

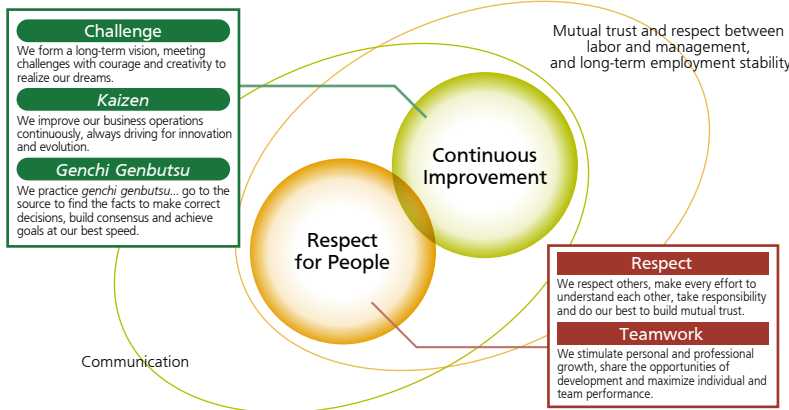
Relations with Employees

Responding to Challenging Times with Personnel Policies that Reflect the Essentials of the Toyota Way

Toyota has made it through every crisis in the past, continuing to expand by turning each crisis into an opportunity for further growth. Now is the time to return to the two pillars of the Toyota Way 2001: "Continuous Improvement" and "Respect for People." Toyota seeks to advance human resource development, respect for diversity and other personnel policies that incorporate employees' own thinking and reaffirm a dynamic work ethic.

Sharing the Toyota Way

Stability in the lives of employees, and opportunities for self-realization and growth as well as corporate development are interdependent and all find their foundations in mutual trust and respect between labor and management, long-term employment stability, and communication. Based on this, the Toyota Way 2001 is supported by the two main pillars of "Continuous Improvement" and "Respect for People" and can be summed up in the five key terms — challenge, *kaizen*, *genchi genbutsu*, respect, and teamwork. "Continuous Improvement" implies that all employees must not let themselves become complacent about the status quo, but put forth their best ideas and efforts to seek greater added-value. In accordance with the second principle, "Respect for People," Toyota respects all stakeholders and believes that the success of its business is created by individual efforts and growth. These two values have been expanded to Toyota employees worldwide.



Labor-Management Relations Based on Mutual Trust and Respect

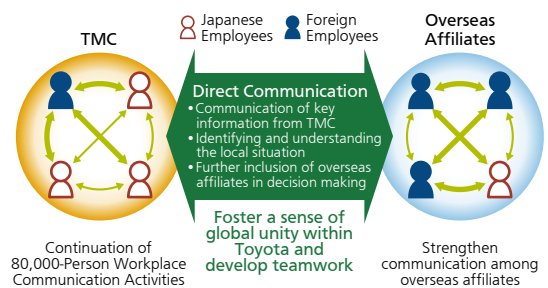
The Labor-Management Joint Declaration was concluded in 1962 and, based on the lessons learned from earlier labor disputes, an approach of "mutual trust between labor and management" was adopted as the basis of labor-management relations. The 1947 Dodge Line, a financial and monetary contraction policy drafted for Japan to gain economic independence after World War II, caused sharp fluctuations in automobile demand. Subsequent personnel reductions resulted in a large-scale labor dispute in 1950. In exchange for the resignation of president Kiichiro Toyoda, the labor union accepted management's proposal and the situation was resolved. This painful experience

emphasized the importance of mutual trust between labor and management, and in 1996, labor and management representatives signed the Labor-Management Resolve for the 21st Century, which referred specifically to the issue of mutual respect. Since then, Toyota has used this essential spirit of labor and management relations as the basis for establishing its personnel and labor management principles and continues to work on further developing mutual understanding and trust between labor and management through constant discussion.

