

Good Corporate Citizenship

Toyota Industries affects the lives of many individuals through each of its activities and has a responsibility to act as a good corporate citizen. In addition to supplying quality products to satisfy its customers, the company has an obligation to consider the environment in its pursuit of revenue growth and to provide a vibrant working environment for its employees.

This chapter focuses on the efforts of Toyota Industries to promote good corporate citizenship with respect to its customers, the community, and its employees. See the “Subsidiary Spotlight” boxes for highlights of efforts taking place at its subsidiaries.



Quality Assurance in Relation to the Customer

Implementing strict quality control based on the philosophy that quality is the lifeline of the company

Sakichi Toyoda once commented that “a product should never be sold if it has not been carefully manufactured and tested thoroughly with satisfactory results.” The spirit of such comments as these continues to flourish within Toyota Industries, where quality is viewed as the lifeline of the company and receives the utmost priority as a management task.

Toyota Industries' quality assurance system is based on a market-in approach to customer satisfaction that originated when the company received the Deming Prize in 1986 for quality control implementation. With this approach, the company seeks to identify the needs of the customer and implements a nine-step design review process that covers everything from product planning to customer satisfaction after purchase.

■ Nine-Step Design Review Process

DR0	Commercial product planning review
DR1	Product planning review
DR2	Prototype design review
DR3	Pilot production review
DR4	Mass production design review
DR5	Production preparation review
DR6	Mass production review
DR7	Initial production review
DR8	Customer satisfaction review

■ Recognition and Certification of Quality Assurance Systems

1986 Received Deming Award

1994 Acquired ISO 9001 certification (1994 version) and QS 9000 certification

2003 Acquired ISO 9001 certification (2000 version) and TS 16949*1 certification

Quality Control Policy

Toyota Industries utilizes every opportunity to ensure that each of its employees, beginning with its upper management, embraces the company's policy of zero-defects quality and understands that the customer is number one. These policies form the basis for all of the company's quality control activities.

Quality Control System

When customer evaluation data is received by a division's quality assurance department, the department immediately reassesses the design review process and provides feedback in order to improve quality at the process level.

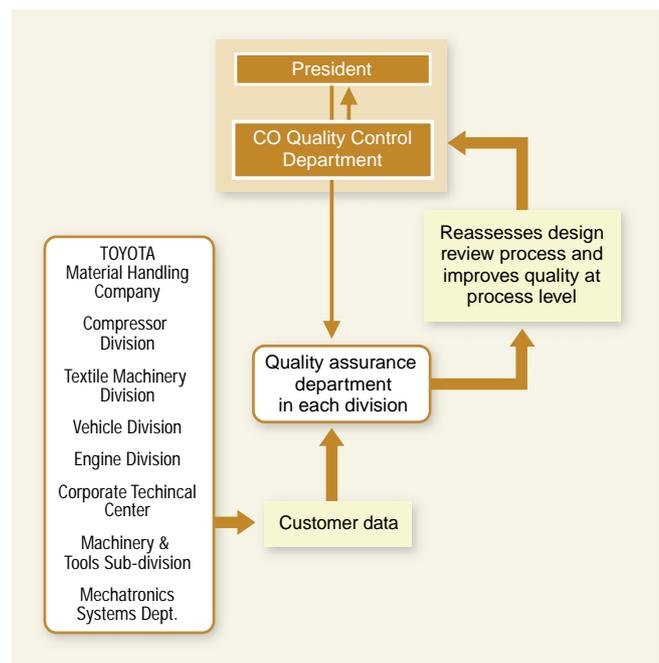
If, through customer feedback, a division uncovers what qualifies as a critical quality issue under company rules, the data is immediately relayed to both the Corporate Center's Quality Control Department and the company president.

The Quality Control Department is responsible for monitoring the quality assurance department of each division in order to ensure that the departments are reassessing the design review process and implementing feedforward control*2 to improve quality at the process level.

The president of Toyota Industries is personally involved in ensuring that his directives for the company are being implemented, participating in special site inspections and quality status meetings, during which responsible department heads report information about the quality of the company's products to the president.



