



TOYOTA BOSHOKU REPORT

2010

2009.4.1—2010.3.31



Design your passion





Deeply committed to our mission of making cars around the world more comfortable and cleaner, we aim to become a truly global company that is appreciated and respected by people the world over.

[The Toyota Boshoku Group's View of CSR]

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

Business Activities

Contributing to the realisation of a prosperous society through manufacturing

Social Activities

Promoting corporate growth while fulfilling our responsibilities as a good corporate citizen



Environmental Activities

A photograph of two women sitting in the front seats of a car. The woman in the foreground is wearing a pink top and has a wide smile. The woman in the background is wearing a white top with colorful floral embroidery and is also smiling. The car's interior, including the dashboard and windows, is visible.

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. |

Vision

[The company we aim to become]

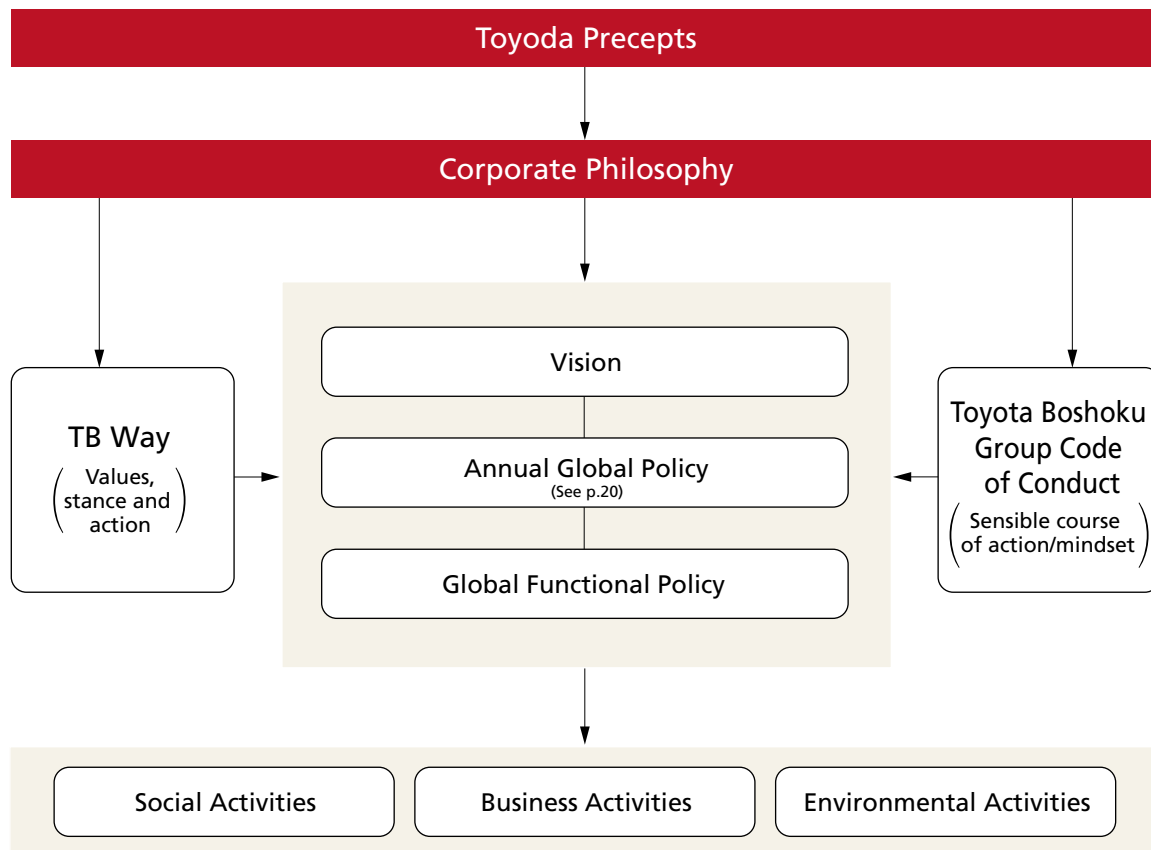
Looking into the future, we will create tomorrow's automobile interior space that will inspire our customers the world over.

[Message toward the realisation]

Design your passion with TOYOTA BOSHOKU

Philosophy

Based on the Toyoda Precepts, 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.



Toyoda Precepts



Sakichi Toyoda

Be contributive to the development and welfare of the country by working together, regardless of position, in faithfully fulfilling your duties.
Be ahead of the times through endless creativity, inquisitiveness and pursuit of improvement.
Be practical and avoid frivolity.
Be kind and generous; strive to create a warm, homelike atmosphere.
Be reverent, and show gratitude for things great and small in thought and deed.



Toyoda Precepts

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.

Consolidated Financial Highlights

Years ended March 31	Millions of yen					Increase (%)	Millions of U.S. dollars
	2006	2007 (Note 1)	2008	2009	2010	vs. FY2009	2010 (Note 2)
Fiscal Year:							
Net sales	¥ 877,596	¥ 1,082,755	¥ 1,233,789	¥ 979,775	¥ 953,729	(2.7) %	\$ 10,250
Operating income	33,764	48,381	65,596	14,054	25,143	78.9	270
Ordinary income	37,838	52,143	65,696	13,292	24,067	81.1	258
Net income (loss)	21,187	30,105	40,720	(5,064)	6,882	—	73
Fiscal Year-end:							
Total net assets	¥ 396,691	¥ 464,747	¥ 527,622	¥ 466,506	¥ 546,486	17.1 %	\$ 5,873
Total assets	133,279	197,797	226,880	189,038	196,545	4.0	2,112
Capital stock	8,400	8,400	8,400	8,400	8,400	0.0	90
Interest-bearing debt	28,824	30,170	55,908	119,169	119,423	0.2	1,283
Capital expenditures	50,480	47,550	52,961	60,496	43,076	(28.8)	462
Depreciation and amortisation	21,344	29,377	32,940	32,493	35,121	8.1	377
R&D expenses	24,828	26,404	31,717	28,968	30,021	3.6	322
Yen						Increase (yen)	U.S. dollars
Per Share Data:							
Net income (loss) (Basic)	¥ 111.60	¥ 160.76	¥ 217.76	¥ (27.15)	¥ 37.00	—	\$ 0.39
Net income (Diluted) (Note 3)	111.58	160.70	217.55	—	37.00	—	0.39
Cash dividends	16.00	24.00	35.00	20.00	13.00	(7.0)	0.13
Net assets	709.91	858.86	997.43	848.01	883.96	35.9	9.50
Other Financial Indicators:							
Operating income to net sales (%)	3.8	4.5	5.3	1.4	2.6		
Ordinary income to net sales (%)	4.3	4.8	5.3	1.4	2.5		
Return on equity (ROE) (%)	17.5	20.5	23.5	(2.9)	4.3		
Millions of yen						Increase (Millions of yen)	Millions of U.S. dollars
Shareholders' Equity (at fiscal year-end):							
Market capitalisation (Note 4)	372,328	523,587	560,182	189,730	337,047	147,317	3,622

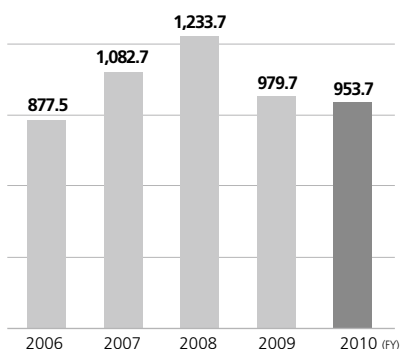
Notes 1. Effective from 2007, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Guidance No. 8) were applied.

2. Figures in U.S. dollars for 2010 were converted at 93.04 yen, the exchange rate as of March 31, 2010.

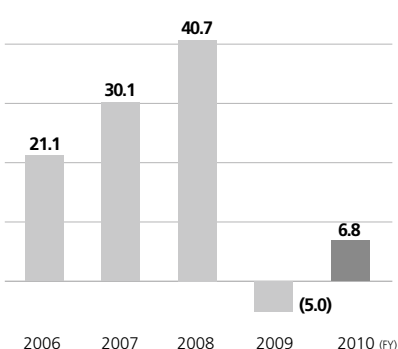
3. Despite the existence of latent shares, net income per share after adjustment for latent shares in fiscal 2009 is not stated because of a net loss per share.

4. 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.

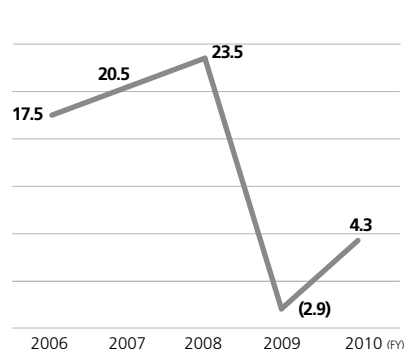
Net sales (Billions of yen)



Net income (loss) (Billions of yen)

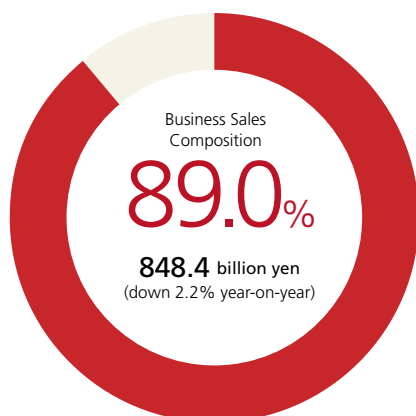


Return on equity (ROE) (%)



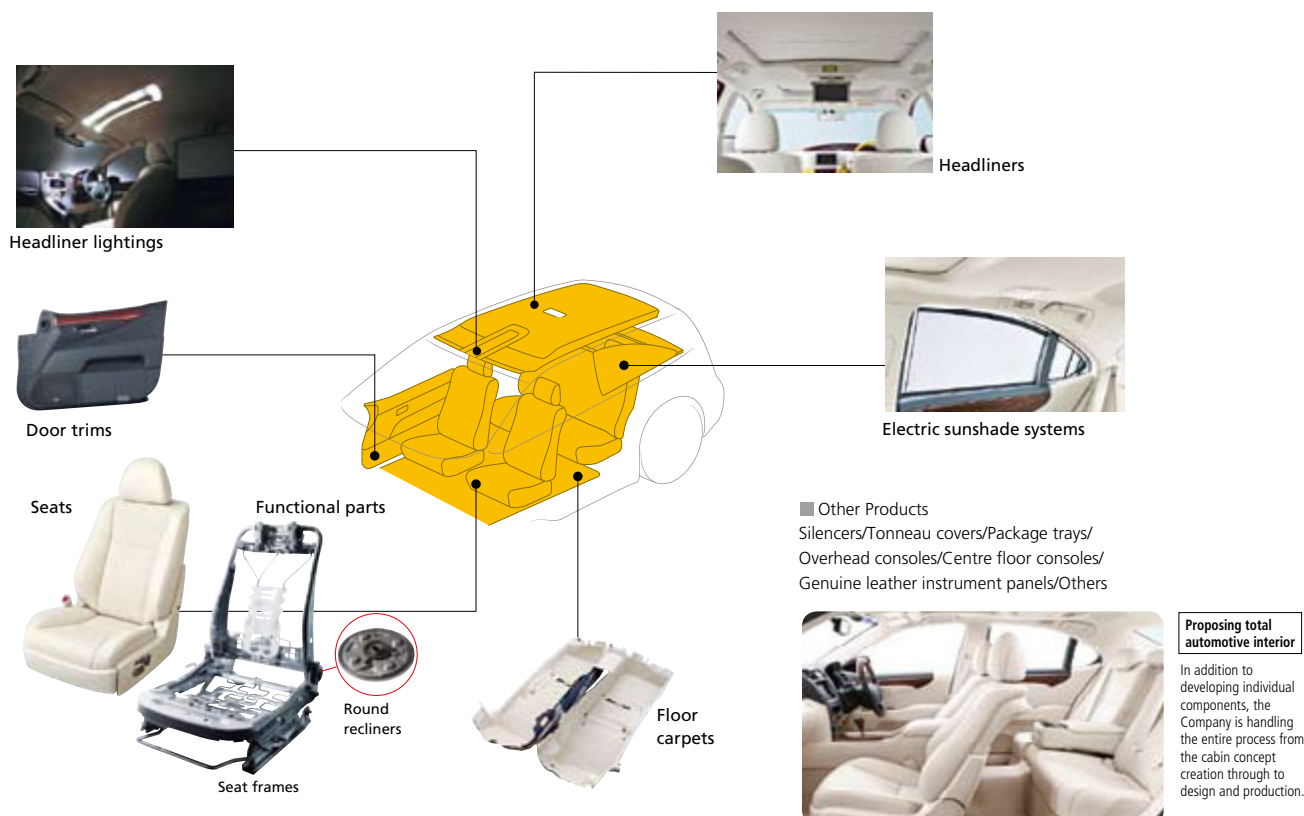
"More Gentle, Comfortable and Peaceful Interior Spaces"

Interior Components Business



The interior components business is the principal business of Toyota Boshoku, accounting for about 90% of total sales. The Company offers a comprehensive approach, developing the concept of the entire interior space followed by development, design, procurement and production, as an interior system supplier for automobile manufacturers. Providing integrated and effectively coordinated systems of interior space with seats, door trims, headliners, floor carpets and other components, we aim to pursue total beauty, comfort and safety. In fiscal 2009, Toyota Boshoku worked to develop environment-friendly materials. To this end, various Toyota Boshoku Ecological Plastic parts that utilise such plant-derived materials as polylactate, castor oil and kenaf were incorporated into the Toyota Sai Hybrid, and we were able to use Ecological Plastic for approximately 60% of the interior surface area of this car.

In fiscal 2009, net sales decreased 19.2 billion yen (down 2.2%) to 848.4 billion yen from fiscal 2008 due mainly to the effects of lower production.



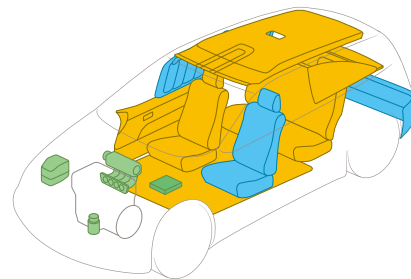
Corporate Profile (As of March 31, 2010)

Name: TOYOTA BOSHOKU CORPORATION
Global Mainstay Hub: 1-1 Toyoda-cho, Kariya-shi, Aichi
Established: May 1950

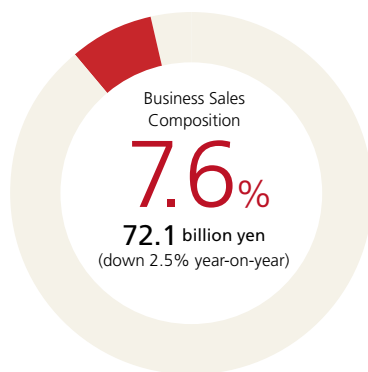
Representative: Shuhei Toyoda, President
Capital: 8.4 billion yen
Number of employees: 27,613 (consolidated) *excluding temporary/contract personnel
Consolidated business results: Net sales 953.7 billion yen / Operating income 25.1 billion yen

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

Toyota Boshoku supplies automotive interior components and filtration and power train components to customers around the world as it takes on the challenge of technological innovation.



Filtration and Power Train Components Business



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. Toyota Boshoku is working to develop and manufacture even higher added-value products that match the needs of society including for

enhanced performance and lower costs in addition to modularised, systemised and environmentally responsive products with improved comfort. In fiscal 2009, Toyota Boshoku developed a resin intake manifold, an engine-related part previously made from aluminium, and thereby achieved an approximately 60% weight reduction. As a result, we secured the first order for this new product from Fuji Heavy Industries, Ltd.

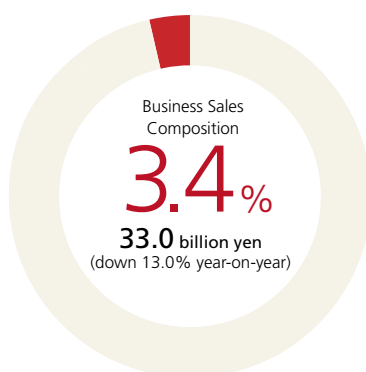
In fiscal 2009, net sales decreased 1.8 billion yen (down 2.5%) to 72.1 billion yen from fiscal 2008.



■ Other Products

Automatic transmission fluid filters/ABS coils/
Hydrocarbon absorption filters/Air cleaners/
Cylinder head covers/Others

Textiles, Exterior Components and Other Business



The Company develops new materials in fabrics for airbags, seat fabrics, cabin headliner materials and other parts in the textile business while working to create environment-conscious products. In the future, we will deepen collaboration with the interior components business and strengthen our technology development capabilities. Also, in the exterior components business,

we manufacture service bumpers, fender liners and engine undercovers. In December 2009, Toyota Boshoku, Kawashima Selkon Textiles Co., Ltd. and Toyota Tsusho Corporation established a new company, TB Kawashima Co., Ltd. This new company commenced production of fabrics for seat doors, headliner materials and other interior materials in July 2010. TB Kawashima will use the respective strengths of the three founding companies while raising its business competitiveness and strengthening its global business development.

In fiscal 2009, net sales decreased 4.9 billion yen (down 13.0%) to 33.0 billion yen from fiscal 2008.



■ Other Products

Partition nets/Strap belts/Seatbelt webbings/Fender liners/
Engine undercovers/Uniforms/Others

Message from the Chairman and the President



Teruyuki Minoura
Chairman

Shuhei Toyoda
President

In fiscal 2009 (year ended March 31, 2010), the Toyota Boshoku group operated within a harsh business environment. The world economy started to recover from the worst post-war downturn, arising from the international financial crisis triggered by the Lehman shock at the end of 2008. Nonetheless, a sustainable, full-fledged recovery is still far off and the outlook remains uncertain. On a consolidated basis, although net sales declined 2.7%, the Toyota Boshoku group successfully secured operating income of 25.1 billion yen. This was partly achieved thanks to meticulous efforts to reduce costs while enhancing efficiency through activities undertaken by the Profit Structure Reformation Committee and other measures.

Amid this inhospitable climate, the Toyota Boshoku group is working toward its goal of becoming a "truly global company that flourishes in each region of the world as a top-tier global interior systems supplier and filter manufacturer". Our target is to achieve this by the mid-2010s. As part of these efforts, Toyota Boshoku continues to tackle an array of challenges. While working to carry out business operations in a unified manner, we are also conscious of fulfilling our corporate social responsibility (CSR) including environmental and social activities.

Fiscal 2009 was clearly a year in which the public placed even greater scrutiny on car safety and quality. In accordance with meeting the expectations and trust of customers, the Toyota Boshoku group reaffirmed the paramount importance of realising quality. Taking a fresh perspective, we began to put this belief into daily practice, thereby enhancing quality levels.

The Toyota Boshoku group has designated the period up to 2010 as its "Second Founding". We are proceeding with efforts to solidify our business footing and institute forward-looking policies for future development. The group also has formulated a new vision with an eye toward further growth resulting from the attainment of these objectives.

In adhering to our corporate philosophy of "promoting corporate growth while fulfilling our responsibilities as a good corporate citizen", we are seeking to become a corporate group that maintains the trust of our stakeholders. We are especially committed to environmental protection and the promotion of activities that contribute to the realisation of a sustainable society. Our key focus is on preventing global warming, reducing environmental burdens and recycling resources.

As we work toward our objectives, we ask for your continued support and guidance in the future.

July 2010

Chairman

President

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We welcome Mika Takaoka, Professor at the College of Business, Rikkyo University, who discusses business operations going forward with Dr. Shuhei Toyoda, President of Toyota Boshoku Corporation.



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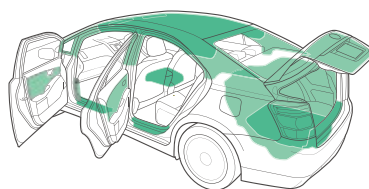
Special Feature-1

French journalist Dora Tauzin provides an on-site report of *kaizen* (continuous improvement) activities that continue to transform manufacturing.



Special Feature-2

We introduce environmental technologies that aim to shift entirely to the use of plant-based interior parts.



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To Readers of Toyota Boshoku Report 2010

Editorial policy

Toyota Boshoku Report 2010 introduces various initiatives on which the Toyota Boshoku group is focusing its efforts in undertaking its business operations globally. These include manufacturing that supports high quality, initiatives for corporate social responsibility (CSR), implementation of environmental management and human resources development. Additionally, we place importance on dialogues with stakeholders from a CSR perspective and received the cooperation of influential individuals for the "President's Interview" and "Special Feature" sections. This report also includes an expert third-party comment that evaluates the entire report, and we intend to utilise this evaluation in producing next year's report.

● Scope of reporting

The information in this report applies to the Toyota Boshoku group (Toyota Boshoku Corporation and its subsidiaries and affiliates and operational bases in Japan and other regions). However, the scope of reporting differs for each initiative.

The positions of officers and respective persons in charge are as of June 23, 2010.

● Period covered by report

This report contains performance data from April 1, 2009 to March 31, 2010. Some information on previous or later activities is also included.

● Issuing of next report

Planned in July 2011

■ Cautionary statement with respect to forward-looking statements

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

■ Numerical values of financial results

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

Becoming a Truly Global Company

Creating the future of automobile interior space based on the principle of *genchi-genbutsu* (Go, see & study)

The Toyota Boshoku group formulated its new vision in April 2010 with the aim to become a truly global company trusted by stakeholders the world over. Professor Mika Takaoka of Rikkyo University, who is well-versed in corporate social responsibility (CSR) management, discusses global manufacturing, human resources development and CSR management with Dr. Shuhei Toyoda, President of Toyota Boshoku Corporation.



President
Shuhei Toyoda

Professor at Rikkyo University
College of Business
Mika Takaoka

Return to profitability at the net income level by reforming the profit structure

Takaoka Let me start off by asking about your business results for the past fiscal year. It was undoubtedly an exceedingly trying year with the recall of Toyota vehicles on top of the global financial and economic crises.

Toyoda Yes, the year certainly got off to a dismal start because of the sharp decline in the volume of automobile production. During the second half of the year, production moved back onto a recovery track. This was bolstered by economic stimulus measures in various countries, beginning with the tax reduction for eco-cars in Japan, Europe and the United States. Along with the start of production of new model hybrid vehicles, sales incentives like the scrapping system implemented temporarily by governments worldwide also contributed to a recovery. For the entire year, however, the number of seats produced declined by 220,000 units compared with the previous fiscal year. Under these circumstances, throughout the group we continued to implement emergency measures launched in the previous fiscal year to reform our profit structure. The aim is to create a structure capable of generating profits even during manufacturing cutbacks.

As a result of these measures, although consolidated net sales declined 2.7% to 953.7 billion yen in fiscal 2009, operating income rose 78.9% to 25.1 billion yen. We returned to profitability at the net income level with net income of 6.8 billion yen.

Takaoka Next, I would like to ask you about your own personal thoughts on manufacturing. I heard that you have also been involved in the development of automobiles during your career.

Toyoda I was in charge of such efforts as development of the Vitz. This was an interesting experience that provided me with a tremendous understanding of the essence of mass-volume manufacturing. It entails creating excellent low-cost products that satisfy numerous customers. I believe, for instance, that there is a difference in the significance of the value between the work of one artist and the creation of a car. For the latter, numerous people combine their ideas and skills to create every single component.

Takaoka Generally speaking, there is a tendency to consider items created through labour-intensive efforts as having high value and something that is mass-produced as being cheap. Instead, I believe it is good to regard something created through everyone's combined knowledge and ideas as having high value. This is also connected to the reasons why people work.

On a related note, let me ask you about the ideas underlying the formulation of your new vision.

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

Toyoda The vision we created at the time of the merger^{*1} in 2004 was directly linked to products we produce and was aimed at uniting the three companies. In terms of interior components, for example, we expressed our vision as "offering comfortable cabin space".

Since then, in the advanced and emerging countries, markets have undergone profound changes that include disparities in growth rates and a shift from large vehicles to small vehicles. Toyota Boshoku must respond to this evolving environment and achieve new growth.

We have created our new vision and changed the expression of our vision from "cabin space" to "automobile interior space". This new vision embodies the concept of broadening ideas and possibilities for manufacturing and expanding future business domains transcending the traditional framework of automobiles. We also must reaffirm our awareness of developing products that satisfy and are useful to customers while providing these when needed at reasonable prices.

Takaoka How is this idea explained to each type of stakeholder?

Toyoda This idea is articulated to respective stakeholders in our corporate philosophy. First of all, a major condition is globally fulfilling our CSR obligations by creating local employment through our main businesses and paying taxes. Manufacturing has a large impact on society. Therefore, besides assuring quality, we must firmly think about our relationship with society while considering the entire manufacturing process. We will resolutely fulfil this social responsibility and proactively promote social contribution activities in local communities.

For our customers, we must develop cutting-edge technologies and deliver customer satisfaction by offering comfortable automobile interior space. I believe that these initiatives will ultimately enable us to meet the trust of our shareholders.

Expanding human resources development globally

Takaoka To realise that goal, it is crucial to make sure that company members work with a sense of satisfaction.

Toyoda That is absolutely correct. I believe it is essential to create a work environment where members can actively engage in their work with a sense of satisfaction.

In other words, the question is how to get many persons to proactively immerse themselves in their work on their own resolve. If everyone approaches all matters with self-initiative, good results will naturally follow. Also, if company members make



Mika Takaoka

Specialising in the theory of consumer behaviour, Mika Takaoka is a professor at Rikkyo University College of Business and holds a Ph.D. in economics. In CSR, Professor Takaoka engages in research and has published research papers mainly from the perspectives of corporate management, marketing and brands. Professor Takaoka's principal books include *CSR and Corporate Management* (Gakubunsha Co., Ltd.) and *Sustainable Lifestyle Navigation* (JUSE Press Ltd.).

^{*1} In October 2004, Toyoda Boshoku Corporation merged with Araco Corporation (car interior operations) and Takanichi Co., Ltd. Company name changed to Toyota Boshoku Corporation.

their all-out efforts, this will raise their personal conviction and create new knowledge and ideas. One of my important tasks is to motivate each individual and to convince as many members as possible to believe they are “engaged in meaningful work”.

Takaoka Although there are such incentives as career advancement and financial incentives, performance is likely to be totally different when employees are provided with the motivation and encouragement that you just mentioned. If employees can work actively and energetically, this will in turn lead to their respective happiness.

What are your thoughts on human resources development and education for nurturing such employees?

Toyoda In concrete terms, education that raises the positive attitudes of company members is difficult to provide. Among the various types of education, however, I believe that on-the-job training (OJT) is extremely important. New recruits are assigned and always paired with a “workplace senior”. Education for new members is of course important, but I also hope their seniors can grow through the guidance they are providing.

After one year, we will have company-wide presentations in which representative teams from each division make presentations. In addition to announcements of achievements by new members, there will also be presentations on how workplace seniors provided education to new members.

Takaoka Teaching is learning. **Wouldn't it be difficult to implement this system on a global basis?**

Toyoda That's definitely true, but this should not stop us from taking on such challenges. Looking back at one of my past experiences, I provided education for locally hired members when we started operations at an overseas plant. At that time, I believed that I could only teach four people at the most, and solidly educated those members. Next, I designated those four persons as the next workplace seniors and had each of them teach four other persons. In this manner, we successfully expanded the scope and process of education. I would like to spread this approach throughout the Toyota Boshoku group.



“Win-Win” relationship with suppliers

Takaoka Could you explain your thoughts about relationships with suppliers?

Toyoda Manufacturing cannot be carried out by Toyota Boshoku alone. Cooperation with our corporate customers is also crucial. However, excellent manufacturing can only be achieved by collaborating and working with our suppliers in their respective job capacities.

Each automobile part is a crucial part. Precisely for this reason, it is essential that we look at all parts from the perspective of *genchi-genbutsu**². In the past, I was in charge of procurement in the United Kingdom. During that time, I visited every single one of our more than 130 suppliers in Europe. I repeatedly visited those suppliers that were having problems with their production methods and processes and worked together with them to improve their processes to assure quality. This is known as a Supplier Parts Tracking Team (SPTT)*³ activity, whereby we were able to realise a win-win result.

Takaoka That is truly the essence of co-existence. If *genchi-genbutsu* is implemented to evaluate suppliers, numerical divergence from targets can be identified. Then effective improvement activities can be undertaken. This process will enable better quality and help raise the actual capabilities of suppliers.

One issue facing Japanese companies setting up operations overseas is checking whether local suppliers are engaged in unfair labour practices. Failure to verify this could lead to a major CSR risk. If companies continually perform close on-site monitoring of their suppliers, such problems are unlikely to occur.

Toyoda Yes, that way whenever something happens, you will know about it immediately. *Genchi-genbutsu* is the Toyota Boshoku code of action and is founded on the principle of performing work based on actual facts. We know from our own experience that failure to implement *genchi-genbutsu* causes an increase in mistakes. Also, facts can occasionally change. Just because you saw something yesterday does not always mean things are the same today. With this in mind, we devote our utmost efforts to making improvements based on implementing *genchi-genbutsu* every day.

Implementing environmental management and contributing to society through our main businesses

Takaoka The global environment can also be regarded as one stakeholder. I believe Toyota Boshoku is involved in cultivating kenaf plant in Indonesia and using this as a material.

Toyoda Even prior to the merger, we began using plant materials to prevent increases in CO₂. In Indonesia, we cultivate kenaf from seedlings and then form kenaf into boards used as a material for door trims. As an additional benefit, the use of this material enables lightweight door trims, which in turn helps raise the fuel efficiency of automobiles. In 2007, we established the Biotechnology Development Division and are strengthening our structure for developing materials from kenaf and other plants.

Takaoka Because it is related to your main business, this initiative for using plant materials has become a permanent aspect of Toyota Boshoku's operations. Moreover, the cultivation and use of kenaf also benefits the global environment and creates local employment. This makes these activities worthy of high acclaim from stakeholders such as customers, suppliers and company members.

*2. Visit a site on your own, gather a wide range of quantitative and qualitative information, understand, make decisions and then implement measures.

*3. Outsourced production and manufacturing preparation follow-up activities carried out by a team (see page 41)

Toyoda From an environmental standpoint, we are also devoting enormous efforts toward sustainable production plant activities. The Sanage Development Centre's No. 2 building, which was completed in May 2010, is truly an environmentally harmonious facility. Various aspects of the natural environment, including solar power generation, rainwater and an air-conditioning system with natural air circulation, are utilised.

