

*Design your passion*



**TOYOTA BOSHOKU REPORT**  
**2012** 2011.4.1—2012.3.31

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

## Manufacturing

To offer products that appeal to people of all 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.



## Development Capabilities

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



## Environmental Technologies

The Toyota Boshoku group is working in concert to undertake a variety of global initiatives to address environmental issues, which are now being demanded of companies. These initiatives include formulating the 2015 Environmental Action Plan and creating technologies and products and building production processes that contribute to the environment.



## Global Development

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



## 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.



# Global Network

The Toyota Boshoku group divides its bases into five regions of the world, specifically North & South America, Asia & Oceania, China, Europe & Africa and Japan. The operation of integrated production entities is carried out within each region, with the Regional Management & Collaboration Hubs serving as the core of operations.



## Corporate Profile

**Name** TOYOTA BOSHOKU CORPORATION

### Business operations

1. Development of automotive interior systems; and manufacture and sale of automotive interior products
2. Manufacture and sale of automotive filters and powertrain components
3. Manufacture and sale of other automotive components
4. Production and sale of textile goods

### Representative

Shuhei Toyoda, President

### Capital

8.4 billion yen

### Founded

1918

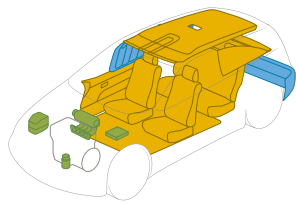
### Established

1950

### Global Mainstay Hub

1-1 Toyoda-cho, Kariya-shi, Aichi

## Main Products

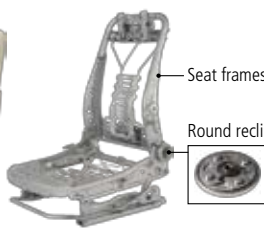


### Interior Components

Supplying integrated and effectively coordinated systems of interior space with seats, door trims, headliners, floor carpets and other components, we aim to provide attractive, comfortable and safe interiors.



Seats



Seat frames

Round recliners



Headliners



Headliner illumination



Door trims



Floor carpets

### Filtration and Powertrain 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.



Air induction system products



Air filters



Cabin air filters



Oil filters

### Textiles and Exterior Components

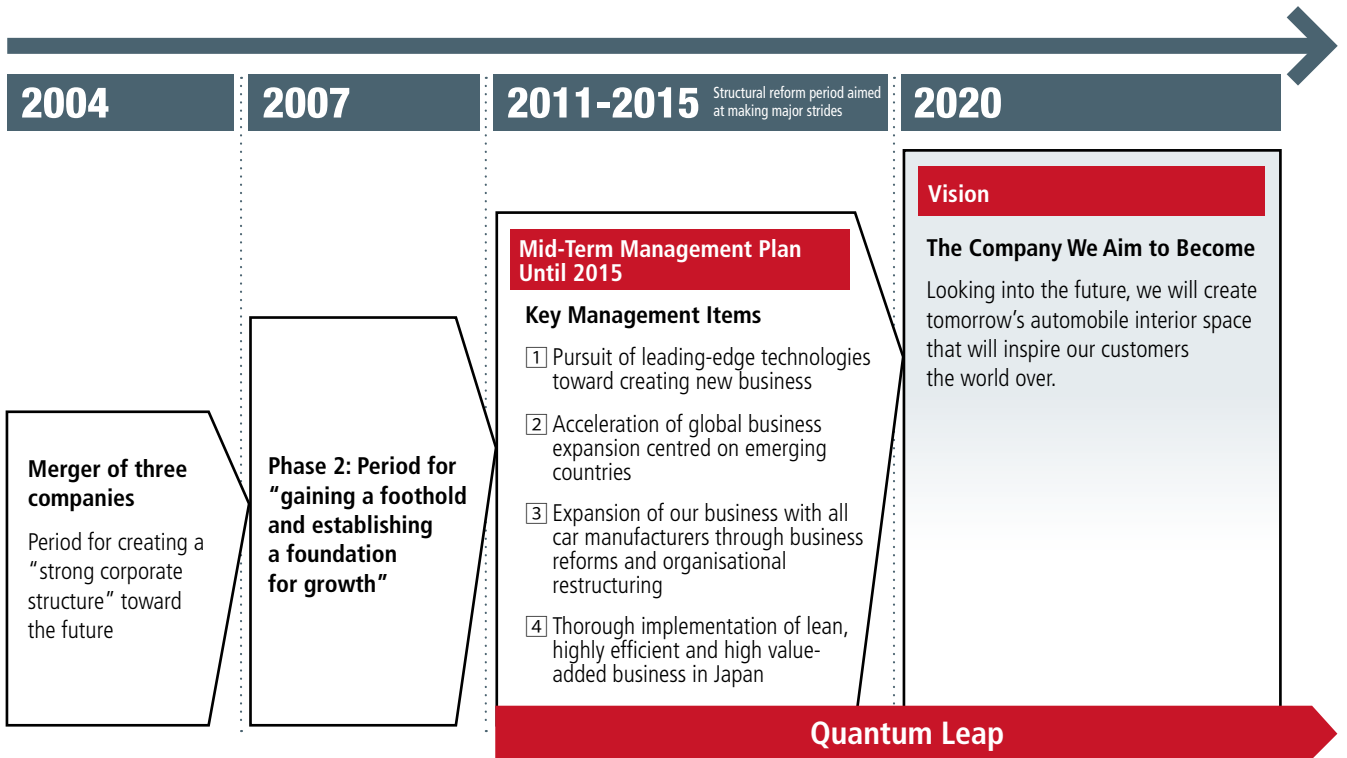
The Company develops new materials in fabrics for airbags, seat fabrics, cabin headliner materials and other parts in the textile business while working to create environmentally friendly products. Also, in the exterior components business, we manufacture service bumpers, fender liners and engine undercovers.



Service bumpers

# 2020 Vision / Mid-Term Management Plan Until 2015

In aiming to be one of the world's leading interior system suppliers and filter manufacturers, the Toyota Boshoku group has drawn up the 2020 Vision, a long-term management vision for fiscal 2020, and Mid-Term Management Plan Until 2015 to ensure the group prevails in global markets. Each and every person in the Toyota Boshoku group will take a Quantum Leap in thinking to tackle issues that vary by region and function and commit themselves to successfully attaining challenging goals.



## Philosophy

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

### Principles of Toyoda

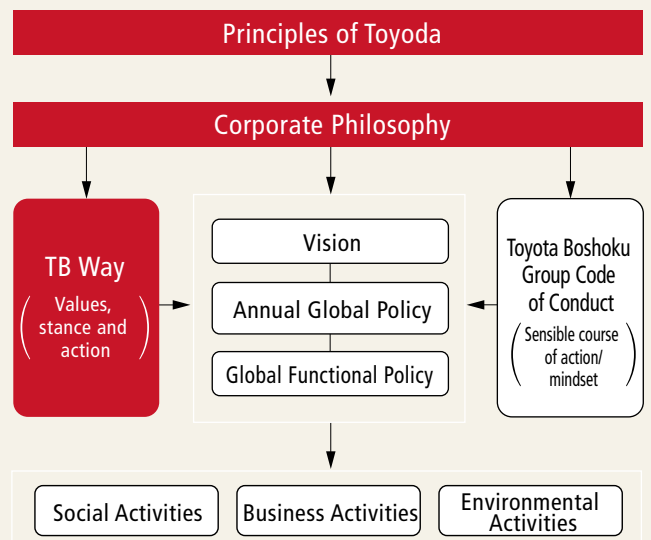
Handing down the spirit of Sakichi Toyoda (established in 1935)



Sakichi Toyoda



- Always be faithful to your duties, thereby contributing to society and to the overall good.
- Be at the vanguard of the times through endless creativity, inquisitiveness and pursuit of improvement.
- Always be practical and robust, and avoid extravagant and frivolous practice.
- Always strive to build a homelike atmosphere at work, one that is warm and friendly.
- Be reverent, and show gratitude for things great and small in thought and deed.



## Toyota Boshoku's Aspirations for 2020

### Our place in business

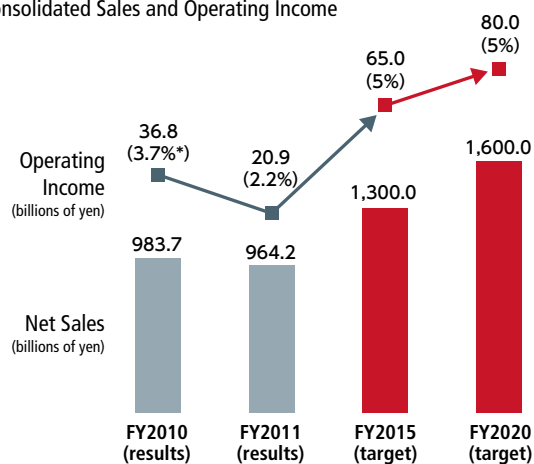
- (1) A company that persists in proposing excellent mobility for customers throughout the world
- 1) Readily provide products tailored to the various lifestyles of respective regions through innovative technologies that are unique to the Toyota Boshoku group and consistent in its manufacturing quality.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

### Our place in society

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

## Business Objectives

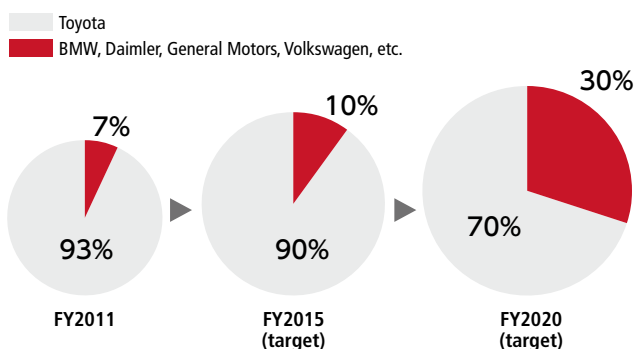
### Consolidated Sales and Operating Income



\* Operating income to net sales

### Sales Ratio

We aim to maintain our sales for Toyota Motor Corporation and achieve business expansion by acquiring new customers and projects.



## Corporate Philosophy

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

## TB Way

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

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

## A Message from the President



Koichi Terasaka  
Executive Vice President

Koji Iida  
Executive Vice President

Kazuhiko Miyadera  
Executive Vice President

Shuhei Toyoda  
President

The Toyota Boshoku group recently formulated the 2020 Vision, which draws the image we aspire to be in 10 years and aims for a further leap forward.

The automobile industry is expected to sustain further growth supported mainly by ongoing economic development in emerging countries. Nevertheless, growth in emerging markets is predicted mainly for low-priced compact cars, making it essential that we prevail in fierce price competition to expand our business. To do so, we must continue proposing appealing and comfortable automobile interior spaces that exceed the expectations of all customers around the world. At the same time, I would like to see Toyota Boshoku aspire to be a company that is trusted by and grows with all stakeholders as a responsible global company.

We have formulated and positioned the 2020 Vision as a guidepost to enable the Toyota Boshoku group to work in unison with a united spirit to realise the image we aspire to be.

In fiscal 2011, the automobile industry faced an extremely harsh business environment due to a host of adverse factors, beginning with the Japan Earthquake and the flooding in Thailand, as well as the ongoing appreciation of the yen and soaring gasoline prices. Under these conditions, the Toyota Boshoku group worked to respond to the needs of customers in regions worldwide through measures that included establishing and strengthening new production bases. Concurrently, we worked vigorously to build optimal production and logistics structures and carry out regionally integrated and efficient operations.

In working towards the realisation of the 2020 Vision, Toyota Boshoku also formulated the "Mid-Term Management Plan Until 2015" under which we have positioned the fiscal years through fiscal 2015 as a structural reform period aimed at making major strides. Going forward, we will build new structures to ensure that we can prevail globally, including those for responding to intensifying competition in emerging countries and shifts in production locations and for securing new customers.

In accordance with our corporate philosophy of "Promoting corporate growth while fulfilling our responsibilities as a good corporate citizen," we will work to create a company that is trusted by all stakeholders.

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

July 2012

President



**To Readers of  
Toyota Boshoku Report 2012**

**Editorial Policy**

Toyota Boshoku Report 2012 is edited to provide easy-to-understand reports on various initiatives in aiming to become a truly global company.

Specifically, this year's report is focused on introducing the directions to which the Toyota Boshoku group should aspire and various strides towards realising the 2020 Vision.

We place importance on dialogues with stakeholders from a corporate social responsibility (CSR) perspective and received the cooperation of an influential individual in the President's Interview section.

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

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

● **Scope of reporting**

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

● **Period covered by report**

This report contains performance data from April 1, 2011 to March 31, 2012. Some information on previous or later activities is also included.

● **Reference Guidelines**

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

● **Issuing of next report**

Planned for September 2013

■ **Cautionary statement with respect to forward-looking statements**

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

■ **Numerical values of financial results**

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

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**Special Feature 1**  
Professionals Dedicated to Sports Seat Development  
Professionals engaged in the development of sport seats that require advanced technologies, including the HANS seat and sports seat for the Toyota 86/Subaru BRZ, were interviewed.

**Special Feature 2**  
Aiming to Strengthen Interior Design Capabilities Worldwide and Be the Best Partner of Global Automobile Manufacturers  
We introduce various aspects regarding the strengthening of interior design capabilities including the development of designers transcending borders and the expansion of global design bases that will open the next era.

**Special Feature 3**  
Aiming to Reinforce Our Global Manufacturing Foundations  
We introduce the Toyota Boshoku group's challenges towards the global advancement of manufacturing that will respond to a drastically changing automobile market and meet the expectations of customers in respective regions worldwide.

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## Making a Quantum Leap Forward from Our Second Founding

# Aiming to become a global company that inspires our customers the world over

With the aim of becoming a truly global company, the Toyota Boshoku group has made a new start under the 2020 Vision and the Mid-Term Management Plan Until 2015. For *Toyota Boshoku Report 2012*, we welcome Ms. Kumi Fujisawa, who has a wealth of experience in interviewing numerous corporate executives. She was also nominated as a Young Global Leader by the World Economic Forum, which presides over the Davos Forum. Ms. Fujisawa discusses global business development, future business plans and other relevant matters with Dr. Shuhei Toyoda, President of Toyota Boshoku.



Shuhei Toyoda  
President



Kumi Fujisawa  
Vice President  
Think Tank SophiaBank

### Kumi Fujisawa

Ms Fujisawa founded the first investment trust company in Japan in 1996. She sold the company to a global rating agency in 1999 and joined the establishment of Think Tank SophiaBank in 2000, and the Social Entrepreneur Forum in 2003. Currently, she is Vice President for both organisations. She is also a member of the Young Global Leaders of the World Economic Forum, organiser of the Davos Forum. Ms. Fujisawa is a Guest Professor of a Hosei Graduate School. She is also a committee member of ministries and agencies and an Advisor to the Minister of Internal Affairs and Communications.



## Overview of fiscal 2011

**Fujisawa** During the past year, Toyota Boshoku took major strides towards the future, beginning with its ambitious business development activities in Europe.

**Toyoda** The commencement of our business development in Europe dates back to our merger in 2004. At that time, we operated few business bases in Europe and were unable to undertake business at the heart of the European market. When we considered future technology development and the impact on global markets, we realised that not being able to carry out business in Europe was a serious detriment and we began adopting a host of measures to build our operations there. During this past year, each of these efforts came to fruition. As a notable example, we commenced production of seats and interior components for the Yaris at Toyota Boshoku Somain S.A.S. in France. Manufacturing seats within the EU has been one of our long-standing aspirations. As another example, Toyota Boshoku acquired the interior business of a European automobile component supplier and this business began operations as Boshoku Automotive Europe GmbH (BAE). The acquisition of this business has provided us with access to new technologies and enabled us to realise our long-time goal of securing new customers in the European market.

Until recently Toyota Boshoku had little involvement with automakers other than Toyota Motor Corporation, and with the acquisition of BAE, we have received fresh stimulus that includes learning new sales methods. Also, the startup of BAE has provided Toyota Boshoku with the opportunity to become involved with technologies in fields where we previously had little or no experience. On the other hand, in terms of manufacturing, I feel there is still room for improvement.

**Fujisawa** In terms of design, Toyota Boshoku has opened a design studio for automobile interiors in Milan, Italy.

**Toyoda** There is no doubt that Toyota Boshoku must enhance its design capabilities as a supplier of interior systems to compete in the European and global markets in the future. In order to do so, I felt there was a strong need to train and develop skilled designers not only in Japan but also in Europe, which of course is the birthplace of the automobile. Therefore we chose Milan as the location of the Toyota Boshoku Design Studio.

Milan is a city where the most current design trends come and go and where people can directly encounter trendsetting designs, particularly fashion. The city's vibrant history and tradition also make this an ideal setting for designers to polish their sensitivities and skills. Looking at European cars in general, I notice that even the most advanced designs maintain a sense of balance and aesthetics. Using the Toyota Boshoku Milan Design Branch as a base, it is important that we receive inspiration from a wide range of sources and apply this to our designs to develop world-class designs.

**Fujisawa** As a fresh challenge, Toyota Boshoku is building a new test course scheduled for completion in 2014. Isn't it unusual for a manufacturer of automobile interior parts to operate a test course?

**Toyoda** Yes, I believe this is quite rare. Let me explain the background behind our decision to build this test track. Ever since becoming involved in automobile development, I have always paid particular attention to the finishing of seats whenever I drive prototype vehicles. No matter how much I believed that my own body fit snugly into a seat, when forces from driving were exerted from all directions, I noticed that my body would slip out of position in some seats. I gained this awareness because truly reliable assessments of seats can only be made at test courses. My aim is to create outstanding seats, and excellent products, as well as ensure safety through hands-on testing using our own bodies to evaluate products. This approach is called *genchi-genbutsu* (Go, see & study). Based on this thinking, the decision was made to build a test course. Moreover, all members involved

## Global messages towards attaining the 2020 Vision

### Europe & Africa

**Marian Weinrauch**

Branch Manager, Munich Office  
Toyota Boshoku Europe N.V.

In 2020, "Toyota Boshoku" represents a world-class leading company supplying automotive manufacturers around the world. It is associated with products manufactured by experts in leading-edge technologies. Our open-minded employees who enjoy working in international environments are key elements to our success. I believe that open-mindedness, integration and efficiency will ensure we achieve our goals. This means winning new customers and being responsive to the demands of the automotive market by adapting our standards to European requirements. We can do it!



### Asia & Oceania

**Sudhakar Hariharan**

Director, Finance, Legal, HR & Administration  
Toyota Boshoku Automotive India Private Limited

I want Toyota Boshoku to be the top interior system supplier in the automotive sector by providing products and systems using ergonomic designs, applying sustainable technologies and utilising eco-friendly materials. The best talent from around the world serves our customers by providing delightful and innovative products at an affordable cost and returning meaningful value to all stakeholders. We will continue to conduct our business in ethically responsible ways by adhering to rules and regulations and respecting regional customs, and become an iconic company respected by society.



in development projects, not just engineers but also members from sales departments, will be able to perform evaluations using our own test course. I am confident that this will better enable us to develop products through the eyes of the customer.

**Fujisawa** You certainly achieved significant progress with your future-oriented initiatives during the past year. However, 2011 also witnessed the Japan Earthquake in March followed by flooding in Thailand, both of which had a profound impact on society and companies. How did Toyota Boshoku overcome these circumstances?

**Toyoda** The earthquake reaffirmed my awareness that the base of the supply chain in the Tohoku region, not just in the auto industry, is extremely widespread and encompasses 1st, 2nd, 3rd and 4th tier suppliers. In the aftermath of the earthquake, we encountered tremendous difficulties in restoring disrupted supply chains. Nevertheless, members of related departments including those within the purchasing and technical divisions met daily and worked to ascertain and evaluate the state of supply chains, and these diligent efforts enabled us to restore production.

However, just as the post-earthquake turmoil was subsiding and we were on track to move forward, severe flooding inundated parts of Thailand, a major hub of the Asian automobile industry. In Japan, we could apply our experiences from the earthquake, but in Thailand the situation was completely different. Toyota Boshoku ranks the status of its products based on risk levels, but we soon learned that in fact perceptions of risk ranking differed in Japan and Thailand. That said, through these recent disasters, we have identified points for improvement and clarified future tasks to be addressed.

**Fujisawa** By surmounting these disasters, you significantly upgraded and strengthened procurement.

**Toyoda** Yes, we achieved important progress in this area. While rebuilding our supply chain, we also set up the Large-Scale Disaster Countermeasure Committee as well as the Emergency Operation Centre (EOC) to raise the level of our business continuity capabilities when a major disaster strikes. By taking these measures, we can now quickly and accurately ascertain circumstances and formulate appropriate response measures, mainly through the EOC, no matter when and where a major disaster occurs throughout the world.



## ■ Formulation and background of the 2020 Vision

**Fujisawa** I have visited more than 30 countries over the past five years. During this time, I witnessed that strong countries and companies always possess a clear vision that is deeply ingrained in all areas and serves as a basis for the actions and judgments of people on the frontlines and in workplaces. In April 2012, Toyota Boshoku also announced its 2020 Vision. First, can you explain the background underlying this Vision?

**Toyoda** The Toyota Boshoku group aspires to be a world top-tier manufacturer of interior components and filters. In keeping with this objective, a primary factor behind the formulation of this Vision is the need to quickly build new

### Global messages towards attaining the 2020 Vision

#### China

**Jeff Xia**

Manager, Purchasing Division  
Toyota Boshoku (China) Co., Ltd.

Rather than merely striving for growth only as an individual, I will strive to build a team and strengthen functions as a manager. I will also collaborate with respective business entities while expanding Global New Customer Business (GNCB) in China. Working as one, I know we can succeed, so let's all make our best efforts together!



#### North & South America

**Scott Covey**

Senior Sales Manager, Sales  
Toyota Boshoku America, Inc.

Toyota Boshoku has very aggressive goals that we must achieve. In order to do my part in helping achieve the 2020 Vision, I will personally leverage all available resources to win new business. I would like to challenge everyone else to utilise these resources to achieve the Vision. When teamwork is utilised, we don't have to face our challenges alone. Our 2020 Vision can only be reached through a thoughtful plan, in which we believe, and upon which we all take action.



#### Japan

**Yasuhiro Saito**

Group Leader, Powertrain Technology Division  
Toyota Boshoku Corporation

We will quickly adopt new materials and production methods based on our filtration technologies, an area which is one of Toyota Boshoku's strengths. We will also pour our energies into realising the early launch of compact, high-performance, highly versatile new products that cannot be emulated by competitors while making concerted efforts to contribute to higher sales.





structures to succeed globally against our competition. These structures will enable Toyota Boshoku to respond to intensifying competition in emerging countries and shifts in production locations, while maintaining business with existing customers and supplying products to new customers.

More specifically, global production volume is forecast to reach 97 million vehicles in 2015 and surpass 110 million vehicles in 2020. Of particular note, emerging countries are expected to account for 60% of the global automobile market along with further economic development in these countries. Because cars sold in emerging markets are mainly low-priced compact cars, a key point for expanding business will be to prevail in aggressive price competition. Additionally, the needs of customers in each country and region are extremely diverse. In view of this, it will become even more important to firmly ascertain customer needs and propose appealing and comfortable automobile interior spaces that meet these expectations.

**Fujisawa** So these are the main factors underlying the formulation of the 2020 Vision?

**Toyoda** That's correct. First of all, in regards to our company's aspirations for our place in business for fiscal 2020, we aim to be **a company that persists in proposing excellent mobility for customers throughout the world**. Second, for our place in society, we aspire to be **a trusted company that grows together with all stakeholders**.

**Fujisawa** In other words, you envision Toyota Boshoku as a corporate group that is more active than ever before in global markets in 2020. To become such a group, I am sure you will have to reassess various aspects of your operations such as your organisation and structure. Besides such considerations, first of all what else must Toyota Boshoku do to attain the 2020 Vision?

**Toyoda** We must become a truly global company. When we first merged in 2004, many members did not understand the meaning of being a global company. In the past two or three years, however, we have made tremendous strides in terms of being able to perform our work from a global perspective. For instance, in past years, even though Toyota Boshoku employed many people in different countries and regions worldwide, we still lacked common global personnel policies. More recently, we have been creating a framework for personnel policies and labour-management relations from a global standpoint. In this regard, during fiscal 2012 we will introduce a global common grading system and are considering implementation of job rotations across national boundaries.

**Fujisawa** So you will be able realise your two desired aspirations for fiscal 2020 when members can think and act on their own from a global standpoint, right?

## ■ Drawing our own future: 2020 Vision

**Toyoda** To achieve our desired aspiration to be "a company that persists in proposing excellent mobility for customers throughout the world," it is critical that we have the ability to respond with proposals that exceed needs and expectations whenever we receive a request from customers. I hope to see Toyota Boshoku become a company

### Europe & Africa

**Bert Adams**

General Manager, Production Engineering  
Toyota Boshoku Europe N.V.

What is a Quantum Leap and how do you make one? As you may or may not know, a quantum is an indivisible unit of energy and a "quantum leap" refers to the abrupt transition of an electron, atom or molecule from one state to another. So, in a way, we can think that each of us is an indivisible unit of energy that we all have to contribute in order for our company to make this transition.



### China

**Sun Xin**

Deputy Director, Production Division  
Tianjin Feng'ai Automotive Seat Parts Co., Ltd.

In working towards the future development of our company, we will promote efforts to cultivate excellent human resources, uniting everybody together as one, while also persistently and constantly pursuing *kaizen* (continuous improvement). We will also strive to build production lines that are unrivalled throughout the world and provide our customers with the best products.



### Asia & Oceania

**Nguyen Le Minh**

Senior Manager, Administration Division  
Toyota Boshoku Hanoi Co., Ltd.

To achieve our vision, we will produce value-added automotive interiors for society and inspire customers worldwide. As a member of the group, I will complete my tasks with enthusiasm and creativity. I will work to help standardise management to comply with regulations and improve operational efficiency in a sustainable way. Additionally, regarding regulating and standardising, we need to strengthen our training programme for human resources development and encourage good relationships between company members. These points will help achieve our Vision.





that can offer proposals that extend beyond the mobility demanded by customers. Our customers are first and foremost automakers. However, making proposals that surpass customer demands depends on how much we can also consider end customers who actually ride in cars, and thus, it will be crucial to offer creative and unique proposals. Even though there are various differences in each region, there are also bound to be many similarities. In this regard, we must bolster our strengths and capabilities both as a company and as individuals in each region. Raising our capabilities in every area, including surveys, analysis, development and proposals, is essential.

**Fujisawa** Next, could you explain your desired aspiration as seen by society, namely, "A trusted company that grows together with stakeholders"? I believe that such a stance of striving to be trusted by and growing together with customers and society will lead to a sustainable business platform and enable companies to aim for even higher ideals.

**Toyoda** I definitely would like to attain this objective. Becoming a vibrant and dynamic company where members can fully utilise their capabilities has been an especially strong desire since I assumed the duties of president. I wish to see the Toyota Boshoku group become a company based on the ideals of members taking pride in their company, sharing a sense of mutual trust and growing together.

**Fujisawa** Based on my experience of visiting numerous countries, I have the impression that Japanese companies with local overseas operations provide their local employees with a sense of security and pride. I believe you are now trying to take this to an even higher level. Along with formulating the 2020 Vision, you have also set management targets for fiscal 2020. Could you briefly explain these targets?

**Toyoda** Our targets for fiscal 2020 are consolidated net sales of 1,600.0 billion yen and operating income of 80.0 billion yen, with an operating profit margin of 5%. To attain these goals, we have set extremely high and difficult targets of achieving a production ratio of 70% outside Japan and a new business customer sales ratio of 30%. By establishing such challenging targets, I hope to eliminate the mindset internally that merely following orders is enough. I intend to make it clearly evident internally that the Toyota Boshoku group will be unable to remain a strong organisation just by maintaining the status quo.

### Global messages towards attaining the 2020 Vision

#### Asia & Oceania

**Pichet Prasertangkoon**  
Senior Manager, General Administration  
Toyota Boshoku Asia Co., Ltd.



This is a very modern vision especially for Asia and Oceania. Per changes in general administration, along with everyone, I will work to improve and develop myself and promote awareness within the department and deal with laws and regulations, import taxes and other matters to accommodate changes to leap to the future. I will also provide support to other departments and other companies in the Asia & Oceania region to unify the Toyota Boshoku group image. Finally, we will Jump together and achieve our Vision.

#### Japan

**Atsushi Makihara**  
Assistant Manager, GNCB Sales Division  
Toyota Boshoku Corporation



We are deploying proactive sales expansion activities globally in line with efforts to expand New Customer Business orders. Although there are difficulties and obstacles to overcome in cultivating new business, we will face such challenges head on and work to convey the outstanding features of Toyota Boshoku's products to as many customers as possible.

#### North & South America

**Brian Smith**  
Harrodsburg & Lebanon Plant Manager  
Toyota Boshoku Kentucky, LLC



My mission is to be part of an innovative manufacturer of quality products that adds value to our customers' lives. Business conditions continue to rapidly change, and through the continuous development of team members, we will not only survive but also succeed. We are committed to expanding our green technology to provide Noise, Vibration and Harshness (NVH) products that preserve the environment. Utilising the TB Way, we will meet challenges with courage and creativity to realise our dreams and our Vision!

**Fujisawa** In speaking directly to me about the 2020 Vision, you convey an acute sense of crisis. Attaining the Vision obviously will require a great deal of resolve.

**Toyoda** To attain our Vision and management targets, all company members, myself included, must make a "Quantum Leap," or in other words, a huge leap forward in our thinking. This is because the initiatives we will endeavour to undertake in the future will require that we significantly change our thinking of our company and our structures. Additionally, if we look at our global expansion as having been done on a two-dimensional plane up until now, then our future business development with new business customers will be undertaken within a three-dimensional space. The only way for us to bring about a major change on this scale is by making a quantum leap in our thinking. Transforming ourselves in this manner is the only way that we can respond to technical demands as well as to the speed and ways of performing work and to various differences in all other areas.

**Fujisawa** I have the feeling that your advances into emerging markets will also require a major Quantum Leap.

**Toyoda** To expand business with existing customers, we can make necessary responses merely by extending our present corporate strengths. If there are new developments beyond this, however, a leap forward in thinking is essential.

**Fujisawa** So what you are saying is that the overall Toyota Boshoku group has reached a point where it must undergo major change. I think the key to achieving change depends on how effectively top management can convey and permeate the ideas contained in visions and messages to all company members. You announced the Mid-Term Management Plan Until 2015 along with the 2020 Vision. Can you explain the positioning of this management plan?

**Toyoda** Under the Mid-Term Management Plan Until 2015, as the new stage following our "Second Founding" up to fiscal 2010, we have positioned fiscal 2011 through fiscal 2015 as a "period of structural reforms for making major strides" and we have established four main management issues and targets. The Mid-Term Management Plan targets are also essential for attaining the 2020 Vision.

**Fujisawa** Could you describe the type of quantum leaps in thinking that will be essential for Toyota Boshoku to secure and expand orders from new customers?

**Toyoda** We are now working to expand business with automakers worldwide. These efforts have reaffirmed my awareness of the importance of sales and development teams working in unison and closely embracing our customers to ensure customers are aware of our technologies and products.

Conversely, I regret that we have not adequately done this as of yet. I believe it is important that we make earnest and unrelenting efforts in this area without fear of failure, and that we full-heartedly dedicate ourselves to promoting sales.

**Fujisawa** I have closely examined Toyota Boshoku's Mid-Term Management Plan and believe that listing specific targets and strategies for each department is excellent. This gives me the impression that the plan was formulated with the involvement of the entire company and I can feel everyone's passion.



2020 Vision / Mid-Term Management Plan Until 2015

China

**Han Yan Qing**  
 Manager, Sales Division  
 Guangzhou Intex Auto Parts Co., Ltd.

We have earned acclaim from the world's automakers for being number one in the industry in terms of cost performance. To be highly evaluated and win top recognition in international markets as well, we will work to achieve our goals and set our sights high in seeking to expand orders as a sales division.



Europe & Africa

**Kamil Suchorski**  
 Project Launch Manager,  
 TBAI Poland Sp. z o.o.

In our Vision, 30% of New Customer Business is a major goal. I am very happy to be part of this company at this important moment; this is a fantastic challenge for us. Considering the current market, we have very optimistic targets. This means that we do not stop and are not afraid. The difficulties of the global market are a chance to create our new future. We can succeed by cooperating together and remembering that we are building our and our children's future.



Japan

**Takahiro Ishida**  
 Iwate Plant (Kanegasaki)  
 Toyota Boshoku Tohoku Corporation

My job involves undertaking various activities for assuring the quality of shipments of Toyota Boshoku's products and preventing the occurrence of defects. To close in on and bring to fruition the three targets of the 2020 Vision, we will continue our efforts to carry out activities placing importance on the viewpoint of the customer.



## ■ Aiming to be a company that grows and is trusted globally

**Fujisawa** Worldwide, there is a shift away from the idea that companies should contribute to society after they first achieve profits towards the concept of solving various global problems through companies' actual main businesses. In other words, it can probably also be said that the existential value of companies is being questioned throughout the world.