■ Quality Control System



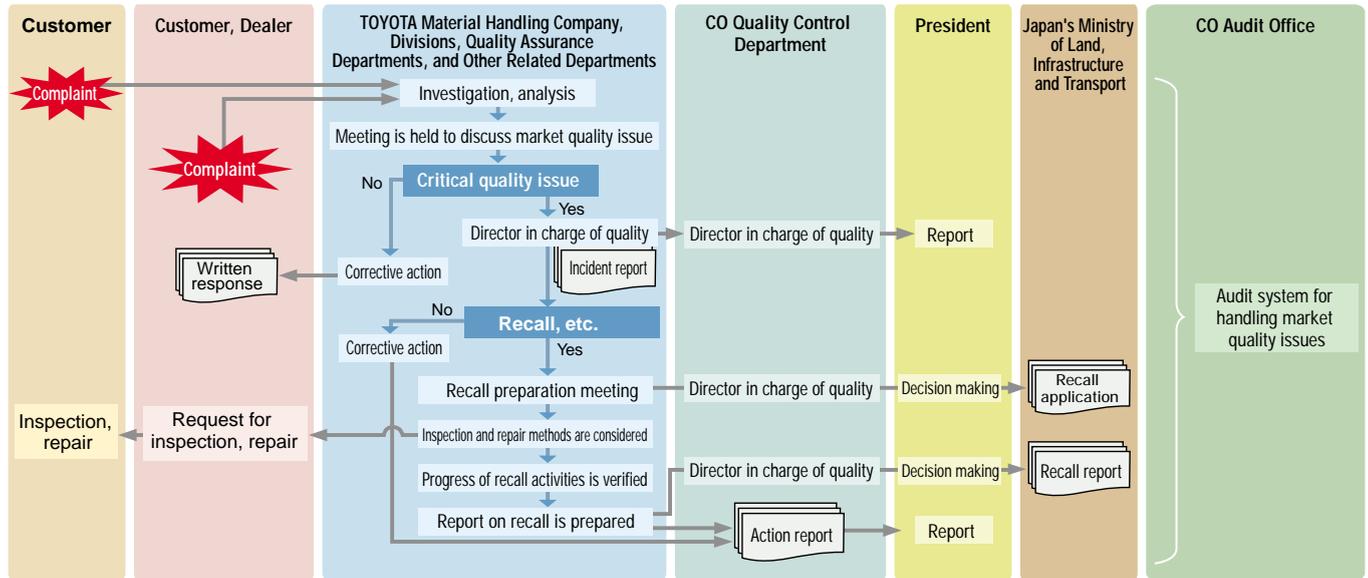
Complaint Response

If there is a critical quality issue such as a market-based complaint or recall, the relevant information is immediately relayed to the company's upper management. Appropriate measures are then taken to minimize any inconvenience to the customer. If a recall is required, the company notifies the relevant authorities and contacts its customers through direct mail, or other means, to ensure that warranty repairs are quickly performed.

*1 TS 16949: a quality assurance standard for the automotive industry.

*2 Feed-forward control: a control system used to prevent future oversights, thereby removing the possibility of having to correct oversights after they have occurred.

■ Responding to Critical Quality Issues



The Audit Office conducts regular audits of the company's major divisions to ensure that the quality assurance system outlined above functions as it was intended.

Audit Goals

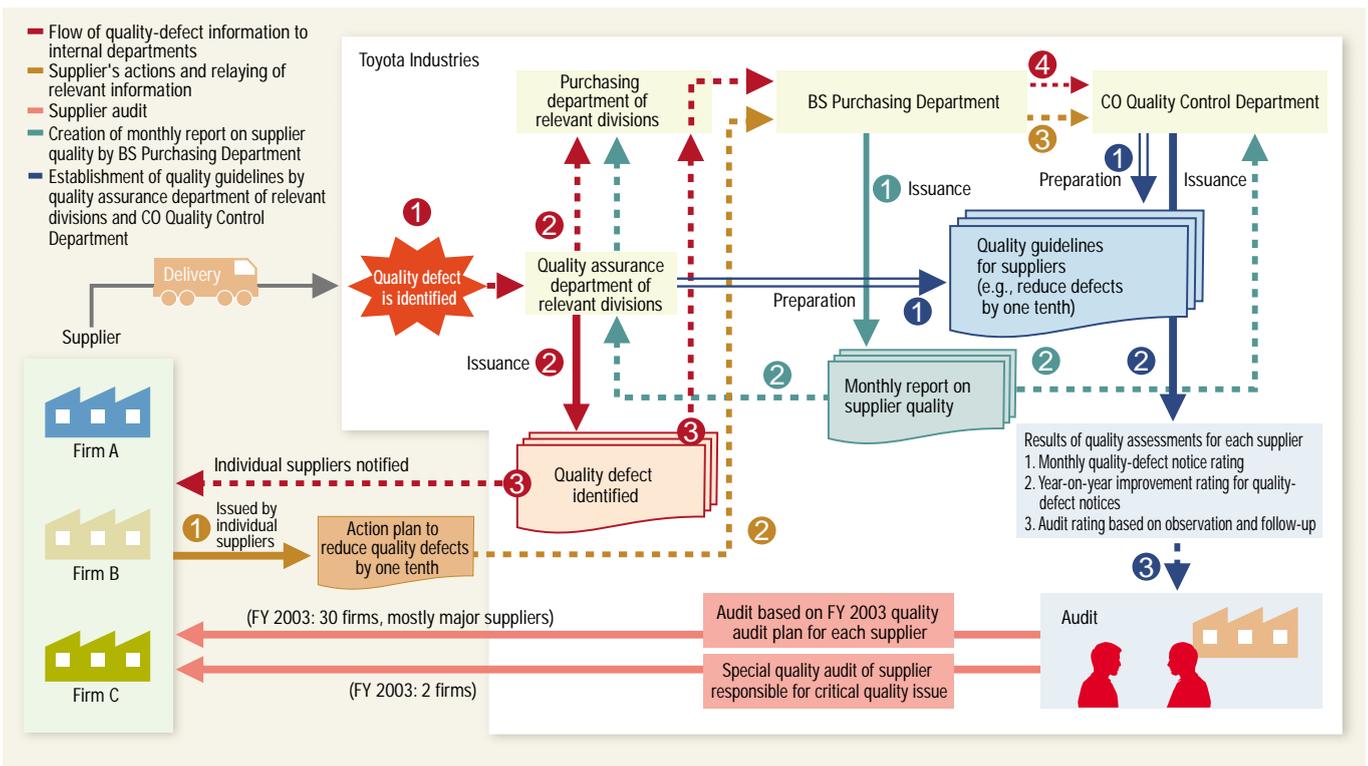
1. To determine whether critical quality issues are being handled in an appropriate manner and reported to upper management
2. To determine whether appropriate company rules are in place
3. To determine whether complaints are being handled in compliance with company rules

Quality Assurance throughout the Supply Chain

Toyota Industries' branding as a global manufacturer is based on its reputation for quality and reliability, which serves as a valuable management resource for the company. The company's unceasing commitment to quality

is shared by each firm in its supply chain. This enables Toyota Industries to offer quality products that are trusted by customers around the world.

■ Quality Assurance Flowchart



Social Activities

Striving to contribute to society based on a policy of social commitment, with an emphasis on traffic safety, social welfare activities, and environmental conservation

— Guiding Principles for Corporate Citizenship — Basic Philosophy

Toyota Industries is respectful of the people, culture, and traditions of each region and country in which it operates. It also works to promote economic growth and prosperity in those countries.

Basic Perspective

While aiming toward corporate development and longevity, Toyota Industries strives to fulfill its role as a good corporate citizen so that the regions which provide a foundation for its corporate activities and its employees' lifestyles become more prosperous and pleasant. To accomplish this, Toyota Industries actively promotes cooperative support activities with the objective of contributing to society through the provision of HR, facilities, and funds. Toyota Industries' employees, through activities such as volunteering, also endeavor to be of service to society.

