

TOYOTA MOTOR CORPORATION

# Sustainability Report 2011



# Sustainability Report 2011

## Editorial Policy

In the midst of reflection on falling into the red and a series of quality problems, Toyota came to realize the necessity of having a dream or goal that all people who work for Toyota could have in common. And this led the articulation of the Toyota Global Vision announced on March 9th, 2011. The Sustainability Report 2011 focused to show the thinking behind the Vision centering "Global Vision for Those We Serve" that explains what kind of company Toyota wants to be — what kind of company Toyota should be to our stakeholders.

By presenting the report in different delivery formats — the Digest version and this Full version (web) — Toyota strives to make this report more convenient for readers to access and easier to understand.

Regarding the detailed version, in addition to an outline on Toyota's efforts relating to the Great East Japan Earthquake, pages have also been introduced to show the third-party opinion, data section, and a chart arranged to show the relationship between ISO26000 core subjects and this report as new endeavors.

The sustainability part on the Toyota's Web site containing this report has been made more substantial and easier to view from August. Toyota also plans to release a separate Environmental Report in addition to the Sustainability Report that covers environmental, social, and economic aspects. Please see the Environmental Report for more detailed information on our environmental initiatives.

Cover design: The tree on the cover represents the Toyota Global Vision.

The tree metaphor is employed to show what kind of company Toyota wants to be; the Roots (Toyota values) enable Toyota to generate the Fruits (Always better cars, Enriching lives of communities), and the Trunk (Stable base of business) is reinforced, and that the other Fruits will be generated by fostering this virtuous cycle.

## Links to Online Information

At the end of each item in this printed report is a URL address for more detailed information on the given topic.

### Digest Version



<http://www.toyota-global.com/sustainability/report/sr/>

### Full Version (PDF)



<http://www.toyota-global.com/sustainability/report/sr/>

### Full Version (HTML)



<http://www.toyota-global.com/sustainability/>

### Period Covered

The period covered in the report's data is from April 2010 to March 2011.

For major ongoing initiatives, the most recent status update in 2011 has been included.

### Scope of Report

Included Toyota Motor Corporation's own initiatives and examples of those of its overseas consolidated affiliates, and so on.

## Toyota's Main information Disclosure Tool

In addition to sustainability reports, Toyota uses the following tools to disclose information concerning its activities, data, and approaches. Please make use of these information sources as well.

### Annual Report 2011



[http://www.toyota-global.com/investors/ir\\_library/annual/](http://www.toyota-global.com/investors/ir_library/annual/)

### Toyota in the World 2011



[http://www.toyota-global.com/company/profile/overview/in\\_the\\_world/](http://www.toyota-global.com/company/profile/overview/in_the_world/)

### Environmental Report 2011



<http://www.toyota-global.com/sustainability/report/er/>

## CSR POLICY: Contribution towards Sustainable Development

### Preamble

We, Toyota Motor Corporation and our subsidiaries, take initiative to contribute to harmonious and sustainable development of society and the earth through all business activities that we carry out in each country and region, based on our Guiding Principles. We comply with local, national and international laws and regulations as well as the spirit thereof and we conduct our business operations with honesty and integrity. In order to contribute to sustainable development, we believe that management interacting with its stakeholders as described below is of considerable importance, and we will endeavor to build and maintain sound relationships with our stakeholders through open and fair communication. We expect our business partners to support this initiative and act in accordance with it.

### Customers

■ Based on our philosophy of "Customer First," we develop and provide innovative, safe and outstanding high quality products and services that meet a wide variety of customers' demands to enrich the lives of people around the world.(Guiding Principles 3 and 4)  
■ We will endeavor to protect the personal information of customers and everyone else we are engaged in business with, in accordance with the letter and spirit of each country's privacy laws. (Guiding Principles 1)

### Employees

■ We respect our employees and believe that the success of our business is led by each individual's creativity and good teamwork. We stimulate personal growth for our employees. (Guiding Principles 5)  
■ We support equal employment opportunities, diversity and inclusion for our employees and do not discriminate against them.(Guiding Principles 5)  
■ We strive to provide fair working conditions and to maintain a safe and healthy working environment for all our employees.(Guiding Principles 5)  
■ We respect and honor the human rights of people involved in our business and, in particular, do not use or tolerate any form of forced or child labor.(Guiding Principles 5)  
■ Through communication and dialogue with our employees, we build and share the value "Mutual Trust and Mutual Responsibility" and work together for the success of our employees and the company. We recognize our employees' right to freely associate, or not to associate, complying with the laws of the countries in which we operate.(Guiding Principles 5)  
■ Management of each company takes leadership in fostering a corporate culture, and implementing policies, that promote ethical behavior.(Guiding Principles 1 and 5)

### Business Partners

■ We respect our business partners such as suppliers and dealers and work with them through long-term relationships to realize mutual growth based on mutual trust. (Guiding Principles 7)  
■ Whenever we seek a new business partner, we are open to any and all candidates, regardless of nationality or size, and evaluate them based on their overall strengths. (Guiding Principles 7)  
■ We maintain fair and free competition in accordance with the letter and spirit of each country's competition laws. (Guiding Principles 1 and 7)

### Shareholders

■ We strive to enhance corporate value while achieving a stable and long-term growth for the benefit of our shareholders. (Guiding Principles 6)  
■ We provide our shareholders and investors with timely and fair disclosure on our operating results and financial condition. (Guiding Principles 1 and 6)

### Global Society/Local Communities

#### Environment

■ We aim for growth that is in harmony with the environment by seeking to minimize the environmental impact of our business operations, such as by working to reduce the effect of our vehicles and operations on climate change and biodiversity. We strive to develop, establish and promote technologies enabling the environment and economy to coexist harmoniously, and to build close and cooperative relationships with a wide spectrum of individuals and organizations involved in environmental preservation. (Guiding Principles 3)

#### Community

■ We implement our philosophy of "respect for people" by honoring the culture, customs, history and laws of each country. (Guiding Principles 2)  
■ We constantly search for safer, cleaner and superior technology that satisfies the evolving needs of society for sustainable mobility. (Guiding Principles 3 and 4)  
■ We do not tolerate bribery of or by any business partner, government agency or public authority and maintain honest and fair relationships with government agencies and public authorities. (Guiding Principles 1)

#### Social contribution

■ Wherever we do business, We actively promote and engage, both individually and with partners, in social contribution activities that help strengthen communities and contribute to the enrichment of society.(Guiding Principles 2)

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# Rewarded with a Smile by Exceeding Your Expectations

I would like to begin by offering thanks for the continued support and understanding of all of our stakeholders. In addition, on behalf of everyone at Toyota I would like to express my wishes for the restful peace of all those we lost to the Great East Japan Earthquake, and to offer our sincerest sympathies to all who have suffered through this great tragedy.

When I reflect on the past year, I am touched by the support offered by so many of our customers and stakeholders as we dealt with the ongoing effects of the global financial crisis, as well as product quality and safety issues. I offer my sincerest gratitude.

Learning from these experiences, I continued to ask myself, "What kind of company do we want Toyota to be? What kind of company should Toyota be?" I realized that Toyota should strive to be a company that people choose, and that people are happy to have chosen. The Global Vision we announced in March is strongly imbued with these ideas.

The Great East Japan Earthquake struck two days after we announced our Global Vision. Our employees entered the stricken areas in the immediate aftermath of the earthquake and began providing support, working together with local residents to reconstruct and restore communities. Upon viewing the situation after the disaster, our support teams assessed the situation, quickly worked out what was best for the communities and immediately set about their tasks accordingly. This represents the very spirit of Toyota's "power of the workplace" — an asset built up and handed down through 70 years of Toyota history. Priority was given to rescuing and preserving life, then to the restoration of the communities, with restarting production only considered after the situation stabilized.

I personally went to the scene of the disaster, not only to see for myself the scale of the destruction, but also to listen to voices of the people there. From this experience, I strongly feel that assistance for reconstruction and restoration from the disaster must be on-going, and I instigated the "Kokoro Hakobu Project" in which our belief that automobiles carry not only goods and supplies, but they can also carry human hearts is reflected. This project was planned and carried out by Toyota and Toyota dealer employees with thoughtful consideration.

As part of the project, in this July we announced activities we will carry out toward restoration from the disaster through social contribution and *monozukuri*. We will contribute to the scholarship foundation created by Iwate, Fukushima and Miyagi prefectures for children who lost their parents in the earthquake or tsunami, and we have set up in-house training systems for the graduates of industrial high schools in the Tohoku region. I fully expect that those who receive this training will support and continue the *monozukuri* tradition in Tohoku and play important roles for Japan's future.

This Sustainability Report introduces various activities we conduct with the aim of realizing a sustainable society based on the eight axes of the 'Global Vision for Those We Serve' set up in line with the Global Vision.

"Rewarded with a smile by exceeding your expectations." That is, we want to be a company that consistently exceeds the expectations of all our stakeholders, and is therefore rewarded with their smiles. That is what all our efforts are aimed at, and your continued support will be greatly appreciated.

August 2011



President  
Toyota Motor Corporation



Visit to the Miyagi prefecture office, July 19, 2011.  
From left, Iwate Governor Takuya Tasso, President Akio Toyoda,  
and Miyagi Governor Yoshihiro Murai.

## [Toyota's Initiatives toward Recovery and Reconstruction of the Great East Japan Earthquake]

Toyota has implemented recovery and reconstruction support initiatives since the occurrence of the Earthquake on March 11, 2011 with the following priorities:

- (1) Rescue with lifesaving first in mind
- (2) Early recovery and reconstruction of damaged communities
- (3) Recovery of production

See below for specific actions. Descriptions with \* mark are valid as of July 25, 2011.

- March 11**
- The earthquake occurred and a corporate task force was immediately formed to comprehend the actual state of damage and to begin studying countermeasures.
  - Safety confirmation of employees of Toyota, body manufacturers and other suppliers was implemented.



- March 12**
- Decided to stop all the plant operations of Toyota and body manufacturers effective from March 14 in order to place priority on securing the safety of employees of Toyota, body manufacturers and other suppliers and confirming the safety of their family members.
  - Commenced dispatching emergency relief supplies, such as water, food, blankets, flashlights, temporary lavatories, paper diapers and fuel, in a concerted effort of the whole Toyota Group including partner firms and dealers as well as sending emergency helpers to assist recovery activities including distribution of relief supplies.
  - Decided on a monetary donation of 300 million yen.



- March 17**
- Commenced dispatching on-demand relief supplies (\* 87 eleven-ton truck loads of such items as foodstuffs, drinking water, sundry goods (blankets, towels, paper diapers, clothes etc.), medical supplies, and tools including items for the recovery efforts collected from Toyota and Lexus dealerships from across the country).
  - Dispatched fuel including kerosene and also sent seven tanker trucks for water supply to damaged regions, which were utilized for the affected communities.



- March 18**
- Commenced providing automotive vehicles (\* a cumulative total of 260 vehicles) to the four earthquake-affected prefectures; Iwate, Miyagi, Fukushima and Ibaraki.

- March 21**
- Decided to provide 160 apartments for families and 320 single-occupancy apartments in Aichi Prefecture to evacuees through Aichi prefecture authorities.



- April 22**
- Decided to carry out the following to help support those involved in agriculture and food production in the Tohoku and Kanto regions:
    - At Toyota's Toyota City, Nagoya and Tokyo facilities: Serving meals containing produce from the regions in the employee cafeterias, and selling processed foods from the regions at shops for employees (from April 22).
    - At Toyota's Tokyo office lobby: Holding markets selling produce and goods from the regions (from May 9).



- May 20**
- Announced an implementation plan of relief efforts (including debris removal and garbage cleaning work) to be conducted by volunteers from 15 Toyota and Toyota-related companies (from June).

- June 16**
- Formed the "Kokoro Hakobu Project" to provide continued support
    - Utilizing unique novelties produced in the affected region
    - Charity events at Toyota-related facilities
    - Automobile classroom events for elementary school students in the affected region

\*The Japanese words "kokoro hakobu" mean "to carry one's heart."

- July 19**
- Announced Toyota's Tohoku Reconstruction Programs (as part of the Kokoro Hakobu Project).
    - Donating a total of 300 million yen as fund for nurturing earthquake orphans in the prefectures of Iwate, Fukushima and Miyagi
    - Setting up an in-house job training school at the production base in Miyagi with the aim of fostering core human resources for *monozukuri*.
    - Free-of-charge retrofitting of a system that supplies auxiliary electricity to the Prius in fleets at each prefectural office in the Tohoku region.

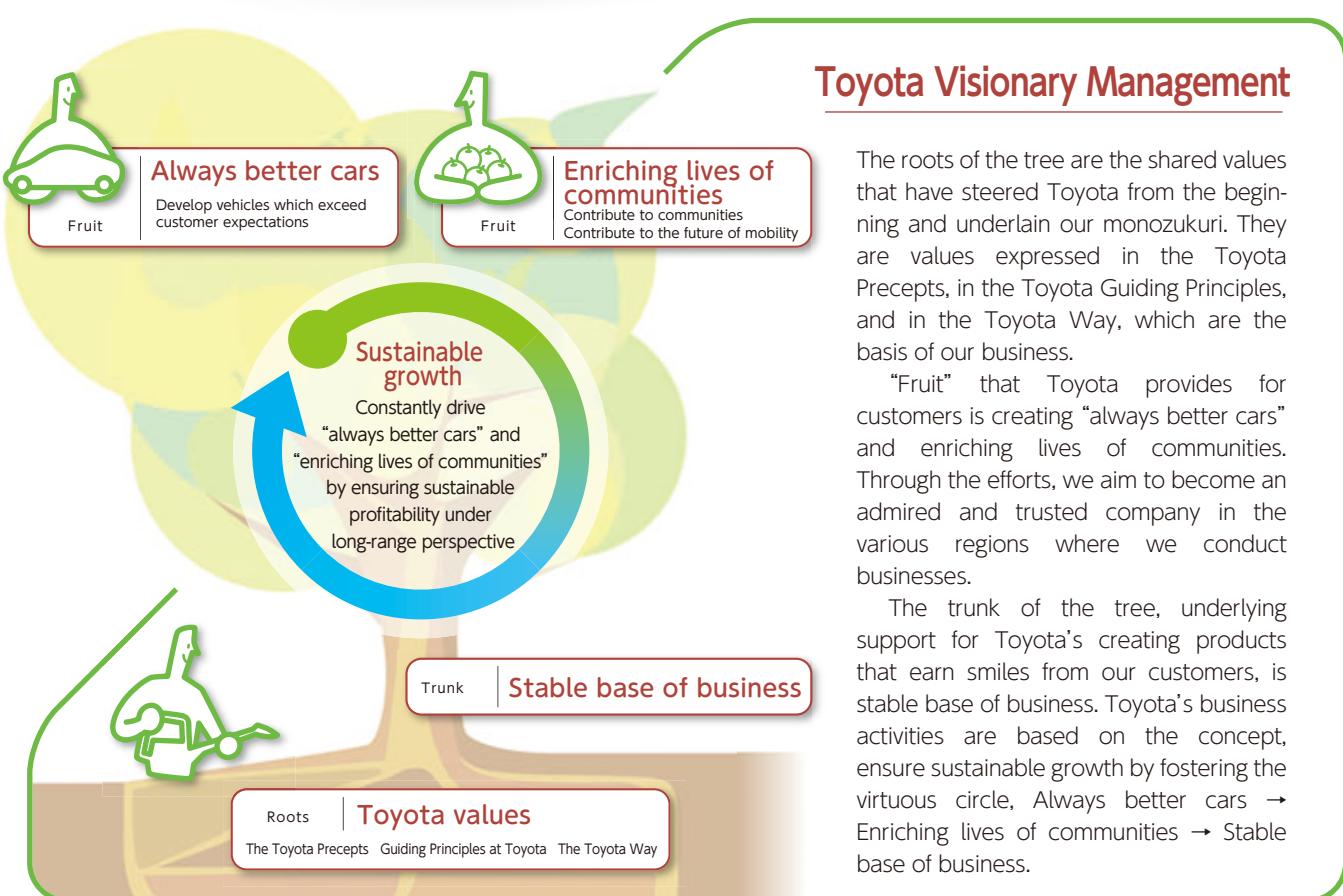
# Articulating the ‘Toyota Global Vision’ to Render Our Ideal for Toyota and the Path that We Will Take toward Bringing about the Ideal

The ‘Toyota Global Vision,’ announced in March 2011, is articulation of what kind of company we want to be — what kind of company we ought to be. It clarifies our value, “we want Toyota to be a company that customers choose and brings a smile to every customer who chooses it.” The ‘Toyota Global Vision’ is a distillation of our resolve at Toyota forward the future.



In the backdrop of this vision, there is our fall into the red after the Lehman Brothers collapse, as well as our reflection over a series of quality problems. To unite all Toyota together to advance our efforts on the recovery of business performance, we came to realize the necessity of having a dream or a path that we should take that all people who work for Toyota could have in common, one that would define what kind of company we want to be — what kind of company we should be. We also keenly felt the importance of making what kind of company we are and what kind of values we hold known to all our customers.

Based on our ideal for Toyota, the members of our team discussed in hammering out the vision. This is a distillation of our resolve at Toyota.



The roots of the tree are the shared values that have steered Toyota from the beginning and underlain our monozukuri. They are values expressed in the Toyota Precepts, in the Toyota Guiding Principles, and in the Toyota Way, which are the basis of our business.

“Fruit” that Toyota provides for customers is creating “always better cars” and enriching lives of communities. Through the efforts, we aim to become an admired and trusted company in the various regions where we conduct businesses.

The trunk of the tree, underlying support for Toyota’s creating products that earn smiles from our customers, is stable base of business. Toyota’s business activities are based on the concept, ensure sustainable growth by fostering the virtuous circle, Always better cars → Enriching lives of communities → Stable base of business.

# Contents of the Toyota Global Vision

Nurturing human resources globally

We will meet challenging goals by engaging the talent and passion of people



The Toyota Way

We believe there is always a better way



**Earth-conscious**

Respect for the planet



**Rewarded with a smile**  
by exceeding your expectations

We aim to exceed expectations and be rewarded with a smile.



**Reliable quality/Product lineup**

Through our commitment to quality, constant innovation



Toyota will lead the way to the future of mobility



**Safety/Earth-conscious/Moving people**

Safest and most responsible ways of moving people



**Contributing to economic and social vitality in each region**

Enriching lives around the world



**Amenable, low carbon mobility/New lifestyles/Infrastructure for safer mobility/Preserving environmental quality**

## Expectations to Regions

Our regional operations need to earn a welcome place in their host nations through locally based corporate activity. All of us at Toyota worldwide need to stand united in support of each other's activity in addressing local needs and circumstances. We need a management framework that will support that kind of global unity and regional focus.



**Europe**

- Contribute to Toyota's competitiveness as global product center for small cars

**China**

- A driving force for future growth
- Technology base to support the huge market

**North America**

- Greater self-reliance
- Collaboration with IT for the future of mobility

**Japan**

- Monozukuri based on advanced technology and kaizen

**Asia and Oceania**

- Global center for product development and preparations for mass production of IMV /newly developed small cars

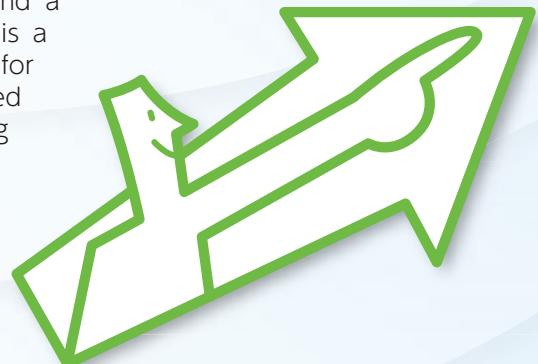
**Middle East, Africa, and Latin America**

- Vehicles that win the heart of customers and can be called "my car" with affection in every market

# “Global Vision for Those We Serve”

## Defining the Ideal Form of the Company for Each Stakeholder and the Outline for the Future It Should Take in Order to Realize the Global Vision

The Toyota Global Vision defines the ideal form of the company and a path it should take. The “Global Vision for Those We Serve” is a written statement of what kind of company Toyota wants to be for each stakeholder in an effort to realize it. Stakeholders supported the company when we faced a sequence of challenges including the global financial crisis and quality issues as well as the Great East Japan Earthquake disaster that occurred in March this year. In order to appreciate and recompense them for their support, and also continue to grow together with such supporters, Toyota will constantly reform itself to achieve higher goals.



“We aim to exceed expectations and be rewarded with a smile. We will meet challenging goals by engaging the talent and passion of people, who believe there is always a better way” as we set out in the Global Vision. That means, we will sincerely listen to the voices of every stakeholder — customers, employees, business partners, shareholders, and global society/local communities, and respond to

those expectations. The expression “Global Vision for Those We Serve” is our way of organizing and explaining the thoughts constituting the Global Vision in relation to stakeholders. It is Toyota’s resolve to meet challenging goals step by step to see the smiles and happiness of everyone including customers and beyond.



### Customers

- ① Provide safe and reliable vehicles that inspire enthusiasm at affordable prices.
- ② Listen sincerely to customer voices and continue to reinvent ourselves through sufficient information disclosure and dialogue.



### Employees

- ③ Create working environments for various employees to work proudly and with loyalty and confidence in fulfilling their potential, which realize their self-growth.



### Business Partners

- ④ Contribute for economic development of local communities with open stance to new suppliers and dealers and through sustainable growth based on mutually beneficial business relationships with dealers/distributors and suppliers.



### Global Society/Local Communities

- ⑤ Reduce environmental burdens through lifecycle by developing various eco-friendly vehicles and technologies and making them prevail.
- ⑥ Be aware of responsibilities of developing and producing vehicles and contribute for realization of new mobility society free from traffic accidents and congestion.
- ⑦ As a good corporate citizen, respect the culture and customs of every nation and contribute to social development.



### Shareholders

- ⑧ Ensure sustainable growth by fostering the virtuous circle, Always better cars → Enriching lives of communities → Stable base of business.

## Stakeholder-Focused Management and Communication

In the CSR Policy's preface, Toyota has declared "In order to contribute to sustainable development, we believe that management interacting with our stakeholders is of considerable importance," and "we will endeavor to build and maintain sound relationships with our stakeholders through open and fair communication."

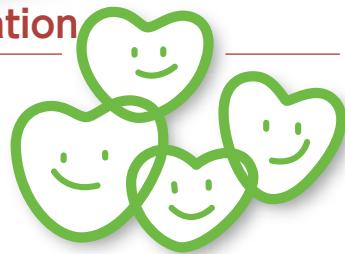
In striving to achieve sustainable development, Toyota seeks all our stakeholders' smile. It is important to earn the smile without sacrificing anyone for something and anything for someone. This is what Toyota believes should be the spirit of gratefulness having been carried on from the Toyoda Principles, or the start point of stakeholder-focus management. The "Global Vision for Those We Serve" provides the ideal form of Toyota from the stakeholders' viewpoints. It is also a manifestation of our resolve to carry out everlasting self-reform based on a recognition of the company's adverse effects, which does not allow it to sacrifice anyone or anything.

What was learned from the series of quality issues includes the importance of going back to the roots of

management sharing perspective with customers, the fact that expectations of customers and society are always changing, and the truth that customer trust begins with a sincere explanation of the company's stance never to trade off customer safety or confidence.

This remains true for other stakeholders, too. Toyota will make efforts to be responsive to changing expectations at higher levels, sincerely listening to their voices.

Stakeholder briefing on specific action plans for realizing the "Global Vision for Those We Serve" consisting of eight resolves will still continue, utilizing such occasions as the Sustainability Report. That is the first step for obtaining stakeholder trust as well as the first step for establishing a company that leads to their happiness.



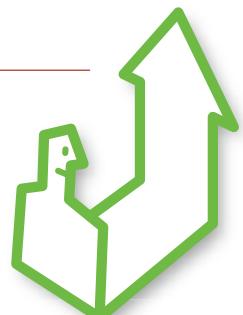
## Promoting Improvement Initiatives to Realize the "Global Vision for Those We Serve"

Toyota has been checking our activities based on the company's unique CSR Indices since 2007. Our aim is to ensure that CSR activities are carried out in a way that represents our corporate culture. The CSR Indices consists of nearly 100 check items, with which lead divisions set up their activity goals respectively at the start of every fiscal year. Inspections are voluntarily carried out at an interim stage and at the end of each period, leading to corporate improvement activities.

At the 2010 period-end check, 14 items were self-assessed as "yet to achieve the goal" and corrective actions were accordingly incorporated into the 2011 activity policies of each department. The CSR Indices check items have been constantly revised to

reflect changes in expectations by society and, for this year, "contributions for realization of new mobility society" manifested in the Global Vision have been added to enhance activities.

Hereafter, Toyota plans to initiate actions in view of long-term goals toward the realization of the "Global Vision for Those We Serve" and work out process KPI, Key Performance Indicators, for achieving those goals. We will also set up more ambitious goals based on expectations and requests from society, and make these approaches step by step.



### Listening to Experts for Qualitative Rendering Our Ideal for Toyota

In working out the "Global Vision for Those We Serve," a Stakeholder Dialogue was held in January 2011 to listen to external expert voices on various social issues and expectations of Toyota.

The session provided a favorable opportunity to hear opinions from diverse angles on Toyota's "CSR Goal toward 2020" which was presented based on the Global Vision prepared in a preliminary form.

While the internal study had been intended to depict the corporate form in 2020, it became clear that there were some gaps in perspective between the attendees and Toyota itself, some of which issues were too distant future to foresee while some others were nearer future than external people were expecting. Remarks such as "it is hard

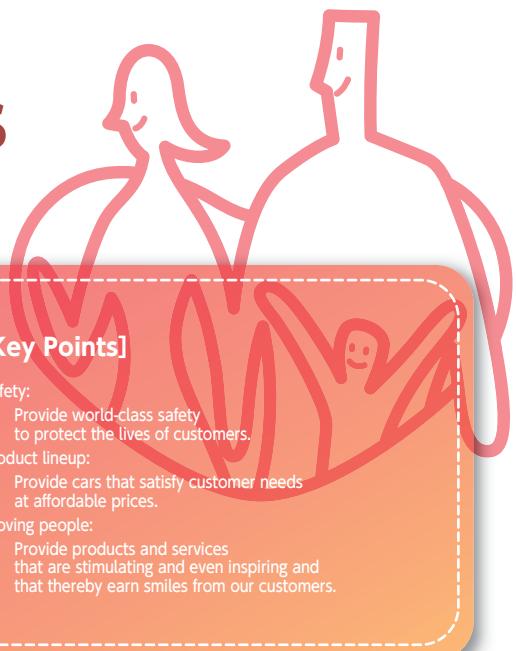
to see if the numerical targets are adequate, or "it is unnecessary to cling to numerical values" were expressed. Also, during the discussion, it became apparent that Toyota's explanation had so far been insufficient. Based on these and other similar comments we grasped the importance of adequately explaining our corporate philosophy and approach. We saw that it is vital to present the ideal form of the company that Toyota is pursuing in the long run, rather than just an argument on numerical values, if the company's policies are to be broadly understood.



Toyota Stakeholder Dialogue

# Relations with Customers

## (Safety/Product Lineup/Moving People)



**“Global Vision for Those We Serve”**

**Provide safe and reliable vehicles that inspire enthusiasm at affordable prices**

### [Key Points]

#### Safety:

Provide world-class safety to protect the lives of customers.

#### Product lineup:

Provide cars that satisfy customer needs at affordable prices.

#### Moving people:

Provide products and services that are stimulating and even inspiring and that thereby earn smiles from our customers.

Toyota is committed to world-class safety to protect the lives of customers who choose Toyota cars and to let them feel good about driving. We want to deliver cars that will be stimulating and even inspiring and that will thereby earn smiles from our customers.