I believe that the basis of corporate activities is making contributions to society, and this also encompasses the environment. Sakichi Toyoda, the founder of both the Toyota Group and Toyota Boshoku, asked himself what he could do for the betterment of Japanese society. He decided that inventing an automated loom would greatly benefit society and dedicated himself to this achievement. In the same way, Kiichiro Toyoda devoted his efforts to automobile manufacturing to promote the advancement of Japanese society.

Takaoka It's evident that the Toyota Group originally existed for the purpose of contributing to society.

Toyoda The Toyota Boshoku group also shares the same aspiration. Based on the TB Way, which expresses company members' shared values and behaviour, the first statement is "We contribute to society by developing leading-edge technologies and manufacturing high-quality products". I believe we can realise this type of excellent manufacturing if members in regions around the world share the same common ideas.

Genchi-genbutsu is also the basis of CSR activities

Takaoka It's very clear that all Toyota Boshoku's initiatives start from the actual facts in adhering to *genchi-genbutsu*.

Drawing a concrete roadmap for human resources development and quality control is an effective means of promoting CSR management. **Does Toyota Boshoku also apply its systems for production and quality activities in its CSR management?**

Toyoda We have yet to reach to the stage where such systems are implemented as CSR activities. However, we are carrying out discussions for doing so from various perspectives for individual themes.

Let me provide an example in terms of quality. Among the companies with which we undertake collaborative business activities, there are some companies that respond to a quality issue by increasing the number of inspections. Even so, this approach does not result in any improvement in the root cause where quality is lacking. To assure quality, I believe *Jikotei-kanketsu* (all processes in-house)*⁴ is absolutely necessary. We use this thinking and approach to support the quality activities of companies with which we collaborate. We discuss issues and make improvements based on *genchi-genbutsu* not only in production-related work but also for development, marketing and sales, accounting and finance, human resources and public affairs. Therefore, work performed in each of these areas is ultimately linked to our CSR activities.

Takaoka The Toyota Boshoku group uses a Self-Evaluation Sheet for a thorough review of CSR activities. Is the use of this check sheet also an initiative that applies experience from production activities to your CSR activities?

Toyoda We use this sheet as the stage where we try to deepen understanding of CSR activities across the company. However, there is also a certain risk in relying solely on such sheets. The act of checking becomes a task in itself that could obscure the actual issue at hand or any problems. In other words, we cannot cultivate people by using these sheets. That is why I believe it is crucial to continually think from the perspective of *genchi-genbutsu*.

Takaoka I believe that companies in which employees and suppliers share a common philosophy and ideas can adopt the best methods for implementing CSR. Also, this should be a company's ideal image as an organisation.

I think employees and suppliers would agree. Having said that, I believe that earning the understanding and empathy of external stakeholders, such as end users who purchase vehicles and people who use these vehicles, will lead to an increase in corporate value.

I have gained an understanding of Toyota Boshoku's CSR management stance. I really hope that you will announce your CSR targets, including your CSR roadmap, and can communicate your approach for steadily attaining these targets in an easy-to-understand manner.



*4. A concept that "quality is built in through a process". Manufacturing that emphasises "not creating defective products in your own area of responsibility" and "not creating problems for the next stage" (see page 34)



President Toyoda leading by example in the implementation of *genchi-genbutsu*

Toward becoming a global company

Takaoka Next, could you explain your initiatives for globalisation?

Toyoda Following the merger, we have increased the number of global bases. However, I believe there are still some deficiencies in our business operating structure centring on the Regional Management & Collaboration Hub (RM&CH) in each region as well as the coordination of various functions with Japan. In correcting these deficiencies, I believe we must steadily move forward to strengthen our collaboration and structure.

I would like to adjust basic manufacturing methods and the building-in of quality on a group-wide basis. Therefore, in keeping with the concept of uniform manufacturing under "one hub per region" management, I am considering the types of structures we should build and how we can adopt optimal methods in each region.

As the term multinational implies, there are multinational companies across the globe with top managers and employees of diverse nationalities. In view of the international nature of these organisations, I believe the use of the Japanese language will become highly problematic as we globalise our own operations. Therefore, I am thinking of designating English as Toyota Boshoku's official language in the future.

Takaoka Implementing overall management throughout your global operations would certainly be difficult if Japanese is used as the official language. Even if everybody shares the same philosophy and ideas, locally based procedures and controls are key even for manufacturing and procuring products. There is a deep correlation between language and values. Therefore, even if you attempt to skilfully communicate a philosophy, it is unlikely to be understood as intended.

Toyoda While promoting globalisation involves embracing diversity, this leads to problems in terms of overall management. Therefore, the RM&CH must think about management together with local company members.

For manufacturing, we have established clearly defined indicators to try to gain an objective picture of facilities and productivity at each production entity. That way, even members assigned from overseas through personnel exchanges will be able to grasp these standard indicators without requiring any explanations. I believe that expanding this approach to the management level will be an important task for becoming a truly global company.

Takaoka Finally, what is the outlook for fiscal 2010?

Toyoda The global automobile market is changing. This is not only because of short-term economic fluctuations. A major shift in the actual structure of demand is also occurring as well.

Although automobile sales in advanced countries are sluggish, demand is expanding rapidly in China, India and other emerging countries. Along with an expansion in middle-income segments in these countries, demand for low-priced, compact vehicles is growing. I also expect that local automakers will become stronger and competition will be more intense.

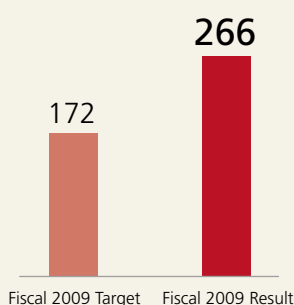
To prevail during these severe times, the Toyota Boshoku group will continue to implement profit structure reforms. In line with concentrated efforts to firmly create a business foundation in emerging countries, in fiscal 2010, Toyota Boshoku will establish the Emerging Country Strategy Council. In addition, we will also work hard to create products that provide customer satisfaction and that will lead to new growth.

Takaoka I also look forward to your further efforts for continuing to contribute to society through your main businesses.

Aiming for a profit structure that can generate profits even during manufacturing cutbacks

We established the Profit Structure Reformation Committee, which spans all regions. Previously, we implemented measures for cutting fixed costs and making production cost improvements. From fiscal 2009, we strengthened the foundation for manufacturing and strove to enhance the efficiency of development. Through these efforts, we achieved results that significantly exceeded our forecast.

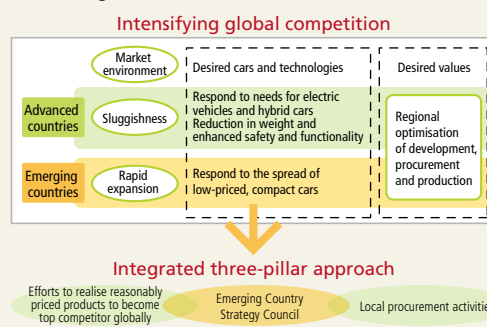
Result of profit structure reforms (100 million yen)



Strengthening our business foundation in emerging country markets

In fiscal 2010, Toyota Boshoku will establish the Emerging Country Strategy Council to promote the establishment of a business foundation in emerging countries, with China, India and Brazil as our strategic regions. We are formulating and promoting strategies suited to the regional characteristics of each emerging country. Also, efforts to realise reasonably priced products and local procurement activities are being carried out as part of an integrated three-pillar approach.

Structural change of the automobile market



Focus

Passion That Supports Toyota Boshoku

Dora Tauzin

Dora Tauzin is an international journalist and essayist. She graduated from Sorbonne University and then the Institut d'Études Politiques de Paris, Sciences-Po, with honours.

Ms. Tauzin speaks five languages. After working in the Department of Public Information at the United Nations, she began living in Japan following her debut on a French language television programme by NHK (Japan Broadcasting Corporation). Having worked as a professor at Keio University, she is presently teaching at L'Institut franco-japonais de Tokyo and l'Académie Du Vin. At the same time, Ms. Tauzin works as a "bridge" between Japan and France and is active in a wide range of fields, writing for magazines and newspapers and giving lectures. Her serialized *Dora's Dora Neko* (stray cat) Bonjour appeared in the *Asahi Shimbun* (newspaper) and her True Feelings column in the *Tokyo Shimbun*. Ms. Tauzin is also the author of numerous books that include *Dora's Dora Neko that Makes Wishes Come True*, *How to live your own life* and *Foreigners' Tokyo Style*. She received a Minister's award from the Agency for Cultural Affairs of Japan.

Dora Tauzin's website can be viewed at <http://www.doratauvin.net/>.

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Focus

Special Feature 1

Seeing craftsmanship in the passion devoted to *kaizen*

A French journalist serving as a bridge linking Japan and France, Dora Tauzin reports on her firsthand experience with kaizen (continuous improvement) that continually transforms Toyota Boshoku's manufacturing sites.

There are two words of interest that are commonly used throughout Japanese industry. One of these is *monozukuri*, which means manufacturing. Even in pursuing high productivity and creating high-quality products, large companies, which are not workshops or small factories, use the word *monozukuri*, a term that embodies a certain warmth.

The second word of interest is *kaizen*, which is used by Toyota Group companies. One fundamental mission of persons working at production sites is to continually pursue *kaizen* in the manufacture of reasonably priced, high-quality products. This does not mean only improving production technologies but also encompasses methods of working and ways of thinking. So what exactly are *monozukuri* and *kaizen*? I asked myself this as I stepped inside to have a look around the Toyota Boshoku Sanage Plant (No. 5 plant).

The plant visit took place on May 14, 2010.

The *kaizen* story



Seat assembly model line a treasure trove of ideas



Work operations using hog ring pliers that can be freely moved 360 degrees

I was shown around the plant by Mr. Imaeda, Mr. Ohyama and Mr. Noguchi. First, they explained to me the features of the seat assembly line and emphasised three main points. Specifically, the plant can make timely responses to model changes and changes in volume, aims to be global No.1 in terms of quality and ceaselessly implements *kaizen*. In the more than 10 years since efforts began to realise the optimal production line, the plant has made one improvement after another.

It has also adopted simple processes, achieved a compact line and streamlined peripheral areas by stocking only the needed parts and inventories. In 2003, the plant was highly lauded internally as having the best line, and its concepts have been deployed at plants in Japan and overseas.

The first thing that captured my attention at the plant was the assembly line, where an assortment of parts gradually becomes seats. The people working in front of the line moved very smoothly and appeared to be completely at ease.

As I gazed at the line, Mr. Imaeda explained, "In the past, workers had to take parts from the shelves behind them and then turn back around to attach the parts. We improved this process to the current configuration. This enabled us to do away with the



cumbersome task of having to constantly turn around as well as to eliminate mistakes when workers had to take similar-looking parts from the shelf". In place of the original parts shelf, one box containing all the requisite parts for each seat moves along on the conveyor belt. In the same manner that food is packed with precision into a Japanese lunch box, these handmade parts boxes were created using a wealth of ingenuity to accommodate all the parts needed for seat assembly.

The next sight that caught my eye was hog ring pliers, a giant stapler that fastens seat covers. The original hog ring pliers moved in an up-and-down manner, while next-generation models could be moved both vertically and laterally. Subsequently, the currently used hog ring pliers were improved through *kaizen* and can be moved freely 360 degrees.

What was especially interesting was a machine that uses air pressure to send only the needed clips to the assembly line through a hose. I was totally amazed by the dancing-like movements of parts flying through the hose and fascinated by the concept of transporting parts through an air hose. People who still possess the playful minds and spirits of children probably created this machine.



Only the needed clips are sent through a hose using air pressure.

Kaizen definitely brings enjoyment and satisfaction

Mr. Noguchi then introduced me to a truly convincing type of *kaizen* in the form of a protruding jig. Specifically, this is a type of platform that enables work to be performed on the backside of the chair portion of seats that move along a conveyor belt. Despite being just one seat, these are actually quite heavy and difficult to move, even for males. However, thanks to this protruding jig, moving a seat does not require any significant strength.

A company member familiar with the situation before and after *kaizen* said, "No matter how busy I am, the physical burden has been completely alleviated". I learned that being able to work gracefully and fluidly in this

manner means that no excessive force is required to handle products. This in turn helps to prevent quality-related flaws such as smearing and scuffing and thereby contributes to improvements in quality and productivity.

There are actually numerous other examples similar to this. So who comes up with ideas for *kaizen* and who gives these ideas shape? The ideas are not the brainchild of an advanced industrial robot, but originate with a unique process that gives company members a great deal of satisfaction.

Mr. Ohyama explains, "Everybody working here thinks about *kaizen* on a daily basis. What's more, we have a workplace culture that fosters a fervent

desire to make improvements regardless of whether a person is a superior or a subordinate. We also have mechanisms that support this culture. All of this is what helps spawn new ideas”.

While performing their daily work, people ask themselves what can be done to make improvements and what they can do personally. They come up with types of tools that could enhance efficiency and set about creating them. These innovative ideas become a reality by using existing materials or goods, idle equipment or facilities. When I heard this explanation, I thought, “Of course, this whole process is something that is definitely fun”. I also realised that people carry out *kaizen* activities “not because this is an obligation but because they are deeply motivated and the pursuit of *kaizen* is a form of self-expression”. In Mr. Ohyama, I could envision French people who absorb themselves in the pleasure of do-it-yourself carpentry.



The protruding jig enables work to be easily performed on the backside of the chair portion of the seat.

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Focus

A worker-friendly line raises competitiveness

I think people are the most crucial element of any workplace and that harnessing their abilities and power is also important. Here at the plant, I felt there is a high awareness that manufacturing seats is so important for the passengers who ride in cars. I also sensed a warm and at-home feeling amid an atmosphere where efforts are being made to create a good environment for company members. I think this is truly the essence of



bien-être (happiness and satisfaction). Also, the plant itself naturally serves as the perfect place for cultivating new ideas.

Kaizen raises productivity and generates profits. Of course, I also sensed that *kaizen* continues to be implemented to ensure workers derive true fulfilment and meaning from their jobs. A worker-friendly environment not only enhances safety but also raises product quality. Even in mass production, workers devote their feelings to the production of every single product and everyone continually strives for improvement. Seeing this, I could firmly understand the feeling of why manufacturing is expressed by the term *monozukuri*.

I was told that *kaizen* best practices at this plant are also being deployed globally. The cultures and national traits of each country and region differ, so I don't know if these best practices are being deployed in the exact manner as in Japan. However, valuing and nurturing workers to foster a corporate culture emphasising *kaizen* and raising the level of manufacturing makes a lot of sense and I can certainly relate to this concept.

I think that in the future as well, the plant will take on the challenge of meeting even higher targets. Upon wrapping up my visit, my departing thought was that I would like to see the shape of the Sanage Plant in one year's time.

Welcoming Dora Tauzin

We welcomed Dora Tauzin, who is active in both France and Japan, and showed her around a representative production line of the Toyota Boshoku group. We were pleased that Ms. Tauzin took such a deep interest in *monozukuri* and *kaizen*, which are terms that we use on a routine basis. We think that Ms. Tauzin understood that *kaizen* also leads to the development of people.

Production line manufacturing cannot be undertaken by a production plant alone, but is carried out working together with the development division. Although we were able to show Ms. Tauzin our production site, in the future we would like to introduce large-scale *kaizen* that is carried out across our entire production system.



Tsutomu Imaeda
Division Manager
Sanage Production Division 2



Hironobu Ohyama
Department Manager
Sanage Production Division 2
Sanage Engineering Staff
Department 2



Akihiko Noguchi
Department Manager
Sanage Production Division 2
Sanage Seat Manufacturing
Department

Outline of the Sanage Plant

Start of operations: 1967 Size of land area: 315,800m² Size of building area: 105,000m²
Number of employees: 3,459 (as of May 1, 2010)
Production volume: 2,259 seats/day (May 2010)

Toyota Boshoku's environmental technologies aim to create interior parts completely from plant-derived materials

The Toyota Boshoku group undertakes manufacturing aimed at realising a low-carbon society from five perspectives: lightweight solutions, compactness, preservation of resources, plant-derived materials and energy-saving production processes. Here we introduce Toyota Boshoku's initiatives regarding plant-derived materials.

SAI HYBRID SYNERGY DRIVE



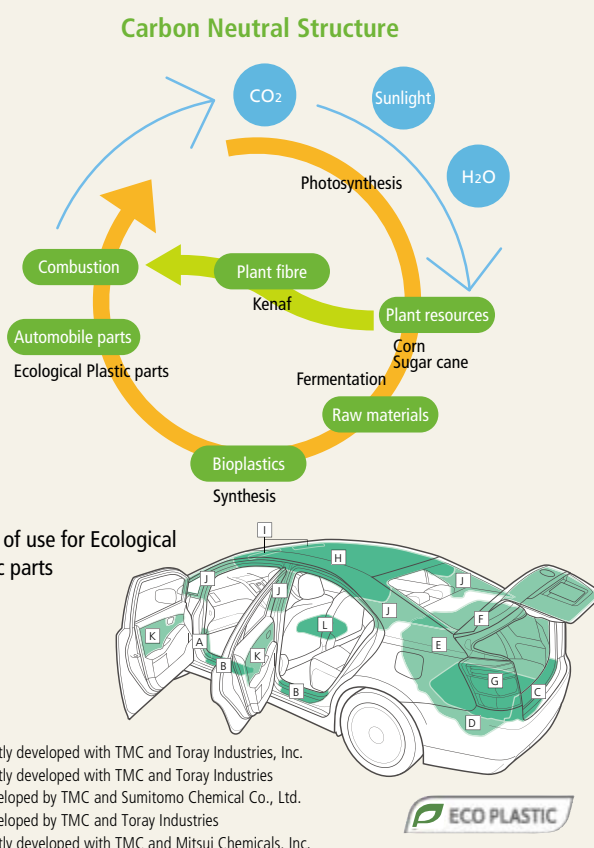
Contributing to the use of Ecological Plastic for approximately 60% of an automobile interior surface area

With a view toward preserving resources and attaining carbon neutrality^{*1}, in the latter part of the 1990s Toyota Boshoku commenced research on the use of plant-derived materials for automobile interior components.

First of all, Toyota Boshoku set its sights on kenaf, an annual grass that grows quickly and has high CO₂ absorption capabilities. In 2000, we succeeded in commercialising a kenaf base material consisting of kenaf and petroleum-derived polypropylene (PP) resin for use as door trim. Our integrated operations for this kenaf base material, which we carry out in Indonesia, range from development to cultivation and the production of boards. We substituted the PP used in this kenaf base material with a plant-derived polylactic acid (PLA) resin to develop a plant-derived, bioplastic base material that is more environmentally friendly. This new base material was then applied in the commercialisation of spare tire covers and door trims. Additionally, we also use castor oil taken from the seeds of a castor oil plant as a raw material for seat cushion pads.

Ecological Plastic^{*2} utilising plant-derived materials and co-developed by Toyota Boshoku has been widely adopted in the Toyota SAI hybrid sedan launched by Toyota Motor Corporation in December 2009. This plastic accounts for approximately 60% of the vehicle's entire interior surface area.

Toyota Boshoku is promoting the development of technologies as it aims to create automobile interiors completely from plant-derived materials.



^{*1} Net zero CO₂ emissions during the life cycle of a product or process. Carbon neutrality is based on the concept of not increasing CO₂ emissions into the atmosphere during a product's life cycle, even when incinerating plastics made from plant materials, since plants originally absorb CO₂ and grow through photosynthesis.

^{*2} This is a collective name for automobile-use plastics developed by Toyota Motor Corporation (TMC) that contain plant-derived elements that improve heat- and shock-resistance compared with ordinary bioplastics.

^{*3} Jointly developed with TMC and Toray Industries, Inc.

^{*4} Jointly developed with TMC and Toray Industries

^{*5} Developed by TMC and Sumitomo Chemical Co., Ltd.

^{*6} Developed by TMC and Toray Industries

^{*7} Jointly developed with TMC and Mitsui Chemicals, Inc.

	Raw Material		Development/Part in which used	
	Plant-derived	Petroleum-derived		Area used
Ecological Plastic covering material ^{*3}	Plant-derived polyester	Polyethylene terephthalate (PET)	H: Headliners I: Sun visors J: Pillar covers (front, centre, rear)	Covering (fibre portion)
Ecological Plastic base material ^{*4}	Kenaf fibre, polylactic acid (PLA)	—	K: Door trim ornamentation (front, rear)	Base materials
Ecological Plastic injection material ^{*5}	PLA	Polypropylene (PP)	A: Cowl side trim B: Door scuff plate C: Finish plate G: Toolbox	Overall
Ecological Plastic covering material (nonwoven) ^{*6}	PLA	PET	D: Trunk mat E: Trunk trim (front, side) F: Trunk door trim	Nonwoven covering materials
Ecological Plastic foam material ^{*7}	Polyol derived from castor oil	Polyol, isocyanate (cross-linking agent)	L: Driver's seat cushion pad	Cushion pads

Five perspectives of manufacturing in aiming for the realisation of a low-carbon society

Lightweight solutions



Undertake thorough reviews of design structures and replace aluminium materials with plastics and other materials.

Compactness



Work toward more compact cars giving due consideration to the entire vehicle and all interior space.

Preservation of resources



Create compact and energy-efficient lines, eliminate the waste of materials and raise yields.

Plant-derived materials



Develop interior components that use plant materials in working toward carbon neutrality.

Energy-saving production processes



Strive to conserve energy and resources and create next-generation production plants that utilise natural energy.

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Focus

Ecological Plastic covering material

We achieved the level of quality required for interior components by using a specially structured fibre composed of plant-derived polyester and traditional petroleum-derived polyethylene terephthalate (PET), as well as by establishing an optimal structural design and processing technologies. By doing so, Toyota Boshoku became the first company in the world to use an Ecological Plastic covering material utilising plant-derived polyester for its interior components for mass-produced vehicles.

For cabin headliners, high quality is essential in terms of heat resistance, sunlight resistance and abrasion resistance. To attain this level of quality, we established proper temperature conditions during the manufacturing process to ensure that the properties of materials are not lost. We also provided our partners in joint development with proposals concerning weaving and production methods for coverings while developing an optimal weaving structure. These efforts also enabled us to attain our quality targets.

Hisanori Andatsu
Department Manager
Textile Engineering Division

Ecological Plastic base material

Utilising a base material that mixes PLA and kenaf fibre, which has high CO₂ absorption capabilities, we developed a 100% plant-derived door trim ornamentation base material. By establishing a unique technology that optimises the raw material mixture and the conditions of the injection moulding process, we achieved the high level of heat resistance and shock resistance required for automobile parts.

PLA has a heat-resistance temperature of only around 70°C and was thus unable to maintain the heat resistance needed for automobile interior materials. Nonetheless, PLA has a property that allows its heat-resistance temperature to be raised by performing "crystallization" to systematically arrange its molecular structure. During the crystallization process, however, the base material must be kept inside the die for a long period of time when undertaking shape processing, which results in a sharp decline in productivity. To address this issue, we developed a high-speed crystallization technology that reduces the time needed for crystallization. We were thus able to create an Ecological Plastic base material with high heat-resistance capabilities while maintaining the same productivity as for previous products.

Shigeki Watanabe
Department Manager
Biotechnology Development Division

Yasuhiro Ueda
Biotechnology Development Division

In the run-up to commercial mass production, we performed various types of evaluations with prototypes and made repeated considerations to ensure the required quality was incorporated at the stage for formulating blueprints for the shape of the product. Even after deciding on the shape of the product, in reality there were many problematic points. These issues became apparent only when actual production began, and we focused our efforts on elucidating every cause. Although it took much time to undertake the process of verifying quality, which included evaluating and testing under high temperature and humidity conditions, we were able to be involved in manufacturing quality products that satisfy customers.

Sadataka Sekimoto
Material Engineering Development Division

Nobuo Mori
Group Manager
Material Engineering Development Division

Special Feature 2

Toyota Boshoku's environmental technologies aim to create interior parts completely from plant-derived materials

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Ecological Plastic injection material and covering material (nonwoven)

● Injection material

We have developed such interior components as scuff plates using an injection material that substitutes PLA for a portion of its PP content. We have attained the same performance capabilities and quality as for previous products by utilising our unique technologies, including those related to die designing, product forming and conditions of the injection moulding process, in addition to establishing necessary conditions.

● Covering material (nonwoven)

We used an injection material that substitutes PLA for a portion of the PET content to develop luggage trim. By ensuring that the established moulding technical method, shape of the product and condition of the injection process were optimally suited to Ecological Plastic, we attained the same performance capabilities, quality and texture as with previous products.



Luggage compartment uses Ecological Plastic covering material



Interior components that use Ecological Plastic injection material

Conventional covering materials are press shaped after the base material and covering materials are bonded together and heat treated. However, we found that it was difficult to form an Ecological Plastic covering material using this method because of the low fusing point of fibres. Accordingly, we newly developed the post-spreading method in which the covering material is bonded after the base material is heat treated. This enabled the same performance capabilities and texture as conventional materials.

Moreover, because an Ecological Plastic injection agent has low fluidity, we carried out new development starting from the actual structure of the die.



Kenichi Takahashi
Group Manager
Material Engineering Development Division

Ecological Plastic foam material

We substituted and mixed an element of non-edible castor oil for a portion of the petroleum-based polyol used as a primary material in polyurethane for cushions. We used a technology that denatures castor oil at the molecular level to realise a structure close to that of polyol and achieved the impact resilience and durability required by automobile seats.



Automobile-use cushion that uses plant-derived material



◀ *Ricinus communis* (castor oil plant) is in the *euphorbiaceae* family of plants and its castor seed provides castor oil. This plant is widely cultivated as an oil-plant in tropical and temperate regions around the world.



◀ Castor oil plant seeds

Raising the proportional content of biopolyol results in a decline in elasticity. Accordingly, we performed repeated testing to seek the optimal content ratio for biopolyol for maintaining elasticity and durability required in conventional seat cushions. In mass production, we developed a method that allows production under conditions that are the same as previous conditions, including urethane injection machinery and die forming temperatures. This allowed us to maintain productivity and attain high quality.



Yoshiyuki Murata
Project Manager
Interior Parts Production Engineering Division 3

Tsuguyoshi Sakai
Interior Parts Production Engineering Division 3

Global Report

Undertaking Our Business with the Aim of Becoming
a Truly Global Company

020

Global Report

The Regional Management & Collaboration Hubs (RM&CH) in four regions of the world and Toyota Boshoku carry out "one hub per region" management, as the Toyota Boshoku group aims to be a truly global company that pursues its business around the world.

Annual global policy for fiscal 2010 (Year ending March 31, 2011)

■ Fiscal Year Slogans

- Make efforts across the entire Toyota Boshoku group to strengthen the business structure in ensuring reliable quality and preparing for the future, solidify our business footing and establish a foundation for growth = "Second Founding"
- Work as one to create opportunity out of adversity

■ Fiscal Year Policies/Priority Items

1. Enhance and promote innovative activities to improve quality, with a strong commitment to the "Customer First" principle.
2. Strengthen competitiveness by thoroughly promoting activities aimed at realising excellent quality and reasonable prices.
3. Strengthen technology development initiatives to reduce CO₂.
4. Push ahead with efforts to reform our business structure and fortify our business organisation to respond to a changing environment.
5. Promote the creation of a truly global company that is built on each individual's passion for *kaizen* (continuous improvement) and teamwork.

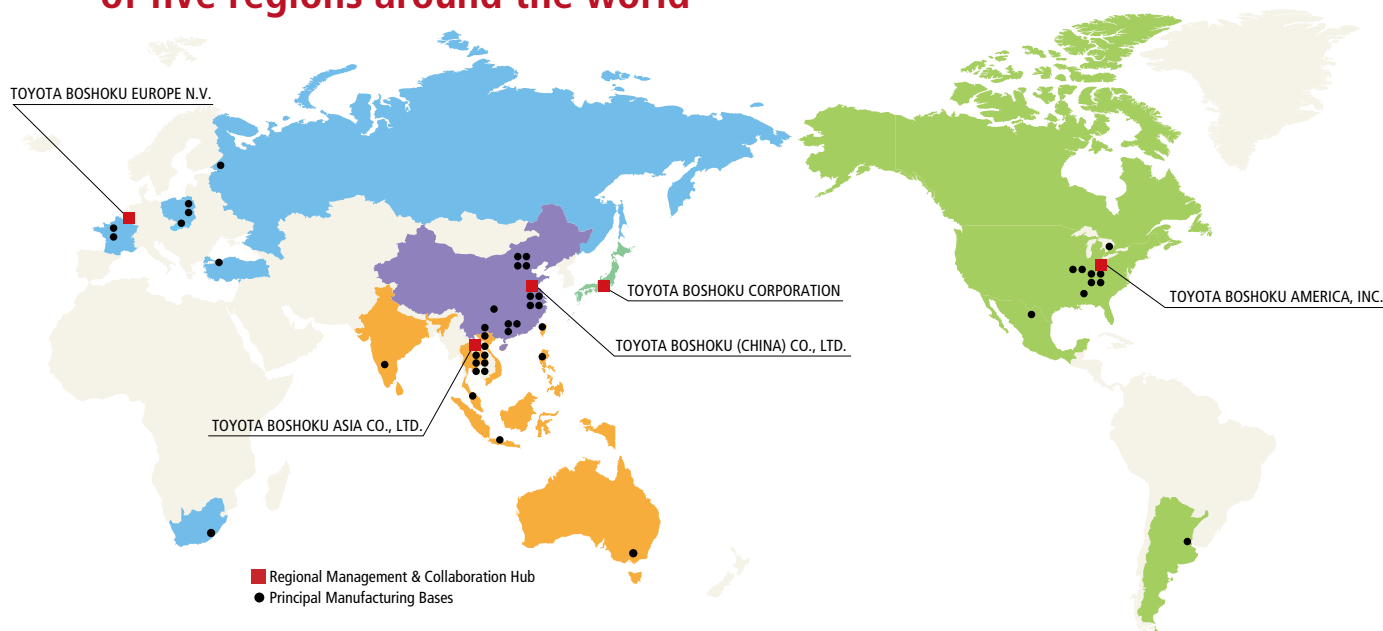
From left: Wang Yun, Toyota Boshoku (China) Co., Ltd.; Bahadır Atmaca, Toyota Boshoku Türkiye Otomotiv Sanayi Ve Ticaret A.Ş.; and Peter Ghysaert, Toyota Boshoku Europe N.V.