Traffic Safety

As an automotive-related manufacturer, Toyota Industries strives to promote traffic safety in the community. Its Central Traffic Safety Committee is responsible for promoting traffic safety activities throughout the company and is also involved in promoting the practice of traffic safety both in the local community and among company employees.

■ Promoting Traffic Safety in the Community

Japan's Ministry of Land, Infrastructure and Transport conducts a nationwide traffic safety campaign four times a year. During the campaign, the Toyota Group jointly conducts a Yellow Stop Campaign aimed at



Toyota Industries Employees Encourage Drivers to Stop for Yellow Lights

encouraging drivers to stop when a traffic light turns yellow. As part of this campaign, Toyota Industries employees station themselves at intersections near the company's plants and encourage passing drivers to exercise greater caution. Toyota Industries also participates in government-sponsored traffic safety events and encourages its employees to use extra caution as part of its Zero Traffic Accident Day campaign, which is held on a designated day each month.

■ Traffic Safety Fair Program

Toyota Industries is a sponsor of the Traffic Safety Fair program organized by the Traffic Safety Association of Aichi Prefecture. In 2003, Traffic Safety Fairs were held during the month of March in order to help the public gain a better understanding of traffic safety. As part of the event, Toyota Industries displayed its proprietary Parking Assist System, which is a sound-emitting guidance system that was developed to help drivers safely park their cars.



Traffic Safety Fair 2003

■ Traffic Safety Awareness Among Employees

Traffic safety workshops are regularly conducted by the company as a means of encouraging greater awareness of traffic safety among employees. The company also utilizes a simulator machine to improve the traffic safety skills of its employees. Every month, Toyota Industries publishes a company-wide report detailing traffic accidents involving its employees, which serves as a cautionary reminder for all its employees to drive safely.



Motorcycle Skills Workshop

Social Welfare Activities

Employees of Toyota Industries volunteer their time to help the elderly and persons with disabilities. The company is also actively involved in sponsoring events for the welfare of the community.

■ Volunteer Support Network

Toyota Industries has established the Heartful Club, an in-house support network that promotes volunteer involvement by company employees. The network currently has approximately 340 registered volunteer members and uses the Toyota Industries intranet to distribute information about volunteering opportunities. Through the work of the Heartful Club, many of the company's employees are participating in a wide range of volunteer opportunities including helping to run social welfare events and charity concerts and contributing to environmental conservation activities.

Toyota Industries has also established the Toyota Group “Disaster V (Volunteer) Net” in order to provide assistance to victims and areas stricken by a natural disaster, such as a major earthquake, in the Tokai region. The organization has 91 members and conducts workshops so that its members can swiftly and appropriately respond to a natural disaster.



Call for Volunteers

■ Special Olympics Nippon, Nagoya Branch

Toyota Industries is a sponsor of Special Olympics programs in Aichi Prefecture. These programs are aimed at giving individuals with mental disabilities an opportunity to train and compete in an annual Special Olympics competition. In November 2003, the company volunteered its athletics grounds and gym facilities to be used for various competitions. For Special Olympics Day, which drew 350 participants. Thirty employees of Toyota Industries volunteered to help run this event.



Special Olympics Day in Aichi Prefecture

■ Social Welfare Events

In collaboration with the Kariya City Social Welfare Council, Toyota Industries sponsors the Social Welfare Get-Together Festival. During this annual event, Kariya City residents with disabilities are invited to the company's Shines building—a leisure and entertainment facility that was created for the benefit of Toyota Industries' employees—to enjoy everything from food, music, and dancing to games and handicrafts. This year's festival, held in February, was attended by 234 individuals and was run with the help of 125 volunteers from the company. Toyota Industries also sponsors events for children from social welfare facilities, such as field trips to go clam digging, strawberry picking, and potato harvesting.



Social Welfare Get-Together Festival



Clam Digging Field Trip for Children

■ Sumo Field Trip for Orphaned Children

Every year, Toyota Industries invites 250 children, who have been orphaned as a result of traffic accidents, to attend the July Grand Sumo Tournament held in Nagoya. The program is organized by the Chunichi Shimbun Charity Organization.

■ Coexisting with the Community

Toyota Industries participates in community-building activities and is a staunch supporter of youth education and cultural activities.

■ Kariya City's Mando Festival

The Mando Festival, which is held each July in Kariya City, is officially recognized as an intangible cultural asset by Aichi Prefecture. Last year, 80 of the company's employees participated in the festival by helping to repair the giant mando lanterns and joining in the procession of lantern-carrying dancers with other members of the community.



Mando Festival in Kariya City

■ Plant Open House Summer Festivals

During the months of July and August, each of Toyota Industries' plants holds an Open House Summer Festival in order to promote greater interaction with the community and to bring its employees and their families together. Each plant offers a unique mix of traditional Japanese dancing, food stalls, band performances, and other festivities.



Open House Summer Festival at Obu Plant

Relationship with the Community

■ Youth Education Programs

Toyota Industries strongly supports youth education programs in the form of invention and innovation programs for youth residing in Obu City and Kariya City. The annual summer program conducted in Obu City gives children from local elementary schools the opportunity to enjoy the process of creating objects and conducting their own experiments. In FY 2003, the participants built a hovercraft and made their own soda beverages.



Summer Crafts and Experiments Program



Concert by Nagoya Philharmonic Orchestra

Supporting Cultural Activities

■ Classical Music Performances

In September 2003, seven Toyota Group companies headquartered in Kariya City, Aichi Prefecture, sponsored a charity concert by the Nagoya Philharmonic Orchestra. The concert was attended by individuals with disabilities and community organization members. Toyota Industries was also a contributing sponsor of the annual New Year's Concert for 2003 in which the Nagoya Philharmonic Orchestra performed before an audience of 720.