Toyota will continue renewal and improvement and develop technologies ahead of the times to provide vehicles that satisfy evolving needs in every region around the world at affordable prices.

### Active Safety

Support to prevent the occurrence of accidents



### Safer Vehicles

Provide world-class safety to protect lives from accidents



### Passive Safety

Reduce damage by accidents



### A Wide Range of Product Lineup

Provide cars that meet customer needs at affordable prices to be rewarded with the smiles of customers



### Moving People

Provide products that satisfy customers to be rewarded with their smiles

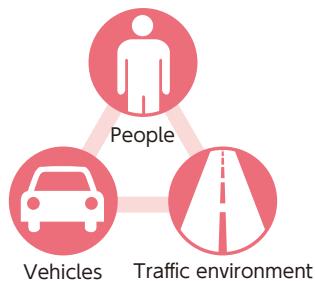




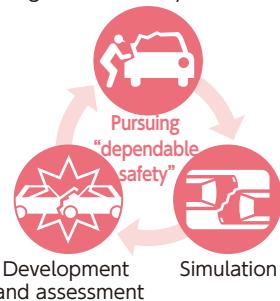
## Basic Concepts of Safety

To realize "safe and responsible ways of moving people" in the Global Vision, Toyota puts a high priority on safety and promotes product development with the ultimate goal of, one day "completely eliminating traffic casualties." Toyota promotes initiatives to improve traffic safety, viewing people, vehicles and the traffic environment as an integrated whole while pursuing "dependable safety" in product development based on investigations and analyses of various accidents actually occurring in society. Also, we advance technology development with the Integrated Safety Management Concept set in 2006 as a basic technological concept ultimately striving toward zero casualties.

### Integrated Initiatives to Improve Traffic Safety



Investigation and analysis of accidents



Development and assessment



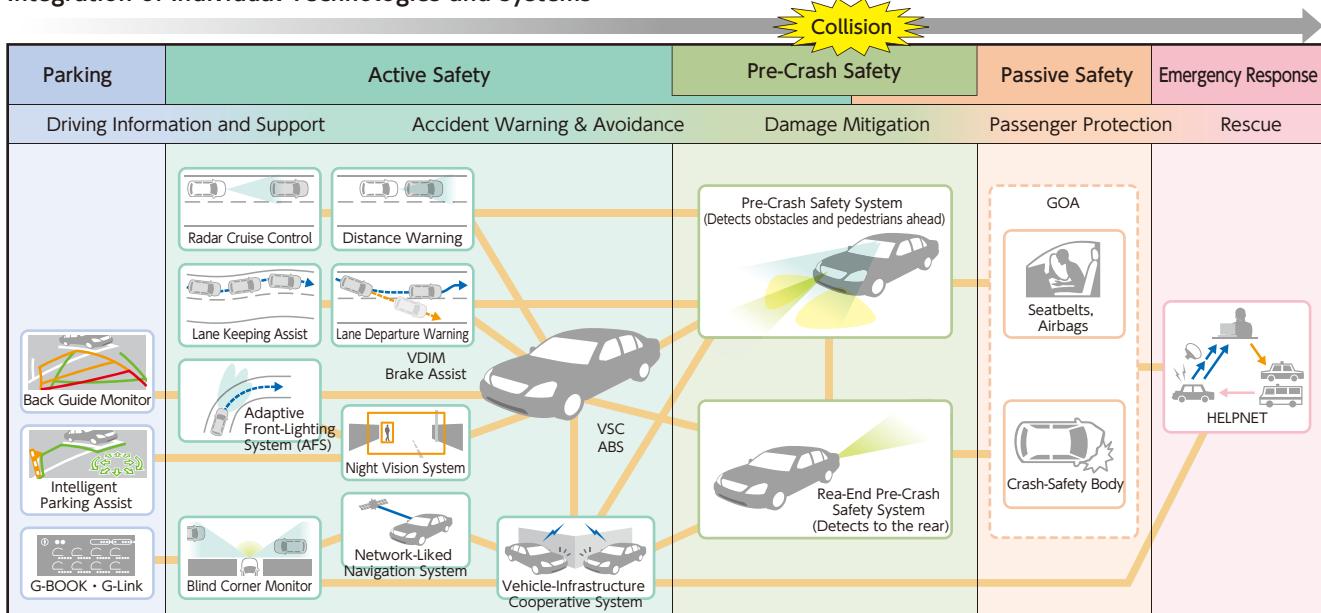
## Design for Safety and Confidence toward "Completely Eliminating Traffic Casualties"

Passive safety technologies, typified by the Global Outstanding Assessment (GOA), and active safety technologies, typified by Vehicle Stability Control (VSC) and pre-crash safety, are incorporated in the Integrated Safety Management Concept for the safety technology toward "completely eliminating traffic casualties." They are adopted as part of Toyota's design for reliability, which ensures the maximum degree of safety in all Toyota vehicles so customers can drive them with complete peace of mind.

## Integrated Safety Management Concept

The "Integrated Safety Management Concept" does not mean regarding each of the safety systems on the car individually, but integrating those systems to increase safety. It is a demonstration of our quest for the optimum driving support not solely at the points which were conventionally focused on before and after an accident, but expanding to "all driving stages" from parking, to normal operation and the moments before and after a collision, and even avoidance at the moment of an accident.

### Integration of Individual Technologies and Systems





## New Technology and Equipment

### **Collaborative Safety Research Center (CSRC) Launched in the U.S.**

In 2001, Toyota launched Collaborative Safety Research Center (CSRC) in Michigan, the United States. It will collaborate with leading North American universities, hospitals, research institutions, federal agencies and other organizations on projects aimed at reducing the number of traffic fatalities and injuries on roads. The collaborative research will pursue integrated ways to enhance safety, involving the vehicle, driver and traffic environment. Initial areas of focus will include reducing the risk of driver distraction — a growing cause of accidents — and protecting the most vulnerable traffic populations including children, teens and seniors. In addition, CSRC will promote and popularize automotive safety technologies and conduct in-depth analyses of available accident and human behavior data to support stakeholders' efforts to evaluate and speed deployment of active safety systems.

\* CSRC (Collaborative Safety Research Center)

### **Navigation Systems with Wrong-Way Driving Alert**

In recent years, accidents caused by cars going the wrong way on highways and selected toll roads are not insignificant. And a higher percentage of senior drivers are involved in this type of accidents than in other kinds of traffic incidents. Considering the fact, Toyota has developed a navigation system with a function that gives on-screen and voice alerts to wrong-way drivers. The function is available on all highways across Japan including at tollgates, service area ramps, turn-offs and junctions.

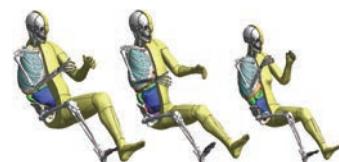
### **Approaching Vehicle Audible System to Alert Pedestrians to the Presence of a HV**

Hybrid vehicles run very quietly, which makes it difficult for pedestrians to notice their proximity and movement. Therefore, Toyota developed the Approaching Vehicle Audible System that emits an alert sound when a hybrid vehicle is operating at speeds up to 25 km/h. The device is currently standard on Prius and Lexus CT200h and will be added to the standard equipment list of other hybrids.



### **THUMS Virtual Human Model Version.4 Developed**

Toyota has added a small female and a large male to Version 4 of its THUMS\* virtual human model, which makes possible analyses detailed to a degree which is not possible to achieve with conventional crash-test dummies. By creating precise models of various internal organs including their positions and how they interconnect, Toyota was able to develop a virtual human model containing approximately 14 times more information than the previous version. This increased detail allows finer understanding of how damage is applied to internal organs during a collision with different body sizes taken into account.



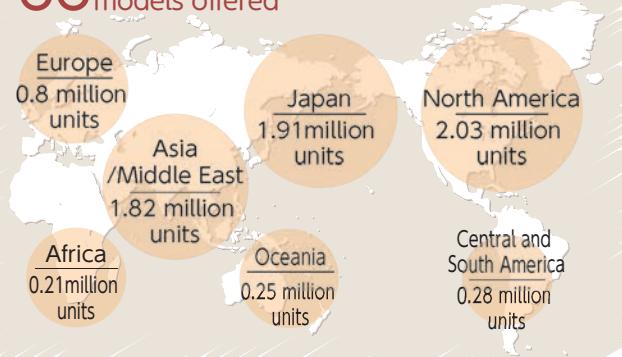
\* THUMS  
Total HUman Model for Safety  
A joint study with Toyota central R&D Labs., Inc.

## Basic Concepts of Product Lineup

Toyota is providing vehicles that meet local conditions and needs in as many regions as possible at affordable prices. Also, a wide range of models, including Prius and other HV's, gasoline cars, commercial vehicles and welfare vehicles, are made available in the market to answer customer needs.

### **Countries in which Toyota Vehicles are Sold, and Number of Units Sold in FY2010**

**In 173 countries and regions outside Japan,  
66 models offered**



## Universal Design (UD)

### **Adjustable Deck Board Allows the Owner to Adjust Luggage Space Height as Necessary**

Toyota has advanced vehicle development with the method of universal design aiming to build user-friendly vehicles for all passengers.

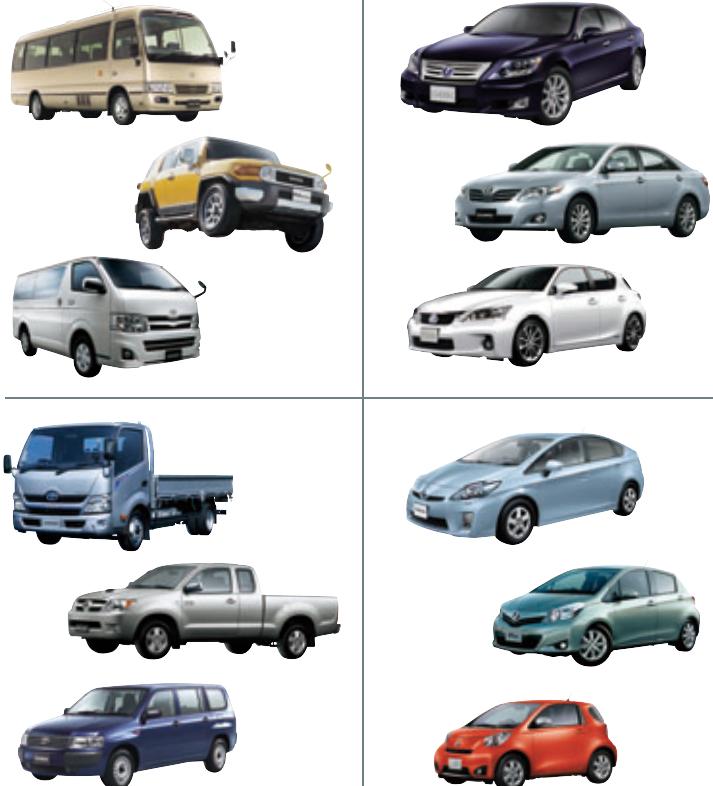
Specifically, based on "user interactive development," Toyota uses two evaluation indices in its product development the Ergo Index, and the Scene Compatibility — technology and function to help improve customer satisfaction — to evaluate the ergonomics of basic functions and the operability, respectively.

In FY2010, using the Scene Compatibility index, Toyota developed an adjustable deck board, which moves up or down in two steps with a light pull on a handle, thereby adjusting the deck's height to meet luggage storage needs.

New Ractis and Vitz models are equipped with these new adjustable deck boards.



An adjustable deck board in a new Ractis

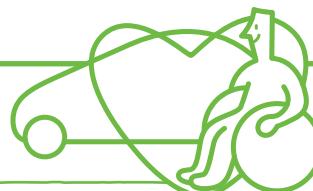
**A Lineup of Toyota Automobiles****IMV Establishes a Supply System that Links Many Overseas Plants**

Our Innovative International Multipurpose Vehicle (IMV) works on a firmly established system of overseas procurement, manufacture, assembly and sales. This global model achieves a very high level of product competitiveness and affordable prices. Built on the internationally accepted Global Best platform, the product is also built for Local Best depending on each region's usage environment including rough roads and submerged area.

The vehicle is produced in 11 countries, including Argentina, Indonesia, South Africa and Thailand. It is sold in more than 140 countries, worldwide. We are now working on improving its environmental performance and adjusting it to worldwide production and supply conditions. We produced some 830,000 units of this product in FY2010.



IMV (Hilux)

**Enriching Welcab (Welfare Vehicle) Lineup that Helps Comfortable Mobility**

With a philosophy, "provide freedom of moving in comfort to all people," Toyota has worked towards the development and popularization of the assisted-mobility vehicle, Welcab. In order to respond to the diversifying needs we have filled out our lineup, and in FY2010 we expanded to a total of 28 models with 52 types, including a nursing care version used by caregivers to transport disabled persons, and a self-operated version.

Also, the company is endorsing the establishment of "Welcab Stations" in Toyota dealerships nationwide, and set up in a total of 108 dealers with 188 outlets (as of the end of March 2011).

Vehicle  
Lineup  
in FY2010

**52 types in 28 models**

Welcab  
Stations

**188 outlets in 108 dealers**

**New Ractis Welcab Edition Filled with Friendliness and Convenience**

The new Ractis Welcab edition model offers friendly and convenient features including a shallow slope design which makes it easy for passengers to get in and out, a spacious interior, and a seat layout allowing for a wheelchair user and a helper to be seated side by side. This is Japan's first wheelchair-adapted vehicle with factory-installed features for the disabled to gain vehicle-type certification in Japan.

Wheelchair-adapted  
Ractis**"I'm So Happy to Find the Car."  
— Customer Words Provide Great Support for Engineers**

"Idea of a really-needed car can be found only in customers' daily lives." That is the basics of *monozukuri* which Toyota development engineers always back to.

For example, a rainy day at the parking lot of a nursing school showed one engineer responsible for Welcab development a scene that made him back to the basics. A mother had her child in her arms and was trying to get the child into the front passenger seat without the child getting wet. The engineer could see just how much trouble the mother was having, and felt like something should be done to make it easier. He worked on it for three years. He built many prototypes, until he found something that would work. With the completed vehicle (previous Ractis model), a person in a wheelchair can get in the car from the rear and get right next to the passenger seat.



## Moving People

People are thrilled when they see, hear, or come in contact with something that exceeds their expectations. While an automobile is basically a means for moving people and things, it can also inspire enthusiasm in people. Toyota thinks such inspiration and the movement of people are important elements of car manufacturing, and therefore aims at making cars that literally move people in both ways.

### Exciting Vehicle Development and Production

#### LEXUS LFA, Proud World-Class Full-Fledged Super Sports Car

In pursuit of a world-class full-fledged super sports car, the development project of LEXUS LFA was initiated in 2000. Each model is elaborately handcrafted by a team of highly skilled professionals in a workshop specially created within the Toyota Motomachi Plant. The team members are passionate about creating a world-leading model: a vehicle that will be loved by the owner throughout its lifetime, and even they are proud of making the world-leading model by all efforts in the process and continue to work. Only 500 vehicles will be built until 2012. The first vehicle rolled off the line December 2010.



LEXUS LFA

#### FT-86 II Concept Car A small FR Sports Concept Model

A car should be fun to drive as well as fun to own, so Toyota teamed up with Fuji Heavy Industries Ltd. (Subaru) to develop a small front-engine rear-wheel drive concept car called FT-86 II Concept. We created a fusion of leading-edge technologies from both companies, creating a 2.0 Liter horizontally opposed, naturally aspirated four cylinder gasoline burning engine and a super-lightweight body with superior aerodynamics, achieving even higher output and even better environmental performance. The concept car was first shown at the Geneva International Motor Show in March 2011, and then at the 2011 New York International Auto Show in April as a U.S. model FR-S Concept car. Toyota announced its plan to sell the production version of the vehicle in the United States under the Scion brand.



FT-86 II concept

#### G's, Providing a Broad Range of Customers with Exciting Performance

Toyota has developed new sports conversion vehicles so that the special feeling pursued through the GAZOO Racing\* activities can be provided for a broader range of customers. The vehicles have been sold through Toyota dealers all over Japan as "G Sports (G's)" series since 2010. Toyota aims to provide customers who want their own special vehicles with interior and exterior expressing their individuality or much sportier performance through the development of the sports conversion vehicle series.



Noah G's

##### \* GAZOO Racing

A program for spreading the fun and dreams of automobiles together with car lovers.

#### 'Prius v' Hybrid Unveiled at Detroit Show

Toyota unveiled the "Prius v" at the 2011 North American International Auto Show (NAIAS) in Detroit, United States. The Prius v is a midsize, dedicated hybrid model designed to suit various lifestyles. Like the "Prius" hybrid sedan, it comes with outstanding environmental performance and an air of technological advancement, but with a more roomy interior and versatile cargo space. Toyota also exhibited the "Prius c Concept" compact-size hybrid concept vehicle, the third-generation Prius and the "Prius Plug-in Hybrid."



Prius v (left) and Prius c Concept

## Events Aimed at Increasing Car Fans

### 'Waku Waku (Exciting) Toyota 2010' An Event to Show People the Joy of Automobiles through Experience

In July 2010 at the 3rd race of the Japanese Championship Formula NIPPON Round 3, Toyota held a "Waku Waku Toyota 2010" event on the same day as the race, which allowed participants to watch, participate, and enjoy cars. On the event stage, we displayed Toyota motorsports vehicles with which Toyota teams had performed well in various races and held a charity auction of exhibits and components, and held a workshop in which a Formula Nippon racing car was dismantled. As part of the "experience event," participants were allowed to drive light formula cars or try the Smooth Slalom Challenge. The next-generation personal mobility robot Winglet was there for test drives as well. For kids, there were Kids Kart classes where elementary school children could try their hand at driving these as mini-racers. Participants got the chance to try driving many kinds of vehicles, and everyone had lots of fun.



Kids Kart classes

### 'Drive Okoku (Mobility Festival)' where People Can Have Fun with Cars

The Drive Okoku is an event where people can come in contact with cars and learn what fun mobility is all about.  
[Held in Kumamoto in May 2010]

The event was held for two days at the Grandmesse Kumamoto venue. At the Drive Okoku, people got to drive Prius Plug-in Hybrids for the first time. A number of new models were there for test drives, as were Lexus models. People got to do test drives with professional drivers in the passenger's seat, and experience the safety features of new automobiles. Children were treated to a variety of fun games, and special exhibits were set up so they could pretend they were driving real cars. In other words, Drive Okoku was fun for the entire family.



Test driving of a Prius Plug-in Hybrid



Car Classes for Kids

#### Past Drive Okoku Events

Date	Place
Dec. 2007	Odaiba
May 2008	Miyagi
Sep. 2008	Sapporo
Mar. 2009	Okayama
Aug. 2009	Kanazawa
Nov. 2009	Motegi
May 2010	Kumamoto

### Getting together to Compete in Fuel Efficiency The Prius Cup, Presented in Cooperation with Dealers

Toyota and dealers on its all areas' channels competed their skills in the "Eco-Run Competition" and the "Service Competition." It was like a huge car field day in which they were able to learn about the fun of automobiles by trying their hand at motorsports. Staff from Toyota and dealers nationwide got together and shared thoughts to increase car fans everywhere.

In the two years from December 2007 to October 2009, the first round of 10 events was held, including trial runs. All branches were involved and a total of 3,300 people from about 260 companies participated. The second round comprised 2 events in 2010 with 730 people participating from 60 companies. The engineers who participated said, "It helped show us once again how important teamwork really is."



An Eco-Run Race at Suzuka

#### Column

### Toyota Awards Speed up Projects Aimed at "Making Better Cars"

Toyota Awards honor the employees who work hard and do their best, exercising wisdom and, with pride, taking responsibility for their daily work to build cars that move customers for their attitudes and accomplishments. In addition to the Morizo Award and the Utchi Award that are selected by the president and the vice president, in the New Car Sales category, cars and items that earn awards are selected by all employees' votes.

These activities help add impetus to our initiatives in "making better cars," that promote interests and enthusiasm about cars and building cars.



Crown Comfort received the first Morizo Award

# Relations with Customers

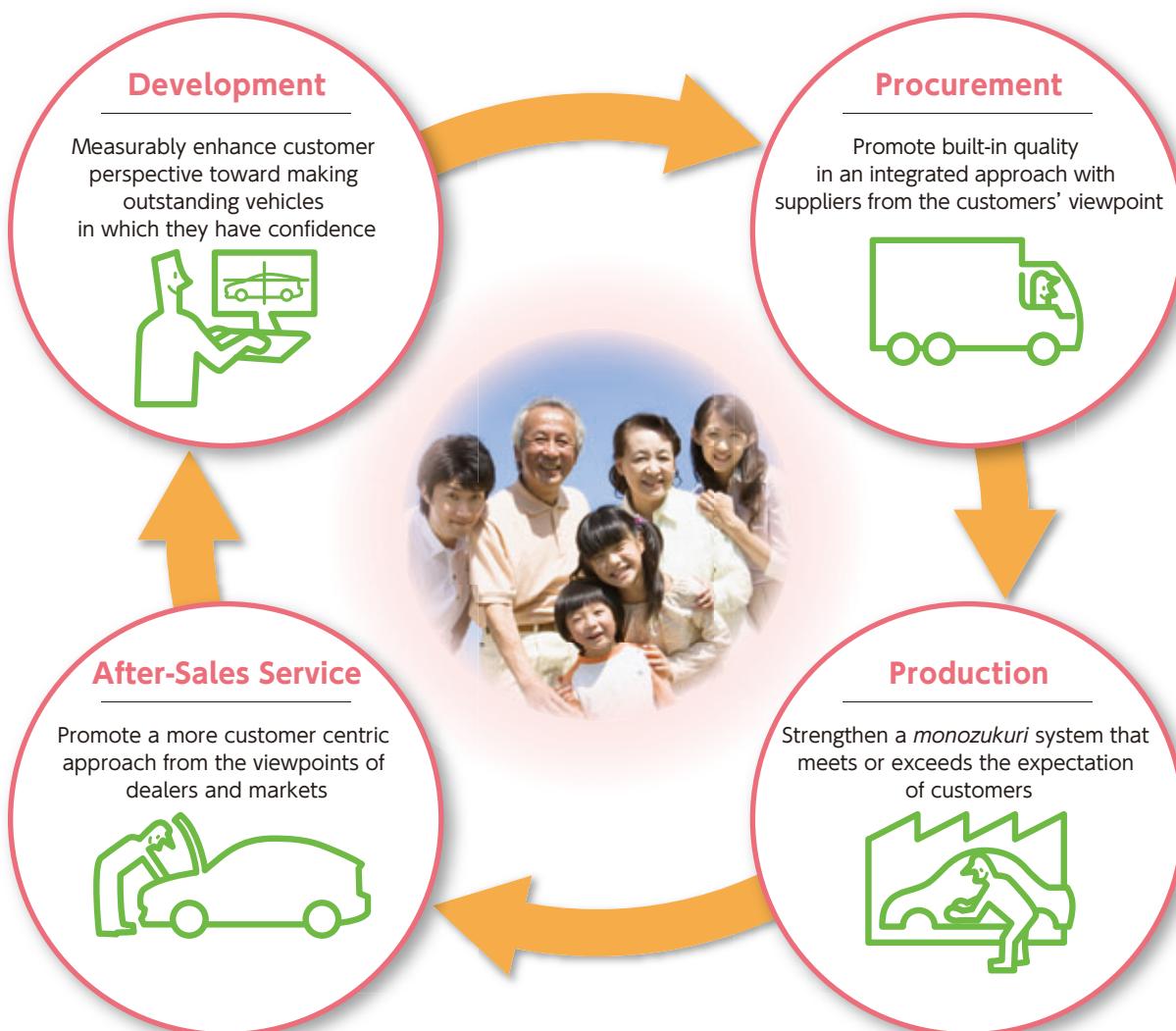
## (Quality/Increasing Transparency)

**"Global Vision for Those We Serve"**  
**Listen sincerely to customer voices  
 and continue to reinvent ourselves  
 through sufficient information  
 disclosure and dialogue**

### [Key Points]

**Quality:**  
 Provide customers with high-quality, reliable products.  
**Information disclosure/dialogue:**  
 Sincerely listen to the voices of stakeholders including customers,  
 disclose information in a timely and appropriate manner and  
 respond promptly and honestly.

The smiles that we earn from our customers are our greatest reward. Is there a gap between the "great cars" Toyota thinks of and the expectations of our customers? Are they satisfied with our current services? To be able to respond to the constantly-changing expectations of customers and society, we listen to customers' voices with sincerity and continually work on improvement. We never forget that the support of various stakeholders has made Toyota what it is today; we value the relationships of trust we have built; and we work toward continuing to provide accurate and appropriate communication and respond transparently and promptly to be a company that is continually trusted.





## Basic Concepts of Quality

Quality is achieved through the integration of Development, Design, Procurement, Production and After-sales Service. Each is indispensable in the delivery of satisfactory quality to customers. We continue to aim to put the concepts of "Customer First" and "Quality First" into practice and to respond to the expectations of customers and society. That is why every member across our operations maintains a high consciousness, and takes ownership and responsibility of striving for continuous improvement and the enhancement of customer confidence and trust by cooperating closely with one another.

### [Development]

#### Thoroughly Reinforcing the 'Customer's Perspective' Attitude and Forming the Product Audit Dept.

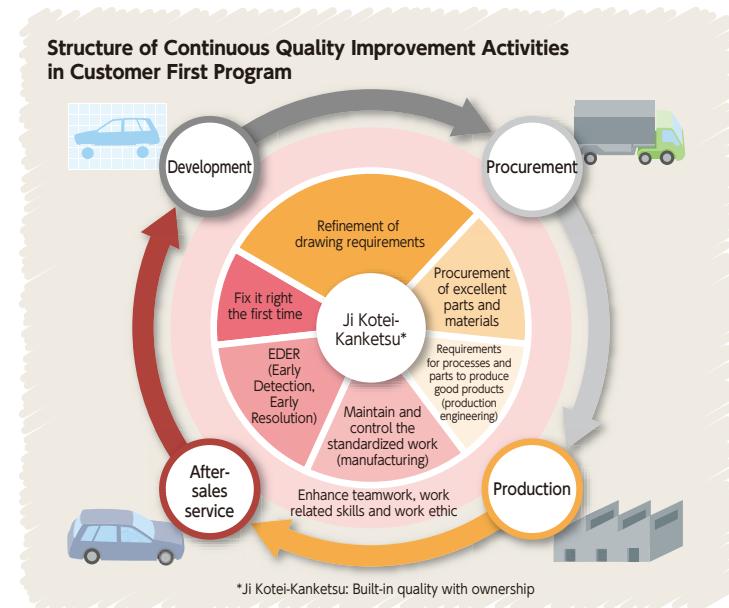
In its ongoing *kaizen* activities, Toyota has made further efforts in the development field to help ensure that customer's concerns are addressed promptly and measures implemented to prevent their recurrence, as well as to reduce the occurrence of new concerns, should be incorporated into vehicle development. At the same time, while individual workers address their daily assignments from the customer's perspective, thus assuming a key role in product quality assurance.

Specifically, the company strengthened cooperation with after-sales service organizations with the goal of solving customers' concerns on the spot, so that engineers can be sent into the field more frequently to hear customers' voices directly and more accurately grasp them.

Clearly identifying the situation and the environment in person is designed to help speed up the development and implementation of countermeasures.

In addition, to reduce repeated occurrences of the same issue, Toyota ensures that information gathered through these processes will be appropriately incorporated into new vehicle designs and evaluation methods.

