

Ensuring a Workplace Where Each Employee Can Work Safely with Enthusiasm

Improving Occupational Health and Safety

▶ Graph 1

Toyota Industries is continually implementing activities for the prevention of industrial accidents and the creation of a pleasant work environment, underpinned by its fundamental policy of “Establishing a Occupational Health and Safety System to build strong workplaces which are able to recognize, think, and act on their own”. We are also promoting activities to achieve “Improvement from zero accidents to zero danger”.

In fiscal year 2007, activities in this area were carried out under the auspices of three major policies – the maintenance and improvement of the occupational health and safety management system to enhance workplace strength, the pursuit of equipment safety, and the creation of a pleasant work environment.

The focus of the Occupational Health and Safety Management System to date has been on operational areas of the company, such as manufacturing and inspection processes, but we conducted a study to extend it to all areas of the company, starting with our administrative departments. After completing trials and providing guidance to the designated departments, we will extend this system to be used company-wide starting from fiscal year 2008.

An analysis of the cause of industrial accidents showed that many of those accidents were caused because workers did not observe the ground rules, even when they knew what those rules were. In fiscal year 2006, we rolled out a work ethic-raising campaign and promoted it with great energy. Each Division inserted this campaign in its guiding principles and developed activities, such as a morning greeting, not using mobile phones while walking, and not walking with your hands in your pockets. This campaign was simple, but proceeded to steadily and diligently.

In June 2006, the All-Toyota Safety and Health Association, which is composed of 14 Toyota Group companies, decided on the major subjects for the group to promote. As a result, the “full implementation of the lock-down system”*, was introduced for

high-risk equipment in all factories in fiscal year 2007 and we are extending it to all designated equipment in fiscal year 2008. In this way we intend to thoroughly prevent industrial accidents caused by the erroneous operation of machinery by others. In addition, we plan to carry out “enhanced management of external work”. In fiscal year 2007 there were accidents at construction sites outside the company. Therefore, we established a new framework for the departments in charge of construction, carried out additional training for on-site supervisors and workers, and also had top-level management involved in in-house inspections. Thanks to these efforts we have improved the level of Safety and Health management at our construction sites.

* Lock-down System: This is a system where locks will be used to ensure that the shutdown state of machinery will be maintained once the power to that machine has been cut off. This will allow workers to protect themselves against being injured by the mistaken operation of the machinery by others.

Supporting the Improvement of Health and Safety Activities at Affiliates

In conjunction with the relevant departments in our company, Toyota Industries provides study sessions and on-site checks and guidance for our affiliates in Japan, with a focus on compliance. However, in the second half of fiscal year 2007, industrial accidents occurred. In analyzing these accidents, it became clear that the same kinds of accidents reoccurred at the same company or that another accident that was very similar to one of the most recent industrial accidents occurred at another company. Therefore, we promoted activities to prevent accidents by deploying information and safety features to our affiliates and checking the status regularly. We also host repeated workshops for top management or other persons in charge to improve the level of their Occupational Health and Safety Management Activities.

Focus on Health Management

▶ Table 1 ▶ Table 2

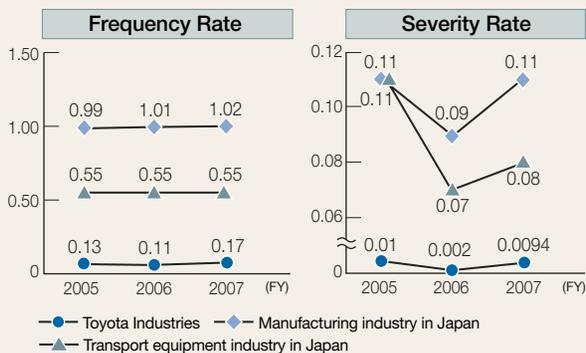
Toyota Industries conducts a number of activities to support and maintain the health of our employees as we strive to build people and workplaces that can respond to risks such as aging and increased stress.

▶ Table 1 Health Creation Programs Conducted in FY 2007

Program	Details
Lifestyle disease prevention	<ul style="list-style-type: none"> ★ Additional confirmation items during the health checkup to prevent metabolic syndrome ★ Initiatives to improve the consultation rate for detailed examinations (large intestine and stomach) <ul style="list-style-type: none"> • Non-smoking marathon (126 participants, 64 successful) • Walk/Hike (151 participants) • Age-based health education (held 12 times, 226 participants)
Occupational disease prevention	<ul style="list-style-type: none"> ★ Support for employees with long work hours on overseas assignment <ul style="list-style-type: none"> • Development of frameworks for advance management of appropriate assignments through liaison between the health management and personnel systems' information system. (limits on overseas travel, nighttime, or overtime work) • Back pain prevention clinic (71 participants, 85% improvement)

★ New initiatives

▶ Graph 1 Frequency Rate / Severity Rate



Frequency rate
the number of accident sufferers resulting in lost workdays ÷ total working hours x 1,000,000
(Value indicates the frequency of occurrence of accident sufferers per 1 million working hours.)

