current assets	279,177	319,622	3,357
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	141,622	134,200	1,703
Accumulated depreciation	(65,839)	(63,372)	(791)
Buildings and structures, net	75,783	70,827	911
Machinery, equipment and vehicles	211,340	216,710	2,541
Accumulated depreciation	(143,275)	(136,605)	(1,723)
Machinery, equipment and vehicles, net	68,065	80,104	818
Tools, furniture and fixtures	96,355	93,637	1,158
Accumulated depreciation	(85,007)	(81,394)	(1,022)
Tools, furniture and fixtures, net	11,348	12,243	136
Land	22,974	23,131	276
Lease assets	392	241	4
Accumulated depreciation	(202)	(121)	(2)
Lease assets, net	190	119	2
Construction in progress	11,915	7,630	143
Total property, plant and equipment	190,277	194,055	2,288
Intangible assets			
Goodwill	2,319	3,391	27
Other intangible assets	521	704	6
Total intangible assets	2,841	4,096	34
Investments and other assets			
Investments in securities	10,766	7,236	129
Deferred tax assets	15,719	15,563	189
Other investments	5,855	6,085	70
Allowance for doubtful accounts	(165)	(174)	(1)
Total investments and other assets	32,175	28,711	386
Total noncurrent assets	225,294	226,864	2,709
Total assets	¥ 504,472	¥ 546,486	\$ 6,067

(Liabilities and net assets)	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Current liabilities			
Notes and accounts payable—trade	¥ 110,225	¥ 152,802	\$ 1,325
Short-term loans payable	7,246	13,347	87
Current portion of long-term loans payable	11,500	0	138
Accrued expenses	31,723	31,850	381
Income taxes payable	3,518	5,260	42
Provision for product warranties	1,515	1,507	18
Provision for bonuses to directors and corporate auditors	233	218	2
Asset retirement obligation	3	—	0
Other current liabilities	19,316	12,690	232
Total current liabilities	185,282	217,677	2,228
Noncurrent liabilities			
Long-term loans payable	94,244	105,897	1,133
Allowance for employee retirement benefits	23,094	22,303	277
Provision for retirement benefits for directors and corporate auditors	997	917	11
Asset retirement obligation	320	—	3
Other noncurrent liabilities	3,539	3,145	42
Total noncurrent liabilities	122,196	132,263	1,469
Total liabilities	307,479	349,941	3,697
(Net assets)			
Shareholders' equity			
Capital stock	8,400	8,400	101
Capital surplus	9,098	9,106	109
Retained earnings	176,177	167,679	2,118
Treasury stock	(4,675)	(3,926)	(56)
Total shareholders' equity	189,001	181,260	2,273
Accumulated other comprehensive income			
Net unrealised gains on other securities	657	816	7
Foreign currency translation adjustment	(24,594)	(17,795)	(295)
Total accumulated other comprehensive income	(23,936)	(16,978)	(287)
Subscription rights to shares	872	625	10
Minority interests	31,055	31,637	373
Total net assets	196,992	196,545	2,369
Total liabilities and net assets	¥ 504,472	¥ 546,486	\$ 6,067

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

For the years ended March 31, 2011 and 2010

Consolidated Statements of Income

	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Net sales	¥983,727	¥ 953,729	\$ 11,830
Cost of sales	895,076	880,320	10,764
Gross profit	88,650	73,409	1,066
Selling, general and administrative expenses			
Transportation and warehousing expenses	6,738	6,322	81
Salaries and bonuses	18,099	17,504	217
Welfare expenses	3,357	2,400	40
Retirement benefit expenses	783	663	9
Provision for bonuses to directors and corporate auditors	248	237	2
Provision for directors' retirement benefits	381	305	4
Taxes and dues	1,559	1,447	18
Depreciation	2,720	2,904	32
Research and development expenses	1,434	1,325	17
Amortisation of goodwill	1,115	1,101	13
Other selling, general and administrative expenses	15,354	14,053	184
Total selling, general and administrative expenses	51,793	48,265	622
Operating income	36,856	25,143	443
Non-operating income			
Interest income	1,090	930	13
Dividends income	43	41	0
Rental income on noncurrent assets	776	814	9
Equity in net earnings of affiliates	1,670	1,288	20
Gain on valuation of derivatives	302	129	3
Other non-operating income	4,224	2,697	50
Total non-operating income	8,107	5,901	97
Non-operating expenses			
Interest expenses	1,674	1,759	20
Loss on disposal of noncurrent assets	514	386	6
Depreciation	1,071	1,087	12
Foreign exchange losses	3,675	1,538	44
Other non-operating expenses	2,001	2,206	24
Total non-operating expenses	8,937	6,977	107
Ordinary income	36,027	24,067	433
Extraordinary loss			
Impairment losses	—	1,091	—
Loss from disaster	1,866	—	22
Loss on valuation of investment securities	291	—	3
Amount from application of accounting standard for asset retirement obligations	254	—	3
Total extraordinary loss	2,412	1,091	29
Income before income taxes	33,615	22,976	404
Income taxes—current	13,303	10,672	159
Income taxes—deferred	302	(2,022)	3
Total income taxes	13,605	8,649	163
Net income before minority interests	20,009	—	240
Minority interest in net income of subsidiaries	8,542	7,445	102
Net income	¥ 11,466	¥ 6,882	\$ 137

Consolidated Statements of Comprehensive Income

Net income before minority interests	¥ 20,009	¥ —	\$ 240
Other comprehensive income			
Net unrealised gains (losses) on other securities	(159)	—	(1)
Foreign currency translation adjustments	(8,557)	—	(102)
Amount corresponding to equity interest in equity method affiliates	(511)	—	(6)
Total other comprehensive income	(9,227)	—	(110)
Comprehensive income	10,781	—	129
(Breakdown)			
Comprehensive income attributable to parent company shareholders	4,509	—	54
Comprehensive income attributable to minority shareholders	6,272	—	75