Global Report

The Toyota Boshoku group operates in 86 companies based around the world. These group companies are divided into five regions (North, Central & South America, Asia & Oceania, China, Europe & Africa and Japan). Toyota Boshoku promotes the operation of integrated production businesses within each region, with RM&CH serving as the core of operations.

Carrying out integrated business through the collaboration of five regions around the world

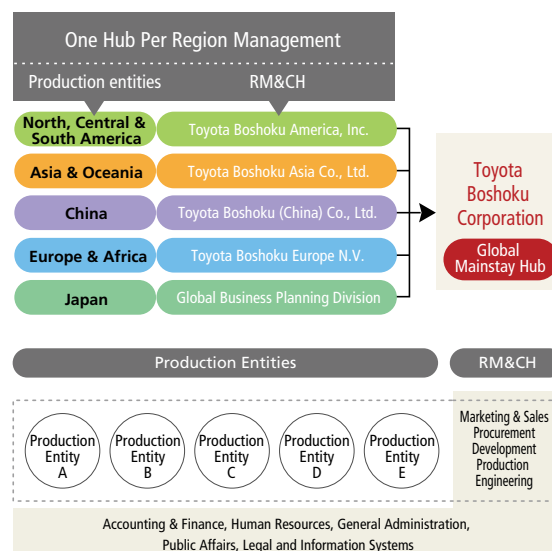
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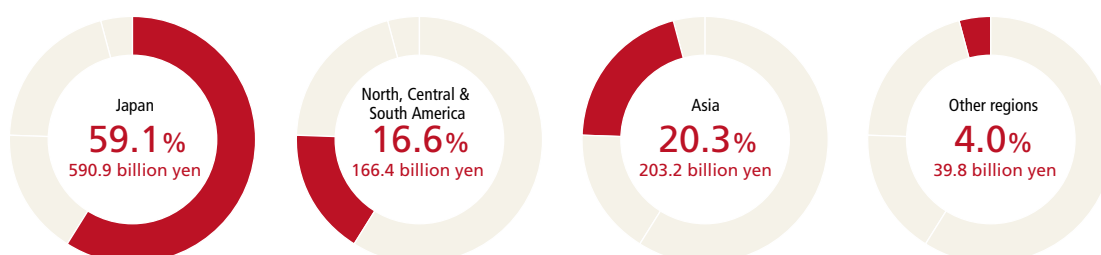
One hub per region

Instead of merely controlling production businesses through capital ties, RM&CH build structures for close coordination akin to a single company and also carry out efficient business operations by centrally managing marketing and sales, development and procurement for each region. Also, to ensure that each production business can concentrate solely on production, RM&CH also handle such functions as accounting and finance, human resources, general administration and public affairs.

The five-region structure is comprehensively and strategically operated through "one hub per region" management. As mechanisms for strengthening its organisation, as "one hub per region", the Toyota Boshoku group has established officers meetings in each region and decides on the direction of important matters with the Global Mainstay Hub. Alternatively, to promote regional independence, the group also has formulated global approval rules and clarified authority and responsibilities.



Composition of net sales by geographic region



Notes 1. The area segments in the financial report do not correspond with the five geographic regions.
2. From fiscal 2009, net sales and/or transfers between segments are combined with sales to external customers.

North, Central & South America



Masaki Katsuragi
Chairman and CEO
Toyota Boshoku America, Inc.

Placing top priority on creating a lean, strong organisation and a cost structure that steadily generates profits

In fiscal 2009, the volume of automobile production in North America was approximately 8.6 million cars, while the forecast for fiscal 2010 is 11.5 million cars. This suggests that the contraction of the market has bottomed out. Amid a sluggish market for new vehicles, however, Korean manufacturers are achieving steady growth and price competition is further intensifying. As these trends unfold, the Toyota Boshoku America group is also facing severe circumstances. We will respond by thoroughly reducing costs and pushing ahead with the creation of a lean, strong organisation.

Overview of the fiscal year

The Toyota Boshoku America group has designated the securing of profits as a short-term priority issue. We have worked toward attaining this goal in fiscal 2009 by progressing with efforts to exhaustively reduce costs and build a lean, strong organisation inspired by our slogans "Survive to Win" and "Back to Break Even".

Together with the implementation of these measures, our performance was also supported by an increase in products for the Toyota Camry and Avalon, which enabled us to surpass our targets for sales and profits in these businesses. Nonetheless, the Toyota Boshoku America group posted a large loss due to a combination of several factors that included being unable to meet customer demands for cost reductions in new products for the RAV4 and Highlander. Also, amid a rapidly shrinking market, we failed to properly adjust the course of previously implemented measures for business expansion carried out when the market was growing. Moreover, we incurred a rise in one-time cost burdens resulting from the closing of the New United Motor Manufacturing, Inc. (NUMMI) plant.

Priority strategies and goals

Since future markets trends are unclear, we must remain vigilant. From a different perspective, however, by surmounting the current adversities, the present situation can be seen as an opportunity for securing new business. Our goal is to create an organisation and frameworks that guarantee unsurpassed levels of quality, productivity and profitability in North, Central and South America. In doing so, we will not only strive to expand business with Toyota Motor Corporation but also work to increase new business with non-Toyota automakers. Looking ahead, we will vigorously promote various measures that include contributing to improvements of the Toyota Boshoku group's overall development, design and production technologies by proactively assimilating leading-edge technologies from the United States.

As a priority task for strengthening measures for securing profits, in fiscal 2010 we will work to create a lean, strong organisation that realises lower fixed costs and a cost structure capable of generating profits even during manufacturing cutbacks. By taking these steps, we aim to secure a profit level that exceeds our targets.

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Global Report

TOPICS

Rapid business development by acquiring 100% ownership of group companies

From the latter half fiscal 2008, we began dissolving joint ventures with our competitors and making these companies wholly owned subsidiaries. This approach has enabled us to carry out flexible and rapid business development. As major projects in this area, we launched the production of products for the Lexus RX at Toyota Boshoku Canada, Inc. and for the Toyota Sienna at Total Interior Systems-America, LLC. Additionally, Toyota Boshoku Indiana, LLC., which began operations as a wholly owned subsidiary of Toyota Boshoku America, Inc., commenced production of products for the Toyota Highlander in October 2009.

Acquiring 100% ownership of companies also provides us with numerous other advantages. For example, we can more easily integrate operations in the region by mutually reallocating company members according to changes in production and consolidating administrative departments. We also have trimmed procurement costs through optimal purchases of materials and parts.



Toyota Boshoku Indiana, LLC. began operation as a wholly owned subsidiary of Toyota Boshoku America, Inc.

Asia & Oceania (ASEAN/Australia/India/Taiwan)



Shozo Ishikawa
Chairman
Toyota Boshoku Asia Co., Ltd.

Strengthening management by local members as a company with strong community ties

Although we managed only a slight rise in unit sales of seats in fiscal 2009 due to the effects of the economic slowdown that has persisted since autumn 2008, the market appears to be heading for a recovery in fiscal 2010. Moreover, the India market is achieving rapid growth similar to China.

Toyota Boshoku Asia's motto is "To reinforce our stance as a company with strong community ties". I often believe that business success is only possible when we are recognised by local communities as contributing to the development and growth of the citizens and countries where we do business. To demonstrate our strong commitment to local communities, we therefore go beyond the mere transfer of manufacturing technologies. Design, evaluation and other aspects of development are carried out by local company members along with undertaking local procurement of parts, materials and facilities and promoting management by local members.

Overview of the fiscal year

Production utilisation rates recovered in Thailand and Taiwan from around June 2009, but Australia and Indonesia experienced sharp declines. Under such conditions, we achieved a small rise in unit sales of seats, but the value of these sales declined slightly.

Even within these challenging circumstances, the profit structure reform activities being carried out with Toyota Boshoku are yielding significant results. In particular, Shin San Shing Co., Ltd. in Taiwan and S.K. Auto Interior Co., Ltd. in Thailand, both of which posted losses in the previous fiscal year, achieved V-shaped recoveries. As a whole, all 13 companies comprising the Toyota Boshoku Asia group attained profitability.

In launching new products as well, each group company quickly attained quality and productivity targets. I believe this demonstrates that their production preparation capabilities have also progressed.

Severe conditions are expected to continue for sales to principal customers in fiscal 2010 due to the conclusion of emergency economic stimulus measures. Fortunately, however, the outlook through July is for a 12% increase in production over initial fiscal year targets for the entire region owing to brisk sales of the Toyota Innovative International Multi-purpose Vehicle (IMV) series in each country.

Priority strategies and goals

In November 2009, Toyota Boshoku Asia completed a regional management and development centre with education and training facilities near Suvarnabhumi International Airport in Bangkok. In striving to use this facility effectively, we will step up activities for educating local company members and for localising design and development operations.

On a different front, the India market is achieving rapid growth in the same manner as China. In response, we will strengthen our wide-ranging research efforts that focus on such areas as products demanded by local markets, materials that can be procured locally

and production methods suited to the region. We will work to reflect the results of this research in our business development.

The promise of the Asian market is not limited to India, and we have high expectations that our manufacturing bases in Asia will achieve growth. Even so, soaring wages and unstable labour-management relations that mirror economic disparities could pose a severe challenge to our business activities.

Cognizant of the prosperity of society and improvements in the lives of company members, we will undertake activities for creating a culture based on a spirit of cooperation between management and labour. Our approach will be characterized by mutual understanding and exchanges of opinions taking a long-term perspective.

In spring 2010, we set up a dyeing process at the seat cover production line of Thailand-based STB Textiles Industry Co., Ltd., thereby completing an integrated line encompassing warping, weaving, dyeing and finishing. In the next fiscal year, besides securing new orders for the Camry and Ford Ranger, STB Textiles Industry will also incorporate TB Kawashima (Thailand) Co., Ltd.'s products and carry out activities to realise a textile business that generates stable earnings.

We face numerous issues requiring urgent solutions. Along with the need to reform the profit structure of the kenaf business and the airbag sewing business, which is vulnerable to economic downturns, measures also include improving market quality. As such, 2010 will be a year in which we must closely monitor and keep abreast of any developments.



Toyota Boshoku Asia Co., Ltd.'s regional management and development centre

China



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

Launching new products and cultivating new business focusing on compact cars, which are expected to achieve major growth

The Chinese economy recorded 8.7% growth in 2009 spurred by the effects of the government's policies for stimulating domestic demand. In particular, buoyed by tax reductions on the purchase of new vehicles, sales of new cars surged 46% year-on-year, reaching 13.6 million units and making China the world's largest car market. Within this market, Chinese manufacturers are gaining momentum and have obtained a 45% market share. The Toyota Boshoku (China) group's primary customers are in the middle-income segment. Focusing on compact cars, which are expected to achieve high growth, we will proactively cultivate a customer base comprising not only Japanese-affiliated companies but also Chinese companies.

Overview of the fiscal year

During the first half of fiscal 2009*1, we faced a sharp decline in production due to the impact of the global economic downturn and were forced to make significant production and workforce adjustments. In contrast, the situation reversed course from the middle of the year and we raised production sharply in response to the V-shaped recovery in the market. For the entire fiscal year, even though seat production volume declined 5% year-on-year, sales expanded steadily owing to the introduction of new vehicles such as the Highlander in Guangzhou and the RAV4 in Tianjin. At the profit level, we concurrently undertook profit structure reform activities. We made steady strides in bolstering the structures of some companies with weak profit bases. As a result, we were able to virtually attain our targets for ordinary income.

*1. The China region is on a calendar-year basis.

Priority strategies and goals

In fiscal 2009, the RAV4 was launched in Tianjin in March. In May, the Highlander and Land Cruiser 200 were respectively launched in Guangzhou and Changchun. Also, in November the Toyota Crown underwent a model change in Tianjin.

I believe we still face numerous challenges for building in quality

on a daily basis, beginning with milestone management for the launch of the aforementioned new products. There are also areas where we lack the strength to become truly autonomous.

In recognition of our current situation, I would like to make group-wide efforts to steadily build up our strength, aiming especially for manufacturing that prevents defects. To attain this goal, I believe it is essential to take an approach that focuses on the fundamental aspects of each individual, and I will promote effective activities in this area.

Amid the burgeoning China market, we will also actively undertake RR-QCI*2 activities begun in cooperation with Toyota Boshoku as well as carry out local procurement activities as we strive to prevail over the competition. The various types of benchmark activities begun in the latter half of 2009 are achieving some positive results. In fiscal 2010, we will strive to speed up these activities and enhance quality and productivity. The results of these efforts will be applied toward newly launched models with the aim of steadily securing new orders.

Over the long term, a company's fate ultimately hinges on the growth and development of its human resources. With this in mind, we will create an appealing company and work environment that will allow us to secure and develop outstanding human resources.

*2. Ryohin-Renka Quality Control Innovation (cost innovation based on the major premise of excellent quality and reasonable prices)

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Global Report

TOPICS

Earning the Excellence in Costs Award and other awards from our customers

In fiscal 2009, the Toyota Boshoku (China) group received the following awards from our customers. Using these accolades as encouragement, we will continue to promote various initiatives.

- **Tianjin Intex Auto Parts Co., Ltd.**
 - Excellence in Costs Award (Tianjin FAW Toyota Motor Co., Ltd., Tianjin FAW Toyota Engine Co., Ltd., FAW Toyota Changchun Engine Co., Ltd., Sichuan FAW Toyota Motor Co., Ltd.)
 - Outstanding Costs Award (Tianjin FAW Toyota Motor Co., Ltd.)
- **Guangzhou Intex Auto Parts Co., Ltd.**
 - Urgent Cost Reduction Special Suggestion Award (Guangzhou Toyota Motor Co., Ltd.)
- **Toyota Boshoku Foshan Co., Ltd.**
 - Quality Cooperation Award (Guangqi Toyota Engine Co., Ltd.)



Tianjin Intex Auto Parts Co., Ltd. receives Excellence in Costs Award from Tianjin FAW Toyota Motor Co., Ltd.

Europe & Africa



Atsushi Toyoshima
Chairman and CEO
Toyota Boshoku Europe N.V.

Amid a difficult market, we will make strategic moves for raising our brand and product appeal as we prepare for our next leap forward.

Europe is experiencing ongoing difficult conditions. The slump in automobile sales since 2007 has been exacerbated by the global financial and economic crises that began in autumn 2008. Subsequently, the adverse impact of the Greece debt crisis has spread across Europe from 2010. Within this harsh climate, the Toyota Boshoku Europe group is continuing to undertake initiatives for realising cost improvements and raising quality. We also are steadily making strategic moves in gearing up for a recovery in the market.

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Overview of the fiscal year

Underscoring the harsh business conditions, the volume of car sales in Europe and Africa declined approximately 15% year-on-year in fiscal 2009. Within this severe environment, the Toyota Boshoku Europe group worked to reduce costs and cultivate new customers. Nevertheless, fiscal 2009 production volume was below our initial target while sales were slightly less than the initial target. Despite carrying out profit structure reform activities, we posted only a slight profit.

Forecasts call for the market to remain extremely difficult in 2010 due to three principal factors. First, demands are being placed on European automakers and auto parts manufacturers to execute restructuring plans as a condition for receiving management support from various governments, and the full-fledged impact of this restructuring on employment and wages will likely surface in the future. Second, the emergence of the Greece debt problem has undermined confidence in the Euro, and the respective EU countries will inevitably have to adopt bold austerity measures. Third, among African nations, while South Africa is expected to achieve steady resource-based economic development, there are lingering concerns about the instability of its economic management.

Priority strategies and goals

Over the shorter term, prospects are dim for a recovery in the European and African markets. Precisely for this reason, if we can prevail over the competition in the fiercely contested European region, we can firmly position our brand and products going forward. To do so, we will focus on offering competitive and highly appealing products.

Alongside the challenging sales situation, the outlook for profits in fiscal 2010 is also bleak due in part to costs accompanying the start-up of a new production line. Toyota Boshoku Europe N.V. will strengthen its quality management while returning to the basics of quality assurance and working to make sure that we properly execute routine tasks on a routine basis. We will also aim to establish a profit foundation capable of generating profits even during manufacturing cutbacks. Working with each business entity, we will continue efforts focused on marketing analysis, product strategies based on competitive benchmarks and strategies for securing orders from non-Toyota manufacturers.

TOPICS

Building a structure for orders, design and global production in Europe

In January 2010, we commenced production of seats for the Yaris manufactured at Toyota's plant in France. Additionally, in preparation for the commencement of production of seat frames and seat covers in 2011, we are progressing with construction of a plant at TBAI Poland Sp.z o.o. (joint venture with Aisin Seiki Co., Ltd.) in Poland.

As functions of Toyota Boshoku Europe's RM&CH, we will increase and strengthen development and design, production engineering and quality assurance divisions. Further, we also have opened an office in Munich in February 2010. By taking these steps, the Toyota Boshoku Europe group has acquired the capabilities and systems for order-taking, design and global production in Europe. Leveraging these capabilities, we will actively cultivate new business.



Rendering of TBAI Poland Sp.z o.o. plant

Japan



Ritsuo Torii
Toyota Boshoku
Executive Vice President
Japan Region Business Management
Administration Improvement Group
(Chief Officer)

Restructuring operations in the Tohoku region, building a foundation for the interior materials business and strengthening the functions of business entities with the aims of improving profitability

To strengthen our competitiveness amid sluggish demand for automobiles in Japan, in fiscal 2009 we reorganised our subsidiaries in the Tohoku region and worked to establish a solid foundation for our interior materials business. As priority medium-term strategies, we are working to strengthen the functions of the Japan Group, focusing on three key themes: establish a profit structure that can generate profits even during manufacturing cutbacks, strengthen competitiveness and utilise functional committees.

Overview of the fiscal year

Although the government's eco-car tax reduction had a production-boosting effect, vehicle production volume in Japan declined steeply, mirroring such factors as sluggish exports, mainly to North America. To surmount these tough conditions, we pushed ahead with the restructuring of our operations in the Tohoku region. As specific measures, we converted affiliate Kanto Seat Works, Ltd., headquartered in Iwate Prefecture, into a consolidated subsidiary and changed its name to Toyota Boshoku Tohoku Corporation. Toyota Boshoku Tohoku is currently building a new plant in Miyagi Prefecture that is scheduled to commence production of interior parts for the Miyagi Plant of Central Motor Co., Ltd. in January 2011. As another strategic move, we also merged the operations of TB Iwate Corporation into Toyota Boshoku Tohoku. By restructuring our operations, we intend to position Tohoku as our third regional base in Japan alongside the Tokai and Kyushu regions.

In a different area, we integrated the interior materials businesses of Toyota Boshoku, Kawashima Selkon Textiles Co., Ltd. and Toyota Tsusho Corporation. In tandem, we established a new company named TB Kawashima Co., Ltd., which commenced operations in July 2010. By utilising the respective strengths of the three original companies and mutually complementing each other's capabilities and deploying various synergies, TB Kawashima aims to raise its competitiveness in the interior materials business. At the same time, the new company will strengthen its global business development and seek to attain global top-class levels.



Rendering of Toyota Boshoku Tohoku Corporation's Miyagi Plant

Priority strategies and goals

In fiscal 2010, we will continue to earnestly execute profit structure reform activities to ensure we can generate profits even during manufacturing cutbacks.

We will move decisively to restructure plants and reduce costs and thereby strengthen competitiveness. A particular focus will be placed on business entities with low profitability.

We will also place thorough emphasis on built-in quality and manufacturing that can respond flexibly to changes in production and will further strengthen our competitiveness in quality, cost and delivery (QCD). To do so, we will promote independent workshops for the Toyota Production System and use productivity evaluation indicators to improve our production management.

We also plan to strengthen team activities between each business entity and the current seven functional committees (accounting, management personnel, CSR, IT, productivity improvement, quality improvement, and health and safety/environment). We will thoroughly implement *genchi-genbutsu* (Go, see & study)*¹, promote the horizontal deployment*² of improvement of best practices and draw on the knowledge of all committee members. Our aim is to speed up problem-solving as we strive to raise the level of each business entity.

*1. Visit a site on your own, gather a wide range of quantitative and qualitative information, understand, make decisions and then implement measures.

*2. Applying best practices across other organisations

TOPICS

Fujisusono Plant

In September 2009, the Fujisusono Plant was completed at the Shinfujisusono industrial park (Susono, Shizuoka Prefecture) and has commenced production and deliveries. Production of seats and door trims for the Higashi Fuji Plant of Kanto Auto Works, Ltd. that were manufactured up to now at the Gotemba Plant will be gradually transferred to the new Fujisusono Plant to enhance efficiency and reduce logistics costs.



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.

Elementary school in Occidental Mindoro Province, the Philippines, built in conjunction with Plan International, a non-governmental organisation.



Lush green forest in Kashimo, Japan

Deepening Bonds and Enhancing Interaction with Local Communities through Reforestation

Reforestation activities are important social contribution activities undertaken by the Toyota Boshoku group in Japan and various countries throughout Southeast Asia. The programme extends beyond merely planting and thinning trees. In this respect, reforestation also helps to protect and nurture the natural environment while providing the means to interact with and learn about the importance of nature from local people taking care of the forest.



Cutting grass at the forest site

Learning how to conserve bountiful nature and mountainous regions

The Toyota Boshoku group's reforestation activities have been positioned as environmental activities within the broader scope of social contribution activities. Reforestation activities create ties between local citizens and Toyota Boshoku group members that transcend generations. The continuation of programmes has meant that these ties have turned into close bonds. Group members and their families participating in reforestation activities learn about how a forest functions, its ecosystem, healing properties and role in the community from local people working with them. The hands-on experience provides the opportunity to grow as members of society.

This is a key programme in the training of new recruits. Young members discover the significance of corporate social contribution activities, experience how reforestation is carried out and learn firsthand how to interact with local communities.



Training new recruits on tree planting in fiscal 2010 at the Kashimo Meijiza Theatre (established 115 years ago)



Members of the reforestation team in Kashimo



Attaching a name card to a tree

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Social Activities

This training provides the impetus to take part in other reforestation-related activities. Working with colleagues to plant and thin trees and cut grass has made us appreciate the beauty of nature that we may take for granted in daily life, increasing our motivation to protect it. I would like to participate in reforestation activities overseas in the future.

Akina Iwahashi
Toyota Boshoku, General Administration Division



Reforestation programme links community and company

Reforestation activities provide the perfect chance to deepen interaction between the local community and the Toyota Boshoku group. Based on this concept, the "Eco-Forest of the Toyota Boshoku group in Kashimo" project was initiated in January 2008. Further opportunities for interaction have grown out of the reforestation activities in Kashimo, Nakatsugawa City, Gifu Prefecture, such as participation by Kashimo residents and junior high school students in the Global Ekiden (relay road race) and plant tours.

Another well-established programme involves female basketball players from Toyota Boshoku teaching the joy of basketball to junior high school students in Kashimo.



Global Ekiden

I took part in the Kashimo Basketball Clinic at Kashimo Junior High School. The Toyota Boshoku players were really kind instructors, which increased my interest in the sport. We primary and junior high school students in Kashimo would like to participate in environmental-related activities as well.

Kurumi Saito
Kashimo Junior High School



I participated in the Toyota Boshoku group Global Ekiden since people from Toyota Boshoku have a strong connection with Kashimo. I was pleased to take part in an event usually reserved for company members, and everyone treated me kindly. I hope you come away with a victory in the Ekiden for businesses.

Takumi Ishimaru
President of student body, Kashimo Junior High School

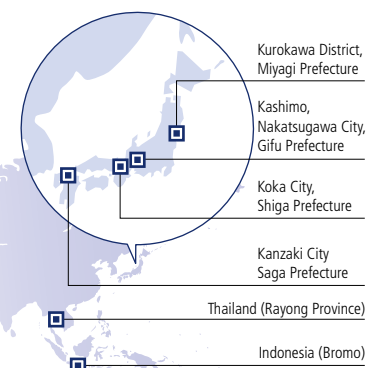


Basketball clinic



Expanding the scope of reforestation activities

The reforestation programme in Kashimo is viewed as a model project among the Toyota Boshoku group's social contribution activities. Apart from contributing to the environment, it deeply involves the local community. This in turn enhances bonds between residents and company members and increases the opportunity for interaction. We aim to expand the scope of social contribution and environmental contribution activities unique to the Toyota Boshoku group by sharing the concepts learned at Kashimo in other parts of Japan and the various regions of the world in which we operate.



Fiscal 2010 reforestation action plan (planned)

Sponsor	Regions	Future action plans	Affiliated business units
Toyota Boshoku Kyushu Corporation	Seburi, Kanzaki City, Saga Prefecture	Continue forest management activities in second year	—
Toyota Boshoku Shiga Corporation	Koka City, Shiga Prefecture	Plan to sign agreement with Shiga Prefecture and Koka City officials in 2010 and start forest management activities	—
Toyota Boshoku Tohoku Corporation	Ohira, Kurokawa District, Miyagi Prefecture	Start forest management activities by members in July 2010	—
Toyota Boshoku Asia Co., Ltd.	Nikompattana, Rayong Province, Thailand	Continue forest management activities in cooperation with six Thai production companies	S.K. Auto Interior Co., Ltd., STB Textiles Industry Co., Ltd., Thai Seat Belt Co., Ltd., Toyota Boshoku Filtration System (Thailand) Co., Ltd., Toyota Boshoku Gateway (Thailand) Co., Ltd., Toyota Boshoku Siam Metal Co., Ltd.
Toyota Boshoku Corporation	Bromo Tengger Semeru National Park, Indonesia	Continue activities in fifth year (final year)	PT. Toyota Boshoku Indonesia
	Kashimo, Nakatsugawa City, Gifu Prefecture	Continue activities in third year (forest management, local interchange, nurturing youth, etc.)	Takatech Co., Ltd., TB Engineering Corporation, TB Create Staff Corporation, TB Corporate Service Corporation, TB Logistics Service Corporation, Toyota Boshoku Shiga Corporation

Promoting Philanthropic Activities

Enhancing Corporate Social Responsibility

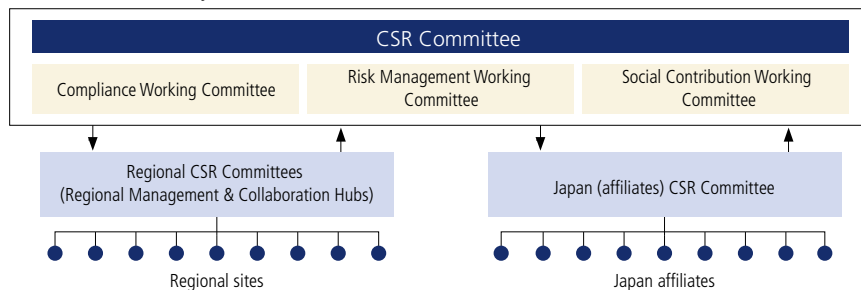
In order to build good relations with stakeholders around the world, the Toyota Boshoku group complies with laws, regulations and ethics, and meets the expectations and confidence of society by fulfilling our responsibilities as a corporate citizen.

Fundamentals of philanthropic activities

The Toyota Boshoku group develops activities based on our corporate philosophy, the TB Way and the Toyota Boshoku group code of conduct with the aim of meeting the expectations and confidence of society through responsible behaviour. In addition, compliance,

risk management and social contribution activities are positioned as priority corporate social responsibility (CSR) actions. We strongly promote initiatives for stakeholders as a global enterprise.

Global CSR Promotion System



Strengthening corporate governance

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

Corporate governance system

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

The Company currently utilises an auditor system. Five auditors (including three 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 also has established a dedicated post for internal auditing.

Toyota Boshoku 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.

Current status of internal controls

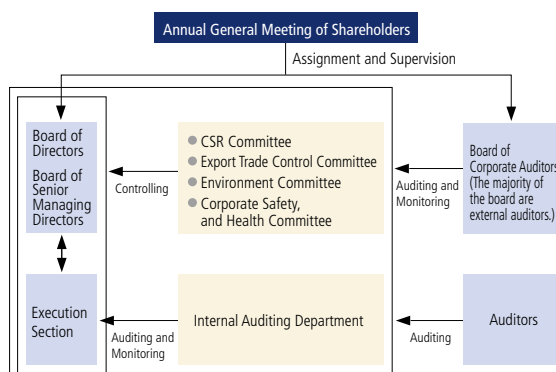
The Toyota Boshoku group established the TB Way, which clearly expresses the group's values, stance and action to foster a sound corporate culture. It also ensures thorough adherence to the Toyota Boshoku group code of conduct—the mindset of company members in performing their duties—through various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

The internal auditing departments work to prevent misconduct and mistakes by auditing each internal division as well as group business sites and evaluating the effectiveness of internal controls. Audit results are reported to top executives. The departments also receive advice from auditors and cooperate with auditors in the conduct of auditing activities.

Enhancing disclosure

The Toyota Boshoku group established a Corporate Information Management Meeting to promote fair and transparent management and is working to disclose corporate information in a timely manner.

In fiscal 2009, we disclosed company information through various investor relations (IR) activities for all shareholders and investors. We also took a proactive approach to communication with all other stakeholders.



Further permeation of compliance

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

Toyota Boshoku has declared our corporate philosophy as "promoting corporate growth while fulfilling our responsibilities as a good corporate citizen". As we undertake business activities around the world, we instruct members throughout the entire group to conduct themselves using good judgment and awareness.

Compliance promotion system

The CSR Committee chaired by the Company's president convenes regularly to strengthen compliance group-wide. Globally, Regional CSR Committees have been established in the four regions of North, Central & South America, Asia & Oceania, China, and Europe & Africa, based around Regional Management & Collaboration Hubs (RM&CH), while the Japan (affiliates) CSR Committee was set up for Japanese affiliates to promote cohesive CSR activities throughout the group.

Internal committees based in departments in charge of defined functions, such as human resources and labour, health and safety and the environment, implement improvement activities designed to ensure compliance with relevant laws and regulations. The CSR Committee met five times in fiscal 2009 to discuss group-wide policy related to compliance, follow-up on the progress of activities and report on the results of self-evaluations regarding the state of legal compliance.

