

TG

ENVIRONMENTAL & SOCIAL REPORT
2005



TOYODA GOSEI

Every year since fiscal 2001, Toyoda Gosei has issued an environmental report, for the purposes of disclosing information and promoting your understanding about our group-wide activities in relation to the environment. Since the 2004 report, the report is renamed “the Environmental and Social Report” in order to reflect the inclusion of social dimensions.

This report was compiled with reference to “Environmental Reporting Guidelines 2003” edited by the Ministry of the Environment.

We hope to establish deeper communication with you through this report.

<i>Index</i>	page
Message from the President	03
1 Corporate Philosophy	04 Management Philosophy & Vision
2 Environmental Management	05 Environmental Action Plan
	Environmental Policy Organization for Environmental Action
	06 Third Environmental Action Plan
	08 Environmental Impact of Business Activities
	09 ISO14001
	10 Environmental Accounting
3 Efforts for Environmental Conservation	11 Activities for Environmental Conservation Green Procurement
	12 Energy (CO ₂) Reduction Activities
	13 Recycling and Waste Reduction Activities
	15 Activities to Reduce Substances with Environmental Impacts
4 Efforts by Affiliated Companies	16 Efforts by Domestic & Overseas Affiliated Companies
5 Involvement in Society	17 Compliance
	18 Social Contribution and Communication Activities
	20 Relationship with Employees

***Financially Consolidated Companies**

Domestic: Toyoda Gosei Kyushu Co.,Ltd. Ichiei Kogyo Co.,Ltd. Hinode Gomu Kogyo Co.,Ltd. Hoshin Gosei Co.,Ltd. Togo Jushi Co.,Ltd. Kaiyo Gomu Co.,Ltd. FTS Co.,Ltd. TG Logistics Co.,Ltd. TG Welfare Co.,Ltd. TG Maintenance Co.,Ltd. TG Opseed Co.,Ltd.

Overseas: TG North America Corporation TG Missouri Corporation TG Kentucky, LLC TG Automotive Sealing Kentucky, LLC Fuel Total Systems California Corporation Waterville TG Inc. TG Minto Corporation Toyoda Gosei UK Ltd. Toyoda Gosei Fluid Systems UK Ltd. Toyoda Gosei Czech,s.r.o Fong Yue Co., Ltd. Toyoda Gosei Asia Co., Ltd. Toyoda Gosei(Thailand)Co., Ltd. Toyoda Gosei Rubber(Thailand)Co., Ltd. Bridgestone TG Australia Pty. Ltd. TG Kirloskar Automotive Ltd. Tianjin Toyoda Gosei Co., Ltd. Toyoda Gosei Holdings Inc. TG Personnel Services North America, Inc. TGR Technical Center, LLC

■ The report covers:

All offices of Toyoda Gosei and its domestic and overseas affiliated companies (eight domestic and sixteen overseas companies).

Domestic: Toyoda Gosei Kyushu Co.,Ltd. Ichiei Kogyo Co.,Ltd. Hinode Gomu Kogyo Co.,Ltd. Hoshin Gosei Co.,Ltd. Togo Jushi Co.,Ltd. Kaiyo Gomu Co.,Ltd. Chusei Rubber Co.,Ltd. Shiota Kasei Co.,Ltd.

Overseas: TG Missouri Corporation TG Kentucky,LLC TG Automotive Sealing Kentucky,LLC Waterville TG Inc. TG Minto Corporation Toyoda Gosei UK Ltd. Toyoda Gosei Fluid Systems UK Ltd. Toyoda Gosei Czech,s.r.o Fong Yue Co.,Ltd. Toyoda Gosei (Thailand) Co.,Ltd Toyoda Gosei Rubber (Thailand)Co.,Ltd. Bridgestone TG Australia Pty.Ltd. TG Kirloskar Automotive Ltd. Tianjin Toyoda Gosei Co., Ltd. TG Fluid Systems USA Corporation TG California Automotive Sealing, Inc.

■ The report covers the period between:

April 1, 2004 and March 31, 2005.
(Some information covers the period before March 2004.)

■ Next date of issue

Summer of 2006

■ Corporate profile (as of March 2005)

Establishment: June 15, 1949
Capital stock: 28.0billion yen (March 2005)
Number of employees: 5,348 (March 2005)
Nature of business: Research ; development ; consulting ; manufacture and sales of parts for automobiles, conveyors, ships and various other transportation equipment; rubber, plastic and urethane components for agricultural, construction and machine tool equipment, telecommunications devices, home appliances for nursing care assistance devices, and medical and housing equipment; parts for semiconductors and semiconductor applications; electrical and electronic components; and adhesive/bonding agents.

Head office: 1 Nagahata, Ochiai, Haruhi, Nishikasugai, Aichi, Japan.

Research & Development Division: Technical Center

Plants: Haruhi, Morimachi, Heiwacho, Inazawa, Bisai, and Nishimizoguchi

Distribution centers: Meigi

Branch offices (domestic): Tokyo, Osaka, Hiroshima and Utsunomiya

■ Business conditions

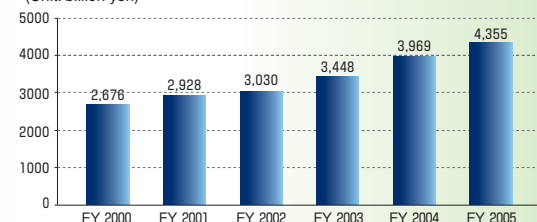
(fiscal 2005 non-consolidated financial results April 2004 to March 2005)

Sales: 298.2billion yen (Operating income: 9.9 billion yen)
Ordinary income: 11.7 billion yen
Net income: 7.7 billion yen
Earnings per share:58.39 yen

■ Changes in Consolidated Financial Results

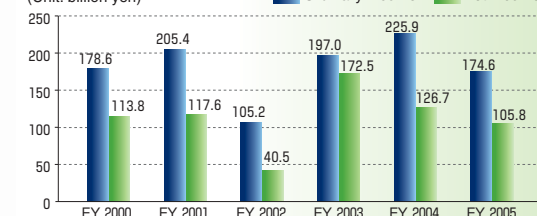
● Sales

(Unit: billion yen)



● Earnings

(Unit: billion yen)



Message from the President

Toyoda Gosei will accelerate the theme for development of global technologies for environmental conservation with the commitment to be *a global system supplier of automotive and technological systems.*

Environmental problems have become increasingly serious year by year. Each company and citizen, as well as each nation, is required to address these issues from within the framework of international cooperation. Acknowledging our social responsibility for being involved in the automotive sector, a key industry, we of the Toyoda Gosei group have strengthened our efforts year after year in accord with the advancement of global activities to protect the environment. We stepped up our efforts in fiscal 2005 in technological development, production, and distribution by taking various approaches, including developing environmentally friendly technologies and products, promoting recycling, and reducing waste and carbon dioxide emissions. Yet a lot of development issues still remain. We will continue to devote ourselves to creating vehicles less harmful to the environment and ideal for human beings by concentrating all the technological abilities we possess.

The Toyoda Gosei group has engaged in business as a specialized manufacturer of high-polymer products, such as rubber and resin parts for automobiles since its foundation. We promote the corporate philosophy of *harmony with the environment, coexistence with society, and do business in harmony with the environment* based on the fundamental belief that a company that does not take measures for environmental protection has no future. Currently, we are moving toward the TG 2010 Vision, an ideal corporate image the entire group should aim for, which states that “by providing appealing products, we shall become a global supplier of automotive and technological systems, a supplier that will truly impress our customers.” The pillars to achieve this goal are *progress in product technologies, improvement and reform of manufacturing expertise and enhancement of the global distribution network*. We are committed to do our business with the full awareness that all of our activities are intricately and harmoniously linked to the environment and its conservation.

Here we have compiled the Environmental and Social Report 2005. This report contains information on how we comply with laws and regulations and about our involvement in society including social contribution and communication activities, in addition to what we are doing as a group and as a division to protect the environment. We hope that this report will help many people understand the initiatives and activities of the Toyoda Gosei group. We welcome your frank opinions and comments on the report. We of the Toyoda Gosei group will continue to give top priority to harmonious coexistence with the environment in our business.



Takashi Matsuura, President

松浦剛



Management Philosophy & Vision

Companies borrow various resources from the earth and society, and their reason for existence is to contribute to society. Based on this belief, Toyoda Gosei promotes the corporate philosophy of “humanistic corporate culture,” “good corporate citizenship,” and “respect for the environment” in its business activities. The TG 2010 Vision is compiled here in order to show the picture of our group in 2010, which will be built on this philosophy. The Toyoda Gosei group will strive together to translate the vision into reality.

Boundless Creativity for a Better World

Management Philosophy

1	Steady growth through innovation	Ensure steady growth through innovative management and a strengthened corporate structure, while using our high-polymer technologies to offer the best and most comprehensive selection of components and systems in the global market.
2	Customer satisfaction	Devote ourselves to satisfying the needs of customers by developing products and services through cutting-edge research and state-of-the art manufacturing technologies.
3	Humanistic corporate culture	Create a vibrant corporate culture where individual creativity, innovative thinking and collaborative spirit are fostered and rewarded, based on shared responsibility and mutual trust between employees and management.
4	Good corporate citizenship	Strive to be a trustworthy, respected corporate citizen, by honoring both the letter and the spirit of the law of every nation, abiding by international rules and conducting our activities openly and fairly.
5	Respect for the environment	Dedicate ourselves to providing environmentally friendly products, respecting natural ecosystems by taking a proactive approach toward environmental preservation and safety issues.
6	In sync with the global community	Contribute to industrial and socioeconomic development around the world, while acting in harmony with regional communities.