Severity rate
work-days lost ÷ total working hours x 1,000
(Value indicates the severity of the accident per 1,000 working hours.)

Toyota Industries also includes the issue of mental health in its multilayered education and strives for the prevention of mental health problems and the early detection and management of problems when they do arise. We give employees the opportunity to seek health advice from health nurses.

▶ **Table 2** Mental Health Programs Conducted in FY 2007

Program	Details
Self-care education and enlightenment	★ Including a half day seminar, how to cope with stress for middle management (205 participants)
Reinforcement of health checks for manager class employees	★ For managers who work late at night for more than 10 hours a month, same health checks and follow-up as those provided to union members
Preparatory work system	★ System started (18 applied)
Health consultations	Individual counseling by health nurses for high-stress and mentally unwell employees

★ New initiatives

Management of Working Hours and Encouragement to Take Paid Annual Holidays

Toyota Industries endeavours to manage working hours to prevent employees from working excessively. At each workplace, supervisors monitor the work of their subordinates and, where necessary, give advice and guidance on sharing work loads. Each workplace also reserves one day for everyone to leave work at the prescribed time, thus cutting down on overtime. Toyota Industries also encourages employees to take their paid annual holidays. In fiscal year 2007, however, increased production led to employees becoming busier, which affected the taking of annual leave. The average number of days off taken in fiscal year 2007 fell by 1.0 days from the previous year to 17.0 days.

Support for Employees on Overseas Assignment

As our business becomes increasingly globalized, the number of employees posted on overseas assignments is also increasing. Toyota Industries provides for medical examinations before, during, and after the overseas assignment for these employees and their families. Our industrial physicians also visit overseas workplaces on a regular basis to provide health consultations to our employees working overseas. In fiscal year 2007, Toyota Industries' industrial physicians visited seven workplaces in five countries.

Creating Comfortable Workplaces Based on Respect for Human Rights

▶ **Graph 2**

Toyota Industries and its affiliates at home and abroad are working to achieve both corporate development and the well-being of each and every member through the mutual fulfillment of responsibilities by both employees and management.

Employee-Management Relations Based on Mutual Trust

One of Toyota Industries' basic principles is to "nurture the inventiveness and other abilities of its employees while seeking to

create a climate of cooperation, so that employees and the company can realize their full potential." Based on this principle, Toyota Industries is working to maintain and improve working conditions that ensure secure employment and long term stability, in addition to creating workplaces that are healthy and easy to work in. This is fundamentally based on a respect for human rights, as established in our conduct guidelines: "Respect the personality of individuals, prevent sexual harassment and abuse in the workplace, and refrain from discrimination based on race, religion, gender, nationality, disability, or any other factor not related to an individual's work performance." In addition, as our business becomes increasingly global, the Toyota Industries Group will reject the use of child and forced labor, as well as comply with the laws and social norms in each country where we operate.

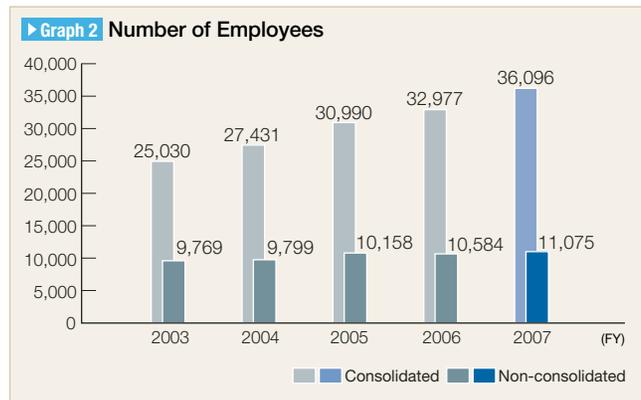
Every year, human rights issues are included in the education program for our new employees.

Security and Diversity of Employment

Toyota Industries places a high value on maintaining and ensuring stable employment. The number of people employed by Toyota Industries has been steadily increasing from year to year as our business has expanded. Moreover, as our business operations have become increasingly globalized, our workforce has become increasingly diverse. It is our belief that the provision of a fair and just working environment is of the utmost importance, where diversity of individuals is respected regardless of gender, age, nationality, or disability or otherwise.

As of the end of March 2007, the consolidated workforce of Toyota Industries numbered 36,096 employees, approximately half of whom are employed at overseas affiliates. The number of part-time workers, including temporary contract workers, climbed to 8,883 (8,007 in the previous fiscal year).