New product design was enhanced to more accurately reflect customers' usage and the effect of their behavior on



### Incorporating Customer Feedback into Development for More Safety and Confidence



vehicle movements. Toyota founded the new Product Audit Department to identify challenges with design work and request corrective actions from the assigned engineer. These initiatives are designed to help reinforce product safety as well as customer confidence.

Engineer training is proceeded through systematic education at the Learning Center and young engineers are sent overseas, primarily to emerging markets, so they can learn how products were used in foreign countries and bring the *genchi genbutsu* experience into product development.



Auditing a product

### [Procurement]

#### Teaming up with Suppliers to Promote Built-in Quality from the Customer's Standpoint

In March 2011, Toyota held a Quality Policy Presentation with 445 participants from 161 suppliers, asking for their continued cooperation in gaining customers' trust. The company briefed suppliers on three key activities on which it is asking for cooperation: reinforcing the product safety assurance system, joint efforts to improve design part and component design quality and working toward the complete elimination of the recurrence of concerns. Toyota will continue to work closely with suppliers to help ensure built-in quality from the customer perspective, strengthening the design attitude to consider customers' product usage as well as their reaction to product features.

### [Production]

#### Reinforcing *Monozukuri* and Exceeding the Customer Expectations

Toyota has made a concerted effort to establish "requirements for good products" to realize designers' intentions in manufacturing processes. The company continually seeks to create products that reflect their intended designs while accumulating innovations to fully realize increase *Ji Kotei-Kanketsu* and thereby build quality into products. Throughout FY2010, final quality inspection in each plant was reinforced as a key step in delivering high quality vehicles to customers.

In January 2011, the Vehicle Quality & Production Engineering Division was created to foster closer cooperation with the development team from the early stages, reinforcing *monozukuri* and thus meeting or exceeding the customer expectations.

### [After-Sales Service]

#### Promoting Customer-Perspective Approaches

Dealers and distributors are both business partners and important customers that represent Toyota car owners.

Treating quality issues as opportunities, Toyota has re-doubled its efforts to hold face-to-face communications with dealers and distributors. The company continues to listen sincerely to customer concerns and to focus on developing responsive personnel, thereby strengthening its overall service capabilities.

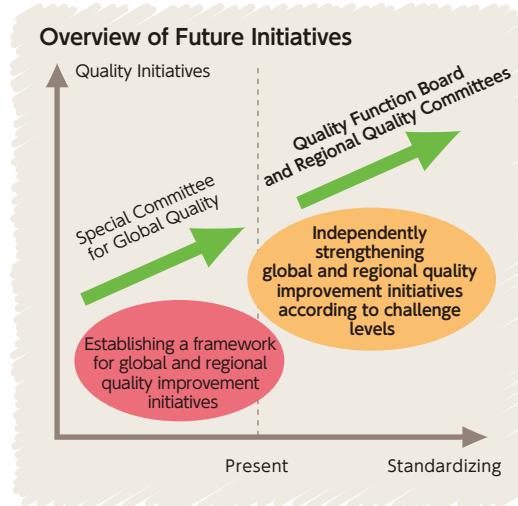


## Column

## ~Overview of Initiatives to Enhance Customer Trust~

## Concerted Commitment to Continuous Improvement of Safety and Quality from the Standpoint of the Customer

In response to the series of quality issues, Toyota formed the Special Committee for Global Quality chaired by President Toyoda in March 2010 to "review all the working processes from the customer's perspective, through the new interface, and reinforce the quality control system." With activity pillars such as reinforced customer voice and quality information gathering, human resource development focusing on quality, and promotion of regional independence, Toyota is demonstrating its concerted commitment to a fundamental review of our operational attitudes and establishing a customer interface across Toyota's entities worldwide. Toyota has re-emphasized that the expectation on Toyota from customers around the world is quality. And in order for each employee to put into practice within their own work the mindset of "customer first, quality first," during the Month of Quality, November 2010, Toyota gathered 250 representatives from 230 divisions within Japan and held a Quality Forum. In order to further enhance the quality that is Toyota's mainstay, all the participants fully shared Toyota's resolve to make all-out efforts to continue to raise quality without forgetting that we always have the opportunity to improve.



### Quality Forum Underscores Need for Everyone to Take a Leading Role

The Quality Forum was held in November 2010, designated as the Month of Quality by the company, to discuss "What every one of us should do, knowing our customers' thoughts and expectations." Some 250 attendees representing various divisions and departments met in a World-Café style, where they exchanged opinions moving from table to table. Spirited discussions transcended organizational barriers, with earnest debates on how to build quality into products from a customer perspective, generating such comments as "I realized the importance of communication in achieving built in quality." Attendees went back to their respective workplaces with new insights and ideas on addressing corrective actions.



World-Café style discussion



Vigorous discussions went beyond organizational boundaries



Customer Assistance Center

## Transparency Increase

For a business to be accepted broadly in society, it is necessary to maintain transparency. Accordingly, Toyota is making continuous efforts to increase its corporate transparency, positively setting up contacts and opportunities for information sharing, as well as listening to a broad range of requests from, and entering into consultations with customers.

### Every Day with Customers: Toyota Customer Assistance Center and Lexus Information Desk

The Toyota Customer Assistance Center, as well as the Lexus Information Desk dedicated to the Lexus brand models, offer toll-free phone services 365 days a year and accept brochure requests 24 hours a day in Japan. In such a framework for improving customer convenience, the center and the desk respond to opinions and complaints to provide quick and adequate services empathetically. These embrace the "Customer First" principle as the primary internal organization directly facing consumers. At the same time, we work to relate these efforts to overall excellence in creating products and services.

#### No. of Calls at the Center and the Desk in FY2010

No. of calls	Consultation	Navigation system, audio system	Vehicle (specs, equipment, etc.)	Brochures requests	Others (delivery date, etc.)	Opinions and requests	Salesperson support
401,000	336,000	49%	40%	3%	8%	43,000	22,000

### A Prompt Response from the Standpoint of the Customer

Since the recent series of quality issues, Toyota has seen a sharp increase in the number of customers calling for information about recalls. The company will propose enhancements to online recall information to make it easier for customers to determine whether their vehicles are subject to a recall.

In addition, call volume increased rapidly the week after the Great East Japan Earthquake. The questions focused mainly on include where to get fuel, delivery times of purchased vehicles and credit card payment. Inquires related to the quake are also posted on the webpage, providing information on how to deal with vehicles damaged in the quake and tsunami.

For details, please refer to the following webpage.

 <http://www.toyota-global.com/company/information/110311/index.html>

### Incorporating Customer Requests in a New, More Versatile Compact Car

The Vitz has gained immense popularity among families with small children. Naturally, many customers have commented on the need to load bulky baby strollers and other items when they take a trip.

The new Vitz reflects such customer concerns and features a high-capacity cabin. A version with a new adjustable deck board that can be set at two heights is also available, giving families the flexibility to carry items they have wanted to take along but usually had to leave behind.

### Participating in the WBCSD Activities

The WBCSD\* is to help develop policies towards sustainable development via three pillars — economic growth, environmental protection and social development. Toyota agrees with the objectives of the WBCSD, and has participated in various projects as a member since 1995. Toyota Honorary Chairman Shoichiro Toyoda, who served as Vice Chairman of the WBCSD Executive Committee (ExCo) for five terms (10 years), is now a Member of the Honorary Committee, and Chairman Fujio Cho has served as a member of the WBCSD ExCo.

The aim of the Ull, which started in January 2010, is to select several cities around the world and serve as a trusted business voice on urban sustainability. Toyota participates in this project as one of 15 corporate members from 8 nations. The company is expected to draw on the know-how accumulated through past projects such as Sustainability Mobility and Mobility for Development.

\*WBCSD  
(World Business Council for Sustainable Development)



World Business Council for Sustainable Development

Please download the Ull Project summary from the WSCSD webpage.

 <http://www.wbcsd.org/templates/TemplateWBCSD5/Layout.asp?type=p&Menuld=MTYzNg&doOpen=1&ClickMenu=LeftMenu>

### Direct Communication with Broad-Based Stakeholders

In January 2011, the 10th Toyota Stakeholder Dialogue was held under the theme of "Toyota's CSR goal toward 2020." Stakeholders from NGO/NPO, industrial experts and other relevant experts attended the dialogue to engage in direct discussions on the ideal of Toyota in 2020 taken consideration of various social issues. Toyota receives its stakeholders' expectations and opinions and shares them with the internal related divisions/persons for future Toyota initiatives.

"CSR Boost-up Initiative" was held in March 2011 to set up an opportunity for our staff members to directly communicate with external intellectuals to support their understanding of global CSR issues and to raise their awareness of them. More than 20 people participated from the internal related divisions and the Toyota Group companies under the theme of "ISO26000 and human rights." There was a Q&A session and a discussion on the various issues that participants face in their daily work; how to adapt their business to the international norms of behavior in terms of sphere of influence, information disclosure and accountability etc.



For details, please refer to the following webpage.

 [http://www.toyota-global.com/sustainability/stakeholders/toyota\\_stakeholder\\_dialogues/](http://www.toyota-global.com/sustainability/stakeholders/toyota_stakeholder_dialogues/)

# Relations with Employees

## “Global Vision for Those We Serve”

**Create working environments for various employees to work proudly and with loyalty and confidence in fulfilling their potential, which realize their self-growth**

### [Key Points]

Human resource development:

Foster the Toyota spirit of conscientious manufacturing.

Diversity and Inclusion:

Create working environments for various employees to work in a harmonious and dynamic manner regardless of gender, race, or nationality.

Safety and Health:

Create a safe and healthy working environment.

Confidence:

Maintain stable employment and provide fair working conditions.

Pride and loyalty:

Create working environments worthy of vigor and enthusiasm for employees to work proudly and with loyalty.

From the beginning, Toyota has had “Continuous Improvement” and “Respect for People” as its pillars, and as its moral foundation the Toyota Way summarized in the five keywords, “Challenge,” “Kaizen,” “Genchi Genbutsu,” “Respect” and “Teamwork.” For employees, Toyota steadily promotes various measures including human resource development and health-care so that the employees could work with confidence, vigor and enthusiasm. Also, under a labor-management relationship based on mutual trust and mutual responsibility, Toyota respects for employees’ diversities such as culture, nationality, race, language, religion, gender, age or view/perspective.

### Human Resource Development

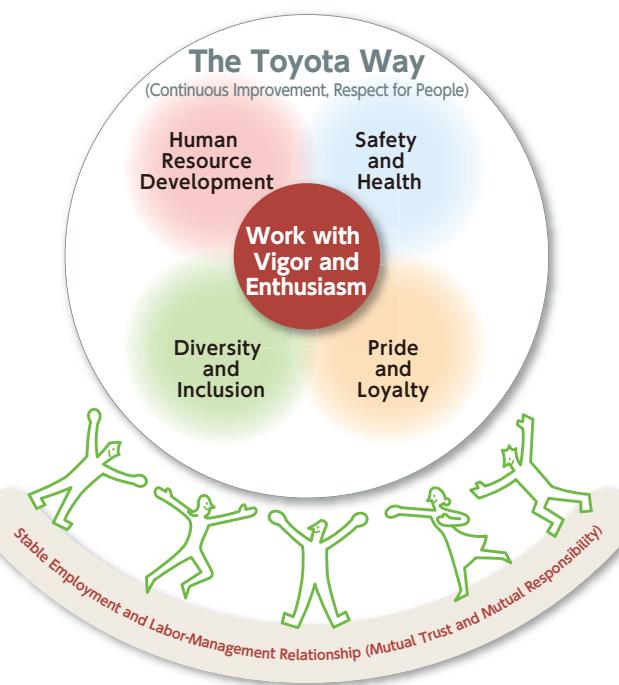
Toyota is working to develop vigorous workplace by greater enhancement and reinforcement of educational programs based on the Toyota Way with OJT as an essential.

### Diversity and Inclusion

Toyota plans greater enhancement and reinforcement of educational programs based on the Toyota Way, and strives on creation of a workplace worthy of vigor and enthusiasm.

### Sharing Values

Stability in the lives of employees, and opportunities for self-realization and growth as well as corporate development are interdependent. They are all founded on mutual trust and respect between labor and management, long-term employment stability and open communication. Based on this, the Toyota Way 2001 is comprised of the five key terms as shown at right: Challenge, Kaizen, Genchi Genbutsu, Respect and Teamwork under the two main pillars of “Continuous Improvement” and “Respect for People.” This has been expanded to Toyota employees worldwide. Furthermore, “300,000 Person Communication Activities” that raised workplace capabilities through communication improvements has been promoted and expanded.

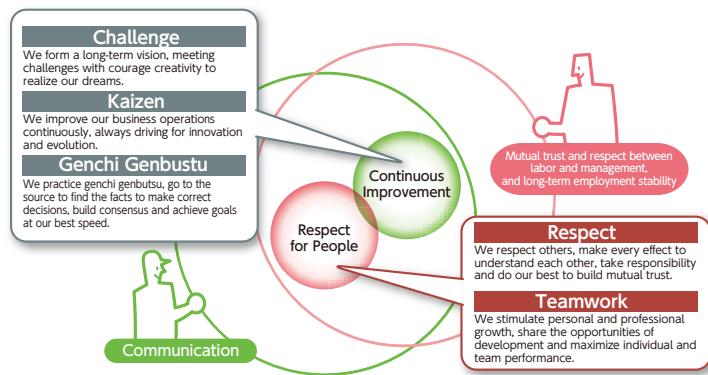


### Safety and Health

Ensuring employee safety and health is one of Toyota's most important bases for our business activities. Each workplace serves as the individual driving force behind a company-wide effort.

### Pride and Loyalty

Toyota strives to foster employees' pride and loyalty to the company, workplace and colleagues by encouraging a culture of teamwork through communication and mutual competition.





## Basic Concepts of Human Resource Development



The basis for human resource development is putting the Toyota Way into practice. Toyota is working to develop human resources by seizing times of adversity as opportunities to learn, planning greater enhancement and reinforcement of educational programs based on the five Toyota Way keywords, and on-the-job training (OJT) essential to the progress and succession of building excellent products.

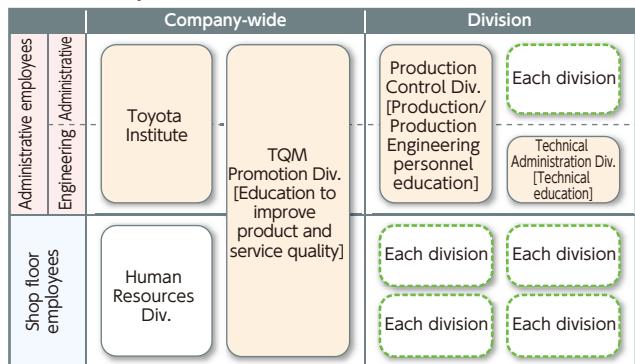
### Overview of Education

Toyota implements various education programs according to job description and level so that every employee can gain required expertise and skills, pursue Good Thinking, Good Products and promote Kaizen activities.

Each employee sets a target and tries to achieve the goal by mastering the global-age compatible knowledge and education and thereby acquiring the skills to build up global quality. Through those efforts, we continuously create products and services that exceed customers' expectations. Practical skills are acquired along with knowledge and theories through classroom lectures. These are then confirmed through practice. Toyota always addresses employee education under the "Genchi-genbutsu\*" philosophy.

\* Go to the source to find the facts to make correct decisions, build consensus and achieve goals at our best speed.

### Education System



Education system introduced in the report

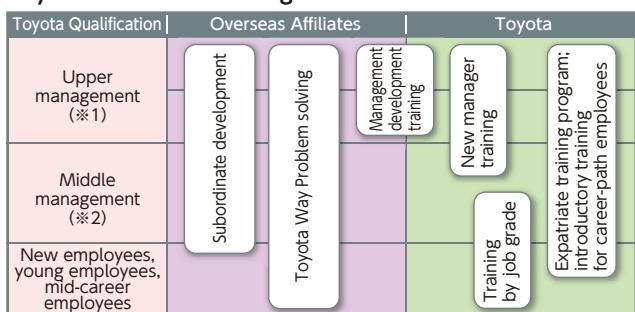
Each division provides various educations

### [Company-Wide Education]

#### The Educational System of the Toyota Institute

The Toyota Institute (TI), with its mission of "human resource development that puts the Toyota Way into practice," is expanding work methods (know-how for problem solving, mentoring, etc.) into the business units in each country around the world to carry out the Toyota Way, which should be shared among all Toyota personnel throughout the world.

#### Toyota Institute's Training Structures



※1 Upper management: manager class   ※2 Middle management: assistant manager class

### [Education to Raise the Quality of Products and Services]

#### Total Quality Management (TQM)

Implementation of TQM has been promoted based on the philosophies of "Customer First," "Continuous Kaizen" and "Total Participation." In order to raise the awareness of TQM, several measures are taken to promote resolution, provide every employee working in Toyota's global organization with ideas for action to improve product and service quality, motivate people and revitalize the corporate structure.

#### Key Approaches in FY2010

In order to proactively prevent quality problems, a "Basic Reliability Course" was set up for group managers and young engineers in technical divisions after the safety and reliability concept had been thoroughly established among relevant management-level employees. About 1,550 employees attended in order to acquire the understanding as to how the focus reflected on their development and design work.

Furthermore, an initiative was launched to rebuild the training system wholly based on customer perception in association with TI. In the initiative, firstly priority was given to managers taking account of their major roles to play. And SQC and QC circles and "Soikfu" were integrated with other elements required to promote TQM. Additionally, integrated contents have been introduced into training courses for newly assigned Division General Managers and Deputy General Managers, Department General Managers, and Group Managers.

In October 2010, Toyota received the Japan Quality Award Quality Innovation Award from the Union of Japanese Scientists and Engineers for company-wide efforts, "Ji Kotei-Kanketsu (Built-in quality with ownership)." Thus the efforts were appreciated by an external organization as well.

Also, the 45th All-Toyota TQM Convention, an event to internally share the importance of TQM activities, was held in November, the month of quality. Some 5,000 individuals from affiliates, dealers and the Nihonkai came together to understand more about the meaning of TQM activities, study examples of practices and reconfirmed All Toyota commitment to quality assurance.

#### Workshop Structure - TQM Promotion Division (- March 2011)

Target Personnel	Training Courses	
	Shop Floor Workers	Administrative Staff
Executives	TQM Training Course for Toyota Group Executives	
Division General Managers, Deputy GMs	Newly appointed Div. GM/DGM Seminar	
Department GMs		Newly appointed Dept. GM Seminar
Section Managers, Group Managers	New Caretaker Training Seminar	SQC Manager Course Newly appointed GM Seminar
Shop Floor and Administrative employees	Soikfu Supervisor Training Seminar  <Shop Floor> QC Circle Training Seminar by job grade and role  Soikfu New Employee Training Seminar	<Engineering> Advanced upper, middle level SQC Training Seminar Reliability Beginner's Course (Technical) SQC Beginner's Training Seminar (Required for Technical, Production Engineering, Production) SQC Basic Training Seminar (Required for Technical, Production Engineering, Production) Administrative Employee QC Training Seminar (new employees)
Expatriates (Coordinators)	Coordinator Training Seminar	TBP Training Seminar by qualification Ji Kotei-Kanketsu (TPK) Training course Soikfu Assistant Staff Training Seminar MAST Training Course



## [Human Resource Development for Production/Production Engineering Fields]

### Promoting Development of Human Resources with Capabilities to Think and Act Proactively

Towards the early development of diverse and highly skilled human resources, the "Pro-WIN" training program was begun in 2007, targeting 4,500 engineers in the production and production engineering fields, which promotes planned and continuous human resource development.

#### Key Approaches in FY2010

In addition to the Pro-WIN program, in FY2009 "activities with workplace-derived subjects" were begun for a return to the fundamentals of "enabling proactive thinking and action with *Genchi Genbutsu*," targeting young administrative employees. Sticking to such disciplines as "*Genchi Genbutsu*" and "Never give up until completion," the target employees prepare and visualize their planning sheets through communication with their superiors. In this way, workplaces take initiative for further promotion of the activities.

The progress of activities is continuously watched for analysis in order to enhance and strengthen educational program policies.



## [Technical Training]

### Educational Programs at the R&D Learning Center

The R&D Learning Center was established in 2006 with the objective of laying the groundwork for developing appealing products and maintaining and improving high Toyota quality (customer first).

#### Key Approaches in FY2010

Toyota systematized all the engineer training courses targeting mid-level engineers (from their third year in the company to newly appointed assistant managers) into 51 courses to cover a total of some 3,000 employees. It has also contributed to educational improvement to maintain the operation of young engineer performance indicators that defines job skill requirements in each engineering field in effort to drive forward the human resource development's PDCA (plan, do, check and act) cycle. Also, so that training curricula might be fully understood in each workplace and the courses systematically utilized, a brochure — "R&D Learning Center Course Guide" — was created for distribution to General Managers of all divisions. It was also put out on the intranet in an attempt to spread the awareness of self-development across the organization.

#### Systematization of Mid-Level Engineer Technical Training



## Toyota Technical Training Institute

In the city of Bangalore in southern India, TKM established the Toyota Technical Training Institute (TTTI) in 2007 aiming to contribute to the development of the Indian automobile industry by promoting the training of first-rate technicians on the concept that making cars means human resource development. It has offered educational opportunities to children who could not afford traditional educational methods, with scholarships covering tuition and living expenses, which are broadly made available to the local junior high school graduates in the host state. Not only do the students gain general knowledge and technical skills, they also learn the Toyota Way and the Toyota Production System through hands-on training. In July 2010, the Toyota Production Technical Skills Academy sent its first 63 graduates out into the world and the former president of India Dr. A.P.J. Abdul Kalama attended the graduation ceremony to present diplomas to them.



Graduation ceremony

A scene of training

## Personnel Exchange Programs for Independence of Overseas Production Affiliates

#### OT-clab (Overseas Trainee - culture langage business : for young trainees to study at overseas affiliates)

The OT-clab program was launched in 2002 for expatriate candidates to study local cultures, languages and specialized knowledge at overseas affiliates through training by carrying out actual operations. In principle, young employees from their fourth to fifth year in the company are eligible for one-year training. As of the end of April 2011, about 90 trainees are earnestly learning the working procedure, business practices, accurate communication abilities in English and the language of the host country, respectively reporting to local supervisors under the program.



Takayuki Mima in Turkey  
(from Tsutsumi Plant)

#### ICT (Intra Company Transferee : for trainees coming in from overseas affiliates)

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 excellent human resources. As of the end of April 2011, a total of 394 transferees from 45 business units in 38 countries are working in Japan under the program. Stephan Herbst Environmental Affairs Division TME





## Basic Concepts of Diversity and Inclusion

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.

### Full-Time Toyota Employees (on an unconsolidated basis)

\*As of Mar. 31 2011

	Male	Female	Total
Number of full-time employees	62,109	7,069	69,178
Average age	38.6	30.6	37.8
Average service years	17.5	10.3	16.8

Women

Global human resources

Disabled people

Over sixties

Fixed-term contract employees

## Promoting Measures to Create a Workplace Worthy of Vigor and Enthusiasm

The Career and Life Design Dept., in charge of diversity management including promotion of women in the workplace, has been organized with permanent functions. It is now working to establish various programs to help female workers balance work with childcare, educate employees to effectively utilize the programs, and refine communication tools for these activities.

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

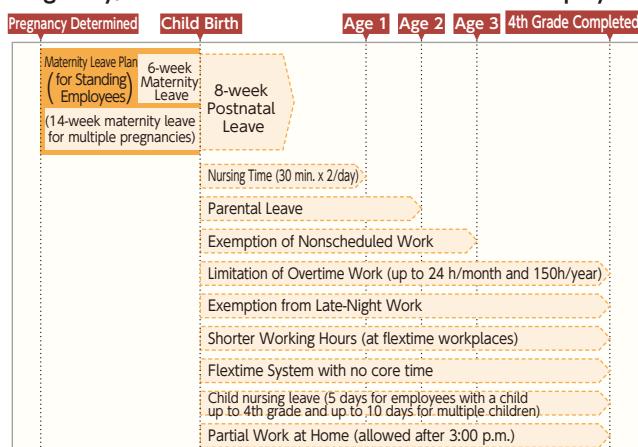
(Parenthetical figures are compared to the previous fiscal year)

System	Men	Women
Childcare Leave	21 persons (+16)	382 persons (+28)
Flexible Working Hours System	11 persons (+2)	582 persons (+82)

### Recent Key Initiatives

FY	Support for balancing work with childcare	Support for career building
2008	●Career Support Book for supervisors distributed ●Gender Diversity Management Forum for supervisors hosted ●Flexible working hours system partially revised	
2009		●Networking Event for Female Shop Floor Workers hosted
2010	●Childcare Leave Fast Guide Book distributed	●Social Gathering with Overseas Female Officers hosted

### Pregnancy, Childbirth and Care Related Benefits for Employees



\*A regular employee is entitled to take two years of nursing care leave (or four years of moratorium including an accumulation of periods subject to Working Hour Reduction, Core Time Exemption and Partial Work at Home).

### Column

## A Female Employee Shines after Various Experiences Chika Kako, Lexus Group

Springing from a desire in school days to work overseas to gain various experiences, I applied to work for TMME on secondment. For 3 years, I learned about many things including differences in background, way of thinking in the environment different from the headquarters, and so on. Since I went through a lot of experiences as the first woman engineer expatriate such as this overseas experience and work directly under a chief engineer, I was conscious of not setting a bad precedent and tried to achieve a satisfactory level of performance. I hope to contribute to such a task that requires the integration of global values in the future.



## A Male Employee Balancing Work with Childcare

Hirohisa Onome, Motomachi Plant Final Assembly Div.

Our second daughter was born less than a month before our first entered kindergarten at the age of three. As their grand parents' residence is so far away, I chose to take childcare leave; the first time for a male employee in our division. That looked difficult considering the workplace situation at that time but my supervisor readily agreed when I consulted him. Colleagues helped me as well. I had long felt that Japanese society must change and take it for granted that a man can take care of his children. In fact, the ties between family members were strengthened thanks to the childcare work. And so now I'm more motivated to do anything for the company which so generously allowed me to take leave.



## An Overseas Female Officer at Global Toyota

Tracey Doi, GVP, Toyota Motor Sales U.S.A., Inc. (TMS)

Although I was offered the position of vice president at my previous job, I decided to work for TMS, a homely and generous workplace located close to my residence, as I had just had my second child. At TMS, what matters is job experience and not gender. Besides, I feel Toyota is a company where it is easy to keep a good work-life balance. It is hard to do everything in business or childcare all by yourself. It is important to rely on someone else who will listen to you sometimes. I talk to family members about anything and my husband is always understanding.





## Promoting More Locals into Affiliate Leadership

Toyota has conventionally fostered and promoted local human resources over the mid- and long-term perspective. In July 2010, in a move designed to accelerate the localization of management posts at overseas affiliates, local members were appointed as president in manufacturing affiliates in Texas and Indiana in North America. Additionally, at manufacturing affiliates in Canada and Kentucky, the former president was promoted to the newly created post of chairman and an internal successor took over the president's position. In Europe, Didier Leroy, executive vice president of Toyota Motor Europe (TME) — the regional headquarters — and a managing officer at Toyota Motor Corporation, assumed the position of TME's first European president.

Toyota will continue to foster and promote local personnel on the principle that this ensures the right resources will be in the right places, driving forward the localization of decision making, operation and management posts. This should facilitate the timely capture of customer voices and those of front-end employees in each region and thereby allow us to make appropriate business judgments.

### Column

#### As a Leader of Developing the Toyota Global Vision

Real C. Tanguay  
Senior Managing Officer

My recent assignment to lead the development of the new Toyota Global Vision gave me the opportunity to get directly involved in the global Toyota. It revealed that there was a common perspective "we will meet our challenging goals by engaging the talent and passion of people who believe there is always a better way" along the communication with team members in various regions of the world. I believe our Toyota culture is our competitive advantage; shared values bring us together and help to build a strong team that is inclusive of all.