300,000-Person Communication Activities Commence Worldwide for Toyota Employees

Beginning in August 2006, Toyota engaged in "80,000-Person Workplace Communication Activities" in an effort to enhance work-related skills through improved communication. These activities were brought to a conclusion in FY2008. The various company-wide and division-specific initiatives resulted in demonstrably better in-house communication and a widespread, deep-rooted appreciation of the importance of such communication among the different workplaces within Toyota. Meanwhile, employees at Toyota's overseas affiliates and foreign staff working in Japan have made the case that sharing the same information available to Japanese staff would provide them with tremendous learning opportunities. Thus in FY2009, Toyota began the "300,000-Person Communication Activities" aimed at fostering greater teamwork and unity among all 300,000 members of Toyota's global workforce. The first step in promoting greater cohesiveness among Toyota's 300,000 employees worldwide has included disseminating information (on the company intranet, etc.) in both English and Japanese and providing overseas affiliates with English translations of communications from senior management, as well as in Toyota's in-house magazines.

Active, Communication Among Between Toyota's 300,000 Employees Worldwide



Relations with Employees

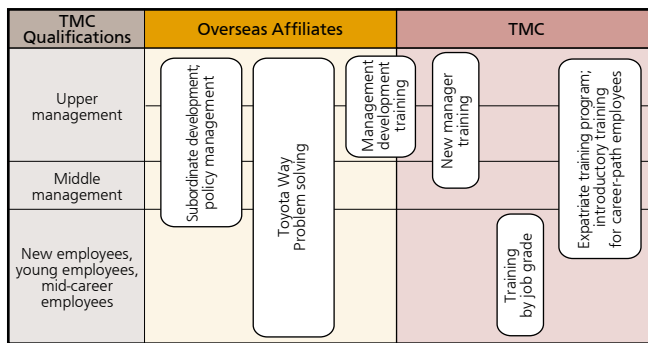
Human Resource Development

Toyota's human resource development focuses on putting the Toyota Way into practice, and these adverse economic times offer good opportunities for learning and growing through the practice of *genchi genbutsu*. On-the-job Training (OJT) is an essential element in passing down outstanding production skills to future generations and further developing them. The five keywords of the Toyota Way are at the core of Toyota's efforts to enhance its educational programs and further strengthen its human resources development.

Toyota Institute Conducts Core Training Worldwide

The Toyota Institute (TI) was established in 2002 with the mission of training human resources who can put the Toyota Way into practice. The TI conducts core training at affiliates globally on work methods (problem solving and training of subordinates) so that Toyota personnel around the world can put the shared Toyota Way into practice.

Toyota Institute's Training Structures



Expanding Educational Programs of the R&D Learning Center

In 2006, TMC reviewed its new employee training systems for technical divisions and opened the R&D Learning Center with the twofold aim of strengthening the foundation for attractive product development and maintaining and improving Toyota's high quality standards (the Customer First approach). The center conducts courses of about two months duration for development and design engineers at TMC, TTDC,* and overseas affiliates. In FY2008, the number of courses offered was increased to 42 (Experimental Evaluation Exercises and CAN training were added), and approximately 800 employees attended the courses. Also, the number of practical teacher training courses conducted by young assistant managers aimed at helping to create a workplace where personnel development is a common practice for both senior and junior team members alike was increased from seven to 13. Participants in these courses rated them highly with comments such as: "Teaching has enabled me to increase the degree and scope of my understanding." With regard to the support offered to overseas affiliates seeking to establish educational systems, TMAP-EM (Thailand) has become self-sustaining and is at a point where it can implement educational programs. The R&D Learning Center has also provided educational materials to Toyota's three vehicle body manufacturers in Japan (Hino Motors, Toyota Auto Body, and Toyota Boshoku).