Compliance activities

The Toyota Group is working to enhance compliance activities via the following initiatives that are run through the Plan-Do-Check-Act (PDCA) cycle.

- 1 Formulate compliance-related plans for each functional division and group company, and make improvements
- 2 Conduct self-evaluations of compliance and respond to deficiencies
- 3 Extend CSR guidelines to suppliers
- 4 Conduct educational and enlightenment activities, etc.

Permeating the Toyota Boshoku group code of conduct

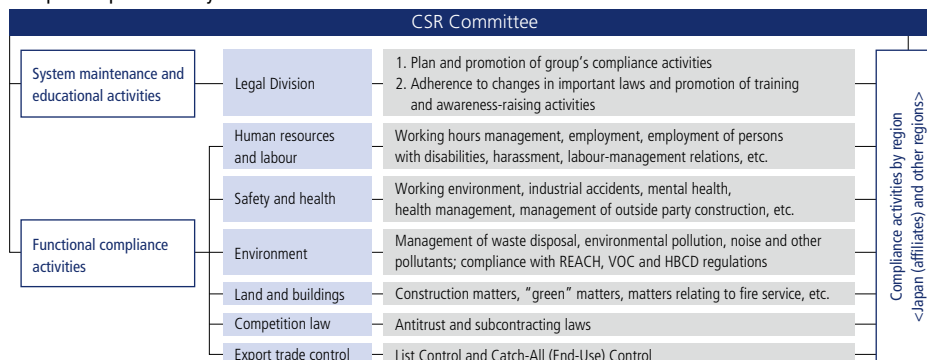
The Toyota Boshoku group has formulated the Toyota Boshoku group code of conduct outlining the expected behaviour of each member in light of compliance requirements (revised in 2008). The code is shared among subsidiaries in Japan and modified for global business sites to reflect the laws and customs of the particular country. This helps raise awareness of the need for compliance among all members.

Education and awareness raising

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

We also conduct training by job classification, which includes providing explanations of aspects of compliance required for different positions. In this way, every member can acquire the necessary knowledge. A total of 830 people took these lectures in fiscal 2009. We also planned and implemented across-the-board training on, for example, different legal issues for executive officers,

Compliance promotion system



Japanese expatriates and subsidiaries. A total of approximately 2,500 members received instruction in fiscal 2009.

Other efforts to raise awareness include a special series on compliance in an internal publication and a report on legal issues and compliance-related information from the Legal Division.

Initiatives regarding Corporate Ethics Reinforcement Month

The month of October has been designated as Toyota Boshoku group Corporate Ethics Reinforcement Month, during which various inspections and awareness-raising activities are carried out. The following actions were taken throughout the group in fiscal 2009.

- **Message from top management**
Message on compliance from the president to members
- **Workplace meetings**
Involves confirming an understanding of the TB Way and the Toyota Boshoku group code of conduct and discussions toward realising a better work environment at respective workplaces

- **Self-evaluation of workplace**
Confirm items on checklist and respond to deficiencies
- **Our action declaration**
Declaration of intent regarding compliance signed by each member

Providing consultation and reporting contacts

Toyota Boshoku has established an environment in which it is easy to seek recommendations relating to compliance or to report compliance issues. Members can seek consultations or report issues relating to matters such as workplace problems, legal violations and internal misconduct through the Anything Goes Counselling Office set up in-house or report issues through designated attorneys externally. Reporting contacts have been introduced at affiliates in Japan and business sites in other regions.



Workshop by TB Technogreen Corporation

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. We are also strengthening risk-related actions at group companies in Japan as well as group companies in other regions.

Basic risk management policy

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

Risk management system

The Toyota Boshoku group has established a Risk Management (Working) Committee based on the CSR Committee to predict and prevent incidents, and to promote activities to minimise the impact should a crisis occur. The committee controls risk-related matters at the functional divisions of Toyota Boshoku as well as group companies in Japan and other group companies in different regions, and is working to enhance risk management on a global basis. (See page 30 for a diagram of the global CSR promotion system.)

Enhancing risk management

Toyota Boshoku formulated the Crisis Management Regulations in fiscal 2008 and established systems and organisations to implement preventive measures and for handling incidents if they occur. In addition, we prepared a Crisis Management Guidebook covering response measures to anticipated risks. In fiscal 2009, we shared this guidebook widely, verified the effectiveness of initial response in crisis management and further developed our emergency contact network. We also worked to enhance our disaster prevention system, which included the introduction of an emergency earthquake early warning system at sites in the Toyohashi region. A warehouse with provisions in case of disaster has been established at each site for stranded members and for disaster recovery.

In fiscal 2010, we will launch the Company-wide Traffic Safety Committee, revise the Crisis Management Regulations and Crisis Management Guidebook, and strive to strengthen risk management on a global basis.

Confirming the effectiveness of initial response in crisis management

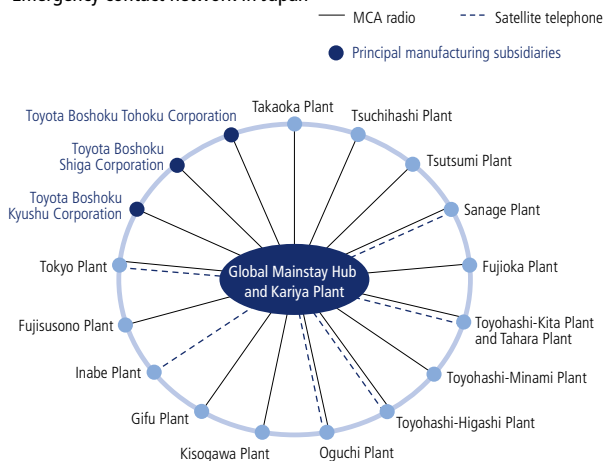
In fiscal 2009, we confirmed the effectiveness of initial response in crisis management. Actions entailed the immediate release of *Shotgun*, a quick report of the crisis and collection of information thereof, the establishment of a task force pursuant to decision by top management immediately following a review of this information and swift response. We also verified that the system of

reporting without delay on risks to top management from global business sites is operating adequately.

Emergency contact network

Toyota Boshoku has established a disaster prevention network linking all plants and offices in Japan using the MCA radio system* for emergency communication. In fiscal 2009, we added Toyota Boshoku Tohoku Corporation to the network. A satellite telephone network covers plants and offices located outside the MCA radio area. In addition, we are working on establishing a network for global bases based mainly on satellite telephone.

Emergency contact network in Japan



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

Security and information security management

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

Strengthening organisation for security and enhancing basic conduct

At Toyota Boshoku, the General Administration Division, which oversees other divisions, and the Technical Administration, Production Engineering Management, Production Control as well as Information Systems divisions cooperate to conduct security and information security management. In fiscal 2009, we prepared manuals and regularly updated operational rules in accordance

with the Security Control Regulations. We are also working to raise the level of security management through on-site inspections by supervisory departments in accordance with voluntary inspections conducted regularly by each division. For company members, we have prepared a leaflet entitled *Key Points for Security Control*, which aims to raise the awareness of all members and ensure that security management is carried out as a matter of course. This includes information on how to minimise risks involving information and how to use and manage information equipment. For example, taking a PC out of the company without permission is prohibited.

In fiscal 2010, we intend to make further progress on security-related activities by developing a system to combat information leaks and providing mock training on leaks.

Initiatives for intellectual property management

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

Aiming to strengthen patent application system

Toyota Boshoku undertakes concerted efforts regarding education

aimed at increasing the number of patent applications befitting the scale of business, as well as the quality of the applications. In fiscal 2009, we held lectures on patent applications and patent guarantees, specifically targeting middle-ranked engineers. Around 500 people received instruction. We have arranged a large volume of data on patents, as well as related analyses, which we provide to development divisions on a timely basis.

Together with Customers

Improving Quality to Meet Customers' Expectations

The Toyota Boshoku group is working to strengthen and promote activities aimed at enhancing quality based on the Customer First principle.

Basic philosophy on customers

Society has become increasingly interested in product quality. The Toyota Boshoku group works to develop products based on the Customer First principle, and is working to rebuild its quality assurance system by returning to the basics.

Toyota Boshoku Customer First activities

We continue to promote our Toyota Boshoku Customer First (TB-CF) programme, which started in fiscal 2006, to pursue customer-oriented manufacturing. This perpetuates the thinking of the Company's founder Sakichi Toyoda that "A product should never be sold unless it has been carefully manufactured and has been tested thoroughly and satisfactorily". In order to provide products that stimulate and satisfy customers, all functional areas of the Toyota Boshoku group, including design, production engineering and production, collaborate in improving our quality assurance system.

Returning to the basics in quality assurance

The Toyota Boshoku group has announced a policy to rebuild the quality assurance system in order to return to the basics in quality assurance, or in other words, a Quality First stance.

The following three activities that the Toyota Boshoku group is undertaking have been reconfirmed as the fundamentals of quality assurance.

- 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 addition, we conduct voluntary inspections and executive officer inspections of plants based on a checklist of key features such as joins and welded areas as part of comprehensive quality inspections.

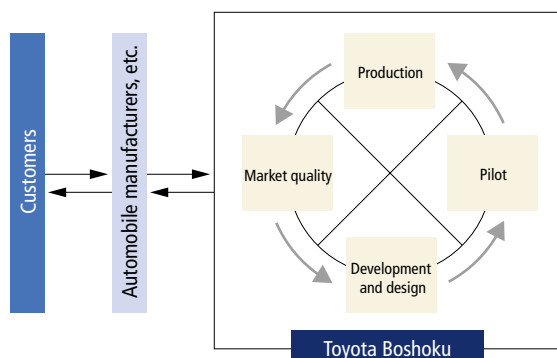
Strengthen quality assurance system

The Toyota Boshoku group will return to the basics in quality assurance and strengthen the quality assurance system in order to deliver products that satisfy and move customers.

Quality assurance system

We are informed of the requests and complaints from customers through automobile manufacturers without delay. In addition, we also seek to gain access to the opinions of customers in each regional market through *genchi-genbutsu* (Go, see & study)* by assigning company members locally. The information we obtain is used to improve current products as well as is incorporated into development themes of next-generation models, thereby responding to customer feedback.

* Visit a site on your own, gather a wide range of quantitative and qualitative information, understand, make decisions and then implement measures.



ISO/TS 16949 certification

ISO/TS16949 certification is a quality management system that eliminates waste and errors to meet the requirements of many automakers worldwide, including in Europe and the United States. In order to improve the quality and the efficiency of work, the Toyota Boshoku group obtained this certification at five plants in Japan and 24 global bases. The certified plants and bases conduct annual internal audits in an effort to ensure continuous improvement. In fiscal 2009, Ningbo Araco Co., Ltd., Toyota Boshoku Automotive India Private Limited and Toyota Boshoku South Africa (Pty) Ltd. were newly certified.

Jikotei-kanketsu

Jikotei-Kanketsu (all processes in-house) is a concept that prevents not only the shipping of defective products but also prevents the creation of defective products. The Toyota Boshoku group works together with suppliers to assure quality in each process based on the motto of "Decide, comply and check". We have begun to share the *Jikotei-kanketsu* concept of the production section with development and production preparation members in order to carry out further *kaizen* (continuous improvement) activities. In addition, at our exhibitions on quality case examples in Japan, information materials are distributed



Exhibition on quality case examples

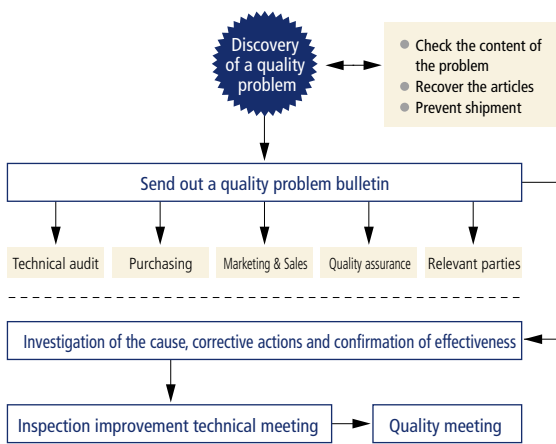
to visitors, which include our group companies outside Japan, for greater understanding.

Prevention of significant quality issues

To prevent product claims and major quality deficiencies, we conduct what are known as 5N activities for all parts earmarked for commercialisation. With 5N activities, we identify areas that are either new or have been modified in the design of a new product from five perspectives: new structure, new materials, new manufacturing method, new processing and new application. This approach helps to eliminate any deficiencies in advance. For example, if a totally new material is slated for use in the design of a new product, it is set and registered as a product subject to 5N activities. Development, product technology, procurement and quality divisions then work together to prevent deficiencies in key areas of quality through evaluation and verification activities. Products that do not pass 5N criteria do not make it to market.

Evaluation and verification of product reliability from a customer standpoint

Testing and evaluation are conducted throughout the development stage in order to confirm the reliability of products. However, directly before a product launch we carry out an additional durability evaluation that accounts for both the frequency with which the customer will use the product in one year and the method of use. Furthermore, we work to reduce cost and quality loss. We also conduct product inspections to check performance, functionality, flaws and even dirt on products on the production lines.



Swift discovery and response to defects in products in the market

Toyota Boshoku promotes activities aimed at swift discovery and response to products with significant defects 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.

Support facility for global quality

The Global Quality Improvement Support Centre at the Takaoka Plant is aiming to raise quality awareness by enhancing the visibility of the current status of quality issues and quality management methods. Further, a quality and technology support centre enables members to verify and experience products and the group's unique technologies via *genchi-genbutsu*.



Training at the quality and technology support centre

Together with Company Members

A Relationship Based on Mutual Trust and Shared Responsibility

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

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

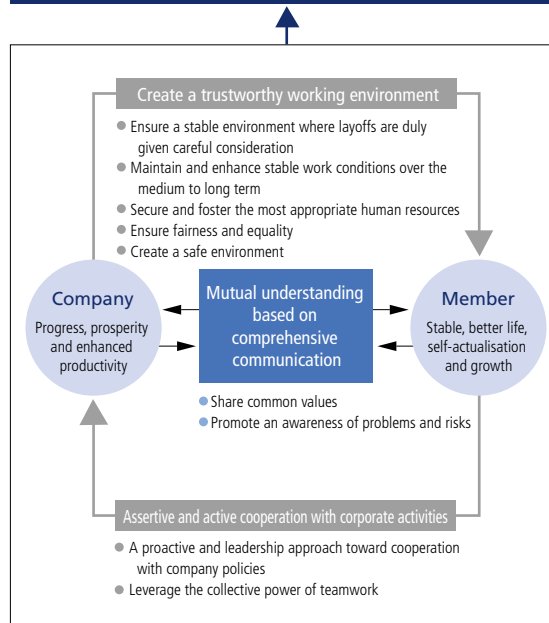
Mutual understanding based on comprehensive communication forms the backbone of the relationship between Toyota Boshoku group members and companies. Top management and other supervisory tiers take their utmost efforts to provide information along with frequent discussions among all levels of the organisation.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

Company progress and prosperity linked to personal satisfaction

For the Toyota Boshoku group, the ideals inherent in the work philosophy of company members are defined 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 their 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



036

Social Activities

Comprehensive nurturing of human resources

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

Global human resources

To drive overseas business development and advance as a unified global company, we foster human resources who can be transferred to other countries within the group. This is facilitated, for example, by providing education prior to being assigned abroad. Regarding regional human resources development, educational programmes are also conducted for local members. A key challenge in global training and education is to develop company members who can implement the TB Way. In particular, we have a programme that aims to teach members how to resolve problems by following the TB Way. In other words, this means meeting challenges, continuously carrying out *kaizen*, practicing *genchi-genbutsu*, pursuing the root cause and ensuring implementation from start to finish.

TB Voice



Aiming to be a trainer in problem solving

Kathleen Kam,
HR&GA Division, Toyota Boshoku Europe N.V.

I was so pleased to have the opportunity to take a course on problem solving. I learned how to tackle problems from a theoretical standpoint, as well as numerous abstract concepts. I realise that it will take time before I can effectively reflect what I have learned in my actions, but I found the course extremely beneficial. Since it consisted of people from other group companies, it had a proactive, international ambience. This enabled me to discover different ways of thinking and acting. I definitely deepened ties with personnel from Europe and Africa. I'd love to have the chance to participate in other courses in the future.

It would be great to be able to convey to my colleagues what I know by becoming a trainer for problem solving, so next I'm planning to learn how to teach. I'm confident that I can become familiar with and put into practice at work the concepts that I learn. I'm eager to learn how to increase understanding of Toyota Boshoku's corporate culture among my co-workers.

In fiscal 2007, we started developing trainers to assist in problem solving. These members are key figures to RM&CH outside Japan and their production entities. Their mission is to train local members on all the various aspects of problem solving. In fiscal 2009, almost 30 company members in total took classes to become trainers, including over 10 persons from the China and Europe regions. This number will be increased in fiscal 2010.

Education system

The education system of Toyota Boshoku can be roughly divided into business and technology and specialised skills. Education on business and technology comprises company-wide courses and professional training. These courses consist of common educational programmes centred on global themes. They include the TB Way, policy management, problem solving techniques and on-the-job training (OJT). We introduced a mentoring system to provide



GDC (Skills Transfer Centre)

OJT support in fiscal 2006 to excellent effect. 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.

With regard to teaching specialist skills, we aim to develop members who can pass on valuable capabilities in manufacturing and who are highly competent in creating strong production sites. 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 and capabilities to ensure the same level of competency and teaching style.

We also encourage company members to challenge their potential for self-actualisation by promoting personal development and providing assistance with distance learning.

In fiscal 2010, we will enhance human resources education and expand the content of our programmes to group companies on a global basis.

TOPICS

Development of new members: Providing OJT support

At Toyota Boshoku, management and senior members support new recruits in each area of their work on a daily basis up to and including their mental well-being. They keep an eye on new members, help them wherever possible and generally are considerate of their situation. The one-year educational programme focuses on making sure new members know how to implement the TB Way.

In fiscal 2009, 255 new members received one-on-one support from senior staff members, giving them the opportunity to grow. In July 2009, the most outstanding senior-junior pairs gave presentations on their endeavours at a company-wide event. A total of 13 pairs were selected from 250 teams to make presentations.



Company-wide meeting to present OJT results

Global deployment of the TB Way

TB Way provides direction to values and behaviour

The Toyota Boshoku group, which mass produces high-quality products at a low cost, continues to pass on the spirit of Kiichiro Toyoda to "provide products at affordable prices that contribute to society when the customer desires so more people can enjoy the benefits of their vehicles".

However, mass production requires many divisions and people. If everyone is not working together with the same understanding

and in harmony, it is not possible to ensure high-quality mass production. Moreover, the Toyota Boshoku group conducts operations from a broad perspective with 86 group companies in 22 countries. To realise the vision and annual global policy set forth by the Toyota Boshoku group, each person must understand the TB Way as it pertains to the shared values, stance and action supporting the behaviour of all company members worldwide. We provide education and training to make sure these concepts are reflected naturally in behaviour.

TB Way underpins the consciousness and behaviour of group members

The TB Way outlines the values, stance and action to which Toyota Boshoku group members must adhere in order to realise our corporate philosophy and vision.

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.

TB Voice



Valuing the good qualities of our citizens: Cheerfulness and honesty

Tadahiro Inoue
President, Toyota Boshoku Filtration System
(Thailand) Co., Ltd.

Toyota Boshoku Filtration System (Thailand) Co., Ltd. was launched eight years ago for the production of filtration and power train components in Thailand. As such a young company, it is critical to ongoing advancement to clarify member goals based on the TB Way in an easy-to-understand manner and to nurture human resources. All of our members are cheerful and sincere. We must also hold discussions and listen carefully to individuals' opinions, no matter how small the issue may seem, so we can maximise each person's potential. When a problem arises, we perceive it as an opportunity and hold discussions based on actual facts to resolve the issue on our own. Through this process, we can teach members about the TB Way and appropriate ways of behaviour.

Building stable labour-management relations

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

Stable employment with fair and honest evaluations and working conditions

Toyota Boshoku endeavours 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, management strategy and environment changes.

Labour-management communication

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

At MEET* events, which are held twice a year, Toyota Boshoku encourages all members to become aware of issues and policies relating to members and labour as well as the environment of the Company. The Labour-Management Round Table Conference and other meetings held at group companies outside Japan also help to enhance communication.

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

Creating a safe workplace

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

Basic Safety and Health Policy

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

Deploying safety and health activities globally

We conduct safety and health activities throughout the group with the aim of creating a safe workplace.

All 14 plants of Toyota Boshoku promote risk assessment activities*¹ in the workplace based on OSHMS*². The Takaoka Plant was designated as a model plant for risk assessment by the Toyota Labour Standards Supervision Office in 2008. Thereafter, Toyota Boshoku was recognised as a company that properly understands and promotes risk assessment activities in March 2009.

Going forward, we will provide education and practical training on risk assessment in Asia, China and other regions as we work to promote and firmly establish risk assessment throughout the group.

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

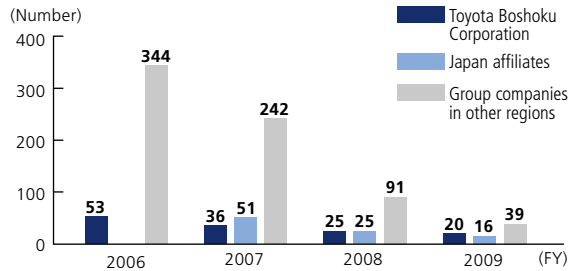
*2. Occupational Safety & Health Management System

Building a culture of safety

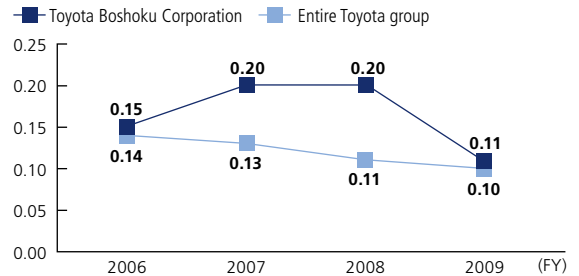
The number of industrial accidents has been falling each year thanks to safety and health activities. To further establish a culture of safety, we introduced *Anzen Dojo* activities at all Toyota Boshoku plants in fiscal 2009 as a measure to help implement safer conduct through basic training. Around 5,000 members from production divisions passed a 100-item exam related to changing awareness and basic conduct.

In fiscal 2010, we will work to spread safety awareness to all members by training around 5,000 people from administrative and technical divisions on the basics of safe conduct. In addition, we will strengthen similar initiatives at affiliates in Japan and group companies in other regions. We established the Toyota Boshoku Safety and Health Association in 2008 and expanded initiatives aimed at safety and health on-site for outside construction. In fiscal 2009, we provided training on safety and conducted safety patrols at plants.

Number of industrial accidents over time



Lost time injury rate



Lost time injury rate =
Number of lost time injuries or deaths / total work hours x 1,000,000

Building healthy minds and bodies

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

Prevention activities to promote health

In fiscal 2009, medical examinations were provided to all members of Toyota Boshoku and its group companies in Japan, as well as Japanese expatriates at group companies in other regions and their families. In addition, Toyota Boshoku started a five-year no-smoking campaign in fiscal 2009. This includes offering education and building awareness via presentations given by doctors. In fiscal 2010, we will further bolster activities such as holding sessions on quitting smoking and reducing smoking areas on premises.

Mental health diagnoses

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

was newly established in fiscal 2009 and 25 consultants assigned to different workplaces. We will continue developing our system

of consultation so that members can discuss their concerns in a comfortable setting.

Respecting diversity

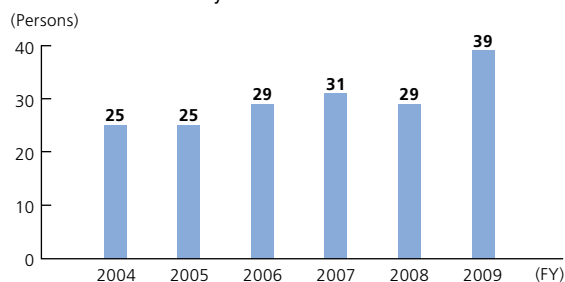
Toyota Boshoku is working to provide a work environment where members with a will to work can demonstrate their abilities and continue to work enthusiastically.

Supporting the balance of work and childcare

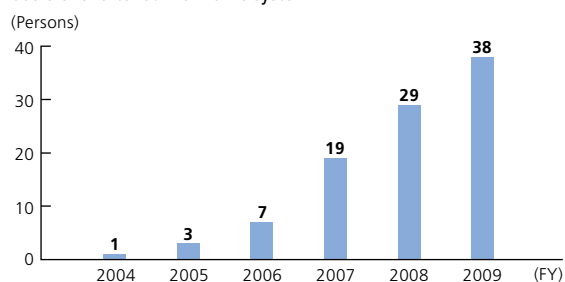
The Company adopted a childcare leave system in Japan that provides leave up to when a child reaches three years old and other provisions that exceed legal requirements. Moreover, the Company also supports the harmonization of work and childcare by opening Tacchicchi House infant day care centres in 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



Users of shortened work time system



*Number of users also includes persons using system for one day.

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 in the midst of a declining labour force while also giving retirees job satisfaction and motivation. As of the end of April 2010, 120 persons were rehired. Specialist staff interview those people seeking reemployment and provide employment opportunities either outside the company or job placement services for those looking for a part-time job.

Encouraging employment of persons with disabilities

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

TOPICS

Creating a conducive environment for new recruits in wheelchairs

Toyota Boshoku reviewed its barrier-free facilities and made appropriate modifications to be able to hire new recruits in wheelchairs. In addition, we continued efforts to enable persons with disabilities to enjoy the same corporate life as able-bodied persons. Specifically, we made it easier to enter and exit rooms by installing card readers and replacing doorknobs with levers. In the cafeteria, staff help them to get food along with providing other assistance.



Barrier-free door

Respecting individuality and humanity

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

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

Together with Suppliers

Pursuing Mutual Prosperity and Sustainability

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

Initiatives for suppliers

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

Basic procurement policy

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

Efforts toward legal compliance

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

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

In fiscal 2009, the Company held workshops on subcontracting law conducted by outside instructors. Member companies of the supplier group*¹ also participated in these workshops and mutually reconfirmed the response expected of each party.

*1. Voluntary group consisting of suppliers that provide parts and materials, etc., to Toyota Boshoku

Formulation and permeation of Toyota Boshoku suppliers CSR guidelines

At the Toyota Boshoku group, the corporate philosophy, TB Way and Toyota Boshoku group code of conduct form the crux of our CSR policy. We ask all suppliers to familiarise themselves with this policy with the aim of mutually contributing to the ongoing advancement of society. In July 2009, we explained our CSR guidelines to all suppliers.

These guidelines are made up of three main pillars in order to respond to rising interest in CSR both inside and outside the Company together 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. We will work to further permeate these guidelines and provide support to suppliers in undertaking their CSR initiatives.

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. The fiscal 2009 meeting was held on May 14. In addition to communicating our procurement policy, we took this opportunity to strengthen cooperation with suppliers on issues such as environmental standards, quality, cost, technology and CSR.

Deployment of global Supplier Parts Tracking Team (SPTT)*² 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 Japan and other regions boost the quality of their production processes, beginning with the production preparation stage. Such actions, referred to as global SPTT activities, enable an optimum procurement system that generates comprehensive benefits from different perspectives when purchasing parts externally. Key aspects to be considered include quality, price, distribution and timely delivery.

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

In the future, we will create an efficient system for managing the timing of events suitable to the circumstances of each region. We will also strengthen initiatives to guarantee the reliability of processes at each production entity from the time of introduction. We seek to further improve quality in mass production by introducing high-quality standard operations beginning from the production preparation stage.

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

Promoting green procurement and green purchasing

At all our plants, the Toyota Boshoku group strives to purchase parts and raw materials with minimal environmental impact from environmentally responsible companies. We regard the development and provision of environmentally friendly products and the pursuit of the world's cleanest plants as very important matters. Accordingly, we actively promote these activities together with our suppliers.

Initiatives in green procurement and green purchasing

With the aim of helping to establish a recycling-oriented society, the Company proactively pursues green procurement and purchasing by preferentially purchasing energy-efficient buildings and equipment and green office supplies.

At the No. 2 building of the Sanage Development Centre, completed in May 2010, efforts are being made to reduce environmental loads from the design stage as part of activities to ensure sustainable plants (see page 59). The structural design of the building enables a reduction in energy consumption thanks to natural ventilation and a balcony with deep-set eaves providing shade from the sun. It also has a 100kW solar power generating system and ultra-high efficiency facilities. As a result, it consumes 40% less primary energy than standard buildings. The centre is gaining attention for being extremely environmentally friendly, with further features including the use of eco-materials for the interior.

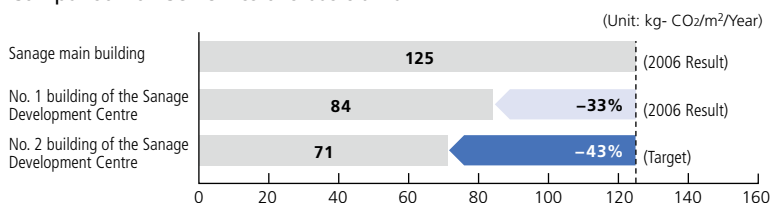


No. 2 building of the Sanage Development Centre



An "Eco Void" provides the most effective natural ventilation for the prevailing wind

Comparison of CO₂ emissions basic unit



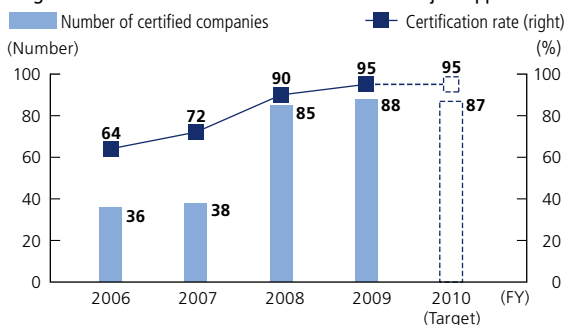
Support suppliers' efforts to create an environmental management system

To help achieve a recycling-oriented society, Toyota Boshoku cannot rely on its efforts alone; coordinating environmental protection activities with its suppliers is essential. The Company requires its suppliers of parts, raw materials, auxiliary materials and equipment to establish an environmental management system (EMS) based on the acquisition of ISO 14001 certification. As a result, in fiscal 2009, 88 of its 93 major suppliers, or approximately 95%, have acquired ISO 14001 certification.