**Toyoda** There are a variety of approaches to social contributions. In my opinion, one of the most reliable ways businesses can do this is by being profitable, which allows us to pay taxes and maintain stable employment. I also believe it is most important to undertake the type of manufacturing in which our products are recognised as having value and meaning for society.

Toyota founder Sakichi Toyoda developed the automatic loom not to gain wealth but because he wanted to contribute to the development of regional communities and the nation. In the same way, I believe Toyota Boshoku's manufacturing should strive to contribute not only to the development of Japan but also to the advancement of society as a whole.

**Fujisawa** Environmentally conscious interior parts that use natural materials are one example of such social contributions.

**Toyoda** As for environmentally conscious products, I want to use natural fibres to the greatest degree possible in new products as well as in existing products. We have made notable progress with the R&D and commercialisation of such fibres, focusing on kenaf, an annual grass. We have raised the use of such materials as a percentage of total interiors. The Toyota Boshoku 2015 Environmental Action Plan includes the key themes "Development and production activities for the realisation of a low-carbon society" and "Technology development and production activities for building a recycling-oriented society." We will devote even greater efforts to our initiatives in these fields.

Additionally, as for corporate social responsibility (CSR) activities, together with contributing to society, we will work for even greater permeation of compliance and strengthen risk management on a global basis.

**Fujisawa** Finally, could you provide us with a message as you work towards the attainment of the Vision?

**Toyoda** In working to achieve the Vision, morale is increasing throughout the company and for the entire group, myself included, and we all have a shared sense of crisis. Instead of setting targets that are easier to attain, we refuse to accept the present situation and have established challenging targets to achieve a quantum leap. Working towards these targets provides a great sense of meaning in addition to aspirations and hope.

The words "excellent mobility," which is one of our aims, refer not just to automobiles but also to mobile interior spaces in other domains, including aircraft, trains and ships, and ensuring passengers enjoy those environs. In the future, while creating innovative, next-generation products, I would also like to take on challenges in new fields other than automobiles.

**Fujisawa** Toyota Boshoku's quantum leap in thinking in the form of transforming mobility life throughout the world will lead to a quantum leap in lifestyles worldwide. I am really excited about this.

**Toyoda** Thank you very much. We will accelerate our efforts to attain our ambitious 2020 Vision and Mid-Term Management Plan Until 2015. As a group, with all members working together, we will succeed.

### Global messages towards attaining the 2020 Vision

#### Asia & Oceania

**Tommy Wibisono**

Director, Production Division  
PT. Toyota Boshoku Indonesia

PT. Toyota Boshoku Indonesia (TBINA) and I strive to achieve groundbreaking heights in new technology, know-how, products and customers. To enhance the competitive skills of technical personnel in realising the 2020 Vision, my key strategies are to recruit talented human resources, strengthen our benchmarks for new products and technologies, and develop leading-edge products. Looking at the growth of the industry, it is important to strengthen TBINA's capacity to meet the demands of global customers by producing value-added and environmentally friendly products.



#### Europe & Africa

**Birgit Dreger**

Human Resources Head,  
Boshoku Automotive Europe GmbH

Our Vision is very challenging. The dynamics of our sector and ambitious plans for growth require an entrepreneurial approach to daily work. I believe that as a worldwide team we will achieve our Vision because of our excellent know-how, innovative potential, highly skilled and committed people, and our speed of realisation. This is a great opportunity to utilise my experience and to contribute to Toyota Boshoku's success through HR strategies, processes and practices that align with and accelerate our business objectives.



# Special Features

1

## Professionals Dedicated to Sports Seat Development

Sports seats must provide a high level of support for the entire body, particularly to maintain a steady driving position when experiencing G-forces (acceleration due to gravity).

Toyota Boshoku has spent many years developing sports seats that have been delivered worldwide. How has Toyota Boshoku been able to consecutively develop a series of sports seats requiring such advanced technology? Several professionals at Toyota Boshoku involved in the development process were interviewed to get the facts from a first-hand perspective.

### Seats so comfortable you're not even conscious of their existence

"First, take a seat. That's the best way to feel how comfortable it is," says Executive Vice President Kazuhiko Miyadera, as he encourages me to try one of the Company's sports seats. Miyadera spearheads the seat development team at Toyota Boshoku.

I take his advice and sit down in a HANS\* seat installed in the Lexus LFA racing car, which participates in the Nürburgring 24 Hours endurance race. As I do so, it feels like my body has just been enveloped. Yet it seems normal and it's not cramped at all, and neither steering or acceleration are impeded. After being seated for a while, I get a good idea of how comfortable it actually is.

"Seats for automobile racing are slightly larger than those for ordinary vehicles in order to accommodate multiple drivers. Some seats have to be adjusted to get the best fit, but not this one. It has been designed for most body types," says Miyadera. "This goes hand in hand with Toyota Boshoku's commitment to mass produce seats that fit to the body of all drivers."

In the Nürburgring race, drivers reach speeds of close to 300km/h on straights and over 200km/h when cornering. An outstanding feature of the HANS seat is its ability to maintain tight holding performance to provide solid support for the driver's entire body while ensuring a good fit with no discomfort under gruelling conditions with unbelievably large G-forces.



Users feel snug but never cramped in a HANS seat.



Executive Vice President  
Kazuhiko Miyadera

Upon joining Toyota Motor Co., Ltd. (company name at that time) in 1978, Mr. Miyadera subsequently spent years engaged in the development of different cars, even spending time in the United States and Belgium. In 2007, he worked as a general director when Toyota took part for the first time in the Nürburgring 24 Hours endurance race. He became a Director at Toyota Boshoku Corporation in 2009, Director and Executive Managing Officer in 2011 and Executive Vice President in 2012.

"We believe that an excellent seat makes you feel comfortable and secure when driving, even for long periods, and that's not limited to sports seats," asserts Miyadera. "The key is to eliminate all discomfort while seated."

Most people pay little attention to the seat when driving. Despite this, the seat is key to better handling and simpler vehicle operability. It should feel comfortable and natural and enhance the pleasure of driving. Moreover, the user should not even be conscious of its existence. These features are the basis for an excellent seat.

Why does Toyota Boshoku pay so much attention to sports seats in their mission to develop excellent seats? I asked about the how sports seat development got started at Toyota Boshoku to find out.

\*Abbreviation for Head and Neck Support. HANS seats are specially designed for race cars to support the driver's head and neck.

## A strong desire to make the ultimate sports seat

Toyota Boshoku started developing sports seats in 2008. The catalyst for this was more than simply a desire to meet the needs of automobile manufacturers; developers had a vision to make a seat that they themselves thought was truly excellent.

A sports seat development team was established early on. "Sports seats demand a number of unique features that include holding performance that enables the driver to maintain a steady driving position even when experiencing extreme G-forces at high speeds, being a perfect fit with no discomfort and operability that allows freedom when shifting gears," says Shinji Hirai, who was to become head of the development team for the HANS seat. "We believed that if we succeeded in making an excellent sports seat, the know-how could be applied to different models as well."

The team aimed to develop the ultimate sports seat and from there fulfil a broader vision of supplying people worldwide with even better seats.

Only a few people worked on the project in the initial stages. How did such a small team make such huge inroads in development? "Toyota Boshoku has a long-established track record in seat evaluation. This led us to our efforts to build on the theory that emphasises riding comfort and support for the entire body," explains Haruo Goto, who provided support to Hirai in evaluating riding comfort. "In conventional product development, the style is set prior to the design stage. With this project, we introduced a development process in which we first created a prototype focusing primarily on performance by thoroughly pursuing the theory of riding comfort, and then moved on to the design stage."

"I believe this is the fundamental job of designers involved in manufacturing," says Hirai. "Rather than merely putting a priority on style, our designers made it their mission to create a beautiful design that could also elicit performance to the fullest, which meant overcoming various hurdles along the way."



We are currently promoting development projects for the TB Sports Seat, HANS seat and other sports seats.

**Shinji Hirai**  
Department Manager, BR-SP Department  
Division Manager, Design Division

BR-SP: Business Revolution Superb Products

Toyota Boshoku's original concept model, the TB Sports Seat, was born in this way. According to Hirai and Goto, every aspect of the seat's design can be explained by theory while the design also expresses the ultimate in performance.

The know-how acquired in the development of the TB Sports Seat is being applied to seats for regular automobiles. Although it is Toyota Boshoku's task to clear target values set by automobile



TB Sports Seat installed in the Toyota iQ GRMN Supercharger (purpose-built vehicle) scheduled for release in September 2012

manufacturers, the TB Sports Seat also features a cross-sectional shape that is being employed in numerous car seats such as sedans as a result of the Company's aggressive marketing approach.

The TB Sports Seat was developed by bringing together in-house technologies that were then honed and enhanced. How could the development of the HANS Seat and sports seats for the Toyota 86/Subaru BRZ benefit from this initiative? I once again turned to Executive Vice President Miyadera for the answer.



I was able to incorporate all of my ideas as head of evaluation into the sports seat we were developing.

**Haruo Goto**  
Assistant Manager, Seat Comfort Evaluation Group,  
Seat Function Evaluation & Engineering Department,  
Evaluation & Engineering Development Division

## Striving to be the world's best sports seat maker

How did Miyadera view the efforts of Hirai and his team in developing the TB Sports Seat? "When I first heard what they were doing," he says, "I thought it was really interesting. But I realised that despite their capabilities in manufacturing, the work couldn't go any further. By pushing them, I think I helped to expand their potential many times over."

Based on Miyadera's recommendation, Masamichi Sobajima from the Production Planning Division was added to Hirai's development team, providing the impetus for them to aim for the next level. However, Miyadera's goals of becoming the world's best



Toyota Boshoku's HANS seat was installed for the first time in the Lexus LFA, which is shown here in action at the Nürburgring 24 Hours endurance race in 2011.





HANS seat built into the cockpit of the racing car



## Features of the HANS seat

### Drastic reduction in weight

- Reduced weight and increased rigidity through innovative design of the seat-shell.
- \*Jointly developed with Dome Carbon Magic
- Employed crash tests under harsh conditions and made improvements.

### Optimised shape and improved holding performance

- Repeated trials and testing and subsequent evaluation realised excellent holding performance so the driver can focus on driving operation.
- Achieved good riding comfort and collision absorption by employing double-layered urethane pads that take into account body type and safety.

### Original design

- The seat embodies Toyota Boshoku's innovative style with a unique design that has never been used in conventional racing seats.

sports seat manufacturer that develops products for the Nürburgring 24 Hours endurance race seemed to exceed all of their expectations. The Nürburgring circuit is one of the most gruelling and is used by automobile manufacturers worldwide to carry out test runs to realise the foremost quality in a vehicle. Drivers also use the arena to hone their skills to the ultimate level. The endurance race is as extreme as it gets.



I was in charge of jointly developing and producing the seat-shell as well as testing based on FIA\* safety standards.

**Masamichi Sobajima**  
Project Manager, Project Planning & Management Centre  
Project Manager, BR-SP Department

"It was frustrating to see foreign-made seats being used in racing cars from Japan," explains Miyadera. "Some people said it was beyond Toyota Boshoku to develop a racing car seat, but we always aim high and I knew it would be an invaluable experience for the team."

Miyadera recognised that the knowledge gained in the development of the TB Sports Seat could be applied to other models and that the project would be a good opportunity to showcase both internally and externally the new challenges that Toyota Boshoku is undertaking. It was also seen as a chance to reward the hard work of Hirai and his team in developing sports seats.

How do the HANS seat and TB Sports Seat differ structurally? "The TB Sports Seat was designed for use on public roads," says Sobajima. "In contrast, the HANS seat was designed specifically with

professional race car drivers in mind for use on racing circuits. The key point in development of the HANS seat was to ensure head and neck support for protection in case of an accident and exceptional holding performance so that the driving position remains steady even when experiencing extreme G-forces. Further, dry carbon, which is extremely light with excellent rigidity and strength, is utilised for the seat-shell (portion equivalent to the seat frame). Repeated evaluations of seat performance and improvements using actual on-vehicle testing culminated in a drastic reduction in weight and greater holding performance, allowing the driver to concentrate on vehicle operation. The HANS seat also satisfies the strict safety standards determined by the FIA and we obtained their official international approval."

Evaluations of seat performance through actual on-vehicle testing demonstrated the difficulty in meeting the sensitive demands of professional race car drivers. "Multiple drivers take turns behind the wheel in the Nürburgring 24 Hours endurance race. This posed the problem of developing a seat for different body types that satisfies diverse requirements," explains Goto. "However, we took this as a technical challenge rather than something we couldn't handle and managed to raise the degree of perfection of the seat by repeatedly making prototypes and evaluations. On that point, our accumulated knowledge and experience from years of seat evaluation and tuning really helped."

In 2011, the HANS seat that Toyota Boshoku developed jointly with Toyota and Dome Carbon Magic was installed for the first time in Lexus LFA race cars that participated in the Nürburgring 24 Hours endurance race. Although the cars completed the course, the race brought to light a number of issues with the seat.

The three companies again pursued joint development based on experience amassed at the circuit in the previous year to provide a new HANS seat in 2012 that incorporated the preferences and requirements of racing drivers. "In 2011, we focused on responding to needs. In 2012, we took a pre-emptive approach," comments Hirai. "We anticipated user needs and included them in product development. This gave us a new appreciation of our mission at Toyota Boshoku." In terms of race results, Toyota Boshoku had two class wins. More than anything, however, the team was pleased to hear that the drivers had no problems with the seats.



\*Federation Internationale de l'Automobile (FIA)

## Example of a truly excellent sports seat: Sports seat for the Toyota 86/Subaru BRZ

As with development of the HANS seat, a separate development team pursued commercialisation of a sports seat. Even before its release, the sports seat for the Toyota 86/Subaru BRZ was a hot topic across different generations.

"A sports seat must display exceptional holding performance and manoeuvrability so you can really sense the car in motion," says Managing Officer Hisato Watanabe, who was in charge of the development team at the time. "In addition to broadly covering interior comfort and ease of getting into and out of the seat, we also focused on enhancing the performance required while driving."



I supervised the entire project as executive project manager.

**Hisato Watanabe**  
Managing Officer

To meet these requirements, Product Manager Kunihiro Matsuba gathered a project development team with the aim of realising seat styling that appeals to sports car enthusiasts and provides satisfactory riding comfort. "We discussed at length within the team how to make a seat that would exploit the appealing attributes of a sports car," says Watanabe. "To realise an excellent sports seat, team members analysed in detail each technological element from diverse standpoints." In putting these aspects into a tangible form, prototypes to verify riding comfort were made early on in the development stage in order to sense vehicle movement while incorporating a series of improvements.



I played a coordinating role for the project as a whole.

**Kunihiro Matsuba**  
Product Programme Manager  
PM Department, GNCB R&D Division

\*At the time of development, Mr. Matsuba was assigned to the Product Planning & Management Centre

GNCB: Global New Customer Business

"The most difficult thing from a technical perspective was defining the hip point for sports cars with low floor height," recalls Makoto Ito, who provided all-around support to Matsuba. "We had to devise a way to ensure the occupant's backside doesn't slip forward and enhance rigidity so that side support doesn't change shape even when experiencing high G-forces during cornering."

Kotaro Yamashita, who is in charge of sensory evaluation for riding comfort, says they visited the test circuit on numerous occasions. "The most important thing for us was the seated postural



### Features of sports seat for the Toyota 86/Subaru BRZ

#### Driver feels at one with the vehicle

- The occupant's backside fits snugly into the seat, which also provides rigid support for the side of the body when experiencing high G-forces from the side.
- Specialised design for the cushion of the seat frame gives the feeling of being in a sports car the moment you sit down. Toyota Boshoku focuses on the shape and rigidity of the pads when considering the structure.

#### Excellent manoeuvrability

- An ingenious seat shape allows free elbow motion when steering and shifting gears.



I helped push development along by providing total support to the project manager.

#### Makoto Ito

Assistant Manager, PM Department,  
GNCB R&D Division

\*At the time of development, Mr. Ito was assigned to the Product Planning & Management Centre

stability of the driver," he notes. "We pursued a seat shape that's a snug fit for the driver's backside, making them feel as if they are one with the seat. Moreover, we conducted testing not only on Japanese circuits but also at Nürburgring. After quantifying the sensory evaluations we received, we continued making improvements until the final stage of development, enhancing performance, riding comfort and safety in the sports seat."



As an expert in seat evaluation, I focused on assessing riding comfort and seat shape.

#### Kotaro Yamashita

Seat Comfort Technology Development (R&D) Group,  
Seat Function Evaluation & Engineering Department,  
Evaluation & Engineering Development Division

What were key points in design? "We aimed to make a seat that had a slim, refined form and exceptional style, somewhat analogous to a finely tuned athlete," says Hiroshi Sako, who was in charge of appearance and design. "Apart from how the seat looked, we sought exceptional manoeuvrability allowing free arm and leg motion. Actually, in the prototype stage we ended up with a rough, heavy shape, but after conducting a three-dimensional inspection, we managed to transform this into a sharper design and ultimately come up with a design we are all very satisfied with."



I was in charge of seat appearance and design. My job was to incorporate the concepts of the Design Division and the Evaluation & Engineering Division to ensure the ultimate in seat style.

#### Hiroshi Sako

F-Create Department, Dept. 1 Group,  
F-Create Division

\*At the time of development, Mr. Sako was assigned to the Design Division



### Styling design

- Besides an aesthetic appearance, Toyota Boshoku has honed support performance and capabilities such as manoeuvrability into a functional shape.
- An impressive slim refined form incorporating red stitching on top of the side support



On-vehicle testing using the Toyota 86 conducted by Toyota Boshoku

In terms of design, Toyota Boshoku aimed to realise riding comfort unique to a sports car in which the driver can instinctively sense vehicle movement while remaining comfortable and alert even on long drives. "We used existing components whenever possible and worked to improve comfort and safety. The key was to maintain quality without compromising design," says Atsushi Nagaya, head of design.



I was in charge of establishing the design team and designing the seat and seat parts.

#### Atsushi Nagaya

Group 2, Group Leader  
GNBC Design Department,  
GNBC R&D Division

\*At the time of development, Mr. Nagaya was assigned to Seat Design Division 4

"The main points in design were to enhance the pleasure of driving in a sports car on a race circuit as well as to make sure the seat was easy to get into and out of, and that it could be used with minimal stress on a daily basis," comments Matsuba.

The sports seat for the Toyota 86/Subaru BRZ was a culmination of the know-how gained in the development of the TB Sports Seat and experience amassed at Nürburgring with the HANS seat. It is a classic example of an excellent sports seat.

## Aiming to be the seat brand chosen by customers

Not many people buy a car simply because the seat is good. For instance, you probably don't know who makes the seat in the car you love and may have difficulty stating the manufacturer's name unless you have more than a passing interest in cars.

Toyota Boshoku aims to change this through the development of sports seats. "We were well aware of the need for a Toyota Boshoku brand when developing the HANS seat and the sports seat for the Toyota 86/Subaru BRZ," adds Miyadera. "To have customers recognise the seat as a product in itself and for the Toyota Boshoku group to outstrip worldwide competition as a global company, we have to create a unique brand. This will significantly affect the pride and motivation of Toyota Boshoku members and help us retain exceptional human resources going forward."

To achieve this goal, Toyota Boshoku is considering selling seats

in the aftermarket in addition to original equipment manufacturers. "We need to enhance the attractiveness of the seat itself in order to get it to sell well," says Miyadera. "In setting our sights on the replacement market, we have to popularise a brand of seat that not only exploits the attractive attributes of various cars but that also, first and foremost, promises riding comfort and safety in any car."

Rather than solely pursuing advanced technology, Toyota Boshoku's sports seat development programme is shifting from "a period of its Second Founding" to "a structural reform period aimed at making major strides." This is the first step for Toyota Boshoku in the creation of its own brand.

### Upon completion of interviews

## Challenge continues for Toyota Boshoku professionals aiming to make excellent seats.

My assignment was to conduct interviews on product development being undertaken by Toyota Boshoku sports seat specialists. Although my knowledge was limited, their explanations were easy to understand and I found hearing what they had to say really interesting.

I was pleased to know that people at Toyota Boshoku were aiming for an even higher level of craftsmanship that enables the continuous creation of excellent seats.

The HANS seat development team has been receiving inquiries for the sports seat from other automobile manufacturers after attracting attention with the results at Nürburgring.

I also hear that the development team for sports seats installed in the Toyota 86/Subaru BRZ is working tirelessly on a daily basis, led by Kunihiro Matsuba. I look forward to their next endeavour following the great success from the development of their popular sports seat.

I wonder what kind of sports car will hit the market this time next year and participate on the racetrack. I'll definitely keep a close eye on future developments at Toyota Boshoku in the sports seat domain.

# Aiming to Strengthen Interior Design Capabilities Worldwide and Be the Best Partner of Global Automobile Manufacturers

From the stance of interior design, Toyota Boshoku perceives waves of change occurring worldwide in the automobile market. As such, Toyota Boshoku is working to strengthen its design capabilities globally with the aim of being a pioneer in the next era. A series of new concepts for automobile interior space have been created by nurturing designers to lead the times and markets in addition to the establishment of a new design base.

## ■ Creating interior designs full of dreams and excitement for people worldwide

With sedans, generally 4-5 people spend time in a cabin space measuring not more than 3.3 square meters. Deciding on how to make that space feel and arranging the interior to achieve that feeling is the basis of automobile interior design. The most important aspect of such design is "space utility," or how to create a comfortable space. This means determining a layout that considers the seat arrangement, distance between seats, surrounding door trim and headliner. Key points focus on the design of individual parts as well as the harmony of the space as a whole — factors that greatly influence how the space feels.

But, that's not the only important thing. Making sure everyone in the car is happy and inspired, or in other words, "realising the dreams of people on the move (mobility)," is essential. It is Toyota Boshoku's mission to design "transportation interiors" that make it fun and comfortable for people to go to new places and experience culture. By giving shape to this concept, we aim to inspire and fulfil the dreams of customers worldwide.

## ■ Cultivating designers who can play an active role throughout the world

The globalisation of automobile interior design is progressing in step with continued globalisation of the automobile market. The Toyota Boshoku group currently possesses a network of over 90 companies worldwide, all of which are striving to meet increasing demand for global design development that matches the needs and preferences of customers around the world.

"Overconcentration of design development in Japan is not a good thing. We have to implement a work style which is more global in nature." That's how Toyota Boshoku Managing Officer Makoto Oshima felt in 2007 when he realised the need to breathe new life into traditional design development systems. The first step was to start in earnest to develop human resources able to take a leading role in globalising design. With this in mind, training Japanese designers in the West was initiated. As part of this programme, young designers are sent to Toyota Motor Corporation design studios in Europe and North America every year to study design for a year and a half in an environment that encourages human resources from different countries to compete against each other.

Oshima explains the benefits of the training in the following way: "Each person works hard to complete three to four projects in a year and a half as a member of an on-site project team. It's an extremely valuable and stimulating experience as a creator to live and work in the West. Although our Japanese designers are already highly skilled when it comes to precise and highly reliable moulding design, overseas training gives them the confidence to work in a global setting as well as learn skills that are fostered in the West, notably the art of free thinking, bold moulding design skills and more than anything, perseverance in one's work. These designers grow so much that they are almost unrecognisable at the end." In fact, recently released car seats have employed the ideas of designers who spent time honing their skills in the West.

At the same time, Toyota Boshoku has been inviting interns from design-related universities in Europe to its Design Division since 2008.

Every year, around four students receive training for a two-month period based on a unique programme in which they learn Toyota Boshoku's philosophy on manufacturing and design. This initiative aims to make sure Japanese designers have a more global outlook, and conversely, that designers already with a global outlook are well versed in Toyota Boshoku's characteristics. It also provides the opportunity to consider employment.

"Interns experience the whole gamut, from making sketches of their ideas to actually producing a model around half the size of a normal vehicle interior. They also get to know Japanese culture and aesthetics as well as Toyota Boshoku itself," says Oshima. "At the same time, we get a taste of European design philosophy and sensibilities, which is very stimulating for Japanese designers."



**Makoto Oshima**  
Managing Officer



Some interns are already actively carrying out their tasks at Toyota Boshoku, and a number of young designers will once again come to Japan from Europe in fiscal 2012. Toyota Boshoku unveiled the concept model "T-Brain" at the Tokyo Motor Show held in December 2011. French designers played a central role in the design of this product, which was one of the standout features of the Toyota Boshoku booth. Attracting attention from both inside and outside the company, T-Brain provided the perfect opportunity to showcase the future potential of Toyota Boshoku to the world.



"T-Brain" at the 2011 Tokyo Motor Show

## ■ Enhancing our global design capabilities ~Opened Toyota Boshoku Milan Design Branch~

While working to develop designers, we also established the Toyota Boshoku Milan Design Branch in September 2011 in Milan, Italy. The city of Milan is a place where the newest European trends come and go and the latest materials are created by many material manufacturers. By positioning a design base here, Toyota Boshoku designers can grasp the latest European trends, cultivate their own sensitivity and carry out creation. The aim is to realise the creation of highly original and high-quality interior designs.

"The Milan Design Branch not only plays a role in the development of human resources and serves as our antenna in Europe; we also expect it to be an effective base from which to market our own designs. We hope to integrate the latest trends into original Toyota Boshoku moulds and provide them to customers around the world," explains Oshima as he notes the huge expectations for the new design studio. "We are targeting the global market going forward, and to this end, are striving to bolster our design capabilities by encouraging our designers to compete with one another. We aim to come up with attractive designs that are recognised by the world's top automobile manufacturers and that delight customers around the world."



### TOPICS

## Exhibited for the first time at Milano Salone in Italy

Toyota Boshoku exhibited for the first time at the 51st International Furniture Fair "Milano Salone" in Milan, Italy, from April 17 to April 22, 2012, and the Milan Design Branch presented its proposal for the future of new automobile interior space. The theme of the exhibit was "origamic." This concept fuses the worldview of spinning thread and weaving fabric with the ideas of "origami" that creates three-dimensional shapes from folded paper for the purpose of proposing organic and dynamic designs through our own uniquely expressive skills. The exhibit attracted a large number of people and was well covered by the media.



### "Wear Me" automobile interior space concept

A flexible and water-resistant fabric was used for the exterior of this vehicle, plus it can be removed and worn as a rain jacket upon reaching one's destination.

It is imperative to continue strengthening our manufacturing capabilities on a global scale in order to respond to the ever-changing automobile market and to meet the expectations of customers worldwide. The Toyota Boshoku group has manufacturing bases all around the globe that are working in unison to constantly carry out *kaizen* (continuous improvement) activities.

## Control of global production activities: Production Engineering & Production Group

The Production Engineering Centre, Production Control Centre and Production Centre are in charge of manufacturing for the Toyota Boshoku group. These three centres form the Production Engineering & Production Group, which controls global production activities. The Production Engineering Centre is engaged in a variety of areas that include production technologies for respective products, next-generation production technologies and production technologies related to the establishment of new plants. The Production Control Centre presides over all production plans, namely operating plans for over 70 plants worldwide, evaluating productivity and promoting and managing new product projects. The Production Centre manages safety, quality, production and delivery in daily operations.

## Strengthening manufacturing foundations through global collaboration

In order to further reinforce global manufacturing foundations, it is necessary to create a system that can respond quickly to changing customer needs and production-related issues around the world. We have established production techniques meetings that consolidate conventional meeting bodies to discuss various issues related to production activities and build an optimal production system. All manufacturing bases are implementing the measures devised to strengthen our manufacturing capabilities. These initiatives can be broadly divided into “initiatives to resolve production issues” and “global development of manufacturing innovation techniques.”

A specific example of the latter is the global development of the melt-blow method. This process, which is used to produce high-performance, high value-added filters using spinning technology to achieve miniaturisation, is being deployed from Japan to other parts of the world. Rather than take equipment from Japan overseas, however, it is customised in line with the characteristics of each region such as needs and factory scale. The production equipment and operating conditions are precisely adjusted even when product functions and quality are the same.

This allows us to produce attractive products in each region that match the needs of that region and supply customers all over the world.



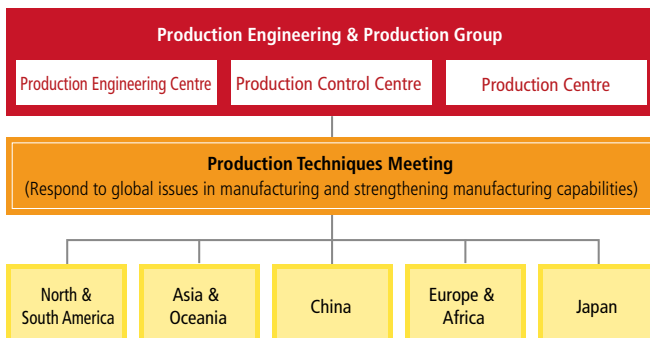
Melt-blow method based on innovative technology

## Promoting manufacturing innovation activities

The R-50 committee (reduce by half) was set up as a group-wide body to promote activities aimed at strengthening our manufacturing foundations. Part of this effort entails implementing manufacturing innovation on a global basis. Specifically, the Group is pushing ahead with three key areas of innovation, with each one being promoted by relevant company departments around the world: (1) material innovation, (2) process innovation and (3) innovation to reduce production preparation time by half.

One example of process innovation involves the development of simple equipment that applies *karakuri* techniques\*<sup>1</sup> and deployment in other regions.

### Global manufacturing management system



We aim to further strengthen global manufacturing capabilities.

**Manabu Uchiwa**

Division Manager  
Production Engineering Management Division



We promote the development of production technologies to enhance added value.

**Kazuaki Ito**

Department Manager  
Production Engineering Management Department,  
Production Engineering Management Division



It is essential to develop production equipment suited to local characteristics.

**Takashi Abe**

Group Leader  
Global Production Planning Department,  
Production Engineering Management Division

This includes promoting integrated activities for production technology and production to generate new manufacturing techniques as well as utilising equipment developed through such activities to make new products. This in turn helps to create optimal manufacturing worldwide.

These initiatives, promoted on a daily basis, strengthen manufacturing foundations and contribute to Toyota Boshoku's future business expansion.

In order to heighten Toyota Boshoku's intrinsic capabilities in manufacturing, production meetings are held every second month in each region. These meetings examine performance at each plant and areas where improvements have been made. Actual inspections are made as well via *genchi-genbutsu* (Go, see & study) to check the status of various issues and examples of *kaizen*, which can then be cross developed in other regions. Topics for discussion include personnel, equipment, evaluation of material productivity, safety and progress towards achieving targets related to quality and other areas. This provides an important opportunity to implement improvements under the guidance of top management from Regional Management & Collaboration Hubs (RM&CH) and manufacturing bases.

\*1 Techniques to drive precision workmanship and mechanisms using thread, springs and hydraulic power

### Creating databases to share information globally

To get all manufacturing bases moving forward in unison, it is necessary to create databases of different production-related information. At the Production Control Centre, members have studied successful examples at other plants and production lines that produced significant results, irrespective of location, and have developed and streamlined databases, which provide hints on how to incorporate such best practices into daily operations.



We will continue to aim high. Making improvements is just the first step.

Tetsuya Sugisaki

Deputy Department Manager  
Production Control Department,  
Production Control Division



We aim to create a database that is easy to use for everyone.

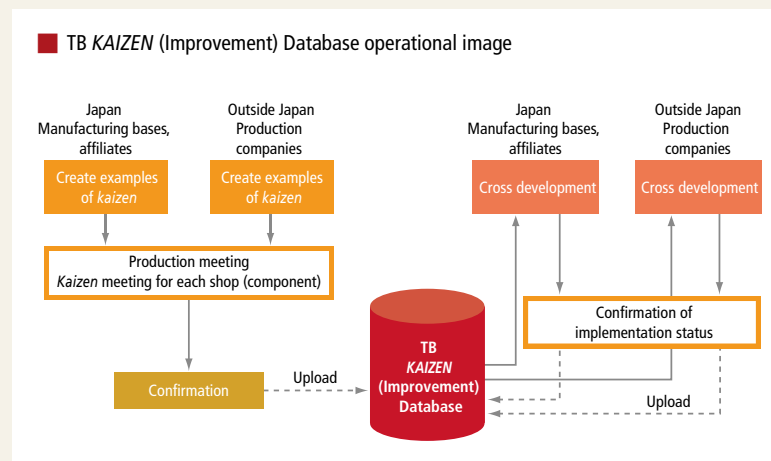
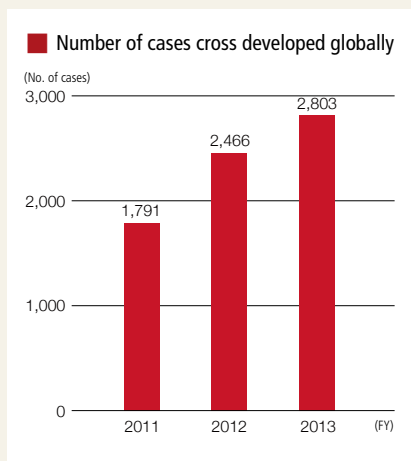
Aki Egawa

Production Control  
Department,  
Production Control Division

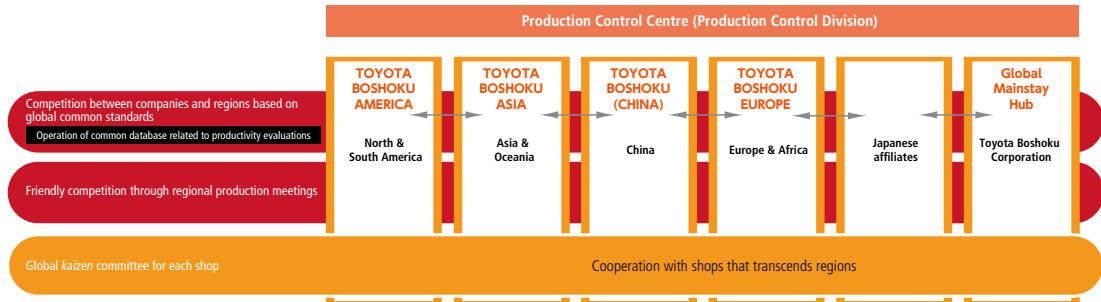


Checking improvement activities during a production meeting

One of these is the TB KAIZEN (Improvement) Database. This has become a treasure trove of valuable discoveries and examples of improvements made in the course of daily operations. The global *kaizen* committee examines each example of *kaizen* on a component-by-component (shop-by-shop) basis, and best practices, as determined by specialists from the Operating Management Consulting Division, are cross developed globally. Three years have passed since the database was set up, and currently around 300 cases of examples of *kaizen* have been compiled. Many of these have been introduced at plants in respective regions with good results.