We recruit new graduates every year based on the requirements of each business division. In April 2007, 523 new graduates commenced work at Toyota Industries. We plan to recruit 525 new graduates in fiscal year 2009.



Employment of People with Disabilities

Toyota Industries employs people with disabilities every year on a continual basis and assigns them to various workplaces. It is our view that disabled people and others should work together and share job satisfaction and the purpose of life.

Toyota Industries is endeavoring to improve the work environment by organizing a Settlement Promotion Team within the company and by holding informal discussions with disabled persons to hear their opinions on a regular basis. These steps are intended to ensure a workplace where disabled people can work at ease.

As of the end of March 2007, Toyota Industries had 155 people with disabilities employed in its workforce (142 in fiscal year 2006), meaning that they made up 1.80% of the total workforce (the legal requirement in Japan is 1.8%).

Re-Hiring after Retirement

Toyota Industries has conducted a post-retirement re-hiring program called the Super Career Program since April 2003. The aims of the program are to address the issues of the falling birthrate and aging population in Japan and to pass on the skills and expertise of our more experienced workers to younger employees. Retiring employees who wish to be re-hired and who satisfy certain requirements in terms of work skills are selected through this program to work for a maximum of three years. In April 2006, in response to the revision of the Law Concerning the Stabilization of Employment of Older Persons, the Super Career Program was expanded to form the basis of a new program, the Post-Retirement Re-Hiring Program. Whereas the Super Career Program was available only to union members, the new program has been extended to all employees, including manager-class employees. Also, in line with the intent behind the revised law, we have made the program into a continuous employment program based on selection criteria agreed upon with the union. In addition to this program, retired employees can also register with our subsidiary, Sun Staff, Inc. to obtain work as temporary dispatch workers.

Ensuring Equal Opportunities

In order to promote equal opportunities in the workplace, Toyota Industries is striving to create a transparent and fair human resources system, as well as a workplace where employees can exercise their capabilities to the full, regardless of gender.

The Equal Opportunity Manual has clear guidelines that explain the purpose and content that must be complied with of the law for our employees. In addition, the company provides consultation services concerning equal employment opportunities for both sexes, to ensure prompt responses to issues.

Supporting the Balance between Family and Work

Toyota Industries is actively working to enhance programs that enable employees to balance their family and workplace commitments, as well as to encourage a workplace culture that understands the need for a variety of work options that address individual family circumstances.

As part of the Family-Work Balance Programs, Toyota Industries

launched the Child Care Leave Program in 1991. From fiscal year 1992 through the end of fiscal year 2007, a total 428 employees (43 in fiscal year 2007), made up mostly of women, have taken advantage of Toyota Industries' child care leave programs. We will continue to encourage this practice in the future.

In March 20, 2007, Toyota Industries introduced the "Welcome back program", which offers an opportunity for reemployment to employees who retired in order to raise children, care for the elderly, or due to the transfer of their spouse. This program applies to employees who completed a service period of at least three years, and does not depend on their previous job, qualifications, or gender. Basically, an applicant submits an application at the time of retirement and then in principle comes back to work for the same department when they are able.

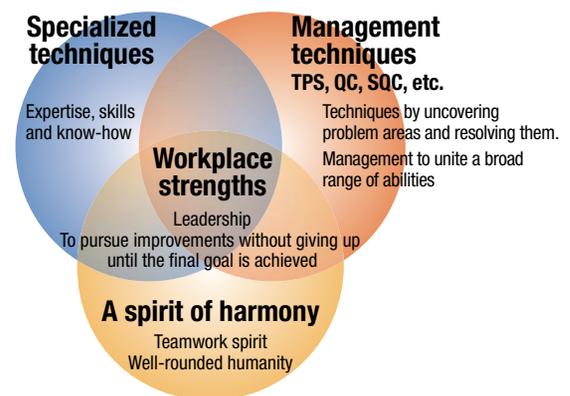
Based on the Child Allowance System, we have revised an action plan covering fiscal year 2008 to 2009. According this plan, we are going to carry out various measures, including establishment of a day care center operated by five Toyota Group companies, starting in October 2007.

Nurturing a Sense of Unity and Teamwork through Human Resource Development

▶ Fig 1 ▶ Fig 2

In order for each employee to be enthusiastic about their work, and for the company to continue developing, increasing workplace strengths (organizational ability) is essential.