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

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

Targets and results for ISO 14001 certification at major suppliers



ISO 14001 certification acquisition

	2006	2007	2008	2009	2010 (Target)
Supplier companies	56	53	94	93	92
Certified companies	36	38	85	88	87
Certification rate	64	72	90	95	95

Suppliers strongly increased from 53 companies in 2007 to 94 companies in 2008 because members of the supplier group (Sunshine), which are also applicants for the certification, increased.

Together with Local Communities

Forging Stronger Ties

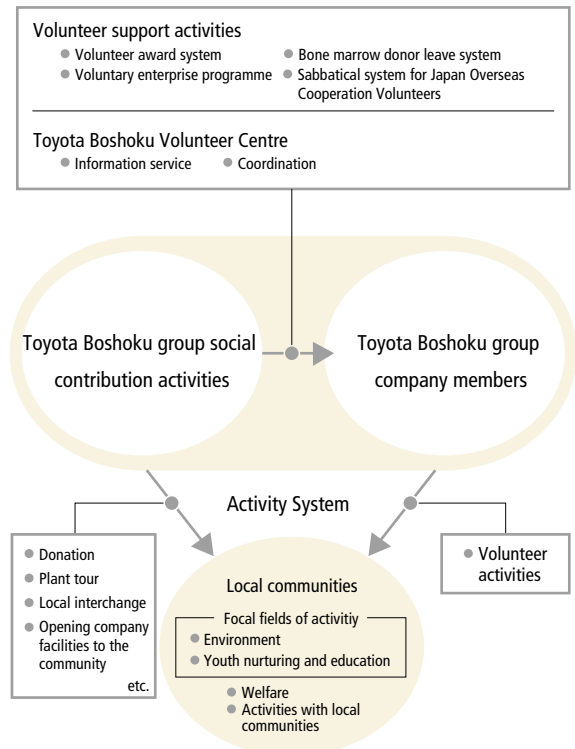
In conducting business globally, the Toyota Boshoku group promotes communication with local communities as a good corporate citizen. Accordingly, we endeavour to implement social contribution activities that tackle challenges in respective regions.

Bringing smiles to faces beyond borders

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

Promotion system for social contribution activities

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



Environmental activities — Creating forests

If society, companies and each member of the community do not take environmental issues seriously and act accordingly, it will be difficult to protect the Earth for the future. As a player in the

automotive industry, the Company and each and every member must meet the demands of society through various activities.

Reforestation activities

As part of our global social contribution activities, the Toyota Boshoku group conducts reforestation activities (tree planting, forest management and local interchange) mainly in Indonesia, Thailand and Japan to help protect the environment.



Eco-Forest of the Toyota Boshoku group (Kashimo)



Eco-Forest of the Toyota Boshoku group (Ohira)

Global clean environment campaigns

We strive to make the environment more beautiful by pooling resources in each of the five key regions of the world in which we operate. This includes collecting garbage and empty cans from roads around our factories, local riverbeds and parks.



Toyota Boshoku South Africa (Pty) Ltd.



Toyota Boshoku Managers' Association (Irago, Tahara City, Aichi Prefecture)

Foster youth through education — Fulfilling dreams

We want to help children, the leaders of tomorrow, fulfil their dreams and aspirations of working in manufacturing. We also want to help children around the world where it is difficult to get an

education. With that in mind, the Toyota Boshoku group promotes initiatives that support children's sound development.

Sports promotion by corporate club teams

Corporate club teams promote interchange with local children by participating in school classes and various events. Providing guidance in sports helps increase the physical strength of children and vitalise the local community.



Toyota Boshoku Corporation: Track and field club members provided instruction



Toyota Boshoku Corporation: Women's Basketball Club ran clinics



Toyota Boshoku Managers' Association: Helped build a new elementary school in the Philippines



Toyota Boshoku Gateway (Thailand) Co., Ltd.: Donated food to an orphanage

Improving school environments

We are working to improve the environment at schools where children are at a disadvantage.

Welfare and activities with local citizens — Building bonds

We want to support the people in each of the regions where we operate worldwide and hope 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.



Toyota Boshoku Corporation: Programme for interacting with children with Down Syndrome



Tianjin Feng'ai Automotive Seat Parts Co., Ltd.: Held a drama event at a welfare institute for persons with disabilities

Activities with local residents

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



Toyota Boshoku Corporation: Participated in local festivals



Trim Masters, Inc.: Kids' Christmas

Together with Shareholders and Investors

Active Communications with Shareholders and Investors

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

Aiming to boost corporate value

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

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

Fiscal 2009 distribution of profits

Performance for fiscal 2009 is shown on pages 63-64. The Company's management policy is to always strive to distribute stable profits to its shareholders and investors to meet their expectations. On this basis and in due consideration, cash dividends for fiscal 2009 were decreased by 7 yen from the previous fiscal year to 13 yen per share (annual). Return on equity (ROE), an indicator of a shareholder's investment, was 4.3%.

Communication with shareholders and investors

Briefings for analysts and investors

The Toyota Boshoku group regularly holds results briefings with the Company president and executive officers in order to aid analysts and institutional investors in understanding Toyota Boshoku's financial situation and business strategies. In fiscal 2009, two briefings were held after the second quarter of the year and after the fiscal year-end. A number of analysts and institutional investors attended these briefings.

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



Seminar for individual investors

Plant tour for shareholders

After the Annual General Meeting of Shareholders held on June 19, 2009, Toyota Boshoku invited 26 shareholders to tour the Takaoka Plant. The tour participants observed the seat assembly process.

Plant tours are also given to analysts in Japan and globally as required. These tours provide analysts with an increased understanding regarding Toyota Boshoku group's business operations and its initiatives for technical development and production processes.

Disclosing shareholder and investor information via the Company's website

Toyota Boshoku is committed to fair and prompt information disclosure. Our website includes a section for disclosing information to shareholders and investors. Brief announcements of financial results and other financial data, as well as press releases, are posted on the website along with being released to stock exchanges and media organisations.



<http://www.toyota-boshoku.co.jp/en/investment/index.html>

Main IR activities in fiscal 2009

Target	Activity
Institutional investors, analysts	Results briefings (semiannually; convened in Tokyo in May and November)
	Plant tour (Held in China, Thailand, etc.)
	Individual visits (Held quarterly)
	Acceptance of interviews (As required)
Individual investors, shareholders	Company information sessions for individual investors (Nagoya, etc.)
	Shareholder plant tours (Held on same day as Annual General Meeting of Shareholders)

Environmental Activities

**Working toward Environmental Protection
in All Facets of Business**

Environmental Dialogue	47
Environmental Management	49
Eco-Friendly Development and Design	55
Initiatives to Reduce the Environmental Impact of Production	56

Toyota Boshoku Gateway (Thailand) Co., Ltd. has been recognised as a green company by Thailand's Ministry of Industry. A photo of the place where members often come during their breaks to cool off in the shade of the trees adorned the cover of a magazine celebrating nature in Thailand.



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**Environmental
Activities**

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

From left: Toyota Boshoku Gateway (Thailand) company members Werapong Bunmee, Warunee Tipvate, Ekthanawat Fhangwat, Sutanya Namapad and Surasak Manenate

Environmental Dialogue

By enhancing communication, we aim to improve our environmental activities.

The Toyota Boshoku group formulated the Y2010 Environmental Action Plan (see page 49) in fiscal 2005 and has been conducting consolidated environmental management in earnest since fiscal 2006. In the final year of the plan, we will review the environmental activities implemented in fiscal 2009, confirm the goals achieved and clarify challenges ahead of formulating the next plan. With this in mind, we held a Toyota Boshoku group environmental dialogue session.

Review of environmental activities in fiscal 2009

The Toyota Boshoku group's environmental activities focus on four key areas: prevention of global warming, reduction of substances of concern, resource recycling and environmental management. These activities for fiscal 2009 are reviewed herein.

Kariya Plant This plant achieved CO₂ emission improvement targets by reducing energy loss during non-operation, reducing power consumption in standby mode and increasing the efficiency of utility facilities. In addition, we shared successful cases of energy conservation across the organisation based on a matrix of items that we have improved as the secretariat plant of the Energy Conservation Working Group.

Sanage Plant The challenge at the Sanage Plant was to reduce waste, which comprises around 50% of total waste generated at Toyota Boshoku. In fiscal 2009, measures were implemented at the source of the waste. Such efforts included improving the yield ratio and minimising processing problems, mainly in metal materials, which are predominantly waste. The plant also pushed ahead with production preparations factoring in recycling, particularly scrap plastic recycling, and achieved targets regarding waste generation*¹. As the secretariat for the Waste Reduction Working Group, the plant promoted cross-organisational activities regarding positive examples of waste reduction based on a matrix of items.

Toyota Boshoku Shiga Corporation This company commenced production operations in August 2007. In fiscal 2009, it created an environmental management system and attained ISO 14001 certification. As a first step in environmental activities, an "Eco

Station" was established for disposal of industrial waste. Respective disposal areas differentiated by colour delineate valuable resources from waste to raise awareness of company members, reduce waste and ensure effective resource utilisation.

Toyota Boshoku Kyushu Corporation In order to reduce CO₂ emissions, the challenge for this company was the extremely high proportion of fixed power that remains constant despite fluctuations in plant production volume. In response, the company was successful in thoroughly reducing electricity by dividing equipment into equipment that can be turned off at the main power supply and equipment that needs to remain turned on as a counterbalance.

Toyota Boshoku America, Inc. This company inaugurated the Environment Committee for North, Central & South America headed by Toyota Boshoku America's Chairman and CEO. An event known as "treasure hunting" (see page 58) is held to propose ideas and cross-organisational activities for improving energy conservation at multiple plants through *genchi-genbutsu**² (Go, see & study). This in turn leads to cost reductions.

Toyota Boshoku Europe N.V. This company makes every effort to use energy-saving equipment and lighting in new plants gearing up for production operations. The plant of Toyota Boshoku Türkiye Otomotiv Sanayi Ve Ticaret A.Ş., for instance, has been highly successful in reducing CO₂ emissions through the introduction of an arc welder that cuts down on gas consumption (CO₂) during operation.

Toyota Boshoku Asia Co., Ltd. Toyota Boshoku Gateway (Thailand) (see page 52) is chiefly responsible for regional



Ikuo Mochizuki
Deputy Plant Manager,
Kariya Plant



Tsutomu Imaeda
Division Manager,
Sanage Production Division 2,
Sanage Plant



Akiyoshi Hiruta
Division Manager, Technical
Administration Division



Etsuro Hori
President, Toyota Boshoku
Shiga Corporation



Takayuki Harada
Division Manager, Business Division,
Toyota Boshoku Kyushu Corporation



Jeff Russell
Executive Specialist, Toyota
Boshoku America, Inc.



Tsuneo Sawada
Director, Toyota Boshoku
Europe N.V.



Hirokazu Nonoyama
Vice President, Toyota Boshoku
Asia Co., Ltd.



Tomohisa Yamada
President, Toyota Boshoku
(China) Co., Ltd.

Yoshimi Kooka

Department Manager, Kariya Plant Facilities
Maintenance Department, Kariya Plant

Kazunori Nakayama

Department Manager, Sanage Safety &
Environmental Department, Sanage Plant

Hirohide Ogawa

Plant Manager, Toyota Boshoku Shiga Corporation

Takashige Kakehi

Department Manager, Administration
Department, Toyota Boshoku Shiga Corporation

Jim Morgan

Senior Specialist, Toyota Boshoku
America, Inc.

Kotaro Nakamura

Toyota Boshoku America, Inc.

Satoshi Kato

General Manager, Toyota Boshoku
Europe N.V.

Shinji Miura

General Manager, Toyota Boshoku
Asia Co., Ltd.

Tadahiro Inoue

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

Hisao Murase

Project General Manager, Toyota
Boshoku (China) Co., Ltd.

Yoko Ajiri

Department Manager, Executive
Management Department,
Shanghai Toyota Boshoku
Automotive Parts Co., Ltd.

Wang Jianming

Chief of the Accounting Section,
General Administration Division,
Guangzhou Intex Auto Parts Co.,
Ltd.

environmental activities at sites in the Asia & Oceania region. Efforts focus on greening activities. In fiscal 2009, the company was chosen as one of 40 entities out of 3,300 in 43 industrial zones in Thailand and recognised as an outstanding company by Thailand's Ministry of Industry.

Toyota Boshoku (China) Co., Ltd. Preparations to enact various environmental laws are being accelerated in China amid concerns over environmental issues. Among other things, this includes

increasing the importance of an appropriate response to wastewater management. Toyota Boshoku (China) works to share information among all of its bases regarding these matters in order to ensure thorough legal compliance.

*1 Waste is defined as the total for direct landfill waste, incinerated waste and waste sent to recycling contractors.

*2 Visit a site on your own, gather a wide range of quantitative and qualitative information, understand, make decisions and then implement measures.

Promoting sustainable plant activities toward the realisation of a low-carbon, sustainable society

The Toyota Boshoku group promotes sustainable plant activities that aim to use nature to create plants that are in harmony with the natural environment (see page 59). Executive Vice President Hideo Kawakubo discusses the aim and concept behind these activities.

Kawakubo The aim of sustainable plant activities is to contribute to the realisation of a low-carbon, sustainable society. Nowadays, society demands that companies reduce all environmentally hazardous substances. At the Toyota Boshoku group, we view the reduction of environmental loads in each step of our operations, from development and design to production, as an important management issue. This requires implementing initiatives from the standpoint of enhancing production factors, such as examining energy-efficient production methods from the development and design stage that both increase productivity and consume minimal energy. We aim to create plants that can achieve these goals and reduce environmental loads. Going forward, we seek to ensure that all of our plants worldwide have these capabilities.

Technical Administration Division It's important to link production technology with product development and design in order to meet the need for new environmentally friendly processing methods at production facilities.

At the No. 2 building of the Sanage Development Centre (see page 42), a facility for development and design, we employ environmental technology to reduce CO₂ emissions. This includes solar power generation, the use of rainwater, interior temperature control via underground heat using a cooling and heating tunnel, and utilisation of natural ventilation and sunlight.

Toyota Boshoku Kyushu Previously, we used trucks to transport goods from Aichi Prefecture to Kyushu. By switching to rail, we achieved a 75% reduction in CO₂ emissions. In the future, we will deploy diverse activities to further cut emissions that include promoting modal shift^{*3}, making "milk runs"^{*4} within Kyushu and using eco-cars and eco-fuel.

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

*4 Visiting multiple key loading sites to pick up goods in a single vehicle

Toward better environmental activities

For fiscal 2010, Toyota Boshoku listened to the medium- to long-term environmental action plans of various group companies and what they desire from the Environmental Affairs Division.

Toyota Boshoku Shiga We intend to firmly establish an ISO 14001 environmental management system in fiscal 2010. We will also work to identify latent risks and further expand and enhance activities to prevent abnormalities and complaints. We would like to promote the sharing of information by the Environmental Affairs Division.

Toyota Boshoku (China) Infrastructure for the recycling of waste as resources has yet to be developed in China. This makes it difficult

to raise environmental awareness among company members. As such, we would like to enhance environmental education through coordination with the Environmental Affairs Division.

Toyota Boshoku Asia Since there is a limit to the activities we can undertake at the plant and in the region, we would like to get together with other environmental-related members from around the world to exchange opinions and ideas. We hope you can organise a platform for us to discuss future direction.

Toyota Boshoku America I think we need to enhance communication in order to further advance activities befitting the region. Global meetings should also be held regularly.



Hideo Kawakubo
Vice Chairman of the
Environment Committee and
Executive Vice President

048

Environmental
Activities

Conclusions from dialogue

First, the dialogue clarified the desired direction and challenges facing each region and business unit. Toyota Boshoku will continue to share challenges in order to enhance and strengthen environmental activities as a group. We will also strive to make improvements toward the realisation of a low-carbon, sustainable society.

As part of these efforts, we have initiated the Toyota Boshoku Global Environment Committee in June 2010 and started promoting environmental activities befitting a truly global company.



Moderators
Yoshihiko Hiraiwa
Division Manager,
Environmental Affairs Division



Yoshiharu Asai
Department Manager, Environmental Management
Department, Environmental Affairs Division

Environmental Management

Environmental Vision & Management

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

Results of environmental activities in fiscal 2009

The Toyota Boshoku group has formulated the Y2010 Environmental Action Plan in fiscal 2005, which outlines the implementation plan for environmental activities from 2006 to 2010. The plan, which has been shared throughout the group, sets numerous environmental goals. To make sure we achieve initial goals, we also have set strict challenging targets (voluntary targets) each fiscal year and strengthen activities aimed at achieving these targets.

Looking back at environmental activities in fiscal 2009, we endeavoured to realise innovative technological development in production based on the keywords "simple, slim and compact". We also promoted the creation of an energy-efficient production line. Further, we achieved the targets we set regarding prevention of global warming, reduction of environmental loads,

resource recycling and environmental management. We fell short of our target concerning CO₂ emissions.

Additionally, we pushed ahead with the Global CO₂ Reduction Programme, which we initiated in fiscal 2008, and worked hard to reduce emissions across the group. We are starting to see the fruits of our efforts.

Aiming to further improve environmental activities

This year is the last year of our Y2010 Environmental Action Plan. We will formulate a new action plan in light of the activities we have undertaken to date (see "Environmental Dialogue" section on pages 47-48). The group will strive as one to develop environmental activities on a global scale in order to contribute to the realisation of a low-carbon, sustainable society.

1. Prevention of global warming

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

2010 action items		2009 initiatives policy/goals		Action results		Self-evaluation	Page	
Development and design	① Further weight saving of automobile parts to improve fuel efficiency	(1) Strengthening of items related to weight saving via cross-organisational activities (2) Strengthening of support to vitalize Medium- to Long-term Working Group activities		(1) Cleared all short-term voluntary targets at Toyota Boshoku for vehicle models developed (2) Promoted Medium- to Long-term Working Group activities via the Weight Saving Committee		○	—	
	② Global reduction of CO ₂ emissions in production activities in each country/region (expansion of activities to include offices and other sites that are non-production divisions) <div>Refer to pages 57-58 for details on the status of CO₂ emission reductions in each region.</div>	(1) Promotion of cross-organisational activities to improve energy conservation, mainly by confirmation through <i>genchi-genbutsu</i> * ¹ (2) Enhance level of improvement plan by sharing information on energy conservation among plants		(1) Implemented cross-organisational activities to improve energy conservation (2) Comprehension of status and visualization of improvements made at each plant (3) Reduced energy loss during non-operation		○	57-58	
Production and logistics	③ Reduction of CO ₂ emissions in logistics	(1) Promotion of vehicle size and models that eliminate, cut down, reduce and alter distribution and implementation of modal shift across the organisation (Kyushu, Iwate)		(1) Reduced basic unit of CO ₂ emissions by extending modal shift to further routes, introducing vehicles that use bio-fuel, etc.		○	58	
	Item		Category	Challenging targets		Results		Self-evaluation
	CO ₂ emission	Production	Non-consolidated	Emission	67,806t - CO ₂	70,934t - CO ₂		△* ²
				Basic unit* ³	13.8t - CO ₂ /100 million yen	12.1t - CO ₂ /100 million yen		○
		Logistics	Consolidated	Basic unit	19.8t - CO ₂ /100 million yen	17.8t - CO ₂ /100 million yen		○
Non-consolidated			Emission	4,357t - CO ₂	3,588t - CO ₂	○		

*¹ Visit a site on your own, gather a wide range of quantitative and qualitative information, understand, make decisions and then implement measures.

*² Achieved Y2010 Environmental Action Plan targets but did not achieve challenging targets.

*³ Emissions per unit of sale

2. Reduction of substances of concern

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

Reduction of substances of concern						(Legend of self-evaluation: ○ Achieved, △ More than 50% achieved)		
2010 action items		2009 initiatives policy/goals		Action results		Self-evaluation	Page	
Development and design	④ Promotion of management and further reduction in the use of substances of concern (SOC) Elimination of SOCs (lead, mercury, cadmium and hexavalent chromium, etc.) globally. ● Reduction of VOC* ⁴ in the vehicle cabin. * ⁴ Volatile Organic Compounds	(1) Substitution of lead in soldering		(1) Clarification of plan to ensure compliance with first vehicles and subsequent vehicles		○	55	
		(1) Audit of operating status through sampling		(1) Strengthened management system for SOC		○	55	
		(1) Completion of parts substitution for Europe (end of December 2009) (2) Shift to replacement products as planned		(1) Promoted shift to replacement products as planned		○	55	
		(1) Management of VOC-free materials, promotion of thorough usage and improvement in reliability in VOC measurements (establishment of parts evaluation method)		(1) Established VOC evaluation method for parts and promoted reduction of VOC with materials makers		○	55	
Production	⑤ Reduction of the discharge of substances subject to the PRTR* ⁵ law and VOC * ⁵ Pollutant Release and Transfer Register	Item		Category	Challenging target	Results	○	59
		Emission of substances subject to PRTR	Non-consolidated	Emission	112t	103t		

3. Recycling of resources

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

	2010 action items	2009 initiatives policy/goals	Action results	Self-evaluation	Page
Development and design	⑥ Development of recycling technology that promotes smooth operation of recycling system in Japan and Europe ●Steady technological development towards achieving 95% recycling efficiency rate in Japan and Europe (in 2015) <div>Recycling efficiency rate Japan: Equivalent to 92% in fiscal 2010 Europe: 85% in 2006</div>	(1) Development of methods to expand the use of RSPP* ⁶ * ⁶ Recycled Sound-Proofing Products (a sound-proofing material for vehicles made from separated and recycled urethane and fibres from vehicle shredder dust)	(1) Technology development of solid moulding for enlarged products ●Main initiative items: new orders and in-house production (two models) Actual usage of RSPP: 105 tons	○	—
	⑦ Further promotion and expansion of recycling design ●Promotion of development and expansion of material and structure that can easily be dismantled or recycled ●Development and utilisation of renewable resources (plant raw material that is carbon-neutral* ⁷ , which absorbs CO ₂) and expansion of use of recycled material	(1) Enrichment of products that use kenaf material Technology development to extend the use of kenaf	(1) Development of a new material for injection moulding using kenaf	△	17~19
Production and logistics	⑧ Further promotion of effective utilisation of resources towards a recycling-oriented society	(1) Division of items to be reduced by activity (waste reduction, treatment cost reduction) and promotion of cross-organisational programmes through coordination between plants	(1) Implemented cross-organisational programmes through the Waste Working Group ●Reused waste plastic from injection moulding and reduced waste resin when painting		

*⁷ Net zero carbon emissions during a product's life cycle

4. Environmental management

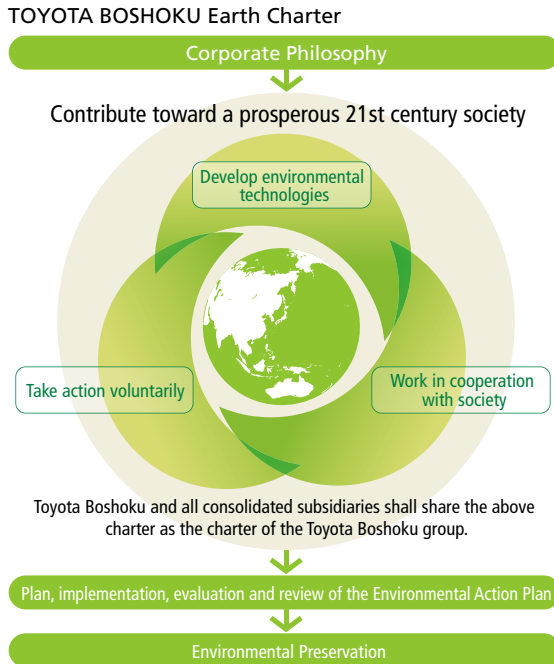
(Legend of self-evaluation: ○: achieved, △: more than 90% achieved)

	2010 action items	2009 initiatives policy/goals	Action results	Self-evaluation	Page
Management	⑨ Promotion of consolidated environmental management (Coverage: Manufacturing subsidiaries and sub-subsidiaries)	(1) Support for remaining companies to acquire third party certification such as ISO 14001 (2) Implementation of preventive measures related to latent abnormalities and complaints and continuation of systematic on-site inspections	(1) <ul style="list-style-type: none"> Acquisition of ISO 14001 certification: Toyota Boshoku Shiga and TB Sewtech Kyushu Corporation Acquisition of EcoAction 21 certification: TB Technogreen Corporation and TB Engineering Corporation (2) Implemented preventive measures through inspection tours and environmental audits by the Environment Committee	○	52•53
	⑩ Strengthening of teamwork with suppliers <ul style="list-style-type: none"> Further promotion of environmental management with business partners Promotion of purchase and procurement of products that have environmental consideration 	(1) Aim for better certification acquisition rate at member companies of the supplier group* ⁸ [Over 92%] * ⁸ See page 41 (2) Energy-efficient equipment procurement rate: 100% on-going	(1) Acquisition rate: 98% *Complete activities aimed at increasing acquisition rate in order to achieve target (2) Energy-efficient equipment procurement rate: 100%	○	41•42
	⑪ Enhancement of environmental education	(1) Enhancement of rank-based educational materials (2) Registered and trained core environmental personnel	(1) Ongoing implementation of in-house rank-based education (2) Japan Environment Committee conducted on-the-job training	○	37•52
	⑫ Recommendation of eco-life to company members	(1) Promotion of eco-commuting, such as the "park & ride" scheme, and introduction of activities to extend eco-living	(1) Continued to promote eco-commuting, such as the "park & ride" scheme, notably at the Sanage Plant, introduced similar programmes at other sites and conducted campaigns to encourage eco-living (purchase of solar panels, all-electric facilities, etc.)	○	—
	⑬ Steady reduction of environmental loads through life cycle by operating and regularly implementing Eco-VAS* ⁹ * ⁹ Eco-Vehicle Assessment System, a new environmental assessment system adopted by Toyota Motor Corporation	(1) Accumulating comparative evaluation and data of LCA* ¹⁰ of new products and mass-produced products * ¹⁰ Life Cycle Assessment: Overall assessment for total environmental load of products from production through to use and up to disposal	(1) Sorted data from LCA evaluation system	○	—
Cooperation with Society	⑭ Promotion of global social contribution activities	(1) Deployment of a unique programme tailored to regional needs	(1) Promoted cleanup, tree-planting and reforestation activities (2) Made donations for disaster relief, conducted fundraising for charity and presented awards to business units that made significant achievements	○	43 52•53
	⑮ Establishment of social contribution activities by Japan group companies	(1) Planned and promoted regional joint programmes (regarding priority issues such as the environment and nurturing youth)	(1) Toyota Boshoku Kyushu advanced reforestation activities and Toyota Boshoku Tohoku Corporation launched reforestation activities (2) Affiliate company members participated in reforestation activities sponsored by Toyota Boshoku	○	28•29 43•53
	⑯ Information disclosure and enhancement of communication	(1) Continued publishing of Toyota Boshoku Report (2) Promotion of regional interchange activities (3) Disclosure of information by the Social Contribution Working Committee and Japan (affiliates) CSR Committee	(1) Issued <i>Toyota Boshoku Report 2009</i> (2) Continued implementation of Kariya and Sanage area social gatherings (3) Issued social contribution pamphlet	○	—

TOYOTA BOSHOKU Earth Charter

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

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



TOYOTA BOSHOKU Earth Charter

Contribute toward a prosperous 21st century society
Aim for growth that is in harmony with the environment, and set a challenge to reduce environmental burdens throughout all areas of business activities.

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

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

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

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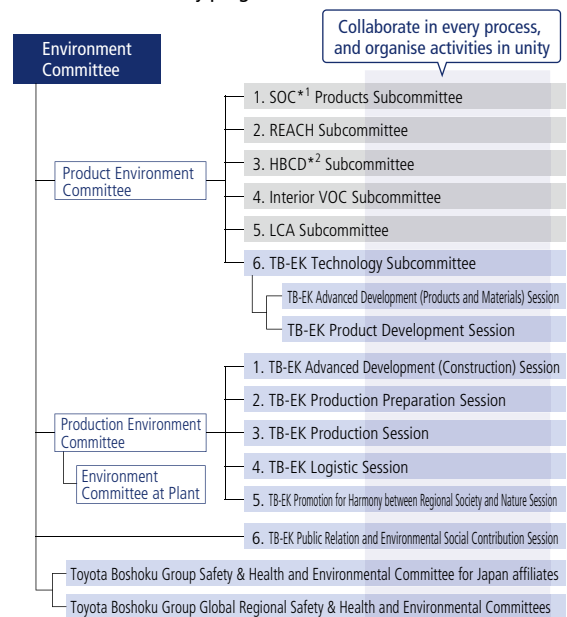
Promoting environmental management

In order to organisationally and systematically promote environmental activities, Toyota Boshoku has established an Environment Committee with the Company president as chairman. Under this structure, together with committees related to products and production, respective committees have been established to promote environmental activities globally, thereby pursuing more functional environmental efforts. Subcommittee sessions and project working groups have also been created to improve environmental activities.

Promotion system

We established subcommittees and unit sessions to promote more practical activities in each step of our operations, including advance development, product development, design, production and distribution. These cross-sectional activities take place under the Toyota Boshoku Environment *Kaikaku* (reformation) (TB-EK) programme, which was instituted in fiscal 2007. In fiscal 2009, we set targets for the development of heat processing methods at the

Environmental activity programme framework



*1 Substances of Concern

*2 Hexa Bromo Cyclo Dodecane

Advanced Development Session, as well as production objectives for fiscal 2010 at the Production Preparation Session and the Production Session by noting all items requiring improvement and formulating implementation plans. At the Logistic Session, we promoted the expansion of modal shift at the Kariya and Sanage plants.

Moving ahead, we aim to drive innovative technological development of production equipment and make ongoing improvements toward 2020. We will also promote equipment stoppages during non-operation, fuel substitution for powered machinery, upgrades to high-efficiency facilities and introduction of natural energy. In addition, we will ensure activities undertaken at Toyota Boshoku are extended to group companies worldwide.