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2011 and 2010

	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Shareholders' equity			
Capital stock			
Balance at beginning of year	¥ 8,400	¥ 8,400	\$ 101
Changes of items during the year			
Total changes of items during the year	—	—	—
Balance at end of year	8,400	8,400	101
Capital surplus			
Balance at beginning of year	9,106	9,122	109
Changes of items during the year			
Disposal of treasury stock	(7)	(15)	(0)
Total changes of items during the year	(7)	(15)	(0)
Balance at end of year	9,098	9,106	109
Retained earnings			
Balance at beginning of year	167,679	162,658	2,016
Changes of items during the year			
Dividends from surplus	(2,969)	(1,860)	(35)
Net income	11,466	6,882	137
Total changes of items during the year	8,497	5,021	102
Balance at end of year	176,177	167,679	2,118
Treasury stock			
Balance at beginning of year	(3,926)	(3,055)	(47)
Changes of items during the year			
Purchase of treasury stock	(759)	(997)	(9)
Disposal of treasury stock	10	126	0
Total changes of items during the year	(748)	(870)	(9)
Balance at end of year	(4,675)	(3,926)	(56)
Total shareholders' equity			
Balance at beginning of year	181,260	177,125	2,179
Changes of items during the year			
Dividends from surplus	(2,969)	(1,860)	(35)
Net income	11,466	6,882	137
Purchase of treasury stock	(759)	(997)	(9)
Disposal of treasury stock	2	111	0
Total changes of items during the year	7,740	4,134	93
Balance at end of year	¥189,001	¥ 181,260	\$2,273

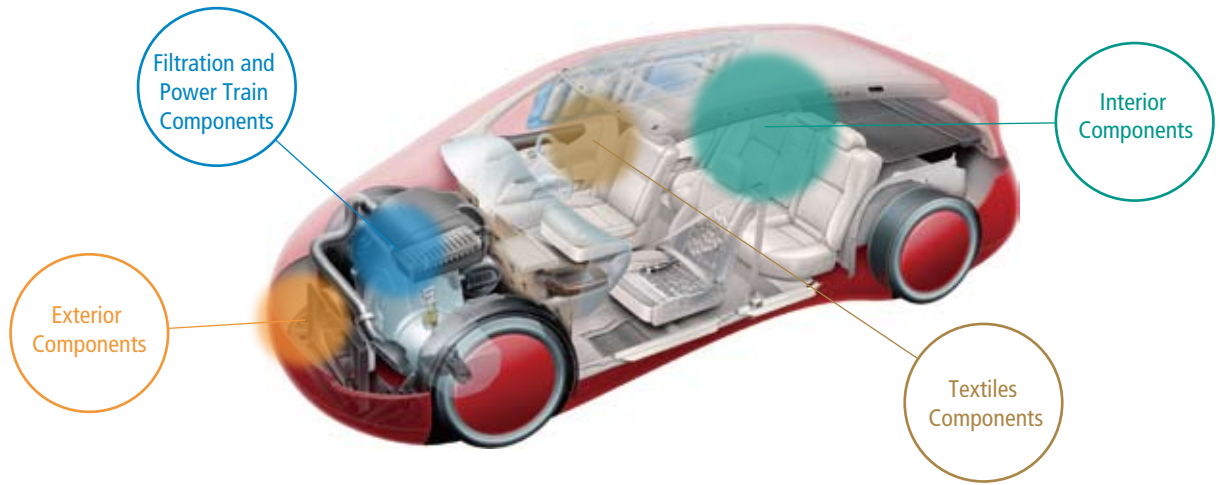
	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Accumulated other comprehensive income			
Net unrealised gains on other securities			
Balance at beginning of year	¥ 816	¥ 653	\$ 9
Changes of items during the year			
Net changes of items other than shareholders' equity during the year	(158)	162	(1)
Total changes of items during the year	(158)	162	(1)
Balance at end of year	657	816	7
Foreign currency translation adjustment			
Balance at beginning of year	(17,795)	(19,775)	(214)
Changes of items during the year			
Net changes of items other than shareholders' equity during the year	(6,798)	1,980	(81)
Total changes of items during the year	(6,798)	1,980	(81)
Balance at end of year	(24,594)	(17,795)	(295)
Total accumulated other comprehensive income			
Balance at beginning of year	(16,978)	(19,122)	(204)
Changes of items during the year			
Net changes of items other than shareholders' equity during the year	(6,957)	2,143	(83)
Total changes of items during the year	(6,957)	2,143	(83)
Balance at end of year	(23,936)	(16,978)	(287)
Subscription rights to shares			
Balance at beginning of year	625	402	7
Changes of items during the year			
Net changes of items other than shareholders' equity during the year	246	223	2
Total changes of items during the year	246	223	2
Balance at end of year	872	625	10
Minority interests			
Balance at beginning of year	31,637	30,632	380
Changes of items during the year			
Net changes of items other than shareholders' equity during the year	(582)	1,005	(7)
Total changes of items during the year	(582)	1,005	(7)
Balance at end of year	31,055	31,637	373
Total net assets			
Balance at beginning of year	196,545	189,038	2,363
Changes of items during the year			
Dividends from surplus	(2,969)	(1,860)	(35)
Net income	11,466	6,882	137
Purchase of treasury stock	(759)	(997)	(9)
Disposal of treasury stock	2	111	0
Net changes of items other than shareholders' equity during the year	(7,293)	3,371	(87)
Total changes of items during the year	447	7,506	5
Balance at end of year	¥ 196,992	¥ 196,545	\$ 2,369

Consolidated Statements of Cash Flows

For the years ended March 31, 2011 and 2010

	Millions of yen		Millions of U.S. dollars
	2011	2010	2011
Cash flows from operating activities			
Income before income taxes	¥ 33,615	¥ 22,976	\$ 404
Depreciation and amortisation	32,342	35,121	388
Impairment losses	—	1,091	—
Amortisation of negative goodwill	1,115	1,101	13
Increase (decrease) in allowance for doubtful accounts	(472)	(7)	(5)
Increase in provision for employee retirement benefits	808	1,014	9
Interest and dividends income	(1,134)	(972)	(13)
Interest expenses	1,674	1,759	20
Foreign exchange loss	3,835	417	46
Equity in earnings of affiliates	(1,670)	(1,288)	(20)
Gain on sales of property, plant and equipment	(341)	(84)	(4)
Loss on disposal of property, plant and equipment	514	386	6
Decrease (increase) in trade notes and accounts receivable	31,018	(66,602)	373
Decrease (increase) in inventories	(1,793)	10,813	(21)
Increase (decrease) in accounts receivable—other	7,012	(8,682)	84
Increase (decrease) in notes and accounts payable—trade	(35,131)	60,476	(422)
Increase (decrease) in accounts payable—other	1,265	1,651	15
Increase (decrease) in accrued expenses	974	6,572	11
Others	1,690	2,492	20
Sub-total	75,324	68,236	905
Interest and dividend income received	2,116	2,555	25
Interest expenses paid	(1,691)	(1,802)	(20)
Income taxes paid	(15,117)	(4,800)	(181)
Net cash provided by operating activities	60,630	64,188	729
Cash flows from investing activities			
Purchase of property, plant and equipment	(37,331)	(45,522)	(448)
Proceeds from sales of property, plant and equipment	2,472	1,547	29
Purchase of investments in securities	(2,930)	(50)	(35)
Payment for investments in subsidiaries resulting in change in scope of consolidation	—	80	—
Purchase of subsidiaries' shares resulting in changes in scope of consolidation	(54)	—	(0)
Payments of loans receivable	(51)	(67)	(0)
Collection of loans receivable	64	1,534	0
Payments into time deposits	(6,054)	(2,190)	(72)
Proceeds from withdrawal of time deposits	3,624	3,237	43
Others	(201)	94	(2)
Net cash used in investing activities	(40,462)	(41,337)	(486)
Cash flows from financing activities			
Net decrease in short-term loans payable	(5,384)	(1,917)	(64)
Repayments of long-term loans payable	—	(1,781)	—
Purchase of treasury stock	(759)	(997)	(9)
Cash dividends paid	(2,969)	(1,863)	(35)
Cash dividends paid to minority shareholders	(8,453)	(7,669)	(101)
Proceeds from stock issuance to minority shareholders	2,039	630	24
Others	182	51	2
Net cash used in financing activities	(15,345)	(13,547)	(184)
Effect of exchange rate change on cash and cash equivalents	(3,996)	1,363	(48)
Net increase in cash and cash equivalents	826	10,667	9
Cash and cash equivalents at beginning of year	113,124	102,457	1,360
Cash and cash equivalents at end of year	¥113,950	¥113,124	\$1,370