TG 2010 VISION Back to the Basics, Build for the Future

Development of value-added vehicles

- Enhance R&D to grow the “seeds” of new technologies and seize opportunities that precede actual customer needs; reduce lead time for product development and pre-production work.
- Strengthen core technologies by selecting and focusing on certain product areas and technology fields (CAE, materials, dies, LED chips, reuse and recycle).
- Expand businesses through collaboration with partners and strategic alliances.

Enhanced systems for an optimal global supply network

- Localize development, design, production, and sales according to the regional specifics of the four major markets (Japan, Asia, Europe, North America).
- Establish a global supply network to complement production and human resources among Group companies.
- Solidify TG brand position in growth markets and regions in a timely manner (market penetration and expansion).

TG Corporate Goal

Global supplier of automotive and technology systems
— provide products that truly impress for a moving experience

Perfect and advanced manufacturing expertise that is built upon the basics

- Quality assurance within each process through automation.
- Reduce production lead time by expanded utilization of the just-in-time system.
- Build lean production processes by introducing innovative production technologies and techniques.
- Create a clean, eco-friendly manufacturing environment that is safe for workers.



Environmental Action Plan

Toyoda Gosei developed its first Environmental Action Plan in 1993, and has gradually enhanced the plan and put it into action. The higher goal of materializing harmony with the earth and a recycling-oriented society is set in the Third Environmental Action Plan in order to create a society where sustainable development is promoted. Both domestic and overseas companies in the Toyoda Gosei group are working together to steadily implement environmentally friendly programs.

Environmental Policy

1 Promotion of environment-friendly corporate activities

Maintain the awareness that our business is deeply linked to the environment at every stage from development, production, and sales to disposal, and promote environmentally friendly corporate activities in cooperation with customers and public administrations as the TG Group, including the affiliated companies, overseas bases and suppliers, as well as all the business units of Toyoda Gosei.

2 Efforts as a good corporate citizen

Take a progressive approach to local and social environmental activities as a good corporate citizen while participating in and offering support and cooperation for environmental activities by various organizations. Educate our employees so that they participate in environmental activities as a member of the region or community, while offering them support for their social contribution and volunteer activities.

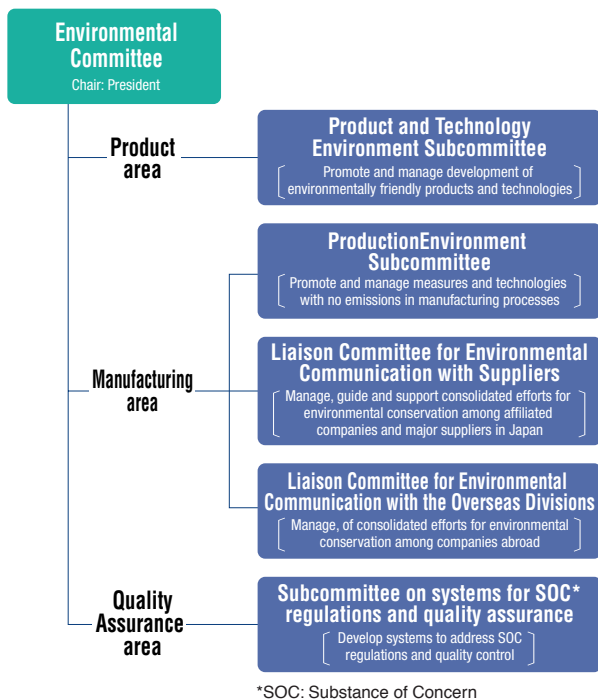
3

Transmit the information of these efforts broadly and listen to a variety of opinions for greater improvement of activities.

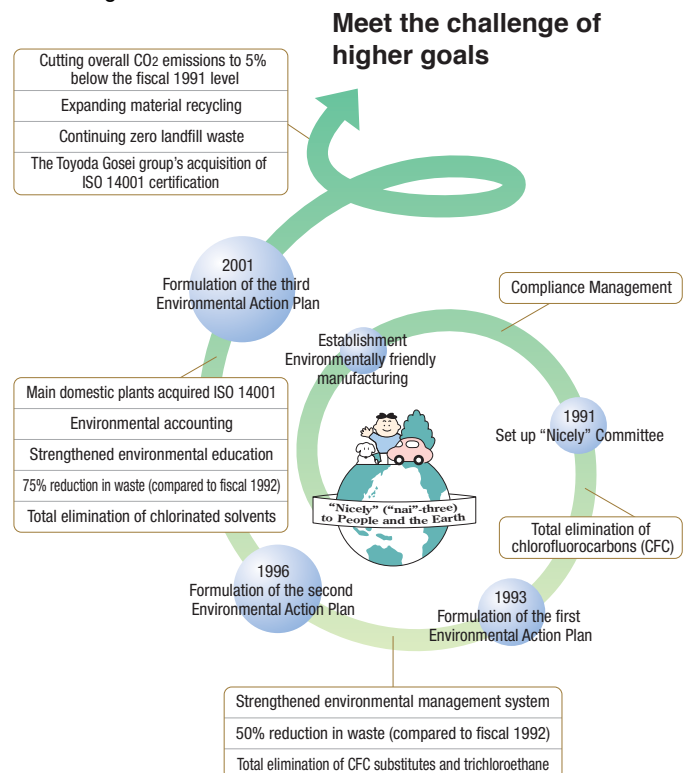
Organization for Environmental Action

We renewed our organization for environmental action in 2004 to promote stricter and smoother checking procedures. The Environmental Committee with our president as a chairman develops environmental policies on products, technologies, manufacturing and quality assurance, supervise how much we achieve, discuss and determine important issues for the whole Toyoda Gosei

group. Under the Environmental Committee, a subcommittee and a liaison committee being responsible for each field promote environmental protection activities from their own professional viewpoints. This has enabled management section and workplaces to share information more efficiently, promoting total environmental management further.



The environmental committee and subcommittees send information to plants and other workplaces through specialized committees established according to their own ISO14001 systems.



Third Environmental Action Plan (fiscal 2002 to fiscal 2006)

Action Guidelines	Implementation		
	Outline	Effort guidelines	
1. Proactive development and suggestions for environmentally friendly technologies and products as a specialized high-polymer product manufacturer.	(1) Proactive suggestions and development of environmentally friendly built-in products	1) Improvement of fuel economy	• Development of lightweight parts and assemblies for better fuel economy
		2) Reduction of gasoline vapor emissions *1	• Development of products and technologies in strict compliance with regulations
		3) Support for clean energy vehicles	• Development of new parts compliant with de-gasoline fuel
		4) Improvement in recycling efficiency of parts	• Development of technology to improve the recycling efficiency of used car parts
		5) Noise reduction in automobiles	• Development of products and technologies to contribute to noise reduction in cars
	(2) Response to the social movement for environmental conservation	1) Development of environmentally friendly and lower-impact products and technologies	• Efficient utilization of resources and natural recyclable materials • Promotion of LCA *2
		2) Control and reduction of substances with environmental impacts	• Planned reduction of substances with environmental impacts
			• Establishment and enhancement of substances contained in products
2. Pursuit of production activities with no emissions	1) Promotion of global warming prevention measures	• Proactive promotion of CO ₂ reduction measures Reduction of total CO ₂ emissions: targeted at a 5% reduction compared to fiscal 1991 by the end of fiscal 2006	
	2) Control and reduction of substances with environmental impacts	• Voluntary reduction of PRTR substances *3 Reduction of PRTR substance emissions: targeted at a 50% reduction compared to fiscal 1999 by the end of fiscal 2006	
	3) Waste disposal reduction and resources saving	• Promotion of waste disposal reduction and resource saving activities for zero emissions Landfill waste: target of zero by the end of fiscal 2004	
	4) Promotion of distribution rationalization	• Proactive promotion of distribution rationalization to reduce CO ₂ emission and packaging materials Reduction of total CO ₂ emission: targeted at 15% compared to fiscal 1998 by the end of fiscal 2006 Reduction of packaging materials: targeted at 20% compared to fiscal 2001 by the end of fiscal 2006	
3. Deployment of activities in cooperation and liaison with each TG Group member, including affiliated companies, overseas bases, and suppliers	1) Enhancement of cooperation support activities	Domestic	• Promotion of activities to acquire ISO 14001 • Promotion of green procurement
		Overseas	• Promotion of activities to acquire ISO 14001
4. Participation in local efforts as a member of the community and participation in and support of each employee for social action programs	1) Participation in a recycling-oriented community	• Development of recycling technologies and uses for used car parts	
	2) Participation and support of social action programs	• Participation and support of various local activities and environmental groups	
	3) Education and educational activities for all the employees	• Enrichment and promotion of environmental education	
5. Proactive transmission of environmental information to the local community and TG Group	1) Promotion of PR activities and disclosure of information	• Enrichment of environmental communication activities	

*1 Gasoline vapor: vapors evaporating from gasoline
*2 LCA: Life Cycle Assessment
*3 PRTR: Pollutant Release and Transfer Register

*4 Eco-Vas: Eco-Vehicle Assessment System
*5 IMDS: International Material Data System



Key efforts

Development of stripe-type non-reflective air ducts
Development of EPDM air cleaner hoses

Development of low permeation fuel caps

Development of all-composite fuel tanks for natural gas cars

Development of assist grips that are easy to disassemble
Development of air cleaner hoses made of thermo plastic olefin (TPO)

Development of fender liners using non-woven fabric
Development of stripe-type non-reflective air ducts

The LCA working group collects inventory data, standardizes LCA evaluation methods, and analyzes cases, etc.
Strengthening an in-house structure to address Eco-Vas*4 and efforts in LCA evaluation of developed products