Consolidated environmental management

To promote coherent group-wide environmental efforts, we deploy environmental management on a consolidated basis and share our environmental policy across the board. We formulated the Environmental Activities Medium-Term Action Plan (2009-2011) to advance concrete programmes in fiscal 2009 in addition to conventional activities based on the Y2010 Environmental Action Plan. We are working to enhance group-wide environmental management and reduce environmental loads.



Safety & Health and Environmental Committee on-site inspection

TOPICS

Toyota Boshoku Gateway (Thailand) receives Global Awards Environment Award

The Toyota Boshoku group Global Awards are presented to business entities that make significant achievements. In fiscal 2009, Toyota Boshoku Gateway (Thailand) received the Environment Award for its proactive efforts to conserve the environment such as zero abnormalities and complaints, and global warming measures. Key initiatives included ongoing operation of the ISO 14001 system led by key local Thai members and implementation of energy-saving and waste-reduction programmes. Initiatives as a green plant included efforts to make the premises greener, which led to recognition as an outstanding company by Thailand's Ministry of Industry. Going forward, the company will continue as a member of the local community, proactively promoting environmental preservation activities together with local residents.



Waste recycling



Reforestation activities

Environmental education and awareness raising

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

During Environment Month in fiscal 2009, we announced our Eco Declaration to raise awareness among all Toyota Boshoku group members and facilitate eco-friendly operations and lifestyles. We also promoted an "eco-challenge" aimed at boosting consciousness of the need for eco-friendly living in the home and made various other eco-related proposals. These actions had the desired effect of increasing environmental awareness.

In addition, in February 2010, we held events for Energy Conservation Awareness Month throughout the group. Aiming to promote energy-saving activities across the board, we collected examples of energy-related improvements made at each Toyota Boshoku division and department and displayed them at the Sanage Plant. To coincide with the exhibition, we invited experts from the Energy Conservation Centre, Japan to give lectures on energy conservation under the theme "Environmental Issues and the Role of the Consumer (Global Warming & Energy Conservation)". The talks led not only to further energy-saving actions in the workplace, but also heightened awareness toward energy conservation in the home.

Environmental communication

The Toyota Boshoku group is committed to communication with local citizens on a daily basis.

At the Gifu Plant, communication with people living near the facility is important. Efforts are made to enhance communication with local residents and listen to what they want the plant to do in terms of combating noise, vibration and malodours.

Toyota Boshoku Kyushu is viewed as a pioneering environmental company in the region. It won the Chairman’s Incentive Award from the Japan Greenway Research and Development Centre in recognition of its reforestation activities and endorsement by local Kanzaki city citizens.

Toyota Boshoku has been disclosing environmental information via the Environmental and Social Report up to fiscal 2006 and via the Toyota Boshoku Report since fiscal 2007. We will continue making efforts in this regard going forward.

Status of environmental management system creation

The Toyota Boshoku group is working hard to create and maintain environmental management systems. As of March 2010, we had acquired external accreditation for environmental management systems at 54 of 68 facilities.

The following entities newly attained ISO 14001 accreditation in fiscal 2009: Tianjin Kahou Automobile Decoration Co., Ltd., Feng'ai (Guangzhou) Automotive Seat Parts Co., Ltd. and Toyota Boshoku Foshan Co., Ltd. of the Toyota Boshoku (China) group; Toyota Boshoku Haiphong Co., Ltd. of the Toyota Boshoku Asia group; and Toyota Boshoku Shiga and TB Sewtech Kyushu of the Japan group. In addition, non-production companies in the Japan group worked toward attainment of EcoAction 21*3 certification, with TB Technogreen and TB Engineering achieving this goal.

Please see the Toyota Boshoku website for details of accreditation.

*3 Guidelines issued by the Ministry of the Environment concerning a method for all enterprises to establish and operate an environmental management system enabling the effective and efficient implementation of environmental activities, to make ongoing improvements, to evaluate their performance and to publish the results in a report.



Tianjin Kahou Automobile Decoration Co., Ltd.



Feng'ai (Guangzhou) Automotive Seat Parts Co., Ltd.



Toyota Boshoku Foshan Co., Ltd.



Toyota Boshoku Shiga Corporation



TB Technogreen Corporation



TB Engineering Corporation

Environmental auditing

Internal auditing

In fiscal 2009, all 17 of Toyota Boshoku’s plants carried out internal audits, and corrective action was undertaken promptly where issues were identified. During the year, we gathered together internal auditors, including senior auditing staff, to conduct voluntary audits of our plants. Going forward, we will work to enhance the level of voluntary plant audits.

External audits

We ask certification bodies to conduct periodic checks concerning ISO 14001 compliance. In fiscal 2009, nine plants underwent renewal inspection, and eight plants underwent surveillance (maintenance inspection). All the plants were found to conform to the requirements of ISO 14001 with no major non-conformances cited. All production sites were deemed to be operating in a proper manner. We will continue working under the ISO 14001 system going forward.

Environmental risk management

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

In fiscal 2009, although we enhanced activities to reduce risk and continued with preventive measures, there were two incidents reported during the fiscal year. Refer to the table below for details. We have already completed countermeasures aimed at preventing recurrence.

Item	Number of cases	Countermeasures
Exceeded standard set by law	Water quality 1	Implemented measures against known causes and strengthened audit system.
Environmental accident	0	—
Complaints	Noise 1*4	Identified the source of the noise and implemented appropriate countermeasures.

*4 Noise from forklift operation, truck transport and stacking loads

Going forward, we will review and enhance our environmental risk map for prevention activities, and promote communication with the local community to improve activities aimed at preventing risk.

Environmental audits were conducted at 16 group companies in Japan and improvements made in 22 areas. In the future, we will conduct regular audits to follow-up on the effectiveness of improvements made, and make further ameliorations where applicable. We will also audit group companies globally as needed.

Environmental accounting

Toyota Boshoku believes that it is important to assess the effectiveness of our investment and cost in environmental preservation in order to improve efficiency of administration and make rational decisions. At the same time, we regard this as one means of providing comprehensive environmental information for all of our stakeholders. The Fujisusono Plant and Toyota Boshoku Somain S.A.S., both of which commenced operations in fiscal 2009, were added to the scope of environmental accounting. Currently, the Toyota Boshoku group now applies environmental accounting to Toyota Boshoku Corporation as well as 16 Japanese group and 45 group companies in other regions. We will endeavour to implement environmental accounting on a consolidated basis in order to improve the efficiency of our environmental preservation activities. The cost, economic and material effects of environmental preservation were calculated based on the *Environmental Accounting Guidelines* (2005 Version) issued by Japan's Ministry of the Environment.

Cost of environmental preservation

In fiscal 2009, the environmental accounting of the Toyota

Boshoku group recorded investment of 477 million yen, costs of 1,793 million yen and economic effects of 609 million yen. The main investments were for cool tube air conditioning at the Fujisusono Plant and parking and facade greening at the Tokyo Plant. The main costs were for recycling waste (resource circulation), maintenance of the environmental management system (administration cost), as well as personnel and testing expenses related to R&D. Environmental remediation costs were for purifying the groundwater at the Kariya Plant. Main investments of group companies included battery-operated towing cars for electric forklifts and introduction of LEDs for outdoor lights.

Economic effects of environmental preservation measures

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

Material effects of environmental preservation measures

Examples of improvements in waste reductions and reductions in CO₂ emissions are provided in this report on pages 56-60.

(Unit: Millions of yen)

Environmental accounting		Toyota Boshoku Corporation		Japanese group companies		Group companies in other regions	
		Investment amount	Cost amount*	Investment amount	Cost amount*	Investment amount	Cost amount*
Business area cost	Pollution prevention	48	87	6	9	85	77
	Global environmental conservation	178	77	9	3	38	47
	Resource circulation	8	391	1	81	68	25
Upstream/Downstream cost		0	0	0	0	—	—
Administration cost		10	167	14	27	12	136
R&D cost		0	586	0	0	—	—
Social activity cost		0	37	0	1	0	41
Environmental remediation cost		0	1	0	0	—	—
Total		244	1,346	30	121	203	326
		1,590		151		529	

(Unit: Millions of yen)

Economic effects	Toyota Boshoku Corporation	Japanese group companies	Group companies in other regions
Cost reduction through energy saving	52	2	68
Reduction of waste disposal cost	13	5	169
Profit on sale of recycled materials	300	—	—
Total	365	7	237

Material effects	Toyota Boshoku Corporation	Japanese group companies	Group companies in other regions
Energy saving (t-CO ₂)	12,677	66	3,703
Waste disposal (t)	2,973	458	2,079

* Depreciation and amortization is not included in the costs.

Eco-Friendly Development and Design

Comprehensive Life Cycle Assessment

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

Initiatives in development and design

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

^{*1} Design Review

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

^{*2} Simultaneous Engineering

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

Compliance with European REACH Regulation^{*3}

Toyota Boshoku inaugurated the REACH Subcommittee under the Product Environment Committee in December 2007 to cooperate with relevant divisions and departments and ensure compliance

with the REACH regulation in Europe, which went into effect in June 2008.

In fiscal 2008, this body worked with the Toyota Boshoku Europe group to research and list items for preliminary registration. These registrations were completed by the deadline.



REACH Subcommittee

In fiscal 2009, we confirmed the impact of Substances of Very High Concern (SVHC)^{*4} announced by the European Chemicals Agency^{*5} on products, and set about selecting and developing alternative materials. In fiscal 2010, we will work with suppliers to promote substitutions by the deadline set forth in the regulation.

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

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

^{*5} Institute established in the European Union to manage the REACH regulation

Activities to reduce VOC^{*6} in the vehicle cabin

We have been implementing measures on a project unit basis related to "Voluntary Approach to Vehicle Cabin VOC Reduction"^{*7} released by the Japan Automobile Manufacturers Association, Inc. in February 2005. The VOC Subcommittee was established under the Product Environment Committee in June 2008 in response to vehicles being subject to VOC legislation in China and is working to reduce VOC levels in the vehicle cabin across the board. The subcommittee convenes once a month to share information between relevant parties on a timely basis and resolve problems mainly concerning the following three areas.

- 1 Development process:** Develop products employing materials with low VOC levels
- 2 Production process:**
 - Shift to auxiliary materials (adhesives, paint, etc.) with low VOC levels for use in welding, pressing and machining processes
 - Install smoking corners in plants to delineate smoking from non-smoking areas
- 3 Distribution process:** Avoid VOC absorption caused by mixed loads in transportation, etc.

In fiscal 2008, we developed an in-house system for VOC at the development and production stages. In fiscal 2009, we conducted activities to reduce VOC levels in each project, examined ways to reduce levels in respective parts and sought to improve evaluation methods. In fiscal 2010, we will conduct further research into VOC-generating processes and the development of materials with low VOC levels.



Parts evaluation

^{*6} Volatile Organic Compounds

^{*7} Methods designed to satisfy the interior concentration level guideline figures set by the Japanese Ministry of Health, Labour and Welfare for 13 different substances. The approach is being applied to new model passenger cars marketed from 2007 (JAMA Report No. 98).

TOPICS Creating products with low VOC levels

Since 2007, we have not used nine substances^{*8} stipulated by voluntary regulations in Japan in our car seats and other products for the car interior. Going forward, we will continue developing products that have low VOC levels.

In-vehicle products that do not include nine substances stipulated by voluntary regulations in Japan



Interior system product



Door trim



Seat

^{*8} Formaldehyde, acetaldehyde, toluene, xylene, ethylbenzene, styrene, tetradecane, di-n-butyl phthalate, di(2-ethylhexyl) phthalate

Initiatives to Reduce the Environmental Impact of Production

Striking a Sustainable Balance

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

Our business activities and the environment

The Toyota Boshoku group considers the issue of global warming to be one of our top management priorities. Accordingly, we have implemented a broad range of measures to counter global warming. These include introducing energy-efficient technologies into the production process, making other production-related improvements and increasing efficiency in logistics.

We are also working throughout the group to reduce, ban the use of, or control harmful chemical substances, including European REACH substances and the four SOCs^{*1}.

^{*1} Hexavalent chromium, cadmium, lead and mercury

Reducing environmental loads through TB-EK activities^{*2}

Toyota Boshoku's plants and departments take assertive actions to ensure they give consideration to the environment. We also consider medium- to long-term environmental initiatives that move beyond the traditional framework of plants and departments to be crucial in promoting TB-EK activities. The TB-EK programme provides for collaboration between the various sections to pursue environmental-related activities. These efforts are linked to specific environmental targets in a cross-sectional manner throughout all areas of the Toyota Boshoku's business, including but not limited to advance development (products, materials, manufacturing methods), product development, design, production and distribution. Through this, the programme aims to establish a truly eco-friendly company that can strike a balance between the environment and economy in harmony with society and nature.

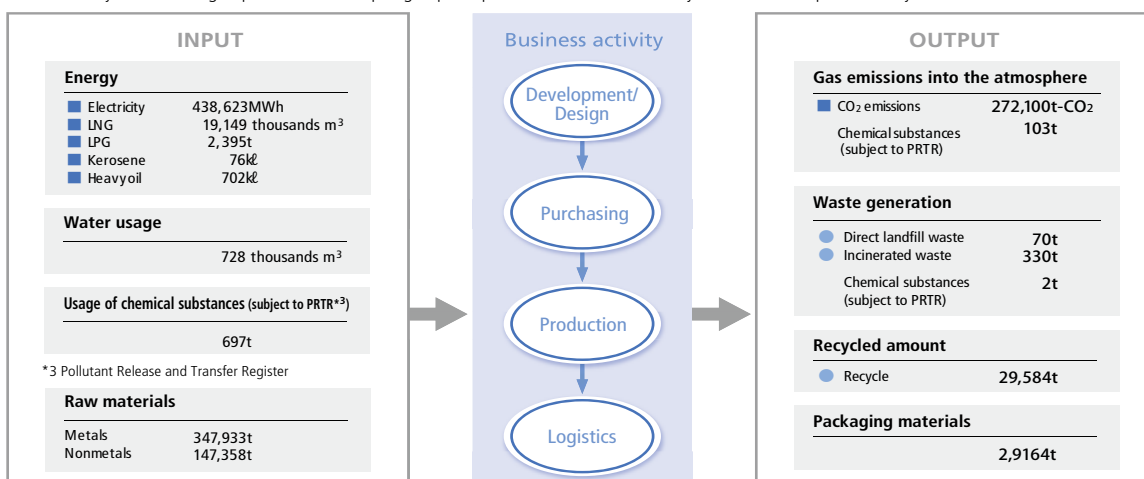
In fiscal 2009, we reinforced our Global CO₂ Reduction Programme activities and ensured a coordinated effort by all Toyota Boshoku group companies to reduce environmental loads in business operations. We always keep recycling of materials, such as waste plastic from injection moulding, foremost in our mind in order to promote resource recycling during the production process. Our development, production engineering and manufacturing divisions have joined forces to come up with new materials and manufacturing methods that will help to further reduce emissions. Meanwhile, Toyota Boshoku is promoting the use and increased application of plant-derived materials (see Special Feature-2 on pages 17-19) in the hope of one day making all interior components from such materials. The Company is also actively pursuing a sustainable policy for production facilities (see page 59) for the future. With regard to activities to reduce CO₂ emissions, we have established basic-unit targets linked to sales. In tandem, the entire group is working as a team to ensure that fluctuations in production volume have no influence on our ability to meet these targets. We have further strengthened efforts to link group companies and share information on the results of environmental actions across the board. This includes raising environmental awareness among all group members through environmental-related education and monthly events (see "Environmental Dialogue" section on pages 47-48).

The following chart shows the resources consumed and emissions causing environmental loads from group business operations in fiscal 2009.

^{*2} Toyota Boshoku Environment Kaikaku (reformation) activities

Resource consumption for business activities and emissions causing environmental loads in fiscal 2009

■ Total of Toyota Boshoku group ● Total of Japan group companies Others refer to Toyota Boshoku Corporation only.



Preventing global warming

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

Group efforts to reduce CO₂ emissions

Initiatives by the Energy Conservation Working Group, which has its secretariat at the Kariya Plant, include sharing successful energy conservation initiatives across the organisation, comprehending the status and visualization of improvements made at each plant and formulating medium- to long-term energy-efficiency plans. By implementing various measures such as reducing energy loss during non-operation and turning off equipment at all plants during break times in order to constrain an increase in the proportion of fixed energy in line with a significant decline in production volume, we have already achieved our Y2010 Environmental Action Plan target of 84,500t-CO₂. In this respect, we achieved a result of 70,900t-CO₂; however, due to an increase in production volume beyond expectations, we were unable to meet the challenging target*¹ we set of 67,800t-CO₂.

With regard to the basic unit for emissions, we achieved results of 12.1t-CO₂/100 million yen compared with the 2010 target of 17.6t-CO₂/100 million yen, and the more challenging target of 13.8t-CO₂/100 million yen.

In addition, we started sharing successful cases of energy conservation at Toyota Boshoku across the organisation in order to expand CO₂ emission reduction activities globally. Other efforts were directed toward registering energy-efficient items and visualization of these items.

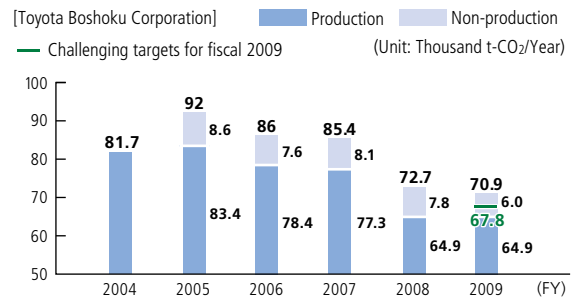
As a result, the Toyota Boshoku group achieved basic unit for emissions of 17.8t-CO₂/100 million yen versus our target of 19.8t-CO₂/100 million yen.

*¹ Voluntary targets that are higher than Y2010 Environmental Action Plan targets, which are set to help the Company achieve Y2010 Environmental Action Plan targets

Future activities to combat global warming

We aim to achieve challenging targets for 2010 as the final year of the Y2010 Environmental Action Plan by taking steps to reduce energy waste. Measures include reducing non-production energy use and turning lights and other electrical fixtures off at the end of every work shift.

CO₂ emissions



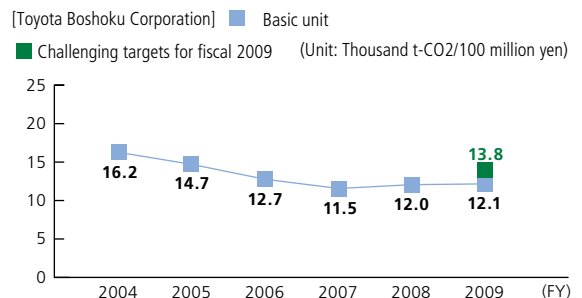
Calculation of greenhouse gas emissions

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

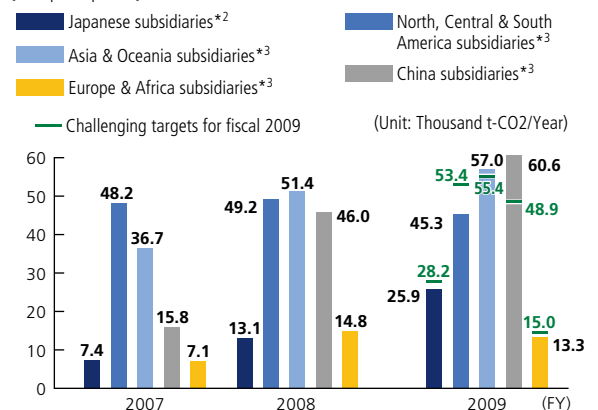
CO₂ conversion coefficient

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

Basic unit



[Group companies]



*² Japanese subsidiaries (including sub-subsidiaries): Involved two companies up to fiscal 2007 and 16 companies from fiscal 2008.

*³ Subsidiaries outside Japan: Involved 14 companies up to fiscal 2007 and 42 companies from fiscal 2008. For details, visit the Toyota Boshoku website.

TOPICS Initiatives to reduce environmental loads at group companies in other regions

North, Central & South America group companies

Each site participates in an event known as "treasure hunting," in which members search for energy waste and share amelioration activities with other organisations. These efforts lead to increased energy efficiency and awareness among members.

Toyota Boshoku Turkey

Toyota Boshoku Turkey is taking assertive steps to conserve energy in compressed air equipment. In fiscal 2009, the company improved the usage method for compressed air and reduced the number of compressors from two units (50kW and 37kW = 87kW) to one unit (37kW) by cutting down on consumption.

Person responsible for project



Hakan Akar
Chief of Production Engineering Department
Toyota Boshoku Turkiye
Otomotiv Sanayi Ve Ticaret A.S.

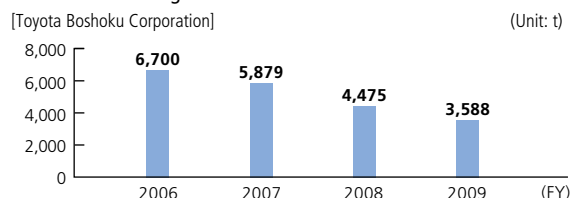
Reducing CO₂ emissions in logistics

Toyota Boshoku is implementing an efficient logistics plan that responds to monthly changes in production volume. In fiscal 2009, we vigorously promoted a policy of mixed loads and better load efficiency, including consolidating routes, based on the slogan "eliminate, cut down, reduce and alter distribution."

Efforts were made to extend modal shift*⁴ to further routes, mainly through rail use, in order to reduce the basic unit of CO₂ emissions in logistics. As a result, we met the target of 4,357t-CO₂ with a reduction to 3,588t-CO₂ (target ratio 82.3%). By bolstering cooperation between Japanese group companies in logistics, we aim to extend modal shift to long-haul routes by promoting mixed loads.

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

CO₂ emissions in logistics



Reducing the amount of packing and packaging materials

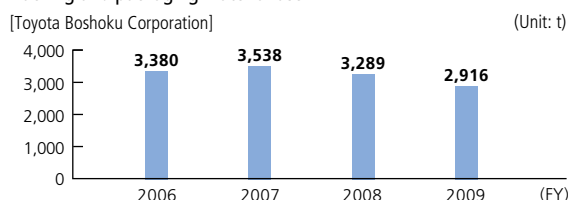
Toyota Boshoku works to reduce the amount of packaging materials for packing used to deliver aftermarket parts to customers. It is essential to coordinate with customers in setting specifications for these materials.

In response, in fiscal 2009, we implemented the improvements made in fiscal 2007-2008 throughout the group. We continued

with voluntary packaging research meetings from fiscal 2008 to increase the skills of persons in charge at sites undertaking the initiatives and identify new items. As a result, we achieved a result of 2,916t versus the target of 3,353t (target ratio: 86.9%) by promoting the following improvements in fiscal 2009: (1) reviewed excess packaging; (2) changed the thickness of cardboard boxes; and (3) ensured the appropriate size of packaging.

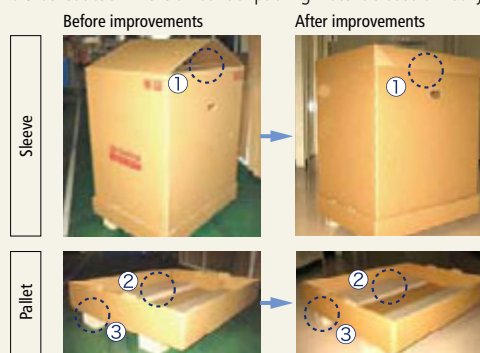
In fiscal 2010, we will use our know-how amassed from improvements made in the past to identify other areas that can be changed and further reduce the amount of packaging materials used.

Packing and packaging material use



TOPICS Reducing the amount of supplementary packing materials used via improvements

By reducing the weight of packing materials along with improving the shape of the sleeve and pallet and eliminating the use of tape in order to enhance work efficiency, Toyota Boshoku was able to realise a 3.6t reduction in the amount of packing materials used annually.



Areas changed	Before improvements	After improvements
(1) Box	A5 sleeve + pallet	Cover + sleeve + pallet
(2) Protective pads	32mm	24mm
(3) Pallet beams	90mm	75mm
(4) Tape	Required	Not required
(5) Weight	5,250g	4,770g

Monthly shipments: 630 sets; Reduction in amount used: 3.6t/year

Persons in charge of improvement (Service Parts Distribution Management Department, Logistics Control Division, Toyota Boshoku Corporation)



Senior Expert
Minoru Fukami



Senior Expert
Noriaki Mihashi



Expert
Haruo Kubota

TOPICS Sustainable plant policy (Policy for production facilities)

Promoting further activities for sustainable plants

Sustainable plant activities aim to use nature to create plants in harmony with the natural environment. This involves working to reduce CO₂ via the three key themes of "Eco-innovation", "Eco-energy" and "Eco-communication".

●Eco-innovation

Efforts are made to significantly enhance environmental performance by introducing and improving innovative technologies that include highly efficient heating and cooling methods.

●Eco-energy

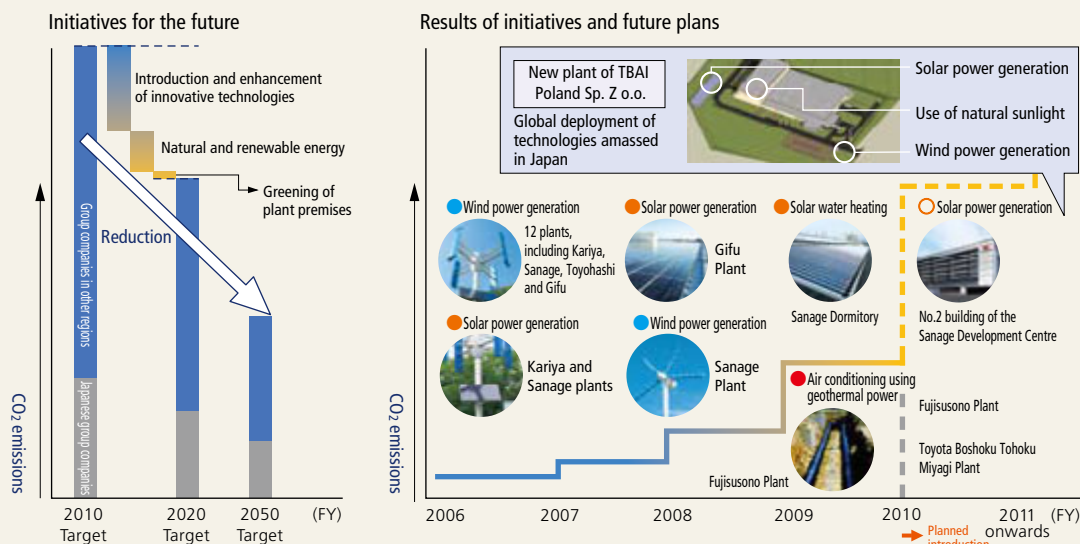
Natural energy sources such as solar and wind energy are utilised as well as renewable energy sources such as biomass to reduce CO₂ emissions.

●Eco-communication

Along with protecting the ecosystem by establishing gardens on plant premises, efforts entail providing a platform for human resources development to deepen connections between group members, the community and nature.

Promoting the use of natural energy

As part of sustainable plant activities, we started using natural energy at 12 core Toyota Boshoku plants in a step-wise manner from 2006. Moving forward, we will proactively promote the use of natural energy, such as natural sunlight, at group companies all around the world, beginning with the new plant of TBAI Poland Sp. Z o.o. We aim to contribute to the creation of a sustainable society by developing production facilities in harmony with nature by harnessing its power.



Chemical management

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

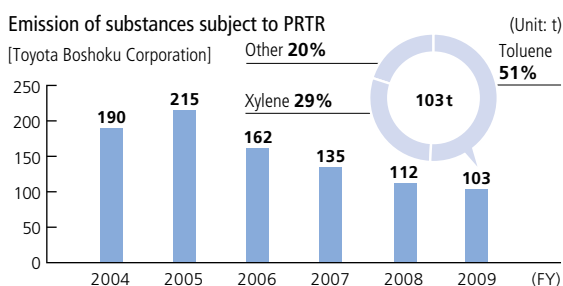
*Pollutant Release and Transfer Register

Reducing emissions of PRTR substances

In fiscal 2009, Toyota Boshoku participated in joint group briefings for suppliers regarding amendments to the PRTR Law, upgraded the database of all elements and developed a system for managing these substances. We introduced a water-soluble paint for bumpers as a means to reduce emissions. Other efforts continued from the previous fiscal year to lower emissions of PRTR substances included standardization of adhesive and reduction in the areas to which paint is applied by reviewing quality. We will continue to conduct

thorough management of chemical substances in accordance with the amended law.

Additionally, activities promoted by Toyota Boshoku to reduce chemical substances at group companies in Japan will be expanded worldwide based on the laws and regulations of each country and region.



Reducing waste

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

Waste*¹ reduction activities

The Toyota Boshoku group seeks to reduce waste mainly by reducing waste at the source and through reuse.

Since fiscal 2007, Toyota Boshoku has continuously maintained direct landfill waste at 0t**². For incinerated waste, we met the target of 111t with a reduction to 97t (target ratio: 87%). For both items, we have already met 2010 targets of 41t and 300t, respectively.

For waste, as part of TB-EK activities*³ continued from the previous fiscal year, we implemented a series of measures to reduce waste at the source. Led by the Waste Reduction Working Group, whose secretariat is based at the Sanage Plant, efforts included reusing waste from production processes, such as waste plastic from injection moulding, reducing the waste resin generated when painting door trims and improving the yield by changing the shape of skin cuts. As a result, we met the target of 23,698t with a reduction to 21,678t (target ratio: 91%). With regard to the basic unit for waste, we achieved 3.7t/100 million yen compared with the target of 4.0t/100 million yen.

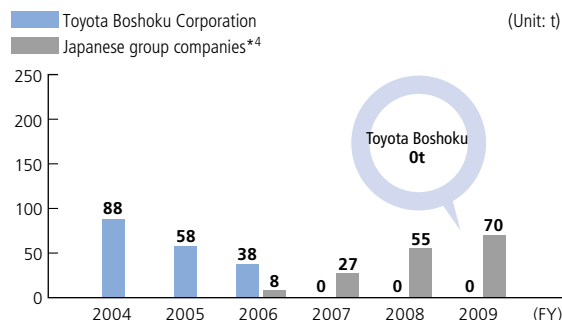
In addition, successful cases of waste reduction at Toyota Boshoku are deployed group-wide. The Toyota Boshoku Group Safety & Health and Environmental Committee for Japan affiliates makes inspection tours and promotes waste reduction in coordination with Toyota Boshoku.