## Job Placement Program for Over-Sixties

Following the 1991 introduction of the Internal Re-employment Program for Retired Professionals, an Optional Re-employment Application System was launched in 2001 that outplaces applicants to external affiliates and other sites, providing a framework for helping over-sixties to continue working, at either an external or internal workplace. Programs were modified to their present state according to the revised Law on Stabilization of Employment of Older Persons that came into effect in FY2006, to expand re-employment opportunities. A review was started at the same time to refine policies on shortening work hours, in response to growing diversity in job preferences and so on.

## Career Design Forum (CDF) Commences

Beginning in 2009, managers around the age of 50 have been given the opportunity to explore career options (including occupational directions and life choices) and design a fulfilling plan for the future. Participants in the CDF will get expert advice and take part in small-group discussions to help clarify their career goals.

## Employment of People with Disabilities

Toyota believes that people with disabilities deserve the chance to become socially self-reliant and we make it a rule to provide them with opportunities to work together with non-challenged individuals. A number of such people are engaged in various services at various workplaces. As of June 2011, the number in employment is 1,020 and the ratio is 1.95% (for Toyota only), both of which are above the legal requirement.

Efforts are underway to create an even more employee-friendly working environment, such as hosting an internal sign language workshop, placing counselors to provide all kinds of support, and spreading good workplace examples across the organization.

#### Increasing Employment Opportunities for People with Disabilities: Toyota Loops

Established to increase employment opportunities for people with disabilities — within Toyota and among society in general — Toyota Loops Corporation started operation in FY2009 and has applied for authorization as a special-purpose subsidiary, which responds to Toyota's internal printing and bookbinding needs and handles mail, including postal collection, delivery and sorting. Proposals are in place for creative ingenuity to improve working facilities and a flexible working system, resulting in an environment where everyone can work at ease and pleasure of feeling his or her growth is afforded. As of June 2011, the number of employees is 62 including 55 with disabilities.

In FY2010, the Support Staff (SS) Workshop, a training program designed to help mentally disabled staff from the basis of daily life was begun. Meticulous education was provided with use of a "sheet to make skill check visible" to monitor progress for improvement of their job skills in accordance with the level of their capabilities. Furthermore, in order to establish a stable working environment in which workers with disabilities can continue to work, Toyota has made collaborative efforts with welfare organizations and local governments including participation in Toyota City's Community Self-Reliance Assistance Council\* which looks into employment assistance for people with disabilities throughout Toyota City.



Employees' working scene

\* A public organization constituting a network to promote adequate implementation of consulting/assistance operations and welfare services, as well as their smooth utilization.

## Employment of Fixed-Term Contract Employees

Toyota, where non-fulltime employees (including short-term employees, seconded employees of other companies, temporary employees and fixed-term contract employees) work, is doing all it can as a private business, particularly in the case of fixed-term contract, to ensure stable employment. Recruitment must be balanced with contract renewals and the fulfillment of other obligations. As part of a program Toyota has developed to revitalize and energize its workforce, a limited-contract employee who has worked for Toyota for at least six months and has a recommendation from the workplace will be eligible to take an examination for regular employment as a full-time employee. Examinations are offered during the second and third years of contract employment.

## 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.

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 gate' to all work. Let us pass through this gate."

With this basic philosophy always in mind, Toyota is striving to create a dynamic working environment that is conducive to the mental and physical well-being of employees.

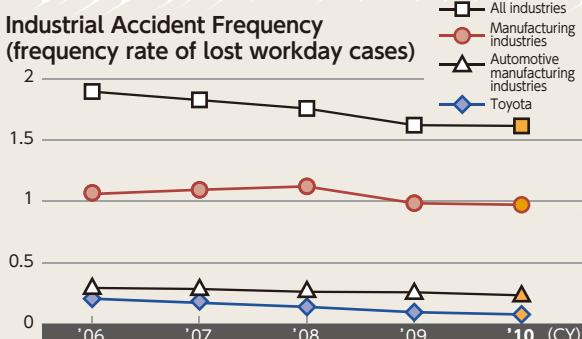
### Promotion of 3-Pronged Approach to Health and Safety

In FY2010, "building a culture that enables all employees/team members to think for themselves and practice safety and health" has been set as the top priority of Toyota's global policy. And Toyota has promoted the three pillars' approach: improving health and safety mindset; promoting the Occupational Safety and Health Management System (OSHMS) continuously and thoroughly; and building a safe and healthy environment.

As a result of the efforts put forward by each workplace, total accidents decreased by roughly 13% over the previous year.

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 FY2011 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.

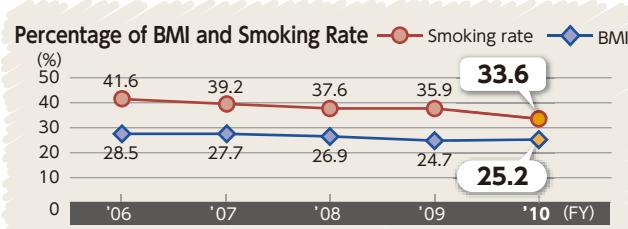
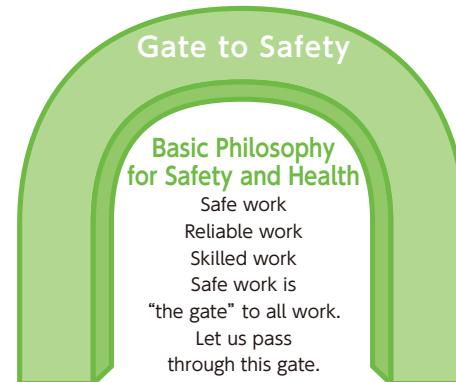


Source: All industries/Manufacturing industries/Automobile manufacturing industry (Ministry of Health, Labour and Welfare, 2010 survey on industrial accidents)

### Building Good Health

In FY2010, Toyota conducted BIP2 activities 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 raising health consciousness with workplace exercising as a basic activity and other activities that promote good health practices.

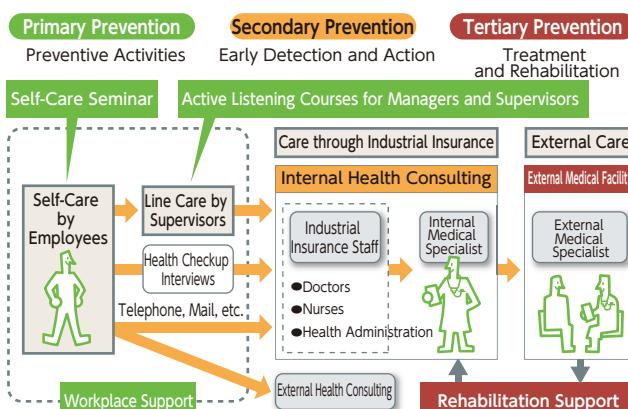
Measures were health enhancement activities conducted at individual worksites including "healthy PDCA" (Plan, Do, Check, and Act), dietary education through improved company cafeteria menus, individual guidance to those at risk of metabolic syndrome, and smoking cessation clinics. As a result of these activities and the development of better environments, improvements were seen both in employee Body Mass Index (BMI) and smoking rates, though the numerical goals were not achieved.



### Bolstering Mental Health Care

In FY2010, Toyota held listening courses on a regular basis for managers and supervisors and raised their awareness of the risks of untreated mental health issues to help prevent problems in the workplace. In addition, a seminar on stress-relief methods was held for newly promoted Team Leaders and mid-level professionals. Other programs are under way to help provide early detection and health checks for mental health issues, including follow-up monitoring for individuals who have had a transfer or promotion or other career-changing event, and extra assistance for employees returning to the workplace from a leave. Information on mental health is accessible anytime from every workplace via the Toyota intranet.

### Mental Health Treatment Flow Chart



### Reinforcing the Health Management of Overseas Personnel

In FY2010, Toyota provided all employees with health examinations and medical advice based on follow-up sheets from industrial physicians. In addition, the company periodically monitored the situation of local healthcare systems in each relevant country and shared medical information with overseas personnel via the Internet.



## Employment



### Labor-Management Relations Based on Mutual Trust and Respect

The approach of "mutual trust between labor and management" became the basis of labor-management relations in the Joint Declaration of Labor and Management concluded in 1962 based on lessons learned from earlier labor disputes.

#### Joint Declaration of Labor and Management (excerpts)

- We will contribute to the development of the national economy through the prosperity of the automotive industry.
- The relationship between labor and management shall be based on mutual trust and respect.
- We will endeavor to maintain and enhance the company's prosperity and labor conditions through the improvement of productivity.

Based on the above three key points, we will:

(1) Improve quality performance    (2) Reduce costs    (3) Establish volume production systems  
We hereby swear to make joint efforts, with labor and management working hand-in-hand, further recognizing the public mission of the automotive industry, in order to overcome the imminent market liberalization with valid, appropriate countermeasures. We will contribute to the vigorous development of Japan's industry and national economy in order to obtain the honor of not just Japan's Toyota but also the world's Toyota.

February 24, 1962

Fukio Nakagawa, President, Toyota Motor Co., Ltd.  
Kazuo Kato, Chairperson, Toyota Motor Worker's Union Toyota Lodge

#### Column

### Overseas Employment after Earthquake Disaster

Due to the cessation of parts supply caused by the Great East Japan Earthquake disaster, Toyota had to adjust production including shutdown at overseas plants. Regarding employment, as in the past, production adjustments were made as needed and the company made efforts to adhere to our fundamental HR policies, using the downtime to refine the existing workforce with focuses on kaizen activities, human resource development, and transferring personnel between plants. During the shutdown, workers were treated by plants respectively in accordance with relevant labor laws and practices of the country (for example: employees were offered the choice among coming to the workplace to participate in kaizen activities or education/training courses, taking paid leave, or taking unpaid leave).

### Basic Employment Principles

#### Excerpts from the Guiding Principles at Toyota

1. Honor the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good corporate citizen of the world
5. Foster a corporate culture that enhances individual creativity and teamwork value, while honoring mutual trust and respect between labor and management

#### Excerpt from the Toyota Code of Conduct

Chapter I. Through our communication and dialogue with the company, we (people working for Toyota) strive to build and share fundamental value of "Mutual Trust and Mutual Responsibility." Toyota (Toyota Motor Corporation and its subsidiaries) endeavors to improve its business achievements so that Toyota can continue to provide employment and fair and stable working conditions for each of us. Simultaneously, Toyota promotes a work environment in which each of us can work in a harmonious and dynamic manner.

#### Excerpts from the Toyota CSR Policy

<Employees>

We support equal employment opportunities, diversity and inclusion for our employees and do not discriminate against them. (Guiding Principles 5)

<Employees>

We strive to provide fair working conditions and to maintain a safe and healthy working environment for all our employees. (Guiding Principles 5)

#### Column

### Contributing to India's Economic and Social Development through Etios Production

Toyota Kirloskar Motor (TKM) in India, having produced the Etios since 2010, recruited 2,000 new employees in accordance with the second plant completion. Toyota Kirloskar Auto Parts (TKAP), starting to produce engines of the Etios in 2012 and transmissions in 2013, is scheduled to hire around another 500 employees. As localization advances, a broad range of the automotive industry's inherent requirements become more pressing, such as securing suppliers, including new sources, and expanding the dealer network, Toyota will further contribute to the increase of employment opportunities in the country.



President Toyoda visits TKM.  
The first graduate students involve in manufacturing of the Etios.



## Pride and Loyalty

### Communication Activities beyond Workplaces

Major activities include "Shokusei-kai" and "HUREAI Activity." The Shokusei-kai is comprised of seven groups that are organized by job description and qualification to provide an opportunity for employees to extend interpersonal relationships beyond the workplace, share various views and develop leadership through activities such as workshops and lectures.

The HUREAI Activity is an activity targeting all employees within the company. Various events are held on a company-wide basis, group-basis, and workplace-basis. Similar to the Shokusei-kai, it provides an opportunity to extend interpersonal relationships and develop leadership.

The all company Ekiden Race event hosted by the HUREAI Activity in December every year has a nearly 60-year history. It is held successfully with participation of more than 20,000 people including overseas affiliates and Japanese group companies.



The 64th Ekiden Race

### Athletic Clubs Provide Exciting Topics

Toyota has 35 clubs consisting of those for advanced athletes competing for the national championship on behalf of the company and for employees who are engaged both in sports and a job function. All the employees are proud of the team's good showing and, beyond that, feel motivated and encouraged to see workplace colleagues competing strongly.

In FY 2010, baseball, track and field long-distance running and women's softball clubs became national winners.



2010 national winners:  
baseball and track and field  
long-distance running clubs



### "WE LOVE TOYOTA" Initiative to Create "All Toyota" Sense of Unity

In order to develop employee interest in the company's operations and products, based on the notion of "All Toyota," and to deepen loyalty, an internal campaign "WE LOVE TOYOTA" has been carried out since FY2009.

The company-wide initiative includes the promotion of personal connection car sales by employees and a corporate identity focused product presentation for showroom visitors.

In April 2010, as part of the initiative, the first WE LOVE TOYOTA seminar was held. The main event was the "Internal Prius Cup," in which corporate executives were among some 300 employees taking part to speak about the joy of driving.



Internal Prius Cup participants

### Family Workplace Visit Deepens Ties between Workplace and Families

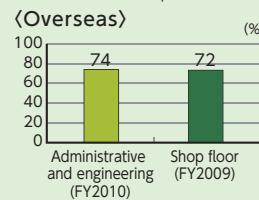
Since FY2003 various work sites have held workplace visits for families to facilitate communication between the workplace and families. In FY2010, our Shimoyama Plant tours with the catch phrase "Everyone smiles, love Shimoyama," were held at 11 workplaces a total of 16 times (July—September) with 225 families, 588 people. On the open-house day, fun events and games were prepared so that family members could see in person how daily work was handled. The event provided a pleasant opportunity for employees and their family members, prompting such comments as "Father looked cool, working so earnestly." We received positive feedback saying "It deepened the ties with my family, and it was a pleasure for me to meet the families of my colleagues."



Shimoyama Plant Family Visit Tour

### Employee Satisfaction

※Survey details differ between Japan and overseas.



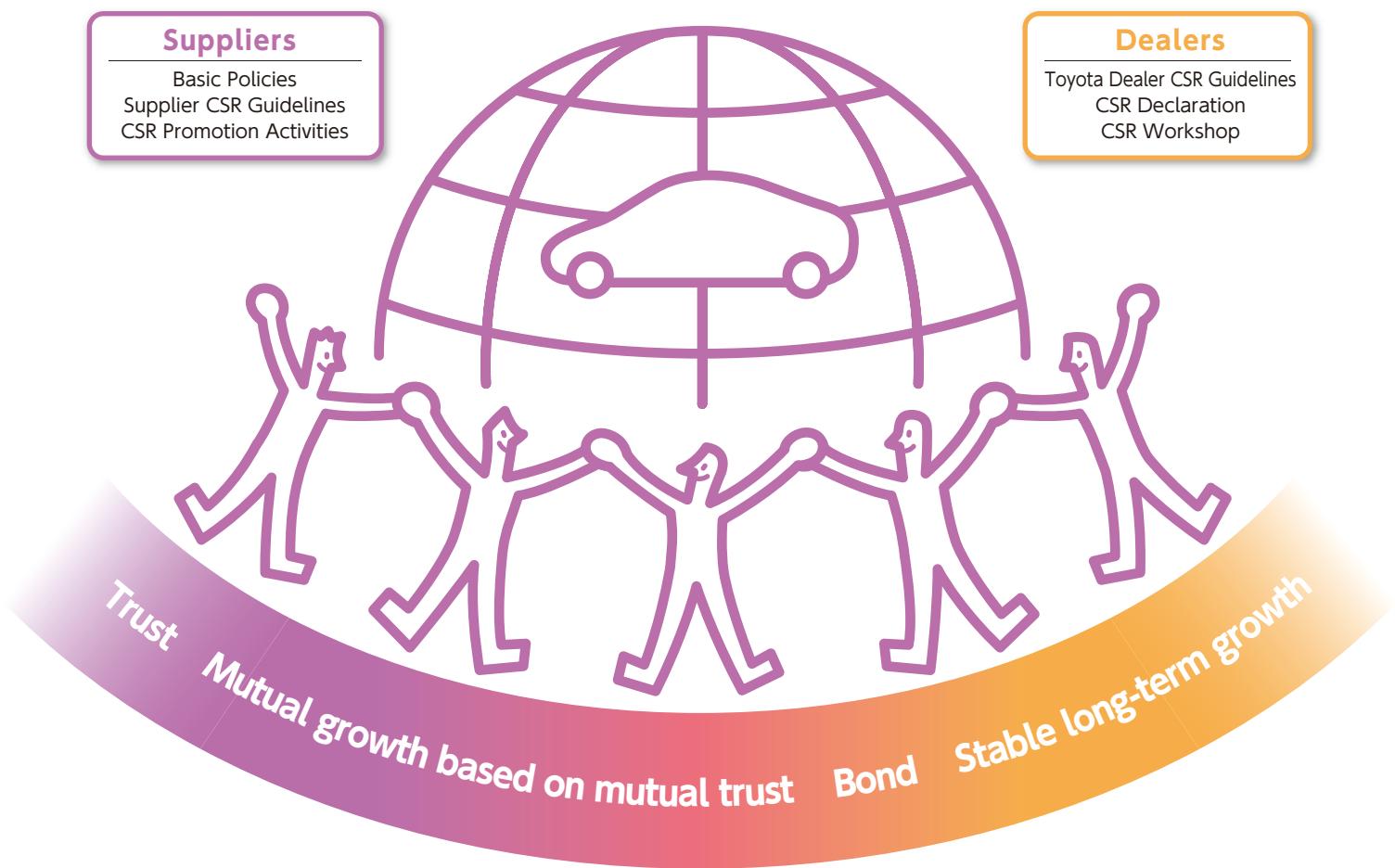
# Relations with Business Partners

**"Global Vision for Those We Serve"**

Contribute for economic development of local communities with open stance to new suppliers and dealers and through sustainable growth based on mutually beneficial business relationships with dealers/distributors and suppliers



Toyota has taken an integrated approach to "making better cars" and providing "better services" with many business partners including suppliers and dealers. Business activities are ever more globalized, but we continue to share the Toyota principles and vision and "work with business partners in research and creation to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships." We build mutual trust with business partners in each region and contribute to the happiness of people working there as well as regional economic growth.



## Basic Concept of Business Partners



To address various issues that come up in the course of business in a spirit of cooperation, along with our “Customer First” principle, contributing to society through automobile manufacturing and *monozukuri*, it is necessary to share these principles with our business partners. In addition to pursuing our normal CSR activities, Toyota is committed to achieve better quality related to safety and confidence for securing higher customer satisfaction in all areas, in unified cooperation with its business partners.

## Collaboration with Suppliers

Since its establishment, Toyota has sought to work closely with its suppliers in its manufacturing activities. In good times and bad, Toyota and its suppliers face the same issues together and Toyota has built strong and close relationships with them based on the need for mutual support and a harmonious society. As its business has expanded on a global scale, Toyota places even greater value on these close relationships, including relationships with new partners, as essential to its efforts to achieve higher customer satisfaction on every level.

## Toyota's Basic Purchasing Policies

In order to ensure stable, long-term procurement of the best products at the lowest prices and in the most speedy and timely manner, Toyota believes that the most important task is the creation of relationships in which suppliers in various countries and regions and Toyota do business on an equal footing based on mutual respect, thus building firm bonds of trust and globally promoting mutual growth and development. Toyota's global purchasing activities are based on the following three basic policies: (1) fair competition based on an open-door policy; (2) mutual benefit based on mutual trust; and (3) contribution to local economic vitality through localization: good corporate citizenship.

## Development and Deployment of the Toyota Supplier CSR Guidelines

Toyota believes in the importance of collaboration with suppliers in CSR activities and, towards that end, issued the Toyota Supplier CSR Guidelines in February 2009.

Toyota has held meetings in Japan to explain the guidelines to 1,100 suppliers and is steadily rolling out these guidelines for overseas suppliers as well. Toyota suppliers are asked to implement their own independent CSR activities based on the Toyota Supplier CSR Guidelines, and in turn expand their individual CSR policies and guidelines to their suppliers.

For details, please refer to the following webpage.

[http://www.toyota-global.com/sustainability/stakeholders/pdf/supplier\\_csr\\_en4.pdf](http://www.toyota-global.com/sustainability/stakeholders/pdf/supplier_csr_en4.pdf)

## CSR Study Meetings

Toyota, in collaboration with suppliers, holds CSR study meetings to promote suppliers' CSR activities.

In FY2010, CSR Study Meetings brought together some 340 suppliers to learn about compliance-related subjects including labor administration and workplace management, Competition Laws, confidential information and intellectual property management.

### Major CSR Study Meetings in FY2010

Date	Theme
Jul. 2010	Confidential information and intellectual property management
Sept. 2010	Labor compliance (labor administration and workplace management)
Nov. 2010	Competition Laws (antitrust and subcontract laws), Export control management

Toyota also participates in CSR activities in the supply chain through the Automotive Industry Action Group (AIAG) overseas.

## Global Suppliers Convention

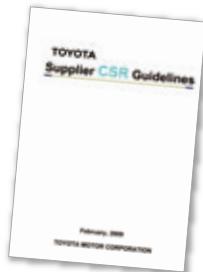
The annual Toyota Global Suppliers Convention is held to convey Toyota's policies and approaches to its suppliers. The 2011 event drew 48 executives from 103 overseas suppliers and 353 Japanese companies. Toyota expressed its expectation of suppliers to work together toward “making better vehicles.”



Suppliers honored with the Superior Quality Performance Award

## Suppliers' CSR Activities

Toyota suppliers also voluntarily engage in various activities to promote CSR.



### Main CSR Activities of Kyohokai and Eihokai (Supplier Associations)

- Voluntary workshops
- Hosting lectures by CSR experts
- Visit to CSR corporate leaders



A visit to CSR corporate leader sponsored by Kyohokai



## Collaboration with Sales Networks

The sales network is the point of direct application of Toyota's "Customer First" principle. Toyota and dealers work as one to enhance customer satisfaction based on firm bonds of trust, close two-way communication, the superiority of Toyota products and services and shared value.

## Relations with Dealers in Japan

Within Japan, Toyota has concluded contracts directly with approximately 290 dealers who operate 5,600 sales outlets including used car outlets. A fundamental principle for Toyota is "Customer First, Dealer Second, Manufacturer Third." Based on the "Customer First" policy, Toyota believes that dealer success, which ultimately means the growth of Toyota, is achieved by enhancing support of dealer initiatives to improve customer satisfaction through the implementation of PDCA (Plan, Do, Check, and Act) from the perspective of meeting customer and dealer expectations.

### Lectures at Local Elementary Schools, 'First Experience Project'

In collaboration with dealers who play an active part in community-rooted activities, Toyota started the First Experience Project that gives lectures at local elementary schools in 2008. As part of integrated study, science or social studies classes, we provide "First Experience Class Related to Cars" for fourth grade students and "Class to Fully Understand about Cars" for the fifth grade. With the theme of "learn in an enjoyable way while experiencing" about the mechanics and attractiveness of the car, and the relationship between the environment and economy, we have held classes using models and real cars, quizzes and board games. We gave lectures to 340 schools in 43 prefectures in FY2010. From FY2011, as part of dealer activities in harmony with the community, Toyota will strengthen its support system including training teachers and providing the manual for each class with the aim of setting up a dealer-led operation.

In addition, in FY2011, Toyota employees and dealers will jointly hold open classes in Iwate, Miyagi and Fukushima regions with a desire to cheer up children in the disaster stricken areas through the cars. What's more, Toyota is also planning to support dealers to hold the class at junior high schools.



Class to Fully Understand about Cars

First Experience Class Related to Cars

## Dealers' CSR Activities

In 2005, the "Toyota National Dealers' Advisory Council (TNDAC) CSR Guidelines" were issued as a base of dealers' CSR activities. In 2006, the CSR Declaration was adopted at the TNDAC's annual general meeting. With three pillars of compliance, environmental responsiveness and social contribution, dealers have been working to increase the satisfaction of various stakeholders with the aim of becoming "a truly global enterprise that is respected by all peoples around the world." TNDAC's CSR activities are now in their sixth year. In FY2010, a self-auditing tool called the CSR Checklist system was upgraded in cooperation with Toyota to continuously enhance the activities. The council also held a CSR lecture with the theme of mental health with, about 400 representatives from dealers nationwide. Furthermore, the brochure of good practices was published based on the survey of each dealer's local contribution activities. TNDAC continually works at various areas to improve their CSR activities.



## Relations with Dealers Overseas

Toyota's approximately 170 distributors and 8,000 dealers located overseas serve as its key partners in highlighting the appeal of Toyota vehicles to customers. In order to fully convey to customers the value of its products, Toyota engages in a variety of activities with its partners.

### Children Draw Dream Cars Freely, 'TOYOTA Dream Car Art Contest'

Since 2004, Toyota has held the TOYOTA Dream Car Art Contest, targeting children under 16 years old, with the theme "Your Dream Car."

Until the fourth event in 2008, it covered 12 Asian nations, but from the fifth contest in 2010, the countries eligible for the contest was expanded. We held the National Contest in over 50 nations and regions including North America, Latin America, Europe, Africa, China, Asia, Oceania, Middle East and Japan. Outstanding entries are selected in the National Contest, and the World Contest is held in Japan, where the Gold, Silver, Bronze Awards and Finalist are selected. This time, the famous manga artist, Akira Toriyama was invited as a special judge, and the Akira Toriyama Award and President Toyoda Award were also presented.

The contest doesn't merely accept and judge works of art, but also hosts an event related to the contest in each participating nation. Educational materials such as paints and other artist's materials are also donated to children by the local Toyota entity. Toyota has received many voices of expectation for next contest in participated nations.



National contest held in China

**Column**

## **Netz Toyota Nangoku (Kochi Prefecture): Last Event of New Employee Training Program Is ‘Barrier-Free Ohenro Pilgrimage’**

The Netz Toyota Nangoku in Kochi Prefecture was established as a Toyota Vista dealer in 1980, and has held the No.1 position regarding customer satisfaction among all Toyota dealers since 1999. Advisor Hidetake Yokota shares the dealer's secret: "What's important is to create a company where employees are happy. If employees feel their jobs are rewarding and they have a pleasant workplace, they take pride in the organization, and try to provide service that really makes customers happy. Naturally, that kind of company will enjoy a high degree of customer satisfaction. It has a unique program which emphasizes recruitment and new employee education

based on its fundamental thought, "make all employees winners in their lives." The last event of its new employee training is a five-day "Barrier-Free Ohenro Pilgrimage." Each employee pairs with a person who is visually impaired or similarly disadvantaged and guides him or her to 88 sacred sites in the Shikoku region. New employees are often bewildered at first but soon come to realize the meaning of the word "barrier free" and understand the meaning of facing every customer or colleague as a human through these real experiences. Today many customers visit the Netz Toyota Nangoku where employees taking such training welcome them.



New employees take a trip with the visually impaired.

**Column**

## **Examples of Initiatives for Earthquake Disaster Reconstruction (The Great East Japan Earthquake)**

### **Full Efforts on Early Reconstruction of Supply Chain**

Over 600 suppliers including secondary ones were stricken by the Great East Japan Earthquake, which inflicted immense damage across a broad area. As initiatives for reconstruction, we checked the supply possibility of all parts and components and allocated support groups to transport aid supplies, reconstruct facilities, procure materials such as power generators and support production management.