*TTDC: Toyota Technical Development Corporation – a design and development partner company



Course to learn about resin materials used in automobiles



Experimental Evaluation Exercises

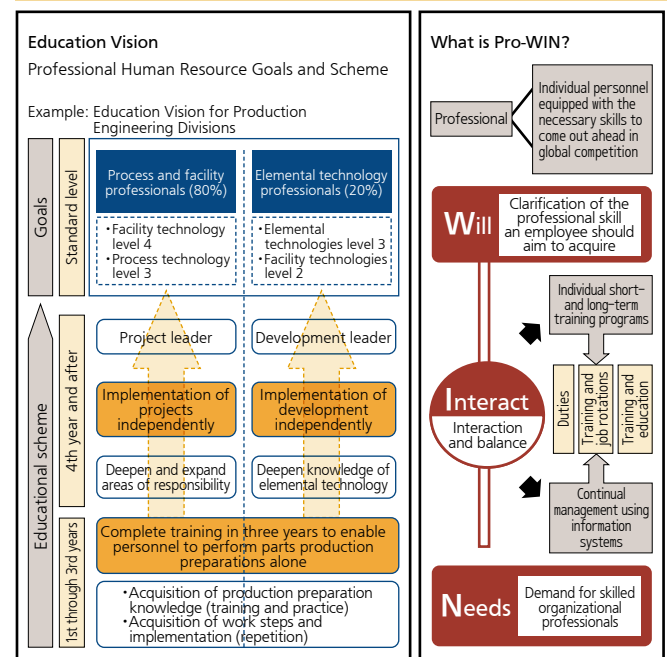
Establishing Pro-WIN – Fostering Production and Production Engineering Professionals

In conjunction with the expanding globalization of business, there is a growing demand for professionals in various areas of Toyota's business, including production preparation, production management, logistics, plant operation, and the Toyota Production System (TPS). To help meet this demand systematically and continually, Toyota has been implementing Pro-WIN since 2007 to encompass 4,500 engineers and staff involved with production and production engineering.

The program has the following three characteristics:

- 1) Allows young employees to achieve their skill acquisition goals within three years
 - 2) Clarifies what professional skills an employee should aim to acquire
 - 3) Includes carefully planned training and job rotations
- It has been praised by participants who have expressed appreciation for how it has made understanding targets and the growth process easier. To further establish the system, Toyota will strive to develop and improve it in all aspects, including the *mieruka* (visualization) of personnel development and the restructuring of its operational and educational structures.

Pro-WIN (Professional-Will Interact Needs)



Relations with Employees

SQC Training as a Problem Solving Tool

Statistical Quality Control (SQC) is an effective problem-solving tool and the SQC Training Program is held as part of specialized training offered by TMC. SQC methods were first introduced into Toyota in 1950 for engineers and since that time have gradually been incorporated into the company's human resources development program. It was systematically incorporated into training by grade in 1988. During the 1990s, SQC was increasingly adopted as a tool that could be applied by non-technical divisions; meanwhile, activities supporting the promotion of SQC amongst group companies, suppliers and overseas affiliates became more widespread as part of an effort by the entire Toyota Group to improve quality. Currently, administration, product planning, Research and Development, production engineering and manufacturing all utilize practical SQC textbooks specific to their areas of operation, and a variety of Toyota Group co-sponsored SQC seminars are held. In order to share the best practices of SQC implementation, moreover, a Global Toyota TQM Convention is held in November every year. During FY2008, approximately 2,500 employees of the Toyota Group took part in SQC training courses.

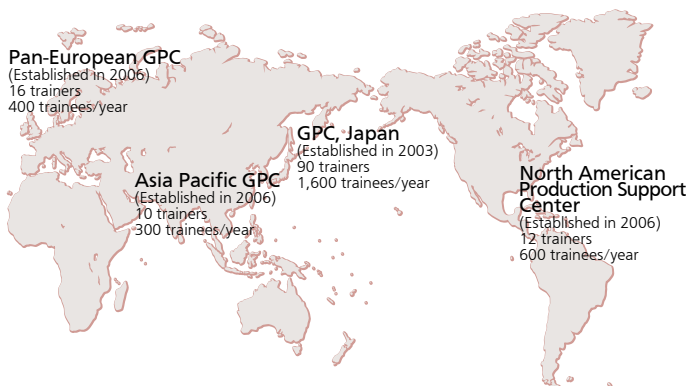
Main SQC Curriculum

	Methodology Seminars	Courses Divided by Objective	
Managers training	SQC Manager Course		Compulsory training
Staff	SQC Most Advanced Course	Standard Administration Product Planning Research & Development Production Engineering Production	
	SQC Advanced Course		
	SQC Intermediate Course		
	SQC Elementary Course		
	SQC Basic Course		