*1 Waste is defined as the total for direct landfill waste, incinerated waste and waste sent to recycling contractors.

*2 Toyota Boshoku defines reducing direct landfill waste to 5% or less than the base year as zero direct landfill waste.

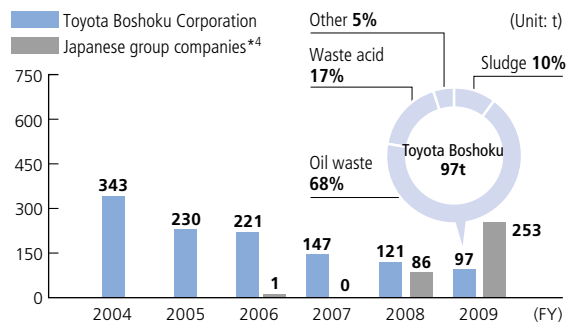
*3 Toyota Boshoku Environment *Kaikaku* (reformation) activities

Direct landfill waste



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

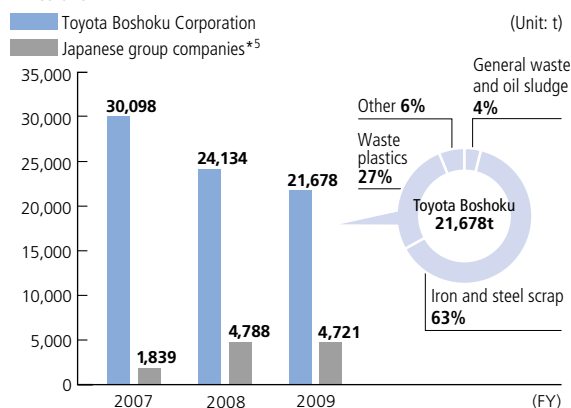
Incinerated waste



*Incinerated waste for Japan group companies for fiscal 2007 was 0t.

*4 Involved two companies up to fiscal 2007 and 16 companies from fiscal 2008.

Emissions



*5 Involved two companies up to fiscal 2007 and 16 companies from fiscal 2008.

For details, visit the Toyota Boshoku website.

TOPICS Eco Station (Toyota Boshoku Shiga)

As a means of enhancing company member awareness, Toyota Boshoku Shiga has named its existing industrial waste disposal area the "Eco Station" for handling waste as resources. Additionally, initiatives are thoroughly undertaken to reduce wastes and make effective use of resources by raising awareness through differentiating respective areas by colour to separate valuable resources from waste.



Persons in charge of improvement

Above photo (from the left):

Junji Aoyama
Department Manager,
Business Department

Tsuyoshi Yamada
Business Department

Etsuro Hori
President

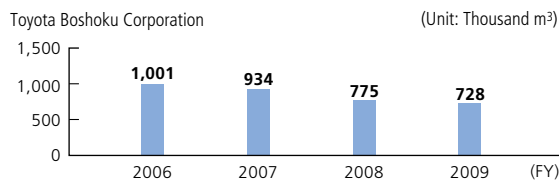
Initiatives for water resources and soil

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

Conserving water resources

In fiscal 2009, Toyota Boshoku continued, among other measures, to use rainwater and to conduct inspections for leaks. We conserved water by optimising the cleaning frequency of filters in wells after confirming that a reduction in the number of cleans does not compromise filtration quality. As a result, we met the target of 752,000m³/year for water consumption with a reduction to 728,000m³/year (target ratio: 97%). We also achieved the 2010 target of 1,206,000m³/year. Going forward, we will continue to use rainwater and strive to conserve water. We will also spread the know-how amassed at the parent company to all other group companies in order to reduce water consumption group-wide.

Amounts of water used



Soil and groundwater purification at Kariya Plant

At the Toyota Boshoku Kariya Plant, based on the "Provisional Guidelines for Soil and Groundwater" issued in 1994 by Japan's Ministry of the Environment, we have been conducting annual inspections for soil and groundwater contamination and are working to purify these resources since 1995. In 1996, the Company began using the gas absorption-purification method in treating contaminated soils, completing the purification process in 1998. Following the installation of barrier well systems to prevent outflows in lower groundwater flows and pumping-aerating equipment, pumping treatment was initiated in 1998.

With regard to the status of purification, we conduct regular monitoring and report the results of these measurements to the relevant administrative agency. Starting in 2001, we have been reporting to local communities at area social gatherings. We shall continue with our purification efforts, aiming to keep contamination at or under levels specified in environmental standards.

Results of trichloroethylene measurements in fiscal 2009
(Environmental standard: 0.03mg/ℓ)

Name of plant	Concentration in groundwater within grounds	Current status
Kariya Plant	ND~0.024 (FY2007 results: ND~0.103 FY2008 results: ND~0.033)	Purification in progress

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

TOPICS Making dyed effluent clear and colourless

Thai-based STB Textiles Industry Co., Ltd. was asked by an industrial complex to devise a method to make water clear and colourless after effluent treatment in launching a new dyeing project. Running costs are high with conventional methods that require activated carbon absorption at multiple stages. A new effluent treatment method was thus employed using a special sand filtration system. This method does not require biological treatment or activated carbon treatment at multiple stages, thereby keeping running costs down and drastically reducing maintenance costs.

Persons in charge of improvement



Chiaki Tashiro
General Manager,
Maintenance and
Management
Wastewater Treatment
Facility, STB Textiles
Industry Co., Ltd.



Nopparat Mawa
Engineering
Division
STB Textiles Industry
Co., Ltd.



Masayuki Kato
Department Manager
F Establishment
Preparation
Department
Toyota Boshoku
Corporation



Shinsuke Nakashima
F Establishment
Preparation Group
Textile Production
Engineering Division
Toyota Boshoku
Corporation

PCB storage conditions

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

We not only strictly manage stored PCBs in storage sheds designed to prevent concerns of PCBs leaking and permeating soils but also are progressing with safe, appropriate treatment of PCBs. There were no plans to treat PCBs at the Japan Environmental Safety Corporation's Toyota Facility in fiscal 2009. We will continue to treat PCBs in a systematic manner.

Plant where stored	Capacitors	Ballasts	Other
Gifu Plant	18	0	0
Oguchi Plant	41	21	Carbonless paper (80kg)
Gotemba Plant	4	314	0
Tokyo Plant	1	0	0
Tsuchihashi Plant	0	2	0

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

Facts & Figures

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●Scope of Consolidation

The consolidated financial statements include the accounts for all subsidiaries (76 companies). Refer to pages 75-77 for the corporate names of principal consolidated subsidiaries. Kanto Seat Works, Ltd., previously an affiliate accounted for by the equity method, became a consolidated subsidiary after a capital increase and is therefore newly added to the scope of consolidation from the fiscal year under review. As a result, Kanto Seat Kitakami Co., Ltd., previously a wholly owned subsidiary of Kanto Seat Works, Ltd., is also newly added to the scope of consolidation from the fiscal year under review. TB Iwate Corporation, previously a consolidated subsidiary, was liquidated and therefore removed from the scope of consolidation from the fiscal year under review. Kanto Seat Works, Ltd. changed its corporate name to Toyota Boshoku Tohoku Corporation.

●Application of the Equity Method

Investments in all affiliates (10 companies) are accounted for by the equity method. Refer to page 77 for the corporate names of principal affiliates. TB Kawashima Co., Ltd. was newly established and is therefore included in the scope of equity-method accounting from the year under review. Additionally, Toyota Boshoku Tohoku Corporation and Kanto Seat Kitakami Co., Ltd. became subsidiaries and therefore were excluded from the scope of equity-method accounting from the fiscal year under review. The fiscal years for certain affiliates accounted for by the equity method are different from that of the Company. The Company is using the financial statements for their respective fiscal years.

Overview of fiscal year

In the automobile industry during the fiscal year under review (year ended March 31, 2010), despite the implementation of policies by various countries to promote the purchase of automobiles and a recovery in demand mainly in emerging countries, domestic production and exports declined sharply from the previous fiscal year due to the significant impact of falling demand resulting from the worsening of the global economy. Under these circumstances, the Toyota Boshoku group posted a 26,046 million yen (2.7%) decrease in consolidated net sales to 953,729 million yen. However, the group recorded net income of 6,882 million yen (versus a net loss of 5,064 million yen in the previous fiscal year).

Net sales

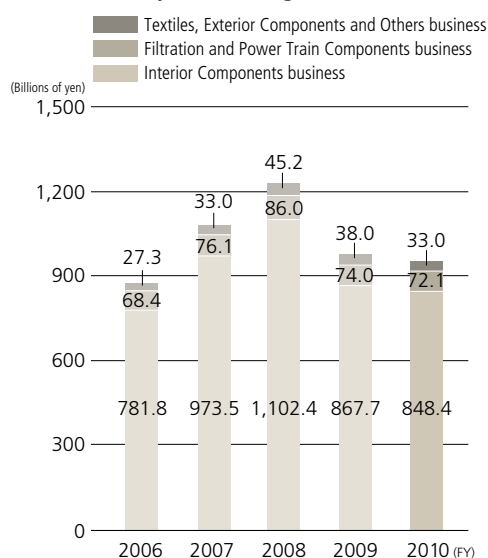
Net sales by business segment were as follows.

Net sales of the Interior Components business declined 19,243 million yen (2.2%) to 848,457 million yen due to decreased production of seats and door trims.

Net sales of the Filtration and Power Train Components business decreased 1,845 million yen (2.5%) to 72,189 million yen due to a decline in the volume of air filters and the impact of the strong yen.

Net sales of the Textiles, Exterior Components and Others business declined 4,956 million yen (13.0%) to 33,082 million yen due to a decrease in the volume of service bumpers.

Net sales by business segment



By geographic region, sales in North, Central and South America as well as in Asia increased and the ratio of overseas sales to net sales rose from 40.6% to 41.8%.

Operating income

Despite such income-reducing factors as the impact of product price fluctuations and a rise in depreciation and amortization, operating income surged 11,088 million yen (78.9%) to 25,143 million yen as a result of rationalisation measures and a reduction in miscellaneous expenses.

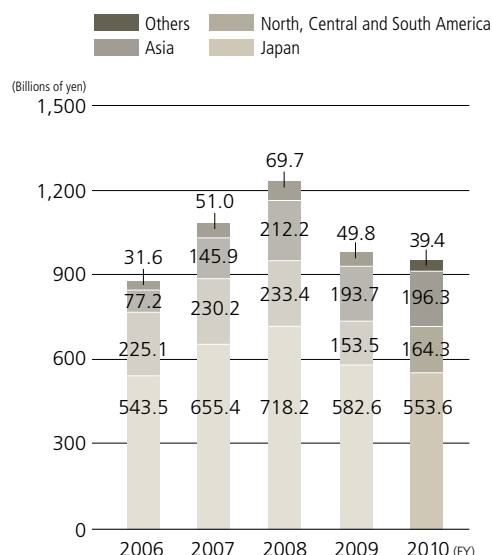
Non-operating income (expenses) and ordinary income

Non-operating income declined 1,815 million yen (23.5%) from the previous fiscal year to 5,901 million yen due to a decrease in interest income. Non-operating expenses declined 1,502 million yen (17.7%) to 6,977 million yen owing to the effects of foreign exchange rates. As a result, ordinary income jumped 10,775 million yen (81.1%) to 24,067 million yen and the ordinary income to net sales ratio rose from 1.4% in the previous fiscal year to 2.5%.

Income taxes

Income taxes decreased 3,324 million yen (27.8%) to 8,649 million yen. The ratio of income before income taxes and minority interest declined from 90.1% in the previous fiscal year to 37.6%.

Net sales by geographic region



Minority interest in net income of subsidiaries

Minority interest in net income of subsidiaries increased 1,061 million yen (16.6%) to 7,445 million yen due to a rise in profits at consolidated subsidiaries in North, Central and South America.

Net income

Net income amounted to 6,882 million yen, an 11,946 million yen improvement compared with a net loss of 5,064 million yen in the previous fiscal year. Net income per share was 37.00 yen.

Assets, liabilities and net assets

Despite a decline in inventories, total assets at fiscal year-end increased 79.9 billion yen to 546.4 billion yen from the previous fiscal year-end due to a rise in notes and accounts receivable—trade.

Total liabilities rose 72.4 billion yen from the end of the previous fiscal year to 349.9 billion yen due to a rise in notes and accounts payable—trade.

Total net assets increased 7.5 billion yen from the end of the previous fiscal year to 196.5 billion yen owing to a rise in retained earnings.

Cash flows

Net cash provided by operating activities amounted to 64,188 million yen. Net cash used in investing activities was 41,337 million yen. Net cash used in financing activities was 13,547 million yen. As a result, cash and cash equivalents at end of year increased 10,667 million yen (10.4%) to 113,124 million yen.

Capital expenditures

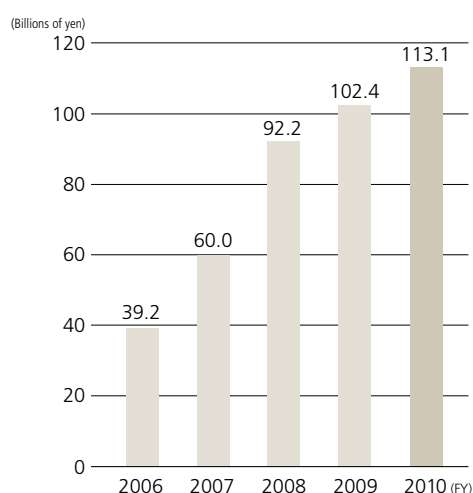
During the fiscal year under review, total capital expenditures amounted to 43,076 million yen and included investments for new manufacturing facilities and measures for new products.

In the Interior Components business, capital expenditures totaled 36,707 million yen and were mainly for measures for new seats, door trims and other products, construction of the Fujisusono Plant and measures for increased production in China and North, Central and South America.

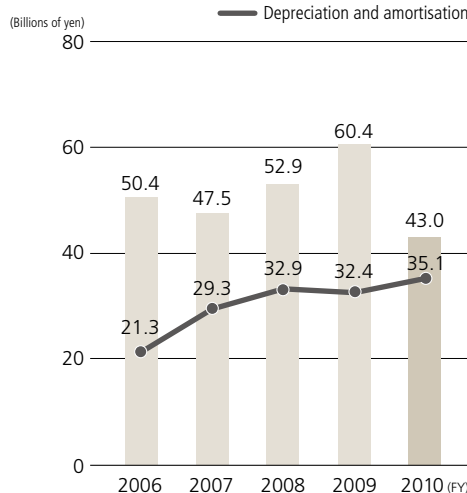
Capital expenditures in the Filtration and Power Train Components business amounted to 2,846 million yen and were mainly for measures for new air filter and oil filter products.

Capital expenditures in the Textiles, Exterior Components and Others business totaled 3,522 million yen and were for measures for new bumper and fender liner products.

Cash and cash equivalents at end of year



Capital expenditures/Depreciation and amortisation



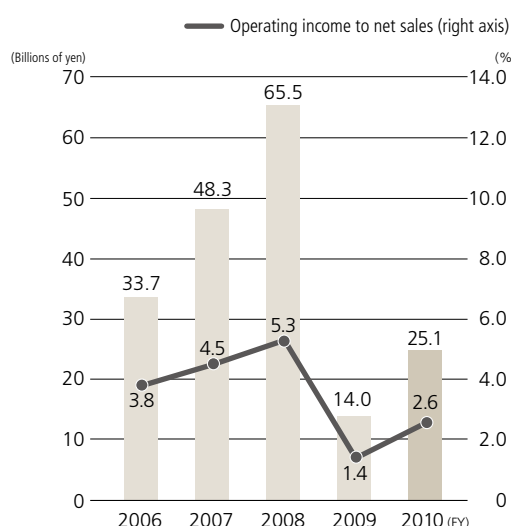
10-Year Financial Summary

Years ended March 31

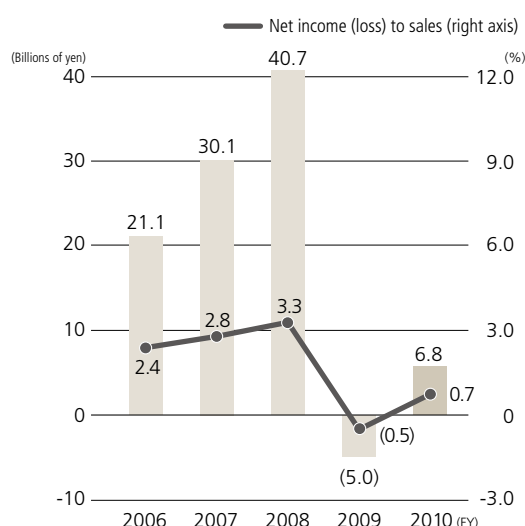
	Millions of yen			
	2010	2009 (Note 1)	2008	2007 (Note 2)
Net sales	¥ 953,729	¥ 979,775	¥ 1,233,789	¥ 1,082,755
Operating income	25,143	14,054	65,596	48,381
Ordinary income	24,067	13,292	65,696	52,143
Net income (loss)	6,882	(5,064)	40,720	30,105
Total net assets	196,545	189,038	226,880	197,797
Capital stock	8,400	8,400	8,400	8,400
Total assets	546,486	466,506	527,622	464,747
Capital expenditures	43,076	60,496	52,961	47,550
Depreciation and amortisation	35,121	32,493	32,940	29,377
R&D expenses	30,021	28,968	31,717	26,404
Per Share Data (Yen/U.S. dollars)				
Net income (loss) (Basic)	¥ 37.00	¥ (27.15)	¥ 217.76	¥ 160.76
Net income (Diluted) (Note 7)	37.00	—	217.55	160.70
Cash dividends	13.00	20.00	35.00	24.00
Net assets	883.96	848.01	997.43	858.86
Financial Indicators (%)				
Operating income to net sales	2.6	1.4	5.3	4.5
Ordinary income to net sales	2.5	1.4	5.3	4.8
Return on equity (ROE)	4.3	(2.9)	23.5	20.5
Shareholders' Equity (at fiscal year-end)				
Number of shares issued (Thousands)	187,665	187,665	187,665	187,665
Share price (Yen, U.S. dollars)	1,796	1,011	2,985	2,790
Market capitalisation (Millions of yen, Millions of U.S. dollars) (Note 8)	337,047	189,730	560,182	523,587
Number of employees	27,613	27,078	26,942	24,643

- Notes 1. Despite the existence of latent shares, net income per share after adjustment for latent shares in fiscal 2009 is not stated because of a net loss per share.
2. Effective from 2007, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Guidance No. 8) were applied.
3. Figures for the first half of 2005 (from April 1, 2004 to September 30, 2004) are for the former Toyota Boshoku Corporation (pre-merger), and figures for the second half (from October 1, 2004 to March 31, 2005) are for the new Toyota Boshoku Corporation.
4. Figures for 2004 and before are for the former Toyota Boshoku Corporation.
5. Three plants have been taken over as a result of a merger with Toyota Kakoh Co., Ltd. in October 2000.
6. Figures in U.S. dollars for 2010 were converted at 93.04 yen, the exchange rate as of March 31, 2010.
7. With regard to diluted net income per share of common stock before 2003, there were no latent shares with dilutive effects.
8. 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.

Operating income/Operating income to net sales

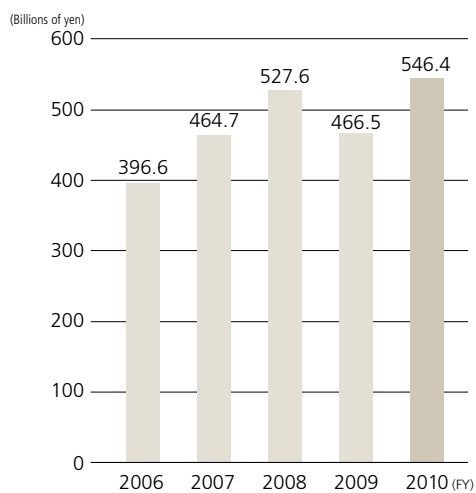


Net income (loss)/Net income (loss) to sales



Millions of yen						Millions of U.S. dollars
2006	2005 (Note 3)	2004 (Note 4)	2003 (Note 4)	2002 (Note 4)	2001 (Notes 4, 5)	2010 (Note 6)
¥ 877,596	¥ 456,311	¥ 118,553	¥ 107,321	¥ 91,864	¥ 81,792	\$ 10,250
33,764	17,867	5,331	5,034	4,337	3,980	270
37,838	19,109	5,314	5,006	4,372	3,924	258
21,187	8,979	2,839	3,002	2,507	570	73
133,279	109,470	29,396	26,966	25,414	23,555	2,112
8,400	8,400	4,933	4,933	4,933	4,933	90
396,691	311,655	71,433	64,526	60,269	52,087	5,873
50,480	21,306	6,941	7,814	6,327	6,612	462
21,344	14,273	5,774	5,872	6,016	5,108	377
24,828	15,236	5,570	4,646	3,472	3,075	322
¥ 111.60	¥ 68.65	¥ 40.95	¥ 43.33	¥ 37.33	¥ 9.00	\$ 0.39
111.58	68.56	40.93	—	—	—	0.39
16.00	12.00	9.00	8.00	7.00	6.50	0.13
709.91	583.31	439.86	403.42	378.36	350.67	9.50
3.8	3.9	4.5	4.7	4.7	4.9	
4.3	4.2	4.5	4.7	4.8	4.8	
17.5	12.9	10.1	11.5	10.2	2.7	
187,665	187,665	67,174	67,174	67,174	67,174	
1,984	2,630	899	531	671	671	19.30
372,328	493,560	60,389	35,669	45,073	45,073	3,622
21,132	18,068	3,494	3,089	2,750	2,135	

Total assets



Consolidated Balance Sheets

As of March 31, 2010 and 2009

(Assets)	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Current assets			
Cash and deposits	¥ 68,999	¥ 51,206	\$ 741
Notes and accounts receivable—trade	149,520	80,987	1,607
Short-term investment securities	47,404	55,478	509
Merchandise and finished goods	3,989	4,520	42
Work in process	4,047	12,619	43
Raw materials and supplies	14,930	16,567	160
Deferred tax assets	4,241	3,773	45
Other current assets	27,294	23,290	293
Allowance for doubtful accounts	(805)	(833)	(8)
Total current assets	319,622	247,610	3,435
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	134,200	120,974	1,442
Accumulated depreciation	(63,372)	(55,895)	(681)
Buildings and structures, net	70,827	65,078	761
Machinery, equipment and vehicles	216,710	190,515	2,329
Accumulated depreciation	(136,605)	(117,521)	(1,468)
Machinery, equipment and vehicles, net	80,104	72,994	860
Tools, furniture and fixtures	93,637	84,813	1,006
Accumulated depreciation	(81,394)	(72,340)	(874)
Tools, furniture and fixtures, net	12,243	12,473	131
Land	23,131	19,865	248
Lease assets	241	115	2
Accumulated depreciation	(121)	(26)	(1)
Lease assets, net	119	89	1
Construction in progress	7,630	15,956	82
Total property, plant and equipment	194,055	186,457	2,085
Intangible assets			
Goodwill	3,391	4,384	36
Other intangible assets	704	956	7
Total intangible assets	4,096	5,341	44
Investments and other assets			
Investments in securities	7,236	7,330	77
Deferred tax assets	15,563	14,270	167
Other investments	6,085	5,661	65
Allowance for doubtful accounts	(174)	(165)	(1)
Total investments and other assets	28,711	27,096	308
Total noncurrent assets	226,864	218,895	2,438
Total assets	¥ 546,486	¥ 466,506	\$ 5,873

(Liabilities and net assets)	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Current liabilities			
Notes and accounts payable—trade	¥ 152,802	¥ 91,402	\$ 1,642
Short-term loans payable	13,347	11,505	143
Current portion of long-term loans payable	0	564	0
Accrued expenses	31,850	25,403	342
Income taxes payable	5,260	1,965	56
Provision for product warranties	1,507	1,677	16
Provision for bonuses to directors and corporate auditors	218	92	2
Other current liabilities	12,690	12,739	136
Total current liabilities	217,677	145,351	2,339
Noncurrent liabilities			
Long-term loans payable	105,897	107,013	1,138
Allowance for employee retirement benefits	22,303	21,040	239
Provision for retirement benefits for directors and corporate auditors	917	688	9
Other noncurrent liabilities	3,145	3,372	33
Total noncurrent liabilities	132,263	132,116	1,421
Total liabilities	349,941	277,467	3,761
(Net assets)			
Shareholders' equity			
Capital stock	8,400	8,400	90
Capital surplus	9,106	9,122	97
Retained earnings	167,679	162,658	1,802
Treasury stock	(3,926)	(3,055)	(42)
Total shareholders' equity	181,260	177,125	1,948
Valuation and translation adjustments			
Net unrealised gains on other securities	816	653	8
Foreign currency translation adjustment	(17,795)	(19,775)	(191)
Total valuation and translation adjustments	(16,978)	(19,122)	(182)
Subscription rights to shares	625	402	6
Minority interests	31,637	30,632	340
Total net assets	196,545	189,038	2,112
Total liabilities and net assets	¥ 546,486	¥ 466,506	\$ 5,873

Consolidated Statements of Income

For the years ended March 31, 2010 and 2009

	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Net sales	¥ 953,729	¥ 979,775	\$ 10,250
Cost of sales	880,320	916,645	9,461
Gross profit	73,409	63,130	789
Selling, general and administrative expenses			
Transportation and warehousing expenses	6,322	6,325	67
Salaries and bonuses	17,504	18,377	188
Welfare expenses	2,400	1,904	25
Retirement benefit expenses	663	638	7
Provision for bonuses to directors and corporate auditors	237	92	2
Provision for directors' retirement benefits	305	354	3
Taxes and dues	1,447	1,090	15
Depreciation	2,904	2,229	31
Research and development expenses	1,325	1,491	14
Amortisation of goodwill	1,101	749	11
Other selling, general and administrative expenses	14,053	15,822	151
Total selling, general and administrative expenses	48,265	49,076	518
Operating income	25,143	14,054	270
Non-operating income			
Interest income	930	1,713	10
Dividends income	41	64	0
Rental income on noncurrent assets	814	731	8
Equity in net earnings of affiliates	1,288	1,370	13
Gain on valuation of derivatives	129	432	1
Other non-operating income	2,697	3,404	28
Total non-operating income	5,901	7,717	63
Non-operating expenses			
Interest expenses	1,759	1,726	18
Loss on disposal of noncurrent assets	386	693	4
Depreciation	1,087	1,099	11
Foreign exchange losses	1,538	2,501	16
Other non-operating expenses	2,206	2,458	23
Total non-operating expenses	6,977	8,479	74
Ordinary income	24,067	13,292	258
Extraordinary income			
Impairment losses	1,091	—	11
Total extraordinary gains	1,091	—	11
Income before income taxes	22,976	13,292	246
Income taxes—current	10,672	8,146	114
Income taxes—deferred	(2,022)	3,827	(21)
Total income taxes	8,649	11,973	92
Minority interest in net income of subsidiaries	7,445	6,383	80
Net income (loss)	¥ 6,882	¥ (5,064)	\$ 73

Per share:

	Yen		Millions of U.S. dollars
Net income (loss)			
Basic	¥37.00	¥(27.15)	\$0.39
Diluted	37.00	—	0.39
Cash dividends	13.00	20.00	0.13

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2010 and 2009

	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Shareholders' equity			
Capital stock			
Balance at beginning of year	¥ 8,400	¥ 8,400	\$ 90
Changes of items during the year			
Total changes of items during the year	—	—	—
Balance at end of year	8,400	8,400	90
Capital surplus			
Balance at beginning of year	9,122	9,125	98
Changes of items during the year			
Disposal of treasury stock	(15)	(2)	(0)
Total changes of items during the year	(15)	(2)	(0)
Balance at end of year	9,106	9,122	97
Retained earnings			
Balance at beginning of year	162,658	174,772	1,748
Effect of changes in accounting policies applied to foreign subsidiaries	—	(620)	—
Changes of items during the year			
Dividends from surplus	(1,860)	(6,531)	(19)
Net income (loss)	6,882	(5,064)	73
Change of scope of equity method	—	101	—
Total changes of items during the year	5,021	(12,114)	54
Balance at end of year	167,679	162,658	1,802
Treasury stock			
Balance at beginning of year	(3,055)	(1,880)	(32)
Changes of items during the year			
Purchase of treasury stock	(997)	(1,188)	(10)
Disposal of treasury stock	126	13	1
Total changes of items during the year	(870)	(1,175)	(9)
Balance at end of year	(3,926)	(3,055)	(42)
Total shareholders' equity			
Balance at beginning of year	177,125	190,417	1,903
Effect of changes in accounting policies applied to foreign subsidiaries	—	(620)	—
Changes of items during the year			
Dividends from surplus	(1,860)	(6,531)	(19)
Net income (loss)	6,882	(5,064)	73
Purchase of treasury stock	(997)	(1,188)	(10)
Disposal of treasury stock	111	10	1
Change of scope of equity method	—	101	—
Total changes of items during the year	4,134	(13,292)	44
Balance at end of year	181,260	177,125	1,948