▶ Fig 1 Workplace Strengths (Team Strength and Spirit)



Toyota Industries interprets "workplace strengths" as being the power to identify the company's mission and role, to pursue improvements without giving up until the final goal is achieved, and the drive with which employees develop and results are achieved on a continuous basis. In order to increase workplace strengths, specialized techniques (such as expertise, skills, and know-how) need to be raised, as these techniques provide the starting point in manufacturing. In addition, management techniques such as TPS (Toyota Production System), QC (Quality Control), and SQC (Statistical Quality Control) need to be employed to take full

advantage of these techniques by uncovering problem areas and resolving them. When a spirit of harmony, such as motivation, teamwork and well-rounded humanity is secured as a foundation, and specialized techniques and management techniques are added to it, only then will workplace strengths be increased. Furthermore, when the workplace leader exercises leadership at the center of these three rings, workplace strengths can be improved and increased on a continuous basis.

Nurturing a Sense of Unity and Teamwork to Strengthen the “Spirit of Harmony”

We believe that well-rounded humanity and a sense of unity and teamwork in the workplace, which are needed to create a strong workplace, evolve naturally from human relationships and communication. Based on this belief, Toyota Industries actively promotes the Personal Touch (PT) movement. Through the ST (steward) program (provided by senior employees in the workplace), the fostering program* (provided by supervisors in the workplace) and a variety of recreational activities, we encourage close communication between our employees.

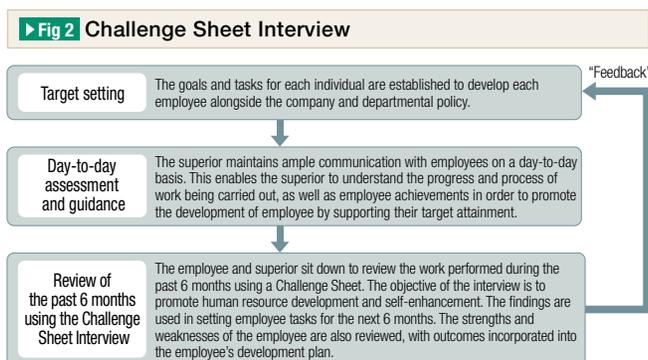
For example, in the ST program, senior employees in a workplace become “STs” or a steward for that workplace, providing new employees with one-on-one guidance over a period of six months. We believe that stewards help new recruits to become accustomed to their work and their workplace more quickly by giving them what we believe to be careful and appropriate advice.

* Fostering (Workplace Supervisor) Program: In this program, workplace supervisors invite new employees and other subordinates to their home for informal discussions over a meal to deepen close relations among employees. The aim of this program is to help new employees settle into the workplace quickly and attempt to prevent problems from occurring.

Human Resources Development Management

Toyota Industries employs the Challenge Sheet Interview system for its human resource development management, where guidance and nurturing are provided on an individual basis through communication between the employees and their superiors.

As for managers, the company strives to promote human resource development by setting tasks and targets in terms of development and guidance of the employees, and by assessment that focuses on personnel development.



Education and Training Programs

Toyota Industries provides multi-layered and specialized area education and training to employees in technical positions and those in office and engineering positions, as well as a range of other programs.

In addition, voluntary education and training programs provided by Toyota Industries for its employees include the Global Human Resources Registration and Development Program, the Global Challenge Registration Program, which helps employees wanting to be active in a global arena to improve themselves, the License Power Qualification Attainment Support Program, which assists employees in obtaining various official certifications (42 employees certificated in fiscal year 2007), and the Trade Certificate Attainment Support Program, to help employees obtain both government and company trade certificates (309 employees certificated in fiscal year 2007).

For new employees, “training of manufacturing” encourages them to acquire very basics of manufacturing. They touch the real Type G automatic loom, the origin of Toyota Industries and learning the ingenuity behind its mechanism. They also complete drawings with drafting table, using their own head and hands.

Development of TPS (Toyota Production System) Human Resources

Since the establishment of Toyota Industries by Sakichi Toyoda and subsequent management by Kiichiro Toyoda, manufacturing processes have incorporated the concepts of *Jidoka**1, and Just-in-Time*2. These concepts are fundamental to the Toyota Production System (TPS), which the company employs to ensure efficient production through continuous improvement. The development of human resources that will lead the company into the next generation is promoted by adhering to these concepts. There is also the TPS *Dojo*, where fundamental education and practical experience are provided to strengthen human resource development.

*1 *Jidoka*: The concept of preventing defective products from being produced. If a defective part or equipment malfunction is discovered, the machine concerned automatically stops and operators stop work and correct the problem.

*2 Just-in-Time: The concept of making and supplying only “what is needed, when it is needed, and in the amount needed”

Development of Young Technicians

“Manufacturing starts with developing our human resources.” Based on this idea, Toyota Industries has long been addressing the development of young technicians who have both highly advanced and practical skills. The company established the “Gino Senshu Gakuen (Technical Training School)” in 1982 where training is provided in three areas, namely the academic training to acquire knowledge, practical training to acquire skills, and mental training for character building. 95 employees completed the course in fiscal year 2007.