Development of water borne paint for center clusters
Development of EPDM air cleaner hoses
Laser marking of fuel caps
Reducing toluene in adhesive agents for core bars of steering wheels
Development of knee air bags
•Achieved total elimination of lead compounds in cationic electrodeposition paint by the end of June 2004

Starting input data for customers by the IMDS*5 working group and responding to all customers
Strengthening measures to show evidence that no substances of concern were used

Introducing a co-generation system into Haruhi Plant
Improving efficiency of lighting and air conditioning equipment
•CO₂ emissions in fiscal 2005: 119,000 tons

Reducing emission through measures for its source
•PRTR substance release in fiscal 2005: 383 tons

Mold-free corners for opening trim weather stripping
Reducing waste generated in molding intake manifold gaskets
Reducing sludge generated in treating wastewater
•Continuing zero landfill waste in all domestic plants and offices of TG
Continuing activities to totally eliminate incinerated waste
Continuing to expand material recycling

•CO₂ emissions in fiscal 2005: 117,000 tons
Thorough examination on which packing materials are really necessary and how products should be packed
Shifting production to places near customers
•Packaging materials used in fiscal 2005: 174 tons
Introducing returnable pallets for steering wheels

•Eight affiliated companies in Japan acquired certification
Development of the second version of the Green Procurement Guidelines
Holding a briefing session for partner companies

•Expanding target companies in overseas for ISO certification from 8 to 16
Promoting existing bases to acquire ISO certification one by one

Continued demonstration of material recycling technology and determination of perspectives

Participating in traffic safety campaigns / Cleaning the neighborhoods of our offices / Various volunteer activities etc.

Implementing various training and education programs on environment issue for employees at each level, internal auditors, and newly appointed supervisors

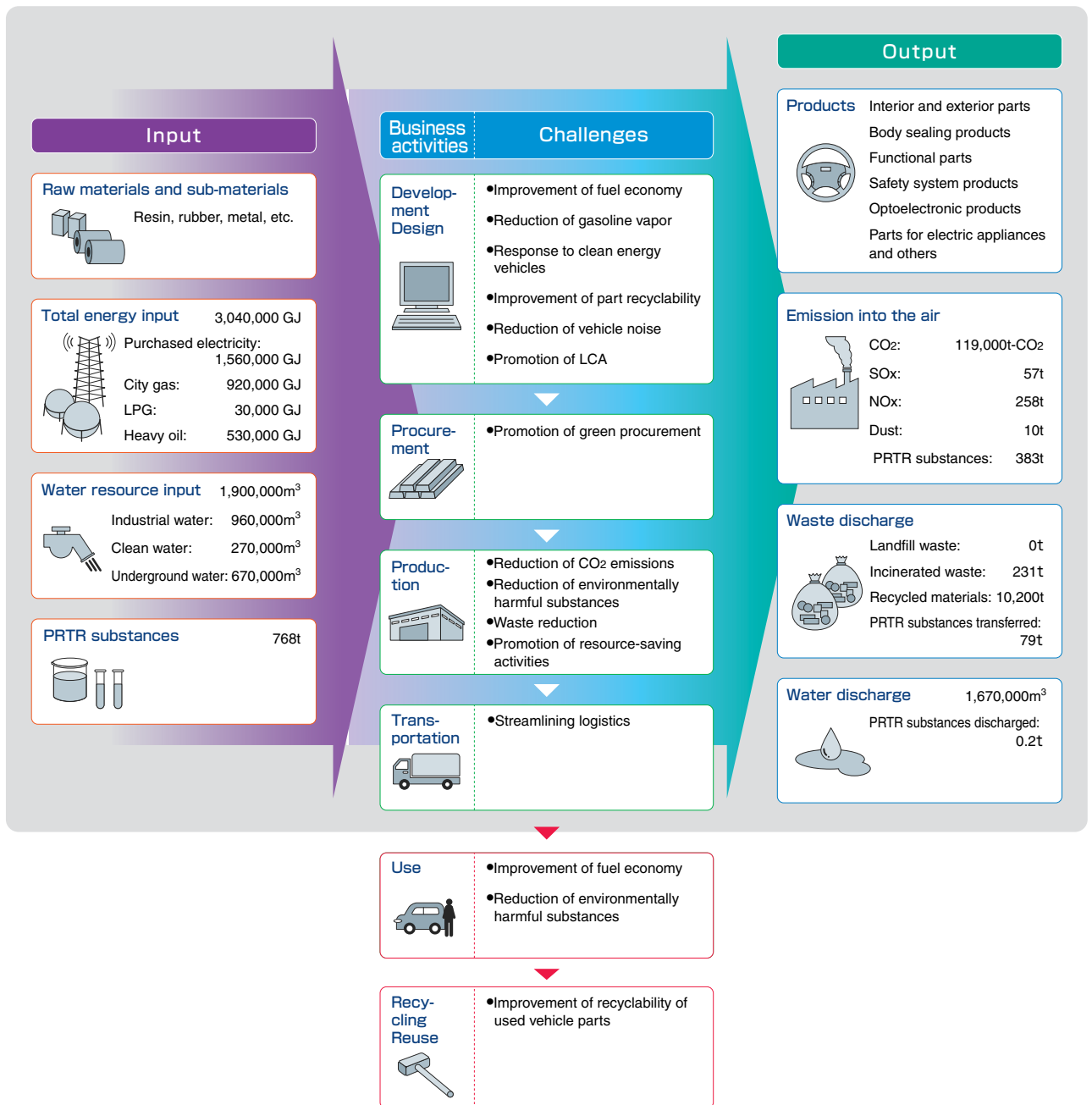
Arranging plant tours for elementary school children and their teachers
Arranging plant tours for media people and analysts, etc.



Environmental Impact of Business Activities

Toyota Gosei is keen to gain an accurate understanding of what impact the environment receives over the course of a product life cycle from development and design to procurement, production, transportation, use, recycling, and disposal and to clarify what problems are involved, in order to set suitable environmental measures. We will continue to consider product recyclability and promote more appropriate activities to reduce environmental burden.

Resource input into business activities and its output to the environment in fiscal 2005





ISO14001

ISO 14001 is an important system in considering the harmony between corporate activities and the environment. Toyoda Gosei improves and promotes an environmental management system certified under ISO 14001 for the entire TG Group.



ISO 14001 Certification by Main Domestic Plants

Our main domestic plants have acquired ISO 14001 certification and maintain efforts for continuing improvement.

ISO 14001 Certification by Main Domestic Plants

Plant	Time Certification Acquired	Fiscal 2005	Expected in the fiscal 2006	Screening institution
Haruhi Plant	Fiscal 2000	Renewal screening (second time)	Periodic screening	Japan Quality Assurance Organization (JQA)
Morimachi Plant	Fiscal 1999	Renewal screening (second time)	Periodic screening	
Heiwacho Plant	Fiscal 1998	Periodic screening	Periodic screening	
Inazawa Plant	Fiscal 2000	Renewal screening (second time)	Periodic screening	
Bisai Plant	Fiscal 1999	Renewal screening (second time)	Periodic screening	

ISO 14001 Certification by Domestic and Overseas Affiliated Companies

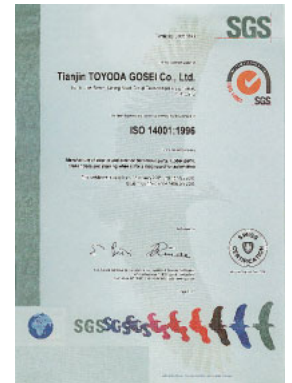
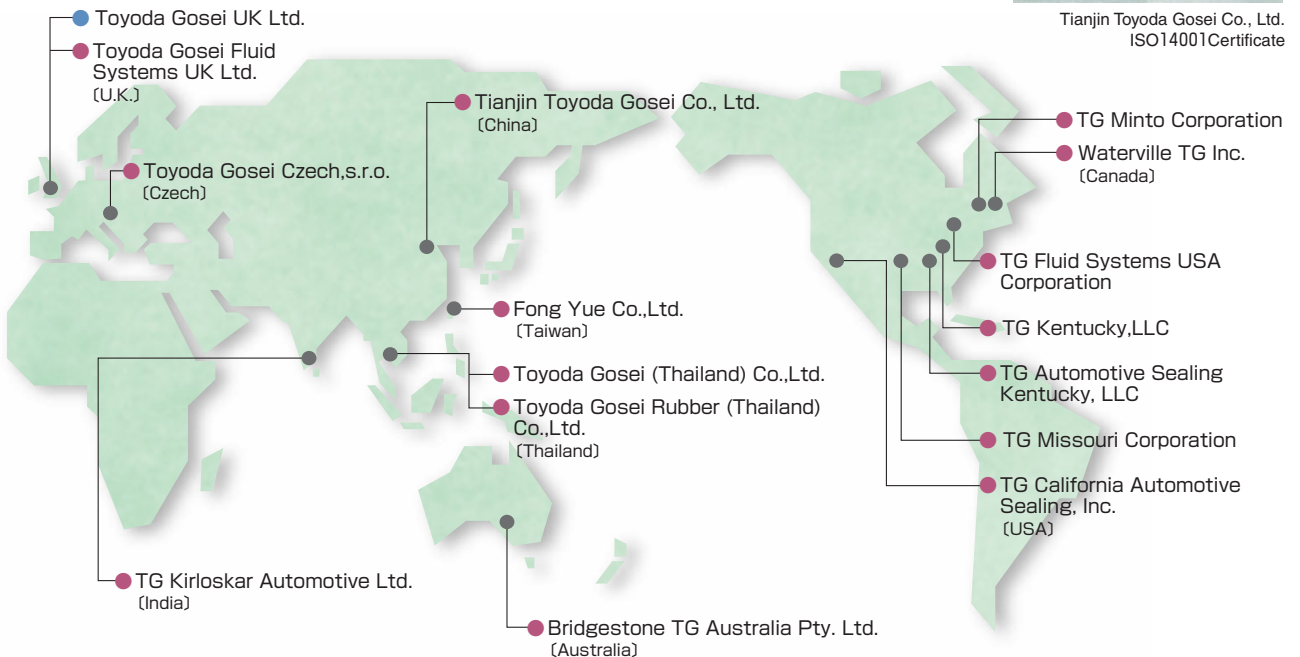
We are working to acquire ISO 14001 certification in Japan and abroad. Eight domestic affiliates have been already certified. We expanded the target companies abroad from 8 to 16 and have been making steady efforts to acquire ISO14001 certification.