### ■ Activities to improve productivity through cooperation and competition



23 | 24

In addition, we built PEFF<sup>\*2</sup> and TBGPS<sup>\*3</sup> as databases based on common standards for labour productivity, equipment productivity and material productivity at manufacturing sites. These enable us to ascertain which region, plant and line are the most productive among Toyota Boshoku's worldwide sites. Once targets that have been set based on these standards are achieved, they become the starting points for the following fiscal year and efforts are made towards further improvement and higher benchmarks.

\*2 Production Efficiency

\*3 TB-Global Productivity benchmarking Support system

### Consistent keywords: **KAIZEN** and **YOKOTEN**<sup>\*4</sup>

The aim of measures to strengthen the Toyota Boshoku group's manufacturing structure is to make sure each plant worldwide operates at the same level as the highest performer. For that purpose, we enhanced our meeting system and developed various databases. More importantly, however, we introduce successful examples to other plants in order to lift the bar even higher. We refer to this as "YOKOTEN." Rather than simply introducing successful examples, we make sure further advancements are made in the area, which leads to the next improvement. Perfecting this cycle has enabled us to strengthen our manufacturing foundations.

Even if there is no difference in the capacity of production equipment installed in the different parts of the world, there is a difference in actual productivity. By disclosing best practices in a database, plants that are lagging behind are able to research and identify optimal operating conditions, and thus increase productivity. New information on subsequent improvements made is then uploaded to the database for other regions and other plants to use to make further enhancements, thereby driving progress on a global scale. As a result, it is not unusual to find plants that have produced some amazing results relative to initial performance.

Looking at the injection moulding process for door trims as an example, a production entity in China reported at a production meeting that it had achieved a surprising level of Gross Shot Per

Hour (GSPH). This was made possible by reducing injection time for each resin door trim by around 25% via a 1,600-ton class injection moulding machine. After hearing the report, a team was swiftly sent to make an on-site inspection. It was found that although no major changes had been made to the equipment, personnel had devised an ingenious programme to operate it according to the specific conditions of the site, with adjustments made along the way. Essentially, operating and moulding conditions as well as machine movements are set to realise a particular level of productivity at the time of installation. However, staff at the production site didn't want to be beaten by another plant, or in other words, they wanted to produce results that would become the benchmark for other plants. After repeated trial-and-error, the site realised a level of productivity that exceeded the expectations of the Production Engineering Centre.

Prior to making improvements, members meticulously researched other cases in the TB KAIZEN (Improvement) Database where exceptional advancements had been made. This example from a production entity in China aptly portrays the potential to realise *kaizen* through the cross development of improvements.

### Taking the next step forward

In 2011, Toyota Boshoku acquired the interior business from a company supplying automotive parts in Europe. This led to the establishment of a new group company, Boshoku Automotive Europe GmbH (BAE), which boasts exceptional production capabilities. BAE differs in some respects from Toyota Boshoku's traditional production system and philosophy; however, there are aspects that we can learn from the production system of BAE, which has Europe as its major target market, in order to expand business together with the Global New Customer Business (GNCB) group and move closer to realising the 2020 Vision.

Three areas are key to success, specifically a history of consistent and repeated improvement and reinforcement, a system for cross development of these improvements globally and building new traditions. Cognizant of this, the Toyota Boshoku group has taken a new step forward in its manufacturing prowess.



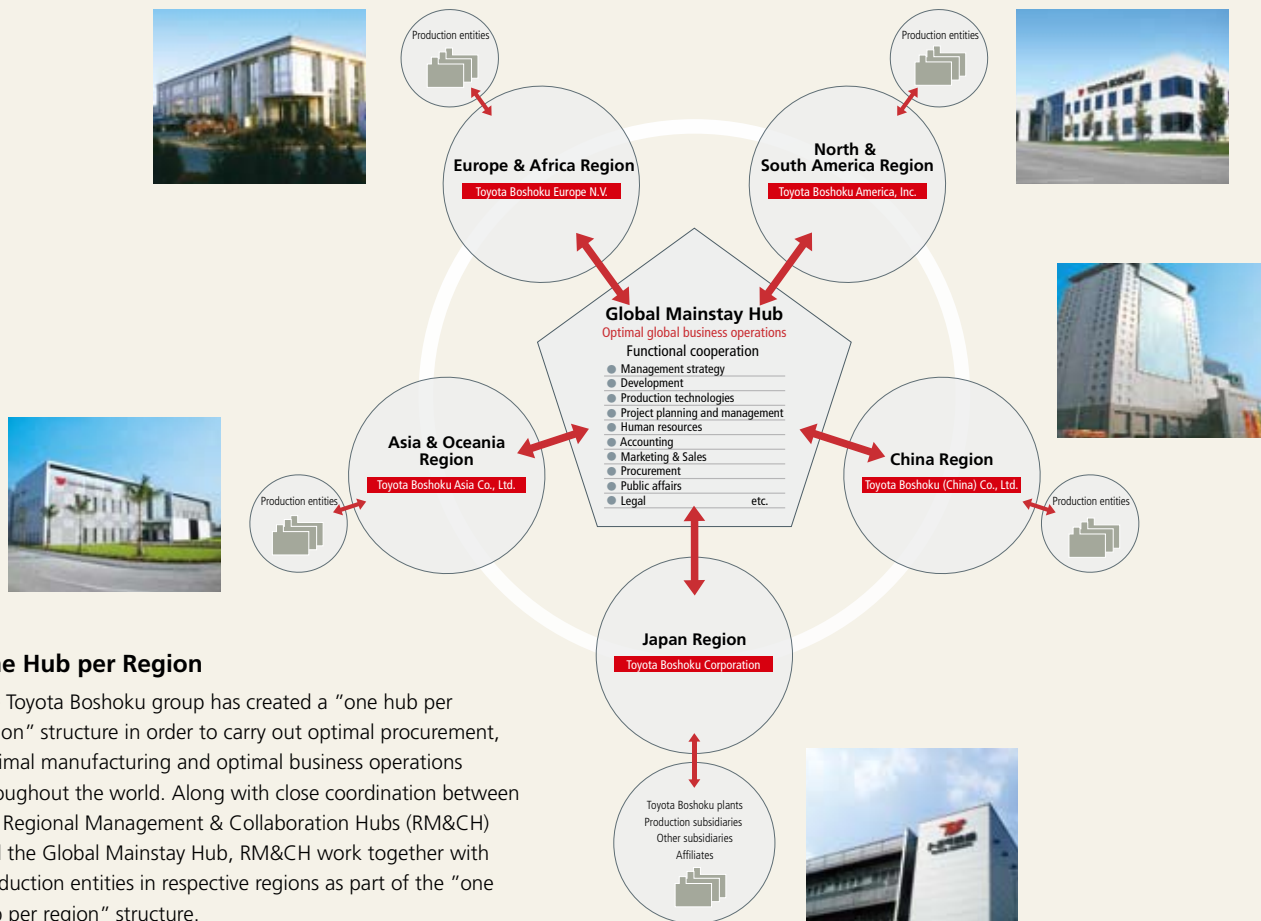
Door trim moulding machine significantly raises productivity.

\*4 Refers to cross development which includes continuous improvement of various processes and practices.



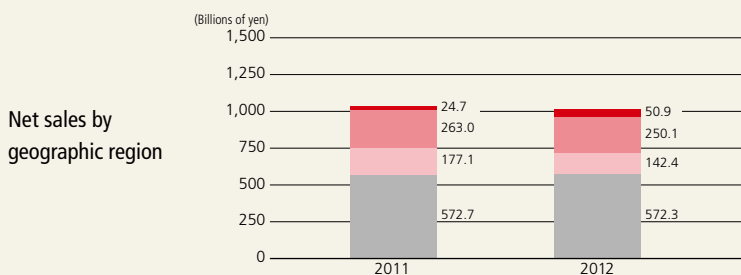
# Global Topics

The Toyota Boshoku group divides its bases into five regions of the world, specifically North & South America, Asia & Oceania, China, Europe & Africa and Japan. The operation of integrated production entities is carried out within each region, with the Regional Management & Collaboration Hubs serving as the core of operations.



## One Hub per Region

The Toyota Boshoku group has created a “one hub per region” structure in order to carry out optimal procurement, optimal manufacturing and optimal business operations throughout the world. Along with close coordination between the Regional Management & Collaboration Hubs (RM&CH) and the Global Mainstay Hub, RM&CH work together with production entities in respective regions as part of the “one hub per region” structure.



\*Sales amounts per region are stated prior to consolidated elimination.

# North & South America

During fiscal 2011, we maintained our efforts to build an even stronger business foundation by continuing to implement profit structure reforms, beginning with business restructuring measures. We also focused on future-oriented activities that included launching new businesses and strengthening responses to growth markets.

## Promoting further profit structure reforms

In fiscal 2011, we operated within an extremely difficult business environment owing to such factors as a decline in production due to the impact of the Japan Earthquake. Under these circumstances the positive results of our profit structure reforms steadily emerged. This was due in part to such initiatives as earnest efforts to improve fixed costs and variable expenses, which included promoting local procurement of parts, re-evaluating logistics and rationalising staff.

In addition, we attained notable progress in restructuring group companies within the region. This included integrating three plants in Kentucky and starting operations as Toyota Boshoku Kentucky, LLC, as we focused on reducing fixed costs and efficiently deploying human resources. In Mexico as well, we integrated two plants and newly established TB Sewtech De Mexico, S. DE R. L. DE C.V.

## Production of automobile interior parts begins in the U.S. state of Mississippi

After production preparations were postponed at Toyota Boshoku Mississippi, LLC (TBMS) following the Lehman shock, production of seats and door trim for the Toyota Corolla got underway in November 2011 at TBMS and at Systems Automotive Interiors, LLC (SAI). TBMS produces the seat frames and SAI undertakes seat assembly. TBMS also produces door trim. TBMS will continue working to contribute to the local community through high-quality manufacturing.



Members of Toyota Boshoku Mississippi, LLC work as one to undertake production.

## Strengthening solutions for new businesses and new markets

### Fortifying solutions for the South American market per growth expectations

In Brazil, where the automobile market is forecast to sustain growth, we established Toyota Boshoku Do Brasil LTDA. Production of seats, door trim and air cleaners for Toyota's newly developed compact cars commenced in September 2012.

There are ample expectations that the South American market will continue to grow. In gearing up to meet this expansion, we will set up optimal manufacturing and logistics systems in South America. At the same time, with a view towards the 2020 Vision, we aim to secure new business, and in doing so, will strengthen such necessary functions as sales and development, thoroughly survey and grasp customer needs and preferences, and promote the development of even more appealing products.

## Reinforce and enhance our development structure

In July 2011, we completed the East Building at the Toyota Boshoku America, Inc. Technical Centre, with the aim of strengthening our development capabilities within the region. By consolidating prototype production functions into the East Building, we have created an environment that will enable development to be undertaken more efficiently.

We also opened a new Benchmark Room as a venue for surveying and comparing our products with those of competitors while uncovering our own regionally unique technologies. By strengthening our development structure in this manner, we aim to propose automobile interior space that attracts a diverse range of customers.

### Regional Management & Collaboration Hub Toyota Boshoku America, Inc.

#### Business entities

U.S.A.: 8 companies /  
Canada: 1 company /  
Mexico: 2 companies /  
Brazil: 1 company /  
Argentina: 1 company



Shigetoshi Miyoshi  
Chairman  
Toyota Boshoku America, Inc.



# Asia & Oceania

To further strengthen our development capabilities, we are opening new facilities and building a development structure within this region while cultivating the human resources needed for supporting this structure. In response to the floods in Thailand, we are also focusing on reinforcing our risk management structure.

## Strengthening and enhancing our development structure within the region

### Opening the new Marketing Research Development (MRD) Centre

In keeping with our goal of offering products matched to the needs and preferences of customers within this region, we opened the Toyota Boshoku Asia MRD Centre to serve as a base for surveys, development and proposals. We established a Benchmark Room at the MRD Centre that will fortify analytical capabilities for survey information and display competitor parts from each country with the aim to enhance our proposal capabilities. The centre also has facilities for undertaking design reviews (DR) at the stage prior to the release of blueprints.



MRD Centre

### Creating designs optimally suited to the region

To incorporate opinions of local automobile customers into our development and offer proposals to automakers, we are implementing lifestyle-based user questionnaire surveys at dealers, supermarkets and other locations in nine Asian countries.

The results of these surveys are fed back to development divisions and are incorporated into proposals to automakers. Going forward, we will continue developing products tailored to the needs and preferences of customers in this region.

## Nurturing and strengthening human resources who support development

We believe our highest-priority task in this region is to cultivate and strengthen the human resources who will support development. Acting on this belief, we are enhancing and fortifying various types of educational and training systems.

From fiscal 2010, Leadership Training (a three-month programme) organised by Toyota Boshoku Asia Co., Ltd. has been implemented. This training targets supervisor-rank personnel, who serve as the core of operations at manufacturing sites in Thailand. It aims at enabling participants to further exert their leadership abilities at their respective workplaces. We plan to extend the scope of this training to cover all of ASEAN in the future.

We are also actively utilising an intra-company transfer (ICT) internal system as well as training dispatch systems operated by external organisations in line with efforts to accelerate human resources development. We have currently dispatched around 20 members to the Toyota Boshoku Global Mainstay Hub, where these members are acquiring practical experience in development. We plan to dispatch over 30 members in fiscal 2012.

## Strengthening and enhancing risk management

Despite our concern that some of our six subsidiaries in Thailand would be inundated by the flooding in Thailand in October 2011, all subsidiaries fortunately escaped major damage. When this disaster occurred, we cooperated with the Global Mainstay Hub and immediately set up a task force and worked to ensure safety and quickly restore production. Nevertheless, at the manufacturing level, our supply chain is widely spread out and we thus encountered difficulty in ascertaining the degree of impact on raw material manufacturers that suffered damage from the flooding.

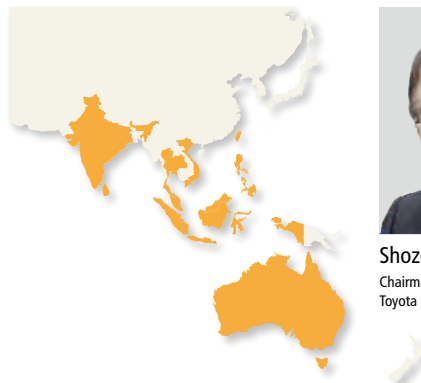
Drawing on the lessons learned from the flooding, in the future we will implement measures for the visualisation of our supply chain and establish a replenishing system for parts and raw materials. For visualisation of the supply chain, in particular, we are progressing with measures that enable visualisation up to the materials procurement stage through our Supplier Parts Tracking Team (SPTT) activities. (These activities are carried out by teams to follow component production and production preparations at subcontractors.)

### 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.

# China

We aim to secure new business in this continually growing market and will strengthen our strategic activities for securing orders as well as activities for proposing products that incorporate an even greater customer perspective.

## Pursuing new growth

### Securing new business

There are numerous automobile manufacturers, including European, U.S., Japanese and Chinese companies, with a presence in the continually growing Chinese automobile market, and large numbers of business opportunities are being created. We undertake integrated operations ranging from design to development, evaluation and production. Our strength is making proposals that cover all areas of automobile interior space, and we are utilising this strength to carry out proactive proposal activities targeting not only existing customers but also Chinese, U.S. and European automakers.

We are making particular efforts to strengthen activities for securing orders from European and U.S. automakers through global cooperation with regions other than China.

Moreover, besides offering individually tailored presentations to

respective automakers, we are also actively participating in various exhibitions, including the Shanghai International Automobile Industry Exhibition (Auto Shanghai) and Beijing International Auto Show (Auto China), and executing public relations activities to promote our technical capabilities.



Exhibition at Auto China

## Strengthening product capabilities and manufacturing capabilities

### Reinforcing activities for proposing products from the viewpoint of Chinese customers

In securing new business and proposing next-generation developmental vehicles, we must widely ascertain customer needs and ensure that we offer products from the perspective of customers in China. Similarly, in implementing customer preference surveys together with dealers and evaluating riding comfort prior to commercialisation, we are making efforts that include actual evaluations performed by Chinese engineers to propose products with regionally optimised specifications in accordance with the preferences of Chinese consumers. By developing seat parts that are unique to this region and cost competitive while undertaking activities that integrate development, production technology and our suppliers, we are strengthening our approach to developing even more appealing interior parts.

## Plan for relocating and expanding the R&D Centre

We plan to relocate, consolidate, expand and strengthen our control, development and evaluation/testing functions, which are currently dispersed at three locations. This measure is aimed not only at strengthening development capabilities and enhancing operational efficiency but also at reinforcing our foundation for securing new business.

## Contributing to local communities—Undertaking tree-planting activities

For many years, the Toyota Boshoku group has undertaken wide-ranging social contribution activities, beginning with youth development and reforestation activities. We also carry out such activities in China. Toyota Boshoku (China) Co., Ltd., together with the Tianjin Economic-Technological Development Area, carried out afforestation activities in May 2012. Under this project, 13 China group companies contributed funds and planted approximately 400 *Yezo spruce* trees and *Robinia pseudoacacia* (black locust) in a greening park named the Toyota Boshoku Forest. The greening area covers approximately 3,000m<sup>2</sup>. In the future as well, we will continue to carry out community-based sustainable environmental

conservation and afforestation activities and will also focus on greening activities.



Tree-planting activity in Tianjin

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

#### Business entities

Tianjin region: 4 companies / Shanghai region: 3 companies /  
Guangzhou region: 3 companies / Changchun region: 1 company /  
Chengdu region: 1 company



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

# Europe & Africa

In July 2011, Boshoku Automotive Europe GmbH (BAE) started operations and commenced full-scale business with major German automakers. Production also commenced at two of our newly established bases, TBAI Poland Sp. z o.o. and Toyota Boshoku Somain S.A.S., as we steadily progressed with the establishment of a manufacturing foundation suited to this region.

## Accelerating global business development from Europe

### Commencing business with major German automobile manufacturers

Toyota Boshoku acquired the interior business of Austria-based Polytec Holding AG, which engages in the automobile components business, primarily in Europe. In July 2011, this business commenced operations as BAE and took over business with major German automakers. Utilising BAE as a foothold, we intend not only to broaden the scope of our business and expand sales in Europe but also to vigorously push ahead with business development outside Europe.



Opening ceremony at Boshoku Automotive Europe GmbH

## Strengthening sales and development functions

To secure and expand new business, we are striving to fortify our sales and development staff in Europe and are strengthening our approach to automobile manufacturers through measures that include undertaking individually tailored presentation activities and holding technology exhibitions. Going forward, we will continue making timely responses to the needs of each automaker.

## Manufacturing begins at new bases

In a joint venture with Aisin Seiki Co., Ltd, in June 2011, manufacturing of the TB-NF110 Series, a new seat frame for the new Yaris model, commenced at TBAI Poland. Additionally, Toyota Boshoku Somain, the Toyota Boshoku group's first seat manufacturing base within the EU region, began manufacturing seats for the new Yaris model in July. Toyota Boshoku Somain was established in 2008 after Toyota Boshoku acquired the Sieto Plant from Faurecia (French seat manufacturer). In January 2010, Toyota Boshoku Somain began producing seats for the Yaris under commission by Faurecia. Besides seats, Toyota Boshoku Somain also produces headliners, air cleaners and cabin air filters. Of particular note, in cabin air filters, Toyota Boshoku Somain carries out integrated manufacturing from the filtering medium to assembly, marking the first time that Toyota Boshoku has undertaken integrated manufacturing outside of Japan. In the future as well, we will steadily build a manufacturing foundation suited to this region as we aim to expand our business within the European region.

## Aiming to provide even more appealing automobile interior space Pursuing trends in automobile interior space in Europe and raising design capabilities

In September 2011, we established our first design base in Europe, the Toyota Boshoku Milan Design Branch, in Milan, Italy. Milan is a wellspring for new designs and where Europe's latest design trends come and go. The establishment of this design branch will enable our designers to grasp the latest European design trends while enhancing their sensitivities and raising the overall design capabilities of the Toyota Boshoku group.

Also, the R&D group and the Toyota Boshoku Milan Design Branch will cooperate in anticipating customer needs and trends in Europe and incorporate these into future development. We intend to propose appealing car interior space that satisfies customers not only in Europe, but throughout the entire world.

## Recruiting and developing top-flight human resources

Along with our business expansion we have made strides in promoting a diversified workforce by seeking outstanding human resources. We currently employ people from around 20 countries and are actively recruiting regional employees for executive and management-level positions.

With an eye to the future, we will foster good communications that transcend nationalities and languages.

### Regional Management & Collaboration Hub

Toyota Boshoku Europe N.V.  
Toyota Boshoku Europe N.V. Munich office

### Business entities

Germany: 1 company / France: 2 companies / Poland: 3 companies / Russia: 1 company / Slovakia: 1 company / Czech: 1 company / Turkey: 2 companies / South Africa: 1 company

### Development site

Italy: 1 site



Yasunobu Hara  
Chairman  
Toyota Boshoku Europe N.V.

# Japan

We strengthened our development capabilities through measures that included the start of construction of a new test course. At the manufacturing level, we are reinforcing our production structure to ensure that we can reliably respond to changes in the business environment. Additionally, we began a reorganisation in preparation for securing new business on a global scale.

## Construction of test course commenced

In April 2012, we began construction of the Tajimi Technical Centre, which incorporates our own test course, in Tajimi City, Gifu Prefecture.

The construction of our own test course will enable engineers to promptly carry out dynamic evaluation on actual parts and vehicles (*genchi-genbutsu*, or Go, see & study) through vehicular testing to develop the world's top-level automotive interior parts, filters and powertrain components. Besides engineers, all other persons involved with projects, including those from the planning and sales group, will be able to perform evaluations and thus further enhance our ability to develop products from the perspective of customers.



Rendering of the Tajimi Technical Centre

## Further strengthening our manufacturing structure

To respond in a reliable manner to changes in the environment at the production level, we are taking measures to strengthen our manufacturing structure. These include building "optimal manufacturing" and "strengthening manufacturing competitiveness." While we are currently formulating the future image and an overall scenario for "optimal manufacturing," we have already begun several activities in this area. In fiscal 2011, we reorganised the Fujioka Plant into the Technical Skills Training Centre by reviewing the plant's layout and integrating production lines. This move was in line with efforts to promote human resources development by passing on technical skills and raising maintenance capabilities to strengthen our manufacturing foundation.

## Integrating machinery functions

To strengthen our technology capabilities, we must shift our development domains towards high value-added areas. In doing so, we are working on R&D in new domains by conducting facility and die design, fabrication technologies and materials production technologies in-house.

As part of these efforts, in January 2012 we integrated two

of our machinery subsidiaries, Takatech Co., Ltd. and TB High-Tech Corporation, into our Equipment & Die Engineering Division. Through this integration, we are raising the efficiency and speed of our business operations.

## Production of seats for the Toyota Aqua begins at Toyota Boshoku Tohoku Corporation

In December 2011, production of seats and door trim for Toyota's compact hybrid car, Aqua, which boasts the world's highest level fuel efficiency, commenced at Toyota Boshoku Tohoku's Iwate Plant (Kitakami, Kanegasaki). Orders have remained brisk following the launch of the Toyota Aqua. Although production in Japan temporarily declined due to the impact of the Japan Earthquake and the flooding in Thailand, we have high expectations that the production of these seats will serve as a catalyst for our operations in the future.

## Organisational reform for securing new business

A business objective under our 2020 Vision announced in April 2012 is to achieve a sales ratio of 30% for new business customers. To attain this objective, we have established structures, focusing on sales and technology, for undertaking company-wide integrated product development and carrying out activities for securing orders from a wide range of customers. As a new organisation, in June 2012 we launched the Global New Customer Business (GNCB) group and established the GNCB Marketing & Sales Division and the GNCB R&D Division, thereby further strengthening our approach to securing new global customers.

### Plant and Offices in Japan

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

### Associated companies

- 8 manufacturing subsidiaries
- 7 other subsidiaries
- 4 affiliates



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



# Social Activities

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

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**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.**

# Report on CSR Key Performance Indicators (KPI)

The Toyota Boshoku group has established its visionary goal under its 2020 Vision to be "a trusted company that grows together with all stakeholders" as our aspired image of "how we want to be viewed by society in 2020." The Toyota Boshoku group is collectively carrying out social activities to realise this aspiration.

## Medium-term targets for social activities and fiscal 2011 summary and key issues for fiscal 2012

(Assessment ◎: Exceeded targets ○: Achieved △: Partially achieved ×: Not achieved)

Sustainability theme	Mid-term targets	FY2011 action results	Self-assessment	FY2012 targets	Page					
CSR Management	Corporate governance	<ul style="list-style-type: none"> <li>Reinforced Global Meetings on Divisions' Functions</li> <li>Introduced system for distributing conference materials to strengthen confidentiality management</li> <li>Improved regulations concerning decision-making authority for all businesses</li> </ul>	○	<ul style="list-style-type: none"> <li>Review meeting system by promoting delegation of authority in line with global business expansion</li> <li>Create efficient meeting system</li> <li>Review regulations concerning decision-making authority based on business globalisation and regional circumstances</li> </ul>	33					
		<ul style="list-style-type: none"> <li>Improve and operate internal control system</li> <li>Create global auditing system</li> </ul>	○	<ul style="list-style-type: none"> <li>Implement audit together with Audit Improvement Dept. (Internal Audit Group) and Regional Management &amp; Collaboration Hubs (RM&amp;CH)</li> <li>Strengthen monitoring regarding control activities in operations</li> </ul>	33					
	Compliance	Thorough compliance awareness	<ul style="list-style-type: none"> <li>Firmly establish a system and structure that enables observance of compliance globally</li> </ul>	○	<ul style="list-style-type: none"> <li>Formulated Global Compliance Programme (GCP)</li> <li>Implemented training by job classification, etc.</li> <li>Enhanced employee awareness via Corporate Ethics Reinforcement Month</li> <li>Implemented legal training (antitrust and subcontracting laws, product liability law, etc.)</li> </ul>	○	<ul style="list-style-type: none"> <li>Steadily promote GCP</li> <li>Improve lists of legal risks globally</li> <li>Improve internal response to antitrust laws</li> <li>Enhance global compliance training</li> </ul>	34		
		Strengthening and enhancing compliance	<ul style="list-style-type: none"> <li>Improve global compliance system</li> </ul>	△	<ul style="list-style-type: none"> <li>Implemented antitrust law training session</li> </ul>	△	<ul style="list-style-type: none"> <li>Update and enhance practical manual and rules</li> <li>Thoroughly promote training and other initiatives in respective regions</li> </ul>	34		
		Thoroughgoing export control	<ul style="list-style-type: none"> <li>Continuously promote zero law violations</li> </ul>	<ul style="list-style-type: none"> <li>Verified using a check sheet and implemented improvements</li> <li>Implemented study sessions by job classification (14 times/year; 550 people participated)</li> </ul>	○	<ul style="list-style-type: none"> <li>Improve systems for preventing export trade control risks in respective countries</li> </ul>	○	<ul style="list-style-type: none"> <li>Improve systems for preventing export trade control risks in respective countries</li> </ul>	34	
		Intellectual property management	<ul style="list-style-type: none"> <li>Improve global intellectual property management system</li> </ul>	<ul style="list-style-type: none"> <li>Started building a structure for utilising intellectual property rights of overall group</li> <li>Thoroughly promoted patent guarantee activities that do not violate other companies' patents in terms of development (implemented for all new vehicle models and full model change vehicles)</li> </ul>	○	<ul style="list-style-type: none"> <li>Improve regulations for handling inventions at RM&amp;CH (development sites)</li> </ul>	○	<ul style="list-style-type: none"> <li>Improve regulations for handling inventions at RM&amp;CH (development sites)</li> </ul>	35	
		Strengthening information security	<ul style="list-style-type: none"> <li>Strengthen confidentiality management at a global level</li> </ul>	<ul style="list-style-type: none"> <li>Improved document and confidentiality management systems</li> <li>Reinforced activities for the month of augmenting confidentiality management</li> <li>Established documentation policy</li> </ul>	△	<ul style="list-style-type: none"> <li>Review and strengthen Japan affiliates' confidentiality management system</li> </ul>	△	<ul style="list-style-type: none"> <li>Review and strengthen Japan affiliates' confidentiality management system</li> </ul>	35	
			<ul style="list-style-type: none"> <li>Enhance global security level</li> </ul>	<ul style="list-style-type: none"> <li>Expanded the Security Guidelines to group companies in Japan</li> <li>Implemented confidential information management, computer virus measures and education</li> </ul>	○	<ul style="list-style-type: none"> <li>Globally expand and reinforce information security</li> </ul>	○	<ul style="list-style-type: none"> <li>Globally expand and reinforce information security</li> </ul>	35	
	Risk management	Enhancing crisis management	<ul style="list-style-type: none"> <li>Reinforce risk management on a global level</li> </ul>	○	<ul style="list-style-type: none"> <li>Established Large-Scale Countermeasure Committee</li> <li>Reviewed Crisis Management Guidebook</li> <li>Introduced Earthquake Early Warning System (EMC)</li> <li>Established Emergency Operation Centre (EOC)</li> </ul>	○	<ul style="list-style-type: none"> <li>Rebuild risk management based on business continuity plan</li> <li>Develop and reinforce system from initial response to restoring production that responds to major disasters</li> <li>Identify natural disaster risks in respective group companies and build an initial response system</li> </ul>	○	<ul style="list-style-type: none"> <li>Rebuild risk management based on business continuity plan</li> <li>Develop and reinforce system from initial response to restoring production that responds to major disasters</li> <li>Identify natural disaster risks in respective group companies and build an initial response system</li> </ul>	36
	Report on Stakeholder Activities	Together with customers	Promoting education, training and awareness-raising activities for quality	<ul style="list-style-type: none"> <li>Secure quality assurance professional personnel who are capable of assuming their roles globally</li> <li>Promote global quality control (QC) activities and enhance educational system</li> </ul>	<ul style="list-style-type: none"> <li>Implemented education by job classification and leader development education as part of initiatives to enhance basic skills at workplaces by firmly establishing Total Quality Management (TQM)</li> <li>Implemented a contest for selecting QC Circle by region</li> </ul>	○	<ul style="list-style-type: none"> <li>Devise and promote global human resources development programme</li> <li>Cross development of respective activity examples to enhance activity level</li> </ul>	○	<ul style="list-style-type: none"> <li>Devise and promote global human resources development programme</li> <li>Cross development of respective activity examples to enhance activity level</li> </ul>	38
			Strengthening quality assurance system	<ul style="list-style-type: none"> <li>Establish global quality assurance system</li> </ul>	<ul style="list-style-type: none"> <li>Developed a system for improving Initial Quality Study (IQS) from a customer standpoint</li> <li>Established IQS target values for new products</li> </ul>	○	<ul style="list-style-type: none"> <li>Rebuild quality plan that incorporates IQS target values</li> </ul>	○	<ul style="list-style-type: none"> <li>Rebuild quality plan that incorporates IQS target values</li> </ul>	—
		Reinforcing Jikotei-kanketsu (all processes in-house)	<ul style="list-style-type: none"> <li>Improve quality level globally</li> </ul>	<ul style="list-style-type: none"> <li>Established implementation guidelines of milestone meetings in each stage from development proposals to new product launch</li> </ul>	○	<ul style="list-style-type: none"> <li>Conduct steady operation of milestone meetings at each stage and ongoing initiatives to prevent problems during the launch of new products</li> </ul>	○	<ul style="list-style-type: none"> <li>Conduct steady operation of milestone meetings at each stage and ongoing initiatives to prevent problems during the launch of new products</li> </ul>	○	<ul style="list-style-type: none"> <li>Conduct steady operation of milestone meetings at each stage and ongoing initiatives to prevent problems during the launch of new products</li> </ul>
<ul style="list-style-type: none"> <li>Strengthened and reinforced zero-defect activities</li> <li>Thoroughly and steadily promoted Jikotei-kanketsu concept</li> <li>Developed benchmarks to accomplish clients' quality targets</li> </ul>				△	<ul style="list-style-type: none"> <li>Promote mutually beneficial activities in terms of quality, including business partners</li> <li>Cross development, firmly establishing and creating a corporate culture to accomplish tasks</li> </ul>	△	<ul style="list-style-type: none"> <li>Promote mutually beneficial activities in terms of quality, including business partners</li> <li>Cross development, firmly establishing and creating a corporate culture to accomplish tasks</li> </ul>	△	<ul style="list-style-type: none"> <li>Promote mutually beneficial activities in terms of quality, including business partners</li> <li>Cross development, firmly establishing and creating a corporate culture to accomplish tasks</li> </ul>	39