■ Partnership Concert for Expo 2005

Toyota Industries co-sponsored the Expo 2005 Partnership Concert in Yokkaichi City, Mie Prefecture, with the goal of raising awareness for the upcoming 2005 World Exposition in Aichi Prefecture.

■ Sculpture d'Esaka Museum

Toyota Industries operates the Sculpture d'Esaka Museum* through its subsidiary Sun River Co., Ltd. The company gladly lends its support, such as by providing the museum with pieces of sculptural work to display.



Sculpture d'Esaka Museum

Subsidiary Spotlight

Toyota Industrial Equipment Mfg. Receives Bridge of Friendship Award for Outstanding Corporate Citizenship

Toyota Industrial Equipment Mfg., which manufactures forklifts in the United States, received the Bridge of Friendship Award from the Japan-America Society of Indiana in June 2003. The award was given in recognition of over 13 years of activities carried out in close partnership with the community, including the company's sponsorship of local charitable facilities and arts programs in its local community of Columbus, Indiana. The company is fully committed to remaining actively involved in the community.



President Yoshimitsu Ogihara and Senior Vice President Marv Johnson Holding the Bridge of Friendship Award from the Japan-America Society of Indiana

* The Sculpture d'Esaka Museum is one of only a few museums in Japan devoted solely to sculptural works, and features such modern artists as Henry Moore, Rodin, and Maillol. The museum is part of the Amenity Esaka complex, located in Suita, Osaka, and is operated by Toyota Industries subsidiary Sun River Co., Ltd.

Environmental Conservation

Toyota Industries participates in community cleanup events and nature conservation activities through the volunteer efforts of its employees.

■ Adopt-an-Area Program

The Adopt-an-Area Program enlists corporations and members of the community to adopt public areas such as roads, parks, and train station plazas. The program encourages citizens and corporations to care for and keep their communities clean. As sponsors of the program, the Higashichita Plant and Kyowa Plant have adopted public areas, in Handa City and Obu City respectively, in an effort to keep local parks and roads clean.



An Adopted Area

■ Nature Conservation

Toyota Industries regularly contributes donations to the Keidanren Nature Conservation Fund and rallies its employees to volunteer in the protection of natural habitats, such as those of the wild Japanese iris. The company also participates in other nature conservation programs to protect forests and wildlife in local communities.

■ Community Cleanup Events

Toyota Industries is committed to raising the environmental awareness of its employees and encourages volunteer efforts by employees. The company has established a



Cleanup Day at Minamichita Beach

Cleanup Day with the goal of enlisting the aid of 1,000 volunteers company-wide to beautify the areas surrounding its plants. During the annual one-day event last year, 2,200 employees collected three truckloads of garbage amounting to 4.5 tons of waste. The Nagakusa Plant also organized a cleanup event at Minamichita Beach, a popular tourist destination in Aichi Prefecture, with the participation of 200 employees.

■ Kariya Citizens' Conference on the Environment

The local government of Kariya City, where Toyota Industries is based, organized its first Citizens' Conference on the Environment during FY 2003. The event brought together non-profit organizations, non-governmental organizations, local citizens, and corporate leaders, all of whom provided input into the city's Basic Environmental Plan. As an active participant of the conference, Toyota Industries contributed its own input, which will guide the city's environmental strategies and its organization framework for implementing these strategies.

Subsidiary Spotlight

Eco-Planning by Sun River Co., Ltd.

Sun River Co., Ltd., operates the Amenity Esaka complex, a sports, cultural, and dining facility located in Suita, Osaka. Eighteen percent of the complex's grounds, amounting to over 2.3 hectares, have been reserved for greenspace in an effort to provide the community with a relaxing oasis in an urban environment.



Amenity Esaka Complex

Corporate Citizenship by Michigan Automotive Compressor, Inc.

Michigan Automotive Compressor, Inc., which manufactures car air-conditioning compressors in the United States, is involved in promoting environmental education for the



good of the community. The company sponsors organizations such as the Dahlem Environmental Education Center, which organizes nature activities for local children, and the Audubon Adventures environmental education program for children.

Environmental Disclosure

Reaching out to a wider audience through various forms of communication

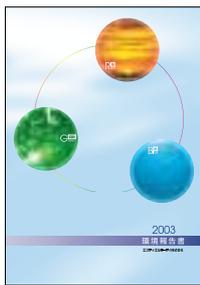
Toyota Industries is actively involved in disclosing information on its environmental activities through various media campaigns, publications, and participation in public and industry events.

■ Social & Environmental Reports and Environmental Website

Toyota Industries has been publishing an environmental report every year since 1999. These reports have evolved into the company's current Social & Environmental Report, which details the company's social and environmental activities and the performance of its subsidiaries and affiliates.



Toyota Industries Environmental Report 2003



ST Liquid Display Corp. Environmental Report 2003



Taikoh Transportation Co., Ltd. Environmental Report 2003

ST Liquid Display Corp. and Taikoh Transportation Co., Ltd., an affiliate and a subsidiary of Toyota Industries, have been publishing their own environmental reports since FY 2002.

Information about Toyota Industries' environmental activities and data can also be obtained at www.toyota-industries.com/environment/index.html.

■ Environmental PR

Toyota Industries uses advertising to share its environmental activities with a wider audience. During FY 2003, the company ran a series of monthly newspaper advertisements detailing its environmentally friendly products and the environmental strategies carried out at its plants.



Newspaper Advertisement (May 2003)

■ 2003 Tokyo Motor Show

Toyota Industries is a regular exhibitor at the annual Tokyo Motor Show. For the 2003 event, which was held from October 24 to November 5, the theme of the company's booth was "Toyota Industries: Reaching Forward and Evolving to Provide Environmental Technologies and Key Devices to Support the Future of Automobiles." The company displayed various environmental technologies, including its electric compressor for the new Toyota Prius and its DC-DC converter technology.



Toyota Industries Booth at 2003 Tokyo Motor Show

Subsidiary Spotlight

Toyota Material Handling USA, Inc.