● Acquired Certification ● Expected to acquire certification in fiscal 2006

Domestic

- Toyoda Gosei Kyushu Co., Ltd.
- Hoshin Gosei Co., Ltd.
- Chusei Rubber Co., Ltd.
- Ichiei Kogyo Co., Ltd.
- Togo Jushi Co., Ltd.
- Shiota Kasei Co., Ltd.
- Hinode Gomu Kogyo Co., Ltd.
- Kaiyo Gomu Co., Ltd.

Overseas



Tianjin Toyoda Gosei Co., Ltd. ISO14001 Certificate



Environmental Accounting

Environmental accounting is a tool to the effect (economic effect and physical effect) generated from the environmental cost (investment and expense) required for environmental conservation. It aims to disclose information to stakeholders from an environmental point of view as well as utilizing it for future business management by grasping and analyzing the cost and effect. In fiscal 2003 we first provided analysis of domestic affiliated companies, in order to enhance content.

Results for Fiscal 2005

The calculation based on the Guidelines for Environmental Accounting (the 2000 version) edited by the Ministry of the Environment shows that environmental costs in fiscal 2005 amounted to 2,340 million yen for Toyoda Gosei alone and 510 million yen for domestic affiliated companies, whereas the benefits in single fiscal 2005 amounted to 310 million yen for Toyoda Gosei alone and 150 million yen for domestic affiliated companies. The environmental costs (costs within the business area) increased due to the introduction of a co-generation system, but the co-generation system contributed to a substantial reduction in energy costs. Measures for waste sources contributed significantly to reducing cost for waste processing. We will continue to promote investment that generates positive effects to ensure desirable results.

■ Environmental Cost

(Unit: million yen)

Type of cost	Toyoda Gosei	Total for eight domestic affiliated companies
1. Cost for research and development *1	2.7	—
2. Cost incurred within the operational area *2	19.2	3.7
3. Cost for management activities *3	1.4	1.3
4. Cost for social contributions *4	0.1	0.1
Total	23.4	5.1

*1 Expenses for equipment, labor, and miscellaneous items required for research and development of products to reduce environmental impacts.

*2 Expenses for equipment, labor, and miscellaneous items required to reduce environmental impacts generated in production, such as pollution control, energy saving, and waste disposal.

*3 Expenses for labor and miscellaneous items required for management, including education, maintenance of the environmental management system, and measurement.

*4 Expenses for such measures as forestation and beautification.

■ Effects

(Unit: million yen)

Type of effect	Economic effect *5	
	Toyoda Gosei	Total for eight domestic affiliated companies
1. Energy cost	2.2	1.0
2. Cost for waste processing	0.9	0.5
Total	3.1	1.5

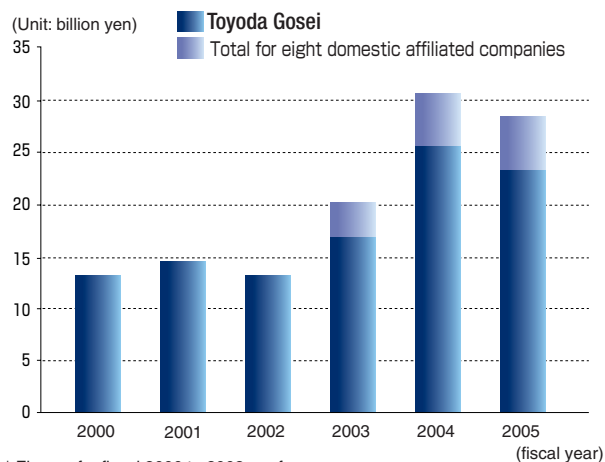
Type of effect	Physical effect *6
1. Prevention of global warming (amount of CO ₂ reduced)	12,918t-CO ₂
2. Reduction of waste disposal (amount of waste reduced)	1,996t

*5 The economic effect calculated here covers that which can be grasped based on solid ground.

*6 Physical effects are calculated for Toyoda Gosei alone.

■ Change in environmental cost

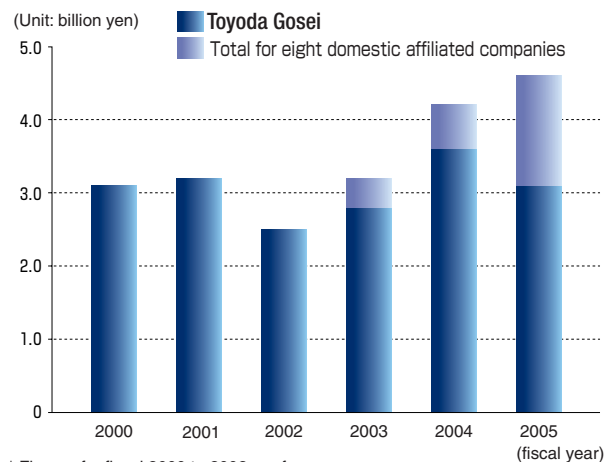
(Unit: billion yen)



* Figures for fiscal 2000 to 2002 are for Toyoda Gosei alone.

■ Change in economic effect

(Unit: billion yen)



* Figures for fiscal 2000 to 2002 are for Toyoda Gosei alone.



Activities for Environmental Conservation

As a specialized manufacturer of high-polymer materials, including rubber and plastic, we are aware of our responsibility for environmental conservation and set “Nice to People and the Earth” as a goal. In relation to our efforts toward environmental conservation, we set the goals of streamlining logistics and green procurement in addition to energy (CO₂) reduction activities, activities to reduce environmentally harmful substances, and recycling and waste reduction activities. At the same time, we need to review our activities to reduce our environmental burden most effectively and efficiently by seeing it from the total viewpoint. With the introduction of LCA*¹(Life Cycle Assessment), we established a working group on LCA promotion in August 2002 in order for LCA to take root as a development tool by fiscal 2006. LCA gathers inventory data*², standardizes LCA assessment methods, and analyzes actual cases. Now TG meets Eco-vehicle Assessment System (Eco-VAS*³) of Toyota Motor Corporation, and is strengthening an internal LCA structure and applies LCA assessment to developed parts.

“Nicely (“nai”-three) Activities
“not to generate (or to use)”
“not to throw away”
“not to leave it to someone”

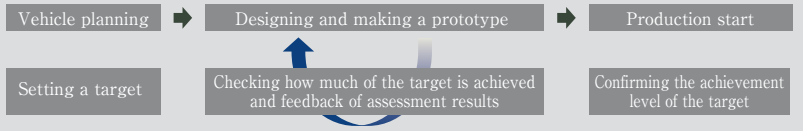


To create an environment friendly to people and the earth, we set three phrases “not to generate (or to use)”, “not to throw away” and “not to leave it to someone” as the guiding principle of our activities from the viewpoint of global environmental conservation and effective utilization of resources, and we call the principle “Nicely (“nai”-three)”. In Japanese, “nai” is a negative affix attached to verbs and adjectives. Therefore three “nai,” that is, “nai”-three rhymes with nicely in Japanese pronunciation. “Nicely” to People and the Earth is a trademark of the environmental actions of Toyoda Gosei.

- *1 LCA: a method to analyze the energy used by products and substances with environmental impacts discharged by resources and products during the lifecycle of a product from resource acquisition to disposal, in order to make a comprehensive assessment of the environmental impacts.
- *2 Inventory data: Amount of consumed resources and environmental burden
- *3 Eco-VAS (Eco-vehicle Assessment System): New system to assess environmental burden caused by vehicles under development. Chief engineers responsible for each developed vehicle assess the burden.

[Flow chart of Eco-VAS]

In the planning phase, the chief engineer sets a target for reducing the environmental burden of a vehicle that he is to develop. Once development is started, he looks at how much of the target is achieved in all processes until the actual start of production.



Green Procurement

It is important to develop initiatives as a supply chain, including the procuring of materials less harmful to the environment, in order to promote business activities harmonious with the environment. We set the *Toyoda Gosei Green Procurement Guidelines* in March 2002. In light of social changes, it was revised to a more relevant form in fiscal 2005 due to our strong commitment that no member of the entire Toyoda Gosei group will ever do harm to the environment. In the guidelines, we focused on two points to show our fundamental stance to our partner companies: (1) building an environmental management system and (2) controlling environmentally harmful substances. We explained the revised guidelines to about 500 partner companies in February 2005, so that they would be able to fully comply with them.



so as to improve their environmental activities. We will continue these activities for companies that have not yet acquired ISO 14001 certification.

■Points in the Second Version of the Green Procurement Guidelines

① Building an environmental management system

- Partner companies should acquire ISO14001 certification or build the same level of environmental management system as required for the certification.

② Controlling environmentally harmful substances

- Banned substances and reportable substances must be reported based on ILRS lists* for products and TG's own lists for manufacturing processes.
- Reports on constituent materials and components of parts and reports on chemical components of materials and sub-materials were revised.