Steady Development of Overseas Technical Personnel through GPC

The Global Production Center (GPC) was created as a human resource development institution to raise the efficiency and pace of technical skills acquisition through technical training of employees hired at overseas sites. Veteran technical personnel from Toyota plants in Japan gather at the GPC to develop and create training equipment for teaching technical skills, and training methods using manuals that employ animation, video, and other techniques, drastically reducing the time necessary for skills acquisition. Furthermore, GPCs were established in the United States, the United Kingdom, and Thailand to expand and accelerate GPC training methods at overseas affiliates. Overseas GPC personnel who have undergone training in Japan to become trainers receive "trainer's trainer" certification and conduct training on GPC methods at the regional centers.

Global Operations of the GPC (FY2008 Performance)



Continuing ICT Program Initiatives

The Intra Company Transferee (ICT) program seeks to promote the global expansion of the Toyota Way and to develop human resources by having employees of overseas affiliates spend time working in Japan. ICT members work in Japan for between six months and three years receiving on-the-job training. The goal is to develop personnel who make a greater contribution to the development of the affiliates at which they work after returning to their home countries and regions. As of the end of April 2009, there were 619 ICT members from 63 affiliates in 32 countries and regions at TMC.

Global Assignment at TMC Executive Position

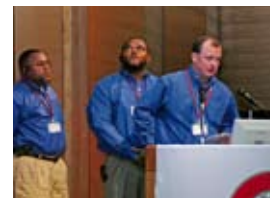
The Global Assignment at TMC Executive Position (GATEP) program was begun in 2009 with the aim of rapidly developing global executives and of globalizing the TMC Head Office. Program participants spend approximately two years working in Japan, learning about the decision-making process and inter-organizational coordination and acquiring crucial management skills. Also, by assigning staff from overseas affiliates to management positions in Japan, Toyota will promote measures to create a workplace environment which is open to diverse viewpoints and to promote the globalization of TMC.

In Focus

Toyota Global QC Circle Convention

The aim of QC circle activities is to achieve the improved vitality of personnel and the organization. QC circle activities are undertaken by teams of primarily production side who collectively initiate *kaizen* by solving their own and immediate issues in their workplace. In Japan, these QC circle activities date back more than 40 years. Currently, there are 5,000 QC circles comprised of 41,000 employees.

QC circle activities have also spread to overseas production affiliates. The Toyota Global QC Circle Convention is held in November of each year and seeks to foster mutual interaction and increased motivation for the QC circle activities through the presentation of various best cases. The 21st convention was held in 2008 with 205 participants from 46 affiliates in 23 countries and regions. Representatives of some 54,000 employees belonging to 7,300 circles overseas presented best cases while QC circle representatives from TMC gave presentations on initiatives dealing with QC circle operation and on promotion by managers and supervisors. The day following the presentation, convention participants were taken on a tour of the Toyota Commemorative Museum of Industry and Technology and other facilities as an opportunity to experience Japanese *Monozukuri* and the Toyota Way firsthand.



QC circle representatives from TMMAL present their *kaizen*

Relations with Employees

Respect for Diversity

For global companies engaged in business around the world, it is important to promote a diverse range of human resources activities while raising the skills of each individual employee. By fostering human resources that include a diverse range of individuals and making this a part of its strategy, Toyota is establishing a corporate culture with abundant vitality. The focus of respect for diversity varies in different countries and regions; nevertheless, Toyota strives to be a company with a working environment that promotes self-realization while respecting diversity of values and ideas among its employees.