Toyota Material Handling USA, Inc., which markets and sells forklift trucks in the United States, was an exhibitor at the International Electric Vehicle Symposium. The 2003 event, which was held in California, U.S., featured battery-powered forklifts manufactured by Toyota Industrial Equipment Mfg., Inc. The corporate booth emphasized the low power, environmentally friendly features of the company's products.



Toyota Material Handling USA, Inc., Booth at 2003 Electric Vehicle Symposium

BT Industries Group

The BT Industries Group develops and manufactures warehouse trucks. The company publishes relevant information on its website and produces environmental declarations for many of its trucks. These declarations detail the manufacturing processes, raw materials, energy consumption, and recycling rates of the company's products.



Environmental Declaration

Safety and Health Management

A forward-looking approach to safety and health management with the goal of continually improving the safety and comfort of the workplace

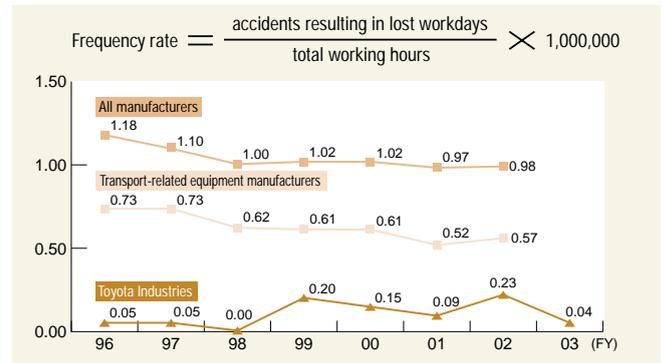
The safety and health of employees is given utmost priority and is viewed as having the power to affect the very foundations of the company. Toyota Industries promotes a fundamental philosophy of respect for humanity, which serves as the basis for its efforts to create a workplace environment that enables all of its employees to work in a secure, positive, and healthy atmosphere.

Employee Safety and Health

Toyota Industries has adopted a policy of striving to improve its safety and health management standards through the promotion of an occupational safety and health management system, and closer collaboration with its subsidiaries and affiliates. The company's Safety and Health Committee, composed of management-level employees, is responsible for implementing company-wide activities aimed at preventing occupational accidents.

Safety and health activities are comprehensively implemented on a daily basis within the company, focusing on the key aspects of the people, materials, and management involved. The company's occupational accident rate has remained consistently below the industry average in this area. Toyota Industries is also involved in ongoing efforts to improve occupational safety and health management at its subsidiaries and affiliates.

On-the-Job Accidents



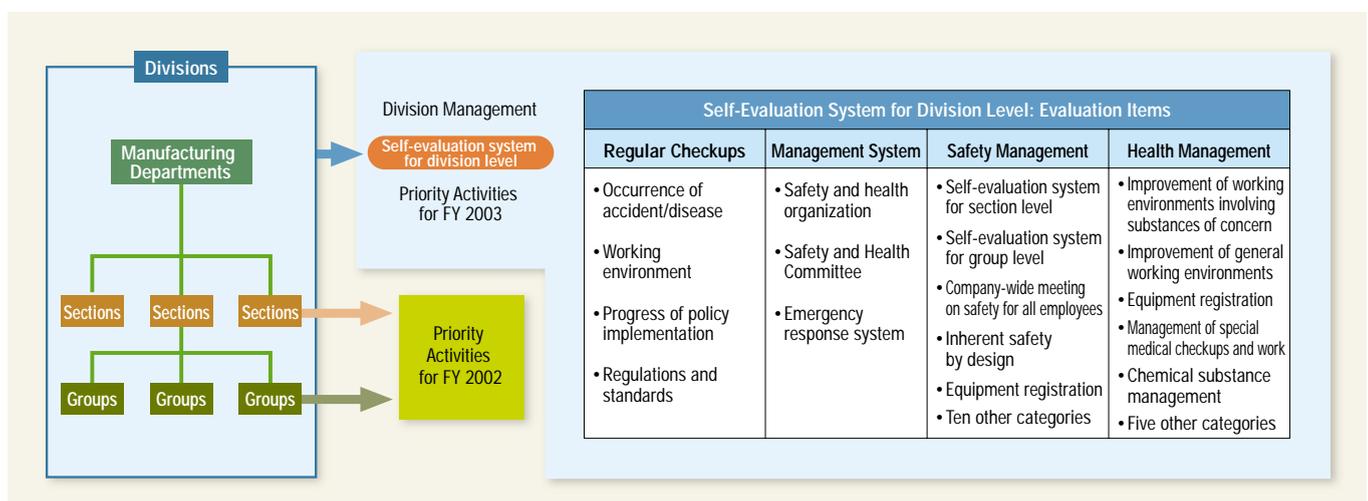
Occupational Safety and Health Management System

Toyota Industries has taken a multilayered approach to identifying the various aspects of safety and health management within the company's workplaces, sections, and divisions, with an emphasis on the manufacturing activities of the company. Regular assessments of the company's activities are carried out in order to improve its existing occupational safety and health management system.

In FY 2003, the company conducted an assessment of its safety and health management systems at the division level, based on its ongoing efforts at the workplace and section level. Approximately 30 assessment categories were used to identify whether the company's safety and health management systems were performing properly. Although the assessment results showed that, on average, goals were being met, they also revealed that there were several areas in need of improvement, such as the existing working environment at the time of the assessment.

Toyota Industries is committed to further solidifying its multilayered occupational safety and health management system and implementing further enhancements, with the goal of fully establishing the safety and health management system for its office work by FY 2005.

Occupational Safety and Health Management System



Relationship with the Employee

■ Safety and Health Workshops

Toyota Industries conducts workshops aimed at preventing occupational accidents and improving the safety and health management of its manufacturing-related subsidiaries and affiliates in Japan. The company's workshops focused on the subject of regulatory compliance in FY 2002 and on the establishment of safety and health management systems in FY 2003. These workshops were designed to ease the way for safety and health assessments to be carried out in FY 2004.