Product Lineup



Interior Components



● Interior systems



● Seats



[Functional parts]
● Seat frames
● Round recliners



● Door trims



● Leather instrument panels



● Moulded headliners



● Floor carpets



● Tonneau covers



● Silencers



● Package trays



● Electric sunshade systems

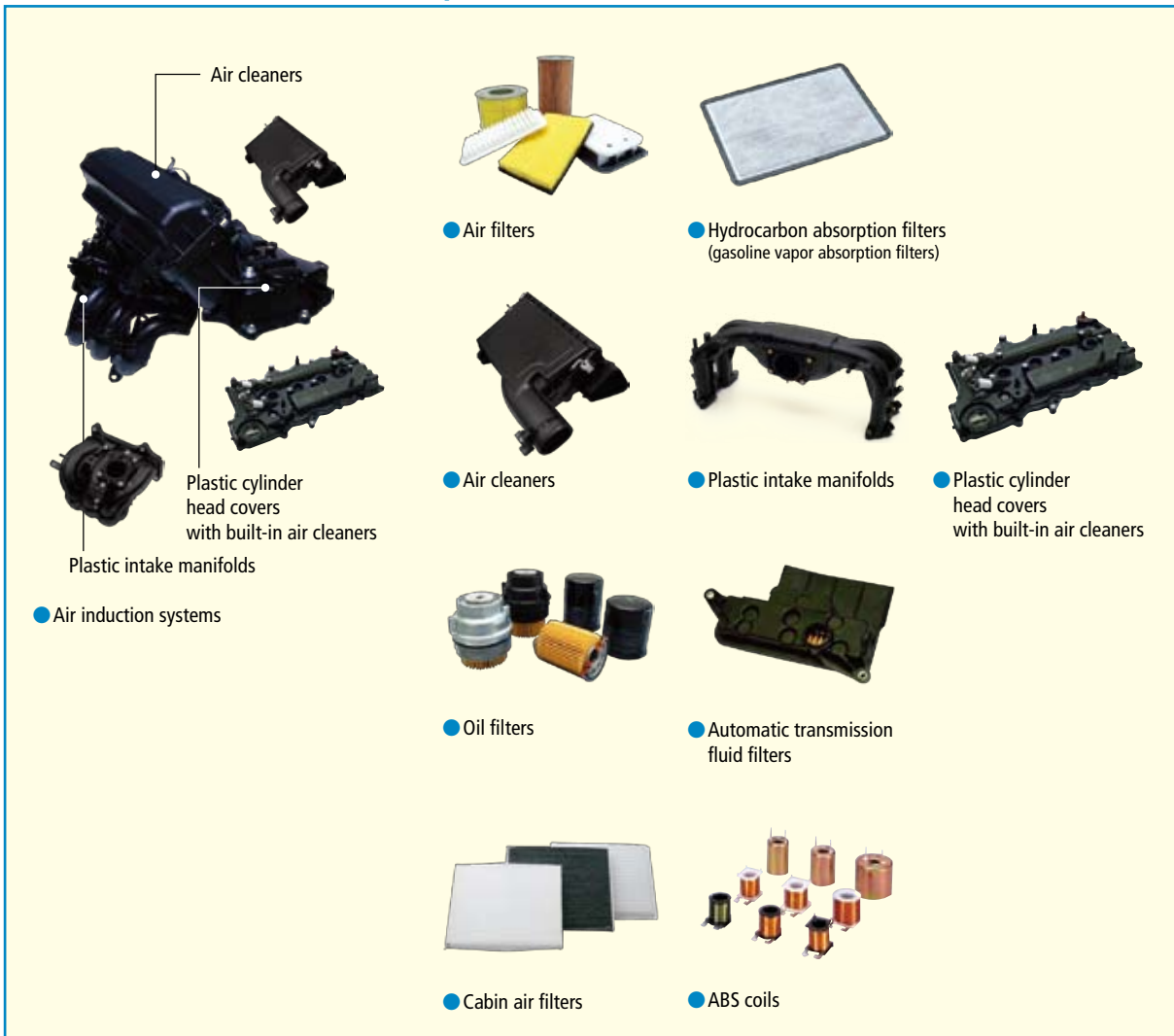


● Headliner lightings

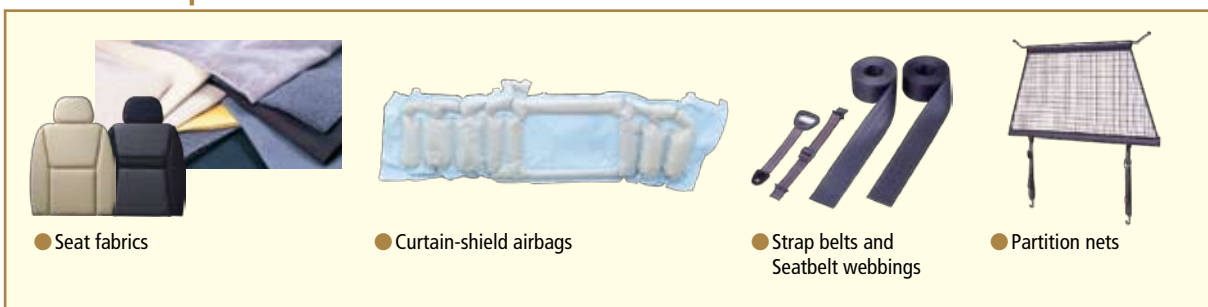


● Centre floor consoles

Filtration and Power Train Components



Textiles Components



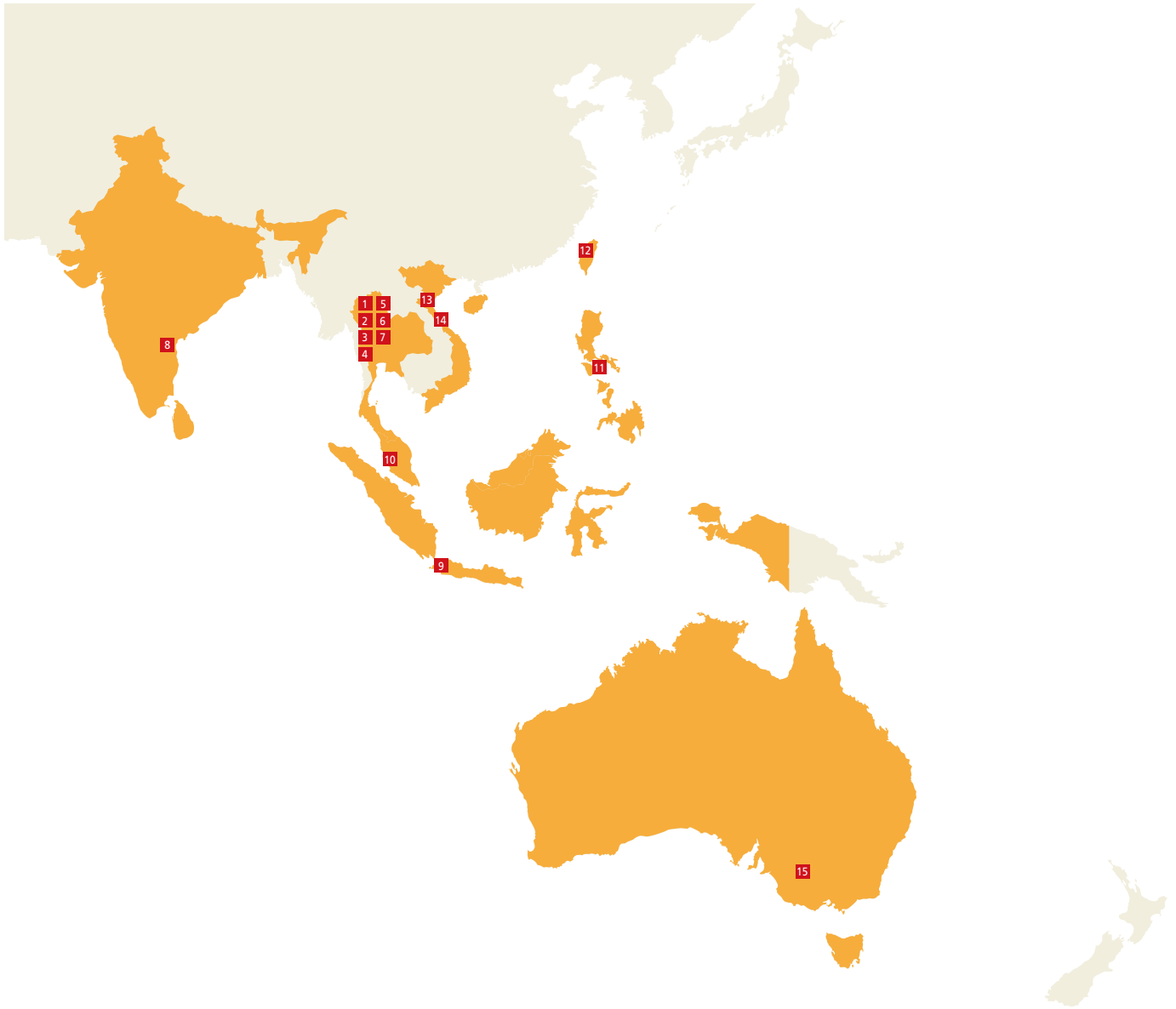
Exterior Components





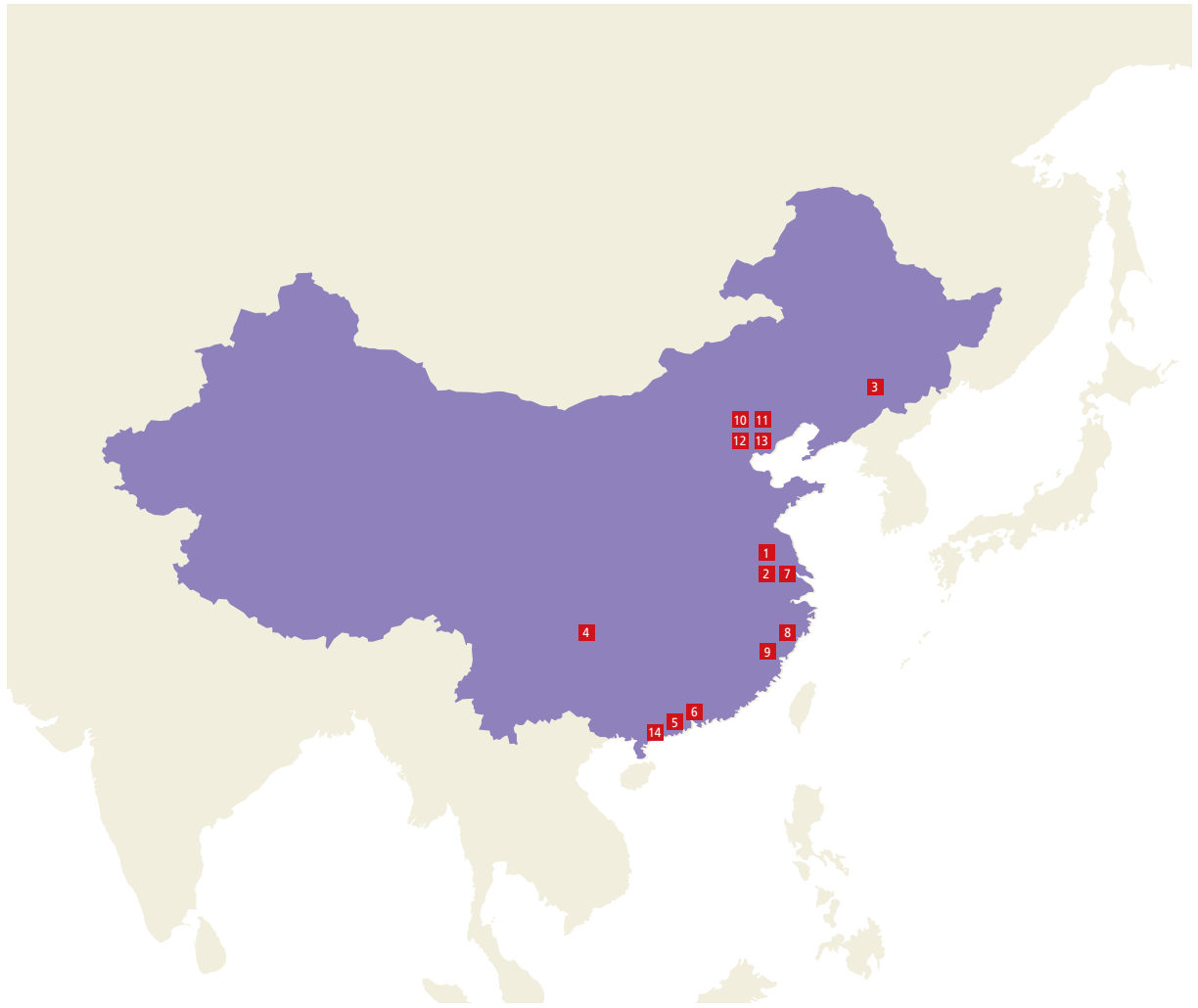
North, Central & South America

		Established	Product or Function
U.S.A.	1 TOYOTA BOSHOKU AMERICA, INC.	May 2001	<North, & South America Region Management> Development, design, manufacture and sales of seats and interior components
	2 ARJ MANUFACTURING, LLC.	June 2001	Manufacture and sales of metal components for seats
	3 AUTOMOTIVE TECHNOLOGY SYSTEMS, LLC.	September 2008	Manufacture and sales of seats and interior components
	4 TBDN TENNESSEE COMPANY	September 1989	Manufacture and sales of filters and power train components
	5 TOYOTA BOSHOKU INDIANA, LLC.	November 2007	Manufacture and sales of seat frames and seat urethane foams
