



Vitz (Yaris outside Japan) RS



RAV4

# Vehicle Business

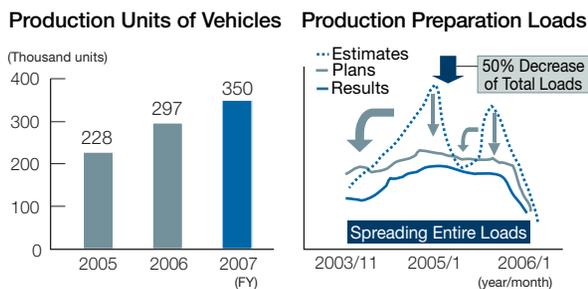
Striving for Even Higher Standards of Production as an Automaker

## Environmental Responsibilities

- To reduce the environmental impact of production
- To abolish the use of restricted substances

## Social Responsibilities

- To ensure safety throughout the production stage and to pursue QCD (Quality, Cost, and Delivery)



## Establishing a Business Culture to Improve and Take on New Challenges Continuously

As an experienced manufacturer of compact and midsize vehicles on consignment from Toyota Motor Corporation (TMC), our vehicle business is responsible for realizing quality, low cost, and delivery that satisfies customers. The entire division comes together to strive for improvement and innovation in unison and always strives to realize the most advanced manufacturing.

Our vehicle business has been manufacturing the popular Vitz (Yaris outside Japan) since 1999 and the RAV4 since 2001 under consignment from TMC and continuously produces them at high

standards. In that time, there has not been a single case of a serious quality problem in the manufacturing process. In competition with the other automobile manufacturers of the Toyota Group throughout the world, Toyota Industries' vehicle business continues to maintain high standards in terms of quality, low-cost, and delivery. In 2006, we once again earned the Superior Quality Performance Award presented to suppliers by TMC.

In addition, we give top priority to the safety of our employees, (including the growing number of temporary workers) during the production process and continue to pursue thorough safety management systems in the workplace.

Our efficiency in carrying out production preparations that enable us to begin production in a shorter period is also highly renowned. During the full-model change of the new-model Vitz (launched in Japan in February 2005) and the new-model RAV4 (launched in Northern America in December 2005 and in Europe in January 2006), we carried out reform of production preparation processes that went beyond conventional ideas, and attained excellent results.

In the past, during the planning of operation processes and the specifications of facilities, we confirmed our plans by first discussing various issues while referring to drawings, and then making an actual production line. We would then begin to solve any problems that arose. In the recent model changes for the Vitz and RAV4, however, we implemented a production line simulation at the planning and conceptual stages using three-dimensional data (three dimensional images), thereby bringing specification discussions forward in the planning process and increasing efficiency.

Furthermore, using virtual training and virtual manuals (moving manuals) that employ three-dimensional data, we shortened the work training period and enhanced production accuracy. In addition, through project activities that removed every conceivable barrier between departments, such as production engineering, quality assurance, and manufacturing, we created a system where decisions could be made and implemented more quickly.

These improvements reduced the total production preparation load by 50% and spread that load more evenly across the entire production preparation process. Furthermore, at the request of TMC, members of our manufacturing department participated in production preparations for the Yaris in France utilizing their experiences in Japan.



On-site inspections by top management