### **Delivering Procured Water and Daily Commodities to Affected Areas by Utilizing Parts/Component Delivery Service System**

Toyota requested dealers nationwide for support of the areas stricken by the quake for the first time. Bottled water which TOYOPET dealerships had individually stored for emergencies was collected and loaded in vacant spaces of trucks used to deliver parts and components. Aid supplies such as water, blankets and daily commodities provided by other Toyota dealers were collected at the Toyota Head Office and delivered to dealers stricken by the quake in Miyagi and Iwate prefectures and so forth via our secure transport routes.

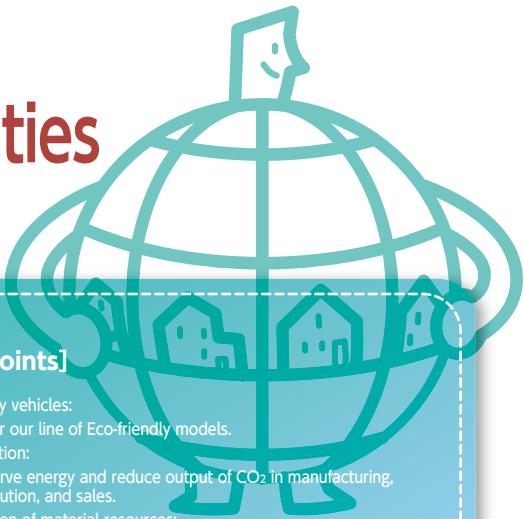


Where supplies for quake victims are loaded and shipped (Toyota Loops)

### **Supporting Dealers in Disaster Areas by Allocating Young Employees**

Among about 850 outlets of 42 dealers in five prefectures (Iwate, Miyagi, Fukushima, Ibaraki and Chiba), which suffered major damage from the earthquake and subsequent tsunami, about 450 were partially destroyed (of which 12 were completely demolished). With a view to the reconstruction of the stricken outlets, Toyota listened to the requests of local dealers and allocated its young employees bimonthly during the period from April to the end of May to provide physical support to assist the dealers in the affected areas. The support includes maintenance such as legal vehicle safety inspection, checks and general maintenance, delivery and washing of vehicles as well as related paperwork.

# Global Society/Local Communities (Environment)



**“Global Vision for Those We Serve”**  
**Reduce environmental burdens through lifecycle by developing various eco-friendly vehicles and technologies and making them prevail**

## [Key Points]

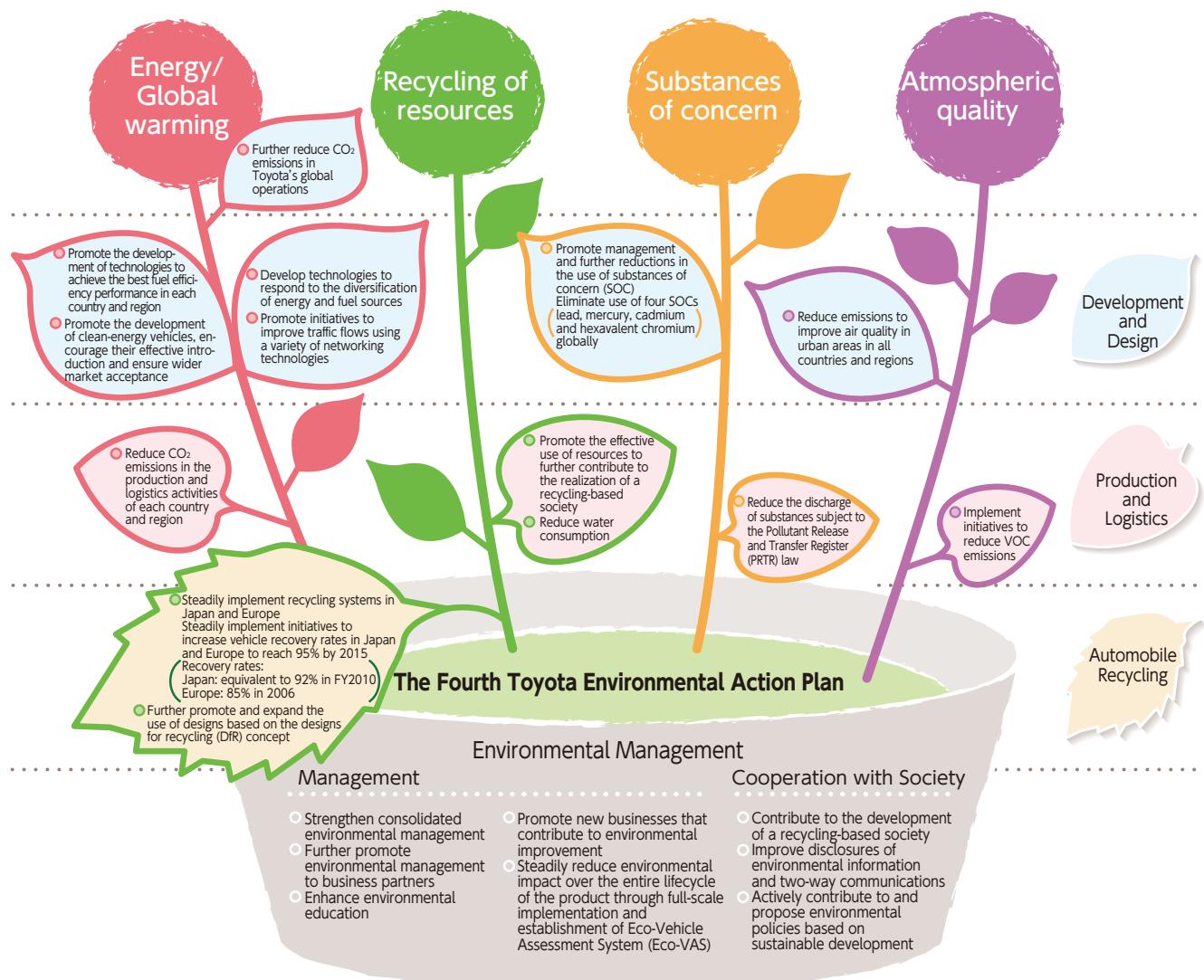
Eco-friendly vehicles:  
Bolster our line of Eco-friendly models.

CO<sub>2</sub> reduction:  
Conserve energy and reduce output of CO<sub>2</sub> in manufacturing, distribution, and sales.

Conservation of material resources:  
Ensure recycling-based utilization of resources.  
Harmony with nature:  
Boost *monozukuri* in harmony with nature.

“Respect for the planet” is a special emphasis at Toyota as a car manufacturer. We will continue striving to minimize environmental impact throughout the vehicle life cycle, from the manufacturing of new cars to the scrapping of end-of-life-vehicles. We will do that in developing and refining a state-of-the-art production system that minimizes waste.

Toyota strives to save energy, reduce CO<sub>2</sub> emissions, use resources effectively through such as recycling, and develop things and people in harmony with nature.



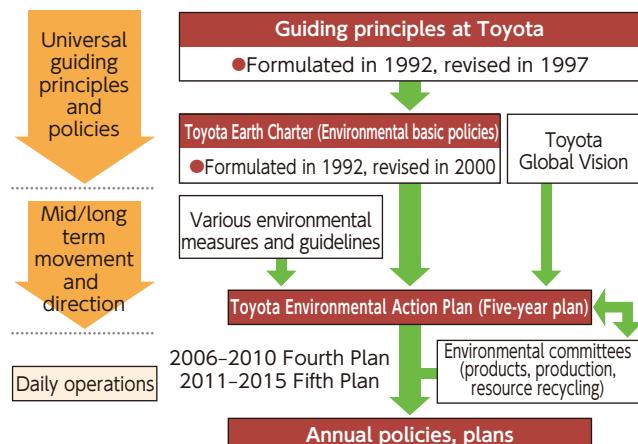
## Principles, Policies and the Toyota Environmental Action Plan

The Toyota Earth Charter, the company's action policy for the global environment, was formulated in 1992, and the Toyota Environmental Action Plan, which embody the Earth Charter to facilitate the environmental initiatives was announced in 1993. Toyota started its activities based on the five-year Fourth Plan in 2006, and achieved all goals. For the coming five years that begins in FY2011, Toyota promotes its activities based on the Fifth Toyota Environmental Action Plan that shows the corporate vision and the direction of Toyota.

For details on the Fifth Toyota Environmental Action Plan, please refer to the following webpage:

[http://www.toyota-global.com/sustainability/environmental\\_responsibility/basic\\_stance\\_on\\_the\\_environment/action\\_plan/fifth\\_plan.html](http://www.toyota-global.com/sustainability/environmental_responsibility/basic_stance_on_the_environment/action_plan/fifth_plan.html)

### Toyota Environmental Action Plan System



## Promotion of Consolidated Environmental Management

As Toyota's business expands on a global scale, Toyota introduced a consolidated environmental management system (consolidated EMS) in FY2000 to promote environmental action in concert with consolidated subsidiaries. Toyota presents its environmental policies and guidelines to all companies subject to consolidated EMS, and requests that all companies adopt and implement five-year environmental action plans, create environmental management systems and undertake environmental activities at the highest levels in their each country or region. Toyota also supports environmental management by affiliates through the sharing of best practices and exchanges information to mutually strengthen relationships, as well as audit training, etc.

## Implementation Structure

The "Environmental Product Design Assessment Committee," "Production Environment Committee" and the "Resource Recycling Committee" were established under the Toyota Environment Committee, which is chaired by the president, to investigate issues and develop response policies in their respective areas of responsibility. Each committee collaborates with all relevant divisions to promote companywide action.

### Organization Framework (As of June 30, 2011)



## The Fourth Toyota Environmental Action Plan: Main Status of Action

Field	Status of Action
Energy/Global Warming	<ul style="list-style-type: none"> <li>Total vehicle sales reached 3.1 million. Introduced 19 models</li> <li>Began to sell a new PHV in Japan, the U.S. and Europe</li> <li>Achieved CO<sub>2</sub> reduction goal for FY2010 earlier than expected in production field</li> </ul>
Recycling of Resources	<ul style="list-style-type: none"> <li>Achieved FY2010 goal of reducing volume of materials discarded in production field</li> <li>Started up the world's first battery-to-battery recycling business</li> </ul>
Substances of Concern	<ul style="list-style-type: none"> <li>Efforts to manage and reduce the use of substances of concern in product design and production moved ahead as planned</li> </ul>
Atmospheric Quality	<ul style="list-style-type: none"> <li>Achieved or surpassed ultra-low emission vehicle (U-LEV) levels for 100% of vehicles produced</li> <li>Achieved or surpassed the goal of reducing VOC emissions at paint shops by converting waterborne body paints, etc.</li> </ul>
Consolidated Environmental Management	<ul style="list-style-type: none"> <li>Deployed regional environment committee activities in six regions around the world excluding Japan</li> </ul>

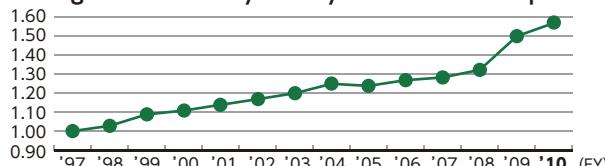


## Energy/Global Warming

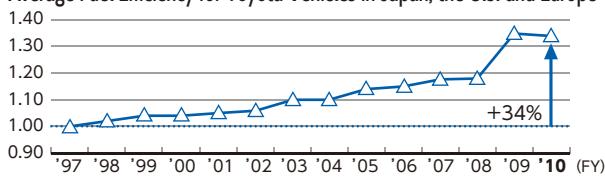
### 1 Increase of Average Fuel Efficiency

Average fuel efficiency has improved due to expanding sales of hybrid vehicles (HVs), improvement of existing transmissions, adoption of high-efficiency transmissions and other measures. Meanwhile, global fuel efficiency for FY2010 was generally flat due to changes in model mix (decrease/increase in compact car models) resulting from the Lehman Shock.

#### Average Fuel Efficiency for Toyota Vehicles in Japan

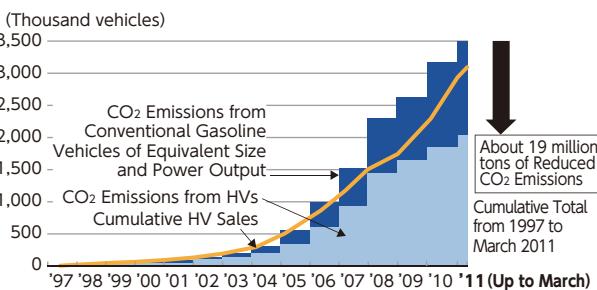


#### Average Fuel Efficiency for Toyota Vehicles in Japan, the U.S. and Europe



### 3 Cumulative CO<sub>2</sub> Reduction with 3.11 Million HVs (Toyota Estimate)

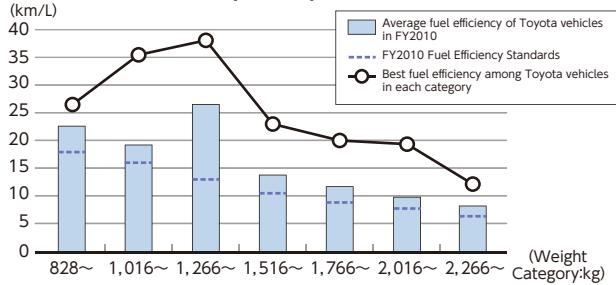
Global cumulative HV sales, mainly the Prius, exceeded 3 million units, and cumulative CO<sub>2</sub> reduction was 19 million tons.



### 2 All Vehicle Weight Categories Have Cleared FY2010 Fuel Efficiency Standards since 2005

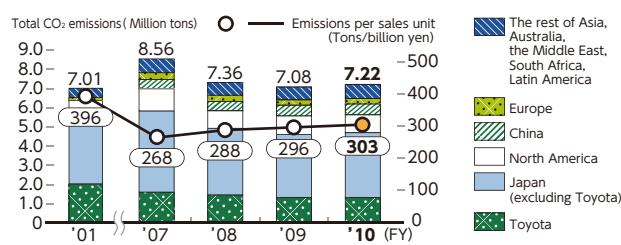
- The FY2010 fuel efficiency standards are set by weight category, and all weight categories have continued to clear since FY2005.
- Three out of four new or fully changed models for FY2010 met the FY2010 fuel efficiency standards.
- 98.2% of Toyota's gasoline-powered passenger vehicles conformed to the FY2010 Fuel Efficiency Standards (an increase of 0.4 percentage points over the previous year).

#### Conformity to FY2010 Fuel Efficiency Standards and Actual Fuel Efficiency of Toyota Vehicles



### 6 CO<sub>2</sub> Emissions (from Energy Sources) and CO<sub>2</sub> Emissions per Sales Unit (Fixed Sources such as Plants and Offices) (Global)

The FY2010 target per sales unit of the Fourth Toyota Environmental Action Plan was achieved due to enhanced productivity and steady daily improvement activities. However, the total volume increased from the previous year due to an increase in the number of units produced.



※113 companies (Toyota, consolidated subsidiaries and other companies in Japan and overseas)  
Note 1: In the case of companies for which FY2001 could not be determined, the oldest subsequent data is used  
Note 2: Affiliates in China have been included since FY2005  
Note 3: The CO<sub>2</sub> conversion coefficient has been calculated with reference to the GHG Protocol

### 4 Expanding PHV Verification Tests in Japan and Overseas with the Aim of Market Launch in 2012

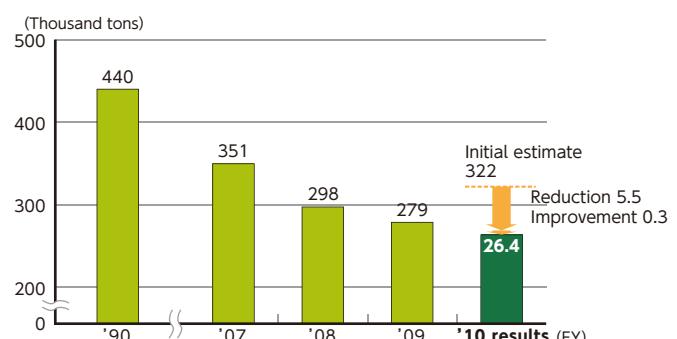
In an effort to expedite market launches of plug-in hybrid vehicles (PHVs) and gain a broader understanding of their market expansion, about 230 PHVs have been introduced to Japan and about 600 to the global market since December 2009, with fleet customers in Japan, the U.S. and Europe as primary targets. In October 2010, its verification test started in Tianjin City, China.

### 5 Promoting Creation of a Low-Carbon Society with Toyota City

In August 2010, they established the Toyota City Low-Carbon Society Verification Promotion Council as the parent organization to promote the project. The council confirmed the content of a five-year action plan that outlines specific activities starting in 2010.

### CO<sub>2</sub> Emissions Volumes in Logistics (Japan)

In FY2010, Toyota reduced CO<sub>2</sub> emissions from logistics operations by 3,300 tons through implementing various initiatives, including activities to increase the loading efficiency of trucks, promote the modal shift and continue fuel-efficiency improvement activities taken jointly with logistics partners. In addition, a decrease in production volume in the initial plan contributed to reduced emissions. The result was total emissions volume of 264,000 tons.

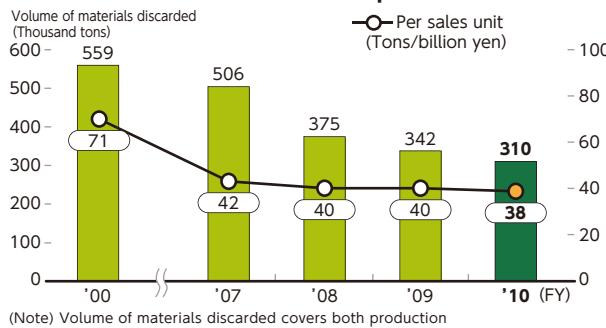




## Recycling of Resources

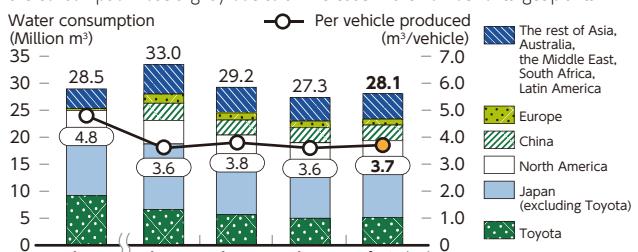
### 7 Efforts Continue to Reduce Volume of Materials Discarded, 9.4% Less than FY2009

#### Materials Discarded and Volume per Sales Unit



### 8 Water Consumption at Vehicle Assembly Plants and Consumption per Vehicle Produced (Global)

Water consumption per vehicle produced stabilized due to established steady conservation efforts at affiliates in Japan and overseas. However, in FY2010, the consumption rose slightly due to an increase in the number of target plants.

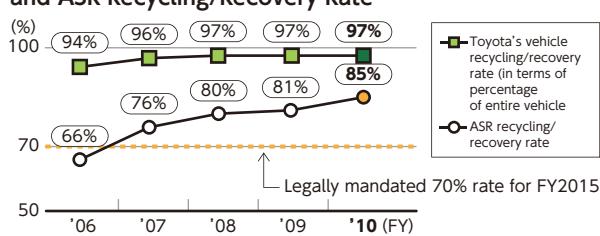


\*33 companies (Toyota, consolidated and other companies in Japan and overseas)

\*Regarding waste volume and water consumption, Chinese affiliates have been included since FY2006

### 9 Ensuring a Proper Response to the Automobile Recycling Law in Japan

#### Toyota's Vehicle Recycling/Recovery Rate and ASR Recycling/Recovery Rate



\* ASR(Automobile Shredder Residue)  
Residue such as plastic, rubber and glass after metals are collected from shredded end-of-life vehicles

### 10 World's First Use of Bio PET\* Adoption of Ecological Plastic in Car Interiors

In January 2011, the world's first product using bio PET was launched. Bio PET is a plastic material formulated from a sugarcane-derived bio-substance, replacing conventional PET's mono-ethylene glycol (constituting 30% in weight), which was jointly developed with Toyota Tsusho Corporation. Starting with the luggage compartment liner in the Lexus CT200h, Toyota plans to increase both the number of vehicle models featuring the new material as well as the amount of vehicle-interior area covered by it.



New Bio PET plastic in the CT200h

\* PET(Polyethylene terephthalate)



## Substances of Concern

### 11 Management and Reduction of 4 Key SOCs

#### Status of Actions on 4 Major SOCs

4 SOCs	All Production in Japan	Key Overseas Plants
Lead, Mercury, Cadmium and Hexavalent Chrome	All eliminated since August 2006	Almost all eliminated since the end of 2007

#### Ensuring Conformity to the Chemical Substance Regulations: e.g. REACH/CLP

#### Status of Compliance to Chemical Substances Regulations

Regulation	Overview	Compliance Status
* <sup>1</sup> REACH	The European regulation REACH clearly seeks corporate responsibility for management of chemical substances. REACH requires companies to fully understand the properties of the chemicals they use and assess their risks. Toyota has complied fully with these obligations by completing pre-registration in 2008 and the registration in 2010.	Full Compliance
* <sup>2</sup> CLP	The CLP regulation enacted in 2009 standardizes classifications, labeling and packaging of chemical substances in the framework based on the international coordination rule GHS <sup>3</sup> . This regulation requires chemical product manufacturers and importers in Europe to notify the hazard classification of their chemical materials to the relevant authority and to label them accordingly. Toyota completed all the required procedures for chemical substances being imported by European affiliates before the January 2011 deadline.	

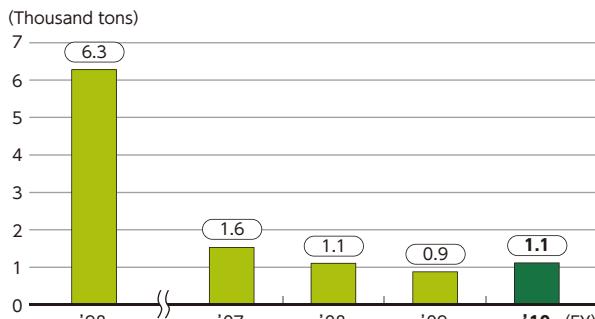
\*1 REACH(Registration,Evaluation,Authorisation and Restriction of Chemicals)

\*2 CLP(Regulation on Classification, Labelling and Packaging of substances and mixtures)

\*3 GHS(The Globally Harmonized System of Classification and Labelling of Chemicals)

### 12 Reducing Discharge Volume of Substances Subject to PRTR\*

In FY2010, Toyota reduced usage and improved recovery rates for cleaning solvents and moved forward on water purification of cleaning solvents for waterborne paints. Annual discharge volume totaled 1,100 tons, a 30% increase from the previous year, as amendments to PRTR have broadened the range of substances subject to regulation since FY2010.



\* PRTR(Pollutant Release and Transfer Register)

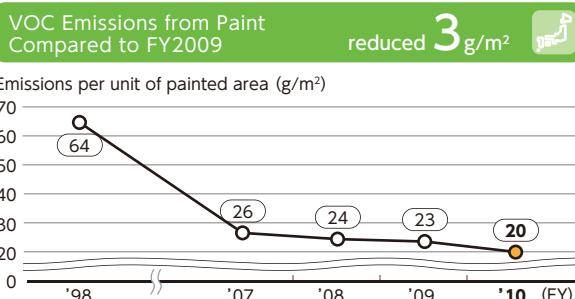


## Atmospheric Quality

### 13 Percentage of Total Production in FY2010 that Meets the Approval System for Low-Emission Vehicles Based on the 2005 Exhaust Emissions Standards

Category	Reduction level	Percentage of total production (*) No. of models
New ★★★★ U-LEV	50% lower than standard levels for 2005	4.5% (29)
★★★★★ SU-LEV	75% lower than standard levels for 2005	95.1% (134)

### 14 VOC Emissions from Paint Reduced by 3g/m<sup>2</sup> to an Average of 20g/m<sup>2</sup> in Body Painting Processes

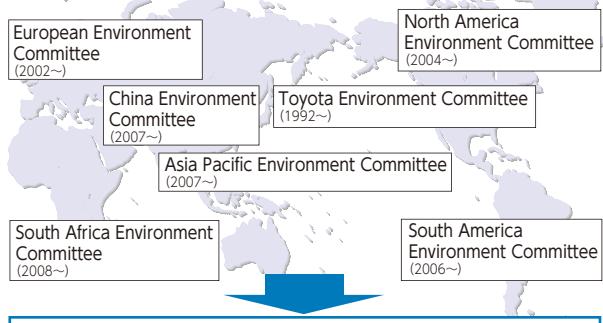


## Environmental Management

### 15 Establishing Activities of Regional Environment Committee Structures

Current actions aim to place Toyota at No.1 in environmental performance worldwide, water usage, reduced industrial waste, ZERO legal complaints and minimization of environmental risks.

#### Promotion Structure for Global Environmental Management



Action plans of the regional environment committees, based on the Fifth Toyota Environmental Action Plan

## Eco-Factory Activities at 7 Plants

#### Eco-Factory Activities

	North America	India	Brazil	China	Europe	
Implementation completed	TMMC Woodstock	TMMMS	TKM Plant No.2	TDB Sorocaba	GTM C Plant No.2	SFTM Changchun NewPlant
Implementation completed in FY2010						TMR
Planning stage						
Paper audit						
On-site audit	11	11	11		11	
Compliance and risk evaluation	11	11	12		12	
Performance evaluation (energy, VOC emissions, etc.)	12	13	14		12	14

## Legal Compliance Activities

### Key Advancements during FY2010

#### Achieving Zero Non-Compliance and Complaints

In FY2010, Toyota re-examined potential complaint areas to prevent recurrence of past near-miss incidents in an effort to achieve zero cases of non-compliance and complaints for the second consecutive year. Comprehensive on-site verification meetings were held to identify the root causes of near-miss incidents that occurred, discuss corrective actions, share conclusions among relevant plants and implement preventive plans. These verification practices will be maintained throughout FY2011 as well.

#### Reporting and Storing Electrical Devices Containing PCBs

Since FY2005, Toyota has been using outside subcontractors to process electrical devices containing polychlorinated biphenyl (PCB). To date, 4,124 transformers and condensers have already been processed. The remaining 1,123 units will continue to be handled on an outsourcing basis in FY2011 and beyond.

#### Soil and Groundwater-Related Measures

In 1997, Toyota completed the implementation of measures to prevent outflow of groundwater at six production plants. Toyota has continued groundwater remediation using pump and aeration treatment and reports on the levels of trichloroethylene to the government and to local councils in the surrounding communities.

\*Status of corrective measures related to asbestos (identified in new areas): The initially planned measures regarding equipment were completed at the end of FY2007. New areas were, however, identified as a result of further surveys and plans call for corrective measures to be completed by the end of FY2010.

#### Trichloroethylene Measurement Values

Environmental standard: 0.03 Unit: mg/L

Plant	Levels in groundwater
Head Office	Less than 0.002~2.48
Motomachi	Less than 0.002~0.17
Kamigo	Less than 0.002~0.15
Takaoka	Less than 0.002~0.42
Miyoshi	Less than 0.002~0.16
Tsutsumi	Less than 0.002~0.47

Note 1: Measurements are taken at all plants and business sites

Note 2: Has not been detected in plants other than those listed

Note 3: The level has a range since each plant includes multiple measurement points

#### Air and Water Quality Data

Item	'06	'07	'08	'09	'10
Air	NOx	419	416	367	391
	SOx	68	32	25	18
Water	Total nitrogen	55.1	64.0	71.6	61.6
	Total phosphorus	4.7	4.6	4.6	4.3
	COD	96.8	91.3	84.5	76.7
					66.9

Note 1: The unit for air quality data is 1,000m<sup>3</sup> N/year and for water quality data tons/year

Note 2: Water quality data was previously calculated based on the number of days plants were in operation. However, beginning in FY2008, Toyota switched to a calculation method that uses the annual total discharge volume, including the volume discharged during weekend.