Permanent Organization of the Career and Life Design Department

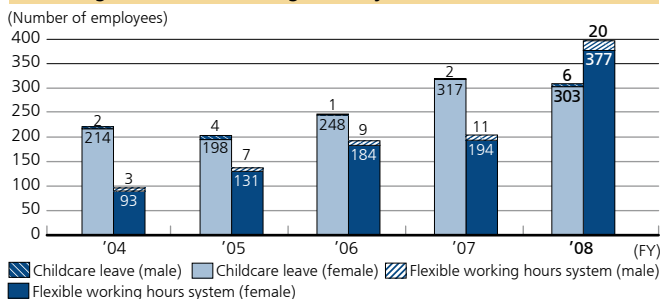
In 2002, Toyota launched the Diversity Project 2002 to create a more diverse and vibrant workplace by solving corporate issues faced by its female employees. Under the project, a variety of support measures have been introduced to help women within the company achieve their full potential.

In January 2007, the BR Career and Life Design Department was established directly under the Chief Officer of General Administration & Human Resources Group as a specialized organization to discuss and implement policies for promoting women in the workplace and expanding employment opportunities for people with disabilities. In January 2009, after two years of operation, it was permanently organized into the Career and Life Design Department of the Human Resources Division. Its focus is on helping women balance work with childcare, supporting their career development, and reforming the workplace environment and attitudes. In FY2008, the department revised the flexible working hours system for mothers with children and held a Gender Diversity Management Forum for workplace supervisors. Feedback from forum participants included, "The forum provided specific, effective examples and offered hints on promoting growth and development among female staff." Meanwhile, Sodatete Net, the company intranet used as a career development tool, posts information about women who are active in a variety of fields and can serve as role models. It also offers advice related to female employee career development in a Q&A format. Sodatete Net is useful for encouraging employees to improve their skills and career development as well as for stimulating communication with supervisors regarding career issues.

Full-time Toyota Employees (on an unconsolidated basis) As of end of the March 2009

	Male	Female	Total
Number of full-time employees	62,880	6,710	69,590
Average age	39.6	30.7	38.7
Average service years	18.5	10.5	17.7

Trends in Number of Employees Taking Childcare Leave and Using the Flexible Working Hours System*



*Reduced working hours at the office, working from home, etc.
 ※Beginning in FY2008, the number of women who used the maternity leave system is included in the number who used the Flexible Working Hours System. All previous figures have also been recalculated.

Initiatives Since the Launch of the Diversity Project

FY	Support for balancing work with childcare	Support for career building
2002	<ul style="list-style-type: none"> Conducted a campaign to reform the workplace environment and attitudes Introduced a program to help women balance work with childcare Extended childcare leave periods Introduction of flexible working hours system Leave for taking care of sick children Enhanced childcare services under an optional benefit system 	<ul style="list-style-type: none"> Held a Career Design Forum Introduced career consultation form for returning to work after taking childcare leave
2003	<ul style="list-style-type: none"> Established the on-site childcare facility Toyota Child Care Bubu Land 	
2004	<ul style="list-style-type: none"> Established the on-site childcare facility Toyota Child Care Bubu Town 	
2005		<ul style="list-style-type: none"> Introduction of Professional Career Re-employment Program
2006	<ul style="list-style-type: none"> Established the on-site childcare facility Toyota Child Care Bubu Park Extended "maternity leave" (applicable to female employees who work standing up) Distribution of a handbook entitled "To keep working while raising children" 	
2007	<ul style="list-style-type: none"> Established the BR Career and Life Design Department Established the Sodatete Net intranet 	<ul style="list-style-type: none"> Implemented a system to support less vertical decision-making structures Introduced a new HR system for assistant staff
2008	<ul style="list-style-type: none"> Distributed Career Support Book for supervisors Hosted Gender Diversity Management Forum for supervisors Partially revised the flexible working hours system 	
2009		<ul style="list-style-type: none"> Hosted Networking Event for Female Skilled Workers

Iki-Iki Action Program 2020

Working environments, particularly production ones, will experience changes in the near future as the percentage of elderly staff increases. With this in mind, Toyota began company-wide activities in April 2009 to realize the ideal workplaces that all production staff, including elderly, female and inexperienced staff, can work dynamically and vigorously (iki-iki). Specifically, new career systems which take into consideration the way staff will work in the future are introduced (career development). And friendly lines for all staff are being developed (workplace improvement). Through these activities, the vitality of staff can be maintained in their work and a dynamic workplace can be realized.