	6 TOYOTA BOSHOKU MANUFACTURING KENTUCKY LLC.	April 2003	Manufacture and sales of moulded headliners, door trim ornaments and silencers
	7 TOYOTA BOSHOKU MISSISSIPPI, LLC.	September 2007	Manufacture and sales of seats and interior components
	8 TRIM MASTERS, INC.	October 1987	Manufacture and sales of seats and door trims
Canada	9 TOYOTA BOSHOKU CANADA, INC.	July 2006	Manufacture and sales of seats and interior components
Mexico	10 TB DE MEXICO, S.A. DE C.V.	February 2002	Manufacture and sales of seats
	11 TB SEWTECH DE MEXICO, S. DE R. L. DE C.V.	June 2011	Manufacture and sales of seat covers
Brazil	12 TOYOTA BOSHOKU DO BRASIL LTDA.	August 2007	Manufacture and sales of seats, door trims and filters and power train components
Argentina	13 MASTER TRIM DE ARGENTINA S.R.L.	July 2003	Manufacture and sales of seats and interior components



Asia & Oceania

		Established	Product or Function
Thailand	1 TOYOTA BOSHOKU ASIA CO., LTD.	June 2001	<Asia & Oceania Region Management> Development, design and sales of seats and interior components, sales of filters and power train components
	2 S.K. AUTO INTERIOR CO., LTD.	January 1995	Manufacture and sales of interior components
	3 STB TEXTILES INDUSTRY CO., LTD.	March 1995	Manufacture and sales of air cleaners, seat fabrics, etc.