(Assessment ◎: Exceeded targets ○: Achieved △: Partially achieved ×: Not achieved)

Sustainability theme	Mid-term targets	FY2011 action results	Self-assessment	FY2012 targets	Page		
Report on Stakeholder Activities	Together with company members	Full respect for human rights	<ul style="list-style-type: none"> <li>Reinforce respect for human rights training</li> </ul>	<ul style="list-style-type: none"> <li>Implemented training to raise awareness of human rights for Toyota Boshoku members who were promoted (240 persons participated)</li> </ul>	○	<ul style="list-style-type: none"> <li>Enhance and conduct ongoing implementation of respect for human rights training</li> </ul>	40
		Promotion of a diverse range of human resources taking active roles	<ul style="list-style-type: none"> <li>Enhance reemployment system</li> <li>Promote active employment of global human resources</li> </ul>	<ul style="list-style-type: none"> <li>Rehired retired members as professional staff and skilled staff</li> <li>Actively recruited people of different nationalities besides Japanese to join Toyota Boshoku as members</li> </ul>	○	<ul style="list-style-type: none"> <li>Rehire retired members</li> <li>Actively hire people of different nationalities besides Japanese to join Toyota Boshoku as members</li> </ul>	40
		Promotion of human resources development	<ul style="list-style-type: none"> <li>Globally expand human resources development</li> </ul>	<ul style="list-style-type: none"> <li>Implemented Master Trainer Programme (16 people participated) and expanded to respective regions in the world</li> <li>Actively promoted personnel exchanges between regions through the intra-company transfer (ICT) system, trainee system, etc. (ICT: 23 persons; trainee system: 34 persons)</li> <li>Held All TB Skills Competition (a total of 202 people took part from all over the world to participate in competition covering 13 competitions across 11 categories.)</li> </ul>	○	<ul style="list-style-type: none"> <li>Expand members utilising ICT and trainee systems</li> <li>Enhance All TB Skills Competition</li> </ul>	41
		Promoting safety and health and health building	<ul style="list-style-type: none"> <li>Create global management in terms of safety and health activities</li> </ul>	<ul style="list-style-type: none"> <li>Started global operation of Occupational Safety &amp; Health Management System (OSHMS)</li> <li>Established and expanded <i>Anzen Dojo</i> (group-wide establishment ratio of 87%)</li> <li>A total of 9,350 people passed the <i>Anzen Dojo</i> exam of basic conduct throughout the group</li> <li>Newly established the Near-miss Accident Experience <i>Dojo</i></li> <li>Established model process of risk assessment in respective regions</li> </ul>	○	<ul style="list-style-type: none"> <li>Improve safety standards in accordance with laws and regulations pertaining to occupational safety and health in respective countries</li> <li>Expand the establishment of <i>Anzen Dojo</i> (Achieve 100% group-wide establishment ratio)</li> <li>Expand the number of members qualified to carry out basic conduct of <i>Anzen Dojo</i></li> <li>Augment equipment as a dedicated facility for safety training and establishment of <i>Anzen Taikan Dojo</i> (the Experience of simulated accident <i>Dojo</i>)</li> <li>Encourage employees to make efforts to improve special health checkup results (10% reduction versus previous year)</li> </ul>	43
			<ul style="list-style-type: none"> <li>Promote the development of physical and mental health</li> </ul>	<ul style="list-style-type: none"> <li>Improved mental health education curriculum</li> <li>Implemented measures to prevent lifestyle-related diseases</li> </ul>	○	<ul style="list-style-type: none"> <li>Reduce company members taking leave due to mental reasons (10% reduction versus previous year)</li> <li>Encourage employees to make efforts to improve regular health checkup results (2% reduction versus previous year)</li> </ul>	44
	Together with shareholders and investors	Enhancing corporate value and reinforcing information disclosure	<ul style="list-style-type: none"> <li>Earn greater trust by disclosing information in a timely and appropriate manner</li> </ul>	<ul style="list-style-type: none"> <li>Implemented timely disclosure of corporate and financial information according to laws and regulations</li> </ul>	○	<ul style="list-style-type: none"> <li>Steadily implement timely disclosure according to laws and regulations</li> </ul>	45
			<ul style="list-style-type: none"> <li>Develop a stable shareholder base through proactive investor relation activities</li> </ul>	<ul style="list-style-type: none"> <li>Implemented financial results briefings, individual visits to investors and small meetings</li> <li>Implemented plant tours for individual shareholders (3 times/year)</li> </ul>	○	<ul style="list-style-type: none"> <li>Implement financial results briefings, individual visits to investors and small meetings</li> <li>Implement plant tours for individual shareholders (3 times/year)</li> </ul>	45
	Together with suppliers	Practicing open, fair and transparent business dealings	<ul style="list-style-type: none"> <li>Globally develop basic procurement policy</li> </ul>	<ul style="list-style-type: none"> <li>Continued to practice basic procurement policy</li> <li>Introduced basic procurement policy via website for North &amp; South America region</li> </ul>	○	<ul style="list-style-type: none"> <li>Introduce basic procurement policy via website for Europe &amp; Africa region</li> </ul>	46
		Implementation of CSR activities in supply chain	<ul style="list-style-type: none"> <li>Expand and permeate the Toyota Boshoku supplier CSR guidelines to global suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Implemented subcontracting law lecture for suppliers</li> <li>Distributed supplier CSR guidelines</li> </ul>	○	<ul style="list-style-type: none"> <li>Strengthen supplier compliance response</li> </ul>	46
	Together with global society & local communities	Social contribution activities	<ul style="list-style-type: none"> <li>Promote global social contribution activities rooted in regions by respecting cultures and customs of regions in respective countries</li> </ul>	<ul style="list-style-type: none"> <li>Actively promoted global reforestation activities and unique programmes</li> <li>Strengthened cooperation with respective organisations (United Nations World Food Programme, TABLE FOR TWO, PLAN, Japan Platform, etc.)</li> </ul>	○	<ul style="list-style-type: none"> <li>Implement according to plan and expand activities</li> <li>Promote activities in cooperation with international activity organisations</li> </ul>	48

# CSR Management

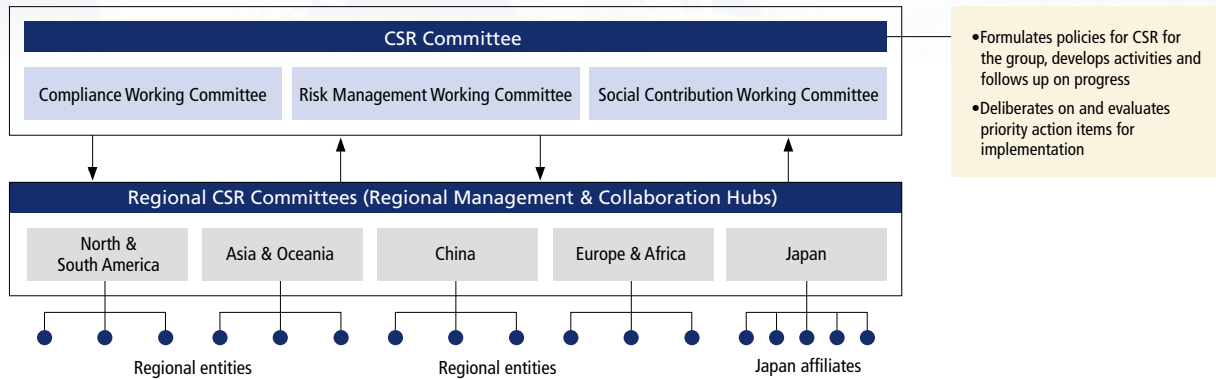
The Toyota Boshoku group reports on compliance with laws, regulations and ethics in order to carry out sustainable business activities and meet the expectations and earn the confidence of all stakeholders.

## Fundamentals of CSR activities

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. 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



## 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

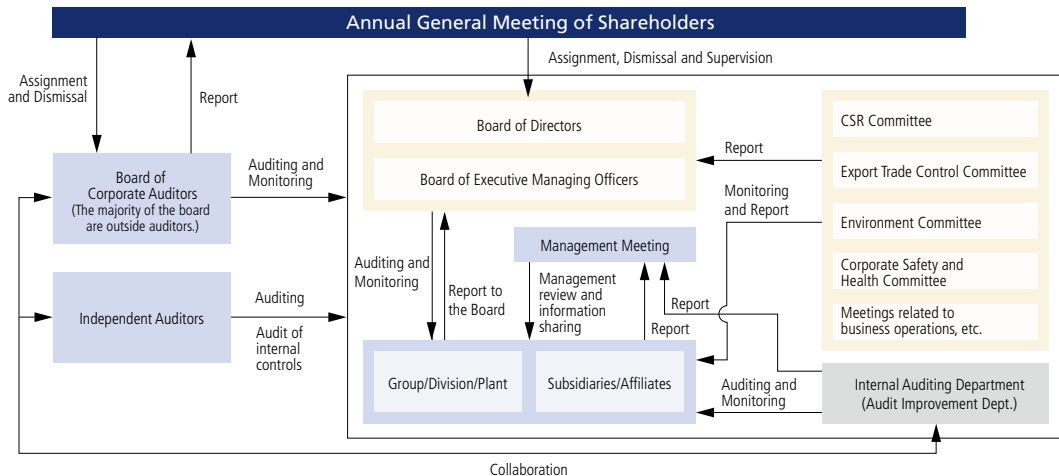
The Board of Directors holds meetings at least once a month to decide on important management issues, such as policies for the fiscal year, project plans and investment in facilities, while also monitoring conditions related to the implementation of operations.

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 post dedicated to internal auditing as well. Toyota Boshoku also has introduced an executive officer system separating executive roles into management decision-making and execution of operations with the objective of improving management efficiency and strengthening the supervision functions required in executing operations.

In fiscal 2011, the Company strived to further clarify the classification and details of meetings as a means of further strengthening the system for steadily and effectively discussing important business matters and thoroughly informing the results of such discussions internally. Additionally, the Company reviewed rules related to global approval authority in order to address the globalisation of business and increase the speed of decision-making.

Corporate governance system



## Current status of internal controls

The Toyota Boshoku group established the TB Way, which clearly expresses the group's values, stance and actions towards fostering 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, self-inspections are conducted on the status of internal controls via a checklist and the respective internal auditing departments are working to prevent inappropriate behaviour and mistakes at all our global locations by conducting audits at Toyota Boshoku divisions, plants, subsidiaries and affiliates. Audit results are reported to top executives. The departments also receive advice from and cooperate with auditors in conducting 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 to carry out public information-sharing activities that earn the trust of society.

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.

## 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.**

## Thorough compliance awareness

In fiscal 2011, we have formulated the Global Compliance Programme (GCP) by clarifying the image of what the Toyota Boshoku group aspires to be and the definition of compliance, promotion system, activity details and targets of the Toyota Boshoku group. In fiscal 2012, Japan affiliates and regional entities outside Japan will work to clarify issues in accordance with the GCP and reinforce global activities by incorporating such initiatives into respective plans.

## 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.

Based on the list of legal risks developed by Toyota Boshoku in fiscal 2011, a similar list was also developed and verified for Japan affiliates in accordance with respective business characteristics. As for Regional Management & Collaboration Hubs (RM&CH) and respective regional entities, a corresponding list will be developed in fiscal 2012 according to regional characteristics and laws and regulations.

## Compliance with antitrust laws

Understanding and complying with the antitrust laws of respective countries are particularly important in carrying out global business activities. To this end, the Company conducts training for each job classification. Global training activities and the development of the compliance system will continuously be executed in fiscal 2012.

## Thoroughgoing export control

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

During fiscal 2011, training for Export Compliance Promotion Committee members and training by job classification were held 14 times, in which a total of 550 people took part.

In fiscal 2012, we will verify the status of procedures by undertaking various measures such as implementing self-inspections in all departments of Toyota Boshoku, as well as 20 Japan affiliates, to ensure appropriate operations within the group.

## Initiatives regarding Corporate Ethics Reinforcement Month

We are globally designating the month of October as Toyota Boshoku group Corporate Ethics Reinforcement Month, during which company members pursue the enhancement of ethics awareness through various initiatives such as confirming the basic principles and reviewing members' behaviour internally and externally.

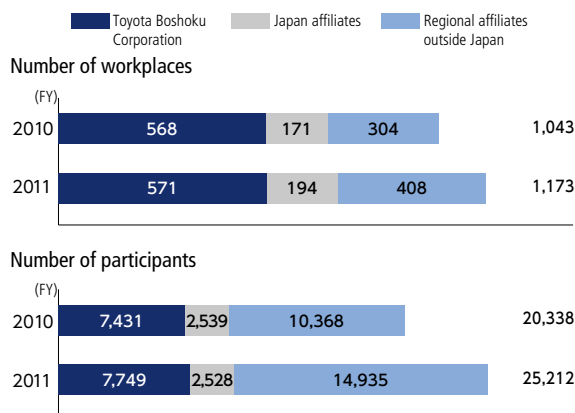
In fiscal 2011, workplace discussions regarding etiquette and rules in the workplace or in society, self-inspections at workplaces



Reading TB Way out loud with team (Shin San Shing Co., Ltd.)

regarding the TB Way and the implementation of action guidelines and other relevant initiatives were conducted.

### Status of initiatives regarding workplace discussions during Corporate Ethics Reinforcement Month



### Education and awareness raising

The Toyota Boshoku group is working to conduct various educational sessions and disseminate information related to compliance, including specific laws and regulations.

During training by job classification conducted for company members, including new hires and members who were promoted, explanations are provided regarding compliance-related matters that are required in different positions to ensure that every member can acquire the necessary knowledge. A total of 835 people took part in this training in fiscal 2011. Additionally, we have implemented training required for executive officers and Japan affiliates as well as training on different legal issues to promote the permeation of compliance.

In fiscal 2012, we will pursue the strengthening of group-wide training activities, including the enhancement of training on different legal issues and training activities at Japan affiliates and regional entities outside Japan.

### Improving consultation and reporting contacts

The Anything Goes Counseling Office has been set up internally as well as a reporting contact at a designated law firm externally to establish an environment in which members can easily seek advice. Members can seek consultation or report issues concerning such matters as workplace problems, legal violations and internal misconduct.

Initiatives are also being pursued to establish reporting contacts at Japan affiliates and regional entities outside Japan in order to further develop a global system.

## Intellectual property management

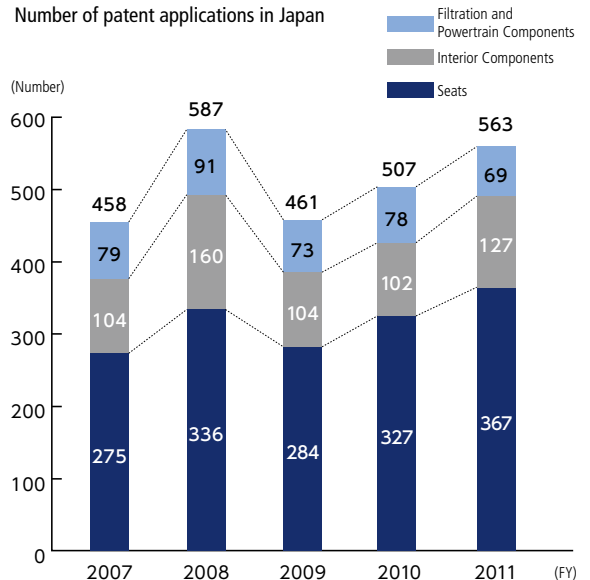
**The Toyota Boshoku group respects the intellectual property of third parties and appropriately values its own intellectual property, which is viewed as a key management asset essential for global business development. We continuously work to enhance the protection and utilisation of our intellectual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

### Aiming to strengthen patent application system

Toyota Boshoku promotes initiatives to increase the number of patent applications befitting the scale of business as well as their quality. In addition to setting targets for the number of patent applications by each Technical Administrative group and striving to firmly instil in company members an awareness of submitting applications and vitalising invention activities, we have also implemented ongoing education related to intellectual property matters. As a result, patent applications increased by 53 cases compared with the previous fiscal year to 563 cases in fiscal 2011.

Additionally, as a means of promoting a global development system, in fiscal 2011 we started initiatives to create a system to effectively utilise intellectual property rights for the entire group worldwide. Initiatives will be further carried out in fiscal 2012 with the aim of issuing regulations for handling inventions by each RM&CH base.

### Number of patent applications in Japan



## Confidentiality and information security management

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

### Strengthening organisation for security and enhancing basic conduct

The Toyota Boshoku group established the Risk Management Working Committee as a sub-organisation of the CSR Committee to create a global confidentiality management system. The General Administration Division, which consists of respective functional divisions, and the Technical Administration, Production Engineering Management, Production Control and IT Promotions divisions

cooperate to conduct confidentiality and information security management.

In fiscal 2011, Toyota Boshoku updated document management regulations that previously had been put into effect to strengthen its confidentiality management system in technical fields. Consequently, various aspects were reviewed, such as the original format of technical-related documents, storage period and storage method, and changes were put into effect accordingly. Initiatives were also promoted to strengthen awareness-raising activities based on the All Toyota Security Guidelines (ATSG) and centred on CSR leaders, a new position established from fiscal 2011, as well as to raise awareness of confidentiality management at each workplace.

In fiscal 2012, we will review and reinforce the confidentiality management system of Japan affiliates and develop and expand information security activities globally.



Spot check during the month of augmenting confidentiality management (Kariya)

## TB Voice



**It all starts with one-on-one communication**

**Mizuho Noba**  
Functional Products and R&D Division, Toyota Boshoku Corporation  
Became CSR leader under the new system set up in 2011

At first, I was uncertain if I could take on this new role, but I learned a lot this year as a CSR leader. In my division, we handle a lot of confidential documents so I was able to work on the very important topic of "strengthening the confidentiality management system." After attending CSR leader training, I shared this information with my fellow colleagues. We then made rules like disposing of documents left on copy machines for two days or more. This helped to increase awareness regarding confidentiality management.

CSR has many aspects, in addition to confidentiality management, including making people aware of risk management, encouraging people to participate in social contribution activities, corporate logic and compliance. For each of these aspects I have decided to talk with people one-on-one and strive to thoroughly increase awareness of activity content while diligently undertaking my duties.

## 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 is striving to predict and prevent incidents, centred on the Risk Management Working Committee, and promoting 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 33 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. Detailed self-evaluations are repeatedly conducted at each site to develop adequate emergency and evacuation drills. Problem areas are reviewed and the focus is placed on creating a system to minimise risk in times of emergency.

Additionally, we have an emergency communication network in place by connecting global bases using satellite telephones or an MCA radio system\*. In doing so, the Toyota Boshoku group has established a system that is capable of quickly gathering information and communicating information in emergency situations when land lines and cell phones are not available immediately after an incident occurs.

With regard to traffic safety activities, in addition to forming a company-wide traffic safety committee to issue a traffic accident report, Toyota Boshoku comprehensively implemented various measures that consisted of activities aimed at raising awareness via patrols as well as risk prediction-related training in small group meetings at workplaces.

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

The Toyota Boshoku group set up a task force in the immediate aftermath of the Japan Earthquake to confirm the safety of company members and family members and started activities with the aim of quickly restoring production. While no major damage was found, the disaster had exposed the Company's weak points in terms of production risk since the impact was so major that it far exceeded any predictions. First, the safety of company members and their families in an emergency situation could not be quickly confirmed. Second, it was hard to comprehend the status of the supply chain, in which many issues remained such as trying to ascertain the level of impact on raw material manufacturers rather than 3rd tier suppliers.

In October 2011, major flooding occurred in Thailand just as restoring production was fully getting underway. The Company also established a task force to immediately address this situation and began activities by working hand in hand with Toyota Boshoku Asia Co., Ltd., the RM&CH in Thailand, to secure safety and quickly restore production. Based on our experience from the earthquake disaster, many of our suppliers were affected by the disaster and we implemented alternative production of parts for those that were difficult to procure. As for measures to deal with the Thai floods, along with establishing a department to examine, evaluate and switch to alternative materials, we focused on these efforts from an early stage after the disaster occurred. The impact of the disaster also expanded broadly to the supply chain, however, and the situation was extremely difficult to grasp in terms of the level of impact on raw material manufacturers due to the disaster.

**Started operation of Earthquake Early Warning System (EMC)**

Toyota Boshoku introduced and commenced operation of the Earthquake Early Warning System (EMC) from 2011 to quickly confirm the safety of company members and family members in the event of a major disaster.

**Establishment of Emergency Operation Centre (EOC)**

Toyota Boshoku has newly established the EOC at the Sanage Plant as the base for an emergency task force to quickly carry out activities

in the event of a major disaster. The centre is equipped with facilities that include telecommunication equipment, a television conference system and private power generator inside a building with a seismic-resistant structure. In addition to gathering information, including the status of damage should a crisis occur, the centre will also pursue collaboration with respective companies of the Toyota Group, Toyota Boshoku group companies and the supply chain.

**Establishment of Large-Scale Disaster Countermeasure Committee**

Toyota Boshoku has established the Large-Scale Disaster Countermeasure Committee, chaired by the president, in order to strengthen aspects of disaster prevention and reinforce the structure from the initial response system when a crisis occurs to restoring production and respective functions. In the future, the Company will work to strengthen the crisis management system throughout the group by further deepening cooperation of the Global Mainstay Hub functions with RM&CH in respective regions.



Large-Scale Disaster Countermeasure Committee

**Overview of Large-Scale Disaster Countermeasure Committee**

	Task	Role
Large-Scale Disaster Countermeasure Committee	(1) Envision damage	Envision damage by plant
	(2) Initial response	Swiftly confirm safety of company members and family members
	(3) Information and telecommunications	Develop a backup system
	(4) Production recovery	Develop a system for restoring production quickly
	(5) Purchasing and sales	Comprehend the status of the supply chain and disperse risk related to material procurement
	(6) Switchover and assessment	Shift to universal materials and parts and examine compatibility

**TB Voice**



**Avoiding production risks through global alliances**

**Tsutomu Imaeda**  
 Division Manager  
 Production Control Division, Toyota Boshoku Corporation

There were two major disasters in 2011, but thanks to alliances among Toyota Boshoku Tohoku Corporation, Toyota Boshoku Asia Co., Ltd. and Toyota Boshoku Corporation, we were able to confirm the safety of all our company members and avoid production issues for our customers. We also set up the Large-Scale Disaster Countermeasure Committee and clarified the role of working committees. In doing so, I believe this ensures that Toyota Boshoku members have the ability to handle emergencies quickly, without hesitation and in the appropriate manner.

Currently, in order to further reduce production risks related to disasters, we still need to tackle the issue of enhancing our global support system to fully understand all the products in our supply chain and materials for parts. By doing so, this will enable us to quickly find out which products in the Toyota Boshoku group may be affected in times of crises and allow us to decide upon the fastest method to deal with things and quickly implement the necessary actions.

# Report on Stakeholder Activities

## Together with 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 the recurrence of claims from the market and so that its 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 below in accordance with its quality function policy and is working on various quality assurance related activities.

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

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). This refers to deciding on what is normal and abnormal individually and one's own behaviour.

The Toyota Boshoku group conducted *Jikotei-kanketsu* activities not only within the production section but also to share and permeate the 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.

### Reinforcing our global quality assurance system

The Toyota Boshoku group is working to strengthen our quality assurance system 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. Additionally, the Company is cooperating with respective regions through quality function meetings held at each RM&CH to ascertain the status of quality for respective regions and deploy initiatives towards achieving targets.

In fiscal 2011, we clarified the method of operation of milestone meetings at each stage of initial milestone activities and the basic meeting agenda, thereby establishing the main points of the operation of milestone meetings for each stage to prevent problems when starting up new products. Accordingly, evaluation of the level of completion as opposed to benchmarks for transitioning to the next stage and progress by each stage as well as countermeasures to address delays in progress were visualised in each step of quality assurance activities. In this way, we are working to further strengthen our quality assurance system.

### 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. In fiscal 2012, we will implement company-wide training and promote initiatives to further expand the acquisition of ISO/TS 16949 certification centred on the TS 16949 Promotion Committee.

### Deployment of quality-related activities

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

### Prevention of significant quality issues

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 instance, 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. The implementation status of 5N activities is evaluated at a production transfer meeting held at each stage. Products for which these activities have not been completed do not make it to market.

## Design and process development to prevent defects in products

The Toyota Boshoku group is undertaking efforts on a daily basis in design and process development that do not result in product defects. In fiscal 2011, we further ramped up efforts to thoroughly promote the *Jikotei-kanketsu* concept. In addition to monthly meetings on quality (attended by approximately 100 companies), we have also strengthened activities to enhance awareness of quality by implementing the *HOSHIN* Confirmation Meeting for Quality Activity (Quality Assurance Policy Confirmation Committee) three times a year at respective group companies. By sharing examples of process improvements and activity policies with respective companies through documenting case examples of process improvements and quality activity plans, we are striving to increase the level of quality across the group.



Monthly meeting on quality

## Swift discovery and response to defects in products in the market

Toyota Boshoku promotes activities aimed at swift discovery and response to serious defects in products in the 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 QC Circle/SQC\*<sup>1</sup> Activities

As part of TQM activities\*<sup>2</sup>, which are company-wide quality management initiatives, we promote QC Circle/SQC activities worldwide. Marking its 8th event in fiscal 2011, the All Toyota Boshoku QC Circle presentation has become well established as an occasion to present global activities.

In Japan, training by job classification, manager and other relevant education was conducted during fiscal 2011. In other regions outside Japan, the development of promoters and leaders was implemented with a focus on developing a system for nurturing local leaders. Steady results were also achieved in the four regions of North & South America, Asia & Oceania, China and Europe & Africa

by promoting various measures such as holding contests for selecting cases of improvement by base.

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



8th 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.

## TB Voice



### Solving problems as a team

Chen Liang

Tianjin Intex Auto Parts Co., Ltd.

Participated in the 8th All Toyota Boshoku QC Circle

I made a presentation on the topic "Reducing headliner folding defects in the REIZ (Toyota Mark X in Japan)." That day I was nervous and wasn't able to deliver the presentation I wanted to, but I had the opportunity to listen to many experienced colleagues give excellent presentations and learned a lot. At the same time, I realised that I need to push myself more. It goes without saying that the content of other colleagues' presentations was excellent. In addition, the way they made their presentations and made sure that listeners understood before they continued on really struck a chord with me.

Only four years have passed since the QC Circle was set up, and the average age of members is quite young. We face many frustrations and hurdles; however, at such times we motivate ourselves by reminding ourselves "this is a test" and come together as a team to overcome obstacles. From here on out, when having difficulties the QC Circle will continue to seek support from supervisors and fellow colleagues, learn more about QC and strengthen our abilities to compete on a global level.



# Together with Company Members

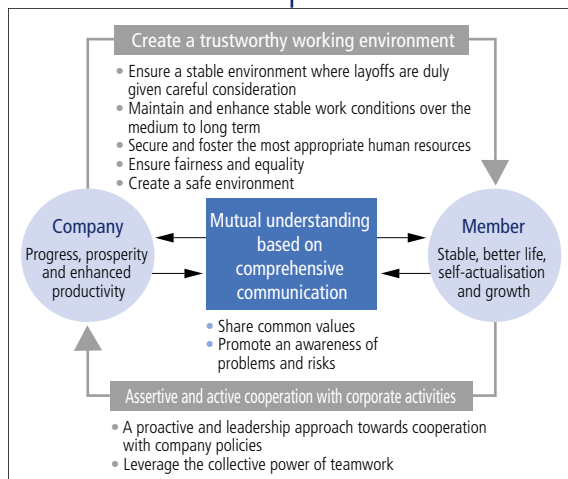
Mutual understanding based on comprehensive communication forms the backbone of the relationship between Toyota Boshoku group members and companies. Top management and other supervisory tiers make their utmost efforts to provide information along with frequent discussions among all levels of the organisation.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

## 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



## Full respect for human rights

The Toyota Boshoku group strives to ensure that the individuality and humanity of our members is respected in accordance with our corporate philosophy and the TB Way.

## Developing a system to enable company members to easily seek advice

We do not advocate discrimination, defamation or other such improper conduct based on race, gender, age, nationality, religion, disability, sickness or injury. As a global corporate group, we strictly respect the laws and social regulations of other countries and regions, as well as forbid the use of child or forced labour.

## Building stable labour-management relations

The Toyota Boshoku group believes that the Company's successive 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.

## Labour-management communication

The Toyota Boshoku group is deepening communication by organising various occasions such as Labour-Management Round Table Conference. Additionally, 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.

## 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.

## Proactive recruitment of global human resources

The Toyota Boshoku group recruits exceptional and talented human resources irrespective of nationality. At the Global Mainstay Hub, a total of 38 people of different nationalities besides Japanese were hired in fiscal 2011 (increase of 17 people compared with fiscal 2010). There are also plans to increase this number going forward.

## 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 2012, 119 persons were rehired.

## Encouraging employment of persons with disabilities

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

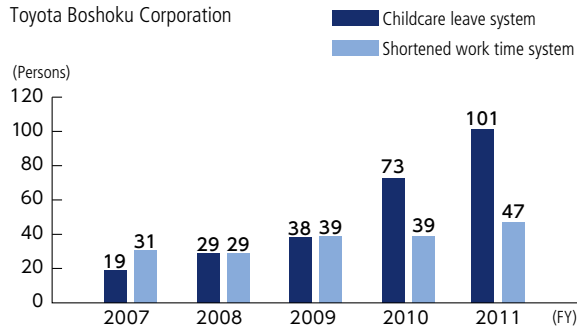
## Supporting the balance of work and childcare/nursing care

Toyota Boshoku has abolished non-scheduled working hours, reviewed the nursing care leave system for children and introduced a new nursing care leave system. In Japan, the Company also supports the harmonization of work and childcare by opening Tacchicchi House infant day care centres in cooperation with five Toyota group companies\*.

\* DENSO Corporation, Toyota Industries Corporation, Toyota Auto Body, Co. Ltd., JTEKT Corporation and Toyota Boshoku

### Users of childcare leave system and shortened work time system

Toyota Boshoku Corporation



## 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), respecting individuality, 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. 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 regional members, which broadens the horizons of those learning.

In fiscal 2011, we held the Master Trainer Programme after bringing key persons from respective regions to the Global Mainstay Hub. A total of 16 members learned educational content required to work in the Toyota Boshoku Group. Thereafter, they will share what they have learned in their respective regions worldwide.

Further, we effectively utilise a "trainee system" and "intra-company transfer (ICT) system" in which one learns in the field at 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. A total of 34 people underwent the trainee system in fiscal 2011 and 23 people used the ICT system. In fiscal 2012, we intend to significantly expand the number of people using both of these systems.

## TB Voice



### The importance of teamwork

Jaitab Panassaran  
Toyota Boshoku Asia Co., Ltd. (TBAS)  
Undergoing training at the Global Mainstay Hub under the ICT system

At TBAS, I was in charge of production engineering but came to the Global Mainstay Hub in November 2011 in order to learn about the Japanese style of manufacturing. I joined the Seat Production Engineering Division and am in charge of preparing urethane pad production for seats. At each step of preparation, it is necessary to clear up any potential problems prior to the production of parts and to get rid of any and all defects. It is with a great sense of responsibility that I apply myself to my work in a diligent manner each day.

Since I came here I have learned two things. The first is to "think through and find the cause for failures." When failures occur, it is important to thoroughly analyse why and come up with countermeasures to prevent it from happening again. The second is "teamwork." When problems occur, rather than trying to solve them on my own, I learned to share the problem with the team and work through it together. When I return to TBAS, I want to share this type of work style with my colleagues.

Over the year, I have made many friends and have really enjoyed myself. My training will finish in October 2012, and until then, I will continue to apply myself and learn as much as possible and increase my understanding and know-how of manufacturing.

## TB Voice



### What I learned in a multicultural environment

Mari Ichikawa

Global Business Planning Division, Toyota Boshoku Corporation  
Underwent training at Toyota Boshoku America, Inc. (TBA)  
under the trainee system

I wanted to expand my horizons globally and to improve my English skills, so I decided to utilise the trainee system and was posted to TBA. I arrived at TBA in July 2011 and in the last year since then I have experienced many things. I assisted with projects undertaking the planning of new businesses and the reorganisation of businesses, as well as doing work that I have not had the opportunity to do in the past such as CSR and Public Affairs activities. One project that stands out in my mind is setting up the North & South America website. In addition to TBA, I worked with many colleagues in the Toyota Boshoku group, and through trial and error we got the website up and running. After we got the website up and I received "thank you" messages from colleagues, I was very pleased and felt all my hard work had paid off.