Figures from FY2006 have been recalculated accordingly.



## Environmental Management

### 16 Joint Environmental Forums with Renta-Lease Shops

The forums help customers learn more about next-generation vehicles and eco-driving. From 2008 through the end of FY2010, the program has attracted a total of 585 participants through nine forums.

Forum at a Renta-Lease outlet in Osaka



### 17 Continual Systemization of Level-Specific Environmental Education Environmental Education System

Category	Title	
Employee environmental improvement education	Toyota Global Environment Month Events (every June) Toyota Eco Drive Month (every November)	•Environment e-Learning    •Environment Handbook
Education by level	New Employee Education    Manager Education Executive Development Program	
Specialized education	Environmental Protection Leader Education Internal Environmental Auditor Education Overseas Environmental Conservation Promoter Education Key Environmental Facility Worker Education	

### 18 Promotion of New Businesses that Contribute to Environmental Improvements

#### Urban Greening Business

Affiliate	Business
Toyota Roof Garden Co., Ltd.	Developed the modular grass turf tile, the TM9 Turf Mat, which uses the easy-care, slow-growing zoysia grass TM9. By FY2010, cumulative sales of TM9 had reached 1,050,000 m <sup>2</sup> , with TM9 Turf Mats making up 10,000 m <sup>2</sup> of that.

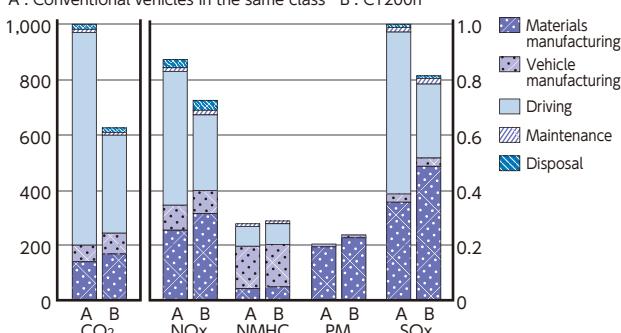
#### Florist Business

Affiliate	Business
Toyota Floritech Co., Ltd.	The venture was established in Rokkasho Village, Aomori Prefecture, jointly with a general flower trader, Hakusan Co., Ltd. Using a tri-generation system and other environmentally considerate large-scale greenhouse facilities as the operational base, it produces and distributes potted plants including miniature flowers and ornamental foliages.

### 19 Application of LCA to New and Fully Changed Vehicles in Four Vehicle Series

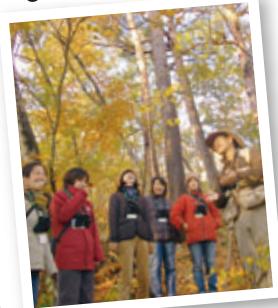
#### CT200h LCA Results

A : Conventional vehicles in the same class   B : CT200h



### 20 Expanding Programs by Setting Fiscal Year Goals at TOYOTA Shirakawa Village Eco-Institute

The institute opened in 2005 with the goal of promoting widespread environmental education. It operates jointly with an NGO in Shirakawa Village. Valuing nature's wisdom, Toyota continues to improve and expand environmental programs rooted in the community. In 2011, the cumulative number of visitors surpassed the 100,000 mark.



Learning the wisdom of life on a guided hike at Shirakawa Village

### Promoting Measures in Accordance with the Toyota Biodiversity Guidelines

Toyota helped organize the pre-event, the Japan Wildlife Film Festival and distributed a Toyota's approach to biodiversity brochures at the COP 10 (the 10th meeting of the Conference of the Parties to the Convention on Biological Diversity) held in Nagoya.

#### Toyota Biodiversity Guidelines

Fundamental Approach to Activities	
Toyota is aware of the importance of biodiversity and based on the Guiding Principles at Toyota, seeks the realization of a livable world, a prosperous society, and sustainable development, while taking action to support biodiversity through contributions to the automobile and housing businesses, engagement in new business enterprises, and the handling of social issues.	
<b>Main Activities</b>	
● Contributions through technology	Toyota is seeking to balance biological diversity with our corporate activities by pursuing the possibilities of bio- and afforestation technologies and environmental technologies.
● Collaboration and cooperation with society	Toyota aims to build collaborative and cooperative relationships with a wide range of organizations involved with biodiversity, including governments, international agencies, and NPOs.
● Information disclosure	Toyota aims to contribute to the development of a sustainable society by widely sharing with society its voluntary initiatives regarding biodiversity and the results of those activities.

#### Main Examples of Toyota's Biodiversity Conservation Activities

Category	Action Item	Details
Automobile Businesses, etc.	Global warming countermeasures	● Improved global fuel efficiency ● CO <sub>2</sub> reduction in production and logistics activities
	Response to atmospheric environment problems	● Reduction in emissions gases ● Reduction of VOC emissions
	Promotion of resources recycling	● Promotion of recyclable designs ● Expansion of recyclable material use
	Afforestation activities at plant sites	● Planting of trees native to the region
	Reforestation	● Restoration of undergrowth through tree thinning (Mie Prefecture)
	Consideration of a new R&D facility in harmony with community	● Preservation of habitats for rare animals and plants ● Environmental improvements around Yatsugatake (mountain) forest areas
Contributions to Social Issues	Human resource development and the protection of rare species	● Natural environment education at the Shirakawa Village Eco-Institute and the Forest of Toyota
	Global afforestation	● Afforestation using native species (China, Philippines)
	Toyota Environmental Activities Grant Program	● Initiatives focusing on biodiversity and global warming

※For details on our environmental conservation initiatives, please refer to the following Web page:

<http://www.toyota.co.jp/en/environment/preservation/>

# Global Society / Local Communities (For the Future of Mobility)



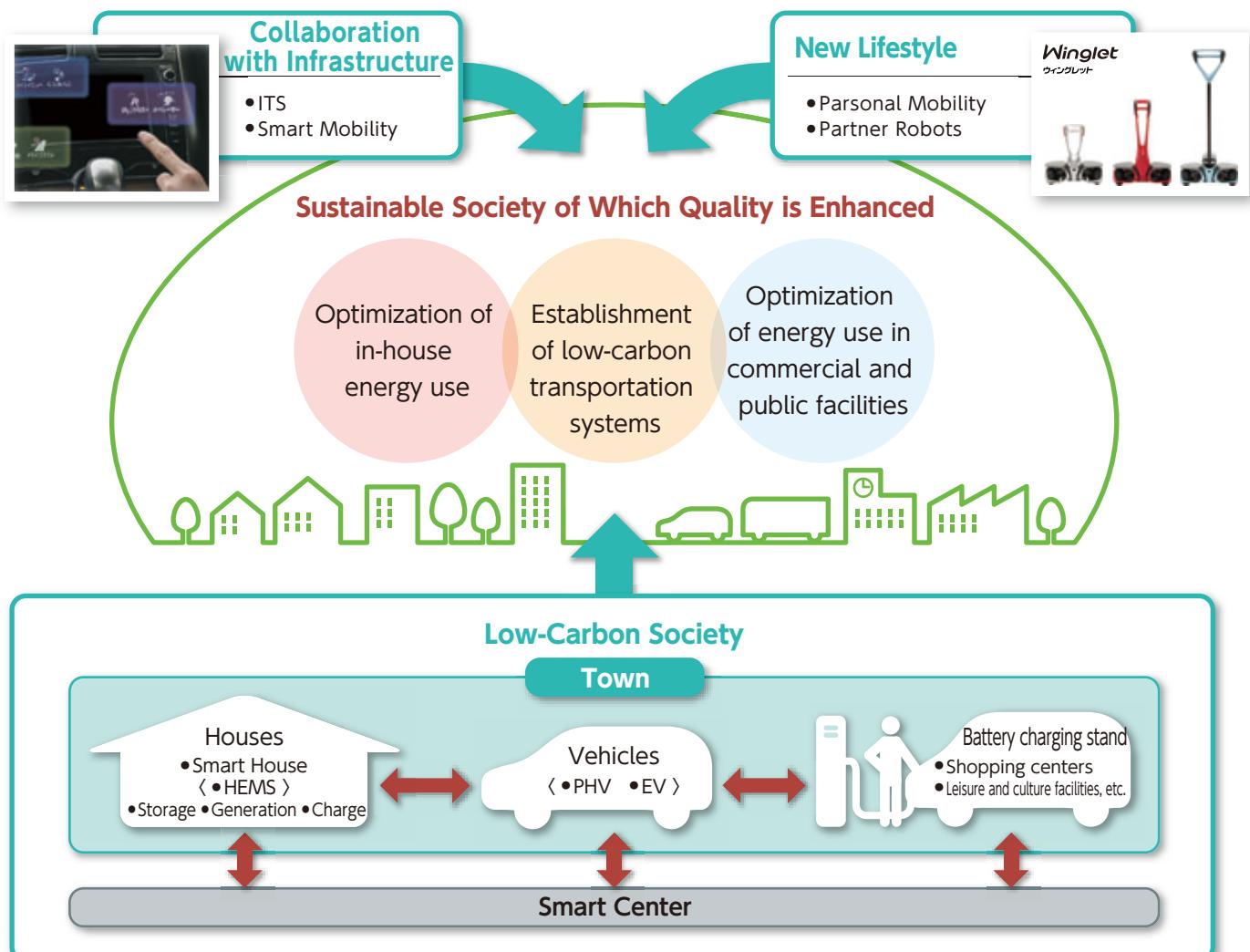
**“Global Vision for Those We Serve”**

**Be aware of responsibilities of developing and producing vehicles and contribute for realization of new mobility society free from traffic accidents and congestion**

## [Key Points]

- Infrastructure for safer mobility:  
Contribute for realization of safer mobility that predicts risks in advance and prevents accidents.
- Comfortable, low carbon mobility:  
Contribute for realization of mobility that uses energy efficiently.
- Lifestyle:  
Enrich lives through new-concept mobility, nursing-care robots, etc.

In order to ensure the sound future development of mobility society that relies on automobiles as a means of transportation, it is necessary to minimize their impact on the environment as well as significantly reduce traffic accidents, traffic congestion and other negative aspects. Toyota takes a proactive stance to realize new sustainable society of which quality is enhanced by providing safe mobility through interaction with the transport infrastructure, low-carbon and comfortable vehicles, and systems that link people, vehicles, robots and houses. Utilizing our strength like housing and information technologies, we are also engaged in various fields such as energy management in communities, reduction of traffic congestion, and the realization of new communication.



## Vehicle-Infrastructure Cooperative System

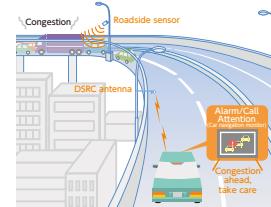
Onboard safety equipment and systems are evolving at Toyota, where the latest Intelligent Transport Systems (ITS) technology is being applied in the development of active safety systems that integrate vehicles and infrastructure. The systems enable information that onboard sensors fail to get to be transferred from sensors installed on the roads to vehicles as well as to be shared between vehicles. Such additional information can support drivers and lead to safe driving and accident prevention.

### 'ITS Spot Service' Aims at Reduction of Traffic Jams and Accidents at Expressways

Intelligent Transport Systems (ITS) spot service, Dedicated Short Range Communication (DSRC) is a traffic information service, as an addition to conventional ETC services, operates primarily on expressways and uses bidirectional communication between vehicles and infrastructure to provide traffic information services that support safe driving. Specifically, this system is intended to help the driver avoid traffic accidents by notifying the driver when there is a stopped vehicle or traffic congestion located beyond a poor-visibility curve before the driver reaches the curve, and also by notifying the driver of falling objects before the point. In addition, the system makes driving more pleasant by using voice and still visuals to advise of congestion ahead, snow, fog, and other weather-related information, and so on.

October 2009, DSRC units for ITS sport service were launched and the number of adopted models for the service has been expanding gradually. And since March 2011, expressways across Japan have offered DSRC.

#### How DSRC Works



System example

### Driving Safety Support Systems (DSSS) Start up in Tokyo and Kanagawa

DSSS is a system that supports drivers safer operation mainly on general roads. The system obtains the information such as traffic management information (traffic lights, signs, etc.) or information on areas where visibility is not good, from the infrastructure and delivers it to the vehicle. Specifically, it helps preventing red light overlook by warning before the intersection, and also it notifies driver if there is a vehicle around a blind corner, thus the system supports

drivers prevent possible accidents.

The demonstration experiment on public road was conducted with a public-private partnership in February 2009, and the DSSS services began in July 2011 in Tokyo and Kanagawa. Toyota has developed an onboard navigation system compatible with DSSS, which will be installed in new models from the summer of 2011.

#### Column

### New Service to Provide Traffic Information on G-BOOK in China

For the first time in China, a traffic information service that shows congestion on the road maps of onboard navigation systems for G-BOOK equipped vehicles started up in April 2011, initially covering Shanghai and Beijing. With burgeoning vehicle penetration, roads are ever more congested, and the new service was instigated as a business with the intention of helping

drivers to arrive destination smoothly. In advance of launching the business, pilot service was provided to some Lexus users during the 2010 Shanghai Expo with the help of the Shanghai Municipal Transportation Information Center. And the service was highly evaluated by the users. Plans are to expand services to Guangzhou and Shenzhen in the near future.

## Low-Carbon Society

In order to realize sustainable mobility throughout the future for many years to come, Toyota works on building of a societal foundation through not only its core products, vehicles (Please refer to 1 - 3 page 32), but also its housing businesses, IT, etc.

Smart grid is a type of electrical grid which attempts to intelligently use electric power utilizing IT in mutual collaboration between "power producers" including generators of renewable energy such as solar power and wind power and "consumers" of electricity like houses, buildings, plants, etc. Toyota contributes to develop next-generation low-carbon communities by working on realization of the smart grid mainly from the users' viewpoint such as vehicles, houses, telematics, and so forth. Today, towards that end, Toyota is participating in a variety of pilot projects in countries around the world.

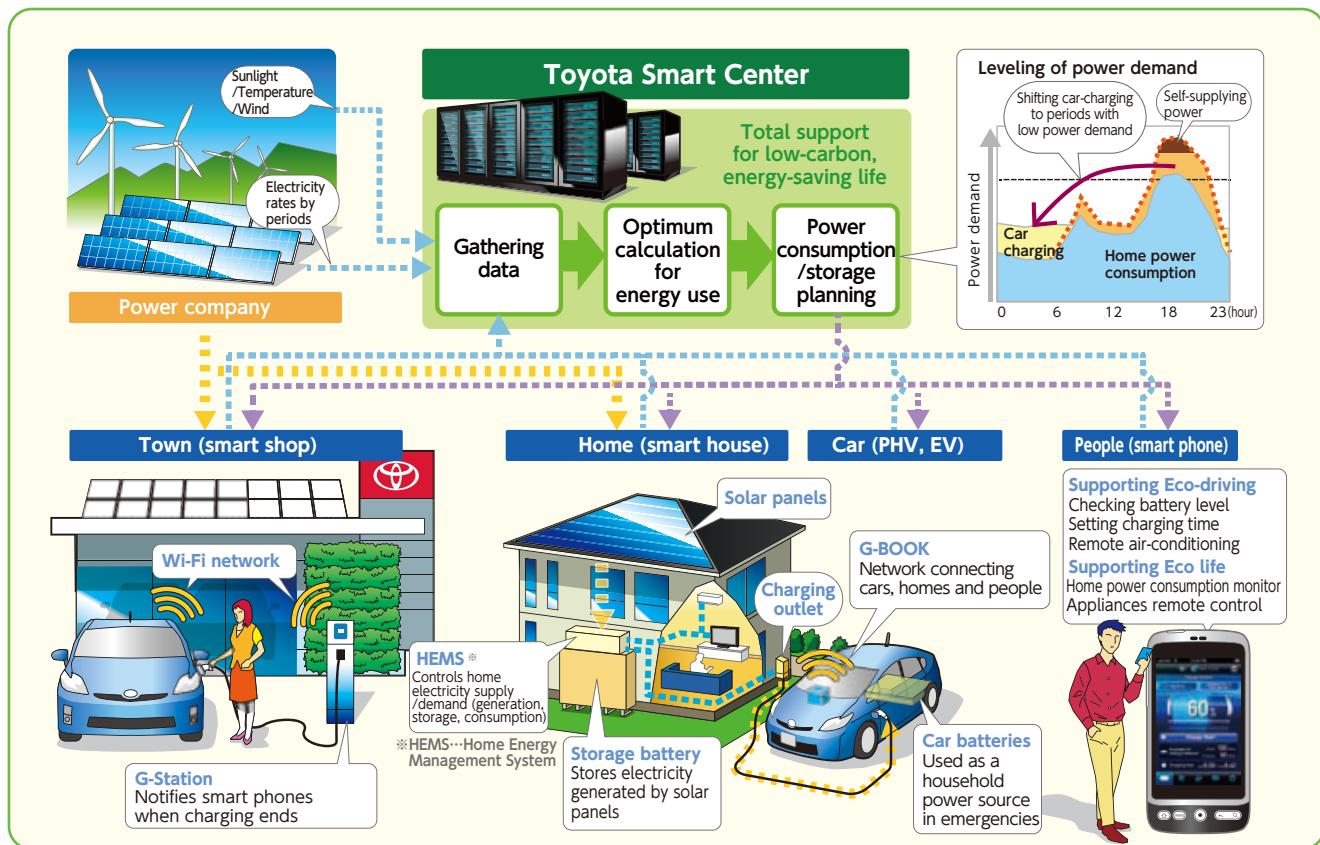




## Smart Grid Envisioned by Toyota

Next-generation, environment-friendly vehicles will play an important role in realizing a low-carbon society, and Toyota will launch its PHV (plug-in hybrid vehicle) and EV (electric vehicle) models in 2012. However if many cars charge their batteries during specific hours of the day, it will boost the entire society's peak power demand. Therefore the development of infrastructure to properly control power demand is needed.

As illustrated below, with the "Toyota Smart Center" at the core, Toyota has carried out initiatives to totally support a comfortable, environment-friendly lifestyle through the smart use of renewable natural energy by linking homes, people, and cars.



### Column

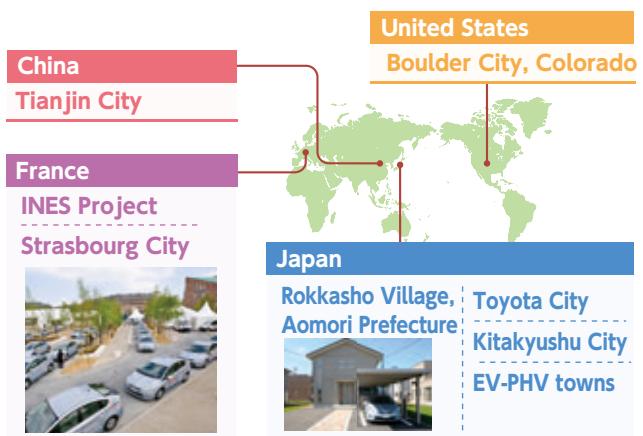
#### Strategic Partnership on Next-Generation Telematics with Microsoft

Microsoft and Toyota have forged a strategic partnership to develop and deploy telematics applications on the Windows Azure platform, starting with Toyota's electric and plug-in hybrid vehicles in 2012.

To realize IT service with the Toyota Smart Center at its core swiftly and globally, completely new IT platform is required. To achieve that, Toyota and Microsoft have agreed to jointly develop a new platform with a goal to establish a complete global cloud platform by 2015. In the future, Toyota will use the platform to globalize the Toyota Smart Center.

### Participation in Demonstration Tests

Toyota is participating in demonstration tests in several areas worldwide to realize the smart grid that the company envisions and spread next-generation environment-friendly vehicles. Through the tests, Toyota has developed new technologies and evaluated the usability of vehicles, peripheral devices, etc. from a customer's viewpoint.

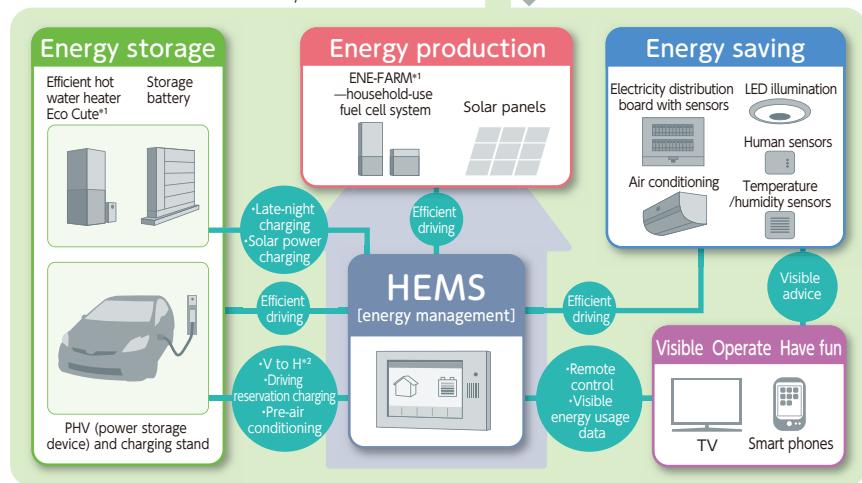


## Column

### Toyota-City Demonstration Test – Smart Houses that Aim for Zero CO<sub>2</sub> from Home or Car

In this test, homes to be sold in Toyota City are equipped with a home energy management system (HEMS) that handles all in-home appliances and devices, and an electricity storage device cooperating with several companies.

HEMS will enable owners to see and record how much electricity is generated, and how much is used per room and per air conditioning device, and it will control power storage, car recharging, and electricity use. It will store all extra electricity produced by solar panels for use at peak demand times, thereby enabling subsistence power production and use. In addition, some vehicles will be equipped with vehicle-to-home (V to H) capabilities, which mean that the power, once charged into PHV, can be used by household items when necessary.



\*1 Equipped with either Eco Cute or ENE-FARM \*2 "Vehicle to Home" is available to selected demonstration project homes only

### Project Outline

#### Objective

Reduce CO<sub>2</sub> emissions by 20% for household energy and 40% in the traffic sector

#### Purpose

To achieve a low-carbon town from the point of view of those who live there, as part of the Next-Generation Energy and Social Systems Demonstration project of the Ministry of Economy, Trade and Industry

#### Promoting Organization

Toyota City Low-Carbon Society Verification Promotion Council [Toyota City, 26 companies and organizations including Toyota (as of June 2011)]

#### Project Duration

5 years: 2010-2014

#### Project Summary

Sixty-seven houses built by TOYOTA HOME will be sold, and the owners will agree to act as monitors who will attempt to use energy in the efficient way possible in line with their lifestyles. As part of the effort to build a low-carbon transportation system, some 4,000 PHVs and EVs will be sold.

## New Lifestyle

As part of efforts at *monozukuri* that exceeds the expectations of customers, Toyota contributes to creating a prosperous, sustainable society that links people, cars, robots and homes through the development of new mobility and robots that make people's lifestyles active and amenable and therefore more fulfilled.

### Initiatives to Partner Robots and Personal Mobility

In the midst of such major societal fluctuations as an aging society, a declining birth rate and changes in population dynamics, the need for robotics development is rising. With the philosophy of contributing to the community and people by enriching society through manufacturing, Toyota marries cutting-edge technology from various disciplines including the automotive and IT industries in the development of partner robots with the goal of practical use in the early 2010s.

### Demonstration Projects for Practical Use and Initiatives in Development of Social Infrastructure

Winglet, the personal mobility robot currently under development, will be very small, lightweight, and compact, universal in that anyone can operate it easily. The vehicle will be portable, and can be carried onto buses and trains and other public transportation. In other words, it will be a seamless single-passenger personal EV that takes people, society and the environment into consideration, and aims to create a new type of personal mobility for people's new lifestyles in the future.

In the development stage, Toyota put Winglets into airports and commercial facilities to be used for work on a trial basis, started allowing the public to take trial rides at the standing facility MEGA WEB, events, etc., so that now, more than 6,000 people have taken trial rides on Winglets.

In October 2010, with Toyota City and the Ministry of Land, Infrastructure, Transport and Tourism, Toyota conducted trials of this very small personal mobility device on roads and sidewalks in town. Citizens of Toyota City acted as monitors, who tested the little vehicle and evaluated its capabilities as a transportation device for achieving harmony between people, streets, and the city. Toyota is also participating in the ISO International Conference overseas and the Ministry of Economy, Trade and Industry's Robot Business Practical Application Project and the Promotion Council of NEDO's Assisted Living Project domestically to set safety regulations and evaluation standards for mobility and robot devices in the collaboration of industry, government and education toward the realization of a society where new mobility and partner robots coexist with people.

In Yokohama, at the APEC International Conference's Japan Experience, Winglet was exhibited as an example of Japan's advanced technology, which raised awareness of the device among the public.

**Winglet**



## Approaches to Stakeholders

# Global Society/Local Communities (Social Contribution)



**"Global Vision for Those We Serve"**  
**As a good corporate citizen,  
respect the culture and customs  
of every nation and contribute to  
social development**

### [Key Points]

Social contribution:  
Nurture human resources and enhance the cultural life of our host communities.

### (Global Common Theme)

Environment

Education

Traffic Safety

※Fourth theme "Society and Cultures" is added in Japan.

Under its Guiding Principles, Toyota seeks to be a good corporate citizen of the world and to contribute to economic and social development through corporate activities in the communities it conducts business in. The CSR Policy: Contribution Towards Sustainable Development, which interprets the Guiding Principles, explains how Toyota actively promotes and engages in social contribution activities that help strengthen communities and contribute to the enrichment of society. Based on these concepts, Toyota's approach to social contribution activities, initiatives and goals are expressed clearly in the principles and policies that are shared with all Toyota companies throughout the world.

### Principles and Policies of Social Contribution Activities

Purpose	The Toyota Group will undertake social contribution activities to contribute to sustainable social vitality.
Stance	Toyota will maximize the benefits of its social contribution activities by working with partners; by using our resources effectively; and by concentrating on initiatives that address real social needs, including fostering future human resources.
Employee Participation	Toyota will support independent social contribution activities that its employees undertake as members of the community.
Information Disclosure	Toyota will disclose the achievements of its social contribution activities, aiming to promote the development and improvement of societies.
Global Perspective	Toyota will adopt a global perspective on social contribution activities while adapting activities to needs and circumstances in each nation and region where it operates.

※ Toyota spent about ¥13.9 billion for social contribution activities in FY2010.

For details, please refer to the following webpage.

[http://www.toyota-global.com/sustainability/corporate\\_citizenship/](http://www.toyota-global.com/sustainability/corporate_citizenship/)

### Environment

We actively work on activities that benefit society including programs on environmental education, grant programs for environmental activities, and efforts at biodiversity conservation and tree planting toward sustainable development of the world and society.



### Education

We positively advance efforts to foster future human resources by working with various partners and by making the best use of available resources.



### Traffic Safety

We work to increase safety awareness of everyone using streets and roadways, including drivers, passengers and pedestrians.



### Society and Cultures

We work toward creating a harmonious, self-sustaining society where a diverse range of people respect one another and work together, by assisting with local social contribution projects, supporting welfare services, encouraging self-reliance and other initiatives.

## Implementation Structures

### [Japan]

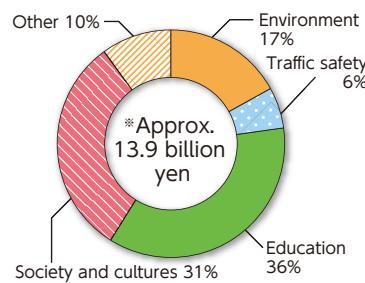
In 1989, Toyota established the "Corporate Citizenship Activity Committee" chaired by the company president and comprised of relevant directors to act as the highest level decision-making body. It was renamed the "CSR Committee" in October 2007 after taking on several new functions previously carried out by other internal organizations. The "Corporate Citizenship Division" was organized in January 2006 as a specialized division to reinforce corporate social contribution activities and integrate corporate social contribution functions that had been performed by multiple divisions.