	4 THAI SEAT BELT CO., LTD.	May 1994	Manufacture and sales of seat belts and webbings
	5 TOYOTA BOSHOKU FILTRATION SYSTEM (THAILAND) CO., LTD.	March 2002	Manufacture and sales of filters and power train components
	6 TOYOTA BOSHOKU GATEWAY (THAILAND) CO., LTD.	August 1997	Manufacture and sales of seats and door trims
	7 TOYOTA BOSHOKU SIAM METAL CO., LTD.	September 2002	Manufacture and sales of metal components for seats
India	8 TOYOTA BOSHOKU AUTOMOTIVE INDIA PRIVATE LIMITED	July 1998	Manufacture and sales of seats, interior components and air cleaners
Indonesia	9 PT. TOYOTA BOSHOKU INDONESIA	March 1988	Manufacture and sales of seats and interior components
Malaysia	10 TOYOTA BOSHOKU UMW SDN.BHD.	August 2003	Manufacture and sales of seats and interior components
Philippines	11 TOYOTA BOSHOKU PHILIPPINES CORPORATION	March 1996	Manufacture and sales of seats and interior components
Taiwan	12 SHIN SAN SHING CO., LTD.	April 1987	Manufacture and sales of seats and interior components
Vietnam	13 TOYOTA BOSHOKU HAIPHONG CO., LTD.	September 2004	Manufacture and sales of curtain-shield airbags
	14 TOYOTA BOSHOKU HANOI CO., LTD.	August 1996	Manufacture and sales of seats and interior components
Australia	15 TOYOTA BOSHOKU AUSTRALIA PTY LTD	October 2002	Manufacture and sales of seats and interior components