ILRS list: International List of Reportable Substances: list of reportable substances used by all automobile manufacturers that have implemented the IMDS (International Material Data System)



Green procurement meeting

As a further effort, we selected some target companies without ISO 14001 certification in fiscal 2005 and gave them guidance on how to acquire it

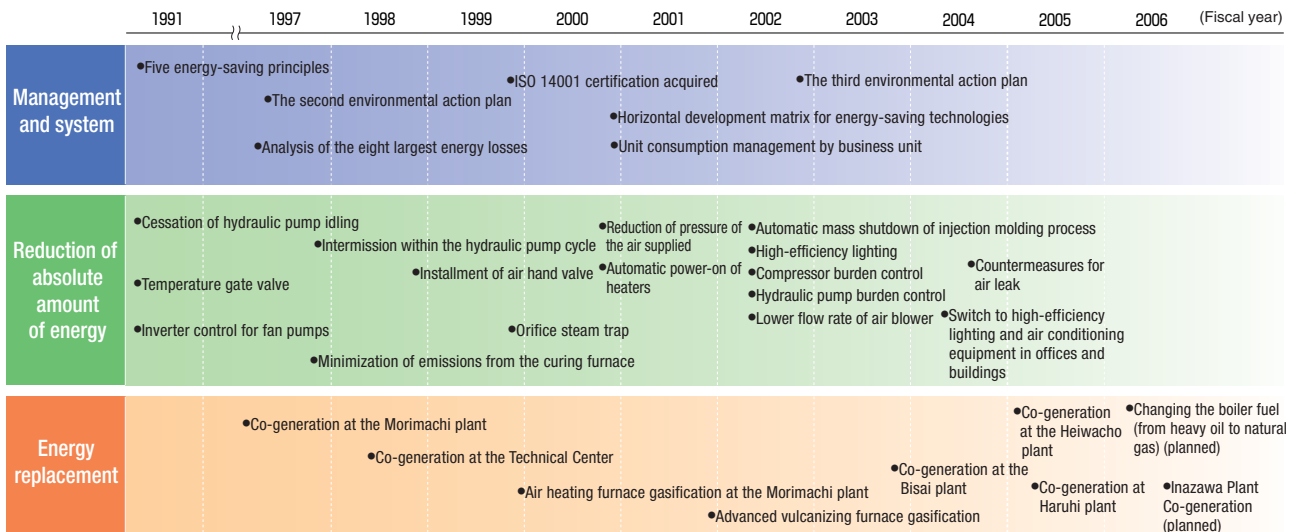
Energy (CO₂) Reduction Activities

As our fundamental policy, Toyoda Gosei promotes activities to replace our power sources with clean energy while at the same time we are endeavoring to reduce the amount of energy absolutely required by cutting down on wasteful use (“stop, turn off, reduce, and pick up”). We are actively involved in CO₂ emissions reduction activities under the goal, as set in the Third Environmental Action Plan, of reducing CO₂ emissions by 5% compared with fiscal 1991 levels by the end of fiscal 2006. In fiscal 2005, expansion of co-generation systems and improvement of the efficiency of lighting and air conditioning systems at various plants contributed to reducing CO₂ emissions by 3.3% compared to the previous fiscal year. In fiscal 2006, we will strive to achieve the CO₂ emissions goal by using natural gas as boiler fuel.

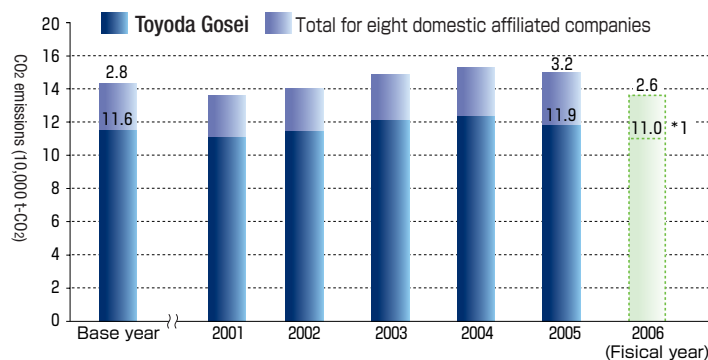
Boiler fuel will be changed from heavy oil to natural gas.

We have been promoting co-generation system expansion at various plants in fiscal 2005. Paralleling these efforts, we have been steadily replacing heavy oil with natural gas to meet our aim of using clean energy (energy with low CO₂ emissions). As the example of replacing the boiler fuel shows, our company’s activities aimed at reducing CO₂ emissions are steadily expanding.

History of Energy Reduction Activities



Change in CO₂ Emissions



*1 Target for CO₂ reduction

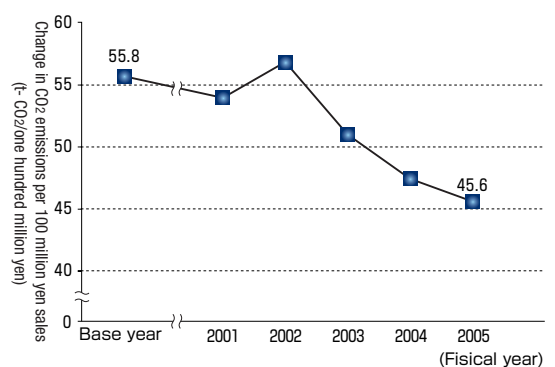
TG: 5% reduction as compared to 1991

Affiliated companies in Japan: Each sets its own target

*CO₂ conversion factor was changed from C conversion to CO₂ conversion as follows. Conversion formula: [kg-CO₂] = [kg-C] x 3.67

Electricity: 0.3817 kg-CO₂/kWh A-heavy oil: 2.7 kg-CO₂/L LPG: 3.0094 kg-CO₂/kg City gas: 2.3576 kg-CO₂/m³

Change in CO₂ Emissions per 100 Million Yen Sales



*The figures show the total for Toyoda Gosei and its eight domestic affiliated companies

Activities for Environmental Conservation

Recycling and Waste Reduction Activities

As a manufacturer specialized to automobile parts, we consider ourselves responsible for actively working on the development of recycling technologies in order to appropriately respond to the EU Directive on ELV* and the Automobile Recycling Law, which went into effect in Japan in January 2005.

We take measures for (1) source reduction, (2) material recycling, and (3) thermal recycling as three pillars to reduce waste generated in the TG group. We especially focus on material recycling, which helps us reduce our environmental burden. Toyoda Gosei will further promote these activities throughout the TG group.

*ELV: End of Life Vehicle

ELV Recycling Activity

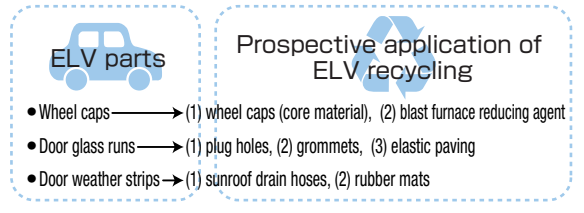
We consider following two actions the most important and therefore promote them: (1) to develop plastic and rubber products compliant with the EU's ELV Directive that specifies a 95% effective vehicle recycling rate (2015) in order to reduce ASR* and (2) to develop plastic and rubber products compliant with the development of automobiles with environmentally damaging substances conforming to safety standards in order to reduce the use of those substances. In concrete terms, we promote these actions independently for automobiles already on sale and for new model automobiles. To achieve a 95% effective vehicle recycling rate, in particular, we are focusing on the recycling design of new parts for new model automobiles.

*Automobile Shredder Residue: Residue remaining after shredding ELVs and sorting metal scraps

■ Recycling of automobile parts for cars already on sale

To test ELV recycling technologies and consider their prospective application, taking the EU's ELV Directive and the domestic Automobile Recycling Law into account.

Cases of prospective application of ELV recycling



■ Recycling of automobile parts for new model cars

Important items	Measures	Cases of efforts
1. Product designing for high recyclability	<ul style="list-style-type: none"> Change to easy-to-recycle materials and structures Designing of easier-to-scrap products 	No inserted metals, paint-free, complete use of olefin, development of post-PVC materials, and non-chlorine rubber materials, etc.
2. Development of new recycling technologies	<ul style="list-style-type: none"> New reclaim treatment technology Separating technology of complex materials 	Use of ethylene propylene diene (EPDM) recycled rubber (continuous extrusion desulfurization methods), recycling of three-layer instrument panel epidermis (hydrocyclone), Recycling vulcanized fluorocarbon rubber, etc.
3. Loading vehicles with recycled materials	<ul style="list-style-type: none"> Development of usage of recycled materials ELV parts recycling technology 	Recycling of discards of ground fabric for airbags (engine covers, nylon piles, fender liners), recycled polyethylene terephthalate (PET) noise-absorbing materials, recycled PET engine covers
4. Reduction of substances with environmental impacts	<ul style="list-style-type: none"> Compliance with laws, voluntary reductions 	<ul style="list-style-type: none"> Reduction of lead compounds, PVC, hexavalent chromium, and environmental endocrine disrupters, etc. Interior parts with less VOC, etc. Reducing toluene and xylene (water borne paint and adhesive agents)

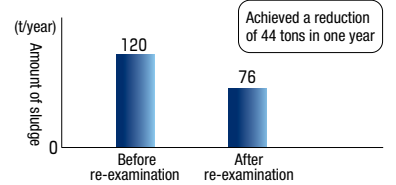


Waste Reduction Activities

The entire TG group emphasizes zero waste activities in order to establish a recycling-oriented society. All our plants and offices in Japan achieved zero landfill in December 2002, more than one year ahead of schedule. Eight domestic affiliated companies have been cooperating to achieve the same by the end of fiscal 2006. We will of course continue to reduce sources of waste; but that's not all, we will also continue to highlight the expansion of material recycling, which imposes a much smaller environmental burden than other measures. Regarding incinerated waste, in light of the fact that we have already achieved the goal for fiscal 2006, revised in the previous fiscal year, of reducing it to less than one-fifth that of 1999, Toyoda Gosei has set a stricter goal of reducing it to less than one-tenth that of fiscal 1999 levels (each domestic affiliated company sets its own goal). TG has been working very hard towards waste reduction activities, keeping in mind our final goal of completely eliminating waste, including incinerated waste, by the end of fiscal 2011.