Accommodating Diverse Working Styles and Promoting Independence and Social Inclusion: Toyota Loops Corp. Commences Operations

Toyota Loops Corp. was established in May 2008 for the purpose of expanding employment opportunities for disabled persons. In its first year of operation, Toyota Loops hired 28 disabled employees and began printing and bookbinding operations, in addition to mail reception and dispatch operations under consignment from TMC. In order to create a working environment accommodating of a variety of disabilities, a range of measures have been taken, including installing elevators with opposing doors that facilitate getting in and out, adopting emergency button-equipped IC cards that allow hands-free room entry and exit, and implementing a flexible employment system with shorter hours and workweek. Plans call for the number of employees to be expanded to about 70 within five years, and accumulated expertise and information as well as support will be provided to TMC and group companies.



An employee in charge of the production of a manuscript

Relations with Employees

Safety and Health

Ensuring employee safety and health is one of Toyota's most important business activities and is a universal value that is unaffected by the times. Continuing on from FY2008, "building a culture that enables all employees/team members to think for themselves and practice safety and health" has been the top priority of Toyota's global policy in FY2009 as well, with each workplace serving as the individual driving force behind a company-wide effort.

Upon assuming the position of General Safety and Health Supervisor in 1957, Honorary Advisor Eiji Toyoda explained his basic stance on safety and health: "Safe Work is 'the door' to all work. Let us pass through this door." This sentiment is preserved today as part of Toyota's Basic Philosophy for Safety and Health, which expresses the fervent belief that no employee/team member should be put at risk of suffering a work-related accident. With this basic philosophy regarding safety always in mind, Toyota is striving to create a dynamic working environment that is conducive to the mental and physical well-being of employees. Toyota is also taking measures to promote good employee health, including lifestyle improvement programs and wellness activities.

Basic Philosophy for Safety and Health

Safe work
Reliable work
Skilled work

Safe Work is "the door" to all work.
Let us pass through this door.

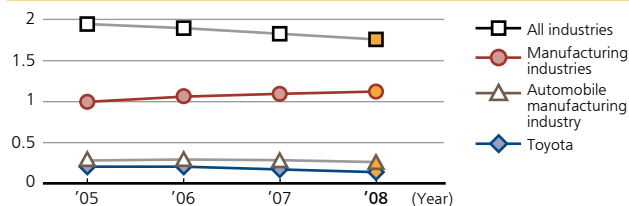
Promotion of Three-pronged Approach to Health and Safety

FY2008 represented the first year of Toyota's approach to cultivating a safety-oriented culture. The three pillars of this approach are: improving the system for 'independent' or 'interdependent' type safety culture where the workplace takes initiative for safety and health and promotes relevant activities; promoting the Occupational Safety and Health Management System (OSHMS) continuously and thoroughly; and creating a structure for global implementation. As a result of the efforts put forward by each workplace, total accidents decreased by roughly 40% over the previous year, the number of lost workday cases decreased by 28%, and the number of STOP6-type accidents* decreased by 35%.