China

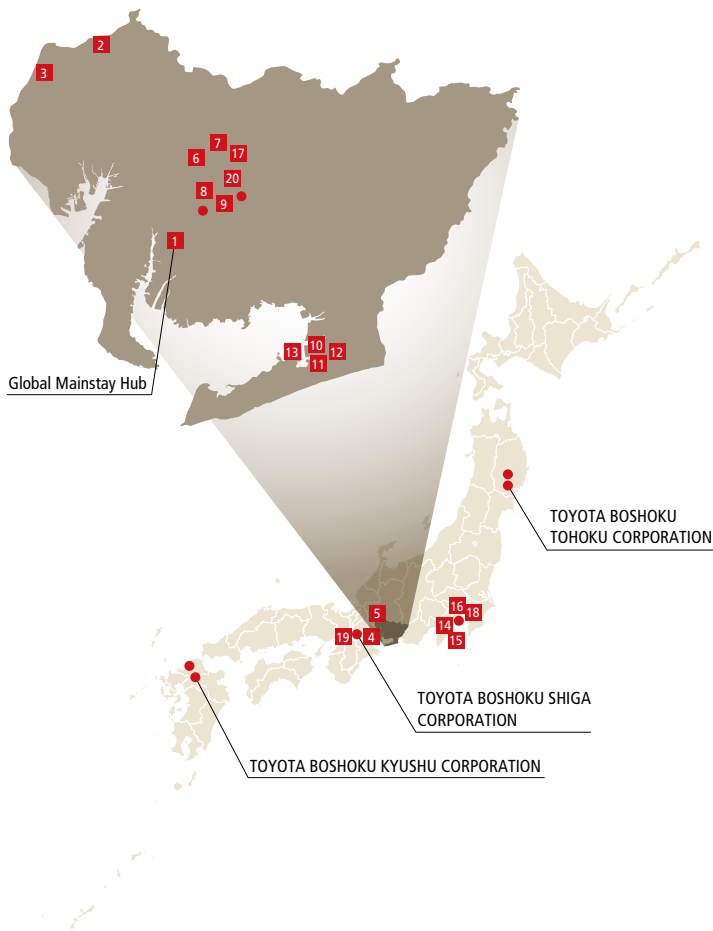
	Established	Product or Function
China 1 TOYOTA BOSHOKU (CHINA) CO., LTD.	March 2002	<China Region Management> Development, design and sales of seats and interior components
2 SHANGHAI TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD.	September 2001	Manufacture and sales of seat belt webbings and interior components
3 CHANGCHUN FAWAY TOYOTA BOSHOKU AUTO PARTS CO., LTD.	August 2010	Manufacture and sales of seats and interior components
4 CHENGDU TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD.	March 1999	Manufacture and sales of seats and interior components
5 FENG'AI (GUANGZHOU) AUTO SEAT PARTS CO., LTD.	September 2004	Manufacture and sales of metal components for seats
6 GUANGZHOU INTEX AUTO PARTS CO., LTD.	September 2004	Manufacture and sales of seats and interior components
7 KUNSHAN TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD.	March 1995	Manufacture and sales of door trims and interior components
8 NINGBO ARACO CO., LTD.	May 2002	Manufacture and sales of seat covers
9 TOYOTA BOSHOKU NINGBO CO., LTD.	July 2004	Manufacture and sales of seat fabrics and floor mats
10 TIANJIN FENG'AI AUTOMOTIVE SEAT PARTS CO., LTD.	November 2005	Manufacture and sales of metal components for seats
11 TIANJIN INTEX AUTO PARTS CO., LTD.	April 2003	Manufacture and sales of seats and interior components
12 TIANJIN KAHOU AUTOMOBILE DECORATION CO., LTD.	October 1995	Manufacture and sales of seats and interior components
13 TIANJIN TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD.	June 2004	Manufacture and sales of filters and power train components
14 TOYOTA BOSHOKU FOSHAN CO., LTD.	April 2005	Manufacture and sales of filters and power train components



Europe & Africa

		Established	Product or Function
Belgium	1 TOYOTA BOSHOKU EUROPE N.V.	July 2005	<Europe & Africa Region Management> Development, design and sales of seats and interior components
Germany	2 BOSHOKU AUTOMOTIVE EUROPE GMBH	July 2011*	Development, design, manufacture and sales of interior components such as door trims, headliners
France	3 TOYOTA BOSHOKU FRANCE S.A.S.	January 2005	Manufacture and sales of bumpers
	4 TOYOTA BOSHOKU SOMAIN S.A.S.	October 2008	Manufacture and sales of seats, interior components, filters and power train components
Poland	5 BOSHOKU AUTOMOTIVE POLAND SP. Z O.O.	July 2011*	Manufacture and sales of headliners and interior components
	6 TBAI POLAND SP. Z O.O.	January 2009	Manufacture and sales of metal components for seats and seat covers
	7 TBMECA POLAND SP. Z O.O.	October 2003	Manufacture and sales of filters and power train components
Russia	8 TOYOTA BOSHOKU LLC	April 2006	Manufacture and sales of seats
Slovakia	9 TRIM LEADER, A.S.	October 2000	Manufacture and sales of seat covers
Turkey	10 TOYOTA BOSHOKU TURKIYE OTOMOTIV SANAYI VE TICARET A.S.	October 1997	Manufacture and sales of seats and interior components
South Africa	11 TOYOTA BOSHOKU SOUTH AFRICA (PTY) LTD.	July 2005	Manufacture and sales of seats and interior components