Reduction of sludge generated in wastewater treatment

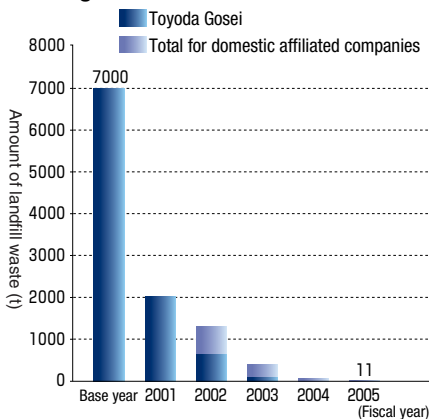
We re-examined how much chemicals should be used to treat wastewater, since shifts in manufacturing processes (reductions in the number of phosphorylation processes) have significantly changed wastewater quality. This contributed to a substantial reduction, 44 tons a year, of sludge generated in wastewater treatment.



Three Pillars for Waste Reduction Activities and Concrete Goals

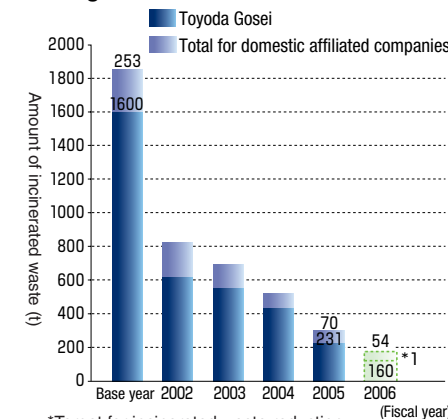
	1999	2000	2001	2002	2003	2004	2005	2006
(1) Measures to reduce the source • Improvement within processes • Development and practical application of technologies and manufacturing processes								
				Development of flashless molding technology Development of gateless molding technology		Communization of general cross-sections of rubber extrusion products		Reduction of sludge generated in wastewater treatment Introduction of returnable pallets for steering wheels
(2) Material Recycling • In-house recycling and reuse • Development of technologies and practical application of easy-to-recycle materials • Reuse as raw materials outside the company								
				Development of recycling technologies for multilayered epidermatic materials Development of the EPDM rubber continuous extrusion desulfurization (recycled rubber) technology Expansion of the use of desulfurized recycled materials Sale as raw materials for elastic paving and rubber mats	Development of recycling technologies for side molding Development of technologies to recycle discards of ground fabric for airbags Development of technologies to recycle bilayer outer glass Development of technology to recycle vulcanized fluorocarbon rubber			
(3) Thermal Recycling • Reuse as fuel outside the company								
					Sale as raw cement fuel-saving	Recycling waste plastic into fuel Reuse of halogen rubber and plastic		Making solid fuel from waste cloth

Change in Amount of Landfill Waste



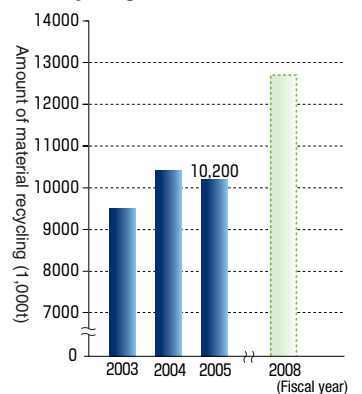
*The figure for the base year of 2001 represents the results for Toyoda Gosei only.

Change in Amount of Incinerated Waste



*Target for incinerated waste reduction
TG: Less than one-fifth that of fiscal 1999
Affiliated companies in Japan: Each sets its own target
*1 New Target 160 ton (set in fiscal 2005)

Change in Amount of Material Recycling



*The figures above show the results for Toyoda Gosei only.



Activities for Environmental Conservation

Activities to Reduce Substances with Environmental Impacts

The End-of-Life Vehicle Directive by the European Union, which took effect in October 2000, in principle bans the use of lead, mercury, cadmium, and hexavalent chromium in automobiles manufactured after July 2003 (including those whose production is continued). In response to enactment of the Directive, we have been actively making efforts to totally eliminate the use of these substances in accordance with the ban dates stipulated in Annex II. In addition, we are moving forward in reducing other harmful substances by setting our own goals and policies. In order to control the correspondence between products, parts, materials, and components online, in fiscal 2002, we enhanced the conventional chemical substance management system and established a procedure to offer customers information on environmentally harmful substances contained in products, thereby greatly contributing to our management of environmentally harmful substances. Meanwhile, we have started to input material data and respond to all our customers since October 2003 in order to comply with the International Material Data System (IMDS*) following the global standardization of investigation of materials and environmentally harmful substances contained in products. We have also been strengthening our efforts to show evidence that our products contain no environmentally harmful substances (composition and analyzed data).

*IMDS: International Material Data System

Efforts to Reduce Substances with Environmental Impacts

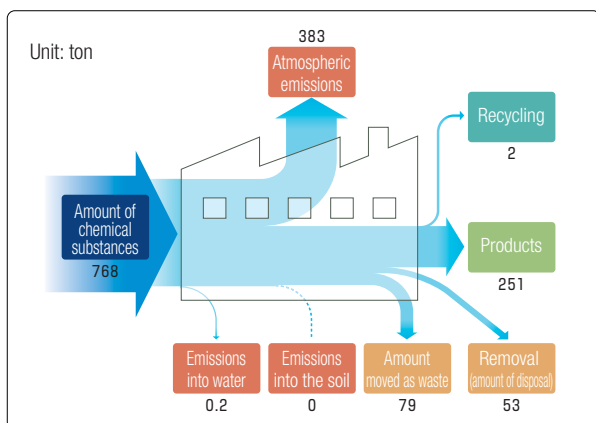
Category	Substances	Policy and goal	Progress	
Measures to comply with laws and regulations	Lead compound	Rubber vulcanizing agents	Eliminated during fiscal 1999	Eliminated
		PVC stabilizer and lubricants	Eliminated during fiscal 2002	Eliminated
		Vulcanizing adhesives	Eliminated during 2002	Eliminated
		Cationic electrodeposition paint	Eliminated by the end of June 2004	Eliminated
	Hexavalent chromium	Reduced	Developing alternative technologies for the subject parts and gradually introducing new ones (galvanization, alloy plating, dacrurionium treatment, galvanized sheet metal)	
Voluntary measures	PVC	Reduced Replaced with post-PVC materials for new model cars after fiscal 2004	Reflected and promoted for each new model and part	
	Toluene and Xylene	Reduction goal (compared to the fiscal 2001) Fiscal 2004: 45% reduction Fiscal 2005: 50% reduction Fiscal 2006: 60% reduction	(1) Use of substitute materials To be replaced for use in paint, adhesives, and finishing agents, in the following order: (1) washing, (2) diluting, and (3) base resin. Replaced by changing to different types of solvent, making it water-based, and using non-solvents (2) Emission containment Measures at sources, recycling and reuse ● Goal for fiscal 2005 achieved	
	Endocrine-disrupting chemicals (EDC)	New use prohibited Reduction goal (compared to fiscal 1999) Fiscal 2006: 50% reduction	PVC and rubber plasticizer: phthalate ester (DOP, DBP, etc.) to be replaced ● Goal for fiscal 2006 achieved owing to PVC replacement ● Measures for New European regulations (76/769/EEC) started	

Efforts to Reduce PRTR Substances

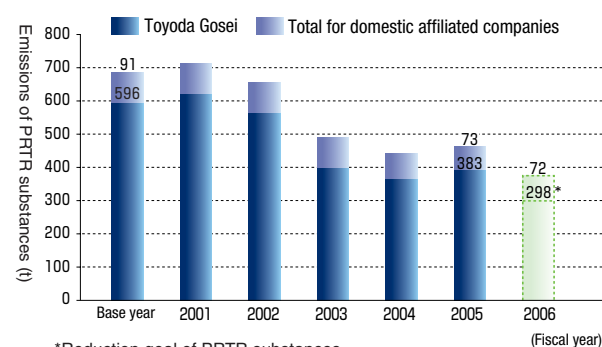
In production operations at Toyoda Gosei, toluene and xylene make up the majority of Pollutant Release and Transfer Register (PRTR) substance emissions. Although we took measures to reduce the use of

toluene and xylene by 98 tons by using alternative paints in fiscal 2005, the amount actually discharged was higher than that of the previous year due to increased production. Toyoda Gosei and our domestic affiliated companies will step up our efforts to achieve the goal for fiscal 2006.

Flow of PRTR Substances in Fiscal 2005



Change in PRTR Substances Discharged or Transferred



*Reduction goal of PRTR substances
TG: Less than half that of fiscal 1999
Affiliated companies in Japan: Each sets its own goal.

PRTR: Pollutant Release and Transfer Register

Efforts by Domestic & Overseas Affiliated Companies

Both domestic and overseas affiliated companies in the TG group work together to achieve the Third Environmental Action Plan by reinforcing initiatives for environmental conservation. This section introduces affiliated companies in Japan and abroad that are active in environmental issues.