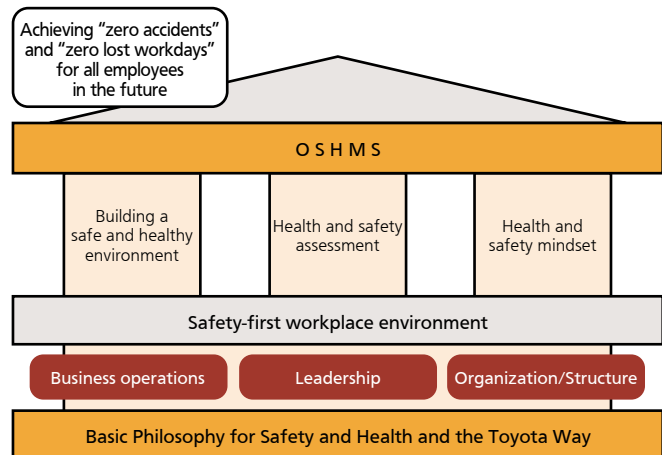
With the aim of improving Toyota's approach to safety and health and strengthening a safety, and health-oriented culture, basic rule observance and interdependent bottom-up initiatives involving the whole company will be implemented in FY2009 so all employees at every workplace realize the risks present and take independent preventive action. This pursuit of establishing an interdependent safety culture at all workplaces within the Toyota Group is meant to foster a goal of "achieving and maintaining zero industrial accidents in the future" at each workplace, thereby strengthening the three-pillar approach to health and safety.

*STOP6 (six accident types): Six types of accidents which may cause death or disability (caught in machines, contact with heavy objects, contact with vehicles, falls, electrocution, and contact with heated objects)

Industrial Accident Frequency (frequency rate of lost workday cases)



Conceptualization of Safety and Health Culture Created by All Toyota Employees

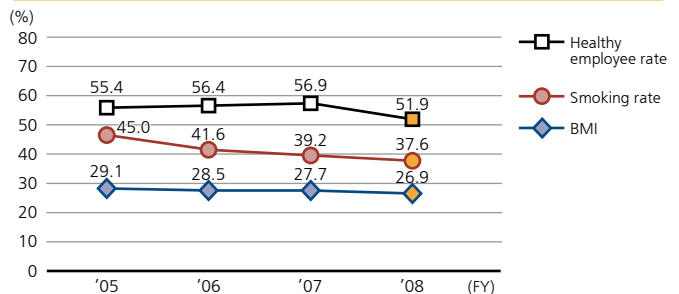


Building Good Health

In FY2008, Toyota conducted BIP2 activities¹ and efforts to improve metabolic syndrome (a condition when a person has abdominal obesity and abnormal status in two or more of the following areas: blood sugar, blood pressure, and blood lipids) with a priority on workplace activities that promote good health practices. As a continuation of initiatives undertaken in FY2007, measures included health enhancement activities conducted at individual worksites using "healthy PDCA" (Plan, Do, Check, and Act) and BMI² (body mass index) as well as smoking cessation clinics. Furthermore in FY2008, those at risk of metabolic syndrome were individually provided with guidance. As a result of these activities and the development of better environments, improvements were seen both in employee BMI and smoking rates, though the numerical goals were not achieved. In FY2009, Toyota will strengthen workplace-focused health initiatives and workplace support aimed at all employees.

1. BIP2 activity: Behavior Change Innovation Program, a lifestyle improvement campaign with targets set for BMI and smoking rate
2. Body mass index: A measure of body fat determined by dividing body mass (kg) by height (m) squared. A BMI of 22.0 is normal, and Toyota has set a goal of 24.2 or less.

Trend in Percentage of BMI, Smoking Rate, and Healthy Employee Rate³



3: Healthy employee rate: The percentage of employees who are not diagnosed with any specific problems at periodic physical examinations
 ※Standard values have been changed since FY2008 based on guidance standards regarding metabolic syndrome

Bolstering Mental Healthcare

Toyota holds active listening courses for managers and supervisors to raise awareness of the importance of, and provide expertise regarding, mental healthcare on production lines (the workplace). Based on data from Japan Mental Health Inventory surveys and health consultations, Toyota conducts recurrence prevention activities, monitors changes in the health of personnel through follow-up health

checks after transfers and promotions, and rapid detection of and responses to mental health issues. In addition, Toyota provides self-care training for new assistant managers and middle management engineering staff to increase understanding of stress management. In FY2007, Toyota began trials of counseling by clinical psychologists to support the return to work of personnel who took leave because of mental health issues. General information concerning mental health is provided via the Toyota Intranet and follow-ups are conducted. Activities for FY2008 included expansion of self-care training and expansion of counseling to support employees returning to work. In an effort to assess the effectiveness of self-care training and in consideration of requests made by workplaces, health workers were sent to provide greater support to workplaces. In FY2009, together with individual workplace-driven initiatives, Toyota will support activities at worksites for prevention.