* Date started operations as a company of the Toyota Boshoku group



Japan

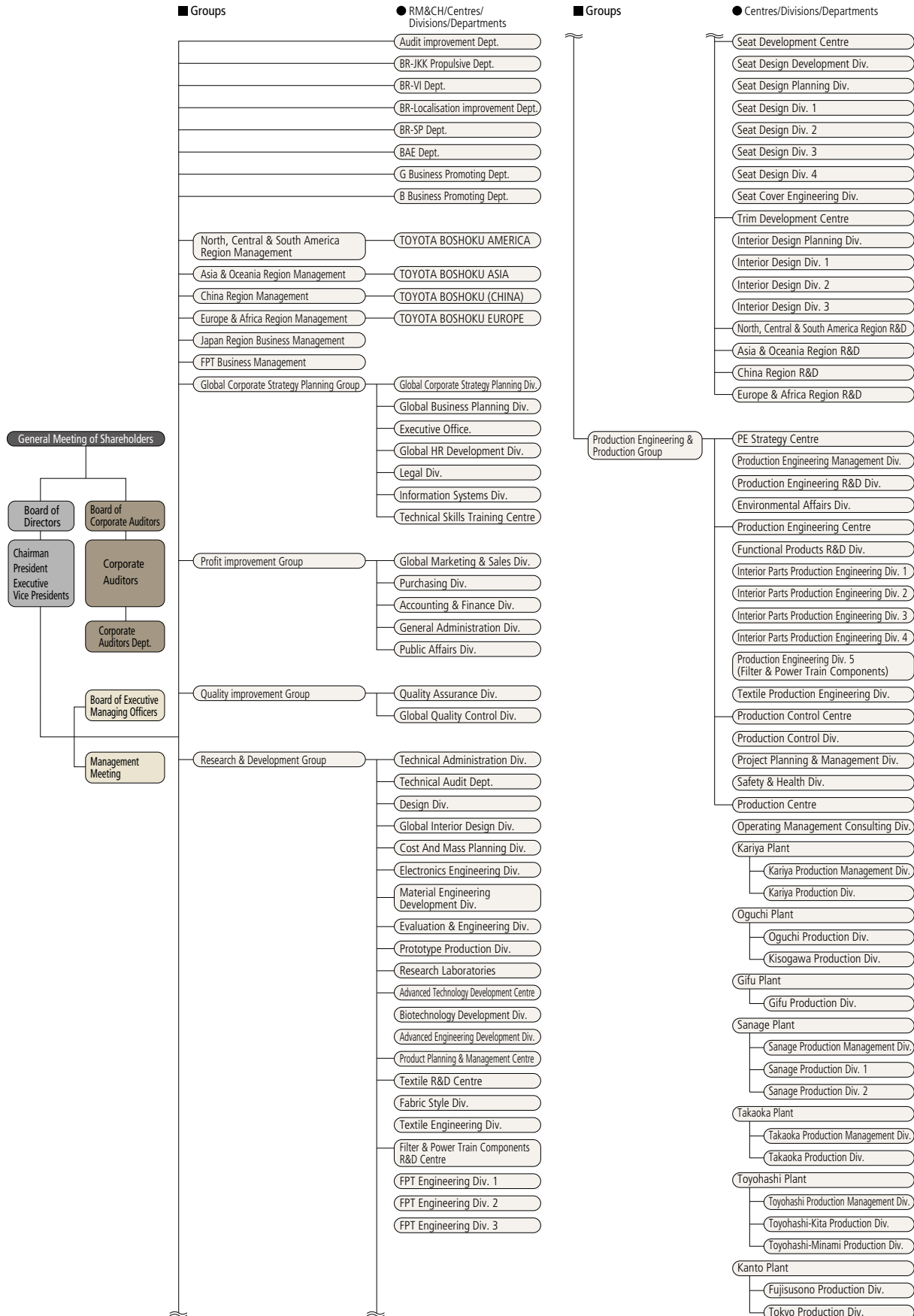
	Established	Product or Function
1 Global Mainstay Hub	May 1950	Development, design, manufacture and sales of seats and interior components
1 Kariya Plant		Air filters, oil filters, cabin air filters, revolving sensors, ABS coils, etc.
2 Oguchi Plant		Moulded headliners, seat fabrics, silencers, blended yarns, airbag base fabrics, fender liners, etc.
3 Kisogawa Plant		Straps and other interior components
4 Inabe Plant		Interior components
5 Gifu Plant		Bumpers
6 Sanage Plant		Seats, door trims and other interior components
7 Fujioka Plant		Door trims
8 Takaoka Plant		Seats and door trims
9 Tsutsumi Plant		Floor carpets and other interior components
10 Toyohashi-Kita Plant		Seats
11 Toyohashi-Minami Plant		Door trims and seat covers
12 Toyohashi-Higashi Plant		Floor carpets
13 Tahara Plant		Interior components
14 Gotemba Plant		Seats and door trims
15 Fujisusono Plant		Seats and door trims
16 Tokyo Plant		Door trims and intake manifolds
17 Tsuchihashi Plant		
18 Tokyo Marketing Office		
19 Osaka Marketing Office		
20 Tsutsumi-Kita Part Centre		

Associated Companies in Japan

	Established	Product or Function
Subsidiaries (including sub-subsidiaries)		
■ Manufacturing Companies		
● KYOEI ARACO CO., LTD.	September 1974	Manufacture and sales of seats and seat covers
● COWERK CO., LTD.	October 1968	Manufacture and sales of interior components
● TOYOTA BOSHOKU KYUSHU CORPORATION	August 1991	Manufacture and sales of seats, door trims and other interior components
● TOYOTA BOSHOKU SHIGA CORPORATION	September 2006	Manufacture and sales of filters and power train components, and interior/exterior components
● TOYOTA BOSHOKU TOHOKU CORPORATION	February 1957	Manufacture and sales of seats and other interior components
● TB SEWTECH KANTO CORPORATION	October 1973	Manufacture and sales of seat covers and other interior components
● TB SEWTECH KYUSHU CORPORATION	December 2000	Manufacture and sales of seat covers
● TB SEWTECH TOHOKU CORPORATION	May 1989	Manufacture and sales of interior components
■ Others		
● TAKATECH CO., LTD	June 1996	Manufacture and sales of machinery and equipment of interior components
● TB ENGINEERING CORPORATION	December 2002	Manpower dispatching of design technicians and subcontracting technical development
● TB CREATE STAFF CORPORATION	October 1999	General labour dispatch service
● TB CORPORATE SERVICE CORPORATION	June 1995	Stationery and materials sales, security and meals services
● TB TECHNOGREEN CORPORATION	June 1974	Manufacture and sales of tree planting equipment, building and facility design and construction, etc.
● TB HIGH-TECH CORPORATION	December 1997	Manufacture and sales of dies and machine tools
● TB LOGISTICS SERVICE CORPORATION	November 1995	Transport, cargo handling and warehousing services
● TECHNICAL LINKS DESIGN CO., LTD	October 1997	Product design, visual design, etc.
● TOYOTA BOSHOKU UNIFORM CORPORATION	February 2008	Planning and sales of uniforms
● TOYOTSU UNIFASHION CO., LTD.	February 2002	Planning and sales of uniforms
Affiliates		
● TB KAWASHIMA CO., LTD.	December 2009	Manufacture and sales of interior materials
● TOYOTA BODY SEIKO CO., LTD	July 1992	Manufacture and sales of auto components
● NARUCO CORPORATION	May 1954	Manufacture and sales of auto components
● HIGH NEED INDUSTRY CO., LTD.	November 1976	Manufacture and sales of interior/exterior materials

Corporate Organisation

As of June 16, 2011



Total Number of Shares

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

Number of Shareholders

21,495

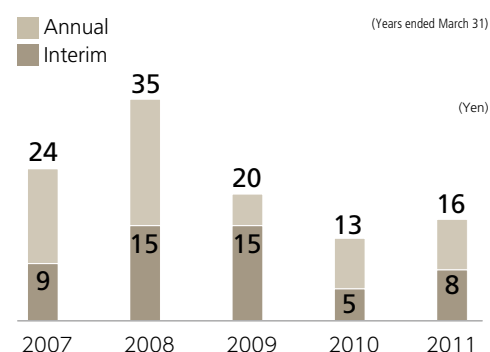
Corporate Data

Capital	8.4 billion yen
Number of employees	7,967 (non-consolidated) 27,856 (consolidated)
Stock exchange listings	Tokyo Stock Exchange and Nagoya Stock Exchange
Securities code	3116
Independent auditor	PricewaterhouseCoopers Aarata
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation
Ordinary general shareholders' meeting	Held annually in Aichi Prefecture at the end of June

Major Shareholders (Top10)