In the United States, I have learned how to work in a multicultural environment. In order for work to flow smoothly, I have found that it is best not to push the Japanese way of thinking, to consider cultural differences when handling things and that it is important to explain my way of thinking in a logical manner. I hope put these experiences to use in Japan.

## Education system

### Administrative and technical divisions

The Global Mainstay Hub introduced a mentoring system to provide OJT training 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. New members are instructed one-on-one for one year and presentations of respective achievements are held at the end of the year.

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.

### 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 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.

Toyota Boshoku established the Technical Skills Training Centre in fiscal 2010 in order to increase manufacturing capabilities and pass them on globally. In fiscal 2011, the centre was relocated for

expansion and upgrades, including space and facilities. At the same time, in order to raise technical capabilities in manufacturing, we started the new TB-Global Skill Training and Recognition System to support the enhancement of human resources development and steadily pass on technical capabilities.

We are conducting education on specialised knowledge that is necessary for manufacturing; common knowledge, which includes quality, safety, TPS\*<sup>1</sup> and TPM\*<sup>2</sup>; and technical skills, which involves evaluating technical skills of manufacturing capabilities by each shop. Additionally, technical skills acquisition standards for the three stages of common knowledge, specialised knowledge and practical skills are assessed from rank C to rank A according to each shop. With this initiative, the Company aims to visualise the level of individual technical skills and exert the ability and efforts of each and every production worker in the group.

In September 2011, we held the 6th annual 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 and a total of 202 people from Japan and overseas took part.

Additionally, as a means of continuously maintaining strong production sites, Toyota Boshoku has set up the Toyota Boshoku Technical Skills Academy to cultivate leaders in charge of imparting technical skills in the workplace. Each year, approximately 30 members with technical skills who have graduated from high school join the academy to learn primarily the basic principles of mechanical and electric systems, thereby developing human resources capable of thinking about various matters based on these principles. Furthermore, programmes including business etiquette training and global education have been established with the aim of nurturing personnel who are balanced in terms of "mind, body and spirit" and possess a global outlook.

\*1 Toyota Production System

\*2 Total Productive Maintenance



6th All TB Skills Competition

## TB Voice



**Be tenacious, enthusiastic, do your best and never give up**

**Umit Cosgun**

Toyota Boshoku Türkiye Otomotiv Sanayi ve Ticaret A.Ş. (TBT)  
Gold award in welding at the TB All Skills Competition

I represented TBT in the 6th Annual All TB Skills Competition held on September 2011 and participated in the welding category. The goal of the welding competition was to follow instructions on a blueprint and weld the front seat to the back of a Prius seat frame within an allotted time period. Welding must be undertaken quickly and accurately and must look good when finished. To achieve this, even the slightest points affect the outcome. The welder's stance, hand movements and even a slight change in angle can affect the quality of the welding. All these aspects must be in alignment as the welder focuses on assembling the parts on hand. I managed to stay calm and cool and did my job like I do every day; I think that is the winning solution. I never dreamed, however, that I would win the gold award, so when my name was called at the awards ceremony I just couldn't believe my ears.

Generally I am in charge of welding the front cushion to the seat frame on a mixed production line for the Toyota Passo and Auris. I always keep in mind that welding defects can be a life-and-death matter for customers and diligently undertake my work each day. "No matter what the job, no matter what the task, always show enthusiasm and tenacity for the job at hand, never give up and always do your best." Keeping this in mind, I will continue to improve my skills.

## Promoting safety and health and health building

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

### 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.

## Global Occupational Safety & Health Management

Aiming to create a safe work environment, the Toyota Boshoku group works to enhance health and safety at work through activities based on an Occupation Safety & Health Management System (OSHMS).

Toyota Boshoku established and started the management of an OSHMS operation manual from fiscal 2011. This manual was also developed in regions outside Japan to firmly establish a foundation for building a culture of safety in respective countries. Research

regarding laws and regulations pertaining to occupational safety and health in respective countries was also initiated. In fiscal 2012, the development of safety standards



Near-miss Accident Experience Dojo

according to the laws and regulations of each country will be promoted to enhance the level of safety globally.

The Toyota Boshoku group is also promoting risk assessment activities at workplaces based on OSHMS. In fiscal 2011, in order to firmly establish and permeate risk assessment, Toyota Boshoku introduced case examples of independent activities of respective plants at the Safety & Health and Environmental Committee as a useful reference for such purposes as incorporating them into the activities of individual plants. As for respective regions outside Japan, a model process was specified for risk assessment activities to improve the level of activities by promoting initiatives from the two perspectives of risk assessment education and implementation. Going forward, we will work to further enhance the level of entire regions under the leadership of RM&CH.

## Strengthening initiatives to further develop safety awareness

Toyota Boshoku promotes safety and health activities aimed at achieving zero industrial accidents. To further establish a culture of

## TB Voice



**The importance of seeing the Near-miss Accident Experience Dojo for yourself**

**Mario Lottering**

Toyota Boshoku South Africa (Pty) Ltd. (TBSA)

Experiencing first hand how even the slightest hazardous action can lead to a major incident has helped to raise my awareness of the importance of safety. I was greatly impressed with an experiment in which a compressed air hose came off a pipe socket. Until I saw this experiment with my own eyes at the Near-miss Accident Experience Dojo, I would have never believed that a pipe could be so dangerous or move so quickly. I learned the importance of strictly following proper procedures and methods and highly value this experience.

Additionally, being able to see, touch and experience the experiments set up at the Near-miss Accident Experience Dojo has greatly increased my understanding and aroused my interest in how important a role it plays in keeping us safe.

From now on, I will keep in mind that "accidents can happen anytime" and I will strive to apply it to my work each day. Furthermore, I believe that this facility is an absolute necessity at all our plants. I hope that it will be implemented as soon as possible at TBSA as well.

safety, we introduced *Anzen Dojo* in fiscal 2009. Toyota Boshoku completed setting up an *Anzen Dojo* at all of its plants in fiscal 2010 and will continue to implement basic training for safety behaviour.

In fiscal 2011, approximately 9,350 members from Toyota Boshoku's production group and administrative and technical groups passed a 12 item exam in basic conduct that included the inspection of uniforms and protective equipment as well as knowledge of work safety. In respective regions outside Japan, the establishment of *Anzen Dojo* was completed at over 87% of bases. The fiscal 2012 target calls for promoting the establishment of *Anzen Dojo* activities at all Toyota Boshoku work sites worldwide.

As a safety training facility for conducting technical skills training, the Near-miss Accident Experience *Dojo* was newly established in the Toyota Boshoku Fujjoka Plant in fiscal 2011. Through this activity, members experience simulations of hazardous situations such as being caught and being pulled in equipment, coming in contact with heavy objects and receiving an electric shock. A total of 164 members participated in this activity from respective regions, thereby increasing awareness towards preventing disasters.

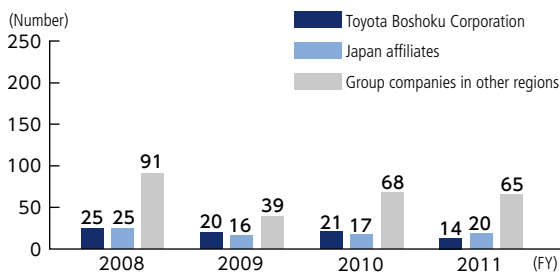
In May 2012, the facilities of the *Anzen Taikan Dojo* (the Experience of simulated accident *Dojo*) will be further augmented as a facility specialised in safety education in an effort to strengthen initiatives to prevent disasters through enhancing company members' sensitivity towards risk.

### Guaranteeing safety at outside construction sites

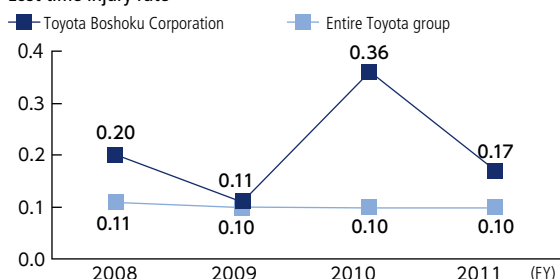
A key challenge is to guarantee safety at outside construction sites within our plant premises. We established the Toyota Boshoku Safety and Health Association in 2008 and expanded initiatives aimed at safety and health on-site for outside construction.

During fiscal 2011, we have reviewed the Global Mainstay Hub's internal regulations and work manual for outside construction

Number of industrial accidents over time



Lost time injury rate



subcontractors, whereby we newly established and put into practice the safety and health management standard for construction and operation manual for construction work. No accidents caused by outside construction have occurred in fiscal 2011 as a result of enhancing the level of various aspects such as clarifying the positive and negative points of implemented items, clarifying details of procedures and roles of personnel in charge of construction inside and outside the Company and updating safety-related forms to prevent omissions. The number of inquiries and cases indicating omissions on safety forms has decreased as well. In fiscal 2012, we will aim to establish and put into practice the operation manual for construction work according to the circumstances of respective countries in order to further secure safety globally.

### Initiatives to enhance healthy living

The Toyota Boshoku group is promoting initiatives to enhance company members' healthy living as a means of creating a workplace in which all members can work enthusiastically in good health and develop a system so that all group members can equally receive health checks. Health management staff and industrial physicians are working in cooperation to support maintaining and enhancing personnel's mental and physical health.

In fiscal 2011, health checks 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 areas outside Japan, initiatives are steadily being promoted to improve the health of all members through various measures such as conducting an investigation of the actual status of health checks stipulated under laws and regulations of respective countries.

### Mental health diagnoses

Toyota Boshoku is working to improve the work climate by enhancing mental health education to maintain company members' mental health. In fiscal 2011, we developed a new curriculum for mental health education, in which we have created an educational programme that is easy to understand for targeted personnel by sorting the necessary knowledge and education content in accordance with matrices developed by age and rank. In this way, we will further strengthen initiatives to maintain the mental health of company members.

### Creating an environment that facilitates consultation

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

At the Global Mainstay Hub, a workplace consultation system was set up in fiscal 2009 with the aim of achieving a bright, enthusiastic and open work environment where company members can talk about anything. In this way, we have a consultation system in place for members to discuss their concerns in a comfortable setting with clinical nurses and public health nurses also present.

# Together with Shareholders and Investors

The Toyota Boshoku group actively promotes efforts to disclose information and communicate in an appropriate and timely manner so as to earn the trust and support of shareholders and investors.

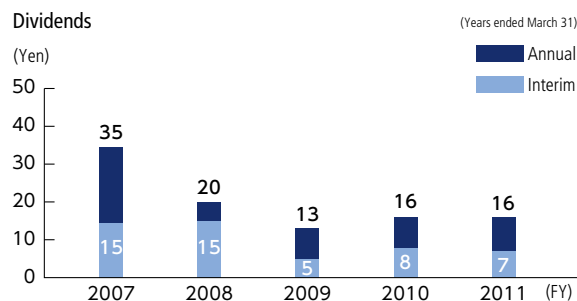
## Earning the trust and meeting the expectations of shareholders and investors

The Toyota Boshoku group is working to disclose information in an accurate, timely and fair manner to meet the expectations and gain the trust of shareholders and investors. Accordingly, the Public Affairs Division, Accounting & Finance Division and Legal Division have set up an information management department for this purpose. The Company also 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. Through long-term, stable growth, Toyota Boshoku strives to ensure management transparency by disclosing business and financial information in a timely and appropriate manner.

### Fiscal 2011 distribution of profits

Business results for fiscal 2011 are shown on pages 67 and 68.

In continuing to place priority on providing shareholders with stable dividends, annual cash dividends of 16 yen per share were paid for the current fiscal year, the same amount as for the previous fiscal year.



### Briefings for analysts and investors

The Toyota Boshoku group regularly holds results briefings with the Company president and executive officers in order to aid analysts and institutional investors in understanding Toyota Boshoku's financial situation and business strategies. In fiscal 2011, two briefings were



IR results briefings (Tokyo)

held after the second quarter of the year and after the fiscal year-end. We have also enhanced communication with shareholders and investors through various measures such as implementing plant tours by inviting analysts and institutional investors to manufacturing bases in China, Thailand and elsewhere.

Additionally, we are actively pursuing communication with investors through various occasions, including small meetings and interviews with analysts and institutional investors, visiting institutional investors and holding seminars for individual investors.

### Plant tours for shareholders

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

In fiscal 2011, we held plant tours at the Toyota Boshoku Takaoka Plant on the day of the Annual General Meeting of Shareholders in June as well as at the Toyota Boshoku Sanage Plant in February and March 2012. A total of 250 people drawn from among many lottery applicants took part in the tours.

On these occasions, visitors were able 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.



Plant tours for shareholders (Sanage Plant)

### Disseminating information through our website

The Toyota Boshoku group posts various disclosure materials in a timely manner on our website including an introduction of our business, press releases and financial results briefing materials. In doing so, we are working to disseminate information to shareholders and investors and society as a whole. We will continuously strive to disclose information in a timely and appropriate manner to further deepen understanding of the Toyota Boshoku group by shareholders and investors worldwide.

### Shareholder and investors information

#### URL for Japanese website

[www.toyota-boshoku.com/jp/ir/index.html](http://www.toyota-boshoku.com/jp/ir/index.html)

#### URL for English website

[www.toyota-boshoku.com/global/ir/index.html](http://www.toyota-boshoku.com/global/ir/index.html)

# 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

### 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

## Strengthening legal compliance initiatives

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 fiscal 2011, the Global Mainstay Hub held a lecture on subcontracting law for major Japanese suppliers (approximately 90 companies) and subsidiaries in Japan as a means of making all parties thoroughly aware of the key points of subcontracting law as well as obligations and prohibited acts.

## Permeation of Toyota Boshoku suppliers CSR guidelines

At Toyota Boshoku, 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.

## 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 verdant and abundant environment for the next generation. We will continue aiming to establish a recycling-oriented society by actively pursuing green procurement and purchasing.

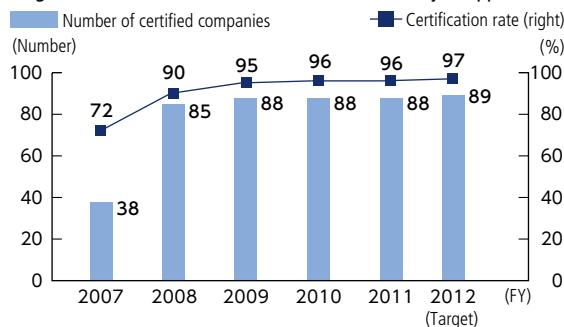
## Supporting suppliers' efforts to create environmental management systems (EMS)

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 2011, 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 enforced in Europe

### Targets and results for ISO 14001 certification at major suppliers



### ISO 14001 certification acquisition

	2007	2008	2009	2010	2011	2012 (Target)
Supplier companies	53	94	93	92	92	92
Certified companies	38	85	88	88	88	89
Certification rate	72	90	95	96	96	97

## Efforts to create a global procurement system

As business becomes more global in nature, the Toyota Boshoku group is working as a whole 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 2011. Subsequently, we requested that each of our suppliers strive to boost quality, provide reasonably priced products and strengthen development of technologies to reduce CO<sub>2</sub> in order to further our Customer First stance.



General Meeting of Global Suppliers



Award presentation ceremony at the General Meeting of Global Suppliers (Technology Development Award presented to TB Kawashima Co., Ltd.)

### 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 a 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.

### 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 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. These include whether parts are supplied to each plant in a timely manner and whether high quality parts are consistently supplied.

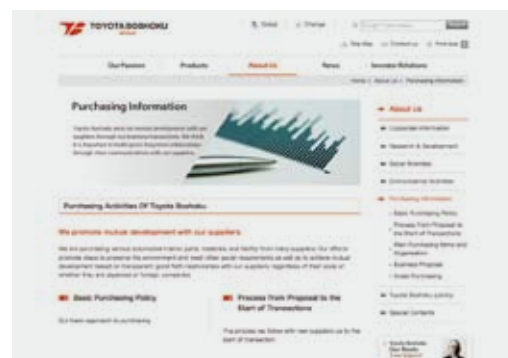
\* Outsourced production and manufacturing preparation follow-up activities carried out by a team



Global SPTT activities

### Global development of basic procurement policy

The Toyota Boshoku group introduces its basic procurement policy via the group website. In fiscal 2011, the basic procurement policy has been posted on the newly established website for the North & South America region. In fiscal 2012, plans call for launching a website for the Europe & Africa region as well, in which we are also planning to introduce our basic procurement policy. We will continuously work to clearly specify the Toyota Boshoku group basic procurement policy to all suppliers in the five regions worldwide while also aiming to realise fair and equitable business dealings and active communication.



Procurement page on the website

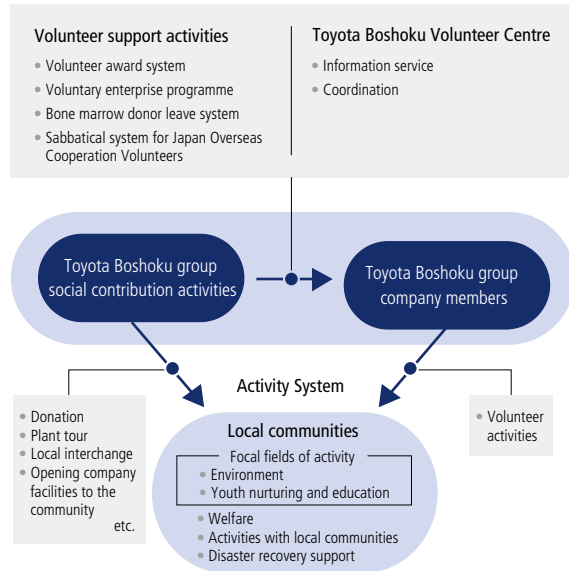


# Together with Global Society & Local Communities

In conducting business globally, the Toyota Boshoku group promotes communication with local communities as a good corporate citizen. Accordingly, we endeavour to implement social contribution activities that tackle challenges in respective regions. To bring more smiles to faces the world over, we will continue deploying activities aimed at contributing to society.

## 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. Company members take the initiative in implementing volunteer activities. Additionally, the Global Mainstay Hub operates a Volunteer Centre that links members with local communities. In addition to offering assistance from the perspectives of providing information, coordination and other support measures, a bone marrow donor leave system and sabbatical system for Japan Overseas Cooperation Volunteers have also been established.



## TOPICS | Reforestation activities in Indonesia

Reforestation activities were started in Indonesia in 2006 and our five-year reforestation plan was completed in fiscal 2010. During that time, we planted approximately 300,000 trees across a 160-hectare land area. The area has developed into an abundant forest in which some trees have grown 7-8 meters high. In fiscal 2011, approximately 100 people were invited to the

local area, including government-related parties and representatives of the district, and a briefing session on activity achievements over the course of five years was conducted. Although activities will be carried out with a focus on local people and a non-governmental organisation (NGO) in the future, PT. Toyota Boshoku Indonesia will continue to support these project activities.



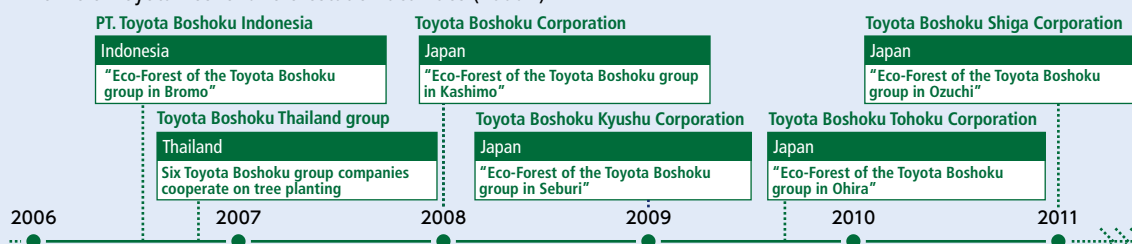
Development into a rich forest over a five-year period

### Progress of reforestation activities in Indonesia

Plan: 255,000 trees (1,700 trees per one hectare) in 150-hectare land area (five years; 30 hectares/year)

Fiscal year		2006	2007	2008	2009	2010	2011	Total
Activity overview		1. Reforestation activities 2. Forest industry guidance 3. Daily life support 4. Local NGO activities 5. Additional tree planting through donation and holding of tree-planting experience tour					Commemorative Ceremony and Project Achievement Briefing Session held	
Reforestation activities	Area (hectare)	30	33	33	33	30		159
	Number of trees planted	50,000	60,000	65,500	66,000	74,500		316,000
	Tree type Selected from indigenous breed	Mimosa acacia, casuarina				Mimosa acacia Casuarina Vaccinium varingifolium (berry shrubs) Toona sureni (Indonesian Mahogany)	Mimosa acacia Casuarina Vaccinium varingifolium (berry shrubs)	

### Timeline of Toyota Boshoku reforestation activities (2006~)



## 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.

### Global environment campaigns

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



Global environment cleanup campaigns

### Reforestation activities

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



Global reforestation activities

## 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.

### Classes on carpentry using forest thinning

Classes on carpentry using forest thinning started from fiscal 2011 with the desire of further supporting the social participation of students through these classes. The classes were conducted at three junior high schools in Kariya where the Global Mainstay Hub is located.



Carpentry class using forest thinning

### Improving school environments

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

## 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.

### Children with Down's syndrome interchange programme

We invited children with Down's syndrome to enjoy a cruise. Fiscal 2011 marked the 11th occasion of the event and a total of 560 people have participated in the programme to date.



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

### 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.

### TABLE FOR TWO

We started the TABLE FOR TWO activity, which is a programme that provides school meals for children in respective countries in Africa where the shortage of food is a serious issue. Under this programme, 20 yen will be donated per meal when company members purchase healthy menus (members and the Company incur 10 yen each), and in turn, provide one school meal in developed countries. A total of 3,698 meals (73,960 yen) were donated through this activity as of March 2012.



Making a social contribution through healthy menus



Natural lighting system of No. 2 building of the Sanage Development Centre won the 4th Sustainable Building Award, Jury's Encouragement Award\*

# Environmental Activities

Working towards Environmental Protection in All Facets of Business

Enhancing Environmental Activities in conjunction with the Toyota Boshoku Group 2015 Environmental Action Plan	51
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Development and Production Activities for the Realisation of a Low-Carbon Society	60
Technology Development and Production Activities for Building a Recycling-Oriented Society	63
Reduction of the Use of Substances with Environmental Impact and Carrying Out Social Activities in Co-Existence with the Natural Environment	65

**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.**

\*Sponsored by the Institute for Building Environment and Energy Conservation, the award is presented in recognition of buildings that contribute to realising a sustainable society.

# Enhancing Environmental Activities

in conjunction with the Toyota Boshoku Group 2015 Environmental Action Plan

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

### Upon completion of the initial year of the Toyota Boshoku group 2015 Environmental Action Plan



Chairman of Environment Committee  
Executive Vice President

**Koji Iida**

In March 2011, the Toyota Boshoku group formulated the mid-term 2015 Environmental Action Plan (hereinafter, "2015 Plan") covering the period from fiscal 2011 to fiscal 2015. The plan is underpinned by the following key themes: (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. To support these initiatives, the Toyota Boshoku group will undertake concerted efforts to achieve targets in all aspects of our business activities by proactively promoting (4) environmental management.

During the initial year of the 2015 Plan in fiscal 2011, we were basically able to achieve targets in our business activities, including product development and design, procurement, production and logistics. Going forward, we will actively promote environmental protection activities to contribute to global environmental conservation.

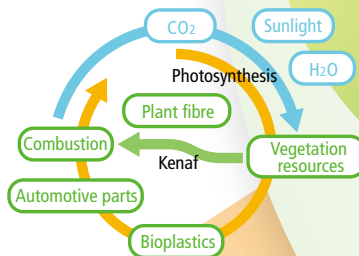
**Toyota Boshoku group  
2015 Environmental  
Action Plan**

Kenaf and other plant materials can recycle carbon dioxide (CO<sub>2</sub>). 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 petroleum-derived parts through integrated development and production from plant seeds to automotive parts. We will continue our efforts to expand the use of plant-derived materials.

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

Develop and expand the adoption of plant-derived materials that can recycle CO<sub>2</sub>



Building a recycling-oriented society

## 4. Environmental management

Promote sustainable plant activities



Environmental management

# 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.

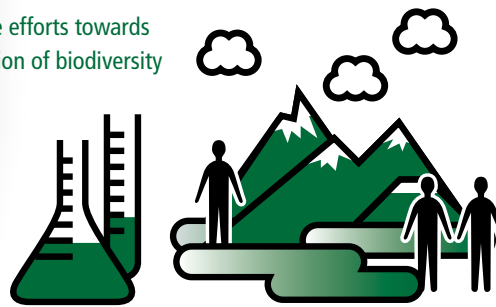


Realisation of a low-carbon society

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

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

Undertake efforts towards conservation of biodiversity



Reduction of the use of substances with environmental impact

Carrying out social activities in co-existence with the natural environment

Sustainable plant activities aim to create production facilities that utilise and co-exist with nature. This involves working to reduce CO<sub>2</sub> via the three key themes of "Eco-innovation," "Eco-energy" and "Eco-communication." We have set targets under the 2015 Plan to promote sustainable plant activities over the medium and long terms and will further advance these efforts going forward.

Toyota Boshoku group environmental activities are designed to protect biodiversity. The 2015 Plan aims to enhance and strengthen social contribution activities in order to co-exist with nature, such as evaluating environmental impacts on nature throughout our business activities from the perspective of protecting biodiversity.

# Fiscal 2011 activity results of the Toyota Boshoku group 2015 Environmental Action Plan

In fiscal 2011, the Toyota Boshoku group formulated the 2015 Plan, which outlines the implementation plan for environmental activities from fiscal 2011 to fiscal 2015. During fiscal 2011,

the initial year of the plan, we successfully achieved our targets for all items.

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

(Assessment: ○: Achieved, △: Target achievement ratio of 80% or higher ~ less than 100%)

Action items	2011-2015 action items	Fiscal 2011 initiatives policy/goals	Fiscal 2011 action results	Self-assessment	Page																																								
Development and design (1) Promote the development of technologies for next-generation vehicles	① Develop interior parts that reduce heat loss	• Set benchmarks for the development of interior parts that reduce heat loss	• Completed development benchmarks	○	60																																								
	② Promote development of weight-saving (lighter-weight) products for improving fuel efficiency	• Develop low-density materials and parts with high rigidity	• Developed technology of low-density parts with high rigidity for interior parts and determined use	○	60																																								
	③ Establish and promote weight-saving target values for all project units for new vehicle models	• Establish and promote weight-saving target values for each developed vehicle	• Achieved qualitative and quantitative targets for each developed vehicle in fiscal 2011	○	—																																								
Production and logistics (2) Reduce CO <sub>2</sub> emissions in production activities	① Promote the development of production technologies with the aim of achieving a 30% reduction in CO <sub>2</sub> emissions of new production process	• Promote CO <sub>2</sub> reduction activities through various measures, including new production process and integration of lines	• Started operation of newly established process, reduced CO <sub>2</sub> emissions by 30% or higher compared with previous levels	○	—																																								
	② Promote CO <sub>2</sub> emission reduction activities by making daily improvements	• Further promote activities to reduce CO <sub>2</sub> emissions by expanding examples of energy-saving improvements group-wide	• Targets achieved by completing the expansion of cases group-wide and supporting local kaizen (continuous improvement) activities (Asia & Oceania)	○	61																																								
Production and logistics (3) Reduce CO <sub>2</sub> emissions in logistics activities	① Promote activities that further raise transportation efficiency	• Promote activities to reduce CO <sub>2</sub> emissions in logistics activities globally	• Began expanding Toyota Boshoku's kaizen activities to the group	○	62																																								
	<Reduction of CO <sub>2</sub> emissions in production and logistics>																																												
		<table border="1"> <thead> <tr> <th>Item</th> <th>Category</th> <th>Unit</th> <th>Fiscal 2011 targets</th> <th>Fiscal 2011 results</th> <th>Self-assessment</th> </tr> </thead> <tbody> <tr> <td rowspan="4">CO<sub>2</sub> emission</td> <td rowspan="2">Production</td> <td>Non-consolidated</td> <td>Emission</td> <td>t-CO<sub>2</sub></td> <td>66,365</td> <td>60,555</td> <td>○</td> </tr> <tr> <td>Japanese group companies*1</td> <td>Basic unit</td> <td>t-CO<sub>2</sub>/100 million yen</td> <td>12.5</td> <td>10.7</td> <td>○</td> </tr> <tr> <td rowspan="2">Logistics</td> <td>Non-consolidated</td> <td>Basic unit</td> <td>t-CO<sub>2</sub>/100 million yen</td> <td>10.0</td> <td>9.8</td> <td>○</td> </tr> <tr> <td>Consolidated</td> <td>Basic unit</td> <td>t-CO<sub>2</sub>/100 million yen</td> <td>17.9</td> <td>16.8</td> <td>○</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Item	Category	Unit	Fiscal 2011 targets	Fiscal 2011 results	Self-assessment	CO <sub>2</sub> emission	Production	Non-consolidated	Emission	t-CO <sub>2</sub>	66,365	60,555	○	Japanese group companies*1	Basic unit	t-CO <sub>2</sub> /100 million yen	12.5	10.7	○	Logistics	Non-consolidated	Basic unit	t-CO <sub>2</sub> /100 million yen	10.0	9.8	○	Consolidated	Basic unit	t-CO <sub>2</sub> /100 million yen	17.9	16.8	○										
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\*1 Excluding Toyota Boshoku

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

(Assessment: ○: Achieved, △: Target achievement ratio of 80% or higher ~ less than 100%)

Action items	2011-2015 action items	Fiscal 2011 initiatives policy/goals	Fiscal 2011 action results	Self-assessment	Page																																					
Development and design (4) Promote recycling design and develop technologies	① Promote recycling design that reduces the number of parts and improves ease of disassembly	• Incorporate "Easy to Dismantle Mark" into designs of vehicles developed in fiscal 2011 in accordance with 3Rs*2 and design check items related to the environment	• Incorporated according to targets	○	—																																					
	② Promote development and product commercialisation of plant-derived materials such as kenaf	• Expand vehicle types that use products made from kenaf materials • Establish new technologies (methods, etc.)	• Decision was made to use in three types of vehicles • Developed and commercialised products using simultaneous plastic parts moulding technique and injection moulding technique • Realised production process mechanisation rate of 10%	○	63																																					
Production and logistics (5) Develop and expand adoption of plant-derived materials	① Establish technologies and production structure for securing stable supplies of plants used as industrial resources without exerting an impact on edible plants	• Increase manufacturing process mechanisation rate to independently cultivate plants used as industrial resources	• Information shared at each plant and implemented cross development of kaizen examples • Completed switch for targeted 6 cases	○	64																																					
	② Reduce emissions by raising yields and taking other measures to reduce waste at the source and promote effective use of resources	• Promote information sharing of examples of waste reduction at respective Toyota Boshoku plants and further promote cross development • Promote switch to recycling for profit (target: 6 cases)	• Completed establishing target values for the group	○	64																																					
	③ Establish targets individually giving consideration to water environmental issues in each country and region and continually reduce the volume of water usage	• Gain an understanding of water-related environmental issues in respective regions and establish target values for the group	• Implemented kaizen for packaging by giving consideration to product shape	○	64																																					
Production and logistics (6) Reduce waste materials and efficiently use resources in production activities and logistics activities	① Promote streamlining of packaging specifications and the use of returnable containers	• Further promote kaizen activities for packaging																																								
	Waste emissions, volume of packing material usage, volume of water usage																																									
		<table border="1"> <thead> <tr> <th>Item</th> <th>Category</th> <th>Unit</th> <th>Fiscal 2011 targets</th> <th>Fiscal 2011 results</th> <th>Self-assessment</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Waste</td> <td rowspan="2">Non-consolidated</td> <td>Basic unit</td> <td>t/100 million yen</td> <td>0.9</td> <td>0.8</td> <td>○</td> </tr> <tr> <td>Discharged amount</td> <td>—</td> <td>Zero landfill waste</td> <td>Zero</td> <td>○</td> </tr> <tr> <td>Packing material usage</td> <td>Non-consolidated</td> <td>Discharged amount</td> <td>t</td> <td>2,558</td> <td>2,287</td> <td>○</td> </tr> <tr> <td rowspan="2">Water usage</td> <td rowspan="2">Non-consolidated</td> <td>Amount used</td> <td>thousands m<sup>3</sup></td> <td>686</td> <td>531</td> <td>○</td> </tr> <tr> <td>Consolidated</td> <td>Amount used</td> <td>thousands m<sup>3</sup></td> <td>2,215</td> <td>1,924</td> <td>○</td> </tr> </tbody> </table>	Item	Category	Unit	Fiscal 2011 targets	Fiscal 2011 results	Self-assessment	Waste	Non-consolidated	Basic unit	t/100 million yen	0.9	0.8	○	Discharged amount	—	Zero landfill waste	Zero	○	Packing material usage	Non-consolidated	Discharged amount	t	2,558	2,287	○	Water usage	Non-consolidated	Amount used	thousands m <sup>3</sup>	686	531	○	Consolidated	Amount used	thousands m <sup>3</sup>	2,215	1,924	○		
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\*2 Reduce, Reuse, Recycle