### [Overseas]

Toyota and the Toyota regional companies in North America, Europe, Asia, and China have formed a network, which is used to strengthen promotional efforts. The regional companies conduct promotional activities within their regions while maintaining close communications with Toyota.

U.S.	Society Contribution Committee meetings are held at TMA three or four times a year to discuss separate projects, budgets and policies having to do with strategic donations
Europe	Society Contribution Committee meetings are held at TME twice a year to review and support projects by businesses in countries within the region
Asia	TMAP reviews and supports projects by businesses in countries within the region
China	Toyota promotes activities in China based on local needs, with advice from various experts

### Results of Social Contribution Activities



※Toyota and major subsidiaries on a consolidated basis. Results for overseas affiliates have been calculated in Japanese yen based on the average exchange rate for FY2010.

For details, please refer to the following webpage.

[http://www.toyota-global.com/sustainability/corporate\\_citizenship/principles\\_and\\_policies/principles\\_and\\_policies\\_for\\_social\\_contribution\\_activities.html](http://www.toyota-global.com/sustainability/corporate_citizenship/principles_and_policies/principles_and_policies_for_social_contribution_activities.html)

## Examples of Initiatives in Japan

In Japan Toyota has added support of the "society and cultures" to the three key focus fields — environment, traffic safety and education — and places emphasis on employee volunteer activities with programs promoted through utilization of Toyota's expertise and resources.

### Environment

#### 2nd Phase of the Forest HR Development Project 'Toyomori' Started

The "Toyomori Institute of Sustainable Living" is a human development project done in cooperation with Toyota, Toyota City, and the Support Center for Sustainable Regional Design (NPO) for recovering relation between people and rural villages. In the institute, 30 individuals recruited from general public participated in learning how the forest ties in the region through classroom study and practice. For the two years from 2009-2010, ten projects have been carried out. Twenty six applicants were accepted from April 2011, and the second term has begun.



Learning the regional lifestyle at field work

#### Volunteering to Secure Spawning Loggerheads Haven

The Omotehama beach at the cities of Tahara and Toyohashi in Aichi Prefecture is a haven for spawning loggerhead turtles. However, the ecosystem is now in jeopardy as a result of growing coastal erosion. Toyota worked together with a local NPO, "Omotehama Network" to secure the sandy beach, an egg-laying site for the turtles. On April 16, employees of the Tahara Plant and Toyota Head Office along with their family members — a total of 109 volunteers — participated in the 'Beach Clean' operation, where they built up fences to prevent erosion, using bamboo and wood thinned from forests. In the days ahead, such activities as spawning observation tours are scheduled.



Secured egg-laying beach with fences to prevent erosion

#### Participation in Philippines Rainforest Restoration Activities from Japan

Seventy percent of the land in the Philippines was once covered by rain forests but the coverage has fallen to 20% or even less as a result of illegal logging and slash-and-burn farming. Since 2007, Toyota has carried out tree planting activities in the town of Peñablanca located in the northern part of Luzon jointly with the Department of Environment and Natural Resources in the Philippines, the Peñablanca Municipal Government, and environmental NGOs. In FY 2010, eight volunteers from Toyota, including employees and their family members, took part in the activities and worked together with the local people involved.



Planting trees jointly with Philippines Toyota employees

#### Addressing Poverty and biodiversity Issues simultaneously on Toyota Environmental Activities Grant Program

In commemoration of Toyota's receipt of the "Global 500 Award" from the United Nations Environment Programme (UNEP) in 1999, it has promoted a grant program to support environmental activities conducted by NGOs etc. since FY2000. The Center for Environment Education (CEE), India's leading environment education NGO and one of the organizations subject to the program's biodiversity scheme, started the Sanjeevani Program (named after a locally produced medicinal herb species) in the poverty area in Gujarat State in 2007 with the aid of Toyota's grant. The aim is to address the preservation of herbs facing the danger of extinction. Some positive results have been achieved.



Students cultivating medicinal herbs



## Traffic Safety

### As Toyota Spring and Autumn Traffic Safety Campaigns Continue, Cumulative Picture Book Distribution Exceeds 120 Million Mark

Toyota and its dealers and so forth across Japan conduct the Toyota Traffic Safety Campaign every spring and autumn, coinciding with Japan's nationwide traffic safety campaigns. In FY 2010, 2.57 million traffic safety picture books and 46,000 traffic safety story cards were donated under the campaign to children entering kindergartens and nursery schools nationwide. It is an activity that has continued for 42 years since 1969. A cumulative total of approximately 123.65 million picture books and 1.29 million story cards have been published to date. Furthermore, based on statistics data showing that some 50% of those who died in traffic accidents in recent years have been over 65 years old, approximately 1.53 million copies of an educational leaflet focusing on 'traffic safety for elderly people' were printed for distribution to showroom visitors nationwide.



Picture book donation ceremony

### Toyota Drivers Communication 4,300 Course Participants at mobilitas, Mega Web etc. during the Year

Toyota Drivers Communication, safe-driving courses, was launched in 1987 with the goal of reducing the number of accidents involving young drivers. Since then, the program has continued for participants in an increasingly extensive range of age and geography. It is now held regularly throughout the year at Toyota Safety Education Center "mobilitas" located within the Fuji International Speed Way complex, and the MEGA WEB, an automotive museum run by Toyota, as well as the Toyota Driving School Tokyo and the Chubu Nippon Driver School. During FY2010, some 3,800 visitors took the courses at mobilitas and 500 at MEGA WEB. Since 1987, over 45,000 people have participated.



Toyota Safety Education Center  
"mobilitas"

### Expanding Tools for Experiencing Reflective Materials to Government Organizations Like the Cabinet Office and the Effectiveness Understood

In May 2010, Toyota produced tools called the "Kurapika Box," which demonstrate how reflective materials can improve especially the elderly pedestrian safety at nighttime. In addition to permanent installations in directly-managed driving schools, it is being used in combination with "making original reflector keyring" at events everywhere, and the number of boxes has been steadily increasing. Also, in addition to the Cabinet Office, the scope of its use has been expanded through such things as donating it to communities with Toyota plants, such as in Aichi and Shizuoka prefectures. Further, boxes are being lent out to Toyota dealers and related facilities, and in 2010 there were 14 "Kurapika Boxes" in use, and roughly 30,000 people through the year experienced the effects of reflective materials.



Looking into darkness of "Kurapika Box" and experiencing reflectors

## Education

### The Toyota Children Meet Artists Program Fosters Rich Sensitivity

The Toyota Children Meet Artists is a program aimed at fostering children's sensitivity and nurturing dreams through interactions with artists. Conducted in cooperation with NPOs and so forth, this educational program has been carried out throughout Japan since 2004.

In FY2010, two workshops were held under the program respectively in Miyagi and Tottori, both providing unique opportunities. So far, workshops in 40 places of the 10 regions nationwide have gathered 4,804 child participants.



Follow-the-leader dance  
at elementary school workshop

### 'Scientific Jack-in-the-Box! The Why/What Lecture' Hands Down Fun of Monozukuri

Toyota has been holding science and engineering workshops for elementary school students since 1996 to hand down the value of monozukuri (manufacturing) in an effort to address the declining interest in the sciences by youth. Employees who are members of the Toyota Engineering Society\* serve as volunteer instructors of the workshops, which are held at science and other museums and so forth in various sites throughout Japan.

In FY2010, 17 workshops were held with a total of 1,050 children participating. To date, a cumulative total of 307 workshops have been held with 24,850 children participating.

\*Toyota Engineering Society: An internal organization designed to contribute to the development of various business technology fields and to the regional communities, by raising engineering skills and promoting friendship. Currently, there are approximately 30,000 members.



Measuring shock absorption  
at car collision

### Providing an Auto Technician Course for Brazilian Residents of Japan

It is difficult in reality for young Brazilian residents to take senior education in Japan because of the language barrier.

In order to assist such youth, a full-time automotive mechanic training course conducted in Portuguese has been set up at Toyota Technical College Nagoya since 1999. The majority of the graduates who return to Brazil have contributed to the growth of the automobile industry in their own country.



Learning maintenance techniques  
in Portuguese

## Society and Cultures

### Hands-on Traffic Safety Education Programs Carried out Domestically and Internationally, Gathering 110,000 Participants

Toyota has been implementing educational activities in public gathering places to help people understand safety through a variety of hands-on demonstrations. Participants are offered the experience of child seat installation, drunken driving, reflective material effects etc., with real cars and objects in a short-time session; an effective program to raise safety awareness. In FY2010, the activities went on domestically and internationally in conjunction with local events hosted by municipalities, Toyota business sites and dealers, gathering a total of some 110,000 visitors.



Traffic Safety Festival in Taipei

Traffic safety event at Tressa Yokohama



Toyota Community Concerts in Sapporo (October 2010)  
Der Ring des Nibelungen  
(The Ring of the Nibelungen)  
by Hokkaido Symphony Orchestra

### Toyota Community Concerts Held Nationwide

Since 1981, Toyota and its domestic auto dealers have partnered with the Federation of Japan Amateur Orchestra Corp. (JAO) throughout Japan to jointly support the Toyota Community Concerts - classical music concerts held the aim of contributing to the promotion of local culture through music. In FY2010, a total of 41 performances were held in 22 prefectures. As FY2011 marks the 30th anniversary of Toyota Community Concerts, they will bring music and enjoyment to even more people than ever.



'Catch My Beam'  
created by Yuuri Furue

### Toyota Choreography Award

The Toyota Choreography Award was launched in 2001 in collaboration with the Setagaya Public Theatre to promote dance and to discover and nurture choreographers who will lead the next generation. In FY 2010, six finalists (including teams) nominated out of 229 entrants respectively performed their pieces at the final selection at the Theater on July 19. The Next-generation Choreography Award went to Yuuri Furue.

### Toyota Technological Institute Cultivates International Industry Leaders

As a part of Toyota's social contribution activities, the Toyota Technological Institute was established in 1981 with the founding philosophy of "Always be studious and creative, striving to stay ahead of the times," as stated in the precepts of the founder Sakichi Toyoda. Since then, the school has been training highly creative engineers proficient in practical development skills through small-group instruction (one teacher to about ten students) and a curriculum rich in experiments and hands-on training, maintaining a 100% student employment rate.

In addition, the Toyota Technological Institute at Chicago was opened in association with the University of Chicago in 2003, which acquired U.S. accreditation in 2009.

The Toyota Technological Institute headed into its 30th anniversary in January 2011.



Toyota Technological Institute headed into its 30th anniversary

<http://www.toyota-ti.ac.jp/english/index-e.htm>

### 'Toyota Automobile Museum' Showcasing World's Automotive History and 'TOYOTA Commemorative Museum of Industry and Technology' Conveying Importance of Monozukuri

The Toyota Automobile Museum exhibits some 120 heritage automobiles from Japan, the United States and Europe in the main building. The cultural influence of motorization, featuring the hundred-year history of petrol-driven motor cars, is housed in the new annex. In FY 2010, special collections of small cars and vehicles used for special jobs were exhibited. In addition, the museum hosts a classic car festival twice a year — the Aichi round in spring and the Tokyo round in autumn — with aims of developing and encouraging interaction among car fans.

Meanwhile, the Toyota Commemorative Museum of Industry and Technology was founded in 1994 jointly by the 13 companies of the Toyota Group at the former complex of Toyoda Automatic Loom Works' domicile factory with which the group started its business in a wish to preserve it as a precious industrial heritage site. The museum's mission is to encourage people to understand the spirit of research and creation and the importance of *monozukuri* (manufacturing) and it showcases histories of textile machinery and car manufacturing. A total of 263,000 people visited it during 2010.



Demonstration at the Automobile Museum's exhibition, 'Vehicles Used for Special Jobs'



Toyota Commemorative Museum of Industry and Technology

<http://www.toyota.co.jp/Museum/index.html>

<http://www.tcmiit.org/english/>



## Society and Cultures

### Toyota Lobby Concert Held for Neighbors to Casually Enjoy High-Quality Music

The Toyota Lobby Concert is a casual musical event organized primarily by internal volunteers with the help of artists who share the program's intent. It has been held twice a year since 1995 in the lobby on the first floor of the Tokyo Head Office for invited listeners including nearby residents and welfare participants. A broad range of musical pieces from classics to popular songs is played.



Shuichi Hidano with the Taiko-Masters playing at the 31st concert

### Toyota Introduces "Table for Two" Program to Provide Meals to African Children in Famine

The Table for Two is a program aimed at both providing meals to children in famine-afflicted areas of Africa and encouraging healthy eating habits among its employees. Take a healthy TFT lunch at a Toyota cafeteria, the price of which includes a 10-yen donation — matched by the company, and a total of 20-yen is spent to buy a school meal for a child in Africa. Beginning June 1, Toyota serves these TFT lunches at a total of 15 employee cafeterias in the Tokyo head office and the Toyota City head office area and plans to gradually expand the service availability.



Children smiling at meal time

## Column

### Toyota Group Disaster Area Recovery Support Volunteers

Fifteen Toyota Group affiliate companies have been conducting support activities for reconstruction in the disaster areas so that the victims of the Great East Japan Earthquake and Tsunami can return to their normal lives as soon as possible. From June to July, with the Wednesday-Sunday five-day period as one shift, volunteer employees were dispatched in groups of about 15 a total of five times. The areas of activity were in Rikuzentakata and Ofunato cities in Iwate Prefecture where the damage was tremendous. Support activities were centered around removing debris, cleaning up garbage, clearing mud from under floors and from street gutters, and were adjusted to meet the local needs such as carrying out furniture. As employee interest is high and many wanted to participate, Toyota plans to continue this into the fall.



Removing debris from beneath the floors of a house damaged by the disaster



## Examples of Overseas Initiatives

As a global enterprise, Toyota engages in activities that are tailored to the needs of each country and region. This section, from the perspective of the annual report, presents information on new initiatives implemented and activities that have achieved significant progress during the most recent fiscal year as examples of overseas.

## Environment

### Running the Environmental Program 'Eco-Schools'

#### Europe: Toyota Motor Europe NV/SA (TME)

Over 37,900 schools in 50 countries take part in the Eco-Schools environmental education program. Established by the Foundation for Environmental Education (FEE) in 1994, the program has students take the initiative in determining a subject, research and planning to action at school with the participation of their teachers and parents. The United Nations Environment Programme (UNEP) and European Commission (EC) recommend it as "a global model of environmental education for sustainable development."

TME founded the Toyota Fund for Europe (TFfE) in 2002 for the purpose of supporting social contribution activities in Europe. TME has supported one of the Eco-Schools programs, "Environment & Innovation Project" through TFfE.

Six schools and local Toyota dealers participated in the FY2010 project with the theme "Let's save energy." Students of the Eltang school in Denmark had the idea of making energy consumption visible by using the smart codes created on their mobile phones and so visualizing the possibility of savings. This "make energy consumption visible with smart codes" project was highly rated, and commended at the international awards ceremony.



2010 award-winning school

**Environment****Toyota and Mata Atlântica Program Contributes to Reforestation and Preservation of Forests****Brazil: Toyota do Brasil Ltda. (TDB)**

The Atlantic Forest (Mata Atlântica in Portuguese), located at the Atlantic Ocean coastline in Brazil, covers 17 states and supplies water to 70% of the Brazilian population but only 7% of its original territory remains. Mata Atlântica is the most important and the most devastated of Brazil's six eco-regions.

The Toyota do Brasil Foundation (TBF) was formed by TDB in April 2009, and the "Toyota and Mata Atlântica" program is the first national environmental program of TBF, in partnership with the non-governmental organization, SOS Mata Atlântica. In 2009 and 2010, 15,000 trees were planted and five new protected areas were created. The program also provided environmental education to more than 3,500 children, distributed more than 120,000 seeds and created opportunities for more than 2,000 citizens to take part in environmental volunteer activities.

Toyota will work continuously to reforest and preserve precious forests in Brazil and around the world.



Mata Atlântica volunteer program sponsored by the Toyota do Brasil Foundation

**Traffic Safety****'Toyota Traffic Safety Festival' for Children Held****Taiwan: Hotai Motor Co., Ltd.**

In Taiwan, the percentage of victims of fatal traffic accidents under 12 years old increased from 1.7% in 2008 to 2.1% in 2009.

Toyota has provided experience-based traffic safety programs in Asia since 2007. Hotai Motor held the "Toyota Traffic Safety Festival" for children with the cooperation of dealers under the supervision of the Ministry of Transportation and Communication and city departments of transportation in seven cities including Taipei in March and April 2011.

Hotai Motor seeks to provide not only an original education program, but also expand it to involve the whole family. The program targets not only children under the age of 12 but also their parents, aiming to build an appreciation of the importance of traffic safety. This is a unique approach encompassing ideas such as the simulation experience of drink driving or an elderly person's walking, a workshop of child safety seat, checking visibility from the driver's seat, a child's viewing field experience, and checking the effect of reflective materials. Participants can learn about traffic safety while enjoying these programs. Some 80,000 people took part in the festival over a period of two months.

Hotai Motor plans to continue the program in the coming year under the concept "safety is the top priority."



Children learn the risks of impaired driving using "drunken goggles."

**Education****Toyota Study Assistance Fund Supports Chinese Students****China • Toyota Motor Corporation**

Toyota and the China Soong Ching Ling Foundation jointly established the Toyota Study Assistance Fund in 2006 to support high-achieving Chinese students who face financial hurdles to entering universities or pursuing graduate degrees. Every year, the foundation in principle supplies 5,000 yuan per year for four consecutive years to 200 new students selected at 20 universities in mid-western China. The program also includes enrichment activities such as leadership training, visits to Toyota dealers and plants and invitations to visit Japan.

From FY2008 through FY2010, Toyota provided scholarships to 20 students each year as part of an effort to promote reconstruction in the wake of the Sichuan Earthquake. In December 2010, Toyota and the foundation agreed to extend this special funding program for another three years, expand it to support students at 25 universities starting in FY2011 and provide new support for job-search activities. The fund will assist a total of 1,810 students from FY2006 through FY2013. Mid-western China is expected to undergo accelerating economic growth in the future, and Toyota is committed to supporting the development of skilled personnel who will play a major role in the region's future.



Incoming freshmen at Guangxi University attending the scholarship presentation ceremony

**Toyota Family Literacy Program Marks 20th Anniversary Contributing to Growth of the U.S. Society****North America: Toyota Motor North America, Inc. (TMA)**

The Toyota Family Literacy Program (TFLP), jointly established by Toyota and the National Center for Family Literacy (NCFL), marked its 20th anniversary in March 2011. The partnership began in 1991 with an approach that was focused on improving the education of preschool children. It continued to evolve and identify emerging needs in populations such as Hispanic and immigrant families and impacted 1 million families across the country. Today, 256 locations across 50 cities and 30 states have benefited from the \$36 million investment.

On April 4, 2011, 1,500 people attended the 20th annual conference at NCFL headquarters in Louisville, Kentucky, introducing and honoring teachers who made outstanding contributions and graduates who got a strong start in life by participating in the program. Toyota Honorary Chairman Dr. Shoichiro Toyoda attending the conference said, "The National Center for Family Literacy exemplifies the American spirit of lending a helping hand to people in need. We look forward to working hand in hand with everyone at NCFL to improve the program further."

Toyota promotes various programs that contribute to the betterment of U.S. society as a good corporate citizen.



Honorary Chairman Dr. Toyoda with a participating mother and daughter at the annual conference

# Relations with Shareholders

**"Global Vision for Those We Serve"**

**Ensure sustainable growth by fostering the virtuous circle, Always better cars → Enriching lives of communities → Stable base of business**

## [Key Points]

Ensuring sustainable profitability:

Ensure sustainable profitability and strive to enhance corporate value.

Compliance:

Honor the language and spirit of the law.

"Always better cars" and "Enriching lives of communities":

Foster the visionary-management cycle.

Toyota's basic management principle is to benefit society through its business activities, while realizing stable growth founded on a long-term perspective. The three key components of Toyota's financial strategy are "growth," "efficiency" and "stability." From the viewpoint of growth, Toyota plans to implement forward-looking investments to respond to structural shifts in demand and ensure long-term sustainable growth. Regarding efficiency, Toyota steps up its cost reduction efforts and, while streamlining, realizes the same level of results as usual in capital expenditures. In view of anticipated medium- to long-term growth in automotive markets worldwide, Toyota believes that maintaining adequate liquidity is essential in terms of stability, and we will continue to pursue further capital efficiency and improved cash flows.

## Sustainable Growth

### Stable Base of Business



- Achieve consolidated operating return on sales of 5% (approx. 1 trillion yen)
  - Restore Toyota (unconsolidated) to profitability
- Achieve both goals as soon as possible

### Regional Strategy

- Provide products and services matched to customer needs and wants in each community and nation

### Product Strategy

- Product appeal
- Models for minimizing environmental impact
- Position Lexus as a truly global premium brand
- Geographical Composition of Sales; 2015 Sales Plan  
→ Industrialized nations: Emerging markets=50:50

### Supply Strategy

- Japan: Manufacture hybrid vehicles and other technologically advanced, high-value-added products
- North America and Europe: Maximize productivity at existing plants
- Emerging markets: Expand production capacity, analyzing demand prospects in each region carefully to determine the geographical positioning, the timing and the scale of investment in expanded capacity

### New Business Strategy

- Develop the "Smart Community Service" that integrally links vehicles, homes and information networks (contribution to the building of next generation cities)

### Key Components of Financial Strategy

#### Enhancing Corporate Value through Long-Term, Stable Growth

**Growth:** Sustainable growth through continuous forward-looking investments

**Efficiency:** Improving profitability and capital efficiency

**Stability:** Maintaining a solid financial base

### Dividends and Share Acquisitions

#### Benefiting Shareholders is One of Our Top Management Priorities

Toyota strives to continue paying dividends while giving due consideration to factors such as the business results in each term, investment plans, and cash reserves.

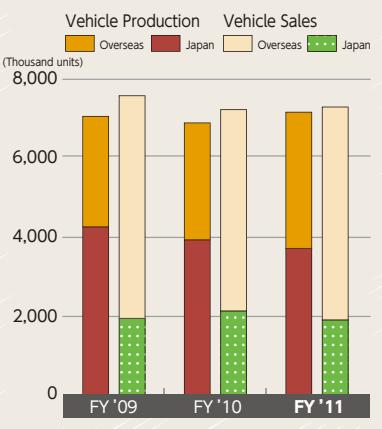
## Basic Concept for Sustainable Growth

Toyota will reinforce its business foundation by working to achieve the goals of raising consolidated operating return on sales to 5 percent and of restoring Toyota unconsolidated to profitability. Toyota posted an operating loss of ¥460 billion in the fiscal year ended March 31, 2009. Sweeping improvements enabled us to post an operating gain in the fiscal year to March 31, 2010. Our target is to position our organization to consistently achieve an annual operating return on sales of 5%. That would be operating income of about ¥1 trillion at our present sales volume. And we aim to achieve that level of profitability at a yen/dollar exchange rate of ¥85 to the dollar and at a unit sales volume of 7.5 million vehicles. That is our bottom line for sustainable growth. It would keep us profitable even if our unit sales were to decline up to 20% amid another economic downturn. We know that profit is the result of delivering great cars and contributing to the vitality of our host communities and our host nations. And that is the spirit in which we aspire to sustainable growth.

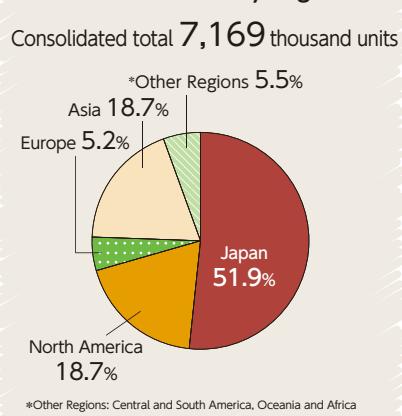


Consolidated basis	Year ended March 2011 (April 2010 through March 2011)	Year ended March 2010 (April 2009 through March 2010)	Compared to previous year	Reference: Unconsolidated basis Year ended March 2011 (April 2010 through March 2011)
(1) Net revenues	18,993.6 bil. yen	18,950.9 bil. yen	0.2%	8,242.8 bil. yen
(2) Operating income	468.2 bil. yen	147.5 bil. yen	217.4%	-480.9 bil. yen
(3) Net income	408.1 bil. yen	209.4 bil. yen	94.9%	52.7 bil. yen
(4) Total assets	29,818.1 bil. yen	30,349.2 bil. yen	-1.8%	9,593.1 bil. yen
(5) Shareholder's equity	10,332.3 bil. yen	10,359.7 bil. yen	-0.3%	6,302.9 bil. yen
(6) Dividend per share	50 yen	45 yen	11.1%	—

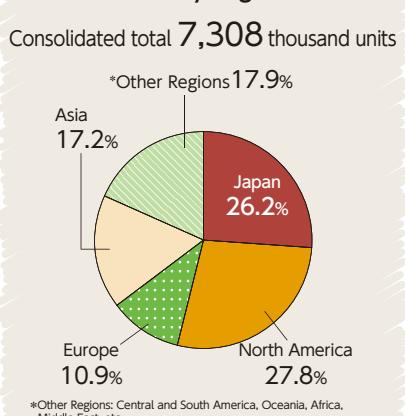
### Vehicle Production/Vehicle Sales



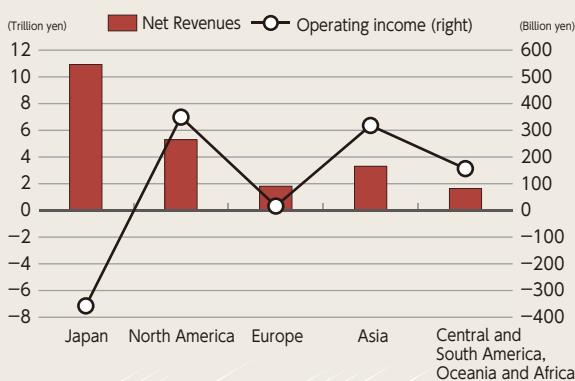
### Vehicle Production by Region



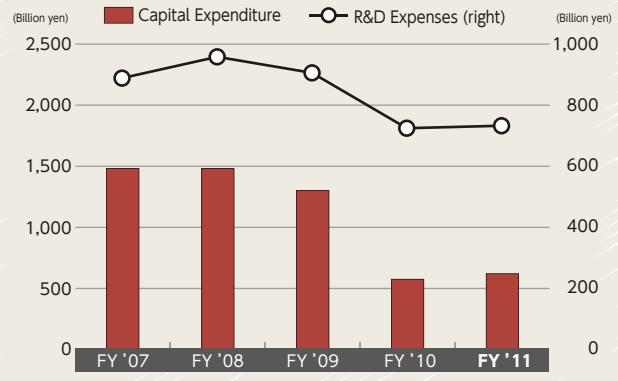
### Vehicle Sales by Region



### Net Revenues and Operating Income by Geographic Segment



### Capital Expenditure and R&D Expenses



# Seeking Harmony among People, Society and the Global Environment, and Sustainable Development of Society through Manufacturing

Since its foundation, Toyota has continuously strived to contribute to the sustainable development of society through the manufacturing and provision of innovative and quality products and services that lead the times. The foundations of these endeavors are the Guiding Principles at Toyota and an explanation paper entitled "CSR Policy: Contribution towards Sustainable Development" that interprets the Guiding Principles at Toyota. The CSR Policy has been compiled based on the Guiding Principles at Toyota and takes into consideration Toyota's relations with stakeholders. By having all employees implement this policy, Toyota aims to become a company that is admired and trusted by society.