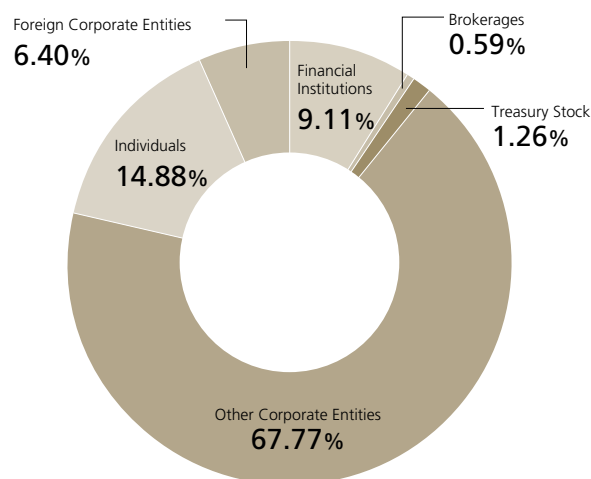
Name	Number of shares held
Toyota Motor Corporation	73,653,995
Towa Real Estate Co., Ltd	18,346,209
DENSO Corporation	10,192,100
Japan Trustee Services Bank, Ltd.	8,091,500
Toyota Industries Corporation	7,756,062
NHK Spring Co., Ltd.	7,220,500
Toyota Tsusho Corporation	4,367,100
The Master Trust Bank of Japan, Ltd.	4,320,800
Toyota Boshoku Employees' Shareholding Society	2,011,919
Trust & Custody Services Bank, Ltd.	1,069,300

Dividends



Based on a stance to maintain stable dividends, the Company's basic policy is to pay dividends that meet the various expectations of shareholders upon comprehensively considering such factors as consolidated business results and the payout ratio. In fiscal 2010, the Company paid annual cash dividends per share of 16.00 yen, including an interim dividend of 8.00 yen and a year-end dividend of 8.00 yen.

Breakdown of Shareholders



Directors, Corporate Auditors and Managing Officers

As of June 16, 2011

Directors and Auditors

Chairman	Teruyuki Minoura
President	Shuhei Toyoda
Executive Vice Presidents	Mitsuyuki Noguchi Koji Iida
Directors and Executive Managing Officers	Yasushi Nakagawa Fumitaka Ito Akira Furusawa Koichi Terasaka Hiroshi Ueda Kenichi Noda
Directors	Takeshi Uchiyama Masahiko Miyaki
Standing Corporate Auditors	Masaki Katsuragi Yoshinori Ito
Corporate Auditors	Akio Toyoda Ryuichi Hamada Nobuaki Kato

Executive Managing Officers and Managing Officers

Executive Managing Officers	Yasunobu Hara Shigetoshi Miyoshi Kazuhiko Miyadera Takamichi Taki
Managing Officers	Haruo Fujimon Sunao Yamamoto Yasuhiko Sugie Makoto Oshima Yoshihiro Yamada Kohei Hori Atsushi Toyoshima Tokuji Yamauchi Teruo Suzuki Yasushi Yoshikawa Suguru Sakakibara Yoshihiro Ito Osamu Kito Yasuyuki Izuwara Masaya Ishii Koichi Uemura Toshio Kawasaki Toshihiko Mori Ikuro Mochizuki



Professor
Katsuhiko Kokubu
Graduate School of Business
Administration
Kobe University

Professor Katsuhiko Kokubu completed his Ph.D. in business administration at the Graduate School of Business Administration, Osaka City University. Serving in his current position since 2001, his majors are environmental accounting, environmental management and CSR management. Professor Kokubu published more than 15 books including *Environmental Management and Accounting* (Yuhikaku Publishing Co., Ltd.) and *Material Flow Cost Accounting* (Nikkei Publishing Inc.). He also serves on various committees at the Ministry of Economy, Trade and Industry and the Ministry of the Environment and is Convenor of ISO/TC207/WG8 (working group on material flow cost accounting).

Top interview further enhanced

As a major feature of this fiscal year's report, Dr. Shuhei Toyoda, President of Toyota Boshoku Corporation, delivers a powerful message about corporate management and overall corporate social responsibility (CSR) that covers the opening five pages of the report. Beginning with responses to the Great East Japan Earthquake, the message, which focuses on relationships with the supply chain, is not only concrete and persuasive but also articulates clear-cut policies and provides more detailed information relating to Toyota Boshoku's future operations.

Editorial policies with global awareness

As emphasised in the top interview, Toyota Boshoku aims to "make further strides toward becoming a truly global company." This policy is consistently evident throughout the entire report. Rather than simply unifying operations on a global scale, globalisation is meaningless unless it invigorates local operations, staff and communities. Regarding this point, Toyota Boshoku is carrying out globalisation that also encompasses R&D activities to help further develop the characteristics of each region, and these efforts can also be commended from a CSR perspective.

Understanding Toyota Boshoku through the first-hand experiences of students

For this fiscal year's report, five university students were invited to visit Toyota Boshoku and they were provided with various explanations of products from the perspective of developing next-generation vehicles. The students' observation tour can be re-experienced just by reading this section of the report, and I believe this innovative reporting style can be highly praised. In particular, automobile interior components have numerous capabilities that are not very well known among regular consumers. With this in mind, I would like to see Toyota Boshoku continue this ingenious way of reporting to promote a wider understanding of such capabilities throughout society.

Establishment of CSR goals

Toyota Boshoku closely undertakes each of its CSR activities and provides full explanations of these activities in its report as well. In areas other than the environment, however, it appears that Toyota Boshoku has yet to establish fiscal year goals and formulate indicators for these objectives. Globally, ISO 26000 has been launched as guidelines for social responsibility, and a worldwide consensus is coalescing in various CSR activity domains as well. To continuously improve CSR activities, I feel the time has come for considering the establishment of goals and indicators. I fully expect that Toyota Boshoku will be able to further develop its CSR activities.



Haruo Fujimon
Managing Officer
Public Affairs Division
(Executive in Charge)

Response to the third-party comment

Our most recent report focused on firmly communicating the state of activities of each of our functions covering the entire Toyota Boshoku group, which aims to become a truly global company. This point was commended by Professor Kokubu. Accordingly, we will maintain our strong awareness that "global companies do not simply unify their operations globally but instead strive to further invigorate local operations, staff and communities. In the future, we will work to achieve further advances in local operations. From the perspective of CSR, as was previously pointed out, a key issue in the current fiscal year will be to focus on initiatives and improvements for establishing goals and indicators in non-environmental areas. In doing so, we will take into consideration the details of ISO 26000.

The Great East Japan Earthquake had an enormous impact on our production activities and new issues that require improvements became evident in risk management. I would especially like to quickly promote the systematisation of a business continuity plan.