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

(Assessment: ○: Achieved, △: Target achievement ratio of 80% or higher – less than 100%)

Action items	2011-2015 action items	Fiscal 2011 initiatives policy/goals	Fiscal 2011 action results	Self-assessment	Page																				
Development and design (7) Strengthen management of products for certain chemical substances	① Steadily switch away from the use of substances with environmental impact and strengthen structure for managing their usage	<ul style="list-style-type: none"> <li>Promote a shift to the use of substances with less environmental impact (HBCD*DEHP*DBP*<sup>3</sup>)</li> <li>Promote VOC*<sup>4</sup> reduction measures</li> </ul>	<ul style="list-style-type: none"> <li>Currently promoting switch by strictly observing legal and regulatory deadlines</li> <li>Implemented VOC reduction measures for developed vehicles</li> </ul>	○	65																				
	① Curb emissions of PRTR* <sup>5</sup> , VOC and other atmospheric pollutants	<ul style="list-style-type: none"> <li>Achieve target (reduce 1% versus fiscal 2010 results) by further reducing amounts of paints, thinners, adhesives and other substances used during production</li> </ul>	<ul style="list-style-type: none"> <li>Target achieved through the promotion of activities to reduce usage by enhancing coating efficiency</li> </ul>	○	65																				
Production (8) Reduce the use of substances with environmental impact in production activities	Emission of substances subject to PRTR and VOC	<table border="1"> <thead> <tr> <th>Item</th> <th>Category</th> <th>Unit</th> <th>Fiscal 2011 targets</th> <th>Fiscal 2011 results</th> <th>Self-assessment</th> </tr> </thead> <tbody> <tr> <td>Emission of substances subject to PRTR</td> <td>Non-consolidated</td> <td>Emission</td> <td>t</td> <td>173</td> <td>148</td> <td>○</td> </tr> <tr> <td>Emission of substances subject to VOC</td> <td>Non-consolidated</td> <td>Emission</td> <td>t</td> <td>662</td> <td>527</td> <td>○</td> </tr> </tbody> </table>	Item	Category	Unit	Fiscal 2011 targets	Fiscal 2011 results	Self-assessment	Emission of substances subject to PRTR	Non-consolidated	Emission	t	173	148	○	Emission of substances subject to VOC	Non-consolidated	Emission	t	662	527	○			
	Item	Category	Unit	Fiscal 2011 targets	Fiscal 2011 results	Self-assessment																			
Emission of substances subject to PRTR	Non-consolidated	Emission	t	173	148	○																			
Emission of substances subject to VOC	Non-consolidated	Emission	t	662	527	○																			
Cooperation with society (9) Undertake efforts towards conservation of biodiversity (10) Promote social contribution activities in order to co-exist with nature	① Formulate biodiversity guidelines and aim for co-existence with ecosystems of surrounding communities	<ul style="list-style-type: none"> <li>Formulate Toyota Boshoku Basic Policy of Biodiversity and expand to also encompass business partners</li> </ul>	<ul style="list-style-type: none"> <li>Formulated policy and completed expansion to business partners</li> </ul>	○	55																				
	① Promote activities that contribute to the environment and society such as environmental preservation, forest management and reforestation activities in cooperation with surrounding communities	<ul style="list-style-type: none"> <li>Continue reforestation and forest management activities in Japan</li> <li>Implement follow-up of reforestation activities in Indonesia and Thailand</li> </ul>	<ul style="list-style-type: none"> <li>Continued forest management activities (Kashimo, Ohira, Seburi, Ozuchi)</li> <li>Indonesia: Held meeting to report results</li> <li>Thailand: Implemented new reforestation activity by regional entities</li> </ul>	○	—																				

\*3 HBCD: Hexabromocyclododecane DEHP: Diethylhexylphthalate DBP: Dibutyl phthalate

\*4 VOC: Volatile Organic Compounds

\*5 PRTR: Pollutant Release and Transfer Register

### 4. Environmental management

(Assessment: ○: Achieved, △: Target achievement ratio of 80% or higher – less than 100%)

Action items	2011-2015 action items	Fiscal 2011 initiatives policy/goals	Fiscal 2011 action results	Self-assessment	Page
Management (11) Strengthen and promote consolidated environmental management (12) Promote environmental conservation activities in cooperation with business partners (13) Promote environmental management using Eco-VAS* <sup>6</sup> in product development (14) Promote sustainable plant activities (15) Enhance and promote environmental education globally (16) Enhance activities for communication with stakeholders through active disclosure of environmental information	① Promote activities for reducing environmental impact by enhancing activities of regional Environmental Committees ② Promote continuous improvements by building and enhancing operation of environmental management systems (EMS) ③ Strengthen the Toyota Boshoku group's compliance with environmental laws and promote activities to prevent environmental risk	<ul style="list-style-type: none"> <li>Implement regional Environmental Committee activities according to plan and enhance plant inspection activities</li> <li>Build a compliance system in terms of production standards and firmly establish operation of the system globally</li> <li>Acquire ISO 14001 certification according to plan (2 companies outside Japan)</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Committees: Activities implemented according to plan</li> <li>Plant inspections: Improved standards to prevent abnormalities/complaints, etc.</li> <li>Completed development and establishment of compliance system</li> <li>Acquired certification according to plan</li> </ul>	○	57
	① Request that suppliers build and operate EMS and abide by laws	<ul style="list-style-type: none"> <li>Confirm acquisition status of ISO 14001 certification and promote maintenance of certification acquisition</li> <li>Issue Green Procurement Guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Confirmed acquisition rate, continued maintenance of certification acquisition and requested compliance measures</li> <li>Held briefing sessions and completed issuance of guidelines (December 2011)</li> </ul>	○	—
	① Steadily promote LCA* <sup>6</sup> management at the development stage	<ul style="list-style-type: none"> <li>Steadily implement measures for environmental assessment systems, including Eco-VAS*<sup>7</sup></li> </ul>	<ul style="list-style-type: none"> <li>Specified vehicle type to be assessed and completed development of environmental data</li> </ul>	○	—
	① Formulate and implement a roadmap for reducing CO <sub>2</sub> emissions	<ul style="list-style-type: none"> <li>Formulate roadmap for reducing CO<sub>2</sub> emissions globally</li> </ul>	<ul style="list-style-type: none"> <li>Formulated roadmap for each region</li> </ul>	○	—
	① Promote environmental education and awareness-raising activities for Toyota Boshoku	<ul style="list-style-type: none"> <li>Develop education system and materials as well as implement staff training at group companies</li> <li>Continuously promote awareness-raising activities through Environment Month and Energy Conservation Awareness Month</li> </ul>	<ul style="list-style-type: none"> <li>Developed system and materials and implemented education</li> <li>Promoted awareness-raising activities by communicating top messages and implementing various initiatives, including study sessions and energy-saving diagnostics</li> </ul>	○	58
	① Enhance environmental information in the Toyota Boshoku Report and further enhance the provision of environmental information	<ul style="list-style-type: none"> <li>Introduce mid- and long-term activity information in the Toyota Boshoku Report</li> <li>Enhance environmental information through renewal of website</li> <li>Enhance communication of environmental information internally and externally</li> </ul>	<ul style="list-style-type: none"> <li>Introduced special feature of 2015 Environmental Action Plan</li> <li>Information volume: Approximately doubled (versus previous year)</li> <li>Number of cases announced to the media: Increased threefold (versus previous year)</li> </ul>	○	—
② Promote activities for communication with local communities	<ul style="list-style-type: none"> <li>Hold plant observation tours for schools and classes on carpentry using forest thinning</li> <li>Continuously implement area social gatherings</li> <li>Support company member volunteers' participation in local environmental beautification activities</li> </ul>	<ul style="list-style-type: none"> <li>Introduced environmental activities for elementary and junior high schools in the vicinity (Sanage district, Karia district, Kashimo district)</li> <li>Implemented area social gatherings (Karia district, Sanage district)</li> <li>Supported activities of volunteer participants</li> </ul>	○	58	

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

\*7 Eco-Vehicle Assessment System, a new environmental assessment system adopted by Toyota Motor Corporation

# Environmental Management

The Toyota Boshoku group collectively strives to preserve the global environment based on the 2015 Plan.

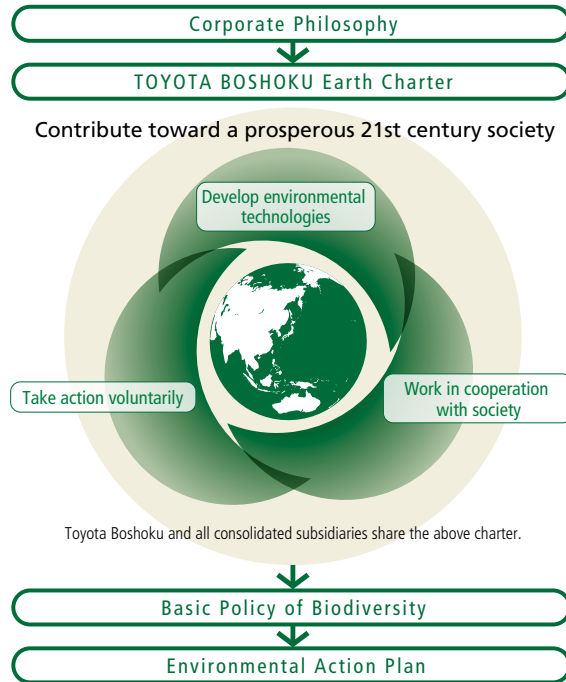
## TOYOTA BOSHOKU Earth Charter

The Toyota Boshoku group promotes environmental preservation based on the spirit of the TOYOTA BOSHOKU Earth Charter, which was established in 2004. As a means of responding to current social trends and environmental changes, we updated the charter in November 2011 and incorporated a basic policy to promote

initiatives that take into consideration conservation of biodiversity in various areas of our business activities.

Based on this charter, we will make collective efforts as a group to focus further on preserving the global environment in order to realise a sustainable 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 work to reduce environmental burdens throughout all areas of business activities. We will contribute toward realising a "sustainable society" by carrying out activities that take into consideration biodiversity and co-existence with nature.

#### 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 address 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.

Underlined section was updated.

## Toyota Boshoku Basic Policy of Biodiversity

Conservation of biodiversity and sustainable use along with climate change countermeasures (global warming prevention) are essential environmental issues that should be promoted on a global scale. The promotion of initiatives aimed at preserving biodiversity began along with a growing interest worldwide, including the 10th meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 10) held in Nagoya, Aichi Prefecture, in 2010.

The Toyota Boshoku group has formulated the Toyota Boshoku Basic Policy of Biodiversity on November 3, 2011 in order to promote conservation of biodiversity. Through this policy, we will further focus on environmental preservation activities also from the perspective of conserving biodiversity in addition to continuously carrying out previous environmental preservation activities.

### I. Basic Concepts

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

### II. Action Guidelines

1	Make the best use of nature: Pursue environmental technologies	<ul style="list-style-type: none"> <li>Development of technologies and prevalence of biological resources such as plant-derived materials</li> <li>Promote the development of technologies in recycling design and reduce the weight of automotive parts</li> <li>Enhance the management of chemical substances in products</li> </ul>
2	Co-existence with nature: Consideration of the impact of business activities	<ul style="list-style-type: none"> <li>Make an effort to understand the impacts of our business activities, and continuously reduce these impacts</li> <li>Promote efficient utilisation of energy, resource saving and reduction of substances of concern</li> <li>Consideration of surrounding areas including land use</li> </ul>
3	Nurture nature: Cooperation and collaboration with society	<ul style="list-style-type: none"> <li>Raise the biodiversity awareness of members and promote voluntary activities for the conservation of biodiversity</li> <li>Contribute to building a society to cultivate biodiversity such as promoting reforestation globally in cooperation with government, local communities and non-governmental organisations.</li> </ul>
4	Sharing of information: Disclosure and communication of information	<ul style="list-style-type: none"> <li>Share information with society regarding biodiversity conservation activities being carried out and their results.</li> </ul>



## Promoting environmental management

The Toyota Boshoku group is continuously implementing global Environment Committee initiatives to strengthen and enhance environmental activities while continuing with independent programmes undertaken by Environmental Committees in respective regions. The group as a whole will continuously work to further promote environmental activities.

### 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.

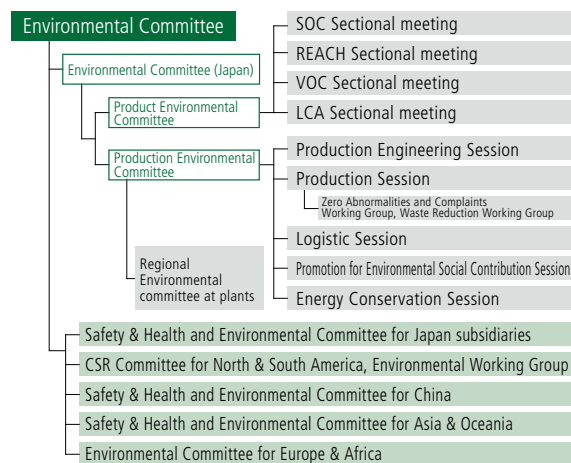
## Environmental accounting

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

### Cost of environmental preservation

In fiscal 2011, the environmental accounting of the Toyota Boshoku group recorded investment of 764 million yen, costs of 2,067 million yen and economic effects of 2,179 million yen.

## Environmental activity programme framework



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 2011, we continued to actively promote unit session activities by function.

### 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 CO<sub>2</sub> emissions are provided in this report on pages 60-65.

(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	105	110	26	9	59	60
	Global environmental conservation	339	91	108	31	49	24
	Resource circulation	3	287	28	78	21	70
Upstream/Downstream cost		0	0	0	0	—	—
Administration cost		3	222	15	33	7	66
R&D cost		0	956	0	0	—	—
Social activity cost		0	19	1	3	0	7
Environmental remediation cost		0	1	0	0	—	—
Total		450	1,686	178	154	136	227
		2,136		332		363	
Total investment amount		764		Total costs		2,067	

(Unit: Millions of yen)

Economic effects		Toyota Boshoku Corporation	Japanese group companies	Group companies outside Japan
Cost reduction through energy saving		34	5	21
Resource saving & reduction of waste disposal costs		579	30	1,112
Profit on sale of recycled materials		398	—	—
Total		1,011	35	1,133
Aggregate total		2,179		

Material effects		Toyota Boshoku Corporation	Japanese group companies	Group companies outside Japan
Energy saving (t-CO <sub>2</sub> )		12,384	82	2,702
Waste disposal (t)		2,136	11	2,979

Depreciation and amortisation is not included in the costs.

### Consolidated environmental management

The Toyota Boshoku group shares our environmental policy as well as collectively promotes environmental activities. We have been conducting activities in line with the 2015 Plan since fiscal 2011. Accordingly, in addition to developing a group-wide system for enhanced compliance and ongoing efforts to reduce CO<sub>2</sub> emissions, we have also strengthened initiatives to reduce water usage by establishing new target values for water consumption. Additionally, since fiscal 2010, we have been implementing various measures globally via our Environmental Committee, including expanding Toyota Boshoku group policy to respective regions, sharing and undertaking measures regarding issues and following up on promotion activities.

We will continuously seek to improve and strengthen activities on a group-wide basis.

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

The group for North & South America has been promoting environmental activities centred on the Environmental Working Group. "Treasure hunting," which is an event conducted since fiscal 2009, was also held in fiscal 2011 as part of energy conservation activities. Each company takes turns reporting and sharing information on various topics related to energy conservation. Additionally, activities such as cleaning up the surrounding area of each plant and tree planting were conducted in conjunction with Earth Day to raise the awareness of company members.



Earth Day T-shirt

### Safety & Health and Environmental Committee for Asia & Oceania

The group for Asia & Oceania regularly holds committee meetings. The committee reports on the progress of environmental activities for each company and conducts inspection tours, thereby contributing to mutually enhancing environmental awareness. Additionally, environmental education was conducted by members of Toyota



On-site verification by the Safety & Health and Environmental Committee

Boshoku's Environment Division. A total of 30 company members responsible for promoting environmental and energy-saving efforts at each company participated to learn about ways to promote environmental management and energy conservation activities within the Toyota Boshoku group, and promoted *kaizen* accordingly.

### Safety & Health and Environmental Committee for China

The group for China has successively implemented meetings and promoted various activities at each company, including energy conservation and reducing the amount of water usage. In order to achieve the newly established target values of water usage, Guangzhou Intex Auto Parts Co., Ltd. has implemented water leakage measures by thoroughly investigating water leakage at its plant. Shanghai Toyota Boshoku Automotive Parts Co., Ltd. also continuously promotes water-saving initiatives.

### Environmental Committee for Europe & Africa

With regard to the group for Europe & Africa, the committee has verified the progress of environmental activities at each company and cross developed initiatives in the region that include outstanding energy conservation activities. Committee members are regularly rotated in line with increases in the number of bases as a means of further strengthening environmental activities in the group.

From fiscal 2012, we will further promote environmental activities in a proactive manner by reinforcing committee activities with the objective of conducting environmental auditing and realising mutual improvements.

### Safety & Health and Environmental Committee for Japan subsidiaries

The group for Japan holds committee meetings for the purpose of environmental auditing and mutually realising improvements. With a focus on reporting activities at each company, initiatives carried out by the committee consisted of the cross development of activities and environmental auditing by Toyota Boshoku's Environment Division members. Additionally, Toyota Boshoku utilises an item matrix for energy conservation, power saving, waste reduction and reduction of water consumption to strengthen activities. In response to the Japan Earthquake, the committee participated in the Saving Energy Committee, which was established by Toyota Boshoku in May 2011, to augment initiatives to save energy. In this way, activities are continuously being promoted (see page 62).

**TOPICS** | **Toyota Boshoku Shiga Corporation: Received Gold Prize at the Toyota Boshoku Group Global Awards, Environmental Award**  
Nurturing environmental personnel and implementing social contribution activities, including the preservation of Lake Biwa

Based on the basic policy of "contributing to society by conducting business activities that give consideration to the global environment," Toyota Boshoku Shiga actively promotes environmental activities and environmental management in which all company members are involved. Specifically, an *Kankyo* (Environmental) *Dojo*, which is established inside the plant, is utilised so that members can experience and learn about the impacts of the plant's activities on nature and local society. In this way, the company is placing an emphasis on developing human resources to ensure that each member can take the initiative in promoting environmental preservation activities. The company also commenced reforestation activities at the Eco-Forest of the Toyota Boshoku group in Ozuchi from fiscal 2011 as a co-existence activity with the region. A total of 97 company members participated in the activity during the initial year. Furthermore, Toyota Boshoku Shiga exhibited at the "Commemorative Symposium for the 30th Anniversary of Biwako (Lake Biwa) Day" and introduced the Toyota Boshoku group's environmental activities to local residents.

Going forward, environmental activities will continue to be promoted, including the preservation of Lake Biwa.



Reforestation activity / Forest road cleanup



At the Commemorative Symposium for the 30th Anniversary of Lake Biwa Day

**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 2011. During Environment Month, along with the communication of environment-related messages by the Chairman of the Environment Committee,

environmental patrols, which were independently carried out at respective workplaces, and company-wide environmental cleanup activities were also conducted. During Energy Conservation Awareness Month, we collected examples of energy- and power-related improvements and displayed them at the Sanage Plant to promote energy- and power-saving activities. Additionally, a study session entitled "Key points and implementation of energy conservation and power saving" was organised by members of the Toyota Boshoku Environment Division, in which approximately 300 participants deepened their understanding of points for saving energy and power at workplaces and at home.

**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. A social gathering was once again held in the Kariya district in fiscal 2011, in which explanations were provided regarding the status of environmental preservation.

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

**TOPICS** | **Introduction of Toyota Boshoku environmental activities to elementary and junior high schools**

From fiscal 2011, the Toyota Boshoku Sanage Plant started the initiative of introducing Toyota Boshoku's environmental initiatives to local elementary school and junior high school students. A total of 200 students participated from three elementary schools located in the vicinity of the Sanage Plant and a junior high school in the Kashimo district in Gifu Prefecture, with whom we are conducting collaborative reforestation activities. Programmes on "Kenaf and Toyota Boshoku" and "A Look at Natural Energy" were created according to grade levels. Participants were able to further deepen their understanding by actually handling kenaf and products made using kenaf as

well as by utilising a wind power generation model.



Introduction of environmental efforts

### Status of building environmental management systems

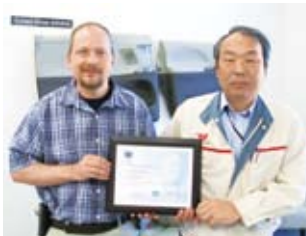
The Toyota Boshoku group is working hard to build and maintain environmental management systems. Consequently, plans call for acquiring certification at all targeted companies by fiscal 2014. As of March 2012, we had acquired external accreditation for environmental management systems at 62 of 69 facilities.

The following entities attained ISO 14001 accreditation in fiscal 2011: Toyota Boshoku Asia Co., Ltd. and the East Plant of Toyota Boshoku Indiana, LLC.

Please refer to the Toyota Boshoku website for details regarding accreditation.



ISO 14001 accreditation attained by Toyota Boshoku Asia Co., Ltd.



ISO 14001 accreditation attained by the East Plant of Toyota Boshoku Indiana, LLC

### Environmental risk management

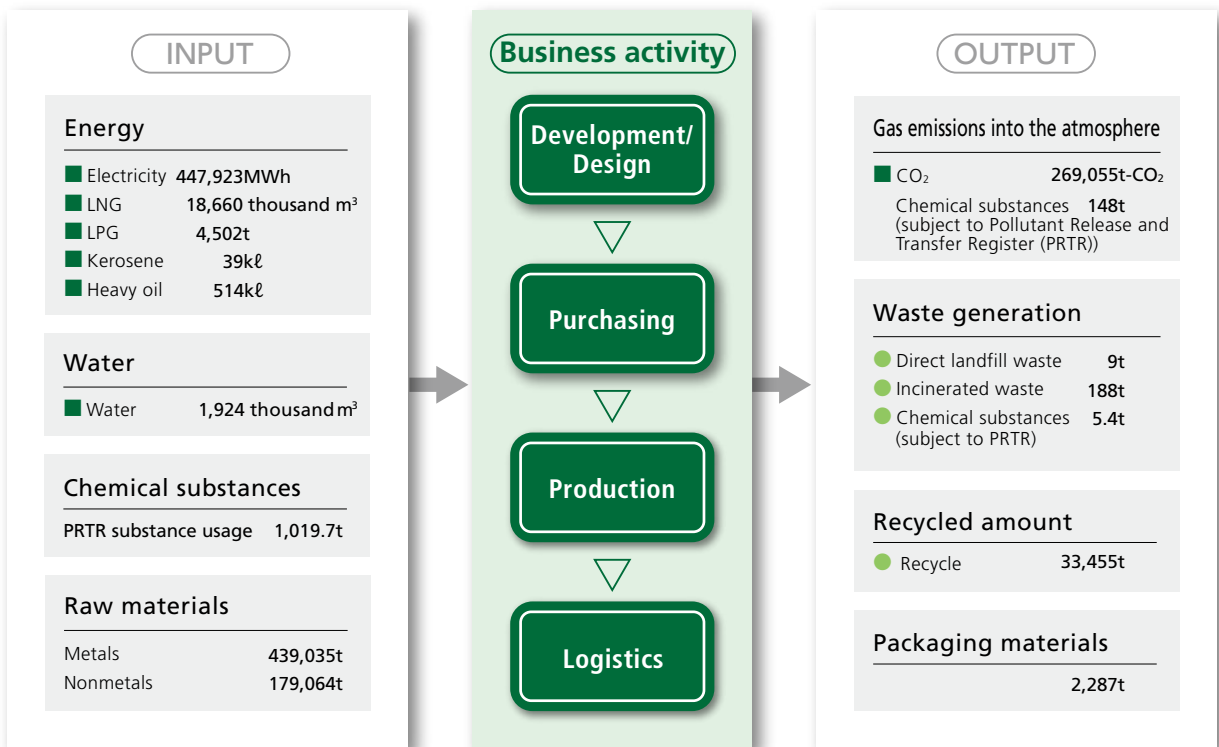
At the Toyota Boshoku group, we are endeavouring to realise zero abnormalities and complaints by developing a risk map to prevent environmental accidents and pollution from occurring. Specifically, we manage risk based on target values voluntarily set to more stringent standards than regulations require. We also identify latent risks and take relevant preventive measures.

In fiscal 2011, Toyota Boshoku introduced case examples and deployed activities across the board via *genchi-genbutsu* (Go, see & study) to mitigate risk through working groups on abnormalities and complaints. Risk management was also implemented from the perspective of local residents. Accordingly, inspection standards were established for inside and outside plants in an effort to further strengthen activities to achieve zero abnormalities and complaints. Going forward, we will also audit group companies globally as needed and strengthen such activities.

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

Resource consumption for business activities and emissions causing environmental loads in fiscal 2011

■ Total for Toyota Boshoku group ● Total for Japan group companies (including Toyota Boshoku Corporation) Others refer to Toyota Boshoku Corporation only.



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

The Toyota Boshoku group works to reduce CO<sub>2</sub> emissions in all areas, from development and design to production and logistics, in order to help prevent global warming and contribute to environmental preservation.

## Development and design

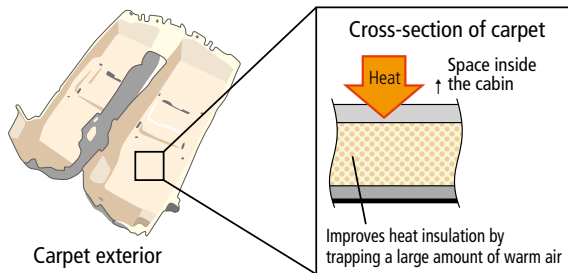
**Toyota Boshoku aims to further improve environmental performance, safety and comfort in automobiles by promoting technological development for next-generation vehicles. In terms of environmental performance, in particular, we seek to enhance fuel efficiency by making automotive parts lighter and reducing heat loss by improving thermal insulation inside the cabin.**

### Develop interior parts that reduce heat loss

#### Insulating carpet

In fiscal 2011, we developed an insulating carpet that reduces heat loss (amount of heat from heater lost due to carpeting) in winter by 30% compared with conventional products.

While maintaining the wear resistance of the carpet, we made the material near the surface less dense and thicker so that it can trap a large amount of heat-insulating air. We also made the entire carpet lighter. These initiatives resulted in a significant reduction in heat loss.

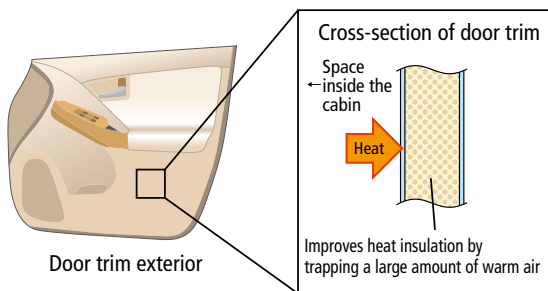


#### Insulating door trim

In fiscal 2011, we developed insulating door trim that reduces heat loss (amount of heat from heater lost due to door trim) in winter by 30% compared with conventional products.

While maintaining rigidity, we made the door trim less dense and lighter so that it can trap warm air in the board material. These factors helped to considerably decrease heat loss.

Going forward, we will continue to develop technologies to commercialise door trim that reduces heat loss.



## Making automotive parts lighter to increase fuel efficiency

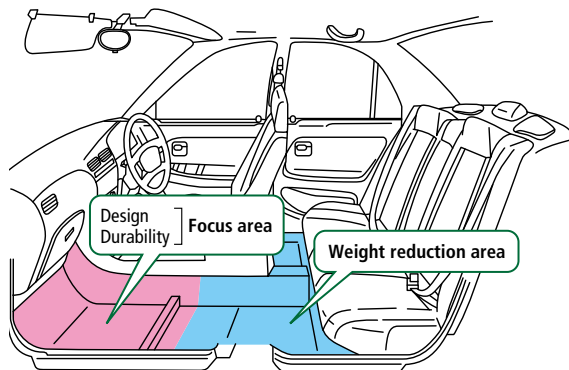
Since 2007, we have been conducting four sessions to observe trends for seats, interior trims, filters and powertrains, as well as developments at other companies, and convening the Weight Saving Committee comprising special working groups aimed at reducing weight over the medium and long terms through advanced development. These efforts are focused on preserving the environment and strengthening global competitiveness.

A particularly noteworthy achievement was weight reduction in carpet materials for interior components. Compared with seats and other interior parts, it was difficult to further reduce the mass of already low-mass carpet. The following initiatives, however, enabled us to overcome this issue and achieve success.

### Tufted carpet\*<sup>1</sup> with different mass per unit area

In fiscal 2011, we set a target to reduce the weight of floor carpet by 100-150kg per automobile. Our concept was to use floor carpets with appropriate mass per area for different parts of the vehicle. For areas that are used often such as the driver's seat and front passenger seat, we focused on design and durability of the carpet. For areas that are used relatively less frequently such as the back seat, where the moulded shape is shallower, we focused on reducing the mass per area of the carpet. By doing so, we were able to achieve our target.

Going forward, we will promote the application of needle punch carpeting\*<sup>2</sup> to contribute to further weight reduction in automotive parts.



\*<sup>1</sup> Floor carpet made by inserting thick pile into fabric as a non-woven backing material

\*<sup>2</sup> Floor carpet made by using barbed needles that punch, compress and intertwine a matted layer of short staple fibres to form a matted layer of dry, non-woven fibres

## Production and logistics

The Toyota Boshoku group is actively working to reduce CO<sub>2</sub> emissions in production and logistics processes.

### Efforts to reduce CO<sub>2</sub> emissions

Through the Energy Conservation Session, Toyota Boshoku makes use of a matrix for realising improvements in energy conservation along with promoting cross development. In fiscal 2011, we implemented activities aimed at improving management by revising the matrix with new items and setting energy conservation standards for business locations. As a result, we achieved a result of 60,555t-CO<sub>2</sub> compared with our fiscal 2011 target of 66,365t-CO<sub>2</sub>. With regard to the basic unit for emissions, we achieved a result of 10.7t-CO<sub>2</sub>/100 million yen, bettering our target of 12.5t-CO<sub>2</sub>/100 million yen.

We are implementing energy conservation activities throughout the Toyota Boshoku group based on this matrix of energy-saving items.

### Calculation of greenhouse gas emissions

With regard to the CO<sub>2</sub> 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 2001. The amount of CO<sub>2</sub> reduced via co-generation is calculated using the average for thermal power, with the results reflecting emission amounts.

### CO<sub>2</sub> conversion coefficient

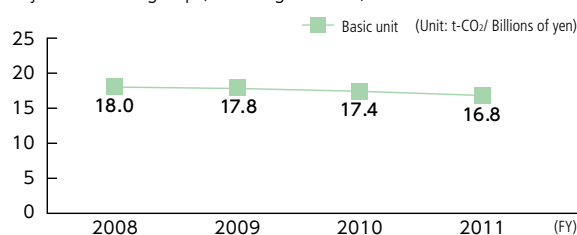
Fuel	CO <sub>2</sub> conversion coefficient
Purchased electricity	0.3707t-CO <sub>2</sub> /MWh
Heavy oil	2.6958t-CO <sub>2</sub> /kℓ
Kerosene	2.5316t-CO <sub>2</sub> /kℓ
LNG	2.0643t-CO <sub>2</sub> /thousand m <sup>3</sup>
LPG	3.004t-CO <sub>2</sub> /t

### CO<sub>2</sub> emissions

Toyota Boshoku Corporation



Toyota Boshoku group (excluding affiliates)



### Examples of energy conservation

#### Toyota Boshoku Kyushu Corporation

Toyota Boshoku Kyushu studied the operating status of pumps and shifted to optimal operation with no waste in an effort to reduce CO<sub>2</sub>.

Members in charge of improvement



**Takeshi Egashira**  
Equipment Management Department, Engineering Division  
Toyota Boshoku Kyushu Corporation

#### Example 1: Integrated cooling water pipes

We connected dual cooling-water pipes to make one system by rearranging equipment, which led to reducing the overall burden. By connecting the pipes, we could stop one of the cooling towers and save energy.

#### Example 2: Preventing people from forgetting to turn off vacuum pumps

In the kenaf moulding process, there are times when the vacuum pumps are not used, depending on the model. However, since the pumps are operated by hand, operators often forgot to turn them off. To overcome this problem, the company shifted to a control circuit in which a model detection system is used to turn off pumps not in use.



**Hiroyuki Uchida**  
Equipment Management Department, Engineering Division Expert  
Toyota Boshoku Kyushu Corporation

#### Example 3: Turned off pumps to re-circulate urethane when not in use

Pumps to re-circulate urethane used to operate 24 hours a day to prevent the material from calcifying. However, when the temperature is raised above 25°C, re-circulation becomes unnecessary. The company thus shifted to a system that uses a heater so that the pumps can be turned off when not required.



**Bunta Moriyasu**  
Equipment Management Department, Engineering Division  
Toyota Boshoku Kyushu Corporation

### Example of energy conservation

#### Toyota Boshoku Filtration System (Thailand) Co., Ltd.

Since 2010, Toyota Boshoku Filtration System (Thailand) has been implementing improvements that include reducing air consumption by eliminating air blow, installing compressed air tanks for each process and ensuring optimal operation by using inverter compressors. As a result, the company reduced the set air pressure from 0.70Mpa to 0.45Mpa and electricity consumption per day by 1,382kWh for a yearly saving of 133t-CO<sub>2</sub>.