## The Spirit of the Toyoda Principles Passed on since Toyota's Foundation

The Toyoda Principles capture the thinking of the founder of the Toyota Group, Sakichi Toyoda, and have played the role of a spiritual support for employees as the principles of the company, and continue that role today in the form of the Guiding Principles at Toyota.

## Guiding Principles at Toyota

The Guiding Principles at Toyota (adopted in 1992 and revised in 1997) reflect the kind of company that Toyota seeks to be in light of the unique management philosophy, values, and methods. Toyota, together with its consolidated subsidiaries, hopes to contribute to sustainable development through its corporate activities based on understanding and sharing of the Guiding Principles at Toyota.

For details, please refer to the following webpage.

 [http://www.toyota-global.com/company/vision\\_philosophy/guiding\\_principles.html](http://www.toyota-global.com/company/vision_philosophy/guiding_principles.html)

## CSR Policy: Contribution towards Sustainable Development

The "Contribution towards Sustainable Development," an interpretation of the "Guiding Principles at Toyota" that takes into consideration Toyota's relations with stakeholders, clearly states Toyota's basic policies related to social responsibility for stakeholders inside and outside the company. Toyota has shared the statement with its consolidated subsidiaries and is taking relevant action. We also expect business partners to support this initiative and act in accordance with it.

We also participated in the formulation of and observe the standards outlined in the Charter of Corporate Behavior of the Nippon Keidanren (Japan Business Federation), an alliance of Japanese leading corporations.

For details, please refer to the following webpage.

 [http://www.toyota-global.com/sustainability/csr\\_initiatives/csr\\_concepts/policy.html](http://www.toyota-global.com/sustainability/csr_initiatives/csr_concepts/policy.html)

## Positioning of the CSR Policy



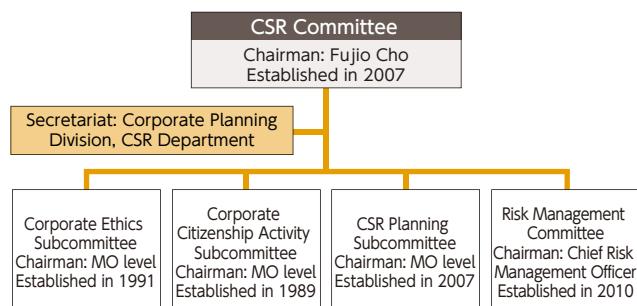
## Toyota's CSR Structures

The CSR Department is responsible for drafting CSR policies; responding to CSR issues across divisions; raising awareness of CSR internally and externally; distributing CSR-related information; and communicating with stakeholders.

In June 2010, the Risk Management Committee was formed under the CSR Committee. The committee met three times to discuss such topics as verification of CSR implementation status, checking for legal compliance, internal controls, social contribution activity policies, risk management, etc.

In addition, in time with executive structure changes in April 2011, Chairman Fujio Cho was inaugurated as chairman of the committee to view CSR in a broad context, and Managing Officer level executives were appointed as chairmen of subcommittees so that prompt actions can be taken.

## Structures



## Overview of Toyota's CSR Activities

Toyota makes efforts toward "Sustainable Development" through its automobile manufacturing, new business and social contributions.



## Corporate Governance

### Toyota's Basic Approach to Corporate Governance

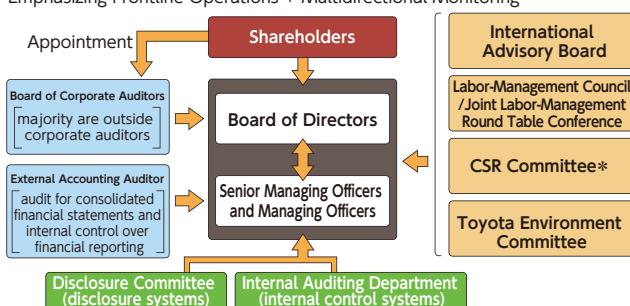
Toyota has a range of long-standing in-house committees and councils responsible for monitoring and discussing management and corporate activities from the viewpoints of various stakeholders to make prompt decisions for developing our global strategy, speed up operation, and ensure heightened transparency and the fulfillment of social obligations. Toyota has a unique corporate culture that places emphasis on problem solving and preventative measures. Toyota's approach is to build in quality through manufacturing processes, enhancing the quality of everyday operations and consequently strengthening corporate governance.

### Systems for Ensuring Appropriate Management and Basic Approach to Internal Controls

At the general meeting of shareholders in June 2011, Toyota reduced the number of directors from 27 to 11, to maintain close and vigorous communication with each other to achieve fast decision-making. The board of directors decides what Toyota will do. And we devolved increased authority to the chief officers (Senior Managing Officers and Managing Officers) responsible for regional and functional operations to decide how to implement the decisions. To monitor the management, Toyota has adopted an auditor system. Four of Toyota's seven corporate auditors are external auditors in order to increase transparency of corporate activities. As a system to ensure appropriate management, Toyota has convened meetings of its "International Advisory Board (IAB)" annually since 1996. The IAB consists of approximately 10 distinguished advisors from overseas with backgrounds in a wide range of fields, including politics and economics. In 2011, we established Regional Advisory Committees in major regions, such as North America, Europe and Asia, and receive advice on diverse business issues from a global perspective. Under the following basic policies established in May 2006, Toyota implements an internal control system while conducting necessary enhancements.

### Toyota's Corporate Governance

Emphasizing Frontline Operations + Multidirectional Monitoring



\* The CSR Committee deliberates on and makes decisions concerning new CSR related, plans corporate ethics, legal compliance, risk management, social contribution activities, and environmental management policies.

### Basic Approach to Internal Controls

#### Fundamental Approach

- Draw out the goodwill, enthusiasm, and autonomous decision making abilities of the people who perform work, based on the idea of "respect for people";
- Establish structures within the work performance processes carried out by people and organizations that incorporate internal controls and make possible checks and balances as well as management and oversight by directors;
- Establish inter-departmental organizations to supplement internal controls.

#### Basic Policy

- |  |   |
|--|---|
| (1) Legal compliance by Directors  | (5) Legal compliance by employees                                 |
| (2) Retention and management of information relating to the execution of responsibilities by Directors | (6) Appropriateness of the business operations of the group       |
| (3) Regulations and other systems related to the management of risk of losses                          | (7) Employees assisting the Corporate Auditors                    |
| (4) Efficiency of execution of responsibilities by Directors   | (8) Independence of employees described in the preceding item (7) |
|  | (9) Report to Corporate Auditors                                  |
|  | (10) Ensure the efficient execution of audits by the Auditors     |

## Compliance

### Basic Concepts of Compliance

The Guiding Principles at Toyota state that Toyota will "honor the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good corporate citizen of the world." It is in this process that Toyota seeks to maintain compliance. In accordance with the Basic Approach to Internal Controls, Toyota is promoting initiatives centered on the construction of frameworks such as for adopting and putting into practice the Code of Conduct and human resource development through education and other means. Toyota has also established consultation hotlines so no issues are overlooked and precise responses can be made.

### Checking Activities to Enhance Compliance

Toyota started checking activities on enhancing its compliance structure in FY2008. In FY2009, it started checking of subsidiaries in addition to internal checking. In FY2010, we further fulfilled checklists and implemented activities toward further enhancement of the structure. The results of the activities were reported to the CSR Committee, and Toyota continues to push ahead with improvements based on the results.

### Education and Training to Ensure Thorough Compliance

To ensure that awareness of compliance extends from senior managers to all other employees, Toyota conducts education and training programs, including for directors, newly appointed departmental general managers and newly recruited employees; company-wide e-learning programs; and seminars on business law. Toyota will work to further ensure thorough compliance.

### Toyota Code of Conduct

The Toyota Code of Conduct (adopted in 1998 as the Code of Conduct for Toyota Employees and revised in March 2006) organizes the basic attitudes necessary for people working at Toyota to put the Guiding Principles at Toyota into practice and to fulfill social responsibilities, and indicates specific points to keep in mind.

### The Compliance Hotline and Other Hotlines

Toyota has established a number of hotlines for swift and appropriate resolution of issues related to compliance, gender harassment, working conditions, and mental and physical health. The Compliance Hotline in the chart below allows employees to consult concerning compliance-related issues and has been set up in an outside law firm (subcontracted). Upon request, the content of consultations is conveyed anonymously to a secretariat within Toyota and the details are investigated with scrupulous care to ensure that the identity of the consulting employee is not revealed. If the results of the investigation indicate a compliance-related issue, a response is immediately implemented.

#### Different Hotlines Established at Toyota

Contents and No. of consultations with the Compliance Hotline (FY2010)	
Improper cost and expense accounting procedures	2
Personnel, labor and employment	64
Gender Harassment Prevention Hotline	6
Personal information management, confidential matters	2
Mental and Physical Health Hotline	21
Total	95

# CSR Achievement Data

CSR activity achievements for the past three years are listed in the chart below.

**Data List (as of March 31 of each fiscal year)**

Stakeholders	Items	Unit	FY2008	FY2009	FY2010
① Relations with Customers	Product	Vehicle sales (worldwide, consolidated)	Thousand vehicles	7,567	7,237
		Vehicle sales (Japan, consolidated)	Thousand vehicles	1,944	2,162
		No. of Welcabs sold	Vehicles	14,680	15,580
		Market share of Welcab	%	65.8	70.8
		No. of Welcab models	Models	29	30
② Relations with Customers	Transparency	No. of calls at the center and the desk	Calls	365,452	400,314
③ Relations with Employees	Diversity and Inclusion	No. of employees taking childcare leave	Persons	316	359
		Male		12	5
		Female		304	354
		No. of employees using the flexible working hours system		383	593
		Male		14	9
		Female		369	500
		No. of re-employed retirees		1,067	1,053
		% ※1 Employment ratio of people with disabilities ( ) incl. Loops	%	1,872	1,877
		% ※1 Employment of people with disabilities ( ) incl. Loops	Persons	938	942
		Ratio of non-Japanese CEOs/COOs in major overseas subsidiaries	%	41	41
	Safety and Health	Industrial accident frequency (frequency rate of lost workday cases)	—	0.14	0.10
		BMI		26.9	24.7
		Smoking rate	%	37.6	35.9
	Employment	No. of full-time employees	Persons	69,590	69,961
		Male		62,880	62,928
		Female		6,710	7,033
		Average age	Year old	38.7	37.6
		Male		39.6	38.5
		Female		30.7	30
		Average service years	Years	17.7	16.6
		Male		18.5	17.4
		Female		10.5	9.7
		No. of new employees	Persons	2,415	1,150
	Pride and Loyalty	Administrative		169	85
		Male		59	24
		Female		873	394
		Engineer		43	13
		Shop floor		1,092	557
		Male		179	77
		Female		473	71
		Ratio of employee satisfaction (Japan)	%	67	67
		Index with '97=1		1.18	1.35
		% ※2		1.34	3.11
⑤ Global Society/ Local Communities (Environment)	Energy/Global Warming	Cumulative HV sales	Millions of vehicles	1.80	2.44
		Accumulated CO <sub>2</sub> reduction by HV (estimated)	Millions tons	10	14
		Total CO <sub>2</sub> emissions (from energy sources) (consolidated basis ※2)	Millions tons	7.36	7.08
		CO <sub>2</sub> emissions per sales unit (consolidated basis ※2)	Tons /billion yen	288	296
		Toyota CO <sub>2</sub> emissions in logistics	Thousands tons	298	279
	Recycling of Resources	Toyota materials discarded	Thousands tons	375	342
		Toyota materials discarded (volume per sales unit)	Tons /billion yen	40	40
		Water consumption (vehicle assembly plants) (consolidated basis ※2)	Million m <sup>3</sup>	29.2	27.3
		Water consumption per vehicle produced (vehicle assembly plants) (Consolidated basis ※2)	m <sup>3</sup> /unit	3.8	3.6
		ASR recycling/recovery rate	%	80	81
	Substances of Concern	Airbag recycling/recovery rate	%	94	94
		Discharge volume of substances subject to PRTR (consolidated basis ※2)	Thousands tons	5.0	4.1
		Atmospheric Quality	Meets the 2005 exhaust emissions standards	U-LEV	%
		Total production	SU-LEV		%
⑦ Global Society/ Local Communities (Social Contribution)	VOC emissions in Toyota body painting processes (average for all lines)			g/m <sup>2</sup>	32
	Social Contribution Activities			Billion yen	16.1
	Toyota Environmental Activities Grant Programs			No. of programs (cumulative)	165
					175
					193

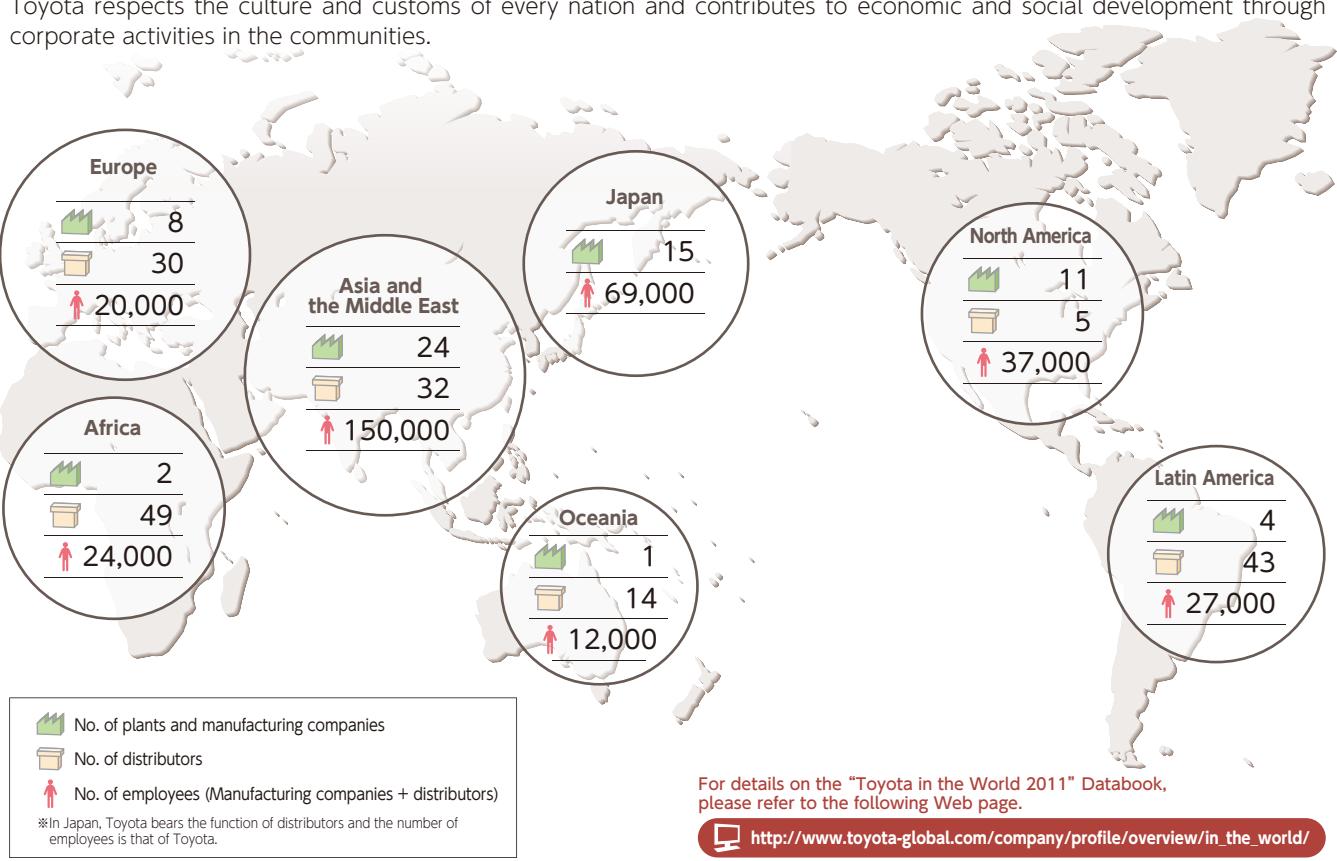
Stakeholders	Items	Unit	FY2008	FY2009	FY2010
⑧ Relations with Shareholders (Consolidated)	Net revenues	Billion yen	20,529.5	18,950.9	18,993.6
	Japan		12,186.7	11,220.3	10,986.2
	North America		6,222.9	5,670.5	5,429.1
	Europe		3,013.1	2,147.0	1,981.4
	Asia		2,719.4	2,655.4	3,374.6
	Latin America/Oceania/Africa		1,882.9	1,673.8	1,809.1
	Operating income		-461.0	147.5	468.2
	Japan		-237.5	-225.2	-362.4
	North America		-390.2	85.4	339.5
	Europe		-143.3	33.0	13.1
Corporate Ethics	Asia		176.1	203.6	313.0
	Latin America/Oceania/Africa		87.6	115.5	160.1
	Net income		-437.0	209.4	4,08.1
	Total assets		29,062.0	30,349.2	29,818.1
	Shareholder's equity		10,061.2	10,359.7	10,332.3
	ROE	%	-4.0	2.1	3.9
	Vehicle production	Thousand units	7,051	6,809	7,169
	Capital expenditures	Billion yen	1,302.5	579.0	642.3
	R&D expenses		904.0	725.3	730.3
	No. of consultations on the Compliance Hotline	Consultations	67	87	95
Global Expansion	No. of plants and manufacturing companies (as of December 31, 2010)	Japan	15	15	15
	North America		12	11	11
	Europe		8	8	8
	Asia and the Middle East		26	25	24
	Latin America/Oceania/Africa		7	7	7
	No. of distributors (as of December 31, 2010)	North America	3	3	5
	Europe		28	29	30
	Asia and the Middle East		32	32	32
	Latin America/Oceania/Africa		107	106	106

\*1 No. of people with disabilities employed and employment ratio are as of June of each year.

\*2 Toyota, and consolidated subsidiaries in Japan and overseas (the target scope differs by item).

## Global Expansion

Toyota respects the culture and customs of every nation and contributes to economic and social development through corporate activities in the communities.



(As of March 31, 2011)

# ISO26000 Comparison

Toyota participated in developing of international standards regarding CSR — ISO26000: Guidance on social responsibility — which were issued in November 2010, since its review stage as a member of the Japan committee representing the business sector.

We organized specific actions described in the report according to seven core subjects stated in the standards in publishing the Sustainability Report 2011, and introduced them as the ISO26000 Comparison.

We hope this will make the report more useful and easier for readers to understand.

Toyota works continually to enhance its CSR initiatives. Thank you for your understanding.

Core Subjects	Issues (Expectation for Corporations)	Specific Actions	Page
1 Organizational Governance	Organizational governance	• Corporate governance • Toyota's CSR structures	P48~P49
2 Human Rights	(1) Due diligence (2) Human rights risk situations (3) Avoidance of complicity (4) Resolving grievances (5) Discrimination and vulnerable groups (6) Civil and political rights (7) Economic, social, and cultural rights (8) Fundamental principles and rights at work	• Respect for human rights, prohibition of discrimination • Labor-management relationship based on mutual trust	Inside Cover P48~P49
3 Labor Practices	(1) Employment and employment relationships (2) Conditions of work and social protection (3) Social dialogue (4) Health and safety at work (5) Human development and training in the workplace	• Stable employment • Fair labor conditions • Respect for diversity • Diverse ways of working • Employee safety/health • Systematic human resource development • Create a workplace worthy of vigor and enthusiasm	Inside Cover P18~P25
4 The Environment	(1) Prevention of pollution (2) Sustainable resource use (3) Climate change mitigation and adaptation (4) Protection of the environment, biodiversity and restoration of natural habitats	• Principles/policies and the Toyota environmental action plans • Energy/global warming, recycling of resources • Substances of concern, atmospheric quality • Environmental management	P30~P35
5 Fair Operating Practices	(1) Anti-corruption (2) Responsible political involvement (3) Fair competition (4) Promoting social responsibility in the value chain (5) Respect for property rights	• Governance structure to increase transparency of corporate activities • Basic purchasing policies based on fair trade • Promotion of CSR activities with suppliers	P49  P27
6 Consumer Issues	(1) Fair marketing, factual and unbiased information, and fair contractual practices (2) Protecting consumers' health and safety (3) Sustainable consumption (4) Consumer service, support, and complaint and dispute resolution (5) Consumer data protection and privacy (6) Access to essential services (7) Education and awareness	• Recovery of customer trust through improvement of product quality • Initiatives to ensure safety toward completely eliminating traffic deaths and injuries • Increase transparency by active information disclosure • Product lineup meets a wide variety of customer needs • Prompt response from the customers' perspective	P8~P17
7 Community Involvement and Development	(1) Community involvement (2) Education and culture (3) Employment creation and skills development (4) Technology development and access (5) Wealth and income creation (6) Health (7) Social investment	• Social contribution • Future of mobility • Initiatives for earthquake disaster reconstruction • Global expansion	P40~P45 P36~P39 P3~P29~P44  P51

# Third-Party Opinion

**Eiichiro Adachi**

Counselor, The Japan Research Institute (JRI)

## Biography

Currently the head of JRI's ESG Research Center, he previously served in the Corporate Strategy Research Department and Technology Research Department in JRI. Adachi is responsible for providing financial institutions with corporate information to help them make socially responsible investment (SRI) products. He specializes in industrial research and corporate assessment from the viewpoints of environmental management and CSR. From March 2005 until May 2009, he was one of the experts in the Japanese delegation to the ISO/Social Responsibility Standards (ISO26000) Working Group.



After reading the title of the president's message, "Rewarded with a Smile by Exceeding Your Expectations," many thoughts ran through my mind as I picked this book up to read. In the past, Toyota has often surprised me by achieving much more than I expected of the company. To list a few: global penetration of The Toyota Way of manufacturing; leadership in the recycling of end-of-life vehicles; the launch of Prius, the world's first hybrid, which separated engine from motor power, and the first Japanese company to achieve ¥2 trillion in consolidated net income (using U.S. accounting standards); and many more.

That said, this time the president has again committed to "exceeding expectations." The more you achieve, the more your stakeholders expect you to achieve. So the hurdle will continue to get higher and higher as the company achieves more and more. What's more, the expectations may well go far beyond just manufacturing cars.

The ISO26000 standards published in 2010 take an organization's responsibility to society seriously, calling for "consideration for the expectations of stakeholders." The fact that the standards require a company to listen to the ideas and comments of stakeholders has caused me to think above.

Here are a few subjects I would urge Toyota to address in the next year's report. First, detail how Toyota Motor Corporation's decisions and actions impact on society and the environment. It is necessary for the company to exercise due diligence and demonstrate its recognition of major impacts because there are concerns the gap between corporate behaviors and expectations may not be eliminated for all time without an appropriate recognition.

Second, I would like to see you enumerate the

expectations of the stakeholders you think a great deal of. With limited resources, it is almost impossible to answer every expectation. If Toyota assigns and shows priorities, we will be able to well understand the company's thinking of CSR.

Third, please let us see the faces and hear the voices of those stakeholders who "smile." By doing that, Toyota can show us exactly how successful its efforts were. It would be nice to see smiles of emotion and satisfaction, but it would also be great to see smiles of relief and thankfulness.

There is abundant information and data in this publication about Toyota programs. But if Toyota is to look for ways of "Rewarded with a Smile by Exceeding Your Expectations," then there needs to be more information such as I asked for above. Then, according to those process, the following topics should be highlighted such as doing the best to protect job opportunities, reducing congestion and traffic accidents through links to the infrastructure, contributing to the next urban society with a successful smart grid, and developing a totally new transportation device or a personal mobility robot. Those reporting would show us what Toyota is doing in the way of CSR. Also, reporting about what Toyota Motor Corporation in Japan does almost goes without saying, but we would also like to see information on what its consolidated subsidiaries are doing around the world because more than a half of production and profits achieves outside Japan.

In addition to the strengths of internal will and industrial logic, acquiring ability to listen and response flexibly to the voices and comments of the stakeholders, I believe Toyota will evolve into a company that stands out more among all the rest.

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This third-party opinion about various activities of Toyota Motor Corporation group and its disclosure from social and environmental aspects is based on Adachi's understanding of this report from his position of providing corporate information to financial institutions to help them make socially responsible investment products. His comments are not intended as a judgment that this report is presented in conformance with standards for generally accepted environmental reports and/or that all important matters are reported without any omission.

# Web Sites for Overseas Affiliates' Reports

In 2011 plans call for separate reports to be issued in a total 15 countries and regions (including Japan) in which Toyota overseas affiliates and other companies operate. The information disclosed globally by these reports will cover about 85% of Toyota vehicles sold worldwide.



(As of July 2011)

Region/Country	URL
Argentina	<a href="http://www.toyotasustainable.com.ar/">http://www.toyotasustainable.com.ar/</a>
Australia	<a href="http://www.toyota.com.au/toyota/sustainability">http://www.toyota.com.au/toyota/sustainability</a>
Brazil	<a href="http://www.toyota.com.br/images/sustentabilidade_toyota_2010_tcm305.pdf">http://www.toyota.com.br/images/sustentabilidade_toyota_2010_tcm305.pdf</a>
China	<a href="http://toyota.com.cn/corporate/inchina/report.html">http://toyota.com.cn/corporate/inchina/report.html</a>
Europe	<a href="http://www.toyota.eu/sustainability">http://www.toyota.eu/sustainability</a>
India	<a href="http://www.toyotabharat.com/inen/environment/index.aspx">http://www.toyotabharat.com/inen/environment/index.aspx</a>
Malaysia	<a href="http://www.umw.com.my/socialresp/GRI/Pages/default.aspx">http://www.umw.com.my/socialresp/GRI/Pages/default.aspx</a>
New Zealand	<a href="http://content.toyota.co.nz/toyota/about_us/sustainability/2009-SDR_Toyota_New_Zealand.pdf">http://content.toyota.co.nz/toyota/about_us/sustainability/2009-SDR_Toyota_New_Zealand.pdf</a>
The Philippines	<a href="http://www.toyota.com.ph/ecosafety/index2.asp">http://www.toyota.com.ph/ecosafety/index2.asp</a>
North America	<a href="http://www.toyota.com/about/environmentreport2010/">http://www.toyota.com/about/environmentreport2010/</a>
Canada	<a href="http://mediap04.toyota.ca/media/pdf/naer2010_e.pdf">http://mediap04.toyota.ca/media/pdf/naer2010_e.pdf</a>
South Africa	<a href="http://www.toyota.co.za/PictureData/EnvironmentPages/sustainabilityReport/Final%202010%20sus%20report.pdf">http://www.toyota.co.za/PictureData/EnvironmentPages/sustainabilityReport/Final%202010%20sus%20report.pdf</a>
Taiwan	<a href="http://www.kuozi.com.tw/english/index_e.htm">http://www.kuozi.com.tw/english/index_e.htm</a>
Thailand	<a href="http://www.toyota.co.th/en/toyota_csr/sustainable_plant.html">http://www.toyota.co.th/en/toyota_csr/sustainable_plant.html</a>
Vietnam	<a href="http://www.toyotavn.com.vn/profiles/index/126">http://www.toyotavn.com.vn/profiles/index/126</a>

\*Where no direct URL to an affiliate's report is available, the URL to the CSR activities or environmental initiatives page of the corresponding affiliate's Web site has been provided.

Web Sites for Overseas Affiliates' Reports can also be accessed from Toyota's global Web site: <http://www.toyota-global.com/sustainability/report/overseas/>



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[Ink] The ink used contains less than 1% VOC (volatile organic compound) as petroleum-based solvents are replaced by vegetable oil-based solvents, principally soybean oil.

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World Business Council for Sustainable Development

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