■ Environmental, Safety, and Health Workshop for Overseas Manufacturing-Related Subsidiaries

During FY 2003, Toyota Industries held its first workshop for personnel from the health, safety, and environmental departments of its overseas manufacturing-related subsidiaries. The event was designed to provide the participants with a better understanding of the company's safety, health, and environmental activities and to promote further dialogue between those involved. Future workshops will be alternately hosted by the company's overseas manufacturing-related subsidiaries, with the aim of strengthening group-wide involvement in environment, safety, and health-related issues.



Workshop Participants

■ Environmental, Safety, and Health Workshop

Participants	Michigan Automotive Compressor, Inc.; Toyota Industrial Equipment Mfg., Inc.; TD Deutsche Klimakompressor GmbH; Toyota Industrial Equipment, S.A.; Kirloskar Toyoda Textile Machinery, Ltd.; ACTIS Manufacturing, Ltd. LLC
Agenda	<ul style="list-style-type: none"> • Toyota Industries' environment, safety, and health activities • On-site observations of domestic plants • Case studies from Toyota Motor Corporation

Employee Health

Employee health is a high priority at Toyota Industries, with great emphasis placed on better equipping its employees and workplaces to cope with aging and stress and the associated risks. Efforts to promote employee health include programs aimed at preventing lifestyle-related illnesses and improving the mental health of employees.

■ Preventing Lifestyle-Related Illness

Toyota Industries organizes and sponsors a broad range of programs aimed at preventing lifestyle-related illness among employees. Employees are encouraged to participate in goal-oriented fitness programs, outdoor hiking events, and seminars on lower back pain prevention and other health issues. These company-sponsored programs give employees the opportunity to improve their health through lifestyle changes.

During FY 2003, Toyota Industries established an Employee Health Promotion Committee in collaboration with its health insurance society and the labor union. The company also established a major new campaign to promote employee health.



■ Promoting Mental Health

Toyota Industries' approach to mental health issues is focused on early detection and care. In accordance with strategies promoted by Japan's Ministry of Health, Labor and Welfare, the company uses a multi-pronged approach that combines self-care with support from line supervisors, industrial health professionals, and professionals outside the company.

■ Efforts to Promote Mental Health of Employees

Category	Description
Preventive measures	<ul style="list-style-type: none"> • Created stress analysis tool, now available over corporate intranet • Established counseling desk for health issues • Publishes health news bulletin • Conducts health education for new employees and specific age groups
Early detection and care	<ul style="list-style-type: none"> • Conducts mental health education for line supervisors • Conducts training for newly promoted managers and supervisors • Provides counseling based on results of routine physicals and special overtime checkups

Spotlight

Hekinan Plant Commended for Educational Video on Safety and Health

During FY 2003, the Hekinan Plant received an award of excellence from the Japan Industrial Safety and Health Association as part of a nationwide competition. The plant was commended for its safety and health-related educational video, which was created by the plant's manufacturing department to help educate newly assigned employees. The video was praised for its skillful presentation of past occupational accidents, occupational risks, and ethical issues in the workplace.



Japan Industrial Safety and Health Association Award Ceremony

Creating a Better Workplace

Establishing a healthy and livable workplace based on an atmosphere of mutual trust

Toyota Industries' basic philosophy is to nurture the inventiveness and other abilities of its employees and to seek to create a climate of cooperation, so that both the employees and the company can realize their full potential.

Furthermore, Toyota Industries has chosen the principles of mutual trust and respect for diversity as its guide for corporate and employee conduct.

— Basic Perspective —

Maintaining an Atmosphere of Mutual Trust

Toyota Industries seeks to maintain an atmosphere of mutual trust with its employees by ensuring jobs and making a sustained effort to improve labor conditions, while at the same time establishing a healthy and livable workplace environment. In return, the company expects that its employees will carry out their duties in a forthright manner in order to maintain their employer's trust.

Respect for Diversity

A respect for individual diversity is essential to a healthy and livable workplace. Toyota Industries and its employees pledge to respect the privacy of individuals and refrain from discrimination based on race, religion, gender, nationality, disability, or any other factor not directly related to an individual's work performance. Toyota Industries will not tolerate sexual harassment in the workplace, due to its illegal nature and its destructive effect on individuals, the workplace environment, and productivity.

Creating an Open Workplace Environment

Toyota Industries encourages its employees to come forward during workplace meetings and present any grievances they might have, so that the company can more readily respond. Furthermore, the company sponsors recreational activities to promote better communication and unity for a more open workplace environment.

Several consultation services have been created to enable the company to better address employee complaints and concerns. These consultation services address issues ranging from corporate ethics and spiritual and health matters to sexual harassment and the Equal Employment Opportunity Law.

HR Development

Developing professional employees able to realize their full potential

The company emphasizes the following goals in its HR activities:

1. To focus on each individual
2. To place emphasis on abilities and achievements
3. To create an open framework for its personnel system
4. To create a system where employees can grasp opportunities, take on challenges, and compete within a positive environment
5. To promote active thinking by employees and organizations

Toyota Industries seeks to develop employees that are able to grasp the company's ideals and realize their full potential in a variety of fields.

HR Development Management Cycle

Toyota Industries employs an HR development management cycle to guide its activities. The cycle is divided into three stages consisting of goal setting, regular assessment and guidance, and performance assessments through employee interviews.

At the beginning of each cycle, the company establishes goals and tasks for each individual. The goal-setting process is based on factors such as directives from the company president, policies and strategies at the division and department level, and issues at the working group level.