Members in charge of improvement



**Tanong Kadtasing**  
Manager, Safety & Environmental Division  
Toyota Boshoku Filtration System (Thailand) Co., Ltd.



**Nitsawat Makhumlek**  
Safety & Environmental Division  
Toyota Boshoku Filtration System (Thailand) Co., Ltd.

## TOPICS | Initiatives to save power in the Toyota Boshoku group

### Toyota Boshoku established the Saving Energy Committee in conjunction with Japanese subsidiaries and suppliers and undertook concerted efforts to save power.

The Japan Earthquake caused a power supply shortage. As a countermeasure, Toyota Boshoku established the Saving Energy Committee in May 2011 together with Japanese subsidiaries and suppliers to aggressively tackle the issue of saving power. In addition to meeting the demands of the Ministry of Economy, Trade and Industry to save electricity in certain regions, the Toyota Boshoku group set unique targets for other regions as well, registering implementation items for power saving and carefully managing maximum power consumption. Through these efforts, we were able to reduce peak power by 10.2% overall.

Major initiatives undertaken in fiscal 2011 included strengthening standard power- and energy-saving activities such as eliminating waste in air conditioning units, lighting and other equipment, as well as introducing high-efficiency lighting and increasing efficiency in

air conditioning units. We also introduced special initiatives such as shifting to night operations at certain times.

Following the electricity conservation period in summer, we implemented other activities in winter and are currently executing further feasible initiatives. These include introducing power generators and demand controllers\* to cut peak power loads with a view to saving electricity from 2012 onward, altering operating times and turning off air conditioning units.

Going forward, we will continue implementing programmes to save power.

**List of target values** Figures represent reduction percentage vs fiscal 2010 results

Target location	East Japan	West Japan
Plants	15%	5% or higher
Business locations	15%	5% or higher
Affiliates	15%	5% or higher
Suppliers	Implement power-saving initiatives	

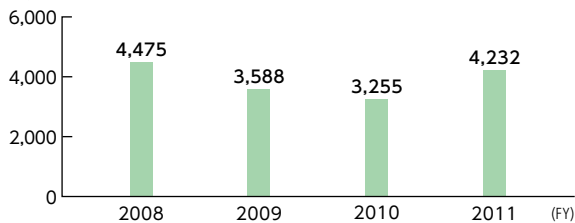
\*Equipment that constantly monitors the amount of power needed and allows units to be selectively disconnected to assure that the power demand (maximum demand peak) does not exceed preset limits

### Reducing CO<sub>2</sub> emissions in logistics

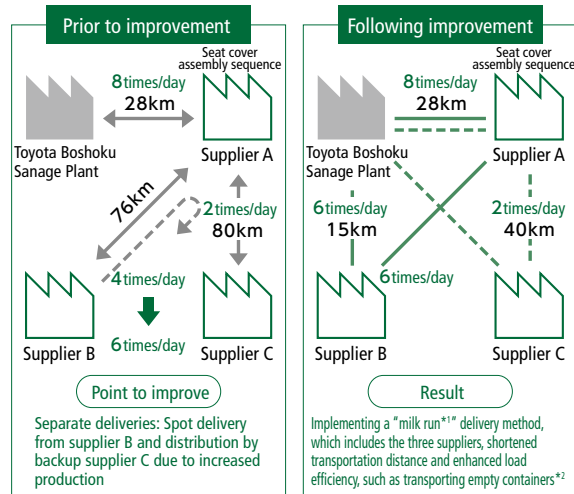
In fiscal 2011, we reviewed our management methods for CO<sub>2</sub> emissions in logistics. Although we only identified and managed routes taken by Toyota Boshoku in fiscal 2010, we worked to determine total CO<sub>2</sub> emissions from fiscal 2011, including for mixed loads and contracted vehicles. In terms of initiatives undertaken during the period, we reduced the number of delivery vehicles by planning run times, exchanged information by participating in Toyota Group meetings concerning logistics and the environment and rolled out emission reduction programmes, as well as promoted cross development at Japanese group companies. As a result, we achieved the target of 5,469t-CO<sub>2</sub> with a result of 4,232t-CO<sub>2</sub>.

Moving ahead, we will promote further reduction of CO<sub>2</sub> emissions in logistics by pursuing improvements in logistics and managed targets for Japanese group companies.

CO<sub>2</sub> emissions in logistics  
Toyota Boshoku Corporation



### Example of improvement in CO<sub>2</sub> emissions in logistics: Reviewed transportation of seat covers in line with an increase in Prius α production



\*1 A delivery method in which one vehicle visits several suppliers and picks up goods from each one

\*2 After making a delivery between plants with specified returnable boxes, the empty boxes are then returned to the original shipment point on the same day.

#### Verification of results

	Prior to improvement	Following improvement
CO <sub>2</sub> emissions in logistics	5.04t-CO <sub>2</sub> /month	2.67t-CO <sub>2</sub> /month (47% reduction)

#### Members in charge of improvement



**Masahiro Iwatsu**  
Assistant Manager, Logistics Strategy  
Planning Department,  
Production Control Division  
Toyota Boshoku Corporation



**Yoshiharu Kaibuki**  
Assistant Manager, Logistics Strategy  
Planning Department,  
Production Control Division  
Toyota Boshoku Corporation

# Technology Development and Production Activities for Building a Recycling-Oriented Society

The Toyota Boshoku group incorporates the use of raw materials and other materials that can be recycled and considers product design and development with a view to the creation of a recycling-oriented society. We also work to reduce waste and water consumption in the production stage.

## Development and design

Since our first practical application of kenaf base material in door trims back in 2000, Toyota Boshoku has built up our kenaf business, from developing technology for seed cultivation to the commercialisation of kenaf-based automotive parts. Efforts are also being made to expand and make the use of kenaf widespread.

### Developing and expanding the use of plant-derived materials that can recycle CO<sub>2</sub>

#### Base material for door trims and seat back boards

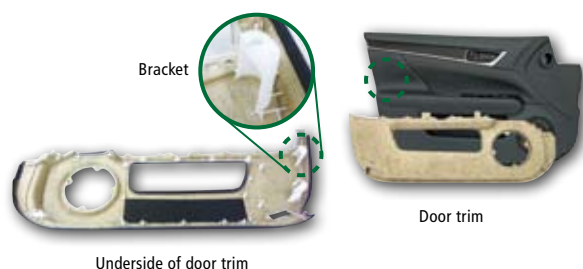
Toyota Boshoku applied traditional technology used for kenaf to develop even lighter base material for door trims and seat back boards.

In order to reduce weight, an additive was combined with the polypropylene (PP) raw material to improve its compatibility with kenaf fibre. The improvement of the bond strength between the PP and the kenaf resulted in the development of door trim base material and seat back board base material that was 20% lighter compared with conventional parts, yet with the same strength.

We also developed a simultaneous plastic part moulding technique that performs the press moulding of the base material at the same time as the injection moulding of the plastic bracket\* for the back side. This helped to improve productivity.

To reduce the size of the bracket, we improved the bonding strength between the PP resin in the base material and the PP resin in the bracket by enabling compatibilising effects through a simultaneous moulding technique. The result was a reduction in the bonding area compared with conventional parts, thereby realising a weight reduction in bracket parts.

\*Part to join the door trim to the body of the car



#### Air cleaner case

For over 15 years, Toyota Boshoku has undertaken the development of interior parts that utilise kenaf fibre. However, fiscal 2011 was the first time that we commercialised an engine-related part that utilises a plant-based material. This was made possible through the use of a new general-purpose injection moulding technique that differs from the conventional press technique.

The key factor behind the success was forming PP pellets with kenaf. In this process, unbundled kenaf fibres measuring 70mm in length were each finely crushed and packed to form pellets for use in injection moulding. The kenaf pellets were then mixed with PP

pellets and an additive to form kenaf/PP composite pellets. This has become the new material for injection moulding parts.

The large amount of heat generated in the standard blending process caused the heat-sensitive kenaf to deteriorate. To resolve this issue, we developed a special compound process, which suppresses deterioration of the kenaf material.



Air cleaner case  
Trademark of Denso Corporation

## TOPICS

### Received Bronze Prize in Aichi Prefecture Environment Awards

Development and proliferation of environmentally friendly automotive parts through the creation of our kenaf business starting from seed cultivation to product commercialisation

Toyota Boshoku set its sights on kenaf, an annual grass that grows quickly and has high CO<sub>2</sub> absorption capabilities, and has been promoting research and development into the material since the late 1990s. We have established a start-to-finish system from the development of technologies for seed cultivation to commercialisation of automotive parts.

We were highly acclaimed for our pioneering efforts to realise a low-carbon, recycling-oriented society through the use of kenaf biomass in industrial products and were awarded the Bronze Prize in the Aichi Prefecture Environment Awards in February 2012.

Moving ahead, we seek to create more attractive cars while aiming to expand the use of plant-derived materials.



Ceremony for 2012 Aichi Prefecture Environment Awards

## Production and logistics

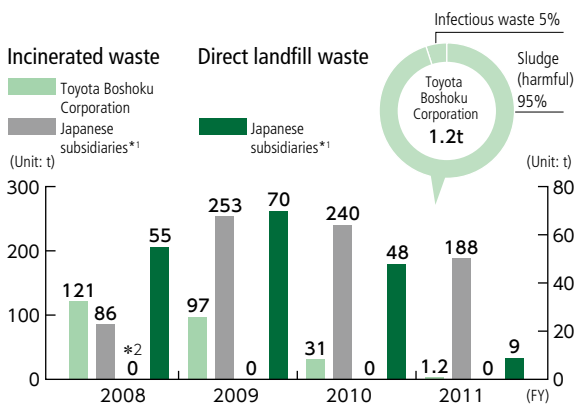
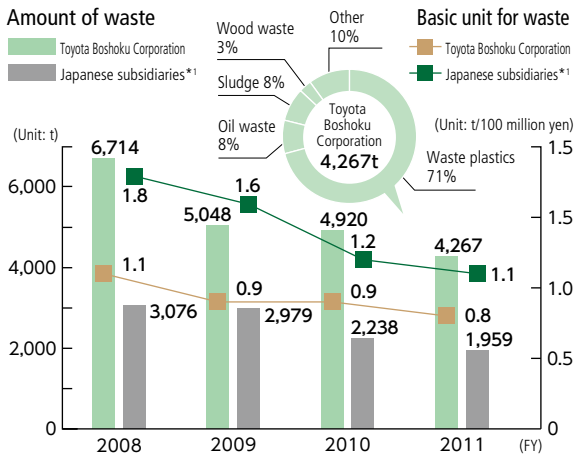
### Waste reduction efforts by the Toyota Boshoku group

Since fiscal 2007, Toyota Boshoku has continuously maintained direct landfill waste of 0t. For incinerated waste, we achieved our target of 33t for fiscal 2011 with a result of 1.2t. Toyota Boshoku, led by the Waste Reduction Working Group, promoted ways to transform waste into valuable items for the market as well as the use of a matrix to improve waste reduction.

As a result, we achieved our target of 4,973t with a result of 4,267t. With regard to the basic unit for waste, we achieved a result of 0.8t/100 million yen compared with our target of 0.9t/100 million yen.

In the future, we will continue to proactively promote activities to reduce waste.





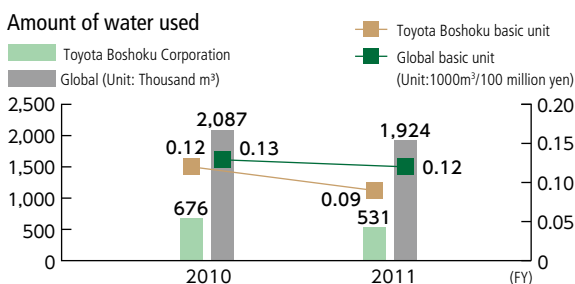
\*1 Does not include Toyota Boshoku. There were 17 such companies in fiscal 2010 and 15 in fiscal 2011.  
 \*2 Toyota Boshoku direct landfill waste for fiscal 2008, 2009, 2010 and 2011 was 0t.

## Activities to reduce water consumption in the Toyota Boshoku group

From fiscal 2011, Toyota Boshoku continued, among other measures, to use rainwater and wastewater and conduct inspections for leaks. We achieved a result of 531,000m<sup>3</sup>/year compared with the target of 686,000m<sup>3</sup>/year for water consumption.

From fiscal 2011, we started formulating global water consumption reduction targets. We achieved our targets by utilising an item matrix to reduce water consumption on a group-wide basis.

We will continue to proactively reduce water usage through the use of rainwater and wastewater and conserving usage.

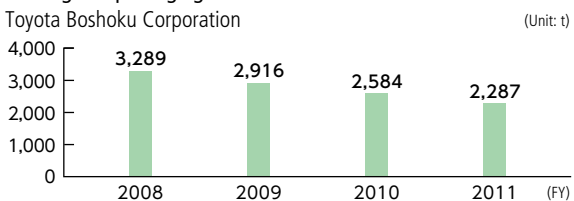


## Reducing the amount of packing and packaging materials

Toyota Boshoku works to reduce the amount of packaging materials used while maintaining the quality of products when delivering aftermarket parts to customers.

In fiscal 2011, we expanded several improvements we made in the past group-wide and leveraged the know-how we gained from our experience to find new items for improvement. We made packaging improvements in 15 areas during the period. As a result, we achieved a result of 2,287t/year, which significantly exceeded our target of 2,558t or less/year (target ratio: 89.4%).

### Packing and packaging material use



## TOPICS | Reduced packaging materials for aftermarket parts by changing materials

We switched packaging materials from cardboard boxes to a display box (coated board) and made the entire box size smaller, which resulted in a reduction in the amount of packaging materials used by 12t/year. This initiative is currently being cross developed for other products as well.



Monthly shipments: 12,000, Reduction in amount used: 12t/year

### Members in charge of improvement



Production Control Group,  
 Kariya Administration Department,  
 Kariya Production Management Division  
 Toyota Boshoku Corporation

Front, from left: Assistant Managers  
 Noriyuki Kondo  
 Ryo Genda  
 Daisuke Ishiguro

Back, from right: Group Leaders  
 Hitoshi Nagae  
 Hideaki Sakamoto  
 Maiko Isogai  
 Kazuhiro Nakano

# Reduction of Substances with Environmental Impact and Social Activities in Co-Existence with the Environment

The Toyota Boshoku group clearly identifies global trends in environmental laws and regulations and promotes activities to reduce substances with environmental impact in both products and production. We also implement activities to protect biodiversity to realise a society in harmony with nature.

## Development and design

### Switching to substances with even lower environmental impact

The Toyota Boshoku group inaugurated the REACH Subcommittee under the Product Environmental Committee in December 2007 to cooperate with relevant divisions and departments and ensure thorough compliance with the REACH regulation\*1 in Europe. We are working to substitute Substances of Very High Concern (SVHC)\*2 across the board. We are also promoting the creation of a system that can manage chemical substances contained in products so that we can respond immediately even when new SVHC are designated. Efforts will continue to be made to develop products that are environmentally friendly.

\*1 A regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) enforced in Europe in June 2007

\*2 Chemical substances for which there is concern that they may have impacts on the human body

### Measures to reduce Volatile Organic Compounds (VOC)



VOC Subcommittee



Measuring VOC levels using SUS box method

The Toyota Boshoku group established the VOC Subcommittee under the Product Environmental Committee in June 2008. Thereafter, related departments, including development, production engineering, plant and logistics departments, collaborated to reduce VOC levels in the cabin space.

In fiscal 2011, we developed parts in compliance with this law and made widespread use of a VOC measuring system based on our uniquely developed SUS box method\*3. In fiscal 2012, we will pursue further mechanisms to measure VOC levels and promote the development of products with low VOC levels.

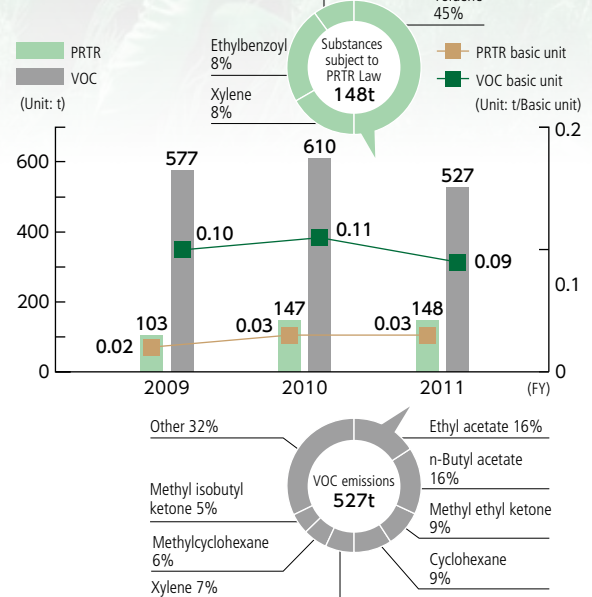
\*3 Toyota Boshoku developed the SUS box method, a new way of measuring VOC levels specifically for VOCs in the cabin space, which is subject to the legislation. This method makes it possible to measure VOC levels in-house even for large products such as seats.

## Production

### Reducing emissions of chemical substances

Toyota Boshoku is continuously promoting activities to reduce PRTR Law Class I Designated Chemical Substances (PRTR substances) and VOCs in production. In fiscal 2011, we continued to reduce consumption of these substances and compounds by increasing the yield rate through such means as improving efficiency in the painting process and switching to materials containing low levels. Accordingly, with regard to emissions of PRTR substances, we achieved a result of 148t, bettering our target of 173t. In VOCs, we also surpassed our target of 662t with a result of 527t.

### Emission of PRTR substances/VOCs



## Cooperation with society

The Toyota Boshoku group seeks to preserve biodiversity in all of our business activities, from the procurement of raw materials, design and production technology through production, logistics, usage, disposal and land utilisation (plant construction, etc.).

### TOPICS Replanted *lycopodiella cernua* (staghorn clubmoss) plants from the Tajimi Technical Centre

Toyota Boshoku has commenced construction of the Tajimi Technical Centre and aims to complete the project in March 2014. Ahead of construction, an environmental assessment of the area was undertaken in June 2011. In January 2012, the Gifu Prefecture Environmental Impact Assessment Review Board was convened. The results of the assessment confirmed the existence of *lycopodiella cernua* (staghorn clubmoss), a rare plant species of the region, and it was decided to replant them in a similar environment to protect their habitat. The replanting took place in May 2012.

In the future, we will do our best to preserve biodiversity, beginning with the protection of living things indigenous to the region.



Specialists confirm the replanting



Replanting *lycopodiella cernua* plants

# Facts & Figures

## Financial Report & Corporate Information

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- **Scope of Consolidation**

The consolidated financial statements include the accounts for all subsidiaries (81 companies). Refer to pages 79-80 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 80 for the corporate names of principal affiliates.

The fiscal years for certain affiliates accounted for by the equity method are different from that of the Company. The Company is using the financial statements for their respective fiscal years.

# Management's Discussion and Analysis of Financial Conditions and Operating Results

## Overview of fiscal year

In the automobile industry during the fiscal year under review (year ended March 31, 2012), although the volume of vehicle production moved towards recovery from the sharp decline caused by the Japan Earthquake, domestic production and exports decreased below the previous fiscal year's levels.

In Japan, despite favourable factors such as the reinstatement of the subsidy programme for the purchase of eco-cars, the harsh business environment persisted owing to the ongoing appreciation of the yen and soaring gasoline prices.

Under these circumstances, the Toyota Boshoku group launched new products and sought to enhance its production structure, while strengthening product and technology development capabilities. The group also worked to establish a business foundation for new growth and strengthen its profit structure.

Due to such factors as the effects of the strong yen, the Toyota Boshoku group recorded a 19,431 million yen (2.0%) decrease in consolidated net sales to 964,295 million yen.

## Operating income

Despite rationalisation measures and other income-increasing factors, operating income declined 15,946 million yen (43.3%) to 20,910 million yen due to such factors as product price fluctuations in addition to increases in labour costs and miscellaneous expenses.

## Non-operating income (expenses) and ordinary income

Non-operating income increased 805 million yen (9.9%) from the previous fiscal year to 8,913 million yen due to such factors as an increase in interest income.

Non-operating expenses decreased 2,339 million yen (26.2%) to 6,598 million yen due to the effects of foreign exchange rates. As a result, ordinary income amounted to 23,225 million yen and the ordinary income margin was 2.4%.

## Extraordinary income or loss, Income taxes and Income taxes—deferred

An extraordinary loss of 3,288 million yen was recorded due to losses resulting from the impact of the Japan Earthquake. Income taxes and income taxes—deferred decreased 2,192 million yen (16.1%) to 11,412 million yen. The ratio of income before income taxes and minority interest increased from 40.5% in the previous fiscal year to 57.2%.

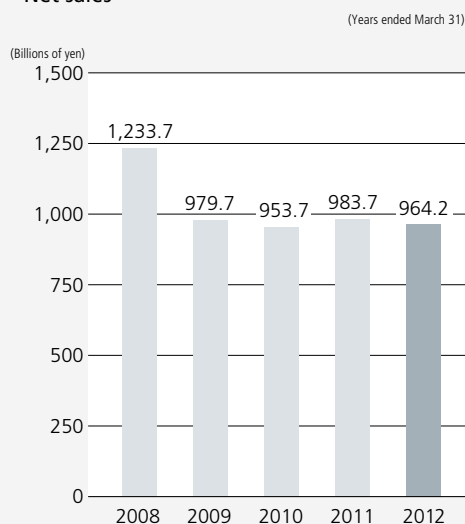
## Minority interest in net income of subsidiaries

Minority interest in net income of subsidiaries decreased 3,250 million yen (38.1%) to 5,291 million yen due mainly to a decline in profits at consolidated subsidiaries in Asia & Oceania.

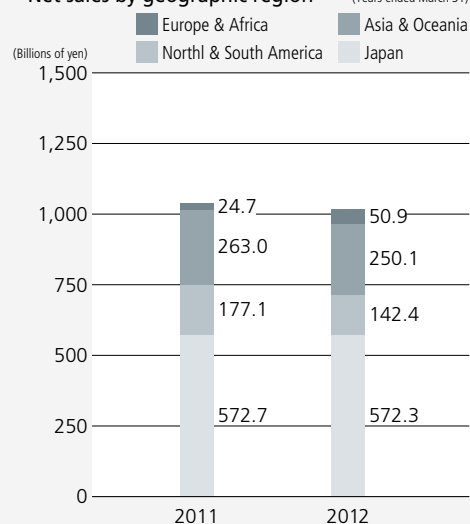
## Net income

Net income decreased 8,234 million yen (71.8%) to 3,232 million yen. Net income per share was 17.45 yen.

### Net sales



### Net sales by geographic region



\*Toyota Boshoku changed its geographic segment classifications in the fiscal year ended March 31, 2011. Adjusted amounts for transactions among regions are not included.

## Assets, liabilities and net assets

Total assets at fiscal year-end increased 93,181 million yen to 597,654 million yen from the previous fiscal year-end due to an increase in liquidity on hand and an increase in notes and accounts receivable—trade.

Total liabilities increased 99,827 million yen from the end of the previous fiscal year to 407,306 million yen due to an increase in notes and accounts payable—trade.

Total net assets decreased 6,645 million yen from the end of the previous fiscal year to 190,347 million yen.

## Cash flows

Net cash provided by operating activities amounted to 46,920 million yen. Despite such cash-decreasing factors as an increase in trade notes and accounts receivable of 41,549 million yen and income taxes paid of 10,431 million yen, the increase in cash resulted from an increase in notes and accounts payable—trade of 46,818 million yen, depreciation and amortisation of 31,529 million yen and income before income taxes totalling 19,937 million yen.

Net cash used in investing activities was 76,108 million yen. This resulted mainly from payments into time deposits of 42,474 million yen and purchase of property, plant and equipment amounting to 35,675 million yen.

Net cash provided by financing activities was 30,748 million yen. Despite repayments of long-term loans payable of 11,555 million yen, this was due mainly to an increase in funds such as proceeds from long-term loans payable of 44,982 million yen.

As a result, cash and cash equivalents at end of year decreased 3 million yen (0.0%) from the previous fiscal year-end to 113,947 million yen.

## Capital expenditures

During the fiscal year under review, total capital expenditures amounted to 37,583 million yen and these investments were concentrated on measures for new products and rationalising and upgrading manufacturing facilities. These consisted mainly of capital expenditures at the Company as well as its consolidated subsidiaries in China and Europe.

Capital expenditures in Japan amounted to 17,789 million yen and were for measures for new products, rationalising and upgrading manufacturing facilities and acquiring land for a new test course.

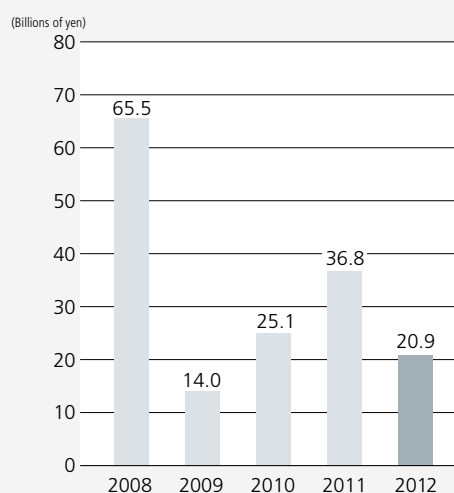
Capital expenditures in North & South America totalled 5,653 million yen and were mainly for production preparations at Toyota Boshoku Do Brasil LTDA. and measures for new products and for rationalising and upgrading manufacturing facilities.

Capital expenditures in Asia & Oceania amounted to 9,646 million yen and were for measures to respond to new products and rationalising and upgrading manufacturing facilities.

Capital expenditures in Europe & Africa were 4,494 million yen and were for acquiring land and buildings at Boshoku Automotive Europe GmbH.

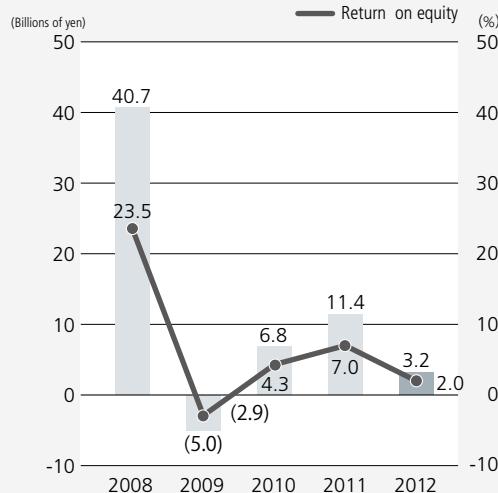
## Operating income

(Years ended March 31)



## Net income (loss)/Return on equity

(Years ended March 31)



# 10-Year Financial Summary

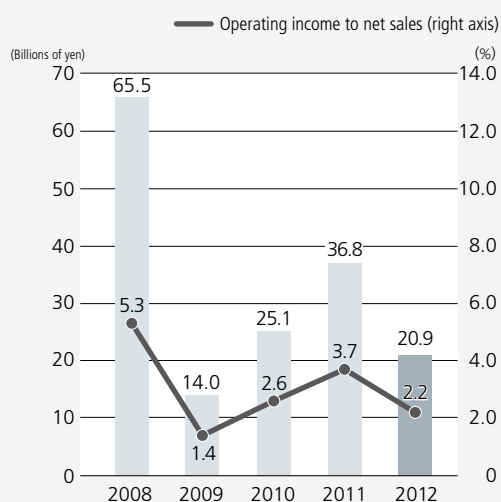
Years ended March 31

69 | 70

	2012	2011	2010	2009 (Note 1)
Net sales	¥ <b>964,295</b>	¥ 983,727	¥ 953,729	¥ 979,775
Operating income	<b>20,910</b>	36,856	25,143	14,054
Ordinary income	<b>23,225</b>	36,027	24,067	13,292
Net income (loss)	<b>3,232</b>	11,466	6,882	(5,064)
Total net assets	<b>190,347</b>	196,992	196,545	189,038
Capital stock	<b>8,400</b>	8,400	8,400	8,400
Total assets	<b>597,654</b>	504,472	546,486	466,506
Capital expenditures	<b>37,583</b>	41,229	43,076	60,496
Depreciation and amortisation	<b>31,529</b>	32,342	35,121	32,493
R&D expenses	<b>32,543</b>	32,434	30,021	28,968
<b>Per Share Data (Yen)</b>				
Net income (loss) (Basic)	¥ <b>17.45</b>	¥ 61.82	¥ 37.00	¥ (27.15)
Net income (Diluted) (Note 5)	—	61.82	37.00	—
Cash dividends	<b>16.00</b>	16.00	13.00	20.00
Net assets	<b>868.93</b>	890.78	883.96	848.01
<b>Financial Indicators (%)</b>				
Operating income to net sales	<b>2.2</b>	3.7	2.6	1.4
Ordinary income to net sales	<b>2.4</b>	3.7	2.5	1.4
Return on equity (ROE)	<b>2.0</b>	7.0	4.3	(2.9)
<b>Shareholders' Equity (at fiscal year-end)</b>				
Number of shares issued (Thousands)	<b>187,665</b>	187,665	187,665	187,665
Share price (Yen)	¥ <b>976</b>	¥ 1,197	¥ 1,796	¥ 1,011
Market capitalisation (Millions of yen) (Note 6)	¥ <b>183,161</b>	¥ 224,635	¥ 337,047	¥ 189,730
Number of employees	<b>31,883</b>	27,856	27,613	27,078

- 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.

Operating income/Operating income to net sales



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



Millions of yen

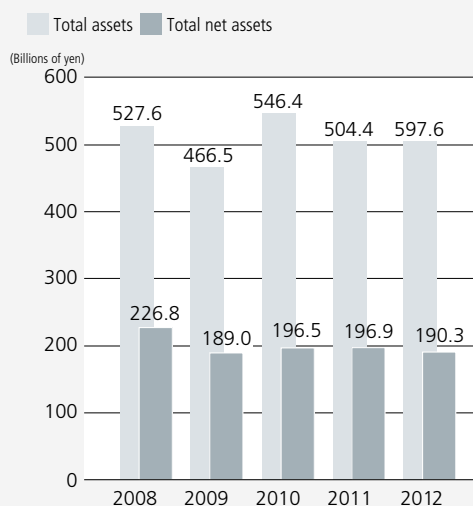
2008	2007 (Note 2)	2006	2005 (Note 3)	2004 (Note 4)	2003 (Note 4)
¥ 1,233,789	¥ 1,082,755	¥ 877,596	¥ 456,311	¥ 118,553	¥ 107,321
65,596	48,381	33,764	17,867	5,331	5,034
65,696	52,143	37,838	19,109	5,314	5,006
40,720	30,105	21,187	8,979	2,839	3,002
226,880	197,797	133,279	109,470	29,396	26,966
8,400	8,400	8,400	8,400	4,933	4,933
527,622	464,747	396,691	311,655	71,433	64,526
52,961	47,550	50,480	21,306	6,941	7,814
32,940	29,377	21,344	14,273	5,774	5,872
31,717	26,404	24,828	15,236	5,570	4,646
¥ 217.76	¥ 160.76	¥ 111.60	¥ 68.65	¥ 40.95	¥ 43.33
217.55	160.70	111.58	68.56	40.93	—
35.00	24.00	16.00	12.00	9.00	8.00
997.43	858.86	709.91	583.31	439.86	403.42
5.3	4.5	3.8	3.9	4.5	4.7
5.3	4.8	4.3	4.2	4.5	4.7
23.5	20.5	17.5	12.9	10.1	11.5
187,665	187,665	187,665	187,665	67,174	67,174
¥ 2,985	¥ 2,790	¥ 1,984	¥ 2,630	¥ 899	¥ 531
¥ 560,182	¥ 523,587	¥ 372,328	¥ 493,560	¥ 60,389	¥ 35,669
26,942	24,643	21,132	18,068	3,494	3,089

4. Figures for 2004 and before are for the former Toyota Boshoku Corporation.

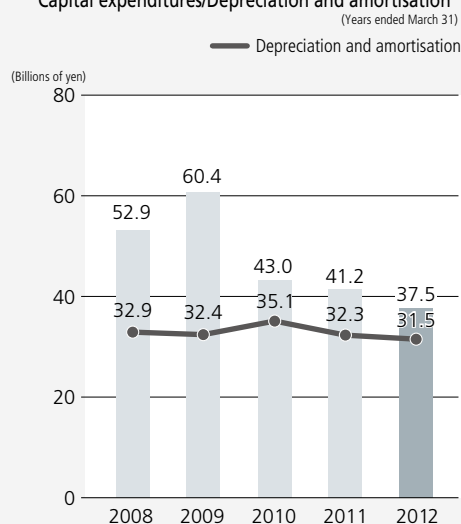
5. With regard to diluted net income per share of common stock in 2003 and 2012, there were no latent shares with dilutive effects.