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Facts &
Figures

	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Valuation and translation adjustments			
Net unrealised gains on other securities			
Balance at beginning of year	653	1,254	7
Changes of items during the year			
Net changes of items other than shareholders' equity during the year	162	(600)	1
Total changes of items during the year	162	(600)	1
Balance at end of year	816	653	8
Deferred gains or losses on hedges			
Balance at beginning of year	—	13	—
Changes of items during the year			
Net changes of items other than shareholders' equity during the year	—	(13)	—
Total changes of items during the year	—	(13)	—
Balance at end of year	—	—	—
Foreign currency translation adjustment			
Balance at beginning of year	(19,775)	(5,330)	(212)
Changes of items during the year			
Net changes of items other than shareholders' equity during the year	1,980	(14,445)	21
Total changes of items during the year	1,980	(14,445)	21
Balance at end of year	(17,795)	(19,775)	(191)
Total valuation and translation adjustments			
Balance at beginning of year	(19,122)	(4,061)	(205)
Changes of items during the year			
Net changes of items other than shareholders' equity during the year	2,143	(15,060)	23
Total changes of items during the year	2,143	(15,060)	23
Balance at end of year	(16,978)	(19,122)	(182)
Subscription rights to shares			
Balance at beginning of year	402	155	4
Changes of items during the year			
Net changes of items other than shareholders' equity during the year	223	247	2
Total changes of items during the year	223	247	2
Balance at end of year	625	402	6
Minority interests			
Balance at beginning of year	30,632	40,368	329
Changes of items during the year			
Net changes of items other than shareholders' equity during the year	1,005	(9,735)	10
Total changes of items during the year	1,005	(9,735)	10
Balance at end of year	31,637	30,632	340
Total net assets			
Balance at beginning of year	189,038	226,880	2,031
Effect of changes in accounting policies applied to foreign subsidiaries	—	(620)	—
Changes of items during the year			
Dividends from surplus	(1,860)	(6,531)	(19)
Net income (loss)	6,882	(5,064)	73
Purchase of treasury stock	(997)	(1,188)	(10)
Disposal of treasury stock	111	10	1
Change of scope of equity method	—	101	—
Net changes of items other than shareholders' equity during the year	3,371	(24,549)	36
Total changes of items during the year	7,506	(37,842)	80
Balance at end of year	¥ 196,545	¥ 189,038	\$ 2,112

Consolidated Statements of Cash Flows

For the years ended March 31, 2010 and 2009

	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Cash flows from operating activities			
Income before income taxes	¥ 22,976	¥ 13,292	\$ 246
Depreciation and amortisation	35,121	31,672	377
Impairment losses	1,091	—	11
Amortisation of negative goodwill	1,101	—	11
Increase (decrease) in allowance for doubtful accounts	(7)	247	(0)
Increase in provision for employee retirement benefits	1,014	360	10
Interest and dividends income	(972)	(1,777)	(10)
Interest expenses	1,759	1,726	18
Foreign exchange loss	417	18	4
Equity in earnings of affiliates	(1,288)	(1,370)	(13)
Gain on sales of property, plant and equipment	(84)	(362)	(0)
Loss on disposal of property, plant and equipment	386	693	4
Decrease (increase) in trade notes and accounts receivable	(66,602)	75,494	(715)
Decrease (increase) in inventories	10,813	(6,702)	116
Increase (decrease) in accounts receivable—other	(8,682)	1,710	(93)
Increase (decrease) in notes and accounts payable—trade	60,476	(66,359)	650
Increase (decrease) in accounts payable—other	1,651	(1,537)	17
Increase (decrease) in accrued expenses	6,572	(1,591)	70
Others	2,492	807	26
Sub-total	68,236	46,322	733
Interest and dividend income received	2,555	3,413	27
Interest expenses paid	(1,802)	(1,701)	(19)
Income taxes paid	(4,800)	(12,922)	(51)
Net cash provided by operating activities	64,188	35,111	689
Cash flows from investing activities			
Purchase of property, plant and equipment	(45,522)	(60,229)	(489)
Proceeds from sales of property, plant and equipment	1,547	1,366	16
Purchase of investments in securities	(50)	(212)	(0)
Payment for investments in subsidiaries resulting in change in scope of consolidation	80	—	0
Purchase of investment in securities	—	(3,300)	—
Payments of loans receivable	(67)	(1,657)	(0)
Collection of loans receivable	1,534	149	16
Payments into time deposits	(2,190)	(9,148)	(23)
Proceeds from withdrawal of time deposits	3,237	5,375	34
Others	94	(81)	1
Net cash used in investing activities	(41,337)	(67,739)	(444)
Cash flows from financing activities			
Net decrease in short-term loans payable	(1,917)	(5,502)	(20)
Proceeds from long-term loans payable	—	71,400	—
Repayments of long-term loans payable	(1,781)	(806)	(19)
Purchase of treasury stock	(997)	(1,188)	(10)
Cash dividends paid	(1,863)	(6,531)	(20)
Cash dividends paid to minority shareholders	(7,669)	(10,415)	(82)
Proceeds from stock issuance to minority shareholders	630	452	6
Others	51	116	0
Net cash provided by (used in) financing activities	(13,547)	47,525	(145)
Effect of exchange rate change on cash and cash equivalents	1,363	(4,720)	14
Net increase in cash and cash equivalents	10,667	10,176	114
Cash and cash equivalents at beginning of year	102,457	92,280	1,101
Cash and cash equivalents at end of year	¥ 113,124	¥ 102,457	\$ 1,215

Representative Directors



Executive Vice President	President	Chairman	Executive Vice President	Executive Vice President
Ritsuo Torii	Shuhei Toyoda	Teruyuki Minoura	Mitsuyuki Noguchi	Hideo Kawakubo

Directors and Auditors

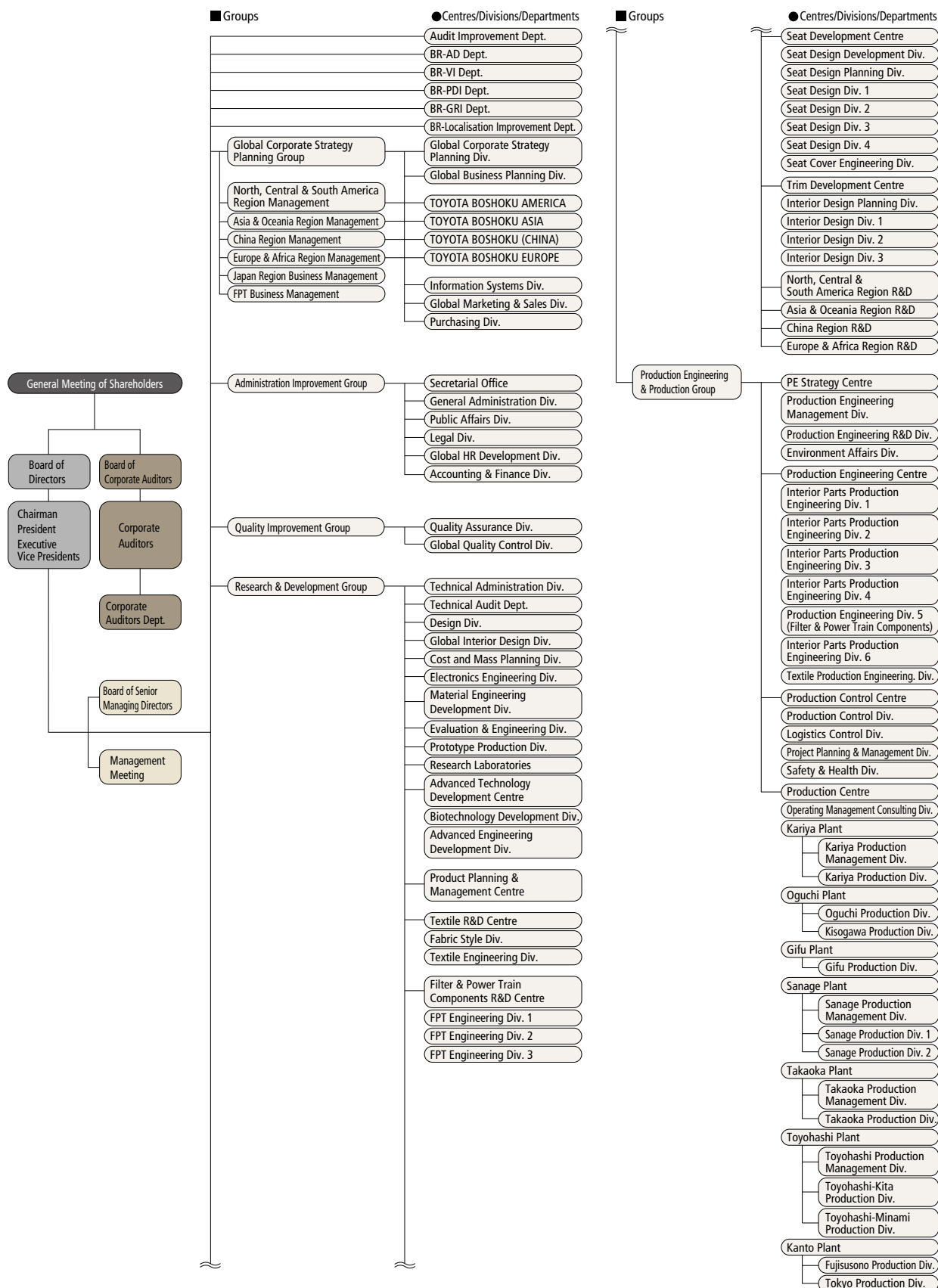
Chairman	Teruyuki Minoura
President	Shuhei Toyoda
Executive Vice Presidents	Mitsuyuki Noguchi Ritsuo Torii Hideo Kawakubo
Senior Managing Directors	Yasushi Nakagawa Akira Furusawa Koichi Terasaka Koji Iida Toshimitsu Watanabe Yasunobu Hara
Directors (with Senior Managing Director Status)	Fumitaka Ito Masaki Katsuragi Hiroshi Ueda
Directors	Kazuo Okamoto Hiromi Tokuda
Standing Corporate Auditors	Tadashi Naito Yoshinori Ito
Corporate Auditors	Tadashi Ishikawa Akio Toyoda Ryuichi Hamada

Managing Officers

Managing Officers	Kenichi Noda Toru Miyata Takumi Shimizu Shigetoshi Miyoshi Haruo Fujimon Kazuhiko Miyadera Yasuhiko Sugie Makoto Ooshima Yoshihiro Yamada Takamichi Taki Kouhei Hori Atsushi Toyoshima Tokuji Yamauchi Teruo Suzuki Hisashi Mori Yasushi Yoshikawa Suguru Sakakibara Yoshihiro Ito Osamu Kito Yasuyuki Izuhara
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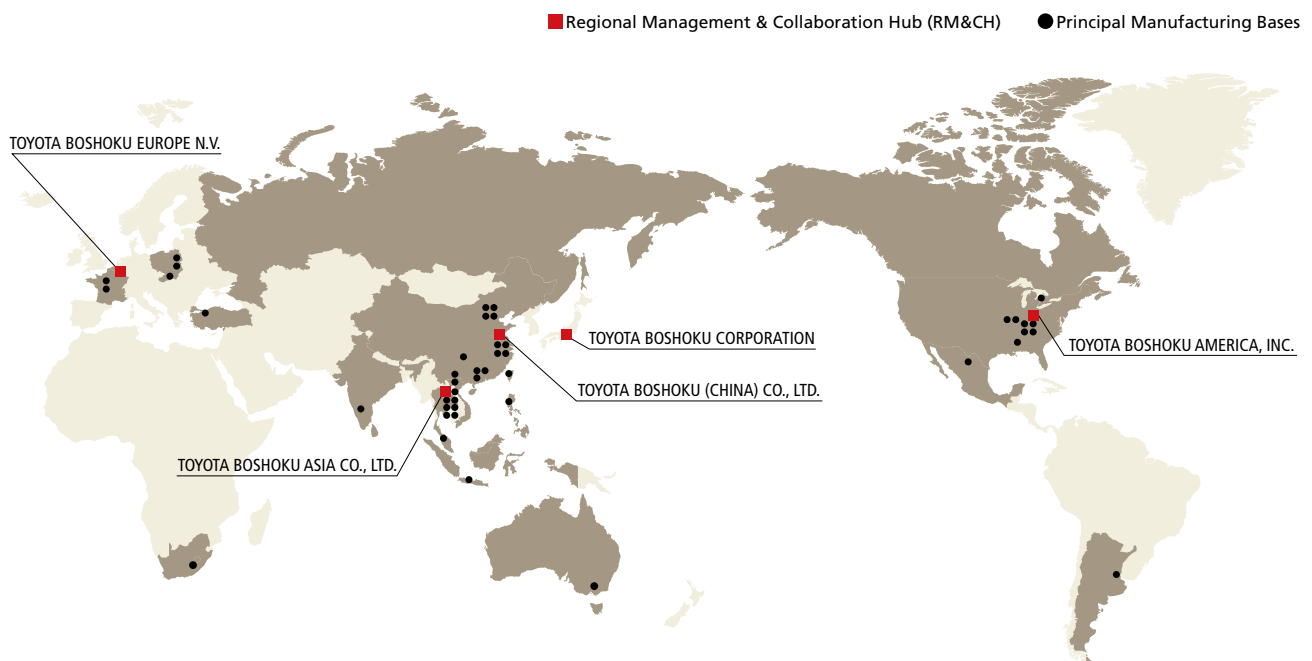
Corporate Organisation

As of June 23, 2010



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Facts & Figures



North America Region

		Established	Product or Function
U.S.A.	■ TOYOTA BOSHOKU AMERICA, INC.	May 2001	<North, Central & South America Region Management> Development, design, manufacture and sales of seats and interior components
	● ARJ MANUFACTURING, L.L.C.	June 2001	Manufacture and sales of metal components for seats
	● TBDN TENNESSEE COMPANY	September 1989	Manufacture and sales of filters and power train components
	● TOTAL INTERIOR SYSTEMS-AMERICA, LLC.	November 2000	Manufacture and sales of seats and door trims
	● TOYOTA BOSHOKU INDIANA, LLC.	November 2007	Manufacture and sales of seat frames and seat urethane foams
	● TOYOTA BOSHOKU MANUFACTURING KENTUCKY LLC.	April 2003	Manufacture and sales of moulded headliners, door trim ornaments and silencers
	● TOYOTA BOSHOKU MISSISSIPPI, LLC.	August 2007	Manufacture and sales of seats and interior components
	● TRIM MASTERS, INC.	October 1987	Manufacture and sales of seats and door trims
Canada	● TOYOTA BOSHOKU CANADA, INC.	July 2006	Manufacture and sales of seats and interior components

Central and South America Region

		Established	Product or Function
Mexico	● TB DE MEXICO, S.A. DE C.V.	February 2002	Manufacture and sales of seats and seat covers
Argentina	● MASTER TRIM DE ARGENTINA S.R.L.	July 2003	Manufacture and sales of seats and interior components

Asia Region

		Established	Product or Function
China	■ TOYOTA BOSHOKU (CHINA) CO., LTD.	March 2002	<China Region Management> Development, design and sales of seats and interior components
	● SHANGHAI TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD.	September 2001	Manufacture and sales of seat belt webbings and interior components
	● CHENGDU TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD.	March 1999	Manufacture and sales of seats and interior components
	● FENG'AI (GUANGZHOU) AUTO SEAT PARTS CO., LTD.	September 2004	Manufacture and sales of metal components for seats
	● GUANGZHOU INTEx AUTO PARTS CO., LTD.	September 2004	Manufacture and sales of seats and interior components

Asia Region

		Established	Product or Function
China	● KUNSHAN TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD.	March 1995	Manufacture and sales of door trims and interior components
	● NINGBO ARACO CO., LTD.	May 2002	Manufacture and sales of seat covers
	● TOYOTA BOSHOKU NINGBO CO., LTD.	July 2004	Manufacture and sales of seat fabrics and floor mats
	● TIANJIN FENG'AI AUTOMOTIVE SEAT PARTS CO., LTD.	November 2005	Manufacture and sales of metal components for seats
	● TIANJIN INTEX AUTO PARTS CO., LTD.	April 2003	Manufacture and sales of seats and interior components
	● TIANJIN KAHOU AUTOMOBILE DECORATION CO., LTD.	October 1995	Manufacture and sales of seats and interior components
	● TIANJIN TOYOTA BOSHOKU AUTOMOTIVE PARTS CO., LTD.	June 2004	Manufacture and sales of filters and power train components
	● TOYOTA BOSHOKU FOSHAN CO., LTD.	April 2005	Manufacture and sales of filters and power train components
India	● TOYOTA BOSHOKU AUTOMOTIVE INDIA PRIVATE LIMITED	July 1998	Manufacture and sales of seats and interior components
Indonesia	● PT. TOYOTA BOSHOKU INDONESIA	March 1988	Manufacture and sales of seats and interior components
Malaysia	● TOYOTA BOSHOKU UMW SDN. BHD.	August 2003	Manufacture and sales of seats and interior components
Philippines	● TOYOTA BOSHOKU PHILIPPINES CORPORATION	March 1996	Manufacture and sales of seats and interior components
Taiwan	● SHIN SAN SHING CO., LTD.	April 1987	Manufacture and sales of seats and interior components
Thailand	■ TOYOTA BOSHOKU ASIA CO., LTD.	June 2001	<Asia & Oceania Region Management> Development, design and sales of seats and interior components, sales of filters and power train components
	● S.K. AUTO INTERIOR CO., LTD.	January 1995	Manufacture and sales of interior components
	● STB TEXTILES INDUSTRY CO., LTD.	March 1995	Manufacture and sales of air cleaners, seat fabrics, etc.
	● THAI SEAT BELT CO., LTD.	May 1994	Manufacture and sales of seat belts and webbings
	● TOYOTA BOSHOKU FILTRATION SYSTEM (THAILAND) CO., LTD.	March 2002	Manufacture and sales of filters and power train components
	● TOYOTA BOSHOKU GATEWAY (THAILAND) CO., LTD.	August 1997	Manufacture and sales of seats and door trims
	● TOYOTA BOSHOKU SIAM METAL CO., LTD.	September 2002	Manufacture and sales of metal components for seats
Vietnam	● TOYOTA BOSHOKU HAIPHONG CO., LTD.	September 2004	Manufacture and sales of curtain-shield airbags
	● TOYOTA BOSHOKU HANOI CO., LTD.	August 1996	Manufacture and sales of seats and interior components

Europe Region

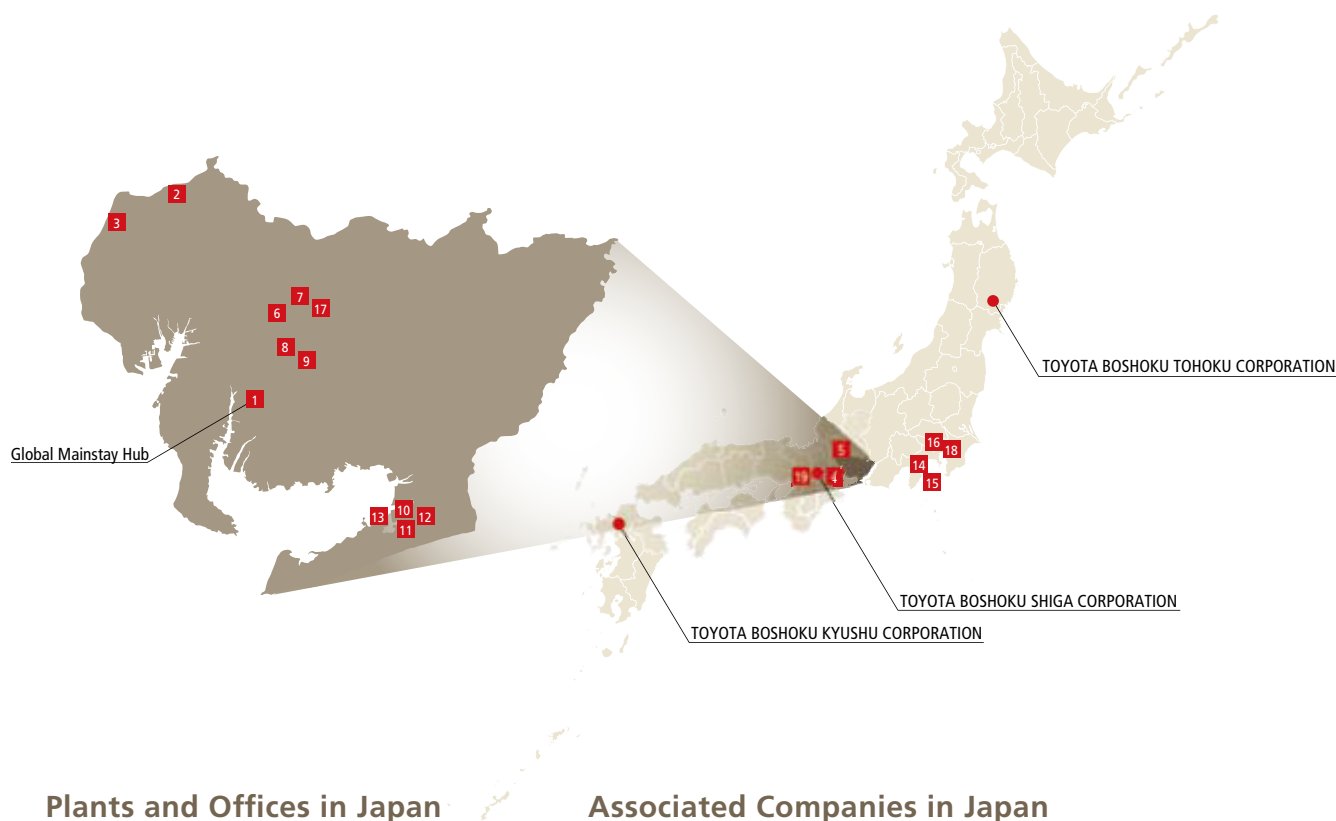
		Established	Product or Function
Belgium	■ TOYOTA BOSHOKU EUROPE N.V.	July 2005	<Europe & Africa Region Management> Development, design and sales of seats and interior components
France	● TOYOTA BOSHOKU FRANCE S.A.S.	January 2005	Manufacture and sales of bumpers
	● TOYOTA BOSHOKU SOMAIN S.A.S.	October 2008	Manufacture and sales of seats
Poland	● TBAI POLAND SP. Z O.O.	January 2009	Manufacture and sales of metal components for seats and seat covers
	● TBMECA POLAND SP. Z O.O.	October 2003	Manufacture and sales of filters and power train components
Russia	● TOYOTA BOSHOKU LLC	April 2006	Manufacture and sales of seats
Slovakia	● TRIM LEADER, A.S.	October 2000	Manufacture and sales of seat covers
Turkey	● TOYOTA BOSHOKU TURKIYE OTOMOTIV SANAYI VE TICARET A.S.	October 1997	Manufacture and sales of seats and interior components

Africa Region

		Established	Product or Function
South Africa	● TOYOTA BOSHOKU SOUTH AFRICA (PTY) LTD.	July 2005	Manufacture and sales of seats and interior components

Oceania Region

		Established	Product or Function
Australia	● TOYOTA BOSHOKU AUSTRALIA PTY LTD	October 2002	Manufacture and sales of seats and interior components



Plants and Offices in Japan

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

Associated Companies in Japan

Subsidiaries (including sub-subsidiaries)

■ Manufacturing Companies

• KYOEI ARACO CO., LTD.	Manufacture and sales of seats and seat covers
• COWERK CO., LTD.	Manufacture and sales of interior components
• TOYOTA BOSHOKU KYUSHU CORPORATION	Manufacture and sales of seats, door trims and other interior components
• TOYOTA BOSHOKU SHIGA CORPORATION	Manufacture and sales of filters, power train components, and interior/exterior components
• TOYOTA BOSHOKU TOHOKU CORPORATION	Manufacture and sales of seats and other interior components
• TB SEWTECH KANTO CORPORATION	Manufacture and sales of seat covers and other interior components
• TB SEWTECH KYUSHU CORPORATION	Manufacture and sales of seat covers
• TB SEWTECH TOHOKU CORPORATION	Manufacture and sales of interior components

■ Others

• TAKATECH CO., LTD	Manufacture and sales of machinery and equipment of interior components
• TB ENGINEERING CORPORATION	Manpower dispatching of design technicians and subcontracting technical development
• TB CREATE STAFF CORPORATION	General labour dispatch service
• TB CORPORATE SERVICE CORPORATION	Stationery and materials sales, security and meals services
• TB TECHNOGREEN CORPORATION	Manufacture and sales of tree planting equipment, building and facility design and construction, etc.
• TB HIGH-TECH CORPORATION	Manufacture and sales of dies and machine tools
• TB LOGISTICS SERVICE CORPORATION	Transport, cargo handling and warehousing services
• TECHNICAL LINKS DESIGN CO., LTD	Product design, visual design, etc.
• TOYOTA BOSHOKU UNIFORM CORPORATION	Planning and sales of uniforms

Affiliates

• TB KAWASHIMA CO., LTD.	Manufacture and sales of interior materials
• TOYOTA BODY SEIKO CO., LTD	Manufacture and sales of auto components
• NARUCO CORPORATION	Manufacture and sales of auto components
• HIGH NEED INDUSTRY CO., LTD.	Manufacture and sales of interior/exterior materials

Total Number of Shares

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

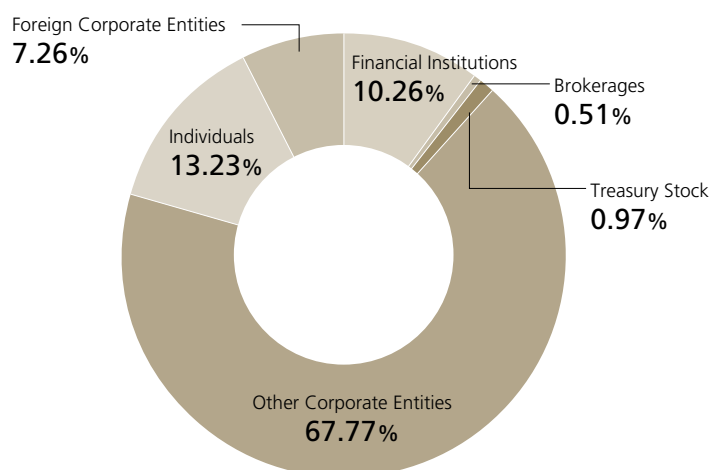
Number of Shareholders

18,624

Corporate Data

Capital	8.4 billion yen
Number of employees	7,916 (non-consolidated) 27,613 (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

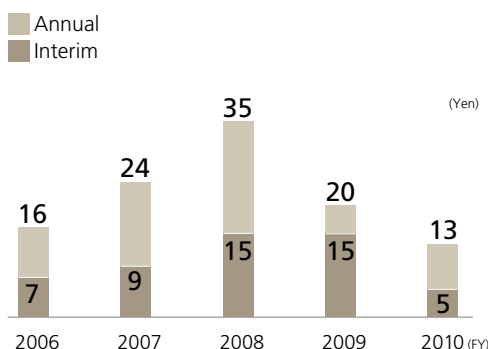
Breakdown of Shareholders



Major Shareholders (Top10)

Name	Number of shares held
Toyota Motor Corporation	73,873,995
Towa Real Estate Co., Ltd	18,346,209
DENSO Corporation	10,192,100
Japan Trustee Services Bank, Ltd.	8,517,700
Toyota Industries Corporation	7,756,062
NHK Spring Co., Ltd.	7,220,500
The Master Trust Bank of Japan, Ltd.	5,110,600
Toyota Tsusho Corporation	4,367,100
Toyota Boshoku Employees' Shareholding Society	1,786,719
JP Morgan Chase Bank 385078	1,590,800

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 2009, the Company paid annual cash dividends per share of 13.00 yen, including an interim dividend of 5.00 yen and a year-end dividend of 8.00 yen.



Professor
Katsuhiko Kokubu
Graduate School of Business
Administration
Kobe University

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

Editorial policy for enhancing CSR activities

Toyota Boshoku Report 2010 shows an even greater awareness of corporate social responsibility (CSR) than in past years, and I could sense a strong determination to promote CSR. At the beginning of the report, through an interview format, President Shuhei Toyoda discusses management policies. He also expresses clear guidelines that encompass all areas key to CSR, including human resources, suppliers and the environment. I believe that this approach, which goes one step further toward accountability by top management, deserves high praise.

Strengthening relationships with stakeholders and global orientation

Another chief feature of this fiscal year's report is the participation of a diverse range of internal and outside stakeholders. Incorporating the voices of company members and relevant persons outside Toyota Boshoku is extremely important as a basis for CSR. Within the report, the "Environmental Dialogue" section conveys the nature of the Group's environment committees and skilfully communicates the concrete nature of environmental activities. Among all stakeholders, the report was created with a particular awareness of persons overseas. I can certainly understand that this is a highly important issue that reflects Toyota Boshoku's overseas business development. In the future, I believe a key will be how global social issues and Toyota Boshoku's CSR activities can be linked.

Deploying CSR management

It is readily evident from reading the report that Toyota Boshoku's CSR activities are being comprehensively implemented at a high level. Having said that, I believe these activities are now at a stage where Toyota Boshoku should deploy these in CSR management. Targets should be established in addition to running through the Plan-Do-Check-Act (PDCA) cycle. Just as Toyota Boshoku is striving to create all interior components from plant-derived materials, a portion of these CSR activities are inextricably linked to business activities. Therefore, organising targets for environmental and social activities and targets for business activities will enable the continuous progress of CSR activities. To do this, I believe it will also become essential to establish a CSR department.

Significance of disclosure in an annual report

Toyota Boshoku Report 2010 is not merely a CSR report but also possesses the characteristics of an annual report, including an explanation of Toyota Boshoku's financial condition. The integrated disclosure of information on financial performance and sustainability performance is becoming a trend globally. For this reason, Toyota Boshoku's report could become a path-breaking medium. Sustainability is essentially a concept based on the Triple Bottom Line that focuses on society, the environment and the economy. I would therefore like to see sustainability further advanced in the future by integrating these three focal points.



Kenichi Noda
Managing Officer
Deputy Chief Officer
Administration Improvement Group

Response to the third-party comment

In this fiscal year's report, we worked to convey our corporate philosophy of "promoting corporate growth while fulfilling our responsibilities as a good corporate citizen". In this respect, we placed emphasis on reporting on our activities from a global perspective and engaging in dialogues with stakeholders from a CSR point of view. Professor Kokubu praised the top management's clear commitment in all areas key to CSR and our efforts to involve the participation of a diversity of stakeholders. Accordingly, I hope this leads to the further strengthening of our CSR activities. We will respond sincerely to the points he cited, namely, promoting CSR activities to address social issues and expanding CSR activities to management. We will also work to make improvements, focusing on the future issues of establishing targets and running through the PDCA cycle.

In the future as well, we will take a proactive approach to carrying out CSR activities globally and ensure that we are able to meet the expectations of our shareholders.

TOYOTA BOSHOKU REPORT 2010

■ Publisher/Contact Information

TOYOTA BOSHOKU CORPORATION
Public Affairs Division
1-1 Toyoda-cho, Kariya-shi, Aichi 448-8651
TEL: +81-566-26-0301 FAX: +81-566-26-0400
<http://www.toyota-boshoku.co.jp/en>

■ Referenced Guidelines

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