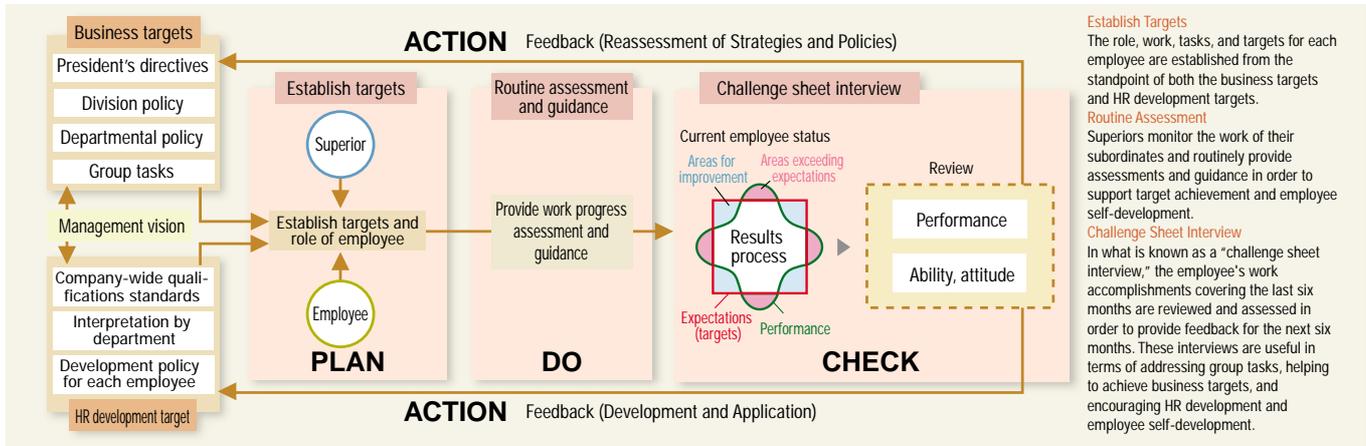
Next, the company conducts regular assessments and provides guidance through daily communication between employees and their superiors. In addition to focusing on performance, employees discuss their work processes and the progress of their work.

At the end of every cycle, an employee and his or her superior will sit down to review the work accomplished during the previous six months, using a "challenge sheet" to measure the level of goal achievement by the employee. During the interview, the employee's work processes, performance, and individual weaknesses and strengths are reviewed. This process is aimed at identifying tasks for the next six months and encouraging the growth and personal development of the employee.

This management cycle used by Toyota Industries serves a dual purpose for the company. Firstly, it enables the company to address the areas in need of improvement in its workplaces and business activities. Secondly, it promotes further development of the company's HR.

Relationship with the Employee

Management Cycle for HR Development



Employee Education

Employee education at Toyota Industries is comprised of multilayered training for employees in technical positions, office and engineering positions, and specialized areas. In addition to in-house training programs, the company also makes use of outside training when needed. Multilayered training is based on the number of years employees have been with the company and their position within the company. This training is carefully matched to each employee level through a process of identifying the knowledge and skills needed at each stage of an employee's development. Specialized training is conducted by instructors from within and without the company who possess extensive knowledge in their respective fields, and is aimed at equipping employees with advanced expertise and skills in specialized fields. Toyota Industries has also established a program to support its employees in their efforts to acquire various work qualifications.

Environmental Education and Awareness

Environmental education at Toyota Industries consists of general education for all employees and specialized training required by employees in specialized areas of work. Specialized training includes internal auditor training aimed at developing leaders to promote environmental activities within the company and training in the field of environmental design. Employees to be transferred

overseas also receive training aimed at strengthening the company's consolidated environmental management. In addition, Toyota Industries is involved in ongoing efforts to raise the environmental awareness of its employees through a wide range of activities. These activities include environmental lectures by specialists, employee screenings of films with environmental themes, and the inclusion of environmental articles in the company's in-house magazine distributed to employees.

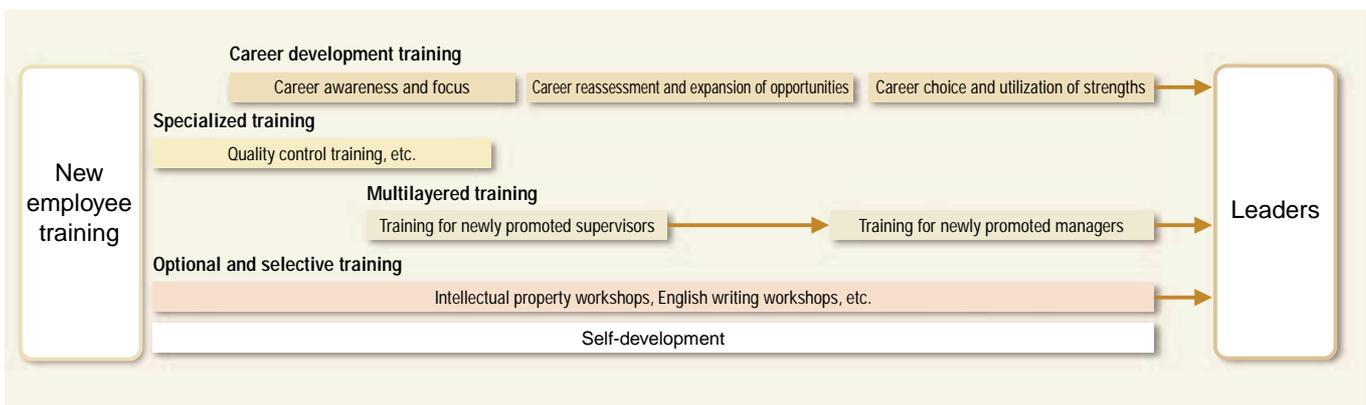
Framework for Environmental Education

FY 2003 Education

Program	Attendees	Number of Attendees
New employee education		262
Newly promoted supervisor training		377
Newly promoted manager training		112
Internal auditor training		172
Designer training		79



Education for Employees in Office-based Engineering Positions



Equal Opportunity

Implementing strategies that support the work-related ambitions of its employees

Toyota Industries persistently endeavors to maintain a vibrant work environment for its employees by sponsoring programs to support a satisfying balance between family and work, and by promoting equal opportunity regardless of race, religion, gender, nationality, disability, age or any other factor not directly related to an individual's work performance.