Reinforcing the Health Management of Overseas Personnel

There are differences in the healthcare institutions available to overseas personnel depending on where they are working, and health support may differ from that available to employees in Japan.

Since FY2007, Toyota has created physical examination planning sheets, followed up on personnel who did not undergo physical exams, and successfully raised examination rates. Toyota also periodically assessed local healthcare conditions overseas and used the Internet to provide overseas employees with medical information. In FY2008, the results of all employee physical examinations were assessed and medical advice was provided based on follow-up sheets from industrial physicians.

In FY2009, Toyota will provide all employees with health examinations and endeavor to understand healthcare systems in different regions.

Examples of Overseas Initiatives

Establishing an Internal Education Organization to Develop Human Resources Locally

Thailand: Toyota Motor Thailand Co., Ltd. (TMT)

Toyota Motor Thailand (TMT) set up Toyota Academy Thailand (TA) in May 2004, as its main organization for human resources development, with the objective of realizing the Toyota Way in TMT, supporting business expansion and preparing to enhance capacity as a global production base.

TA functions not only to develop personnel, but also to expand and strengthen business networks with the cooperation of senior executives from affiliated companies, suppliers, and dealers. Since its establishment in 2004, approximately 31,000 people, including around 1,000 from Toyota networks, have been trained at TA (an average of 6,000 people/year).

In the production area, AP-GPC, established in August 2005, has played a major role in supporting TMT's skill development system through Supervisory Skill and Role training programs as well as the Skill Development System (SDS), currently conducted for Group Leader, Team Leader and Team Member ranks. A total of 7,440 employees have passed the confirmation test on their skill level requirement with 627 employees securing A, 2,569 employees B and 4,244 employees C ranks. In the future, TMT anticipates that employees will reach rank S, the top level.

In light of the important role it plays in supporting Toyota operations in the entire region, TMT will conduct a trial implementation of the Global Skill Development System (GSDS). If the trial implementation is successful, GSDS will be rolled out to all Toyota affiliates in Asia Pacific region. In view of the changing business environment, TA is currently restructuring its training programs and promoting strong HRD through competency, in accordance with the company's 2009 policy to be a "Leaner and Stronger Organization."



Fundamental skills training program conducted by TA

Developing People the Toyota Way

Australia: Toyota Motor Corporation Australia Ltd. (TMCA)

Globally, human resources development has been one of the most important business focuses of Toyota. For the purpose of developing Toyota employees and business partners with consistent programs and standards, Toyota transferred its knowledge and experience into training programs, known as Toyota Global Content. By creating a common language and approach for business practice, Toyota employees and business partners can communicate and operate in any Toyota environment regardless of culture or location.

Since 2002, Toyota Motor Corporation Australia (TMCA) has started the process of deploying the Global Content to its local operations. For example, the company runs training on Toyota Way foundations, Toyota Business Practices, On Job Development and Role Training. These programs provide participants with insights on Toyota's corporate values, problem-solving processes, and how to perform their roles effectively through developing people.

In January 2009, TMCA established a Toyota Institute of Australia (TIA) division to strengthen the planning and co-ordination of the development initiatives. Its main objectives are to:

- Set medium and long-term strategies for human resource development,
- Better configure Toyota Australia's development programs to suit the needs of internal and external stakeholders,
- Disseminate Toyota Global Content to Toyota employees and business partners,
- Consolidate and improve training support services.



TMCA employees attending a training program developed by TIA