Activities of Hinode Gomu Kogyo Co., Ltd

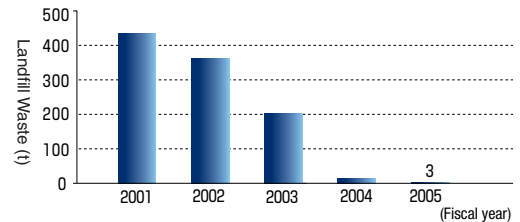
Hinode Gomu Kogyo Co., Ltd., located in Yokkaichi City in Mie Prefecture, is one of our affiliated companies; they mainly manufacture rubber products for automobiles and other industrial uses. They have a strong awareness of the need to reduce environmental burden and developed their environmental policies in September of 2001. Their business goals are to fully comply with environmental laws and regulations, reduce the environmental burden, and contribute to social development based on harmonious coexistence with the environment. They acquired ISO 14001 certification in December 2002 and have been very active in protecting the environment by setting an annual goal. The focus in fiscal 2005 was waste reduction, which included about 7.6 tons of waste cut by ending use of paper bags as materials. As a result, they achieved a reduction of 10 tons of landfilled waste and 11 tons of incinerated waste compared with the previous year.

The company is proactively engaged not only in in-house environmental programs but also in regional conservation initiatives. Last year, they served as auditors in the environmental auditing of Yokkaichi City Hall and received a certificate of appreciation from the mayor. They also participated in the beautification campaign held by the Mie Industrial Waste Association and were introduced in a report on the 2004 environmental beautification campaign. With environmental conservation as their top priority, Hinode Gomu Kogyo, as a manufacturer of rubber products for automobiles and other industrial uses, will continue to do business in a spirit of cooperation with local communities.

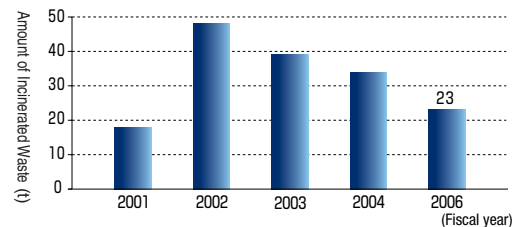


Head office of Hinode Gomu Kogyo

Change in the Amount of Landfill Waste Generated in Hinode Gomu Kogyo



Change in the Amount of Incinerated Waste Generated in Hinode Gomu Kogyo

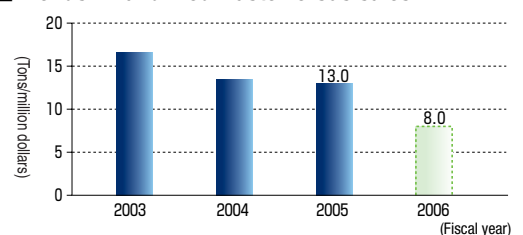


Environmental conservation activities of TG Kentucky Corporation

TG Kentucky Corporation in Kentucky, U.S.A., which acquired ISO 14001 certification in December 2003, manufactures interior, exterior, and functional parts as a core affiliated company of the TG group in the expanding North American market. Since the region was behind in environmental conservation activities, such as ISO 14001 certification and separated trash collection, TG Kentucky Corporation started these activities from zero.

In such environmental circumstances, the company focused its efforts on promoting recycling. It has steadily advanced toward a 50% cut in landfilled waste in fiscal 2006 compared to fiscal 2001 by reusing cardboard and other packing materials sent from Japan, recycling materials including various plastics and rubber, and reducing environmentally harmful substances and industrial waste. These activities have proceeded in cooperation with local communities as well. TG Kentucky donated metal containers used for transportation to their local county, so that local people can use them to collect and store household garbage. The county presented a letter of appreciation to the company. Henceforward TG Kentucky Corporation will continue its efforts to become a zero emissions plant.

Trends in landfilled waste versus sales



TG Kentucky



The metal containers that were reused to collect and store household garbage



The letter of appreciation from the county (County Judge/Executive)

Compliance

The top management of Toyoda Gosei has been taking the initiative to instill awareness about compliance into every employee in the TG group based on our management philosophy, in order to make sure that we comply not only with laws and regulations but also corporate ethics.

TG Activities

In an effort to display the coexistence with society described in its management philosophy, Toyoda Gosei has made many years' effort to ensure that all employees comply with the letter and spirit of foreign and domestic laws and rules. In 1998, an ethical committee on corporate actions was established, with the president serving as chairman and all company executives as members, and a legal liaison was placed in each division. In addition to the establishment of this solid foundation for the company, the *Toyoda Gosei Action Ethics Guide*, which embodies our corporate philosophy, was issued in the same year and delivered to every division in the company. In light of the recent importance of CSR (corporate social responsibility), the *Toyoda Gosei Action Ethics Guide* was completely revised in 2004 to clarify what the ethical committee on corporate actions expects of employees. The manual was delivered to each and every Toyoda Gosei employee.

• What compliance means at TG

Compliance is not limited just to observing laws and regulations. It also means acting with strong recognition of the general social code, including ethics, required of a good member of society, as well as in-house or industrial rules.

• What CSR means at TG

The general corporate principle is to pursue profit through fair means. But this is not enough. Another requirement of a good corporate citizen is to continue to incorporate what stakeholders, including shareholders, customers, employees, and local communities, expect us to do in our business, environmental, and social activities. At TG, CSR includes all the duties that such issues of corporate responsibility require to be carried out.

• Toyoda Gosei Action Ethics Guide for CSR promotion

In light of the importance of CSR, the *Toyoda Gosei Action Ethics Guide* was completely revised in 2004. The points in the revision consist of the following: (1) establishing a structure to ensure compliance with laws and regulations, company rules, and corporate ethics; (2) respect for employees and providing a comfortable work environment; (3) developing and providing products beneficial to society, such as energy saving products; (4) active involvement in environmental conservation and social contribution activities based on the perceptions of stakeholders; and (5) observing how customers, suppliers, and affiliated companies in Japan and abroad are fulfilling their corporate social responsibilities. The revision made the rules of conduct for all employees clearer.



Toyoda Gosei Action Ethics Guide

Future Activities

With the revised Toyoda Gosei Action Ethics Guide as a pillar, we will further ensure compliance through legal education structured according to type of risk and employee rank and through the enhancement of our reliable self-policing capabilities.

■ *The Toyoda Gosei Action Ethics Guide for CSR promotion (excerpt)*
The guide was compiled to complement our management philosophy and to provide employees with action guidelines.

Corporate social responsibility

In order for a company to gain the confidence of and affinity with society, it must provide products beneficial to the society and practice corporate ethics fully by building a structure to prevent wrongdoing.

Relations between the company and its employees

1. Establishment of a healthy, comfortable work environment

We must establish a healthy, comfortable work environment through cooperation between labor and management where employees cooperate with each other and build character through friendly competition, efforts to ensure work efficiency are in place, individuals are respected, and there is no discrimination, sexual harassment, or any other form of harassment.

Business activities

5. Environmental conservation activities

As a group, we must engage in environmentally friendly business in cooperation with customers, suppliers, communities, and governments by maintaining our efforts at every stage from development, manufacturing, and sales to disposal.

Relations with society

1. Corporate public relations activities

We must actively and fairly disclose our corporate information to a wide range of stakeholders, including shareholders, investors, customers, partner companies, local communities, and employees, on a continuous basis in order to perform public relations activities in a manner that allows us to earn society's confidence.

2. Social contribution activities

In order to establish harmonious coexistence with society, we must become a good corporate citizen trusted by society through active social contribution activities.

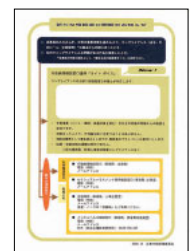
Private behavior

1. Healthy social life

We must act with common sense even in our private lives by keeping in mind social practices as well as maintaining full compliance with laws and regulations.

Consultation services on code of ethics, The Voice of Right

Several consultation services are provided at TG to respect the rights and ideas of each employee and maintain healthy self-policing capabilities. In 2004, we established *The Voice of Right* (common name), a new service outside the company in which employees and their family members can consult specialized lawyers. Their privacy is strictly protected, and they never receive discriminatory treatment because of any consultation there.



Social Contribution and Communication Activities

Our social contribution and communication activities allow each employee to voluntarily participate in exchange activities with local residents and social contribution activities and make effective use of their own skills and strengths there. We will be actively involved in these activities in recognition of the fact that the actions of each employee are essential factors in being a good corporate citizen with society's trust. Information about our activities is disclosed in various ways to enhance communication with many stakeholders.

LED vision digital content competition in Bisai

The display at Bisai plant is a full color TG-made display with 450,000 LEDs. It is being used effectively for public relations of the governments and police of Ichinomiya City and Bisai City (now integrated into Ichinomiya City) to benefit local residents. Breathing life into the expression, LED display, the digital content competition is held in cooperation with HAL, a computer-integrated vocational school; the competition helps support all of its students, many of whom aim to become digital creators.



Awarding ceremony of the digital content competition

Donation activities

Toyoda Gosei, which is now expanding worldwide and promoting community-based business, and its group members have made financial contributions to people in disaster-stricken areas through the Japanese Red Cross Society and other charities in the hope that the disaster areas will recover as quickly as possible. Toyoda Gosei donated to the victims of the Chuetsu earthquake in Niigata Prefecture by itself, and along with Kaiyo Gomu Co., Ltd. — a local TG group company — to people in Miyama-cho in Mie Prefecture affected



Donating to victims of the Sumatra earthquake

by severe rainstorms; TG also donated funds to people living in areas hit by the Sumatra earthquake and tsunamis with local companies in Thailand, Indonesia, and Australia.