Equal Working Opportunities for Women

Toyota Industries is taking steps to expand the diversity of employment opportunities available to women in order to maximize their full potential as employees. The company is regularly hiring women to technical positions and has eliminated hiring practices that limit employees to certain positions based on gender.

The company has created in-house guidelines that systematically address equal employment opportunity and issues such as complaints relating to sexual harassment. These guidelines can be accessed via the corporate intranet and help to ensure compliance within the workplace.

Supporting Balance between Family and Work

Declining birth rates, an aging society, and the increasing prevalence of nuclear families have placed an increasing burden on the company's employees. In many cases, employees are forced to balance their work and their domestic roles as caregivers of children or the elderly. Toyota Industries is actively involved in creating programs and encouraging a workplace culture that will enable its employees to balance their family and workplace commitments, without having to sacrifice one for the other. These programs are considered necessary to the growth of the company, should it wish to retain its knowledgeable and skilled workforce. In FY 2002, Toyota Industries was pronounced a "family-friendly" corporation by the Aichi Prefecture Labor Bureau.

Family-Work Balance Programs

Toyota Industries has created four major programs to meet the diverse needs of its employees: child care leave, leave of absences for emergency child care, reduced working hours, and access to child care facilities. The company's child care leave program enables employees to take a leave of absence of up to two years after the birth of a child. To date, there have been 333 cases of

employees taking advantage of this program, with most employees choosing to later return to the workplace. The company also provides five extra days of leave per year so that parents can care for preschoolers and infants in the event of illness. Furthermore, Toyota Industries operates a day care facility for children aged zero to two years for use by its employees.

Parent Assistance Programs and Benefits

Program/Benefit	Description
Child care leave	Up to two years' leave of absence from date of childbirth
Emergency child care leave	Up to five days of leave per year to attend to an ill preschooler or infant
Overtime restrictions	Period: minimum, one month; not to exceed one year Number of hours: not to exceed 24 hours in any month or 150 hours annually (No limit on applying for exemption)
Graveyard shift exemption	Period: minimum, one month; not to exceed one year (No limit on applying for exemption)
Reduced working hours	Flex-time work schedule until child reaches three years of age Exemption from overtime and weekend work
Employer-owned day care facility	Access to day care facility operated by Sun Staff, Inc. (subsidiary)

Case Study A Employee Access to Day Care Facility

Toyota Industries operates the Aizuma day care facility through its subsidiary Sun Staff, Inc. The day care facility operates in accordance with the company's days and hours of operation, unlike most other day care facilities. For example, the facility is open from 7:15 AM to match the company's working hours and is open on national holidays that overlap with Toyota Industries' operating schedule.



Company-Owned Day Care Facility

Relationship with the Employee

■ Building a Better Workplace Culture

Toyota Industries believes a proper balance can be achieved between family and work through the cooperation and mutual trust of employees and their workplaces. This process requires the building of a workplace culture that understands the importance of this balance. The company's main strategies to achieve a balanced workplace culture include efforts to achieve widespread recognition of in-house programs and raise awareness among managers. Furthermore, the company reviews how its employees work and promotes communication that extends to the families of employees.

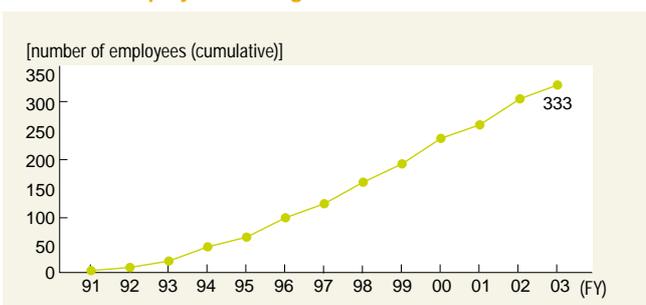
■ Case Study B Child Care Leave

When an employee requests child care leave, the company arranges an interview involving the employee, the employee's supervisor, and a member of the Human Resources Department. A booklet is used to discuss the details of child care leave, and information on how to contact the employee during the period of leave is confirmed. This process is aimed at deepening awareness of child care leave issues among managers while alleviating the concerns of employees who are about to take child care leave.

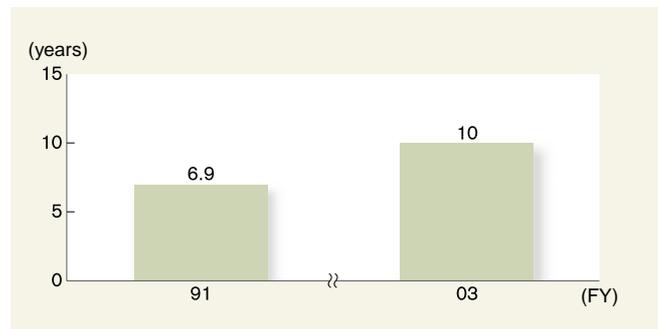


Explaining the Details of Child Care Leave

■ Trend in Employees Taking Child Care Leave



■ Average Continuous Years of Employment by Female Employees



■ Employing Individuals with Disabilities

Toyota Industries employs individuals with disabilities to fill a broad range of positions for the company every year.

At the end of March 2004, the company had in its employ 116 individuals with disabilities, which accounted for 1.93% of its workforce. This figure exceeds the 1.8% legal requirement in Japan for hiring persons with disabilities. The company's employees include participants of international Deaflympics and Abilympics competitions. Toyota Industries is involved in various activities to expand workplace support systems for employees with disabilities.

■ Working After Retirement

Toyota Industries has created a Super Career Program in which the company rehires its retiring employees in order to build a stronger workplace and utilize the considerable experience and technical abilities they possess. Former employees selected through this program are hired for a period of three years to work as skilled technical workers and serve as mentors for less experienced employees. The company has also created a program in which retired employees can sign up with its subsidiary Sun Staff, Inc., a staffing agency that dispatches workers to perform duties at Toyota Industries and other firms.