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

### Total assets/Total net assets



### Capital expenditures/Depreciation and amortisation



# Consolidated Balance Sheets

As of March 31, 2012 and 2011

Millions of yen

Assets	2012	2011
<b>Current assets</b>		
Cash and deposits	¥ <b>101,650</b>	¥ 85,027
Notes and accounts receivable—trade	<b>154,029</b>	110,201
Short-term investment securities	<b>55,034</b>	34,245
Merchandise and finished goods	<b>4,564</b>	4,167
Work in process	<b>4,725</b>	4,518
Raw materials and supplies	<b>17,136</b>	14,807
Deferred tax assets	<b>4,572</b>	3,868
Other current assets	<b>30,620</b>	22,624
Allowance for doubtful accounts	<b>(281)</b>	(283)
<b>Total current assets</b>	<b>372,052</b>	279,177
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	<b>144,920</b>	141,622
Accumulated depreciation	<b>(69,224)</b>	(65,839)
Buildings and structures, net	<b>75,696</b>	75,783
Machinery, equipment and vehicles	<b>227,628</b>	211,340
Accumulated depreciation	<b>(154,734)</b>	(143,275)
Machinery, equipment and vehicles, net	<b>72,893</b>	68,065
Tools, furniture and fixtures	<b>98,944</b>	96,355
Accumulated depreciation	<b>(87,515)</b>	(85,007)
Tools, furniture and fixtures, net	<b>11,428</b>	11,348
Land	<b>24,555</b>	22,974
Lease assets	<b>356</b>	392
Accumulated depreciation	<b>(215)</b>	(202)
Lease assets, net	<b>140</b>	190
Construction in progress	<b>5,118</b>	11,915
<b>Total property, plant and equipment</b>	<b>189,832</b>	190,277
<b>Intangible assets</b>		
Goodwill	<b>3,670</b>	2,319
Other intangible assets	<b>755</b>	521
<b>Total intangible assets</b>	<b>4,426</b>	2,841
<b>Investments and other assets</b>		
Investments in securities	<b>10,499</b>	10,766
Deferred tax assets	<b>15,148</b>	15,719
Other investments	<b>5,862</b>	5,855
Allowance for doubtful accounts	<b>(168)</b>	(165)
<b>Total investments and other assets</b>	<b>31,342</b>	32,175
<b>Total noncurrent assets</b>	<b>225,602</b>	225,294
<b>Total assets</b>	¥ <b>597,654</b>	¥ 504,472



Millions of yen

Liabilities and net assets	2012	2011
<b>Current liabilities</b>		
Notes and accounts payable—trade	¥ <b>158,305</b>	¥ 110,225
Short-term loans payable	<b>16,282</b>	7,246
Current portion of long-term loans payable	<b>35,181</b>	11,500
Accrued expenses	<b>37,771</b>	31,723
Income taxes payable	<b>4,527</b>	3,518
Provision for product warranties	<b>1,478</b>	1,515
Provision for bonuses to directors and corporate auditors	<b>191</b>	233
Asset retirement obligation	<b>—</b>	3
Other current liabilities	<b>18,465</b>	19,316
<b>Total current liabilities</b>	<b>272,204</b>	185,282
<b>Noncurrent liabilities</b>		
Long-term loans payable	<b>103,918</b>	94,244
Allowance for employee retirement benefits	<b>26,141</b>	23,094
Provision for retirement benefits for directors and corporate auditors	<b>860</b>	997
Asset retirement obligation	<b>323</b>	320
Other noncurrent liabilities	<b>3,857</b>	3,539
<b>Total noncurrent liabilities</b>	<b>135,101</b>	122,196
<b>Total liabilities</b>	<b>407,306</b>	307,479
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	<b>8,400</b>	8,400
Capital surplus	<b>9,098</b>	9,098
Retained earnings	<b>176,630</b>	176,177
Treasury stock	<b>(4,675)</b>	(4,675)
<b>Total shareholders' equity</b>	<b>189,454</b>	189,001
<b>Accumulated other comprehensive income</b>		
Net unrealised gains on other securities	<b>785</b>	657
Foreign currency translation adjustment	<b>(29,224)</b>	(24,594)
<b>Total accumulated other comprehensive income</b>	<b>(28,439)</b>	(23,936)
<b>Subscription rights to shares</b>	<b>972</b>	872
<b>Minority interests</b>	<b>28,360</b>	31,055
<b>Total net assets</b>	<b>190,347</b>	196,992
<b>Total liabilities and net assets</b>	<b>¥ 597,654</b>	¥ 504,472

# Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

For the years ended March 31, 2012 and 2011

## Consolidated Statements of Income

Millions of yen

	2012	2011
Net sales	¥ <b>964,295</b>	¥ 983,727
Cost of sales	<b>885,098</b>	895,076
Gross profit	<b>79,196</b>	88,650
Selling, general and administrative expenses		
Transportation and warehousing expenses	<b>6,762</b>	6,738
Salaries and bonuses	<b>19,876</b>	18,099
Welfare expenses	<b>3,682</b>	3,357
Retirement benefit expenses	<b>915</b>	783
Provision for bonuses to directors and corporate auditors	<b>204</b>	248
Provision for directors' retirement benefits	<b>308</b>	381
Taxes and dues	<b>1,437</b>	1,559
Depreciation	<b>3,042</b>	2,720
Research and development expenses	<b>1,839</b>	1,434
Amortisation of goodwill	<b>1,413</b>	1,115
Other selling, general and administrative expenses	<b>18,804</b>	15,354
Total selling, general and administrative expenses	<b>58,286</b>	51,793
Operating income	<b>20,910</b>	36,856
Non-operating income		
Interest income	<b>1,334</b>	1,090
Dividends income	<b>55</b>	43
Rental income on noncurrent assets	<b>784</b>	776
Equity in net earnings of affiliates	<b>1,177</b>	1,670
Gain on valuation of derivatives	<b>36</b>	302
Other non-operating income	<b>5,523</b>	4,224
Total non-operating income	<b>8,913</b>	8,107
Non-operating expenses		
Interest expenses	<b>1,766</b>	1,674
Loss on disposal of noncurrent assets	<b>664</b>	514
Depreciation	<b>1,163</b>	1,071
Foreign exchange losses	<b>120</b>	3,675
Other non-operating expenses	<b>2,882</b>	2,001
Total non-operating expenses	<b>6,598</b>	8,937
Ordinary income	<b>23,225</b>	36,027
Extraordinary loss		
Loss from disaster	<b>3,288</b>	1,866
Loss on valuation of investment securities	<b>—</b>	291
Amount from application of accounting standard for asset retirement obligations	<b>—</b>	254
Total extraordinary loss	<b>3,288</b>	2,412
Income before income taxes	<b>19,937</b>	33,615
Income taxes—current	<b>11,738</b>	13,303
Income taxes—deferred	<b>(325)</b>	302
Total income taxes	<b>11,412</b>	13,605
Net income before minority interests	<b>8,524</b>	20,009
Minority interest in net income of subsidiaries	<b>5,291</b>	8,542
Net income	¥ <b>3,232</b>	¥ 11,466

## Consolidated Statements of Comprehensive Income

Net income before minority interests	¥ <b>8,524</b>	¥ 20,009
Other comprehensive income		
Net unrealised gains (losses) on other securities	<b>126</b>	(159)
Foreign currency translation adjustments	<b>(4,690)</b>	(8,557)
Amount corresponding to equity interest in equity method affiliates	<b>(174)</b>	(511)
Total other comprehensive income	<b>(4,738)</b>	(9,227)
Comprehensive income	<b>3,786</b>	10,781
(Breakdown)		
Comprehensive income attributable to parent company shareholders	<b>(1,269)</b>	4,509
Comprehensive income attributable to minority shareholders	<b>5,056</b>	6,272

# Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2012 and 2011

Millions of yen

	2012	2011
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance at beginning of year	¥ <b>8,400</b>	¥ 8,400
Changes of items during the year		
Total changes of items during the year	<b>—</b>	<b>—</b>
<b>Balance at end of year</b>	<b>8,400</b>	8,400
<b>Capital surplus</b>		
Balance at beginning of year	<b>9,098</b>	9,106
Changes of items during the year		
Disposal of treasury stock	<b>—</b>	(7)
<b>Total changes of items during the year</b>	<b>—</b>	(7)
<b>Balance at end of year</b>	<b>9,098</b>	9,098
<b>Retained earnings</b>		
Balance at beginning of year	<b>176,177</b>	167,679
Changes of items during the year		
Dividends from surplus	<b>(2,779)</b>	(2,969)
Net income	<b>3,232</b>	11,466
<b>Total changes of items during the year</b>	<b>453</b>	8,497
<b>Balance at end of year</b>	<b>176,630</b>	176,177
<b>Treasury stock</b>		
Balance at beginning of year	<b>(4,675)</b>	(3,926)
Changes of items during the year		
Purchase of treasury stock	<b>(0)</b>	(759)
Disposal of treasury stock	<b>—</b>	10
<b>Total changes of items during the year</b>	<b>(0)</b>	(748)
<b>Balance at end of year</b>	<b>(4,675)</b>	(4,675)
<b>Total shareholders' equity</b>		
Balance at beginning of year	<b>189,001</b>	181,260
Changes of items during the year		
Dividends from surplus	<b>(2,779)</b>	(2,969)
Net income	<b>3,232</b>	11,466
Purchase of treasury stock	<b>(0)</b>	(759)
Disposal of treasury stock	<b>—</b>	2
<b>Total changes of items during the year</b>	<b>453</b>	7,740
<b>Balance at end of year</b>	<b>¥ 189,454</b>	¥ 189,001

Millions of yen

	2012	2011
<b>Accumulated other comprehensive income</b>		
<b>Net unrealised gains on other securities</b>		
Balance at beginning of year	¥ 657	¥ 816
Changes of items during the year		
Net changes of items other than shareholders' equity during the year	127	(158)
<b>Total changes of items during the year</b>	<b>127</b>	<b>(158)</b>
<b>Balance at end of year</b>	<b>785</b>	<b>657</b>
<b>Foreign currency translation adjustment</b>		
Balance at beginning of year	(24,594)	(17,795)
Changes of items during the year		
Net changes of items other than shareholders' equity during the year	(4,630)	(6,798)
<b>Total changes of items during the year</b>	<b>(4,630)</b>	<b>(6,798)</b>
<b>Balance at end of year</b>	<b>(29,224)</b>	<b>(24,594)</b>
<b>Total accumulated other comprehensive income</b>		
Balance at beginning of year	(23,936)	(16,978)
Changes of items during the year		
Net changes of items other than shareholders' equity during the year	(4,502)	(6,957)
<b>Total changes of items during the year</b>	<b>(4,502)</b>	<b>(6,957)</b>
<b>Balance at end of year</b>	<b>(28,439)</b>	<b>(23,936)</b>
<b>Subscription rights to shares</b>		
Balance at beginning of year	872	625
Changes of items during the year		
Net changes of items other than shareholders' equity during the year	99	246
<b>Total changes of items during the year</b>	<b>99</b>	<b>246</b>
<b>Balance at end of year</b>	<b>972</b>	<b>872</b>
<b>Minority interests</b>		
Balance at beginning of year	31,055	31,637
Changes of items during the year		
Net changes of items other than shareholders' equity during the year	(2,695)	(582)
<b>Total changes of items during the year</b>	<b>(2,695)</b>	<b>(582)</b>
<b>Balance at end of year</b>	<b>28,360</b>	<b>31,055</b>
<b>Total net assets</b>		
Balance at beginning of year	196,992	196,545
Changes of items during the year		
Dividends from surplus	(2,779)	(2,969)
Net income	3,232	11,466
Purchase of treasury stock	(0)	(759)
Disposal of treasury stock	—	2
Net changes of items other than shareholders' equity during the year	(7,098)	(7,293)
<b>Total changes of items during the year</b>	<b>(6,645)</b>	<b>447</b>
<b>Balance at end of year</b>	<b>¥ 190,347</b>	<b>¥ 196,992</b>

# Consolidated Statements of Cash Flows

For the years ended March 31, 2012 and 2011

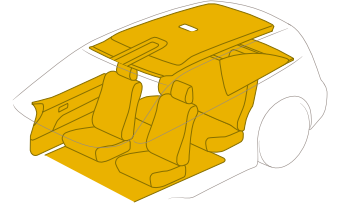
Millions of yen

	2012	2011
<b>Cash flows from operating activities</b>		
Income before income taxes	¥ <b>19,937</b>	¥ 33,615
Depreciation and amortisation	<b>31,529</b>	32,342
Amortisation of negative goodwill	<b>1,413</b>	1,115
Increase (decrease) in allowance for doubtful accounts	<b>(138)</b>	(472)
Increase in provision for employee retirement benefits	<b>2,302</b>	808
Interest and dividends income	<b>(1,390)</b>	(1,134)
Interest expenses	<b>1,766</b>	1,674
Foreign exchange loss	<b>228</b>	3,835
Equity in earnings of affiliates	<b>(1,177)</b>	(1,670)
Gain on sales of property, plant and equipment	<b>(363)</b>	(341)
Loss on disposal of property, plant and equipment	<b>664</b>	514
Decrease (increase) in trade notes and accounts receivable	<b>(41,549)</b>	31,018
Decrease (increase) in inventories	<b>(1,256)</b>	(1,793)
Increase (decrease) in accounts receivable—other	<b>(9,155)</b>	7,012
Increase (decrease) in notes and accounts payable—trade	<b>46,818</b>	(35,131)
Increase (decrease) in accounts payable—other	<b>1,336</b>	1,265
Increase (decrease) in accrued expenses	<b>5,241</b>	974
Others	<b>(392)</b>	1,690
Sub-total	<b>55,813</b>	75,324
Interest and dividend income received	<b>3,280</b>	2,116
Interest expenses paid	<b>(1,741)</b>	(1,691)
Income taxes paid	<b>(10,431)</b>	(15,117)
<b>Net cash provided by operating activities</b>	<b>46,920</b>	60,630
<b>Cash flows from investing activities</b>		
Purchase of securities	<b>(20,000)</b>	—
Purchase of property, plant and equipment	<b>(35,675)</b>	(37,331)
Proceeds from sales of property, plant and equipment	<b>1,634</b>	2,472
Purchase of investments in securities	<b>(166)</b>	(2,930)
Purchase of subsidiaries' shares resulting in changes in scope of consolidation	<b>(3,838)</b>	(54)
Payments of loans receivable	<b>(401)</b>	(51)
Collection of loans receivable	<b>199</b>	64
Payments into time deposits	<b>(42,474)</b>	(6,054)
Proceeds from withdrawal of time deposits	<b>24,984</b>	3,624
Others	<b>(372)</b>	(201)
<b>Net cash used in investing activities</b>	<b>(76,108)</b>	(40,462)
<b>Cash flows from financing activities</b>		
Net decrease in short-term loans payable	<b>7,287</b>	(5,384)
Proceeds from long-term loans payable	<b>44,982</b>	—
Repayments of long-term loans payable	<b>(11,555)</b>	—
Cash dividends paid	<b>(2,781)</b>	(2,969)
Cash dividends paid to minority shareholders	<b>(7,510)</b>	(8,453)
Proceeds from stock issuance to minority shareholders	<b>346</b>	2,039
Others	<b>(21)</b>	(577)
<b>Net cash provided by (used in) financing activities</b>	<b>30,748</b>	(15,345)
Effect of exchange rate change on cash and cash equivalents	<b>(1,562)</b>	(3,996)
<b>Net increase in cash and cash equivalents</b>	<b>(3)</b>	826
Cash and cash equivalents at beginning of year	<b>113,950</b>	113,124
Cash and cash equivalents at end of year	¥ <b>113,947</b>	¥ 113,950

# Product Lineup

## Interior Components

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



Interior systems



Seats

(Functional parts)



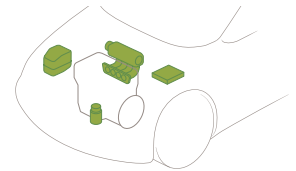
Seat frames



Round recliners

## Filtration and Powertrain Components

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



Air induction systems

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



Air cleaners



Cylinder head covers with built-in air cleaners



Intake manifolds



Automatic transmission fluid filters



Cabin air filters



Intake manifold for horizontally opposed engine



Air filters



Hydrocarbon absorption filters (gasoline vapour absorption filters)



Oil filters



ABS coils



Door trims



Headliners



Headliner illumination



Floor carpets



Silencers



Package trays



Leather instrument panels



Electric sunshade systems



Centre floor consoles

## Textiles and Exterior Components

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

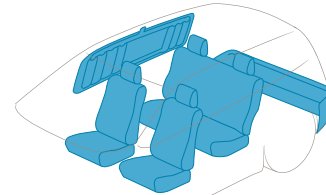
Also, in the exterior components business, we manufacture bumpers, fender liners and engine undercovers.



Strap belts and seatbelt webbings



Curtain-shield airbags



Partition nets



Engine undercovers



Bumpers



Fender liners

# List of Toyota Boshoku Group Sites by Region

## North & South America



### Regional Management & Collaboration Hub

#### U.S.A.

1 TOYOTA BOSHOKU AMERICA, INC.

### Production entities

#### U.S.A.

- 2 ARJ MANUFACTURING, LLC ●●●
- 3 AUTOMOTIVE TECHNOLOGY SYSTEMS, LLC ●●●●
- 4 TBDN TENNESSEE COMPANY ●●●
- 5 TOYOTA BOSHOKU INDIANA, LLC ●●●●
- 6 TOYOTA BOSHOKU KENTUCKY, LLC ●●●
- 7 TOYOTA BOSHOKU MISSISSIPPI, LLC ●●●●
- 8 SYSTEMS AUTOMOTIVE INTERIORS, LLC ●●●
- 9 TRIM MASTERS, INC. ●●●

#### Canada

10 TOYOTA BOSHOKU CANADA, INC. ●●●●

#### Mexico

- 11 TB DE MEXICO, S.A. DE C.V. ●●●●
- 12 TB SEWTECH DE MEXICO, S. DE R. L. DE C.V. ●●●●

#### Brazil

13 TOYOTA BOSHOKU DO BRASIL LTDA. ●●●●●

#### Argentina

14 MASTER TRIM DE ARGENTINA S.R.L. ●●●●

## Asia & Oceania



### Regional Management & Collaboration Hub

#### Thailand

1 TOYOTA BOSHOKU ASIA CO., LTD.

### Production entities

#### Thailand

- 2 S.K. AUTO INTERIOR CO., LTD. ●●●
- 3 STB TEXTILES INDUSTRY CO., LTD. ●●●●
- 4 THAI SEAT BELT CO., LTD. ●●●●
- 5 TOYOTA BOSHOKU FILTRATION SYSTEM (THAILAND) CO., LTD. ●●●
- 6 TOYOTA BOSHOKU GATEWAY (THAILAND) CO., LTD. ●●●●
- 7 TOYOTA BOSHOKU SIAM METAL CO., LTD. ●●●

#### India

8 TOYOTA BOSHOKU AUTOMOTIVE INDIA PRIVATE LIMITED ●●●●●

#### Indonesia

9 PT. TOYOTA BOSHOKU INDONESIA ●●●●

#### Malaysia

10 TOYOTA BOSHOKU UMW SDN.BHD. ●●●●

#### Philippines

11 TOYOTA BOSHOKU PHILIPPINES CORPORATION ●●●●

#### Taiwan

12 SHIN SAN SHING CO., LTD. ●●●●

#### Vietnam

- 13 TOYOTA BOSHOKU HAIPHONG CO., LTD. ●●●
- 14 TOYOTA BOSHOKU HANOI CO., LTD. ●●●●

#### Australia

15 TOYOTA BOSHOKU AUSTRALIA PTY. LTD. ●●●●

## China



### Regional Management & Collaboration Hub

#### China

1 TOYOTA BOSHOKU (CHINA) CO., LTD.

### Production entities

- 2 SHANGHAI TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD. ●●●●
- 3 CHANGCHUN FAWAY TOYOTA BOSHOKU AUTO PARTS CO., LTD. ●●●●
- 4 CHENGDU TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD. ●●●●
- 5 FENG'AI (GUANGZHOU) AUTO SEAT PARTS CO., LTD. ●●●●
- 6 GUANGZHOU INTEX AUTO PARTS CO., LTD. ●●●●
- 7 KUNSHAN TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD. ●●●●
- 8 NINGBO ARACO CO., LTD. ●●●●
- 9 TIANJIN FENG'AI AUTOMOTIVE SEAT PARTS CO., LTD. ●●●●
- 10 TIANJIN INTEX AUTO PARTS CO., LTD. ●●●●
- 11 TIANJIN KAHOU AUTOMOBILE DECORATION CO., LTD. ●●●●
- 12 TIANJIN TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD. ●●●●
- 13 TOYOTA BOSHOKU FOSHAN CO., LTD. ●●●●



## Europe & Africa



### Regional Management & Collaboration Hub

#### Belgium

- 1 TOYOTA BOSHOKU EUROPE N.V.

#### Germany

- 2 TOYOTA BOSHOKU EUROPE N. V. MUNICH OFFICE

#### Development site

#### Italy

- 3 TOYOTA BOSHOKU MILAN DESIGN BRANCH

#### Production entities

#### Germany

- 4 BOSHOKU AUTOMOTIVE EUROPE GMBH ●

#### France

- 5 TOYOTA BOSHOKU FRANCE S.A.S. ●●

- 6 TOYOTA BOSHOKU SOMAIN S.A.S. ●●●

#### Poland

- 7 BOSHOKU AUTOMOTIVE POLAND SP. Z O.O. ●●

- 8 TBAI POLAND SP. Z O.O. ●

- 9 TBMECA POLAND SP. Z O.O. ●

#### Russia

- 10 TOYOTA BOSHOKU LLC ●●

#### Slovakia

- 11 TRIM LEADER, A.S. ●

#### Czech

- 12 BOSHOKU AUTOMOTIVIE CZECH s. r. o.  
(Production scheduled to start in 2013) ●

#### Turkey

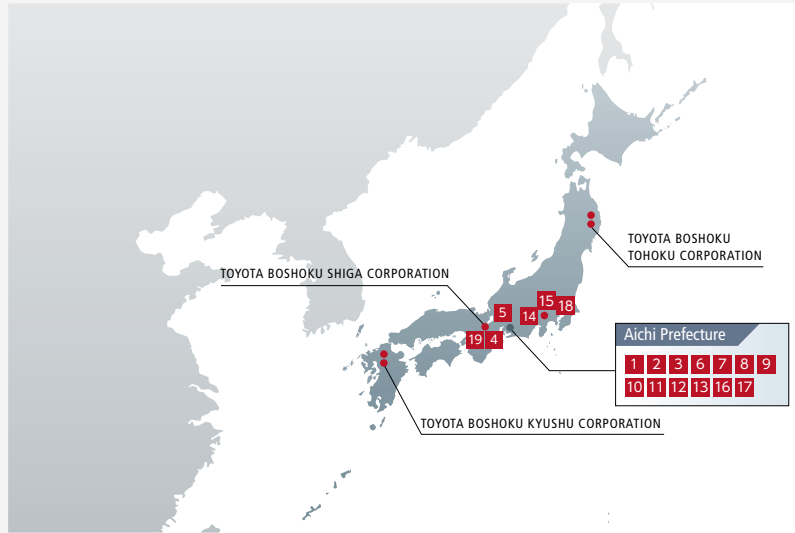
- 13 TOYOTA BOSHOKU TURKIYE OTOMOTIV SANAYI VE TICARET A.S. ●●●

- 14 TB SEWTECH TURKEY OTOMOTIV SANAYI VE TICARET LIMITED SIRKETI  
(Production scheduled to start in 2013) ●

#### South Africa

- 15 TOYOTA BOSHOKU SOUTH AFRICA (PTY) LTD.  
●●●

## Japan



### Global Mainstay Hub

- 1 Global Mainstay Hub

### Plants and Offices in Japan

- 1 Kariya Plant ●

- 2 Oguchi Plant ●●

- 3 Kisogawa Plant ●●●

- 4 Inabe Plant ●

- 5 Gifu Plant ●

- 6 Sanage Plant ●●●

- 7 Fujioka Plant ●

- 8 Takaoka Plant ●●●

- 9 Tsutsumi Plant ●

- 10 Toyohashi-Kita Plant ●●●

- 11 Toyohashi-Minami Plant ●

- 12 Toyohashi-Higashi Plant ●

- 13 Tahara Plant ●

- 14 Fujisusono Plant ●●●

- 15 Tokyo Plant ●●

- 16 Tsuchihashi Plant

- 17 Tsutsumi-Kita Part Centre

- 18 Tokyo Office

- 19 Osaka Marketing Office

### Production Entities

#### Subsidiaries

- KYOEI ARACO CO., LTD. ●●

- COWERK CO., LTD. ●

- TOYOTA BOSHOKU KYUSHU CORPORATION ●●●●

- TOYOTA BOSHOKU SHIGA CORPORATION ●●●●

- TOYOTA BOSHOKU TOHOKU CORPORATION ●●●●

- TB SEWTECH KANTO CORPORATION ●●

- TB SEWTECH KYUSHU CORPORATION ●

- TB SEWTECH TOHOKU CORPORATION ●

#### Affiliates

- TB KAWASHIMA CO., LTD. ●

- TOYOTA BODY SEIKO CO., LTD. ●●

- NARUCO CORPORATION ●

- HIGH NEED INDUSTRY CO., LTD. ●

#### Others

- TB ENGINEERING CORPORATION

- TB CREATE STAFF CORPORATION

- TB CORPORATE SERVICE CORPORATION

- TB TECHNOGREEN CORPORATION

- TB LOGISTICS SERVICE CORPORATION

- TECHNICAL LINKS DESIGN CO., LTD.

- TB UNIFASHION CORPORATION

- Seats
- Seat components
- Interior Components
- Filtration and Powertrain Components
- Textiles and Exterior Components

# Investor Information / Directors, Corporate Auditors and Managing Officers

As of March 31, 2012

## Total Number of Shares

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

## Number of Shareholders

22,040

## Corporate Data

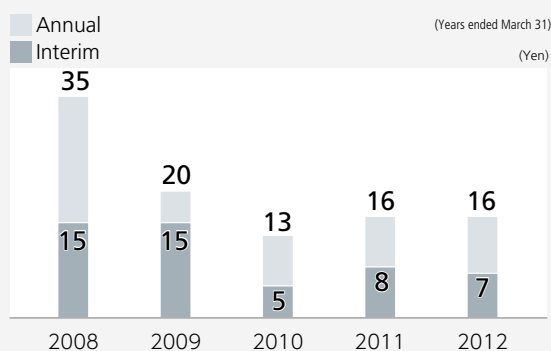
Capital	8.4 billion yen
Number of employees	8,147 (non-consolidated) 31,883 (consolidated)
Stock exchange listings	Tokyo Stock Exchange and Nagoya Stock Exchange
Securities code	3116
Independent auditor	PricewaterhouseCoopers Aarata
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation
Ordinary general shareholders' meeting	Held annually in Aichi Prefecture at the end of June

81 | 82

## Major Shareholders (Top10)

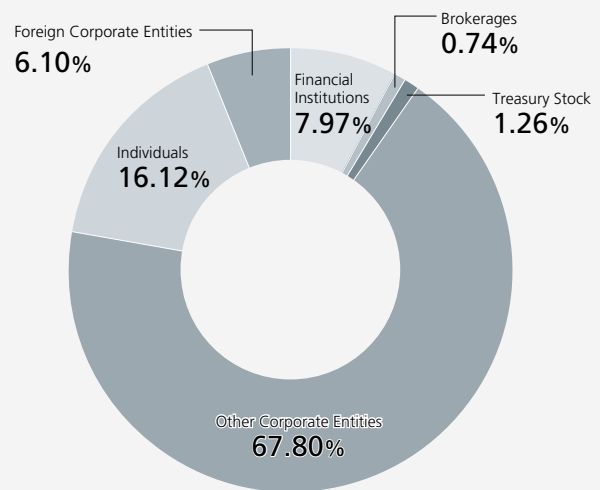
Name	Number of shares held
Toyota Motor Corporation	73,653,995
Towa Real Estate Co., Ltd	18,346,209
DENSO Corporation	10,192,100
Toyota Industries Corporation	7,756,062
NHK Spring Co., Ltd.	7,220,500
Japan Trustee Services Bank, Ltd.	6,517,200
Toyota Tsusho Corporation	4,367,100
The Master Trust Bank of Japan, Ltd.	3,684,200
Toyota Boshoku Employees' Shareholding Society	2,327,619
Trust & Custody Services Bank, Ltd.	1,013,300

## 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 2011, the Company paid annual cash dividends per share of 16.00 yen, including an interim dividend of 7.00 yen and a year-end dividend of 9.00 yen.

## Breakdown of Shareholders



## Directors, Corporate Auditors and Managing Officers

As of June 14, 2012

### Directors and Auditors

President	Shuhei Toyoda
Executive Vice Presidents	Koji Iida Koichi Terasaka Kazuhiko Miyadera
Director and Executive Managing Officers	Hiroshi Ueda Kenichi Noda Fumitaka Ito Takamichi Taki Kohei Hori
Directors	Takeshi Uchiyamada Masahiko Miyaki
Standing Corporate Auditors	Masaki Katsuragi Yoshinori Ito
Corporate Auditors	Akio Toyoda Hitoshi Yoshida Nobuaki Kato

### Executive Managing Officers and Managing Officers

Executive Managing Officers	Yasunobu Hara Shigetoshi Miyoshi Sunao Yamamoto Yasuhiko Sugie
Managing Officers	Makoto Oshima Atsushi Toyoshima Tokuji Yamauchi Teruo Suzuki Yasushi Yoshikawa Suguru Sakakibara Yoshihiro Ito Osamu Kito Yasushi Minami Yasuyuki Izuhara Masaya Ishii Koichi Uemura Toshio Kawasaki Toshihiko Mori Ikuo Mochizuki Yukihide Hamajima Hisato Watanabe Nicholas Marentette Manabu Hachisuka Hiroshi Ioki Toshiyuki Kawasaki

# Upon Reading *Toyota Boshoku Report 2012*

## Third-Party Comments

July 2012



Professor

**Katsuhiko Kokubu**

Graduate School of Business  
Administration  
Kobe University

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

## Development of indicators for social activities

The important feature of this year's report in terms of the Report on CSR Key Performance Indicators (KPI) is that Toyota Boshoku has developed indicators related to CSR for the first time, thereby establishing a series of CSR management cycles from mid-term targets to fiscal 2011 action results and fiscal 2012 targets. This signifies that Toyota Boshoku's CSR operations have been further enhanced as part of management. Although many of the indicators are qualitative, implementing activities by setting such indicators can be highly regarded.

## Ingenuity as a communication tool

The Toyota Boshoku Report exemplifies communication that conveys ingenuity throughout. The president's message is disclosed in an easy-to-understand manner by employing an interview format and the details of corporate activities are explained by introducing many concerned parties, including overseas members. The special feature articles also effectively convey the enthusiasm and commitment to product development. Developing content like this, which involves many stakeholders, will also become helpful for enhancing the motivation of company members. I believe that CSR activities will be further enhanced in the future if Toyota Boshoku continues to actively promote communication with people inside and outside the company.

## Report on initial year of the 2015 Environmental Action Plan

Toyota Boshoku is also earnestly undertaking concerted efforts in terms of environmental conservation activities as reflected in the 2015 Environmental Action Plan. In conjunction with setting more proactive targets to prevent global warming and realise a recycling-oriented society under this plan, Toyota Boshoku is also actively carrying out activities in new domains through various measures such as formulating the Basic Policy of Biodiversity. The environmental preservation activities actively carried out throughout the group, including suppliers, also go hand-in-hand with the global trend of environmental management. In this regard, I expect Toyota Boshoku will further expand initiatives.

## Development of an "integrated report"

The Toyota Boshoku Report is designated as a corporate annual report that includes explanations regarding management aspects in addition to CSR and environmental matters. Currently, mainly in Europe there is a move towards developing an integrated report that combines sustainability information into the annual report. The Toyota Boshoku Report truly is a report that takes the lead in doing so. In order to develop this report into an integrated report, it is necessary to develop KPI not only from an economic perspective but also environmental and social perspectives. In this regard, I think that it would be good for Toyota Boshoku to start examining this matter as a future issue over the medium term. I fully expect that Toyota Boshoku will be able to further develop its initiatives.



**Manabu Hachisuka**  
Managing Officer,  
Public Affairs Division  
(Executive in Charge)

## Response to the third-party comments

In our current report, we were able to report CSR indicators, which were established with the aim of promoting the "expansion of CSR activity management" for social activities, and the results of respective PDCA (plan, do, check, act) cycles for the first time. Since many of the indicators are qualitative, we will focus on setting quantitative targets and expanding activities in the future. Based on the evaluation received from Professor Kokubu regarding the development of the content of this report, including the special feature articles that present multiple stakeholders, we will further pursue active communication with people externally and strive to enhance our CSR activities. Additionally, in terms of the aspired image of this report, we will also work to employ KPI for environmental and social reporting with the aim of developing an integrated report.

Going forward, Toyota Boshoku will undertake sincere efforts to earn the trust of all stakeholders and become a company that grows together with stakeholders as we face a new phase to make further strides towards becoming a truly global company.



1-1 Toyoda-cho, Kariya-shi, Aichi 448-8651, Japan  
<http://www.toyota-boshoku.co.jp/en>