Volunteer activities

• Valentine's Day event for traffic safety

We visit local kindergartens and nursery schools on Valentine's Day every year to raise children's awareness about traffic safety. Our employees wear stuffed animal suits and use picture card shows and videotapes with the local police to educate children on the importance of observing traffic rules. Now the campaign named "Sweet Valentine's Day Event" is one of our annual events that children look forward to.



• Cleaning activities in the neighborhoods near our offices

Other company events include cleaning activities in the neighborhoods near our offices. Our involvement takes several shapes. Some offices clean their neighborhoods by themselves several times a year, and others respond when local communities ask them to participate. More and more employees participate in such activities voluntarily, which has helped us



Cleaning activity

earn our neighbors' high evaluations of our company. We will continue to actively promote such activities as opportunities to contribute to local communities.

• Doctors for wheelchairs

Some employees voluntarily visit city hospitals and nursery homes in Inazawa City ten times a year in order to inspect and repair wheelchairs. This activity has continued for many years, and we receive the appreciation from staff members and people who use the wheelchairs in those facilities.



Sponsorship for the Canoe Polo World Championships

Miyoshi-cho in Aichi Prefecture is famous as a canoe town in the region for its natural environment with many ponds. Toyoda Gosei and Toyoda Gosei Kyusyu co-sponsored the Canoe Polo World Championships in Miyoshi-cho in 2004 which was held for the first time in Asia. We lent a floating dock to the event for free to use it as a starting block. The dock was developed by Toyoda Gosei Kyushu. Its excellent performance received favorable comments from people concerned.



Floating dock installed



World Championship

TG festival open to local residents

The TG festival is an event for the entire company that not only employees but also their families, affiliated companies and local residents can enjoy. The performances by cartoon characters and comedians, refreshment booths by our employees, and traditional play areas for children are prepared to entertain many people. A charity bazaar there collected more money than the previous year; the money raised was donated to foreign countries through the Japanese Red Cross Society.



Charity bazaar

Arranging plant tours for elementary school students and teachers

Kasuga plant provides plant tours to local elementary school students every year. It is a part of their social studies to see actual manufacturing sites, and a brochure for the tour is made in cooperation with teachers based on their school classes. Last year we were asked to provide an opportunity for elementary school teachers to experience private companies' hard work. We arranged a plant tour for local teachers where they could learn about our efforts to reduce cost and ensure quality control in a competitive market.



Plant tour for elementary school students

Co-sponsorship for Expo 2005 Aichi Japan

We co-sponsored many programs and pavilions at the 2005 World Exposition, Aichi, Japan, which started March 25, 2005. An LED display was donated to the Aichi Pavilion Nagakute, in addition to LEDs that were provided for the lighting system for the Bio Lung, a huge wall-shaped display, filled with flowers and plants.



Aichi Pavilion Nagakute

Contribution of LEDs and employees' voluntary participation in "Yumehotaru" in Taketoyo-cho

Taketoyo-cho in Aichi Prefecture actively provides manufacturing classes to children. "Yumehotaru" is a program to promote workshop activities and environmental education by using LEDs. We contributed to the efforts of Taketoyo-cho through the donation of LEDs. Furthermore, our employees participated in the program as volunteers last year.



Workshop activity using LEDs

Information disclosure

- Disclosure through the Environmental Report**
 In fiscal 2001, Toyoda Gosei started to issue its Environmental Report and has been active in providing environmental information. The report was renamed the Environmental and Social Report in fiscal 2004 to reflect our expanded social activities, and to disclose a wide range of information to various areas and to society. (You can see the Environmental Report on our website below. An English version is also available there.)
<http://www.toyoda-gosei.co.jp/kigyou/kankyoku/houkoku.htm/>
- Arranging plant tours for analysts and media members**
 We provide plant tours for analysts and media members to disclose our information. Tours in Heiwa-cho plant, a major LED manufacturing plant, took place in 2004 to show processes to manufacture LEDs, to display an environmentally friendly next generation lighting system, and to introduce and explain the latest LED technologies and their market predictions henceforth.



Plant tour at Heiwa-cho plant

Relationship with Employees

Toyoda Gosei incorporates respect for humanity into our management philosophy to establish a work environment where employees can work comfortably and healthily. The corporate policy of “creating a safe workplace with zero accidents through reinforcing safety and health measures” was established as a concrete step to achieve that objective. In addition to thorough safety and health measures and employee health care, efforts to cultivate human resources are constantly underway, so that people can display their own abilities to the maximum.

Health and safety and health care

• Safety and health

Since workplace safety and health, as well as employee health care, along with product quality control and the environment, are essential issues for a corporation, TG tries to make sure that these are well managed under our management philosophy. Concerning safety and health, we launched various measures in fiscal 2005, including safety and health training according to the managers' positions. Despite these measures, there were four accidents, and so we could not achieve the goal of zero accidents. But thorough training and education have produced definite results, raising people's safety awareness and improving our work environment.

• Health Care

Moreover, concerning health care our focus on mental health care has produced several remarkable results. For example, we developed a follow-up system to determine whether long-term absentees should be allowed to come back to their workplaces. In the system, not only the long-term absentees themselves, but family members, doctors and bosses participate in confidential discussions and share information. It has been effective to prevent them from going back to long-term absenteeism again. There are various other mental health care programs also being implemented, including information services and follow-up training on the Intranet organized separately for use by managers or by general employees, and our industrial physicians' visits to employees and their families abroad.

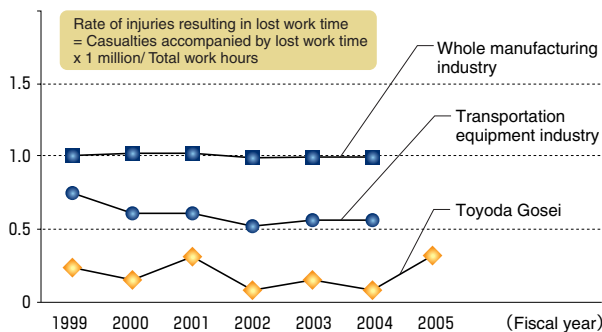


Mental health training

■ Major efforts in fiscal 2005

- 1 Developed a voluntary management structure by introducing the Occupational Safety and Health Management System, OSH-MS
- 2 Implemented separate training on safety and health principles according to managers' positions
- 3 Implemented safety and health training for affiliated companies and contractors
- 4 Conducted risk assessment of facilities which often break down
- 5 Improved work environment by taking counter-measures against passive smoking etc.

■ Change in the rate of work accidents (rate of injuries resulting in lost work time)



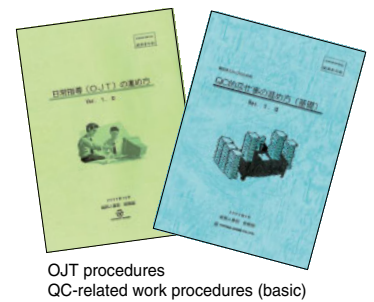
Human resources cultivation and recruitment

• Cultivation of human resources

All employees in Toyoda Gosei share a sense of values that says corporate strength equals human resources and that human resources are what the company truly produces. In this sense, efforts to develop global human resources have been underway in Toyoda Gosei to create a corporate environment where employees can be constantly nurtured through their work. With the mindset that employees and the company are inseparable, employees are required to have an awareness of self-responsibility, growth, and challenge as action guidelines, while the company provides separate training according to employees' positions under the three pillars of *human resources cultivation, QC-related work procedures, and roles and actions*. Human resources are cultivated through *training for engineers*, mainly for younger engineers, and *skill training* on assembly-line maintenance techniques and manufacturing for floor shop workers. The same efforts take place in foreign countries, too.

■ Training structure

Training pillars	Training according to employees' positions	Common knowledge	Basic technical training
<div style="display: flex; justify-content: space-around;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">QC-related work procedures</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Roles and actions</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Human resources cultivation</div> </div>	Management training for general managers	<div style="display: flex; justify-content: space-around;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Language training</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">General training (finance, cost and laws and regulations)</div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Clerical workers / Engineers / Technicians</div> </div>
	Management training for division heads		
	Problem-solving training for instructors		
	Management training for group leaders and section chiefs		
	Management training for subsection chiefs		
	Training for team leaders		
	Fifth grade training		
	Third grade training		
	Training for new employees		
			<div style="display: flex; justify-content: space-around;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">On the job training</div> </div>

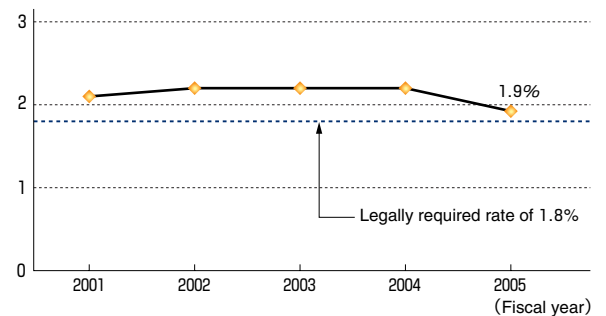


The GPC (global production center) was established abroad for supervisors and engineers. We promote the sharing of the manufacturing standards developed in Japan among foreign TG group companies as well as the development of human resources. With the training committee, whose chairman is the vice-president, as a pillar, the two committees for engineer training and for skill training play important roles in implementing training for human resource development.

• Recruitment of disabled people

Eighty-six disabled people work in various divisions as of March 2005. The employment rate of the disabled is 1.9%, exceeding the legally required rate of 1.8%.

■ Change in the employment rate of the disabled



■ Training structure

